

## Our Group Vision

# New Value, Real Value

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

## Group Symbol “United N”



The “United N” symbol of the Nomura Real Estate Group is a design that represents our desire to build a better tomorrow and a better future, through all employees of our Group connecting with one another and through our connecting with customers and society.

The orange color in the design carries meanings of hospitality and spirit of challenge, while the purple color conveys originality and dignity.

With its vivid orange and purple, our symbol’s two-color structure expresses the clear vision for the future and the strength of will that characterize the Nomura Real Estate Group.

## To Our Shareholders

I would like to express my gratitude to all of our shareholders for your continuing patronage.

During the fiscal year under review, both business conditions and corporate earnings continued their gradual recovery, and the Japanese economy was generally firm as consumer prices started to rise, etc. As for global conditions, geopolitical risk increased and there were major changes since the beginning of the year. Furthermore, the monetary and trade policies of the U.S. have grown uncertain. In the domestic real estate markets, the housing sales and leasing businesses were firm, but there were changes in the environment for real estate, including rising land prices and construction costs and client preferences. On the other hand, there is growing demand overseas for offices, homes, and various other types of real estate in Asian countries experiencing strong growth.

Amid this environment, the Nomura Real Estate Group (the “Group”) posted performance as follows for the fiscal year ended March 31, 2018: Operating revenue of ¥623.7 billion (a 9.5% increase year on year), operating profit of ¥76.6 billion (a 0.8% decrease), ordinary profit of ¥68.0 billion (a 1.3% decrease), and profit attributable to owners of parent of ¥46.0 billion (a 2.1% decrease).

As for the distribution of profits, taking into account the operating environment, investment plans, and retained earnings, the Company increased the dividend by ¥5.0 per share to a record-high annual dividend of ¥70.0 per share. As for the fiscal year ending March 31, 2019, the Company plans to further increase the dividend by ¥5.0 to an annual dividend of ¥75.0 per share, marking the seventh successive fiscal year of dividend increases.

Taking into comprehensive consideration the operating environment, share price, and financial position, the Company purchased ¥10.0 billion worth of treasury shares. For the fiscal year ending March 31, 2019, the Company plans on acquiring up to an additional ¥5.0 billion in treasury shares.

On December 25, 2017, a Group company Nomura Real Estate Development Co., Ltd. received a recommendation for corrective action and direction in respect to the discretionary working system for management-related work applied to certain employees from the Labor Standard Inspection Office in charge of the headquarters and four local offices. Nomura Real Estate Development Co., Ltd. abandoned its discretionary working system effective March 31, 2018 and has completed adjustments regarding unpaid salary following scrutiny of the working hours of the affected employees.

As management, we firmly swear to take the necessary steps so that this does not occur again. In addition, we are committed ensuring labor management and improving the workplace environment to enable employees to work in a positive manner with peace of mind with the aim of restoring the trust of shareholders and society and the confidence of employees in the company and its management.

We will properly manage the Group’s businesses across the Group in order to implement “wellness management,” which links valuing the physical and psychological health of employees and energetically undertaking work to sustained corporate growth.

With “New Value, Real Value” as our Group Vision, we are firmly aware that we are an adaptive company with an eye on changes in society and the future and will continue tackling transformation and challenges as we work to achieve lives of abundance for people through building cities that connect today with tomorrow’s possibilities.

I ask all of our shareholders for your continued support for the Company.

President and Representative Director  
Group CEO  
Eiji Kutsukake

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 14th Ordinary General Meeting of Shareholders of Nomura Real Estate Holdings, Inc. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Code: 3231)

June 4, 2018

To: Shareholders

Eiji Kutsukake  
President and Representative Director  
Nomura Real Estate Holdings, Inc.  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo  
JAPAN

Notice of Convocation of the 14th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are cordially invited to attend the 14th Ordinary General Meeting of Shareholders of Nomura Real Estate Holdings, Inc., which will be held as follows.

If you are unable to attend the meeting in person, you may exercise your voting rights by mail or electronic method (via the Internet, etc.). Please review the attached reference documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:40 p.m. on June 25 (Monday), 2018.

**When Exercising Voting Rights by Mail**

Please indicate your approval or disapproval for the proposal on the enclosed proxy card, and return it so that it will reach us by the aforementioned exercise deadline.

**When Exercising Voting Rights by Electronic Method (via the Internet, etc.)**

Please review the “Exercising Voting Rights via the Internet, etc.” on page 6, and enter your approval or disapproval for the proposal listed thereon before the deadline stated above.

Description

1. Date and Time: Tuesday, June 26, 2018, at 10:00 a.m.
2. Place: Meiji Kinenkan, Fuji room (2nd floor)  
2-2-23 Motoakasaka, Minato-ku, Tokyo
3. Agenda for the Meeting:

Matters to be Reported:

The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 14th term (from April 1, 2017 to March 31, 2018); and Report on Auditing Results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee

Matter to be Resolved:

- Proposal No. 1: Election of Eight (8) Directors (Excluding Director & Audit & Supervisory Committee Members)
- Proposal No. 2: Determination of Amount of Compensation, etc. for Directors (Excluding Director & Audit & Supervisory Committee Members) and Decision on Amounts and Details of Performance-based Stock Incentive Plan

4. Handling the exercising of voting rights:

- (1) If you exercise your voting rights twice through voting by mail and by electronic method (via the Internet, etc.), we will deem the vote cast electronically to be the effective one.
- (2) If you exercise your voting rights more than once by electronic method (via the Internet, etc.) or redundantly using a computer, etc. and cell phone, we will deem the last vote cast to be the effective one.

\*If attending the meeting in person, please present the enclosed proxy card at the reception desk.

\*The following materials are published on the Company's website shown below and not attached to this notice in accordance with the relevant laws and regulations and Article 14 of the Articles of Incorporation. Also, the following materials are audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing their audit reports as part of the attached documents.

- 1) "Notes to consolidated financial statements" of consolidated financial statements
- 2) "Notes to non-consolidated financial statements" of non-consolidated financial statements

\*If circumstances arise whereby revisions should be made to the contents of the reference documents for the General Meeting of Shareholders, the business report, consolidated financial statements, and non-consolidated financial statements, such notification shall be published on the following Company's website.

[The Company's website]

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

## **Guide to Exercising Voting Rights**

Please review the attached reference documents for the General Meeting of Shareholders (pages 7 to 21), and exercise your voting rights.

There are three ways to exercise your voting rights as described below.

### **[By Attending the Meeting]**

Time and Date: 10:00 a.m. on June 26, 2018

Please present the enclosed proxy card at the reception desk.

If you attend the meeting, you do not need to mail the proxy card or exercise voting rights via the Internet, etc.

### **[By Mail]**

Exercise Due Date: To be received no later than 5:40 p.m. on June 25, 2018

Please indicate your approval or disapproval for the proposal on the enclosed proxy card, and return it.

### **[Via the Internet]**

Exercise Due Date: No later than 5:40 p.m. on June 25, 2018

For details, please refer to page 6.

### **For institutional investors**

Nominal shareholders such as management trust banks (including standing proxies) who have applied in advance for the use of the electronic voting platform operated by ICJ, Inc. may use such platform in addition to the aforementioned method of exercising voting rights via the Internet as a method for exercising voting rights electromagnetically.

## **Exercising Voting Rights via the Internet, etc.**

Exercise Due Date: **No later than 5:40 p.m. on Monday, June 25, 2018**

### **1. Access the Website for Exercising of Voting Rights**

Access the website for exercising voting rights (<https://evote.tr.mufg.jp/>), and click the “Next” button.

### **2. Log-in**

Enter the “Log-in ID” and the “Temporary Password,” which are printed on the enclosed proxy card, and click the “Log-in” button.

>>>With this your log-in is complete. Next, please follow the guidance on the screen.

- \* The website for exercising voting rights is not operational from 2:00 a.m. to 5:00 a.m. due to maintenance and inspection.
- \* If you exercise your voting rights more than once by mail and via the Internet, only the vote cast via the Internet shall be deemed effective.
- \* If you exercise your voting rights via the Internet multiple times, only the last vote cast shall be deemed effective.
- \* The website for exercising voting rights may be unavailable by certain Internet settings, or by the service to which you are subscribed or the model of the device you use to access the website.
- \* Any costs including Internet connection fees and communication charges that might be required to access the website for exercising voting rights shall be borne by the shareholder.
- \* If you wish to receive the Notice of Convocation of the General Meeting of Shareholders by e-mail, please visit the website for exercising voting rights using either a PC or a smartphone and following the instructions that the website provides. (Please note that it is not possible to complete this procedure via your cell phone, nor is it possible to designate cell phone address for text messages as the e-mail address for receiving the notice.)

### **For Inquiries about the System Environment, etc.**

Please contact the help desk described below if you have any questions about exercising voting rights via the Internet, using a PC, a smartphone, or a cell phone.

**Corporate Agency Division (help desk)**

**Mitsubishi UFJ Trust and Banking Corporation**

Phone: 0120-173-027 (toll free only within Japan) (9:00 – 21:00)

## Reference Documents for the General Meeting of Shareholders

### **Proposal No. 1: Election of Eight (8) Directors (Excluding Director & Audit & Supervisory Committee Members)**

The term of office of all of the eight (8) Directors (excluding Director & Audit & Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, we would like you to elect eight (8) Directors.

Nomination of the candidates for Director has passed through the deliberation process of the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are External Directors.


Also, the Audit & Supervisory Committee has expressed the opinion that this proposal is appropriate and there are no matters of concern.

The candidates for Director are as follows.

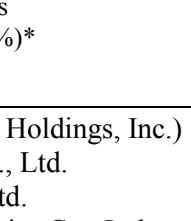
No.	Name		Position in the Company	Number of meetings of Board of Directors attended (14th term)
1	Atsushi Yoshikawa	Reelection	Director, and Chairman of the Board of Directors	10/10 <sup>*1</sup>
2	Eiji Kutsukake	Reelection	President and Representative Director, and Chief Executive Officer	14/14 <sup>*2</sup>
3	Seiichi Miyajima	Reelection	Executive Vice President and Representative Director	19/19
4	Toshiaki Seki	Reelection	Executive Vice President and Representative Director	19/19
5	Hiroyuki Kimura	Reelection	Director and Executive Officer	19/19
6	Makoto Haga	Reelection	Director and Executive Officer	10/10 <sup>*1</sup>
7	Shigeru Matsushima	Reelection External Director Independent Director	External Director	19/19
8	Satoko Shinohara	Reelection External Director Independent Director	External Director	18/19


\*1 The figure indicates the number of the meeting of Board of Directors held during the fiscal year under review after assuming office of Director on June 29, 2017.


\*2 The figure indicates the number of the meeting of Board of Directors excluding the ones that attendance has been withheld following the provisions of Article 369, Paragraph 2 of the Companies Act.

<p>No.</p> <p>1</p>	<p><b>Atsushi Yoshikawa</b></p> <p><u>Reelection</u> (Date of Birth: April 7, 1954)</p> <p>Shareholdings: —</p> <p>Attendance at meeting of Board of Directors: 10/10 (100%)*</p> <p>Term of office: 1 year</p>	
<p>Apr. 1978 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)</p> <p>Jun. 2000 Director of Nomura Securities Co., Ltd.</p> <p>Oct. 2001 Director of Nomura Securities Co., Ltd.</p> <p>Jun. 2003 Executive Officer of Nomura Securities Co., Ltd.</p> <p>Apr. 2004 Executive Managing Director of Nomura Holdings, Inc. and Senior Corporate Managing Director of Nomura Asset Management Co., Ltd.</p> <p>Apr. 2006 Executive Vice President of Nomura Asset Management Co., Ltd.</p> <p>Apr. 2008 Director and President of Nomura Asset Management Co., Ltd.</p> <p>Oct. 2008 Executive Managing Director of Nomura Holdings, Inc. and Director, President, and CEO of Nomura Asset Management Co., Ltd.</p> <p>Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc. and CEO and President of Nomura Holding America Inc.</p> <p>Aug. 2012 Representative Executive Officer and Group COO of Nomura Holdings, Inc.</p> <p>Jun. 2013 Director, Representative Executive Officer, and Group COO of Nomura Holdings, Inc.</p> <p>Jun. 2016 Advisor of Nomura Holdings, Inc.</p> <p>Apr. 2017 Director of Nomura Real Estate Development Co., Ltd. (present) Advisor of Nomura Real Estate Holdings, Inc.</p> <p>Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)</p> <p>May 2018 Outside Director of Ryohin Keikaku Co., Ltd. (present)</p> <p><b>Significant Concurrent Positions</b></p> <p>Director of Nomura Real Estate Development Co., Ltd.</p> <p>Outside Director of Ryohin Keikaku Co., Ltd.</p> <p><b>Reasons for Nomination as a Candidate for Director</b></p> <p>Atsushi Yoshikawa has extensive business and management experience in the Nomura Group as well as experience as Chairman of the Board of Directors of the Company. He has been nominated as a candidate for Director because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. There is no special conflict of interest between Atsushi Yoshikawa and the Company.</li> <li>2. The Company has entered into agreement with Atsushi Yoshikawa to limit his liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. If his election is approved, the Company will continue the said agreement with him to limit his liability. The maximum amount of liability based on the said agreement, on condition that he performs his duties in good faith and without gross negligence, shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act.</li> </ol> <p>* The figure indicates the number of the meeting of Board of Directors held during the fiscal year under review after assuming office of Director on June 29, 2017.</p>		





<p>No.</p> <p>2</p>	<p><b>Eiji Kutsukake</b></p> <p><b>Reelection</b></p> <p>(Date of Birth: September 12, 1960)</p> <p>Shareholdings: 8,900 shares</p> <p>Attendance at meeting of Board of Directors: 14/14 (100%)*</p> <p>Term of office: 4 years</p>	
<p>Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)</p> <p>Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.</p> <p>Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.</p> <p>Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.</p> <p>Apr. 2011 Executive Vice President of Nomura Securities Co., Ltd.</p> <p>Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc.</p> <p>Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.</p> <p>Aug. 2012 Deputy President of Nomura Securities Co., Ltd.</p> <p>Apr. 2013 Director and Deputy President of Nomura Securities Co., Ltd.</p> <p>Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.</p> <p>Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.</p> <p>Jun. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (present)</p> <p>Apr. 2017 Chair and Representative Director of Nomura Real Estate Development Co., Ltd. (present)</p>		
<p><b>Responsibilities</b></p>		
<p>Group CEO</p>		
<p><b>Significant Concurrent Positions</b></p>		
<p>Chair and Representative Director of Nomura Real Estate Development Co., Ltd.</p>		
<p><b>Reasons for Nomination as a Candidate for Director</b></p>		
<p>Eiji Kutsukake has extensive business and management experience in the Nomura Group as well as experience as President of the Company. He has been nominated as a candidate for Director because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.</p> <p>Note: There is no special conflict of interest between Eiji Kutsukake and the Company.</p>		
<p>* The figure indicates the number of the meeting of Board of Directors excluding the ones that attendance has been withheld following the provisions of Article 369, Paragraph 2 of the Companies Act.</p>		


<u>No.</u>       <b>3</b>	<div> <div>Seiichi Miyajima</div> <div> <div>Reelection</div> <div>(Date of Birth: August 3, 1958)</div> </div> </div> <div> <div>Shareholdings:</div> <div>53,000 shares</div> </div> <div> <div>Attendance at meeting of Board of Directors:</div> <div>19/19 (100%)</div> </div> <div> <div>Term of office:</div> <div>4 years</div> </div>	
	<p>Apr. 1981 Joined Nomura Real Estate Development Co., Ltd.</p> <p>Jun. 2004 Director of Nomura Real Estate Development Co., Ltd.</p> <p>Apr. 2008 Senior Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>Apr. 2009 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>Apr. 2012 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.</p> <p>Apr. 2014 Representative Director and Executive Vice President of Nomura Real Estate Development Co., Ltd.</p> <p>Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.</p> <p>Apr. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)</p> <p>Apr. 2017 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)</p> <p><b>Responsibilities</b></p> <p>Group COO</p> <p><b>Significant Concurrent Positions</b></p> <p>President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p><b>Reasons for Nomination as a Candidate for Director</b></p> <p>Seiichi Miyajima has extensive business experience at the Group as well as experience as Executive Vice President of the Company. He has been nominated as a candidate for Director because it is expected that he will continue contributing to achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development in the Residential Development Unit and other operations.</p> <p>Note: There is no special conflict of interest between Seiichi Miyajima and the Company.</p>	

<p>No.</p> <p>4</p>	<p><b>Toshiaki Seki</b></p> <p><u>Reelection</u> (Date of Birth: March 27, 1958)</p> <p>Shareholdings: 33,700 shares Attendance at meeting of Board of Directors: 19/19 (100%) Term of office: 4 years</p>	
	<p>Apr. 1980 Joined Nomura Real Estate Development Co., Ltd. Jun. 2003 Director of Nomura Real Estate Development Co., Ltd. Mar. 2007 Managing Director of Nomura Real Estate Development Co., Ltd. Apr. 2007 President and Representative Director of NOMURA LIVING SUPPORT CO., LTD. (currently, Nomura Real Estate Partners Co., Ltd.) Apr. 2008 President and Representative Director, and Chief Executive Officer of NOMURA LIVING SUPPORT CO., LTD. Dec. 2010 President and Representative Director of Nomura Real Estate Reform Co., Ltd. May 2012 Executive Officer of Nomura Real Estate Holdings, Inc. Apr. 2013 Director of NOMURA BUILDING MANAGEMENT CO., LTD. (currently, Nomura Real Estate Partners Co., Ltd.) Apr. 2014 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd. Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc. Apr. 2015 Director of Nomura Real Estate Urban Net Co., Ltd. Chair and Representative Director of Nomura Real Estate Partners Co., Ltd. (present) President and Representative Director of Nomura Real Estate Wellness Co., Ltd. (present) Jun. 2015 Director of MEGALOS CO., LTD. (currently, Nomura Real Estate Life &amp; Sports Co., Ltd.) (present) Apr. 2018 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present) Director of Nomura Real Estate Reform Co., Ltd. (present) President and Representative Director of NF Power Service Co., Ltd. (present)</p>	
	<p><b>Responsibilities</b></p> <p>Group companies, Unit Manager of Property &amp; Facility Management Unit</p>	
	<p><b>Significant Concurrent Positions</b></p> <p>Chair and Representative Director of Nomura Real Estate Partners Co., Ltd. Director of Nomura Real Estate Life &amp; Sports Co., Ltd. Director of Nomura Real Estate Reform Co., Ltd. President and Representative Director of Nomura Real Estate Wellness Co., Ltd. President and Representative Director of NF Power Service Co., Ltd.</p>	
	<p><b>Reasons for Nomination as a Candidate for Director</b></p> <p>Toshiaki Seki has extensive business experience at the Group as well as experience as Director. He has been nominated as a candidate for Director because it is expected that he will continue contributing to achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development, property &amp; facility management, and other operations.</p> <p>Note: There is no special conflict of interest between Toshiaki Seki and the Company.</p>	



<p>No.</p> <p>6</p>	<p><b>Makoto Haga</b></p> <p><u>Reelection</u> (Date of Birth: June 22, 1966)</p> <p>Shareholdings: 7,200 shares Attendance at meeting of Board of Directors: 10/10 (100%)* Term of office: 1 year</p>	
	<p>Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.</p> <p>Oct. 2010 General Manager of Management Planning Department of Nomura Real Estate Development Co., Ltd.</p> <p>Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Capital Management Co., Ltd.</p> <p>Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.</p> <p>Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)</p> <p>Director of NREG TOSHIBA BUILDING Co., Ltd. (present)</p> <p>Director of Nomura Real Estate Life &amp; Sports Co., Ltd.</p> <p>Director of Geo Akamatsu Co., Ltd.</p> <p>Director of Nomura Real Estate Reform Co., Ltd. (present)</p> <p>Director of PRIME X. Co., Ltd.</p> <p>Director of Nomura Real Estate Wellness Co., Ltd.</p> <p>Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)</p>	
	<p><b>Responsibilities</b></p>	
	<p>Supervisor of Management Division, Corporate Communications Dept.</p>	
	<p><b>Significant Concurrent Positions</b></p>	
	<p>Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.</p> <p>Director of NREG TOSHIBA BUILDING Co., Ltd.</p> <p>Director of Nomura Real Estate Reform Co., Ltd.</p>	
	<p><b>Reasons for Nomination as a Candidate for Director</b></p>	
	<p>Makoto Haga has extensive business experience at the Group as well as experience as Director. He has been nominated as a candidate for Director because it is expected that he will contribute to achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on corporate planning and management of affiliated companies, and other operations.</p>	
	<p>Note: There is no special conflict of interest between Makoto Haga and the Company.</p>	
	<p>* The figure indicates the number of the meeting of Board of Directors held during the fiscal year under review after assuming office of Director on June 29, 2017.</p>	

<p>No.</p> <p>7</p>	<p><b>Shigeru Matsushima</b></p> <p> <span>Reelection</span> <span>External Director</span>  <span>Independent Director</span> </p> <p>(Date of Birth: October 31, 1949)</p> <p>Shareholdings: —</p> <p>Attendance at meeting of Board of Directors: 19/19 (100%)</p> <p>Term of office: 5 years</p>	
	<p>Apr. 1973 Joined Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry)</p> <p>Jun. 1998 Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry</p> <p>Sep. 1999 Director-General of Chubu Bureau of International Trade and Industry of Ministry of International Trade and Industry</p> <p>Apr. 2001 Professor, Faculty of Business Administration, Hosei University</p> <p>Mar. 2007 External Director of CAC Corporation (currently, CAC Holdings Corporation)</p> <p>Apr. 2008 Professor, Tokyo University of Science Graduate School</p> <p>Jun. 2008 External Audit &amp; Supervisory Board Member of Nomura Real Estate Holdings, Inc.</p> <p>Apr. 2012 External Audit &amp; Supervisory Board Member of Nomura Real Estate Development Co., Ltd.</p> <p>Jun. 2013 External Director of Nomura Real Estate Holdings, Inc. (present)</p> <p><b>Significant Concurrent Positions</b></p> <p>None.</p> <p><b>Reasons for Nomination as a Candidate for External Director</b></p> <p>Shigeru Matsushima has been nominated as a candidate for External Director because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights acquired in his long career as an expert in business administration, although he has no previous experience directly involved in the management of a company.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>Shigeru Matsushima is a candidate for External Director.</li> <li>There is no special conflict of interest between Shigeru Matsushima and the Company.</li> <li>Shigeru Matsushima is, at present, External Director of the Company. His term of office as External Director will be five years at the conclusion of this Ordinary General Meeting of Shareholders.</li> <li>The Company has entered into agreement with Shigeru Matsushima to limit his liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. If his election is approved, the Company will continue the said agreement with him to limit his liability. The maximum amount of liability based on the said agreement, on condition that he performs his duties in good faith and without gross negligence, shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act.</li> <li>Shigeru Matsushima is an Independent Director/Auditor as stipulated under the regulations of the Tokyo Stock Exchange. If his election is approved, the Company will continue to designate him as Independent Director/Auditor.</li> </ol>	

<p>No.</p> <p>8</p>	<p>Satoko Shinohara</p> <p> <span>Reelection</span> <span>External Director</span> <span>Independent Director</span> </p> <p>(Date of Birth: September 3, 1958)</p> <p>Shareholdings: —</p> <p>Attendance at meeting of Board of Directors: 18/19 (94%)</p> <p>Term of office: 4 years</p>	
<p>Apr. 1983 Joined Koyama Atelier (currently, Hisao Kohyama Atelier)</p> <p>May 1987 Director of Spatial Design Studio</p> <p>Oct. 1990 Director of Kengo Kuma and Associates</p> <p>Nov. 2000 Representative Director of Spatial Design Studio (present)</p> <p>Mar. 2009 Representative Director of Kengo Kuma and Associates (present)</p> <p>Feb. 2010 Representative Partner of Satoko Shinohara Living Design Institute LLC (currently, Living Design Institute LLC)</p> <p>Apr. 2010 Professor of Japan Women's University (present)</p> <p>Jun. 2014 External Director of Nomura Real Estate Holdings, Inc. (present)</p>		
<p><b>Significant Concurrent Positions</b></p>		
<p>Professor of Japan Women's University</p> <p>Representative Director of Spatial Design Studio</p> <p>Representative Director of Kengo Kuma and Associates</p>		
<p><b>Reasons for Nomination as a Candidate for External Director</b></p>		
<p>Satoko Shinohara has been nominated as a candidate for External Director because it is expected that she will continue contributing to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on her wealth of knowledge, experience, and profound insights in the field of architecture acquired in her long career as an architect.</p>		
<p>Notes:</p>		
<ol style="list-style-type: none"> <li>Satoko Shinohara is a candidate for External Director. The name of Satoko Shinohara as described here and above is her professional name, but her name on the family register is Satoko Kuma.</li> <li>Satoko Shinohara is, at present, External Director of the Company. Her term of office as External Director will be four years at the conclusion of this Ordinary General Meeting of Shareholders.</li> <li>The Company has entered into agreement with Satoko Shinohara to limit her liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. If her election is approved, the Company will continue the said agreement with her to limit her liability. The maximum amount of liability based on the said agreement, on condition that she performs her duties in good faith and without gross negligence, shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act.</li> <li>Satoko Shinohara is an Independent Director/Auditor as stipulated under the regulations of the Tokyo Stock Exchange. If her election is approved, the Company will continue to designate her as Independent Director/Auditor. Although the companies that Satoko Shinohara represents as well as the university that she serves as Professor have transactions, as described below, with both the Company and the Company's subsidiaries, mainly in consulting for community designs, the Company deems Satoko Shinohara to be independent. <ol style="list-style-type: none"> <li>Kengo Kuma and Associates, for which Satoko Shinohara serves as Representative Director, has the above described transactions with both the Company and the Company's wholly owned subsidiary, Nomura Real Estate Development Co., Ltd. The transaction amount in the most recent business year represents less than 2% of the net sales of said company and of the consolidated operating revenue of the Company.</li> <li>Japan Women's University, for which Satoko Shinohara serves as Professor, has the above described transactions with both the Company and Nomura Real Estate Development Co., Ltd. The transaction amount in the most recent business year represents less than 2% of the revenue of said university and of the consolidated operating revenue of the Company.</li> </ol> </li> </ol>		

(3) The sum of the amounts stipulated in above (1) and (2) represents less than 2% of the consolidated operating revenue of the Company.

Reference: Nomura Real Estate Holdings, Inc. Criteria for Determining Impartiality of Independent External Directors

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

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

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

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



**Proposal No. 2: Determination of Amount of Compensation, etc. for Directors (Excluding Director & Audit & Supervisory Committee Members) and Decision on Amounts and Details of Performance-based Stock Incentive Plan**

1. Determination of amount of compensation, etc. for Directors (excluding Director & Audit & Supervisory Committee Members)

The maximum amount of annual compensation for Directors (excluding Director & Audit & Supervisory Committee Members) of the Company was set at ¥650 million (excluding the portion of employee salaries for directors who are concurrently employees) at the 11th Ordinary General Meeting of Shareholders held on June 26, 2015, and the compensation consists of “fixed compensation,” “bonus” and “stock options” within that maximum amount. (The Company intends to grant stock options within that maximum amount as compensation for Directors for the 14th business year.)

Considering the abolishment of stock options in connection with the introduction of the performance-based stock incentive plan described in 2. below and the economic conditions and other various factors, the Company proposes that the maximum amount of annual compensation, etc. (“fixed compensation” and “bonus”) for Directors (excluding Director & Audit & Supervisory Committee Members) will be set at ¥550 million (excluding the portion of employee salaries for directors who are concurrently employees), which will be paid in addition to the performance-based stock incentive plan described in 2. below.

As described above, the Company will abolish the current stock options system after granting stock options as compensation for Directors for the 14th business year and will not grant any new stock options thereafter. However, any share acquisition rights which have been already granted as stock options but not yet exercised will continue to exist.

The current number of Directors (excluding Director & Audit & Supervisory Committee Members) is eight (8) (of which two (2) are External Directors), and if Proposal No. 1 (“Election of Eight (8) Directors (Excluding Director & Audit & Supervisory Committee Members)”) is approved in its original form, the number of Directors (excluding Director & Audit & Supervisory Committee Members) at the conclusion of this General Meeting of Shareholders will remain the same at eight (8) (of which two (2) are External Directors).

2. Decision on Amounts and Details of Performance-based Stock Incentive Plan

(1) Reason for the Proposal and Rationale for such Compensation

As described in 1. above, the compensation for Directors (excluding Director & Audit & Supervisory Committee Members) of the Company currently consists of “fixed compensation,” “bonus” and “stock options.” The Company requests the shareholders to approve the introduction of new stock incentive plan (the “Plan”) for Directors (excluding Director & Audit & Supervisory Committee Members, External Directors and non-residents of Japan; the same applies hereinafter) of the Company to take the place of stock options in the compensation structure. In addition, the Company asks the shareholders to permit the Board of Directors to decide the details of the Plan within the scope described in (2) below at its sole discretion.

By linking Directors’ compensation to the Company’s share price, the Plan is expected to have an effect similar to “stock options” in that it will create an incentive to enhance corporate value of the Company in the medium to long term and align interests with the Company’s shareholders.

At the same time, the achievement-linked portion of the Plan links the level of stock-based compensation to performance three years later, thereby being more suited to the medium- to long-term business periods that are characteristic of the real estate business and providing a clearer incentive to improve medium-term performance. In addition, the non-achievement-linked portion of the Plan creates incentives to contribute to the Group and enhance corporate value over the long term because the vesting of stock under the portion is in principle delayed until the officer’s resignation. Because the Plan is expected to have these effects not present in the “stock options”, the Company considers the introduction of the Plan to be appropriate.

The Plan proposes to provide performance shares, etc. to Directors in addition to the maximum amount of compensation, etc. for Directors (excluding Director & Audit & Supervisory Committee Members) described in 1. above.

The number of Directors subject to the Plan at the conclusion of this General Meeting of Shareholders will be six (6), excluding two (2) External Directors, if Proposal No. 1 (“Election of Eight (8) Directors (excluding Director & Audit & Supervisory Committee Members)”) is approved in its original form.

The introduction of the Plan, including the details in 1. above, has been reviewed by the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are External Directors.

The Audit & Supervisory Committee judged that the details of the Proposal, including the details in 1. above, are appropriate and there are no matters of concern.

(2) Amount of and Other Terms and Conditions of Compensation, etc. under the Plan

1) Outline of the Plan

The Plan is a performance share plan under which the Company’s shares are acquired through a trust using the amount of money to be contributed by the Company and the Company’s shares and the amount of money equivalent to the converted value of such Company’s shares (the “Company Shares, etc.”) are vested or paid (“vested, etc.”) to Directors through the trust in accordance with the share delivery regulations provided for by the Board of Directors (see 2) onward for the details).

The Plan consists of an “achievement-linked portion,” under which the Company Shares, etc. are vested, etc. three years after the beginning of each business year, and a “non-achievement-linked portion,” under which the Company Shares, etc. are vested, etc. upon the resignation of all Directors and officers of the Group in principle.

(i) Persons subject to the Plan	Directors (excluding Director& Audit & Supervisory Committee Members, External Directors and non-residents of Japan) of the Company	
(ii) Impact which the Company’s shares would have on the total number of shares issued		
Maximum amount of money to be contributed by the Company	The maximum amount is ¥730 million in three business years (as stated in 2) and 3) below)	
Maximum number of the Company Shares, etc. (including the Company’s shares subject to conversion into cash) to be vested, etc. to Directors and the acquisition method for such shares	<ul style="list-style-type: none"><li>● The maximum number of the Company Shares, etc. to be vested, etc. is 423,000 shares in three business years (as stated in 4) below)</li><li>● The yearly average at 141,000 shares of the aforementioned maximum number is approximately 0.07% of the total number of shares issued of the Company (as of March 31, 2018, after deducting treasury shares)</li><li>● The Trust will acquire the Company’s shares from the Company (disposition of treasury shares) or the stock market</li></ul>	
(iii) Measurement of the level of achievement of performance targets	<ul style="list-style-type: none"><li>● The achievement-linked portion varies between 0% and 200% depending on the level of achievement of performance targets</li><li>● The achievement-level indicators include target figures of consolidated operating profit and profit attributable to owners of parent, etc. set under the management plan</li></ul>	
(iv) Timing of vesting, etc. of Company Shares, etc.	Achievement-linked portion	Three years after the beginning of each business year
	Non-achievement-linked portion	Upon resignation of all Directors and officers of the Group in principle

2) Maximum Amount of Money to be Contributed by the Company

The Plan covers three consecutive business years (the Plan initially covers the three business years from the business year ending March 31, 2019 to the business year ending March 31, 2021 and, if the term described in 3) below is extended, the Plan will apply to each three business years thereafter; the “Covered Period”).

The Company will establish a trust whose beneficiaries are Directors satisfying beneficiary requirements (the “Trust”) by contributing trust money to the Trust as compensation for Directors of the Company up to the maximum amount of ¥730 million for the Covered Period (including the extended term as described in 3) below; the same applies hereinafter). The Trust will acquire the Company’s shares from the Company (disposition of treasury shares) or the stock market using the trust money in accordance with the directions of the Trust administrator.

3) Extension of the Covered Period

At the expiration of the Covered Period of the Trust, if it is decided that the Covered Period is to be extended, the Trust may be continued by modifying the Trust Agreement and entrusting additional money. In this case, the Covered Period and the Trust term shall be extended further for three years, and the Company will make additional contributions within the maximum amount of ¥730 million for each extended Covered Period and continue to grant points and vest, etc. the Company Shares, etc. to Directors during the extended Covered Period and the Trust term; provided, however, that in cases where such additional contributions are to be made, when there are any Company’s shares (excluding Company’s shares which are expected to be vested, etc. based on the number of points granted to Directors) and money remaining in the trust property (together with the Company’s shares remaining, the “Residual Shares, etc.”) as at the last day of the Covered Period prior to the extension, the sum of the amount of Residual Shares, etc. and additional trust money to be contributed shall be within the upper limit of ¥730 million.

In addition, if no modification of the Trust Agreement is made and no additional money is entrusted at the expiration of the Covered Period of the Trust, no points will be granted to Directors thereafter; provided, however, that if any Director who might satisfy the beneficiary requirements holds office at that time, the Trust term may be extended for up to ten years until such Director resigns from all position of Directors and officers at the Group and the vesting, etc. of the Company Shares, etc. is completed in principle.

4) Calculation Method and Maximum Number of Company Shares, etc. to be Vested, etc. to Directors

The number of Company Shares, etc. to be vested, etc. to Directors shall be determined based on the number of points granted in accordance with the formula below, converting one point to one Company’s share. If the number of Company’s shares under the Trust is increased or decreased through a stock split, allotment of shares without contribution or consolidation of shares, among others, the Company will adjust the number of Company Shares, etc. to be vested, etc. per one point and the total number of the Company’s shares, etc. to be vested, etc. based on the ratio of such increase or decrease.

Calculation formula of points

(i) Achievement-linked portion

A number of points obtained by dividing the amount of base compensation determined in advance with respect to each executive position by the share price at which the Trust acquired the Company’s shares (the “Number of PS Points”) shall be granted to Directors who hold office on the last day of each business year during the Covered Period. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each business year by the achievement-linked coefficient determined based on the level of achievement of performance targets three years after the beginning of the applicable business year.

Formula of the number of achievement-linked points:

Number of PS Points × Achievement-linked coefficient\*

\* The achievement-linked coefficient varies between 0% and 200% depending on the level of achievement of target figures of consolidated operating profit and profit attributable to owners of parent, etc. set under the management plan.

(ii) Non-achievement-linked portion

A number of points obtained by dividing the amount of base compensation determined in advance with respect to each executive position by the share price at which the Trust acquired the Company's shares (the "Number of RS Points") shall be granted to Directors who hold office on the last day of each business year during the Covered Period on a cumulative basis (such accumulated Number of RS Points, the "Number of Non-Achievement-Linked Points").

The maximum total number of the Company Shares, etc. to be vested, etc. to Directors by the Trust is 423,000 shares in total for three business years. Such maximum number of shares has been set by reference to the past share price, etc. taking into consideration the maximum amount of money in 2) above.

5) Timing and Method of Vesting, etc. of Company Shares, etc. to Directors

(i) Achievement-linked portion

The timing at which Company Shares, etc. pertaining to the achievement-linked portion are vested, etc. will be three years after the beginning of each business year during the Covered Period. Directors who meet the prescribed requirements for beneficiaries shall receive the Company's shares corresponding to 50% of the number of achievement-linked points (the number of shares less than a share unit will be rounded down), and receive money equivalent to the Company's shares corresponding to the number of remaining achievement-linked points that are converted into cash under the Trust.

(ii) Non-achievement-linked portion

The timing at which Company Shares, etc. pertaining to the non-achievement-linked portion are vested, etc. will be after the resignation from all position of Directors and officers at the Group in principle. Directors who meet the prescribed requirements for beneficiaries shall receive Company's shares corresponding to 50% of the Number of Non-Achievement-Linked Points granted by the time of resignation (the number of shares less than a share unit will be rounded down), and receive money equivalent to Company's shares corresponding to the remaining Number of Non-Achievement-Linked Points that are converted into cash under the Trust.

6) Voting Rights Related to the Company's Shares under the Trust

Voting rights related to the Company's shares under the Trust shall not be exercised during the Trust term to ensure the neutrality of the Company management.

7) Treatment of Dividends of Surplus of the Company's Shares under the Trust

The dividends of surplus pertaining to the Company's shares under the Trust shall be received by the Trust and applied to the trust fees and trust expenses. Any money remaining at the time the Trust finally terminates after application to the trust fees and trust expenses shall be contributed to organizations that are irrelevant to the Group or Directors, etc. of the Group in principle.

8) Treatment of the Company's Residual Shares under the Trust

If the Trust is terminated upon expiration of the Trust term and there are residual shares incurred due to failure to achieve performance targets or any other cause, the Trust will, as a measure to return profits to shareholders, transfer such residual shares to the Company for no consideration and the Company will cancel such shares by a resolution of the Board of Directors.

9) Other Details of the Plan

Other details of the Plan will be determined by the Board of Directors each time the Trust is established, the Trust Agreement is modified, and additional money is contributed to the Trust. Therefore, the Company asks the shareholders to permit the Board of Directors to decide such details at its sole discretion.

Reference:

In addition to the provision of performance shares, etc. to Directors of the Company, the approval of which is requested in the Proposal, the Company also intends to provide performance shares, etc. to all or part of the Directors and Executive Officers (excluding External Directors and non-residents of Japan) of the Company's key subsidiaries including Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Asset Management Co., Ltd. by using a trust. For all recipients entitled to the performance shares, etc., the maximum amount of money to be contributed to the trust for each Covered Period (three business years) shall be ¥3,836 million and the maximum number of Company Shares, etc. to be vested, etc. for each Covered Period (three business years) shall be 2,216,400 shares (the yearly average of 738,800 shares is approximately 0.39% of the total number of shares issued of the Company as of March 31, 2018 (after deducting treasury shares)).

(Attached documents)

## **Business Report**

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

### 1. Current status of the Group

#### (1) Status of operations for the fiscal year under review

##### 1) Progress and results of business

We are pleased to announce a summary of operating results of our 14th term (April 1, 2017 to March 31, 2018).

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

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

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

#### [Residential Development Unit]

Operating revenue in the Residential Development Unit totaled ¥358,745 million, which represents an increase of 8.8% year on year, and operating profit totaled ¥24,516 million, a decrease of 11.8% year on year, resulting in an increase in operating revenue and a decrease in operating profit compared with the previous fiscal year.

This was mainly due to a decrease in gross margin ratio, while the number of housing unit sales in the housing sales business increased. In regards to housing sales, 5,865 units were recorded as sales (an increase of 298 units year on year), including PROUD CITY Musashino-Mitaka (Musashino-shi, Tokyo), PROUD TOWER Nagoya Sakae (Naka-ku, Nagoya-shi, Aichi) for condominiums, and PROUD SEASON Kunitachi-Shikinomachi (Kokubunji-shi, Tokyo) for detached houses.

As of the end of the fiscal year under review, the number of completed housing inventories totaled 458 units (a decrease of 196 units compared with the end of the previous fiscal year) and the number of contracted but not recorded housing units totaled 2,831 units (an increase of 52 units compared with the end of the previous fiscal year).

In the overseas business, the Company has also continued to actively engage in the development business overseas. This includes a new entry into the housing sales business in Thailand following on from China, Vietnam and the Philippines.

[Leasing Unit]

Operating revenue in the Leasing Unit totaled ¥134,941 million, which represents an increase of 17.3% year on year, and operating profit totaled ¥35,232 million, an increase of 8.2%, resulting in increases in both revenue and operating profit compared with the previous fiscal year.

This was mainly due to an increase in leasing revenue from newly-built properties such as Yokohama Nomura Building (Nishi-ku, Yokohama-shi, Kanagawa) in the Leasing Business, as well as an increase in revenues from the sales in profitable properties and land for business. The vacancy rate as of the end of the fiscal year under review has remained at a low level of 0.7% (a decrease of 0.1 percentage points compared with the end of the previous fiscal year). In addition, we established Nomura Real Estate Hotels Co., Ltd. in October 2017 and launched a new hotel brand “NOHGA HOTEL,” for which the Group will provide product development and services. NOHGA HOTEL UENO (Taito-ku, Tokyo), the first hotel, is scheduled to open in the fall of 2018.

Construction of facilities including the PMO Shibuya office building (Shibuya-ku, Tokyo), the GEMS Ebisu retail facility (Shibuya-ku, Tokyo), and the Landport Takatsuki logistics facility (Takatsuki-shi, Osaka) has been completed.

[Investment Management Unit]

Operating revenue in the Investment Management Unit totaled ¥9,378 million, which represents a decrease of 2.9% year on year, and operating profit totaled ¥5,911 million, a decrease of 1.7%, resulting in decreases in both revenue and operating profit compared with the previous fiscal year.

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

Assets under management have steadily expanded and totaled ¥1,285,903 million (an increase of ¥25,838 million compared with the end of the previous fiscal year) as of the end of the fiscal year under review.

In addition, the Company conducted replacement of assets between Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Master Fund, Inc., representing 10 properties and a transaction value of ¥48,010 million, in accordance with the Basic Agreement on the Leasing Value Chain concluded in May 2015.

[Property Brokerage & CRE Unit]

Operating revenue in the Property Brokerage & CRE\* Unit totaled ¥35,703 million, which represents an increase of 2.5% year on year, operating profit totaled ¥8,452 million, a decrease of 7.4%, resulting in an increase in operating revenue and a decrease in operating profit compared with the previous fiscal year.

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

In the retail business, we opened the following new branch stores: Omiya Center (Omiya-ku, Saitama-shi, Saitama) and Tachikawa Center (Tachikawa-shi, Tokyo) in April 2017 and Hatanodai Center (Shinagawa-ku, Tokyo), Komagome Center (Toshima-ku, Tokyo), and Abeno Center (Abeno-ku, Osaka-shi, Osaka) in October 2017, and the total number of branch stores is 78. We are also actively rolling out new services that utilize ICT, such as website content “VR Home Staging” and “Condominium Data Plus.”

In the wholesale business, we are steadily increasing transaction value by offering proposals for effective real estate utilization to Japanese companies, and meeting inbound investment needs, particularly of investors from Asia.

\* CRE: Corporate Real Estate

[Property & Facility Management Unit]

Operating revenue in the Property & Facility Management Unit totaled ¥101,087 million, which represents an increase of 5.6% year on year, and operating profit totaled ¥7,076 million, an increase of 2.0%, resulting in increases in both revenue and operating profit compared with the previous fiscal year.

This was mainly due to an increase in revenue of property and facility management with the increase in the number of properties under management, as well as an increase in revenue from construction orders for various reasons, including providing the large-scale repair work service “re:Premium,” which supplies long-term guarantees for “PROUD,” Nomura Real Estate Development Co., Ltd.’s condominium brand.

In the fitness club business, we opened fitness clubs appropriate for the local community and target markets, such as a MEGALOS\_Shirokanedai (Minato-ku, Tokyo), a city-center type club located in a prime location and providing stylish atmosphere, and MEGALOS\_Reflet Kawaramachi Sanjo 24 (Nakagyo-ku, Kyoto-shi, Kyoto), the first women-only around-the-clock fitness club in the Kansai area. In the senior business, we also opened OUKAS Funabashi (Funabashi-shi, Chiba) in October 2017.

In addition, as of the end of the fiscal year under review, the number of buildings under management was 723 buildings (up 21 from the end of the previous fiscal year), and the number of condominiums under management was 173,705 units (up 4,706).

[Other Unit]

Operating revenue in the Other Unit totaled ¥107 million, which represents an increase of 1.3% year on year, and operating loss totaled ¥10 million (the previous fiscal year was operating loss of ¥30 million).

2) Capital investment

In the fiscal year under review, the Company spent a total of ¥73,575 million on capital investment, including Morisia Tsudanuma (Narashino-shi, Chiba).

3) Financing

In the fiscal year under review, the Company procured necessary funds through loans from financial institutions, etc.

4) Business transfer, absorption-type company split or incorporation-type company split  
Not applicable.

5) Acquisitions of other companies’ businesses  
Not applicable.

6) Successions of rights or duties related to the businesses of other legal entities, etc. due to absorption-type merger or absorption-type company split  
Not applicable.

7) Acquisitions and disposals of shares, other equities, and share acquisition rights in other companies

The Company established wholly owned subsidiary Nomura Real Estate Hotels Co., Ltd. on October 17, 2017.



(2) Trends in operating results and assets in and at the end of the fiscal year under review and the most recent three fiscal years

(Millions of yen)

Classification	11th term (Fiscal year ended March 31, 2015)	12th term (Fiscal year ended March 31, 2016)	13th term (Fiscal year ended March 31, 2017)	14th term (Fiscal year under review) (Fiscal year ended March 31, 2018)
Operating revenue	567,159	569,545	569,680	623,762
Operating profit	71,894	80,912	77,271	76,660
Ordinary profit	63,681	72,679	68,952	68,033
Profit attributable to owners of parent	38,441	47,182	47,005	46,029
Basic earnings per share (Yen)	201.28	246.42	245.10	240.89
Total assets	1,369,226	1,485,449	1,593,093	1,673,692
Net assets	461,031	456,408	493,813	514,982
Net assets per share (Yen)	2,061.86	2,320.84	2,508.73	2,664.70

(3) Status of parent company and major subsidiaries

1) Parent company  
Not applicable.

2) Major subsidiaries

Name	Capital stock (Millions of yen)	Ratio of voting rights (%)	Principal businesses
Nomura Real Estate Development Co., Ltd.	2,000	100.0	General real estate business including sale and leasing of real estate
Nomura Real Estate Asset Management Co., Ltd.	300	100.0	Investment management services including REIT and privately placed real estate funds
Nomura Real Estate Urban Net Co., Ltd.	1,000	100.0	Brokerage and consignment sales of real estate
Nomura Real Estate Partners Co., Ltd.	200	100.0	General management of office buildings, condominiums, etc.
NREG TOSHIBA BUILDING Co., Ltd.	14,372	95.0	Leasing of office buildings, stores, etc.
Nomura Real Estate Life & Sports Co., Ltd.	100	100.0	Planning and operation of sports facilities
Nomura Real Estate Heating and Cooling Supply Co., Ltd.	480	100.0	Supply of heat as provided for under the Heat Supply Business Act
Geo Akamatsu Co., Ltd.	243	100.0	Planning and management of retail facilities
Nomura Real Estate Reform Co., Ltd.	100	100.0	Remodeling of condominiums, etc.
Nomura Real Estate Wellness Co., Ltd.	300	100.0	Development, planning, and operation of housing services for the elderly
Nomura Real Estate Hotels Co., Ltd.	100	100.0	Planning and operation of hotels
Nomura Real Estate Amenity Service Co., Ltd.	10	100.0	Cleaning of buildings and condominiums
NREG TOSHIBA BUILDING FACILITIES Co., Ltd.	30	100.0	General management of office buildings, etc.
PRIME X. Co., Ltd.	100	60.0	Internet advertising
NF Power Service Co., Ltd.	100	51.0	Sale, intermediation, and supply of electric energy
First Living Assistance Co., Ltd.	100	51.0	Services aimed at providing assistance to customers concerning their homes and living arrangements

- Notes: 1. The Company established Nomura Real Estate Hotels Co., Ltd. on October 17, 2017 and made it a new major subsidiary.  
2. The Company has no specified wholly owned subsidiary as of the end of the fiscal year under review.  
3. The ratios of voting rights of Nomura Real Estate Amenity Service Co., Ltd., NREG TOSHIBA BUILDING FACILITIES Co., Ltd., and PRIME X. Co., Ltd. include shares held by subsidiaries.

(4) Issues to address

Looking at the social and economic environments surrounding the Group, diverse changes have continued including the progress of urban renaissance in metropolitan areas, movements for regional revitalization, and the increase and/or obsolescence of the stock of existing properties, in addition to the aging population and declining birthrate, as well as the progress of women's advances in society. Furthermore, such phenomena as the expansion of the real estate investment market, the economic growth of the Asian zone and accelerated globalization are expected to have significant effects on the business environment of the Group in the future.

Given the aforementioned background, we formulated the Mid- to Long-Term Business Plan—*Creating Value through Change*— (from April 2016 to March 2025) in November 2015 to realize our growth model that emphasizes “Continuous expansion of revenue with ensured high asset efficiency” based on the streamlined financial foundation.

In light of the characteristics of real estate business that operates on a medium- to long-term basis, we have set financial goals for the period up to and including the fiscal year ending March 31, 2025, deployed growth strategies for their achievement, and divided the target period into three phases. Based on the key strategies of “Expand business volume and business domains in the Development Sector,” “Demonstrate differentiation and a competitive edge in the Service & Management Sector,” and “Increase and reinforce the customer base via Group-wide collaboration,” our quantitative goals by the fiscal year ending March 31, 2025 are to achieve the ¥150.0 billion level for operating profit and above ¥1 trillion for operating revenue.

During the fiscal year under review, in the Development Sector, the recovery of business speed in the housing sales business was accelerated, and we expanded both the leasing business and property development business. For the Service & Management Sector, we steadily generated business growth in business fields and environments different than those of other sectors and contributed to the Group's growth.

As we head into the final business year of Phase 1 of the Mid- to Long-term Business Plan, we will improve the profitability of the housing sales business, increase rental revenue through various efforts including strengthening the relationship with tenants in the leasing business, and expand the share of business in the Service & Management Sector. In the field of new businesses, we will promote growth in the senior and hotel businesses and aggressively expand overseas business.

In addition to the above, we will continue aiming to build a portfolio that balances the Residential Development Unit, Leasing Unit and Service & Management Sector, and, while maintaining a stable financial foundation and high asset efficiency, will pursue the achievement of sustainable revenue growth and the further improvement of our corporate value.

On December 25, 2017, a Group company Nomura Real Estate Development Co., Ltd. received a recommendation for corrective action and direction in respect to the discretionary working system for management-related work applied to certain employees from the Labor Standard Inspection Office in charge of the headquarters and four local offices (Kansai Regional Office, Nagoya Branch, Sendai Branch and Fukuoka Branch). Based on the corrective action and direction, Nomura Real Estate Development Co., Ltd. abandoned its discretionary working system effective March 31, 2018 and has already completed adjustments regarding unpaid salary following scrutiny of the working hours of the affected employees. The payment will have a minor impact on earnings for the fiscal year under review.

Moreover, the Group as a whole is treating the fact that the death of a Nomura Real Estate Development Co., Ltd. employee was certified as an industrial accident very seriously. The entire Group is committed ensuring labor management and improving the workplace environment to enable employees to work in a positive manner with peace of mind with the aim of restoring the trust of shareholders and society and the confidence of employees in the company and its management. From the perspective of Group management, we will also work as a corporate group overall to ensure that similar circumstances do not arise by participating appropriately in the process of the formulation of measures to prevent recurrence in addition to monitoring whether the measures to prevent recurrence have been properly implemented. Additionally, we will strive to implement “wellness management,” which links all officers and employees being physically and psychologically healthy and energetically undertaking their work to sustained

corporate growth, and senior management will continually disseminate and strive for the spread of understanding and steady implementation of this management style.

We appreciate the continued support and encouragement of our shareholders.

(5) Principal businesses (as of March 31, 2018)

The Group's business operations are comprised of the Residential Development Business, Leasing Business, Investment Management Business, Property Brokerage & CRE Business, Property & Facility Management Business, and Other Business. The details of each business are outlined below.

Unit	Principal businesses
Residential Development Business	Development and sale of condominiums and detached housing, contract for remodeling construction, etc., internet ad agency services, and services aimed at providing assistance to customers concerning their homes and living arrangements, etc.
Leasing Business	Development and lease of office buildings and retail facilities, development and sale of profitable properties for the real estate investment market, planning and management of construction work, design and entrusted management of retail facilities, and planning and operation of hotels
Investment Management Business	Investment management services including REIT, privately placed real estate funds, and real estate securitization products
Property Brokerage & CRE Business	Real estate brokerage and consulting, consignment sales for condominiums and detached housing, and insurance agency services
Property & Facility Management Business	Management and tenant construction of office buildings, management and repair of condominiums, management of fitness clubs, operation of local cooling and heat supply business, development, planning, and operation of housing services for the elderly, and sale, intermediation, and supply of electric energy
Other Business	Sale and lease of land and buildings

(6) Principal business offices (as of March 31, 2018)

1) Business office of the Company

Head office: 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

2) Principal business offices of major subsidiaries

Company name	Name	Location
Nomura Real Estate Development Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Asset Management Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Urban Net Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Partners Co., Ltd.	Head office	Shinjuku-ku, Tokyo
NREG TOSHIBA BUILDING Co., Ltd.	Head office	Minato-ku, Tokyo
Nomura Real Estate Life & Sports Co., Ltd.	Head office	Nakano-ku, Tokyo
Nomura Real Estate Heating and Cooling Supply Co., Ltd.	Head office	Hodogaya-ku, Yokohama-shi, Kanagawa
Geo Akamatsu Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Reform Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Wellness Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Hotels Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Nomura Real Estate Amenity Service Co., Ltd.	Head office	Shinjuku-ku, Tokyo
NREG TOSHIBA BUILDING FACILITIES Co., Ltd.	Head office	Minato-ku, Tokyo
PRIME X. Co., Ltd.	Head office	Shinjuku-ku, Tokyo
NF Power Service Co., Ltd.	Head office	Shinjuku-ku, Tokyo
First Living Assistance Co., Ltd.	Head office	Shinjuku-ku, Tokyo

(7) Status of employees (as of March 31, 2018)

1) Employees in the Group

Unit	Number of employees	
Residential Development Unit	1,196	(156)
Leasing Unit	608	(62)
Investment Management Unit	152	(1)
Property Brokerage & CRE Unit	1,511	(109)
Property & Facility Management Unit	2,810	(3,142)
Other Unit	2	(0)
Group overall (in common)	357	(13)
Total	6,636	(3,483)

- Notes: 1. The number of employees refers to the number of working employees. The temporary employees not included in this number are represented by the number in parentheses, which indicates the annual average number calculated using a baseline of prescribed labor hours of regular employees of the respective company. Due to the rounding of fractions, total figures may not match.
2. The figure stated in “Group overall (in common)” indicates the number of employees who belong to administrative departments, which cannot be categorized as specified business units.

2) Employees in the Company

Number of employees	Increase/decrease from the previous fiscal year-end	Average age	Average years of service
24	Decrease of 7	45.2	2.9

- Notes: 1. The number of employees refers to the number of working employees (the figure excludes such employees seconded from the Company to another company but includes employees seconded to the Company from another company).
2. The employees are mainly employees seconded to the Company from Group companies such as Nomura Real Estate Development Co., Ltd. The figure for the average years of service refers to the average length of service at the Company, and the number of years of service at the company of origin is not included in the calculation.
3. In addition to the above-listed employees, there are 192 employees of Nomura Real Estate Development Co., Ltd. who concurrently serve for both companies.

(8) Status of principal lenders (as of March 31, 2018)

The Group follows a general principle of Group financing whereby it is chiefly the Company that procures financing and supplies these funds to its subsidiaries and associates. Status of principal lenders as of the end of the fiscal year under review is as follows:

(Millions of yen)

Lender	Amount borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	97,500
Sumitomo Mitsui Banking Corporation	92,500
Mizuho Bank, Ltd.	77,500
Sumitomo Mitsui Trust Bank, Limited	48,000
Resona Bank, Limited	46,000
Mitsubishi UFJ Trust and Banking Corporation	46,000

Note: On April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its corporate name, and is now MUFG Bank, Ltd.

(9) Other important matters relating to the current status of the Group

Not applicable.

## 2. Status of the Company

### (1) Shares of the Company (as of March 31, 2018)

- 1) Total number of shares authorized to be issued by the Company: 450,000,000 shares
- 2) Total number of shares issued: 192,155,201 shares  
(including 3,956,956 treasury shares)

Note: The total number of shares issued increased by 277,400 shares due to the exercise of stock options.

3) Number of shareholders: 30,866

### 4) Major shareholders (top 10)

Name	Number of shares held (Hundreds of shares)	Shareholding ratio (%)
Nomura Holdings, Inc.	647,775	34.41
Japan Trustee Services Bank, Ltd. (Trust account)	99,658	5.29
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	60,741	3.22
The Master Trust Bank of Japan, Ltd. (Trust account)	54,802	2.91
Japan Trustee Services Bank, Ltd. (Trust account 9)	39,406	2.09
Nomura Real Estate Holdings Employee Shareholding Association	29,188	1.55
STATE STREET BANK WEST CLIENT - TREATY 505234	25,382	1.34
Japan Trustee Services Bank, Ltd. (Trust account 5)	25,054	1.33
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	23,193	1.23
HSBC BANK PLC A/C CLIENTS 1	23,187	1.23

- Notes: 1. Although the Company holds 3,956,956 treasury shares, it is excluded from the list of major shareholders above.  
2. The 3,956,956 treasury shares are excluded in the calculation of the shareholding ratio.

### 5) Other important matters relating to shares

The Company resolved the acquisition of treasury shares, under Article 459, Paragraph 1 of the Companies Act and Article 32 of the Company's Articles of Incorporation, at the meeting of the Board of Directors held on October 26, 2017, and made the acquisition as follows.

Type and number of shares acquired:	3,954,700 common shares
Total amount of shares acquired:	¥9,999 million
Period of acquisition:	From October 27, 2017 to March 16, 2018

In order to pay shareholders a return and increase capital efficiency, at the Board of Directors meeting held on April 26, 2018, a resolution was passed to purchase treasury shares at a total cost of no more than ¥5.0 billion or acquire up to 2.50 million shares through the market purchase of common shares of the Company available on the Tokyo Stock Exchange during the period from April 27, 2018 to March 31, 2019.

(2) Share acquisition rights, etc.

1) Status of share acquisition rights (as of March 31, 2018)

Name of share acquisition rights	Date of resolution on issuance	Number of share acquisition rights	Number of common shares subject to share acquisition rights	Exercise period of share acquisition rights	Exercise price of share acquisition rights per share (Yen)
The 3rd share acquisition rights in FY2011	July 28, 2011	2,278	227,800	From August 23, 2013 to August 22, 2018	1,457
The 3rd share acquisition rights in FY2012	July 26, 2012	2,427	242,700	From August 23, 2014 to August 22, 2019	1,451
The 2nd share acquisition rights in FY2013	June 27, 2013	1,433	143,300	From July 23, 2015 to July 22, 2020	1
The 3rd share acquisition rights in FY2013	June 27, 2013	3,333	333,300	From July 23, 2015 to July 22, 2020	2,429
The 1st share acquisition rights in FY2014	June 27, 2014	407	40,700	From July 23, 2016 to July 22, 2021	1
The 2nd share acquisition rights in FY2014	June 27, 2014	1,944	194,400	From July 23, 2016 to July 22, 2021	1
The 3rd share acquisition rights in FY2014	June 27, 2014	3,523	352,300	From July 23, 2016 to July 22, 2021	2,016
The 1st share acquisition rights in FY2015	June 26, 2015	357	35,700	From July 23, 2018 to July 22, 2023	1
The 2nd share acquisition rights in FY2015	June 26, 2015	1,575	157,500	From July 23, 2018 to July 22, 2023	1
The 3rd share acquisition rights in FY2015	June 26, 2015	3,809	380,900	From July 23, 2018 to July 22, 2023	2,741
The 1st share acquisition rights in FY2016	June 29, 2016	567	56,700	From July 22, 2019 to July 21, 2024	1
The 2nd share acquisition rights in FY2016	June 29, 2016	2,503	250,300	From July 22, 2019 to July 21, 2024	1
The 3rd share acquisition rights in FY2016	June 29, 2016	4,218	421,800	From July 22, 2019 to July 21, 2024	1,927
The 1st share acquisition rights in FY2017	June 29, 2017	398	39,800	From July 21, 2020 to July 20, 2025	1
The 2nd share acquisition rights in FY2017	June 29, 2017	2,283	228,300	From July 21, 2020 to July 20, 2025	1
The 3rd share acquisition rights in FY2017	June 29, 2017	4,564	456,400	From July 21, 2020 to July 20, 2025	2,400

- Notes: 1. The number of the shares subject to a share acquisition right is 100.  
2. In principle, a person who has received the allotment of the share acquisition rights must be in a position of Director, Audit & Supervisory Board Member, Executive Officer, Senior Advisor, Advisor, Special Officer, Special Advisor or employee of the Company or any of its subsidiaries, or in an equivalent position thereto until the time of exercise of the share acquisition rights on a continuing basis.

2) Status of share acquisition rights held by the officers of the Company (as of March 31, 2018)

Name of share acquisition rights	Directors (excluding Audit & Supervisory Committee Members and External Directors)		Directors (Audit & Supervisory Committee Members)	
	Number of share acquisition rights	Number of holders	Number of share acquisition rights	Number of holders
The 3rd share acquisition rights in FY2011	—	—	27	1
The 3rd share acquisition rights in FY2012	70	3	27	1
The 2nd share acquisition rights in FY2013	26	1	—	—
The 3rd share acquisition rights in FY2013	103	4	33	1
The 1st share acquisition rights in FY2014	200	3	—	—
The 2nd share acquisition rights in FY2014	42	1	—	—
The 3rd share acquisition rights in FY2014	160	5	—	—
The 1st share acquisition rights in FY2015	234	4	—	—
The 2nd share acquisition rights in FY2015	42	1	—	—
The 3rd share acquisition rights in FY2015	193	5	—	—
The 1st share acquisition rights in FY2016	378	4	—	—
The 2nd share acquisition rights in FY2016	65	1	—	—
The 3rd share acquisition rights in FY2016	193	5	—	—
The 1st share acquisition rights in FY2017	398	6	—	—
The 3rd share acquisition rights in FY2017	249	6	—	—

Note: Share acquisition rights held by Directors (Audit & Supervisory Committee Members) were delivered to them before they assumed the office of Director (Audit & Supervisory Committee Member).

3) Status of share acquisition rights delivered to employees, etc., during the fiscal year under review

Name of share acquisition rights	Employees of the Company		Officers or employees of the Company's subsidiaries	
	Number of share acquisition rights delivered	Number of individuals to whom share acquisition rights have been delivered	Number of share acquisition rights delivered	Number of individuals to whom share acquisition rights have been delivered
The 2nd share acquisition rights in FY2017	—	—	2,283	90
The 3rd share acquisition rights in FY2017	—	—	4,315	331

4) Other important matters relating to share acquisition rights, etc.  
Not applicable.



(3) Status of company officers

1) Directors (as of March 31, 2018)

Name	Position and responsibility in the Company	Significant concurrent positions
Atsushi Yoshikawa	Director and Chairman of the Board of Directors	Director of Nomura Real Estate Development Co., Ltd.
Eiji Kutsukake	President and Representative Director, and Chief Executive Officer Group CEO	Chair and Representative Director of Nomura Real Estate Development Co., Ltd.
Seiichi Miyajima	Executive Vice President and Representative Director Group COO	President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd.
Toshiaki Seki	Representative Director and Executive Officer Unit Manager of Property & Facility Management Unit	Chair and Representative Director of Nomura Real Estate Partners Co., Ltd. Director of Nomura Real Estate Life & Sports Co., Ltd. President and Representative Director of Nomura Real Estate Wellness Co., Ltd.
Hiroyuki Kimura	Director and Executive Officer Group CFO Investor relations	—
Makoto Haga	Director and Executive Officer Supervisor of Management Division Management of affiliated companies	Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. Director of NREG TOSHIBA BUILDING Co., Ltd. Director of Nomura Real Estate Life & Sports Co., Ltd. Director of Geo Akamatsu Co., Ltd. Director of Nomura Real Estate Reform Co., Ltd. Director of Nomura Real Estate Wellness Co., Ltd. Director of PRIME X. Co., Ltd.
Shigeru Matsushima	Director	—
Satoko Shinohara	Director	Professor of Japan Women's University Representative Director of Spatial Design Studio Representative Director of Kengo Kuma and Associates
Takao Orihara	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Life & Sports Co., Ltd. Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd.
Shigeki Fujitani	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Reform Co., Ltd. Audit & Supervisory Board Member of PRIME X. Co., Ltd.
Satoshi Ogishi	Director (Audit & Supervisory Committee Member)	Partner of Nishimura & Asahi Executive Director of Nozomi Servicing Co., Ltd.

Name	Position and responsibility in the Company	Significant concurrent positions
Akira Yamate	Director (Audit & Supervisory Committee Member)	Outside Director of Mitsubishi UFJ Financial Group, Inc. External Audit & Supervisory Board Member of Prudential Holdings of Japan, Inc.
Akira Ono	Director (Audit & Supervisory Committee Member)	Partner of Spring Partners

- Notes: 1. Atsushi Yoshikawa and Makoto Haga were elected as director at the Ordinary General Meeting of Shareholders held on June 29, 2017, and assumed their respective offices.
2. Kamezo Nakai and Yukoh Yoshida retired from their positions as director at the conclusion of the Ordinary General Meeting of Shareholders held on June 29, 2017.
3. Directors Shigeru Matsushima and Satoko Shinohara, and Directors (Audit & Supervisory Committee Members) Satoshi Ogishi, Akira Yamate and Akira Ono are External Directors.
4. Directors Shigeru Matsushima and Satoko Shinohara, and Directors (Audit & Supervisory Committee Members) Satoshi Ogishi, Akira Yamate and Akira Ono are Independent Directors/Auditors as stipulated under the regulations of the Tokyo Stock Exchange.
5. Director (Audit & Supervisory Committee Member) Takao Orihara has extensive knowledge of finance and accounting from his many years of business experience in finance.
6. Director (Audit & Supervisory Committee Member) Shigeki Fujitani has extensive knowledge of finance and audit from his many years of business experience in finance.
7. Director (Audit & Supervisory Committee Member) Akira Yamate has great knowledge and experience and profound insights as an expert at accounting and auditing acquired through his many years working as a Certified Public Accountant.
8. The Company appoints full-time Audit & Supervisory Committee Members to strengthen the auditing and supervising function by collecting information from the Directors (excluding Audit & Supervisory Committee Members), Executive Officers, employees, etc., attending at important company meetings, and ensuring sufficient coordination between the committee and the internal audit department and others.
9. Director Shigeru Matsushima retired from his position as External Director of CAC Holdings Corporation on March 27, 2018.
10. The name of Director Satoko Shinohara as described here and above is her professional name, but her name on the family register is Satoko Kuma.
11. Director Satoko Shinohara resigned from her position as Representative Partner of Living Design Institute LLC on October 5, 2017.
12. Director (Audit & Supervisory Committee Members) Satoshi Ogishi retired from his position as External Director of Oracle Corporation Japan on August 23, 2017.
13. As of April 1, 2018, positions and responsibilities and significant concurrent positions of Directors Toshiaki Seki and Makoto Haga, and Directors (Audit & Supervisory Committee Members) Takao Orihara and Shigeki Fujitani are as follows:

Name	Position and responsibility in the Company	Significant concurrent positions
Toshiaki Seki	Executive Vice President and Representative Director Group companies Unit Manager of Property & Facility Management Unit	Chair and Representative Director of Nomura Real Estate Partners Co., Ltd. Director of Nomura Real Estate Life & Sports Co., Ltd. Director of Nomura Real Estate Reform Co., Ltd. President and Representative Director of Nomura Real Estate Wellness Co., Ltd. President and Representative Director of NF Power Service Co., Ltd.
Makoto Haga	Director and Executive Officer Supervisor of Management Division Corporate Communications Dept.	Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. Director of NREG TOSHIBA BUILDING Co., Ltd. Director of Nomura Real Estate Reform Co., Ltd.

Name	Position and responsibility in the Company	Significant concurrent positions
Takao Orihara	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Life & Sports Co., Ltd. Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd.
Shigeki Fujitani	Director (Full-time Audit & Supervisory Committee Member)	Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Reform Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd. Audit & Supervisory Board Member of PRIME X Co., Ltd.

2) Outline of limited liability agreements

Directors Atsushi Yoshikawa, Shigeru Matsushima and Satoko Shinohara, and five Directors (Audit & Supervisory Committee Members), have entered into agreements with the Company to limit their liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability based on the said agreements, on condition that they perform their duties in good faith and without gross negligence, shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act.

3) Total amount of compensation, etc. to Directors

Category	Number of persons paid	Amount paid (Millions of yen)
Directors (excluding Audit & Supervisory Committee Members)	10	497
(Of which, External Directors)	(2)	(28)
Directors (Audit & Supervisory Committee Members)	5	120
(Of which, External Directors)	(3)	(43)
Total	15	618

- Notes: 1. The figures above include Directors who retired during the fiscal year under review.
2. The compensation amount of Directors has been set as no greater than ¥650 million per year for Directors (excluding Audit & Supervisory Committee Members) and no greater than ¥150 million per year for Directors (Audit & Supervisory Committee Members), per the proposal approved at the Ordinary General Meeting of Shareholders held on June 26, 2015.
3. The above amounts paid include provision for Directors' bonuses for the fiscal year under review (¥137 million for six Directors who are not External Directors (excluding Audit & Supervisory Committee Members) and ¥20 million for two Directors who are not External Directors (Audit & Supervisory Committee Members)) and the compensation in the form of stock options (¥81 million for six Directors who are not External Directors (excluding Audit & Supervisory Committee Members)).

4) External Officers

a. Relations between other organizations where important concurrent positions are assumed and the Company

Category	Name	Significant concurrent positions	Relationship with the Company
Director	Shigeru Matsushima	External Director of CAC Holdings Corporation	Not applicable
Director	Satoko Shinohara	Professor of Japan Women's University	The Company has business relations with said university in the form of receiving consulting services.
		Representative Director of Spatial Design Studio	Not applicable
		Representative Director of Kengo Kuma and Associates	The Company has business relations with said firm in the form of receiving consulting services.
		Representative Partner of Living Design Institute LLC	Not applicable
Director (Audit & Supervisory Committee Member)	Satoshi Ogishi	Partner of Nishimura & Asahi	The Company has business relations with said firm in the form of receiving legal services.
		Executive Director of Nozomi Servicing Co., Ltd.	Not applicable
		External Director of Oracle Corporation Japan	Not applicable
Director (Audit & Supervisory Committee Member)	Akira Yamate	Outside Director of Mitsubishi UFJ Financial Group, Inc.	Not applicable
		External Audit & Supervisory Board Member of Prudential Holdings of Japan, Inc.	Not applicable
Director (Audit & Supervisory Committee Member)	Akira Ono	Partner of Spring Partners	Not applicable

- Notes: 1. Director Shigeru Matsushima was External Director of CAC Holdings Corporation but he retired from his position on March 27, 2018.
2. Director Satoko Shinohara was Representative Partner of Living Design Institute LLC but she resigned on October 5, 2017.
3. Director (Audit & Supervisory Committee Member) Satoshi Ogishi was External Director of Oracle Corporation Japan but he retired from his position on August 23, 2017.

b. Main activities for the fiscal year under review

Category	Name	Main activities
Director	Shigeru Matsushima	Mr. Matsushima attended 19 out of 19 meetings of the Board of Directors held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Director	Satoko Shinohara	Ms. Shinohara attended 18 out of 19 meetings of the Board of Directors held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Director (Audit & Supervisory Committee Member)	Satoshi Ogishi	Mr. Ogishi attended 18 out of 19 meetings of the Board of Directors and 12 out of 12 meetings of the Audit & Supervisory Committee held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Director (Audit & Supervisory Committee Member)	Akira Yamate	Mr. Yamate attended 18 out of 19 meetings of the Board of Directors and 11 out of 12 meetings of the Audit & Supervisory Committee held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Director (Audit & Supervisory Committee Member)	Akira Ono	Mr. Ono attended 19 out of 19 meetings of the Board of Directors and 12 out of 12 meetings of Audit & Supervisory Committee held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.

Note: As stated in (4) Issues to address in 1. Current status of the Group above, a Group company Nomura Real Estate Development Co., Ltd. received a recommendation for corrective action and direction in respect to the discretionary working system for management-related work applied to certain employees from the Labor Standard Inspection Office. All the External Directors have fulfilled their duties by actively expressing their opinions from an independent and objective standpoint at meetings of the Board of Directors and providing recommendations for the consideration of measures to prevent recurrence as a corporate group overall from the perspective of Group management.

(4) Accounting Auditor

1) Name

Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

Category	Amount of payment (Millions of yen)
Amount of remuneration, etc. to be paid to the Accounting Auditor for the fiscal year under review	63
Total amount of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	185

- Notes: 1. Since the audit contract between the Company and the Accounting Auditor does not clearly distinguish between the amounts of remuneration, etc. for audits conducted based on the Companies Act and based on the Financial Instruments and Exchange Act, respectively and it is not possible to substantively distinguish them, the amount of remuneration, etc. to be paid to the Accounting Auditor for the fiscal year under review is the total amount for both.
2. The Audit & Supervisory Committee obtained necessary resources and received reports from the Directors, finance division and the Accounting Auditor, and upon doing so, it confirmed the Accounting Auditor's record of achievements and record of remuneration in the past and examined the Accounting Auditor's audit plan and grounds of the calculation of the remuneration estimate for the fiscal year under review. As a result, the Audit & Supervisory Committee judged that the Accounting Auditor's amount of remuneration, etc. was suitable and provided its consent pursuant to Article 399, Paragraph 1 of the Companies Act.

3) Description of non-auditing services

The Company pays compensation to the Accounting Auditor for services related to preparing the comfort letter associated with bond issuance and consulting services related to building a framework for internal controls of affiliated companies, which are outside the services under Article 2, Paragraph 1 of the Certified Public Accountants Act.

4) Policy for dismissal or non-reappointment decision of Accounting Auditor

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Committee Members.

In addition, notwithstanding the above, if it is recognized that the Accounting Auditor's fulfilment of appropriate auditing would be difficult due to the occurrence of reasons that compromise the eligibility or independence of the Accounting Auditor, the Audit & Supervisory Committee shall propose the dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

(5) System to ensure the appropriateness of operations and the operational status of that system

<Outline of resolution on system to ensure the appropriateness of operations>

The Company has passed the following resolutions at meetings of Board of Directors regarding systems to ensure that Directors' execution of their duties is in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations.

1) System to ensure that the execution of duties of the Directors and Executive Officers complies with laws and regulations and the Articles of Incorporation	a. Aiming to be a corporate group that prospers together with its customers and society, the Board of Directors has formulated the Nomura Real Estate Group Code of Action which sets forth the behavior that all Directors, officers and employees should strive to exemplify. Directors and Executive Officers shall lead by example and comply with this Code of Action.
	b. The Company has formulated the Board of Directors Regulations and the Operating Guidelines for Internal Approvals and Procedures, which form the basis for referring matters to, and reporting to, the Board of Directors. Directors and Executive Officers shall execute their duties in accordance with these Regulations and Guidelines.
	c. The execution of the duties by Directors and Executive Officers shall be audited by the Audit & Supervisory Committee.
2) System for the retention and management of information relating to the execution of duties of the Directors and Executive Officers	The Company has formulated the Information Security Provisions, which stipulate the basic matters concerning the information management system and the handling of information, to ensure that minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, and other documents containing information related to the execution of duties by Directors (excluding Directors & Audit & Supervisory Committee Members) and Executive Officers are stored in an appropriate place and saved for the stipulated period of time, so that they can be quickly accessed upon request by Directors or Executive Officers at any time.
3) Rules and other systems for management of risk of loss	a. The Board of Directors shall exercise overall control of risk management in accordance with the Risk Management Regulations, develop a system to ensure effective mutual check functions, assign personnel appropriately, provide education for the development of human resources, fully disseminate the importance of risk management to all Directors, officers and employees, and formulate appropriate measures to prevent accidents.
	b. To deliberate business risks, the Company has established a Risk Management Committee comprising Directors, Executive Officers, etc. of the Company and Group companies designated by the Board of Directors to periodically monitor, assess, and analyze risks, and deliberate basic principles for measures to prevent risks that may occur during corporate management and business development, to respond when risks arise, and to prevent recurrence, in accordance with the Risk Management Regulations and Risk Management Committee Operational Rules. The Risk Management Committee shall in principle meet once per month or when necessary, and shall report the content of deliberations to the Board of Directors at least once every three months.
	c. When a risk requiring immediate action arises, in accordance with the Risk Management Regulations, the chairman of the Risk Management Committee and Executive Officers and general managers of departments and branch offices in charge of Group risk management, PR, management of affiliated companies, corporate administration, and finance stipulated by the Risk Management Regulations shall discuss and determine the basic policy for measures to address the risk. The Company and Group companies shall respond in accordance with this basic policy.
4) System to ensure the efficient execution of duties of the Directors and Executive Officers	a. To facilitate flexible decision-making concerning the execution of business, certain matters determined by resolution of the Board of Directors among the matters concerning the execution of business at all Group companies shall be decided through the Management Committee or through an internal approval system.
	b. The Company has introduced an Executive Officer system aiming to strengthen Group management by separating management oversight and decision-making function from business execution function, thereby enhancing the execution function.
	c. The Board of Directors shall, by resolution, appoint Executive Officers in charge of the execution of business, stipulate their business, and delegate the business operations of the Company. Individual Executive Officers shall execute business based on the administrative authorities delegated in accordance with

	<p>internal regulations, etc. and based on Company policies determined by the Board of Directors, decisions regarding business execution made by the Management Committee, and the directions of the Chief Executive Officer.</p> <p>d. The Board of Directors shall create annual budgets and mid-term management plans, and manage progress on a monthly basis. The results of monthly progress management shall be reflected into the execution of duties.</p>
5) System to ensure that the execution of duties of the employees complies with laws and regulations and the Articles of Incorporation	<p>As a holding company, the Company established the following compliance system covering not just the Company itself but the entire corporate group.</p> <p>a. Aiming to be a trusted corporate group that prospers together with its customers and society, the Company has established the Nomura Real Estate Group Code of Action which sets forth the behavior that all officers and employees should strive to exemplify, and ensures that all Directors, officers and employees comply with the Code of Action.</p> <p>b. The Company has established the Risk Management Committee and Group Compliance Department, and promotes continual education and enlightenment activities for officers and employees to increase awareness of compliance.</p> <p>c. The Company has established the Nomura Real Estate Group Help Line as an internal whistleblowing system for shared use by all Group companies. Reports and questions can be directed to internal parties (the chairman of the Risk Management Committee and the Group Compliance Department) and external parties (attorneys at law and contractors). Such reports remain strictly confidential to prevent informants from receiving adverse treatment based on having provided information.</p>
6) System to ensure the appropriateness of operations in the corporate group consisting of the Company, its parent company and subsidiaries	<p>The corporate group comprising the Company and its subsidiaries forms the Nomura Real Estate Group centered on the Company as the holding company. The Nomura Real Estate Group has established the following systems to ensure appropriate operations.</p> <p>a. Aiming to be a trusted corporate group that prospers together with its customers and society, the Company has established the Nomura Real Estate Group Code of Action which sets forth the behavior that all officers and employees should strive to exemplify, and ensures that all officers and employees comply with the Code of Action.</p> <p>b. The Management Committee has been established in the Company to discuss important matters related to Group management and overall Group company business execution, and to determine certain matters related to overall Group company business execution. In addition, the Management Committee ensures the common purpose of Group management through these activities.</p> <p>c. The Risk Management Committee has been established in the Company to discuss matters concerning internal controls for the entire Group as well as matters related to risks pertaining to Group management, and to promote the sharing of information.</p> <p>d. The Company has established the Affiliated Company Management Regulations that require Group companies to discuss with or report to the Company in advance when determining important matters.</p> <p>e. The Company has established the Group Internal Audit Department, which reviews internal audits performed by Group companies in accordance with the Group Internal Audit Regulations, thereby maintaining and improving the quality of audits throughout the entire Group.</p> <p>f. The Company has established the CSR Committee and Corporate Communications Department, and promotes continual education and enlightenment activities to increase CSR awareness throughout the entire Group.</p> <p>g. The Company has established the Nomura Real Estate Group Help Line as an internal whistleblowing system for shared use by all Group companies. Reports and questions can be directed to internal parties (the chairman of the Risk Management Committee and the Group Compliance Department) and external parties (attorneys at law and contractors). Such reports remain strictly confidential to prevent informants from receiving adverse treatment based on having provided information.</p>
7) System to ensure the reliability of financial reporting	<p>The Company has established the Internal Control Regulations for Financial Reporting for the Group in accordance with the Financial Instruments and Exchange Act and other related laws to ensure the reliability of the Nomura Real Estate Group's financial reporting. Based on the Regulations, the Company develops and operates the internal controls related to financial reporting and evaluates their effectiveness.</p>
8) Items related to the Directors and employees aiding the duties of the Audit	<p>The Company has established the Audit &amp; Supervisory Committee Department to assist duties of the Audit &amp; Supervisory Committee, and dedicated staffs assigned to this department perform duties in accordance with the directions and orders</p>



<p>&amp; Supervisory Committee, items related to the independence of these Directors and employees from other Directors (excluding Director &amp; Audit &amp; Supervisory Committee Members), and items related to ensuring the effectiveness of the instructions from the Audit &amp; Supervisory Committee to these Directors and employees</p>	<p>issued by Audit &amp; Supervisory Committee Members. Directors shall obtain the consent of the Audit &amp; Supervisory Committee Members designated by the Audit &amp; Supervisory Committee with respect to personnel matters concerning dedicated staff of the Audit &amp; Supervisory Committee Department.</p>
<p>9) System for the Directors, Executive Officers and employees to report to the Audit &amp; Supervisory Committee, system for Directors, Audit &amp; Supervisory Board Members, Executive Officers, and employees of subsidiaries, and persons receiving reports from them to report to the Audit &amp; Supervisory Committee, and system to ensure that these people conducting the reporting shall not be subjected to adverse treatment due to such reporting</p>	<p>a. When matters arise that may result in significant damage to the Company or Group companies or violate laws and regulations or the Articles of Incorporation, Directors, Executive Officers, and employees of the Company and Group companies, and Audit &amp; Supervisory Board Members of Group companies shall immediately report such matters to the Audit &amp; Supervisory Committee.</p> <p>b. The Group Internal Audit Department shall report to the Audit &amp; Supervisory Committee the results of internal audits, the status of improvements, and the status of evaluations of internal controls related to financial reporting.</p> <p>c. Upon a request from Audit &amp; Supervisory Committee Members designated by the Audit &amp; Supervisory Committee, Directors, Executive Officers, and employees of the Company and Group companies shall report the status of business execution at their respective companies.</p> <p>d. The chairman of the Risk Management Committee shall report the content of reports submitted to the Nomura Real Estate Group Help Line to the Audit &amp; Supervisory Committee Members designated by the Audit &amp; Supervisory Committee.</p> <p>e. Informants in all of the above items shall be protected against receiving adverse treatment based on having reported information.</p>
<p>10) Items related to the policies on procedures for the prepayment or reimbursement of expenses arising from the execution of duties of the Audit &amp; Supervisory Committee Members, and the handling of other expenses or obligations arising from the execution of these duties</p>	<p>The Company shall bear the expenses deemed necessary for the execution of duties by Audit &amp; Supervisory Committee Members. The Audit &amp; Supervisory Committee may retain attorneys at law, certified public accountants, consultants, or other external advisors as necessary to perform audits.</p>
<p>11) Other systems to ensure the audits of the Audit &amp; Supervisory Committee are implemented effectively</p>	<p>a. The Audit &amp; Supervisory Committee shall periodically exchange opinions with the President.</p> <p>b. Audit &amp; Supervisory Committee Members shall attend meetings of the Management Committee, CSR Committee, Budget Committee, Risk Management Committee, IT Planning Committee, and Leased Asset Strategy Committee, which are all important meeting bodies of the Company, to gather information and express their opinions on the execution of business.</p> <p>c. Audit &amp; Supervisory Committee Members designated by the Audit &amp; Supervisory Committee may ask the Company and Group companies for explanations and reports about the execution of business, and investigate the state of business and finances when necessary.</p> <p>d. The Audit &amp; Supervisory Committee shall closely cooperate with the Accounting Auditor and the Group Internal Audit Department. This cooperation shall include the periodic exchange of opinions and information concerning audits.</p> <p>e. The Group Internal Audit Department shall obtain the consent of the Audit &amp; Supervisory Committee regarding the establishment of internal audit plans. In addition, the Audit &amp; Supervisory Committee may provide the Group Internal Audit Department recommendations and instructions on changes in internal audit plans, additional audits, necessary investigations, etc., when necessary.</p> <p>f. Directors shall consult with the Audit &amp; Supervisory Committee in advance with respect to appointments of responsible personnel in the Group Internal Audit Department.</p>

(Note) Following resolutions at the Board of Directors meetings held on March 15, 2018 and April 26, 2018, some changes were made to the details. The changes are as follows.

- The description of “The Company has formulated the Board of Directors Regulations and the Operating Guidelines for Internal Approvals and Procedures, which form the basis for referring matters to, and reporting to, the Board of Directors. Directors and Executive Officers shall execute their duties in accordance with these Regulations and Guidelines.” noted in b. in 1) System to ensure that the execution of duties of the Directors and Executive Officers complies with laws and regulations and the Articles of Incorporation, has been changed to “The Company has formulated the Board of Directors Regulations and the Organization and Resolutions Rules, which form the basis for referring matters to, and reporting to, the Board of Directors. Directors and Executive Officers shall execute their duties in accordance with these Regulations and Rules.”
- The description of “to periodically monitor, assess, and analyze risks, and deliberate basic principles for measures to prevent risks that may occur during corporate management and business development, to respond when risks arise, and to prevent recurrence, in accordance with the Risk Management Regulations and Risk Management Committee Operational Rules. The Risk Management Committee shall in principle meet once per month or when necessary, and shall report the content of deliberations to the Board of Directors at least once every three months.” noted in b. in 3) Rules and other systems for management of risk of loss, has been changed to “to periodically monitor, assess, and analyze risks, and deliberate basic principles for measures to prevent risks that may occur during corporate management and business development, to respond when risks arise, and to prevent recurrence, in accordance with the Risk Management Regulations and the Meeting Bodies Rules. In addition, the Company has established a Group Risk Meeting comprising Directors, Executive Officers, etc. of Group companies designated by the chairman of the Risk Management Committee to share risk information and response policies within the Group. The Risk Management Committee and Group Risk Meeting shall in principle meet bimonthly or when necessary, respectively, and shall report the content of deliberations to the Board of Directors at least once every three months.”
- The “Group Compliance Department” noted in b. and c. in 5) System to ensure that the execution of duties of the employees complies with laws and regulations and the Articles of Incorporation as well as in g. in 6) System to ensure the appropriateness of operations in the corporate group consisting of the Company, its parent company and subsidiaries, has been changed to the “Group Legal & Compliance Department.”
- The “Management Committee, CSR Committee, Budget Committee, Risk Management Committee, IT Planning Committee, and Leased Asset Strategy Committee, which are all important meeting bodies of the Company,” noted in b. in 11) Other systems to ensure the audits of the Audit & Supervisory Committee are implemented effectively, has been changed to the “Management Committee, and other important meeting bodies of the Company.”

<Outline of the operational status of the system to ensure the appropriateness of operations>

The outline of the operational status of the system to ensure the appropriateness of operations in the fiscal year under review is as follows.

1) Compliance	<p>The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of the most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action.</p> <p>Moreover, the Company has established the Risk Management Committee and Group Compliance Department in the Company to promote continual education and enlightenment activities for the officers and employees of the entire Group, and to provide advice, guidance and support to Group companies.</p> <p>In the fiscal year under review, compliance training for officers and employees was held 34 times.</p>
2) Risk management	<p>The Group regards accurately addressing all risks related to business operations and ensuring the soundness of management as the foundation of corporate governance, and has established the Risk Management Regulations as the basic issues concerning risk management.</p> <p>In addition, the Company has established a Risk Management Committee whose members include Directors, Executive Officers and others in the Company and Group companies, for the purpose of promoting risk management activities within the Group. The Committee meets once a month in principle, deliberates matters related to risk management, compliance, and information security for the entire Group, and discusses countermeasures in case risks arise. The contents of deliberations are regularly reported to the Board of Directors. The Committee also provides necessary guidance, advice and support to Group companies.</p> <p>During the fiscal year under review, the Risk Management Committee and the Group Risk Meeting held 12 meetings, and the contents of deliberations were reported to the Board of Directors.</p>
3) Internal audits	<p>The Company has established the Group Internal Audit Department, which works to oversee, monitor and evaluate the internal audit function of the entire Group, as well as perform audits of each department within the Company. Also, results of audits are reported to the Board of Directors, and a system is in place to report results to the Audit &amp; Supervisory Committee, aimed at collaboration with the Accounting Auditor.</p>

	During the fiscal year under review, audit results were reported to the Board of Directors four times, and reported to the Audit & Supervisory Committee 11 times, thereby sharing both the problems identified through internal audits as well as improvement measures.
4) CSR activities	<p>The Group regards CSR activities as feasible efforts on a going basis, which aims to boost its corporate value by finding solutions to social issues and creating social values through business.</p> <p>Based on that policy, we have established CSR Committee, of which members are Directors, Executive Officers, etc. of the Company and Group companies, as the organization in which basic policies and important issues of CSR activities of the Group are deliberated.</p> <p>In the fiscal year under review, CSR Committee and CSR Promotion Committee were held seven times in total.</p>
5) Execution of duties of the Directors	<p>The Board of Directors, in principle, holds its meeting on a monthly basis, decides important corporate matters, such as basic management policies, and supervises the execution of duties by Directors and business operations by Executive Officers. By inviting External Directors, the Company bolsters the oversight function of the Board of Directors and ensures fair and highly-transparent management.</p> <p>The Company has introduced an Executive Officer system aiming to strengthen Group management by separating management oversight and decision-making function from business execution function, both of which have traditionally been the responsibility of Directors, to enhance the execution function. Individual Executive Officers appointed by the Board of Directors execute business based on the administrative authorities delegated in accordance with internal regulations, etc. and based on Company policies determined by the Board of Directors and the directions of the Chief Executive Officer.</p> <p>The Company's Management Committee comprises the Chief Executive Officer and Executive Officers nominated by the Board of Directors. The Management Committee meets three or four times each month in principle, and determines certain matters regarding overall Group company business execution.</p> <p>During the fiscal year under review, the Board of Directors meeting was held 19 times. At these meetings, in addition to deliberating and making decisions about important matters concerning company management, the Board of Directors regularly received reports from Directors and Executive Officers, allowing the Board of Directors to oversee the execution of duties and business. The Management Committee meeting was held 41 times, and certain matters related to business execution by the Company and Group companies were deliberated and decided upon.</p>
6) Execution of duties of the Audit & Supervisory Committee	<p>The Audit &amp; Supervisory Committee receives regular reports from the internal audit department on the implementation status and results of internal audits. When necessary, the Audit &amp; Supervisory Committee may request a report to Directors, Executive Officers, or business execution departments of the Company or Group companies. The Audit &amp; Supervisory Committee also audits and supervises the execution of duties by Directors and business operations by Executive Officers while cooperating with the Accounting Auditor as needed.</p> <p>Audit &amp; Supervisory Committee Members attend Board of Directors meetings and other important meetings and request reports from business execution departments as necessary to collect information on the Company's execution of business operations.</p> <p>The Company has established the Audit &amp; Supervisory Committee Department in order to assist the duties of the Audit &amp; Supervisory Committee and assigns dedicated staff to implement measures for increasing the effectiveness of audit operations.</p> <p>During the fiscal year under review, the Audit &amp; Supervisory Committee meeting was held 12 times.</p>

(6) Policy regarding decisions on the dividends of surplus

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

As for treasury share purchases, the decision whether to do so will be made taking into comprehensive consideration financial soundness, share price level, etc.

Based on these policies, concerning dividends for the fiscal year ended March 31, 2018, the Company has set a year-end dividend per share for the fiscal year ended March 31, 2018 of ¥35

as forecasted. Combined with the second quarter-end dividend already paid, the annual dividend per share will be ¥70. During the fiscal year under review, 3,954,700 treasury shares were purchased at a total cost of ¥9,999 million.

# **CONSOLIDATED BALANCE SHEET**

As of March 31, 2018

(Millions of yen)

Assets		Liabilities	
<b>Current Assets:</b>	<b>724,547</b>	<b>Current Liabilities:</b>	<b>234,194</b>
Cash and Deposits	52,347	Notes and Accounts Payable - Trade	41,696
Notes and Accounts Receivable - Trade	17,308	Short-term Loans Payable	102,300
Securities	9,000	Income Taxes Payable	14,993
Real Estate for Sale	102,884	Deposits Received	18,807
Real Estate for Sale in Process	261,278	Deferred Tax Liabilities	18
Land Held for Development	228,326	Provision for Bonuses	7,679
Equity Investments	9,612	Provision for Directors' Bonuses	590
Deferred Tax Assets	6,911	Provision for Loss on Business Liquidation	36
Other	36,917	Other	48,073
Allowance for Doubtful Accounts	(39)	<b>Non-current Liabilities:</b>	<b>924,515</b>
<b>Non-current Assets:</b>	<b>949,145</b>	Bonds Payable	140,000
<b>Property, Plant and Equipment</b>	<b>848,374</b>	Long-term Loans Payable	635,500
Buildings and Structures	239,026	Lease and Guarantee Deposits Received	60,241
Land	592,550	Deferred Tax Liabilities	60,403
Other	16,797	Deferred Tax Liabilities for Land Revaluation	3,900
<b>Intangible Assets</b>	<b>12,364</b>	Provision for Loss on Subleasing Business	102
<b>Investments and Other Assets</b>	<b>88,406</b>	Net Defined Benefit Liability	18,375
Investment Securities	42,362	Other	5,991
Lease and Guarantee Deposits	23,131	<b>Total Liabilities</b>	<b>1,158,710</b>
Deferred Tax Assets	14,525	<b>Net Assets</b>	
Other	8,387	<b>Shareholders' Equity:</b>	<b>492,683</b>
Allowance for Doubtful Accounts	(0)	<b>Capital Stock</b>	<b>117,072</b>
<b>Total Assets</b>	<b>1,673,692</b>	<b>Capital Surplus</b>	<b>110,316</b>
		<b>Retained Earnings</b>	<b>275,299</b>
		<b>Treasury Shares</b>	<b>(10,004)</b>
		<b>Accumulated Other Comprehensive Income:</b>	<b>8,807</b>
		<b>Valuation Difference on Available-for-sale Securities</b>	<b>4,516</b>
		<b>Deferred Gains or Losses on Hedges</b>	<b>262</b>
		<b>Revaluation Reserve for Land</b>	<b>7,860</b>
		<b>Foreign Currency Translation Adjustment</b>	<b>(225)</b>
		<b>Remeasurements of Defined Benefit Plans</b>	<b>(3,605)</b>
		<b>Share Acquisition Rights:</b>	<b>2,424</b>
		<b>Non-controlling Interests:</b>	<b>11,067</b>
		<b>Total Net Assets</b>	<b>514,982</b>
		<b>Total Liabilities and Net Assets</b>	<b>1,673,692</b>

Note: The figures are denoted by rounding fractions down to the unit indicated.

# **CONSOLIDATED STATEMENT OF INCOME**

For the year ended March 31, 2018

(Millions of yen)

<b>Operating Revenue</b>		<b>623,762</b>
<b>Operating Cost</b>		<b>441,708</b>
<b>Operating Gross Profit</b>		<b>182,053</b>
<b>Selling, General and Administrative Expenses</b>		<b>105,393</b>
<b>Operating Profit</b>		<b>76,660</b>
<b>Non-operating Income</b>		<b>773</b>
Interest Income	45	
Dividend Income	75	
Share of Profit of Equities Accounted for Using Equity Method	25	
Interest on Refund	162	
Gain on Transfer of Right to Request Purchase of Shares	112	
Other	351	
<b>Non-operating Expenses</b>		<b>9,400</b>
Interest Expenses	7,334	
Other	2,065	
<b>Ordinary Profit</b>		<b>68,033</b>
<b>Extraordinary Income</b>		<b>3,766</b>
Gain on Sales of Non-current Assets	3,311	
Gain on Sales of Investment Securities	455	
<b>Extraordinary Losses</b>		<b>4,077</b>
Impairment Loss	3,614	
Loss on Building Reconstruction	462	
<b>Profit before Income Taxes</b>		<b>67,722</b>
<b>Income Taxes - Current</b>		<b>23,811</b>
<b>Income Taxes - Deferred</b>		<b>(2,755)</b>
<b>Profit</b>		<b>46,666</b>
<b>Profit Attributable to Non-controlling Interests</b>		<b>636</b>
<b>Profit Attributable to Owners of Parent</b>		<b>46,029</b>

Note: The figures are denoted by rounding fractions down to the unit indicated.

# **CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2017	116,779	110,023	242,704	(3)	469,503
Changes of Items during Year					
Issuance of New Shares	293	293			586
Dividends of Surplus			(13,435)		(13,435)
Profit Attributable to Owners of Parent			46,029		46,029
Purchase of Treasury Shares				(10,001)	(10,001)
Net Changes of Items Other Than Shareholders' Equity					
Total Changes of Items during Year	293	293	32,594	(10,001)	23,180
Balance at March 31, 2018	117,072	110,316	275,299	(10,004)	492,683

	Accumulated Other Comprehensive Income						Share Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at April 1, 2017	7,947	119	7,860	62	(4,129)	11,860	1,986	10,462	493,813
Changes of Items during Year									
Issuance of New Shares									586
Dividends of Surplus									(13,435)
Profit Attributable to Owners of Parent									46,029
Purchase of Treasury Shares									(10,001)
Net Changes of Items Other Than Shareholders' Equity	(3,430)	142	(0)	(288)	523	(3,053)	437	604	(2,010)
Total Changes of Items during Year	(3,430)	142	(0)	(288)	523	(3,053)	437	604	21,169
Balance at March 31, 2018	4,516	262	7,860	(225)	(3,605)	8,807	2,424	11,067	514,982

Note: The figures are denoted by rounding fractions down to the unit indicated.

# NON-CONSOLIDATED BALANCE SHEET

As of March 31, 2018

(Millions of yen)

Assets		Liabilities	
<b>Current Assets:</b>	<b>352,202</b>	<b>Current Liabilities:</b>	<b>137,752</b>
Cash and Deposits	27,099	Short-term Loans Payable	102,300
Securities	9,000	Accounts Payable - Other	865
Accounts Receivable - Trade	1,755	Accrued Expenses	832
Prepaid Expenses	80	Income Taxes Payable	185
Short-term Loans Receivable	310,890	Deposits Received	33,164
Deferred Tax Assets	132	Provision for Bonuses	222
Other	3,244	Provision for Directors' Bonuses	157
		Other	24
<b>Non-current Assets:</b>	<b>840,604</b>	<b>Non-current Liabilities:</b>	<b>775,500</b>
<b>Property, Plant and Equipment</b>	<b>194</b>	Bonds Payable	140,000
Buildings	46	Long-term Loans Payable	635,500
Tools, Furniture and Fixtures	109		
Construction in Progress	38	<b>Total Liabilities</b>	<b>913,252</b>
<b>Intangible Assets</b>	<b>2,076</b>	<b>Net Assets</b>	
Software	1,171	<b>Shareholders' Equity:</b>	<b>277,126</b>
Other	905	<b>Capital Stock</b>	<b>117,072</b>
<b>Investments and Other Assets</b>	<b>838,333</b>	<b>Capital Surplus</b>	<b>117,436</b>
Investment Securities	296	Legal Capital Surplus	117,436
Shares of Subsidiaries and Associates	173,500	<b>Retained Earnings</b>	<b>52,621</b>
Long-term Loans Receivable from Subsidiaries and Associates	659,000	Other Retained Earnings	52,621
Long-term Prepaid Expenses	4,991	Retained Earnings Brought Forward	52,621
Deferred Tax Assets	544	<b>Treasury Shares</b>	<b>(10,004)</b>
Other	0	<b>Valuation and Translation Adjustments:</b>	<b>3</b>
		<b>Valuation Difference on Available-for-sale Securities</b>	<b>3</b>
		<b>Share Acquisition Rights:</b>	<b>2,424</b>
		<b>Total Net Assets</b>	<b>279,554</b>
<b>Total Assets</b>	<b>1,192,806</b>	<b>Total Liabilities and Net Assets</b>	<b>1,192,806</b>

Note: The figures are denoted by rounding fractions down to the unit indicated.



**NON-CONSOLIDATED STATEMENT OF INCOME**

For the year ended March 31, 2018

(Millions of yen)

<b>Operating Revenue</b>		<b>32,093</b>
Dividends from Subsidiaries and Associates	15,902	
Financial Revenue	11,713	
Business Advisory Fee	1,078	
Other	3,399	
<b>Operating Cost</b>		<b>7,765</b>
<b>Operating Gross Profit</b>		<b>24,327</b>
<b>Selling, General and Administrative Expenses</b>		<b>8,562</b>
<b>Operating Profit</b>		<b>15,765</b>
<b>Non-operating Income</b>		<b>25</b>
Interest Income	0	
Dividend Income	16	
Gain on Forfeiture of Unclaimed Dividends	6	
Other	1	
<b>Non-operating Expenses</b>		<b>211</b>
Commission fee	163	
Other	47	
<b>Ordinary Profit</b>		<b>15,578</b>
<b>Extraordinary Income</b>		<b>20</b>
Gain on Reversal of Share Acquisition Rights	20	
<b>Profit before Income Taxes</b>		<b>15,599</b>
<b>Income Taxes - Current</b>		<b>94</b>
<b>Income Taxes - Deferred</b>		<b>(98)</b>
<b>Profit</b>		<b>15,603</b>

Note: The figures are denoted by rounding fractions down to the unit indicated.

# NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' Equity						
	Capital Stock	Capital Surplus		Retained Earnings		Treasury Shares	Total Shareholders' Equity
		Legal Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
				Retained Earnings Brought Forward			
Balance at April 1, 2017	116,779	117,143	117,143	50,452	50,452	(3)	284,372
Changes of Items during Year							
Issuance of New Shares	293	293	293				586
Dividends of Surplus				(13,435)	(13,435)		(13,435)
Profit				15,603	15,603		15,603
Purchases of Treasury Shares						(10,001)	(10,001)
Net Changes of Items Other Than Shareholders' Equity							
Total Changes of Items during Year	293	293	293	2,168	2,168	(10,001)	(7,246)
Balance at March 31, 2018	117,072	117,436	117,436	52,621	52,621	(10,004)	277,126

	Valuation and Translation Adjustments		Share Acquisition Rights	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Total Valuation and Translation Adjustments		
Balance at April 1, 2017	—	—	1,986	286,358
Changes of Items during Year				
Issuance of New Shares				586
Dividends of Surplus				(13,435)
Profit				15,603
Purchases of Treasury Shares				(10,001)
Net Changes of Items Other Than Shareholders' Equity	3	3	437	441
Total Changes of Items during Year	3	3	437	(6,804)
Balance at March 31, 2018	3	3	2,424	279,554

Note: The figures are denoted by rounding fractions down to the unit indicated.

**Audit Report of Accounting Auditor on Consolidated Financial Statements**  
(Translation)

**Independent Auditor's Report**

May 11, 2018

To the Board of Directors  
Nomura Real Estate Holdings, Inc.

**Ernst & Young ShinNihon LLC**  
Shuji Kaneko (Seal)  
Certified Public Accountant  
Designated and Engagement Partner  
Toru Nakagiri (Seal)  
Certified Public Accountant  
Designated and Engagement Partner  
Natsuki Saiki (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Nomura Real Estate Holdings, Inc. (the "Company") applicable to the fiscal year from April 1, 2017 through March 31, 2018.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the Auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Nomura Real Estate Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

**Audit Report of Accounting Auditor on Non-consolidated Financial Statements**  
(Translation)

**Independent Auditor's Report**

May 11, 2018

To the Board of Directors  
Nomura Real Estate Holdings, Inc.

**Ernst & Young ShinNihon LLC**  
Shuji Kaneko (Seal)  
Certified Public Accountant  
Designated and Engagement Partner  
Toru Nakagiri (Seal)  
Certified Public Accountant  
Designated and Engagement Partner  
Natsuki Saiki (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules of Nomura Real Estate Holdings, Inc. (the "Company") applicable to the 14th business year from April 1, 2017 through March 31, 2018.

*Management's Responsibility for the Non-consolidated Financial Statements, etc.*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these non-consolidated financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the related supplementary schedules. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the Auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Nomura Real Estate Holdings, Inc. applicable to the 14th business year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

**Audit Report of the Audit & Supervisory Committee**  
(Translation)

**Audit Report**

The Audit & Supervisory Committee has conducted audit on the execution of duties by Directors for the 14th business year from April 1, 2017 to March 31, 2018, and hereby reports the methods, details and results of audit as follows:

**1. The Methods and Details of the Audit**

With regard to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act, as well as the system (the internal control system) developed based on such resolution, the Audit & Supervisory Committee received reports regularly and requested explanation as necessary from the Directors, Executive Officers, employees, etc. on the establishment and operation of such system, expressed its opinion, and conducted audit by the following methods.

- 1) In accordance with the Audit & Supervisory Committee audit criteria established by the Audit & Supervisory Committee, as well as the auditing policies and allocation of duties, we cooperated with the internal control department of the Company; attended significant meetings; obtained reports on matters related to the execution of duties from Directors, Executive Officers, employees, etc.; requested explanation as necessary; reviewed documents which record approval of material matters; and conducted investigations regarding the status of the business operations and assets. With respect to subsidiaries, the Audit & Supervisory Committee communicated and exchanged information with Directors, Executive Officers, Audit & Supervisory Board Members, etc. of the subsidiaries, and received business reports from subsidiaries as necessary.
- 2) The Audit & Supervisory Committee monitored and verified if the Accounting Auditor kept its independent position and performed appropriate audit, received reports on the execution of duties from the Accounting Auditor, and requested explanation as necessary. Also, a notice informing that the “system to ensure appropriate execution of duties” (set forth in items of Article 131 of the Ordinance on Accounting of Companies) has been established in accordance with the standards for auditing quality control and others was received from the Accounting Auditor, and we requested explanation as necessary.

Based on the methods as described above, the Audit & Supervisory Committee examined the business report and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and the notes to the non-consolidated financial statements) and supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and the notes to the consolidated financial statements) for the business year under review.

**2. Results of Audit**

**(1) Audit results of business report and other documents concerned**

- 1) We confirm that the business report and supplementary schedules comply with the laws and regulations and with the Articles of Incorporation and correctly represent the company status.
- 2) We have not detected any misconduct or material fact of violation of the relevant laws and regulations or the Articles of Incorporation in connection with the execution of duties by Directors.
- 3) We confirm that the content of the resolution of the Board of Directors concerning the internal control system is fair and reasonable. Furthermore, we have not found anything that should be pointed out with respect to the content of the business report and the execution of duties by Directors concerning the internal control system.

**(2) Audit results of the non-consolidated financial statements and supplementary schedules**

We confirm that the auditing methods and results of the Accounting Auditor Ernst & Young ShinNihon LLC are appropriate.

**(3) Audit results of the consolidated financial statements**

We confirm that the auditing methods and results of the Accounting Auditor Ernst & Young ShinNihon LLC are appropriate.

As stated in the Business Report, on December 25, 2017, the Company's subsidiary Nomura Real Estate Development Co., Ltd. received a recommendation for corrective action and direction in respect to the discretionary working system for management related work from the Labor Standard Inspection Office in charge of its offices. As the Audit & Supervisory Committee, we are treating this situation seriously and will monitor the status of measures by Nomura Real Estate Development Co., Ltd. to ensure that similar circumstances do not arise again, and efforts by the Group toward implementing appropriate labor management and improving the workplace environment.

May 17, 2018

Nomura Real Estate Holdings, Inc. Audit & Supervisory Committee

Audit & Supervisory Committee Member (Full-time) Takao Orihara (Seal)

Audit & Supervisory Committee Member (Full-time) Shigeki Fujitani (Seal)

Audit & Supervisory Committee Member Satoshi Ogishi (Seal)

Audit & Supervisory Committee Member Akira Yamate (Seal)

Audit & Supervisory Committee Member Akira Ono (Seal)

(Note) Audit & Supervisory Committee Members Satoshi Ogishi, Akira Yamate and Akira Ono are External Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.