

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



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.



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 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 providing a wide range of services related to building cities, developing real estate, and the real estate market.

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.”

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.

September 2018

Eiji Kutsukake

President and Representative Director,
Group CEO
Nomura Real Estate Holdings, Inc.

Editorial Policy

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 geared toward the creation of mid- to long-term value. The editing and layout of this report follow the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

Period covered by the report

This report mainly covers the period from April 1, 2017 to March 31, 2018. Parts may discuss information from times prior to this period or activities or outlooks for times following this period.

Guidelines concerning integrated reporting

Ministry of Economy, Trade and Industry's
"Guidance for Integrated Corporate Disclosure
and Company-Investor Dialogue for Collaborative
Value Creation"



Guidelines concerning the disclosure of non-financial information

- Global Reporting Initiative Standards
- ISO 26000 Guidance on Social Responsibility

Scope of this report

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Group companies (19)



Regarding information disclosure

Additional information can be found on our website.

www.nomura-re-hd.co.jp/english

Integrated report

Financial and non-financial information, value creation models, business unit overviews, etc.
www.nomura-re-hd.co.jp/english/ir/ir_library/annualreport.html

Company information

Company profile and history, list of corporate officers and organizational chart, corporate governance, list of Group companies, etc.
www.nomura-re-hd.co.jp/english/company/

Investor information

Management policies, IR library, information for individual investors, FAQs, etc.
www.nomura-re-hd.co.jp/english/ir/

CSR report

Social and environmental initiatives, activities that contribute to society, etc.
www.nomura-re-hd.co.jp/english/csr/

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, the legal and taxation systems, and other regulations. As such, actual results may differ from those projected.

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Section 1

Toward the Next Stage of Growth

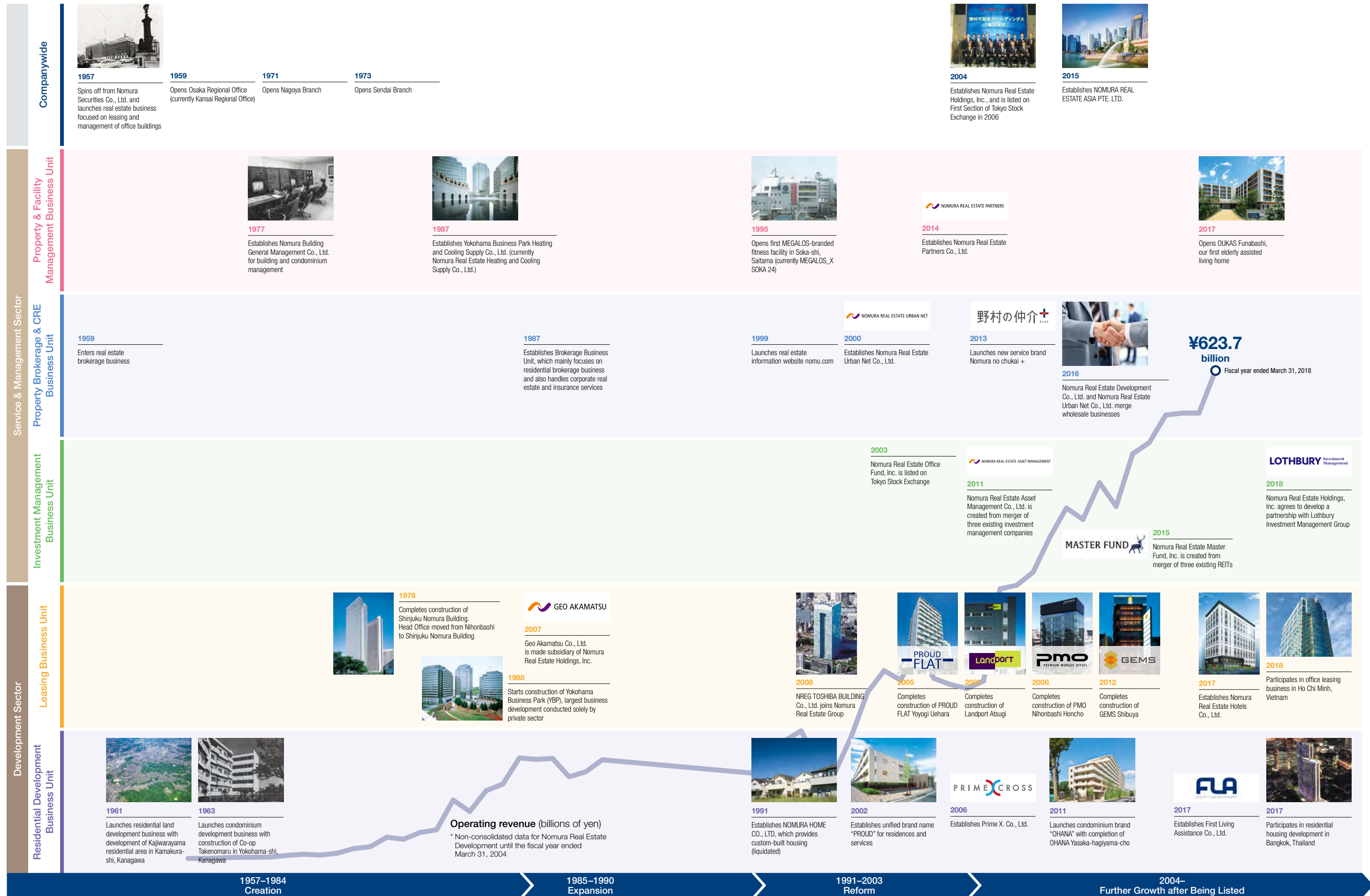
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Shibaura 1-chome Rebuilding Plan (tentative name)

The Path of Creation and Ambition



Action Guideline—What We Value

- Taking a client-first approach
- Creating new value based on original ideas
- Always being a challenger
- Acknowledging our growth with society
- Working with vigor and achieving wellness

Opportunities for Growth Initiatives

- Demands for contribution to the local community
- Urban renewal and local revitalization
- Aging of existing properties
- Shifting from savings to investment
- Further acceleration in globalization
- Growing needs for health and comfort

Controlling Business Risks

- Japan's declining birth rate and aging population
- Rising cost of building energy conservation
- Increased cost for improving work environments
- Social and environmental concerns in the supply chain

Our Advantages in Value Creation

Group Philosophy—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.

We will continue to provide new value to customers and society. By focusing on social changes and diversifying needs, we will make use of our strengths to offer innovative business.

Driver 1 Creating Value by Finding Ways to Satisfy Market Needs

P.10

Driver 3 Maintaining a Thorough Commitment to Quality

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Our Advantages in Value Creation

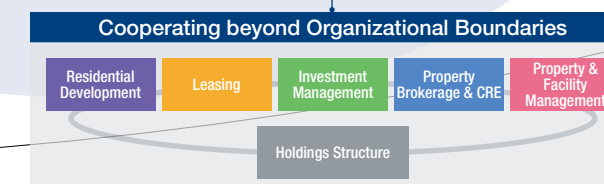
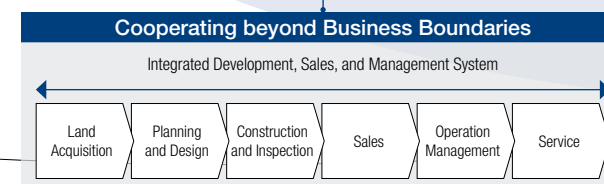
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Driver 2 Operating as a Cooperative Organization

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A Variety of Relations with Customers and Society

Development Sector		Service & Management Sector		
Residential Development Business Unit	Leasing Business Unit	Investment Management Business Unit	Property Brokerage & CRE Business Unit	Property & Facility Management Business Unit
 <ul style="list-style-type: none"> • Condominiums • Detached housings • Urban-type compact towns 	 <ul style="list-style-type: none"> • Property development • Offices • Retail facilities 	 <ul style="list-style-type: none"> • Investors • Asset owners 	 <ul style="list-style-type: none"> • Stores • Corporate brokerage • nomu.com members 	 <ul style="list-style-type: none"> • Buildings and housings under management • Fitness clubs • Elderly housings
Number of housing units sold (for the fiscal year ended March 31, 2018) 5,865 units	Leasable floor area (as of March 31, 2018) 1,020,000 m²	Assets under management (as of March 31, 2018) ¥1.3 trillion (approx.)	Number of brokerage transactions (for the fiscal year ended March 31, 2018) 8,561 transactions	Number of housings under management (as of March 31, 2018) 170,000 units (approx.)
Number of PROUD units sold (as of March 31, 2018) 58,000 units (approx.)	Number of property developments (as of March 31, 2018) 180 buildings	Number of properties under management (as of March 31, 2018) 349 buildings	Number of nomu.com members (as of March 31, 2018) 200,000 members (approx.)	Number of office buildings under management (as of March 31, 2018) 723 buildings



*1 In the 2018 Condominium Brand Survey, published by Nikkei Inc., PROUD was ranked No. 1 in seven out of 10 items.
 *2 Number of employees qualified as first-class architects within Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd. (as of March 31, 2018)
 *3 Received No. 1 ranking in the 2016, 2017, and 2018 Oricon Customer Satisfaction Report for real estate brokerages in both the condominium (purchases) and detached housings (sales) categories
 *4 Management satisfaction survey conducted by Sumai Surfin

Our Growth Drivers

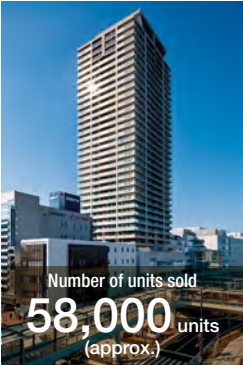
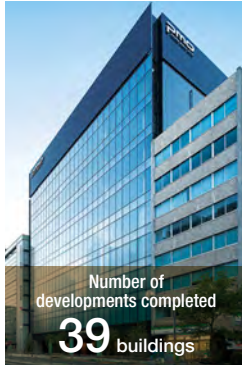
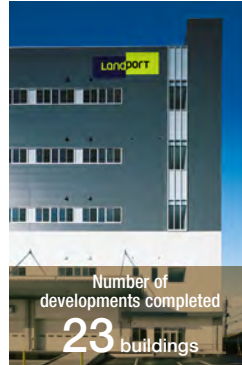

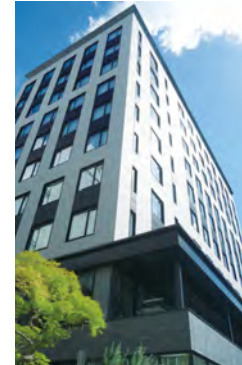
Driver 1 Creating Value by Finding Ways to Satisfy Market Needs

It has been necessary for the Nomura Real Estate Group, which did not always have the same ability to procure funds as it does now, to create its own growth capital through timely acquisition of development profit. In order to facilitate the continuous acquisition of development profit, we have to put our customers first and create products that exceed their expectations. This sensitivity to customer needs, which we have embraced almost

to a fault, has become the base of our corporate culture. Moreover, this approach has cultivated a corporate culture that values improving our products by reflecting customer and market feedback. By combining our knowledge and enthusiasm with our high level of technical skills, we have offered the best products and services, including "PROUD," which has achieved a high level of brand power in the condominium industry.

Our Major Brands

(As of March 31, 2018)

PROUD	PMO PREMIUM MIDSIZE OFFICE	Landport	OUKAS	NOHGA HOTEL
				
Number of units sold 58,000 units (approx.)	Number of developments completed 39 buildings	Number of developments completed 23 buildings		
Housings	Offices	Logistics facilities	Elderly housings with supportive services	Hotels

Driver 2 Operating as a Cooperative Organization

At the Nomura Real Estate Group, every employee takes on a variety of roles and works as a team. If there is a business opportunity, even in unknown domains, we always try to take it on by crossing sectors and divisions. We employ this tactic because our mission has always been maximizing limited resources to meet the needs of customers and society. As a

result, the Group has become a cooperative organization that creates new value through original ideas. It has also led to the current integrated development, sales, and management system. We have extended this cooperative spirit beyond the Group to include our business partners, which has spurred significant growth.



Driver 3 Maintaining a Thorough Commitment to Quality

Our commitment to quality, which has been cultivated since the time of our inception, has been an important part of the Nomura Real Estate Group. Through this commitment, we have earned the absolute trust of both customers and society. Our quality management manuals consolidate the know-how we have cultivated through our management of roughly 180,000 housings. These manuals are also useful for quality

checks and our after-sales services, which are provided regularly following property completion and transfer. But no matter how much expertise we accumulate, we will continue our commitment to quality. This attitude toward taking on new challenges leads to new technologies and initiatives, human resources development, and the creation of new added value.



Quality management manuals consolidating 60 years of expertise



Regular, continuous support for comfortable living

Recipient of the Good Design Award for 16 Consecutive Years

- ① 1000 no IGOKOCHI*
- ② PROUD CITY Asagaya
- ③ OHANA Series
- ④ PROUD Utsukushigaoka



* "1000 Ways to Be Comfortable." Based on 100,000 responses from 40,000 participants, this concept was applied to new ideas for houses, resulting in a housing project that aims for a richer, more comfortable lifestyle.

New Challenges for the Nomura Real Estate Group

Creating Value by Finding Ways to Satisfy Market Needs



Operating as a Cooperative Organization



Maintaining a Thorough Commitment to Quality



Large-scale Projects under Development



2020- Urban-type compact town: Hiyoshi-Minowacho Project



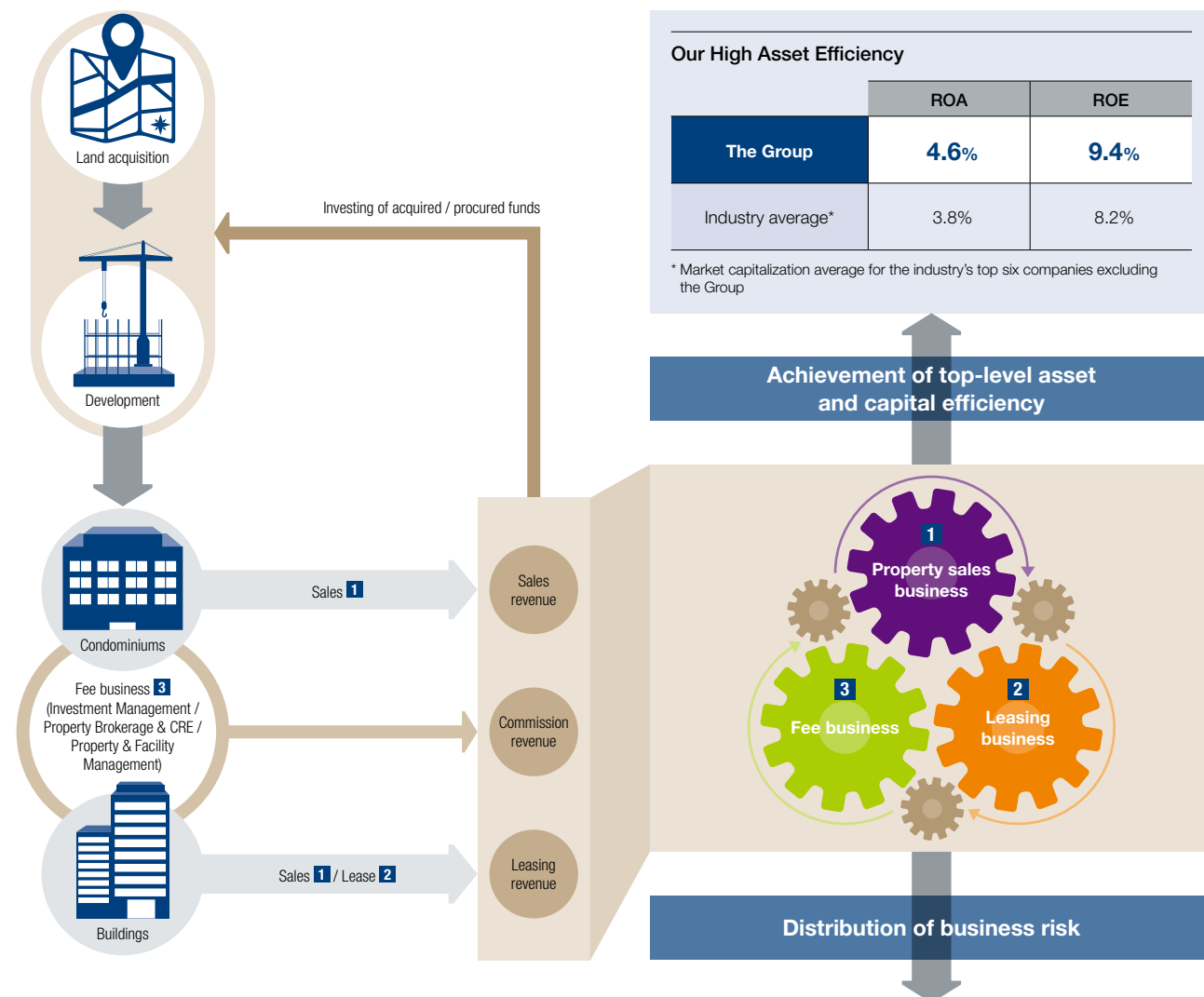
2025- Large-scale, mixed-use development project: Shibaura 1-chome Rebuilding plan (tentative name)



2025- Large-scale, mixed-use redevelopment project: Nihonbashi 1-chome Central District Redevelopment Project

High-Efficiency Management and Profit Structure

The Nomura Real Estate Group combines its three businesses of property sales business, leasing business, and fee business in a balanced manner in response to the risks associated with each business. Through this effort, we work to control risks such as market fluctuations to the utmost of our ability and generate stable earnings while at the same time achieving high levels of asset and capital efficiency.

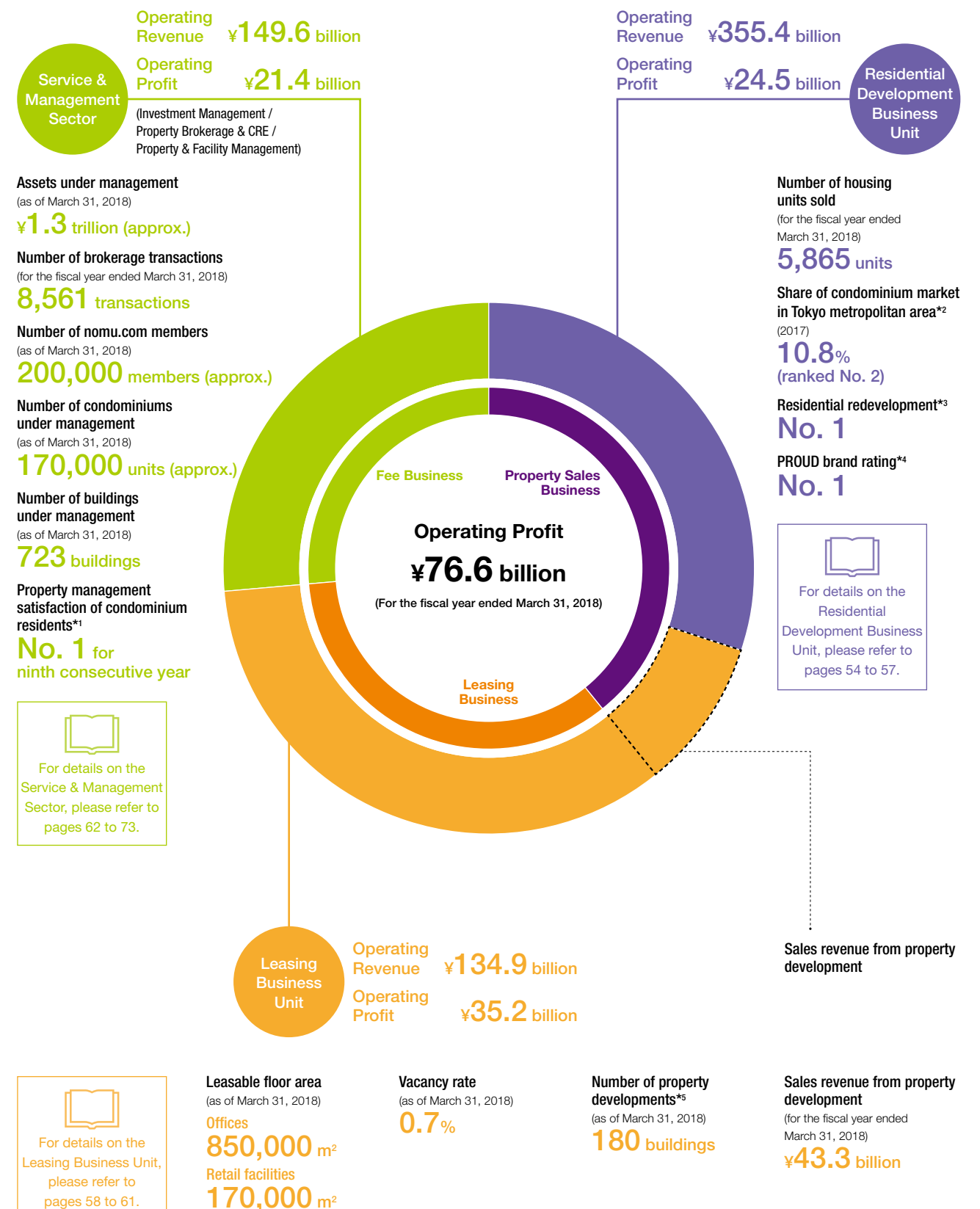


Basic Approach to Revenue Growth



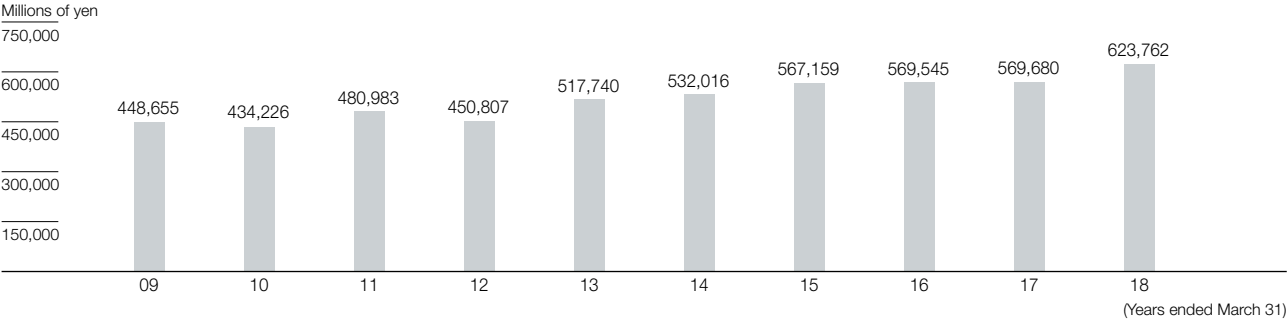
Outer circle: Operating profit by segment
Inner circle: Operating profit by business model

*1 Management satisfaction survey conducted by Sumai Surfin
*2 According to Real Estate Economic Institute Co., Ltd.
*3 Based on in-house research
*4 In the 2018 Condominium Brand Survey, published by Nikkei Inc., PROUD was ranked No.1 in seven out of 10 items.
*5 Including properties in the planning stage

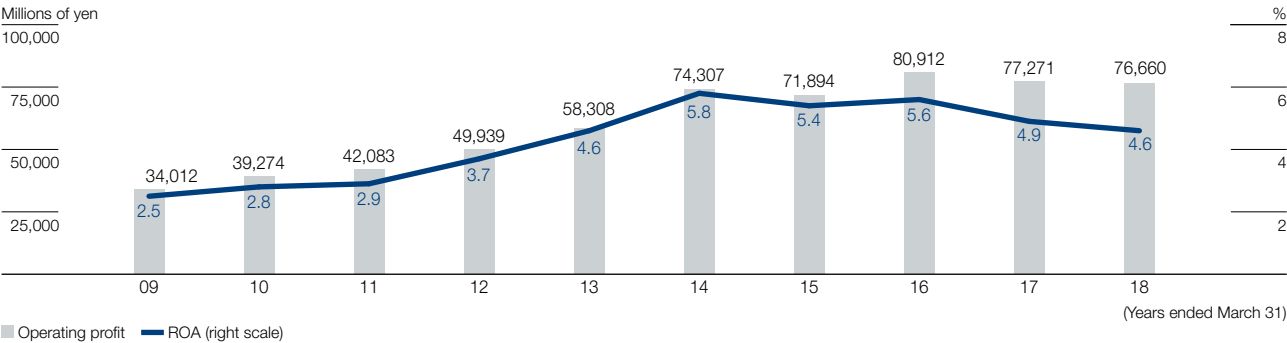


Main Financial Indicators

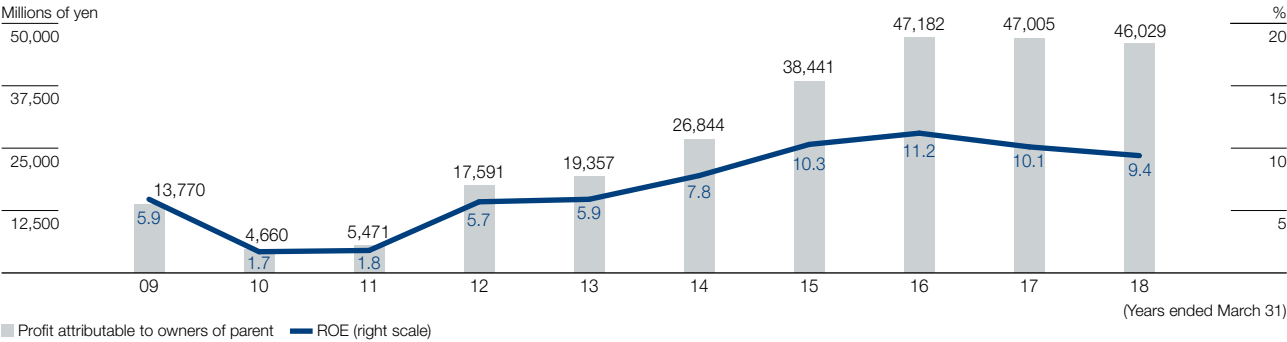
Operating Revenue



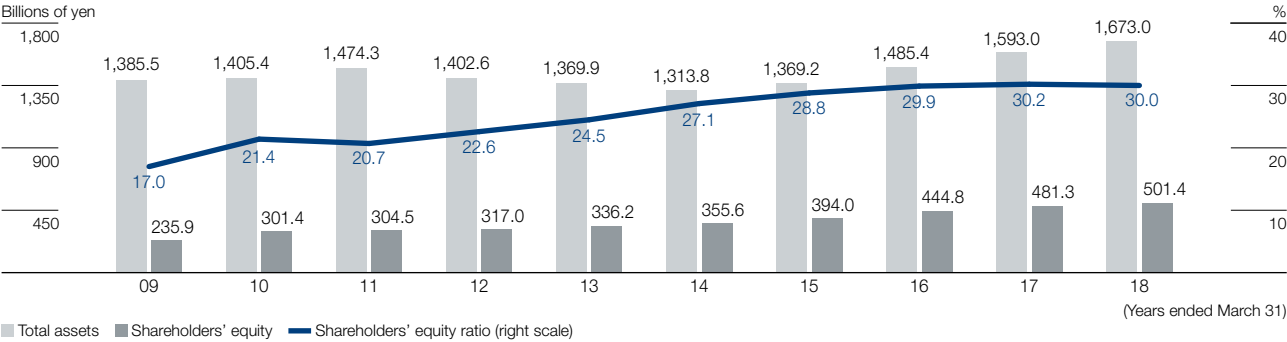
Operating Profit / ROA*1



Profit Attributable to Owners of Parent / ROE*2

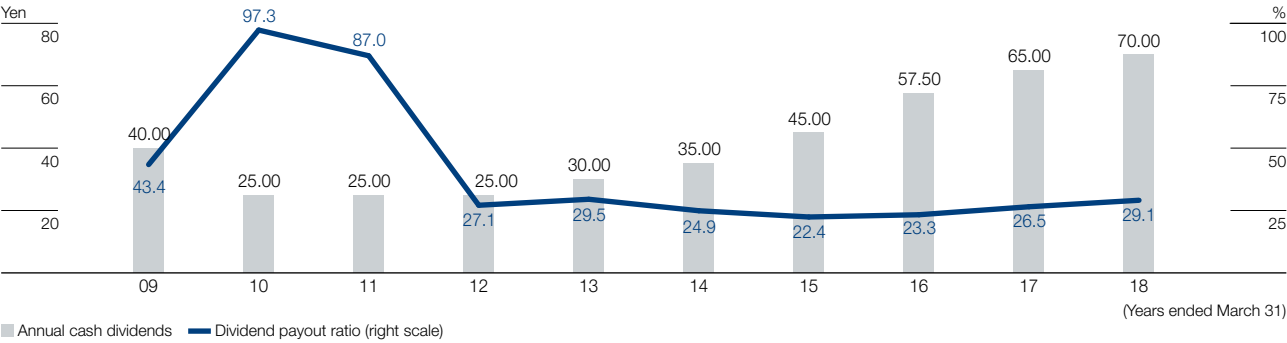


Total Assets / Shareholders' Equity / Shareholders' Equity Ratio

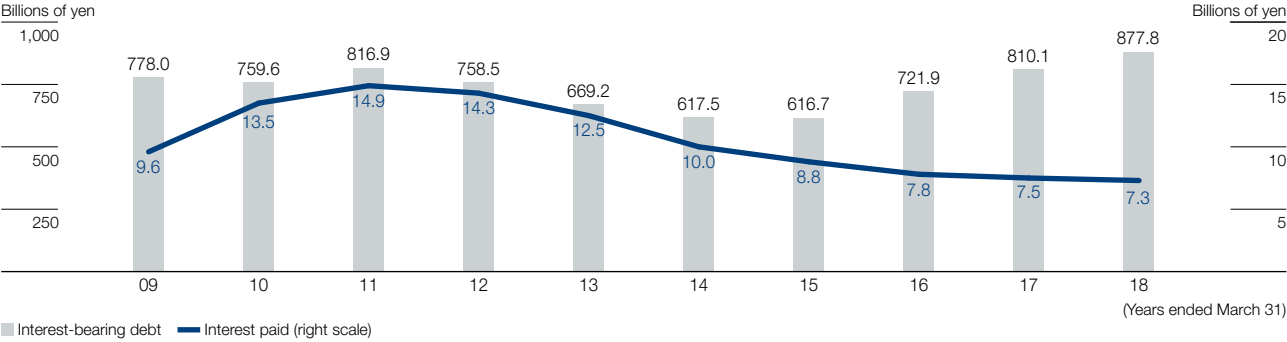


*1 ROA = (Operating profit + Non-operating profit) / Total assets at end of the fiscal year
*2 ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

Annual Cash Dividends / Dividend Payout Ratio

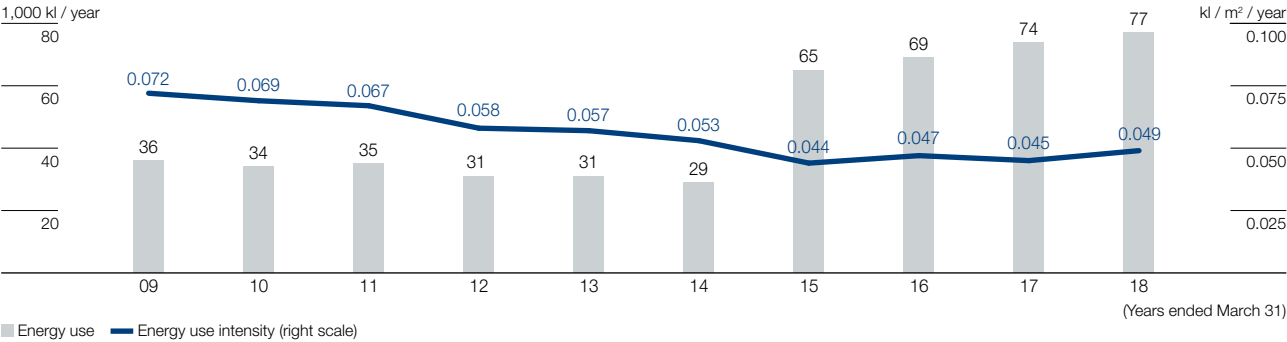


Interest-bearing Debt / Interest Paid

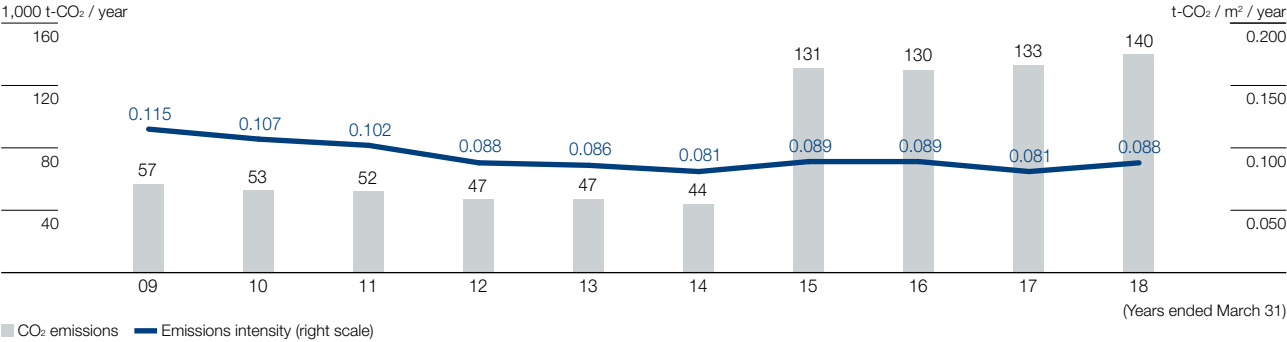


Main Non-financial Data

Oil Converted Energy Use / Intensity*3



CO2 Emissions / Intensity*4



*3 Up until the fiscal year ended March 31, 2014, data was calculated for the 7 buildings (buildings with office space as primary use) in which the Nomura Real Estate Group retains an interest of more than 50,000 m² and are subject to the Tokyo Metropolitan Ordinance on Environmental Preservation. Under these same conditions, data for the fiscal year ended March 31, 2015 was calculated for 143 facilities, data for the fiscal year ended March 31, 2016 was calculated for 142 facilities, data for the fiscal year ended March 31, 2017 was calculated for 181 facilities, and data for the fiscal year ended March 31, 2018 was calculated for 184 facilities.
*4 CO2 emissions are calculated using the emissions coefficient designated in the Tokyo Metropolitan Ordinance on Environmental Preservation.

We provide richness in everyday life, work, and relationships to help solve social issues in countries and cities. That is the duty of the real estate industry.

Eiji Kutsukake
President and Representative Director,
Group CEO
Nomura Real Estate Holdings, Inc.



The Nomura Real Estate Group Mission—Creating “New Value, Real Value” to provide richness in everyday life, work, and relationships

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.

We have adopted these words as our Group philosophy and laid them out as our Group Vision for customers and stakeholders. Carrying on our daily business, we always keep our Group Vision in mind. With my background in securities and finance, I inevitably focus on the profitability that comes from real estate. It is obvious that profitability is an essential part of increasing corporate value, but I believe that the most important part is the history and ideas that have been connected to a piece of land or a building. I think that the real estate industry’s mission is to contribute to the future by creating new value in line with the times and making use of what we have generated so far. In the end, this idea is based on nothing more than providing richness in everyday life, work, and relationships. Producing new value—by creating a space that enriches a person’s time spent—is what generates revenue.

Resolving social issues from country to country

Furthermore, the real estate industry is one that affects and is affected by many factors, either directly or indirectly. These factors include a country’s or city’s economy, demographics, business performance, society, and environment. With continuing globalization, these influences are growing in a situation where information spreads quickly. That is why I firmly believe that the real estate industry should be at the forefront when it comes to tackling social issues for countries and cities as well

as for people’s everyday life, work, and relationships. I feel that international society requires actions to promote stronger responsibility for corporate business activities such as the Sustainable Development Goals (SDGs), which were established by the United Nations in 2015. In turn, providing richness in everyday life, work, and relationships will help solve social issues in countries and cities. I believe that to be the duty of the real estate industry.

Strong collaboration within the Group to create added value

Since its founding in 1957, the Nomura Real Estate Group has spent more than 60 years confronting social issues through the provision and expansion of the real estate development business and various real estate related services. Since 2015, under the Nomura Real Estate Holdings system, we have been strongly promoting departmental management in our five business units: the Residential Development Business Unit, the Leasing Business Unit, the Investment Management Business Unit, the Property Brokerage & CRE Business Unit, and the Property & Facility Management Business Unit. Our

primary Group companies include Nomura Real Estate Asset Management Co., Ltd., an investment management company that handles REITs and other investment management services; NREG TOSHIBA BUILDING Co., Ltd., which joined the Nomura Real Estate Group in 2008 and is making great contributions to the expansion of the leasing business; Nomura Real Estate Urban Net Co., Ltd., which continues to make advanced efforts in the real estate brokerage business; and Nomura Real Estate Partners Co., Ltd., which has acquired several high ratings for property and facility management for condominiums

and other buildings. As we strengthen the links among these Group companies in order to carry out the specific initiatives of their respective business units, we are also steadily expanding our business. To better respond to customer needs as well as

changes in society while continuing to provide high added value, strong collaboration throughout the Group is becoming increasingly important, and we will facilitate the means for doing so.

It is crucial to grow through the expansion of business opportunities in both the mature domestic market and the growing overseas markets.

Three years have passed since I was appointed Group CEO. In line with our Mid- to Long-term Business Plan, we have steadily expanded our Development and Service & Management sectors; however, to realize further growth, I believe that the entire Group must surpass previous goals. To make that possible, it is crucial we grow in both mature and growing markets.

The domestic market, which is the main market of the Group, is already a mature market, and there are increasing concerns that market scale will shrink over the long term amid the declining birth rate and aging population. At the same time, specifically because Japan is a mature market, the requirements are of a high level and the social issues are even more complex. In this sort of market, it is important to focus on corporate growth by working at the forefront of tackling social

issues, expanding business opportunities, and continuing to refine our strengths and expertise.

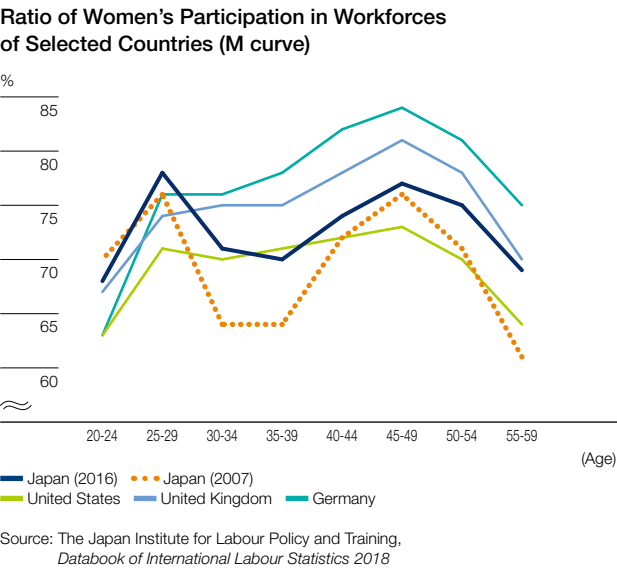
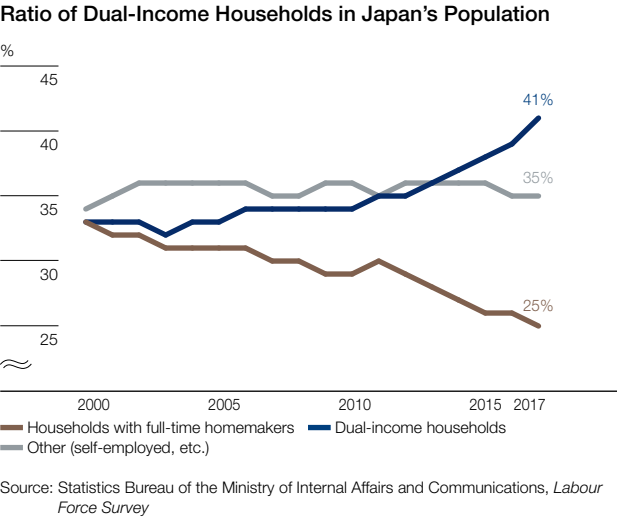
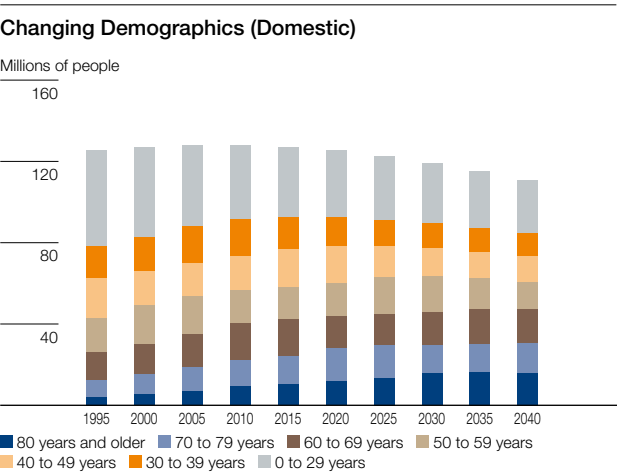
In Japan, I am focused on changes in lifestyle. The population of Japan has declined for the seventh consecutive year since 2010, while the proportion of people aged 65 and over accounts for 27.7%*1 of the total population, marking a record high and showing a rapid shift to a super-aged society. Combined with such factors as an expected decline in the working age population, this demographic shift is receiving global attention as an issue for developed countries. In the future, cutting-edge technologies, such as robots and AI, as well as employment structure changes will be necessary to maintain economic activity. Both factors will bear a strong influence on lifestyle.

Against that backdrop, we should look at the ratio of working couples in Japan. The ratio of dual-income households was 32.8% of the population in 2000, increasing to 40.6% in 2017.*2 Further, looking at trends in female participation in the workforce, the M curve has been improved considerably, but there is still much room for improvement if we look at other countries around the world. In Japan, a country where the labor force is shrinking, the success of women in the workplace is directly connected to national strength. I believe that both the country and industry are entering an era where working couples will make up the greater part of the workforce by creating a women-friendly working environment.

Another factor to look at is the number of senior workers. While the mega trend of population decline is receiving all the attention, in terms of the next 10 to 20 years we should be more focused on the rapid increase in the number of senior citizens. Thanks to developments in medicine, life expectancy is rising. That, coupled with higher pension eligibility ages, has resulted in a greater motivation among senior citizens to work. Japanese companies are generally responding by extending or abolishing retirement ages in order to secure this labor force.

Furthermore, as the number of dual-income households increases, so does the importance of shorter commuting and greater convenience because of the need to balance work and life in a limited timeframe. To accommodate the growing elderly population, the demand for urban-type compact towns is increasing because shopping, hospitalization, entertainment, and other services can be reached within walking distance. Changes in lifestyle have led to transformation in the way people live and work, not only in metropolitan areas but also in regional core cities. I fully believe that our abundance of upcoming redevelopment and rebuilding projects and our urban-type compact towns, the result of efforts made over many years, are a key solution to these social issues.

*1 Ministry of Internal Affairs and Communications, *Current Population Estimates as of October 1, 2017*
*2 Statistics Bureau of the Ministry of Internal Affairs and Communications, *Labour Force Survey*



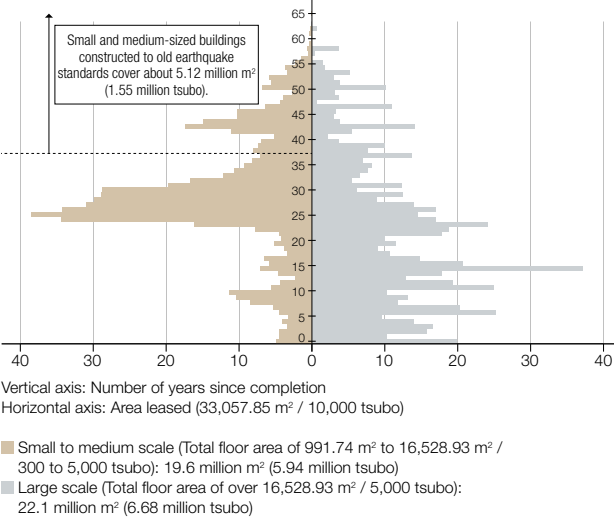
Redevelopment, rebuilding, and urban-type compact towns will act as a solution for the challenges facing society.

The rebuilding of buildings constructed under old earthquake resistance standards is a key growth market that helps resolve social issues.

We are not just tackling social issues related to lifestyle changes—issues related to offices and logistics are also a priority. An example of these social issues is earthquake resistant buildings under old standards. Much of the urban infrastructure in the Tokyo metropolitan area was developed to meet the needs that arose from the Tokyo Olympic construction boom in 1964. Even now, more than 50 years later, the 23 wards of Tokyo have small and medium-sized earthquake resistant buildings spreading over a total area of about 5.12 million m² (1.55 million tsubo). As a result of the 2011 Great East Japan Earthquake, the awareness of issues related to safety and security has increased, but the progress of redevelopment and rebuilding remains slow. On the other hand, looking at business opportunities, we can assume with confidence that the demolition of old buildings will accelerate as small and medium-sized building owners grow older, subsequently leading to business succession and the inheritance of these buildings. Small and medium-sized companies, which employ 70%*³ of Japanese people, are performing steadily and the demand for human resources is strong. As a result, demand is growing for our PMO buildings, which provide safety and security. Amid these conditions, there is a great business opportunity and an opportunity to solve these social issues. (Please refer to pages 26 and 27 for details.)

*³ Ministry of Economy, Trade and Industry, 2018 White Paper on Small and Medium Enterprises in Japan

Distribution of Office Buildings in Tokyo's 23 Wards by Number of Years Since Completion



Source: Created by the Company based on XYMAX Corporation's Xymax Real Estate Institute Research Report, TOKYO 23 WARDS | Supply of New Office Space 2018 & Office Stock Pyramid 2018

and what we can provide for them. I feel that we are ready to accelerate further growth of our overseas business.

I believe there are three important factors in our overseas business potential: city power, local developers, and our value. In terms of city power, we will focus on per capita GDP, especially in the Asian region. Since economic growth potential has a direct tie to business opportunities, city power becomes a major prerequisite in doing overseas real estate business. As for local developers, we will make sure to confirm in advance whether we respect each other and how we spread responsibilities to benefit both of us in order to build win-win relationships. Because the real estate business is primarily a local business, we will consider not only the volume of future real estate pipelines but also the corporate culture of potential partners. Finally, regarding our value, we can develop

properties as well as provide our after-sales service expertise. Our ability to perform this role will be a great advantage, particularly in countries and regions where there is no practice of planning regular and long-term repairs on buildings in advance. Turning toward Europe and other countries where real estate markets are mature, I believe that to enter the investment management business primarily through M&A gives more advantages than directly taking on real estate development in order to gather information for future business and acquire know-how. This approach can add to the potential for business development that comes afterward. We will continue to examine the characteristics of various countries and cities, assess the risks, and set our initiatives accordingly. (Please refer to pages 30 and 31 for details.)

Progress under our Mid- to Long-term Business Plan

The fiscal year ending March 31, 2019 marks the final year of Phase 1 of our Mid- to Long-term Business Plan. When we formulated this plan, we set the target for operating profit at ¥85.0 billion for the fiscal year ending March 31, 2019, but the figure estimated in the earnings forecast at the beginning of the fiscal year was ¥81.0 billion. This shortfall was mainly because the number of housing units sold and the gross margin ratio of sales were expected to be lower than planned due to sluggishness in market conditions that were beyond the scope of assumptions. As mentioned later, I believe we need to revise our business strategy for the Residential Development Business Unit. Meanwhile, other business units are proceeding steadily with planting several business seeds for growth.

In addition, the Mid- to Long-term Business Plan sets out four indicators for its financial and capital policies: ROA at above 5%; ROE at the 10% level; the shareholders' equity ratio at the 30% level; and the dividend payout ratio at approximately 30%. ROA and ROE were almost as expected in the

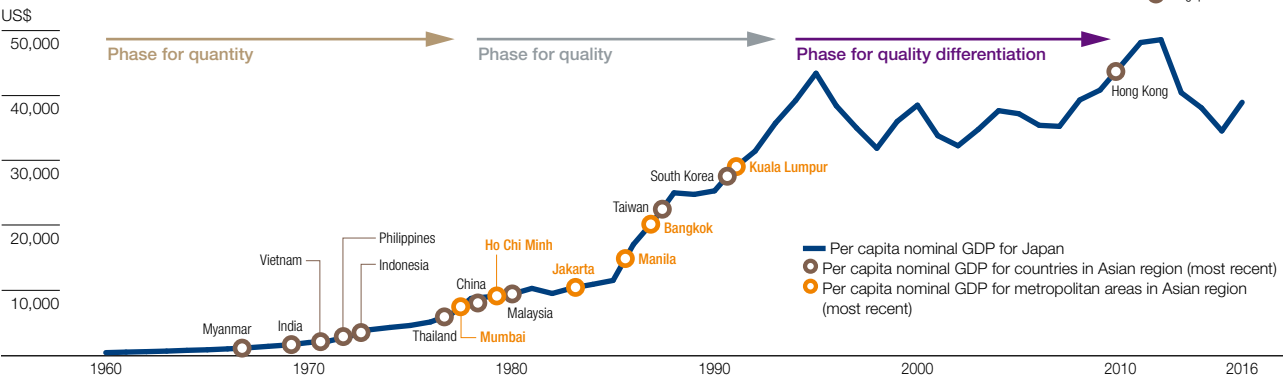
fiscal year ended March 31, 2018, with respective ratios of 4.6% and 9.4%. In the real estate industry, sophisticated balance sheet management is required for companies. We promote ROE management through a well-balanced business portfolio across the property sales business, the leasing business, and the fee business, which leads to a high ROE. This is the distinctive strength of the Group, and we are enforcing it to manage ROE. With regard to total shareholder returns, we have managed to achieve our sixth consecutive increase in dividends. We also acquired treasury stock for the first time in the fiscal year ended March 31, 2018. (Please refer to pages 48 and 49 for details.) This measure is aimed at providing steady increases in shareholder returns and improving capital efficiency with comprehensive consideration of the stock price, financial soundness, and business investment opportunity. We have also decided to acquire treasury stock in the fiscal year ending March 31, 2019.

In growing overseas markets, we must identify our strengths.

When we expand our perspective to the world, the United States, Europe, and other areas have mature real estate markets like in Japan. In addition, there are also areas like Southeast Asia

that are experiencing growth in their real estate markets right now. With regard to the Group's overseas expansion, we are working carefully to determine what people in these areas want

Per Capita Comparison of Japan's GDP with GDP of Selected Asian Countries and Cities



Source: Created by the Company based on data from the World Bank, International Monetary Fund, and other institutions

Phase 1 marks the preparation period for further growth in each business unit.

Phase 1 of the Mid- to Long-term Business Plan is a period of business preparation for future growth. Despite the likelihood of Phase 1 to fall short of its targets, my conclusion is that we have planted sufficient business seeds as planned. Below are the strategies for each business unit.

In the Residential Development Business Unit, we deliver roughly 6,000 units a year, but recovering our profit margin is a major issue. In the current residential market, the increasing number of dual-income households marks a need for housing

that offers better access to the workplace and a child-friendly environment. This trend is an example of the lifestyle changes I mentioned earlier, and I believe these changes will affect our business more in the future. Land acquisitions and property developments that satisfy such needs and changes in the market are essential to recovering profit margins, and we are now working to fine-tune our business strategy. However, we have already undertaken some redevelopment and rebuilding business in the areas where customer needs must be fulfilled.

I am proud to say that we are at the top of the industry for the number of residential redevelopment projects in Japan.*4 We are carrying out our assignments with our 100 professionals and aiming to increase the number of current inventory stock of 14,000 units.*5

In the Leasing Business Unit, PMO, GEMS, and other medium-scale property developments, which we have been working on for more than 10 years, are on track and have become major contributors to revenue, amounting to ¥10.0 billion in operating profit, representing about 30% of the business unit's operating profit. We have successfully combined profitable short-term real estate for sale with a duration of three to four years with large-scale redevelopment for long-term leasing that lasts over 10 years. At the same time, we aim to acquire stable and long-term revenue from both property sales and leasing as a prerequisite to greater capital efficiency. Also within this business unit, we have launched NOHGA HOTEL, our new hotel brand. Through this action, we will develop a unique hotel business.

The Service & Management Sector is recording steady growth as well. The Investment Management Business Unit has shown stable growth with cash generating properties. I consider M&A to be an effective means to build a platform in the European and U.S. markets. By acquiring highly reputed

investment management companies, we can expect to attain their property management know-how and networks as well as their investment management expertise. Besides adding their investment management fees, we are also expecting to explore future development opportunities. The Property Brokerage & CRE Business Unit is expected to continue to grow steadily within the Japanese market in the future. In addition to our collaboration with Nomura Securities Co., Ltd., we are strengthening our business arrangements with local banks and other financial institutions and working to meet customers' various needs. Regarding the Property & Facility Management Business Unit, the number of residential housing units and buildings under management and profitability have shown steady growth. This business unit will continue to enjoy a favorable business environment. We expect that the number of properties under management that are in need of large-scale repair will increase. In addition, OUKAS, our elderly housing brand, has started operations smoothly and is receiving residents. We have acquired several new lots for OUKAS, and we are expecting revenue contribution in the future.

*4 Based on in-house research

*5 From the fiscal year that commences April 1, 2019 (including stock from projects still in the planning stage)

We will accelerate our ESG initiatives, an indispensable key to Company growth.

We always have to consider Environmental, Social and Governance (ESG) implications when we make investments, as represented by Japan's Government Pension Investment Fund (GPIF), signing on to the United Nations' Principles for Responsible Investment (PRI) in 2015. I believe ESG initiatives are an indispensable key to our sustainable growth with our wide range of stakeholders. With regard to governance, our Board of Directors received various third-party opinions and suggestions in the process of evaluating the effectiveness of our Board in the fiscal year ended March 31, 2018. In addition, many institutional investors have appreciated our adoption of a monitoring-type board. In order to newly address the SDGs in terms of the environment and society, we have formulated policies and goals in line with our four existing key CSR themes: Safety/Security, Environment, Community, and Health and Well-being. This formulation is based on the recognition that global sustainability will have a major influence on our business. By adopting these international initiatives we will

further contribute to the resolution of social issues and the enhancement of future economic value through proper business activities. (Please refer to pages 34 and 35 for details.) In regard to the social aspect of human resource management, we had previously made efforts to reform work styles and promote diversity. However, in December 2017, we received corrective recommendations and guidance from the Labor Standards Inspection Office regarding the Discretionary Work System for Management-related Work for Nomura Real Estate Development. Furthermore, we consider the death of an employee, recognized as a work-related accident by authorities, to be a serious matter. I strongly declare that employees are the Group's most important resource and that such a tragic event should never occur again. We aim for "health and wellness management" so that all personnel work creatively with a healthy body and mind, which will lead to sustainable corporate growth. (Please refer to pages 40 to 43 for details.)

Sustainable growth through resolving social issues

Our Group companies collaborate with each other, sincerely caring about people's everyday life, work, and relationships and also providing various real estate-related services in our drive to achieve our Group Vision. I believe the Group enjoys a good reputation in society.

All our employees follow our highly regarded five-point Action Guideline "What We Value"—taking a client-first approach; creating new value based on original ideas; always being a challenger; acknowledging our growth with society; and our recently added, promoting health and well-being at work. I am convinced that these five values are important elements in realizing the sustainable growth of corporate value for the Group going forward. In addition to tackling the social issues of Japan, we are also listening to the voices of people who live, work, and stay in other countries and cities. I intend to ensure the Group's business will contribute to resolving their social issues and achieve sustainable growth. To all our shareholders and other stakeholders, we appreciate your continued understanding and support.

September 2018

Eiji Kutsukake

President and Representative Director,
Group CEO
Nomura Real Estate Holdings, Inc.

We will accelerate our ESG initiatives, an indispensable key to Company growth.
We believe that the health and well-being of our employees leads to corporate sustainability.
Through this belief, we will realize "Wellness management."



Special Feature

How will the growth strategy of the Nomura Real Estate Group take shape?

Acquisition of growth

opportunities begins with dedicated marketing

Applying Our Business Model to Achieve Growth



The Group begins its business activities with thorough, on-the-ground analysis through the perspective of how people in certain areas live and spend their time. These efforts are generating concrete results not only in residential development but also in property development and overseas business that extend beyond business domains, countries, and regions.

Since its founding in 1957, the Group has steadily grown from residential development in 1961 to encompass office and condominium development, carving out its spot in history as a real estate company. Within the residential development business—our founding business—we offer a comprehensive lineup of services that covers development, sales, and management. Under this structure, we communicate with customers, listen to their needs, and then use that feedback to generate new products and services while ensuring thorough quality control. In 2003, PROUD was established as the signature condominium brand for the Group. Following the birth of the PROUD brand, the Group saw dramatic growth in residential development. Using that same acquired knowledge and expertise, we responded to customer needs by establishing a property development business under a groundbreaking and highly

original business model. This business has been spearheaded by Premium Midsize Office (PMO), which features high-quality design and functionality. These efforts are extended to our overseas business, with the Group applying its distinctive high quality to challenges in property and urban development and receiving high praise in these local communities.

Currently, the Group is broadening its scope of urban development by expanding into the senior and hotel businesses. As society and lifestyles undergo dramatic changes, highly convenient and multifunctional urban development will become increasingly important in the future. The Group places sustainable urban development, both domestically and globally, as a core strategy in its next growth stage and strives to realize its Group Vision through its steadfast commitment to development.



Nomura Real Estate Group x Offices

PMO—A Product Created through Customer Dialogues

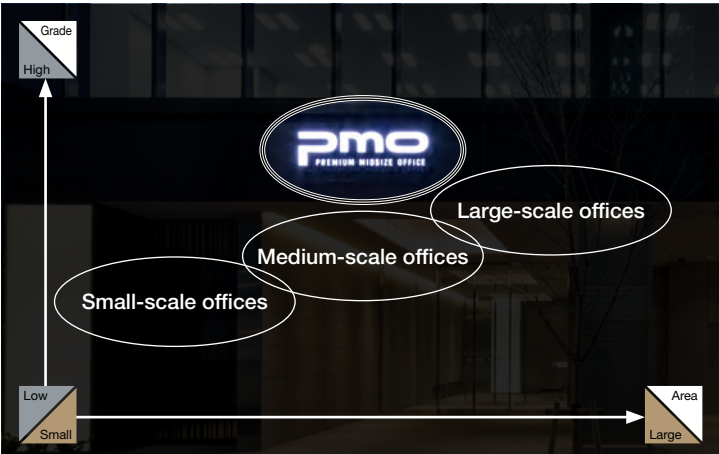
Large-scale office building development has been an active industry in the Tokyo metropolitan area since 2000. Though there was demand from small and medium-sized companies to mimic large companies and rent out an entire floor just for them, high-grade, high-spec buildings were simply too large. While medium-sized buildings were more affordable, standards and security were insufficient. There were only a few office buildings on the market however that did meet this need, and several businesses had to make do with buildings that did not fulfill their requirements. In 2006, our project team was formed to find a solution to this problem plaguing small and medium-sized companies with high growth potential. Analyzing market trends in office building development and opinions from our existing tenants, we developed the Premium Midsize Office (PMO) series of office buildings, medium-sized buildings that combine superior earthquake resistance with high functionality and standards comparable to a large-scale office building.

The fundamental design of a PMO accommodates one tenant per floor, with dedicated plumbing on each floor to increase functionality. We employ a tried and tested model as a template, but we are constantly adapting interior designs and equipment, adjusting them to the characteristics of the location and the target tenants. This, combined with increased energy

conservation and greening, is part of our continuous pursuit of premium standards. We develop PMO in high demand areas. To determine whether significant demand exists, we carry out market research and analysis of the surrounding vicinity, starting from the land acquisition phase. We always work to improve the value of the PMO brand through further discussions with the personnel related to each property, while maintaining the overall concept. We are focused on the continued development of PMO properties to enhance the PMO brand.

For instance, we provide a space that can be used for company briefings and to conduct interviews free of charge. We also offer online training courses applicable to a wide range of staff, from new recruits to managers. Furthermore, we also hold events in order to build a sense of community within each company in PMO, which include nature-based activities such as rice planting. Moreover, we have set up a center for countermeasures in times of disaster at PMO Nihonbashi Muromachi. Approximately 20 PMOs are in operation in the vicinity of Nihonbashi and the center acts as a central point for collecting and transmitting information for the early restoration of each building. A warehouse that stores water and emergency rations for occupants has also been established for emergencies.

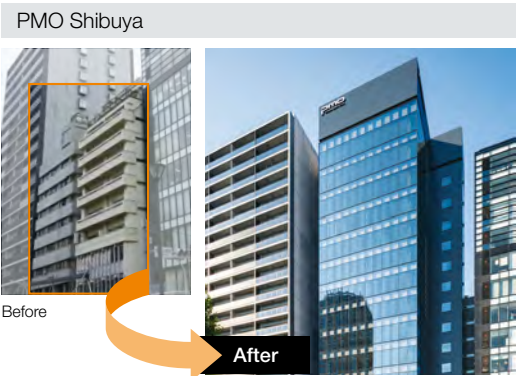
PMO Compared with Generic Office Buildings



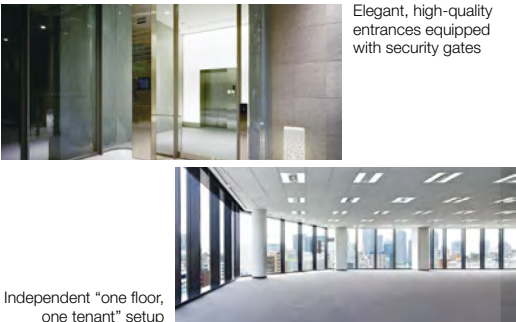
Highly functional PMO

- “Hard” advantages**
- Selection of areas with strong demand for office buildings when acquiring land
 - Comfort and energy efficiency through fine-tuned, separately controlled air conditioning setups on each floor
 - Security gates at entrance
 - Stylish exterior design
- “Soft” advantages**
- Community events and joint training geared toward tenants

Before → After



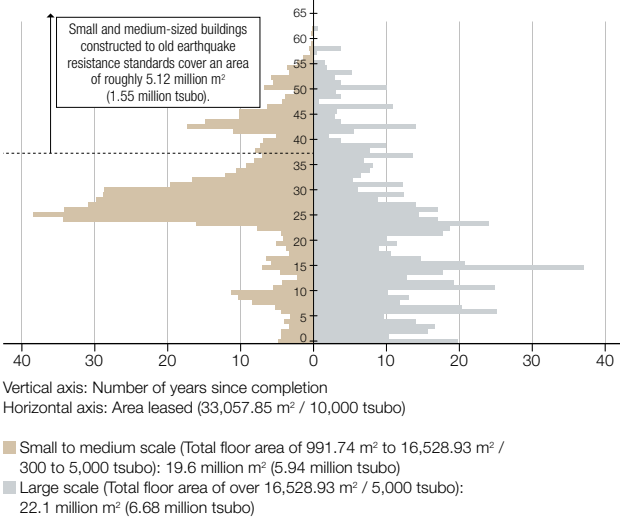
Main PMO Features



Midsize Offices—Expectations for Long-term Demand

In the domestic office market, the demand for high-grade offices is expected to continue until roughly 2020. Tenant demand is consistent with steady business results, with vacancy rates and rent continuing to improve. Since 2012, the amount of leased office space has increased by approximately 330,578.5 m² (100,000 tsubo) annually, which confirms the strong demand for more office space. In addition, looking in terms of the age of office buildings in the 23 wards of Tokyo, the total area of office buildings built before 1981, and therefore built according to obsolete earthquake resistance standards, amounts to approximately 5.12 million m² (1.55 million tsubo). This reflects the need for timely replacement of these buildings in the face of disaster risks. The majority of these buildings are small to medium in size. The owners of these buildings often operate small or medium-sized businesses but due to the lack of successors, it is difficult to continue their own business, which requires them to sell their properties. In the future, PMOs will play a significant role in an environment where the need for rebuilding is constant and the number of businesses closing down is increasing. Moving forward, the Group will continue to expand steadily while tackling the issues facing society.

Distribution of Office Buildings in Tokyo's 23 Wards by Number of Years Since Completion



Source: Created by the Company based on XYMAX Corporation's Xymax Real Estate Institute Report, TOKYO 23 WARDS | Supply of New Office Space 2018 & Office Stock Pyramid 2018

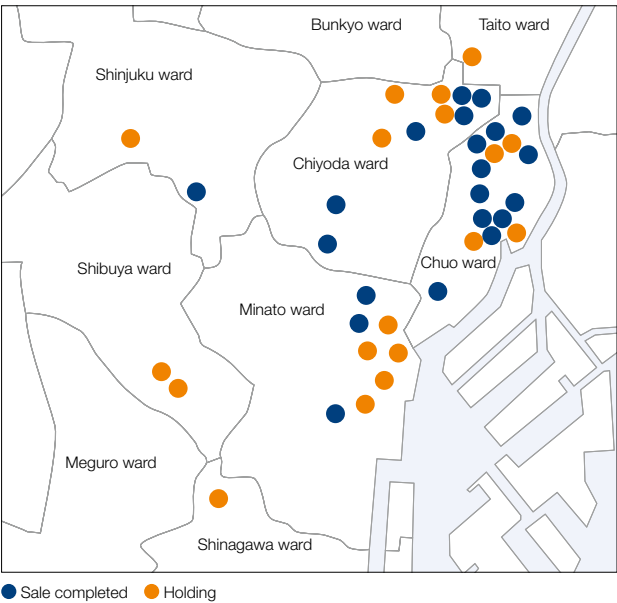
Developments*

Developments*	Cumulative floor area	CASBEE A rank or higher	DBJ Green Building certification
39 buildings	158,677.7 m ² (48,000 tsubo)	20 buildings	12 buildings

* As of March 31, 2018. Includes developments at the planning stage

Highly Productive Development Stock

Stock (total planned investment)	¥86.7 billion, 18 properties
Balance on balance sheets	¥62.6 billion



Acquisitions and Sales (Three-year average from year ended March 31, 2016 to year ended March 31, 2018)

Acquisitions (total planned investment)	Avg. ¥21.6 billion (¥65.0 billion total)
Sales (operating revenue)	Avg. ¥8.8 billion (¥26.6 billion)

Contributions to Enhancing Tenant Business

Average Results Three Years after Tenant Moves in		
ROA	Approx. 5% UP	
Ordinary profit margin	Approx. 2% UP	
Shareholders' equity ratio	Approx. 6% UP	
Number of business partners (sales agents)	Approx. 15% UP	
Number of full-time employees	Approx. 25% UP	



Nomura Real Estate Group x Logistics

Landport—A Large-scale, Highly Functional Logistics Facility That Promotes Business ahead of Its Time

Within the Leasing Business Unit, we are promoting our property development business, which is linked to the growth of Group REITs. At the same time, we are also securing high capital efficiency and stable earnings growth through the sales of property development to our Group REITs. In 2004, logistics facilities were not widely regarded as commercial properties in Japan. The Group made early efforts within the industry, and in 2007 completed its first Landport development property. While demand was expected to increase in accordance with the proliferation of e-commerce, we were looking to quickly meet the needs of markets that were lacking highly functional logistics facilities. To achieve this, we aimed to apply our strengths as a real estate group—a track record of plentiful land transactions and a development scheme—and offer facilities that would contribute to changes in the logistics industry in the future. The Investment Management Business Unit facilitated our early entry into this field. We launched a logistics facility development fund ahead of other companies by accurately grasping institutional investor needs in the logistics sector. To respond to tenant needs, we introduced a structure where Group employees work directly with logistics companies, thereby deepening relationships. This structure facilitates two characteristics of our logistics facilities business; the first is the ability to fully grasp the needs of our customers in detail; the second is, after a facility is established, our employees will work in a distribution center and strive to improve the

facilities. As of March 31, 2018, 23 properties have been completed, including projects under planning. Although the logistics business was originally focused on the Tokyo metropolitan area, in 2017 the Group expanded this area to Chubu and Kansai areas as well. In general, access to a highway interchange is an important factor in determining the location of logistics facilities. Likewise, Landport facilities are also planned to be built in industrial areas within about 8 km of an interchange. In development, we operate mainly using a multi-tenant model, and select areas that can be utilized as logistics bases for a variety of tenants. In that light, we provide facilities with optimal size and specifications. Another characteristic of our facilities is that we are able to secure functions that help improve usability in such ways as enabling flexible load storage by effectively utilizing available floor height and pillar spans. Meanwhile, we are also developing facilities that incorporate logistics specifications for particular industries, and we are accelerating the development of facilities in anticipation of future laborsaving operations. In addition to being environmentally friendly, as shown by our CASBEE rankings (A or higher) and LEED and DBJ Green Building certifications, we maintain a comprehensive safety system that includes emergency power supply, stockpiling warehouses, and seismic isolation structures so that operations will not cease even in the event of a disaster.

Main Characteristics of Landport

By combining the following features, we provide facilities with optimal size and specifications for our customers.

Locations appropriate for logistics

We supply large-scale highly functional logistics centers concentrated in the metropolitan areas of Tokyo and the Kansai region to realize the optimization required by shippers and logistics companies.



High carrying capacity

We install transport machines with a high load capacity, which enables efficient transfer of loads between floors.



Consideration for the environment

Our facilities utilize building-wide LED lighting in order to reduce running costs and out of consideration for the environment. We also promote the installation of solar panels on facility rooftops.



Efficient facility design

We are able to meet a variety of tenant needs due to a design that features wide pillar spans and beams set at an effective height to maximize efficient use of storage space.



BCP initiatives

We promote the installation of seismic isolation devices, emergency power supply, stockpiling warehouses, and other equipment to ensure the continuity of logistics operations.



Security measures

Security cameras are installed on the premises and guards are present to ensure security within the facility.

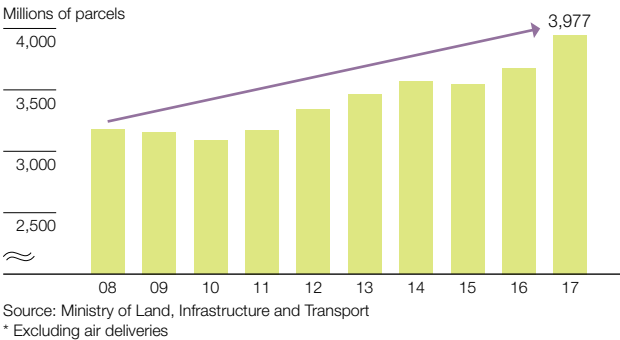


Continuing Demand for Fundamentally Strong Logistics Facilities

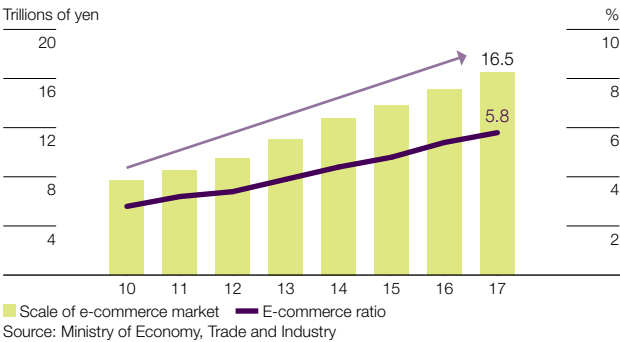
In accordance with the sharp increase in e-commerce, the logistics industry is handling more deliveries, but the overall size of packages is getting smaller. As a result, the need to develop a logistics network that can facilitate same-day delivery of oversized packages is becoming an urgent issue. Furthermore, as e-commerce gains popularity, there is growing fear that it will become difficult to maintain a viable logistics system in the face of an aging population and a labor shortage. With delivery time constraints becoming stricter, the scope of services, including time slot selection, payment collection, and ancillary tasks upon receipt, is also increasing. These factors combined with rising e-commerce use and more frequent transport make appropriate coordination vastly difficult during peak times.

In order to respond to these changes appropriately, it is crucial to implement a strong form of logistics with more sustainable, stable functions and improved productivity. This however, will pose a major challenge for the future. It is necessary to accelerate the introduction of robotics and cooperation among business operators. In addition, the proportion of facilities that have been in operation for over 50 years is expected to increase sharply in the next 20 years. Amid greater consciousness of business continuity plans (BCP) in the wake of the Great East Japan Earthquake, there is also high demand for rebuilding. As a result, Landport will have a major role to play in the future.

Number of express home deliveries handled



Scale of e-commerce market



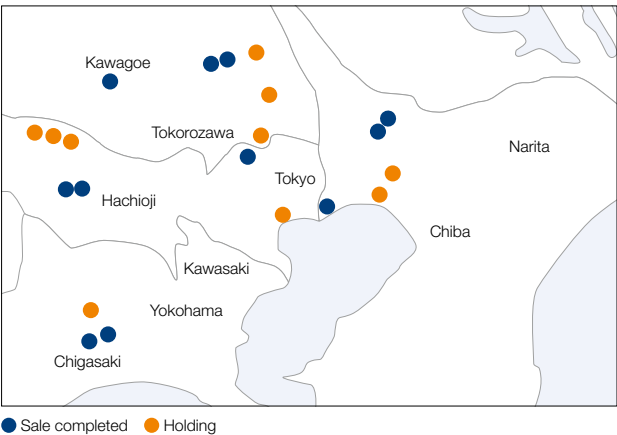
Developments*

Developments*	Cumulative floor area	CASBEE A rank or higher	DBJ Green Building certification
23 buildings	1,279,338.8 m ² (387,000 tsubo)	5 buildings	13 buildings

* As of March 31, 2018. Includes developments at the planning stage

Ample Pipeline

Stock (total planned investment)	¥121.9 billion, 11 properties
Balance on balance sheets	¥42.6 billion



Acquisitions and Sales (Three-year average from fiscal year ended March 31, 2016 to fiscal year ended March 31, 2018)

Acquisitions (total planned investment)	Avg. ¥38.8 billion (¥116.5 billion total)
Sales (operating revenue)	Avg. ¥11.7 billion (¥35.2 billion)

Contributions to Securing a Suitable Workforce

To cope with the miniaturization and increased frequency of transportation, securing a suitable workforce is a priority issue for today's logistics facilities. Landport helps secure personnel for tenant companies by providing a comfortable work environment for those working at the facility.



Cafeteria
Our facilities feature a spacious and clean cafeteria that can be used for breaks, meals, or as a space to conduct business discussions in order to create a favorable working environment.



Drivers' Rest Area
We provide ample amenities for drivers, including dedicated toilets and outdoor vending machines.



Nomura Real Estate Group x Overseas

Applying Domestic Marketing Methods in Southeast Asia

The Group is currently accelerating expansion of the residential development business and leasing business with a focus on countries showing outstanding growth, such as Thailand, Vietnam, the Philippines, and China. We are planning to invest ¥300.0 billion in our overseas business by 2025, and have committed to investing a total of ¥35.0 billion in nine projects by July 2018. We aim to capture the brisk demand in Asia by providing new value through products and services to local communities, as part of our efforts to sustain our business in each country on a medium- to long-term basis.

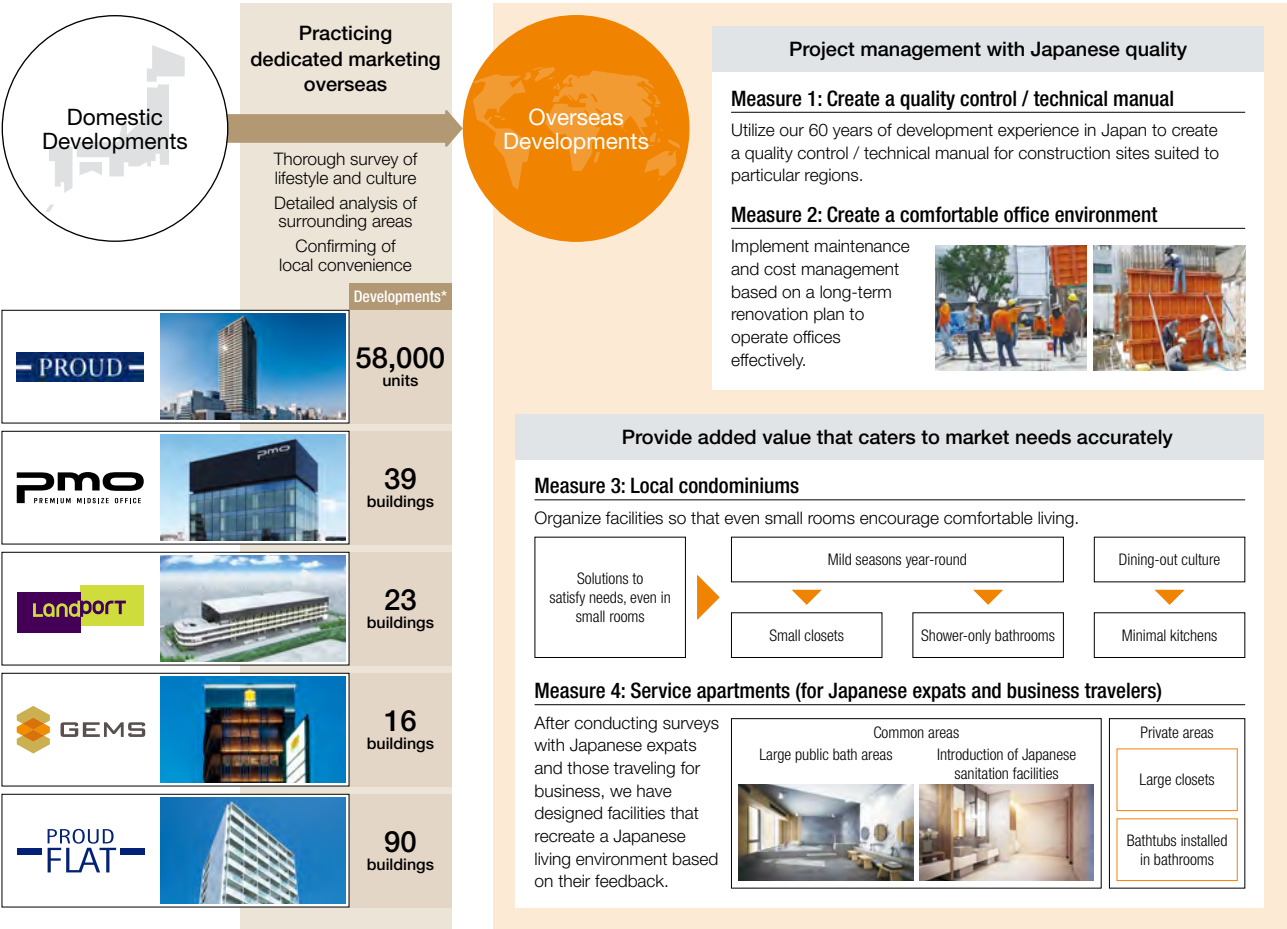
In order to achieve success in the development business overseas, we believe that it is vital to collaborate with local developers who possess notable advantages in each country's market. The first step in this process is to identify local developers with a corporate culture that is highly compatible with the ideas and strategies of the Group. From that point on, the Group and local developers can cooperate to complement each other's strengths and weaknesses and, at the same time, accurately grasp the needs of the country or region that undergo changes during their growth process. By doing so,

the Group can put forth high-quality products and differentiated services that will provide new value to the local population.

In the same manner as our domestic business, we primarily market to local populations overseas. We repeat a cycle of sending employees to locations, closely examining local needs alongside our partners, incorporating the knowledge and expertise gained into our products, and communicating with customers, which leads to differentiation. This PDCA cycle, which started as an original activity of the Company, utilizes our development policy cultivated over many years through our domestic business. For instance, collaborative industrial-academic research as well as fact-finding investigations via home visits in each target country leading to planning and development proposals have been integral parts of this cycle. Through these initiatives, we are gradually drawing out local needs.

By continuing to implement these initiatives alongside our local partners, the Group aims to strengthen relationships therewith, improve product capabilities, and enhance the value provided to customers in local markets.

Development Methods Overseas



* As of March 31, 2018



The Group's Overseas Strategy Regarding Market Characteristics and Risks

There are two main overseas business risks: individual business risk and country risk. To reduce individual business risk, in addition to thoroughly investigating target markets from a local perspective, we are cooperating with local partners, utilizing our expertise gained from our domestic business, and training human resources. To reduce country risk, we classify target countries for investment and, based on that classification, we place a total investment limit on each target country. Risk verification is carried out on a continuous basis and our policy is to periodically check countries targeted for investment as well as determine the validity of business scale in terms of risk and return and in relation to the progress of business overseas.

Through these methods, we intend to make step-by-step progress with our plans while maintaining proper attention to risk. As we cooperate with local partners, and as we accumulate experience, we plan to expand our business scale in target regions, and we will gradually expand our list of target countries when the opportunity arises.

In addition to growing markets such as Southeast Asia, we are considering Europe, a mature market, as a target for overseas business. However, as opposed to our approach in Southeast Asia, where we entered through the development business, we will gain a foothold through the investment management business by gathering real estate-related information from customers and investors. As part of this effort, the Group

agreed to acquire a 75% stake in Lothbury Investment Management Limited in July 2018, a UK-based real estate management company boasting relationships with over 110 institutional investors and an operational scale of ¥30.0 billion. In the future, we will build a global platform and respond to global investment needs. We will also make use of Lothbury's expertise to accelerate global development of the Group's investment management business. We are reviewing the idea of then using the information and knowledge gained from these efforts to eventually introduce a real estate development business in Europe.

Overseas Strategy Framework



Planned Investments

	Project	Main Use	Total Business	Joint Partner	Our Share	Phase		
						I (FY17/3-19/3)	II (FY20/3-22/3)	III (FY23/3-25/3)
1	Shenyang, China	Residence	Approx. 4,100 units	Mitsubishi Corporation	11.25%	Start	Complete	
2	Ho Chi Minh, Vietnam	Residence	Approx. 2,300 units	Phu My Hung Development Daiwa House Sumitomo Forestry	12.25%	Start	Complete	
3	Manila, the Philippines	Residence Retail	Approx. 1,400 units Approx. 30,000 m ²	Federal Land Isetan Mitsukoshi Holdings	20.00%	Start	Complete	
4	Ratchayothin, Bangkok, Thailand	Residence	A building: 334 units B building: 489 units	Origin Property	49.00%	Start	Complete	
5	On Nut, Bangkok, Thailand	Residence	601 units	Origin Property	49.00%	Start	Complete	
6	Ramkhamhaeng, Bangkok, Thailand	Residence	685 units	Origin Property	49.00%	Start	Complete	
7	Thonglor, Bangkok, Thailand	Service Apartment	303 units	Origin Property	49.00%	Start	Complete	
8	Ho Chi Minh, Vietnam Sun Wah Tower (existing)	Office	Approx. 26,500 m ²	SUN WAH GROUP	24.00%	Start	Complete	
9	Beijing, China Beijing Fortune Building (existing)	Office	Approx. 55,000 m ²	Beijing Capital Development Co., Ltd.	Participation in management	Start	Complete	



Seiichi Miyajima
Executive Vice President
and Representative Director
Group COO

To solve environmental and social issues in this business means to meet the needs of customers and society. Promotion of CSR leads to the development of products and services and the creation of new business.

Promotion of Wellness Management for the Physical and Mental Well-being of Our Employees—Our Most Important Resource

On December 25, 2017, Nomura Real Estate Development Co., Ltd., a Group company of Nomura Real Estate Holdings, received corrective recommendations and guidance regarding the Discretionary Working System for Management-Related Work from the Labor Standards Inspection Office, which pre-sides over the Company's headquarters and its four regional business offices. This matter is being taken as a serious issue, and we will make full efforts to carefully undertake labor management and improve working conditions so that no such incident occurs again, and to regain the trust of our shareholders and other stakeholders.

To this end, in April 2017 the Group established the Workstyle Reform Promotion Committee, and as its chairman, I have focused on improving productivity, reducing working hours, and enhancing work-life balance. We have identified and analyzed impeding factors against the reforms in each business and have set in place the personnel systems and policies to balance work and private life, which are functional regardless of time and place.

Moreover, we understand the importance of top management and senior officers to thoroughly discuss issues with employees and to steadily implement the necessary measures to improve working conditions. For this reason, top management and senior officers have held around 40 meetings with employees to hear their opinions directly and discuss topics such as working environments and labor conditions. Based on these discussions, we are now progressing with activities that will lead to concrete measures.

To underscore this point, our employees are our greatest resource, and their health and well-being are indispensable to the Group's sustainable growth. We are promoting wellness management so that all employees are able to stay mentally and physically healthy and work proactively. (For more details on our initiatives related to wellness management, please refer to pages 40 to 43.)

The Changing Business Environment Surrounding the Group and the Related Risks and Business Opportunities

At present, corporate earnings are recovering in Japan underpinned by sustained low interest rates and low inflation amid an ideal economy. In the real estate market, market cap rates are falling and real estate prices are rising. In addition, construction costs are increasing. The volume of transactions have been sustained however, and the market continues to be steady. On the other hand, looking at the future of Japanese society shows us a variety of social problems, including its shrinking economy due to population decline and low birthrate

and aging population, as well as an insufficient number of workers. The natural environment is another issue to consider, with global warming leading to the growing threat of climate change and natural disasters.

With the adoption of global frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement, businesses are expected to strengthen their commitment to addressing environmental and social issues surrounding society. While taking on such serious issues

CSR Promotion Structure



comes with risks, I believe that resolving these issues as a part of our business activities serves to meet the needs of customers and society, leads to the development of goods and services, and creates new business opportunities. Falling demand in the Japanese economy due to the population decline is becoming a serious issue, but at the same time we are also seeing values and lifestyles become more diversified. Meeting these needs



will allow us to differentiate our goods and services from other companies and raise our level of competitiveness. As for the decrease in available labor, major innovations are already underway, through work style reforms that improve productivity, and labor force substitution with IoT and AI.

As we pursue global initiatives such as the SDGs and the Paris Agreement, we are making efforts to bolster our environmental awareness, disaster prevention functions, and business continuity plans. Environmental awareness tends to lead to progressively higher costs. These efforts, however, also lead to the development of low-carbon, environmentally conscious goods and services. These developments can provide new value by being environmentally and people friendly, and through the economic benefits delivered to customers and society.

Local revitalization and compact city development are being promoted in order to breathe life into local communities. But regardless of whether the target is a city center or a rural area, we are focused on developing a multifunctional and highly convenient urban-type compact town, where people can live, work, communicate, and interact. This type of compact town contributes to the rejuvenation of local communities. These various projects are our starting point and as laid out in our Group Vision “we build cities—dynamic stages that connect today with tomorrow’s possibilities,” we hope the residents will “embrace every moment of life’s pursuits” by creating communities and managing these projects. Through our business activities, we will fulfill our corporate social responsibility.

A Year of Strengthening CSR and ESG Initiatives

The Nomura Real Estate Group analyzed and identified social issues and decided upon four key themes for CSR as focal points for our initiatives. These key themes are Safety/Security, Environment, Community, and Health and Well-being. Additionally, we have established two CSR Promotion Foundations: Human Capital, and Management Structure,

which encompasses corporate governance, compliance, and other management issues.

To achieve a sustainable business, nothing is more important than the health of its employees, and it is absolutely essential that they perform their duties with vitality. In addition, implementing work style reforms helps to increase productivity,

maintain work-life balance, and provide employees with more time for their private life. This in turn creates self-satisfaction in their work and life and motivation for self-learning. In this way, I am confident that the Company will expand through the self-development of its employees, and that this sort of positive cycle will increase corporate value and lead to sustainable growth.

In the fiscal year ended March 31, 2018, in order to enhance our CSR and ESG activities on a Groupwide level, we shared our Group policy with all employees to ensure that everyone has this policy in mind when conducting their daily business activities. As part of this, each business unit has established its own concrete goals rooted in our key themes and the Sustainable Development Goals (SDGs). To set these goals, we need to quantify their related elements because in some fields, we are unsure about our current stance toward the targets we will set. Thus, we will measure our position and establish our objectives.

Moreover, to further our CSR and ESG efforts, we require cooperation not just within the Company but from our business partners and suppliers. With this in mind, we formulated our Group CSR Procurement Guidelines in the fiscal year ended March 31, 2018, and will begin its implementation in the fiscal year ending March 31, 2019. The Group’s businesses, ranging

from development and construction to operation and management, demand a variety of technologies and services, and this requires cooperation with architecture companies, construction companies, service providers, and other business partners and suppliers. It is important to bear in mind environmental and social issues throughout the entire supply chain while staying rooted in the Group CSR Procurement Guidelines. We hope for the understanding and cooperation of our business partners and suppliers in this regard.

In the fiscal year ending March 31, 2019, we will ramp up our response to environmental issues even further. We have already set up an environmental subcommittee led by the officers responsible for quality management and architectural design. This subcommittee is reviewing other measures such as environmental management systems and medium- to long-term reduction plans for energy consumption and CO₂ emissions. As we carry out these efforts, we will employ a PDCA (Plan-Do-Check-Act) cycle, requiring us to first assess our position as a company, set our goals, review results and factors, and then set new goals. This will serve our efforts as we work to bring our CSR and ESG initiatives to a new level.

Increased Value for Stakeholders and Ensuring Group Growth

Connecting with stakeholders is very important for companies to achieve sustainable growth. Since we are a real estate business, we are responsible for urban planning and service management, and our stakeholders cover an extremely wide range of supporting industries. For that reason, we are constantly making efforts to continue creating new value alongside a wide range of stakeholders. In capital markets, investments emphasizing ESG are getting popular, meaning that it is important to promote our investment activities through ESG initiatives and

proper disclosure. I would like to both contribute to society through active efforts in our business practices toward CSR and ESG and respond to the needs of investors, shareholders, and other stakeholders.

Going forward, we will continue to take on new challenges and changes in order to gain the trust and meet the expectations of our stakeholders going forward as a highly unique and attractive corporate group.

Details of CSR Initiatives

Main Initiatives for the Fiscal Year Ended March, 31, 2018

As part of a Companywide effort to strengthen CSR initiatives, we held CSR Committee (four times a year), CSR Promotion Committee (three times a year), and various other meetings within each department during the fiscal year ended March 31, 2018. During these meetings, we conducted a context analysis of major CSR/ESG evaluations conducted by external parties in order to gain an objective understanding of the Group’s CSR activities. Based on these activities, we have formulated a Group CSR and ESG policy and Group CSR Procurement Guidelines.

Policies for Activities for the Fiscal Year Ending March 31, 2019

- Employ a PDCA cycle for Group CSR and ESG policy goals
- Begin implementation of Group CSR Procurement Guidelines
- Reinforce employees’ understanding of CSR promotion activities
- Strengthen response to climate change

Group CSR Procurement Guidelines

- I. Establish an effective compliance program
- II. Respect human rights
- III. Practice fair business activities
- IV. Consider the environment
- V. Ensure and improve quality
- VI. Ensure information security
- VII. Maintain a reporting system for illegal activities
- VIII. Build a business continuity plan (BCP)

Our Promises to Stakeholders

Customers and Local Communities

To provide safe, comfortable, and high-quality goods and services to local communities and the customers who live, work, and gather in the cities we create.

Shareholders and Investors

To increase corporate value and realize sustainable growth for the shareholders and investors who supply us with capital.

Business Partners

To gain the cooperation and expertise of a variety of business partners as we create a cities and promote operations.

Employees

To build an organization that promotes health, creates purpose, and builds motivation for our human resources—the foundation of our business—and provide the means for each and every employee to perform to the best of their ability and take on challenges that create new value.

Society

To utilize business activities to resolve social issues and fulfill our responsibilities to society.

Our Group Vision is at the forefront of our Group philosophy. We aim to create new value for society by realizing our Group Vision through business, and we believe the way to do that is through the promotion of CSR activities. Up to this point, we have promoted our CSR activities using a system based on four key themes for CSR—Safety/Security, Community, Environment, and Health and Well-being, as well as our two promotion foundations—Human Capital and Management Structure. In the fiscal year ended March 31, 2018, we

formulated a Group policy and established a set of material issues for these themes and foundations. In addition, we set specific goals connected to the Sustainable Development Goals (SDGs) and actual business activities. These material issues and goals were incorporated into our newly formulated The Nomura Real Estate Group's Policy on CSR, which was developed from an ESG perspective. We will promote CSR activities by utilizing the PDCA cycle in accordance with this policy.

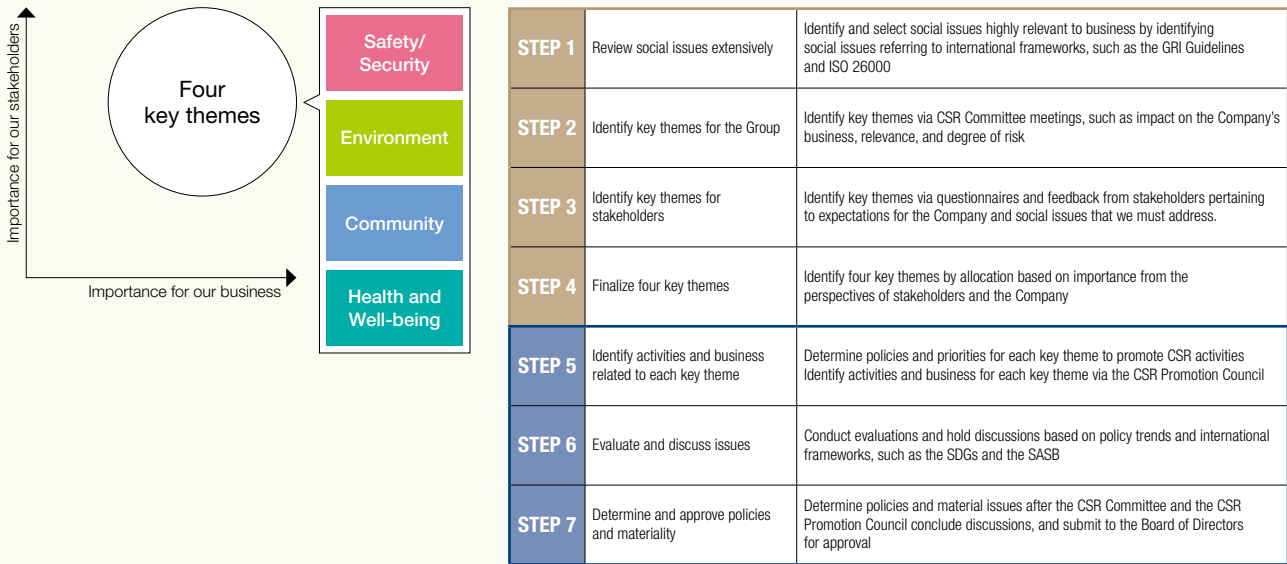
CSR Management System

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 reviews conducted by the committee are reported to the Board of Directors and reflected 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.

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

Four key themes for CSR were selected in the fiscal year ended March 31, 2016. In the fiscal year ended March 31, 2018, we added steps five through seven and formulated the Nomura Real Estate Group's Policy on CSR and a set of material issues.




























Achieving 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 and 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 Nomura Real Estate Group's Policy on CSR

CSR Theme		Group Policy	Material Issues	Group Targets / Indicators	Related SDGs	
E	Environment	The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy-saving and low-carbon initiatives as well as the use of renewable energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.	Upgrades to environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)	     	
			Responding to climate change	Reducing CO ₂ emissions Promoting solar power generation Reducing energy use		
			Effective utilization of water resources	Reducing water usage		
			Consideration for biodiversity	Acquiring biodiversity certification (ABINC / JHEP / SEGES)		
			Appropriate utilization of resources and pollution control	Reducing waste discharge Promoting use of domestic and FSC certified timber		
Four Key Themes for CSR	Safety/Security	The Nomura Real Estate Group recognizes that building and infrastructure deterioration and obsolescence, reduced urban functions, and increased natural disasters are important social issues. It contributes to the realization of the safety and security of customers and local communities through the provision of products and services based on appropriate quality management and sustainable urban development. It also promotes the creation of work and living environments in which business and daily living can continue even in times of emergency.	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	  	
			Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service		
			Initiatives for longer life and increased durability	Providing of long life and high durability products and services		
			Safety and security in disasters	Expanding of disaster preparedness		
	Community	The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization, and contributing to the realization of a cooperative society.	Care for communities and support for revitalization	Expanding of planning and design for revitalization of communities Supporting revitalization of communities in operations and management	  	
	Health and Well-being	The Nomura Real Estate Group recognizes that the declining birth rate and aging population, globalization, and the diversification of individual values and lifestyles are important social issues. It communicates with stakeholders and provides products and services for a healthy and comfortable life to all sorts of people, regardless of their attributes. In that way, it respects diversity and contributes to the realization of a healthy and vigorous society.	Response to aging population and diversity and support for health	Promoting universal design Supporting health and increasing healthy life expectancy	    	
			Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction		
				Improving comfort		
	Two Promotion Foundations	Human Capital	The Nomura Real Estate Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. In this way, it contributes to the realization of a sustainable society, the continuation of business activities, and increased corporate value. 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 the innovations brought about by diversity are important for the continued creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that human capital with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their personalities and capabilities.	Health and safety of employees	Preventing work-related accidents Promoting thorough physical and mental health management Promoting taking of paid leave Preventing overwork	    
				Promotion of diversity	Promoting active participation by women Supporting childcare and nursing care Promoting hiring of seniors and people with disabilities	
				Creation of fair and rewarding workplaces	Implementing fair assessment and compensation Improving employee satisfaction	
Improvements to human capital				Enhancing cultivation of human capital		
Supplier safety				Complying with CSR procurement guidelines Ensuring supplier safety		
G	Management Structure	The Nomura Real Estate Group promotes the strengthening of compliance as well as risk management and corporate governance, recognizing that they are important management issues for the realization of a sustainable society, the continuation of business activities, and increased corporate value. It also conducts its business activities with respect for the human rights of all people, including customers, local communities, employees, and suppliers.	Corporate governance	Ensuring diversity in Board of Directors	  	
			Compliance	Observing compliance requirements		
			Risk management	Implementing thorough risk management		
			Human rights	Implementing thorough human rights training		
			Improved supplier management	Compliance with CSR procurement guidelines		

CSR Activities by Business Unit


Residential Development Business Unit


Safety/Security
Environment
Community
Health and Well-being




PROUD Tsunashima SST

Undertaking Smart Town Development for a Sustainable Society

PROUD Tsunashima Sustainable Smart Town (SST) was developed with the concept of “a town that is shaping the future” and is accordingly an “urban smart city” where people can build relationships to pursue a better future. Tsunashima SST serves as the only condominium in the smart town and offers various products that represent many new things in the PROUD Series. In doing so, Tsunashima SST facilitates “next-generation living,” to address customer needs and accommodate a changing society. As an example, we have introduced the Private Viera Home Device Controller, utilizing the IoT to consolidate into one device control over television viewing and sound, intercom response, and home electronics, and combined it with energy information tracking. This technology increases opportunities for users to engage with energy information, raising residents’ awareness and, in turn, serving to reduce the duration and amount of energy use. Accordingly, it also serves the purpose of creating a residence that offers high quality of life (QOL), focusing on more enjoyable time spent with the family. On the environmental side, Tsunashima SST has been the recipient of a variety of certifications. In particular, Tsunashima SST is the first condominium in Japan to receive LEED® pre-certification. This pre-certification, part of a global environmental certification program, was granted after a review of the planning stage of Tsunashima SST.


Leasing Business Unit

Safety/Security
Environment
Community
Health and Well-being



Shibaura 1-chome Rebuilding Plan (tentative name)

Building a Base for International Tourism and Business through a Bustling Waterfront and Revitalized Water Transport

The tentatively named Shibaura 1-chome Rebuilding Plan, centered around the Hamamatsucho Building (also known as the Toshiba Building), is a project to redevelop offices, hotels, residences, and retail facilities over a period of roughly 10 years. We will develop the project from the perspective of all our key themes by making use of the existing waterfront, greenery, scenery, and other features of the area. In terms of safety and security, we aim to improve our disaster prevention measures by strengthening our fundamental disaster response system. This effort will involve setting up both a space for people stranded after a disaster and a stockpile warehouse as well as introducing a powerful, self-sustaining distributed energy system for emergency situations. We will also contribute in terms of the environment by utilizing next-generation energy technology and establishing an energy network. These efforts will promote efficient energy use with lower heat load. Furthermore, we will contribute to revitalizing water transport in the area by constructing harbor and terminal facilities for small-sized passenger boats.


Investment Management Business Unit

Safety/Security
Environment
Community
Health and Well-being



Signatory of:




Accelerating Efforts Related to Sustainability

Nomura Real Estate Asset Management Co., Ltd. is engaged in ESG-friendly operations to improve the value of portfolio assets over the medium to long term. In 2017, and for the second consecutive year, Nomura Real Estate Master Fund, Inc. and Nomura Real Estate Private REIT, Inc. both earned a Green Star from the Global Real Estate Sustainability Benchmark (GRESB), the highest out of four ratings granted by GRESB. In addition, both companies received 5-Star ratings due to the ranking of their overall score.

Further, Nomura Real Estate Asset Management signed the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI) in December 2017. The signing of the PRI represents the first in Japan for an asset management company that is affiliated with a real estate company.


Property Brokerage & CRE Business Unit

Safety/Security
Environment
Community



Agreement signing ceremony (far left, Director of Nomura Real Estate Urban Net)

Contributing to the Community with Administrative Bodies

Nomura Real Estate Urban Net Co., Ltd. and the Tokyo Metropolitan Government concluded “The Urban Development Agreement to Support the Elderly through Collaboration between the City and Business Operators.” As the company, which deals primarily with real estate brokerage for individuals and real estate related consulting, has many opportunities to visit customers’ homes, they monitor the health of the elderly in their day-to-day business activities. Moreover, in June 2018 the first floor of our property brokerage branches in Tokyo were designated as “Kodomo 110 Ban no Ie” (children’s refuge center) locations where children can go if they feel in danger. Also, in April 2017 we joined the Shinagawa CSR Promotion Committee, and through the activities of its members and those of other groups, we are working to deal with such social issues as the declining birthrate and aging population.


Property & Facility Management Business Unit

Safety/Security
Community
Health and Well-being



Residents exercising at OUKAS Funabashi

Maintaining and Improving the Health of the Elderly

Nomura Real Estate Wellness Co., Ltd. has developed OUKAS, a new brand of elderly housing, based on the creation of towns where seniors can live with vitality and maintain their health. OUKAS was developed to extend healthy living and support independent lifestyles. In October 2017, the first elderly housing, OUKAS Funabashi, opened next to Funabashi Morino City, which houses the PROUD Funabashi condominium of roughly 1,500 units. And thanks to its location, OUKAS Funabashi also functions as a place of generational exchange. Furthermore, OUKAS Funabashi takes advantage of Group company collaboration by offering residents a health program jointly developed with Nomura Real Estate Life & Sports Co., Ltd. By allowing residents to lead healthy lives, and to both live and stay active longer, we are working effectively to reduce the number of people who require care, lower social security costs, and resolve a variety of social issues connected to aging.



Basic Policy

In 2015, the Nomura Real Estate Group announced its Mid- to Long-term Business Plan for the period from April 2016 to March 2025. In fulfilling this plan, it is important to achieve sustainable growth by offering innovative products and services to meet various customer needs. To this end, we will raise the level of our human resources. Each and every Group employee bringing diverse values and viewpoints to initiatives is a vital part of generating new ideas to continue creating valuable products and services. As such, the Group considers human resources an essential component of its promotion infrastructure and is putting its energy into reforming work styles, cultivating human resources, and promoting diversity in order to create a work climate where employees can express a range of thoughts and values, regardless of gender, age, job title, or disability.

Wellness Management

Despite our continuous efforts to promote work-style reforms and diversity, in December 2017 the Group company Nomura Real Estate Development Co., Ltd. received corrective recommendations and guidance regarding the Discretionary Working System for Management-Related Work from the Labor Standards Inspection Office. The Group regards the treatment of labor to be a very serious issue. We will continue to aim for “health and wellness management” so that all employees can work creatively with a healthy body and mind, which will lead to sustainable corporate growth.

1. Compliance with laws and regulations

- We will ensure compliance with all applicable employment laws and regulations, including but not limited to the labor management agreement regarding overtime hours. Top management will convey this message on a continual basis to raise awareness among all employees to ensure full compliance.

2. Direct communication among directors, officers, and employees to build relationships and improve working conditions

- Hold “top management meetings,” where directors and officers meet with 10 employees at all job levels. We will improve working conditions based on the opinions of these employees.

Overview of Wellness Management



3. Ensuring mental and physical well-being

- (1) Raising awareness of mental and physical well-being among all employees
 - Implement “wellness hour”—a web-based training program for all employees to educate them on labor management and basic health knowledge
- (2) Monitoring of employees’ mental and physical status by directors, officers, and supervisors
 - Conduct “wellness meetings” where supervisors and department heads meet regularly with the human resources department

- (3) Enhancing of health consulting function and medical check function
 - Increase the number of nurses and industrial physicians at our health counseling facilities and station nurses at our main headquarters

To put the points set out above into practice, in July 2018 we established the “Wellness Promotion Section” under the Group Human Resources Department of Nomura Real Estate Holdings, Inc. and the Human Resources Department of the Company.

Specific Initiatives to Promote Work-style Reforms (Implemented by each company)

Initiatives to enable flexible work styles in terms of hours and location

1. Promotion of effective use of working hours
 - Promotion of flexible working hours system
2. Increase in choices of working location
 - Introduction of telecommuting and work-from-home program
 - Utilization of satellite offices

Initiatives to enable appropriate work-life balance

1. Encouraging of annual leave use
 - Introduction of regular holidays at sales offices to allow for scheduled leave
 - Introduction of various systems to encourage employees to take leave (e.g., refresh holidays, weekend holidays, public holidays, anniversary holidays, birthday holidays)
2. Improvement of awareness of working hours
 - Creation of visual representations of working hours, introduction of “no overtime” days
 - Introduction of system comprising registered leaving times and the compulsory shutdown of personal computers

Implementation of Plan-Do-Check-Act (PDCA) cycle to improve productivity

- Promotion of “inventory clearance” and prioritization of work in progress
- Delegation of authority, allocation of responsibilities

Other actions

- Introduction of rules to assist employees with child-related and caregiving duties (staggered working hours, requests to change roles and duties, subsidized babysitting, paternity leave for male employees (holidays for child’s birthday, leave for child support reasons, etc.))
- Establishment of internal communication space within our office located at Shinjuku Nomura Building (see page 42)

Column

Reforming the Work Styles of Group Employees

Hard Aspects—Establishing ARUMON, a Second Space for Employees

In October 2016, the Nomura Real Estate Group established ARUMON, a 300-m² “second space” for employees, on the 41st floor of Shinjuku Nomura Building, the headquarters for Group companies such as Nomura Real Estate Development, Nomura Real Estate Urban Net, and Nomura Urban Space Partners. “ARUMON” gets its name from the reverse of NOMURA, and represents a space where employees can experiment with a reversal of more or less conventional ideas and practice a work style more suited to themselves. ARUMON offers multiple meeting spaces,

“focus booths” with individual desks, and a library workshop with a multi-functional area that can be used for creative purposes. In addition, Group employees can use this space as a satellite office. Outside of work-related applications, ARUMON also acts as a place to promote health, through morning exercises and breakfast meetings; a place to study, including TOEIC study groups; and a place for communication, hosting BAR ARUMON and other functions.



Views of ARUMON (from left): meeting space, library workshop, night bar

Soft Aspects—Work-style Reform through the Intranet

The Nomura Real Estate Group launched and manages the *Nomura Real Estate Group Work-style Reforms* site on the Company intranet, which all employees can view. Within the site, employees can access pages on FAQ,

proposing reforms and improving efficiency quickly, cases from other companies, and a recommended reading list. Through these varied functions, we are working to raise awareness on employee work-style reforms.



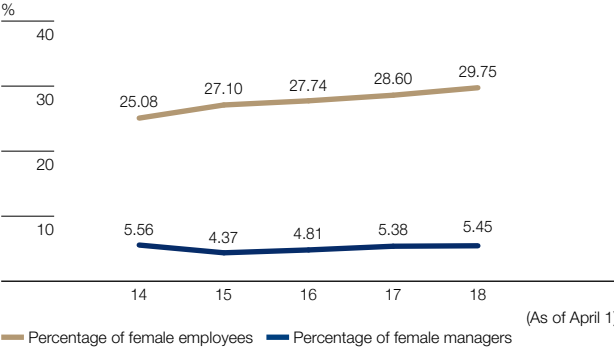
The Nomura Real Estate Group Work-style Reforms site

Encouraging the Active Participation of Women

The Nomura Real Estate Group is working to support the active participation of women based on the view that incorporating diverse perspectives into business is a vital part of creating new corporate value. As of April 1, 2018, our efforts in this regard have led to a female manager ratio of 5.45% and a female junior manager ratio of 15.08%.* In addition, we have one female director on the Board of Directors of the Group.

* Junior manager: A candidate for manager for the following year

Percentage of Female Employees and Percentage of Female Managers

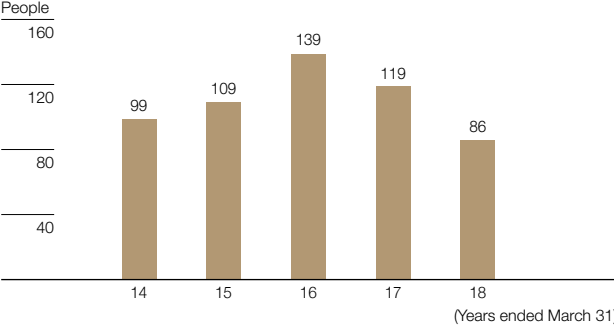


* Certain Group companies have made changes to their manager qualifications since 2015.
* Data is for the entire Nomura Real Estate Group.

Support for Childbirth, Childcare, and Caregiving

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 caregiving. Furthermore, this system is disclosed on the Company intranet to spread awareness. Moreover, we foster a work environment where all employees feel comfortable utilizing this system without prejudice.

Number of Employees Taking Parental Leave



* Data is for the entire Nomura Real Estate Group.

Number of Employees Taking Nursing Care Leave

Years ended March 31 (People)				
2014	2015	2016	2017	2018
2	1	1	2	4

* Data is for the entire Nomura Real Estate Group.

Hiring Seniors and People with Disabilities

The Group makes an active effort to recruit seniors and people with disabilities. As of June 1, 2018, people with disabilities represented 1.90% of the total workforce. Moreover, the Group currently employs 404 people aged 60 or over (excluding part-time positions).

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

Nomura Real Estate Development regards employee health management from a business administration perspective, and formulated the “Healthy Business Declaration of Nomura Real Estate Development Co., Ltd.” in October 2017. Also, the Company president was selected as the chief person responsible for healthy business promotion.

“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 well-spring 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 contribute to maintaining and improving the health of our employees.

Management through the Diversity Promotion Committee (Diversity Challenge)

In 2013, Nomura Real Estate Development established the Diversity Promotion Committee (also known as “Nomura Diversity Challenge”), chaired by then-President Kamezo Nakai (currently, executive advisor to Nomura Real Estate Development). Through this committee, proposals were made from a Companywide perspective regarding work-style reform-related issues and working environment improvements. We have made the following revisions based on these proposals.

Major Revisions Regarding Human Resource Matters Implemented up to the Fiscal Year Ended March 31, 2016 through Nomura Diversity Challenge (Abridged)

- Revisions related to contract employees
- Revisions related to nursing care
- Revisions related to reemployment
- Revisions related to childcare support



Section 2

Progress of Mid- to Long-term Business Plan and Business Units

This section details the progress of our mid- to long-term business plan Creating Value through Change, which was launched in FY17/3 and runs through to FY25/3, in line with analysis of our performance and financial strategies.

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- 74 Main Topics from the Fiscal Year Ended March 31, 2018



PROUD TOWER Nagoya Sakae

Aiming for Continuous Development While Balancing Growth Investment and Shareholder Returns

Hiroyuki Kimura

Director,
Group CFO, Head of Investor Relations

Progress of the Mid- to Long-term Business Plan

The fiscal year ended March 31, 2018 marked the second year of our Mid- to Long-term Business Plan. Earnings in the Residential Development Business Unit were lower than our projections at the beginning of the fiscal year amid market fluctuations, but this shortfall was offset by solid performances in the Leasing Business Unit and the Service & Management Sector. As a result, we achieved operating profit of ¥76.6 billion and profit attributable to owners of parent of ¥46.0 billion, which were roughly at or on the same level as our overall earnings forecasts. This outcome was made possible by our well-balanced business portfolio. As far as our future investment is concerned, our “Initiatives for Future Growth” (Please refer

to pages 24 to 31 for details.) are being carried out steadily. The ¥300 billion investment plan for overseas businesses, to be completed by the fiscal year ending 2025, is moving forward as planned. All of our target cities in Southeast Asia have achieved remarkable growth in per capita GDP and improved standards of living, reaching their development phases in which both the quality and the quantity of properties are required. These areas should prove to be showcases for the business expertise of the Group. Our key to success is the formation of joint ventures with good local developers, combined with proper risk management. With regard to our domestic business, property development for sale amounted to 180 completed

buildings,*1 building up a good reputation in the market. Total land bank for sale has reached a value of ¥300.0 billion,*2 which exceeds our Mid- to Long-term Business Plan forecast. Due to the increased value of our own properties, rent and leasing levels are also showing positive trends.

The fiscal year ending March 31, 2019, the final year of Phase 1 of our Mid- to Long-term Business Plan, is a period

for reviewing the strategies and policies for Phase 2. Taking into account the current situation of each business unit, I would like to begin preparations for growth in our next phase.

*1 As of March 31, 2018; includes projects in planning stage
*2 As of March 31, 2018; based on total project costs

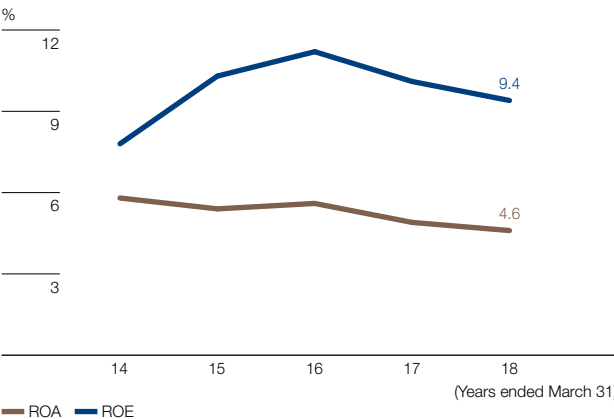
A business portfolio that balances risk diversification and investment efficiency

The real estate business involves a large number of mid- and long-term projects. For that reason, it is important to be prepared for the risks associated with market fluctuations. The Group aims for **distribution of business risks** on a Group-wide level by maintaining a balance among its three business activities: leasing, property sales, and fees (Please refer to pages 12 and 13.). The leasing business secures a stable cash flow, but the business could be exposed to long-term market risks, possibly suffering from unrealized losses, depending on the timing of acquisition and development. If, for instance, sluggish market conditions should continue over a long period of time, leasing value could deteriorate causing us difficulties in fund procurement. On the other hand, the property sales business is prone to short-term market risk, typically over the three-year period from land acquisition to development and sale. While short-term PL volatility does exist, the business can maintain a proper cycle from land acquisition to sale, taking advantage of the market situation at the time. In addition to the two businesses mentioned above, the low-risk fee business is important for a well-balanced and diversified business portfolio.

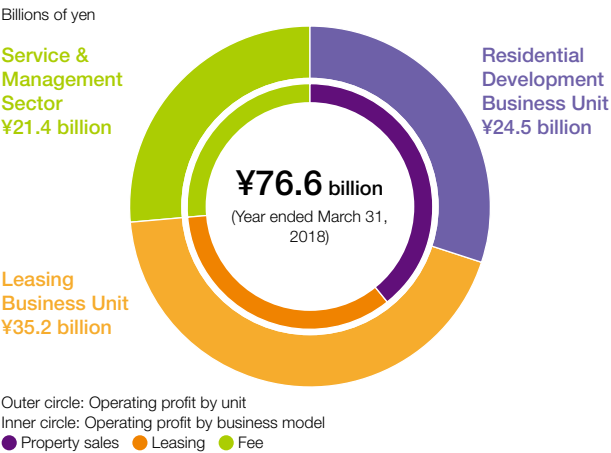
In the fiscal year ended March 31, 2018, we prioritized the recovery of the pace of condominium contract signings, which once was tapered down due to rising sales prices. As I stated earlier, condominium sales are part of a business prone to short-term market fluctuations. By recovering speed, we were able to begin a new business cycle based on the market conditions at the time. As a result, the number of contracts increased 21.9% year on year, for a total of 5,917 units, despite lower earnings than expected in the Residential Development Business Unit. Moving forward, we will continue to maintain contract speed while working to recover profit.

Furthermore, maintaining a good balance among these three businesses greatly contributes to efficiency. The real estate industry tends to have low asset efficiency. However, management focused on asset efficiency is a distinctive strength of the Group, as indicated by our Mid- to Long-term Business Plan, which targets an ROA at above 5% and an ROE at the 10% level. In the fiscal year ended March 31, 2018, our ROA was 4.6% and ROE was 9.4%. We will work to maintain these levels.

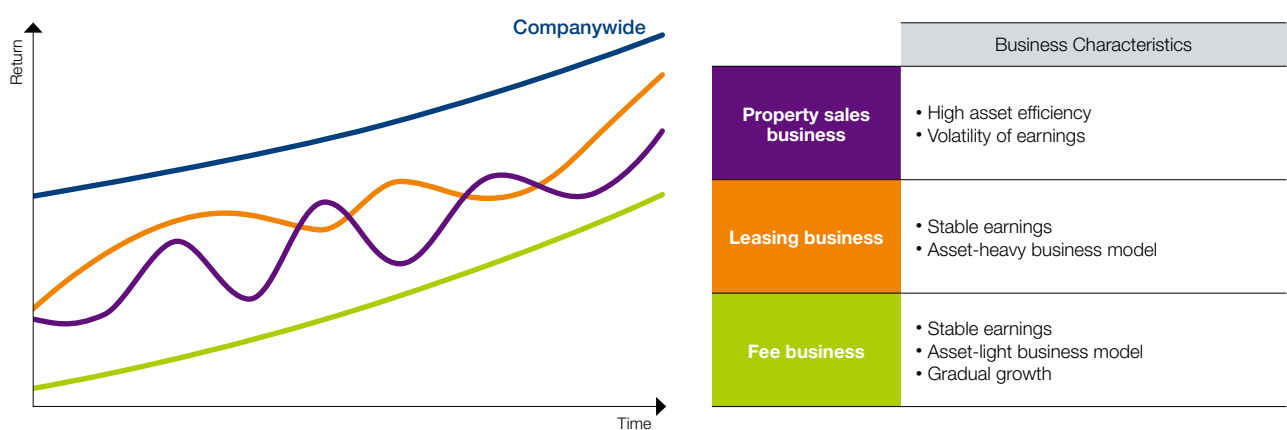
ROA / ROE



Operating Profit by Segment and Business Model



Basic Approach to Revenue Growth



Financial strategy and capital policy

Since the fiscal year ended March 31, 2011, we have strengthened our financial base by taking steps to reduce interest-bearing debt while increasing fixed-interest debt and prolonging borrowing periods. Since the fiscal year ended March 31, 2016, interest-bearing debt has been increasing due to increased investments, but interest paid has been declining, in the low-interest environment. By taking advantage of a good market environment, we raised funds through publicly offered hybrid corporate bonds and loans during the period between March and April 2018, diversifying our procurement method. Fifty percent of these bonds and loans are labeled as certified capital for rating purposes. Thanks to good timing, I believe we were able to procure the necessary funds for future strategic investments, which might require significant funds. Due to the expansion of assets and liabilities in our balance sheet, interest-bearing debt increased ¥67.7 billion year on year. However,

thanks to an accumulation of profits, the shareholders' equity ratio was 30%, roughly the same level as the previous fiscal year. In terms of returns to shareholders for the fiscal year ended March 31, 2018, we increased annual dividends to ¥70 per share, which marks the sixth consecutive year of increased dividends. In anticipation of stable earnings for the fiscal year ending March 31, 2019, and in accordance with the policy stated in our Mid- to Long-term Business Plan, we intend to keep our payout ratio of 30% and increase annual dividends to ¥75 per share. Although the profitability of each business unit is steadily improving, I would like to continue careful management of balance sheets and create a good balance between investments for growth and returns for shareholders.

* Not including shareholders' equity on accounting treatment

Mid- to Long-term Business Plan, the Group plans to invest ¥1.0 trillion, which anticipates coming demand for significant funds. In order to facilitate the stable procurement of necessary funds, it is important that we secure good credit from financial institutions, which requires the financial discipline to maintain a shareholders' equity ratio of 30%. We also have to consider the decrease of shareholders' equity due to the acquisition of treasury stock.

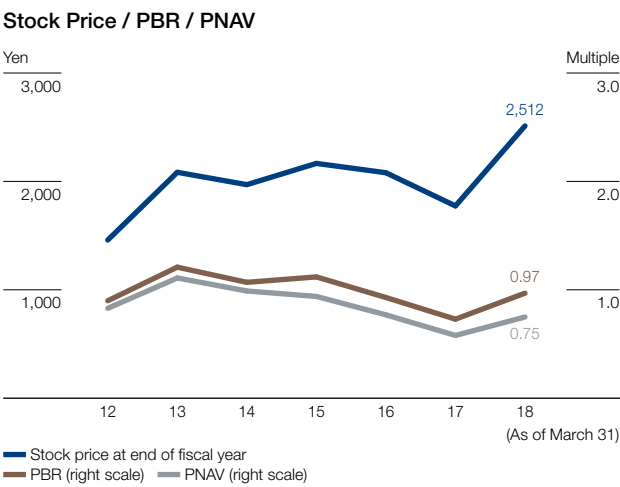
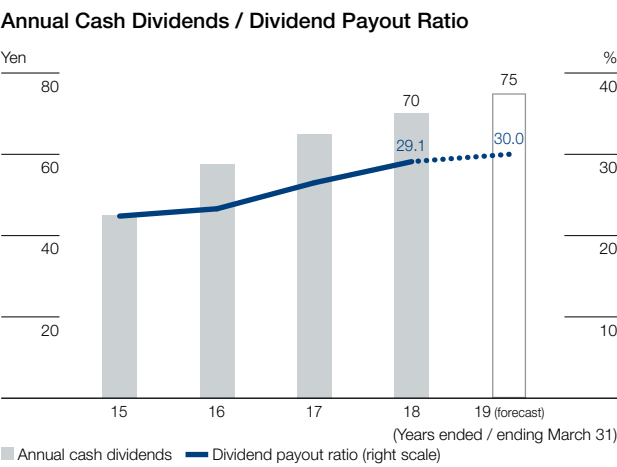
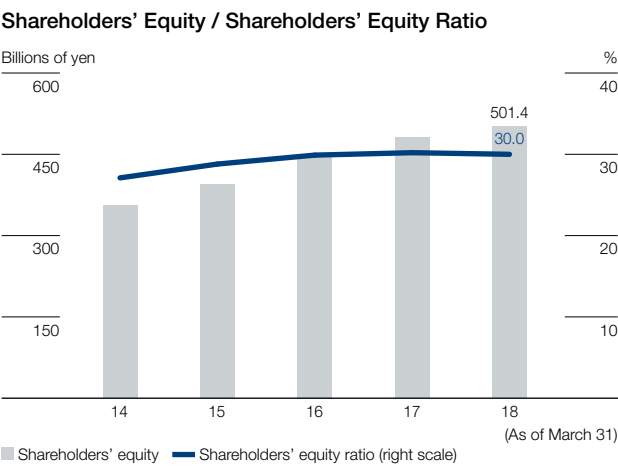
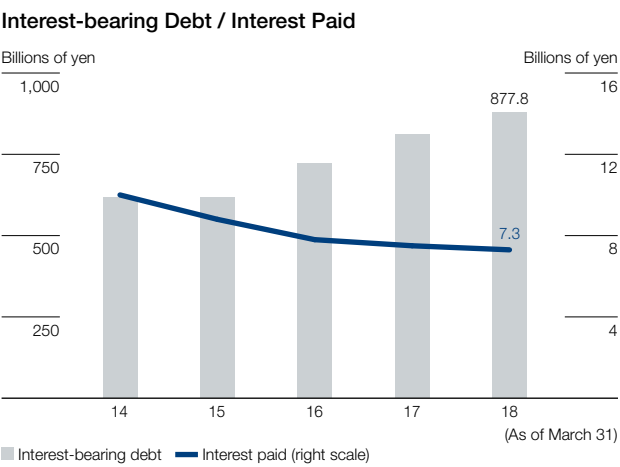
Meanwhile, in the capital market the Group remained under close scrutiny as a domestic real estate company because of deep concerns over long-term growth in light of the low birth rate and aging population. Under these circumstances, we examined our stock price levels, financial soundness, and business investment conditions and made the decision to acquire treasury stock.

Acquisition of treasury stock

We also acquired treasury stock totaling ¥10.0 billion to improve shareholder returns and capital efficiency. For the fiscal year ending March 31, 2019, we decided to acquire treasury

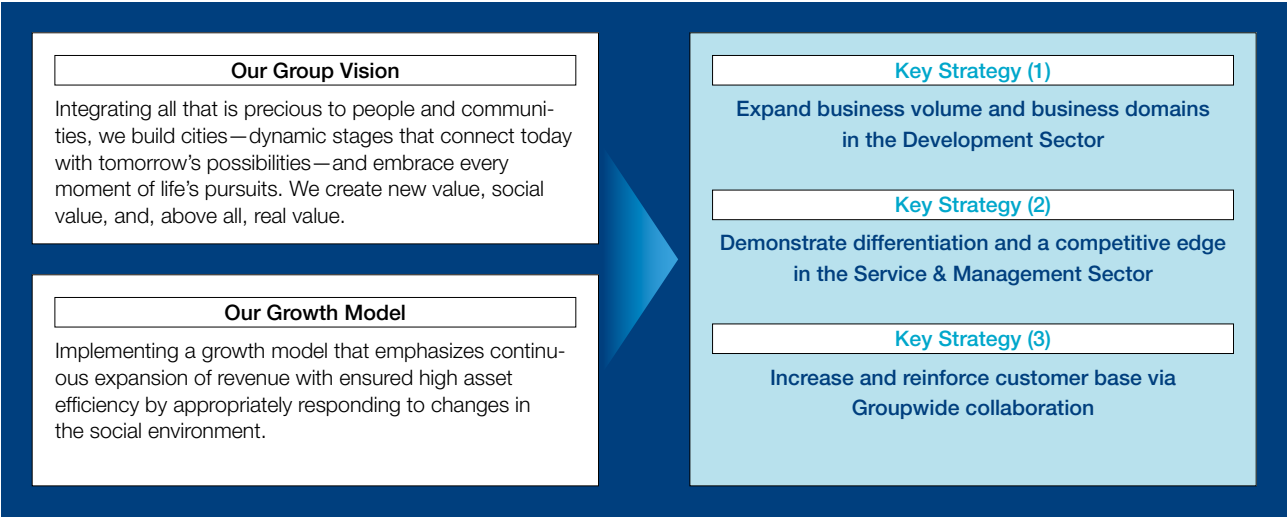
stock of up to ¥5.0 billion. Our board members investigated the possibility of treasury stock acquisition for over two years by analyzing feedback from shareholders. As part of the

Fiscal year ended March 2018	Type of shares acquired	Common shares
	Total amount	¥10.0 billion (completed acquisition)
Fiscal year ending March 2019	Type of shares acquired	Common shares
	Maximum number of shares that can be acquired	2.5 million shares (upper limit) (percentage of outstanding shares, excluding treasury shares: 1.33%)
	Total shares acquired	¥5.0 billion (upper limit)
	Acquisition period	April 27, 2018 to March 31, 2019
	Acquisition method	Market purchase at Tokyo Stock Exchange



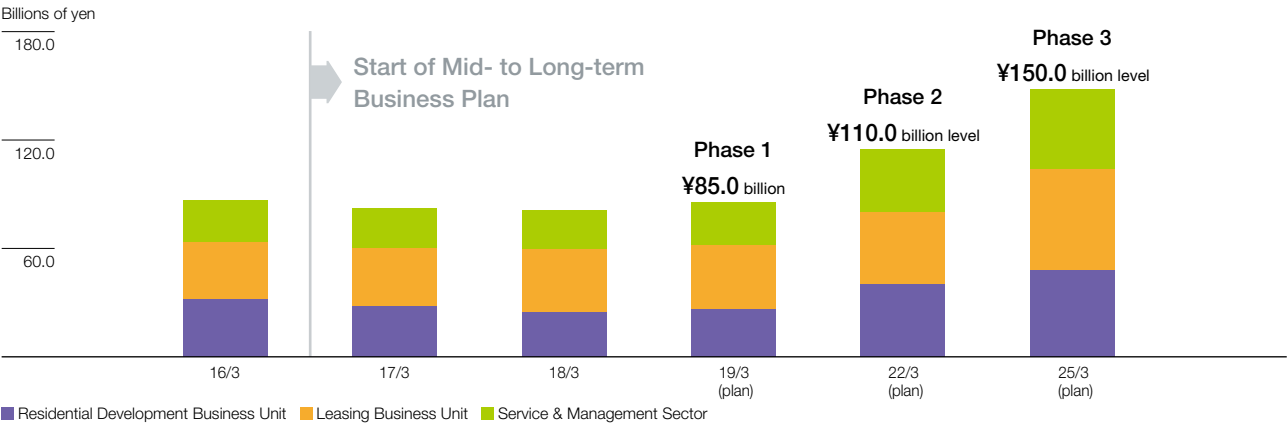
References (Formulated November 2015)

Mid- to Long-term Business Plan (–2025/3)—Creating Value through Change



Mid- to Long-term Profit Goals

Operating Profit

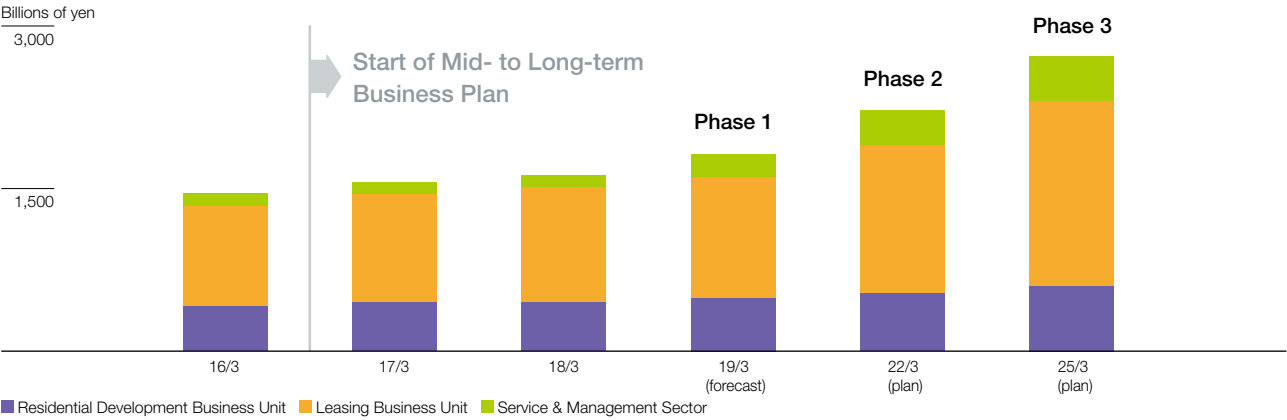


Profit Plan by Business Unit (Operating Profit)

	17/3	18/3	Phase 1	Phase 2	Phase 3
Residential Development Business Unit	27.7	24.5	30.0	40.0	44.0-48.0
Leasing Business Unit	32.5	35.2	35.0	40.0	52.0-56.0
Service & Management Sector	22.0	21.4	23.5	35.0	40.0-44.0
Other	(0.0)	(0.0)	0.0	–	–
Adjustment	(5.1)	(4.5)	(3.5)	–	–
Companywide	77.2	76.6	85.0	110.0 level	150.0 level

Investment Plan

Total Assets



Investment Plan

Billions of yen

		Phase 1	Phase 2	Phase 3	Total
Residential Development Business Unit	Investment	950.0	1,100.0	1,200.0	3,250.0
	Recovery	900.0	1,000.0	1,100.0	3,000.0
	Net investment	50.0	100.0	100.0	250.0
	Recovery-to-investment ratio	95%	91%	92%	92%
Leasing Business Unit	Investment	400.0	600.0	800.0	1,800.0
	Recovery	150.0	300.0	400.0	850.0
	Net investment	250.0	300.0	400.0	950.0
	Recovery-to-investment ratio	38%	50%	50%	47%
Strategic Investment		50.0-100.0	50.0-100.0	50.0-100.0	200.0
Total	Investment	1,425.0	1,775.0	2,050.0	5,250.0
	Recovery	1,050.0	1,300.0	1,500.0	3,850.0
	Net investment	375.0	475.0	550.0	1,400.0
	Recovery-to-investment ratio	74%	73%	73%	73%

Financial and Capital Policies

Asset Efficiency

• Top-class asset efficiency among major competitors in the industry

ROA

Over 5%

Capital Efficiency

• Capital efficiency in line with shareholder expectations

ROE

10% level

Financial Soundness

• Financial foundation that enables flexible growth investment

Shareholders' equity ratio

30% level

• A level that enables sustainable business investment amid sudden environmental changes

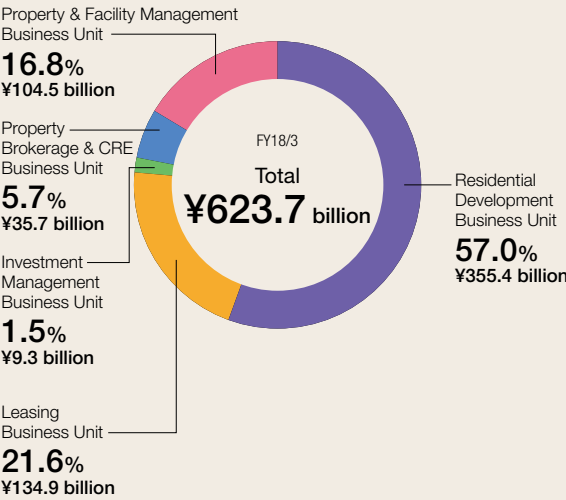
Shareholder Returns

• Shareholder returns are made in consideration of stability and sustainability in terms of continuous profit growth

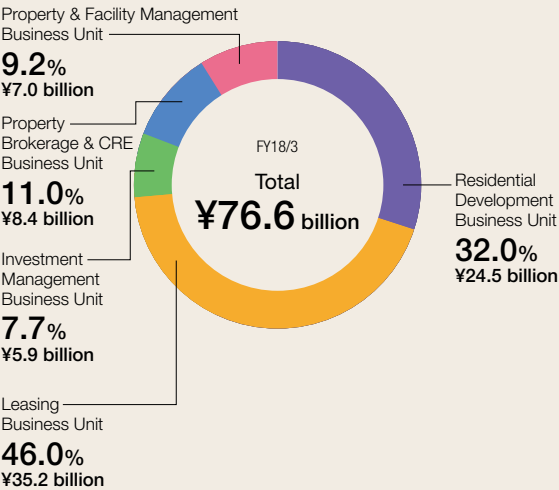
Dividend payout ratio

Approx. 30%

Composition of Operating Revenue*



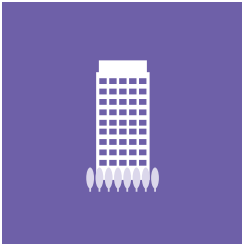
Composition of Operating Profit*



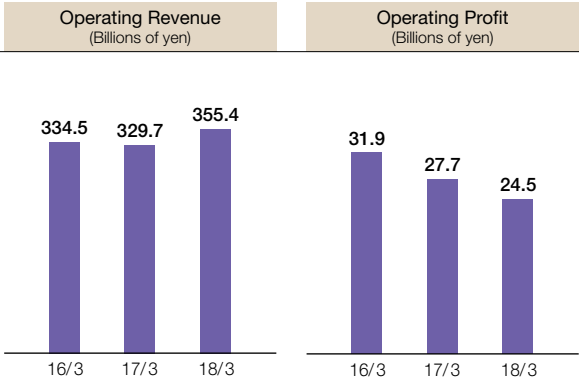
* The total shown at the center of the pie chart includes "eliminations or corporate" amount within segment information. As a result, data differs when totaling consolidated operating revenue and income from each business unit. The percentage breakdown is calculated based on the simple total amount of 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%.

Note: Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit in the fiscal year ending March 31, 2019. In line with this change, the financial results from the fiscal year ended March 31, 2018 have been calculated under the new classification.

Residential Development Business Unit



- Nomura Real Estate Development Co., Ltd.
- PRIME X. Co., Ltd.
- First Living Assistance Co., Ltd.

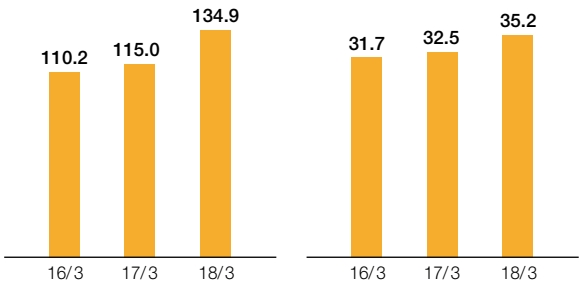


• In the fiscal year ended March 31, 2018, operating revenue increased ¥25.6 billion, or 7.8%, to ¥355.4 billion, and operating profit fell ¥3.2 billion, or 11.8%, to ¥24.5 billion, due to a decrease in the gross profit ratio, despite an increase in the number of units sold in the housing sales business. Condominium units sold increased 373 year on year, to 5,258, while the number of detached housings sold decreased 75, to 607.

Leasing Business Unit



- Nomura Real Estate Development Co., Ltd.
- NREG TOSHIBA BUILDING Co., Ltd.
- Geo-Akamatsu Co., Ltd.
- Nomura Real Estate Hotels Co., Ltd.
- NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

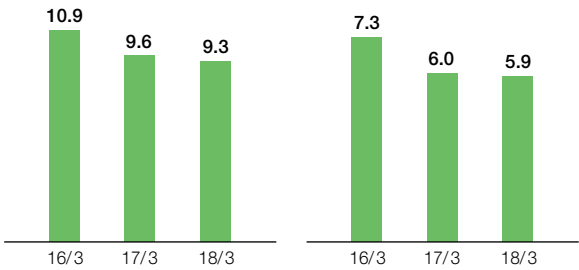


• In the fiscal year ended March 31, 2018, operating revenue rose ¥19.9 billion, or 17.3%, to ¥134.9 billion, and operating profit rose ¥2.6 billion, or 8.2%, to ¥35.2 billion, due largely to an increase in leasing revenue in the leasing business from the contributions of new properties, including the Yokohama Nomura Building (located in the Nishi ward of Yokohama, Kanagawa Prefecture), and increased sales of property development and land for business.

Investment Management Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Asset Management Co., Ltd.

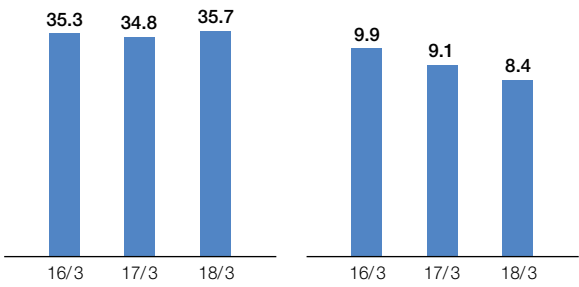


• In the fiscal year ended March 31, 2018, operating revenue fell ¥200.0 million, or 2.9%, to ¥9.3 billion, and operating profit fell ¥100.0 million, or 1.7%, to ¥5.9 billion, due largely to negative repercussions of asset acquisition fees related to the merger of Nomura Real Estate Master Fund, Inc. and TOP REIT Inc. in the fiscal year ended March 31, 2017.

Property Brokerage & CRE Business Unit

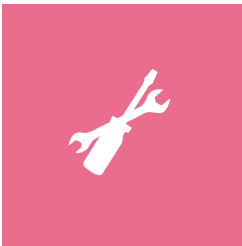


- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Urban Net Co., Ltd.

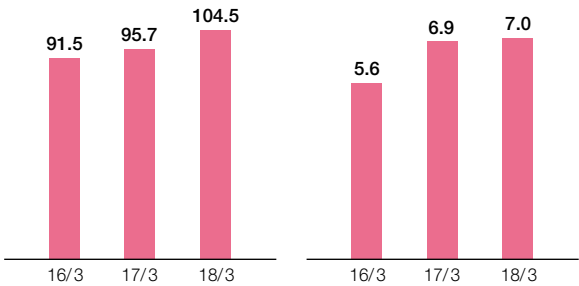


• In the fiscal year ended March 31, 2018, operating revenue increased ¥800.0 million, or 2.5%, to ¥35.7 billion, and operating profit fell ¥600.0 million, or 7.4%, to ¥8.4 billion, due largely to negative repercussions of increased expenses incurred from opening new stores, despite an increase in brokerage transaction volume and value in the Property Brokerage & CRE Business Unit.

Property & Facility Management Business Unit



- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Partners Co., Ltd.
- Nomura Real Estate Life & Sports Co., Ltd.
- Nomura Real Estate Heating and Cooling Supply Co., Ltd.
- Nomura Real Estate Wellness Co., Ltd.
- Nomura Real Estate Amenity Service Co., Ltd.
- NF Power Service Co., Ltd.



• In the fiscal year ended March 31, 2018, operating revenue rose ¥8.8 billion, or 9.2%, to ¥104.5 billion, and operating profit rose ¥100.0 million, or 2.0%, to ¥7.0 billion, due largely to higher income from property and facility management related to an increase in the number of consignments and an increase in construction ordered, such as large-scale repairs of condominiums.



Residential Development Business Unit

To achieve future growth, we are pursuing multifunctional and highly convenient urban development, starting with urban-type compact towns. Also, we are accelerating expansion into new areas, including local core cities and locations overseas.

Daisaku Matsuo

Executive Officer, in Charge of Residential Development Business Unit

Growth Opportunities

- Changes in residential demand with transition of social environment and daily lifestyles
- Shift toward compact towns with population influx to urban centers

Business Risks

- Shrinking residential market due to population decline
- Rising housing prices due to increased land prices and construction costs



PROUD CITY OTA-ROKUGO

Business Unit Introduction

The Residential Development Business Unit conducts development and sales of residences including condominiums and detached housings, operates an Internet advertising agency, and manages the home/living assistance business.

Major Business

Housing Sales

PROUD

PROUD

The condominium brand synonymous with Nomura Real Estate



PROUD Roppongi



PROUD Fuchu Station Arena

PROUD SEASON

PROUD SEASON

Large-scale, urban-type detached housings



PROUD SEASON Seijo Gakuenmae Teien no machi

PROUD TOWER

PROUD TOWER

High-rise tower condominiums



PROUD TOWER Nagoya Sakae

PROUD CITY

PROUD CITY

Large-scale condominiums



PROUD CITY Tsukaguchi

OHANA

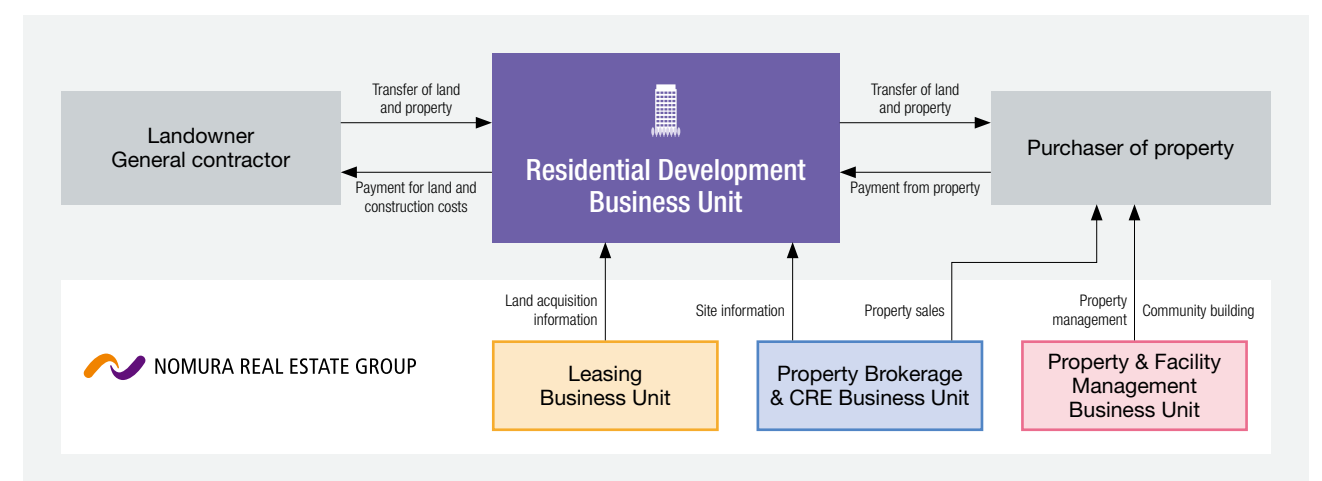
OHANA

Suburban-type condominium brand



OHANA Machida Oak Court

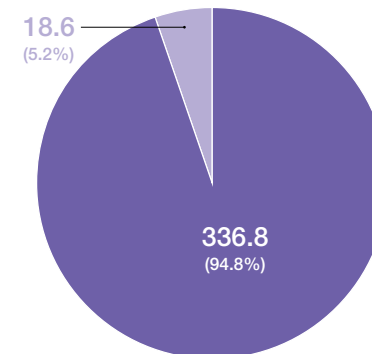
Relationship with Stakeholders and Group Synergy



Breakdown of Operating Revenue

(Fiscal year ended March 31, 2018)

Billions of yen



- Housing sales
- Internet advertising, consignment sales, etc.

Topics

Housing Sales

We have developed approximately 180,000 housing units mainly in the Tokyo metropolitan and Kansai areas featuring our integrated development, sales, and management system.

Redevelopment Projects

Involved in approximately 30 redevelopment projects in the Tokyo metropolitan area, we hold the leading shares in the industry.

Local Core Cities and Overseas

Utilizing our expertise acquired through our conventional business domains, we are promoting the development of local core cities with the strong need for compact towns and prospering Asian countries.

Group Companies

- Nomura Real Estate Development Co., Ltd.
- First Living Assistance Co., Ltd.
- PRIME X. Co., Ltd.

For more information on these Group companies, please see pages 108 and 109.

Business Policy and Progress of Mid- to Long-term Business Plan

Status

Items	Achievements	Issues	Strategies
Existing areas (Expand market share and strengthen profitability)	<ul style="list-style-type: none">Recovered contracting speed in the Housing Sales BusinessIncreased market share for Tokyo metropolitan areaExpanded redevelopment and reconstruction business (industry leader in number of housing-related initiatives)	<ul style="list-style-type: none">Continuous securing of business volumeStrengthening of product development capabilities	<ul style="list-style-type: none">Further improve profitability and speed of salesShift from large-volume customers to high-yield salesAcquire land according to easy access to work and schoolStrengthen collaborative ties with local governments and landowners
New areas (Regional core cities) (Overseas)	<ul style="list-style-type: none">Secured business in local core cities and in four citiesExpanded business in Southeast Asia and achieve strong sales	<ul style="list-style-type: none">Establishment of a business promotion structure by utilizing alliancesStrengthening of collaborative ties with local partnersExpansion and enhancement of information network	<ul style="list-style-type: none">Enhance local redevelopment effortsShift from investment-focused collaboration to business-focused collaborationBuild a localized business structure
Residential stock business	<ul style="list-style-type: none">Launched renovation businessEntered into a home/living assistance business	<ul style="list-style-type: none">Building profitability in stock business	<ul style="list-style-type: none">Strengthen customer relationsEstablish a new cooperation system for the remodeling business

Increase Competitiveness in Existing Domestic Areas

Expanding Redevelopment

We continue to secure project volume through various business techniques such as mixed-use development, redevelopment, and housing complex renovation. We are taking steps to achieve our goal of commercializing 5,300 units by Phase 3, plus another 4,800 units, which are in the planning stage.

Development of Urban-type Compact Towns

We are working to promote our strategy of establishing multi-functional, highly convenient urban-type compact towns as a response to the changing social structure arising from several factors including the declining birthrate and aging population. We are not only focused on consolidating a variety of functions, such as residences, office buildings, retail and public facilities, hospitals, and facilities geared toward the elderly, but also on building a community.

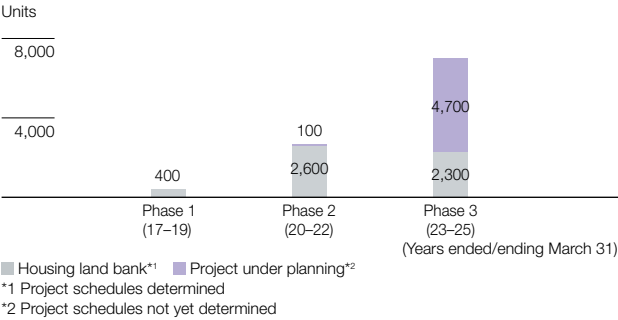
Location Strategy Based On Proximity to Work and Child-friendly Environment

The increasing number of dual-income households has led to a greater ratio of purchasers from the dual-income demographic. The growing ratio of these purchasers has had a considerable impact, rising from less than 40% share of the market to over 50% in the past 10 years. Of dual-income households, the number of dual-income families with children has been increasing significantly, and therefore we will work to provide residential developments that meet the changing housing needs accompanying the diversifying customer base.

Housing features desired by dual-income households

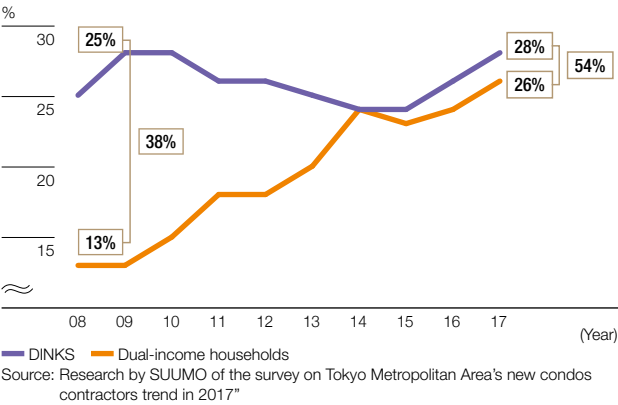
- Convenient commuting (good access to central Tokyo and railway stations)
- Convenience of daily living (in the vicinity of daily shopping centers)
- Childcare environment (sufficient childcare facilities)

Total Units in the Residential Redevelopment Business



PROUD Tsunashima Sustainable Smart Town (SST)

Ratio of Dual-income Households Purchasing New Condominiums in Tokyo Metropolitan Area



Developments in New Regions

Regarding Our Business in Local Core Cities

We commenced sales of PROUD Toyama Jinzu Honmachi and PROUD Niigata Yoneyama, and both contracts are making solid progress. We also plan to expand business in cooperation with the Development Planning Division, including participation in the Okayama Station-front Redevelopment Project, managed by the Kansai Regional Office.

Promotion of Overseas Business

In our overseas business, we plan to invest ¥300.0 billion in both the Residential Development Business Unit and the Leasing Business Unit by Phase 3 (March 31, 2025), as stated in the Mid- to Long-term Business Plan. In Asian countries with continued economic growth, the priority in the real estate market has shifted from a “quantity phase” to a “quality phase.” With this shift, we can expect to showcase the expertise we have cultivated in the domestic market. In the fiscal year ended March 31, 2018, we joined the housing sales business in Bangkok, Thailand in cooperation with local developers.

Project	Location	Total Number of Housing Units
PROUD Toyama Jinzu Honmachi	Toyama-shi, Toyama	91
PROUD Niigata Yoneyama	Niigata-shi, Niigata	70
Mishima Station South Exit Eastern Block Redevelopment	Mishima-shi, Shizuoka	Approx. 300 (projected)
Okayama Station-front Redevelopment	Okayama-shi, Okayama	Approx. 300 (projected)
Kouyamachi and Miyukicho District Redevelopment	Shizuoka-shi, Shizuoka	Approx. 200 (projected)
Fukushima Station East Exit Redevelopment Project	Fukushima-shi, Fukushima	Approx. 200 (projected)
Utsunomiya Station East Exit District Maintenance Project	Utsunomiya-shi, Tochigi	Approx. 150 (projected)



Okayama Station-front Redevelopment



PROUD Toyama Jinzu Honmachi



PROUD Niigata Yoneyama

Planned Investments

	Project	Main Use	Total Business	Joint Partner	Company Equity	Phase I (FY17/3-19/3)	Phase II (FY20/3-22/3)	Phase III (FY23/3-25/3)
1	Shenyang, China	Residence	Approx. 4,100 units	Mitsubishi Corporation	11.25%	Start	Complete	
2	Ho Chi Minh, Vietnam	Residence	Approx. 2,300 units	Phu My Hung Development Daiwa House Sumitomo Forestry	12.25%	Start	Complete	
3	Manila, the Philippines	Residence Retail	Approx. 1,400 units Approx. 30,000 m ²	Isetan Mitsukoshi Holdings	20.00%	Start	Complete	
4	Ratchayothin, Bangkok, Thailand	Residence	A building: 334 units B building: 489 units	Origin Property	49.00%	Start	Complete	
5	On Nut, Bangkok, Thailand	Residence	601 units	Origin Property	49.00%	Start	Complete	
6	Ramkhamhaeng, Bangkok, Thailand	Residence	685 units	Origin Property	49.00%	Start	Complete	

Manila, the Philippines
(Condominiums / Retail)

Number of housing units:
approx. 1,400
Retail floor area:
approx. 30,000 m²
Company equity: 20.00%



Bangkok, Thailand
(Condominiums)

Units under development:
3 buildings with 2,000 units
in total
Company equity: 49.00%





Leasing Business Unit

We are promoting property development for sales and conducting large-scale, mixed-use redevelopment, particularly in urban areas where reconstruction and redevelopment demand is strong.

Minoru Hatada

Executive Officer, in Charge of Leasing Business Unit

Growth Opportunities

- Increasing demand for redevelopment and reconstruction of aging buildings
- Diversifying office needs, accelerating urban development in Central Tokyo
- Diversifying needs for guest lodging due to increase of foreign visitors to Japan

Business Risks

- Fall in demand for large-scale office buildings, etc., due to oversupply
- Cutbacks in offices due to worsening corporate performance
- Intensifying competition to acquire land for development
- Reductions in sales opportunities due to worsening REIT markets



Yokohama Nomura Building

Business Unit Introduction

The Leasing Business Unit conducts development, construction, leasing, and management of office buildings and retail facilities, property development and sales, consignment of planning and operation of retail facilities, and planning and operation of hotels.

Major Businesses

Leasing

Major office buildings



Shinjuku Nomura Building Yokohama Nomura Building Nihonbashi Muromachi Nomura Building Yokohama Business Park Hamamatsucho Building Umeda Sky Building

Major retail facilities



Bono Sagamiono Morisia Tsudanuma Lazona Kawasaki Plaza

Leasable floor area (office)	approx. 850,000 m ²
Leasable floor area (retail)	approx. 170,000 m ²
Total leasable floor area	
1,020,000 m ²	

Property Development and Sales

Asset brands

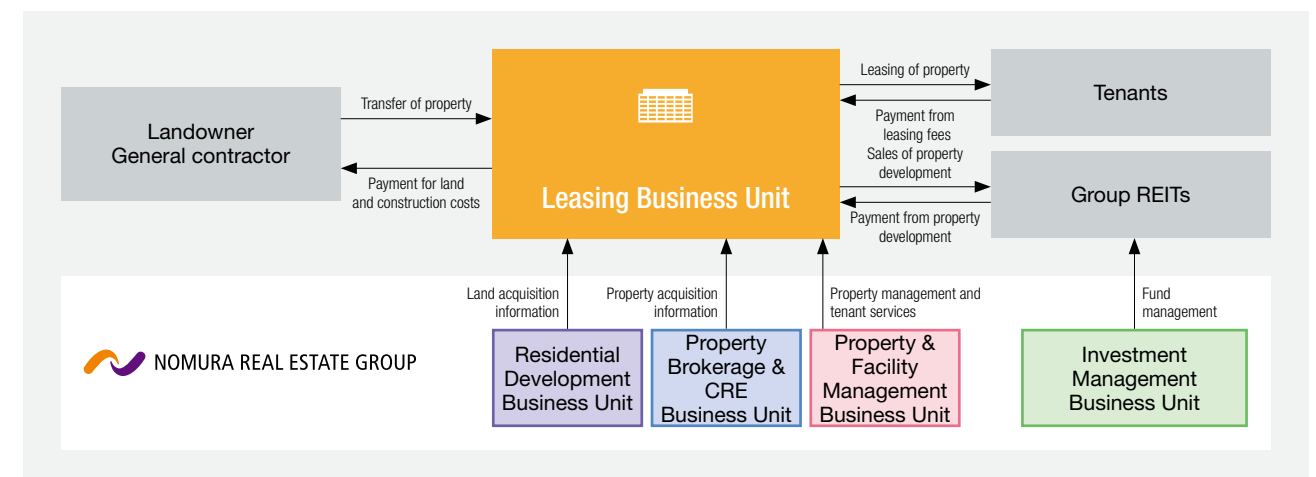


PMO Shibakoen GEMS Kayabacho PROUD FLAT Shin-Osaka Landport Iwatsuki

Offices (PMO, etc.)	41 buildings
Retail facilities (GEMS, etc.)	28 buildings
Condominiums (PROUD FLAT, etc.)	90 buildings
Logistics facilities (Landport, etc.)	21 buildings
Cumulative total of developments	
180 buildings	

* Above figures include projects in the planning stage.

Relationship with Stakeholders and Group Synergy



Topics

Leasing Properties

We hold approximately 1 million m² of leasable property, generating stable income from leasing revenues.

Property Development and Sales

We have developed 180 buildings through our unique brands. These developments secure sales revenue every fiscal year and contribute to the growth of Group REITs.

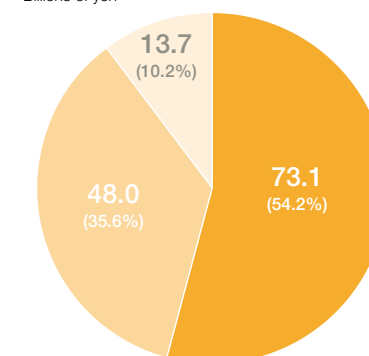
Participation in Mixed-use Redevelopment Plan

We have committed to an investment plan with a business scale of ¥650.0 billion focused on Central Tokyo to be carried out by the fiscal year ending March 31, 2025. This plan includes the Group's largest development project, the provisionally titled Shibaura 1-chome Rebuilding Plan, with a floor space of 550,000 m².

Breakdown of Operating Revenue

(Fiscal year ended March 31, 2018)

Billions of yen



● Leasing ● Property development
● Property management, etc.

Group Companies

- Nomura Real Estate Development Co., Ltd.
- Geo-Akamatsu Co., Ltd.
- NREG TOSHIBA BUILDING Co., Ltd.
- Nomura Real Estate Hotels Co., Ltd.
- NREG TOSHIBA BUILDING FACILITIES Co., Ltd.

For more information on these Group companies, please see pages 108 and 109.

Business Policy and Progress of Mid- to Long-term Business Plan

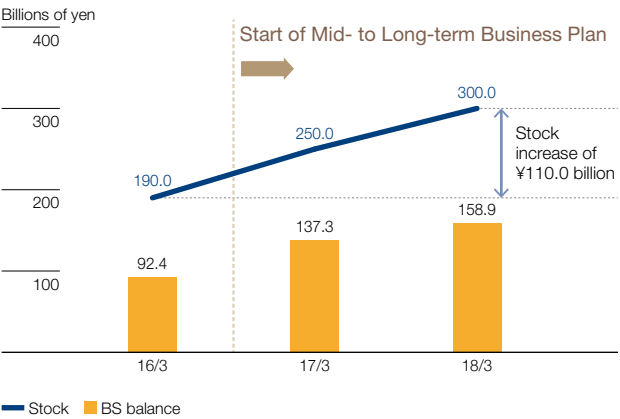
Status

Items	Achievements	Issues	Strategies
Growth of leasing revenues	<ul style="list-style-type: none">Moved forward with large-scale, mixed-use development projects at such certified National Strategic Special Zones as Shibaura 1-chome and Nihonbashi 1-chome. These projects are expected to contribute to future earningsUtilized Group capabilities to acquire quality properties such as Morisia TsudanumaEntered the hotel business under the NOHGA HOTEL brand and steadily accumulated business opportunities	<ul style="list-style-type: none">Monitoring of schedule for large-scale, mixed-use development projectsIncreases in scale of operational assets, etc.Improvement of ROAAccumulation of expertise in hotel business operations	<ul style="list-style-type: none">Steadily promote and lease large-scale, mixed-use developmentsFurther expand retail facilities businessSteady implementation of first Group-operated hotel and expansion of the hotel businessInternational growth through strengthening relationship with tenants
Growth of sales revenues	<ul style="list-style-type: none">Utilized Group synergy to steadily expand stock to approx. ¥300.0 billionExpanded development lineup according to location and market (urban-type retail facilities, etc.)	<ul style="list-style-type: none">Steady acquisition of stock	<ul style="list-style-type: none">Continuously achieve sales revenue by expanding business volume
New areas (overseas)	<ul style="list-style-type: none">Expanded business in growth markets within Southeast Asia	<ul style="list-style-type: none">Increases in business opportunities	<ul style="list-style-type: none">Steadily promote invested projectsExpand information network to capture business opportunities

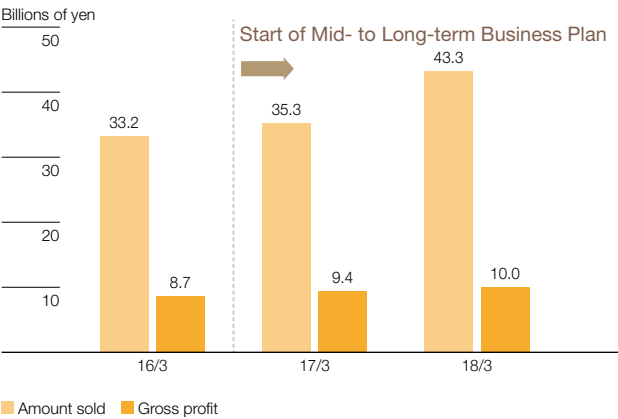
Property Development Business

Our property development business, which centers around four brands, has been steadily growing with total stock reaching ¥300.0 billion (based on total investment amount). As we continue to utilize the capabilities of the Group, we expect further expansion of this business with the aim of achieving development profits.

Property Development Stock



Property Sales



Development of Hotel Business

In October 2017, the Nomura Real Estate Group established Nomura Real Estate Hotels Co., Ltd. to conduct planning and operation of hotels. The hotel industry is a growth market that is expected to continue expanding in the future amid a growing number of visitors from overseas. We have established NOHGA HOTEL, a Group-operated hotel brand driven by the concept of "offering guests an unforgettable experience created through deep ties with the local community." Under this brand, we have set up our first project, NOHGA HOTEL UENO, which is scheduled to open in November 2018.

NOHGA HOTEL UENO
Location: 3-minute walk from Ueno Station
Number of rooms: 130
Opening: November 2018 (plan)
Operating company:
Nomura Real Estate Hotels Co., Ltd.

NOHGA HOTEL
UENO



Promotion of Mixed-use Development Business

We are actively promoting mixed-use development projects with a focus on Central Tokyo. We are planning to invest ¥900.0 billion into properties for long-term ownership by the fiscal year ending March 31, 2025, and have committed to investing ¥650.0 billion as of March 31, 2018.

Major Large-scale Redevelopment & Mixed-use Development Projects

Project	Main Use	Area to Be Acquired	Phase I (FY17/3–19/3)	Phase II (FY20/3–22/3)	Phase III (FY23/3–25/3)
Toranomon Station-front Redevelopment (Certified as National Strategic Special Zone)	Office Retail	Approx. 12,000 m²	Start	Complete	
Musashi-Koganei Station 2nd District Redevelopment	Retail Residential	Approx. 10,000 m²	Start	Complete	
Minamikoikiwa 6-chome Redevelopment*	Retail Residential	Approx. 4,500 m²		Start	Complete
Nishi-Azabu 3-chome Redevelopment*	Hotel Residential	Approx. 9,900 m²		Start	Complete
Shibaura 1-chome Rebuilding Plan (tentative name)* (Certified as National Strategic Special Zone)	Complex	Approx. 550,000 m² (total floor space)		Start	
Kameido 6-chome Plan	Retail Residential	TBD			
Nihonbashi 1-chome Central District Redevelopment* (Certified as National Strategic Special Zone)	Office Retail Hotel	Approx. 374,254 m² (total floor space)		Start	
Nishi-Shinjuku 3-chome West Redevelopment*	Retail Residential	Approx. 21,000 m²			Start
Nishi-Nippori Station-front Redevelopment*	Retail Residential	Approx. 18,000 m²			
Soto-Kanda 1-chome Redevelopment	Office Hotel Retail	Approx. 44,000 m²			
Iidabashi Station Central Redevelopment	Office Residential	Approx. 22,000 m²			
Shinbashi Station West Exit Redevelopment*	Office Retail	TBD			
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building)*	Office	TBD			(TBD)

*JV projects
All projects are in the planning stage and are subject to change.



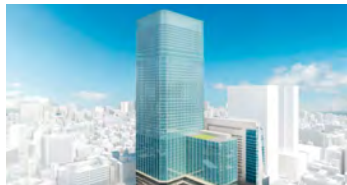
Toranomon Station-front Redevelopment



Musashi-Koganei Station 2nd District Redevelopment



Shibaura 1-chome Rebuilding Plan (tentative name)



Nihonbashi 1-chome Central District Redevelopment Project

Promotion of Overseas Business

Planned Investments

Project	Main Use	Total Business	Joint Partner	Our Share	Phase I (FY17/3–19/3)	Phase II (FY20/3–22/3)	Phase III (FY23/3–25/3)
Manila, the Philippines	Retail Residential	Approx. 1,400 units Approx. 30,000 m²	Federal Land Isetan Mitsukoshi Holdings	20.00%	Start	Complete	
Bangkok, Thailand Thonglor	Service apartments	303 rooms	Origin Property	49.00%	Start	Complete	
Ho Chi Minh, Vietnam Sun Wah Tower (existing property)	Office	Approx. 26,500 m²	SUN WAH GROUP	24.00%			
Beijing, China Beijing Fortune Building (existing property)	Office	Approx. 55,000 m²	Beijing Capital Development	— (Participating in operation)			



Investment Management Business Unit

REIT markets are expected to grow moving forward. We will pursue stable fee income, with further growth hinging on Nomura Real Estate Master Fund, Inc. (NMF), Japan's largest diversified REIT in terms of assets under management, and Nomura Real Estate Private REIT, Inc. (NPR), Japan's first private placement REIT.

Norio Ambe

Executive Officer, in Charge of Investment Management Business Unit

Growth Opportunities

- Expanding asset management business in Japan and overseas due to growing demand for asset management and rise in global capital flow
- Increasing demand for real estate investment due to low interest rate environment

Business Risks

- Worsening fund procurement environment resulting from volatility in Japanese and global economies
- Reviewing of low interest rate policy



Business Unit Introduction

The Investment Management Business Unit provides asset management services for real estate securitization products including REITs and private funds.

Major Businesses

Listed REIT



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



Private REIT



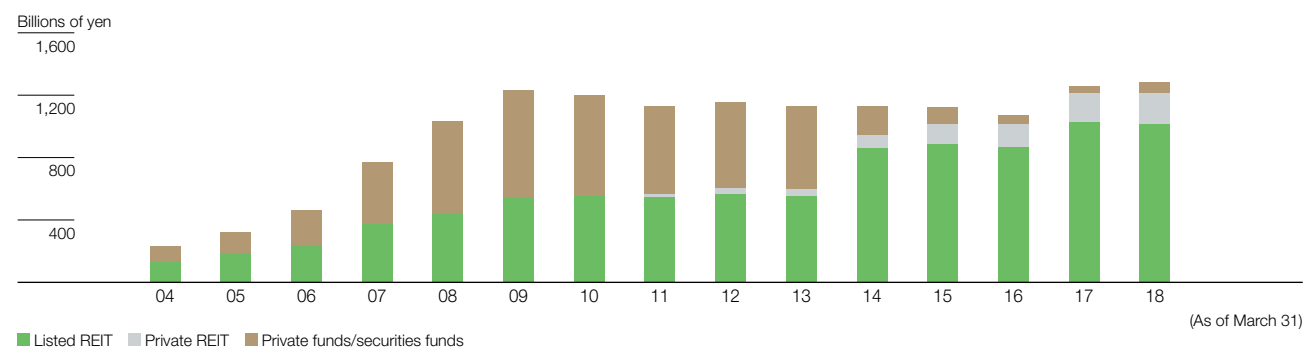
Japan's first private REIT, in operation since 2010. In March 2018, we achieved a balance of ¥200.0 billion in assets under management and are aiming for further growth through selective investment.

Private Funds and Securities Funds

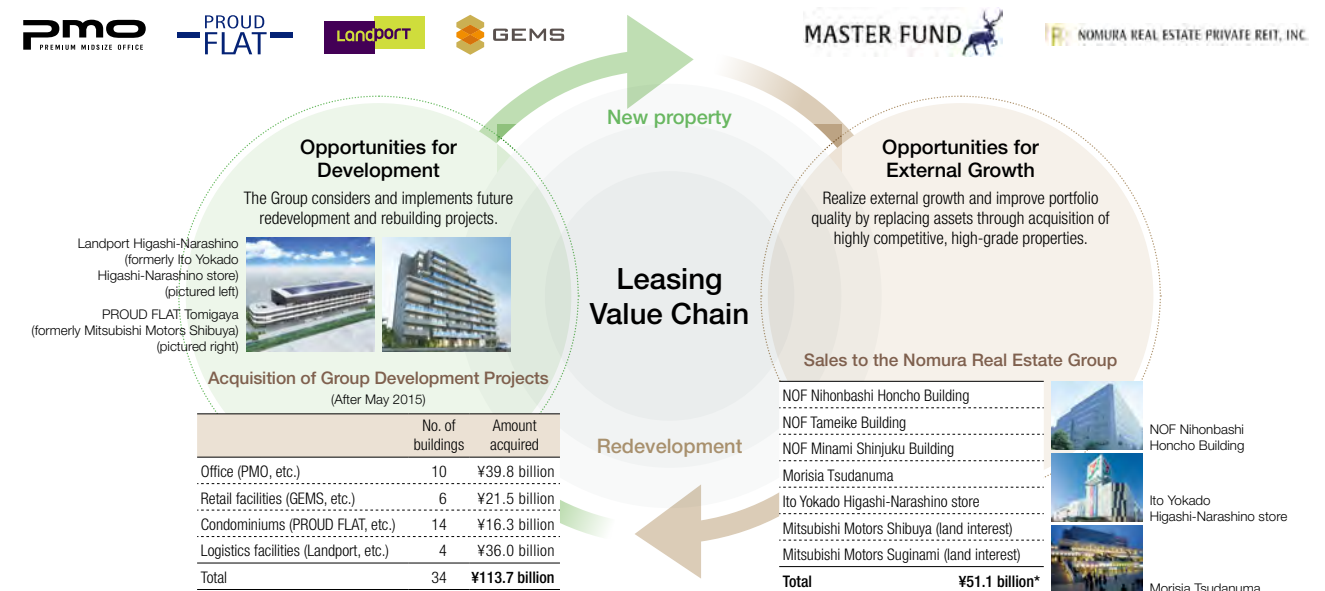
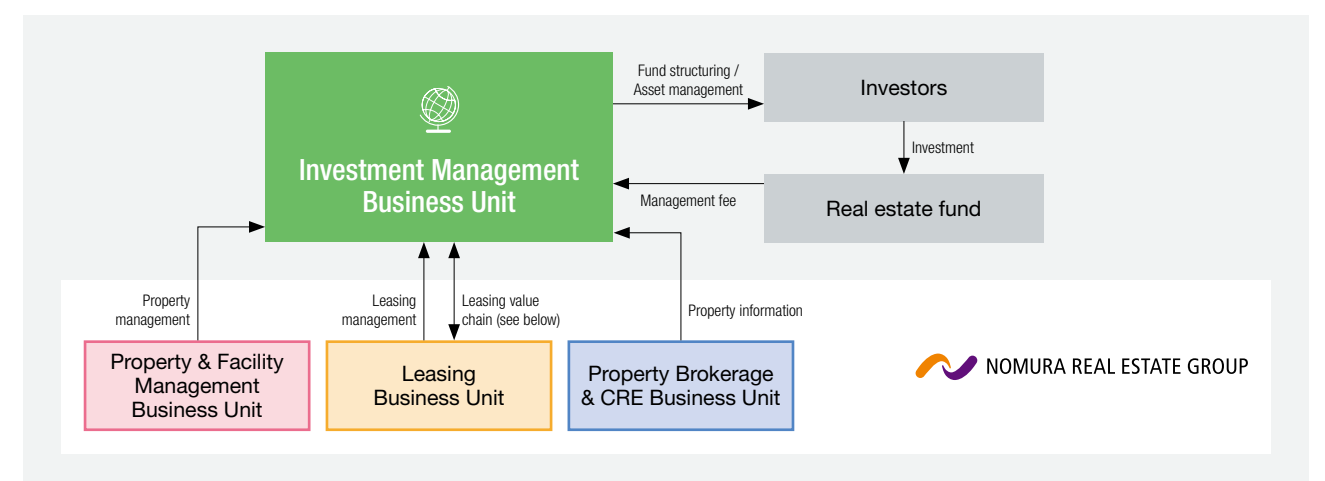
- Office funds
- Healthcare funds
- Fund of J-REITs
- Overseas Open-end FoFs

Responding to the needs of investors, we provide diversified management including private funds and securities funds.

Assets under Management



Relationship with Stakeholders and Group Synergy



Group Companies

- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Asset Management Co., Ltd.

For more information on these Group companies, please see pages 108 and 109.

Business Policy and Progress of Mid- to Long-term Business Plan

Status

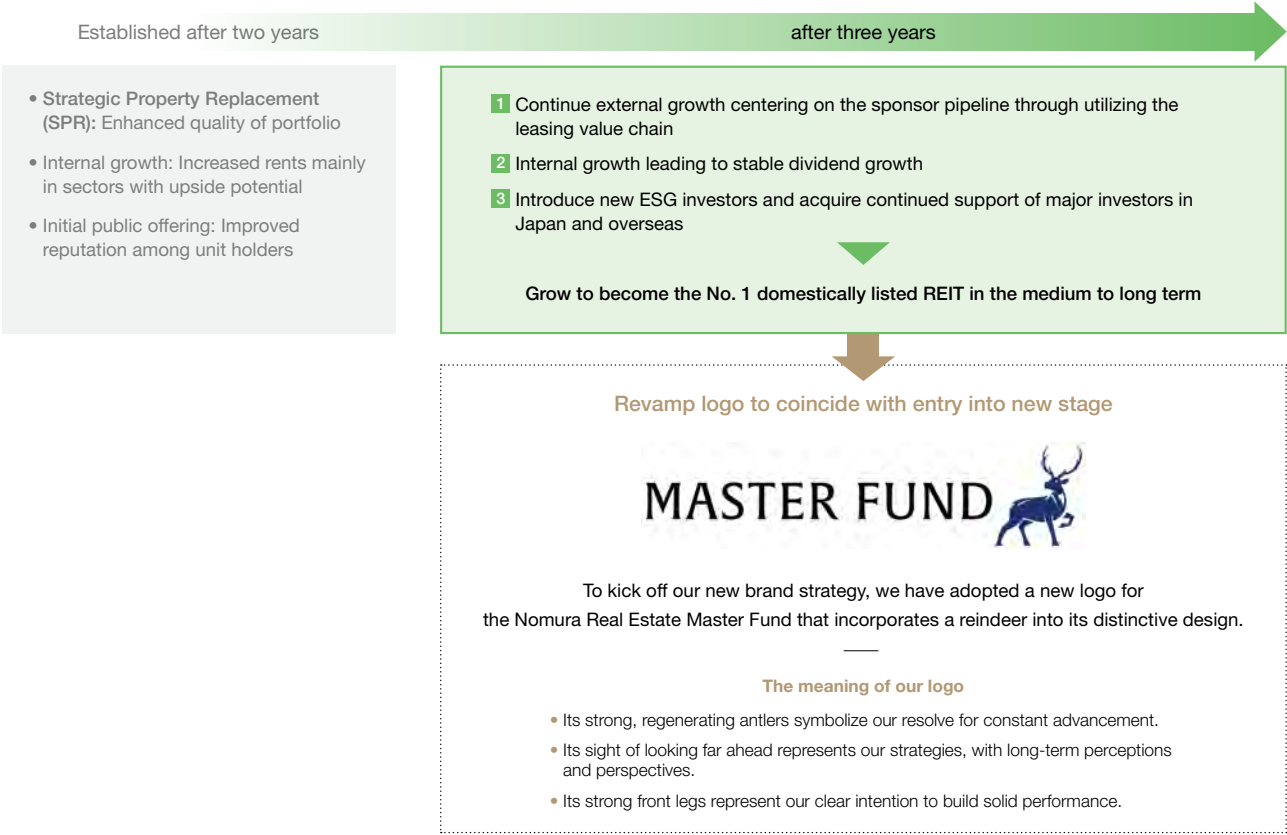
Items	Achievements	Issues	Strategies
Listed REITs (NMF)	<ul style="list-style-type: none">Conducted initial public offering after merging with three listed REITs and merger with Top REITGrew to one of the largest domestic REITs, with approximately ¥1 trillion in assets under management	<ul style="list-style-type: none">Sustainable external growth in overheating real estate marketInternal growth leading to stable dividend growth	<ul style="list-style-type: none">Realize external growth centered on the leasing value chainContinue internal growth through rent revisions
Private REIT	<ul style="list-style-type: none">Achieved steady external growth due to lively demand from investorsReached ¥200.0 billion in assets under management ahead of schedule		
Private funds	<ul style="list-style-type: none">Resumed structuring and management of new private funds	<ul style="list-style-type: none">Searching properties suitable for private placement fundsAcquiring diversified investor needs	<ul style="list-style-type: none">Pursue opportunities to commercialize funds of new property sectorsAttract new investors and meet the needs of existing investors
Securities funds	<ul style="list-style-type: none">Set up fund of J-REITs and Overseas Open-end FoFsManaged pilot fund of US-REITs	<ul style="list-style-type: none">Declining investor demand for monthly dividend distribution type investment trustsIdentifying demand among overseas investors	<ul style="list-style-type: none">Build a track record of steady management for improving performanceAttract new investors and meet the needs of existing investors

Listed REIT

CAP rates remain at record lows and the price levels in the trading market for properties are on an upward trend. In the midst of this environment, Nomura Real Estate Master Fund (NMF) is steadily implementing strategic property replacement (SPR). In October 2017, we moved from the “property replacement” phase to the “growth” phase, a shift that occurred earlier than planned. In line with our entry into this new phase, we revamped our logo and developed a new brand strategy.

Since February 2018 we have continued to grow steadily, which includes raising about ¥18.0 billion after conducting an initial public offering post-merger. In the fiscal year ended March 31, 2018, NMF utilized the leasing value chain to acquire 13 properties, valued at ¥41.2 billion, from Nomura Real Estate Development, including properties that had already concluded sales contracts as of March 31, 2018.

To a New Stage



Private REIT

Nomura Real Estate Private REIT, Inc. (NPR) is the first company in Japan to manage private REITs. In the midst of a low interest rate environment, there is high investor demand for private placement REITs—which provide stable income returns. Accordingly, we are steadily expanding assets under management. As a result of being entrusted with funds from a diverse

range of investors, including pension funds and central and regional financial institutions, we were able to reach a major milestone in March 2018, with total assets under management reaching ¥200.0 billion. Moving forward, we will continue to strive for further growth through selective investment.

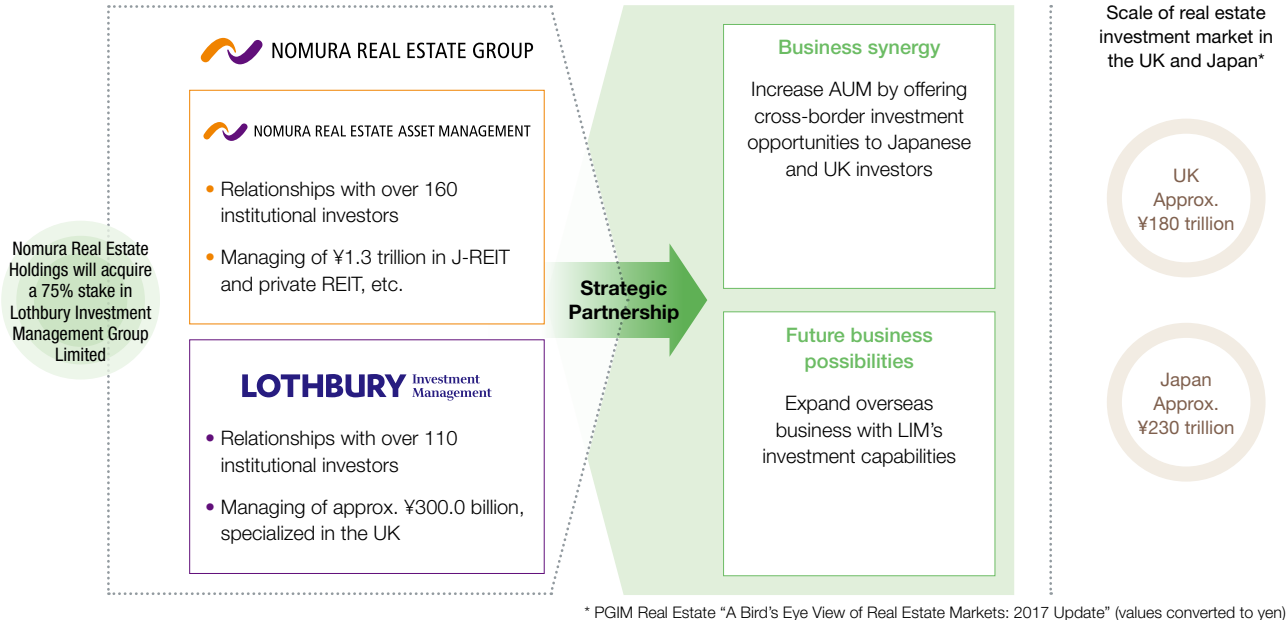
Private Funds and Securities Funds

In order to respond to the diverse investor needs that cannot be met through our existing REITs, we are employing various approaches to create private funds. In the fiscal year ended March 31, 2018, we invested in forward commitment-type projects as well as a core office in the Tokyo metropolitan area,

representing new funds. In securities funds, we are working to increase assets by continuing to enhance management performance in regard to the J-REIT Value Fund and Overseas Open-end FoFs.

Strategic Relationship with UK-based Lothbury Investment Management Group Limited

As a first step toward global development of the investment management business, the Group agreed to acquire a 75% stake in Lothbury Investment Management Group Limited, a real estate investment manager based in the UK. Moving forward, we aim to expand our total assets under management by offering cross-border services, such as providing real estate investment opportunities to investors, our mutual customers.



Overview of Lothbury Investment Management

Company name	Lothbury Investment Management Group Limited
Business overview	Management of UK-specialized open-end funds, etc.
Properties managed	63 properties primarily for commercial, office, and logistics use in London and southeastern United Kingdom





Property Brokerage & CRE Business Unit

We are boosting our ability to deliver the Nomura Real Estate Group's unique solutions that accurately address increasing and diversifying real estate needs using a customer-oriented approach.

Juntaro Kimura

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

Growth Opportunities

- Increasing stock of exceptional housing and need to relocate due to social and lifestyle changes
- Growing needs related to business succession and real estate inheritance
- Growing demand for CRE strategy
- Arising inbound investment needs from overseas investors

Business Risks

- Decrease in consumer demand due to increasing interest rates and economic downturn
- Decline in property development amid drop in consumer spending due to increased property prices
- Intensified competition for human resources



Business Unit Introduction

The Property Brokerage & CRE Business Unit provides real estate brokerage and consulting services and conducts consignment of sales of condominiums and detached housings.

Major Businesses

Retail Brokerage business for individuals

野村の仲介+ PLUS



Nomura no chukai +, provider of total support for real estate sales and purchases, and changing places of residence in the Tokyo metropolitan area, Kansai, and Nagoya

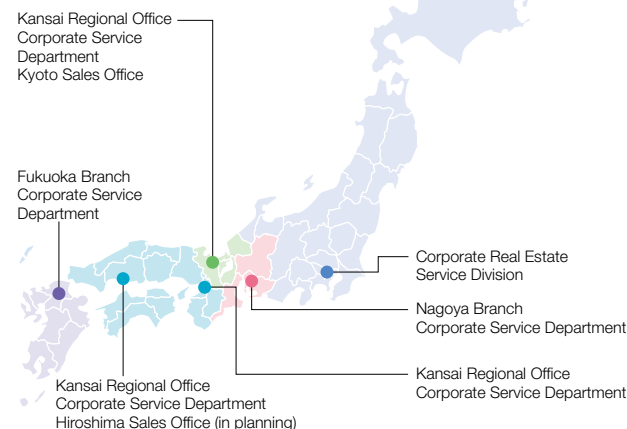
Consignment Sales Business



Consignment of sales of newly built condominiums and detached housings; coordination of housing business, a business with high added value that meets the needs of our customers

Wholesale Brokerage business for corporations

Network of Domestic Wholesale Sales Offices



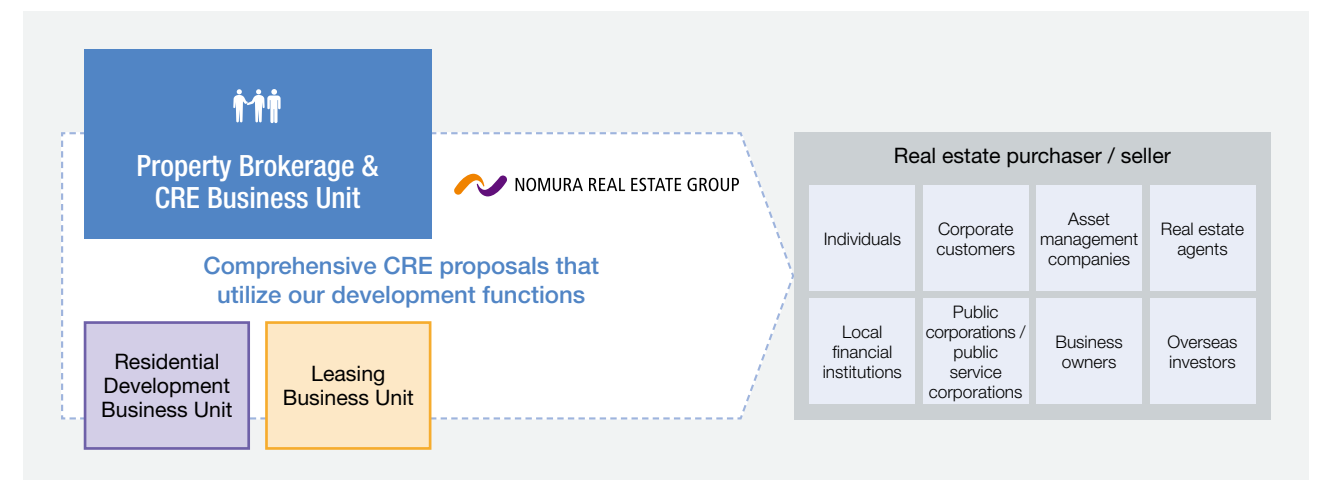
Responding to the real estate needs of our corporate customers on a nationwide scale

Overseas Offices



Providing comprehensive real estate solutions for companies, corporate owners, institutional investors, asset owners, and individuals in Japan and other Asian countries

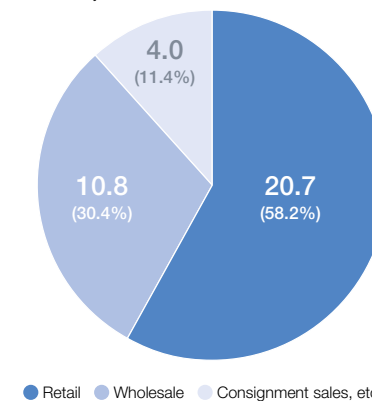
Relationship with Stakeholders and Group Synergy



Breakdown of Operating Revenue

(Fiscal year ended March 31, 2018)

Billions of yen



Topics

Retail

We have established Nomura no chukai + in the Tokyo metropolitan area, Kansai, and most recently, Nagoya. We are providing a new support menu with services such as "Home Staging," which facilitates sales of properties through the use of model rooms that have been furnished and decorated, and our "10-year follow-up" service to provide peace of mind after purchases.

Wholesale

We have built an organization that is able to reach customers across Japan, and are developing our business to meet the needs of customers according to their specific attributes. We are continuously working to meet the needs of overseas investors to invest in Japan.

Consignment Sales Business

We utilize our expertise in consignment sales acquired through years of experience with developers, such as Nomura Real Estate Development. This expertise allows us to provide total support for the housing business, including market research, product planning, sales, and distribution.

Group Companies

- Nomura Real Estate Development Co., Ltd.

For more information on these Group companies, please see pages 108 and 109.

- Nomura Real Estate Urban Net Co., Ltd.

Business Policy and Mid- to Long-term Business Plan Progress

Status

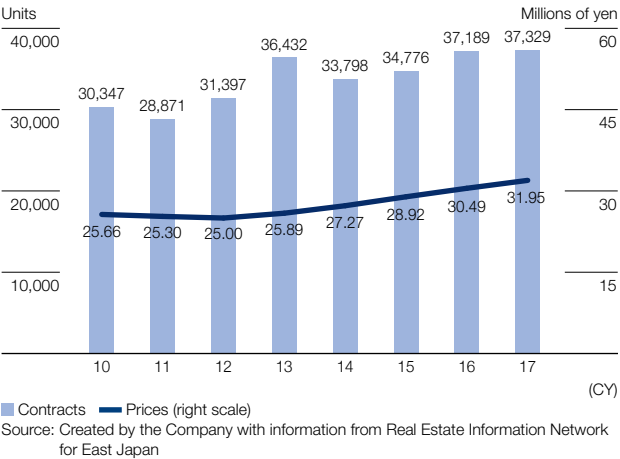
Items	Achievements	Issues	Strategies
Retail business	<ul style="list-style-type: none">Expanded to 80 business sites and achieved a record-high number of commissions through development of diverse services	<ul style="list-style-type: none">Deepening community-based sales by focusing on area characteristicsImproving productivity by utilizing ICT	<ul style="list-style-type: none">Expand market area by building structure of 100 bases in metropolitan areas of Tokyo, Kansai, and NagoyaBecome top brand in customer satisfaction through face-to-face services via Nomura no chukai + stores and online real estate information site nomu.com
Wholesale business	<ul style="list-style-type: none">Established branches in new areas (Fukuoka, Kyoto, Hiroshima)Established overseas earnings bases (established Overseas Sales Division)	<ul style="list-style-type: none">Expanding customer baseIncreasing overseas earnings further	<ul style="list-style-type: none">Strengthen ties with Nomura Securities and local financial institutionsDrive development by realizing CRE proposal strategyMake efforts to engage with inbound demand and expand target countries for business

Retail Business

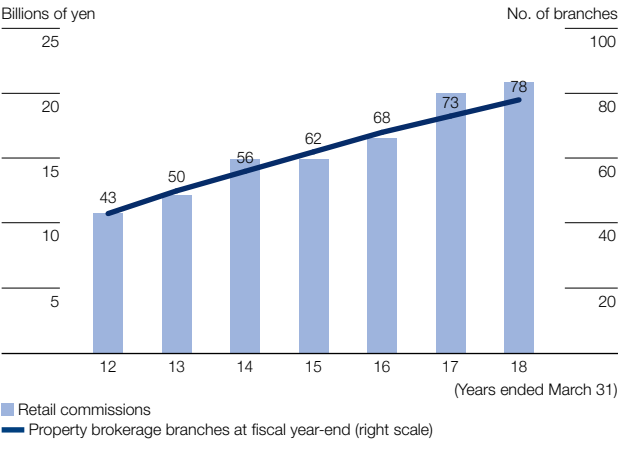
The used condominium market remains steady with the number of contracts and contract prices moving upward. In a trend continuing from 2016, the number of contracts for used condominiums in the Tokyo metropolitan area exceeded the number of newly built condominium units in 2017. Although the number of contracts is starting to show signs of tapering due to factors such as an increase in inventory in some areas, the market is expected to remain strong moving forward. In the retail business, we have taken advantage of the growing

market by steadily increasing the number of sales agents and expanding the number of stores to 80 as of June 30, 2018. We are providing support for the purchase and sales of real estate for investment and for measures related to inheritance and business succession. In addition, we are upgrading our customer service, which includes expanding the functions of our nomu.com service. Through these initiatives, we achieved record-high income for commissions in the fiscal year ended March 31, 2018.

Contracts and Prices for Used Condominiums (Tokyo metropolitan area)



Retail Commissions and Property Brokerage Branches at Fiscal Year-end



Expanding Our Customer Service

Nomura no chukai + was ranked number one in the condominium purchases, condominium sales, and detached housing sales categories for real estate brokerages in the 2018 Oricon Customer Satisfaction Ranking. In addition, on our real estate information site, nomu.com, we have introduced functions that utilize cutting-edge technology such as "Mansion Data Plus," which provides estimates on condominium prices and VR home staging, as a way to offer customers more convenient ways to search for a home.



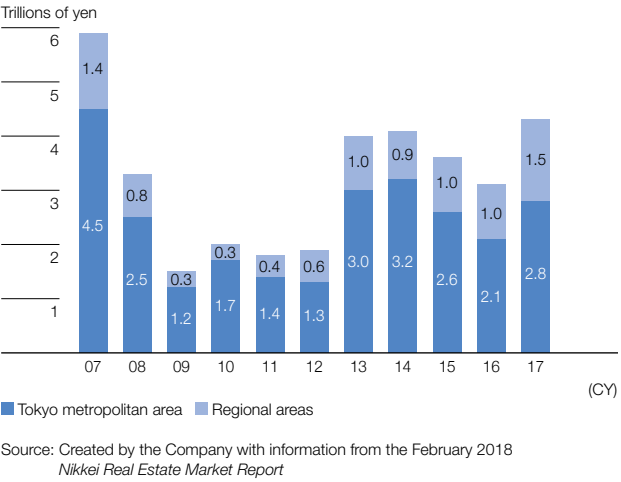
Mansion Data Plus

Wholesale Business

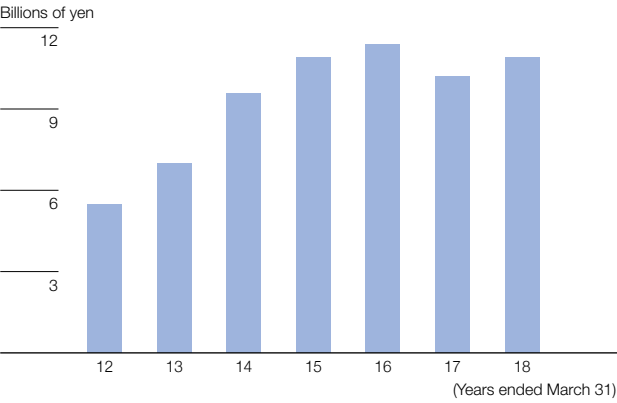
With business performance remaining positive and business sentiment continuing to improve, capital investment by corporations is increasing. There is also strong demand for property acquisition among real estate investors due to interest rates remaining low. As a result, total transaction value remains at a high level.

Amid these conditions, the wholesale business achieved increases in income and profit for the fiscal year ended March 31, 2018. We have steadily expanded our customer base by establishing a system that enables us to respond swiftly to customers across the country by restructuring our organization and establishing stores in Kyoto and Fukuoka.

Trading in Commercial Property



Wholesale Brokerage Commissions

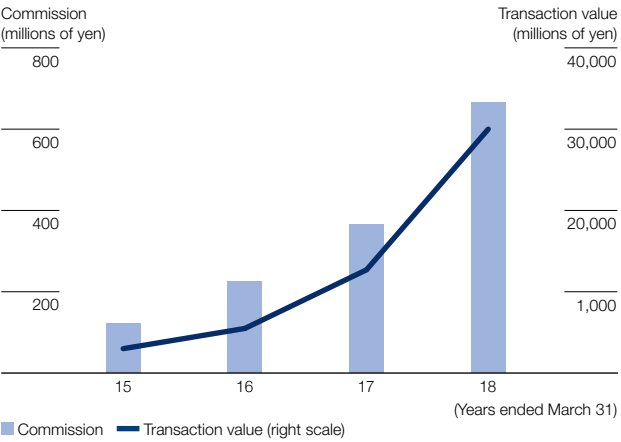


In overseas business, transaction value increased for the fiscal year ended March 31, 2018 due to our response to inbound investor needs centered in Asia from our bases in Hong Kong and Singapore. We will continue to increase the number of inbound investors by utilizing our collaboration with Nomura Securities and develop ties with local financial institutions and accounting firms to further expand our earnings overseas. In response to outbound needs, we offered information sessions to our domestic customers in regards to the condominium business in Bangkok, Thailand, in which the Residential Development Business Unit participates. As a result of our promotion to attract customers, we were able to achieve steady sales for a certain number of condominiums through our sales agent.

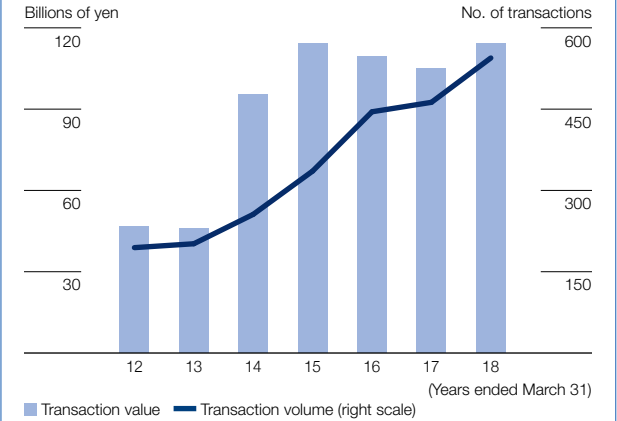
Collaboration with Nomura Securities

We achieved record highs in both transaction volume and transaction value in the fiscal year ended March 31, 2018 in our collaboration with Nomura Securities. These results were possible because Nomura Securities was able to appropriately capture the real estate trading needs of its customers. We plan to enhance our collaboration and expand revenues in the future.

Inbound Investments



Collaboration with Nomura Securities





Property & Facility Management Business Unit

We do more than manage condominiums and office buildings; we offer services to bring them value and earn the trust of ever more clients.

Toshiaki Seki

Executive Vice President
in Charge of Property & Facility Management Business Unit

Growth Opportunities

- Increase in demand for large-scale repairs due to aging buildings
- Acceleration of public-private collaboration in the management of public facilities
- Rising healthcare needs underpinned by the upcoming Tokyo 2020 Olympics and Paralympics
- Rising awareness of energy use

Business Risks

- Human resource acquisition due to worker shortages
- Competitive pricing of management fees



Business Unit Introduction

The Property & Facility Management Business Unit conducts property and facility management, including management of condominiums, office buildings, and educational facilities. The unit also completes contracts for repair and tenant-related construction work and for renovations to condominiums and detached housings. In addition, the unit also engages in development planning and operations of the fitness business and elderly housing and services.

Major Businesses

Property and Facility Management



Condominiums



Office buildings



Public facilities

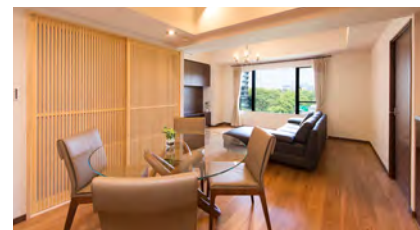
Construction Ordered



Office building renovations



Large-scale condominium repairs brand



Condominium repair and renovation

Fitness / Senior Business

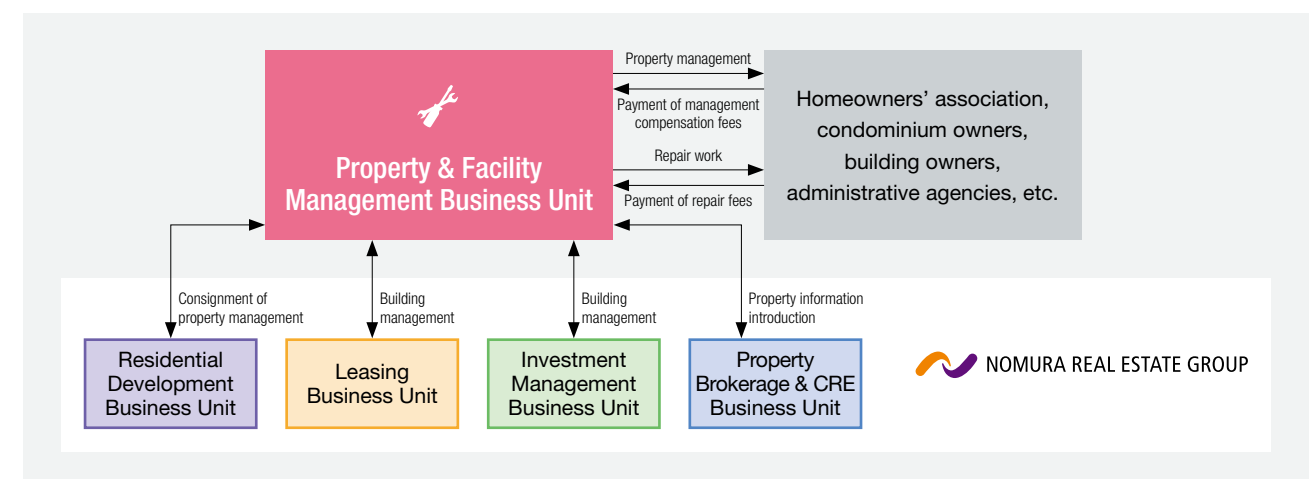


Fitness brand



Senior business brand

Relationship with Stakeholders and Group Synergy

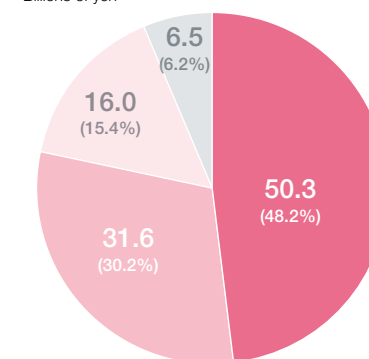


Topics

Breakdown of Operating Revenue

(Fiscal year ended March 31, 2018)

Billions of yen



● Operation and management
● Construction orders ● Fitness / Senior
● High-voltage collective receiving service, etc.

Property and Facility Management

We manage approximately 170,000 residential units and 700 buildings, many of which have been developed by the Group. In addition, the Group has been ranked No. 1 in surveys of management satisfaction for condominium residents for nine consecutive years.*

Construction Ordered

We employ 130 licensed, first-class building operation and management engineers to provide services utilizing highly technical capabilities in renovation and interior construction and large-scale condominium repair work.

Fitness / Senior Business

We currently operate MEGALOS fitness clubs at 43 locations. In elderly housing, we opened our first location, OUKAS Funabashi, in October 2017. Moving forward, we are strengthening development efforts for new properties.

* Management satisfaction survey conducted by Sumai Surfin (as of September 2017)

Group Companies

- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Heating and Cooling Supply Co., Ltd.
- Nomura Real Estate Amenity Service Co., Ltd.
- Nomura Real Estate Partners Co., Ltd.
- Nomura Real Estate Wellness Co., Ltd.
- NF Power Service Co., Ltd.
- Nomura Real Estate Life & Sports Co., Ltd.

For more information on these Group companies, please see pages 108 and 109.

Business Policy and Progress of Mid- to Long-term Business Plan

Status

Items	Achievements	Issues	Strategies
Increasing management stock	<ul style="list-style-type: none">Increased profit by increasing number of developed properties under managementDisposed of underperforming projects	<ul style="list-style-type: none">Hiring and training employees	<ul style="list-style-type: none">Improve productivity by introducing robots and IT technologiesPromote renovation business by utilizing Group stock
Expanding business field Evolving portfolio of services	<ul style="list-style-type: none">Achieved growth by increasing orders of large-scale condominium repair workStrengthened renovation business	<ul style="list-style-type: none">Developing approach to exclusively owned condominiums	<ul style="list-style-type: none">Expand PPP/PFI businessesExpand energy management business
Fitness business	<ul style="list-style-type: none">Improved profitability by offering unique services, such as women-only fitness clubs, and by upgrading senior programsOpened locations in metropolitan areas	<ul style="list-style-type: none">Training personnel	<ul style="list-style-type: none">Manage highly unique clubs with proprietary programs
Senior business	<ul style="list-style-type: none">Announced launch of elderly housing brand OUKAS and began operation of first locationEstablished capital and business partnerships with nursing facility companies	<ul style="list-style-type: none">Creating a business model that allows the senior business to play an important role in urban-type compact towns	<ul style="list-style-type: none">Supply 40 properties and 5,000 housing units within 10 years

Large-Scale Condominium Repairs

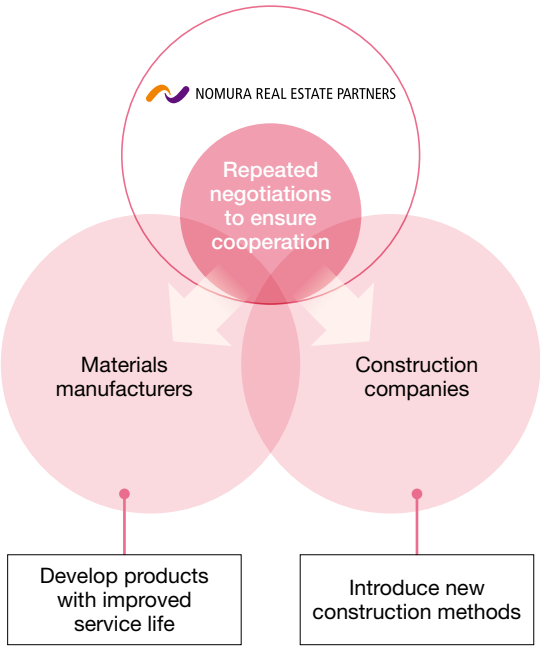
Among the condominiums managed by the Group, there is an increasing number of properties in need of repair. To meet this need, we aim to increase orders in the large-scale condominium repair work industry, and strengthen sales of re:Premium, our large-scale condominium repair work brand (pictured right) offered through Nomura Real Estate Partners.

Nomura Real Estate Partners cooperates with materials manufacturers and subcontractors as the primary contractor responsible for construction related to Nomura Real Estate's PROUD brand of condominiums. Properties contracted through re:Premium offer large-scale repair terms that are longer than the industry standard,* which results in lower repair costs for residents.

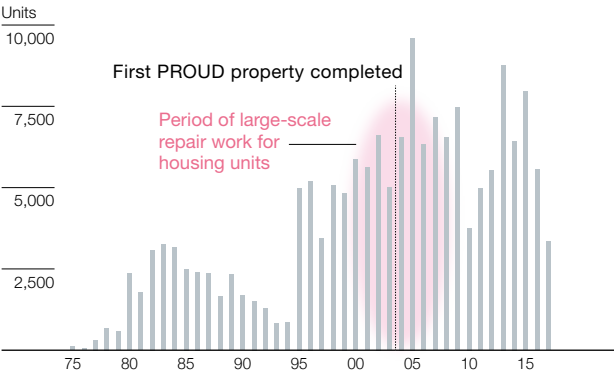
We will continue to strengthen our renovation sales in line with large-scale repair terms and increase customer satisfaction through collaboration with the renovation business.

* Industry standard: Large-scale repairs once every 12 years
re:Premium: Large-scale repairs once every 16–18 years

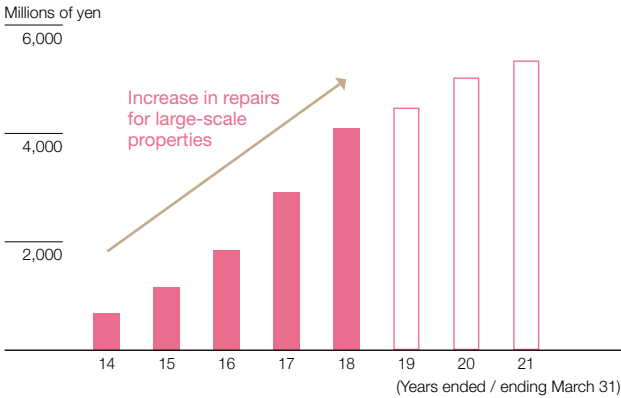
re:Premium
Our Large-scale Repair Brand
re:Premium



Properties under Management by Construction Completion Period



Sales Projections for Large-scale Condominium Repairs



Senior Business

While we will see a decline in the overall domestic population in the future, the population of those 65 and older is expected to increase. Of that population, over 90% will be self-sufficient or will require only mild care. As a result, the need for enriched care services and treatment, including preventive treatment, as well as efforts to maintain and improve health, has become a major social issue. In response, the Group launched the

OUKAS brand, aiming to create a home where self-sufficient seniors can lead vibrant lives. To improve the senior business as a whole, we formed a capital tie-up with corporations that have expertise in the caregiving industry. Going forward, we aim to provide 40 properties and 5,000 housing units in the next 10 years.

Planned Projects for the Senior Business

Kaihin Makuhari Project (tentative name) (elderly housing)	Year of opening: 2020	Total units: 141
Kichijoji Project (tentative name) (elderly housing)	Year of opening: 2020	Total units: 116
Ebisu Project (tentative name) (day service)	Year of opening: 2020	Capacity: 35
Hiyoshi Project (tentative name) (elderly housing)	Year of opening: 2021	Total units: 120

Nomura Real Estate Group's Elderly Housing

A Home for Celebrating Life
"Tomorrow Healthier Than Today"

Features of OUKAS

- "Town planning" that enables any generation to walk and be active
- "Health maintenance and promotion" to provide strong physical and mental health

1st Project (OUKAS Funabashi): Launched and Operating with a Smooth Influx of Residents

Location: Funabashi, Chiba
Access: 15-minute walk from Funabashi Station (JR Sobu Line)
5-minute walk from Shin-Funabashi Station (Tobu Urban Park Line)
Opened: October 2017
Total units: 125 units

Joint Fitness Program with MEGALOS

At OUKAS Funabashi, we provide a fitness training program jointly developed with Nomura Real Estate Life & Sports Co., Ltd., which operates MEGALOS fitness clubs. We aim to improve the physical capabilities of residents through programs taught by resident trainers.

Fitness Business

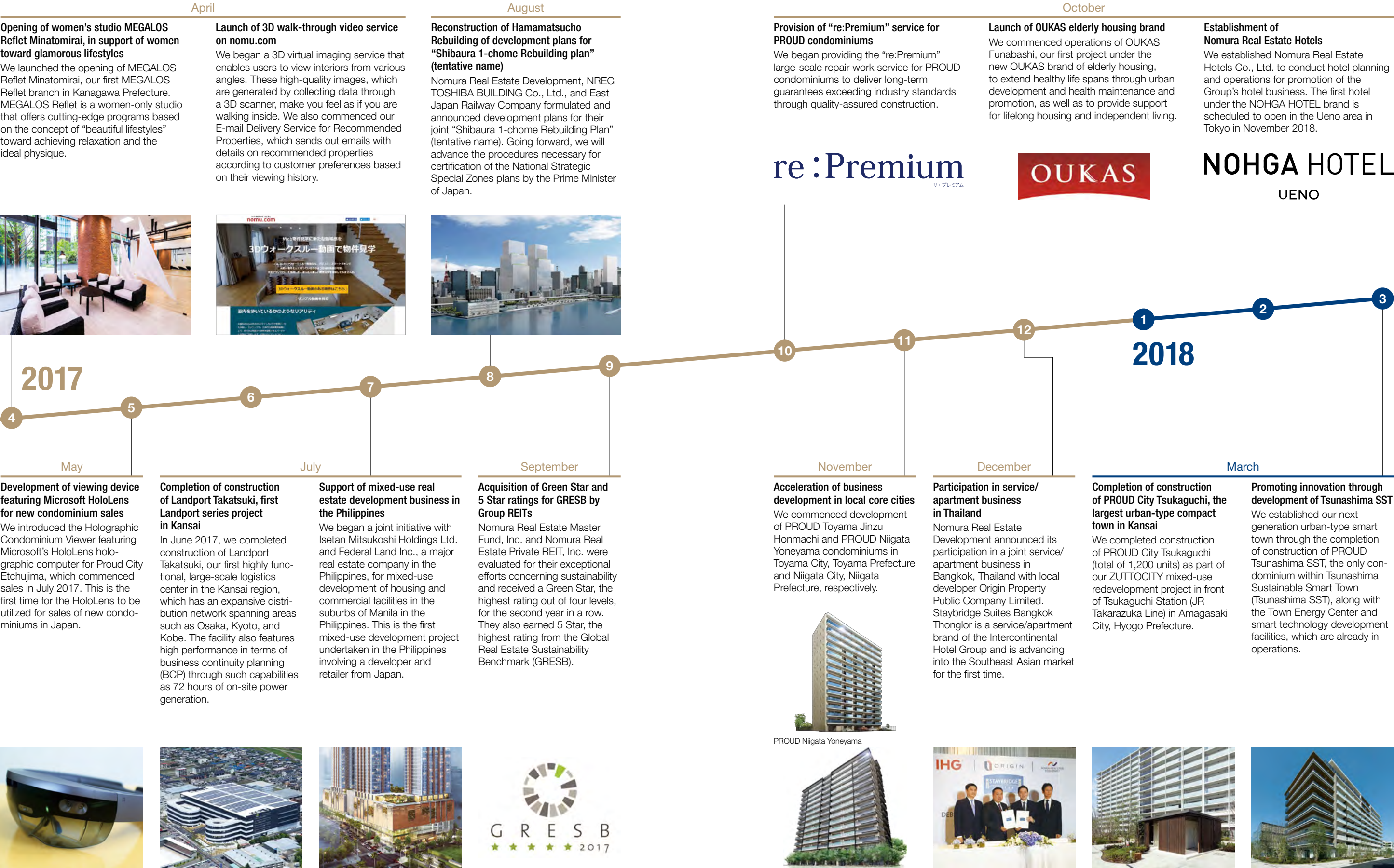
Developing Facilities to Meet a Variety of Lifestyles

To accommodate the diversifying lifestyles of our customers, we are developing facilities with a variety of concepts under the MEGALOS brand.

Comprehensive sports club equipped with a gym, studio, and pool

24-hour mini sports gym

Women-only fitness club



Section 3

Nomura Real Estate Group's Management Base

This section outlines our proactive efforts to enhance corporate governance, including the implementation of a performance-based stock incentive plan, as well as our measures to improve management transparency.

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The Evolving Governance of
Nomura Real Estate Holdings
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Shinjuku Nomura Building (Nomura Real Estate Holdings, Inc. headquarters)



Atsushi Yoshikawa
Chairman of the Board of Directors

Makoto Haga
Director and Executive Officer
Supervisor of Management Division

The Evolving Governance of Nomura Real Estate Holdings

Increasing Corporate Value through Our Nomination and Compensation Systems

In 2015, Nomura Real Estate Holdings transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, and in 2016, established the Advisory Committee Relating to Nominations and Compensation in order to strengthen corporate governance. The Company also introduced a new compensation system after a resolution at the 14th Ordinary General Meeting of Shareholders held in June 2018. Taking into consideration that the real estate business is characteristically long-term, the Company has introduced a share-based incentive program that is based on the ability to meet earnings goals over a three-year period. That will increase awareness of contributions toward improved corporate growth and greater earnings in the medium to long term. Atsushi Yoshikawa, chairman of the Board of Directors, and Makoto Haga, Head of the Management Division, discussed the goals of this new compensation system, the effect it will have on future management, and the activities and circumstances regarding the Advisory Committee Relating to Nominations and Compensation.

Effects of Establishing the Advisory Committee Relating to Nominations and Compensation

Yoshikawa: One year has passed since I took on the role of chairman of the Board of Directors in June 2017. In February 2016, the Company established the Advisory Committee Relating to Nominations and Compensation as a consulting body that reports to the Board of Directors to enhance its

independence, objectivity, and accountability in matters related to the nomination and compensation of management members and members of the Board of Directors. In its first year, the committee focused on sorting out various issues related to the methods of compensation and nomination for the Board

of Directors, taking into account the circumstances of the Company, and making comparisons with other companies, with the cooperation of experts on these matters. In 2017, its second year, the committee continued discussions regarding the introduction of a more concrete system.

Through these discussions, I think the external directors of the committee have been able to obtain a considerable amount of information, including on the personalities of key executives, reasons for appointment, and compensation structure. They have also been able to compare this information against the cases of other companies. As a result, I believe discussions have been beneficial for both nomination and compensation by clarifying the roles of each position,

formulating selection criteria, and determining the number of positions required. Deepening the awareness of stakeholders has led to meaningful discussions.

Haga: It certainly is quite the achievement to have shifted ways of thinking over the course of a single year. Instead of appointing directors based on length of employment and sheer individual performance, by backcasting, we have been able to think about the positions, skills, and experience that are required for the Group's growth and development. We now employ a third party when evaluating the board's effectiveness to confirm the adequateness of the board members.

Updating the Compensation Process

Yoshikawa: In our 2017 Integrated Report, we expressed our intention to review our compensation policy in response to the Corporate Governance Code, designing a detailed compensation structure. With the cooperation of an external consulting company, we began reviewing the system in 2016, and the Advisory Committee Relating to Nominations and Compensation began discussing specific reviews of the system in 2017. These discussions were centered on the implementation of a system that would place greater emphasis on the importance of increasing corporate value in the medium to long term while not becoming overly technical. Our compensation system consisted of a base salary—or fixed part—as well as cash bonuses and stock options, or variable part. This was thought to be a mechanism to share interests with our shareholders. We incorporated the concept of time into the system because

the real estate industry is clearly a long-term business. I believe that compensation systems should lead to the maintenance of high motivation and maximization of performance.

Haga: As a general rule, it takes a long time for companies in the real estate industry to generate profits compared with manufacturers that handle consumer goods. It goes without saying that accumulating short-term profits does lead to the mid- to long-term growth of corporate value, but if one wants to make a serious commitment to sustainable growth for the longer term, I believe that a strong commitment to improving profits for the next several years is the key to increasing corporate value. This is especially true for the real estate industry because it is a long-term business. The newly designed

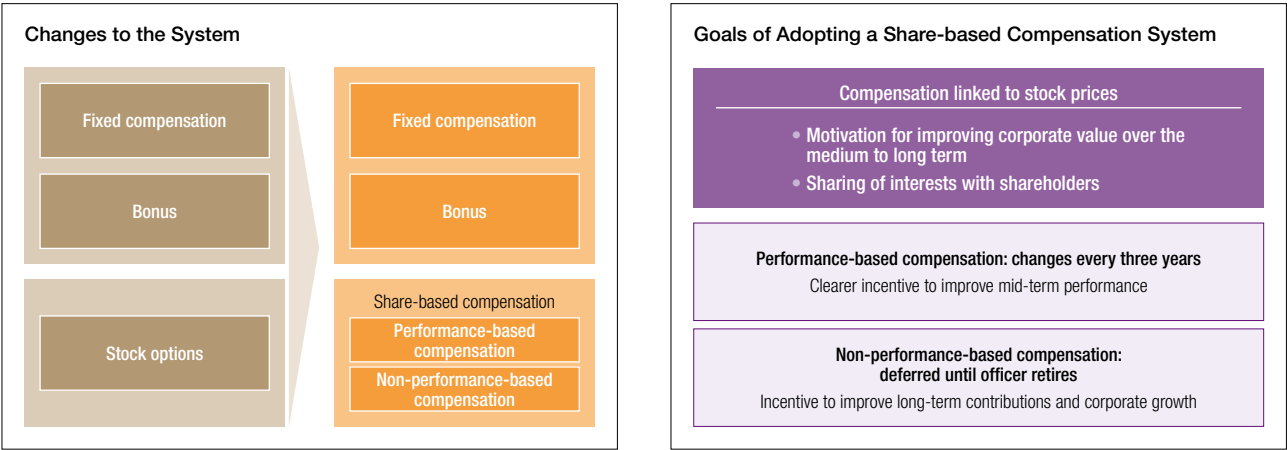
compensation system consists equally of fixed and variable parts. Furthermore, variable compensation comprises both short-term and long-term incentive bonuses. Long-term incentive bonuses include a share-based incentive program and is based on the degree of achievement of earnings goals at the end of the third year and the restricted stock compensation plan. I believe that a system with the mechanism to provide compensation in proportion to the achievement of mid- to long-term performance is well-suited to the real estate industry.

Yoshikawa: Senior management, including the Company's directors, must render a concrete business plan in their field to increase entire the corporate value of the Group. By implementing share-based compensation linked to earnings at the end of the third year, we hope to send a message both internally and externally that we will greatly accelerate our mid- to long-term growth strategies in line with the direction of each business unit. I believe that we have a system in place that

will allow all of our employees and officers to concentrate on sustainable profit growth.

Haga: Rather than just look at performance within a single year, we need to look at the sustainability of that performance. Some businesses may have a short-term profit model, but if there is no consideration given to the medium to long term, they may end up with sluggish growth. To outperform other companies in the industry, we have formulated our long-term management plan so that each business unit must cooperate to achieve overall corporate value and maintain a mid- to long-term perspective for various tasks. When we acquire land, we have to check its price by taking into account not only its current state but also its mid-to long-term potential. By incorporating mid- and long-term incentives into our compensation system, I believe that awareness of not only yearly performance but also sustainable long term profits will spread throughout the Group.

New Compensation System (To be introduced in the fiscal year ending March 31, 2019)



Nomination and Compensation as a Means of Raising Corporate Value

Yoshikawa: At the same time, with the revisions made to the compensation system, we have reviewed the selection standard process and succession plan for the Board of Directors. We received input from external directors in our discussions. Our nomination and compensation systems should be viewed as wheels on the same vehicle. Our nominations to the board, much like compensation, should incorporate a mid- to long-term point of view that is not overly slanted toward short-term results. Another point to consider is succession. We need to evaluate whether a candidate is actively making efforts to cultivate the next generation of management personnel.

Haga: There are some salient questions that need to be kept in mind. What skills and experience of the management are necessary for the sustainable growth of the Group? What roles should each of its members fulfill? What is the appropriate compensation for them? If these questions are not asked, and if the compensation and nomination systems are not well integrated, then neither will function. I think that removing the notion of seniority as superiority and moving toward a pure merit compensation system based on the outcomes of expected roles are large steps in the right direction.

Yoshikawa: When determining the promotion of executive officers, the Advisory Committee Relating to Nominations and Compensation will request to the executive side an explanation regarding the reasons for nomination, background, and ability of the candidates. In addition, the committee will also inquire about his or her weakness and what forms of training the executive side will provide to the candidates to solve their issues. In addition to general managers' meetings, the Board meetings, and Management Committee meetings, the committee also checks on the candidates at various other in-house events. The committee will perform comprehensive deliberations on performance at those events and the cases made by the executive side. If the CEO's opinions seem to be arbitrary and an election or promotion is unfair or impartial, the CEO's aptitude will be examined. This creates a positively tense atmosphere, but I think that it is very important to foster an environment that encourages the process of objective and transparent discussions regarding our next generation of senior management. The current Advisory Committee Relating to Nominations and Compensation consists of a non-executive internal director which is myself, and three external directors. I consider this to be a good balance for objective discussion.

Haga: I think that this is a good balance too. It should be a big challenge for part-time directors to properly judge candidates proposed by the executive side for appointment to the board or for promotion. I believe the most transparent process for judging

candidates is for a full-time, non-executive director such as Chairman Yoshikawa to gather a variety of personnel information and to incorporate the frank opinions of external directors.

Yoshikawa: To contribute to our new succession plan, current senior executives are required to file and submit reports to me that describe the skills and abilities required for each position and specific names of the candidates suitable for immediate office and those who will be suitable five years down the line. While this succession report serves as one of the materials for determining appointments and promotions, I think it also provides a good opportunity for the management team to review various duties and roles required and to see if there are things lacking. These reports will be accumulated in my office and kept on record for review by the Advisory Committee Relating to Nominations and Compensation. If the CEO or COO would like to consult with me about our human resources, I can also give my opinions based on this accumulated information as well.

Haga: I actually wrote the report myself as well and found invaluable insights. If you write down issues and concerns regarding candidates for succession, you are able to find out specific career training paths. I think that this is a very effective way to establish our succession plan and training policies as required by the Corporate Governance Code.

Yoshikawa: In addition to their appointments, we must maintain transparency in the dismissal process. In cases of fraud or violations of the law, we should consider these dismissals. Considering that the term on the Board of Directors is one year, not being reappointed in the following year essentially functions as the process for dismissal, provided that we follow the appropriate process. This process will be examined further as we move forward. The Board of Directors will continue to discuss our nomination and compensation systems in order to increase corporate value in the medium to long term and meet the expectations of our shareholders and other stakeholders.



Directors



Atsushi Yoshikawa

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. and 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. and Director, President, and CEO of Nomura Asset Management Co., Ltd.
- Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc. and 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)
- Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)
- May 2018 External Director of Ryohin Kaikaku 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 Executive Vice President of Nomura Securities Co., Ltd. Senior Corporate Managing Director and Chief Operating Officer of Nomura Holdings, Inc.
- 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, 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, 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)



Toshiaki Seki

Executive Vice President and Representative Director, In charge of Group companies, Unit Manager of Property & Facility Management 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. (currently, Nomura Real Estate Partners 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. (present)
- Jun. 2015 Director of MEGALOS CO., LTD. (present) (currently, Nomura Real Estate Life & Sports Co., Ltd.)
- Apr. 2018 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)
- Director of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
- President and Representative Director of NF Power Service Co., Ltd. (present)



Hiroyuki Kimura

Director and Executive Officer, Group CFO and Head of Investor Relations

- Apr. 1984 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2009 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2009 Director of Nomura Real Estate Holdings, Inc.
- Apr. 2010 President and Representative Director of Nomura Real Estate Investment Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Director of Nomura Real Estate Asset Management Co., Ltd.
- Director of Nomura Real Estate Capital Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Oct. 2011 Managing Director of Nomura Real Estate Asset Management Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Jun. 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2013 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2014 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)



Makoto Haga

Director and Executive Officer, Supervisor of Management Division, Corporate Communications Department

- Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
- Oct. 2010 General Manager of Management Planning Department of Nomura Real Estate Development Co., Ltd.
- Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Asset 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. (present)
- Director of Nomura Real Estate Life & Sports Co., Ltd.
- Director of Geo Akamatsu Co., Ltd.
- Director of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners 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, Ltd. (present)



Shigeru Matsushima

Director (External)

- Apr. 1973 Joined Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry)
- Jun. 1998 Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry
- Sep. 1999 Director-General of Chubu Bureau of International Trade and Industry of Ministry of International Trade and Industry
- Apr. 2001 Professor, Faculty of Business Administration, Hosei University
- Mar. 2007 External Director of CAC Corporation (currently, CAC Holdings Corporation)
- Apr. 2008 Professor, Tokyo University of Science Graduate School
- Jun. 2008 External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
- Apr. 2012 External Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
- Jun. 2013 External Director of Nomura Real Estate Holdings, Inc. (present)



Satoko Shinohara

Director (External)

- Apr. 1983 Joined Kohyama Atelier (currently, Hisao Kohyama Atelier)
- May 1987 Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry
- 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 at Japan Women's University (present)
- Jun. 2014 External Director of Nomura Real Estate Holdings, Inc. (present)





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.
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 and Advisor of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd. (present)
Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
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 MEGALOS CO., LTD. (present)
(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 NREG TOSHIBA BUILDING Co., Ltd.
Apr. 2018 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 Yamate

Director (Audit & Supervisory Committee Member) (External)

Nov. 1977 Joined Price Waterhouse Japan
Jul. 1991 Representative Partner of Aoyama Audit Corporation
Partner of Price Waterhouse Japan
Apr. 2000 Representative Partner of Chuo Aoyama Audit Corporation
Partner of PricewaterhouseCoopers
Sep. 2006 Representative Partner of PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC)
Jun. 2013 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
Outside Director of Mitsubishi UFJ Financial Group, Inc. (present)
External Audit & Supervisory Board Member of Prudential Holdings of Japan, Inc. (present)



Shigeki Fujitani

Director (Audit & Supervisory Committee Member)

Apr. 1981 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Apr. 2008 Executive Managing Director of Nomura Asset Management Co., Ltd.
Oct. 2008 Executive Officer of Nomura Holdings, Inc.
Apr. 2013 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Jun. 2013 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)
Audit & Supervisory Board Member of Nomura Building Management Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.) (present)
Apr. 2014 Audit & Supervisory Board Member of PRIME X Co., Ltd. (present)
Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. (present)
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (present)
Jun. 2015 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
Apr. 2018 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

Director (Audit & Supervisory Committee Member) (External)

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)



Satoshi Ogishi

Director (Audit & Supervisory Committee Member) (External)

Dec. 1981 Registered with Dai-ichi Tokyo Bar Association
Joined Nishimura & Sanada (currently, Nishimura & Asahi)
Jan. 1987 Partner of Nishimura & Sanada (currently, Nishimura & Asahi) (present)
Apr. 2005 Professor of Tokai University Law School
Executive Director of Nozomi Servicing Co., Ltd. (present)
Aug. 2011 External Director of Oracle Corporation Japan (present)
Jun. 2012 External Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Jun. 2015 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 Unit

Minoru Hatada

In charge of Leasing Business Unit

Daisaku Matsuo

In charge of Residential Development Business Unit

Masaomi Katayama

In charge of International Business Dept.

Haruki Nakamura

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

Yukio Ichihara

In charge of Group Internal Audit Dept., Group Legal & Compliance Dept., Group General Affairs & IT Strategy Dept., Secretariat, Internal Audit and Compliance

Yoichiro Ishikawa

In charge of Group Human Resources Dept.

Katsuya Tanaka

In charge of Corporate Planning 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

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

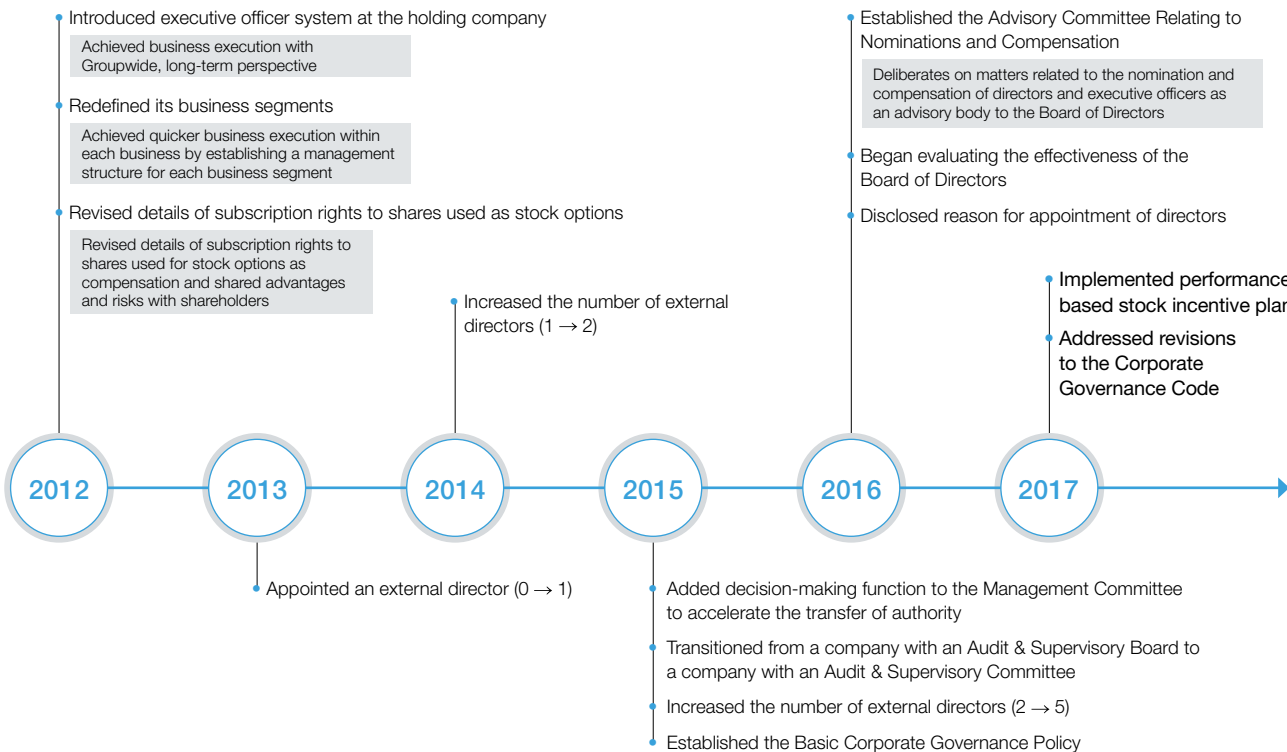
In recognizing that it is a member of society, the Nomura Real Estate Group has established the Nomura Real Estate Group Code

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.

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, Financial Instruments & Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system below 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

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



Status of Shareholdings

- a. Investment shares held for purposes other than pure investment and the total amount on the balance sheet: 13 stocks / ¥1,240 million
- b. Stocks, number of shares, amount on the 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
Onward Holdings Co., Ltd.	500,000	381	To enhance corporate value by strengthening business ties

- c. The total amount recorded on the balance sheet, dividends received, gains/losses on sale, and gains/losses on valuation of investment shares held for the purpose of pure investment in the fiscal year ended March 31, 2018

Category	Total amount on the 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	—	—	—	—
Other shares	1,394	34	0	770

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 sound management 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 to 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. The committee meets monthly to deliberate on matters pertaining to risk management, compliance, and information security as they relate to the entire Group. It also discusses ways to respond to risks that do emerge and regularly reports to the Board of Directors.

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 each Group company president 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. Certified Public Accountants involved in auditing are listed below.

Auditing Firm and Certified Public Accountants
(As of June 26, 2018)

Auditing Firm	Names of Certified Public Accountants	
Ernst & Young	Designated and Engagement Partner	Hidetsugu Kaneko
	Designated and Engagement Partner	Toru Nakagiri
ShinNihon LLC	Designated and Engagement Partner	Natsuo Saiki

*1. The length of auditing service of each of the abovementioned auditors is seven years or less; therefore, the number of years is omitted.
*2. Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in our accounting audits over an extended period of time. Assistants involved in auditing are listed below.
Certified Public Accountants: 4 / Assistant Certified Public Accountants: 6 / Other: 5

Compliance Systems

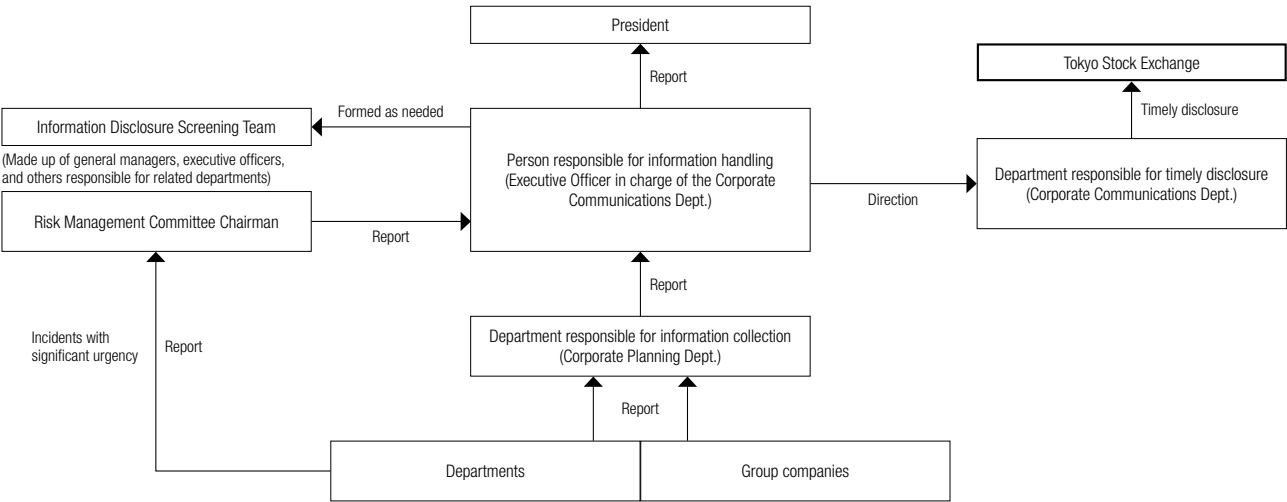
The Nomura Real Estate Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of its most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk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

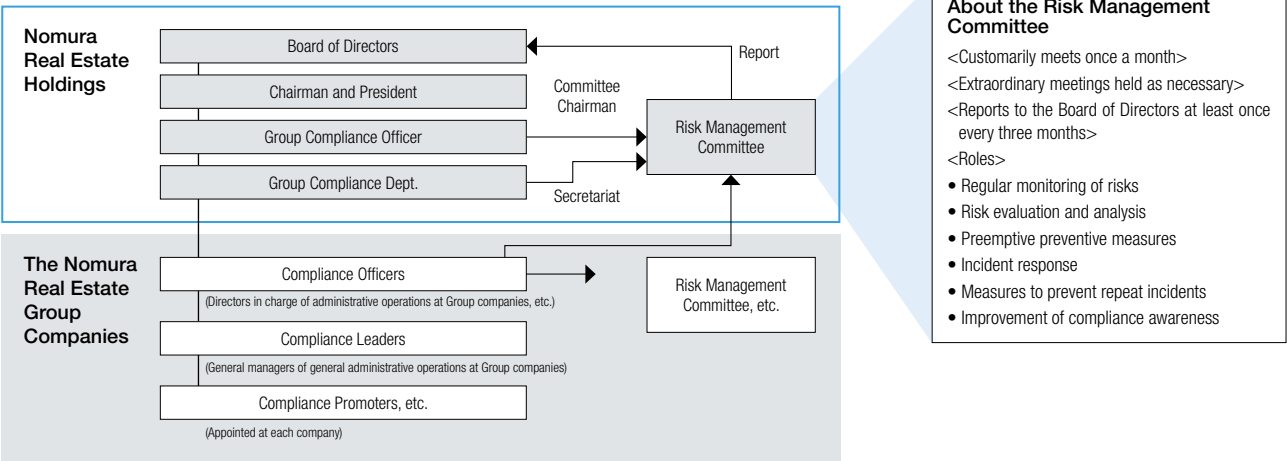
Flow of Communication



Timely Disclosure System



Compliance Promotion Framework and Risk Management Framework



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 during 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.

Roles of the Board of Directors

The Board of Directors bears the 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 necessary balance and diversity as a holding company that manages a number of subsidiaries engaged in various business segments. Specifically, the Board of Directors comprises eight directors (excluding directors who serve as Audit & Supervisory Committee Members), of whom two are external directors, and five directors who are also 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.

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.

Audit & Supervisory Committee

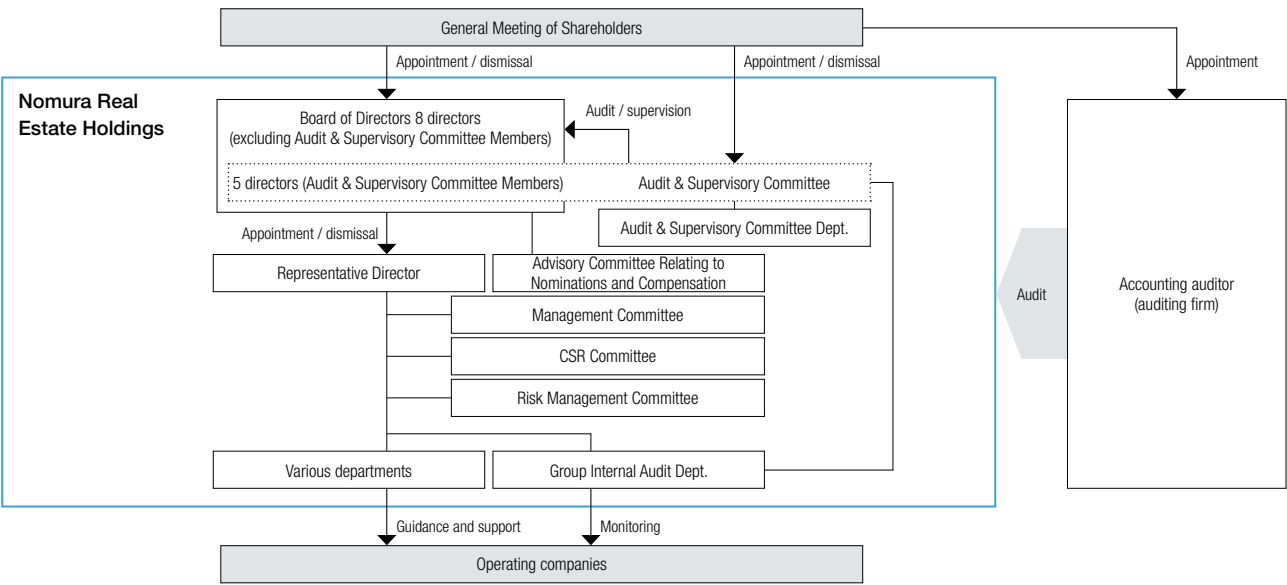
The majority of Audit & Supervisory Committee Members comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee performs audits utilizing the Company's internal 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.

Criteria for Determining Impartiality of Independent External Directors
(Article 14 of the Basic Corporate Governance Policy)

- Article 14 In addition to Independent Director impartiality criteria set by the Tokyo Stock Exchange, the Board of Directors establishes criteria concerning the impartiality of Independent External Directors and nominates Independent External Directors having confirmed that they do not correspond to any of the following items.
- (1) Individuals who execute business for any other company with which the Company or its subsidiaries have a reciprocal employment relationship as each other's External Directors;
 - (2) Individuals who are employees of the Company's or its subsidiaries' major business partners*1 or who are employees at companies that consider the Company or its subsidiaries to be their major business partner*1 (or individuals involved in the execution of business if such business partner is a corporation);
 - (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million, in addition to Directors compensation from the Company or subsidiaries during the most recent business year;
 - (4) Individuals affiliated to companies, etc., that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains*2 from the Company or subsidiaries;
 - (5) Individuals who are or were involved in the execution of business at one of the Company's major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
 - (6) Close relatives of individuals stated in (1) to (5).

*1 A major business partner means a business partner whose transactions with the Group exceed 2% of the Company's or such business partner's annual consolidated sales in the most recent business year.
*2 Large sums of money or other property gains means gains that exceed 2% of that company's annual consolidated sales in the most recent business year.

Corporate Governance System



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 nominations 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.

Evaluating the Effectiveness of the Board of Directors

Directors conduct an annual self-assessment on the effectiveness of the Board of Directors and their contributions as a director, while the Board of Directors carries out an analysis and evaluation of the effectiveness of the entire Board of Directors, referencing the self-assessment of each director, and a summary of the results is disclosed appropriately. Annual evaluations will enable us to regularly ascertain the status of improvements and to further enhance the effectiveness of the Board of Directors.

Results of the Assessment of the Effectiveness of the Board of Directors

For the assessment of the effectiveness of the Board of Directors in fiscal 2018, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee Members) utilizing a third-party evaluation organization for the first time, to further improve the effectiveness of the Board of Directors. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

• Members

The scale of the Board of Directors and the ratio of independent external directors are appropriate on the whole.

An issue to consider going forward is that to enhance the capacity of the Board of Directors, it is advised that the Company invite directors with experience in corporate management and an abundant knowledge of overseas business and technology.

• Discussions

Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each director.

• Operation

Improvements were made in fiscal 2018 in such areas as ensuring distribution of materials prior to meetings and further clarifying the discussion points.

An issue to consider going forward is the need for improvements to conduct a thorough review of its details by utilizing the summary materials.

• Proposals

During fiscal 2018, the Company carried out operational improvements, such as narrowing down matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors' meetings.

An issue to consider going forward is the ensuring of adequate time for discussions on the Group's strategies and the consideration of themes to be deliberated, as well as the need to follow up on the contents of discussions.

Going forward, we hope to conduct an evaluation of effectiveness utilizing a third-party evaluation organization once every three years.

List of External Directors

Name	Audit & Supervisory Committee Member	Independent director	Supplemental explanation of compliance item	Reason for appointment as external director	Attendance record
Shigeru Matsushima	—	○	—	Mr. Matsushima has a wealth of knowledge and wide-ranging experience through his many years as an expert in business administration. He was appointed as an External Director since his experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management.	Attended 19 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018.
Satoko Shinohara	—	○	Ms. Shinohara is a professor at the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University	Ms. Shinohara has worked for many years as an architect and has gained a wealth of knowledge and experience in her field. She was appointed as an External Director since her experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management. Spatial Design Studio, for which Satoko Shinohara serves as Representative Director, has the above described transactions with Nomura Real Estate Development Co., Ltd. However, the transaction amount in the most recent business year represents less than 2% of the sales of said company and of the consolidated operating revenue of the Company.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018.
Satoshi Ogishi	○	○	Mr. Ogishi is a Partner at Nishimura & Asahi.	Mr. Ogishi has established a wealth of expertise and wide-ranging experience as an attorney-at-law. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system. The Company and its subsidiaries engage in transactions concerning legal services with Nishimura & Asahi, of which Satoshi Ogishi is a Partner. However, the transaction amount in the most recent business year represents less than 2% of the sales of said law office and of the consolidated operating revenue of the Company.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 12 of the 12 Audit & Supervisory Committee meetings held.
Akira Yamate	○	○	Mr. Yamate is an External Director of Mitsubishi UFJ Financial Group.	Mr. Yamate has been a Certified Public Accountant for many years and he has established a wealth of expertise and wide-ranging experience in his field. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 11 of the 12 Audit & Supervisory Committee meetings held.
Akira Ono	○	○	Mr. Ono is a Partner at Spring Partners.	Mr. Ono possesses a wealth of expertise and wide-ranging experience as an attorney-at-law with many years of professional experience. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 19 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 12 of the 12 Audit & Supervisory Committee meetings held.

Director Compensation

At the Ordinary General Meeting of Shareholders held on June 26, 2018, it was determined that an yearly amount of not more than ¥550 million for directors (excluding those who are also Audit & Supervisory Committee Members) and on June 26, 2015, it was determined that an yearly amount of not more than ¥150 million for directors who are Audit & Supervisory Committee Members, will be paid as additional compensation for performance-based stock incentive. Moreover, as for performance-based stock incentive plan

at the Ordinary General Meeting of Shareholders held on June 26, 2018, it was determined that for each applicable period (three fiscal years) the Company's contribution to trust will not be an amount of more than ¥730 million while the number of shares delivered, etc., to the Company's directors will not be more than 423,000 shares. A decision was also made to implement a performance-based stock incentive plan in place of stock options for stock compensation from the fiscal year ending March 31, 2019 (please see page 80 for details).

Total Compensation, etc., Total Compensation, etc., by Type of Remuneration, and the Number of Directors Applicable (Fiscal year ended March 31, 2018)

Director category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type of remuneration (millions of yen)			Number of directors applicable
		Basic compensation, etc.	Stock option	Bonus	
Directors (excluding Audit & Supervisory Committee Members) (excluding external directors)	469	250	81	137	8
Directors (Audit & Supervisory Committee Members) (excluding external directors)	77	57	—	20	2
External directors and Audit & Supervisory Board Members	71	71	—	—	5
Total	618	379	81	157	15

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 individual investors through investor relations fairs and Company information sessions conducted by the CEO and via the Internet. For analysts and institutional investors, at earnings briefings following our announcement of semiannual and annual results, the 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 small meetings with the President and 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 CEO or 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 the fiscal year ended March 31, 2018. Our comprehensive rank was 35 (14 in the previous fiscal year), putting us fourth in the industry (first in the previous fiscal year).

Main IR Activities during the Fiscal Year Ended March 31, 2018

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)	478
Small meetings with the president	1
Overseas IR (Europe, U.S., Asia) (including overseas conferences)	9
Conference organized by securities companies (Japan)	6
Property tours	6
SR meetings	13

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

Please Visit Our IR Site.

Japanese:
www.nomura-re-hd.co.jp/ir/

English:
www.nomura-re-hd.co.jp/english/ir/

Compliance with Japan's Corporate Governance Code

Our reasons for not implementing two of the 73 principles of Japan's Corporate Governance Code as of August 2018 are provided below. We are now working to implement these principles as soon as practicable. Moreover, we are planning to implement revisions by the end of 2018 in regard to the changes in the Corporate Governance Code announced on June 1, 2018.

Principle	Reason for not implementing
[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO (Planning)	The Company believes that the appropriate appointment of management in line with the Company's corporate philosophy and management strategies, including external candidates, is important for realizing sustainable growth. As for the plan for successors, the Company clarified the criteria for the appointment of officers, and established a process, the scope of which includes the Company's training policy, the management of each officer's evaluation, and their 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] Disclosure of Training Policy for Directors	The Company provides training that takes into consideration its corporate philosophy and management strategies. Specifically, in addition to being trained regarding corporate management such as financial and legal matters when an officer is appointed, the Company establishes opportunities to train such officers after appointment mainly by leveraging external training organizations and by rotating them through different organizational units to improve management capabilities. Also, the Company establishes opportunities for external directors to deepen understanding relating primarily to its business activities and operating environment. 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.

Section 4

Corporate and Financial Information

This section includes the consolidated financial statements and other information for use in quantitative analysis of the Group's financial condition and profitability and cash flow creation.

- 94 10-Year Summary
- 96 Consolidated Balance Sheets
- 98 Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- 100 Consolidated Statements of Cash Flows
- 101 Business Unit Information
- 103 Facilities Situation
- 108 Group Company Profiles
- 110 Corporate Information

	09/3	10/3	11/3	12/3	13/3	14/3	15/3		16/3	17/3	18/3	19/3 (forecast)
Operating revenue	448,655	434,226	480,983	450,807	517,740	532,016	567,159		569,545	569,680	623,762	700,000
Operating gross profit	100,763	105,576	107,222	114,910	134,571	159,335	162,051		177,973	177,241	182,053	—
Operating profit	34,012	39,274	42,083	49,939	58,308	74,307	71,894		80,912	77,271	76,660	81,000
Ordinary profit	23,702	23,967	26,149	34,173	45,806	64,058	63,681		72,679	68,952	68,033	72,000
Profit attributable to owners of parent	13,770	4,660	5,471	17,591	19,357	26,844	38,441		47,182	47,005	46,029	47,000
Cash flows from operating activities	(108,030)	19,266	33,947	43,876	89,295	83,535	23,837		13,258	(31,889)	21,498	—
Cash flows from investing activities	(141,788)	(24,571)	(33,730)	7,809	(2,588)	(20,191)	(32,476)		(59,714)	(54,558)	(51,637)	—
Cash flows from financing activities	295,507	13,098	(7,485)	(63,296)	(94,666)	(57,858)	(8,983)		53,637	76,575	43,787	—
Capital investment*1	56,662	26,796	37,570	14,098	18,963	21,938	38,871		50,367	61,300	71,665	—
Depreciation*2	7,148	10,758	12,835	13,534	13,513	14,333	15,258		16,026	16,877	18,824	—

Per Share Data (Yen):

Profit attributable to owners of parent	92.21	25.69	28.74	92.38	101.61	140.70	201.28		246.42	245.10	240.89	250.22
Annual dividends	40.00	25.00	25.00	25.00	30.00	35.00	45.00		57.50	65.00	70.00	75.00

Balance Sheet Data (As of March 31):

Total assets	1,385,531	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	—
Current assets	740,266	709,618	636,925	585,332	535,103	496,978	549,300		608,779	684,306	717,635	—
Inventories	481,489	458,921	433,386	396,857	369,667	349,167	429,764		496,910	570,888	592,996	—
Equity investment	109,076	94,889	60,948	41,895	29,578	7,128	6,316		819	2,567	9,612	—
Non-current assets	645,265	695,805	837,406	817,292	834,845	816,909	819,926		876,670	908,786	955,464	—
Total net assets	281,375	349,437	357,365	376,486	398,276	418,697	461,031		456,408	493,813	514,982	—
Interest-bearing debt	778,073	759,636	816,910	758,562	669,268	617,583	616,700		721,900	810,100	877,800	—

Management Benchmarks (%):

ROA*3	2.5	2.8	2.9	3.7	4.6	5.8	5.4		5.6	4.9	4.6	—
ROE*4	5.9	1.7	1.8	5.7	5.9	7.8	10.3		11.2	10.1	9.4	—
Operating margin	7.6	9.0	8.7	11.1	11.3	14.0	12.7		14.2	13.6	12.3	11.6
Dividend payout ratio	43.4	97.3	87.0	27.1	29.5	24.9	22.4		23.3	26.5	29.1	30.0
Shareholders' equity ratio	17.0	21.4	20.7	22.6	24.5	27.1	28.8		29.9	30.2	30.0	—
Number of employees (consolidated)	4,998	5,195	5,300	5,399	5,581	5,747	6,029		6,233	6,467	6,636	—

*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 ROA = (Operating income + Non-operating income) / Total assets at end of the fiscal year

*4 ROE = Profit attributable to owners of parent / Equity (as average over the fiscal year)

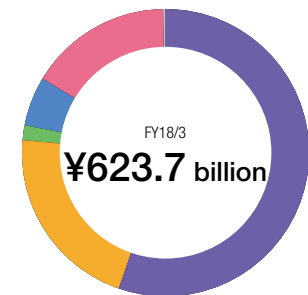
*5 From the fiscal year ended March 31, 2017, the classification of Yokohama Business Park Heating and Cooling Supply Co., Ltd.

(now: 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 the fiscal year ended March 31, 2016 are classified under the new classification.

*6 Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit in the fiscal year ending March 31, 2019. In line with this change, the financial results for the fiscal year ended March 31, 2018 have been calculated under the new classification.

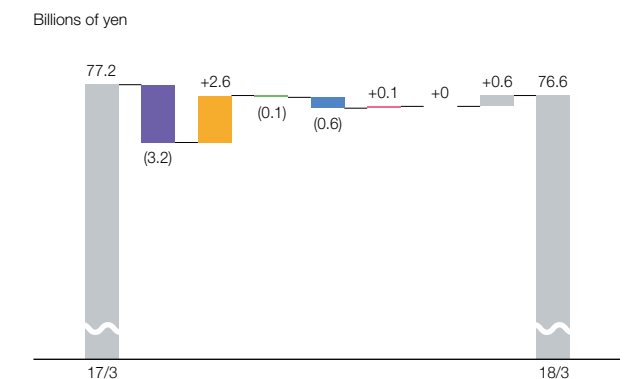
(Millions of yen)

Composition of Operating Revenue*5, 6



Millions of yen	16/3	17/3	18/3
Residential Development Business Unit	334,514	329,787	355,455
Leasing Business Unit	110,226	115,009	134,941
Investment Management Business Unit	10,973	9,662	9,378
Property Brokerage & CRE Business Unit	35,373	34,820	35,703
Property & Facility Management Business Unit	91,552	95,764	104,581
Other Business Unit	1,353	106	107

Operating Profit Factor Analysis



Main Factors

Residential Development Business Unit	Decrease in gross margin ratio of housing sales
Leasing Business Unit	Increase in leasing revenue Increase in gain on sales of property development and land for commercial use
Investment Management Business Unit	In response to asset acquisition fees from the merger of two REITs in fiscal 2016
Property Brokerage & CRE Business Unit	Increase in business expenses from new branch openings
Property & Facility Management Business Unit	Increase in revenue from property and facility management, and construction orders

Other Business Unit Adjustments

	(Millions of yen)	
	2017	2018
Assets		
Current Assets		
Cash and deposits	47,701	52,347
Notes and accounts receivable–trade	16,535	17,308
Securities	—	9,000
Real estate for sale	120,385	102,884
Real estate for sale in process	249,663	261,278
Land held for development	199,812	228,326
Equity investments	2,567	9,612
Deferred tax assets	5,555	—
Other	42,123	36,917
Allowance for doubtful accounts	(37)	(39)
Total current assets	684,306	717,635
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	394,607	403,011
Accumulated depreciation	(152,718)	(163,985)
Buildings and structures, net	241,888	239,026
Land	549,671	592,550
Other	26,053	26,576
Accumulated depreciation	(8,787)	(9,778)
Other, net	17,265	16,797
Total property, plant and equipment	808,825	848,374
Intangible assets	10,985	12,364
Investments and other assets		
Investment securities	46,252	42,362
Lease and guarantee deposits	21,738	23,131
Deferred tax assets	14,992	20,843
Other	5,992	8,387
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	88,975	94,725
Total non-current assets	908,786	955,464
Total Assets	1,593,093	1,673,099

	(Millions of yen)	
	2017	2018
Liabilities		
Current Liabilities		
Notes and accounts payable–trade	35,612	41,696
Short-term loans payable	106,300	102,300
Current portion of bonds	10,000	—
Income taxes payable	16,052	14,993
Deposits received	29,459	18,807
Deferred tax liabilities	20	—
Provision for bonuses	7,516	7,679
Provision for directors' bonuses	639	590
Provision for loss on business liquidation	47	36
Other	50,149	48,073
Total current liabilities	255,799	234,176
Non-Current Liabilities		
Bonds payable	70,000	140,000
Long-term loans payable	623,800	635,500
Lease and guarantee deposits received	57,597	60,241
Deferred tax liabilities	63,592	59,828
Deferred tax liabilities for land revaluation	3,900	3,900
Provision for loss on subleasing business	257	102
Net defined benefit liability	18,931	18,375
Other	5,402	5,991
Total non-current liabilities	843,481	923,940
Total Liabilities	1,099,280	1,158,116
Net Assets		
Shareholders' Equity		
Capital stock	116,779	117,072
Capital surplus	110,023	110,316
Retained earnings	242,704	275,299
Treasury shares	(3)	(10,004)
Total shareholders' equity	469,503	492,683
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	7,947	4,516
Deferred gains or losses on hedges	119	262
Revaluation reserve for land	7,860	7,860
Foreign currency translation adjustment	62	(225)
Remeasurements of defined benefit plans	(4,129)	(3,605)
Total accumulated other comprehensive income	11,860	8,807
Share Acquisition Rights	1,986	2,424
Non-Controlling Interests	10,462	11,067
Total Net Assets	493,813	514,982
Total Liabilities and Net Assets	1,593,093	1,673,099

Consolidated Statements of Income

	(Millions of yen)	
	2017	2018
Operating Revenue	569,680	623,762
Operating Cost	392,438	441,708
Operating Gross Profit	177,241	182,053
Selling, General and Administrative Expenses	99,970	105,393
Operating Profit	77,271	76,660
Non-Operating Income		
Interest income	52	45
Dividend income	252	75
Share of profit of entities accounted for using equity method	83	25
Interest on refund	—	162
Gain on transfer of right to request purchase of shares	—	112
Other	310	351
Total non-operating income	698	773
Non-Operating Expenses		
Interest expenses	7,539	7,334
Other	1,477	2,065
Total non-operating expenses	9,017	9,400
Ordinary Profit	68,952	68,033
Extraordinary Income		
Gain on sales of non-current assets	946	3,311
Gain on sales of investment securities	—	455
Total extraordinary income	946	3,766
Extraordinary Losses		
Impairment loss	254	3,614
Loss on building reconstruction	337	462
Total extraordinary losses	591	4,077
Profit before Income Taxes	69,307	67,722
Income Taxes—Current	22,957	23,811
Income Taxes—Deferred	(1,177)	(2,755)
Total Income Taxes	21,780	21,055
Profit	47,527	46,666
Profit Attributable to Non-Controlling Interests	521	636
Profit Attributable to Owners of Parent	47,005	46,029

Consolidated Statements of Comprehensive Income

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

Consolidated Statements of Cash Flows

	(Millions of yen)	
	2017	2018
Cash Flows from Operating Activities		
Profit before income taxes	69,307	67,722
Depreciation	16,877	18,824
Impairment loss	254	3,614
Loss (gain) on sales of investment securities	—	(455)
Loss (gain) on sales of non-current assets	(946)	(3,311)
Share of (profit) loss of entities accounted for using equity method	(83)	(25)
Increase (decrease) in allowance for doubtful accounts	(1)	1
Increase (decrease) in provision for loss on business liquidation	(13)	(11)
Increase (decrease) in provision for loss on subleasing business	(55)	(155)
Increase (decrease) in net defined benefit liability	912	(555)
Interest and dividend income	(304)	(121)
Interest expenses	7,539	7,334
Decrease (increase) in notes and accounts receivable–trade	(1,157)	(769)
Decrease (increase) in inventories	(73,977)	(28,943)
Decrease (increase) in equity investments	(1,748)	(7,044)
Increase (decrease) in notes and accounts payable–trade	(15,546)	6,084
Increase (decrease) in deposits received	(158)	(10,652)
Other, net	(2,244)	4,566
Subtotal	(1,346)	56,103
Interest and dividend income received	285	94
Interest expenses paid	(9,332)	(9,425)
Income taxes paid	(21,495)	(25,274)
Net cash provided by (used in) operating activities	(31,889)	21,498
Cash Flows from Investing Activities		
Purchase of investment securities	(1,499)	(4,439)
Proceeds from sales and liquidation of investment securities	1,410	3,491
Purchase of property, plant and equipment and intangible assets	(61,300)	(71,665)
Proceeds from sales of property, plant and equipment and intangible assets	12,066	19,589
Payments for lease and guarantee deposits	(1,018)	(1,148)
Proceeds from collection of lease and guarantee deposits	964	1,240
Repayments of lease and guarantee deposits received	(12,448)	(3,153)
Proceeds from lease and guarantee deposits received	6,124	4,189
Other, net	1,142	258
Net cash provided by (used in) investing activities	(54,558)	(51,637)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	(500)	(11,500)
Repayments of finance lease obligations	(148)	(149)
Proceeds from long-term loans payable	160,000	80,000
Repayments of long-term loans payable	(91,300)	(60,800)
Proceeds from issuance of bonds	19,869	69,360
Redemption of bonds	—	(10,000)
Proceeds from issuance of common shares	88	391
Proceeds from share issuance to non-controlling shareholders	98	—
Purchase of treasury shares	(0)	(10,048)
Cash dividends paid	(11,504)	(13,435)
Dividends paid to non-controlling interests	(26)	(31)
Net cash provided by (used in) financing activities	76,575	43,787
Effect of Exchange Rate Change on Cash and Cash Equivalents	(25)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(9,897)	13,648
Cash and Cash Equivalents at Beginning of Period	57,591	47,699
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	4	—
Cash and Cash Equivalents at End of Period	47,699	61,347

Business Unit Information

Operating Revenue

	(Millions of yen)						
	15/3*4	15/3*5	16/3*5	16/3*6	17/3*6	18/3*7	19/3 (forecast)
Residential Development	359,397	359,397	334,514	334,514	329,787	355,445	379,000
Housing sales	332,999	332,999	318,795	318,795	308,960	336,819	—
Other	26,397	26,397	15,719	15,719	20,827	18,626	—
Leasing*1	92,878	92,878	110,625	110,226	115,009	134,941	173,000
Leasing (offices)	46,563	46,563	49,594	49,594	51,981	53,312	—
Leasing (retail facilities)	10,323	10,323	10,873	10,873	11,649	12,686	—
Leasing (other)	5,552	5,552	5,882	5,882	5,954	7,193	—
Property development	16,026	—	—	—	—	—	—
Property development (sales)	—	12,318	33,260	33,260	35,350	43,301	—
Property development (leasing)	—	3,167	3,320	3,320	4,054	4,724	—
Other	14,413	14,953	7,694	7,295	6,018	13,722	—
Investment Management	9,166	9,166	10,973	10,973	9,662	9,378	9,500
Property Brokerage & CRE	30,232	30,232	35,373	35,373	34,820	35,703	40,500
Property brokerage	25,833	25,833	28,028	28,028	30,283	31,637	—
Other	4,399	4,399	7,345	7,345	4,536	4,065	—
Property & Facility Management*2, 3	71,635	85,837	90,294	91,552	95,764	104,581	112,000
Property & facility management	49,794	49,511	50,662	47,952	48,301	50,386	—
Construction ordered	21,841	21,583	24,636	24,636	26,857	31,604	—
Fitness club & elderly care	—	14,742	14,995	14,995	15,523	16,064	—
Other	—	—	—	3,967	5,081	6,526	—
Other	17,753	3,008	1,353	1,353	106	107	0
Adjustments (Eliminations or Corporate)	(13,905)	(13,362)	(13,590)	(14,449)	(15,470)	(16,396)	(14,000)
Total	567,159	567,159	569,545	569,545	569,680	623,762	700,000

Operating Profit

	(Millions of yen)						
Residential Development	33,811	33,811	31,909	31,909	27,787	24,523	26,500
Leasing	24,447	24,447	32,099	31,719	32,567	35,232	35,000
Investment Management	4,813	4,813	7,376	7,376	6,016	5,911	6,000
Property Brokerage & CRE	8,477	8,477	9,900	9,900	9,124	8,452	10,500
Property & Facility Management	5,477	5,758	5,314	5,693	6,939	7,078	7,500
Other	167	(113)	(152)	(152)	(30)	(10)	0
Adjustments (Eliminations or Corporate)	(5,300)	(5,300)	(5,536)	(5,535)	(5,132)	(4,527)	(4,500)
Total	71,894	71,894	80,912	80,912	77,271	76,660	81,000

*1 The breakdown of operating revenue for the Leasing Business Unit has been changed since the second quarter of the fiscal year ended March 31, 2016. In line with this change, the figures for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 have been published under the new classification.

*2 The breakdown of operating revenue for the Property & Facility Management Business Unit has been changed from "Building management" and "Housing management" to "Property & facility management" and "Construction ordered" since the first quarter of the fiscal year ended March 31, 2015. According to this change, the figures for the fiscal year ended March 31, 2013 and after have been published under the new classification.

*3 From the first quarter of the fiscal year ended March 31, 2016, the breakdown of operating revenue has been changed due to the fact that MEGALOS CO., LTD. (present: Nomura Real Estate Life & Sports Co., Ltd.), which used to be classified in the Other Business Unit, and Nomura Real Estate Wellness Co., Ltd., which was newly established in the first quarter of the fiscal year ended March 31, 2016, are classified in the Property & Facility Management Business Unit. In line with this change, the figures for the full-year results of the fiscal year ended March 31, 2015 have been published under the new classification.

*4 From the second quarter of the fiscal year ended March 31, 2015, a partially revised method of allocating Companywide costs among adjustments to each business unit was incorporated. In addition, the apartment leasing business was transferred from the Residential Development Business Unit to the Leasing Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2015 have been published under the new classification.

*5 From the first quarter of the fiscal year ended March 31 2016, MEGALOS CO., LTD. (present: Nomura Real Estate Life & Sports Co., Ltd.), which used to be classified in the other Business Unit, was classified in the Property & Facility Management Business Unit. In line with this change, the figures for the full-year results of the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 have been published under the new classification.

*6 From the fiscal year ended March 31, 2017, 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. In line with this change, the full-year results from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2018 have been published under the new classification.

*7 As of the fiscal year ending March 31, 2019, the classification of Nomura Real Estate Reform Co., Ltd. has been changed from the Residential Development Business Unit to the Property & Facility Management Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2018 have been published under the new classification.

Assets

	(Millions of yen)					
	15/3*1	15/3*2	16/3*2	16/3*3	17/3*3	18/3*4
Residential Development	382,585	382,585	414,812	414,812	450,698	448,412
Leasing	849,885	849,885	922,748	918,710	993,985	1,060,815
Investment Management	40,555	40,555	36,692	36,692	35,649	34,840
Property Brokerage & CRE	22,606	22,606	32,047	32,047	22,873	17,181
Property & Facility Management	32,375	49,696	51,403	55,695	56,529	62,781
Other	19,833	2,485	1,565	1,565	929	921
Adjustments (Eliminations or Corporate)	21,383	21,411	26,180	25,926	32,427	48,147
Total	1,369,226	1,369,226	1,485,449	1,485,449	1,593,093	1,673,099

Inventories

	(Millions of yen)					
Residential Development	338,530	338,530	377,849	377,849	403,232	401,030
Leasing	88,446	88,446	118,277	118,277	166,997	187,299
Investment Management	—	—	—	—	—	—
Property Brokerage & CRE	1,184	1,184	—	—	—	—
Property & Facility Management	49	168	271	271	964	5,091
Other	1,638	1,519	638	638	13	13
Adjustments (Eliminations or Corporate)	(84)	(84)	(126)	(126)	(319)	(437)
Total	429,764	429,764	496,910	496,910	570,888	592,996

Return on Assets (ROA)*5

	(%)					
Residential Development	8.8	8.8	7.7	7.7	6.2	5.5
Leasing	2.9	2.9	3.5	3.5	3.3	3.3
Investment Management	11.9	11.9	20.1	20.1	16.9	17.0
Property Brokerage & CRE	37.5	37.5	30.9	30.9	39.9	49.2
Property & Facility Management	16.9	11.6	10.3	10.2	12.3	11.3
Other	0.8	—	—	—	—	—
Total*6	5.4	5.4	5.6	5.6	4.9	4.6

Business Unit Operating Results

	15/3	16/3	17/3	18/3	19/3 (forecast)
Residential Development					
Condominium sales (units)	6,162	5,363	4,885	5,258	5,400
Detached housing sales (units)	859	643	682	607	700
Gross margin ratio of housing sales (%)	21.1	21.9	21.7	19.1	—
Completed housing inventories (released for sale) (units)*7	87	134	252	239	—
Completed housing inventories (unreleased) (units)*7	2	215	402	218	—
Leasing					
Vacancy rate (%)	4.5	2.2	0.8	0.7	—
Investment Management					
Outstanding assets under management (millions of yen)	1,123,188	1,074,481	1,260,064	1,285,903	—
Property Brokerage & CRE					
Brokerage: Number of transactions	7,174	7,710	8,272	8,561	—
Brokerage: Total transaction value (millions of yen)	710,980	713,574	745,147	800,739	—
Property & Facility Management					
Buildings under management	729	705	702	723	—
Condominiums under management (units)	155,706	163,036	168,999	173,705	—
Members of MEGALOS	140,395	144,263	140,743	139,836	—

*1 From the second quarter of the fiscal year ended March 31, 2015, a partially revised method of allocating Companywide costs among adjustments to each business unit was incorporated. In addition, the apartment leasing business was transferred from the Residential Development Business Unit to the Leasing Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2015 have been published under the new classification.

*2 From the first quarter of the fiscal year ended March 31, 2016, the classification of MEGALOS CO., LTD. (present: Nomura Real Estate Life & Sports Co., Ltd.) has been changed from the Other Business Unit to the Property & Facility Management Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 have been published under the new classification.

*3 From the fiscal year ended March 31, 2017, 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. In line with this change, the full-year results of the fiscal year ended March 31, 2016 have been published under the new classification.

*4 From the fiscal year ending March 31, 2019, the classification of Nomura Real Estate Reform Co., Ltd. has been changed from the Residential Development Business Unit to the Property & Facility Management Business Unit. In line with this change, the full-year results of the fiscal year ended March 31, 2018 have been published under the new classification.

*5 ROA for each business unit = Business unit operating profit / Business unit assets at end of the fiscal year

*6 Total ROA = (Operating profit + Non-operating profit) / Total assets at end of the fiscal year

*7 Classification for completed housing inventories changed as of the third quarter of the fiscal year ended March 31, 2017. As a result, data from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2018 has been altered to reflect this change.

Facilities Situation

1. Facilities Situation

In the fiscal year ended March 31, 2018, we invested a total amount of ¥73,575 million, including the acquisition of Morisia Tsudanuma (Narashino-shi, Chiba).

Business Unit (Millions of yen)	2017	2018	Change
Residential Development	427	675	247
Leasing	56,224	69,151	12,926
Investment Management	22	26	4
Property Brokerage and CRE	649	527	(122)
Property and Facility Management	1,754	2,081	326
Other	—	2	2
Subtotal	59,079	72,464	13,385
Adjustments	1,295	1,111	(184)
Total	60,374	73,575	13,200

The following facilities were completed in the fiscal year ended March 31, 2018.

Company Name	Property Name (Location)	Business Segment	Use	Construction, Size, Details of Facility, etc.	Area (m²)	Completion	Acquisition Price (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Sendai Aoba-dori Building (Aoba-ku, Sendai-shi, Miyagi)	Leasing	Office	Steel-framed construction, 1 floor below ground, 10 floors above ground	Building: 12,026 Land: 1,595	April 2017	7,715
Nomura Real Estate Development Co., Ltd.	Landport Takatsuki (Takatsuki-shi, Osaka)	Leasing	Logistics facility	Reinforced concrete construction (partially steel-framed construction), 5 floors above ground, 1 other building	Building: 70,529 Land: 35,276	June 2017	20,886

We acquired the following properties in the fiscal year ended March 31, 2018.

Company Name	Property Name (Location)	Business Segment	Use	Construction, Size, Details of Facility, etc.	Area (m²)	Acquisition Price (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Morisia Tsudanuma*1 (Narashino-shi, Chiba)	Leasing	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete), 3 floors below ground, 12 floors above ground, 1 other building	Building: 97,699 Land: 19,194	18,004
Nomura Real Estate Development Co., Ltd.	Kameido 6-chome Project (tentative name)*1,2 (Koto-ku, Tokyo)	Leasing	Land slated for building construction	—	Land: 24,822	17,497
Nomura Real Estate Development Co., Ltd.	Wako Building (Minato-ku, Tokyo)	Leasing	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 8 floors above ground, 1 other building	Building: 3,171 Land: 621	7,289
Nomura Real Estate Development Co., Ltd.	Soto-Kanda 3-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Leasing	Land slated for building construction	—	Land: 663	3,980

*1 Includes trust beneficiary right.

*2 "Land area" refers to total area during the planning stage.

The following land held for development was reclassified as a non-current asset in the fiscal year ended March 31, 2018.

Company Name	Property Name (Location)	Business Segment	Use	Construction, Size, Details of Facility, etc.	Area (m²)	Acquisition Price (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Kanda Nishikicho 1-chome Project (tentative name)* (Chiyoda-ku, Tokyo)	Leasing	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 1 floor below ground, 9 floors above ground, 1 other building	Building: 4,241 Land: 886	6,947

* Excludes construction in progress accounts.

We sold the following properties in the fiscal year ended March 31, 2018

Company Name	Property Name (Location)	Business Segment	Use	Construction, Size, Details of Facility, etc.	Area (m²)	Book Value (Millions of yen)
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Musashi Kosugi Building N*1,2 (Nakahara-ku, Kawasaki-shi, Kanagawa)	Leasing	Office	Steel-framed construction, 1 floor below ground, 14 floors above ground	Building: 18,905 Land: 3,537	16,138
Nomura Real Estate Development Co., Ltd.	Nomura Fudosan Musashi Kosugi Building S*1,2 (Nakahara-ku, Kawasaki-shi, Kanagawa)	Leasing	Office	Steel-framed construction, 1 floor below ground, 6 floors above ground	Building: 6,555 Land: 2,559	

*1 Includes trust beneficiary right.

*2 Both total building area and land area are multiplied by our share ratio.

2. Major Facilities and Equipment

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

1) Leasing Business Unit

Company Name	Property Name (Location)	Use	Construction, Size, Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (Date of Acquisition)	Land Area (m²)	Book Value (Millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING	Hamamatsucho Building / Toshiba Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 3 floors below ground, 39 floors above ground	158,732	March 1984	33,921	14,637	129,809	268	144,714
Nomura Real Estate Development	Yokohama Business Park* ² (Hodogaya-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 21 floors above ground, 11 other buildings	245,200	Mainly February 1990	70,817	29,495	14,584	967	45,047
NREG TOSHIBA BUILDING	LAZONA Kawasaki Toshiba Building (Saiwai-ku, Kawasaki-shi, Kanagawa)	Office	Steel-framed construction, 15 floors above ground	98,428	March 2013	9,764	14,911	22,245	490	37,647
Shinjuku Mirai Development	MIRRAZA Shinjuku* ² (Shinjuku-ku, Tokyo)	Retail facility	Steel-framed construction (partially steel-framed reinforced concrete), 3 floors below ground, 10 floors above ground	7,628	August 2010	781	2,741	32,132	15	34,889
Nomura Real Estate Development	Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 5 floors below ground, 21 floors above ground	44,989	September 2010	2,737	14,336	19,227	328	33,893
Nomura Real Estate Development	Yokohama Nomura Building* ³ (Nishi-ku, Yokohama-shi, Kanagawa)	Office	Steel-framed construction, 17 floors above ground, 1 other building	58,755	January 2017	6,721	19,658	8,809	532	29,001
Nomura Real Estate Development	Nomura Fudosan Ginza Building* ³ (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 5 floors below ground, 17 floors above ground	26,748	March 1982	3,184	1,810	22,677	14	24,503
Nomura Real Estate Development	NOF 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	2,051	21,116	—	23,167
Nomura Real Estate Development	Shinjuku Nomura Building* ^{2, 3} (Shinjuku-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 5 floors below ground, 50 floors above ground	58,512	May 1978	4,639	5,833	16,303	196	22,333
Nomura Real Estate Development	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	10,000	10,247	360	20,608
Midosuji Mirai Development	Midosuji Nomura Building* ² (Chuo-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 14 floors above ground	20,420	February 2009	1,939	3,684	15,707	24	19,416
Nomura Real Estate Development	Morisia Tsudanuma* ² (Narashino-shi, Chiba)	Retail facility	Steel-framed reinforced concrete construction (partially reinforced concrete), 3 floors below ground, 12 floors above ground, 1 other building	97,699	Mainly October 1978	19,194	1,973	16,037	7	18,017
Nomura Real Estate Development	Kameido 6-chome Project (tentative name)* ^{2, 4} (Koto-ku, Tokyo)	Land slated for building construction	—	—	(December 2017)	24,822	—	17,497	—	17,497
Nomura Real Estate Development	Nomura Fudosan Tennozu Building* ^{2, 3} (Shinagawa-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 2 floors below ground, 26 floors above ground	39,943	June 1996	5,730	4,397	11,685	73	16,156
Toranomon Real Estate	Toranomon Station-front Redevelopment (tentative name) and others (Minato-ku, Tokyo)	Land slated for building construction	Reinforced concrete construction (partially steel-framed reinforced concrete), 1 floor below ground, 7 floors above ground	3,289	October 1973	1,099	56	15,120	1	15,179
Nomura Real Estate Development	Nomura Fudosan Shibadamon Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 11 floors above ground	15,700	April 2010	2,447	3,794	10,650	76	14,521

Company Name	Property Name (Location)	Use	Construction, Size, Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (Date of Acquisition)	Land Area (m²)	Book Value (Millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING	LAZONA Kawasaki Plaza* ^{3, 5} (Saiwai-ku, Kawasaki-shi, Kanagawa)	Retail facility	Steel-framed reinforced concrete construction (partially steel-framed reinforced concrete), 1 floor below ground, 6 floors above ground	98,254	September 2006	72,013	13,986	—	468	14,455
Nomura Real Estate Development	Otemachi Nomura Building* ^{2, 3} (Chiyoda-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 5 floors below ground, 27 floors above ground	9,815	February 1994	749	1,260	12,584	9	13,853
NREG TOSHIBA BUILDING	Toshiba Hamamatsucho Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 8 floors above ground	13,482	July 1974	2,907	361	10,956	0	11,318
Nomura Real Estate Development	Dai-ni Edobashi Building* ⁵ (Chuo-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 3 floors below ground, 9 floors above ground	13,359	November 1973	1,376	576	10,553	0	11,130
Nomura Real Estate Development	bono Sagamiono Shopping Center* ³ (Minami-ku, Sagamihara-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	5,813	4,649	347	10,810
Nomura Real Estate Development	Minamigyotoku SC* ² (Ichikawa-shi, Chiba)	Retail facility	Steel-framed construction (partially reinforced concrete), 2 floors below ground, 2 floors above ground	35,612	April 2000	16,503	5,144	4,942	13	10,070
NREG TOSHIBA BUILDING	Fuchu Toshiba Building (Fuchu-shi, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 1 floor below ground, 8 floors above ground, 1 other building	32,299	April 1993	8,290	3,722	5,247	18	8,987
NREG TOSHIBA BUILDING	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	3,093	5,660	33	8,788
Nomura Real Estate Development	Iidabashi Plano Stage Building* ³ (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 2 floors below ground, 38 floors above ground	3,958	February 2009	785	1,607	6,401	1	8,010
Nomura Real Estate Development	Nihonkouku Tamachi Building* ^{2, 6} (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 7 floors above ground	17,531	January 1984	4,134	0	7,820	—	7,820
Nomura Real Estate Development	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	4,189	3,306	102	7,597
NREG TOSHIBA BUILDING	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	3,805	3,109	432	7,348
Nomura Real Estate Development	Wako Building (Minato-ku, Tokyo)	Office	Steel-framed reinforced concrete construction, 1 floor below ground, 8 floors above ground	3,171	April 1971	621	569	6,716	—	7,285
NREG TOSHIBA BUILDING	Umeda Sky Building* ³ (Kita-ku, Osaka-shi, Osaka)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete), 2 floors below ground, 40 floors above ground	43,093	March 1993	8,325	2,445	4,585	101	7,132
NREG TOSHIBA BUILDING	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	1,005	5,989	5	7,000
Nomura Real Estate Development	Kanda Nishikicho 1-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Office	Steel-framed reinforced concrete construction (partially reinforced concrete), 1 floor below ground, 9 floors above ground, 1 other building	4,241	Mainly February 1986	886	40	6,904	—	6,944
NREG TOSHIBA BUILDING	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	553	5,768	35	6,357
Nomura Real Estate Development	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	2,979	3,182	3	6,165

Company Name	Property Name (Location)	Use	Construction, Size, Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (Date of Acquisition)	Land Area (m²)	Book Value (Millions of yen)			
							Facility	Land	Other	Total
NREG TOSHIBA BUILDING	Creare Toshiba Fuchu (Fuchu-shi, Tokyo)	Residential	Reinforced concrete construction (partially steel-framed reinforced concrete), 10 floors above ground	26,352	January 1992	20,590	4,249	1,516	40	5,806
Nomura Real Estate Development	Toranomon Central Building (Minato-ku, Tokyo)	Office	Steel-framed construction (partially steel-reinforced concrete and steel-framed reinforced concrete), 3 floors below ground, 10 floors above ground	4,431	August 1977	548	746	4,999	0	5,747
Nomura Real Estate Development	Nomura Fudosan Nishishinjuku Building (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above ground	6,000	March 2010	1,078	1,533	4,115	46	5,695
NREG TOSHIBA BUILDING	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	2,456	3,073	29	5,559
Nomura Real Estate Development	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	911	4,413	2	5,327
Nomura Real Estate Development	PMO Yaesu Dori (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above ground	7,074	May 2013	931	1,356	3,840	20	5,217
Nomura Real Estate Development	PMO Nihonbashi Muromachi ^{*3} (Chuo-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 1 floor below ground, 9 floors above	5,333	January 2013	701	1,026	3,716	12	4,756
Nomura Real Estate Development	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	200	4,393	—	4,593
Nomura Real Estate Development	Soto-Kanda 3-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Land slated for building construction	—	—	(March 2018)	663	—	3,980	—	3,980
NREG TOSHIBA BUILDING	Toshiba Fukuoka Building (Chuo-ku, Fukuoka-shi, Fukuoka)	Office	Steel-framed construction (partially steel-framed reinforced concrete), 2 floors below ground, 17 floors above ground	23,711	July 1993	4,597	1,944	1,918	21	3,884
NREG TOSHIBA BUILDING	Toshiba Manseibashi Building ^{*5} (Chiyoda-ku, Tokyo)	Office	Reinforced concrete construction, 1 floor below ground, 9 floors above ground	5,319	September 1961	681	240	3,551	0	3,792
NREG TOSHIBA BUILDING	Nomura Fudosan Nishishinjuku Kyodo Building ^{*3} (Shinjuku-ku, Tokyo)	Office	Steel-framed construction (partially steel-framed reinforced concrete and reinforced concrete), 1 floor below ground, 8 floors above ground	6,716	October 1993	1,249	983	2,700	3	3,687
NREG TOSHIBA BUILDING	Toshiba Sendai Building ^{*3,5} (Aoba-ku, Sendai-shi, Miyagi)	Hotel	Steel-framed construction (partially reinforced concrete), 2 floors below ground, 11 floors above ground	16,179	April 1975	1,731	641	2,817	5	3,464

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

*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 during the planning stage.

*5 Land area includes leased land.

*6 Transferred from non-current assets to land held for development in June 2018.

The following major Leasing 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 (m²)
Nomura Real Estate Development	Across Shin Osaka (Yodogawa-ku, Osaka-shi, Osaka)	17,298
Nomura Real Estate Development	AKS Building (Chiyoda-ku, Tokyo)	7,516

2) Property and Facility Management Business Unit

Company Name	Property Name (Location)	Use	Construction, Size, Details of Facility, etc.	Total Floor Area (m²)	Completion of Construction or (Date of Acquisition)	Land Area (m²)	Book Value (Millions of yen)			
							Facility	Land	Other	Total
Nomura Real Estate Life & Sports	MEGALOS Soka and 43 other facilities (Soka-shi, Saitama and others)	Fitness club	Reinforced concrete construction, 3 floors, 1 other building and fitness club	15,321	June 2002	15,430	8,293	—	1,116	9,410

Notes: 1 "Facility" represents building accounts, "land" represents 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 accounts.

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 the fiscal year ended March 31, 2018, 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 Segment	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	Toranomon Station-front Redevelopment (tentative name) (Minato-ku, Tokyo)	Leasing	Office	Steel-framed concrete construction (partially steel-framed reinforced concrete construction), 4 floors below ground, 24 floors above ground	35,300	14,609	Loans payable and own funds	FY18/3	FY21/3
Nomura Real Estate Development	Kanda Nishikicho 1-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Leasing	Office	Steel-framed construction, 1 floor below ground, 10 floors above ground	11,530	6,956	Loans payable and own funds	FY19/3	FY21/3
Nomura Real Estate Development	Soto-Kanda 3-chome Project (tentative name) (Chiyoda-ku, Tokyo)	Leasing	Hotel	Steel-framed construction, 10 floors above ground	6,550	3,980	Loans payable and own funds	FY19/3	FY21/3
NREG TOSHIBA BUILDING	Ginza 6-chome Project (tentative name) (Chuo-ku, Tokyo)	Leasing	Office	Steel-framed concrete construction (partially steel-framed reinforced concrete construction), 3 floors below ground, 11 floors above ground	4,600	2,157	Loans payable and own funds	FY18/3	FY20/3

2) Renovation of major facility

Company Name	Property Name	Business Segment	Planned Aggregate Investment (Millions of yen)		Construction Period	Note
			Total	Amount Paid		
Nomura Real Estate Development	Existing buildings	Leasing	3,700	—	April 2018–March 2019	Renovation of facility

Nomura Real Estate Development Co., Ltd.



Nomura Real Estate Development conducts a range of businesses. The Residential Development Business provides quality residential properties under the PROUD and other brands. Meanwhile, the Leasing Business develops office buildings such as PMO, commercial facilities, and logistics and other facilities. In addition, the Corporate Real Estate (CRE) Support and Corporate Brokerage Business helps maximize the value of real estate held by companies. This company employs 1,864 personnel.

Nomura Real Estate Asset Management Co., Ltd.



Nomura Real Estate Asset Management is one of the largest real estate investment companies in Japan, and provides a one-stop shop for a broad variety of financial products and investment management services, including privately placed REIT and funds to listed real estate investment trusts (REITs) and overseas real estate fund of funds. This company employs 152 personnel.

Nomura Real Estate Urban Net Co., Ltd.



Nomura Real Estate Urban Net provides solutions for satisfying customers in the real estate services and consulting fields. These include residential real estate brokerage for helping customers in changing their place of residence. Nomura Real Estate Urban Net also operates a consignment sales business where it sells condominium units and detached housing as a sales agent. This company employs 1,236 personnel.

Nomura Real Estate Hotels Co., Ltd.



Nomura Real Estate Hotels develops hotels that act as central points for attractive town planning. After development, we provide services to Group customers while working to build communities by bringing people and cities together.

Nomura Real Estate Amenity Service Co., Ltd.



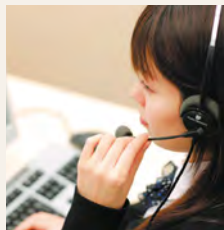
Nomura Amenity Service provides cleaning services of office buildings, schools, and condominiums to maintain the scenic beauty of properties as a cleaning company of the Property & Facility Management Business of the Nomura Real Estate Group. This company employs 73 personnel.

NREG TOSHIBA BUILDING FACILITIES Co., Ltd.



NREG TOSHIBA BUILDING FACILITIES offers services to maintain or improve the property value through facility management, inspection, cleaning, security and construction, while providing safe and comfortable environment to all customers. This company employs 102 personnel.

Nomura Real Estate Partners Co., Ltd.



This company represents the integration of building management operations with the capability to perform overall management of various building types. Nomura Real Estate Partners combines expertise in building and condominium management with property management to realize effective real estate management and construction aimed at handling large-scale repair work. This company employs 2,255 personnel.

NREG TOSHIBA BUILDING Co., Ltd.



NREG TOSHIBA BUILDING offers services spanning the development, leasing, and management of office buildings, commercial facilities, warehouses, condominiums, and other properties, as well as property brokerage and consulting on CRE (corporate real estate) utilization. This company employs 87 personnel.

Nomura Real Estate Life & Sports Co., Ltd.



Fitness facilities such as fitness clubs, kids' schools, and tennis schools are planned, developed, and managed under the MEGALOS brand name. The company also offers services aimed at corporations and local governments. This company employs 572 personnel.

PRIME X. Co., Ltd.



Based on the accumulated expertise jointly developed with Nomura Real Estate Development, PRIME X. provides Internet advertising businesses that specialize in the real estate and housing industries. PRIME X. delivers proposals that maximize customer benefits, ranging from the creation of corporate websites and project home pages to creating and managing membership organizations, as well as handling promotions. This company employs 122 personnel.

NF Power Service Co., Ltd.



NF Power Service efficiently procures electric power using unique electric power energy data accumulated from operations that supply energy to condominiums. The company offers added-value through energy services provided by the Group, which include a high-voltage collective receiving service.

First Living Assistance Co., Ltd.



To offer a home / living assistance service for the customers of our corporate clients, we have developed a business that links corporate clients and their customers in a variety of lifestyle-related fields through a service that dispatches housing experts on home visits.

Nomura Real Estate Heating and Cooling Supply Co., Ltd.



Nomura Real Estate Heating and Cooling Supply is responsible for the supply of heating and cooling services to Yokohama Business Park through its district heating and cooling system. Using a "bestmix" system that combines gas and electricity, the company uses energy efficiently to curtail costs.

Geo Akamatsu Co., Ltd.



Geo-Akamatsu provides a full range of property consulting and other services that maximize its 50 years of accumulated expertise. These services include surveys of commercial facilities, project planning, leasing, commercial space design, and property management. This company employs 141 personnel.

Nomura Real Estate Wellness Co., Ltd.



Nomura Real Estate Wellness designs and operates high-quality housing for the elderly that incorporates secure and reliable life-long management services.

NOMURA REAL ESTATE ASIA PTE. LTD.



NOMURA REAL ESTATE ASIA promotes the Group's businesses, including pursuing business opportunities in real estate development in Southeast Asia and supporting investors' demand for Japanese real estate.

NOMURA REAL ESTATE HONG KONG LIMITED



NOMURA REAL ESTATE HONG KONG offers inbound investment support specializing in the Japanese real estate market for international investors based in Hong Kong, and strengthens ties between local companies and investors, enhancing business opportunities for the Group.

Nomura Real Estate Consulting (Beijing) Co., Ltd.



Nomura Real Estate Consulting (Beijing) supports the Group's business in China by researching the real estate market, building a relationship with our partners, and exploring the possibilities of real estate development business including office buildings and residential properties in China.

* Number of employees as of March 31, 2018

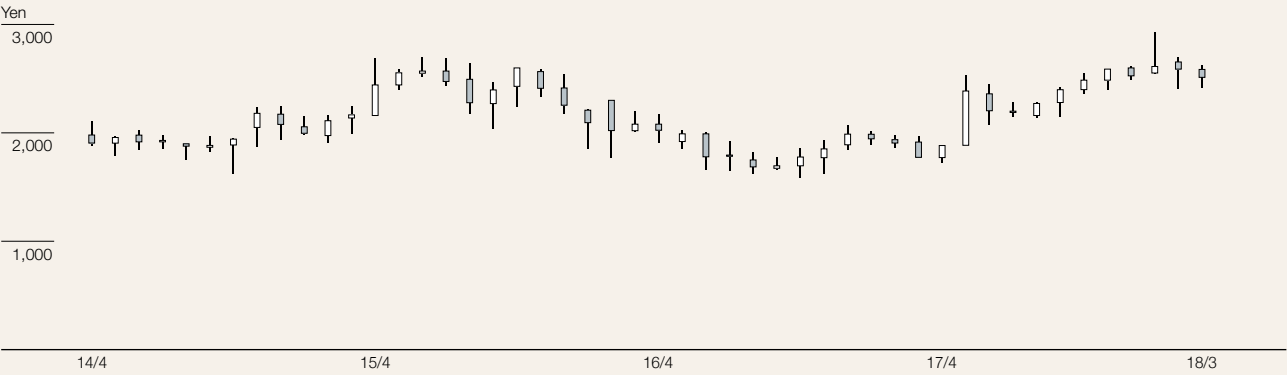
Corporate Data

Corporate Name:	Nomura Real Estate Holdings, Inc.
Representative:	Eiji Kutsukake, President
Head Office:	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Date of Establishment:	June 1, 2004
Number of Employees:	6,636 (consolidated)
Fiscal Year:	From April 1 to March 31
General Meeting of Shareholders:	June

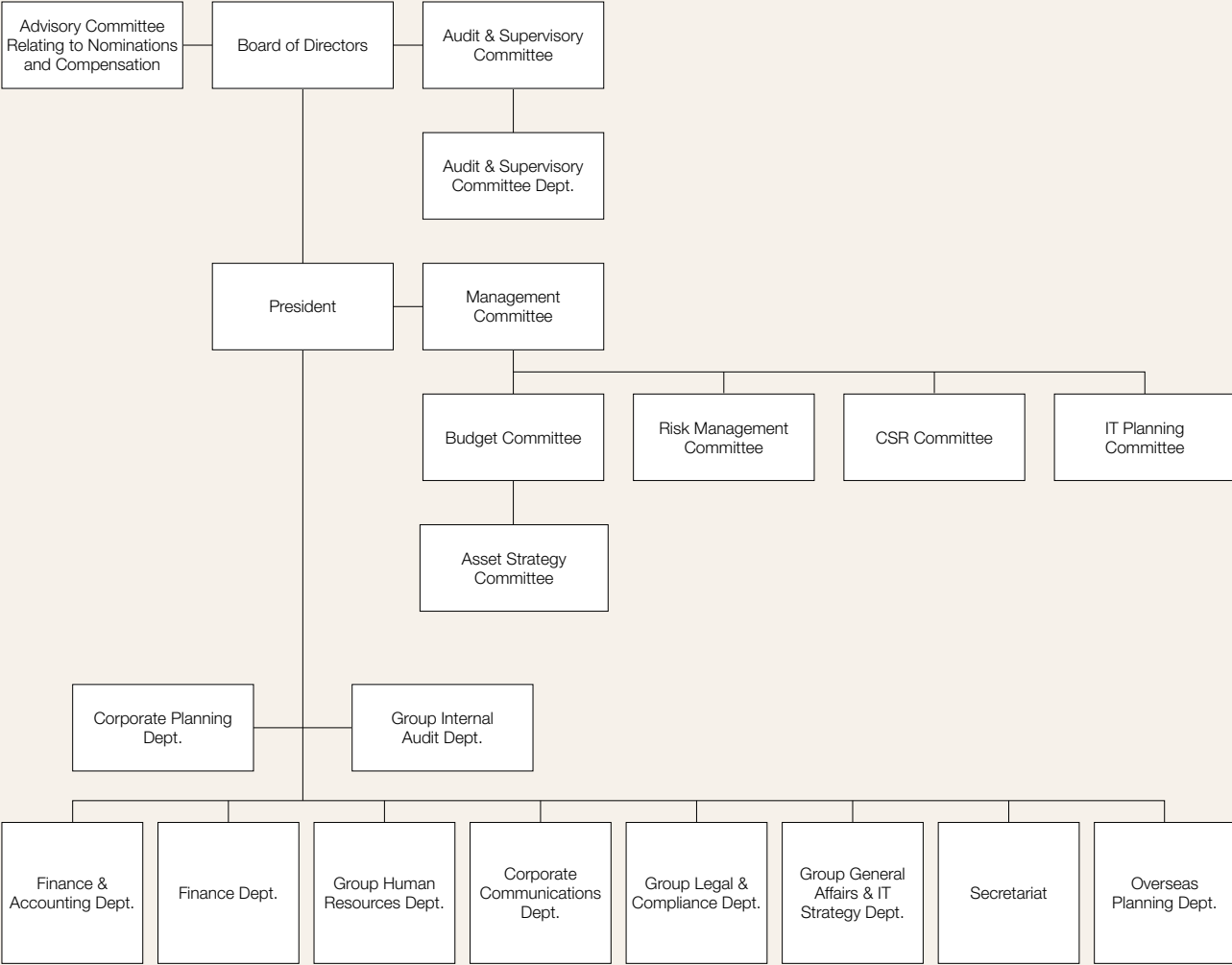
Stock Information

Common Stock:	¥117,072,789,750
Number of Authorized Shares:	450,000,000
Number of Shares Issued:	192,155,201 shares (including 3,956,956 treasury shares)
Market Listing:	First Section of the Tokyo Stock Exchange
Minimum Trading Unit:	100 shares
Number of Shareholders:	30,866

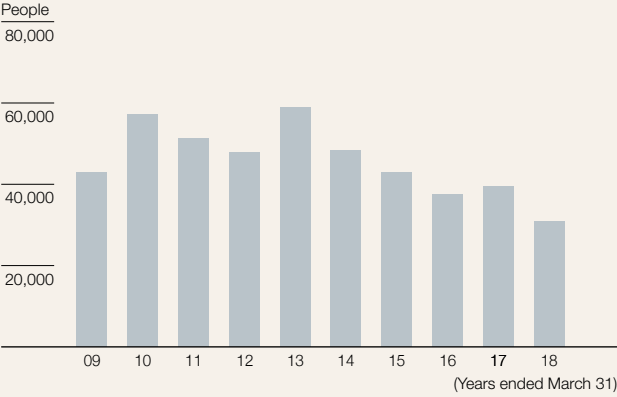
Stock Price



Organizational Chart



Trends of Number of Shareholders



10 Largest Shareholders

Name of Shareholder	No. of Shares	Shareholding (%)
Nomura Holdings, Inc.	64,777,500	34.41
Japan Trustee Services Bank, Ltd. (Trust account)	9,965,800	5.29
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	6,074,100	3.22
The Master Trust Bank of Japan, Ltd. (Trust account)	5,480,200	2.91
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,940,600	2.09
Nomura Real Estate Holdings Employee Shareholding Association	2,918,882	1.55
STATE STREET BANK WEST CLIENT - TREATY 505234	2,538,234	1.34
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,505,400	1.33
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	2,319,333	1.23
HSBC BANK PLC A/C CLIENTS 1	2,318,714	1.23

Composition by Number of Shareholdings

