

**Nomura Real Estate Holdings, Inc.**

Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan  
URL: <http://www.nomura-re-hd.co.jp/english>

New Value,  
Real Value



## To Our Stakeholders

### Our Group Vision “New Value, Real Value”

# 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.

### Action Guideline “What We Value”

#### Client-first approach

We maintain our “client-first” approach as well as our attitude to ensure trust and fulfill expectations, which we have valued since the foundation of the company.

#### Creating new value based on original ideas

We pursue creating new value with free and out-of-the-box thinking,  
placing importance on anticipating future and global perspectives.

#### Always being a challenger

We always bear in mind that we are a challenger and take on new challenges  
with humility and ambition.

#### Acknowledging our growth with society

Ever mindful of our responsibility and pride in creating the future for people and cities,  
we contribute to society and continue to be a company on which it relies.

#### Working with vigor and achieving wellness

Recognizing that working with vigor brings growth to both the company and ourselves,  
we take the utmost care of our mental and physical health.



The Nomura Real Estate Group has adopted “New Value, Real Value” as its Group Vision toward meeting the expectations of its customers and all other stakeholders. It represents the Group’s determination to resolve the issues of society head on in building cities, developing real estate, and providing a wide range of services related to real estate.

Moreover, we aim to enhance our sustainable corporate value through the constant awareness of the Group’s Action Guideline “What We Value” among all employees and the realization of our Group Vision “New Value, Real Value.”

We recently launched a new Mid- to Long-term Business Plan, which will run from FY2020/3 to FY2028/3. The Group aims to further enhance corporate governance and realize profit growth through creating new value for society while maintaining high asset and capital efficiency. I believe that the initiatives in this plan will not only contribute to enhancing corporate value, but also to realizing a sustainable society.

This integrated report contains both financial and non-financial information regarding our ideas and specific measures for enhancing sustainable corporate value based on the external factors surrounding the Group. We hope that this report will help provide a better understanding of the Group to our stakeholders and deepen dialogue with us.

September 2019

#### Eiji Kutsukake

President and Representative Director,  
Group CEO

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Nomura Real Estate Holdings, Inc.  
Integrated Report 2019  
New Value, Real Value

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**Eiji Kutsukake**  
President and Representative Director,  
Group CEO



**Seiichi Miyajima**  
Executive Vice President and  
Representative Director, Group COO



**Makoto Haga**  
Director,  
Group CFO



**Atsushi Yoshikawa**  
Chairman of the Board of Directors

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### Editorial Policy for Integrated Report 2019

This report is published in order to foster understanding among shareholders, investors, and other stakeholders of the Nomura Real Estate Group's strategies and measures toward the creation of mid- to long-term value. The editing and layout of this report follow guidelines such as the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.

### Referenced Guidelines

- Global Reporting Initiative (GRI) Standards
- ISO 26000—Guidance on Social Responsibility
- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry



### Period Covered by the Report

This report covers the period from April 1, 2018 to March 31, 2019. Parts may discuss information from times prior to this period or activities or outlooks for times following this period.

### Scope of the Report

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Group 21 companies

### Forward-looking statements

This integrated report contains forward-looking statements about the future plans, strategies, and performance of Nomura Real Estate Holdings, Inc. ("the Company") and its consolidated subsidiaries ("the Group"). These forward-looking statements are not historical facts. Rather, they are estimates, forecasts, and projections based on information currently available to the Company and are subject to a number of risks and uncertainties, which include economic trends, intensification of competition in the real estate industry, legal and taxation systems, and other regulations. As such, actual results may differ from those projected.

# Part 1

## Corporate Information

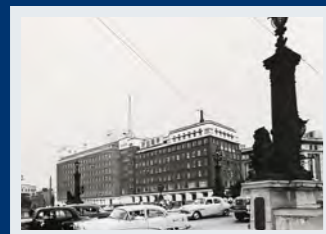
# The Nomura Real Estate Group—Continually Creating Unique Value

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- 6 The Nomura Real Estate Group's Path of Creation and Ambition
- 8 The Nomura Real Estate Group at a Glance
- 10 The Nomura Real Estate Group's Business Units

# The Nomura Real Estate Group's Path of Creation and Ambition

For more than 60 years since its founding, the Nomura Real Estate Group has worked to meet the expectations of its customers and society by tackling their issues. We will continue to innovate and challenge to contribute to the realization of a sustainable society.



1957  
Spins off from Nomura Securities Co., Ltd. and launches real estate business focused on leasing and management of office buildings



1961  
Launches real estate development business with development of Kajiwarayama residential area in Kamakura-shi, Kanagawa



1963  
Launches condominium development business with construction of Co-op Takenomaru in Yokohama-shi, Kanagawa



1978  
Completes construction of Shinjuku Nomura Building. Head Office moved from Nihonbashi to Shinjuku Nomura Building



1988  
Starts construction of Yokohama Business Park (YBP), one of the largest business park developments conducted solely by the private sector



2002  
Establishes "PROUD" brand for residential development and services PROUD Kugayama



2006  
Nomura Real Estate Holdings, Inc. is listed on the First Section of the Tokyo Stock Exchange

ネットで見みかえ **nomu.com**

1999  
Launches real estate information website nomu.com

**NOMURA REAL ESTATE URBAN NET**

2000  
Establishes Nomura Real Estate Urban Net Co., Ltd.

**MEGALOS**

1995  
Opens first MEGALOS-branded fitness club in Soka-shi, Saitama (currently MEGALOS\_X SOKA 24)

**NOMURA REAL ESTATE OFFICE FUND, INC.**

2003  
Nomura Real Estate Office Fund, Inc. is listed on the Tokyo Stock Exchange

**pmo**  
PREMIUM MIDSIZE OFFICE

2008  
Completes construction of PMO Nihonbashi Honcho

**PROUD FLAT**

2005  
Completes construction of PROUD FLAT Yoyogi Uehara

2014  
Completes construction of urban-type compact town Funabashi Morino City

**Landport**

2007  
Completes construction of Landport Atsugi

**GEMS**

2012  
Completes construction of GEMS Shibuya

2015  
Establishes NOMURA REAL ESTATE ASIA PTE. LTD.

2017  
Participates in residential development in Bangkok, Thailand

2011  
Launches condominium brand "OHANA" with completion of OHANA Yasaka-hagiyama-cho

**LOTHBURY** Investment Management

2018  
Lothbury Investment Management Group Limited, a real estate investment manager in the UK, joins the Nomura Real Estate Group



2008  
NREG TOSHIBA BUILDING Co., Ltd. joins the Nomura Real Estate Group

**OUKAS**

2017  
Opens OUKAS Funabashi, our first elderly housing with supportive service

**ルテ木の庭 HOTEL NIWA TOKYO**

2017  
Establishes "NOHGA HOTEL" hotel brand with completion of NOHGA HOTEL UENO

**ルテ木の庭 HOTEL NIWA TOKYO**

2019  
HOTEL NIWA TOKYO joins the Nomura Real Estate Group

**NOMURA REAL ESTATE ASSET MANAGEMENT**

2011  
Nomura Real Estate Asset Management Co., Ltd. is established from merger of three Group companies

**NOMURA REAL ESTATE PARTNERS**

2014  
Establishes Nomura Real Estate Partners Co., Ltd.

**MASTER FUND**

2015  
Nomura Real Estate Master Fund, Inc. is established from merger of three Group REITs

Tops ¥100-billion mark

Tops ¥200-billion mark

Tops ¥300-billion mark

Operating revenue for FY2019/3  
¥668.5 billion

Operating revenue (billions of yen)

\* Non-consolidated data for Nomura Real Estate Development until FY2004/3



## The Nomura Real Estate Group at a Glance

### The Group's Business Assets

Solid and sound financial base enabling continuous development in the real estate business which has a long business cycle

Shareholders' Equity\*1 ..... ¥526.7 billion  
Shareholders' Equity Ratio\*1 ..... 29.9%  
D/E Ratio\*1 ..... 1.7 times  
Rating (Rating and Investment Information, Inc.)\*1 ..... A-  
Rating (Japan Credit Rating Agency, Ltd.)\*1 ..... A

Diverse, professional human resources who create unique, high-quality products and services

Number of consolidated employees\*1 ..... 6,980  
First-class licensed architects\*1 ..... 253\*2

Differentiated knowledge cultivated throughout a history of taking on challenges and creating value

Cumulative number of custom-built condominiums supplied ... 5,000 units (approx.)  
Number of Property development ..... 200 units (approx.)  
Quality management manuals ..... consolidating approximately 60 years of expertise

Assets under management in Investment Management Business Unit\*1 ..... ¥1.6 trillion (approx.)

Broad customer base

Nomura Real Estate Group Customer Club members ..... 120,000 (approx.)  
Number of retail brokerage branches\*1 ..... 81  
Number of nomu.com members\*3 ..... 220,000 (approx.)  
Number of condominiums under management\*1 ..... 177,000 units  
Number of MEGALOS fitness clubs\*1 ..... 44  
Number of MEGALOS members\*1 ..... 145,000  
Number of overseas offices\*4 ..... 6

## NOMURA REAL ESTATE HOLDINGS

### The Group's Business Sectors

#### Development Sector

##### Residential Development Business Unit



- Development and sale of residences including condominiums and detached housing
- Development planning and management business for elderly housing with supportive services
- Development and sale of rental housing
- Housing-related Internet advertising business
- Home/living assistance business, etc.

#### Business Overview

Page 11

#### Business Strategies

Pages 44 to 47

##### Commercial Real Estate Business Unit



- Development, leasing, and management of office buildings, retail facilities, logistics facilities, and hotels
- Property development and sales business
- Consignment planning and operation of retail facilities
- Management of fitness clubs, etc.

#### Business Overview

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#### Business Strategies

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#### Service & Management Sector

##### Investment Management Business Unit



- Asset management of real estate securitization products including REITs and private equity funds

#### Business Overview

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#### Business Strategies

Pages 52 to 55

##### Property Brokerage & CRE Business Unit



- Real estate brokerage and consulting business
- Consignment of sales of newly built condominiums and detached housing
- Insurance agency business
- Operation of real estate information website, etc.

#### Business Overview

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#### Business Strategies

Pages 56 to 59

##### Property & Facility Management Business Unit



- Management of condominiums, office buildings, and educational and other facilities
- Repair and tenant-related construction work
- Condominium and detached housing renovation
- Cleaning of condominiums, office buildings, and other properties, etc.

#### Business Overview

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#### Business Strategies

Pages 60 to 63

### Business Structures Underpinning Growth

#### Product Development and Quality Management



- Supervision of design and construction
- Product development, etc.

#### Business Strategies

Pages 64 to 65

#### Redevelopment and Rebuilding



- Participation in urban redevelopment projects and support for management association of such projects
- Condominium rebuilding business, etc.

#### Business Strategies

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#### Overseas Business



- Residential and leasing business
- Asset management and brokerage business that responds to cross-border needs, etc.

#### Business Strategies

Pages 68 to 69

### Outcomes

Generation of profits and shareholder returns through highly efficient management

Operating revenue\*5 ..... ¥668.5 billion  
Business profit\*5,6 ..... ¥79.6 billion  
ROE\*5,7 ..... 8.9%  
ROA\*5,8 ..... 4.7%  
Total return ratio\*5,9 ..... 41.4%

Evolution toward further growth

Residential redevelopment projects\*10 ..... **No.1**  
Entry into new asset types ..... Expansion of hotel business  
Expansion of overseas business ..... UK-based Lothbury Investment Management Group Limited, a real estate investment manager, joins the Nomura Real Estate Group  
Singapore Capital alliance with Tokio Property Services Pte. Ltd., a real estate brokerage corporation

Provision of carefully produced, high-quality products and services

PROUD brand rating\*11 ..... **No.1**  
Good Design Award ..... Award recipient for 17th consecutive year  
Real estate brokerage rating\*12 ..... **No.1** for fourth consecutive year  
Condominium management satisfaction level\*13 ..... **No.1** for 10th consecutive year

ESG management reputation ..... GRESB sector leader\*14

\*1 As of March 31, 2019

\*2 Number of Nomura Real Estate Co., Ltd. and Nomura Real Estate Partners Co., Ltd. employees qualified as first-class architects

\*3 As of February 28, 2019

\*4 China, Hong Kong, Singapore, Vietnam, Thailand, and the United Kingdom

\*5 For the fiscal year ended March 31, 2019

\*6 Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method + Amortization of intangible assets associated with corporate acquisitions

\*7 ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)

\*8 ROA = (Operating profit + Non-operating profit) / Total assets (average over the fiscal year)

\*9 Total return ratio = (Total amount of dividends + Total amount of acquisition of treasury shares) / Profit attributable to owners of parent

\*10 Based on in-house research

\*11 In the 2018 Condominium Brand Survey, published by Nikkei Inc., PROUD was ranked No. 1 in seven out of 10 categories.

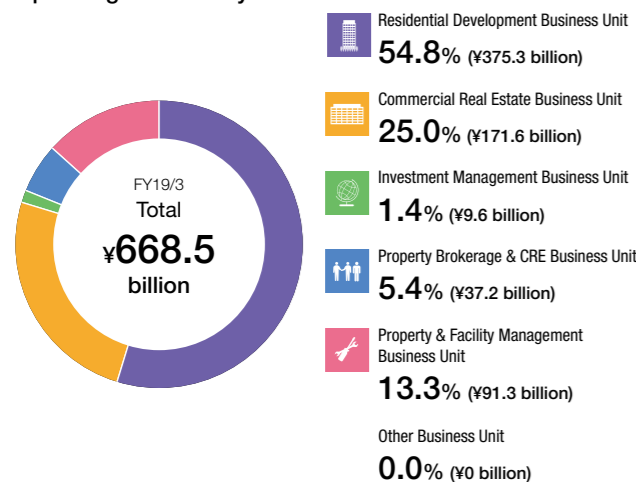
\*12 Received No. 1 ranking from 2016 to 2019 in the Óricon Customer Satisfaction Report for real estate brokerage in both the condominium (purchases) and detached housing (sales) categories

\*13 According to customer satisfaction from a property management satisfaction survey conducted by Sumai Surfin

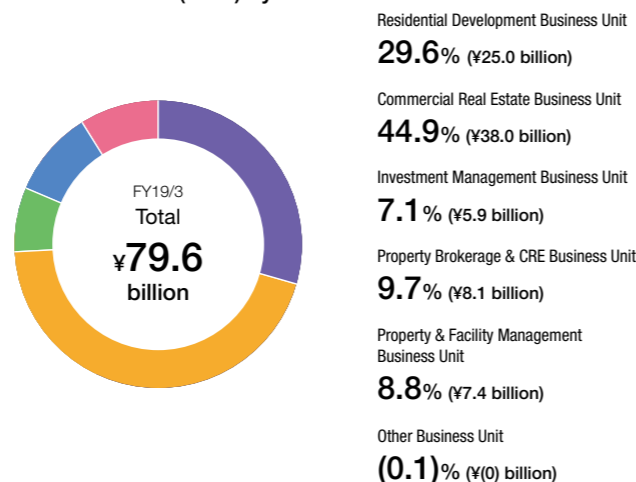
\*14 In 2018, Nomura Real Estate Master Fund, Inc. and Nomura Real Estate Private REIT, Inc. were selected as a Global Sector Leader and Asia Sector Leader, respectively, by the Global Real Estate Sustainability Benchmark (GRESB).

# The Nomura Real Estate Group's Business Units

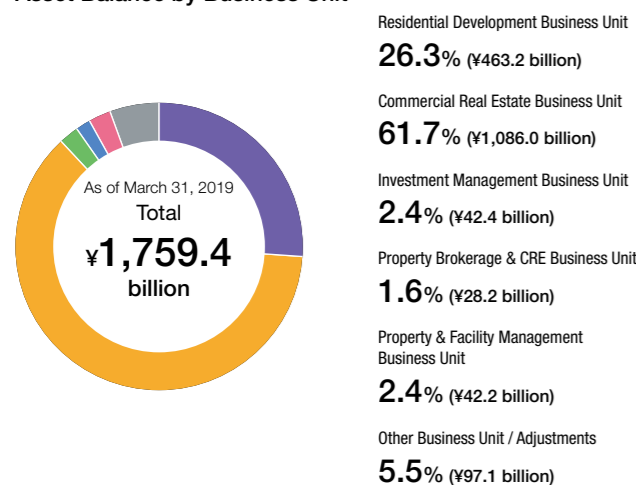
## Operating Revenue by Business Unit\*



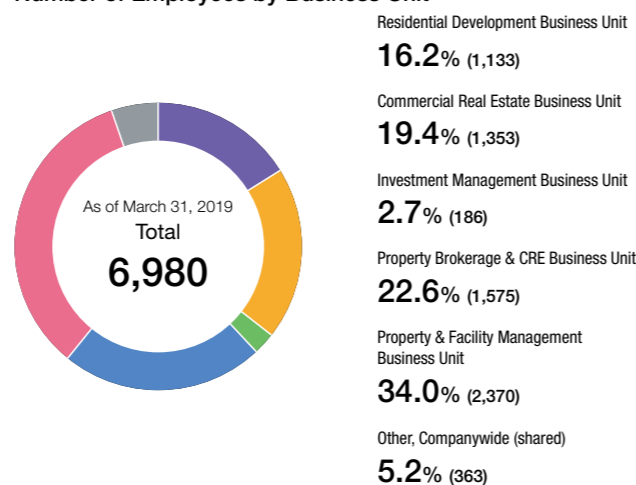
## Business Profit (Loss) by Business Unit\*



## Asset Balance by Business Unit



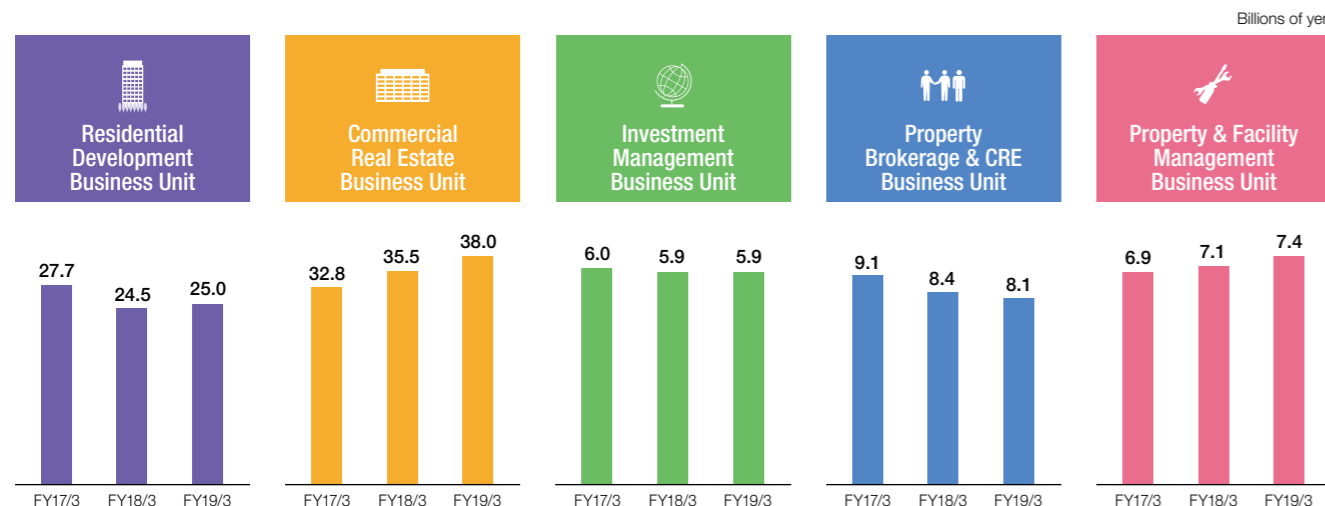
## Number of Employees by Business Unit



Note: The percentage breakdown is calculated based on the simple total amount for each segment. The resulting figure is rounded to the first decimal place, which in some cases may mean the total does not add up to 100.0%.  
 \* The total shown at the center of the pie chart includes "eliminations or corporate" amount within segment information. As a result, data differs when totaling operating revenue and business profit from each business unit.

## Business Profit by Business Unit

(Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions)



# Residential Development Business Unit

Business Strategies

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### Business Scale

Operating revenue / Business profit

Assets on balance / Number of employees

Group companies

- Nomura Real Estate Development
- Nomura Real Estate Wellness
- PRIME X
- First Living Assistance

**Daisaku Matsuo**  
Executive Officer, in charge of Residential Development Business Unit

### Key Figures

<p>Number of housing units sold (FY19/3)</p> <h1>5,890</h1> <p>units</p>	<p>Ranking for supply of condominiums in Japan (2018)</p> <h1>No. 3</h1> <p>(domestic market share: 6.5%)</p>	<p>PROUD brand rating</p> <h1>No. 1</h1> <p>*2</p>	<p>Residential redevelopment projects</p> <h1>No. 1</h1> <p>*3</p>
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### Major Businesses

#### Housing Sales Business

**PROUD**

The signature condominium brand of Nomura Real Estate

PROUD Daikanyama Sarugakucho

PROUD Ebisu Hillside Garden

PROUD SEASON Gakugeidaigaku

PROUD TOWER Musashi-Koganei Cross

PROUD CITY Hiyoshi

OHANA Akishima-nakagami

#### Rental Housing Business

**PROUD FLAT**

Rental housing

PROUD FLAT Monzen-nakacho V

#### Senior Business

**OUKAS**

Elderly housing with supportive services

OUKAS Funabashi

#### Internet Advertising Business

Company specializing in real estate and housing industries

\*1 According to Real Estate Economic Institute Co., Ltd.  
 \*2 In the 2018 Condominium Brand Survey, published by Nikkei Inc., PROUD was ranked No.1 in seven out of 10 categories.  
 \*3 Based on in-house research

# Commercial Real Estate Business Unit

Business Strategies

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## Business Scale

Operating revenue / Business profit



Assets on balance / Number of employees



Group companies

- Nomura Real Estate
- NREG TOSHIBA BUILDING
- Nomura Real Estate Life & Sports
- Geo Akamatsu
- Nomura Real Estate Hotels
- UHM
- NREG TOSHIBA BUILDING FACILITIES



Toshiaki Seki

Executive Vice President, in charge of Commercial Real Estate Business Unit

## Key Figures

Net lettable area  
(as of March 31, 2019)

953,000 m<sup>2</sup> \*4

Number of property developments  
(as of March 31, 2019)

Total 109 buildings \*5

Members of MEGALOS (Sports Club)  
(as of March 31, 2019)

145,000

## Major Businesses

### Leasing Business

Major office buildings



Shinjuku Nomura Building



Yokohama Nomura Building

Major retail facilities



bono Sagamiono



Nihonbashi Muromachi Nomura Building



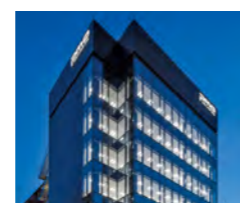
Hamamatsucho Building



Morisia Tsudanuma

### Property Development and Sales Business

Offices



PMO Shibakoen

Retail facilities



GEMS Kayabacho

Logistics facilities

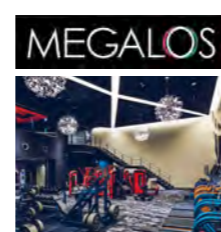


Landport Iwatsuki

### Hotel Business



### Fitness Business



\*4 Total net lettable area of offices and retail facilities for long-term leasing  
\*5 Rental housing developments are not included due to their transfer to the Residential Business Development Unit. Includes projects in their planning stage.

# Investment Management Business Unit

Business Strategies

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## Business Scale

Operating revenue / Business profit



Assets on balance / Number of employees



Group companies

- Nomura Real Estate
- Nomura Real Estate Asset Management
- Lothbury Investment Management



Norio Ambe

Executive Officer, in charge of Investment Management Business Unit

## Key Figures

Domestic assets under management  
(as of March 31, 2019)

¥1.3 trillion (approx.)

Overseas assets under management  
(as of March 31, 2019)

¥300.0 billion (approx.)

Top-class ESG external evaluations

Nomura Real Estate Master Fund, Inc. (NMF)  
(out of 29 companies globally in listed, diversified sector)

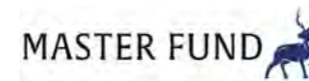
Nomura Real Estate Private REIT, Inc. (NPR)  
(out of nine companies in Asia in non-listed, diversified sector)

No. 1 \*6

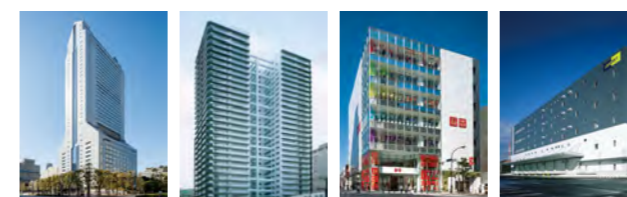


## Major Businesses

### Listed REIT / Private REIT



Assets under management  
¥1,074.0 billion  
(as of March 31, 2019)



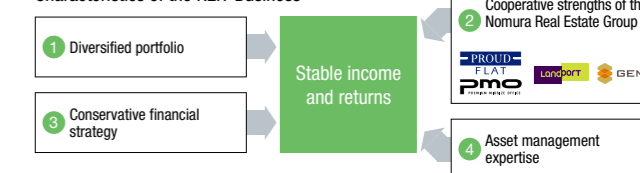
One of the largest diversified REITs in Japan, managing approximately ¥1.1 trillion in offices, residences, retail facilities, logistics facilities, hotels, etc.

NOMURA REAL ESTATE PRIVATE REIT, INC.

Assets under management  
¥216.9 billion  
(as of March 31, 2019)

Japan's first private REIT, in operation since 2010. As of March 31, 2019, we achieved a balance of ¥216.9 billion in assets under management and are aiming for further growth through selective investment.

Characteristics of the REIT Business



### Private Equity Funds and Indirect Investment Funds

- Office funds
- Healthcare funds
- Fund of J-REITs
- Overseas Open-end FoFs, etc.

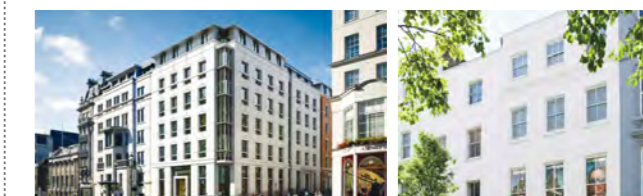
Assets under management  
¥75.4 billion  
(as of March 31, 2019)

Responding to the needs of investors, we provide a diverse lineup of products including private equity funds and indirect investment funds.

### Overseas Business

LOTHBURY Investment Management

Assets under management  
¥303.0 billion  
(as of March 31, 2019)



We manage 64 properties valued at approx. ¥300.0 billion primarily for retail, office, and logistics use in London and southeastern United Kingdom.

\*6 According to GRESB Real Estate Assessment 2018





## Property Brokerage &amp; CRE Business Unit

Business Strategies

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## Business Scale

Operating revenue /  
Business profitAssets on balance /  
Number of employees

Group companies

- Nomura Real Estate
- Nomura Real Estate Urban Net
- Tokio Property Services



Juntaro Kimura

Executive Officer, in charge of Property Brokerage &amp; CRE Business Unit

## Key Figures

Total transaction value  
(FY19/3)NO. 4<sup>\*7</sup>  
(¥767.3 billion)Property brokerage branches  
(as of March 31, 2019)

81

nomu.com  
(real estate company website)  
Number of visitsNO. 1<sup>\*8</sup>

Customer satisfaction survey

NO. 1<sup>\*9</sup>

## Major Businesses

Retail Brokerage business for individuals

野村の仲介<sup>PLUS</sup>

We provide total support for real estate sales and purchases, and for changing places of residence in the Tokyo metropolitan area, Kansai, and Nagoya.



Consignment Sales Business

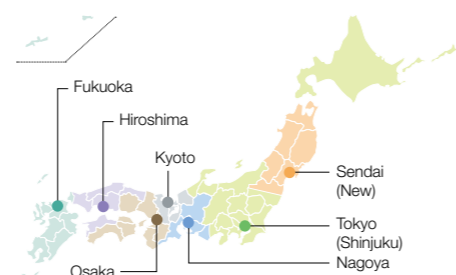
We consign sales of newly built condominiums and detached housing; contribute to housing sales business through providing total support that meets customer needs.



Wholesale Brokerage business for corporations

Domestic Wholesale Sales Offices

We respond to the real estate needs of domestic companies, corporate owners, institutional investors, and high-net-worth individual on a nationwide scale.



Overseas Offices

We respond on a wide scale to the real estate needs of companies, institutional investors, and others in the Southeast Asia region.



Real Estate Information Website (nomu.com)

ネットで住みかえ ノムコム  
**nomu.com**

We provide for first-time buyers and sellers with advice and information on topics such as market conditions, the latest real estate news, and housing loans.

Business Collaboration



Number of transactions through collaboration with Nomura Securities and other financial institutions (banks, credit unions, credit associations, etc.)

Approx. 900  
(FY19/3)

We propose and provide services that meet the needs of customers for real estate by closely collaborating with a variety of financial institutions.

\*7 Based on in-house research

\*8 The number of visits was approximately 1.112 million according to the February 2019 Nielsen NetView (page views from home or work computers, excluding apps) and approximately 2.589 million from smartphones according to Nielsen Mobile NetView (page views from iOS or Android, including apps). This represents the largest number of monthly website visits for a real estate company (brokerage). While there are redundant users of both computers and smartphones, the total number represents an estimate made by the Nomura Real Estate Group based on the Nielsen Digital Consumer Database.

\*9 According to 2019 Oricon Customer Satisfaction Ranking; ranked No.1 in detached housing sales and condominium purchases categories of real estate brokerage business

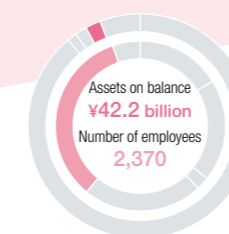


## Property &amp; Facility Management Business Unit

Business Strategies

P.60-63

## Business Scale

Operating revenue /  
Business profitAssets on balance /  
Number of employees

Group companies

- Nomura Real Estate Partners
- Nomura Real Estate Heating and Cooling Supply
- Nomura Real Estate Amenity Service



Akihiro Fukuda

Executive Officer, in charge of Property &amp; Facility Management Business Unit

## Key Figures

Number of housing under management  
(as of March 31, 2019)177,000  
units (approx.)Number of buildings under management  
(as of March 31, 2019)

732 buildings

Management satisfaction survey of condominium residents

No. 1<sup>\*10</sup>  
(Tenth consecutive year)

Licensed, first-class building operation and management engineers

130<sup>\*11</sup>

## Major Businesses

Property and Facility Management

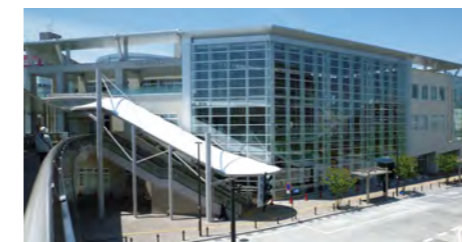
Condominiums



Office buildings



Public facilities

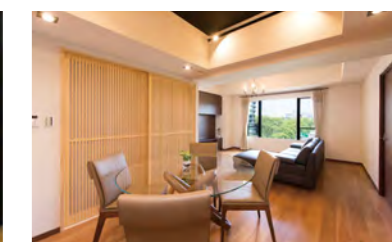


Construction Ordered

Office building renovation



Condominium repair and renovation



Large-scale repair work that maintains and increases the value of condominiums

re:Premium<sup>re:PREMIUM</sup>

Cycle of Large-scale Repair Work

General cycle	First repair	Second repair	Third repair	Fourth repair	Fifth repair
---------------	--------------	---------------	--------------	---------------	--------------

re:Premium	First repair	Second repair	Third repair	Fourth repair	Allowance
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Save on maintenance costs from reduction in total number of large-scale repairs

Realizing Long-term Guarantees

	Standard specifications	re:Premium specifications
Rooftop waterproofing work	10-year guarantee	15-year guarantee
Exterior sealing work	5-year guarantee	10- to 15-year guarantee
Exterior painting work	5-year guarantee	7-year guarantee
Metal area painting work	2-year guarantee	3- to 5-year guarantee
Balcony and corridor waterproofing work	5-year guarantee	10-year guarantee

\*10 According to management satisfaction survey conducted by Sumai Surfin

\*11 Number of licensed employees within Nomura Real Estate Partners Co., Ltd. (as of March 31, 2019)

# Part 2

## Corporate Strategy

# The Nomura Real Estate Group's Approach to Enhancing Corporate Value over the Medium to Long Term

## Contents

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## Message from the CEO



Eiji Kutsukake

President and Representative Director,  
Group CEO

The Nomura Real Estate Group aims to achieve the new Mid- to Long-term Business Plan by creating new value.

## Formulation of the New Mid- to Long-term Business Plan and its Background

Based on our Group Vision of “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,” we pursued the previous Mid- to Long-term Business Plan from April 2016 to demonstrate our commitment to all stakeholders. During the three years of Phase 1 of the previous Mid- to Long-term Business Plan, we steadily laid the groundwork for future growth, such as accelerating initiatives in mixed-use redevelopment for residences, in addition to offices and other complexes, expanding businesses for property development for sales, and establishing the foundations for our overseas business.

During that period, while Japan’s overall economy recovered moderately, social issues such as population decline and labor shortage became more apparent. At the same time, the diversification of lifestyles and work styles, such as the increasing number of dual-income households, is advancing at a rapid pace stemming from the low birthrate and aging population and other factors. In the real estate market, in addition to significant changes in customer needs, sales prices of new housing are rising as a result of high construction costs and increased competition for land acquisition.

Under these circumstances, the Group’s operating profit in FY2019/3 was ¥79.1 billion, compared with the ¥85.0 billion targeted for Phase 1 of the previous Mid- to Long-term Business Plan, while ROE was 8.9%, compared with its targeted level of 10%. As a result, the issues to be addressed by each business unit have become clear, and the Group is keenly aware of the seriousness of these issues.

In April 2019, we announced our new Mid- to Long-term Business Plan. Based on the groundwork for growth laid out in the previous Mid- to Long-term Business Plan, we formulated the new Mid- to Long-term Business Plan through a backcasting perspective with an eye on future, asking ourselves what we must do strategically in response to the rapidly changing social environment based on a medium- to long-term perspective. This plan is aimed at realizing sustainable growth by continuing to create new value through leveraging the Group’s strengths.

## Corporate Philosophy and Business Strategy

In corporate management, it is extremely important to have a clear corporate philosophy and the business strategies, organization, and governance structure necessary for realizing that philosophy. Without them, we cannot expect to achieve sustainable corporate growth. And we believe that real estate is the aggregation of various histories and thoughts in which land and buildings have been connected. Through providing development and related services that leverage the uniqueness of each real estate, we will utilize such land and nurtured assets while changing roles with the times, creating new value, and linking this value to the future. I believe this is our responsibility to society.

## Responsiveness to the Changing Social Environment

When formulating and executing business strategies, it is important to have an accurate understanding of the continuously changing social and business environments, and to address the social issues of the times. For more than 60 years since its foundation, the Nomura Real Estate Group has confronted various continually changing social issues through its real estate development business and diverse real estate services.

For its Action Guideline “What We Value,” the Group has established the following five points: taking a client-first approach; creating new value based on original ideas; always being a challenger; acknowledging

our growth with society; and working with vigor and achieving wellness. These points are connected to the “market-in” approach, which anticipates and addresses changes occurring in all fields surrounding real estate. These include shifts in customer preferences in the residential development business resulting from diversifying lifestyles and work styles, growing office needs in the leasing business stemming from work-style reforms and technological innovations, as well as the progress of IoT and digital technology, expanding business opportunities for inheritance-related real estate brokerage, and increases in inbound investments to Japan. This is a major strength of the Group’s business strategy.

Additionally, I believe that it is important to continue to fully leverage the Group’s strengths such as its development results for a wide range of asset types in urban development, not limited to housing, as well as its commitment to product quality and the Group’s abilities as a whole, in order to achieve growth in each phase under the new Mid- to Long-term Business Plan. Going forward, we must continuously heighten our creative strengths through Groupwide efforts to translate customer needs obtained from the front lines into specific product development, as well as raise our sensitivity to global trends and customer needs.

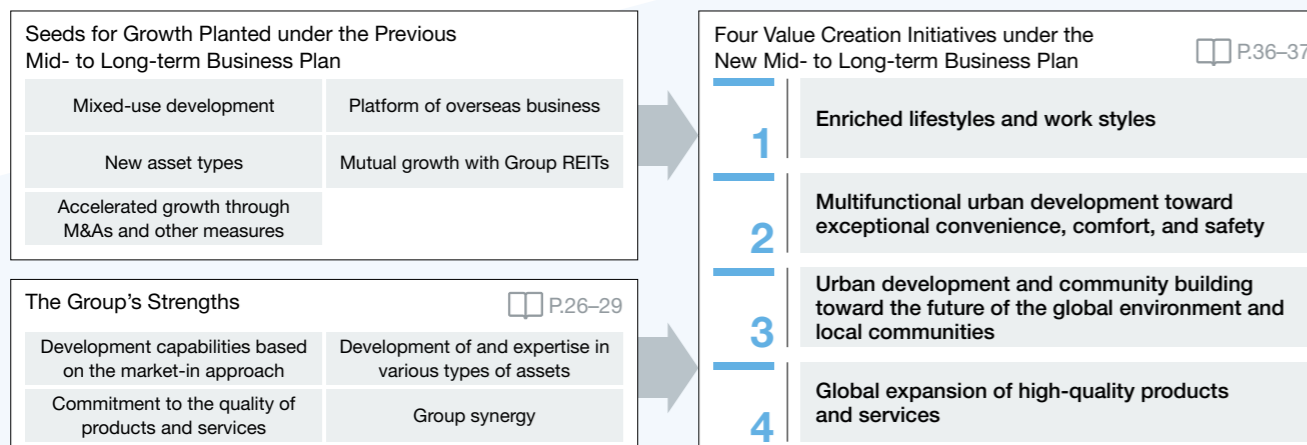
## Significance of the Four Value Creation Initiatives under the New Mid- to Long-term Business Plan

We have established the following four themes under the new Mid- to Long-term Business Plan to be of particular importance for our value creation: enriched lifestyles and work styles; multifunctional urban development toward exceptional convenience, comfort, and safety; urban development and community building toward the future of the global environment and local communities; and global expansion of high-quality products and services. These initiatives embody the direction of the vision laid out in the Group’s corporate philosophy. They also clarify the process through which the Group will increase corporate value in the medium to long term over the next nine years.

These four themes for value creation can be realized only by utilizing both the strengths cultivated by the Group and the groundwork laid out to date, along with a spirit of taking on challenges. Each theme is directed at a future that goes beyond the track record built up by the Group. Going forward, we will continue to strive to create new value.

In addition to continuously growing in response to the changing social environment in Japan, pursuing our overseas business is becoming increasingly significant for the sustainable growth of the Group. We will not only look to capture growth in Asian countries, including ASEAN countries, but also consider business expansion in the mature markets of Europe and the United States. We also believe that there is no time to waste in promoting our global business and acquiring expertise, such as inbound needs from overseas to Japan.

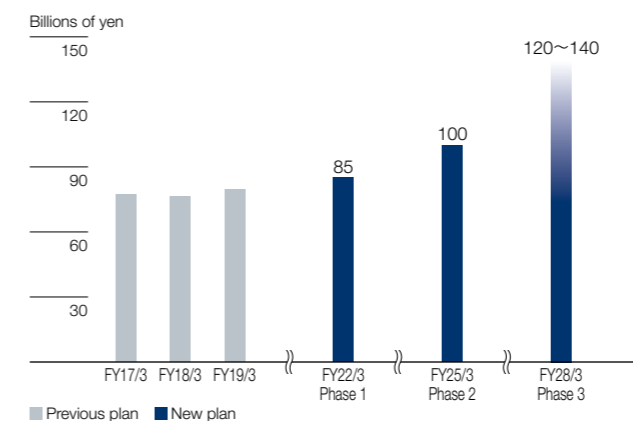
### Group Initiatives for Value Creation



## Profit Plan and Business Portfolio

Under our new profit plan, we have established business profit\*\*1 as our profit target and set targets of ¥85.0 billion for Phase 1, ¥100.0 billion for Phase 2, and ¥120.0–140.0 billion for Phase 3. The new profit plan takes into account the current and future real estate market and the business environment. I would particularly like to mention our ideal business portfolio. To date, the Group’s business portfolio has been aimed at achieving well-balanced growth in terms of its composition ratio for the property sales business, where development profits can be realized in a relatively short term, the leasing business, which produces stable cash flows, and service and management business such as investment management, including REIT, property brokerage and CRE, and property and facility management. Under this profit plan, in accordance with the business growth of the entire Group, we adopted a policy of targeting high levels of ROE and ROA by

### Business Profit Plan



controlling the volume of total assets while accelerating asset turnover. In pursuit of this target, we will work to have the Property Sales and Service & Management each account for 40% of our business in FY2028/3.

The housing sales business, as exemplified by PROUD, and property development businesses such as PMO and other property sales businesses that realize development profits are the main pillars of our business. In addition to accelerating their development, we plan to conduct management of total assets, including existing properties for lease with an eye on expected completion of new large-scale leasing properties in the near future, in order to manage the balance sheet to an appropriate scale and, at the same time, realize development profits.

\*\*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

## Strategic Initiative for Our Overseas Business

We are moving ahead with the establishment of the foundations set forth in the previous Mid- to Long-term Business Plan for our overseas business. Under the new Mid- to Long-term Business Plan, we will strategically increase the number of target countries and investment amount in order to expand our overseas profits in the near future. We plan to increase our overseas business profit to 15–20% of our total profit by FY2028/3 under the new Mid- to Long-term Business Plan by accelerating investment and recovery in each phase.

Real estate development is a strongly localized business, closely related to the living and working styles that stem from the country’s laws, culture, business customs, and history. Accordingly, it is important to promote joint-venture businesses with reliable local partners. In addition to providing funding to businesses, there are many opportunities for the Company to provide its problem-solving know-how and expertise cultivated in Japan, and we will aim to develop our businesses by creating new value.

At the same time, we must carefully consider the variety of risks involved with overseas expansion, such as currency risks. As a function of headquarters, we have established the International Business Department to facilitate coordination between business units and to research and monitor real estate markets in each country. We will expand the scale and accelerate the pace of our overseas business. The expansion of our overseas business provides a good opportunity for our employees to change their mind-set and perspectives. We expect the new environment to provide us with a broader perspective and greater sensitivity, which will lead to positive returns for both our domestic and overseas businesses.



## Achieving ROE That Exceeds Cost of Equity and Increasing Shareholder Returns

Under the new Mid- to Long-term Business Plan, management's focus is on capital policies, particularly those that enhance capital efficiency and shareholder returns. Taking into account the level of cost of equity expected by investors, we will target ROE of over 10% as a key performance indicator (KPI) from Phase 2 of the new Mid- to Long-term Business Plan. In order to achieve this target, we will aim for ROA of over 5% by combining more development profits in the property sales business and the service & management business, in which asset efficiency is high.

In addition to achieving increased dividends for seven consecutive fiscal years, we have managed our shareholder returns based on dialogue with capital market participants, such as in FY2018/3 when we became the first company in Japan's real estate industry to execute share buybacks, which we have subsequently continued to do. For Phase 1 of the new Mid- to Long-term Business Plan, our target for the total return ratio is 40–50%.

## Furthering Our Efforts in CSR and ESG

As for CSR and ESG initiatives, we need to raise awareness regarding sustainable growth of our corporate value. Going forward, we will explain internally and externally in specific terms the risks and opportunities to be looked at from both environmental and social standpoints when considering the sustainable enhancement of corporate value and earnings power, as well as outlining the strategies to be pursued to capture opportunities and minimize risks. The Group has incorporated efforts to address environmental and social issues into the performance evaluation of corporate officers.

In May 2019, we signed the United Nations Global Compact and registered as a participating company, placing CSR and ESG at the center of our management and business activities. During the process of formulating the new Mid- to Long-term Business Plan, in addition to recognizing business opportunities and risks, we held numerous discussions, including with external directors, from a variety of angles and from a backcasting perspective, in regard to the allocation of management resources, our approach for enhancing our strengths, and ways to offset our weaknesses. These efforts are playing a part in enhancing the Group's corporate governance and, in turn, enhancing its corporate value. Furthermore, I have great expectations for the new external directors who were appointed at the Ordinary General Meeting of Shareholders in June 2019. Moving forward, we will strive to evolve our corporate governance further, based on our evaluation of the effectiveness of the Board of Directors, which we have conducted for several years.

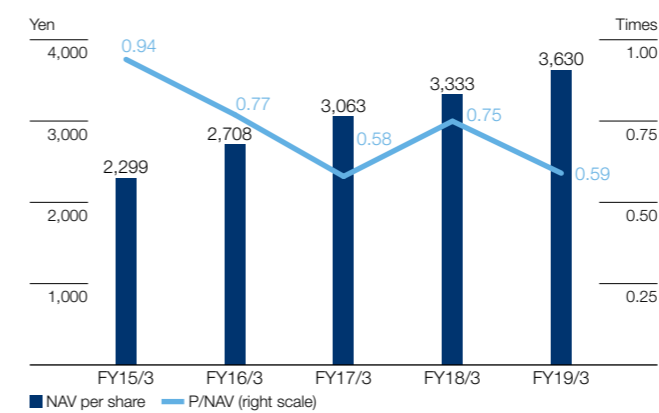
## Realizing Development Profits and Enhancing Corporate Value

I believe that net asset value (NAV), which is based on the market value of assets that create value through the development of land and areas, should be used as the appraisal standard for corporate valuation in the real estate industry. However, looking at capital markets, most real estate developers in Japan, ourselves included, have a lower valuation than their NAV. Of course, while valuation is also influenced by market conditions and the operating environment, real estate investment trusts (REITs), which own properties and

acquire stable cash flows from leasing, are generally appropriately valued, with an NAV ratio to market value of approximately 1.0 times, and an ROA of approximately 2–3%. Meanwhile, despite most developers, including the Group, having an ROA at the 4% level and surpassing REITs for efficiency, the stock market's valuation is below 1.0 times. Therefore, it must be said that our accumulation and growth of profits as well as our expansion of unrealized profits have not led to an appropriate market valuation.

Through repeated discussions with investors, I have come to find that, in the Company's valuation, trust in the realization of unrealized gains is not enough. To sustainably increase corporate value, it is essential for the value we produce to obtain appropriate valuations from capital markets. As CEO, I believe that it is my duty to achieve a higher evaluation from stakeholders by appropriately realizing value under our new Mid- to Long-term Business Plan.

NAV per Share\*2 / P/NAV\*3



\*2 NAV per share = shareholders' equity + unrealized gains (after deduction of tax) / number of shares issued at the end of the fiscal year (excluding treasury shares)  
\*3 P/NAV = closing price at the end of the fiscal year / NAV per share

## In Conclusion

The new Mid- to Long-term Business Plan is a nine-year plan that will run from April 2019 to March 2028. As I mentioned at the beginning of my message, the core of the plan is the creation of new value with an eye on the significantly changing social environment and the establishment of a framework for realizing new value creation, encompassing profit plans and capital policies.

Through the achievement of our new Mid- to Long-term Business Plan, I hope that the Group's corporate value will be recognized by all stakeholders over the medium to long term and that we continue to be a corporate group that is supported by our stakeholders.

We ask for your continued understanding and support going forward.

September 2019

## Eiji Kutsukake

President and Representative Director,  
Group CEO

## Process for Enhancing Corporate Value

We will continue to provide new value to our customers and society by offering innovative businesses and services that leverage our strengths accumulated over the years, while keeping an eye on the changes in the social environment, diversifying customer needs, and social issues.



**Realizing sustainable value creation**

**The Group's Strengths**

- Development capabilities based on market-in approach
- Development and expertise of various types of assets
- Commitment to the quality of products and services
- Group synergy

**New Value Created by the Group**

	Safety/Security	Environment	Community	Health and Well-being
Development capabilities based on market-in approach	Improving disaster prevention through redevelopment	Utilizing assets through development of hybrid-style condominiums	Creating sustainable open communities with BE UNITED concept	Diverse healthcare support by sports clubs
Development and expertise of various types of assets	Offering high level of security through Premium Midsize Office, "PMO"	Installing solar power generator at "Landport"	Incorporating community design methods in "PROUD"	Received the Good Design Award for 17th consecutive year
Commitment to the quality of products and services	Providing long-term guarantees through large-scale repair work service, "re: Premium"	Acquiring environmental certification	Offering highly evaluated services in brokerage and property management	Providing comfortable and refined dining in "GEMS"
Group synergy	Providing housing with safety and security through "integrated development, sales, and management system"	ESG investment through "Leasing Value Chain"	Creating communities through Nomura Real Estate Group Customer Club	Enabling seniors to continue living healthy lives through "OUKAS"

**Four Value Creation Initiatives under the New Mid- to Long-term Business Plan**

- Enriched lifestyles and work styles
- Multifunctional urban development toward exceptional convenience, comfort, and safety
- Urban development and community building toward the future of the global environment and local communities
- Global expansion of high-quality products and services

Contributing to achieve the SDGs



**Four Key CSR Themes**

- Safety/Security
- Environment
- Community
- Health and Well-being

**CSR Promotion Foundations**

- Human Capital (P.70-73)
- Management Structure (P.74-89)

**"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.

# The Group's Strengths

## Development Capabilities Based on Market-In Approach

We have continued to develop products that exceed customer and market expectations through a "client-first approach." Through this effort, we have fostered a corporate culture that reflects customer and market needs in our manufacturing. Combining engineering strength and knowledge and enthusiasm with our industry-leading development capabilities will lead to the generation of new value toward future urban development through the four value creation initiatives.

Development Capabilities Based on Market-In Approach	
<b>Safety / Security</b>	Redevelopment business improving the fire resistance of highly populated areas with wood-frame housing
<b>Environment</b>	Hybrid-type condominium
<b>Community</b>	BE UNITED approach
<b>Health and Well-being</b>	Diversifying our fitness clubs

### Redevelopment Business Improving the Fire Resistance of Highly Populated Areas with Wood-frame Housing (PROUD TOWER Higashi-Ikebukuro)

In 2013, PROUD TOWER Higashi-Ikebukuro was positioned as a core project in the Tokyo Metropolitan Government's ten-year project to improve fire resistance of highly populated areas with wood-frame housing. The area had been densely populated with aged, wood-frame housing with a high risk of disaster. After the redevelopment project, the area was reborn as a safe and secure building with strong resistance for disasters.



PROUD TOWER Higashi-Ikebukuro

### Hybrid-type Condominium (PROUD Uehara Forest)

We have transformed a condominium constructed in 1984 into Japan's first hybrid-type condominium by adding extra units to the existing property along with enhancing the livability of the entire property. By taking on repeated technical and legislative challenges, we have become the first private real estate developer to obtain Long-life Quality Housing certification for an aged condominium. This property represents our policy of pursuing environmental friendliness through preserving properties of value for a long time.



PROUD Uehara Forest Existing property completed in 1984



Hybrid-type condominium scheduled for 2020  
\* A new condominium being built on existing property

### BE UNITED Approach (PROUD CITY Hiyoshi)

We believe that "civic pride"—residents' fondness for and pride in a city—contributes to its development. Our new concept for urban development—"BE UNITED approach"—was established to nurture this idea. In order to turn cities into places where people want to continue to live or visit, we aim to create open communities through cooperative relationships between our internal and external stakeholders in each city.

We have labeled the activities necessary to realize the BE UNITED approach as ACTO. As a first step, we introduced these activities at PROUD CITY Hiyoshi. We will continue conducting urban development in harmony with its community, which will heighten the value of developments by cultivating an open community that crosses all boundaries.



We have opened a part of the site as a base for community creation and hold a variety of events in cooperation with various partners such as a local university and a non-profit organization.

### Diversifying Our Fitness Clubs

Amid the trend of diversifying work styles, in MEGAROS fitness clubs, we are increasing the number of clubs, which are open 24 hours a day. We are also striving to support health and enrich lifestyles by operating clubs in accordance with a variety of needs, such as MEGALOS Reflet women-only studios, and MEGALOS\_0+ clubs, which offer personal training.



MEGALOS Reflet Shinsaibashi



## Development and Expertise of Various Types of Assets

Leveraging our expertise in "PROUD," our housing brand, we established a highly original business model for property development businesses such as "PMO (Premium Midsize Office)," which features high-quality design and functionality that reflect customer needs ascertained through the front lines, where contact with customers takes place. Through participation in the senior and hotel businesses, the Group is further broadening its horizons for urban development into the future.

Development Results and Expertise in a Wide Variety of Asset Types	
<b>Safety / Security</b>	PMO—Medium-sized offices with high levels of security
<b>Environment</b>	Landport—Logistics facilities that feature solar power generation
<b>Community</b>	PROUD—Incorporating the idea of 100 Common Space Design Patterns for the Condominium Complex
<b>Health and Well-being</b>	GEMS—Comfortable and refined retail facilities specializing in dining



PROUD Condominiums



PMO Premium Midsize Office Offices



Landport Logistics facilities



GEMS Retail facilities



OUKAS Elderly housing with supportive services



NOHGA HOTEL Hotels

### Medium-sized Offices with High Levels of Security

The fundamental design accommodates one tenant per floor, with dedicated plumbing for tenants on each floor to ensure security and functionality. Despite being medium sized, PMOs offer quality and crime-prevention performance that compares favorably with high-grade, large-scale buildings through such features as security gate at entrances.



### Landport—Environmentally Friendly Logistics Facilities That Feature Solar Power Generation

As part of our efforts to consider the environment and to reduce operating costs, we utilize LED lighting throughout our Landport facilities and installed solar panels. In FY2019/3, the total amount of power generated at Landport was approximately 12.08 million kWh. This figure is equivalent to the annual electricity consumption of approximately 3,360 ordinary households.



### PROUD—Incorporating the Idea of 100 Common Space Design Patterns for the Condominium Complex

As a method for utilizing communal spaces to improve communities, we developed the 100 Common Space Design Patterns for the Condominium Complex through industry-academia collaboration. We adopt design patterns that facilitate connections between people and places and between people and people.



### GEMS—Comfortable and Refined Retail Facilities Specializing in Dining

GEMS is based on the concept of a facility where people can casually drop by and enjoy refined dining, time, and space. We aim to develop GEMS mainly in areas that lack good restaurants.




## Commitment to the Quality of Products and Services

Since our founding, we have earned the firm trust of customers and society through our commitment to quality. This commitment has been passed down through the generations, even though it has been reshaped over the years. Through our commitment to quality, we provide various products and services with high added value such as properties with environmental certification and “re: Premium,” our repair-work service that provides long-term guarantees.

Commitment to the Quality of Products and Services	
<b>Safety / Security</b>	re: Premium—Repair-work service offering long-term guarantees that exceed industry standards
<b>Environment</b>	Acquired environmental certifications such as DBJ, BELS, and LEED
<b>Community</b>	Ranked No. 1 for high-quality brokerage service Ranked No. 1 for condominium management service
<b>Health and Well-being</b>	Received Good Design Award for 17th consecutive year

### re: Premium—Repair-work Service For Housing Offering Long-term Guarantees That Exceed Industry Standards

Through quality-assured construction by Nomura Real Estate Partners, we provide our “re: Premium” large-scale repair-work service, which offers long-term guarantees for PROUD condominiums. By extending the cycle for carrying out large-scale repair work, residents are able to keep down maintenance costs. Moreover, they can improve property value by allocating the money saved to construction work such as upgrades to communal spaces.





re: Premium			
Standard specifications	Rooftop waterproofing work 10-year guarantee	Exterior sealing work 5-year guarantee	Exterior painting work 5-year guarantee
“re: Premium” specifications (long-term guarantee)	<b>15-year guarantee</b>	<b>10- to 15-year guarantee</b>	<b>7-year guarantee</b>

### Acquired DBJ Green Building, BELS, and LEED Environmental Certifications

Our commitment to quality is also linked to our acquisition of various types of environmental certification. For PROUD condominiums, we set a target of achieving a BELS evaluation of ★★★★★ or higher. Moreover, we achieved a 100% acquisition rate\* for Green Building Certification for all newly completed office buildings, retail facilities, logistics facilities, and rental housing in FY2019/3.

\* Indicates acquisition of DBJ Green Building, LEED, CASBEE, or BELS certification.

Number of Newly Acquired Environmental Certifications by Asset Type in FY2019/3

 Office buildings 6 properties	 Retail facilities 7 properties	 Logistics facilities 1 property	 Rental housing 6 properties
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### Ranked No. 1 for High-Quality Brokerage Service for Fourth Consecutive Year

In the 2019 Oricon Customer Satisfaction Ranking, Nomura Real Estate Urban Net achieved the top ranking in the sales for detached housing and purchases for condominiums categories for the fourth consecutive year. We provide high-quality services that bring pleasure to our customers.

### Ranked No. 1 for Condominium Management Service for 10th Consecutive Year

Nomura Real Estate Partners continues to strive to elevate its management quality as a property management company. In a resident satisfaction survey conducted by Sumai Surfin, we were ranked No. 1 for the 10th consecutive year.

### Received the Good Design Award for 17th Consecutive Year

Our commitment to manufacturing, which has been a part of the Group’s DNA since its foundation, led to the receipt of the Good Design Award for the 17th consecutive year. We received the Good Design Award for nine projects in fiscal 2018, our most ever. Going forward, we will continue to work toward the realization of sustainable cities by focusing on what people and communities.



PROUD TOWER Nagoya Sakae

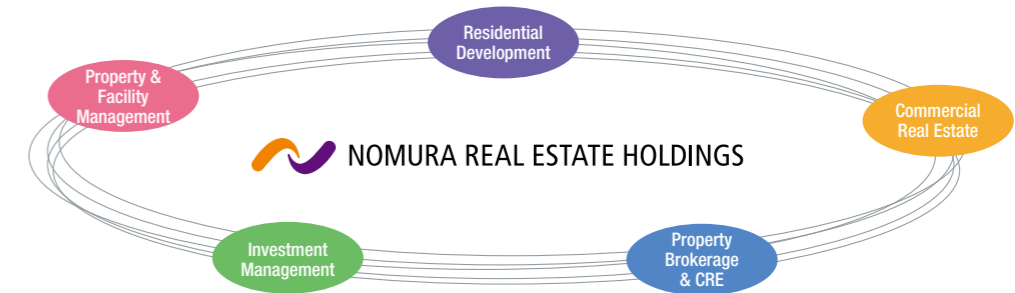
PROUD CITY Tsukaguchi

PROUD Shinjuku Nakaochiai

## Group Synergy

In order for the Group to generate new value through original ideas, each and every employee must take on a variety of roles while developing a culture of cooperation between organizations throughout the Group. The integrated development, sales, and management system produced through this culture is our source of significant growth.

Group Synergy	
<b>Safety / Security</b>	Integrated development, sales, and management system in the housing sales business
<b>Environment</b>	Leasing value chain that takes into account ESG investment
<b>Community</b>	Nomura Real Estate Group Customer Club
<b>Health and Well-being</b>	*OUKAS—elderly housing with supportive services



### Integrated Development, Sales, and Management System in the Housing Sales Business

Residential Development × Property & Facility Management

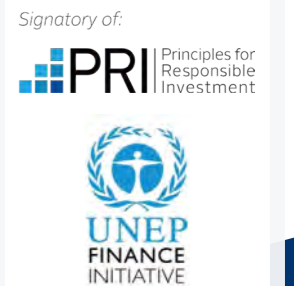
We have established our exclusive integrated system for the PROUD series, encompassing land acquisition, product design, construction management, sales, after-sales service, and property management services. We provide housing with safety and security to customers through cooperation of the employees in charge of the various aspects of this system.



### Leasing Value Chain That Takes into Account ESG Investment

Commercial Real Estate × Investment Management

Nomura Real Estate Asset Management is a signatory to the United Nations’ Principles for Responsible Investment (PRI) and engages in ESG-related asset management. We incorporate environmental considerations that leverage our Leasing Value Chain, such as providing feedback to the Commercial Real Estate Business Unit on environmental standards for development projects from an investor’s point of view.



### Nomura Real Estate Group Customer Club

Residential Development × Property Brokerage & CRE × Property & Facility Management

Nomura Real Estate, Nomura Real Estate Urban Net, and Nomura Real Estate Partners cooperate to provide services such as relocation support and long-term maintenance in order to deliver higher quality to daily lives. Moreover, the Nomura Real Estate Group Customer Club provides programs such as musical events as part of efforts to provide fulfilling experiences and promote the development of local communities.



### OUKAS—Elderly Housing with Supportive Services

Residential Development × Commercial Real Estate

OUKAS is the brand of elderly housing with supportive services operated by Nomura Real Estate Wellness. As part of efforts to maintain and promote the health of seniors, instructors from MEGALOS, operated by Nomura Real Estate Life & Sports, provide health maintenance and improvement programs at OUKAS in order to support lifelong, independent living.





## Message from the COO & CSR Officer



The Nomura Real Estate Group has adopted New Value, Real Value as its corporate philosophy and, with its Group Vision directed at its customers and all other stakeholders, it continues to work toward creating new value through “building cities—dynamic stages that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits.” Since my appointment as the chair of the CSR committee in 2016, we have further accelerated CSR and ESG initiatives and established priority themes for our activities. Based on our two CSR promotion foundations of Human Capital and Management Structure, we identify and analyze current social issues in order to apply them to specific activities and then focus on the following four key themes: Safety / Security, Environment, Community, and Health and Well-being. The promotion of CSR and ESG activities is closely related to the implementation of our corporate philosophy through our business activities. Going forward, we will continue to position CSR and ESG as the foundation for our business activities, as we aim to heighten corporate value and achieve sustainable growth.

### Seiichi Miyajima

Executive Vice President and  
Representative Director,  
Group COO

#### Four Value Creation Initiatives under the New Mid- to Long-term Business Plan P.36–37

- 1 Enriched lifestyles and work styles
- 2 Multifunctional urban development toward exceptional convenience, comfort, and safety
- 3 Urban development and community building toward the future of the global environment and local communities
- 4 Global expansion of high-quality products and services

#### Key Sustainable Development Goals (SDGs) Determined by the Group P.34–35



## Aiming for Sustainable Growth through the Promotion of CSR and ESG

We stipulated our four value creation initiatives under the new Mid- to Long-term Business Plan, announced in April 2019. These initiatives indicate the Group’s direction toward continuing to provide value to society and its customers by leveraging its unique strengths.

Looking firstly at Japan, lifestyles, work styles, and values are rapidly diversifying because of major changes in the structure of society, such as population decline, low birthrate and aging population, and labor shortage. Looking from a global perspective, alongside problems related to climate change such as global warming and the outbreak of natural disasters, there are human rights, labor, and a variety of other social issues. The international consensus such as the Paris Agreement and the United Nations Sustainable Development Goals, and movements such as the expansion of ESG investment demonstrate that interest in these social issues is growing around the world. Under these conditions, it goes without saying that it is essential for corporations to resolve social issues and meet the needs of their customers through CSR and ESG initiatives in order to achieve sustainable growth. I believe that creating new value in response to the needs of society and our customers will lead to the acquisition of new technologies and business opportunities and, in turn, lead to the reduction of business risk.

For example, promoting activities in collaboration with suppliers helps to resolve social issues such as human rights and poverty while reducing business continuity risk throughout the entire supply chain. Similarly, amid the global acceleration of initiatives toward the reduction of greenhouse gas emissions, opportunities for developing new technologies and businesses are being created, such as plans for post-carbon and zero-energy housing and buildings. I believe that these opportunities will lead to the creation of new social and customer value going forward. Through full engagement in CSR and ESG activities in these ways, we intend to heighten awareness and sensitivity toward a sustainable society and produce products and services with higher added value.

## Value Creation Initiatives under the New Mid- to Long-term Business Plan

Throughout the approximately 60 years of its history, the Group has earnestly dealt with social issues by building many cities mainly through residential development. In the era of our foundation, we managed residential development with the aim of resolving the housing shortage, while in recent years we have responded to various housing needs with our condominium brands such as PROUD and OHANA. Moreover, we have achieved sustainable growth by meeting the needs of customers and society. We have pursued multifunctional and highly convenient urban development through station-front redevelopment and urban-type compact towns, as well as property development by replacing old buildings with safe and comfortable buildings with high environmental performance.

On the other hand, lifestyles and work styles have changed greatly over the past few years. In addition to changes in customer preferences and values, work-life balance is significantly changing due to advances in the aging of society and the increase in dual-income households. Furthermore, the structure of society is changing due to rapid technological advances with the introduction of IoT and AI-driven services, which are highly convenient. In addition, there are greater expectations and needs among society and capital markets for the environment, CSR, and ESG.

Under these circumstances, we analyzed the opportunities for and threats to our business when formulating the new Mid- to Long-term Business Plan, and repeatedly discussed what kinds of value we could continue to provide to society and our customers in the future based on our strengths. The development of safe and comfortable properties and the realization of environments where people can live, work, communicate, and gather while embracing every moment of life’s pursuits will allow us to fulfill our social responsibilities through our business, as well as enabling us to achieve earnings growth and sustainable growth as a corporation. Accordingly, the Group announced its four value creation initiatives under the new Mid- to Long-term Business

Plan, which define the role it should play and its vision going forward (please see p.36–37 for details). These four initiatives will contribute to resolving social issues while aligning with the SDGs and I believe that this value creation is essential to the sustainable growth of the Group. To realize this aim, we are accelerating unique, new initiatives and I feel confident about their progress.

## Providing Value to the Future

We further accelerated our CSR and ESG activities, in FY 2019/3.

Firstly, we signed the United Nations Global Compact. This signing is a declaration of our determination as a member of society to contribute to the achievement of a sustainable society, and a demonstration of our corporate stance to global stakeholders. Secondly, as an environmental initiative, we set a target of reducing greenhouse gas emissions 30% compared with their 2013 levels in 2030, and established an action plan for our own business domain (Scope 1 and 2\*). We are also moving forward with discussions on setting longer-term targets for 2050 and establishing an action plan for the domains of our customers and suppliers (Scope 3). Specifically, we intend to develop low-carbon and post-carbon type products and services, such as Net Zero Energy House (ZEH). Thirdly, we have set new guidelines. We will realize the sustainability of the entire supply chain by conducting business activities in line with the Nomura Real Estate Group CSR Procurement Guidelines, the operation of which was commenced in November 2018 through the cooperation of suppliers and business partners.

Moreover, we have worked to enhance our information disclosure. In addition to making our CSR and ESG stance as qualitatively understandable as possible, we are disclosing information meticulously on activities carried out to date to internal and external stakeholders via our website and other means. We have created a corporate culture in which everyone from the top management to the employees works with the awareness that CSR and ESG are the foundation of our business activities by establishing specific targets to promote CSR and ESG in each business unit and Group company.

Amid the promotion of urban development with a focus on offering better access to the workplace, and the development of compact cities led by governments, the need for multifunctional and highly convenient urban development that is safe and comfortable is increasing more and more. To ensure that the Group will continue to be chosen by customers going forward, it will be vital to provide further added value and engage in initiatives aimed at differentiation. One such initiative is the BE UNITED concept (please see p.26 for details), which developed out of the experience gained from one of our projects, Funabashi Morino City. Based on the concept of urban development in harmony and together with the surrounding community, we engage not only with the residents of condominiums but also with the community itself. Through the involvement of a wide array of players, we will aim for urban development through cooperative relationships between our internal and external stakeholders.

Furthermore, we commenced ACTO, a community activity that is the means for realizing the BE UNITED concept. This activity was designed under the concept of “a place open to everyone.” Through Nomura Real Estate’s ownership of the communal space of properties, which was traditionally owned and used by residents, this space is lent out free-of-charge to an area community management organization, which enables the creation of open and sustainable communal spaces. We assign a specialist to conduct the planning and operation of area community management. In addition, we create a virtual environment for interaction by establishing a community website with information on community activities and events that forms the foundation for interaction and encounters.

\* Scope: Scope of calculation and reporting on the amount of CO<sub>2</sub> emissions by a company  
 Scope 1: Direct emissions such as fuel combustion  
 Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company  
 Scope 3: Indirect emissions other than those in Scope 1 and 2, such as through the use and disposal of products sold by the Company, and business trips and commuting by employees



## In Conclusion

The Nomura Real Estate Group is striving to raise its value and competitiveness through creating new value and acquiring new business opportunities. I feel that we have been certainly creating this virtuous circle for growth. As I have mentioned already, CSR and ESG initiatives have accelerated on a global scale in the last few years. It is impossible to achieve sustainable growth based solely on the view of a company. The value creation that the Group aims to achieve refers to growing together with society beyond the next 30 or 50 years. We will fulfill our responsibilities to all of our stakeholders, aiming to be a leading company in CSR and ESG. The four value creation initiatives and individual business strategies under the new Mid- to Long-term Business Plan were created by incorporating the expertise of directors and external directors, in addition to the Group’s track record and strengths. They are also the result of our CSR and ESG activities that we have focused on to date.

We will deliver the social and customer value that will be demanded by society in the future and raise our corporate value by reducing risks and expanding earnings. We will achieve closer communication with all stakeholders, including customers and investors, through appropriate information disclosure on our CSR and ESG activities. And through these activities, we will expand our business and realize the sustainable growth of the Group.

### Initiatives for Generating Added Value in Cooperation with Surrounding Communities (ACTO)

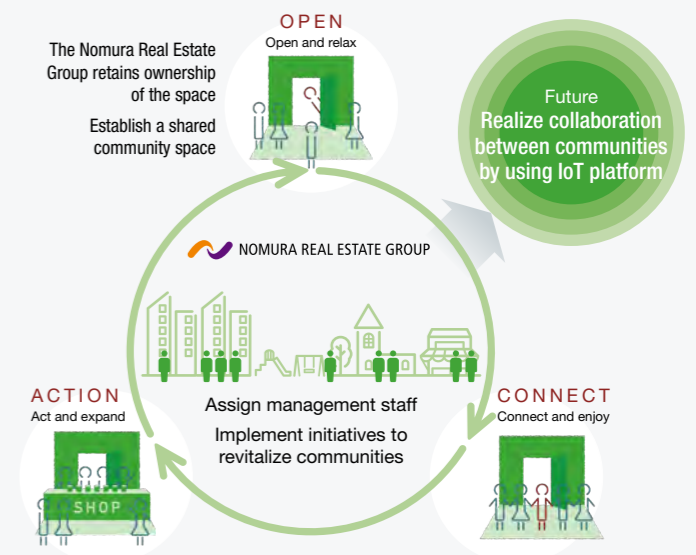
We will aim to realize sustainable urban development by creating open communities with cooperative relationships between our internal and external stakeholders through the continued involvement of the Nomura Real Estate Group.

## ACTO

### Five activities for community development

- 1 Set up a “Shared Community” space
- 2 Assign an “Area Designer” who connects people
- 3 Establish a “Community Company”
- 4 Launch a “Community Website” as a base for virtual interactions
- 5 Commence activities before property completion

Projects where ACTO will be introduced (including those planned to be introduced)	Completion of construction	Community opening
PROUD CITY Hiyoshi	March 2020	Spring 2022
Higashi-Ikebukuro 4-chome Second District	FY22/3	TBD
Kameido 6-chome Project	FY22/3	TBD
Itabashi Station Itabashi Exit District	FY26/3	TBD



# Materiality

The Nomura Real Estate Group is promoting CSR activities in all of its business by addressing social issues that require attention and meeting the expectations of its stakeholders. Under the Nomura Real Estate Group's Policy on CSR/ESG, we set quantitative and qualitative targets in accordance with our four key themes and two promotion foundations. We are promoting CSR activities by steadily utilizing the PDCA cycle.

## CSR Management System

To further strengthen and promote its CSR activities, the Company established the CSR Committee (Chairman: Executive Vice President and Representative Director, Group COO of Nomura Real Estate Holdings, Inc.). The committee comprises directors, executive officers, and external directors selected by the Board of Directors and is in charge of deliberating on and establishing policies and action plans concerning CSR and ESG. The Board of Directors checked the results of the CSR Committee and reflected them in

management plans and business activities. Further, we have also established the CSR Promotion Council, which is responsible for implementing the policies decided by the CSR Committee. The CSR Promotion Council comprises members of each business unit appointed by the Chairman of the CSR Committee who are responsible for business promotion in their unit and implement activities, provide management, and raise awareness of CSR among employees.

## Contributing to Achieve the Sustainable Development Goals (SDGs)

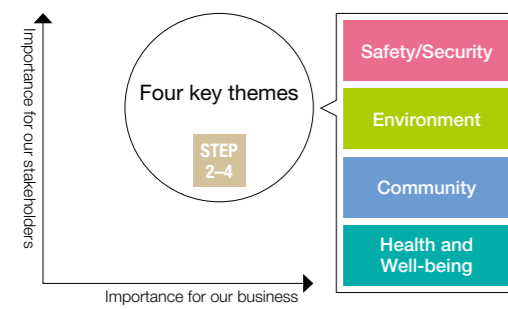
The 17 SDGs were adopted at the United Nations Sustainable Development Summit in September 2015. Worldwide cooperation is required to achieve these goals. The Group understands the importance of contributing to their attainment. Through efforts guided by the four key themes and their materiality, we will contribute to achieving the SDGs.

### The Group's Focus Areas for the SDGs



## Process for Formulating Our Four Key Themes, Policies, and Material Issues

The Group selected its Four key themes for CSR in FY2016/3. In FY2018/3, we added steps five through seven and formulated the Nomura Real Estate Group's Policy on CSR/ESG and determined the Group's material issues.



- Key Social Issues for the Group** STEP 1
- Building and infrastructure aging and obsolescence
  - Decline in urban function
  - Increased natural disasters
  - Climate change
  - Depletion of natural resources
  - Collapsing of ecosystems
  - Community dysfunction and loss of vitality, and weakening of community ties due to factors such as the declining birth rate and aging population and the increase in the number of vacant houses
  - Diversification of individual values and lifestyles

<b>STEP 1</b>	Review social issues extensively	Identify and select social issues highly relevant to business by identifying social issues referring to international frameworks, such as the GRI Guidelines and ISO 26000
<b>STEP 2</b>	Identify key themes for the Group	Identify key themes via CSR Committee meetings, such as impact on the Company's business, relevance, and degree of risk
<b>STEP 3</b>	Identify key themes for stakeholders	Identify key themes via questionnaires and feedback from stakeholders pertaining to expectations for the Company and social issues that we must address.
<b>STEP 4</b>	Finalize four key themes	Identify four key themes by allocation based on importance from the perspectives of stakeholders and the Company
<b>STEP 5</b>	Identify activities and business related to each key theme	Determine policies and priorities for each key theme to promote CSR activities. Identify activities and business for each key theme via the CSR Promotion Council
<b>STEP 6</b>	Evaluate and discuss issues	Conduct evaluations and hold discussions based on policy trends and international frameworks, such as the SDGs and the SASB
<b>STEP 7</b>	Determine and approve policies and materiality	Determine policies and material issues after the CSR Committee and the CSR Promotion Council conclude discussions, and submit to the Board of Directors for approval

## The Nomura Real Estate Group's Policy on CSR / ESG

CSR Theme	Group Policy	Material Issues	Group Targets / Indicators	Related SDGs	
<b>E</b>	<b>Environment</b>	Upgrades to environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)	7 AFFORDABLE AND CLEAN ENERGY	
		Responding to climate change	Reducing CO <sub>2</sub> emissions Promoting solar power generation Reducing energy use	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
		Effective utilization of water resources	Reducing water usage	13 CLIMATE ACTION	
		Consideration for biodiversity	Acquiring biodiversity certification (ABINC / JHEP / SEGES)	15 LIFE ON LAND	
		Appropriate utilization of resources and pollution control	Reducing waste discharge Promoting use of domestic and FSC certified timber	15 LIFE ON LAND	
<b>S</b>	<b>Safety/Security</b>	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
		Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
		Initiatives for longer life and increased durability	Providing of long life and high durability products and services	13 CLIMATE ACTION	
		Safety and security in disasters	Expanding of disaster preparedness	13 CLIMATE ACTION	
<b>S</b>	<b>Community</b>	Care for communities and support for revitalization	Expanding of planning and design for revitalization of communities Supporting revitalization of communities in operations and management	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	
		Response to aging population and diversity and support for health	Promoting universal design Supporting health and increasing healthy life expectancy	3 GOOD HEALTH AND WELL-BEING	
		Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction Improving comfort	5 GENDER EQUALITY 10 AFFORDABLE AND CLEAN ENERGY	
<b>G</b>	<b>Two Promotion Foundations</b>	<b>Human Capital</b>	Health and safety of employees	Preventing work-related accidents Promoting thorough physical and mental health management Promoting taking of paid leave Preventing overwork	3 GOOD HEALTH AND WELL-BEING
			Promotion of diversity	Promoting active participation by women Supporting childcare and nursing care Promoting hiring of seniors and people with disabilities	5 GENDER EQUALITY
			Creation of fair and rewarding workplaces	Implementing fair assessment and compensation Improving employee satisfaction	8 DECENT WORK AND ECONOMIC GROWTH
		<b>Management Structure</b>	Improvements to human capital	Enhancing cultivation of human capital	
			Supplier safety	Complying with CSR procurement guideline Ensuring supplier safety	
			Corporate governance	Ensuring diversity in Board of Directors	5 GENDER EQUALITY
<b>G</b>	<b>Management Structure</b>	Compliance	Observing compliance requirements	10 AFFORDABLE AND CLEAN ENERGY	
		Risk management	Implementing thorough risk management	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
		Human rights	Implementing thorough human rights training		
		Improved supplier management	Compliance with CSR procurement guidelines		

# The New Mid- to Long-term Business Plan

Based on the Group's strengths and the seeds for growth planted under the previous Mid- to Long-term Business Plan, we create new value by having each business unit appropriately take advantage of business opportunities.

	Development Sector							Service & Management Sector					
	Residential Development Business Unit				Commercial Real Estate Business Unit			Investment Management Business Unit	Property Brokerage & CRE Business Unit		Property & Facility Management Business Unit		
	Housing sales	Rental housing	Senior housing	Internet advertising	Leasing	Property for sale	Hotels	Fitness	Investment management	Real estate brokerage	Real estate consignment sales	Property and facility management	Construction ordered
Increase in single, dual-income, and senior households													
Tokyo's growing city power and global competitiveness													
Demand for compact towns in regional core cities													
Accumulation of property stock													
Growing demand for renovation and rebuilding of aged properties													
Increase in demand for real estate investment and growth of cross-border real estate investment													
Continuous growth in the Asian market													
Diversification of lifestyles and work styles													
Diversification of values toward housing and offices													
Rapid advances in technology													
Growth of e-commerce and changing consumer trends													

## Opportunities

## Threats

Creating New Value

### Seeds for Growth Planted under the Previous Mid- to Long-term Business Plan

- Mixed-use development
- New asset types
- Accelerated growth through M&As
- Platform for our overseas business
- Mutual growth with Group REITs

### The Group's Strengths

- Development capabilities based on the market-in approach
- Commitment to the quality of products and services
- Development and expertise of various types of assets
- Group Synergy

P.26-29



## Four Value Creation Initiatives under the New Mid- to Long-term Business Plan

### 1 Realization of Enriched Lifestyles and Work Styles



To date, the Group has offered highly unique products and services based on feedback from the front lines and its market-in approach for a variety of asset types, such as PROUD, OHANA, PMO, GEMS, Landport, OUKAS, and NOHGA HOTEL. As lifestyles and work styles change dramatically and values diversify, we must anticipate and respond swiftly to them. I believe that our responsiveness to change and our product development capabilities are the Group's major strengths. Going forward, as the market leader, we will continue to develop our original business model through offering products and services that remain a step ahead of customer needs and changes in society.

### 2 Multifunctional Urban Development toward Exceptional Convenience, Comfort, and Safety



As is the case with Funabashi Morino City, as well as PROUD CITY Hiyoshi, PROUD CITY Kichijoji, and PROUD TOWER Musashi-Koganei Cross, which are now on sale, the Group will actively move ahead with mixed-use redevelopments and the development of urban-type compact towns featuring diverse urban functions, such as retail, medical, childcare, and senior facilities, in conjunction with housing development. Continuing from the previous Mid- to Long-term Business Plan, the Group has positioned these multifunctional, highly convenient, and safe and comfortable urban developments as a key area for its provision of value to society.

### 3 Urban Development and Community Building toward the Future of the Global Environment and Local Communities

As ESG investments spread throughout capital markets, CSR and ESG activities have become essential elements for companies to achieve sustainable growth. In terms of the SDGs, we have set the targets through our daily business and shared them throughout the entire Group.

Going forward, we will promote urban development that reduces environmental impact and enhances relationships with surrounding communities. We believe that we can contribute to resolving environmental issues and local communities through such urban development.



### 4 Global Expansion of High-Quality Products and Services

The Group has cultivated various expertise and strengths in Japan. Opportunities to leverage them have been increasing globally. As we have positioned the overseas business as one of the Group's major growth drivers, each business unit has provided quality products/services through increased investment. Going forward, by selecting and increasing business areas for investment, we aim to increase the ratio of business profit accounted for by the overseas business to 15-20% by Phase 3 of the new Mid- to Long-term Business Plan.



### Profit Plan (Business Profit)\*

Realize sustainable profit growth while maintaining high asset and capital efficiency.

(Billions of yen)

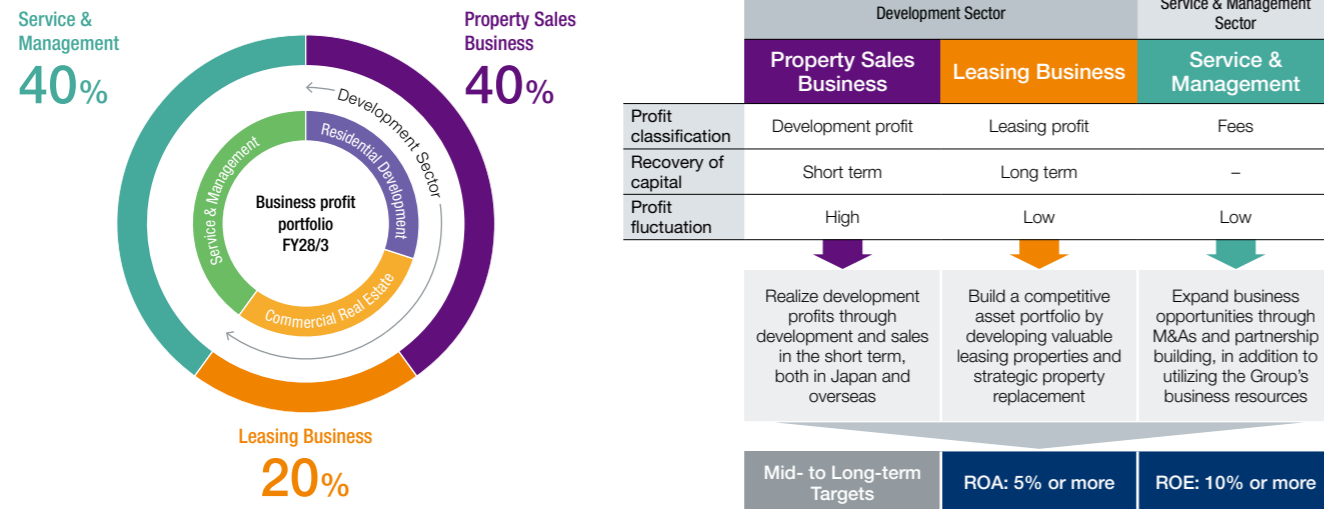
	FY19/3	FY22/3 (Phase 1)	FY25/3 (Phase 2)	FY28/3 (Phase 3)
<b>Business Profit</b>	<b>79.6</b>	<b>85.0</b>	<b>100.0</b>	<b>120.0-140.0</b>
<b>Business Profit by Business Unit*</b>				
Residential Development	25.0	30.0	36.0	
Commercial Real Estate	38.0	33.0	36.0	
Service & Management	21.6	28.0	35.0	
Investment Management	5.9	9.0	12.0	
Property Brokerage & CRE	8.1	11.0	14.0	
Property & Facility Management	7.4	8.0	9.0	
Adjustments	(5.0)	(6.0)	(7.0)	

\* Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

### Business Portfolio Strategy (Profit structure)

Optimizing Our Business Portfolio

Achieve a business portfolio that combines high asset efficiency and stability.



### Overseas Business Strategies

Expand overseas business profit ratio to 15-20% of total business profit in Phase 3 by capturing growing overseas markets.



### Financial and Capital Policies

Achieve a balance between profit growth and shareholder returns. The total return ratio is targeted to be 40-50% in Phase 1.

	Asset Efficiency	Capital Efficiency	Shareholder Returns (Phase 1)
ROA:	<b>5% or more</b>	ROE:	<b>10% or more</b>
			Total return ratio: <b>approx. 40-50%</b>
	FY19/3 (Results)	Phase 1 (FY20/3-FY22/3)	Phase 2 (FY23/3-FY25/3)
ROA	4.7%	Approx. 4-5%	5% or more
ROE	8.9%	Approx. 8-9%	10% or more

### Investment Plan

Accelerate new investments while heightening asset turnover and controlling net investment to increase asset efficiency.

#### Investment and Balance Sheet

(Billions of yen)

	End of FY19/3	Phase 1	Phase 2	Phase 3	Total
<b>Residential Development Business Unit</b>					
Investment	-	1,100	1,250	1,250	3,600
Recovery	-	1,000	1,200	1,250	3,450
<b>Commercial Real Estate Business Unit</b>					
Investment	-	550	650	700	1,900
Recovery	-	400	500	550	1,450
<b>Total</b>					
Total investment	-	1,650	1,900	1,950	5,500
(overseas)		(50)	(100)	(150)	(300)
Total recovery	-	1,400	1,700	1,800	4,900
(overseas)		(0)	(50)	(100)	(150)
Total balance of assets	1,759.4	2,000	2,200	2,400	-

\* Amounts shown represent forecasts of total asset balances for the final fiscal year of each phase.

#### Reference Strategic Investments

Implementing investments aimed at future growth, independent of above investment plan

Investment Goals			
Expand business in service & management sector and overseas	Develop business in new fields	Gain external expertise and resources	
Strategic Investments			
Major Investment Targets			
Health services	Real estate brokerage and consulting	Overseas real estate development	Hotel business
Senior business	Investment management business	ICT and digital sectors	Property management

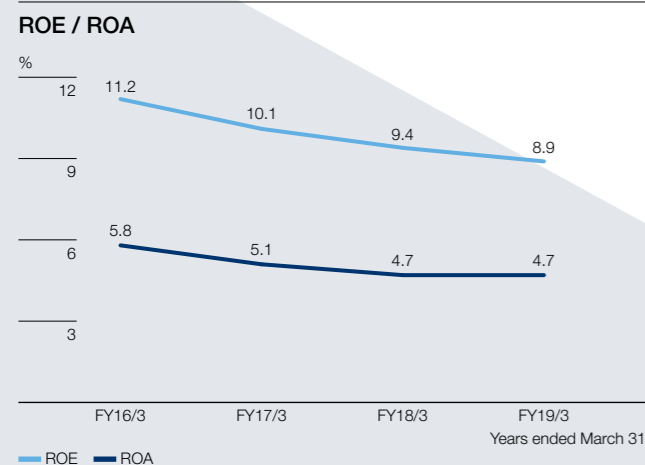
## Message from the CFO



**Managing the pace of asset expansion and increasing ROA by accelerating asset rotation while maintaining a balance between investment and shareholder returns**

**Makoto Haga**

Director,  
Group CFO



ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)  
ROA = (Operating profit + Non-operating profit) / Assets (average over the fiscal year)

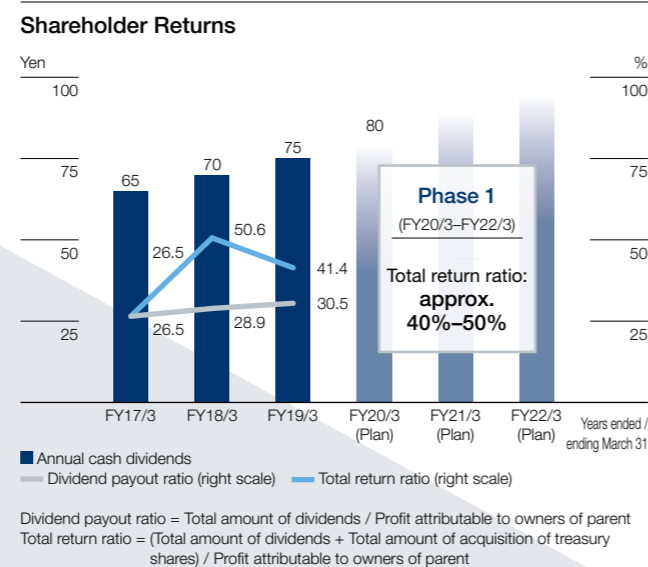
### Review and Assessment of Phase 1 of the Previous Mid- to Long-term Business Plan (from FY2017/3 to FY2019/3)

Operating revenue for FY2019/3, the final year of Phase 1 of the previous Mid- to Long-term Business Plan, was ¥668.5 billion, compared with its target of ¥700.0 billion, while operating profit was ¥79.1 billion, compared with its target of ¥85.0 billion. These targets were not met mainly due to the market environment surrounding the Residential Development Business Unit.

Currently, the Group's business portfolio is being transformed from a portfolio that heavily focuses on the Residential Development Business Unit to a more diversified one. A symbolic example of that is the acquisition of NREG TOSHIBA BUILDING in 2008. As a result of this business diversification, we have been able to stabilize the Group's earnings. Specifically, the target shortfalls in earnings for the Residential Development Business Unit were made up by other business units.

As for financial and capital policies, we targeted ROE at the 10% level and ROA of over 5%. Assuming cost of equity of 7%–8%, we believe that by targeting ROE that realizes an equity spread of over 2%, we will be able to create corporate value that meets the expectations of investors. We have set a policy of achieving a shareholders' equity ratio at the 30% level, and we believe that ROA of over 5% is necessary in order to realize ROE of 10% while maintaining the shareholders' equity ratio at the aforementioned level.

Under the previous Mid- to Long-term Business Plan, we achieved ROE of 8.9%–10.1% and ROA of 4.7%–5.1%. Although there were fiscal years in which ROE and ROA fell below our targets, we still kept high levels in comparison with other major real estate developers. As for shareholder returns, we realized a total return ratio of 41.4%–50.6% as a result of steadily increasing dividends and share buybacks in FY2018/3 and FY2019/3.



During the period of the previous Mid- to Long-term Business Plan, we made steady progress in establishing the foundations for sustainable growth while maintaining stable profitability and high capital efficiency. I also think that we were able to demonstrate our positive stance on shareholder returns during the three-year period.

### Business Strategies and Capital Policies for the New Mid- to Long-term Business Plan (from FY2020/3 to FY2028/3)

In April 2019, the Group announced its new nine-year Mid- to Long-term Business Plan comprising three phases. The new plan aims to achieve sustainable earnings growth while maintaining high asset and capital efficiency based on the groundwork laid out under the previous Mid- to Long-term Business Plan. We have also taken into consideration the characteristics of the real estate development business and the future completion of large-scale properties.

We have established business plans and profit plans for each phase of the new Mid- to Long-term Business Plan (please see p.38–39 for details). We will make every effort to achieve the targets for Phase 1, which will conclude in FY2022/3.

We will continue to target ROE of over 10.0% and ROA of over 5.0% in the medium term while creating corporate value with cost of equity in mind. By continuing to maintain a level of 30% for the shareholders' equity ratio, we aim to achieve our ROE target while securing financial soundness. In addition, we will realize a high total return ratio of 40%–50% in Phase 1.

Both establishing an optimal business portfolio and striking a balance between growth investments and shareholder returns will be crucial to realizing these targets.

### Establishment of an Optimal Business Portfolio

As I mentioned earlier, establishing a business portfolio that achieves ROA of over 5% is indispensable to the Group. We will aim to establish a business portfolio that strikes a balance between high asset efficiency and stable profitability by combining the three businesses of property sales, leasing, and service & management, which have different risk and return characteristics.

One of the characteristics of the property sales business is that it fluctuates greatly in terms of profitability and the business period, from land acquisition through to property sales, is short at about three years. We will look at the volatility of the market carefully with accurate business projection as we aim to realize development profits and achieve a high level of ROA.

In the leasing business, we are able to generate stable cash flows and keep fluctuations in profitability to a minimum, while ROA stands at a relatively low level. We will establish a competitive asset portfolio

by controlling its total volume by implementing strategic sales of assets. We plan to return a part of profits rather than retain all of them as unrealized gains.

This strategy is a component of the property sales business, and it is important for the Group to pursue high ROE.

The service & management business generates earnings from commission and fee revenue without using assets. The business contributes to enhancing the Group's ROA with relatively low risk. In addition to utilizing "the Group's business stock" (sold real estate, relationship with customers, etc.), we will aim to further explore business opportunities through M&A and the establishment of partnerships.

Under the new Mid- to Long-term Business Plan, we target a profit composition of 40%, 20%, and 40% for the property sales business, leasing business, and service & management business, respectively, over the medium to long term. We will increase the percentages of the property sales business and the service & management business compared with those under the previous plan. Guided by precise asset risk management, we will build a solid business portfolio, aiming for ROA of over 5%. In order to achieve this, we are managing earnings based on ROA in all business units underpinning our efforts to attain our goals.

For the final phase of the new Mid- to Long-term Business Plan, which concludes in FY2028/3, we plan to have the overseas business account for 15%–20% of our total business profit. In countries and cities with high-growth potential, demand for real estate is shifting from a focus on quantity to quality. Centered on our development business, we will aim to realize earnings by leveraging the experience and expertise cultivated by the Group in Japan. There are many risks that we should pay attention to in our overseas business, such as the real economic growth rate, interest rate, currency rate, and asset liquidity. I believe that thorough monitoring is important, including for selecting local partners. As the initial investment stage will continue for the time being, we will fully disclose our progress.

### Targeting of Balance between Growth Investments and Shareholder Returns

We plan to conduct investments totaling approximately ¥5.5 trillion during the period of the new Mid- to Long-term Business Plan, and to recover approximately ¥5 trillion. We will keep the net increase amount of total assets to approximately ¥600 billion–¥700 billion on a cumulative basis over the plan's nine years by accelerating asset turnover while investing actively. This strategy helps to increase ROA. It will also help our strategy of maintaining our shareholders' equity ratio at the 30% level. We are able to provide high returns to our shareholders due to the effectiveness of this strategy.

Striking a good balance between growth investments and shareholder returns is our basic policy. Starting with Phase 1 of the new Mid- to Long-term Business Plan, we have targeted a total return ratio of 40%–50% for each fiscal year. Guided by our policy of increasing dividends, we will maintain a dividend payout ratio of

approximately 30%. Combining that policy with share buybacks, we will realize our total return ratio target.

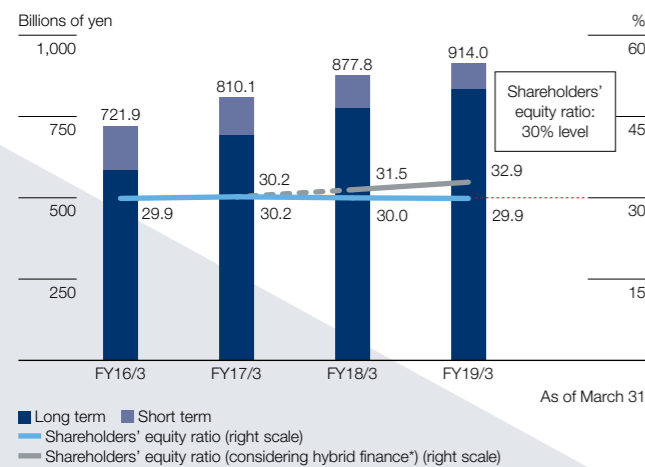
As I stated previously, our policy of focusing on shareholder returns and heightening the total return ratio does not mean that we are slowing the pace of growth investments for the future. The total investment amount in the new Mid- to Long-term Business Plan is of a level exceeding that under the previous Mid- to Long-term Business Plan. We will be able to acquire growth opportunities, maintain the shareholders' equity ratio at the 30% level, and realize even higher levels of shareholder returns by accelerating asset recovery and managing total asset volume. This balance between investments and returns is the main focus of our equity strategy.

## Debt Financing Strategy

I believe that the current fund procurement environment of low interest rate levels will continue going forward. While the strategy of increasing financial leverage in order to take full advantage of real estate returns and the procurement cost yield spread is conceivable, we have set the shareholders' equity ratio at the 30% level as an indicator of financial soundness. I believe that, in a low interest rate environment, devising diverse means of fund procurement in preparation for future expansion is an important task, rather than simply increasing financial leverage.

During the period of the previous Mid- to Long-term Business Plan, we moved ahead with increased conversion of floating-rate loans to fixed-rate loans and the extension of average loan maturities as well as implementing hybrid financing. We can leverage the capital-like characteristics of hybrid financing to carry out flexible growth investments targeting higher earnings and to supplement shareholders' equity when market conditions are unfavorable. I believe that it is a unique means of fund procurement that responds to future market changes.

### Interest-bearing Debt / Shareholders' Equity Ratio



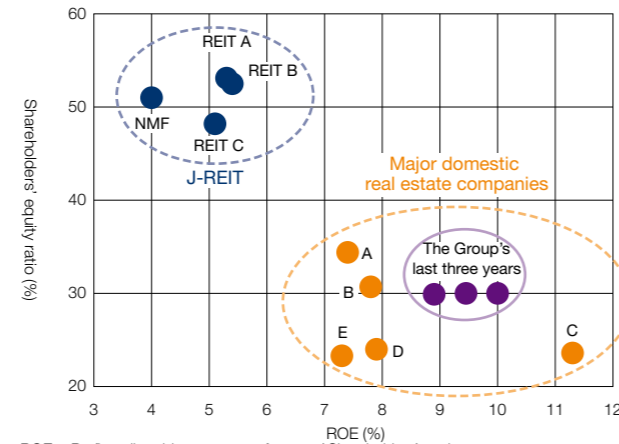
\* 50% of ¥105.0 billion, or ¥52.5 billion, in hybrid financing was calculated as capital

## To Investors

In the real estate industry, investors' expectations for returns on investments differ significantly between the property sales business and the leasing business. In addition, taking into account the tax laws in Japan, real estate funds such as J-REITs will expand their presence as property owners while real estate developers such as ourselves will shift our position to focus on value creation through property sales and service management. I am forecasting that these changes will happen in Japan's real estate sector in the future.

The Group will aim to establish a unique position by maintaining ROE at a high level centered on realizing development profits while securing a source of stable earnings of a certain level. I intend to meet the expectations of shareholders and investors by implementing the new Mid- to Long-term Business Plan and delivering results.

### Shareholders' Equity Ratio / ROE (Major domestic real estate companies and J-REIT)

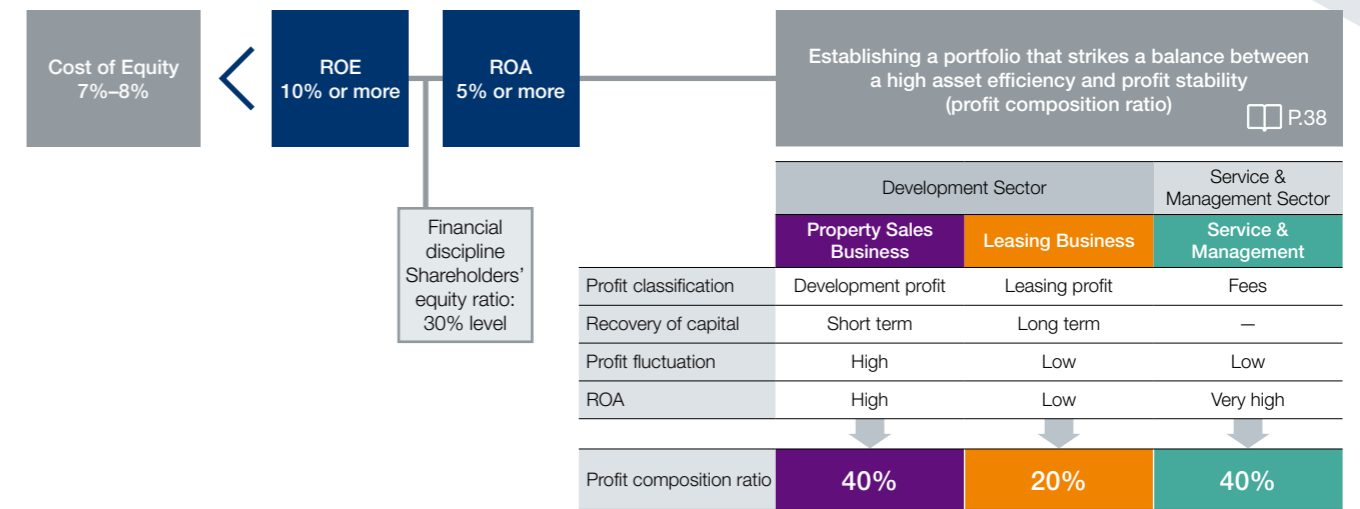


ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)

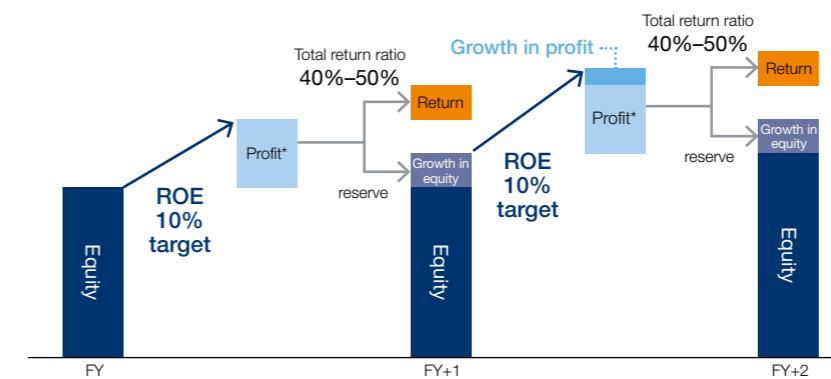
\* Calculated by the Company for each company from the most recent fiscal period as of March 31, 2019

\* ROE for REITs is calculated by annualizing the profit for the relevant fiscal year

### ROE Logic Tree



### Equity Story Balancing Growth Investments and Shareholder Returns



\* Profit attributable to owners of parent

#### KEY POINTS

- Generate balanced distribution of profits through highly efficient management of growth investments and shareholder returns
- Manage increases of approximately 5% for shareholders' equity through internal reserves of profit in each fiscal year

### Investment Plan That Focuses on Balance Sheet Management P.39



#### KEY POINTS

- Control balance sheet increase to an annual rate of approximately 5% in order to maintain shareholders' equity ratio at the 30% level
- Pursue both investment returns that realize development profits and growth investment opportunities

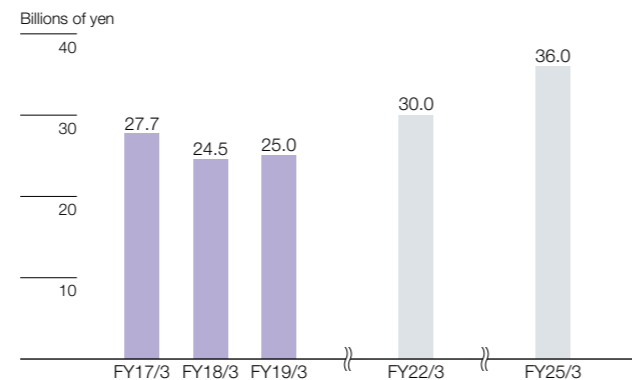


## Residential Development Business Unit

We aim to achieve continuous growth by expanding our product lineup to meet changing customer needs and enhancing our business in regional core cities and overseas.



Business Profit Plan



### Business Environment

- Population decline, decline in family households
- Increase in single, dual-income, and senior households
- Development of compact cities in regional core cities
- Expanding needs for high-quality housing in growing Asian countries

### The Group's Strengths

- Product planning and development capabilities generated by integrated development, sales, and management system
- Solid customer base and high-value-added services tailored to diverse customer needs
- Expertise in urban-type compact town, redevelopment, and rebuilding projects

### Foundations for Growth

- Expand housing business domain by integrating the housing sales, rental housing, and senior businesses into one business unit
- Establish a framework to enable the provision of products and services that cater to customers' various life stages
- Establish business bases in Asian cities

### Business Strategies

- Expand product lineup and improve services for customers
- Strengthen urban-type compact towns and redevelopment business
- Expand business in regional core cities
- Expand business in Asian cities

## Strategies Going Forward

### Business Environment in Japan and Overseas

The Nomura Real Estate Group's housing sales business—the Group's founding business—has created many unique values by leveraging the strengths of its integrated development, sales, and management system. The products of the PROUD series are important sources of earnings for the housing sales business. We have significant brand strength, a leading track record for residential redevelopment projects, and a solid customer base.

The environment surrounding the entire residential development business is changing significantly. In the long term, the population decline and low birthrate in Japan are anticipated to continue further and we are already seeing signs of these. The diversification of

family structure is particularly remarkable. In the past, families consisting of a couple and their children were the main home buyers, and so the Group targeted its products on this consumer group. Nowadays, however, our customer base is diversifying due to factors such as the significant increase in the ratio of single-person and senior households and the rise in the proportion of dual-income households. I believe that responding to this change is an urgent issue. Turning our focus to overseas, the need for high-quality housing is increasing in many Asian countries due to rapid economic growth. Within such an environment, there exists many opportunities for creating new value in Japan and overseas by gathering the Group's strengths and expertise.

### Business Strategies under the New Mid- to Long-term Business Plan

The new Mid- to Long-term Business Plan targets business profit of ¥30.0 billion in FY2022/3, and ¥36.0 billion in FY2025/3. In order to achieve these targets, we are responding to the diversification of customer needs. The increase in the number of dual-income households in Japan has led to an increase in the need for better commuting access and better lifestyles and child-rearing environment. Accordingly, we will focus on developing areas and locations that are more convenient to meet these needs. In addition, we are actively promoting the development of multifunctional and highly convenient urban-type compact towns, one of the Group's strengths. In order to address the needs of the growing number of single-person and senior households, we transferred the rental housing

business and the senior business to the Residential Development Business Unit in FY2020/3. By capitalizing on its business foundation which can respond to the needs of various households, the Group will develop a wide range of products in addition to its specialty products for families. We will expand our business domain for housing by integrating our broad customer base, and aim to become "the leading brand in housing" by offering products and services in line with the customer's life stage.

For property development in highly convenient areas, such as station fronts, we will acquire business opportunities through means of redevelopment and rebuilding. Although only a few redevelopment and rebuilding properties have been completed under Phase 1 of our Mid- to Long-term Business Plan due to a variety of tentative factors, from Phase 2 onward we will complete many projects. The Group has maintained its position as one of the top companies in the redevelopment business. Moreover, we will utilize our expertise to accelerate the redevelopment business in regional core cities in addition to the Tokyo metropolitan area. I believe that we can expect growth in the housing business in Japan from Phase 2 onward by offering a broad lineup of products and securing business volume through redeveloping and rebuilding properties.

We are also taking steps to expand our overseas business in Asian countries, where the economy is booming. In the Chinese market and Southeast Asian markets such as Thailand, the Philippines, and Vietnam, where we have already entered, we are promoting business by establishing joint ventures with local partners. Finding reliable partners is very important as the real estate business is greatly influenced by the local characteristics of each area. We will also look

for opportunities for collaboration with the Commercial Real Estate Business Unit and further business opportunities in the markets in which we have yet to enter.

### Initiatives from an ESG Perspective

The Nomura Real Estate Group has concentrated its efforts on environmental initiatives and community building through the development of multifunctional and highly convenient urban-type compact towns. Funabashi Morino City in Funabashi City, Chiba Prefecture is one of our representative projects. In addition to its environmental performance, the community revitalization efforts carried out by the residents have been highly praised overseas. The Company believes that, in urban development going forward, the area where communities take shape that are open to the outside is an important factor for increasing the value of cities. At PROUD CITY Hiyoshi, which is currently under development, in Yokohama City, Kanagawa Prefecture, the Group will introduce a new system under which it will own the communal space of properties and lend it to a non-profit organization. Through this system, the Group will be actively involved in the local community even after the completion of properties through mutual cooperation with not only condominium residents but also residents of the surrounding area, retailers, corporations, schools, and other organizations. The Company will continue these efforts to develop the areas where communities take shape and contribute to the realization of a cooperative society by realizing sustainable urban development.





Residential Development Business Unit

Expand Product Lineup and Improve Services for Customers

In order to capture the changing customer needs amid increases in dual-income, single, and senior households, we will leverage the product planning and development capabilities we have cultivated to date to develop products for new business domains.

Expansion of Our Business Domain for Housing



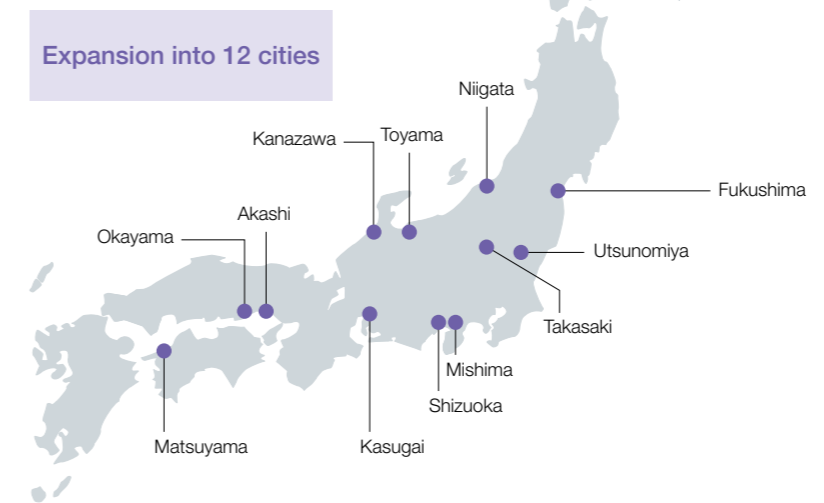
Strengthen Urban-type Compact Towns and Redevelopment Business

We are promoting redevelopment projects at station-front locations and development of multifunctional urban-type compact towns in order to meet our customers' needs for convenience.



Expand Business in Regional Core Cities

We will expand our business in regional core cities with the expertise we have cultivated to date in the Tokyo metropolitan area in order to respond to the needs for compact towns.

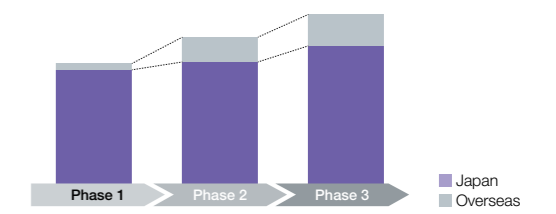


Expand Business in Asian Cities

We will expand our business by leveraging the expertise cultivated by the Group in Japan through partnerships with local developers in order to meet the growing needs for quality housing in Asian cities that continue to grow.



Profit Ratio of Overseas Business



Capture growing overseas markets to increase the profit ratio of overseas business to approximately 20% in Phase 3

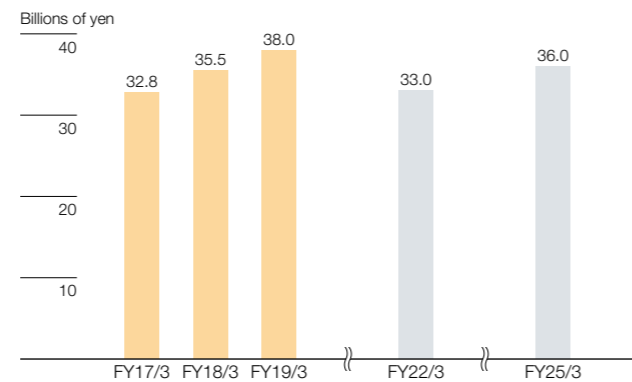


## Commercial Real Estate Business Unit

We will develop diverse assets that reflect user needs and promote large-scale, mixed-use development projects in central Tokyo.



Business Profit Plan



### Business Environment

- Changing user needs due to work-style reforms, expansion of e-commerce, etc.
- Increasing accommodation needs due to rise in number of overseas visitors to Japan
- Intensifying competition for land acquisition

### The Group's Strengths

- Track record for developing diverse asset types
- Brands including PMO, GEMS, and Landport, which were created from the "market-in" approach
- Participation in large-scale development in central Tokyo, such as Shibaura 1-chome District and Nihonbashi 1-chome Central District

### Foundations for Growth

- Pursuing development of new asset types based on user needs
- Launched NOHGA HOTEL and made HOTEL NIWA part of the Group
- Establishing foundations for overseas business

### Business Strategies

- Enhance property development business to capture user needs
- Promote large-scale mixed-use developments
- Expand hotel business
- Promote overseas business

## Strategies Going Forward

### Business Environment in Japan and Overseas

The Commercial Real Estate Business Unit has accumulated expertise in developing diverse assets through the development of properties such as offices, retail facilities, and logistics facilities. In this process, we have placed particular emphasis on the market-in approach in our daily sales activities and facility management, which enables us to obtain and respond to customers' needs. Based on this approach, we created high-value brands, such as PMO for offices, GEMS for retail facilities, and Landport for logistics facilities. The property development businesses that we operate with these brands are now major sources of our earnings. Recently, we also entered the hotel business in order to meet the increasing needs of

foreign visitors to Japan. I believe the ability to develop and manage diverse assets, including the fitness business, which was transferred to the Commercial Real Estate Business Unit in FY2020/3, is a strong competitive advantage of this business unit.

Turning our focus to the investment market environment, as CAP rates for each asset class remain at a low level, competition to acquire land for development is intensifying. From the perspective of tenant needs, improvements to the work environment are accelerating as a result of work-style reforms, which have become a megatrend in recent years. An increasing number of companies are introducing flexible working styles and enhancing their office environments. We view this as a major change that will lead to increased use of spaces for offices and expansion in the need for shared offices. In addition to these changes, there are many other changes in market conditions that could present opportunities for our business unit, which places emphasis on the market-in approach. These include the increased need for logistics facilities resulting from the acceleration of e-commerce, and the change in need for retail facilities due to increasing customer preferences for experience-oriented shops.

### Business Strategies under the New Mid- to Long-term Business Plan

We will continue to pursue a policy of developing properties according to tenant needs in line with the "market-in" approach. We particularly focus on the needs of those who actually use each property. To date, I have been engaged in our business from the user's perspective as the Head of the Property & Facility Management Business Unit. Based on this experience, I have come to realize that the user's perspective will be of the utmost importance to our real

estate business going forward. I believe that responding to the needs of office workers, logistics warehouse staff, and restaurant customers, and improving their satisfaction is important for property development. Producing products and services by focusing on user needs will result in a high level of competitiveness in subsequent leasing activities and property management, as well as property sales with high added value. In addition, it will be the source of our competitiveness in new land acquisition. We will expand our property development business by efficiently rotating a cycle of land acquisition, product planning and development, and sales based on an understanding of user needs through our daily leasing activities and property management.

At the same time, by focusing on the user's perspective, we will seek to further enhance the asset value of the Group's stock and its long-term leasing business.

In mixed-use developments, we are steadily promoting large-scale mixed-use developments centered on central Tokyo, such as the Shibaura 1-chome District, the Group's largest development project, and the Nihonbashi 1-chome Central District.

As for the hotel business, in addition to NOHGA HOTEL, our directly managed brand, we started to link it with HOTEL NIWA, which recently joined the Group, to offer unique added value other than accommodation such as ties with local communities and Japanese hospitality. By combining the hotel management expertise of HOTEL NIWA with the Group's land acquisition and development capabilities, I believe that we can expand our hotel business.

In our overseas business, we have positioned Asia, which is experiencing significant growth, as our immediate focus and are pursuing a variety of projects. The development and management expertise and quality-control capabilities we have cultivated in Japan allow us to distinguish ourselves from the competition and we are

highly regarded in the field. Going forward, in addition to Asia, we will seek to discover opportunities in Europe by leveraging the network of Lothbury Investment Management Group Limited of the United Kingdom. We will strive to generate concrete results during the period of the new Mid- to Long-term Business Plan.

### Initiatives from an ESG Perspective

"Environment" is one of the key themes for CSR adopted by the Group. As an environmental initiative, we have decided to switch the power supply for all NOHGA HOTELS to renewable energy to achieve zero CO<sub>2</sub> emissions from power supply. Through these efforts, we will contribute to achieving the Groupwide target of reducing greenhouse gas emissions 30% in 2030 compared with their 2013 levels.

Moreover, as part of our activities for "Health and Well-being," we are providing programs offered at MEGALOS fitness clubs at OUKAS, our elderly housing operated by the Residential Development Business Unit. Through the programs conducted by sports staff based on-site, we will help promote healthy life expectancy by improving the physical well-being of residents.



Toshiaki Seki

Executive Vice President, in charge of Commercial Real Estate Business Unit



Commercial Real Estate Business Unit

Enhance Property Development Business to Capture User Needs

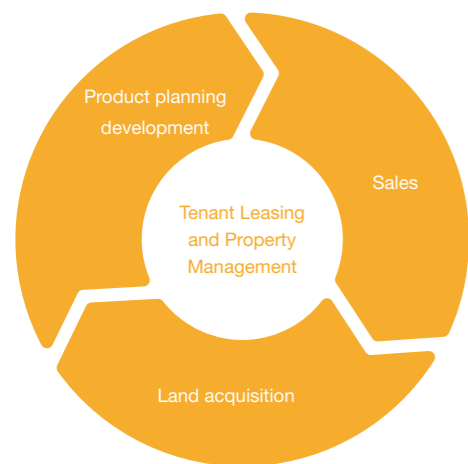
We will develop properties for sale by understanding user needs, which are changing due to various factors such as work-style reform and the expansion of e-commerce. Over the medium to long term, we aim to engage in the acquisition and sales of property development totaling ¥120 billion in each fiscal year.

Responding to User Needs

We design unique products that focus on user needs by utilizing our expertise in developing diverse assets.

Sector	Needs	Brands
Offices	<ul style="list-style-type: none"> <li>Small to medium-sized, yet high-grade buildings</li> <li>Buildings with a high level of security</li> <li>Rental convention space for company events</li> </ul>	
	<ul style="list-style-type: none"> <li>Office space for small business</li> <li>Private office space equipped with high security</li> <li>Reception services such as guest support</li> </ul>	
Retail	<ul style="list-style-type: none"> <li>Attractive stores for customers</li> <li>Experience of a distinctive restaurant</li> <li>Extraordinary atmosphere</li> <li>Restaurants near customer's workplace</li> </ul>	
Logistics	<ul style="list-style-type: none"> <li>High storage efficiency</li> <li>Securing labor resources</li> <li>Pleasant work environments</li> <li>Building specifications in line with characteristics of products</li> </ul>	

Property Development Business Cycle



We develop properties with high added value by reflecting our understanding of user needs gained through our daily activities with tenants into our product planning.

We enhance property value through leasing that leverages the characteristics of properties and property management that raises the satisfaction levels of tenants.

We realize high added value through the sale of properties. Moreover, we will help enhance property and brand value by continuing to be involved in the management of properties after their sale.

We aggressively acquire attractive sites and create new business opportunities through these strengths to create high added value.

Promote Large-scale Mixed-use Developments

We will steadily promote large-scale mixed-use development projects focused on central Tokyo, such as the Shibaura 1-chome District and Nihonbashi 1-chome Central District projects.

Shibaura 1-chome District

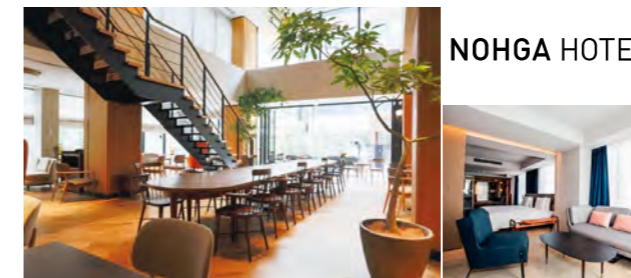


Nihonbashi 1-chome Central District



Expand Hotel Business

We are expanding our hotel business to meet the growing needs of foreign visitors to Japan. Following the launch of our directly managed NOHGA HOTEL brand, "HOTEL NIWA" joined the Group in January 2019. We will aim for further growth of our hotel business through cooperation between these two brands.



NOHGA HOTEL



ホテルの都  
HOTEL NIWA TOKYO

Promote Overseas Business

Based on partnerships with local developers, we will promote our overseas business by leveraging the development and management expertise cultivated by the Group in Japan.

**Bangkok, Thailand**  
(Serviced apartment)  
Staybridge Suites, Thong Lo, Bangkok

**Ho Chi Minh City, Vietnam**  
(Office)  
SUN WAH TOWER

**ZEN PLAZA**

**Beijing, China**  
(Property management business)  
Beijing Fortune Building

**Manila, the Philippines**  
(Condominium and retail)  
Sunshine Fort



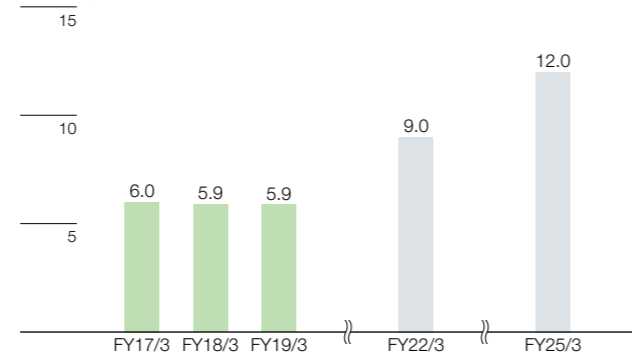
# Investment Management Business Unit

We will move forward with the expansion of our private equity funds and overseas business, in addition to achieving the growth of our REIT business in Japan.



## Business Profit Plan

Billions of yen



### Business Environment

- Growing alternative investment needs of major long-term investors, including pension funds
- Cross-border investment needs in global real estate market
- Future market changes in real estate and finance

### The Group's Strengths

- Business growth model through Leasing Value Chain
- Relationships built with institutional investors over many years of experience
- Product capabilities that meet the needs of investors

### Foundations for Growth

- Overseas business foundations focused on Lothbury Investment Management
- ESG assessment track record

### Business Strategies

- Expand AUM by leveraging the Leasing Value Chain
- Asset management focused on ESG
- Create products tailored to the needs of institutional investors
- Expand overseas business through partnerships

## Strategies Going Forward

### Business Environment in Japan and Overseas

Nomura Real Estate Master Fund, Inc. (NMF), one of the largest diversified listed REITs in Japan, and Nomura Real Estate Private REIT, Inc. (NPR), a steadily expanding private REIT, are significant sources of earnings for the Investment Management Business Unit, and we expect them to continue to generate stable growth.

The operating platform we have built to date, consisting of our mutual growth business model through the Leasing Value Chain, the high external ratings for our ESG activities, and our broad network of institutional investors, will be a significant strength for developing our business going forward. As for our overseas business, challenges lie in terms of building up our track record and securing/developing

global human resources. However, starting with our partnership with Lothbury Investment Management, we view the overseas business network that we are trying to build as an important foundation for future business expansion.

With respect to the environment surrounding the asset management business, we expect the amount of capital allocated to real estate investment to continue to increase due to the expansion of alternative investments by major long-term investors including pension funds, the favorable debt procurement environment, and the cross-border investment needs of the global real estate market. I believe this increase will offer significant business opportunities for the Investment Management Business Unit. On the other hand, any changes to the historically low level of cap rates in the real estate market or to the low interest rate environment in the financial market would have a major impact on this unit. Therefore, we are strengthening our in-house research capabilities and will carefully monitor changes in the market.

### Business Strategies under the New Mid- to Long-term Business Plan

In addition to our REIT business in Japan, we will focus on private equity funds, indirect investment funds, and our overseas business as the next drivers of growth. It goes without saying that it is important for us to continue to be selected by retail and institutional investors. As an investor-oriented business, we will continue with our efforts on achieving high performance. For the REIT business in Japan, we will work toward growing our assets under management (AUM) by continuing to leverage the Leasing Value Chain.

In the private equity fund business, we will establish a broad product lineup to respond to the rising demands of institutional investors for alternative investment. By combining the relationships we have built with institutional investors and our expertise and experience in asset management, we will expand our product lineup to meet the needs of each investor.

As for the overseas business, we will further solidify relationships with our existing business partners, such as Lothbury Investment Management. In addition, from Phase 2 of the new Mid- to Long-term Business Plan, we will take further steps toward forming alliances and partnerships with asset management companies in North America, the largest market, continental Europe, where we see investment needs from Japanese investors, and Asia, where the economy is rapidly growing. We aim to expand our network to swiftly address the diversifying overseas investment needs of clients, which are projected to increase going forward.

Quantitative targets for the Investment Management Business Unit under the new Mid- to Long-term Business Plan, are business profit of ¥9.0 billion in Phase 1 and ¥12.0 billion in Phase 2. While these are highly set targets, if we are able to increase our AUM, expand our revenue base, and establish the foundations for our overseas business by implementing the measures I have mentioned, I believe they can certainly be achieved.

### Initiatives from an ESG Perspective

The Investment Management Business Unit is promoting a variety of ESG initiatives in order to enhance investors' value over the medium to long term, such as consideration for the environment within fund

management and the establishment of a corporate governance system. As an asset management company, we signed the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI) in December 2017 and the Principles for Financial Action for the 21st Century in July 2019. Through these measures, we will promote ESG real estate investment. NMF has determined its material issues for ESG in order to resolve the environmental and social issues that were adopted in the United Nations Sustainable Development Goals and the Paris Agreement (COP21). One of those issues is climate change. Based on the policies, targets, and key performance indicators we have established, we are trying to improve the efficiency of our energy use by investing in properties with low environmental impact and implementing environmental and energy-saving measures for existing properties.

These efforts have been highly evaluated by external organizations and, in 2018, NMF and NPR were selected as a Global Sector Leader and Asia Sector Leader, respectively, by the Global Real Estate Sustainability Benchmark (GRESB), a global benchmark for assessing the ESG performance of the real estate sector. Moreover, in 2019, NMF was included in the MSCI Japan ESG Select Leaders Index, an index of corporations with high ESG performance.

We expect the growth in ESG investment to continue to increase going forward and therefore alongside efforts to enhance our performance, we will continue our commitment to sustainable investments.



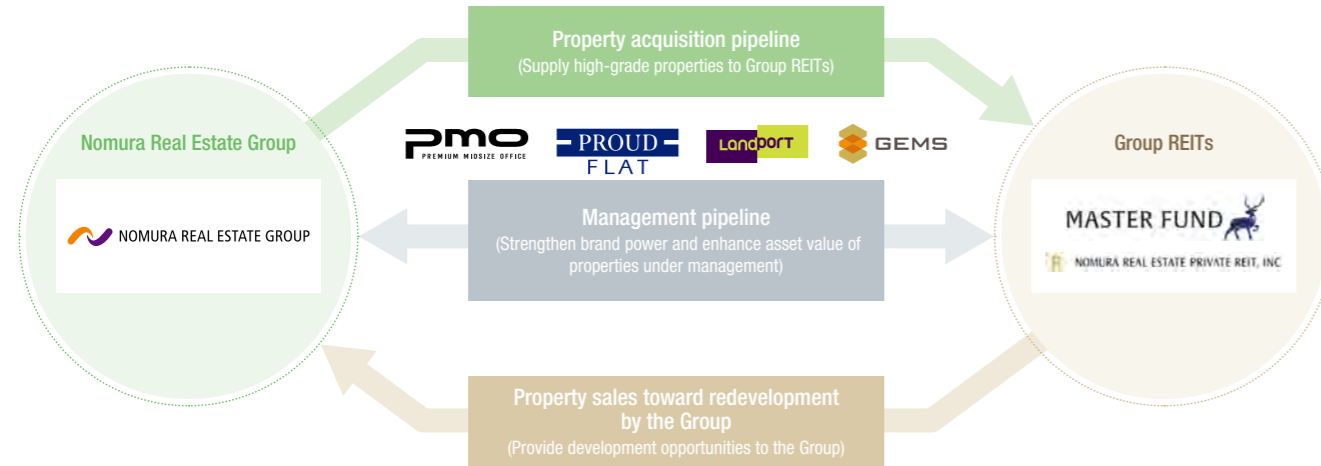
Norio Ambe

Executive Officer, in charge of Investment Management Business Unit

Investment Management Business Unit

Expand AUM by Leveraging the Leasing Value Chain

We will steadily expand assets under management (AUM) and enhance the asset value of our properties under management by utilizing our property acquisition and management pipelines through the Leasing Value Chain.



Property Sales toward Redevelopment by the Group

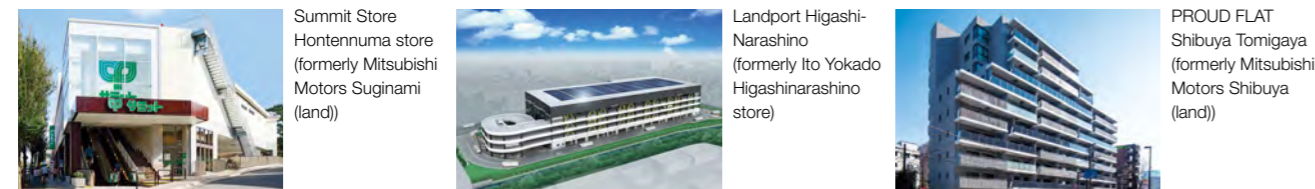
Sales to the Nomura Real Estate Group	
NOF Nihonbashi-Honcho Building	Morisia Tsudanuma
NOF Tameike Building	Ito Yokado Higashinarashino store
NOF Minami Shinjuku Building	Mitsubishi Motors Shibuya (land)
	Mitsubishi Motors Suginami (land)
<b>Total</b>	<b>¥51.1 billion*1</b>

Acquisition of Properties Based on Property Acquisition Pipeline

Acquisition of Group Development Projects (since May 2015)	No. of Properties	Acquisition Amount
Offices (PMO, etc.)	14	¥61.3 billion
Retail facilities (GEMS, etc.)	11	¥34.7 billion
Condominiums (PROUD FLAT, etc.)	16	¥20.0 billion
Logistics facilities (Landport, etc.)	6	¥57.0 billion
<b>Total</b>	<b>47</b>	<b>¥173.1 billion*1</b>

\*1 As of March 31, 2019

Redevelopment Track Record



Asset Management Focused on ESG

We will implement various ESG initiatives with the aim of enhancing value for our investors over the medium to long term.

**Initiatives as an Asset Management Company**

Signatory to ESG-related initiatives

Signatory of:

**Initiatives Regarding REITs**

Our efforts toward sustainability have been highly evaluated, and we have received high marks in the global index GRESB.

\*2 According to GRESB Real Estate Assessment 2018

Create Products Tailored to the Needs of Institutional Investors

We will form various funds that meet the needs of institutional investors by utilizing both our relationships with institutional investors and our experience in managing diverse assets, which we have built through our many years of asset management.

**Building Relationships with Institutional Investors**

We build relationships with pension funds, financial institutions, and other corporations.

**Number of Institutional Investors (Excluding NMF)**

**Private Equity Fund Lineup**

We have accumulated expertise in managing a variety of funds for different property sectors and strategies.

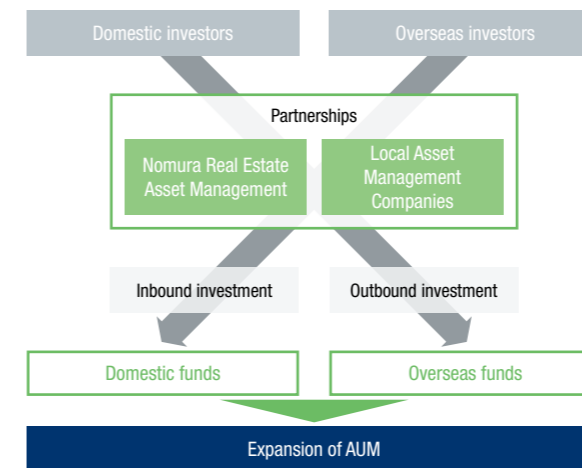
Sector	Fund Strategies
Office	Core funds
Residential	Super core funds
Industrial	Opportunistic funds
Retail	Value added funds
Hotels	Forward commitment funds
Healthcare	

Investor funds with suitable asset management products

**Expansion of AUM**

Expand Overseas Business through Partnerships

We will respond to the cross-border investment needs in the global real estate market through strengthening existing partnerships. We will also consider forming alliances with new asset management companies to expand overseas business further.



- Establish strategic partnerships with asset management companies in North America, Europe, and Asia
- Respond to outbound investment needs from investors in Japan
- Expand assets under management overseas

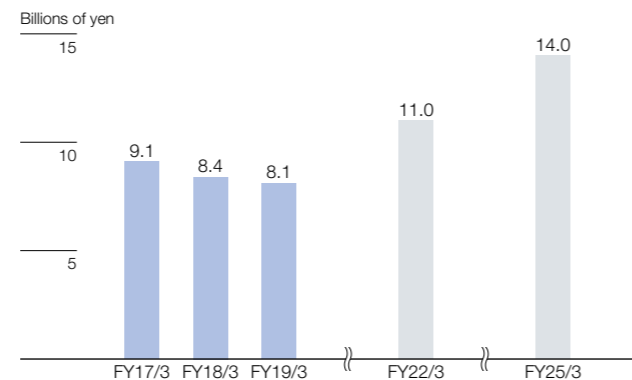


## Property Brokerage & CRE Business Unit

We will grow stably through the establishment of new retail and wholesale branches and the expansion of our overseas business.



### Business Profit Plan



#### Business Environment

- Increase in existing housing stock
- Expansion of real estate transaction needs addressing business succession and inheritance
- Growth in inbound investment needs of wealthy individuals in Asia
- Change in business models due to new entrance of competitors from other industries

#### The Group's Strengths

- Expertise in IT services
- High level of customer evaluation in retail business
- Cooperation with Nomura Securities and regional financial institutions

#### Foundations for Growth

- Establishment of branch in Hong Kong and partnership with Tokio Property Services in Singapore
- Expansion of retail and wholesale branch networks

### Business Strategies

- Expand retail branch network
- Strengthen marketing by leveraging IT
- Establish new wholesale branches and expand cooperation with regional financial institutions
- Expand overseas business

## Strategies Going Forward

### Business Environment in Japan and Overseas

The number of retail brokerage branches under the "Nomura no chukai +" brand stood at over 80 as of March 31, 2019. Although branch numbers are increasing steadily each year, we are still in the expanding phase compared with competitors having a larger branch network. On the other hand, the quality of our service has earned high evaluation from customers, such as in the 2019 Oricon Customer Satisfaction Ranking where we were ranked number one in two categories. Moreover, services leveraging IT, in which we invested with an eye on the future, have become a major strength of the Property Brokerage & CRE Business Unit as represented by

nomu.com, our website that offers a wide range of information.

In our wholesale brokerage business, we have established a structure for responding quickly to customers throughout Japan by expanding our branch network. In addition to our branches, the Group has a close relationship with Nomura Securities, which has an extensive customer base both in Japan and overseas. We have also established strategic alliances with approximately 60 regional financial institutions in Japan, which have become a major strength for us.

Looking at the secondhand housing market environment, there is an increasing trend in stocks of high-quality existing housing. The ratio of transactions of resale housing is increasing compared with new housing, and the market volume of the retail business is expected to expand further.

Regarding the wholesale business, where our main customers are companies in Japan, the business environment is undergoing major changes. At the request of shareholders and stakeholders, there is a growing need for large companies to improve asset efficiency by reorganizing and utilizing idle assets. Additionally, as the number of owners of small and medium-sized corporations are reaching the age of retirement, needs for business succession and inheritance-related real estate transaction are increasing.

As for our overseas business, demand for investment in Japanese real estate by wealthy individuals is increasing in prospering Asian countries. We recognize these various changes as an important area for business opportunities.

Meanwhile, we need to constantly monitor the possibility that the competitive environment of the real estate brokerage business will intensify as a result of not only the entrance of competitors from other industries but also from technological innovation leveraging ICT.

### Business Strategies under the New Mid- to Long-term Business Plan

In order to respond to the increase in real estate brokerage needs for existing housing, we plan to increase the number of retail branches to 100 by FY2024/3 and to 120 by FY2028/3. Rather than simply increasing the number of branches under a similar concept, we will develop branches tailoring to regional characteristics and customer segments. Moreover, we will further strengthen our services leveraging ICT. Our entire real estate brokerage service, from initial response to closing, was traditionally carried out by our sales staff. Going forward, with our website "nomu.com" as an entry point, we will aim to attract more customers via the Internet and raise the efficiency of our customer responses by having initial responses carried out by ICT. In 2019, we will establish a new wholesale branch in Sendai and will capture the needs of customers in the surrounding area through cooperation with regional financial institutions.

We are also accelerating our overseas business. Accordingly, we are strengthening collaborations between our bases in Tokyo, Hong Kong, and Singapore. We formed a capital alliance with Tokio Property Services in Singapore in January 2019. We will aim to capture business opportunities for the domestic real estate market from Asian countries. Furthermore, we intend to approach wealthy individuals in Asia through cooperation with Nomura Securities, with which we have strong customer relationships.

### Initiatives from an ESG Perspective

In Japan, the ratio of vacant houses continues to rise due to population decline and the aging of society. Through its daily business activities, the Property Brokerage & CRE Business Unit will contribute to realizing a sustainable, recycling-oriented society by encouraging transactions in underutilized land and vacant houses. As a more direct activity, in the retail business, if we notice any changes in the customer's home upon visits within our daily business, we immediately contact the government agencies or the police or fire department to watch over vulnerable groups, including the elderly, in cooperation with local governments. Furthermore, we also utilize our branches as evacuation areas for children in case of danger and trouble. Through these activities, we will continue to tackle such social issues as the declining number of children and the aging of society.



Juntaro Kimura

Executive Officer, in charge of Property Brokerage & CRE Business Unit

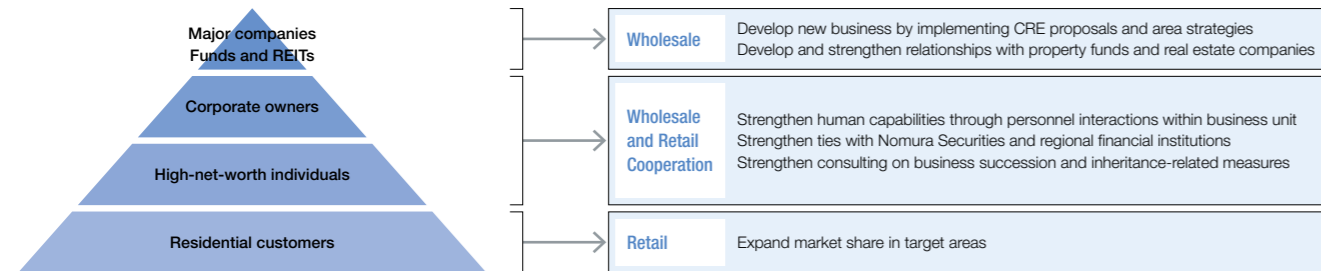


Property Brokerage & CRE Business Unit

Formulate Strategies by Target Customer

We will establish a structure that can appropriately respond to our broad customer base.

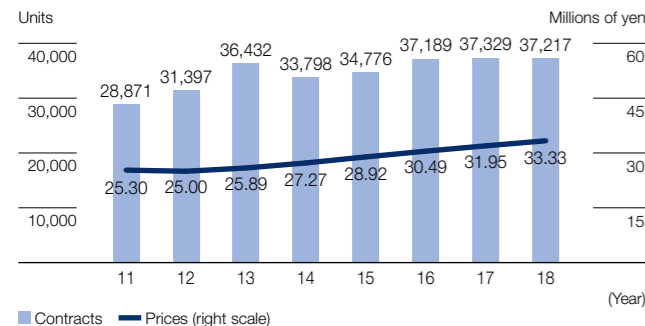
Strategies by Target Customer



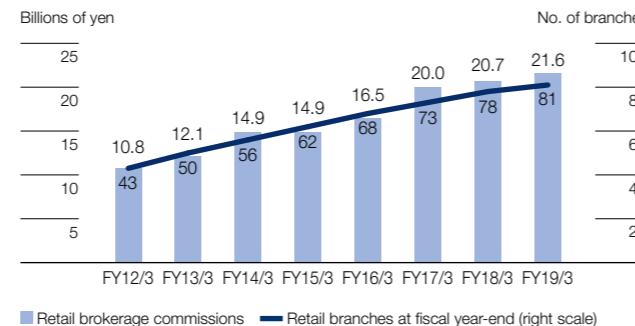
Expand Retail Branch Network / Strengthen Marketing by Leveraging IT

In order to meet the growth of the resale housing market, we will expand our branch network and build an efficient marketing structure through IT.

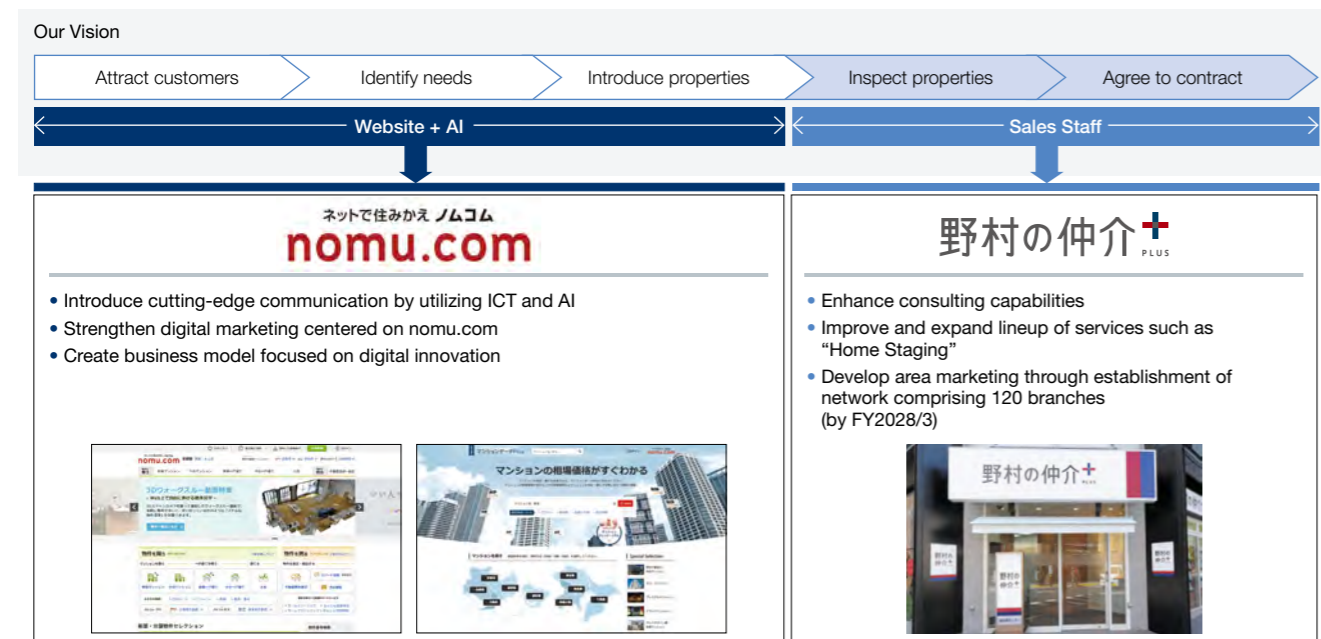
Contracts and Prices for Secondhand Condominiums (Tokyo metropolitan area)



Number of Retail Branches and Retail Brokerage Commissions of the Group



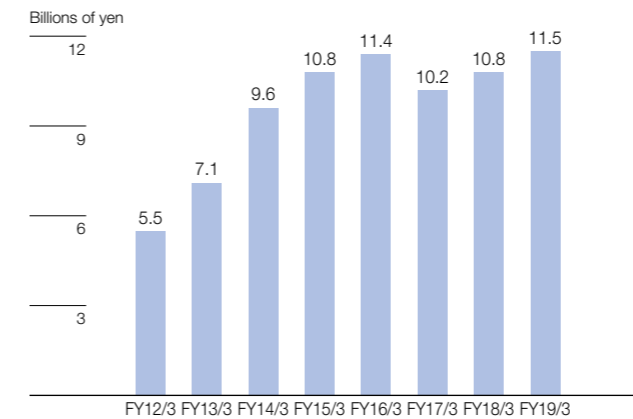
Strengthening Marketing and Increasing Productivity by Leveraging IT



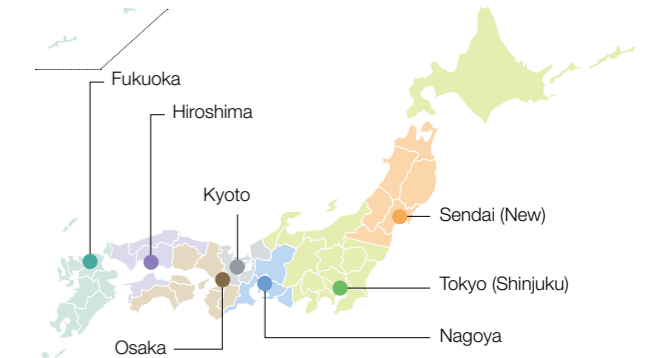
Establish New Wholesale Branches and Expand Cooperation with Regional Financial Institutions

We will establish branches and strengthen cooperation with regional financial institutions in order to establish a structure that can serve customers throughout Japan.

Wholesale Brokerage Commissions of the Group



Network of Domestic Wholesale Sales Offices



Expand Overseas Business

We will strengthen cooperation with overseas branches and business partners in order to respond to inbound investment needs from Asian countries to Japan.



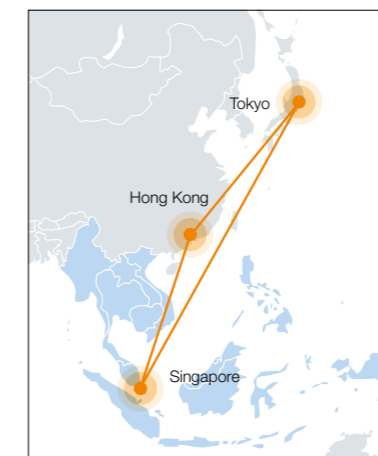
- Capture cross-border transactions through collaboration between our Tokyo, Hong Kong, and Singapore offices
- Establish a network through strengthening cooperation with Nomura Securities branches in Asia and strategic partnerships with local partners

Overseas Offices

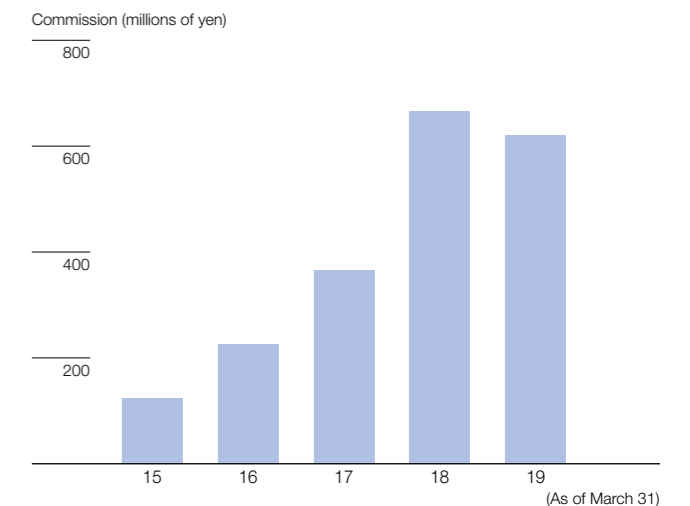
In January 2019, we acquired 50% of the shares of Tokio Property Services of Singapore, a real estate brokerage corporation who has been our business partner over the years.

Business Expansion Going Forward

- Brokerage of inbound investment from Asia to Japan
- Business in neighboring countries
- Brokerage of outbound investment from Japan to Asia



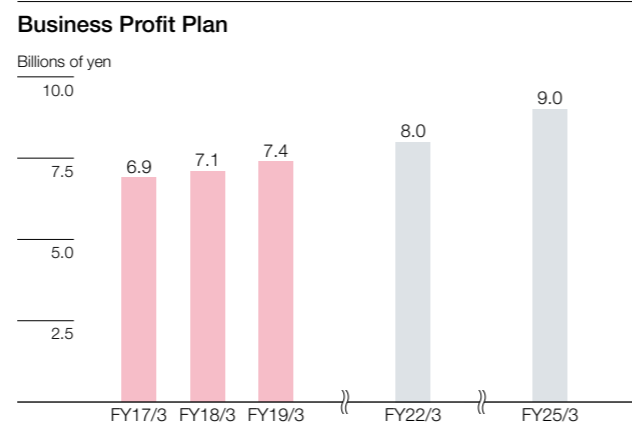
Transactions with Overseas Customers





# Property & Facility Management Business Unit

We will achieve growth in new business domains in addition to contributing to enhanced property value through high management quality.



## Business Environment

- Increase in number of condominiums that require large-scale repair work
- Aging of public facilities
- Greater attention on Japanese-style facility management in Asia
- Difficulty in securing cleaning and management staff

## The Group's Strengths

- Stable increase in property under management through Group cooperation
- High level of external evaluation for management quality
- Competitiveness for construction proposals

## Foundations for Growth

- Launch of initiatives for re: Premium
- Launch of initiatives for PPP projects

## Business Strategies

- Contribute to development business Groupwide and enhance brand value
- Expand business domain (redevelopment, PPP, public facilities)
- Increase large-scale repair work

## Strategies Going Forward

### Business Environment in Japan and Overseas

The Property & Facility Management Business Unit has expanded its business scale by steadily adding properties developed by the Residential Development Business Unit and the Commercial Real Estate Business Unit as well as the properties managed by the Investment Management Business Unit to its management stock. One of our strengths is that we can expect further increases in our management stock through Group cooperation. In addition, our high level of management quality is a source of our competitive edge. Nomura Real Estate Partners, the core company of this unit, has been ranked No.1 for 10 consecutive years in a management satisfaction survey of condominium residents conducted by "Sumai Surfin,"

a website for purchasers of condominiums. Having a strong reputation among Japanese customers, who expect a high level of service, is a major advantage. We have also been highly evaluated for our management of offices and other buildings by the owners and tenants.

If we look at the market environment of the Property & Facility Management Business Unit, in addition to condominium and office management, I believe there will be a greater need for the management of public facilities and public-private partnership (PPP) projects in cooperation with government bodies. Considering the financial challenges faced by local and national governments, we expect an increase in the number of areas where the power of the private sector will be required for the management of aging public facilities. We view this trend as a business opportunity to fully leverage our management expertise.

As for the market environment of construction orders, we regard the increasing number of condominium stock requiring large-scale repair work as a major change. As for PROUD, the number of large-scale repair work will also increase. Therefore, we expect business opportunities to increase significantly.

On the other hand, we recognize that it is difficult to secure human resources for facility management and cleaning services due to the declining and aging population in Japan.

### Business Strategies under the New Mid- to Long-term Business Plan

The Property & Facility Management Business Unit will continue to contribute to promoting the real estate development business for the entire Group while maintaining and enhancing brand value. This will be achieved by raising the management quality of the

properties developed by the Group, such as PROUD, Premium Midsize Office (PMO), urban-type compact towns, and mixed-use development projects.

As one measure of responding to the labor shortage, which is necessary for maintaining high management quality, we are introducing cleaning robots. We will aim to reduce management costs and resolve labor shortages by introducing the cleaning robots at large-scale office buildings, which require multiple cleaning staff. We will also promote labor-saving measures that leverage IT and security systems for condominium management. Regarding management quality, while it is difficult to realize unmanned management of condominiums for family households, I believe it is possible to achieve completely unmanned management of compact condominiums for single and two-person households.

As growth areas of the Property & Facility Management Business, we will expand our efforts in redevelopments, PPPs, and our overseas business. In mixed-use redevelopment projects on which the Group places emphasis, we will not only participate in projects from the initial planning stage to become directly involved in urban development as facility managers, but we will help enhance the value of cities as a whole by contributing to area management as well.

In addition, we will aim to increase PPP projects under management by proposing efficient facility management approaches that leverage our expertise. In overseas business, we will aim to expand our business areas from the partial building inspections we are currently undertaking in China and Vietnam, to facility management services. To achieve this, we plan to utilize our Japanese-style expertise in preventive maintenance.

As for our construction orders business, we will use the large amount of housing stock under our management to increase the number of large-scale repair-work orders. We will enhance relationships with condominium associations through our daily management

operations to realize proposals that fit their needs. Through these proposals, we will utilize re: Premium, the large-scale condominium repair-work brand developed independently by the Company. Under the re: Premium system, we use highly durable parts and materials and construction methods to extend the cycle for carrying out large-scale repair work and enable the residents to allocate the surplus funds to improving property value. Through these activities, we will carry out proposals that provide value to residents and increase the number of construction orders.

### Initiatives from an ESG Perspective

Nomura Real Estate Heating and Cooling Supply operates a business that supplies steam and cold water to Yokohama Business Park through its district heating and cooling system, in addition to operating a solar power generation and electricity retailing business that makes use of solar panels installed at Landport buildings. We will develop businesses efficiently by effectively using parts of properties developed by the Group. In addition, we will continue to examine improvements to the energy efficiency of properties under our management in order to reduce management costs.

Nomura Real Estate Amenity Service accepts trainees from Vietnam and other countries under the Industrial Training and Technical Internship Program. We are establishing an environment that will allow trainees to work in Japan comfortably, and will increase the number of trainees going forward. In addition to the spreading of Japanese-style management expertise by the trainees upon returning to their home country in the future, we see the potential for promoting joint businesses in those countries. We will continue to promote international contributions through the fostering of human resources.



**Akihiro Fukuda**  
Executive Officer, in charge of Property & Facility Management Business Unit



Property & Facility Management Business Unit

Contribute to Development Business Groupwide and Enhance Brand Value

We will contribute to promoting the real estate development business and increase property value for the entire Group by providing high-quality management services.

Contributing to Improvements in Brand Value through Groupwide Collaboration



Expand Business Domain (Redevelopment, PPP, public facilities)

We will expand our business domain by engaging in projects such as mixed-use redevelopment, for which our projects are increasing, and PPP and public facilities, where we expect to utilize our private sector know-how.

Contributing to redevelopment projects

Comprehensive management of housing, retail facilities, and public facilities

Participating in PPP / public facility management

Participation in establishment and management of locations for cutting-edge industries and promotion of "Cool Japan"



PROUD TOWER Musashi-Koganei Cross



HANEDA INNOVATION CITY

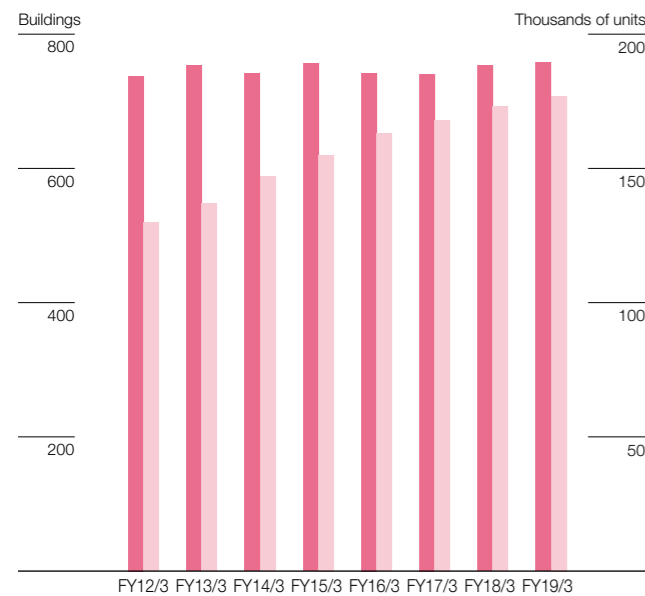
Increase Large-scale Repair Work

We will address the increasing number of condominiums that require large-scale repairs by utilizing re: Premium and increase the sales volume of repair work.

Stable Expansion of Properties under Management

Steadily increase number of buildings and housing units under management

Number of Buildings/Housing under Management



■ Number of buildings under management  
■ Number of housing under management (right scale)

High-Quality Management

Ranked No.1 for 10 consecutive years for overall satisfaction by condominium residents in a management satisfaction survey (Sumai Surfin)

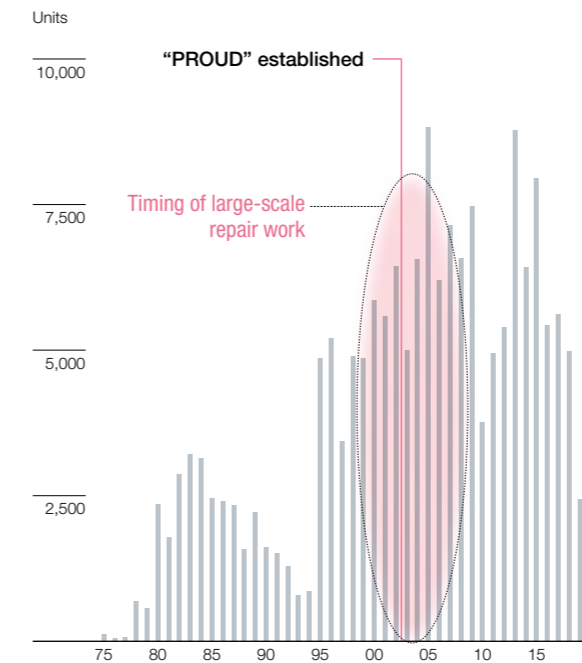


Resolving Labor Shortages

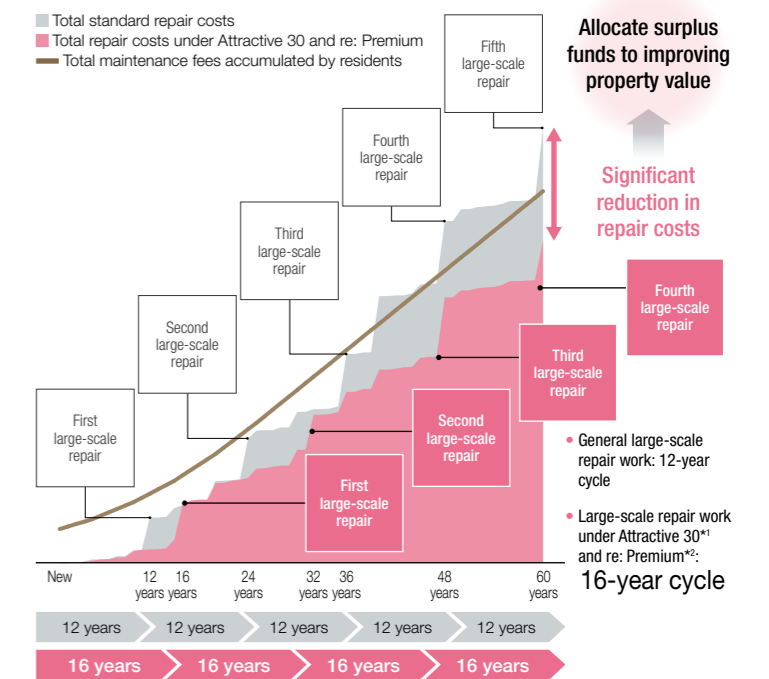
Utilize cleaning robots to reduce the use of labor in cleaning



Condominiums under Management by Construction Completion Period



Long-term Simulation of Large-scale Repair Work



\*1 Our efforts to lengthen the cycle of large-scale repair work by adopting high-durability materials and construction methods for new buildings, and introducing re: Premium  
\*2 The Group's brand for large-scale repair work for condominiums whereby we work with material manufacturers and construction companies for PROUD condominiums. High-quality construction can prolong the large-scale repair-work cycle.

## Business Structures Underpinning Growth

### Commitment to Safety and Security and Product Development for Resolving Social Issues

#### Commitment to Safety and Security

##### Complying with Design and Construction Standards and Quality Manuals

We have established design and construction standards (structure, construction, equipment, and electrical) and quality manuals to ensure the quality of safety and security in design and construction. We also require thorough compliance from architecture companies and construction companies.



##### Thorough Quality Control

At main stages of the construction work process, our quality management engineers carry out quality inspections to confirm compliance with design standards and quality manuals as well as construction conditions and progress.

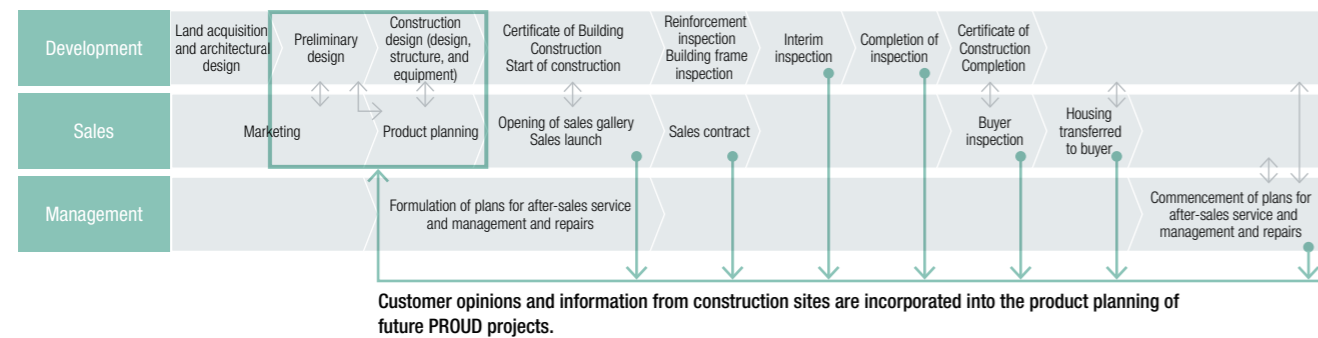


#### Product Development for Resolving Social Issues and Creating New Value

##### Integrated Development, Sales, and Management System

Through its integrated development, sales, and management system, the Nomura Real Estate Group provides land acquisition, design and construction, and sales activities as well as management and after-sales services for residents. We incorporate opinions from customers and information from construction sites into our operational improvements and product planning.

##### In the Case of PROUD



#### Received the Good Design Award for 17th Consecutive Year



PROUD Minami-Azabu



"1000 Comfortable Ways to Live"



Mi-Liful (siphon drainage system)



Takashi Kaku

Executive Officer,  
in charge of Quality Management  
and Architectural Design

#### Pursuing Ideal Solutions for Buildings with Our Technical Engineers

Buildings where people live or work are diversified, complicated, and enormous single products. For this reason, we are able to create significant added value by leveraging our creativity and originality in both construction and usage processes.

First, it is important to consider how to create value from the process of building. The Group has many engineering-related employees, including over 200 first-class licensed architects. These members play the main role of pursuing ideal solutions while taking into account a diverse range of perspectives, such as the attractiveness of the property, level of earthquake resistance, use of space, and cost management for each project.

During construction, the Group's employees constantly visit construction sites to ensure quality in conjunction with the builders, based on our original design standards, quality manuals, and management methods. We continually update these design standards and quality manuals to reflect the opinions of customers and builders, as well as social issues. For example, anticipating the local torrential rainfall, which has become increasingly severe in recent years, we began heightening the capacity of buildings to process rainwater on-site over ten years ago. Through such efforts, we are providing added value.

Architecture is often described as "experience-based engineering." Every time a new challenge is taken on, new issues are encountered. Although we may sometimes face issues that we have never experienced before as a result of the diversification of asset types, we are making concerted efforts to thoroughly ensure the quality of safety and security, which is our social responsibility.

#### Product Development That Continually Focuses on Usage Without Preconceptions

Second, in order to meet the needs of homeowners and users, and to provide value through the perspective of usage, knowing "what to build" is important.

Through the Group's integrated development, sales, and management system, we incorporate the needs and opinions of customers, frontline employees, and suppliers into the development of our products and services. Custom-made condominiums, Mi-Liful, which offers room layout flexibility, and the PMO and GEMS series of properties are the first products and services in the industry to be developed independently based on potential customer needs. These services also challenge to be free from existing preconceptions and bias.

For example, while there was the idea that condominium residents value privacy and do not want to socialize, we carried out a survey on the use of communal spaces at our condominiums and held interviews. Based on this, we formulated 100 Common Space Design Patterns for the Condominium Complex, which was introduced in the "Funabashi Morino City" project. In that project, our high regard for communities in our urban development was highly evaluated. The French government's "Label ÉcoQuartier (eco-district certification)" was awarded for the first time outside of France, and the property received extremely high evaluations from both inside and outside of Japan.













#### Addressing Social Issues through Business

In recent years, ESG investment has been active and it is important to reflect that trend in our products and services. In FY2019/3, the Group ramped up its response to climate change and formulated targets to reduce carbon emissions by 2030. The lifecycle of real estate is long, and the duties of real estate developers, such as the efficient utilization of existing properties and the reduction of CO<sub>2</sub> emissions throughout its period, is clear. To date, the Group has aspired to develop and manage energy-saving and low-carbon products. We will further raise the bar going forward to promote net Zero Energy House (ZEH) and utilize renewable energy, while pursuing energy-saving and low-carbon initiatives.

## Redevelopment and Rebuilding Business

### Major Projects during the Period of the New Mid- to Long-term Business Plan

- In addition to our track record for being a leading company in the residential redevelopment business, we are leveraging our expertise in the mixed-use redevelopment business. We are promoting a variety of projects in highly convenient areas.
- During the period of the new Mid- to Long-term Business Plan, we are targeting further expansion by achieving sales of over approximately ¥500 billion\*1 for condominiums and securing business volume of approximately 320,000 m<sup>2</sup>\*2 in the leasing business.

Phase 1 (FY20/3 to FY22/3)	Phase 2 (FY23/3 to FY25/3)	Phase 3 (FY26/3 to FY28/3)
 Toranomon Station-front District  Musashi-Koganei Station 2nd District	 Nishi-Azabu 3-chome North-East District  HARUMI FLAG	 Nihonbashi 1-chome Central District  Nishi-Shinjuku 3-chome West District
 Mihama City Kemigawahama  Nagoya Nishiki 2-chome	 Hirai Station North Exit District  Shibaura 1-chome District (S Tower)	 Minamikojiwa 6-chome District  Itabashi Station Itabashi Exit District
<ul style="list-style-type: none"> <li>• Kanamachi 6-chome Station-front District</li> <li>• Sakai Higashi Station South District</li> <li>• Higashi Ikebukuro 4-chome 2 Block, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Minami Ikebukuro 2-chome C District</li> <li>• Kawaguchi Sakaecho 3-chome District</li> <li>• Hankyu-Tsukaguchi Station-front (Rebuilding)</li> </ul>	<ul style="list-style-type: none"> <li>• Iidabashi Station Central</li> <li>• Nishi-Nippori Station-front</li> <li>• Soto-Kanda 1-chome</li> <li>• Mishima Station South Exit Eastern Block, etc.</li> </ul>

\*1 Expected business volume for the redevelopment and rebuilding business during the Mid- to Long-term Business Plan, as of March 31, 2019.

\*2 Areas of offices, retail facilities, hotels, etc. for the properties being promoted for redevelopment and rebuilding, which the Company plans to acquire during the Mid- to Long-term Business Plan, as of March 31, 2019.

\*3 Each project (including names) is subject to change, as they are currently in their planning stage.

### Examples of Our Urban Development Efforts through the Redevelopment and Rebuilding Business

- Promoting business while working closely with local communities and governments to address the challenges facing the region.
- Aiming to maximize asset value through attractive urban development.

<p><b>Redevelopment Project</b></p> <p>Revitalization through mixed-use developments directly linked to stations</p>  <p>PROUD Fuchu Station Arena</p> <p>Improving the fire resistance of highly populated areas with wood-frame housing (please see p.26 for details)</p>  <p>PROUD TOWER Higashi-Ikebukuro</p>	<p><b>Redevelopment in Higashi-Ikebukuro Area</b></p> <p>The redevelopment projects in which the Group has been engaged in the Higashi-Ikebukuro area, such as PROUD TOWER Higashi-Ikebukuro, are scheduled to be completed in succession. We are promoting highly convenient, safe, and secure urban development through close cooperation with local communities and governments.</p>  <p>Higashi-Ikebukuro Area (Toshima District) Map</p> <p>PROUD TOWER Higashi-Ikebukuro Total of 132 units (Completed in March 2019)</p> <p>Minami-Ikebukuro 2-chome C District Total of approximately 1,450 units (Scheduled for completion in FY2025/3)</p> <p>Higashi-Ikebukuro 4-chome 2 Block Total of 248 units (Scheduled for completion in FY2022/3)</p>
<p><b>Rebuilding Project</b></p> <p>Revitalization of old housing complexes</p>  <p>PROUD CITY Asagaya</p>	



Shigeyuki Yamamoto

Executive Officer,  
in charge of Development Planning

### Promoting Business through a Community-based Approach

“Convenience” is valued more than ever in all facets of real estate, such as residences and workplaces. It has become the crucial keyword for determining the success or failure of a real estate development business. In order to capture business opportunities in highly convenient locations such as station fronts, redevelopment and rebuilding methods are indispensable. We have promoted many redevelopment and rebuilding projects through our reputable PROUD housing brand and other high-quality products and services. As a result, the Group is at the top of the industry for the number of residential redevelopment projects in Japan. At present, in addition to residential redevelopment projects, the Group is also promoting office redevelopment projects, such as the Toranomon Station-front District and Nihonbashi 1-chome Central District projects. We are now approaching a phase in which these projects can be expected to make major contributions to the Group’s business growth.

There are three important factors to consider when pursuing redevelopment and rebuilding projects. The first is the fact that the main stakeholders of the redevelopment and reconstruction projects are the landowner and local communities, and the government bodies that support them. We visit the project site frequently, engage with the community, meet the residents face-to-face, and consider with them what is truly the best and ideal for everyone. We place great importance on such process to reach a consensus. In addition, we endeavor to provide careful support for all aspects of the project, including both practical operations and finance. This development approach and expertise is a strength of the Group and helps differentiate it from its competitors. The second is the developer’s track record and credibility, given that it takes many years before a project gets off the ground and the developer must cooperate closely with landowners and government bodies. As the Group’s track record heightens its credibility and its reputation spreads to other regions, we can receive new business inquiries, which in turn will lead to the capturing of new business opportunities. To date, the

Group has led many projects to success. This is a key differentiating factor for capturing projects. The third factor is the diverse asset types and services that the Group is able to provide. Our high-quality facility management, which is essential for maintaining the value of a building or area after a project has been completed, is a crucial element for participating in redevelopment projects. Our track record in the hotel and senior businesses will be a key strength for redevelopment projects in regions in need of revitalization or with an aging population. The expertise in developing, operating, and managing diverse asset types that the Group has cultivated over the past 60 years plays a major role in these projects.

### Realizing Attractive Urban Development by Responding to Social Issues Facing Communities

In the redevelopment and rebuilding business, there are a total of approximately 100 projects underway in the Tokyo metropolitan area, with approximately 10 of these projects completed each year. We believe this trend will continue for the time being. There is also an increasing trend for redevelopments in regional core cities and we are seeing an increase in business opportunities. For both residential and office developments, in order to develop attractive areas, it is important to combine building development as a hardware and facility management as a software. It is the very type of urban development to which the Group aspires.

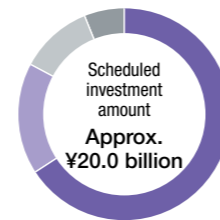
CSR- and ESG-related initiatives are indispensable for corporations to achieve sustainable growth and the redevelopment and rebuilding businesses are the core businesses for these initiatives. Communities still face a host of challenges, such as addressing buildings with concerns regarding earthquake resistance and dealing with high-disaster-risk areas that are densely populated with aged, wood-frame housing. The Group will apply its collective strengths to resolve social issues and achieve sustainable growth while working in close cooperation with national and local governments and other bodies.

## Overseas Business

- Expand business through both the Residential Development and Commercial Real Estate Business Units centered on the countries of Southeast Asia, in which demand is shifting from quantity to quality. Aim to increase the ratio of overall business profit accounted for by the overseas business to 15–20% (by FY2028/3)
- Aim to expand business with a plan to invest ¥300.0 billion cumulatively over the nine years of the Mid- to Long-term Business Plan, while conducting thorough risk management

### Residential Development Business Unit Overseas Projects

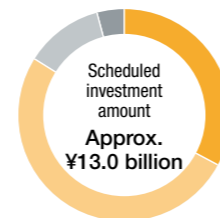
Project	Number of Units	Joint Partner	Our Share	Previous Plan (17/3–19/3)	Mid- to Long-term Business Plan		
					Phase 1 (20/3–22/3)	Phase 2 (23/3–25/3)	Phase 3 (26/3–28/3)
China	Shenyang	Approx. 4,100 units	Mitsubishi Corporation Local developer	11.25%	Completion	Completion	Completion
Vietnam	Ho Chi Minh	Approx. 2,400 units	Phu My Hung Development Daiwa House Sumitomo Forestry	12.25%	Completion	Completion	Completion
The Philippines	Manila	Approx. 1,400 units	Federal Land Isetan Mitsukoshi Holdings	20.00%	Start	Completion	Completion
Thailand	Bangkok Ratchayothin	A Building: 334 units B Building: 489 units	Origin Property	49.00%	Start	Completion	Completion
	Bangkok On Nut	601 units	Origin Property	49.00%	Start	Completion	Completion
	Bangkok Ramkhamhaeng	685 units	Origin Property	49.00%	Start	Completion	Completion
	Bangkok Thong Lo	1,236 units	Origin Property	49.00%	Start	Completion	Completion
	Bangkok Ratchathew	264 units	Origin Property	49.00%	Start	Completion	Completion
	Bangkok Rama IV	501 units	Origin Property	49.00%	Start	Completion	Completion



■ Thailand  
■ Vietnam  
■ The Philippines  
■ China

### Commercial Real Estate Business Unit Overseas Projects

Project	Total Business Size	Joint Partner	Our Share	Preceding Target Period (17/1–19/3)	Mid- to Long-term Business Plan		
					Phase 1 (20/3–22/3)	Phase 2 (23/3–25/3)	Phase 3 (26/3–28/3)
The Philippines	Manila	Retail: Approx. 28,000 m <sup>2</sup>	Federal Land Isetan Mitsukoshi Holdings	20.00%	Start	Opening (plan)	Opening (plan)
Thailand	Bangkok Thong Lo	Service apartments: 303 rooms	Origin Property	49.00%	Start	Opening (plan)	Opening (plan)
	Bangkok Sukhumvit 24	Service apartments: 411 rooms	Origin Property	49.00%	Start	Opening (plan)	Opening (plan)
Vietnam	Ho Chi Minh SUN WAH Tower (existing property)	Office: Approx. 32,000 m <sup>2</sup>	SUN WAH GROUP	24.00%	Investment	Investment	Investment
	Ho Chi Minh ZEN PLAZA (existing property)	Office: Approx. 17,000 m <sup>2</sup>	—	100% wholly owned subsidiary	Investment	Investment	Investment
China	Beijing Beijing Fortune Building (existing property)	Office: Approx. 55,000 m <sup>2</sup>	Beijing Capital Development	— (Participation in management)	Participation in management	Participation in management	Participation in management



■ Thailand  
■ Vietnam  
■ The Philippines  
■ China

### The Group's International Business Offices



Masaomi Katayama

Executive Officer,  
in charge of International  
Business Department

### Overseas Business Development Leveraging the Group's Strengths

The Residential Development and Commercial Real Estate Business Units are developing their businesses in prospering Asian countries such as Thailand, Vietnam, the Philippines, and China. Moreover, we are accelerating a variety of overseas business developments, such as the capital alliance with Lothbury Investment Management Group Limited of the United Kingdom, a real estate asset manager, in the Investment Management Business Unit and the capital alliance with Tokio Property Services Pte. Ltd. of Singapore, a real estate brokerage company, in the Property Brokerage & CRE Business Unit.

Under the Mid- to Long-term Business Plan announced in April 2019, we set a target to increase the ratio of overall business profit accounted for by the overseas business to 15–20% and plan to invest ¥300.0 billion cumulatively over nine years (please see p.38–39 for details).

In order to achieve our target, it will be important to understand potential local needs and create new value through the provision of products and services. We will address needs by leveraging the expertise cultivated by the Group in Japan in development, management, and real estate related services and the market-in approach. With the establishment of partnerships with leading local companies, we will continue to build our business structure rooted in each market.

In Southeast Asia, we are seeing growing needs for higher quality and greater comfort for living environments. The circumstance is changing to one in which the Group is able to make full use of its expertise, and our projects are performing favorably in all of the markets where we have already entered. We are also conducting investments and management of outstanding office buildings with many Japanese and multi national tenants.

In large-scale and mature markets with high transparency, such as the United States and Europe, we will aim to expand the Investment Management Business Unit through an M&A strategy, such as the capital alliance with Lothbury Investment Management. Furthermore, as Lothbury Investment Management also possesses development capabilities, we will examine the possibility of participation in development projects in the United Kingdom through collaboration with the Commercial Real Estate Business Unit.

### Establishing a Comprehensive Risk Management System

When developing businesses overseas, comprehensive risk management is even more indispensable than it is in Japan. The principal risks that we should focus on include risks stemming from a country's particular political situation and social conditions, risks resulting from the slowdown of economic growth, and interest rate and currency trends. In conducting risk management, we set investment limits for each country considering the Group's acceptable level of financial risk after investigating and analyzing the political, economic, and social environments of countries. As for currency risks, we take risk-hedging measures as necessary. In regions where we will continue to pursue business, we will look into procuring funds in their local currencies.

As for individual business risks, we constantly consider the balance between risk and return by investing in businesses surpassing profit margins that are based on our investment criteria in Japan, adding a risk premium determined for each country based on certain conditions.

The International Business Department, which formulates and promotes overseas strategies across local offices and business units, responds to risks by monitoring the conditions of partner companies, the economic situation, the real estate market, changes to relevant laws, and the progress of projects to take appropriate measures.

### Toward Securing Global Human Resources

Cultivating human resources is also crucial to expanding our overseas business. Utilizing foreign language programs and other resources developed in cooperation with universities, we are training approximately 10 employees each year as well as directly hiring employees in each region. We plan to increase our global human resources who are capable of managing our overseas business to approximately 200 people. These employees play an active role at the forefront of our overseas business. We will cultivate human resources who can contribute to business expansion both in Japan and overseas by creating a cycle in which knowledge is shared between Japan and overseas through the rotation of personnel.

## Human Resource Management

### Personal Growth Links to Corporate Growth

The Nomura Real Estate Group recognizes that employees are important business resources for a company and fostering human resources is essential for a company to achieve sustainable growth. The Group aims to provide wellness management so that all of its management and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that innovations through diversity are indispensable for the continuous creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that employees with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their individualities and capabilities.

#### Promoting Wellness Management

##### Overview of Wellness Management



The Group aims to provide wellness management so that all of its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. Senior management will convey this policy on a continual basis to steadily reinforce its understanding among employees.

#### Healthy Business Declaration of Nomura Real Estate Development Co., Ltd.

In October 2017, Nomura Real Estate Development formulated the “Healthy Business Declaration of Nomura Real Estate Development Co., Ltd.” to promote employee health management, regarding it as one of the key management issues. Also, the President was appointed as the person responsible for promoting healthy business.

#### “Healthy Business Declaration of Nomura Real Estate Development Co., Ltd.”

At Nomura Real Estate Development, we believe that human resources are our greatest asset, and that the physical and mental health of our employees is the wellspring for new value creation for future business. Guided by our corporate philosophy, which gives personnel a central role, we will promote health management to actively support health maintenance and enhancement for employees.

#### Management Structure

At the Nomura Real Estate Group, the executive officer in charge of its Human Resources Department is responsible for promoting initiatives to realize wellness management.

In April 2017, we established the Workstyle Reform Promotion Committee (Chairman: Executive Vice President and Representative Director, Group COO of Nomura Real Estate Holdings), which comprises directors of Nomura Real Estate Holdings, Inc. and Group companies. The Committee examines issues and measures and sets targets aimed at promoting wellness management and diversity while monitoring the results of its activities and reporting to the Board of Directors twice a year.

Furthermore, the CSR Committee (Chairman: Executive Vice President and Representative Director, Group COO of Nomura Real Estate Holdings), which comprises directors of Nomura Real Estate Holdings and Group companies, deliberates on and establishes related policies and reports to the Board of Directors.

#### Targets

- Prevent overwork
- Encourage employees to take paid vacation
- Implement comprehensive health management covering the physical and mental health of employees
- Prevent industrial accidents

#### Examples of Major Initiatives

##### Management Initiative for Improving Health and Safety

The President and Representative Director and the Executive Vice President and Representative Director of Nomura Real Estate Holdings have held 69 meetings with employees to directly discuss about improving productivity, reducing working hours, and enhancing the work-life balance of employees.

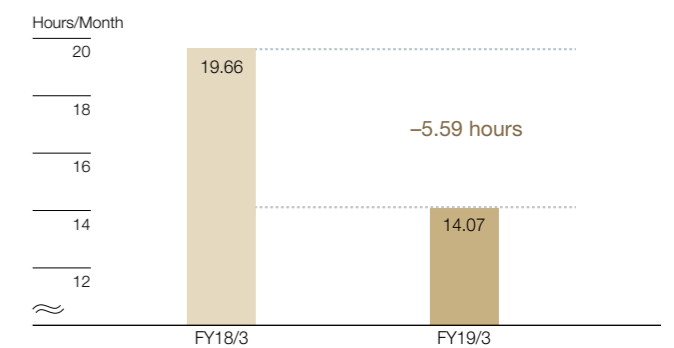


Management meeting with employees

##### Management of Overtime Work under Labor Laws

At the Group, the Board of Directors reports and confirms monthly the status of compliance with the 36 agreements of Group companies. In addition, each month we report on working hours and the status of holidays taken by each business unit and share information on any identified issues.

#### Average Amount of Overtime Work\*



#### Preventing Overwork

As a part of its initiatives for work-style reform launched in FY2018/3, the Group carries out a variety of measures aimed at preventing overwork among its employees.

##### Main Measures

- Working hours made visible
- No overtime days created
- Quitting time declaration program
- PCs turned off at 8 p.m.
- Various measures to encourage employees to take vacation time such as allowing employees to take the day off on their birthdays

In addition, employees who work more than a certain number of hours in a single month are required to check their physical condition using a Cumulative Fatigue Self-Diagnosis Checklist and provide the results to their supervisor. We also implement other measures to ensure health, such as scheduling meetings between such employees and an industrial physician.

#### Improving Health Management

The Group has made it mandatory for all employees to have physical checkups and health examinations. We have also set up “mental and physical consultation services” as a contact point for outside experts, and a “Health Consultation Office,” staffed by doctors and nurses, within the Group, to promote the physical and mental health of our employees. In FY2019/3, 100% of employees at Nomura Real Estate underwent comprehensive medical examinations.

#### Health and Safety Risk Management

Nomura Real Estate conducts “wellness meetings” once every six months, where general managers and senior managers share information on employees requiring health care with the executive officer in charge and the executive officer in charge of the Human Resources Department. As for the health and safety of general managers and senior managers, the executive officer in charge grasps the situation and shares the information with the Human Resources Department.

## Promotion of Work-style Reform and Diversity

In view of the importance of innovations brought about by diversity, the Nomura Real Estate Group has formulated the Nomura Real Estate Group Code of Action, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. The Group also conducts diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities.

In addition, the Nomura Real Estate Holdings Basic Corporate Governance Policy provides that the Board of Directors shall be made up of diverse directors with varied knowledge, experience, and skills.

→ For details on corporate governance, please see p.74–89 for details.

### Targets

- Promote employment of women
- Promote diverse work styles
- Hire and utilize diverse human capital

### Examples of Our Key Initiatives

#### Promoting Work-style Reform and Diverse Work Styles

In April 2017, the Group established the Workstyle Reform Promotion Committee, chaired by the Group COO and comprising the heads of each business unit.

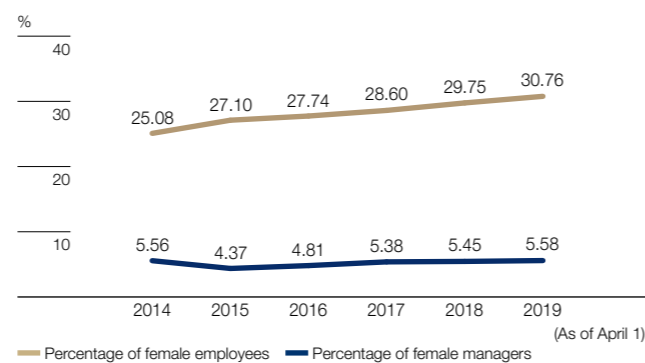
Main Measures	
Promoting diverse work styles	<ul style="list-style-type: none"> <li>• Establishing telecommuting programs (including working from home)</li> <li>• Creating satellite offices</li> <li>• Expanding flextime working programs</li> </ul>
Encouraging employees not to work on holidays and to take vacation time	<ul style="list-style-type: none"> <li>• Setting regular days off at sales offices</li> <li>• Encouraging employees to take leave such as by assigning days off on employee birthdays</li> </ul>
Raising awareness regarding shorter working hours	<ul style="list-style-type: none"> <li>• Working hours made visible</li> <li>• Creating work end time declaration program</li> <li>• No overtime days created</li> <li>• Introducing productivity assessments</li> <li>• PCs Turned off at 8 p.m.</li> </ul>
Support for childcare and nursing care	<ul style="list-style-type: none"> <li>• Creating staggered commuting time programs</li> <li>• Creating job position transition programs</li> <li>• Subsidizing a portion of babysitter expenses</li> <li>• Creating paternity leave programs</li> </ul>

## Initiatives for Promoting the Active Participation of Diverse Human Resources

The Group is promoting the active participation of human resources regardless of gender, age, and nationality in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value. As of April 1, 2019, women accounted for 30.76% of employees, 5.58% of managers, and 16.07% of junior managers.\* The Group also employed 127 persons with disabilities, equal to 1.96% of our total workforce.

\* Junior manager: Candidates for promotion to manager in the near future

### Percentage of Female Employees and Percentage of Female Managers



\* Certain Group companies have made changes to their manager qualifications since 2015.

### Hiring and Utilization of Diverse Human Capital

	2016	2017	2018	2019
Ratio of employees with disabilities (%)	1.85	1.97	1.90	1.96

\* Figures as of June 1 for each year

### Support for Childcare and Nursing Care

The Group has set up a personnel system that enables employees to continue working after major life events, such as childbirth, as well as with duties, such as childcare and nursing care. This system is also disclosed via the Company intranet and other forums to spread awareness. Moreover, we foster a work environment where all employees feel comfortable utilizing this system without prejudice.

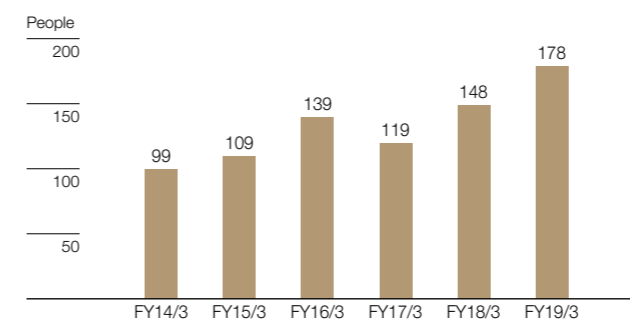
#### Principal Systems

- Childcare leave
- Family care leave
- Holiday childcare support program and subsidies for a portion of babysitter expenses
- Paternity leave program
- Reduced working hours for family care

### Number of Employees Taking Family Care Leave

FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
2	1	1	2	4	4

### Number of Employees Taking Childcare Leave



### Fostering a Corporate Culture That Encourages Challenges

The Group has introduced systems designed to foster a corporate culture where employees are willing to tackle the challenges of value creation through innovation and that encourages Groupwide collaboration, and raise individual and organizational motivation.

### Examples of Our Key Initiatives

#### Holding the Nomura Real Estate Group Awards

The Nomura Real Estate Group Awards has been held annually since 2016 to recognize outstanding businesses, products, and services in the year. The most recent awards were given to “Watching over the Community,” a program for visiting elementary schools, and “Area Management Nanzan,” a project for cultivating organizations led by residents while cooperating with local governments.

#### Evaluation Criteria

- Reform and innovation
- Increase in customer satisfaction
- Group wide collaboration
- CSR activities and social contribution
- Continuity and perseverance



“Watching over the Community” team, first prize winners at the Nomura Real Estate Group Awards 2019

### Business Idea Proposal Program

In November 2017, the Group launched the Business Idea Proposal Program, which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work. To date, the Group has received 45 entries (five in FY2019/3) with 18 currently under consideration while three have been commercialized or realized. We are working to foster more business ideas and in FY2020/3, we began revising our operational rules to make it easier to make voluntary proposals.

### Cultivating and Improving Human Capital

Aiming to realize the Nomura Real Estate Group’s Action Guideline “What We Value,” the Group is striving to improve human capital. We offer programs to enhance the qualifications and capabilities of each Group employee so that every employee can perform his or her work as a professional with a high degree of specialization.

### Nomura Real Estate’s Basic Human Resources

#### Development Policies

- Proactive medium- to long-term human resources development that focuses on careers
- Human resources development that responds to change over time, fosters innovation, and supports future management

### Training Results

Category	FY18/3	FY19/3
Training time per employee	12.53 hours	12.65 hours
Total training time	27,073 hours	25,077 hours
Training cost per employee	¥59,482	¥79,985

\* Figures for Nomura Real Estate Holdings, Inc. and Nomura Real Estate Development Co., Ltd.

### Skill Development Program

Nomura Real Estate has established “N-COLLEGE” as a program to support the self-improvement of employees. N-COLLEGE offers programs for real estate specialist qualifications, such as for becoming a real estate notary, real estate appraiser, or first-class architect, as well as on all aspects of business skills, such as finance and foreign languages.

### Example of Our Key Initiatives

#### Group Personnel Division Meetings

The Group holds monthly Group Personnel Division Meetings attended by officers responsible for human resources and managers of human resource divisions of Group companies. Participants exchange information and opinions regarding human resources development and best practices and implement Groupwide measures for human capital improvement.

## Corporate Governance

### Message from the Chairman of the Board of Directors

#### Toward Further Evolution of Corporate Governance

##### Initiatives to Date

In the previous Mid- to Long-term Business Plan, in addition to promoting existing businesses such as the residential development and office building development businesses, we accelerated the expansion of our business to new asset types such as senior housing and hotels as well as extending our business area into regional core cities. In these ways, we took up the challenge of expanding our business domain to serve as the foundation for our future growth. I believe that we have also made great strides in corporate governance. In particular, we have concentrated efforts on introducing a new compensation system for directors. This new system consists equally of fixed and variable compensation, while the variable part is divided between short-term and long-term incentives. The achievement-linked portion of long-term incentives has been tied to the achievement goals at the end of the third year, thereby having a system in place that is tailored to the characteristics of the real estate industry, where it takes time before profits are realized. We have set business profit and ROE as performance indicators, thereby declaring the Company's stance of focusing on both profit amount and capital efficiency. The introduction of this system has clarified incentives for the enhancement of corporate value over the long term, as well as firmly linking the establishment of goals of executive officers to corporate value and compensation. I believe that this system has more closely aligned our viewpoints with those of our shareholders. Executive officers are now required to engage in deeper communication with their respective senior management, which is fostering better mutual understanding. We also partially changed the compensation system for employees in February 2019. We abolished the stock-option system that we had in place for certain employees, such as those in positions close to management, and we decided to introduce the "ESOP Trust for Granting Stock," a new employee incentive plan that confers shares. In addition, we will

expand the scope of eligible employees. This measure is an expression of our desire to have employees better understand the viewpoints of shareholders while enhancing corporate value. I believe that we have created the foundation for a corporate culture in which directors and employees work together to enhance corporate value over the long term.

##### The New Mid- to Long-term Business Plan

In formulating the new Mid- to Long-term Business Plan, we held careful discussions over the course of a year. These discussions commenced with those on the Group's vision for the future and the operating environment and cost of equity on which the business plan for realizing that vision should be based. We also paid attention to the balance between investment and shareholder returns when considering specific policies for the business plan. As a company entrusted with our shareholders' investments, striking an appropriate balance between asset efficiency and shareholder returns is important, particularly in the real estate industry, which utilizes large amount of assets. I believe the content of the plan we announced after repeated discussions with the executive officers is one that can be welcomed by our shareholders. After formulating the plan, we need to implement it and deliver results. The Board of Directors certainly must pay closer attention to risks such as those related to the increase of asset types and the expansion of overseas business. As the asset replacement plan incorporated in the new Mid- to Long-term Business Plan requires us to make decisions more precisely than ever before, we will continue our efforts to conduct management with an awareness of asset efficiency. While I recognize that both our executive officers and employees have a high awareness of risks, striking a balance between accelerating and braking is crucial for the healthy growth of the Company as a whole. As the Chairman of the Board of Directors, I intend to carry out discussions that contribute to the healthy development of the Company over the medium to long term. While continuing to monitor risks, we will take a more proactive approach when necessary.

##### Evaluation of the Effectiveness of the Board of Directors

As for the evaluation of the effectiveness of the Board of Directors, this is the fourth time since its commencement in FY2016/3. We have been implementing interviews with all directors through a third-party assessment organization since the last evaluation. Based on assessments that take into account the content of those interviews, we conduct discussions at the Board of Directors and promote improvement plans, which are decided by the Board. Specifically, we clarified the division of roles between the Board of Directors at operating companies and at Nomura Real Estate Holdings, in order to reinforce the monitoring functions of the Board of Directors at our holding company. As a result, the Board of Directors at our holding company is now able to monitor business execution and conduct strategic discussions from a broader perspective. We spent a considerable amount of time on the Board of Directors' discussions and informal discussions. Through discussions held by the Board of Directors, we also established the

	Internal/external	Independent director	Gender	Years as director	Audit & Supervisory Committee Member*1	Advisory Committee Relating to Nominations and Compensation Member*1	Fields of expectation for directors						
							Corporate management	Finance*2	Finance and audit	Legal and audit	Overseas business	Architectural design	IT
Atsushi Yoshikawa	Internal (non-executive)		Male	2 years		⊙	●	●			●		
Eiji Kutsukake	Internal		Male	5 years			●	●					
Seichi Miyajima	Internal		Male	5 years			●				●		
Toshiaki Seki	Internal		Male	5 years			●						
Makoto Haga	Internal		Male	2 years			●	●	●			●	
Satoko Shinohara	External	●	Female	5 years							●		
Tetsuro Higashi	External	●	Male	New		●	●	●			●		●
Takao Orihara	Internal (non-executive)		Male	4 years	⊙		●	●	●				
Yasushi Takayama	Internal (non-executive)		Male	New	●			●	●	●	●		
Akira Ono	External	●	Male	4 years	●	●			●				
Yoshio Mogi	External	●	Male	New	●	●	●	●	●		●		
Akiko Miyakawa	External	●	Female	New	●				●		●		

\*1 ⊙ indicates Committee Chairman  
\*2 Knowledge of capital markets and business experience in capital procurement, etc.

Overseas Planning Department and local subsidiaries in order to further ramp up the progress of our overseas business. At present, we are establishing a framework in which the front lines submit reports to the Board of Directors when appropriate, based on a matrix chart that gathers together the key monitoring points for overseas businesses, and respond to recommendations from the Board of Directors in a timely manner.

##### Composition of the Board of Directors

The Board of Directors reconfigured its size and diversity based on the evaluation of the effectiveness of the Board of Directors. Specifically, we reduced the number of internal directors by one, decreasing the total number of directors from 13 to 12. Previously, the director in charge of corporate planning served concurrently as a director. However, we have reconsidered this position from the perspective of separating the execution and supervision of management. Three external directors resigned and three new external directors were appointed at the General Meeting of Shareholders in June 2019. The number of independent external directors remains unchanged at five members including two female directors. These external directors, including reappointed directors, consists of those with management experience at IT and global companies, an architect, an attorney at law, and a certified public accountant. I believe that the composition is well-balanced and we can expect lively discussions as each director makes full use of his or her experience and knowledge. Under the new Mid- to Long-term Business Plan, it is envisaged that we will conduct M&A activities and other measures to expand overseas business and make strategic investments in pursuit of a new growth stage. I believe that the number of situations requiring us to make difficult decisions will increase. The abundant business experience and specialized know-how possessed by external directors will surely play a major role in the promotion of healthy growth strategies for the Company. Moreover, the Advisory

Committee Relating to Nominations and Compensation got underway with the participation of three external directors in addition to myself as Chairman, for a membership of four in total. As an advisory committee to the Board of Directors, the Advisory Committee Relating to Nominations and Compensation will thoroughly deliberate on matters including the nomination process, succession plan, and training of future candidates for key management positions such as the CEO, in addition to deliberating on compensation.

##### In Conclusion

In our surrounding business environment, demand for highly transparent management is increasing by the year, as shown by the announcements of the "Revised Japan's Corporate Governance Code" by the Tokyo Stock Exchange in June 2018 and "Principles Regarding the Disclosure of Narrative Information" by the Financial Services Agency in March 2019. To meet the expectations of our shareholders and stakeholders, I will strive to enhance the Company's corporate value over the medium to long term by conducting highly transparent discussions on the Board of Directors with the new members.

September 2019

### Atsushi Yoshikawa

Chairman of the Board of Directors  
Nomura Real Estate Holdings Co., Ltd.



## Messages from External Directors



**Satoko Shinohara**  
Professor at Japan Women's University  
Representative Director, Spatial Design Studio

Ms. Shinohara has worked for many years as an architect and possesses a wealth of knowledge and wide-ranging experience on approaches to the common areas of collective housing units as a researcher. She has been an external director since 2014.

As a Japanese corporation rooted in mature society, it is important to explore ways in which we can contribute to society by leveraging the experience and perspectives we have cultivated to date. In addition, it is important for the Group, which has grown centered on the housing domain to this point, to fully leverage the knowledge it has garnered in order to conduct sustainable and responsible business overseas going forward.

Through serving as an external director of the Group since 2014, I recognize that the monitoring of its business execution is of the utmost importance. To date, I have made proposals on the need for periodic monitoring of large-scale projects and new projects once they have been approved by the Board of Directors. Moreover, as an architect and specialist in the study of housing, I have thought seriously, not only about design and architecture, but also about the nature of our contribution to sustainable urban development, and how we can fulfill our responsibilities to communities and make proposals.

In society going forward a comprehensive design value that realizes such factors as safety/security and the environment will become increasingly important. I hope to continue to offer support as the Group strives to provide new value to society.

Compared with other companies in the real estate industry, I find the Group's business model and management vision intriguing. The real estate industry is one that is closely tied to people's lifestyles and the ways of society, through living spaces, working spaces, and spaces for enjoyment. Being aware of the changes in society, we continue to provide enrichment and enjoyment, such as comfort, convenience, and happiness, to the lifestyles of individuals and lifestyles in society, while emphasizing the importance of always being imaginative and creative to provide the added value demanded by the era. I believe that it is important for the Group to be in a position to continue to take on the challenge of being imaginative and creative.

In order to develop the distinctive features of the Group, in terms of monitoring business execution, rather than just pursuing business scale expansion, I will also pay close attention to enhancing the profitability of the Group's businesses while keeping an eye on quality, new value, cooperation between businesses, and originality that earns true customer satisfaction. To realize strong medium-sized management and avoid long-term asset stagnation, the Group needs to achieve an ROE that exceeds that of the industry.

Based on my experience to date as a manager, in globalization, and in M&A activities with overseas corporations, among other experiences, I intend to actively offer opinions that are useful for management and opinions on matters that require attention.



**Tetsuro Higashi**  
Former Representative Director,  
President & CEO, Tokyo Electron Ltd.

Mr. Higashi has many years of experience as a corporate manager and possesses abundant knowledge and wide-ranging experience on corporate management. He serves as an external director at Seven & I Holdings Co., Ltd. and has been an external director since June 2019.



**Akira Ono**  
Attorney-at-Law, Partner at Spring Partners

Mr. Ono has worked for many years as an attorney-at-law and possesses a high level of specialization and a wealth of experience in corporate law. He has served as an external Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.), a subsidiary of the Company, since 2012, and an external director (Audit & Supervisory Committee Member) of the Company since 2015.

The new Mid- to Long-term Business Plan was formulated after repeatedly conducting a variety of discussions on all elements, on the premise of an awareness of the business environment, such as growth strategies of business units, business portfolio, financial and capital policies, and the value creation for which the Group, who will enact these strategies and policies, aspires. As an external director, I expressed my opinions principally from the point of view of how to explain all the factors to investors and gain their understanding, in addition to monitoring the process for formulating the plan. Moreover, the new Mid- to Long-term Business Plan includes the undertaking of ambitious challenges such as positioning the overseas business as one of the major growth drivers, while using the strengths cultivated by the Group to date as a foundation. The fact that our corporate governance and other systems, which underpin these strengths, have been appropriately established and continue to operate is an important base for achieving the plan, and an important factor in my monitoring.

In addition to the knowledge and experience I have cultivated through my professional duties as an attorney-at-law, I have deepened my knowledge of the Group's business and management over the total of seven years I have served with the Group, four of which as an external director of the Company, as well as an external Audit & Supervisory Board Member at a subsidiary of the Company. I will fuse and channel this knowledge and experience as I devote myself to strive to meet the expectations of our shareholders and investors.

Amid increases in the expectations of external directors from capital markets and the importance of the role of such directors, I asked myself how I could fulfill this important task when I was notified about becoming an external director of the Group. From the outside, the sales side of the real estate industry is highly visible, but when looking from the inside, I have been impressed by the Group's precise and careful way of working.

How should a finite resource such as real estate be leveraged and linked to profit? How should we expand business in new areas such as regional cities and overseas? What sort of added value can be generated from collaboration with financial institutions? In a variety of areas, I believe that there is still room for the Group to cultivate new businesses. I recognize that the extent to which we can open the way for such new businesses is a major issue, encompassing areas such as the cultivation of human resources. I intend to conduct thorough monitoring by focusing my attention on overseas business management and on how we should manage real estate risk and return. I hope to leverage even a bit of the experience I have cultivated thus far to assist execution.



**Yoshio Mogi**  
Former Representative Director,  
Executive Vice President & CFO, CCO,  
Sojitz Corporation

Mr. Mogi has many years of experience as a corporate manager and possesses abundant knowledge and wide-ranging experience on corporate management. He has served as an external director (Audit & Supervisory Committee Member) of the Company since June 2019.

Prior to my appointment as an external director, I often saw the Group's name in newspapers and on construction sites and felt an affinity with it. It caught my attention as I have an interest in the real estate industry. I have always been impressed by the earnest and studious demeanor of the Group's employees, and I received the same impression of sincerity from the management I met after my appointment.

Amid the sense of maturity of the Japanese housing market, including after 2020, I believe that diversification with an awareness for balance, enrichment of services, and realization of differentiation from competitors will be vital. As the challenges we take on increase, we will encounter new risks and issues and unexpected events. I intend to focus on and monitor how we recognize and deal with such issues, and whether the framework for doing that has been properly established or not.

I intend to contribute to the strengthening of the Group's sound and assertive corporate governance system based on my experience in both similar and not so similar cases in the accounting industry, including overseas, and by leveraging my expertise in root cause analysis.



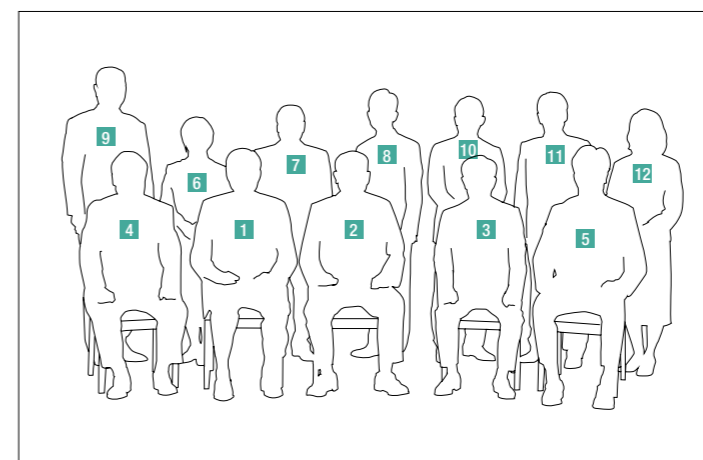
**Akiko Miyakawa**  
Representative of Akiko Miyakawa CPA Office

Ms. Miyakawa has many years of experience as a certified public accountant and possesses abundant knowledge and wide-ranging experience in accounting and auditing. She has served as an external director (Audit & Supervisory Committee Member) of the Company since June 2019.



## Corporate Officers

(As of September 30, 2019)



- |                     |                    |                    |
|---------------------|--------------------|--------------------|
| 1 Atsushi Yoshikawa | 5 Makoto Haga      | 9 Yasushi Takayama |
| 2 Eiji Kutsukake    | 6 Satoko Shinohara | 10 Akira Ono       |
| 3 Seiichi Miyajima  | 7 Tetsuro Higashi  | 11 Yoshio Mogi     |
| 4 Toshiaki Seki     | 8 Takao Orihara    | 12 Akiko Miyakawa  |

### Toshiaki Seki

Executive Vice President and Representative Director, Business Unit Manager of Commercial Real Estate Business Unit

- 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. Chairman and Representative Director of Nomura Real Estate Partners Co., Ltd. President and Representative Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2015 Director of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & 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. President and Representative Director of NF Power Service Co., Ltd.
- Apr. 2019 Executive Vice President and Representative Director of Nomura Real Estate Development Co., Ltd. (present) Director of NREG TOSHIBA BUILDING Co., Ltd. (present)

## Directors

### Atsushi Yoshikawa

Director and Chairman of the Board of Directors

- Apr. 1978 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Jun. 2000 Director of Nomura Securities Co., Ltd.
- Oct. 2001 Director of Nomura Securities Co., Ltd.
- Jun. 2003 Executive Officer of Nomura Securities Co., Ltd.
- Apr. 2004 Executive Managing Director of Nomura Holdings, Inc. Senior Corporate Managing Director of Nomura Asset Management Co., Ltd.
- Apr. 2006 Executive Vice President of Nomura Asset Management Co., Ltd.
- Apr. 2008 Director and President of Nomura Asset Management Co., Ltd.
- Oct. 2008 Executive Managing Director of Nomura Holdings, Inc. Director, President, and CEO of Nomura Asset Management Co., Ltd.
- Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc. CEO and President of Nomura Holding America Inc.
- Aug. 2012 Representative Executive Officer and Group COO of Nomura Holdings, Inc.
- Jun. 2013 Director, Representative Executive Officer, and Group COO of Nomura Holdings, Inc.
- Jun. 2016 Advisor of Nomura Holdings, Inc.
- Apr. 2017 Director of Nomura Real Estate Development Co., Ltd. (present) Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)
- May 2018 Outside Director of Ryohin Keikaku Co., Ltd. (present)

### Eiji Kutsukake

President and Representative Director, Group CEO

- Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
- Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2011 Senior Corporate Managing Director and Chief Operating Officer of Nomura Holdings, Inc. Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.
- Aug. 2012 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2013 Director and Deputy President of Nomura Securities Co., Ltd.
- Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.
- Jun. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2017 Chairman and Representative Director of Nomura Real Estate Development Co., Ltd. (present)

### Seiichi Miyajima

Executive Vice President and Representative Director, Group COO

- Apr. 1981 Joined Nomura Real Estate Development Co., Ltd.
- Jun. 2004 Director of Nomura Real Estate Development Co., Ltd.
- Apr. 2008 Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2009 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2012 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2014 Representative Director and Executive Vice President of Nomura Real Estate Development Co., Ltd.
- Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
- Apr. 2017 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)

### Makoto Haga

Director and Executive Officer, Group CFO, Supervisor of Management Division, Investor Relations, Corporate Communications Dept.

- Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
- Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Capital Management Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present) 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 PRIME X Co., Ltd. Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)

### Satoko Shinohara

External Director

- Apr. 1983 Joined Koyama Atelier (currently, Hisao Kohyama Atelier)
- May 1987 Director of Spatial Design Studio
- Oct. 1990 Director of Kengo Kuma and Associates
- Nov. 2000 Representative Director of Spatial Design Studio (present)
- Mar. 2009 Representative Director of Kengo Kuma and Associates (present)
- Feb. 2010 Representative Partner of Satoko Shinohara Living Design Institute LLC (currently, Living Design Institute LLC)
- Apr. 2010 Professor of Japan Women's University (present)
- Jun. 2014 External Director of Nomura Real Estate Holdings, Inc. (present)

### Tetsuro Higashi

External Director

- Apr. 1977 Joined Tokyo Electron Ltd.
- Dec. 1990 Director of Tokyo Electron Ltd.
- Apr. 1994 Managing Director of Tokyo Electron Ltd.
- Jun. 1996 Representative Director and President of Tokyo Electron Ltd.
- Jun. 2003 Representative Director, and Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2011 Director, and Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2012 Outside Director of Ube Industries, Ltd.
- Apr. 2013 Representative Director, Chairman and President & CEO of Tokyo Electron Ltd.
- Jun. 2015 Representative Director, and President & CEO of Tokyo Electron Ltd.
- Jan. 2016 Corporate Director and Corporate Advisor of Tokyo Electron Ltd.
- May 2018 Outside Director of Seven & I Holdings Co., Ltd. (present)
- Jun. 2019 Outside Director of Ube Industries, Ltd. (present) External Director of Nomura Real Estate Holdings, Inc. (present)

## Directors

### Takao Orihara

**Director**  
**(Audit & Supervisory Committee Member)**

Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.  
Jun. 2005 Director of Nomura Real Estate Holdings, Inc.  
Director of Nomura Real Estate Development Co., Ltd.  
Apr. 2008 Director and Senior Executive Officer of Nomura Real Estate Development Co., Ltd.  
Apr. 2009 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.  
Apr. 2010 Director of NREG TOSHIBA BUILDING Co., Ltd.  
May 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.  
Apr. 2014 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)  
Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd. (present)  
Advisor of Nomura Real Estate Holdings, Inc.  
Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.  
External Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd.  
External Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd.  
External Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.)  
Jun. 2015 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)  
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd.  
Oct. 2015 Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.) (present)  
Apr. 2018 Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd.  
Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd.

### Yasushi Takayama

**Director**  
**(Audit & Supervisory Committee Member)**

Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)  
Jun. 2011 Director, Nomura Financial Products & Services, Inc.  
Oct. 2012 Managing Director and General Counsel of Nomura Securities International, Inc. (New York)  
Sep. 2013 Managing Director and General Counsel of Nomura Holding America Inc.  
Apr. 2015 Senior Managing Director and Chief Legal Officer of Nomura Holdings, Inc.  
Senior Managing Director and Chief Legal Officer of Nomura Securities Co., Ltd.  
Jun. 2016 Outside Director of Japan Securities Depository Center, Incorporated  
Apr. 2019 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)  
Advisor of Nomura Real Estate Holdings, Inc. (present)  
May 2019 Audit & Supervisory Board Member of UHM Co., Ltd (present)  
Jun. 2019 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)  
Audit & Supervisory Board Member of Investment Management Division of Nomura Real Estate Capital Management Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)  
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (present)  
Audit & Supervisory Board Member of PRIME X Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd. (present)

### Akira Ono

**External Director**  
**(Audit & Supervisory Committee Member)**

Apr. 1998 Registered with Tokyo Bar Association  
Joined Tokyo Aoyama Law Office (currently, Baker & McKenzie [Gaikokuho Joint Enterprise])  
Mar. 1999 Joined Okinobu, Ishihara & Sei Law Office (currently, Spring Partners)  
Jan. 2006 Partner of Spring Partners (present)  
Jun. 2012 External Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently, Nomura Real Estate Life & Sports Co., Ltd.)  
Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

### Yoshio Mogi

**External Director**  
**(Audit & Supervisory Committee Member)**

Apr. 1975 Joined Nichimen Co., Ltd. (currently, Sojitz Corporation)  
Apr. 2006 Executive Officer of Sojitz Corporation  
Apr. 2008 Managing Executive Officer of Sojitz Corporation  
Apr. 2012 Senior Managing Executive Officer, CFO of Sojitz Corporation  
Jun. 2012 Representative Director, Senior Managing Executive Officer, CFO of Sojitz Corporation  
Apr. 2014 Representative Director and Executive Vice President, CFO of Sojitz Corporation  
Jul. 2014 Outside Director of Sojitz Infinity Inc.  
Apr. 2017 Representative Director and Executive Vice President, COO of Sojitz Corporation  
Director of Sojitz REIT Advisors K.K.  
Apr. 2018 Advisor of Sojitz Corporation  
Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

### Akiko Miyakawa

**External Director**  
**(Audit & Supervisory Committee Member)**

Apr. 1978 Joined Tokyo Branch of Chase Manhattan Bank (currently, JPMorgan Chase Bank, N.A.)  
Nov. 1987 Joined Marunouchi & Co. (currently, Deloitte Touche Tohmatsu LLC)  
Jan. 2000 Joined the Los Angeles Office of Deloitte US  
Jun. 2005 Partner of Deloitte Touche Tohmatsu LLC  
Jul. 2008 Joined the Taipei Office of Deloitte Taiwan  
Oct. 2015 Joined Deloitte Touche Tohmatsu LLC Tokyo Office  
Aug. 2018 Representative of Akiko Miyakawa CPA Office (present)  
Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

## Executive Officers

### Takashi Kaku

In charge of Quality Management and Architectural Design

### Norio Ambe

In charge of Investment Management Business Unit

### Juntaro Kimura

In charge of Property Brokerage & CRE Business Unit

### Shigeyuki Yamamoto

In charge of Development Planning

### Akihiro Fukuda

In charge of Property & Facility Management Business Unit

### Daisaku Matsuo

In charge of Residential Development Business Unit

### Masaomi Katayama

In charge of International Business Dept.

### Masato Yamauchi

In charge of Corporate Planning Dept., ICT & Innovation Planning Dept.

### Yukio Ichihara

In charge of Group Internal Audit Dept., Group Legal & Compliance Dept., Group Corporate Administration Dept., Secretariat, Internal Audit and Compliance

### Yoichiro Ishikawa

In charge of Group Human Resources Dept.

### Toshihide Tsukasaki

In charge of Finance & Accounting Dept., Finance Dept.

## Corporate Governance

### Basic Viewpoint on Corporate Governance

Nomura Real Estate Holdings believes that a company must be governed in a way that continuously maximizes corporate value over the long term while giving consideration to the interests of shareholders and all other stakeholders. It is based on this belief and in accordance with our Basic Corporate Governance Policy that we act as a holding company in managing and supervising the business activities of our subsidiaries and strive to build a highly transparent management organization, which in turn will enhance the earnings power of the entire Group.

Basic Corporate Governance Policy [www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf](http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf)

### Basic Corporate Governance Policy

#### Shareholder Rights and Securing Impartiality

Nomura Real Estate Holdings effectively maintains the same level of equality for every shareholder based on their shareholdings. We also strive to disclose information in a timely and appropriate manner so as to prevent information disparities among shareholders. Nomura Real Estate Holdings has a policy concerning strategic shareholdings that acknowledges contributions to improving the Company's corporate value from a comprehensive perspective of strengthening transaction relations with counterparties and strategic business tie-ups, etc.

We continuously examine the rationality of the holdings from the perspective of contributing to improving the Company's corporate value. The Company makes appropriate decisions when exercising voting rights related to strategic shareholdings based on whether

holdings contribute to improving the Company's corporate value through the enhancement of investee companies' corporate value.

#### Appropriate Cooperation with Stakeholders

##### Relationship Building with Stakeholders

In recognizing that it is a member of society, the Nomura Real Estate Group has established the Nomura Real Estate Group Code of Action as a set of relevant guidelines that will enable directors, executive officers, and employees to follow a set of highly esteemed ethics and social norms. We will continue collaborating as appropriate while closely considering the interests of shareholders, employees, customers, business partners, creditors, local communities, and other stakeholders.

### The Nomura Real Estate Group's Efforts to Reinforce Corporate Governance

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Organization</b>	■ Introduced executive officer system to separate the business execution function from the management and supervisory functions of the holding company		■ Transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee		■ Established the Management Committee at the holding company to help strengthen Group management systems		■ Established the Advisory Committee Relating to Nominations and Compensation	
<b>Directors (No.)</b>	6*	5	5*	8		13		12
<b>External Directors (No.)</b>	0		1	2		5		
<b>Independent Directors (No.)</b>	0		1	1	4		5	
<b>Female Directors (No.)</b>		0			1			2
<b>Evaluation of Effectiveness</b>					■ Began evaluating the effectiveness of the Board of Directors		■ Began evolution the effectiveness of the Board of Directors utilizing a third-party evaluation organization	
<b>Compensation</b>			■ Raised the maximum number of share acquisition rights used for stock options in order to increase the ratio of performance-based incentive in order to share interests with shareholders				■ Implemented performance-based stock incentive plan	
<b>Others</b>			■ Increased the delegation of authority from the Board of Directors to the Management Committee to speed up business execution		■ Disclosed reason for appointment of directors		■ Established the Basic Corporate Governance Policy	

\* Reduction due to resignation or retirement during the fiscal year is not noted.

## Compliance with Japan's Corporate Governance Code

Our reasons for not implementing two of the 78 principles of Japan's Corporate Governance Code as of August 2019 are provided below.

Principle	Reason for not implementing
[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO, etc. (Planning)	The Company believes that the appropriate appointment process of its CEO, i.e. one that is carried out in line with the Company's corporate philosophy and management strategies and which also considers external candidates, is important for realizing sustainable growth. As for the plan for the CEO's successor, based on the respective appointment criteria for officers and for the CEO, the Company established its training policy and the process up to the CEO's election. Going forward, in addition to the Advisory Committee Relating to Nominations and Compensation providing regular monitoring and reporting to the Board of Directors, the Company will strive for the further enhancement of the structure and content of training, to ensure that the training of successor candidates, in relation to the aforementioned established successor plan, goes as planned.
[Principle 4-14, Supplementary Principle 4-14-1, Supplementary Principle 4-14-2] Training Policy for Directors	The Company provides training that takes into consideration the Company's corporate philosophy and management strategies. The Company also regularly provides opportunities for all directors to receive training from guest lecturers from outside the Company, to improve their knowledge of topics such as finance and corporate governance. Also, when external directors assume office, they are provided with an explanation regarding topics such as the Group's history, business framework, and business model, to deepen their understanding of said topics. Then after the external directors' tenures begin, in addition to ensuring regular opportunities for training, the Company also provides opportunities for them to tour the Company's properties inside and outside Japan. Going forward, the Company will continue to investigate the aforementioned topics, mainly through the Advisory Committee Relating to Nominations and Compensation, in order to further enhance the structure and content of training primarily for directors.

## Status of Shareholdings

a. Number of companies with investment shares held for purposes other than pure investment and total amount recorded on balance sheet

Stock	Number of companies	Total amount on balance sheet (millions of yen)
Non-listed shares	12	779
Shares other than non-listed shares	1	292

b. Stocks, number of shares, amount recorded on balance sheet, and purpose for investment shares held for purposes other than pure investment

Stock	Number of shares	Amount on balance sheet (millions of yen)	Purpose	Holding of shares of Nomura Real Estate Holdings
Onward Holdings Co., Ltd.	500,000	292	To enhance corporate value by strengthening business ties	Not holding

c. Total amount recorded on balance sheet, dividends received, gains/losses on sale, and gains/losses on valuation of investment shares held for purpose of pure investment in FY2019/3

Category	Number of companies	Total amount on balance sheet (millions of yen)	Total amount of dividends received (millions of yen)	Total amount of gains/losses on sale (millions of yen)	Total amount of gains/losses on valuation (millions of yen)
Non-listed shares	1	0	0	—	—
Other shares	15	1,045	30	—	420

## Appropriate Information Disclosure and Transparency System for Disclosing Information

Nomura Real Estate Holdings strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments & Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the following page) indicates, the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department) collects information about the Company through the department responsible for information collection (Corporate Planning Department) from each business unit and Group company. If information must be reviewed to determine whether timely disclosure is required, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible for related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the department responsible for timely disclosure (Corporate Communications Department) at the instruction of the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department).

The Group Internal Audit Department carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors' and

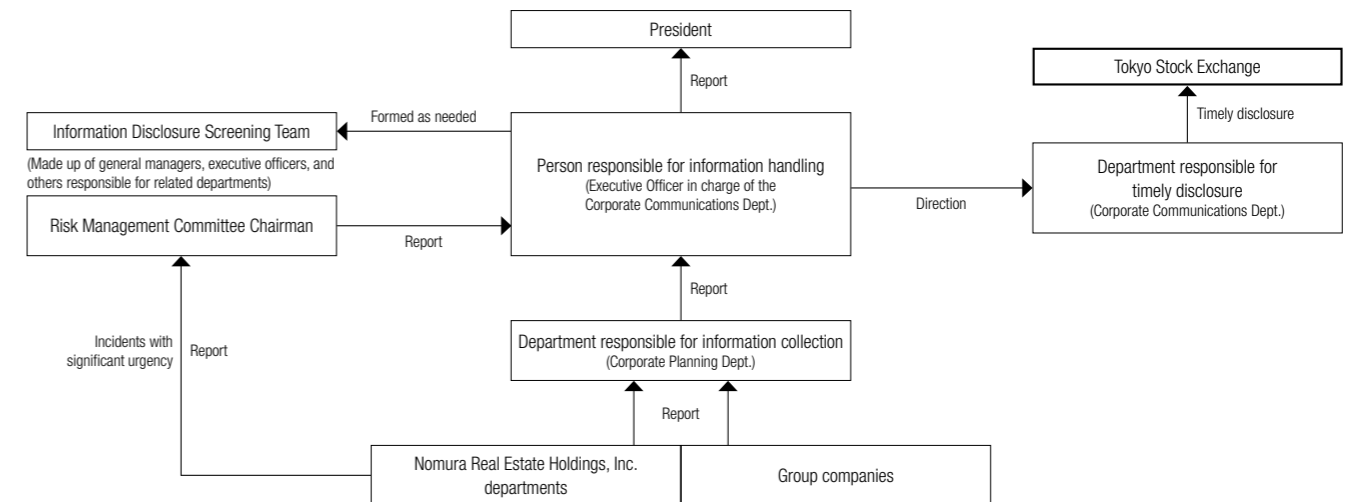
other important Company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

## Risk Management System

Nomura Real Estate Holdings has established Risk Management Regulations as a set of basic principles on risk management, recognizing that ensuring management soundness and appropriate comprehension of and responses to various business risks facing the Group represents an important foundation of corporate governance.

Within these regulations, we have established a flow of communication with the executive management team to promptly convey information in case of an unforeseen incident. The Risk Management Committee, comprising directors and executive officers of Nomura Real Estate Holdings and Group companies, has also been established. In addition, we have established the Group Risk Meeting, comprising mainly directors and executive officers of Group companies appointed by the chair of the Risk Management Committee. The Risk Management Committee and the Group Risk Meeting shall in principle meet every other month or when necessary, to deliberate on matters pertaining to risk management, compliance, and information security as they relate to the entire Group. The Risk Management Committee and the Group Risk Meeting also discuss countermeasures in the event of a risk occurring and regularly report to the Board of Directors.

## Timely Disclosure System



## Internal Audits and Audit & Supervisory Committee System

The Nomura Real Estate Group has established an internal audit department at each Group company, with the exception of some small companies. Each department is supervised under the direct jurisdiction of the president of each Group company or an officer who does not hold an additional office in a business operations division, which allows the department to maintain organizational independence. In addition, we have established the Group Internal Audit Department in the holding company that, in collaboration with the auditing firm, supervises the internal audit functions of the entire Group and monitors and evaluates as well as audits each division within the Company. Also, the results of audits are reported at meetings of the Board of Directors and the Audit & Supervisory Committee.

The Audit & Supervisory Committee receives regular reports from internal audit departments on the implementation and results of internal audits. When necessary, it can recommend or instruct additional audits or necessary investigations to be carried out. The Audit & Supervisory Committee also audits and supervises the execution of duties by directors and business operations by executive officers while cooperating with the auditing firm as needed.

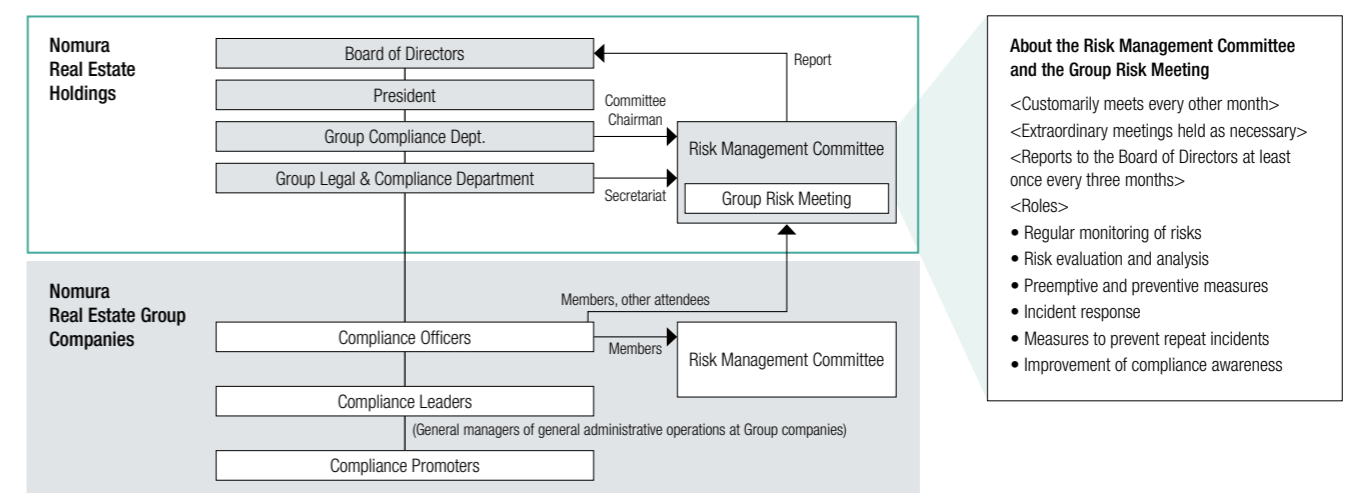
Audit & Supervisory Committee Members attend Board of Directors' and other important Company meetings and can request reports from business execution departments as necessary to collect information on Nomura Real Estate Holdings' execution of business operations. Nomura Real Estate Holdings has established an Audit & Supervisory Committee Department in order to aid the duties of Audit & Supervisory Committee Members. This office has its own dedicated staff who work to implement measures for increasing the effectiveness of audit operations.

Nomura Real Estate Holdings has concluded an auditing contract with Ernst & Young ShinNihon LLC (the auditing firm). In addition to regular accounting audits by the auditing firm, the Company discusses and verifies accounting issues with the auditing firm as needed and strives to follow appropriate accounting procedures.

## Compliance Systems

The Nomura Real Estate Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of its most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk Management Committee and

## Compliance Promotion Framework and Risk Management Framework



Group Legal & Compliance Dept. in the Company to promote continuous education and enlightening activities for the executives and employees of the entire Group, and to provide advice, guidance, and support to Group companies.

Furthermore, based on our priority of collecting information regarding risks, the Company has set up the Nomura Real Estate Group Helpline as a point of contact for internal reporting by Group employees. Employees who use the helpline are ensured their information is kept confidential and they cannot be treated unfairly for reporting an incident using the helpline.

#### Flow of Communication



#### Obligations of the Board of Directors

Nomura Real Estate Holdings has selected the management format of a company with an Audit & Supervisory Committee in order to strengthen audit and oversight functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights at Board of Directors' meetings. We have also reinforced the oversight function of the Board of Directors by appointing multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation, which has enabled us to realize a fair and highly transparent management system. Additionally, we have established a risk management system, compliance system, and internal control system, with each reporting to the Board of Directors on a regular basis, which ensures the effectiveness of the supervision by the Board of Directors concerning the execution of directors' duties and business operations by executive officers.

#### Supervision of Group Management

The Company has introduced an executive officer system with an aim to strengthen Group management, to separate and enhance the business execution function from the decision-making and supervisory functions. Each executive officer appointed by the Board of Directors is delegated management authority based on the Company's internal rules and other stipulations to execute business under the direction of the President & Representative Director and policies approved by the Board of Directors of the Company.

As a holding company, the Company manages its Group companies under various regulations such as the Partner Company Management Regulations and Group Internal Audit Regulations and strengthens Group management. Also, its directors (excluding those who serve as Audit & Supervisory Committee Members) and executive officers act as directors and other at major Group companies and directors who serve as Audit & Supervisory Committee Members act as Audit and Supervisory Board Members at major

Group companies. Furthermore, the Company and its Group companies have established systems for risk management, compliance, and internal audits and determined that the monitoring of Group management is effective as the Board of Directors regularly receives reports on each of the systems.

#### Roles of the Board of Directors

The Board of Directors bears responsibility to realize effective corporate governance for all shareholders and, by doing so, to continuously grow the Company and maximize long-term corporate value. To fulfill this responsibility, the Board of Directors ensures the fairness and transparency of management by supervising management and makes the best possible decisions for the Company through the determination of important business execution matters. The Board of Directors is made up of a diverse group of directors who possess various knowledge, experience, and skills in order to achieve the balance and diversity necessary for a holding company that manages a number of subsidiaries engaged in various business segments. Specifically, the Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members), of whom two are external directors, and five are directors who also serve as Audit & Supervisory Committee Members, of whom three are external directors. The Board of Directors decides important corporate matters, such as basic management policies, and supervises the execution of duties by directors and business operations by executive officers.

Please refer to the **Board of Directors Diversity Matrix** on page 75 for the fields in which directors are expected to play roles.

#### Roles of Independent External Directors

The primary roles of independent external directors are to use their own knowledge to provide appropriate advice from the perspective of the sustainable growth of the Company and enhancing corporate value, to fulfill a supervisory role over management through important decision-making by the Board of Directors, to monitor for conflicts of interest between the Company and executive management or primary shareholders, and to state the views of shareholders and other stakeholders appropriately to the Board of Directors using a stance independent of the executive management team. Nomura Real Estate Holdings has established its own set of criteria for determining the impartiality of independent external directors, in addition to the requirements of independent officers established by the Tokyo Stock Exchange.

Please refer to Article 14 of the Basic Corporate Governance Policy for details on the Company's criteria for determining the impartiality of independent external directors.

<https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

#### Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Members comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee performs audits utilizing the Company's internal control system and receives periodic reports on internal audits and the results from the Internal Audit Department. The Audit & Supervisory Committee also has the authority to ask directors, executive officers, and business units of the Company and the Group to report such matters when necessary.

Audit & Supervisory Committee Members can attend the Company's important meetings, including those of the Management

Committee, gather information on the business execution and express their opinions so that an effective system for audits and supervision.

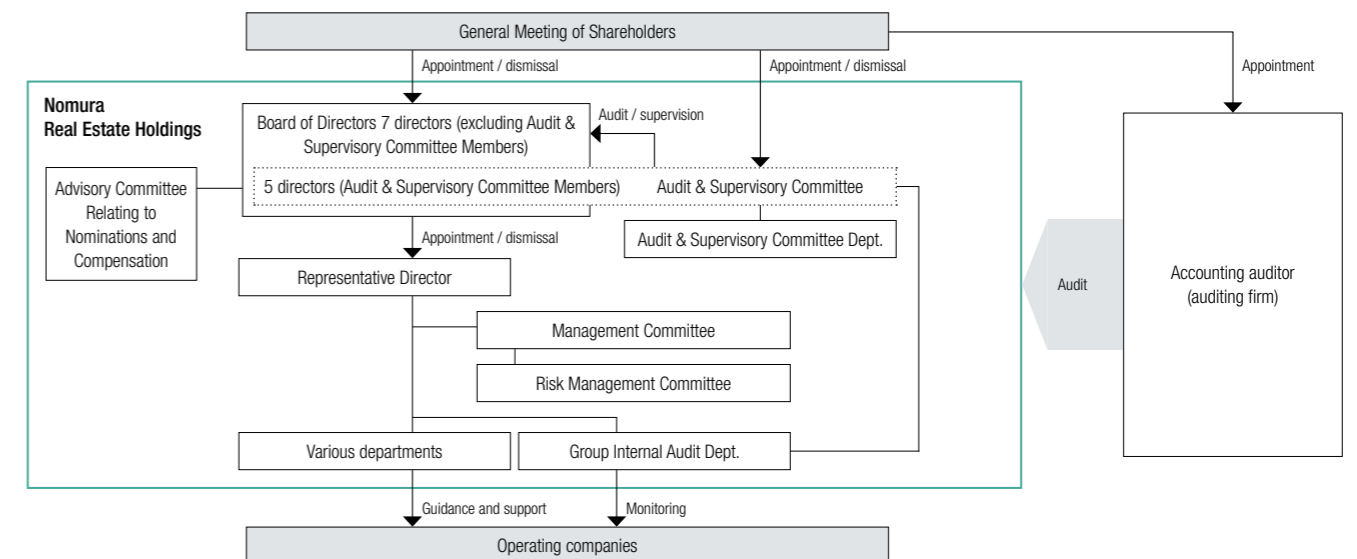
Main items on the agenda at the meetings of the Audit & Supervisory Committee include drawing up audit plans, preparing audit reports, evaluating on the reappointment of the Accounting Auditor, and giving consent to compensation for the Accounting Auditor.

The full-time Audit & Supervisory Committee Members attend important meetings of the Company and request for reports from the business execution departments as necessary to gather information on the Company's business execution conditions.

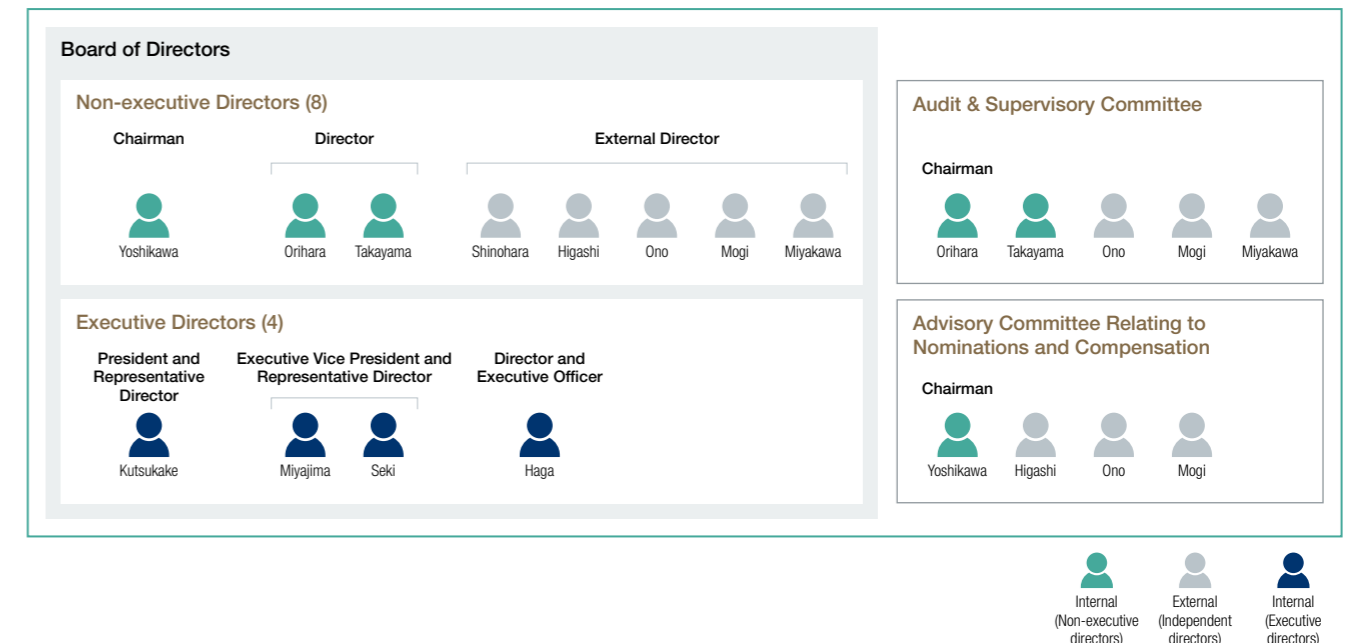
#### Advisory Committee Relating to Nominations and Compensation

In February 2016, Nomura Real Estate Holdings set up the Advisory Committee Relating to Nominations and Compensation, comprising mainly independent external directors, as an advisory body to the Board of Directors to strengthen the objectivity and impartiality functions of the Board of Directors in relation to director nomination and compensation. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation for directors and executive officers and reports the outcome of discussions to the Board of Directors.

#### Corporate Governance System



#### Composition of the Board of Directors and the Two Committees



## Assessment of the Effectiveness of the Board of Directors

### Initiatives to improve the effectiveness of the Board of Directors

With the goal of enhancing sustainable corporate value, the Company is aiming to further improve the effectiveness of the Board of Directors. To improve Board effectiveness, we (1) carry out an assessment of the effectiveness of the Board of Directors and (2) determine and implement appropriate response policies of the Board of Directors based on the results of the assessment.

- (1) Carrying out an assessment of the effectiveness of the Board of Directors
  - (i) Confirm the implementation status of policies and determine the assessment criteria
  - (ii) Issue questionnaires to and conduct interviews of each director
  - (iii) Discuss the results of the questionnaires and interviews at Board of Directors' meetings and evaluate the effectiveness
- (2) Determining and implementing policies of the Board of Directors based on the results of the assessment
  - (i) Determine policies of the Board of Directors based on the results of the effectiveness assessment
  - (ii) Execute and operate the Board of Directors, etc. based on the determined responses

## Assessment of the Effectiveness of the Board of Directors

Assessment of the Effectiveness	
Period for Assessments	Results of Assessment
FY2017/3	<p>(Members) The scale of the Board of Directors and the ratio of independent external directors are generally appropriate.</p> <p>(Discussions) Discussions are free and lively, among internal and external directors and the knowledge and experience of each director are being leveraged.</p> <p>(Operation) Improvements to the operation of the Board of Directors implemented in FY2016/3 are generally evaluated as having contributed to improving the effectiveness of the Board of Directors. From April 2017, the Company has been taking measures to further improve the effectiveness of the Board of Directors, such as ensuring the distribution of materials prior to meetings and further clarifying the discussion points in explanations and materials.</p> <p>(Matters for discussion) During FY2017/3, the Company narrowed down the items for discussion by the Board of Directors in order to enhance discussion on the direction and policies of management over the medium to long term. From April 2017, the Company has been making operational improvements to enhance strategic discussion, such as further narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. Going forward, the Company will regularly grasp the status of the improvement by analyzing and evaluating the situation each year and will further improve the effectiveness of the Board of Directors.</p>
FY2018/3	<p>(Members) The scale of the Board of Directors and the ratio of independent external directors are generally appropriate.</p> <p>(Discussions) Discussions are free and lively, among internal and external directors and the knowledge and experience of each director are being leveraged.</p> <p>(Operation) Improvements to the operation, such as ensuring distribution of materials prior to meetings and further clarifying the discussion points in explanations and materials, implemented in FY2017/3 are generally evaluated as having contributed to improving the effectiveness of the Board of Directors. By continuing to strive for thorough improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.</p> <p>(Matters for discussion) During FY2018/3, the Company carried out operational improvements, such as further narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. As for FY2019/3, the Company will continue to make improvements to enhance policies of management over the medium to long term and strategic discussion, mainly through further narrowing down of matters for discussion. Going forward, the Company will regularly grasp the status of the improvement by assessing the effectiveness of the Board of Directors each year and will further improve the effectiveness of the Board of Directors.</p>
FY2019/3	<p>(Members) The scale of the Board of Directors and the ratio of independent external directors are generally appropriate.</p> <p>(Discussions) Discussions are free and lively, among internal and external directors and the knowledge and experience of each director are being leveraged.</p> <p>(Operation) Continuous improvements to the operation, such as ensuring distribution of materials prior to meetings and further clarifying the discussion points in explanations and materials, are generally evaluated as having contributed to improving the effectiveness of the Board of Directors. By continuing to strive for thorough improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.</p> <p>(Matters for discussion) Discussions about the new Mid- to Long-term Business Plan were enhanced by continuous improvements to the operation, such as narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. For FY2020/3, the Company aims to improve strategic discussions taking into account the new Mid- to Long-term Business Plan. Going forward, the Company will regularly grasp the status of the improvement by assessing the effectiveness of the Board of Directors each year and will further improve the effectiveness of the Board of Directors.</p>

## Director Compensation

At the Ordinary General Meeting of Shareholders held on June 26, 2018, based on the policy to further clarify the link among directors' compensation, performance, and shareholder value, in place of stock option system, the Company determined to introduce a performance-based stock incentive plan, etc. linked to mid-to long-term performance. The introduction of the Plan has gone through deliberation at the Advisory Committee Relating to Nominations and Compensation, for which the majority of committee members are independent external directors.

The Company's compensation of directors consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. Policy on ratios between fixed and variable compensation and details of compensation are as follows.

### Policy on ratios between fixed and variable compensation

Compensation of directors concurrently serving as Executive Officers consists of base compensation, bonus and share-based compensation so that it works as a clear incentive to improve performance not only for the short term, but also for the medium-to-long term. The policy for the ratios of the compensation items is as described in "Composition of Compensation" below.

Compensation of the Director and Chairman of the Board of Directors who is a director other than executive director, consists of base compensation and the RS portion (mentioned below) of share-based compensation, to align interests with the Company's shareholders, due to his position of overseeing the business execution from an objective standpoint and also of shouldering a duty to enhance corporate value over the long term.

Compensation of External directors and directors who are Audit & Supervisory Committee Members consists only of base compensation due to their position of overseeing the business execution from an objective standpoint.

### Details of compensation

#### Base Compensation

The amount of base compensation is determined according to the role and position of the director.

#### Bonuses

The amount of bonus is determined according to the Company's business performance, such as consolidated operating profit, and evaluation of individuals. The individual evaluation is used to evaluate the progress of initiatives for single-year and the medium-to-long term, for which achievements are difficult to measure based only on financial results.

#### Share-based compensation

The Plan was introduced in FY2019/3 to replace the conventional stock option (SO) plan. The compensation under the plan is comprised of a Performance Share (PS) portion in which the vesting, etc. of the Company shares, etc. is conducted three years after the start

of each business year, and a Restricted Stock (RS) portion in which the vesting, etc. of the Company shares, etc. is conducted in principle when a director or an officer of the Company Group resigns. The Plan adopts the system of executive compensation BIP (Board Incentive Plan) trust (the Trust). The number of shares to be vested, etc. is set at one Company share per one point, according to the number of points calculated based on the below formula.

By linking directors' compensation to the Company's share price, the Plan is expected to have an effect that it will create an incentive to enhance corporate value in the medium-to-long term and align interests with the Company's shareholders.

For FY2019/3, the amount of SO was recorded as compensation of directors for FY2018/3.

### Calculation formula of points

#### ■ PS Portion

The number of points (the "Number of PS Points") to be granted to target directors, etc. for each business year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. 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 performance three years after the beginning of the applicable business year. As the achievement-linked coefficient may vary in a range of 0–200% depending on the level of achievement of target ranges set based on the "business profit" from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, from the financial performance targets listed in the Mid- to Long-term Business Plan. This portion enhances the consistency with the features of the real estate business, which spans the medium-to-long term, and provides a clearer incentive toward better performance for the medium-to-the long term.

The ranges for FY2021/3, the third year from the start of the plan in FY2019/3, has been determined by the Board of Directors after deliberation by the Advisory Committee Relating to Nominations and Compensation, which consists of a majority of independent external directors, based on factors such as the medium-to-long term plan at the beginning of FY2019/3.

#### ■ RS Portion

The number of points (the "Number of RS Points") to be granted to target directors, etc. for each business year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. By delaying the vesting of stock until retirement of each Director, etc. from the Company Group, this portion creates incentives to contribute to the Company Group and enhance corporate value over the long term.

## Composition of Compensation

External directors/Audit & Supervisory Committee Members	Fixed Compensation		
	Basic compensation, etc.		
Internal directors (executive officers)	Fixed Compensation	Variable Compensation	
	Basic compensation, etc. 50%	Bonus 25%	Share-based compensation (PS/RS) 25%

Note: The ratios above indicate a basic model when the Company pays 100% of its standard variable

Note: Compensation for the chairman of the Company and chairman of the Board of Directors (director other than executive officers) comprises base compensation and stock compensation (restricted stock portion).

## Breakdown of Compensation of Directors

	Fixed compensation	Variable compensation		
		Cash compensation	Share-based compensation	
Cash compensation	Basic compensation, etc.	Bonus	PS	RS
Evaluation/Criteria	Each executive position	<ul style="list-style-type: none"> <li>Consolidated operating profit, etc.</li> <li>The progress of initiatives, etc. for single-year and the medium-to-long term</li> </ul>	<ul style="list-style-type: none"> <li>Achievement-linked evaluation after three years</li> <li>Evaluation indicator: business profit and ROE</li> </ul> <p>Range for FY2021/3</p> <ul style="list-style-type: none"> <li>Achievement-linked coefficient: between 0% and 200%</li> <li>Business profit: between ¥75.4 billion and ¥105.6 billion</li> <li>ROE: between 6.5% and 12.5%</li> </ul>	Each executive position
Timing of cash payment / share vesting	Monthly	Annually	Three years from the applicable fiscal year	When a director resigns

## Total Compensation, etc., by Type of Remuneration (FY2019/3)

Director category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type of remuneration (millions of yen)		Share-based compensation	Number of directors applicable
		Basic compensation, etc.	Bonus		
Directors (excluding Audit & Supervisory Committee Members) (excluding external directors)	528	291	115	122	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	102	102	—	—	2
External directors and Audit & Supervisory Board Members	69	69	—	—	5
<b>Total</b>	<b>700</b>	<b>462</b>	<b>115</b>	<b>122</b>	<b>13</b>

Note: The payment amount in "Share-based compensation" is the amount recorded as an expense for FY2019/3 (including compensation in stock options recorded as an expense for FY2019/3 (28 million yen)).

## Total amount of compensation, etc. of those whose total amount of compensation, etc. was 100 million yen or more for FY2019/3.

Name	Director category	Total compensation, etc. by type of remuneration (millions of yen)		Share-based compensation	Total compensation, etc. (millions of yen)
		Basic compensation, etc.	Bonus		
Eiji Kutsukake	Director	61	34	27	123
Seiichi Miyajima	Director	54	29	23	107

Note: The payment amount in "Share-based compensation" is the amount recorded as an expense for FY2019/3.

## Decision-making process of compensation for officers, etc.

The maximum amount of compensation for directors excluding directors who are Audit & Supervisory Committee Members is limited to up to ¥550 million per year in a separate framework from the performance-based stock incentive plan, etc. according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors excluding directors who are Audit & Supervisory Committee Members at the time of the resolution was eight, including two external directors.

Furthermore, as for the share-based compensation plan, etc., the maximum amount of money to be contributed to the trust by the Company during the covered period (three fiscal years) is ¥730

million, and the maximum number of the Company shares to be vested, etc. to directors of the Company is 423,000 shares according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors who were subject to the Plan at the time of the resolution was six excluding two external directors.

The maximum amount of compensation for Directors who are Audit & Supervisory Committee Members is limited to up to ¥150 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2015. The number of directors who were Audit & Supervisory Committee Members at the time of the resolution was five including three external directors.

The amount of compensation for each Director excluding Director who is an Audit & Supervisory Committee Member is determined at the Board of Directors following discussions at the Advisory Committee Relating to Nominations and Compensation, for which the majority of committee members are Independent External directors, and the amount of compensation for each Director who is an Audit & Supervisory Committee Member is determined by consultation between Audit & Supervisory Committee Members, within the maximum amount resolved at the aforementioned Ordinary General Meetings of Shareholders.

The Board of Directors determines the establishment, revision and abolishment relating to the compensation system associated with directors, maximum compensation amounts, individual compensation amounts, bonuses based on performance evaluations and important provisions on compensation for directors after it requests for advice about its proposals from the Advisory Committee Relating to Nominations and Compensation, which discusses the proposals, and reports on its proposals to directors. In reviewing the appropriateness of the compensation level and the content of the share-based compensation system that has been introduced at present, the Company make a determination on the basis of factors such as the size of the Company, after obtaining advice from an external compensation consultant.

The activities of the Board of Directors and the Advisory Committee Relating to Nominations and Compensation during the decision-making process of compensation amounts, etc. in FY2019/3 are as follows.

- About the establishment of the total and individual amounts of compensation for directors
- About the introduction of the performance-based stock compensation plan and establishment of provisions about stock vesting
- About compensation for directors in FY2020/3

## Shareholder Engagement

Nomura Real Estate Holdings conducts proactive and constructive engagement with shareholders based on its established systems and policy on initiatives to promote greater engagement. The director in charge of investor relations takes the lead in engaging with shareholders, while the department in charge of investor relations supports these efforts. The department in charge of investor relations meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of investor relations reports the views and concerns of shareholders found during engagement to the executive management team, and regularly reports to the Board of Directors, which discusses this information. We have established Regulations Concerning the Prevention of Insider Trading in order to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, while a silent period has also been established.

## Status of Investor Relations Activities

We strive to actively engage retail investors through investor relations fairs and Company information sessions conducted by the Group CEO and via the Internet. For analysts and institutional investors, at earnings briefings following our announcement of semi-annual and annual results, the Group CEO sits down with them to explain about the Company's performance and management strategy. Videos of this explanation are streamed through our corporate website. Additionally, we strive to foster greater understanding in the Company through conference calls when quarterly earnings results are announced as well as through property tours.

For overseas investors, we offer earnings information in English and stream English-language versions of earnings briefings via our corporate website. In addition, the Group CEO, Group COO or Group CFO visits with overseas investors individually in the United States, Europe, and Asia where they strive to promote understanding of the Company through briefings on business performance and management strategy.

We have been working to improve the disclosure section of our website in order to justly and fairly provide information to our investors. Consequently, the Company earned a silver award from Gomez IR Site Ranking for FY2019/3. Our comprehensive rank was 41 (35 in the previous fiscal year), putting us fourth in the industry (fourth in the previous fiscal year).

## Main IR Activities during FY2019/3

IR activities for institutional investors	Number of times held
Earnings briefings	2
Conference calls on the earnings announcement days	4
Meetings with investors and analysts (This number includes the following meetings)	364
Overseas IR (Europe, U.S., Asia) (including overseas conferences)	6
Conference organized by securities companies (Japan)	6
Property tours	6
SR meetings	13

IR activities for retail investors	Number of times held
Company information sessions by Group CEO	1
IR fairs	1
Company information session via the Internet	1

## Please Visit Our Investor Relations Website:

Japanese:  
[www.nomura-re-hd.co.jp/ir/](http://www.nomura-re-hd.co.jp/ir/)

English:  
[www.nomura-re-hd.co.jp/english/ir/](http://www.nomura-re-hd.co.jp/english/ir/)

# Part 3

## Corporate and Financial Information

# The Nomura Real Estate Group's Financial and Non-financial Performance

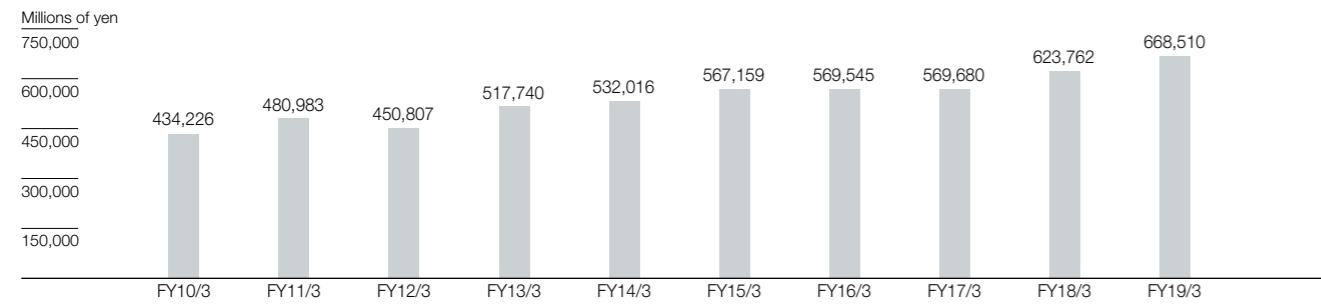
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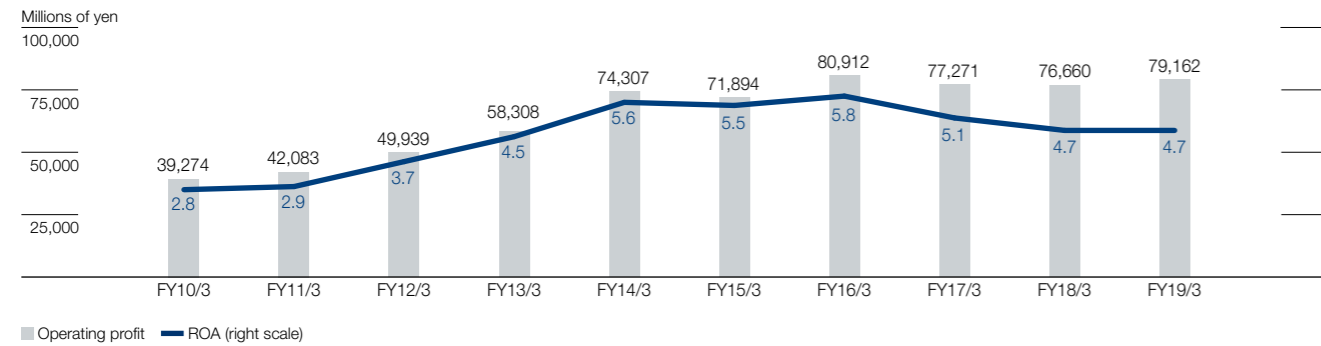
## Financial and Non-financial Data

### Main Financial Indicators

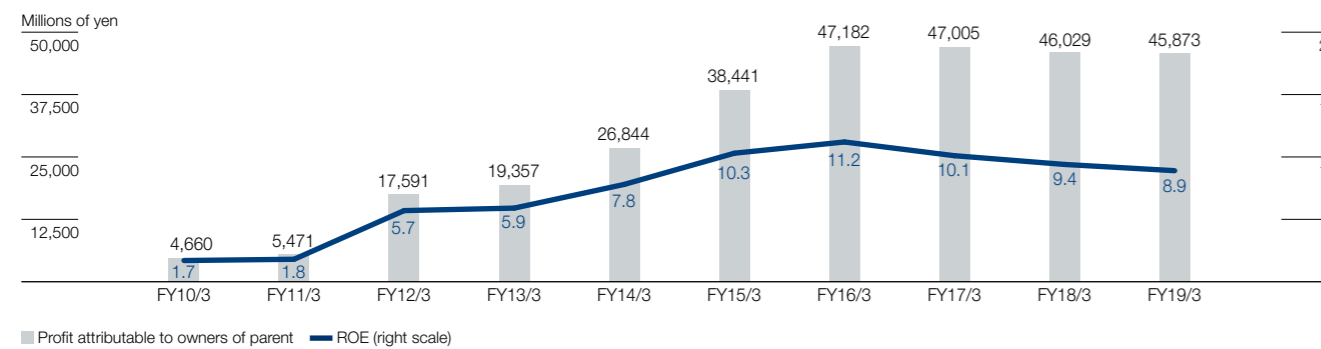
#### Operating Revenue



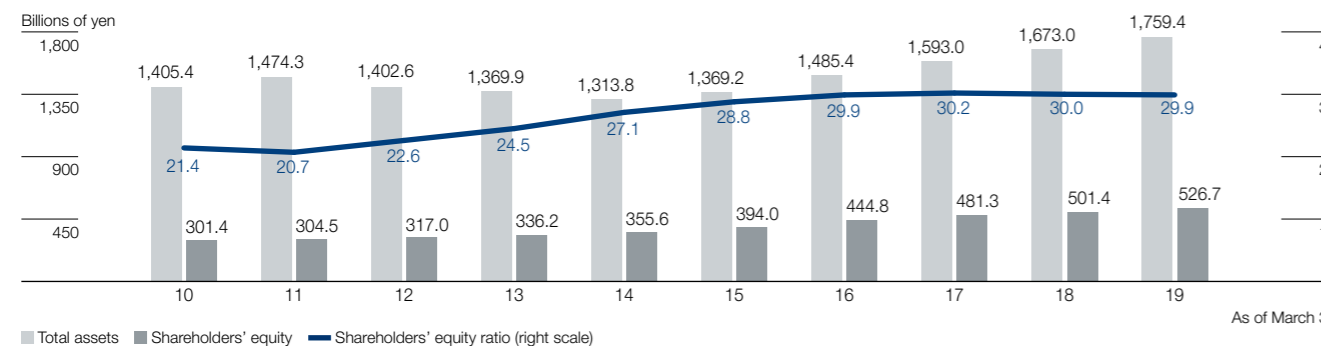
#### Operating Profit / ROA\*\*



#### Profit Attributable to Owners of Parent / ROE\*2



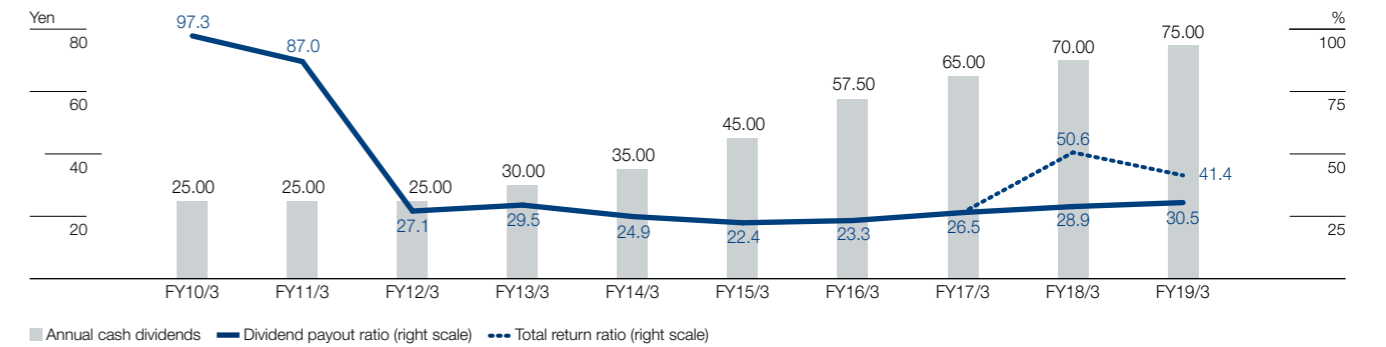
#### Total Assets / Shareholders' Equity / Shareholders' Equity Ratio



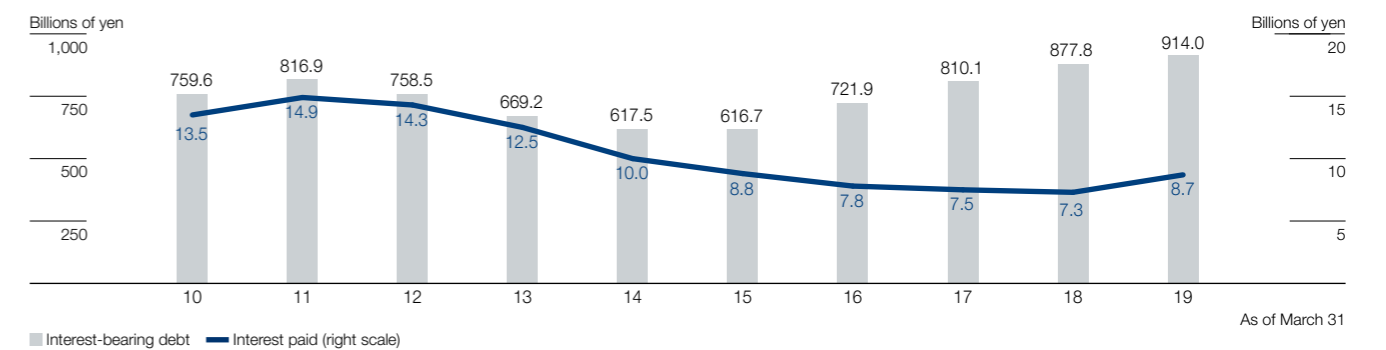
\*1 ROA = (Operating profit + Non-operating profit) / Assets (average over the fiscal year)

\*2 ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)

#### Annual Cash Dividends / Dividend Payout Ratio / Total Return Ratio

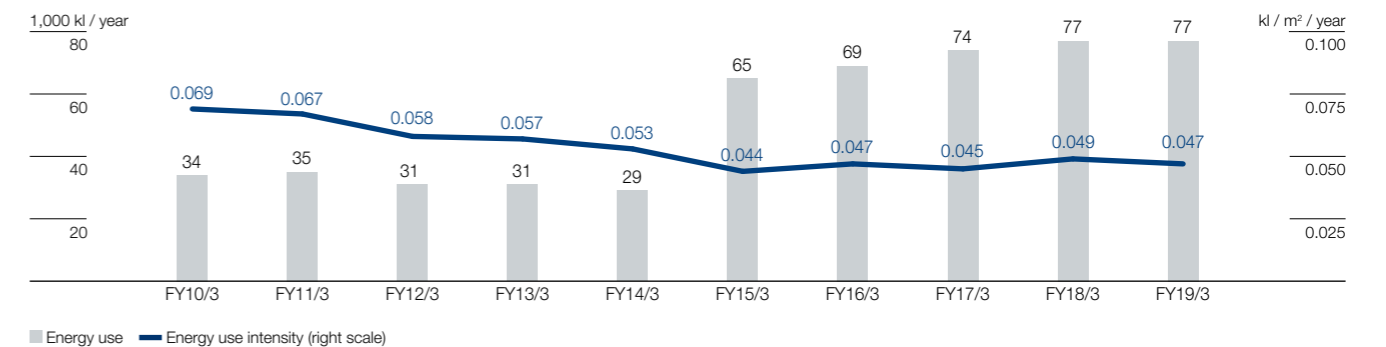


#### Interest-bearing Debt / Interest Paid

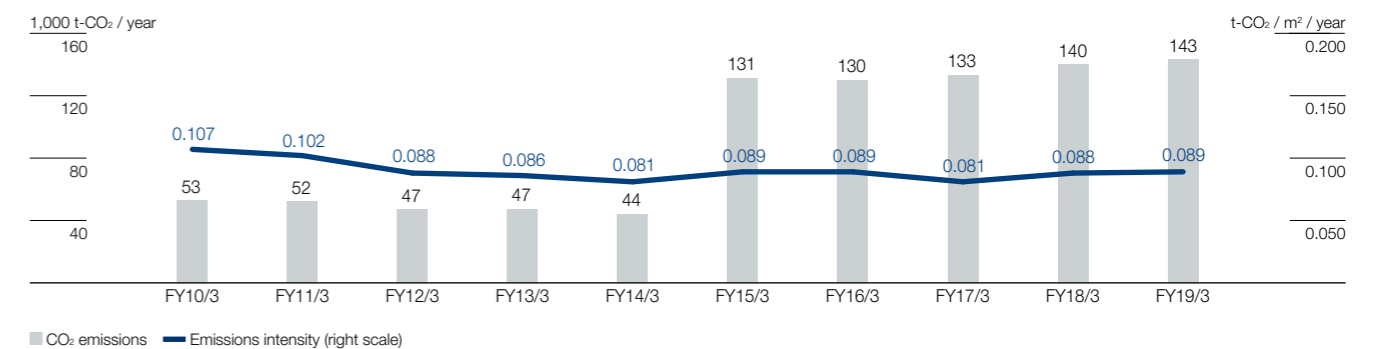


### Main Non-financial Data

#### Oil Converted Energy Use / Intensity\*3



#### CO<sub>2</sub> Emissions / Intensity\*4



\*3 Up until FY2014/3, data was calculated for the seven buildings (buildings with office space as primary use) in which the Nomura Real Estate Group retains an interest of more than 50,000 m<sup>2</sup> and which are subject to the Tokyo Metropolitan Ordinance on Environmental Preservation. Data for FY2015/3 was calculated for 143 facilities excluding condominium sales sites, etc. that are subject to notification under the Energy Conservation Act. Under these same conditions, data for FY2016/3 was calculated for 142 facilities, data for FY2017/3 was calculated for 181 facilities, data for FY2018/3 was calculated for 184 facilities, and data for FY2019/3 was calculated for 182 facilities.

\*4 CO<sub>2</sub> emissions are calculated using the emissions coefficient designated in the Tokyo Metropolitan Ordinance on Environmental Preservation.



## 10-Year Summary

	(Millions of yen)											
	FY10/3	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3 (forecast)	
Operating revenue	434,226	480,983	450,807	517,740	532,016	567,159	569,545	569,680	623,762	668,510	739,000	
Operating gross profit	105,576	107,222	114,910	134,571	159,335	162,051	177,973	177,241	182,053	188,712	—	
Operating profit	39,274	42,083	49,939	58,308	74,307	71,894	80,912	77,271	76,660	79,162	79,500	
Ordinary profit	23,967	26,149	34,173	45,806	64,058	63,681	72,679	68,952	68,033	69,323	70,000	
Profit attributable to owners of parent	4,660	5,471	17,591	19,357	26,844	38,441	47,182	47,005	46,029	45,873	46,000	
Cash flows from operating activities	19,266	33,947	43,876	89,295	83,535	23,837	13,258	(31,889)	21,498	89,964	—	
Cash flows from investing activities	(24,571)	(33,730)	7,809	(2,588)	(20,191)	(32,476)	(59,714)	(54,558)	(51,637)	(46,699)	—	
Cash flows from financing activities	13,098	(7,485)	(63,296)	(94,666)	(57,858)	(8,983)	53,637	76,575	43,787	13,723	—	
Capital investment*1	26,796	37,570	14,098	18,963	21,938	38,871	50,367	61,300	71,665	20,824	—	
Depreciation*2	10,758	12,835	13,534	13,513	14,333	15,258	16,026	16,877	18,824	19,201	—	
<b>Per Share Data (Yen):</b>												
Profit attributable to owners of parent	25.69	28.74	92.38	101.61	140.70	201.28	246.42	245.10	240.89	245.99	251.13	
Annual dividends	25.00	25.00	25.00	30.00	35.00	45.00	57.50	65.00	70.00	75.00	80.00	
<b>Balance Sheet Data (As of March 31):</b>												
Total assets	1,405,424	1,474,331	1,402,624	1,369,949	1,313,887	1,369,226	1,485,449	1,593,093	1,673,099	1,759,455	—	
Current assets	709,618	636,925	585,332	535,103	496,978	549,300	608,779	684,306	717,635	849,528	—	
Inventories	458,921	433,386	396,857	369,667	349,167	429,764	496,910	570,888	592,996	636,925	—	
Equity investments	94,889	60,948	41,895	29,578	7,128	6,316	819	2,567	9,612	18,066	—	
Non-current assets	695,805	837,406	817,292	834,845	816,909	819,926	876,670	908,786	955,464	909,926	—	
Total net assets	349,437	357,365	376,486	398,276	418,697	461,031	456,408	493,813	514,982	541,562	—	
Interest-bearing debt	759,636	816,910	758,562	669,268	617,583	616,700	721,900	810,100	877,800	914,000	—	
<b>Management Benchmarks (%):</b>												
ROA*3	2.8	2.9	3.7	4.5	5.6	5.5	5.8	5.1	4.7	4.7	—	
ROE*4	1.7	1.8	5.7	5.9	7.8	10.3	11.2	10.1	9.4	8.9	—	
Operating margin	9.0	8.7	11.1	11.3	14.0	12.7	14.2	13.6	12.3	11.8	10.8	
Dividend payout ratio	97.3	87.0	27.1	29.5	24.9	22.4	23.3	26.5	28.9	30.5	32.1	
Shareholders' equity ratio	21.4	20.7	22.6	24.5	27.1	28.8	29.9	30.2	30.0	29.9	—	
Number of employees (consolidated)	5,195	5,300	5,399	5,581	5,747	6,029	6,233	6,467	6,636	6,980	—	

\*1 Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" in the consolidated statements of cash flows.

\*2 Depreciation represents the amount shown for "Depreciation" in the consolidated statements of cash flows.

\*3 ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)

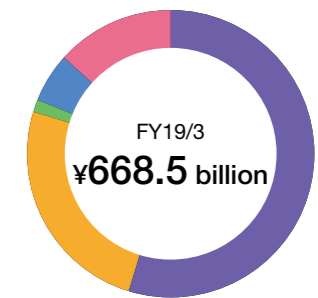
\*4 ROA = (Operating profit + Non-operating profit) / Assets (average over the fiscal year)

\*5 From FY2019/3, Nomura Real Estate Reform Co., Ltd. has been reclassified from the Residential Development Business Unit to the Property & Facility Management Business Unit.

Due to this change, the full-year results for FY2018/3 reflect the change in classification.

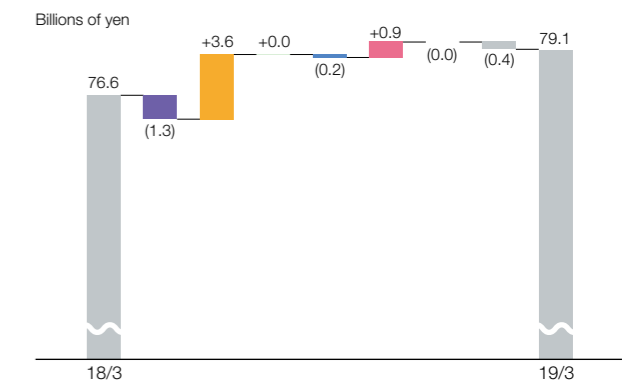
\*6 From FY2020/3, the Leasing Business Unit has been renamed the Commercial Real Estate Business Unit.

## Composition of Operating Revenue\*5, 6



Millions of yen	17/3	18/3	19/3
Residential Development Business Unit	329,787	355,445	362,761
Commercial Real Estate Business Unit	115,009	134,941	167,628
Investment Management Business Unit	9,662	9,378	9,641
Property Brokerage & CRE Business Unit	34,820	35,703	37,298
Property & Facility Management Business Unit	95,764	104,581	107,802
Other Business Unit	106	107	94

## Operating Profit Factor Analysis\*5, 6



## Main Factors

Residential Development Business Unit	Decrease in fees from joint venture projects
Commercial Real Estate Business Unit	Increase in property sales
Investment Management Business Unit	Increase in asset management fees due to expansion of AUM
Property Brokerage & CRE Business Unit	Increase in business expenses from new branch openings
Property & Facility Management Business Unit	Increase in number of building under management

□ Other Business Unit ■ Adjustments

## Consolidated Balance Sheets

Assets	Millions of yen	
	FY18/3	FY19/3
<b>Current assets</b>		
Cash and deposits	52,347	<b>81,351</b>
Notes and accounts receivable—trade	17,308	<b>26,601</b>
Securities	9,000	<b>37,000</b>
Real estate for sale	102,884	<b>161,224</b>
Real estate for sale in process	261,278	<b>290,398</b>
Land held for development	228,326	<b>184,650</b>
Equity investments	9,612	<b>18,066</b>
Other	36,917	<b>50,274</b>
Allowance for doubtful accounts	(39)	<b>(39)</b>
Total current assets	717,635	<b>849,528</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	403,011	<b>394,979</b>
Accumulated depreciation	(163,985)	<b>(171,594)</b>
Buildings and structures, net	239,026	<b>223,385</b>
Land	592,550	<b>544,226</b>
Other	26,576	<b>29,885</b>
Accumulated depreciation	(9,778)	<b>(10,464)</b>
Other, net	16,797	<b>19,421</b>
Total property, plant and equipment	848,374	<b>787,033</b>
Intangible assets	12,364	<b>18,104</b>
Investments and other assets		
Investment securities	42,362	<b>50,522</b>
Leasehold and guarantee deposits	23,131	<b>25,448</b>
Deferred tax assets	20,843	<b>20,863</b>
Other	8,387	<b>7,956</b>
Allowance for doubtful accounts	(0)	<b>(0)</b>
Total investments and other assets	94,725	<b>104,789</b>
Total non-current assets	955,464	<b>909,926</b>
<b>Total assets</b>	<b>1,673,099</b>	<b>1,759,455</b>

Liabilities	Millions of yen	
	FY18/3	FY19/3
<b>Current liabilities</b>		
Notes and accounts payable—trade	41,696	<b>53,927</b>
Short-term borrowings	102,300	<b>79,500</b>
Income taxes payable	14,993	<b>13,318</b>
Deposits received	18,807	<b>26,915</b>
Provision for bonuses	7,679	<b>8,176</b>
Provision for bonuses for directors (and other officers)	590	<b>495</b>
Provision for loss on business liquidation	36	<b>26</b>
Other	48,073	<b>49,513</b>
Total current liabilities	234,176	<b>231,873</b>
<b>Non-current liabilities</b>		
Bonds payable	140,000	<b>140,000</b>
Long-term borrowings	635,500	<b>694,500</b>
Leasehold and guarantee deposits received	60,241	<b>59,249</b>
Deferred tax liabilities	59,828	<b>61,563</b>
Deferred tax liabilities for land revaluation	3,900	<b>3,900</b>
Provision for loss on subleasing business	102	<b>15</b>
Retirement benefit liability	18,375	<b>18,175</b>
Provision for share-based remuneration	—	<b>719</b>
Other	5,991	<b>7,895</b>
Total non-current liabilities	923,940	<b>986,019</b>
Total liabilities	1,158,116	<b>1,217,893</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	117,072	<b>117,293</b>
Capital surplus	110,316	<b>110,537</b>
Retained earnings	275,299	<b>307,570</b>
Treasury shares	(10,004)	<b>(18,787)</b>
Total shareholders' equity	492,683	<b>516,613</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,516	<b>6,718</b>
Deferred gains or losses on hedges	262	<b>(259)</b>
Revaluation reserve for land	7,860	<b>7,860</b>
Foreign currency translation adjustment	(225)	<b>(677)</b>
Remeasurements of defined benefit plans	(3,605)	<b>(3,507)</b>
Total accumulated other comprehensive income	8,807	<b>10,134</b>
<b>Share acquisition rights</b>	2,424	<b>2,346</b>
<b>Non-controlling interests</b>	11,067	<b>12,467</b>
<b>Total net assets</b>	514,982	<b>541,562</b>
<b>Total liabilities and net assets</b>	<b>1,673,099</b>	<b>1,759,455</b>

## Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)	Millions of yen	
	FY18/3	FY19/3
<b>Operating revenue</b>	623,762	<b>668,510</b>
Operating cost	441,708	<b>479,797</b>
<b>Operating gross profit</b>	182,053	<b>188,712</b>
Selling, general and administrative expenses	105,393	<b>109,549</b>
<b>Operating profit</b>	76,660	<b>79,162</b>
Non-operating income		
Interest income	45	<b>44</b>
Dividend income	75	<b>69</b>
Share of profit of entities accounted for using equity method	25	<b>167</b>
Gain on donation of non-current assets	—	<b>54</b>
Interest on refund	162	—
Gain on transfer of right to request purchase of shares	112	—
Other	351	<b>409</b>
Total non-operating income	773	<b>746</b>
Non-operating expenses		
Interest expenses	7,334	<b>8,753</b>
Other	2,065	<b>1,831</b>
Total non-operating expenses	9,400	<b>10,584</b>
<b>Ordinary profit</b>	68,033	<b>69,323</b>
Extraordinary income		
Gain on sales of non-current assets	3,311	—
Gain on sales of investment securities	455	—
Total extraordinary income	3,766	—
Extraordinary losses		
Impairment loss	3,614	<b>1,989</b>
Loss on building reconstruction	462	<b>835</b>
Loss on transfer of non-current assets	—	<b>1,091</b>
Total extraordinary losses	4,077	<b>3,916</b>
<b>Profit before income taxes</b>	67,722	<b>65,407</b>
Income taxes—current	23,811	<b>23,263</b>
Income taxes—deferred	(2,755)	<b>(4,385)</b>
Total income taxes	21,055	<b>18,877</b>
Profit	46,666	<b>46,529</b>
Profit attributable to non-controlling interests	636	<b>655</b>
<b>Profit attributable to owners of parent</b>	46,029	<b>45,873</b>

(Consolidated Statements of Comprehensive Income)	Millions of yen	
	FY18/3	FY19/3
<b>Profit</b>	46,666	<b>46,529</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(3,430)	<b>2,201</b>
Deferred gains or losses on hedges	142	<b>(521)</b>
Revaluation reserve for land	(0)	<b>(0)</b>
Foreign currency translation adjustment	(33)	<b>(216)</b>
Remeasurements of defined benefit plans, net of tax	523	<b>98</b>
Share of other comprehensive income of entities accounted for using equity method	(254)	<b>(296)</b>
Total other comprehensive income	(3,052)	<b>1,265</b>
<b>Comprehensive income</b>	43,613	<b>47,795</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	42,976	<b>47,201</b>
Comprehensive income attributable to non-controlling interests	636	<b>594</b>

## Consolidated Statements of Cash Flows

	Millions of yen	
	FY18/3	FY19/3
<b>Cash flows from operating activities</b>		
Profit before income taxes	67,722	<b>65,407</b>
Depreciation	18,824	<b>19,201</b>
Impairment loss	3,614	<b>1,989</b>
Loss (gain) on sales of non-current assets	(3,311)	—
Loss (gain) on sales of investment securities	(455)	—
Share of loss (profit) of entities accounted for using equity method	(25)	<b>(167)</b>
Increase (decrease) in allowance for doubtful accounts	1	<b>0</b>
Increase (decrease) in provision for loss on business liquidation	(11)	<b>(9)</b>
Increase (decrease) in provision for loss on subleasing business	(155)	<b>(87)</b>
Increase (decrease) in retirement benefit liability	(555)	<b>(291)</b>
Interest and dividend income	(121)	<b>(114)</b>
Interest expenses	7,334	<b>8,753</b>
Decrease (increase) in notes and accounts receivable—trade	(769)	<b>(8,922)</b>
Decrease (increase) in inventories	(28,943)	<b>32,938</b>
Decrease (increase) in equity investments	(7,044)	<b>(8,454)</b>
Increase (decrease) in notes and accounts payable—trade	6,084	<b>11,781</b>
Increase (decrease) in deposits received	(10,652)	<b>8,102</b>
Other, net	4,566	<b>(8,105)</b>
<b>Subtotal</b>	56,103	<b>122,023</b>
Interest and dividend income received	94	<b>257</b>
Interest expenses paid	(9,425)	<b>(8,181)</b>
Income taxes paid	(25,274)	<b>(24,134)</b>
Net cash provided by (used in) operating activities	21,498	<b>89,964</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(4,439)	<b>(4,971)</b>
Proceeds from sales and liquidation of investment securities	3,491	<b>143</b>
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	<b>(21,544)</b>
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	<b>520</b>
Purchase of property, plant and equipment and intangible assets	(71,665)	<b>(20,824)</b>
Proceeds from sales of property, plant and equipment and intangible assets	19,589	<b>0</b>
Payments of leasehold and guarantee deposits	(1,148)	<b>(649)</b>
Proceeds from refund of leasehold and guarantee deposits	1,240	<b>951</b>
Repayments of lease and guarantee deposits received	(3,153)	<b>(3,859)</b>
Proceeds from lease and guarantee deposits received	4,189	<b>3,219</b>
Other, net	258	<b>314</b>
Net cash provided by (used in) investing activities	(51,637)	<b>(46,699)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(11,500)	<b>(8,000)</b>
Repayments of finance lease obligations	(149)	<b>(160)</b>
Proceeds from long-term loans payable	80,000	<b>112,500</b>
Repayments of long-term loans payable	(60,800)	<b>(68,300)</b>
Proceeds from issuance of bonds	69,360	—
Redemption of bonds	(10,000)	—
Proceeds from issuance of common shares	391	<b>122</b>
Purchase of treasury shares	(10,048)	<b>(8,790)</b>
Cash dividends paid	(13,435)	<b>(13,602)</b>
Dividends paid to non-controlling interests	(31)	<b>(44)</b>
Net cash provided by (used in) financing activities	43,787	<b>13,723</b>
Effect of exchange rate change on cash and cash equivalents	0	<b>(5)</b>
Net increase (decrease) in cash and cash equivalents	13,648	<b>56,983</b>
Cash and cash equivalents at beginning of period	47,699	<b>61,347</b>
<b>Cash and cash equivalents at end of period</b>	61,347	<b>118,330</b>

## Business Unit Information

### Operating Revenue

	Millions of yen					
	FY16/3 <sup>1</sup>	FY17/3	FY18/3 <sup>2</sup>	FY19/3	FY19/3 <sup>4,5</sup>	FY20/3 (forecast)
<b>Residential Development</b>	334,514	329,787	355,445	<b>362,761</b>	<b>375,373</b>	<b>365,000</b>
Housing sales (Japan)	318,795	308,960	336,819	<b>342,055</b>	<b>342,055</b>	—
Rental housing (sales) <sup>4</sup>	—	—	—	—	<b>11,740</b>	—
Rental housing (leasing revenue) <sup>4</sup>	—	—	—	—	<b>495</b>	—
Senior <sup>4</sup>	—	—	—	—	<b>377</b>	—
Other	15,719	20,827	18,626	<b>20,705</b>	<b>20,701</b>	—
<b>Commercial Real Estate<sup>3</sup></b>	110,226	115,009	134,941	<b>167,628</b>	<b>171,612</b>	<b>242,000</b>
Leasing (offices)	49,594	51,981	53,312	<b>53,975</b>	<b>53,975</b>	—
Leasing (retail facilities)	10,873	11,649	12,686	<b>13,817</b>	<b>13,817</b>	—
Leasing (other)	5,882	5,954	7,193	<b>7,946</b>	<b>7,974</b>	—
Property for sales (sales)	33,260	35,350	43,301	<b>77,090</b>	<b>65,350</b>	—
Property for sales (leasing)	3,320	4,054	4,724	<b>5,031</b>	<b>4,533</b>	—
Fitness <sup>5</sup>	—	—	—	—	<b>16,647</b>	—
Other	7,295	6,018	13,722	<b>9,766</b>	<b>9,312</b>	—
<b>Investment Management</b>	10,973	9,662	9,378	<b>9,641</b>	<b>9,641</b>	<b>12,000</b>
<b>Property Brokerage &amp; CRE</b>	35,373	34,820	35,703	<b>37,298</b>	<b>37,298</b>	<b>41,000</b>
Brokerage fee (retail)	16,572	20,038	20,791	<b>21,618</b>	<b>21,618</b>	—
Brokerage fee (wholesale)	11,456	10,244	10,845	<b>11,517</b>	<b>11,517</b>	—
Other	7,345	4,536	4,065	<b>4,162</b>	<b>4,162</b>	—
<b>Property &amp; Facility Management</b>	91,552	95,764	104,581	<b>107,802</b>	<b>91,374</b>	<b>92,000</b>
Property & facility management	47,952	48,301	50,386	<b>51,222</b>	<b>51,524</b>	—
Construction ordered	24,636	26,857	31,604	<b>32,083</b>	<b>32,371</b>	—
Fitness club & elderly care	14,995	15,523	16,064	<b>17,025</b>	—	—
Other	3,967	5,081	6,526	<b>7,469</b>	<b>7,478</b>	—
<b>Other</b>	1,353	106	107	<b>94</b>	<b>94</b>	<b>0</b>
<b>Adjustments (eliminations or corporate)</b>	(14,449)	(15,470)	(16,396)	<b>(16,717)</b>	<b>(16,885)</b>	<b>(13,000)</b>
<b>Total</b>	569,545	569,680	623,762	<b>668,510</b>	<b>668,510</b>	<b>739,000</b>

### Operating Profit

	Millions of yen					
<b>Residential Development</b>	31,909	27,787	24,523	<b>23,180</b>	<b>25,069</b>	—
<b>Commercial Real Estate<sup>3</sup></b>	31,719	32,567	35,232	<b>38,858</b>	<b>37,600</b>	—
<b>Investment Management</b>	7,376	6,016	5,911	<b>5,943</b>	<b>5,943</b>	—
<b>Property Brokerage &amp; CRE</b>	9,900	9,124	8,452	<b>8,170</b>	<b>8,170</b>	—
<b>Property &amp; Facility Management</b>	5,693	6,939	7,078	<b>8,067</b>	<b>7,434</b>	—
<b>Other</b>	(152)	(30)	(10)	<b>(43)</b>	<b>(43)</b>	—
<b>Adjustments (eliminations or corporate)</b>	(5,535)	(5,132)	(4,527)	<b>(5,013)</b>	<b>(5,013)</b>	—
<b>Total</b>	80,912	77,271	76,660	<b>79,162</b>	<b>79,162</b>	<b>79,500</b>

### Business Profit<sup>6</sup>

	Millions of yen					
<b>Residential Development</b>	—	—	—	—	<b>25,032</b>	<b>23,500</b>
<b>Commercial Real Estate<sup>3</sup></b>	—	—	—	—	<b>38,043</b>	<b>38,500</b>
<b>Investment Management</b>	—	—	—	—	<b>5,969</b>	<b>7,000</b>
<b>Property Brokerage &amp; CRE</b>	—	—	—	—	<b>8,170</b>	<b>9,000</b>
<b>Property &amp; Facility Management</b>	—	—	—	—	<b>7,464</b>	<b>7,500</b>
<b>Other</b>	—	—	—	—	<b>(43)</b>	<b>0</b>
<b>Adjustments (eliminations or corporate)</b>	—	—	—	—	<b>(5,013)</b>	<b>(5,500)</b>
<b>Total</b>	—	—	—	—	<b>79,623</b>	<b>80,000</b>

### Assets

	Millions of yen					
	FY16/3 <sup>1</sup>	FY17/3	FY18/3 <sup>2</sup>	FY19/3	FY19/3 <sup>4,5</sup>	FY20/3 (forecast)
<b>Residential Development</b>	414,812	450,698	448,412	<b>415,826</b>	<b>463,277</b>	<b>463,277</b>
<b>Commercial Real Estate<sup>3</sup></b>	918,710	993,985	1,060,815	<b>1,110,951</b>	<b>1,086,064</b>	<b>1,086,064</b>
<b>Investment Management</b>	36,692	35,649	34,840	<b>42,463</b>	<b>42,463</b>	<b>42,463</b>
<b>Property Brokerage &amp; CRE</b>	32,047	22,873	17,181	<b>28,228</b>	<b>28,228</b>	<b>28,228</b>
<b>Property &amp; Facility Management</b>	55,695	56,529	62,781	<b>64,984</b>	<b>42,294</b>	<b>42,294</b>
<b>Other</b>	1,565	929	921	<b>929</b>	<b>929</b>	<b>929</b>
<b>Adjustments (eliminations or corporate)</b>	25,926	32,427	48,147	<b>96,071</b>	<b>96,197</b>	<b>96,197</b>
<b>Total</b>	1,485,449	1,593,093	1,673,099	<b>1,759,455</b>	<b>1,759,455</b>	<b>1,759,455</b>

### Inventories

	Millions of yen					
<b>Residential Development</b>	377,849	403,232	401,030	<b>345,255</b>	<b>391,508</b>	<b>391,508</b>
<b>Commercial Real Estate<sup>3</sup></b>	118,277	166,997	187,299	<b>285,164</b>	<b>245,575</b>	<b>245,575</b>
<b>Investment Management</b>	—	—	—	—	—	—
<b>Property Brokerage &amp; CRE</b>	—	—	—	—	—	—
<b>Property &amp; Facility Management</b>	271	964	5,091	<b>7,061</b>	<b>397</b>	<b>397</b>
<b>Other</b>	638	13	13	<b>11</b>	<b>11</b>	<b>11</b>
<b>Adjustments (eliminations or corporate)</b>	(126)	(319)	(437)	<b>(567)</b>	<b>(567)</b>	<b>(567)</b>
<b>Total</b>	496,910	570,888	592,996	<b>636,925</b>	<b>636,925</b>	<b>636,925</b>

### Return on Assets (ROA)<sup>7</sup>

	%					
<b>Residential Development</b>	8.0	6.4	5.5	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>
<b>Commercial Real Estate<sup>3</sup></b>	3.6	3.4	3.4	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>
<b>Investment Management</b>	19.1	16.6	16.8	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>
<b>Property Brokerage &amp; CRE</b>	36.2	33.2	42.2	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>
<b>Property &amp; Facility Management</b>	10.8	12.4	11.9	<b>12.6</b>	<b>14.2</b>	<b>14.2</b>
<b>Other</b>	—	—	—	—	—	—
<b>Total<sup>8</sup></b>	5.8	5.1	4.7	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>

### Key Results

	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3 (forecast)
<b>Residential Development</b>					
Condominium sales (units)	5,363	4,885	5,258	<b>5,243</b>	<b>4,600</b>
Detached housing sales (units)	643	682	607	<b>647</b>	<b>500</b>
Gross margin ratio of housing sales (%)	21.9	21.7	19.1	<b>19.1</b>	—
Completed housing inventories (released for sale) (units)	134	252	239	<b>229</b>	—
Completed housing inventories (unreleased) (units)	215	402	218	<b>47</b>	—
<b>Commercial Real Estate<sup>3</sup></b>					
Vacancy rate (offices, retail facilities) (%)	2.2	0.8	0.7	<b>4.7</b>	—
Members of MEGALOS	144,263	140,743	139,836	<b>145,065</b>	—
<b>Investment Management</b>					
Outstanding assets under management (millions of yen)	1,074,481	1,260,064	1,285,903	<b>1,669,476</b>	—
<b>Property Brokerage &amp; CRE</b>					
Brokerage: Number of transactions	7,710	8,272	8,561	<b>8,922</b>	—
Brokerage: Total transaction value (millions of yen)	713,574	745,147	800,739	<b>767,324</b>	—
<b>Property &amp; Facility Management</b>					
Buildings under management	705	702	723	<b>732</b>	—
Condominiums under management (units)	163,036	168,999	173,705	<b>177,582</b>	—

<sup>1</sup> From FY2017/3, the classification of Yokohama Business Park Heating & Cooling Supply Co., Ltd. (present: Nomura Real Estate Heating and Cooling Supply Co., Ltd.) has been changed from the Leasing Business Unit to the Property & Facility Management Business Unit. Due to this change, the full-year results for FY2016/3 reflect the change in classification.

<sup>2</sup> From FY2019/3, Nomura Real Estate Reform Co., Ltd. has been reclassified from the Residential Development Business Unit to the Property & Facility Management Business Unit. Due to this change, the full-year results for FY2018/3 reflect the change in classification.

<sup>3</sup> From FY2020/3, the Leasing Business Unit has been renamed the Commercial Real Estate Business Unit.

<sup>4</sup> From FY2020/3, the rental housing business and the senior business have been reclassified from the Commercial Real Estate Business Unit and the Property & Facility Management Business Unit to the Residential Development Business Unit. Due to this change, the full-year results for FY2019/3 reflect the changes in classification.

<sup>5</sup> From the FY2020/3, the fitness business has been reclassified from the Property & Facility Management Business Unit to the Commercial Real Estate Business Unit. Due to this change, the full-year results for FY2019/3 reflect the change in classification.

<sup>6</sup> Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

<sup>7</sup> ROE = Profit attributable to owners of parent / Shareholders' equity (average over the fiscal year)

<sup>8</sup> ROA = (Operating profit + Non-operating profit) / Assets (average over the fiscal year)

## Facilities Situation

### 1. Facilities Situation

In FY2019/3, we invested a total amount of ¥19,776 million, including for the acquisition of NOHGA HOTEL UENO (Taito-ku, Tokyo).

Business Unit (Millions of yen)	FY18/3	FY19/3	Change
Residential Development	645	537	(107)
Commercial Real Estate*	69,151	15,880	(53,270)
Investment Management	26	10	(15)
Property Brokerage and CRE	527	488	(38)
Property and Facility Management	2,110	1,692	(418)
Other	2	19	16
Subtotal	72,464	18,628	(53,835)
Adjustments	1,111	1,148	37
Total	73,575	19,776	(53,798)

\* From FY2020/3, the Leasing Business Unit has been renamed the Commercial Real Estate Business Unit.

The following facilities were completed in FY2019/3.

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Area (m <sup>2</sup> )	Completion	Acquisition Price (Millions of yen)
NREG TOSHIBA BUILDING, etc.	NOHGA HOTEL UENO (Taito-ku, Tokyo)	Commercial Real Estate	Hotel	Steel-framed construction, 10 floors above ground	Building: 4,868 Land: 966	October 2018	3,153

The following properties were acquired in FY2019/3.

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Area (m <sup>2</sup> )	Acquisition Price (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Kyoto Kiyomizu-Gojo Project* (tentative name) (Higashiyama-ku, Kyoto-shi, Kyoto)	Commercial Real Estate	Land slated for building construction	—	Land: 1,382	3,631

\* Land area is multiplied by our share ratio.

The following non-current asset was reclassified as land held for development and others in FY2019/3.

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Area (m <sup>2</sup> )	Acquisition Price (Millions of yen)
Nomura Real Estate Development, etc.	Nihonkouku Tamachi Building (Minato-ku, Tokyo) and 6 other buildings	Commercial Real Estate	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 7 floors above ground	Building: 17,531 Land: 4,134	77,033

\* The property name, business unit, major use, construction size, details of facility, etc., and area (m<sup>2</sup>) shown are those of the Nihonkouku Tamachi Building.

As a result of the acquisition of shares of Ryubundo Co., Ltd. in FY2019/3, the following facility was classified as a major facility.

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Area (m <sup>2</sup> )	Acquisition Price (Millions of yen)
Ryubundo Co., Ltd., etc.	HOTEL NIWA TOKYO (Chiyoda-ku, Tokyo)	Commercial Real Estate	Hotel	Steel-framed construction (partially steel-framed reinforced concrete construction), 16 floors above ground, 2 other buildings	Building: 9,280 Land: 1,710	19,782

As a result of the sale of shares of Toranomon Real Estate Co., Ltd. in FY2019/3, the following facility is no longer classified as a major facility.

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Area (m <sup>2</sup> )	Acquisition Price (Millions of yen)
Toranomon Real Estate Co., Ltd.	Bansui Building (Minato-ku, Tokyo)	Commercial Real Estate	Office	Reinforced concrete construction (partially steel-framed reinforced concrete construction), 1 floor below ground, 7 floors above ground	Building: 3,289 Land: 555	5,892

### 2. Major Facilities and Equipment

Major facilities and equipment by business unit for the Nomura Real Estate Group are as follows.

1) Commercial Real Estate Business Unit\*

Company Name	Property Name (Location)	Major Use	Construction Size, Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion of Construction or (Date of acquisition)	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING Co., Ltd.	Hamamatsucho Building / Toshiba Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete construction), 3 floors below ground, 39 floors above ground	158,732	March 1984	33,921	13,464	129,809	228	143,502
Nomura Real Estate Development Co., Ltd.	Yokohama Business Park** (Hodogaya-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 21 floors above ground, 11 other buildings	245,200	Mainly February 1990	70,817	28,976	14,584	960	44,521
NREG TOSHIBA BUILDING Co., Ltd.	LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 15 floors above ground	98,428	March 2013	9,764	14,079	22,245	438	36,762
Nomura Real Estate Development Co., Ltd.	Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 5 floors below ground, 21 floors above ground	44,989	September 2010	2,737	13,571	19,227	330	33,130
Nomura Real Estate Development Co., Ltd.	Yokohama Nomura Building** (Nishi-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction, 17 floors above ground, 1 other building	58,755	January 2017	6,721	18,831	8,809	503	28,144
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Ginza Building** (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 17 floors above ground	26,748	March 1982	3,184	1,691	22,677	10	24,380
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Nihonbashi Honcho Building (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 8 floors above ground	29,430	April 1961	3,196	1,918	21,116	—	23,035
Nomura Real Estate Development Co., Ltd.	Shinjuku Nomura Building** <sup>2,3</sup> (Shinjuku-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 5 floors below ground, 50 floors above ground	58,512	May 1978	4,639	5,920	16,303	279	22,504
Nomura Real Estate Development Co., Ltd.	Landport Takatsuki (Takatsuki-shi, Osaka)	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground, 1 other building	70,529	June 2017	35,276	9,879	10,247	341	20,468
Ryubundo Co., Ltd., etc.	HOTEL NIWA TOKYO (Chiyoda-ku, Tokyo)	Hotel	Steel-framed construction (partially steel-framed reinforced concrete construction), 16 floors above ground, 2 other buildings	1,710	March 2009	9,280	3,229	16,418	120	19,768
Midosuji Mirai Development, LLC	Midosuji Nomura Building** (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 14 floors above ground	20,420	February 2009	1,939	3,519	15,707	21	19,248
Nomura Real Estate Development Co., Ltd.	Morisai Tsudanuma** (Narashino-shi, Chiba)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 3 floors below ground, 12 floors above ground, 1 other building	97,699	Mainly October 1978	19,194	1,781	16,037	30	17,849
Nomura Real Estate Development Co., Ltd.	Kameido 6-chome Project (tentative name)** <sup>2,4</sup> (Koto-ku, Tokyo)	Land slated for building construction	—	—	(December 2017)	24,822	—	17,497	—	17,497
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Shibadaimon Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 11 floors above ground	15,700	April 2010	2,447	3,555	10,650	72	14,278
Nomura Real Estate Development Co., Ltd.	Otemachi Nomura Building** <sup>2,3</sup> (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 5 floors below ground, 27 floors above ground	9,815	February 1994	749	1,290	12,584	7	13,881
NREG TOSHIBA BUILDING Co., Ltd.	LAZONA Kawasaki Plaza** <sup>3,5</sup> (Saiwai-ku, Kawasaki-shi, Kanagawa)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete and steel-framed construction), 1 floor below ground, 6 floors above ground	98,254	September 2006	72,013	13,142	—	442	13,585
NREG TOSHIBA BUILDING Co., Ltd.	Toshiba Hamamatsucho Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 8 floors above ground	13,482	July 1974	2,907	389	10,956	2	11,349
Nomura Real Estate Development Co., Ltd.	Dai-ni Edobashi Building** (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 9 floors above ground	13,359	November 1973	1,376	486	10,553	1	11,041
Nomura Real Estate Development Co., Ltd.	bono Sagamiono Shopping Center** (Minami-ku, Sagami-hara-shi, Kanagawa)	Retail facility	Reinforced concrete construction (partially steel-framed construction), 1 floor below ground, 11 floors above ground	43,059	January 2013	5,797	5,458	4,649	315	10,422
Nomura Real Estate Development Co., Ltd.	Minamigyotoku SC** (Ichikawa-shi, Chiba)	Retail facility	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 2 floors above ground	35,612	April 2000	16,503	4,873	4,942	10	9,826

\* From FY2020/3, the Leasing Business Unit has been renamed the Commercial Real Estate Business Unit.

Company Name	Property Name (Location)	Major Use	Construction Size, Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion of Construction or (Date of acquisition)	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Development Co., Ltd.	TOKYO TORANOMON GLOBAL SQUARE (tentative name)* (Minato-ku, Tokyo)	Land slated for building construction	—	—	(October 2018)	2,782	—	9,369	—	9,369
NREG TOSHIBA BUILDING Co., Ltd.	Fuchu Toshiba Building (Fuchu-shi, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete construction), 1 floor below ground, 8 floors above ground, 1 other building	32,299	April 1993	8,290	3,497	5,247	13	8,758
NREG TOSHIBA BUILDING Co., Ltd.	Shinyokohama Toshiba Building (Kohoku-ku, Yokohama-shi, Kanagawa)	Training facility	Reinforced concrete construction, 1 floor below ground, 4 floors above ground, 4 other buildings	28,822	Mainly June 1969	15,829	3,067	5,660	30	8,758
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Sendai Aoba-dori Building (Aoba-ku, Sendai-shi, Miyagi)	Office	Steel-framed construction, 1 floor below ground, 10 floors above ground	12,026	April 2017	1,595	4,012	3,306	89	7,407
Nomura Real Estate Development Co., Ltd.	Wako Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 8 floors above ground	3,171	April 1971	621	536	6,786	—	7,323
NREG TOSHIBA BUILDING Co., Ltd.	NREG Kawasaki Logistics Center (Kawasaki-ku, Kawasaki-shi, Kanagawa)	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground	49,046	March 2014	27,866	3,634	3,109	400	7,145
NREG TOSHIBA BUILDING Co., Ltd.	Umeda Sky Building*3 (Kita-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 2 floors below ground, 40 floors above ground	43,093	March 1993	8,325	2,417	4,585	99	7,102
Nomura Real Estate Development Co., Ltd.	Kanda Nishikicho 1-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Land slated for building construction	—	—	(September 2017)	886	—	7,049	—	7,049
NREG TOSHIBA BUILDING Co., Ltd.	Toshiba Osaka Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 4 floors below ground, 10 floors above ground	15,220	October 1965	1,307	959	5,989	4	6,954
NREG TOSHIBA BUILDING Co., Ltd.	NREG Midosuji Building / Nomura Fudosan Midosuji Building (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 10 floors above ground	21,007	April 1974	2,366	535	5,768	32	6,336
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Ichigaya Building (Chiyoda-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 2 floors below ground, 9 floors above ground	6,753	January 1982	1,220	2,871	3,182	2	6,056
Nomura Real Estate Development Co., Ltd.	Toranomon Central Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially reinforced concrete and steel-framed reinforced concrete construction), 3 floors below ground, 10 floors above ground	4,431	August 1977	548	709	4,999	0	5,709
NREG TOSHIBA BUILDING Co., Ltd.	Creare Toshiba Fuchu (Fuchu-shi, Tokyo)	Residential	Reinforced concrete construction (partially steel-framed reinforced concrete construction), 10 floors above ground	26,352	January 1992	20,590	4,080	1,516	36	5,633
NREG TOSHIBA BUILDING Co., Ltd.	Tsurumi Toshiba Building (Tsurumi-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 10 floors above ground	20,648	March 1991	3,501	2,360	3,073	18	5,452
Nomura Real Estate Development Co., Ltd.	Fukuoka Tenjin Center Building*2,*3 (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 19 floors above ground	25,103	April 1976	2,256	856	4,413	30	5,301
Nomura Real Estate Development Co., Ltd.	PMO Nihonbashi Muromachi*3 (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 1 floor below ground, 9 floors above ground	5,333	January 2013	701	974	3,716	12	4,703
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Tameike Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 9 floors above ground	6,478	July 1959	690	179	4,393	—	4,572
Nomura Real Estate Development Co., Ltd.	Soto-Kanda 3-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Land slated for building construction	—	—	(March 2018)	663	—	4,168	—	4,168
NREG TOSHIBA BUILDING Co., Ltd.	Toshiba Fukuoka Building (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 2 floors below ground, 17 floors above ground	23,711	July 1993	4,597	1,860	1,918	26	3,805
NREG TOSHIBA BUILDING Co., Ltd.	Toshiba Manseibashi Building*5 (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 1 floor below ground, 9 floors above ground	5,319	September 1961	681	221	3,551	0	3,773
Nomura Real Estate Development Co., Ltd.	Kyoto Kiyomizu Gojo Project (tentative name) (Higashiyama-ku, Kyoto-shi, Kyoto)	Land slated for building construction	—	—	(September 2018)	1,382	—	3,635	—	3,635
NREG TOSHIBA BUILDING Co., Ltd.	Nomura Fudosan Nishishinjuku Kyodo Building*1 (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete construction), 1 floor below ground, 8 floors above ground	6,716	October 1993	1,249	915	2,700	2	3,619

Company Name	Property Name (Location)	Major Use	Construction Size, Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion of Construction or (Date of acquisition)	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING Co., Ltd.	Toshiba Sendai Building*3,*5 (Aoba-ku, Sendai-shi, Miyagi)	Hotel	Steel-framed construction (partially reinforced concrete construction), 2 floors below ground, 11 floors above ground	16,179	April 1975	1,731	592	2,817	4	3,413
NREG TOSHIBA BUILDING Co., Ltd., etc.	NOHGA HOTEL UENO (Taito-ku, Tokyo)	Hotel	Steel-framed construction, 10 floors above ground	4,868	October 2018	966	2,109	617	353	3,080

\*1 "Facility" represents building accounts, "land" represents land and leasehold interests in land accounts, and "other" represents structures; machinery; tools, appliances, and fixtures; vehicles and delivery equipment; and leased assets accounts. "Total" represents the sum of leasehold interests in land accounts and tangible fixed assets excluding construction in progress.

\*2 Includes trust beneficiary right.

\*3 Refers to calculated area owned including both total floor area and land area.

\*4 "Land area" refers to total area at the planning stage including housing sales business.

\*5 Land area includes leased land.

\*6 Land area refers to the area on which the redevelopment property will exist.

The following major Commercial Real Estate Business Unit facilities for sublet are rented by the Group and do not appear in the previous table.

Company Name	Property Name (Location)	Rentable Area (m <sup>2</sup> )
Nomura Real Estate Development Co., Ltd.	Across Shin Osaka (Yodogawa-ku, Osaka-shi, Osaka)	17,298
Nomura Real Estate Development Co., Ltd.	AKS Building (Chiyoda-ku, Tokyo)	7,516

## 2) Property and Facility Management Business Unit

Company Name	Property Name (Location)	Major Use	Construction Size, Details of Facility, etc.	Total Floor Area (m <sup>2</sup> )	Completion of Construction or (Date of acquisition)	Land Area (m <sup>2</sup> )	Book Value (Millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Life & Sports Co., Ltd.	MEGALOS Souka and 45 other facilities (Souka-shi, Saitama and others)	Fitness club	Reinforced concrete construction, 3 floors, 1 other building and fitness club	15,321	June 2002	15,430	8,304	—	1,055	9,360

Notes: 1 "Facility" represents building accounts, "land" represents land and leasehold interests in land accounts, and "other" represents structures; machinery; tools, appliances, and fixtures; vehicles and delivery equipment; and leased asset accounts. "Total" represents tangible fixed assets excluding construction in progress.

2 "Total floor area" represents the total owned area of MEGALOS Kashiwa, MEGALOS Chikusa 24, and MEGALOS Saginuma. "Land area" represents the leased land area of these three facilities. "Construction size, details of facility, etc." and "completion of construction or (date of acquisition)" are in reference to MEGALOS Kashiwa.

## 3. Establishment and Renovation of Facilities

As of FY2019/3, the following facilities were scheduled to be established and renovated.

There is no major expansion or removal of facilities.

### 1) Establishment of major facilities

Company Name	Property Name (Location)	Business Unit	Major Use	Construction Size, Details of Facility, etc.	Planned Aggregate Investment (Millions of yen)		Sources of Funding	Schedule	
					Total	Amount Paid		Start	Completion
Nomura Real Estate Development Co., Ltd.	TOKYO TORANOMON GLOBAL SQUARE (tentative name) (Minato-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction (partially steel-framed reinforced concrete construction), 4 floors below ground, 24 floors above ground	35,361	14,643	Loans payable and own funds	FY18/3	FY21/3
Nomura Real Estate Development Co., Ltd.	Kyoto Kiyomizu-Gojo Project (tentative name) (Higashiyama-ku, Kyoto-shi, Kyoto)	Commercial Real Estate	Hotel	Steel-framed construction, 1 floor below ground, 6 floors above ground	11,929	3,666	Loans payable and own funds	FY20/3	FY22/3
Nomura Real Estate Development Co., Ltd.	Kanda Nishikicho 1-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Commercial Real Estate	Office	Steel-framed construction, 1 floor below ground, 10 floors above ground	11,607	7,079	Loans payable and own funds	FY20/3	FY22/3
Nomura Real Estate Development Co., Ltd.	Soto-Kanda 3-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Commercial Real Estate	Hotel	Steel-framed construction, 10 floors above ground	6,766	4,186	Loans payable and own funds	FY19/3	FY21/3
NREG TOSHIBA BUILDING Co., Ltd.	Ginza 6-chome Project (tentative name) (Chuo-ku, Tokyo)	Commercial Real Estate	Retail facility	Steel-framed concrete construction (partially steel-framed reinforced concrete construction), 3 floors below ground, 11 floors above ground	4,572	2,567	Loans payable and own funds	FY18/3	FY20/3

### 2) Renovation of major facilities

Company Name	Property Name	Business Unit	Planned Aggregate Investment (Millions of yen)		Construction Period	Note
			Total	Amount Paid		
Nomura Real Estate Development Co., Ltd.	—	Commercial Real Estate	2,800	—	April 2019–March 2020	Renovation of facilities

\* Renovation of major facilities and equipment for several existing properties owned by Nomura Real Estate Development Co., Ltd.

## Environmental and Human Capital Data

### Environmental Data

	FY18/3	FY19/3
Green Building Certification acquisition rate for newly constructed buildings (non-residences)	100%	100%
Number of properties that have acquired Biodiversity Certification*1	Four new properties (total: 11)	Two new properties (total: 13)
CO <sub>2</sub> emissions (Scope 1, 2) of our properties	140,000 t-CO <sub>2</sub>	143,000 t-CO <sub>2</sub>
CO <sub>2</sub> emissions (Scope 1, 2) per floor area of our properties	0.088 t-CO <sub>2</sub> / m <sup>2</sup>	0.089 t-CO <sub>2</sub> / m <sup>2</sup>
Energy consumption (Scope 1, 2) per floor area of our properties	0.048 kl/m <sup>2</sup>	0.047 kl/m <sup>2</sup>
Waste discharge per floor area of our properties	4.34 kg/m <sup>2</sup>	4.87 kg/m <sup>2</sup>

### Human Capital Data

	FY18/3	FY19/3
Female employee ratio*2	29.75%	30.76%
Female manager ratio*2	5.45%	5.58%
Female junior manager ratio*3	15.08%	16.07%
Employee turnover rate	3.85%	3.99%
Average work time over legal working hours (hours per person/month)	19.66	14.07
Number of work-related injuries resulting in death	1	0
Checkup and medical examination rate of Nomura Real Estate Development employees	100%	100%
Absentee rate	0.38%	0.37%
Nomura Real Estate Development Employee Satisfaction Survey results: response rate	95.1%	97.4%
Nomura Real Estate Development Employee Satisfaction Survey results: employee satisfaction level (5-point scale)	3.81	4.04
Childcare leave takers	148	178
Rate of reinstatement after childcare leave	92.59%	91.46%
Family care leave takers*4	4	4
Rate of employment of persons with disabilities	1.90%	1.96%
Training hours per employee	12.53 hours	12.65 hours
Training expense per employee	¥59,482	¥79,985

\*1 ABINC, ABINC ADVANCE, JHEP, SEGES

\*2 As of April 1 of each year

\*3 Junior managers are candidates of promotion to manager in the near future

\*4 As of June 1 of each year

Additional information can be found on our website.



[www.nomura-re-hd.co.jp/english/](http://www.nomura-re-hd.co.jp/english/)

### Company Information

Corporate overview, corporate officers and organization chart, corporate governance, Group companies, etc.

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



### Business Overview

The Group's businesses, etc.

[www.nomura-re-hd.co.jp/english/service/](http://www.nomura-re-hd.co.jp/english/service/)



### Investor Relations

Management policy, IR library, stock information, etc.

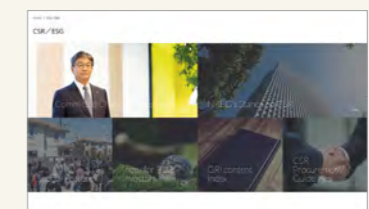
[www.nomura-re-hd.co.jp/english/ir/](http://www.nomura-re-hd.co.jp/english/ir/)



### CSR/ESG

CSR information, materiality, CSR Promotion foundation, index for ESG investors, etc.

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



### Reports Issued by the Group

■ Integrated Report

[www.nomura-re-hd.co.jp/english/ir/ir\\_library/annualreport.html](http://www.nomura-re-hd.co.jp/english/ir/ir_library/annualreport.html)

■ CSR Report

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

## Group Company Profiles

### Nomura Real Estate Holdings, Inc.



Established  
2004

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Management of and consulting for the business activities of Group companies through the ownership of shares

### Nomura Real Estate Development Co., Ltd.



Established  
1957

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Condominium sales, detached housing sales, corporate real estate brokerage, investment and development, building leasing, architectural design, asset management, etc.

### Nomura Real Estate Asset Management Co., Ltd.



Established  
2003

**Head Office**  
8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Investment management, type II financial instruments, investment advisory and agency, real estate trading, etc.

### Nomura Real Estate Urban Net Co., Ltd.



Established  
2000

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Resale housing brokerage, real estate brokerage for investment and business purposes, consignment sales of newly built condominiums and detached housing, insurance agency, real estate information website operation

### Nomura Real Estate Amenity Service Co., Ltd.



Established  
1990

**Head Office**  
8-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Building and condominium cleaning, sales of consumable goods and beverages

### NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

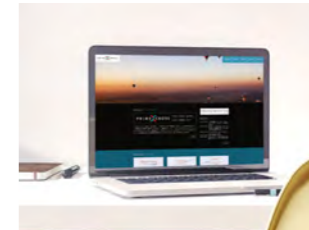


Established  
1972

**Head Office**  
1-1-1 Shibaura, Minato-ku, Tokyo

**Overview of Businesses**  
General management of buildings and facilities (equipment management, security, cleaning, office work management), etc.

### PRIME X Co., Ltd.



Established  
2006

**Head Office**  
6-22-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Internet advertising agency

### First Living Assistance Co., Ltd.



Established  
2017

**Head Office**  
6-26-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Home/living assistance service

### Nomura Real Estate Partners Co., Ltd.



Established  
1977

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Facility management of buildings and condominiums, architecture and construction, property management, cleaning, insurance agency, renovation

### NREG TOSHIBA BUILDING Co., Ltd.



Established  
1972

**Head Office**  
1-1-1 Shibaura, Minato-ku, Tokyo

**Overview of Businesses**  
Ownership, management, trading, leasing, brokerage, agent consulting, and appraisal for real estate; design and construction for residential land development, building development, repair work, etc.

### Nomura Real Estate Life & Sports Co., Ltd.



Established  
1989

**Head Office**  
1-32-2 Honcho, Nakano-ku, Tokyo

**Overview of Businesses**  
Planning and management of sports clubs and consulting, sales and rental of sports equipment, etc.

### Nomura Real Estate Heating and Cooling Supply Co., Ltd.



Established  
1987

**Head Office**  
134 Godocho, Hodogaya-ku, Yokohama-shi, Kanagawa

**Overview of Businesses**  
Supply of heating

### Lothbury Investment Management Limited



Established  
2010

**Head Office**  
155 Bishopsgate, London EC2M 3TQ, UK

**Overview of Businesses**  
Asset management business in the United Kingdom

### Tokio Property Services Pte Ltd



Established  
1983

**Head Office**  
20 Kramat Lane #03-12 United House, Singapore 228773

**Overview of Businesses**  
Brokerage for trading and leasing of housing, offices, and factories for Japanese corporations based in Singapore

### NOMURA REAL ESTATE ASIA PTE. LTD.



Established  
2015

**Head Office**  
10 Marina Boulevard, Marina Bay Financial Center Tower 2 #33-6, Singapore 018983

**Overview of Businesses**  
Exploring real estate development opportunities, market research, and building relationships with partner companies in Southeast Asia.

### NOMURA REAL ESTATE HONG KONG LIMITED



Established  
2016

**Head Office**  
25th floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong

**Overview of Businesses**  
Support services for investment in real estate in Japan by foreign investors, building relationships with local corporations and investors, and exploring business opportunities

### Geo Akamatsu Co., Ltd.



Established  
1968

**Head Office**  
8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Project management of retail facilities, including commercial development surveys, demand forecasts, market research, business planning, operational planning, and merchandising; property management of retail facilities

### Nomura Real Estate Wellness Co., Ltd.



Established  
2015

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Development planning and management of elderly housing with supportive services

### Nomura Real Estate Hotels Co., Ltd.



Established  
2017

**Head Office**  
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

**Overview of Businesses**  
Planning, operation, and management of hotels

### UHM Co., Ltd.



Established  
1950

**Head Office**  
1-1-16 Kanda-Misakicho, Chiyoda-ku, Tokyo

**Overview of Businesses**  
Management of hotels and restaurants

### NOMURA REAL ESTATE VIETNAM CO., LTD.



Established  
2019

**Head Office**  
11th floor, Sun Wah Tower 115 Nguyen Hue Boulevard, HCMC, Vietnam

**Overview of Businesses**  
Local market surveys, identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and support for Group companies and businesses

### Nomura Real Estate Consulting (Beijing) Co., Ltd.



Established  
2012

**Head Office**  
Room 708, Beijing Fortune Building, 5 Dong San Huan Bei LO, Chaoyang District Beijing, China

**Overview of Businesses**  
Consulting services for real estate, property and facility management, corporate management consulting services

Note: Certain companies have been consolidated or changed their trade name since being established.



## Corporate Information

(As of March 31, 2019)

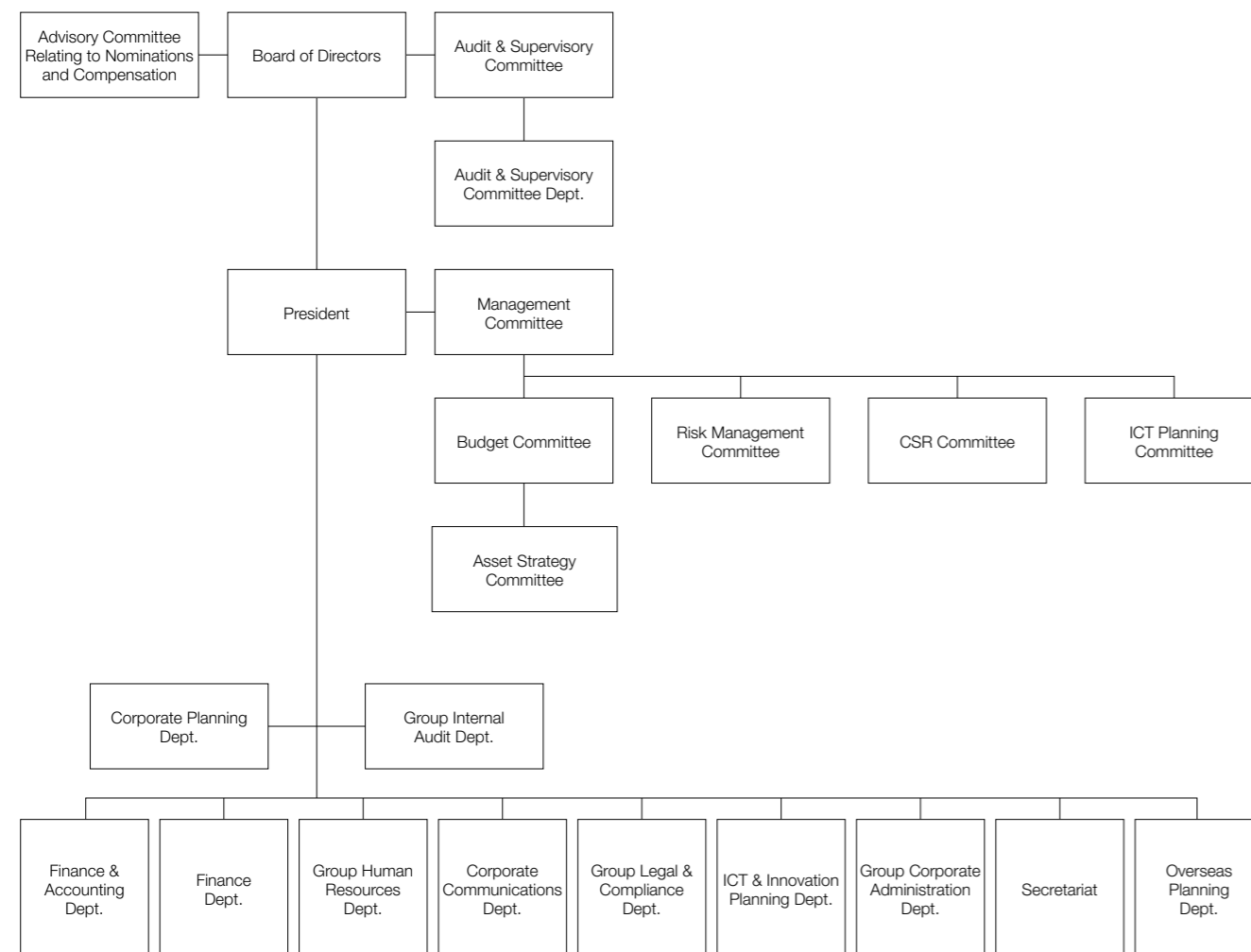
### Corporate Data

Corporate Name: Nomura Real Estate Holdings, Inc.  
 Representative: Eiji Kutsukake, President and Representative Director  
 Head Office: 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan  
 Date of Establishment: June 1, 2004  
 Number of Employees: 6,980 (consolidated)  
 Fiscal Year: From April 1 to March 31  
 General Meeting of Shareholders: June

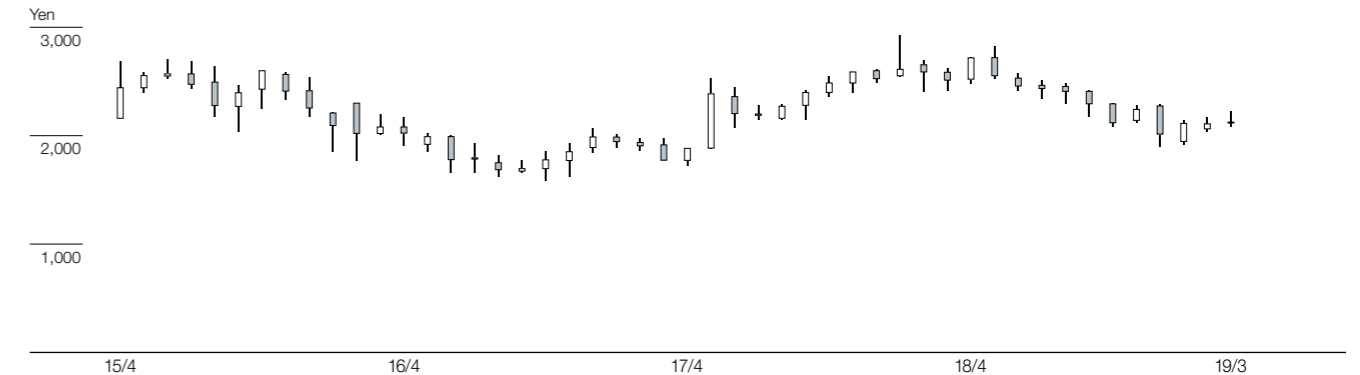
### Stock Information

Common Stock: ¥117,293,905,100  
 Number of Authorized Shares: 450,000,000  
 Number of Shares Issued: 192,373,101 shares (including 6,096,664 treasury shares)  
 Market Listing: First Section of the Tokyo Stock Exchange  
 Minimum Trading Unit: 100 shares  
 Number of Shareholders: 29,476

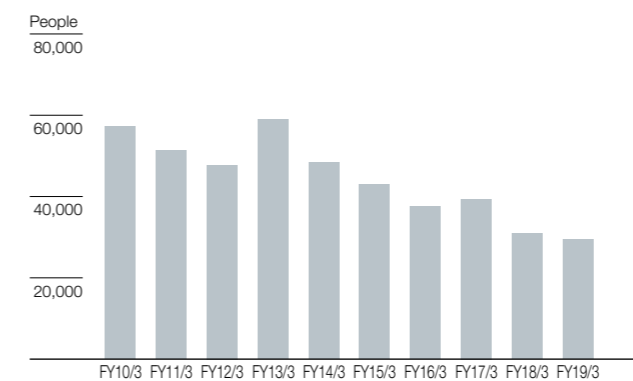
### Organizational Chart



### Stock Price



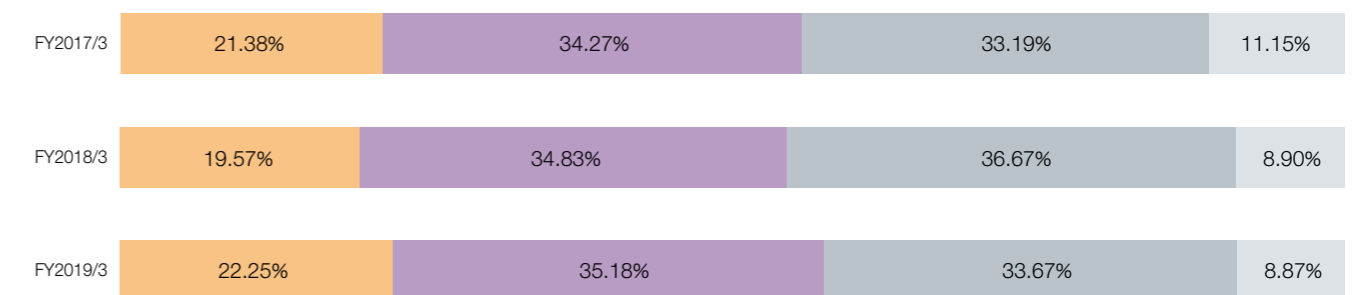
### Number of Shareholders



### 10 Major Shareholders

Name of Shareholder	No. of Shares	Shareholding (%)
Nomura Holdings, Inc.	64,777,500	34.77
Japan Trustee Services Bank, Ltd. (Trust account)	10,571,300	5.67
The Master Trust Bank of Japan, Ltd. (Trust account)	7,325,000	3.93
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	5,048,900	2.71
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,332,600	1.78
HSBC BANK PLC A/C CLIENTS 1	3,223,954	1.73
Nomura Real Estate Holdings Employee Shareholding Association	2,935,682	1.57
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,572,700	1.38
STATE STREET BANK WEST CLIENT - TREATY 505234	2,386,484	1.28
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,965,300	1.05

### Composition of Shareholdings



Financial institutions Other Japanese firms Foreign investors, etc. Individuals and others