

Consolidated Financial Results for the Three Months from April 1 to June 30, 2016 & Business Overview

Highlights of the First Quarter, FY2017

<Summary>

- The first quarter of FY2017 resulted as follows:
Operating revenue; ¥ 78.4 billion (down 23.0% from 1Q, FY2016) ; operating income; ¥ 8.8 billion (down 19.2%); ordinary income; ¥ 6.8 billion (down 19.4%); and profit attributable to owners of parent ¥ 4.8 billion (up 8.0%)
- In the Residential Development Unit, both revenue and income declined, reflecting a decrease in the number of housing units sold of 451 (down 420 units). This is mainly due to a large portion of houses is scheduled to be completed after the 2Q.
- The Leasing Unit showed decline both in revenue and income due to a decrease in sales of commercial properties in the property development business while the vacancy rate improved to 1.4 % as of the end of 1Q. (down 0.8 points from the end of FY2016)
- The Service & Management Sector steadily improved, resulting in an increase both in revenue and income in the Investment Management, Property Brokerage & CRE, and Property & Facility Management Units.
- There is no change in the consolidated operating results forecasts announced in April.

Consolidated Financial Results for 1Q

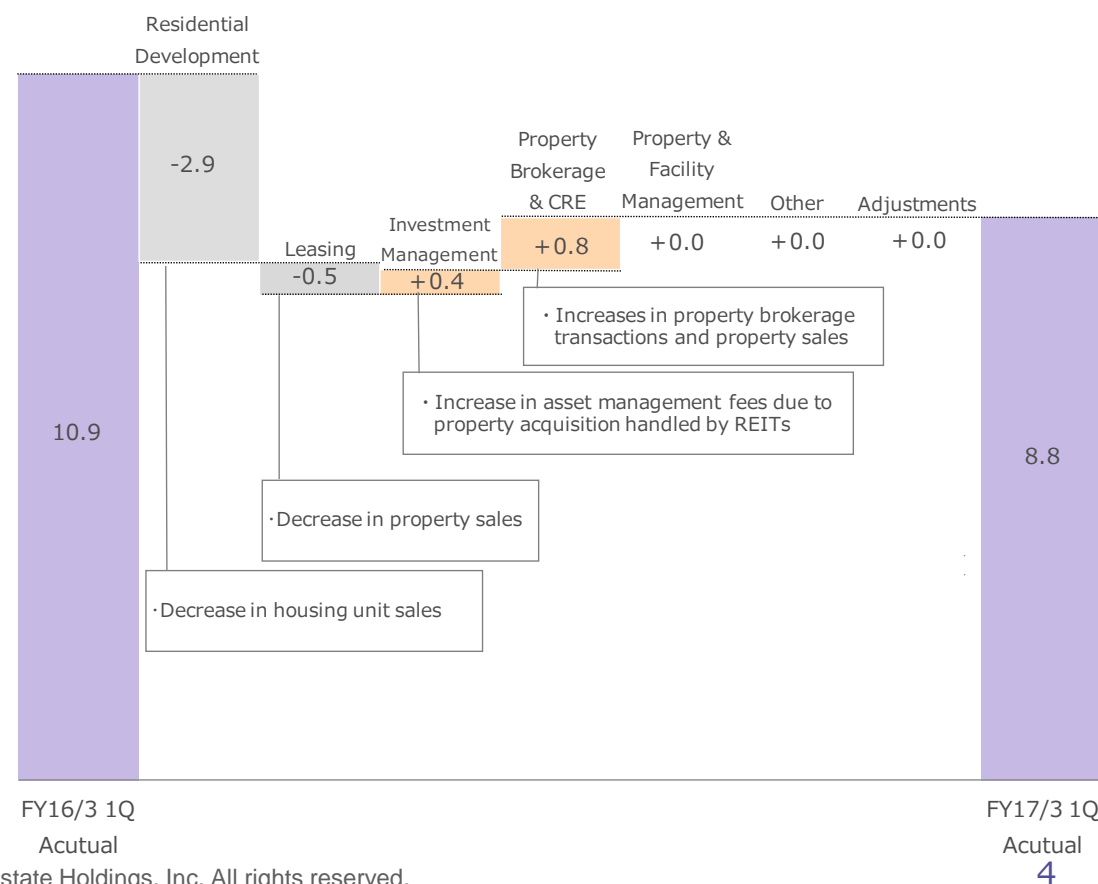
(Billions of yen) *Figures rounded down to the nearest 100 million yen	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ②-①	Key Factors
Operating revenue	101.8	78.4	-23.4	<Operating revenue & Operating income>
Operating gross profit	31.4	29.1	-2.3	• A decrease in housing unit sales in the Residential Development Unit
Selling, general and administrative expenses	20.5	20.3	-0.2	• A decrease in the number of developed properties sold
Operating income	10.9	8.8	-2.1	
Non-operating income	0.1	0.2	+0.0	
Non-operating expenses	2.6	2.2	-0.4	
Ordinary income	8.4	6.8	-1.6	<Extraordinary income, etc>
Extraordinary income	—	0.6	+0.6	• An increase in extraordinary income due to sales of non-current assets
Extraordinary losses	0.2	—	-0.2	• A decrease in profit attributable to owners of parent because of additional acquisition of share of NREG TOSHIBA BUILDING FACILITIES.
Income taxes	2.9	2.4	-0.4	
Profit attributable to non-controlling interests	0.7	0.1	-0.5	
Profit attributable to owners of parent	4.4	4.8	+0.3	
Profit per share (yen)	23.37	25.16	+1.79	
Cash dividends per share (yen)	—	—	—	
Net cash provided by (used in) operating activities	-41.6	-77.5	-35.9	• Increases in inventories, etc.
Net cash provided by (used in) investment activities	-15.3	-19.0	-3.6	
Net cash provided by (used in) financing activities	45.0	85.0	+40.0	
Cash and cash equivalents at end of period	38.4	46.0	+7.5	
(Billions of yen)	FY16/3 1Q ①	FY17/3 1Q ②	Changes ②-①	Key Factors
Total assets	1,485.4	1,516.6	+31.1	• Increases in inventories, properties, plants and equipments
Total interest-bearing debt	721.9	812.9	+91.0	
Shareholders' equity	444.8	443.4	-1.4	
Shareholders' equity ratio	29.9%	29.2%	-0.7P	
Debt/equity ratio	1.6	1.8	+0.2	

1Q Financial Results by Units

- Both operating revenue and income declined due to decreases in sales in the housing business and commercial property sales

(Billions of yen)	FY16/3 1Q	FY17/3 1Q	Changes ② - ①
	Actual ①	Actual ②	
Operating revenue	101.8	78.4	-23.4
Residential Development	52.5	29.5	-22.9
Leasing	22.5	20.0	-2.5
Investment Management	1.7	2.2	+0.4
Property Brokerage & CRE	6.5	7.8	+1.2
Property & Facility Management	20.9	21.1	+0.1
Other	0.1	0.0	-0.1
Adjustments	-2.6	-2.3	+0.3
Operating income	10.9	8.8	-2.1
Residential Development	2.2	-0.7	-2.9
Leasing	6.7	6.1	-0.5
Investment Management	0.9	1.3	+0.4
Property Brokerage & CRE	0.9	1.8	+0.8
Property & Facility Management	0.8	0.9	+0.0
Other	-0.0	-0.0	+0.0
Adjustments	-0.7	-0.6	+0.0

Key Factors of Changes in Operating Income by Unit



Consolidated Balance Sheets as of June 30, 2016

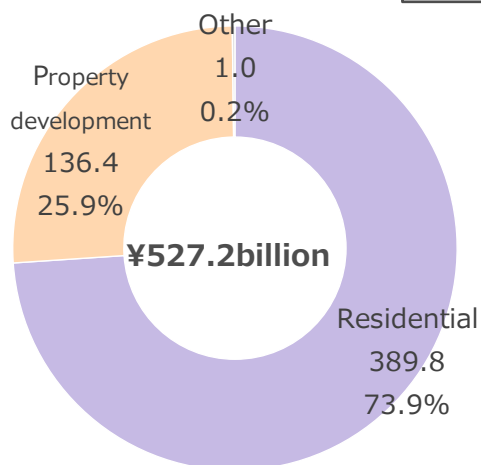
(Billions of yen)	As of Mar 31, 2016 ①	As of Jun 30, 2016 ②	Changes ② - ①	Key Factors
Assets	1,485.4	1,516.6	+31.1	
Current assets	608.7	628.4	+19.6	<Inventories>
(Breakdown)				
Cash and deposits / Short-term investment securities	57.5	46.0	-11.5	Residential
Notes and accounts receivable-trade	15.3	10.2	-5.0	Property development
Inventories	496.9	527.2	+30.2	Other business
Equity investments	0.8	1.8	+1.0	Adjustments
Other current assets	38.0	43.0	+4.9	Total
Noncurrent assets	876.6	888.1	+11.5	
Property, plant and equipment	779.0	793.7	+14.6	
Intangible assets	10.6	10.8	+0.1	<Property, plant and equipment >
Investments and other assets	86.8	83.5	-3.3	• An increase associated with acquisition of three properties from Nomura Master Fund (NMF)
(Breakdown)				
Investment securities	45.5	42.5	-2.9	
Lease and guarantee deposits	21.3	21.2	-0.1	
Other noncurrent assets	20.0	19.7	-0.2	
Liabilities	1,029.0	1,061.5	+32.5	
Current liabilities	289.1	288.2	-0.8	
(Breakdown)				
Notes and accounts payable-trade	51.1	27.5	-23.6	<Notes and accounts payable-trade>
Short-term loans payable, etc.	137.3	196.8	+59.5	• Payment of accounts payable of construction cost in residential development business
Deposits received	29.6	11.9	-17.7	
Other current liabilities	71.0	51.9	-19.0	<Deposits received>
Noncurrent liabilities	739.9	773.3	+33.3	• A decrease in deposits received of consignment sales of housing
(Breakdown)				
Bonds payable	60.0	80.0	+20.0	
Long-term loans payable	524.6	536.1	+11.5	
Lease and guarantee deposits received	63.7	64.4	+0.6	<Total interest-bearing debt>
Other noncurrent liabilities	91.5	92.7	+1.1	• Mar 31, 2016: ¥721.9 billion → Jun 30, 2016: ¥812.9 billion
Net assets	456.4	455.0	-1.3	
Total liabilities and net assets	1,485.4	1,516.6	+31.1	
Shareholders' equity ratio	29.9%	29.2%	-0.7P	<Shareholders' equity>
Debt/equity ratio	1.6	1.8	+0.2	• Mar 31, 2016: ¥444.8 billion → Jun 30, 2016: ¥443.4 billion

Consolidated Balance Sheets as of June 30, 2016

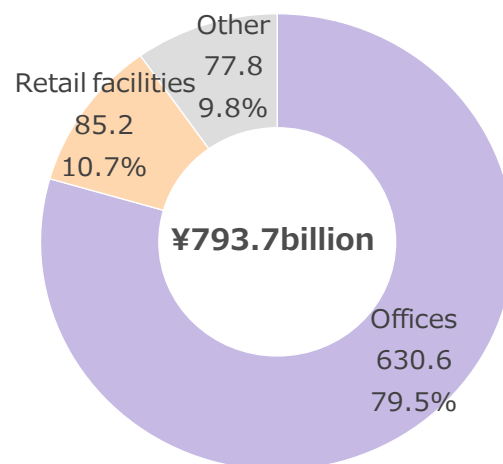
Total Assets : 1,516.6 billion yen

Current assets		Liabilities	
Cash and deposits / Short-term investment securities	46.0	Interest-bearing debt	812.9
Notes and accounts receivable-trade	10.2	Short-term loans payable, etc.	196.8
Inventories	527.2	Bonds payable	80.0
Residential	389.8	Long-term loans payable	536.1
Property development	136.4	Notes and accounts payable-trade	27.5
Other	1.0	Deposits received	11.9
Adjustments	-0.1	Other current liabilities	51.9
Equity investments	1.8	Lease and guarantee deposits receive	64.4
Other current assets	43.0	Other noncurrent liabilities	92.7
Noncurrent assets		Net assets	
Property, plant and equipment	793.7	Equity	443.4
Offices	630.6	Subscription rights to shares	1.6
Commercial facilities	85.2	Minority interests	9.9
Other	77.8		
Intangible assets	10.8		
Investments and other assets	83.5		

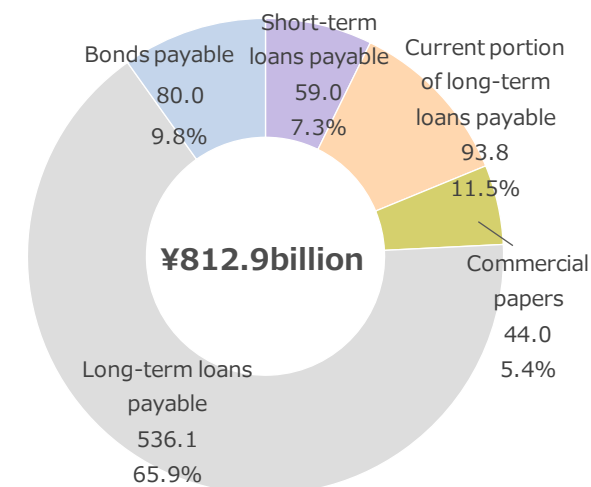
Inventories



Property, plant and equipment



Interest-bearing debt



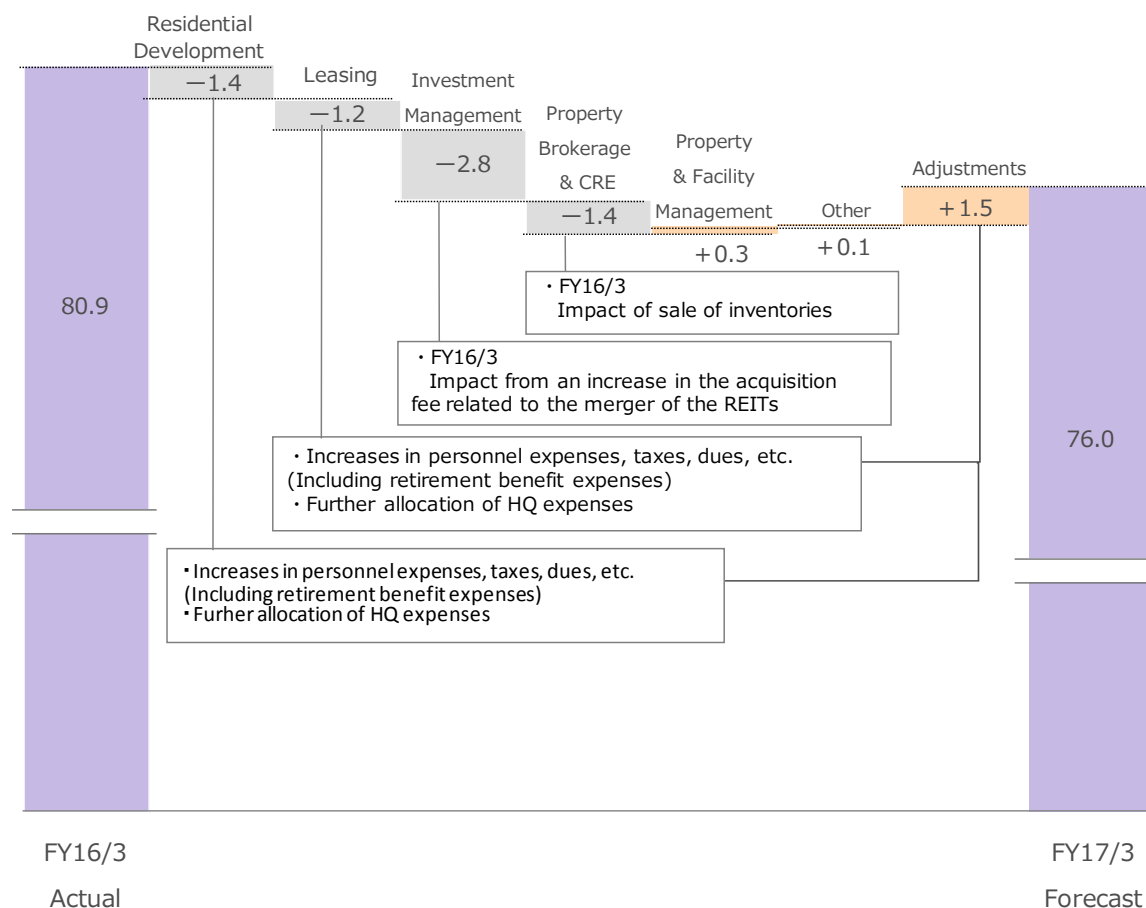
• Residential : The Residential Development Unit
 • Property development: The Leasing Unit, the Investment Management Unit, and the Property Brokerage & CRE Unit
 • Other: The Property & Facility Management Unit, and the Other Unit

Forecasts for FY2017 (No change from April 2016)

- Due to an increase in sales of developed properties in the Leasing Unit, operating revenue is expected to increase, while operating income is expected to decrease because of non-recurrence of the acquisition fee associated with the merger of the REITs and sale of inventories in the Property Brokerage & CRE Unit reported in FY 16/3.

(Billions of yen)	FY16/3 Actual※ ①	FY17/3 Forecast ②	Changes ② - ①
Operating revenue	569.5	589.0	+ 19.4
Residential Development	334.5	339.0	+ 4.4
Leasing	110.2	121.0	+ 10.7
Investment Management	10.9	8.0	- 2.9
Property Brokerage & CRE	35.3	35.0	- 0.3
Property & Facility Management	91.5	96.0	+ 4.4
Other	1.3	0.0	- 1.3
Adjustments	- 14.4	- 10.0	+ 4.4
Operating income	80.9	76.0	- 4.9
Residential Development	31.9	30.5	- 1.4
Leasing	31.7	30.5	- 1.2
Investment Management	7.3	4.5	- 2.8
Property Brokerage & CRE	9.9	8.5	- 1.4
Property & Facility Management	5.6	6.0	+ 0.3
Other	- 0.1	0.0	+ 0.1
Adjustments	- 5.5	- 4.0	+ 1.5
Ordinary income	72.6	67.0	- 5.6
Net income	47.1	43.0	- 4.1
Net income per share (yen)	246.42	224.30	- 22.1
Cash dividends per share (yen)	57.50	60.00	+ 2.50

Key Factors of Changes in Operating Income by Unit



※ Yokohama Business Park Heat and Cooling Supply Co., Ltd, which had been classified under the "Leasing Unit", was transferred to the "Property & Facility Management Unit" in FY 17/3. Figures are calculated after the change.

Operating Results by Unit



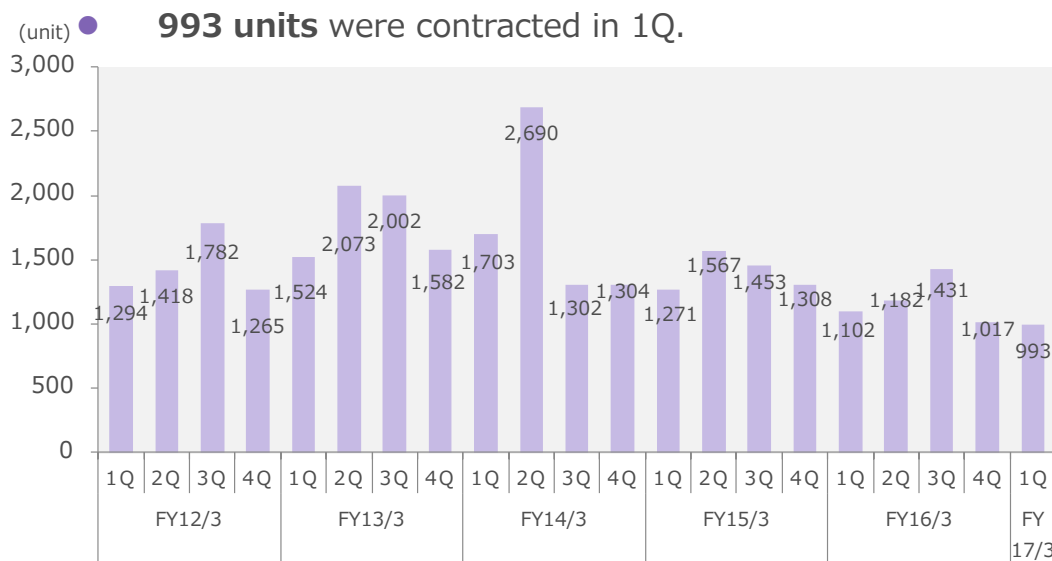
【Residential Development】

- Both revenue and income decreased due to the number of housing units sold declined.
Gross margin ratio rose to **21.8%** (up 1.9 points compared to 1Q of FY16/3)

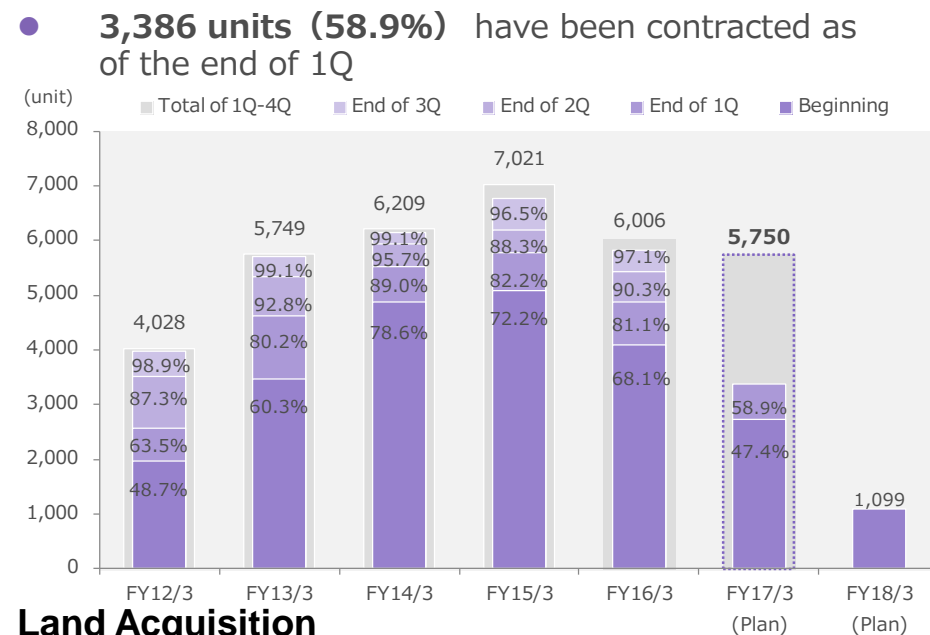
(Billions of yen)	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ② – ①	FY16/3 Actual ③	FY17/3 Forecast ④	Changes ④ – ③
Operating revenue	52.5	29.5	-22.9	334.5	339.0	+4.4
Housing sales	49.5	25.4	-24.1	318.7	—	—
Other	3.0	4.1	+1.1	15.7	—	—
Operating income	2.2	-0.7	-2.9	31.9	30.5	-1.4
【Housing sales indicators】						
Housing sales (unit)	871	451	-420	6,006	5,750	-256
Condominiums	819	382	-437	5,363	5,100	-512
Detached housing	52	69	+17	643	650	+7
Tokyo metropolitan area	817	298	-519	4,721	4,450	-271
Osaka metropolitan area	3	26	+23	857	800	-57
Other area	50	125	+75	427	500	+73
Sold but not recorded housing (unit)	4,998	4,035	-963	3,493	—	—
Completed housing inventories (unit)	153	343	+190	349	—	—
Average sales price (million yen)	56.81	56.33	-0.48	53.07	—	—
Gross margin ratio (%)	19.9%	21.8%	+1.9P	21.9%	—	—

【Reference】 Key Indicators of Housing Sales Business

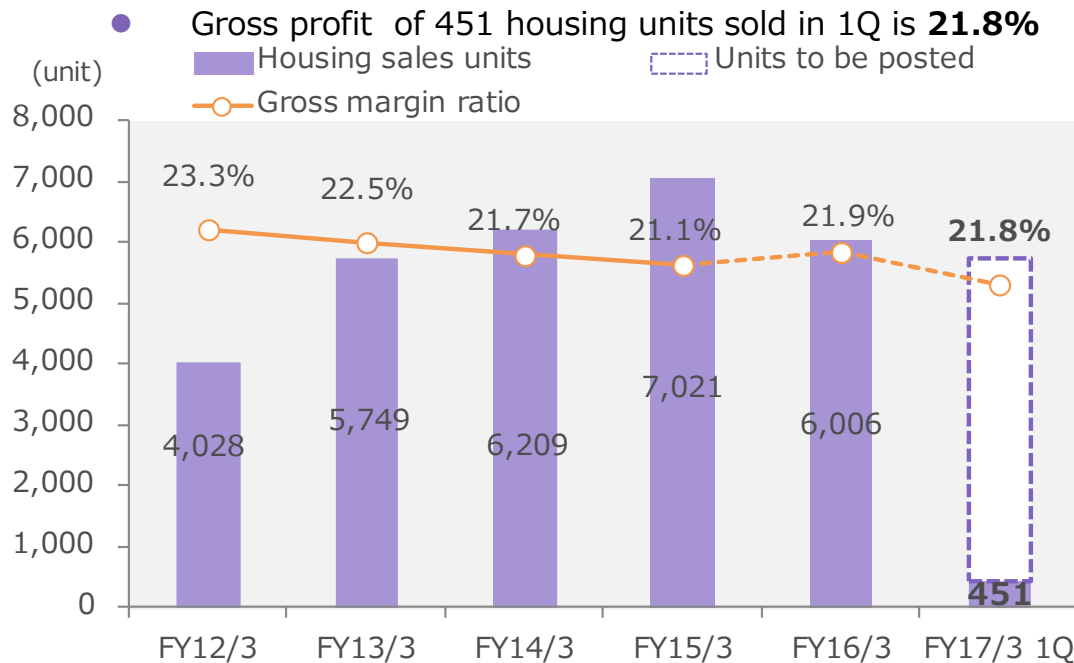
Number of Contracted Housing Units



Contract Rates

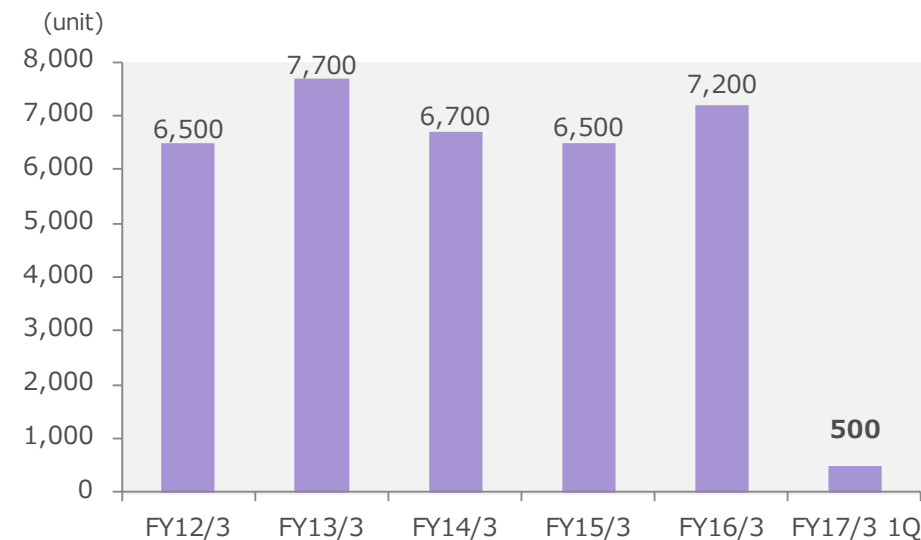


Gross Profit Margin & Number of Housing Units Sold



Land Acquisition

● Lands for **500 units** were acquired in 1Q.
Land bank for FY17/3 and after is now sufficient for **22,000 units**.



【Reference】 Residential Large-scale Redevelopment & Rebuilding Business in Central Tokyo

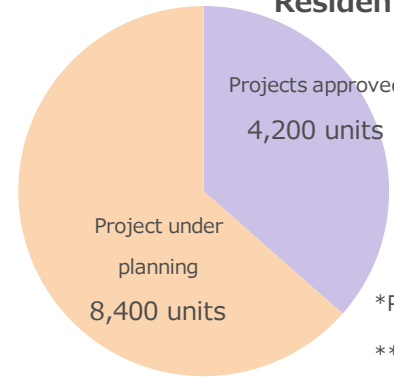
Taking advantage of our No.1 track record in the industry and a wealth of know-how, we have promoted many redevelopment and reconstruction projects that have potential for growth.

Major Redevelopment & Rebuilding Projects

Project name	No. of units (our share)	Construction schedule		
		Phase I (FY17/3 - FY19/3)	Phase II (FY20/3 - FY22/3)	Phase III (FY23/3 - FY25/3)
PROUD TOWER Tachikawa	292	Complete		
PROUD CITY Asagaya※	313	Complete		
PROUD Fuchu Station Arena	111	Complete		
PROUD TOWER Musashi-Urawa Residence	165	Complete		
PROUD TOWER Nagoya-Sakae※	214	Complete		
GRACIA TOWER Futamatagawa※	81	Complete		
Higashi-Ikebukuro 5-chome Redevelopment	110	Start	Complete	
Musashi-Koganei Station South Exit 2nd Block Redevelopment	610	Start	Complete	
Sakai-Higashi GIORNO Building Redevelopment	273	Start	Complete	
Hankyu-Tsukaguchi Station-Front Rebuilding	338	Start	Complete	
Higashi-Ikebukuro Station-Front Block Redevelopment	210	Start	Complete	
Shakujii-Koen Station South Exit West Redevelopment	185	Start	Complete	
Hirai Station North Exit Redevelopment	318	Start	Complete	
Kawaguchi Sakaecho 3-chome Redevelopment	414	Start	Complete	
Funabashi Station South Exit Redevelopment	201	Start	Complete	
Akasaka 7-chome 2nd Block Redevelopment*	230	Start	Complete	
Nishi-Ojima Station-Front Redevelopment*	420	Start	Complete	
Tsukishima 3-chome South Redevelopment*	250	Start	Complete	
Tateishi Station South Exit East Redevelopment*	245	Start	Complete	
Kachidoki Station South 8,9 block Redevelopment*	400	Start	Complete	
Minami Ikebukuro 2-chome C block Redevelopment*	363	Start	Complete	

bank Projects under planning

Breakdown of Residential Redevelopment/Rebuilding Projects, etc.



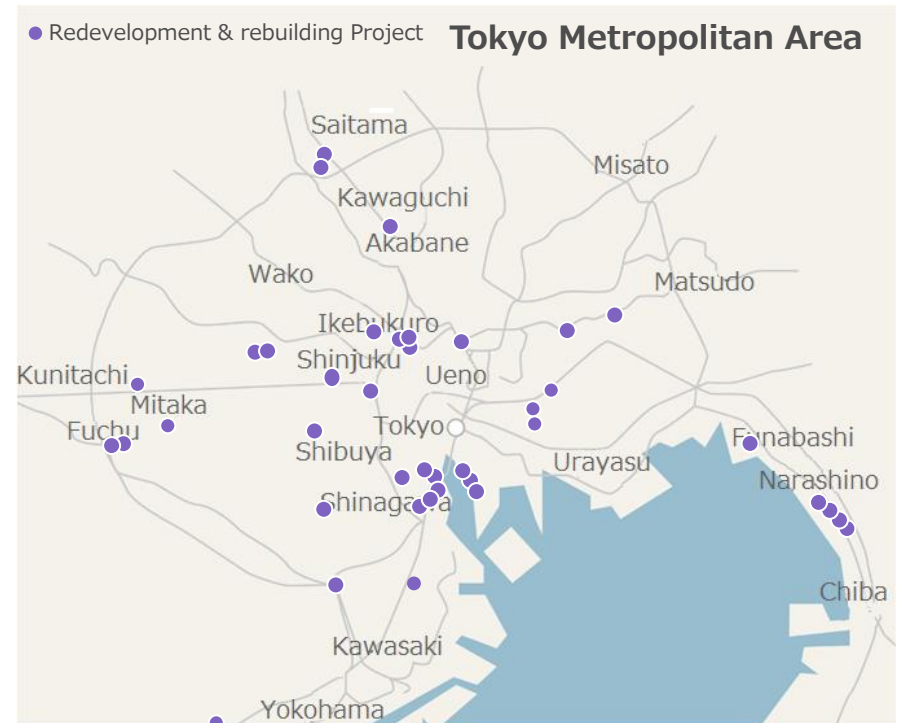
Our nationwide residential land is sufficient for

12,600 units.

Breakdown:

Redevelopment projects approved*: **4,200 units**
 Planning redevelopment projects***: **8,400 units**

*Projects approved: Time schedules are authorized. Included in 22,000 residential projects.
 **Project under planning: Time schedules are yet to be authorized. Not included in 22,000 residential projects.



※JV Projects
 ※The underlined are projects that the company newly participated in in FY2017
 ※ All projects are currently in the planning phase and subjects to change

【Reference】 Major Upcoming Projects

FY17/3	FY18/3	FY18/3	FY20/3~
PROUD Shirokanedai (Minato-ku, Tokyo 16 units)	PROUD Roppongi (Minato-ku, Tokyo 17 units *2)	Akashicho II Project (Chuo-ku, Tokyo 109 units)	Shirokane 1chome East District North Redevelopment Project (Minato-ku, Tokyo 120 units *2)
PROUD CITY Asagaya (Suginami-ku, Tokyo 313 units *2)	PROUD Sakurashinmachi (Setagaya-ku, Tokyo 174 units)	Nihonbashi Ningyocho III Project (Chuo-ku, Tokyo 36 units)	Musashi-Koganei Station South 2 Block Redevelopment Project (Koganei-shi, Tokyo 610 units)
PROUD CITY Ota-Rokugo (Ota-ku, Tokyo 632 units *1)	PROUD TOWER Kiba-Koen (Koto-ku, Tokyo 204 units)	Tsurumaki Project (Setagaya-ku, Tokyo 125 units)	Hiyoshi Minowamachi Project (Kohoku-ku, Yokohama-shi No. of Units:TBD *1*2)
PROUD TOWER Tachikawa (Tachikawa-shi, Tokyo 292 units)	Roka-Koen The Residence (Setagaya-ku, Tokyo 155 units *2)	Higashi-Ikebukuro 5-chome Redevelopment Project (Toshima-ku, Tokyo 110 units)	Urawa Station West Exit South Redevelopment Project (Urawa-ku, Saitama-shi 137 units *2)
PROUD CITY Miyazakidai (Miyamae-ku, Kawasaki-shi 429 units *1)	PROUD Fuchu Station Arena (Fuchu-shi, Tokyo 111 units)	Etchujima Project (Koto-ku, Tokyo 306 units)	Tsudanuma Station-Front Project (Narashino-shi, Chiba 187 units *2)
PROUD TOWER Akashi (Akashi-shi, Hyogo 102 units *2)	PROUD TOWER Nagoya-Sakae (Naka-ku, Nagoya-shi 214 units *2)	Fujisawa Redevelopment Project (Fujisawa-shi, Kanagawa 105 units *2)	Koraibashi Project (Chuo-ku, Osaka-shi 166 units *2)

*1 Projects to be posted in several fiscal years *2 Joint-venture projects (The number refers to the Company's share.)

Unit numbers and schedule of projects above are subject to change.



PROUD TOWER Nagoya-Sakae



PROUD CITY Ota-Rokugo



PROUD Fuchu Station Arena

【Leasing】

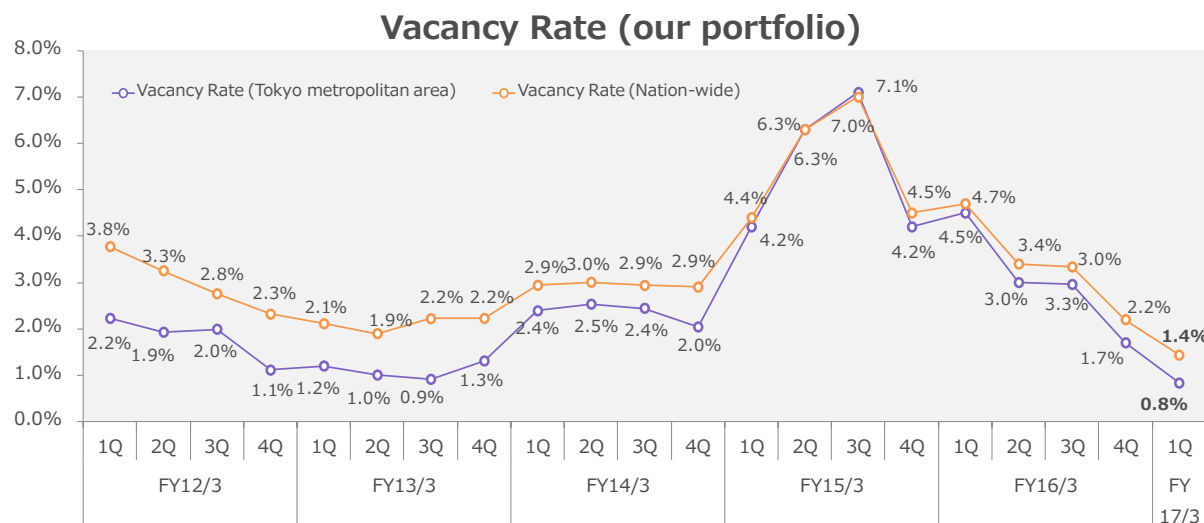
While vacancy rate improved, both revenue and profit decreased because a decrease of the number of commercial properties sold.

The vacancy rate declined to 1.4% as of June 30. (down 0.8 points from March 31, 2016)

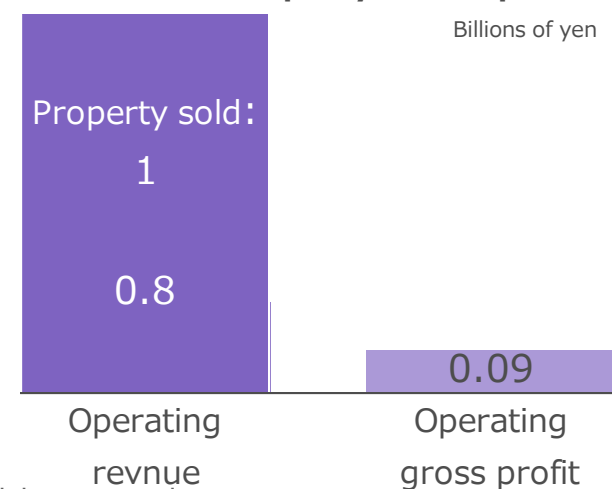
(Billions of yen)	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ② - ①	FY16/3 Actual ③	FY17/3 Forecast ④	Changes ④ - ③
Operating revenue	22.5	20.0	-2.5	110.2	121.0	+10.7
Leasing (offices)	12.1	12.5	+0.4	49.5	—	—
Leasing (retail facilities)	2.5	2.8	+0.3	10.8	—	—
Leasing (other)	1.4	1.4	+0.0	5.8	—	—
Property development (sale)	3.8	0.8	-2.9	33.2	—	—
Property development (leasing)	0.9	0.8	-0.0	3.3	—	—
Other	1.6	1.3	-0.2	7.2	—	—
Operating income	6.7	6.1	-0.5	31.7	30.5	-1.2
Rentable floor area (sqm)	936,005	977,289	+41,284	974,127	—	—
Offices	827,827	832,492	+4,665	829,312	—	—
Retail facilities	108,178	144,797	+36,619	144,815	—	—
Vacancy rate	4.7%	1.4%	-3.3P	2.2%	—	—

* Leasing (offices) includes subleasing properties

[Reference] Rent revenue change analysis	Changes
Newly completed buildings	+0.3 Minami-Gyotoku SC, etc.
Existing buildings	+0.6 Hamamatsucho Building (Toshiba Building), etc.
Sold / Termination	-0.2 Sales of Nomurafudosan Akasaka Center Building and other properties



Breakdown of Property Development

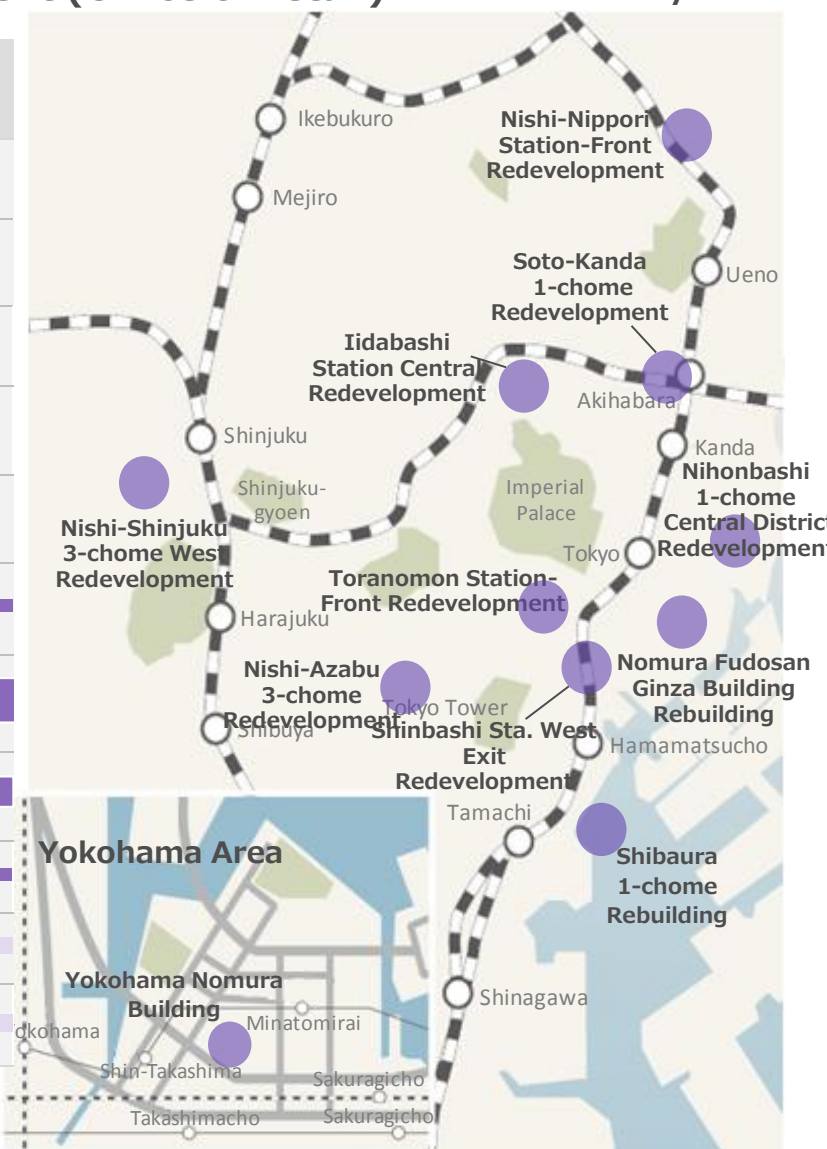


【Reference】 Promotion of Large-scale Office & Retail Redevelopment & Complex Development in Central Tokyo

Actively search for complex redevelopment opportunities and promote those projects with offices, retails and residential houses in central Tokyo area

Major Large-scale Redevelopment & Complex Development (Office & Retail)

Project name	Progress Situation	Main use	Area & No. of units planned to be acquired	Phase I (FY17/3-FY19/3)	Phase II (FY20/3-FY22/3)	Phase III (FY23/3-FY25/3)
Yokohama Nomura Building *Construction started	Under construction Planned to be completed Jan.2017	Office	81,656㎡ (gross)	Complete		
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	The Urban Redevelopment Union was established/Buildings in the area are to be demolished in FY17/3	Office	Approx. 13,000㎡	Start	Complete	
Soto-Kanda 1chome Redevelopment	The Preparatory Union was established/ Blueprint of the project is under discussion	Office	Approx. 31,000㎡		Start	Complete
Iidabashi Station Central Redevelopment	The Preparatory Union was established/ Blueprint of the project is under discussion	Office Residential	Approx. 20,000㎡ Approx. 170Unit		Start	Complete
Nishi-Azabu 3-chome Redevelopment* (Proposed for National Strategic Special Zone)	Blueprint of the project is under discussion	Hotel Residential	TBD		Start	Complete
Nishi-Shinjuku 3-chome West Redevelopment*	Blueprint of the project is under discussion	Retail Residential	Approx. 21,000㎡ Approx. 920戸		Start	1st term Complete
Shibaura 1-chome Rebuilding* (Designated as National Strategic Special Zone)	Preparing to be certified as a national strategic special zone	Office Retail	TBD		Start	1st term Complete
Nishi-Nippori Station-Front Redevelopment*	Business partners were selected. Blueprint of the project is under discussion	Retail Residential	Approx. 15,000㎡ Approx. 480戸		Start	Complete
Shinbashi Station West Exit Redevelopment*	Preparatory Union established	Office Retail	TBD			Start
Nihonbashi 1-chome Central District Redevelopment*	-	Office	TBD		TBD	
Nomura Fudosan Ginza Building Rebuilding* (Ginza MTR Building)	-	Office	TBD		TBD	



※JV projects

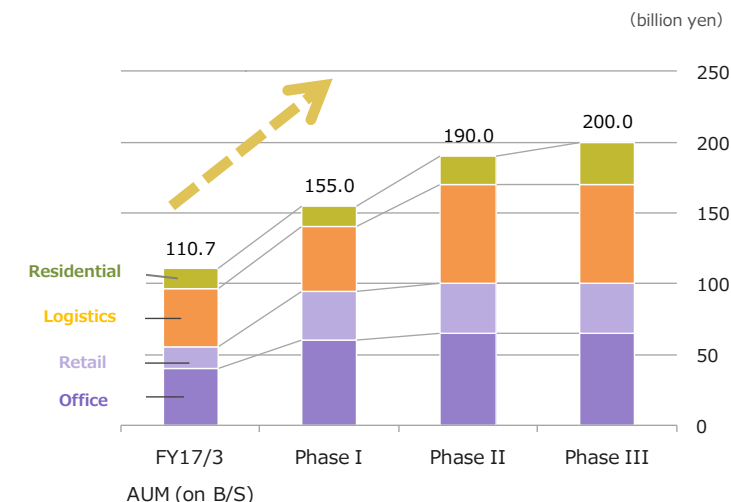
All projects are in planning stage and are subjects to change.

【Reference】 Expansion of Property Development Business (1)

- Increase developed properties to ¥ 200 billion by 2025, while selling some portion of the portfolio.
- **2 land lots (¥9 billion* of investments projected) were acquired in 1Q.**

Expansion Plan of Property Development (on Balance Sheet)

(billion of yen)	FY17/3 AUM (on B/S)	Phase I (FY17/3~FY19/3)	Phase II (FY20/3~FY22/3)	Phase III (FY23/3~FY25/3)
PMO, etc. (office)	40.4	60.0	65.0	65.0
GEMS, etc. (retail)	15.0	35.0	35.0	35.0
Landport, etc. (logistics)	41.0	45.0	70.0	70.0
PROUD FLAT, etc. (residential)	14.0	15.0	20.0	30.0
Expansion of Property Development	110.7	155.0	190.0	200.0



Acquisitions & Sales in 1Q



Acquisition (Total investment planned for projects)	Sale (sale value)
1 project (¥ 7 billion※)	—

Logistics



Acquisition (Total investment planned for projects)	Sale (sale value)
—	—



Acquisition (Total investment planned for projects)	Sale (sale value)
—	—



Acquisition (Total investment planned for projects)	Sale (sale value)
1 project (¥ 2 billion)	1 project (¥ 0.8 billion)

※ The figures of total investment planned include additional investment on properties acquired in the previous quarter.
 ※ Investments projected were estimated as of acquisitions, therefore are subject to change.

【Reference】 Expansion of Property Development Business (2)

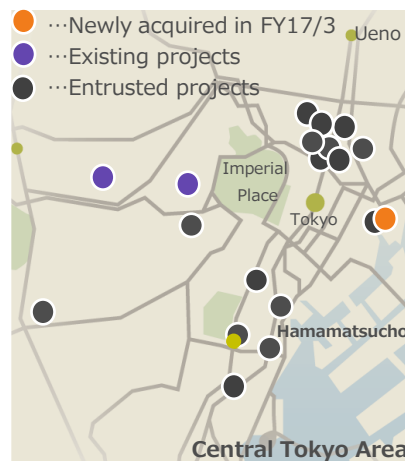
Office “PMO”



PMO Hirakawa-cho



PMO Nihonbashi Edo Dori



Name	Location	Completion	Status
1 PMO Shibadaimon	Shibadaimon, Mintako-ku	2014/9	Operation
2 PMO Hirakawacho	Hirakawa-cho, Chiyoda-ku	2016/1	Operation
3 PMO Nihonbashi Edo Dori ※	Nihonbashi-Kodenmachi, Chuo-ku	2016/6	Operation
4 PMO Nihonbashi Mitsukoshimae	Nihonbashi-Honcho, Chuo-ku	2016/5	Opeartion
5 PMO Shinjuku-Gyoen Project (Entrusted)	Shinjuku, Shinjuku-ku	2018/6(plan)	Construction
6 PMO Hanzomon Project (Entrusted)	Kojimachi, Chiyoda-ku	2017/5(plan)	Construction
7 PMO Nishishinbashi Project	Nishi-Shinbashi, Minato-ku	2017/3(plan)	Construction
8 POM Shin-Nihonbashi Project	Nihonbashi-Honcho, Chuo-ku	2016/11(plan)	Construction
9 PMO Shibuya 1-chome Project	Shibuya, Shibuya-ku	2017/6(plan)	Construction
10 PMO Uchi-Kanda Project	Uchi-Kanda, Chiyoda-ku	2017/6(plan)	Construction
11 PMO Iwamotocho II Project	Kanda-Sudacho, Chiyoda-ku	2017/1(plan)	Construction
12 PMO Tamachi II Project	Shiba, Minato-ku	2018/2(plan)	Construction
13 PMO Higashi-Shinbashi 2-chome Project	Higashi-Shinbashi, Minato-ku	2018/6(plan)	Construction
14 PMO Hatchobori III Project	Hatchobori, Chuo-ku	2018/4(plan)	Construction
15 PMO Kita-Otemachi Project	Kanda-Nishikicho, Chiyoda-ku	2019/7(plan)	Planning
16 PMO Ochanomizu Project	Kanda-Surugadai, Chiyoda-ku	2018/6(plan)	Planning
17 PMO Hamamatsucho Project	Hamamatsucho, Mintato-ku	2019/2(plan)	Planning
18 PMO Kanda-Sudacho Project	Kanda-Sudacho, Chiyoda-ku	2020/4(plan)	Planning
19 PMO Shinkawa 2-chome Project ※	Arakawa, Chuo-ku	2018/3(plan)	Planning

*JV Project

— Property acquired in FY17/3

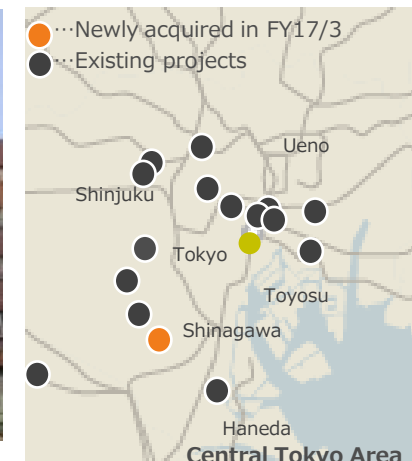
Rental housing “PROUD FLAT”



PROUD FLAT Higashi-Kanda



PROUD FLAT Kagurazaka III



Name	Location	No. of units	Completion	Status
1 PROUD FLAT Kagurazaka III	Shinjuku-ku, Tokyo	35 units	2015/4	Sold
2 PROUD FLAT Sangenjaya II	Setagay-ku, Tokyo	70 units	2014/1	Operation
3 PROUD FLAT Omori III	Shinagawa-ku, Tokyo	49 units	2014/11	Operation
4 PROUD FLAT Kinshicho	Sumida-ku, Tokyo	36 units	2015/1	Operation
5 PROUD FLAT Higashi-Nakano	Nakano-ku, Tokyo	49 units	2015/2	Operation
6 PROUD FLAT Higashi-Kanda	Chiyoda-ku, Tokyo	38 units	2015/5	Operation
7 PROUD FLAT Mitsukoshimae	Chuo-ku, Tokyo	40 units	2015/7	Operation
8 PROUD FLAT Gakugeidaigaku II	Meguro-ku, Tokyo	36 units	2015/9	Operation
9 PROUD FLAT Sugamo II	Toshima-ku, Tokyo	33 units	2015/11	Operation
10 PROUD FLAT Yoyogi-Hachiman	Shibuya-ku, Tokyo	30 units	2016/1	Operation
11 PROUD FLAT Ochanomizu	Chiyoda-ku, Tokyo	75 units	2016/5	Operation
12 PROUD FLAT Noborito	Kawasaki-shi, Kanagawa	79 units	2016/5	Operation
13 PROUD FLAT Nakaochiai	Shinjuku-ku, Tokyo	37 units	2016/12 (plan)	Constructio
14 PROUD FLAT Asakusabashi	Taito-ku, Tokyo	38 units	2017/2 (plan)	Constructio
15 PROUD FLAT Monzen-nakacho V	Koto-ku, Tokyo	100 units	2017/10 (plan)	Construction
16 PROUD FLAT Miyazakidai	Miyamae-ku, Kawasaki	81 units	2017/11 (plan)	Planning
17 PROUD FLAT Togoshi	Shinagawa-ku, Tokyo	99 units	2018/4 (plan)	Planning

— Property acquired in FY17/3

【Reference】 Expansion of Property Development Business (3)

Retail Facilities "GEMS"



GEMS Daimon



GEMS Kanda

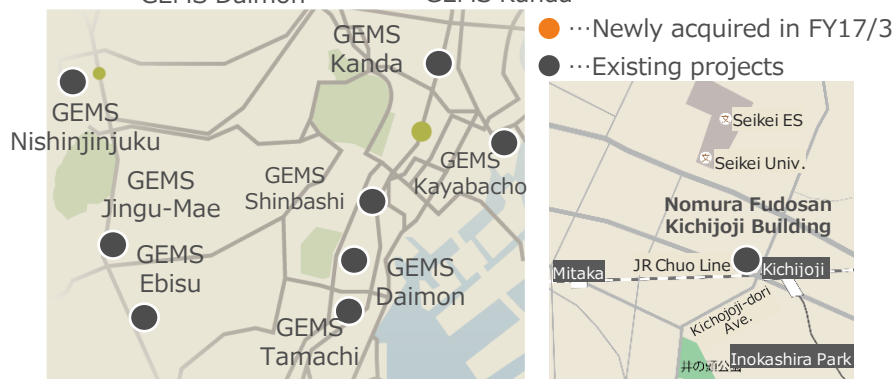


GEMS Ebisu

Logistics Facilities "Landport"



Landport
Kashiwa-Shonan I



Name	Location	Completion	Status
1 Nomura Fudosan Kichijoji Building	Kichijoji-Honcho, Musashino-shi	2014/7	Partially sold
2 GEMS Daimon	Shibadaimon, Minato-ku	2016/2	Operation
3 GEMS Kanda	Kajicho, Chiyoda-ku	2016/6	Operation
4 GEMS Ebisu Project	Ebisu, Shibuya-ku	2017/8 (plan)	Construction
5 GEMS Jingu-Mae Project	Jingu-Mae, Shibuya-ku	2018/2 (plan)	Construction
6 GEMS Kayabacho Project	Shinkawa, Chuo-ku	2018/4 (plan)	Construction
7 GEMS Namba Project	Namba, Chuo-ku, Osaka	2018/11 (plan)	Construction
8 GEMS Tamachi Project	Shiba, Minato-ku	2018/12 (plan)	Planning
9 GEMS Nishi-Shinjuku Project	Nishi-shinjuku, Shinjuku-ku	2019/1 (plan)	Planning
10 GEMS Sangenjaya Project	Taishido, Setagaya-ku	2018/5 (plan)	Planning
11 GEMS Shin-Yokohama Project	Kohoku-ku, Yokohama	2018/6 (plan)	Planning
12 GEMS Shimbashi Project	Simbashi, Minato-ku	2018/3 (plan)	Planning

Name	Location	Completion	Status
1 Landport Kashiwa-Shonan I Project	Kashiwa-shi, Chiba	2016/1	Operation
2 Landport Kashiwa-Shonan II Project	Kashiwa-shi, Chiba	2016/4	To be sold
3 Landport Iwatsuki Project	Saitama-shi, Saitama	2016/5	Operation
4 Landport Hachioji II Project	Hachioji-shi, Tokyo	2016/9 (plan)	Construction
5 Landport Takatsuki Project	Takatsuki-shi, Osaka	2017/6 (plan)	Construction
6 Landport Komaki Project*	Komaki-shi, Aichi	2017/1 (plan)	Construction
7 Landport Shinonome Project	Koto-ku, Tokyo	2018/8 (plan)	Planning
8 Landport Narashino Project	Marashino-shi, Chiba	2019/11 (plan)	Planning

Property acquired in FY17/3

*JV project

Property acquired in FY17/3

【Reference】 The Group's Major Buildings

	Name	Location	Leased floor area *Our share	Completion
1	Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	152,386㎡	1990/1, etc.
2	Hamamatsucho Building (Toshiba Building)	Minato-ku, Tokyo	98,990㎡	1984/3
3	LAZONA Kawasaki Toshiba Building	Saiwai-ku, Kawasaki-shi, Kanagawa	78,609㎡	2013/3
4	LAZONA Kawasaki Plaza	Saiwai-ku, Kawasaki-shi, Kanagawa	46,988㎡	2006/9
5	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,467㎡	1978/5
6	Nomura Fudosan Tennozu Building	Shinagawa-ku, Tokyo	24,242㎡	1996/6
7	Nihonbashi Muromachi Nomura Building	Chuo-ku, Tokyo	22,259㎡	2010/9
8	Nomura Fudosan Musashikosugi Building N Wing & S Wing	Nakahara-ku, Kawasaki-shi, Kanagawa	20,519㎡	2010/3
9	Umeda Sky Building	Kita-ku, Osaka-shi, Osaka	18,959㎡	1993/3
10	bono Sagamiono Shopping Center	Minami-ku, Sagamihara-shi, Kanagawa	16,122㎡	2013/1
11	Nomura Fudosan Ginza Building	Chuo-ku, Tokyo	13,497㎡	1982/3



Hamamatsucho Building
(Toshiba Building)



Nihonbashi Muromachi
Nomura Building



Shinjuku Nomura
Building



Nomura Fudosan
Musashikosugi Building N Wing



LAZONA Kawasaki
Toshiba Building



Nomura Fudosan
Ginza Building



LAZONA Kawasaki Plaza



Yokohama Business Park



bono Sagamiono Shopping Center



Umeda Sky Building



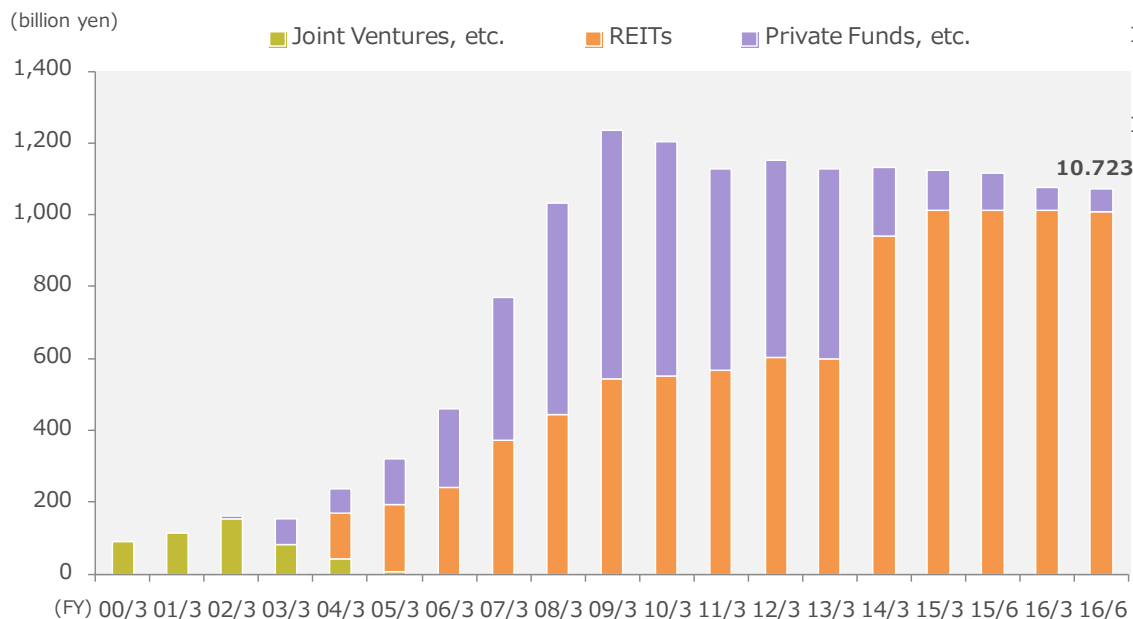
Nomura Fudosan
Tennozu Building

【Investment Management】

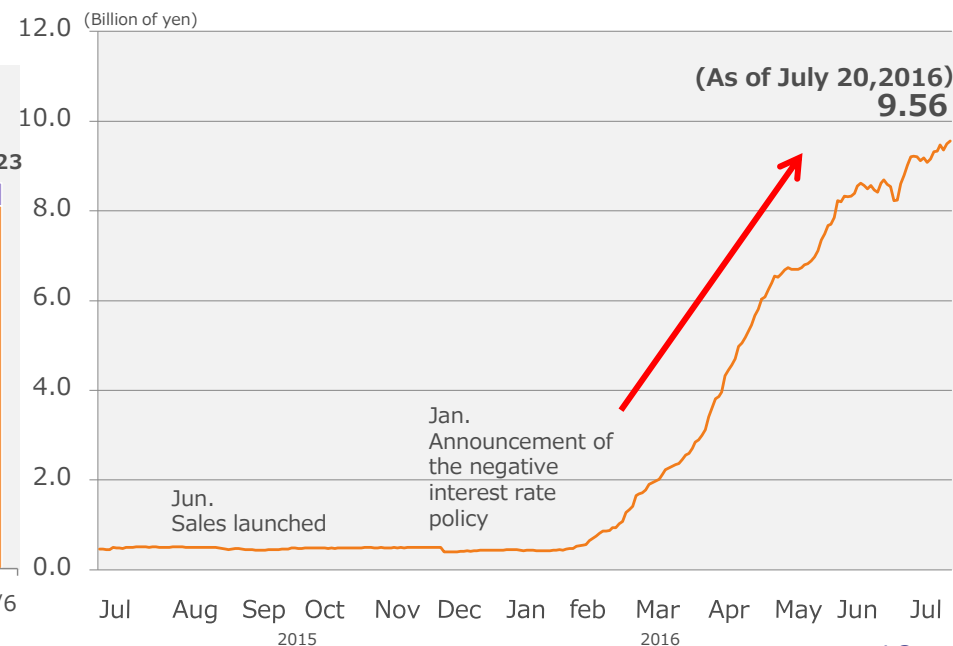
- Both revenue and profit increased due to an increase in asset management fees associated with additional asset acquisition handled by a listed REIT and a private REIT.
- A new service in the security fund business (J-REIT Value Fund) has made a steady progress.

(Billions of yen)	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ② - ①	FY16/3 Actual ③	FY17/3 Forecast ④	Changes ④ - ③
Operating revenue	1.7	2.2	+0.4	10.9	8.0	-2.9
Operating income	0.9	1.3	+0.4	7.3	4.5	-2.8
Assets under management	1,115.6	1,072.3	-43.2	1074.4	—	—
REITs	1,010.7	1,010.4	-0.2	1012.6	—	—
Private funds, etc.	104.8	61.8	-42.9	61.8	—	—

Assets under Management



Net Assets of J-REIT Value Fund



【Reference】 Merger of Nomura Master Fund(NMF) and TOP REIT

- NMF and TOP REIT will be merged on Sept. 1, forming a large-scale and leading J-REIT with asset size of ¥ 900 billion.
- Asset scale of ¥ 1 trillion yen, a mid-phase target of NMF's growth strategy, would be achieved earlier than expected.

NOMURA REAL ESTATE MASTER FUND



Number of properties
252

Asset size
¥ 784,6 billion
(Total acquisition price)

Merger

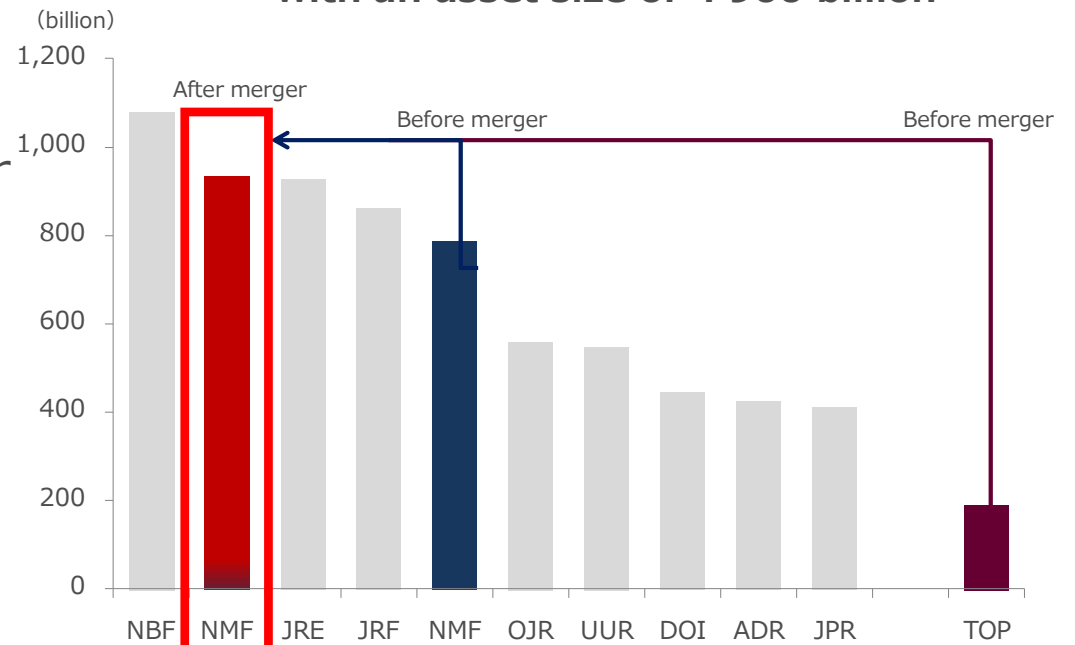
TOP REIT, Inc.



Number of properties
20

Asset size
¥ 190,4 billion
(Total acquisition price)

A large-scale leading REIT with an asset size of ¥ 900 billion



Benefits to the Company

- Asset acquisition fees is predicted to increase. Expansion of asset scale leads increasing profits from asset management fees.
- Mutual growth would be accelerated by leveraging the Leasing Value Chain.

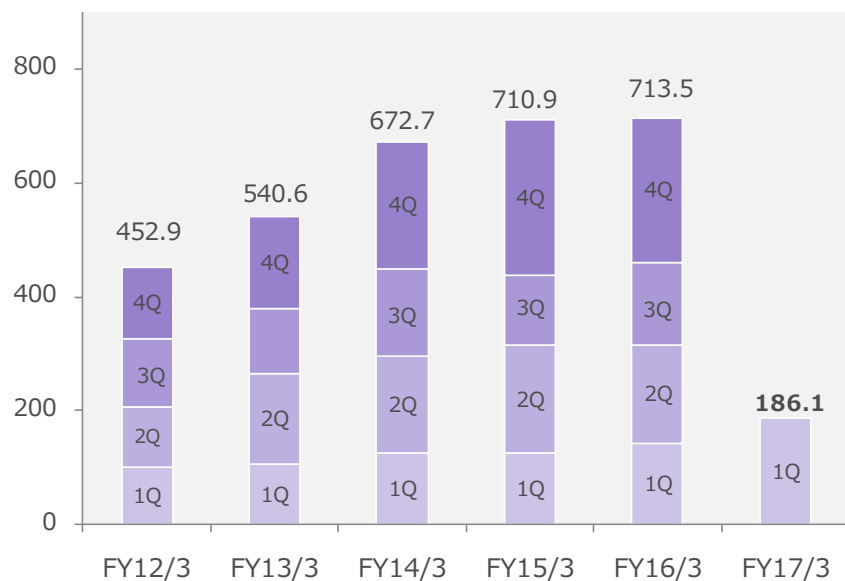
※ Figures above are calculated based on a material on merger between NMF and TOP REIT released May 26, 2016. For further details, please refer to the material.

【Property Brokerage & CRE】

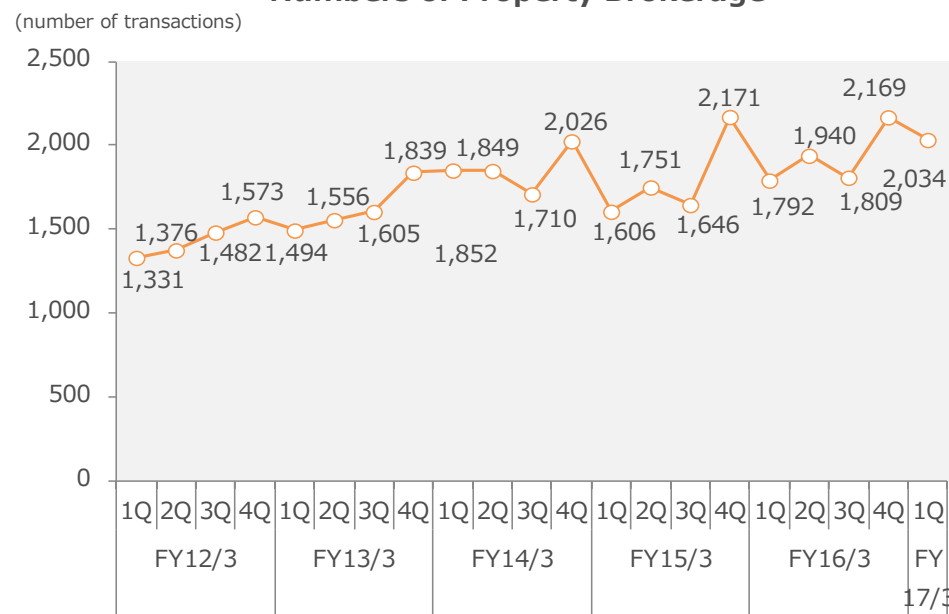
- Both operating revenue and income increased due to an increase in transaction value in the retail and wholesales businesses.

(Billions of yen)	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ② - ①	FY16/3 Actual ③	FY17/3 Forecast ④	Changes ④ - ③
Operating revenue	6.5	7.8	+1.2	35.3	35.0	-0.3
Property brokerage	5.8	7.2	+1.3	28.0	—	—
Other	0.7	0.6	-0.0	7.3	—	—
Operating income	0.9	1.8	+0.8	9.9	8.5	-1.4
【Brokerage indicators】						
Total transaction value (billion yen)	142.4	186.1	+43.6	713.5	—	—
Number of transactions	1,792	2,034	+240	7,710	—	—
Commission fee (billion yen)	5.8	7.2	+1.3	28.0	—	—
Commission rate (%)	4.1%	3.9%	-0.2 P	3.9%	—	—
Number of retail stores	65	71	+6	68	—	—

Total Transaction Value & Number of Transactions
(billion yen)



Numbers of Property Brokerage

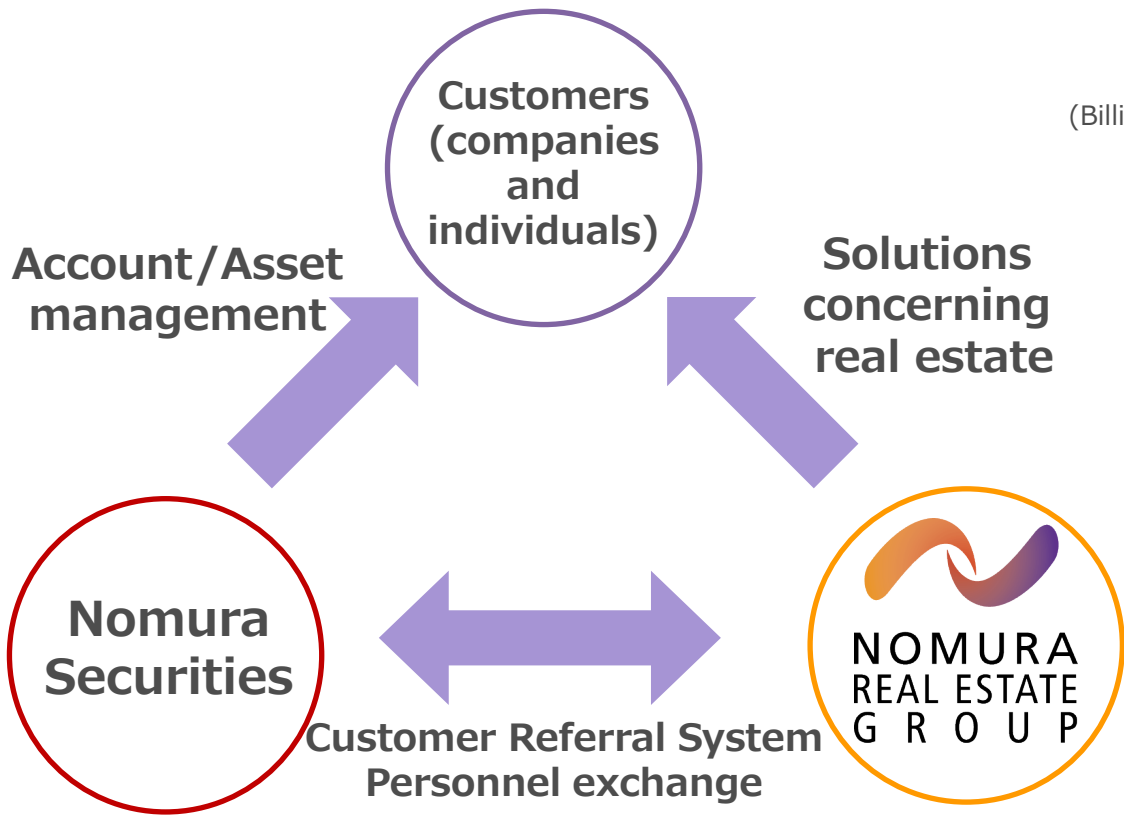


【Reference】 Business Collaboration with Nomura Securities

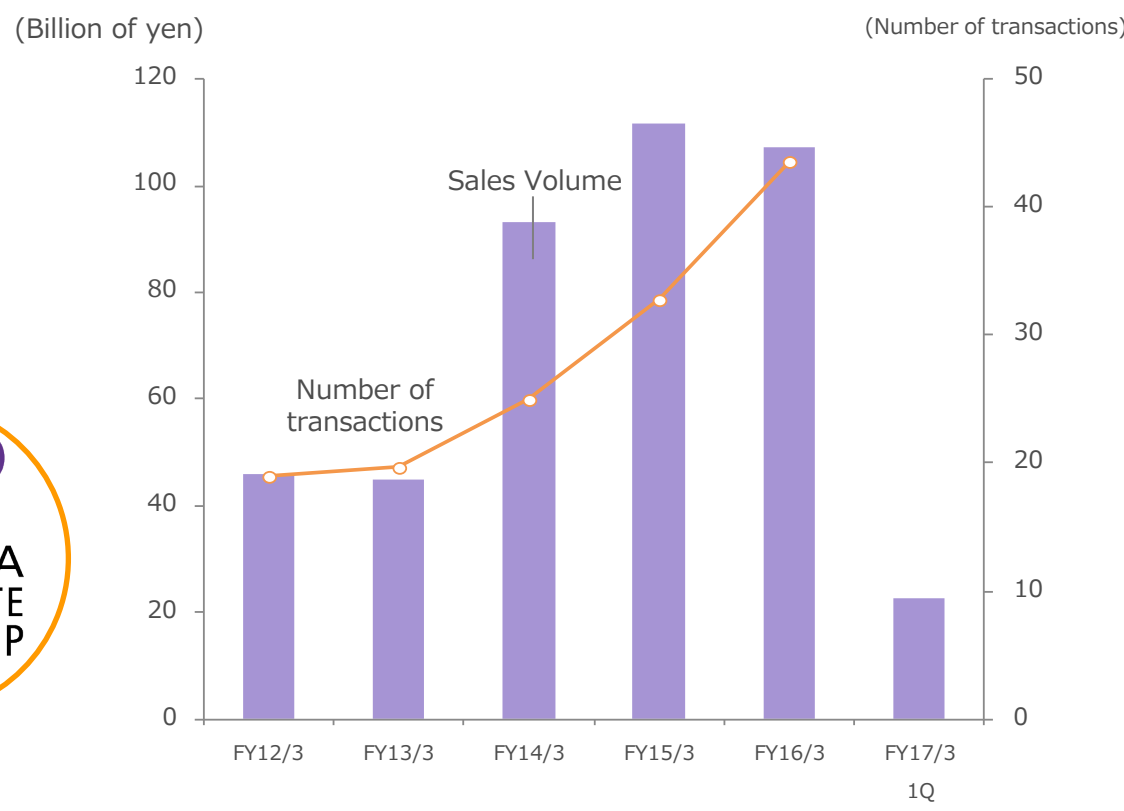
- Through the “Customer Referral System” with Nomura Securities, we make CRE proposals leveraging the Group’s collective strength.
- The number of transactions in cooperation with Nomura Securities increased both in the wholesale and retail sectors.

Sales volume of projects with Nomura Securities rose to ¥100 billion. (FY2016/3 result)

Collaboration with Nomura Securities



The number of transactions in cooperation with Nomura Securities (Contract basis)

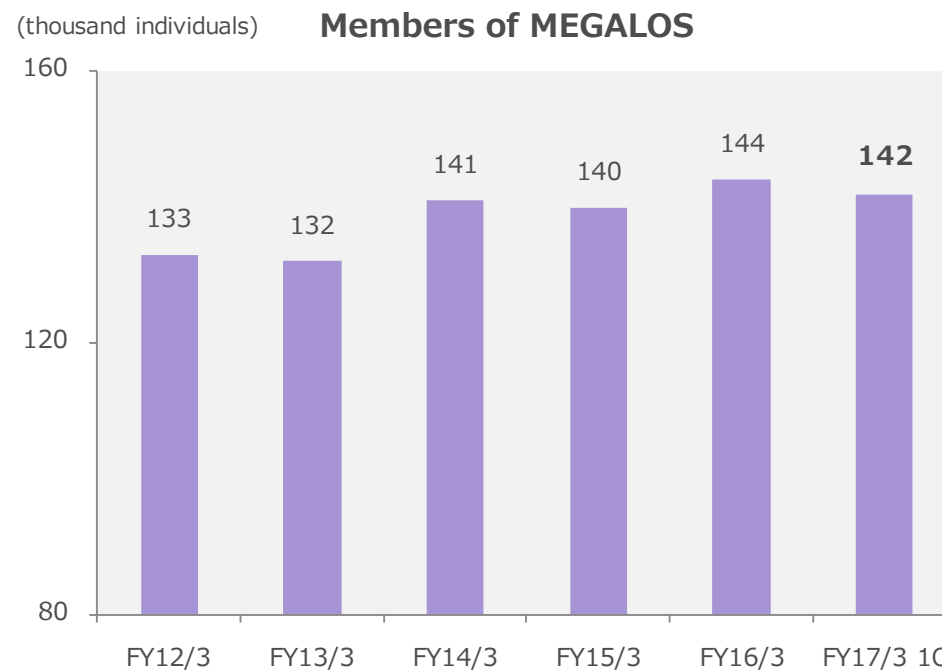
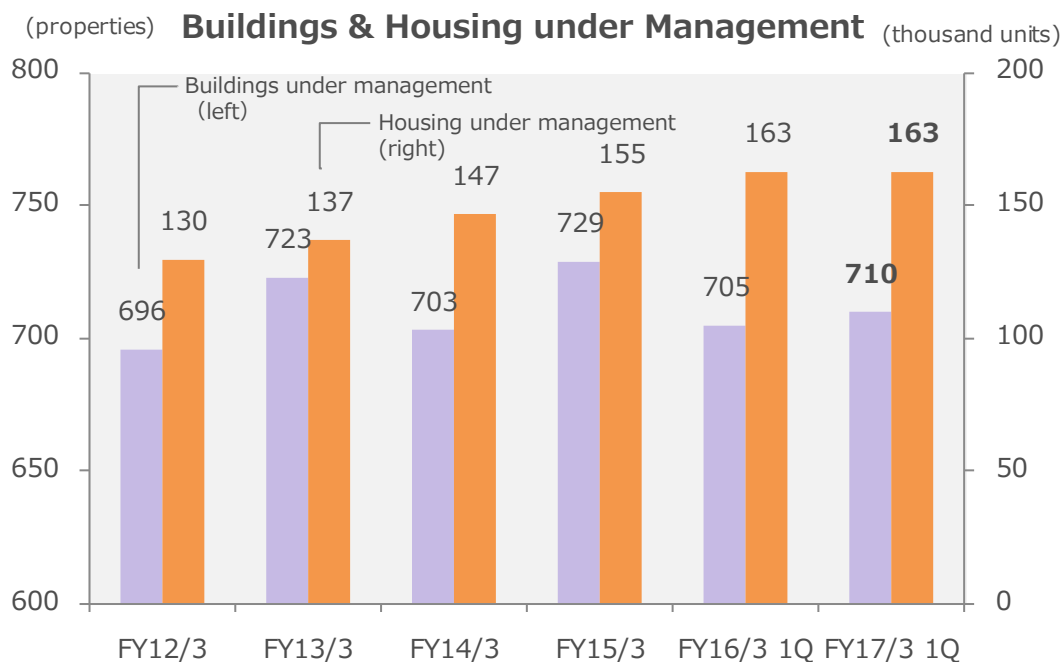


【Property & Facility Management】

- Operating revenue and profit increased due to an increase in profits in the property and facility management business and the fitness club and elderly care business.

(Billions of yen)	FY16/3 1Q Actual ①	FY17/3 1Q Actual ②	Changes ②-①	FY16/3 Actual ③	FY16/3 Forecast ④	Changes ④-③
Operating revenue	20.9	21.1	+0.1	91.5	96.0	+4.4
Property & facility management	11.6	11.7	+0.0	47.9	—	—
Construction ordered	4.7	4.5	-0.2	24.6	—	—
Fitness club & elderly care	3.6	3.8	+0.1	14.9	—	—
Other	0.9	1.0	+0.1	3.9	—	—
Operating income	0.8	0.9	+0.0	5.6	6.0	+0.3
Buildings under management	737	710	-27	705	—	—
Housings under management	156,640	163,224	+6,584	163,036	—	—
Members of MEGALOS (individuals)	144,629	142,161	-2,468	144,263	—	—
Number of clubs	31	33	+2	33	—	—

※Yokohama Business Park Heat and Cooling Supply Co., Ltd., which had been classified under the "Leasing Unit," was transferred to the "Property & Facility Management Unit" since FY17/3. In accordance with this change, figures of FY16/3 are under the new classification



Progress of Mid- to Long-term Business Plan

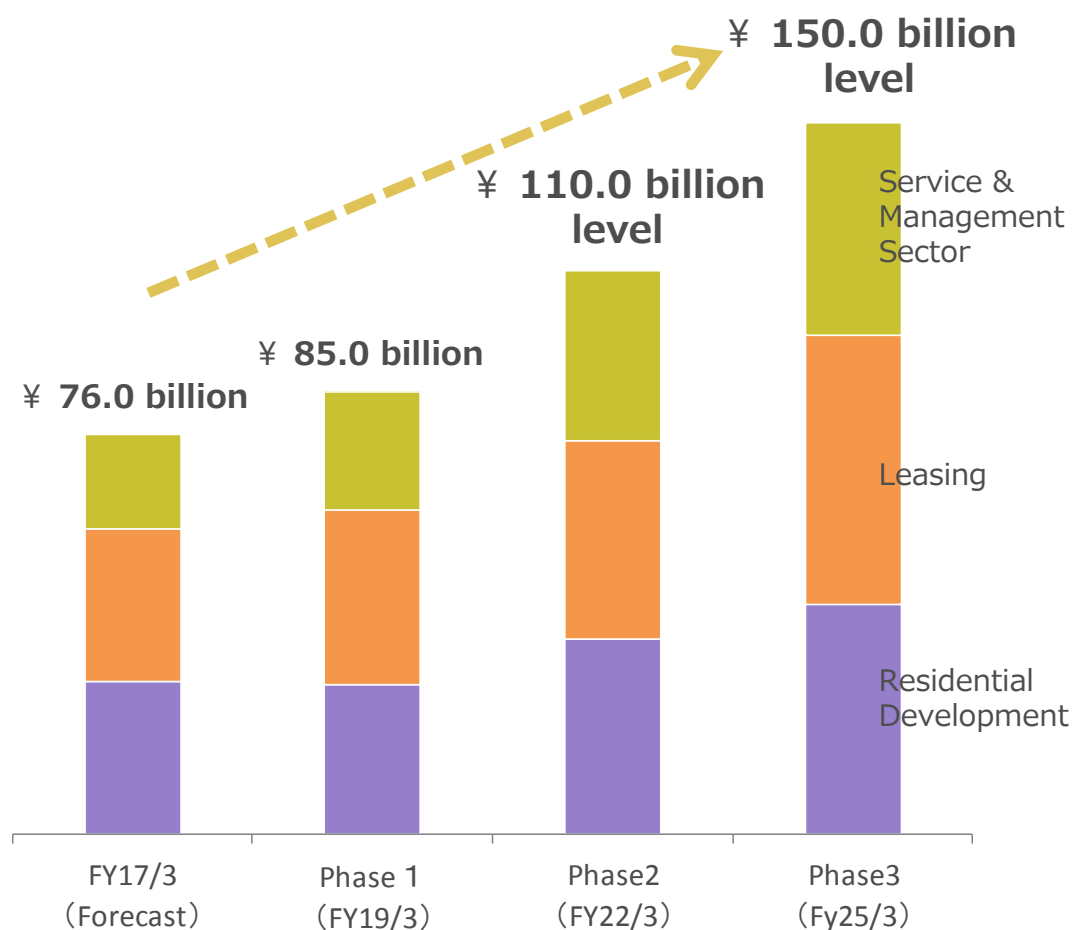


Long-Term Revenue Goals

- Realize sustainable revenue growth while maintaining a stable financial foundation and high asset efficiency.
- We aim at stable growth, achieving operating income of ¥ 76 billion in FY 17/3, ¥ 85 billion in the phase 1, and ¥ 110 billion in the phase 2.

(Billions of Yen)	FY16/3 Forecast	FY19/3 Planned	FY22/3 Planned	FY25/3 Planned
Operating Revenue	589.0	700.0	850.0	Above 1,000.0
Operating income	76.0	85.0	110.0	150.0
Residential Development	30.5	30.0	40.0	44.0~48.0
Leasing	30.5	35.0	40.0	52.0~56.0
Service & management Sector	19.0	23.5	35.0	40.0~44.0
Investment Management	4.5	6.5	10.0	12.0~13.0
Property Brokerage & CRE	8.5	10.5	15.0	16.0~18.0
Property & Facility Management	6.0	6.5	10.0	12.0~13.0
Strategic Investment	0.0	0.0	5.0	8.0~10.0
Adjustments	-4.0	-3.5	-5.0	

Changes in Operating Income



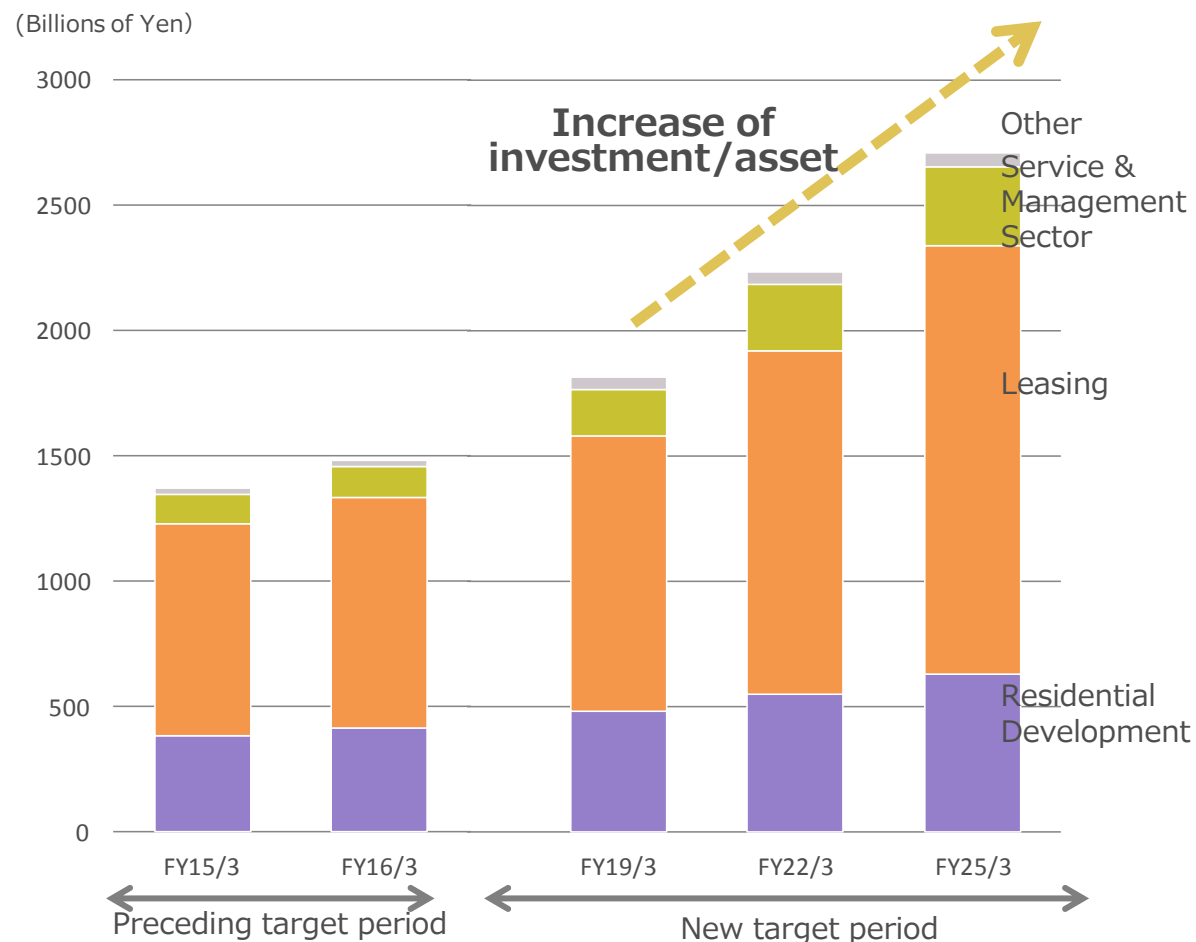
Investment Plan

- Net investment of **¥400 billion to ¥500 billion** for each and a total of ¥1.4 trillion is planned for the entire target period
- Higher asset efficiency is expected to be ensured while maintaining a **recovery-to-investment ratio of approximately 75%**.
- In order to accelerate growth in each business, we implement a **strategic ¥ 200 billion investment** with the assumption of M&As.

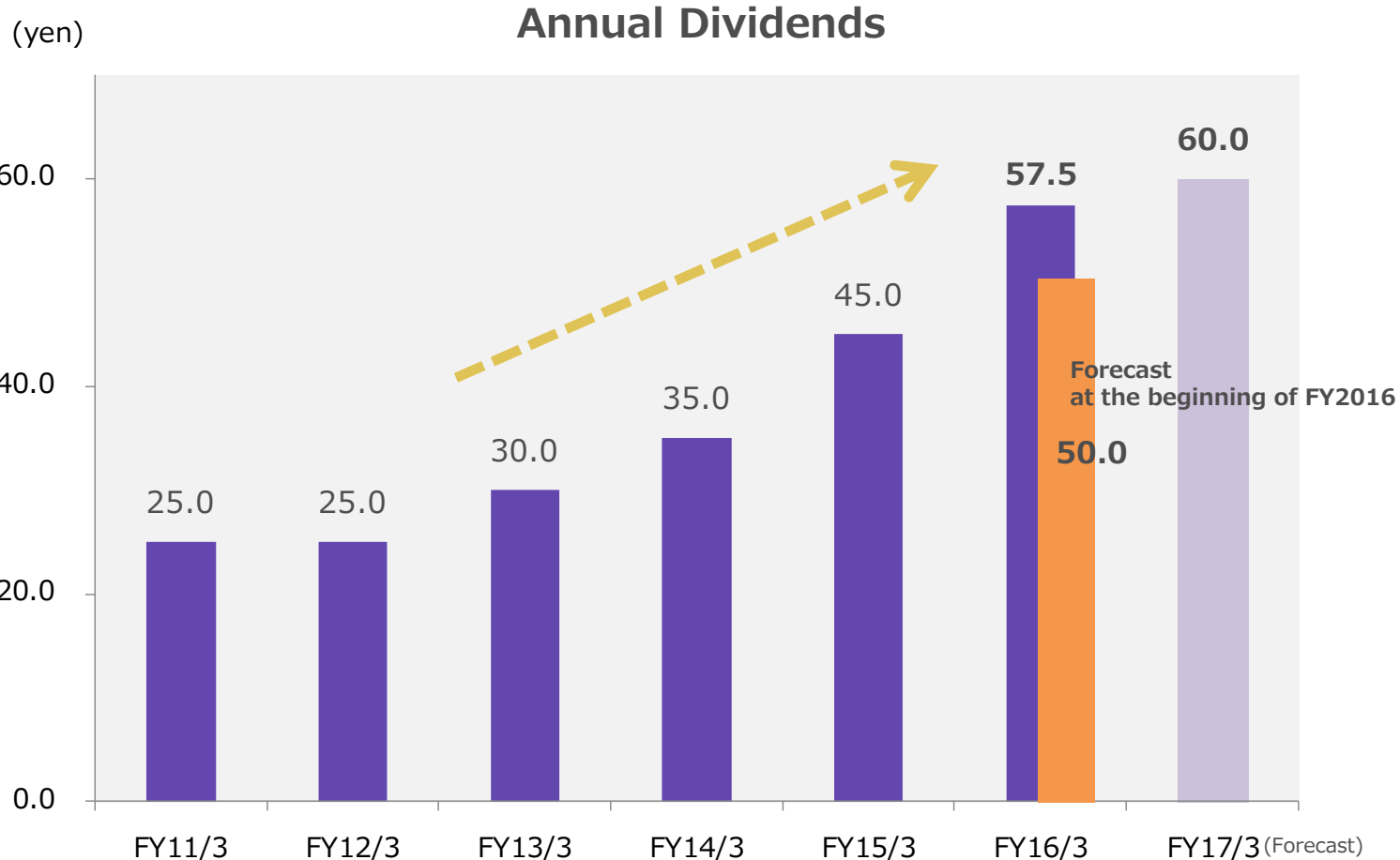
Investment plan by Unit

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

Changes in total assets



- Dividend per share for FY 16/3 was ¥ 57.5 (up ¥ 12.5 from FY 15/3). Based on the current forecast of business environment and financial results, dividend for FY 17/3 is expected ¥ 60 (up ¥ 2.5 from FY16/3), which would result in a continuous increase in dividend for 5 years in a row.

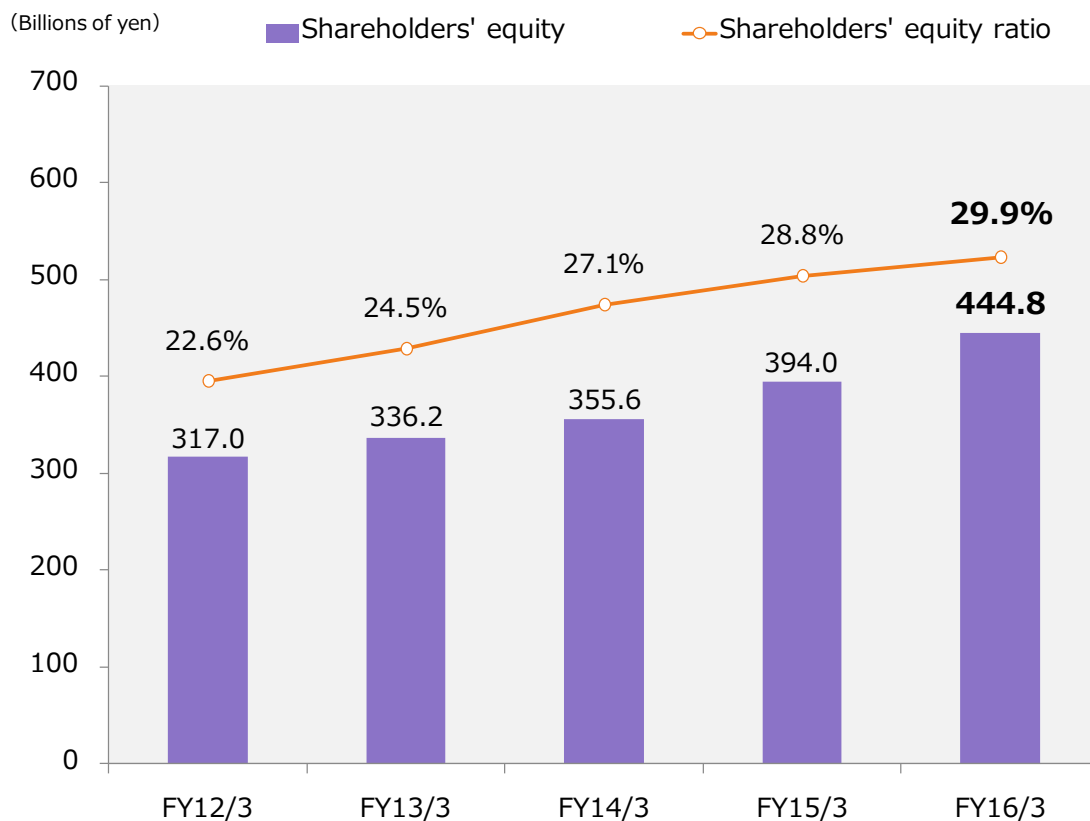


EPS(yen)	28.74	92.38	101.61	140.70	201.28	246.42	224.30
Payout ratio(%)	87.0	27.1	29.5	24.9	22.4	23.3	26.7
Devidend yield (%)	2.0	1.7	1.4	1.8	2.1	2.8	-

※ Dividend yield is calculated based on the closing price at the end of the fiscal year

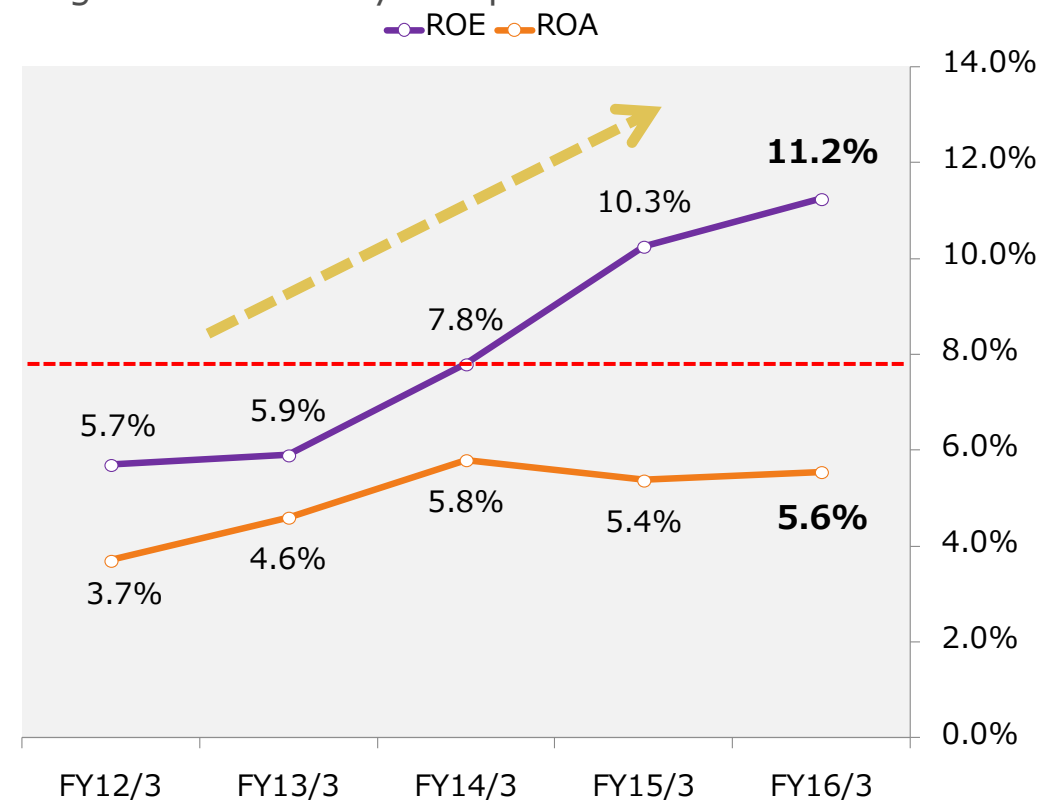
Shareholders' Equity/Shareholders' Equity Ratio

- Shareholders' equity ratio has improved **29.9 %**, almost reaching mid-term target of 30%



ROA/ROE

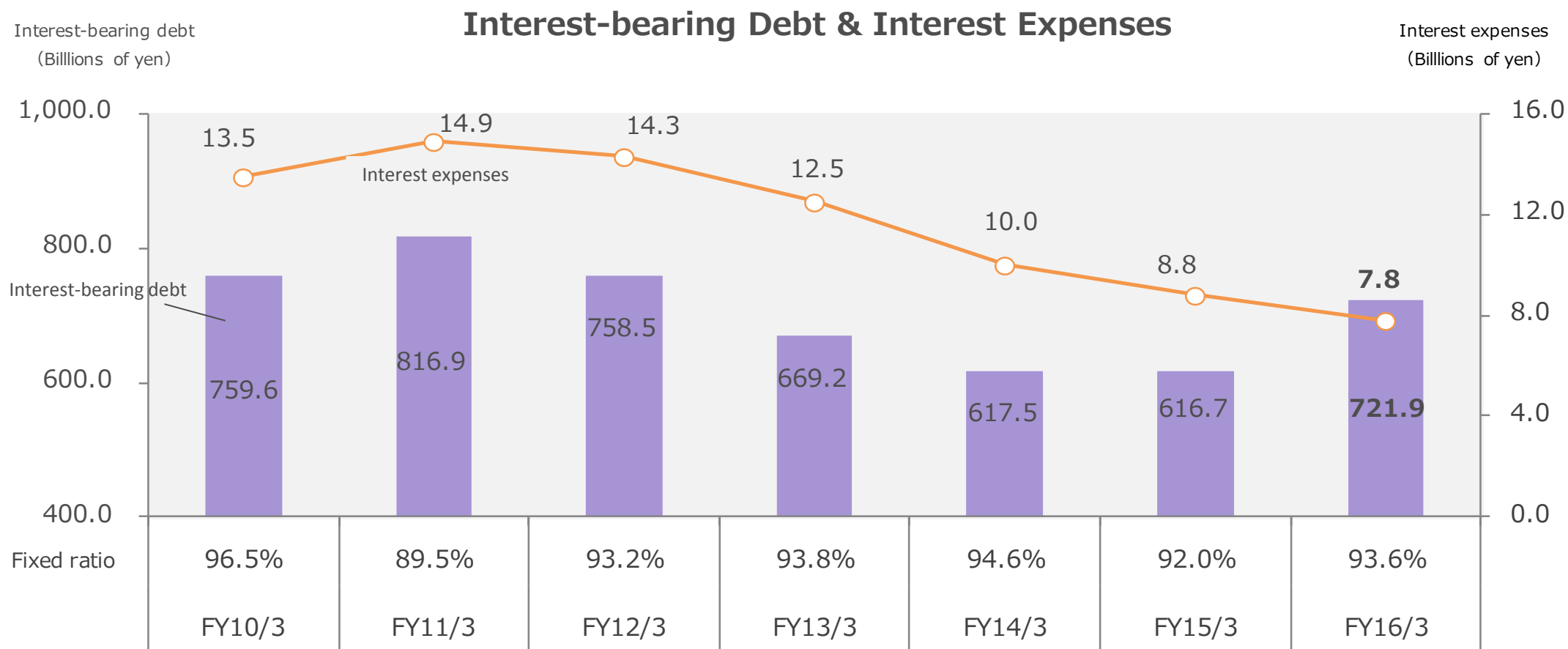
ROE of 11.2% (up 0.8 point from FY15/3) and ROA of 5.6% (up 0.2 point from FY 15/3) Both are in a top range of the industry in Japan.



ROA = (Operating income + Non-operating income) / Year-end total assets
 ROE = Net income / Shareholders' equity (as average over the year)

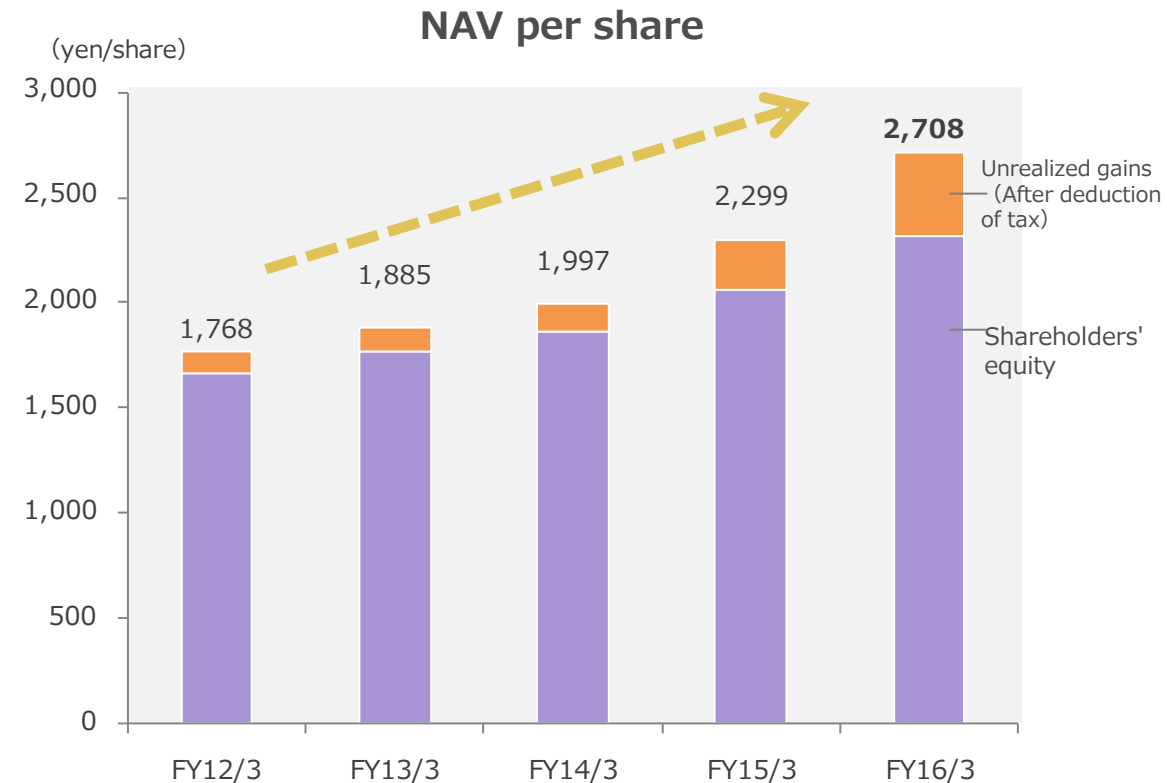
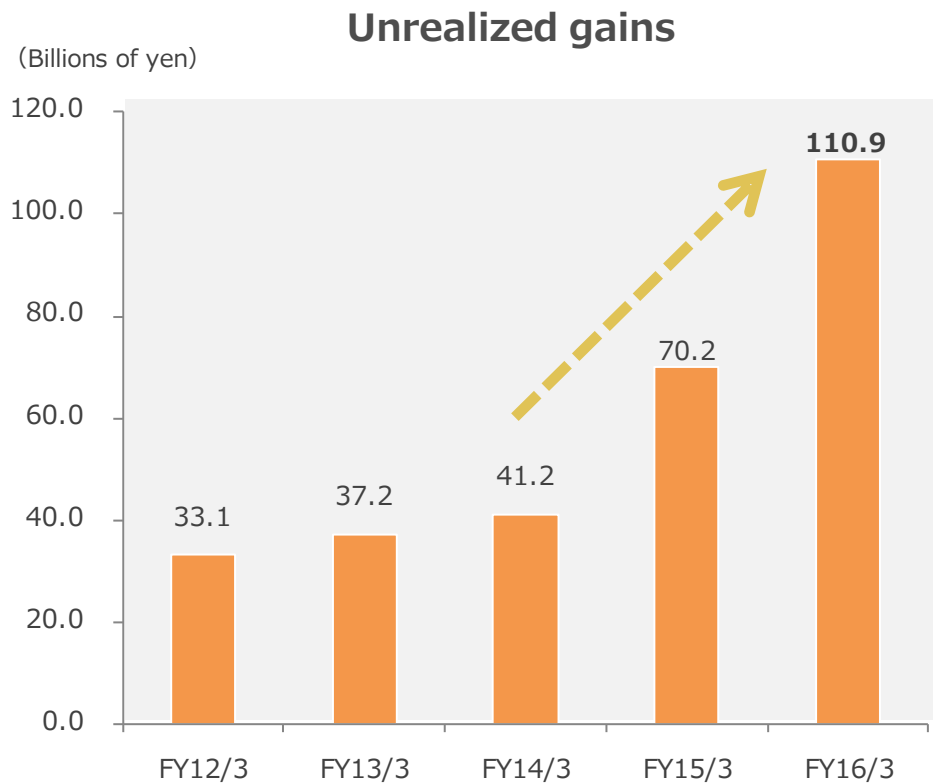
Interest-bearing Debt & Interest Expenses (As of FY2016/3)

- Since 2011, we have reduced interest-bearing debt, resulting decline in interest expenses. Also, by fixing interest rates on debt and lengthen the maturity term thereof, we have created a stable financial foundation.
- In FY16/3, we conducted large-scale investment, resulting a **¥ 105.2 billion increase in interest-bearing debt**.



NAV(Net Asset Value) and Unrealized Gains (As of FY2016/3)

- **Our unrealized gains have increased to ¥ 110 billion** due to the decline of the CAP Rate seen in central Tokyo.
- An increase in shareholders' equity by building up periodic profit and an increase in unrealized gains contributed to an increase in **NAV per share to ¥ 2,700 (up ¥ 400 YoY)**



※1 Unrealized gain is the amount after deducting the book value at the end of FY from the market value at the end of FY.
 ※2 Market prices are calculated mainly based on the "Japanese Real Estate Appraisal Standards".

※1 NAV per share = (shareholders' equity + unrealized gains (after deduction of tax)) / the number of shares issued (excluding treasury shares)
 ※2 Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate)
 (Effective tax rate is renewed every fiscal year)

Nomura Real Estate Holdings, Inc.
Corporate Communications Dept.

General Manager	Naoko Usami
Deputy General Manager	Kensuke Ueha
	Hideaki Chikusa
	Yumiko Kawamoto
	Tomoko Matsumoto

TEL +81-3-3348-8117
E-mail info@nomura-re-hd.com

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