



April 27, 2017

Consolidated Financial Results

For the Fiscal Year Ended March 31, 2017

<under Japanese GAAP>

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

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	http://www.nomura-re-hd.co.jp/english/
Representative :	Eiji Kutsukake, President, Group CEO
Inquiries:	Naoko Usami, General Manager, Corporate Communications Dept.
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Date of Ordinary General Meeting of shareholders :	June 29, 2017
Scheduled starting date for dividend payments:	June 8, 2017
Scheduled submitting date of annual securities report:	June 29, 2017
Preparation of explanatory materials for financial results :	Yes
Information meetings arranged related to financial results :	Yes (for institutional investors and analysts, in Japanese)

(Values of less than one million yen rounded down)

I. Consolidated operating results for the fiscal year from April 1, 2016 to March 31, 2017

(1) Consolidated business results

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016	569,680	0.0	77,271	(4.5)	68,952	(5.1)	47,005	(0.4)
FY2015	569,545	0.4	80,912	12.5	72,679	14.1	47,182	22.7

(Note) Comprehensive income: FY2016 48,175 million yen(up 4.5%) FY2015 46,084 million yen (down 7.1%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income margin on total assets	Operating income margin
	yen	yen	%	%	%
FY2016	245.10	244.06	10.1	4.5	13.6
FY2015	246.42	245.40	11.2	5.1	14.2

(Reference)Share of profit (loss) of entities accounted for using equity method : FY2016 83 million yen FY2015 16 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
Mar. 31, 2017	1,593,093	493,813	30.2	2,508.73
Mar. 31, 2016	1,485,449	456,408	29.9	2,320.84

(Reference) Shareholders' equity: As of March 31, 2017 481,364 million yen As of March 31, 2016 444,854 million yen

(3) Consolidated cash flows

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2016	(31,889)	(54,558)	76,575	47,699
FY2015	13,258	(59,714)	53,637	57,591

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	%	%
FY2015	-	27.50	-	30.00	57.50	11,019	23.3	2.6
FY2016	-	30.00	-	35.00	65.00	12,470	26.5	2.7
FY2017 (Forecast)	-	35.00	-	35.00	70.00		30.5	

(Note) Revision of dividend forecasts during this quarter: Yes

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2017 to March 31, 2018

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2017	646,000	13.4	76,000	(1.6)	67,000	(2.8)	44,000	(6.4)	229.31

* Notes

- (1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to revision of accounting standards, etc. : None
 - 2) Changes in accounting policies other than the above : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None

(3) Number of shares issued (common stock)

	As of March 31	As of March 31
	2017	2016
1) Number of shares issued at end of period (including treasury shares)	191,877,801	191,679,601
2) Treasury shares at end of period	1,709	1,508
	Fiscal year ended	Fiscal year ended
	March 31, 2017	March 31, 2016
	2017	2016
3) Average number of shares outstanding during the period	191,781,378	191,472,373

* Consolidated financial results are not required to be audited.

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

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to “1. Business Results and Financial Position (4) Forecasts” on page 7 of the Attachments.

(How to obtain fact sheets)

The fact sheets will be disclosed on TDnet on April 27, 2017 and will be uploaded on the Company's website.

Attachments- Contents

1. Business Results and Financial Position	2
(1) Business Results	2
(2) Financial Position	6
(3) Cash Flows.	6
(4) Forecasts	7
(5) Basic Policy regarding Profit Distribution and Dividends for the Current and Next Fiscal Year.....	7
2. Group Companies	8
3. Basic Policies for Selecting Accounting Standards.....	10
4. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	13
Consolidated Statements of Income	13
Consolidated Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statement of Cash Flows	17
(5) Notes to Consolidated Financial Statements	19
(Notes to Going Concern Assumptions)	19
(Significant Matters for the Basis for the Preparation of Consolidated Financial Statements)	19
(Notes to Consolidated Balance Sheets)	22
(Notes to Consolidated Statements of Income)	23
(Notes to Consolidated Statements of Comprehensive Income)	25
(Notes to Consolidated Statements of Changes in Net Assets)	26
(Notes to Consolidated Statement of Cash Flows)	28
(Real Estate for Rent)	28
(Segment Information)	30
(Per Share Information)	35
(Significant Subsequent Events)	35

1. Business Results and Financial Position

(1) Business Results

During the fiscal year under review, the Japanese economy showed a tone of gradual recovery overall with an increase in exports, underpinned by a shift toward recovery in the global economy and a trend of yen depreciation in the latter half of the fiscal year, and continuing improvement in corporate production activities, despite continuing weakness in consumer spending. In regard to the economic outlook, the gradual recovery is expected to continue into the future with further pickups in consumer spending expected as a result of improvements in the employment and personal income environments, although it is necessary to pay careful attention to the economic trends of the advanced countries of Europe and North America.

In the house sales market, the housing sales market was characterized by impressions that sales prices were expensive due to persistently high construction costs and intensified demand for the purchase of land, which led to a buyer shift to the used-housing market, a drop in the rate of contracts and adjustments in the number of supplied housing units in the Tokyo metropolitan area. In the office market, vacancy rates remain at a low level against the backdrop of improvements in the employment environment and corporate earnings despite the rise in large properties in the Tokyo metropolitan area. In addition, the rent level continues to rise gradually, particularly in the central area of Tokyo.

In the real estate investment market, there is a continuing environment of investment fund inflow backed by low interest rates. In J-REIT, there were a series of new listings on the market and capital increases through public offerings, and assets under management have solidly expanded as a result of an increase in property acquisitions mainly comprising logistics facilities and hotels.

In this business environment, the Nomura Real Estate Group (the “Group”) posted the following consolidated performance for the fiscal year under review: Operating revenue of 569,680 million yen, which represents an increase of 135 million yen, or 0.0% year on year; operating income of 77,271 million yen, a decrease of 3,641 million yen, or 4.5%; ordinary income of 68,952 million yen, a decrease of 3,727 million yen, or 5.1%; and profit attributable to owners of parent of 47,005 million yen, a decrease of 176 million yen, or 0.4%.

An overview of unit achievements is given below:

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

From the first quarter of the fiscal year under review, Nomura Real Estate Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit to promote business in conjunction with the Property & Facility Management Business.

In addition, First Living Assistance Co., Ltd., established in March 2017, has been classified under the Residential Development Unit to promote business in conjunction with the Residential Development Business.

The results of the previous fiscal year are calculated in line with the newly adopted unit classification.

<Residential Development Unit>

Operating revenue in this unit totaled 329,787 million yen, which represents a decrease of 4,727 million yen, or 1.4% year on year, and operating income totaled 27,787 million yen, a decrease of 4,122 million yen, or 12.9%, resulting in decreases in both revenue and operating income compared with the previous fiscal year.

This was mainly due to a decrease in the number of housing unit sales recorded in the housing sales business.

In regard to housing sales, we posted the sale of 5,567 units (a decrease of 439 units year on year), including PROUD TOWER Tachikawa (Tachikawa-shi, Tokyo), PROUD CITY Shiki-honcho (Shiki-shi, Saitama), OHANA Fuchinobe Gardenia (Chuo-ku, Sagami-hara-shi, Kanagawa), PROUD CITY Tsukaguchi Mark Forest (Amagasaki-shi, Hyogo), for condominiums, and PROUD SEASON Sengawa Ryokukei no Machi (Chofu-shi, Tokyo) for detached housing.

The number of contracted but not recorded housing units totaled 2,779 units as of the end of the fiscal year under review (a decrease of 714 units compared with the end of the previous fiscal year). The contract progress rate for the planned 6,000 units of the next fiscal year was 43.0% at the start of the fiscal year.

The number of housing units, operating revenue, and outstanding contract amount for the joint-venture projects are calculated based on the business share.

From the third quarter of the fiscal year under review, the classification of the “period-end completed housing inventories” has changed. In accordance with this change, the figures as of the end of the previous fiscal year have been calculated under the new classification.

Breakdown of operating revenue

		FY2015		FY2016	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	4,721 units	260,494	4,291 units	250,475
	Kansai area	857 units	38,223	807 units	35,890
	Other	427 units	20,078	468 units	22,594
	Subtotal (Detached housing)	6,006 units (643 units)	318,795 (39,514)	5,567 units (682 units)	308,960 (38,735)
Other			15,719		20,827
Total			334,514		329,787

Housing sales Period-end completed housing inventories (released for sale)

	As of March 31, 2016	As of March 31, 2017
Tokyo metropolitan area	84 units	187 units
Kansai area	29 units	38 units
Other	20 units	25 units
Total (Detached housing)	134 units (46 units)	252 units (13 units)

Housing sales Period-end completed housing inventories (unreleased)

	As of March 31, 2016	As of March 31, 2017
Total (Detached housing)	215 units (94 units)	402 units (33 units)

Housing sales Sold but not recorded housing units

	As of March 31, 2016		As of March 31, 2017	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	2,569 units	162,146	2,140 units	140,183
Kansai area	535 units	26,577	219 units	13,859
Other	389 units	21,235	420 units	21,851
Total (Detached housing)	3,493 units (74 units)	209,959 (4,613)	2,779 units (111 units)	175,895 (6,489)

<Leasing Unit >

Operating revenue in this unit totaled 115,009 million yen, which represents an increase of 4,782 million yen, or 4.3% year on year, and operating income totaled 32,567 million yen, an increase of 847 million yen, or 2.7%, resulting in increases in both revenue and operating income compared with the previous fiscal year.

This was mainly due to an increase in leasing revenue in the Leasing Business due to an improvement in the vacancy rate, as well as an increase in revenues from the sale of properties in the property development business.

From the first quarter of the fiscal year under review, Nomura Real Estate Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit. In accordance with this change, the figures for the previous fiscal year have been calculated under the new classification.

Breakdown of operating revenue

	FY2015 (Millions of yen)	FY2016 (Millions of yen)
Leasing (offices)	49,594	51,981
Leasing (retail facilities)	10,873	11,649
Leasing (other)	5,882	5,954
Property development (sale)	33,260	35,350
Property development (leasing)	3,320	4,054
Other	7,295	6,018
Total	110,226	115,009

Rentable area

	As of March 31, 2016	As of March 31, 2017
Offices	829,312 m ²	831,177 m ²
Retail facilities	144,815 m ²	144,797 m ²
Total	974,127 m ²	975,974 m ²

Vacancy rate (offices and retail facilities)

As of March 31, 2016	As of March 31, 2017
2.2%	0.8%

<Investment Management Unit>

Operating revenue in this unit totaled 9,662 million yen, which represents a decrease of 1,310 million yen, or 11.9% year on year, and operating income totaled 6,016 million yen, a decrease of 1,360 million yen, or 18.4%, resulting in decreases in both revenue and operating income compared with the previous fiscal year.

This was mainly due to the posting of asset acquisition fees associated with the merger of three listed REITs in the previous fiscal year.

Assets under management increased compared with the previous fiscal year due to the merger between Nomura Real Estate Master Fund, Inc. and TOP REIT, Inc. in September 2016.

	FY2015 (Millions of yen)	FY2016 (Millions of yen)
Operating revenue	10,973	9,662

Assets under management

	As of March 31, 2016 (Millions of yen)	As of March 31, 2017 (Millions of yen)
REITs	1,012,630	1,210,535
Private funds, etc.	61,851	49,529
Total	1,074,481	1,260,064

<Property Brokerage & CRE Unit>

Operating revenue in this unit totaled 34,820 million yen, which represents a decrease of 553 million yen, or 1.6% year on year, operating profit totaled 9,124 million yen, a decrease of 776 million yen, or 7.8%, resulting in decreases in both revenue and operating profit compared with the previous fiscal year.

This was mainly due to the booking of revenues from the sale of properties in the previous fiscal year, which outweighed increases in the number of transactions and total transaction value in property brokerage.

In the wholesale business, operations had been conducted by both the Corporate Real Estate Service Division of Nomura Real Estate Development Co., Ltd. and the Asset Sales Division of Nomura Real Estate Urban Net Co., Ltd. However, a reorganization was implemented on October 1, 2016, integrating offices, employees and functions into the Corporate Real Estate Service Division of Nomura Real Estate Development Co., Ltd.

In the retail business, we opened the following new branch stores: Iidabashi Center (Chiyoda-ku, Tokyo) and Toyonaka Center (Toyonaka-shi, Osaka) in April 2016, Oizumi-gakuen Center (Nerima-ku, Tokyo) in October 2016, and Ueno Center (Taito-ku, Tokyo) in November 2016.

Breakdown of operating revenue

	FY2015 (Millions of yen)	FY2016 (Millions of yen)
Property brokerage	28,028	30,283
Other	7,345	4,536
Total	35,373	34,820

Number of transactions and total transaction value of property brokerage

	FY2015	FY2016
Number of transactions	7,710	8,272
Total transaction value (Millions of yen)	713,574	745,147

<Property & Facility Management Unit>

Operating revenue in this unit totaled 95,764 million yen, which represents an increase of 4,212 million yen, or 4.6% year on year, and operating profit totaled 6,939 million yen, an increase of 1,245 million yen, or 21.9%, resulting in increases in both revenue and operating profit compared with the previous fiscal year.

This was mainly due to an increase in construction ordered for large-scale repair work for condominiums and an increase in membership fees in the fitness club business.

From the first quarter of the fiscal year under review, Nomura Real Estate Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit. In accordance with this change, classifications for the breakdown of operating revenue have been changed and the figures for the previous fiscal year have been calculated under the new classification.

In fitness club business, we opened MEGALOS_0+ Ebisu (Shibuya-ku, Tokyo) in April 2016, MEGALOS_Reflet Ebisu (Shibuya-ku, Tokyo) in June 2016, MEGALOS_24 Hamadayama (Suginami-ku, Tokyo) in January 2017, and MEGALOS_24 Sakurashinmachi (Setagaya-ku, Tokyo) in February 2017.

Breakdown of operating revenue

	FY2015 (Millions of yen)	FY2016 (Millions of yen)
Property & facility management	47,952	48,301
Construction ordered	24,636	26,857
Fitness club & elderly care	14,995	15,523
Other	3,967	5,081
Total	91,552	95,764

Number of properties under management

	As of March 31, 2016	As of March 31, 2017
Buildings under management	705	702
Condominiums under management (unit)	163,036	168,999

<Other Unit>

Operating revenue in this unit totaled 106 million yen, which represents a decrease of 1,247 million yen, or 92.2% year on year, and operating loss totaled 30 million yen (the previous fiscal year was operating loss of 152 million yen).

(2) Financial Position

(Assets, Liabilities and Net Assets)

	As of March 31, 2016 (Millions of yen)	As of March 31, 2017 (Millions of yen)	Changes (Millions of yen)	Changes (%)
Total assets	1,485,449	1,593,093	107,643	7.2
Total liabilities	1,029,041	1,099,280	70,238	6.8
Of which, Interest-bearing debt	721,900	810,100	88,200	12.2
Net assets	456,408	493,813	37,404	8.2
Shareholders' equity ratio	29.9%	30.2%	-	-
Debt/equity ratio	1.6	1.7	-	-

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

Total assets were 1,593,093 million yen, which represents an increase of 107,643 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in inventories (an increase of 73,977 million yen) and land (an increase of 25,974 million yen).

Total liabilities totaled 1,099,280 million yen, an increase of 70,238 million yen from the end of the previous fiscal year. This was mainly due to an increase in a long-term loans payable (an increase of 99,200 million yen) and bonds payable (an increase of 10,000 million yen), while notes and accounts payable-trade (decreased by 15,549 million yen) decreased.

Net assets totaled 493,813 million yen, an increase of 37,404 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings (increased by 35,500 million yen).

The shareholders' equity ratio was 30.2%, an increase of 0.3 percentage points from the end of the previous fiscal year.

(3) Cash Flows

Cash and cash equivalents as of the end of the fiscal year under review totaled 47,699 million yen, which represents a decrease of 9,892 million yen compared to the end of the previous fiscal 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 decreased by 31,889 million yen (a year-on-year decrease of 45,148 million yen). This was mainly due to outflows resulted by the purchase of inventories and the payment of income taxes, despite recording of profit before income taxes of 69,307 million yen.

(Cash Flows from Investing Activities)

Net cash provided by (used in) investment activities decreased by 54,558 million yen (a year-on-year increase of 5,156 million yen). This mainly reflected the purchase of tangible and intangible assets.

(Cash Flows from Financing Activities)

Net cash provided by (used in) financing activities increased by 76,575 million yen (a year-on-year increase of 22,937 million yen). The reason for this was that long-term debt financing and issuance of bonds counteracted the impact of cash dividend paid.

(4) Forecasts

<Consolidated>

We expect to post operating revenue of 646,000 million yen, operating income of 76,000 million yen, ordinary income of 67,000 million yen, and profit attributable to owners of parent of 44,000 million yen for the fiscal year ending March 31, 2018.

	FY2017 Forecasts (Millions of yen)	FY2016 (Millions of yen)	Changes (Millions of yen)
Operating revenue	646,000	569,680	76,319
Operating income	76,000	77,271	(1,271)
Ordinary income	67,000	68,952	(1,952)
Profit attributable to owners of parent	44,000	47,005	(3,005)

<Forecasts by units>

The forecasts of operating results for the fiscal year ending March 31, 2018 by units are as follows.

Operating revenue

	FY2017 Forecasts (Millions of yen)	FY2016 (Millions of yen)	Changes (Millions of yen)
Residential Development	365,000	329,787	35,212
Leasing	143,000	115,009	27,990
Investment Management	9,500	9,662	(162)
Property Brokerage & CRE	38,000	34,820	3,179
Property & Facility Management	104,000	95,764	8,235
Other	0	106	(106)
Adjustments	(13,500)	(15,470)	1,970
Total	646,000	569,680	76,319

Operating income

	FY2017 Forecasts (Millions of yen)	FY2016 (Millions of yen)	Changes (Millions of yen)
Residential Development	25,000	27,787	(2,787)
Leasing	32,000	32,567	(567)
Investment Management	5,500	6,016	(516)
Property Brokerage & CRE	10,500	9,124	1,375
Property & Facility Management	7,000	6,939	60
Other	0	(30)	30
Adjustments	(4,000)	(5,132)	1,132
Total	76,000	77,271	(1,271)

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

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

The Company is planning an increase in the year-end dividend for the fiscal year ended March 31, 2017 of 5 yen per share from the previous forecast to 35 yen per share. Combined with the second quarter-end dividend, the annual dividend per share will be 65 yen. In regard to the dividend for the next fiscal year, the second quarter-end and year-end dividends will be 35 yen per share, and the annual dividend will be 70 yen per share.

2. Group Companies

Major business contents of the Nomura Real Estate Group and 31 affiliated companies (24 consolidated subsidiaries, and 7 affiliates and unconsolidated subsidiaries accounted for using the equity method), and consolidated subsidiaries involved in the relevant businesses, as well as the role of said consolidated subsidiaries are given below.

<Residential Development Unit>

- Nomura Real Estate Development Co., Ltd. is engaged in the development and sale of condominiums and detached housing.
- Nomura Real Estate Reform Co., Ltd. is engaged in the remodeling and repair of condominiums and detached housing.
- Prime X. Co., Ltd. is engaged in Internet advertising for the real estate and housing industries.
- First Living Assistance Co., Ltd. provides services aimed at providing assistance to customers concerning their homes and living arrangements.

<Leasing Unit >

- Nomura Real Estate Development Co., Ltd. develops, builds and leases office buildings and retail facilities, and engages in the entrusted management of office buildings. The Company is also engaged in the development and sale of profitable properties for the real-estate investment market, and the planning and management of construction work.
- NREG TOSHIBA BUILDING Co., Ltd. offers service that spans the development, construction, leasing, and management of office buildings, housing, and retail facilities, etc., as well as consultation on corporate real estate (CRE) utilization, and the development and sale of condominiums.
- Geo Akamatsu Co., Ltd. is engaged in the design and entrusted management of retail facilities.
- NREG TOSHIBA BUILDING FACILITIES Co., Ltd. offers maintenance and cleaning services for office buildings entrusted by NREG TOSHIBA BUILDING Co., Ltd.

<Investment Management Unit >

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

<Property Brokerage & CRE Unit >

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

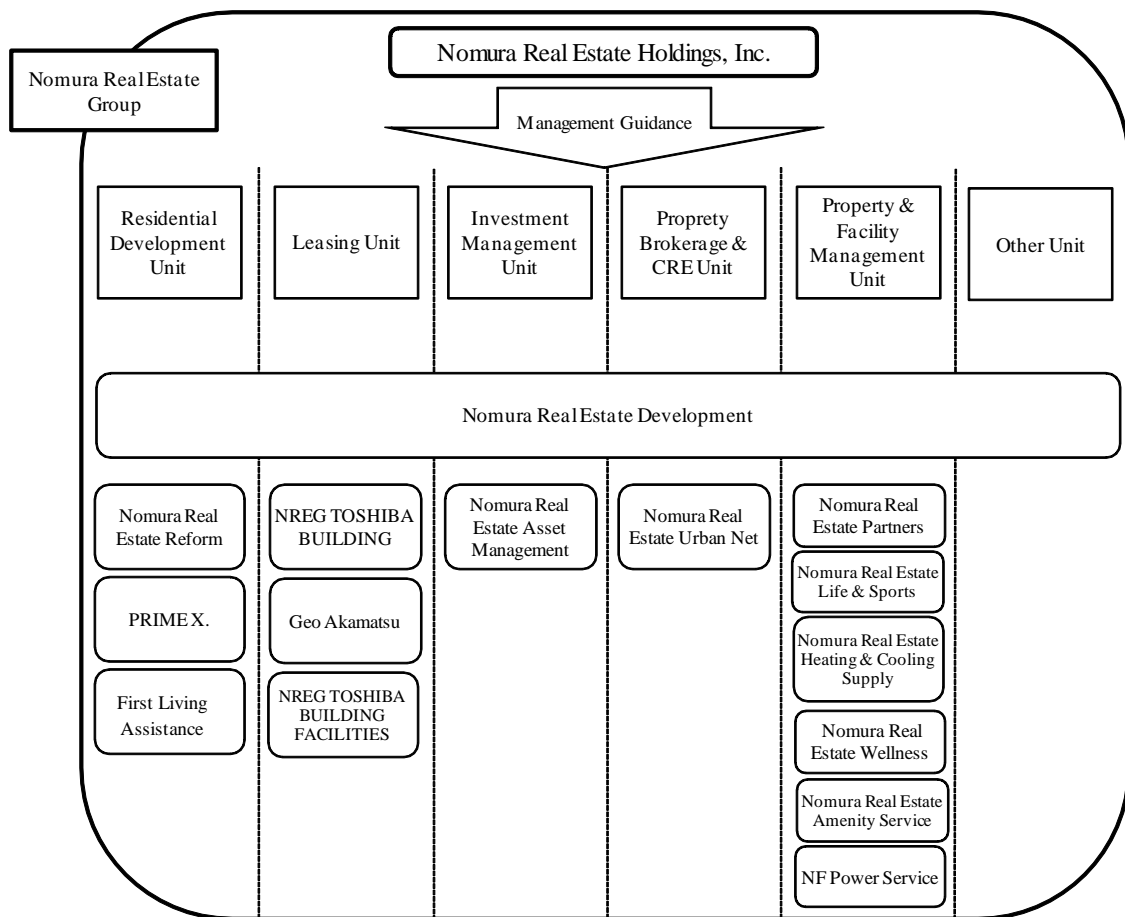
<Property & Facility Management Unit >

- Nomura Real Estate Partners Co., Ltd. is engaged in the entrusted management of condominiums, office buildings, and educational facilities as well as tenant construction and repair associated with management.
- Nomura Real Estate Life & Sports Co., Ltd. manages fitness club business.
- Nomura Real Estate Heating and Cooling Supply Co., Ltd. operates a local cooling and heat supply business in Yokohama Business Park (Hodogaya-ku, Yokohama, Kanagawa).
- Nomura Real Estate Wellness Co., Ltd. is engaged in the development, planning, and operation of housing services for the elderly. Nomura Real Estate Development Co., Ltd. promotes the elderly services business conducted by Nomura Real Estate Wellness Co., Ltd., and carries out the acquisition and management of real estate for that business.
- Nomura Real Estate Amenity Service Co., Ltd. is engaged in the entrusted cleaning of office buildings, mainly from Nomura Real Estate Partners Co., Ltd.
- NF Power Service Co., Ltd. is engaged in the sale, intermediation, and supply of electric energy.

<Other Unit >

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

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



3. Basic Policies for Selecting Accounting Standards

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	57,593	47,701
Notes and accounts receivable - trade	15,371	16,535
Real estate for sale	78,132	120,385
Real estate for sale in process	269,546	249,663
Land held for development	148,729	199,812
Equity investments	819	2,567
Deferred tax assets	5,285	5,555
Other	33,338	42,123
Allowance for doubtful accounts	(38)	(37)
Total current assets	608,779	684,306
Non-current assets		
Property, plant and equipment		
Buildings and structures	374,378	394,607
Accumulated depreciation	(139,309)	(152,718)
Buildings and structures, net	※2 235,068	※2 241,888
Land	※4 523,696	※4 549,671
Other	28,164	26,053
Accumulated depreciation	(7,838)	(8,787)
Other, net	20,325	17,265
Total property, plant and equipment	779,091	808,825
Intangible assets	10,681	10,985
Investments and other assets		
Investment securities	※1,※2 45,511	※1,※2 46,252
Lease and guarantee deposits	21,379	21,738
Deferred tax assets	14,840	14,992
Other	5,167	5,992
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	86,897	88,975
Total non-current assets	876,670	908,786
Total assets	1,485,449	1,593,093

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,162	35,612
Short-term loans payable	137,300	106,300
Current portion of bonds	—	10,000
Income taxes payable	13,232	16,052
Deposits received	29,617	29,459
Deferred tax liabilities	17	20
Provision for bonuses	7,073	7,516
Provision for directors' bonuses	738	639
Provision for loss on business liquidation	61	47
Other	49,903	50,149
Total current liabilities	289,107	255,799
Non-current liabilities		
Bonds payable	60,000	70,000
Long-term loans payable	524,600	623,800
Lease and guarantee deposits received	※2 63,766	※2 57,597
Deferred tax liabilities	64,070	63,592
Deferred tax liabilities for land revaluation	※4 3,900	※4 3,900
Provision for loss on subleasing business	313	257
Net defined benefit liability	18,018	18,931
Other	5,264	5,402
Total non-current liabilities	739,933	843,481
Total liabilities	1,029,041	1,099,280
Net assets		
Shareholders' equity		
Capital stock	116,598	116,779
Capital surplus	109,842	110,023
Retained earnings	207,203	242,704
Treasury shares	(3)	(3)
Total shareholders' equity	433,642	469,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,664	7,947
Deferred gains or losses on hedges	155	119
Revaluation reserve for land	※4 7,861	※4 7,860
Foreign currency translation adjustment	43	62
Remeasurements of defined benefit plans	(3,513)	(4,129)
Total accumulated other comprehensive income	11,212	11,860
Subscription rights to shares	1,685	1,986
Non-controlling interests	9,868	10,462
Total net assets	456,408	493,813
Total liabilities and net assets	1,485,449	1,593,093

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating revenue	569,545	569,680
Operating cost	※1,※3 391,571	※1,※3 392,438
Operating gross profit	177,973	177,241
Selling, general and administrative expenses	※2,※3 97,061	※2,※3 99,970
Operating profit	80,912	77,271
Non-operating income		
Interest income	71	52
Dividend income	1,007	252
Share of profit of entities accounted for using equity method	16	83
Other	459	310
Total non-operating income	1,555	698
Non-operating expenses		
Interest expenses	7,817	7,539
Other	1,970	1,477
Total non-operating expenses	9,787	9,017
Ordinary profit	72,679	68,952
Extraordinary income		
Gain on sales of non-current assets	—	※4 946
Total extraordinary income	—	946
Extraordinary losses		
Impairment loss	※5 1,426	※5 254
Loss on building reconstruction	—	337
Loss on valuation of investment securities	278	—
Total extraordinary losses	1,705	591
Profit before income taxes	70,974	69,307
Income taxes - current	20,992	22,957
Income taxes - deferred	824	(1,177)
Total income taxes	21,817	21,780
Profit	49,157	47,527
Profit attributable to non-controlling interests	1,975	521
Profit attributable to owners of parent	47,182	47,005

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	49,157	47,527
Other comprehensive income		
Valuation difference on available-for-sale securities	1,595	1,282
Deferred gains or losses on hedges	77	(36)
Revaluation reserve for land	216	(0)
Foreign currency translation adjustment	(10)	19
Remeasurements of defined benefit plans, net of tax	(4,944)	(616)
Share of other comprehensive income of entities accounted for using equity method	(7)	(0)
Total other comprehensive income	※1 (3,073)	※1 648
Comprehensive income	46,084	48,175
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,109	47,654
Comprehensive income attributable to non-controlling interests	1,975	521

(3) Consolidated Statements of Changes in Net Assets

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	116,188	93,518	170,069	(2)	379,774
Changes of items during period					
Issuance of new shares	410	410			820
Dividends of surplus			(10,047)		(10,047)
Profit attributable to owners of parent			47,182		47,182
Purchase of treasury shares				(0)	(0)
Increase by share exchanges		374			374
Change in ownership interest of parent due to transactions with non-controlling interests		15,539			15,539
Net changes of items other than shareholders' equity					
Total changes of items during period	410	16,324	37,134	(0)	53,867
Balance at end of current period	116,598	109,842	207,203	(3)	433,642

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,069	78	7,644	61	1,431	14,285	1,563	65,408	461,031
Changes of items during period									
Issuance of new shares									820
Dividends of surplus									(10,047)
Profit attributable to owners of parent									47,182
Purchase of treasury shares									(0)
Increase by share exchanges									374
Change in ownership interest of parent due to transactions with non-controlling interests									15,539
Net changes of items other than shareholders' equity	1,595	77	216	(18)	(4,944)	(3,072)	121	(55,539)	(58,490)
Total changes of items during period	1,595	77	216	(18)	(4,944)	(3,072)	121	(55,539)	(4,622)
Balance at end of current period	6,664	155	7,861	43	(3,513)	11,212	1,685	9,868	456,408

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	70,974	69,307
Depreciation	16,026	16,877
Impairment loss	1,426	254
Loss (gain) on valuation of investment securities	278	—
Loss (gain) on sales of non-current assets	—	(946)
Share of (profit) loss of entities accounted for using equity method	(16)	(83)
Increase (decrease) in allowance for doubtful accounts	(13)	(1)
Increase (decrease) in provision for loss on business liquidation	(21)	(13)
Increase (decrease) in provision for loss on subleasing business	(152)	(55)
Increase (decrease) in net defined benefit liability	(282)	912
Interest and dividend income	(1,079)	(304)
Interest expenses	7,817	7,539
Decrease (increase) in notes and accounts receivable - trade	(623)	(1,157)
Decrease (increase) in inventories	(67,146)	(73,977)
Decrease (increase) in equity investments	5,497	(1,748)
Increase (decrease) in notes and accounts payable - trade	2,497	(15,546)
Increase (decrease) in deposits received	4,522	(158)
Other, net	1,953	(2,244)
Subtotal	41,658	(1,346)
Interest and dividend income received	1,064	285
Interest expenses paid	(7,970)	(9,332)
Income taxes paid	(21,494)	(21,495)
Net cash provided by (used in) operating activities	13,258	(31,889)
Cash flows from investing activities		
Purchase of investment securities	(3,989)	(1,499)
Proceeds from sales and liquidation of investment securities	2,907	1,410
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,692)	—
Purchase of property, plant and equipment and intangible assets	(50,367)	(61,300)
Proceeds from sales of property, plant and equipment and intangible assets	308	12,066
Payments for lease and guarantee deposits	(757)	(1,018)
Proceeds from collection of lease and guarantee deposits	1,502	964
Repayments of lease and guarantee deposits received	(2,558)	(12,448)
Proceeds from lease and guarantee deposits received	4,520	6,124
Other, net	(1,586)	1,142
Net cash provided by (used in) investing activities	(59,714)	(54,558)

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,300)	(500)
Repayments of finance lease obligations	(148)	(148)
Proceeds from long-term loans payable	184,000	160,000
Repayments of long-term loans payable	(102,500)	(91,300)
Proceeds from issuance of bonds	29,820	19,869
Redemption of bonds	(3,000)	—
Proceeds from issuance of common shares	426	88
Proceeds from share issuance to non-controlling shareholders	105	98
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(10,047)	(11,504)
Dividends paid to non-controlling interests	(1,465)	(26)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(40,253)	—
Net cash provided by (used in) financing activities	53,637	76,575
Effect of exchange rate change on cash and cash equivalents	(8)	(25)
Net increase (decrease) in cash and cash equivalents	7,173	(9,897)
Cash and cash equivalents at beginning of period	50,418	57,591
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	4
Cash and cash equivalents at end of period	※1 57,591	※1 47,699

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Significant Matters for the Basis for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 24

The names of principal consolidated subsidiaries are omitted because they are listed in “2. Group Companies.”

First Living Assistance Co., Ltd., NOMURA REAL ESTATE HONG KONG LIMITED and HCMC office investment Limited are included in the scope of consolidation because they were newly established in the fiscal year under review. NREAM Investors America, LLC is included in the scope of consolidation due to an increase in materiality in the fiscal year under review.

TJ Properties Special Purpose Company and Falcon Investment Special Purpose Company are excluded from the scope of consolidation due to the completion of liquidation.

(2) Name of principal unconsolidated subsidiary

Principal unconsolidated subsidiary: Nomura Real Estate UK Limited

(Reason for the exclusion from the scope of consolidation)

Unconsolidated subsidiaries are excluded from the scope of consolidation because they are all small companies and the Company's interests in their respective total assets, operating revenue and profit 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 using the equity method: 2

Name of principal unconsolidated subsidiary: Nomura Real Estate UK Limited

(2) Number of affiliated companies accounted for using the equity method: 5

Name of principal affiliated company: Ginza Parking Center Co., Ltd.

NREAM Investors America, LLC is excluded from the scope of application of the equity method because it was included in the scope of consolidation from the fiscal year under review.

Phu Hung Thai Development Joint Stock Company and Japan Life Design Inc. are included under affiliated company accounted for using the equity method because the Company newly acquired their shares in the fiscal year under review.

3. Fiscal Year, etc. of the Consolidated Subsidiaries

Among consolidated subsidiaries, the account closing date of Toranomom Real Estate Co., Ltd. and UNJ Properties, LLC is December 31.

Provisional financial statements for these companies as of the consolidated account closing date are used in the preparation of consolidated financial statements.

Among consolidated subsidiaries, the account closing date of Nomura Real Estate Consulting (Beijing) Co., Ltd., NOMURA REAL ESTATE ASIA PTE. LTD., NOMURA REAL ESTATE HONG KONG LIMITED, NREAM Investors America, LLC and HCMC office investment Limited is December 31. The account closing date of Midosuji Mirai Development, LLC and Shinjuku Mirai Development, LLC is February 28.

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 took place between the account closing date 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) Securities

Held-to-maturity debt securities:

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

Available-for-sale securities:

Available-for-sale securities with market value

Available-for-sale securities with market value are stated at fair market value based on market price, etc. at the account closing 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

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 Balance Sheet are determined by the write-down method reflecting decreased profitability).

(2) Depreciation and amortization method for significant depreciable assets

1) Property, plant and equipment (except for leased assets)

Property, plant and equipment are depreciated mainly by the straight-line method.

Useful lives are generally as follows:

Buildings and structures 2 to 65 years

2) Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method.

Costs of software for internal use are amortized based on the useable period within the Company (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.

Of finance lease transactions not involving transfer of ownership, lease transactions which started on or before March 31, 2008 are accounted for in accordance with the method applicable to ordinary lease transactions.

(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 - trade, loans and others, allowance for doubtful accounts is provided at an amount calculated on the basis of a historical bad debt ratio for normal claims, and at an estimated uncollectible amount determined on the basis of individual assessments of collectibility for specific claims with potential losses.

2) Provision for bonuses

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

3) Provision for directors' bonuses

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

4) Provision for loss on business liquidation

An estimated amount of losses arising in connection with the withdrawal from businesses is reserved.

5) Provision for loss on subleasing business

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

(4) Method of accounting for retirement benefits

1) Method for attributing estimated retirement benefits to periods

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

2) Method for amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a certain number of years (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 a certain number of years (mostly 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

A. Construction activities of which the cost outcomes through until the end of the fiscal year under review can be measured with certainty

Percentage-of-completion method (percentage of completion is estimated based on cost method)

B. Other construction activities

Completed-contract method

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

All foreign currency-based monetary receivables and payables are translated into Japanese yen at the spot exchange rates in effect at the consolidated account closing date. Differences arising from such translation are recognized as gain or loss. The asset and liability accounts of the overseas subsidiaries and others are translated into Japanese yen at the spot exchange rates prevailing at the respective account closing dates of the subsidiaries and others 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 adjustment” in Net Assets.

(7) Significant hedge accounting method

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 and for currency swaps that meet certain hedging criteria, the transactions are accounted for by the *furiate* (allocation) method.

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 fluctuation and foreign exchange fluctuation risks are hedged.

4) Method for assessing the effectiveness of hedges

The Group evaluates hedge effectiveness based on the ratio of changes determined by comparing the cumulative changes in cash flows or cumulative market fluctuations of the hedged items to the cumulative changes in cash flows or cumulative market fluctuations of the hedging instrument.

However, the Group omits the assessment of hedge effectiveness in the case of interest rate swaps for which the Group applies the exceptional treatment.

(8) Amortization method and period 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 significant matters for the preparation of consolidated financial statements

Accounting for consumption taxes

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

*1 The following are for unconsolidated subsidiaries and affiliates.

(Millions of yen)

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Investment securities (shares, etc.)	2,177	1,406

*2 Pledged Assets and Secured Liabilities

(1) Pledged assets are as follows.

(Millions of yen)

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Buildings and structures	200	190

Secured liabilities are as follows.

(Millions of yen)

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)
Lease and guarantee deposits received	44	37

(2) Investment securities in the amount of 10 million yen are pledged as collateral for a portion of liabilities of investee companies.

3 Guaranteed Obligations

The following are customers for which bank loans, etc. have been guaranteed.

(Millions of yen)

	FY2015 (As of March 31, 2016)		FY2016 (As of March 31, 2017)
Customers using housing loans	58,400	Customers using housing loans	64,277
Joint operators of EBS buildings	608	Joint operators of EBS buildings	537
Total	59,008	Total	64,815

*4 Under the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998), the Company revalued its land held for business use. The tax amount for the valuation difference is accounted for as “Deferred tax liabilities for land revaluation” in 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 fixed assets as stipulated in Item 3, Article 2 of the “Order for Enforcement of the Act on Revaluation of Land” (Cabinet order No. 119 of 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 loss on valuation of inventories is included in the cost of goods sold.

	(Millions of yen)	
	FY2015	FY2016
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
	3	166

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

	FY2015	FY2016
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Advertising expenses	22,607	21,475
Employees' salaries and allowances	29,444	31,014
Provision for bonuses	5,943	6,286
Provision for directors' bonuses	738	639
Retirement benefit expenses	1,728	2,575
Provision of allowance for doubtful accounts	26	6

*3 “Research and development expenses” included in “selling, general and administrative expenses” and in “operating cost” are shown below.

(Millions of yen)

FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
84	31

*4 “Gain on sales of non-current assets” are shown below.

(Millions of yen)

FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Land	(263)
Buildings and others	1,209
Total	946

*5 Impairment Loss

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

FY2015 (From April 1, 2015 to March 31, 2016)

Primary use	Type	Location
Stores, leased assets	Buildings	Shibuya-ku, Tokyo and other locations
Others	Land	
(5 locations in total)	Property, plant and equipment—others	

Assets of the Group are grouped into the smallest unit that generates 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 five groups of assets etc., comprising those whose profitability has dropped significantly due mainly to the changes of usage, decline in rent level or the deterioration of the market conditions or those that the Group plans to sell, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized in extraordinary losses as impairment loss of 1,426 million yen for the fiscal year under review. The impairment loss consists of 561 million yen of buildings and 864 million yen of land, etc.

The recoverable amount of these groups of assets is measured at the net realizable value or the value in use and the net realizable value is determined based on the expected sales price and the appraisal value provided by real estate appraisers. The value in use was assessed by setting the recoverable value at zero on the assumption of an expected negative future cash flow.

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

Primary use	Type	Location
Leased assets	Buildings	Chuo-ku, Tokyo and other locations
(2 locations in total)	Property, plant and equipment—others	

Assets of the Group are grouped into the smallest unit that generates 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 two groups of assets etc., comprising those the Group plans to dispose of, the carrying amount has been reduced to the recoverable amount and the amount of reduction has been recognized in extraordinary losses as impairment loss of 254 million yen for the fiscal year under review. The impairment loss consists of 238 million yen of buildings and 15 million yen of other.

The recoverable amount of these groups of assets is measured at the value in use and the value in use was assessed by setting the recoverable value at zero based on an expected negative future cash flow.

(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)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Valuation Difference on Available-for-Sale Securities:		
Amount recognized during the year	2,877	1,712
Amount of recycling	(771)	135
Before income tax effect	2,106	1,847
Income tax effect	(511)	(565)
Valuation difference on available-for-sale securities	1,595	1,282
Deferred Gains or Losses on Hedges:		
Amount recognized during the year	148	80
Amount of recycling	(39)	(133)
Before income tax effect	109	(52)
Income tax effect	(31)	16
Deferred gains or losses on hedges	77	(36)
Revaluation Reserve for Land:		
Income tax effect	216	(0)
Foreign Currency Translation Adjustment:		
Amount recognized during the year	(10)	19
Amount of recycling	-	-
Before income tax effect	(10)	19
Income tax effect	-	-
Foreign currency translation adjustment	(10)	19
Remeasurements of Defined Benefit Plans:		
Amount recognized during the year	(6,850)	(1,387)
Amount of recycling	(351)	500
Before income tax effect	(7,201)	(887)
Income tax effect	2,257	271
Remeasurements of defined benefit plans	(4,944)	(616)
Share of Other Comprehensive Income of Affiliates Accounted for Using the Equity Method:		
Amount recognized during the year	(12)	0
Amount of recycling	-	-
Before income tax effect	(12)	0
Income tax effect	5	0
Share of other comprehensive income of affiliates accounted for using the equity method	(7)	0
Total Other Comprehensive Income	(3,073)	648

(Notes to Consolidated Statements of Changes in Net Assets)

FY2015(From April 1, 2015 to March 31, 2016)

1. Type and number of shares issued and treasury shares

	Number of shares as of April 1, 2015 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2016 (Thousand shares)
Shares issued				
Common stock (Note) 1	191,119	559	-	191,679
Total	191,119	559	-	191,679
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 559 thousand shares as a result of the exercise of stock options (383 thousand shares) and share exchange (176 thousand shares).

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, 2016 (Millions of yen)
			As of April 1, 2015	Increase	Decrease	As of March 31, 2016	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	1,685

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 26, 2015 Ordinary General meeting of shareholders	Common stock	4,777	25	March 31, 2015	June 29, 2015
October 29, 2015 Meetings of the Board of Directors	Common stock	5,269	27.50	September 30, 2015	December 1, 2015

(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
April 28, 2016 Meetings of the Board of Directors	Common stock	5,750	Retained earnings	30	March 31, 2016	June 8, 2016

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

1. Type and total number of shares issued and treasury shares

	Number of shares as of April 1, 2016 (Thousand shares)	Increase (Thousand shares)	Decrease (Thousand shares)	Number of shares as of March 31, 2017 (Thousand shares)
Shares issued				
Common stock (Note) 1	191,679	198	-	191,877
Total	191,679	198	-	191,877
Treasury shares				
Common stock (Note) 2	1	0	-	1
Total	1	0	-	1

(Notes) 1. The increase in the number of issued shares among common stocks of 198 thousand shares consists of an increase due to the exercise of stock options.

2. The number of treasury shares among common stocks increased by 0 thousand shares as the result of the purchase of shares 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, 2017 (Millions of yen)
			As of April 1, 2016	Increase	Decrease	As of March 31, 2017	
Company submitting consolidated financial statements (Parent company)	Stock acquisition rights used as stock options	-	-	-	-	-	1,986

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
April 28, 2016 Meetings of the Board of Directors	Common stock	5,750	30	March 31, 2016	June 8, 2016
October 27, 2016 Meetings of the Board of Directors	Common stock	5,754	30	September 30, 2016	December 1, 2016

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

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
April 27, 2017 Meetings of the Board of Directors	Common stock	6,715	Retained earnings	35	March 31, 2017	June 8, 2017

(Notes to Consolidated Statements of Cash Flows)

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

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Cash and deposits	57,593	47,701
Time deposits with maturities of more than three months	(2)	(2)
Cash and cash equivalents	57,591	47,699

(Real Estate for Rent)

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

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

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Real estate for rent		
Book value in the consolidated balance sheets		
Balance at the beginning of the fiscal year	689,655	738,003
Changes during the fiscal year	48,347	28,969
Balance at the end of the fiscal year	738,003	766,973
Fair value at the end of the fiscal year	824,257	892,524
Properties including the portion used as real estate for rent		
Book value in the consolidated balance sheets		
Balance at the beginning of the fiscal year	25,336	25,999
Changes during the fiscal year	662	123
Balance at the end of the fiscal year	25,999	26,122
Fair value at the end of the fiscal year	50,740	54,500

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

2. Fair values as of March 31, 2016 and 2017 are determined based primarily on values according to Real Estate Appraisal Standards (including adjustments based on certain indexes). However, if no significant fluctuations in certain appraisal values or indexes considered to appropriately reflect market values have occurred since the time of acquisition from third party or the time of the most recent appraisal, the Group bases the fair value on an amount that has been adjusted using the aforesaid values or indexes.

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

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Rental properties		
Operating income	26,089	27,787
Others (gains (losses) on sale of property, etc.)	(186)	354
Other properties used as rental properties		
Operating income	996	902
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 impairment loss (186 million yen) in the fiscal year ended March 31, 2016, and gain on sales of non-current assets (946 million yen) and loss on building reconstruction (337 million yen) in the fiscal year ended March 31, 2017.

(Segment Information)

【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, such as Nomura Real Estate Development Co., Ltd. The business companies (or business divisions within Nomura Real Estate Development) formulate comprehensive strategies on respective products and services handled by them and conduct business activities based on such strategies.

Therefore, business segments of the Group are distinguished by products and services, primarily by business companies (or by business divisions within Nomura Real Estate Development).

From the fiscal year under review, Nomura Real Estate Heating and Cooling Supply Co., Ltd., which had been classified under the Leasing Unit, was transferred to the Property & Facility Management Unit to promote business in conjunction with the Property & Facility Management Business.

The results of the previous consolidated fiscal year are calculated in line with the newly adopted segment classification.

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

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

3. Information regarding sales, gains or losses, assets, liabilities, and other amounts by reportable segment
FY2015 (From April 1, 2015 to March 31, 2016)

(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	333,874	107,591	10,973	33,238	82,512	568,191	1,353	569,545	-	569,545
Inter-segment	639	2,635	0	2,134	9,040	14,449	0	14,449	(14,449)	-
Subtotal	334,514	110,226	10,973	35,373	91,552	582,641	1,353	583,994	(14,449)	569,545
Segment income or losses	31,909	31,719	7,376	9,900	5,693	86,600	(152)	86,448	(5,535)	80,912
Segment assets	414,812	918,710	36,692	32,047	55,695	1,457,958	1,565	1,459,523	25,926	1,485,449
Other items										
Depreciation	161	13,587	56	336	1,467	15,610	5	15,616	410	16,026
Amortization of goodwill	-	235	-	-	29	264	-	264	-	264
Investment in affiliates accounted for using equity method	67	1,056	0	-	-	1,124	-	1,124	-	1,124
Increase in property, plant and equipment and intangible assets	685	47,885	45	633	1,335	50,585	6	50,591	1,213	51,805

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

2. (1) The deduction of 5,535 million yen shown in the adjustments column for segment income or losses includes an increase in elimination of intersegment transactions of 1,204 million yen and a deduction of 6,739 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
- (2) The addition of 25,926 million yen shown in the adjustments column for segment assets includes a deduction of 57,016 million yen for the elimination of inter-segment transactions and an addition of 82,942 million yen for corporate assets not allocated to each reportable segment.
3. The segment income or losses is reconciled to the operating income stated in the consolidated financial statements.

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

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

2. (1) The deduction of 5,132 million yen shown in the adjustments column for segment income or losses includes an increase in elimination of intersegment transactions of 1,388 million yen and a deduction of 6,521 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.
- (2) The addition of 32,427 million yen shown in the adjustments column for segment assets includes a deduction of 48,080 million yen for the elimination of inter-segment transactions and an addition of 80,507 million yen for corporate assets not allocated to each reportable segment.
3. The segment income or losses is reconciled to the operating income stated in the consolidated financial statements.

【Related information】

FY2015 (From April 1, 2015 to March 31, 2016)

1. Information by product and service

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

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

1. Information by product and service

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

【Impairment loss on noncurrent assets by reportable segment】

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	186	-	-	1,239	1,426

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

(Millions of yen)

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

【Amortization and unamortized balance of goodwill by reportable segment】

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2016	-	3,003	-	-	205	3,208

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

(Millions of yen)

	Residential Development	Leasing	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Amortization	-	235	-	-	29	264
Balance at March 31, 2017	-	2,768	-	-	175	2,943

【Gain on negative goodwill by reportable segment】

Not applicable.

(Per Share Information)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Net assets per share	2,320.84 yen	2,508.73 yen
Basic earnings per share	246.42 yen	245.10 yen
Diluted earnings per share	245.40 yen	244.06 yen

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

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	47,182	47,005
Profit not attributed to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent available to common stock (Millions of yen)	47,182	47,005
Average number of common stock during the period (Thousand shares)	191,472	191,781
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of shares of common stock (Thousand shares)	795	815
Of which, stock acquisition rights (Thousand shares)	795	815
Description of potentially dilutive common shares not included in the computation of diluted earnings per share because of their anti-dilutive effect	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2015 (Number of rights: 3,809) Nomura Real Estate Holdings, Inc. the 5th Stock Acquisition Rights in FY2015 (Number of rights: 240)	Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2013 (Number of rights: 2,790) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2014 (Number of rights: 3,432) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2015 (Number of rights: 3,783) Nomura Real Estate Holdings, Inc. the 5th Stock Acquisition Rights in FY2015 (Number of rights: 230) Nomura Real Estate Holdings, Inc. the 3rd Stock Acquisition Rights in FY2016 (Number of rights: 4,198)

(Significant Subsequent Events)

Not applicable.