

Be a “Life & Time Developer,” as never seen before



Initiating the Nomura Real Estate Group's Future Plan

Nomura Real Estate Group ("the Group") has formulated Nomura Real Estate Group 2030 Vision "Be a 'Life & Time Developer,' as never seen before." Under this vision, we will realize high profit growth, and high asset and capital efficiency during the period of the Group's Mid- to Long-term Business Plan (FY2023/3 - FY2031/3). In addition, we have established our Sustainability Policy, named "Earth Pride," which outlines our vision for 2050 by viewing social changes, such as climate change and the diversification of values, as new growth opportunities. Along with this policy, the Nomura Real Estate Group will take steps to achieve ambitious growth targets and unprecedented value creation to realize our Group Vision: "New Value, Real Value."

2030

The Nomura Real Estate Group Vision for 2030

Be a "Life & Time Developer," as never seen before

Nomura Real Estate Group has always connected closely with customers' lives and time, through real estate development and real estate-related services.

Now, as we confront various social issues, as well as diversified lifestyles and values, we must change ourselves.

To enrich people's respective lives and every moment of their time, we will transform ourselves into a "Life & Time Developer" that creates new, significant values on a global scale.

To enrich people's respective lives, we create a foundation for living, create a foundation for cities.

Our residential development business was launched to help solve Japan's housing shortage following World War II.

With the principle of taking a "client-first approach" upheld in the Group's action guideline, we have developed "our approach to connect closely with individuals" by adopting this attitude since the foundation of the Company. By adhering to this approach and viewing various social issues as opportunities for growth, we have continued to enrich people's lifestyles by building the physical foundations of their lives and communities.

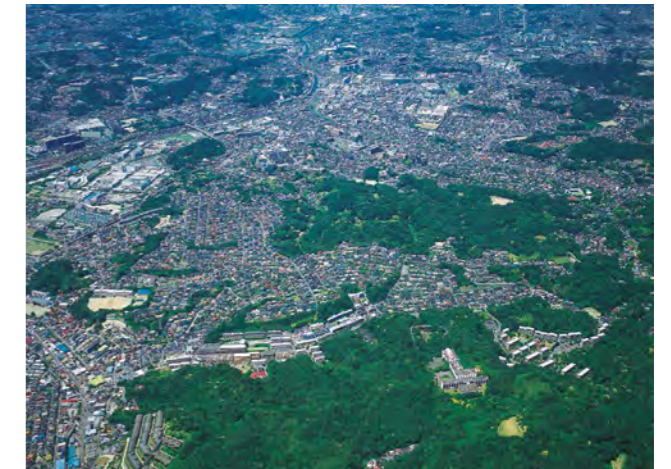
Our approach to connect closely with individuals, that is established in the Group → P32

1957 Aimed to solve Japan's housing shortage, a social issue during the postwar reconstruction period

The Group was established in 1957 with the construction of a new head office building for Nomura Securities. The Group subsequently took its first step as a real estate developer by joining new large-scale urban development projects, starting with the development of the Kajiwarayama residential area (Kamakura City, Kanagawa Prefecture), aimed at solving the housing shortage, which had become a serious issue following the end of World War II. Dedicated to focusing on the needs of individual customers since its foundation, the Company developed the housing trust system, a pioneer of today's housing loan, at a time when most residential purchases were made using short-term loans. The system provided a 10-year installment payment plan and helped to supply high-quality housing to many customers.

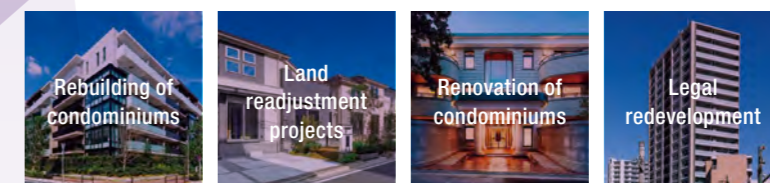


Scenery of Nihonbashi (Tokyo) at the time of its founding



The Kajiwarayama residential area (Kamakura City, Kanagawa Pref.)

Even now, communities face a number of social issues related to housing, including safety issues due to the aging of buildings and high concentrations of wooden houses in certain neighborhoods. Harnessing our expertise built up over 60 years as a real estate developer, as well as the trust of our customers and society, the Group has continued to engage in the development of urban areas where people can live safely and comfortably. We have done this using various development methods including redevelopment and rebuilding business. Our track record of developing a total of approximately 181,000 units of housing is a testament to the Company's long history of supporting people's lives.



Over 60 years of developed properties

Cumulative number of housings supplied: approx.

181,000 units*

We connect closely with people living, working, and gathering to enrich every moment of their time.

PROUD, whose brand mission is “Greatest Moments at Home,” has long been beloved by our customers. As exemplified by PROUD, we have endeavored to enrich every moment of a person’s time, not only when they are at home but also when they work and gather in their community. By imagining every moment of such time and connect closely with individuals, we aim to provide our customers with unprecedented enjoyment of every moment.

2002

Providing residents with some of their “Greatest Moments at Home,” where the longer they live in their home, the more they love it

PROUD, which was launched in 2002 as an integrated brand for housing products and related services, upholds the brand mission of “Greatest Moments at Home.” Guided by this mission symbolizing the Group’s approach to connect closely with individuals and enrich every moment of their time, the cumulative number of PROUD housing units supplied amounts to approximately 74,000. Among other factors, the COVID-19 pandemic has made the time spent at home more important than ever. Focused on providing residents of PROUD residences with some of their greatest moments at home, where the longer they live in their home, the more they love it, the Group’s residential development has further solidified our position as the top residential brand.



Living

PROUD Kugayama

PROUD Cumulative number of housings supplied: **approx. 74,000 units***1
Brand ranking: **No.1** for 15th consecutive year**2

2020

Promoting HUMAN FIRST workstyles with a focus on each individual’s time

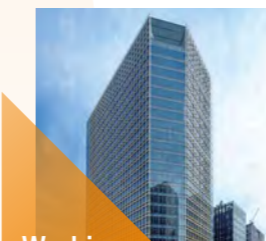
Amid the transformation of workstyles as a result of the evolution of digital technologies and AI, the Group has been tackling new challenges under the HUMAN FIRST concept which put importance on every individual worker. To realize HUMAN FIRST workstyles that will lead to the maximization of performance, we want to help every worker feel comfortable at all times, wherever they are. The Office Portfolio Strategy for tenants, in which we propose a combination of office types to meet a variety of tenant needs, has been driving a shift away from the conventional office.

Large-sized office

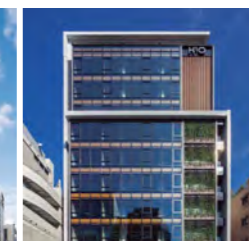
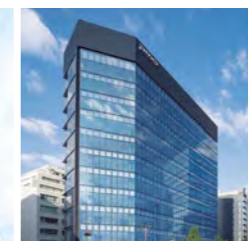
pmo
PREMIUM MIDSIZE OFFICE

H1O
HUMAN FIRST OFFICE

H1T
HUMAN FIRST TIME



Working



Number of developed properties:
70 properties*1

Number of developed properties:
15 properties*1
(including types that incorporated in developed property’s floors)

Number of developed properties:
216 offices*1
(including affiliated offices)

*1. As of March 31, 2022 (number of developed properties includes planning properties)
*2. Calculated by the Group for the number of years in which “PROUD” received the largest number of evaluation categories in the Condominium Brand Survey conducted by Nikkei, Inc.

Be a “Life & Time Developer,” as never seen before

Earth Pride



2050

Sustainability Policy

Earth Pride

Pursuing humanity

We strive to answer the deep questions of human existence and well-being in a world where technology is increasingly progressing and being integrated into our lives. By providing an inclusive living environment where people support and connect with each other, we contribute to the creation of a society where no one will be left behind.

Maintaining harmony with nature

Our aim is to achieve true harmony with our natural environment for our future children and healthy ecosystems by reconsidering how human economic activities should operate. While carefully conserving the Earth's finite resources, we improve the relationship between nature and humans.

Building the future together

The ambition we have is to create unprecedented value from diverse organizations and people working together to overcome boundaries. We are continuously challenging ourselves with novel ideas of living, business and working styles for an innovative society where all people with various backgrounds and values can build on their strengths.

Priority Issues (materiality) by 2030

Society and employees



Diversity & inclusion



Human rights

Climate change and natural environment



Decarbonization



Biodiversity



Circular design

Launch of the Shibaura Project

The Shibaura Project is a qualified project of the National Strategic Special Zone Plan and a large-scale mixed-use development that includes offices, a hotel, residences, and retail facilities, with a gross floor area of approx. 550,000 m². This iconic sustainable urban development project aimed at realizing net-zero CO₂ emissions for the entire district embodies the Nomura Real Estate Group 2030 Vision, “Be a ‘Life & Time Developer,’ as never seen before,” and “Earth Pride” vision of 2050.

In addition, by consolidating the Group's head offices, we plan to foster an organizational culture across the Group that will allow us to take on more challenges than ever before. By realizing a new way of working in which each worker designs his or her own day while enjoying the sky, sea, and greenery of central Tokyo, we aim to evolve and transform ourselves into a new type of developer, not just of real estate but of “Life & Time.”

Large-scale mixed-use development with gross floor area of approx. 550,000 m² (office, retail facility, hotel, residence)

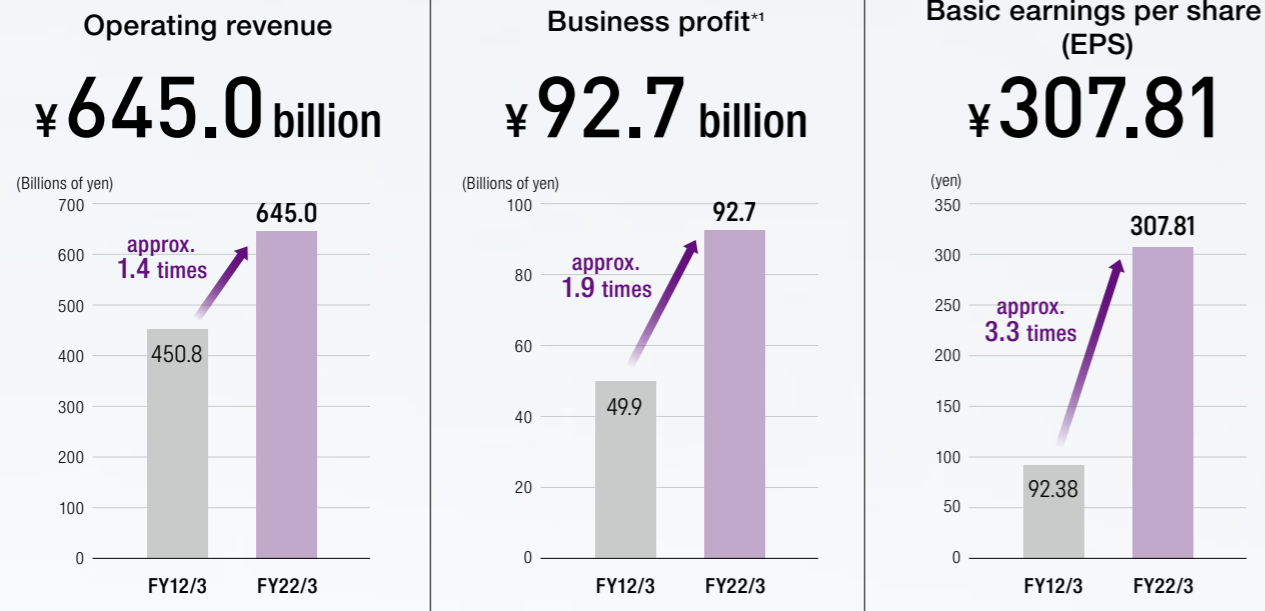
Propose a new workstyle: TOKYO WORKation*

Realize net-zero CO₂ emissions for the entire district

Nomura Real Estate Group in numbers (FY2022/3)

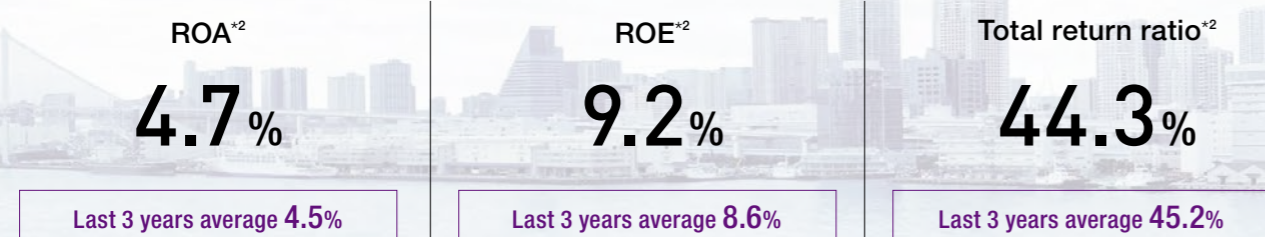
The Group aims for high growth, high asset and capital efficiency, and high shareholder returns through collaboration between the Development Sector and the Service & Management Sector.

Achieve Sustainable Growth (Comparison of last 10 years)



Total assets **¥2,040.5 billion** | Interest-bearing debt **¥1,022.7 billion**

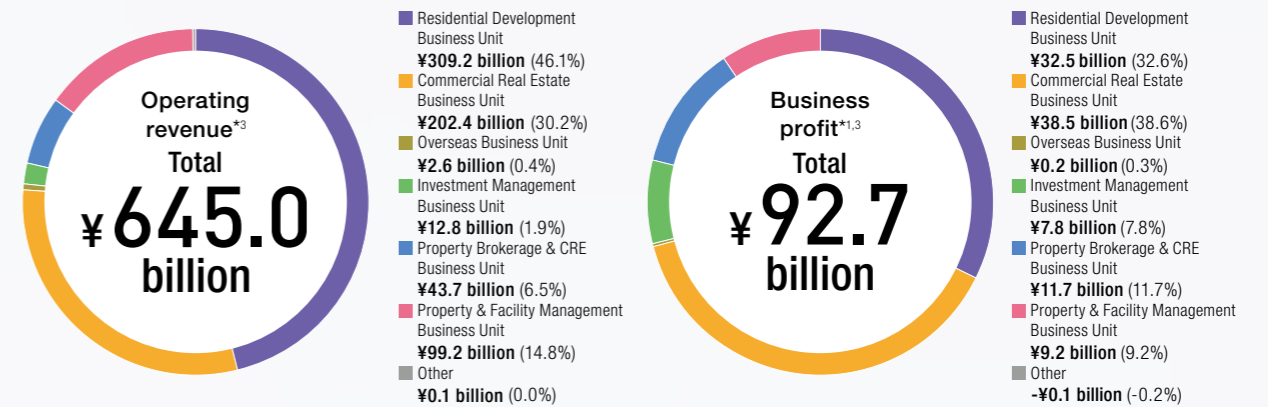
Realize Both High Asset and Capital Efficiency and High Shareholder Returns



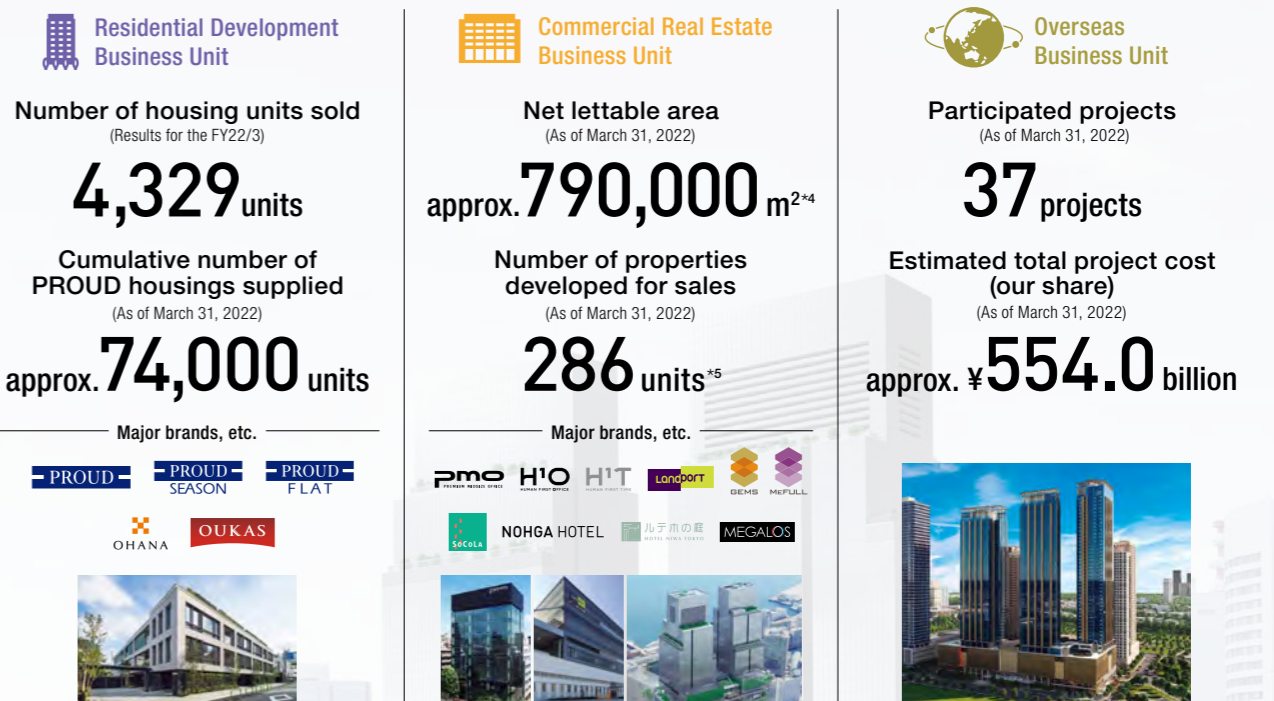
Foundation for Growth / External Evaluation

Shareholders' equity ratio	Rating evaluation	Number of consolidated employees	ESG index selection adopted by GPIF
30.3%	A A- (JCR) (R&I)	7,548	5 /5 indices

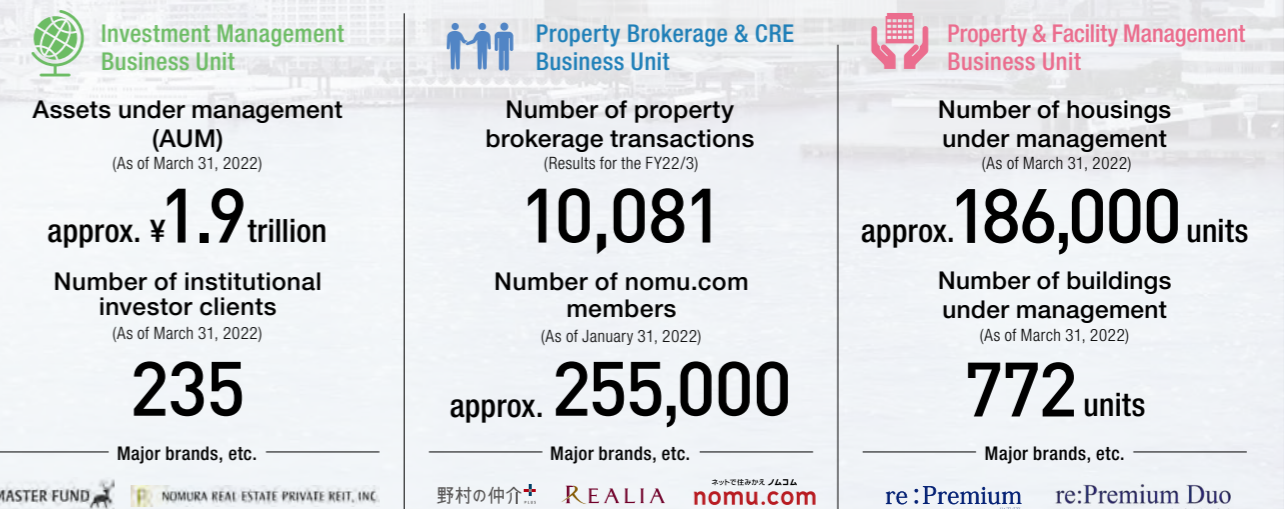
Portfolio Developing Diverse Businesses



Development Sector (Value creation through real estate development)



Service & Management Sector (Value creation through provision of real estate-related services)



*1. Business profit = operating profit + equity in earnings of affiliates + amortization of intangible fixed assets arising from corporate acquisitions. Figures for FY12/3 are operating income.
*2. See P130-131 for formulas for each indicator.

*3. The composition ratio is calculated based on the simple sum of each item and rounded to the first decimal place, so the total may not add up to 100%. In addition, the total displayed in the center of the pie chart includes the amount of "Elimination or corporate" in segment information, so it differs from the total sales or business profit of each Business Unit.
*4. The total net lettable area of offices and retail facilities owned by the Group over the long term.
*5. Number of properties developed for sales includes planning properties.

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.

Editorial policy

This integrated report is published in order to foster understanding and serve as a tool for a deeper dialogue among shareholders, investors, and other stakeholders of the Nomura Real Estate Group. It explains the Group’s approaches, strategies, and specific measures toward the creation of mid- to long-term value (social value and economic value) by giving consideration to the external environment and linking financial and non-financial information.

In this report, we endeavor to explain the concept of value creation driven by “our approach to connect closely with individuals,” which is established in the Group, and “our unique initiatives.” We also share our growth strategy, which combines our business strategy with sustainability initiatives and solid profit growth, based on our new Mid- to Long-term Business Plan announced in April 2022, the Nomura Real Estate Group 2030 Vision, and the Sustainability Policy.

The editing and layout of this report follow guidelines such as the International Integrated Reporting Framework of the Value Reporting Foundation (VRF) and the Guidance for Integrated Corporate Disclosure and Company–Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry. In addition, feedback and requests raised during dialogues with investors have been also incorporated.

Referenced guidelines

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

Period covered by the report

From April 1, 2021 to March 31, 2022 (Fiscal year ended March 31, 2022)
Parts may discuss information from times prior to this period or activities or outlooks for times following this period.

Scope of the report

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Group 23 companies


Forward-looking statements

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

Information disclosure on the website

Additional information can be found on our website.

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



<p>Financial information</p> <p>Investor relations https://www.nomura-re-hd.co.jp/english/ir/</p> <ul style="list-style-type: none"> • Management policy • Financial information • IR library • Stock information etc. 	<p>Non-financial information</p> <p>Integrated Report https://www.nomura-re-hd.co.jp/english/ir_library/annualreport.html</p> <p>Company information • Business overview • Sustainability https://www.nomura-re-hd.co.jp/english/sustainability/</p> <p>Sustainability Report (PDF) https://www.nomura-re-hd.co.jp/english/sustainability/download/index.html</p>
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Composition of the Integrated Report 2022

Towards achieving the Group Vision, “New Value, Real Value,” the Nomura Real Estate Group upholds the Nomura Real Estate Group 2030 Vision and the Sustainability Policy and takes steps to deliver sustainable growth by integrating sustainability into its business.

The Integrated Report 2022 is divided into sections titled “Vision of Nomura Real Estate Group,” “Sources of Competitiveness,” “Growth Strategy,” and “Governance” to provide easy-to-understand explanations of the Group’s value creation process.

Value creation model See P28-29 for the Value Creation Process, which explains more detail about the Group’s value creation.



<p>Business assets / Management base</p> <p>Business assets / Management base</p> <p>Over 60 years of continuous real estate development and provision of related services have led to the construction of solid business assets, and have earned high praise from stakeholders. These, along with management base such as governance and risk management, support the sustainable growth of the Group</p>	<p>Sources of competitiveness</p> <p>Our unique value creation is based on our strengths based on an approach that connects closely with individuals and our unique initiatives to realize high profit growth and high asset and capital efficiency.</p>	<p>The Mid- to Long-term Business Plan</p> <p>The Mid- to Long-term Business Plan</p> <p>The Group’s Mid- to Long-term Business Plan is an ambitious and sustainable growth strategy that integrates various elements such as business, sustainability, human resources, and DX. Through this plan, we aim to achieve both high profit growth at an average annual rate of 8% level and high shareholder returns.</p>	<p>Be a “Life & Time Developer,” as never seen before</p> <p>The Nomura Real Estate Group Vision for 2030</p> <p>This vision clarifies what the Company is aiming for by 2030. We are working to transform ourselves into company that develops value as never seen before centered on enriching people’s respective lives and every moment of their time.</p>	<p>Earth Pride</p> <p>Sustainability Policy</p> <p>This policy was formulated with the view that changes in the management and business environment, such as climate change, the intensification of disasters, and the diversification of people’s values, are new opportunities for growth. Through the achievement of our vision and policies, we aim to realize our Group Vision: “New Value, Real Value.”</p>
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Part 1

The Vision of Nomura Real Estate Group

The explanation of the Vision of the Group



Eiji Kutsukake
President and Representative Director
Group CEO

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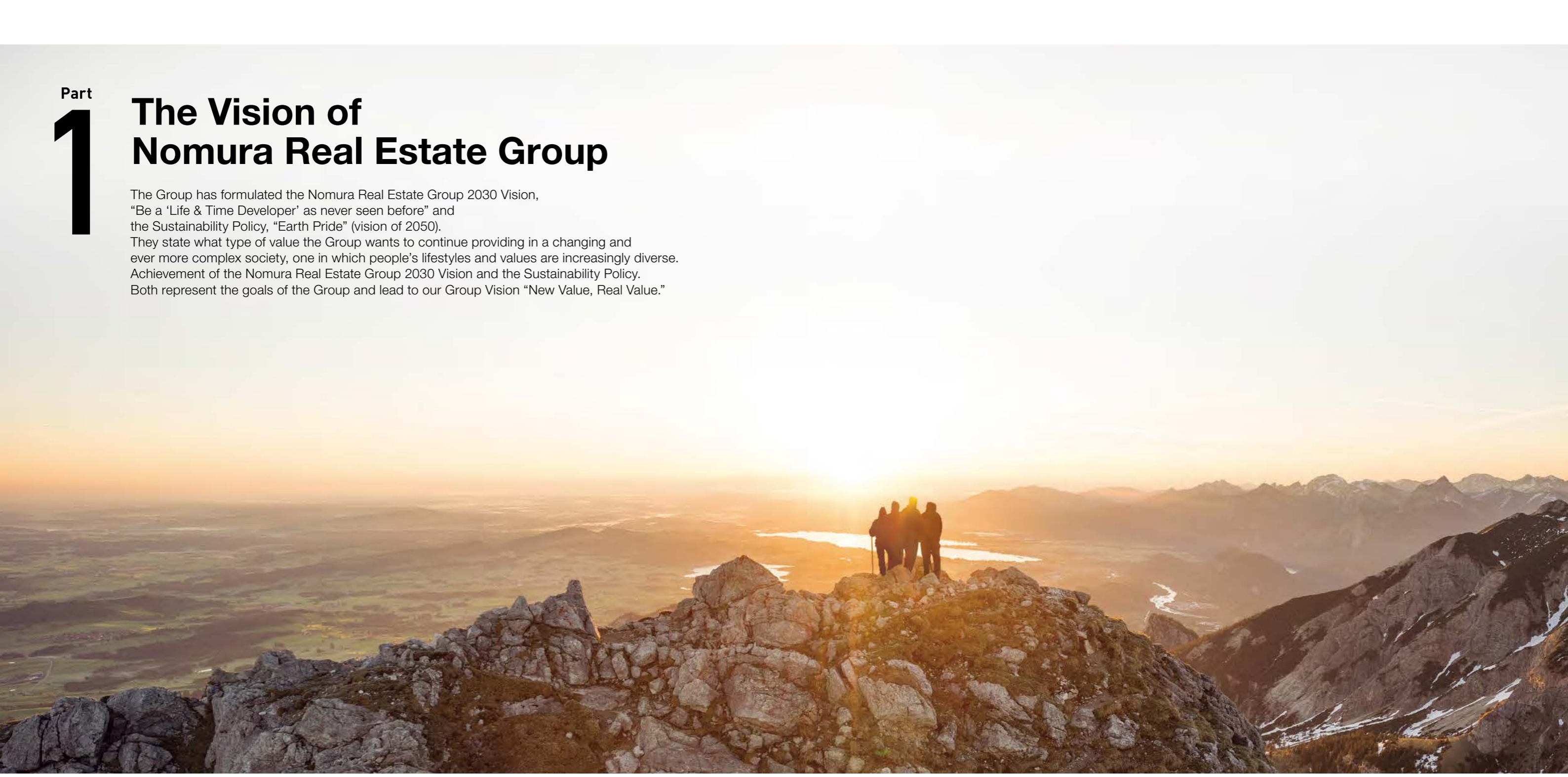
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Part
1

The Vision of Nomura Real Estate Group

The Group has formulated the Nomura Real Estate Group 2030 Vision, “Be a ‘Life & Time Developer’ as never seen before” and the Sustainability Policy, “Earth Pride” (vision of 2050).

They state what type of value the Group wants to continue providing in a changing and ever more complex society, one in which people’s lifestyles and values are increasingly diverse. Achievement of the Nomura Real Estate Group 2030 Vision and the Sustainability Policy. Both represent the goals of the Group and lead to our Group Vision “New Value, Real Value.”



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Positioning of this part

This section presents the vision of the Group through the message from the CEO and explains the Nomura Real Estate Group 2030 Vision, the Sustainability Policy, Group Vision, how these connect with one another, and the process of achieving the vision and goals.



CEO Message

MESSAGE

We will strive to sustainably increase our corporate value by realizing the Nomura Real Estate Group 2030 Vision, Mid- to Long-term Business Plan and Sustainability Policy.

President and Representative Director,
Group CEO

Eiji Kutsukake

First of All

The fiscal year ended March 31, 2022 marked the final year of Phase I (fiscal year ended March 31, 2020—fiscal year ended March 31, 2022) of our previous Mid- to Long-term Business Plan (“the previous plan”) formulated in April 2019. Looking back on the three years of Phase I, although financial results declined temporarily due to the impact of COVID-19, business profit rebounded sharply in the year ended March 31, 2022, reaching a record high of ¥92.7 billion, and we attained the targets of the previous plan.

In view of the business environment surrounding the Group, in April 2022 we launched “Be a ‘Life & Time

Developer,’ as never seen before” as our Vision targeting 2030 and commenced our new Mid- to Long-term Business Plan (“the new plan”) that runs from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2031. Concurrently, we announced our Sustainability Policy “Earth Pride” as the Group’s vision of 2050 in working toward the further growth of the Group and the realization of a sustainable society.

Guided by our Group Vision “New Value, Real Value,” we will steadily stride ahead toward the attainment of the new plan.

Nomura Real Estate Group Vision and Our Approach to Connect Closely with Individuals

Group Vision and History

As in the past and in the future as well, the Group is continuously aiming to realize New Value, Real Value as the Group Vision. This vision represents our strong desire to connect people’s lives and their work through real estate development, as well as real estate-related services, and to connect an affluent society and people with the future.

Looking at the history of the Group, the origins of the

Group can be traced back to 1957, with the establishment of Nomura Real Estate Development as an independent entity from Nomura Securities. The company was established with the mission of developing new towns to solve the housing shortage, which was a major social issue in Japan at the time. Driven by this desire, as early as 1963 we started undertaking the condominium business and have continued to meet the needs of customers seeking better lives.

CEO Message



We take the same approach of earnestly addressing the needs of customers in fields other than housing and related services as well. Amid changes in people's lives, we have continued to grow by constantly listening to the needs of each and every customer and by providing real estate development (products) and related services.

Realize High Asset and Capital Efficiency Based on Our Strengths

Throughout every era, we have placed high value on our "market-in approach" that pinpoints customer needs and changes in society and on "our approach to connect closely with individuals" in response to the respective lives of people who live, work, and gather. I consider this is established in us amid changes in society and the era. In keeping with these two approaches, we have provided

attractive real estate development (products) and related services by reflecting the needs we have identified into the creation of high-quality products and services.

We have carried out sustainable value creation by building high-quality brands via a series of Group collaborations, from development (real estate acquisition, design and construction management) to sales, leasing, and property & facility management. These serve as the Group's major strengths.

Backed by these strengths, alongside providing real estate development and services we believe that continuously creating new value also encompassing DX initiatives and pursuing high asset and capital efficiency will serve as the Group's unique business strategy and will be a fundamental factor driving our continuous growth in a society that is expected to undergo a significant transformation in the future.

our business with a strong determination to achieve our goals. Thanks to these efforts, we attained each of our targets as we posted record-high business profit of ¥92.7 billion and also achieved ROA of 4.7%, ROE of 9.2%, and a total return ratio of 44.3%. We take pride in the acclaim for these achievements that we have received from our

shareholders and other stakeholders.

On the other hand, the average annual growth rate of business profit remained stuck at around the 5% level during the three years of Phase I and I recognized this is an issue. Accordingly, I felt that the Group needed to formulate the new nine-year plan and to show our will in order to achieve further profit growth toward 2030 and the strategy for realizing growth.

As exemplified by the spread of COVID-19, Russia's invasion of Ukraine, and global-wide inflation, we currently live in a time when the economic environment is shifting so drastically that even looking six months into the future is difficult. In the real estate business, the accelerating advance of digitization in people's daily lives is spurring dramatic changes in their concepts of "working," "living," and "gathering." This of course means that the needs of the real estate business are also evolving with astonishing speed.

In such an environment, we launched the Break-through Project that brings together everyone from general managers to top management to address the issue of "What is needed for the Group to unite and attain further growth?" Through the Project, we held in-depth discussions while incorporating the opinions of external directors and others. During these discussions, we concluded that we need a clear-cut "vision" of "As a corporate group, what kind of value do we want to provide to society and our customers in the future?" to achieve further profit growth.

Our recently launched plan was formulated based on these discussions. Under a clear "vision," the new plan contains the ideas of officers and employees for realizing high profit growth and raising corporate value to an even higher level. I am confident that this is a strong growth story that can respond to future changes in the business environment and in the real estate business.

Be a "Life & Time Developer," as Never Seen Before

The Group's Vision targeting 2030 is "Be a 'Life & Time Developer,' as never seen before." When formulating this vision, we focused particularly on concepts like BHAG (Big Hairy Audacious Goals (bold goals for the future fortunes of the company)) that are capable of coalescing the awareness of all officers and employees. This vision should unite the entire Nomura Real Estate Group and serve as a force that drives our business. Our ideas from this perspective are embodied in the phrase "never seen before" and this expresses the future of the Group and the magnitude of its latent potential. For instance, in rapidly growing Asian countries, we anticipate a future in which we undertake new urban development "never seen before" and a future where new technological innovations through DX transform the shapes of housings and offices into something "never seen before."

Besides the generally envisioned roles of developers such as developing real estate, building housings, and creating urban development, "Life & Time Developer" also incorporates our strong desire to become a group that creates such value by developing people's lives and time in a broad sense.

Realize High Profit Growth and High Asset and Capital Efficiency

Under the new plan, we aim to realize high profit growth and high asset and capital efficiency. Owing to the characteristics of the real estate business, efforts toward profit growth tend to cause an expansion of balance sheets. Furthermore, developing even more-attractive products further prolongs development times, which raises the probability that asset and capital efficiency for an entire company will decline. Meanwhile, in continuing on from the previous plan, the Company has set targets to achieve high asset and capital efficiency during the period of the new plan as well. As well as realizing these targets, we aim to significantly raise profit growth to 8% level versus annual average growth of approximately 5% during the period of the previous plan. The key point of the new plan is to achieve the dual imperatives of high profit growth with high asset and capital efficiency.

The key strategies for achieving this objective are further expansion of the domestic real estate development business, high profit growth in the Service & Management Sector, and steady growth of overseas business. We explain details of specific strategies in Summary of the Mid- to Long-term Business Plan [P56-61](#) and in Strategies by Business Units [P78-89](#) of this report. We aim to further expand profits in the property sales business, including overseas business, and aim for high profit growth in the Service & Management Sector. We will also of course continue to provide high returns to our shareholders, a highly acclaimed hallmark of the Group.

DX Promotion

DX promotion is another important strategy in the new plan. I have a sense of urgency that the recent advances in digital technology could make obsolete our previous successful business models and IT systems we have built in a short period of time. Value creation through DX is essential for evolving the products and services the Group provides to customers, which also includes providing housings and offices "as a service," to ensure that we can maintain our competitiveness in the future. I should emphasize, however, that the basis of our efforts here as well will continue to be our "market-in approach" and "our approach to connect closely with individuals" while we work toward our goal of providing products and services that help improve the quality of life of each individual by DX promotion.

Leveraging our existing customer base to provide new platform services is also an important strategy. Through its long years of business, the Group has already built a wide-ranging customer base beginning with approximately 147,000 members in the Nomura Real Estate Group Customer Club, about 186,000 housing units for which we engage in property & facility management, and around 222,000 members in our H'IT satellite-type shared offices. This extensive customer base functions as major strengths.

In the future, we will improve the quality of life of our customers and realize convenience that transcends the tangible value of real estate by providing services that utilize enormous amounts of data to people who live and

CEO Message

work there. In this way, we will invest in DX with a focus on business areas where we can leverage our strengths. The Group's specific themes, roadmaps for realization, and investment amounts have been generally determined by the whole Group during discussions aimed at formulating the new plan. In April 2021, we launched the DX Strategy Committee and established a system for comprehensively monitoring the initiatives of the entire Group and each Business Unit.

Recruiting and training human resources in DX is also a major issue. To this end, we have already started measures such as training that targets all Group officers and employees to foster a Group-wide DX mindset and raise skill levels. Furthermore, we have launched DX promotion organizations at each Group company, and I am confident that we are ready to promote DX with the entire Company.

Human Resources Strategy Including Diversity and Inclusion

I regard human resources as being the most important management capital for a company, and for this reason, we place particular importance on human resource strategies to effectively deploy our people. The crucial point is to secure professional human resources who possess a high level of expertise while creating an environment that enables diverse human resources to play active roles and collaborate across the Group. In other words, raising our level of expertise in each field, such as housings and offices, is extremely important. However, at the same time, we must be sure to avoid sectionalism between each Business Unit. This is because we foresee a growing number of situations in which we can link various viewpoints and capabilities, such as initiatives for redevelopment and mixed-use development, overseas business, and the promotion of DX, as we move forward

with the new plan. I believe that human resources with highly specialized capabilities and an abundance of diversity who collaborate and play active roles will lead to the development and provision of services that will be applauded by customers.

Even now, we are proud of being a group created by organizations and employees with diverse backgrounds, ideas, and perspectives. Typifying this strength is "Luxmore," [P37](#) a unique product development project of PROUD that places particular emphasis on the living comfort of customers. Developed through a project led mainly by female employees, Luxmore integrates five elements that include "creating lifestyles (enriching time), "consideration of design," and "ease of use," making this a type of product that people wish to use for their entire lives. More than 10 years have passed since this project was started and during this time it has earned extensive plaudits from customers. In general, there is a perception that female employees do not play active roles in the real estate industry. In fact, however, there are rapidly expanding opportunities for them to play active roles in the Group and we intend to further increase these opportunities in the future.

I also believe that "inclusion" is extremely important for becoming an organization where people mutually raise each other up and continuously take on challenges. To further advance this idea, in April 2022 we initiated the Wellness and D&I Management Committee and in September 2022 we announced the Nomura Real Estate Group Diversity & Inclusion Policy. Based on these, we will make efforts for promoting wellness management and diversity and inclusion.

the Company's procurement guidelines. In the fiscal year ending March 31, 2023, we are proceeding with the implementation of human rights due diligence and will work with even stronger determination to address human rights issues.

Turning to decarbonization, the Group has long been working on environmental initiatives as an important management issue. In the future as well, we will promote various initiatives to achieve SBT certification targets and the RE100 targets to achieve the Japanese government's goal of "the realization of carbon neutrality by 2050."

Specifically, in addition to accelerating initiatives for decarbonization such as ZEH (net zero energy house) and ZEB (net zero energy building), we will promote other measures that include generating renewable energy using rooftops of the Landport logistics facilities and the rooftops of PROUD SEASON detached housings while reducing CO₂ emissions at construction sites in cooperation with suppliers. Moreover, to ensure that management has an even greater sense of ownership in decarbonization initiatives, from the fiscal year ending March 2023, we introduced a system design that links executive compensation with the attainment level of the Building Energy-efficiency Index (BEI), an indicator of the energy-saving performance of buildings. To instill our Sustainability Policy, I believe it is important to instill our Group Vision in the hearts and minds of each and every officer and employees, as well as in our business policies as we promote various initiatives.

Importance of Corporate Governance

Corporate governance is also extremely important for the sustainable growth of the Group. During the process of formulating the Nomura Real Estate Group 2030 Vision, the new plan, and the Sustainability Policy as well, external directors participated in discussions and provided us with numerous opinions with plentiful suggestions. We

engage in lively discussions at the meetings of the Board of Directors, and aim to further improve the effectiveness of the Board of Directors and establish a diverse Board of Directors by pursuing and enhancing a form of governance befitting the Group.

For Raising Corporate Value and Contributing to a Sustainable Society

Earlier, I explained the thought encapsulated in the phrase "never seen before." I believe that the role of the CEO is to look ahead to a future "never seen before" and "express the directions we intend to pursue." I recognize the importance of repeatedly communicating this so that it permeates both inside and outside the Company.

Furthermore, to earn acclaim from shareholders, investors, and other stakeholders and to realize management that is aligned with the expectation from capital markets, it is important to deepen dialogue from a short- and medium-term perspective toward attaining quantitative targets in addition to taking the long-term perspective represented by the promotion of sustainability.

We have clearly set our "directions we intend to pursue" on various time axes, such as Nomura Real Estate Group 2030 Vision, new plan, and Sustainability Policy. In the future as well, we will aim to raise corporate value and contribute to a sustainable society by achieving these goals.

I would like to ask all of our stakeholders for their continued support and expectations as we move toward a new stage.

Sustainability Promotion Integrated into Management Strategies

Sustainability Policy "Earth Pride"

The Group regards changes in the management and business environment that include such globally shared issues as climate change, increasing severity of disasters, and diversification of people's values as new opportunities for growth. To utilize these opportunities, we formulated the Sustainability Policy "Earth Pride" as our vision of 2050 based on our belief that we must clarify the direction as a Group and ensure that each and every employee firmly shares our long-term direction. This policy is integrated with our Group Vision of "New Value, Real Value" and Nomura Real Estate Group 2030 Vision of "Be a 'Life & Time Developer,' as never seen before," and is positioned as a guideline that indicates the path we should take. Additionally, a major feature of the policy is its format that focuses on people as a means of sustainability unique to the Company.

Our Sustainability Policy is based on three themes

consisting of "Pursuing humanity," "Maintaining harmony with nature," and "Building the future together." Furthermore, to achieve these goals, we have identified five priority issues (materiality) that should be addressed by 2030. These consist of "diversity and inclusion," "human rights," "decarbonization," "biodiversity," and "circular design." To track our progress on these priority issues, we will also set and promote key performance indicators (KPI).

First, in terms of "diversity and inclusion," we have set a 20% for female manager and junior manager ratio by 2030 as one of the KPI and established the Wellness and D&I Promotion Committee in April 2022 as mentioned previously.

Regarding human rights, in the fiscal year ended March 31, 2022, along with the formulation of the Group Human Rights Policy and surveys for human rights due diligence, we held full-scale interviews with business partners regarding the status of their compliance with

President and Representative Director,
Group CEO

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History of Nomura Real Estate Group

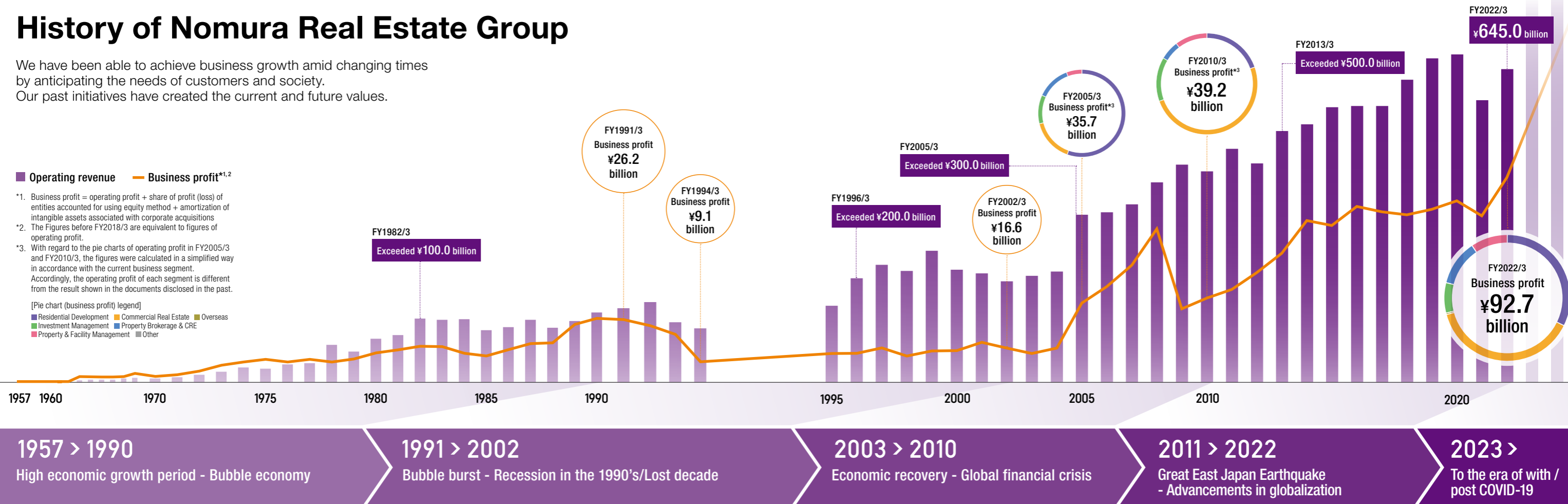
We have been able to achieve business growth amid changing times by anticipating the needs of customers and society. Our past initiatives have created the current and future values.

■ Operating revenue — Business profit*1,2

*1. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*2. The Figures before FY2018/3 are equivalent to figures of operating profit.
*3. With regard to the pie charts of operating profit in FY2005/3 and FY2010/3, the figures were calculated in a simplified way in accordance with the current business segment. Accordingly, the operating profit of each segment is different from the result shown in the documents disclosed in the past.

[Pie chart (business profit) legend]

■ Residential Development ■ Commercial Real Estate ■ Overseas
■ Investment Management ■ Property Brokerage & CRE
■ Property & Facility Management ■ Other



Entered into the residential development business to solve the housing shortage during the postwar reconstruction period.

In 1957, the Company was established as an asset management company for Nomura Securities when it constructed its new head office building. In 1961, the Company entered the residential development business with the aim of solving the housing shortage, which was a key social issue during the postwar reconstruction period. In 1963, the Company advanced into the condominium development business and firmly established its position as a major private real estate developer. While steadily expanded office building business, in 1978, we developed Shinjuku Nomura Building, a skyscraper which still serves as the Company's head office to this day.



1957
Spun off from Nomura Securities and launched real estate business focused on leasing and management of office buildings



1963
Launched condominium development business with construction of Co-op Takenomaru in Kanagawa

1978
Completed construction of Shinjuku Nomura Building
Head Office was moved from Nihonbashi to Shinjuku

Overcoming financial crisis by concentrating business resources on the residential business.

When the bubble burst, the economy and the real estate market conditions rapidly deteriorated. The Group overcome the crisis by grasping the residential needs that were returning to urban centers due to falling land prices and concentrated its business resources on the condominium business. In 1999, the Company launched the real estate information website "nomu.com," utilizing IT ahead of other firms. In 2002, we announced the integrated brand of housing and related services, "PROUD," and have since continued to create products and services leading to a strength for the Company.



ネットで住みかえ ノムコム
nomu.com

Completion: 1990 and onward



2002
Launched "PROUD" as the integrated brand of housing and related services
Completed construction of PROUD Kugayama (2003)

Accelerating growth through M&A and development of characteristic brands.

In October 2006, the Company was listed in the First Section of the Tokyo Stock Exchange (now the TSE Prime Market). We increased our financing capabilities from capital markets and significantly expanded the Leasing business through the M&A of NREG Toshiba Building (merged into Nomura Real Estate in April 2022). We also developed a string of characteristic asset brands, including PMO (with which we created a new market of medium-sized high-grade offices), and Landport (logistics facilities with advanced and high functionality, created by identifying investor needs through early-stage market entry and development).



2003
Nomura Real Estate Office Fund was listed on the Tokyo Stock Exchange



2007
Completed construction of Landport Atsugi



2008
NREG TOSHIBA BUILDING joined the Group



2006
Nomura Real Estate Holdings was listed on the First Section of the Tokyo Stock Exchange



2008
Completed construction of PMO Nihonbashi Honcho

Initiatives to build cities that connect today with tomorrow's possibilities in Japan and overseas.

We have opportunities to demonstrate the Group's expertise. One of them is Shibaura Project, a large-scale, mixed-use development, for which construction started in October 2021. The Group's urban development is not limited to Japan. The overseas expansion of our expertise cultivated in Japan has accelerated, especially in the cities of rapidly growing ASEAN countries. Both in Japan and overseas, we will identify the needs of people living in each area and pursue initiatives to build cities that connect today with tomorrow's possibilities.



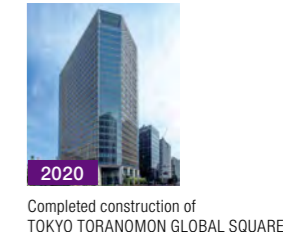
2015
Established "Nomura Real Estate Master Fund" through the merger of 3 REITs



2022
Scheduled for completion of Grand Park 2nd period in Vietnam



2025
Started construction of Shibaura Project (South Tower)

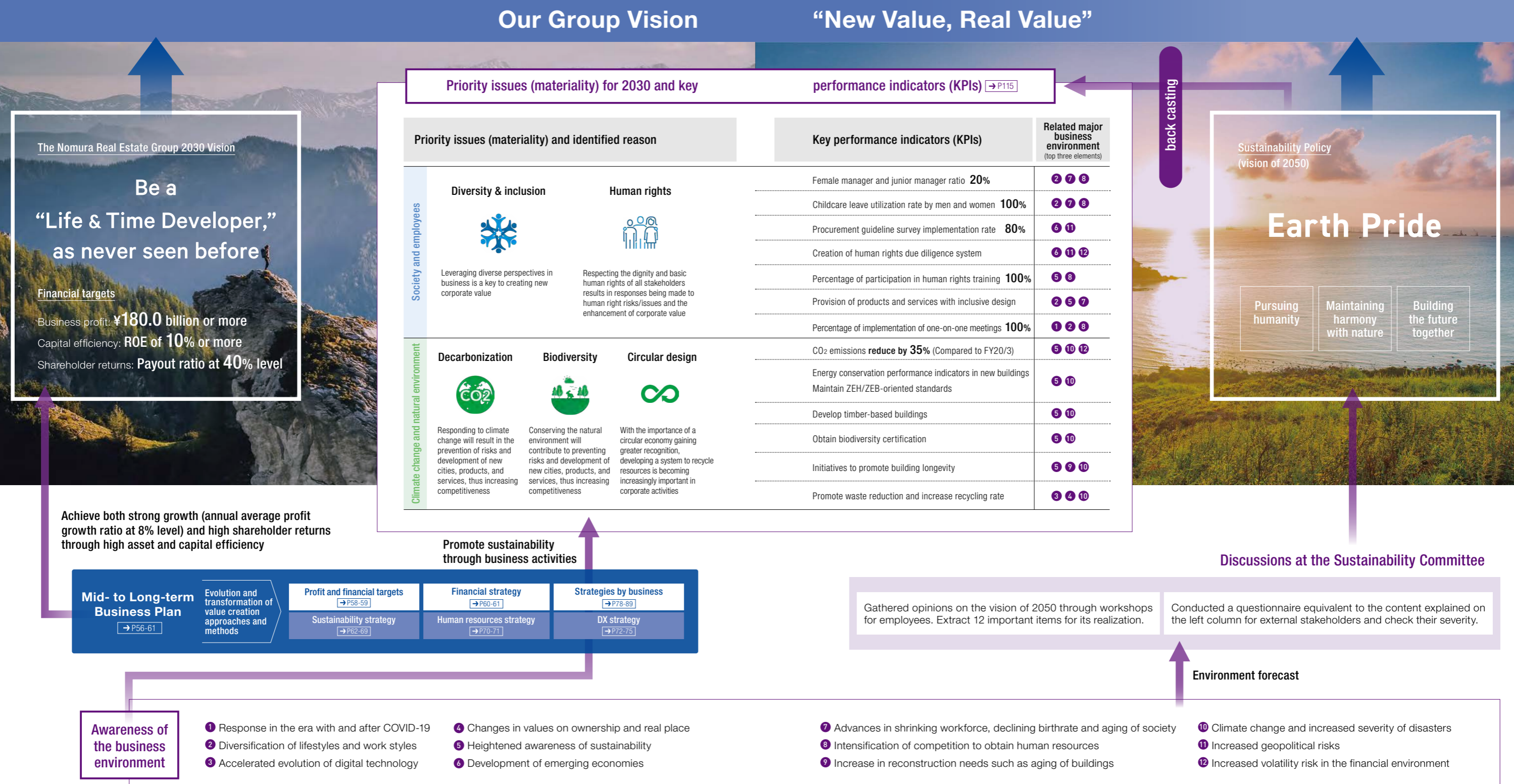


2020
Completed construction of TOKYO TORANOMON GLOBAL SQUARE

Awareness of the External Environment and Business Management System

The business environment surrounding the Group has been changing on a daily basis, as seen in the diversification of people's lifestyles and values and the acceleration of digitization, resulting in increased complexity and uncertainty. Amid such an environment, with the aim of achieving our Group Vision "New Value, Real Value" and thus delivering sustainable growth, we have established Nomura Real Estate Group 2030 Vision, "Be a 'Life & Time Developer,' as never seen before," and Sustainability Policy (vision of 2050), "Earth Pride." In addition, we have formulated financial targets and priority issues (materiality) for 2030 (the fiscal year ending March 2031) and key performance indicators (KPIs).

The Nomura Real Estate Group management structure chart



Mid- to Long-term Business Plan

→ P56-61

Evolution and transformation of value creation approaches and methods

Profit and financial targets → P58-59	Financial strategy → P60-61	Strategies by business → P78-89
Sustainability strategy → P62-69	Human resources strategy → P70-71	DX strategy → P72-75

Awareness of the business environment

- 1 Response in the era with and after COVID-19
- 2 Diversification of lifestyles and work styles
- 3 Accelerated evolution of digital technology

- 4 Changes in values on ownership and real place
- 5 Heightened awareness of sustainability
- 6 Development of emerging economies

- 7 Advances in shrinking workforce, declining birthrate and aging of society
- 8 Intensification of competition to obtain human resources
- 9 Increase in reconstruction needs such as aging of buildings

- 10 Climate change and increased severity of disasters
- 11 Increased geopolitical risks
- 12 Increased volatility risk in the financial environment

Achieve both strong growth (annual average profit growth ratio at 8% level) and high shareholder returns through high asset and capital efficiency

Promote sustainability through business activities

The Nomura Real Estate Group 2030 Vision

Be a "Life & Time Developer," as never seen before

Financial targets

Business profit: **¥180.0 billion or more**

Capital efficiency: **ROE of 10% or more**

Shareholder returns: **Payout ratio at 40% level**

Process for Formulating the Sustainability Policy

The Group started the discussions to formulate its Sustainability Policy (vision of 2050) and identification of priority issues (materiality) for 2030 in August 2020 and announced them in April 2022. During the process of formulating the policy, to make it more compelling, we held workshops within the Group to collect opinions on what kind of value should be provided. We also asked senior management about the options for priority issues (materiality) via a survey. The process also reflected the results of surveys conducted targeting various stakeholders outside the Company.

About **460**
internal and external
stakeholders were involved in
the formulation of the policy



Number of participants: **183**

Number of participants: **214**

Number of participants: **41**

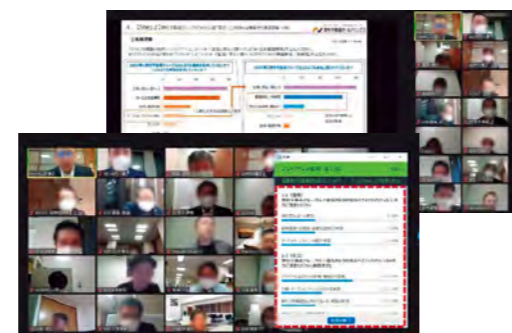
approx. **20** participants in total

- Conducted workshops that were attended by the Group's 183 young and mid-career employees in their 20s to early 40s.
- Collected opinions from rising-generation employees by asking questions such as "What kind of value should be provided in 2050?" and "How do you want the Company to be viewed in 2050?" and identified 12 items.

- Conducted online workshops targeting the Group's management (general managers, senior managers, etc.) and scored the 12 items.

- Conducted a survey targeting the Group's 41 stakeholders to confirm the significance of the 12 items.

- Conducted a survey targeting the members (management) of the Sustainability Committee to confirm the significance of the 12 items.
- In light of the responses elicited in each step, in addition to the survey results, multiple discussions were held by the Sustainability Committee, and the Sustainability Policy, priority issues (materiality), and key performance indicators (KPIs) were formulated.



Opinions from young and mid-career employees

Items recognized with higher priority

Environment (E):
"Contribute to a circular economy" gained the highest score
Social (S):
"Provide healthy and comfortable lifestyles," "Create smart cities," and "Pursue happiness and dignity for future society" scored higher

Items recognized with higher priority

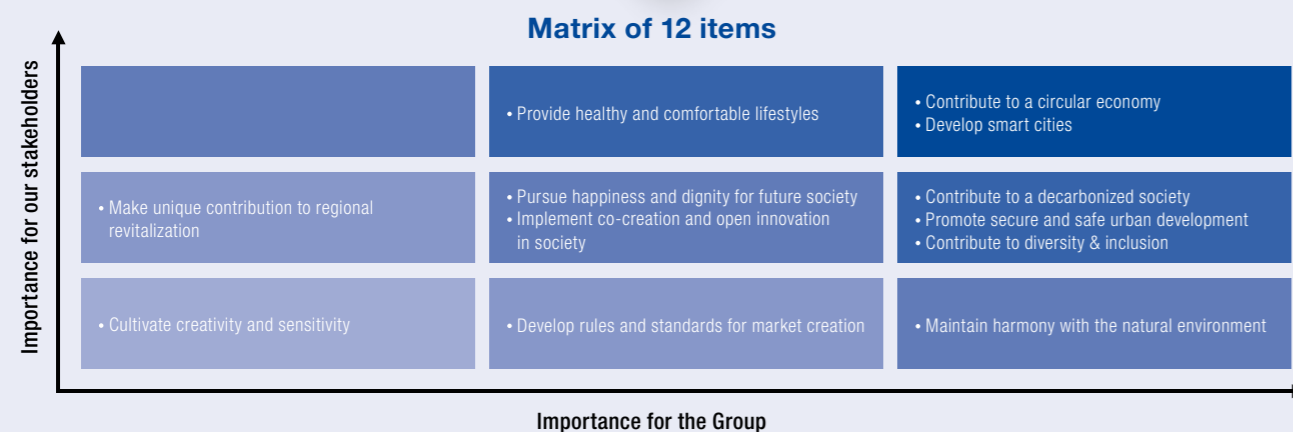
Environment (E):
"Contribute to a circular economy" gained the highest score
Social (S):
"Provide healthy and comfortable lifestyles," "Create smart cities," and "Promote secure and safe urban development" scored higher

The use of timber is a significant and urgent issue for the effective use of Japan's forest resources, and is the area in which the Nomura Real Estate Group can play the most active role

From the perspective of urban competitiveness, an environment that embraces diversity in the workforce attracts talented human resources and leads to the creation of new businesses



This process was characterized by the fact that in each step many people sympathized with opinions and thoughts that focused on people. We established our Sustainability Policy through discussions premised on a shared recognition that unless all of our corporate activities can coexist with the Earth, the human species is not sustainable.

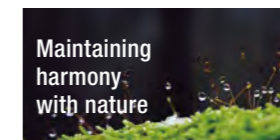


Sustainability Policy
(vision of 2050)

Earth Pride



We strive to answer the deep questions of human existence and well-being in a world where technology is increasingly progressing and being integrated into our lives. By providing an inclusive living environment where people support and connect with each other, we contribute to the creation of a society where no one will be left behind.



Our aim is to achieve true harmony with our natural environment for our future children and healthy ecosystems by reconsidering how human economic activities should operate. While carefully conserving the Earth's finite resources, we improve the relationship between nature and humans.



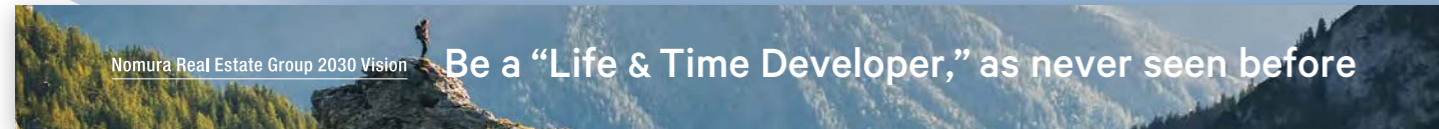
The ambition we have is to create unprecedented value from diverse organizations and people working together to overcome boundaries. We are continuously challenging ourselves with novel ideas of living, business and working styles for an innovative society where all people with various backgrounds and values can build on their strengths.

Value Creation Process

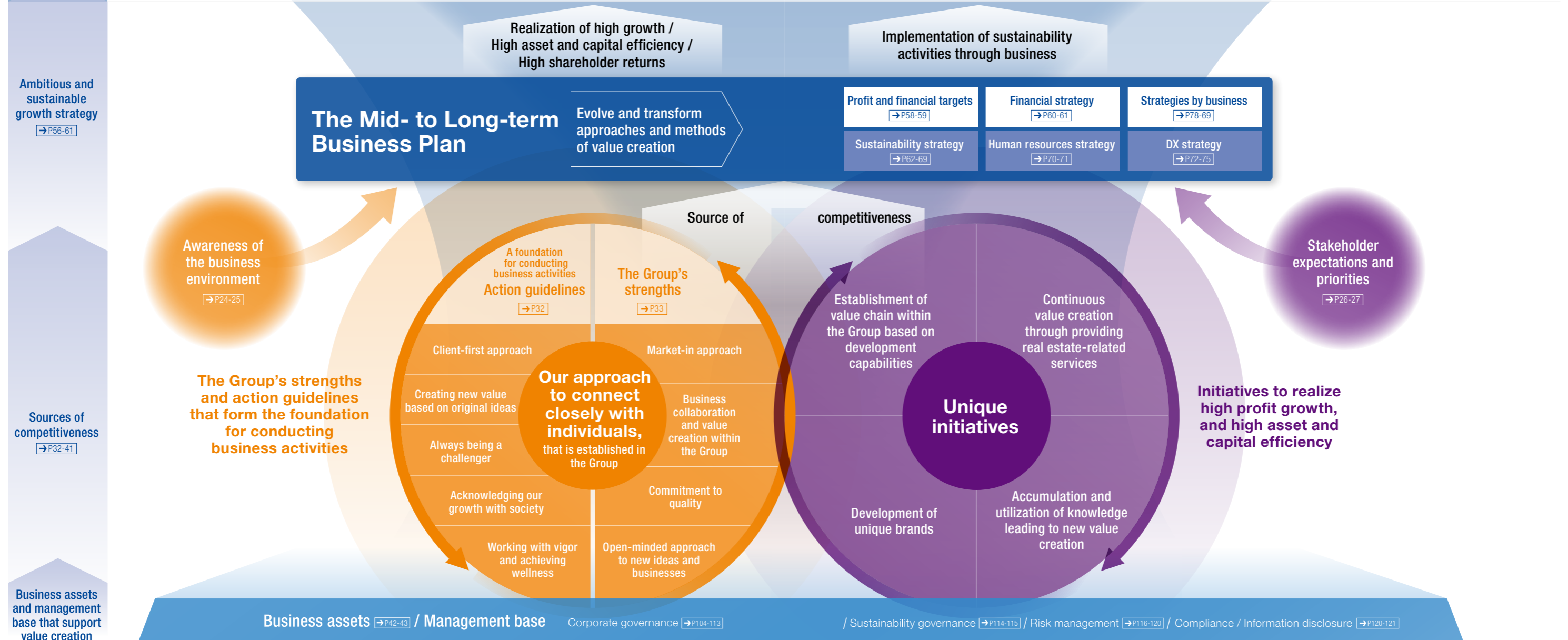
The Group will realize high growth and high shareholder returns through the achievement of the Mid- to Long-term Business Plan by the source of competitiveness based on our strengths. Our strengths are supported by both “action guidelines that form the foundation for conducting business activities” and “initiatives to realize high profit growth and high asset and capital efficiency.” Furthermore, the Group will realize the Nomura Real Estate Group 2030 Vision and Sustainability Policy, as well as the Group Vision “New Value, Real Value.”

Our Group Vision

“New Value, Real Value”



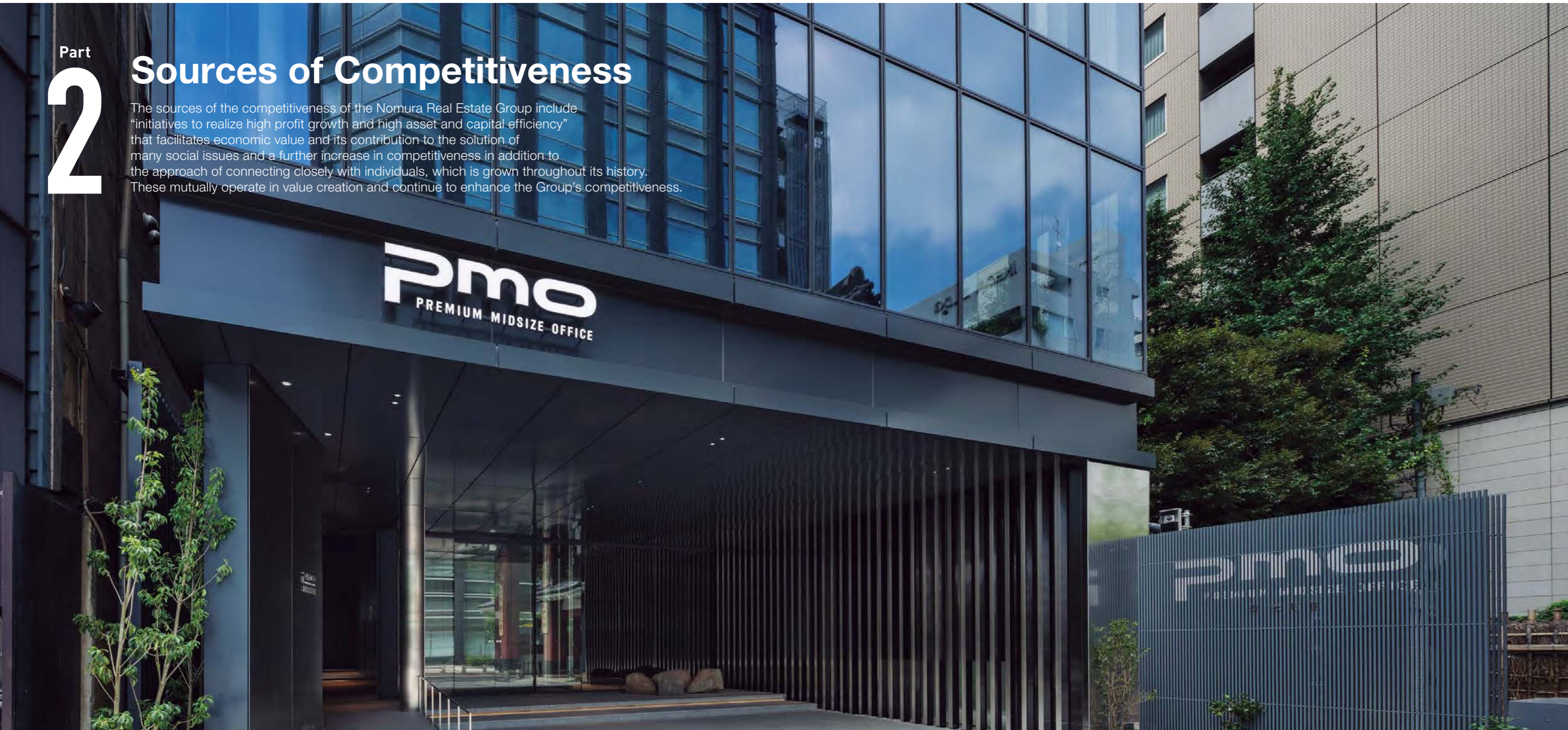
Target for fiscal year ending March 2031	Financial targets			Priority issues (materiality)			Measurement indicators (KPIs)		
	Profit Business profit: ¥180.0 billion or more	Capital efficiency ROE: 10% or more	Shareholder returns Dividend payout ratio: 40% level	Society and employees Diversity & inclusion Human rights	Climate change and natural environment Decarbonization Biodiversity Circular design	Society and employees Female manager and junior manager ratio: 20%	Decarbonization (Reduction of CO₂ emissions) (Compared to FY20/3) Scope 1, 2: Reduce by 35% Scope 3: Reduce by 35%		



Part 2

Sources of Competitiveness

The sources of the competitiveness of the Nomura Real Estate Group include “initiatives to realize high profit growth and high asset and capital efficiency” that facilitates economic value and its contribution to the solution of many social issues and a further increase in competitiveness in addition to the approach of connecting closely with individuals, which is grown throughout its history. These mutually operate in value creation and continue to enhance the Group’s competitiveness.



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- 34 Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency
 - 34 1. Establishment of Value Chain within the Group Based on Development Capabilities
 - 36 2. Development of Unique Brands
 - 38 3. Continuous Value Creation through Providing Real Estate-related Services
 - 39 4. Accumulation and Utilization of Knowledge Leading to New Value Creation
- 42 Strong Business Assets That Support Value Creation and External Evaluation and Results

Positioning of this part

This section provides our strengths and unique initiatives that make up the “source of competitiveness” that support our business activities. In addition, we show business assets and external evaluation that support them.



The Group's Strengths and Action Guidelines That Form the Foundation for Conducting Business Activities

The basis of all of our business activities and the source of competitiveness is Nomura Real Estate Group's established approach to connect closely with individuals. This approach supports the growth of the Group while incorporating into action guidelines that form the foundation for conducting business activities and strengths.

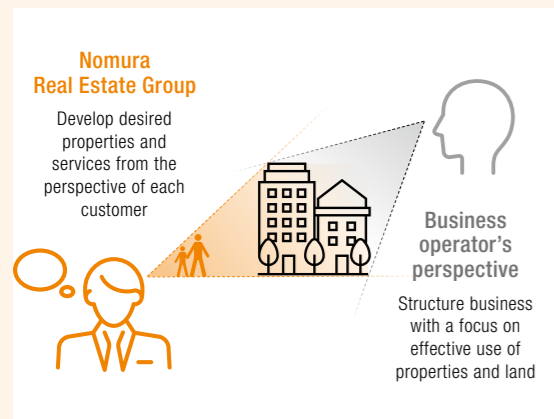
Our approach to connect closely with individuals, that is established in the Group

Approach established in the Group that connects closely with individuals

While valuing our points of contact with each customer, we have taken a comprehensive approach to connect closely with individuals who live, work, and gather in properties across all aspects of our business, thus continuing to tackle various social issues. This approach, which we have refined

throughout the Group's history of more than 60 years, is the source of competitiveness that supports the Group's unique value creation with a focus on people. This is a unique quality of the Group that will not change, no matter how much society changes around us.

Value creation with a focus on people



Historical background of refined approach



A foundation for conducting business activities

Action Guidelines "What We Value"

The Group has set out its action guidelines titled "What We Value" to serve as a foundation for employees in conducting business activities. These guidelines present our approach

to connect closely with our customers, society, and our employees in more concrete terms and in the form of actions.

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.

Our approach to connect closely with individuals, that is established in the Group

Demonstration of capabilities

Our approach to connect closely with individuals, that is established in the Group

The Group's strengths

The Group's four strengths developed based on its approach to connect closely with individuals: the market oriented concept, business collaboration and value creation within the Group, commitment to quality, and open-minded approach to new ideas and businesses. Based on the demands of customers and markets, we develop real estate and provide real estate-related services, implement sustain-

ability initiatives, and continue to create new value through the Group's value chain. In addition, with our comprehensive commitment to quality, we expand our value creation domains to include a wide range of asset types and services in Japan and overseas and continue to take on challenges. These strengths significantly contribute to the Group's sustainable value creation.

Market-in approach

Develop real estate, provide real estate-related services, and implement sustainability initiatives based on the needs of customers and markets

Business collaboration and value creation within the Group

Create new value through the value chain within the Group

Commitment to quality

Commit to quality of real estate development and services we provide

Open-minded approach to new ideas and businesses

Continue challenges by expanding the areas of value creation to a wide range of asset types and services in Japan and overseas

TOPIC

Landport—logistics facility that realized early market entry by capturing investor needs

In anticipation of a further rise in e-commerce demand, we entered the logistics facility development business in 2004, becoming one of the first companies in the industry to do so. In 2007, we completed the construction of our first Landport high-function logistics facility.

One of the significant factors that enabled this early market entry was the insight of the Investment Management Business Unit, which adequately captured the needs of institutional investors to invest in the logistics sector and established a logistics investment fund ahead of other companies. And our frontline efforts to value our contact points with investors and respond to their trust bore fruit: as of March 31, 2022, 42 logistics facilities have been commercialized.

In order to ensure a comfortable working environment for tenants, our Landport facilities are also equipped with cafeterias and air-conditioner. On the environmental front, we have obtained various certifications including CASBEE A grade or higher and DBJ Green Building certification in an effort to promote our business by connecting closely with customers and society.



Landport Higashinarashino



On-site cafeteria

Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

In its Mid- to Long-term Business Plan, the Group has set “realizing high profit growth, and high asset and capital efficiency” as a priority theme.

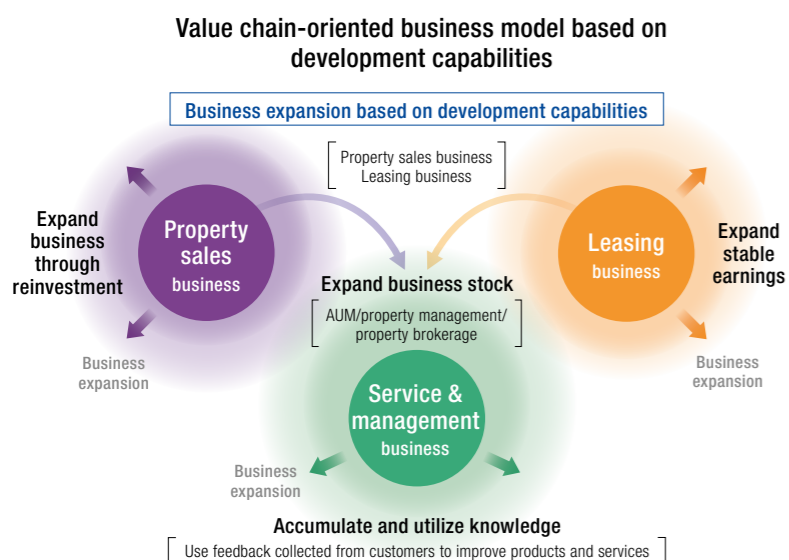
This is supported by our variety of distinctive initiatives, including the establishment of the Group’s value chain, which are closely linked with our key strategy for growth and our business strategies under the Mid- to Long-term Business Plan.

1. Establishment of Value Chain within the Group Based on Development Capabilities

Based on our wide range of real estate development capabilities achieved by harnessing our strengths and uniqueness as a real estate developer, we have established the Group’s value chain by combining three businesses. The property sales business aims to generate development profits. The leasing business allows us to achieve stable leasing revenues by holding valuable assets. The service & management

business ensures ongoing fee-based revenue through the provision of real estate-related services. This value chain within the Group leads to the maximization of added value, while enabling both high profit growth and capital efficiency exceeding the cost of equity through a business portfolio that leverages the characteristics of each business.

Pursuing business model that enables high growth through value chain based on development capabilities



Differences in business model

	The Group (real estate developer)	Listed REIT
Characteristics	Business model that combines property sales, leasing, and service & management to generate profits from development, leasing, and fees	Specializing in leasing. Payment of corporate tax is exempted by distributing 90% or more of profits
What is required	Profit growth/High ROE	Stability
Cost of equity	7-8%	2-3%

Maximizing added value in each process of property development, sales, and management

The real estate development business involves various processes, from the acquisition of land to product delivery to customers and property and facility management. The Group has strived to enhance the quality of its products and services by implementing initiatives based on its integrated development, sales, and management system ahead of industry peers. By comprehensively refining our business in

each process and leveraging close collaboration, we have maximized our added value across the entire flow. This strength cultivated in the housing sales business, as exemplified by the PROUD brand, has also been demonstrated in property development for sales including the PMO and overseas business, becoming one of the Group’s unique strengths.

Key operational processes in the real estate development business

Land acquisition	Product planning and design	Construction	Sales	Management
<ul style="list-style-type: none"> Wide range of land acquisition methods Connection with landowners 	<ul style="list-style-type: none"> Layout and building plans that use land effectively Product planning to meet market needs 	<ul style="list-style-type: none"> Original manuals Daily improvement at the front line 	<ul style="list-style-type: none"> Direct understanding of customer needs Feedback for product planning 	<ul style="list-style-type: none"> Extension of cycle of repair works Increased efficiency through the introduction of DX

Develop business portfolio with high asset and capital efficiency by combining businesses with different characteristics

As a real estate developer, the Group aims for management with high asset and capital efficiency while pursuing profit growth. The Group strives to achieve an ROA of 5% or more while maintaining its shareholders’ equity ratio at the 30% level. Toward the achievement of this target, we aim to realize both capital efficiencies exceeding the cost of equity

and high profit growth, based on a business portfolio that combines businesses with different characteristics occupying different positions along the risk-return spectrum, including property sales, leasing, and service & management, taking into account the market environment, business opportunities, and earnings fluctuation risks.

Mid- to long-term target: ROE of 10% or more

Cost of equity: 7-8 %

Leverage equivalent to shareholders’ equity ratio at the 30% level

Achieve ROA of 5% or more for the entire business portfolio → P60 “Business Portfolio Strategy”

	Property sales		Service & management		Leasing
Business type	Overseas Business [Housing sales Properties for sale]	Domestic Business [Housing sales Properties for sale]	Property Brokerage & CRE Business	Investment Management Business Property & Facility Management Business	Leasing Business
Business characteristics	Investment risk	Medium-High	Medium	Low	Low
	Revenue fluctuation risk	High	Medium	Medium-Low	Low
	ROA (efficiency)	Medium		High	
Management policy	Achieve ROA at a high level during the period of investment expansion by increasing profitability			Aim for ROA of 5% or more based on stable earnings (lower revenue fluctuation risk) through profit growth of the service & management business and increased profitability of the leasing asset portfolio	

TOPIC

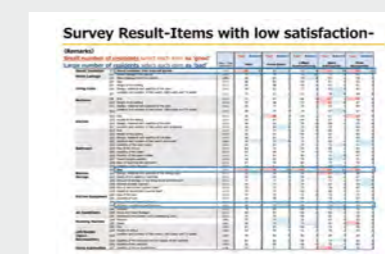
Demonstrating the Group’s unique strengths in the overseas business

Real estate is generally thought of as a local business. This is why, in the overseas development of real estate, there are many cases in which the business is outsourced to local partner companies and the Japanese company acts simply as an investor. With this in mind, we have classified our overseas business into two parts: one in which we rely on local partners, such as for land acquisition and the gaining of permits and licenses, and another in which our expertise cultivated

in Japan can be leveraged, such as for product planning, quality management, and marketing. By taking part in the upstream processes in this way, we have strived to maximize our added value. We have been rolling out these initiatives as part of our KAIZEN activities, which has helped us gain the trust of local partners and access new business opportunities. Federal Land NRE Global (FNG), our joint venture established in 2022 in the Philippines, is one such achievement.



On-site construction check (Vietnam)



Follow-up customer satisfaction survey (Thailand)



Showroom exhibition planning (Philippines)

Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

2. Development of Unique Brands

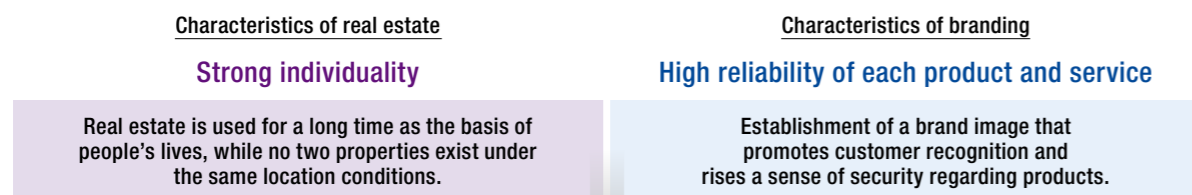
Value creation through the use of the PROUD brand's products and services is a key characteristic of the Group. We have maintained and improved our unique brand value by consolidating knowledge gained from customer feedback and the like and expertise accumulated through diverse

contact points, and utilizing these as intangible assets. Furthermore, our ability to develop multiple brands with diverse assets by consistently adhering to our approach to connect closely with individuals is one of the Group's characteristic strengths.

Reasons for (benefits of) developing and strengthening brands

A distinguishing feature of the real estate industry is that no two lands or properties are identical, meaning that every property has strong individuality. In our case, integrated brands for each asset type, such as housing or office, among properties that are used over a long period of time represent the Group's strong commitment to our customers for security

and quality. They help raise our customers' sense of security and their trust in each of the products and services provided by the Group and promote their recognition of our products under an integrated brand name. In this sense, both the Group and the real estate industry as a whole are well-placed to benefit from branding.



Expanding and evolving the Group's approach to connect closely with individuals

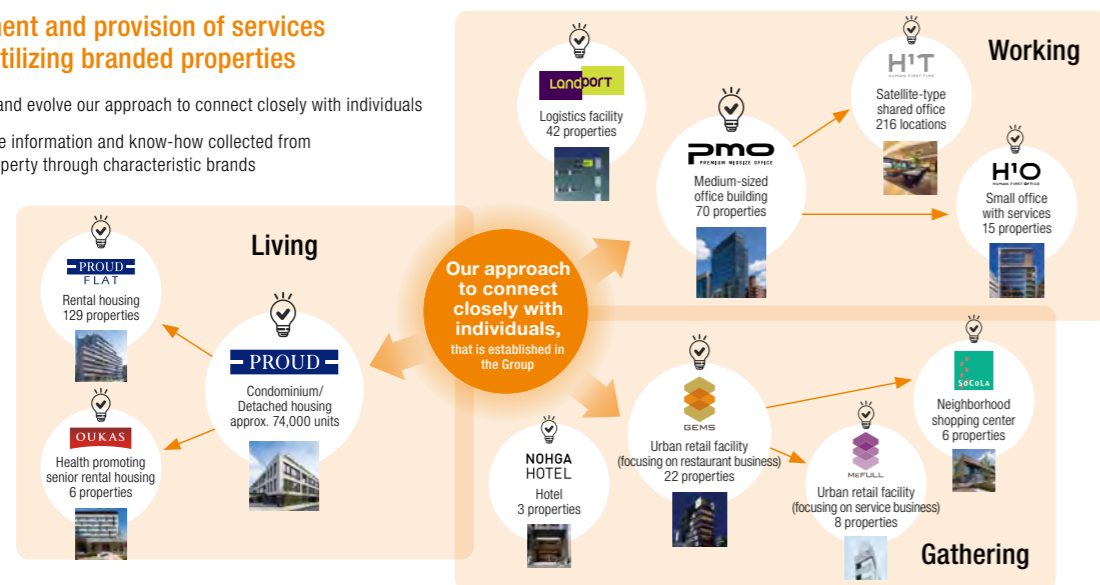
The Group has developed a number of competitive brands and products such as PMO, a premium brand for medium-sized offices, and Landport, a brand for advanced and high-function logistics facilities. The key to our successful brand development is our approach to connect closely with individuals that we have promoted since the Group's founding. To build on this success, rather than simply expanding

horizontally, we have grown and evolved this approach by thinking first about the people who live, work, and gather in our properties. Going forward, by demonstrating the Group's strengths, such as our market oriented concept and commitment to quality, in diverse types of assets, we will continue to create new product and service brands with uniqueness.

Development and provision of services through utilizing branded properties

Expand and evolve our approach to connect closely with individuals

Extensive information and know-how collected from each property through characteristic brands

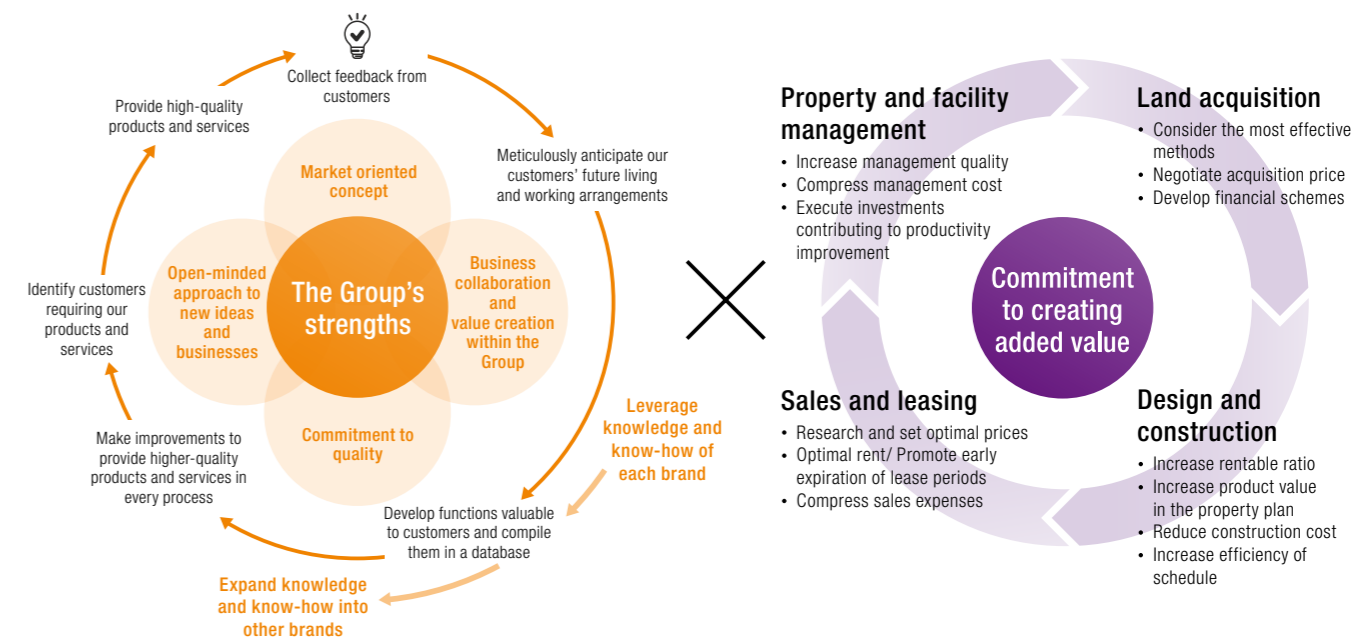


* Numbers of properties are as of March 31, 2022 (including plans)

Value enhancement cycle by combining real estate and branding

We have been consolidating our accumulated expertise and the knowledge we have extracted from ratings and opinions received from customers to further develop our brands. When providing products and services, we commit to

create the added value in each process, and this approach leads to the acquisition of new know-how. Through this value enhancement cycle, we are improving the brand value unique to the Group.



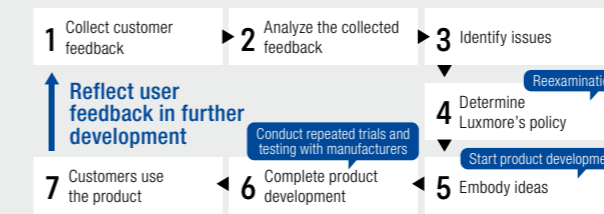
PROUD's unique product development "Luxmore" PROUD underpins No.1 ranking in condominium brand evaluation for the 15th consecutive year

Luxmore is the collective name given to PROUD's unique product development that realizes customer needs by pursuing luxury and comfort with a relentless commitment to livability. Since its launch in 2007, we have consistently reflected the voices of our customers in products to continue to provide them with

fulfilling lifestyles while responding to changes in how they live. Unlike products developed by household fixture manufacturers, Luxmore takes advantage of the real estate developer perspective to make proposals on space utilization that turn a residential unit into an ideal housing.

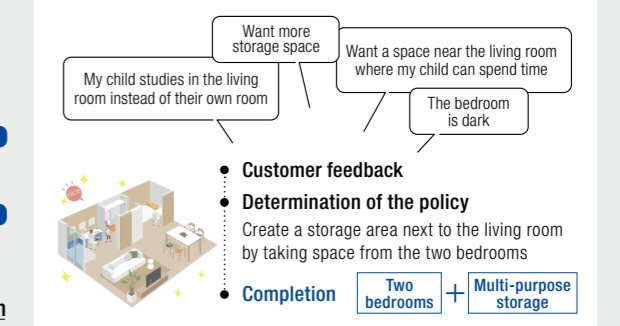
Luxmore's development reflects the expressed needs of customers

Issues are identified from the feedback of customers, which is carefully collected and updated in detail in order to realize more comfortable living.



PROUD has been ranked No. 1 in condominium brand evaluation for the 15th consecutive year

Case: Realizing an environment that can respond to different lifestyle needs



Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

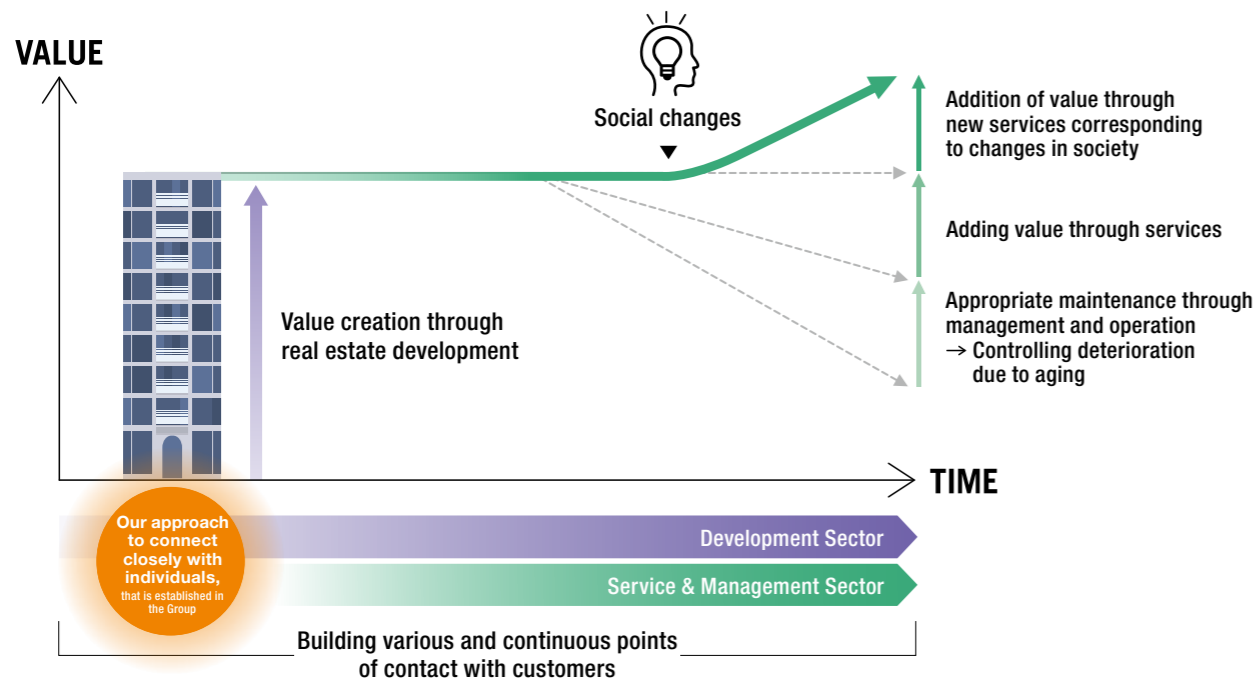
3. Continuous Value Creation through Providing Real Estate-related Services

As real estate provides the basis of people's lives and of corporate activities, appropriate maintenance and repair are essential to ensuring safe, secure, and comfortable use over the long term. Moreover, over the course of the long-term use of a particular property, relocation or renovation due to changes in life stage, office relocation due to changes in the business environment, reallocation of production facilities, or similar such changes may become necessary.

Rather than limiting itself to property development, the

Group continues to provide a broad range of real estate-related services to promote the comfortable use of properties after customers start to occupy them.

Under our business model of creating new value by connecting closely with our customers, we aim to develop and provide unique real estate-related services based on the prompt detection of changes in customers' lives, behavior, and preferences and on the predictions, we make about the future.



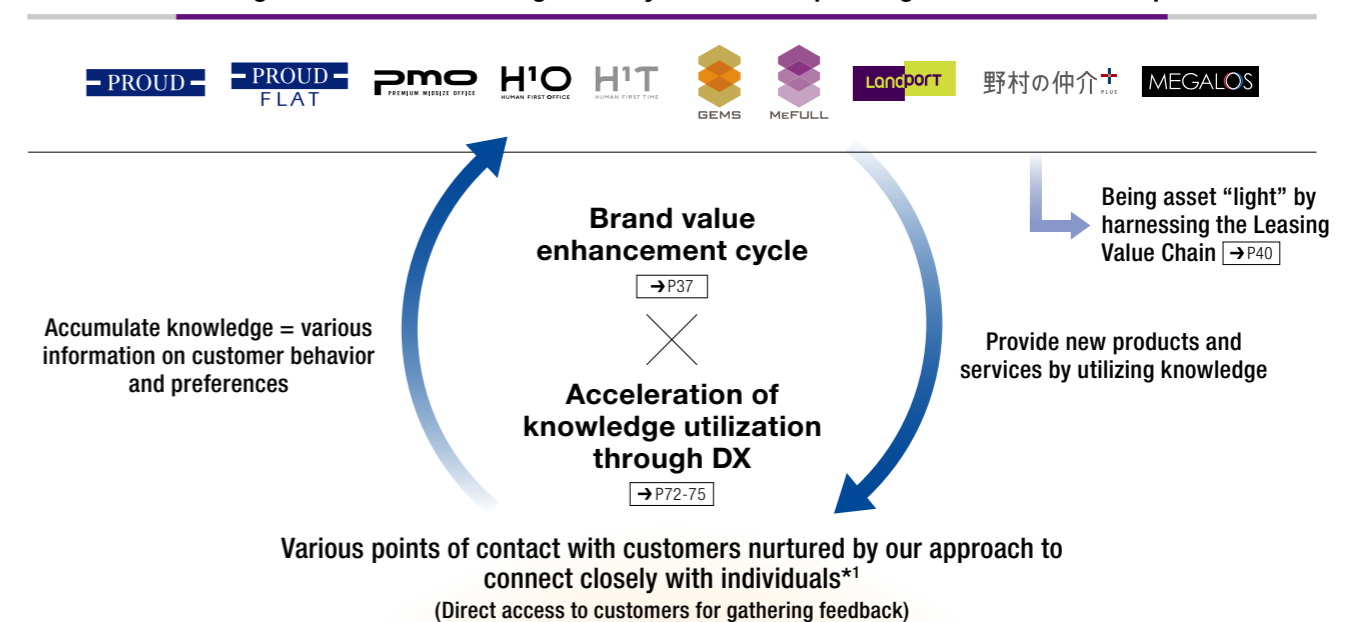
4. Accumulation and Utilization of Knowledge Leading to New Value Creation

Knowledge that is useful for business purposes, such as information on people's lives and behavior, is readily accumulated in real estate. In a society where people live and work in increasingly diverse ways, collecting and accumulating information, such as on customer behavior and changing preferences, in the form of knowledge and applying it to the provision of new products and services can provide a significant strength.

While aiming for high asset and capital efficiency without

depending on asset ownership ("asset light"), the Group has been striving to accumulate knowledge that will lead to new value creation, and to utilize such knowledge through DX and other technologies by leveraging its vast high-quality business stock acquired through various points of contact with customers ("knowledge heavy"). The Group's unique Leasing Value Chain designed to achieve mutual growth with the Group REITs and funds has greatly contributed to the achievement of an asset "light" and knowledge "heavy" strategy.

Making each brand knowledge "heavy" without depending on asset ownership



Real estate-related services of each Business Unit

Development Sector	Residential Development Business Unit
	<ul style="list-style-type: none"> Services aimed at providing assistance to customers concerning their homes arrangements in housing business Management of health-promoting senior rental housing in response to super-aging society Internet advertising service dedicated to real estate
Development Sector	Commercial Real Estate Business Unit
	<ul style="list-style-type: none"> Leasing of assets held by the Group that meets the diversified needs of tenants Management of high-quality retail facilities, hotels, serviced offices, etc. Fitness services that contribute to healthy lifestyles
Development Sector	Overseas Business Unit
	<ul style="list-style-type: none"> Management of office buildings in Beijing, China and Ho Chi Minh City, Vietnam through local operating companies
Service & Management Sector	Investment Management Business Unit
	<ul style="list-style-type: none"> Enhancement of product lineup responding to various needs of investors Initiatives to achieve further increases in value, such as obtaining environmental certifications
Service & Management Sector	Property Brokerage & CRE Business Unit
	<ul style="list-style-type: none"> A real estate brokerage service that contributes to community activation by encouraging relocation Comprehensive brokerage and CRE services for companies that meet corporate real estate needs
Service & Management Sector	Property & Facility Management Business Unit
	<ul style="list-style-type: none"> High-quality property and facility management service for maintaining asset value over the long term Renovation and large-scale repair work that helps increase property value

Examples of the Group's unique real estate-related services

re:Premium
日本のマンションの未来を変えていく。
アトラクティブ30
Achieved extension of cycle of large-scale condominium repair works

H1O H1T
HUMAN FIRST OFFICE HUMAN FIRST TIME
Provides various workplaces and services based on the HUMAN FIRST business concept

ネットで住みかえ **nomu.com**
Provides variety of real estate transaction information for individuals, investment, business, etc.



*1 Data are as of March 31, 2022, except the number of nomu.com members, which is as of January 31, 2022.
*2 The number of tenants is the total of tenants in the properties held by the Group and properties managed under property management contracts.

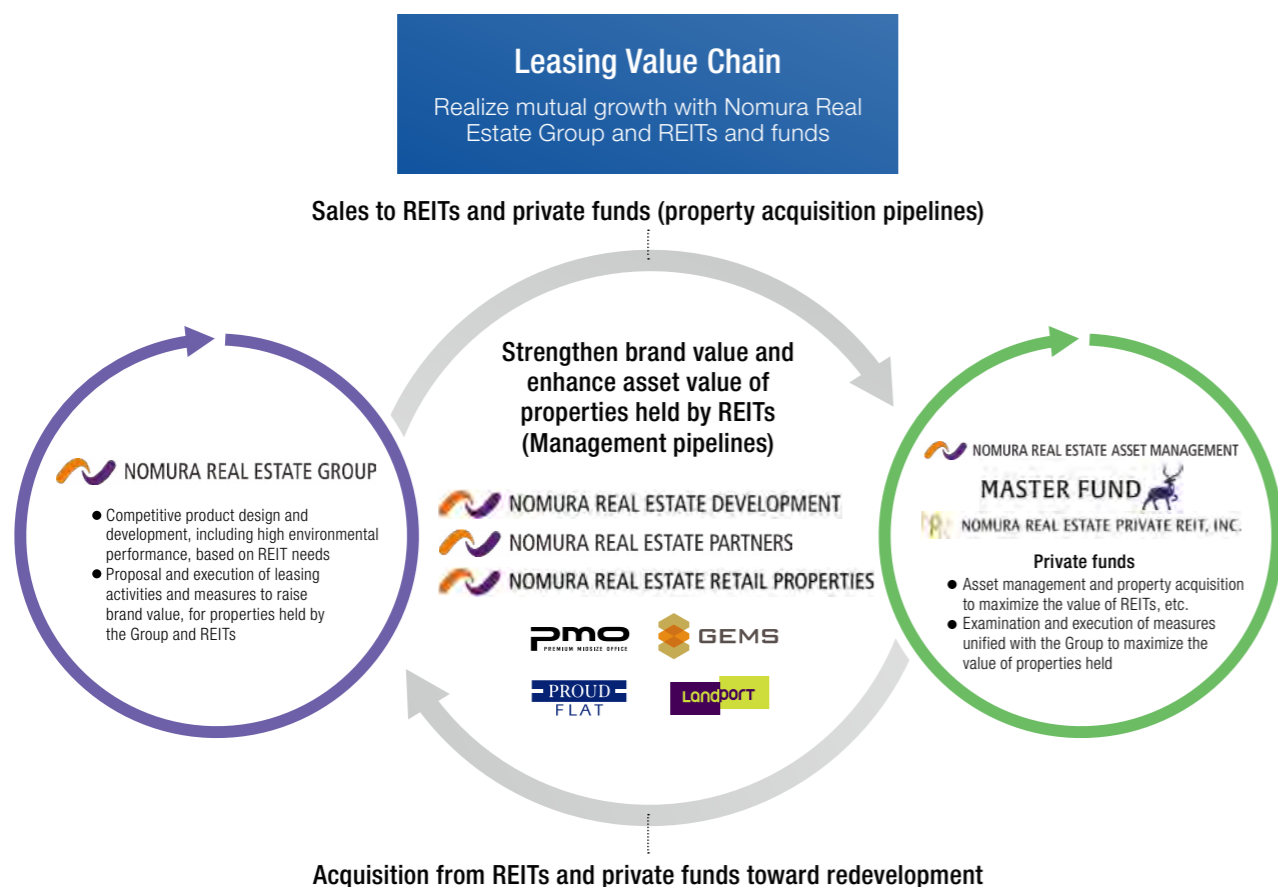
Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

Leasing Value Chain established with the Group REITs and funds

The Leasing Value Chain consisting of the Group and the Group REITs and funds such as Nomura Real Estate Master Fund enables the implementation of brand strategies for leasing properties, for which integrated branding is generally considered more difficult than for other property types such as condominiums. It is a unique strength of the Group that supports the development of diverse assets and leads to the accumulation and utilization of knowledge.

Selling the distinctive properties developed by the

Group to the REITs and funds through the “property acquisition pipeline,” and we continue to provide services through the “management pipeline,” thereby maintaining brand value through services provided after the sale. This will enable us to realize development profits at an early stage and accelerate new development initiatives. At the same time, it will also lead to the stable acquisition of branded and high-quality leasing properties for the Group REITs, contributing to mutual growth.



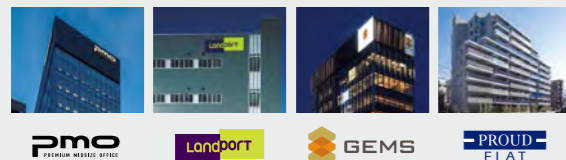
POINT 1

Growth in value linked to Group REITs

The system in which the Group and the Group REITs work together on property operations, such as brand strategy implementation for each asset, contributes to an increase in value for both.

The competitive business stock including properties held by the Group REITs is an important element of the Group's competitiveness.

Highly competitive branded assets



POINT 2

Mutual growth of the Group and the Group REITs

We have conducted a large number of transactions since signing the Leasing Value Chain agreement in 2015. The Leasing Value Chain functions as a superior counterpart in the Group's property sales and as a sponsor pipeline for the Group REIT's acquisition of competitive, high-quality properties featuring, for instance, high environmental performance, which contributes significantly to our mutual growth.

Sale to REITs and private funds

**79 properties for
¥396.8 billion**

Acquisition from REITs

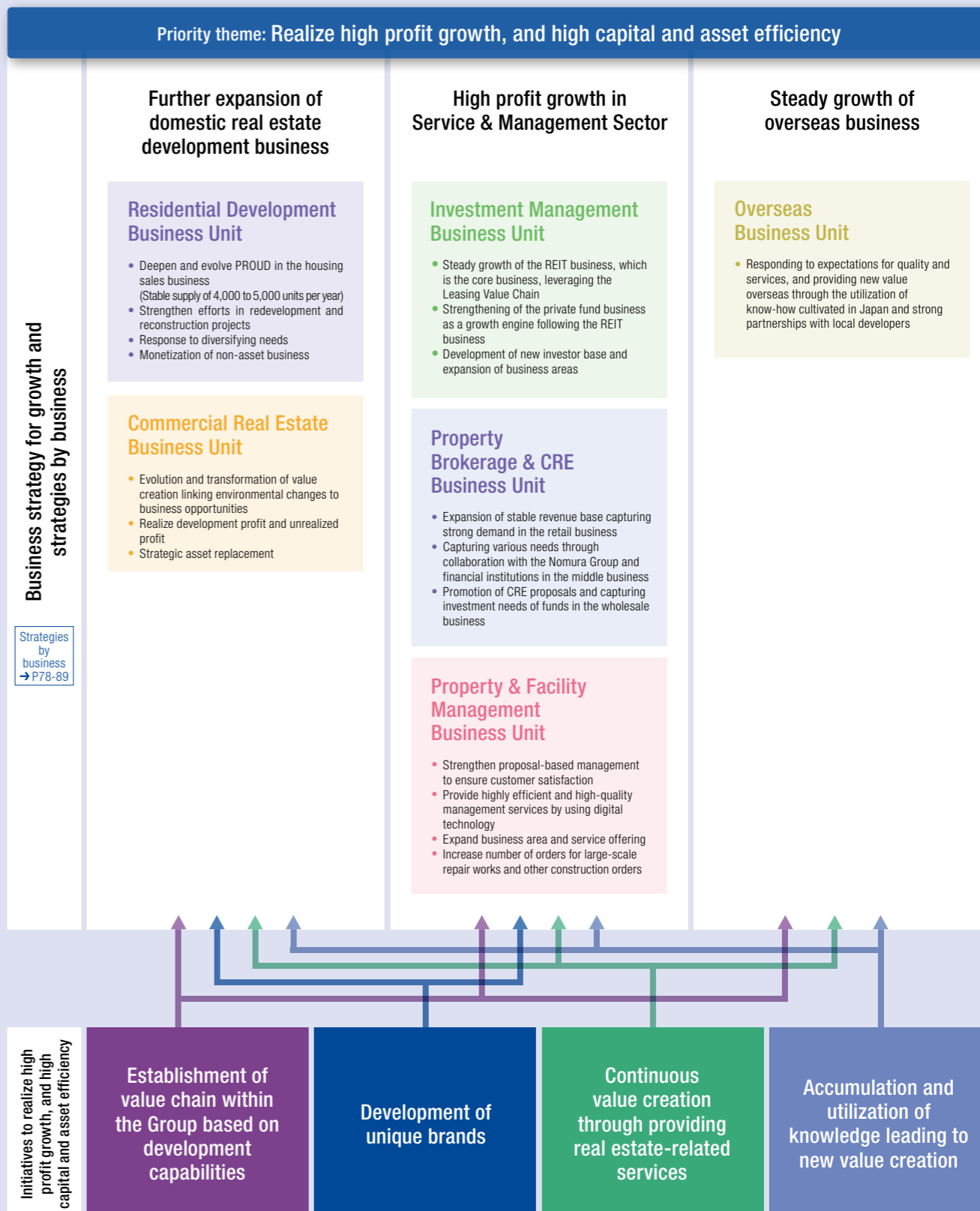
**7 properties for
¥51.1 billion**

* Acquisition and sale amount are as of March 31, 2022.

Relationship between the Mid- to Long-term Business Plan and initiatives to realize high profit growth, and high capital and asset efficiency

Our unique initiatives, which form part of the Group's strengths, and the structure that enables such initiatives are closely linked with the priority theme of the Mid- to Long-term Business Plan and our business strategy for growth.

Mid- to Long-term Business Plan → P56-61



Strong Business Assets That Support Value Creation and External Evaluation and Results

The Group has strong business assets, such as a stable financial base, that support value creation based on its approach to connect closely with individuals as well as its efforts to realize high profit growth and high asset and capital efficiency, large landholdings for future development, and a customer base with which it has extensive contact points. Our business assets result in positive stakeholder evaluation and the generation of financial and non-financial value through our unique value creation, which is then channeled back to reinforce our business assets.

High evaluation from stakeholders

External evaluation

ESG evaluation: Selected as a constituent of all five ESG indices adopted by GPIF

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Good Design Award
Received for
20th consecutive year



Condominium brand
No. 1 for 15th
consecutive year*2



Rate of receiving environmental certification
in the properties developed for sale
(Commercial Real Estate Business Unit): 100%*3

Credit ratings
JCR: A R&I: A-

GRESB rating for Group REITs
Green Star for sixth consecutive year



No. of users of a real estate
company website
No. 1 for
13th consecutive year**4
ネットで見みかえ ノムコム
nomu.com

Condominium
management rating
No. 1 for 13th
consecutive
year*5



Results

Financial data

Operating revenue:
¥645.0 billion

Business profit:
¥92.7 billion

ROA: 4.7%

ROE: 9.2%

Total return ratio:
44.3%

accumulated over the Group's history of more than 60 years*1

Non-financial data

Cumulative number of
housing units supplied

approx. 181,000 units



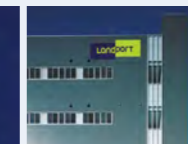
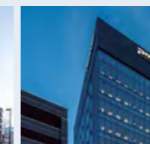
Cumulative
number of
properties
developed
for sale

Rental housing:
129 units

Offices:
77 units

Retail facilities:
38 units

Logistics facilities:
42 units



Progress for
decarbonization

Progress in reduction of
CO₂ emissions

Scope 1, 2: Reduced by
approx. 14%
(Compared to FY20/3)

Scope 3: Reduced by
approx. 39%
(Compared to FY20/3)

Strengthening and
diversifying human
resources

Female manager and
junior manager ratio:

11.6%

Cumulative number of
Leasing Value Chain transactions

Sales to REITs and private funds
79 properties ¥396.8 billion

Our approach
to connect
closely with
individuals,
that is established in
the Group

The Group's strengths
The Group's action guidelines that
form the foundation for conducting
business activities

Unique
initiatives

Initiatives to achieve high profit growth,
and high asset and capital efficiency

Business

assets

Financial capital

Shareholders' equity ratio:
30.3%

D/E ratio:
1.7 times

Manufactured capital

Land held for housing sales: approx. ¥1.4 trillion

Number of residential redevelopment projects undertaken: No. 1*6

Land held for properties for sale: approx. ¥840.0 billion

Net lettable area: approx. 790,000 m²

Total business expenses of
the Group's Overseas Business (our share):
approx. ¥554.0 billion

Assets under management:
approx. ¥1.9 trillion

Number of housing units under management:
approx. 186,000 units

Human capital

Number of
consolidated
employees: 7,548

Female
employee ratio: 32.4%

Number of in-house
first-class
licensed architects: 268

Intellectual capital, natural capital, etc.

Expertise in real estate development:
More than 60 years

Expertise in asset management:
More than 20 years

Award-winning product planning
and design capabilities

Customer base

Nomura Real Estate Group Customer Club members: approx. 147,000

Number of tenants: More than 2,000 companies*7

Number of H'T members: approx. 222,000

Number of MEGALOS members: approx. 110,000

Number of institutional investors: 235

Number of nomu.com members: approx. 255,000

*1 Data are for the fiscal year ended March 2022 or as of March 31, 2022, except for the number of nomu.com members, which is as of January 31, 2022.

*2 We counted the number of years in which PROUD ranked first in the highest number of evaluation categories in the Condominium Brand Survey conducted by Nikkei, Inc.

*3 Including those scheduled to be received *4 Survey by Nielsen NetView *5 "SumaiSurfin" Property Management Company Customer Satisfaction Survey ranking

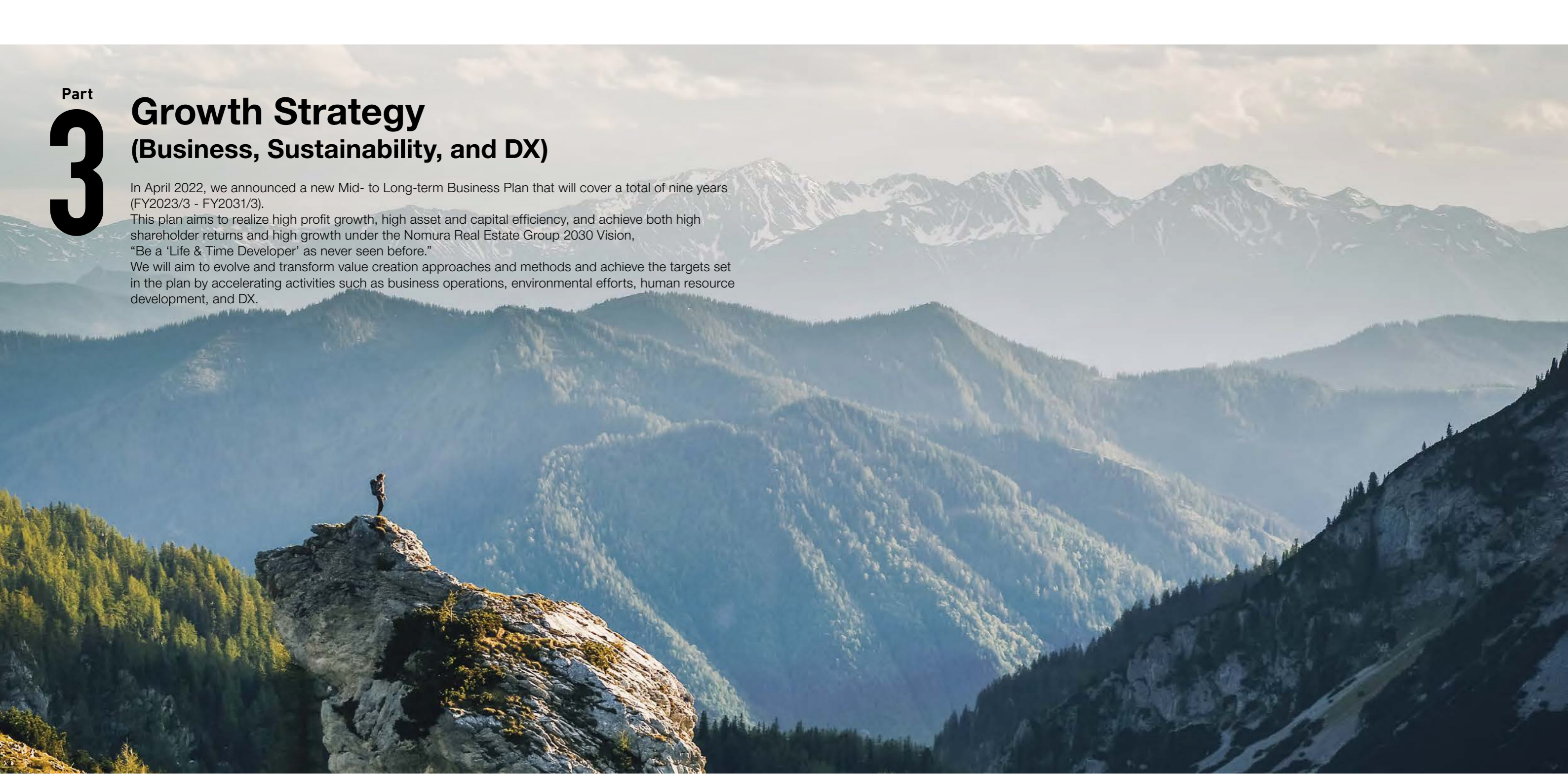
*6 Source: Based on in-house research *7 The number of tenants is the total number of tenants in the properties held by the Group and properties managed under property management contracts.

Part 3 Growth Strategy (Business, Sustainability, and DX)

In April 2022, we announced a new Mid- to Long-term Business Plan that will cover a total of nine years (FY2023/3 - FY2031/3).

This plan aims to realize high profit growth, high asset and capital efficiency, and achieve both high shareholder returns and high growth under the Nomura Real Estate Group 2030 Vision, “Be a ‘Life & Time Developer’ as never seen before.”

We will aim to evolve and transform value creation approaches and methods and achieve the targets set in the plan by accelerating activities such as business operations, environmental efforts, human resource development, and DX.



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Positioning of this part

In addition to the COO message and an interview with the CFO to outline the overview of the Mid- to Long-term Business Plan and key points for achievement, this section provides a detailed explanation of the concept of financial strategy and shareholder returns, efforts to address priority issues (materiality) by 2030, environmental and human resource activities, DX, and business-specific strategies.



COO Message



MESSAGE

Amid a changing environment, we aim to deliver high profit growth by consistently adhering to our approach to connect closely with individuals.

Executive Vice President and Representative Director
Group COO
President and Representative Director of Nomura Real Estate Development

Daisaku Matsuo

Review of the Fiscal Year Ended March 2022 and Previous Mid- to Long-term Business Plan

For the fiscal year ended March 2022, which was the final year in Phase I of the previous Mid- to Long-term Business Plan (from the fiscal year ended March 2020 to the fiscal year ended March 2022), we delivered a record business profit of ¥92.7 billion, significantly exceeding our target of ¥85.0 billion. ROE was 9.2%, above our target range of 8% to 9%.

Looking back on the Phase I period, the performance of the Residential Development Business Unit progressed strongly, recording the highest gross profit ratio in the housing sales business for the fiscal year ended March 2022, on the back of the diversification of needs stemming from lifestyle and workstyle changes caused by the COVID-19 pandemic. In the Commercial Real Estate Business Unit, sales of properties progressed as expected against the backdrop of a strong real estate transaction market and our leasing asset portfolio's replacement progressed steadily. In addition to the Resi-

dential Development and Commercial Real Estate Business Units, the Overseas Business Unit also made sound progress in capturing development opportunities as a basis for our future profit growth. Performance of the Service & Management Sector also progressed steadily. In the Investment Management Business Unit, our assets under management (AUM) increased, mainly for private REITs and private funds. In the Property Brokerage & CRE Business Unit, the brokerage transaction value increased, mainly for the retail business. In the Property & Facility Management Business Unit, the number of housing units under management increased.

In summary, it is my view that we managed to secure business opportunities for future growth during the past three years. We achieved a strong business performance by flexibly responding to business environment changes, while there was a temporary decline in earnings due to the spread of COVID-19.

Leveraging Changes in the Business Environment for Growth

When I look at the business environment, I perceive the accelerating pace of changes and the increasing importance of responding quickly to it. In fact, the COVID-19 pandemic dramatically transformed the need for housings and offices in a short period of time. In addition, in the wake of the Ukraine crisis, supply chains were badly disrupted, and the prices of energy and other goods soared. We were forced to respond to these changes as they occurred. While unpredictable changes could happen in the future, I think it is necessary for us to regard such changes not just as risks but as business opportunities for future growth.

Let me explain the business environment that we keep an eye on specifically. In the domestic housing market, a decline in the labor force is expected over the long term due to the declining birthrate and aging population. However, in the short term, new demand has been generated as a result of an increase in dual-income households and changes in housing preferences amid the COVID-19 pandemic. In the office market, the roles and significance of a core office have been questioned as new workstyles such as teleworking become more prevalent. I also think that demands for logistics facilities with high functionality will continue to increase in the future in line with the expansion of e-commerce.

Also, in major Asian cities where the Group conducts its housing sales business, needs for high-quality residences are expected to continue to grow. In particular, demands for township development featuring large-scale, diverse urban functions have been increasing significantly, and we see this as a change that will lead to new business opportunities.

Our Focus Points in the New Mid- to Long-term Business Plan

In April 2022, we formulated our new Mid- to Long-term Business Plan ("the new plan"), which covers the period

between the fiscal year ending March 2023 and the fiscal year ending March 2031. Under the new plan, we aim to achieve annual average business profit growth of 8% level, which exceeds the target under the previous plan. In addition, based on the belief that we will need to set a clear vision in order to realize sustainable and high profit growth in the rapidly changing business environment, we have established the Nomura Real Estate Group 2030 Vision, "Be a 'Life & Time Developer,' as never seen before."

The Group is characterized by its business model, which is to provide real estate development and related services based on the close collaboration of the Development Sector and the Service & Management Sector. In other words, what we provide and focus on is not just the value of properties as our "products" but also the "Life" and "Time" of our customers. Given the constantly changing environment, it is essential for us to evolve and transform our approaches and methods of value creation, as well as to continue to provide new value toward the future. That is a value that both we and our customers have never seen before. Our 2030 Vision represents such a commitment.

In order to realize profit growth under the new plan, it is necessary for each of us in the Group to focus on this commitment and strive to provide new value.

Key Strategies for Achieving a Profit Growth Rate of 8% level

In order to realize profit growth, we have established the following key strategies: "further expansion of domestic real estate development business," "steady growth of overseas business," and "high profit growth in service & management business."

Further expansion of domestic real estate development business (Residential Development Business Unit / Commercial Real Estate Business Unit)

In the Residential Development Business Unit, we aim to maintain high profitability in the domestic housing sales business with a plan to supply 4,000 to 5,000 housing units per year during the period of the new plan. As mentioned earlier, in the domestic housing market, long-term growth cannot be expected. While new demand has been generated with the diversification of needs accelerated by the COVID-19 pandemic, from the perspective of condominium suppliers, due to constraints such as heated competition over land acquisition arising from a shortage of land suitable for residential development and soaring construction costs, it has been difficult to secure business volume. As a result, the volume of supply in the overall market has been decreasing. Under such circumstances, we will aim to maintain the supply volume by expanding our product range and housing services and taking a multilayered approach to various measures aimed at securing land for development. In other words, we will strive to expand our market share in shrinking markets and enhance our value as a top brand by flexibly responding to environmental changes and maintaining the supply volume.

COO Message

In Commercial Real Estate Business Unit, which provides a broad range of products and services related to offices, commercial facilities, logistics facilities, hotels, and others, our core strategy has been to capture market changes, respond to the needs of each and every customer, and provide new value. By earning development profits through investment in various assets generated from such efforts and by realizing unrealized profits through our leasing asset portfolio strategy, we aim to deliver a gross profit from property sales of over ¥30.0 billion for Phase I (from the fiscal year ending March 2023 to the fiscal year ending March 2025) and at the ¥40.0 billion level after Phase II (from the fiscal year ending March 2026 to the fiscal year ending March 2028). In addition, making proposals for a flexible office portfolio in response to diversified workstyles will remain an important strategy. Due to the changes in workstyles in recent years, the needs for satellite and shared offices, where each employee can work comfortably in a variety of locations, have increased greatly. We will actively make office portfolio proposals by combining satellite-type shared offices (H¹T) and small serviced offices (H¹O), medium-sized high-grade offices (PMO), and large offices.

As a leading project for large-sized offices, the construction of the Shibaura Project started in October 2021. Located in the Hamamatsucho area, which is a National Strategic Special Zone, and equipped with 72,000 tsubo of office space, a 219-room luxury hotel making its debut in Japan, 5,500 tsubo of commercial facilities, and residences, this is one of the Group's largest development projects ever. In the past few years, we learned that we could work anywhere through teleworking and other methods. On the other hand, issues such as the delay in human resources development, the weakening of employee engagement, and the stagnation of innovation are emerging. As a real estate developer, the Group will redefine the significance of a core office with the aim of pursuing new urban development to provide attractive spaces for workers as well as opportunities for new value creation. Based on this, we will newly propose "TOKYO WORKation," a new way of working that encourages people to "enjoy a sense of openness and comfort in Tokyo" and to "reduce stress and enable well-being in daily life" by taking advantage of the most important features of this project: the convenience of the city center, the overwhelming sense of freedom derived from panoramic views of the sea and sky, and a rare waterfront location with abundant greenery beneath your feet.

The Residential Development and Commercial Real Estate Business Units have already completed most of the land acquisition needed to achieve profit targets for Phase I. Therefore, the probability of achieving business profit targets is extremely high, and the key point in the future is to secure land for development toward Phases II and III. For this reason, we will continue to invest in housing sales to meet diversified needs as well as in sales of various properties for sales. In addition, in order to secure land for development from a medium- to long-term perspective, we have been promoting initiatives through the Development Planning Division of Nomura Real Estate Development, which specializes in legal redevelopment and condominium rebuilding projects, areas in which the Group has strengths. We will also cultivate business opportunities in new fields, in addition to mixed-use developments in

public land with fixed-term land lease, concessions, MICE facilities, hotels, and residential properties, through the Business Creation Division, which was newly established at Nomura Real Estate Development in April 2022.

■ Steady growth of overseas business

The Group currently conducts its overseas business mainly in housing sales in Asian cities. By bringing together the Group's know-how accumulated in Japan and responding to the needs of customers in each country, we aim to increase the volume of our property sales business in addition to housing sales, thus increasing the share of overseas business as a proportion of the Group's overall business profit to 15% or more in Phase III.

When promoting our overseas business, we focus on increasing customer satisfaction, rather than simply providing funds. Thus, we provide added value in development by utilizing the know-how that the Group has cultivated in Japan in various phases of design, construction, and sales. Since entering the housing sales business in Southeast Asia in 2014, we have been striving to identify and build relationships of trust with local partners and have gradually engaged in projects where we can provide added value in the upstream phase.

In 2022, we established Federal Land NRE Global, a joint venture to conduct real estate development in the Philippines over the long term in partnership with Federal Land, which is the real estate division of GT Capital Group, a major business group. This is a symbolic example of how our trust-based relationship with a local business partner led to the acquisition of new business opportunities. With Federal Land, we have worked on Sunshine Fort, a mixed-use development project. The establishment of this joint venture testifies to the high rating given by the partner to the Group's know-how in design, sales, and construction management. Federal Land owns abundant land for development in the Philippines and we have determined to make investments exceeding ¥700.0 billion in total over the medium to long term through this joint venture.

As in the domestic real estate development business, and in overseas business, we have secured the business stock for the most part to achieve business profit targets for Phase I. Going forward, we will continue to strive for further growth in the housing sales business in Asia by demonstrating the Group's know-how. Also, we will expand the property sales business, such as offices, logistics facilities, and retail facilities, with the aim of contributing to profits from Phase II onwards. In addition to the U.K., we will also actively promote business development in developed countries such as the U.S.

■ High profit growth in the Service & Management Sector (Investment Management Business Unit / Property Brokerage & CRE Business Unit / Property & Facility Management Business Unit)

In the Service & Management Sector, we will continue to accumulate stable business stock through developing properties in each business of the Development Sector. In addition, we will grow profit by enhancing productivity through DX.

The Investment Management Business Unit will con-

tinue to achieve mutual growth for both the Group and the funds managed by Investment Management Business Unit through leveraging the Leasing Value Chain. In addition, Nomura Real Asset Investment, established jointly with Nomura Holdings, will engage in the real estate fund business including the commercialization of new asset classes and products by harnessing the Group's know-how in real estate investment management and the broad customer base of Nomura Holdings, thereby aiming for further profit growth.

In addition to retail and wholesale services, Property Brokerage & CRE Business Unit endeavors to expand our transaction value in the "middle" field, targeting small and midsize companies, business owners, some individual investors, and high net worth individuals. As the market for the middle business is expected to continue to grow in the future, we will aim to capture increasing needs on a steady basis.

In the Property & Facility Management Business Unit, we will strive to steadily increase our management stock through the entrustment of properties developed by the Group, while increasing the number of construction orders received based on our competitive construction proposal capacity, such as "re:Premium," a scheme to extend the cycle of large-scale repair works.

As mentioned earlier, the key to increase profit further in each of the Service & Management Sector's businesses is enhancing productivity through DX. For example, in Property Brokerage & CRE Business Unit, as for retail business, we have nomu.com, a real estate information website, which has the largest number of users in the real estate brokerage industry. In addition, we will provide new services using AI and expand our know-how to the middle market and wholesale businesses in the future. Meanwhile, in Property & Facility Management Business Unit, we are introducing management services using smartphones as well as the "Will TAP" app, which residents of Group-managed condominiums can use to lock doors and make reservations for shared facilities.

In addition to these examples, we believe that further promoting DX will support higher productivity and investing in generated human resources to provide more attractive services will contribute significantly to profitable growth in the Service & Management Sector.

Strength of Expertise Accumulated through a Number of Development Projects Based on Our Approach to Connect Closely with Individuals

I believe that what makes it possible to realize these strategies is our expertise accumulated through a number of development projects based on our approach to connect closely with individual customers, mainly in the B-to-C business.

The Group has grown primarily through its housing sales business. In this traditionally labor-intensive industry, the mainstream business model was one that pursued efficiency in product planning and sales. Against this background, the Group tried to differentiate itself in the 1990s by becoming the first real estate developer in the industry to introduce tailored services. The reason why we decided to commit to a method that our competitors

considered inefficient and had not adopted is because we placed a strong emphasis on understanding and responding to the needs of each and every customer. Since its establishment, the Group has engaged in its housing sales business based on an integrated development, sales, and management system. Our approach to connect closely with customers by communicating with them, listening to them, and identifying their needs has been passed down to now.

"Yukai-full" is an example case in our product development in recent years. The product uses double flooring, which has been considered difficult to install in condominiums, to provide each dwelling unit with a central air-conditioning system that keeps the entire living space, including hallways and toilets, at an appropriate temperature 24 hours a day, 365 days a year. Although the introduction of the product leads to an increase in construction costs, we have decided to introduce it to our PROUD condominiums in consideration of customer comfort. At present, the system is being introduced at multiple new projects. In addition, we believe that our DX initiatives, such as online customer services and virtual previews using VR technologies, which were introduced amid the COVID-19 pandemic, would not have been possible without our customer-centric perspective.

Our approach is also applied to not only for housing sales business, but also for office business. The Group offers a wide range of offices depending on the size of the space and the purpose of use, including H¹O (quality small office) and H¹T (satellite shared office) in addition to PMO (medium-sized high-grade office). What we aim to embody



COO Message

here is the concept of “HUMAN FIRST,” which means forming close connections with individual workers. Each office has been designed with the aim of maximizing the performance of each and every worker using the office, and our offices have been highly acclaimed by their users.

The unique quality of the Nomura Real Estate Group is established in the experience of steadily taking seemingly circuitous journeys by placing the utmost importance on the satisfaction of each and every customer. I am confident that this quality has served as a steadfast strength in each and every one of our businesses, including large-scale mixed-use development projects, overseas business, and businesses in the Service & Management Sector.

Promoting Sustainability Integrated with Our Businesses

I think that the promotion of sustainability is essential because the continuous growth of the Group and contribution to a sustainable society are inseparable. We would like to create a positive synergy between the Group’s efforts to realize a sustainable society through its business activities and our customers’ agreement with such efforts. For this reason, we identified the following five priority issues (materiality) for the Group in April 2022: “Diversity & inclusion,” “Human rights,” “Decarbonization,” “Biodiversity,” and “Circular design.”

Among these priority issues, “Diversity & inclusion” is a theme that cannot be separated from our business in terms of enhancing the value of our human capital. “Human rights” form the foundation of the Group, and an environment in which people with diverse backgrounds and values can demonstrate their abilities is essential. Toward realizing such an environment, we have set a target to increase the female manager and junior manager ratio from about 12% currently to 20%. In addition, along with the enhancement of various systems to support stage-of-life changes such as bearing and raising children, we have set a target to achieve children leave utilization rate by men and women of 100%. But achieving these targets is just the first step. We will actively promote the Group’s “Diversity & inclusion” initiatives by connecting the achievement of the targets to the development of an efficient work environment and a change of awareness among managers. As the value of “working” diversifies, we will continue to endeavor to develop various systems and environments from a variety of perspectives to become an employer that employees want to work for and remain with for a long time. In terms of “Human rights,” we will implement human rights due diligence and other measures toward ensuring respect for the human rights of not only the Group’s employees but all people involved in the Group’s businesses.

In response to “Climate change and natural environment,” we aim to achieve the Science Based Targets (SBT)*1 initiative goal of “CO₂ emissions reduce by 35% for each of Scope 1, 2, and 3 by the fiscal year ending March 2031 compared with the fiscal year ended March 31, 2020.” We are planning to achieve this target by enhancing the energy-saving performance of our condominiums and office buildings and installing solar power generation

equipment for the Landport logistics facility and PROUD SEASON detached housing in order to achieve RE100**2 by leveraging the Group’s product development capabilities.

Conclusion

In the new plan, we will aim to achieve high profit growth based on a clear vision. As I mentioned at the beginning, in order to realize this in a society with rapidly diversifying and complex values, the most important thing is to act swiftly while nimbly adapting to changes. To this end, I place importance on the “psychological capital” of each employee. “Psychological capital” refers to “positive thinking” and “energy,” and when these are sufficiently present in an organization, each individual’s “creative power” and “power to innovate” are stimulated, leading to the growth of the organization. Expanding this cycle throughout the entire Group is essential for future growth, and I believe it is my mission as Group COO.

Lastly, the Group will relocate its headquarters to S tower of the Shibaura Project in 2025. This relocation is aimed at cultivating an organizational culture marked by a spirit of challenge across the Group in order to achieve the high growth target under the new plan. By redefining the significance of a core office and realizing a well-being work style and consolidating the functions of the Group headquarters at the Shibaura Project, which will be a place for new value creation, we will maximize synergies and take on challenges and explore new businesses to promote induction and creation of innovation.

The Group will continue to grow in the future by adhering to its approach to connect closely with individual customers, and thus responding to the expectations of customers and the demands of the times.

I sincerely appreciate our stakeholders for their ongoing support.

Executive Vice President and
Representative Director
Group COO

松尾天作

CFO Interview



INTERVIEW

Establishing a high growth, high efficiency*, high shareholder returns business model to “Be a ‘Life & Time Developer’ as never seen before” from a financial standpoint

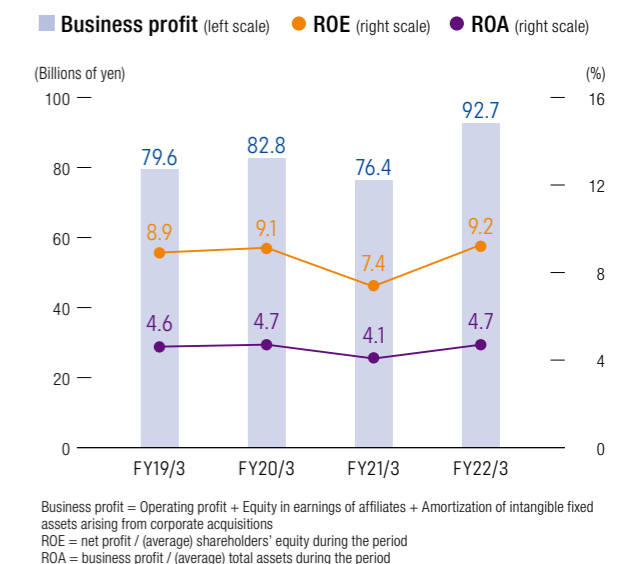
Director, Group CFO

Hiroshi Kurokawa

Please tell us your evaluation of Phase I (FY20/3-FY22/3) of the previous Mid- to Long-term Business Plan.

In the fiscal year ended March 2022, we were able to successfully achieve all four of the financial targets set for Phase I of the previous Mid- to Long-Term Business Plan (“the previous plan”) (business profit of ¥85.0 billion, ROE of around 8–9%, ROA of around 4–5%, and total return ratio of around 40–50%).

We were able to improve significantly from our performance in the fiscal year ended March 2021, during which we suffered the effects of the COVID-19 pandemic, to achieve record high business profit of ¥92.7 billion, ROE of 9.2%, and ROA of 4.7%. In terms of shareholder returns, we maintained a dividend increase for a 10th consecutive year, with a dividend payout ratio of 31.7% and total return ratio of 44.3%, with the acquisition of treasury shares also contributing to this ratio. In this way, I believe that we have firmly demonstrated the management policy that we have continued to convey thus far, emphasizing high asset and capital efficiency (“high efficiency”) and high shareholder returns, to our investors.



*1. Science Based Targets: An international initiative for companies to set greenhouse gas emission reduction targets in line with the standards required by the Paris Agreement
*2. RE100: An international initiative that aims to procure 100% renewable energy for the electricity used in business activities

* High efficiency represents high asset and capital efficiency.

CFO Interview

Q Please tell us the reason why the Company adopts its management policy of high efficiency, high shareholder returns and high growth.

The reason is that those three elements are fundamental for real estate companies to evaluate corporate value.

I believe that the corporate value (largely equivalent to share price) of real estate companies, as with companies in other industries, is evaluated from these key viewpoints: achieving ROE that exceeds the cost of shareholders' equity, improving EPS, and high shareholder returns.

In the real estate industry in particular, there are vehicles called real estate investment trusts (REITs) which have a relatively low costs of shareholders' equity because their main business is leasing and they have tax advantages.

Therefore, as for real estate developers, in order to generate profits that exceed the relatively high cost of shareholders' equity compared to REITs and improve corporate value, we believe that it is necessary to aspire to high efficiency management focused primarily on earnings from the process of creating value through real estate development, realizing that value through sales, and linking that to reinvestment to grow. We recognize our cost of shareholders' equity is around 7-8%, and think that achieving an ROE of 10% or more, which exceeds that cost, will lead to an increase in corporate value.

It is also important for us to properly return the benefits of our business performance to our investors. We believe that improving EPS through reinvestment for future growth while at the same time providing high shareholder returns, based on a high ROE, will lead to maximizing our corporate value and an improvement in total shareholder return (TSR).

Q Please tell us about the key points of the new Mid- to Long-term Business Plan announced in April 2022.

The key points are annual average profit growth at the 8% level as well as high efficiency and high shareholder returns.

Achieving both high efficiency and high shareholder returns is fundamental for the Group, and we believe that we have gained a certain level of recognition from external stakeholders outside. At the same time, although our share price has improved somewhat from previous levels, it remains less than NAV per share and book value per share (as of the end of August 2022). As CFO, I have a strong awareness of the issues that need to be addressed for us to increase our corporate value. Over the past year I have also had many dialogues with investors, and what I felt keenly was the need for profit growth.

Investors may evaluate corporate value from a range of perspectives, but I think it is more appropriate to evaluate real estate developers, whose characteristics differ from those of REITs, based on the profits they generate through real estate development (largely equivalent to EPS) rather than a valuation of the assets they hold. Our thinking was

that if investors would consider the stock price from the viewpoint of PER, we would be able to achieve an increase in share price by realizing high profit growth.

Reflecting on our business performance, ROE was in the 9% range, exceeding the cost of shareholders' equity. In terms of profit growth, however, profit growth was around 5% over three years and under 4% over five years.

To overcome this low growth and achieve both high assets and capital efficiency and high shareholder returns, under the new Mid- to Long-term Business Plan ("the new plan"), we have set the target of annual average profit growth at the 8% level. We would therefore like investors to recognize us as a growth company and understand our new business model.

Q What kinds of strategies and initiatives are necessary to achieve profit growth at the 8% level?

We will achieve it through our unique business portfolio strategy, which is a value creation chain model.

Our businesses are composed of three key business types with differing risk and return characteristics: Property Sales, Leasing, and Service & Management. I would now like to explain our business portfolio strategy, which describes how these business types are related and what roles they are given.

Firstly, our core competencies, which are our starting point, are our real estate development capabilities based on achievements. By maximizing these development capabilities, we are building a chain-based model in which we expand the volume of our business in the property sales business and leasing business in Japan and overseas along with the increase of our business stock (number of properties under management and balance of assets under management, etc.), contributing significantly to the growth of the Service & Management Business. Continuing to reliably implement this business process is the basis of this strategy.

The next priority is improving the profit margin of our domestic business operations and expanding overseas business, which has high profits, in the property sales business. In the real estate development business, where a long period of time is required from fund investment to recover profitability that does not decrease the ROA of the entire portfolio is required for each individual business, even in the growth investment expansion phase.

Therefore, in formulating the new plan, we have made changes in this area. We have shifted to a style of management combining two indicators. In addition to operating profit ratio, which has been the investment standard for many years, we adopted internal rate of return (IRR) as another target.

By accumulating improvements in the profitability of each business, we have created a structure that will enable us to achieve the ROA we are aiming for, while also expanding the funds, to increase investments that will lead to profit growth for the business portfolio as a whole.

In our overseas business, we set the required rate of return at a higher rate than for our domestic business. The

significance of this is two-fold: raising our premium, since the risk of overseas business operations is high, and actively seeking to secure excess revenue.

By driving the growth of overseas business which we can expect to be highly profitable and improving the profitability of the domestic property sales business, we aim to improve the ROA of the property sales business as a whole.

Finally, there is the coupled growth of the Leasing Business and the Service & Management Business. One thing that these two businesses have in common is that they enable us to acquire stable cash flows; however, the Leasing Business has the characteristic of pushing down ROA, while it is possible to increase earnings by expanding assets held, and the Service & Management Business has the characteristic that it is difficult to rapidly increase earnings, while it is a non-asset business with high ROA. The idea is to sum the profits and assets of these two businesses with their different characteristics, aim for a ROA of 5% or more in both businesses combined, and seek to strengthen our stable earnings base. If the Service & Management Business grows, the Leasing Business will also grow, and overall ROA will be maintained.

In other words, it is a two-pronged strategy. We create a solid earnings base through the Leasing and Service & Management businesses, which generate stable cash flow. Concurrently, we achieve high turnover and high profitability in the Property Sales Business by leveraging our strengths to take appropriate risks. With this strategy, we intend to achieve both profit growth and high efficiency at the same time.

Q Please tell us about the Company's investment and recovery plans.

To grow sustainably, we will increase new investments and investments for digital transformation

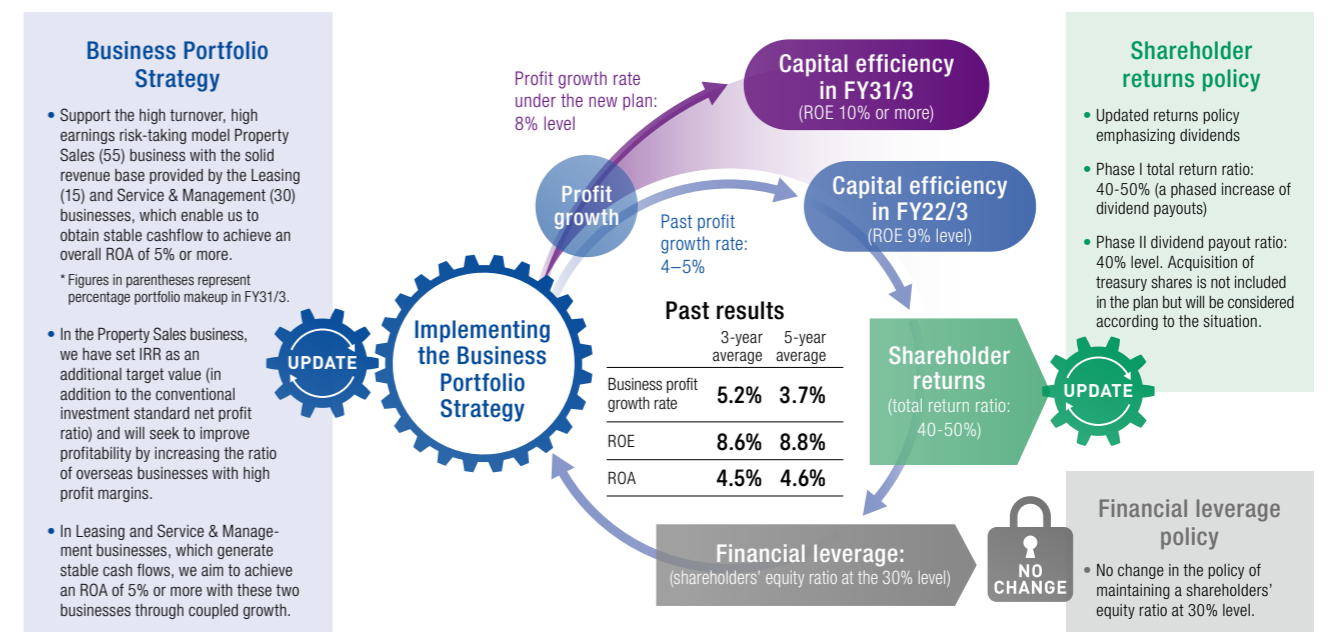
(DX) on net, while at the same time seeking to achieve both high ROA and high ROE.

Under the new plan, net investment is expected to reach ¥700.0 billion over a nine-year period. The framework of this plan is to achieve a high level of ROA and ROE while increasing new investment on net to enable continued growth even after the end of the plan. In domestic housing sales, we will secure our position as a market leader by investing and recovering at the same level, as well as accelerating investment in the property sales business in the Commercial Real Estate Business Unit and in overseas businesses, both of which are expected to display further growth in the future.

We will also continue to implement "the Leasing asset portfolio strategy" that we have been implementing since the previous plan. This is our solution to unrealized gains, about which investors have expressed concerns about the real estate developer industry, and shows clearly that we will convert unrealized gains on leasing assets we hold into realized gains. In fact, during the three years of Phase I of the previous plan, we materialized unrealized gains of over ¥36.0 billion. Going forward, we will continue to build a highly competitive and higher-quality leasing asset portfolio while realizing unrealized gains through appropriate interchange of leasing assets during the period of the new plan.

We will also be accelerating DX investments. Over the nine-year period of the new plan, we plan to invest ¥130.0 billion, including investments in the fields of DX and ICT. The purpose of these investments is to improve productivity and build new digital businesses, which we believe will contribute greatly to the Company's future profit growth.

► Points for achieving profit growth (annual average profit growth rate of 8%)



CFO Interview

Q Please tell us the background to setting the appropriate level for shareholders' equity ratio at 30%.

The purpose is to satisfy both preparedness for market fluctuations and investment capacity at the time of investment opportunities.

The real estate industry is a business that requires large amounts of investment per project and a lot of funds. Given the fact that the amount of borrowings will increase to a certain degree with the Company's profit growth, it is extremely important for us to maintain financial soundness.

We believe that the discipline of setting shareholders' equity ratio at a level of 30% will enable us to withstand cyclical market fluctuations, which are a particular feature of the real estate industry, from the viewpoint of financial soundness and enable bold decision making when a large investment opportunity presents itself.

Although we may potentially see a decline in the shareholders' equity ratio when upfront investment increases, we will continue to operate with a financial discipline in mind and steadily accumulate equity capital through profit growth.

Q What is your financing policy, amid the possibility for interest rates to increase going forward?

The three key points are dispersion of debt repayment (redemption) ladders, diversification of financing methods, and sustainable financing initiatives.

The first point is risk management through proper dispersion of debt repayment (redemption) ladders. The Company sets the ratio of long-term and fixed-rate debts at 90% or higher, and distribute annual repayment (redemption) amounts and deadlines. Through that, the Company manages the cost impact of rising interest rate.

The second is the diversification of financing methods. We appropriately manage risks and costs by issuing corporate bonds and increasing the number of funding sources. In the medium to long term, we hope to improve our credit rating and further enhance the stability of our financing by increasing our financial soundness.

In addition to these points, we will also focus on procuring funds through sustainable finance. In the last integrated report, we mentioned that we will raise approximately ¥200.0 billion through sustainable financing over the next five years. As of the end of June 2022, we have already succeeded in raising ¥71.0 billion. We believe that this kind of financing is significant both in terms of responding to the strong needs of lenders and investors and contributing to society by conducting our own sustainable business operations through financing.

Q The Company's shareholder returns policy has been updated. Can you explain the way of thinking behind this?

We consider it to be an optimal returns policy to contribute to the improvement of corporate value and TSR in the medium to long term.

Our basic policy is to properly return the fruits of our business activities to our shareholders. To do so, it is important to appropriately allocate profits generated by high ROE.

If, hypothetically, we can achieve an ROE that exceeds the expectations of our investors, reinvesting the full amount of profit would lead to the fastest growth of EPS, and theoretically this would be the correct way to increase corporate value. But there is also the practical point of whether such investment opportunities exist to such an extent in the actual real estate market. The profit growth and returns policy presented by the Company this time represents our pursuit of an optimal balance between business investment opportunities leading to further growth and returns to shareholders. If we are less able to secure business opportunities than anticipated and therefore cannot expect to see profit growth, we may have the option of increasing returns.

This idea is shown here in the figure. To continue improving our TSR, which must be valued by investors, in the long term, we must be aware of both increases in EPS, which contributes to stock price performance, and increases in cash dividends, which contribute to dividend yield. We believe that emphasizing the balance between investments (i.e., profit growth) and shareholder returns, while at the same time assessing the business environment, will lead to an improvement in both corporate value and TSR.

The new plan also sets forth policies placing more emphasis on shareholder returns in the form of cash dividends. In terms of specific guidelines, the total return ratio for Phase I (including the acquisition of treasury shares) is set at 40-50%, and the dividend payout ratio for

Phases II and III is set at the 40% level.

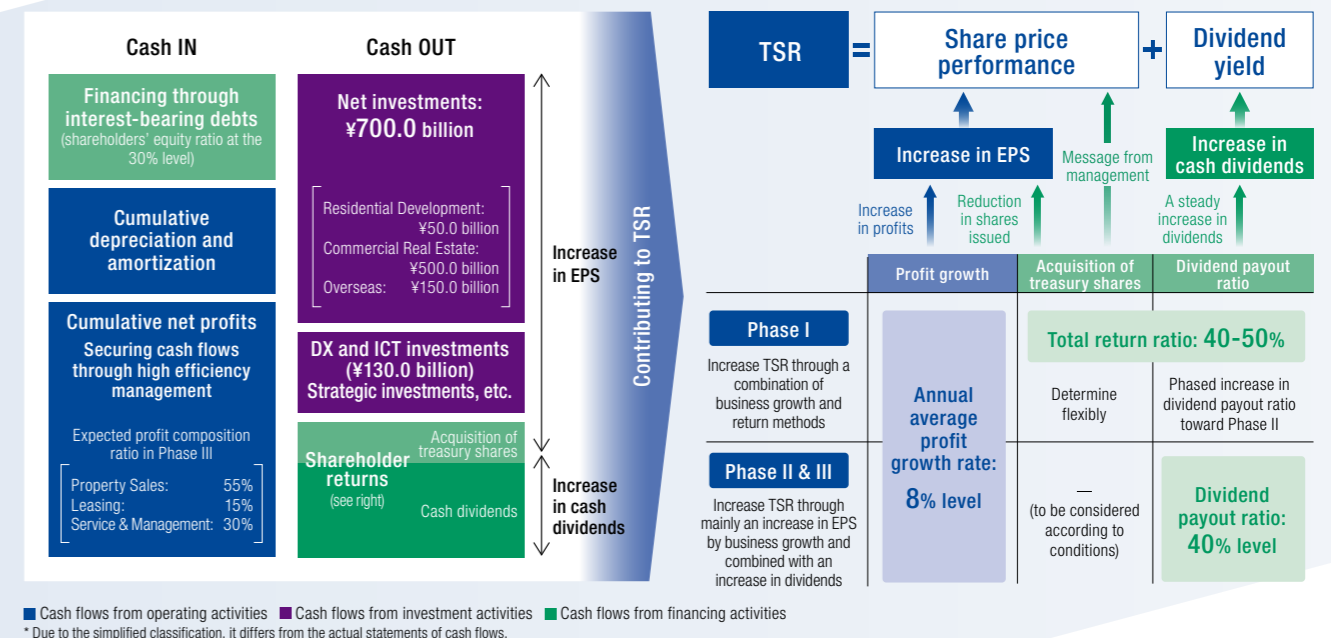
We consider Phase I to be the phase in which we will steadily achieve our target of business profit of ¥115.0 billion and ensure 8% profit growth. Since the current share price level is still not satisfactory, we have set the total return ratio for Phase I at 40-50% and will convey a strong message from management to the market through cash dividends and flexible acquisition of treasury shares. Toward Phase II, we will also gradually increase our dividend payout ratio from 31.7% (actual rate for the fiscal year ended March 2022) to 40%.

Regarding the improvement of TSR in Phases II and III and beyond, we aim to drive the improvement of EPS accompanying profit growth while supporting it with cash

dividends at a payout ratio of 40% level. To avoid any misunderstanding, I should say that we are not in any way denying the acquisition of treasury shares. The acquisition of treasury shares should be determined flexibly based on factors such as the company's share price at that time, investment opportunities, ROE, and financial position at the time. For example, if ROE is low, there are no investment opportunities and the share price is also low, then it is more rational to acquire treasury shares than reinvestment, and we will take a bold approach to do so. However, we have not factored in such assumptions at this point. When we enter Phase II, we will consider optimal capital allocation according to the share price level and business conditions at that time.

► Capital allocation (for the nine-year period of the Mid- to Long-term Business Plan)

- Achieve both growth investment and returns while enhancing our ability to generate cash flows, mainly through development profits.
- Aim to improve TSR by increasing EPS and cash dividends.



Q Lastly, please tell us about your role and resolve as CFO.

By establishing the Vision of "Be a 'Life & Time Developer,' as never seen before," we have made it clear what the Group should aim for as it heads toward 2030. We will transform in various fields, such as digitalization, sustainability, and overseas markets, which are not restricted by the conventional framework of the real estate industry. I, personally, am looking forward to the changes to gain the recognition of our stakeholders as a growth industry.

Under our system of management based on high efficiency and high shareholder returns, my role is to support the Group's sustainable, high-level growth from a financial standpoint. In addition to enhancing the quality and quantity of our earnings in each Business Unit, we will aim to create new value through organic connections between each business in our business portfolio strategy.

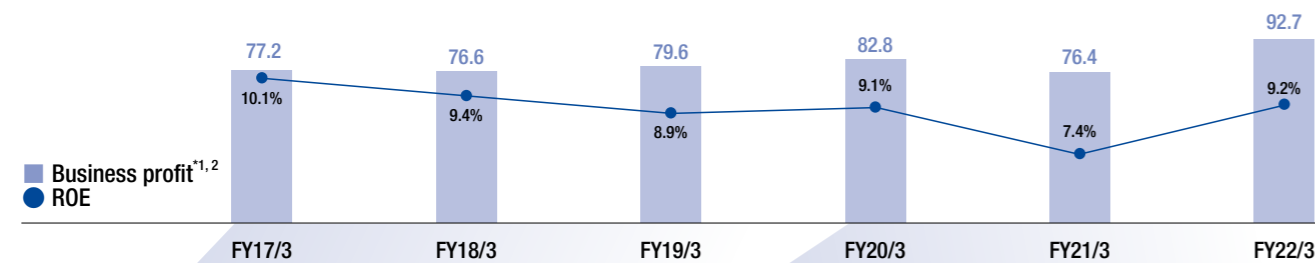
In preparation for the formulation of our returns policy

emphasizing dividends, as outlined in the new plan, at the time of the announcement of financial results for the third quarter of the fiscal year ended March 2022 (prior to the announcement of the plan), the Company decided to revise its earnings forecast upward. Moreover, the Company announced forecast of dividend increase at an unusual timing for our company and tried to see the reaction of the market. As a result, we received many positive opinions from the stock market and investors regarding our stance of emphasizing dividends, and it was at this time that I became confident that our capital policy is oriented in the same direction as the market. I believe that maintaining a constant dialogue with the market in this way is essential for increasing corporate value.

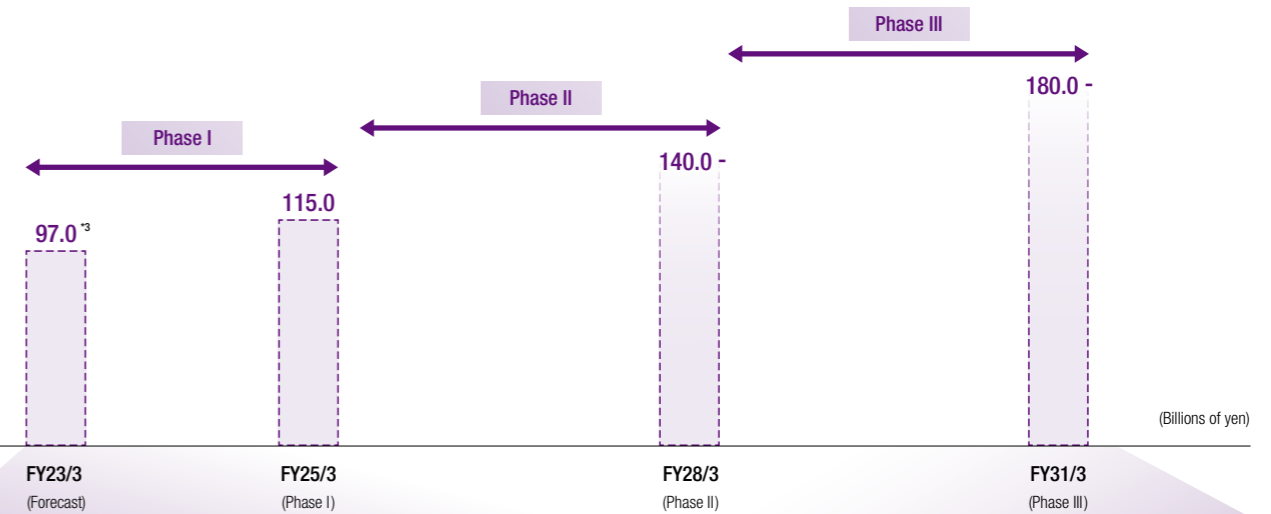
Going forward we will continue to communicate with our stakeholders, including shareholders and investors, more than ever, to further enhance our corporate value.

Overview of the Mid- to Long-term Business Plan (FY2023/3 – FY2031/3)

The Group formulates and executes long-term business plans by taking into account the characteristics of its real estate business, which has a long business period. At the same time, the Group flexibly reviews the plans in principle every three years to ensure highly effective management plans that reflect changes in the external environment.



*1. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*2. Figures before FY2018/3 are operating profit.
*3. Forecast as of July 28, 2022.



Mid- to Long-term Business Plan (FY2017/3 – FY2025/3) “Creating Value through Change”

Mid- to Long-term Business Plan (FY2020/3-FY2028/3) “New Value, Real Value”

Mid- to Long-term Business Plan (FY2023/3-FY2031/3)

Overview of the plan/Financial targets

- Steadily expand earnings in existing businesses
- Achieve sustainable earnings growth with high asset efficiency founded on a stable financial base
- Make active efforts to realize long-term growth

Phase I: FY17/3 – FY19/3

- Operating profit: **¥85.0 billion**

Mid-term policies

- ROA **5% or more**
- ROE **10% level**
- Shareholders' equity ratio **30% level**
- Dividend payout ratio (DPR): **Around 30%**

- Build an optimal business portfolio that combines businesses that have different risk/return characteristics
- Increase both investment and recovery and return to shareholders through highly efficient management that exceeds cost of equity
- Based on awareness of the external environment, four value creation initiatives clarify the value creation that the Group aims for

Four value creation initiatives

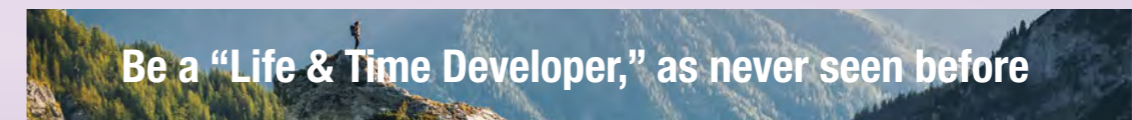
Realization of enriched lifestyles and workstyles	Multifunctional urban development toward exceptional convenience, comfort, and safety
Urban development and community building concerning the future of the global environment and local communities	Global expansion of high-quality products and services

Phase I: FY20/3 - FY22/3

- Business profit: **¥85.0 billion**
- Total return ratio: **Around 40-50%**
- ROA: **Around 4-5%**
- ROE: **Around 8-9%**

- Evolve and transform approaches and methods of value creation to realize the Nomura Real Estate Group 2030 Vision.
- Realize high profit growth, and high asset and capital efficiency. Achieve both high shareholder returns and high growth.
- Promote sustainability by viewing the Group's sustainable growth and contribution to a sustainable society as an integral part.

Nomura Real Estate Group 2030 Vision



Priority theme | Realize high profit growth and high asset and capital efficiency

Phase I: FY23/3 - FY25/3

- Business profit: **¥115.0 billion** (FY25/3)
- Total return ratio: **40-50%**
- ROA: **4.5% level**
- ROE: **9% level**

Phase II: FY26/3 - FY28/3

- Business profit: **¥140.0 billion or more** (FY28/3)
- Dividend payout ratio: **40% level**
- ROA: **5% level**
- ROE: **10% level**

Phase III: FY29/3 – FY31/3

- Business profit: **¥180.0 billion or more** (FY31/3)
- Dividend payout ratio: **40% level**
- ROA: **5% or more**
- ROE: **10% or more**

Review/Achievements

- Results**
- Enhanced shareholder returns through dialogue with capital markets (acquired treasury shares for the first time and continued dividend increase)
 - Steadily paved the way for future growth by promoting mixed-use development and expanding participation in overseas projects
- Issue**
- Due to the market fluctuations that exceeded the assumptions, of the residential development business, failed to achieve profit plans and ROE and ROA targets

Achievement status of financial targets

	Results for FY19/3	Mid- to Long-term Business Plan (Phase I)	Achievement status
Operating profit	¥79.1 billion	¥85.0 billion	✓
ROA	4.6%	5% or more	✓
ROE	8.9%	10% level	✓
Shareholders' equity ratio	29.9%	30% level	✓

- Results**
- Financial targets, such as business profit, ROA, ROE and total return ratio were all achieved.
 - Implementing initiatives to realize four priority themes.

Main initiatives

Achieving original product development, such as a condominium version of the building-wide air conditioning system "Yukai-full," etc.	床狭full 空気清浄機	KAIZEN Project (improvement project) to accelerate high-quality manufacturing in overseas business	
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Issue

Average business profit growth rate for Phase I was low at 5.2%

Achievement status of financial KPIs

	Results for FY22/3	Mid- to Long-term Business Plan (Phase I)	Achievement status
Business profit	¥92.7 billion	¥85.0 billion	✓
Total return ratio	44.3%	around 40-50%	✓
ROA	4.7%	around 4-5%	✓
ROE	9.2%	around 8-9%	✓

Evolution and transformation of value creation approaches and methods

Profit/Financial targets → P58-59	Business strategy for growth • Further expansion of domestic real estate development business • High profit growth of Service & Management Sector • Steady growth of overseas business	Financial strategy → P60-61						
Strategies by business → P78-89	<table border="0"> <tr> <td> Residential Development Business Unit</td> <td> Commercial Real Estate Business Unit</td> <td> Overseas Business Unit</td> </tr> <tr> <td> Investment Management Business Unit</td> <td> Property Brokerage & CRE Business Unit</td> <td> Overseas Business Unit</td> </tr> </table>	Residential Development Business Unit	Commercial Real Estate Business Unit	Overseas Business Unit	Investment Management Business Unit	Property Brokerage & CRE Business Unit	Overseas Business Unit	
Residential Development Business Unit	Commercial Real Estate Business Unit	Overseas Business Unit						
Investment Management Business Unit	Property Brokerage & CRE Business Unit	Overseas Business Unit						
Sustainable strategy → P62-69	Human resources strategy → P70-71	DX strategy → P72-75						

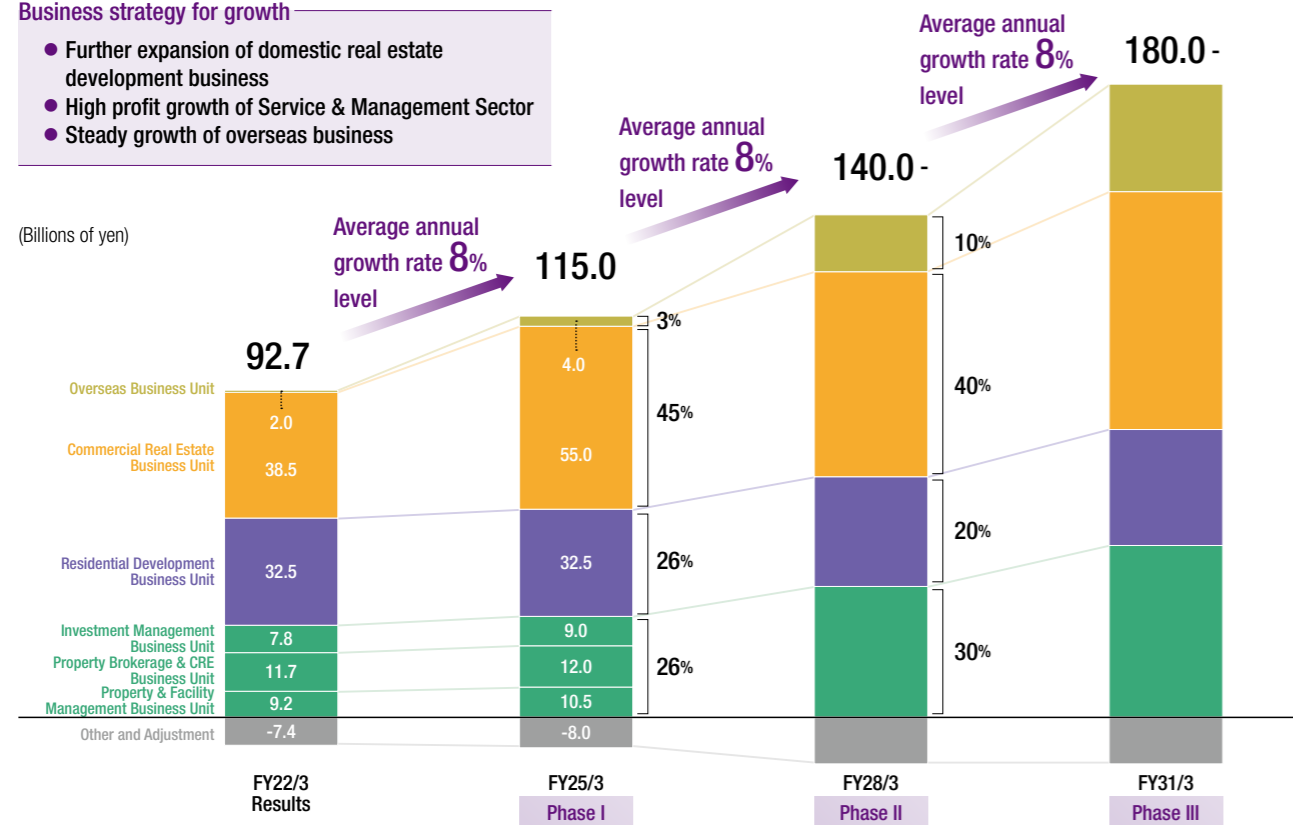
Overview of the Mid- to Long-term Business Plan (FY2023/3 – FY2031/3)

Profit Targets (Business Profit)

Realize an average annual business profit growth rate of 8% level. Business profit is expected to grow approximately double the current level during the period of the plan.

Business strategy for growth

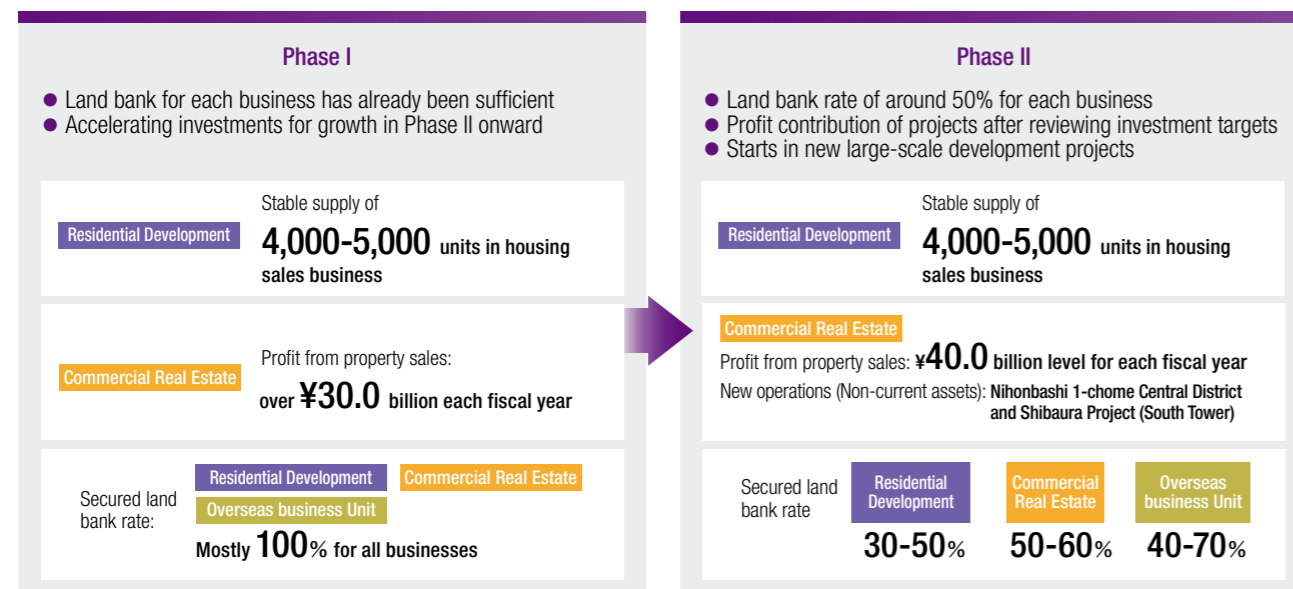
- Further expansion of domestic real estate development business
- High profit growth of Service & Management Sector
- Steady growth of overseas business



*1. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*2. Calculate the profit ratio of each division after excluding other and adjustment amounts from the business profit forecast.

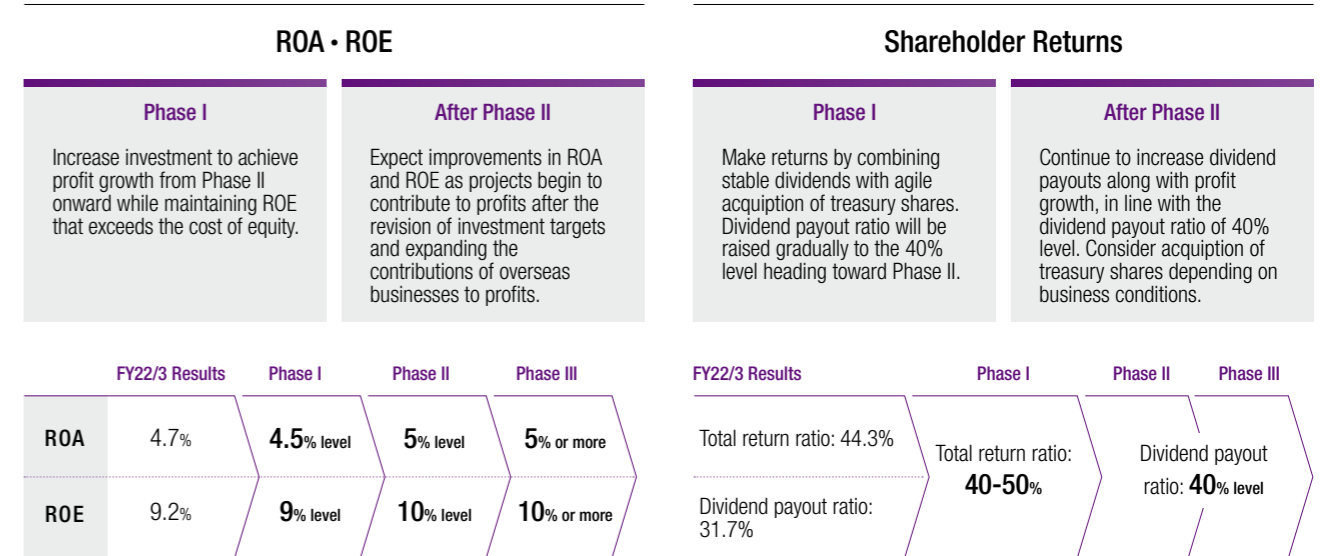
Profit Growth Roadmap (Development Sector)

The land bank rate for Phase I is generally at mostly 100% (as of the end of FY22/3). We aim to generate profits from Phase II onward.



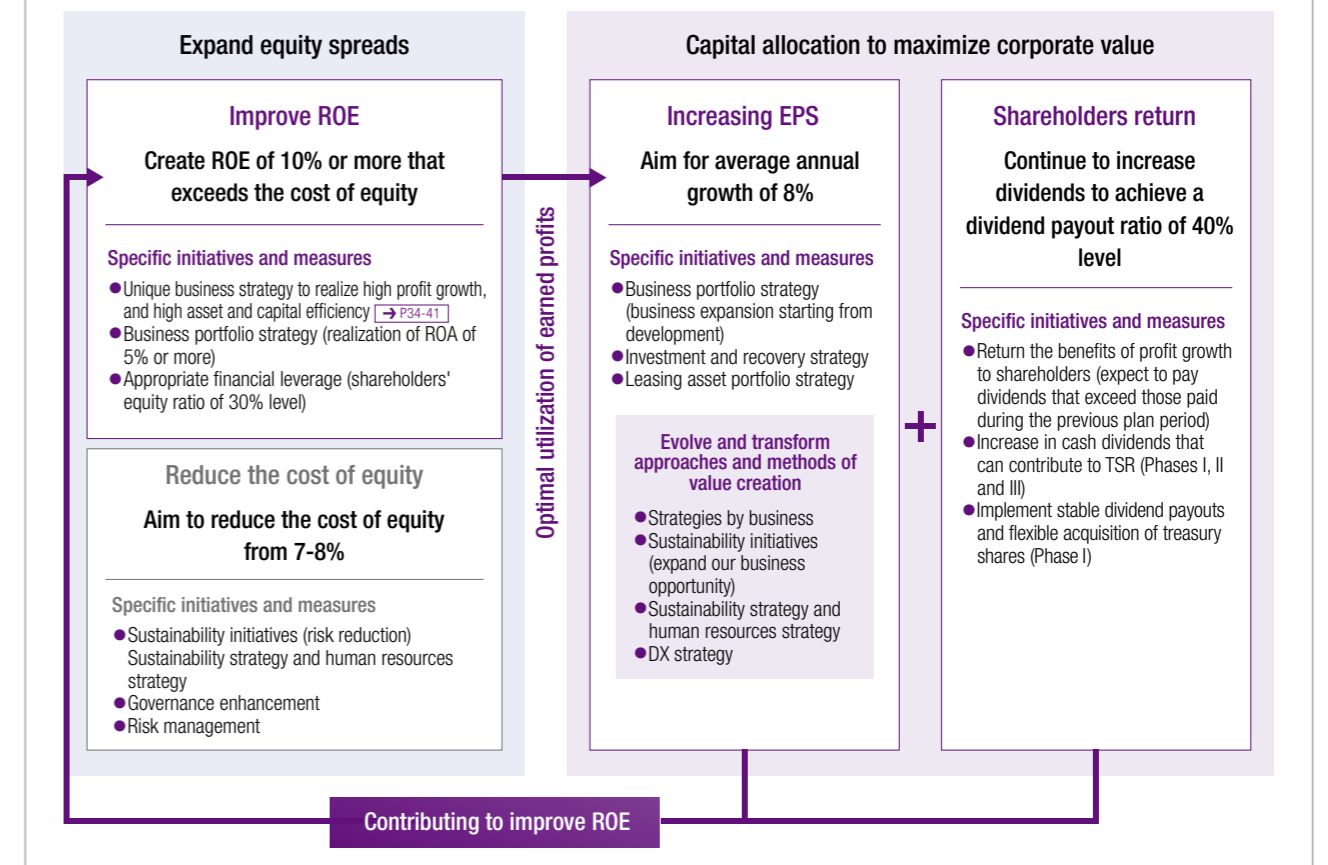
Financial Targets

Achieve high asset and capital efficiency with high shareholder returns.



Approach to improving corporate value under the plan

Optimal utilization of profits generated from high ROE that generates equity spreads
Maximize corporate value by both EPS increase through annual profit growth of 8% level and high shareholder returns



Overview of the Mid- to Long-term Business Plan (FY2023/3 – FY2031/3)

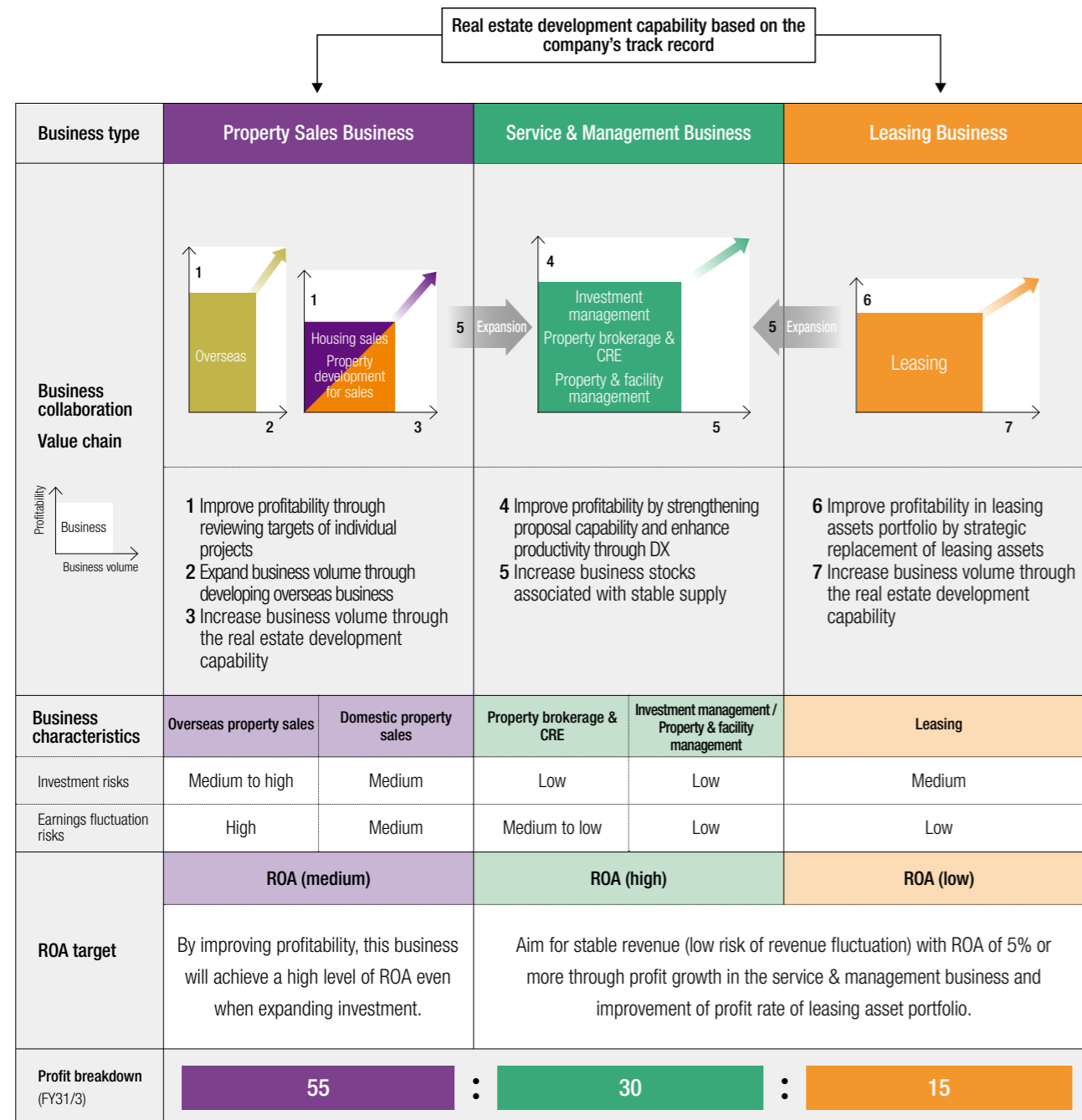
Financial Strategy

Business portfolio strategy

Leverage the characteristics of each business to achieve a business portfolio that combines profit growth as well as high asset and capital efficiency.

Key points of Business portfolio strategy

- Business expansion through collaboration and value chain-type businesses stemming from real estate development capability based on the company's track record — a core component of value creation
- Expansion of the Property Sales and Leasing businesses contributing to the growth of the Service & Management business
- Achieve ROA of 5% or more through the combination of Leasing business (low ROA) and Service & Management business (high ROA) which both generate stable cash flows
- Accelerate profit growth by reviewing earnings targets for individual projects, improving productivity through DX and strategic replacement of property assets



Investment and Recovery Strategy (Residential Development/Commercial Real Estate/Overseas)

Aim for high and sustainable profit growth, expand net investment while maintaining and improving ROA and ROE.

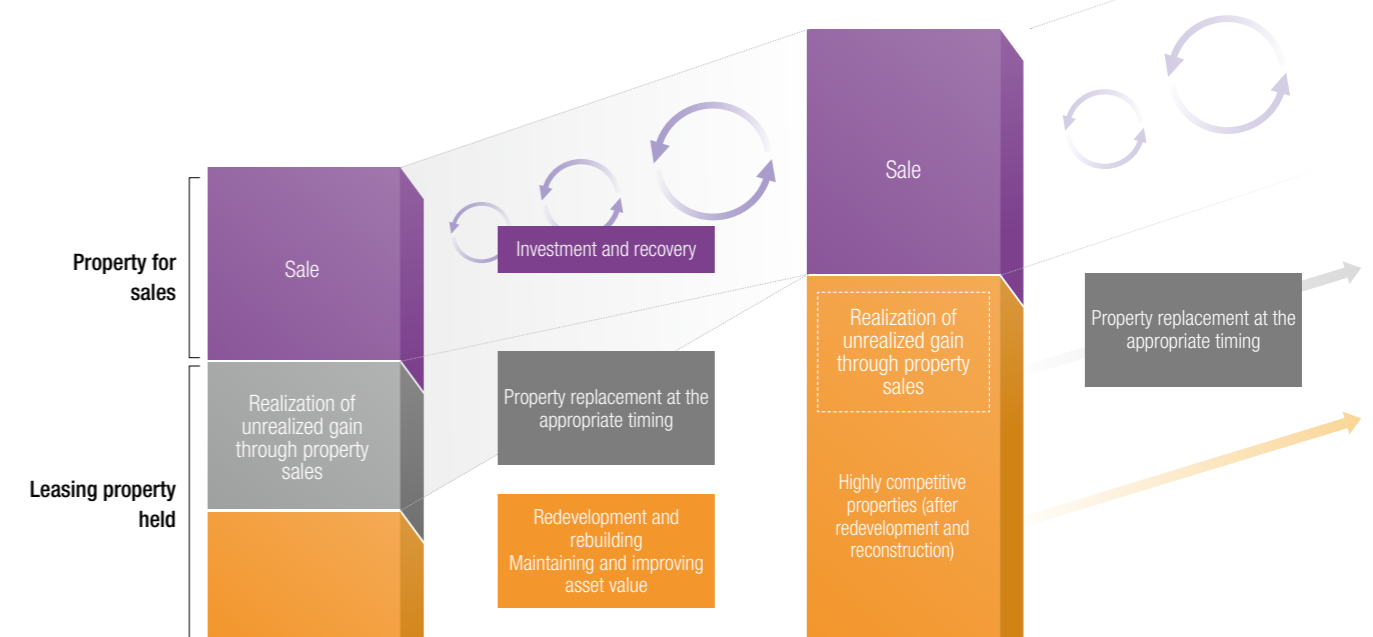
(Billions of yen)

	Phase I (FY23/3 – FY25/3)	Phase II (FY26/3 – FY28/3)	Phase III (FY29/3 – FY31/3)	Total
Residential Development				
Investment	850.0	850.0	900.0	2,600.0
Recovery	800.0	850.0	900.0	2,550.0
Commercial Real Estate				
Investment	700.0	800.0	1,000.0	2,500.0
Recovery	450.0	700.0	850.0	2,000.0
Overseas				
Investment	150.0	200.0	200.0	550.0
Recovery	50.0	150.0	200.0	400.0
Total				
Investment	1,700.0	1,850.0	2,100.0	5,650.0
Recovery	1,300.0	1,700.0	1,950.0	4,950.0
Net investment	400.0	150.0	150.0	700.0

* Figures in the table are rounded to the nearest of ¥50.0 billion




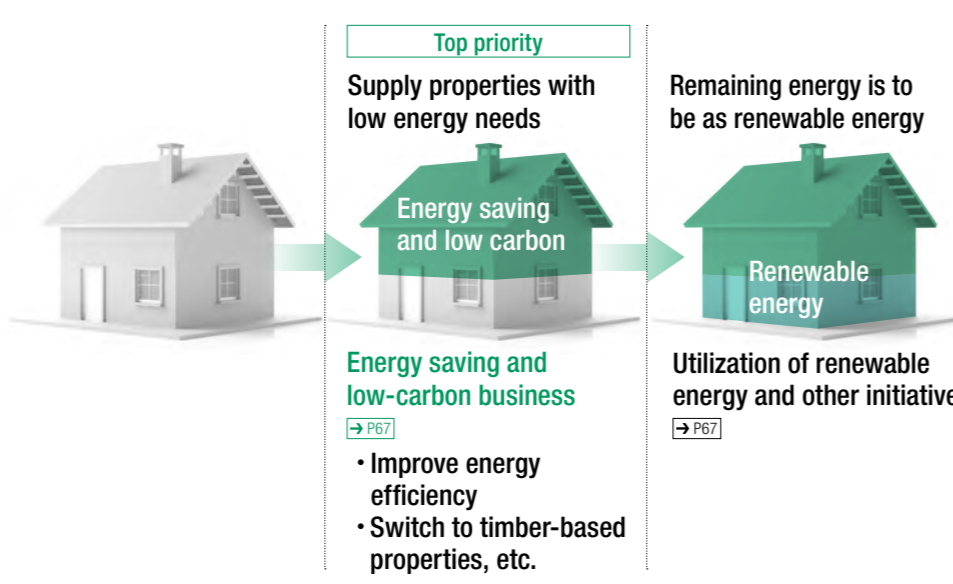



Leasing asset portfolio strategy (Commercial Real Estate Business Unit)

Realize unrealized gains, improve leasing asset portfolio by increasing the number of new development projects. Execute sales of a certain amount of newly developed properties, at the appropriate timing.



Sustainability Strategy (Climate Change and Natural Environment)

The Group recognizes climate change, natural resource depletion, and ecosystem destruction as important social issues. We are therefore contributing to realize a sustainable society through environmentally friendly buildings and urban development, including initiatives for an energy-efficient and low-carbon society. We also comply with environmental laws and regulations and promote appropriate environmental management, while stepping up our initiatives in collaboration with our stakeholders, including tenant companies and suppliers.

Priority issues (materiality)/ targets	Contribution to the urgent global issue of reducing CO ₂ emissions,		biodiversity preservation and realization of a circular society that contributes to CO ₂ reduction	
	 Decarbonization CO₂ reduction CO₂ fixation Initiatives in "energy saving," "low-carbon business," and "shift to renewable energy" SBT: 35% reduction in Scope 1, 2, and 3 by FY31/3 compared to FY20/3		 Biodiversity CO₂ fixation CO₂ absorption By restoring the forest cycle in Japan, contribute to CO ₂ absorption and to the natural environment through urban afforestation and forest preservation, thus enabling rich biodiversity	 Circular design CO₂ reduction Contribute to a decarbonized society and a circular economy through urban development and service provision that incorporate longer lives of properties, recycling, and sharing
Measurement indicators (KPI)	<ul style="list-style-type: none"> CO₂ emissions reduce by 35% (Compared to FY20/3) Energy conservation performance indicators in new buildings: Maintain ZEH/ZEB-oriented standards 		<ul style="list-style-type: none"> Develop timber-based buildings Initiatives to promote building longevity Obtain biodiversity certification Promote waste reduction and increase recycling rate 	
Initiatives of the Group	<p>The Group embraces the following three approaches to decarbonization: "energy saving," "low-carbon business," and "utilization of renewable energy." In particular, to fulfill its responsibilities as a real estate developer, its first and foremost priority is to supply properties that consume as little energy as possible ("energy saving" and "low carbon"). The use of renewable energy and other initiatives are additionally implemented as part of the Group's decarbonization efforts.</p> <p>Allocation of decarbonization initiatives</p>  <p>Initiatives for acquiring green building certification The Group aims to acquire green building environmental certification (e.g., DBJ Green Building,¹ LEED,² CASBEE,³ BELS⁴) for all non-current assets and properties for sale (excluding rental housing) that it newly develops in Japan.</p> <p>¹ DBJ Green Building: A certification system run by the Development Bank of Japan. It is aimed at promoting real estate that contributes to the environment and society. ² LEED: A certification system developed and run by the U.S. Green Building Council (USGBC). Certification is granted to environment-friendly buildings. ³ CASBEE: A comprehensive assessment system for built environment efficiency. It includes a certification system run by the Institute for Built Environment and Carbon Neutral for SDGs (IBEC) and others, and assessment systems by local governments. ⁴ BELS: A building-housing energy efficiency labeling system established by the Ministry of Land, Infrastructure, Transport and Tourism. The energy efficiency of properties and housing is evaluated and certified by a third-party assessment organization.</p>		<p>We believe biodiversity can contribute not only to the natural environment but also to the realization of a decarbonized society. In particular, on the theme of forests, we believe our contribution to the restoration of the forest cycle through the use of domestic timber in new buildings will contribute to carbon fixation and an increase in CO₂ absorption, with the recovery of forest functions thus leading to the realization of a decarbonized society.</p> <p>Comprehensive partnership agreement with OKUTAMA TOWN, Tokyo In August 2021, we entered into a comprehensive partnership agreement with OKUTAMA TOWN in Tokyo, where we operate, to help solve the town's challenges as well as address forest-related issues and preserve the biodiversity and rich natural environment of Tokyo's forests.</p> <p>First private company to sign an "Agreement on the Promotion of Timber Use in Buildings" with the Ministry of Agriculture, Forestry and Fisheries Japan's self-sufficiency rate for timber is low. Despite the rich domestic resources that are available, there are cases where timber that has reached its usable age is not being felled due to a failure to secure a buyer. In response to this issue, in 2022 the Company entered into an "Agreement on the Promotion of Timber Use in Buildings" with both the Ministry of Agriculture, Forestry and Fisheries and manufacturers of housing construction materials to develop a stable supply chain for domestic timber. Specifically, the Group will strive to use a total of 10,000 m³ of domestic timber over the next five years, thereby contributing to maintaining the forest cycle, which serves multifaceted functions such as revitalizing mountain villages, promoting the absorption and fixation of CO₂, and preserving biodiversity.</p>  <p>Reforestation support</p> <ul style="list-style-type: none"> Upstream (forestry operators): Fell & supply timber that has reached usable age Midstream (manufacture of housing construction materials and trading company): Develop stable supply system for domestic timber Downstream (developer): Use 10,000 m³ of domestic timber over the next five years in detached housing, etc. built by the Group 	
	<p>Circular design means to pre-install a mechanism for recycling resources in products and services and/or to extend the life of the products themselves. It is aimed at reducing waste and also contributes to the realization of a decarbonized society. We will make efforts in other ways toward reducing waste and recycling in our different business areas, with a view to collaborating with outside companies.</p> <p>Promote building longevity The Company is also working on reducing both life cycle costs and CO₂ emissions by promoting building longevity. Specifically, our re:Premium and re:Premium Duo services significantly extend the cycle of large-scale repair work performed on our condominiums while our Attractive 30 service adopts highly durable materials and construction methods for new construction. These initiatives have enabled the cycle of large-scale repair work to be extended from the typical 12 years to 16 to 18 years.</p> <p>日本のマンションの未来を変えていく。 アトラクティブ30 re:Premium</p> <p>Sharing Under the H¹T brand, the Company operates satellite-type shared offices that provide a comfortable space for workers to use as needed. By reducing travel times and improving productivity, the offices contribute to the reduction of CO₂ emissions and the realization of a circular society.</p>  <p>Waste reduction We are working on reducing and recycling waste at the Group's NOHGA HOTEL through efforts such as cutting down on plastic by scrapping individually packaged bath amenities and using biodegradable bamboo straws as well as using name plates and neckerchiefs made from recycled scrap leather and discarded kimonos.</p>  <p>A name plate made from shredded and recycled leather/ kimono fabric</p>			

Climate change and natural environment

Sustainability Strategy (Climate Change and the Natural Environment)

Roadmap to decarbonization

Initiatives for decarbonization are a major pillar of the Group's environmental sustainability strategy. While adhering to the principles of the TCFD, SBT, and RE100, we collaborate with outside companies and focus on unique initiatives as a real estate developer.

Response to the TCFD

Nomura Real Estate Holdings and Nomura Real Estate Asset Management are fully aware that the substantial impact of climate change on their business continuity is a major management issue, and they therefore agreed to recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in order to further promote their initiatives.



1 Governance

The Group is taking Groupwide measures to address climate change, overseen by the Group CEO. In addition, the Sustainability Committee, which comprises directors of Nomura Real Estate Holdings and Group companies and

others, deliberates on and decides related policies and action plans. The Sustainability Committee sets targets for responses to climate change and monitors progress on them.

TOPIC	<p>Incorporation of non-financial indicators in performance evaluation</p> <p>To respond to climate change while also raising awareness among directors and other management team members of Group companies, the Group has incorporated BEI (building energy efficiency index) figures as a non-financial performance indicator into the performance indicators used to calculate bonuses, starting from the fiscal year ending March 2023.</p>
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2 Strategy

Upon considering climate change strategies, the Group conducted a qualitative scenario analysis based on the IPCC Fifth Assessment Report and the details of the Paris Agreement.

In the analysis, we examine the risks and opportunities that may be presented to the Group as a result of climate change and consider and implement strategies and policies that capture such risks and opportunities.

Scope of the analysis

The analysis covers all businesses of the Group, including the Residential Development Business Unit (development and sale of condominiums and detached housing), the Commercial Real Estate Business Unit (development, leasing, and sale of office buildings, retail facilities, logistics facilities, and hotels), the Overseas Business Unit, the Investment Management Business Unit (management of REITs and private funds), the Property Brokerage & CRE Business Unit (real estate brokerage), and the Property & Facility Management Business Unit (real estate management).

The scope of calculation of GHG emissions includes all of Scope 1, 2, and 3 emissions generated by the Group.

Setting out scenarios

In the scenario analysis, the Group has adopted as its base case the "2°C scenario," assuming the achievement of the Paris Agreement and the realization of a decarbonized society. The "4°C scenario," a model in which climate change countermeasures do not make sufficient progress and the severity of natural disasters increases as a result, is also considered. The following documents were the main materials referred to in anticipating possible changes to the global environment under each scenario. The Group is also considering the "1.5°C scenario" separately.

- United Nations IPCC Fifth Assessment Report (2014), "Representative Concentration Pathways (RCP) 2.6" and "Representative Concentration Pathways (RCP) 8.5"
- IEA World Energy Outlook 2020, "Sustainable Development Scenarios (SDS)" and "Stated Policies Scenario (STEPS)"

Possible changes to the global environment under each scenario (mainly in Japan)

Some of the possible changes that are expected to have a significant impact on the Group are listed as follows.

Possible changes	the 2°C scenario	the 4°C scenario
Increase in typhoons and floods	Increase (about two times in Japan)	Increase significantly (about four times in Japan)
Increase in the number of extremely hot days, on which the temperature rises above 35°C	Increase (by about 10 days in Japan)	Increase significantly (by about 50 days in Japan)
Tightening of laws and regulations	Dramatic tightening of regulations	Regulations will be limited
Customer behavior	Proliferation of ZEHs, ZEBs, renewable energy Approximately 50% reduction in office energy consumption	Proliferation of ZEHs, ZEBs, renewable energy Approximately 20% reduction in energy consumption at work

Results of scenario analysis (risks and opportunities) and initiatives based on the analysis

Recognizing that these changes will bring significant financial risks and opportunities to the Group, we are stepping up initiatives to address climate-related issues.

	Category		Impact on the Group	Our recognition
	Large	Small		
Transition risks		<p>Policy and regulatory risk</p> <p>Implementation and/or strengthening of GHG emissions reduction regulations in business and property units (Scope 1, 2)</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • Strengthening of regulations in Japan and abroad (Energy Saving Act, Tokyo Metropolitan Environmental Security Ordinance, emissions trading scheme, carbon tax, etc.) • Enhancement of subsidy systems (for energy-saving technologies and ZEHs and ZEBs, etc.) 	Risk	Opportunity
		<p>Market risk</p> <p>Delay in energy efficiency improvements for properties (buildings, housing, etc.) and in development or introduction of decarbonization technologies</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • Rise in real estate development costs • Investments in decarbonization technologies and energy-efficient equipment • Introduction of renewable energy 	Risk	Opportunity
		<p>Reputational risk</p> <p>Rise in customer demand for functions related to the environment, energy saving, and disaster prevention</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • Changes in the needs of customers (tenants of buildings, buyers of housing, REITs, etc.) • Rise in customer rating of ZEHs and ZEBs • Impact on appraisals of properties owned by the Company 	Risk	Opportunity
		<p>Technical risk</p> <p>Risk of the Group's initiatives and businesses not being appreciated by investors and consumers</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • A shift in trust and brand value of the Company's businesses and products • Impact on financing due to evaluations by shareholders, investors, and financial institutions 	Risk	Opportunity
Physical risks		<p>Acute physical risk</p> <p>Damages due to natural disasters such as typhoons, floods, and torrential rain</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • Damage to or failure of properties owned by the Company due to a natural disaster • Suspension or delay in construction work for a real estate being developed by the Company due to a natural disaster 	Risk	
		<p>Chronic physical risk</p> <p>Impact of a rise in average temperature on business Impact on real estate appraisal due to the manifestation of a rise in sea levels</p> <p><u>Expected cases</u></p> <ul style="list-style-type: none"> • Health impact on customers, employees, and suppliers due to an increase in number of very hot summer days • Damage to real estate values in coastal areas, etc. 		Risk

Quantitative impact up to 2030 based on the results of the scenario analysis (risk or opportunity)

Based on the scenario analysis, we will consider further expanding the coverage of quantitative impacts in terms of both risk and opportunity going forward.

	Financial impact (cumulative) expected up to 2030	Quantitative impact (maximum figure)
Risk	Rise in non-life insurance premiums due to increase in natural disasters	¥6.0 million
	Introduction of carbon pricing and/or carbon tax	¥1.5 billion
Opportunity	Decrease in financing costs due to achievement of CO ₂ reduction targets	¥150 million
	Decrease in energy costs due to greater environmental performance of buildings	¥0.9 billion

3 Risk management Processes for the identification, evaluation, and management of climate-related risks on an organizational basis

As for risks and opportunities associated with environmental and climate change, the Sustainability Committee, Environmental Subcommittee, and the Sustainability Management Department mainly consider countermeasures. Among the measures considered, those that are particularly important for the Group's management are reported to and approved by the Board of Directors and the Management Committee.

Risks associated with changes in the business environment due to climate change and risks associated with natural disasters are also identified as major risks, and the Risk Management Committee deliberates and discusses necessary measures. The contents of deliberations are reported to and supervised by the Board of Directors at least once every three months.

→ P114-115 Sustainability Governance

→ P116-120 Risk Management

Sustainability Strategy (Climate Change and Natural Environment) Roadmap to decarbonization

4 Indicators and targets

The Group acquired SBT certification in 2020 and also joined RE100 in January 2022. "Indicators and targets" have been set according to these certifications and the GHG protocol.



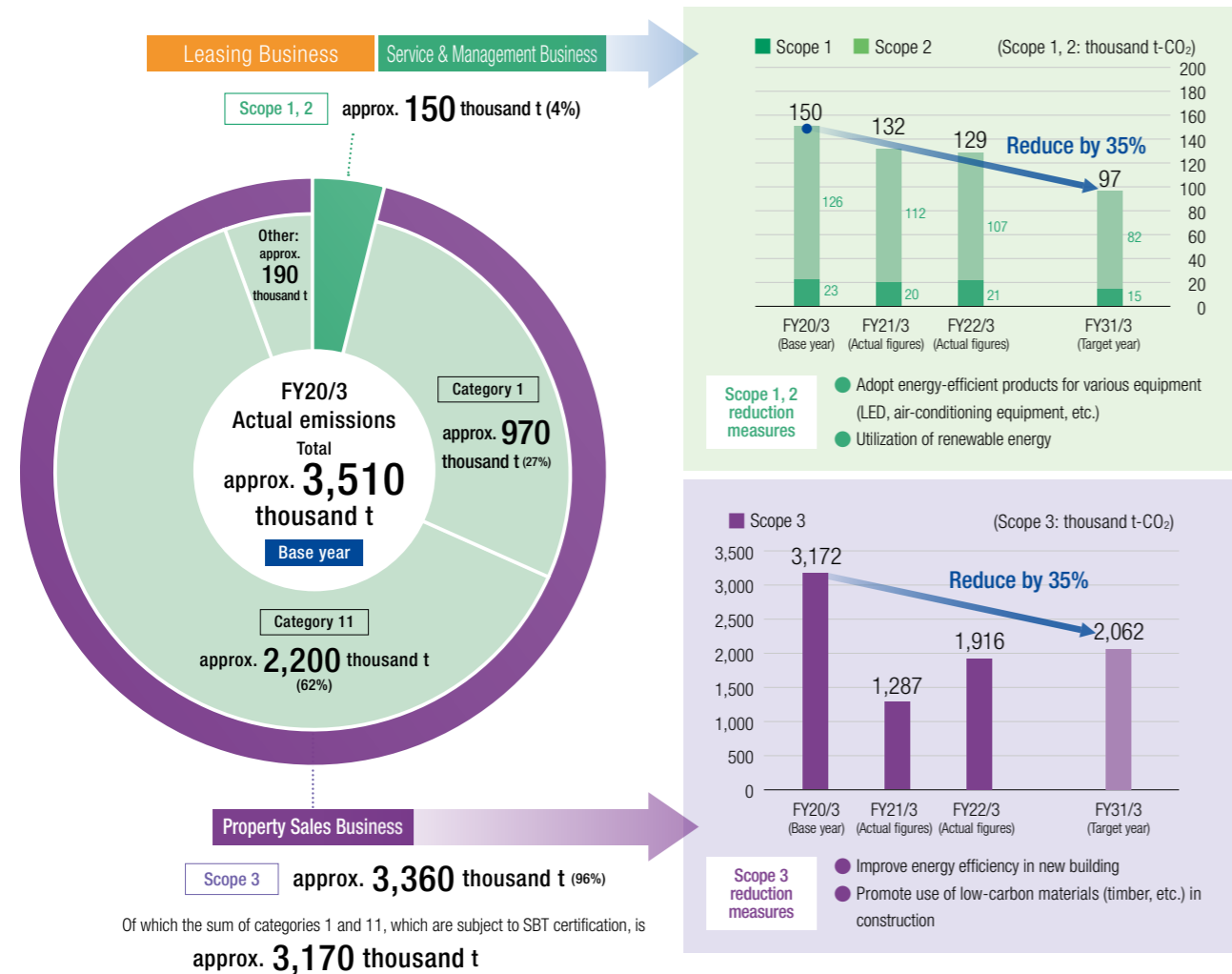
Indicator concerning total greenhouse gas (GHG) emissions		Scope 1, 2	Scope 3*
Medium- to long-term target	Total GHG (CO ₂) emissions by FY31/3 compared to FY20/3	Reduce by 35%	Reduce by 35%
Short-term target	Total GHG (CO ₂) emissions by FY26/3 compared to FY20/3	Reduce by 15%	Reduce by 15%

* Applicable to categories 1 and 11

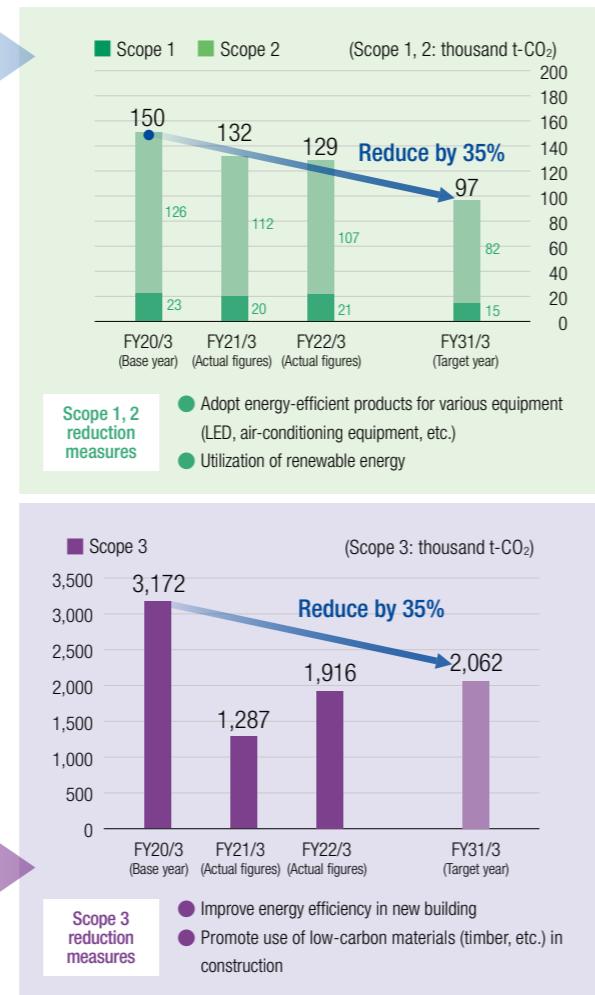


Indicator concerning renewable energy		Scope 1, 2	Scope 3
Medium- to long-term target	Electricity consumed by the entire Group by 2050	100% derived from renewable energy	-
Short-term target	Electricity consumed by all rental properties* Nomura Real Estate Development owns in Japan by FY24/3	100% derived from renewable energy	-

* Excludes rental assets (including portions used by tenants) for which Nomura Real Estate Development has a direct electricity contract with a power company, assets sectionalized or shared between Nomura Real Estate Development and another party, assets subject to sale or demolition, and the common areas of some rental housing.



[Reference] Main cause of change between FY20/3 and FY21/3
 Scope 1, 2: Drop in electricity use due to tenants' voluntary restriction of activities amid the COVID-19 pandemic
 Scope 3: Decrease in condominium supply due to the pandemic, decrease in condominiums subject to calculation



[Reference] Main cause of change between FY21/3 and FY22/3
 Scope 1, 2: Switch to renewable energy menus for electricity, sale of non-current assets
 Scope 3: Increase in completions of new properties (condominiums, properties for sale)

5 Initiatives for achieving targets

Energy saving

Promote development of ZEH/ZEB-oriented standard buildings

The Group works on developing ZEHs (net zero energy houses) and ZEBs (net zero energy buildings) in new buildings. It has also identified decarbonization as one of its new priority issues (materiality) and prescribes "energy conservation performance indicators in new buildings: Maintain ZEH/ZEB-oriented standards" by 2030 as a measurement indicator (KPI).

The Residential Development Business Unit and Commercial Real Estate Business Unit have formulated long-term roadmaps for achieving the ZEH/ZEB-oriented standards by 2030 for ZEHs and ZEBs, respectively. In achieving the roadmaps, the energy efficiency indicators sought to be benchmarked each year have been designated, and a scheme for linking the compensation of directors with the level of achievement of the indicators was launched in the fiscal year ending March 2023.

In the fiscal year ended March 2022, the PROUD Musashi-Shinjo Station Marks development was selected for the Ministry of the Environment's High-Rise ZEH-M Support Project.



PROUD Musashi-Shinjo Station Marks

Low-carbon business

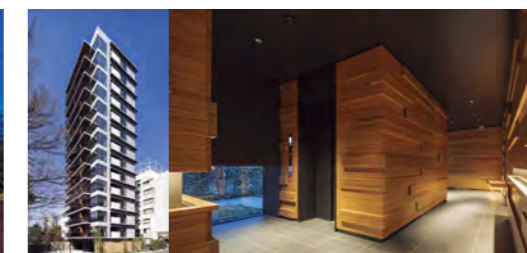
Timber-based buildings

The Company is promoting the development of timber-based buildings, as CO₂ emissions in building construction can be reduced by switching from conventional steel-framed construction to one that incorporates timber, a low-carbon material. The Residential Development Business Unit has adopted a policy for the default use of domestic timber for the structures of stand-alone common areas as well as for the interiors of common areas such as lounges.

In the fiscal year ended March 2022, we entered into a basic agreement with a co-creation partner to promote R&D for timber construction materials. We will also deepen our collaboration with construction companies as we switch to materials with a low environmental load (low-carbon materials).



PROUD CITY Itami's common building



PROUD Kanda Surugadai's exterior and common area



(Tentative name) Tameike Project

Switch to renewable energy

Utilization of renewable energy

Having joined the RE100 initiative in January 2022, the Company aims to switch to 100% renewable energy for the Group's business activities by 2050. Ahead of this, renewable energy is planned to be introduced to all rental properties in Japan owned by Nomura Real Estate Development, the core company of the Group, by the fiscal year ending March 2024. This will include the energy used by building tenants. Going forward, we will sequentially switch to internal power generation, additional generated energy,* or renewable energy.



Landport Atsugi Kaneda



Landport Kashiwa Shonan I

* To contribute to the further proliferation of renewable energy by establishing new renewable power generation facilities

Nomura Real Estate Development and TEPCO Energy Partner are working to achieve carbon neutrality by 2050. As part of that effort, they have launched the Virtual Mega Solar initiative for PROUD SEASON, detached housings that Nomura Real Estate Development operates mainly in the Tokyo metropolitan area. The Virtual Mega Solar initiative provides solar power on the same scale as is generated by a mega solar power plant.



(→See P114 for details)

Sustainability Strategy (Society and Employees)

As a corporate organization that links people and communities to the future, the Group aims to realize lifestyles suited to people with diverse backgrounds and values. In all of its business activities, the Group respects the dignity and basic human rights of all people and promotes sustainability for co-creation that transcends organizations and business categories by setting diversity & inclusion and human rights as priority issues.

Initiatives of the Group

	Strengthening the foundation for promoting sustainability for			“co-creation” that transcends organizations and business categories			
Priority issues (materiality)/ targets	<h2>Diversity & inclusion</h2> <p>Create an organization that enables diverse workers, including women and foreign nationals, with various backgrounds and values to make meaningful contributions</p>			<h2>Human rights</h2> <p>Solidify a corporate foundation of mutual respect for the dignity and basic human rights of every employee and business partner</p>			
Measurement indicators (KPI)	<ul style="list-style-type: none"> Female manager and junior manager ratio: 20% 	<ul style="list-style-type: none"> Childcare leave utilization rate by men and women: 100% 	<ul style="list-style-type: none"> Procurement guideline survey implementation rate: 80% 	<ul style="list-style-type: none"> Creation of human rights due diligence system 	<ul style="list-style-type: none"> Percentage of participation in human rights training: 100% 	<ul style="list-style-type: none"> Providing products and services with inclusive design* 	<ul style="list-style-type: none"> Percentage of implementation of one-on-one meetings: 100%
	<h3>Nomura Real Estate Group Diversity & Inclusion Policy and promotion system</h3> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <h4>Diversity & Inclusion Policy</h4> <p>To realize a “society where people support and connect with one another and where no one will be left behind” and an “innovative society where all people with various backgrounds and values can build on their strengths,” which we uphold in our Sustainability Policy, we released the Nomura Real Estate Group Diversity & Inclusion Policy, which outlines our principles in promoting diversity & inclusion, in September 2022.</p> <p><small>The full text is available here: https://www.nomura-re-hd.co.jp/english/sustainability/pdf/dip.pdf</small></p> </div> <div style="width: 48%;"> <h4>Promotion system (Wellness and D&I Management Committee)</h4> <p>The Group established the Wellness and D&I Management Committee in the fiscal year ending March 2023. The Committee deliberates and determines action plans and targets, identifies issues and determines improvement measures, and monitors plans and targets, reflecting the results in management plans and business activities.</p> <p>President and Representative Director and Group CEO of Nomura Real Estate Holdings is overseeing the operation of the system.</p> </div> </div>			<h3>Developing a human rights due diligence system</h3> <p>The Group respects the dignity and basic human rights of all of its stakeholders and has demonstrated this by signing the UN Global Compact. To step up its human rights initiatives, the Group formulated its Human Rights Policy in the fiscal year ended March 2021 and, since the fiscal year ended March 2022, the Group has been developing a system to promote human rights due diligence on a full scale.</p> <div style="border: 1px solid #0056b3; padding: 5px;"> <h4>Nomura Real Estate Group Human Rights Policy</h4> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Main contents</p> <ul style="list-style-type: none"> Compliance with international human rights standards Scope of application Respecting human rights in practice Identifying salient human rights issues Relationships with stakeholders Remedial measures <p><small>→ Describe initiatives by four categories: employees, suppliers and other business partners, customers, and local communities</small></p> </div> <div style="width: 50%;"> <p>Major international human rights standards that the Group respects and supports</p> <ul style="list-style-type: none"> International Bill of Human Rights The ILO Declaration on Fundamental Principles and Rights at Work The ten principles of UN Global Compact Children’s Rights and Business Principles Guiding Principles on Business and Human Rights <p><small>Nomura Real Estate Group Human Rights Policy: https://www.nomura-re-hd.co.jp/english/sustainability/pdf/hrp.pdf</small></p> </div> </div> </div>			
	<h3>Roadmap for promoting diversity & inclusion</h3> <p>With an awareness that all of us are diverse in various characteristics, and any one of us may belong to the minority in certain characteristics at the same time as belonging to the majority in other characteristics. The Group shall solve the issues that arise from these characteristics and create substantially equal opportunities that focus on the individual differences of each employee. The Group shall work on the promotion of inclusive design in which people with various characteristics inside and outside the Group participate in product/ service development processes and contribute their diverse perspectives, thereby creating yet unseen value through its business activities.</p> <h3>Roadmap for achieving the Nomura Real Estate Group 2030 Vision</h3> <p>We are seeking to swiftly foster a diversity and inclusion culture by designating three items—raising diversity and inclusion awareness, routinely incorporating diversity and inclusion into business activities, and developing a culture of innovation—as important themes for achieving our vision. We then classified them into three different steps, and set key goals for each step. The key goals for Step I are the achievement of annual paid leave acquisition targets set forth by Group companies and the utilization of childcare leave by both men and women at a rate of 100%. We aim to link the achievement of these goals to the development of the workplace environment and a change in awareness at the managerial level.</p> <p><small>See here for details: https://www.nomura-re-hd.co.jp/sustainability/labor/diversity.html (Japanese only)</small></p> <div style="display: flex; justify-content: space-around;"> <div style="width: 30%;"> <p>Step I (2 years of FY23/3 and FY24/3)</p> <p>[Raise diversity and inclusion awareness] Foster a corporate culture where employees respect one another’s differences and feel accepted themselves</p> </div> <div style="width: 30%;"> <p>Step II (2 years of FY25/3 and FY26/3)</p> <p>[Routinely incorporate diversity and inclusion into business activities] Diverse organizations and people work together and continue challenges themselves</p> </div> <div style="width: 30%;"> <p>Step III (5 years of FY27/3 to FY31/3)</p> <p>[Develop a culture of innovation] Create new value</p> </div> </div> <p style="text-align: center;">Foundation: Flexible ways of working, wellness of mind and body, psychological sense of safety</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Specific measures (excerpt)</p> <ul style="list-style-type: none"> Diversity and inclusion training for all Group employees Measures to encourage men to take childcare leave Awareness survey targeting Group employees A framework for inclusive design initiatives </div> <div style="width: 50%;"> <p>Key goals for Step I</p> <ol style="list-style-type: none"> Achieve annual paid leave acquisition targets Achieve 100% childcare leave utilization rate by men and women </div> </div>			<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>Phase 1</p> <p>STEP 1 Clarifying human rights risks and issues in the value chain</p> <p><small>Human rights risks are identified on two axes, with “all concerned stakeholders” and “the Company’s value chain.”</small></p> </div> <div style="width: 48%;"> <p>Phase 2</p> <p>STEP 2 Identifying significant human rights issues</p> <p><small>To identify particularly serious human rights risks, risks are mapped on the two axes of “severity of impact” and “probability of occurrence.”</small></p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>Phase 3</p> <p>STEP 3 Formulation of the Human Rights Policy</p> <p><small>Following deliberation by the Sustainability Committee, the Human Rights Policy was approved by the Board of Directors.</small></p> </div> <div style="width: 48%;"> <p>Phase 4</p> <p>STEP 4 Establishment of a system to implement human rights due diligence</p> <p><small>Following an investigation involving related departments and an analysis of the current situation, four priority issues were identified, and 16 to-do lists were created. (The priority issues being: (1) Wellness and human rights of employees; (2) Overseas business, non-Japanese workers; (3) Human rights in the supply chain; and (4) Remedial measures)</small></p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>Phase 5</p> <p>STEP 5 Implementation of human rights due diligence and the PDCA cycle</p> <p><small>The four priority issues and 16 to-do lists are being addressed (e.g., survey on form of employment of overseas non-Japanese employees, fact-finding survey given to non-Japanese technical interns hired by suppliers)</small></p> </div> <div style="width: 48%;"> <p>Phase 6</p> <p>STEP 6 Establishment of a grievance mechanism</p> </div> </div> <p style="text-align: right;"><small>Status as of October 2022</small></p>			
	<p>Progress of key performance indicators (KPI) (FY22/3)</p> <p>In promoting the active participation of all employees, and thereby incorporating diverse perspectives into its business activities, the Group has set goals related to the active participation of women and the utilization of childcare leave. The Group is also developing a personnel system and promoting various measures to encourage the active participation of people who have various lifestyles and are at various stages of their life, such as having and raising children, providing elderly care, and coping with injuries/illnesses.</p> <p>Female manager and junior manager ratio 11.6% Childcare leave utilization rate: 96.2% <small>→ P134-135 (Rate among men: 15.8%)</small></p>			<h3>Engagement with the Group’s Procurement Guidelines</h3> <p>The Group formulated the Nomura Real Estate Group Procurement Guidelines in 2018 and has been making efforts to familiarize its business partners with them. Engagement activities were conducted with 10 business partners in the fiscal year ended March 2021 and with the roughly top 200 business partners in terms of transaction value in the fiscal year ended March 2022. The Group will continue to expand those meetings in the future and request them to comply with our guidelines.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%;"> <p>FY2019/3-</p> <p>Efforts to raise awareness of the Group’s Procurement Guidelines</p> <p><small>Since the disclosure of the guidelines in 2018, the Group has conducted awareness-raising activities targeting around 4,600 companies.</small></p> </div> <div style="width: 20%;"> <p>FY2021/3</p> <p>Engagement activities with 10 business partners</p> </div> <div style="width: 20%;"> <p>FY2022/3</p> <p>Expand the targets of engagement companies</p> <p>The top 200 or so business partners were identified based on the value of transactions undertaken with the Group’s major companies (¥237.0 billion in total) in the fiscal year ended March 2021.</p> <p>→ A questionnaire survey on compliance with the 28 items of the Procurement Guidelines was then conducted targeting these business partners.</p> <p>→ Responses were received from approx. 90 companies (accounting for approx. ¥90.0 billion in transaction value) = 37% questionnaire implementation rate (¥90.0 billion as a proportion of ¥237.0 billion)</p> <p>→ Feedback materials were sent to all respondent companies</p> <p>Interviews with 10 further identified companies were conducted directly</p> </div> <div style="width: 20%;"> <p>FY2023/3</p> <p>Review of the Group’s Procurement Guidelines</p> <p>Expand the targets of engagement companies</p> <p>Increase awareness of the guidelines, mainly among new business partners</p> </div> </div> <p style="text-align: center;">Increase awareness of the guidelines, mainly among new business partners</p>			

Human Resources Strategy

The Group promotes to provide Wellness Management so that all of its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. It also seeks to realize employee happiness and become a company that can continue to take on challenges through the cycle of active participation of a diverse workforce and the securing of human resources in growth areas.

Realize employee happiness and become a company that can continue to take on challenges

Success of diverse human resources

Realize wellness that each employee working with vigor

- Grow to a corporate group that contributes to growth and rewarding for employees
- Cultivate management personnel and leadership personnel that draw out diverse capabilities of each employee
- Introduce re-skilling, in which each employee voluntarily develops his or her own potential

Promote diversity and inclusion to enable a diverse workforce [→ P68](#)

- Establish a working environment that maximizes the potential of diverse personnel with a variety of backgrounds and values such as women, seniors, LGBTQ, people with disabilities, and foreign nationals through the promotion of diversity management training
- Support the balance of work and childbirth, childcare, nursing care, injury and illness, and raising awareness aimed at shortening working hours

Human resources retention in growth areas

Retain and foster human resources in the Development Sector that is the starting point for growth

- Obtain personnel with a high level of expertise in multi-use, redevelopment and architecture by strengthening recruitment
- Distribute resources to growth areas through personnel exchanges within the Group
- Cultivate global personnel
- Recruit and cultivate national staff in countries where the Group operates

Allocate personnel to focus areas of the Service & Management Sector

- Improve productivity through the acquisition and cultivation of DX personnel in the Group
→ Allocate retained personnel to focus areas

<Focus areas>

Investment management | Property Brokerage & CRE | Property & Facility Management
Private funds business | Middle business* | Construction ordered business

* Real estate brokerage for small and midsize companies, business owners, some individual investors and high net worth individuals

Promotion of wellness

Wellness questionnaire at Group companies

Wellness questionnaire surveys are conducted targeting all Group employees to monitor the status of wellness promotion across the entire organization. Issues are identified based on presenteeism, absenteeism, the stress check, and lifestyle scores. The following two goals have been set in the fiscal year ending March 2023.

Rate of improvement of presenteeism: **30%**

Lifestyle improvement (priority on meals and exercise)

Certification by survey of Group companies' health management through wellness-related measures

We promote measures tailored to each Group company, such as encouraging employees to take paid leave or setting periods of intensive wellness measures (implemented each December since 2018).

See here for details: <https://www.nomura-re-hd.co.jp/sustainability/labor/healthandsafety.html> (Japanese only)

Promotion of one-on-one meetings across the entire Group

Deeming employees' psychological safety to be important in achieving employee growth and wellness, the Group introduced one-on-one meetings in October 2020. (Percentage of implementation of one-on-one meetings in FY22/3: 84%)

Work style reforms

Planned implementation of new working styles trial following relocation of the Group's head office

Through our head office relocation project, we aim to realize employee happiness and become a company that can continue to take on challenges. We will establish and deploy systems and operational rules in stages so as to realize flexible ways of working.

Monitoring improvement of the work environment

We will deliberate and determine the establishment of action plans, setting of targets, identification of issues, and formulation of improvement measures on working hours and annual paid leave rates at each Group company, and monitor the progress management of the plans and targets. The results will be reported to the Board of Directors and reflected in management plans and business activities.

Workation trials

We carry out "Workation" trials aimed at returning profits to Group businesses and balancing long vacations with flexible ways of working.

Creation of the Workstyle Guidebook

In search of optimal ways of working for maximizing the performance of individuals and the organization alike, we have compiled information on the efficient division of physical and remote work and know-how on improving productivity to create the Workstyle Guidebook. Customizable by each company and organization, the guidebook helps promote flexible working styles across the entire Group.



Development of a system to realize human resources strategies

Establishment of the Human Resources Strategy Committee

Nomura Real Estate Development has established the Human Resources Strategy Committee as a subordinate organization of the Management Committee to develop a system that promotes greater discussion on the allocation of human resources to growth areas.

Revision of the personnel system

In order to enable individuals and the organization to continue to take on challenges, Nomura Real Estate Development has introduced a multi-track personnel system where diverse workers can develop their respective strengths, achieve growth, and play active roles in the workplace. In addition, every organization will also introduce the Human Resources Development Meeting (scheduled for April 2023) for the purposes of understanding each employee on an individual level, providing growth opportunities for them, and expanding the area in which they can make contributions.

Hiring and development of global human resources and DX human resources

Global human resources

- Hiring of international students (foreign nationals) (cultivating global personnel)
- Participation in the Asia Business Leader Project (attending lectures at universities abroad, undertaking internships at foreign companies)
- Promotion of programs upon overseas assignment (taking language courses abroad)

DX human resources

- Active mid-career hiring of human resources with an extensive career history in the DX business
- Improvement of IT and digital literacy through external training
- Periodic implementation of group-wide, DX-related e-learning

Competence development

Group-wide, level-specific training

We provide a competence development program so that every employee of the Group can perform his or her tasks at a professional level with a high degree of specialization.

In addition to the competence development program of each Group company, we provide group-wide, level-specific training.

Level-specific joint training for Nomura Real Estate Group companies

Target level	Training description (excerpt)
General manager position or equivalent	• Executive management program
Senior Manager position equivalent	• Problem identification-based problem solving (practical level) • Organizational management (practical level) • Business formation and management strategy from a Group or management perspective
Senior Manager or equivalent	• Problem identification-based problem solving (practical level) • Organizational management (theory level) • Unconscious bias training • Group understanding training
3rd-year employee	• Problem-solving dialogue • Business idea work
2nd-year employee	• Occurrence-based problem solving • Task sharing work
1st-year employee	• Logical presentation, thinking, writing • Business stance • Team building, communication skills • Group understanding training

DX Strategy

DX initiatives are the key to the expansion and improvement of the ideas and methods of value creation and to the realization of “Being a ‘Life & Time Developer,’ as never seen before.” In our DX strategy, we will link strategic investments and initiatives unique to the Nomura Real Estate Group with new value creation while focusing on business domains where we have a strength as well as on expressing our approach to connect closely with individuals.

Overview of our DX strategy

Value proposition targeted in our DX strategy

At the core of our DX strategy is human—people who live, work, and gather in our buildings. In other words, it is linked to our approach to connect closely with individuals, which places an emphasis on each individual person. This is the same approach as we take in our business. Through DX initiatives, we will expand on and/or reform our strength,

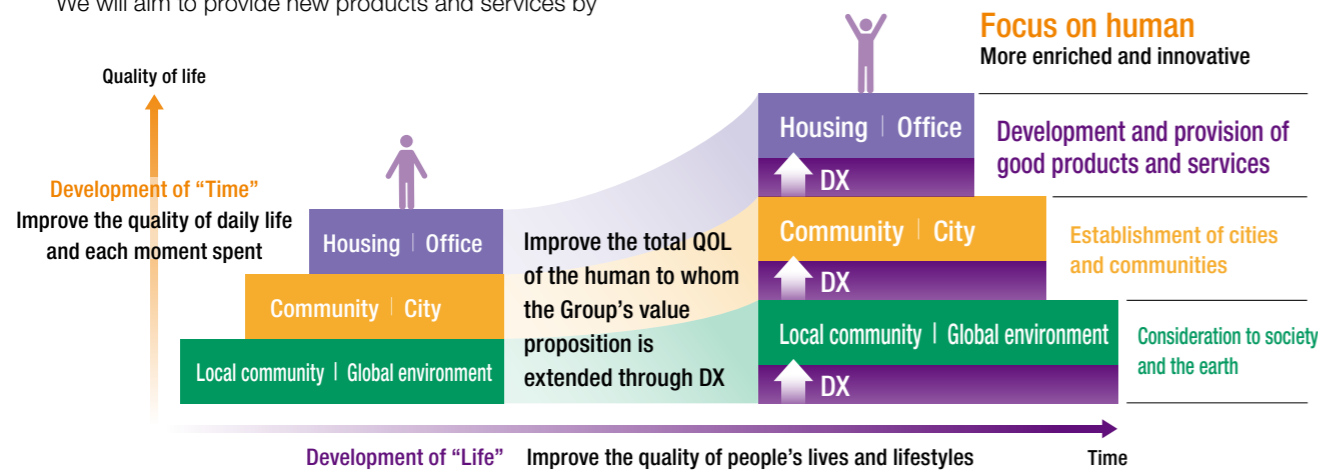
which includes a market oriented concept, business collaboration and value creation within the Group, commitment to quality, and open-minded approach to new ideas and businesses, and harness it to develop and provide products and services that contribute to the improvement of customers’ quality of life (QOL).

Improvement of Quality of Life (QOL)

To improve QOL, we place emphasis on the following two aspects: Life (human’s respective lives) and Time (every moment of their time).

We will aim to provide new products and services by

stepping up our development efforts with a further focus on human through DX.

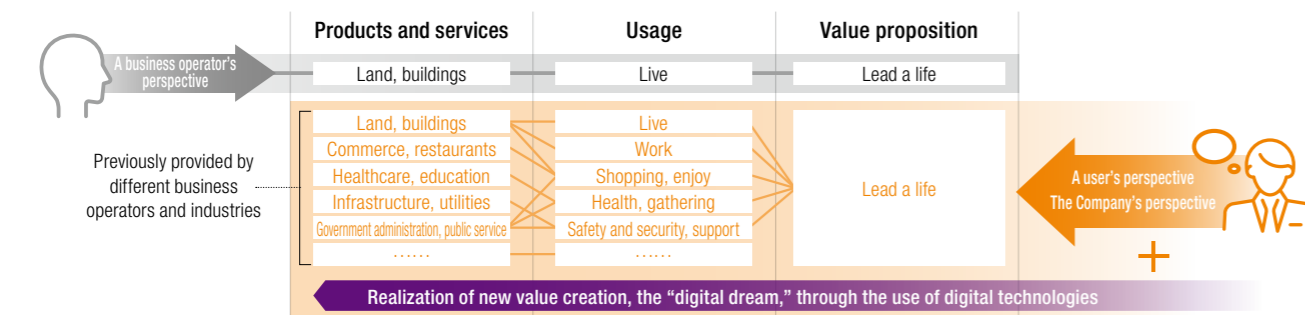


DX unique to the Nomura Real Estate Group (Realization of the digital dream)

The Company views DX as the transformation of businesses, business models, and created value using digital tools and environments in order to establish a digital business. It expresses the creation of new conveniences and value for human through the use of digital technologies as the “digital dream.”

When making efforts for DX, we put the emphasis on human. As an expression of the Group, which drives our approach to connect closely with individuals, we have

developed and provided a wide variety of products and services based on the user’s perspective. Through the utilization of digital technologies, we will accelerate product development with a focus on human who live, work, and gather in our buildings, and aim to cultivate new markets and thereby realize the “digital dream” by rethinking the products and services that have been provided by various business operators and industries.

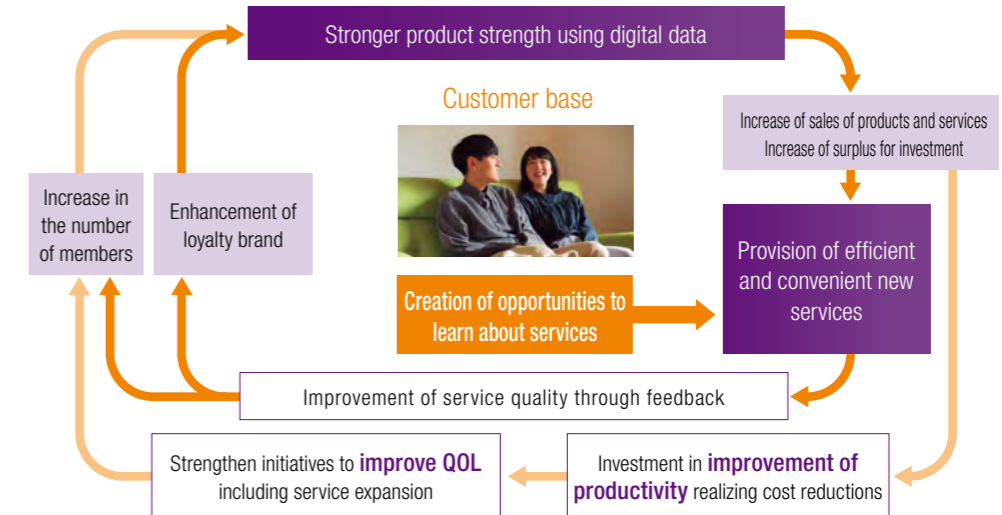


Establishment of a platform

We will aim to establish a platform that utilizes digital data by building on the Group’s strength, which is its customer base. From a user’s perspective, the platform will also contribute to

the improvement of human’s QOL, as various products and services will be available from one touch point.

A platform service built on the Group’s customer base

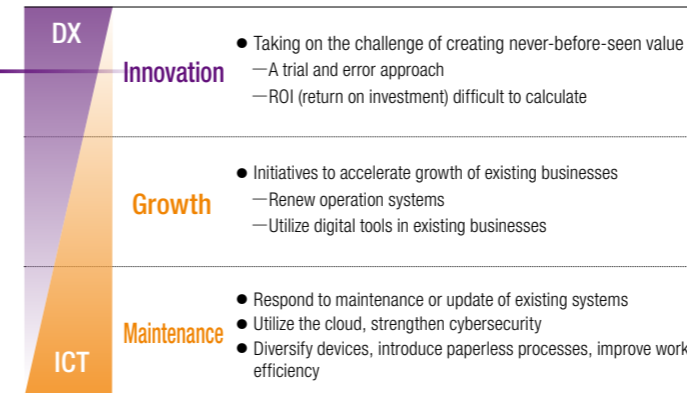


DX investment themes

Our policy is to concentrate investment capital and human capital in areas where we can best leverage the Group’s advantages. We will make balanced DX investments from the perspective of “innovation,” “growth,” and “maintenance” of our business and aim to evolve or transform into a corporate group that offers differentiated value. We will work on the “innovation” theme systematically and swiftly by dividing our business into strength domains and essen-

tial domains. To this end, we will prioritize the construction of a common cloud platform for the Group and the in-house development of prototype systems. In addition, in order to measure the progress of DX, we will confirm the progress of the actual amount of DX investment and the number of members through the DX Strategy Committee every year.

Classification of DX investment themes



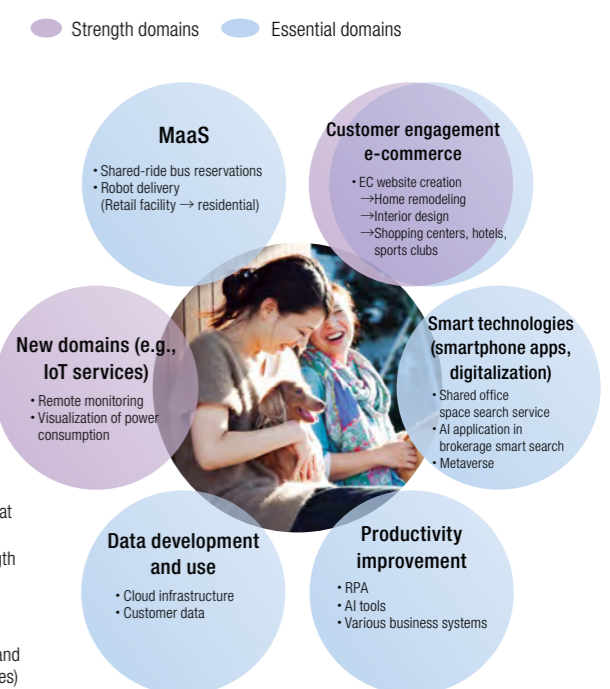
Investments in domains that can best leverage the Group’s strengths

- Make investments in areas where we have strength, such as platform services that build on the Group’s customer base
- Through an R&D approach, search for domains where we can exercise our strength

Responses in view of changes in society

- Address essential themes that respond to an increasingly digitalized society (expand into MaaS or the e-commerce area as an enhancement of housing-related services)
- Improve productivity of each business through the utilization of digital technologies

Investment themes in “innovation”



DX Strategy

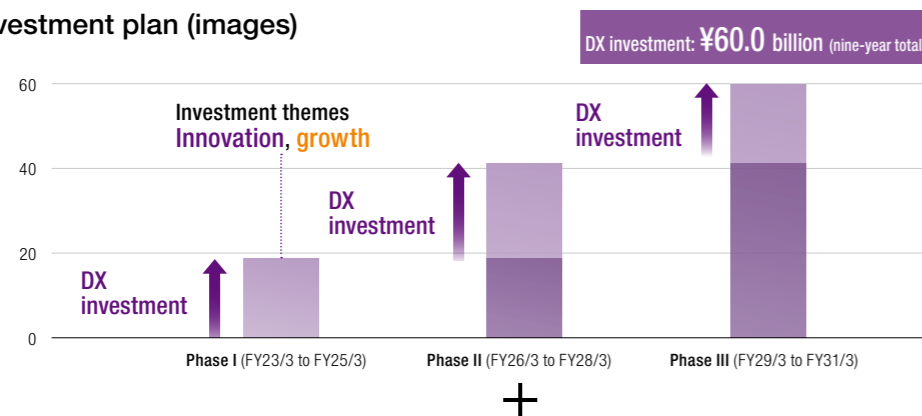
Investment plan

In addition to using DX to improve QOL, improving productivity by revising various work processes and introducing systems is also important. In promoting Internet or cloud services, the importance of security also increases. Under this recognition, the Group plans to invest a total of ¥130.0 billion in DX and ICT over the nine-year period of the Mid-

Long-term Business Plan. Regarding the hiring and development of DX human resources, we intend to formulate and strengthen plans separately from this investment plan.

→ P70-71 Human Resources Strategy

DX & ICT investment plan (images)



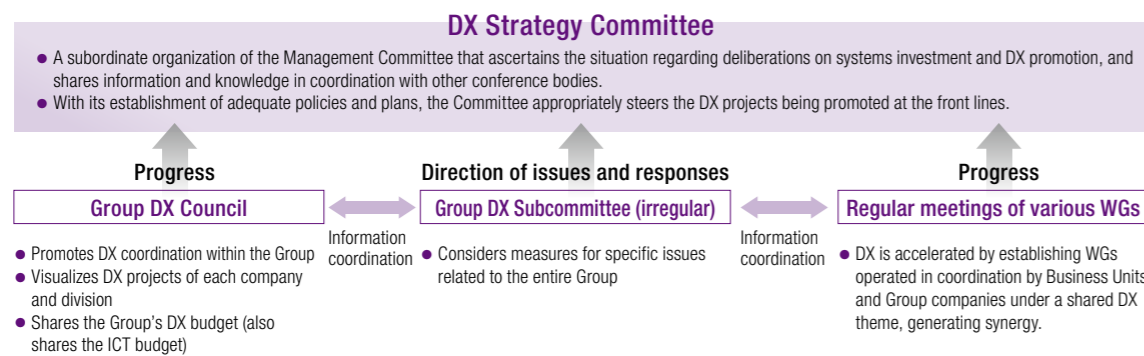
Investment theme: Maintenance

ICT investment ¥70.0 billion (nine-year total)

Promotion system

As a subordinate organization of the Management Committee, we have established a DX Strategy Committee, which discusses matters relating to investment plans, such as establishing policies and plans regarding the promotion of

DX, improving the ICT environment, and preparing the ICT base. In promoting our DX strategy, specific issues are addressed at the Group DX Council and Subcommittee and regular meetings of various working groups (WGs).



Message from the Executive Officer in charge



Executive Officer in charge of Corporate Planning Dept., DX & Innovation Management Dept.

Masato Yamauchi

We will aim to improve the QOL of the human who live, work, and gather in our properties by actively utilizing digital technologies

Through its business, the Group has always worked to improve human's QOL and support the lives of customers who live, work, and gather in its properties in order to continue to be chosen by them. Our principle of placing human and individuals at the center of our business also applies to the promotion of DX.

In making efforts for DX, it is necessary to wholly reconsider the value that is gained from living in a condominium or working in an office, which is what we have been offering, from the resident or user's perspective. Improving QOL through the provision of new products and services generated using digital technologies—this is the “digital dream” that we are trying to achieve.

A large amount of data is accumulated in the real estate business, which supports human's lives. We will aim to create new and unprecedented value through the establishment and promotion of a platform that uses digital technologies and is based on the strong foundation that real estate provides.

Gain new business opportunities through “real estate × DX”

The Group's office portfolio strategy proposes ways of using office space that combine various types of offices and is aimed at helping each person who uses those offices to improve their performance. The satellite-type H¹T shared offices play a part in this strategy. The H¹T offices, which propose a style of working that is not bound by place, have rapidly expanded to 216 offices, mainly in the Tokyo metropolitan area, and approximately 222,000 members over the three years or so since the 2019 launch.

We were successful in swiftly capturing the huge demand generated by the diversification of working styles resulting from company-driven reforms and the outbreak of the COVID-19 pandemic. One of the factors in this success was our use of DX. The establishment of a completely automated platform that does not require manual intervention due to the use of digital tools, such as smart keys, has led to greater customer convenience and enabled the fast and responsive implementation of site strategies.

Satellite-type shared office H¹T

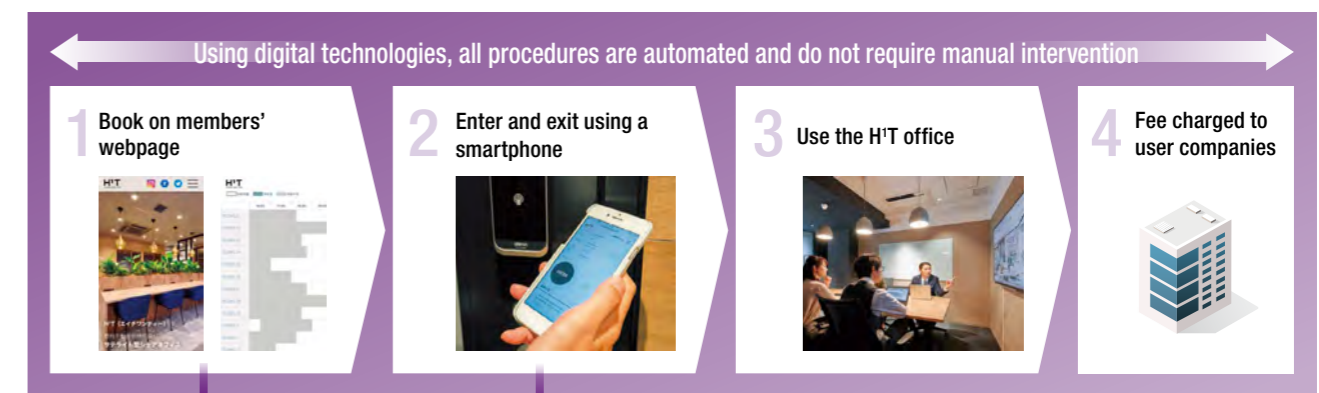
H¹T
HUMAN FIRST TIME

No. of members **2,248** companies / approx. **222,000** members
No. of offices: **216**
(including affiliated offices)
* As of end of March 2022

The combination of comfort and affordability has delivered high ratings
Rapidly adding locations from central Tokyo to the suburbs

There has been a rise in the importance of a workplace where people can work comfortably and productively without needing to worry about their office location, infrastructure or environment. We are adding more H¹T offices, including in retail facilities connected to railway stations, by making working people's time our top priority, with the aim of providing a convenient and comfortable workplace that will serve as their “second office.”

A platform that automates booking and access has been established



Offices are mainly located at major railway stations in the center and suburbs of the Tokyo metropolitan area
Enables users to work comfortably anywhere at any time

H¹T Location map in Japanese



TOPIC New business development Digital platform for shared offices

The application for booking, etc. that is provided by H¹T and is linked to smart keys is being used in various partner shared offices as a platform for shared offices and contributes to greater operational efficiency. We intend to continue to broadly offer the platform.



Relationship between Business and Financial and Non-financial Information

For the Group to grow continuously toward the realization of Nomura Real Estate Group 2030 Vision and Sustainability Policy, it is essential to expand on and/or reform the ideas and methods of value creation by combining financial and non-financial considerations, such as sustainability, DX, and human resources utilization, with our business portfolio strategy. We will make efforts toward further business growth while utilizing our strengths and management capital of each business under the business strategies of each Business Unit based on the different business characteristics.

Financial targets		Residential Development Business Unit	Commercial Real Estate Business Unit	Overseas Business Unit	Investment Management Business Unit	Property Brokerage & CRE Business Unit	Property & Facility Management Business Unit	
Financial information	Business profit Phase I (FY2025/3)	¥ 115.0 billion	¥ 32.5 billion	¥ 55.0 billion	¥ 4.0 billion	¥ 9.0 billion	¥ 12.0 billion	¥ 10.5 billion
	ROA Phase III	5% or more	Housing sales business Achieve high ROA through profitability enhancement even when expanding investments		Leasing business when expanding investments		Service & Management Business Generate stable revenue Aim for ROA of 5% or more through the coupled growth of the two businesses (Leasing Business and Service & Management Business)	
	 → P60 Business Portfolio Strategy							
Non-financial information	Initiatives for sustainability	<ul style="list-style-type: none"> Promoting building longevity and environmental performance (e.g., ZEH-oriented standards, etc.) Environment Reduction of total CO₂ emissions Environment Promotion of use of low-carbon materials (e.g., timber-based buildings) Environment Be ACTO Social 	<ul style="list-style-type: none"> Achievement of net-zero CO₂ emissions for the entire Shibaura Project district Environment Promoting building longevity and environmental performance (e.g., ZEB-oriented standards, etc.) Environment 100% renewable energy for electricity consumption of leasing assets Environment Human First brand Social "TOKYO WORKation" (Shibaura Project) Social 	<ul style="list-style-type: none"> Extension or alteration work on existing buildings (U.K. office building for leasing 127CXR) Environment Quality improvement through design KAIZEN and frontline KAIZEN Environment Social Supply of high-quality housing (e.g., KAIZEN) Social 	<ul style="list-style-type: none"> Reduction of energy use and CO₂ emissions by properties under management Environment Initiatives taken ahead of the rest of the real estate management industry (Climate Change Action Award from the Minister of the Environment) Environment Initiatives for social issues through properties under management Social 	<ul style="list-style-type: none"> Provision of disaster countermeasures information Environment Brokerage transactions that lead to community development and give due consideration to the environment Environment Social Effective use of real estate stock (CRE proposal, CRE-NAVI) Social 	<ul style="list-style-type: none"> Introduction of energy-efficient devices Environment Proposals for renewal and renovation work Environment Initiatives for aging buildings (re:Premium, re:Premium Duo) Social 	
	Promotion of DX	<ul style="list-style-type: none"> Digitalization of marketing activities Use of digital tools in product planning (e.g., smart condominium app, robot delivery, smart lock) 	<ul style="list-style-type: none"> Provision of services that use digital technologies (e.g., facial recognition access system for office products, H1T smart lock, Techrum of Landport) 	<ul style="list-style-type: none"> Adoption of digital technologies that enable progress at construction sites to be checked using images 	<ul style="list-style-type: none"> Productivity improvement through introduction of systems (e.g., fund management system, earthquake & inland flood alert system) 	<ul style="list-style-type: none"> Provision of services that use digital technologies (e.g., digitalization of contracts) Digitalization of marketing methods Utilization of nomu.com 	<ul style="list-style-type: none"> Digitalization of building management (Kanri Roid) RPA of simple tasks 	
		 For examples of value creation initiatives in Japan → See P90-91 Feature: KAMEIDO PROJECT					 For examples of value creation initiatives abroad → See P92-93 Feature: Overseas business	

**Residential
Development
Business Unit**



Haruhiko Nakamura

Executive Officer,
Business Unit Manager of
Residential Development Business Unit

Business of the Unit

Development and sale of condominiums, detached housing and rental housing, development and management of senior housing, Internet advertising, development and sale of systems related to real estate, provides services aimed at providing assistance to customers concerning their homes arrangements, etc.

Major Group companies

Nomura Real Estate Development/Nomura Real Estate Wellness/PRIME X/Musashi/First Living Assistance

Business environment in focus

- Changes in market size due to declining birthrate and aging population
- Changes in lifestyles, diversification of housing needs
- Heightened awareness of sustainability and carbon neutrality
- Social needs for redevelopment and reconstruction such as the regional activation, aging buildings, and solving districts crowded with wood-frame housings
- General application of business methods utilizing digital technology

The strengths

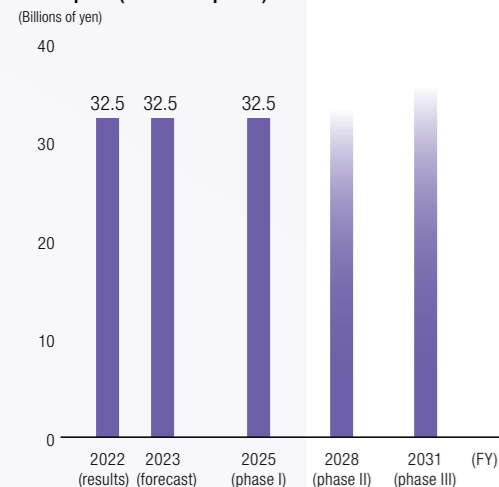
- Product planning capability generated by integrated development, sales, and management system
- Solid customer base, highly value-added services and development capability tailored to diverse customer needs
- Expertise in urban-type compact town, redevelopment, and rebuilding projects

Business assets (As of March 31, 2022)

- Land bank in the housing sales business: **¥1,441.0 billion (equivalent to 21,100 units)**
- Number of Nomura Real Estate Group Customer Club members: **approx. 147,000**
- Number of residential redevelopment projects participated: **No.1***

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)



* Source: Based on in-house research

Business strategy

- Deepen and evolve PROUD in the housing sale business (stable supply of 4,000 to 5,000 units per year)
- Strengthen efforts in redevelopment and reconstruction projects
- Response to diversifying needs
- Monetization of non-asset business

Specific policies and initiatives (As of March 31, 2022)

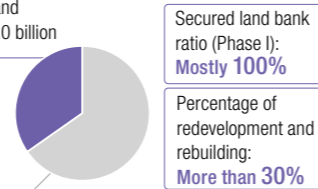
Land bank equivalent to ¥1,441.0 billion (equivalent to 21,100 units) already secured for stable supply in the housing sale business.

Business operated with the goal of acquiring land for projects posted in and after Phase II.

Land bank: **¥1,441.0 billion** (equivalent to 21,100 units)

Redevelopment and rebuilding: ¥499.0 billion (6,380 units)

Other than redevelopment and rebuilding: ¥942.0 billion (14,720 units)



Secured land bank ratio (Phase I): **Mostly 100%**

Percentage of redevelopment and rebuilding: **More than 30%**

Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

Continuously supplying high-quality residences with a focus on the PROUD brand that meets customer needs is the basic concept of our efforts toward the growth of the Business Unit. It posted housing sales of 4,329 units in the fiscal year ended March 31, 2022, achieving a high gross profit margin of 23.6%. In the Mid- to Long-term Business Plan, as well, our basic policy is to raise and maintain profitability while steadily supplying 4,000 to 5,000 housing units per year.

While the conditions for land acquisition continue to be difficult, the land bank for the period up to the end of Phase I (fiscal year ending March 31, 2025) is already secured, and we are working to acquire land for Phase II and thereafter. Despite the long period required for each project and high entry barriers, our active approach to redevelopment and rebuilding projects often in good locations to seize business opportunities has contributed to the successful acquisition of land. We plan to raise the percentage of redevelopment and rebuilding business to 20% level from Phase II. We expect that this business will contribute to solutions to social issues such as regional revitalization and the handling of obsolete buildings.

In Japan, demand associated with housing is changing more rapidly than before due to changes in lifestyles and household structures such as an increase in single-person households, dual income households, and elderly households. We will provide a variety of floor plans including compact floor plans and sell strategically residential properties located in core regional cities. In addition, we will provide rental housing, PROUD FLAT, health promoting senior rental housing, OUKAS, and other types of residential units to meet increasingly diverse consumer needs. Moreover, we aim to provide more convenient services corresponding to progress in digitization such as the creation of a comprehensive website for the businesses and services related to housing and living provided by the Nomura Real Estate Development Group.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

This Business Unit is also actively expanding energy-saving products and services. We are pursuing the supply of environmentally friendly housing by working to ensure the energy-saving performance of newly built properties meets the ZEH Oriented standard; introducing Yukai-full, a condominium air-conditioning system for entire buildings; and adopting the Attractive 30 service of reducing life cycle costs in large repair projects and other projects.

Further, we are building sustainable communities through the high functionality and convenience of housing and the revitalization of communities throughout the region with the goal of providing housing that allows customers to continue living for many years with peace of mind. The Be ACTO initiative (P91) promoted in PROUD TOWER Kameido Cross (Koto-ku, Tokyo) contributes to the development of an environment for activities led by residents and community members.

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

We are ongoing new sales techniques that use digital and online technologies. We have installed the ROOV 3D communication platform in all PROUD properties to make information about properties viewable from anywhere on a PC or mobile phone. This contributes to customer convenience, reduces resource consumption, and leads to the optimization and increased productivity of our sales activities.

At PROUD CITY Hiyoshi (Yokohama, Kanagawa), we are conducting product delivery demonstration experiments using a robot. We are also introducing WillTAP, a mobile application for locking front doors, filling baths, reserving shared facilities, and reading announcements from a management association and local community information using a mobile phone to provide services that support the safe, secure, and comfortable lives of residents.

TOPICS

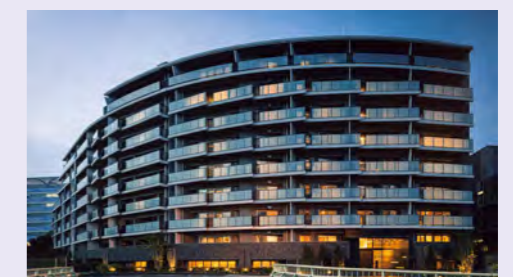
Product delivery demonstration experiment using a robot

Jointly with KDDI Research and the residents of PROUD CITY Hiyoshi, we have been conducting a demonstration experiment using a robot to deliver products in stages since February 2022. Products purchased online from local stores are delivered to each floor of the building or each residential unit by a delivery robot as part of our efforts to increase customer convenience.



PROUD Takadanobaba (Shinjuku-ku, Tokyo), a sustainable condominium capable of responding to increasingly diverse household structures

This property was selected to be a part of the Ministry of the Environment's High-Rise ZEH-M Support Project. We have installed the Yukai-full air conditioning system for the entire building and adopted the Attractive 30 service which reduces lifecycle costs, including the cost of large repairs, to provide environmentally friendly housing based on a carbon neutral, energy conserving, and recycling-oriented society. The property also features the inclusion of compact units in addition to family-type units in light of the diversification of household structures.



Commercial
Real Estate
Business Unit



Makoto Haga

Director and Executive Officer,
Business Unit Manager of Commercial
Real Estate Business Unit

Business of the Unit

Development, leasing, sales, and entrusted management of office building, logistics facility, retail facility, etc.; development, leasing, and management of hotel; management of fitness club; planning and management of construction work, etc.

Major Group companies

Nomura Real Estate Development/Nomura Real Estate Life & Sports/Nomura Real Estate Retail Properties/Nomura Real Estate Hotels

Business environment in focus

- Changes in customer values, emphasis on the individual, the community, health, and the value of time
- Heightened awareness of sustainability and carbon neutrality
- Changes in employees' awareness of work styles
- Global trends regarding the inflow of funds from investors for real estate in Japan

- Interest rate and yield spread trends
- Changes in purchase structure and heightened needs for logistics hubs due to e-commerce and diversification of sales channels

The strengths

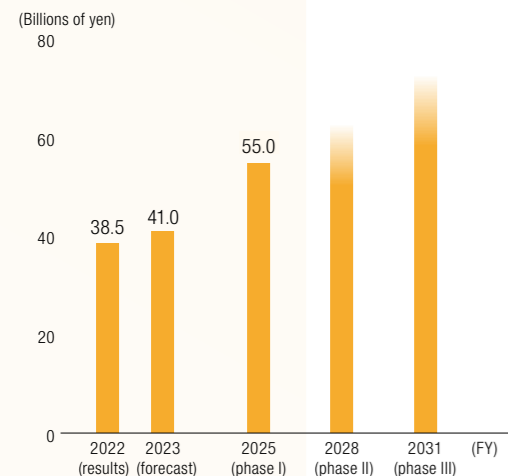
- Track record for developing diverse asset types
- Brands (PMO, GEMS, Landport) based on the market oriented concept
- Strong value chain model collaborating with Investment Management Business Unit
- Participation in major large-scale development projects in central Tokyo, including Shibaura Project and Nihonbashi 1-chome Central District Redevelopment

Business assets (As of March 31, 2022)

- Net lettable area (offices/retail facilities): **approx. 790,000 m²**
- Number of tenants: **2,000 companies or more***
- Number of H'T offices and their members: **216 offices/2,248 companies, approx. 222,000 members**
- Number of MEGALOS fitness clubs and their members: **38 clubs/approx. 110,000 members**

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)



Business strategy

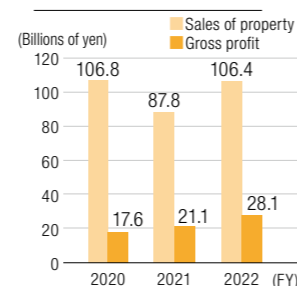
- Evolution and transformation of value creation linking environmental changes to business opportunities
- Realize development profit and unrealized profit
- Strategic asset replacement

Specific policies and initiatives (As of March 31, 2022)

Stock of investment property valued at ¥743.0 billion (total investment) is secured for the realization of development profit/unrealized profit.

Development profit/unrealized profit exceeding ¥66.8 billion was created/realized over the past three years. We will aim to continue the growth of the business.

Sales of property and gross profit



Assumptions for gross profit from sale of property
Phase I: **¥30.0 billion or more in each FY**
Phase II and thereafter: **¥40.0 billion level in each FY**

Secured land bank ratio (Phase I)
Mostly 100%

* Total number of tenants located in properties that the Group owns and conducts property management in the Commercial Real Estate Business Unit

Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

It is important for this Business Unit, which develops and operates office buildings, logistics facilities, retail facilities and various other types of assets, to increase the amount it develops and pursue growth through both the capital gains on the sale of property and income gains from the management of leasing properties.

The Group has created original brands with high merchantability, including PMO, medium-sized high-grade offices, under which a total of 70 properties have been developed (including those scheduled for construction, as of March 2022); Landport (logistics facilities); and GEMS (retail facilities). We will earn development profit by selling property for sales while also strategically replacing the leasing asset portfolio with the goal of realizing unrealized profit. Gross profit on property sales business in the fiscal year ended March 2022 was ¥28.1 billion. We will increase gross profit on the sale of property to exceed ¥30.0 billion in each fiscal year in Phase I of the Mid to Long-term Business Plan, and to ¥40.0 billion level in each fiscal year in and after Phase II.

In and after Phase II, large development projects such as the Shibaura Project and the Nihonbashi 1-chome Central District Redevelopment will be completed, and they will begin operating. Through those projects, we will start providing new value through large mixed-use developments featuring office, retail facility and hotel and expect an increase in leasing revenue.

We are also more actively developing H'O and H'T as office products capable of flexibly responding to the diversification of workstyles. H'T uses a membership business model. We believe that flexibly changing our profit model itself in line with changes in customer needs is important as a growth strategy.

responses to social change and value creation rooted in the use of facilities and services by each customer. In particular, people's perception of health, family relationships, and workstyles have changed significantly as a result of the COVID-19 pandemic. For example, the diversification of our office product lines to respond to people's changing needs is an expression of our corporate responsibility. We believe that the "HUMAN FIRST" (prioritizing people) perspective is the basis of sustainability.

Regarding environmental consideration, the Group joined RE 100 and is working to replace the electricity consumed at its domestic leasing properties with renewable energy by the fiscal year ending March 2024. For new development projects, we aim to standardize the ZEB-oriented by 2030 and carry out activities to achieve carbon neutrality through community development projects such as the Shibaura Project.

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

Digital transformation (DX) is essential to respond to increasingly diverse customer needs, increase customer satisfaction, and promote the creation of new value. Examples include entering and exiting offices using facial recognition, meeting room reservation, and controlling lighting and air conditioning using a mobile application. The fully automatic system from online reservation and office entry and exit using smart locks to the invoicing of shared offices brand H'T has been praised by users. → P75

In the logistics facility business, we are working to shift from the simple leasing of facilities to supporting the streamlining of logistic operations to more closely meet the needs of tenants. We will implement the intercompany co-creation program Techrum with 30 partner companies by fully leveraging DX to take the initiative in the automation (mechanization and labor reduction) of distribution and seize the initiative by the verification of its effect on operations.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

The business of the Business Unit is essential for the achievement of priority issues (materiality) through

TOPIC

For sustainable community development "Shibaura Project"

The Shibaura Project proposes TOKYO WORKation, a new way of working while experiencing the sky, sea, and greenery in the urban center using the unique location of the Shibaura area facing Tokyo Bay. We have named the activities for sustainable community development through industry-academia-government partnership Shibaura Sustainable Action. We have set the goal of achieving effectively net-zero CO₂ emissions from the entire district through power generation at in-house facilities using the latest energy conservation technologies, and we aim to develop a disaster-resilient community capable of quickly and steadily recovery by maintaining the functions necessary for businesses through measures to address earthquakes, power failures, flooding, and other disasters.



Takashi Kaku

Executive Officer, Business Unit Manager of Overseas Business Unit, in charge of Overseas Business



Business of the Unit

Business of developing, leasing, and selling housing, office buildings, serviced apartments, and mixed-use development, primarily in Southeast Asia, China, and the U.K.

Major Group companies

Nomura Real Estate Development/ZEN PLAZA/Beijing shokai Nomura Real Estate Management/NOMURA REAL ESTATE ASIA/NOMURA REAL ESTATE (THAILAND)/NOMURA REAL ESTATE VIETNAM/NOMURA REAL ESTATE CONSULTING (SHANGHAI)

Business environment in focus

- Further growth of the Asian housing market
- Heightened expectations in the resolution of social issues through township development
- Increased liquidity of the commercial property sales market

The strengths

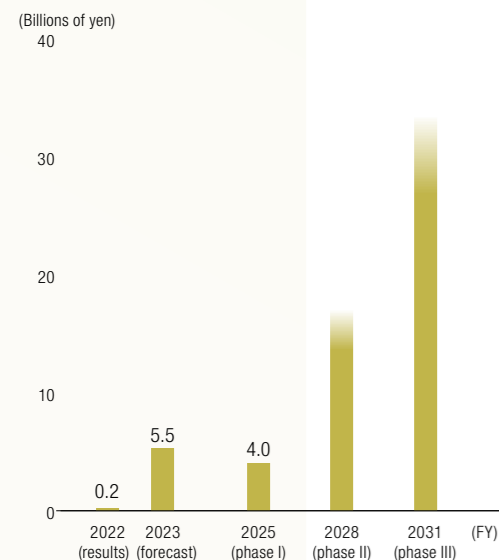
- Over 60 years of proven performance in real estate development in Japan
- Commitment to manufacturing quality and product planning and improvement capabilities

Business assets (As of March 31, 2022)

- Number of housing sale projects the Group participated in/ total project cost (our share): **26/approx. ¥491.0 billion**
- Number of leasing projects the Group participated in/ total project cost (our share): **11/approx. ¥62.0 billion**

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)



Business strategy

- Meeting expectations for high quality and providing services that provide new value in overseas markets, leveraging the expertise acquired in Japan and strong partnerships with local developers

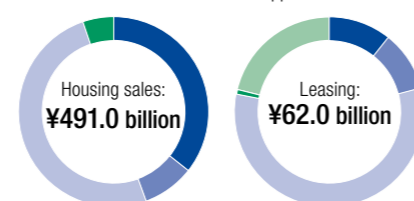
Specific policies and initiatives (As of March 31, 2022)

Operating business focused on the rapidly growing Southeast Asian market. The Group has already secured land for business whose total project cost were approx. ¥554.0 billion (our share) to be used mostly for the housing sales business that is one of our strengths.

Aiming to increase our participation in property sales business in addition to the housing sales business

Land bank (total project cost) (our share): **approx. ¥554.0 billion**

■ Vietnam ■ Thailand ■ The Philippines ■ China ■ U.K.



Secured land bank ratio (Phase I) **Mostly 100%**

Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

This Business Unit operates businesses developing and selling housing and developing and leasing property for sales such as office buildings generally in rapidly growing Asian cities. The Business Unit was established in the fiscal year ending March 31, 2023 as a new start. In the Mid- to Long-term Business Plan ("the plan"), we aim to increase the percentage of business profit of the entire Group from this Business Unit to 15% or more in Phase III (fiscal year ending March 2031) by establishing a revenue base through the increase of the volume of both of these businesses.

The housing sales business mainly targets individuals with actual demands in Thailand, Vietnam, the Philippines and China. More than 60% of the profit in Phase III is expected to come from the housing sales business. As such, it is a major revenue source for this Business Unit. In Thailand, we operate a joint venture with our local partner, ORIGIN PROPERTY PUBLIC, which has expanded to a total of 14 buildings with approximately 7,900 housing units (as of March 31, 2022). We will work to grow the business based on our strong trust relationship.

In Vietnam, we operate a business with three large local developers, and the Grand Park 2nd period project with total of approximately 11,000 housing units will contribute significantly to the profit of the Business Unit for the fiscal year ending March 31, 2023. In the Philippines, we have founded Federal Land NRE Global (FNG) jointly with Federal Land, a real estate company and a member of GT Capital Holdings, a large local financial group in the Philippines, with the goal of sustainable participation in local businesses. In China, we plan to operate a business while monitoring changes in the business environment.

The core of the Business Unit is the housing sales business in Asia, which we have proven our performance. Furthermore, another focus of the plan is to work on the commercial property for sales business in Asia, and developed countries, etc. We will operate a business extending and renovating existing office buildings in the center of London in cooperation with Lothbury Investment Management, the U.K. real estate investment management division of the Group, and will also aim to capture opportunities and develop rental housing and office buildings in other developed countries, etc.

For both the housing sales and property sales businesses, we have already acquired the volume of business necessary to achieve the Phase I profit target. We are currently in the process of verifying and commercializing new participation in a housing sales and property sales businesses and an investment property development in Phase II. It is assumed that the aforementioned FNG will start contributing to profits in Phase III. It is expected to increase the growth of our overseas business to the next stage.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

We believe that supplying high-quality housings for Asian consumers will contribute to the resolution of social issues. The added value that the Group is capable of providing in its overseas business includes two types of added value, proposals for products and quality improvement. For product proposals, we cooperate with local partners in upstream stages such as product planning and design based on a profound understanding of local ways of housing and con-

sumer needs gained through industry-academia research conducted jointly with local universities.

Regarding quality improvement, we have achieved great results through our KAIZEN activities. Southeast Asia is not an exception, and the countries of the area are also affected by climate change. Rainwater leaks are a serious problem, not just for residences. We have collaborated with residential facility manufacturers and general contractors to prevent leaks and develop and install cost-competitive products. These efforts have been praised by customers.

Furthermore, we address the serious deterioration of water sources and water quality by improving water quality within townships, with the goal of contributing to neighboring communities. We are preparing localized versions of our original design and quality assurance manuals to accumulate a track record of performance and experience and to make these efforts into ongoing activities. The expertise developed by the Group in the housing sales business in Japan is used effectively and is aiding our earning the trust of local consumers.

The real estate business is a local business. Precisely for this reason, it is essential to flexibly adjust the expertise and experience gained in Japan, rather than directly exporting it, to match local customer needs and the technical level of the local construction companies. The ability to listen to the voices of local customers and partners and apply the information learned in product development and problem solving in countries outside Japan has become one of the Group's strengths.

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

At the site of KAIZEN activities, the digital transformation has accelerated as a result of the COVID-19 pandemic. In the business environment where it is difficult to grasp the current situation of the construction site due to travel restrictions to each country, as an example, digital technology is the technologies developed by OpenSpace, which is said to be the construction site version of Google Earth.

This low-priced system makes images of all construction sites from the past to the present viewable by obtaining information from CV which specializes in real estate technologies, which we invested in during the fiscal year ended March 31, 2022. As this example shows, we are aspiring to develop and improve through DX as an effective means of developing richer and larger townships.

TOPIC

Entry into the office development business in the U.K. based on business collaboration within the Group

By the end of 2022, we will start construction on a large extension and a reconstruction project adding three floors to a low-rise, four-story office building purchased in London in the U.K. This is a collaborative project with the U.K. real estate investment management division of the Group, Lothbury Investment Management, and it will be a forerunner in our office development business in the U.K. Redevelopment in the area surrounding the property has been increasingly active, and demand for high-quality office buildings is growing. We will seek to capture the next business opportunity through cooperation with Lothbury, which has extensive experience and expertise in real estate development in the U.K.



The building now



The image of building after renovation

Investment Management Business Unit

Koki Miura

Executive Officer, Business Unit Manager of Investment Management Business Unit



Business of the Unit

Investment management services including listed and private real estate investment trusts (REITs), private funds and real estate securitization products

Major Group companies

Nomura Real Estate Asset Management/Lothbury Investment Management

Business environment in focus

- From traditional investment to alternative investment
- Expansion of ESG investment
- Expansion of investment target sectors
- Globalization of real estate investment management

The strengths

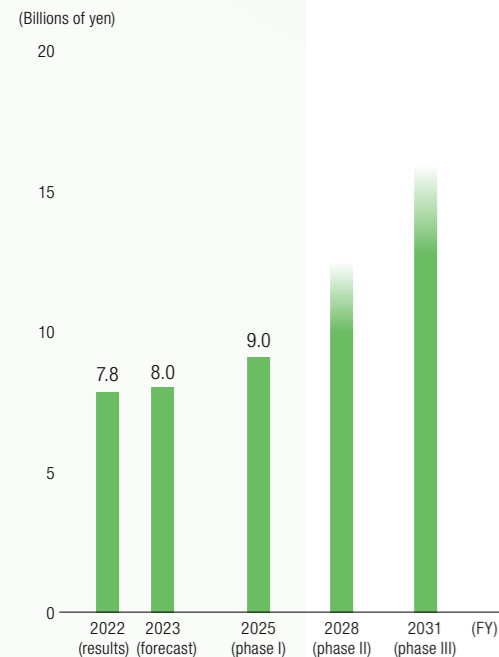
- Business growth model based on the Leasing Value Chain
- Relationships built with institutional investors through many years of asset management experience
- Product development capabilities that meet the needs of investors

Business assets (As of March 31, 2022)

- Assets under management (AUM): **approx. ¥1.9 trillion**
- Number of institutional investors through asset management in Japan (excluding listed REIT): **235 institutions**

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)



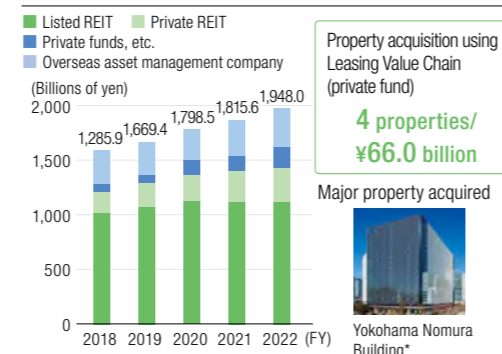
Business strategy

- Steady growth of the REIT business, the Business Unit's core business leveraging the Leasing Value Chain
- Strengthening of the private fund business as a growth engine second to the REIT business
- Capturing of a new category of investors and expansion of business areas

Specific policies and initiatives (As of March 31, 2022)

Meet the needs of institutional investors for alternative investments and substantially grow the assets under management (AUM) such as private funds. Keep focusing on the private fund business with the goal of achieving the continued growth of business.

Transactions in AUM



Property acquisition using Leasing Value Chain (private fund)
4 properties/ ¥66.0 billion



* Part of the equity in this property was acquired as of the end of the FY22/3. The remaining equity will be acquired in FY23/3.

Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

The basis of the growth of this Business Unit's profits is the stable increase of AUM by meeting the needs of investors for alternative investments. To achieve our profit targets, we aim to achieve steady growth through the expansion of product lines that meet diverse investor needs in the private fund business, which is a growth engine second to the REIT business, in addition to the stable growth of the listed and private REITs that are the mainstay business. Moreover, it is also important to develop overseas business and new business areas to more certainly ensure future growth.

The AUM of the listed REIT, Nomura Real Estate Master Fund is approximately ¥1,120.0 billion, and the AUM of the private REIT, Nomura Real Estate Private REIT is approximately ¥300.0 billion (both as of March 31, 2022). Both continue to grow steadily. This is a result of the pursuit of external growth while leveraging the Leasing Value Chain [→P40], which is a strength of the Group. We will continue to strengthen our revenue base centering on the listed and private REIT business.

The private fund business had AUM of less than ¥50.0 billion about five years ago. Now it has grown to approximately ¥190.0 billion by meeting the strong demand from investors for alternative investments. We have also built strong trust-based relationships with institutional investors and will continue to create investment techniques to accommodate diverse investment needs, invest in various asset types, and consider wide-ranging new products, including ultra-long-term investments.

In our overseas business, the partnership with Lothbury Investment Management, which joined our group in 2018, is steadily making progress. We plan to expand our global network, including considering M&A of overseas asset management companies over the medium to long term.

As part of our efforts to enter new business areas, we have established Nomura Real Asset Investment with Nomura Holdings to jointly operate real estate fund business. This company plans to expand its investor base, including wealthy individuals and foreign investors, and investment products, including the commercialization of new asset classes, by leveraging the expertise in real estate investment that we have developed over the years and the strong client network of Nomura Holdings.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

In response to an increase in demand from investors for ESG investments, investments and asset management in light of ESG are becoming the standard in the real estate investment industry. It is extremely important to respond to these changes in investor demand, and attract funds from investors to achieve the stable growth of AUM. With the goal of becoming the frontrunner of sustainability in the industry, the Unit has taken the initiative and applied a progressive approach ahead of the industry. As a result, in the fiscal year ended March 2022, we became the first private REIT that received Eco Action 21 certification and registration. We are also the first real estate investment company to receive the Minister of the Environment's Climate Change Action Award (promotion and dissemination category) in recognition of our efforts to address climate change.

We will continue to take the initiative and engage in activities to lead the industry while appropriately assessing industry trends and our Business Unit's position in the industry.

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

Our goal is to become an asset management company excelling in both quantity and quality. We believe that an increase in AUM (quantity) must be backed by performance (quality). We believe that increasing the efficiency of fund management through the use of DX enables prompt and accurate judgments, which in turn will contribute significantly to the improvement of performance.

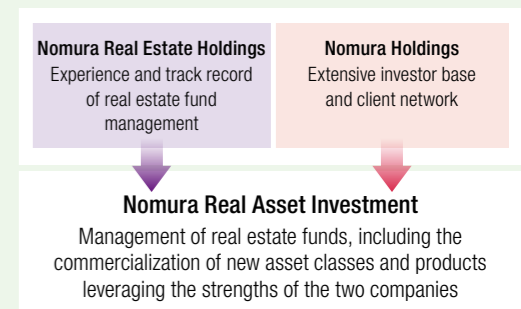
As a specific DX activity, we began operating a new fund management system in the fiscal year ended March 31, 2022. This system centrally manages and connects diverse data from management of properties, fund accounting and other operations, which facilitates the increase of productivity not only within our Business Unit engaging in asset management, but for all parties involved in fund management, including property management.

An example of DX focusing on real estate resilience is our construction of a mechanism that will enable us to promptly share disaster information and enable a quick initial response in the event of a disaster using an earthquake and flooding alert system. We believe this system is meaningful and will significantly contribute not only to the streamlining of operations but also to the safety and security of tenants.

TOPIC

Establishment of Nomura Real Asset Investment, a joint company that operates a real estate fund business

Nomura Real Asset Investment will start a real estate fund business, including the commercialization of new asset classes and products, leveraging the strengths of the two companies, including the Group's expertise in real estate investment and the client network of Nomura Holdings. The new company will prepare to establish a business involving new asset classes over medium to long term while operating a business focusing on funds for institutional investors and individual investors in the traditional sector for several years after its establishment. It will aim to build its AUM to between ¥700.0 to 1,000.0 billion in the future.





Property Brokerage & CRE Business Unit

Kenichi Maeda

Executive Officer, Business Unit Manager of Property Brokerage & CRE Business Unit



Business of the Unit

Real estate brokerage and consulting, real estate information website operation, insurance agency

Major Group companies

Nomura Real Estate Solutions/NOMURA REAL ESTATE HONG KONG/Tokio Property Services

Business environment in focus

- Continuous expansion of the used real estate market
- Increase of real estate needs due to inheritance and business succession
- Increase of off-balance sheet needs of general corporations
- Increase in alternative investment needs of institutional investors
- Intensification of service competition among major companies, rise of IT startups

The strengths

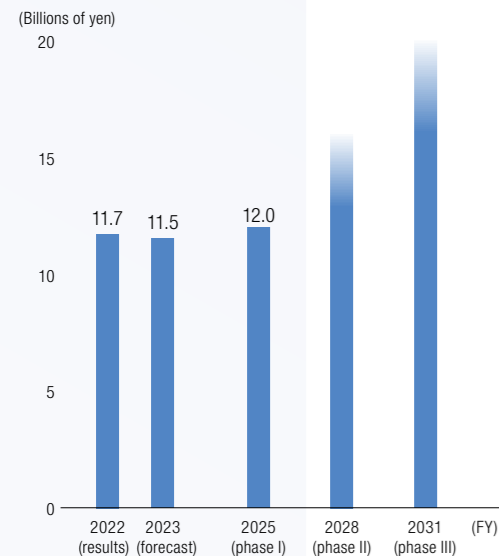
- Possessing advanced digital technology
- High customer satisfaction rating in retail business
- Partnerships with Nomura Securities and regional financial institutions

Business assets (As of March 31, 2022)

- Number of retail branches: **86**
- Number of wholesale offices: **10**
- Number of nomu.com members: **approx. 255,000** (as of January 31, 2022)
- Number of partner financial institutions including Nomura Securities and regional financial institutions: **98**

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)

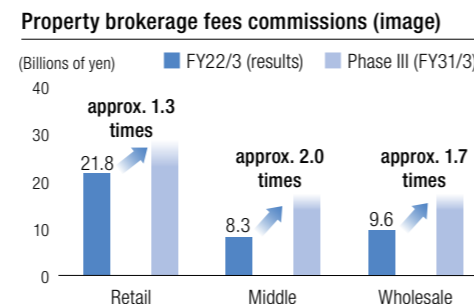


Business strategy

- Expansion of stable revenue base capturing strong demand in the retail business¹
- Meeting various needs through collaboration with the Nomura Group, financial institutions, etc., in the middle business²
- Promotion of CRE proposals, and capturing investment needs of funds in the wholesale business³

Specific policies and initiatives (As of March 31, 2022)

The middle business, which is expected to expand further in the market, was added as a new category. Based on the growth of the retail business, where demand remains firm, the goal is to further expand the middle and wholesale businesses and achieve our profit targets.



*1. Retail business: real estate brokerage business for individuals
 *2. Middle business: real estate brokerage business for small and midsize companies, business owners, some individual investors, and high net worth individuals
 *3. Wholesale business: real estate brokerage business for large corporations, funds, and overseas investors

Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

This Business Unit aims to achieve medium- to long-term profit growth by increasing the total transaction value through services centered on real estate brokerage and CRE proposals. The percentage of brokerage fees received in the fiscal year ended March 2022 was approximately 55% in the retail business, approximately 21% in the middle business, and approximately 24% in the wholesale business. Under the Mid- to Long-term Business Plan, we will significantly expand the middle and wholesale businesses that are expected to grow further, while ensuring stable revenue from the retail business.

The retail business has achieved sales above expectations, including a 50% increase in transactions of high-end housings priced ¥0.2 billion or more thanks to REALIA, a brand of high-grade condominiums in central Tokyo established in the previous fiscal year. We expect steady growth in the used housing sales market supported by diverse demand including housing, investments, and inheritance tax shields.

We have positioned the middle business as a new growth area. The middle business responds to demand from small and midsize companies, individual investors, and high net worth individuals related to the purchase and sale of property, providing specialized services related to business succession, inheritance, and other needs related to real estate transactions. We expect potential demand in this market to be very high and will work to meet this demand in cooperation with the Nomura Group, financial institutions, and licensed professionals.

The wholesale business still has significant potential, including CRE proposals. In the fiscal year ended March 2022, we brokered the purchase and sale of an obsolete, unused college campus to meet the needs of a foreign international school planning to open a campus in Japan. This contributes to sustainability by inviting foreign funds into the Japanese real estate market and making use of idle properties.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

This Business Unit contributes to the revitalization of society through the effective use of real estate stock, which has become a social issue. In particular, CRE proposals contribute to the effective use of companies' idle properties and increase asset efficiency, leading to sustainability. Additionally, in March 2022 we established the CRE-NAVI website supporting CRE strategies to respond to wider-ranging issues. The website posts information about the market and trends, and also information about companies' use of properties to achieve the SDGs in collaboration with external experts.

We also focus on sharing information about regional disasters in response to the frequent natural disasters that have occurred in Japan in recent years. In November 2021, a section on the disaster control measures taken in communities was added to the nomu.com website, providing explanations about the hazard maps of each area. We believe that the knowledge of the characteristics of each area from the perspective of disaster control will provide

* Nielsen NetView survey: <https://www.nomu.com/plus/> (Japanese only)

customers with confidence when making decisions related to their relocation in new housings.

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

The delivery of high-quality and diverse services using digital technology is one of the basic policies for the growth of the Business Unit.

VR Home Staging provided by nomu.com, a real estate information website, is used by the largest number of visitors in the industry for 13 consecutive years*. VR Home Staging, which uses AI and virtual reality technologies to reproduce spaces in housings with residents, and many other types of web content will be the foundation for the future expansion of services. We will continue to improve the useful information provided and strengthen the website's function as a contact for customers considering real estate transactions.

In addition, developing new sales techniques using DX is also an important measure. At "Nomura no chukai + (PLUS)" branches, online customer service, webinars, and a mobile app for mortgage procedures led to an increase in productivity and these technologies are meeting customer needs, including the need for online, contactless communication and the need to use time effectively.

TOPICS

Launch of an electronic contract system for signing and placing seals on contracts.

Anticipating the revision of the Building Lots and Buildings Transaction Business Act, in November 2021 we started using digital signatures and seals in contracts for real estate transactions of individuals using an electronic contract system. This enables important business documents and buy-sell agreements, which were previously required to be in paper form, to be delivered or exchanged in a digital format. Progress in the digitization of real estate transactions can be expected. Our delivery of services ahead of other companies will facilitate an increase in customer convenience.



Revitalization of a former school building with a distinguished history as an international school

In the fiscal year ended March 2022, the strong desires of a property seller, a domestic school corporation, for the revitalization of community activity and the preservation of a valuable school building for future generations and the desires of a foreign buyer to create a new educational facility in Japan and acquire a prestigious building appropriate for an international school resulted in a successful deal.

This project revived a college campus which had long been idle as an international school. It proved to be extremely significant in view of community development and contribution to sustainability, including environmental preservation.



The photograph is an image.

Property &
Facility
Management
Business Unit



Akihiro Fukuda

Executive Officer,
Business Unit Manager of Property &
Facility Management Business Unit

Business of the Unit

Operation and management of and contract work for condominiums, office buildings, etc.; renovation business; local cooling and heat supply business; solar power business, entrusted cleaning of office buildings

Major Group companies

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

Business environment in focus

- Evolution of digital technology
- Changes in lifestyles and work styles, diversification of resident attributes
- Shrinking workforce, declining birthrate, and aging of society
- Aging of buildings, increase of smart buildings, and obsolescence of existing buildings
- Frequent occurrence of disasters, strengthening of resilience

The strengths

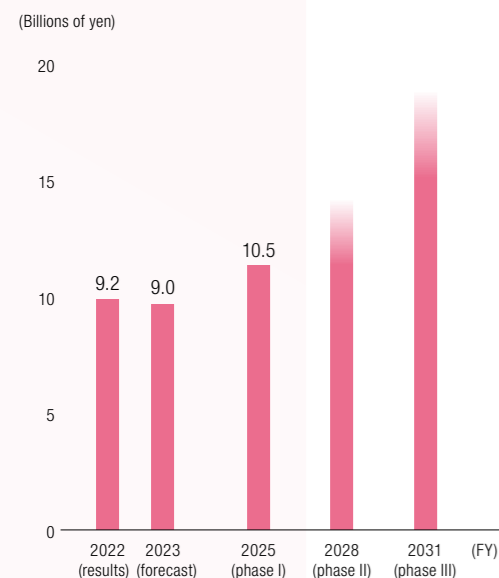
- Stable increase in property under management through Group collaboration
- High level of external evaluation for management quality
- Competitive construction proposal capacity, including scheme for extending large-scale repair works cycle

Business assets (As of March 31, 2022)

- Number of housings under management: **186,549 units**
- Number of buildings under management: **772 buildings**

Mid- to Long-term Business Plan (business strategy/profit plan)

Profit plan (Business profit)



Business strategy

- Strengthening proposal-based management with high customer satisfaction
- Providing high-efficiency and high-quality management services utilizing digital technologies
- Expanding management areas and services
- Increasing construction projects ordered, including large-scale repair works

Specific policies and initiatives (As of March 31, 2022)

Continuing to maintain and improve the high level of customer satisfaction by leveraging operation management, which has been ranked No. 1 for 13 consecutive years. Aiming to increase construction projects ordered based on the reputation and trust from customers.



Interview with Business Unit Manager

Q1 What are the key points for achieving profit targets in the Mid- to Long-term Business Plan?

This Business Unit works to maintain and increase the property value mainly of condominiums and office buildings by providing operation and management services and through large-scale repair works. The total number of contracted housings under management exceeds 186,000 and the number of office buildings is slightly less than 800 (both as of March 31, 2022). We have developed operation and management expertise, particularly in the operation and management of the properties of the Group companies. As a result of continuing to provide high-quality services, we have been reputed by customers and ranked no. 1 in the SumaiSurfin Management Company Satisfaction Survey for 13 consecutive years.

In the Mid- to Long-term Business Plan ("the plan"), we have established two key growth strategies: digital transformation (DX) and the increase of construction projects ordered.

The reason of the reputation for the services provided by this Business Unit is its abundant human resources capable of providing hospitable, high-quality services. We will increase customer convenience by automating some operations through DX and intensively assigning welcoming employees to new projects, thereby increasing the quality of management and the delivery of services. In other words, we will create an environment that facilitates this Business Unit's continued exertion of its strengths and increases customer satisfaction. While securing human resources continues to be an important issue, DX maximizing the use of limited resources will be crucial to the growth of this Business Unit.

It is also important to increase the number of construction projects, thereby ordered by customers based on the trust built on our high-quality operation management. Approximately 60% of office buildings under management contracts are more than 20 years old. Condominiums of the Nomura Real Estate Group, mainly our brand "PROUD", will enter the phase where large-scale repair works are appropriate in the coming years. Due to this background behind our business, there is social significance to our implementing repairs leveraging our technical and proposal-creation skills. Thus, we expect to grow further.

Q2 What is the Business Unit focusing on to achieve its priority issues (materiality)?

In this Business Unit, the appropriate management of operations and systematic repairs is directly linked to sustainability. For example, we are maintaining and increasing the value of existing buildings over a long period of time. An increase in obsolete and abandoned condominiums has become a social issue in recent years. The Business Unit developed re:Premium, a project to extend the cycle for large-scale repair works of the condominiums of PROUD brands, and re:Premium Duo, a project targeting condominiums sold by the Group before the launch of the PROUD brand. We are actively proposing these projects to customers. This leads to reducing lifecycle expenses. The funds generated through cost reduction can be used to propose construction projects that increase asset value. These activities protect and promote the long-term use of

the assets that are precious to customers.

In addition, construction proposals incorporating sustainability perspectives are essential for enabling the construction ordered business to grow over the medium to long term. Customers' expectations regarding construction proposals introducing excellent energy-saving devices and other renovation proposals maintaining long-term value have been increasing every day. We believe that making proposals that meet the needs of each customer based on our approach to connect closely with individuals established in the Group will lead to the solution of priority issues (materiality).

Q3 Please tell about your DX initiatives that lead to new services and improved profitability.

Our business is relatively labor-intensive, and conventional analog methods are still used today in many operations, suggesting that there is still a lot of room to increase productivity through DX. The streamlining of operations using digital technology is an urgent issue also because of the social conditions making it difficult to secure senior human resources who have experience managing workplaces mainly as a result of companies raising their retirement ages.

Again, this Business Unit aims to allocate the resources generated by increasing efficiency through DX to high value-added operations. We have already started introducing Kanri-roid, which increases workplace productivity, in cyclic building management operations and are actively implementing the robotic process automation (RPA) of simple tasks. We are planning to facilitate the development of personnel for DX-related divisions and make investments in the range of several billion yen in DX in the plan and expect the effects of DX to exceed the invested funds. Providing high-efficiency and high-quality management services by allocating digital technologies and the right human resources in the right places will help increase the competitiveness of the Business Unit.

TOPIC

Introduction of Kanri-roid for digitization of building management

In June 2021, we launched company-wide implementation of Kanri-roid in our building management operations. We have already installed it in more than 600 properties, and will continue to verify its effects with the goal of increasing productivity through the reduction of manual operations, meter reading leveraging AI technology, etc. Over the medium term, we hope to accumulate records of errors and management operations as retrievable and analyzable electronic data and use this data to develop highly accurate and active proposals for building owners.



Meter reading using AI image analysis

The KAMEIDO PROJECT, urban development for the future of the community:

Large-scale mixed-use development of housing, retail facilities, educational facilities, and open space

No two properties are identical in the urban and real estate development project being carried out by Nomura Real Estate Group. This is why we stay close to the local community and aim to build a town where residents' attachment to the town and pride in living there become the driving force that enables it to grow into an even better place to live. In the KAMEIDO PROJECT, we are proceeding with urban development for the future of the community while maintaining an active dialogue with local people.

Community-based urban development led by residents

The KAMEIDO PROJECT is a large-scale mixed-use development project including residential, retail, and educational facilities built on the site of Sun Street Kameido, a retail facility that was loved by local people for 20 years. In the development project, the Group has focused on taking the land that local people were attached to and ensuring it can be passed down to the next generation. To this end, we have earnestly listened to the voices of local people and continued to engage in active dialogue through an urban development council from the stage of district planning.



Sun Street Kameido, a retail facility long loved by local people



KAMEIDO CLOCK (left)/PROUD TOWER Kameido Cross (right)



Site under development

KAMEIDO PROJECT

Location : Koto-ku, Tokyo
Access : 2-min. walk from Kameido Station
Main use: PROUD TOWER Kameido Cross condominium (total number of units: 934)
 KAMEIDO CLOCK retail facility (leasing area: approximately 28,000m²)
 Elementary school and preschool

Elementary school visiting lesson Watching over the Community

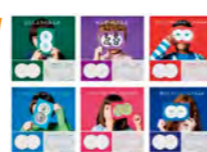
Watching over the Community lesson given at Daini Kameido Elementary School as part of the activities for creating a town that grows together with the local community

Daini Kameido Elementary School next to the project site



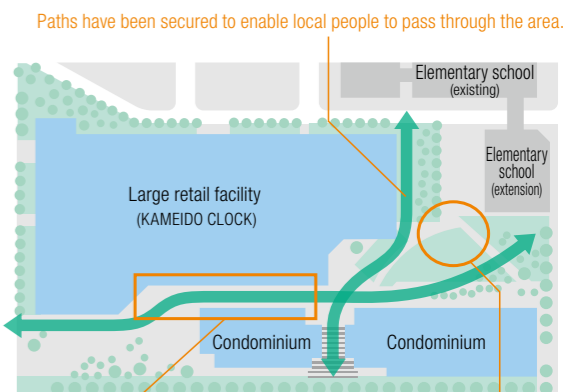
Watching over the Community

Watching over the Community is an educational program to observe the town from the perspective of other people. It promotes awareness of the various functions in the town, which are a normal part of life and often overlooked, and potential value. It is an attempt to create a new town by increasing children's interest in the community and preserving the precious assets of the community for the future.



KAMEIDO PROJECT — aiming to integrate with the local community

KAMECLO STAGE carries on the function of Sun Street Kameido as a place for people to gather and interact. KAMECLO YOKOCHO presents an image of the good old days of downtown Tokyo and promotes gatherings by showcasing a food culture unique to the district. The KAMEIDO PROJECT offers various elements to promote interactions between people living in, working in or visiting the area and it creates new gatherings and activities.



Local restaurants and stores operate along the path between the condominium and the retail facility. A co-working space is available for use by local people.



An open space is available for use by visitors and residents. It provides a place for local residents to interact.

Be ACTO stimulating community activity

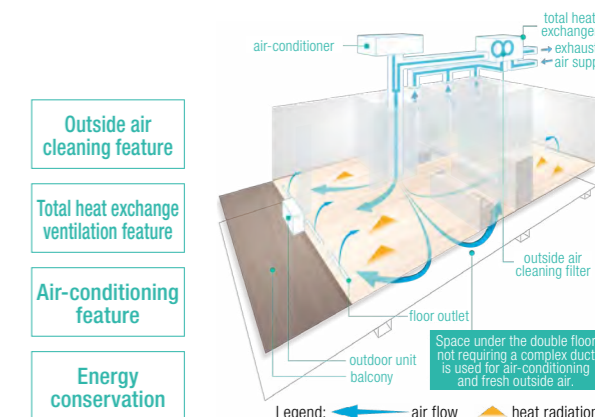


The Group carries out urban development based on the idea that the formation and vitalization of diverse communities increase the value of regions or towns. To this end, we have introduced Be ACTO, one of our area management activities and the Group's original scheme, under which local people lead activities. In addition to multipurpose spaces for children's activities, telecommuting, studies and other activities that become an easily available activity base, we aim to encourage the activities of the local community, in which community members participate in activities for making friends and current and new residents communicate with each other.



The sustainable urban development Achieving both a decrease in environmental burden and an increase in comfort

This project responds to priority issues (materiality), climate change and the natural environment, and achieves sustainable urban development. PROUD TOWER Kameido Cross is equipped with Yukai-full, the condominium version of our original whole-house air-conditioning system that creates a comfortable living space while increasing energy efficiency. The building also meets the ZEH-M Oriented standard. The KAMEIDO CLOCK retail facility has installed a cogeneration system to use the heat generated during the generation of electricity to boil water and heat rooms. The facility contributes to the reduction of CO₂ emissions through high-efficiency energy consumption.



Operating a business rooted in the local community and making an overseas business a growth driver

We have placed the steady growth of overseas business as one of the priority strategies of the Mid- to Long-term Business Plan.

As in Japan, we will stay close to the local people who live and gather in particular places with the goal of providing comfortable, abundant lives and experiences in our overseas business as well.

By developing a business that is optimized for customer needs, customs, construction environments, and other conditions in each country based on relationships of trust with local partners, we are aiming to achieve a profit of 15% or more for the entire company in Phase III (fiscal year ending March 31, 2031) of the plan.

Transformation of overseas business

Increasing involvement in business by strengthening relationships of trust with local partners

The Nomura Real Estate Group resumed its overseas business in 2014 and has been mainly operating a housing sales business, an area in which we have established a track record in Japan. Real estate businesses are local businesses that are strongly affected by local national and municipal laws and regulations, trends and the business practices of the people living and working in the area and other conditions. It is essential to operate a business rooted

in the country, and our general rule is to establish joint ventures ("JV") with local partners.

Overseas businesses that started with meeting local demand from companies for funding have shifted into a phase in which the added value provided by the Group is recognized in the country. We will accelerate the delivery of the unique added value that the Group can provide and achieve growth.

	Beginning			Growth Phase				
	2014	2015	2016	2017	2018	2019	2020	2021
Partner strategy	<ul style="list-style-type: none"> Partner search Participate in Japanese JV with a minority share 			<ul style="list-style-type: none"> Build and improve partnership Participate singly in JV with partner companies 				
Involvement in business	<ul style="list-style-type: none"> Business participation similar to pure investment 			<ul style="list-style-type: none"> Creation of added value and expansion into upstream businesses 				
Human resources and organization	<ul style="list-style-type: none"> Human resource development and know-how acquisition 			<ul style="list-style-type: none"> Establishment of local subsidiaries Promotion of business localization 				

Beginning Delivering our added value through our original KAIZEN activities

After resuming overseas business, the Group first entered a JV in Vietnam and China with a minority share. At first, our participation was similar to the pure investment that would meet local partners' need for funds. We have, then, worked to develop trust-based relationships with local partners through KAIZEN activities aiming to improve quality, in which we have packed our expertise and experience accumulated in Japan. These seemingly laborious efforts have resulted in the prevention of problems and other effects that led to a reduction in construction periods, which has significantly contributed to earning the trust of our local partners.

KAIZEN activities



Design KAIZEN



Workplace KAIZEN

Activities to improve quality through consortiums with local companies

We undertake activities that meet local needs in each phase of business, from project planning, design and construction to delivery. The activities contribute to the increase of salability and quality through the improvement of design quality, the prevention of defective construction, etc. and the reduction of construction periods.

Growth Phase Establishing local presence and promoting localization

While enhancing trust-based relationships with local partners, we promote the continued localization of the business. In addition to the establishment of local subsidiaries, we participate in businesses in which Japanese companies hold a majority share and began participation in some businesses from the upstream area. We are contributing to the improvement of product appeal and design quality, the decrease of architectural costs, an increase in selling prices, and the shortening of sales schedules, and are receiving a reputation from local partners and Japanese companies.

Three companies, Isetan Mitsukoshi Holdings, Federal Land ("FLI"), a real estate company affiliated with GT Capital Group, a large Filipino financial group, and Nomura Real Estate Group, are jointly developing The Seasons Residences, a condominium project in Manila, the Philippines. In 2021, the project received an award for Best Residential High-Rise Development in the Philippines from the International Property Awards, which commends outstanding real properties globally. Starting with this business, the development of locally rooted businesses, including a company founded jointly with FLI in 2022, is beginning to be achieved, and we have arrived at a stage with significant potential for the growth of the overseas business.



Sunshine Fort (Philippines Manila)

Main use: Housing (The Seasons Residences, total number of units: approx. 1,400), retail facility
Completion: 2022 and onward

TOPIC Establishment of a joint company with the goal of participating in continuous business in the Philippines

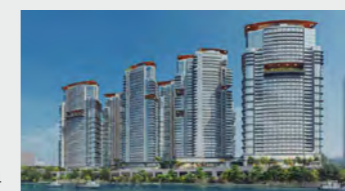


In 2022, Nomura Real Estate Development and FLI founded a joint company, Federal Land NRE Global ("FNG"). It is a going concern benefiting from the strengths of the partners, including the extensive business infrastructure of GT Capital Group, a large financial group, the large land bank of FLI, and the Group's expertise in real estate development gained in Japan and abroad. FNG will be a stable and sustainable foundation for businesses that can be incorporated into a real estate development business, and we aim for the continuous growth of business in

the Filipino market, where growth can be expected. The initial properties we have decided to purchase are development land in four areas in Metro Manila and Cebu. We will operate a real estate development business with a total project area of approximately 250 ha and a total project cost of approximately ¥770.0 billion (approximately ¥270.0 billion in the first 10 years). For the future, we are considering additional investments in areas other than these four projects.

Overview of the four initial projects Total project area of approx. 250 ha and total project cost of approx. ¥770.0 billion

Mandaluyong
Main use: Residence (approx. 4,700 units)
 Retail facility (49,570 m²)
 Office (18,005 m²)
Construction: Scheduled to start in 2024



Cavite
Main use: Residence/ Residential area development (approx. 42,000 units)
 Retail facility (110,337 m²)
 Office (653,613 m²)
Construction: Scheduled to start in 2025



Metro Park
Main use: Residence (approx. 1,600 units)
 Retail facility (23,449 m²)
 Office (13,824 m²)
Construction: Scheduled to start in 2024

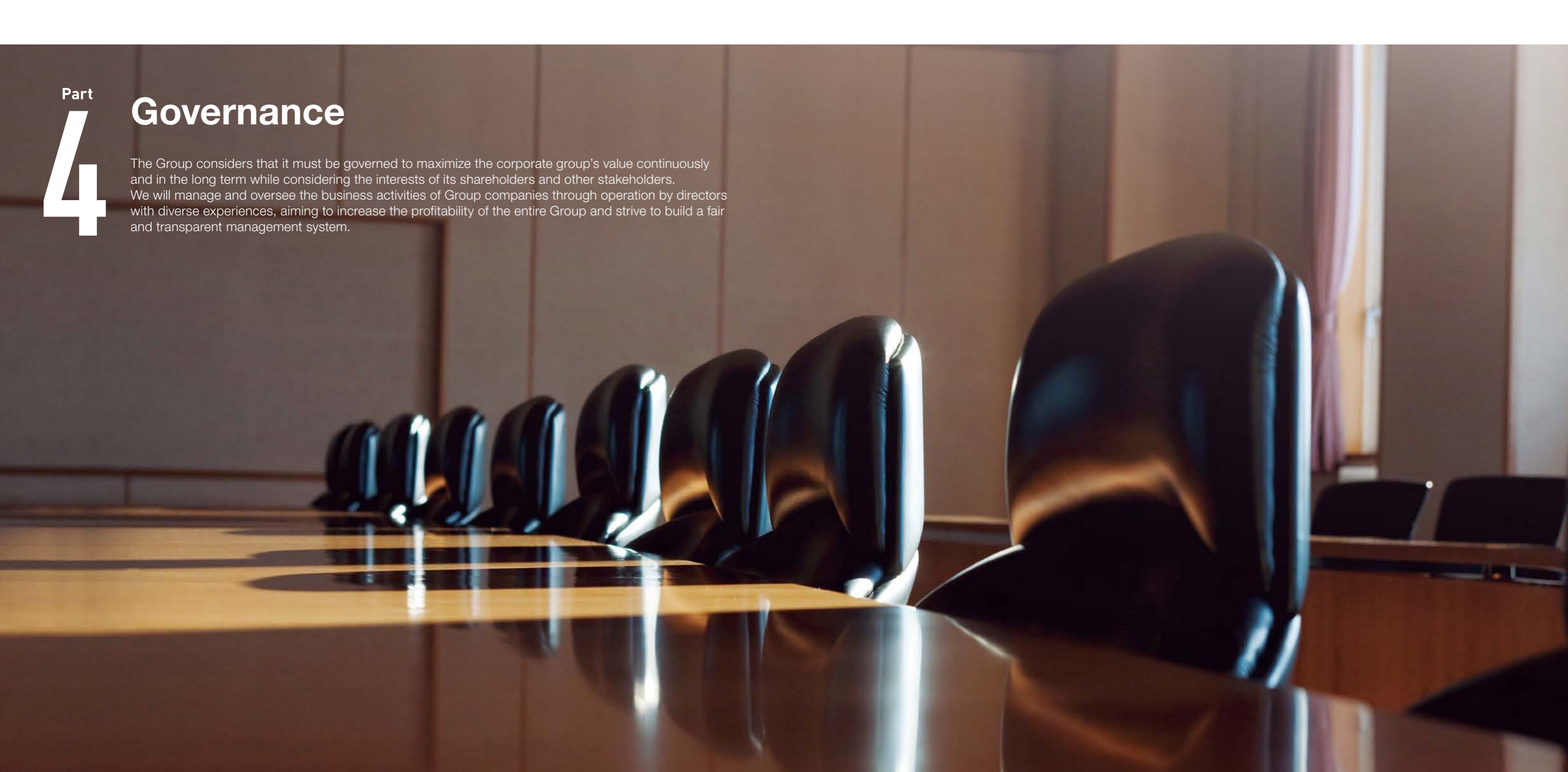


Cebu
Main use: (approx. 940 units)
 Retail facility (18,306 m²)
Construction: Scheduled to start in 2025



Part 4 Governance

The Group considers that it must be governed to maximize the corporate group's value continuously and in the long term while considering the interests of its shareholders and other stakeholders. We will manage and oversee the business activities of Group companies through operation by directors with diverse experiences, aiming to increase the profitability of the entire Group and strive to build a fair and transparent management system.



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Positioning of this part

It is essential to build an effective governance system and operation of the Board of Directors to achieve sustainable growth. This section provides a detailed explanation of the effectiveness of the Group's governance to promote the understanding of investors and other stakeholders while incorporating a dialogue between the Chairman of the Board of Directors and the Chairman of the Advisory Committee Relating to Nominations and Compensation, and a roundtable discussion among external directors.



DIALOGUE

Dialogue between the Chairman of the Board of Directors and Chairman of the Advisory Committee Relating to Nominations and Compensation

Through the dialogue between Shoichi Nagamatsu, Chairman of the Board of Directors, and Tetsuro Higashi, Chairman of the Advisory Committee Relating to Nominations and Compensation, we will explain the evaluation and issues regarding the effectiveness of the Company's governance system.

Shoichi Nagamatsu

Chairman of the Board of Directors
(Chair and Director)

Tetsuro Higashi

Chairman of the Advisory Committee
Relating to Nominations and Compensation
(External Director)



Shoichi Nagamatsu



Tetsuro Higashi

Composition of the Board of Directors and Evaluation of the Director Compensation Plan

Q What is your view on the composition of the Board of Directors?

Higashi I think that the composition of members is well-balanced, as there is sufficient diversity in the experience and knowledge possessed by the current directors. However, since Ms. Katsura Ito was appointed to an important post in the Japanese government and resigned from the position of external director as of March 2022, there is currently only one female director. I believe that this situation should be corrected immediately. Since the Group's products and services are used by many female customers, it is necessary to increase the number of female Directors to incorporate diverse ideas. In fact, we have been examining specific candidates at the Advisory Committee Relating to Nominations and Compensation.

In addition, I recognize the necessity to consider the appointment of a director of non-Japanese nationality in order to further expand our overseas business in the future. Having said that, I think that it is desirable to appoint a non-Japanese director after ensuring that the candidate has in-depth knowledge of the Group and understanding of its DNA and corporate culture, instead of immediately appointing a non-Japanese director at this stage.

Nagamatsu I agree that the appointment of a female director is an imminent issue. In addition, in order to promote DX, an important strategy under the Mid- to Long-term Business Plan, I think that we will need directors and executive officers with in-depth knowledge of ICT and digital technologies. In this regard, we will consider the option of inviting an expert from outside the Group. As indicated by the fact that high profit growth has been set as a target in the plan, the Group seems to be in the phase of pursuing a proactive strategy at the moment. In such a phase, risk management becomes more important. While we should welcome that business plans are actively proposed by each Business Unit in order to achieve profit growth, it is extremely important to ensure functions to analyze associated risks and apply brakes as needed from the perspective of governance. We will also consider how to strengthen such functions going forward.

Q The compensation plan for directors has been revised. What are the details and purposes of the revision?

Higashi Following the deliberations by the Advisory Committee Relating to Nominations and Compensation

and the resolution of the General Meeting of Shareholders, the share-based compensation plan for directors has been revised. Specifically, to achieve the targets under the new Mid- to Long-term Business Plan, the amount paid as performance-based compensation of share-based compensation has been increased to further link the management efforts of directors with the compensation plan. In addition, external directors (excluding those who also serve as Audit & Supervisory Committee Members) have been added to the targets of share-based compensation paid as non-performance based compensation.

Nagamatsu While the revision was also discussed by the Board of Directors, it has been determined that share-based compensation after the revision will be at an appropriate level for relative comparison within the industry and is desirable given the accountability for performance.

Higashi The mission of directors is to increase corporate value over the medium to long term, and I recognize that one of the representative indicators of success or failure is the stock price. Therefore, it is extremely reasonable to pay share-based compensation in order to link the interests of directors and shareholders. We believe this motivates directors to increase corporate value over the medium to long term and gives shareholders a sense of security about long-term ownership of the Company's shares. There were many foreign investors among the shareholders of the semiconductor manufacturing equipment company where I used to be a representative director, and it was a matter of course for a director to hold shares of the company. Through the revision of the compensation plan, we have increased the ratio of share-based compensation in the total compensation of directors. It has been evaluated that we achieved a better alignment of interests between directors and shareholders from a global perspective.

Perspective of Protecting Minority Shareholders

Q What is your view on the relationship with Nomura Holdings, the Company's major shareholder?

Nagamatsu As a person originally from Nomura Holdings, I would say that the relationship should lead to the enhancement of the Group's corporate value. For this reason, I believe it is important to promote collaboration in the field where Nomura Holdings' strengths in its client networks in Japan and overseas, including corporate customers and high net worth individuals, can be utilized in the Group's businesses as a real estate company. For example, the Group's investment management business and property brokerage and CRE business are representative fields where such strengths can be leveraged to generate synergistic effects. In August 2022, we and

Dialogue between the Chairman of the Board of Directors and Chairman of the Advisory Committee Relating to Nominations and Compensation

Nomura Holdings jointly established Nomura Real Asset Investment, an investment management company that will engage in the real estate fund business. This is a representative example of how the Group can enhance its corporate value by leveraging the strengths of both companies. Since these business collaboration efforts are welcomed both by major and minority shareholders, we should actively promote such efforts.

Higashi Our relationship with Nomura Holdings is attracting a great deal of attention from external stakeholders. In particular, I recognize that the appointment of former Nomura Holdings employees in the management of the Company is a point of great interest. As Mr. Nagamatsu stated, it is important to advance collaboration in areas where the two companies can demonstrate synergies. However, in order for shareholders and investors to understand the relationship between the two companies, it is essential to ensure transparency in the appointment of directors and explain the reasons for appointment in a convincing manner. In this sense, the role of the Advisory Committee Relating to Nominations and Compensation, which deliberates and reports to the Board of Directors on the nomination, compensation, and dismissal of candidates for directors and executive officers, is significant. I believe that the system in which I, as an independent external director, serve as the Chairman of the Committee is evidence of effective governance.

What We Can Do to Sustain Effective Governance

Q What are the evaluation and issues of the Company's succession plans?

Higashi I recognize that we have sufficient personnel serving as our directors with diverse experiences and capabilities for the next generation, such as directors who have been working at Nomura Real Estate since graduation, with in-depth experience in the real estate business, and directors with expertise in the securities business who are originally from Nomura Holdings. From a medium- to long-term perspective, the challenge is to develop human resources who will play a major role in the Group's management in the next generation in addition to the candidates for successors of the current management. We will continue to consider the possibility of appointing younger employees and hiring highly specialized personnel from outside the Group.

Nagamatsu Depending on the business environment surrounding the company and its stage of growth, the qualities required for executives will change. The qualities required for the Group's upper management have changed significantly from the past, when we focused heavily on the residential development business, to today, when our businesses are diversified, including overseas business. While members who sufficiently meet the qualifications based on this perspective have been appointed as present

directors, the Advisory Committee Relating to Nominations and Compensation will continue to select appropriate members in the future after thoroughly discussing the qualifications required for the Group's management.

Recent Discussions at the Board of Directors Meetings and Management Issues

Q What do you recognize as management issues and how is the Group responding to them?

Nagamatsu The promotion of DX has long been one of the Group's biggest challenges and will continue to be an important subject. In the process of formulating the new Mid- to Long-term Business Plan, the Board of Directors actively discussed this topic, and I highly evaluate the fact that specific details such as the amount of DX and ICT investment were incorporated into the plan. Currently, the administrative divisions are playing a central role in promoting DX-related initiatives, but I believe that it will be mandatory to promptly promote collaboration across the Group in order to realize initiatives that meet the needs of the front line in the future. It is also crucial whether the efforts by each Business Unit to achieve high profit growth under the plan will progress steadily in the future. I think that it is necessary to continue to monitor the progress and provide supervision for the expansion of the overseas business in particular.

Higashi While DX among Japanese companies had been focused on boosting the efficiency of information processing in accounting departments, it has been increasingly used as a service menu for customers recently. Indeed, we are beginning to see concrete prospects for the future, and we are feeling a growing awareness of DX across the Group.

In addition, I have long recognized the need for in-depth discussions on issues related to the overseas business, such as the priority regions in our global strategy and the specific business development in each region based on such strategy. With regard to this point, we have been able to narrow down our focus to a certain extent by discussing priority countries, cities, and businesses through the formulation of the Mid- to Long-term Business Plan. In the future, I will closely monitor the businesses we promote in each country to determine whether they provide the Group's unique value and how they differentiate themselves.

Q Lastly, what are your thoughts and resolutions on the enhancement of the Group's sustainable corporate value?

Nagamatsu As stated that "it is necessary to evolve and transform approaches and methods of value creation" in the new Mid- to Long-term Business Plan, we are committed to transforming ourselves in order to achieve sustainable enhancement of its corporate value. For this reason, it is necessary to approach our businesses from a broad perspective, without being bound by past know-how or the current organizational structure. While the organic growth of each Business Unit is of course important, the Business Creation Division was newly established within Nomura Real Estate Development to explore business opportunities in new fields with the aim of further demonstrating the spirit of challenge as a real estate developer. I highly appreciate this move and look forward

to the future of this new division. I would like to deepen discussions at the Board of Directors with a balanced view so that we can support our efforts for growth, while placing importance on risk management.

Higashi In the semiconductor industry where I used to work, the business cycle was short, and innovation was happening every couple of years. In such an environment, there is a strong sense of urgency that we must keep trying new things, and we have no choice but to take on challenges. There was a culture that tolerates failure and places value on identifying the cause and sharing it internally. Even in the real estate industry, which is said to have a longer business cycle, we need to shift our thinking to the assumption of new challenges in today's rapidly changing environment. While hoping that new business opportunities will be generated based on the Nomura Real Estate Group Vision for 2030 "Be a 'Life & Time Developer' as Never Seen Before," I would like to contribute to linking them to the enhancement of corporate value.



DIALOGUE

External Directors' Roundtable Discussion

Three external directors' discussion toward formulation of the Company's new Mid- to Long-term Business Plan and Evaluation and issues regarding the Group's governance, etc.

Yoshio Mogi
Director
(Audit & Supervisory Committee Member)
(External Director)



Akiko Miyakawa
Director
(Audit & Supervisory Committee Member)
(External Director)



Tetsu Takahashi
Director
(Audit & Supervisory Committee Member)
(External Director)



Discussion toward Formulating the Company's Mid- to Long-term Business Plan and Long-term Vision

Q How do you assess the new Mid- to Long-term Business Plan and the Nomura Real Estate Group 2030 Vision?

Takahashi It is my understanding that the framework for the Mid- to Long-term Business Plan (the "plan"), which has been discussed for about a year, was formed around the second half of 2021. But I also recognize that even before that time the Group had a high awareness of the issue of profit growth, which had stalled at a low level in comparison with other companies in the same industry.

In the Breakthrough Project, which was started under the leadership of Kutsukake CEO to break away from this low growth, we saw various ideas presented and discussed, including new business ideas. In the end, we decided to return to the fundamental starting point of how to grow our main business while at the same time continuing to value and protect what is most important to the Nomura Real Estate Group: the intrinsic value that the Group has cultivated up until now. For example, this includes the essential "Nomura Real Estate Group" root value that each employee possesses, including brand value. I think it was a very important opportunity to form a common consensus.

Based on these discussions, each Business Unit set ambitious targets, properly incorporating the further growth of existing businesses and attempts at new business domains into the plan. I thought that the average annual profit growth target at the 8% level was an excellent result of refining the plan in this way, and I got a strong impression of the sheer will of the Group, including its senior management, to try new things and make certain changes.

Mogi I was actually a little concerned that in the discussion of the plan, the whole company tends to have a perspective that is limited to real estate business. From my point of view, as a person who used to work at a trading company involved in multiple businesses, real estate is just one of many businesses. But in the case of the Nomura Real Estate Group, all businesses are related to real estate. While I am not dissatisfied with the plan, which was completed by our real estate professionals after a series of thorough discussions, it is a fact that plans related to real estate are more likely to be green-lighted. In other words, I'm a little anxious about the fact that the management tends to agree with plans regarding real estate projects. That is why, as we hold our discussions, I have made efforts to check with the executive side regarding the assumptions of how they perceive the economic environment and international situation 10 years from now. I believe that it is important for external directors to speak freely from their own points of view.

Regarding the plan itself, I think it was good for the

Company to clarify its intentions of developing its overseas business operations, especially in Southeast Asia, as a driver for annual profit growth of 8%. While it is true that there are risks, the need to expand overseas business with obtaining appropriate human resources, has been discussed numerous times in the past at meetings of the Board of Directors, and I have the impression that we are engaged in active efforts for recruitment and structural development.

Miyakawa Overseas business tends to be an all-round affair, dispersed across multiple countries. But on this occasion, I think it was good that we were able to set the one major goal of settling in the Philippines and growing our business, including the establishment of a joint venture with Federal Land, Inc. The level of difficulty required for businesses in Japan, including environmental measures, will continue to increase, and I think that making use of the strengths that the Company develops overseas is an appropriate strategy.

As for "the Nomura Real Estate Group 2030 Vision," which was announced at the same time as the plan, I got the impression that the initial proposal presented by the executive side was somewhat difficult to understand. The opinion that it would be better to reconsider was expressed at a meeting of Board of Directors, and the initial proposal was remitted. The next proposal, presented a short after, was "Be a 'Life & Time Developer,' as never seen before." For me, personally, it was a good fit, and the entire Board of Directors was able to decide upon it with adequate satisfaction. My surprise at the fact that the Company was able to revise the Vision in such a short period of time is still fresh in my memory.

Assessments of the Company's Stance of Emphasizing Human Rights and Active Participation for Women

Q What are your thoughts on the Sustainability Policy and Priority issues for 2030 (materiality)?

Miyakawa I think many of priority issues (materiality) that the Company tackles are challenging. With the cooperation of the dedicated Sustainability Committee, I have learned a lot, and I feel that the level of my understanding has gradually deepened. In particular, Nomura Real Estate Holdings has also appointed a female executive officer, and I recognize that the active participation of women within the Group is steadily advancing.

Mogi As seen in the past with the SOX Act, and more recently with the SDGs, the demands of society change depending on the era; however, I don't think that we should be influenced excessively by the perspectives of such trends. What is particularly important is whether we can become a company where women can participate actively. Going forward, the importance of women's evaluations will increase, not only in businesses regarding residences but also in offices and commercial facilities.

External Directors' Roundtable Discussion

I believe that in the future it will be necessary to further promote diversity, with 40 to 50 percent of employees being women, and around one-third of directors being women. These figures are reasonable from the perspective of a business with diverse customers.



Yoshio Mogi

Miyakawa To increase the percentage of women in management positions, first, it is necessary to increase the number of female graduates hired and create an environment where they can work for a long time. It is also important to have a long-term perspective of steadily increasing the number of management candidates while improving retention measures and ensuring ease of working. I think there is still room for us to devise strategies with regard to these points.

Takahashi Various companies in the real estate industry, including the Company, have set KPIs relating to the environment, with a prime focus on decarbonization, and are all heading in the same direction. In this context, the Company has established "Society and employees" as a priority issue, with diversity and inclusion and human rights at the forefront of its activities. This is a very impressive point. Since I am also a lawyer, I hold the Company in very high regard for its emphasis on human rights.

I believe that companies are social entities, and that we should make efforts, as members of society, to create a society in which every individual is respected. Rather than limiting this to mere slogans, I hope that the Company's senior management will put this into practice with regard to stakeholders, and with a firm understanding of what actions they should take.

Effective Governance

Q How do you assess the Group's corporate governance?

Mogi I believe that the Group is operating with a very high level of awareness when it comes to governance. From 2021, an external director has been serving as the Chairman of the Advisory Committee Relating to Nominations and Compensation, which I believe also helps to ensure effectiveness.

Takahashi More than half of the members of the Advisory Committee Relating to Nominations and Compensation are external directors, ensuring its fairness as an objective organization. Matters are decided through sincere discussions, and I think that it functions as an organization with effective capabilities of restraint and control over top-level management, who are ultimately in control of corporate governance.

The Board of Directors also receives monthly reports from all Business Units and spends around three hours reviewing individual agenda items. When any doubts remain, we actively express our opinions and ask questions.

Miyakawa The other day, I had the opportunity to talk to women who serve as external officers of other companies, and I recalled that there was person who said in response to my statement that "it is the role of an external director to say what you want to say" that "there are some things that should not be said." If I have any doubts about even the smallest thing, I ask questions, and our executive personnel respond politely. Other external directors also speak actively, so I feel that there is an atmosphere makes it very easy to speak up.

Q Is there anything you keep in mind when making remarks at Board of Directors meetings?

Mogi Even if the executive side is reluctant to do this, I will still say what I have to say. We should dispel any kind of atmosphere that makes us hesitant to comment actively. In particular, when it comes to business, not everything goes as planned, and it is difficult to anticipate and prevent risks before they occur, so, the speed of reporting is important. A very important question is whether cases, where things did not go well are being reported promptly while they are still at the "graze" or "minor cut" stage to prevent them from becoming serious injuries, or whether they are being reported at the "fracture" or "ICU" stage. To that end, I believe that it is necessary for us to monitor things closely at Board of Directors meetings and continue to say things over and over, so that we can deliberate at an early stage.

Miyakawa It is easy for me to speak up when there are people like Mr. Mogi who actively express their opinions.



Akiko Miyakawa

I would like to serve as a catalyst for an increase in the number of female directors in the future.

Takahashi With respect to individual proposals, I try to make points to ensure that they will be polished, and their content will be highly accurate. On the other hand, the executive side is comprised of real estate professionals. Sometimes I wonder how useful my suggestions can be when dealing with agenda items built on their own experience, intellect, and stance based on their life's work. However, I do believe that the correct methodology in corporate management is to check repeatedly from various perspectives, including those of shareholders.

The Relationship We Should Seek to Have with Major shareholders
Q What are your thoughts on the Company's relationship with Nomura Holdings—one of its major shareholders?

Mogi Nomura Holdings has abundant connections with high-net-worth individuals, major investors, and overseas clientele. Frankly, I think that we should make use of these connections in whatever way we can.

Miyakawa If a win-win relationship can be established, I think that we should actively utilize it as a resource. However, if there are developments that cause conflicts with the Group, we will immediately raise questions at Board of Directors meetings. We should aim for a win-win relationship while retaining appropriate control.

Takahashi I agree. I believe that Nomura Holdings also wants to take a shared interest as a business. For the Group, this is an advantage that other companies do not have, so I would like the Company to use it meaningfully. On the other hand, in the event of any conflict of interest in the relationship of control as a major shareholder, I believe that it is one of our key missions to protect the interests of minority shareholders with a resolute attitude.

Q Finally, what are your expectations for the Group's sustainable growth?

Mogi I would like the Company to rank in the top three as a Japanese real estate company. With that in mind, I have high hopes for the Group's overseas business. I also feel that there is still room for business expansion in Japan, such as in suburb areas.

Miyakawa The Group has begun its journey to "Be a 'Life & Time Developer,' as never seen before." To that end, it is essential to have diverse human resources who can achieve things that have never been seen before. I hope that we will work actively to promote diversity and inclusion throughout the Group, including the further active participation of women.

Takahashi The most important thing for the growth of the Group is the essential "Nomura Real Estate Group" root value that every employee possesses. There are many people around me who think highly of the Group's brand strength. I am confident that if each of us with our high level of motivation and abilities attempt new challenges with confidence, we will be able to achieve the goals of the plan and achieve further growth.



Tetsu Takahashi

Corporate Governance

Overview of corporate governance

This section provides details of the Company's corporate governance system.



Major Recent Corporate Governance Initiatives

The Company's major recent corporate governance initiatives are as follows.

1. Revision to compensation system for directors → P112

We reviewed our share-based compensation system and introduced evaluations using non-financial indicators, with the aim of contributing further to the enhancement of corporate value in the medium to long term.

2. Dialogues with external directors regarding the formulation of the Mid- to Long-term Business Plan → P111

In addition to the opinions of external directors at the time of formulating the plan, we also provide details of the Company's response based on them.

Status of Compliance with the Corporate Governance Code

As of June 2022, we have disclosed the following reason for not implementing one of the 83 principles of Japan's Corporate Governance Code.

- Proper Supervision of Successor Plans for CEO, etc. (Planning)

The Company believes that the appropriate appointment process of its CEO, i.e. one that is carried out in line with the Company's corporate philosophy and management strategies and which also considers external candidates, is important for realizing sustainable growth. As for the plan for the CEO's successor, based on the respective appointment criteria for officers and for the CEO, the Company has established its training policy and the process up to the CEO's election. Going forward, in addition to the Advisory Committee Relating to Nominations and Compensation providing regular monitoring and reporting to the Board of Directors, the Company will strive for the further enhancement of the structure and content of training, to ensure that the training of successor candidates, in relation to the aforementioned established successor plan, goes as planned.

Basic concept of corporate governance

Nomura Real Estate Holdings believes that it must be governed in a way that continuously maximizes our Group's value over the long term, while consideration is given to the interest of shareholders and all other stakeholders of the Company. We aim to enhance the earning power of the entire Group, and while acting as a holding company in managing and supervising the business activities of our subsidiaries. Also we endeavor to build a more transparent management system in accordance with the Basic Corporate Governance Policy formulated in 2015.

• **Corporate Governance** <https://www.nomura-re-hd.co.jp/english/company/governance.html>

• **Basic Corporate Governance Policy** <https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

Characteristics of our corporate governance system

In order to strengthen audit and supervisory functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights at Board of Directors' meetings and by other means, the Company transitioned to a company with an Audit & Supervisory Committee in 2015, and then established the Advisory Committee Relating to Nominations and Compensation in 2016. Inviting multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation are intended to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management. At the same time, the Company ensures the effectiveness of supervision by the Board of Directors concerning the directors' execution of duties and the executive officers' business operations by establishing the risk management system, compliance system, and internal audit system and having regularly report to the Board of Directors about initiatives of those systems. Currently, the majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors.

The Company also introduced the executive officer system to separate the business execution function from the management supervision and decision-making functions to enhance the execution function, reinforcing the management of the Group. Each executive officer selected by the Board of Directors is granted authority based on internal regulations and executes business operations pursuant to the Company's policy determined by the Board of Directors and instructions from the CEO.

► Our efforts to reinforce corporate governance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Organization	<ul style="list-style-type: none"> • Introduced executive officer system to separate the business execution function from the management and supervisory functions of the holding company • Established the Management Committee at the holding company to help strengthen Group management systems • Transitioned to a company with an Audit & Supervisory Committee • Established the Advisory Committee Relating to Nominations and Compensation • Appointed an external director as the Chairman of the Advisory Committee Relating to Nominations and Compensation 										
Directors (No.)	6*	5	5*	8		13		12	13	12*	
Of which external directors (No.)	0	1	2				5				4
Of which independent external directors (No.)	0		1		4			5			4
Of which female directors (No.)		0				1		2	1	2	1
The assessment of effectiveness	<ul style="list-style-type: none"> • Started assessment of effectiveness of the Board of Directors • Started assessment of effectiveness utilizing a third-party evaluation organization 										
Compensation	<ul style="list-style-type: none"> • Raised the maximum number of share acquisition rights used for stock options to increase the ratio of performance-based incentive in order to share more interest with shareholders • Implemented performance-based share-based compensation • Revised compensation system for directors 										
Others	<ul style="list-style-type: none"> • Transferred authority partially from the Board of Directors to the Management Committee to speed up business execution • Formulated the Basic Corporate Governance Policy • Disclosed reason for appointment of directors • Reorganized and restructured the items, systems, and divisions/departments for risk management in order to strengthen the risk management system 										

*Reduction due to resignation or retirement during the period is not stated.

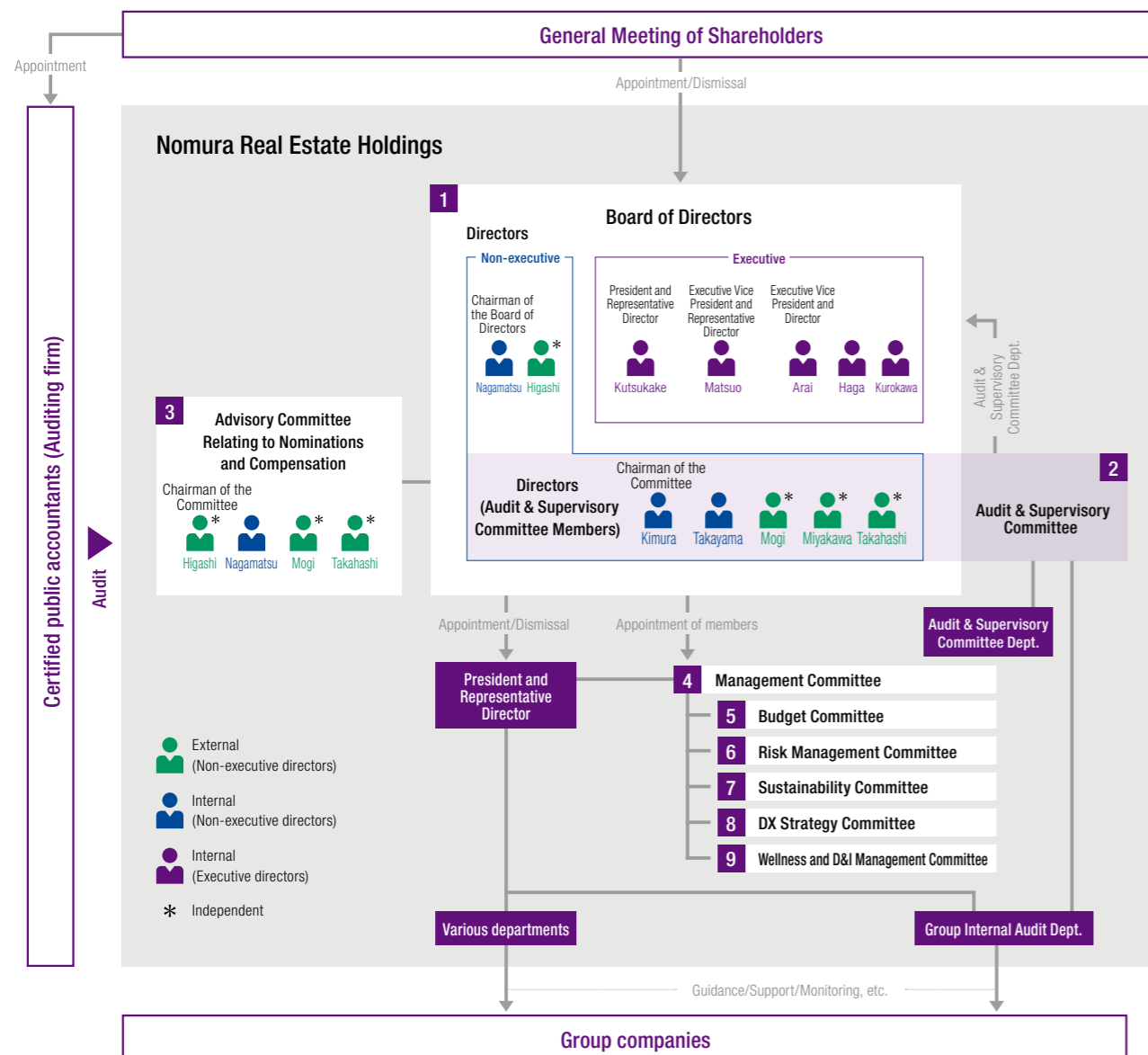
Corporate Governance

Corporate governance system

Features of the Group's governance system

- ▶ Company with an Audit & Supervisory Committee
- ▶ Chairman of the Board of Directors is a non-executive director
- ▶ Out of 12 directors, four are independent external directors
- ▶ Established the Advisory Committee Relating to Nominations and Compensation
- ▶ Chairman of Advisory Committee Relating to Nominations and Compensation is an independent external director
- ▶ Majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors

▶ Chart of Corporate Governance System



Group governance

As a holding company, the Company manages its Group companies under various regulations such as Regulations regarding Group Organizational Management and Group Internal Audit. Also, its directors (excluding those who serve as Audit & Supervisory Committee Members) and executive officers also hold the post of director, etc. or directors who serve as Audit & Supervisory Committee Members also act as Audit & Supervisory Board Members in major Group companies to strengthen the Group management. Furthermore, the Company has built systems for risk management, compliance, and internal audits within the Company itself and the entire Group, with the Board of Directors regularly receiving reports on each of the systems, for an effective monitoring of Group management.

1 The Board of Directors Held 21 times during FY22/3

Roles of the Board of Directors

The Board of Directors bears the responsibility of realizing effective corporate governance for all shareholders, and through this, achieving sustainable growth of the Company and working to maximize long-term corporate value. To fulfill this responsibility, the role of the Board of Directors is to ensure the fairness and transparency of management by fully supervising management, and make the best decisions for the Company through important business execution decisions, etc.

Composition of the Board of Directors

The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members) (of which one is an external director) and five directors who serve as Audit & Supervisory Committee Members (of which three are external directors). The Company appoints diverse directors with various knowledge, experience, and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, four out of the 12 directors are independent external directors. The Chairman of the Board of Directors is Chair and Director, who is a non-executive director.

Roles of Independent External Directors

In order to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management, one independent external director (excluding those who serve as an Audit & Supervisory Committee Member) and three independent external directors who serve as Audit & Supervisory Committee Members are appointed. The main role of independent external directors is, based on their own knowledge, to give appropriate advice from the viewpoint of the Company's sustainable growth and improving the corporate value, to supervise management through significant decision making by the Board of Directors, to supervise conflicts of interest between the Company and management or major shareholders, etc., and to appropriately express the opinions of shareholders and other stakeholders to the Board of Directors from a standpoint independent from management.

The Company has formulated its own criteria for determining impartiality of independent external directors, in addition to the independence standards for "Independent Directors" set out by the Tokyo Stock Exchange.

Criteria for Determining Impartiality of Independent External Directors: Article 14 of the Basic Corporate Governance Policy <https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

2 The Audit & Supervisory Committee Held 12 times during FY22/3

Roles of Audit & Supervisory Committee

The Audit & Supervisory Committee monitors business management and performs audits utilizing the Company's internal control system. We have developed a system through which the Committee receives periodic reports on internal audits and results from the Internal Audit Dept., and has the authority to ask directors, executive officers, and operating divisions of the Company and Group companies to report such matters when necessary. Audit & Supervisory Committee Members can attend the Company's important meetings, including those of the Management Committee, gather information on the business execution, and express their opinions so that an effective system for audits and supervision is secured.

Composition of the 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 consists of five members, of which two are Audit & Supervisory Committee Members (full-time) and three are Audit & Supervisory Committee Members (independent external directors).

Main initiatives taken by Audit & Supervisory Committee

Main matters on the agenda at the meetings of the Audit & Supervisory Committee include the consent to the election bill of directors who act as Audit & Supervisory Committee Members, drawing up audit plans, the consent to the internal audit plan by the Group Internal Audit Dept., preparing audit reports, evaluating on the reappointment of the Accounting Auditor, giving consent to compensation for the Accounting Auditor and making decision for appointment and compensation, etc. of the directors except for Audit & Supervisory Committee Members. The fulltime Audit & Supervisory Committee Members attend important meetings of the Company and request for reports from operating divisions as necessary to gather information on the Company's business execution status.

3 The Advisory Committee Relating to Nominations and Compensation Held 7 times during FY22/3

The Company established the Advisory Committee Relating to Nominations and Compensation, as an advisory body to the Board of Directors, where the majority of members are comprised of independent external directors, to strengthen the objectivity and independence of functions of the Board of Directors in relation to nomination and compensation of the directors and executive officers. Currently, the Advisory Committee Relating to Nominations and Compensation consists of four members, of which three are independent external directors. An independent external director is the Chairman of Advisory Committee Relating to Nominations and Compensation. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation of directors and executive officers and reports the outcome to the Board of Directors.

4 Management Committee Held 50 times during FY22/3

The Committee, which is comprised of the Chief Executive Officer, the Executive Vice President and Executive Officers, determines certain matters regarding the execution of business at overall Group companies. Chair and Director and Directors who are Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

5 Budget Committee Held 11 times during FY22/3

Under the Management Committee, for the compilation of budgets, preparation of Mid- to Long-term Business Plan and other matters, the Committee discusses the planning, exercise and other matters regarding budgets and Mid- to Long-term Business Plan.

6 Risk Management Committee Held 7 times during FY22/3

Under the Management Committee, with the aim of securing the continuity and stable development of business through the exercise of risk management, the Committee discusses matters in connection with internal controls, risks in the Group's management and other matters. The Committee is mainly comprised of directors and executive officers of the Company and Group companies who have been appointed by the Board of Directors.

7 Sustainability Committee Held 5 times during FY22/3

Under the Management Committee, the Committee discusses matters on the promotion of sustainability and others for the purpose of establishing policies and plans and managing results regarding the promotion of sustainability, deepening Group employees' understanding and disclosing various information thereof.

8 DX Strategy Committee Held 12 times during FY22/3

Under the Management Committee, the Committee discusses matters on DX strategy and investment plans for preparing the ICT base and establishing information systems with the aim of establishing policies and plans regarding the promotion of DX and improving the ICT environment and its effective use.

9 Wellness and D&I Management Committee Newly established in April 2022

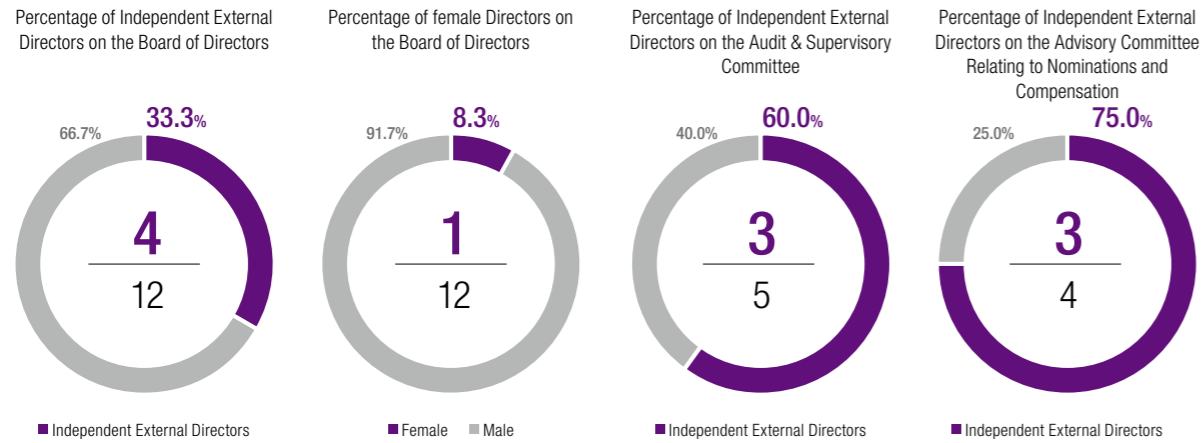
Under the Management Committee, the Committee discusses mid- to long-term goals and various measures related to promoting wellness, work style reforms, promoting the empowerment of women, and utilization and active participation of the Group's diverse human resources in order to maintain and improve sound, comfortable workplace environments in which people can work with vigor and achieve wellness, and also to enhance efforts for formulating human resource development policies and promoting internal environment development for ensuring diversity.

Corporate Governance

Diversity of directors

Based on "Basic Corporate Governance Policy," the Group has a policy of appointing and nominating a diverse range of people with a variety of knowledge, experience, and skills as senior management.

Composition of the Board of Directors and Committees



Positions and roles of directors, attributes, attendance, etc.

Name	Position/Responsibilities	Executive/External/Independent/New	Term of office ¹	Gender	Attendance rate at meeting of Board of Directors (upper row) and Audit & Supervisory Committee (bottom row) (number of meetings)	Audit & Supervisory Committee Member ²	Advisory Committee Relating to Nominations and Compensation Member ²
Shoichi Nagamatsu	Chair and Director Chairman of the Board of Directors	Non-executive	2	Male	100% (21/21)		○
Eiji Kutsukake	President and Representative Director, and Executive Officer Group CEO	Executive	8	Male	100% (21/21)		
Daisaku Matsuo	Executive Vice President, Representative Director, and Executive Officer Group COO	Executive	1	Male	100% (17/17 ³)		
Satoshi Arai	Executive Vice President, Director, and Executive Officer	Executive Newly appointed	-	Male	(Appointed on June 24, 2022)		
Makoto Haga	Director and Executive Officer	Executive	5	Male	100% (21/21)		
Hiroshi Kurokawa	Director and Executive Officer Group CFO Supervisor of Management Division, Investor Relations	Executive	1	Male	100% (17/17 ³)		
Tetsuro Higashi	Director	Non-executive External Independent	3	Male	95% (20/21)		◎
Hiroyuki Kimura	Director (Audit & Supervisory Committee Member) (Full-time)	Non-executive	1	Male	100% (17/17 ³) 100% (9/9 ³)	◎	
Yasushi Takayama	Director (Audit & Supervisory Committee Member) (Full-time)	Non-executive	3	Male	100% (21/21) 100% (12/12)	○	
Yoshio Mogi	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	3	Male	100% (21/21) 100% (12/12)	○	○
Akiko Miyakawa	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	3	Female	100% (21/21) 100% (12/12)	○	
Tetsu Takahashi	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	2	Male	100% (21/21) 100% (12/12)	○	○

¹ Term of office as director as of June 24, 2022

² ◎: Committee Chairman

³ Number of meetings held in the fiscal year ended March 31, 2022 since assuming the position of director on June 24, 2021

Director skills matrix

The fields in which the Group expects directors are as follows:

Name	Fields of expectation for directors						
	Corporate management	Finance/Accounting	Legal/Compliance	Real estate/Construction	Overseas Business	ICT/Digital	Sustainability
Shoichi Nagamatsu	●	●	●				
Eiji Kutsukake	●	●		●			●
Daisaku Matsuo	●			●			●
Satoshi Arai	●	●				●	
Makoto Haga	●	●	●	●			
Hiroshi Kurokawa	●	●		●			●
Tetsuro Higashi	●	●			●	●	
Hiroyuki Kimura	●	●		●			
Yasushi Takayama	●	●	●		●		●
Yoshio Mogi	●	●			●		
Akiko Miyakawa		●			●		
Tetsu Takahashi	●		●				

*The above table does not represent all aspects of the knowledge and experience of each director.

Reasons for appointment of external directors

Name	Reason for appointment
Tetsuro Higashi	Tetsuro Higashi has been selected as an external director because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager.
Yoshio Mogi	Yoshio Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been selected as an external director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
Akiko Miyakawa	Akiko Miyakawa has great knowledge, experience and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. She has been selected as an external director as Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure, although she has no previous experience directly involved in the management of a company other than as an external director.
Tetsu Takahashi	Tetsu Takahashi has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been involved in the management of a company except as an external director, however he has been selected as an external director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an external director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.

Initiatives to Support and Improve the Skills of Directors

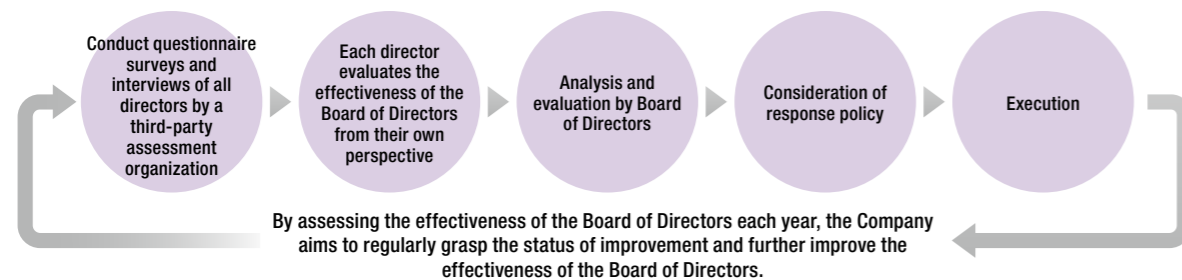
The Company provides training that takes into consideration the Company's corporate philosophy and management strategies. The Company also regularly provides opportunities for all directors to receive training from guest lecturers from outside the Company, to improve their knowledge of topics such as corporate governance and DX. Also, when external directors assume office, they are provided with an explanation regarding topics such as the Group's history, business framework, and business model, to deepen their understanding of said topics. Then after the external directors' tenures begin, in addition to ensuring regular opportunities for training, the Company also provides opportunities for them to tour the Company's properties. In addition, in order to facilitate smooth deliberations, materials for the Board of Directors meetings are provided in advance, and if necessary, briefings are held prior to the meeting.

	Specific initiatives	Number of sessions
Training from guest lecturers from the outside the Company	In the fiscal year ended March 2022, we invited outside experts to hold study sessions for directors and executive officers on two key topics: "Achieving Sustainable Growth through the Combination of Sustainability and Business Management" and "Trends in Carbon Neutrality and their Impact on Business."	1
Tour of the Company's properties	To deepen understanding of the Group's wide-ranging business operations, we provide regular opportunities for external directors to tour the Company's business properties and hold preliminary briefings for newly appointed external directors during the week of each Board of Directors meeting.	1

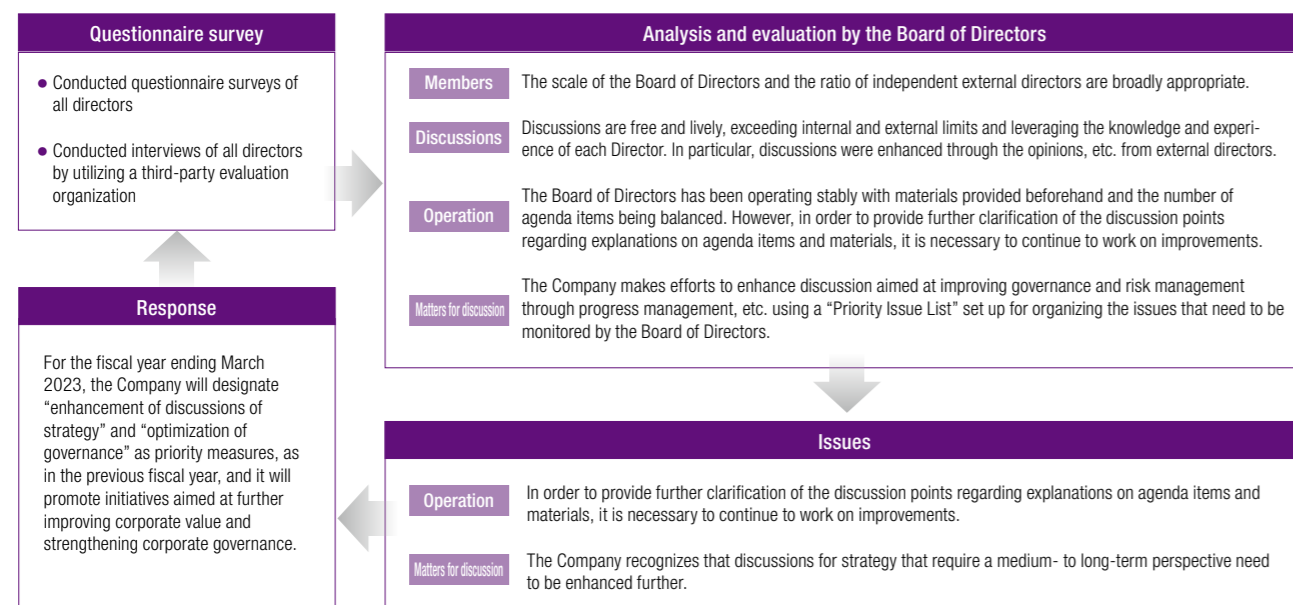
Corporate Governance

Improvement of the effectiveness of the Board of Directors

For continuous improvement of the effectiveness of the Board of Directors, we repeatedly perform a cycle of assessment of the effectiveness of the Board of Directors and the Board of Directors' determination and implementation of appropriate policies based on the assessment results.



Details of the assessment of effectiveness of the Board of Directors in the fiscal year ended March 2022 are as follows:



Main discussions of the Board of Directors and Directors' opinion exchange sessions

In addition to major decisions and reports at meetings of the Board of Directors, we also hold sessions for directors to exchange opinions and engage in deeper discussions. The main decisions, reports, and discussions during the fiscal year ended March 2022 were as follows.

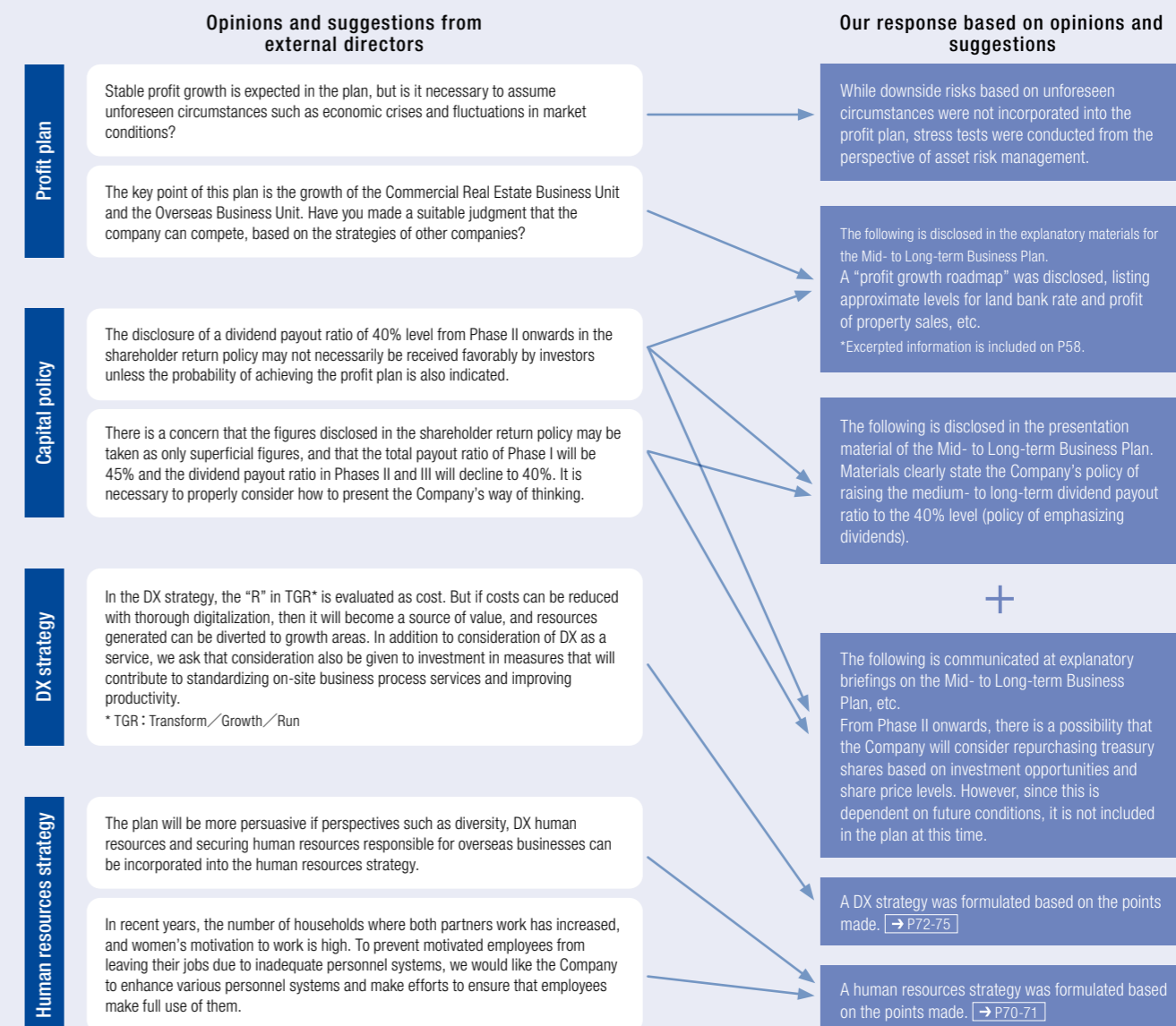
Categories	Main themes
Business strategy, business plan	<ul style="list-style-type: none"> Annual budget, policy for shareholder returns, fund procurement (Borrowings, Bonds, etc.) Financial results Investor trends/IR strategy Business Unit strategy Examination of M&A Digital strategy Promotion of sustainability Promotion of wellness management Human resources strategy
Corporate governance	<ul style="list-style-type: none"> Evaluating the effectiveness of the Board of Directors Policy for responding to Audit & Supervisory Committee audit findings Advisory matters to Advisory Committee Relating to Nominations and Compensation Enhancing group governance Monthly monitoring of response status to various management issues
Risk management/Compliance/Audits	<ul style="list-style-type: none"> Asset risk management Management of investment risk and external risk Report of Risk Management Committee Risk monitoring report in Overseas Business Formulation of the compliance program for the fiscal year Formulation of the group internal audit plan and the report on the results

In addition to the above items to be deliberated by the Board of Directors, directors hold meetings to exchange opinions among them to deepen discussions.

	Main themes
Directors' opinion exchange sessions	<ul style="list-style-type: none"> New Mid- to Long-term Business Plan Asset portfolio strategy Discussions of strategy (Digital, Sustainability) Budget plan and the three-year forecast

TOPIC Dialogues with external directors regarding the formulation of the Mid- to Long-term Business Plan and the Company's response based on them

In formulating the Mid- to Long-Term Business Plan (FY2023/3–2031/3) announced in April 2022, active discussions were held at meetings of the Board of Directors and opinion exchange sessions. The content of these discussions, including considerations of the reasonability of the content, is reflected in the management plan, etc.



Strategic shareholdings policy

The Group's strategic shareholding policy is that it contributes to the improvement of the Group's corporate value from a comprehensive perspective such as strengthening business relationships with business partners and strategic business alliances.

The Board of Directors annually verifies the rationality of the Group's continuous holding of shares of listed companies held for reasons other than pure investment purposes (strategic shareholdings), and based on that verification it sells off shares with low rationality for holding as the basic policy in consideration of the market environment. As of the fiscal year ended March 2022, the Company has no cross-shareholdings.

Strategic shareholding status
0
(zero)

Corporate Governance

Compensation of directors

The policy for deciding the details etc. of the compensation of directors etc.

At a meeting of the Board of Directors, the Company resolved the policy for deciding the details of the compensation, etc. for each individual Director excluding Audit & Supervisory Committee Members. In addition, the Company established the Advisory Committee Relating to Nominations and Compensation, where the majority of members composing that body are independent external directors, and the Board of Directors resolved the operation, etc. of the compensation plan for the directors, based on the deliberation by the Committee and on the Committee's opinion reported to the Board of Directors.

Key points of revisions to compensation system of directors (June 2022)

- Increased the performance-based portion of share-based compensation to raise awareness of contribution to the improvement of corporate value in the medium to long term
- Added outside directors (excluding Audit & Supervisory Committee Members) to the list of directors eligible for the non-performance-based portion of share-based compensation with the aim of further improving awareness of external directors to share value with shareholders
- With the aim of raising awareness of sustainability, added evaluations based on non-financial indicators (sustainability elements, etc.) to the content of key performance indicators and calculation methods for bonuses, centering on evaluations based on aspects of business performance such as consolidated business profit. For the fiscal year ending March 2023, we plan to evaluate using non-financial indicators based on BEI*.

*BEI: Building Energy-efficiency Index. An index that evaluates the energy-saving performance of buildings based on the energy-saving standards of the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act). It indicates the level of primary energy consumption of a given building.

Basic Policy

- (1) Compensation for directors consists of a structure that is linked to the Mid- to Long-term Business Plan, etc. in order to sufficiently work as an incentive for the sustainable improvement of corporate value, and the Company's basic policy in deciding compensation for each director is to provide an appropriate level of compensation according to the role and position as a director.
- (2) Operation and revision of the compensation plan for directors and the amount of the compensation for directors are determined by the Board of Directors based on the deliberation by the Advisory Committee Relating to Nominations and Compensation and its opinion reported to the Board of Directors.
- (3) In reviewing the appropriateness of the compensation level and the content of the share-based compensation plan, the Company takes consideration of factors such as the size of the Company and business characteristics, after obtaining advice from an external compensation consultant as necessary.
- (4) Compensation of directors concurrently serving as executive officers consists of "base compensation," "bonus" and "share-based compensation" so that it works as a clear incentive to improve performance not only for the short-term, but also for the medium- to long-term.
- (5) Compensation of the Chairman of the Board of Directors is made up of the "base compensation" and the "restricted shares ("RS") portion of share-based compensation," taking into account the sharing of interests with shareholders, since the Chairman of the Board of Directors is responsible for supervising execution of business from an objective standpoint and also for enhancing long-term corporate value.
- (6) Compensation of Part-time Internal Directors and external directors consists only of "base compensation" due to their role of supervising the business execution from an objective standpoint.

Policy for determining ratios of each type of compensation for individual directors

- (1) Ratios of compensation for directors and executive officers shall be determined in accordance with items (2) and (4) of the Basic Policy.
- (2) Ratios of compensation for the Chairman of the Board of Directors and outside directors shall be determined in accordance with items (2) and (5) of the Basic Policy.
- (3) Compensation for non-full-time directors shall be base compensation only, in accordance with items (2) and (6) of the Basic Policy.

Category of compensation of directors

Compensation category	Determination policy each type of compensation	Evaluation criteria
Fixed compensation	Base compensation	Determined according to the role and position as a director. Granted on a basis according to the role and position
	Bonuses	Determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals. The evaluation of individuals evaluates the progress of initiatives for single-year and the medium- to long-term, for which achievements are difficult to measure based only on the figures of financial results. <ul style="list-style-type: none"> • The Company's business performance, such as consolidated business profit • Implementation status of single-year measures and mid- to long-term measures, etc. • Evaluation based on non-financial indicators (sustainability factors, BEI value, etc.)
Variable compensation	Share-based compensation (PS)	The performance-based compensation adopts performance-sharing ("PS") providing incentive for enhancement of medium- to long-term performance, and implements, after three years of the commencement of each business year, delivery or payment ("delivery, etc.") of the Company's shares and/or an amount equivalent to the proceeds of converting the Company's shares into cash (the "Company Shares, etc."). Performance-linked evaluation after 3 years (Evaluation index: Business profit, ROE)
	Share-based compensation (RS)	The non-performance-based compensation adopts restricted shares ("RS") providing an incentive for long-term contributions and enhancement of corporate value to delay delivery, etc. until retirement as an officer. Granted on a basis according to the position (increased compensation due to rising stocks)

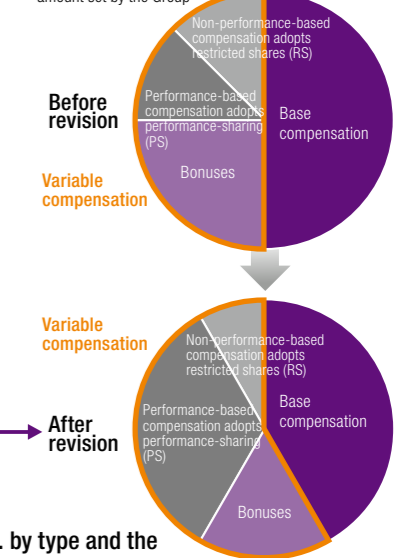
Category of compensation of directors

	Fixed compensation		Variable compensation		
	Base compensation	Bonuses	Share-based compensation		
			PS*	RS*	
Directors concurrently serving as executive officers	○	○	○	○	
Director and Chairman of the Board of Directors	○	—	—	○	
Internal directors (Part-time)	○	—	—	—	
External directors (excluding Audit & Supervisory Committee Members)	○	—	—	○	
Directors (Audit & Supervisory Committee Members)	○	—	—	—	

* PS: Performance-based compensation adopts performance-sharing / RS: Non-performance-based compensation adopts restricted shares

Compensation of directors' ratio (images)

*Assuming 100% payment of variable compensation of the basic amount set by the Group



Total amount of compensation, etc. by director category, total amount of compensation, etc. by type and the number of directors applicable

Director category	Total amount of compensation, etc. (millions of yen)	Total amount by type of compensation, etc. (millions of yen)				Number of directors applicable (people)
		Base compensation	Bonus (Performance-based incentive, etc.)	Share-based compensation (Non-monetary compensation, etc.)		
				Performance-based compensation	Non-performance-based compensation	
Directors (excluding directors who also serve as Audit & Supervisory Committee Members) (excluding external directors)	562	275	118	97	71	9
Directors (Audit & Supervisory Committee Members) (excluding external directors)	102	102	—	—	—	3
External directors	71	71	—	—	—	6
Total	736	448	118	97	71	18

- *1. The number of directors (directors who also serve as Audit & Supervisory Committee Members) (excluding external directors) is five as of the end of the fiscal year ended March 2022. The reason for the difference with the number of directors applicable shown above is the inclusion of three directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021, and the fact that one director (Audit & Supervisory Committee Member) as of the end of the fiscal year ended March 2022 has served as an executive director in the past, and the amount of share-based remuneration (performance-based portion) granted during the relevant period was finalized in that fiscal year.
- *2. The number of directors (Audit & Supervisory Committee Members) (excluding external directors) is two as of the end of the fiscal year ended March 2022. The reason for the difference with the number of directors applicable shown above is the inclusion of one director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
- *3. The number of external directors is five as of the end of the fiscal year ended March 2022. The reason for the difference with the number of directors applicable shown above is the inclusion of one director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
- *4. The compensation amount ("base compensation" and "bonus") of directors has been set as no greater than ¥550 million per year for directors (excluding directors as Audit & Supervisory Committee Members) according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018, and at the time of the resolution, the number of directors (excluding directors as Audit & Supervisory Committee Members) was eight (of which, two were external directors). Furthermore, the compensation amount of directors (Audit & Supervisory Committee Members) is limited to up to ¥170 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2020. The number of directors as Audit & Supervisory Committee Members at the time of the resolution was six (including four external directors). The compensation amount of directors is shown as the amount recorded by the Company as an expense during the fiscal year ended March 2022 regardless of whether it was paid during the fiscal year ended March 2022.
- *5. Separately from the compensation amount of directors shown in *4. above, the Company introduced a performance-based stock incentive plan for directors (excluding external directors and directors as Audit & Supervisory Committee Members) in accordance with a resolution approved at the Ordinary General Meeting of Shareholders held on June 26, 2018. Under the terms of the plan, the Company's contribution to a trust as compensation for directors (excluding external directors and directors as Audit & Supervisory Committee Members) is limited to an amount of not more than ¥730 million over the relevant period of three fiscal years, and the number of directors (excluding directors as Audit & Supervisory Committee Members) who were subject to the plan at the time of the resolution was six (excluding two external directors). In accordance with the resolution approved at the Ordinary General Meeting of Shareholders held on June 24, 2022, over the new period of three fiscal years beginning from the fiscal year ending March 31, 2023 (or, in the case of a period extension, each of the subsequent three fiscal years), the Company's contribution to a trust as compensation for directors (excluding directors who also serve as Audit & Supervisory Committee Members) is limited to an amount of not more than ¥1,650 million and 672,000 shares (of which the limit per external director is ¥9.9 million and 4,030 shares for each of the three fiscal years), and the number of directors (excluding directors who also serve as Audit & Supervisory Committee Members) who were subject to the plan at the time of the resolution was seven.
- *6. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to bonuses, which are monetary compensation, the calculation method of such bonuses and the reasons for selecting these indicators are as stated in "The policy for deciding the details etc. of the compensation of directors etc." The actual results that pertain to performance indicators are as presented in the table below.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Business profit	¥82,833 million	¥76,448 million	¥92,765 million
Year-on-year change	+4.0%	-7.7%	+21.3%

*7. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to share-based compensation, etc., the calculation method of such share-based compensation, etc. and the reasons for selecting these indicators are as stated in "the Basic Policy stated on the previous page. The ranges of performance indicators were decided as presented in the tables below.

(The ranges for the fiscal year ended March 2021, the third year from the start of the system in the fiscal year ended March 2019)

	Ranges		Results
The achievement-linked coefficient	0%	- 200%	22.0%
Business profit	¥75,400 million	- ¥105,600 million	¥76,448 million
ROE	6.5%	- 12.5%	7.4%

(The ranges for the fiscal year ended March 2022, the third year from the start of the system in the fiscal year ended March 2020)

	Ranges		Results
The achievement-linked coefficient	0%	- 200%	127.0%
Business profit	¥70,800 million	- ¥99,200 million	¥92,765 million
ROE	6.5%	- 12.5%	9.2%

*8. Non-monetary compensation, etc. consists of the Company's shares, etc. and the conditions, etc. for delivery are as stated in "The Basic Policy" as mentioned above.

*9. The amounts of base compensation and bonuses, both of which are monetary compensation, to be paid out are delegated to the President and Representative Director Eiji Kutsukake based on a resolution of the Board of Directors. Therefore, the President and Representative Director shall decide the details. The reason for this delegation to the President and Representative Director is that the Company has judged the President and Representative Director as appropriate to conduct the individual evaluation of each director while considering, among other things, performance of the Company overall. The payment level is deliberated by the Advisory Committee Relating to Nominations and Compensation for the appropriate exercise of the decision authority delegated to the President and Representative Director.

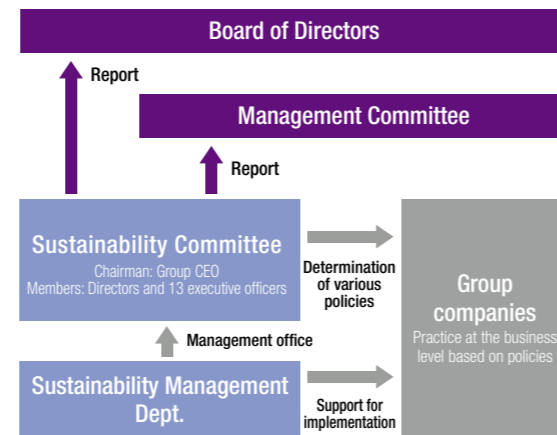
Sustainability Governance

The Group tackles changes in the management and business environment head-on, including shared global issues such as climate change, intensification of natural disasters, and the diversification of human values. The Group has also formulated the Sustainability Policy entitled "Earth Pride," describing its vision of 2050. Going forward, the Group will promote sustainability through its business activities by recognizing its sustainable growth and contribution to a sustainable society as a unified goal.

Sustainability management structure

The Group believes that sustainability and management are inseparable, and that business strategy and direction of sustainability should be perfectly aligned. Therefore, the President and Representative Director, Group CEO will serve as the Chairman of the Sustainability Committee from April 2021 in order to strengthen our system of approach to initiatives. The Committee consists of directors and executive officers appointed by the Board of Directors of the Company and is mainly responsible for deliberating and determining policies and activity plans for sustainability. Results of deliberation by the Committee are reported to the Management Committee and the Board of Directors and reflected in its business plans and business activities.

During the fiscal year ended March 2022, the Committee convened five times. In addition, the Sustainability Subcommittee, Environmental Subcommittee and Human Rights Subcommittee convened 33 times in total to promote more active internal discussions.



Major achievements since the fiscal year ended March 2022

- Formulated the Sustainability Policy and identified priority issues (materiality) and established key performance indicators (KPIs) for actualizing the policy
- Joined RE100
- Considered procurement measures for renewable energy with additionality (see Topics below)
- Expanded disclosure of information relating to diversity and inclusion (efforts led by the Group Human Resources Dept.)
- Conducted research and development of timber building materials through joint research with general contractors and building materials manufacturers
- Signed a comprehensive partnership agreement with OKUTAMA TOWN, Tokyo (co-creation study for the preservation of a rich natural environment)
- Signed an agreement with Japan's Ministry of Agriculture, Forestry and Fisheries and a manufacturer of housing construction materials company to promote the utilization of domestically sourced 2x4 timber building materials in building construction
- Considered issues such as waste reduction and recycling in the Company's business domains
- Established a system to implement human rights due diligence
- Conducted survey activities at approx. 200 business partners regarding their state of compliance with the Nomura Real Estate Group Procurement Guidelines

Process for identifying priority issues (materiality) and establishing key performance indicators (KPIs)

In line with the formulation of the Sustainability Policy and the new Mid- to Long-Term Business Plan, the Group has identified priority issues (materiality) and established key performance indicators (KPIs).

STEP 1	Examine long-term social issues extensively	The Group selected social issues that are highly relevant to its business by examining long-term prospects, including global/social environmental issues and technological trends, referring to international frameworks and information from external consulting firms.
STEP 2	Identify key themes for the Group	Workshops for young mid-level and young Group employees (183 participants) and workshops for management employees (214 participants) were held to gather opinions as to what kind of value they want the Group to provide.
STEP 3	Identify key themes for stakeholders	Opinions on expectations of the Group and social issues to be addressed were gathered via a questionnaire-based survey from 41 external stakeholders, including sustainability experts, institutional investors, and customers.
STEP 4	Determine Sustainability Policy, three themes, and priority issues (materiality)	Based on the results of the examinations in Steps 2 and 3, a questionnaire-based survey of management personnel (approximately 20 people) was conducted. After linking the results of this survey with the vision outlined by the new Mid- to Long-term Business Plan, the Sustainability Policy, key themes, and priority issues (materiality) issues were determined by the Sustainability Committee. Details were reported to the Board of Directors.
STEP 5	Establish key priority indicators (KPIs) for priority issues (materiality)	Key performance indicators (KPIs) for each priority issues (materiality) identified in Step 4 were selected based on the new Mid- to Long-term Business Plan, international frameworks such as SDGs and SASB, and various policy trends. Details were reported to the Board of Directors.

Priority issues (materiality) and Key Performance Indicators (KPIs)

Sustainability Policy Earth Pride

Pursuing humanity

We strive to answer the deep questions of human existence and well-being in a world where technology is increasingly progressing and being integrated into our lives. By providing an inclusive living environment where people support and connect with each other, we contribute to the creation of a society where no one will be left behind.

Maintaining harmony with nature

Our aim is to achieve true harmony with our natural environment for our future children and healthy ecosystems by reconsidering how human economic activities should operate. While carefully conserving the Earth's finite resources, we improve the relationship between nature and humans.

Building the future together

The ambition we have is to create unprecedented value from diverse organizations and people working together to overcome boundaries. We are continuously challenging ourselves with novel ideas of living, business and working styles for an innovative society where all people with various backgrounds and values can build on their strengths.

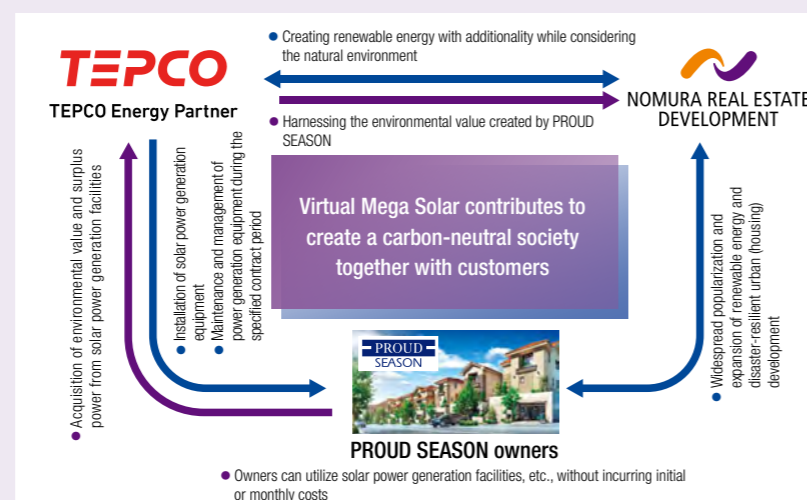
Priority issues (materiality) by 2030

Society and employees	Climate change and natural environment
<ul style="list-style-type: none"> • Diversity & inclusion • Human rights 	<ul style="list-style-type: none"> • Decarbonization • Biodiversity • Circular design
<p>Key Performance Indicators (KPI)</p> <ul style="list-style-type: none"> • Female manager and junior manager ratio: 20% • Childcare leave utilization rate by men and women: 100% • Procurement guideline survey implementation rate: 80% • Creation of human rights due diligence system • Percentage of participation in human rights training: 100% • Provision of products and services with inclusive design • Percentage of implementation of one-on-one meetings: 100% 	<p>Key Performance Indicators (KPI)</p> <ul style="list-style-type: none"> • CO₂ emissions reduce by 35% (compared to FY2020/3) • Energy conservation performance indicators in new buildings Maintain ZEH/ZEB-oriented standards • Develop timber-based buildings • Obtain biodiversity certification • Initiatives to promote building longevity • Promote waste reduction and increase recycling rate

TOPIC

Nomura Real Estate Development × TEPCO Energy Partner Nomura Real Estate Development leads Japan's first Virtual Mega Solar power system for detached housing in the Tokyo Metropolitan Area

As part of efforts to achieve carbon neutrality by 2050, Nomura Real Estate Development and TEPCO Energy Partner launched "Virtual Mega Solar" project, introducing solar power generation on the same scale as mega solar power plants (total power output of 1,000kW) for PROUD SEASON detached housing developed by Nomura Real Estate Development, mainly in the Tokyo Metropolitan Area. "Mega solar" power generation refers to large-scale solar power generation systems with a power output of 1,000kW or more. There are various issues to overcome in creating such power generation facilities, such as securing sufficient land and limiting environmental impact in the development process. The project initiative utilizes detached housing (around 300 properties per year) in the Tokyo Metropolitan Area, and will be implemented as an initiative for localized generation and consumption of electric power, to conserve and generate energy in the Tokyo metropolitan area, where there are few areas of fallow land to be utilized.



Risk Management

The Group recognizes that ensuring the soundness of management through appropriate risk management and operation is an important management issue. In the rapidly changing social environment, we will identify risks and opportunities for the Group from a mid- to long-term perspective and take appropriate actions in order to provide new value and achieve sustainable growth.

For more detailed information, see our Financial Report. <https://www.nomura-re-hd.co.jp/cfiles/engnews/n2022062400301.pdf>

Basic Policy for Risk Management

The Group regards risk management as a "business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company's risk tolerance limits." With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely "A: Investment risk," "B: External risk," "C: Disaster risk," "D: Internal risk." Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

Important risks needing to be managed among main risks

- Risks that could have a major impact on Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems
- Other major risks that should be managed by the Group

"A: Investment risk" and "B: External risk," while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of "C: Disaster risk" and "D: Internal risk" and these committees discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence after risk occurs. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the chairman of the Risk Management Committee to share risk information and response policies within the Group.

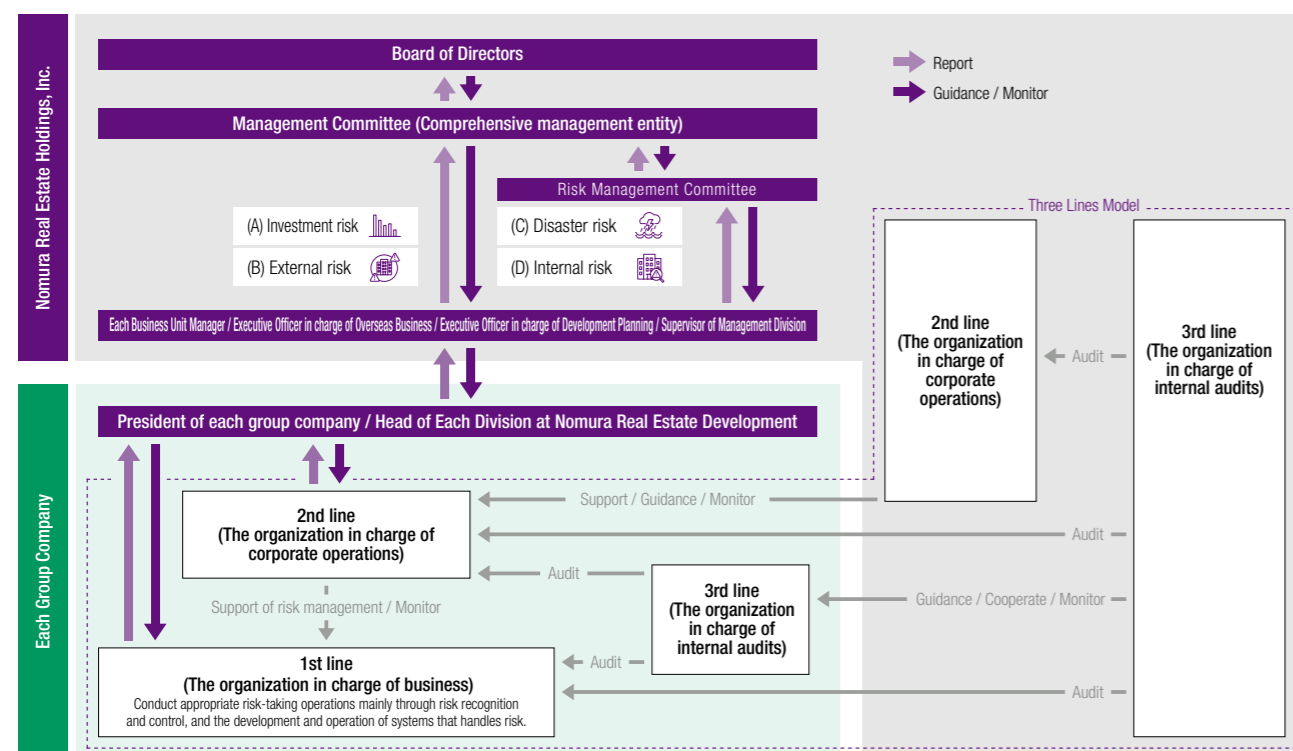
With regard to risk management, each Business Unit manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each group company (the head of each division at Nomura Real Estate Development) are responsible for reporting risk management matters to the Business Unit Manager in a timely and appropriate manner.

In addition, we have defined the organization in charge of business in each group company as the "first line" of risk management, the organization in charge of corporate operations at the Company and each group company as the "second line" of risk management, and the organization in charge of internal audits at the Company and each group company as the "third line" of risk management. With each "line" playing its role in risk management, for example, the "second line" and "third line" of the Company providing support, guidance and cooperation to the "second line" and "third line" of the group companies, respectively, we have established efficient organizations and processes that support governance and risk management.

In the event of a major problem requiring urgency, the chairman of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives' responsible for relevant departments in accordance with the Risk Management Regulations and reports to the President (Group CEO) and provides instructions such as response in accordance with the basic policy.

Risk Management Structure

To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors. The Management Committee, which is the integrated management body, directly monitors.



Details of main risks

The following are the main risks that the management recognizes that have the potential to significantly influence the financial position, business performance and cash flows of the company and the consolidated subsidiaries. Among these main risks, the Company has selected several risks requiring particular attention during the fiscal year ending March 2023, in consideration of factors such as the magnitude of the potential impact on its businesses and the

external environment.

Matters concerning the future and the recognition of risks in the text are as determined by the Group as of the end of the fiscal year ended March 2022. The following, however, does not include all risks. Risks that are unpredictable or deemed insignificant at this point in time may impact on businesses in the future.

The details of risk categories and each main risk items are as follows.

Risk categories		Main risk items
(A) Investment risk	Risks related to individual investments (real estate investments, strategic investments (M&A), etc.)	1) Risks associated with real estate investment
		2) Risks associated with strategic investment (M&A) and new businesses
(B) External risk	Risks related to external factors influencing business	3) Risks associated with market changes
		4) Risks generated by changes in economic conditions
		5) Risks generated by changes in political/social conditions/systems (law, tax systems, accounting, others)
		6) Risks due to lagging behind in innovation and changes in the structure of society related to the business
(C) Disaster risk	Risks generated by disasters that have a large impact on customers and business continuity	7) Risks related to disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity
(D) Internal risk	Operational risks occurring at the Company and each group company	8) Risks related to the violation of laws and ordinances
		9) Risks related to quality defects
		10) Risks related to occurrence of information system crisis
		11) Risks from inadequate responses to matters related to human resources
		12) Risks related to occurrence of fraud and negligence

In the fiscal year ending March 31, 2023, risks requiring particular attention are as follows.

Risk categories	Main risk items	Main initiatives, Response policies, etc.
(A) Investment risk	• Risk that the Company will not earn the expected profits due to an increase in construction expenses caused by soaring materials prices	• Investment decisions based on a business plan that anticipates a certain increase in construction expenses
	• Risk of profitability deterioration and delays in anticipated project schedule occurring in projects with long-term project timeframes and large investment budgets, such as redevelopment projects	• Monitoring within business divisions and regular reporting at Management Committee meetings, etc. • Establishment of a specialized department for steering large-scale projects such as the Shibaura Project and Nakano Project
	• Risk of inability to secure the expected business volume and slowing profit growth due to intensifying competition for land acquisition, etc.	• Business land bank rate for Phase I of the Mid- to Long-term Business Plan (FY2023/3–FY2025/3) is mostly 100% • Promotion and expansion of legal redevelopment and condominium reconstruction projects, which are some of the Company's key strengths
(B) External risk	• Risks arising from the impacts of prices for housing sales and property sales due to changes in Japan's real estate market and financial conditions	• Policy on land acquisition for housing sales and rental housing / property sales that not taking excessive risk of market fluctuations (secure land bank for around 3-4 years)
	• Risk arising from deterioration in profitability and delay in profit recovery timing in overseas business due to deterioration in economies and real estate markets in countries overseas	• Business advancement through joint ventures with excellent local developers • Initiatives to make effective use of know-how cultivated in Japan and improve quality through the implementation of the KAIZEN Project, etc. • Regular holding of "overseas business monitoring meetings" and implementation of monitoring by second-line organizations
	• Risk of a reduced strength of the Company's businesses due to delays in response to changes in lifestyles and values, response to accelerating advances in digital technology, and response to sustainability, etc.	• The DX & Innovation Management Department drives research and development in new business fields and planning, promotion, and support for digital strategies, etc. • Promoting sustainability to achieve priority issues that need to be addressed in particular by 2030
(C) Disaster risk	• Risk of inability to continue business due to increasingly severe natural disasters such as earthquakes, typhoons, and torrential rains	• Establishment of a system for selecting core operational processes for the purpose of ensuring business continuity, in the event of an outbreak of COVID-19 infections, for example
(D) Internal risk	• Risk due to inadequate design and construction in the real estate development business	• Rigorous compliance with the Group's design standards and quality manuals. As an ordering party, we conduct quality inspections with regard to construction status. • Formulating business standards relating to management, formulating safety and temporary construction guidelines for repair work, and providing damage insurance in case of accidents, etc.
	• Risk due to delay in preparing personnel systems to secure diverse human resources and enable human resources to continue playing an active role	• Promoting Group-wide human resources strategies • Revision of personnel systems, etc. (introduction of a multi-track personnel system that enables diverse human resources to develop their strengths to achieve growth and play active roles, etc.) • Establishment of Wellness and D&I Management Committee and formulation of Nomura Real Estate Group Diversity & Inclusion Promotion Policy
	• Risk due to information leak by cyberattack, impact on business continuity, and incurrence and expansion of damage, etc.	• Restrictions on information access via Internet connection, log management, and toughening of measures against loss of information terminals (portable devices, etc.) • Third-party system security diagnostics, and introduction of a detection system for abnormal behaviors, etc.

Risk Management

The Group recognizes that ensuring the soundness of management through appropriate risk management and operation is an important management issue. In the rapidly changing social environment, we will identify risks and opportunities for the Group from a mid- to long-term perspective and take appropriate actions in order to provide new value and achieve sustainable growth.

For more detailed information, see our Financial Report. <https://www.nomura-re-hd.co.jp/cfiles/engnews/n2022062400301.pdf>

(A) Investment risk Risks related to individual investments (real estate investments, strategic investments (M&A), etc.)

Risk	1) Risks associated with real estate investment
Risk details	In the real estate investment and development business carried out by the Group, there are cases in which business does not proceed as planned due to such factors as unexpected soil pollution, delays in obtaining permits and licenses, the need for additional construction, and an increase in construction expenses. In such cases, the occurrence of changes in the initial business schedule, delays in completion and recognition timing, and additional costs, and profitability deterioration associated with an increase in construction costs could affect the Group's financial position and business performance.
Main initiatives	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. In particular, for soil pollution the Company implements a historical survey and a pollution survey in advance and if pollution is confirmed the Company will cease the acquisition of the land or have the pollution removed by an external specialist. In addition, regarding the risk of an increase in construction expenses, the Company includes a certain amount of additional costs when acquiring land for development and carries out other measures. Following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially an important event occur, the department shall report this to the Management Committee or the Board of Directors of the Company or group companies when necessary and respond to the issues.
Risk	2) Risks associated with strategic investment (M&A) and new businesses
Risk details	The Group positions M&A as one of its growth strategies and aims to enhance the corporate value of the Group by implementing M&A for which synergies can be expected. However, the inability to achieve profit growth from the M&A target companies and synergies expected could affect the Group's financial position and business performance. The Group goes beyond the existing business domains to explore opportunities in new businesses as well as examines and makes investments in new asset types. However, the inability to execute business according to original plans or achieve synergies with group companies could affect the Group's financial position and business performance.
Main initiatives	In executing M&A, the main investment targets and investment purposes shall be defined. At the same time, factors such as the synergies with the Group's existing businesses, business plans, financial details, and contract-related matters shall be carefully examined and considered and M&A shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by the Board of Directors or Management Committee.

(B) External risk Risks related to external factors influencing business

Risk	3) Risks associated with market changes
Risk details	As the Group carries out a variety of real estate-related businesses, changes in economic conditions or the occurrence of disasters could lead to changes in the business environment or market conditions and have an impact on the Group's financial position and business performance. In the Residential Development Business Unit, a decline in customer desire to purchase leads to a decrease in sales prices and an increase in inventories and this could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories held are recorded. In Commercial Real Estate Business Unit, a decline in rent levels, a rise in vacancy rates and increase in the CAP rate that leads to a decline in asset price could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories and non-current assets held are recorded. In addition, a decline in demand in the real estate transaction market, a share price decline in the REIT market, a decline in demand for investment funds, and a rise in construction cost could have an impact on the Group's financial position and business performance.
Main initiatives	The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business and improve precision. When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to ensure a certain level of soundness regarding our financial position even if market conditions change rapidly.
Risk	4) Risks caused by changes in economic conditions
Risk details	Domestic and overseas economic recessions, an increase in funding costs due to rising market interest rates, fluctuations in yen-denominated investments and recovered amounts, or amounts of foreign currency assets and liabilities on the consolidated financial statements due to fluctuations in exchange rates could have an impact on the Group's financial position and business performance.
Main initiatives	Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.
Risk	5) Risks caused by changes in political/social conditions/systems (law, tax systems, accounting, others)
Risk details	As each of the Group's businesses are developed in Japan and overseas, there is the possibility of the occurrence of rising construction expenses, business schedule delays, etc. due to disruptions in the foreign exchange market, energy market and supply chain in the event of changes to the political and social situation, such as the emergence of geopolitical risks, such as Russia's invasion of Ukraine. Overseas in particular, there are risks specific to each country's political and social situations. In case there are changes in political and social situations that have been unexpected at the beginning of conducting business in each country, they may lead to obstacles to promote business, which could have an impact on the Group's financial position and business performance. Various types of laws and regulations in Japan and overseas are applicable to each of the Group's businesses. For example, in addition to the Real Estate Brokerage Act and the Building Standards Act, other real estate related laws and regulations as well as the Financial Instruments and Exchange Act are applicable in Japan, and overseas, there are risks specific to each country's laws and regulations that differ from those in Japan. In case there are changes in these laws and regulations or other laws and regulations become applicable due to an expansion in the business scope in the future, they could have an impact on the Group's financial position and business performance as a result of the occurrence of new obligations and expenses. Also, in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business, the resulting increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans could have an impact on the Group's financial position and business performance.
Main initiatives	We collect and analyze information on trends in political and social situations, various laws and regulations, tax systems and accounting systems in Japan and overseas from industry groups, external experts, business partners, and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. In overseas business in particular, we seek the knowledge of external experts regarding the forecast of the future political and social situations as well as applicable laws, regulations and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to the political and social situations as well as important related laws and regulations that have an impact on business strategy, revenue and expenditures, and progress in countries where we do business through the Overseas Business Monitoring Committee, etc. In the case that there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.

Risk	6) Risks from lagging behind innovation and changes in the social structure related to the business
Risk details	Should technological innovation or the emergence of innovative new participants in a variety of real estate-related businesses that the Group engages in result in a large change in the industrial structure or business environment and the Company is late in responding to changes in customer needs accompanying changes in the social structure, the Company's strength could decline and this could have an impact on the Group's financial position and business performance. In addition, the Group uses land and other natural resources and energy when conducting its business activities, and recognizes that climate change is a significant risk that could substantially impact its business. The changing needs of customers for real estate include increasing customer demands for functions related to the environment, energy saving, and disaster prevention due to the implementation and strengthening of greenhouse gas reduction regulations, etc. If the Company is late in responding with technologies related to high environmental performance and energy performance, the strength of the Company's products and services could decline and this could have an impact on the Group's financial position and business performance.
Main initiatives	In the midst of a changing business environment, the Group has been creating new and highly unique value for society and customers by leveraging its strengths, such as real estate development capabilities based on the "market-in" concept and a commitment to quality in urban development and real estate-related services. In order to further enhance these strengths, we have established the DX & Innovation Management Dept., which is responsible for research and development of new business fields, planning, promotion, and support for innovation creation, digital strategies, etc. We have also established the "Business Idea Proposal System," which allows officials of Group companies to propose new businesses, products and services beyond the boundaries of their daily work. At the same time, through the Nomura Real Estate Group Awards, an internal award system, we are working to create a corporate culture that encourages the creation of value through innovation and to strengthen collaboration within the Group. In addition, through the provision of corporate venture capital, the Company is collaborating with the startups that it has taken stakes in, which possess innovative technologies and services, and has begun to provide services that utilize these digital technologies. The Group has formulated the Sustainability Policy as its vision for 2050 and identified five priority issues that especially need to be addressed by 2030: "Diversity & inclusion," "Human rights," "Decarbonization," "Biodiversity," and "Circular design." In order to respond to decarbonization and climate change, the Group has acquired SBT certification (35% reduction in CO ₂ emissions by 2030 compared to FY2020/3 levels) and has joined various international initiatives, including RE100 (goal of switching to 100% renewable energy for electricity used in business activities of the entire Group by 2050). As a response to risks regarding climate change, the Group ascertains future scenarios, such as those in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, and the Sustainability Committee, chaired by the President and Executive Officer (Group CEO), deliberates strategies and policies for the entire Group, analyzes the risks and opportunities regarding events assumed in each scenario, evaluates and monitors the target, etc. of reducing greenhouse gas emissions for the Group, and periodically reports to the Board of Directors. The Group is working to reduce CO ₂ emissions in its business through promotion of energy saving, low carbon, and renewable energy. The main initiatives include improving energy-saving performance in buildings being developed, conducting research and development for promoting use of low-carbon materials and installing solar power plants on the roofs of properties the Group is developing. In particular, the Shibaura Project is planned to achieve carbon neutrality and was selected by the Ministry of Land, Infrastructure, Transport and Tourism for the 2021 Leading Project for Sustainable Buildings (CO ₂ Reduction Type). Furthermore, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the disclosure of four items (Governance/Strategies/Risk Management/Metrics and Targets), which TCFD recommends to be disclosed in relation to climate change, has been made. For details, please refer to the special topic page on the Company's sustainability website. https://www.nomura-re-hd.co.jp/english/sustainability/special/ During the fiscal year ended March 31, 2022, the Board of Directors resolved to introduce a non-financial indicator related to officer compensation (set a target value for Building Energy-efficiency Index (BEI) for properties developed and supplied by the Group) and the Group is working to raise awareness among the Group's officers and employees regarding climate change and sustainability initiatives.

(C) Disaster risk Risks caused by disasters that have a large impact on customers and business continuity

Risk	7) Risks caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity
Risk details	Large earthquakes, storms and flood damage, and infectious disease epidemics could make it difficult for the Company and its business partners to undertake normal business and there could be cases of the occurrence of the risk of loss of earnings and the risk of delay of earnings. Risk of loss of earnings include decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities. Moreover, risk of delay of earnings include changes in sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors and these could have an impact on the Group's business results and financial position. In addition, natural disasters such as earthquakes, fires, storms and floods, or sudden accidents, could result in damage or loss of real estate owned, operated or managed by the Group and this could have an impact on the Group's financial position and business performance.
Main initiatives	The Group recognizes that the frequency of disasters has increased, and this is an important social issue. Based on discussions with government and disaster preparedness experts, we are working to ensure the safety and security in the event a disaster occurs. We engage in disaster preparedness activities to ensure that, if a disaster occurs, its impact is minimized and the Group and its employees are able to continue business and their normal lives. We have formulated a business continuity plan (BCP) and action plan and engage in initiatives related to the Group's business continuity. In preparing for an earthquake occurring directly under the Tokyo Metropolitan Area, we have established a BCP and an emergency chain of command, assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Furthermore, once per year we hold Disaster Task Force Establishment Drills to ensure the responses prescribed by the BCP are effective, insuring the safety of executives and employees and establishing a chain of command system, so that we are prepared for restoring business after an emergency. In addition, the Company has established a checklist of actions to be taken when a typhoon's landfall is forecast and formulates an action plan for preparations and initial responses when a disaster occurs overseas. Regarding earthquakes, fires, storms, floods, and other sudden accidents, we have set up regulations for responses to torrential rains and flooding, formulated a disaster response manual, and created a disaster preparedness guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs. Moreover, regarding the spread of infectious diseases, particularly COVID-19, the Group selected core businesses for business continuity during epidemics, and formulated an action manual and common rules regarding infection prevention, etc. These were communicated internally to all officers and employees, and a Group-wide reporting and instruction system has been created for cases of an infected person, or a person who has been in close contact with an infected person. In addition, the Group has been carrying out various initiatives related to infection prevention measures, including workplace COVID-19 vaccinations for the Group's officers, employees, etc.

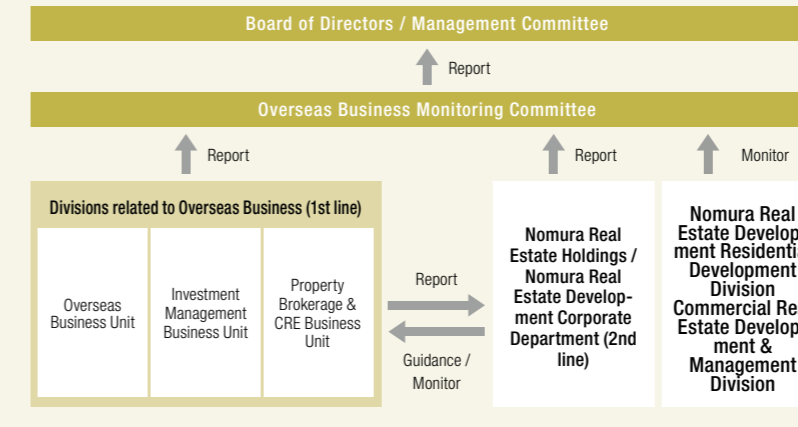
TOPIC Risk management structure that supports overseas business expansion

In the Mid- to Long-term Business Plan, the Company is aiming to expand its Overseas Business profit ratio to 15% of total business profit by the fiscal year ending March 31, 2031.

The Company plans to develop a more effective risk management system. With the goal of enhancing the

effectiveness of its risk management and monitoring functions in Overseas Businesses, the Company established Overseas Business Monitoring Committee in April 2020 and started monitoring trends mainly related to the external environment and individual businesses.

Risk Management System in Overseas Business



Major Monitoring items

- **Matters related to the external environment**
Macroeconomic / political trends, real estate market trends, and various laws and ordinances, etc.
- **Matters related to status of individual businesses**
Progress at individual businesses, visualization of monetary impact when risks arise, conditions with joint venture partners, etc.
- **Matters related to Overseas Business strategies**
Current and future business strategies, resource allocation, etc.

Details of main initiatives in the fiscal year ending March 31, 2023

- Macroeconomic / political trends
- Confirm progress at each business, etc.
- Check real estate market trends accompanying Evergrande liquidity / debt crisis
- Check state of COVID-19 infections in countries in Asia

(D) Internal risk Operational risks occurring at the Company and each group company

Risk	8) Risks of the violation of laws and ordinances
Risk details	In the real estate brokerage business, the main business of the Group, there are cases when the Company receives administrative sanctions from government authorities due to a violation of laws such as an error in explaining important matters to customers, misrepresentation of facts, or non-notification of disadvantageous matters. Also, in the case the Group violates the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other laws related to the Group's business, the loss of the Group's credibility and the imposition of fines could have an impact on the Group's business performance.
Main initiatives	The Company has formulated the Nomura Real Estate Group Code of Action that defines the basic code of actions for executives and employees, including complying with laws and regulations and acting with higher ethical standards, and prescribed internal rules. We are making efforts to familiarize employees with the Code of Action and internal rules through periodic training, promote education on an ongoing basis and facilitate enlightenment. For primary laws such as the Real Estate Brokerage Act, we formulate a business workflow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for the status of compliance. In addition, regarding the inappropriate entertainment of foreign public officials and other civil servants, the Company has established "regulations to prevent the bribery of foreign public official and other civil servants" and "bribery prevention guidelines." The Company is implementing regular training for executives, employees and overseas local hires related to overseas businesses.
Risk	9) Risks of quality defect
Risk details	In case of deficiencies such as design and construction defects in the Group's real estate development business or in the case of a management deficiency in the properties for leasing or under management, the loss of trust in the Group, unexpected costs and delays in development plans and operation plans could have an impact on the Group's business performance.
Main initiatives	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of credibility and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical) and the Quality Manuals and ensure thorough compliance from the parties with which we order design and construction work while also checking the state of construction and carrying out quality inspections as the ordering party. Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of a deficiency or accident.

Risk Management

Risk	10) Risks of occurrence of information system crisis
Risk details	To achieve sustainable growth as the diversity of products and services provided to customers grows, the Group believes it must further improve productivity and work efficiency and is actively utilizing the benefits of the Internet (the Cloud) (speed, flexibility, cost) for establishing an ICT environment and promoting DX to achieve these improvements. In addition, the Group handles a large volume of personal information in each business due to necessity in executing business. For this reason, in the unlikely case the Company's system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	As we actively promote initiatives that utilize information systems and ICT, we believe that ensuring information security will be of unprecedented importance and we have strengthened measures to restrict access via Internet connections as well as measures for log management and the loss of information devices and are progressing with the establishment of an ICT environment in preparation for cyberattacks and information leaks by conducting system security diagnosis by the third party and introducing a behavior detection system for virus scanning and abnormal movements. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide education and enlightenment to our employees, protect the rights and interests of our customers and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.
Risk	11) Risks of inadequate responses to matters related to human resources
Risk details	We regard human resources as our largest asset and the source of new value creation for the sustainable growth of the Group. Therefore, in the event that the working hours of Group executives and employees are not properly ascertained and long working hours damage the health of executives and employees and we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations, the outflow of the Group's human resources, the loss of trust, and the imposition of fines could have an impact on the Group's business performance. There is a risk that delays in the establishment of a labor environment that takes in a diverse range of human resources (employees that work short hours mainly due to childcare and nursing, sexual minorities, people with disabilities, seniors, foreign nationals and others) may result in the Group being unable to secure the necessary personnel, or the inability of secured personnel to continue working, leading to a decline in corporate competitiveness. In terms of personnel and labor management at overseas bases, there is risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor laws and customs, the risk of losing know-how due to the retirement of local employees, and a risk that the health of employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.
Main initiatives	The Group prescribes working with vigor and achieving wellness as its action guideline. The 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. Along with introducing various systems, including recommendations to take paid leave, the promotion of teleworking, and a program for taking time off or working shorter hours for childcare and nursing and to build a labor environment conducive for a diverse workforce, we are working to improve the level of understanding related to diversity among executives and employees through regular training sessions. In order to properly grasp working hours, we have introduced an attendance management system to manage it, and especially for long working hours, we regularly monitor the situation. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks. Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help the staffs find, and provide support for visits to, medical institutions. From the fiscal year ended March 31, 2022, the Group established the Wellness and D&I Management Committee, which is chaired by the President and Executive Officer (Group CEO), in order to integrally promote wellness, work-style reforms and the ensuring of diverse human resources, and newly established the D&I Management Sect. in the Group Human Resources Development Dept. as the dedicated organization for the promotion of diversity & inclusion.
Risk	12) Risks of occurrence of fraud and negligence
Risk details	Within the Group, risk could occur due to fraud perpetrated by executives and employees, information leakage due to improper management of information, and operational negligence. In the case this risk emerges, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	Group executives and employees comply with laws and regulations as well as with the internal rules and regulations established by each company of Nomura Real Estate Group. Furthermore, we have established the Nomura Real Estate Group Code of Ethics with the aim of acting in accordance with even higher ethical standards, and we continuously provide education and training sessions to executives and employees. In addition, the Company has established a system to enhance the effectiveness of compliance activities in each workplace by assigning a compliance promotion officer to each department, office and branch of the Company and Group companies. Furthermore, with the "Nomura Real Estate Group Risk Helpline," an internal whistleblowing system shared by all Group companies, the Company has set up internal and external contact points for reporting wrongdoing and seeking advice on how to proceed, and has developed and implemented systems based on the Whistleblower Protection Act.

Internal Controls, Compliance/Information Disclosure

Compliance systems

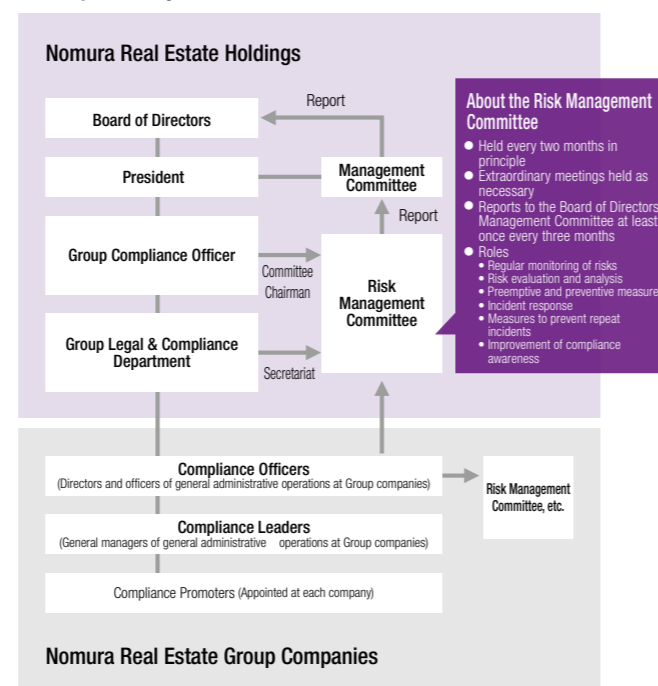
The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of our most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk Management Committee and Group Legal & Compliance Department 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. The Company imposes confidentiality obligation on employees who are involved in the helpline business and prohibits unfair treatment for reporting an incident using the helpline.

In an attempt to enhance its efforts, the Group signed and registered as a participating company in the United Nations Global Compact in May 2019. Based on the principles of the United Nation's global initiatives, the Group will remain committed to all types of anti-corruption activities including extortion and bribery.

The Nomura Real Estate Group Code of Action
<https://www.nomura-re-hd.co.jp/english/sustainability/base/compliance.html>

Compliance system

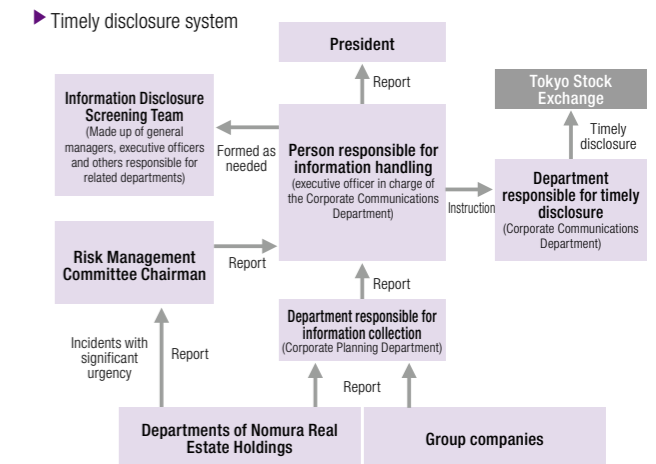


Appropriate information disclosure and transparency

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the right) 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). As for the information requiring timely disclosure, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible in 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.



Shareholder engagement

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the right) 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). As for the information requiring timely disclosure, the Information Disclosure Screening Team made up of general managers, executive officers, and

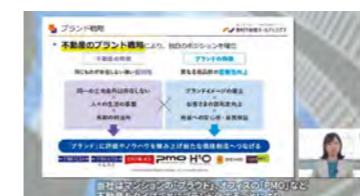
others responsible in related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the Department responsible for timely disclosure (Corporate Communications Department) at the instruction 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.

Current status of investor relations activities

To attract more shareholders and prospective investors, we strive to enhance understanding of the Group's business activities and growth strategy through direct and indirect communications with both institutional and individual investors.

To deepen the understanding of a wide range of investors about the Company's business and management strategies, we actively participate in online briefings and IR fairs via the Internet.



Online briefing

Major IR activities during FY22/3

IR activities for institutional investors	Number of times held
Financial results briefings (Including Conference calls on financial results announcement days)	4
Meetings with investors and analysts (including the following meetings)	373
Conferences organized by securities companies	11
CEO small meeting	1
Business Unit Manager small meetings	1
ESG meetings	20
IR activities for individual investors	Number of times held
Conferences for individual investors	1
Online briefing	2

For further details and the latest information, visit the IR site.

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

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

Directors and Executive Officers (As of June 24, 2022)

Directors

Shoichi Nagamatsu



Date of Birth: July 6, 1958
Chair and Director
Chairman of the Board of Directors
Advisory Committee Relating to
Nominations and Compensation
Member
Number of shares held: 1,400*

Non-executive

- Apr. 1982 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2004 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Executive Managing Director of Nomura Holdings, Inc. Senior Managing Director of Nomura Securities Co., Ltd.
- Jun. 2010 Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc. Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Jun. 2012 Representative Executive Managing Director and Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2013 Executive Managing Director and Chief of Staff of Nomura Holdings, Inc. Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2016 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2017 Representative Executive Officer and Deputy President, and Chief of Staff of Nomura Holdings, Inc. Director of Nomura Securities Co., Ltd.
- Apr. 2018 Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Jun. 2018 Director, and Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Apr. 2020 Director of Nomura Holdings, Inc.
- Jun. 2020 Advisor of Nomura Holdings, Inc. Director of Nomura Real Estate Holdings, Inc.
- Apr. 2021 Chair and Director of Nomura Real Estate Holdings, Inc. (present)
Director of Nomura Real Estate Development Co., Ltd. (present)

Eiji Kutsukake



Date of Birth: September 12, 1960
President and Representative
Director, and Executive Officer
Group CEO
Number of shares held: 18,500*

Executive

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

Daisaku Matsuo



Date of Birth: October 18, 1964
Executive Vice President,
Representative Director, and
Executive Officer
Group COO
Number of shares held: 21,900*

Executive

- Apr. 1988 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 1994 Managing Director of Tokyo Electron Ltd.
- Jun. 1996 Representative Director, President of Tokyo Electron Ltd.
- Jun. 2003 Representative Director, Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2011 Director, Chairman of the Board of Tokyo Electron Ltd.
- Apr. 2013 Representative Director, Chairman, President & CEO of Tokyo Electron Ltd.
- Jun. 2015 Representative Director, President & CEO of Tokyo Electron Ltd.
- Jan. 2016 Corporate Director, Corporate Advisor of Tokyo Electron Ltd.
- May. 2018 Outside Director of Seven & i Holdings Co., Ltd. (present)
- Jun. 2019 External Director of Nomura Real Estate Holdings, Inc. (present)
Outside Director of Ube Industries, Ltd. (currently, UBE Corporation) (present)

Tetsuro Higashi



Date of Birth: August 28, 1949
Director
Chairman of Advisory Committee
Relating to Nominations and
Compensation
Number of shares held: ----*

Non-executive External Director Independent Director

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

Hiroyuki Kimura



Date of Birth: March 30, 1962
Director (Audit & Supervisory
Committee Member)
Number of shares held: ----*

Non-executive

- 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.
- 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. 2013 Executive Officer of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2019 Director of Nomura Real Estate Holdings, Inc. Executive Vice President and Representative Director of Nomura Real Estate Asset Management Co., Ltd.
- Apr. 2021 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Advisor of Nomura Real Estate Holdings, Inc. (present)
- Jun. 2021 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Yasushi Takayama



Date of Birth: February 1, 1964
Director (Audit & Supervisory
Committee Member)
Number of shares held: ----*

Non-executive

- Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Jun. 2011 Director, Nomura Financial Products & Services, Inc.
- Oct. 2012 Managing Director and General Counsel of Nomura Securities International, Inc. (New York)
- Sep. 2013 Managing Director and General Counsel of Nomura Holding America Inc.
- Apr. 2015 Senior Managing Director and Chief Legal Officer of Nomura Holdings, Inc. Senior Managing Director and Chief Legal Officer of Nomura Securities Co., Ltd.
- Apr. 2019 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Advisor of Nomura Real Estate Holdings, Inc. (present)
- Jun. 2019 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Satoshi Arai



Date of Birth: June 3, 1965
Executive Vice President, Director,
and Executive Officer
Number of shares held: ----*

Executive Newly appointed

- Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2011 Senior Managing Director of Nomura Securities Co., Ltd.
- Apr. 2014 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2017 Senior Managing Director of Nomura Holdings, Inc. Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2018 Senior Managing Director of Nomura Holdings, Inc., Head of Corporate
- Apr. 2019 Representative Director and Deputy President of Nomura Securities Co., Ltd.
- Apr. 2022 Advisor of Nomura Real Estate Holdings, Inc. Director of Nomura Real Estate Development Co., Ltd. (present)
- Jun. 2022 Executive Vice President and Director of Nomura Real Estate Holdings, Inc. (present)

Makoto Haga



Date of Birth: June 22, 1966
Director and Executive Officer
Business Unit Manager of Commer-
cial Real Estate Business Unit
Number of shares held: 22,100*

Executive

- Apr. 1989 Joined Nomura Real Estate Development 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.
- Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2020 Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)

Hiroshi Kurokawa



Date of Birth: February 2, 1968
Director and Executive Officer,
Group CFO
Supervisor of Management
Division, Investor Relations
Number of shares held: 8,500*

Executive

- Apr. 1990 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2013 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2015 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Asset Management Co., Ltd.
- Apr. 2017 Executive Officer of Nomura Real Estate Holdings, Inc. Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2020 Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2021 Executive Officer of Nomura Real Estate Holdings, Inc. (present)
Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Jun. 2021 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)

Yoshio Mogi



Date of Birth: April 10, 1952
Director (Audit & Supervisory
Committee Member)
Advisory Committee Relating to
Nominations and Compensation
Member
Number of shares held: ----*

Non-executive External Director Independent Director

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

Akiko Miyakawa



Date of Birth: October 18, 1955
Director (Audit & Supervisory
Committee Member)
Number of shares held: ----*

Non-executive External Director Independent Director

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

Tetsu Takahashi



Date of Birth: October 24, 1956
Director (Audit & Supervisory
Committee Member)
Advisory Committee Relating to
Nominations and Compensation
Member
Number of shares held: ----*

Non-executive External Director Independent Director

- Apr. 1986 Registered with Tokyo Bar Association
Joined Miyakezaka Law Offices
- Jul. 2003 Representative Partner of KASUMIGASEKI PARTNERS LAW OFFICE
- Jun. 2020 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
- Dec. 2020 Executive Partner of ITN Partners (present)
- Mar. 2022 External Director of McDonald's Holdings Company (Japan), Ltd. (present)

* Tetsuro Higashi, Yoshio Mogi, Akiko Miyakawa and Tetsu Takahashi are external directors prescribed in Article 2, Item 15 of the Companies Act.

Executive officers (excluding those who are concurrently serving as directors)

Takashi Kaku

In charge of Overseas Business Unit,
Overseas Business

Akihiro Fukuda

In charge of Property & Facility
Management Business Unit

Shigeyuki Yamamoto

In charge of Development Planning

Kenichi Maeda

In charge of Property Brokerage &
CRE Business Unit

Koki Miura

In charge of Investment Management
Business Unit

Haruhiko Nakamura

In charge of Residential
Development Business Unit

Tetsumi Yoshimura

In charge of Quality Management and
Architectural Design

Masato Yamauchi

In charge of Corporate Planning Dept., DX &
Innovation Management Dept.

Yukio Ichihara

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

Motomi Uki

In charge of Group Human Resources
Development Dept., General Manager of Group
Human Resources Dept.

Toshihide Tsukasaki

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

Joji Yamada

In charge of General Manager of Corporate
Planning Dept.

Tokuji Nakamura

In charge of Sustainability Management Dept.,
Corporate Communications Dept., Sustainability
Management

Naoko Usami

In charge of Group Diversity and Inclusion Management,
General Manager of Group Human Resources Development
Dept.

* As of March 31, 2022

Part 5 Fact Data, etc.

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Major asset brands

Living

Based on the unique know-how that the Group has cultivated so far; we develop brands related to housing. We continue to focus on creating high-quality housings that connect closely with each and every customer.



PROUD Motoyoyogicho



PROUD

Condominium that pursues the creation of an ideal housing by continuing to be close to customers with the "integrated development, sales, and management system"

Cumulative number of housings supplied: approx. 74,000 units^{1,2}

¹1. As of March 31, 2022 (number of developed properties including plans)
²2. Cumulative number of PROUD condominiums and detached housing supplied



PROUD SEASON Seijo Court



PROUD SEASON

Detached housing with the concept of "creating housing that will endure as heritage of people, towns and times"

Cumulative number of housings supplied: approx. 8,000 units¹



PROUD FLAT

Rental housing with renowned quality by the Group's abundant know-how

Number of developed properties: 129 properties¹



PROUD FLAT Ryogoku South



PROUD FLAT Nakano



OUKAS

Health promoting senior rental housing developed under the concept of residences to have the time of one's life

Number of developed properties: 6 properties¹



OUKAS Hiyoshi



OHANA

Suburban-type condominiums with the concept of "delivering high-quality housing to as many customers as possible"

Cumulative number of housings supplied: approx. 5,000 units¹



OHANA Nakaurawa

Major Asset Brands

Working

The Group is developing new office space proposals that aim to realize "HUMAN FIRST" work style that emphasizes the "individual" of work, and high-performance logistics facilities that take the working environment into consideration.



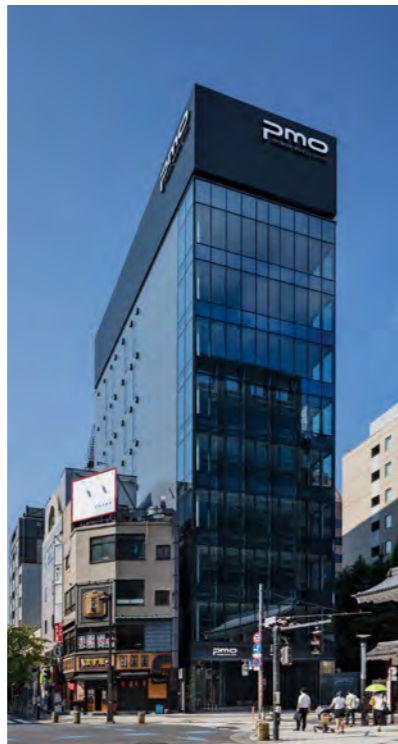
PMO

Medium-scale office building with the similar quality and specification as large-scale "class A" office building

Number of developed properties: 70 properties*



PMO EX Shin-Osaka



PMO Hamamatsu-cho II



Landport

Logistics facility with advanced and high functionality

Number of developed properties: 42 properties*



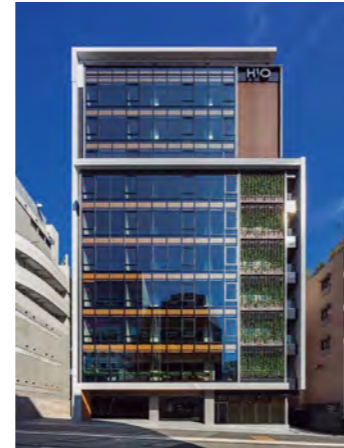
Landport Ome I, II, III



H'O

Small office with services to meet the needs of workers in a small team

Number of developed properties: 15 properties* (including types that incorporated in developed property's floors)



H'O Shibuya Jimnan



H'T

Satellite-type shared office that offers to diversification and efficiency of work styles

Number of developed properties: 216 branches* (including affiliated offices)



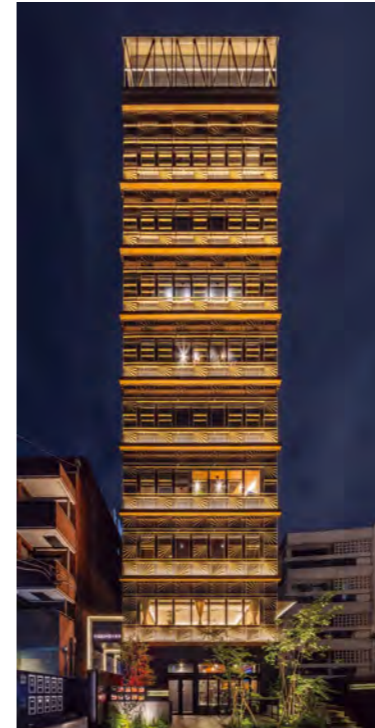
H'T Ikebukuro Nishiguchi



GEMS

Urban retail facility that mainly features one restaurant on each floor

Number of developed properties: 22 properties*



GEMS Roppongi



GEMS Kawasaki



SOCOLA

Neighborhood retail facility that integrates grocery supermarkets, merchandise sales, restaurants, and service stores

Number of developed properties: 6 properties*



SOCOLA Yoga

NOHGA HOTEL

Hotel with the concept of "creating memorable experiences through close links with the local community"

Number of developed properties: 3 properties*



NOHGA HOTEL KIYOMIZU KYOTO

Gathering

Responding to the diverse needs of our customers, the Group is developing urban retail facilities that are mainly located in front of stations, neighborhood retail facilities that enhance the convenience of the area, and hotels that value ties with the community.



MEFULL

Urban retail facility mainly focusing on service industries

Number of developed properties: 8 properties*



MEFULL Fujisawa

* Number of properties (including plans) and number of bases are as of March 31, 2022

Major Development Projects

Large-scale, Mixed-use Development Project

Through mixed-use development that combines a variety of asset classes such as offices, retail facilities, and residences, the Group is promoting urban development with superior convenience and comfort.

Nihonbashi 1-chome Central District Redevelopment^{1, 2}

Scheduled for completion: FY26/3
Major use: Office, retail facility, hotel, residence, conference venue
Gross floor area: approx. 380,300m²



Shibaura Project^{1, 2}

Scheduled for completion: South Tower FY25/3, North Tower FY31/3
Major use: Office, retail facility, hotel, residence
Gross floor area: approx. 550,000m²



Okayama City Ekimae-cho 1-chome 2, 3, 4 District Redevelopment²

Scheduled for completion: FY26/3
Major use: Residence, retail facility, office, hotel, hall



Nakano Station Shin North Exit Station-Front Area Redevelopment²

Scheduled for completion: FY29/3
Major use: Halls, office, residence, retail facility, hotel



PROUD TOWER Kameido Cross (residence)²

Completion: FY22/3
Total units: 934

KAMEIDO CLOCK (retail facility)

Opened: April 2022
Gross floor area: approx. 28,000m²



Overseas Business

In China, Southeast Asia, and the United Kingdom, the Group is promoting the housing sales business and the property sales business.



Sunshine Fort² Manila, Philippines

Scheduled for completion: Residence 2023 and onward, retail facility 2022 and onward
Major use: Residence (Total units: approx. 1,400), retail facility (Rental floor area: approx. 17,000m²)

Grand Park 2nd period² Ho Chi Minh City, Vietnam

Scheduled for completion: 2022
Major use: Residence (Total units: approx. 11,000)



¹. Gross floor area indicates the equity equivalent area.
². Joint Venture project

11-year Financial Data

	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3 (forecast) ¹²
Statements of Income / Balance Sheets / Statements of Cash Flows (Millions of yen):												
Operating revenue	450,807	517,740	532,016	567,159	569,545	569,680	623,762	668,510	676,495	580,660	645,049	680,000
Operating profit	49,939	58,308	74,307	71,894	80,912	77,271	76,660	79,162	81,905	76,333	91,210	90,500
Business profit ¹	—	—	—	—	—	—	—	79,623	82,833	76,448	92,765	97,000
Ordinary profit	34,173	45,806	64,058	63,681	72,679	68,952	68,033	69,323	73,077	65,965	82,557	85,000
Profit attributable to owners of parent	17,591	19,357	26,844	38,441	47,182	47,005	46,029	45,873	48,886	42,198	55,312	57,000
Total assets	1,402,624	1,369,949	1,313,887	1,369,226	1,485,449	1,593,093	1,673,099	1,759,455	1,801,273	1,921,306	2,040,506	—
Current assets	585,332	535,103	496,978	549,300	608,779	684,306	717,635	849,528	906,726	1,043,321	1,126,802	—
Inventories	396,857	369,667	349,167	429,764	496,910	570,888	592,996	636,925	714,734	875,520	894,229	—
Equity investments	41,895	29,578	7,128	6,316	819	2,567	9,612	18,066	30,983	28,770	33,871	—
Non-current assets	817,292	834,845	816,909	819,926	876,670	908,786	955,464	909,926	894,547	877,985	913,703	—
Total net assets	376,486	398,276	418,697	461,031	456,408	493,813	514,982	541,562	565,120	586,350	621,398	—
Interest-bearing debt	758,562	669,268	617,583	616,700	721,900	810,100	877,800	914,000	870,000	1,008,500	1,022,735	—
Cash flows from operating activities	43,876	89,295	83,535	23,837	13,258	(31,889)	21,498	89,964	56,618	(63,504)	52,793	—
Cash flows from investing activities	7,809	(2,588)	(20,191)	(32,476)	(59,714)	(54,558)	(51,637)	(46,699)	(30,490)	(55,789)	(46,277)	—
Cash flows from financing activities	(63,296)	(94,666)	(57,858)	(8,983)	53,637	76,575	43,787	13,723	(66,821)	112,376	(9,619)	—
Capital investment ²	14,098	18,963	21,938	38,871	50,367	61,300	71,665	20,824	20,363	45,665	36,618	—
Per Share Data (Yen):												
Profit attributable to owners of parent	92.38	101.61	140.70	201.28	246.42	245.10	240.89	245.99	267.21	232.53	307.81	321.77
Net assets	1,664.78	1,764.05	1,863.12	2,061.86	2,320.84	2,508.73	2,664.70	2,854.21	3,031.15	3,229.80	3,478.14	—
NAV ³	1,768	1,885	1,997	2,299	2,708	3,063	3,333	3,630	3,833	4,035	4,442	—
Annual dividends	25.00	30.00	35.00	45.00	57.50	65.00	70.00	75.00	80.00	82.50	97.50	110.00
Share Information (Shares):												
Number of shares issued at the end of period (including treasury shares)	190,456,900	190,595,500	190,906,800	191,119,700	191,679,601	191,877,801	192,155,201	192,373,101	192,875,301	193,099,001	182,604,637	—
Treasury shares at the end of period ⁴	1,016	1,125	1,206	1,206	1,508	1,709	3,956,956	7,821,664	11,367,181	12,490,613	4,704,422	—
Management Benchmarks:												
Operating profit ratio (%)	11.1	11.3	14.0	12.7	14.2	13.6	12.3	11.8	12.1	13.1	14.1	—
ROA ⁵ (%)	3.7	4.5	5.6	5.5	5.8	5.1	4.7	4.6	4.7	4.1	4.7	—
ROE ⁶ (%)	5.7	5.9	7.8	10.3	11.2	10.1	9.4	8.9	9.1	7.4	9.2	—
Shareholders' equity ratio	22.6	24.5	27.1	28.8	29.9	30.2	30.0	29.9	30.5	30.4	30.3	—
Unrealized profit ⁷ (billions of yen)	331	372	412	702	1,109	1,539	1,819	2,063	2,096	2,096	2,470	—
D/E ratio (times)	2.4	2.0	1.7	1.6	1.6	1.7	1.8	1.7	1.6	1.7	1.7	—
EBITDA ⁸ (billions of yen)	528	610	728	821	948	937	938	933	1,016	918	1,089	—
EBITDA ratio ⁹ (times)	14.4	11.0	8.5	7.5	7.6	8.6	9.4	9.8	8.6	11.0	9.4	—
Total return ratio ¹⁰ (%)	27.1	29.5	24.9	22.4	23.3	26.5	50.8	41.4	46.3	45.0	44.3	—
Dividend payout ratio ¹⁰ (%)	27.1	29.5	24.9	22.4	23.3	26.5	29.1	30.5	29.9	35.5	31.7	34.2
Stock Index (at the end of each period):												
Share price (yen)	1,459	2,084	1,970	2,166	2,080	1,774	2,512	2,125	1,755	2,665	2,933	—
PER (times)	18.5	20.9	15.0	14.2	9.9	7.9	10.7	8.5	6.9	12.0	10.2	—
PBR (times)	0.9	1.2	1.1	1.1	0.9	0.7	1.0	0.8	0.6	0.9	0.9	—
P/NAV (times)	0.8	1.1	1.0	0.9	0.8	0.6	0.8	0.6	0.5	0.7	0.7	—
Dividend yield (%)	1.7	1.4	1.8	2.1	2.8	3.7	2.8	3.5	4.6	3.1	3.3	—
Total shareholder return (TSR) ¹¹	—	—	—	—	—	—	145.5	128.0	111.6	167.6	188.2	—

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

*2. Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" in the Consolidated Statements of Cash Flows.

*3. NAV per share = (shareholders' equity + unrealized gains (after deduction of tax)) / the number of shares issued at the end of period (excluding treasury shares). Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate)

*4. Treasury shares at the end of period includes shares held by the executive compensation BIP (Board Incentive Plan) trust and shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.

*5. ROA = business profit / average assets during the fiscal year Before FY17/3: ROA = (operating income + non-operating income) / average assets during the fiscal year

*6. ROE = profit attributable to owners of parent / shareholders' equity (average over the fiscal year)

*7. Unrealized gain = fair value of real estate for rent at the end of the fiscal year – balance of real estate for rent at the end of the fiscal year

*8. EBITDA = profit before income taxes + interest expenses + depreciation, EBITDA multiple = interest bearing debt / EBITDA

*9. Total return ratio = (dividend per share + share buyback per share) / EPS

*10. Dividend payout ratio = dividend per share / EPS

*11. Total shareholder return (TSR) = (stock price as of the end of the fiscal year + accumulated dividend per share from FY18/3 to FY22/3) / stock price as of the end of FY17/3

*12. Forecasts as of July 28, 2022

Business Unit Information

(millions of yen)				
Operating Revenue	FY19/3	FY20/3 ^{*1,2}	FY21/3	FY22/3 ^{*3,4,5}
Residential Development	375,373	333,966	272,577	309,225
Housing sales (Japan)	342,055	294,376	247,609	284,015
Rental housing (sales) ¹⁷	11,740	17,931	5,035	4,120
Rental housing (leasing revenue) ¹⁷	495	1,070	925	1,501
Senior	377	451	651	998
Other	20,701	20,136	18,355	18,590
Commercial Real Estate⁶	171,612	212,133	179,227	202,460
Leasing (offices)	53,975	48,562	47,411	45,666
Leasing (retail facilities)	13,817	12,910	11,018	12,302
Leasing (other)	7,974	8,375	5,776	4,131
Property for sales (sale) ¹⁸	65,350	106,816	87,846	106,451
Property for sales (leasing) ¹⁸	4,533	7,037	11,239	13,977
Fitness	16,647	15,757	11,509	13,624
Other	9,312	12,674	4,426	6,306
Overseas	—	—	—	2,628
Investment Management	9,641	12,059	12,456	12,804
Property Brokerage & CRE	37,298	39,110	39,436	43,762
Brokerage fee (retail) ¹⁵	21,618	24,017	23,334	21,825
Brokerage fee (middle) ¹⁵	—	—	—	8,326
Brokerage fee (wholesale) ¹⁵	11,517	11,138	11,384	9,681
Other	4,162	3,954	4,717	3,929
Property & Facility Management	91,374	98,274	98,384	99,230
Property & facility management	51,524	55,530	56,783	58,264
Construction ordered	32,371	37,327	35,863	35,215
Other	7,478	5,417	5,737	5,750
Other	94	1,143	2,070	126
Adjustments (elimination or corporate)	(16,885)	(20,193)	(23,492)	(25,188)
Total	668,510	676,495	580,660	645,049
Operating Profit	(millions of yen)			
Residential Development	25,069	25,351	22,421	32,519
Commercial Real Estate⁶	37,600	38,941	35,138	38,286
Overseas	—	—	—	(512)
Investment Management	5,943	6,853	7,296	7,515
Property Brokerage & CRE	8,170	9,097	8,962	11,713
Property & Facility Management	7,434	8,474	9,089	9,114
Other	(43)	(1,267)	(798)	(199)
Adjustments (elimination or corporate)	(5,013)	(5,545)	(5,776)	(7,227)
Total	79,162	81,905	76,333	91,210
Business Profit⁹	(millions of yen)			
Residential Development	25,032	25,339	22,404	32,550
Commercial Real Estate⁶	38,043	39,247	35,469	38,590
Overseas	—	—	—	291
Investment Management	5,969	7,149	7,587	7,836
Property Brokerage & CRE	8,170	9,088	8,976	11,716
Property & Facility Management	7,464	8,566	9,281	9,205
Other	(43)	(1,012)	(1,495)	(199)
Adjustments (elimination or corporate)	(5,013)	(5,545)	(5,776)	(7,227)
Total	79,623	82,833	76,448	92,765

*1. Since FY21/3, condominium development and sale business overseas, which had been classified in the Residential Development Business Unit, as well as office building development and leasing business overseas and ZEN PLAZA which had been classified in the Commercial Real Estate Business Unit, have been reclassified into Other. Thus, figures listed for FY20/3 reflect the changes.

*2. As of April 1, 2020, an absorption-type merger was conducted with Nomura Real Estate Partners, which had been classified in the Property & Facility Management Business Unit, as the surviving company and NREG TOSHIBA BUILDING FACILITIES, which had been classified in Commercial Real Estate Business Unit, as the absorbed company. Thus, figures listed for FY20/3 reflect the changes according to the post-merger categories.

*3. From FY23/3, the Overseas Business Unit was newly established, and the classification of Overseas Business Division of Nomura Real Estate Development and overseas subsidiaries, etc., which had been classified under the "Other", have been reclassified. Due to this change, the figures listed for FY22/3 are changed.

*4. As of April 1, 2022, Nomura Real Estate Development and Nomura Real Estate Building were merged (Nomura Real Estate Development as the surviving company), and the breakdown of operating revenue in the Commercial Real Estate Business Unit was changed. Due to this change, the figures listed for FY22/3 are changed.

(millions of yen)				
Assets	FY19/3	FY20/3 ^{*1,2}	FY21/3	FY22/3 ^{*3,4}
Residential Development	463,277	457,505	505,976	514,546
Commercial Real Estate⁶	1,086,064	1,112,664	1,160,805	1,204,549
Overseas	—	—	—	117,010
Investment Management	42,463	43,053	42,868	43,220
Property Brokerage & CRE	28,228	19,240	25,201	35,787
Property & Facility Management	42,294	47,106	50,095	48,881
Other	929	61,730	89,237	777
Adjustments (elimination or corporate)	96,197	59,972	47,122	75,733
Total	1,759,455	1,801,273	1,921,306	2,040,506
Inventories (land held for development and real estate for sale, etc.)	(millions of yen)			
Residential Development	391,508	401,119	463,944	458,049
Commercial Real Estate⁶	245,575	314,297	412,862	436,810
Overseas	—	—	—	—
Investment Management	—	—	—	—
Property Brokerage & CRE	—	—	—	—
Property & Facility Management	397	69	44	69
Other	11	11	11	11
Adjustments (elimination or corporate)	(567)	(762)	(1,342)	(712)
Total	636,925	714,734	875,520	894,229
Return on Assets (ROA)¹⁰	(%)			
Residential Development	5.4	5.5	4.4	6.3
Commercial Real Estate⁶	3.5	3.5	3.1	3.2
Overseas	—	—	—	0.2
Investment Management	14.1	16.6	17.7	18.1
Property Brokerage & CRE	28.9	47.2	35.6	32.7
Property & Facility Management	17.6	18.2	18.5	18.8
Other	—	—	—	—
Total ROA¹¹	4.6	4.7	4.1	4.7
Key Results	FY19/3	FY20/3^{*1,2}	FY21/3	FY22/3^{*3,4}
Residential Development				
Housing sales (units)	5,890	4,739	3,669	4,329
Gross profit ratio of housing sales (%)	19.1	20.4	22.6	23.6
Completed housing inventories at the end of the fiscal year (released for sale) (units)	229	321	239	130
Completed housing inventories at the end of the fiscal year (unreleased) (units)	47	187	182	253
Commercial Real Estate⁶				
Net lettable area at the end of the fiscal year (offices, retail facilities) (m ²)	955,381	915,311	829,670	790,776
Vacancy rate at the end of the fiscal year (offices, retail facilities) (%) ¹²	4.6	4.0	4.9	5.9
Number of MEGALOS members at the end of the fiscal year	145,065	143,663	111,425	110,608
Investment Management				
Assets under management at the end of the fiscal year (millions of yen)	1,669,476	1,798,583	1,815,646	1,948,071
Property Brokerage & CRE				
Brokerage: Number of transactions	8,922	9,515	9,322	10,081
Brokerage: Transaction value (millions of yen)	767,324	872,337	893,423	964,882
Property & Facility Management				
Buildings under management at the end of the fiscal year (buildings)	732	786	788	772
Housings under management at the end of the fiscal year (units)	177,582	182,259	183,162	186,549

*5. From FY23/3, the breakdown of operating revenue in the Property Brokerage & CRE Business Unit was changed. Due to this change, the figures listed for FY22/3 are changed. Breakdown is as follows:
Retail: Real estate brokerage business for individuals
Middle: Real estate brokerage business for small and medium-sized enterprises, business owners, some individual investors and high net worth individuals
Wholesale: Real estate brokerage business for large corporations, funds and overseas investors
*6. In FY20/3, the Leasing Business Unit was renamed to the Commercial Real Estate Business Unit.

*7. Rental housing refers to properties developed for the real estate investment market.
*8. Property for sales refers to properties such as office building, retail facility and logistic facility developed for the real estate investment market.

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

*10. ROA of each business unit = business profit / total assets at the end of the fiscal year.
*11. Total ROA = business profit / average assets during the fiscal year.
*12. As of April 1, 2022, Nomura Real Estate Development and Nomura Real Estate Building were merged (Nomura Real Estate Development as the surviving company), and partial revision was made to the method used to calculate the net lettable area and the vacancy rate in Commercial Real Estate Business Unit. Due to this change, the figures listed are changed.

ESG Data

E

Environment

	FY20/3	FY21/3	FY22/3
Environmental management			
Acquisition rate of environmental certifications for newly built property for sales (excluding rental housing) ¹	100%	100%	100%
Number of environmental certifications for newly built property for sales (excluding rental housing) ¹	14	15	15
Response to climate change			
Total CO ₂ emissions ^{1, 2}	3,518,302 t-CO ₂	1,588,269 t-CO ₂	2,297,026 t-CO ₂
Scope 1, 2	150,588 t-CO ₂	132,206 t-CO ₂	129,056 t-CO ₂
Scope 3	3,367,714 t-CO ₂	1,456,063 t-CO ₂	2,167,970 t-CO ₂
Energy Use ²	422,490 MWh per year	381,817 MWh per year	379,428 MWh per year
Energy use intensity ²	0.208 MWh/m ² per year	0.184 MWh/m ² per year	0.182 MWh/m ² per year
Solar power generated at Landport logistics facilities	15,194 thousand kWh per year	21,926 thousand kWh per year	22,801 thousand kWh per year
Efficient use of water resources			
Total water use ²	2,287 thousand m ³ per year	1,698 thousand m ³ per year	1,920 thousand m ³ per year
Water use intensity ²	1.12 m ³ /m ² per year	0.81 m ³ /m ² per year	0.93 m ³ /m ² per year
Appropriate resource use and pollution prevention			
Total waste discharge ²	6,593 t per year	5,112 t per year	7,213 t per year
Waste discharge intensity ²	5.159 kg/m ² per year	3.047 kg/m ² per year	3.504 kg/m ² per year

S

Social

	FY20/3	FY21/3	FY22/3
Employment / Human resources			
Number of employees ³	7,176	7,390	7,548
Female employee ratio ⁴	30.6%	31.8%	32.4%
Number of new graduate hires	306	274	264
Female new graduate hires ratio	44.7%	41.9%	39.7%
Female manager and junior manager ratio ⁵	10.3%	11.1%	11.6%
Average years of service ⁴	—	10.4	10.5
Male ⁴	—	11.5	11.7
Female ⁴	—	7.9	8.1
Number of foreign national employees ⁶	114	140	303
Rate of employment of persons with disabilities ⁷	2.02%	2.05%	2.33%
Health and productivity management			
Average work time over statutory working hours (hours per person/month)	13.51	9.99	13.73
Rate of acquisition of paid leave	61.1%	56.1%	62.1%
Number of work-related injuries resulting in death	0	0	0
Absentee rate ⁸	0.29%	0.41%	0.45%

S

Social

	FY20/3	FY21/3	FY22/3
Utilizing and improving human resources			
Rate of acquisition of childcare leave ⁹	—	—	96.2%
Rate among men	—	—	15.8%
Rate of reinstatement after childcare leave ratio	92.0%	96.2%	92.9%
Male	—	100%	100%
Female	—	95.0%	90.6%
Family care leave takers	7	6	5
Investment in training cost per employee ¹⁰	¥80,393	¥70,462	¥47,936
Training hours per employee ^{10, 11}	12.65	9.87	4.21
Others			
Response rate of employee satisfaction survey ¹²	97.8%	97.8%	93.0%
Employee satisfaction level (5-point scale) ¹²	4.05	3.96	3.97
Average employee compensation ¹³	¥9,462,899	¥10,116,985	¥10,177,382
Percentage of implementation of 1-on-1 meetings	—	—	84%
Procurement guideline survey implementation rate ¹⁴	—	—	37%

G

Governance

	FY20/3	FY21/3	FY22/3
Number of Directors ¹⁵	12	13	12
Independent External Directors ¹⁵	5	5	5
Female Directors ¹⁵	2	1	2
Number of the Board of Directors meetings	16	15	21
Average attendance rate of all Directors	99.0%	100%	99.6%
Average attendance rate of Independent External Directors	97.5%	100%	99.0%
Number of the Audit & Supervisory Committee meetings	13	14	12
Average attendance rate of all Audit & Supervisory Committee Members	100%	100%	100%
Average attendance rate of Independent External Directors (Audit & Supervisory Committee Members)	100%	100%	100%

*1. Includes properties scheduled to be acquired during FY2023/3.

*2. Boundaries which are subject to aggregation, such as total CO₂ emissions, total water use, total waste emissions, etc. are different. See the Sustainability Report for more information.

*3. Excludes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group, and includes those seconded from outside the Group to the Group (the Company and its consolidated subsidiaries).

*4. Includes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group. The calculation is based on 7,692 consolidated employees, excluding those seconded from outside the Group to the Group (the Company and its consolidated subsidiaries).

*5. Number of female managers + Number of female candidates for managerial positions / Number of all managers + Number of all candidates for managerial positions

*6. Number of foreign national employees does not include foreign technical interns.

*7. Rate of employment of persons with disabilities for each period is as of June of the following fiscal year. The scope are Group companies which are subject to Act on Employment Promotion etc. of Persons with Disabilities.

*8. Absentee rate = total days of absence / (scheduled working days × number of employees)

*9. Number of employees who took childcare leave during the relevant period / Number of employees who gave birth to a child during the relevant period

*10. From FY2022/3, the figures have been changed from Nomura Real Estate Development on a non-consolidated basis to those for the entire group.

*11. Covers only mandatory training and does not include open and selective training or e-learning courses.

*12. Data for Nomura Real Estate Development.

*13. Average data of Nomura Real Estate Holdings employees.

Number of employees: 24 in FY20/3, 261 in FY21/3, 263 in FY22/3
(From the fiscal year ended March 2021, the number of employees has been changed to the method of displaying the number of employees including those who also serve as group companies such as Nomura Real Estate Development.)

*14. The denominator is the amount of transactions with our major companies (total ¥237.0 billion), and the numerator is the total amount of transactions with companies that responded to the procurement guideline survey.

*15. Decrease in personnel due to resignation during the term is not stated.

Group Company Information (As of May 31, 2022)

(Note) Some operating companies have integrated or changed their names since the year of establishment.

Nomura Real Estate Holdings



Established
2004
Head Office
1-26-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Management of the operation of group
businesses through holding stocks and
management instruction

Nomura Real Estate Development



Established
1957
Head Office
1-26-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Condominium sales, detached housing
sales, investment and development,
building leasing business, architectural
design, asset management, etc.

Nomura Real Estate Asset Management



Established
2003
Head Office
8-5-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Investment management business, type
II financial instruments business,
investment advisory and agency, real
estate trading etc.

Nomura Real Estate Solutions



Established
2000
Head Office
1-26-2, Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Real estate brokerage for individuals and
corporates, consignment sales of newly
built condominiums and detached
housings, insurance agency, real estate
information website operation

Musashi Co.,Ltd.



Established
2006
Head Office
3-13-3 Shibaura, Minato-ku, Tokyo
Shibaura SEC Building 6F
Overview of Businesses
Providing cloud services specializing in
real estate system solutions

First Living Assistance



Established
2017
Head Office
6-26-12 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Home/living assistance service

Lothbury Investment Management



Established
2010
Head Office
1 Angel Lane, London, EC4R 3AB, U.K.
Overview of Businesses
Asset management business in the
United Kingdom

ZEN PLAZA



Established
1995
Head Office
54-56 Nguyen Trai Street, Ben Thanh
Ward, District 1, Ho Chi Minh City,
Vietnam
Overview of Businesses
Ownership and operation business of
ZEN PLAZA

Nomura Real Estate Partners



Established
1977
Head Office
1-26-2, Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Facility management for buildings and
condominiums, architecture and interior
design, property management, cleaning,
insurance agency, renovation

Nomura Real Estate Life & Sports



Established
1989
Head Office
1-32-2 Honcho, Nakano-ku, Tokyo
Overview of Businesses
Planning and management of sports
clubs and consulting, sales and rental of
sports items, etc.

Nomura Real Estate Heating and Cooling Supply



Established
1987
Head Office
134 Godocho, hodogaya-ku
Yokohama-shi, Kanagawa
Overview of Businesses
Supply of heating / solar power sales
business

Nomura Real Estate Retail Properties



Established
1968
Head Office
8-5-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Project management of retail facilities,
including commercial surveys, demand
forecasts, market research, business
planning, operational planning, and
merchandising, property management of
retail facilities

Beijing shokai Nomura Real Estate Management



Established
2018
Head Office
5 Dong San Huan Bei Lu Chao Yang
District, Beijing, China
Overview of Businesses
Operation and management of Beijing
Fortune Building

Tokio Property Services



Established
1983
Head Office
20 Kramat Lane #03-12,
United House, Singapore 228773
Overview of Businesses
Brokerage for trading and leasing of
housings, offices, and factories based in
Singapore

NOMURA REAL ESTATE ASIA



Established
2015
Head Office
10 Marina Boulevard, Marina Bay
Financial Centre Tower2 #33-6,
Singapore 018983
Overview of Businesses
Exploring real estate development
opportunities, market research, and
building relationships with partner
companies in Southeast Asia

NOMURA REAL ESTATE HONG KONG



Established
2016
Head Office
30/F Two International Finance Centre,
8 Finance Street, Central, Hong Kong
Overview of Businesses
Support services for investment to real
estate in Japan from foreign investors,
building relationships with local
corporations and investors, exploring
business opportunities

Nomura Real Estate Wellness



Established
2015
Head Office
1-26-2, Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Development planning and management
of senior housings and related services

Nomura Real Estate Hotels



Established
2017
Head Office
1-26-2, Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Planning, operation, and management of
hotels

Nomura Real Estate Amenity Service



Established
1990
Head Office
8-4-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Building and condominium cleaning,
sales of consumable

PRIME X



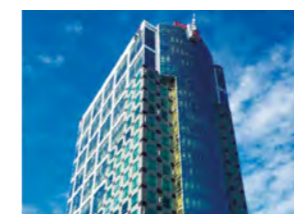
Established
2006
Head Office
6-22-1 Nishi-Shinjuku, Shinjuku-ku,
Tokyo
Overview of Businesses
Internet advertising agency, creative
business, marketing business

NOMURA REAL ESTATE (THAILAND)



Established
2019
Head Office
689 Bhiraj Tower at EmQuartier, Unit
3213-3214, 32nd Floor, Sukhumvit Road,
Klongton Nua, Vadhana, Bangkok 10110,
Thailand
Overview of Businesses
Investment in local business, market surveys,
identification of new projects and partner
corporations, building business relationships with
and monitoring of local partner companies, and
supporting for Group companies and businesses

NOMURA REAL ESTATE VIETNAM



Established
2019
Head Office
ROOM1201, 12th Floor, Sun Wah Tower
115 Nguyen Hue Boulevard, Ben Nghe
Ward, District 1, Ho Chi Minh City, Vietnam
Overview of Businesses
Local market surveys identification of new
projects and partner corporations, building
business relationships with and monitoring of
local partner companies, and supporting
for Group companies and businesses

NOMURA REAL ESTATE CONSULTING (SHANGHAI)



Established
2021
Head Office
Unit 2037, Level 20,
HKRI Center Tower1, 288 Shimen 1st
Road, Jing'an District, Shanghai, China
Overview of Businesses
Consulting services for real estate,
property and facility management,
corporations management

External Evaluation

Inclusion in ESG indices

The ESG indices adopted by GPIF (Government Pension Investment Fund)

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected for MSCI Japan ESG Select Leaders Index, a wide-ranging index (1, 4)

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Selected for MSCI Japan Empowering Women (WIN) Select Index, a thematic index (1)



FTSE Blossom
Japan

Selected for FTSE Blossom Japan Index, a wide-ranging index (1)



FTSE Blossom
Japan Sector
Relative Index

Selected for FTSE Blossom Japan Sector Relative Index, a wide-ranging index (1)



Selected for S&P/JPX Carbon Efficient Index, a thematic/environmental index in the ESG indices (1)



FTSE4Good

Selected as the FTSE4 Good Index Series, a representative index for ESG investment (1)



Somo Sustainability Index

Selected as the Somo Sustainability Index uniquely set by Somo Asset Management (1)

Commendations on environmental activities



Received the 4 stars rating in the real estate rating (4, 5) and the level A in the disclosure evaluation (1, 4) of the GRESB, which is an annual benchmark for considering ESG in the real estate sector.



CDP Climate Change A-Rated and selected as a "Supplier Engagement Leader" (1)



Acquired and registered Eco-Action 21 (Environmental Management System) certification (4)

* Acquired and registered Eco-Action 21 certification for the first time as a Japanese Real Estate Investment Trust (J-REIT).

Commendations on social activities



Selected for Health and Productivity Management Award 2022 (1, 2, 3, 6, 7, 8, 11)



Awarded Bronze in PRIDE Index (2)



Received Good Design Award 2021 for 6 items. The Group has received this award for 20th consecutive year (2)

Signatures on initiatives



Signed the United Nations Global Compact (1)



Signed the Principles for Responsible Investment (3,10)



Joined "Renewable Energy 100%" (1)



Approved by the Science Based Targets (SBT) initiative (1, 3)



Agreed to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (1, 3)



Joined the Japan Climate Initiative (3)



Signed the Financial Action Principles for the Formation of a Sustainable Society (the 21st Century Principles of Financial Action) (3)



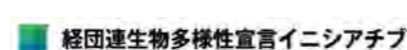
Member of the UK Green Building Council (GBC) (10)



Joined the "Task Force for Nature-related Financial Disclosures" forum (1)



Joined "the 30by30 Alliance for Biodiversity" (1)



Agreed to Declaration of Biodiversity by Keidanren (1)

Selected / Concerned / Award-winning companies

- Nomura Real Estate Holdings, Inc.
- Nomura Real Estate Development Co., Ltd.
- Nomura Real Estate Asset Management Co., Ltd.
- Nomura Real Estate Master Fund, Inc.
- Nomura Real Estate Private REIT Inc.
- Nomura Real Estate Solutions Co., Ltd.
- Nomura Real Estate Partners Co., Ltd.
- Nomura Real Estate Life & Sports Co., Ltd.
- Nomura Real Estate Wellness Co., Ltd.
- Lothbury Investment Management Limited
- PRIME X Co., Ltd.

* The inclusion of Nomura Real Estate Holdings, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nomura Real Estate Holdings, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Corporate Information (As of March 31, 2022)

Corporate data

Corporate name: Nomura Real Estate Holdings, Inc.
 Representative: Eiji Kutsukake, President and Representative Director
 Head office: 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
 Date of establishment: June 1, 2004
 Number of employees: 7,548 (consolidated)
 Fiscal year: From April 1 to March 31
 General meeting of shareholders: June

Share information

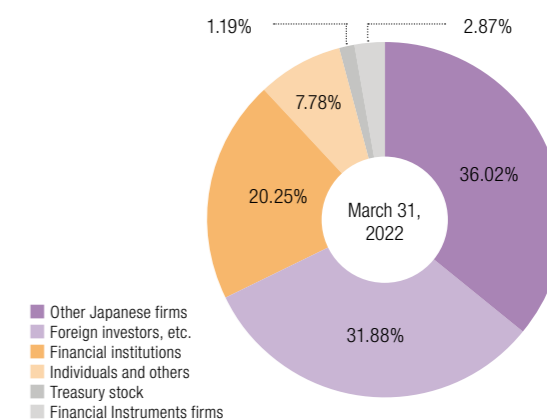
Capital: ¥118,604,044,550
 Number of Authorized shares: 450,000,000 shares
 Number of shares Issued: 182,604,637 shares (including 2,181,585 treasury shares)
 * The number of treasury shares above does not include 2,091,166 shares held by the executive compensation BIP (Board Incentive Plan) trust and 431,671 shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.
 Listed market: Tokyo Stock Exchange Prime Market
 Minimum trading unit: 100 shares
 Number of shareholders: 23,452

Major shareholders (top 10)

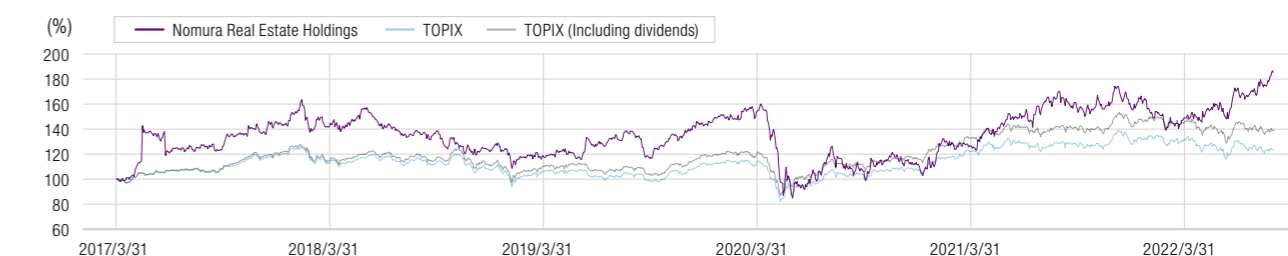
Shareholders' name	No. of shares held	Shareholding ratio (%)
Nomura Holdings, Inc.	64,777,500	35.90
The Master Trust Bank of Japan, Ltd. (Trust account)	19,462,700	10.78
Custody Bank of Japan, Ltd. (Trust account)	10,040,400	5.56
SSBTC CLIENT OMNIBUS ACCOUNT	3,312,272	1.83
Nomura Real Estate Holdings Employee Shareholding Association	3,077,940	1.70
The Master Trust Bank of Japan, Ltd. (BIP (Board Incentive Plan) trust account 76272)	2,091,166	1.15
STATE STREET BANK WEST CLIENT - TREATY 505234	2,071,784	1.14
JPMorgan Securities Japan Co., Ltd.	1,968,577	1.09
THE BANK OF NEW YORK MELLON 140044	1,820,854	1.00
THE BANK OF NEW YORK 133969	1,705,900	0.94

*1. Although the Company holds 2,181,585 treasury shares, it is excluded from the list of major shareholders above.
 *2. The shareholding ratio is calculated after deducting the above treasury stock (2,181,585 shares).

Composition of shareholdings



Share price / Total shareholder return*1, 2, 3



Shareholders' name	2018/3	2019/3	2020/3	2021/3	2022/3
Nomura Real Estate Holdings	145.5%	128.0%	111.6%	167.6%	188.2%
TOPIX (Including dividends)	115.9%	110.0%	99.6%	141.5%	144.3%

*1. Calculated with the closing price on March 31, 2017 as 100%.
 *2. Total shareholder return is the overall yield for shareholders that takes into account both capital gains and dividends. It is calculated in accordance with the formula prescribed by the Cabinet Office Ordinances.
 *3. Total shareholder return is calculated at fiscal year-ends, starting from April 1, 2017, as if the investment was made at the closing stock price at the end of FY17/3.

Publication of Integrated Report 2022 (Guaranteed by the Director in Charge)

I would like to express our gratitude to our investors and other stakeholders for your consistent support and cooperation. The Group formulated its new Mid- to Long-term Business Plan in April 2022, making a new start with the goal of achieving both high profit growth and high asset and capital efficiency and high shareholder returns. With the aim to explain the certainty of our profit growth, this report has been prepared with a focus on our Mid- to Long-term Business Plan, the Nomura Real Estate Group 2030 Vision, "Be a 'Life & Time Developer,' as never seen before," and the three pillars of our Sustainability Policy, "Earth Pride," which were announced at the same time. In pursuit of profit growth, our approach of connecting closely with individuals, which is established in the Group, will never change, no matter how much society

changes around us. I sincerely hope that this report will help you understand our uniqueness and superiority. As the Group CFO and director in charge of investor relations responsible for compiling this integrated report, I hereby declare the legitimacy of its compilation process and the accuracy of the content. I would like to conclude by taking this opportunity to express our appreciation to all the readers of this report and to all those who have helped compile and issue it.

Director, Group CFO

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