April 26, 2018

# Consolidated Financial Results

## For the Fiscal Year Ended March 31, 2018
## <under Japanese GAAP>

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

| | |
|---|---|
| Name of company listed : | Nomura Real Estate Holdings, Inc. |
| Shares traded : | TSE (First section) |
| Code number : | 3231 |
| URL : | http://www.nomura-re-hd.co.jp/english/ |
| Representative : | Eiji Kutsukake, President and Representative Director |
| Inquiries: | Naoko Usami,<br>General Manager, Corporate Communications Dept. |
| Email: | info@nomura-re-hd.com |
| Date of Ordinary General Meeting of shareholders : | June 26, 2018 |
| Scheduled starting date for dividend payments: | June 5, 2018 |
| Scheduled submitting date of annual securities report: | June 26, 2018 |
| Preparation of explanatory materials for financial results : | Yes |
| Information meetings arranged related to financial results : | Yes (for institutional investors and analysts, in Japanese) |

(Values of less than one million yen rounded down)

## I. Consolidated operating results for the fiscal year from April 1, 2017 to March 31, 2018

(1) Consolidated business results

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

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2017 | 623,762 | 9.5 | 76,660 | (0.8) | 68,033 | (1.3) | 46,029 | (2.1) |
| FY2016 | 569,680 | 0.0 | 77,271 | (4.5) | 68,952 | (5.1) | 47,005 | (0.4) |

(Note) Comprehensive income: FY2017 43,613 million yen (down 9.5%)
FY2016 48,175 million yen (up 4.5%)

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit margin on total assets | Operating profit margin |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FY2017 | 240.89 | 239.52 | 9.4 | 4.2 | 12.3 |
| FY2016 | 245.10 | 244.06 | 10.1 | 4.5 | 13.6 |

(Reference)Share of profit (loss) of entities accounted for using equity method : FY2017 25 million yen FY2016 83 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | yen |
| Mar. 31, 2018 | 1,673,692 | 514,982 | 30.0 | 2,664.70 |
| Mar. 31, 2017 | 1,593,093 | 493,813 | 30.2 | 2,508.73 |

(Reference) Shareholders' equity: As of March 31, 2018 501,491 million yen As of March 31, 2017 481,364 million yen

(3) Consolidated cash flows

| | Cash flows from (used in) operating activities | Cash flows from (used in ) investing activities | Cash flows from (used in) financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY2017 | 21,498 | (51,637) | 43,787 | 61,347 |
| FY2016 | (31,889) | (54,558) | 76,575 | 47,699 |

## 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 | % | % |
| FY2016 | - | 30.00 | - | 35.00 | 65.00 | 12,470 | 26.5 | 2.7 |
| FY2017 | - | 35.00 | - | 35.00 | 70.00 | 13,306 | 29.1 | 2.7 |
| FY2018 (Forecast) | - | 37.50 | - | 37.50 | 75.00 | | 30.0 | |

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

## III. Forecasts of consolidated operating results for the fiscal year from April 1, 2018 to March 31, 2019

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

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending Mar. 31, 2019 | 700,000 | 12.2 | 81,000 | 5.7 | 72,000 | 5.8 | 47,000 | 2.1 | 249.74 |

*** Notes**

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

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

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

(3) Number of shares issued (common stock)

| | | As of March 31 2018 | As of March 31 2017 |
|---|---|---|---|
| 1) | Number of shares issued at end of period (including treasury shares) | 192,155,201 | 191,877,801 |
| 2) | Treasury shares at end of period | 3,956,956 | 1,709 |

| | | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2017 |
|---|---|---|---|
| | | 2018 | 2017 |
| 3) | Average number of shares outstanding during the period | 191,083,446 | 191,781,378 |

* Consolidated financial results are not required to be audited by certified public accountants or audit corporations.

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

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to "1. Business Results and Financial Position (4) Forecasts" on page 6 of the Attachments.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on April 26, 2018 and will be uploaded on the Company's website.

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# 1. Business Results and Financial Position

## (1) Business Results

During the fiscal year under review, the Japanese economy recovered gradually overall with moderate increases in consumer spending backed by improvements in the employment and personal income environments, and with corporate activities including increased capital investment amid strong corporate earnings and improved business sentiment. In regard to the economic outlook, the gradual recovery is expected to continue supported by firm economies in Japan and abroad and improvements in the employment and personal income environments, although it is necessary to pay careful attention to uncertainty in overseas economies and trends in financial and capital markets.

In the real estate industry, the residential market saw sales prices continue to increase primarily in the Tokyo metropolitan area while supply volume reached a low level due to overheated competition for the purchase of land, and there was a strengthened trend of polarization characterized by a gap in contract rates due to the convenience of certain regions and properties. In the office market, the business environment is strong primarily due to vacancy rates remaining at a low level, particularly in the Tokyo metropolitan area, supported by solid demand for offices accompanying corporate business expansion, and the rent level continuing to rise gradually. In the real estate investment market, although the fund procurement environment is favorable backed by low interest rates, the competition for property acquisition continues to be overheated due to persistently high real estate prices and strong demand for property acquisition among investors.

In this business environment, the Nomura Real Estate Group (the "Group") posted the following consolidated performance for the fiscal year under review: Operating revenue of 623,762 million yen, which represents an increase of 54,081 million yen, or 9.5% year on year; operating profit of 76,660 million yen, a decrease of 610 million yen, or 0.8%; ordinary profit of 68,033 million yen, a decrease of 919 million yen, or 1.3%; and profit attributable to owners of parent of 46,029 million yen, a decrease of 975 million yen, or 2.1%.

An overview of business unit achievements is given below:

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

From the third quarter of the fiscal year under review, Nomura Real Estate Hotels Co., Ltd., established in October 2017, has been classified under the Leasing Business Unit to promote business in conjunction with the Leasing Business.

<Residential Development Business Unit>

Operating revenue in this business unit totaled 358,745 million yen, which represents an increase of 28,958 million yen, or 8.8% year on year, and operating profit totaled 24,516 million yen, which represents a decrease of 3,271 million yen, or 11.8% year on year, resulting in an increase in operating revenue and a decrease in operating profit compared with the previous fiscal year.

This was mainly due to a decrease of gross margin ratio, while the number of housing unit sales in the housing sales business increased.

In regards to housing sales, 5,865 units were recorded as sales (an increase of 298 units year on year), including PROUD CITY Musashino-Mitaka (Mitaka-shi, Tokyo), PROUD TOWER Kibakoen (Koto-ku, Tokyo), OHANA Machida Oak Court (Minami-ku, Sagamihara-shi, Kanagawa), PROUD TOWER Nagoya Sakae (Naka-ku, Nagoya-shi, Aichi) for condominiums, and PROUD SEASON Kunitachi-Shikinomachi (Kokubunji-shi, Tokyo) for detached housing.

The number of contracted but not recorded housing sales totaled 2,831 units as of the end of the fiscal year under review (an increase of 52 units compared with the end of the previous fiscal year). The contract progress rate for the planned 6,100 units of the next fiscal year was 45.9% at the start of the fiscal year.

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

Breakdown of operating revenue

| | | FY2016 (From April 1, 2016 to March 31, 2017) | | FY2017 (From April 1, 2017 to March 31, 2018) | |
|---|---|---|---|---|---|
| | | Housing units sold | Operating revenue (Millions of yen) | Housing units sold | Operating revenue (Millions of yen) |
| Housing sales | Tokyo metropolitan area | 4,291 units | 250,475 | 4,483 units | 269,685 |
| | Kansai area | 807 units | 35,890 | 716 units | 34,734 |
| | Other | 468 units | 22,594 | 666 units | 32,399 |

| | | | | | |
|---|---|---|---|---|---|
| | Subtotal (Detached housing) | 5,567 units (682 units) | 308,960 (38,735) | 5,865 units (607 units) | 336,819 (37,898) |
| Other | | - | 20,827 | - | 21,926 |
| Total | | - | 329,787 | - | 358,745 |

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

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Tokyo metropolitan area | 187 units | 145 units |
| Kansai area | 38 units | 75 units |
| Other | 25 units | 19 units |
| Total (Detached housing) | 252 units (13 units) | 239 units (15 units) |

Housing sales Year-end completed housing inventory (unreleased)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Total (Detached housing) | 402 units (33 units) | 218 units (11 units) |

Housing sales Contracted but not recorded as housing sales

| | As of March 31, 2017 | | As of March 31, 2018 | |
|---|---|---|---|---|
| | Housing units | Outstanding contract amount (Millions of yen) | Housing units | Outstanding contract amount (Millions of yen) |
| Tokyo metropolitan area | 2,140 units | 140,183 | 2,118 units | 134,060 |
| Kansai area | 219 units | 13,859 | 346 units | 17,872 |
| Other | 420 units | 21,851 | 366 units | 19,011 |
| Total (Detached housing) | 2,779 units (111 units) | 175,895 (6,489) | 2,831 units (53 units) | 170,944 (3,353) |

<Leasing Business Unit >

Operating revenue in this business unit totaled 134,941 million yen, which represents an increase of 19,931 million yen, or 17.3% year on year, and operating profit totaled 35,232 million yen, an increase of 2,665 million yen, or 8.2%, resulting in increases in both operating revenue and operating profit compared with the previous fiscal year.

This was mainly due to an increase in leasing revenue from newly-built properties such as Yokohama Nomura Building (Nishi-ku, Yokohama-shi, Kanagawa) in the leasing business, as well as an increase in revenues from the sales in property development and land for business.

Breakdown of operating revenue

| | FY2016 (From April 1, 2016 to March 31, 2017) (Millions of yen) | FY2017 (From April 1, 2017 to March 31, 2018) (Millions of yen) |
|---|---|---|
| Leasing (offices) | 51,981 | 53,312 |
| Leasing (retail facilities) | 11,649 | 12,686 |
| Leasing (other) | 5,954 | 7,193 |
| Property development (sale) | 35,350 | 43,301 |
| Property development (leasing) | 4,054 | 4,724 |
| Other | 6,018 | 13,722 |
| Total | 115,009 | 134,941 |

Rentable area

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Offices | 831,177 $m^2$ | 846,338 $m^2$ |
| Retail facilities | 144,797 $m^2$ | 174,666 $m^2$ |
| Total | 975,974 $m^2$ | 1,021,004 $m^2$ |

Vacancy rate (offices and retail facilities)

| As of March 31, 2017 | As of March 31, 2018 |
|---|---|
| 0.8% | 0.7% |

<Investment Management Business Unit>

Operating revenue in this business unit totaled 9,378 million yen, which represents a decrease of 283 million yen, or 2.9% year on year, and operating profit totaled 5,911 million yen, a decrease of 104 million yen, or 1.7%, resulting in decreases in both operating revenue and operating profit compared with the previous fiscal year.

This was mainly due to the posting of asset acquisition fees associated with the merger between Nomura Real Estate Master Fund, Inc. and TOP REIT, Inc. in the previous fiscal year.

| | FY2016 (From April 1, 2016 to March 31, 2017) (Millions of yen) | FY2017 (From April 1, 2017 to March 31, 2018) (Millions of yen) |
|---|---|---|
| Operating revenue | 9,662 | 9,378 |

Assets under management

| | As of March 31, 2017 (Millions of yen) | As of March 31, 2018 (Millions of yen) |
|---|---|---|
| REITs | 1,210,535 | 1,209,259 |
| Private funds, etc. | 49,529 | 76,643 |
| Total | 1,260,064 | 1,285,903 |

<Property Brokerage & CRE Business Unit>

Operating revenue in this business unit totaled 35,703 million yen, which represents an increase of 883 million yen, or 2.5% year on year, operating profit totaled 8,452 million yen, a decrease of 672 million yen, or 7.4%, resulting in an increase in operating revenue and a decrease in operating profit compared with the previous fiscal year.

This was mainly due to an increase in expenses for new branches while the number of transactions and total transaction value in property brokerage increased.

In the retail business, we opened the following new branches: Omiya Center (Omiya-ku, Saitama-shi, Saitama), Tachikawa Center (Tachikawa-shi, Tokyo) in April 2017, Hatanodai Center (Shinagawa-ku, Tokyo), Komagome Center (Toshima-ku, Tokyo) and Abeno Center (Abeno-ku, Osaka-shi, Osaka) in October 2017.

Breakdown of operating revenue

| | FY2016 (From April 1, 2016 to March 31, 2017) (Millions of yen) | FY2017 (From April 1, 2017 to March 31, 2018) (Millions of yen) |
|---|---|---|
| Property brokerage | 30,283 | 31,637 |
| Other | 4,536 | 4,065 |
| Total | 34,820 | 35,703 |

Number of transactions and total transaction value of property brokerage

| | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| Number of transactions | 8,272 | 8,561 |
| Total transaction value (Millions of yen) | 745,147 | 800,739 |

<Property & Facility Management Business Unit>

Operating revenue in this business unit totaled 101,087 million yen, which represents an increase of 5,322 million yen, or 5.6% year on year, and operating profit totaled 7,076 million yen, an increase of 137 million yen, or 2.0%, resulting in increases in both operating revenue and operating profit compared with the previous fiscal year.

This was mainly due to an increase in revenue of property and facility management with the increase in the number of properties under management, as well as an increase in orders of construction such as large-scale condominium repair work.

In the fitness club business, we opened eight new branches such as MEGALOS_24 Shimoakatsuka (Itabashi-ku, Tokyo) in March 2018.

Breakdown of operating revenue

| | FY2016 (Millions of yen) (From April 1, 2016 to March 31, 2017) | FY2017 (Millions of yen) (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| Property & facility management | 48,301 | 50,387 |
| Construction ordered | 26,857 | 28,339 |
| Fitness club & elderly care | 15,523 | 16,065 |
| Other | 5,081 | 6,294 |
| Total | 95,764 | 101,087 |

Number of properties under management

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Buildings under management | 702 | 723 |
| Condominiums under management (unit) | 168,999 | 173,705 |

<Other Business Unit>

Operating revenue in this business unit totaled 107 million yen, which represents an increase of 1 million yen, or 1.3% year on year, and operating loss totaled 10 million yen (the previous fiscal year was operating loss of 30 million yen).

(2) Financial Position

| | As of March 31, 2017 (Millions of yen) | As of March 31, 2018 (Millions of yen) | Changes (Millions of yen) | Changes |
|---|---|---|---|---|
| Total assets | 1,593,093 | 1,673,692 | 80,599 | 5.1% |
| Total liabilities | 1,099,280 | 1,158,710 | 59,429 | 5.4% |
| Of which, Interest-bearing debt | 810,100 | (877,800) | (67,700) | (8.4%) |
| Net assets | 493,813 | 514,982 | 21,169 | 4.3% |
| Shareholders' equity ratio | 30.2% | 30.0% | - | - |
| Debt/equity ratio | 1.7 | 1.8 | - | - |

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

Total assets were 1,673,692 million yen, which represents an increase of 80,599 million yen compared to the end of the previous fiscal year. This was mainly due to increases in land (increased by 42,878 million yen) and inventories (increased by 22,108 million yen).

Total liabilities were 1,158,710 million yen, which represents an increase of 59,429 million yen compared to the end of the previous fiscal year. This was mainly due to increases in bonds payable (increased by 70,000 million yen) and long-term loans payable (increased by 11,700 million yen), while deposits received (decreased by 10,652 million yen) and current portion of bonds (decreased by 10,000 million yen) decreased.

Net assets were 514,982 million yen, which represents an increase of 21,169 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings (increased by 32,594 million yen), while purchasing treasury shares (decreased by 10,001 million yen).

The shareholders' equity ratio was 30.0 %, a decrease of 0.2 percentage points from the end of the previous fiscal year.

### (3) Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review totaled 61,347 million yen, which represents an increase of 13,648 million yen compared to the end of the previous fiscal year.

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

(Cash Flows from Operating Activities)

Net cash provided by (used in) operating activities increased by 21,498 million yen (a year-on-year increase of 53,388million yen). This was mainly due to an increase in inventories and the payments of income taxes, while profit before income taxes recorded 67,722 million yen.

(Cash Flows from Investing Activities)

Net cash provided by (used in) investing activities decreased by 51,637 million yen (a year-on-year increase of 2,921 million yen). This was mainly due to the purchase of property, plant and equipment and intangible assets.

(Cash Flows from Financing Activities)

Net cash provided by (used in) financing activities increased by 43,787 million yen (a year-on-year decrease of 32,788 million yen). This was mainly due to the procurement of funds by long-term loans payable and issuance of bonds, while there was the purchase of treasury shares and cash dividends paid.

### (4) Forecasts

<Consolidated>

We expect to post operating revenue of 700,000 million yen, operating profit of 81,000 million yen, ordinary profit of 72,000 million yen, and profit attributable to owners of parent of 47,000 million yen for the fiscal year ending March 31, 2019.

| | FY2018 Forecasts (Millions of yen) | FY2017 (Millions of yen) | Changes (Millions of yen) |
|---|---|---|---|
| Operating revenue | 700,000 | 623,762 | 76,237 |
| Operating profit | 81,000 | 76,660 | 4,339 |
| Ordinary profit | 72,000 | 68,033 | 3,966 |
| Profit attributable to owners of parent | 47,000 | 46,029 | 970 |

<Forecasts by units>

The forecasts of operating results for the fiscal year ending March 31, 2019 by units are as follows.

From April 2018, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the Property & Facility Management Business. In line with this change, the financial results for the fiscal year ended March 31, 2018 and forecasts of the financial results for the fiscal year ending March 31, 2019 are calculated under the new classification.

Operating revenue

| | FY2018 Forecasts (Millions of yen) | FY2017 (Millions of yen) | Changes (Millions of yen) |
|---|---|---|---|
| Residential Development Business | 379,000 | 355,445 | 23,554 |
| Leasing Business | 173,000 | 134,941 | 38,058 |
| Investment Management Business | 9,500 | 9,378 | 121 |
| Property Brokerage & CRE Business | 40,500 | 35,703 | 4,796 |
| Property & Facility Management Business | 112,000 | 104,581 | 7,418 |

| | | | |
|---|---|---|---|
| Other | 0 | 107 | (107) |
| Adjustments | (14,000) | (16,396) | 2,396 |
| Total | 700,000 | 623,762 | 76,237 |

Operating profit

| | FY2018 Forecasts (Millions of yen) | FY2017 (Millions of yen) | Changes (Millions of yen) |
|---|---|---|---|
| Residential Development Business | 26,500 | 24,523 | 1,976 |
| Leasing Business | 35,000 | 35,232 | (232) |
| Investment Management Business | 6,000 | 5,911 | 88 |
| Property Brokerage & CRE Business | 10,500 | 8,452 | 2,047 |
| Property & Facility Management Business | 7,500 | 7,078 | 421 |
| Other | 0 | (10) | 10 |
| Adjustments | (4,500) | (4,527) | 27 |
| Total | 81,000 | 76,660 | 4,339 |

(5) 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 Company intends to set the year-end dividend for the fiscal year ended March 31, 2018 at 35.0 yen per share as forecasted. Combined with the second quarter-end dividend, the annual dividend per share will be 70.0 yen.

In regard to the dividend for the next fiscal year, the second quarter-end and year-end dividends will be 37.5 yen per share, and the annual dividend will be 75.0 yen per share.

## 2. Group Companies

Major business contents of the Nomura Real Estate Group and 43 affiliated companies (25 consolidated subsidiaries, and 18 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.

<Residential Development Business Unit>

・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.

・First Living Assistance Co., Ltd. provides services aimed at providing assistance to customers concerning their homes and living arrangements.

<Leasing Business Unit >

・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.

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

・Nomura Real Estate Hotels Co., Ltd. is engaged in the planning and operation of hotels.

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

<Investment Management Business Unit >

・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 Unit >

・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 Unit >

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

・Nomura Real Estate Life & Sports Co., Ltd. manages fitness club business.

・Nomura Real Estate Heating and Cooling Supply Co., Ltd. operates a local cooling and heat supply business in Yokohama Business Park (Hodogaya-ku, Yokohama, Kanagawa).

・Nomura Real Estate Wellness Co., Ltd. is engaged in the development, planning, and operation of housing services for the elderly.
Nomura Real Estate Development Co., Ltd. promotes the elderly services business conducted by Nomura Real Estate Wellness Co., Ltd., and carries out the acquisition and management of real estate for that business.

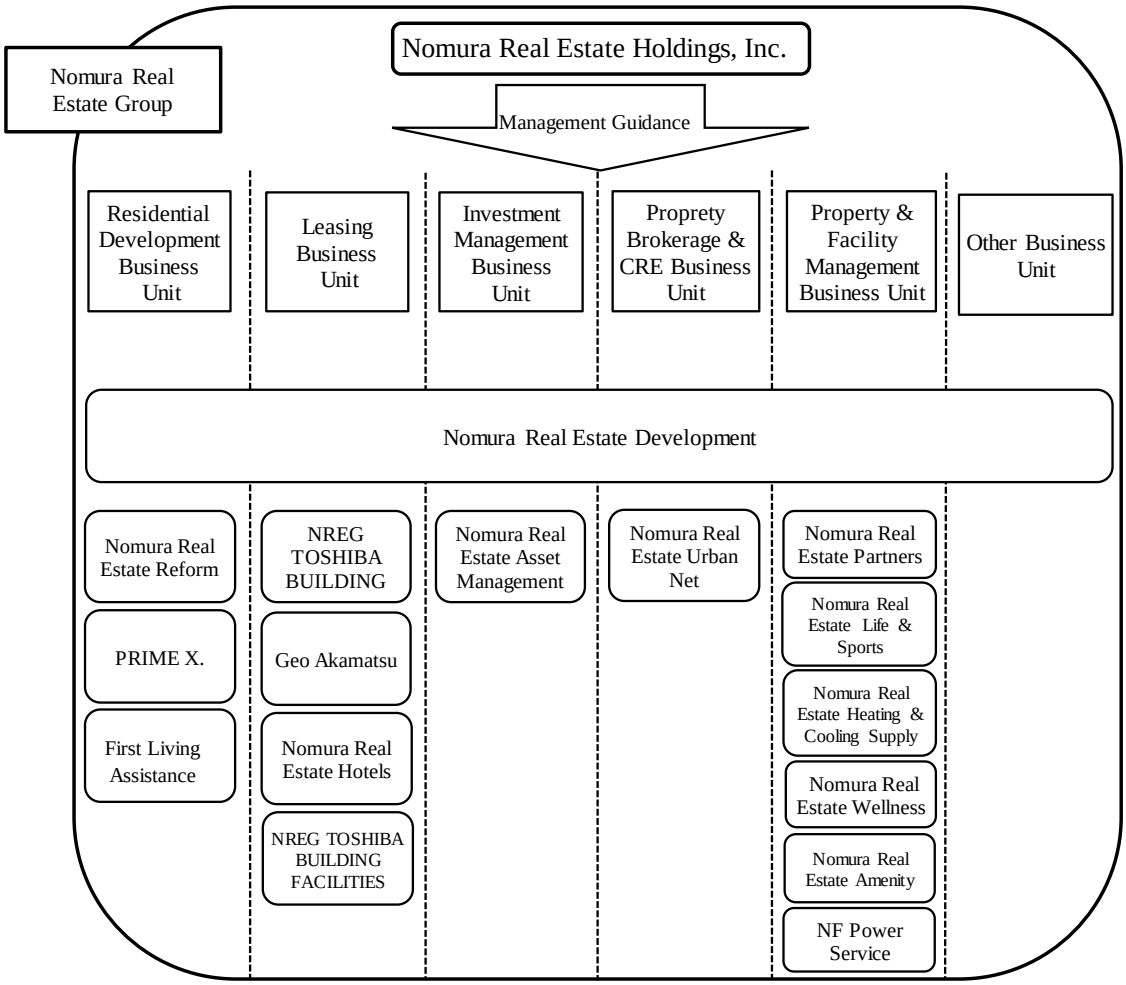
・Nomura Real Estate Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Real Estate Partners Co., Ltd.

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

<Other Business Unit >

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

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




(Note) Nomura Real Estate Hotels Co., Ltd., established in October 2017, has been classified under the Leasing Business Unit to promote business in conjunction with the Leasing Business.

From April 2018, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit to promote business in conjunction with the Property & Facility Management Business.

## 3. Basic Policies for Selecting Accounting Standards

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

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 47,701 | 52,347 |
| Notes and accounts receivable - trade | 16,535 | 17,308 |
| Securities | — | 9,000 |
| Real estate for sale | 120,385 | 102,884 |
| Real estate for sale in process | 249,663 | 261,278 |
| Land held for development | 199,812 | 228,326 |
| Equity investments | 2,567 | 9,612 |
| Deferred tax assets | 5,555 | 6,911 |
| Other | 42,123 | 36,917 |
| Allowance for doubtful accounts | (37) | (39) |
| Total current assets | 684,306 | 724,547 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 394,607 | 403,011 |
| Accumulated depreciation | (152,718) | (163,985) |
| Buildings and structures, net | 241,888 | 239,026 |
| Land | 549,671 | 592,550 |
| Other | 26,053 | 26,576 |
| Accumulated depreciation | (8,787) | (9,778) |
| Other, net | 17,265 | 16,797 |
| Total property, plant and equipment | 808,825 | 848,374 |
| Intangible assets | 10,985 | 12,364 |
| Investments and other assets | | |
| Investment securities | 46,252 | 42,362 |
| Lease and guarantee deposits | 21,738 | 23,131 |
| Deferred tax assets | 14,992 | 14,525 |
| Other | 5,992 | 8,387 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 88,975 | 88,406 |
| Total non-current assets | 908,786 | 949,145 |
| Total assets | 1,593,093 | 1,673,692 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 35,612 | 41,696 |
| Short-term loans payable | 106,300 | 102,300 |
| Current portion of bonds | 10,000 | — |
| Income taxes payable | 16,052 | 14,993 |
| Deposits received | 29,459 | 18,807 |
| Deferred tax liabilities | 20 | 18 |
| Provision for bonuses | 7,516 | 7,679 |
| Provision for directors' bonuses | 639 | 590 |
| Provision for loss on business liquidation | 47 | 36 |
| Other | 50,149 | 48,073 |
| Total current liabilities | 255,799 | 234,194 |
| Non-current liabilities | | |
| Bonds payable | 70,000 | 140,000 |
| Long-term loans payable | 623,800 | 635,500 |
| Lease and guarantee deposits received | 57,597 | 60,241 |
| Deferred tax liabilities | 63,592 | 60,403 |
| Deferred tax liabilities for land revaluation | 3,900 | 3,900 |
| Provision for loss on subleasing business | 257 | 102 |
| Net defined benefit liability | 18,931 | 18,375 |
| Other | 5,402 | 5,991 |
| Total non-current liabilities | 843,481 | 924,515 |
| Total liabilities | 1,099,280 | 1,158,710 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 116,779 | 117,072 |
| Capital surplus | 110,023 | 110,316 |
| Retained earnings | 242,704 | 275,299 |
| Treasury shares | (3) | (10,004) |
| Total shareholders' equity | 469,503 | 492,683 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,947 | 4,516 |
| Deferred gains or losses on hedges | 119 | 262 |
| Revaluation reserve for land | 7,860 | 7,860 |
| Foreign currency translation adjustment | 62 | (225) |
| Remeasurements of defined benefit plans | (4,129) | (3,605) |
| Total accumulated other comprehensive income | 11,860 | 8,807 |
| Share acquisition rights | 1,986 | 2,424 |
| Non-controlling interests | 10,462 | 11,067 |
| Total net assets | 493,813 | 514,982 |
| Total liabilities and net assets | 1,593,093 | 1,673,692 |

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

(Consolidated Statements of Income)

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Operating revenue | 569,680 | 623,762 |
| Operating cost | ※1 392,438 | ※1 441,708 |
| Operating gross profit | 177,241 | 182,053 |
| Selling, general and administrative expenses | 99,970 | 105,393 |
| Operating profit | 77,271 | 76,660 |
| Non-operating income | | |
| Interest income | 52 | 45 |
| Dividend income | 252 | 75 |
| Share of profit of entities accounted for using equity method | 83 | 25 |
| Interest on refund | — | 162 |
| Gain on transfer of right to request purchase of shares | — | 112 |
| Other | 310 | 351 |
| Total non-operating income | 698 | 773 |
| Non-operating expenses | | |
| Interest expenses | 7,539 | 7,334 |
| Other | 1,477 | 2,065 |
| Total non-operating expenses | 9,017 | 9,400 |
| Ordinary profit | 68,952 | 68,033 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 946 | 3,311 |
| Gain on sales of investment securities | — | 455 |
| Total extraordinary income | 946 | 3,766 |
| Extraordinary losses | | |
| Impairment loss | 254 | 3,614 |
| Loss on building reconstruction | 337 | 462 |
| Total extraordinary losses | 591 | 4,077 |
| Profit before income taxes | 69,307 | 67,722 |
| Income taxes - current | 22,957 | 23,811 |
| Income taxes - deferred | (1,177) | (2,755) |
| Total income taxes | 21,780 | 21,055 |
| Profit | 47,527 | 46,666 |
| Profit attributable to non-controlling interests | 521 | 636 |
| Profit attributable to owners of parent | 47,005 | 46,029 |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Profit | 47,527 | 46,666 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,282 | (3,430) |
| Deferred gains or losses on hedges | (36) | 142 |
| Revaluation reserve for land | (0) | (0) |
| Foreign currency translation adjustment | 19 | (33) |
| Remeasurements of defined benefit plans, net of tax | (616) | 523 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | (254) |
| Total other comprehensive income | 648 | (3,052) |
| Comprehensive income | 48,175 | 43,613 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 47,654 | 42,976 |
| Comprehensive income attributable to non-controlling interests | 521 | 636 |

## (3) Consolidated Statements of Changes in Net Assets

FY2016 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 116,598 | 109,842 | 207,203 | (3) | 433,642 |
| Changes of items during period | | | | | |
| Issuance of new shares | 180 | 180 | | | 361 |
| Dividends of surplus | | | (11,504) | | (11,504) |
| Profit attributable to owners of parent | | | 47,005 | | 47,005 |
| Purchase of treasury shares | | | | (0) | (0) |
| Reversal of revaluation reserve for land | | | 0 | | 0 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 180 | 180 | 35,500 | (0) | 35,861 |
| Balance at end of current period | 116,779 | 110,023 | 242,704 | (3) | 469,503 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 6,664 | 155 | 7,861 | 43 | (3,513) | 11,212 | 1,685 | 9,868 | 456,408 |
| Changes of items during period | | | | | | | | | |
| Issuance of new shares | | | | | | | | | 361 |
| Dividends of surplus | | | | | | | | | (11,504) |
| Profit attributable to owners of parent | | | | | | | | | 47,005 |
| Purchase of treasury shares | | | | | | | | | (0) |
| Reversal of revaluation reserve for land | | | | | | | | | 0 |
| Net changes of items other than shareholders' equity | 1,282 | (36) | (0) | 19 | (616) | 648 | 301 | 593 | 1,543 |
| Total changes of items during period | 1,282 | (36) | (0) | 19 | (616) | 648 | 301 | 593 | 37,404 |
| Balance at end of current period | 7,947 | 119 | 7,860 | 62 | (4,129) | 11,860 | 1,986 | 10,462 | 493,813 |

FY2017 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 116,779 | 110,023 | 242,704 | (3) | 469,503 |
| Changes of items during period | | | | | |
| Issuance of new shares | 293 | 293 | | | 586 |
| Dividends of surplus | | | (13,435) | | (13,435) |
| Profit attributable to owners of parent | | | 46,029 | | 46,029 |
| Purchase of treasury shares | | | | (10,001) | (10,001) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 293 | 293 | 32,594 | (10,001) | 23,180 |
| Balance at end of current period | 117,072 | 110,316 | 275,299 | (10,004) | 492,683 |

| | Accumulated other comprehensive income | | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 7,947 | 119 | 7,860 | 62 | (4,129) | 11,860 | 1,986 | 10,462 | 493,813 |
| Changes of items during period | | | | | | | | | |
| Issuance of new shares | | | | | | | | | 586 |
| Dividends of surplus | | | | | | | | | (13,435) |
| Profit attributable to owners of parent | | | | | | | | | 46,029 |
| Purchase of treasury shares | | | | | | | | | (10,001) |
| Net changes of items other than shareholders' equity | (3,430) | 142 | (0) | (288) | 523 | (3,053) | 437 | 604 | (2,010) |
| Total changes of items during period | (3,430) | 142 | (0) | (288) | 523 | (3,053) | 437 | 604 | 21,169 |
| Balance at end of current period | 4,516 | 262 | 7,860 | (225) | (3,605) | 8,807 | 2,424 | 11,067 | 514,982 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 69,307 | 67,722 |
| Depreciation | 16,877 | 18,824 |
| Impairment loss | 254 | 3,614 |
| Loss (gain) on sales of non-current assets | (946) | (3,311) |
| Loss (gain) on sales of investment securities | — | (455) |
| Share of loss (profit) of entities accounted for using equity method | (83) | (25) |
| Increase (decrease) in allowance for doubtful accounts | (1) | 1 |
| Increase (decrease) in provision for loss on business liquidation | (13) | (11) |
| Increase (decrease) in provision for loss on subleasing business | (55) | (155) |
| Increase (decrease) in net defined benefit liability | 912 | (555) |
| Interest and dividend income | (304) | (121) |
| Interest expenses | 7,539 | 7,334 |
| Decrease (increase) in notes and accounts receivable - trade | (1,157) | (769) |
| Decrease (increase) in inventories | (73,977) | (28,943) |
| Decrease (increase) in equity investments | (1,748) | (7,044) |
| Increase (decrease) in notes and accounts payable - trade | (15,546) | 6,084 |
| Increase (decrease) in deposits received | (158) | (10,652) |
| Other, net | (2,244) | 4,566 |
| Subtotal | (1,346) | 56,103 |
| Interest and dividend income received | 285 | 94 |
| Interest expenses paid | (9,332) | (9,425) |
| Income taxes paid | (21,495) | (25,274) |
| Net cash provided by (used in) operating activities | (31,889) | 21,498 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (1,499) | (4,439) |
| Proceeds from sales and liquidation of investment securities | 1,410 | 3,491 |
| Purchase of property, plant and equipment and intangible assets | (61,300) | (71,665) |
| Proceeds from sales of property, plant and equipment and intangible assets | 12,066 | 19,589 |
| Payments for lease and guarantee deposits | (1,018) | (1,148) |
| Proceeds from collection of lease and guarantee deposits | 964 | 1,240 |
| Repayments of lease and guarantee deposits received | (12,448) | (3,153) |
| Proceeds from lease and guarantee deposits received | 6,124 | 4,189 |
| Other, net | 1,142 | 258 |
| Net cash provided by (used in) investing activities | (54,558) | (51,637) |

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (500) | (11,500) |
| Repayments of finance lease obligations | (148) | (149) |
| Proceeds from long-term loans payable | 160,000 | 80,000 |
| Repayments of long-term loans payable | (91,300) | (60,800) |
| Proceeds from issuance of bonds | 19,869 | 69,360 |
| Redemption of bonds | — | (10,000) |
| Proceeds from issuance of common shares | 88 | 391 |
| Proceeds from share issuance to non-controlling shareholders | 98 | — |
| Purchase of treasury shares | (0) | (10,048) |
| Cash dividends paid | (11,504) | (13,435) |
| Dividends paid to non-controlling interests | (26) | (31) |
| Net cash provided by (used in) financing activities | 76,575 | 43,787 |
| Effect of exchange rate change on cash and cash equivalents | (25) | 0 |
| Net increase (decrease) in cash and cash equivalents | (9,897) | 13,648 |
| Cash and cash equivalents at beginning of period | 57,591 | 47,699 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 4 | — |
| Cash and cash equivalents at end of period | 47,699 | 61,347 |

## (5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(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 loss on valuation of inventories is included in the cost of sales.

(Millions of yen)

| | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| | 166 | 496 |

(Real Estate for Rent)

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

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

(Millions of yen)

| | | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|---|
| Real estate for rent | | | |
| Book value in the consolidated balance sheets | | | |
| | Balance at the beginning of the fiscal year | 738,003 | 766,973 |
| | Changes during the fiscal year | 28,969 | 27,505 |
| | Balance at the end of the fiscal year | 766,973 | 794,478 |
| Fair value at the end of the fiscal year | | 892,524 | 946,597 |
| Properties including the portion used as real estate for rent | | | |
| Book value in the consolidated balance sheets | | | |
| | Balance at the beginning of the fiscal year | 25,999 | 26,122 |
| | Changes during the fiscal year | 123 | (96) |
| | Balance at the end of the fiscal year | 26,122 | 26,026 |
| Fair value at the end of the fiscal year | | 54,500 | 55,820 |

(Notes) 1. Book values in the consolidated balance sheet are the amounts determined by deducting accumulated depreciation from the acquisition cost.

2. Fair values as of March 31, 2017 and 2018 are determined based primarily on values according to Real Estate Appraisal Standards (including adjustments based on certain indexes). However, if no significant fluctuations in certain appraisal values or indexes considered to appropriately reflect market values have occurred since the time of acquisition from third party or the time of the most recent appraisal, the Group bases the fair value on an amount that has been adjusted using the aforesaid values or indexes.

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

(Millions of yen)

| | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| Rental properties | | |
| Operating profit | 27,787 | 30,409 |
| Others (gains (losses) on sale of property, etc.) | 354 | (761) |
| Other properties used as rental properties | | |
| Operating profit | 902 | 1,058 |
| 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 profit for this type of real estate is not recorded.

2. Others include gain on sales of non-current assets (946 million yen) and loss on building reconstruction (337 million yen) in the fiscal year ended March 31, 2017, and gain on sales of non-current assets (3,311 million yen) and impairment loss (3,614 million yen) in the fiscal year ended March 31, 2018.

(Segment Information)

【Segment information】

I FY2016 (From April 1, 2016 to March 31, 2017)

1. Information regarding sales, gains or losses, by reportable segment

(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 | 329,303 | 112,477 | 9,662 | 32,299 | 85,831 | 569,574 | 106 | 569,680 | - | 569,680 |
| Inter-segment | 484 | 2,532 | - | 2,520 | 9,933 | 15,470 | 0 | 15,470 | (15,470) | - |
| Subtotal | 329,787 | 115,009 | 9,662 | 34,820 | 95,764 | 585,044 | 106 | 585,151 | (15,470) | 569,680 |
| Segment income or losses | 27,787 | 32,567 | 6,016 | 9,124 | 6,939 | 82,434 | (30) | 82,404 | (5,132) | 77,271 |
| Segment assets | 450,698 | 993,985 | 35,649 | 22,873 | 56,529 | 1,559,736 | 929 | 1,560,666 | 32,427 | 1,593,093 |
| Other items | | | | | | | | | | |
| Depreciation | 264 | 14,139 | 27 | 378 | 1,481 | 16,290 | 5 | 16,296 | 580 | 16,877 |
| Amortization of goodwill | - | 235 | - | - | 29 | 264 | - | 264 | - | 264 |
| Investment in affiliates accounted for using equity method | 2,525 | 930 | - | - | 518 | 3,974 | - | 3,974 | - | 3,974 |
| Increase in property, plant and equipment and intangible assets | 427 | 56,224 | 22 | 649 | 1,754 | 59,079 | - | 59,079 | 1,295 | 60,374 |

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

2. (1) The deduction of 5,132 million yen shown in the adjustments column for segment profit or losses includes an increase in elimination of intersegment transactions of 1,388 million yen and a deduction of 6,521 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of 32,427 million yen shown in the adjustments column for segment assets includes a deduction of 48,080 million yen for the elimination of inter-segment transactions and an addition of 80,507 million yen for corporate assets not allocated to each reportable segment.

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

FY2017 (From April 1, 2017 to March 31, 2018)

(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 | 357,774 | 132,501 | 9,378 | 33,521 | 90,479 | 623,654 | 107 | 623,762 | - | 623,762 |
| Inter-segment | 971 | 2,440 | - | 2,182 | 10,607 | 16,202 | 0 | 16,202 | (16,202) | - |
| Subtotal | 358,745 | 134,941 | 9,378 | 35,703 | 101,087 | 639,857 | 107 | 639,964 | (16,202) | 623,762 |
| Segment income or losses | 24,516 | 35,232 | 5,911 | 8,452 | 7,076 | 81,189 | (10) | 81,178 | (4,517) | 76,660 |
| Segment assets | 448,966 | 1,061,328 | 34,840 | 17,181 | 62,188 | 1,624,505 | 921 | 1,625,426 | 48,266 | 1,673,692 |
| Other items | | | | | | | | | | |
| Depreciation | 359 | 15,809 | 29 | 436 | 1,510 | 18,145 | 4 | 18,150 | 674 | 18,824 |
| Amortization of goodwill | - | 235 | - | - | 29 | 264 | - | 264 | - | 264 |
| Investment in affiliates accounted for using equity method | 9,827 | 4,809 | - | - | 513 | 15,150 | - | 15,150 | - | 15,150 |
| Increase in property, plant and equipment and intangible assets | 675 | 69,151 | 26 | 527 | 2,081 | 72,461 | 2 | 72,464 | 1,111 | 73,575 |

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

2. (1) The deduction of 4,517 million yen shown in the adjustments column for segment profit or losses includes an increase in elimination of intersegment transactions of 2,601 million yen and a deduction of 7,119 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of 48,266 million yen shown in the adjustments column for segment assets includes a deduction of 41,686 million yen for the elimination of inter-segment transactions and an addition of 89,953 million yen for corporate assets not allocated to each reportable segment.

3. The segment profit or losses is reconciled to the operating profit stated in the consolidated financial statement

【Impairment loss on noncurrent assets by reportable segment】

FY2016 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Residential Development | Leasing | Investment Management | Property Brokerage & CRE | Property & Facility Management | Total |
|---|---|---|---|---|---|---|
| Impairment loss | - | 254 | - | - | - | 254 |

FY2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Residential Development | Leasing | Investment Management | Property Brokerage & CRE | Property & Facility Management | Total |
|---|---|---|---|---|---|---|
| Impairment loss | - | 3,614 | - | - | - | 3,614 |

(Per Share Information)

| | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| Net assets per share | 2,508.73 yen | 2,664.70 yen |
| Basic earnings per share | 245.10 yen | 240.89 yen |
| Diluted earnings per share | 244.06 yen | 239.52 yen |

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

| | FY2016 (From April 1, 2016 to March 31, 2017) | FY2017 (From April 1, 2017 to March 31, 2018) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Millions of yen) | 47,005 | 46,029 |
| Profit not attributed to common shareholders (Millions of yen) | - | - |
| Profit attributable to owners of parent available to common stock (Millions of yen) | 47,005 | 46,029 |
| Average number of common stock during the period (Thousand shares) | 191,781 | 191,083 |
| | | |
| Diluted earnings per share | | |
| Adjustment for profit attributable to owners of parent (Millions of yen) | - | - |
| Increase in number of shares of common stock (Thousand shares) | 815 | 1,088 |
| Of which, stock acquisition rights (Thousand shares) | 815 | 1,088 |
| Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect | Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Number of rights: 2,790)<br>Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2014 (Number of rights: 3,432)<br>Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2015 (Number of rights: 3,783)<br>Nomura Real Estate Holdings, Inc. the 5th Stock Acquisition Rights in FY2015 (Number of rights: 230)<br>Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2016 (Number of rights: 4,198) | Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Number of rights: 2,343)<br>Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2015 (Number of rights: 3,761) |

(Significant Subsequent Events)

Not applicable.