



New Value, Real Value

New Value, Real Value

**Integrating all that is precious to people and communities,
we build cities—dynamic stages that connect today with tomorrow’s possibilities,
and embrace every moment of life’s pursuits.
We create new value, social value, and above all, real value.**

We work to “build cities that connect today with tomorrow’s possibilities.”

Through the provision of products resulting from real estate development we create communities with extensive urban functions that offer safety, security, and comfort. We work to create sustainable communities in which diverse generations and values can coexist and that take harmonization with nature and the environment into consideration.

We work to “embrace every moment of life’s pursuits”

Through the provision of a variety of services relating to real estate, we will nurture times of abundance with people who “live,” “work,” “gather,” and “relax” in communities. We support the development of communities, linking people to people and people to communities.





Index

Profile	
Our Group Vision	1
Growth Trajectory	3
Value Creation Process	5
Mid- to Long-term Business Plan	7
Highlights from the Fiscal Year Ended March 2016	9
Financial and Non-financial Data	11
Value Creation through Continuous Transformation	
Message from the President	13
Message from the Development Sector & CSR Officer	17
Message from the CFO	21
Urban Development that Connects Today with a Future of Possibilities and Embrace Every Moment Invested in Life's Pursuits	
Feature 1:	
Creating Urban-type Compact Towns	23
Feature 2:	
Developing Safer, More Secure and More Comfortable Real Estate	27
Business that Produces Value	
The Nomura Real Estate Group at a Glance	31
Residential Development Unit	33
Leasing Unit	37
Investment Management Unit	41
Property Brokerage & CRE Unit	45
Property & Facility Management Unit	49
A Foundation that Supports Value Creation	
Message from the Chair	53
Corporate Governance	55
Corporate Officers	63
Workforce Management	66
Data Section	
Ten-Year Summary	69
Unit Information	71
Consolidated Financial Statements	73
Financial Report (MD&A)	77
Group Company Profile	83
Investor Information	85
Website	86

Editorial Policy

This report is published in order to foster understanding among shareholders, investors and other stakeholders about the Nomura Real Estate Group's strategies and measures geared toward the creation of mid- to long-term value. The editing and layout of this report follows the international integrated reporting framework of the International Integrated Reporting Council (IIRC).

Forward-looking Statements

This integrated report contains forward-looking statements about the future plans, strategies and performance of Nomura Real Estate Holdings, Inc. ("the Company") and its consolidated subsidiaries ("the Group"). These forward-looking statements are not historical facts. They are estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks and uncertainties, which include economic trends, intensification of competition in the real estate industry, the legal and taxation systems, and other regulations. As such, actual results may differ from those projected.

Looking Back on the Nomura Real Estate Group's Timely Value Creation and Efforts to Pave the Way for the Future

We've achieved steady growth by delivering various real estate products and services

1957



Spun off from Nomura Securities Co., Ltd. and launches real estate business focused on leasing and management of office buildings.

1961



Launches residential land development business with development of Kajiwarayama residential area in Kamakura, Kanagawa.

1963



Launches condominium development business with the construction of Co-op Takenomaru in Yokohama.

1978



Completes construction of the Shinjuku Nomura Building and moves the headquarters from Nihonbashi.

1988



Starts construction of Yokohama Business Park (YBP), the largest business development conducted solely by the private sector.

1994



Starts selling units at A. CITY Hills and Towers in Hiroshima Seibu Kyuryo City, Hiroshima.

2002



Unified brand name "PROUD" for residential products and services established.

Operating revenue during the fiscal year ended September 1982

Broke through **¥100 billion**

Operating revenue (Billions of yen)

*Non-consolidated data for Nomura Real Estate Development only until the fiscal year ended March 2004

1957

1960

1970

1980

1957 to 1984 – Founding

We were established as a company in charge of owning and managing the new headquarters building of Nomura Securities. At the same time, we were involved in the development of New large-scale housing development to help alleviate housing shortages during the period of strong economic growth buoyed by reconstruction after the Second World War. We also sold condominiums and built lease buildings, while entering into the brokerage business as well, eventually developing dramatically into an integrated developer.

1985 to 1990 – Expansion

As the Japanese economy pushed ahead and the need for improving and expanding the living environment persisted, we actively expanded our businesses to include large-scale residential developments, large-scale office building developments, and international businesses. Among these, Yokohama Business Park (YBP) completed in 1988 became one of the largest private sector-led office building development projects in Japan.

Net sales for the fiscal year
ended March 2016

¥569.5 billion

2003



Nomura Real Estate
Office Fund, Inc. listed on
the Tokyo Stock Exchange.

2006



Nomura Real Estate Holdings,
Inc. listed on the First Section
of the Tokyo Stock Exchange.

2008



PMO
PREMIUM MIDSIZE OFFICE
Completes construction of
PMO Nihonbashi Honcho,
the first development in
the PMO series.

2008



NREG Toshiba Building Co.,
Ltd. joins the Nomura
Real Estate Group.

2010



Completes construction
of the Nihonbashi Muromachi
Nomura Building.

2011



OHANA
Launches a condominium brand "OHANA."
OHANA Yasaka-hagiyama cho

Net sales for the fiscal year ended March 2004

Broke through **¥300 billion**

1990

2000

2010

1991 to 2003 – Transformation

Collapsing land prices caused Japan's asset inflated economy to cool off rapidly, requiring us to concentrate management resources on our condominium business. Also, we made a full-fledged foray into the CRE business and Investment Management Business, given changes in the structure of real estate ownership and robust development of the real estate securitization market.

2004 onward – Further Growth

Nomura Real Estate Holdings, Inc. was established in 2004. The holding company structure was launched and in 2006 we were listed on the First Section of the Tokyo Stock Exchange. Since then, we have been working diligently on pursuing Group synergies and improved strategy management. Going forward, we will continue to create new value while meeting and exceeding the needs and expectations of society in an effort to continually boost earnings with high asset efficiency.

Presence of the Nomura Real Estate Group

Residential Development Unit

2015
Condominium units
supplied annually

4,556 units

Brand image survey*1
8 of 10 categories

1st (PROUD)

Leasing Unit

Vacancy rate of leased properties

1.4 %

Investment Management Unit

Assets under management

Approx. ¥1.0 trillion

Property Brokerage & CRE Unit

Number of nomu.com members

Approx. 210,000

Property & Facility Management Unit

Condominium property
management satisfaction*2

1st for 8 years running

*1 Source: From online data for the
Condominium Brand Survey 2016
advertising campaign published in the
Nikkei News Paper on Monday, May
23, 2016

*2 Source: Research by Sumai Surfin, a price
information site for condominiums

(As of September 2016)

Toward Sustainable Value Creation

Value Creation Process of the Nomura Real Estate Group: harnessing its strengths as an integrated real estate developer to meet the needs of society



(As of March 2016)

Business Overview

Develops and sells condominiums, detached housing and redevelopment projects. By taking advantage of our integrated development, sales and management structure, we are actively developing the PROUD brand as well as the OHANA brand mainly in the Tokyo Metropolitan area.

Owns and leases office buildings and commercial facilities. This business segment is also engaged in the development of various asset classes of profit-generating properties including PMO brand office buildings, commercial facilities, and logistics facilities for investors.

As one of the largest single real estate investment management companies in Japan with over ¥1 trillion in assets under management, we engage in investment management under the consignment of investment corporations and private funds.

The consumer property brokerage side of the business is satisfying its customers' needs for relocation by having enhanced its website and network of branch offices in the Tokyo Metropolitan area. The CRE side of the business accommodates the wide-ranging needs of corporations.

Engages in property management of housing and office building and strives to increase the asset value and profit of buildings. Also, this business segment operates fitness club under the MEGALOS brand and in the future it plans on operating senior housing.

Main Brands



Group collaboration/cooperation

Value Created

Financial value

Profit generation

→ p.11-12 and p.21-22

Returning profits to shareholders

→ p.11-12 and p.21-22

Non-financial value

We build cities that connect with tomorrow and we create times of real value

- Formation of high quality, safe, and comfortable housing stock
- Sustainable societies considerate of the environment
- Community building that creates connections
- Realization of a society where people can live healthy and comfortable lives



Creation of Urban-type Compact Towns
→ p.23-26

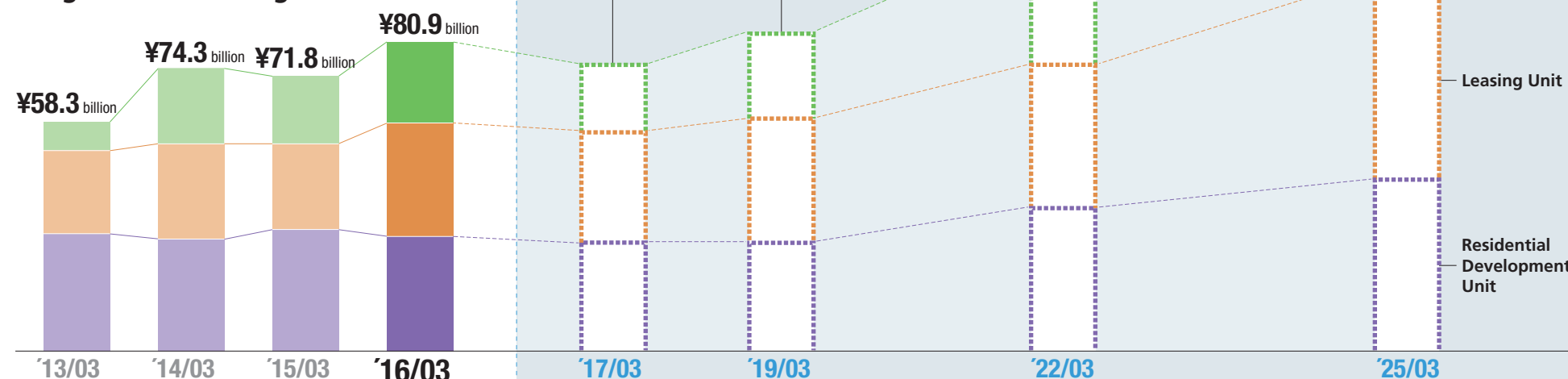


Development of real estate that offers peace of mind, security and comfort
→ p.27-30

Toward Mid- to Long-term Growth

We're aspiring for greater growth by proactively investing in the future while maintaining our stable financial base

Long-term revenue goal



Previous Mid- to Long-term Business Plan

Current Mid- to Long-term Business Plan

Operating revenue above ¥1 trillion (fiscal year ending March 2025)

ROE at the 10% level

ROA 5% or above

Shareholders' equity ratio at the 30% level

Dividend payout ratio of approximately 30%

Key Strategies

Our Group Vision and Our Growth Model were created as important, fundamental points during the creation of our Mid- to Long-term Business Plan. To achieve our future vision of the Group, we also established three key strategies that will guide us. By implementing these strategies, we will work to realize sustainable growth and to continually create new value for society.

Our Group Vision

New Value, Real Value

Integrating all that is precious to people and communities, we build cities— dynamic stages that connect today with tomorrow's possibilities, and embrace every moment of life's pursuits.

We create new value, social value, and above all, real value.

Our Growth Model

Implementing a growth model that emphasizes continuous expansion of revenue with ensured high asset efficiency by appropriately responding to changes in the social environment.

Three Key Strategies

Key Strategy (1)

Expand business volume and business domains in the Development Sector

Key Strategy (2)

Demonstrate differentiation and a competitive edge in the Service & Management Sector*

Key Strategy (3)

Increase and reinforce customer base via Group-wide collaboration

*Service & Management Sector: Investment Management Unit, Property Brokerage & CRE Unit, and Property & Facility Management Unit

Investment Plan

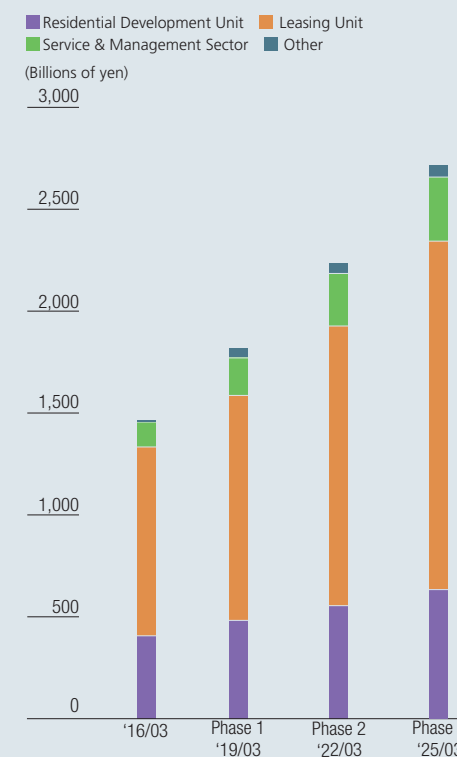
We will proactively increase investment in order to realize a much higher degree of future growth. Our plan calls for an increase in assets mainly in the Leasing Unit while maintaining an elevated recovery-to-investment ratio and ensuring higher asset efficiency. We will also execute strategic investments, including M&A, mainly in the Service & Management Sector.

Investment Plan (Billions of yen)

	Total (^{'17/03} -'25/03)
Residential Development Unit	
Investment	3,250.0
Recovery	3,000.0
Net Investment*	250.0
Recovery-to-investment ratio	92%
Leasing Unit	
Investment	1,800.0
Recovery	850.0
Net Investment*	950.0
Recovery-to-investment ratio	47%
Strategic investment	200.0
Total	
Investment	5,250.0
Recovery	3,850.0
Net Investment*	1,400.0
Recovery-to-investment ratio	73%

*Net Investment = Investment – Recovery

Total Assets





2015
Jun.

Prime Minister Approval of Toranomon Station-front Redevelopment Ekimae Project as a National Strategic Special Zone

As a special project within the National Strategic Special Zone of the Tokyo Metropolitan area, we will work toward finalizing the plan to complete work by 2020, when the Tokyo Olympics and Paralympics will be held. This project aims to enhance the area's international competitiveness by forming a multipurpose downtown core that is unique and attractive and offers a number of urban functions.



2015
Oct.

All 199 Units of PROUD Tower Akashi Immediately Sell Out

All 199 units of PROUD Tower Akashi, a mixed-use redevelopment featuring commercial facilities and public facilities in front of Akashi Station on the JR Kobe Line (Akashi City, Hyogo Prefecture), sold out on the same day they were released. The 34-floor building stands as Akashi City's highest and most expensive building, with some units commanding over ¥130 million.



Highlight 2015

Apr.

May

Jun.

Jul.

Aug.

Sep.



2015
Sep.

Real Estate Development Project in the Phu My Hung High-end Residential Area of Vietnam

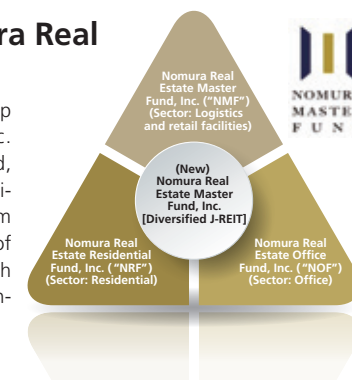
We have begun work on the first-ever real estate development project led by Japanese companies with a major local developer in the Phu My Hung area of Ho Chi Minh City in Vietnam. The development will be completed in two phases and offer condominiums for sale, with plans calling for around 2,100 units to be built.

→See p.36 to learn more

2015
Oct.

Listing of the new Nomura Real Estate Master Fund, Inc.

The three listed REITs managed by the Group (Nomura Real Estate Master Fund, Inc. ["NMF"], Nomura Real Estate Office Fund, Inc. ["NOF"], and Nomura Real Estate Residential Fund, Inc. ["NRF"]) merged to form Nomura Real Estate Master Fund, Inc., one of Japan's largest diversified listed J-REITs with more than ¥900 billion in assets under management.



Profile

Value Creation through Continuous Transformation

Business that Produces Value

A Foundation that Supports Value Creation

Data Section



2016
Jan.

High Grade Office Building PMO Hirakawacho Completed

We completed construction of PMO Hirakawacho, our 18th property in the Premium Midsize Office (PMO) series. Located just a one-minute walk from Nagatacho Station on the Tokyo Metro Line, this building stands as a new and uniquely original landmark.



2016
Feb.

Development of Landport Komaki Begins—Our First Ever Logistics Facility in the Chubu Region

We began development on Landport Komaki (tentative name), a large-scale, highly functional logistics facility, jointly with TODA CORPORATION. The facility is situated so that deliveries can easily be made to the entire Chubu region. It also features cutting edge functions and a design that offers the ultimate in optimized and streamlined logistics.



2016
Mar.

Opening of Urban Commercial Facility GEMS Daimon

We opened GEMS Daimon, the third building in the GEMS Series, following similar properties in Shibuya and Ichigaya. The facility houses nine highly unique eateries, including four first time merchants, which cater to the dining needs of office workers, the local community, and visitors in and around the Daimon and Hamamatsucho areas.

Oct. Nov. Dec. Jan. Feb. Mar.

2016



2015
Nov.

Promoting an Urban-type Compact Town in Minowacho, Kohoku-ku, Yokohama

We will promote an urban-type compact town approach to community development that is multidimensional and highly convenient by developing smart infrastructure that combines people, nature and the town. The goal is to contribute to the development of the Hi-yoshi and Tsunashima areas, which are undergoing a transformation from industrial to residential land.
→See p.24 to learn more

2016
Mar.

Winner of New Diversity Management Selection 100

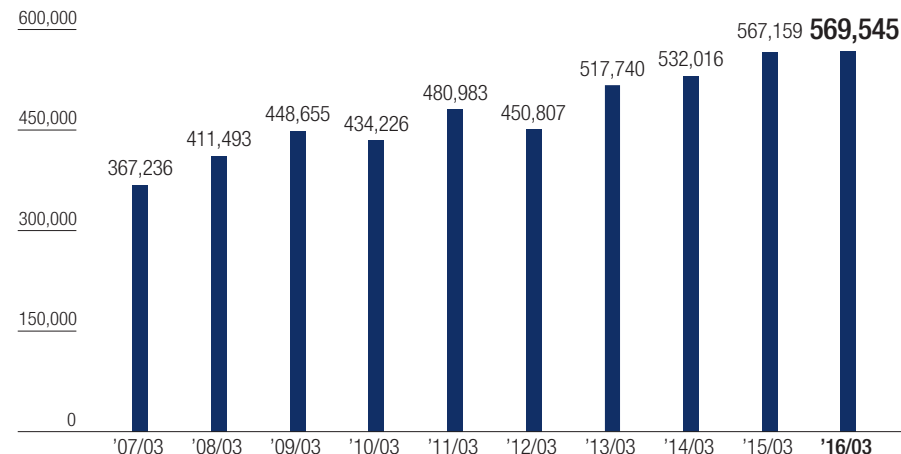
The efforts of our Diversity Promotion Committee to develop workplaces where all employees recognize one another's diverse traits and values and can fully contribute their skills were recognized by the Ministry of Economy, Trade and Industry with inclusion in Diversity Management Selection 100. This marks the first time that a real estate company was recognized with this honor in the large corporation category (workforce of 301 employees or larger).
→See p.67 to learn more



Main Financial Indicators

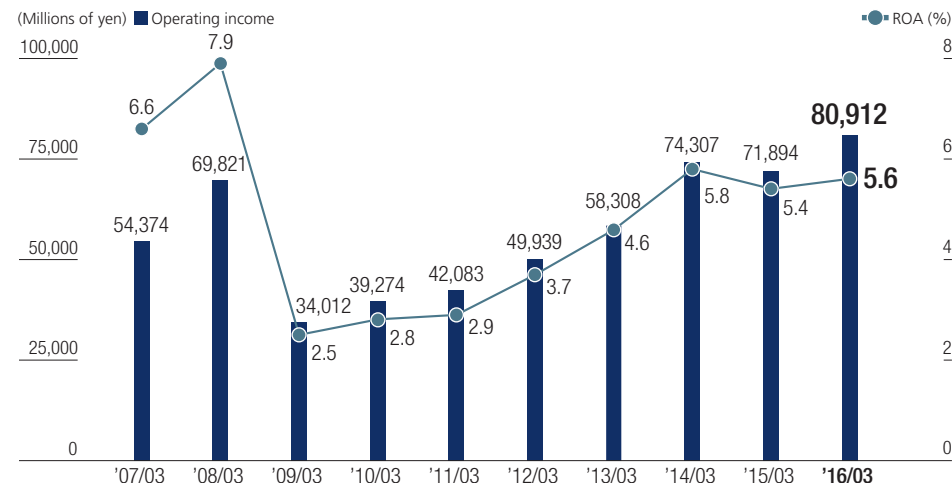
Operating Revenue

(Millions of yen)



Operating Income and ROA*1

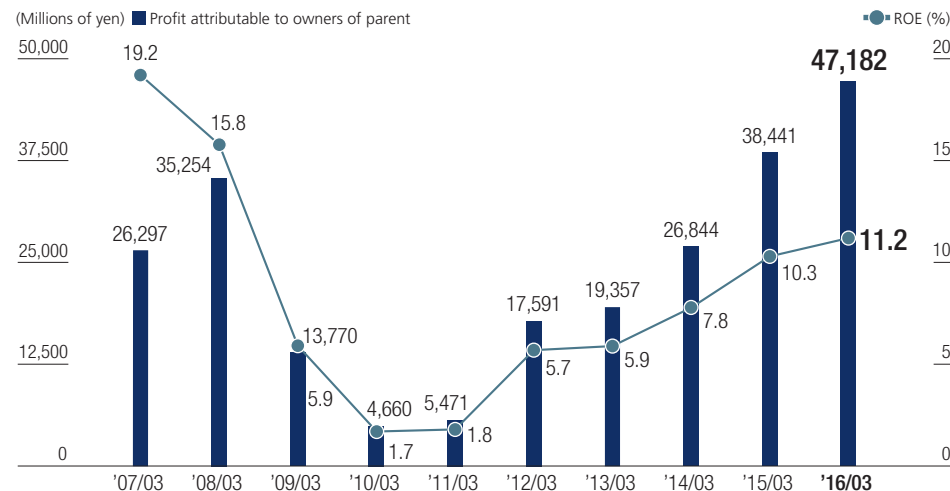
(Millions of yen)



*1 ROA = (Operating income + Non-operating income) / Total assets at end of fiscal year

Profit Attributable to Owners of Parent and ROE*2

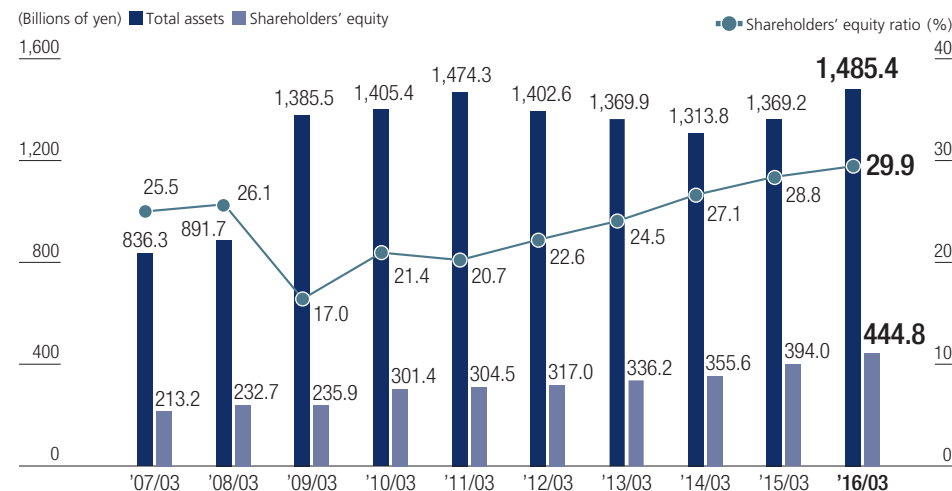
(Millions of yen)



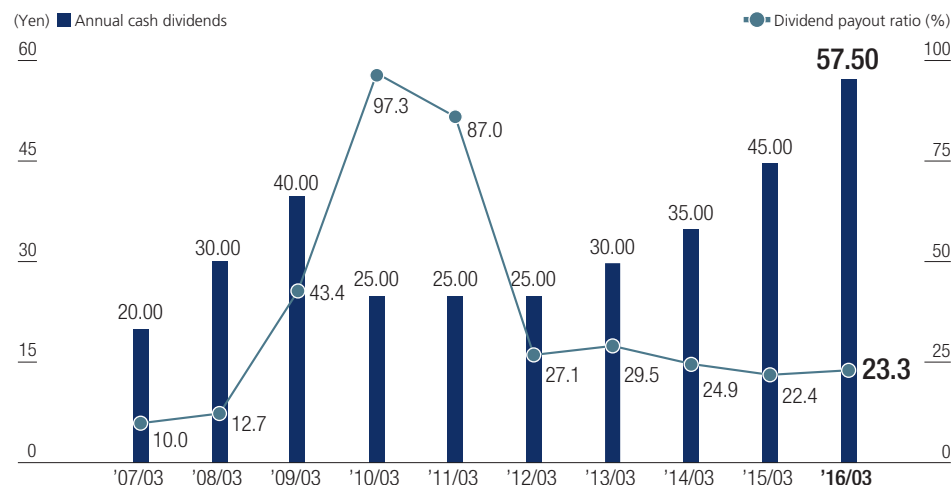
*2 ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

Total Assets, Shareholders' Equity and Shareholders' Equity Ratio

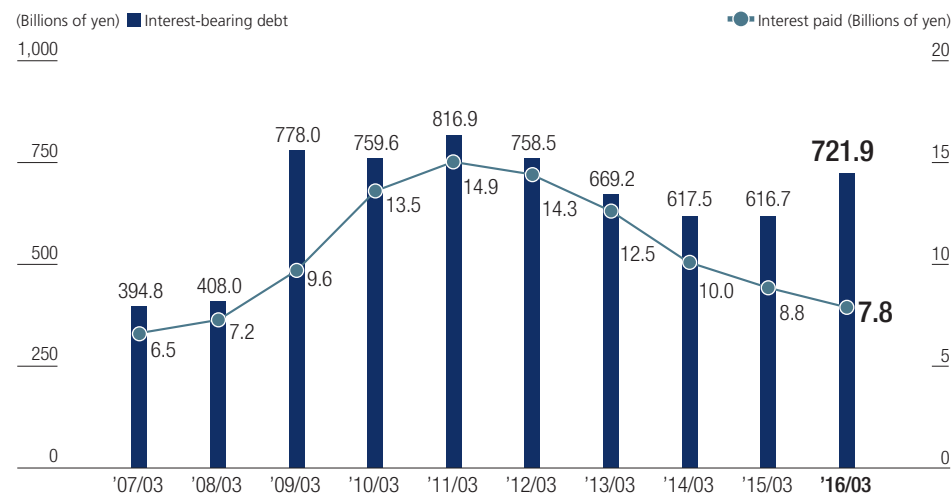
(Billions of yen)



Annual Cash Dividends and Dividend Payout Ratio

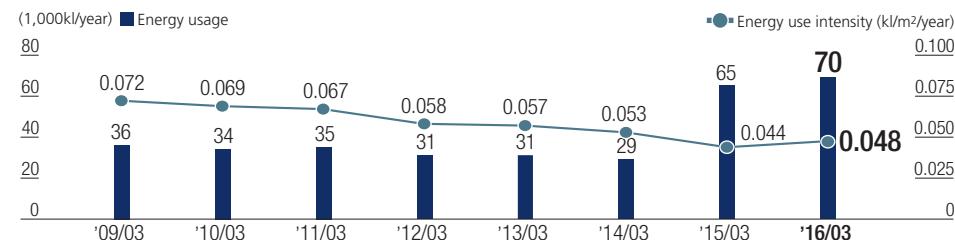


Interest-bearing Debt and Interest Paid



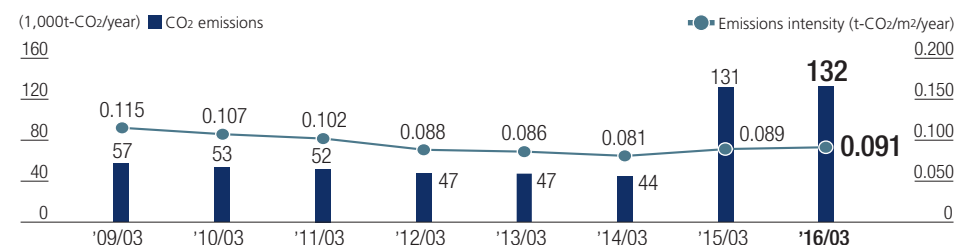
Non-financial Data

Oil Converted Energy Usage and Intensity*3



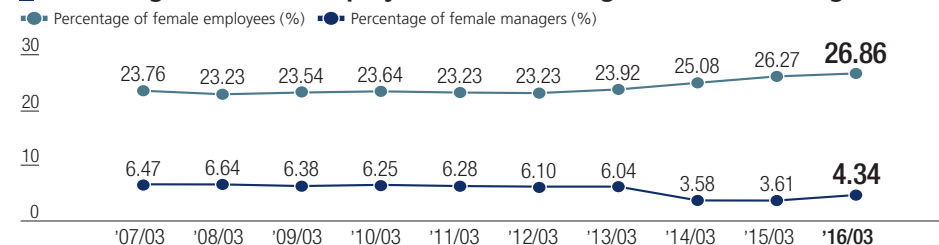
*3 Up until the fiscal year ended March 2014, calculated for the 7 buildings (buildings with a primary use as office space) applicable to the Tokyo Metropolitan Ordinance on Environmental Preservation in which the Nomura Real Estate Group retains an interest of more than 50,000m². Data for the fiscal year ended March 2015 was calculated for 143 facilities and data for the fiscal year ended March 2016 was calculated for 142 facilities, subject to reporting requirements under the Energy Conservation Act, excluding condominium sales centers.

CO₂ Emissions and Intensity*4



*4 CO₂ emissions are calculated using the emissions coefficient designated in the Tokyo Metropolitan Ordinance on Environmental Preservation.

Percentage of Female Employees and Percentage of Female Managers*5



*5 Certain operating companies of the Group have made changes to their manager qualifications in the fiscal year ended March 2014 and subsequent years.

With Our Sights Set on Growth at a Higher Level, We Will Do Our Utmost to Achieve the Phase 1 Targets of Our Mid- to Long-term Business Plan

Eiji Kutsukake

President
Nomura Real Estate Holdings, Inc.

As Japanese society changes in a variety of ways, the environment encompassing the real estate industry also faces a time of great transformation.

Our Group, founded in 1957 with the mission of developing new towns to address the housing shortage, considers now to be the time to use the real estate development skills and techniques we have honed over the past 60 years, as well as our operational strength, to contribute to addressing current social issues and aim for growth at a higher level. We have come this far by putting our customers first, asking what they really want and need, and confronting challenges head-on in our projects. Change in society means the emergence of new demands, and we have a mission to focus the Group's strengths on those areas to meet society's expectations through our business.

It was with this in mind that we entered into a new Mid- to Long-term Business Plan period in April 2016.

I am convinced that realizing Our Group Vision we offered along with the plan through our business is how we as a group uniquely create value, sustainably increasing not only our Company value but helping achieve a sustainable society.

We will continue to adapt and endeavor to bring about rich living and the dreams of the future.

Strengthening Our Business Platform by Promoting Unit Management

My role as president of Nomura Real Estate Holdings is to improve the competitiveness of each business unit and support them in forming and executing strategies to demonstrate their business features in full. At the same time, I work to build the entire Nomura Real Estate Group's asset portfolio and financial strategy while carefully selecting investment targets by weighing investment efficiency and asset risk. In other words, I endeavor to lead the Group in continuously expanding its earnings by balancing execution and supervision.

Our Mid- to Long-term Business Plan uses operating income as an indicator for its earnings targets, and we are aim-

ing for steady growth to ¥85.0 billion in Phase 1 and ¥110.0 billion in Phase 2.

Considering that our operating income was ¥80.9 billion for the fiscal year ended March 2016, our Phase 1 target probably looks rather conservative. We have clear reasons for it, however.

One reason is that Phase 1 is a period of firming up our foundation. The Group has achieved growth over the past several years in a business environment propelled by Abenomics. However, in order to exceed ¥100.0 billion in operating income and achieve growth at a higher level in Phase 2, we recognize that we need to draw even greater strength out of our five businesses: residential development, leasing, investment management, property brokerage & CRE and property & facility management.

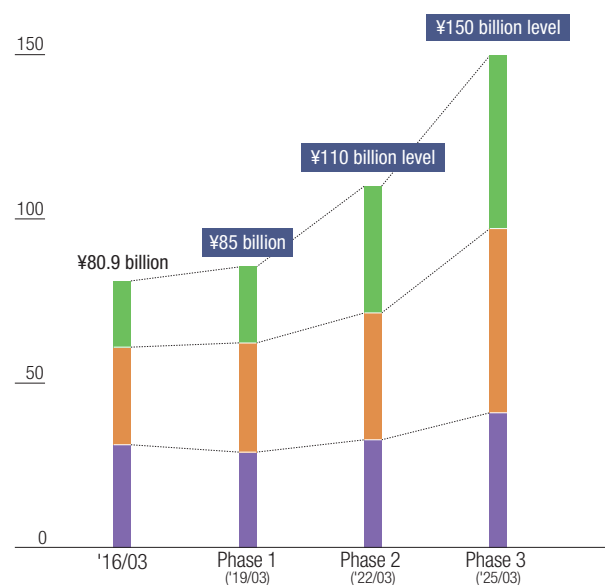
facility management.

To that end, in April 2016 we officially established these five areas of business, thus far referred to as segments in financial statements, as business units. Each unit's head will be responsible for forming growth strategies and maximizing earnings through collaboration between the companies belonging to that unit.

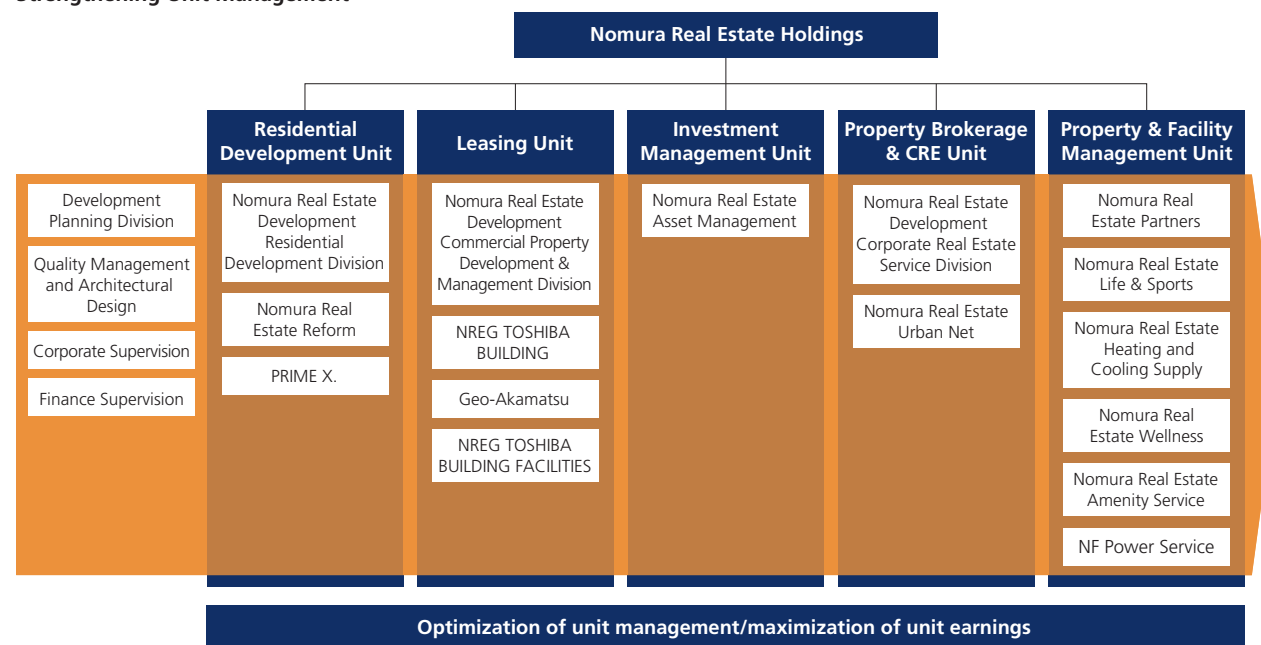
We will furthermore strengthen cross-unit collaboration. We have developed a management structure for development planning, quality management and architectural design, corporate supervision, finance supervision and more across all the business units. Opportunities for inter-unit collaboration are on the rise, such as the increase of mixed-use development projects and the expansion of the Nomura Real Estate Group Customer Club. In this environment, each business unit, in ad-

Earnings Growth Plan (Operating Income)

(Billions of yen) ■ Residential Development Unit ■ Leasing Unit ■ Service & Management Sector



Strengthening Unit Management



dition to stimulating internal growth, will pursue greater collaboration with other units than ever before and thereby contribute to demonstrating the Group's abilities as a whole.

Capturing Earning Opportunities by Facing Changes in the Business Environment Head-on

Another reason for the Phase 1 operating income target was our anticipation of changes in the business environment. Specifically, with the economic slowdown in China and other emerging countries and factors causing uncertainty in the global economy keeping the yen high and stock prices low, the future of the domestic economy, previously on a multi-year recovery trend, is increasingly uncertain.

However, the real estate business, due to its nature, is one of long project periods. This is why the business plan we have laid out is for an extended nine year period. The Group will face changes in the business environment head-on, reinforcing our businesses as we identify issues that become evident precisely because we are not enjoying a tailwind environment, and do our utmost to achieve our Phase 1 earnings target.

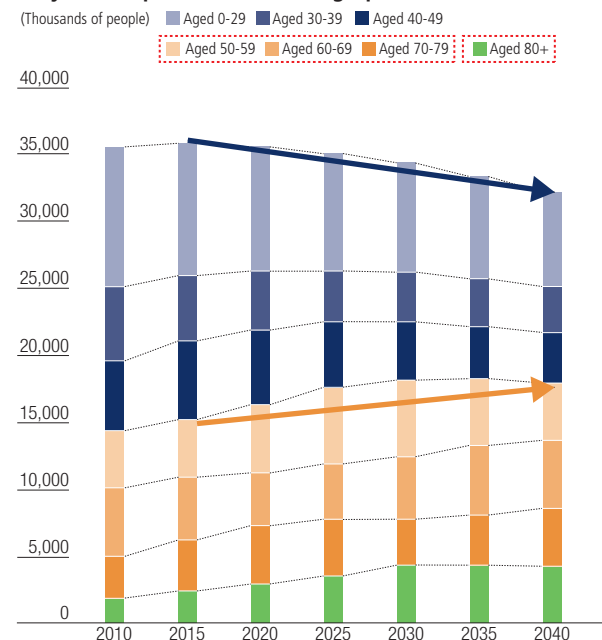
The current economic climate is bearish but looking to the business environment in the mid to long term reveals business opportunities to be captured in the changing Tokyo metropolitan area demographics and client needs.

For example, while the Tokyo metropolitan area's population is about to peak, the senior citizen population will continue its steep rise. I am particularly interested in the significant increase in those aged 50 to 79, which include the so-called "active senior" group. The urban-type compact towns our Group is developing – highly convenient, multi-purpose developments including residences, offices, retail, hotels, senior housing and more – conform to the needs of this client demographic. Furthermore, the number of people over 80 in the

Tokyo metropolitan area is predicted to double by 2030, so need for housing that facilitates future care can be expected to steadily increase.

Based on these environmental changes, the Group will ramp up efforts such as these urban-type compact towns and other mixed-use developments and large-scale redevelopments/reconstructions, as well as community-building at these sites, from Phase 1.

Tokyo Metropolitan Area Demographics



Source: Prepared based on the National Institute of Population and Social Security Research's "Future Japan Population Estimates by Region"

Controlling Investment Risk by Carefully Selecting Projects and Using the Leasing Value Chain

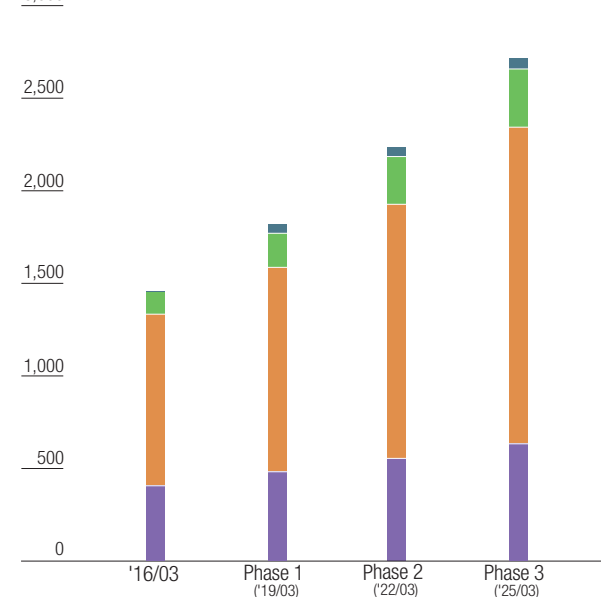
In line with the increase in mixed-use developments and large-scale redevelopments, the Group's plan is to expand the balance sheet to around 1 trillion yen within the Mid- to Long-term Business Plan period. We are focusing on the following two things to implement this wave of strategic investment while maintaining our financial base.

One is careful plan formulation, monitoring and supervision. Through thorough assessment of investment opportunities and sequencing by committees specializing in lease asset

Total Asset

(Billions of yen)

Period	Residential Development Unit	Leasing Unit	Service & Management Sector	Other
'16/03	300	1,000	100	100
Phase 1 ('19/03)	400	1,100	200	100
Phase 2 ('22/03)	500	1,300	300	100
Phase 3 ('25/03)	600	1,500	400	100



acquisition and ownership, along with maximizing investment efficiency, we are managing asset risk appropriately to be able to cope with a variety of environmental changes. How we develop the asset portfolio and financial strategy of the entire Nomura Real Estate Group is of extreme importance in making investments, and we will continue to pursue the most appropriate portfolio for the Group.

The other is adherence to our business model. We are not merely looking to expand our portfolio by owning a lot of lease assets. Carrying on using the leasing value chain and recovering investment by disposing a certain amount to our REIT is important not only for improving asset efficiency but also for procuring capital. By merging the Group's three listed REITs into one, Nomura Real Estate Master Fund, in October 2015, we will now be able to more quickly sell properties we develop.

We intend to continue executing a high asset efficiency-focused investment strategy by balancing ownership and disposition.

Aiming for Balanced Growth through Stronger Group-wide Oversight Structures

As the Group increases its company size, takes on new challenges and strides forward, it is essential that we establish and strengthen company-wide oversight and monitoring structures. There are two pillars to such measures.

The first is a stronger corporate governance structure. By proactively appointing external directors and transitioning to a company with Audit & Supervisory Committee, etc., we have made efforts to increase business transparency from an outside perspective. The result has been robust discussion in board meetings based on an understanding of the true nature of business and strategic risks and other factors. This in turn has improved the quality of discussion at Management Com-

mittee, the ultimate forum by which business is enacted. We consider this an extremely desirable shift and will continue to assertively strengthen both internal and external governance to bolster its efficacy.

The second pillar is financial and capital policy as laid out in the Mid- to Long-term Business Plan. Controlling investment by aiming for a shareholders' equity ratio at the 30% level, which we included as an indicator of financial health, helps prevent moral hazards. Furthermore, awareness of targets such as ROA, ROE and total payout ratio could be called a form of governance through the eyes of key stakeholders such as shareholders and investors.

The Group will continue to use these structures and indicators to pursue balanced growth.

Pursuing an Unparalleled Growth Model

2016 marks ten years since Nomura Real Estate Holdings was first listed on the market.

In these ten years, the Group's Residential Development Unit established the PROUD brand and NREG TOSHIBA BUILDING joined the Group's Leasing Unit, both growing into the pillars of the Group they are now. An increase in property development in both units has become the foundation of our stock business, supporting the growth of the Service & Management Sector.

The Service & Management Sector is our frontline in understanding the diverse needs of our private and corporate customers. The Group will continue to bring products and services to market that demonstrate our unique strengths by working closely with customers, staying on top of changing needs and, as a company engaged in town management with the vision of building cities that "embrace every moment of life's pursuits." Then, by combining earnings from our capital turnover-focused development



business and fee-based real estate service while maintaining earnings growth with high asset efficiency, we will occupy an unparalleled position in the industry.

As stakeholders, I ask that you continue to expect growth from us as a Group.

Eiji Kutsukake

President



We Will Contribute to Solving Social Issues as We Aim to Build Cities that Connect with Tomorrow and to Create Times of Real Value

Seiichi Miyajima

Director & Executive Officer, Chair of CSR Committee, Nomura Real Estate Holdings Inc.
President, Nomura Real Estate Development Co., Ltd.

Amid circumstances such as the vacant housing problem, real estate stock deterioration and urban development in preparation for the Tokyo Olympic and Paralympic Games, large-scale mixed-use redevelopment plans are in motion, especially in central Tokyo. At the same time, looking at demographics, while Japan's total population has already begun to decline, the population and number of households in urban areas continues to grow. The need for comfortable and convenient urban development in core regional cities also remains strong. Furthermore, the need for extensive medical and care services, including prevention, is surpassing individual needs to become a major social issue as society ages and the number of senior citizens increases dramatically.

In the face of customer and societal needs such as these, enhancing city functions through safe, secure and comfortable urban development and permanently increasing city value through community-building town management that partners with the local society are well within what we as a general real estate group can do to demonstrate our capabilities and contribute to society. They are the core of what we consider CSR to be.

As the director in charge of development and the chair of CSR committee, my job is to lead the Group in

building cities that connect with tomorrow and creating times of real value.

Accelerating Investment from Phase 1 Considering the Earnings Contribution Timeframe

The Group's Mid- to Long-term Business Plan, begun in the fiscal year ending March 2017, plans to double operating income by the fiscal year ending March 2025, and the driver of this growth is expansion of business volume and business domains in the Development Sector.

Central to that are mixed-use redevelopments such as urban-type compact towns and redevelopment in central Tokyo. We are also moving into senior housing and hotel development as new fields and attempting to expand to core regional cities as well as overseas.

However, the Group's strength in the Development Sector stems from its dual businesses: our stock business, in which we retain real estate we have developed to earn rent revenue, and our disposition business, in which we sell real estate we have developed to customers or the Group's REIT to earn a profit. The new Mid- to Long-term Business Plan does increase

the stock business but, in Phase 1, accelerates development of real estate for a profit, the disposition business, to ensure stable earnings and improve asset efficiency.

Mixed-use Developments and Large-scale Redevelopments that Fulfill Our Social Duty as a Developer

Actively taking part in planning urban development that uses local features and addresses social needs is not only an opportunity for us to demonstrate the strengths we as a Group have cultivated and to grow as a company, it is also how we fulfill our social duty as a developer. We are currently involved in the following projects.

■ Urban-type Compact Towns

Boosting development of convenient, multifunctional “urban-type compact towns” combining residences, offices, retail facilities, hotels, senior housing and more is one of our key strategies in the Development Sector.

Last fall and this spring we announced development plans for the Tsunashima and Hiyoshi districts of Yokohama, the Tsunashima Sustainable Smart Town and the Hiyoshi-Minowacho project. In Tsunashima, on the former site of a private company’s office, we will develop a next-generation smart town including a Nomura Real Estate Development for-sale condominium called PROUD, corporate research facilities, a shopping center, an energy center and even a hydrogen station. In the adjacent Hiyoshi project, we plan to develop a site for an elementary school as requested by the community as well as condominium units, retail facilities and senior housing. Furthermore, by collaborating with Yokohama, a “FutureCity,” our aim in these developments is to address environmental problems and societal aging with multi-generational recycling smart towns in which multiple generations can enjoy dynamic, comfortable lives.

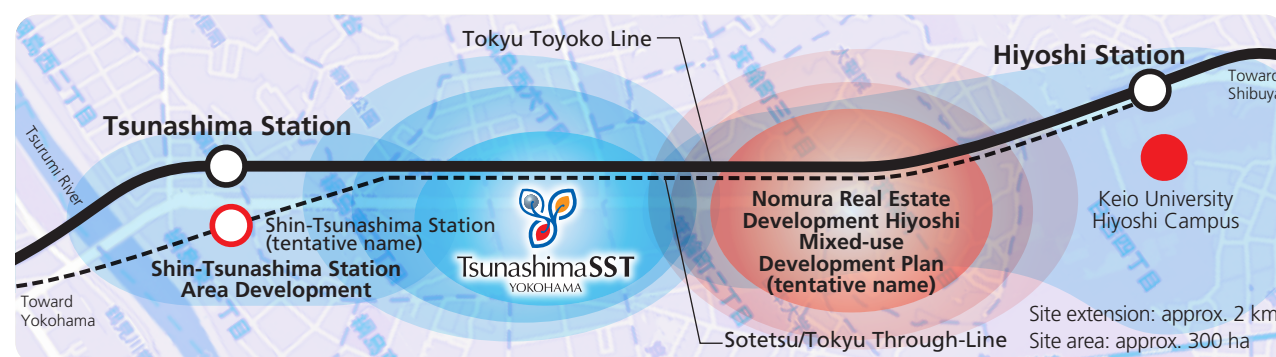
We also intend to promote development of these urban-type compact towns in core regional cities. In the first round, we are participating in planning a redevelopment project in the area around Shizuoka Station, and we plan to step up our efforts in other cities as well.

■ Redevelopments in Urban Areas

We will also accelerate mixed-use redevelopment in central Tokyo. We are part of a consortium redeveloping the area around Toranomon Station, designated a National Strategic Special Zone, with completion expected in 2020, the year of the Olympics, and are also executing redevelopment plans on the west side of Shinbashi Station, including SL Plaza, and in Nishi-Azabu 3-Chome, adjacent to Roppongi Hills.

We are considering including a new hotel in the Nishi-Azabu 3-Chome project. In 2015, about 20 million tourists visited Japan and the government has set a target of doubling that number to 40 million by 2020, so we intend to capture this inbound demand, increase Tokyo’s international competitiveness and contribute to the development of a dynamic city in which people from around the world can live, work, relax and pursue fulfilling lives.

Tsunashima/Hiyoshi District Redevelopments



Toranomon Station Area Redevelopment



Nishi-Azabu 3-Chome Redevelopment



Solving Social Issues through Business to Achieve Our Group Vision

Urban development requires many months and years. This is why we must thoroughly grasp and understand the social issues facing people and communities now and in the future and, through this urban development, provide added value that contributes to solutions. The very reason that I, in charge of the Development Sector, promote CSR as the chair of the CSR committee is to solve social issues by incorporating a CSR perspective into urban development, at the upstream stages of planning and development, and realizing a plentiful and sustainable society through our products and services.

The fiscal year ending March 2017 is a new start for both our Mid- to Long-term Business Plan and CSR activities.

In October 2015, in addition to the Mid- to Long-term Business Plan, we also formulated Our Group Vision: to build cities that connect with tomorrow and to create times of real value; to create new value, social value and, above all, real value. In our Mid- to Long-term Business Plan, the key strategy of expanding business volume and business domains in the Development Sector contributes to building cities that connect with tomorrow and the key strategy of demonstrating differentiation and a competitive edge in the Service & Management Sector contributes to creating times of real value. For us, achieving Our Group Vision is precisely what CSR is and promoting CSR activities as one with our business strategies is crucial.

Furthermore, we have identified four key themes of social issue areas in which we can make a contribution. By ad-



ressing these, we will create new value in society and accomplish Our Group Vision.

CSR Promotion Structure



Simultaneously Creating Social Value and Increasing Company Value

Our Group's employees are on the frontline of the struggle against problems in society and everyday life as they carry out their real estate-related responsibilities. I expect that each of us internalizing these four key themes and carrying out our daily responsibilities with the Group's vision at the front of our minds will add a long-term perspective to our business activities and make them more worthwhile. This will then increase the value of the products and services we offer and help increase the sustainability of society.

I want to instill Our Group Vision and four key themes of CSR in every one of our employees. Then, by promoting CSR activities as one with our Mid- to Long-term Business Plan and simultaneously creating social value and increasing company value, we will meet the expectations of our shareholders, investors and all other stakeholders.

Four Key Themes for CSR

	Safety/Security	Environment	Community	Health/Comfort
	 <p>Employees inspecting a building frame</p>	 <p>PROUD City Motosumiyoshi courtyard</p>	 <p>A Christmas party for tenants</p>	 <p>A senior citizen exercise program</p>
Social Issues	Handling natural disasters, real estate stock deterioration, urban renewal expectations, etc.	Addressing environmental problems and energy shortages	Due to the low birthrate and aging society, ties between people and communities are weakening and their functions are eroding	Heightened interest in health and comfort due to the aging society, increase in free time, shifts in priorities and lifestyles, etc. and sophistication and diversification of needs
The Group's Approach	We work to improve safety in both tangible ways (installing the latest technology, ensuring architecture quality, improving city functions through development, etc.) and intangible ways (disaster prevention planning, BCPs, comprehensive after-service, etc.).	In our business, we work to reduce the environmental burden by installing the latest environmental technology and information and communications technology as well as energy generation and passive design that coexists with nature. We also seek to provide environmental education through events and town meetings.	We work with the people that live, work, gather and relax in and around the development site to use urban-type compact town-style development and the diverse values of communities such as cooperation and frameworks that encourage multi-generational interaction to create robust communities.	We work to enable people to live healthy and comfortable lives by improving health through sport and developing senior housing as well as promoting universal design and frameworks that encourage participation in the community.
Specific Examples	<ul style="list-style-type: none"> •Using original Apartment Building Design Standards and Manuals •Creating a PROUD Standard Disaster Prevention Manual for residences •Installing a disaster prevention hub for office building tenants (PMO Nihonbashi Muromachi) •Conducting disaster prevention training 	<ul style="list-style-type: none"> •Formulating original PROUD Environmental Evaluation Sheets, quantifying each property's environmental efforts and reinforcing environmental consideration •Instituting a policy of attaining at least a CASBEE A-rating for each of our PMO buildings •Promoting smart towns 	<ul style="list-style-type: none"> •Issuing Condominium Community Guides and supporting community-building events such as summer festivals and Christmas parties in each condominium community •Holding the Firefly Evening 2016 at Yokohama Business Park to promote local interaction •Conducting training, seminars and exchange events for office building tenants 	<ul style="list-style-type: none"> •Sponsoring various health improvement programs corresponding to local needs through our sports clubs •Creating a Universal Design Guidebook and strengthening promotion of universal design based on the guidebook's principles



We Will Implement Balanced Management for Further Growth

Hiroyuki Kimura

Director, Executive Officer, CFO & Head of Investor Relations, Nomura Real Estate Holdings Inc.

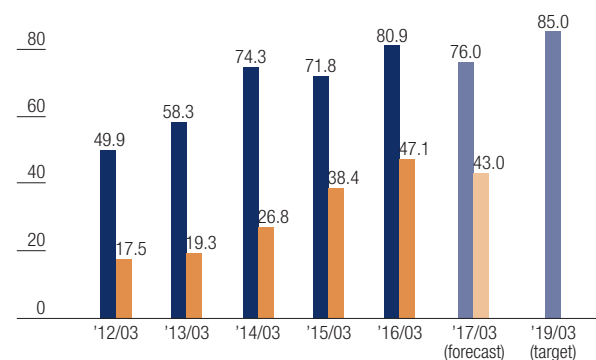
Beginning a New Mid- to Long-term Business Plan for Further Growth After a Record Year

Last fiscal year, we posted record sales and income of every type due to increased property sales in the Leasing Unit, asset acquisition fees obtained in the Investment Management Unit from merging our three REITs and other factors.

This fiscal year, we are forecasting revenue increase and income decrease, but the main reason for this is the non-recurrence of certain one-off earnings last fiscal year. Excluding these, income is expected to maintain the same level.

Operating Income and Profit Attributable to Owners of Parent

(Billions of yen) ■ Operating income ■ Profit attributable to owners of parent



The Mid- to Long-term Business Plan formulated last year begins this year. In Phase 1, the first three years, we aim to expand our current business portfolio to achieve an operating income of ¥85 billion.

A Turn toward Expanded Investment Last Year through Careful Selection

Our previous Mid- to Long-term Business Plan, formulated in 2012, made improving our financial base one of our targets but thanks to greater progress in income than planned, we were able to achieve a shareholders' equity ratio at the 30% level.

Correspondingly we expanded investment ahead of schedule, increasing total assets by approximately ¥120 billion to bring it to around ¥1.5 trillion in total last fiscal year. Development of urban-type compact towns in Hiyoshi and Tsunashima as well as stocking up of profitable real estate, designated a driver of Phase 1 growth, is making steady progress.

We plan to continue to accelerate investment, adding around ¥400 to 500 billion in each phase for a total asset increase of approximately ¥1.4 trillion within the Business Plan period.

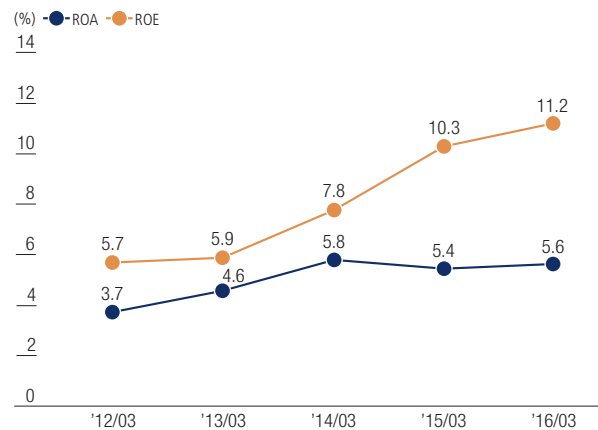
Efficiency- and Financial Health-oriented Management for Disciplined Investment Expansion

We have maintained last fiscal year's high ROA and ROE at 5.6% and 11.2% respectively, but as we expand investment in stock businesses such as the leasing business, a drop in efficiency is a concern. In light of this, our priority in management is ensuring a balance between investment expansion and efficiency.

Preserving financial health is also important for stable company management over the mid to long term.

With that in mind we laid out mid- to long-term guidelines of ROA 5% or above, ROE at 10% and shareholders' equity ratio at 30% in our Mid- to Long-term Business Plan. Specifically we will aim to build a balanced business portfolio by achieving steady growth in the Residential Development Unit, the Leasing Unit and the Service & Management Sector.

ROA and ROE



Stability- and Continuity-focused Shareholder Returns for an Expected Five Consecutive Years of Dividend Increase

Last year's dividend gained ¥7.5 per share on the year-beginning forecast due to improved performance to make for a ¥57.5 annual dividend. This year we forecast a fifth consecutive year of increase to an annual dividend of ¥60.

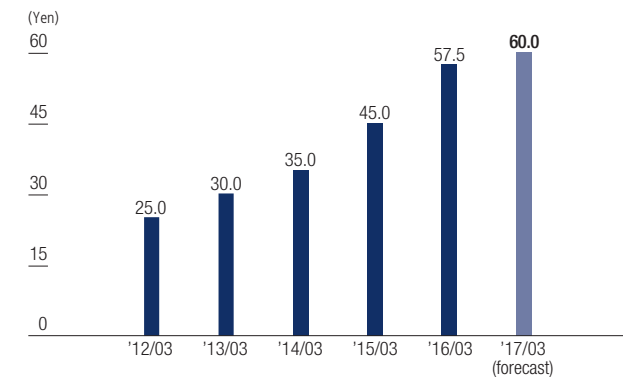
We believe that in order to expand investment, we need to increase our retained earnings, but at the same time, we consider total payout for investor to be a vital management issue. Our Mid- to Long-term Business Plan advocates stability- and continuity-focused dividends based on sustainable income growth, and we aim to increase our dividend level in the mid to long term by factoring in a certain degree of stability and shooting for a payout ratio of about 30% rather than repeat-

edly rising and falling on short-term performance fluctuation.

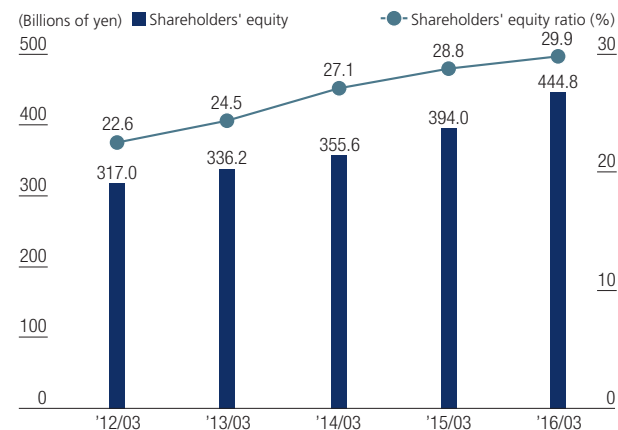
We as a Group intend to fulfill the expectations of our investors and other stakeholders by seizing upon growth opportunities and promoting management that balances efficiency, financial health and total payout for investors.

I ask for your continued understanding and support of the Group's business and management policies.

Annual Cash Dividend



Shareholders' Equity and Shareholders' Equity Ratio



Financial and Capital Policies

Asset efficiency
ROA **5%** or above

Capital efficiency
ROE at the **10%** level

Shareholders' equity ratio at the **30%** level

Dividend payout ratio of approximately **30%**

Urban Development that Connects Today with a Future of Possibilities and Embrace Every Moment Invested in Life's Pursuits



Profile

Value Creation through Continuous Transformation

Business that Produces Value

Foundation that Supports Value Creation

Data Section

Feature
1

Creating Urban-type Compact Towns

Promoting Large-scale Redevelopment and Mixed-use Development Projects

Large-scale redevelopment is being planned across Japan and convenient, multifunctional “urban-type compact towns” are gaining attention as part of development of ideal cities for people. Also important to ideal city development is promoting community-building and town management. The Group will use its diverse know-how to comprehensively contribute to achieving this.



Urbanization and Change in Household Makeup Drawing Attention to Urban-type Compact Towns

As single-person and elderly households increase due to the low birthrate and aging society, the population is concentrating in urban areas that are convenient for everyday life, the work or hospital commute and a variety of other reasons. With the need to develop environments in core cities all over the country in which diverse peoples can live more comfortably, the combination of the regional revitalization being advocated by the government and increased attention on disaster prevention awareness following the Great East Japan Earthquake is causing a wave of new urban development to sweep across Japan.

Against this backdrop, our Group is putting its effort into urban-type compact towns. These developments contain not only safe and comfortable housing but also retail facilities, sporting facilities, facilities for senior citizens, parks, hospitals, schools, research centers and various other functions, all within walking distance. To provide safety and abundance to all generations while nurturing the local community and forming a unique “town” – this is the type of urban development we pursue.

Management Ability is Essential to Ideal City Development

Development of urban-type compact towns requires the know-how to develop and manage residential, office, retail and many other types of facilities as well as robust imagination and management ability to link these based on an urban development perspective.

In addition to our top-class track record with residential redevelopments, by expanding our business domains in recent years, the Group has accumulated know-how pertaining to a wide range of facilities. On top of that, the expertise we have cultivated by moving into new sectors such as senior citizen/health needs and the energy business adds value to our neigh-

borhoods and is a great strength.

In this way, the Group is already using its comprehensive, Group-wide abilities to create unique urban-type compact towns such as Funabashi Morino City in Chiba Prefecture and Zutto City in Hyogo Prefecture and, through our promotion of community-building and town management, has received praise from the residents as well as the local society. We are also currently promoting sustainable urban development by participating in planning redevelopments in the Tsunashima

and Hiyoshi districts of Kanagawa Prefecture.

Developing high-quality real estate stock that will be used for many years to come and enriching the lives and pursuits of the people who live, work, gather and relax in these communities through this kind of high value-added urban development is both our Group’s unique social contribution and an opportunity to achieve continuous growth. We will continue to grow together with society by demonstrating the Group’s comprehensive abilities and empowering people and society.

Urban-type Compact Town Developments Based on Group Synergy



Case Study

Tsunashima Sustainable Smart Town (SST) Plan: A Fusion of Nature, People and City

The Tsunashima SST Council, composed of Nomura Real Estate Development, Panasonic and eight other partners from different industries, is promoting sustainable urban development in cooperation with Yokohama-shi and other government bodies. Our aim is to create a next-generation urban-type smart town based on the concepts, "This town will create the future" and "Innovating the future together."

Name..... Tsunashima Sustainable Smart Town
Location..... 4-chome Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa Prefecture
Schedule..... Opening in 2018
Site area..... Approx. 37,900 m²



Development Policy and Aims

Promoting Development of Smart Towns as Platforms of Life by Establishing Targets to Aim for and Codes to Follow

Tsunashima SST is a large-scale redevelopment project on the former site of a Panasonic factory in Tsunashima-higashi, Kohoku-ku, Yokohama. Nomura Real Estate Development, Panasonic and other companies and municipal governments as well as citizens are pooling their knowledge to promote sustainable development of urban platforms of life from the perspective of all who are connected to it, whether by living, working, visiting or otherwise. Our goal is an urban-type smart town that connects apartment housing, retail facilities, R&D facilities, international student dormitories and various other facilities to produce cutting-edge innovation based on the potential and issues of the Tsunashima district.

To that end we are setting numeric targets as signposts from a wide range of perspectives such as environmental preservation, safety and security. We are also formulating codes to achieve these targets: a design code for designs and elements making up the townscape, a sustainable code that considers the next generation and the earth's environment and a smart code for comfortable, convenient, safe and secure living. These three codes are applied when constructing each facility to ensure they conform to the concept of a "next-generation urban-type smart town" from both tangible and intangible perspectives.

Furthermore, the Group will contribute to the realization of sustainable lifestyles, city and society befitting Yokohama as a "FutureCity" in its mixed-use development plan for Hiyoshi and other projects through broad-based connections with surrounding developments.

The Nomura Real Estate Group's Key CSR Theme Initiatives

Safety/Security

The Tsunashima SST Plan seeks urban development that protects living and spreads safety and security around the globe with comprehensive town security protecting its diverse facilities. It aims for 100% coverage of major entrances/exits by surveillance camera and a response time of 15 minutes or less anywhere in the neighborhood.

We have also planned mutual flexibility and optimal distribution of energy and information as well as people and materials by using facilities' unique characteristics should a disaster occur. With a three-day lifeline as our target, we will formulate a CCP (Community Continuity Plan) to restore regular operations in times of emergency.



A multi-signage (digital signage) system to provide various types of information

Community

The Tsunashima SST Plan aims for urban development that connects people living there, working there, visiting or otherwise both locally and globally and attracts people searching for a better future. Through community spaces and advanced communication tools that accommodate diversity, it supports the formation of a sustainable community nurturing interaction transcending generations and nationality and boosts the independent value of the neighborhood as a whole.



A Keio University international student dormitory and town management center supporting resident life (concept drawing)

Environment

In addition to laying out environmental targets of reducing CO₂ emissions by 40%, reducing everyday water usage by 30% and using new energy for 30% or more of needs, the Tsunashima SST Plan also includes obtaining Gold rating in the LEED ND* global environmental performance evaluation. The entire neighborhood will have visualized energy use through cutting-edge information and communications technology and intelligently combine power from diverse sources including new energy such as hydrogen as well as solar and natural gas cogeneration.

*LEED ND: The Neighborhood Development category of Leadership in Energy & Environmental Design, an environmental benchmarking system for buildings and sites developed and run by the U.S. Green Building Council.



Hydrogen usage points installed around the neighborhood and operated by JX Nippon Oil & Energy Corporation (concept drawing)

Health/Comfort

The Hiyoshi Mixed-use Development Plan, which aims to develop a multi-generational recycling town centering on residences and commercial facilities but including a local elementary school and daycare facilities, also includes developing residents for senior citizens. Through the need-specific health management services and senior citizen services offered by MEGALOS CO., LTD., a sports club, we will work with residents, visitors, neighbors and others to provide healthy and comfortable life.



A diagram of the Hiyoshi Mixed-use Development Plan, a compact town currently being planned to attract diverse people.

Urban Development that Connects Today with a Future of Possibilities and Embrace Every Moment Invested in Life's Pursuits

Profile
Value Creation through Continuous Transformation
Business that Produces Value
A Foundation that Supports Value Creation
Data Section

Feature 2

Developing Safer, More Secure and More Comfortable Real Estate

The Nomura Real Estate Group's Efforts in Quality Management

Thorough quality management in residences, offices and other buildings and long-term efforts toward safety, security and comfort are essential to achieving the Group's target of "urban development that connects today with a future of possibilities." By sharing this understanding not only with the employees of each Group company but with design companies and construction companies, we will create and offer real estate trusted by all who live in, visit or use it.



The Nomura Real Estate Group's Quality Management According to the Quality Management and Architectural Design Officer

Improving the Nomura Real Estate Group's Quality with a Customer-first Mentality

Takashi Kaku

Executive Officer, Quality Management and Architectural Design, Nomura Real Estate Holdings Inc.
Director & Senior Managing Executive Officer,
Nomura Real Estate Development Co, Ltd.



Aiming for a Sustainable Society through Real Estate that is Safe, Secure and Comfortable in the Long Term

In recent years, sustainable urban development has become more of a focus and people want new creations that integrate all aspects of life precious to people and communities. At the same time, rumors of problems related to quality, safety and security are emerging in numerous industries, bringing them under closer scrutiny by consumers and society.

The Nomura Real Estate Group has obtained trust by carefully maintaining quality through the customer-first mentality it has valued since its founding. Rather than let that trust make us complacent, we endeavor to create structures that achieve safety and security from an even stricter, more long-term perspective based on the changes in society's thinking in recent years. Instituting the position of Quality Management Officer in March 2016 was one such effort. As the entire Group's Quality Management and Architectural Design Officer, my goal is to incorporate an emphasis on quality into all stages of our processes, whether development, design, construction, or post-completion management and renovation, and manage and guide each unit with a view of the big picture in order to achieve safety, security and comfort that will serve as dynamic stages that connect today with tomorrow's possibilities, and embrace every moment of life's pursuits.

Inheriting Responsibility for the Customer-first Mentality that is in the Nomura Real Estate Group's DNA

Another reason for establishing this position was to diversify the Group's business. Moving into new domains such as offices, retail facilities and senior housing requires a different kind of quality management from our residential business up until now. Therefore my mission and responsibility is to fuse the founda-

tional know-how we have cultivated building residences with the technologies and expertise needed in these new sectors and develop high-level quality management structures covering not only development but our after-sale services in their entirety.

Construction is something that happens through the collaboration of many people. We have extended into various businesses, therefore it is so important that the attention to quality that makes up the DNA of the Nomura Real Estate Group is embedded in each employee of every Group company in each business as well as partners such as design and construction companies.

Since the Group's origin, Nomura Real Estate Development, was established in 1957, we have solidified a unified structure for manufacture, sale and management and, being among the first developers to formulate a quality management manual, have carried on this legacy by continuing to incorporate lessons learnt through our many construction projects. Instilling these rich insights and know-how and, above all, the customer focus contained therein in each and every one of our staff involved in creation, management and services should serve to preserve the trust that our customers place in the Nomura Real Estate Group in all of our businesses.

With employees that prioritize quality and apply this thinking to each project, whether creation, management or services, we will live up to the trust of our customers and society.

One in ten employees is a licensed first-class architect

The high percentage of licensed first-class architects among our employees is proof of the Nomura Real Estate Group's dedication to quality and one of its strengths. It is because we have architecture experts in each unit, not just the design and quality management units, that we can thoroughly ensure quality throughout all processes.

Nomura Real Estate Development no. of employees: 1,812

No. of licensed first-class architects: 194 (10.7%)

*As of August 2016. No. of employees excludes part-time staff.

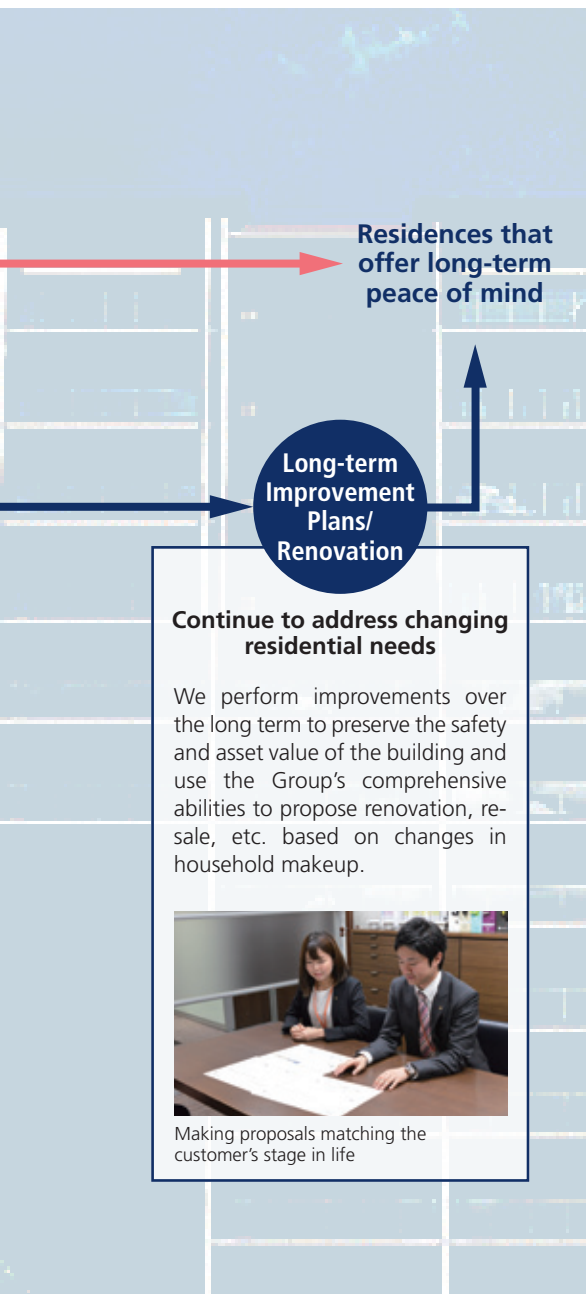
Case Study

Condominium that Offer Lasting Security

The PROUD brand illustrates the Nomura Real Estate Group's dedication to quality

PROUD is the Group's flagship residential brand. Below is a step-by-step breakdown of the dedication to quality underpinning our trustworthiness.





Residences that offer long-term peace of mind

Long-term Improvement Plans/ Renovation

Continue to address changing residential needs

We perform improvements over the long term to preserve the safety and asset value of the building and use the Group's comprehensive abilities to propose renovation, re-sale, etc. based on changes in household makeup.



Making proposals matching the customer's stage in life

The Nomura Real Estate Group's Key CSR Theme Initiatives



Nomura Real Estate Development has formulated a PROUD Smart Design called "SMART & GROWING" as its vision for next-generation condominium.

Safety/Security

In safety design, we formulate safety and security measures and disaster prevention programs. We also work to offer safer and more secure products by listening to customer feedback through our unified manufacturing-sale-management structure.

Environment

In passive design, we formulate PROUD Environmental Evaluation Sheets for harmony with the natural environment. These quantify the environmental measures at each property and strengthen our efforts toward environmental consideration.

Community

Nomura Real Estate Development works to make common areas comfortable and support healthy community-building. Through joint industry-academic research with Japan Women's University Graduate School, we produced "100 Design Techniques for Condominium Communities."

Health/Comfort

In active design, we take the initiative in implementing the latest technology and trying to anticipate the standards of the future. We have also created a Universal Design Guidebook and promote universal design based on it.

“Stakeholder's Voice”

I've been involved with Nomura Real Estate Development for over ten years now, and what has been common to everyone that I've worked with is their strong spirit and end user awareness regarding building.

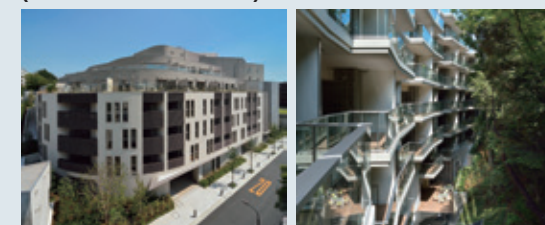
This can be seen in their detailed construction manuals, which are always being updated, and any point of improvement is immediately implemented at the next site. They demonstrate their dedication by visiting the site for processes usually checked by blueprint only. Their seller screenings are strict and employees present for Nomura Real Estate Development's inspections achieve excellent marks in our quality construction training test that checks building reinforcement arrangement.

At the same time, contrary to being limited by rules and arrangements, they are flexible when something better is possible, clearly illustrating their commitment to creating a quality product in partnership with the construction company. Going forward, I hope to maintain our cooperative relationship with this type of thinking.



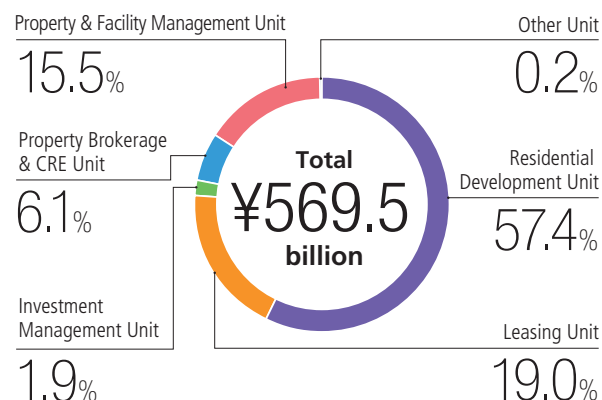
Takenaka Corporation
Head of Tokyo Main Office
Takumi Tokunaga

Construction project overseen by Mr. Tokunaga (PROUD Minami-Azabu)

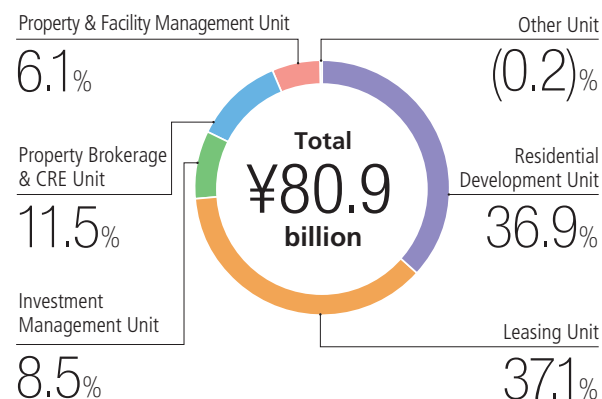


Performance of Each Business Unit during the Fiscal Year Ended March 2016

Composition of Operating Revenue*



Composition of Operating Income *



*The total shown at the center of the pie chart includes "eliminations or corporate" within segment information. As a result, data differs when totaling consolidated operating revenue and income from each business unit. The percentage breakdown is calculated based on the simple total amount of each segment. The resulting number is rounded to the first decimal place, which in some cases may mean the total does not add up to 100.0%.

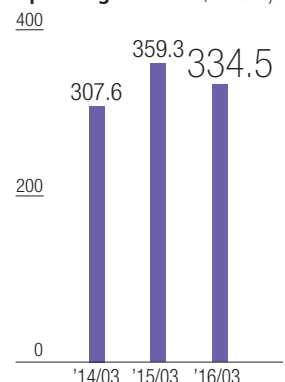
Residential Development Unit



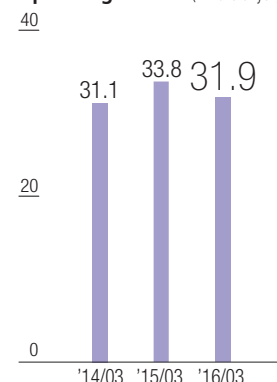
Review of Performance

- During the fiscal year ended March 2016, the selling price units sold increased, but the total number of condominiums and detached housing sold decreased, resulting in a decline in both revenue and profits.
- The Residential Development Unit booked multiple redevelopment and reconstruction projects, including Tomihisa Cross Comfort Tower (Shinjuku-ku, Tokyo) and Sakurajosui Gardens (Setagaya-ku, Tokyo), among others.

Operating Revenue (Billions of yen)



Operating Income (Billions of yen)



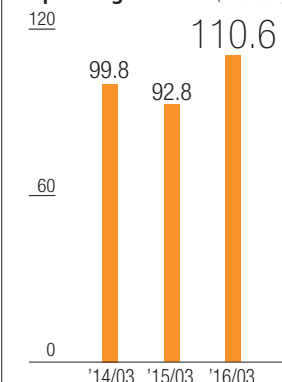
Leasing Unit



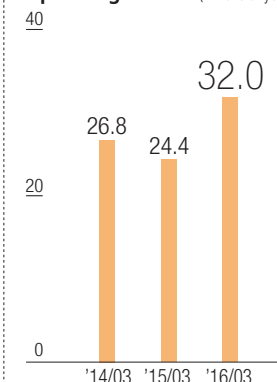
Review of Performance

- During the fiscal year ended March 2016, the Leasing Unit made steady progress in finding tenants for the Hamamatsucho Building (Minato-ku, Tokyo), and the number of profit-generating properties sold increased, leading to an increase in revenue and profits.

Operating Revenue (Billions of yen)



Operating Income (Billions of yen)



Note: The method of allocating part of the Company-wide expenses from the adjustment amount to each segment was changed in the fiscal year ended March 2015. In conjunction with this change, the house leasing business that had been part of the Residential Development Unit is now included in the Leasing Unit. As a result, data appearing for the fiscal year ended March 2015 and the fiscal year ended March 2014 reflect this change.

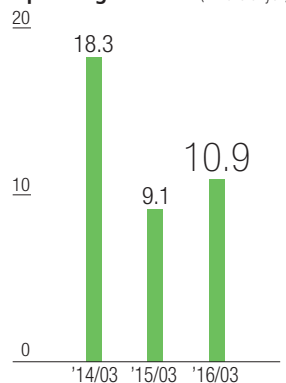
Investment Management Unit



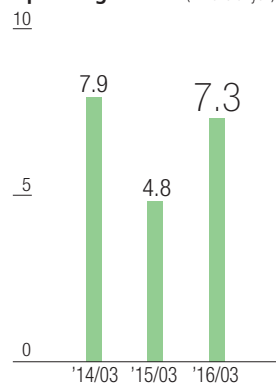
Review of Performance

- During the fiscal year ended March 2016, the Investment Management Unit saw an increase in asset acquisition fees following the merger of Nomura Real Estate Master Fund, Inc., Nomura Real Estate Residential Fund, Inc., and Nomura Real Estate Office Fund, Inc. in October 2015, and dividend income from the sale of properties held by a Special Purpose Company (SPC), leading to an increase in revenue and profits.

Operating Revenue (Billions of yen)



Operating Income (Billions of yen)



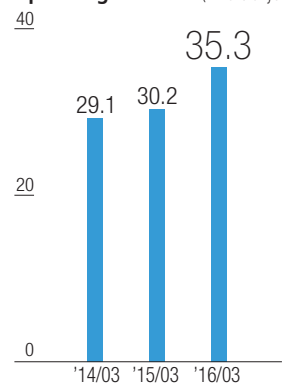
Property Brokerage & CRE Unit



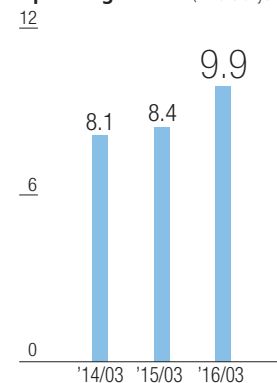
Review of Performance

- During the fiscal year ended March 2016, the Property Brokerage & CRE Unit recorded an increase in the brokerage transaction volume and value, and sold properties, too, resulting in an increase in revenue and profits.
- The retail side of the business expanded its branch network to 68 as of March 31, 2016, opening six new branches, including Kohoku New Town Center.

Operating Revenue (Billions of yen)



Operating Income (Billions of yen)



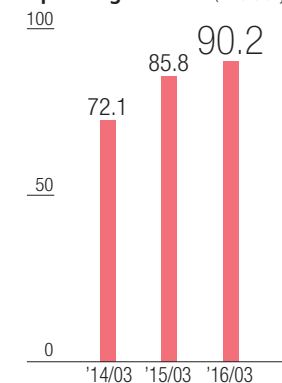
Property & Facility Management Unit



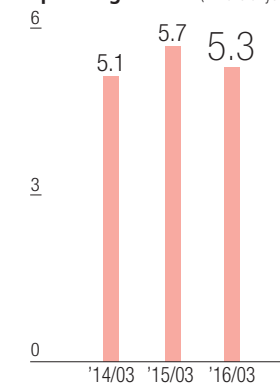
Review of Performance

- During the fiscal year ended March 2016, there was an increase in property and facility management and work orders, and an increase in retirement benefit costs, resulting in an increase in revenue, but decline in profits.
- In the fitness club side of the business, MEGALOS CO., LTD. was transformed into a wholly-owned subsidiary following a successful tender offer, and the company name was changed to Nomura Real Estate Life & Sports Co., Ltd. in April 2016.

Operating Revenue (Billions of yen)



Operating Income (Billions of yen)



Starting from the fiscal year ended March 2016, MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.) which had been categorized as Other Unit is now included in the Property & Facility Management Unit. As a result, data for the fiscal year ended March 2015 and the fiscal year ended March 2016 now reflect this change.



Further Strengthening Our Integrated Development, Sales and Management Structure to Flexibly and Promptly Respond to Changes in the Market

Market Environment

- Shrinking market for homes due to Japan's declining population
- Oligopoly by major developers
- Rising home prices caused by higher land prices and construction costs
- Diversification of needs in homes based on changes taking place in society
- Trend toward more compact towns driven by the flow of people into urban areas

Strengths

- Ability to adapt to the market using an integrated development, sales and management structure
- Established brand power from the PROUD brand
- A wealth of strong customer contacts through the Nomura Real Estate Group Customer Club

Business Strategies under the Mid- to Long-term Business Plan

- Further evolve the integrated production, sales and management system
- Expand market share for existing businesses and enhance earnings power
- Increase business volume by showing a presence in new business areas
- Expand the land bank business by promoting customer relations



Shigeyuki Yamamoto

Executive Officer
In charge of Residential Development Unit

Speeding up the Decision Making Process by Sharing Customer Perspectives and Our Ability to Adapt to Market Needs

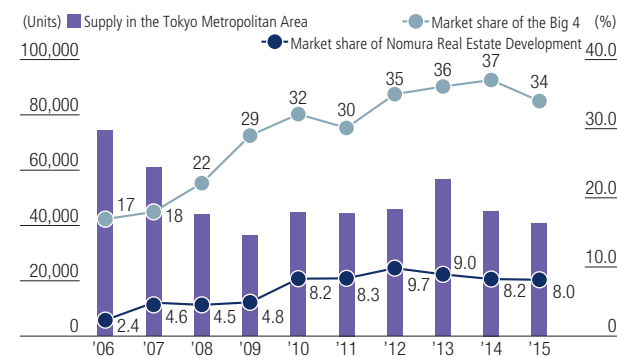
The market oligopoly by the top real estate companies continues to advance as the housing market shrinks due to Japan's declining population. The key to realizing stable growth in this environment is to differentiate ourselves from peers and establish a solid position in the market place. Toward that end, we are taking steps to enhance the quality of our individual businesses while also further strengthening collaboration between production and sales teams in an effort to share information about customer perspectives and how to adapt to market needs, which in turn will speed up the decision making process. At the same time, we are encouraging the development of mainly junior human resources by having all teams commit to the entire business.

Securing Business Volume and Market Share Based on an Area-focused Strategy

Currently, we occupy about an 8% share of the residential real estate market in the Tokyo Metropolitan Area, but this share

falls to only about 6% in the huge residential market of Tokyo's 23 wards. Going forward, we will establish focus areas for each business and aim to increase our market share to 10% by carefully monitoring the market size of each area and the supply situation of peers. In addition to business expansion

Condominium Supply in the Tokyo Metropolitan Area and the Market Share of the Big 4* and Nomura Real Estate Development



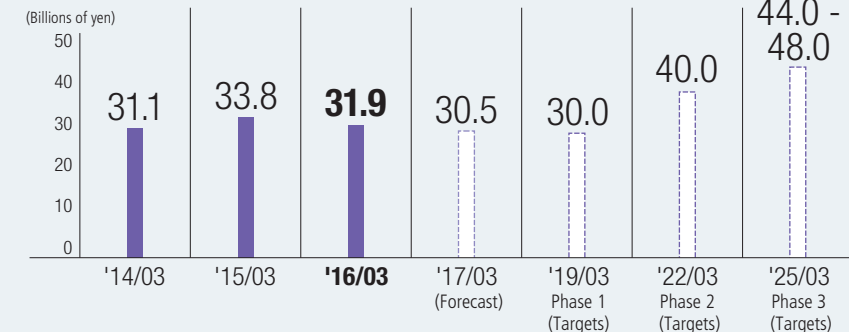
Source: Real Estate Economic Institute Co., Ltd.

*Big 4: Mitsui Fudosan Residential, Mitsubishi Jisho Residence, Sumitomo Realty & Development, and Nomura Real Estate Development

Priority Measures

- Business development based on a clear area-focused strategy
- Reinforce brand strategy
- Expand into core regional cities based on the advancing trend of compact towns
- Obtain know-how and develop relationships with local developers in Asian markets
- Expand the land bank business collectively across the Group

Operating Income Results and Targets



in existing areas, we will also seek to expand into new ones as well. In Japan, the trend toward compact towns will provide an opportunity for us to expand into core regional cities. Last year, we began marketing mainly in the Kanto-Koshin'etsu region, and determined the viability of our business in multiple cities. Starting this fiscal year, we began gathering definite projects and participated in a redevelopment project in front of Shizuoka Station as our very first project. Overseas, we are expanding business mainly in Asia, which has growing residential real estate needs driven by the region's economic growth. We are

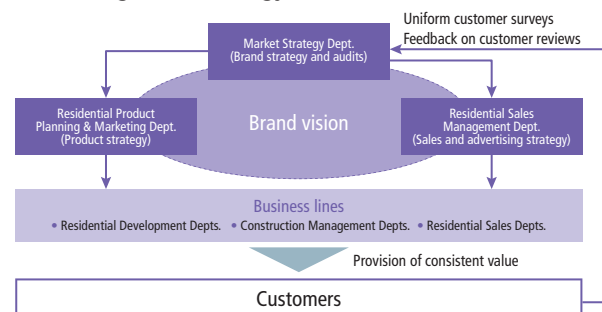
already working on condominium projects in Ho Chi Minh City, Vietnam, and in Shenyang, China. As part of these projects, we have dispatched personnel from the Residential Development Unit locally to obtain know-how and build relationships with local developers.

Expanding the Land Bank Business Using Group-wide Tie-ups

The Nomura Real Estate Group has access to a wealth of housing stock as well as operates the Nomura Real Estate Group Customer Club, which has more than 80,000 members. Customer relations involve the entire Group, and by working to strengthen our contact points with customers, we will look to further expand the land bank business. This fiscal year we newly entered the renovation business. We will seek to maximize customer satisfaction through the work of Nomura Real Estate Reform, the sales of Nomura Real Estate Urban Net, and the collective strengths of the entire Group.

In order to expand the type of services to customers, we will also need to build alliances with other companies. Last year, the Nomura Real Estate Group and the Isetan Mitsukoshi Group concluded a comprehensive business partnership agreement with the goal of mutually enhancing the brand value of both companies. This autumn, we plan on offering Nomura Real Estate Group Customer Club Gold Cards to members of the Nomura Real Estate Group Customer Club. Moving forward, we will continue to expand our high quality services and improve convenience.

Reinforcing Brand Strategy



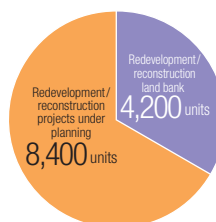
Reinforcing Brand Strategy

I believe that a brand represents a type of guarantee to customers. The mission of any brand is to guarantee consistent value in every area, from fostering a positive image in TV commercials and property ads to setting up sales centers, the actions of our employees in sales and after-sales services who work directly with customers, and the quality of our products. The consistent value we want to deliver to customers, or in other words our brand vision, will be reflected in our product strategy as well as our sales and advertising strategy. We are also working to re-define our brand vision with an eye on 10 years into the future. During this process, by using the views of our employees on the frontlines we will foster a sense of ownership in employees for creating our brand strategy together.

Residential Large-scale Redevelopment & Reconstruction Business in Central Tokyo

Major Redevelopment & Reconstruction Projects

- Taking advantage of our No.1 track record in the industry and a wealth of know-how, we have promoted many redevelopment and reconstruction projects in Central Tokyo and in front of railway stations.
- Redevelopment/reconstruction land bank: 12,600 units nationwide have been secured.



Project name	No. of units (our share)	Phase 1 (*17/03-'19/03)	Phase 2 (*20/03-'22/03)	Phase 3 (*23/03-'25/03)
PROUD TOWER Tachikawa	292	Completion		
PROUD CITY Asagaya*	313	Completion		
PROUD TOWER Akashi*	102	Completion		
PROUD Fuchu Station Arena	111	Completion		
PROUD TOWER Musashi-Urawa Residence	165	Completion		
PROUD TOWER Nagoya-Sakae*	214	Completion		
GRACIA TOWER Futamatagawa*	81	Completion		
Higashi-Ikebukuro 5-chome Redevelopment	110	Commence construction	Completion	
Musashi-Koganei Station South Exit 2nd Block Redevelopment	610	Commence construction	Completion	
Sakai-Higashi GIORNO Building Redevelopment	273	Commence construction	Completion	
Hankyu-Tsukaguchi Station-front Reconstruction	338	Commence construction	Completion	
Higashi-Ikebukuro Station-front Block Redevelopment	210	Commence construction	Completion	
Shakujii-Koen Station South Exit West Redevelopment	185	Commence construction	Completion	
Hirai Station North Exit Redevelopment	318		Commence construction	Completion
Kawaguchi Sakaecho 3-chome Redevelopment	414		Commence construction	Completion
Funabashi Station South Exit Redevelopment	180		Commence construction	Completion
Akasaka 7-chome 2nd Block Redevelopment*	230		Commence construction	Completion
Nishi-Ojima Station-front Redevelopment*	420		Commence construction	Completion
Tsukishima 3-chome South Redevelopment*	250		Commence construction	Completion
Tateishi Station South Block Redevelopment*	245		Commence construction	Completion
Kachidoki Station South 8,9 block Redevelopment*	400		Commence construction	Completion
Minami Ikebukuro 2-chome C Block Redevelopment*	363		Commence construction	Completion

The land bank
Projects under planning
 *JV project
 All projects are currently in the planning phase and subject to change.

(As of June 2016)

Redevelopment & Reconstruction Projects Completed in the Fiscal Year Ended March 2016



Tomihisa Cross Comfort Tower (Shinjuku-ku, Tokyo)



CAPITAL GATE PLACE (Chuo-ku, Tokyo)



Sakura Josui Gardens (Setagaya-ku, Tokyo)

Redevelopment & Reconstruction Projects to be Completed in the Fiscal Year Ending March 2017 or Later



PROUD TOWER Akashi (Akashi-shi, Hyogo)



PROUD TOWER Tachikawa (Tachikawa-shi, Tokyo)



PROUD CITY Asagaya (Suginami-ku, Tokyo)



PROUD Fuchu Station Arena (Fuchu-shi, Tokyo)

Measures to Accelerate Growth

Overseas Business

- We have set up residential development businesses and leasing businesses in Asian countries, which have seen high demand in the real estate market due to economic growth. We will invest ¥300 billion by the Phase 3.
- In the fiscal year ended March 2016 we decided to participate in the housing business in Ho Chi Minh, Vietnam. Also, we are considering taking part in other projects.

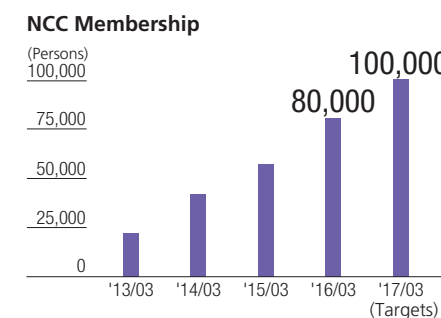
Midtown Project (Ho Chi Minh, Vietnam)



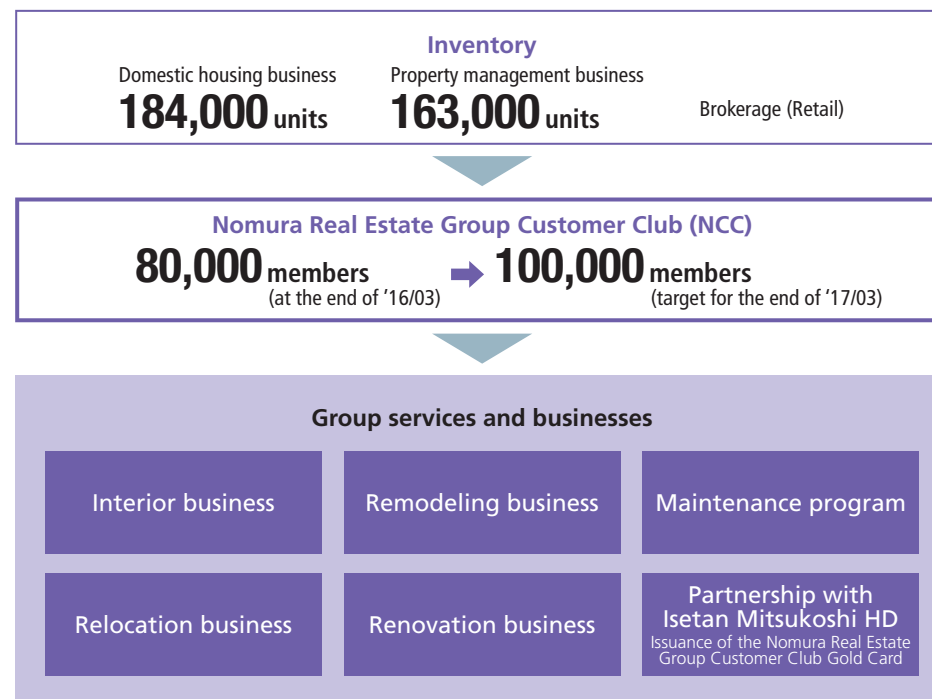
Location: District 7, Ho Chi Minh
Total project expense: approx. ¥27.0 billion (Phase 1)
Phase 1 units: approx. 1,100
Total units: approx. 2,100 units
Phase 1 land area: approx. 28,000m²
Construction period: 2017-2019
Partner companies: Phu My Hung Development Corporation, Daiwa House Industry Company, Sumitomo Forestry

Customer Relations

- Aiming at increasing opportunities to offer services which meet customers' changing life style needs, we have set up the "Nomura Real Estate Group Customer Club (NCC)," a customer communication platform.



Various Services for Our Customers





Tackling Community Development with Various Development Approaches Based on Societal Needs and Using This as a Pillar for the Group's Growth

Market Environment

- Increase in demand for redevelopment and reconstruction projects given a rising number of aging buildings
- Acceleration in urban development in Central Tokyo in preparation for the Tokyo Olympics and Paralympics
- Increasingly diverse and sophisticated needs from each facility type

Strengths

- Mutual growth model through tie-ups with Group REITs
- Development know-how for various real estate classes, including office, commercial facilities, logistics facilities, and lease housing
- High quality property development led by professional engineers including first-class architects

Business Strategies under the Mid- to Long-term Business Plan

- Strengthen mixed-use redevelopment including new areas
- Strengthen Leasing Value Chain through coordination with Group-affiliated REITs
- Accelerate development of commercial property business as a new focus sector



Minoru Hatada

Executive Officer in charge of Leasing Unit

Engaging in Community Development that Harnesses the Group's Know-how and Views Changes in Urban Structure and People's Needs as an Opportunity

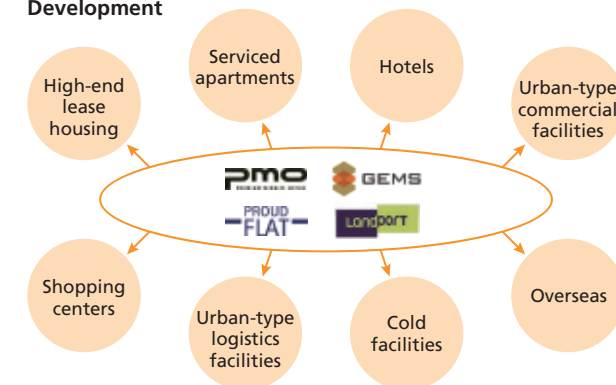
There is growing momentum for large-scale redevelopment mainly in the Central Tokyo area underpinned by the city's aging real estate stock and the urban development needed for the upcoming Tokyo Olympics and Paralympics. Additionally, there is a need to tackle the challenge of comprehensive development that covers an entire community, instead of conventional community development that tended to focus on a single product, given regional competition and changes in people's needs.

Mixed-use redevelopment is a business that requires the true abilities of a developer to enhance the value of an entire community or region over a long period of time. The Nomura Real Estate Group has already obtained a number of redevelopment projects in the Central Tokyo area thanks to its collective know-how developed through its experience with diverse real estate development projects and its synergies between business units, including the Residential Development Unit. To

fully leverage these opportunities and differentiate our projects as true community development, we need to work in not only conventional sectors, but also find new sectors and products to expand into. Recently, we have initiated research on new ways of utilizing hotels, shopping centers and offices.

As for the organizational structure, we newly established the Development Department after recognizing the

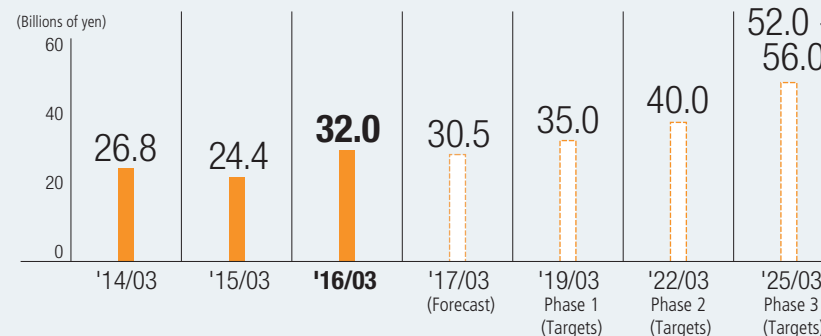
Expansion of Development Domains Aimed at Mixed-use Development



Priority Measures

- Strengthen development capabilities through uniform land acquisition
- Reinforce ability to structure and propose solutions for each sector
- Enhance sales capabilities across sectors through tie-ups between business units
- Improve cost and quality management through functional enhancements of engineering divisions
- Maximize added value from mixed-use development through Group synergies and tie-ups between business units
- Boost sales capabilities and strengthen relationships with corporate customers

Operating Income Results and Targets



need to shift from our conventional approach where sites were acquired by business divisions in charge of each sector to a single unified team sourcing land for development. This structure facilitates land acquisition across all sectors. This will also enable us to strengthen our cross-sector proposals and implement large-scale mixed-use development projects utilizing our sales capabilities closely in tune with the local community—another one of our strengths.

Establishing a Pillar for Group Growth through ¥1.8 trillion in Investments

The Leasing Unit engages in both the leasing business, where we own developed properties to obtain lease income, and the property development business, where we sell these developments to Group-affiliated REITs for a profit. The role of the Leasing Unit is to establish a stable profit base by increasing leased assets and contribute to the growth of Group-affiliated REITs by promoting the property development business. As a business unit that uses the balance sheet the most, we need to achieve high asset efficiency and expand stable revenue streams.

We have committed to invest ¥1.8 trillion under our Mid- to Long-term Business Plan. Half of this will be allocated to leased assets and the other half to property development, which in turn will be sold off to Group-affiliated REITs. This will enable us to balance an increase in asset efficiency and stable revenue streams.

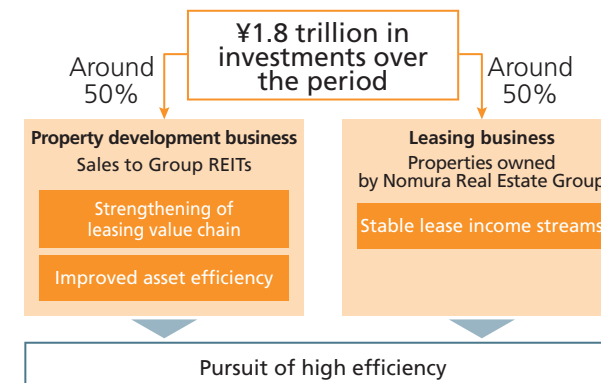
Unrealized gains or losses are magnified based on the timing of development, so we will establish certain standards for the investment process and only invest after a deal is carefully vetted, while promoting continual acquisitions not influenced by investment timing. As for the nature of investments, we will strive to acquire long-term projects with a focus on redevelopment as well as aim to acquire around ¥90 billion (total investment amount) annually in property development projects representing the four brands of PMO, Landport, GEMS, or PROUD FLAT.

The most important aspect of property development is maintaining a positive sense of tension with REITs. Enhancing the leasing value chain will result in mutual growth. This past year we have built a solid and mutual relationship with Nomura Real Estate Master Fund, Inc. by supplying properties from

the Group and acquiring older properties from the fund for redevelopment. Each of our brands is also steadily enhancing its presence, which includes positive reviews from customers.

Going forward, we will build a robust portfolio of high quality assets through continual investment and contribute to the growth of Group-affiliated REITs. This will enable us to grow into a pillar for the entire Group.

Growth Model of the Leasing Unit



Major Large-scale Redevelopment and Mixed-use Development Projects (Office and Retail)

- Actively implementing office and retail redevelopment and mixed-use development projects mainly in the Central Tokyo area.

Major Large-scale Redevelopment and Mixed-use Development Projects (Office and Retail)



Yokohama Nomura Building



Toranomon Station-front Redevelopment



Nishi-Azabu 3-Chome Redevelopment



Shibaura 1-Chome Reconstruction

Project	Main Use	Area and Units Scheduled for Acquisition	Phase 1 '17/03-'19/03	Phase 2 '20/03-'22/03	Phase 3 '23/03-'25/03
Yokohama Nomura Building* Construction started	Office	81,656m ² (total floor area)	Completion		
Toranomon Station-front Redevelopment (National strategic special zone authorized project)	Office	Approx. 13,000m ²	Commence construction	Completion	
Soto-Kanda 1-Chome Redevelopment	Office	Approx. 31,000m ²		Commence construction	Completion
Iidabashi Station Central Redevelopment	Office Residential	Approx. 20,000m ² Approx. 170 units		Commence construction	Completion
Nishi-Azabu 3-Chome Redevelopment * (National strategic special zone proposal project)	Hotel Residential	TBD		Commence construction	Completion
Nishi-Shinjuku 3-Chome Redevelopment *	Commercial Residential	Approx. 21,000m ² Approx. 920 units		Commence construction	Phase 1 completion
Shibaura 1-Chome Reconstruction* (National strategic special zone designated project)	Office Commercial	TBD		Commence construction	Phase 1 completion
Nishi-Nippori Station-front Redevelopment*	Commercial Residential	Approx. 15,000m ² Approx. 480 units		Commence construction	Completion
Shinbashi Station West Exit District Redevelopment*	Office Commercial	TBD			Commence construction
Nihonbashi 1-Chome Central District Redevelopment*	Office	TBD		TBD	
Nomura Fudosan Ginza Building Reconstruction (Ginza MTR Building)*	Office	TBD		TBD	

* JV Project

Note: details may change due to each project (including name) currently being in the planning stage.

(As of June 2016)

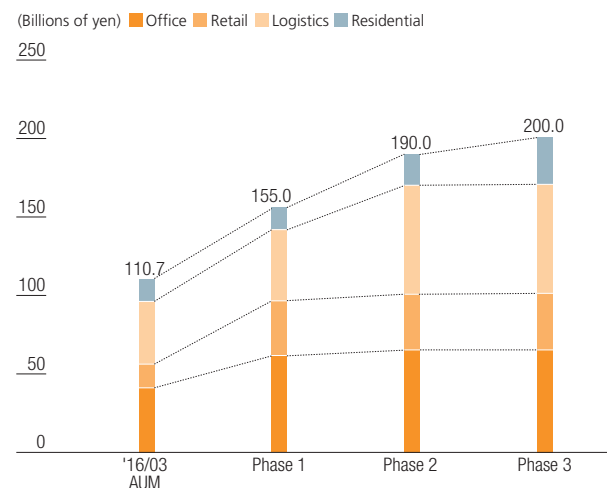
Central Tokyo Area



Expansion of Property Development Business

- Step up property developments, centered on the four brands of PMO, Landport, GEMS and PROUD FLAT, while expanding business volume and also achieving mutual growth by selling properties to Group REITs.
- Expanding AUM to ¥200 billion by the Phase 3.

Expansion Plan of Property Development (on Balance Sheet)



(Billions of yen)

	'16/06 AUM	Phase 1	Phase 2	Phase 3
Office (PMO etc.)	40.4	60.0	65.0	65.0
Retail (GEMS/NSC etc.)	15.0	35.0	35.0	35.0
Logistics (Landport etc.)	41.0	45.0	70.0	70.0
Residential (PROUD FLAT etc.)	14.0	15.0	20.0	30.0
Total	110.7	155.0	190.0	200.0

Business Progress of Each Brand

In the fiscal year ended March 2016, we acquired 19 properties valued at approximately ¥88.5 billion and sold eight properties valued at ¥26.7 billion. Also, we completed construction on a number of development projects, which we plan on selling one after another moving forward.

Office	Acquisition (The total investment planned for projects)	Sale (sale value)
PMO PREMIUM MID-RISE OFFICE	7 projects (approx. ¥31.0 billion)	3 projects (¥13.9 billion)



PMO Hirakawacho
(completed in January 2016)



PMO Nihonbashi Edo-dori
(completed in June 2016)

Logistics Facilities	Acquisition (The total investment planned for projects)	Sale (sale value)
Landport	2 projects (approx. ¥38.0 billion)	-



Landport Kashiwa-Shonan I
(completed in February 2016)



Landport Kashiwa-Shonan II
(completed in May 2016)

Retail Facilities	Acquisition (The total investment planned for projects)	Sale (sale value)
GEMS	6 projects (approx. ¥14.0 billion)	2 projects* (¥7.3 billion)

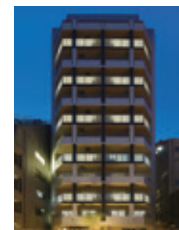


GEMS Daimon
(completed in February 2016)

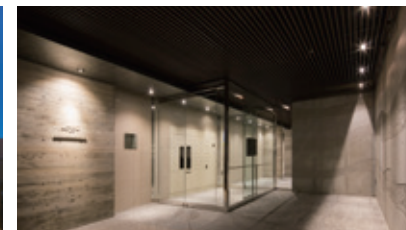


GEMS Kanda
(completed in June 2016)

Residential	Acquisition (The total investment planned for projects)	Sale (sale value)
PROUD FLAT	4 projects (approx. ¥5.5 billion)	3 projects (¥5.4 billion)



PROUD FLAT Higashi-Kanda
(completed in May 2015)



PROUD FLAT Kagurazaka III
(completed in April 2015)

*The sale of retail facilities includes the NRE Kichijoji Building



Aiming to Expand Our Stable Earnings Base with the Focal Point on the REIT Business

Market Environment

- Growing REIT market buoyed by rising demand for asset management and an influx of foreign capital
- Diversification of real estate utilization needs owing to changes taking place in society, such as the aging population
- Government backing of the REIT market

Strengths

- Nomura Real Estate Master Fund, Inc. is Japan's largest diversified REIT with assets exceeding ¥930 billion (total assets of over ¥1 trillion)
- Leasing value chain through intra-Group tie-ups
- Expertise as a real estate affiliated asset management company and research capabilities utilizing a wealth of accumulated data

Business Strategies under the Mid- to Long-term Business Plan

- Stabilization and expansion of the REIT business as a core business
- Realize growth in the private placement fund business
- Expansion and global growth of the securities business represented by Fund of J-REIT Funds



Norio Ambe

Executive Officer
In charge of Investment Management Unit

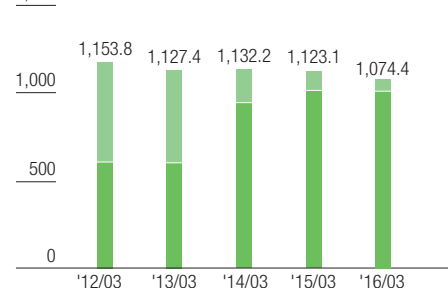
The REIT Business is Becoming More Stable and Steadily Expanding

The J-REIT market is steadily growing amidst an inflow of investment capital from Japan and overseas, driven by the expected recovery in Japan's economy and real estate market as well as demand created by NISA and the negative interest rate environment. The Investment Management Unit's REIT business is steadily growing centered on Nomura Real Estate Master Fund, Inc. (NMF), Ja-

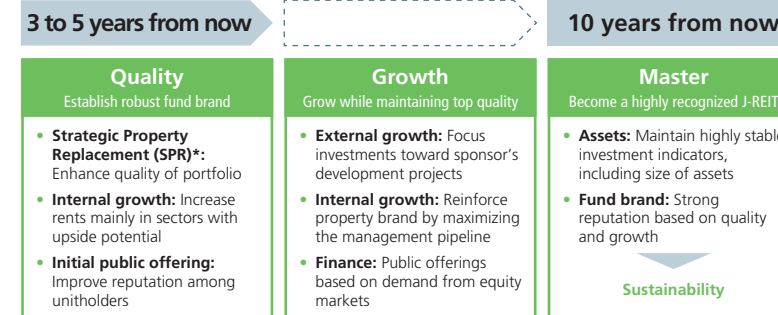
pan's largest diversified REIT created in October 2015 after the merger of three listed REITs. With an initial target to reach ¥1 trillion in assets under management over the next three to five years, NMF has worked toward enhancing the quality of its portfolio through Strategic Property Replacement (SPR) utilizing the Group's leasing value chain. In September 2016, NMF acquired TOP REIT, Inc., drastically increasing its assets under management to more than ¥930 billion (with total assets exceeding ¥1 trillion). This robust progress means that its initial target of ¥1 trillion in assets

Changes to Assets under Management

(Billions of yen) ■ REIT (listed / unlisted) ■ Privately-placed funds, etc.



NMF's Mid- to Long-term Asset Management Strategy

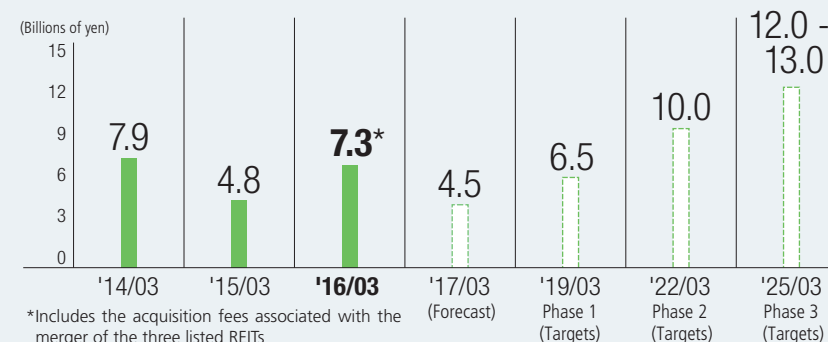


*Strategy to enhance quality of investment assets harnessing the advantages of its diversified and large-scale nature achieved through mergers

Priority Measures

- Expand size of the REIT business through continual investment
- Continually improve quality of the REIT business utilizing intra-Group tie-ups
- Develop new funds closely in tune with investor needs
- Improve ability to address global investment needs
- Step up development of human resources who can structure and cultivate funds

Operating Income Results and Targets



under management will be achieved ahead of schedule.

Nomura Real Estate Private REIT, Inc. (NPR), a private placement REIT, has successfully attracted mid- to long-term capital from major public and private pension funds in Japan as well as financial institutions. It has also made solid progress with acquiring properties from inside and outside the Group, growing at a pace where it doubled its total assets over the past two year period.

The REIT business forms the cornerstone of the Investment Management Unit's stable growth strategy, and for that reason we will continue to focus on it moving forward.

Spreading Seeds for the Next Source of Earnings Growth

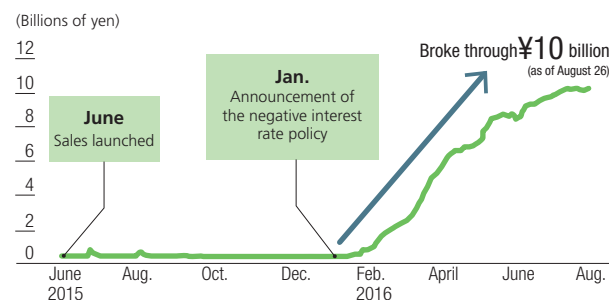
We are now accelerating efforts to spread seeds for businesses that will form the second and third pillar of our operations, while steadily growing our core REIT business and building a stable earnings base.

In the private placement fund business, we are making progress with opening up new asset classes to invest in. Among these, we are focusing particular attention on the development of healthcare funds, given Japan's aging population. In February 2016, we structured a fund that included our

second project in this segment.

In the Fund of REIT Funds (FORF) business, which targets listed REIT, our J-REIT Value Fund, a J-REIT investment trust structured in June 2015, has steadily increased its assets under management. This success has been driven by Nomura Securities involvement on the sell side and Japan's negative interest rate policy. To capture growing needs among Japanese investors for overseas assets, we launched an overseas open-ended fund of funds with diversified investments in the real estate securitization markets of major developed countries. Next, we

Changes in Net Assets of J-REIT Value Fund



are planning global products, such as a US-REIT that invests in REIT listed in the United States.

Enhancing Human Resource Development and Research Capabilities as a Group of Professionals

Our ultimate goal as an asset management company is to enhance the performance of assets under management for our customers. To achieve this, human resource development and advanced research capabilities with an eye on long-term trends are both essential.

As a result, we continue to focus on human resource development, including overseas OJT, developing globally-minded human resources through improved language training, and operational improvements led by a bottom-up approach to speed up decision making.

As for research capabilities, it is vital that we establish decision making criteria unique to an asset management company in order to improve performance while always being aware of the cyclical timing of the real estate market. We will further advance our research capabilities through highly objective analysis of the overall market, in addition to our expertise built up over the years.

Nomura Real Estate Master Fund's Strategic Property Replacement (SPR)

Utilization of the Leasing Value Chain

Acquisition of property for development (from sponsor)

Acquired Landport Kashiwa Shounan II, a Nomura Real Estate Development branded development focused on logistics assets.



Landport Kashiwa Shounan II

Nomura Real Estate Development's sales strategy

- Phase 1 ('17/3-'19/3)
Total Recovery Amount:
¥150 billion
- '17/3 Sales Price:
Approx. ¥44 billion

Acquisition amount: **¥10.8 billion**

Sold for redevelopment (to sponsor)

We sell older properties in advantageous locations to our sponsor. If the sponsor sells the redeveloped property, NMF has exclusive negotiating rights for the purchase.



NOF Nihonbashi-honcho Bldg.
(49%)
55 years old*1

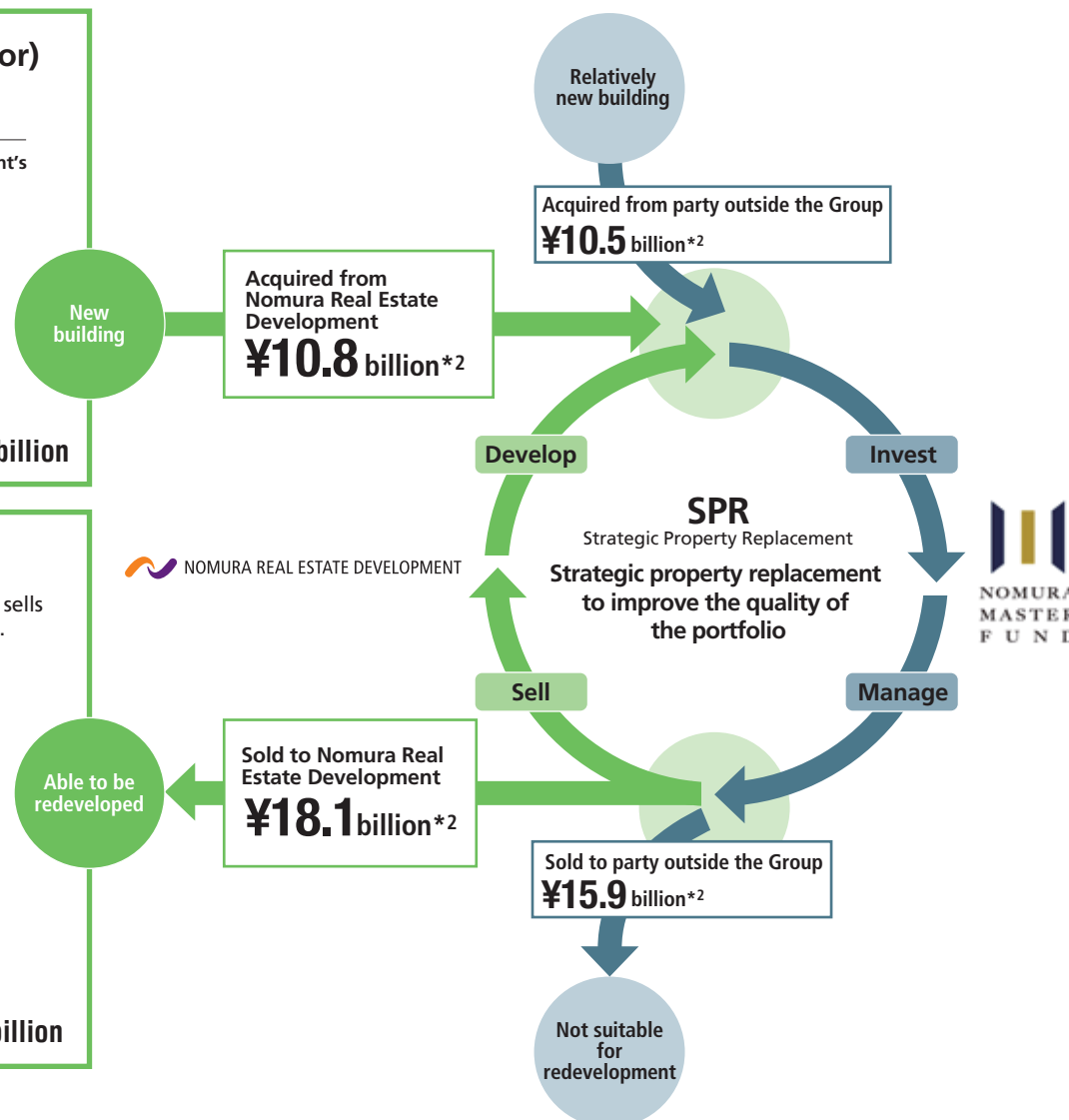


NOF Tameike Bldg.
56 years old*1



NOF Minami-shinjuku Bldg.
30 years old*1

Sales price: **¥18.1 billion**



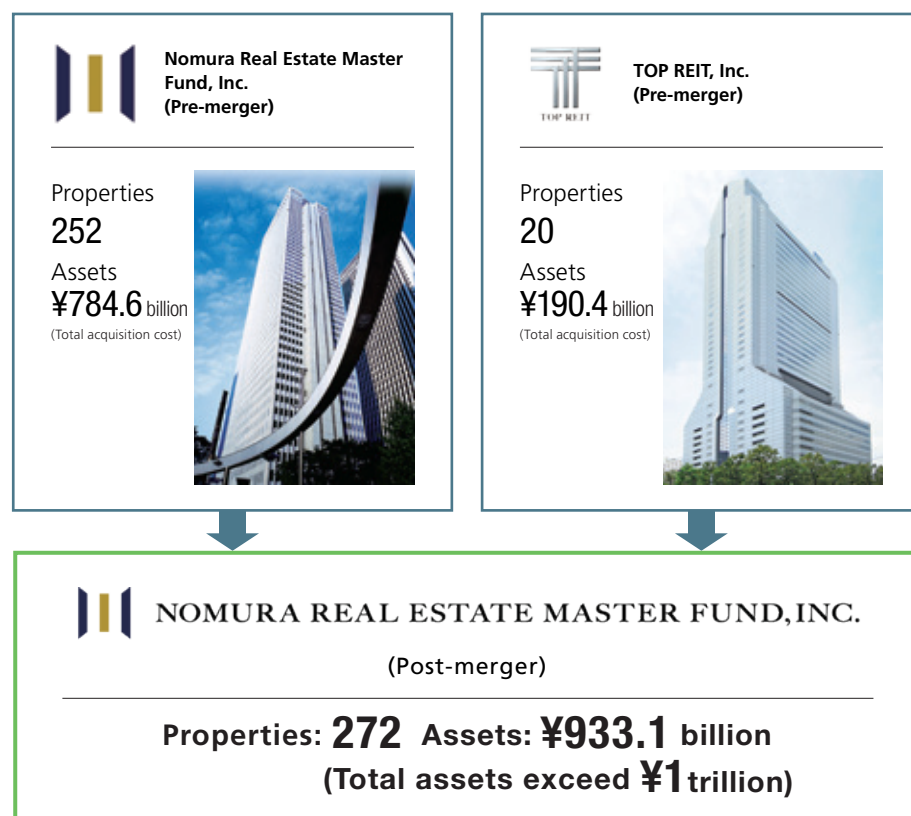
*1 Data as of May 9, 2016

*2 Transactional totals for the period from October 2015 to September 2016

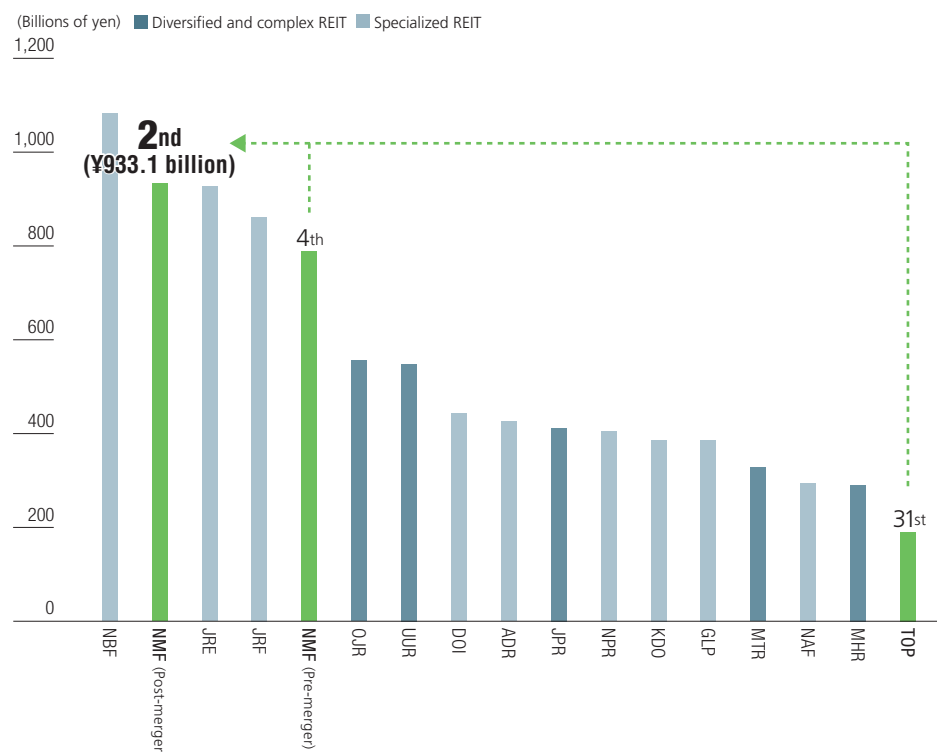
NFM's Acquisition of TOP REIT, Inc.

- Boosted total assets to more than ¥1 trillion, making it one of the largest and well known REITs in the J-REIT market.
- Now has an eye on increasing assets to ¥1.5 trillion over the next three to five years, which represents the quality phase of its mid- to long-term asset management strategy.
- Plans to record asset acquisition fees following the merger and asset management fees will grow with the increase in assets under management.
- Further accelerates mutual growth of the Nomura Real Estate Group and REIT utilizing the leasing value chain.

Growth of NMF's Assets



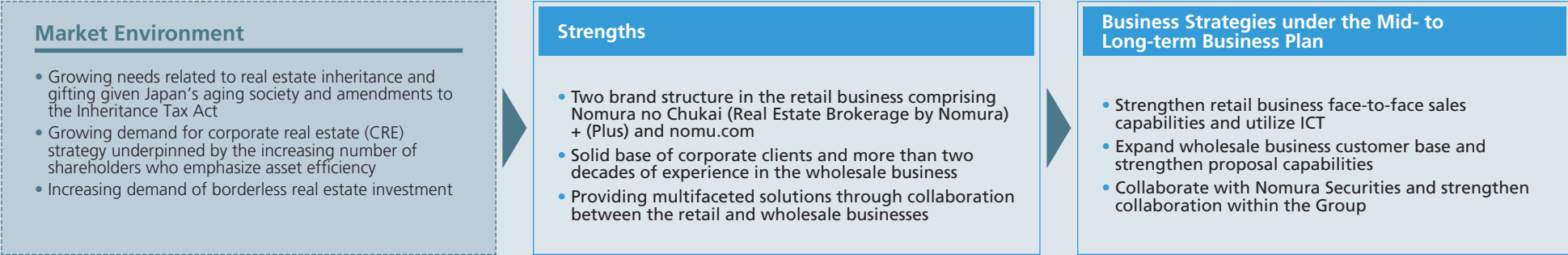
Positioning within the J-REIT Market (Asset Basis)



*Data prepared based on the explanatory materials for the NMF and TOP REIT, Inc. merger dated May 26, 2016. Please refer to these materials for additional details.



Boosting Our Ability to Deliver the Nomura Real Estate Group’s Unique Solutions that Accurately Capture Increasing and Diversifying Real Estate Needs Using a Customer-oriented Approach



Juntaro Kimura
Executive Officer
In charge of Property Brokerage & CRE Unit

Increasing Collaboration within the Unit Aimed at Greater Differentiation of Our Proposal Capabilities

The Property Brokerage & CRE Unit engages in the retail business targeting general consumers and the wholesale business targeting corporations. In the retail business, demand is growing for inheritance and gifting of real estate following an increase in high quality real estate stock, while in the wholesale business demand is growing for commercial real estate (CRE) strategy given rising awareness toward asset efficiency. To address this rising demand, the Property Brokerage & CRE Unit will need to build a structure that can deliver wide ranging solutions as an organization as well as step up human resource development and further set itself apart from trust banks and peers.

Therefore, the Property Brokerage & CRE Unit will continue to provide multifaceted solutions for real estate utilization by returning to its management roots, stepping up collaboration between the retail and wholesale sides, complementing our customer base, and sharing information and networks. At the same time, we will advance organizational improvements in order to fulfill the missions of the retail business and wholesale business. Through these efforts, we will heighten our ex-

pertise in our own business fields and also step up collaboration and mutual understanding. Also, we will encourage collaboration not only within the unit but with other business units as well to ensure we can capture business opportunities for the entire Group.

We will also emphasize improvements to human resources, in addition to the above structural changes. The Property Brokerage & CRE Unit recognizes the need to focus in particular on human resource development because we need

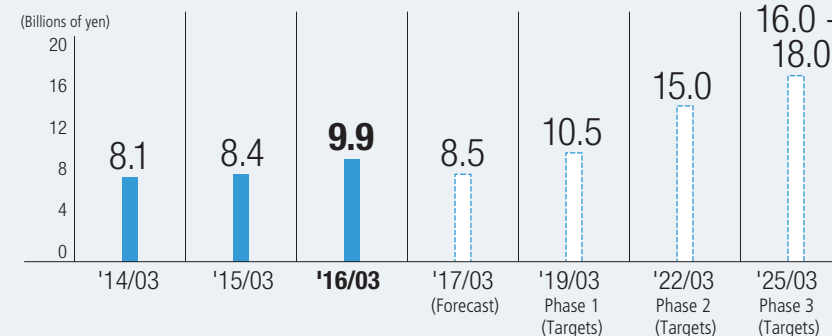
Clarifying the Missions of the Retail and Wholesale Businesses

Retail Business	Wholesale Business
<p>Strive to be chosen by the customers in the marketplace</p> <ul style="list-style-type: none">• Solidify the Nomura no Chukai + brand• Raise operational efficiencies with ICT• Step up collaboration with Nomura Securities in the area of consulting sales for inheritance and other needs	<p>Acquire fee income from our growing customer base and business opportunities for the Group</p> <ul style="list-style-type: none">• Improve proposal capabilities• Implement area-focused strategy• Enhance the customer coverage ratio

Priority Measures

- Improve synergies between the retail and wholesale businesses through collaboration
- Clarify missions of both businesses and create the right organizational structure to fulfill these missions
- Develop new customers and improve earnings power by implementing area-focused strategy
- Expand business opportunities for the Group through collaboration with Nomura Securities

Operating Income Results and Targets



to provide valuable information and services to customers and have the ability to present proposals. Toward that end, we will accelerate the sharing of accumulated expertise and the building of networks through human resource exchanges and group training involving employees from both sides of the business.

From "Person to Person Relation Management" to "Area/Corporate to Corporate Relation Management" to Sales Promote Area-focused Strategy Grounded in Collaboration with Nomura Securities

The Property Brokerage & CRE Unit deploys a majority of its personnel in the Tokyo Metropolitan Area, and yet the headquarters of around 40% of Japan's listed companies are located outside of this area. Moreover, potential customers are located in every corner of Japan, from private companies, schools and hospitals, among others. Our new strategy requires us to bury this gap between customer base and personnel allocation to open up business with customers we have yet to approach.

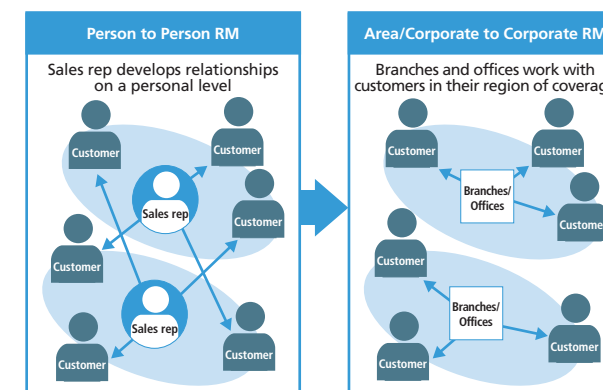
The key point behind this area-focused strategy is to shift from "Person to Person Relation Management (RM)" to

"Area/Corporate to Corporate RM" to sales. Person to Person RM to sales is said to be the most optimal for real estate transactions because personnel ties and connections are emphasized. However, we are looking to improve organization-wide productivity by establishing a sales structure that emphasizes the distance with the customer and unique traits of the region. For this reason, both the retail and wholesale business will need to switch to Area/Corporate to Corporate RM to sales that takes into account the unique traits of each region. On the retail side, we will build a network of 100 retail branch stores around Tokyo and Kansai Region, and focus on a narrowed approach to sales using this network of stores. On the wholesale side, we will expand core offices and establish a structure that covers potential customers dotted across Japan using a broader approach.

Additionally, collaboration with Nomura Securities will form an essential element of our area-focused strategy. Capitalizing on Nomura Securities' solid customer base at around 160 branches across Japan, we will be able to identify real estate needs through Group collaboration, which in turn will lead to greater business opportunities for both Nomura Securities and the Nomura Real Estate Group. In actuality, the value

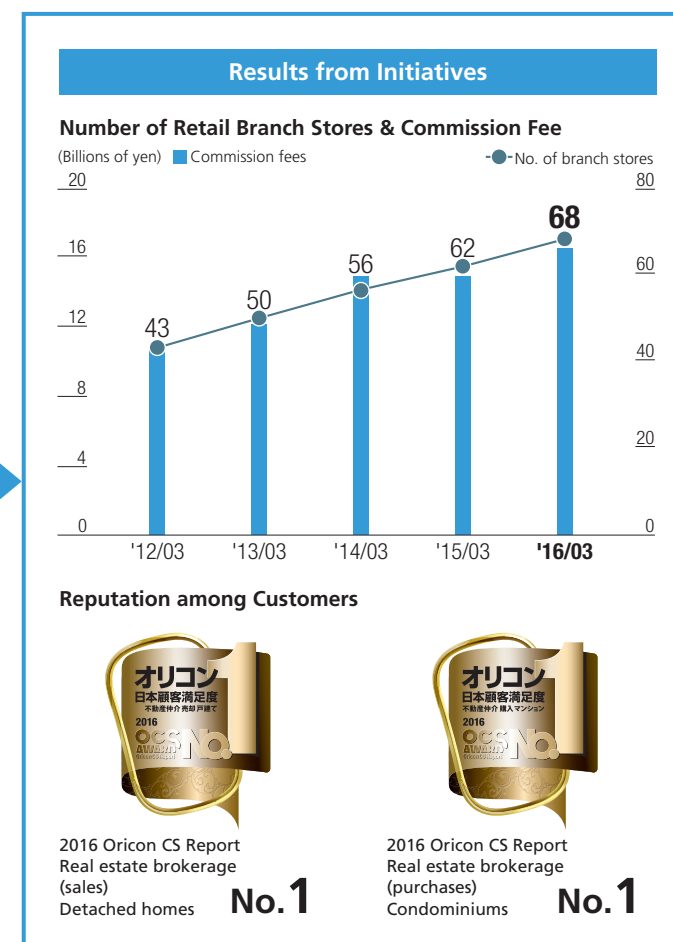
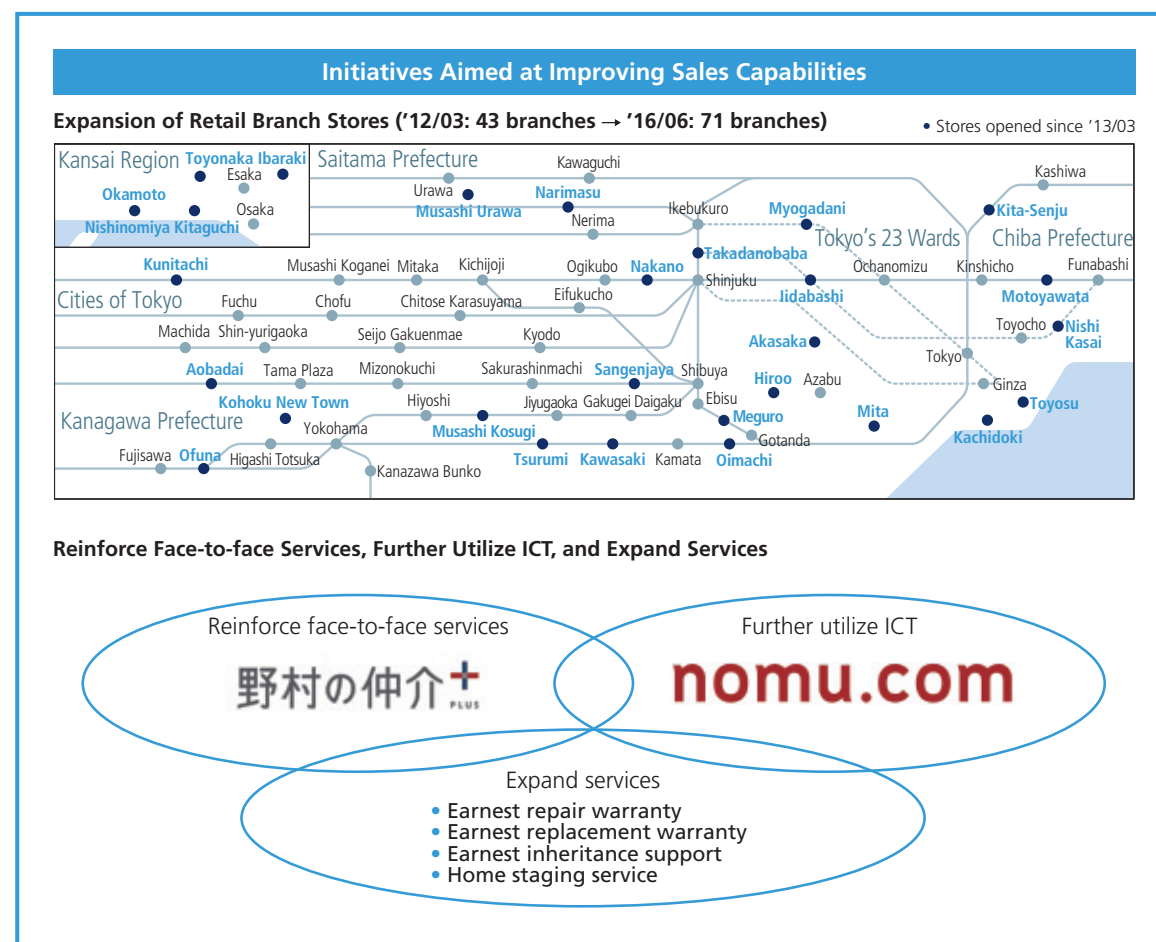
of collaborative projects with Nomura Securities through its customer referral system has grown to more than ¥100 billion. Our local subsidiaries in Hong Kong and Singapore are working to increase efforts with Nomura Securities branches in Asia to provide solutions to inbound investment needs. Going forward, we will continue to step up these efforts and accelerate collaboration with Nomura Securities.

Image of Person to Person RM vs. Area/Corporate to Corporate RM



Initiatives Aimed at Improving Sales Capabilities in the Retail Business

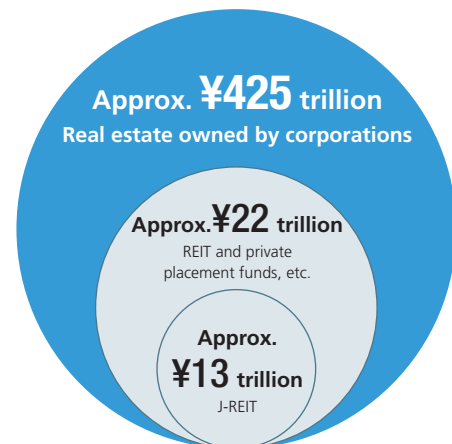
- Establish 100 branch stores and hire 1,000 sales reps by the fiscal year ending March 2022 to expand and solidify the business foundation.
- Establish the Nomura no Chukai + (Plus) brand, utilize ICT including nomu.com, and expand services.
- Ranked number one in two real estate categories in the 2016 Oricon CS Report. Strive to enhance customer satisfaction still further moving forward.



Market and Strategy of the Wholesale Business

Composition of Domestic Real Estate

- Real estate in Japan is valued at ¥2,400 trillion, and of this ¥425 trillion is owned by corporations.
- With the introduction of Japan's Corporate Governance Code, corporations have now introduced specific KPI. CRE strategy will become more important for achieving targets.



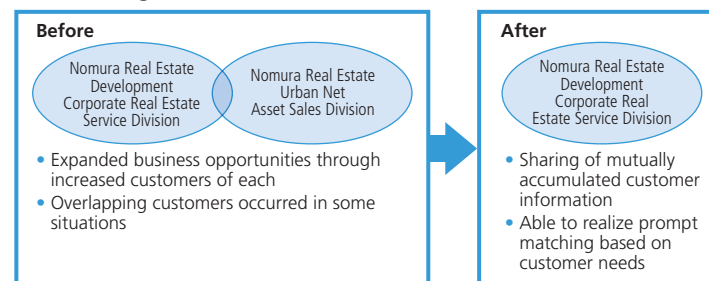
*Prepared by Nomura Real Estate Holdings based on Corporate Owned Land and Buildings Basic Survey by the Ministry of Land, Infrastructure, Transport and Tourism, national accounts of the Cabinet Office, and ARES data

*Data for domestic real estate value, REIT and private placement funds, and J-REIT is as of 2014 and data for real estate owned by corporations is as of 2013

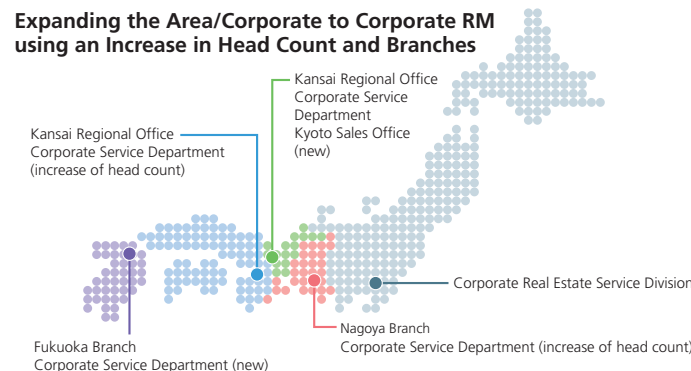
Organizational Improvements and Business Area Expansion of the Wholesale Business

- Restructured and integrated the Corporate Real Estate Service Division of Nomura Real Estate Development and the Asset Sales Division of Nomura Real Estate Urban Net, both of which engaged in the wholesale business.
- Increased the head count at the Nagoya Branch Corporate Service Department and Kansai Regional Office Corporate Service Department, and newly established the Kansai Regional Office Corporate Service Department Kyoto Sales Office and Fukuoka Branch Corporate Service Department in order to pursue a regional approach to sales and respond promptly to real estate needs in regional areas.

Restructuring of the Wholesale Business



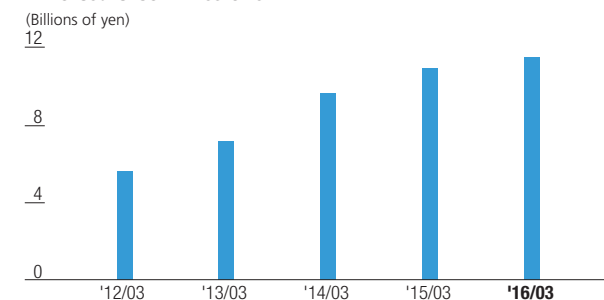
Expanding the Area/Corporate to Corporate RM using an Increase in Head Count and Branches



Wholesale Business Commissions

- Nearly doubled commission income compared to the fiscal year ended March 2012.

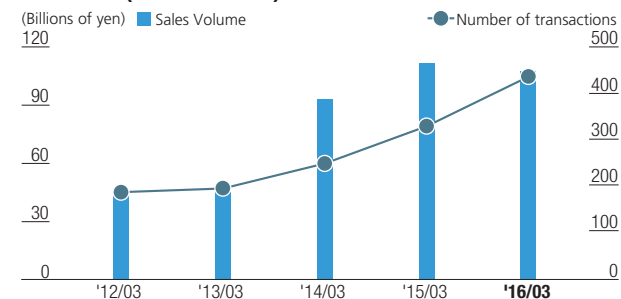
Wholesale Commissions



Business Collaboration with Nomura Securities

- Through the "Customer Referral System" with Nomura Securities, we make CRE proposals leveraging the Group's collective strength.
- The number of transactions in cooperation with Nomura Securities increased both in the wholesale and retail sectors. Annual sales volume of projects with Nomura Securities rose to ¥100 billion.

The number of transactions in cooperation with Nomura Securities (Contract basis)





Working to Embrace Every Moment of Life's Pursuits in Our Capacity of Town Management and Boosting Earnings Power across the Entire Business through Business Synergies

Market Environment

- Growing management needs from increased housing stock
- Increase in demand for large-scale repairs due to aging buildings
- Acceleration of public-private collaboration in the management of public facilities
- Rising health-care needs underpinned by the upcoming Olympics
- Rising awareness of energy usage

Strengths

- Management stock of 163,000 residents and 705 buildings
- Service quality in both residential and office asset classes
- Engineering and management capabilities established through management of a wide range of properties
- Wide ranging services made possible through Group collaboration

Business Strategies under the Mid- to Long-term Business Plan

- Acquire customer satisfaction by diversifying services and creating high added value
- Expand management stock through Group collaboration
- Expand facility management domains including sports and health-care and business for senior citizens



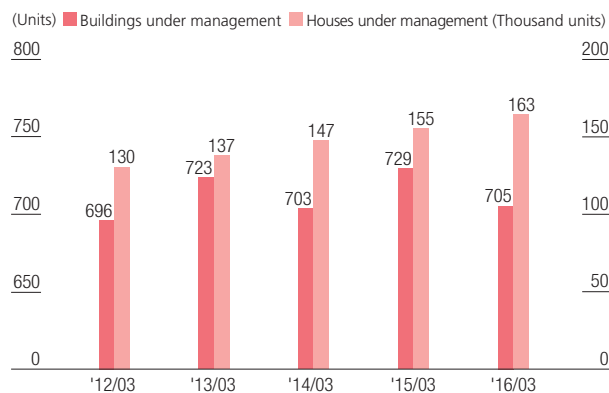
Toshiaki Seki

Director and Executive Officer
In charge of Property & Facility Management Unit and Senior Business Management Dept.

Expanding Our Stable Earnings Base through the Pursuit of Customer Satisfaction

The Property & Facility Management Unit has grown steadily by harnessing synergies from the establishment of Nomura Real Estate Partners Co., Ltd. in 2014, combining a building

Number of Buildings and Houses Under Management



management company and housing management company. Nomura Real Estate Partners must do more than simply generate earnings from stock management; it must deliver valuable services for this stock and establish trust and rapport with more and more customers. Nomura Real Estate Partners has ranked number one in customer satisfaction* for eight years running, and we will continue to improve our services with an eye on the customer so we can maintain this solid reputation.

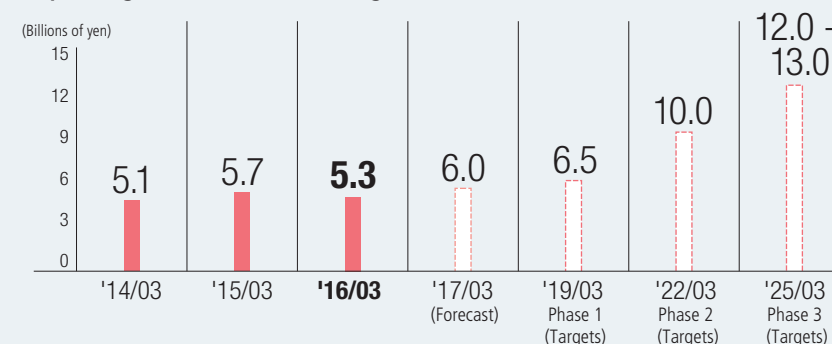
The key to earning people's trust over the long term and boosting our earnings power is collaboration between daily management and regular repair work. 13 years have already passed since we completed our very first development under the PROUD brand, which has become the Group's mainstay brand. Now, management divisions and work divisions will work side by side to grow the Re-Premium brand for large-scale condominium repair work, in order to capture growing demand for such work in the future. Our goal is to propose and deliver value added services in this segment.

Meanwhile, as the work force declines, our ability to maintain service quality will be called into question. Therefore, we will need to promote diversity more than ever before, in-

Priority Measures

- Expand earnings base through improved customer satisfaction
- Establish Re-Premium as a brand for large-scale condo repair work
- Increase PPP and PFI projects and expand in the sports facility domain
- Continue to build the business for senior citizens and enhance ability to address health-care and nursing care needs
- Pursue synergies between expansion of energy services and facility management business

Operating Income Results and Targets



cluding setting up workplace environments where women, senior citizens and foreign nationals can thrive professionally, while also actively adopting cleaning robots, remote monitoring and other cutting edge technologies.

*Research by Sumai Surfin

Expanding into New Domains Based on Social Needs, including Accommodating Rising Demand for Senior Citizens and Health-care

The Property & Facility Management Unit continues to look at expanding into new domains based on social needs in order to establish the next pillar of earnings growth.

In particular, we are focusing on health-care needs given the sports boom expected from the upcoming Tokyo Olympics and Paralympics. In April 2016, we changed the name of our wholly-owned subsidiary that manages sports clubs MEGALOS CO., LTD. to Nomura Real Estate Life & Sports Co., Ltd. Going forward, we will enhance our locations based on the needs of each community and work to strengthen the visibility of the brand through collaboration between locations. Furthermore,

Number of Sports Facilities in the Tokyo Metropolitan Area Targeted for PPP/PFI Projects*

	Foundation/Association	Private	Total
Tokyo	54	180	234
Kanagawa	65	58	123
Chiba	30	47	77
Saitama	38	27	65
Total	187	312	499

*PPP: 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 capital, management expertise and technologies in the private-sector are utilized to construct, maintain and manage public facilities.

by creating a joint venture between Nomura Real Estate Life & Sports and Nomura Real Estate Partners, we will work toward obtaining more PPP/PFI projects for sports facilities, a segment with rising demand.

Given the progression in Japan's aging population, in April 2015 we established Nomura Real Estate Wellness Co., Ltd. to spearhead our business for senior citizens. Nomura Real Estate Wellness is now working on developing serviced senior

citizen residents throughout Japan, including the Funabashi Project located close to PROUD Funabashi, as an important aspect of the Nomura Real Estate Group's urban-type compact town concept. Our business for senior citizens emphasizes building services that support health expectancy. Through a tie-up with Nomura Real Estate Life & Sports, we are building a unique business model that harnesses the collective strengths of the Group, including providing rehabilitation, fitness and other services to senior citizen residents.

We are also steadily growing the energy business, given people's rising awareness of their energy usage. In addition to the high-voltage bulk electricity supply service that reduces the power usage of entire condominium buildings, and solar power and electricity retailing business utilizing properties of the Group, in December 2015, we launched NF Power Service, which makes it possible to procure optimal power based on highly accurate demand forecasting. Moving forward, we will work to expand the usage of these services and provide these diverse energy solutions based on the needs of facilities under management, which in turn will boost the earnings power of our entire business unit.

Business for Senior Citizens

- Following the Funabashi project, we have decided to participate in the "Hiyoshi-Minowacho project," a large-scale mixed-use development. This project is prominent in our "Urban-type Compact Town" business model, which focuses on housing.
- We plan to deliver 40 condominiums (5,000 units) in the coming 10 years through the Group-wide collaboration exemplified by the fitness business and also our distinctive business model.

Funabashi Project (Neighbor of PROUD Funabashi)



Location: Funabashi-shi, Chiba
Access: 5 minutes walk from Shin-funabashi Station
Type: Leasing condominium designed for senior citizens
Total units: 126 units
Operation: 2017 (schedule)
Land area: 19-50m²

Hiyoshi-Minowacho Project (Mixed-use development focusing on housing)



Location: Kohoku-ku, Yokohama-shi
Access: Toyoko Line, Hiyoshi Station
 Planned mixed-use development to construct facilities including the condominium, residents for senior citizens, daycare facilities, commercial facilities, and an elementary school.

Expanding the Fitness Club Business

Toward a Health-care Services Company that Offers more than just Sports Clubs

- Changed the name of MEGALOS CO., LTD. to Nomura Real Estate Life & Sports Co., Ltd., in April 2016, to better highlight that the company will now provide health-care value throughout people's lives given rising health-care needs.
- Retain the MEGALOS club brand, but take a new approach that is more closely in tune with consumer needs.
- Create a new business other than sports clubs which includes services for health-care management and senior citizens.



New Rollout of MEGALOS based on Consumer Needs

- Opened MEGALOS_0+ Ebisu as a premium member's only personal conditioning club targeting residents living in PROUD brand developments.
- Opened MEGALOS_Reffet Ebisu as a member's only studio for women only with a focus on helping women improve areas they perceive as problems.
- Provide a first in Japan service at MEGALOS Ichigaya that combines physical training with a stress check and heart rate monitoring system.

MEGALOS_0+ Ebisu



Workout space



Workout space



VIP gym



Lounge



We Continue to Strengthen Corporate Governance by Striking a Balance between Compliance with Japan's Corporate Governance Code and Our Diversity Initiatives

Kamezo Nakai

Chair
Nomura Real Estate Holdings, Inc.

Further Strengthening Our Corporate Governance System through Compliance with Japan's Corporate Governance Code

The Nomura Real Estate Group has worked diligently to strengthen corporate governance since 2011, when I became President of Nomura Real Estate Holdings. This has included making decision making processes clearer and more transparent, in an effort to speed up the management of the Group.

With the launch of the Tokyo Stock Exchange's Corporate Governance Code in June 2015, we reviewed our previous self-led efforts and established our Basic Corporate Governance Policy to ensure compliance with the Code. At the same time, we transitioned from a company with Board of Corporate Auditors to a company with Audit & Supervisory Committee and took steps to further reinforce governance and monitoring.

For each of its 73 items on enhancing information disclosure and ensuring the effectiveness of the Board of Directors, among other matters, the Corporate Governance Code requires that companies either comply with these items or explain why they do not comply. Our first corporate governance report released in November 2015 notes that we have complied with 63 of these items. Since then, our compliance has increased further, so we will now examine ways to

complete compliance for the four remaining items as of today.

I believe that the Advisory Committee Relating to Nominations and Compensation, newly established in February 2016 as an advisory body to the Board of Directors, represents a particularly noteworthy development from our efforts. This committee provides a venue to discuss our thoughts on executive compensation, the next generation of management human resources needed to lead the Company in the future, and how these human resources should be developed. This committee is staffed by three independent external directors, while I serve as chair.

In addition, we conducted a survey of all directors on the management, role, and discussions of the board of directors in order to evaluate the Board's effectiveness. Based on the results, we will now make changes and review the situation as needed. As for the disclosure of the reason for selection of directors, until now we have disclosed this information for external directors via the shareholder meeting convocation notice, and now we will explain the same reasons for the selection of in-house directors.

The Advisory Committee Relating to Nominations and Compensation and other internal organizations will now discuss the remaining four items of the Corporate Governance Code and how we can comply with them in a timely manner.

Achievements and Issues Found After Vigorous Discussions under Our Current Framework

Currently, as Chair and Chairperson of the Board of Directors, in my pursuit of reinforcing governance I am focusing in particular on how to make discussions more active and meaningful.

Of course, serious discussions have always taken place and we have continually exercised our voting rights responsibly, but now Directors & Audit & Supervisory Committee Members have been given voting rights, so I think we have been able to broaden the scope of discussions further. By serving as Chair and Chairperson of the Board of Directors, I have been able to clearly stipulate the division of duties with the Management Committee, which is responsible for deciding on certain matters relevant to business execution. By focusing discussions on the Board's own topics, I feel we have sped up the discussion process and enhanced the effectiveness of the Board.

Meanwhile, I am also aware of certain issues. For example, independent external directors are contributing their own expertise and experience, but I think we need to include persons with executive management experience in the mix. Also, a future challenge for us is the fact that only four of thirteen directors are independent external directors, which is below the goal of one third. Going forward, we will improve this situation through discussions held by the Advisory Committee Relating to Nominations and Compensation and other in-house organizations.

Management Diversity Must be atop a Foundation of Sustainable Growth Led by Diversified Business Operations

I steadfastly believe that management diversity is essential to the process of strengthening corporate governance.

In Japan, we tend to think of diversity as the utilization of women and seniors as employees and the hiring of foreign employees, but this represents merely one area of diversity. It is important to create an organization where a diverse workforce can coexist, regardless of nationality, age, or gender, while also linking

the diversity of this workforce to the improved performance of the Company as a whole.

In 2013, the Group established the Diversity Promotion Committee and initiated various systematic reforms aimed at rejuvenating its people and organizations. Although we have introduced diverse perspectives by appointing external directors and reinforcing their authority, many issues still remain in terms of governance.

This is because the residential development business has stood at the heart of the Group's operations for many years. Our experience with success in this business sector is a critical asset of the Group, but we can't expect to grow simply by relying on this experience. Today, we continue to diversify our business portfolio, including tackling large-scale and mixed-use redevelopment as well as working on ventures in new domains. Therefore, we will need to accumulate new successes while pursuing more active bottom-up discussions and utilizing successes from existing sectors.

In order to promote this type of management diversity, members of the executive management team in charge of business decision making must increase their understanding of diversity and incorporate diverse approaches and diverse values. With this in mind, we will focus on holding diversity training for executive management and developing the next generation of executive management with diverse experiences.

However, this cannot be accomplished overnight. Our efforts to educate employees and executive management about the importance of diversity are a major success. We will continue with these fundamental efforts to grow our diverse businesses and achieve sustainable growth across the entire Group resulting from these synergies.

We Promise to Pursue Further Value Creation for Our Shareholders and Investors by Strengthening Governance

Dialogue with shareholders and investors is one of the principles laid out in Japan's Corporate Governance Code. We are committed to pursuing further dialogue, including with overseas investors



and individual investors, so as to foster greater understanding and acceptance of the Group's growth strategy.

Currently, the Group is implementing its Mid- to Long-term Business Plan: Creating Value through Change. As this name indicates, we must constantly change and tackle the challenge of new value creation in order to realize sustainable growth into the future. We will continue striving to achieve this plan and reinforce corporate governance so that shareholders and other stakeholders recognize us as a company that constantly changes and never stops creating value.

Fully mindful of the uniqueness of the Nomura Real Estate Group, we will continually transform ourselves and pursue value creation so that stakeholders recognize our success and achievements as second nature. In closing, I ask for the continued support and understanding of all stakeholders.

Basic Viewpoint

Nomura Real Estate Holdings believes that a company must be governed in a way that continuously maximizes corporate value over the long term, while giving consideration to the interest of shareholders and all other stakeholders. It is based on this belief and following our Basic Corporate Governance Policy that we act as a holding company in managing and supervising the business activities of our subsidiaries and strive to build a highly transparent management organization, which in turn will enhance the earning power of the entire Group.

Basic Corporate Governance Policy
<http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf>

Basic Corporate Governance Policy

Shareholder Rights and Securing Impartiality

Nomura Real Estate Holdings effectively maintains the same level of equality for every shareholder based on their shareholdings. We also strive to disclose information in a timely and appropriate manner so as to prevent information disparities among shareholders.

Nomura Real Estate Holdings has a policy concerning strategic shareholdings that acknowledges contributing to improving the Company's corporate value from a comprehensive perspective of strengthening transaction rela-

tions with counterparties and strategic business tie-ups, etc. We continuously examine the rationality of the holdings from the perspective of contributing to improving the Company's corporate value. The Company makes appropriate decisions when exercising voting rights relating to strategic shareholdings based on whether holdings contribute to improving the Company's corporate value through improving the investee companies' corporate value.

Appropriate Cooperation with Stakeholders

Relationship Building with Stakeholders

In recognizing it is a member of society, the Nomura Real Estate Group has established the

Nomura Real Estate Group Code of Action as a set of relevant guidelines that will enable directors, executive officers, and employees to follow a set of highly esteemed ethics and social norms. We will continue collaborating as appropriate while closely considering the interests of shareholders, employees, customers, business partners, creditors, local communities and other stakeholders.

Compliance Systems

The Group Compliance Department spearheads Nomura Real Estate Holdings' efforts to promote continuous educational and awareness activities for executives and employees, and also provides advice, guidance and assistance to Group com-

The Nomura Real Estate Group's Efforts to Reinforce Corporate Governance

2012	<ul style="list-style-type: none"> Introduced executive officer system at the holding company →Achieved business execution with a Group-wide and long-term perspective Redefined its business segments →Achieved quicker business execution within each business by establishing a management structure for each business segment Revised details of subscription rights to shares used as stock options →Revised details of subscription rights to shares used for stock options as compensation and shared advantages and risks with shareholders
2013	<ul style="list-style-type: none"> Appointed external director (0 → 1)
2014	<ul style="list-style-type: none"> Increased the number of external directors (1 → 2)
2015	<ul style="list-style-type: none"> Added decision making function to the Management Committee to accelerate the transfer of authority Transitioned from a company with Audit & Supervisory Board to a company with Audit & Supervisory Committee Increased the number of external directors (2 → 5) Established the Basic Corporate Governance Policy
2016	<ul style="list-style-type: none"> Established the Advisory Committee Relating to Nominations and Compensation →Deliberates on matters related to the nomination and compensation of directors and executive officers as an advisory body to the Board of Directors Began evaluating the effectiveness of the Board of Directors Disclosed reason for appointment of directors

Status of Shareholdings

a. Investment shares held for purposes other than pure investment and the total amount on the balance sheet: 15 stocks / ¥3,856 million

b. Stocks, number of shares, amount on the balance sheet and purpose for investment shares held for purposes other than pure investment

Stock	Number of shares	Amount on balance sheet (millions of yen)	Purpose
Onward Holdings Co., Ltd.	500,000	384	To enhance corporate value by strengthening business ties

c. The total amount recorded on the balance sheet, dividends received, gains/losses on sale, and gains/losses on valuation of investment shares held for the purpose of pure investment in the fiscal year ended March 2016

Category	Total amount on the balance sheet (millions of yen)	Total amount of dividends received (millions of yen)	Total amount of gains/losses on sale (millions of yen)	Total amount of gains/losses on valuation (millions of yen)
Non-listed shares	—	—	—	—
Other shares	1,164	34	—	539

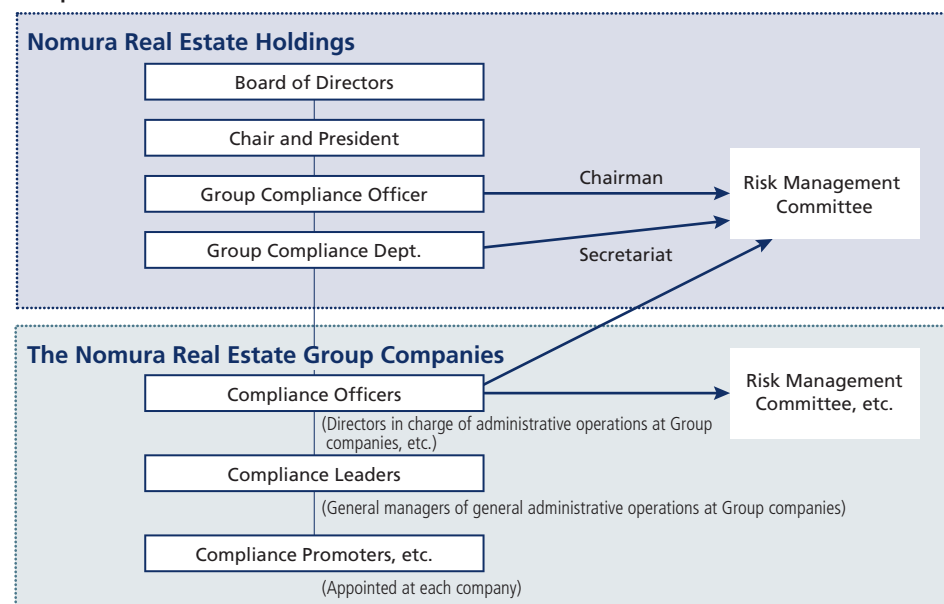
panies. Specifically, training is carried out throughout the year following the compliance program, while Compliance Hour is a program streamed to all officers and employees over the Internet on a monthly basis. These efforts and more ensure that continual improvement is achieved in awareness of compliance.

The Nomura Real Estate Group Help Line was set up as a whistleblower hotline independent from executive management for employees to report or receive consultations about illegal or unethical behavior they may have witnessed taking place within the Group. Employees who use the help line are ensured their information is kept confidential and they cannot be treated unfairly for reporting an incident using the help line.



2016 Compliance Forum

Compliance Promotion Framework



Appropriate Information Disclosure and Transparency

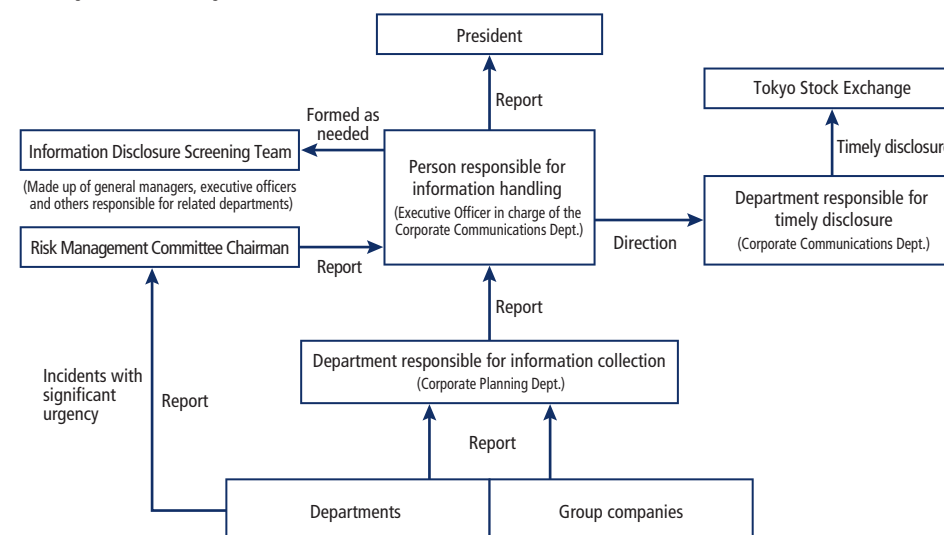
System for Disclosing Information

Nomura Real Estate Holdings strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely and appropriate manner based on the provisions of the Companies Act, Financial Instruments & Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system below indicates, the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department) collects information about the Company through the department responsible for information collection (Corporate Planning Department) from each business unit and Group company. If information must be reviewed to determine whether

timely disclosure is required, the Information Disclosure Screening Team made up of general managers, executive officers and others responsible for related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the department responsible for timely disclosure (Corporate Communications Department) at the instructions of the person responsible for information handling (Executive Officer responsible for the Corporate Communications Department).

The Group Internal Audit Department set up internally carries out monitoring of operations under the timely disclosure system described above. Audit & Supervisory Committee Members attend Board of Directors' and other important company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

Timely Disclosure System



Risk Management System

Nomura Real Estate Holdings has established Risk Management Regulations as a set of basic principles on risk management, recognizing that ensuring sound management and responding appropriately to various business risks facing the Group represent an important foundation of corporate governance. Within these regulations, we have established flow of communication to the executive management team to promptly convey information in case of an unforeseen incident. The Risk Management Committee, comprising directors and executive officers of Nomura Real Estate Holdings and Group companies as members, has also been established. The committee

meets monthly to deliberate on matters pertaining to risk management, compliance and information security as they relate to the entire Group. It also discusses ways to respond to risks that do emerge and regularly reports to the Board of Directors.

Internal Audits and Audit & Supervisory Committee System

The Nomura Real Estate Group has established an internal audit department at each Group company, with the exception of some small companies. Each department is supervised under the direct jurisdiction of each Group company president or an officer who does not hold an additional office in a business operations division, which allows the department to maintain organizational independence. In addition, we have established the Group Internal Audit Department in the holding company that, in collaboration with the auditing firm, supervises the internal audit functions of the entire Group and performs monitoring and evaluation as well as audits each division within the Company. Also, the results of audits are reported at meetings of the

Board of Directors and the Audit & Supervisory Committee.

The Audit & Supervisory Committee receives regular reports from internal audit departments on the implementation and results of internal audits. When necessary, it can recommend or instruct additional audits or necessary investigations to be carried out. The Audit & Supervisory Committee also audits and supervises the execution of duties by directors and business operations by executive officers while cooperating with the auditing firm as needed.

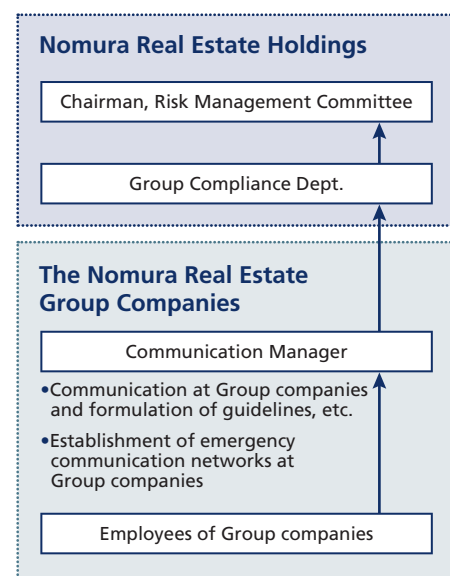
Audit & Supervisory Committee Members attend Board of Directors' and other important company meetings and can request reports from business execution departments as necessary to collect information on Nomura Real Estate Holdings' execution of business operations. Nomura Real Estate Holdings has established Audit & Supervisory Committee Department in order to aid the duties of Audit & Supervisory Committee Members. This office has its own dedicated staff that work to implement measures for increasing the effectiveness of audit operations.

Nomura Real Estate Holdings has concluded an auditing contract with Ernst & Young ShinNihon LLC (the auditing firm). In addition to regular accounting audits by the auditing firm, the Company discusses and verifies accounting issues with the auditing firm as needed and strives to follow appropriate accounting procedures. Certified Public Accountants involved in auditing are listed below.

Obligations of the Board of Directors

Nomura Real Estate Holdings has selected the management format of a company with Audit & Supervisory Committee in order to strengthen audit and oversight functions by providing Director & Audit & Supervisory Committee Member with voting rights during Board of Directors meetings. We have also reinforced the oversight function of the Board of Directors by appointing multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation, which has enabled us to realize a fair and highly transparent management system. Additionally, we have established a risk management system, compliance system, and internal control system, with each reporting to the Board of Directors on a regular basis, which ensures the effectiveness of the supervision by the Board of Directors concerning the execution of directors' duties and business operations by executive officers.

Flow of Communication



Auditing Firm and Certified Public Accountants (as of June 29, 2016)

Auditing Firm	Names of Certified Public Accountants	
Ernst & Young ShinNihon LLC	Designated and Engagement Partner	Tadayuki Matsushige
	Designated and Engagement Partner	Kazunori Takenouchi
	Designated and Engagement Partner	Toru Nakagiri

* Length of auditing service of each of the above-mentioned Auditors is seven years or less; therefore, the number of years is omitted.

* Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in our accounting audits over an extended period of time. Assistants involved in auditing are listed below.
Certified Public Accountants 6 / Assistant Certified Public Accountants 6 / Other 2

Roles of the Board of Directors

The Board of Directors bears the responsibility to realize effective corporate governance for all shareholders and, through this, to continually grow the Company and maximize long-term corporate value. To fulfill this responsibility, the Board of Directors ensures the fairness and transparency of management by supervising management and makes the best possible decisions for the Company through the determination of important business execution matters. The Board of Directors is made up of a diverse collection of directors who possess various knowledge, experience, and skills in order to achieve the neces-

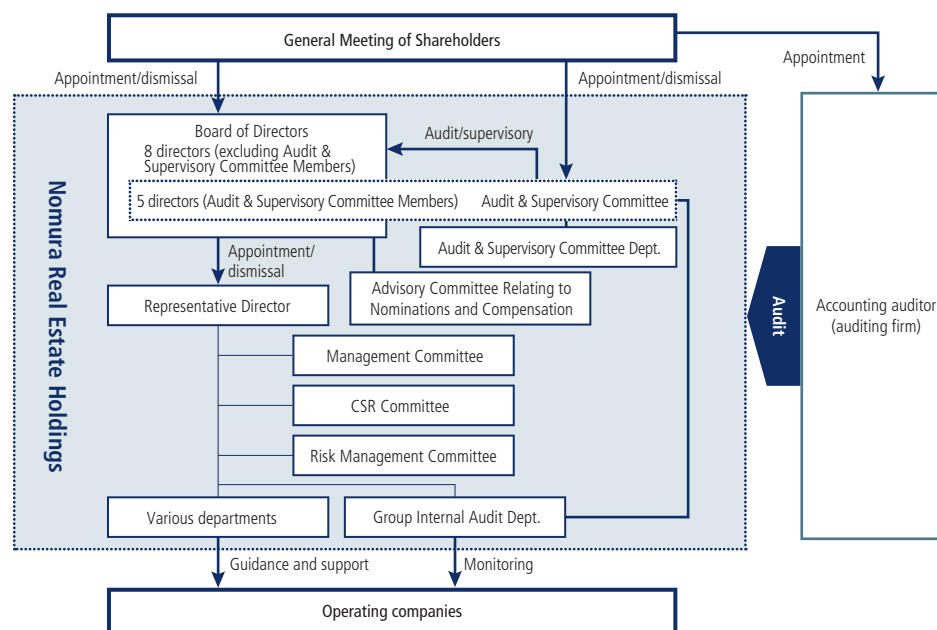
sary balance and diversity as a holding company that manages a number of subsidiaries engaged in various business segments. Specifically, the Board of Directors comprises eight directors (excluding Director & Audit & Supervisory Committee Members), of which two are external directors, and five Directors & Audit & Supervisory Committee Members, of which three are external directors. The Board of Directors decides important corporate matters, such as basic management policies, and supervises the execution of duties by directors and business operations by executive officers.

Roles of Independent External Directors

The primary role of independent external directors is to use their own knowledge to provide appropriate advice from the perspective of the sustainable growth of the Company and enhancing corporate value, to fulfill a supervisory role over management through important decision making by the Board of Directors, to monitor for conflicts of interest between the Company and executive management or primary shareholders,

and to state the views of shareholders and other stakeholders appropriately to the Board of Directors using a stance independent from the executive management team. Nomura Real Estate Holdings has established its own set of criteria for determining the impartiality of independent external directors, in addition to the requirements of independent officers established by the Tokyo Stock Exchange.

Corporate Governance System



Criteria for Determining Impartiality of Independent External Directors (Article 14 of the Basic Corporate Governance Policy)

Article 14 In addition to Independent Director impartiality criteria set by the Tokyo Stock Exchange, the Board of Directors establishes criteria concerning the impartiality of Independent External Directors and nominates Independent External Directors having confirmed that they do not correspond to any of the following items.

- (1) Individuals who execute business for any other company with which the Company or our subsidiaries have a reciprocal employment relationship as each other's External Directors;
- (2) Individuals who are employees of the Company's or our subsidiaries' major business partners (*1) or who are employees at companies that consider the Company or our subsidiaries to be their major business partner (*1) (or individuals involved in the execution of business if such business partner is a corporation);
- (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million in addition to Directors compensation from the Company or subsidiaries during the most recent business year;
- (4) Individuals affiliated to companies, etc. that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains (*2) from the Company or subsidiaries;
- (5) Individuals who are or were involved in the execution of business at one of the Company's major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
- (6) Close relatives of individuals stated in (1) to (5).

*1 A Major business partner means a business partner whose transactions with the Group exceed 2% of the Company's or such business partner's annual consolidated sales in the most recent business year.

*2 Large sums of money or other property gains means gains that exceed 2% of that company's annual consolidated sales in the most recent business year.

List of External Directors

Name	Audit & Supervisory Committee Member	Independent Officer	Supplemental Explanation of Compliance Item	Reason for Appointing This External Director	Attendance Record
Shigeru Matsushima	—	○	Mr. Matsushima is a professor at the Tokyo University of Science Graduate School of Innovation Studies.	Mr. Matsushima has a wealth of knowledge and wide ranging experience through his many years as an expert in business administration. He was appointed as an External Director because his experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management.	Attended 14 of the 15 Board of Directors' meetings held during the fiscal year ended March 2016.
Satoko Shinohara	—	—	Ms. Shinohara is a professor at the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University.	Ms. Shinohara has worked for many years as an architect and has gained a wealth of knowledge and experience in her field. She was appointed as an External Director because her experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management.	Attended 14 of the 15 Board of Directors' meetings held during the fiscal year ended March 2016.
Satoshi Ogishi	○	○	Mr. Ogishi is a Partner at Nishimura & Asahi.	Mr. Ogishi has established a wealth of expertise and wide ranging experience as an attorney-at-law. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	During the fiscal year ended March 2016, Mr. Ogishi attended three of the four Board of Directors' meetings and three of the three Audit & Supervisory Board meetings held until his retirement as Audit & Supervisory Board Member on June 26, 2015. Since being appointed Director & Audit & Supervisory Committee Member on June 26, 2015, Mr. Ogishi has attended 10 of the 11 Board of Directors' meetings and 10 of the 10 Audit & Supervisory Committee meetings held.
Akira Yamate	○	○	Mr. Yamate is an Outside Director of Mitsubishi UFJ Financial Group.	Mr. Yamate has been a Certified Public Accountant for many years and he has established a wealth of expertise and wide ranging experience in his field. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	During the fiscal year ended March 2016, Mr. Yamate attended four of the four Board of Directors' meetings and three of the three Audit & Supervisory Board meetings held until his retirement as Audit & Supervisory Board Member on June 26, 2015. Since being appointed Director & Audit & Supervisory Committee Member on June 26, 2015, Mr. Yamate has attended 11 of the 11 Board of Directors' meetings and 10 of the 10 Audit & Supervisory Committee meetings held.
Akira Ono	○	○	Mr. Ono is a Partner at Spring Partners.	Mr. Ono possesses a wealth of expertise and wide ranging experience as an attorney-at-law with many years of professional experience. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Since being appointed Director & Audit & Supervisory Committee Member on June 26, 2015, Mr. Ono has attended 11 of the 11 Board of Directors' meetings and 10 of the 10 Audit & Supervisory Committee meetings held.

Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Membership is comprised of independent external directors; and at least one of the members who also serves as a director possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee performs audits utilizing the Company's internal control system and receives periodic reports on internal audits and the results from the Internal Audit Department. The Audit & Supervisory Committee also has the authority to ask directors, executive officers, and business units of the Company and the Group to report such matters when necessary.

Advisory Committee Relating to Nominations and Compensation

In February 2016, Nomura Real Estate Holdings set up the Advisory Committee Relating to Nomination and Compensation, comprising mainly independent external directors, as an advisory body to the Board of Directors to strengthen the objectivity and impartiality of the functions of the Board of Directors in relation to director nominations and compensation. The Advisory Committee Relating to Nomination and Compensation meets as necessary to discuss matters relating to the nomination of and compensation for directors and executive officers and reports the outcome of discussions to the Board of Directors.

Evaluating the Effectiveness of the Board of Directors

Directors conduct an annual self-assessment about the effectiveness of the Board of Directors and their contributions as a director, while the Board of Directors carries out an analysis and evaluation of the effectiveness of the entire Board of Directors, referencing the self-assess-

ments of each director, and a summary of the results are disclosed appropriately. Annual evaluations will enable us to regularly ascertain the status of improvements and to further enhance the effectiveness of the Board of Directors.

Results of Evaluations on the Effectiveness of the Board in the Fiscal Year Ended March 2016

- **Composition:** The size of the Board of Directors and the percentage of independent external directors is appropriate.
- **Status of discussions:** Each director utilizes his/her knowledge and experience to freely and actively take part in discussions that transcend boundaries inside and outside the Company.
- **Administration:** The administration of the Board of Directors is appropriate, but one issue that has been pointed out is that documents and explanations should provide greater details in order to enhance the effectiveness of the Board of Directors. In response, since March 2016, we have pushed forward the timing of document distribution in order to foster understanding in agenda items in advance. Also documents are now prepared with a more narrowed focus and improvements have been made to the process of explaining agenda items before the Board of Directors.
- **Agenda and deliberations:** The agenda and deliberations of the Board of Directors are appropriate, and an appropriate level of monitoring is implemented with regard to the execution of duties. It was pointed out that discussions on the direction and policies of management over the mid- to long-term must be enhanced. In this regard, since April 2016, we have made improvements whereby agenda items for the Board of Directors are narrowed down to allow sufficient time for deliberation.

Executive Officer Compensation

A resolution was passed at the ordinary general meeting of shareholders held on June 26, 2015 setting the annual compensation of directors (excluding those who serve on the Audit & Supervisory Committee) at no more than ¥650 million and that of directors who serve on the Audit & Supervisor Committee at no more than ¥150 million.

Nomura Real Estate Holdings' compensation of directors consists of fixed monthly compensation and variable compensation, comprising bonuses and stock-related compensation. Bonuses are determined according to the Com-

pany's business performance during the relevant fiscal year. Stock-related compensation, in the form of stock options, is designed to align executives' interests with those of the Company's shareholders, and to further enhance corporate value. Stock options are either market-value stock options, on which the exercise price (the amount payable when the right is exercised) is determined on the basis of market prices, or share compensation stock options, which have exercise prices of ¥1 per share.

In order to make our policy on determining director compensation more specific and

based on the Mid- to Long-term Business Plan, we will examine solutions along with procedures for determining compensation that are highly objective and transparent.

Shareholder Engagement

Nomura Real Estate Holdings conducts proactive and constructive engagement with shareholders based on its established systems and policy on initiatives to promote greater engagement. The director in charge of investor relations takes the lead in engaging shareholders, while the department in charge of investor relations supports these efforts. The department in charge of investor relations meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of investor relations reports the views and concerns of shareholders found during engagement to the executive management team, and regularly reports to the Board of Directors, which discusses this information. We have established Regulations Concerning the Prevention of Insider Trading in order to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, while a silent period has also been established.

Status of Investor Relations Activities

We strive to actively engage individual investors through investor relations events sponsored by the Tokyo Stock Exchange and others, and through company briefings and other means. For analysts and institutional investors, at earnings briefings following our announcing of semi-annual and annual results, the President sits down

Total Compensation of Directors and Audit & Supervisory Committee Members by Type of Remuneration (fiscal year ended March 2016)

	Total compensation (¥ million)	Total compensation by type of remuneration (¥ million)			Headcount
		Basic compensation	Stock option	Bonus	
Directors (excluding Audit & Supervisory Committee Members) (excluding external directors)	535	242	88	204	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	62	40	—	22	2
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board Members)	14	14	—	—	2
External directors and Audit & Supervisory Board Members	62	62	—	—	6
Total	675	360	88	226	14

(Note 1) The above includes directors and Audit & Supervisory Board Members who retired during the fiscal year ended March 2016. Nomura Real Estate Holdings transitioned from a company with Audit & Supervisory Board to a company with Audit & Supervisory Committee on June 26, 2015. As a result of this change, there are two officers who belong to multiple categories. (Note 2) The compensation amount of directors after establishing an Audit & Supervisory Committee has been set as no greater than ¥650 million per year for directors (excluding those who serve on the Audit & Supervisory Committee) and no greater than ¥150 million for Directors & Audit & Supervisory Committee Members, per the proposal approved at the general meeting of shareholders held on June 26, 2015. (Note 3) The compensation amount of directors prior to establishing an Audit & Supervisory Committee was set as no greater than ¥650 million per year for directors, per the proposal approved at the general meeting of shareholders held on June 26, 2006 and no greater than ¥150 million for Audit & Supervisory Board Members, per the proposal approved at the general meeting of shareholders held on June 27, 2013.

with them to explain about the Company's performance and management strategy. Videos of this explanation are streamed through our corporate website. Additionally, we strive to foster greater understanding in the Company through teleconferences when quarterly earnings results are announced as well as various business briefings and property tours.

For overseas investors, we offer earnings information in English and stream English language versions of earnings briefings via our corporate website. In addition, the President or CFO visits with overseas investors individually in the United States, Europe and Asia where they strive to promote understanding of the Company through briefings on business performance and management strategy.

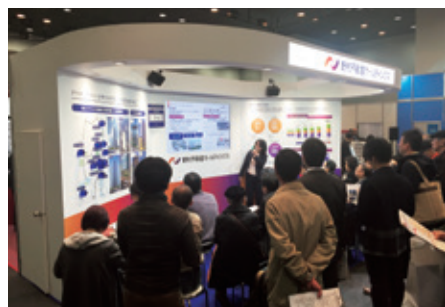
Investor relations webpage

Japanese: <http://www.nomura-re-hd.co.jp/ir/>

English: <http://www.nomura-re-hd.co.jp/english/ir/>

Main IR Activities during the Fiscal Year Ended March 2016

IR activities for institutional investors	Number of times held
Earnings briefings	2 times
Teleconferences on earnings briefing days	4 times
Meetings with investors and analysts (This number includes the following meetings)	444 times
Small meetings with the president	2 times
Overseas IR (Europe, U.S., Asia) (including overseas conferences)	6 times
Conference organized by securities companies (Japan)	6 times
Property tours	4 times
SR meetings	13 times
IR activities for individual investors	
Securities company branch briefings	4 times
IR fairs	2 times



IR fair



Property tour

Compliance with Japan's Corporate Governance Code

Our reason for not implementing four of the 73 principles of Japan's Corporate Governance Code as of June 2016 is explained below. We are now working to implement these principles as soon as practical.

Principle	Reason for not implementing
[Principle 3-1] Enhance Information Disclosure	(3) Please refer to section "Executive Officer Compensation" on p.60 regarding the current compensation structure for directors. In order to make our policy on determining director compensation more specific and based on the Mid- to Long-term Business Plan, we will examine solutions along with procedures for determining compensation that are highly objective and transparent.
	(4) When nominating and appointing director candidates and executive officers, the Company nominates and appoints individuals who have outstanding character, insight, and capabilities, irrespective of their nationality or gender. Specifically, the President consults with the Company's directors and executive officers and, prepares a list of candidates by, as necessary, exchanging opinions with officers at each Group company and interviews with potential candidates, and nominates and appoints director candidates and executive offices following discussion at a meeting of the Board of Directors. Since no policy or procedures have been documented, the Company will in the future investigate the policy and procedures taken to appoint management and nominate candidates for director.
[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO (Planning)	The Company provides training for executive officers and strives to train future management, by providing opportunities for initiatives that deepen their knowledge and experience as managers such as experiencing numerous divisions and attending important meetings, including Management Committee meetings. The Company is aware that the appropriate appointment of management in line with the Company's corporate philosophy and management strategies, including external candidates, is important for realizing sustainable growth. The Company will conduct investigations so that we can formulate a successor plan for management that includes the systematic training of officers, within the fiscal year ending March 2017. The Board of Directors properly supervises formulated plans.
[Principle 4-14, Supplementary Principle 4-14-1, Supplementary Principle 4-14-2] Disclosure of Training Policy for Directors	The Company provides necessary managerial level financial and legal training when appointing executive officers. The Company also establishes, using Company expenses, opportunities to train such officers leveraging external organizations after appointment, and implements initiatives to deepen understanding relating to management. We also provide explanations pertaining to our business activities, history, and operating environment to external directors with the aim of deepening understanding at the time we appoint them and after their appointment if needed. The Company is aware of the need to prepare a policy concerning the systematic training of directors and executive officers based on our corporate philosophy and management strategies. We will investigate formulating and disclosing such a policy during the fiscal year ending March 2017 together with a management successor plan.

Messages from Audit & Supervisory Committee Members

Activities of the Audit & Supervisory Committee



Takao Orihara
Director
Full-time Audit &
Supervisory Committee
Member

Nomura Real Estate Holdings transitioned from a company with Audit & Supervisory Board to a company with Audit & Supervisory Committee after obtaining approval at the general meeting of shareholders held in June 2015. The Audit & Supervisory Committee comprises three part-time independent external directors and two full-time directors.

Full-time Audit & Supervisory Committee Members attend important in-house meetings where they state their opinion, and they also receive reports regularly and when necessary from directors, executive officers and internal control divisions and share their opinions as needed. Nomura Real Estate Holdings is a pure holding company, so it strives to ensure the proper administration and ascertain the situation of each company and each business by having Audit & Supervisory Committee Members serve concurrently as corporate auditors of certain key subsidiaries.

As a general rule, all Audit & Supervisory Committee Members share their views with the President of Nomura Real Estate Holdings and receive regular reports from internal audit department and the Company's accounting auditor.

During meetings of the Audit & Supervisory Committee, full-time Audit & Supervisory Committee Members brief the committee on the situation surrounding the Group, including deliberations from important meetings. They also share information and state their opinions about various issues. Audit & Supervisory Committee Members who are also external directors take part in active discussions based on their knowledge

and experience as experts in their field, or they point out issues and share their view from an outside perspective.

During board meetings, too, external directors, including those serving as Audit & Supervisory Committee Members, point out various issues and proactively share their opinions as part of the active discussions that take place.

In 2015, the amended Companies Act took effect and Japan's Corporate Governance Code was established. Yet, at the same time, there were a number of corporate scandals, which have become a major social issue. The public is once again questioning the approaches companies in Japan take toward governance.

In October 2015, the Group established a new Mid- to Long-term Business Plan. The goal is to achieve growth by value creation through continuous transformation. However, there are new issues that must be addressed when it comes to the expansion of business volume and domains as well as when undertaking more aggressive investments.

Based on this, Audit & Supervisory Committee Members and the Audit & Supervisory Committee itself are building a platform for sound corporate governance at the Group and further enhancing corporate value. Toward that end, we will continue to actively deploy activities, including the stating of opinions.

Evaluation of the Effectiveness of the Board of Directors



Satoshi Ogishi
Audit & Supervisory
Committee Member
Independent External Director

We are actively working to comply with Japan's Corporate Governance Code. One of the most important items under this code is the evaluation of the Board of Director's effectiveness. In this regard, we commenced efforts in 2015, the first year the code was in force.

Specifically, we conducted a survey of all directors, including those serving as Audit & Supervisory Committee Members, and based on the results, we evaluated and analyzed the overall effectiveness of the Board of Directors through deliberations held during board meetings.

The results of this analysis and evaluation indicate that the size and composition of the board is largely appropriate, including in terms of the ratio of independent external directors and external directors. The knowledge and experience of the various directors are also well balanced. Discussions during board meetings are open and active as well as constructive and productive.

Meanwhile, one task that we face is shifting the board's role further toward Group management and transitioning to discussions and decisions on the direction of

long-term management from a perspective isolated from business execution. For example, after March 2016, we hand out documents on agenda items earlier so as to ensure directors understand issues in advance and we will narrow down the proposals handled by the board to ensure adequate time is spent in deliberation, including creating supporting documents and explaining matters in a more focused manner.

Going forward, analysis and evaluations will be conducted annually so that we are regularly aware of improvements being made and can work toward further enhancing the board's effectiveness.

Independent external directors, who are free of conflicts of interest, play an important role in sharing their views and exercising their voting rights from a long-term perspective, so that the execution side is not looking inward or is overly self-righteous when it comes to the board's decision making process. As an independent external director, I, too, hope to contribute to the long-term growth of Nomura Real Estate Holdings while also fulfilling the role expected of me.

*Please see p.60 for detail analysis and evaluation results.



(Front row from left) Hiroyuki Kimura, Seiichi Miyajima, Kamezo Nakai, Eiji Kutsukake, Toshiaki Seki, Yukoh Yoshida
 (Back row from left) Akira Yamate, Shigeki Fujitani, Satoko Shinohara, Shigeru Matsushima, Takao Orihara, Satoshi Ogishi, Akira Ono

Directors

Kamezo Nakai

Chair (Representative Director)

Apr. 1974: Joined Nomura Securities Co., Ltd.
Jun. 1995: Director of Nomura Securities Co., Ltd.
Apr. 1999: Managing Director of Nomura Securities Co., Ltd.
Apr. 2003: Director and Executive Vice President of Nomura Asset Management Co., Ltd.
Jun. 2003: Executive Vice President and Executive Managing Director of Nomura Asset Management Co., Ltd.
Jun. 2003: Executive Managing Director of Nomura Holdings, Inc.
Apr. 2008: Advisor of Nomura Asset Management Co., Ltd.
Apr. 2009: Advisor of Nomura Land and Building Co., Ltd.
Jun. 2009: President (Representative Director) of Nomura Land and Building Co., Ltd.
Jun. 2011: President (Representative Director) of Nomura Real Estate Holdings, Inc.
Apr. 2012: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2015: Chair (Representative Director) of Nomura Real Estate Development Co., Ltd. (To present)
Jun. 2015: Chair (Representative Director) of Nomura Real Estate Holdings, Inc. (To present)

Hiroyuki Kimura

Director and Executive Officer

CFO and Head of Investor Relations

Apr. 1984: Joined Nomura Real Estate Development Co., Ltd.
Feb. 2006: General Manager of Finance & Accounting Dept. of Nomura Real Estate Holdings, Inc.
Apr. 2009: Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009: Director of Nomura Real Estate Holdings, Inc.
Apr. 2010: President (Representative Director) of Nomura Real Estate Investment Management Co., Ltd.
May 2012: Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2013: Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2014: Director and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

Eiji Kutsukake

President (Representative Director) and Chief Executive Officer

Apr. 1984: Joined Nomura Securities Co., Ltd.
Apr. 2007: Director of Nomura Securities Co., Ltd.
Oct. 2008: Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2009: Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2011: Executive Vice President of Nomura Securities Co., Ltd.
Apr. 2011: Senior Corporate Managing Director of Nomura Holdings, Inc.
Apr. 2012: Executive Managing Director of Nomura Holdings, Inc.
Aug. 2012: Deputy President of Nomura Securities Co., Ltd.
Apr. 2013: Director and Deputy President of Nomura Securities Co., Ltd.
Apr. 2014: Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2014: Director (Representative Director) and Executive Vice President of Nomura Real Estate Holdings, Inc.
Jun. 2015: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (To present)

Yukoh Yoshida

Director and Executive Officer

Management Division and Management of Affiliated Companies

Apr. 1986: Joined Nomura Real Estate Development Co., Ltd.
Jun. 2005: General Manager of Corporate Planning Dept. of Nomura Real Estate Development Co., Ltd.
Jun. 2005: General Manager of Corporate Planning Dept. of Nomura Real Estate Holdings, Inc.
Apr. 2009: Director and Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009: Director of Nomura Real Estate Holdings, Inc.
Apr. 2012: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)
Apr. 2015: Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (To present)

Seiichi Miyajima

Director (Representative Director) and Executive Officer

Apr. 1981: Joined Nomura Real Estate Development Co., Ltd.
Jun. 2002: General Manager of Residential Development Dept. (1) of Residential Development Division of Nomura Real Estate Development Co., Ltd.
Jun. 2004: Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008: Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009: Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2012: Director (Representative Director) and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012: Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014: Director (Representative Director) and Executive Vice President of Nomura Real Estate Development Co., Ltd.
Jun. 2014: Director (Representative Director) and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)
Apr. 2015: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (To present)

Shigeru Matsushima

Director (External)

Apr. 1973: Joined Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry)
Jun. 1998: Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry
Sep. 1999: Director-General of Chubu Bureau of International Trade and Industry of Ministry of International Trade and Industry
Apr. 2001: Professor, Faculty of Business Administration, Hosei University
Mar. 2007: External Director of CAC Corporation (currently, CAC Holdings Corporation) (To present)
Apr. 2008: Professor, Tokyo University of Science Graduate School of Management of Science & Technology (currently, Graduate School of Innovation Studies) (To present)
Jun. 2008: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Apr. 2012: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
Jun. 2013: Director of Nomura Real Estate Holdings, Inc. (To present)

Toshiaki Seki

Director (Representative Director) and Executive Officer

In charge of Property & Facility Management Unit and Senior Business Management Dept.

Apr. 1980: Joined Nomura Real Estate Development Co., Ltd.
Apr. 2001: General Manager of Human Resource Dept. of Nomura Real Estate Development Co., Ltd.
Jun. 2003: Director of Nomura Real Estate Development Co., Ltd.
Mar. 2007: Managing Director of Nomura Real Estate Development Co., Ltd.
Apr. 2007: President (Representative Director) of Nomura Living Support Co., Ltd.
Apr. 2008: President (Representative Director) and Chief Executive Officer of Nomura Living Support Co., Ltd.
Dec. 2010: President (Representative Director) of Nomura Real Estate Reform Co., Ltd.
May 2012: Director of Nomura Real Estate Holdings, Inc.
Apr. 2014: President (Representative Director) and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd.
Jun. 2014: Director (Representative Director) and Executive Officer of Nomura Real Estate Holdings, Inc. (To present)
Apr. 2015: Chair (Representative Director) of Nomura Real Estate Partners Co., Ltd. (To present)
Apr. 2015: President (Representative Director) of Nomura Real Estate Wellness Co., Ltd. (To present)

Satoko Shinohara

Director (External)

Apr. 1983: Joined Kohyama Atelier (currently, Hisao Kohyama Atelier)
May 1987: Director of Spatial Design Studio
Oct. 1990: Director of Kengo Kuma and Associates
Nov. 2000: Representative Director of Spatial Design Studio (To present)
Mar. 2009: Representative Director of Kengo Kuma and Associates (To present)
Feb. 2010: Representative Partner of Satoko Shinohara Living Design Institute LLC (To present)
Apr. 2010: Professor of Japan Women's University (To present)
Jun. 2014: Director of Nomura Real Estate Holdings, Inc. (To present)

Takao Orihara**Director (Audit & Supervisory Committee Member)**

Apr. 1980: Joined Nomura Real Estate Development Co., Ltd.
Oct. 2004: General Manager of Corporate Planning Dept. of Nomura Real Estate Holdings, Inc.

Jun. 2005: Director of Nomura Real Estate Holdings, Inc.

Jun. 2005: Director of Nomura Real Estate Development Co., Ltd.

Apr. 2008: Director and Senior Executive Officer of Nomura Real Estate Development Co., Ltd.

Apr. 2009: Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.

May 2012: Director and Executive Officer of Nomura Real Estate Holdings, Inc.

Apr. 2014: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)

Apr. 2014: Advisor of Nomura Real Estate Holdings, Inc.

Jun. 2014: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.

Jun. 2015: Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (To present)

Akira Yamate**Director (Audit & Supervisory Committee Member) (External)**

Nov. 1977: Joined Price Waterhouse & Co.

Jul. 1991: Representative Partner of Aoyama Audit Corporation

Jul. 1991: Partner of Price Waterhouse & Co.

Apr. 2000: Representative Partner of Chuo Aoyama Audit Corporation

Apr. 2000: Partner of PricewaterhouseCoopers

Sep. 2006: Representative Partner of PricewaterhouseCoopers Aarata

Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.

Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.

Jun. 2015: Outside Director of Mitsubishi UFJ Financial Group, Inc. (To present)

Jun. 2015: External Audit & Supervisory Board Member of Prudential Holdings of Japan, Inc. (To present)

Jun. 2015: Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (To present)

Shigeki Fujitani**Director (Audit & Supervisory Committee Member)**

Apr. 1981: Joined Nomura Securities Co., Ltd.

Apr. 2008: Executive Managing Director of Nomura Asset Management Co., Ltd.

Oct. 2008: Executive Officer of Nomura Holdings, Inc.

Apr. 2013: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (To present)

Jun. 2013: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.

Jun. 2015: Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (To present)

Akira Ono**Director (Audit & Supervisory Committee Member) (External)**

Apr. 1998: Registered with Tokyo Bar Association

Apr. 1998: Joined Tokyo Aoyama Law Office (currently, Baker & McKenzie [Gaikokuho Joint Enterprise])

Mar. 1999: Joined Okinobu, Ishihara & Sei Law Office (currently, Spring Partners)

Jan. 2006: Partner of Spring Partners (To present)

Jun. 2012: Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.)

Jun. 2015: Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (To present)

Satoshi Ogishi**Director (Audit & Supervisory Committee Member) (External)**

Dec. 1981: Registered with Dai-ichi Tokyo Bar Association

Dec. 1981: Joined Nishimura & Sanada (currently, Nishimura & Asahi)

Jan. 1987: Partner of Nishimura & Sanada (To present)

Apr. 2005: Professor of Tokai University Law School

Apr. 2005: Executive Director of Nozomi Servicing Co., Ltd. (To present)

Aug. 2011: External Director of Oracle Corporation Japan (To present)

Jun. 2012: Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.

Jun. 2012: Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.

Jun. 2015: Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (To present)

Executive Officers**Takashi Kaku**

Executive Officer in charge of Quality Management and Architectural Design

Norio Ambe

Executive Officer in charge of Investment Management Unit

Juntaro Kimura

Executive Officer in charge of Property Brokerage & CRE Unit

Shigeyuki Yamamoto

Executive Officer in charge of Residential Development Unit

Minoru Hatada

Executive Officer in charge of Leasing Unit

Akihiro Fukuda

Executive Officer in charge of Development Planning

Makoto Haga

Executive Officer in charge of Corporate Planning Dept., Corporate Communications Dept.

Haruhiko Nakamura

Executive Officer in charge of Group Human Resource Dept.

Haruki Nakamura

Executive Officer in charge of Finance & Accounting Dept. and Finance Dept.

Yukio Ichihara

Executive Officer in charge of Secretariat, Group IT Planning & Implementation Dept., and Group Corporate Administration Dept., Internal Audit and Compliance

Basic Approach

Back in 2015, the Nomura Real Estate Group released its new Mid- to Long-term Business Plan running to March 2025. To achieve this plan, we will need to realize sustainable growth by raising the bar for all of our human resources. We must also provide highly innovative products and services that meet the diverse needs of customers.

In order to continually create valuable products and services with fresh, new concepts, it will be essential for each and every Group employee to take the initiative in leveraging their diverse values and perspectives.

It is based on this recognition that the Nomura Real Estate Group considers its people to be a major driving force behind its growth and

is focused on developing its human resources and on promoting diversity-oriented management that fosters a corporate culture of acceptance and sharing of myriad viewpoints and values, regardless of gender, age, job title, or disability.

Diversity

As part of its diversity initiatives, in 2013 Nomura Real Estate Development established the Diversity Promotion Committee, chaired by the President Nakai (currently Chair), comprising members of various departments and positions as well as both genders, and representing all business units. The committee carries out wide ranging reviews with the goal of maximizing the skills of our workforce, regardless of differences in gender,

age, job title, career or values. Under a three-year plan, the committee is now working on recommending and executing specific measures and ensuring these measures gain a foothold at the company. Beginning with the fourth year, we have been implementing activities using separate promotion systems for each business division.

To foster greater understanding of diversity,

Nomura Real Estate Development focuses on employee engagement through the establishment of a dedicated person in charge, exclusive website, blog, email magazine and employee meetings, among other efforts.

Nomura Real Estate Urban Net is also working on raising awareness about diversity through the same activities.



Main Personnel System Changes up to the Fiscal Year Ended March 2016

Nomura Real Estate Development has made the following changes to its personnel system based on recommendations issued by the Diversity Promotion Committee.

- **Contract workers**
 - Contract workers can now conclude indefinite employment contracts
 - The system used for promotions based on skill improvement was made clearer
- **Nursing care**
 - Introduced a reduced working hours program
 - Extended the duration of nursing care leave
 - Introduced a program where employees can take nursing care leave in separate installments
- **Re-employment**
 - Made changes to treatment at the time an employee selects re-employment
 - Introduced a career seminar and job matching interviews for employees in their 50s

Selection of Ongoing Challenges

- Foster greater understanding of diversity
- Inform all employees about changes in the nursing care system (nursing care seminars, etc.)
- Headquarters management with proactive use of diversity
- Improve operational efficiency
- Enhance diversity management practices of managers
- Make improvements to the way meetings are held

The Diversity Promotion Committee's Implementation Plan



Initiatives for Permeating Knowledge Throughout the Company

In order to have understanding of diversity permeate the company, Nomura Real Estate Development has established an official intranet website and we are filing it out with contents promoting awareness of life-work management, balancing both work and personal life, messages from management on a Management Blog, etc. Also, we are strengthening initiatives to permeate knowledge of diversity throughout the company by such methods as serially publishing a three-way discussion on diversity between Professor Mami Taniguchi of the Graduate School of Commerce at Waseda University, and the Chair

and the President in our regularly published in-house magazine.

Holding of Workplace Meetings

In order to permeate knowledge of diversity, last year at Nomura Real Estate Development, we had a series of 49 workplace meetings and 1,040 employees out of a total of 1,400 (74.3%) participated. In the meetings, in addition to reporting on initiatives we've had up to now, we also covered topics promoting diversity such as the status of use of the system, effective working methods, the practice of diversity management, etc.

Carrying out Training by Rank

At Nomura Real Estate Development, we called in outside instructors and had training for the three separate levels of directors, general managers and senior managers. Professor Mami Taniguchi of the Graduate School of Commerce at Waseda University was the instructor for the training for directors, who participated in discussion. For the training for general and senior managers, over 90% of the participants said that the training should be continued.

Selected by the Ministry of Economy, Trade and Industry for the Diversity Management Selection 100

In order to speed up promotion of diversity management, the Ministry of Economy, Trade and Industry started the Diversity Management Selection 100 in 2012. From 2016, companies were selected and awarded for the new Diversity Management Selection 100 which was established as a new phase emphasizing the themes of expanding the scope of women's work and raising the level of their roles, reforming work styles to rectify long hours of labor, etc.

Nomura Real Estate Development was the first real estate company in the large company category (301 employees or more) to receive this award.



Diversity Challenge! From our public website



A workplace meeting



Director training



Diversity discussion in the in-house magazine



A workplace meeting



General manager training

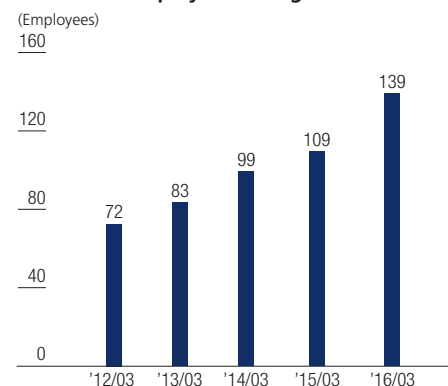
Supporting Childcare

At the Nomura Real Estate Group, we consider childcare as an opportunity to learn a variety of viewpoints and values so, by having parental leave, reduced working hours for childcare, and an assistance program for holiday daycare, we offer an environment in which employees, both male and female, do not have to give up on work because they have a baby or because of childcare obligations.

In the fiscal year ended March 2016, 139 employees benefitted from the parental leave program and the rate of return is 91.3%. This sort of initiative is highly regarded and both Nomura Real Estate Development and Nomura Real Estate Urban Net have received Kurumin certification from the Ministry of Health, Labour and Welfare as companies that support childcare.



Number of Employees Taking Parental Leave



Supporting Nursing Care

With our approaching aging society, restrictions will arise on how employees work due to nursing care of relatives and, taking into consideration that concern is rising about leaving work because of nursing care, last year Nomura Real Estate Development held seminars on balancing both work and nursing care, aiming for recognition of support initiatives such as providing basic knowledge, preparations for nursing care, and explanations of in-house programs.

Also, we are considering revising the nursing care leave and reduced working hours for nursing care programs and, going forward, expanding the work from home program.

Number of Employees Taking Nursing Care Leave

'13/03	'14/03	'15/03	'16/03
4	2	1	1

Employee Health

Preventing Overwork

The Nomura Real Estate Group has a variety of initiatives in place to prevent or limit overwork by employees.

Specifically, Nomura Real Estate Development has introduced birthday leave and "refresh" leave as a means to encouraging employees to take paid leave. In addition, to shorten hours worked, the company has designated "no overtime" days and placed restrictions on computer usage times.

Employees whose work hours exceed a preset limit in a given month must complete an

overwork self-assessment checklist to provide feedback to their general manager. When necessary, measures are implemented to ensure the health of the individual employee.

Reinforcing Health Management

The Nomura Real Estate Group Code of Action states that the Group will "strive to maintain and enhance sound and pleasant workplace conditions." Accordingly, we endeavor to prevent work-related accidents, facilitate appropriate management of physical and mental health, and ensure pleasant, employee-friendly workplaces. Group companies offer health checkups and examinations, and have set up mental and physical health hotlines and health consultation desks as part of proactive efforts to address mental health issues.

Skills Development Assistance

Nomura Real Estate Development and other Group companies recognize the importance of developing a workforce that is capable of acting based on a broad outlook using advanced professional expertise and faculties in order to address the changing structure of society caused by globalization and demographics as well as adapt to a more complex and sophisticated real estate business. For this reason, we have prepared the Basic Plan for Human Resources Development.

Nomura Real Estate Development Basic Human Development Policies

- Proactive medium-to-long-term human development that provides a focus on careers
- Human development that responds to change over time, fosters innovation, and supports future management

The Qualities and Skills Nomura Real Estate Development Looks for

- **Professionalism:** The ability to perform duties professionally in any field
- **Determination:** The willingness and ability to work proactively based on personal conviction and to continue working until results are achieved
- **Judgment:** Strategic thinking and decision making that exhibit an awareness of conditions in the workplace and that lead to specific plans that produce results
- **Emotional intelligence:** The understanding of personality characteristics and feelings, and communication ability that maximizes potential within an organization
- **Adaptability:** A flexible outlook with the ability to think outside the box, and the energy to create new value
- **Versatility:** A range of skills such as analytical management and the ability to discern changes in society

Consolidated Financial Highlights

	'07/03	'08/03	'09/03	'10/03	'11/03	'12/03
Operating revenue	¥ 367,236	¥ 411,493	¥ 448,655	¥ 434,226	¥ 480,983	¥ 450,807
Operating gross profit	108,668	130,391	100,763	105,576	107,222	114,910
Operating income	54,374	69,821	34,012	39,274	42,083	49,939
Ordinary income	47,446	60,291	23,702	23,967	26,149	34,173
Profit attributable to owners of parent	26,297	35,254	13,770	4,660	5,471	17,591
Cash flows from operating activities	(89,849)	7,639	(108,030)	19,266	33,947	43,876
Cash flows from investing activities	(26,787)	(13,347)	(141,788)	(24,571)	(33,730)	7,809
Cash flows from financing activities	100,862	8,790	295,507	13,098	(7,485)	(63,296)
Capital investment* ¹	26,917	18,174	56,662	26,796	37,570	14,098
Depreciation and amortization* ²	4,545	4,892	7,148	10,758	12,835	13,534
Per Share Data (Yen):						
Profit attributable to owners of parent	¥ 200.47	¥ 236.09	¥ 92.21	¥ 25.69	¥ 28.74	¥ 92.38
Cash dividends	20.00	30.00	40.00	25.00	25.00	25.00
Balance Sheet Data (as of March 31):						
Total assets	¥ 836,303	¥ 891,700	¥ 1,385,531	¥1,405,424	¥ 1,474,331	¥1,402,624
Current assets	580,515	630,916	740,266	709,618	636,925	585,332
Inventories	427,774	454,621	481,489	458,921	433,386	396,857
Equity investment	77,945	92,873	109,076	94,889	60,948	41,895
Non-current assets	255,787	260,783	645,265	695,805	837,406	817,292
Total net assets	214,465	235,551	281,375	349,437	357,365	376,486
Interest-bearing debt	394,885	408,016	778,073	759,636	816,910	758,562
Ratios (%):						
ROA* ³	6.6	7.9	2.5	2.8	2.9	3.7
ROE* ⁴	19.2	15.8	5.9	1.7	1.8	5.7
Operating margin	14.8	17.0	7.6	9.0	8.7	11.1
Dividend payout ratio (consolidated)	10.0	12.7	43.4	97.3	87.0	27.1
Shareholders' equity ratio	25.5	26.1	17.0	21.4	20.7	22.6
Number of employees (people)	3,835	4,347	4,998	5,195	5,300	5,399

*1 Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" on the consolidated statements of cash flows. *2 Depreciation and amortization represents the amount shown for "Depreciation and amortization" on the consolidated statements of cash flows. *3 ROA = (Operating income + Non-operating income) / Total assets at end of fiscal year *4 ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

				(Millions of yen)	(Thousands of U.S. dollars)*5	(Millions of yen)
	'13/03	'14/03	'15/30	'16/03	'16/03	'17/03 (Forecast)
Operating revenue	¥ 517,740	¥ 532,016	¥ 567,159	¥ 569,545	\$ 5,054,536	¥589,000
Operating gross profit	134,571	159,335	162,051	177,973	1,579,463	—
Operating income	58,308	74,307	71,894	80,912	718,072	76,000
Ordinary income	45,806	64,058	63,681	72,679	645,010	67,000
Profit attributable to owners of parent	19,357	26,844	38,441	47,182	418,726	43,000
Cash flows from operating activities	89,295	83,535	23,837	13,258	117,663	—
Cash flows from investing activities	(2,588)	(20,191)	(32,476)	(59,714)	(529,951)	—
Cash flows from financing activities	(94,666)	(57,858)	(8,983)	53,637	476,020	—
Capital investment*1	18,963	21,938	38,871	50,367	446,996	—
Depreciation and amortization*2	13,513	14,333	15,258	16,026	142,233	—
Per Share Data (Yen):						
Profit attributable to owners of parent	¥ 101.61	¥ 140.70	¥ 201.28	¥ 246.42	\$ 2.19	¥ 224.33
Cash dividends	30.00	35.00	45.00	57.50	0.51	60.00
Balance Sheet Data (as of March 31):						
Total assets	¥1,369,949	¥1,313,887	¥1,369,226	¥1,485,449	\$13,182,907	—
Current assets	535,103	496,978	549,300	608,779	5,402,727	—
Inventories	369,667	349,167	429,764	496,910	4,409,924	—
Equity investment	29,578	7,128	6,316	819	7,269	—
Non-current assets	834,845	816,909	819,926	876,670	7,780,179	—
Total net assets	398,276	418,697	461,031	456,408	4,050,482	—
Interest-bearing debt	669,268	617,583	616,700	721,900	6,406,638	—
Ratios (%):						
ROA*3	4.6	5.8	5.4	5.6	—	—
ROE*4	5.9	7.8	10.3	11.2	—	—
Operating margin	11.3	14.0	12.7	14.2	—	12.9
Dividend payout ratio (consolidated)	29.5	24.9	22.4	23.3	—	26.7
Shareholders' equity ratio	24.5	27.1	28.8	29.9	—	—
Number of employees (people)	5,581	5,747	6,029	6,233	—	—

*5 The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the reader, using the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2016, which was ¥112.68 = U.S.\$1.

Operating Revenue

(Millions of yen)

	'13/03	'14/03* ²	'15/03* ²	'15/03* ³	'16/03* ³	'16/03* ⁶	'17/03 (Forecast)* ⁶
Residential Development	¥308,467	¥307,625	¥359,397	¥359,397	¥334,514	¥334,514	¥339,000
Housing sales	281,876	295,923	332,999	332,999	318,795	—	—
Other	26,591	11,702	26,397	26,397	15,719	—	—
Leasing*⁵	106,665	99,866	92,878	92,878	110,625	110,226	121,000
Leasing (offices)	47,834	48,131	46,563	46,563	49,594	—	—
Leasing (retail facilities)	8,883	10,544	10,323	10,323	10,873	—	—
Leasing (other)	5,429	5,151	5,552	5,552	5,882	—	—
Property development	27,336	25,608	16,026	—	—	—	—
Property development (sale)	—	—	—	12,318	33,260	—	—
Property development (leasing)	—	—	—	3,167	3,320	—	—
Other	17,181	10,429	14,413	14,953	7,694	—	—
Investment Management	11,133	18,326	9,166	9,166	10,973	10,973	8,000
Property Brokerage & CRE	26,093	29,168	30,232	30,232	35,373	35,373	35,000
Property brokerage	19,217	24,520	25,833	25,833	28,028	—	—
Other	6,876	4,647	4,399	4,399	7,345	—	—
Property & Facility Management*^{1,4}	66,376	72,150	71,635	85,837	90,294	91,552	96,000
Property & facility management	48,149	48,743	49,794	49,511	50,662	—	—
Construction ordered	18,226	23,406	21,841	21,583	24,636	—	—
Fitness club & elderly care	—	—	—	14,742	14,995	—	—
Other	14,962	18,640	17,753	3,008	1,353	1,353	0
Adjustments (eliminations or corporate)	(15,958)	(13,761)	(13,905)	(13,362)	(13,590)	(14,449)	(10,000)
Total	517,740	532,016	567,159	567,159	569,545	569,545	589,000

Operating Income

Residential Development	¥ 32,790	¥ 31,177	¥ 33,811	¥ 33,811	¥ 31,909	¥ 31,909	¥ 30,500
Leasing	23,335	26,818	24,447	24,447	32,099	31,719	30,500
Investment Management	(2,724)	7,902	4,813	4,813	7,376	7,376	4,500
Property Brokerage & CRE	6,176	8,101	8,477	8,477	9,900	9,900	8,500
Property & Facility Management	4,455	5,107	5,477	5,758	5,314	5,693	6,000
Other	447	508	167	(113)	(152)	(152)	0
Adjustments (eliminations or corporate)	(6,172)	(5,307)	(5,300)	(5,300)	(5,536)	(5,535)	(4,000)
Total	58,308	74,307	71,894	71,894	80,912	80,912	76,000

*1 The breakdown of operating revenue for the Property & Facility Management Unit has been changed from "Building management" and "Housing management" to "Property & facility management" and "Construction ordered" since the first quarter of the fiscal year ended March 2015. According to this change, the figures for the fiscal year ended March 2013 and after are classified under the new classification. *2 From the second quarter of the fiscal year ended March 2015, a partially revised method of allocating company-wide costs among adjustments to each unit was incorporated. In addition, the house leasing business was transferred from the Residential Development Unit to the Leasing Unit. In line with this change, the full-year results of the fiscal year ended March 2014 and the fiscal year ended March 2015 are reflected in the published figures. *3 From the first quarter of the fiscal year ended March 2016, the classification of MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.) has been changed to the Property & Facility Management Unit from the Other Unit. In line with this change, results of the fiscal year ended March 2015 and the fiscal year ended March 2016 are classified under the new classification. *4 From the first quarter of the fiscal year ended March 2016, the breakdown of operating revenue has been changed due to the fact that MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.) which used to be classified in the Other Unit, and Nomura Real Estate Wellness Co., Ltd. which was newly established in the first quarter of the fiscal year ended March 2016 are classified in the Property & Facility Management Unit. In line with this change, the figures for the full-year results of the fiscal year ended March 2015 are classified under the new classification. *5 The breakdown of operating revenue for the Leasing Unit has been changed since the second quarter of the fiscal year ended March 2016. In line with this change, the figures for the fiscal year ended March 2015 and the fiscal year ended March 2016 are classified under the new classification. *6 From the fiscal year ending March 2017, the classification of Yokohama Business Park Heating & Cooling Supply Co., Ltd (Present: Nomura Real Estate Heating and cooling Supply Co., Ltd.) has been changed from the Leasing Unit to the Property & Facility Management Unit. Due to this change, the full-year results for the fiscal year ended March 2016 and forecast results for the full-year of the fiscal year ending March 2017 are classified under the new classification.

Assets

(Millions of yen)

	'13/03	'14/03*1	'15/03*1	'15/03*2	'16/03*2	'16/03*3
Residential Development	¥337,120	¥331,779	¥382,585	¥382,585	¥414,812	¥414,812
Leasing	790,735	776,097	849,885	849,885	922,748	918,710
Investment Management	91,853	67,346	40,555	40,555	36,692	36,692
Property Brokerage & CRE	26,903	21,142	22,606	22,606	32,047	32,047
Property & Facility Management	30,468	32,891	32,375	49,696	51,403	55,695
Other	37,168	34,133	19,833	2,485	1,565	1,565
Adjustments (eliminations or corporate)	55,699	50,496	21,383	21,411	26,180	25,926
Total	1,369,949	1,313,887	1,369,226	1,369,226	1,485,449	1,485,449

Inventories

(Millions of yen)

Residential Development	¥296,715	¥281,698	¥338,530	¥338,530	¥377,849	¥377,849
Leasing	61,274	62,918	88,446	88,446	118,277	118,277
Investment Management	4,572	—	—	—	—	—
Property Brokerage & CRE	1,291	1,162	1,184	1,184	—	—
Property & Facility Management	47	92	49	168	271	271
Other	5,906	3,380	1,638	1,519	638	638
Adjustments (eliminations or corporate)	(140)	(84)	(84)	(84)	(126)	(126)
Total	369,667	349,167	429,764	429,764	496,910	496,910

Return on Assets (ROA)

(%)

Residential Development	9.7	9.4	8.8	8.8	7.7	7.7
Leasing	3.0	3.5	2.9	2.9	3.5	3.5
Investment Management	—	11.7	11.9	11.9	20.1	20.1
Property Brokerage & CRE	23.0	38.3	37.5	37.5	30.9	30.9
Property & Facility Management	14.6	15.5	16.9	11.6	10.3	10.2
Other	1.2	1.5	0.8	—	—	—
Total	4.6	5.8	5.4	5.4	5.6	5.6

Unit Operating Results

	'13/03	'14/03	'15/03	'16/03	'17/03 (Forecast)
Residential Development					
Condominiums sales (unit)	5,111	5,491	6,162	5,363	5,100
Detached housing sales (unit)	638	718	859	643	650
Gross margin ratio of housing sales (%)	22.5	21.7	21.1	21.9	—
Completed housing inventories (unit)	42	31	89	349	—
Leasing					
Vacancy rate (%)	2.2	2.9	4.5	2.2	—
Investment Management					
Outstanding assets under management (millions of yen)	1,127,495	1,132,246	1,123,188	1,074,481	—
Property Brokerage & CRE					
Brokerage: Number of transactions	6,494	7,437	7,174	7,710	—
Brokerage: Total transaction value (millions of yen)	540,698	672,774	710,980	713,574	—
Property & Facility Management					
Buildings under management	723	703	729	705	—
Condominiums under management (unit)	137,745	147,516	155,706	163,036	—
Members of MEGALOS	132,196	141,564	140,395	144,263	—

ROA of each Unit = Unit operating income / Unit assets at end of fiscal year Total ROA = (Operating income + Non-operating income) / Total assets at end of fiscal year

*1 From the second quarter of the fiscal year ended March 2015, a partially revised method of allocating company-wide costs among adjustments to each Unit was incorporated. In addition, the house leasing business was transferred from the Residential Development Unit to the Leasing Unit. The full-year results for the fiscal year ended March 2014 and the fiscal year ended March 2015 are reflected in the published figures. *2 From the first quarter of the fiscal year ended March 2016, the classification of MEGALOS CO., LTD. (Present: Nomura Real Estate Life & Sports Co., Ltd.) has been changed to the Property & Facility Management Unit from the Other Unit. In line with this change, results for the fiscal year ended March 2015 and the fiscal year ended March 2016 are classified under the new classification. *3 From the fiscal year ending March 2017, the classification of Yokohama Business Park Heating & Cooling Supply Co., Ltd (Present: Nomura Real Estate Heating and cooling Supply Co., Ltd.) has been changed from the Leasing Unit to the Property & Facility Management Unit. Due to this change, the full-year results for the fiscal year ended March 2016 are classified under the new classification.

Consolidated Balance Sheets

(Millions of yen)

	'15/03	'16/03
Assets		
Current Assets		
Cash and deposits	¥ 47,420	¥ 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	730,076	779,091
Buildings and structures	364,363	374,378
Accumulated depreciation	(127,576)	(139,309)
Buildings and structures, net	236,787	235,068
Land	486,436	523,696
Other	13,821	28,164
Accumulated depreciation	(6,968)	(7,838)
Other, net	6,852	20,325
Intangible assets	10,277	10,681
Investments and other assets	79,572	86,897
Investment securities	40,853	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 noncurrent assets	819,926	876,670
Total Assets	1,369,226	1,485,449

(Millions of yen)

	'15/03	'16/03
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	60,749	63,766
Deferred tax liabilities	60,214	64,070
Deferred tax liabilities for land revaluation	4,116	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	7,644	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

Consolidated Statements of Income

(Millions of yen)

	'15/03	'16/03
Operating Revenue	¥567,159	¥569,545
Operating Cost	405,107	391,571
Operating Gross Profit	162,051	177,973
Selling, General and Administrative Expenses	90,157	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	8,170	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)

	'15/03	'16/03
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	6,950	(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

Consolidated Statements of Changes in Net Assets

(Millions of yen)

FY2014 (From April 1, 2014 to March 31, 2015)	Shareholders' Equity					Other Comprehensive Income						Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity	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	116,024	93,353	138,971	(2)	348,347	(689)	25	7,224	32	742	7,333	1,273	61,742	418,697
Cumulative effects of changes in accounting policies			1,571		1,571									1,571
Restated balance at April 1, 2014	116,024	93,353	140,543	(2)	349,918	(689)	25	7,224	32	742	7,333	1,273	61,742	420,268
Issuance of new shares	164	164			329									329
Dividends of surplus			(7,637)		(7,637)									(7,637)
Profit attributable to owners of parent			38,441		38,441									38,441
Purchases of treasury shares					—									—
Increase due to the increase of consolidated subsidiaries			16		16									16
Decrease due to the increase of consolidated subsidiaries			(1,293)		(1,293)									(1,293)
Net changes of items other than shareholders' equity						5,759	53	420	29	689	6,951	290	3,665	10,907
Balance at March 31, 2015	116,188	93,518	170,069	(2)	379,774	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)	Shareholders' Equity					Other Comprehensive Income						Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity	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	116,188	93,518	170,069	(2)	379,774	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	116,188	93,518	170,069	(2)	379,774	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031
Issuance of new shares	410	410			820									820
Dividends of surplus			(10,047)		(10,047)									(10,047)
Profit attributable to owners of parent			47,182		47,182									47,182
Purchases of treasury shares				(0)	(0)									(0)
Increase by share exchanges		374			374									374
Changes in parent ownership interests regarding the transactions with non-controlling shareholders		15,539			15,539									15,539
Net changes of items other than shareholders' equity						1,595	77	216	(18)	(4,944)	(3,072)	121	(55,539)	(58,490)
Balance at March 31, 2016	116,598	109,842	207,203	(3)	433,642	6,664	155	7,861	43	(3,513)	11,212	1,685	9,868	456,408

Consolidated Statements of Cash Flows

(Millions of yen)

	'15/03	'16/03
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

(Millions of yen)

	'15/03	'16/03
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)
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	50,418	57,591

Analysis of the Business Environment

Although concern was expressed that the Japanese economy during the 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.

Sale of condominiums in the metropolitan area from January to December, 2015, amounted to 40,449 units, down 9.9% from the previous year. Also, the average percentage of first

month contracts for 2015 was 74.5%, down 0.6 points compared to the previous year, maintaining the 70% level that is considered the dividing line between good and bad performance. (Research by the Real Estate Economic Institute Co., Ltd.)

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. As of the end of March 2016, the vacancy rate in the five wards of central Tokyo was showing improvement at 4.34%, down 0.96 points compared to the same time last year. As for the level of rent, the average for these five wards as of the end of March 2016 was ¥17,973 per 3.3 m² (up ¥778 per 3.3 m² compared to the same time in 2015). (Research by Miki Shoji Co. Ltd.)

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, and the Tokyo Stock Exchange REIT Index was at a high level. In addition, as of April 1, 2016, the expected yield for A class buildings in the Marunouchi and Otemachi area was 3.7%, a decrease

of 0.1 point compared to the same period last year, setting a new historical low. (Research by The Japan Economic Research Institute)

Business Results for the Fiscal Year Ended March 2016

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, which represents an increase of ¥2,386 million, or 0.4% year on year; operating income of ¥80,912 million, an increase of ¥9,017 million, or 12.5%; ordinary income of ¥72,679 million, an increase of ¥8,998 million, or 14.1%; and profit attributable to owners of parent of ¥47,182 million, an increase of ¥8,740 million, or 22.7%. Operating revenue, operating income, ordinary income, and profit attributable to owners of parent all set new highs.

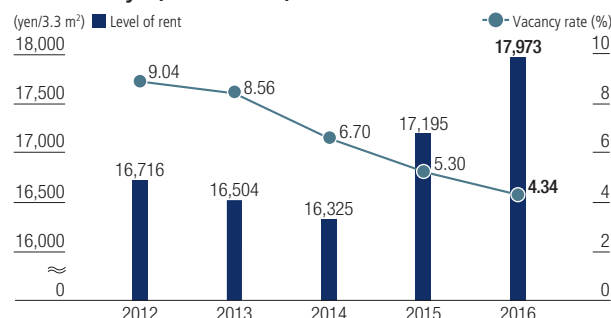
The increase in operating revenue was secured by increased sales of property in the property development business and other factors. The increases in operating income and ordinary income was due to an improvement in the vacancy rate for the Leasing Unit, the increase in sales by the property development business,

Metropolitan Area Condominium Supply and Contract Rate (Calendar Year)



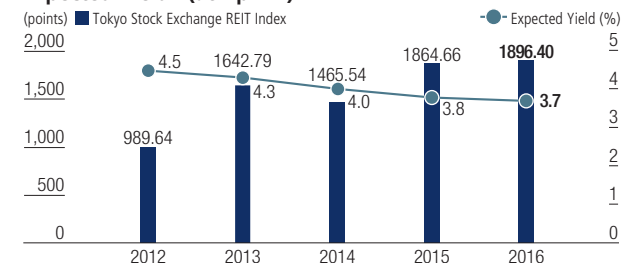
Source: Real Estate Economic Institute Co., Ltd.

Vacancy Rate and Level of Rent for the Five Wards of Central Tokyo (At March 31)



Source: Miki Shoji Co. Ltd.

Tokyo Stock Exchange REIT Index (at March 31) and Expected Yield* (at April 1)



Source: Tokyo Stock Exchange REIT Index, Bloomberg

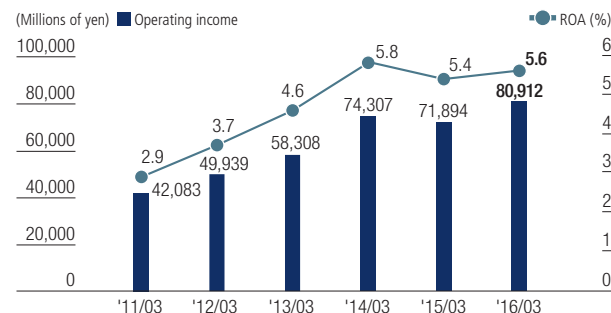
Expected Yield: Japan Real Estate Institute

*Expected yield of A class buildings in the Marunouchi and Otemachi area.

an increase in asset acquisition fees accompanying the merger of REITs in the Investment Management Unit, etc. The increase in profit attributable to owners of parent was due to the reaction to the extraordinary loss in the fiscal year ended March 2015 from the Nomura Fudosan Tennozu Building.

Because of the above, the ¥65 billion operating income target put up in phase 1 (-March 2016) of the previous Mid- to Long-term Business Plan has been surpassed for the past three fiscal years. And, in addition, we have maintained high levels for ROA (5.6%) and ROE (11.2%) which are mid- to long-term indicators.

Operating Income and ROA



*ROA = (Operating income + Non-operating income) / Total assets at end of fiscal year

Status of Each Business Unit

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 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.

For detailed data for each business unit, please refer to p. 71-2.

Residential Development Unit

Operating revenue in this unit totaled ¥334,514 million, which represents a decrease of ¥24,882 million, or 6.9% year on year, and operating income was ¥31,909 million, a decrease of ¥1,902 million, or 5.6%. In housing sales, while sales prices of recorded housing units increased beyond those in the previous fiscal year, the number of housing units sold decreased, resulting in decreases in both income and profit. In regard to housing sales, 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.

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

Leasing Unit

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

Because leasing in the Hamamatsu-cho Building improved, the vacancy rate at the end of the fiscal year under review dropped to 2.2% from the 4.5% at the end of the previous fiscal year.

Investment Management Unit

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

Property Brokerage & CRE Unit

Operating revenue in this unit totaled ¥35,373 million, which represents an increase of ¥5,140 million, or 17.0% year on year, operating income totaled ¥9,900 million, an increase of ¥1,423 million, 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 fiscal year. Also, both the number of properties handled and value of transactions set record highs.

In the wholesale business, we focused our efforts on proposal-based sales meeting the needs of businesses to effectively use real estate they own. In the retail business, we worked to both spread the store brand Nomura no Chukai (Brokerage by Nomura) + (Plus)

and, by continuing to expand our net of stores, increase our ability to attract customers and expand our customer base.

Property & Facility Management Unit

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

This unit showed an increase in income and decrease in profit compared with the previous fiscal year. This was due mainly

to an increase in retirement benefit expenses while revenue from property and facility management and construction orders increased.

In fitness club business, we opened four sites, including MEGALOS Nakanobu.

Other Unit

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

Financial Position

Assets

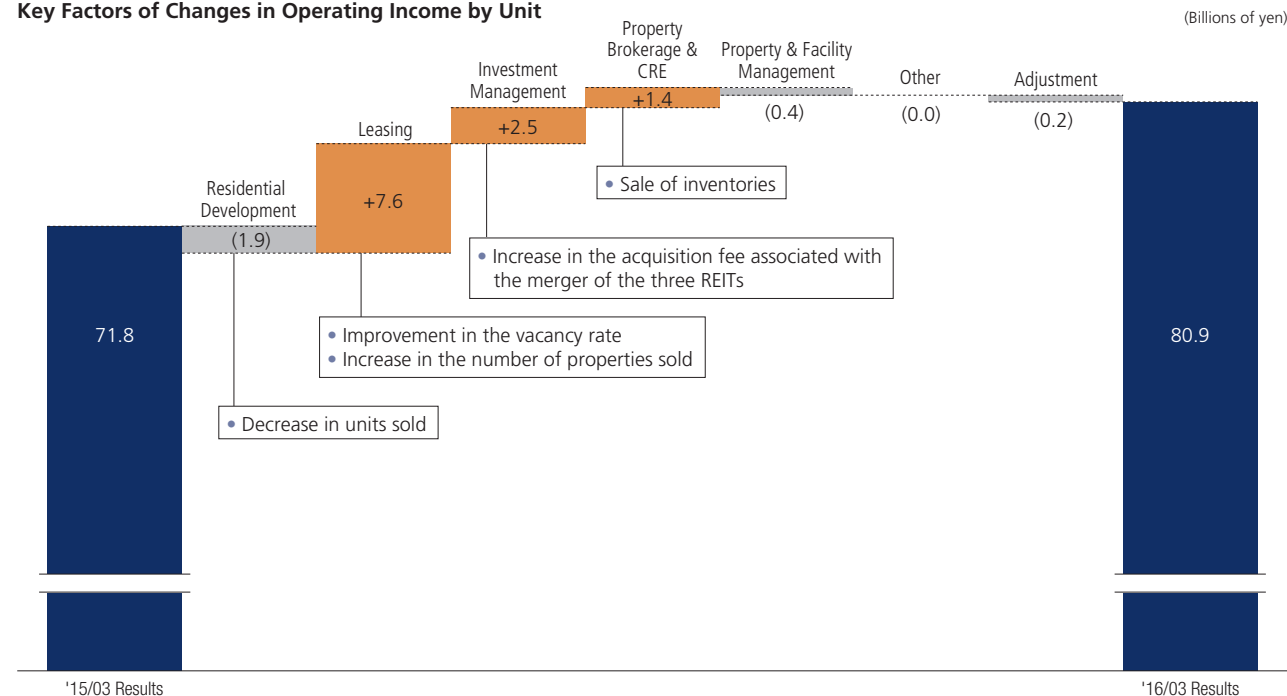
Total assets were ¥1,485,449 million, which represents an increase of ¥116,223 million from the end of the previous fiscal year. This was due mainly to an increase in inventories including real estate for sales (an increase of ¥67,146 million) and property, plant and equipment (an increase of ¥49,014 million).

Liabilities

Total liabilities totaled ¥1,029,041 million, increased by ¥120,845 million 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) and bonds payable (increase by ¥30,000 million).

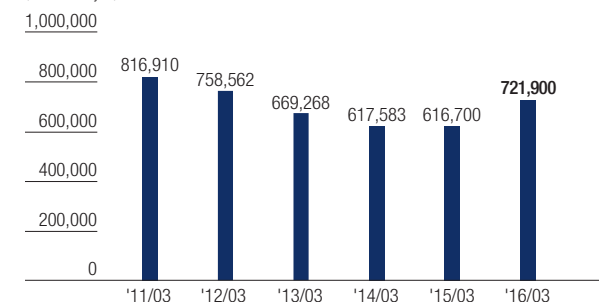
As a result, interest-bearing debt increased ¥105,200 million compared to the end of the previous fiscal year, to ¥721,900 million.

Key Factors of Changes in Operating Income by Unit



Interest-bearing Debt

(Millions of yen)



Net Assets

While net assets totaled ¥456,408 million, a decrease of ¥4,622 million from the end of the previous fiscal year, shareholders' equity increased ¥50,795 million to ¥444,854 million compared to the end of the previous fiscal year.

This was due mainly to a decrease of non-controlling interests (decrease by ¥55,539 million), while retained earnings (an increase of ¥37,134 million) and capital surplus (an increase of ¥16,324 million) increased.

As a result, shareholders' equity ratio rose to 29.9% from the 28.8% at the end of the previous fiscal year.

Ratings

Corporate bonds we have issued have been rated as shown below by Rating and Investment Information Inc. (R&I) and Japan Credit Rating Agency (JCR).

Rating Institution	Long-term	Short-term
Rating and Investment Information, Inc.	A-	a-1
Japan Credit Rating Agency, Ltd.	A	J-1

Cash Flows

Cash Flows from Operating Activities

Cash flows from operating activities in the fiscal year ended March 2016 resulted in a recovery of ¥13,258 million. This was mainly due to the recording of income before income taxes and minority interests of ¥70,974 million, despite outflows resulted by the purchase of inventories, etc.

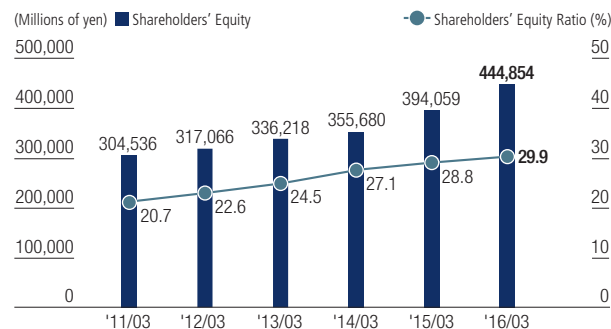
Cash Flows from Investing Activities

Cash flows from investment activities resulted in outflows of ¥59,714 million. 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

Cash flows from financing activities resulted in a recovery of ¥53,637 million. 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.

Shareholders' Equity and Shareholders' Equity Ratio



Facilities and Equipment

Investments in Facilities and Equipment

In the fiscal year ended March 2016, we invested a total of ¥51,805 million in facilities and equipment such as the NOMURA GINZA Building (Chuo-ku Tokyo).

Plans for Newly Constructed and Removing of Facilities

Our plans for new construction and sale of major facilities in the fiscal year ending March 2017 are as shown below.

Property Acquired in the Fiscal Year Ended March 2016

Company	Name (location)	Unit	Use	Size of Construction or Details of Facility, etc.	Area (m ²)	Acquisition price (millions of yen)
Nomura Real Estate Co., Ltd.	Nomura Fudosan Ginza Building* ^{1, 2} (Chuo-ku, Tokyo)	Lease	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), five floors below ground, 17 floors above ground	Building: 13,374 Property: 1,592	12,262
Nomura Real Estate Co., Ltd.	Toranomon Central Building (Minato-ku, Tokyo)	Lease	Office	Steel-framed reinforced concrete construction, three floors below ground, 10 floors above ground	Building: 4,431 Property: 548	5,747
Nomura Real Estate Co., Ltd.	Minami Gyotoku SC * ³ (Ichikawa-shi, Chiba Prefecture)	Lease	Shopping Center	Steel-framed construction (partially reinforced concrete), two floors below ground, two floors above ground	Building: 35,612 Property: 16,503	10,646
Toranomon Real Estate Co., Ltd.	Three buildings in Icchome of Toranomon * ⁴ (Minato-ku, Tokyo)	Lease	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), one floor below ground, seven floors above ground, two other buildings	Building: 6,686 Property: 1,009	15,278

*1 Refers to calculated area owned including both total floor space and land area. *2 Increased ownership of the property following the amount acquired in the fiscal year ended March 2015.

*3 Includes the trust beneficial right. *4 Area and price are the total for the three buildings.

Major Newly Constructed Facilities in the Fiscal Year Ending March 2017 (Planned)

Company	Name (location)	Unit	Use	Size of Construction or Details of Facility, etc.	Expected Amount of Investment (millions of yen)		Method of Fund Procurement	Start of Construction and Expected Completion	
					Total	Already paid		Start	Completion
Nomura Real Estate Co., Ltd.	(provisional name) Yokohama Nomura Building Project (Nishi-ku, Yokohama-shi, Kanagawa Prefecture)	Lease	Office	Steel-framed concrete construction, 17 floors above ground	32,100	19,969	Loans and own funds	'15/03	'17/03
Nomura Real Estate Co., Ltd.	(provisional name) Landport Takatsuki Project (Takatsuki-shi, Osaka Prefecture)	Lease	Logistics facility	Steel-framed reinforced concrete construction, five floors above ground	21,600	9,164	Loans and own funds	'16/03	'18/03
NREG Toshiba Real Estate	(provisional name) NREG Sapporo Building Project (Chuo-ku, Sapporo-shi, Hokkaido)	Lease	Hotel	Steel-framed concrete construction, 10 floors above ground	3,200	1,932	Loans and own funds	'16/03	'17/03
Nomura Real Estate Co., Ltd.	(provisional name) Nomura Real Estate Sendai Aobadori Building Project (Aoba-ku, Sendai-shi, Miyagi Prefecture)	Lease	Office	Steel-framed concrete construction (partially reinforced concrete construction)	8,000	3,878	Loans and own funds	'16/03	'18/03

Sale of Major Facilities in the Fiscal Year Ending March 2017 (Planned)

Company	Name (location)	Unit	Use	Size of Construction or Details of Facility, etc.	Total floor area (m ²)	Completion of construction	Area of Property (m ²)	Expected date of sale
Nomura Real Estate Co., Ltd.	Fukagawa Gyazaria Tower N* (Koto-ku, Tokyo)	Lease	Office	Steel-framed reinforced concrete construction, two floors below ground, 22 floors above ground	41,446	January 2007	2,948	'17/03

* Area of Property includes rented property.

Amount of Investments by Unit

(millions of yen)

Unit	'15/03	'16/03	Increase/ Decrease
Residential Development	216	685	469
Leasing	47,039	48,348	1,309
Investment Management	109	45	(64)
Property Brokerage & CRE	548	633	84
Property & Facility Management	986	872	(114)
Other	18	6	12
Sub-total	48,919	50,591	1,672
Adjustment	(15,023)	1,213	16,236
Total	33,896	51,805	17,908

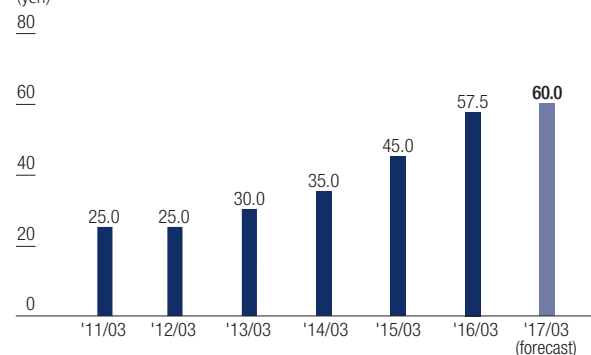
Basic Policy regarding Profit Distribution and Dividends for the Current and Next Fiscal Year

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 2016 of ¥2.5 per share from the previous forecast to ¥30 per share. Combined with the second quarter-end dividend, the annual dividend per share will be ¥57.5. In regard to the dividend for the next fiscal year, the second quarter-end and year-end dividends will be ¥30 per share, and the annual dividend will be ¥60 per share.

Dividends

(yen)

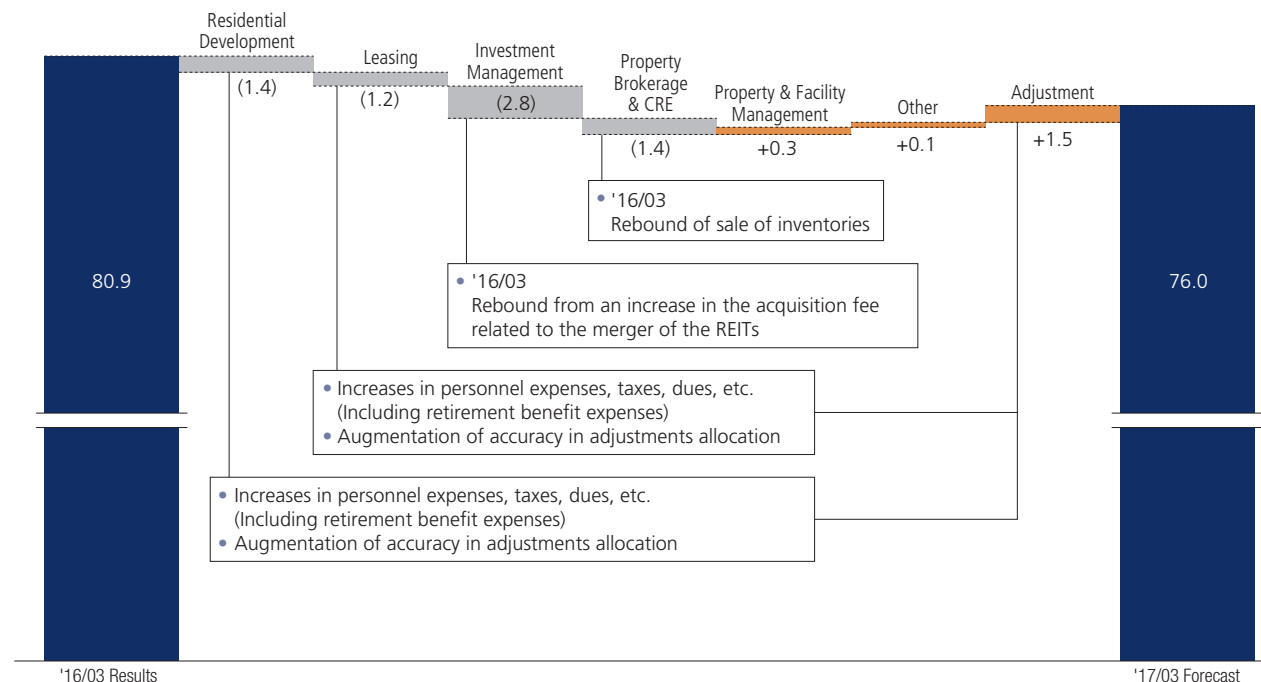


Forecasts of financial results for the fiscal year ending March 2017 (Announced on April 28, 2016)

We expect to post operating revenue of ¥589,000 million (an increase of ¥19,454 million compared to the fiscal year ended March 2016), operating income of ¥76,000 million (a decrease of ¥4,912 million, year on year), ordinary income of ¥67,000 million (a decrease of ¥5,679 million, year on year), and profit attributable to owners of parent of ¥43,000 million (a decrease of ¥4,182 million, year on year) for the fiscal year ending March 2017.

Key Factors of Changes in Operating Income by Unit

(Billions of yen)



Nomura Real Estate Development Co., Ltd.

<http://www.nomura-re.co.jp/english/>

Nomura Real Estate Development conducts a range of businesses. The Residential Development Business provides quality residential properties under the PROUD and OHANA brands. Meanwhile, the Leasing Business plans, develops and manages office buildings such as PMO, commercial facilities such as GEMS, and logistics and other facilities. In addition, the Corporate Real Estate (CRE) Strategic Support and Corporate Brokerage Business helps maximize the value of real estate held by companies.



Nomura Real Estate Asset Management Co., Ltd.

<http://www.nre-am.co.jp/english/>

In October 2011, three investment management companies in the Nomura Real Estate Group merged and became one of the largest real estate investment management companies in Japan. Nomura Real Estate Asset Management provides one-stop shopping for a broad variety of financial products and investment management services, including privately placed real estate funds, to listed real estate investment trusts (REIT), debt investment in domestic real estate, overseas real estate fund of funds, and discretionary investment management contracts with institutional investors.



Nomura Real Estate Urban Net Co., Ltd.

<http://www.nomu.com/english/>

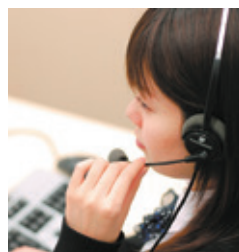
Nomura Real Estate Urban Net provides solutions for satisfying customers in the real estate services and consulting fields. These include residential real estate brokerage for helping customers in changing their place of residence, and commercial real estate brokerage, which addresses the real estate needs of companies and investors. Nomura Real Estate Urban Net also operates a consignment sales business where it sells condominium units and detached housing as a sales agent.



Nomura Real Estate Partners Co., Ltd.

<http://www.nomura-pt.co.jp/> (Japanese only)

This company represents the integration of building and condominium management operations with the capability to perform overall management of various building types. Nomura Real Estate Partners combines expertise in building and condominium management with property management to realize effective real estate management and construction aimed at handling large-scale repair, remodeling, and interior work.



NREG TOSHIBA BUILDING Co., Ltd.

<http://www.nreg-tbc.co.jp/> (Japanese only)

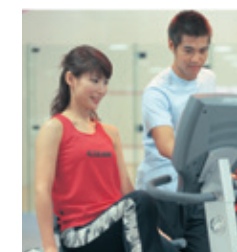
NREG TOSHIBA BUILDING offers service spanning the development, leasing and management of office buildings, commercial facilities, warehouses, condominiums and other properties, as well as property brokerage and consulting on corporate real estate (CRE) utilization.



Nomura Real Estate Life & Sports Co., Ltd.

<http://www.megalos.co.jp/> (Japanese only)

Fitness facilities such as fitness clubs, kids' schools, and tennis schools are planned, developed and managed under the MEGALOS brand name. The company also offers services aimed at corporations and local governments.



Nomura Real Estate Heating and Cooling Supply Co., Ltd.

Nomura Real Estate Heating and Cooling Supply is responsible for the supply of heating and cooling services to Yokohama Business Park, a large-scale business facility, through its district heating and cooling system. Using a "best-mix" system that combines gas and electricity, the company uses energy efficiently to curtail costs and minimize environmental impact.



Geo Akamatsu Co., Ltd.

<http://www.geo-akamatsu.co.jp/> (Japanese only)

Geo-Akamatsu provides a full range of property consulting and other services that maximize its 40 years of accumulated expertise. These services include surveys of commercial facilities, project planning, leasing, commercial space design and property management.



Nomura Real Estate Reform Co., Ltd.

<http://www.nomura-rf.co.jp/> (Japanese only)

Nomura Real Estate Reform offers assistance in remodeling and repairing residential properties to provide people with comfortable places to live. This includes reform plans that match family growth and lifestyle changes.



Nomura Real Estate Wellness Co., Ltd.

<http://www.nomura-re-wn.co.jp/> (Japanese only)

Nomura Real Estate Wellness designs and operates high-quality housing for the elderly that incorporates secure and reliable life-long management services.

今日より健康な、あしたを。

Wellness for Tomorrow

野村不動産ホームディメンタス株式会社は、少子高齢社会において、より安心・安全に、そして生き生きと暮らし、活躍できる社会の実現を図るため、シニア向け住宅・サービスの開発・運営を目的として、野村不動産ウェルネス株式会社を設立しました。

Nomura Real Estate Amenity Service Co., Ltd.

Nomura Amenity Service provides cleaning services of office buildings, schools, and condominiums to maintain scenic beauty of properties as a cleaning company of the Property & Facility Management Business of the Nomura Real Estate Group.



NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

<http://www.toshiba.co.jp/tfs/> (Japanese only)

NREG TOSHIBA BUILDING FACILITIES offers services to maintain or improve the property value through facility management, inspection, cleaning, security and construction, while provides safe and comfortable environment to all customers.



PRIME X. Co., Ltd.

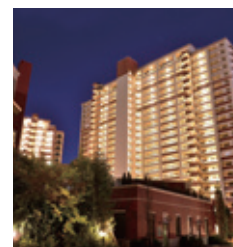
<https://www.prime-x.co.jp/> (Japanese only)

Based on the accumulated expertise jointly developed with Nomura Real Estate Development, PRIME X. provides Internet advertising businesses that specialize in the real estate and housing industries. Prime X. delivers proposals that maximize customer benefits, ranging from the creation of corporate websites and project homepages to creating and managing membership organizations, and handling project sales promotions.

PRIME CROSS

NF Power Service Co., Ltd.

NF Power Service efficiently procures electric power using unique electric power energy data accumulated from operations that supply energy to condominiums. The company offers added-value through energy services provided by the Group, which include a high-voltage collective receiving service.



NOMURA REAL ESTATE ASIA PTE. LTD.

NOMURA REAL ESTATE ASIA PTE. LTD. promotes the Group's businesses including pursuing business opportunities in real estate development and supporting the investor's demand in Japanese real estate.

 NOMURA REAL ESTATE ASIA

NOMURA REAL ESTATE HONG KONG LIMITED

NOMURA REAL ESTATE HONG KONG offers inbound investment support specializing in the Japanese real estate market for international investors based in Hong Kong, and strengthens ties between local companies and investors, enhancing business opportunities for the Group.

 NOMURA REAL ESTATE HONG KONG

Nomura Real Estate Consulting (Beijing) Co., Ltd.

Nomura Real Estate Consulting (Beijing) supports the Nomura Real Estate Group's business in China by researching real estate market, building a relationship with our partners, exploring the possibilities of real estate development business including office buildings and residential properties in China.

 NOMURA REAL ESTATE CONSULTING (BEIJING)

Corporate Data

Corporate Name: Nomura Real Estate Holdings, Inc.

Representative: Eiji Kutsukake, President

Head Office: Shinjuku Nomura Building,
1-26-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo 163-0566, Japan

Date of Establishment: June 1, 2004

Number of Employees: 6,233 (on a consolidated basis)

Fiscal Year: From April 1 to March 31

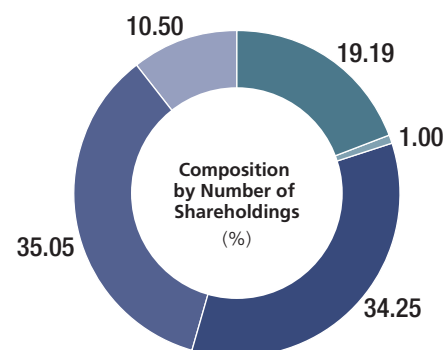
General Meeting of Shareholders: June

Stock Information

Common Stock	¥116,598,828,900
Number of Authorized Shares	450,000,000
Number of Shares Issued	191,679,601
Market Listing	First Section of Tokyo Stock Exchange
Minimum Trading Unit	100 shares
Number of Shareholders	38,144

Ten Largest Shareholders

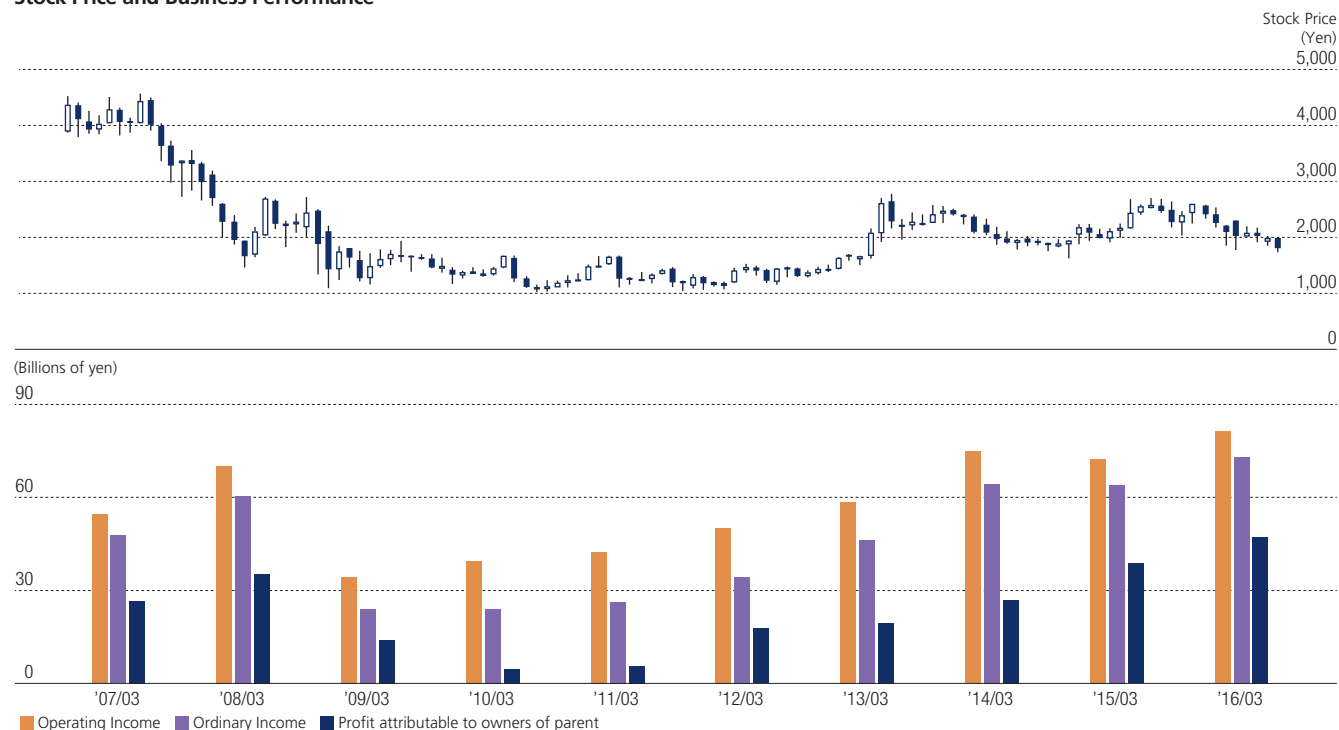
Name of Shareholders	No. of Shares	Shareholding (%)
Nomura Land and Building Co., Ltd.	64,777,500	33.79
Japan Trustee Services Bank, Ltd. (Trust account 9)	8,245,100	4.30
Master Trust Bank of Japan (Trust account)	6,832,700	3.56
Japan Trustee Services Bank, Ltd. (Trust account)	5,858,700	3.05
CBNY - GOVERNMENT OF NORWAY	2,902,600	1.51
Employees' Stockholding	2,877,882	1.50
BNYML-NON TREATY ACCOUNT	2,658,000	1.38
State Street Bank-West Pension Fund Clients - Exempt 505233	2,647,633	1.38
MSCO CUSTOMER SECURITIES	2,366,379	1.23
HSBC BANK PLC A/C CLIENTS 1	2,212,400	1.15



Composition by Number of Shareholdings (%)

Financial Institutions	19.19
Financial Instruments Firms	1.00
Other Japanese Firms	34.25
Other Foreign Investors	35.05
Individuals and Others	10.50

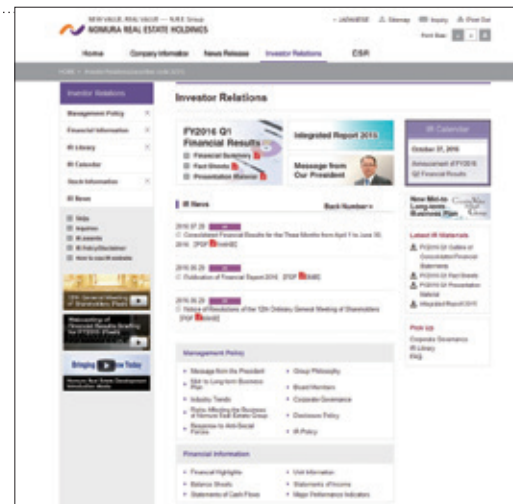
Stock Price and Business Performance





Nomura Real Estate Holdings Website

<http://www.nomura-re-hd.co.jp/english/>



Investor Relations

<http://www.nomura-re-hd.co.jp/english/ir/>

Find the latest financial results, reports, shareholder information and future IR schedule for the Nomura Real Estate Group.



CSR

<http://www.nomura-re-hd.co.jp/english/csr/>

Learn more about the Nomura Real Estate Group's four key CSR themes, social contribution activities, and CSR implementation base.

Nomura Real Estate Holdings, Inc.

Shinjuku Nomura Building, 1-26-2
Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
URL: <http://www.nomura-re-hd.co.jp/english>