

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

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Highlights of FY18/3 Financial Results

<Summary>

- The financial results of FY18/3 were as follows:
Operating revenue; 623.7 billion yen (up 9.5% y/y); operating profit; 76.6 billion yen (down 0.8% y/y); ordinary profit; 68.0 billion yen (down 1.3% y/y); and profit attributable to owners of parent; 46.0 billion yen (down 2.1% y/y).
- In the Residential Development Business Unit, the number of housing sold (condominiums and detached housings) was 5,865 units (up 298 units y/y). Moreover, the number of the contracted housing is recovering to 5,917 units (up 1,064 units y/y)
- In the Leasing Business Unit, the rent revenue increased owing to the contribution of newly-built properties such as Yokohama Nomura Building. Moreover, the sales revenue in property development increased steadily.
- 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.
- The forecasts for the FY19/3 are as follows: operating revenue of 700.0 billion yen; operating profit of 81.0 billion yen; ordinary profit of 72.0 billion yen; profit attributable to owners of parent of 47.0 billion yen. Both operating revenue and operating profit are expected to reach a record high.
- The annual dividend per share for FY18/3 is 70 yen, which is an increase of 6 years in a row. In addition, the annual dividend per share for FY19/3 is also predicted to increase to 75 yen.
- We acquired treasury shares for 10 billion yen to improve shareholder returns and capital efficiency for FY18/3. We resolved the acquisition of treasury shares up to 5 billion yen for the FY19/3.

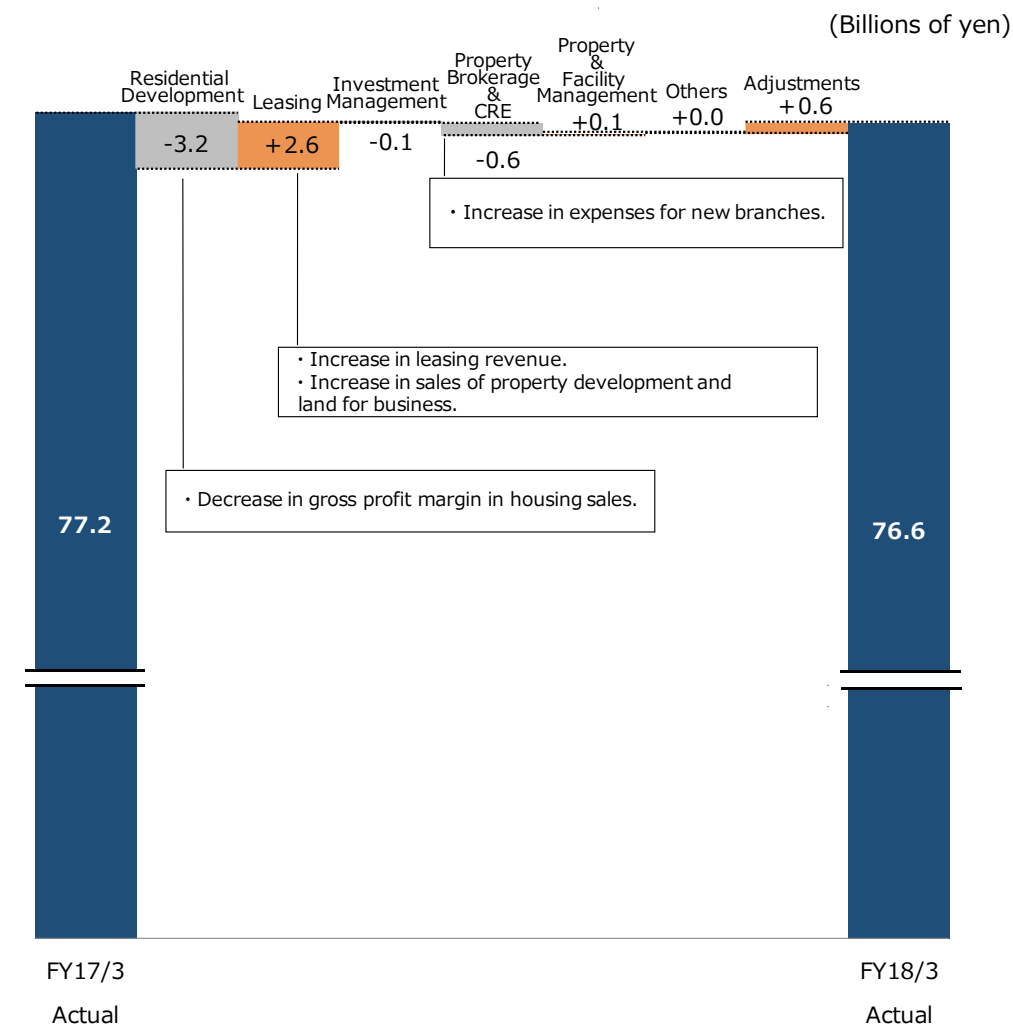
Consolidated financial results for FY18/3

(Billions of yen) *Figures rounded down to the nearest 100 million yen	FY17/3 Actual ①	FY18/3 Actual ②	Changes ② - ①	Key Factors
Operating revenue	569.6	623.7	+54.0	<Operating revenue & Operating profit>
Operating gross profit	177.2	182.0	+4.8	• Gross profit margin declined while the number of housing sales increased.
Selling, general and administrative expenses	99.9	105.3	+5.4	• In Leasing Business Development Unit, a contribution of newly-built properties and an increase in sales revenue of property development.
Operating profit	77.2	76.6	-0.6	
Non-operating income	0.6	0.7	+0.0	
Non-operating expenses	9.0	9.4	+0.3	
Ordinary profit	68.9	68.0	-0.9	<Extraordinary income, etc>
Extraordinary income	0.9	3.7	+2.8	• An increase in extraordinary income owing to the sales of non-current assets.
Extraordinary losses	0.5	4.0	+3.4	• An impairment loss accompanied by the reduction of the book value of non-current asset.
Income taxes	21.7	21.0	-0.7	
Profit attributable to non-controlling interests	0.5	0.6	+0.1	
Profit attributable to owners of parent	47.0	46.0	-0.9	
Basic earnings per share (yen)	245.10	240.89	-4.21	
Cash dividends per share (yen)	65.00	70.00	+5.00	
Net cash provided by (used in) operating activities	-31.8	21.4	+53.3	
Net cash provided by (used in) investing activities	-54.5	-51.6	+2.9	• (The main factor of changes in FY18/3)Increases in property, plant and equipment.
Net cash provided by (used in) financing activities	76.5	43.7	-32.7	• (The main factor of changes in FY18/3)Increases in bonds payable and long-term loans payable.
Cash and cash equivalents at end of period	47.6	61.3	+13.6	
(Billions of yen)	Mar 31, 2017 ①	Mar 31, 2018 ②	Changes ②-①	Key Factors
Total assets	1,593.0	1,673.6	+80.5	• Increases in property, plant and equipment and inventories.
Total interest-bearing debt	810.1	877.8	+67.7	• Increases in bonds payable and long-term loans payable.
Shareholders' equity	481.3	501.4	+20.1	
Shareholders' equity ratio	30.2%	30.0%	-0.3P	
Debt/equity ratio	1.7	1.8	+0.1	

- In the Residential Development Business Unit, the profit decreased due to a decline in gross margin ratio, while the number of housing unit sales increased.
- In the Leasing Business Unit, profit increased owing to the contribution of newly-built properties, such as Yokohama Nomura Building and an increase of sales revenue such as property development.

(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY18/3 Initial Forecast ③	Changes ②-③
Operating revenue	569.6	623.7	+54.0	646.0	-22.2
Residential Development	329.7	358.7	+28.9	365.0	-6.2
Leasing	115.0	134.9	+19.9	143.0	-8.0
Service & Management	140.2	146.1	+5.9	151.5	-5.3
Investment Management	9.6	9.3	-0.2	9.5	-0.1
Property Brokerage & CRE	34.8	35.7	+0.8	38.0	-2.2
Property & Facility Management	95.7	101.0	+5.3	104.0	-2.9
Other	0.1	0.1	+0.0	0.0	+0.1
Adjustments	-15.4	-16.2	-0.7	-13.5	-2.7
Operating profit	77.2	76.6	-0.6	76.0	+0.6
Residential Development	27.7	24.5	-3.2	25.0	-0.4
Leasing	32.5	35.2	+2.6	32.0	+3.2
Service & Management	22.0	21.4	-0.6	23.0	-1.5
Investment Management	6.0	5.9	-0.1	5.5	+0.4
Property Brokerage & CRE	9.1	8.4	-0.6	10.5	-2.0
Property & Facility Management	6.9	7.0	+0.1	7.0	+0.0
Other	-0.0	-0.0	+0.0	0.0	-0.0
Adjustments	-5.1	-4.5	+0.6	-4.0	-0.5
Ordinary profit	68.9	68.0	-0.9	67.0	+1.0
Profit attributable to owners of parent	47.0	46.0	-0.9	44.0	+2.0
Basic earnings per share (yen)	245.10	240.89	-4.21	230.05	-10.84
Cash dividends per share (yen)	65.00	70.00	+5.00	70.00	+0.00

Key factors of changes in operating profit by business unit (compared to FY17/3)



Consolidated balance sheets for FY18/3

(Billions of yen) *Figures rounded down to the nearest 100 million yen	As of Mar 31, 2017 ①	As of Mar 31, 2018 ②	Changes ② - ①	Key Factors
Assets	1,593.0	1,673.6	+80.5	
Current assets	684.3	724.5	+40.2	<Inventories>
(Breakdown)				
Cash and deposits and others	47.7	61.3	+13.6	
Notes and accounts receivable-trade	16.5	17.3	+0.7	
Inventories	570.8	592.9	+22.1	
Equity investments	2.5	9.6	+7.0	
Other current assets	46.6	43.2	-3.3	
Non-current assets	908.7	949.1	+40.3	
Property, plant and equipment	808.8	848.3	+39.5	
Intangible assets	10.9	12.3	+1.3	
Investments and other assets	88.9	88.4	-0.5	
(Breakdown)				
Investment securities	46.2	42.3	-3.8	
Lease and guarantee deposits	21.7	23.1	+1.3	
Other non-current assets	20.9	22.9	+1.9	
Liabilities	1,099.2	1,158.7	+59.4	
Current liabilities	255.7	234.1	-21.6	
(Breakdown)				
Notes and accounts payable-trade	35.6	41.6	+6.0	
Short-term loans payable, etc.	116.3	102.3	-14.0	
Deposits received	29.4	18.8	-10.6	
Other current liabilities	74.4	71.3	-3.0	
Non-current liabilities	843.4	924.5	+81.0	
(Breakdown)				
Bonds payable	70.0	140.0	+70.0	
Long-term loans payable	623.8	635.5	+11.7	
Lease and guarantee deposits received	57.5	60.2	+2.6	
Other non-current liabilities	92.0	88.7	-3.3	
Net assets	493.8	514.9	+21.1	
Total liabilities and net assets	1,593.0	1,673.6	+80.5	
Shareholders' equity ratio	30.2%	30.0%	-0.3p	<Shareholders' equity>
Debt/equity ratio	1.7	1.8	+0.1	

	Mar 31, 2017	Mar 31, 2018	Changes
For Residence	403.2	401.0	-2.1
For Property development	166.9	187.2	+20.3
Other	0.9	5.0	+4.0
Adjustments	-0.3	-0.4	-0.1
Total	570.8	592.9	+22.1

* For Residence...Residential Development Business Unit
 * For Property development...Leasing Business Unit
 * Other...Property & Facility Management Business Unit, Other Unit
 <Equity investments>
 • An increase in investments in overseas businesses.

<Property, plant and equipment>
 • Acquisition of Morisia Tsudanuma, Kameido 6 chome Project and completion of construction of Landport Takatsuki.

<Deposits received>
 • A decrease of deposits received as being a sales agent in housing sales business.

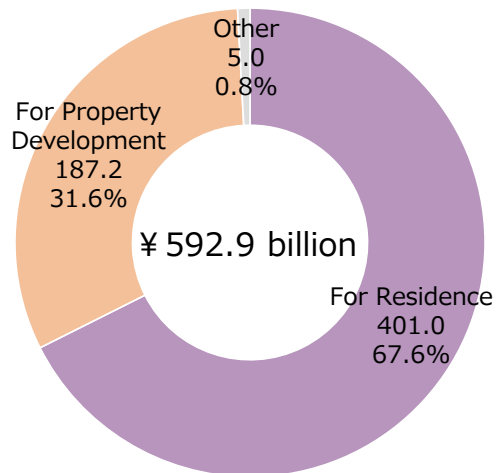
<Total interest-bearing debt>
 • An increase in issuance of hybrid bonds.
 • Mar 31, 2017: ¥810.1 billion → Mar 31, 2018: ¥877.8 billion

<Treasury Shares>
 • Mar 31, 2017: ¥-0 billion → Mar 31, 2018: ¥-10 billion

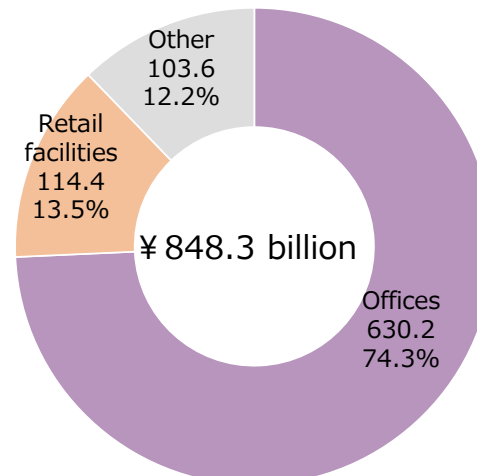
Total Assets : 1,673.6 billion yen

Current assets		Liabilities	
Cash and deposits and others	61.3	Interest-bearing debt	877.8
Notes and accounts receivable-trade	17.3	Short-term loans payable, etc.	102.3
Inventories	592.9	Bonds payable	140.0
For Residence	401.0	Long-term loans payable	635.5
For Property development	187.2	Notes and accounts payable-trade	41.6
Other	5.0	Deposits received	18.8
Adjustments	-0.4	Other current liabilities	71.3
Equity investments	9.6	Lease and guarantee deposits received	60.2
Other current assets	43.2	Other noncurrent liabilities	88.7
Non-current assets		Net assets	
Property, plant and equipment	848.3	Shareholder's Equity	501.4
Offices	630.2	Subscription rights to shares	2.4
Retail facilities	114.4	Non-controlling interest	11.0
Other	103.6		
Intangible assets	12.3		
Investments and other assets	88.4		

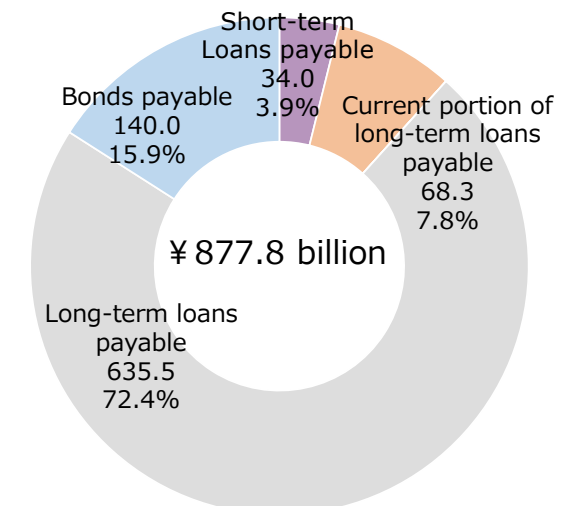
Inventories



Property, plant and equipment



Interest-bearing debt

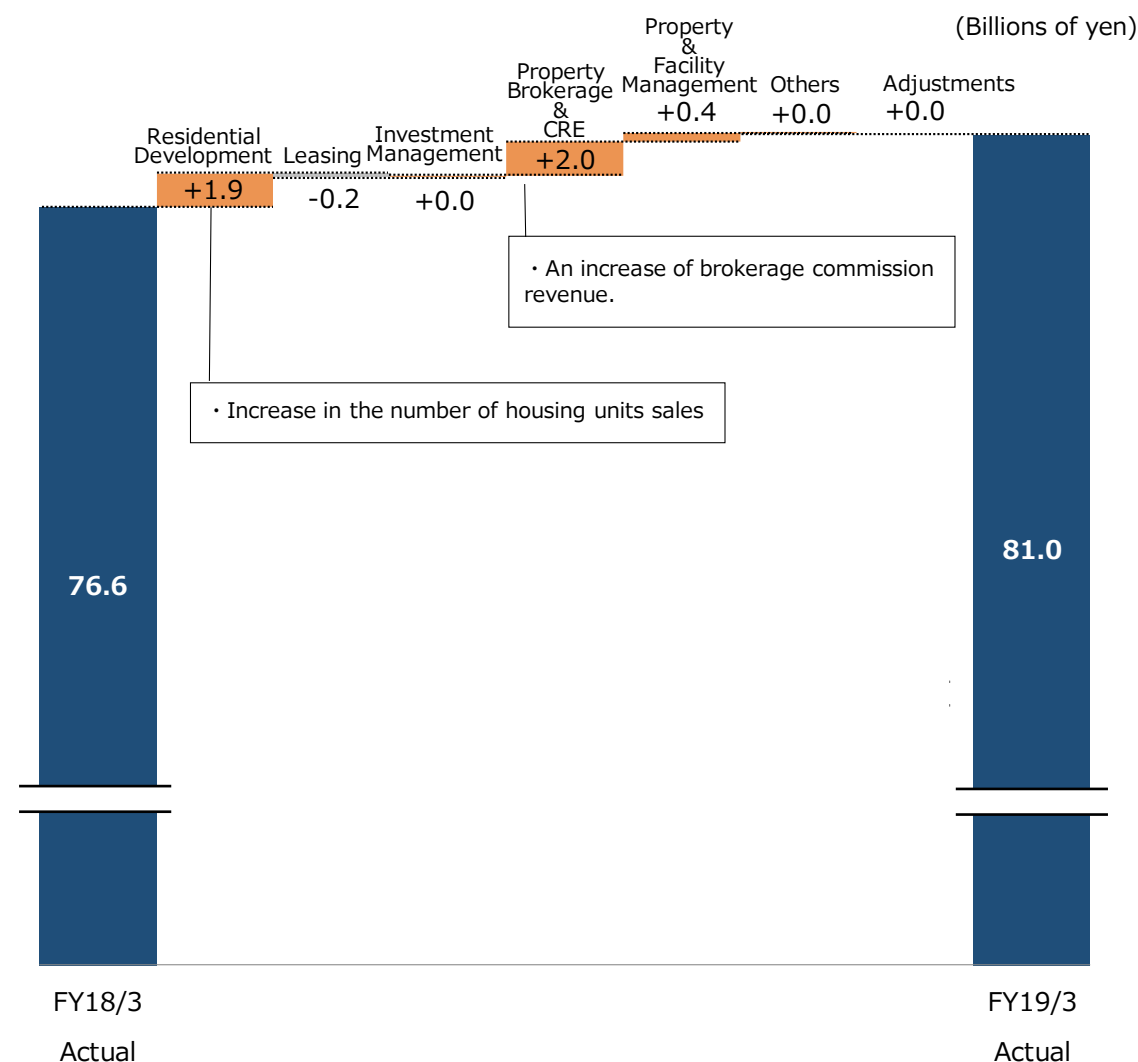


For Residence: The Residential Development Business Unit
 For Property development: The Leasing Business Unit

- Operating revenue and operating profit are expected to reach a record high owing to the increase in the number of housing sales in Residential Development Business Unit and the increase of brokerage commission revenue in Service Management Sector.

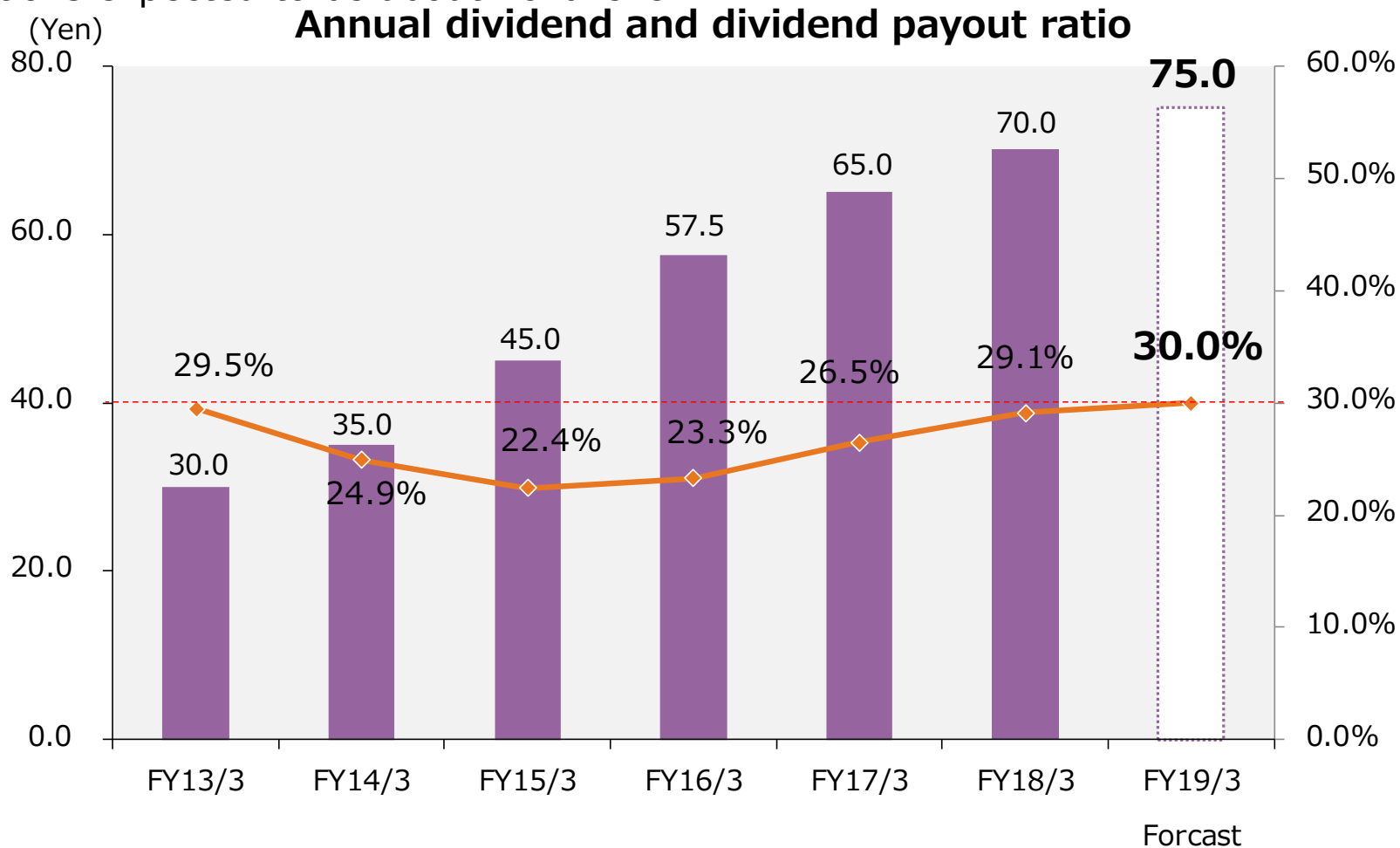
(Billions of yen)	FY18/3 Actual*	FY19/3 Forecast	Changes ②-①
	①	②	②-①
Operating revenue	623.7	700.0	+76.2
Residential Development	355.4	379.0	+23.5
Leasing	134.9	173.0	+38.0
Service & Management	149.6	162.0	+12.3
Investment Management	9.3	9.5	+0.1
Property Brokerage & CRE	35.7	40.5	+4.7
Property & Facility Management	104.5	112.0	+7.4
Other	0.1	0.0	-0.1
Adjustments	-16.3	-14.0	+2.3
Operating profit	76.6	81.0	+4.3
Residential Development	24.5	26.5	+1.9
Leasing	35.2	35.0	-0.2
Service & Management	21.4	24.0	+2.5
Investment Management	5.9	6.0	+0.0
Property Brokerage & CRE	8.4	10.5	+2.0
Property & Facility Management	7.0	7.5	+0.4
Other	-0.0	0.0	+0.0
Adjustments	-4.5	-4.5	+0.0
Ordinary profit	68.0	72.0	+3.9
Profit attributable to owners of parent	46.0	47.0	+0.9
Basic earnings per share (yen)	240.89	249.74	+8.85
Cash dividends per share (yen)	70.00	75.00	+5.00

Key factors of changes in operating profit by unit (compared to FY18/3)



* From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. The figures for FY18/3 are calculated under the new classification.

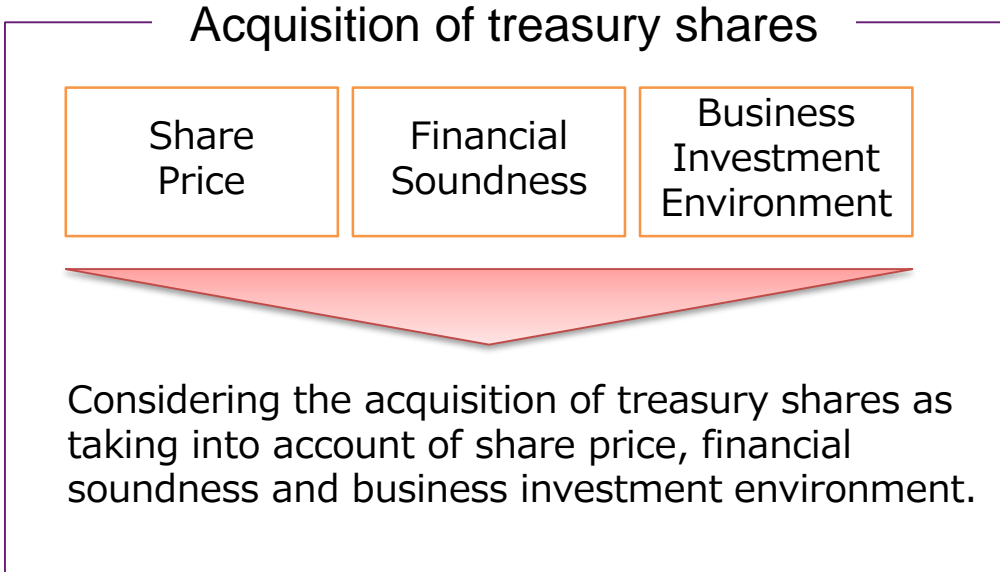
- The annual dividend per share for FY18/3 is 70 yen. (up 5.0 yen Y/Y), which is an increase for 6 years in a row. Moreover, the annual dividend for the FY19/3 is also predicted to increase to 75 yen (up 5.0 yen compared with FY18/3).
- Followed by FY18/3, we decided to acquire treasury shares. (up to 5 billion yen for a year) Total return ratio is expected to be about 40% level.



EPS (Yen)	101.61	140.70	201.28	246.42	245.10	240.89	249.74
Dividend payout ratio (%)	29.5	24.9	22.4	23.3	26.5	29.1	30.0
Total return ratio (%)	"	"	"	"	"	50.8	40.6
Dividend yield (%)	1.4	1.8	2.1	2.8	3.7	2.8	-

Acquisition of treasury shares

- Acquired treasury shares of 10 billion yen in FY18/3 to improve shareholders return and capital efficiency.
- As for FY19/3, we resolved to acquire treasury shares.

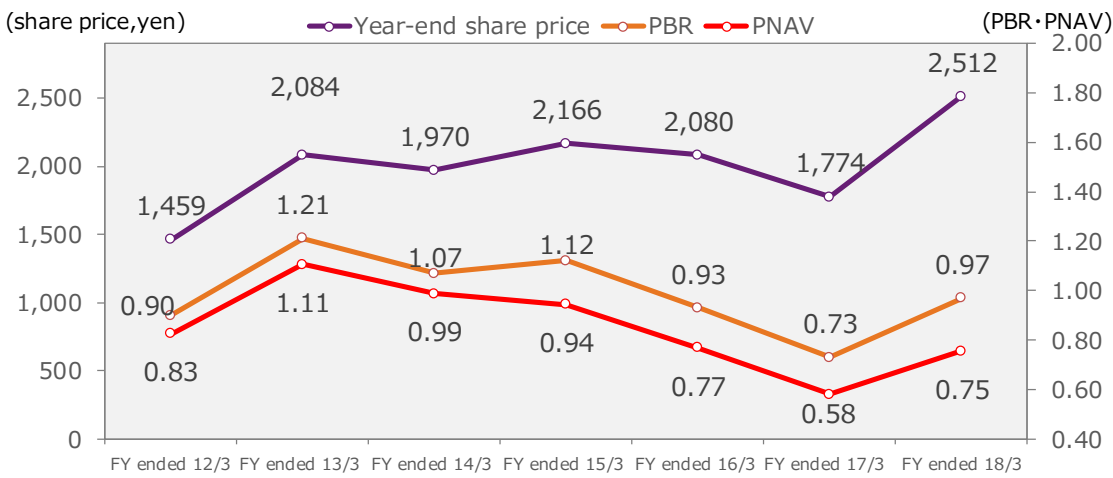


Outline of acquisition of treasury shares(FY19/3)

Type of shares to be acquired	Common Stock of the Company
Total number of shares to be acquired	Up to 2,500,000 shares (Ratio to the number of outstanding shares (excluding treasury shares) : 1.33%)
Total value of shares to be acquired	Up to ¥5 billion
Period of acquisition	From April 27, 2018 to March 31, 2019
Method of acquisition	Open market purchase on the Tokyo Stock Exchange

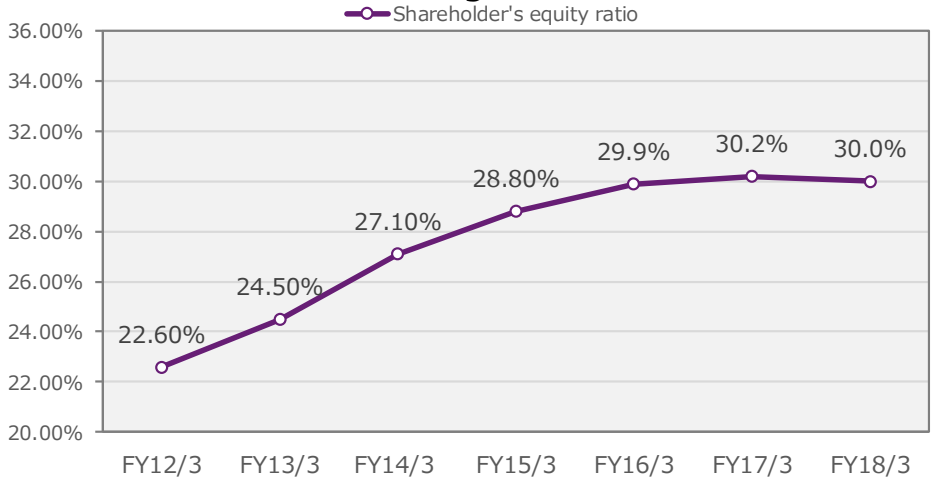
Share price

- The share price is improving, while PBR and PNAV are remaining at a low level.



Financial soundness

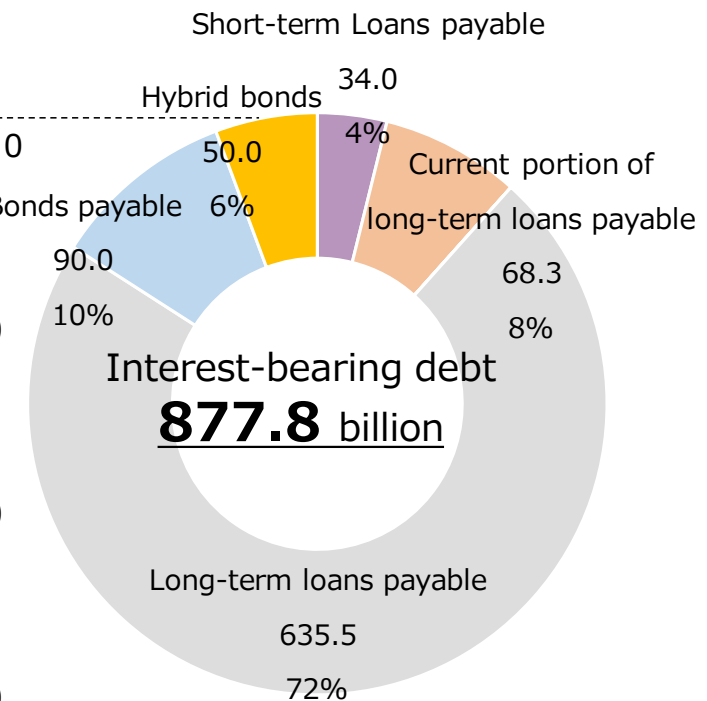
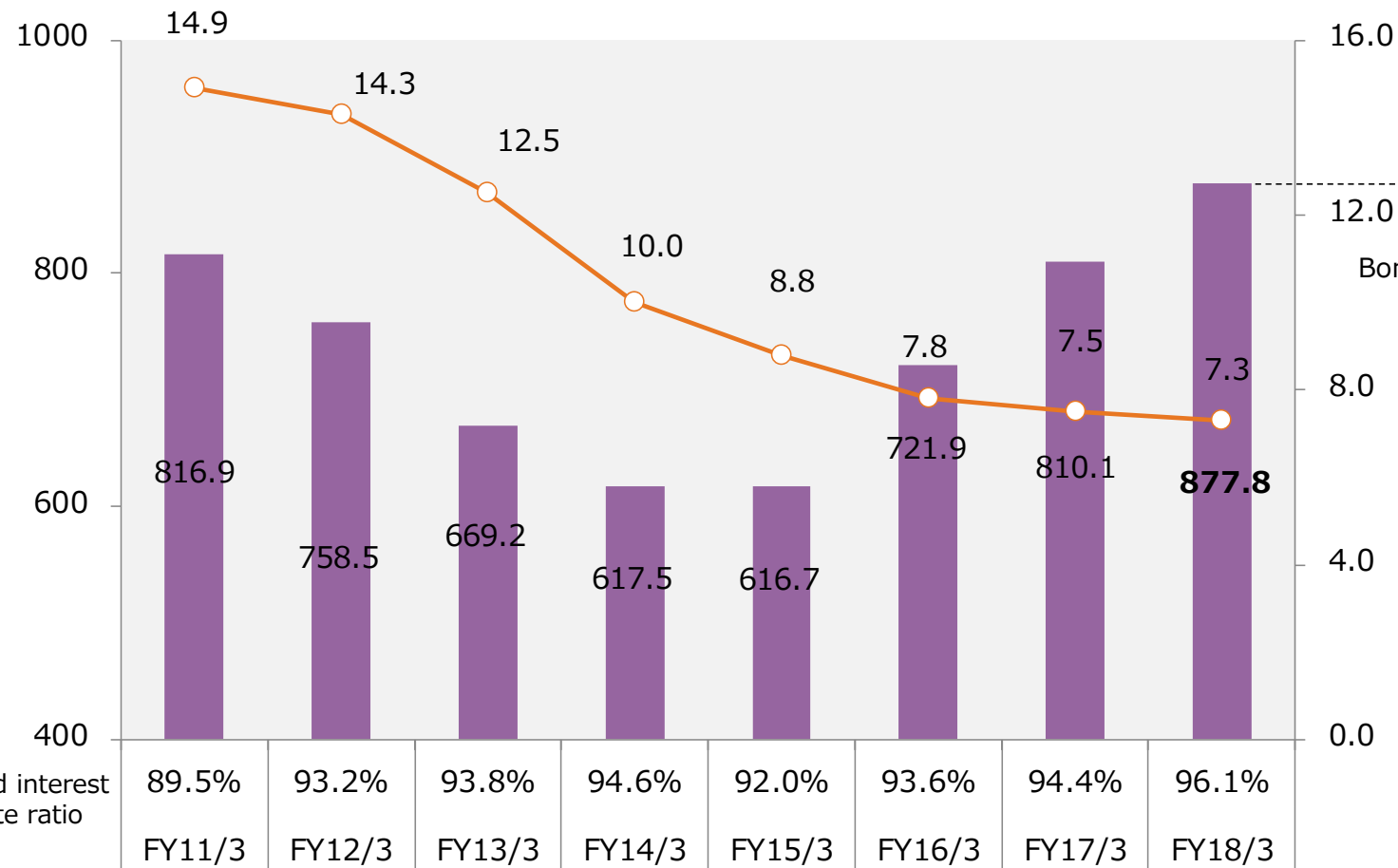
Maintaining shareholder's equity ratio at a 30% level which is our financial target.



- Establishing a stable financial base by reducing interest-bearing debt as well as increasing the ratio of fixed liabilities and long-term liabilities since FY11/3. Interest-bearing debt is increasing in accordance with the investment expansion phase, while interest expenses are decreasing with the environment of low-interest procurement after FY16/3.
- Executed hybrid finance that we aim to vary procurement methods and taking advantage of fundraising environment in FY18/3.

Interest-bearing debt (billions of yen)

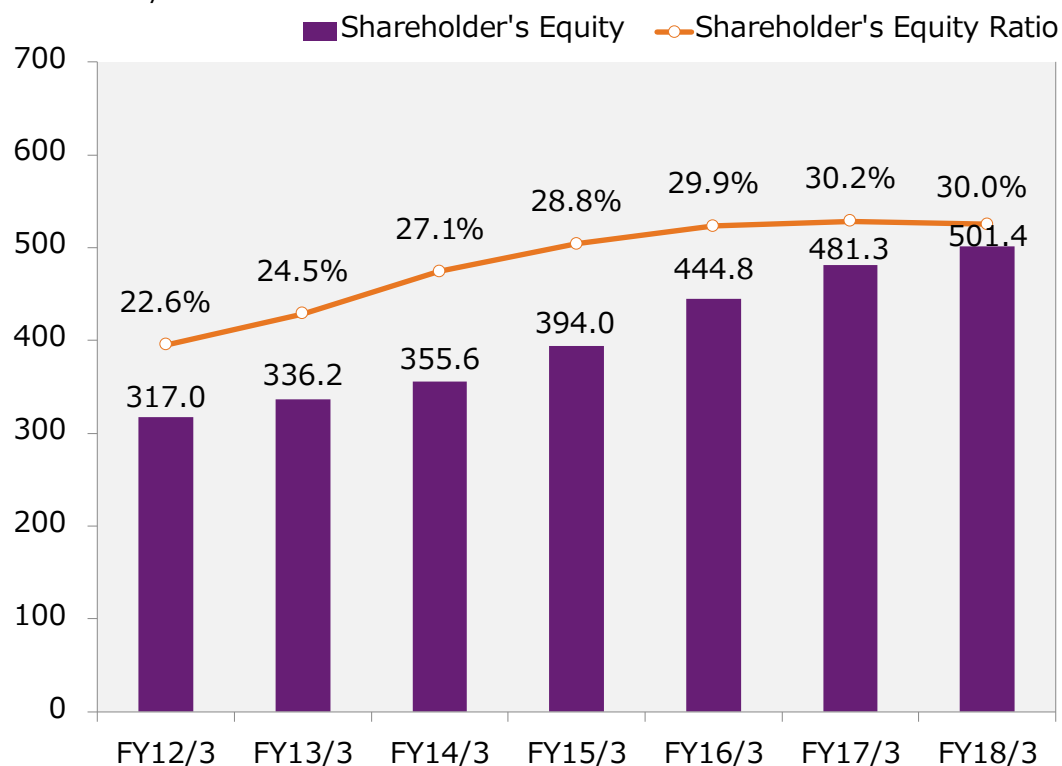
Interest expenses (billions of yen)



Shareholder's Equity/Shareholder's Equity Ratio

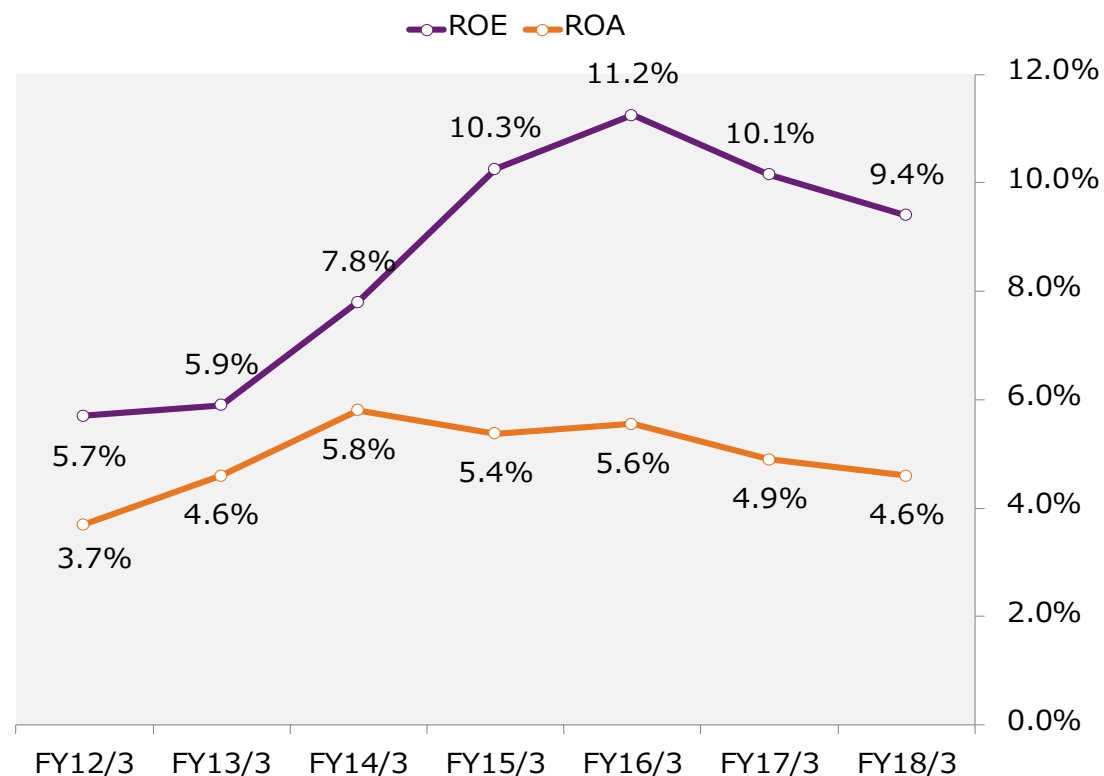
- Shareholder's equity ratio of FY ended in March 2018 is **30.0 %**, as for 30% level which is our mid-to long term financial target.

(Billions of yen)



ROA/ROE

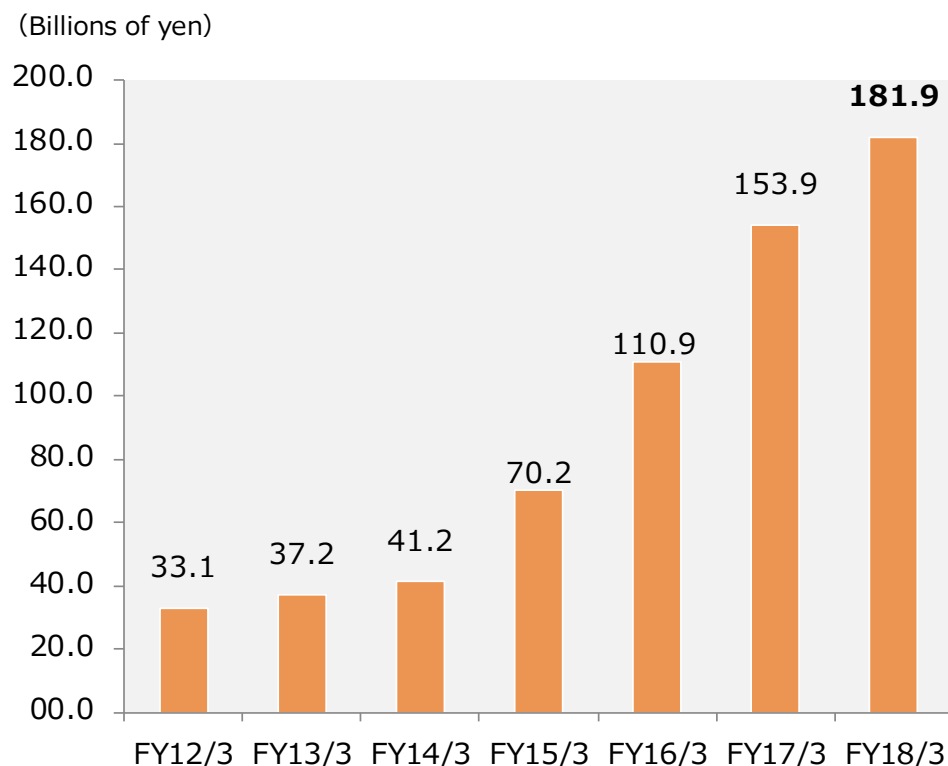
- ROA of 4.6%** and **ROE of 9.4%** of FY ended in March 2018, as for ROA of higher than 5% and ROE of 10% level which are our mid-to long term financial target.



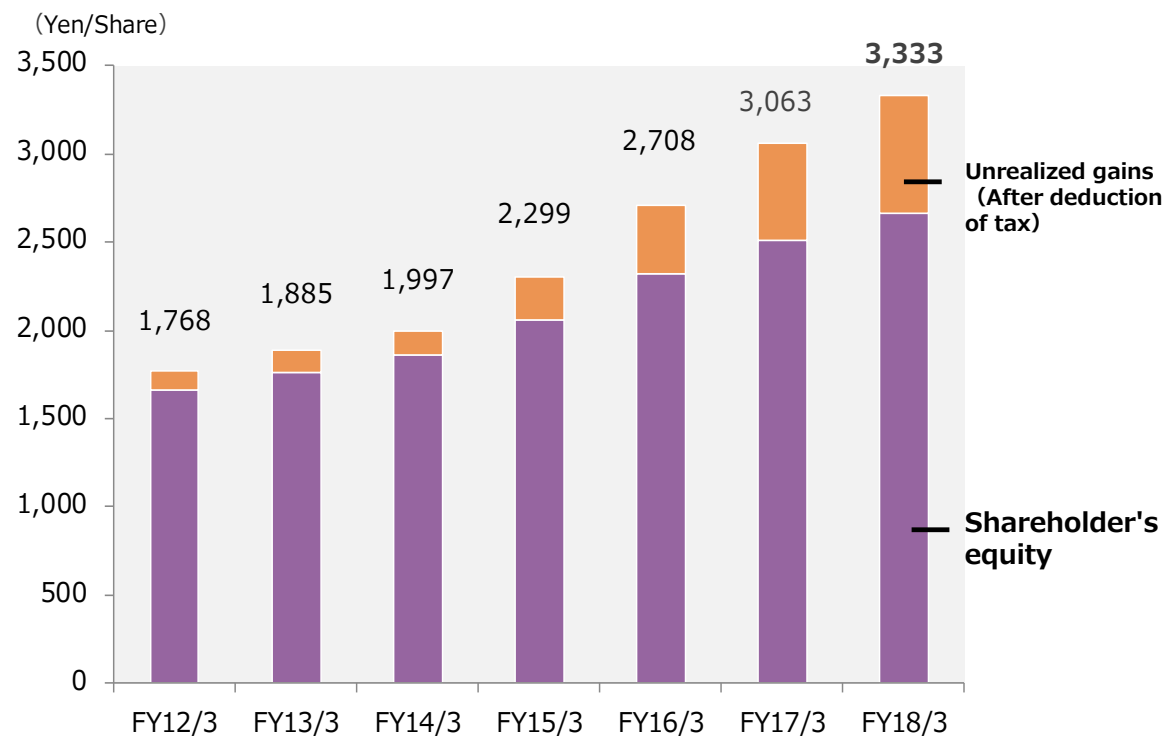
ROA = (Operating profit + Non-operating income) / Year-end total assets
 ROE = Net income / The average shareholder's equity during the fiscal year

- **Unrealized gain increased to 181.9 billion yen**, due to the cap rate decline in all area.
- **NAV per share increased to 3,333 yen (up 270 yen y/y)** owing to an increase in shareholder's equity by accumulating net profit and unrealized gain.

Changes of unrealized gains



Changes of NAV per share



※1 Unrealized gains are the amount deducting the year-end book value from year-end fair value disclosed in the Real Estate for Rent of Financial Results.
 ※2 Fair value is calculated mainly based on the "Japanese Real Estate Appraisal Standards".

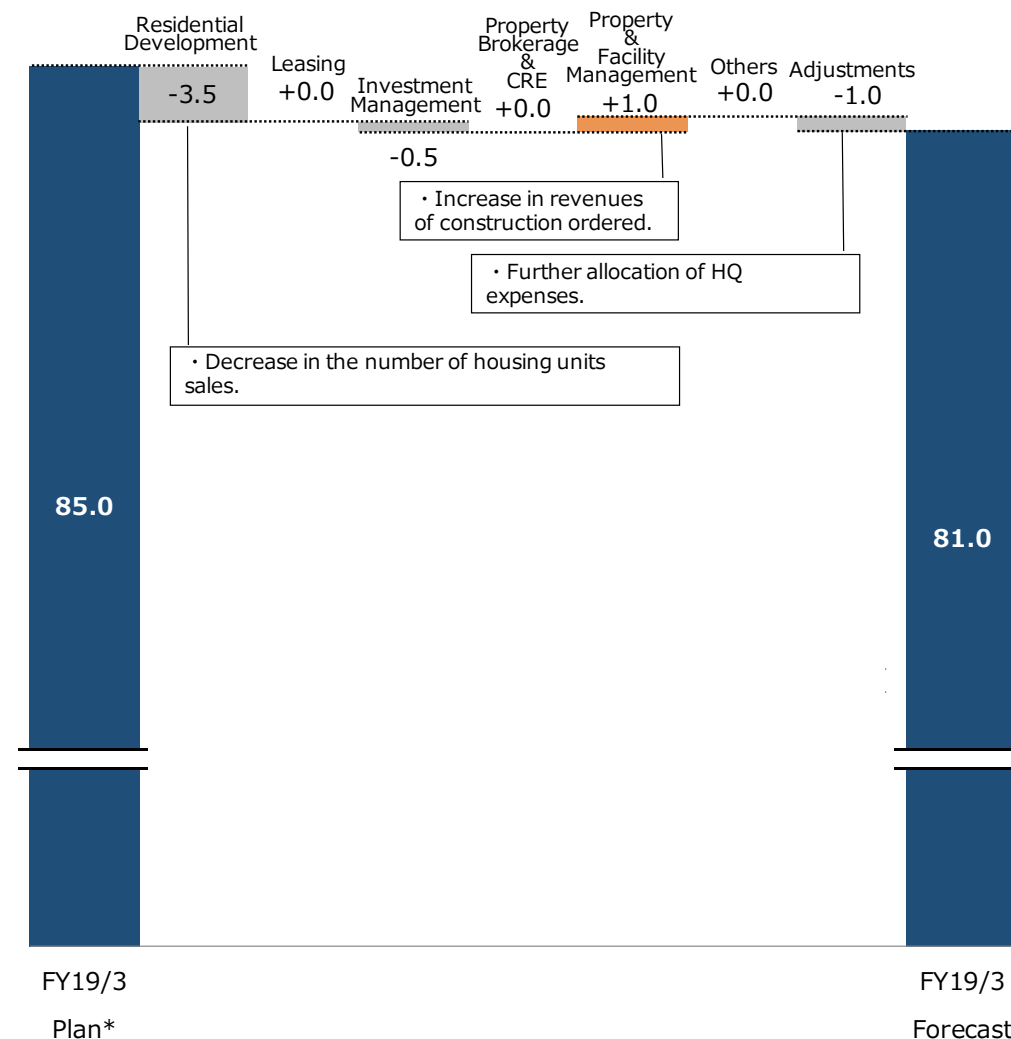
※1 NAV per share = (shareholder's equity + unrealized gains (after deduction of tax)) / the number of shares issued at the end of period (excluding treasury shares)
 ※2 Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate)
 (Adapting the each fiscal year's figure as effective tax rate)

Progress of Mid- to Long-term Business Plan

- Towards the forecast in mid-to long-term plan's phase 1, due to the decline in gross profit margin ratio, operating profit is expected to be lower compared to our forecast in Residential Development Business Unit, while Leasing Business Unit and Service Management sector are expected to progress in line.

(Billions of yen)	FY19/3 Plan* ①	FY19/3 Forecast ②	Changes ②-①
Operating revenue	700.0	700.0	+0.0
Residential Development	-	379.0	-
Leasing	-	173.0	-
Service & Management	-	162.0	-
Investment Management	-	9.5	-
Property Brokerage & CRE	-	40.5	-
Property & Facility Management	-	112.0	-
Other	-	0.0	-
Adjustments	-	-14.0	-
Operating profit	85.0	81.0	-4.0
Residential Development	30.0	26.5	-3.5
Leasing	35.0	35.0	+0.0
Service & Management	23.5	24.0	+0.5
Investment Management	6.5	6.0	-0.5
Property Brokerage & CRE	10.5	10.5	+0.0
Property & Facility Management	6.5	7.5	+1.0
Other	0.0	0.0	+0.0
Adjustments	-3.5	-4.5	-1.0
Ordinary profit	-	72.0	-
Profit attributable to owners of parent	-	47.0	-
Basic earnings per share (yen)	-	249.74	-
Cash dividends per share (yen)	-	75.00	-

Key factors of changes in operating profit by business unit



- Aiming for mid-to long-term growth, we are **steadily expanding existing businesses and engaging in new businesses.**
- As for overseas business, we are planning to expand business by focusing on growing Southeast Asia.

	ITEMS	ACHIVEMENTS	ISSUES	STRATEGIES
Residential Development	Existing areas (share expansion & enhancing profitability)	<ul style="list-style-type: none"> •Contract speed recovered in housing sales business. •Our market share increased in Tokyo Metropolitan Area. •Redevelopment and rebuilding business expanded. (the number of initiatives of residential redevelopment is the largest among competitors.) 	<ul style="list-style-type: none"> •Securing business volume after FY20/3. •Enforcing development ability of product and service. •Dealing with the consumption tax increase. 	<ul style="list-style-type: none"> •Focus on both increasing sales velocity more and improving earnings. •Shifting from attracting customers massively to attracting customers effectively. •Acquiring lands meeting needs for people who focus on convenience of commuting and child care environment. •Enhancing cooperation with government and landowners.
	New areas (regional core cities) (overseas)	<ul style="list-style-type: none"> •Secured business opportunities in four regional core cities. •Sales was strong and business expanded in Southeast Asia. 	<ul style="list-style-type: none"> •Establishing business promotion system by an alliance. •Enhancing cooperation with local partners. •Expanding and deepening information network. 	<ul style="list-style-type: none"> •Enforcing redevelopment projects in regional core cities. •Transitioning from investment partnership to business partnership. •Establishing business operating system in each country.
	Residential stock business	<ul style="list-style-type: none"> •Launched renovation business. •Entered into a home/living assistance business. 	<ul style="list-style-type: none"> •Establishing policy of stock business and profitability. 	<ul style="list-style-type: none"> •Enhancing customer relations. •Establishing new cooperation system in remodeling and repair business.
Leasing	Increasing gains in leasing	<ul style="list-style-type: none"> •Shibaura 1chome project and Nihonbashi 1chome project were certified as National Strategic Special Zone. •Large-scale mixed-use development progress expected to contribute to earnings in the future. •Showed group's ability in acquisition of high-quality properties such as Morisia Tsudanuma. •Entering a hotel business(NOHGA) 	<ul style="list-style-type: none"> •Complying with the schedule of large-scale mixed-use developments. •Expanding the business volume of operational assets. •Improving ROA through internal growth. 	<ul style="list-style-type: none"> •Promoting large-scale mixed-use development including leasing. •Expanding more on retail properties business. •Acquiring know-how of hotel management business. •Internal growth by enhancing relationships with our tenants.
	Increasing gains in sales of property development	<ul style="list-style-type: none"> •Expanded stocks steadily by utilizing our group's ability.(approx.300 billion yen) •Expanded development line-up that are possible to develop best property fits such as urban-type retail facilities. 	<ul style="list-style-type: none"> •Ensuring stocks steadily. 	<ul style="list-style-type: none"> •Obtaining sales earnings continuously by expanding business volume.
	New areas (overseas)	<ul style="list-style-type: none"> •Expanded business in Southeast Asia's growing markets. 	<ul style="list-style-type: none"> •Expanding business opportunities. 	<ul style="list-style-type: none"> •Promoting projects invested with acquiring know-how. •Expanding information network to obtain business opportunities.

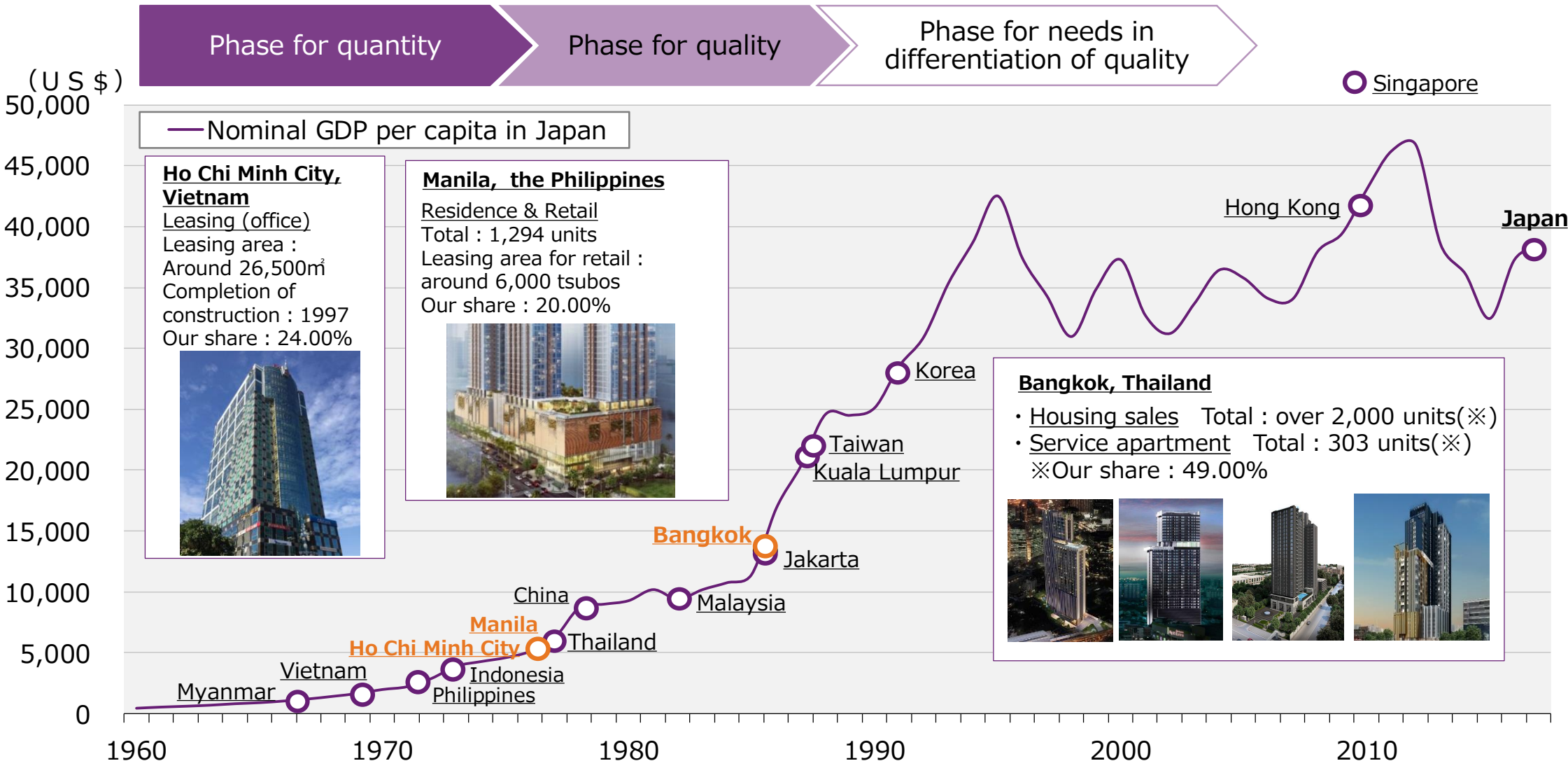
- Each business unit achieved the growth steadily in different fields and environment.
- We aim to accelerate the expansion of market share and new business as the fields to support the Group's growth.

	ITEMS	ACHIVEMENTS	ISSUES	STRATEGIES
Investment Management	Listed REIT (NMF)	<ul style="list-style-type: none"> •Made public offering for the first time after the merger with 3 listed REIT, followed by the merger with TOP REIT. •Grew to the largest REIT with AUM of one trillion yen. 	Continuous external growth in the overheating real estate market.	<ul style="list-style-type: none"> •Realizing external growth with leasing value chain. •Realizing internal growth by revising rent steadily.
	Private REIT (NPR)	<ul style="list-style-type: none"> •Continued capital increase with active investor needs. •Expanded the asset size to 200 billion yen ahead of the plan. 		
	Private real estate funds	<ul style="list-style-type: none"> •Restarted private real estate funds business. 	<ul style="list-style-type: none"> •Ensuring properties that fit for private real estate funds. •Acquiring investor needs which are diversified. 	<ul style="list-style-type: none"> •Pursuing business possibility in new property sector. •Attracting new investors and discovering needs in existing investors.
	Fund of funds	<ul style="list-style-type: none"> •Launched a fund of J-REIT funds and a global core fund of funds. 	<ul style="list-style-type: none"> •Large cash outflow from monthly-dividend products in the Japanese investment trusts market. •Ensuring outbound investor needs. 	<ul style="list-style-type: none"> •Operating steadily to improve performance and accumulating track record. •Attracting new investors and discovering needs in existing investors.
Property Brokerage & CRE	Retail business	<ul style="list-style-type: none"> •Expanded the number of branches by 78. •The amount of fee is largest ever owing to the fulfillment of various services. 	<ul style="list-style-type: none"> •Cultivating region-focused business based on area features. •Improving productivity by utilizing ICT. •Enforcing partnerships with financial institutions. 	<ul style="list-style-type: none"> •Expanding market share by establishing 100 branches with 1,000 sales representatives by the FY22/3 in Tokyo, Nagoya and Osaka.
	Wholesale business	<ul style="list-style-type: none"> •Opened branches in the new area.(Fukuoka & Kyoto) •Established the earnings base of overseas business. •Realized the effect of organization restructuring. (Improvement in sales per person) 	<ul style="list-style-type: none"> •Enhancing overseas business. •Expanding business area by opening new branches. •Hiring and training individuals. 	<ul style="list-style-type: none"> • Capturing inbound needs by overseas business expansion. • Considering opening new branches in Japan.(Hiroshima, Sendai, and Sapporo)
Property & Facility Management	Increasing management stocks	<ul style="list-style-type: none"> •Profit grew by the increase of properties under management which were developed internally. •Disposed the unprofitable projects. 	<ul style="list-style-type: none"> •Hiring and training individuals. 	<ul style="list-style-type: none"> •Improving productivity by introducing IT technologies and considering bringing in robots.
	Expanding of business field Evolving services	<ul style="list-style-type: none"> •Grew by increasing orders of large-scale condominium repair work. 		<ul style="list-style-type: none"> •Expanding PPP, PFI business. •Expanding of energy management business.
	Fitness business	<ul style="list-style-type: none"> •Improved profitability by offering unique services such as operating only women fitness club and enriching senior programs. 	<ul style="list-style-type: none"> •The sluggish growth in the number of club members. 	<ul style="list-style-type: none"> •Managing unique program and club.
	Senior business	<ul style="list-style-type: none"> •Announced senior residence brand "OUKAS" and the first one started operation. •Capital and business partnership with nursing facility companies. 	<ul style="list-style-type: none"> •Establishing a business model which plays an important role for urban-type compact towns. 	<ul style="list-style-type: none"> •Aiming to supply 40 properties and 5000 housing units in 10 years.

The progress of mid-to long-term business plan (overseas business)

- In cities in Asia where economic growth continues, the period of expansion of quantity and focus on quality has come so that we expect to put our knowledge accumulated in Japan to use.
- Planning to invest 300 billion yen in overseas business till phase 3. There are possibilities for new projects therefore we are expecting to make more business investment.

The comparison of Japan's GDP transition and current Asian country's GDP



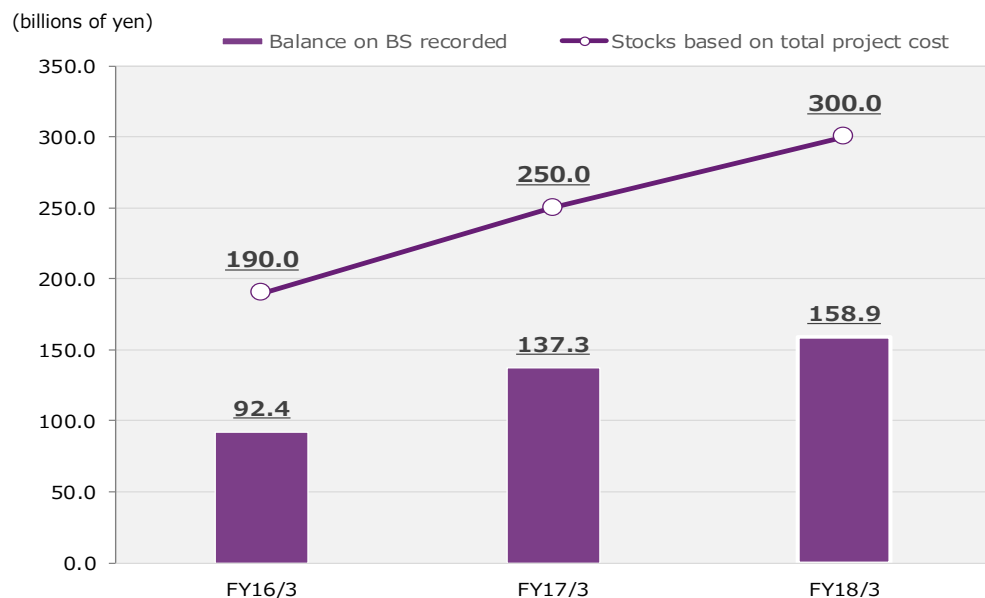
Source by NREH based on the data from Bank of Japan, Ministry of Economy and the World bank.

The progress of mid-to long-term business plan (Property development business)

- Property development business focusing on 4 brands expanded steadily. The stocks based on total business expenses reached to 300 billion yen.
- Expecting to expand more to achieve development profit by utilizing group capability.

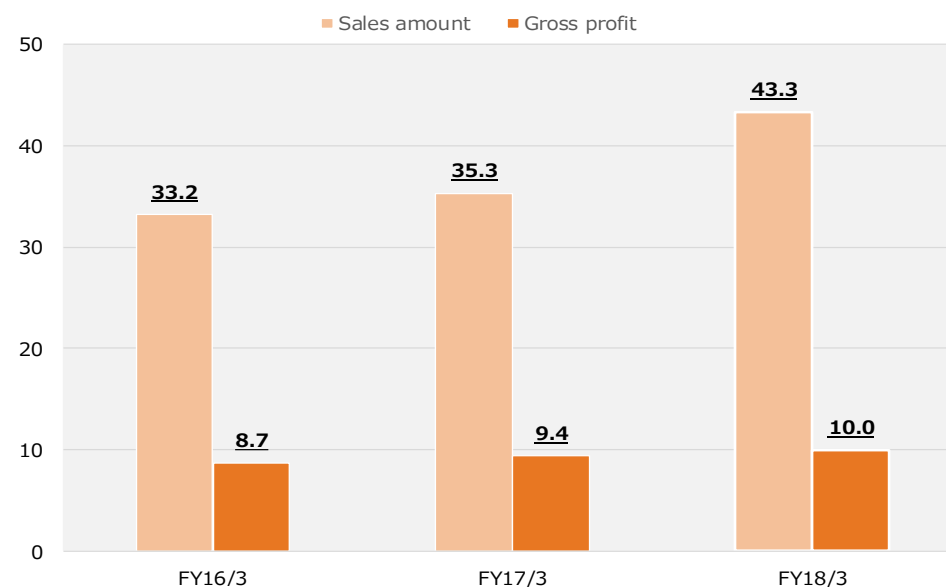
The stocks for property development (Balance on BS, planned total business expenses)

- The stocks based on planned total business expenses reached to 300 billion yen.
- Balance on BS reached to 155.0 billion yen which is higher than we expected as for FY19/3 in mid-to long-term plan.



The gross margin for sales of property development

- Rent level and leasing were satisfactory owing to the competitive product development.
- Aiming to grow mutually with group's REITs by expanding sales earnings.



Broad range of products & Development results

- Developing competitive products such as PMO, PROUDFLAT, GEMS and Landport.
- Development results reached to 180 properties as promoting property development actively.

Offices



41 properties*

Service Offices

Condominiums



90 properties*

Retails



GEMS

and others

28 properties*

Logistics



21 properties*

*The number includes the projects under planning.

Business Unit information

- The number of housing unit sales increased. Completed housing inventories decreased compared with the end of the previous fiscal year.

The gross margin ratio decreased to **19.1%** (down 2.6 points y/y).

(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY19/3 Forecast ③	Changes ③-②
Operating revenue	329.7	358.7	+28.9	379.0	+20.2
Housing sales	308.9	336.8	+27.8	—	—
Other	20.8	21.9	+1.0	—	—
Operating profit	27.7	24.5	-3.2	26.5	+1.9

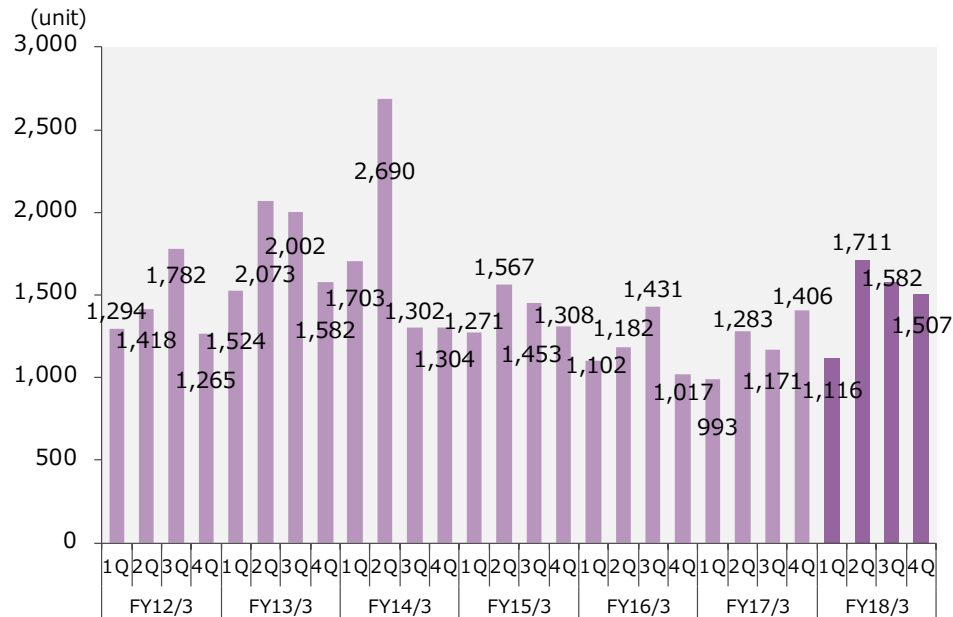
【Housing sales indicators】

Housing sales (unit)	5,567	5,865	+298	6,100	+235
Condominiums	4,885	5,258	+373	5,400	+142
Detached housing	682	607	-75	700	+93
Tokyo metropolitan area	4,291	4,483	+192	4,650	+167
Osaka metropolitan area	807	716	-91	800	+84
Other area	468	666	+198	650	-16
Year-end housing contracted but not sold(unit)	2,779	2,831	+52	—	—
Year-end completed housing inventory (unit)					
released for sale	252	239	-13	—	—
unreleased	402	218	-184	—	—
Average sales price (million yen)	55.49	57.42	+1.92	—	—
Gross margin ratio (%)	21.7%	19.1%	-2.6P	—	—

*From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. For FY19/3 forecasts, figures are calculated under the new classification.

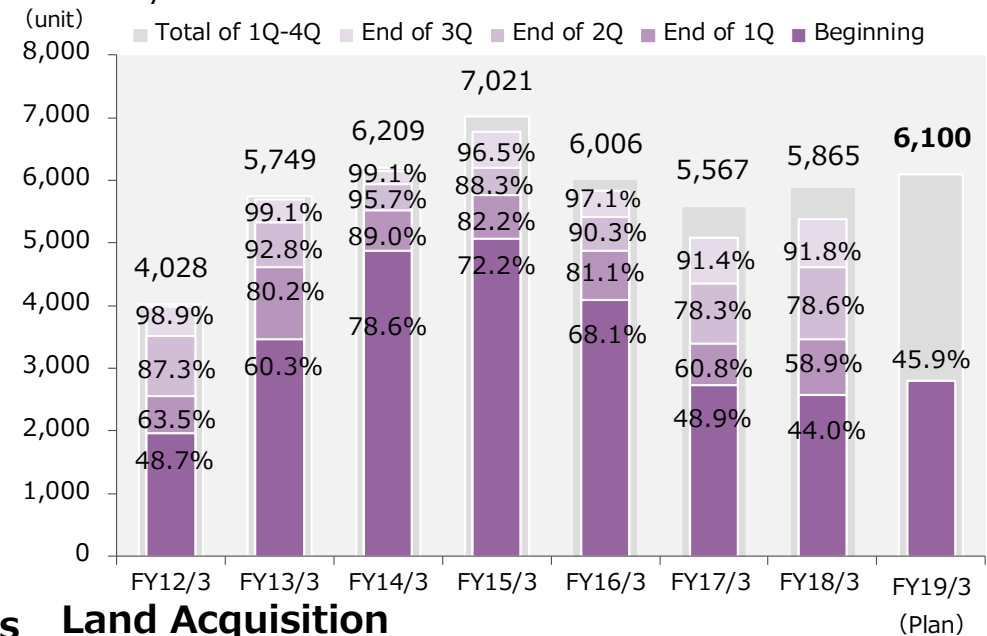
The number of housing contracted for each quarter

- **5,917** units were contracted as of FY18/3.



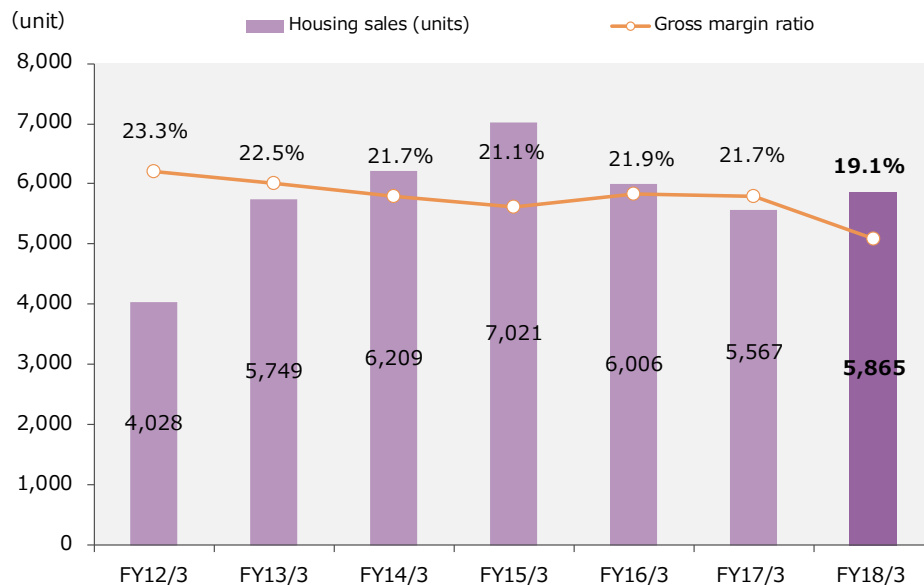
Contract rate against the number of housing sales

- **2,798 units (45.9%)** were contracted as of the beginning of the current fiscal year.



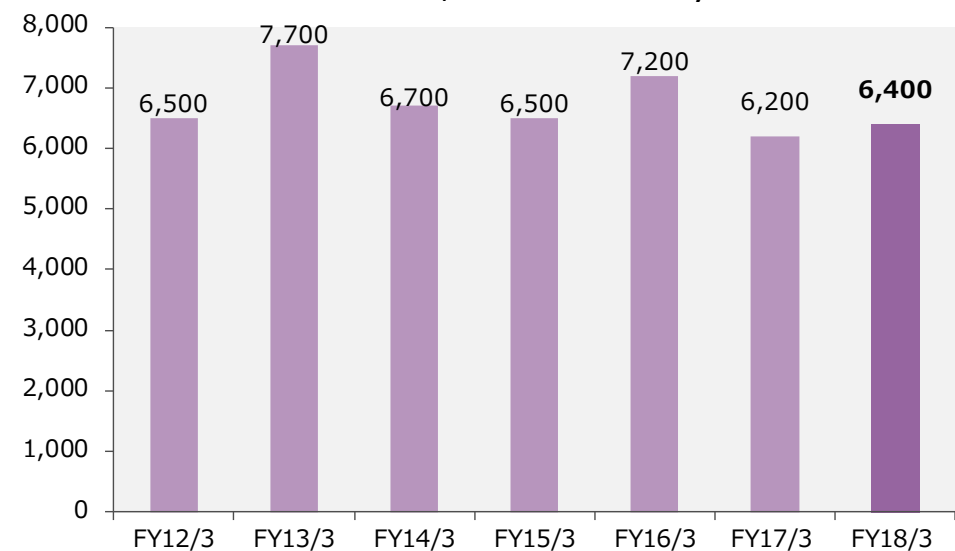
The gross margin ratio and the number of housing sales

- The gross margin ratio was **19.1%**.



Land Acquisition

- Lands for **6,400 units** were acquired as of FY18/3.
- Lands stock for FY19/3 onward is **22,800 units**.



Major Upcoming Projects

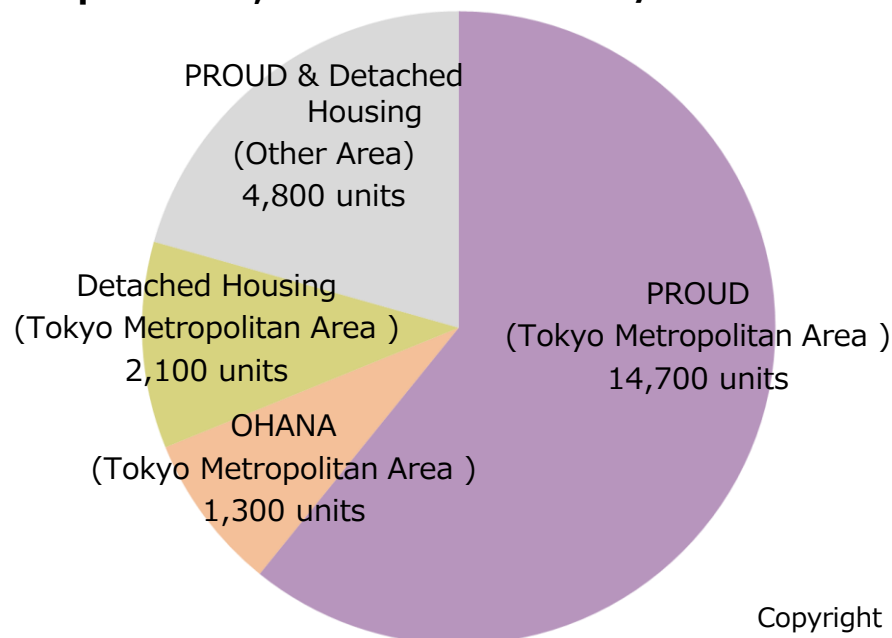
FY19/3	FY20/3	FY21/3	FY22/3~
PROUD Ginza-Higashi Residence (Chuo-ku, Tokyo 99 units)	Shinonome 1chome Project (Koto-ku, Tokyo 453 units)	Sarugakucho II Project (Shibuya-ku, Tokyo 108 units)	Higashi-Ikebukuro Station-Front Redevelopment (Toshima-ku, Tokyo 198 units)
PROUD TOWER Higashi-Ikebukuro (Toshima-ku, Tokyo 110 units)	Shimorenjaku 5chome Project (Mitaka-shi, Tokyo 314 units *1*2)	Musashi-Koganei Station South Exit Second District Redevelopment Project (Koganei-shi, Tokyo 613 units)	Hankyu Tsukaguchi Station-Front Redevelopment Project (Amagasaki-shi, Hyogo 369 units)
PROUD CITY Etchujima (Koto-ku, Tokyo 305 units)	Tamadaira 2chome Project (Hino-shi, Tokyo 653 units*1)	Hiyoshi Minowacho Project (Kouhoku-ku, Yokohama-shi 1,082 units *1*2)	Kameido 6chome Project (Koto-ku, Tokyo 760 units)
PROUD Daikanyama sarugakucho (Shibuya-ku, Tokyo 15 units)	PROUD TOWER Kawaguchi (Kawaguchi-shi, Saitama 200 units)	Sakai-Higashi GIORNO Redevelopment (Sakai-ku, Sakai-shi 272 units)	Kawaguchi Sakaecho 3chome Ginza District Redevelopment Project (Kawaguchi-shi, Saitama 464 units)
AIR HILLS Fujisawa (Fujisawa-shi, Kanagawa 105 units *2)	Tsutsumidori Amamiyamachi IV Project (Aoba-ku, Sendai-shi 209 units)	Wakashio Heights Manshon Redevelopment (Chiba-shi, Chiba 565 units *1*2)	Shibaura 4chome project (Minato-ku, Tokyo 395 units)
Makuhari Bay-Park Cross Tower & Residence (Mihama-ku, Chiba-shi 119 units*2)	PROUD TOWER Kitahama (Chuo-ku, Osaka-shi 168 units *2)	Tsudanuma The Tower (Narashino-shi, Chiba 189 units *2)	Minamikoiba 6chome Redevelopment (Edogawa-ku, Tokyo 324 units *1*2)

*1 Those projects are recorded as sales in several fiscal years.

*2 Those are joint-venture projects (The number refers to the Company's share.) Unit numbers and project schedules above are subject to change.

Land Bank

Acquired 22,800 units for FY19/3 onward.



PROUD Tower Higashiikebukuro



PROUD Tower Kawaguchi

[Reference] Large-scale residential redevelopment & rebuilding business

- Promoting various redevelopment and rebuilding projects which are our growth field by utilizing our top record in the industry and the wealth of know-how.

Major redevelopment and rebuilding projects

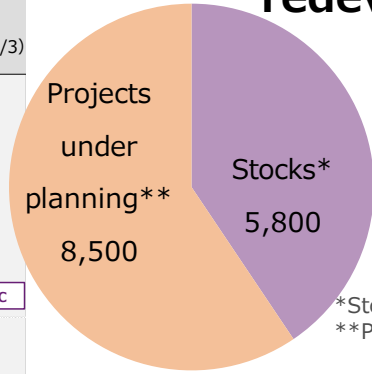
Project name	No. of units (our share)	Phase I	Phase II	Phase III
		(FY17/3 - FY19/3)	(FY20/3 - FY22/3)	(FY23/3 - FY25/3)
Gracia Tower Futamatagawa*1	81	[c]		
Higashi-Ikebukuro 5chome Redevelopment	110	[s] [c]		
Musashi-Koganei Station South Exit Second District Redevelopment	613	[s] [c]		
Sakai-Higashi GIORNO Redevelopment *1	272	[s] [c]		
Wakashio Heights*1	565	[s] [c] [c]		
Nagoya Nishiki 2chome Redevelopment *1	149	[s] [c]		
Minamikojiwa 6chome district Redevelopment *1	300~	[s] [c] [c]		
Hankyu Tsukaguchi Station-Front Redevelopment *2	369	[s] [c]		
Higashi-Ikebukuro Station-Front Redevelopment	198	[s] [c]		
Tokyo Olympic · Paralympic Athlete's Village *1	488	[s] [c]		
Kawaguchi-sakaecho 3chome District Redevelopment	464	[s] [c]		
Hirai Station North Exit District Redevelopment				
JR Kamata Station East Exit Central District Redevelopment				
Hongo Masago South Ditrict Redevelopment				
Tarumi Station-Front District Redevelopment				
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 Distdict Redevelopment *1				
Kodaira Station-Front North District Redevelopment *1				
Minami-Ikebukuro 2chome C-District Redevelopment *1				
Kouyomachi · 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				
Minami-Ikebukuro 2chome B-District Redevelopment *1,2				
Mikawashima Station-Front North Ditrict Redevelopment *1				

S: Start of construction C: Completion of construction

*1: Those are JV projects. *2: Still considering to use the land for housing or others. New projects that we participated and stocked are underlined.
 *3: The number of units for project under planning is the expected number of 100 units by each phase.

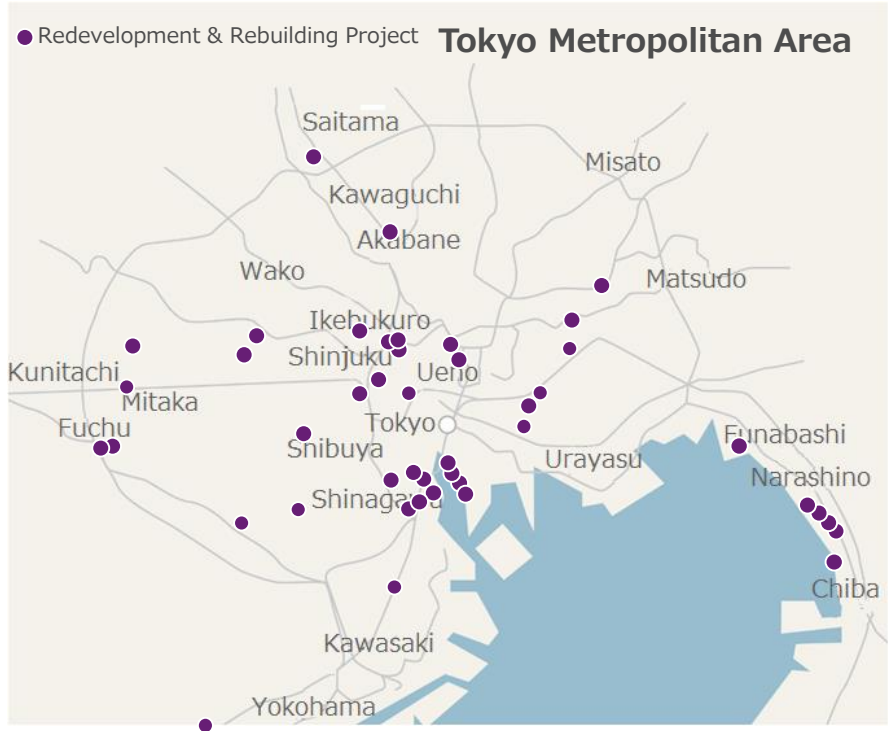
Stocks : Projects under planning

Stocks and projects under planning for redevelopment and rebuilding.



Of 22,800 units for stock as from FY19/3, there are **5,800** units for stock for redevelopment and rebuilding. There are **8,500** units for projects under planning which are not calculated as stock yet but expected to categorize into stocks.

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

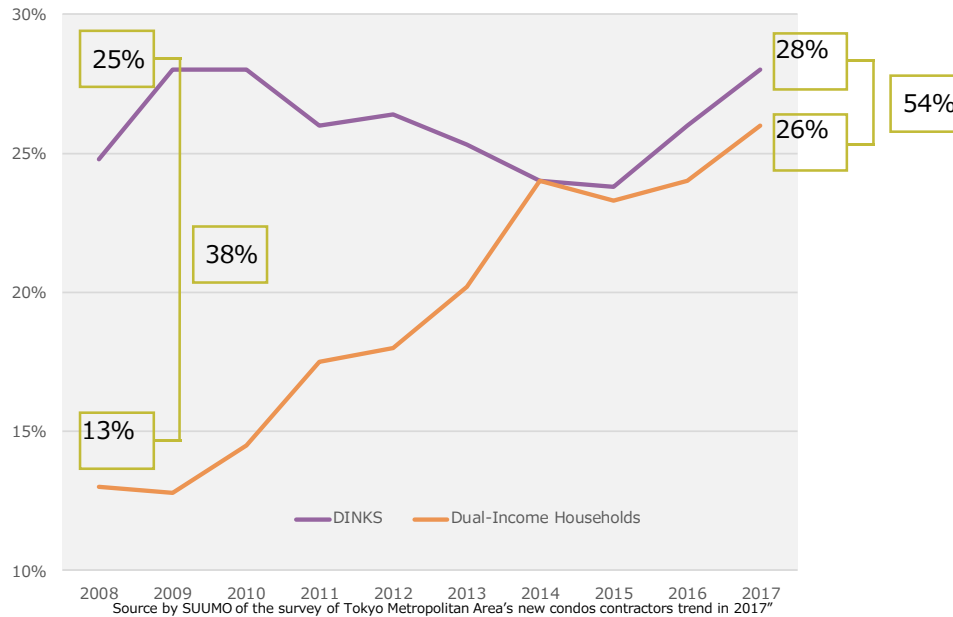


All projects are still in planning phase. Therefore they are subject to change.

【Reference】 Residential Development focusing on the change of customer needs

- The ratio of dual-income earners accounting for condo buyers has increased with the background of the dual-income households rise in number.
- Condos adapted to the change of customer's needs progressed strongly.

Dual-income ratio of buyers of new condos in Tokyo Metropolitan Area



DINKS and the dual-income households ratio of buyers has increased to 54%.

Points that dual-income households prefer for housing

**Convenient commuting
(good access to central Tokyo and railway stations)**

**Childcare environment
(sufficient childcare facilities)**

**Daily life environment
(in the vicinity of daily shopping places)**

Our projects

PROUD Monzennakacho Diage



Location	Koto-ku, Tokyo
Completion of Construction	Mar, 2018
Our share	75 units
Appeal point	Access to Tokyo Station area which is a business district.

PROUD Tsunashima SST



Location	Yokohama-shi, Kanagawa
Completion of Construction	Mar, 2018
Our share	56 units
Appeal point	Store and nursery school in the same area

PROUD Urawa Higashinakacho Garden



Location	Saitama-shi, Saitama
Completion of Construction	Oct, 2018(scheduled)
Our share	84 units
Appeal point	2-min walk to station Many Stores in the vicinity

PROUD Tower Higashiikebukuro



Location	Toshima-ku, Tokyo
Completion of Construction	Mar, 2019(scheduled)
Our share	110 units
Appeal point	Available for 6 railroad stations and 10 routes. No children waiting for admission to nursery school in Toshima.

- **Planning to invest 300.0 billion yen for overseas business** until phase 3. Developing business in high-growth Southeast Asia area. **Currently, 8 projects, total 35.0 billion yen investments are determined.** In addition, new project plans are under consideration.

Overseas Investment Project

Project	Main use	Total business volume	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, Daiwa 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 489 units	Origin Property	49.00%	○●●●●●●●●	●●●●●●●●	
Bangkok, On Nut	Residential	601 units	Origin Property	49.00%	○●●●●●●●●	●●●●●●●●	
Bangkok, Ramkhamhaeng	Residential	685 units	Origin Property	49.00%	○●●●●●●●●	●●●●●●●●	
Bangkok, Thong Lo	Service Apartment	303 units	Origin Property	49.00%	○●●●●●●●●	●●●●●●●●	
Ho Chi Minh City SUN WAH TOWER (Existing Property)	Office	Approx. 26,500m ²	SUN WAH GROUP	24.00%			

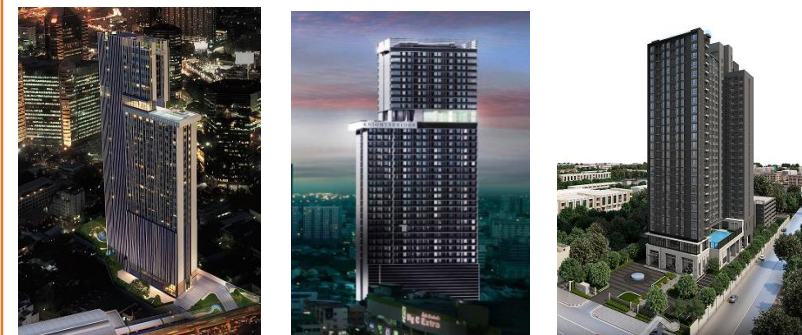
○ :Start of construction

● :Completion of construction

Residential development business

Bangkok, Thailand

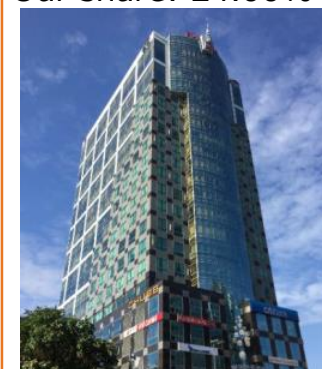
Units volume: 3 buildings, over 2,000 units
Our share: 49.00%



Leasing business

Vietnam, Ho Chi Minh City (Office)

Leasable space: 26,500m²
Completion of construction: 1997
Our share: 24.00%



Bangkok, Thailand (Service apartment)

Units volume : 303 rooms
Timing of sales: FY2020/3
Our share: 49.00%

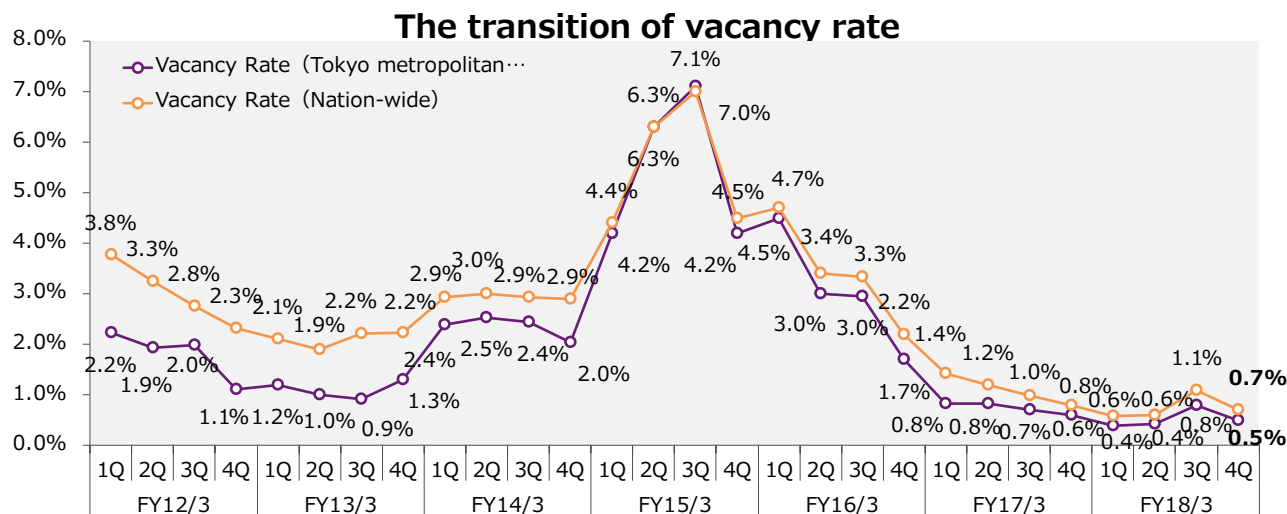


- Newly-built properties such as Yokohama Nomura Building started operation smoothly. The vacancy rate as of the end of the FY18/3 was **0.7%** (down 0.1 points compared to the end of FY17/3).

(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY19/3 Forecast ③	Changes ③-②
Operating revenue	115.0	134.9	+19.9	173.0	38.0
Leasing (offices)	51.9	53.3	+1.3	—	—
Leasing (retail facilities)	11.6	12.6	+1.0	—	—
Leasing (other)	5.9	7.1	+1.2	—	—
Property development (sale)	35.3	43.3	+7.9	—	—
Property development (leasing)	4.0	4.7	+0.6	—	—
Other	6.0	13.7	+7.7	—	—
Operating profit	32.5	35.2	+2.6	35.0	-0.2
Rentable floor area (sqm)	975,974	1,021,004	+45,030	—	—
Offices	831,177	846,338	+15,160	—	—
Retail facilities	144,797	174,666	+29,869	—	—
Vacancy rate	0.8%	0.7%	-0.0P	—	—

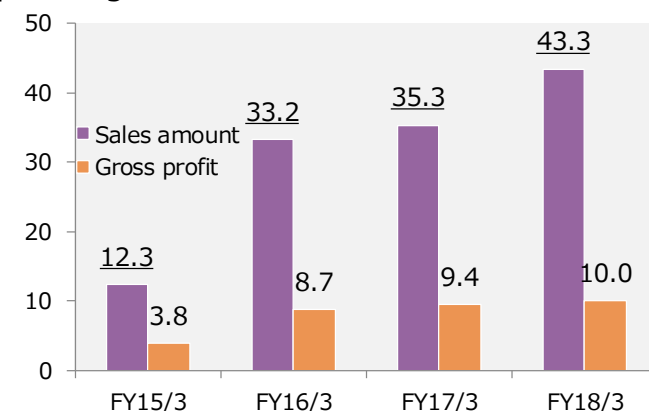
* Leasing (offices) includes subleasing properties

[Reference] Rent revenue change analysis	Changes	Factors
New and full-year operating buildings	+4.8	The operation of Yokohama Nomura Building and 4 properties acquired from NMF.
Existing buildings	-0.9	Revision of properties and the absence of penalty income.
Sold / Termination	-1.5	Sales of Fukagawa Gatharia etc.



The progress of property development (sales)

Operating revenue as of FY18/3: 43.3 billion yen

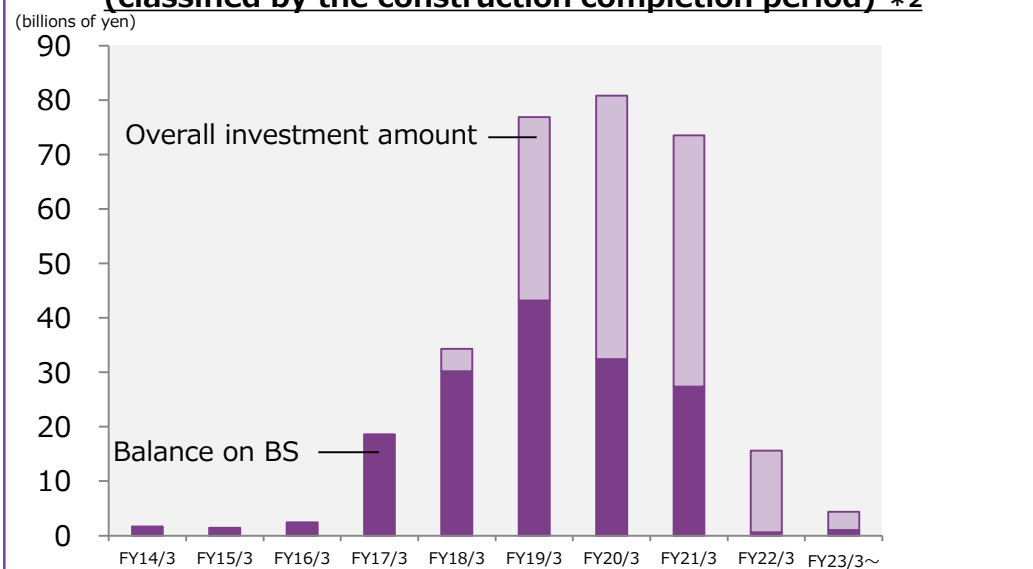


- **Acquired 23 properties whose estimated investment amount is approx. 90.0 billion yen in FY18/3. The stocks of property development are expanded to approx. 300.0 billion yen.**
- **Aiming to obtain stable earnings by promoting acquisitions and sales at about 100 billion/FY in the mid-to-long-term.**

Stocks of property development (Estimated investment amount: approx. 300.0 bn yen) ※1

- Estimated NOI yield for overall stocks is around 5%.

Stocks of property development (classified by the construction completion period) *2



Expansion plan of property development on Balance Sheet

- Balance on BS was 158.9 billion yen as of the end of FY18/3.
- Aiming to expand to 200 billion yen on balance on BS in the mid-to-long-term.

(Billions of yen)	FY18/3 (on BS)	Phase 1	Phase 2	Phase 3
Offices (PMO, etc.)	62.6	60.0	65.0	65.0
Retail Facilities (GEMS/NSC etc.)	25.2	35.0	35.0	35.0
Logistics Facilities (Landport, etc.)	42.6	45.0	70.0	70.0
Condominiums (PROUD FLAT, etc.)	28.4	15.0	20.0	30.0
Image of expansion of Property Development	158.9	155.0	190.0	200.0

* 1 : The estimated investment amount is the estimated total project cost at the timing of the acquisition.

* 2 : Construction completion period is current schedule and it is not determined.

Offices (PMO etc.)

Acquisition (Estimated total investment)	5 projects (About 25.0billion)
Sale (Sale value)	4 projects (21.6 billion)

Condominiums (PROUD Flat etc.)

Acquisition (Estimated total investment)	7 projects (About 14.5 billion)*
Sale (Sale value)	1 project (0.6 billion)

Retail Facilities (GEMS etc.)

Acquisition (Estimated total investment)	8 projects (About 17.0 billion)
Sale (Sale value)	3 projects (6.4 billion)

Logistics Facilities (Landport etc.)

Acquisition (Estimated total investment)	3 projects (About 33.5 billion)
Sale (Sale value)	2 projects (15.0 billion)

*Properties mentioned on this page includes the projects determined at this fiscal year ended.

*Condos and the planned total investment cost includes the projects additionally acquired in FY17/3.

*The planned total investment cost is based on the amount that we estimated at the time of acquisition, it is subject to change in future plans.

Offices “PMO”



PMO Shibadaimon



PMO Nihonbashi Edo Dori



PMO Nishishimbashi

Condominiums “PROUD FLAT”



PROUD FLAT Soto-Kanda



PROUD FLAT Noborito



PROUD FLAT Asakusabashi

Name(PMO)	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-Kodenmachi, 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	Sold
8 PMO Uchi-Kanda	Uchi-Kanda, Chiyoda-ku	2017/5	Under Operation
9 PMO Shibuya	Shibuya, Shibuya-ku	2017/6	Under Operation
10 PMO Hanzomon (Entrusted)	Kojimachi, Chiyoda-ku	2017/6	Under Operation
11 PMO Shinjuku-Gyoen Project (Entrusted)	Shinjuku, Shinjuku-ku	2019/5(plan)	Under Construction
12 PMO Tamachi-Higashi	Shiba, Minato-ku	2018/2	Under Operation
13 PMO Higashi-Shinbashi Project	Higashi-Shinbashi, Minato-ku	2018/4(plan)	Under Construction
14 PMO Kyobashi-Higashi Project	Hatchobori, Chuo-ku	2018/5(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	2019/7(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 Construction
23 Minato-ku Project	Minato-ku	2020/7(plan)	Under Planning

Name(Office)	Location	Completion	Status
1 Chuo-ku Project	Chuo-ku	2020/3(plan)	Under Planning
2 Chiyoda-ku Project	Chiyoda-ku	2021/1(plan)	Under Planning

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	Under Operation
11 PROUD FLAT Miyazakidai	Miyamae-ku, Kawasaki	82 units	2018/2	Under Operation
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	2019/2(plan)	Under Construction
17 PROUD FLAT Ryogoku	Sumida-ku, Tokyo	90 units	2019/8(plan)	Under Planning
18 Tomigaya 2chome Project	Shibuya-ku, Tokyo	109 units	2019/2(plan)	Under Planning
19 Kiba 5chome Project	Koto-ku, Tokyo	136 units	2020/2(plan)	Under Planning
20 Minami-Shinagawa 2chome Project	Shinagawa-ku, Tokyo	129 units	2019/5(plan)	Under Construction
21 Kinshicho II Project	Sumida-ku, Tokyo	62 units	2020/1(plan)	Under Planning
22 Sumida-ku Project	Sumida-ku, Tokyo	35 units	2019/11(plan)	Under Planning
23 Kameido 6chome Project	Koto-ku, Tokyo	98 units	2022/12(plan)	Under Planning
24 Shinagawa-ku Project	Shinagawa-ku, Tokyo	87 units	2020/2(plan)	Under Planning

*JV Project

Property acquired in FY18/3

Property acquired in FY18/3

Retail Facilities “GEMS” & “Urban-type Retail Facilities”



GEMS Ebisu



GEMS Jingu-Mae



GEMS Sangenjaya

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	Sold
4 GEMS Jingu-Mae Project	Jingu-Mae, Shibuya-ku	2018/4 (plan)	Under Construction
5 GEMS Kayabacho	Shinkawa, Chuo-ku	2018/2	Under Operation
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
14 Kawasaki-shi Project	Kawasaki-shi, Kanagawa	2020/10(plan)	Under Planning

Name (Urban-type retail facilities)	Location	Completion	Status
1 MIRRAZA Jingu-mae*	Jingu-mae, Shibuya-ku	2017/6*	Sold
2 Jinbocho Project	Jinbocho, Kanda, Chiyoda-ku	2020/1(plan)	Under Planning
3 Suginami Project	Honamanuma, Suginami-ku	2018/9(plan)	Under Planning
4 Hiroo Project	Hiroo, Shibuya-ku	2019/10(plan)	Under Planning
5 Katasekaigan Project	Katasekaigan, Fujisawa	2019/9(plan)	Under Planning
6 Chayamachi Project	Kita-ku, Osaka	2020/7(plan)	Under Planning
7 Jingumae Project	Shibuya-ku, Tokyo	2020/8(plan)	Under Planning
8 Hankyu Tsukaguchi Station-Front Redevelopment Project	Amagasaki-shi, Hyogo	2022/3(plan)	Under Planning
9 Tokorozawa Project	Tokorozawa-shi, Saitama	2024/2(plan)	Under Planning

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

Property acquired in FY18/3

Logistics Facilities “Landport”



Landport Komaki

Name	Location	Completion	Status
1 Landport Iwatsuki	Saitama-shi, Saitama	2016/5	Sold
2 Landport Hachioji II	Hachioji-shi, Tokyo	2016/9	Sold
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 I Project	Ome-shi, Tokyo	2018/11(plan)	Under Construction
9 Landport Ome II Project	Ome-shi, Tokyo	2020/6(plan)	Under Planning
10 Landport Ome III Project	Ome-shi, Tokyo	2020/6(plan)	Under Planning
11 Landport Koshigaya Project	Koshigaya-shi, Saitama	2020/6(plan)	Under Planning
12 Landport Kasukabe II Project	Kasukabe-shi, Saitama	2021/5(plan)	Under Planning
13 Landport Atsugi Aikawacho Project*	Atsugi-shi, Kanagawa	2020/3(plan)	Under Planning

* JV Project

Property acquired in FY18/3

Actively promoting mixed-use development projects in Tokyo metropolitan area.

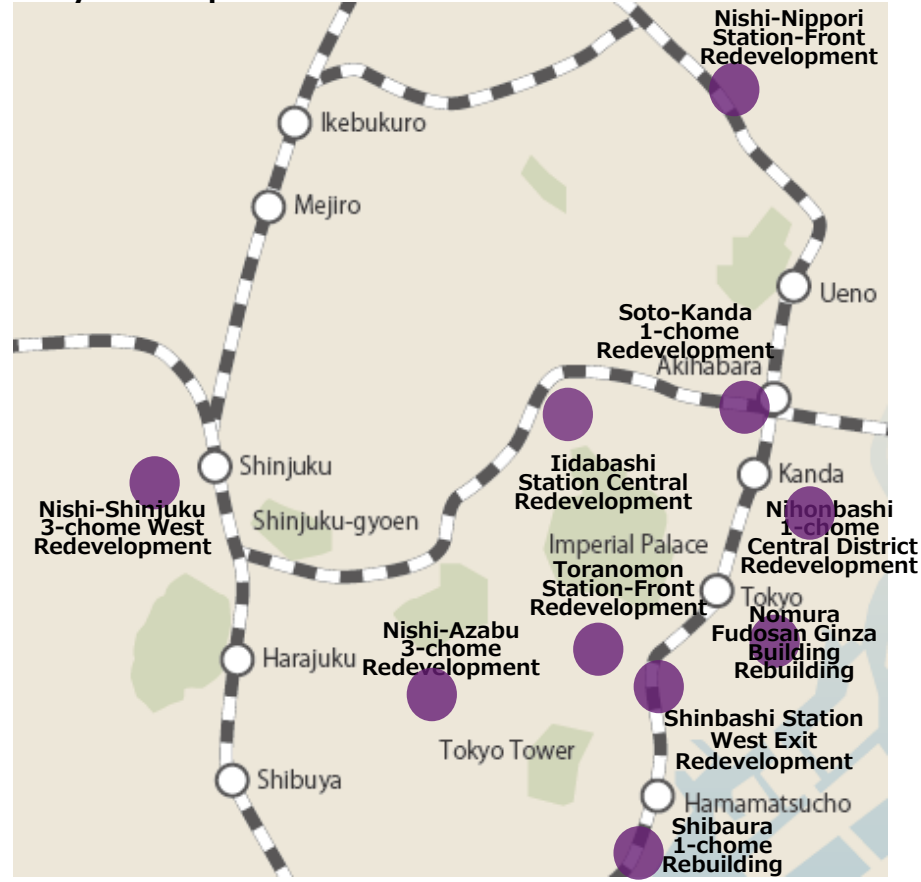
Major projects of large-scale redevelopment & mixed-use development

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)	Under Construction	Office Retail	Approx. 12,000m ²	S	C	
Musashi-Koganei station 2nd District Redevelopment	Under Construction	Retail Residential	Approx. 12,000m ²	S	C	
Kameido 6chome Project	Under Planning	Retail Residential	TBD			
Minamikojiwa 6chome 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*	Certified as a national strategic special zone	Complex	Approx. 550,000m ² (Total floor area)		S	
Nihonbashi 1chome Central District Redevelopment *	Certified 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	

Investment Plan (Mid-to long-term business plan)

- Planning to invest 900 billion yen by FY25/3 based on Mid-to Long-term Business Plan (long-term holding properties)
- Decided to develop businesses whose scale is 650 billion yen as of FY18/3.

Tokyo Metropolitan Area



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

*S:Start of construction C:Completion of construction

*JV projects

- Promoting rebuilding of Shibaura 1chome and redevelopment of Nihonbashi 1chome central district which are certified under the National Strategic Special Zones on March 9.

Rebuilding of Shibaura 1chome

Redevelopment of Nihonbashi 1chome central district



Location : Minato-ku, Tokyo

Scale : S tower : 46 floors above ground,
 5 basement floors, approx. 235m

N tower : 47 floors above ground,
 1 basement floors, approx. 235m

Land area : about 40,000m²

Floor area : about 550,000m²

Main usage : Office, retail, hotel ,residence

Start of construction : FY21/3(S tower),
 FY27/3(Ntower)

Completion of construction : FY25/3(S tower)
 FY30/3(Ntower)

Main participating companies : Nomura Real Estate, East Japan Railway



Location : Chuo-ku, Tokyo

Scale : 51 floors above ground,
 5 basement floors, approx. 287m (C block)

Land area : about 24,600m²

Floor area : about 499,000m²

Main usage : Office, retail, hotel ,residence

Start of construction : FY21/3

Completion of construction : FY26/3

Main participating companies : Mitsui Fudosan,
 Nomura Real Estate

【Reference】 Our Group's Major Buildings

	Name	Location	Leased floor area *Our share	Completion
1	Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	172,672m 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	39,589m ²	1978/10
7	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,108m 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	Umeda Sky Building	Kita-ku, Osaka-shi, Osaka	19,197m ²	1993/3
11	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,157m ²	1961/4
12	bono Sagamiono Shopping Center	Minami-ku, Sagamihara-shi, Kanagawa	16,113m ²	2013/1
13	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

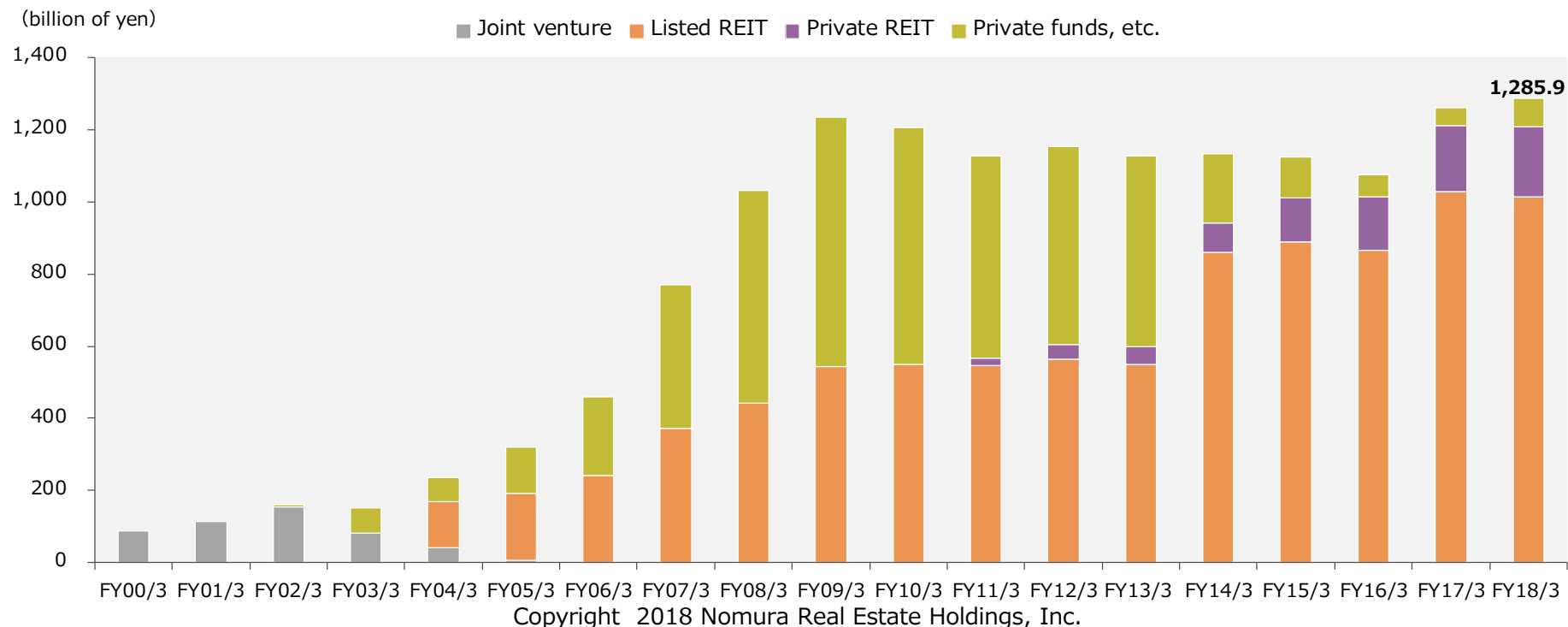


bono Sagamiono Shopping Center

- Nomura Real Estate Master Fund realized to improve the portfolio quality by strategic property replacement. It finished “the Quality phase” earlier than expected and it started “the Growth phase” and it made the public offering for the first time in February 2018.

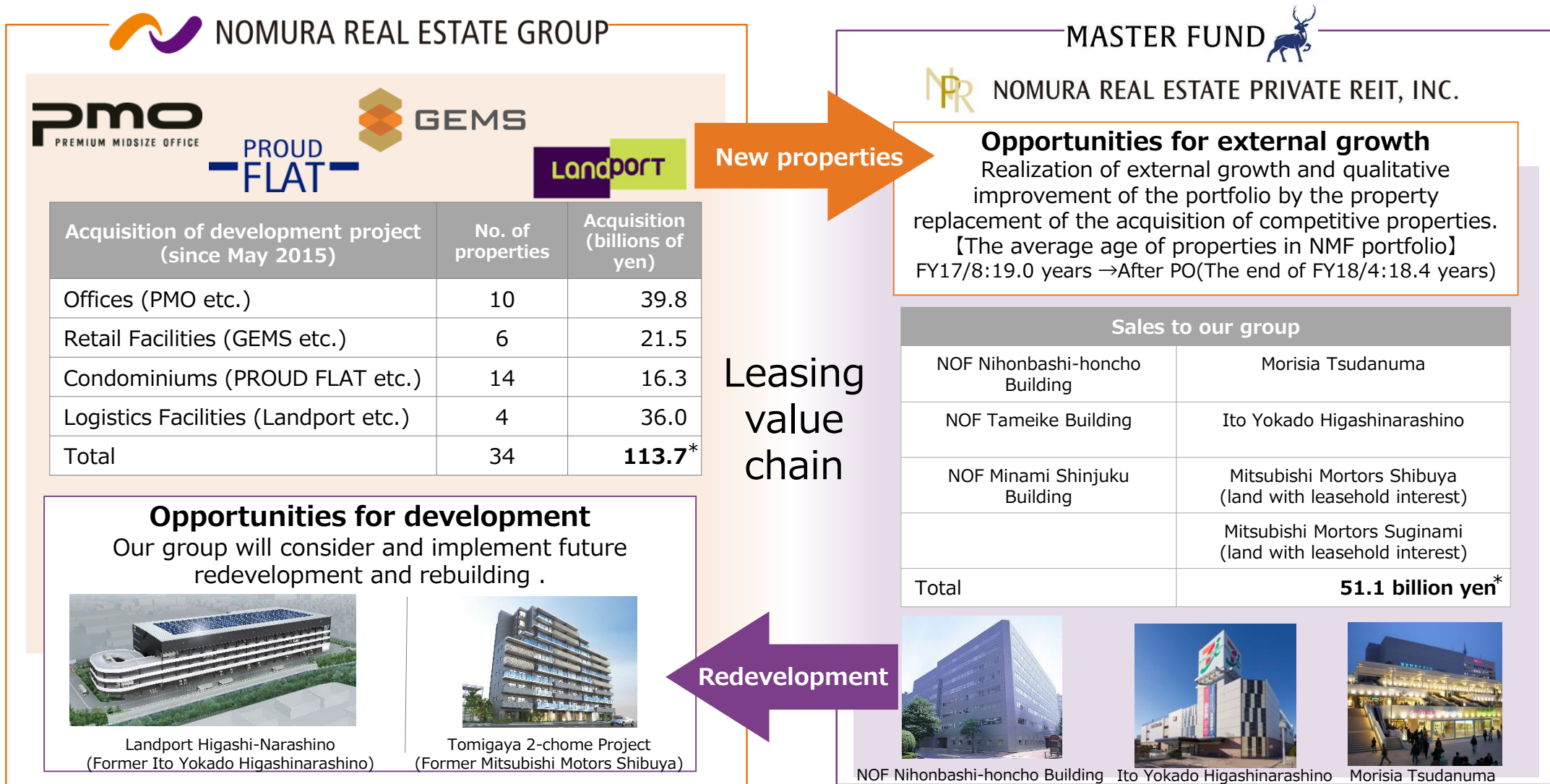
(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY19/3 Forecast ④	Changes ④-③
Operating revenue	9.6	9.3	-0.2	9.5	+0.1
Operating profit	6.0	5.9	-0.1	6.0	+0.0
Assets under management	1,260.0	1,285.9	+ 25.8	—	—
Listed REIT	1,029.9	1,015.2	-14.6	—	—
Private REIT	180.6	193.9	+ 13.3	—	—
Private funds, etc.	49.5	76.6	+ 27.1	—	—

Assets Under Management



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

- 3 years have passed since we reached an agreement of leasing value chain with group's REIT, whose aim was to grow mutually with our group's REITs. In this fiscal year, NMF made the first public offering and NMF and NPR acquired 19 properties worth as 56.3 billion yen*.
- Sales amount from NMF to Nomura Real Estate expanded to be over 50 billion yen. It contributes to mutual growth.



*The amount of acquisition and sales for each tables are based on the REIT's disclosure materials. The acquisition amounts includes the properties contracted as of March 31, 2018

- The retail business and wholesale business made a steady progress. The expenses for new branches exceed income.

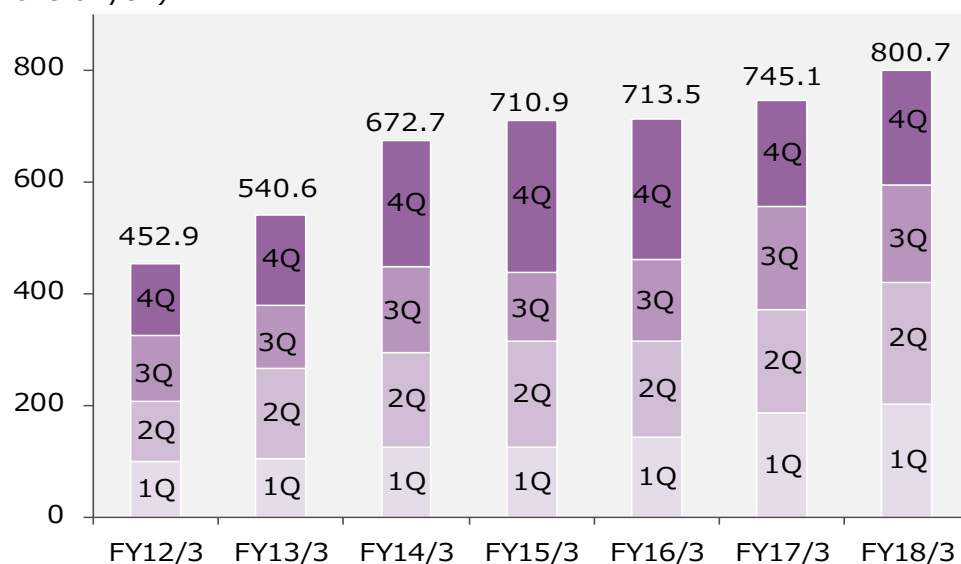
(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY19/3 Forecast ④	Changes ④-③
Operating revenue	34.8	35.7	+0.8	40.5	+4.7
Property brokerage	30.2	31.6	+1.3	—	—
Other	4.5	4.0	-0.4	—	—
Operating profit	9.1	8.4	-0.6	10.5	+2.0

【Brokerage indicators】

Total transaction value (billion yen)	745.1	800.7	+55.5	—	—
Number of transactions	8,272	8,561	+289	—	—
Comission fee (billion yen)	30.2	31.6	+1.3	—	—
Comission rate (%)	4.1%	4.0%	-0.1P	—	—
Number of property brokers branches	73	78	+5	—	—

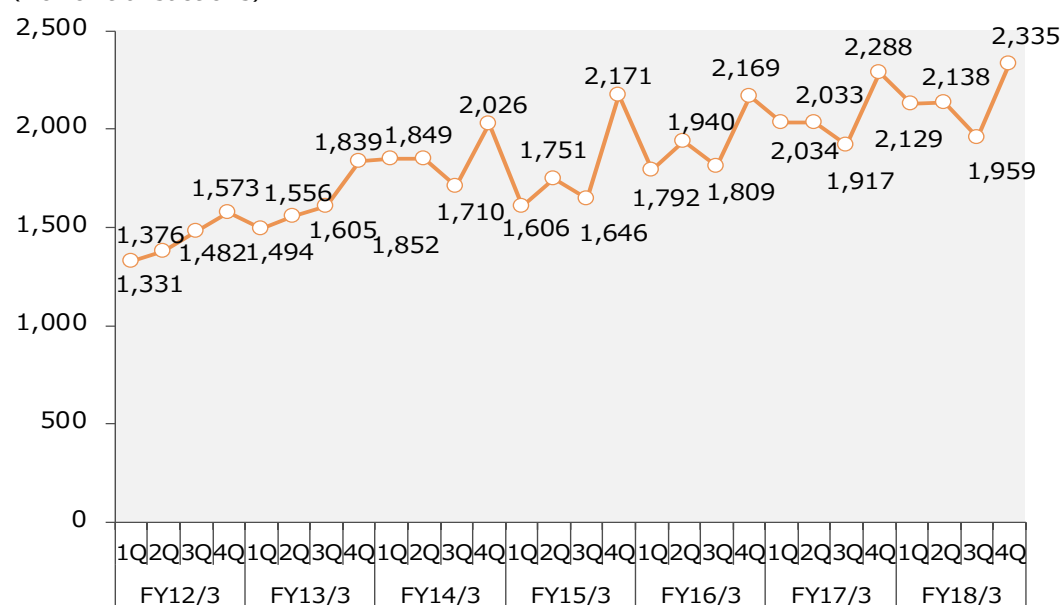
Total Transaction Value of Property Brokerage

(Billions of yen)



Number of Transactions

(No. of transactions)



*Retail business: Real estate brokerage business for individuals.
Wholesale business: Real estate brokerage business for corporations.

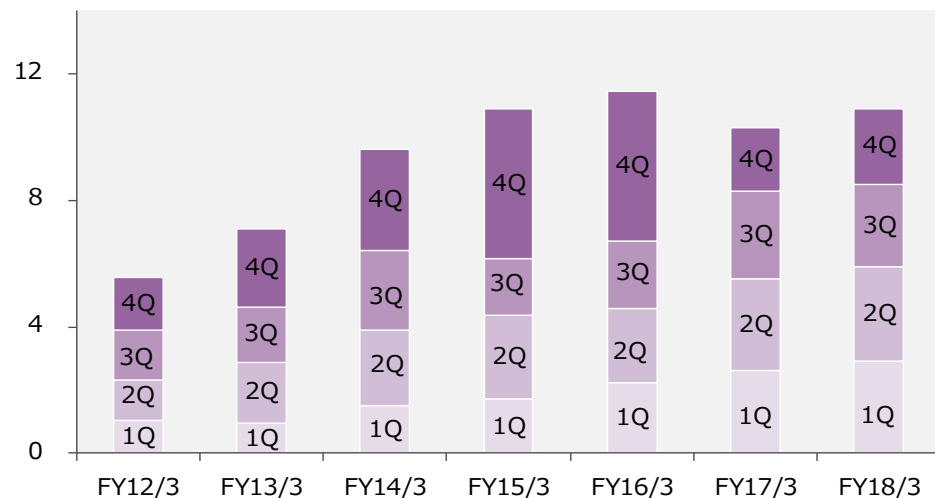
Progress of Property Brokerage & CRE Business Unit

- In the wholesale business, established new branches in Kyoto and Fukuoka in October 2016, in order to enhance our area strategy by opening new branches. Moreover, promoting corporation enforcement with local banks to gain new earnings.
- In the retail business, the number of new branches expanded to 78 as of the end of FY18/3. In addition, planning to establish 100 branches and hire 1,000 sales people by FY22/3.
- Business collaboration with Nomura Securities reached the highest level in both transaction value and the number of transactions in FY18/3.

Brokerage commission fee for wholesale

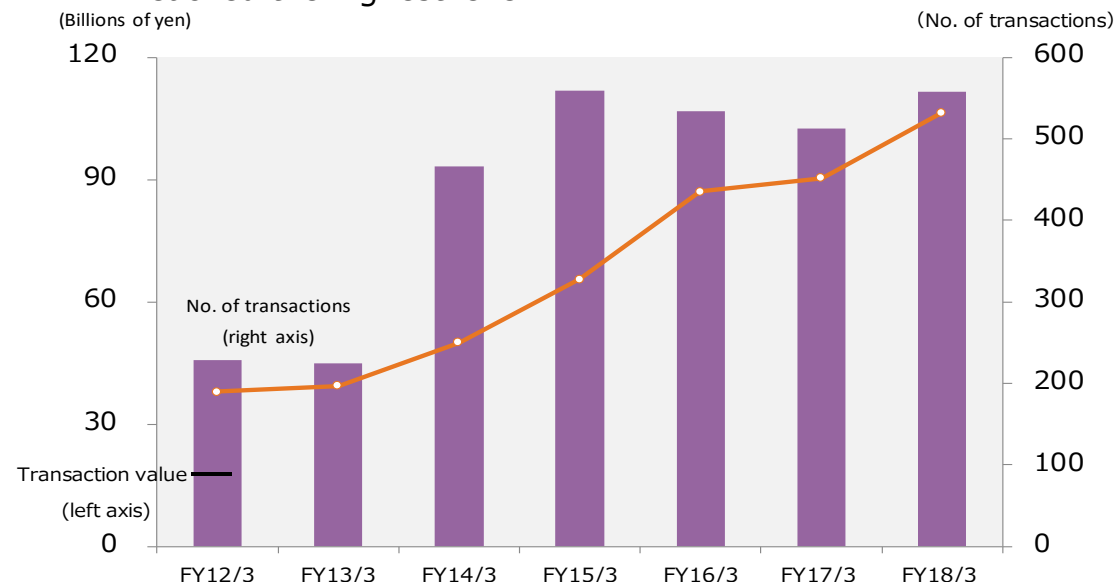
- Brokerage commission fee progressed steadily.

(Billions of yen)



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

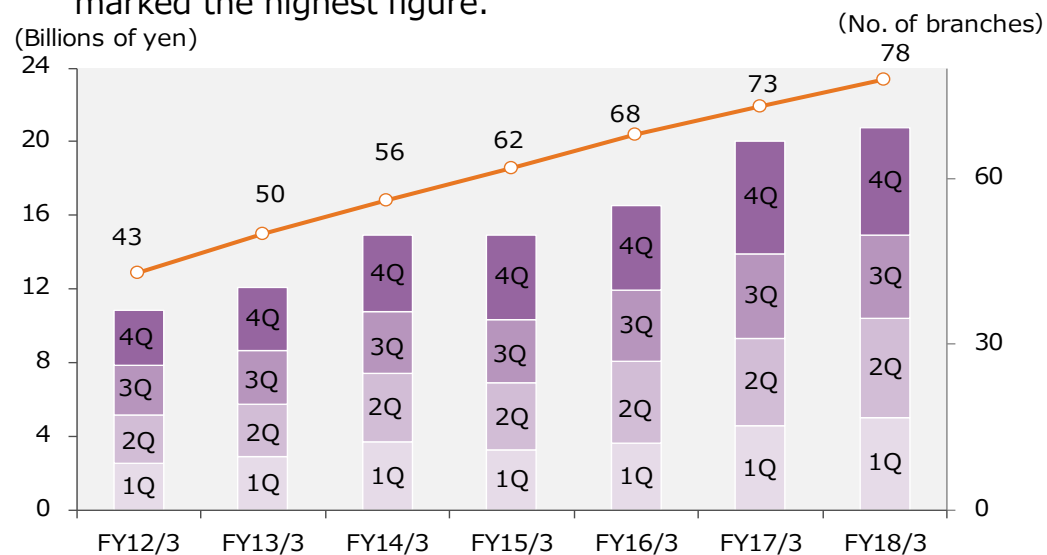
- Both the transaction value and the number of transaction reached the highest level.



Number of branches & brokerage commission fee for retail

- Branches are expanding steadily. Brokerage commission fee marked the highest figure.

(Billions of yen)

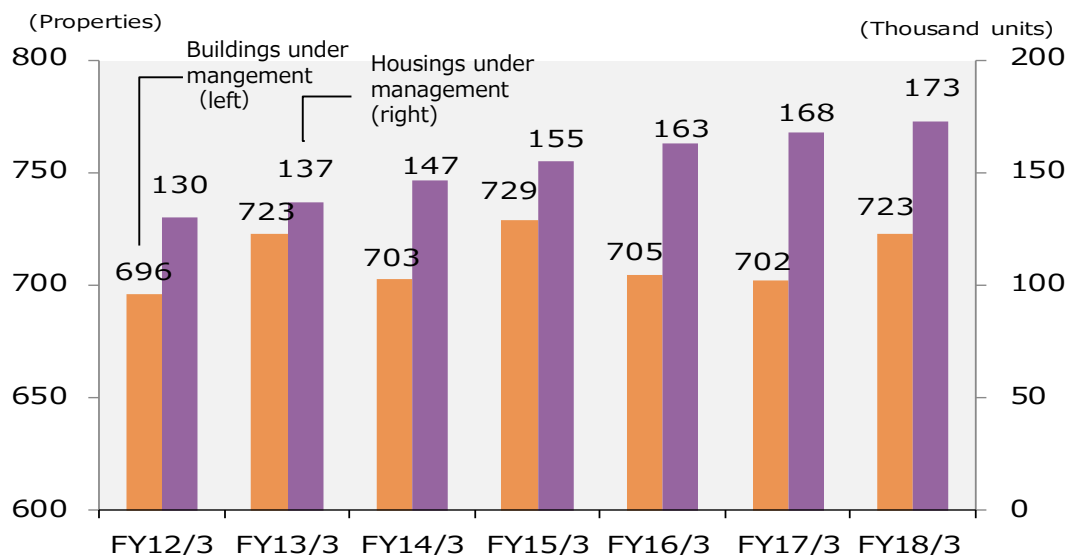


【Property & Facility Management Business Unit】

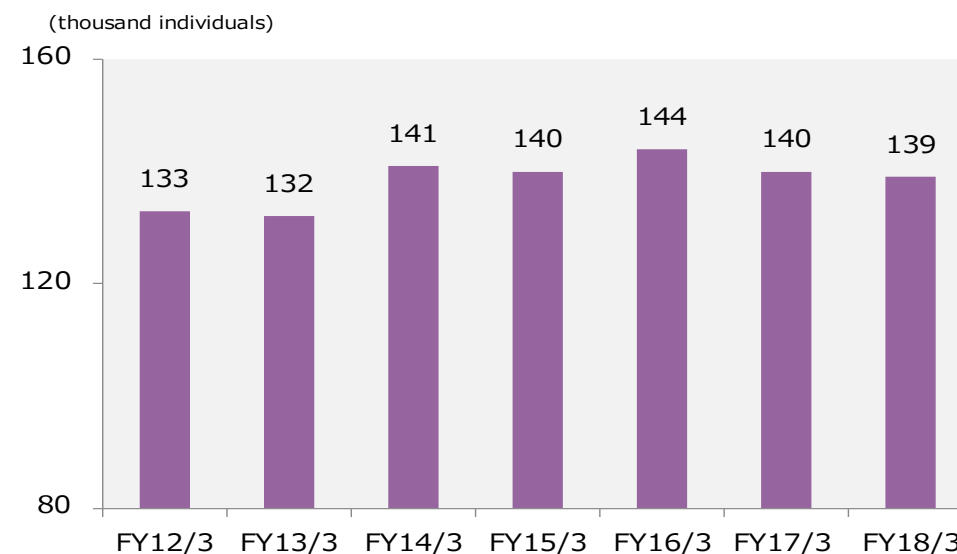
- An increase in revenues due to a steady rise in the number of buildings and housings under management and the number of construction ordered.

(Billions of yen)	FY17/3 Actual ①	FY18/3 Actual ②	Changes ②-①	FY19/3 Forecast * ④	Changes ④-③
Operating revenue	95.7	101.0	+5.3	112.0	+10.9
Property & facility management	48.3	50.3	+2.0	—	—
Construction ordered	26.8	28.3	+1.4	—	—
Fitness club & elderly care	15.5	16.0	+0.5	—	—
Other	5.0	6.2	+1.2	—	—
Operating profit	6.9	7.0	+0.1	7.5	+0.4
Building under management	702	723	+21	—	—
Housings under management	168,999	173,705	+4,706	—	—
Members of MEGALOS (individuals)	140,743	139,836	-907	—	—
Number of clubs	35	43	+8	—	—

Buildings & Housings Under Management



Members of MEGALOS



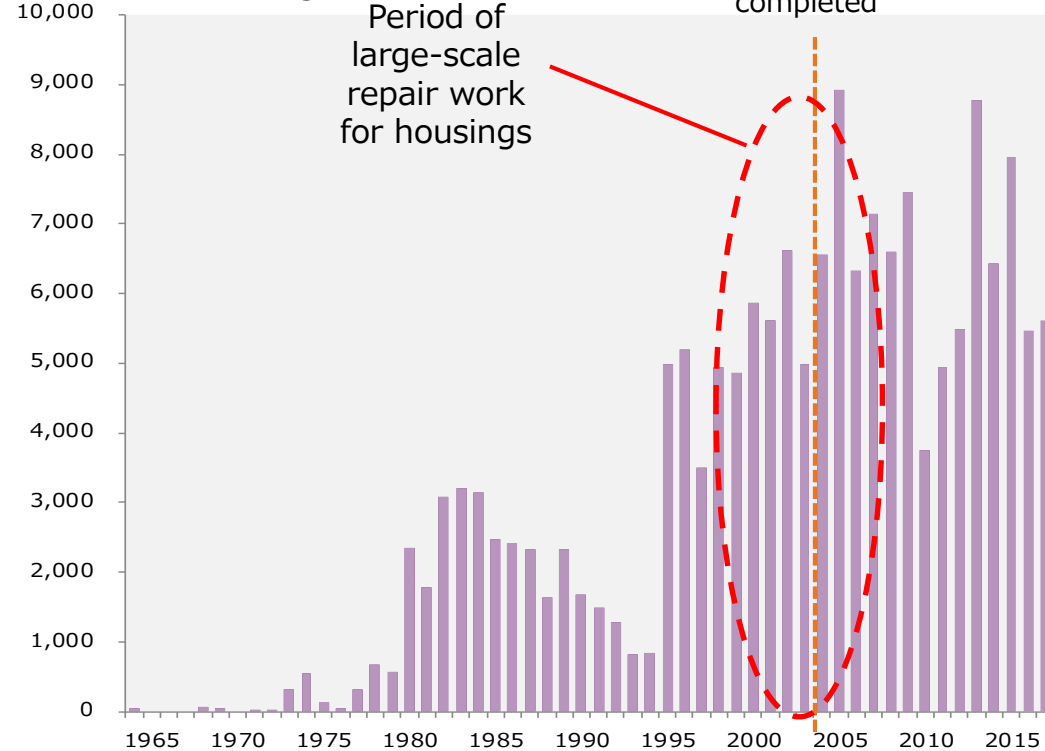
* From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. The figures for FY19/3 forecast are calculated under the new classification.

【Reference】 Expansion of business opportunities in large-scale condo repair work

- The number of housing which requires large-scale condo repair work has increased as 14 years have passed since the first PROUD condo was constructed. Actively promoting this work to obtain orders as the contractor in this work.
- Co-developed high-quality large-scale repair work called **re:Premium** which realizes 15 year-guarantee with the material manufacturer and construction companies against to the guidelines indicated by Ministry of Land, Infrastructure, Transport and Tourism of 12-year construction term. Accelerating to make proposals for reducing life-cycle costs of buildings.

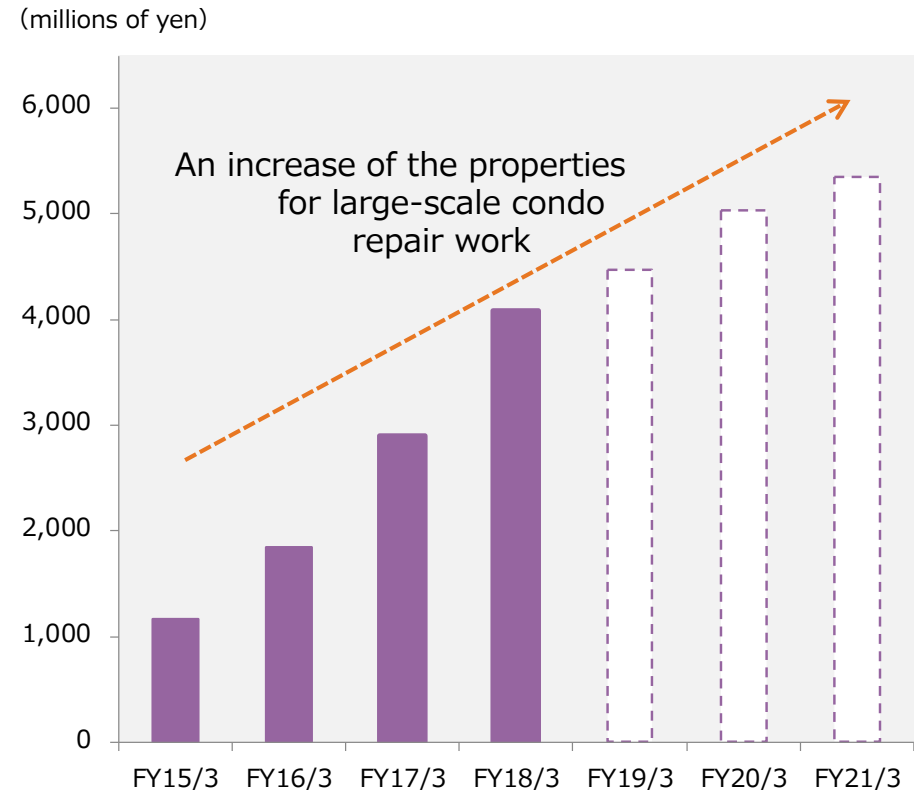
Properties under management by construction completion period

- Our management stock has increased to around 6,000 units per year on average with the volume expansion in housing sales business since 2000. The period for large-scale repairment has come in many condos under management



Sales plan for large-scale condo repair work (nationwide)

- The sales revenue in large-scale condo repair work is expected to increase in accordance with actively taking orders and increasing in the number of condos which requires repair work.



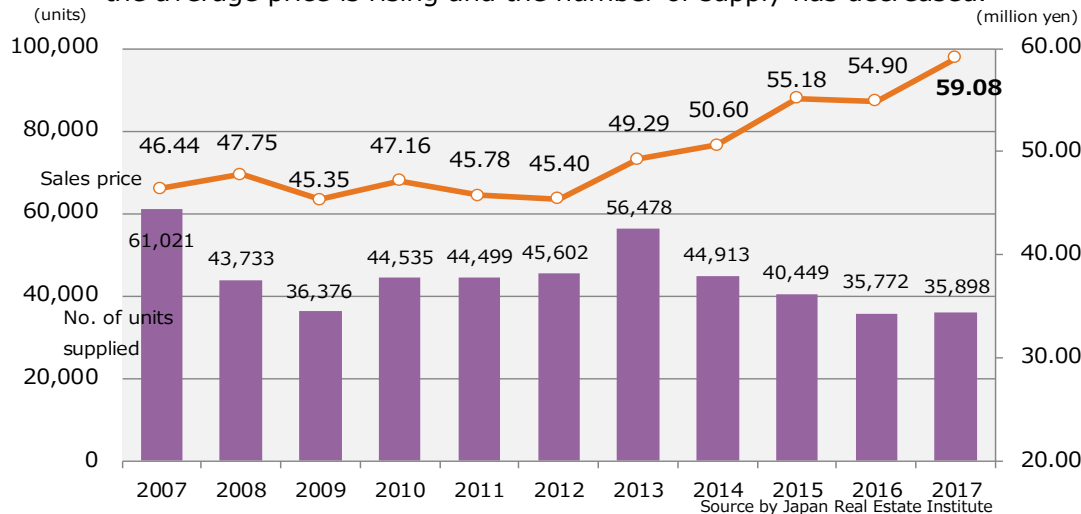
※Properties under management includes those that were not sold by Nomura Real Estate Development.

Business Environment Recognition

Actual demand for housing remains steady, while there is a trend to buy used condos instead of new ones because of the rising price. The inventories are in the adjustment phase. Moreover, the softness in construction cost will support it.

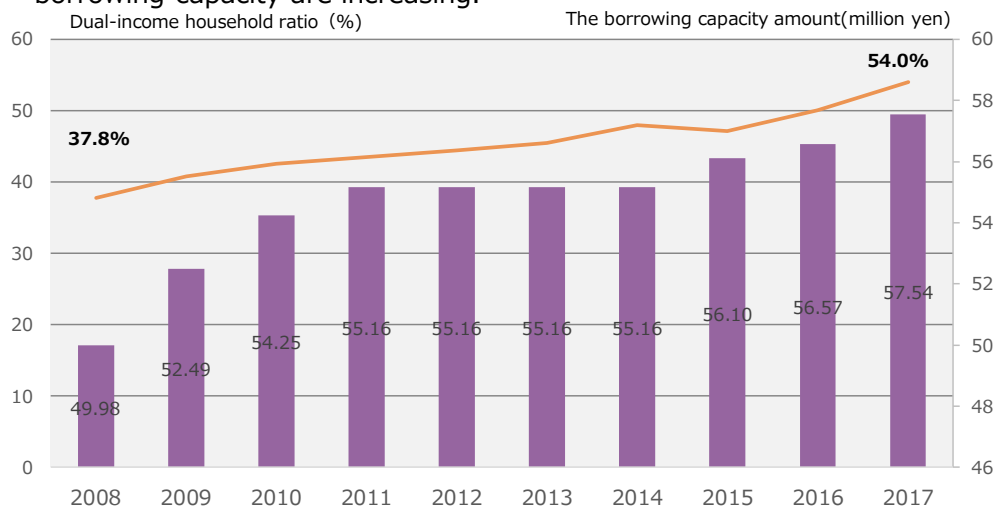
The number of new condos and housing prices (Tokyo Metropolitan Area)

Due to the number of housing decreased in suburbs, the average price is rising and the number of supply has decreased.



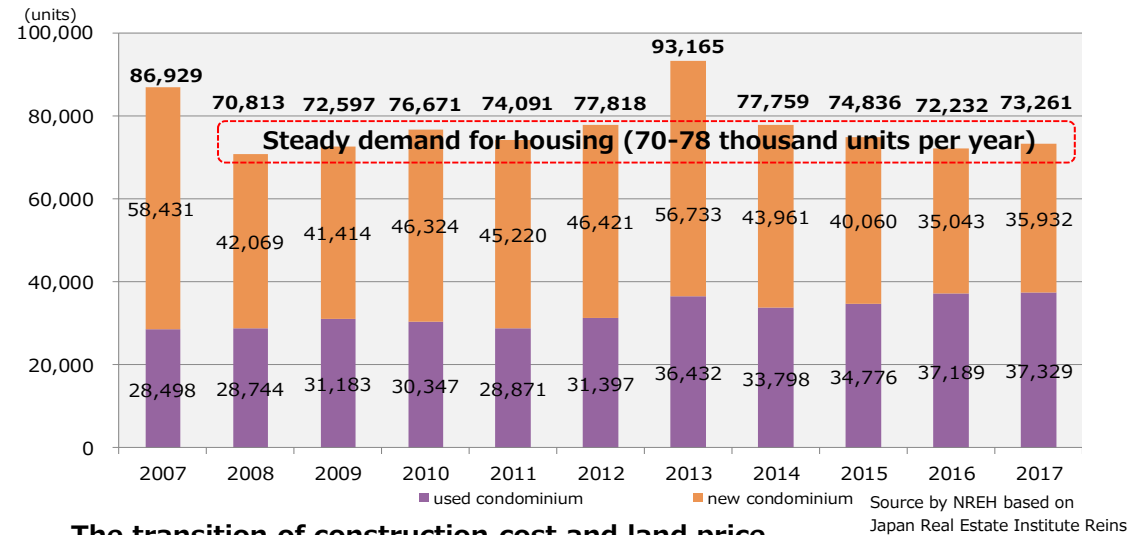
The percentage of dual-income households of new condo buyers & changes in borrowing capacity (Tokyo Metropolitan area).

Both the percentage of dual-income households and the amount of borrowing capacity are increasing.



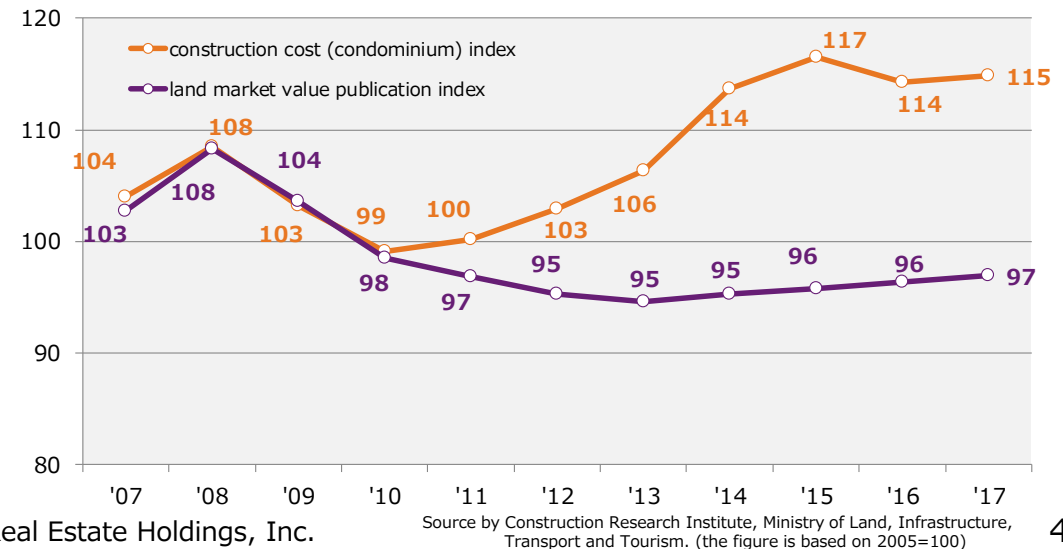
The contract number of new and used condominiums (Tokyo Metropolitan Area)

The total number of newly built and used condominium is around 70,000 units which indicates a constant demand for housing.



The transition of construction cost and land price

The rising of the construction cost had halted and in an adjustment phase.



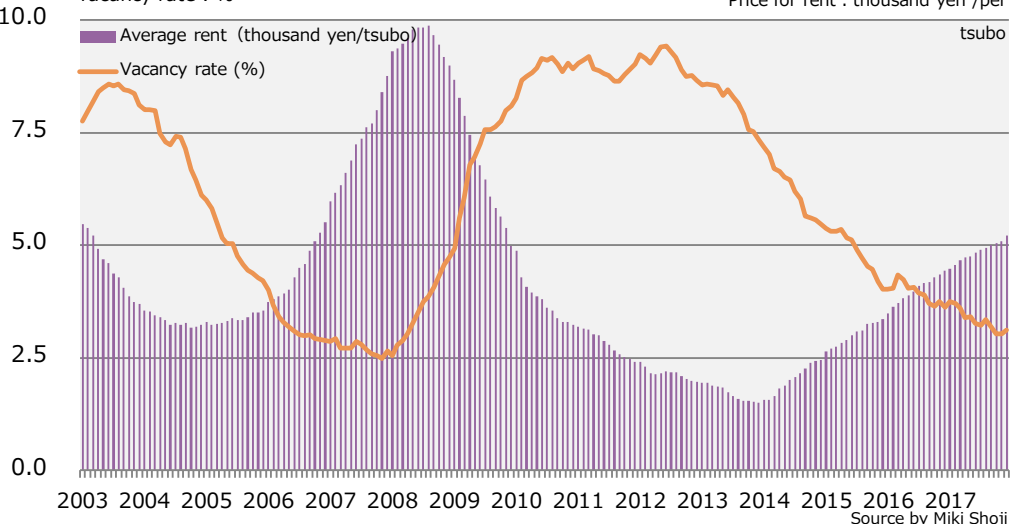
Source by SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2017. The borrowing capacity is calculated by NREH assuming 35-year mortgage (150,000 yen of repayment per month).

The Office market

In the office environment, rent and vacancy rate are improving owing to the solid tenant demand from Japanese companies with steady performance. The effect of a large supply of office is limited because the supply amount is the same level in the past. In addition, there seems to be the destruction of old seismic criteria building.

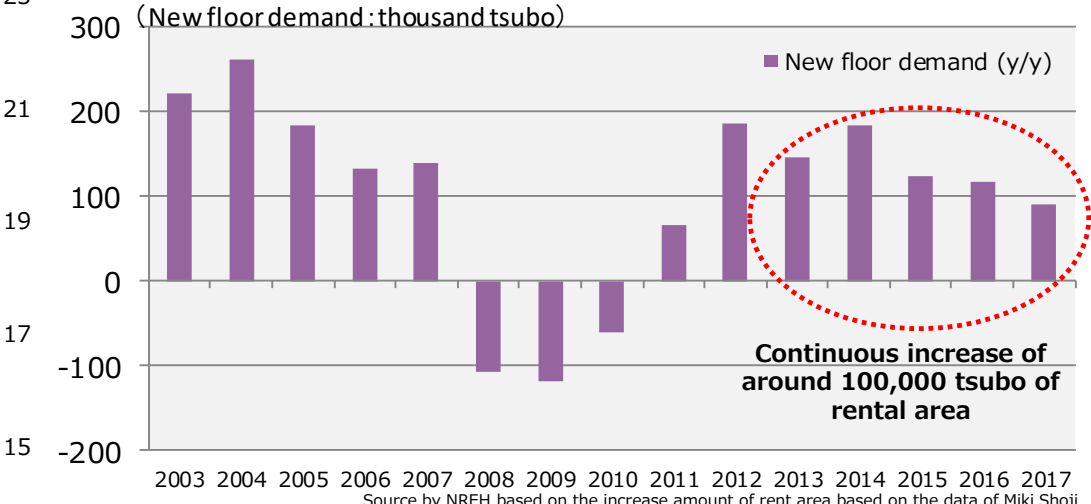
Rent and vacancy rate in Tokyo central five wards

Rent and vacancy rate are gradually improving.



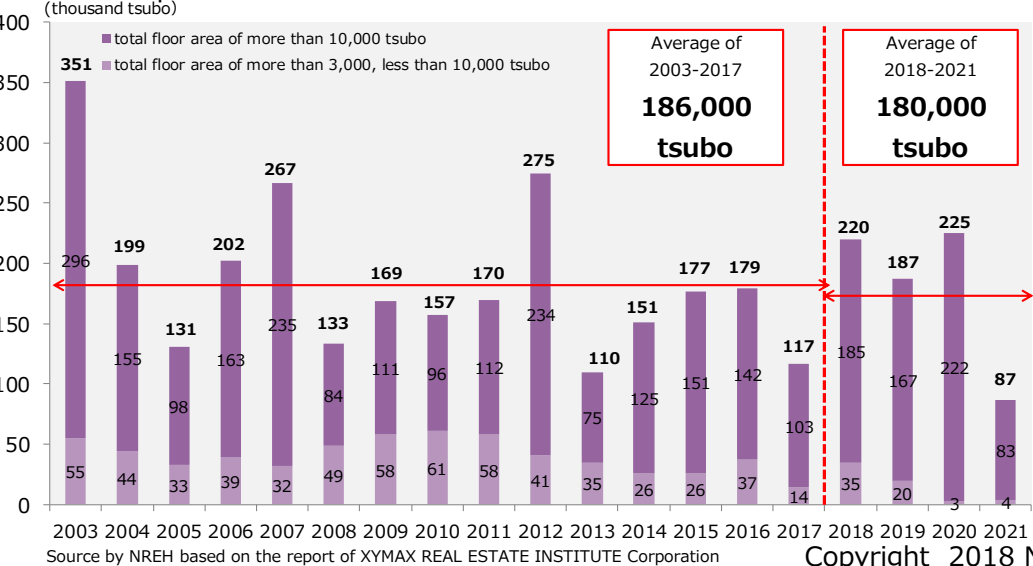
An increasing trend in Tokyo central five wards' office rental area

Since 2012, the rental area has increased about 100,000 tsubos per year owing to the steady performance of the Japanese companies.



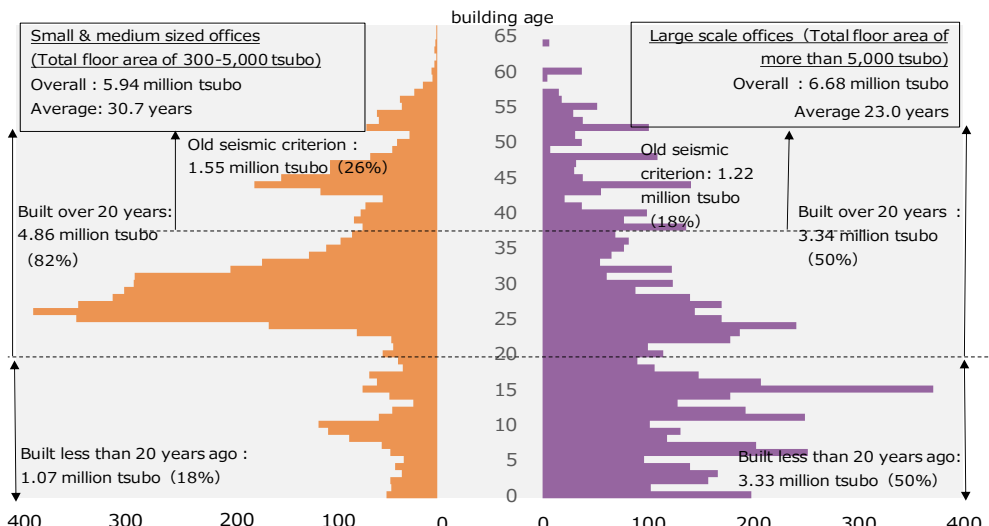
The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)

While the supply volume will increase in 2018-20, the volume level is same as in the past.



The distribution of office building age in 23 wards of Tokyo

There seems to be the need for rebuilding of small & medium size buildings with old Seismic Criterion (1.52 million tsubos).

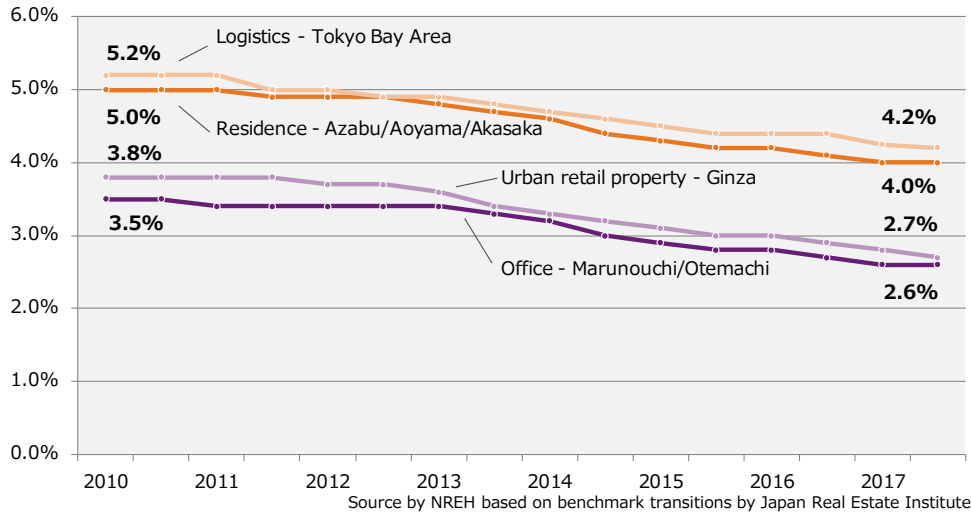


Source by NREH based on " [Tokyo 23 wards] The volume of office new supply 2018 and office pyramid" (XYMAX REAL ESTATE INSTITUTE Corporation)

- Active trading is continuing with foreign investors who are focusing on the spread between cap rate and government bonds, though cap rate is the lowest ever level. Investment demand to real estate is steady. On the back of demand, REIT market is expected to expand in mid-to long term.

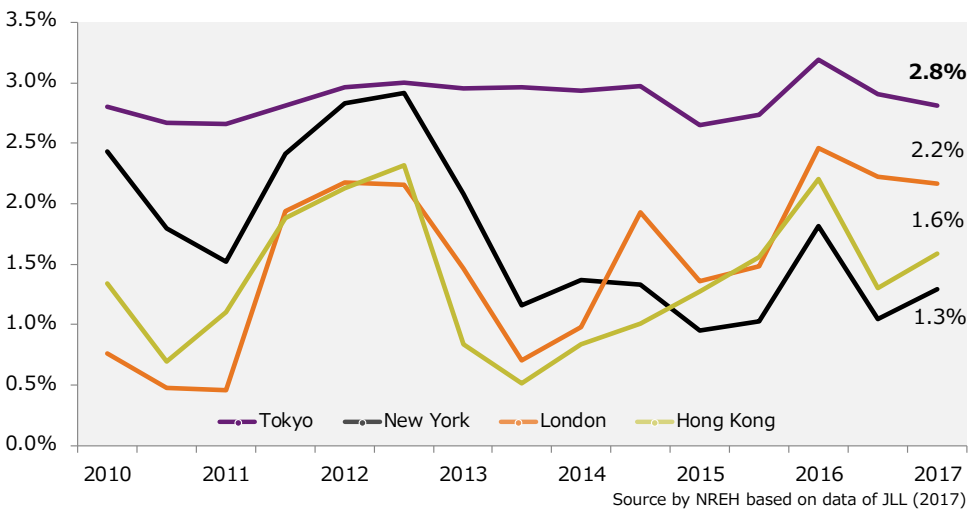
CAP Rate based on sector

CAP rate is the lowest ever level.



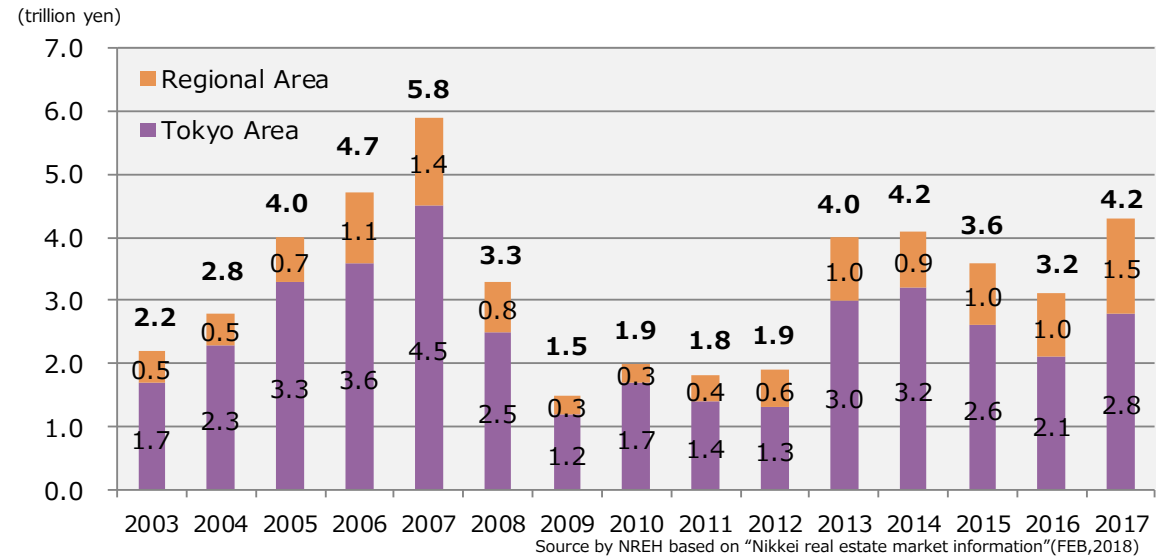
Each country's yield spread

The relatively high yield spread is continuing in Tokyo.



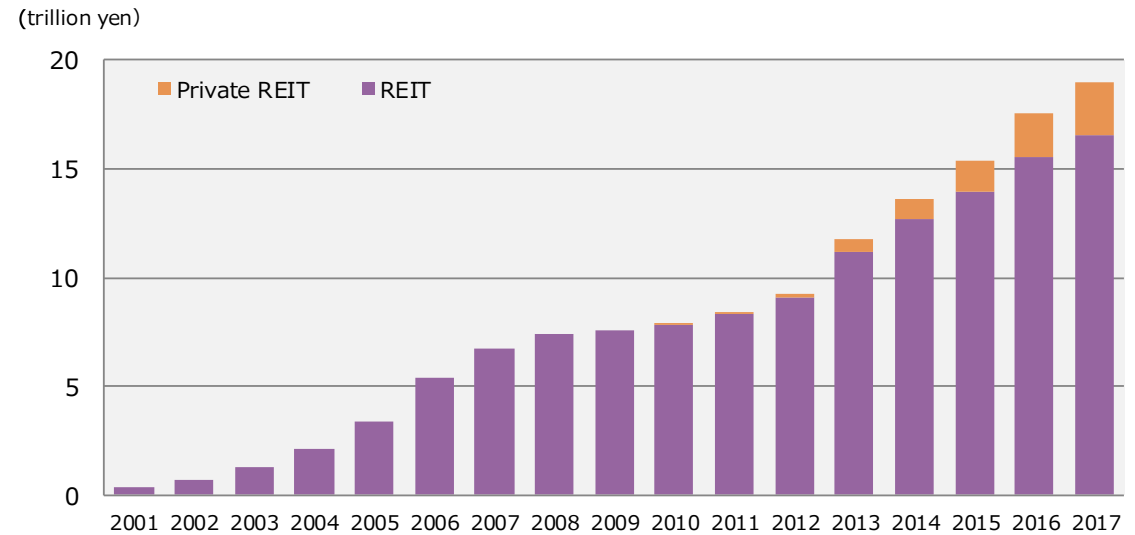
The trading of property development

Active trading is continuing with foreign investors.



The expansion of the REIT Market (Listed REIT · Private REIT)

Japan's real estate investment market is continuing to expand with Listed REIT.



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