April 30, 2014

Outline of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2014

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	http://www.nomura-re-hd.co.jp/english/index.html
Representative :	Kamezo Nakai, President
IR contact :	Daisuke Kitai, General Manager of Corporate Communications & Investor Relations Dept.
	info@nomura-re-hd.com
Date of general meeting of shareholders :	June 27, 2014
Scheduled starting date for dividend payments :	June 30, 2014
Scheduled submitting date of annual securities report:	June 27, 2014
Preparation of explanatory materials for financial results :	Yes
Information meetings arranged related to financial results :	Yes (for institutional investors and analysts, in Japanese)

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

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

I. Consolidated operating results for the fiscal year from April 1, 2013 to March 31, 2014

(1) Consolidated business results

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	532,016	2.8	74,307	27.4	64,058	39.8	26,844	38.7
FY2012	517,740	14.8	58,308	16.8	45,806	34.0	19,357	10.0

(Note) Comprehensive income: FY2013 ¥25,337 million ((4.7%)) FY2012 ¥26,595 million (12.0%)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income margin on total assets	Operating income margin
	yen	yen	%	%	%
FY2013	140.70	140.23	7.8	4.8	14.0
FY2012	101.61	101.44	5.9	3.3	11.3

(Reference) Equity in net income of affiliated companies: FY2013 ¥9 million FY2014 ¥2 million

(2) Consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Mar. 31, 2014	1,313,887	418,697	27.1	1,863.12
Mar. 31, 2013	1,369,949	398,276	24.5	1,764.05

(Reference) Shareholders' equity: At March 31, 2014 ¥355,680 million At March 31, 2013 ¥336,218 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	83,535	(20,191)	(57,858)	67,982
FY2012	89,295	(2,588)	(94,666)	62,496

II. Dividends

	Dividend per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY ended Mar. 31, 2013	—	15.00	—	15.00	30.00	5,716	29.5	1.7
FY ended Mar. 31, 2014	—	15.00	—	20.00	35.00	6,680	24.9	1.9
FY ending Mar. 31, 2015 (Forecast)	—	20.00	—	20.00	40.00		26.3	

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2014 to March 31, 2015

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

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY ending Mar. 31, 2015	560,000	5.3	65,000	(12.5)	55,000	(14.1)	29,000	8.0	151.91

*** Notes**

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

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revision of accounting standards, etc. : Yes
2) Changes in accounting policies other than the above : None
3) Changes in accounting estimates : None
4) Restatements : None

(Note) Please refer to the Appendix P.22 "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" for more details.

(3) Number of shares issued (common stock)

	At March 31	
	2014	2013
Number of shares outstanding (including treasury stock)	190,906,800	190,595,500
Treasury shares	1,206	1,125
	From April 1 to March 31	
	2014	2013
Average number of shares during the term	190,792,328	190,504,749

(Reference) Outline of Non-consolidated Operating Results

I. Non-consolidated operating results for the fiscal year from April 1, 2013 to March 31, 2014

(1) Non-consolidated business results

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	22,491	13.6	8,182	44.1	8,228	43.5	8,066	46.5
FY2012	19,804	(8.0)	5,680	(14.4)	5,732	(13.8)	5,506	(10.6)

	Net income per share	Net income per share after adjusting for dilution
	yen	yen
FY2013	42.28	42.14
FY2012	28.90	28.86

(2) Non-consolidated financial status

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Mar. 31, 2014	907,258	278,938	30.6	1,454.61
Mar. 31, 2013	953,570	275,672	28.8	1,441.57

(Reference) Shareholders' equity: At March 31, 2014 ¥277,692 million At March 31, 2013 ¥274,755 million

* Implementation status of auditing procedure

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

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

* Forward-looking statements

Certain statements other than historical facts in this document are forward-looking statements that reflect the company's plans and estimates based on currently available information. Therefore, the Company has no intention to promise the accomplishment of the forecasts. These statements include known and unknown risks, uncertainties, and other factors that may cause the company's actual future performance to differ from the forward-looking statements contained herewith. For more details of the forecast, please refer to the Appendix P.6 "1. Business Results and Financial Position (1) Business Results 2) Forecasts of operating results for the fiscal year ending March 31, 2015."

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on April 30, 2014 and will be uploaded on the Company's website.

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1. Business Results and Financial Position

(1) Business Results

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

The Japanese economy during the consolidated fiscal year under review showed an overall recovery in personal consumption following the revitalization of the stock market and the correction of the yen's appreciation by the effects of Abenomics policies. In addition to this, capital investment increased, and the employment environment improved. Taken as a whole, these factors reveal a gradual recovery trend. The economy will continue on track for recovery based on the expectation of domestic demand through an improved income environment despite concerns about the downward trend of overseas economies, particularly in developing countries, and slowing of rush demand following the increase in the consumption tax.

In the housing sales market, although labor and material costs increased, contract rates remained high supported by the expansion of housing loan tax credits and low interest rates, revealing steady growth. In the office market, although rent levels remained low, vacancy rates in the Tokyo metropolitan area are in a downward trend, and some large-size properties showed increases in rents, indicating signs of recovery. In the real estate investment market, a number of new REIT listings by investment corporations along with capital increases through public offerings and the vitalization of real estate transactions supported by a continuously strong fund procurement environment indicated stable growth in the business environment.

As a result, the Nomura Real Estate Group was able to achieve a growth in both revenue and income year on year, and post the following consolidated performance for the current fiscal year: Operating revenue of 532,016 million yen, which represents an increase of 14,275 million yen, or 2.8% from the previous fiscal year; operating income of 74,307 million yen, an increase of 15,999 million yen, or 27.4%; ordinary income of 64,058 million yen, an increase of 18,251 million yen, or 39.8%; and net income of 26,844 million yen, an increase of 7,486 million yen, or 38.7%. The Group recognized an extraordinary loss for an impairment loss of 16,572 million yen in connection with certain lease assets in its noncurrent assets for which business profitability has declined.

An overview of segment achievements is given below.

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

From April 2013, Nomura Real Estate Reform Co., Ltd. was shifted from the Property & Facility Management Business Segment to the Residential Development Business Segment to promote unification with the housing development business. In line with this shift, results of the previous consolidated fiscal year for the relevant segments are also included in the new segment classification.

<Residential Development Business Segment>

Residential Development Business Segment reported the sale of 6,209 units (an increase of 460 units from the previous fiscal year), including PROUD TOWER Shinonome Canal Court (Koto-ku, Tokyo), PROUD CITY Motosumiyoshi (Nakahara-ku, Kawasaki-shi, Kanagawa), OHANA Tamagawajosui Gardenia (Higashi-Yamato-shi, Tokyo), and PROUD Kawanayama Garden (Showa-ku, Nagoya-shi, Aichi) condominiums, and PROUD SEASON Fujimino-Kamifukuoka (Fujimino-shi, Saitama) and PROUD SEASON Tamagawajosui (Higashi-Yamato-shi, Tokyo) detached houses.

Sales have remained strong, and the number of contracted unrecorded housing units as of the end of the consolidated fiscal year under review totaled 6,189 units (an increase of 789 units over the end of the previous consolidated fiscal year).

As a result, operating revenue in this segment totaled 310,579 million yen, which represents an increase of 2,111 million yen, or 0.7% from the previous consolidated fiscal year, and operating income was 33,730 million yen, an increase of 940 million yen, or 2.9%. Compared with the previous consolidated fiscal year, we achieved increases in sales and profit, due mainly to the increase in the number of units recorded in residential housing sales.

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

Breakdown of operating revenue

		FY2012		FY2013	
		Sales volume, etc.	Operating revenue (Millions of yen)	Sales volume, etc.	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	4,410 units	226,141	4,723 units	236,853
	Kansai area	739 units	32,122	930 units	35,143
	Other	600 units	23,611	555 units	23,925
	Subtotal (Of which, number of detached housing)	5,749 units (638 units)	281,876 (35,395)	6,209 units (718 units)	295,923 (37,748)
Other			26,591		14,656
Total			308,467		310,579

Housing sales　Year-end completed housing inventories

	As of March 31, 2013	As of March 31, 2014
Tokyo metropolitan area	42 units	31 units
Kansai area	-	-
Other	-	-
Total (Of which, number of detached housing)	42 units (-)	31 units (5 units)

Housing sales　Contracted unrecorded housing units

	As of March 31, 2013		As of March 31, 2014	
	Number of units	Outstanding contract amount (Millions of yen)	Number of units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	4,039 units	205,964	4,995 units	270,318
Kansai area	803 units	29,916	697 units	25,429
Other	557 units	22,760	495 units	20,896
Total (Of which, number of detached housing)	5,400 units (180 units)	258,640 (10,290)	6,189 units (185 units)	316,643 (9,431)

<Leasing Business Segment >

We enhanced business activities to satisfy the needs of tenants in the leasing business sector. In the consolidated fiscal year under review, Lazona Kawasaki TOSHIBA Building (Saiwai-ku, Kawasaki-shi, Kanagawa), a large-size office building, with a total floor area of more than 100,000㎡, started operation without vacancies. In addition, bono Sagamiono Shopping Center (Minami-ku, Sagamihara-shi, Kanagawa) which opened in March 2013 contributed to profit growth throughout the year.

In property development operations, we enhanced branding of office buildings, retail and logistics business sectors by building up a track record of development. In the consolidated fiscal year under review, we posted sales of GEMS Shibuya (Shibuya-ku, Tokyo) and PMO Nihonbashi Odenmacho (Chuo-ku, Tokyo).

As a result, operating revenue in this segment totaled 96,912 million yen, which represents a decrease of 9,753 million yen, or 9.1% from the previous consolidated fiscal year, and operating income totaled 27,034 million yen, an increase of 3,699 million yen, or 15.9%, resulting in a decrease in revenue and an increase profit compared with the previous consolidated fiscal year. This is due mainly to the fact that revenue from the sale of properties dropped while profitability improved in the previous consolidated fiscal year in property development sector.

Breakdown of operating revenue

	FY2012 (Millions of yen)	FY2013 (Millions of yen)
Leasing (offices)	47,834	48,131
Leasing (retail facilities)	8,883	10,544
Leasing (other)	5,429	5,151
Property development	27,336	22,654
Other	17,181	10,429
Total	106,665	96,912

Rentable floor area

	As of March 31, 2013	As of March 31, 2014
Offices	728,236 ㎡	748,596 ㎡
Retail facilities	106,879 ㎡	106,601 ㎡
Total	835,115 ㎡	855,197 ㎡

Vacancy rate (offices and retail facilities)

As of March 31, 2013	As of March 31, 2014
2.2%	2.9%

<Investment Management Business Segment>

In the Investment Management Business, we continuously focused on stability throughout the wide range of funds operated by the Nomura Real Estate Group. In June 2013, Nomura Real Estate Master Fund, Inc., which invests in logistics facilities and retail properties, joined the Tokyo Stock Exchange (TSE) Real Estate Investment Trusts (REITs) market.

As a result, operating revenue in this segment totaled 18,326 million yen, which represents an increase of 7,193 million yen, or 64.6% from the previous consolidated fiscal year, and operating income totaled 8,036 million yen (the previous consolidated fiscal year was operating loss of 2,724 million yen). This resulted in an increase in revenue and profit due mainly to the recording of compensation associated with the acquisition of assets by Nomura Real Estate Master Fund, Inc., income through the sale of SPC properties, and loss on valuation of equity investment in the previous consolidated fiscal year.

	FY2012 (Millions of yen)	FY2013 (Millions of yen)
Operating revenue	11,133	18,326

Asset under management

	As of March 31, 2013 (Millions of yen)	As of March 31, 2014 (Millions of yen)
REITs	599,326	941,385
Private funds, etc.	528,168	190,861
Total	1,127,495	1,132,246

<Property Brokerage & CRE Business Segment>

In our wholesale operations, we focused on providing appropriate solutions designed to meet the needs of effective utilization of corporate real estate owned by companies, and on implementing business activities to ensure a prompt response to changes in customer needs.

In retail operations, we expanded store network mainly in the metropolitan areas. In the consolidated fiscal year under review, we opened seven new stores, including Mita Center, Meguro Center, Narimasu Center, Musashikosugi Center, Kunitachi Center, and Kitasenju Center, in the Metropolitan District, as well as Okamoto Center in Kansai. In addition, we worked on the improving ability to attract customers and expanding our customer base by enhancing the Internet portal site "nomu.com," and launching a new store brand, "Nomura no Chukai + (Plus)."

As a result, operating revenue in this segment totaled 29,168 million yen, which represents an increase of 3,074 million yen, or 11.8% from the previous consolidated fiscal year, operation income totaled 8,331 million yen, an increase of 2,155 million yen, or 34.9%. This resulted in an increase in revenue and profit, due mainly to the increase in the number of transactions and total transaction value.

Breakdown of operating revenue

	FY2012 (Millions of yen)	FY2013 (Millions of yen)
Property brokerage	19,217	24,520
Other	6,876	4,647
Total	26,093	29,168

Number of transactions and total transaction value of property brokerage

	FY2012	FY2013
Number of transactions	6,494	7,437
Total transaction value (Millions of yen)	540,698	672,774

<Property & Facility Management Business Segment>

In building management operations, we continuously worked on increasing the number of properties under management and interior work orders from tenants. In housing management operations, we focused on improving customer satisfaction through the enhancement of our service lineup for tenanted areas. As of April 1, 2014, we merged Nomura Building Management Co., Ltd. and Nomura Living Support Co., Ltd. to further enhance the Property & Facility Management Business and to accelerate growth. In line with this merger, Nomura Building Management Co., Ltd, the name of the surviving company was changed to Nomura Real Estate Partners Co., Ltd.

As a result, operating revenue in this segment totaled 72,150 million yen, which represents an increase of 5,774 million yen, or 8.7% from the previous consolidated fiscal year, and operating income totaled 5,107 million yen, an increase of 652 million yen, or 14.6%. This resulted in an increase in revenue and profit, due mainly to an increase in revenue from management fee and construction work.

Breakdown of operating revenue

	FY2012 (Millions of yen)	FY2013 (Millions of yen)
Building management	42,469	45,529
Housing management	23,907	26,621
Total	66,376	72,150

Number of properties under management

	As of March 31, 2013 (Millions of yen)	As of March 31, 2014 (Millions of yen)
Buildings under management	723	703
Condominiums under management (unit)	137,745	147,516

<Other Business Segment>

In the fitness club business operations, the Company implemented various campaigns and events to recruit new members and improve customer satisfaction.

As a result, operating revenue in this segment totaled 18,640 million yen, which represents an increase of 3,678 million yen, or 24.6% from the previous consolidated fiscal year, and operating income totaled 508 million yen, an increase of 60 million yen, or 13.6%. This resulted in an increase in revenue and profit, due mainly to the sale of assets owned by a sector other than the fitness club business.

	FY 2012 (Millions of yen)	FY 2013 (Millions of yen)
Operating revenue	14,962	18,640

2) Forecasts of operating results for the fiscal year ending March 31, 2015

<Consolidated>

The Company expects to post operating revenue of 560,000 million yen, operating income of 65,000 million yen, ordinary income of 55,000 million yen, and net income of 29,000 million yen in the consolidated operating results of the fiscal year ending March 31, 2015.

	FY2014 Forecasts (Millions of yen)	FY2013 (Millions of yen)	Changes (Millions of yen)
Operating revenue	560,000	532,016	27,983
Operating income	65,000	74,307	(9,307)
Ordinary income	55,000	64,058	(9,058)
Net income	29,000	26,844	2,155

<Forecasts by business segments>

The forecasts of operating results for the fiscal year ending March 31, 2015 by business segments are as follows.

Operating revenue

	FY2014 Forecasts (Millions of yen)	FY2013 (Millions of yen)	Changes (Millions of yen)
Residential Development	356,000	310,579	45,420
Leasing	88,000	96,912	(8,912)
Investment Management	9,000	18,326	(9,326)
Property Brokerage & CRE	28,000	29,168	(1,168)
Property & Facility Management	73,000	72,150	849
Other	17,000	18,640	(1,640)
Adjustments	(11,000)	(13,761)	2,761
Total	560,000	532,016	27,983

Operating income

	FY2014 Forecasts (Millions of yen)	FY2013 (Millions of yen)	Changes (Millions of yen)
Residential Development	34,000	33,730	269
Leasing	22,000	27,034	(5,034)
Investment Management	5,000	8,036	(3,036)
Property Brokerage & CRE	7,500	8,331	(831)
Property & Facility Management	5,000	5,107	(107)
Other	500	508	(8)
Adjustments	(9,000)	(8,442)	(557)
Total	65,000	74,307	(9,307)

(2) Financial Position

1) Assets, Liabilities and Net Assets

	FY2012 (Millions of yen)	FY2013 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,369,949	1,313,887	(56,061)	(4.1)
Total liabilities	971,673	895,190	(76,482)	(7.9)
(Of which, Interest-bearing debt)	(669,268)	(617,583)	((51,685))	((7.7))
Net assets	398,276	418,697	20,420	5.1
Shareholders' equity ratio	24.5%	27.1%	-	-
Debt/equity ratio	2.0	1.7	-	-

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

Total assets totaled 1,313,887 million yen, decreased by 56,061 yen from the previous consolidated fiscal year. This was mostly due to a decrease in equity investment (a decrease of 22,450 million yen) and inventories (a decrease of 20,500 million yen), including real estate for sale.

Total liabilities totaled 895,190 million yen, a decrease of 76,482 million yen from the previous consolidated fiscal year. This was due mainly to a decrease in long-term loans payable (a decrease of 36,783 million yen), short-term loans payable (a decrease of 14,901 million yen), deposits received (a decrease of 12,076 million yen), and notes and accounts payable-trade (a decrease of 11,718 million yen).

Net assets totaled 418,697 million yen, an increase of 20,420 million yen from the previous consolidated fiscal year. This was due mainly to an increase in retained earnings of 21,123 million yen.

The shareholders' equity ratio was 27.1%, an increase of 2.5 percentage points from the end of the previous consolidated fiscal year.

2) Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the consolidated fiscal year under review increased by 5,485 million yen from the previous consolidated fiscal year to 67,982 million yen.

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

(Cash Flows from Operating Activities)

Net cash provided by (used in) operating activities in the consolidated fiscal year under review amounted to 83,535 million yen, a decrease of 5,760 million yen from the previous consolidated fiscal year. This was due mainly to income before income taxes and minority interests of 48,447 million yen, and a decrease in equity investment and inventories.

(Cash Flows from Investing Activities)

Net cash provided by (used in) investment activities in the consolidated fiscal year under review amounted to 20,191 million yen, a decrease of 17,603 million yen from the previous consolidated fiscal year. This mainly reflected the purchase of property, plant and equipment and intangible assets.

(Cash Flows from Financing Activities)

Net cash provided by (used in) financing activities in the consolidated fiscal year under review amounted to 57,858 million yen, an increase of 36,808 million yen from the previous consolidated fiscal year. This mainly reflected repayments of long-term loans payable.

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

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

The year-end dividend for the fiscal year ending March 31, 2014 is planned to increase by 5 yen from the initial forecast, to 20 yen per share in light of growth in business performance. Combined with the 2nd quarter-end dividend, the annual dividend per share will be 35 yen. In regard to the dividend for the next fiscal year, the 2nd quarter-end and year-end dividends will be 20 yen per share, and the annual dividend will be 40 yen per share.

2. Group Companies

Major business contents of the Nomura Real Estate Group and 25 affiliated companies (22 consolidated subsidiaries, and 3 affiliates and unconsolidated subsidiaries accounted for using the equity method), and consolidated subsidiaries involved in the relevant businesses, as well as the role of said consolidated subsidiaries are given below.

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

<Residential Development Business Segment>

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

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

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

<Leasing Business Segment>

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

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

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

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

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

<Investment Management Business Segment>

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

<Property Brokerage & CRE Business Segment>

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

<Property & Facility Management Business Segment>

・Nomura Building Management Co., Ltd. is engaged in the entrusted management of office buildings and educational facilities as well as tenant construction associated with management.

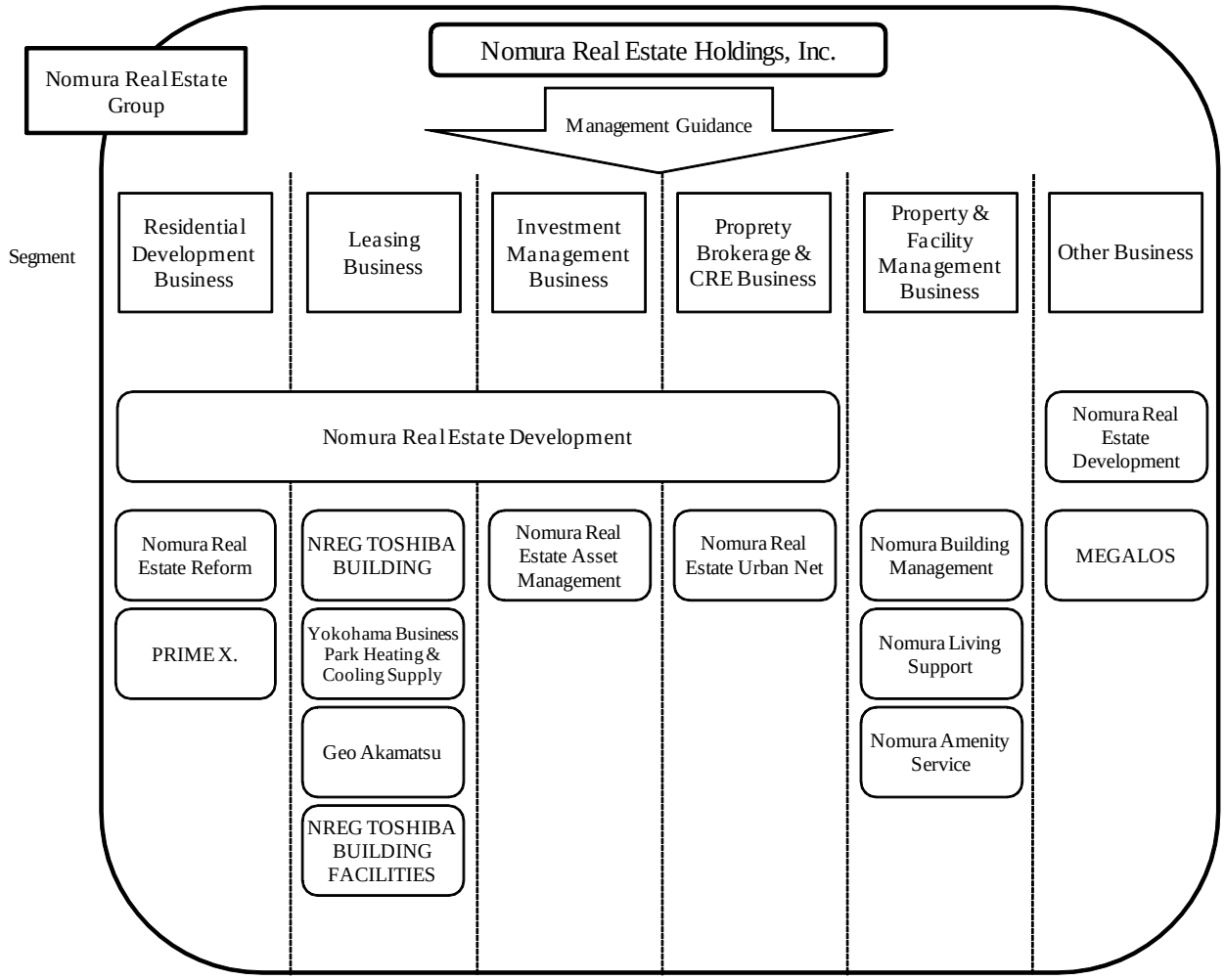
・Nomura Living Support Co., Ltd. is engaged in the entrusted management of condominiums and repair associated with management.

・Nomura Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Building Management Co., Ltd.

<Other Business Segment>

・MEGALOS Co., Ltd. manages fitness clubs. MEGALOS is listed on the Japan Association of Securities Dealers Automated Quotations (JASDAQ) Standard Section at the Tokyo Securities Exchange.

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



(Note) Nomura Building Management Co., Ltd. absorbed Nomura Living Support Co., Ltd. and became Nomura Real Estate Partners Co., Ltd. as of April 1, 2014.

3. Management Policy

(1) Basic Management Policy

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

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

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

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

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

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

◇ Long-term vision

> *"To be an enterprise group that continues to create high value through sustainable change"*
>
> We will pursue change toward the future by constantly accepting new challenges
> and continuing to create high value that can meet the increasingly diverse needs of society and our customers.

This plan was established as a mid- to long-term business plan covering a period of 10 years starting in the fiscal year ended March 31, 2013. The plan is divided into 3 phases, and Phase I is also regarded as a "3-year mid-term Plan (through 2016/3)".

Under the 3-year Plan (through 2016/3) set as a period in which we will build a foundation toward the realization of progressive growth in and after Phase II, basic strategies, quantitative goals and business strategies are outlined as follows.

◇ Outline of the 3-year Plan (through 2016/3)

I. Basic strategies

"Securing earnings growth in the existing businesses"

"Securing a financial foundation for further growth"

"Aggressive efforts toward the realization of growth from the long-term perspective"

II. Quantitative goals

○ Operating income for the fiscal year ending March 31, 2016: 65.0 billion yen

○ Shareholder equity ratio at the end of the fiscal year ending March 31, 2016: 30%

III. Business strategies

In consideration of the growth potential of each business and the competitiveness of the Group, the following business strategies serve as the four pillars of the 3-year Plan (through 2016/3).

1) Sustainable and stable growth in the residential development business, our core business

- Increase in business volume toward the realization of annual residential sales of 7,000 units
- Provision of a broad product line-up (PROUD, PROUD SEASON, and OHANA) meeting diverse customer needs and effective use of the Group's extensive business know-how (redevelopment, rebuilding, land readjustment, and complex development)
- Deepening of the brand value through the provision of services appropriate to the housing life cycle

2) Aggressive pursuit of investment opportunities in the real estate leasing business

- More diverse development options (office, residential, retail, and logistics)
- Provision of operation services that effectively satisfy the needs of tenants and facility users

3) Aggressive expansion in service and management

・Strengthening responses to cross-border investment needs in the investment management business

・Property brokerage and CRE business

- Retail division: Workforce and branch network expansion and strengthening of the Internet strategy, and improvement of brand recognition
- Wholesale division: Strengthening our ability to provide CRE solutions leveraging functions within the Group

・Expansion and effective use of asset stocks for management and service enhancements in the property & facility management business

4) New initiatives to accelerate the growth of each business from the long-term perspective

・Strengthening development in the retail and logistics sectors, and cooperation and mutual growth with existing business Promotion of global business expansion leveraging inbound funds

・Strengthening R&D efforts aiming at the creation of highly competitive value

・Improvement of productivity through the innovation of business processes across group companies

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Assets	**資産の部**	**FY2012 (As of March 31, 2013)**	**FY2013 (As of March 31, 2014)**
Current Assets:	流動資産合計	535,103	496,978
Cash and Deposits	現金及び預金	*2, *3 42,498	*2, *3 45,484
Notes and Accounts Receivable-trade	受取手形及び売掛金	13,259	14,770
Short-term Investment Securities	有価証券	20,000	22,500
Real Estate for Sale	販売用不動産	61,290	45,047
Real Estate for Sale in Process	仕掛販売用不動産	224,409	217,838
Land Held for Development	開発用不動産	83,603	85,974
Equity Investments	営業エクイティ投資	29,578	7,128
Deferred Tax Assets	繰延税金資産	16,292	7,384
Other	その他	44,373	51,025
Allowance for Doubtful Accounts	貸倒引当金	(202)	(177)
Noncurrent Assets:	固定資産合計	834,845	816,909
Property, Plant and Equipment	有形固定資産	737,399	716,093
Buildings and Structures	建物及び構築物	354,524	360,251
Accumulated Depreciation	減価償却累計額	(107,000)	(118,075)
Buildings and Structures, Net	建物及び構築物(純額)	*2, *3 247,524	*2, *3 242,176
Land	土地	*2, *3, *5 483,759	*2, *3, *5 467,610
Other	その他	12,060	12,626
Accumulated Depreciation	減価償却累計額	(5,945)	(6,320)
Other, Net	その他(純額)	*2, *3 6,115	*2, *3 6,306
Intangible Assets	無形固定資産	9,406	9,382
Investments and Other Assets	投資その他の資産	88,039	91,433
Investment Securities	投資有価証券	*1, *2 46,184	*1, *2 47,630
Lease and Guarantee Deposits	敷金及び保証金	17,709	19,223
Deferred Tax Assets	繰延税金資産	21,030	21,860
Other	その他	3,116	2,720
Allowance for Doubtful Accounts	貸倒引当金	(1)	(1)
Total Assets	資産合計	1,369,949	1,313,887

(Millions of yen)

Liabilities	**負債の部**	**FY2012 (As of March 31, 2013)**	**FY2013 (As of March 31, 2014)**
Current Liabilities :	流動負債合計	314,855	288,094
Notes and Accounts Payable-trade	支払手形及び買掛金	49,347	37,629
Short-term Loans Payable	短期借入金	*2, *3 167,585	*2, *3 152,683
Current Portion of Bonds	1年内償還予定の社債	-	10,000
Income Taxes Payable	未払法人税等	6,448	8,091
Deposits Received	預り金	21,251	9,175
Deferred Tax Liabilities	繰延税金負債	-	148
Provision for Bonuses	賞与引当金	4,951	6,087
Provision for Directors' Bonuses	役員賞与引当金	434	586
Provision for Loss on Business Liquidation	事業整理損失引当金	149	112
Provision for Loss on Disaster	災害損失引当金	303	-
Other	その他	64,383	63,580
Noncurrent Liabilities :	固定負債合計	656,817	607,095
Bonds Payable	社債	*3 33,000	*3 23,000
Long-term Loans Payable	長期借入金	*2, *3 468,683	431,900
Lease and Guarantee Deposits Received	受入敷金保証金	*2 55,189	*2 57,124
Deferred Tax Liabilities	繰延税金負債	70,617	67,421
Deferred Tax Liabilities for Land Revaluation	再評価に係る繰延税金負債	*5 4,537	*5 4,537
Provision for Retirement Benefits	退職給付引当金	15,291	-
Provision for Loss on Subleasing Business	転貸事業損失引当金	1,114	473
Net Defined Benefit Liability	退職給付に係る負債	-	14,901
Other	その他	8,384	7,737
Total Liabilities	負債合計	971,673	895,190
Net Assets	**純資産の部**		
Shareholders' Equity:	株主資本合計	326,632	348,347
Capital Stock	資本金	115,728	116,024
Capital Surplus	資本剰余金	93,057	93,353
Retained Earnings	利益剰余金	117,848	138,971
Treasury Shares	自己株式	(2)	(2)
Other Comprehensive Income:	その他の包括利益累計額合計	9,586	7,333
Valuation Difference on Available-for-sale Securities	その他有価証券評価差額金	2,115	(689)
Deferred Gains or Losses on Hedges	繰延ヘッジ損益	237	25
Revaluation Reserve for Land	土地再評価差額金	*5 7,224	*5 7,224
Foreign Currency Translation Adjustment	為替換算調整勘定	8	32
Remeasurements of Defined Benefit Plans	退職給付に係る調整累計額	-	742
Subscription Rights to Shares:	新株予約権	951	1,273
Minority Interests:	少数株主持分	61,106	61,742
Total Net Assets	純資産合計	398,276	418,697
Total Liabilities and Net Assets	負債・純資産合計	1,369,949	1,313,887

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

(Consolidated Statements of Income)

(Millions of yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Operating Revenue	営業収益	517,740	532,016
Operating Cost	営業原価	*1 383,169	*1 372,680
Operating Gross Profit	営業総利益	134,571	159,335
Selling, General and Administrative Expenses	販売費及び一般管理費	*2 76,263	*2 85,027
Operating Income	営業利益	58,308	74,307
Non-operating Income	営業外収益合計	4,122	1,442
Interest Income	受取利息	81	76
Dividends Income	受取配当金	3,461	887
Equity in Earnings of Affiliates	持分法による投資利益	2	9
Other	その他	576	469
Non-Operating Expenses	営業外費用合計	16,623	11,692
Interest Expenses	支払利息	12,541	10,026
Other	その他	4,081	1,666
Ordinary Income	経常利益	45,806	64,058
Extraordinary Income	特別利益合計	592	961
Gain on Sales of Noncurrent Assets	固定資産売却益	*3 335	*3 544
Reversal of Provision for Loss on Disaster	災害損失引当金戻入額	-	295
Gain on Reversal of Asset Retirement Obligations	資産除去債務戻入益	256	-
Compensation Income	受取補償金	-	122
Extraordinary Losses	特別損失	11,405	16,572
Impairment Loss	減損損失	*4 11,405	*4 16,572
Income before Income Taxes and Minority Interests	税金等調整前当期純利益	34,993	48,447
Income Taxes-current	法人税,住民税及び事業税	11,546	13,828
Income Taxes-deferred	法人税等調整額	1,685	6,283
Total Income Taxes	法人税等合計	13,231	20,112
Income before Minority Interests	少数株主損益調整前当期純利益	21,762	28,335
Minority Interests in Income	少数株主利益	2,405	1,491
Net Income	当期純利益	19,357	26,844

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Net income before Minority Interests	少数株主損益調整前当期純利益	21,762	28,335
Other Comprehensive Income	その他の包括利益合計	*1 4,833	*1 (2,997)
Valuation Difference on Available-for-sale Securities	その他有価証券評価差額金	4,160	(2,808)
Deferred Gains or Losses on Hedges	繰延ヘッジ損益	(167)	(212)
Revaluation Reserve for Land	土地再評価差額金	(0)	(0)
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	持分法適用会社に対する持分相当額	839	23
Comprehensive Income	包括利益	26,595	25,337
(Breakdown)	（内訳）		
Comprehensive Income Attributable to Owners of the Parent	親会社株主に係る包括利益	24,185	23,849
Comprehensive Income Attributable to Minority Interests	少数株主に係る包括利益	2,409	1,488

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year from April 1, 2012 to March 31, 2013

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2012	115,625	92,955	104,328	(2)	312,907
Changes of Items during Period					
Issuance of New Shares	102	102			204
Dividends of Surplus			(5,238)		(5,238)
Net Income			19,357		19,357
Purchases of Treasury Shares				(0)	(0)
Reversal of Revaluation Reserve for Land			(599)		(599)
Net Changes of Items Other than Shareholders' Equity					
Total Changes of Items during Period	102	102	13,520	(0)	13,724
Balance at March 31, 2013	115,728	93,057	117,848	(2)	326,632

	Other Comprehensive Income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2012	(2,039)	405	6,625	(831)	-	4,159	713	58,706	376,486
Changes of Items during Period									
Issuance of New Shares									204
Dividends of Surplus									(5,238)
Net Income									19,357
Purchases of Treasury Shares									(0)
Reversal of Revaluation Reserve for Land									(599)
Net Changes of Items Other than Shareholders' Equity	4,155	(167)	598	839	-	5,427	238	2,399	8,065
Total Changes of Items during Period	4,155	(167)	598	839	-	5,427	238	2,399	21,789
Balance at March 31, 2013	2,115	237	7,224	8	-	9,586	951	61,106	398,276

Fiscal Year from April 1, 2013 to March 31, 2014

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2013	115,728	93,057	117,848	(2)	326,632
Changes of Items during Period					
Issuance of New Shares	296	296			592
Dividends of Surplus			(5,721)		(5,721)
Net Income			26,844		26,844
Purchases of Treasury Shares				(0)	(0)
Reversal of Revaluation Reserve for Land					
Net Changes of Items Other than Shareholders' Equity					
Total Changes of Items during Period	296	296	21,123	(0)	21,714
Balance at March 31, 2014	116,024	93,353	138,971	(2)	348,347

	Other Comprehensive Income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2013	2,115	237	7,224	8	-	9,586	951	61,106	398,276
Changes of Items during Period									
Issuance of New Shares									592
Dividends of Surplus									(5,721)
Net Income									26,844
Purchases of Treasury Shares									(0)
Reversal of Revaluation Reserve for Land									
Net Changes of Items Other than Shareholders' Equity	(2,805)	(212)	(0)	23	742	(2,253)	322	636	(1,294)
Total Changes of Items during Period	(2,805)	(212)	(0)	23	742	(2,253)	322	636	20,420
Balance at March 31, 2014	(689)	25	7,224	32	742	7,333	1,273	61,742	418,697

(4) Consolidated Statements of Cash Flows

(Millions of yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Cash Flows from Operating Activities			
Income before Income Taxes and Minority Interests	税金等調整前当期純利益	34,993	48,447
Depreciation and Amortization	減価償却費	13,513	14,333
Impairment Loss	減損損失	11,405	16,572
Loss (Gain) on Sales of Property, Plant and Equipment	固定資産売却損益	(335)	(544)
Equity in (Earnings) Losses of Affiliates	持分法による投資損益	(2)	(9)
Increase (Decrease) in Allowance for Doubtful Accounts	貸倒引当金の増減額	(5)	(24)
Increase (Decrease) in Provision for Retirement Benefits	退職給付引当金の増減額	(327)	(15,291)
Increase (Decrease) in Provision for Loss on Business Liquidation	事業整理損失引当金の増減額	72	(36)
Increase (Decrease) in Provision for Loss on Subleasing Business	転貸事業損失引当金の増減額	(468)	(641)
Increase (Decrease) in Provision for Loss on Disaster	災害損失引当金の増減額	(110)	(303)
Increase (Decrease) in Net Defined Benefit Liability	退職給付に係る負債の増減額	-	14,901
Interest and Dividends Income	受取利息及び受取配当金	(3,543)	(964)
Interest Expenses	支払利息	12,541	10,026
Decrease (Increase) in Notes and Accounts Receivable-trade	売上債権の増減額	(72)	(1,511)
Decrease (Increase) in Inventories	たな卸資産の増減額	(2,314)	20,500
Decrease (Increase) in Equity Investments	営業エクイティ投資の増減額	12,316	22,450
Increase (Decrease) in Notes and Accounts Payable-trade	仕入債務の増減額	12,996	(11,718)
Increase (Decrease) in Deposits Received	預り金の増減額	6,776	(12,076)
Other, Net	その他	13,592	(77)
Subtotal	**小計**	111,028	104,031
Interest and Dividends Income Received	利息及び配当金の受取額	2,557	1,811
Interest Expenses Paid	利息の支払額	(12,837)	(10,431)
Income Taxes Paid	法人税等の支払額	(11,452)	(11,876)
Net Cash Provided by (used in) Operating Activities	**営業活動によるキャッシュ・フロー**	89,295	83,535
Cash Flows from Investing Activities			
Purchase of Investment Securities	投資有価証券の取得による支出	(371)	(9,252)
Proceeds from Sales and Liquidation of Investment Securities	投資有価証券の売却及び清算による収入	392	2,590
Purchase of Property, Plant and Equipment and Intangible Assets	有形及び無形固定資産の取得による支出	(18,963)	(21,938)
Proceeds from Sales of Property, Plant and Equipment and Intangible Assets	有形及び無形固定資産の売却による収入	7,832	6,952
Payments of Loans Receivable	貸付けによる支出	(8)	-
Collection of Loans Receivable	貸付金の回収による収入	24	17
Payments for Lease and Guarantee Deposits	敷金及び保証金の差入による支出	(995)	(574)
Proceeds from Collection of Lease and Guarantee Deposits	敷金及び保証金の回収による収入	6,830	1,690
Repayments of Lease and Guarantee Deposits Received	受入敷金保証金の返還による支出	(4,792)	(2,555)
Proceeds from Lease and Guarantee Deposits Received	受入敷金保証金の受入による収入	3,893	2,166
Other, Net	その他	3,569	711
Net Cash Provided by (Used in) Investment Activities	**投資活動によるキャッシュ・フロー**	(2,588)	(20,191)

(Millions of yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Cash Flows from Financing Activities			
Net Increase (Decrease) in Short-term Loans Payable	短期借入金の純増減額	7,000	(8,200)
Repayments of Finance Lease Obligations	ファイナンス・リース債務の返済による支出	(195)	(185)
Proceeds from Long-term Loans Payable	長期借入れによる収入	39,900	82,600
Repayment of Long-term Loans Payable	長期借入金の返済による支出	(136,193)	(126,085)
Proceeds from Issuance of Common Stock	株式の発行による収入	84	428
Proceeds from Stock Issuance to Minority Shareholders	少数株主からの払込みによる収入	5	33
Purchase of Treasury Shares	自己株式の取得による支出	(0)	(0)
Cash Dividends Paid	配当金の支払額	(5,238)	(5,721)
Cash Dividends Paid to Minority Shareholders	少数株主への配当金の支払額	(29)	(727)
Net Cash Provided by (Used in) Financing Activities	**財務活動によるキャッシュ・フロー**	(94,666)	(57,858)
Net Increase (Decrease) in Cash and Cash Equivalents	**現金及び現金同等物の増減額**	(7,959)	5,485
Cash and Cash Equivalents at Beginning of Period	**現金及び現金同等物の期首残高**	70,456	62,496
Cash and Cash Equivalents at End of Period	**現金及び現金同等物の期末残高**	*1 62,496	*1 67,982

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Basis for Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 22

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

NPS Management Co., Ltd., NRE2 Co., Ltd., Metropolitan Seven, LLC, Metro Hongo, LLC, and NPS Investment Co., Ltd. are excluded from the scope of consolidation due to the completion of liquidation.

(2) Major unconsolidated subsidiaries

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited

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

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

2. Application of Equity Method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 2

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited

(2) Number of affiliates accounted for by the equity method: 1

Principal affiliates: Ginza Parking Center Co., Ltd.

(3) Nonconsolidated subsidiaries (Nomura Real Estate Consulting (Beijing) Co., Ltd., etc.) and affiliates (Metropolitan Investment, LLC, etc.) are excluded from the scope application of the equity method as they have no material effect on consolidated income and loss (the amount equivalent to equity shareholdings), and retained earnings (the amount equivalent to equity shareholdings), and they are not important as a whole in terms of material influence on consolidated financial statements.

3. Accounting Period, etc. of the Consolidated Subsidiaries

Among consolidated subsidiaries, the date for the closing of accounts of NPS Development Co., Ltd. and UNJ Properties, LLC is December 31. Provisional consolidated financial statements for these companies as of the consolidated closing date (March 31) are used in the preparation of consolidated financial statements.

Among consolidated subsidiaries, the date for the closing of accounts of Midosuji Mirai Development, LLC, Shinjuku Mirai Development, LLC, Retail Investors 2007, LLC, Flagship Building Co., Ltd., TJ Properties Special Purpose Company, Ltd. and an additional company is February 28.

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

4. Accounting Standards and Methods

(1) Valuation standards and methods for principal assets

1) Short-term investments and investment securities

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

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

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

2) Derivatives

Derivatives are stated using the market value method.

3) Inventories

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

(2) Depreciation and amortization method for significant depreciable assets

1) Property and equipment (except for leased assets)

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

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

Buildings and structures 2 to 65 years

2) Noncurrent assets (except for leased assets)

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

Costs of software for internal use are amortized using the straight-line method over an estimated useful life of 5 years.

3) Leased assets

Leased assets are depreciated using the straight-line method, assuming the lease period to be the useful life and the residual value to be zero. Finance leases, other than those that transfer ownership, which started on or before March 31, 2008, are accounted for as operating leases.

(3) Standards for the provision of significant allowances

1) Allowance for doubtful accounts

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

2) Provision for employee bonuses

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

3) Provision for director bonuses

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

4) Provision for loss on business liquidation

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

5) Provision for loss on subleasing business

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

(4) Method of accounting regarding retirement benefits

1) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the consolidated fiscal year under review based on the straight-line attribution method.

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

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

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

(5) Standards for the provision of significant revenues and expenses

Basis for the recording of revenue and cost of completed work

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

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

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

(7) Significant hedge accounting

1) Hedge accounting method

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

2) Hedging instruments and hedged items

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

3) Hedge policy

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

4) Method for assessing the effectiveness of hedges

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

(8) Amortization of Goodwill

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

(9) Scope of cash in consolidated cash flow statements

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

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

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

(Changes in Accounting Policies)

(Application of Accounting Standards for Retirement Benefits)

The Group has applied the "Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26 issued May, 17 2012; hereinafter "Retirement Benefits Accounting Standards") and the "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25 issued May, 17 2012; hereinafter "Guidance") from the end of the consolidated fiscal year under review (excluding the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance). In line with this, our retirement benefit liabilities are now calculated as net defined benefit liabilities, which is the amount of retirement benefits after deduction of pension assets, and unrecognized actuarial gains and losses and unrecognized prior service costs are calculated in the retirement benefits liabilities.

The adoption of the accounting standards for retirement benefits, etc. is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards, and the amount of financial impact on the consolidated financial statements as a result of the adoption of these accounting standards is added/ removed from accumulated adjustments associated with the provision of retirement benefits in accumulated other comprehensive income.

As a result, the retirement benefits liabilities at the end of the consolidated fiscal year under review totaled 14,901 million yen and the accumulated other comprehensive income increased by 742 million yen. Net assets per share increased by 3.89 yen.

(Notes to Consolidated Balance Sheets)

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

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Investment securities (Investment in anonymous associations, etc.)	20,248	17,089

*2 Pledged Assets and Secured Liabilities

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

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Buildings and structures	8,612	1,277
Land	7,454	1,263
Other property and equipment	28	9
Total	16,095	2,550

Secured liabilities are as follows. (Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Short-term loans payable	292	57
Long-term loans payable	57	-
Lease and guarantee deposits received	67	59
Total	417	116

(2) Cash and deposits in the amount of ¥2 million and investment securities in the amount of ¥2 million are pledged as collateral for trade payables and a portion of liabilities of investee companies respectively in the previous consolidated fiscal year.
Cash and deposits in the amount of ¥2 million and investment securities in the amount of ¥10 million are pledged as collateral for trade payables and a portion of liabilities of investee companies respectively in the consolidated fiscal year under review.

*3 Non-recourse debt is as follows. (Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Non-recourse short-term loans payable	4,359	13,371
Non-recourse long-term loans payable	13,371	-
Non-recourse bonds payable	3,000	3,000
Total	20,730	16,371

Pledged assets for non-recourse loans are as follows. (Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Cash and cash equivalents	4,279	3,889
Buildings and structures	7,757	5,025
Land	35,975	25,472
Other property and equipment	48	45
Total	48,061	34,432

4 Guaranteed obligations

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

FY2012 (As of March 31, 2013)		FY2013 (As of March 31, 2014)	
Customers using housing loans	67,719	Customers using housing loans	26,733
Joint operators of EBS buildings	812	Joint operators of EBS buildings	744
Total	68,532	Total	27,477

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

Method of revaluation:

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

Date of revaluation: March 31, 2002

(Notes to Consolidated Statements of Income)

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

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
	2,964	1

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

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Advertising expenses	18,217	20,196
Employees' salaries and allowances	23,687	26,193
Provision for bonuses	4,331	5,383
Provision for directors' bonuses	434	586
Retirement benefit expenses	1,475	1,768
Provision of allowance for doubtful accounts	27	9

*3 The breakdown of gain on sales of property and equipment is as follows: (Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Land	157	481
Buildings and others	177	62
Total	335	544

*4 Impairment Loss

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

FY2012 (From April 1, 2012 to March 31, 2013)

Primary use	Type	Location
Leased assets Others (7 locations in total)	Buildings Land Tangible fixed assets–others	Osaka-shi, Osaka Prefecture and other locations

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

As a result, with respect to seven groups of assets the profitability of which has dropped significantly due to the deterioration of the market conditions and the decline in rent level or that the Group plans to sell, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized as an extraordinary loss of ¥11,405 million for the fiscal year ended March 31, 2013.

The impairment loss is broken down into an impairment loss of ¥10,406 million on land and an impairment loss of ¥998 million on buildings and others. The recoverable amount of these groups of assets is measured at the net realizable value and the net realizable value is determined based on the expected sales price and the appraisal value provided by real estate appraisers.

FY2013 (From April 1, 2013 to March 31, 2014)

Primary use	Type	Location
Leased assets Others (9 locations in total)	Buildings Land Tangible fixed assets–others	Minato-ku, Tokyo and other locations

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

As a result, with respect to nine groups of assets the profitability of which has dropped significantly due to the deterioration of the market conditions and the decline in rent level or that the Group plans to sell, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized as an extraordinary loss of ¥16,572 million for the fiscal year ended March 31, 2014.

The impairment loss is broken down into an impairment loss of ¥11,821 million on land and an impairment loss of ¥4,751 million on buildings and others. The recoverable amount of these groups of assets is measured at the net realizable value and the net realizable value is determined based on the expected sales price and the appraisal value provided by real estate appraisers.

(Notes to Consolidated Statements of Comprehensive Income)

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

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Valuation difference on available-for-sale securities:		
Amount recognized during the year	7,471	(3,749)
Amount of recycling	(1,019)	(620)
Before income tax effect	6,452	(4,369)
Income tax effect	(2,291)	1,561
Valuation difference on available-for-sale securities	4,160	(2,808)
Deferred gains or losses on hedges:		
Amount recognized during the year	(181)	(282)
Amount of recycling	(78)	(48)
Before income tax effect	(259)	(330)
Income tax effect	92	117
Deferred gains or losses on hedges	(167)	(212)
Revaluation reserve for land:		
Income tax effect	(0)	(0)
Share of other comprehensive income of affiliates accounted for using the equity method:		
Amount recognized during the year	8	41
Amount of recycling	1,291	-
Before income tax effect	1,299	41
Income tax effect	(459)	(17)
Share of other comprehensive income of affiliates accounted for using the equity method	839	23
Total other comprehensive income	4,833	(2,997)

(Notes to Consolidated Statements of Changes in Net Assets)

FY2012 (From April 1, 2012 to March 31, 2013)

1. Type and number of shares issued and treasury shares

	Number of shares as of April 1, 2012 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2013 (Thousand shares)
Shares issued				
Common stock (Note) 1	190,456	138	-	190,595
Total	190,456	138	-	190,595
Treasury shares				
Common stock (Note) 2	1	0	-	1
Total	1	0	-	1

(Notes) 1. The total number of issued shares among common shares increased by 138 thousand shares as the result of the exercise of stock options.

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

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

Classification	Breakdown of stock acquisition rights	Class of shares subject to the stock acquisition rights	Total number of shares subject to the stock acquisition rights				Balance at March 31, 2013 (Millions of yen)
			As of April 1, 2012	Increase	Decrease	As of March 31, 2013	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	917
Consolidated subsidiaries	-	-	-	-	-	-	34
Total		-	-	-	-	-	951

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
June 28, 2012 General meeting of shareholders	Common stock	2,380	12.50	March 31, 2012	June 29, 2012
October 29, 2012 Meetings of the Board of Directors	Common stock	2,857	15	September 30, 2012	December 3, 2012

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

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
June 27, 2013 General meeting of shareholders	Common stock	2,858	Retained earnings	15	March 31, 2013	June 28, 2013

FY2013 (From April 1, 2013 to March 31, 2014)

1. Class and number of shares issued and treasury shares

	Number of shares as of April 1, 2013 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2014 (Thousand shares)
Shares issued				
Common stock (Note) 1	190,595	311	-	190,906
Total	190,595	311	-	190,906
Treasury shares				
Common stock (Note) 2	1	0	-	1
Total	1	0	-	1

(Notes) 1. The total number of issued shares among common shares increased by311 thousand shares as the result of the exercise of stock options.

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

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

Classification	Breakdown of stock acquisition rights	Class of shares subject to the stock acquisition rights	Total number of shares subject to the stock acquisition rights				Balance at March 31, 2014 (Millions of yen)
			As of April 1, 2013	Increase	Decrease	As of March 31, 2014	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	1,246
Consolidated subsidiaries		-	-	-	-	-	27
Total		-	-	-	-	-	1,273

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
June 27, 2013 General meeting of shareholders	Common stock	2,858	15	March 31, 2013	June 28, 2013
October 29, 2013 Meetings of the Board of Directors	Common stock	2,862	15	September 30, 2013	December 2, 2013

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

Following proposals are planned to be made.

	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
June 27, 2014 General meeting of shareholders	Common stock	3,818	Retained earnings	20	March 31, 2014	June 30, 2014

(Notes to Consolidated Statement of Cash Flows)

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

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Cash and deposits	42,498	45,484
Short-term investment securities	20,000	22,500
Time deposits with maturities of more than three months	(2)	(2)
Cash and cash equivalents	62,496	67,982

(Real Estate for Rent)

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

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

(Millions of yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Rental properties			
Book value			
	Balance at the beginning of the fiscal year	670,011	698,632
	Changes during the fiscal year	28,621	(22,156)
	Balance at the end of the fiscal year	698,632	676,475
Fair value at the end of the fiscal year		714,150	695,175
Other properties used as rental properties			
Book value			
	Balance at the beginning of the fiscal year	24,784	24,868
	Changes during the fiscal year	84	721
	Balance at the end of the fiscal year	24,868	25,590
Fair value at the end of the fiscal year		46,600	48,130

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

2. Fair values as of March 31, 2013 and 2014 are determined by the Group (including adjustments based on certain indexes) based primarily on their values according to real estate appraisal standards. However, if there have been no fluctuations in appraisal values or indexes considered to appropriately reflect market values, the Group uses the appraisal values or amounts derived from the indexes of the recent appraisal or acquisition from third parties as the fair values at March 31, 2013 and 2014.

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

(Millions of yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Rental properties		
Operating income	26,060	26,911
Others (gains (losses) on sale of property, etc.)	(10,739)	(15,958)
Other properties used as rental properties		
Operating income	1,119	791
Others (gains (losses) on sale of property, etc.)	-	-

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

2. Others include gain on sales of noncurrent assets (335 million yen) and impairment loss (11,331 million yen) in the fiscal year ended March 31, 2013, and gain on sales of noncurrent assets (544 million yen) and impairment loss (16,502 million yen) in the fiscal year ended March 31, 2014.

(Segment Information)

a. Segment information

1. Segment summary

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

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

From first quarter consolidated accounting period, Nomura Real Estate Reform Co., Ltd. was shifted from the Property & Facility Management Business Segment to the Residential Development Business Segment to promote unification with the housing development business.

In line with this shift, results of the previous consolidated fiscal year for the relevant segments are also included in the new segment classification.

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

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

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

FY2012 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	307,513	103,827	10,879	23,841	56,722	502,784	14,956	517,740	-	517,740
Inter-segment	954	2,838	253	2,251	9,654	15,952	6	15,958	(15,958)	-
Subtotal	308,467	106,665	11,133	26,093	66,376	518,736	14,962	533,699	(15,958)	517,740
Segment income (losses)	32,790	23,335	(2,724)	6,176	4,455	64,033	447	64,480	(6,172)	58,308
Segment assets	337,120	790,735	91,853	26,903	30,468	1,277,081	37,168	1,314,250	55,699	1,369,949
Other items										
Depreciation	155	11,216	341	226	259	12,199	1,093	13,293	219	13,513
Amortization of goodwill	–	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	11	841	-	-	-	853	-	853	-	853
Increase in property, plant and equipment and intangible assets	157	29,231	146	458	196	30,190	943	31,134	204	31,338

(Notes) 1. The "Other" category, which represents operating segments that are not included in reportable segments, includes fitness club and other businesses.

2. (1) The deduction of 6,172 million yen shown in the adjustments column for segment income (losses) includes an addition of 557 million yen for the elimination of inter-segment transactions and a deduction of 6,730 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of 55,699 million yen shown in the adjustments column for segment assets includes a deduction of 44,177 million yen for the elimination of inter-segment transactions and an addition of 99,876 million yen for corporate assets not allocated to reportable segments.

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

FY2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	309,738	94,804	18,323	26,636	63,877	513,379	18,636	532,016	-	532,016
Inter-segment	841	2,108	3	2,531	8,272	13,757	4	13,761	(13,761)	-
Subtotal	310,579	96,912	18,326	29,168	72,150	527,137	18,640	545,778	(13,761)	532,016
Segment income	33,730	27,034	8,036	8,331	5,107	82,242	508	82,750	(8,442)	74,307
Segment assets	339,880	767,996	67,346	21,142	32,891	1,229,256	34,133	1,263,390	50,496	1,313,887
Other items										
Depreciation	103	12,297	211	251	257	13,122	1,052	14,175	158	14,333
Amortization of goodwill	–	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	27	1,029	-	-	-	1,057	-	1,057	-	1,057
Increase in property, plant and equipment and intangible assets	293	14,175	125	492	244	15,331	570	15,902	272	16,174

(Notes) 1. The "Other" category, which represents operating segments that are not included in reportable segments, includes fitness club and other businesses.

2. (1) The deduction of 8,442 million yen shown in the adjustments column for segment income includes an addition of 667 million yen for the elimination of inter-segment transactions and a deduction of 9,109 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of 50,496 million yen shown in the adjustments column for segment assets includes a deduction of 40,514 million yen for the elimination of inter-segment transactions and an addition of 91,011 million yen for corporate assets not allocated to reportable segments.

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

b. Related information

FY2012 (From April 1, 2012 to March 31, 2013)

1. Information by product and service

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

2. Information by geographical area

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

3. Information by major customer

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

FY2013 (From April 1, 2013 to March 31, 2014)

1. Information by product and service

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

2. Information by geographical area

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

3. Information by major customer

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

c. Impairment loss on noncurrent assets by reportable segments

FY2012 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other (Note)	Total
Impairment loss	-	8,598	2,732	-	-	73	11,405

(Note) The amount shown in the "Other" column relates to fitness club business.

FY2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Other (Note)	Total
Impairment loss	-	16,565	-	-	-	6	16,572

(Note) The amount shown in the "Other" column relates to fitness club business.

d. Amortization and balance of goodwill by reportable segments

FY2012 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2013	-	3,710	-	-	292	4,003

FY2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2014	-	3,474	-	-	263	3,738

e. Gain on negative goodwill by reportable segments

Not applicable.

(Per Share Information)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Net assets per share	1,764.05 yen	1,863.12 yen
Net income per share	101.61 yen	140.70 yen
Diluted net income per share	101.44 yen	140.23 yen

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

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to March 31, 2014)
Net income per share		
Net income (Millions of yen)	19,357	26,844
Net income not attributable to common shareholders	-	-
Net income attributable to common stock	19,357	26,844
Average number of common stock during the period (Thousand shares)	190,504	190,792
Diluted net income per share		
Adjustment for net income (Millions of yen)	(2)	0
(Of which, difference in changes in equity associated with the stock acquisition rights issued by consolidated subsidiaries (Millions of yen))	((2))	(0)
Increase in number of shares of common stock (Thousand shares)	300	644
(Of which, stock acquisition rights (Thousand shares))	(300)	(644)
Description of potentially dilutive common shares not included in the computation of diluted net income per share because of their anti-dilutive effect	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2007 (Total number of rights: 1,566) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2008 (Total number of rights: 1,699) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2009 (Total number of rights: 1,756) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2011 (Total number of rights: 2,261) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2012 (Total number of rights: 2,427) MEGALOS Co., Ltd. the 2nd Stock Acquisition Rights in FY2012 (Total number of rights: 280)	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2007 (Total number of rights: 1,369) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Total number of rights: 3,321) MEGALOS Co., Ltd. the 2nd Stock Acquisition Rights in FY2013 (Total number of rights: 300)

(Significant subsequent events)

Not applicable.