

# Consolidated Financial Results for the Three Months from April 1 to June 30, 2018

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Index	<b>03</b>	Highlights of the FY19/3 1Q
	<b>13</b>	The outline of Business Unit
	<b>35</b>	Business Environment Recognition

# Highlights of the FY19/3 1Q

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## <Summary>

- The consolidated financial results for the 1Q were as follows:
- Operating revenue; ¥118.9 bn (down 10.0% y/y); operating profit; ¥14.5 bn (down 11.4% y/y); ordinary profit; ¥12.3 bn (down 14.7% y/y); and profit attributable to owners of parent; ¥7.5 bn (down 21.7% y/y).
- In the Residential Development Business Unit, the number of housing sold (condominiums and detached housings) decreased to 670 units (down 419 units y/y). The contract rate against the estimated number of housing sales for FY19/3, which is 6,100 units, is 64.0% as of 1Q.
- In the Leasing Business Unit, the sales revenue in property development increased steadily. In addition, the rent revenue increased due to the new properties such as Yokohama Nomura Building and Morisia Tsudanuma.
- In the Service Management Sector, the construction revenue including building and housing repair work increased. Furthermore, the Investment Management Business Unit, the Property Brokerage & CRE Business Unit, and the Property & Facility Management Business Unit made a steady progress. We have agreed to acquire a majority interest of 75% in Lothbury Investment Management Group Limited, a real estate investment manager in the UK. This is the first step for us to develop a global investment management business.
- There is no change in the consolidated operating result forecasts announced in April, 2018.

# Outline of Consolidated Financial Results

(¥bn) *Figures rounded down to the nearest ¥100 mn	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	Key Factors
Operating revenue	132.1	118.9	-13.2	<Operating revenue & Operating profit>
Operating gross profit	41.5	37.6	-3.9	· A decrease in the number of housing sales and the gross profit margin.
Selling, general and administrative expenses	25.1	23	-2.0	· Contribution of new properties such as Yokohama Nomura Building and Morisia Tsudanuma and an increase in sales revenue of property development in leasing business unit.
Operating profit	16.4	14.5	-1.8	
Non-operating income	0.2	0.1	-0.0	
Non-operating expenses	2.1	2.3	+0.1	
Ordinary profit	14.5	12.3	-2.1	
Extraordinary income	—	—	—	
Extraordinary losses	0.2	1.0	+0.8	
Income taxes	4.5	3.6	-0.8	
Profit attributable to non-controlling interests	0.1	0.1	-0.1	
Profit attributable to owners of parent	9.6	7.5	-2.0	
Basic earnings per share (¥)	50.05	40.01	-10.04	
Cash dividends per share (¥)	—	—	—	
Net cash provided by (used in) operating activities	-62.2	-27.3	+34.9	
Net cash provided by (used in) investing activities	-4.9	-9.8	-4.9	· (Major changes from FY18/3) Acquisition of property, plant and equipment.
Net cash provided by (used in) financing activities	66.2	38.1	-28.1	· (Major changes from FY18/3) Increase in long-term loans payable.
Cash and cash equivalents at end of period	46.7	62.2	+15.4	

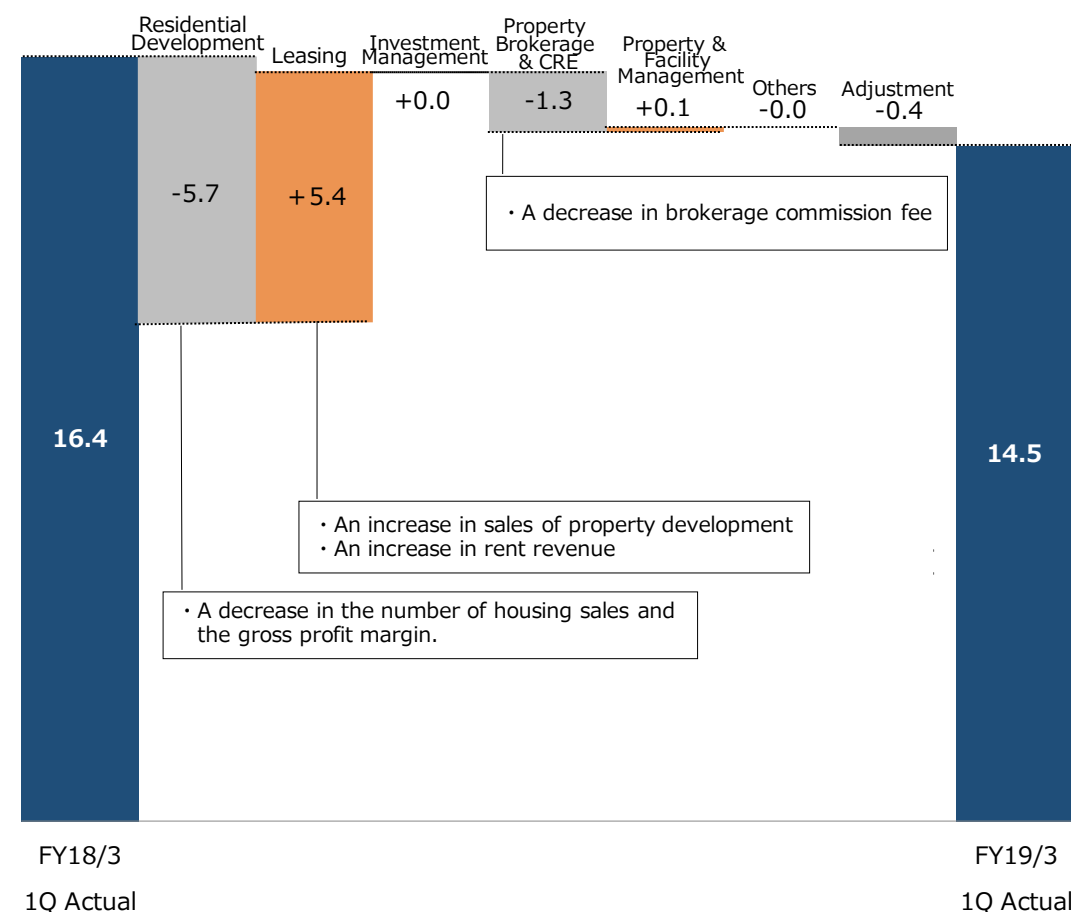
(¥bn)	As of Mar. 31, 2018 ①	As of Jun. 30, 2018 ②	Changes ②-①	Key Factors
Total assets	1,673.0	1,677.2	+4.1	
Total interest-bearing debt	877.8	923.8	+46.0	· Increase in long-term loans payable.
Shareholders' equity	501.4	502.2	+0.7	
Shareholders' equity ratio	30.0%	29.9%	-0.0P	
Debt/equity ratio	1.8	1.8	+0.0	

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

(¥bn)	18/3 1Q	19/3 1Q	Changes ②-①
	Actual* ①	Actual ②	
Operating revenue	132.1	118.9	-13.2
Residential Development	72.8	41.3	-31.5
Leasing	28.3	46.0	+17.6
Service & Management	33.9	34.5	+0.5
Investment Management	2.5	2.6	+0.0
Property Brokerage & CRE	8.9	7.8	-1.0
Property & Facility Management	22.4	24.0	+1.5
Other	0.0	0.0	+0.0
Adjustments	-3.0	-3.0	-0.0
Operating profit	16.4	14.5	-1.8
Residential Development	4.3	-1.3	-5.7
Leasing	7.2	12.6	+5.4
Service & Management	5.0	3.8	-1.1
Investment Management	1.7	1.7	+0.0
Property Brokerage & CRE	2.3	0.9	-1.3
Property & Facility Management	0.9	1.1	+0.1
Other	0.0	-0.0	-0.0
Adjustments	-0.1	-0.5	-0.4
Ordinary profit	14.5	12.3	-2.1
Profit attributable to owners of parent	9.6	7.5	-2.0

\*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 FY18/3, figures were calculated under the new classification.

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



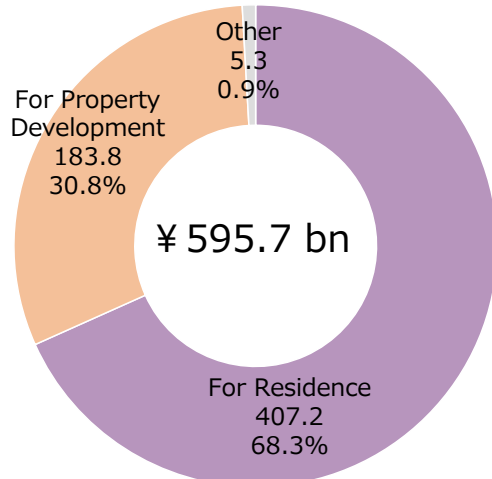
(¥bn) *Figures rounded down to the nearest ¥100 mn	As of Mar. 31, 2018 ①	As of Jun. 30, 2018 ②	Changes ② - ①	Key Factors
<b>Assets</b>	1,673.0	1,677.2	+4.1	
Current assets	717.6	728.8	+11.1	<Inventories>
(Breakdown)				
Cash and deposits and others	61.3	62.2	+0.8	
Notes and accounts receivable-trade	17.3	14.4	-2.8	
Inventories	592.9	595.7	+2.7	
Equity investments	9.6	9.3	-0.3	
Other current assets	36.3	47.0	+10.7	
Non-current assets	955.4	948.4	-7.0	
Property, plant and equipment	848.3	837.8	-10.5	
Intangible assets	12.3	12.4	+0.0	
Investments and other assets	94.7	98.2	+3.4	
(Breakdown)				
Investment securities	42.3	48.0	+5.7	<Investment securities>
Lease and guarantee deposits	23.1	23.6	+0.5	• An increase in investments in overseas businesses.
Other non-current assets	29.2	26.4	-2.7	
<b>Liabilities</b>	1,158.1	1,161.3	+3.2	
Current liabilities	234.1	187.1	-47.0	
(Breakdown)				
Notes and accounts payable-trade	41.6	21.0	-20.6	
Short-term loans payable, etc.	102.3	98.8	-3.5	
Deposits received	18.8	16.1	-2.6	
Other current liabilities	71.3	51.0	-20.2	
Non-current liabilities	923.9	974.2	+50.3	
(Breakdown)				
Bonds payable	140.0	140.0	+0.0	
Long-term loans payable	635.5	685.0	+49.5	<Interest-bearing debt>
Lease and guarantee deposits received	60.2	60.2	-0.0	• Mar 31, 2018: ¥877.8 bn → Jun 30, 2018: ¥923.8 bn
Other non-current liabilities	88.1	89.0	+0.8	
<b>Net assets</b>	514.9	515.8	+0.8	<Treasury Shares>
<b>Total liabilities and net assets</b>	1,673.0	1,677.2	+4.1	• Mar 31, 2018: ¥-10.0 bn → Jun 30, 2018: ¥-11.2 bn
Shareholders' equity ratio	30.0%	29.9%	-0.0P	<Shareholders' equity>
Debt/equity ratio	1.8	1.8	+0.0	• Mar 31, 2018: ¥501.4 bn → Jun 30, 2018: ¥502.2 bn



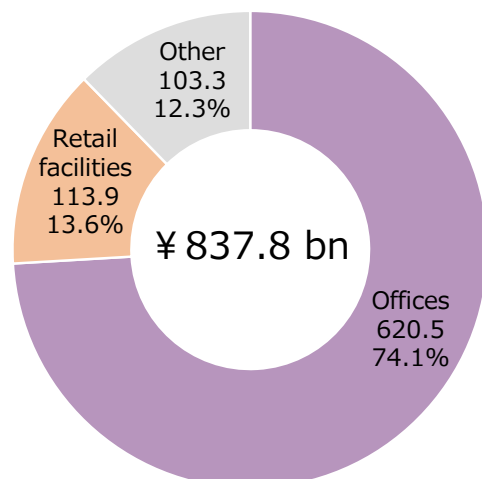
Total Assets : ¥1,677.2 bn

Current assets		728.8		Liabilities		1,161.3	
Cash and deposits and others	62.2	Interest-bearing debt	923.8				
Notes and accounts receivable-trade	14.4	Short-term loans payable, etc.	98.8				
Inventories	595.7	Bonds payable	140.0				
For Residence	407.2	Long-term loans payable	685.0				
For Property development	183.8	Notes and accounts payable-trade	21.0				
Other	5.3	Deposits received	16.1				
Adjustments	-0.6	Other current liabilities	51.0				
Equity investments	9.3	Lease and guarantee deposits receive	60.2				
Other current assets	47.0	Other noncurrent liabilities	89.0				
Non-current assets		948.4					
Property, plant and equipment	837.8						
Offices	620.5						
Retail facilities	113.9						
Other	103.3						
Intangible assets	12.4						
Investments and other assets	98.2						
		Net assets					
		Shareholder's Equity	502.2				
		Subscription rights to shares	2.4				
		Non-controlling interest	11.1				

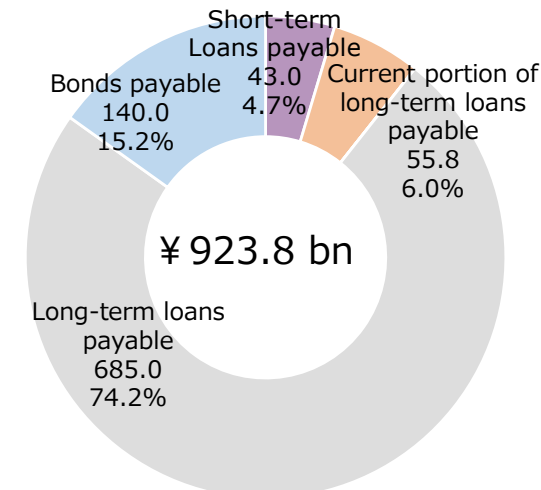
## Inventories



## Property, plant and equipment



## Interest-bearing debt

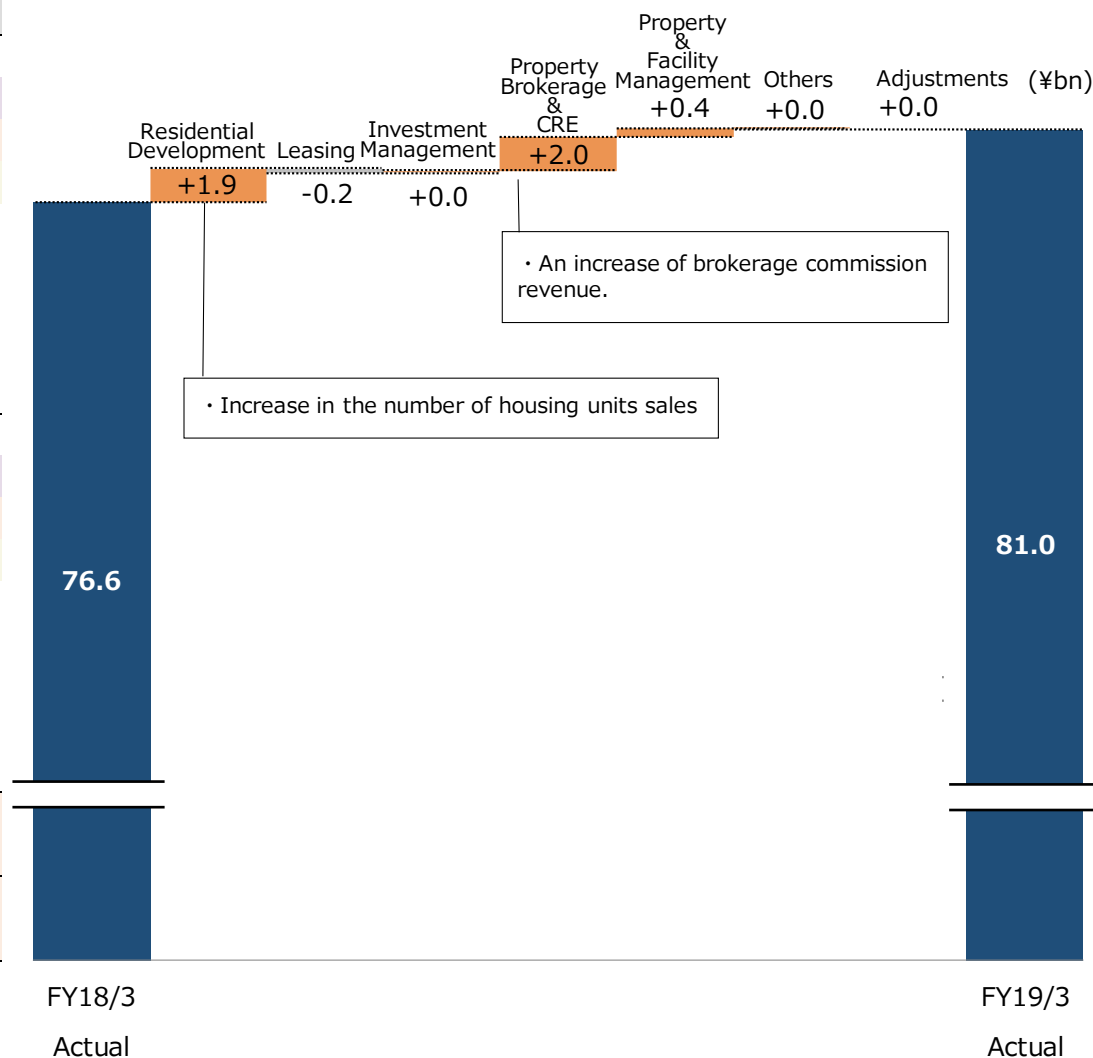


For Residence: The Residential Development Business Unit  
 For Property development: The Leasing Business Unit

- Operating revenue and operating profit are expected to reach a record high. The forecast is based on an increase in the number of housing sales in Residential Development and the brokerage commission revenue in Service Management Sector.

(¥bn)	18/3 Actual* ①	19/3 Forecast ②	Changes 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 (¥)	240.89	250.22	+9.33
Cash dividends per share (¥)	70.00	75.00	+5.00

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

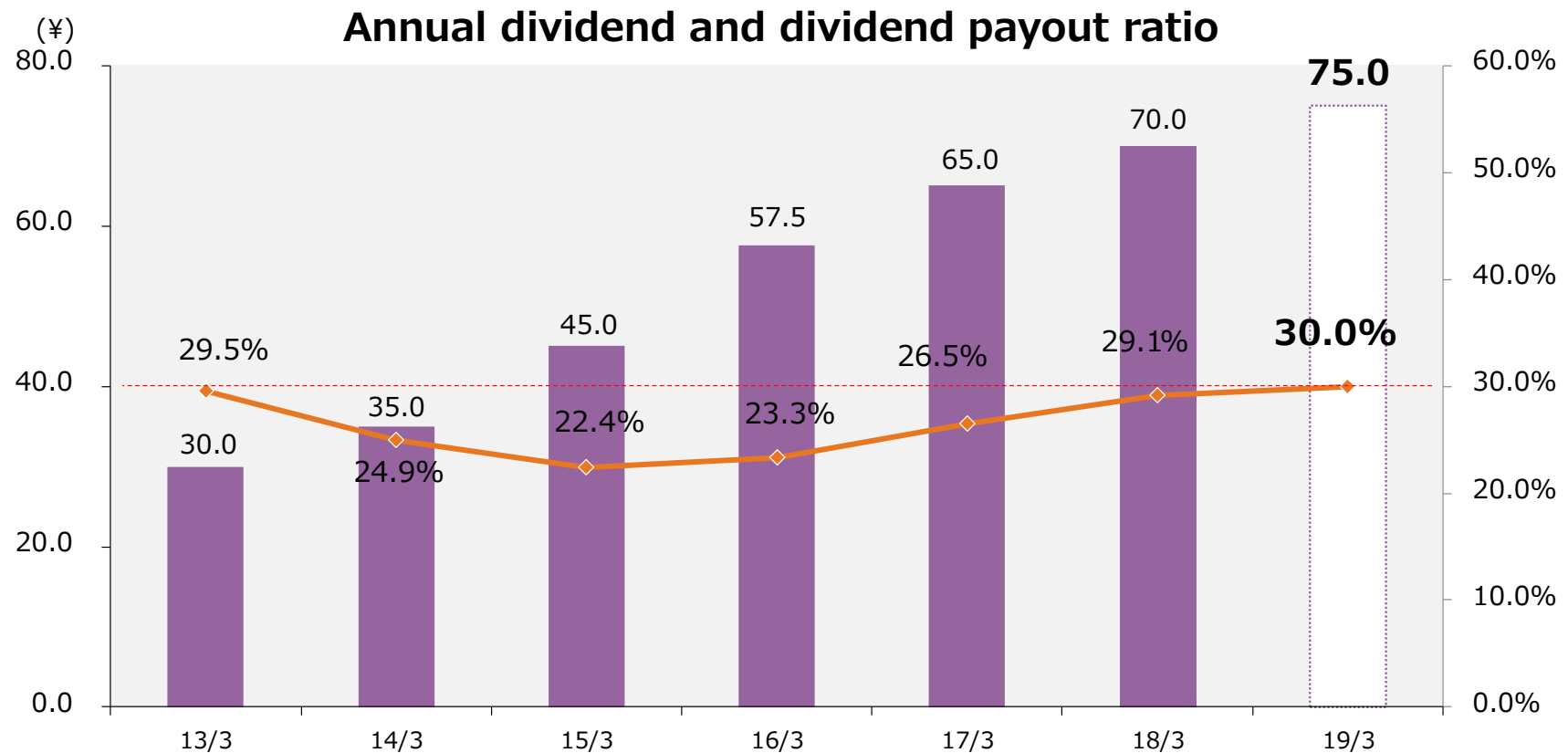


\*From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. For FY18/3, figures were calculated under the new classification.

# Shareholder Return (Dividends and Acquisition of Treasury Shares)

(No change from the announcement in April 2018)

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



	13/3	14/3	15/3	16/3	17/3	18/3	19/3
<b>EPS(¥)</b>	101.61	140.70	201.28	246.42	245.10	240.89	Forecast <b>250.22</b>
<b>Dividend payout ratio (%)</b>	29.5	24.9	22.4	23.3	26.5	29.1	<b>30.0</b>
<b>Total return ratio (%)</b>	"	"	"	"	"	50.8	<b>40.6</b>
<b>Dividend yield (%)</b>	1.4	1.8	2.1	2.8	3.7	2.8	-

# Acquisition of Treasury Shares (No change from the announcement in April 2018)

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

## Acquisition of treasury shares



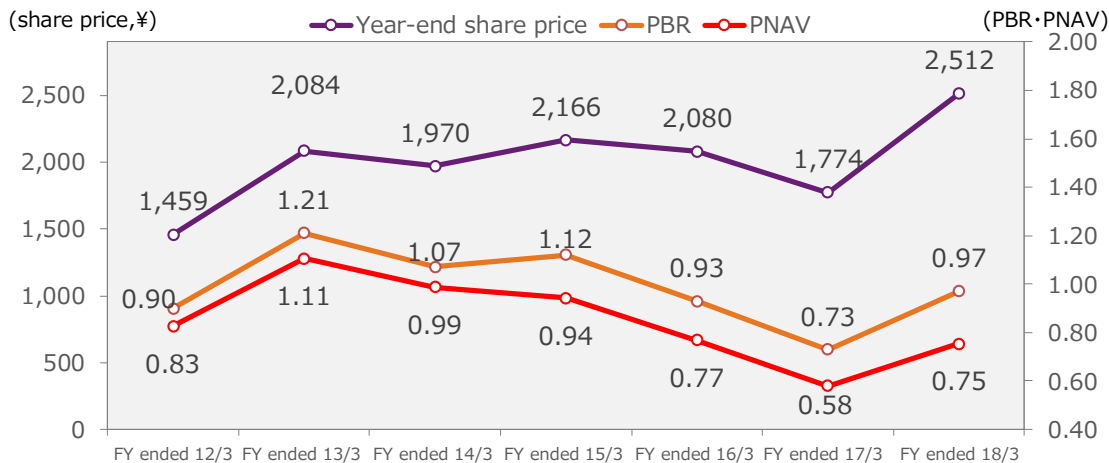
Considering the acquisition of treasury shares as taking into account of share price, financial soundness and business investment environment.

## Outline of the 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: 1.33% (excluding treasury shares))
Total value of shares to be acquired	Up to ¥5 bn
Period of acquisition	From April 27, 2018 to March 31, 2019
Method of acquisition	Open market purchase on the Tokyo Stock Exchange

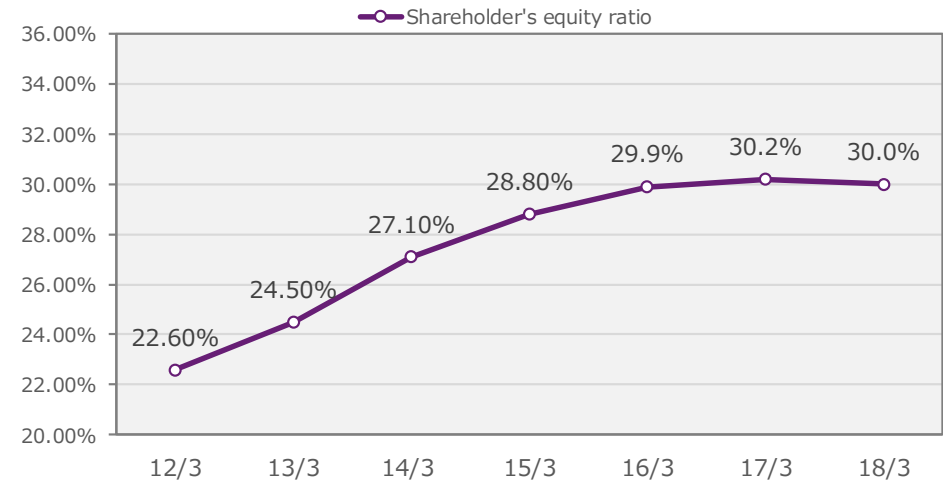
## Share price

- 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.



- Clarifying the criteria for appointment of directors/the training policy for directors.
- ¥3.8 bn of stocks will be purchased from markets as a fund for stock compensation for 3 years.

Reference; Press release on May 18, 2018, [Announcement of Introduction of Performance-Based Stock Incentive Plan, Etc.](#)

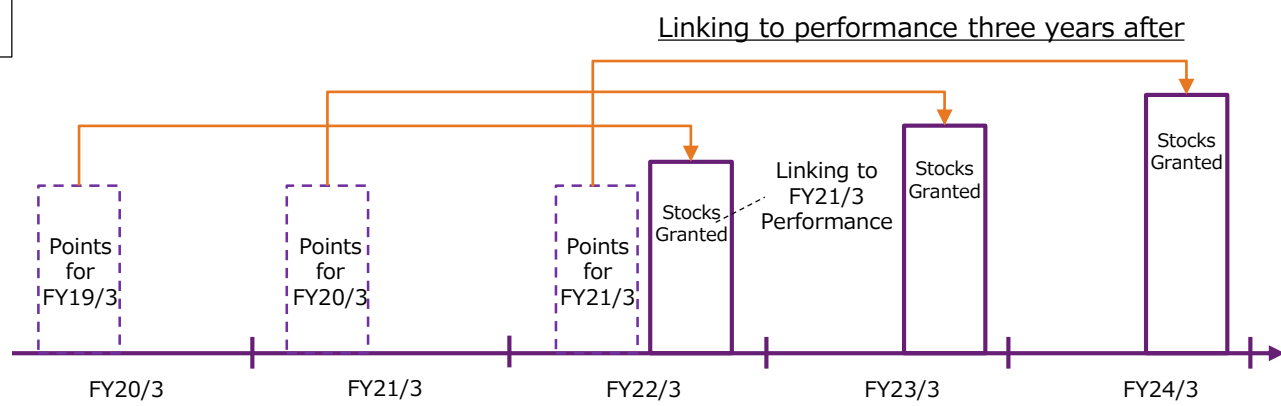
July 26, 2018, [Announcement of Method of Acquisition of Shares, Etc. under Performance-Based Stock Incentive Plan](#)

**Compensation consists of**  
 Fixed compensation+ Bonus+ **Stock incentive**

**Stock incentive plan**

	Incentive Target	
	3 years after performance	Stock Price
Achievement-linked portion	○	○
Non-Achievement-linked portion	—	○

**Outline for “Achievement-linked portion”**



**<Before>**

**<After>**

**Compensation consists of**  
 Fixed compensation+ Bonus+ **Stock options**

Fixed compensation+ Bonus+ **Stock incentive**

**Exercise period**  
 Rights can be exercised after 3 years from grant of stock options

Achievement-linked portion will be granted **linking to performance three years later.**  
 Non-achievement-linked portion will be granted **after the resignation from all position.**

**Method of acquisition of stocks**  
New shares are issued to exercise stock options

Stocks will be **purchased from markets** for stock incentive plan of 3 fiscal years from FY19/3 to FY20/3

# Business Unit information

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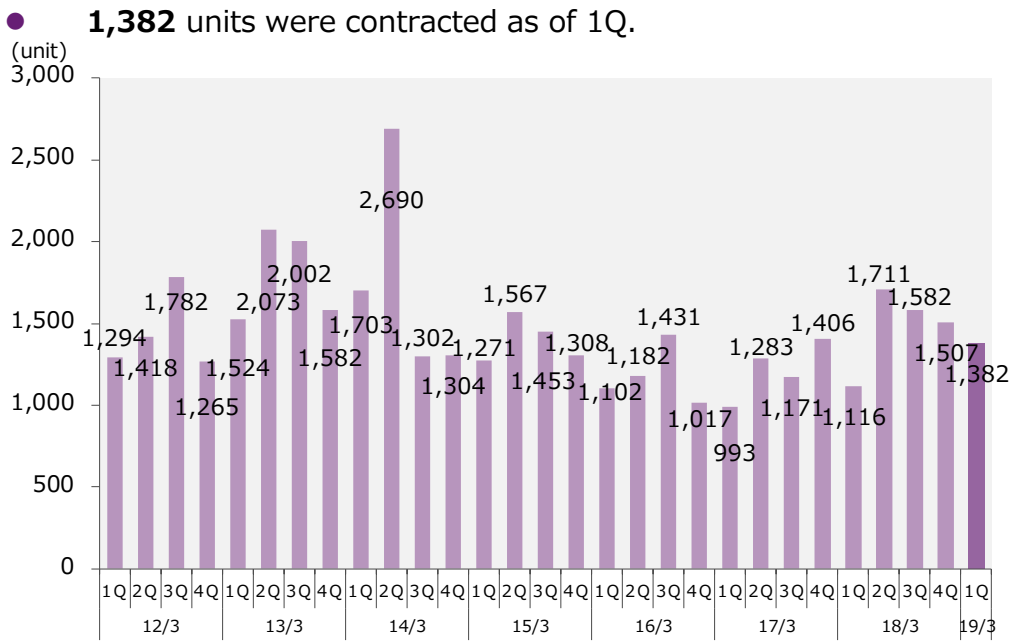
- The number of housing sales decreased compared to the previous fiscal year, because many housing units will be completed and sold in the second half of this fiscal year. Completed inventories decreased steadily. Gross margin ratio decreased to **18.4%** (down 2.5 points y/y)

(¥bn)	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	72.8	41.3	-31.5	355.4	379.0	+23.5
Housing sales	66.5	34.6	-31.8	336.8	—	—
Other	6.3	6.6	+0.3	18.6	—	—
Operating profit	4.3	-1.3	-5.7	24.5	26.5	+1.9

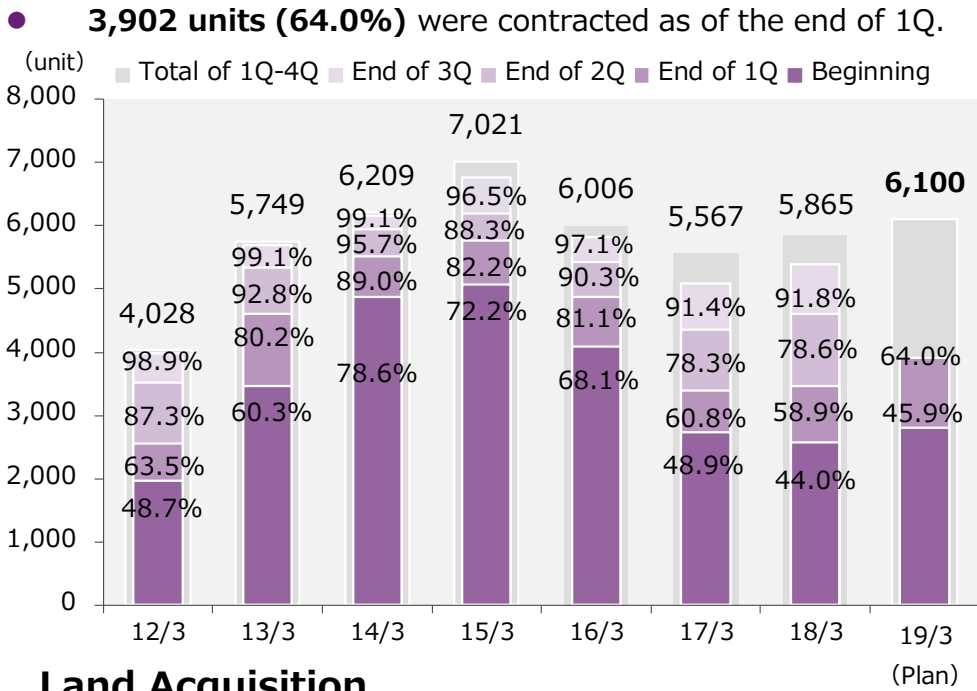
## 【Housing sales indicators】

Housing sales (unit)	1,089	670	-419	5,865	6,100	+235
Condominiums	1,007	630	-377	5,258	5,400	+142
Detached housing	82	39	-43	607	700	+93
Tokyo metropolitan area	931	547	-384	4,483	4,650	+167
Osaka metropolitan area	112	35	-77	716	800	+84
Other area	45	87	+42	666	650	-16
Year-end housing contracted but not sold(unit)	2,806	3,544	+738	2,831	—	—
Year-end completed housing inventory (unit)						
released for sale	292	186	-106	239	—	—
unreleased	409	120	-289	218	—	—
Average sales price (¥mn)	6,109	5,176	-933	5,742	—	—
Gross margin ratio (%)	21.0%	18.4%	-2.5p	19.1%	—	—

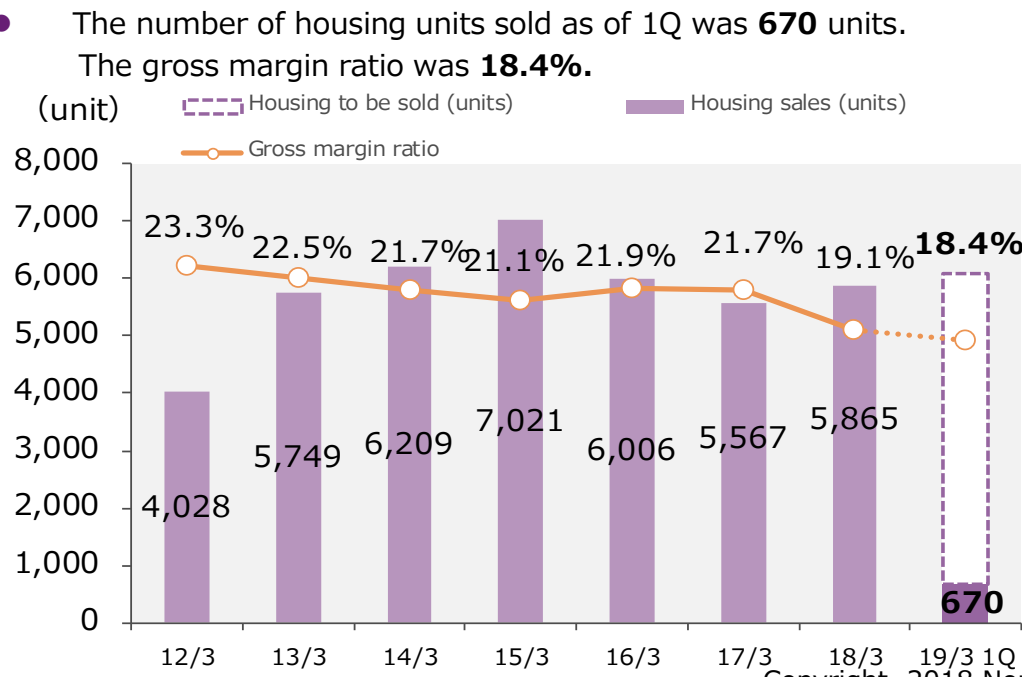
**The number of housing contracted**



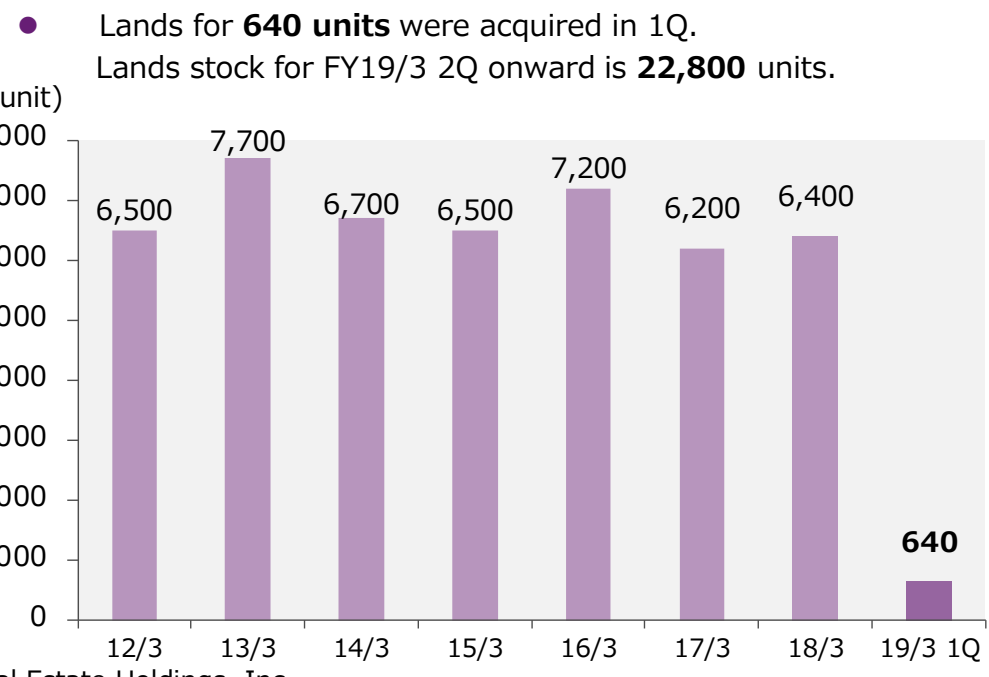
**Contract rate against the number of housing sales**



**The gross margin ratio and the number of housing sales**



**Land Acquisition**





## Major Upcoming Projects

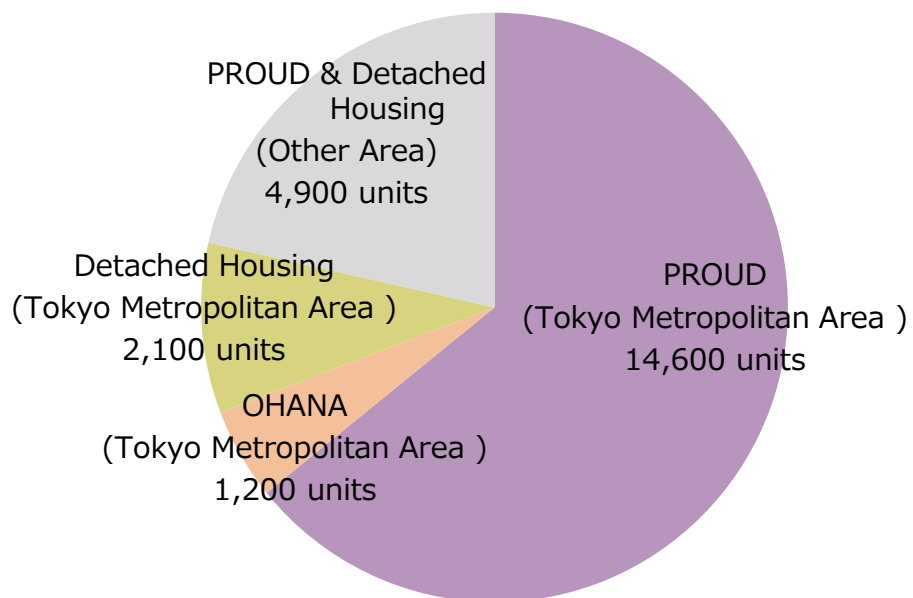
19/3	20/3	21/3	22/3~
PROUD Ginza-Higashi Residence (Chuo-ku, Tokyo 99 units)	Shinonome 1-chome Project (Koto-ku, Tokyo 472 units)	Sarugakucho II Project (Shibuya-ku, Tokyo 108 units)	Higashi-Ikebukuro Station-Front Redevelopment (Toshima-ku, Tokyo 193 units)
PROUD TOWER Higashi-Ikebukuro (Toshima-ku, Tokyo 110 units)	Shimorenjaku 5-chome 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 2-chome Project (Hino-shi, Tokyo 637 units*1)	Hiyoshi Minowacho Project (Kouhoku-ku, Yokohama-shi 1,082 units *1*2)	Kameido 6-chome 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 3-chome 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 4-chome 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)	Minamikojiwa 6-chome Redevelopment (Edogawa-ku, Tokyo 324 units *1*2)

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

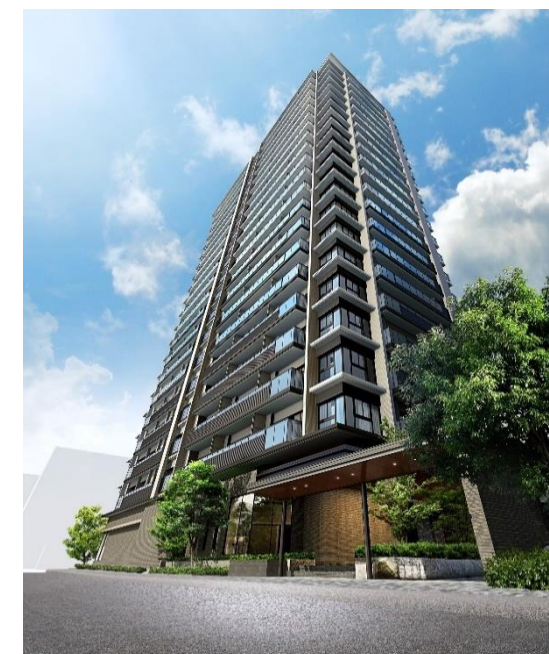
\*2 Those are joint-venture projects (The number refers to the Company's share.) Unit numbers and project schedules above are subject to change.

## Land Bank

Acquired 22,800 units for FY19/3 2Q onward.



PROUD Tower Higashiikebukuro



PROUD Tower Kawaguchi

- 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.

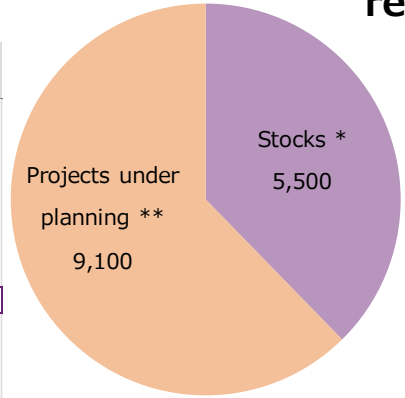
## Major redevelopment and rebuilding projects

	Number of units (our share)	Phase I 17/3 - 19/3	Phase II 20/3 - 22/3	Phase III 23/3 - 25/3
Gracia Tower Futamatagawa*1	81			c
Higashi-Ikebukuro 5-chome Redevelopment	110	s		c
Musashi-Koganei Station South Exit Second District Redevelopment *2	613		s	c
Sakai-Higashi GIORNO Redevelopment *1	272		s	c
Wakashio Heights*1	565		s	c
Nagoya Nishiki 2-chome Redevelopment *1	117		s	c
Minamikoichi 6-chome district Redevelopment *1	300~		s	c
Hankyu Tsukaguchi Station-Front Redevelopment *2	369		s	c
Higashi-Ikebukuro Station-Front Redevelopment	193		s	c
Tokyo Olympic · Paralympic Athlete's Village *1	488		s	c
Kawaguchi-sakaecho 3-chome District Redevelopment	464		s	c
Hirai Station North Exit District Redevelopment				
JR Kamata Station East Exit Central District Redevelopment				
Hongo Masago South District Redevelopment				
Tarumi Station-Front District Redevelopment				
Funabashi Station South Exit District Redevelopment				
Tsukishima 3-chome South Redevelopment *1				
Tateishi Station South Exit East District Redevelopment *1				
Iidabashi Station Central District Redevelopment *2				
Akasaka 7-chome 2nd District Redevelopment *1				
Kodaira Station-Front North District Redevelopment *1				
Minami-Ikebukuro 2-chome C-District Redevelopment *1				
Kouyamachi · Miyukicho Redevelopment (Shizuoka) *1				
Okayama Station-Front Urban Area Redevelopment *1				
Nishi-Shinjuku 3-chome 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 2-chome B-District Redevelopment *1,2				
Mikawashima Station-Front North District Redevelopment *1				

From Phase III onwards : 9,100 units (From 23/3 onwards)

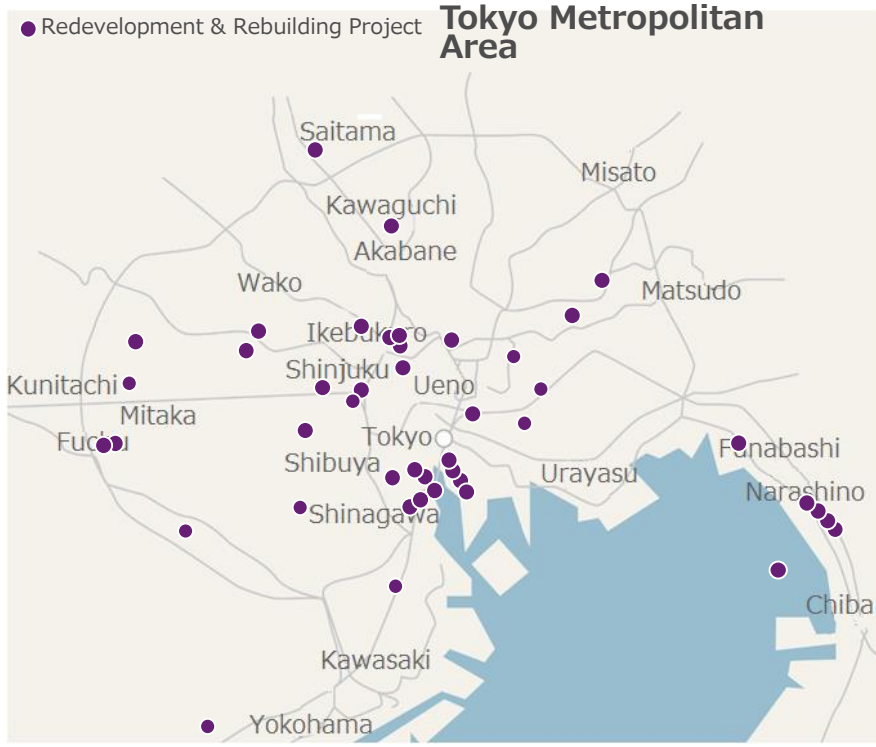
S: Start of construction C: Completion of construction  
 \*1: Those are JV projects. \*2: Still considering to use the land for housing or others. New projects that we participated and stocked are underlined.  
 \*3: The number of units for project under planning is the expected number of 100 units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

## Stocks and projects under planning for redevelopment and rebuilding



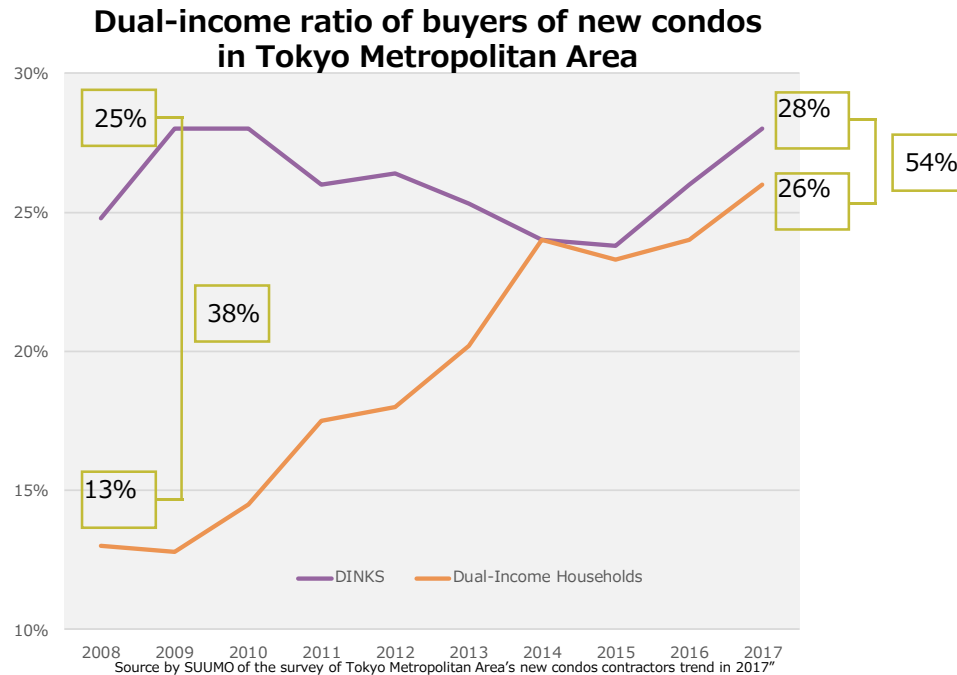
Of 22,800 units for stock as from FY19/3 2Q, there are **5,500** units for stock for redevelopment and rebuilding. There are **9,100** units for projects under planning which are not calculated as stock yet but expected to categorize into stocks.

\*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.

- The ratio of dual-income earners accounting for condo buyers has increased with the background of the dual-income households rise in number.
- Convenient commuting, Childcare environment, and Daily life environment are important points.



**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

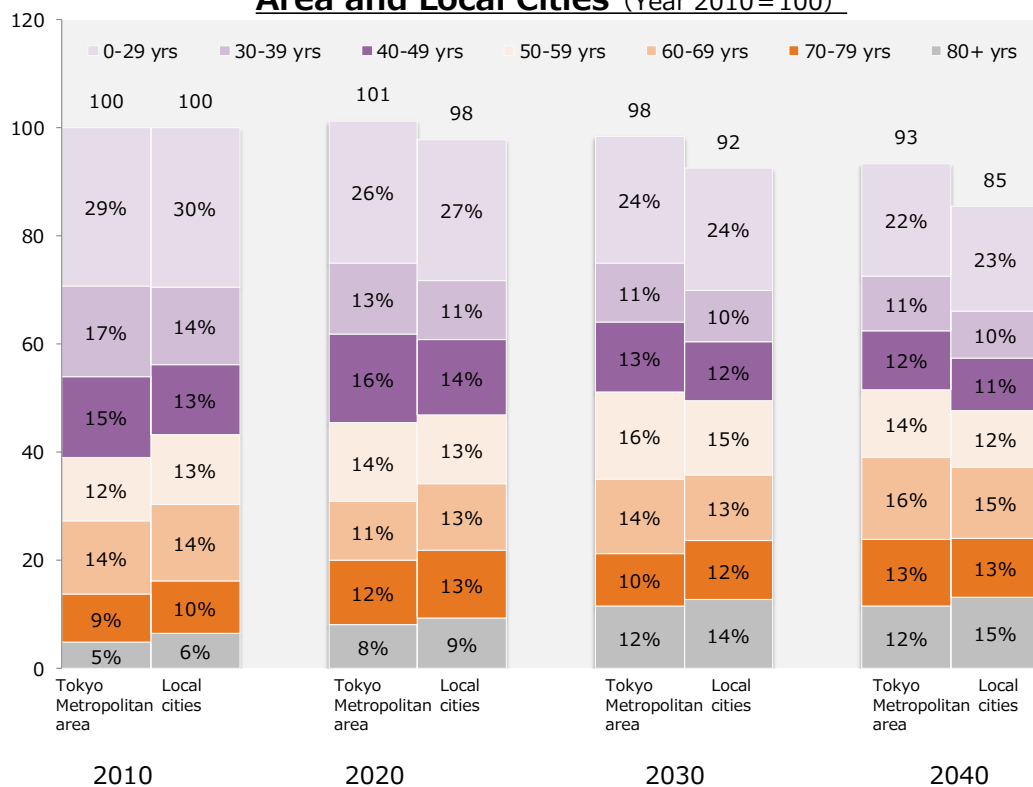
#### PROUD Tower Higashiikebukuro



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.

- Developing business in local Core cities including Shinkansen stop station. Utilizing our redevelopment expertise gained in the metropolitan area where we have focused.
- Creating compact cities in local areas, where the aging and decreasing population occurs rapidly compared to the Tokyo metropolitan area.

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



## Our redevelopment projects

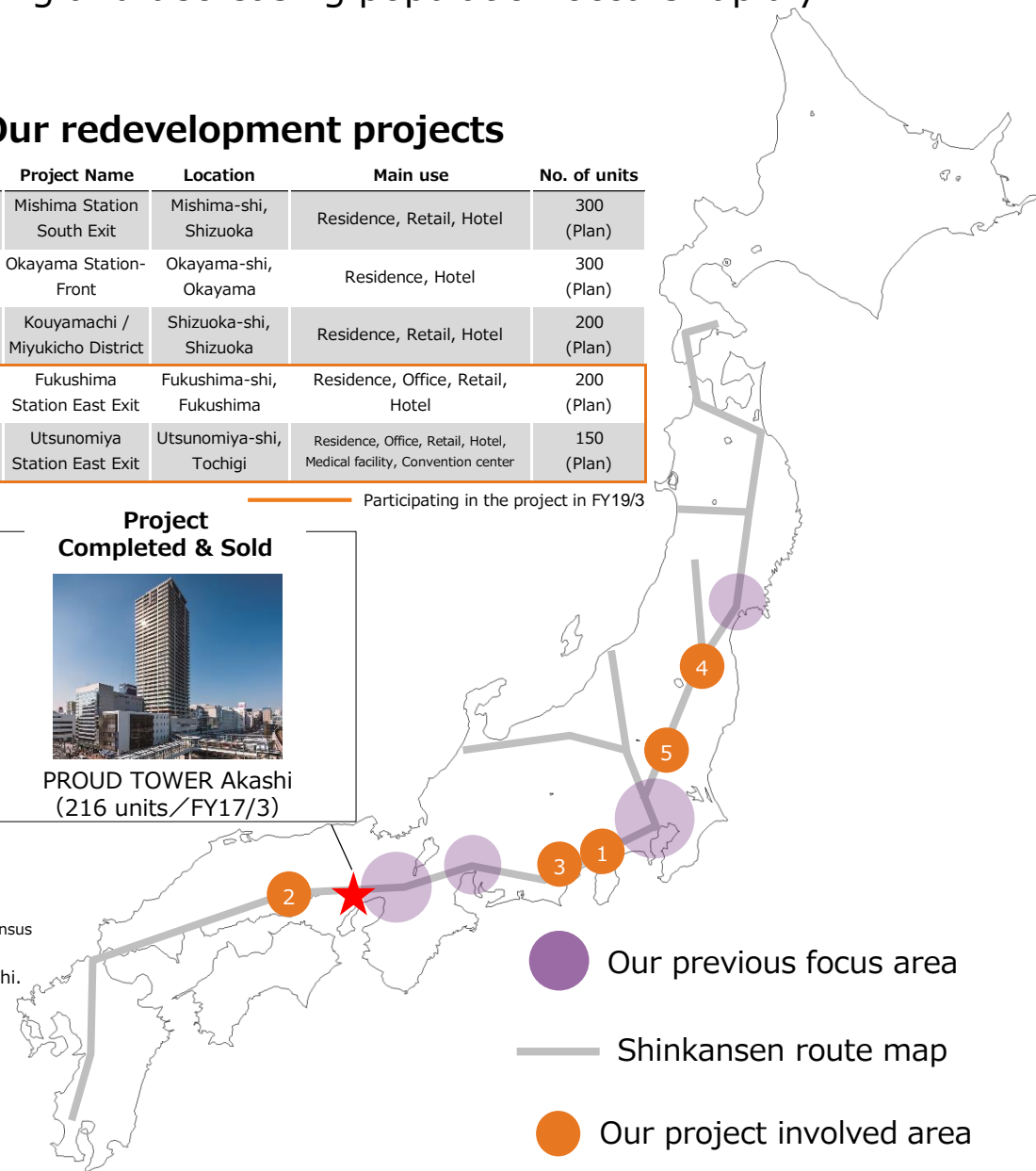
No.	Project Name	Location	Main use	No. of units
1	Mishima Station South Exit	Mishima-shi, Shizuoka	Residence, Retail, Hotel	300 (Plan)
2	Okayama Station-Front	Okayama-shi, Okayama	Residence, Hotel	300 (Plan)
3	Kouyamachi / Miyukicho District	Shizuoka-shi, Shizuoka	Residence, Retail, Hotel	200 (Plan)
4	Fukushima Station East Exit	Fukushima-shi, Fukushima	Residence, Office, Retail, Hotel	200 (Plan)
5	Utsunomiya Station East Exit	Utsunomiya-shi, Tochigi	Residence, Office, Retail, Hotel, Medical facility, Convention center	150 (Plan)

Participating in the project in FY19/3

**Project Completed & Sold**



**PROUD TOWER Akashi**  
(216 units/FY17/3)



\*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.

- **Planning to invest ¥300.0 bn for overseas business** until phase 3.  
Developing business in high-growth Southeast Asia area.  
**9 projects, total ¥35 bn investments are determined.** Moreover, we are planning for new projects.

## Overseas Investment Project

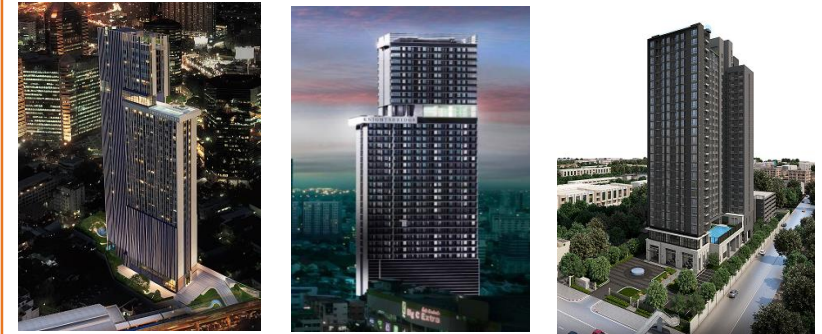
Project	Main use	Total business	Joint Partner	Our Share	Phase I 17/3 - 19/3	Phase II 20/3 - 22/3	Phase III 23/3 - 25/3
China, Shenyang	Residence	Approx. 4,100 units	Mitsubishi Corporation	11.25%	C C C C C		
Viet Nam, Ho Chi Minh City	Residence	Approx. 2,300 units	Phu My Hung Development, Daiwa House, Sumitomo Forestry	12.25%		C C C	
the Philippines, Manila	Residence Retail	Approx. 1,400 units Approx. 30,000m <sup>2</sup>	Federal Land, Isetan Mitsukoshi Holdings	20.00%	S	C C C C	
Bangkok, Ratchayothin	Residence	A building 334 units B building 489 units	Origin Property	49.00%	S	C C	
Bangkok, On Nut	Residence	601 units	Origin Property	49.00%	S	C	
Bangkok, Ramkhamhaeng	Residence	685 units	Origin Property	49.00%	S	C	
Bangkok, Thong Lo	Service Apartment	303 units	Origin Property	49.00%	S	C	
Ho Chi Minh City SUN WAH TOWER (Existing Property)	Office	Approx. 26,500m <sup>2</sup>	SUN WAH GROUP	24.00%			
Beijing Beijing Fortune Building (Existing Property)	Office	Approx. 55,000m <sup>2</sup>	Beijing Capital Development Co., Ltd.	Participating in the management			

**s** :Start of construction    **c** :Completion of construction

### Residential development business

#### Bangkok, Thailand

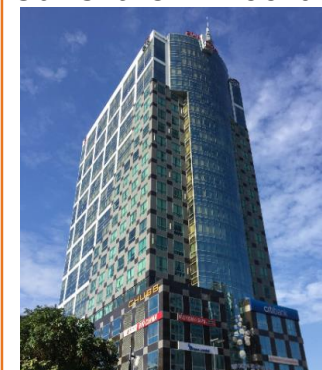
Units volume: 3 buildings, over 2,000 units  
Our share: 49.00%



### Leasing business

#### Vietnam, Ho Chi Minh City (Office)

Leasable space: 26,500m<sup>2</sup>  
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%



- Rent revenue increased due to the new properties such as Yokohama Nomura Building and Morisia Tsudanuma.
- The vacancy rate as of the end of 1Q was **0.7%** (down 0.0 points compared to the end of FY18/3).

(¥bn)	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	28.3	46.0	+17.6	134.9	173.0	38.0
Leasing (offices)	13.0	15.1	+2.0	53.3	—	—
Leasing (retail facilities)	2.8	3.4	+0.6	12.6	—	—
Leasing (other)	1.6	1.9	+0.2	7.1	—	—
Property development (sale)	8.3	23.0	+14.7	43.3	—	—
Property development (leasing)	1.0	0.8	-0.1	4.7	—	—
Other	1.4	1.5	+0.1	13.7	—	—
Operating profit	7.2	12.6	+5.4	35.2	35.0	-0.2
Rentable floor area (sqm)	997,853	1,003,149	+5,296	1,021,004	—	—
Offices	862,523	828,483	-34,040	846,338	—	—
Retail facilities	135,330	174,666	+39,336	174,666	—	—
Vacancy rate	0.6%	0.7%	+0.1P	0.7%	—	—

\* Leasing (offices) includes subleasing properties

→ [Reference] Rent revenue change analysis

Changes Key Factors

New and full period operation buildings

+0.7 The contribution of buildings including Yokohama Nomura Building and Morisia tsudanuma.

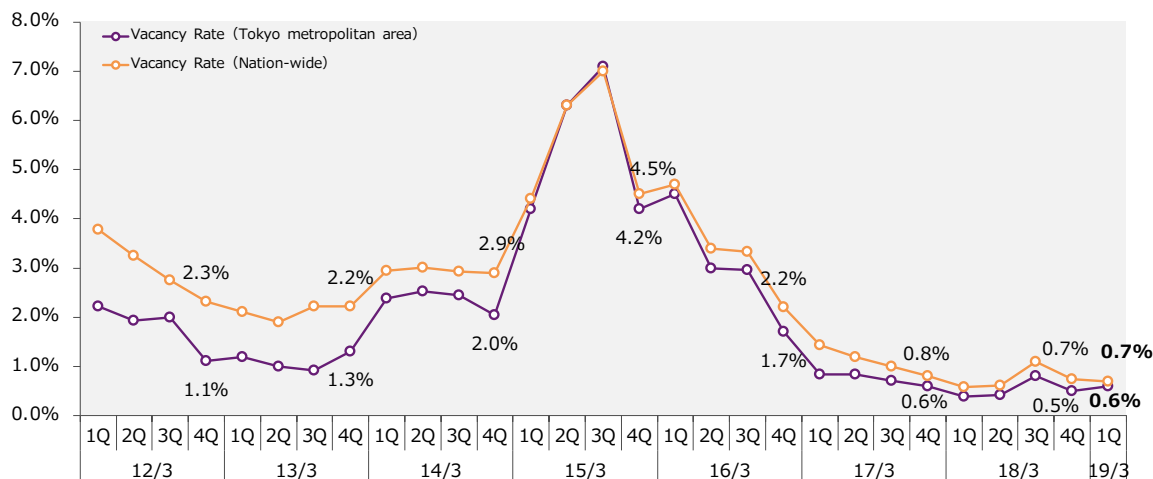
Existing buildings

+2.3 The adjusted expenses paid by the tenant moving out and others.

Sold and be terminated

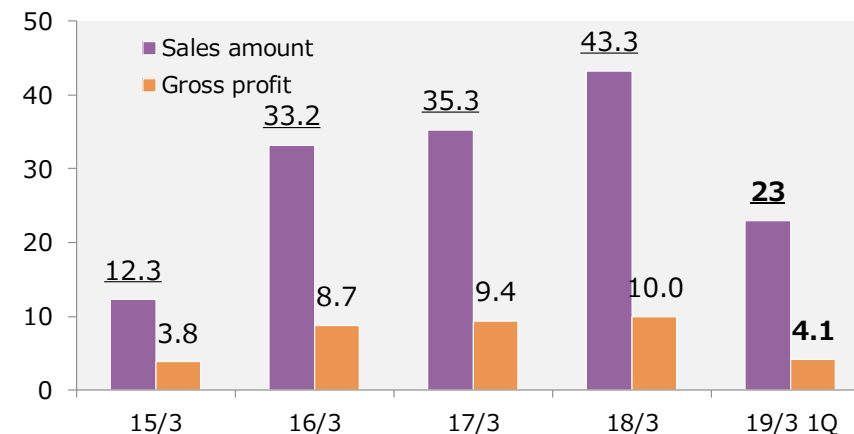
-0.4 Building such as Nomura real estate Musashi Kosugi building N tower and S tower were partially sold.

## The transition of vacancy rate



## The progress of property development (sales)

Operating revenue as of FY19/3 1Q: 23.0 billion yen

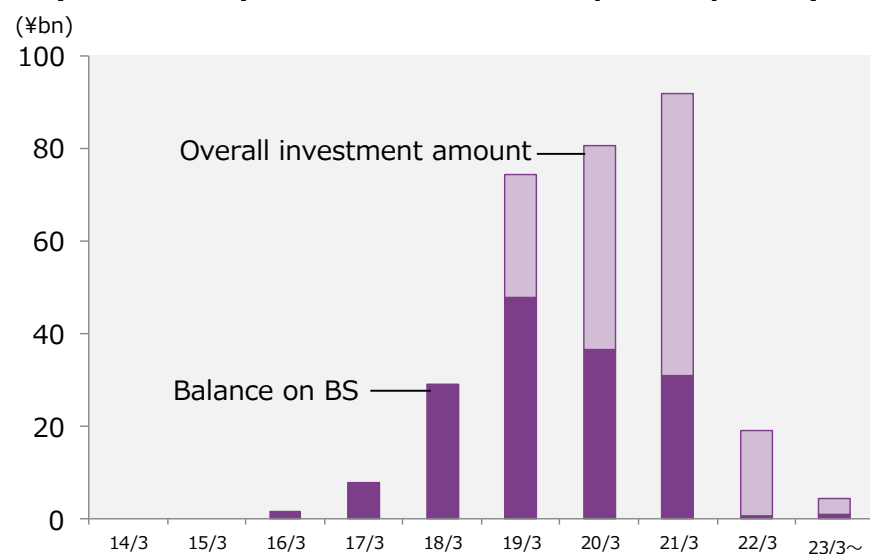


- **Acquired 5 properties and the estimated investment amount is about ¥21.0 bn in FY19/3 1Q. The stocks of property development are expanded to be about ¥310.0 bn.**
- **To obtain stable earnings we promote acquisitions and sales at about ¥100 bn/FY in the mid-to-long-term.**

## Stocks of property development (Estimated investment amount: about ¥310.0 bn)<sup>※1</sup>

- 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 ¥155.2 bn as of the end of FY19/3 1Q.
- Aiming to expand to ¥200 bn on balance on BS in the mid-to-long-term.

(¥bn)	19/3 1Q (on BS)	Phase 1	Phase 2	Phase 3
Offices (PMO, etc.)	61.7	60.0	65.0	65.0
Retail Facilities (GEMS/NSC etc.)	24.9	35.0	35.0	35.0
Logistics Facilities (Landport, etc.)	44.6	45.0	70.0	70.0
Condominiums (PROUD FLAT, etc.)	23.9	15.0	20.0	30.0
<b>Image of expansion of Property Development</b>	<b>155.2</b>	<b>155.0</b>	<b>190.0</b>	<b>200.0</b>

\* 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)	2 projects (About ¥15 bn)
Sale (Sale value)	4 projects (¥11.3bn)

### Condominiums (PROUD Flat etc.)

Acquisition (Estimated total investment)	1 project (About ¥2 bn)
Sale (Sale value)	6 project (¥9.1 bn)

### Retail Facilities (GEMS etc.)

Acquisition (Estimated total investment)	2 projects (About ¥4.0 bn)
Sale (Sale value)	1 projects (¥2.5 bn)

### Logistics Facilities (Landport etc.)

Acquisition (Estimated total investment)	0 project
Sale (Sale value)	0 project

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

\*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 Shibuya

Name(PMO)	Location	Completion	Status
1 PMO Shibadaimon	Shibadaimon, Mintako-ku	2014/9	Sold
2 PMO Nihonbashi Edo Dori*	Nihonbashi-Kodenmachi, Chuo-ku	2016/6	Under Operation
3 PMO Nihonbashi Mitsukoshimae	Nihonbashi-Honcho, Chuo-ku	2016/5	Sold
4 PMO Kanda Iwamotocho	Kanda-Sudacho, Chiyoda-ku	2017/1	Sold
5 PMO Uchi-Kanda	Uchi-Kanda, Chiyoda-ku	2017/5	Under Operation
6 PMO Shibuya	Shibuya, Shibuya-ku	2017/6	Under Operation
7 PMO Hanzomon (Entrusted)	Kojimachi, Chiyoda-ku	2017/6	Under Operation
8 PMO Shinjuku-Gyoen Project (Entrusted)	Shinjuku, Shinjuku-ku	2019/5(plan)	Under Construction
9 PMO Tamachi-Higashi	Shiba, Minato-ku	2018/2	Under Operation
10 PMO Higashi-Shinbashi Project	Higashi-Shinbashi, Minato-ku	2018/4	Under Construction
11 PMO Kyobashi-Higashi Project	Hatchobori, Chuo-ku	2018/5	Under Construction
12 PMO Ochanomizu Project	Kanda-Surugadai, Chiyoda-ku	2018/7(plan)	Under Construction
13 PMO Hamamatsucho Project	Hamamatsucho, Minato-ku	2018/11(plan)	Under Construction
14 PMO Kanda-Sudacho Project	Kanda-Sudacho, Chiyoda-ku	2020/1(plan)	Under Planning
15 PMO Hatchobori-Shinkawa Project*	Shinkawa, Chuo-ku	2018/4	Under Construction
16 PMO Akihabara North Project	Taito, Taito-ku	2018/12(plan)	Under Construction
17 PMO Nishi-Shinjuku Project	Nishi-Shinjuku, Shinjuku-ku	2019/7(plan)	Under Planning
18 PMO Shibuya II Project	Shibuya, Shibuya-ku	2020/8(plan)	Under Planning
19 PMO Gotanda Project	Nishi-Gotanda, Shinagawa-ku	2019/7(plan)	Under Construction
20 PMO Hamamatsucho Daimon-mae Project	Shiba-Koen, Minato-ku	2020/7(plan)	Under Planning
21 Chiyoda-ku Project	Chiyoda-ku	2021/3(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
3 Shibuya-ku Project	Shibuya-ku	2020/10(plan)	Under Planning

\*JV Project

Property acquired in FY19/3

## Condominiums “PROUD FLAT”



PROUD FLAT Soto-Kanda



PROUD FLAT Noborito



PROUD FLAT Asakusabashi

Name	Location	No. of units	Completion	Status
1 PROUD FLAT Sangenjaya II	Setagaya-ku, Tokyo	70 units	2014/1	Sold
2 PROUD FLAT Higashi-Kanda	Chiyoda-ku, Tokyo	38 units	2015/5	Under Operation
3 PROUD FLAT Mitsukoshimae	Chuo-ku, Tokyo	40 units	2015/7	Under Operation
4 PROUD FLAT Yoyogi-Hachiman	Shibuya-ku, Tokyo	30 units	2016/1	Sold
5 PROUD FLAT Soto-Kanda	Chiyoda-ku, Tokyo	75 units	2016/5	Sold
6 PROUD FLAT Noborito	Tama-ku, Kawasaki	79 units	2016/5	Sold
7 PROUD FLAT Nakaochiai	Shinjuku-ku, Tokyo	37 units	2016/12	Sold
8 PROUD FLAT Asakusabashi	Taito-ku, Tokyo	38 units	2017/2	Sold
9 PROUD FLAT Monzen-nakacho V	Koto-ku, Tokyo	99 units	2017/10	Under Operation
10 PROUD FLAT Miyazakidai	Miyamae-ku, Kawasaki	82 units	2018/2	Under Operation
11 PROUD FLAT Togoshi-Koen	Shinagawa-ku, Tokyo	99 units	2018/12 (plan)	Under Construction
12 PROUD FLAT Asakusabashi II	Taito-ku, Tokyo	87 units	2019/3(plan)	Under Construction
13 PROUD FLAT Higashi-Nihonbashi	Chuo-ku, Tokyo	43 units	2018/10(plan)	Under Construction
14 PROUD FLAT Asakusabashi III	Taito-ku, Tokyo	41 units	2018/8(plan)	Under Construction
15 PROUD FLAT Asakusa-Kaminarimon	Taito-ku, Tokyo	49 units	2019/2(plan)	Under Construction
16 PROUD FLAT Ryogoku	Sumida-ku, Tokyo	90 units	2019/9(plan)	Under Construction
17 PROUD FLAT Tomigaya	Shibuya-ku, Tokyo	109 units	2019/2(plan)	Under Construction
18 Kiba 5-chome Project	Koto-ku, Tokyo	136 units	2020/2(plan)	Under Planning
19 PROUD FLAT Minami-Shinagawa 2-chome	Shinagawa-ku, Tokyo	129 units	2019/5(plan)	Under Construction
20 Kinshicho II Project	Sumida-ku, Tokyo	62 units	2020/1(plan)	Under Planning
21 Ryogoku 3-chome Project	Sumida-ku, Tokyo	35 units	2019/12(plan)	Under Planning
22 Kameido 6-chome Project	Koto-ku, Tokyo	99 units	2022/12(plan)	Under Planning
23 Togoshi-Ginza Project	Shinagawa-ku, Tokyo	89 units	2020/2(plan)	Under Planning
24 PROUD FLAT Asakusa 6-chome Project	Taito-ku, Tokyo	72 units	2020/6(plan)	Under Planning

Property acquired in FY19/3



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



GEMS Kayabacho



GEMS Jingu-Mae



GEMS Sangenjaya

## Logistics Facilities “Landport”



Landport Komaki

Name (GEMS)	Location	Completion	Status
1 GEMS Jingu-Mae Project	Jingu-Mae, Shibuya-ku	2018/4	Under Construction
2 GEMS Kayabacho	Shinkawa, Chuo-ku	2018/2	Under Operation
3 GEMS Namba Project	Namba, Chuo-ku, Osaka	2018/11 (plan)	Under Construction
4 GEMS Tamachi Project	Shiba, Minato-ku	2019/2 (plan)	Under Construction
5 GEMS Nishi-Shinjuku Project	Nishi-Shinjuku, Shinjuku-ku	TBD	Under Planning
6 GEMS Sangenjaya Project	Taishido, Setagaya-ku	2018/5	Under Construction
7 GEMS Shin-Yokohama Project	Kohoku-ku, Yokohama	2018/7 (plan)	Under Construction
8 GEMS Shimbashi Project	Shimbashi, Minato-ku	2018/9 (plan)	Under Construction
9 GEMS Sakae Project	Naka-ku, Nagoya	2019/10(plan)	Under Planning
10 GEMS Yokohama Project	Nishi-ku, Yokohama	2019/9 (plan)	Under Planning
11 Kawasaki-shi Project	Kawasaki-shi, Kanagawa	2020/10(plan)	Under Planning
12 Minato-ku Project	Minato-ku	2021/4(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 Construction
4 Hiroo Project	Hiroo, Shibuya-ku	2020/2(plan)	Under Construction
5 Katasekaigan Project	Katasekaigan, Fujisawa	2019/9(plan)	Under Planning
6 Chayamachi Project	Kita-ku, Osaka	2020/3(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
10 Saitama-shi Project	Saitama-shi, Saitama	2020/7(plan)	Under Planning

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

— Property acquired in FY19/3

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

\* JV Project

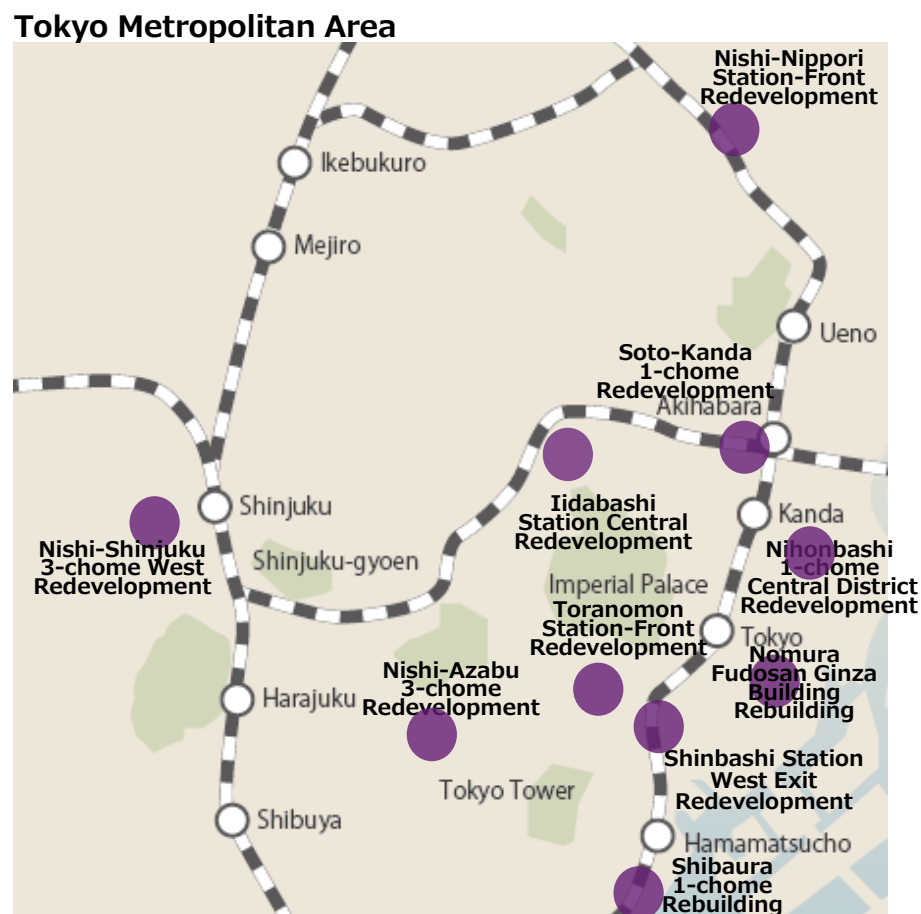
- Actively promoting mixed-use development projects in Tokyo metropolitan area.

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

Project Name	Progress situation	Main use	Area planned to be acquired	Phase I 17/3 - 19/3	Phase II 20/3 - 22/3	Phase III 23/3 - 25/3
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	Under Construction	Office Retail	Approx. 12,000㎡	S	C	
Musashi-Koganei station 2nd District Redevelopment	Under Construction	Retail Residence	Approx. 12,000㎡	S	C	
Kameido 6-chome Project	Under Planning	Retail Residence	TBD			
Minamikojiwa 6-chome Redevelopment*	The Redevelopment Union was established	Retail Residence	Approx. 4,500㎡	S	C	C
Soto-Kanda 1-chome Redevelopment	Blueprint of the project is under discussion	Office Hotel Retail	Approx. 43,000㎡		S	C
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residence	Approx. 19,000㎡			
Nishi-Azabu 3-chome Redevelopment*	Blueprint of the project is under discussion	Hotel Residence	TBD			
Nishi-Shinjuku 3-chome West Redevelopment*	Blueprint of the project is under discussion	Retail Residence	Approx. 21,000㎡			
Shibaura 1-chome Rebuilding*	Certified as a national strategic special zone	Complex	Approx. 550,000㎡ (Total floor area)	S		
Nihonbashi 1-chome Central District Redevelopment *	Certified as a national strategic special zone	Office Retail Hotel	Approx. 499,000㎡ (Total floor area)	S		
Nishi-Nippori Station-Front Redevelopment *	Blueprint of the project is under discussion	Retail Residence	Approx. 18,000㎡			
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 bn by FY25/3 based on Mid-to Long-term Business Plan (long-term holding properties)
- Decided to develop businesses whose scale is ¥650 bn as of FY18/3.



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

**Rebuilding of Shibaura 1-chome**

**Redevelopment of Nihonbashi 1-chome 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 40,000m<sup>2</sup>  
 Floor area : about 550,000m<sup>2</sup>  
 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)

Location : Chuo-ku, Tokyo  
 Scale : 51 floors above ground,  
 5 basement floors, approx. 287m (C block)  
 Land area : about 24,600m<sup>2</sup>  
 Floor area : about 499,000m<sup>2</sup>  
 Main usage : Office, retail, hotel ,residence  
 Start of construction : FY21/3  
 Completion of construction : FY26/3  
 Main participating companies : Mitsui Fudosan,  
 Nomura Real Estate



Main participating companies : Nomura Real Estate, East Japan Railway

	Name	Location	Leased floor area *Our share	Completion
1	Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	172,672m <sup>2</sup>	1990/1, etc.
2	Hamamatsucho Building (Toshiba Building)	Minato-ku, Tokyo	98,311m <sup>2</sup>	1984/3
3	LAZONA Kawasaki Toshiba Building	Saiwai-ku, Kawasaki-shi, Kanagawa	78,610m <sup>2</sup>	2013/3
4	LAZONA Kawasaki Plaza	Saiwai-ku, Kawasaki-shi, Kanagawa	46,989m <sup>2</sup>	2006/9
5	Yokohama Nomura Building	Nishi-ku, Yokohama-shi, Kanagawa	42,013m <sup>2</sup>	2017/1
6	Morisia Tsudanuma	Narashino-shi, Chiba	39,589m <sup>2</sup>	1978/10
7	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,108m <sup>2</sup>	1978/5
8	Nomura Fudosan Tennozu Building	Shinagawa-ku, Tokyo	24,242m <sup>2</sup>	1996/6
9	Nihonbashi Muromachi Nomura Building	Chuo-ku, Tokyo	22,247m <sup>2</sup>	2010/9
10	Umeda Sky Building	Kita-ku, Osaka-shi, Osaka	19,195m <sup>2</sup>	1993/3
11	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,157m <sup>2</sup>	1961/4
12	bono Sagamiono Shopping Center	Minami-ku, Sagamihara-shi, Kanagawa	16,113m <sup>2</sup>	2013/1
13	Nomura Fudosan Ginza Building	Chuo-ku, Tokyo	13,280m <sup>2</sup>	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

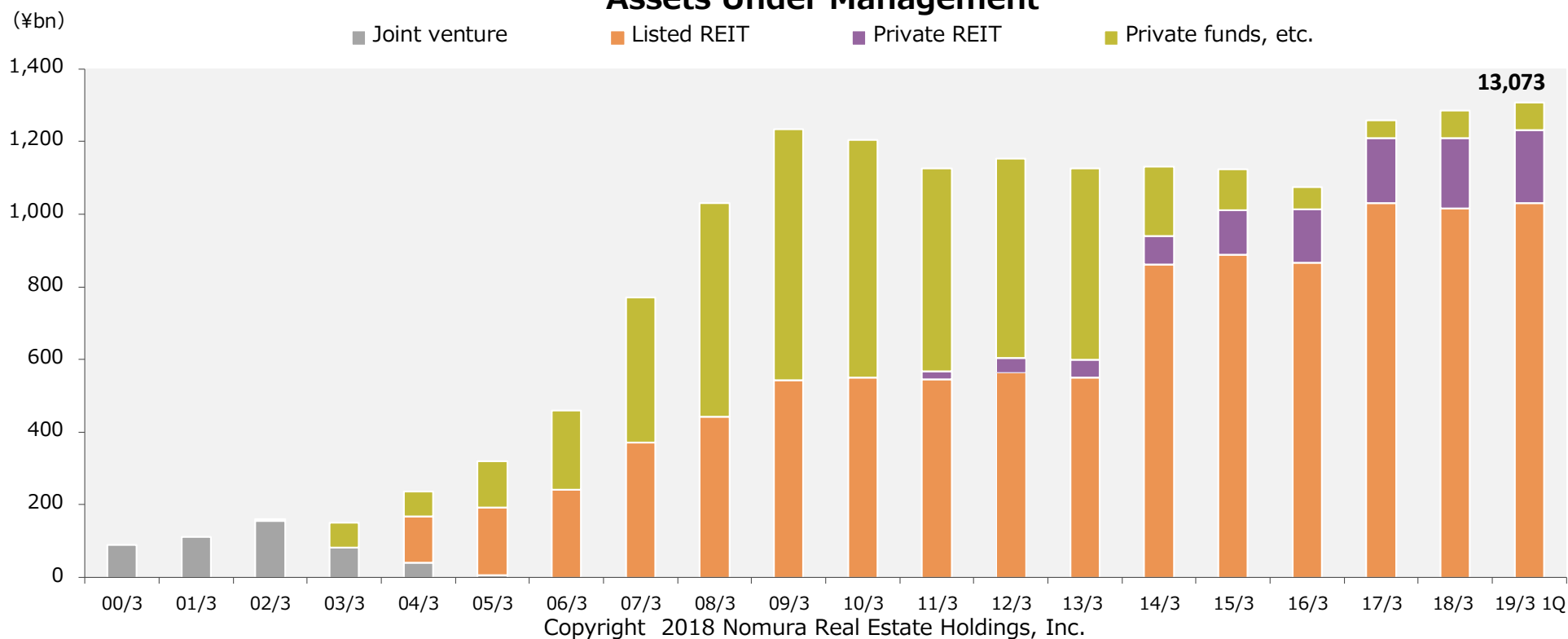


bono Sagamiono Shopping Center

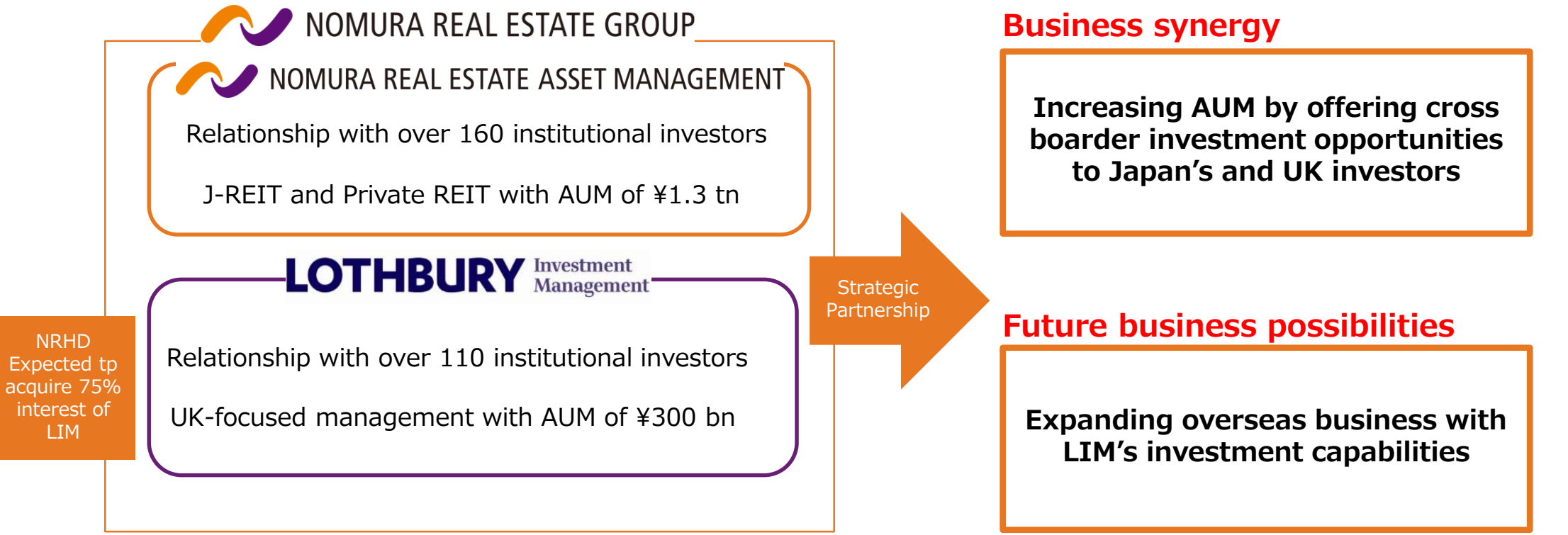
- Nomura Real Estate Master Fund (NMF) improved the portfolio quality by strategic property replacement. It finished “the Quality phase” earlier than expected and it started “the Growth phase”.

(¥bn)	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	2.5	2.6	+0.0	9.3	9.5	+0.1
Operating profit	1.7	1.7	+0.0	5.9	6.0	+0.0
Assets under management	1,233.9	1,307.3	+73.4	1,285.9	—	—
Listed REIT	1,002.7	1,029.7	+27.0	1,015.2	—	—
Private REIT	181.4	201.5	+20.0	193.9	—	—
Private funds, etc.	49.7	76.0	+26.2	76.6	—	—

## Assets Under Management



- We have agreed to acquire a majority interest of 75%\*1 in Lothbury Investment Management Group(LIM).
- This partnership can develop our business in both UK and Japan's real estate markets. (UK: ¥180 tn/JP: ¥230 tn)\*2



**About Lothbury** (<http://www.lothburyim.com/>)

- Managing 63 properties including retails, offices, logistics in London and south-east England.
- Lothbury Property Trust is the flagship fund launched in 2000.
- This fund is UK focused open-end fund and holds core UK property portfolio.
- Annual total return outperforming since inception : Fund 8.0% Benchmark 6.7%

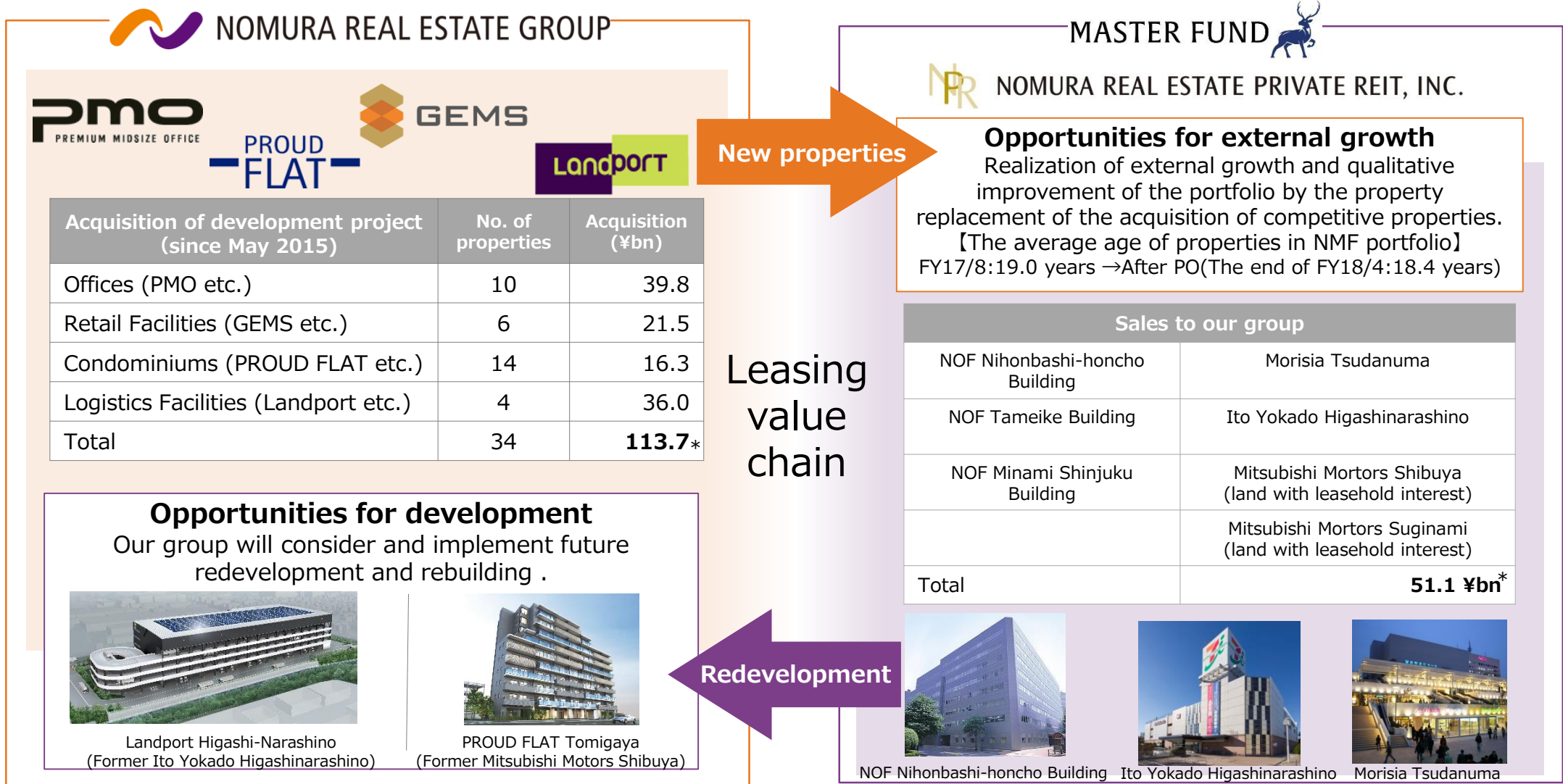
**Major properties**

Covent Garden      55 St. James's Street

\*1 Completing the transaction in 2018, based on the approval including UK financial authorities.

\*2 [Reference] PGIM Real Estate "A Bird's Eye View of Real Estate Markets: 2017 Update" (in Japanese Yen)

- 3 years have passed since we reached an agreement of leasing value chain with group's REITs. The aim is to grow together with our group's REITs.
- Sales amount from NMF to us expanded to be over ¥50 bn. It contributes to mutual growth.

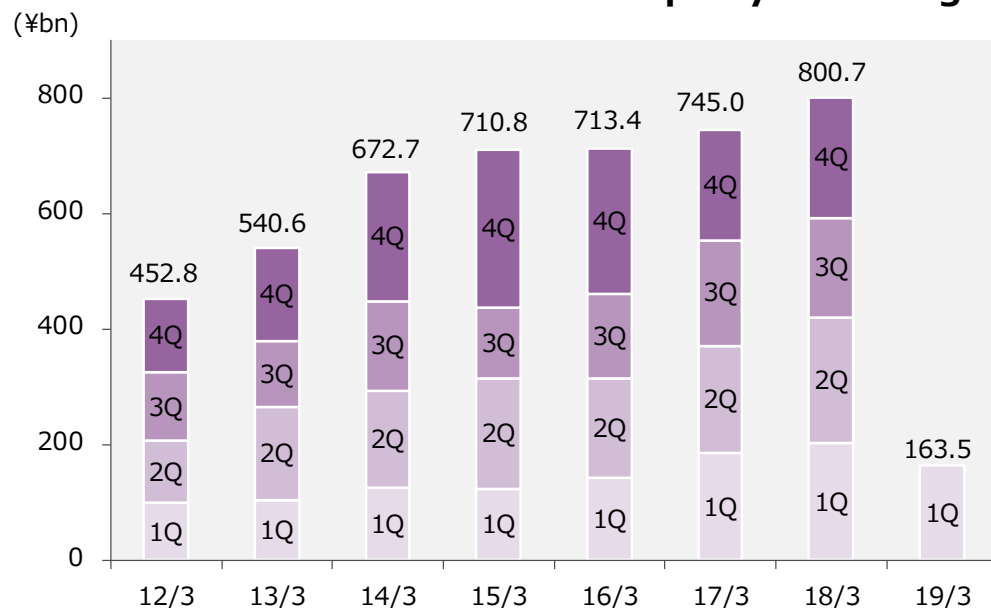


\*The amount of acquisition and sales for each tables are based on the REIT's disclosure materials.

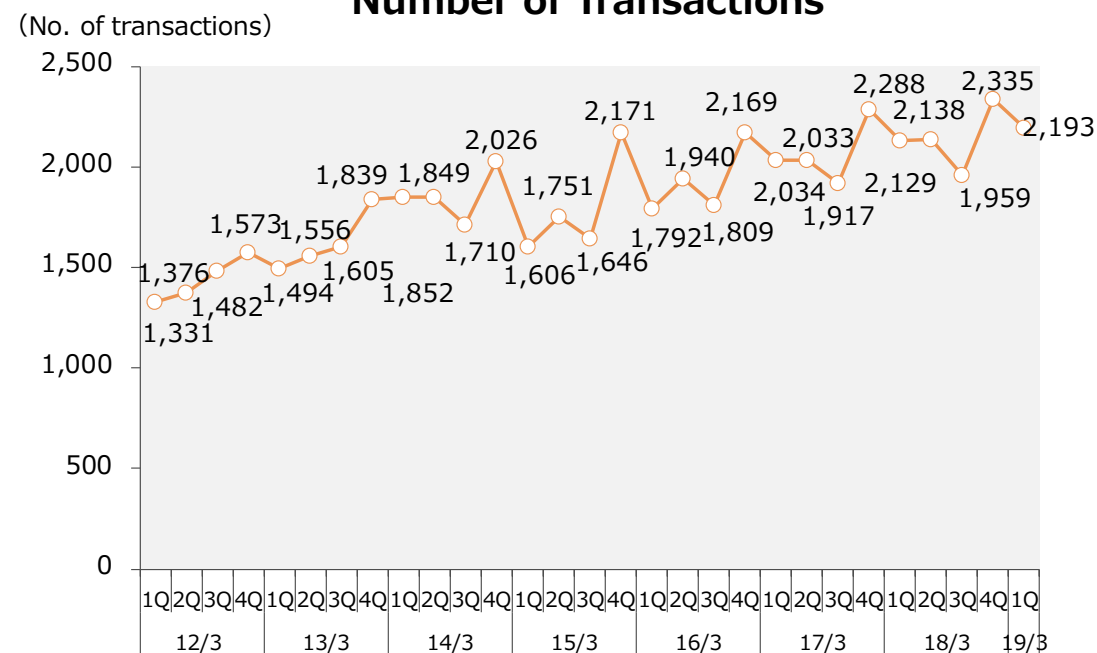
- In retail business, both the number of transactions and the transaction value increased.
- In wholesale business, the number of transactions increased while the transaction value decreased.

(¥bn)	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	8.9	7.8	-1.0	35.7	40.5	+4.7
Property brokerage	7.9	7.1	-0.8	31.6	—	—
Other	0.9	0.7	-0.1	4.0	—	—
Operating profit	2.3	0.9	-1.3	8.4	10.5	+2.0
<b>[Brokerage indicators]</b>						
Total transaction value (¥bn)	202.6	163.5	-39.0	800.7	—	—
Number of transactions	2,129	2,193	+64	8,561	—	—
Commission fee (¥bn)	7.9	7.1	-0.8	31.6	—	—
Commission rate (%)	3.9%	4.3%	+0.4P	4.0%	—	—
Number of property brokers branches	75	80	+5	78	—	—

## Total Transaction Value of Property Brokerage



## Number of Transactions



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

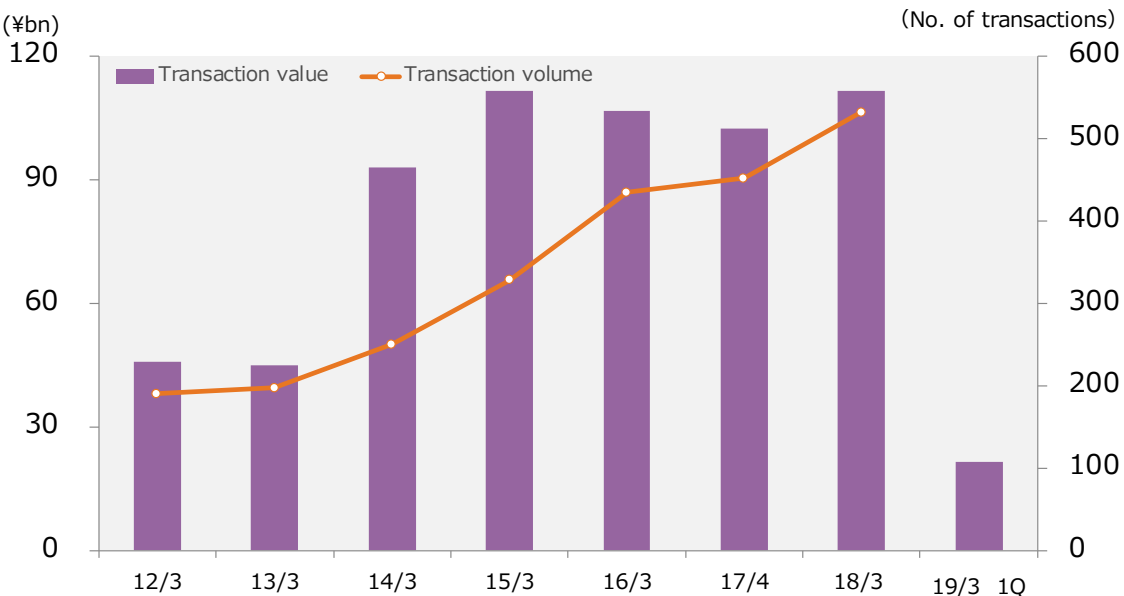


## Progress of Property Brokerage & CRE Business Unit

- In wholesale business, we established new branches in Kyoto and Fukuoka in October 2016 to enhance our strategy specialized in each area. To gain earnings in overseas, we are reorganizing the sales structure to strengthen our relationships with ASEAN countries.
- In retail business, the number of new branches expanded to 80 as of the end of FY19/3 1Q. We are promoting corporation enforcement with local banks.
- Business collaboration with Nomura Securities reached the highest level in both transaction value and volume in FY18/3. It progressed steadily in FY19/3 1Q as well.

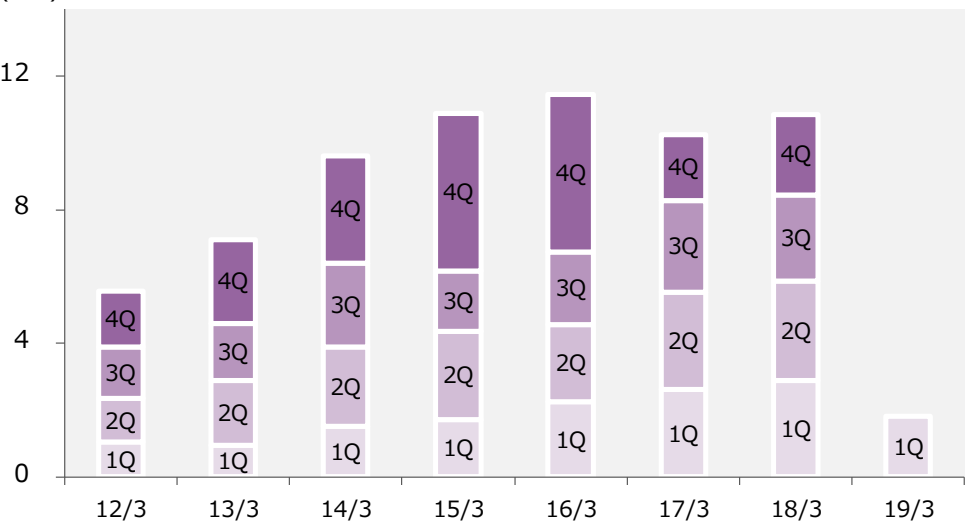
## Transaction value and volume with Nomura Securities (based on contracts)

- Both the transaction value and volume progressed steadily.



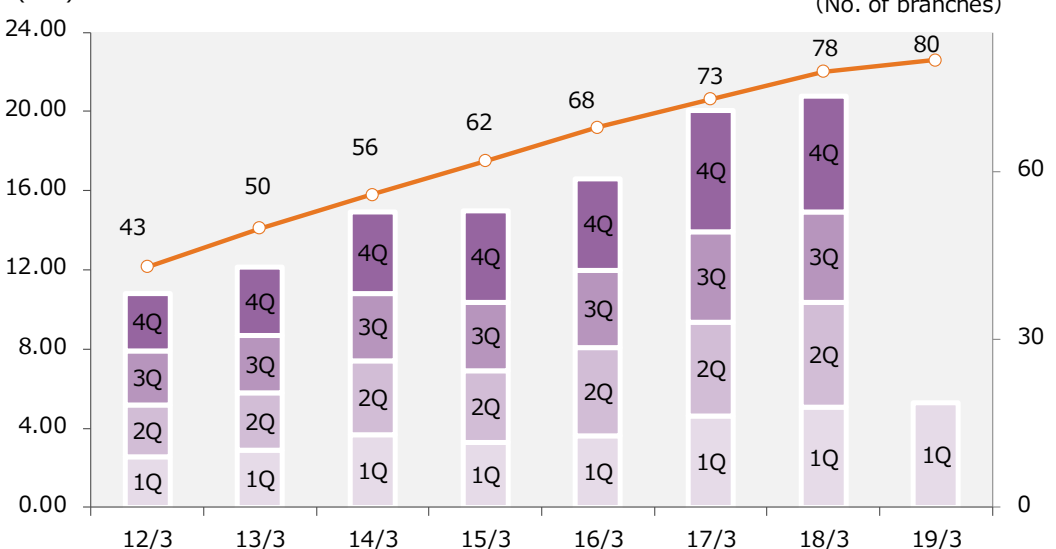
## Brokerage commission fee for wholesale

- The number of transactions increased and aiming to recover the transaction value.



## Number of branches & brokerage commission fee for retail

- The number of branches are increasing steadily.
- Brokerage commission fee marked the highest figure for 1Q.

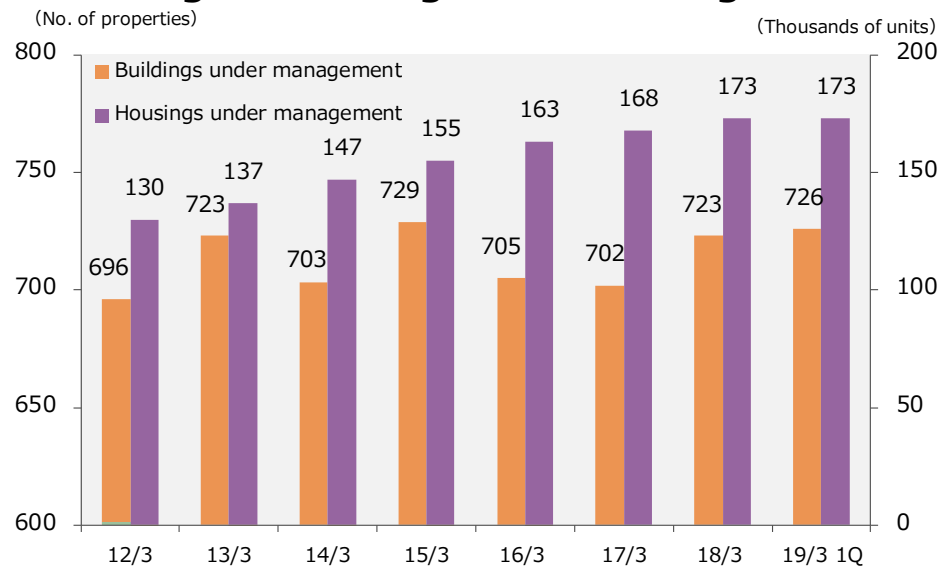


- The revenue increased due to the rise in the number of buildings and housings under management and the number of construction ordered.

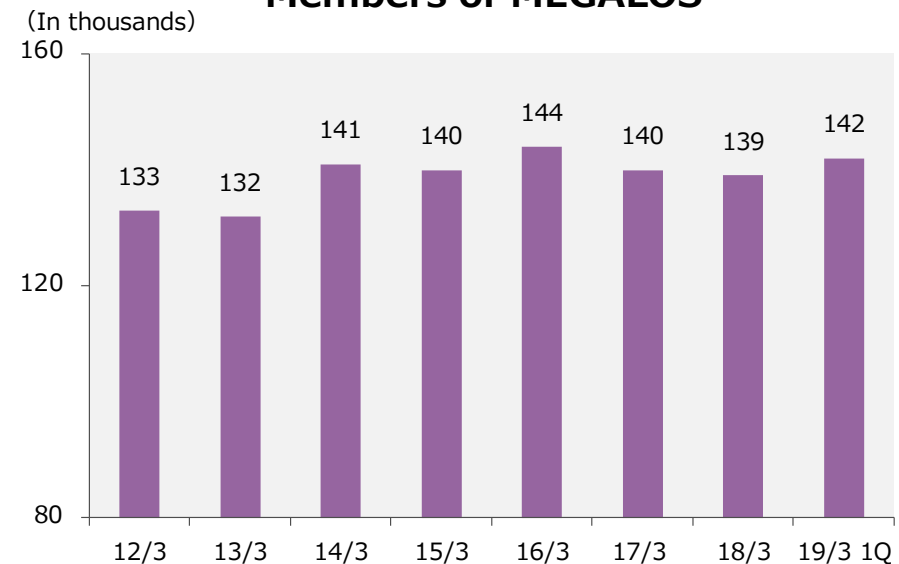
(¥bn)	18/3 1Q Actual ①	19/3 1Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	22.4	24.0	+1.5	104.5	112.0	+7.4
Property & facility management	12.1	12.6	+0.4	50.3	—	—
Construction ordered	4.8	5.6	+0.8	31.6	—	—
Fitness club & elderly care	3.9	4.1	+0.1	16.0	—	—
Other	1.4	1.6	+0.2	6.5	—	—
Operating profit	1.0	1.1	+0.1	7.0	7.5	+0.4

Building under management	720	726	+6	723	—	—
Housings under management	170,337	173,667	+3,330	173,705	—	—
Members of MEGALOS (individuals)	141,028	142,417	+1,389	139,836	—	—
Number of clubs	38	43	+5	43	—	—

## Buildings & Housings Under Management



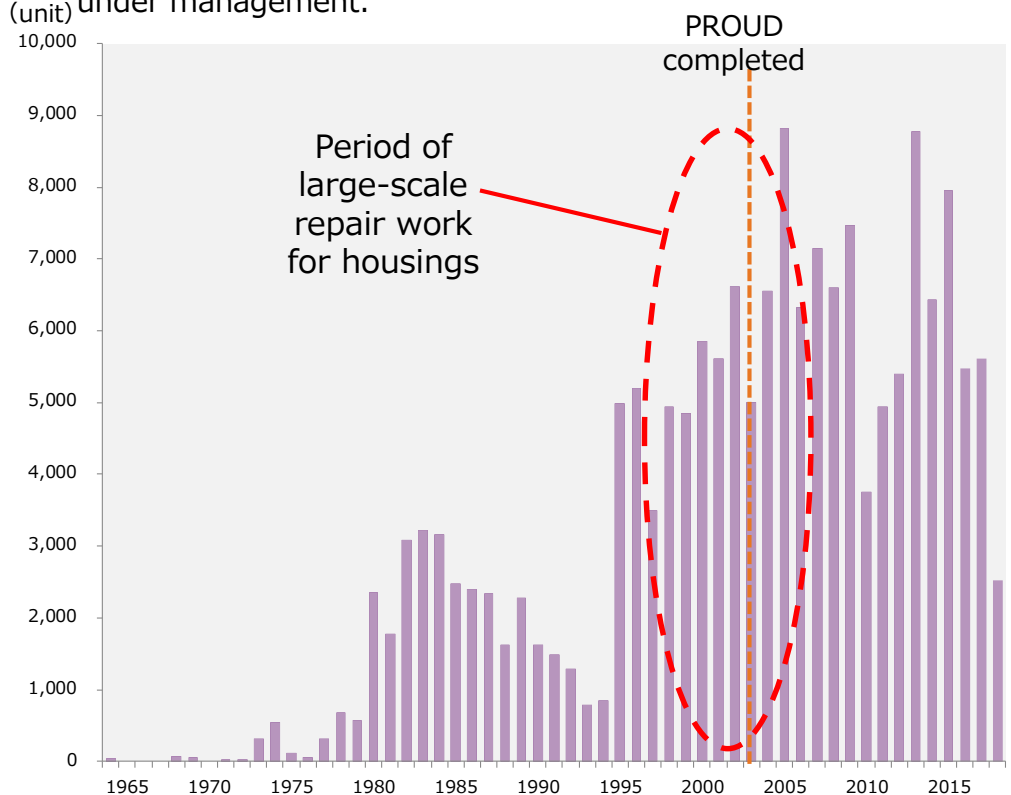
## Members of MEGALOS



- The number of housing which requires large-scale condo repair work has increased after 14 years since the first PROUD condo was constructed.  
 Actively promoting this work to obtain orders as a 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.

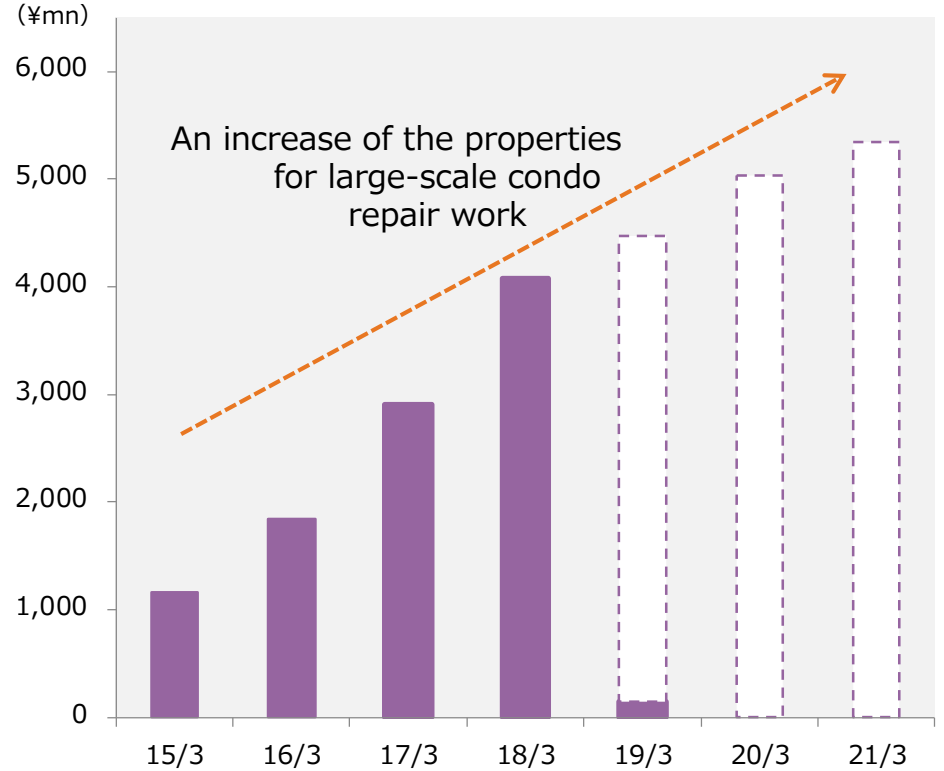
**Properties under management by construction completion period**

- Our management stock is increasing 6,000 units every year on average with the housing sales business volume expansion 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.

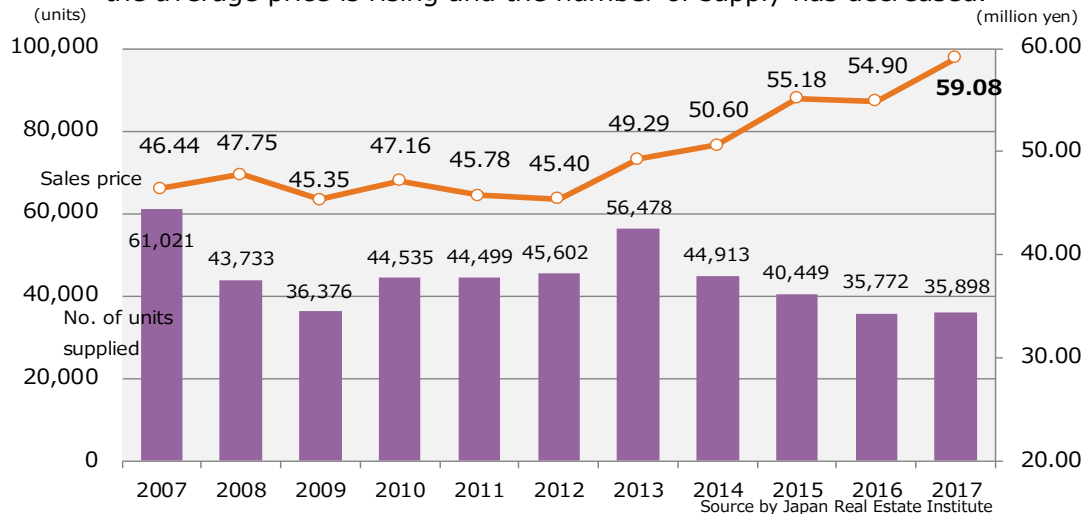
# Business Environment Recognition

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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.

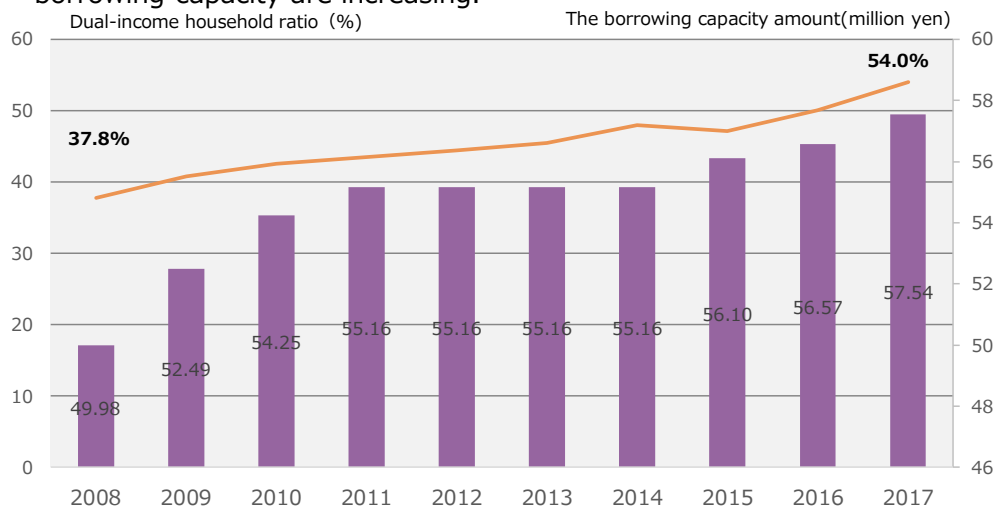
## The number of new condos and housing prices (Tokyo Metropolitan Area)

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



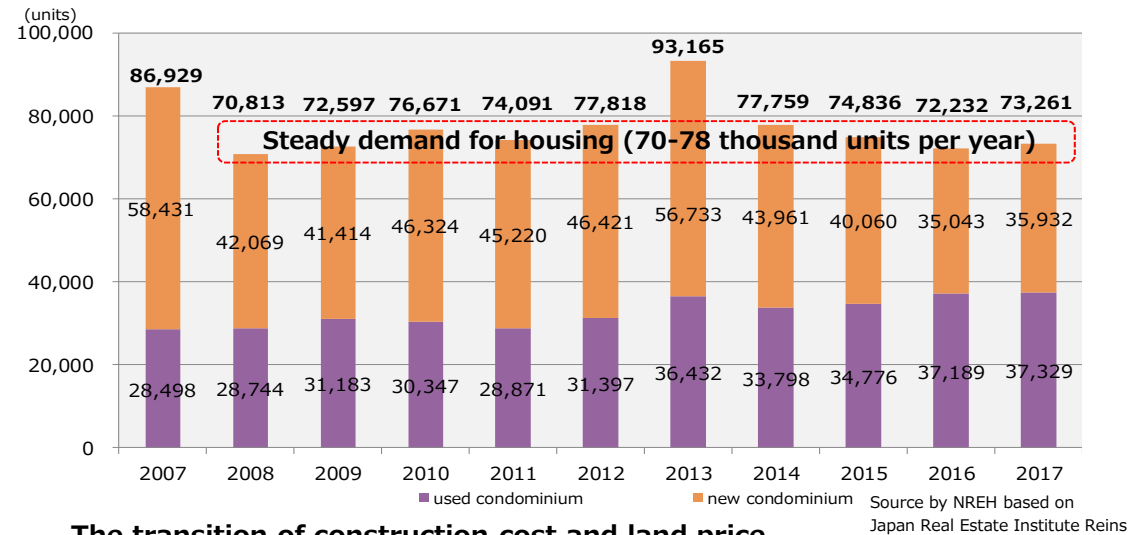
## The percentage of dual-income households of new condo buyers & changes in borrowing capacity (Tokyo Metropolitan area).

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



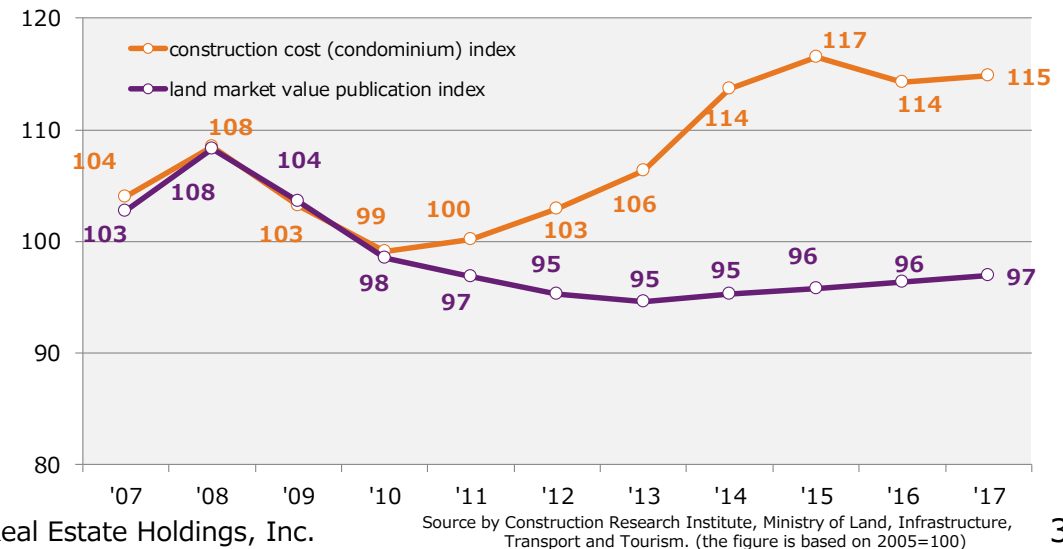
## The contract number of new and used condominiums (Tokyo Metropolitan Area)

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.

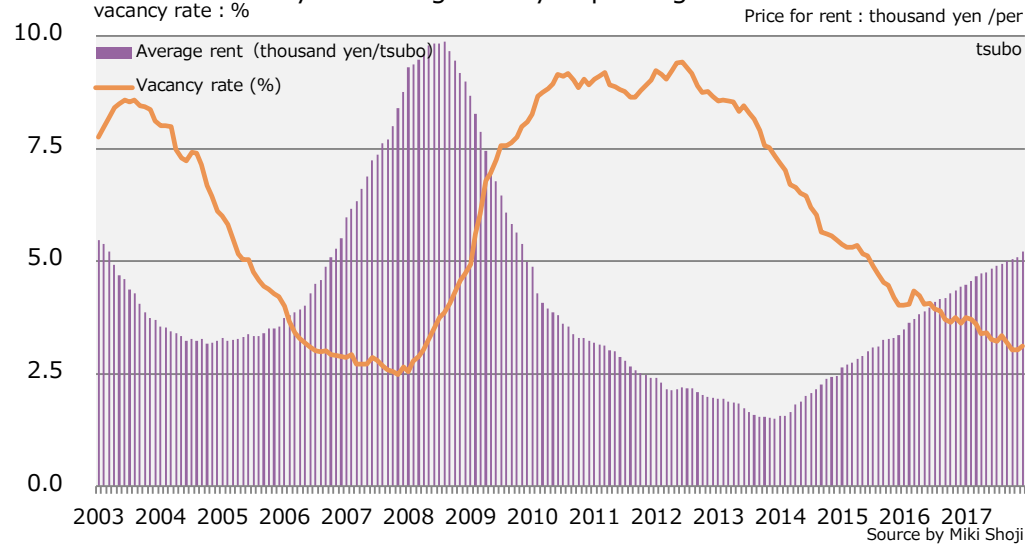


# The Office market

- 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.

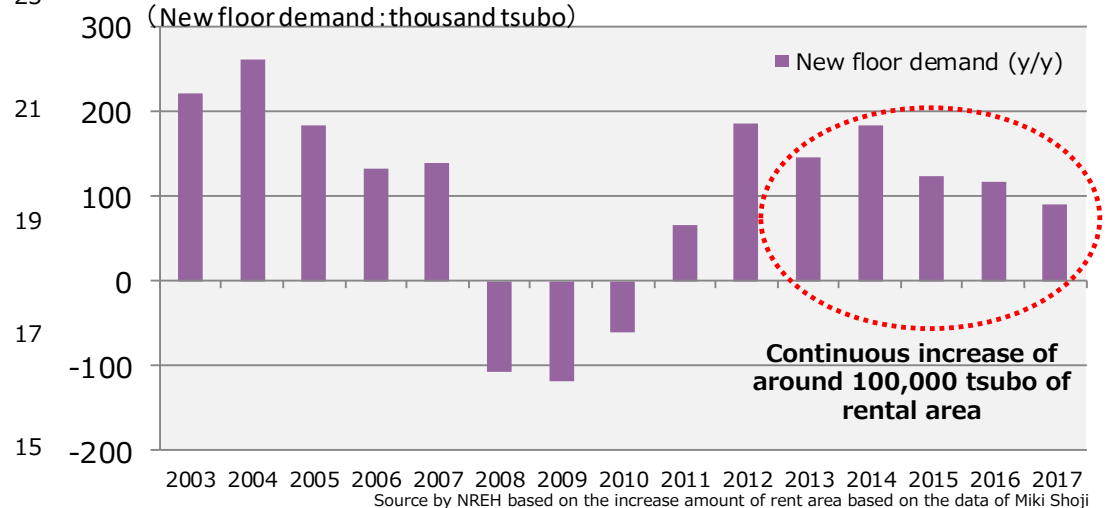
## Rent and vacancy rate in Tokyo central five wards

Rent and vacancy rate are gradually improving.



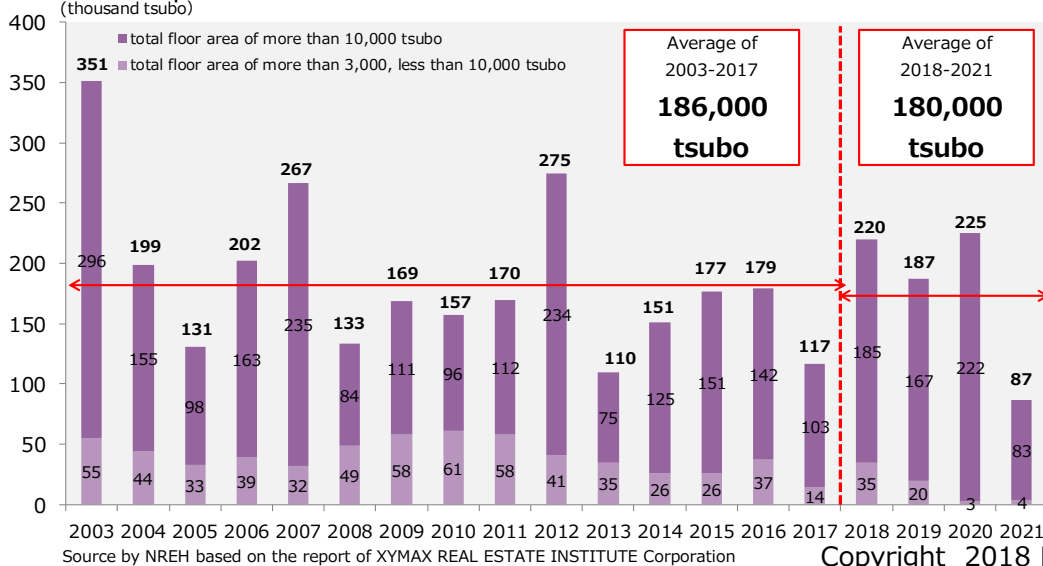
## An increasing trend in Tokyo central five wards' office rental area

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



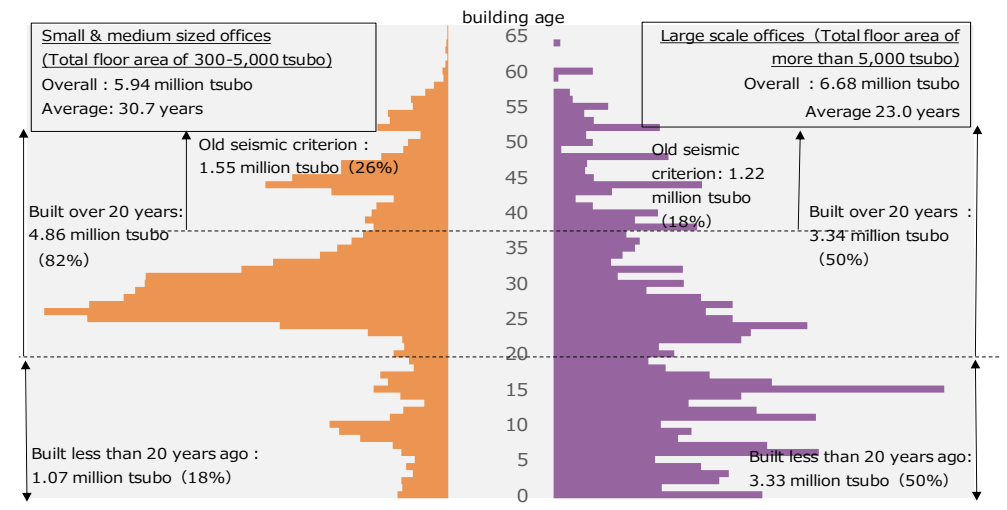
## The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)

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

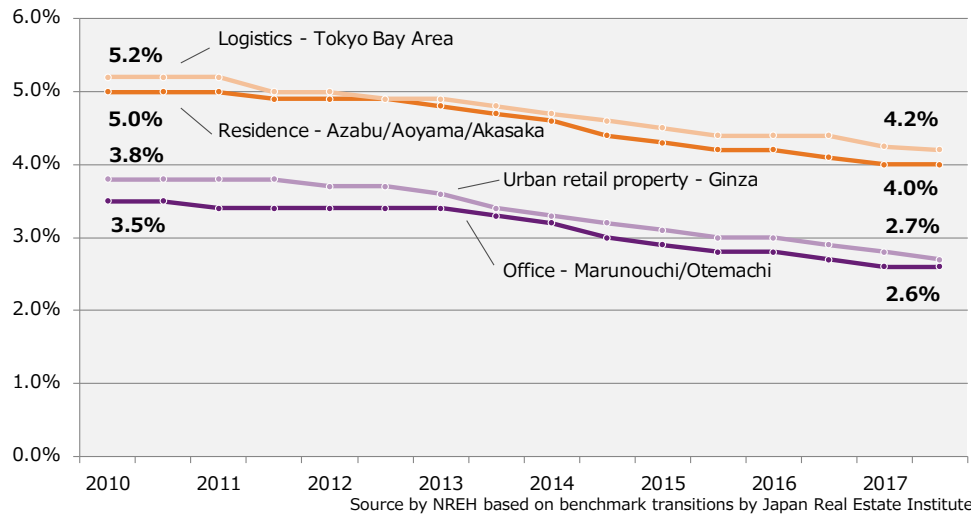
There seems to be the need for rebuilding of small & medium size buildings with old Seismic Criterion (1.52 million tsubos).



- 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.

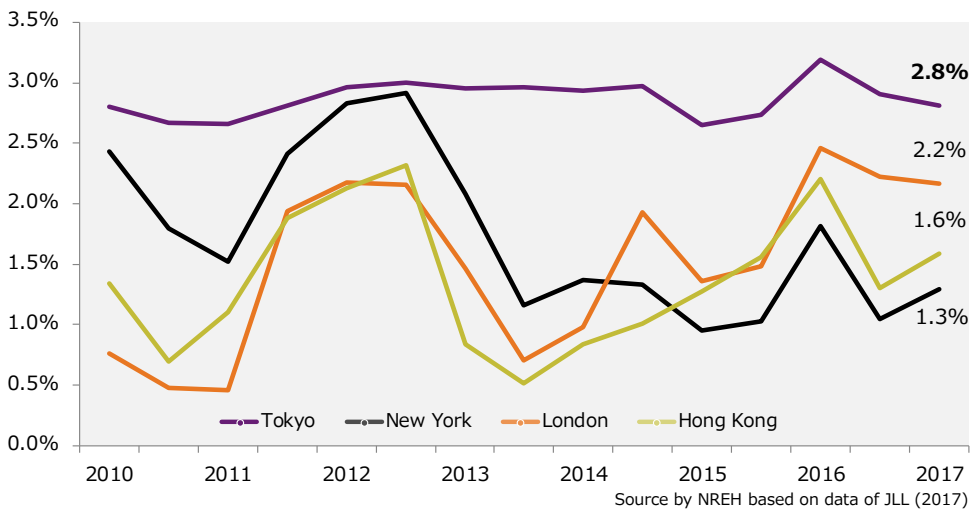
## CAP Rate based on sector

CAP rate is the lowest ever level.



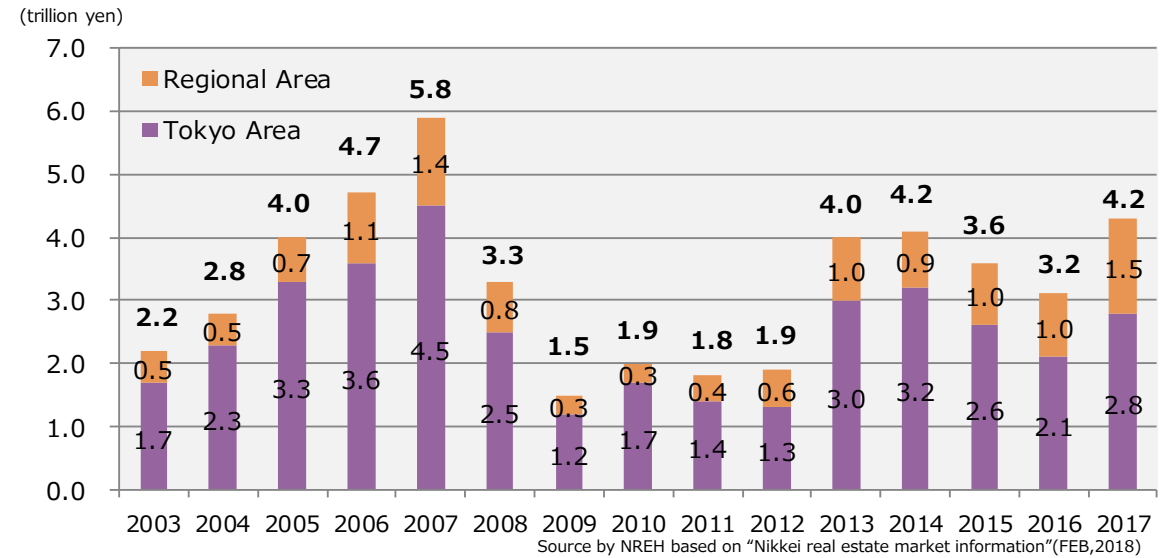
## Each country's yield spread

The relatively high yield spread is continuing in Tokyo.



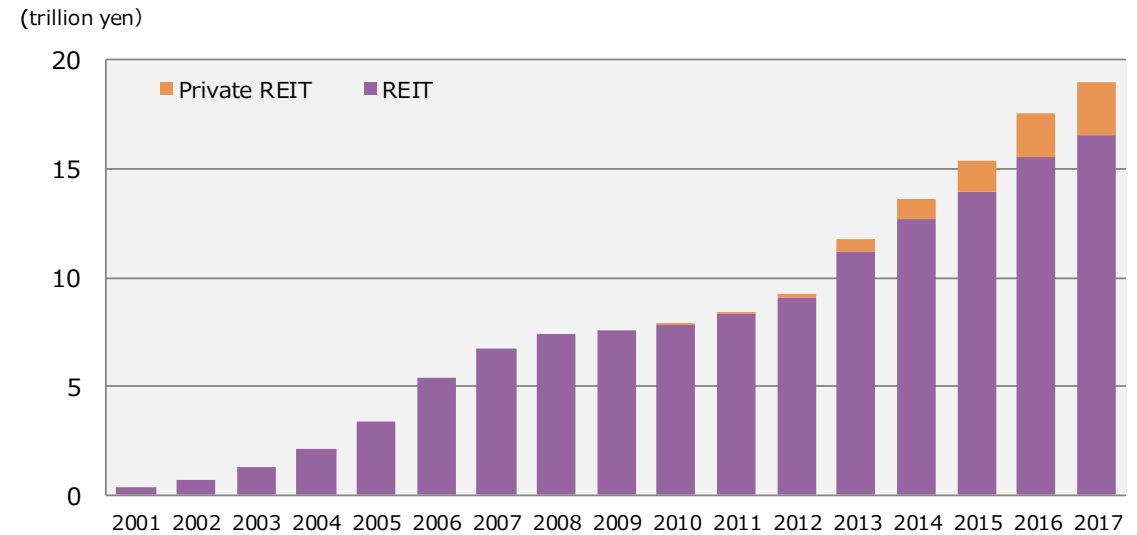
## The trading of property development

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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