

Consolidated Financial Results for the Six Months from April 1 to September 30, 2016

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Highlights of the Second Quarter, FY2017

- The cumulative result of FY2017 2Q resulted in a decrease in both revenue and income:
Operating revenue; ¥ 248.1 billion (down 15.3% y/y); operating income; ¥ 33.3 billion (down 18.0% y/y); ordinary income; ¥ 29.1 billion (down 20.3% y/y); and profit attributable to owners of parent; ¥ 20.1 billion (down 10.5% y/y)
- In the Residential Development Unit, both revenue and income declined. This was mainly due to a decrease in the number of housing units sold of 2,006 (down 1,411 units y/y) and other factors, while gross margin ratio and housing prices increased. As of the end of 2Q, the contract progress rate was 77.1% of the expected 5,650 housing units sold in this fiscal year.
- In the Leasing Unit, both revenue and income rose due to an increase in sales of the property development business and the vacancy rate. The vacancy rate improved to 1.2% as of the end of the 2Q.
- Service Management Sector which consists of 3 Units, the Investment Management Unit, the Property Brokerage & CRE Unit, and the Property & Facility Management Unit marked smooth progress.
- The financial result forecast of FY17/3 is expected to be 4 billion decrease compared to the forecast announced in the beginning of the current fiscal year. No change in the operating income, ordinary income and profit attributable to owners of parent.
- In 2Q, Mid-term dividend of 30 yen was paid. The dividend at the end of the year is also expected to be 30 yen and there is no change in the expected annual dividend of 60 yen(increase 2.5 yen y/y).

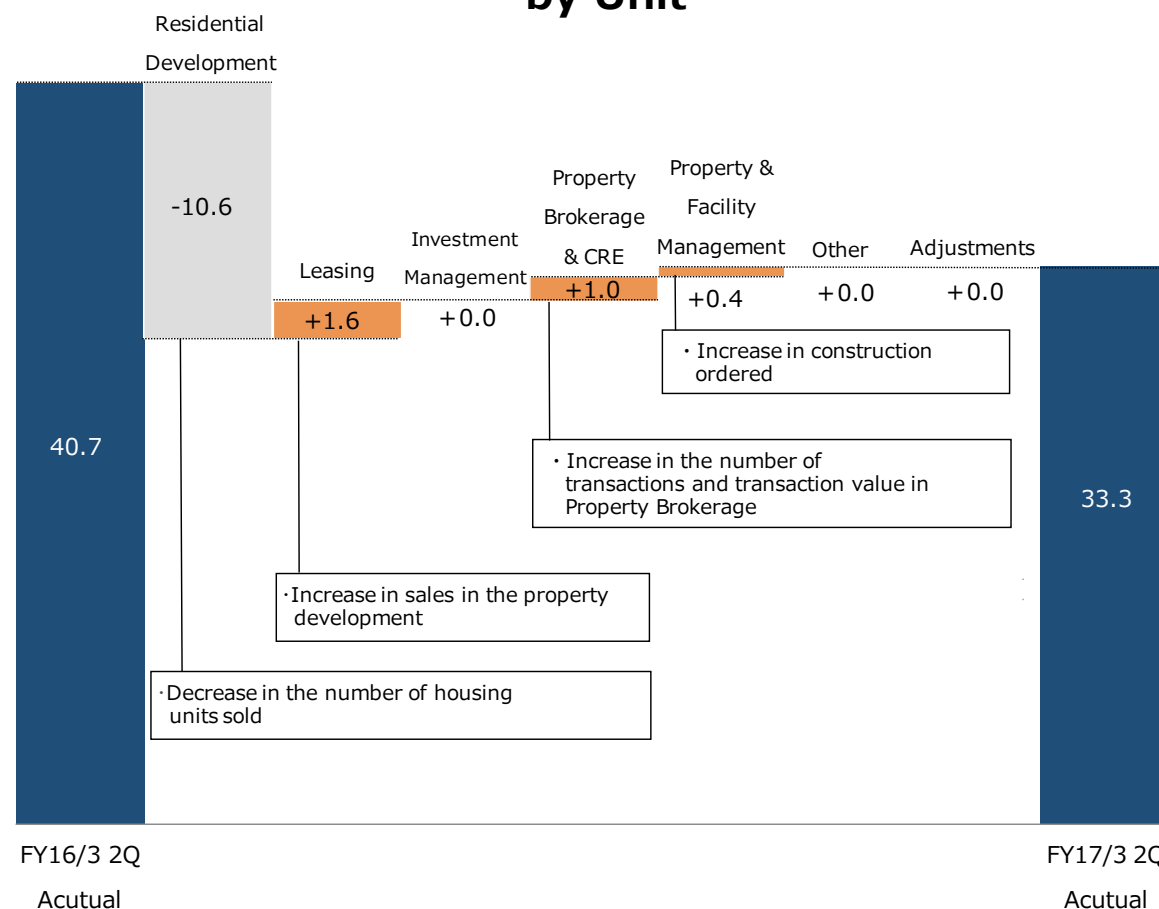
Outline of Consolidated Financial Results

(Billions of yen) *Figures rounded down to the nearest 100 million yen	FY16/3 2Q Actual ①	FY17/3 2Q Actual ②	Changes ②-①	Key Factors
Operating revenue	292.9	248.1	-44.7	<Operating revenue & Operating income>
Operating gross profit	89.0	80.4	-8.6	• A decrease in housing unit sales in the Residential Development Unit
Selling, general and administrative expenses	48.3	47.0	-1.2	• An increase in the sales of property development in the Leasing Unit
Operating income	40.7	33.3	-7.3	• An increase in brokerage commission fees and construction ordered in the Service Management Sector
Non-operating income	1.0	0.3	-0.6	
Non-operating expenses	5.1	4.5	-0.5	
Ordinary income	36.5	29.1	-7.4	<Extraordinary income, etc>
Extraordinary income	—	0.9	+0.9	• An increase in extraordinary income due to sales of non-current assets
Extraordinary losses	0.2	—	-0.2	• A decrease in profit attributable to non-controlling interest because of additional acquisition of share of NREG TOSHIBA BUILDING Co.,Ltd.
Income taxes	12.3	9.7	-2.5	
Profit attributable to non-controlling interests	1.5	0.2	-1.2	
Profit attributable to owners of parent	22.4	20.1	-2.3	
Profit per share (yen)	117.45	104.92	-12.53	
Cash dividends per share (yen)	27.50	30.00	+2.50	
Net cash provided by (used in) operating activities	37.4	-47.3	-84.7	• Increases in inventories, etc.
Net cash provided by (used in) investment activities	-30.1	-26.8	+3.2	
Net cash provided by (used in) financing activities	-13.3	61.7	+75.1	
Cash and cash equivalents at end of period	44.3	45.1	+0.7	
(Billions of yen)	FY16/3 2Q ①	FY17/3 2Q ②	Changes ②-①	Key Factors
Total assets	1,485.4	1,536.2	+50.8	• Increases in inventories, properties, plants and equipments
Total interest-bearing debt	721.9	789.6	+67.7	
Shareholders' equity	444.8	459.9	+15.1	
Shareholders' equity ratio	29.9%	29.9%	-0.0P	
Debt/equity ratio	1.6	1.7	+0.0	

- Both revenue and income decreased, due to the drop of the number of housing units sold in the Residential Development Unit. On the other hand, the Leasing Unit secured an increase in income because of the following reasons: an increase in sales in the property development business; growth in brokerage commission fees and construction ordered in the Service Management Sector.

(Billions of yen)	FY16/3 2Q Actual ①	FY17/3 2Q Actual ②	Changes ②-①
Operating revenue	292.9	248.1	-44.7
Residential Development	192.8	134.0	-58.8
Leasing	42.6	52.3	+9.7
Service & Management	63.2	67.7	+4.5
Investment Management	05.0	5.1	+0.0
Property Brokerage & CRE	15.0	16.8	+1.8
Property & Facility Management	43.1	45.6	+2.5
Other	0.7	0.0	-0.7
Adjustments	-6.6	-6.0	+0.5
Operating income	40.7	33.3	-7.3
Residential Development	21.3	10.6	-10.6
Leasing	13.0	14.6	+1.6
Service & Management	9.3	10.8	+1.5
Investment Management	3.3	3.4	+0.0
Property Brokerage & CRE	3.4	4.4	+1.0
Property & Facility Management	2.5	3.0	+0.4
Other	-0.0	-0.0	+0.0
Adjustments	-2.8	-2.8	+0.0

Key Factors of Changes in Operating income by Unit



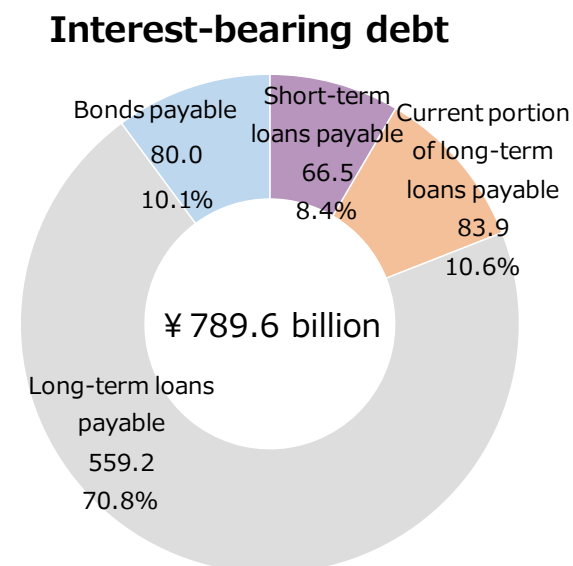
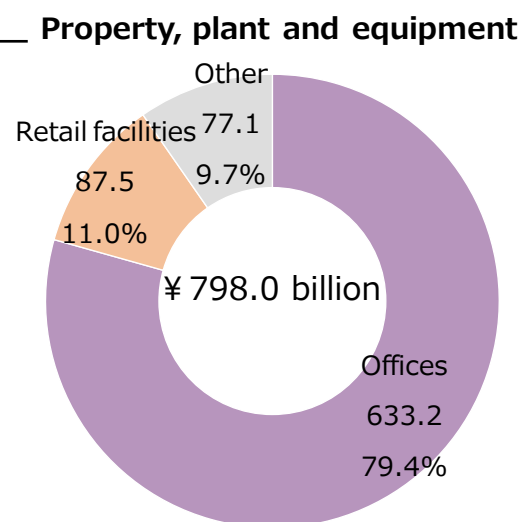
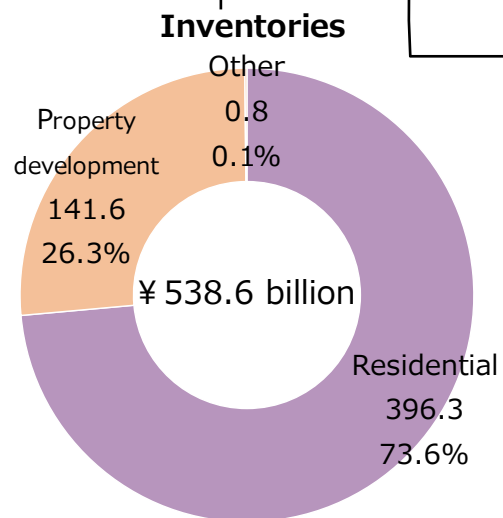
※As for the Service & Management sector, total sum of the Investment Management, Property Brokerage & CRE, and Property & Facility Management are shown.

Consolidated Balance Sheets

(Billions of yen)	As of	As of	Changes	Key Factors		
	Mar 31, 2016	Sep 30, 2016				
	①	②	② - ①			
Assets	1,485.4	1,536.2	+ 50.8			
Current assets	608.7	641.6	+ 32.9	<Inventories>		
(Breakdown)					Mar 31,	Sep 30,
Cash and deposits / Short-term investment securities	57.5	45.1	-12.4		2016	2016
Notes and accounts receivable-trade	15.3	15.5	+0.1	Residential	377.8	396.3
Inventories	496.9	538.6	+41.7	Property development	118.2	141.6
Equity investments	0.8	2.3	+1.5	Other business	0.9	0.8
Other current assets	38.0	40.0	+1.9	Adjustments	-0.1	-0.1
Noncurrent assets	876.6	894.5	+ 17.8	Total	496.9	538.6
Property, plant and equipment	779.0	798.0	+ 18.9			
Intangible assets	10.6	10.9	+0.2	<Property, plant and equipment >		
Investments and other assets	86.8	85.6	-1.2	• An increase associated with acquisition of three properties* from Nomura Real Estate Master Fund, Inc.(NMF)		
(Breakdown)				• Property development...Leasing, Investment Management, and • Other...Property & Facility Management, Other Unit		
Investment securities	45.5	44.1	-1.4			
Lease and guarantee deposits	21.3	21.5	+0.1			
Other noncurrent assets	20.0	19.9	-0.0			
Liabilities	1,029.0	1,064.1	+ 35.1			
Current liabilities	289.1	267.2	-21.8	<Notes and accounts payable-trade>		
(Breakdown)				• Payment of accounts payable of construction cost in the residential development business		
Notes and accounts payable-trade	51.1	42.9	-8.1			
Short-term loans payable, etc.	137.3	150.4	+13.1	<Deposits received>		
Deposits received	29.6	15.4	-14.1	• A decrease in deposits received of consignment sales of housing		
Other current liabilities	71.0	58.3	-12.6			
Noncurrent liabilities	739.9	796.8	+ 56.9	<Total interest-bearing debt>		
(Breakdown)				• Mar 31, 2016: ¥ 721.9 billion → Sep 30, 2016: ¥ 789.6 billion		
Bonds payable	60.0	80.0	+ 20.0			
Long-term loans payable	524.6	559.2	+ 34.6			
Lease and guarantee deposits received	63.7	64.7	+0.9			
Other noncurrent liabilities	91.5	92.9	+1.3			
Net assets	456.4	472.1	+ 15.6	<Shareholders' equity>		
Total liabilities and net assets	1,485.4	1,536.2	+ 50.8	• Mar 31, 2016: ¥444.8 billion → Sep 30, 2016: ¥459.9 billion		
Shareholders' equity ratio	29.9%	29.9%	△0.0P			
Debt/equity ratio	1.6	1.7	+0.0			

Total Assets : 1,536.2 billion yen

Current assets		Liabilities	
Cash and deposits / Short-term investment securities	45.1	Interest-bearing debt	789.6
Notes and accounts receivable-trade	15.5	Short-term loans payable, etc.	150.4
Inventories	538.6	Bonds payable	80.0
Residential	396.3	Long-term loans payable	559.2
Property development	141.6	Notes and accounts payable-trade	42.9
Other	0.8	Deposits received	15.4
Adjustments	-0.1	Other current liabilities	58.3
Equity investments	2.3	Lease and guarantee deposits received	64.7
Other current assets	40.0	Other noncurrent liabilities	92.9
Noncurrent assets		Net assets	
Property, plant and equipment	798.0	Equity	459.9
Offices	633.2	Subscription rights to shares	2.0
Commercial facilities	87.5	Non-controlling interest	10.1
Other	77.1		
Intangible assets	10.9		
Investments and other assets	85.6		



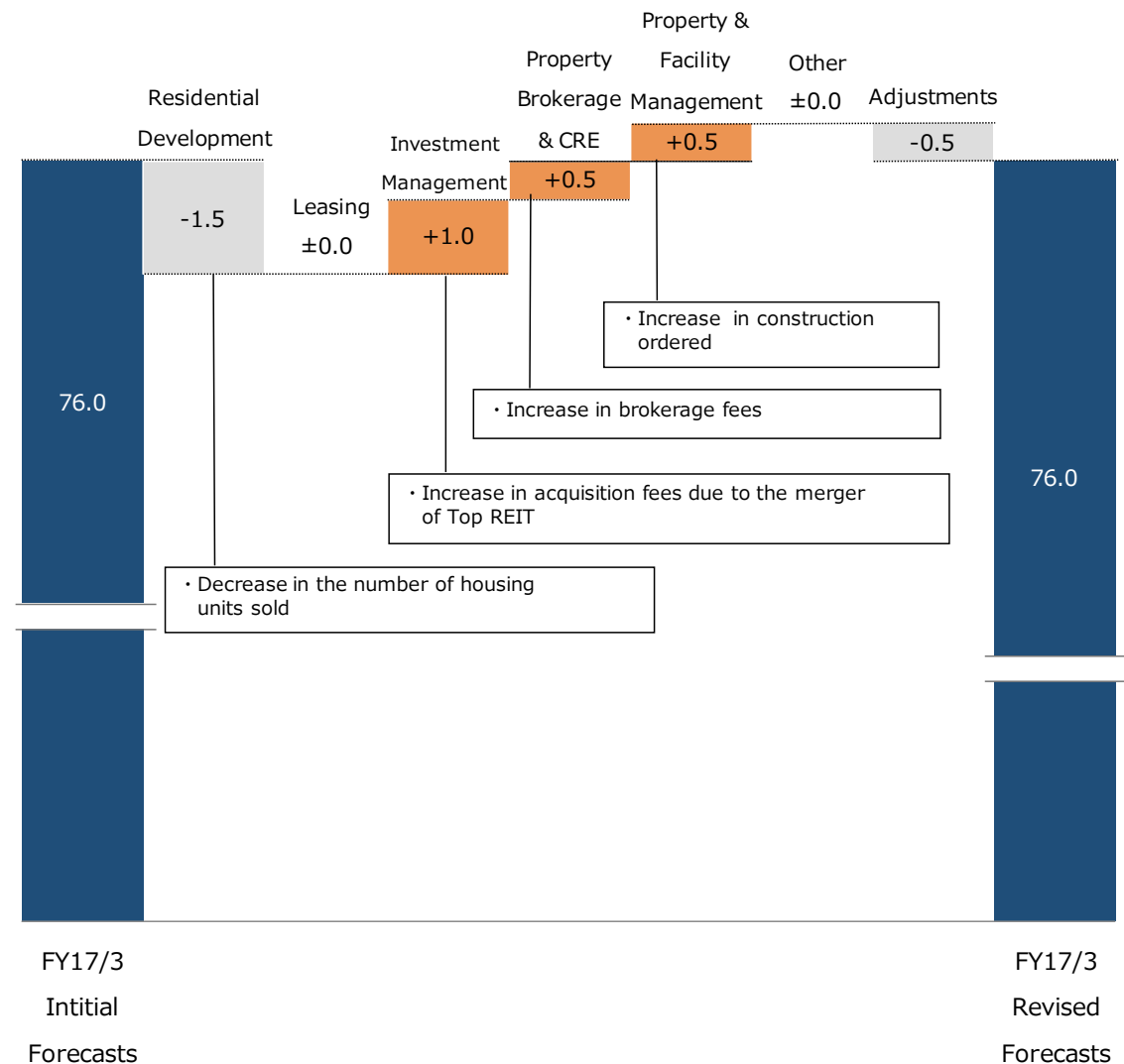
Residential: The Residential Development Unit
 Property development: The Leasing Unit, the Investment Management Unit, and the Property Brokerage & CRE Unit

- Financial Result Forecast of FY17/3 remained unchanged in the operating income, ordinary income, profit attributable to owners of parents as well as dividend forecast due to a smooth progress of Service Management Sector although there was a slight income decrease in Residential Development Unit.

(Billions of yen)	FY17/3 Initial Forecast ①	FY17/3 Revised Forecast ②	Changes ② - ①
Operating revenue	589.0	585.0	-4.0
Residential Development	339.0	336.0	-3.0
Leasing	121.0	119.0	-2.0
Service & Management	139.0	142.0	+3.0
Investment Management	8.0	9.0	+1.0
Property Brokerage & CRE	35.0	36.0	+1.0
Property & Facility Management	96.0	97.0	+1.0
Other	0.0	0.0	±0.0
Adjustments	-10.0	-12.0	-2.0
Operating income	76.0	76.0	±0.0
Residential Development	30.5	29.0	-1.5
Leasing	30.5	30.5	±0.0
Service & Management	19.0	21.0	+2.0
Investment Management	4.5	5.5	+1.0
Property Brokerage & CRE	8.5	9.0	+0.5
Property & Facility Management	6.0	6.5	+0.5
Other	0.0	0.0	±0.0
Adjustments	-4.0	-4.5	-0.5
Ordinary income	67.0	67.0	±0.0
Profit attributable to owners of parent	43.0	43.0	±0.0
Net income per share (yen)	224.33	224.22	-0.11
Cash dividends per share (yen)	60.00	60.0	±0.00

※As for the Service & Management sector, total sum of the Investment Management, Property Brokerage & CRE, and Property & Facility Management are shown.

Key Factors of Changes in Operating Income by Unit



Unit Information

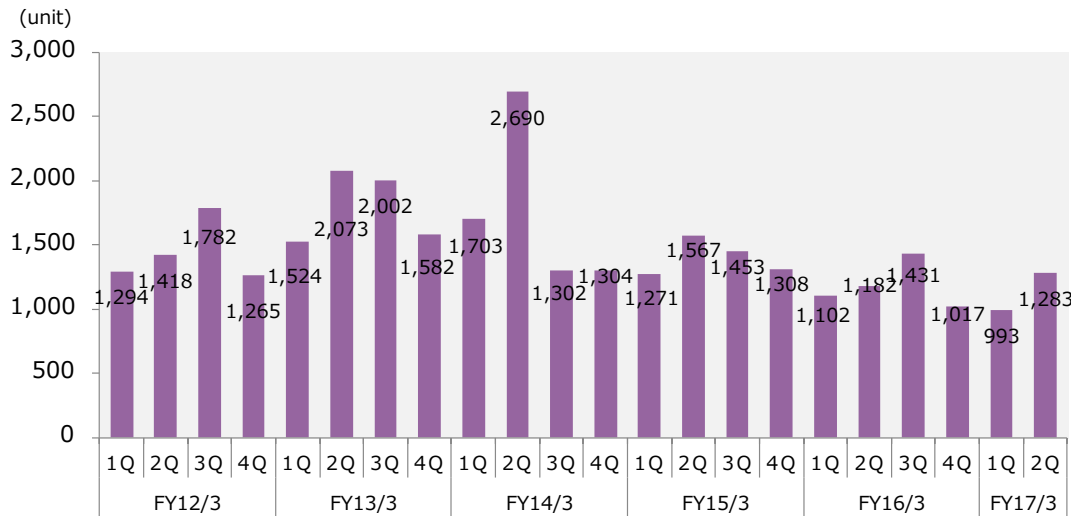
【Residential Development Unit】

- Both income and revenue decreased due to a decrease in the number of housing units sold, while average housing prices and gross margin ratio have been rising. The gross margin ratio rose to 22.8% (up 0.8 points y/y).

(Billions of yen)	FY16/3 2Q Actual ①	FY17/3 2Q Actual ②	Changes ② – ①	FY16/3 Actual ③	FY17/3 Revised Forecast ④	Changes ④ – ③	FY17/3 Initial Forecast ⑤	Changes ④ – ⑤
Operating revenue	192.8	134.0	-58.8	334.5	336.0	+1.4	339.0	-3.0
Housing sales	183.8	122.9	-60.8	318.7	—	—	—	—
Other	9.0	11.0	+2.0	15.7	—	—	—	—
Operating income	21.3	10.6	-10.6	31.9	29.0	-2.9	30.5	-1.5
【Housing sales indicators】								
Housing sales (unit)	3,417	2,006	-1,411	6,006	5,650	-356	5,750	-100
Condominiums	3,242	1,821	-1,421	5,363	5,000	-363	5,100	-100
Detached housing	174	185	+11	643	650	+7	650	±0
Tokyo metropolitan area	3,120	1,620	-1,500	4,721	4,400	-321	4,450	-50
Osaka metropolitan area	232	168	-64	857	800	-57	800	±0
Other area	64	217	+153	427	450	+23	500	-50
Sold but not recorded housing (unit)	3,634	3,762	+128	3,493	—	—	—	—
Completed housing inventories (unit)	160	712	+552	349	—	—	—	—
Average sales price (million yen)	53.80	61.29	+7.49	53.07	—	—	—	—
Gross margin ratio (%)	22.0%	22.8%	+0.8P	21.9%	—	—	—	—

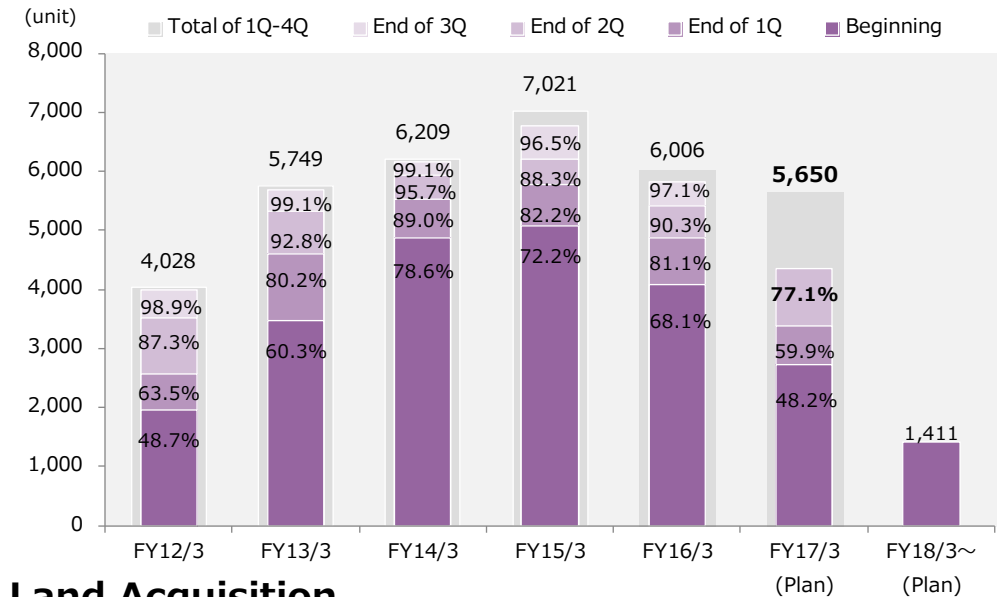
Number of Contracted Housing Units

- **2,276 units** were contracted by 2Q



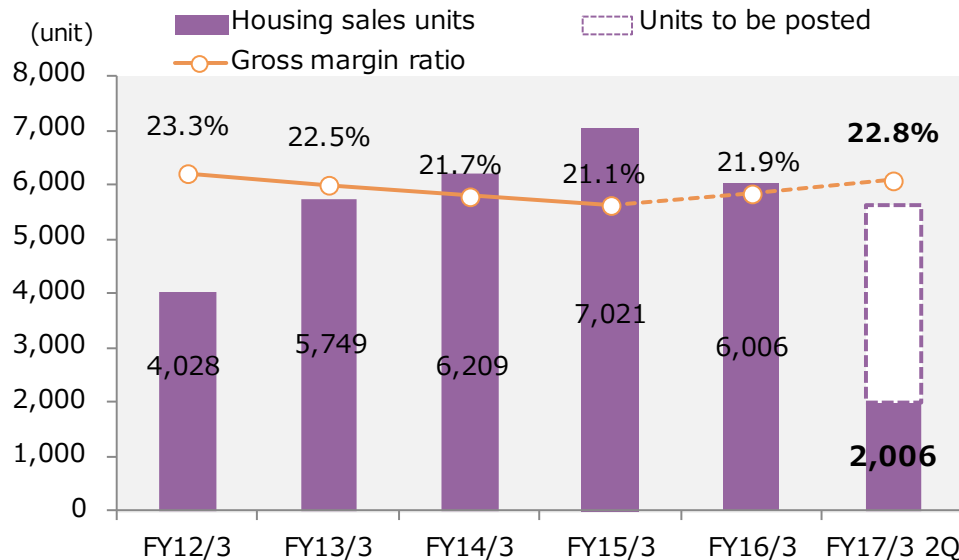
Contract Rates

- **4,358 units (77.1%)** had been contracted as of the end of 2Q



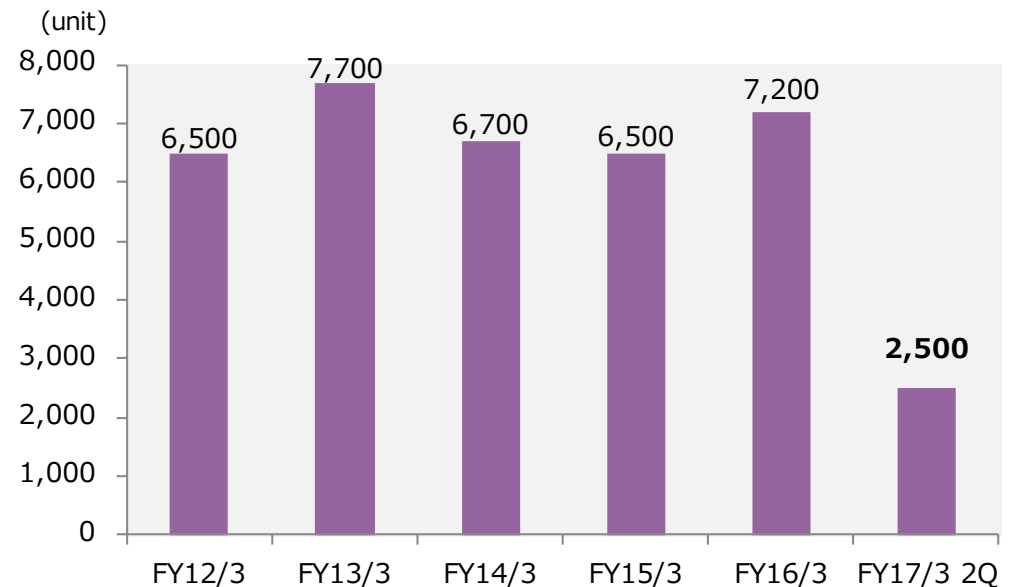
Gross Profit Margin & Number of Housing Units Sold

- Gross margin ratio rose to **22.8%** due to the recording large-scale properties.



Land Acquisition

- Lands for **2,500 units** were acquired by 2Q.

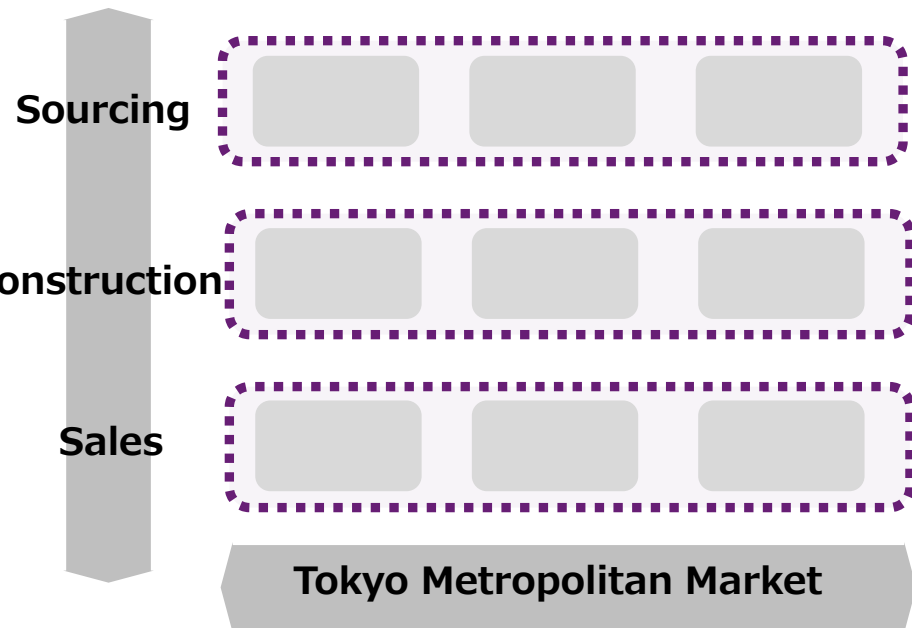


- In order to acquire lands and produce products that reflects local market needs, we conducted structural reform aiming at strengthening our integrated development, sales and management structure. (enacted on April, 2016)
- By shifting from a function-focused structure to an area-focused structure, we intend to improve quality of business as well as decision-making process. This is to strengthen the business promotion in terms of land acquisition, architecture and sales.

Structural Reform in Residential Development Unit (Condo projects in the Tokyo metropolitan area)

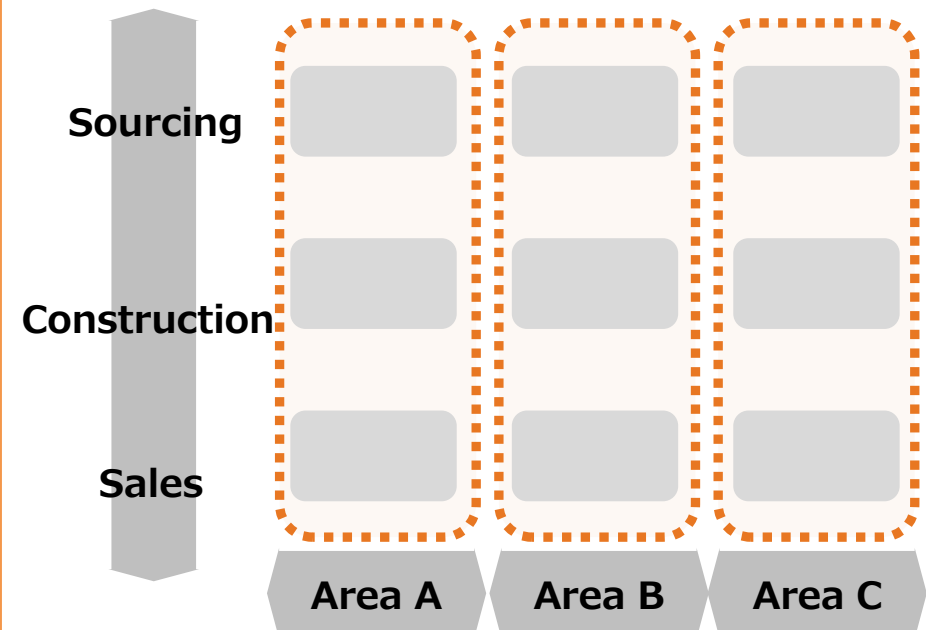
Quantitative Growth

- Structure with teams grouped by their functions.



Qualitative Growth

- Structure with teams grouped by market areas.



【Reference】 Major Upcoming Projects & Land Bank

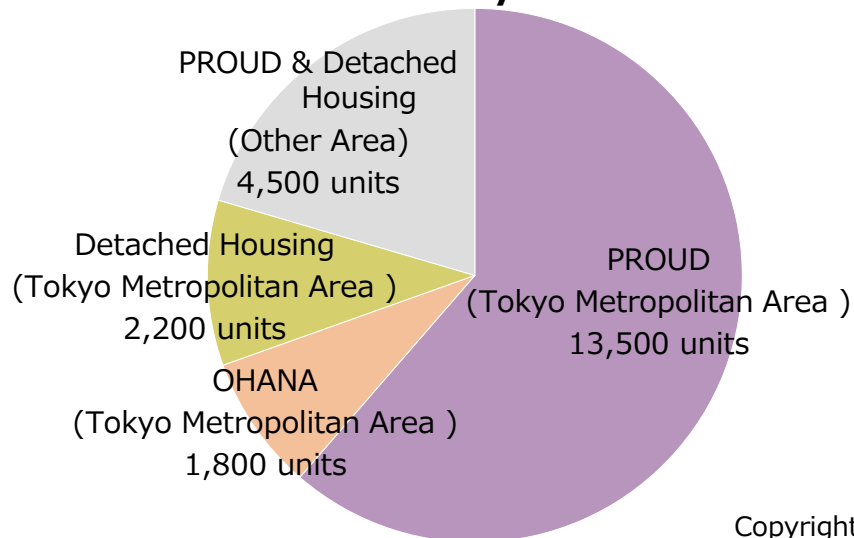
FY17/3	FY18/3	FY19/3	FY20/3~
PROUD CITY Asagaya (Suginami-ku, Tokyo 313 units *2)	PROUD Roppongi (Minato-ku, Tokyo 17 units *2)	Akashicho II Project (Chuo-ku, Tokyo 109 units)	Shirokane 1chome East District North Redevelopment Project (Minato-ku, Tokyo 120 units *2)
PROUD TOWER Kiyosumishirakawa (Koto-ku, Tokyo 132 units)	PROUD Sakurashinmachi (Setagaya-ku, Tokyo 174 units)	Nihonbashi Ningyocho III Project (Chuo-ku, Tokyo 36 units)	Musashi-Koganei Station South Second Block Redevelopment Project (Koganei-shi, Tokyo 620 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)	Shimorenjaku Project (Mitaka-shi, Tokyo 319 units *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)	Hiyoshi Minowacho Project (Kouhoku-ku, Yokohama-shi undecided *1*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 189 units *2)
PROUD TOWER Akashi (Akashi-shi, Hyogo 102 units *2)	PROUD TOWER Nagoya-Sakae (Naka-ku, Nagoya-shi 214 units *2)	AIR HILLS Fujisawa (Fujisawa-shi, Kanagawa 105 units *2)	Koraibashi Project (Chuo-ku, Osaka-shi 170 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.

Land Bank

**22,000 units after
the 2nd half of the fiscal year**



PROUD Fuchu Station Arena



PROUD TOWER Kiyosumishirakawa

[Reference] Residential Large-scale Redevelopment & Rebuilding Business

- Through our No.1 track record in the industry and a wealth of know-how, promote various redevelopment and rebuilding projects that have potential for growth

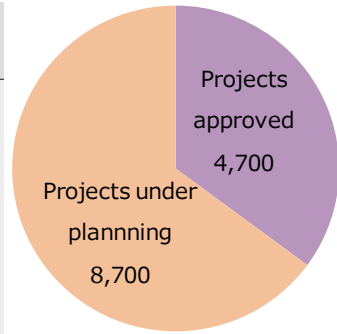
Major Redevelopment & Rebuilding Projects

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*1	313	Complete		
PROUD Fuchu Station Arena	111	Complete		
PROUD TOWER Musashi-urawa Residence	165	Complete		
PROUD TOWER Nagoya-Sakae*1	214	Complete		
Gracia Tower Futamatagawa*1	81	Complete		
Higashi-Ikebukuro 5chome Redevelopment	110	Start	Complete	
Musashi-Koganei Station South Exit Second District Redevelopment *2	620	Start	Complete	
Sakai-Higashi GIORNO Redevelopment *1	272	Start	Complete	
<u>Tokyo Olympic · Paralympic Athlete's Village *1</u>	489	Start		Complete
<u>Minamikojiwa 6-chome district Redevelopment *1</u>	324	Start	Complete	Complete
Hankyu Tsukagkuchi Satation-Front Redevelopment *2	338	Start	Complete	
Higashi-Ikebukuro Station-Front Redevelopment	210	Start	Complete	
Hirai Station North Exit District Redevelopment	318	Start	Complete	
Kawaguchi-sakemachi 3chome District Redevelopment	414	Start	Complete	
Shakujii-Kouen Station South Exit West District Redevelopment	185	Start	Complete	
Funabashi Station South Exit District Redevelopment	201	Start	Complete	
Tsukisima 3chome South Redevelopment *1	270	Start	Complete	
Tateishi Station South Exit East District Redevelopment *1	245	Start	Complete	
Kachidoki Station South Exit 8&9 Block Redevelopment *1	400	Start	Complete	
Iidabashi Station Central District Redevelopment *2	175	Start	Complete	
Akasaka 7chome 2nd Distict Redevelopment *1	230	Start	Complete	
<u>Kodaira Station-Front north District Redevelopment *1</u>	248	Start	Complete	
<u>Minami-Ikebukuro 2chome C-District Redevelopment *1</u>	363	Start	Complete	
Nishi-Shinjuku 3chome West Redevelopment*1,2	921	Start	Complete	
<u>Kouyamachi-Miyukicho Redevelopment (Shizuoka) *1</u>	102	Start	Complete	
Nishi-Ojima Station-Front Redevelopment*1	420	Start	Complete	
Nishi-Nippori Station-Front Redevelopment*1,2	483	Start	Complete	

※ 1 : JV projects ※ 2 : Land acquired not only for housing but also for other usage.
 Underlined are new projects

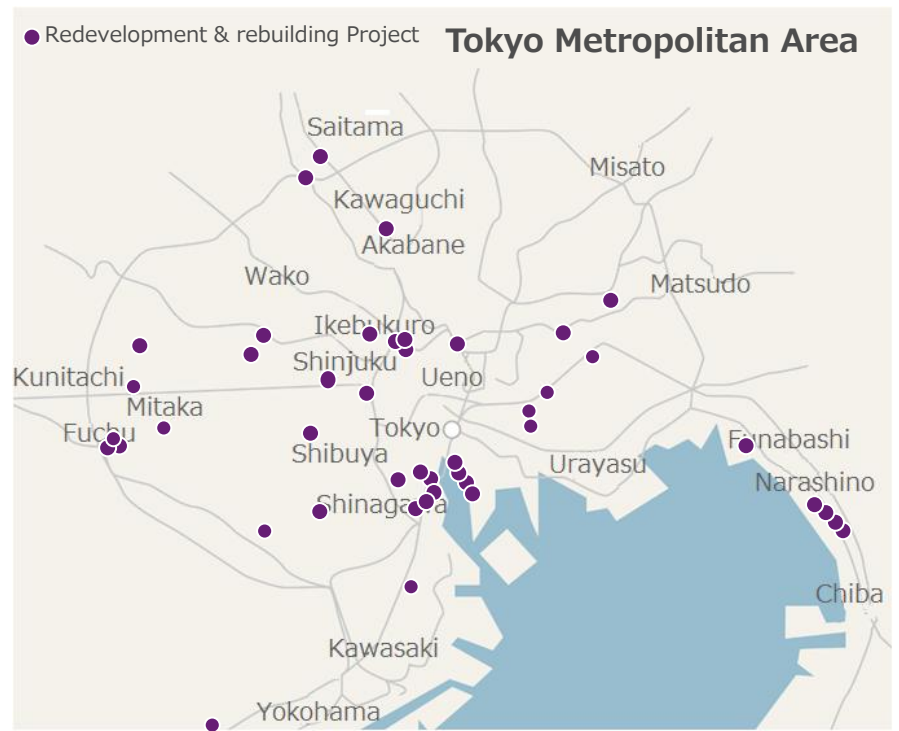
Projects approved (purple bar) : Projects under planning (orange bar)

Breakdown of Residential Redevelopment / Rebuilding Projects



Of all the 22,000 units of stocks for the second half of current FY, projects approved of **4,700 units** are included. There are also projects under planning of **8,700 units** and are categorized into projects approved accordingly.

*Projects approved: Time schedules are authorized.
 **Project under planning: Time schedules are yet to be authorized.



All projects are still in planning phase, therefore they are subjects to change.

Regional Core Cities

- Coping with demands for compact cities, developed businesses in regional core cities. Joined a redevelopment project in the Shizuoka Station-Front as well as acquired a land for project in Niigata.

Major regional core cities



Overseas

- In addition to a project in Ho Chi Minh City, Vietnam, joined a residential development in Shenyang, China. Focusing on Southeast Asia, considering to take part in multiple projects.

Ho Chi Minh City, Vietnam Total number of units: 2,100 Our share : 12% Term to be posted: FY2121/3



Shenyang, China Total number of units : 4,100 Our share : 11% Term to be posted: FY2020/3



【Leasing Unit】

- Both revenue and income rose due to an increase in sales of property development and improvement in vacancy rate.
- The vacancy rate decreased to 1.2 % as of the end of 2Q.(down 1.0 points from March 31, 2016)

(Billions of yen)	FY16/3 2Q Actual ①	FY17/3 2Q Actual ②	Changes ② - ①	FY16/3 Actual ③	FY17/3 Revised Forecast ④	Changes ④ - ③	FY17/3 Initial Forecast ⑤	Changes ④ - ⑤
Operating revenue	42.6	52.3	+9.7	110.2	119.0	+8.7	121.0	-2.0
Leasing (offices)	24.6	25.5	+0.8	49.5	—	—	—	—
Leasing (retail facilities)	5.3	5.7	+0.3	10.8	—	—	—	—
Leasing (other)	2.9	2.9	+0.0	5.8	—	—	—	—
Property development (sale)	4.4	13.6	+9.1	33.2	—	—	—	—
Property development (leasing)	1.8	1.8	+0.0	3.3	—	—	—	—
Other	3.3	2.7	-0.5	7.2	—	—	—	—
Operating income	13.0	14.6	+1.6	31.7	30.5	-1.2	30.5	±0.0
Rentable floor area (sqm)	936,348	976,688	+40,340	974,127	—	—	—	—
Offices	828,171	831,891	+3,720	829,312	—	—	—	—
Retail facilities	108,178	144,797	+36,619	144,815	—	—	—	—
Vacancy rate	3.4%	1.2%	-2.2P	2.2%	—	—	—	—

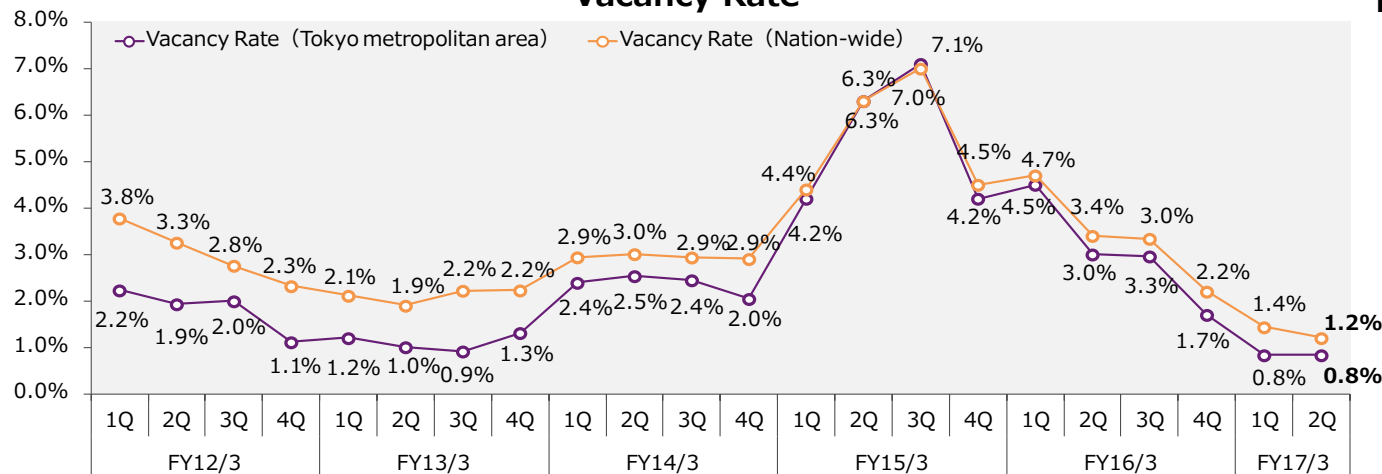
* Leasing (offices) includes subleasing properties

➤ [Reference] Rent revenue change analysis

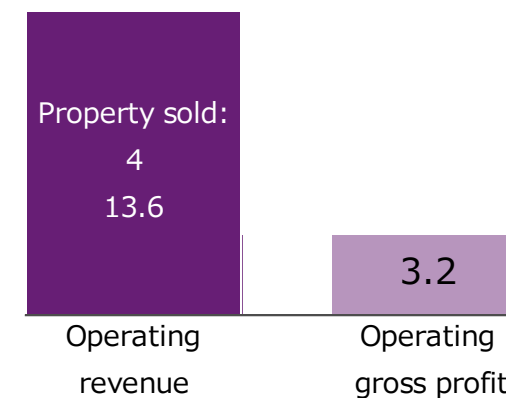
Changes

New buildings	+0.9	Increased by 3 properties acquired from Nomura Real Estate Master Fund, Inc.
Existing buildings	+0.7	Hamamatsucho Building (Toshiba Building), etc.
Sold / Termination	-0.4	Sales of Nomurafudosan Akasaka Center Building and other properties

Vacancy Rate



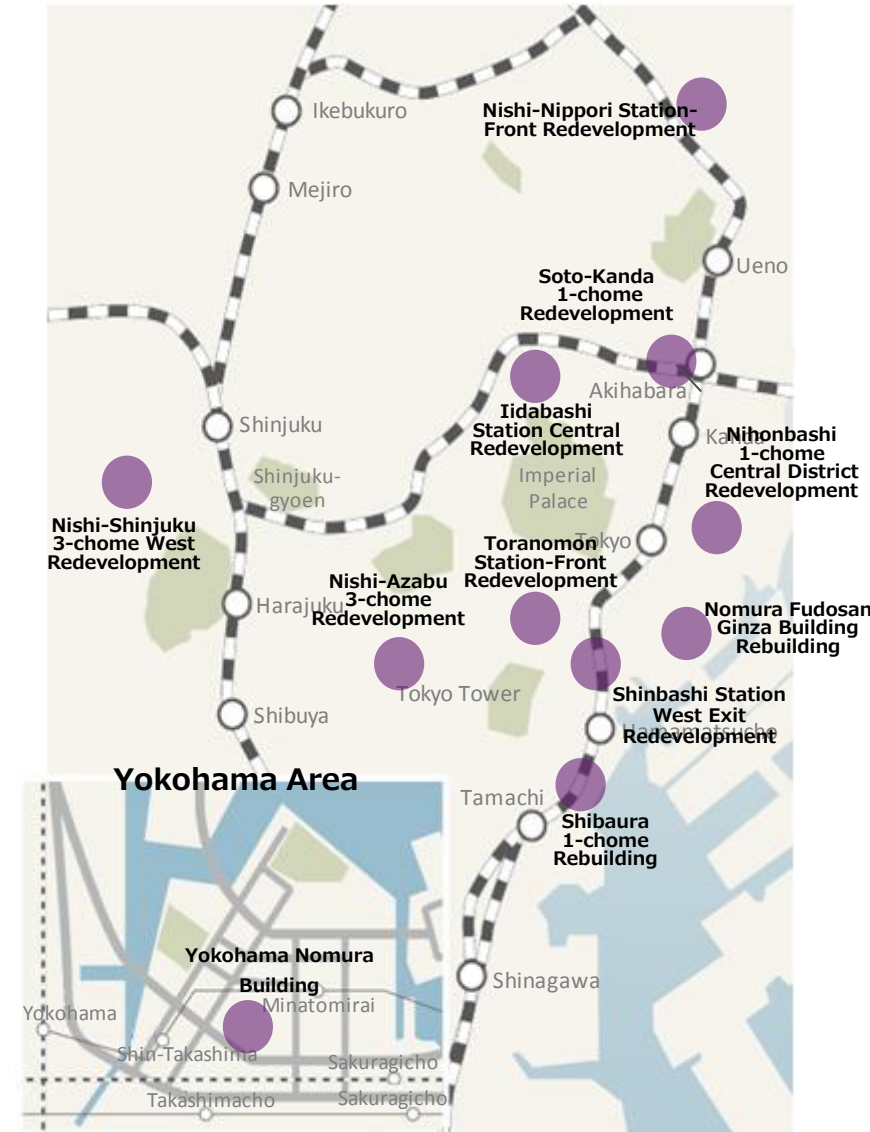
Breakdown of Property Development (Sale) Operating Revenue ¥ 13.6 billion



- Promote Complex Development Projects actively in Tokyo Metropolitan Area

Major Large-scale Redevelopment & Complex Development

Project name	Progress situation	Main use	Area planned to be acquired	Construction schedule		
				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)	Application for rights conversion plan/Buildings in the area are to be demolished in FY17/3	Office	Approx. 13,000㎡	Start	Complete	
Musashi-Koganei station 2nd District Redevelopment	Application for rights conversion plan	Retail Residential	Approx. 12,000㎡	Start	Complete	
Minamikojiwa 6-chome Redevelopment	Selected as business partners The Redevelopment Union was established	Retail Residential	Approx. 4,500㎡	Start	Complete	Complete
Soto-Kanda 1chome Redevelopment	Blueprint of the project is under discussion	Office	Approx. 31,000㎡		Start	Complete
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residential	Approx. 20,000㎡		Start	Complete
Nishi-Azabu 3chome Redevelopment*	Blueprint of the project is under discussion	Hotel Residential	TBD		Start	Complete
Nishi-Shinjuku 3chome West Redevelopment*	Blueprint of the project is under discussion	Retail Residential	Approx. 21,000㎡		Start	1st term Complete
Shibaura 1chome Rebuilding* (Designated as National Strategic Special Zone)	Preparing to be certified as a national strategic special zone	Complex	TBD		Start	1st term Complete
Nihonbashi 1-chome Central District Redevelopment * (Proposed for national strategic special zone)	Proposed as a national strategic special zone	Office	TBD		Start	
Nishi-Nippori Station-Front Redevelopment*	Blueprint of the project is under discussion	Retail Residential	Approx. 15,000㎡		Start	Complete
Shinbashi Station West Exit Redevelopment*	Blueprint of the project is under discussion	Office Retail	TBD			Start
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building) *	-	Office	TBD		TBD	



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

- **Yokohama Nomura Building to be completed in January, 2017.**
 The whole building to be leased up by Nomura Research Institute and planned to be fully operated from April, 2017.
- **Nomura Fudosan Sendai Aoba-dori Building to be completed in April, 2017.**
 Contracted with Fujitsu Limited, which is to be a major tenant.

Yokohama Nomura Building



Location:
 Block No. 46, Minato Mirai 21 Central District, Nishi-ku, Yokohama-shi, Kanagawa

Access: 4-minute walk from Shin-takashima station

No. of stories : 17 stories above ground

Total floor area: 81,656㎡

Schedule: Plan to complete in Jan. 2017, operate in Apr. 2017

Our total investment amount:
 About ¥32billion

Nomura Fudosan Sendai Aoba-dori Building



Location:
 Aoba-ku, Sendai-shi, Miyagi

Access: 6-minute walk from Sendai station, 1-minute walk from Aoba-dori station

No. of stories : 10 stories above ground, 1 basement floor

Total floor area: 12,675㎡

Schedule: Plan to complete and operate in Apr. 2017

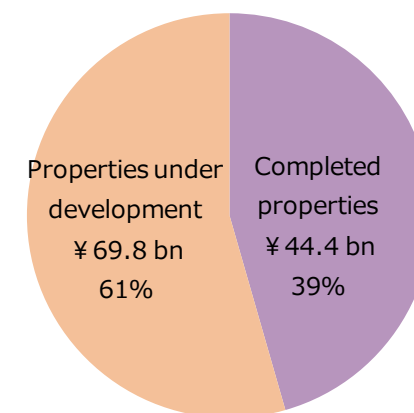
Our total investment amount:
 About ¥8 billion

- Increase developed properties to ¥ 200 billion by 2025, while selling some portion of the portfolio.
- **Seven properties (¥ 28.0 billion of estimated investments*)** were acquired in FY17/3 (1Q & 2Q).

Expansion Plan of Property Development (on Balance Sheet)

(billion of yen)	FY17/3 2Q (on B/S)	Phase 1 (FY17/3~FY19/3)	Phase 2 (FY20/3~FY22/3)	Phase 3 (FY23/3~FY25/3)
PMO, etc. (Office)	44.8	60.0	65.0	65.0
GEMS, etc. (Retail)	17.4	35.0	35.0	35.0
Landport, etc. (Logistics)	39.3	45.0	70.0	70.0
PROUD FLAT, etc. (Residential)	12.6	15.0	20.0	30.0
Expansion of Property Development	114.2	155.0	190.0	200.0

Breakdown (as of the end of 2Q)



Acquisition & Sales in FY17/3 (1Q & 2Q)

Office	Acquisition (Total investment planned for projects)	Sale (sale value)
	2 project (¥ 14.5 billion※)	—

Logistics	Acquisition (Total investment planned for projects)	Sale (sale value)
	1 project (¥ 6.0 billion)	1 project (¥ 10.6 billion)

Retail	Acquisition (Total investment planned for projects)	Sale (sale value)
	1 project (¥ 2.0 billion)	—

Leasing	Acquisition (Total investment planned for projects)	Sale (sale value)
	3 project (¥ 5.5 billion)	3 project (¥ 3.0 billion)

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

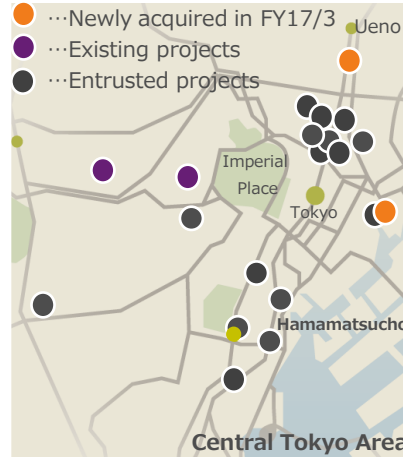
Office “PMO”



PMO Hirakawa-cho



PMO Nihonbashi Edo Dori



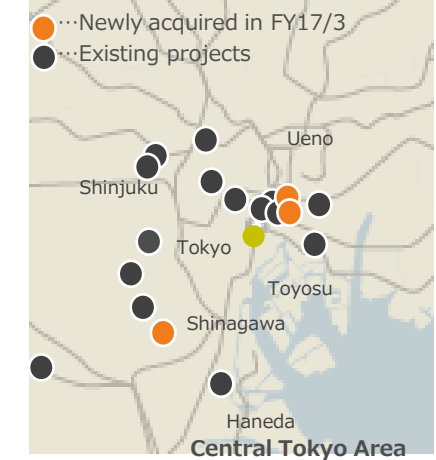
Rental housing “PROUD FLAT”



PROUD FLAT Soto - Kanda



PROUD FLAT Noborito



	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-Kodenmacho, 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	PMO Shin-Nihonbashi Project	Nihonbashi-Honcho, Chuo-ku	2016/11(plan)	Construction
9	PMO Shibuya Project	Shibuya, Shibuya-ku	2017/6(plan)	Construction
10	PMO Uchi-Kanda Project	Uchi-Kanda, Chiyoda-ku	2017/6(plan)	Construction
11	PMO Kanda Iwamotocho 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	2018/2(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	2018/7(plan)	Planning
17	PMO Hamamatsucho Project	Hamamatsucho, Chiyoda-ku	2019/2(plan)	Planning
18	PMO Kanda-Sudacho Project	Kanda-Sudacho, Chiyoda-ku	2020/4(plan)	Planning
19	PMO Shinkawa 2-chome Project※	Shinkawa, Chuo-ku	2018/3(plan)	Planning
20	PMO Akihabara III Project	Taito, Taito-ku	2019/1(plan)	Planning

※JV Project

Property acquired in FY17/3

	Name	Location	No. of units	Completion	Status
1	PROUD FLAT KagurazakaⅢ	Shinjuku-ku, Tokyo	35 units	2015/4	Sold
2	PROUD FLAT Higashi-Nakano	Nakano-ku, Tokyo	49 units	2015/2	Sold
3	PROUD FLAT Gakugeidaigaku II	Meguro-ku, Tokyo	36 units	2015/9	Sold
4	PROUD FLAT Sangenjaya II	Setagaya-ku, Tokyo	70 units	2014/1	Operation
5	PROUD FLAT Omori III	Shinagawa-ku, Tokyo	49 units	2014/10	Operation
6	PROUD FLAT Kinshicho	Sumida-ku, Tokyo	36 units	2014/12	Operation
7	PROUD FLAT Higashi-Kanda	Chiyoda-ku, Tokyo	38 units	2015/4	Operation
8	PROUD FLAT Mitsukoshimae	Chuo-ku, Tokyo	40 units	2015/7	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 Soto-Kanda	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)	Construction
14	PROUD FLAT Asakusabashi	Taito-ku, Tokyo	38 units	2017/2 (plan)	Construction
15	PROUD FLAT Monzen-nakacho V	Koto-ku, Tokyo	99 units	2017/10 (plan)	Construction
16	PROUD FLAT Miyazakidai	Miyamae-ku, Kawasaki	82 units	2017/11 (plan)	Construction
17	PROUD FLAT Togoshi	Shinagawa-ku, Tokyo	99 units	2018/4 (plan)	Planning
18	PROUD FLAT Asakusabashi II	Taito-ku, Tokyo	77 units	2018/11(plan)	Planning
19	PROUD FLAT Higashi-Nihonbashi	Chuo-ku, Tokyo	43 units	2018/9(plan)	Planning

Property acquired in FY17/3

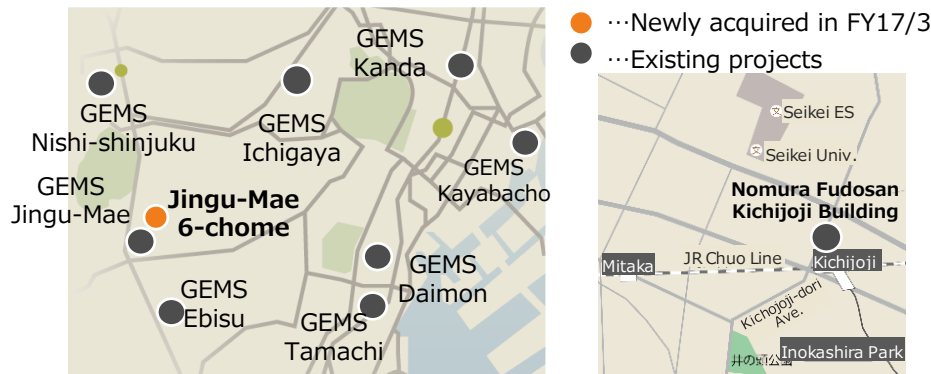
Retail Facilities "GEMS"



GEMS Daimon

GEMS Kanda

GEMS Ebisu



Name	Location	Completion	Status
1 Nomura Fudosan Kichijoji Building	Kichijoji-Honcho, Musashino-shi	2014/7	Partially sold
2 GEMS Daimon	Shibadaiimon, 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	2019/3 (plan)	Planning
9 GEMS Nishi-Shinjuku Project	Nishi-shinjuku, Shinjuku-ku	2020/8 (plan)	Planning
10 GEMS Sangenjaya Project	Taishido, Setagaya-ku	2018/5 (plan)	Planning
11 GEMS Shin-Yokohama Project	Yokohama, Kohoku-ku	2018/6 (plan)	Planning
12 GEMS Shimbashi Project	Simbashi, Minato-ku	2018/3 (plan)	Planning
13 Jingumae 6-chome Project*	Jingu-mae, Shibuya-ku	2017/9 (plan)*	Planning

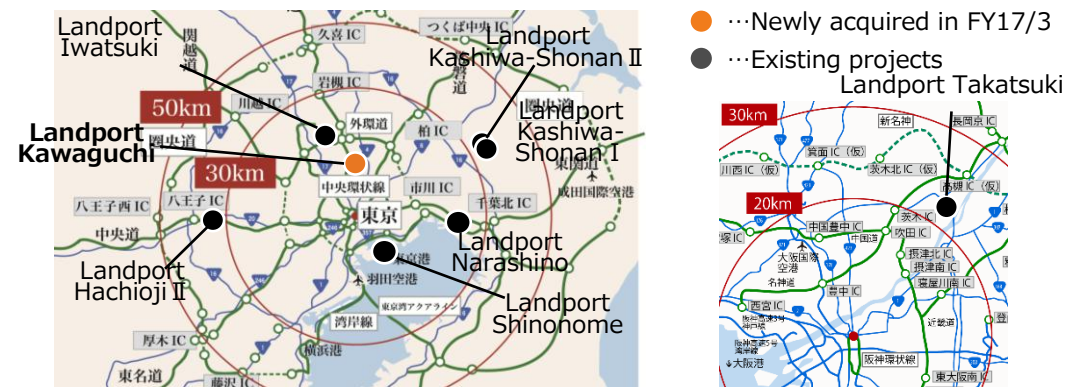
*Plan to renew existing retail facility for the Jingu-mae 6-chome project. The completion period is the safe as the renewal completion period.

Property acquired in FY17/3

Logistics Facilities "Landport"



Landport Iwatsuki



Name	Location	Completion	Status
1 Landport Kashiwa-Shonan II Project	Kashiwa-shi, Chiba	2016/4	Sold
2 Landport Kashiwa-Shonan I Project	Kashiwa-shi, Chiba	2016/1	Operation
3 Landport Iwatsuki	Saitama-shi, Saitama	2016/5	Operation
4 Landport Hachioji II	Hachioji-shi, Tokyo	2016/9	Operation
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	Narashino-shi, Chiba	2019/11 (plan)	Planning
9 Landport Kawaguchi Project	Kawaguchi-shi, Saitama	2020/1 (plan)	Planning

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



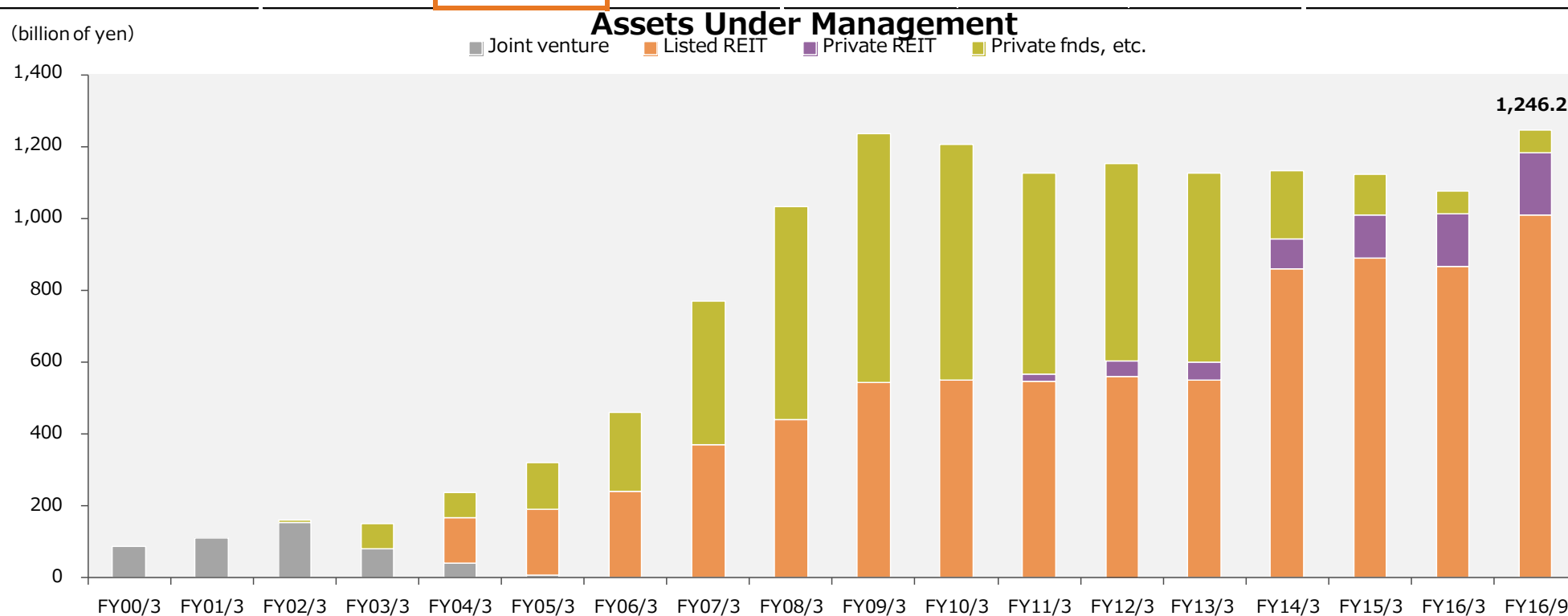
Umeda Sky Building



Nomura Fudosan
Tennozu Building

- Due to an increase in acquisition fees resulting from the merger with Top REIT, both revenue and income increased.

(billion of yen)	FY16/3 2Q	FY17/3 2Q	Changes ②-①	FY16/3	FY17/3 Revised forecast	Changes ④-③	FY17/3	Changes ④-⑤
	Actual ①	Actual ②		Actual ③	④		Initial forecast ⑤	
Operating revenue	5.0	5.1	+0.0	10.9	9.0	-1.9	8.0	+1.0
Operating income	3.3	3.4	+0.0	7.3	5.5	-1.8	4.5	+1.0
Assets under management	1,097.3	1,246.2	+148.8	1,074.4	—	—	—	—
Listed REIT	894.4	1,009.9	+115.4	866.1	—	—	—	—
Private REIT	129.7	173.4	+43.7	146.5	—	—	—	—
Private funds, etc.	73.1	62.7	-10.3	61.8	—	—	—	—




【Reference】 Merger of Nomura Master Fund (NMF) and Top REIT and future growth strategy

- NMF and Top REIT merged on Sept. 1, forming largest and leading J-REIT with asset size of ¥ 930 billion.
- In accordance with the merger, a target of NMF's growth strategy was upward revised: "To achieve asset scale of ¥ 1.5 trillion within 5-6 years".

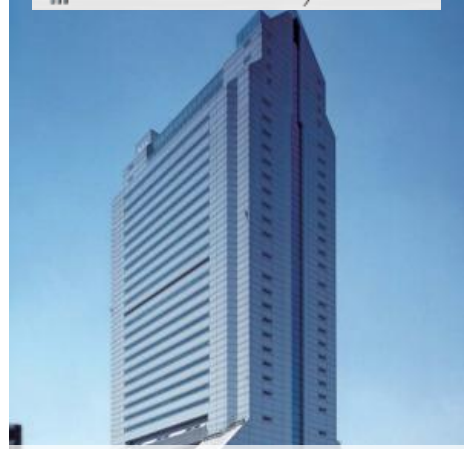
【Before】

NOMURA REAL ESTATE MASTER FUND.



Before merger
No. of properties: 252
Total acquisition price :
¥ 784.6bn

TOP REIT, Inc.



Before merger
No. of properties: 20
Total acquisition price :
¥ 190.4bn

Merger

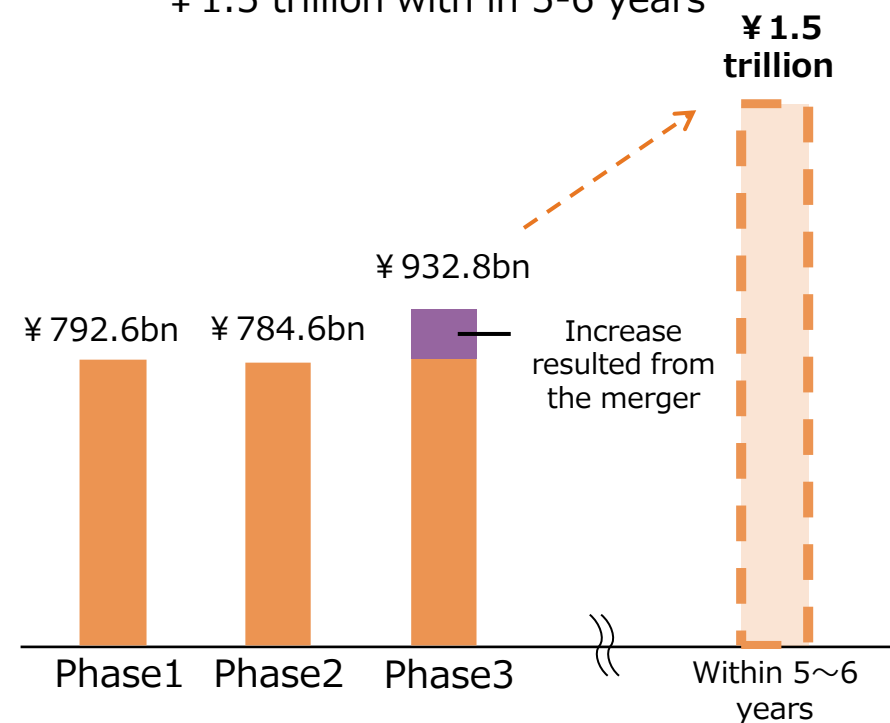
【After】

NOMURA REAL ESTATE MASTER FUND.

No. of properties : 272
Asset size : ¥ 932.8bn (※1)

Estimated total acquisition price
¥ 137.4bn (※2)

NMF's Growth Strategy
To achieve an asset size of
¥ 1.5 trillion with in 5-6 years



※ Figures above are calculated based on a material released by NMF on Oct 19, 2016. For further details, please refer to the material.

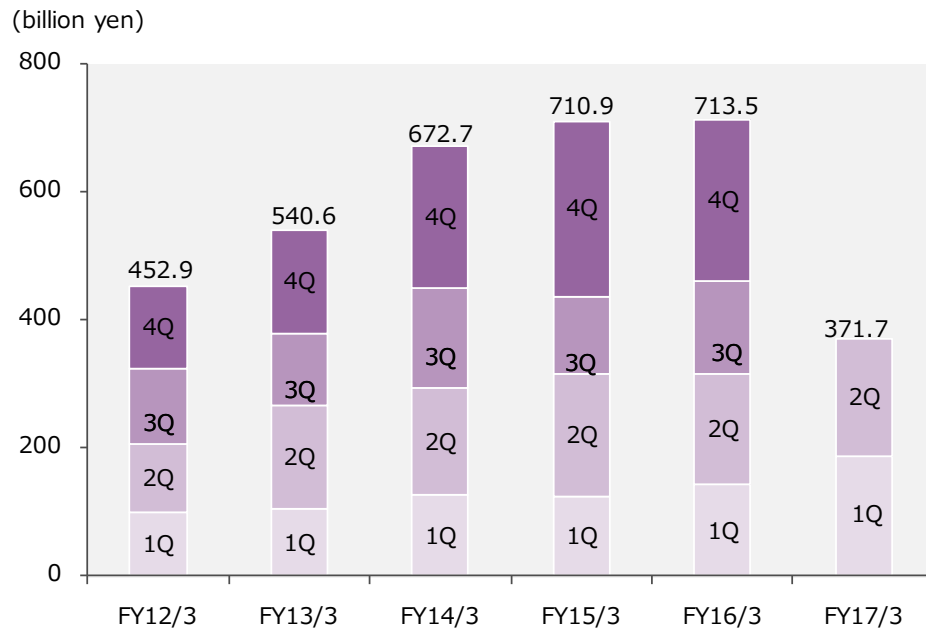
(※1) Figure includes acquisition price ¥ 10.8bn of Landport Kashiwaminami II, which obtained on Sep.1,2016.

(※2) The market price of assets of Top REIT is under investigation.

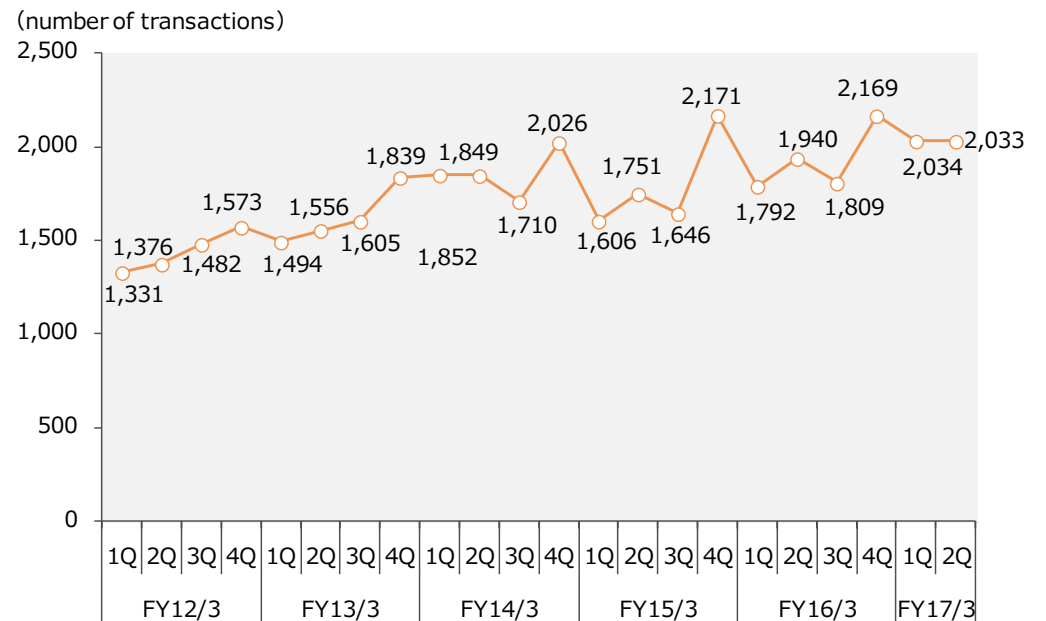
- Both revenue and income rose due to brokerage commission fee increased.

(billion of yen)	FY16/3 2Q Actual ①	FY17/3 2Q Actual ②	Changes ②-①	FY16/3 Actual ③	FY17/3 Revised forecast ④	Changes ④-③	FY17/3 Initial forecast ⑤	Changes ④-⑤
Operating revenue	15.0	16.8	+1.8	35.3	36.0	+0.6	35.0	+1.0
Property brokerage	12.6	14.8	+2.2	28.0	—	—	—	—
Other	2.3	2.0	-0.3	7.3	—	—	—	—
Operating income	3.4	4.4	+1.0	9.9	9.0	-0.9	8.5	+0.5
【Brokerage indicators】								
Total transaction value (billion yen)	315.9	371.7	+55.8	713.5	—	—	—	—
Number of transactions	3,732	4,067	+335	7,710	—	—	—	—
Commission fee (billion yen)	12.6	14.8	+2.2	28.0	—	—	—	—
Commission rate (%)	4.0%	4.0%	+0.0P	3.9%	—	—	—	—
Number of retail stores	65	71	+6	68	—	—	—	—

Total Transaction Value of Property Brokerage



Number of Transactions



Wholesale Business

- Commission income doubled in four years, making highest record in 2Q, FY2017.
- Conducted reorganization in order to provide more tender service for various customers with various needs of real estate. Integrated the organizations into Corporate Real Estate Service Division, Nomura Real Estate Development Co.,Ltd. aiming at unifying information and increasing opportunities of transactions.
- In order to provide service efficiently in broader areas, increased the number of employees at Kansai and Nagoya branches, as well as established new branches in Fukuoka and Kyoto.

Wholesale Business Structure

Conventional Structure



- Expanded business opportunities and customer foundation by each division
- Overlapping customers occurred in some situations. Information managed by each division

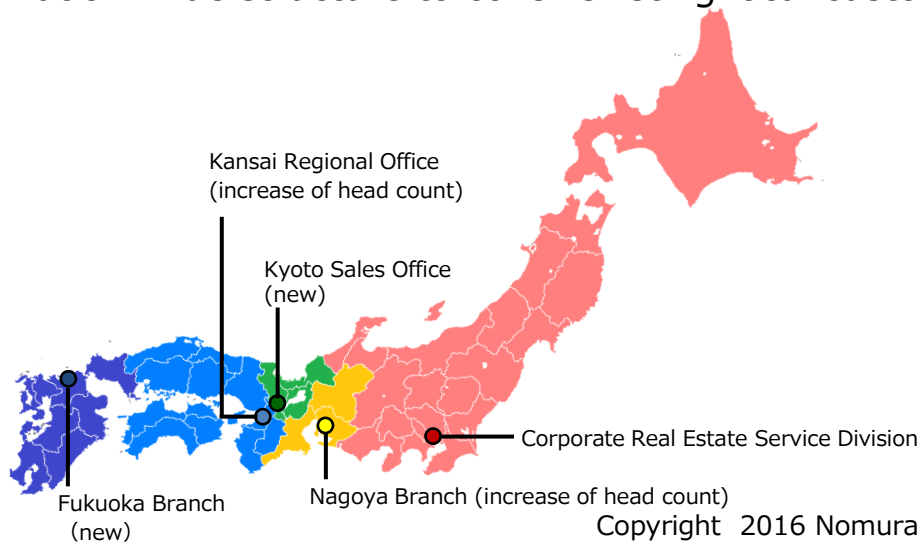
New Structure



- Share mutual owned information and know-how
- Realize prompt matching opportunity for Customer needs

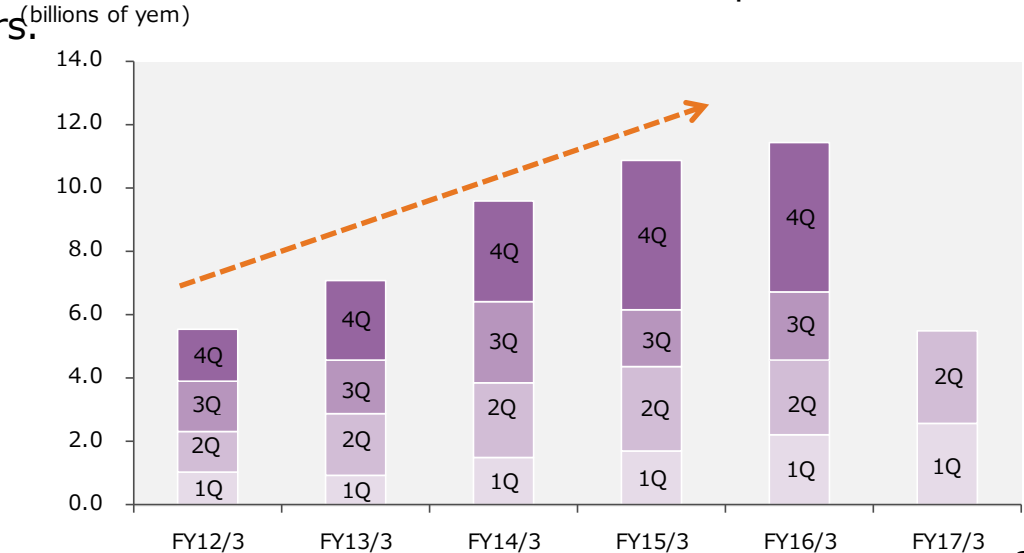
Reinforcement and Establishment of branches

- Clarify area coverage of each branch
- Form a nation-wide structure to cover existing local customers.



Wholesale Business Commission

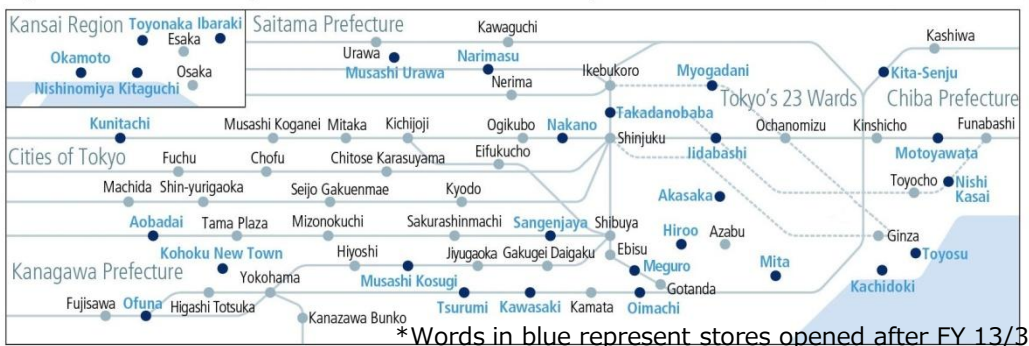
Commission of FY16/3 doubled compared to FY12/3



Retail Business

- To expand and solidify the business foundation.
 Establish 100 retail stores and hire 1,000 sales reps by FY2022.
- Marked satisfactory growth by the expansion of retail stores conducted since FY13/3. **Transaction value, the number of transactions, and commission** marked the highest figures ever as the 2Q.

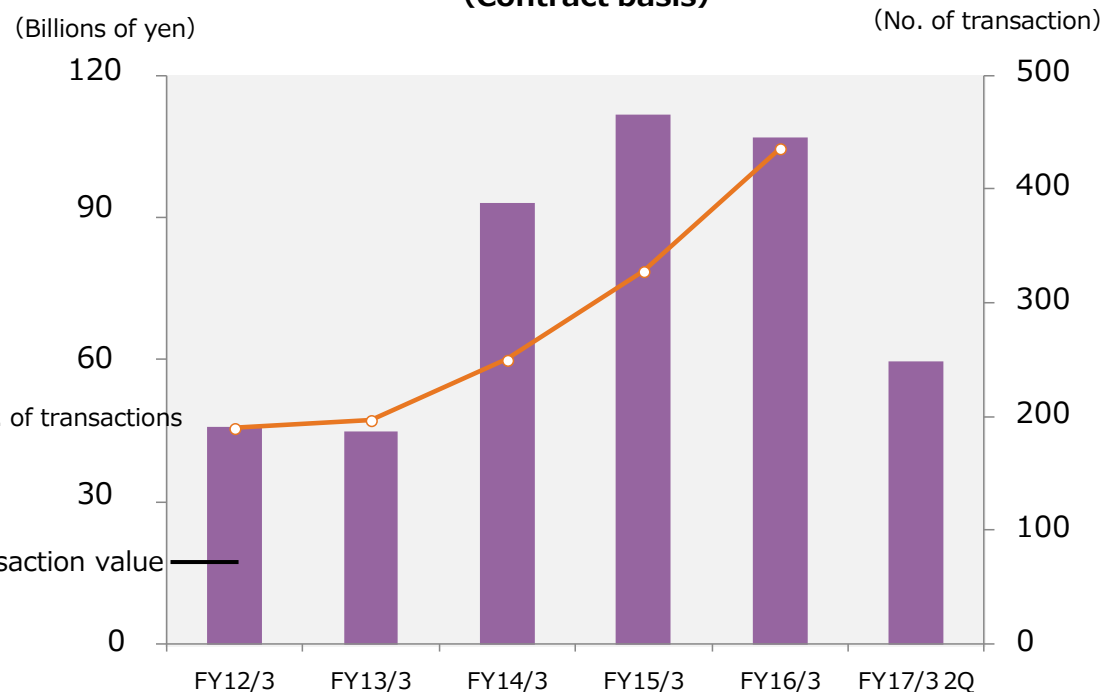
**Expansion of Branch Network
 (Mar. 2012 : 43 stores → Sep. 2016 : 71 stores)**



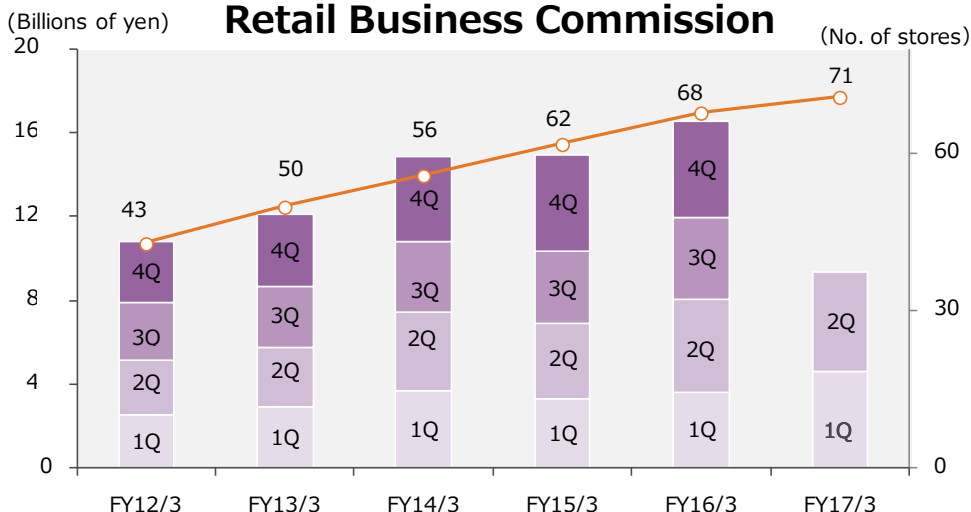
Business Collaboration with Nomura Securities (Retail & Wholesale)

- Through the “Customer Referral System” with Nomura Securities, make proposals of utilizing the real estate by taking advantage of the Group’s collective strength.
- Accelerated the collaboration between Asian branches of Nomura Securities and local subsidiaries of Nomura group in Hong Kong and Singapore.
- The transaction value of projects with Nomura Securities are making satisfactory progress, which marked roughly ¥ 60 billion (Retail & Wholesale) as of 2Q.

Transaction value and the number of transactions in cooperation with Nomura Securities (Contract basis)



Retail Business Commission

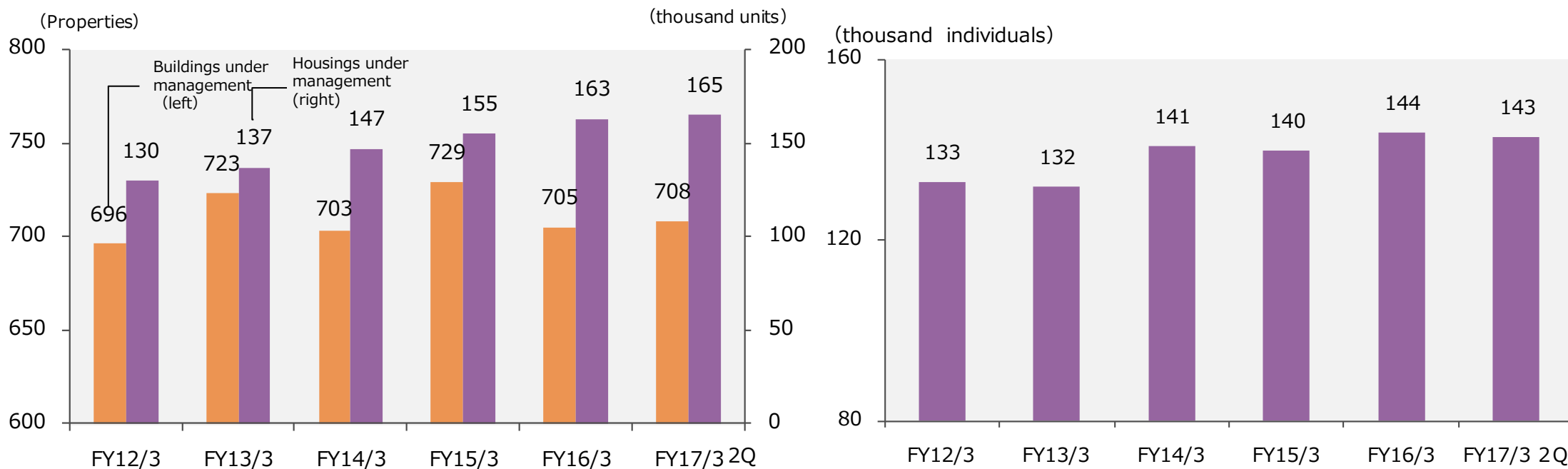


- Revenue and income increased due to an increase in management fees and construction ordered

(billion yen)	FY16/3 2Q Actual ①	Fy17/3 2Q Actual ②	Changes ②-①	Fy16/3 Actual ③	FY17/3 Revised forecast ④	Changes ④-③	FY17/3 Initial forecast ⑤	Changes ④-⑤
Operating revenue	43.1	45.6	+2.5	91.5	97.0	+5.4	96.0	+1.0
Property & facility management	23.7	24.0	+0.2	47.9	—	—	—	—
Construction ordered	9.9	11.6	+1.6	24.6	—	—	—	—
Fitness club & elderly care	7.4	7.6	+0.2	14.9	—	—	—	—
Other	1.9	2.3	+0.3	3.9	—	—	—	—
Operating income	2.5	3.0	+0.4	5.6	6.5	+0.8	6.0	+0.5
Building under management	736	708	-28	705	—	—	—	—
Housings under management	160,100	165,801	+5,701	163,036	—	—	—	—
Members of MEGALOS (individuals)	147,779	143,646	-4,133	144,263	—	—	—	—
Number of clubs	32	33	+1	33	—	—	—	—

Buildings & Housings Under Management

Members of MEGALOS



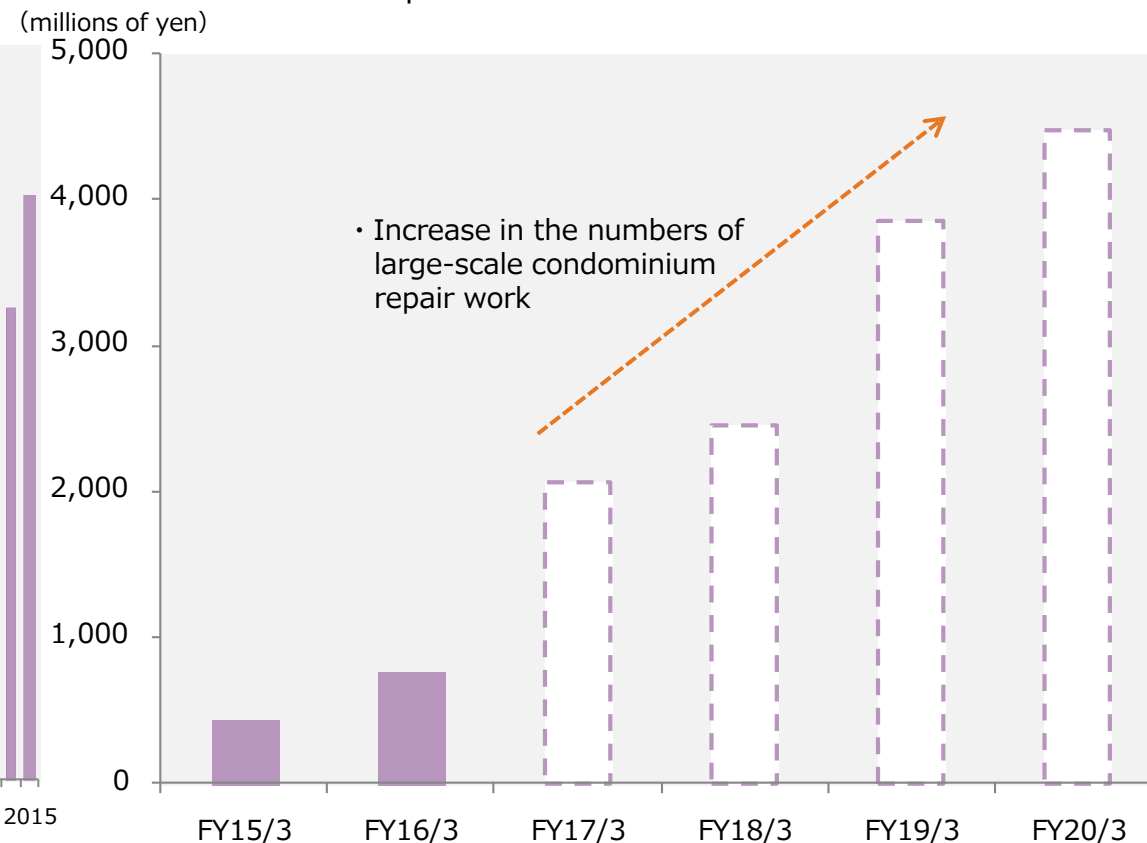
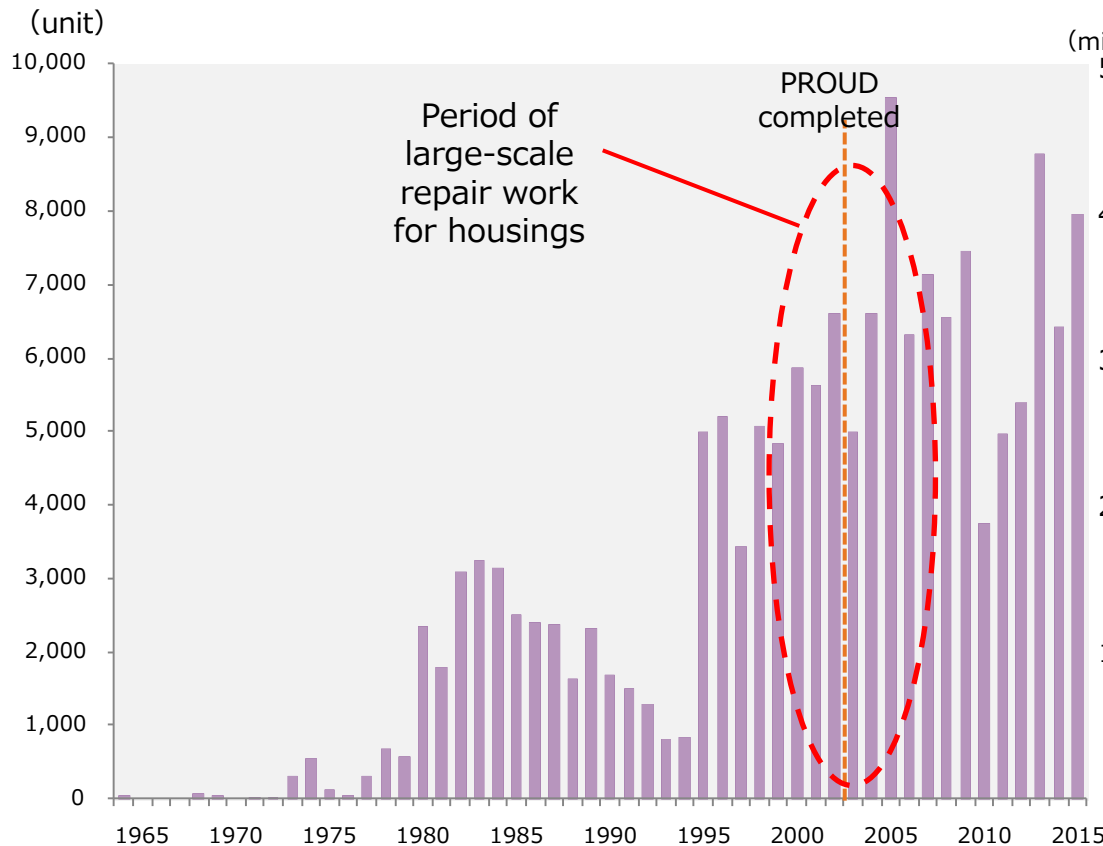
- By taking advantage of engineering capabilities resulting from the merger of two management companies, we are actively taking construction orders on large-scale repair work of condominiums.
- 13 years have passed since the completion of the first PROUD series condominium. Thus, increasing number of housings require large-scale repair work at this point.
- Accelerate making proposals on higher quality large-scale repair work service aiming at reducing life cycle costs of buildings compared to conventional repair work service.

The Number of Housings Under Management completed

After year 2000, we have owned average of 6,000 housing stocks annually in accordance with the expansion of housing sales business. The period of large-scale repair work for a number of housings has come.

Sales Plan Image of Large-scale Condominium Repair Work (Tokyo Metropolitan Area)

Considering the fact that we actively take construction orders and the numbers of the prospective condominiums are increasing, we expect an increase in the revenue of large-scale condominium repair work.



※The units of housings under management also includes the housings that were not sold by Nomura Real Estate Development Co., Ltd.

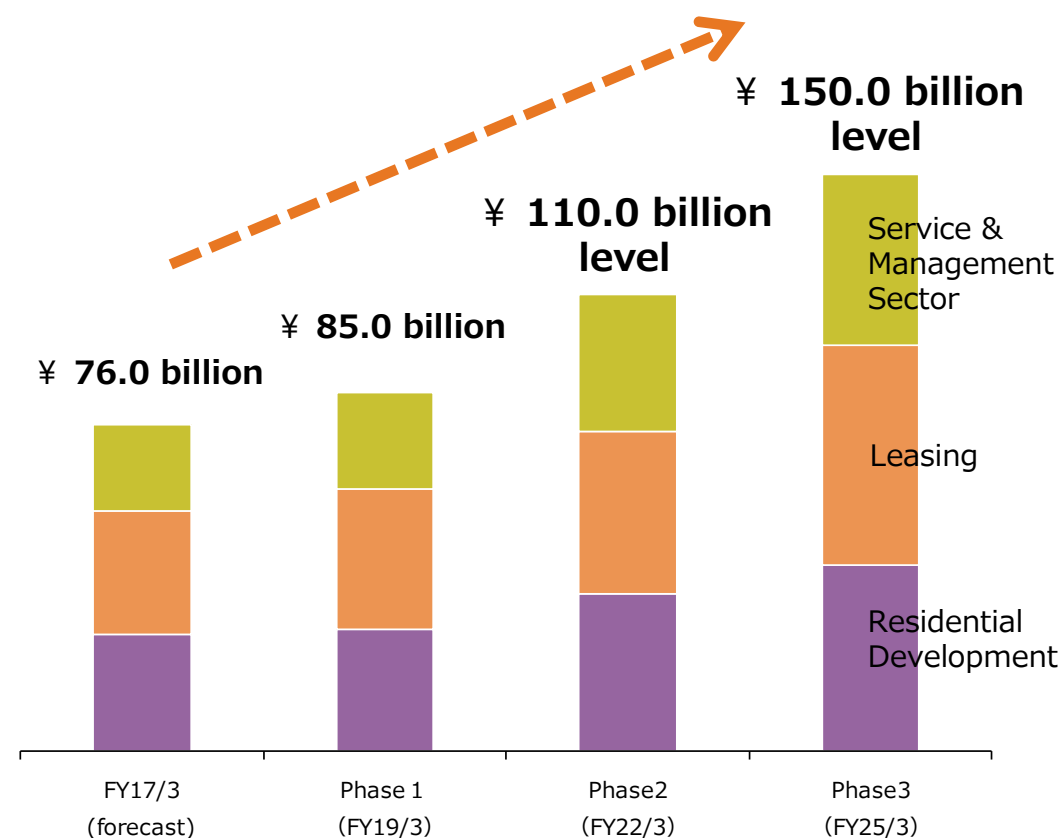
Mid-to Long-term Business Plan & Dividend

Long-Term Revenue Goals

- Realize sustainable revenue growth while maintaining a stable financial foundation and high asset efficiency.
- We intend to build a business portfolio well-balanced among the Residential Development Unit, the Leasing Unit and the Service & Management Sector, aiming at achieving operating income of ¥ 76 billion in FY 17/3, ¥ 85 billion in the phase 1, and ¥ 110 billion in the phase 2.

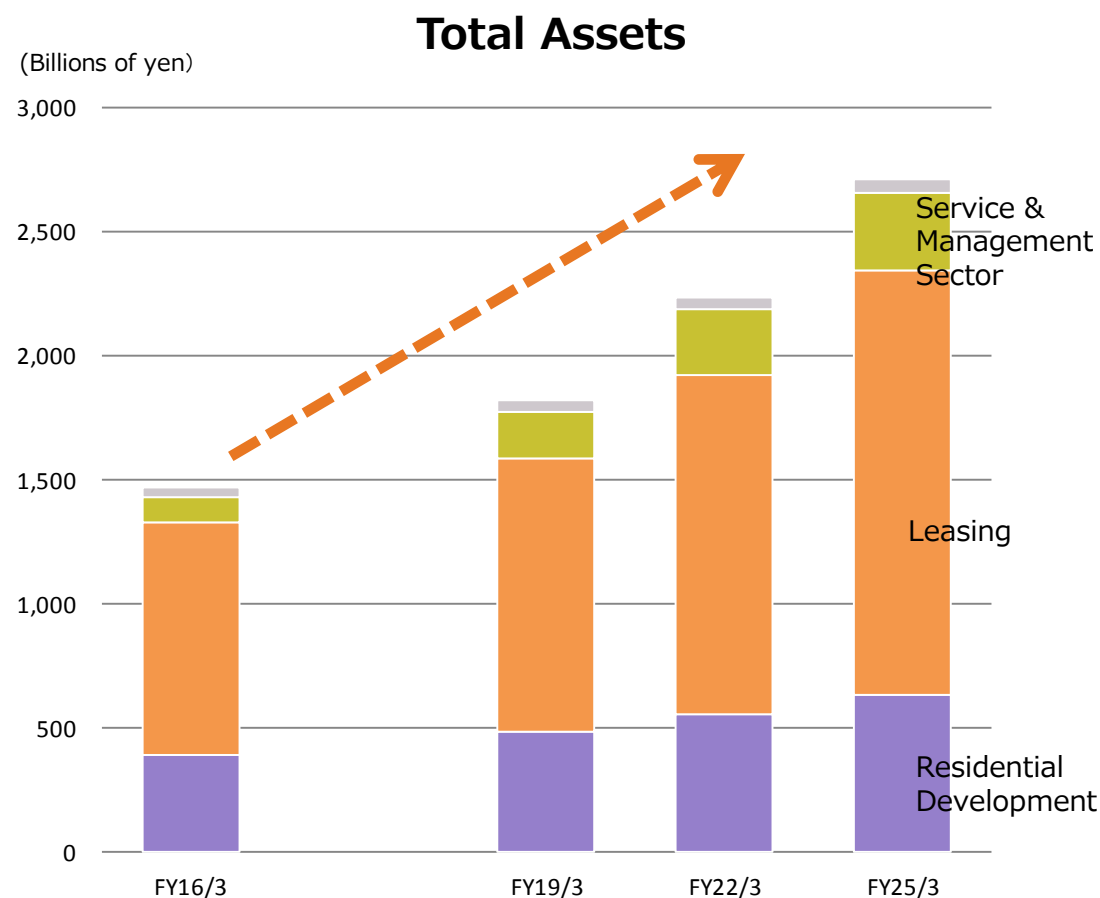
(Billions of Yen)	FY17/3 Forecast ①	FY19/3 Planned ②	Changes ② - ①	FY22/3 Planned	FY25/3 Planned
Operating Revenue	585.0	700.0	+11.5	850.0	Above 1,000.0
Operating income	76.0	85.0	+9.0	110.0	150.0
Residential Development	29.0	30.0	+1.0	40.0	44.0~48.0
Leasing	30.5	35.0	+4.5	40.0	52.0~56.0
Service & Management Sector	21.0	23.5	+2.5	35.0	40.0~44.0
Investment Management	5.5	6.5	+1.0	10.0	12.0~13.0
Property Brokerage & CRE	9.0	10.5	+1.5	15.0	16.0~18.0
Property & Facility Management	6.5	6.5	±0.0	10.0	12.0~13.0
Strategic Investment	0.0	0.0	±0.0	5.0	80.0~10.0
Adjustments	-4.5	-3.5	+1.0	-5.0	

Operating Income



- Net investment of **¥400 billion to ¥500 billion** for each phase 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.

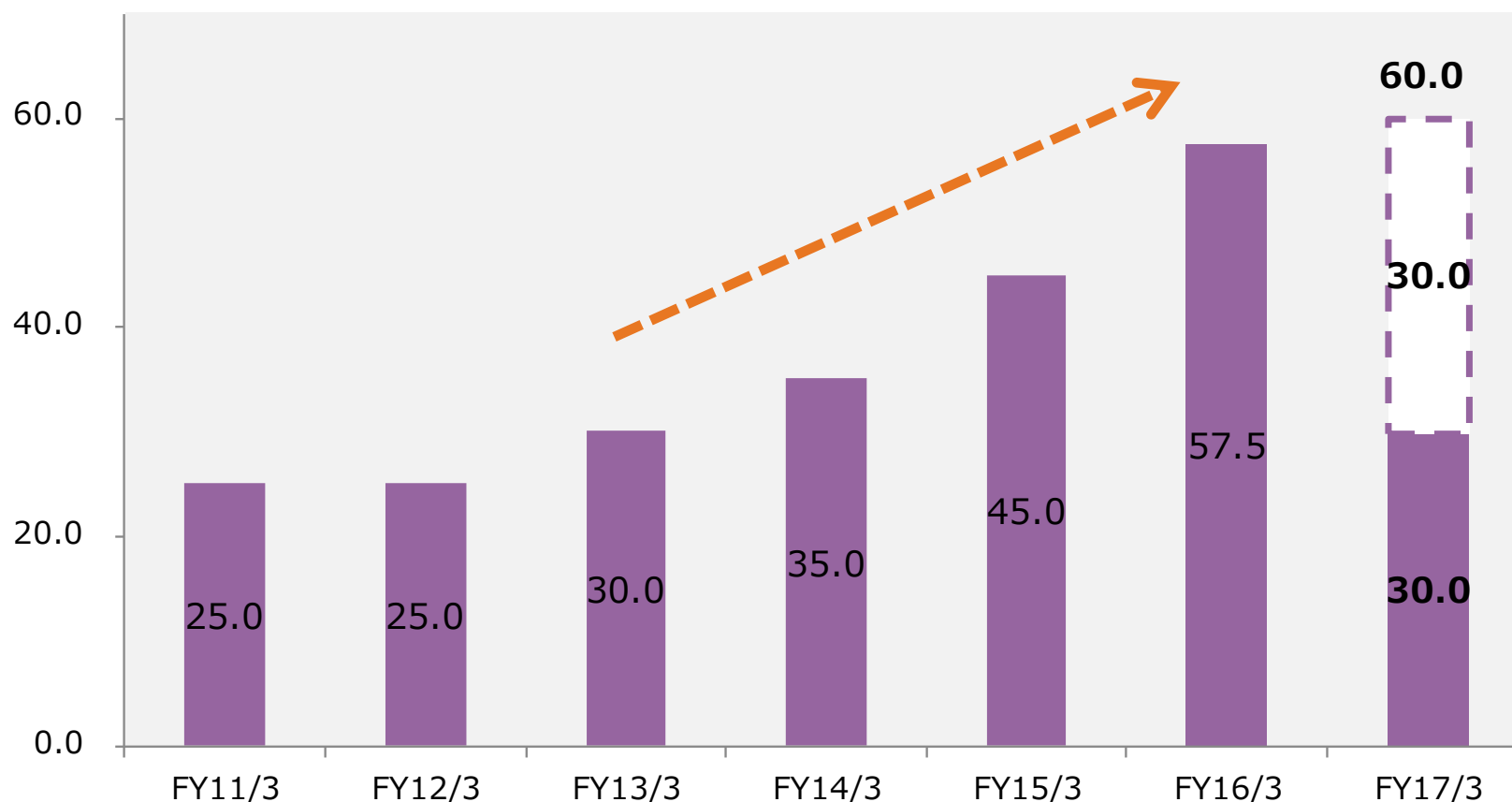
(Billions of yen)	Phase 1	Phase2	Phase3	Total
Residential Development				
Investment	950.0	1,100.0	1,200.0	3,250.0
Recovery	900.0	1,000.0	1,100.0	3,000.0
Net Investment	50.0	100.0	100.0	250.0
Recovery-to-investment ratio	95%	91%	92%	92%
Leasing				
Investment	400.0	600.0	800.0	1,800.0
Recovery	150.0	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%



- Second quarter-end dividend was ¥ 30. No change in annual dividend of ¥ 60 (up ¥ 2.5 from FY 16/3) as the year-end dividend is also expected to be ¥ 30. Annual dividend would result in a continuous increase in dividend for **5 years in a row**.

(yen)

Annual Dividends



Forecast

EPS(yen)	28.74	92.38	101.61	140.70	201.28	246.42	224.22
Payout ratio (%)	87.0	27.1	29.5	24.9	22.4	23.3	26.8

Nomura Real Estate Holdings, Inc.
Corporate Communications Dept.

General Manager	Naoko Usami
Deputy General Manager	Kensuke Ueha
	Hideaki Chikusa
	Sou Yamashita
	Yumiko Kawamoto
	Ayaka Ikeda

TEL +81-3-3348-8117

E-mail info@nomura-re-hd.com

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