

Consolidated Financial Results for the Six Months from April 1 to September 30, 2017

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Highlights of the Second Quarter, FY2018

<Summary>

- The consolidated financial results for the 2Q were as follows:
Operating revenue; 273.0 billion yen (up 10.0% y/y); operating profit; 34.4 billion yen (up 3.3% y/y); ordinary profit; 30.3 billion yen (up 4.1% y/y); and profit attributable to owners of parent; 20.1 billion yen (down 0.0% y/y).
- In the Residential Development Business Unit, the number of housing units sold (condominiums and detached housings) increased to 2,199 units (up 193 units y/y). Moreover, the cumulative total of the contracted housing units by the 2Q is 2,828 units (up 552 units y/y). The contract progress rate as of the end of the 2Q was 76.8% toward 6,000 units of planned number of housing units sold in FY18/3.
- In the Leasing Business Unit, the rent revenue increased due to contribution of Yokohama Nomura Building and other new properties. In addition, revenues from the sale of properties in the property development business increased.
- All Units in the Service Management Sector, which are the Investment Management Business Unit, the Property Brokerage & CRE Business Unit, and the Property & Facility Management Business Unit made a steady progress. Especially the Property Brokerage & CRE Business Unit marked the highest figure ever as the second quarter both in the number of transactions and transaction value.
- There is no change in the financial result forecast and dividend forecast announced in April, 2017.
- We have decided the acquisition of treasury shares for the purpose of shareholder returns and enhancing capital efficiency.

Outline of Consolidated Financial Results

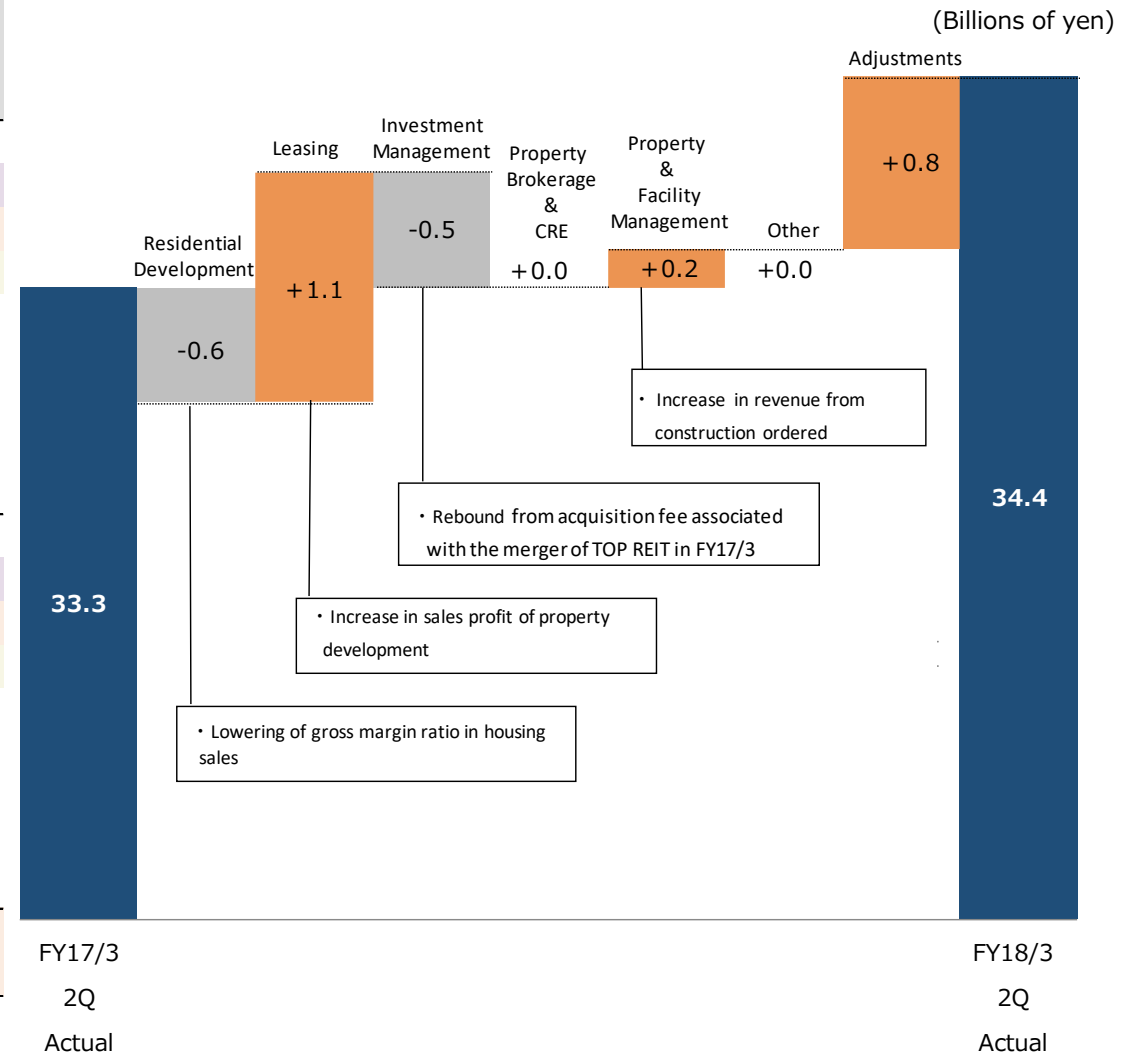
(Billions of yen) *Figures rounded down to the nearest 100 million yen	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ② - ①	Key Factors
Operating revenue	248.1	273.0	+24.8	<Operating revenue & Operating profit> · Increases in operation of newly built properties and sales of property development in Leasing Business Unit
Operating gross profit	80.4	84.7	+4.2	
Selling, general and administrative expenses	47.0	50.2	+3.1	
Operating profit	33.3	34.4	+1.0	
Non-operating income	0.3	0.3	+0.0	
Non-operating expenses	4.5	4.4	-0.1	
Ordinary profit	29.1	30.3	+1.2	
Extraordinary income	0.9	-	-0.9	
Extraordinary losses	-	0.2	+0.2	
Income taxes	9.7	9.7	+0.0	
Profit attributable to non-controlling interests	0.2	0.2	-0.0	
Profit attributable to owners of parent	20.1	20.1	-0.0	
Basic earnings per share (yen)	104.92	104.81	-0.11	
Cash dividends per share (yen)	30.00	35.00	+5.00	
Net cash provided by (used in) operating activities	-47.3	-49.4	-2.1	· Increases in inventories, etc.
Net cash provided by (used in) investment activities	-26.8	-33.2	-6.4	· Increases in properties, plants and equipments, etc.
Net cash provided by (used in) financing activities	61.7	123.7	+61.9	· Increases in short-term loans payable, etc.
Cash and cash equivalents at end of period	45.1	88.7	+43.5	
(Billions of yen)	Mar 31, 2017 ①	Sept 30, 2017 ②	Changes ② - ①	Key Factors
Total assets	1,593.0	1,692.9	+99.9	· Increases in inventories, properties, plants and equipments, etc.
Total interest-bearing debt	810.1	940.7	+130.6	
Shareholders' equity	481.3	491.1	+9.7	
Shareholders' equity ratio	30.2%	29.0%	-1.2P	
Debt/equity ratio	1.7	1.9	+0.2	

Outline of Financial Results by Business Units

- Profit decreased in the Residential Development Business Unit due to a lowering of the gross margin ratio. Profit rose in the Leasing Business Unit due to an increase in sales of property development business. In the Service & Management Sector, results were firm with number of transactions and transaction value both stood at record highs in the Property Brokerage & CRE Business Unit.

(Billions of yen)	FY17/3 2Q	FY18/3 2Q	Changes ②-①
	Actual ①	Actual ②	
Operating revenue	248.1	273.0	+24.8
Residential Development	134.0	147.4	+13.4
Leasing	52.3	61.1	+8.7
Service & Management	67.7	71.0	+3.3
Investment Management	5.1	4.5	-0.6
Property Brokerage & CRE	16.8	17.8	+1.0
Property & Facility Management	45.6	48.6	+2.9
Other	0.0	0.0	-0.0
Adjustments	-6.0	-6.7	-0.6
Operating profit	33.3	34.4	+1.0
Residential Development	10.6	10.0	-0.6
Leasing	14.6	15.8	+1.1
Service & Management	10.8	10.5	-0.3
Investment Management	3.4	2.8	-0.5
Property Brokerage & CRE	4.4	4.4	+0.0
Property & Facility Management	3.0	3.2	+0.2
Other	-0.0	-0.0	+0.0
Adjustments	-2.8	-1.9	+0.8
Ordinary income	29.1	30.3	+1.2
Profit attributable to owners of parent	20.1	20.1	-0.0

Key Factors of Changes in Operating Profit by Business Unit (compared to FY17/3 2Q)



Consolidated Balance Sheets

(Billions of yen) *Figures rounded down to the nearest 100 million yen	As of Mar 31, 2017 ①	As of 30, Sept 2017 ②	Changes ② – ①	Key Factors
Assets	1,593.0	1,692.9	+99.9	
Current assets	684.3	757.7	+73.4	<Inventories>
(Breakdown)				
Cash and deposits / Short-term investment securities	47.7	88.7	+41.0	
Notes and accounts receivable-trade	16.5	13.7	-2.7	
Inventories	570.8	606.4	+35.5	
Equity investments	2.5	6.4	+3.9	
Other current assets	46.6	42.3	-4.2	
Noncurrent assets	908.7	935.2	+26.4	
Property, plant and equipment	808.8	838.6	+29.8	
Intangible assets	10.9	10.9	-0.0	
Investments and other assets	88.9	85.6	-3.2	
(Breakdown)				
Investment securities	46.2	41.1	-5.1	
Lease and guarantee deposits	21.7	22.7	+0.9	
Other noncurrent assets	20.9	21.8	+0.8	
Liabilities	1,099.2	1,188.6	+89.3	
Current liabilities	255.7	310.1	+54.4	
(Breakdown)				
Notes and accounts payable-trade	35.6	28.7	-6.8	
Short-term loans payable, etc.	116.3	212.8	+96.5	
Deposits received	29.4	8.3	-21.1	
Other current liabilities	74.4	60.3	-14.0	
Noncurrent liabilities	843.4	878.4	+34.9	
(Breakdown)				
Bonds payable	70.0	90.0	+20.0	
Long-term loans payable	623.8	637.9	+14.1	
Lease and guarantee deposits received	57.5	60.1	+2.5	
Other noncurrent liabilities	92.0	90.4	-1.6	
Net assets	493.8	504.3	+10.5	
Total liabilities and net assets	1,593.0	1,692.9	+99.9	
Shareholders' equity ratio	30.2%	29.0%	-1.2p	<Shareholders' equity>
Debt/equity ratio	1.7	1.9	+0.2	

	Mar 31, 2017	Sept 30, 2017	Changes
Residential	403.2	425.0	+21.8
Property development	166.9	178.1	+11.1
Other business	0.9	3.6	+2.6
Adjustments	-0.3	-0.4	-0.1
Total	570.8	606.4	+35.5

* Residential...Residential Development Business Unit
 * Property development...Leasing Business Unit, Investment Management Business and Property Brokerage & CRE Business Unit
 * Other...Property & Facility Management Business Unit, Other Unit

<Property, plant and equipment >
 Acquisition of Morisia Tsudanuma, completion of Landport Takatsuki and Nomura Fudosan Sendai Aoba-dori Building.

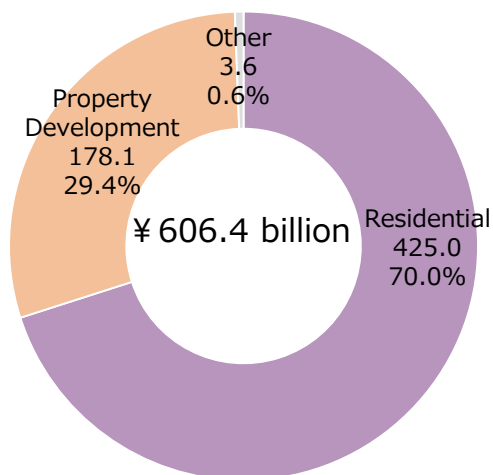
<Deposits received>
 • Decrease of deposits received as being sales agent in housing sales business.

<Total interest-bearing debt>
 • Mar 31, 2017: ¥810.1 billion → Sept 30, 2017: ¥940.7 billion

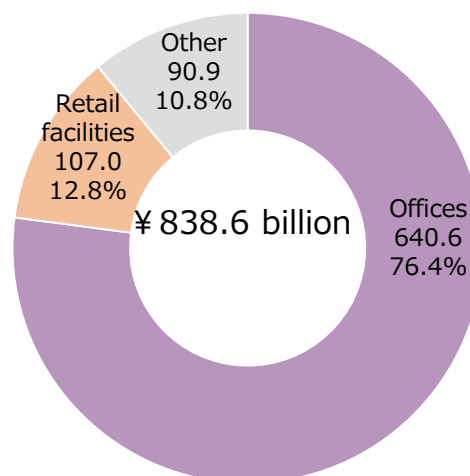
Total Assets : 1,692.9 billion yen

Current assets		Liabilities	
Cash and deposits / Short-term investment securities	88.7	Interest-bearing debt	940.7
Notes and accounts receivable-trade	13.7	Short-term loans payable, etc.	212.8
Inventories	606.4	Bonds payable	90.0
Residential	425.0	Long-term loans payable	637.9
Property development	178.1	Notes and accounts payable-trade	28.7
Other	3.6	Deposits received	8.3
Adjustments	-0.4	Other current liabilities	60.3
Equity investments	6.4	Lease and guarantee deposits received	60.1
Other current assets	42.3	Other noncurrent liabilities	90.4
Noncurrent assets		Net assets	
Property, plant and equipment	838.6	Shareholder's Equity	491.1
Offices	640.6	Subscription rights to shares	2.4
Commercial facilities	107.0	Non-controlling interest	10.7
Other	90.9		
Intangible assets	10.9		
Investments and other assets	85.6		

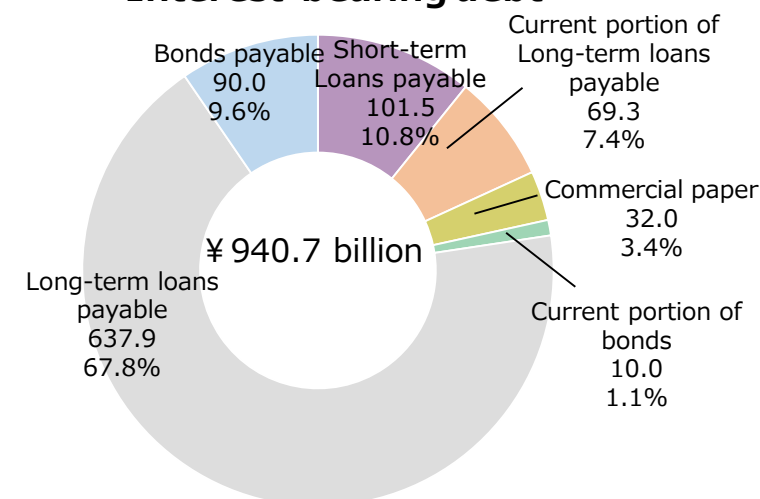
Inventories



Property, plant and equipment



Interest-bearing debt



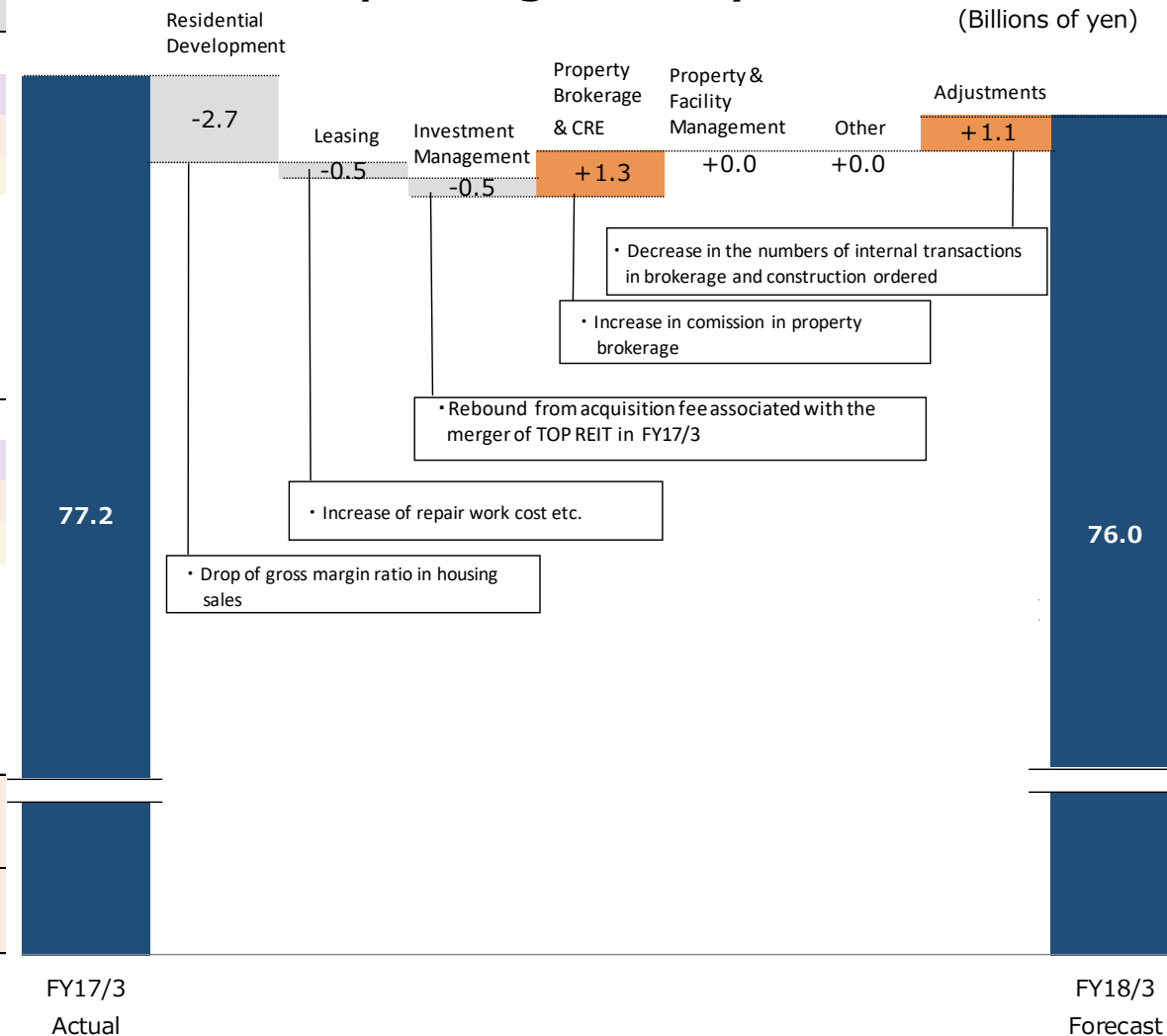
Residential: The Residential Development Business Unit
 Property development: The Leasing Business Unit, the Investment Management Business Unit, and the Property Brokerage & CRE Business Unit

(No change in the forecasts announced in April, 2017)

- Although we expect lower profit in the Residential Development Business Unit due to a lowering of the gross margin ratio, we expect Service & Management Sector to be resulted in an increase in both revenue and operating profit with the increase of commission revenue. As a result, overall forecast is predicted to be nearly the same profit standard as FY17/3.

(Billions of yen)	FY17/3 Actual ①	FY18/3 Forecast ②	Changes ② - ①
Operating revenue	569.6	646.0	+76.3
Residential Development	329.7	365.0	+35.2
Leasing	115.0	143.0	+27.9
Service & Management	140.2	151.5	+11.2
Investment Management	9.6	9.5	-0.1
Property Brokerage & CRE	34.8	38.0	+3.1
Property & Facility Management	95.7	104.0	+8.2
Other	0.1	0.0	-0.1
Adjustments	-15.4	-13.5	+1.9
Operating profit	77.2	76.0	-1.2
Residential Development	27.7	25.0	-2.7
Leasing	32.5	32.0	-0.5
Service & Management	22.0	23.0	+0.9
Investment Management	6.0	5.5	-0.5
Property Brokerage & CRE	9.1	10.5	+1.3
Property & Facility Management	6.9	7.0	+0.0
Other	-0.0	0.0	+0.0
Adjustments	-5.1	-4.0	+1.1
Ordinary profit	68.9	67.0	-1.9
Profit attributable to owners of parent	47.0	44.0	-3.0
Basic earnings per share (yen)	245.10	229.22	-15.88
Cash dividends per share (yen)	65.00	70.00	+5.00

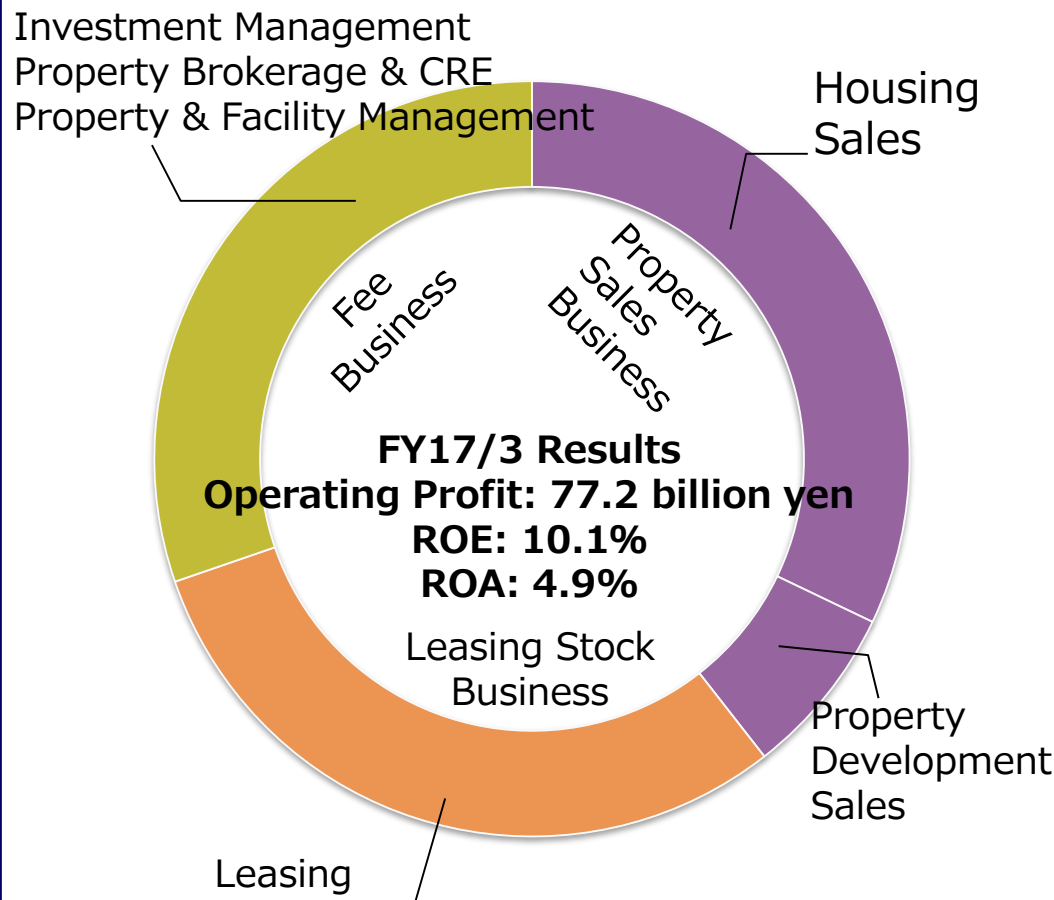
Key Factors of Changes in Operating Profit by Unit



Our Management Strategy

- Pursuing a well-balanced profit structure among property sales business, leasing stock business, and fee business.

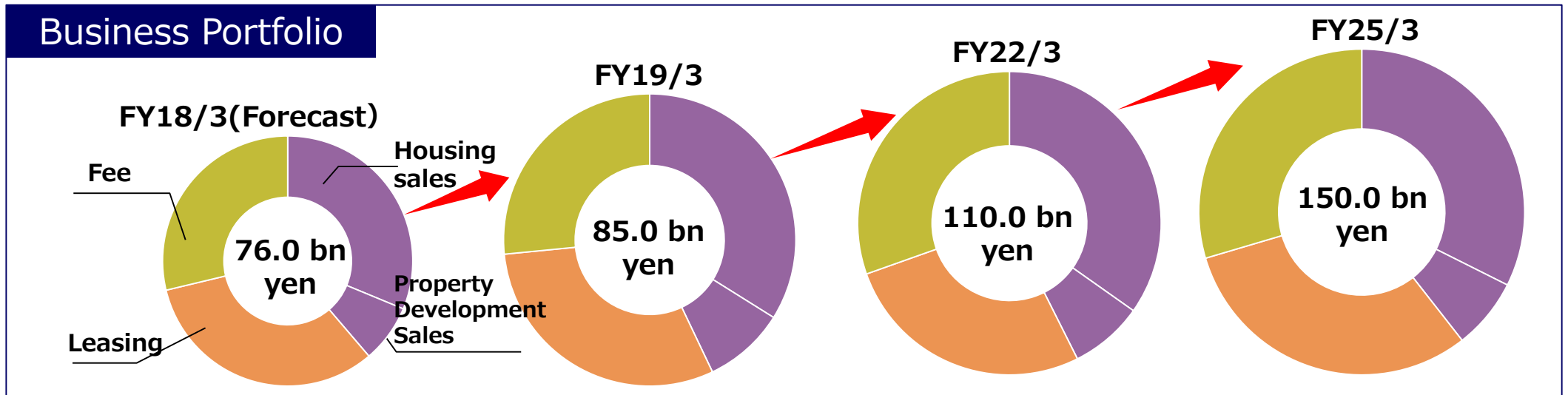
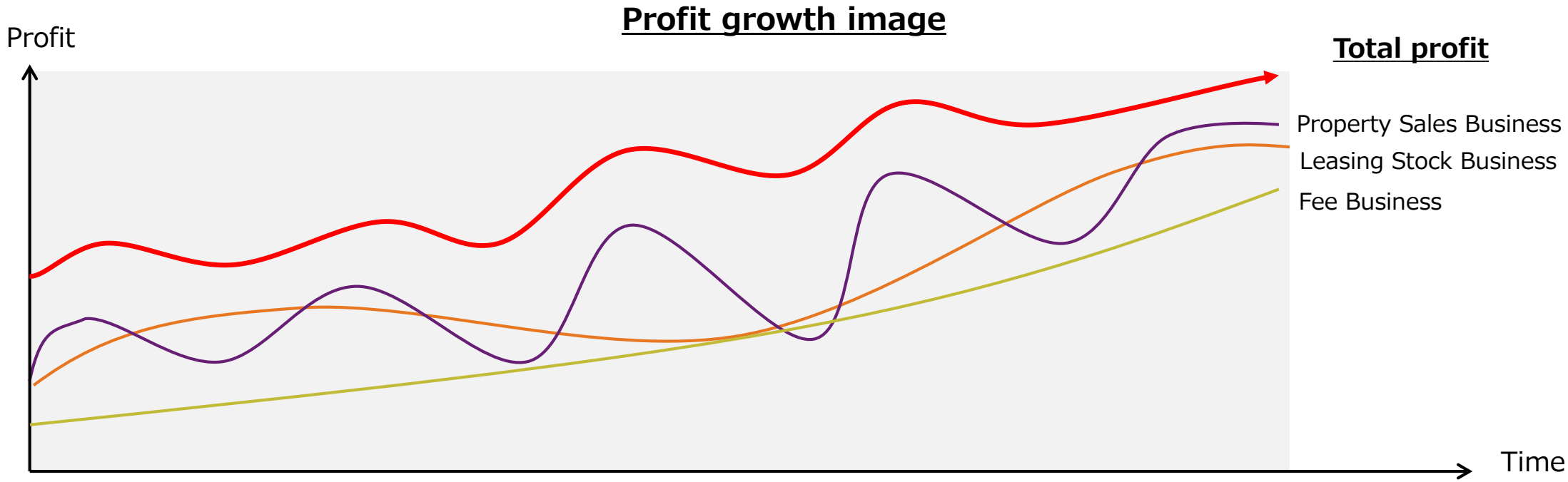
Ideal Business Portfolio



		Business characteristics
Property Sales Business	Housing Sales	<ul style="list-style-type: none"> • High asset efficiency • Volatility in profit
	Property Development Sales	
Leasing Stock Business		<ul style="list-style-type: none"> • Stable profit • Utilize large volume of assets
Fee Business		<ul style="list-style-type: none"> • Stable profit • Utilize small volume of assets • Moderate growth

※1 : The operating profit of Property Development is a rough estimate calculated by distributing expenditures of leasing business unit proportionally based on the gross margin of property development.

- Our goal is to realize sustainable profit growth by grasping the market fluctuation and expand each business.



- Keeping ROA above 5%, ROE at 10% level, shareholder's equity ratio at 30% level, dividend payout ratio at 30% are our principles. Increase corporate value by pursuing an optimum balance among each index.

Financial and Capital Policies

Asset Efficiency

ROA
Above
5%

Top-class asset efficiency among major companies in the industry

Capital Efficiency

ROE
10% level

Capital efficiency that meets shareholders expectations

Financial Soundness

Shareholder's equity ratio
30% level

Financial foundation that ensures flexible investment for growth

A ratio level that enables business investment to continue even in the case of urgent changes in the operating environment

Total Return Ratio

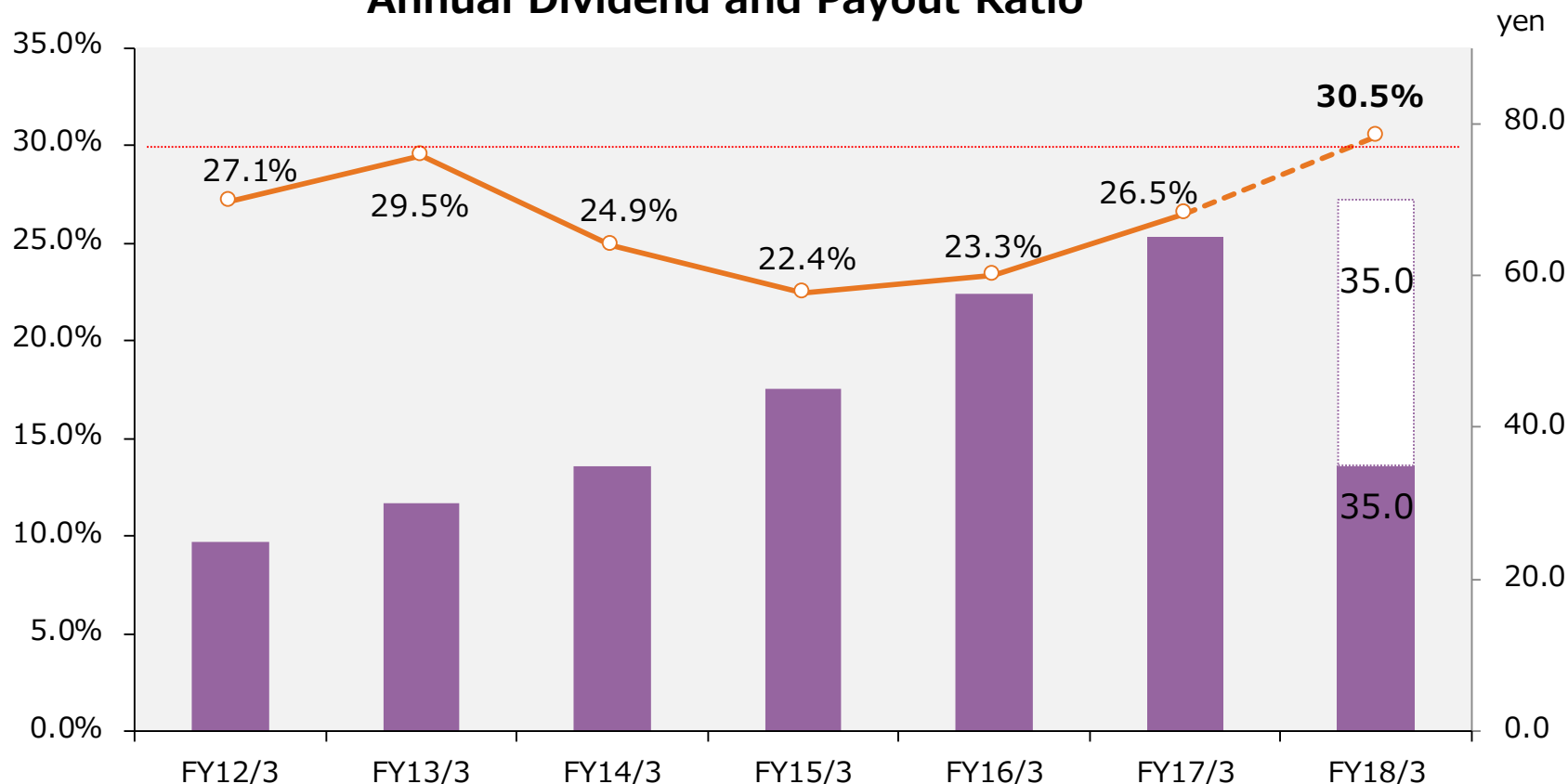
Dividend payout ratio
30% level

Shareholder returns taking into account stability and continuity

Our Company's Shareholder Returns

- The interim dividend of FY18/3 was 35 yen per share and **the annual dividend is predicted to be 70 yen per share (increase 5.0 yen y/y)** which will result in **the sixth consecutive year of increase**.
- Expected to reach **payout ratio of 30% level** in accordance with our shareholder returns policy.

Annual Dividend and Payout Ratio



EPS(yen)	92.38	101.61	140.70	201.28	246.42	245.10	forecast 229.22
Payout Ratio (%)	27.1	29.5	24.9	22.4	23.3	26.5	30.5
Dividend Yield (%)	1.7	1.4	1.8	2.1	2.8	3.7	-

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

- Utilize acquisition of treasury shares along with the profit growth of business investment for the purpose of shareholder returns and enhancing capital efficiency.
- Taking into account the financial soundness, business investment environment and stock price level, decided the acquisition of treasury shares.

Outline of Acquisition of Treasury Shares

Type of shares to be acquired	Common Stock of the Company
Total number of shares to be acquired	Up to 5,000,000 shares (Ratio to the number of outstanding shares (excluding treasury shares) : 2.60%)
Total value of shares to be acquired	Up to ¥10 billion
Period of acquisition	From October 27, 2017 to March 31, 2018
Method of acquisition	Open market purchase on the Tokyo Stock Exchange

Business Unit information

【Residential Development Business Unit】

- The average housing prices and the number of housing units sold in the housing sales rose. Completed housing inventories decreased smoothly.
The gross margin ratio declined to **20.8%** (down 2.0 points y/y).

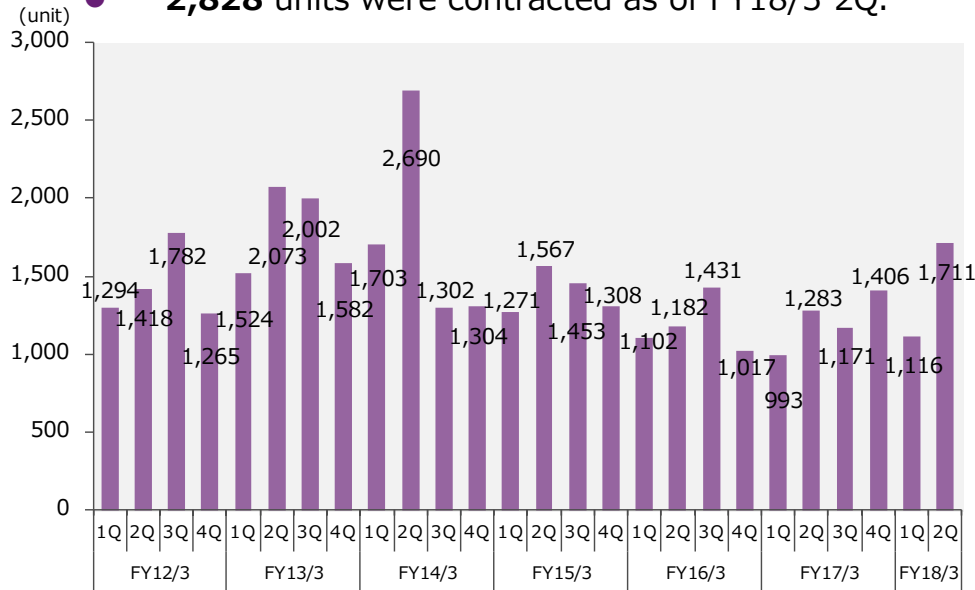
(Billions of yen)	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ② - ①	FY17/3 Actual ③	FY18/3 Forecast ④	Changes ④ - ③
Operating revenue	134.0	147.4	+13.4	329.7	365.0	+35.2
Housing sales	122.9	135.1	+12.1	308.9	—	—
Other	11.0	12.2	+1.2	20.8	—	—
Operating profit	10.6	10.0	-0.6	27.7	25.0	-2.7

【Housing sales indicators】

Housing sales (unit)	2,006	2,199	+193	5,567	6,000	+433
Condominiums	1,821	2,006	+185	4,885	5,400	+515
Detached housing	185	193	+8	682	600	-82
Tokyo metropolitan area	1,620	1,752	+132	4,291	4,500	+209
Osaka metropolitan area	168	167	-1	807	850	+43
Other area	217	278	+61	468	650	+182
Sold but not recorded housing (unit)	3,762	3,408	-354	2,779	—	—
Completed housing inventories (unit)						
released for sale	379	311	-68	252	—	—
unreleased	332	321	-11	402	—	—
Average sales price (million yen)	61.29	61.47	+0.17	55.49	—	—
Gross margin ratio (%)	22.8%	20.8%	-2.0P	21.7%	—	—

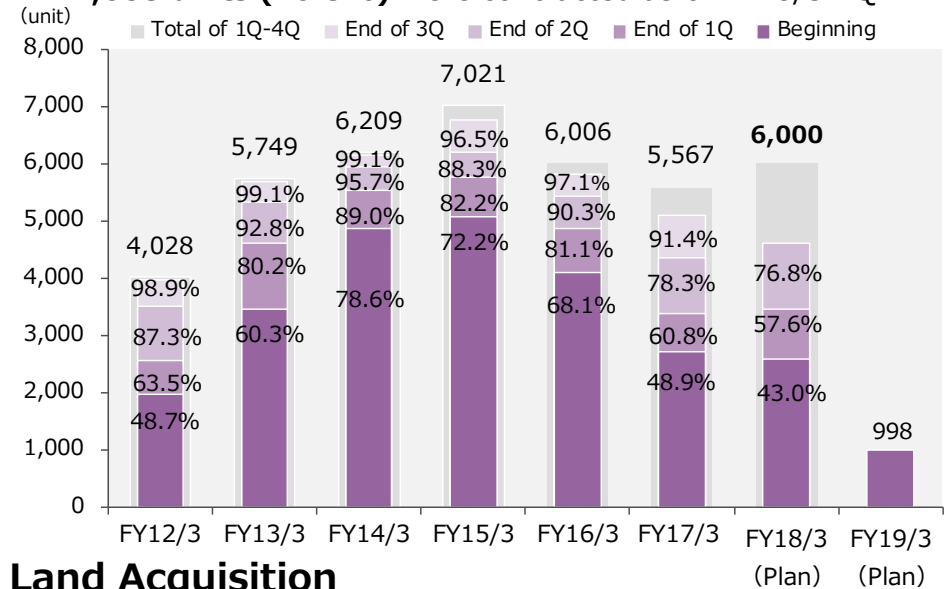
Number of Contracted Housing Units

● **2,828 units** were contracted as of FY18/3 2Q.



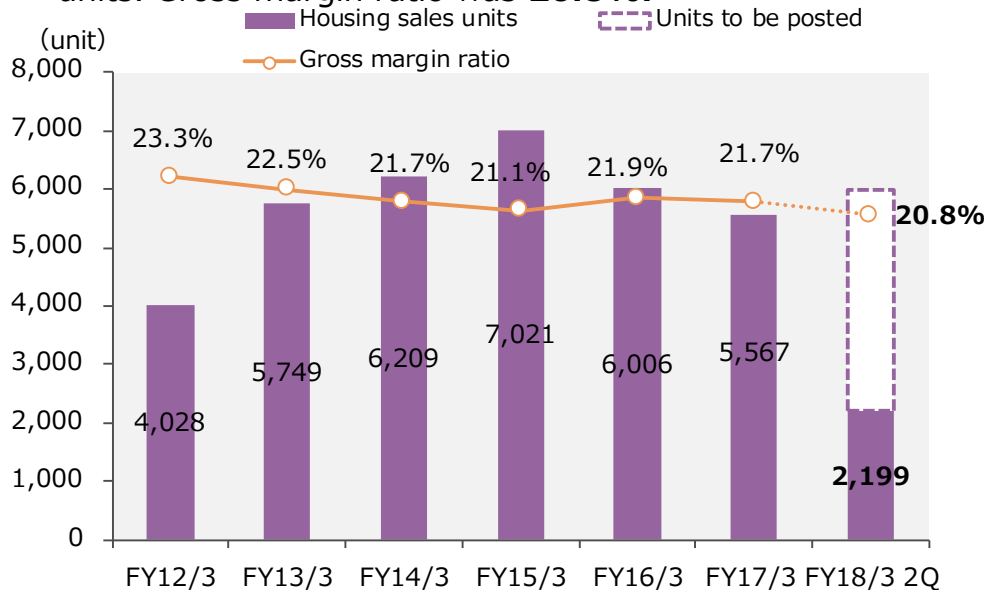
Contract Rates based on the Number of Recorded Housing

● **4,608 units (76.8%)** were contracted as of FY18/3 2Q.



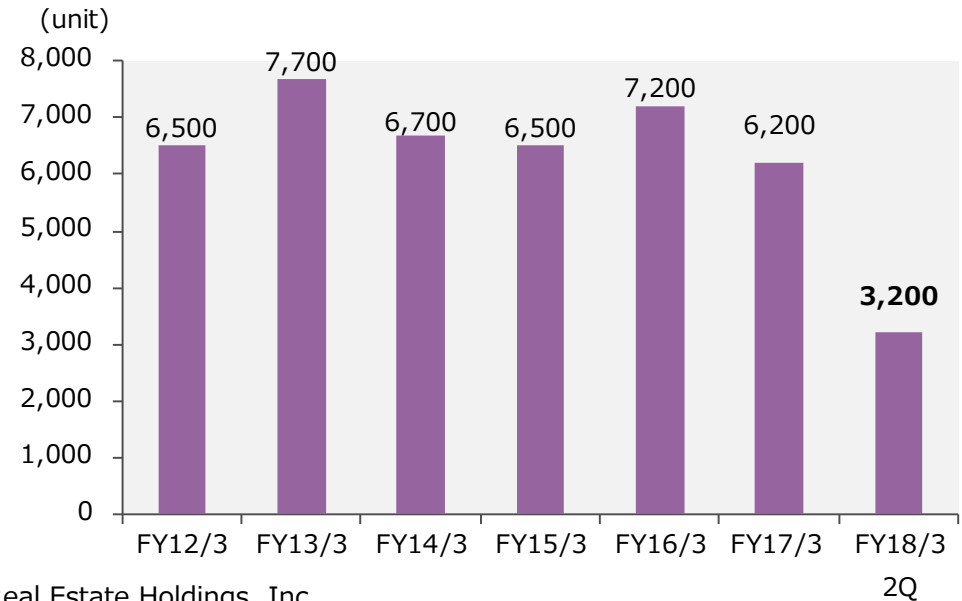
Gross Margin Ratio & Number of Housing Units Sold

● The number of housing units sold as of FY18/3 2Q was **2,199** units. Gross margin ratio was **20.8%**.



Land Acquisition

● Lands of **3,200 units** were acquired as of FY18/3 2Q. Lands for FY18/3 3Q onward are **23,200 units**.



【Reference】 Major Upcoming Projects & Land Bank

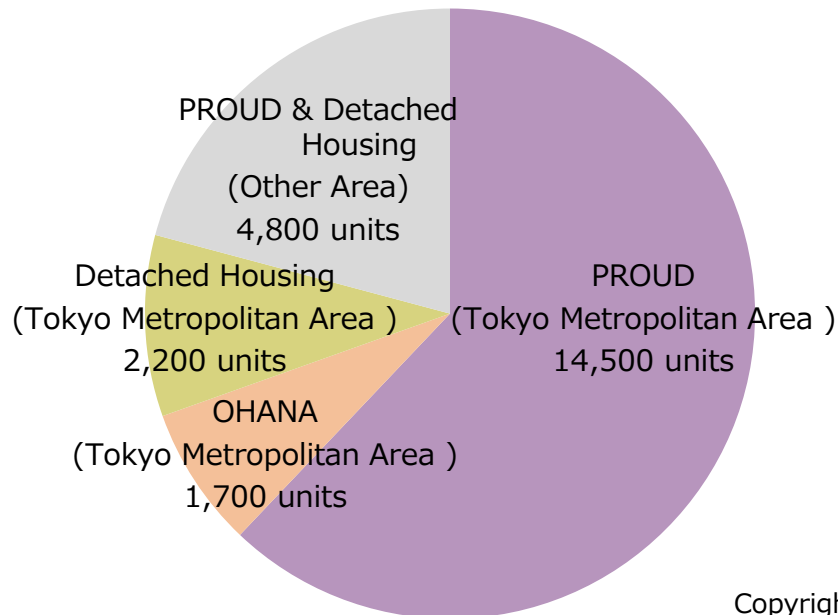
FY18/3	FY19/3	FY20/3	FY21/3~
PROUD Sakurashinmachi (Setagaya-ku, Tokyo 174 units)	PROUD Ginza-Higashi Residence (Chuo-ku, Tokyo 99 units)	Shinonome 1chome Project (Koto-ku, Tokyo 453 units)	Sarugakucho II Project (Shibuya-ku, Tokyo 108 units)
PROUD TOWER Kiba-Koen (Koto-ku, Tokyo 204 units)	Higashi-Ikebukuro 5-chome Redevelopment Project (Toshima-ku, Tokyo 110 units)	Shimorenjaku 5 chome Project (Mitaka-shi, Tokyo 312 units *1*2)	Musashi-Koganei Station South Exit Second District Redevelopment Project (Koganei-shi, Tokyo 618 units)
PROUD CITY Musashino-Mitaka (Musashino-shi, Tokyo 334 units*1)	PROUD City Etchujima (Koto-ku, Tokyo 305 units)	Tamadaira 2chome Project (Hino-shi, Tokyo 653 units*1)	Hiyoshi Minowacho Project (Kouhoku-ku, Yokohama-shi TBD *1*2)
PROUD CITY Ota-Rokugo (Ota-ku, Tokyo 632 units *1)	PROUD Daikanyama Sarugakucho (Shibuya-ku, Tokyo 15 units)	Kawaguchi Iizuka Project (Kawaguchi-shi, Saitama 198 units)	Higashi-Ikebukuro Station-Front Redevelopment Project (Toshima-ku, Tokyo 198 units)
PROUD Fuchu Station Arena (Fuchu-shi, Tokyo 111 units)	AIR HILLS Fujisawa (Fujisawa-shi, Kanagawa 105 units *2)	Tsutsumidori Amamiyamachi IV Project (Aoba-ku, Sendai-shi 209 units)	Hankyu Tsukaguchi Station-Front Redevelopment Project (Amagasaki-shi, Hyogo 369 units)
PROUD TOWER Nagoya-Sakae (Naka-ku, Nagoya-shi 214 units *2)	Makuhari Bay Towers Project (Mihama-ku, Chiba-shi 119 units*2)	Koraibashi Project (Chuo-ku, Osaka-shi 168 units *2)	Sakai-Higashi GIORNO Redevelopment (Sakai-ku, Sakai-shi 272 units)

*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

Obtained 23,200 units for FY18/3 3Q onward



PROUD Fuchu Station Arena

PROUD CITY Etchujima

[Reference] Residential Large-scale Redevelopment & Rebuilding Business

- By utilizing our top track record in the industry and a wealth of know-how, promote various redevelopment and rebuilding projects that have potential for growth.

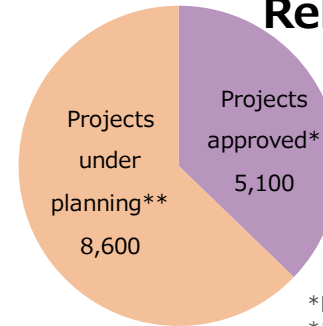
Major Redevelopment & Rebuilding Projects

Project name	No. of units	Phase		
		Phase I (FY17/3 - FY19/3)	Phase II (FY20/3 - FY22/3)	Phase III (FY23/3 - FY25/3)
PROUD CITY Asagaya*1	313	C		
PROUD Fuchu Station Arena	111	C		
PROUD TOWER Musashi-urawa Residence	165	C		
PROUD TOWER Nagoya-Sakae*1	214	C		
Gracia Tower Futamatagawa*1	81		C	
Higashi-Ikebukuro 5chome Redevelopment	110	S	C	
Musashi-Koganei Station South Exit Second District Redevelopment *2	618	S	C	
Sakai-Higashi GIORNO Redevelopment *1	272	S	C	
Wakashio Heights*1	556	S	C	C
<u>Nagoya Nishiki 2chome Redevelopment *1</u>	149	S	C	
Minamikojiwa 6chome district Redevelopment *1	300~	S	C	C
<u>Hankyu Tsukaguchi Station-Front Redevelopment *2</u>	369		S	C
<u>Higashi-Ikebukuro Station-Front Redevelopment</u>	198	S	C	
Tokyo Olympic · Paralympic Athlete's Village *1	489	S		C
Kawaguchi-sakaemachi 3chome District Redevelopment				
Hirai Station North Exit District Redevelopment				
JR Kamata Station East Exit Central District Redevelopment				
<u>Hongo Masago South District Redevelopment</u>				
Funabashi Station South Exit District Redevelopment				
Tsukishima 3chome South Redevelopment *1				
Tateishi Station South Exit East District Redevelopment *1				
Iidabashi Station Central District Redevelopment *2				
Akasaka 7chome 2nd District Redevelopment *1				
Kodaira Station-Front North District Redevelopment *1				
Minami-Ikebukuro 2chome C-District Redevelopment *1				
Kouyamaichi · Miyukicho Redevelopment (Shizuoka) *1				
Okayama Station-Front Urban Area Redevelopment *1				
Nishi-Shinjuku 3chome West Redevelopment *1,2				
Kachidoki Station South Exit 8&9 Block Redevelopment *1				
Nishi-Ojima Station-Front Redevelopment *1				
Nishi-Nippori Station-Front Redevelopment *1,2				
Hirao Condominium Redevelopment *1				
<u>Minami-Ikebukuro 2chome B-District Redevelopment *1,2</u>				
<u>Mikawashima Station-Front North District Redevelopment *1</u>				

Phase II : 700 units (FY 20/3 - 22/3)

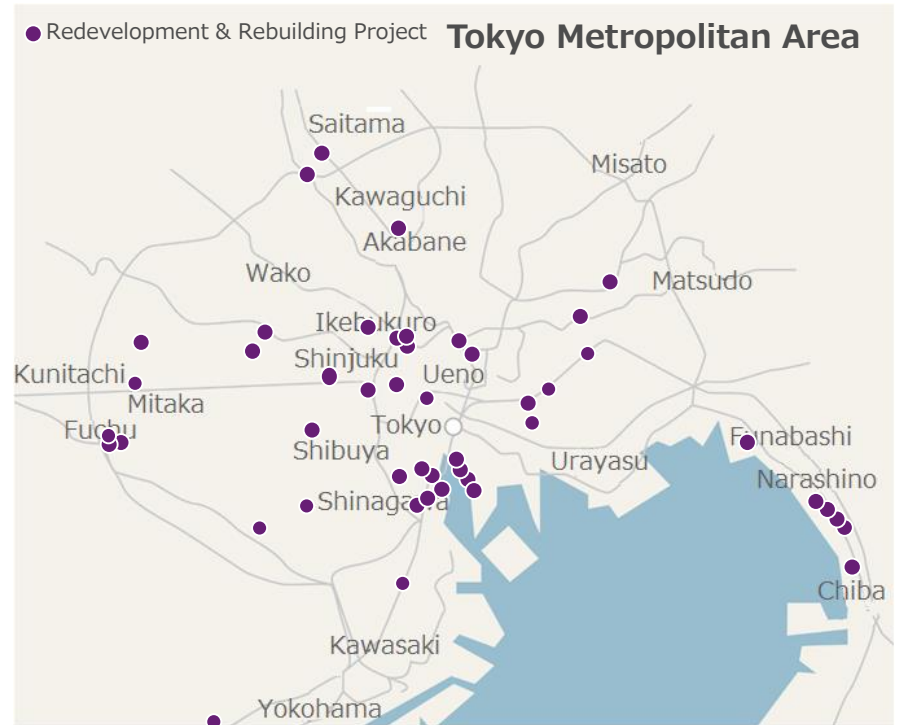
From Phase III onwards : 7,900 units (From FY23/3 onwards)

Breakdown of Residential Redevelopment / Rebuilding Projects



Of all the 23,200 units of stocks from FY18/3 3Q onward, projects approved of **5,100 units** are included. There are also projects under planning of **8,600 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.

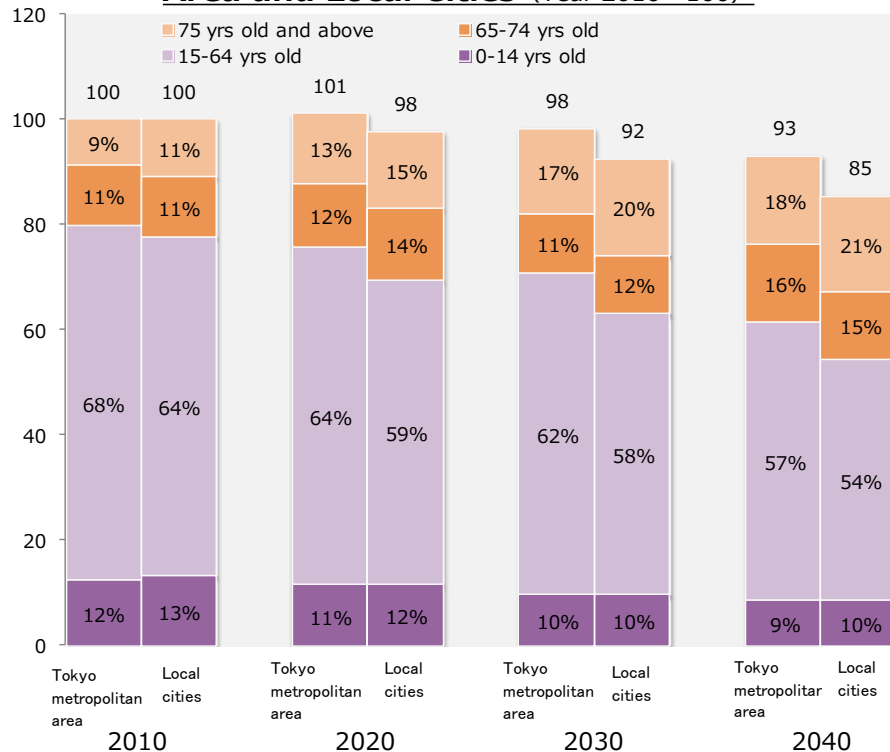
S: Start construction C: Complete construction
 *1: JV projects *2: Land acquired not only for housing but also for other usage. Underlined are new projects
 *3: The number of units for project under planning is the expected number of 100 units by each phase.

- Advanced into the market of local core cities by grasping the needs of transformation into a Compact City.
- Started business in 2 cities, Niigata and Toyama. Moreover, participated in redevelopment project in 2 other cities, Shizuoka and Okayama.

Needs of transformation into a Compact City in local core cities

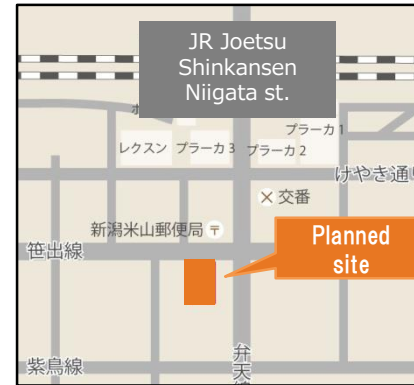
- In local core cities with population of more than 0.2 million people tend to experience decrease in population and aging more rapidly compared to Tokyo metropolitan area.
- As the needs of citizens for more convenient locations rise, the government promote transformation into a Compact City aiming at concentration of urban functions.

Population and Age Structure in Tokyo Metropolitan Area and Local Cities (Year 2010 = 100)*



*The figures are aggregated by extracting cities with population of more than 0.2 million people.
 Local cities : Cities with population of more than 0.2 million people except Tokyo metropolitan area, Osaka, Hyogo and Aichi. Source : 2015 Population Census

Niigata



Total : 70 units (our share : 72%)
 Access : 5-min walk from JR Niigata station
 Completion (plan) : FY19/3
 Population : Approx. 0.8 million

Toyama



Total : 91 units (our share : 75%)
 Access : 5-min walk from JR Toyama station
 Completion(plan) : FY19/3
 Population : Approx. 0.42 million

Shizuoka



Total no. of units : TBD
 Access : 2-min walk from JR Shizuoka station
 Completion(plan) : TBD
 Population : Approx. 0.7 million

Okayama



Total no. of units : TBD
 Access : 1-min walk from JR Okayama station
 Completion(plan) : TBD
 Population : Approx. 0.72million

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

● **300.0 bn yen investment until phase 3 planned for overseas business.** Focus on high-growth Southeast Asia etc. **6 projects, total 33.0 billion yen investments are determined** at this point. We are planning several new projects.

Overseas Investment Project

Project	Main use	Total number of units	Joint Partner	Our Share	Phase I	Phase II	Phase III
					FY17/3 - FY19/3	FY20/3 - FY22/3	FY23/3 - FY25/3
China, Shenyang	Residential	Approx. 4,100 units	Mitsubishi Corporation	11.25%	●●●●●		
Vietnam, Ho Chi Minh City	Residential	Approx. 2,300 units	Phu My Hung Development, Diwa House, Sumitomo Forestry	12.25%	●●●●●		
the Philippines, Manila	Residential Retail	Approx. 1,400 units Approx. 30,000m ²	Federal Land, Isetan Mitsukoshi Holdings	20.00%	○●●●●	●●●●●	
Bangkok, Ratchayothin	Residential	A building 334 units B building TBD	Origin Property	49.00%	○●●●●	●●●●●	
Bangkok, On Nut	Residential	601 units	Origin Property	49.00%	○●●●●	●●●●●	
Bangkok, Ramkhamhaeng	Residential	685 units	Origin Property	49.00%	○●●●●	●●●●●	

○ :Start of construction

● :Completion

Ho Chi Minh City, Vietnam

(Condominiums for sale)

Total units : Approx. 2,300 units, Our share : 12.25%



Manila, Philippines

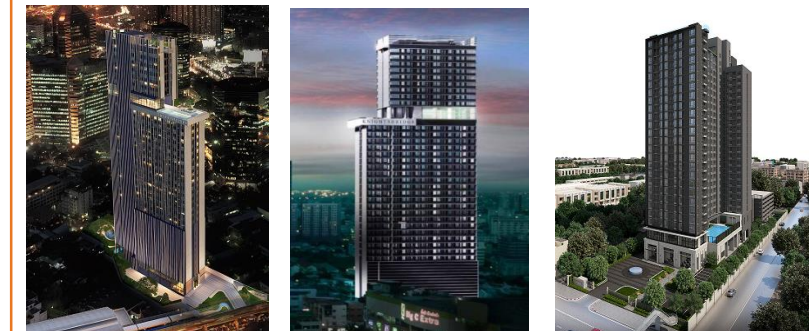
(Condominiums for sale, Retail)

Total units : Approx. 1,400 units Retail total floor area : Approx. 30,000m², Our share : 20.00%



Bangkok, Thailand (Condominiums for sale)

Total units : 3 buildings, over 2,000 units
Our share : 49.00%



- Leasing of existing properties for tenants made a satisfactory progress. Moreover, newly-built properties started operation smoothly. The vacancy rate as of the end of the 2Q improved to **0.6%** (down 0.2 points compared to the end of FY17/3).

(Billions of yen)	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ② - ①	FY17/3 Actual ③	FY18/3 Forecast ④	Changes ④ - ③
Operating revenue	52.3	61.1	+8.7	115.0	143.0	+27.9
Leasing (offices)	25.5	26.6	+1.1	51.9	—	—
Leasing (retail facilities)	5.7	5.7	-0.0	11.6	—	—
Leasing (other)	2.9	3.3	+0.4	5.9	—	—
Property development (sale)	13.6	20.2	+6.6	35.3	—	—
Property development (leasing)	1.8	2.3	+0.4	4.0	—	—
Other	2.7	2.8	+0.0	6.0	—	—
Operating profit	14.6	15.8	+1.1	32.5	32.0	-0.5
Rentable floor area (sqm)	976,688	1,039,512	+62,823	975,974	—	—
Offices	831,891	864,802	+32,911	831,177	—	—
Retail facilities	144,797	174,710	+29,913	144,797	—	—
Vacancy rate	1.2%	0.6%	-0.6P	0.8%	—	—

* Leasing (offices) includes subleasing properties

[Reference] Rent revenue change analysis

Changes

New and full-year operating buildings

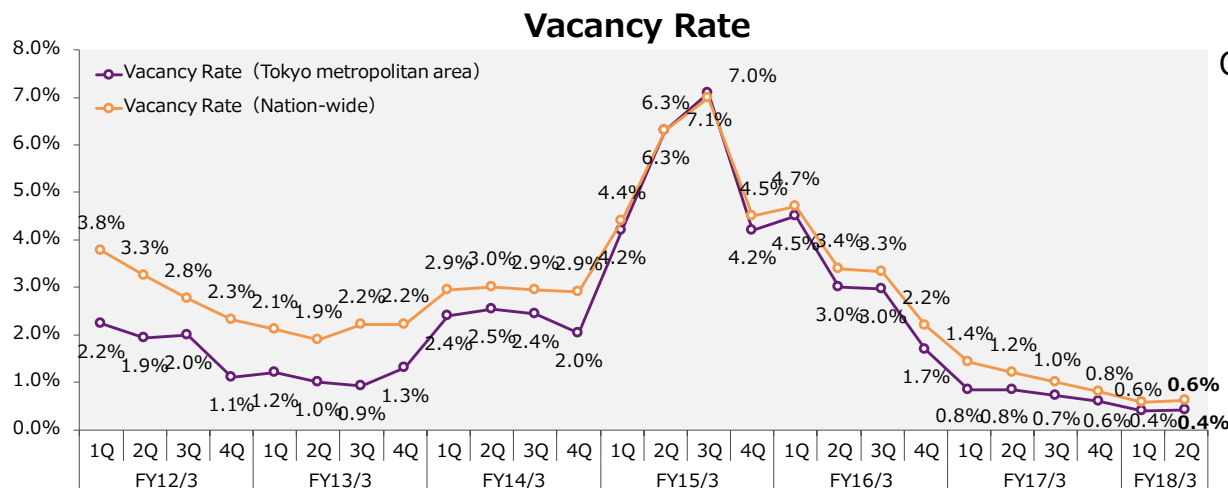
+1.9 Contributory factors: operation of Yokohama Nomura Building and 3 properties acquired from NMF

Existing buildings

+0.0

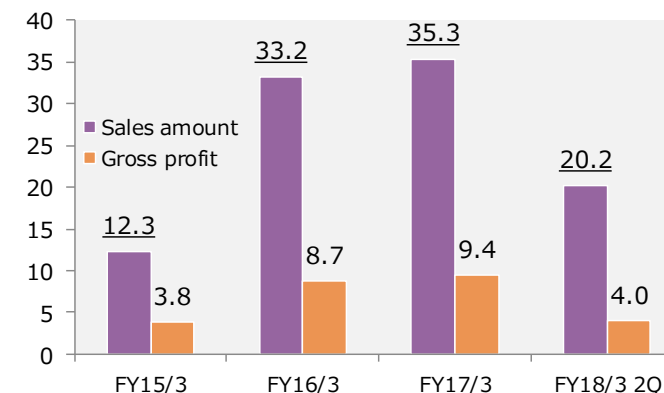
Sold / Termination

-0.8 Sales of Fukagawa Gatharia etc.



Progress of Property Development (Sale)

Operating Revenue as of FY18/3 2Q: 20.2 billion yen



Promote mixed-use development projects actively in Tokyo metropolitan area

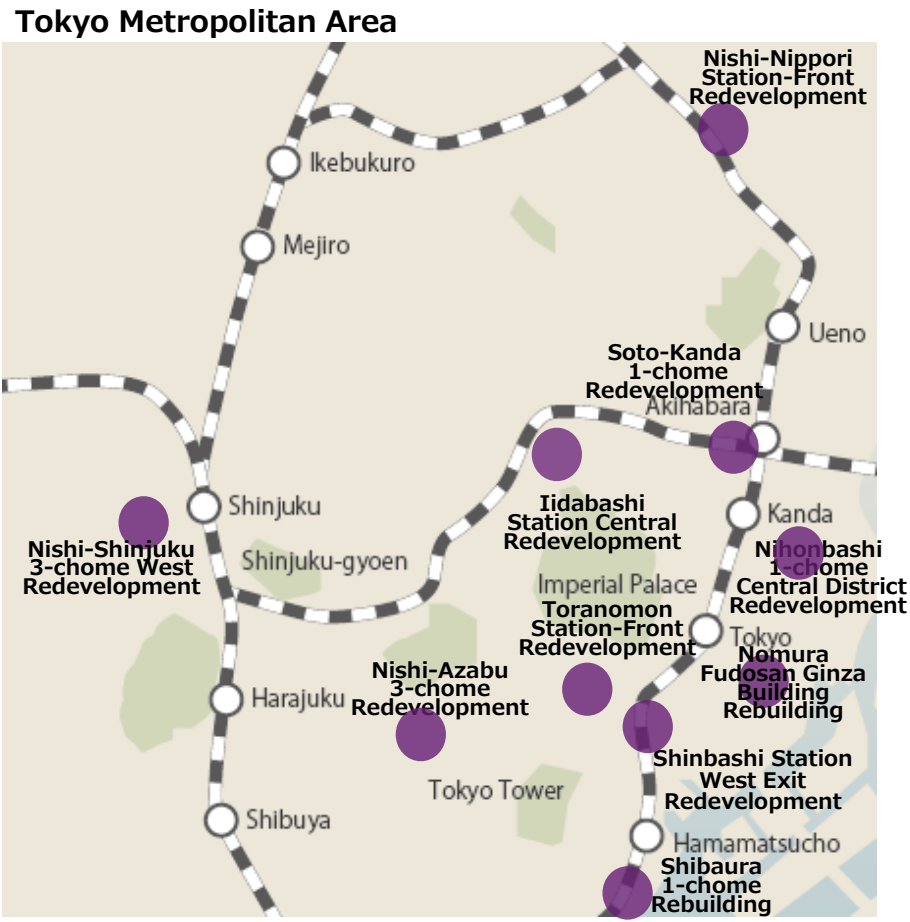
Major Large-scale Redevelopment & Mixed-use Development

Project name	Progress situation	Main use	Area planned to be acquired	Phase I	Phase II	Phase III
				FY17/3 - FY19/3	FY20/3 - FY22/3	FY23/3 - FY25/3
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	Rights conversion completed Started to be demolished	Office Retail	Approx. 12,000m ²	S	C	
Musashi-Koganei station 2nd District Redevelopment	Rights conversion completed	Retail Residential	Approx. 12,000m ²	S	C	
Minamikojiwa 6-chome Redevelopment*	The Redevelopment Union was established	Retail Residential	Approx. 4,500m ²	S	C	C
Soto-Kanda 1chome Redevelopment	Blueprint of the project is under discussion	Office Hotel Retail	Approx. 43,000m ²		S	C
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residential	Approx. 19,000m ²			
Nishi-Azabu 3chome Redevelopment*	Blueprint of the project is under discussion	Hotel Residential	TBD			
Nishi-Shinjuku 3chome West Redevelopment*	Blueprint of the project is under discussion	Retail Residential	Approx. 21,000m ²			
Shibaura 1chome Rebuilding* (Submitted as National Strategic Special Zone)	Submitted as a national strategic special zone	Complex	Approx. 550,000m ² (Total floor area)		S	
Nihonbashi 1-chome Central District Redevelopment * (Submitted as a national strategic special zone)	Submitted as a national strategic special zone	Office Retail Hotel	Approx. 499,000m ² (Total floor area)		S	
Nishi-Nippori Station-Front Redevelopment *	Blueprint of the project is under discussion	Retail Residential	Approx. 17,000m ²			
Shinbashi Station West Exit Redevelopment *	Blueprint of the project is under discussion	Office Retail	TBD			S
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building) *	-	Office	TBD		TBD	

*S: Start construction C: Complete construction
 *JV projects

Investment Plan (Mid-to Long-term Business Plan)

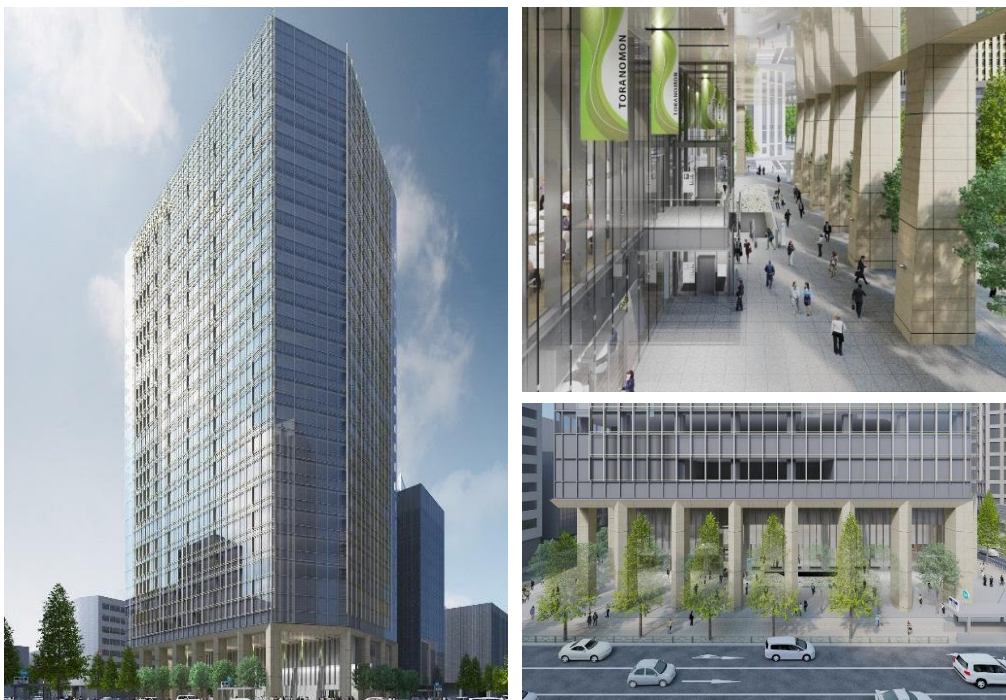
- Planned to invest 900 billion yen by FY25/3 based on Mid-to Long-term Business Plan (long-term holding properties)
- Determined the business scale of 650 billion yen as of FY18/3 2Q.



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

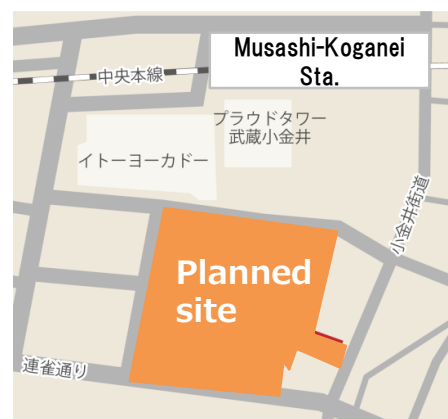
- As a part of the business mixed-use redevelopment, the construction of Toranomom station-front and Musashi-Koganei station 2nd district will start within the current fiscal year and planned to be completed in 2020.

Toranomon Station-Front Redevelopment



Location : Minato-ku, Tokyo
 Access : Directly connected to Toranomom station
 Size : 24 stories above ground, 4 basement floors/Approx. 120m
 Total floor area : Approx.47,470㎡
 Schedule :
 start dismantling (December, 2016),
 conversion of property rights(January,2017),
 Planned to be completed (June,2020)

Musashi-Koganei Station 2nd District Redevelopment



Location : Koganei-shi, Tokyo
 Access : 3-min walk from Musashi-koganei Station
 Size: 26/24 stories above ground, 2 basement floors/ Approx. 95m
 Total units : Approx. 720 units
 Our share : 618 units
 Retail (planned area to be aquired) :
 Approx.12,000㎡
 Start construction in 2017,to be completed in 2020

- Promote hotel business with product lineups to meet a variety of guests' needs.
- Launched our own brand hotel "NOHGA" operated by our Group.
- Aiming at expanding business areas by whole building lease, direct management, as well as inviting hotels for business mixed-use redevelopment.

Whole Building Lease

Business expansion of whole building lease for external operating companies

- Lease whole buildings of our development projects to operating companies to earn stable income

Our development projects



NREG Akasaka Building

Location: 3-min walk from Akasaka station
No. of rooms : 157
Completion : 2015
Operation : Super Hotel



NREG Sapporo Building

Location: 7-min walk from Sapporo station
No. of rooms : 204
Completion : 2016
Operation : JR Hokkaido Hotels

Direct Management

Business development by our own brand hotel "NOHGA"

- Expand NOHGA brand hotel with the concept of "wonderful experiences produced by deep relationship with local communities"
- Establish hotel operating company called "Nomura Real Estate Hotels"

NOHGA HOTEL



1st project

NOHGA Hotel Ueno
Location : 3-min walk from Ueno station
No. of rooms : 130
Opening : Autumn, 2018 (plan)
Operation : Nomura Real Estate Hotels



Mixed-use Redevelopment

Consider inviting hotels to utilize brands of external operating companies

- Considering on inviting global brand hotels in Shibaura 1-chome Project and Nishi-azabu 3-chome project as crucial pieces of business mixed-use redevelopment



Shibaura 1-chome rebuilding

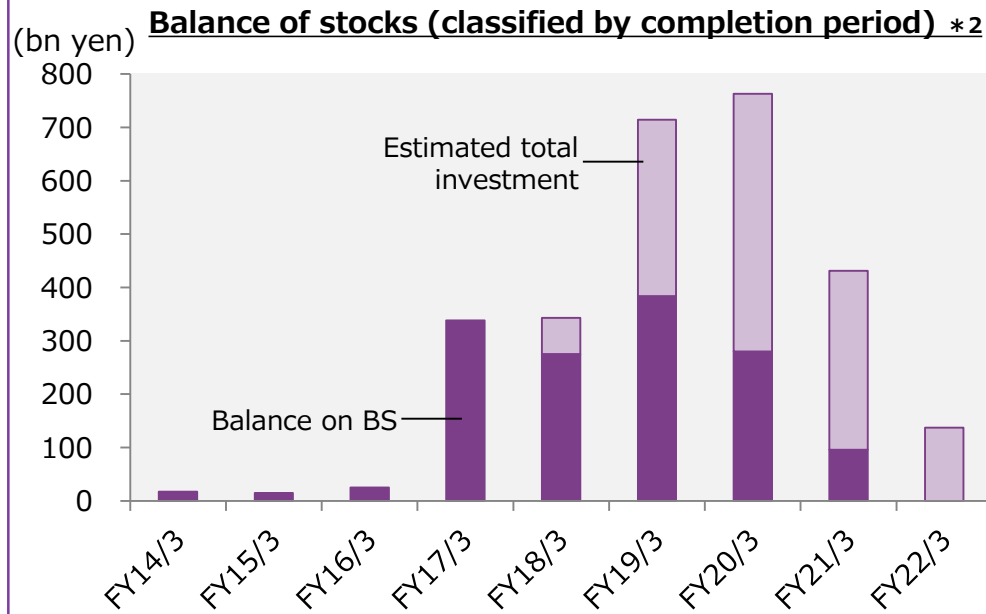


Nishi-azabu 3-chome redevelopment

- Secured 11 properties with estimated total investment of approx. 53.0 bn yen as of FY18/3 2Q. Stocks of Property Development Business expanded to approx. 270.0 bn yen.
- In the Mid-to Long-term, we aim to promote acquisitions and sales at about 100 billion/FY to secure stable sales revenues.

Stocks of Property Development Business (Estimated total investment : approx. 270.0 bn yen) ※1

- Estimated NOI yield for all project stock is at 5% level.



Expansion Plan of Property Development (on Balance Sheet)

- BS Balance was 142.9 bn yen as of the end of FY18/3 2Q.
- Aiming at achieving BS balance of 200 bn yen in the Mid-to Long-term.

(Billions of yen)	FY18/3 2Q (on B/S)	Phase 1	Phase 2	Phase 3
Offices (PMO, etc.)	54.0	60.0	65.0	65.0
Retail Facilities (GEMS/NSC etc.)	17.7	35.0	35.0	35.0
Logistics Facilities (Landport, etc.)	50.4	45.0	70.0	70.0
Condominiums (PROUD FLAT, etc.)	20.6	15.0	20.0	30.0
Image of expansion of Property Development	142.9	155.0	190.0	200.0

* 1 : Estimated total investment is the estimated total project cost at the time of acquisition.

* 2 : Completion period is estimated at the current stage and is not certain.

Offices (PMO etc.)

Acquisition (Estimated total investment)	2 projects (About 14.0 billion)
Sale (Sale value)	3 projects (16.0 billion)

Condominiums (PROUD Flat etc.)

Acquisition (Estimated total investment)	3 projects * (About 9.0 billion)
Sale (Sale value)	1 project (0.5 billion)

Retail Facilities (GEMS etc.)

Acquisition (Estimated total investment)	4 projects (About 9.0 billion)
Sale (Sale value)	2 projects (About 3.5 billion)

Logistics Facilities (Landport etc.)

Acquisition (Estimated total investment)	2 projects (About 21.5 billion)
Sale (Sale value)	-

*Properties mentioned on this page include the projects determined at this current quarter. *Condominiums and estimated total investment include the properties acquired in FY17/3. *Estimated total investment is based on the expected total investment project cost at the time of acquisition and is subject to change according to the plan from now onward.

Offices “PMO”



PMO Shibadaimon



PMO Nihonbashi Edo Dori



PMO Nishishimbashi

Condominiums “PROUD FLAT”



PROUD FLAT Soto-Kanda



PROUD FLAT Noborito



PROUD FLAT Asakusabashi

	Name	Location	Completion	Status
1	PMO Hirakawacho	Hirakawa-cho, Chiyoda-ku	2016/1	Sold
2	PMO Shin-Nihonbashi	Nihonbashi-Honcho, Chuo-ku	2016/11	Sold
3	PMO Shibadaimon	Shibadaimon, Mintako-ku	2014/9	Under Operation
4	PMO Nihonbashi Edo Dori*	Nihonbashi-Kodenmacho, Chuo-ku	2016/6	Under Operation
5	PMO Nihonbashi Mitsukoshimae	Nihonbashi-Honcho, Chuo-ku	2016/5	Under Operation
6	PMO Kanda Iwamotocho	Kanda-Sudacho, Chiyoda-ku	2017/1	Under Operation
7	PMO Nishishimbashi	Nishishimbashi, Minato-ku	2017/3	Under Operation
8	PMO Uchi-Kanda Project	Uchi-Kanda, Chiyoda-ku	2017/5	Under Operation
9	PMO Shibuya Project	Shibuya, Shibuya-ku	2017/6	Under Operation
10	PMO Hanzomon Project (Entrusted)	Kojimachi, Chiyoda-ku	2017/6	Under Operation
11	PMO Shinjuku-Gyoen Project (Entrusted)	Shinjuku, Shinjuku-ku	2018/9(plan)	Under Construction
12	PMO Tamachi II Project	Shiba, Minato-ku	2018/2(plan)	Under Construction
13	PMO Higashi-Shinbashi Project	Higashi-Shinbashi, Minato-ku	2018/4(plan)	Under Construction
14	PMO Kyobashi-Higashi Project	Hatchobori, Chuo-ku	2018/4(plan)	Under Construction
15	PMO Ochanomizu Project	Kanda-Surugadai, Chiyoda-ku	2018/7(plan)	Under Construction
16	PMO Hamamatsucho Project	Hamamatsucho, Minato-ku	2018/11(plan)	Under Construction
17	PMO Kanda-Sudacho Project	Kanda-Sudacho, Chiyoda-ku	2020/1(plan)	Under Planning
18	PMO Hatchobori-Shinkawa Project*	Shinkawa, Chuo-ku	2018/4(plan)	Under Construction
19	PMO Akihabara North Project	Taito, Taito-ku	2018/12(plan)	Under Construction
20	PMO Nishi-Shinjuku Project	Nishi-Shinjuku, Shinjuku-ku	2019/6(plan)	Under Planning
21	PMO Shibuya II Project	Shibuya, Shibuya-ku	2020/8(plan)	Under Planning
22	PMO Gotanda Project	Nishi-Gotanda, Shinagawa-ku	2019/7(plan)	Under Planning

*JV Project

Property acquired in FY18/3

	Name	Location	No. of units	Completion	Status
1	PROUD FLAT Sugamo II	Toshima-ku, Tokyo	33 units	2015/11	Sold
2	PROUD FLAT Sangenjaya II	Setagaya-ku, Tokyo	70 units	2014/1	Under Operation
3	PROUD FLAT Higashi-Kanda	Chiyoda-ku, Tokyo	38 units	2015/5	Under Operation
4	PROUD FLAT Mitsukoshimae	Chuo-ku, Tokyo	40 units	2015/7	Under Operation
5	PROUD FLAT Yoyogi-Hachiman	Shibuya-ku, Tokyo	30 units	2016/1	Under Operation
6	PROUD FLAT Soto-Kanda	Chiyoda-ku, Tokyo	75 units	2016/5	Under Operation
7	PROUD FLAT Noborito	Tama-ku, Kawasaki	79 units	2016/5	Under Operation
8	PROUD FLAT Nakaochiai	Shinjuku-ku, Tokyo	37 units	2016/12	Under Operation
9	PROUD FLAT Asakusabashi	Taito-ku, Tokyo	38 units	2017/2	Under Operation
10	PROUD FLAT Monzen-nakacho V	Koto-ku, Tokyo	99 units	2017/10 (plan)	Under Construction
11	PROUD FLAT Miyazakidai	Miyamae-ku, Kawasaki	82 units	2018/2 (plan)	Under Construction
12	PROUD FLAT Togoshi	Shinagawa-ku, Tokyo	99 units	2018/12 (plan)	Under Construction
13	PROUD FLAT Asakusabashi II	Taito-ku, Tokyo	87 units	2019/3(plan)	Under Construction
14	PROUD FLAT Higashi-Nihonbashi	Chuo-ku, Tokyo	43 units	2018/10(plan)	Under Construction
15	PROUD FLAT Asakusabashi III	Taito-ku, Tokyo	41 units	2018/8(plan)	Under Construction
16	PROUD FLAT Asakusa-Kaminarimon	Taito-ku, Tokyo	49 units	2019/1(plan)	Under Construction
17	PROUD FLAT Ryogoku	Sumida-ku, Tokyo	90 units	2019/8(plan)	Under Planning
18	Tomigaya 2-chome Project	Shibuya-ku, Tokyo	109 units	2019/2(plan)	Under Planning
19	Kiba 5-chome Project	Koto-ku, Tokyo	136 units	2020/2(plan)	Under Planning
20	Minami-Shinagawa 2-chome Project	Shinagawa-ku, Tokyo	127 units	2019/4(plan)	Under Planning
21	PROUD FLAT Kinshicho II	Sumida-ku, Tokyo	62 units	2020/1(plan)	Under Planning

Property acquired in FY18/3

Retail Facilities "GEMS" & "Urban-type Retail Facilities"



GEMS Ebisu



GEMS Jingu-Mae



GEMS Sangenjaya

Logistics Facilities "Landport"



Landport Komaki

Name (GEMS)	Location	Completion	Status
1 GEMS Daimon	Shibadaimon, Minato-ku	2016/2	Sold
2 GEMS Kanda	Kajicho, Chiyoda-ku	2016/6	Sold
3 GEMS Ebisu	Ebisu, Shibuya-ku	2017/7	Under Operation
4 GEMS Jingu-Mae Project	Jingu-Mae, Shibuya-ku	2018/4 (plan)	Under Construction
5 GEMS Kayabacho Project	Shinkawa, Chuo-ku	2018/2 (plan)	Under Construction
6 GEMS Namba Project	Namba, Chuo-ku, Osaka	2018/11 (plan)	Under Construction
7 GEMS Tamachi Project	Shiba, Minato-ku	2019/2 (plan)	Under Construction
8 GEMS Nishi-Shinjuku Project	Nishi-shinjuku, Shinjuku-ku	TBD	Under Planning
9 GEMS Sangenjaya Project	Taishido, Setagaya-ku	2018/5 (plan)	Under Construction
10 GEMS Shin-Yokohama Project	Kohoku-ku, Yokohama	2018/7 (plan)	Under Construction
11 GEMS Shimbashi Project	Shimbashi, Minato-ku	2018/9 (plan)	Under Construction
12 GEMS Sakae Project	Naka-ku, Nagoya	2019/8(plan)	Under Planning
13 GEMS Yokohama Project	Nishi-ku, Yokohama	2019/9 (plan)	Under Planning

Name (Urban-type retail facilities)	Location	Completion	Status
1 MIRRAZA Jingu-mae Project*	Jingu-mae, Shibuya-ku	2017/6*	Under Operation
2 Jinbocho Project	Jinbocho, Kanda, Chiyoda-ku	2019/1(plan)	Under Planning
3 Suginami Project	Honamanuma, Suginami-ku	2018/9(plan)	Under Planning
4 Hiroo Project	Hiroo, Shibuya-ku	2019/5(plan)	Under Planning
5 Katasekaigan Project	Katasekaigan, Fujisawa	2019/2(plan)	Under Planning
6 Chayamachi Project	Kita-ku, Osaka	2020/7(plan)	Under Planning

*Renewed existing retail facility for the MIRRAZA Jingu-mae project.

Property acquired in FY18/3

Name	Location	Completion	Status
1 Landport Iwatsuki	Saitama-shi, Saitama	2016/5	Under Operation
2 Landport Hachioji II	Hachioji-shi, Tokyo	2016/9	Under Operation
3 Landport Komaki*	Komaki-shi, Aichi	2017/1	Under Operation
4 Landport Shinonome Project	Koto-ku, Tokyo	2018/8 (plan)	Under Planning
5 Landport Narashino Project	Narashino-shi, Chiba	2019/12 (plan)	Under Construction
6 Landport Kawaguchi Project	Kawaguchi-shi, Saitama	2020/1 (plan)	Under Planning
7 Landport Higashi-Narashino Project	Narashino-shi, Chiba	2019/8 (plan)	Under Planning
8 Landport Ome Project I	Ome-shi, Tokyo	2018/11(plan)	Under Construction
9 Landport Ome Project II	Ome-shi, Tokyo	2020/6(plan)	Under Planning
10 Landport Ome Project III	Ome-shi, Tokyo	2020/6(plan)	Under Planning
11 Landport Koshigaya Project	Koshigaya-shi, Saitama	2020/6(plan)	Under Planning
12 Landport Kasukabe Project II	Kasukabe-shi, Saitama	2021/5(plan)	Under Planning

* JV Project

Property acquired in FY18/3

【Reference】 Our Group's Major Buildings

	Name	Location	Leased floor area *Our share	Completion
1	Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	172,382m ²	1990/1, etc.
2	Hamamatsucho Building (Toshiba Building)	Minato-ku, Tokyo	98,322m ²	1984/3
3	LAZONA Kawasaki Toshiba Building	Saiwai-ku, Kawasaki-shi, Kanagawa	78,610m ²	2013/3
4	LAZONA Kawasaki Plaza	Saiwai-ku, Kawasaki-shi, Kanagawa	46,989m ²	2006/9
5	Yokohama Nomura Building	Nishi-ku, Yokohama-shi, Kanagawa	42,013m ²	2017/1
6	Morisia Tsudanuma	Narashino-shi, Chiba	39,395m ²	1978/10
7	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,467m ²	1978/5
8	Nomura Fudosan Tennozu Building	Shinagawa-ku, Tokyo	24,242m ²	1996/6
9	Nihonbashi Muromachi Nomura Building	Chuo-ku, Tokyo	22,247m ²	2010/9
10	Nomura Fudosan Musashikosugi Building N Wing & S Wing	Nakahara-ku, Kawasaki-shi, Kanagawa	20,513m ²	2010/3
11	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,157m ²	1961/4
12	Umeda Sky Building	Kita-ku, Osaka-shi, Osaka	19,253m ²	1993/3
13	bono Sagamino Shopping Center	Minami-ku, Sagamihara-shi, Kanagawa	16,113m ²	2013/1
14	Nomura Fudosan Ginza Building	Chuo-ku, Tokyo	13,280m ²	1982/3



Hamamatsucho Building



LAZONA Kawasaki Toshiba Building



Yokohama Nomura Building



Shinjuku Nomura Building



Nomura Fudosan Tennozu Building



Nihonbashi Muromachi Nomura Building



Umeda Sky Building



Nomura Fudosan Ginza Building



Yokohama Business Park



LAZONA Kawasaki Plaza



Morisia Tsudanuma



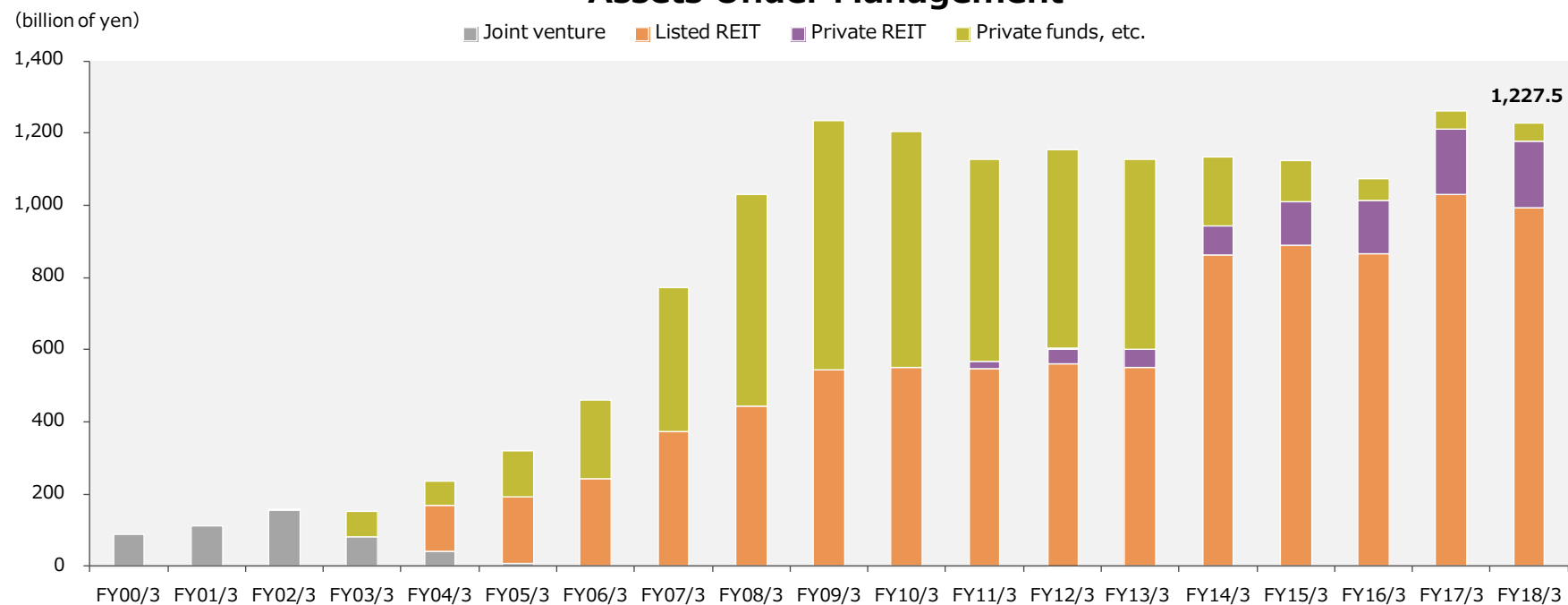
bono Sagamino Shopping Center

【Investment Management】

Assets under management remain at a high level standard. Nomura Real Estate Master Fund, Inc. completed a phase of strategic replacement of buildings intended for qualitative improvement of portfolio. Aiming at growing stably with well-selected target investment from now on.

(Billions of yen)	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ②-①	FY17/3 Actual ③	FY18/3 Forecast ④	Changes ④-③
Operating revenue	5.1	4.5	-0.6	9.6	9.5	-0.1
Operating profit	3.4	2.8	-0.5	6.0	5.5	-0.5
Assets under management	1,246.2	1,227.5	-18.6	1,260.0	—	—
Listed REIT	1,009.9	993.2	-16.6	1,029.9	—	—
Private REIT	173.4	183.5	+10.0	180.6	—	—
Private funds, etc.	62.7	50.6	-12.0	49.5	—	—

Assets Under Management



【Reference】 Mutual Growth of Our Group and Group's REIT

- Since we reached an agreement of leasing value chain with group's REIT (NMF,NPR), in purpose of mutual growth of our group and our group's REITs in May 2015, over 2 years have passed. As of 2Q, NMF and NPR acquired 5 properties which are equivalent to 12 billion yen. NMF sold "Morisia Tsudanuma" to our group.
- Sales from NMF to our group expanded to more than 50 billion yen. It contributes to mutual growth, as gaining opportunities for development for our group and as gaining chances for external growth for NMF.



- The retail business and wholesale business made a steady progress. Both operating revenue and operating profit increased due to an increase of transaction value.

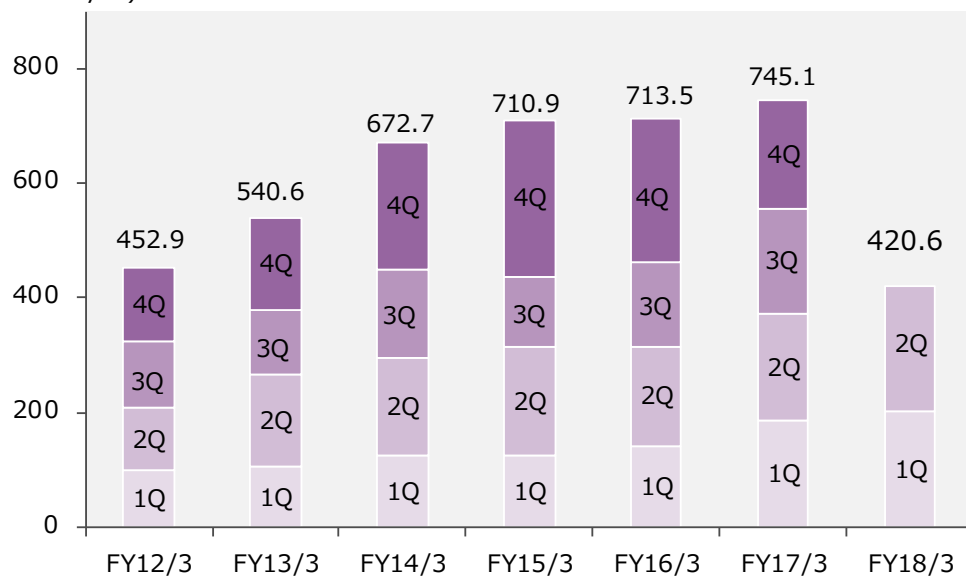
(Billions of yen)	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ②-①	FY17/3 Actual ③	FY18/3 Forecast ④	Changes ④-③
Operating revenue	16.8	17.8	+1.0	34.8	38.0	+3.1
Property brokerage	14.8	16.2	+1.3	30.2	—	—
Other	2.0	1.6	-0.3	4.5	—	—
Operating profit	4.4	4.4	+0.0	9.1	10.5	+1.3

【Brokerage indicators】

Total transaction value (billion yen)	371.7	420.6	+48.9	745.1	—	—
Number of transactions	4,067	4,267	+200	8,272	—	—
Comission fee (billion yen)	14.8	16.2	+1.3	30.2	—	—
Comission rate (%)	4.0%	3.9%	-0.1P	4.1%	—	—
Number of property brokers branches	71	75	+4	73	—	—

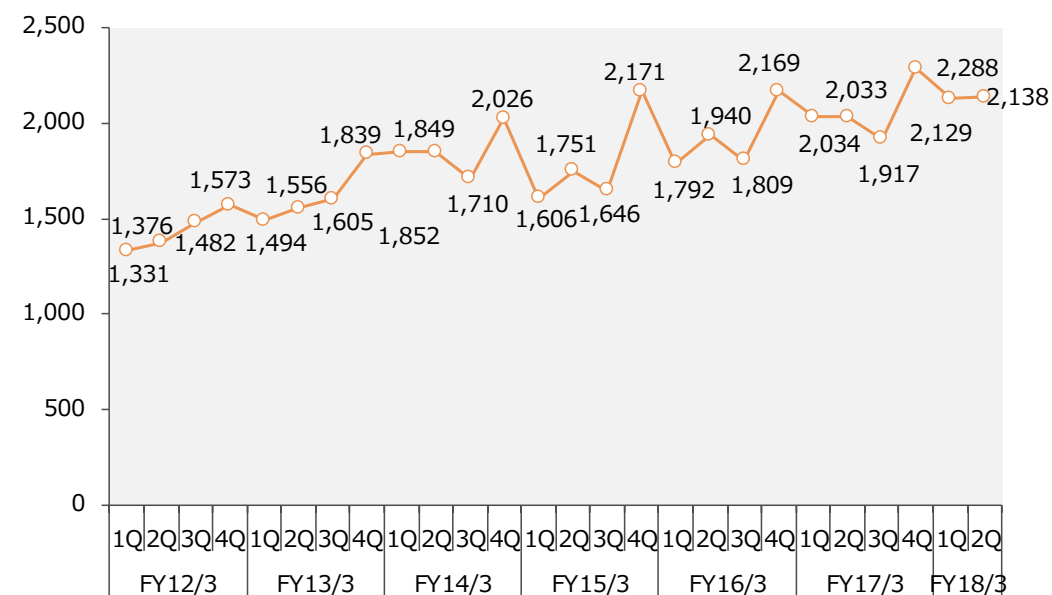
Total Transaction Value of Property Brokerage

(Billions of yen)



Number of Transactions

(No. of transactions)



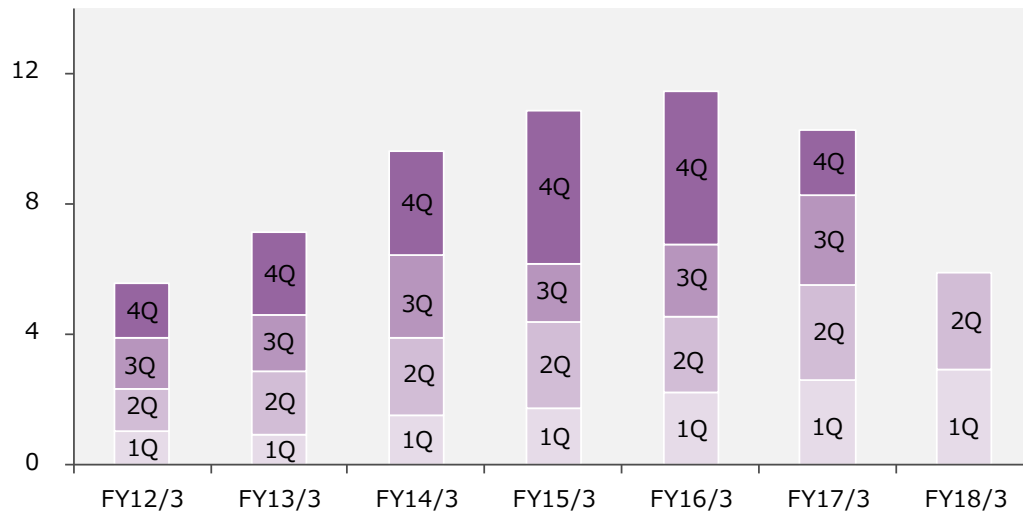
Progress of Property Brokerage & CRE Business Unit

- In the wholesale business, established new branches in Kyoto and Fukuoka in October 2016, in order to enhance sales activities in broader area. Moreover, promoting enhancement of corporation with local banks for new customer development.
- In the retail business, the number of new branches expanded to 75 as of FY18/3 2Q. In addition, planning to establish 100 property brokers branches and hire 1,000 sales reps by FY2022/3.
- Business collaboration with Nomura Securities marked the transaction value of more than 60 billion yen by the end of the 2Q. The transaction value for each fiscal year is at 100 billion yen level.

Brokerage commission fee (wholesale)

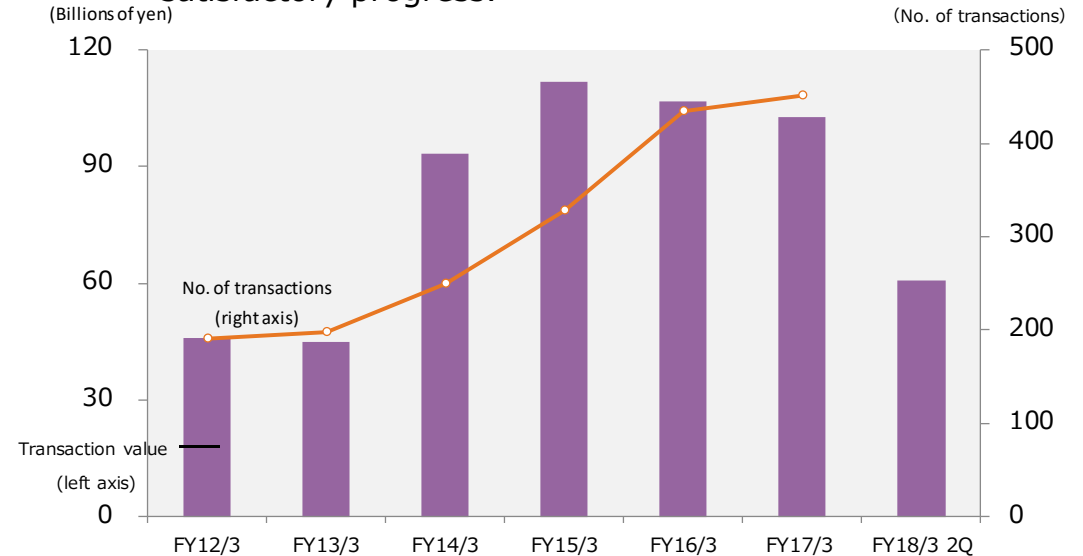
- Commission marked the highest figure ever as the 2Q.

(Billions of yen)



Transaction value and number of transactions in cooperation with Nomura Securities (based on contracts)

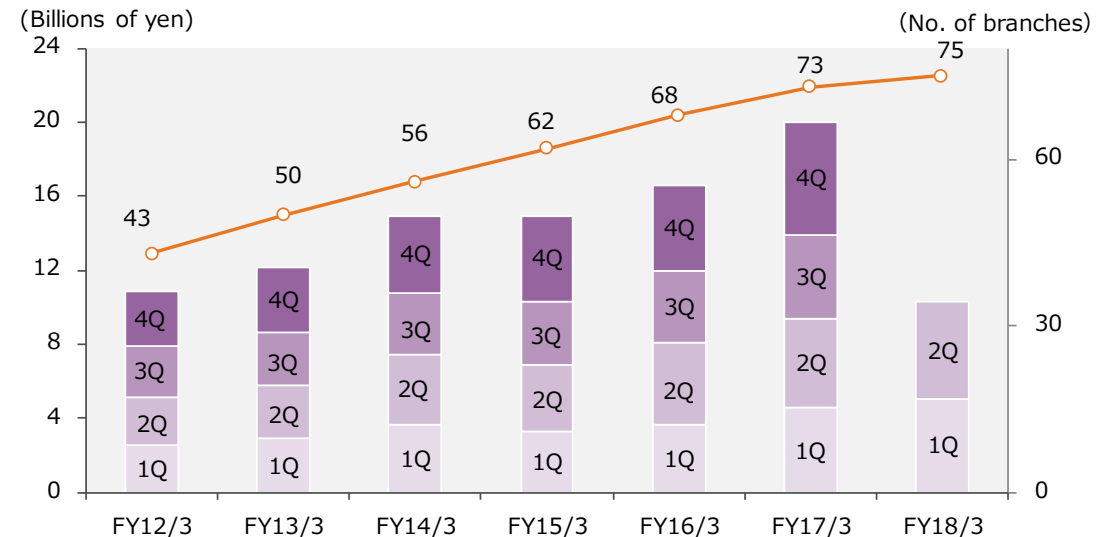
- Both the transaction value and number of transaction made a satisfactory progress.



Number of branches & brokerage commission (retail)

- Branches are expanding steadily. Commission marked the highest figure ever as the 2Q.

(Billions of yen)

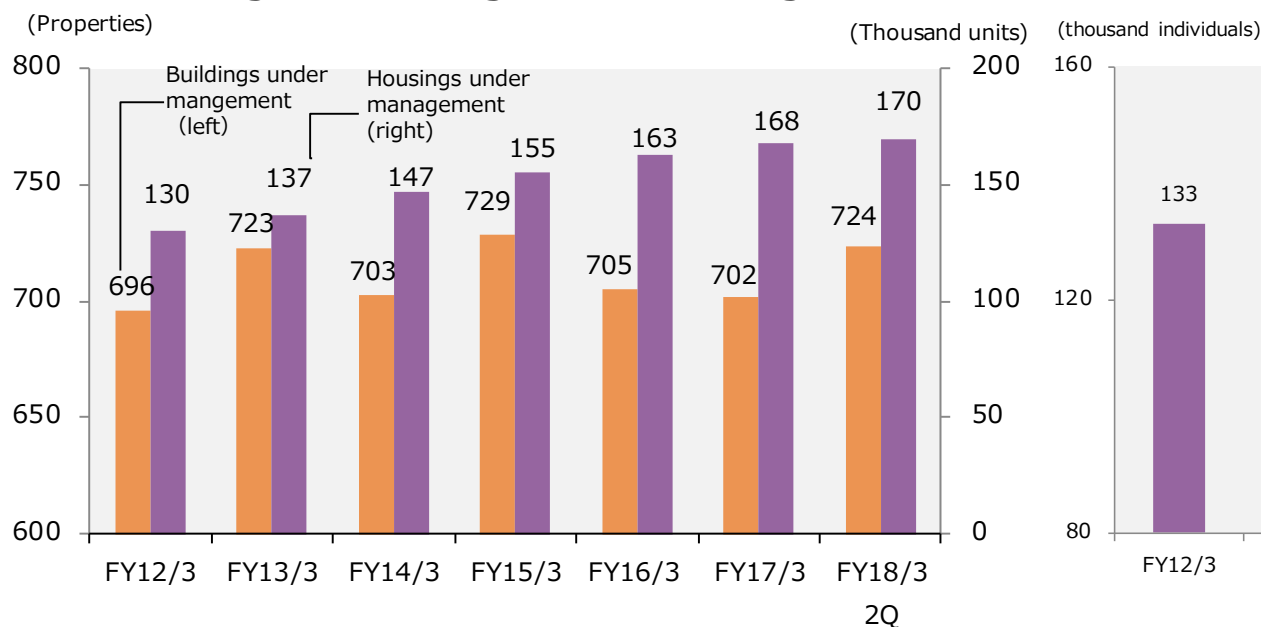


- Both revenue and profit increased due to a steady increase in the number of buildings and housings under management in addition to rise in the number of construction ordered.

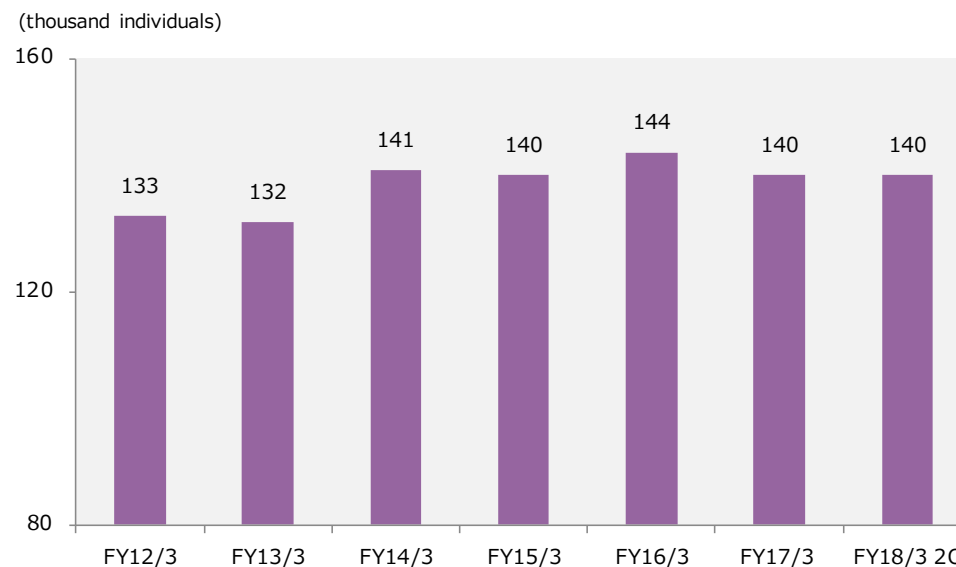
(Billions of yen)	FY17/3 2Q Actual ①	FY18/3 2Q Actual ②	Changes ②-①	FY17/3 Actual ③	FY18/3 Forecast ④	Changes ④-③
Operating revenue	45.6	48.6	+2.9	95.7	104.0	+8.2
Property & facility management	24.0	24.9	+0.9	48.3	—	—
Construction ordered	11.6	12.6	+1.0	26.8	—	—
Fitness club & elderly care	7.6	7.9	+0.2	15.5	—	—
Other	2.3	3.0	+0.6	5.0	—	—
Operating profit	3.0	3.2	+0.2	6.9	7.0	+0.0

Building under management	708	724	+16	702	—	—
Housings under management	165,801	170,641	+4,840	168,999	—	—
Members of MEGALOS (individuals)	143,646	140,901	-2,745	140,743	—	—
Number of clubs	33	37	+4	35	—	—

Buildings & Housings Under Management



Members of MEGALOS

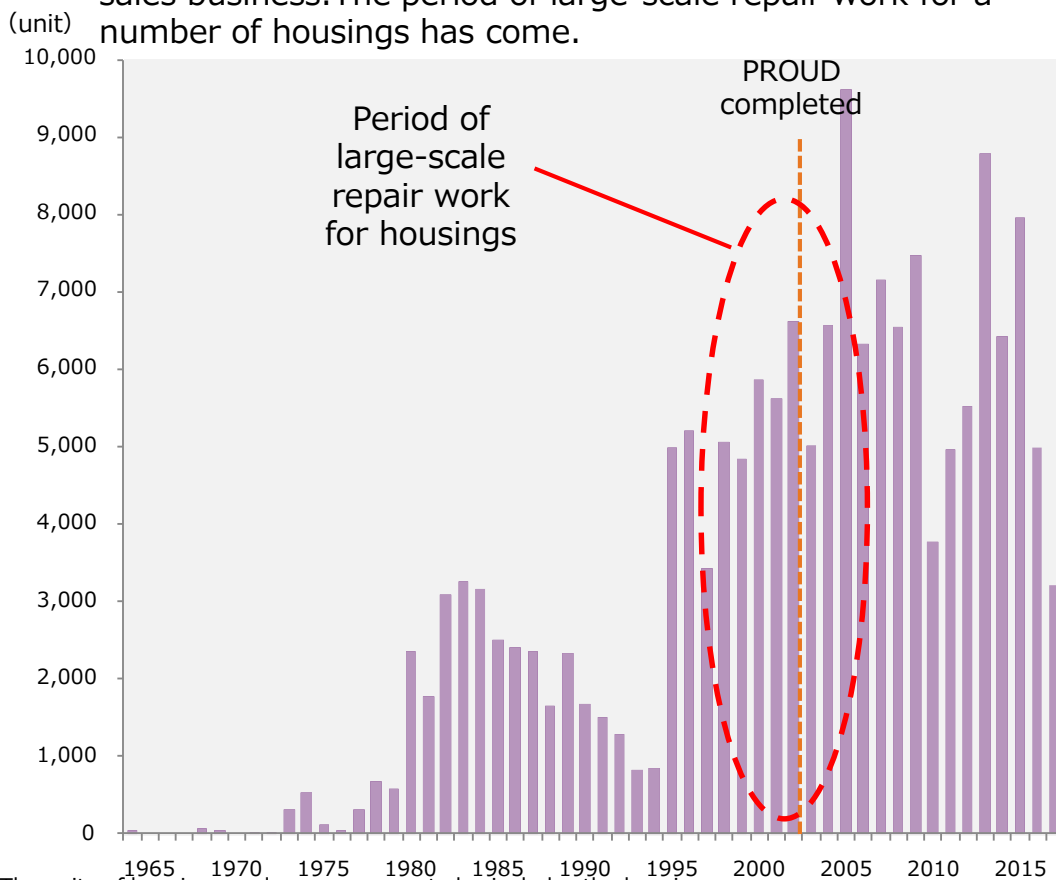


【Reference】 Expansion of Business Opportunities for Large-scale Condominium Repair Work

- As 14 years have passed since the completion of the first PROUD series condominium, increasing number of housings require large-scale repair work at this point. Actively promote getting orders for large-scale repair work as a contractor.
- Co-developed high quality large-scale repair work called **re:Premium** which realizes 15 year-guarantee with material manufacturer and construction companies. This surpassed the guidelines indicated by Ministry of Land, Infrastructure, Transport and Tourism of 12-year construction term. Accelerate making proposals for reducing life cycle costs of buildings.

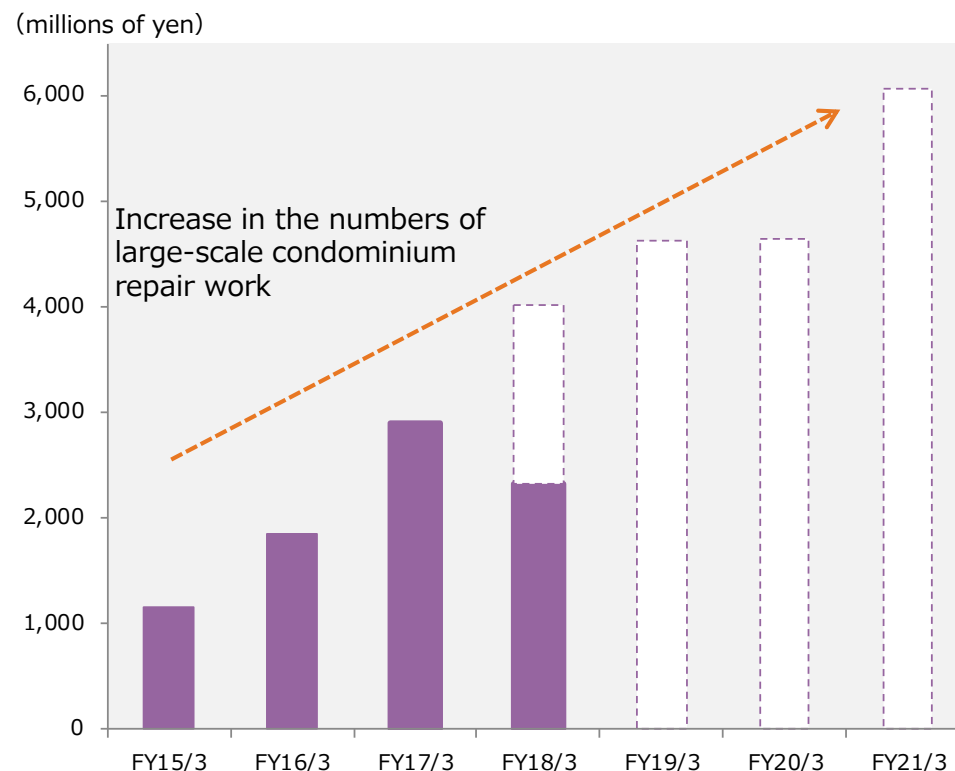
The Number of Housings Under Management Completed

- 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 (nationwide)

- 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.



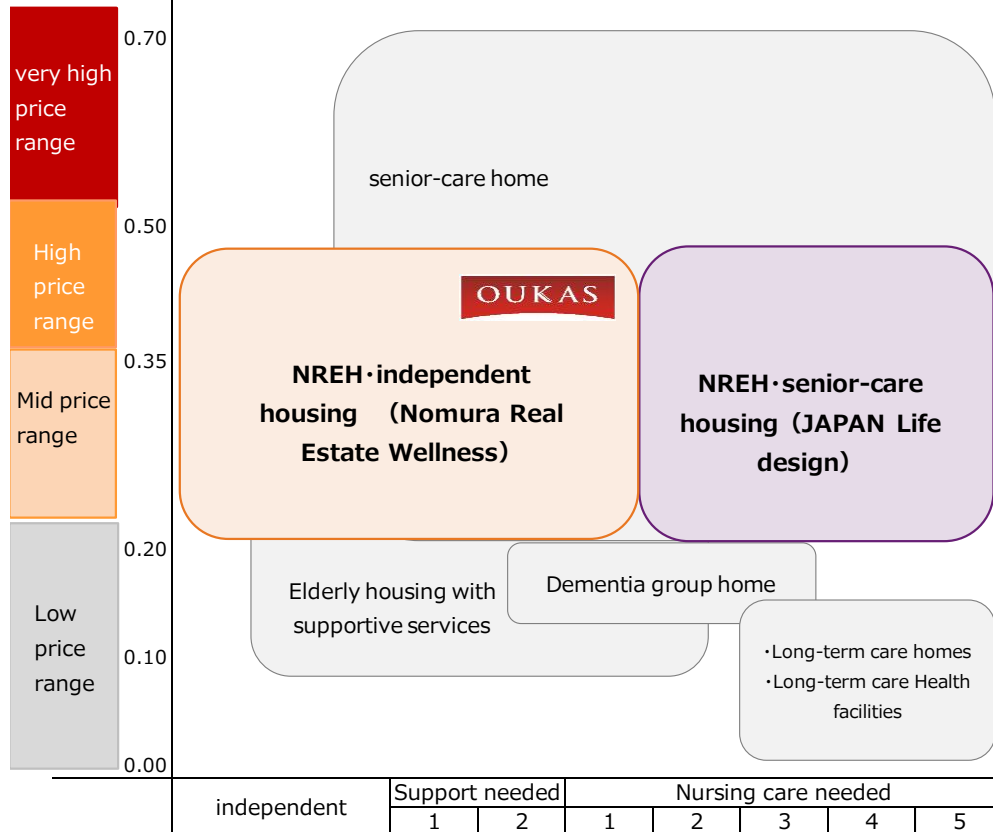
※The units of housings under management also includes the housings that were not sold by Nomura Real Estate Development Co., Ltd.

- **OUKAS, our new brand of elderly housing was released.** OUKAS Funabashi opened in October as our first project. We provide new type elderly housing which combines “independence” and “better health”.
- Enhancing its development as it **plays the crucial role of "Urban-type Compact Town"**.
- **Secured 7 buildings/700 units in total as our development and operation projects while our goal is to provide 40 buildings/5000 units in 10 years.**

Positioning of senior business

- Provide a wide range of mid-to-high value properties which are small in supply in the market; it varies from “independent” to “nursing care required” type

(sales per customer : rent+management fee+total service fee, exclude lunch fee)
 (million yen)



Development and operation projects for senior Business

Elderly housing with supportive services

1st project (OUKAS Funabashi)



Location: Funabashishi, Chiba
 Opening year : October, 2017
 Total units : 125 units

2nd project (Kaihin Makuhari)

Location : Mihama-ku, Chiba
 Total units : housing (4,400 units)
 (whole development)
 retail facilities etc.

3rd project (Hiyoshi)

Location : Kohokuku, Yokohama
 Total units : housing (1,300 units),
 retail facility,
 elementary school etc.

4th project (around Tokyo)

Elderly housing with nursing care



Good time home Chofu

Open : October, 2004
 Total rooms : 72



Good time home Fudomae

Open : December, 2006
 Total rooms : 61



Good time home Tamagawa

Open : September, 2009
 Total rooms : 41

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