April 30, 2015

Outline of Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2015

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 :	Kamezo Nakai, President
IR contact :	Naoko Usami, General Manager of Corporate Communications & Investor Relations Dept. info@nomura-re-hd.com
Date of general meeting of shareholders :	June 26, 2015
Scheduled starting date for dividend payments :	June 29, 2015
Scheduled submitting date of annual securities report:	June 26, 2015
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, 2014 to March 31, 2015

(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	%
FY2014	567,159	6.6	71,894	(3.2)	63,681	(0.6)	38,441	43.2
FY2013	532,016	2.8	74,307	27.4	64,058	39.8	26,844	38.7

(Note) Comprehensive income: FY2014 ¥49,603 million (up 95.8%) FY2013 ¥25,337 million (down 4.7%)

	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	%	%	%
FY2014	201.28	200.55	10.3	4.7	12.7
FY2013	140.70	140.23	7.8	4.8	14.0

(Reference) Equity in net income of affiliated companies: FY2014 ¥17 million FY2013 ¥9 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, 2015	1,369,226	461,031	28.8	2,061.86
Mar. 31, 2014	1,313,887	418,697	27.1	1,863.12

(Reference) Shareholders' equity: At March 31, 2015 ¥394,059 million At March 31, 2014 ¥355,680 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
FY2014	23,837	(32,476)	(8,983)	50,418
FY2013	83,535	(20,191)	(57,858)	67,982

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	%	%
FY2013	—	15.00	—	20.00	35.00	6,680	24.9	1.9
FY2014	—	20.00	—	25.00	45.00	8,597	22.4	2.3
FY2015 (Forecast)	—	25.00	—	25.00	50.00		25.1	

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2015 to March 31, 2016

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2015	585,000	3.1	73,000	1.5	64,000	0.5	38,000	(1.1)	198.83

*** 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.23 "5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" for more details.

(3) Number of shares issued (common stock)

	At March 31 2015	At March 31 2014
1) Number of shares outstanding (including treasury shares)	191,119,700	190,906,800
2) Treasury shares	1,206	1,206

	From April 1 to March 31 2015	From April 1 to March 31 2014
3) Average number of shares during the term	190,982,951	190,792,328

* 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 financial results for the fiscal year ending March 31, 2016."

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on April 30, 2015 and will be uploaded on the Company's website.

Appendix - Contents

1. Business Results and Financial Position

(1) Business Results

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

Although the Japanese economy during the fiscal year under review showed weakness in personal consumption associated with the raise of consumption tax, company performance improved and capital investment is in an increasing trend with the weak yen and low crude oil prices, which are supporting a gradual recovery of the Japanese economy. The economy will continue on track for recovery based on the expectation of the promotion of personal consumption through the steady improvement of the employment and income environment despite concerns about the downward trend of economies in emerging countries, including China, and the increase of consumer prices due to the weak yen.

In the housing sales market, although the supply of houses decreased in the overall market due to a hike in sales prices along with an increase in construction costs and the slowing of rush demand following the increase in the consumption tax, contract rates remained high on the foundation of continuing support measures for home purchases and low interest rates, revealing steady growth. In the office market, vacancy rates showed a clear downward trend supported by the need for business expansion through the improvement of company performance, and rent levels in the Tokyo metropolitan area partially increased, indicating signs of continuing recovery. In the real estate investment market, rising J-REIT stock prices and low interest rates supported a strong fund procurement environment, and real estate transactions remained high, revealing stable growth in the business environment.

In this market, the Nomura Real Estate Group posted the following consolidated performance for the fiscal year under review: Operating revenue of 567,159 million yen, which represents an increase of 35,142 million yen, or 6.6% year on year; operating income of 71,894 million yen, a decrease of 2,413 million yen, or 3.2%; ordinary income of 63,681 million yen, a decrease of 376 million yen, or 0.6%; and net income of 38,441 million yen, an increase of 11,597 million yen, or 43.2%.

Net income increased by 3,185 million yen due to the reversal of deferred tax assets and liabilities caused by a reduction of corporate tax rates.

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 the second quarter, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment. The residential leasing business has also been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company's leasing asset portfolio. The results of the previous fiscal year are calculated in line with the newly adopted method of cost allocation and segment classification.

<Residential Development Business Segment>

Operating revenue in this segment totaled 359,397 million yen, which represents an increase of 51,771 million yen, or 16.8% year on year, and operating income was 33,811 million yen, an increase of 2,634 million yen, or 8.4%. This was mainly due to an increase in the number of housing units sold.

Housing sales have remained strong, and we posted the sale of 7,021 units (an increase of 812 units year on year), including PROUD TOWER Musashi-Kosugi (Nakahara-ku, Kawasaki-shi, Kanagawa), PROUD Fuchu Marks (Fuchu-shi, Tokyo), OHANA Fujimino-Uenodai Blossom (Fujimino-shi, Saitama), PROUD CITY Shin-Osaka (Yodogawa-ku, Osaka-shi, Osaka) for condominiums, and PROUD SEASON Funabashi-Komuro (Funabashi-shi, Chiba) and PROUD SEASON Setagaya-Sakuragaoka (Setagaya-ku, Tokyo) for detached houses.

The number of sold but not recorded housing units totaled 4,767 units as of the end of the current fiscal year (a decrease of 1,422 units over the end of the previous fiscal year).

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

Breakdown of operating revenue

		FY2013		FY2014	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	4,723 units	236,853	5,426 units	270,397
	Kansai area	930 units	35,143	1,009 units	37,542
	Other	555 units	23,925	585 units	25,059
	Subtotal (Detached houses)	6,209 units (718 units)	295,923 (37,748)	7,021 units (859 units)	332,999 (50,573)
Other			11,702		26,397
Total			307,625		359,397

Housing sales　Period-end completed housing inventories

	As of March 31, 2014	As of March 31, 2015
Tokyo metropolitan area	31 units	76 units
Kansai area	-	13 units
Other	-	-
Total (Detached houses)	31 units (5 units)	89 units (64 units)

Housing sales　Sold but not recorded housing units

	As of March 31, 2014		As of March 31, 2015	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	4,995 units	270,318	3,924 units	221,375
Kansai area	697 units	25,429	497 units	22,746
Other	495 units	20,896	345 units	15,773
Total (Detached houses)	6,189 units (185 units)	316,643 (9,431)	4,767 units (51 units)	259,895 (4,438)

<Leasing Business Segment >

Operating revenue in this segment totaled 92,878 million yen, which represents a decrease of 6,987 million yen, or 7.0% year on year, and operating income totaled 24,447 million yen, a decrease of 2,371 million yen, or 8.8%. This was mainly due to a decrease in property sales and a partial moving-out of a tenant from the Hamamatsucho Building (Minato-ku, Tokyo).

In leasing business sector, NREG Kawasaki Logistics Center (Kawasaki-ku, Kawasaki-shi, Kanagawa) which completed in the previous fiscal year contributed to income. In property development sector, we recorded the sale of PMO Nihonbashi-Kayabacho (Chuo-ku, Tokyo) and PMO Kanda-Tsukasamachi (Chiyoda-ku, Tokyo).

Breakdown of operating revenue

	FY2013 (Millions of yen)	FY2014 (Millions of yen)
Leasing (offices)	48,131	46,563
Leasing (retail facilities)	10,544	10,323
Leasing (other)	5,151	5,552
Property development	25,608	16,026
Other	10,429	14,413
Total	99,866	92,878

(Note) Operating revenue of the residential leasing business which was transferred from the Residential Development Business Segment is allocated to "Property development."

Rentable area

	As of March 31, 2014	As of March 31, 2015
Offices	748,596 m²	822,049 m²
Retail facilities	106,601 m²	106,580 m²
Total	855,197 m²	928,628 m²

Vacancy rate (offices and retail facilities)

As of March 31, 2014	As of March 31, 2015
2.9%	4.5%

<Investment Management Business Segment>

Operating revenue in this segment totaled 9,166 million yen, which represents a decrease of 9,159 million yen, or 50.0% year on year, and operating income totaled 4,813 million yen, a decrease of 3,089 million yen, or 39.1%. This was mainly due to the recording of asset acquisition fee paid by Nomura Real Estate Master Fund, Inc. and income through the sale of SPC's property in the previous fiscal year.

	FY2013 (Millions of yen)	FY2014 (Millions of yen)
Operating revenue	18,326	9,166

Assets under management

	As of March 31, 2014 (Millions of yen)	As of March 31, 2015 (Millions of yen)
REITs	941,385	1,011,029
Private funds, etc.	190,861	112,159
Total	1,132,246	1,123,188

<Property Brokerage & CRE Business Segment>

Operating revenue in this segment totaled 30,232 million yen, which represents an increase of 1,064 million yen, or 3.6% year on year, operating income totaled 8,477 million yen, an increase of 376 million yen, or 4.6%.

In wholesale operations, we established a representative office in Hong Kong in October 2014. In retail operations, we opened the following six branch stores: Kitasenju Center, Nishi-Kasai Center, Musashi-Urawa Center, Toyosu Center, Sangenjaya Center, and Kawasaki Center.

Breakdown of operating revenue

	FY2013 (Millions of yen)	FY2014 (Millions of yen)
Property brokerage	24,520	25,833
Other	4,647	4,399
Total	29,168	30,232

Number of transactions and total transaction value of property brokerage

	FY2013	FY2014
Number of transactions	7,437	7,174
Total transaction value (Millions of yen)	672,774	710,980

<Property & Facility Management Business Segment>

Operating revenue in this segment totaled 71,635 million yen, which represents a decrease of 514 million yen, or 0.7% year on year, and operating income totaled 5,477 million yen, an increase of 370 million yen, or 7.2%.

Also, due to the merger of Nomura Building Management Co., Ltd. and Nomura Living Support Co., Ltd. on April 1, 2014, the breakdown of operating revenue for this segment has been changed from "Building management" and "Housing management" to "Property & facility management" and "Construction ordered." In line with this change, the figures for the previous fiscal year are classified under the new classification.

Breakdown of operating revenue

	FY2013 (Millions of yen)	FY2014 (Millions of yen)
Property & facility management	48,743	49,794
Construction ordered	23,406	21,841
Total	72,150	71,635

Number of properties under management

	As of March 31, 2014	As of March 31, 2015
Buildings under management	703	729
Condominiums under management (unit)	147,516	155,706

<Other Business Segment>

Operating revenue in this segment totaled 17,753 million yen, which represents a decrease of 887 million yen, or 4.8% year on year, and operating income totaled 167 million yen, a decrease of 341 million yen, or 67.1%. This was mainly due to a decrease in the sale of assets owned by a sector other than the fitness club business. In the fitness club business sector, we newly opened Dayos24 Unoki-Ekimae (Ota-ku, Tokyo) in June 2014 and Dayos24 Idogaya (Minami-ku, Yokohama-shi, Kanagawa) in October 2014.

We resolved at the meeting of its Board of Directors held on April 30, 2015 to conduct the tender offer as part of the transactions for the purpose of acquiring all of the share certificates, etc. of MEGALOS Co., Ltd. which is our consolidated subsidiary. Please refer to the Appendix P.36 “5. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Significant subsequent events)” for more details.

	FY 2013 (Millions of yen)	FY 2014 (Millions of yen)
Operating revenue	18,640	17,753

2) Forecasts of financial results for the fiscal year ending March 31, 2016

<Consolidated>

We expects to post operating revenue of 585,000 million yen, operating income of 73,000 million yen, ordinary income of 64,000 million yen, and profit attributable to owners of parent of 38,000 million yen for the fiscal year ending March 31, 2016.

	FY2015 Forecasts (Millions of yen)	FY2014 (Millions of yen)	Changes (Millions of yen)
Operating revenue	585,000	567,159	17,840
Operating income	73,000	71,894	1,105
Ordinary income	64,000	63,681	318
Profit attributable to owners of parent	38,000	38,441	(441)

<Forecasts by business segment>

The forecasts of operating results for the fiscal year ending March 31, 2016 by business segment are as follows.

Operating revenue

	FY2015 Forecasts (Millions of yen)	FY2014 (Millions of yen)	Changes (Millions of yen)
Residential Development	357,000	359,397	(2,397)
Leasing	108,000	92,878	15,121
Investment Management	8,000	9,166	(1,166)
Property Brokerage & CRE	32,000	30,232	1,767
Property & Facility Management	91,000	85,837	5,162
Other	1,000	3,008	(2,008)
Adjustments	(12,000)	(13,362)	1,362
Total	585,000	567,159	17,840

Operating income

	FY2015 Forecasts (Millions of yen)	FY2014 (Millions of yen)	Changes (Millions of yen)
Residential Development	31,000	33,811	(2,811)
Leasing	29,000	24,447	4,552
Investment Management	4,500	4,813	(313)
Property Brokerage & CRE	8,000	8,477	(477)
Property & Facility Management	4,500	5,758	(1,258)
Other	0	(113)	113
Adjustments	(4,000)	(5,300)	1,300
Total	73,000	71,894	1,105

MEGALOS Co., Ltd. which used to be classified in the “Other Business Segment” was transferred to the “Property & Facility Management Business Segment” from April 2015 in order to facilitate comprehensive strategic judgment regarding property management business. In line with this change, the figures for FY2014 and FY2015 on P.5 “1. Business Results and Financial Position (1) Business Results 2) Forecasts of financial results for the fiscal year ending March 31, 2016” are classified under the new classification.

(2) Financial Position

1) Assets, Liabilities and Net Assets

	As of March 31, 2014 (Millions of yen)	As of March 31, 2015 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,313,887	1,369,226	55,339	4.2
Total liabilities	895,190	908,195	13,005	1.5
Of which, Interest-bearing debt	617,583	616,700	(883)	(0.1)
Net assets	418,697	461,031	42,333	10.1
Shareholders' equity ratio	27.1%	28.8%	-	-
Debt/equity ratio	1.7	1.6	-	-

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

Total assets totaled 1,369,226 million yen, increased by 55,339 million yen from the end of the previous fiscal year. This was mainly due to a decrease in short-term investment securities (a decrease of 19,500 million yen), while inventories including real estate for sale increased (an increase of 80,596 million yen).

Total liabilities totaled 908,195 million yen, increased by 13,005 million yen from the end of the previous fiscal year. This was due mainly to a decrease in deferred tax liabilities (a decrease of 7,230 million yen), while deposits received increased (an increase of 15,920 million yen).

Net assets totaled 461,031 million yen, increased by 42,333 million yen from the end of the previous fiscal year. This was due mainly to an increase in retained earnings (an increase of 31,097 million yen).

The shareholders' equity ratio was 28.8%, an increase of 1.7 percentage points from the end of the previous fiscal year.

2) Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review totaled 50,418 million yen, which represents a decrease of 17,563 million yen year on year.

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

(Cash Flows from Operating Activities)

Net cash provided by (used in) operating activities increased by 23,837 million yen (a decrease of 59,698 million yen year on year). This mainly reflects the purchase of inventories and the recording of income before income taxes and minority interests of 58,058 million yen, while notes and accounts payable – trade and deposits received increased.

(Cash Flows from Investing Activities)

Net cash provided by (used in) investment activities decreased by 32,476 million yen (a decrease of 12,284 million yen year on 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 decreased by 8,983 million yen (an increase of 48,874 million yen year on year). This was due mainly to an increase in cash dividends paid.

(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 ended March 31, 2015 is planned to increase by 5 yen from the initial forecast, to 25 yen per share in light of growth in business performance as announced in "Notice of Revision of Financial Result and Dividend Forecasts of FY2014" released on April 15, 2015. Combined with the second quarter-end dividend, the annual dividend per share will be 45 yen. In regard to the dividend for the next fiscal year, the second quarter-end and year-end dividends will be 25 yen per share, and the annual dividend will be 50 yen per share.

2. Group Companies

Major business contents of the Nomura Real Estate Group and 25 affiliated companies (21 consolidated subsidiaries, and 4 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>

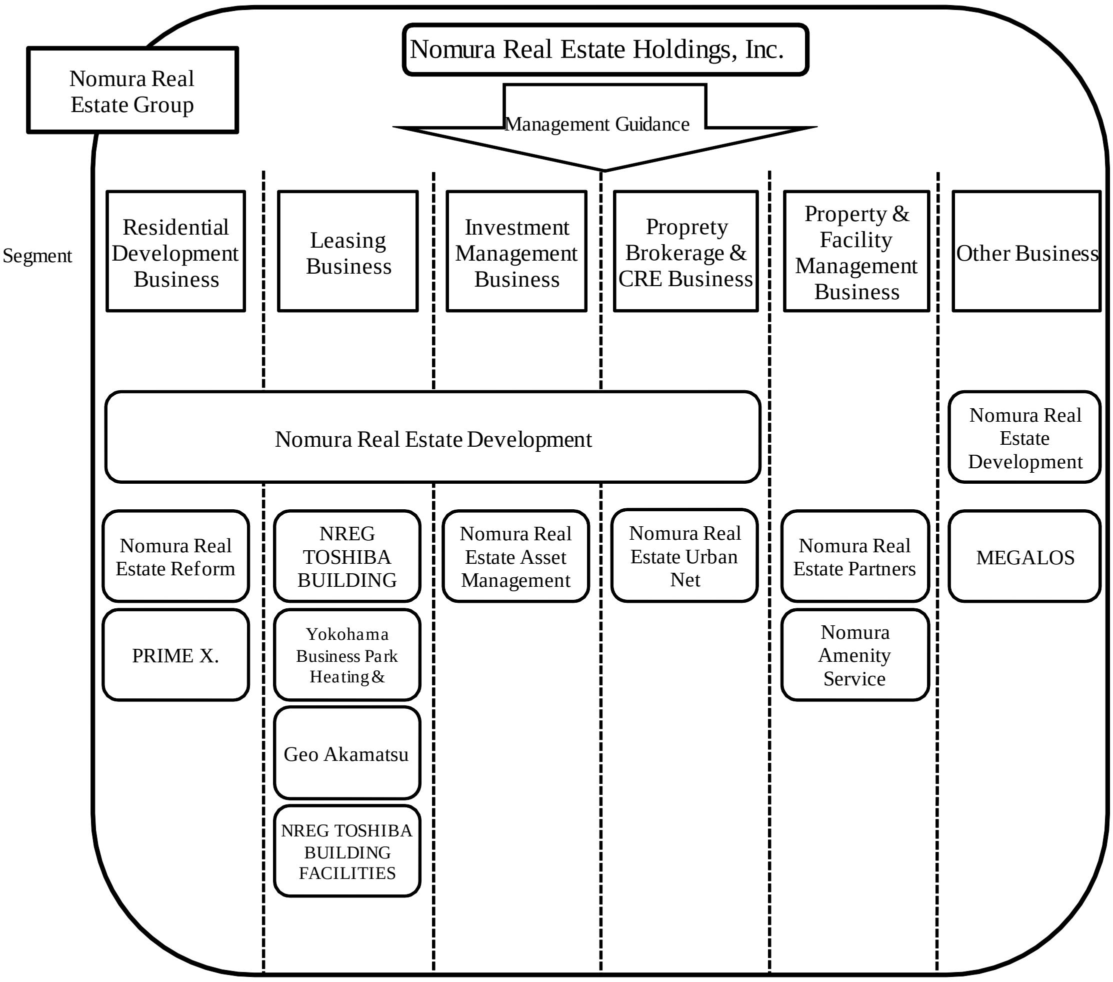
・Nomura Real Estate Partners Co., Ltd. is engaged in the entrusted management of condominiums, office buildings, and educational facilities as well as tenant construction and repair associated with management.

・Nomura Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Real Estate Partners 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. However, MEGALOS Co., Ltd. is planned to be wholly owned by Nomura Real Estate Holdings, Inc. as mentioned in P.6 "1. Business Results and Financial Position (1) Business Results <Other Business Segment >," and be delisted through prescribed procedures.

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



(Note) Nomura Real Estate Wellness Co., Ltd. was established as of April 1, 2015 and newly incorporated in the "Property & Facility Management Business Segment". In addition, MEGALOS Co., Ltd. which used to be classified in the "Other Business Segment" was transferred to the "Property & Facility Management Business Segment" from April 1, 2015 in order to facilitate comprehensive strategic judgment regarding property management business.

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 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. Basic Policies for Selecting Accounting Standards

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Assets	資産の部	**FY2013 (As of March 31, 2014)**	**FY2014 (As of March 31, 2015)**
Current Assets:	流動資産合計	496,978	549,300
Cash and deposits	現金及び預金	*2, *3 45,484	*2, *3 47,420
Notes and accounts receivable-trade	受取手形及び売掛金	14,770	15,029
Short-term investment securities	有価証券	22,500	3,000
Real estate for sale	販売用不動産	45,047	61,583
Real estate for sale in process	仕掛販売用不動産	217,838	237,500
Land held for development	開発用不動産	85,974	130,221
Equity investments	営業エクイティ投資	7,128	6,316
Deferred tax assets	繰延税金資産	7,384	5,688
Other	その他	51,025	42,586
Allowance for doubtful accounts	貸倒引当金	(177)	(47)
Noncurrent Assets:	固定資産合計	816,909	819,926
Property, plant and equipment	有形固定資産合計	716,093	730,076
Buildings and structures	建物及び構築物	360,251	364,363
Accumulated depreciation	減価償却累計額	(118,075)	(127,576)
Buildings and structures, net	建物及び構築物(純額)	*2, *3 242,176	*2, *3 236,787
Land	土地	*2, *3, *5 467,610	*3, *5 486,436
Other	その他	12,626	13,821
Accumulated depreciation	減価償却累計額	(6,320)	(6,968)
Other, net	その他(純額)	*2, *3 6,306	6,852
Intangible assets	無形固定資産	9,382	10,277
Investments and other assets	投資その他の資産合計	91,433	79,572
Investment securities	投資有価証券	*1, *2 47,630	*1, *2 40,853
Lease and guarantee deposits	敷金及び保証金	19,223	20,487
Deferred tax assets	繰延税金資産	21,860	14,979
Other	その他	2,720	3,252
Allowance for doubtful accounts	貸倒引当金	(1)	ー
Total Assets	資産合計	1,313,887	1,369,226

(Millions of yen)

Liabilities	負債の部	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Current Liabilities :	流動負債合計	288,094	305,188
Notes and accounts payable-trade	支払手形及び買掛金	37,629	48,662
Short-term loans payable	短期借入金	*2, *3 152,683	151,800
Current portion of bonds	1年内償還予定の社債	10,000	*3 3,000
Income taxes payable	未払法人税等	8,091	13,097
Deposits received	預り金	9,175	25,095
Deferred tax liabilities	繰延税金負債	148	124
Provision for bonuses	賞与引当金	6,087	6,218
Provision for directors' bonuses	役員賞与引当金	586	606
Provision for loss on business liquidation	事業整理損失引当金	112	83
Other	その他	63,580	56,498
Noncurrent Liabilities :	固定負債合計	607,095	603,007
Bonds payable	社債	*3 23,000	30,000
Long-term loans payable	長期借入金	431,900	431,900
Lease and guarantee deposits received	受入敷金保証金	*2 57,124	*2 60,749
Deferred tax liabilities	繰延税金負債	67,421	60,214
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	*5 4,537	*5 4,116
Provision for loss on subleasing business	転貸事業損失引当金	473	465
Net defined benefit liability	退職給付に係る負債	14,901	11,078
Other	その他	7,737	4,483
Total Liabilities	負債合計	895,190	908,195
Net Assets	純資産の部		
Shareholders' Equity:	株主資本合計	348,347	379,774
Capital stock	資本金	116,024	116,188
Capital surplus	資本剰余金	93,353	93,518
Retained earnings	利益剰余金	138,971	170,069
Treasury shares	自己株式	(2)	(2)
Other Comprehensive Income:	その他の包括利益累計額合計	7,333	14,285
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(689)	5,069
Deferred gains or losses on hedges	繰延ヘッジ損益	25	78
Revaluation reserve for land	土地再評価差額金	*5 7,224	*5 7,644
Foreign currency translation adjustment	為替換算調整勘定	32	61
Remeasurements of defined benefit plans	退職給付に係る調整累計額	742	1,431
Subscription Rights to Shares:	新株予約権	1,273	1,563
Minority Interests:	少数株主持分	61,742	65,408
Total Net Assets	純資産合計	418,697	461,031
Total Liabilities and Net Assets	負債純資産合計	1,313,887	1,369,226

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

(Consolidated Statements of Income)

(Millions of yen)

		FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Operating Revenue	営業収益	532,016	567,159
Operating Cost	営業原価	*1 372,680	*1 405,107
Operating Gross Profit	営業総利益	159,335	162,051
Selling, General and Administrative Expenses	販売費及び一般管理費	*2 85,027	*2 90,157
Operating Income	営業利益	74,307	71,894
Non-operating Income	営業外収益合計	1,442	1,699
Interest income	受取利息	76	50
Dividends income	受取配当金	887	1,123
Equity in earnings of affiliates	持分法による投資利益	9	17
Other	その他	469	507
Non-Operating Expenses	営業外費用合計	11,692	9,912
Interest expenses	支払利息	10,026	8,851
Other	その他	1,666	1,060
Ordinary Income	経常利益	64,058	63,681
Extraordinary Income	特別利益合計	961	2,547
Gain on sales of noncurrent assets	固定資産売却益	*3 544	*3 206
Reversal of provision for loss on disaster	災害損失引当金戻入額	295	―
Dividends distribution from silent partnership associated with impairment loss	減損損失に伴う匿名組合損益分配額	―	2,203
Compensation Income	受取補償金	122	―
Other	その他	―	137
Extraordinary Losses	特別損失	16,572	8,170
Impairment loss	減損損失	*4 16,572	*4 8,170
Income before Income Taxes and Minority Interests	税金等調整前当期純利益	48,447	58,058
Income taxes-current	法人税,住民税及び事業税	13,828	18,069
Income taxes-deferred	法人税等調整額	6,283	(2,664)
Total income taxes	法人税等合計	20,112	15,405
Income before minority interests	少数株主損益調整前当期純利益	28,335	42,653
Minority interests in income	少数株主利益	1,491	4,211
Net Income	当期純利益	26,844	38,441

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

		FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net income before Minority Interests	少数株主損益調整前当期純利益	28,335	42,653
Other Comprehensive Income	その他の包括利益合計	*1 (2,997)	*1 6,950
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(2,808)	5,764
Deferred gains or losses on hedges	繰延ヘッジ損益	(212)	53
Revaluation reserve for land	土地再評価差額金	(0)	420
Foreign currency translation adjustment	為替換算調整勘定	―	6
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	―	689
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	23	15
Comprehensive Income	包括利益	25,337	49,603
(Breakdown)	（内訳）		
Comprehensive income attributable to owners of parent	親会社株主に係る包括利益	23,849	45,386
Comprehensive income attributable to minority interests	少数株主に係る包括利益	1,488	4,216

(3) Consolidated Statements of Changes in Net Assets

FY2013 (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
Cumulative effects of changes in accounting policies					
Restated 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)
Increase due to the increase of consolidated subsidiaries					
Decrease due to the increase of consolidated subsidiaries					
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
Cumulative effects of changes in accounting policies									
Restated 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)
Increase due to the increase of consolidated subsidiaries									
Decrease due to the increase of consolidated subsidiaries									
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

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

(Millions of yen)

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

	Other Comprehensive Income						Subscription rights to shares	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, 2014	(689)	25	7,224	32	742	7,333	1,273	61,742	418,697
Cumulative effects of changes in accounting policies									1,571
Restated balance at April 1, 2014	(689)	25	7,224	32	742	7,333	1,273	61,742	420,268
Changes of Items during Period									
Issuance of new shares									329
Dividends of surplus									(7,637)
Net income									38,441
Purchases of treasury shares									
Increase due to the increase of consolidated subsidiaries									16
Decrease due to the increase of consolidated subsidiaries									(1,293)
Net changes of items other than shareholders' equity	5,759	53	420	29	689	6,951	290	3,665	10,907
Total Changes of Items during Period	5,759	53	420	29	689	6,951	290	3,665	40,762
Balance at March 31, 2015	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031

(4) Consolidated Statements of Cash Flows

(Millions of yen)

		FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Cash Flows from Operating Activities			
Income before income taxes and minority interests	税金等調整前当期純利益	48,447	58,058
Depreciation and amortization	減価償却費	14,333	15,258
Impairment loss	減損損失	16,572	8,170
Loss (gain) on sales of property, plant and equipment	固定資産売却損益	(544)	(206)
Equity in (earnings) losses of affiliates	持分法による投資損益	(9)	(17)
Increase (decrease) in allowance for doubtful accounts	貸倒引当金の増減額	(24)	(131)
Increase (decrease) in provision for retirement benefits	退職給付引当金の増減額	(15,291)	―
Increase (decrease) in provision for loss on business liquidation	事業整理損失引当金の増減額	(36)	(29)
Increase (decrease) in provision for loss on subleasing business	転貸事業損失引当金の増減額	(641)	(7)
Increase (decrease) in provision for loss on disaster	災害損失引当金の増減額	(303)	―
Increase (decrease) in net defined benefit liability	退職給付に係る負債の増減額	14,901	(391)
Interest and dividends income	受取利息及び受取配当金	(964)	(1,173)
Interest expenses	支払利息	10,026	8,851
Decrease (increase) in notes and accounts receivable-trade	売上債権の増減額	(1,511)	(231)
Decrease (increase) in inventories	たな卸資産の増減額	20,500	(77,796)
Decrease (increase) in equity investments	営業エクイティ投資の増減額	22,450	812
Increase (decrease) in notes and accounts payable-trade	仕入債務の増減額	(11,718)	11,033
Increase (decrease) in deposits received	預り金の増減額	(12,076)	15,920
Other, net	その他	(77)	6,309
Subtotal	小計	104,031	44,429
Interest and dividends income received	利息及び配当金の受取額	1,811	1,642
Interest expenses paid	利息の支払額	(10,431)	(9,254)
Income taxes paid	法人税等の支払額	(11,876)	(12,980)
Net Cash Provided by (Used in) Operating Activities	**営業活動によるキャッシュ・フロー**	83,535	23,837
Cash Flows from Investing Activities			
Purchase of investment securities	投資有価証券の取得による支出	(9,252)	(1,066)
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	2,590	1,095
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	(21,938)	(38,871)
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	6,952	3,205
Collection of loans receivable	貸付金の回収による収入	17	―
Payments for lease and guarantee deposits	敷金及び保証金の差入による支出	(574)	(632)
Proceeds from collection of lease and guarantee deposits	敷金及び保証金の回収による収入	1,690	1,324
Repayments of lease and guarantee deposits received	受入敷金保証金の返還による支出	(2,555)	(3,231)
Proceeds from lease and guarantee deposits received	受入敷金保証金の受入による収入	2,166	5,365
Other, net	その他	711	334
Net Cash Provided by (Used in) Investment Activities	**投資活動によるキャッシュ・フロー**	(20,191)	(32,476)

(Millions of yen)

		FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term loans payable	短期借入金の純増減額	(8,200)	16,000
Repayments of finance lease obligations	ファイナンス･リース債務の返済による支出	(185)	(154)
Proceeds from long-term loans payable	長期借入れによる収入	82,600	102,500
Repayment of long-term loans Payable	長期借入金の返済による支出	(126,085)	(119,383)
Proceeds from issuance of bonds	社債の発行による収入	―	9,936
Redemption of bonds	社債の償還による支出	―	(10,000)
Proceeds from issuance of common stock	株式の発行による収入	428	131
Proceeds from stock issuance to minority shareholders	少数株主からの払込みによる収入	33	3
Purchase of treasury shares	自己株式の取得による支出	(0)	―
Cash dividends paid	配当金の支払額	(5,721)	(7,637)
Cash dividends paid to minority shareholders	少数株主への配当金の支払額	(727)	(379)
Net Cash Provided by (Used in) Financing Activities	**財務活動によるキャッシュ･フロー**	(57,858)	(8,983)
Effect of Exchange Rate Change on Cash and Cash Equivalents	**現金及び現金同等物に係る換算差額**	―	4
Net Increase (Decrease) in Cash and Cash Equivalents	**現金及び現金同等物の増減額**	5,485	(17,618)
Cash and Cash Equivalents at Beginning of Period	**現金及び現金同等物の期首残高**	62,496	67,982
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	**連結の範囲の変更に伴う現金及び現金同等物の増減額**	―	54
Cash and Cash Equivalents at End of Period	**現金及び現金同等物の期末残高**	*1 67,982	*1 50,418

(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: 21

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

NOMURA REAL ESTATE ASIA PTE. LTD. is included in the scope of consolidation due to the establishment in the fiscal year under review. Yokohama Mirai 46 Special Purpose Company and Nomura Real Estate Consulting (Beijing) Co., Ltd. are included in the scope of consolidation due to their increased significance.

Smile Retail Eight Co., Ltd., Retail Investors 2007 Co., Ltd., and NPS Development Co., Ltd. are excluded from the scope of consolidation due to the completion of liquidation, and Nomura Living Support Co., Ltd. is also excluded from the scope of consolidation due to the merger with Nomura Building Management Co., Ltd., which is a consolidated subsidiary of the Company.

Nomura Building Management Co., Ltd. has changed its name to Nomura Real Estate Partners Co., Ltd.

(2) Major unconsolidated subsidiaries

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited

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

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

2. Application of Equity Method

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

Principal unconsolidated subsidiaries: Nomura Real Estate UK Limited

NREAM Investors America, LLC was newly established in the fiscal year under review and included in unconsolidated subsidiaries.

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

Principal affiliates: Ginza Parking Center Co., Ltd.

(3) Nonconsolidated subsidiaries (Dolphin Ichigou, LLC) and an affiliate (Cube Kawasaki Investment Co., Ltd.) 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 UNJ Properties, LLC and Yokohama Mirai 46 Special Purpose Company 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 Nomura Real Estate Consulting (Beijing) Co., Ltd. and NOMURA REAL ESTATE ASIA PTE. LTD. is December 31. The date for the closing of accounts of Midosuji Mirai Development, LLC, Shinjuku Mirai Development, LLC, Flagship Building Co., Ltd., and TJ Properties Special Purpose Company, Ltd. is February 28.

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

4. Accounting Standards and Methods

(1) Valuation standards and methods for principal assets

1) Short-term investments and investment securities

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

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

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

2) Derivatives

Derivatives are stated using the market value method.

3) Inventories

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

(2) Depreciation and amortization method for significant depreciable assets

1) Property and equipment (except for leased assets)

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

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

Buildings and structures 2 to 65 years

2) Noncurrent assets (except for leased assets)

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

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

3) Leased assets

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

(3) Standards for the provision of significant allowances

1) Allowance for doubtful accounts

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

2) Provision for employee bonuses

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

3) Provision for director bonuses

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

4) Provision for loss on business liquidation

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

5) Provision for loss on subleasing business

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

(4) Method of accounting regarding retirement benefits

1) Attribution of estimated retirement benefits

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

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

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

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

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

Basis for the recording of revenue and cost of completed work

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

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

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

(7) Significant hedge accounting

1) Hedge accounting method

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

2) Hedging instruments and hedged items

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

3) Hedge policy

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

4) Method for assessing the effectiveness of hedges

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

(8) Amortization of Goodwill

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

(9) Scope of cash in consolidated cash flow statements

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

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

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

(Changes in Accounting Policies)

(Application of 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 "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No.25 issued March, 26 2015; hereinafter "Guidance") from the fiscal year under review. In accordance with 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, the Group reviewed the method of calculation for retirement benefit liabilities and service costs, and changed the method of attributing expected amount of retirement benefits to accounting periods from a straight-line attribution standard to a benefit formula, and changed the method of calculating discount rate from the use of the expected average remaining service years for employees to use of a single weighted average discount rate .

The adoption of the accounting standards for retirement benefits and Guidance is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards, and the amount of financial impact at the beginning of the fiscal year under review as a result of the adoption of the new calculation method for retirement benefit liabilities and service costs is added to/ removed from retained earnings.

As a result, the retirement benefits liabilities at the beginning of the fiscal year under review decreased by 2,445 million yen and retained earnings increased by 1,571 million yen. Consequently, operating income, ordinary income, and income before income taxes and minority interest of the fiscal year under review each increased by 129 million yen.

The impact on net assets per share, net income per share, and net income per share after adjusting of the fiscal year under review is minor.

(Notes to Consolidated Balance Sheets)

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

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Investment securities (Investment in anonymous associations, etc.)	17,089	2,169

*2 Pledged Assets and Secured Liabilities

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

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Buildings and structures	1,277	210
Land	1,263	-
Other property and equipment	9	-
Total	2,550	210

Secured liabilities are as follows. (Millions of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Short-term loans payable	57	-
Lease and guarantee deposits received	59	52
Total	116	52

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

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

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

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Non-recourse short-term loans payable	13,371	-
Non-recourse current portion of bonds	-	3,000
Non-recourse bonds payable	3,000	-
Total	16,371	3,000

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

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Cash and cash equivalents	3,889	2,526
Buildings and structures	5,025	187
Land	25,472	7,804
Other property and equipment	45	-
Total	34,432	10,518

4 Guaranteed obligations

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

FY2013 (As of March 31, 2014)		FY2014 (As of March 31, 2015)	
Customers using housing loans	26,733	Customers using housing loans	56,902
Joint operators of EBS buildings	744	Joint operators of EBS buildings	676
Total	27,477	Total	57,579

*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)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
	1	171

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

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Advertising expenses	20,196	22,456
Employees' salaries and allowances	26,193	27,494
Provision for bonuses	5,383	5,245
Provision for directors' bonuses	586	590
Retirement benefit expenses	1,768	1,716
Research and development expenses	-	194
Provision of allowance for doubtful accounts	9	5

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

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Land	481	17
Buildings and others	62	188
Total	544	206

*4 Impairment Loss

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

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.

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

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

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

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

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

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

(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)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Valuation Difference on Available-for-Sale Securities:		
Amount recognized during the year	(3,749)	9,587
Amount of recycling	(620)	(998)
Before income tax effect	(4,369)	8,588
Income tax effect	1,561	(2,824)
Valuation difference on available-for-sale securities	(2,808)	5,764
Deferred Gains or Losses on Hedges:		
Amount recognized during the year	(282)	87
Amount of recycling	(48)	(10)
Before income tax effect	(330)	76
Income tax effect	117	(23)
Deferred gains or losses on hedges	(212)	53
Revaluation Reserve for Land:		
Income tax effect	(0)	420
Foreign Currency Translation Adjustment:		
Amount recognized during the year	-	6
Amount of recycling	-	-
Before income tax effect	-	6
Income tax effect	-	-
Foreign currency translation adjustment	-	6
Remeasurements of Defined Benefit Plans:		
Amount recognized during the year	-	972
Amount of recycling	-	14
Before income tax effect	-	987
Income tax effect	-	(297)
Remeasurements of defined benefit plans	-	689
Share of Other Comprehensive Income of Affiliates Accounted for Using the Equity Method:		
Amount recognized during the year	41	21
Amount of recycling	-	-
Before income tax effect	41	21
Income tax effect	(17)	(5)
Share of other comprehensive income of affiliates accounted for using the equity method	23	15
Total Other Comprehensive Income	(2,997)	6,950

(Notes to Consolidated Statements of Changes in Net Assets)

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

1. Type 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 by 311 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 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, 2014 General meeting of shareholders	Common stock	3,818	Retained earnings	20	March 31, 2014	June 30, 2014

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

1. Class and number of shares issued and treasury shares

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

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

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

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

3. Dividends

(1) Dividends paid

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

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

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 26, 2015 General meeting of shareholders	Common stock	4,777	Retained earnings	25	March 31, 2015	June 29, 2015

(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)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Cash and deposits	45,484	47,420
Short-term investment securities	22,500	3,000
Time deposits with maturities of more than three months	(2)	(2)
Cash and cash equivalents	67,982	50,418

(Real Estate for Rent)

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

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

(Millions of yen)

		FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Rental properties			
Book value			
	Balance at the beginning of the fiscal year	698,632	676,475
	Changes during the fiscal year	(22,156)	13,180
	Balance at the end of the fiscal year	676,475	689,655
Fair value at the end of the fiscal year		695,175	735,723
Other properties used as rental properties			
Book value			
	Balance at the beginning of the fiscal year	24,868	25,590
	Changes during the fiscal year	721	(253)
	Balance at the end of the fiscal year	25,590	25,336
Fair value at the end of the fiscal year		48,130	49,530

(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, 2014 and 2015 are determined based primarily on values according to real estate appraisal standards (including adjustments based on certain indexes). However, if there have been no fluctuations in appraisal values or indexes considered to appropriately reflect market values, the Group uses the appraisal values or amounts derived from the indexes of the recent appraisal or acquisition from third parties as the fair values at March 31, 2014 and 2015.

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

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Rental properties		
Operating income	26,911	23,230
Others (gains (losses) on sale of property, etc.)	(15,958)	(5,760)
Other properties used as rental properties		
Operating income	791	968
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 (544 million yen) and impairment loss (16,502 million yen) in the fiscal year ended March 31, 2014, and dividends distribution from silent partnership (2,203 million yen) and impairment loss (8,170 million yen) in the fiscal year ended March 31, 2015.

(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).

2. Changes in reportable segments

From the second quarter of the fiscal year under review, a partial revision in the method of allocating costs to each segment of the Company has been incorporated to enhance the management of each segment.

In addition, the residential leasing business has also been transferred from the Residential Development Business Segment to the Leasing Business Segment to facilitate comprehensive strategic judgment regarding the Company's leasing asset portfolio.

In line with these changes, segment income of the fiscal year under review decreased by 3,033 million yen in the Residential Development Business Segment, 801 million yen in the Leasing Business Segment, 174 million yen in the Investment Management Business Segment, and 347 million yen in the Property Brokerage & CRE Business Segment, and increased by 4,356 million yen in Adjustments.

The results of the previous fiscal year are calculated in line with the newly adopted method of cost allocation and segment classification.

3. 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.

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

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	306,783	97,758	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	307,625	99,866	18,326	29,168	72,150	527,137	18,640	545,778	(13,761)	532,016
Segment income	31,177	26,818	7,902	8,101	5,107	79,107	508	79,615	(5,307)	74,307
Segment assets	331,779	776,097	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 5,307 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 5,974 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.

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

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	358,490	90,642	9,163	27,934	63,180	549,411	17,747	567,159	-	567,159
Inter-segment	907	2,235	2	2,298	8,455	13,900	5	13,905	(13,905)	-
Subtotal	359,397	92,878	9,166	30,232	71,635	563,311	17,753	581,064	(13,905)	567,159
Segment income	33,811	24,447	4,813	8,477	5,477	77,028	167	77,195	(5,300)	71,894
Segment assets	382,585	849,885	40,555	22,606	32,375	1,328,009	19,833	1,347,843	21,383	1,369,226
Other items										
Depreciation	121	13,221	130	303	249	14,025	1,032	15,058	200	15,258
Amortization of goodwill	-	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	31	1,064	275	-	-	1,372	-	1,372	-	1,372
Increase in property, plant and equipment and intangible assets	216	47,039	109	548	154	48,068	850	48,919	(15,023)	33,896

(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 5,300 million yen shown in the adjustments column for segment income includes a deduction of 123 million yen for the elimination of inter-segment transactions and a deduction of 5,177 million yen for corporate expenses not allocated to reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2) The addition of 21,383 million yen shown in the adjustments column for segment assets includes a deduction of 39,994 million yen for the elimination of inter-segment transactions and an addition of 61,377 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

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

2. Information by geographical area

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

3. Information by major customer

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

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

1. Information by product and service

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

2. Information by geographical area

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

3. Information by major customer

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

c. Impairment loss on noncurrent assets by reportable segment

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.

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

(Millions of yen)

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

d. Amortization and unamortized balance of goodwill by reportable segment

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

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

(Millions of yen)

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

e. Gain on negative goodwill by reportable segment

Not applicable.

(Per Share Information)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net assets per share	1,863.12 yen	2,061.86 yen
Net income per share	140.70 yen	201.28 yen
Diluted net income per share	140.23 yen	200.55 yen

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

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net income per share		
Net income (Millions of yen)	26,844	38,441
Net income not attributable to common shareholders	-	-
Net income attributable to common stock	26,844	38,441
Average number of common stock during the period (Thousand shares)	190,792	190,982
Diluted net income per share		
Adjustment for net income (Millions of yen)	0	0
Of which, difference in changes in equity associated with the stock acquisition rights issued by consolidated subsidiaries (Millions of yen)	0	0
Increase in number of shares of common stock (Thousand shares)	644	699
Of which, stock acquisition rights (Thousand shares)	644	699
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: 1,369) 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)	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2008 (Total number of rights: 1,390) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Total number of rights: 3,311) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2014 (Total number of rights: 3,523) MEGALOS Co., Ltd. the 2nd Stock Acquisition Rights in FY2014 (Total number of rights: 350)

(Significant Subsequent Events)

Tender Offer for Share Certificates, etc. of MEGALOS Co., Ltd.

Nomura Real Estate Holdings, Inc. (the "Company" hereinafter) resolved at the meeting of its Board of Directors held on April 30, 2015 to conduct the tender offer as part of the transactions for the purpose of acquiring all of the shares and the stock acquisition rights of MEGALOS Co., Ltd. (listed the JASDAQ Market, the "Target Company" hereinafter) (excluding the shares held by the Company and the treasury shares held by the Target Company), and the Target Company is a consolidated subsidiary of the Company.

Board of Directors of the Target Company has resolved, at the Board of Directors meeting of the Target Company, to express an opinion in favor of the Tender Offer and to recommend that the Target Company's shareholders and the holders of the Stock Acquisition Rights of the Target Company tender their share certificates, etc. in the Tender Offer.

1. Purpose of the Tender Offer

The Target Company listed its shares on the Jasdaq Securities Exchange operated by Jasdaq Co., Ltd. (currently, the JASDAQ Market) in November 2007 for purposes such as securing financing and corporate creditworthiness, increasing corporate recognition, and securing human resources. Since being listed, the Target Company has sought to increase profits in the existing fitness clubs, and has aimed to increase its corporate value by aggressively expanding business areas and opening new clubs.

In recent years, however, the Target Company has faced tasks such as intensifying competition due to the increased number of competitor fitness clubs in the fitness market, and changing and diversifying customer needs for equipment and services.

Under those circumstances, the Company considers that as measures to be taken from the mid-to long-term perspective of the Target Company, it is essential to review the fee system of the existing fitness clubs, and to otherwise roll out new clubs as a new model of fitness clubs in response to diversifying customer needs. However, given that such measures would involve temporary decreases in the membership revenue, as well as investment in the opening of new model fitness clubs and upfront costs related to such openings, there is a risk of a resulting short-term fall in the operating results of the Target Company and uncertainty regarding subsequent profit recovery. Therefore, because it is possible that these measures would not necessarily receive an adequate evaluation in the capital market as measures taken by a listed company, it is also assumed that the share price of the Target Company Shares may be adversely affected. The Company also recognizes that in maintaining the listing of the Target Company, there is a problem that it may be unable to make quick decisions because it would be necessary to fully verify the validity and effectiveness of those measures.

Given those conditions above, the Company and the Target Company determined that it would be possible for the Target Company to implement bold measures that may entail a risk of a short-term fall in operating results or uncertainty based on quick decision-making by achieving integrated management of the Company and the Target Company under the relationship between a wholly-owning company and a wholly-owned company, and that it would be possible to achieve acceleration of the Target Company's growth based on mid-to long-term perspectives. The Company and the Target Company also determined that because they could expect to be able to leverage not only the Target Company's strengths but also the collective strengths of the integrated group, such integrated management will lead to an increase in the corporate value of the Company Group.

2. Outline of the Target Company

(1) Name	MEGALOS Co., Ltd.
(2) Address	2-4-4, Ebisu-minami, Shibuya-ku, Tokyo
(3) Name and title of representative	Mitsuru Ohashi, President and Representative Director
(4) Description of business	Operation of sports clubs and sale of sports products and other items
(5) Stated capital	1,475 million yen (as of March 31, 2015)
(6) Date of incorporation	March 1, 1989

3. Outline of the Tender Offer

As of April 30, 2015, the Company holds 2,103,600 shares (ownership percentage (Note): 53.87%, rounded to two decimal places) of common stock of the Target Company (the "Target Company Shares") listed on the JASDAQ Standard Market (the "JASDAQ Market"), and the Target Company is a consolidated subsidiary of the Company.

The Target Company Shares is listed on the JASDAQ Standard Market as of April 30, 2015. However, because the Company has not set a maximum number of shares to be purchased in the Tender Offer, depending on the result of the Tender Offer, the Target Company Shares might be delisted through prescribed procedures pursuant to TSE's delisting standards.

Also, even if the relevant standards do not apply at the time of completion of the Tender Offer, because, when the Tender Offer is completed, the procedures are to be taken for the purpose of acquiring all of the Target Company Shares (excluding the shares held by the Company and the treasury shares held by the Target Company), the Target Company Shares will be delisted through prescribed procedures pursuant to TSE's delisting standards. After the delisting, the Target Company Shares may not be traded on the JASDAQ Market.

(1) Number of shares to be purchased 1,929,192 shares

(Note) Because the Offeror has not set a maximum number or minimum number of shares to be purchased in the Tender Offer, the Offeror will purchase all of the Tendered Share Certificates, etc. The "Number of shares to be purchased" indicates the maximum number of share certificates, etc. to be acquired by the Offeror in the Tender Offer. Such maximum number is the total number of shares (i.e., 1,929,192 shares) obtained by deducting the number of treasury shares held by the Target Company as of March 31, 2015 (208 shares) as set forth in the Summary of Target Company Financial Results and the number of the Target Company Shares held by the Company as of today (2,103,600 shares), from the total number of issued shares of the Target Company as of March 31, 2015 (3,905,100 shares) as set forth in the Summary of Target Company Financial Results, and adding thereto the number of the Target Company Shares (127,900 shares) which are the object of the Stock Acquisition Rights as of March 31, 2015 (1,279 options) as set forth in the Summary of Target Company Financial Results.

(2) Tender offer period From May 1, 2015 through June 16, 2015 (30 business days)

(3) Tender offer price Common stock 2,000 yen per share

FY2008 Series No. 2 Stock acquisition rights (the "Series No. 1 Stock Acquisition Rights")	126,000 yen per stock acquisition right
FY2009 Series No. 2 Stock acquisition rights (the "Series No. 2 Stock Acquisition Rights")	99,000 yen per stock acquisition right
FY2010 Series No. 2 Stock acquisition rights (the "Series No. 3 Stock Acquisition Rights")	90,700 yen per stock acquisition right
FY2011Series No. 2 Stock acquisition rights (the "Series No. 4 Stock Acquisition Rights")	89,500 yen per stock acquisition right
FY2012 Series No. 2 Stock acquisition rights (the "Series No. 5 Stock Acquisition Rights")	80,400 yen per stock acquisition right
FY2013 Series No. 2 Stock acquisition rights (the "Series No. 6 Stock Acquisition Rights")	51,200 yen per stock acquisition right
FY2014 Series No. 1 Stock acquisition rights (the "Series No. 7 Stock Acquisition Rights")	199,900 yen per stock acquisition right
FY2014 Series No. 2 Stock acquisition rights (the "Series No. 8 Stock Acquisition Rights")	41,000 yen per stock acquisition right

(4) Purchase price 3,767 million yen

(Note) The purchase price is the total amount of the amount calculated by multiplying the number of shares (1,863,292 shares) equal to the number of shares to be purchased (1,929,192 shares) less the number of the Target Company Shares (65,900 shares) which are the object of the Stock Acquisition Rights (659 options) that is the total number of the Series No. 6 Stock Acquisition Rights (240 options), the Series No. 7 Stock Acquisition Rights (69 options) and the Series No. 8 Stock Acquisition Rights (350 options), out of the number of the Stock Acquisition Rights as of March 31, 2015 (1,279 options) as set forth in the Summary of Target Company Financial Results, of which the exercise periods will not begin during the tender offer period of the Tender Offer thus which will not able to be exercised during such period, by the Tender Offer Price (2,000 yen), and the amount calculated by multiplying the number of the Series No. 6 Stock Acquisition Rights (240 options) by the purchase price per such stock acquisition right (51,200 yen), the amount calculated by multiplying the number of the Series No. 7 Stock Acquisition Rights (69 options) by the purchase price per such stock acquisition right (199,900 yen) and the amount calculated by multiplying the number of the Series No. 8 Stock Acquisition Rights (350 options) by the purchase price per such stock acquisition right (41,000 yen).

(5) Commencement date of settlement June 23, 2015

(6) Fundraising method Equity capital