

Consolidated Financial Results for the Six Months from April 1 to September 30, 2018

Index	02	Highlights of the FY19/3 2Q
	11	Business Management Strategy
	20	The outline of Business Unit
	42	Business Environment Recognition

Highlights of the FY19/3 2Q

<Summary>

- The consolidated financial results for the 2Q were as follows:
- Operating revenue; ¥231.3 bn (down 15.3% y/y); operating profit; ¥26.0 bn (down 24.6% y/y); ordinary profit; ¥21.5 bn (down 29.1% y/y); and profit attributable to owners of parent; ¥13.0 bn (down 35.4% y/y).
- In the Residential Development Business Unit, the number of housing units sold (condominiums and detached housings) decreased to 1,393 (down 806 units y/y). In this fiscal year, a greater number of housings are planned to be constructed and recorded as sales in the 4Q. The contract rate against the estimated number of housing sales for FY19/3, which is 6,100 units, is 78.2% as of 2Q.
- In the Leasing Business Unit, the rent revenue increased due to the new properties such as Morisia Tsudanuma. In addition, the revenue from property development and land for sales increased.
- By considering the business progress and forecasts at this point, we revised the operating revenue to 687.0 billion yen (down 13.0 billion yen), from the consolidated operating result forecasts announced on April, 2018. There is no change in operating income, ordinary income, and profit attributable to owners of parent.
- There is no change in the dividend forecast announced in April, 2018.

Outline of Consolidated Financial Results

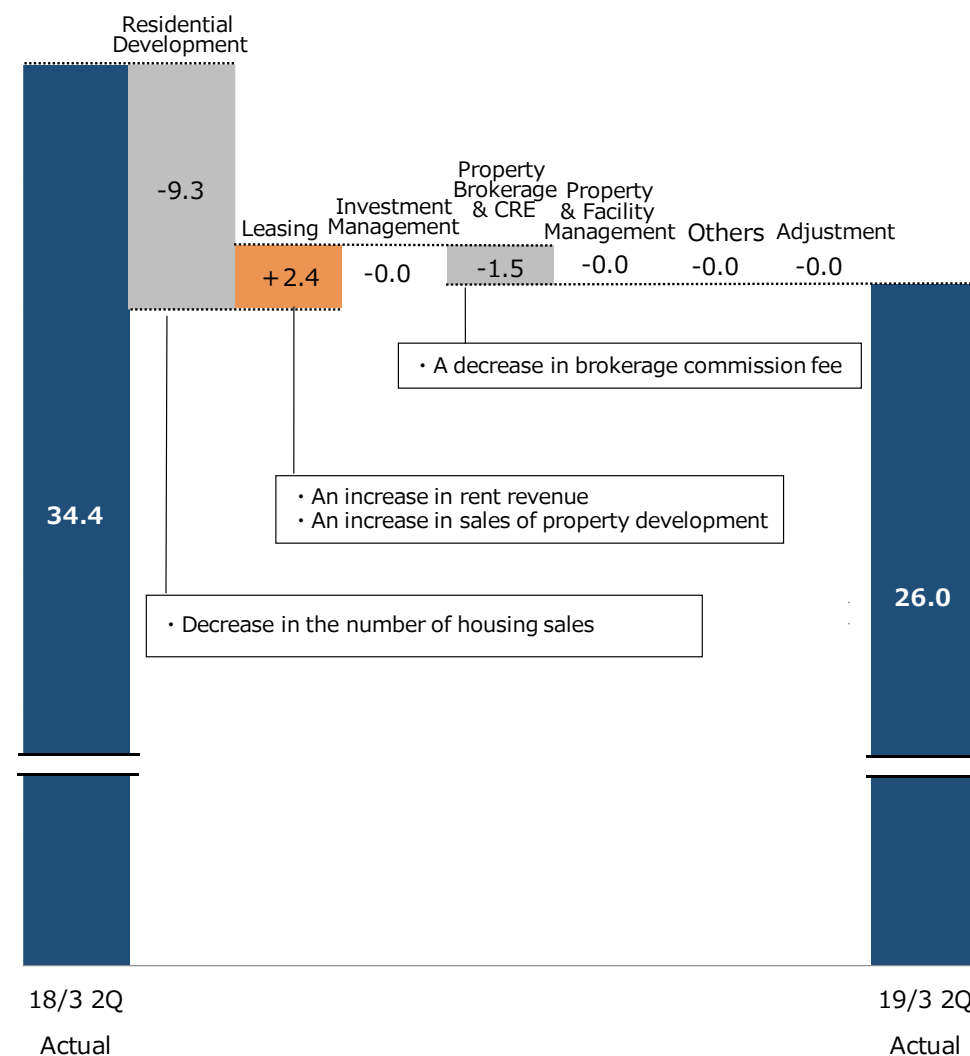
(¥bn) *Figures rounded down to the nearest ¥100 mn	18/3 2Q Actual ①	19/3 2Q Actual ②	Changes ② - ①	Key Factors
Operating revenue	273.0	231.3	-41.6	<Operating revenue & Operating profit>
Operating gross profit	84.7	74.3	-10.3	· Decreases in the number of housing sales and the gross profit margin in Residential Development Business unit.
Selling, general and administrative expenses	50.2	48.3	-1.8	
Operating profit	34.4	26	-8.4	· Increases in sales revenue such as property development and contribution of new properties such as Morisia Tsudanuma and in Leasing Business unit.
Non-operating income	0.3	0.2	-0.0	
Non-operating expenses	4.4	4.7	+0.2	
Ordinary profit	30.3	21.5	-8.8	
Extraordinary income	—	—	—	
Extraordinary losses	0.2	1.9	+1.6	
Income taxes	9.7	6.3	-3.3	
Profit attributable to non-controlling interests	0.2	0.2	+0.0	
Profit attributable to owners of parent	20.1	13.0	-7.1	
Basic earnings per share (¥)	104.81	69.26	-35.55	
Cash dividends per share (¥)	35.00	37.50	+2.50	
Net cash provided by (used in) operating activities	-49.4	-43.5	+5.8	
Net cash provided by (used in) investing activities	-33.2	-16.1	+17.1	· (Major cash flows in FY19/3) Acquisition of property, plant and equipment.
Net cash provided by (used in) financing activities	123.7	53.4	-70.3	· (Major cash flows in FY19/3) Increase in long-term loans payable.
Cash and cash equivalents at end of period	88.7	55	-33.6	

(¥bn)	As of Mar. 31, 2018 ①	As of Sept. 30, 2018 ②	Changes ②-①	Key Factors
Total assets	1,673.0	1,710.2	+37.1	
Total interest-bearing debt	877.8	941.4	+63.6	· Increase in long-term loans payable.
Shareholders' equity	501.4	505	+3.5	
Shareholders' equity ratio	30.0%	29.5%	-0.4P	
Debt/equity ratio	1.8	1.9	+0.1	

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

(¥bn)	18/3 2Q	19/3 2Q	Changes ②-①
	Actual* ①	Actual ②	
Operating revenue	273.0	231.3	-41.6
Residential Development	145.9	96.0	-49.8
Leasing	61.1	70.2	+9.1
Service & Management	72.6	72.6	-0.0
Investment Management	4.5	4.5	-0.0
Property Brokerage & CRE	17.8	16.9	-0.9
Property & Facility Management	50.2	51.1	+0.9
Other	0.0	0.0	-0.0
Adjustments	-6.8	-7.6	-0.8
Operating profit	34.4	26.0	-8.4
Residential Development	10.2	0.8	-9.3
Leasing	15.8	18.3	+2.4
Service & Management	10.4	8.7	-1.6
Investment Management	2.8	2.7	-0.0
Property Brokerage & CRE	4.4	2.8	-1.5
Property & Facility Management	3.1	3.1	-0.0
Other	-0.0	-0.0	-0.0
Adjustments	-2.0	-1.9	+0.0
Ordinary profit	30.3	21.5	-8.8
Profit attributable to owners of parent	20.1	13.0	-7.1

Key factors of changes in operating profit by business unit (compared to FY18/3 2Q)



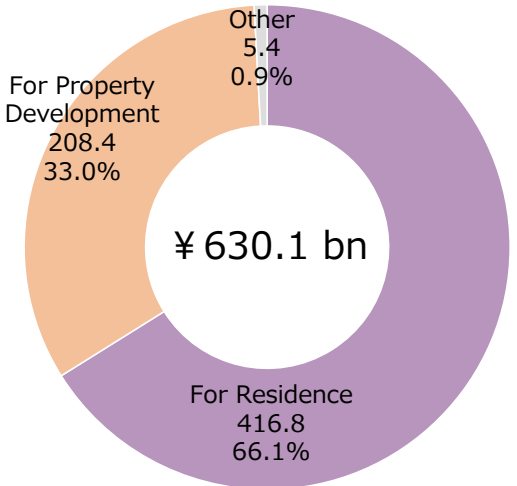
*From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. For FY18/3, figures are calculated under the new classification.

(¥bn) *Figures rounded down to the nearest ¥100 mn	As of Mar. 31, 2018 ①	As of Sept. 30, 2018 ②	Changes ② - ①	Key Factors			
Assets	1,673.0	1,710.2	+ 37.1				
Current assets	717.6	758.6	+ 40.9	<Inventories>			
(Breakdown)					Mar. 31, 2018	Sept. 30, 2018	Changes
Cash and deposits and others	61.3	55.0	-6.3				
Notes and accounts receivable-trade	17.3	14.6	-2.6	For Residence	401.0	416.8	+ 15.8
Inventories	592.9	630.1	+ 37.1	For Property development	187.2	208.4	+ 21.1
Equity investments	9.6	11.1	+ 1.5	Other	5.1	5.4	+ 0.3
Other current assets	36.3	47.6	+ 11.2	Adjustments	-0.4	-0.6	-0.1
Non-current assets	955.4	951.5	-3.8	Total	592.9	630.1	+ 37.1
Property, plant and equipment	848.3	839.7	-8.6	* For Residence...Residential Development Business Unit			
Intangible assets	12.3	12.3	+ 0.0	* For Property development...Leasing Business Unit			
Investments and other assets	94.7	99.4	+ 4.6	* Other...Property & Facility Management Business Unit, Other Unit			
(Breakdown)							
Investment securities	42.3	47.9	+ 5.5	<Investment securities>			
Lease and guarantee deposits	23.1	23.8	+ 0.6	• An increase in investments in overseas businesses.			
Other non-current assets	29.2	27.6	-1.5				
Liabilities	1,158.1	1,191.3	+ 33.2				
Current liabilities	234.1	217.8	-16.3				
(Breakdown)							
Notes and accounts payable-trade	41.6	28.3	-13.3				
Short-term loans payable, etc.	102.3	117.4	+ 15.1				
Deposits received	18.8	10.2	-8.5				
Other current liabilities	71.3	61.8	-9.5				
Non-current liabilities	923.9	973.5	+ 49.6				
(Breakdown)							
Bonds payable	140.0	140.0	-				
Long-term loans payable	635.5	684.0	+ 48.5	<Interest-bearing debt>			
Lease and guarantee deposits received	60.2	60.2	+ 0.0	• Mar 31, 2018: ¥877.8 bn → Sept 30, 2018: ¥941.4 bn			
Other non-current liabilities	88.1	89.2	+ 1.0				
Net assets	514.9	518.8	+ 3.8	<Treasury Shares>			
Total liabilities and net assets	1,673.0	1,710.2	+ 37.1	• Mar 31, 2018: ¥-10.0 bn → Sept 30, 2018: ¥-13.5 bn			
Shareholders' equity ratio	30.0%	29.5%	-0.4P	<Shareholders' equity>			
Debt/equity ratio	1.8	1.9	+ 0.1	• Mar 31, 2018: ¥501.4 bn → Sept 30, 2018: ¥505.0 bn			

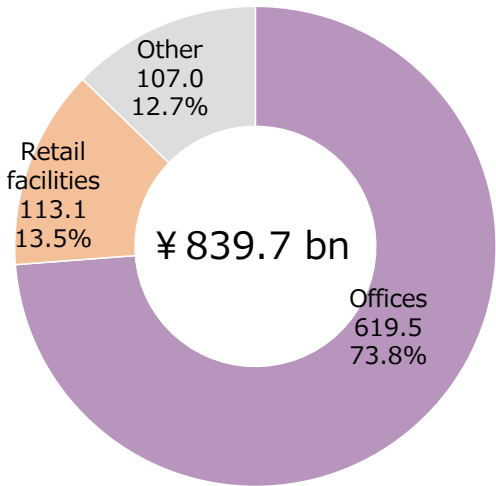
Total Assets : ¥1,710.2 bn

Current assets		758.6		Liabilities		1,191.3	
Cash and deposits and others	55.0	Interest-bearing debt	941.4				
Notes and accounts receivable-trade	14.6	Short-term loans payable, etc.	117.4				
Inventories	630.1	Bonds payable	140.0				
For Residence	416.8	Long-term loans payable	684.0				
For Property development	208.4	Notes and accounts payable-trade	28.3				
Other	5.4	Deposits received	10.2				
Adjustments	-0.6	Other current liabilities	61.8				
Equity investments	11.1	Lease and guarantee deposits receive	60.2				
Other current assets	47.6	Other noncurrent liabilities	89.2				
Non-current assets		951.5		Net assets		518.8	
Property, plant and equipment	839.7	Shareholder's Equity	505.0				
Offices	619.5	Subscription rights to shares	2.4				
Retail facilities	113.1	Non-controlling interest	11.3				
Other	107.0						
Intangible assets	12.3						
Investments and other assets	99.4						

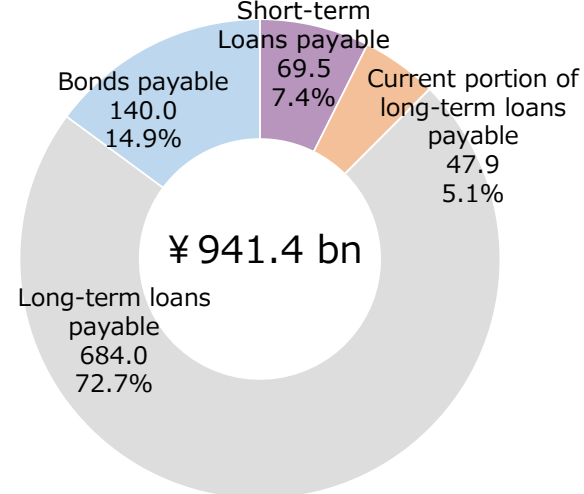
Inventories



Property, plant and equipment



Interest-bearing debt

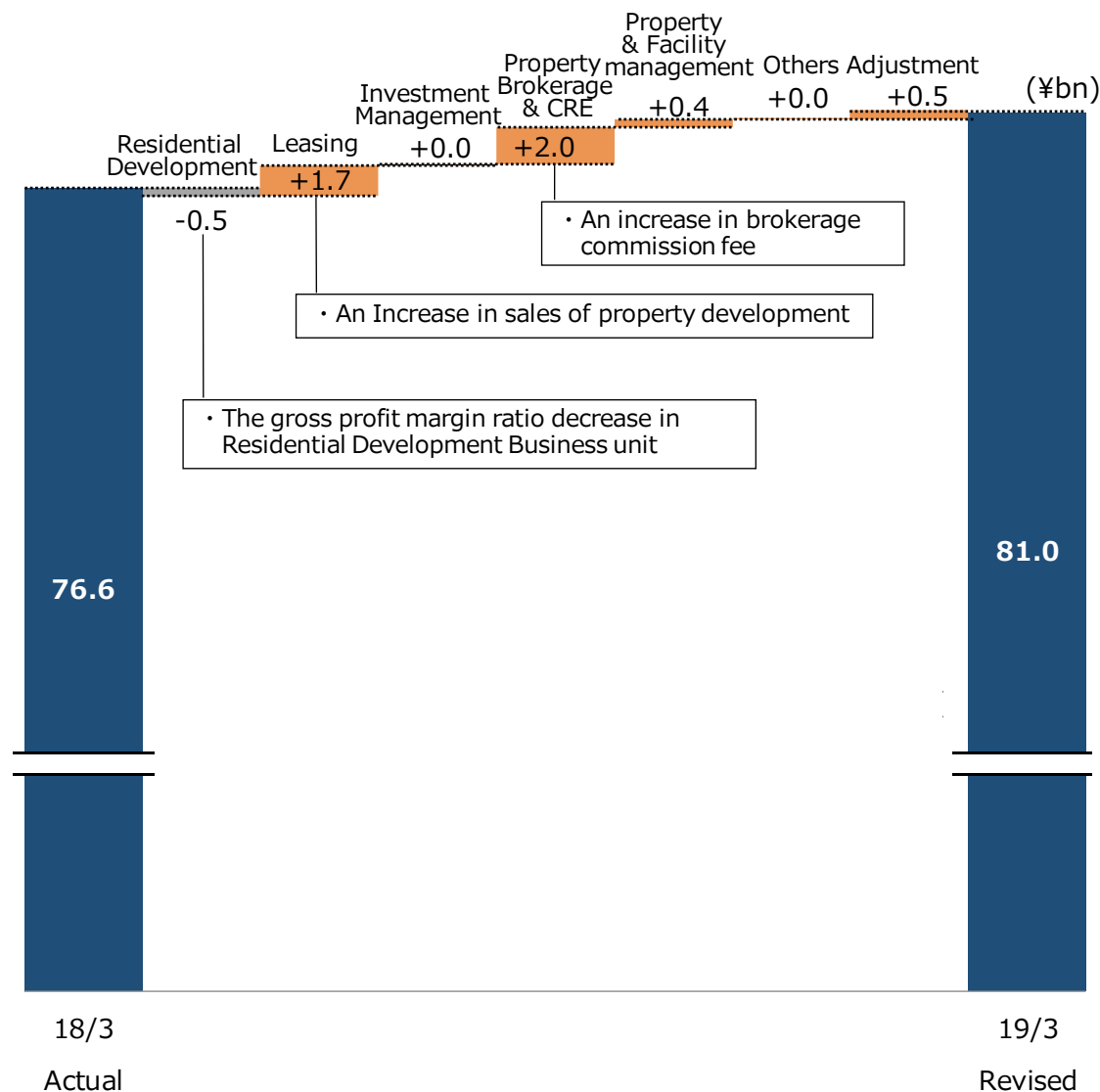


For Residence: The Residential Development Business Unit
 For Property development: The Leasing Business Unit

- We have revised our forecast examining residential development business outlook and reviewing sales amount of property development.
- Our forecast to reach a record high in operating revenue and operating profit have not changed.

(¥bn)	18/3	19/3	Changes ②-①	19/3	Changes ②-③
	Actual* ①	Revised Forecast ②		Previous Forecast ③	
Operating revenue	623.7	687.0	+63.2	700.0	-13.0
Residential Development	355.4	375.0	+19.5	379.0	-4.0
Leasing	134.9	166.0	+31.0	173.0	-7.0
Service & Management	149.6	160.0	+10.3	162.0	-2.0
Investment Management	9.3	9.5	+0.1	9.5	+0.0
Property Brokerage & CRE	35.7	40.5	+4.7	40.5	+0.0
Property & Facility Management	104.5	110.0	+5.4	112.0	△2.0
Other	0.1	0.0	-0.1	0.0	+0.0
Adjustments	-16.3	-14.0	+2.3	-14.0	+0.0
Operating profit	76.6	81.0	+4.3	81.0	+0.0
Residential Development	24.5	24.0	-0.5	26.5	-2.5
Leasing	35.2	37.0	+1.7	35.0	+2.0
Service & Management	21.4	24.0	+2.5	24.0	+0.0
Investment Management	5.9	6.0	+0.0	6.0	+0.0
Property Brokerage & CRE	8.4	10.5	+2.0	10.5	+0.0
Property & Facility Management	7.0	7.5	+0.4	7.5	+0.0
Other	-0.0	0.0	+0.0	0.0	+0.0
Adjustments	-4.5	-4.0	+0.5	-4.5	+0.5
Ordinary profit	68.0	72.0	+3.9	72.0	+0.0
Profit attributable to owners of parent	46.0	47.0	+0.9	47.0	+0.0
Basic earnings per share (¥)	240.89	250.94	+10.05	—	—
Cash dividends per share (¥)	70.00	75.00	+5.00	+75.00	—

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

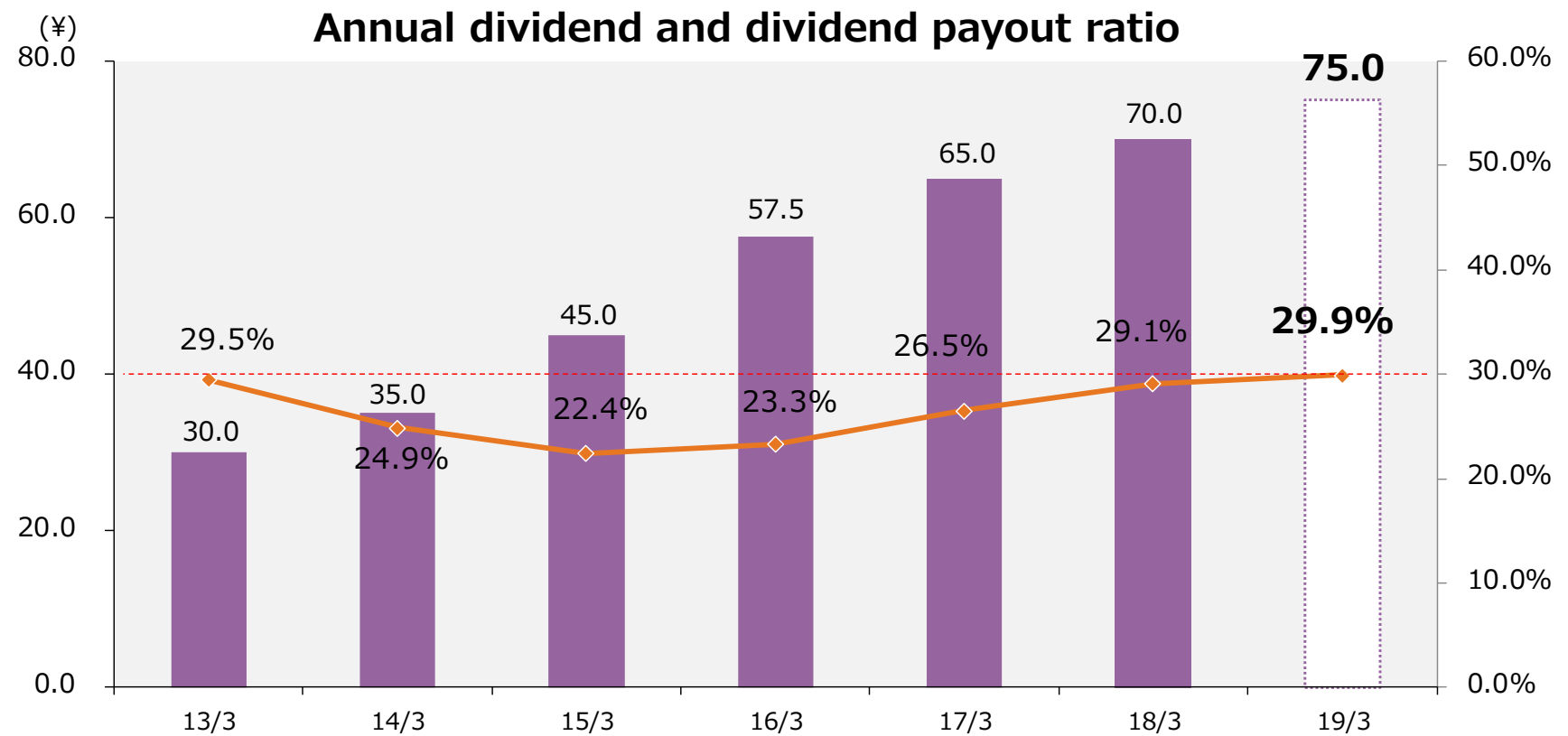


*From FY19/3, Nomura Real Estate Reform Co., Ltd., which had been classified under the Residential Development Business Unit, was transferred to the Property & Facility Management Business Unit. For FY18/3, figures are calculated under the new classification.

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 year. The annual dividend for FY19/3 is expected to increase to ¥75 (up ¥5.0 compared with FY18/3).
- Following 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 Forecast
EPS(¥)	101.61	140.70	201.28	246.42	245.10	240.89	250.94
Dividend payout ratio (%)	29.5	24.9	22.4	23.3	26.5	29.1	29.9
Total return ratio (%)	"	"	"	"	"	50.8	40.5
Dividend yield (%)	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



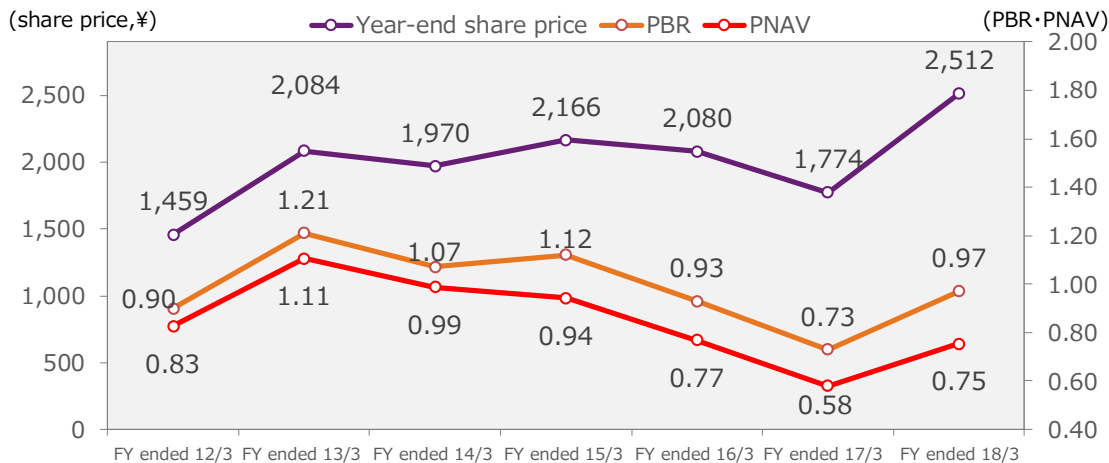
Considering the acquisition of treasury shares as taking into account of share price, financial soundness and business investment environment.

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

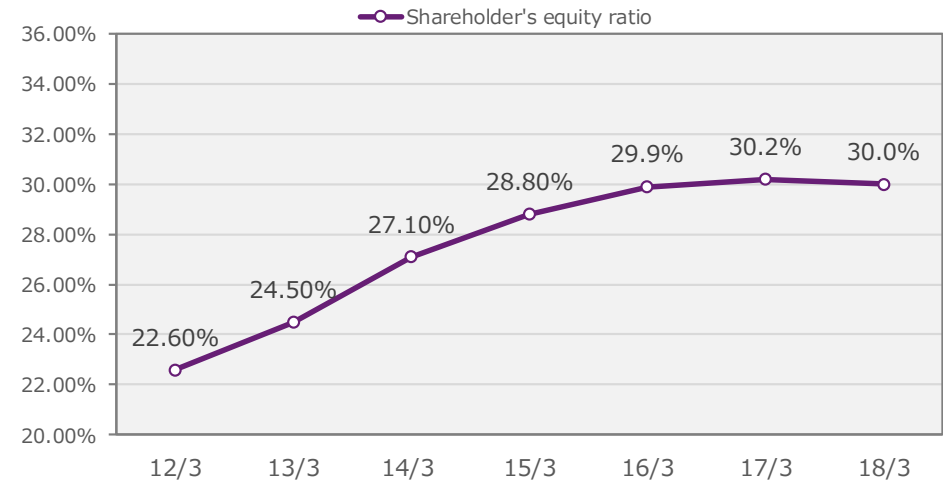
Share price

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



Financial soundness

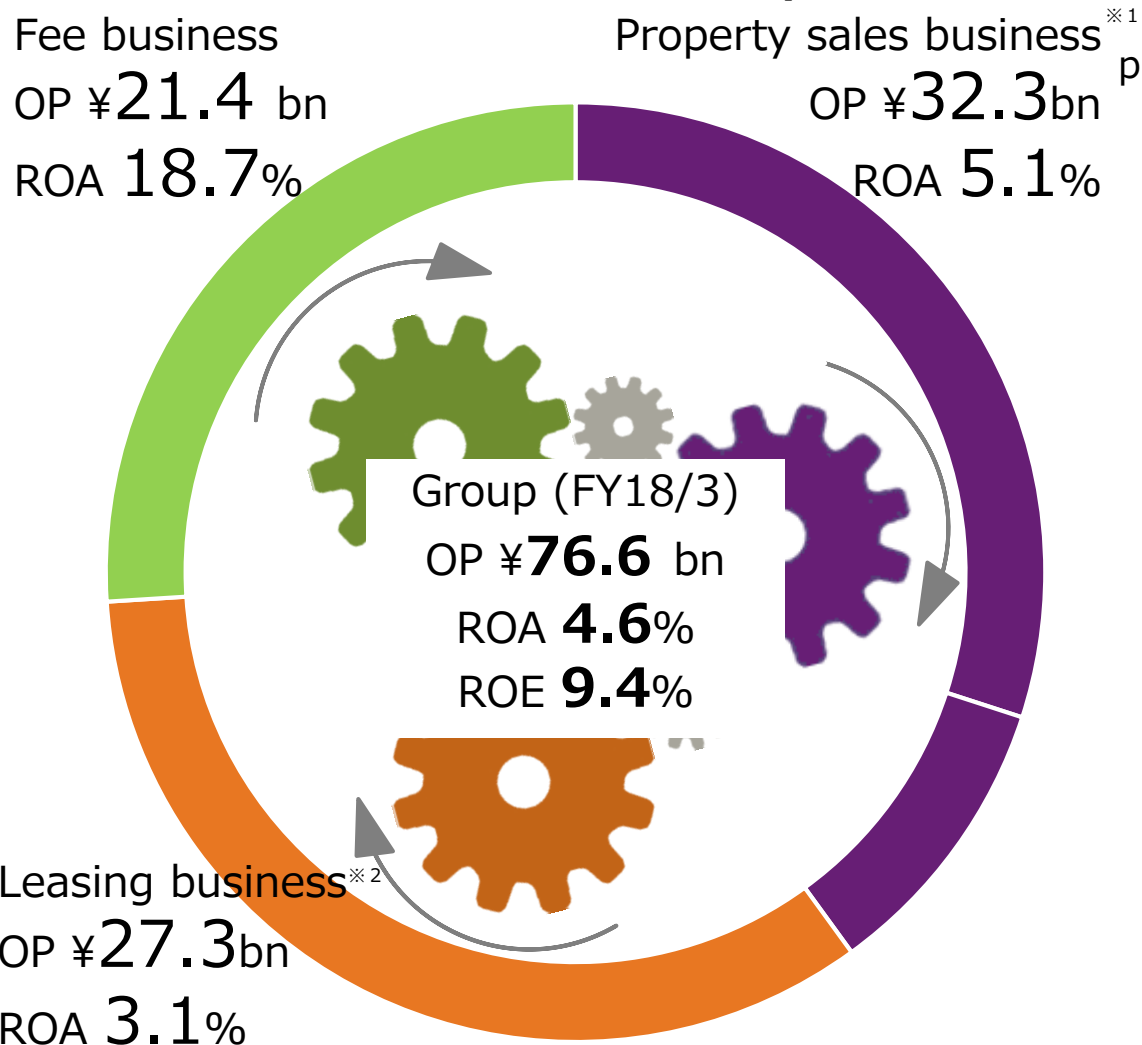
Maintaining shareholder's equity ratio at a 30% level which is our financial target.



Business Management Strategy

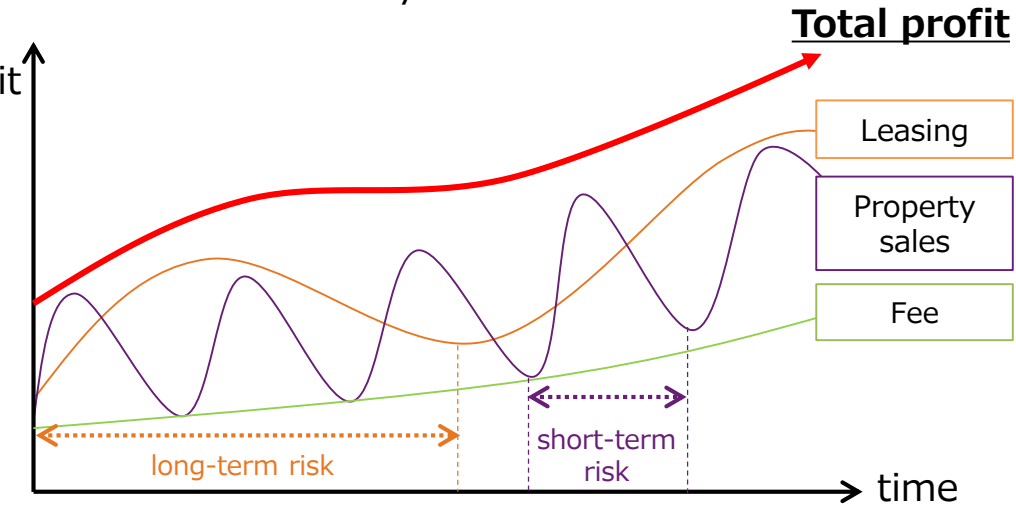
- Our well-balanced portfolio is centered on three businesses, property sales business, leasing business and fee business to achieve both, the diversification of impact of the market risk and the high asset efficiency.
- To prepare for the market risk, we are expanding fee business.

Focused on both risk diversification and asset efficiency



Profit structure with risk balance (our view)

- Stabilize business by risk diversification.



Business	Unit		Business characteristics		
			ROA ^{※3} (%)	Volatility	Profit fluctuation
Property Sales	Residential Development		5~8	short	unstable
	Leasing	Property Development		short	unstable
Leasing	Leasing		2~3	long	stable
Fee	Investment Management		17~20	-	stable
	Property Brokerage & CRE				unstable
	Property & Facility Management				stable
Our Group			ROA : 4.6~5.8 ROE : 9.4~11.2		

※1 : OP of property development for sales is calculated by subtracting the expenses of leasing business unit, proportionally based on BS balance from gross profit of property development.

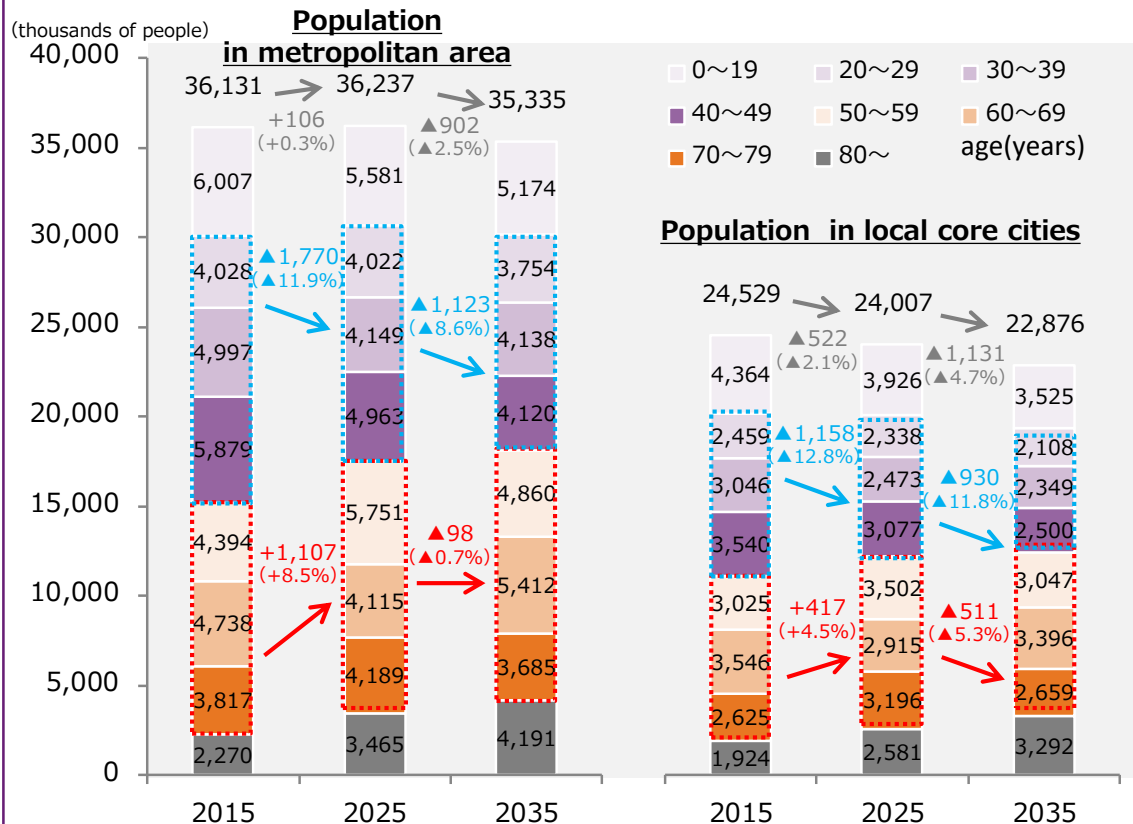
※2 : OP of leasing business is calculated by subtracting OP of property development for sales from OP of leasing business unit.
 ROA for leasing business is calculated by dividing the OP of leasing business by the balance of the end-of-period assets excluding the inventory assets of the leasing business unit.

※3 : ROA of each business is the approximate range of the past five years.

- The customer needs for station vicinity and convenience is expanding due to the increase of dual-income family and elderly people.
- Promoting redevelopment projects, which is our advantage. In addition to metropolitan and Kansai area, we started projects in local core cities where public administration needs are high.

Population estimate in Metropolitan area and local core cities

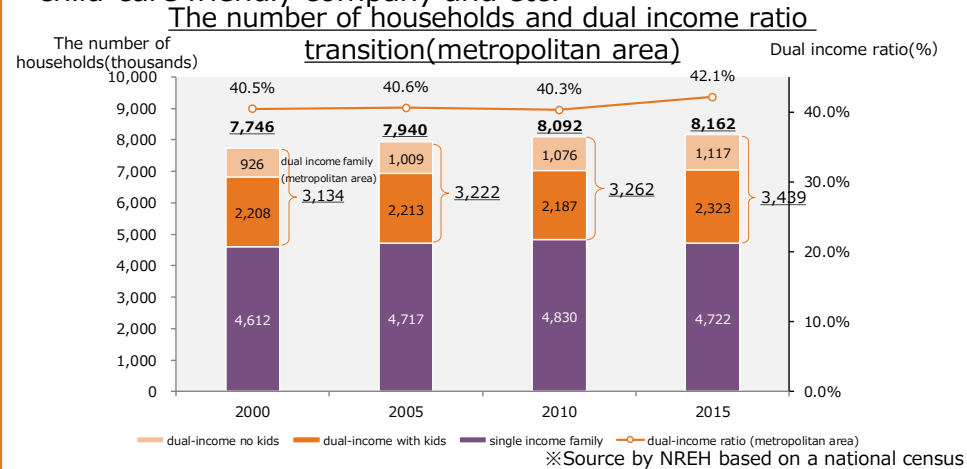
- Population in metropolitan area is estimated to decrease gradually. Active elderly people increase, while the main labor force, aged between 20 and 40 decrease.
- Local core cities faces the population decline and aging earlier than Tokyo area, due to the outflow of younger generations. Improvement of urban infrastructures is an important issue.



Source by National Institute of Population and Social Security Research, Household Projections for Japan (2018)
 ※Metropolitan area population is a sum of population of Tokyo, Kanagawa, Saitama, Chiba.
 ※Local core cities population is a sum of population of cities with over 0.2mn people, excluding cities of metropolitan area, Miyagi, Osaka, Aichi.

Expansion of dual-income family (metropolitan area)

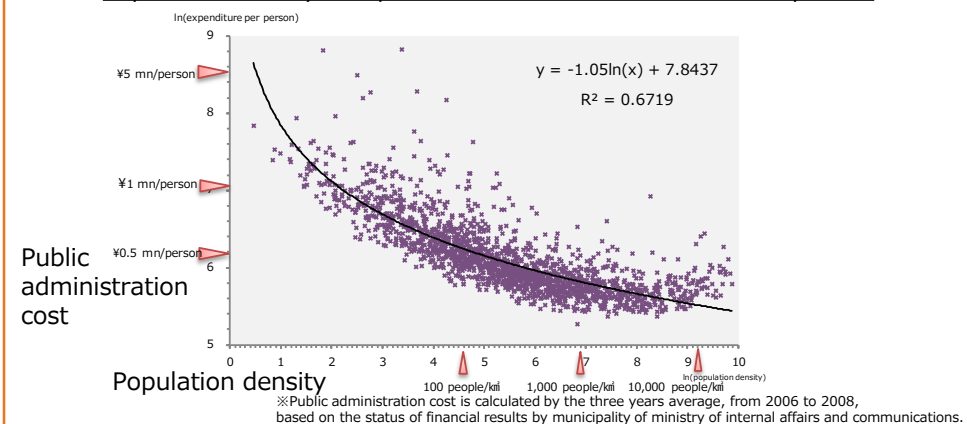
- Dual-income families in metropolitan area are increasing steadily. It is expected to increase more due to the expansion of child-care friendly company and etc.



Public administration cost and population density

- Public administration cost is related to population density. It is an urgent task to create compact cities in local core cities, owing to the population decline and aging.

Population density and public administration cost of municipalities



- Promoting redevelopment business in strong demand areas with such as station front district. Secured business volume of 14,700 units including stocks and projects under planning. Promoting residential redevelopment projects, not only in metropolitan and Kansai area, but also in local core cities.

Completion		Phase 1 FY 19/3	Phase 2 FY20/3~FY22/3	Phase 3 FY23/3~FY25/3	FY26/3~
Metropolitan area	Stock	265 units	approx. 2,570 units	approx. 2,550 units	approx. 150 units
	Plan	– units	– units	approx. 4,300 units	approx. 3,940 units
Local core cities	Stock	– units	– units	– units	– units
	Plan	– units	– units	approx. 330 units	approx. 620 units
Total		265 units	approx. 2,570 units	approx. 7,180 units	approx. 4,710 units

Residential redevelopment & rebuilding projects

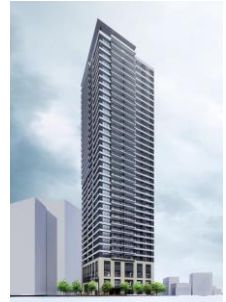
Metropolitan area



PROUD TOWER
 Higashi Ikebukuro
 Residence(share):110 units
 Completion:FY19/3 plan



PROUD TOWER
 Musashi Koganei Cross
 Residence(share):618 units
 Completion:FY21/3 plan



Higashi-Ikebukuro 4-chome
 Second District
 Residence(share):193 units
 Completion:FY22/3 plan



Kawaguchi Sakaecho 3-chome
 District
 Residence(share):464 units
 Completion:FY23/3 plan

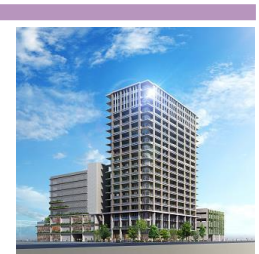


Itabashi Station Itabashi Exit District
 Residence(share):approx.363units
 Completion:FY24/3 plan

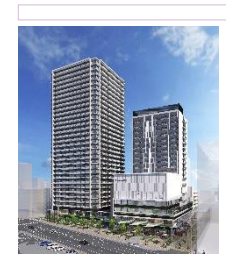
Local core cities



Utsunomiya Station East Exit District
 Residence(total):approx.150 units
 Completion:FY23/3 plan



Minatomachi 3-chome C-District
 Redevelopment (Matsuyama)
 Residence(total):184 units
 Completion:FY24/3 plan



Okayama Ekimaecho 1-chome
 District Redevelopment
 Residence(total):approx.390 units
 Completion:FY26/3 plan



Mishima Station South Exit East-District
 Residence(total):approx.300 units
 Completion:FY26/3 plan

Stocks: Time schedules are authorized.

Projects under planning: Time schedules are yet to be authorized. Copyright 2018 Nomura Real Estate Holdings, Inc.

- Promoting large-scale mixed-use residential development.
- Aiming to develop multifunctional towns where all generation can live comfortably.

Past projects

Funabashi Morino City



Location : Funabashi-shi, Chiba
 Developed area : Approx. 17.6ha
 Access: 1-min. walk from Shin-Funabashi St.
 Facilities : Condominiums, detached housings, retail facilities, hospital, childcare support facilities, residences for elderly people with service
 Total units : 1,539 (Condos: 1,497 units, Detached housings: 42 units)

- An ecological mixed-use development and awarded the Eco Quartier Quality Label in 2018.
- “OUKAS Funabashi”, residences for elderly people with service was opened in the city in Oct 2017. Occupancy rate over 90% as of end of Sep 2018.

ZUTTO CITY



One of the largest mixed-use redevelopments located in front of the train station in kansai region

Location : Amagasaki-shi, Hyogo
 Access : 2-min. walk from JR Tsukaguchi St.
 Facilities : Condominiums, detached housings, retail facilities
 Total units : 1,271 (Condos:1,200, detached housings:71)
 Completion : On and after FY18/3

Tsunashima Sustainable Smart Town



Next generation smart city, co-development with Panasonic

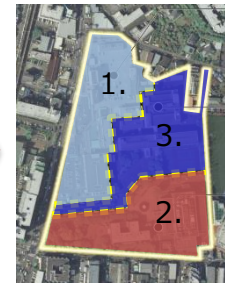
Location : Kouhoku-ku, Yokohama-shi, Kanagawa
 Access : 11-min. walk from Tsunashima St.
 Facilities : Condominiums, retail facilities, day care / preschool
 Total units : 94
 Completion : FY18/3

Future projects Large-scale mixed-use development

PROUD CITY Hiyoshi



Location : Kouhoku-ku, Yokohama-shi, Kanagawa
 Access : 9-min. walk from Hiyoshi St.
 Facilities : Condominiums, retail facilities, residences for elderly people with service, etc.
 Total units : 1,320
 Completion (plan) : on and after FY20/3



Development by taking advantage of group synergy

For this large-scale development, acquired approx. 5.5 ha, utilizing our other developments

1. Apita store: Transferred to our other development
2. Land held by company A: Exchanged with part of our share of an existing property
3. Land held by company B: Acquired through negotiation

*Land for elementary school is included in this area.

Kameido 6-chome plan



Location : Koto-ku, Tokyo
 Access : 2-min. walk from Kameido St.
 Facilities : Condominiums, retail facilities, apartment
 Total units : Approx. 760
 Completion : On and after FY23/3

PROUD CITY Kichijoji



Location : Mitaka-shi, Tokyo
 Access : 23-min. walk from Kichijoji St. (6 to 10 min. by bus)
 Facilities : Condominiums, retail facilities, elderly housings with supportive services
 Total units : Approx. 678
 Completion : On and after FY20/3

- **Planning to invest ¥300.0 bn for overseas business** until phase 3 of the current Mid-to Long-term Business Plan. Developing business in high-growth Southeast Asia area.
10 projects, total ¥45 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 ²	Federal Land, Isetan Mitsukoshi Holdings	20.00%	s	c c 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	
<u>Bangkok, Thong Lo</u>	Residence	1,236 units	Origin Property	49.00%		s	c
Ho Chi Minh City SUN WAH TOWER (Existing Property)	Office	Approx. 26,500m ²	SUN WAH GROUP	24.00%	→Acquire our share		
Beijing Beijing Fortune Building (Existing Property)	Office	Approx. 55,000m ²	Beijing Capital Development	Participating in the management	→Participate in the management		

s :Start of construction c :Completion of construction

New projects that we participated are underlined

Residential development

Bangkok, Thailand

Units volume: 4 buildings, over 3,000 units
 Our share: 49.00%



Leasing

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%

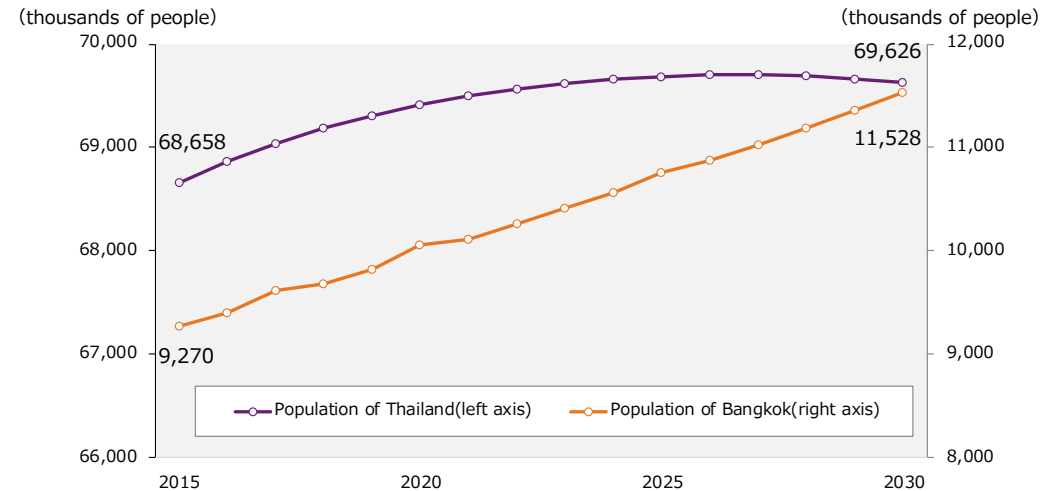


Business progress / Market analysis

- Promoting condominium business in Bangkok, Thailand with Origin property, a local developer.
- The population of Bangkok is increasing steadily. 50,000 to 60,000 condos are contracted per year. The market is expected to expand in mid-to long-term.
- The population of the middle class accounts for 40% of the Bangkok's population. Need for quality is predicted to be increased as well as volume.
- Supplying properties especially for expanding middle class and high end customers considering the market situation. The properties for sale are in good demand.

Changes in population (Thailand & Bangkok)

The Population of Bangkok is expected to growth 24% between 2015 and 2030.

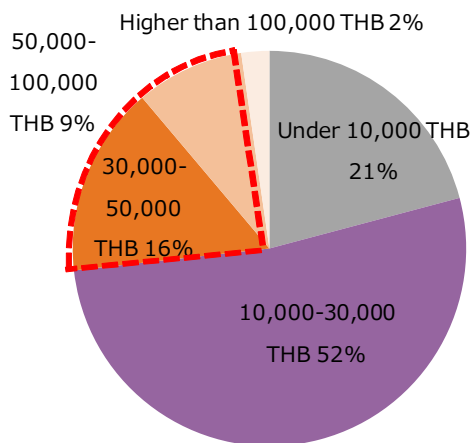


(Resource : National Statistical Office of Thailand)

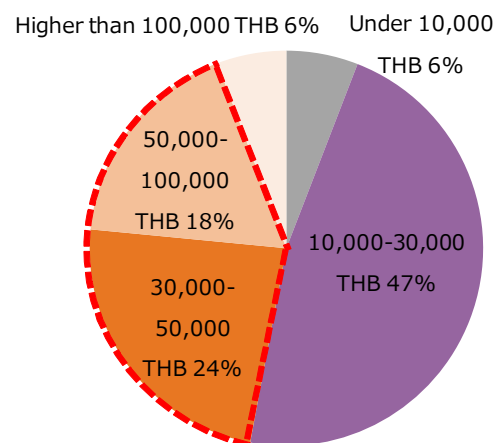
Population ratio by monthly income (Bangkok)

The population of middle class, whose monthly income is 30,000 to 100,000 THB accounts for 42% of the Bangkok's population.

<Thailand (2015) >



<Bangkok (2015) >

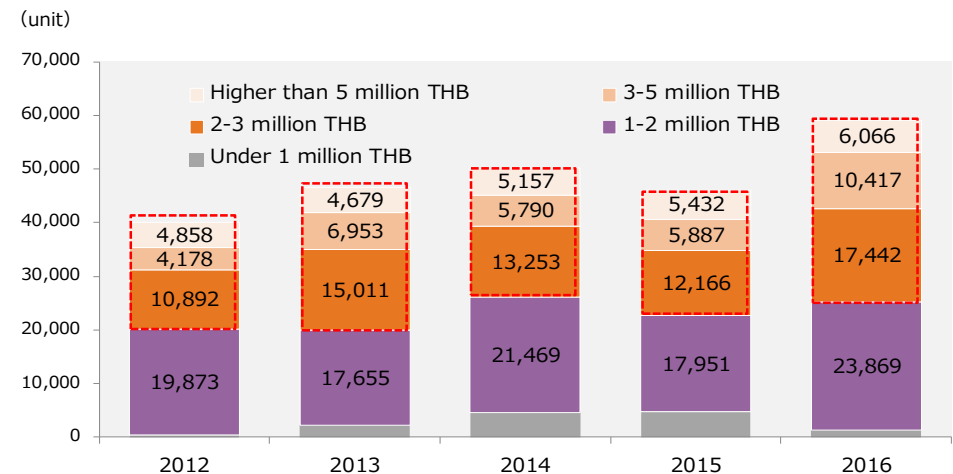


(Resource : National Statistical Office of Thailand)

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Changes in the number of housing contracts by price (Bangkok)

50,000 to 60,000 units are contracted per year. The number of housing contracts higher than 2 million THB are steadily increasing.



(Resource : Based on the data made by Origin Property)
 Reference: 1THB = ¥3.5 (as of Sep 30, 2018)

- 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

NOMURA REAL ESTATE GROUP

NOMURA REAL ESTATE ASSET MANAGEMENT

Relationship with over 160 institutional investors

J-REIT and Private REIT with AUM of ¥1.3 tn

LOTHBURY Investment Management

Relationship with over 110 institutional investors

UK-focused management with AUM of ¥320 bn

Strategic Partnership

Business synergy

Increasing AUM by offering cross boarder investment opportunities to Japan's and UK investors

Future business possibilities

Expanding overseas business with LIM's investment capabilities

NRHD
Expected to acquire 75% interest of LIM

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

- Managing 64 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 8.1% 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)

Business Unit information

- Financial forecast is revised down, due to the assumptions of gross margin ratio decrease and cost increase. No change in the number of housing sales unit forecast, and we will maintain constant contract. Gross margin ratio was **19.8%** (down 1.0 points y/y)

(¥bn)	18/3 2Q Actual ①	19/3 2Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Revised Forecast ④	Changes ④-③	19/3 Initial Forecast ⑤	Changes ④-⑤
Operating revenue	145.9	96.0	-49.8	355.4	375.0	+19.5	379.0	-4.0
Housing sales	135.1	85.7	-49.4	336.8	—	—	—	—
Other	10.7	10.2	-0.4	18.6	—	—	—	—
Operating profit	10.2	0.8	-9.3	24.5	24.0	-0.5	26.5	-2.5

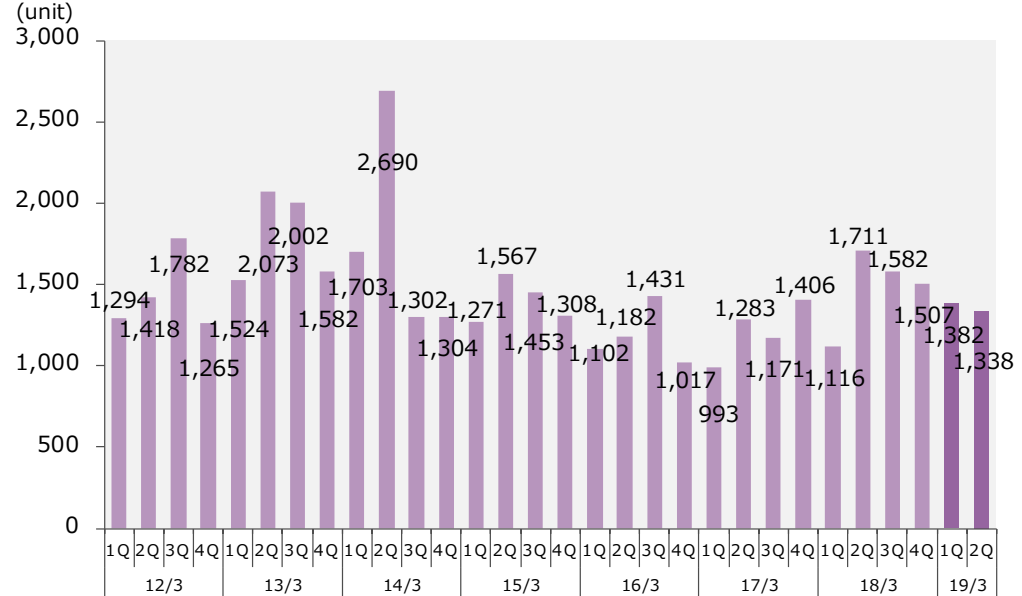
【Housing sales indicators】

Housing sales (unit)	2,199	1,393	-806	5,865	6,100	+235	6,100	—
Condominiums	2,006	1,228	-778	5,258	5,400	+142	5,400	—
Detached housing	193	165	-28	607	700	+93	700	—
Tokyo metropolitan area	1,752	1,090	-662	4,483	4,650	+167	4,650	—
Osaka metropolitan area	167	166	-1	716	800	+84	800	—
Other area	278	136	-142	666	650	-16	650	—
Period-end housing contracted but not sold(unit)	3,408	4,159	+751	2,831	—	—	—	—
Period-end completed housing inventory (unit)								
released for sale	311	132	-179	239	—	—	—	—
unreleased	321	75	-246	218	—	—	—	—
Average sales price (¥mn)	61.4	61.5	+0.0	57.4	—	—	—	—
Gross margin ratio (%)	20.8%	19.8%	-1.0p	19.1%	—	—	—	—

*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 are calculated under the new classification.

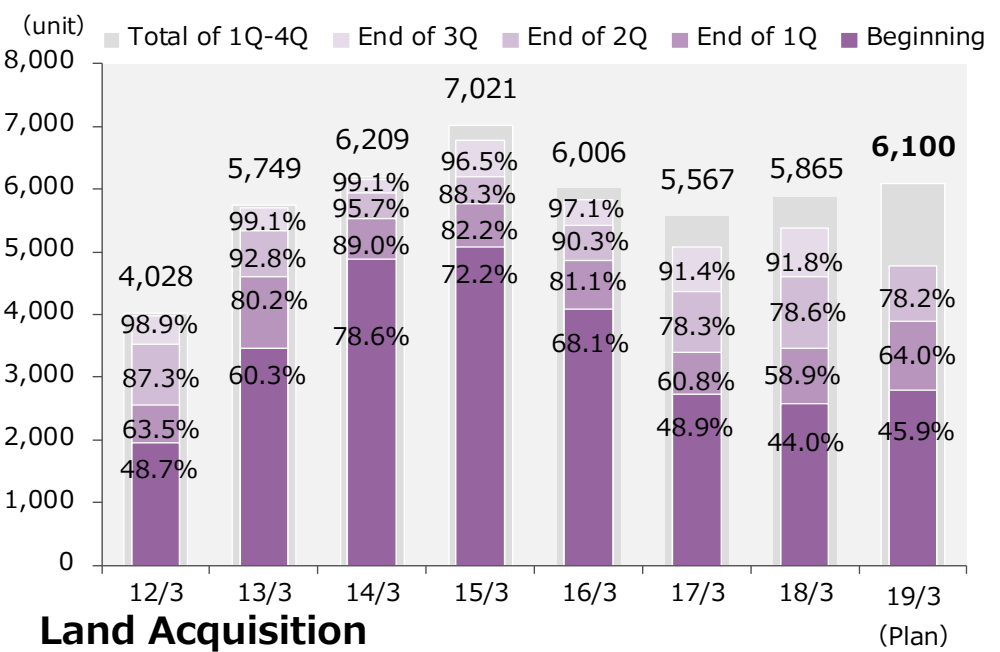
The number of housing contracted

● **2,720** units were contracted as of 2Q.



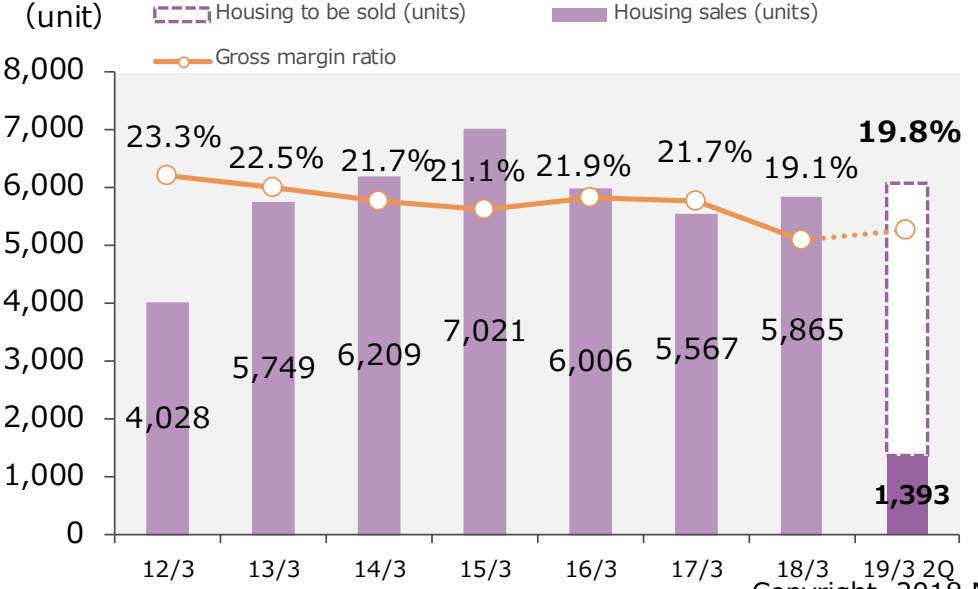
Contract rate against the number of housing sales

● **4,770 units (78.2%)** were contracted as of the end of 2Q.



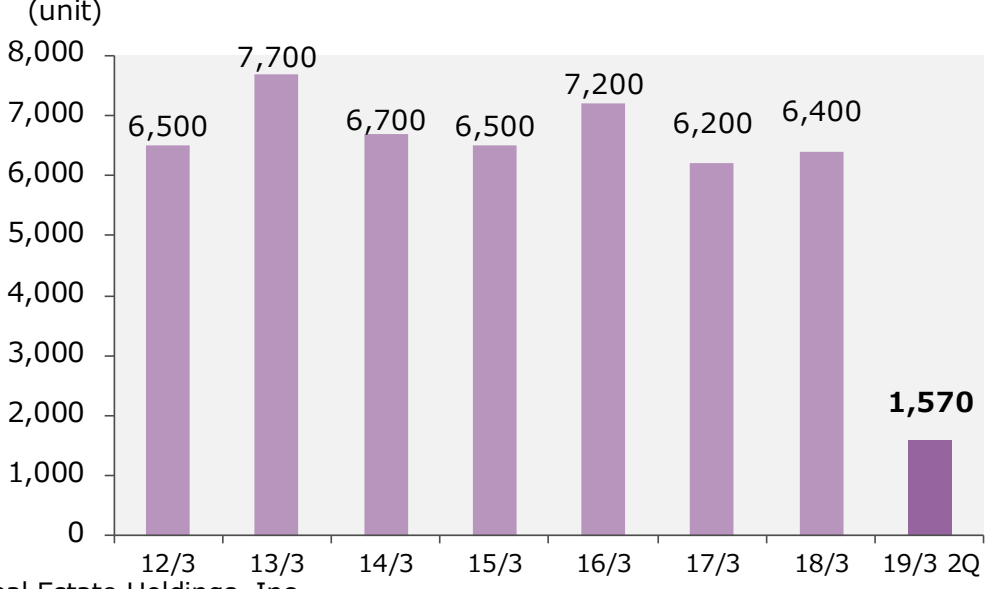
The gross margin ratio and the number of housing sales

● The number of housing units sold as of 2Q was **1,393** units.
 The gross margin ratio was **19.8%**.



Land Acquisition

● Lands for **1,570** units were acquired in 1Q and 2Q.
 Lands stock for FY19/3 3Q onward is **22,900** units.



Major Upcoming Projects

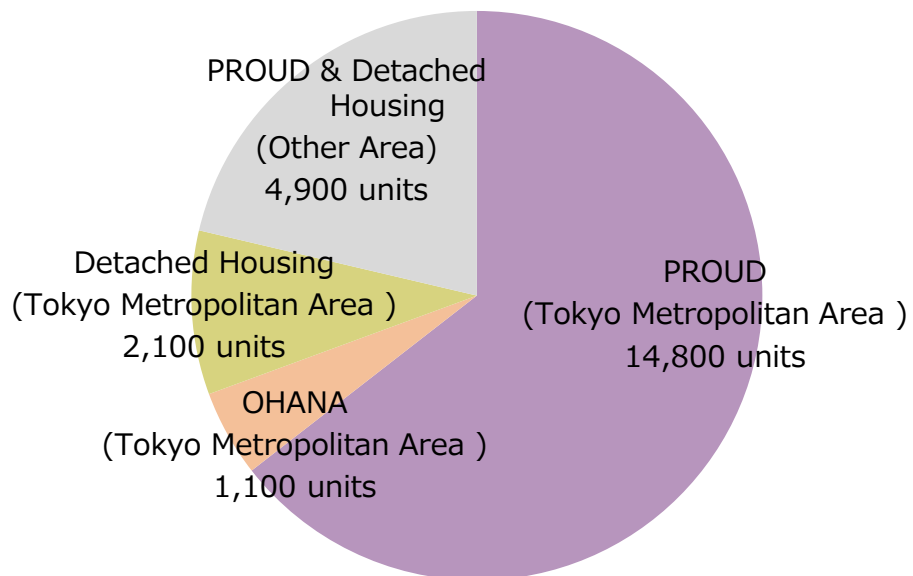
19/3	20/3	21/3	22/3~
PROUD Ginza-Higashi Residence (Chuo-ku, Tokyo 99 units)	PROUD CITY Shinonome Canal Marks (Koto-ku, Tokyo 472 units *1)	Sarugakucho II Project (Shibuya-ku, Tokyo 108 units)	Higashi-Ikebukuro 4-chome Second District (Toshima-ku, Tokyo 193 units)
PROUD TOWER Higashi-Ikebukuro (Toshima-ku, Tokyo 110 units)	PROUD CITY Kichijoji (Mitaka-shi, Tokyo 314 units *1*2)	PROUD TOWER Musashi-Koganei Cross (Koganei-shi, Tokyo 618 units *1)	Hankyu Tsukaguchi Station-Front Redevelopment Project (Amagasaki-shi, Hyogo 416 units)
PROUD CITY Etchujima (Koto-ku, Tokyo 305 units)	PROUD Ebisu Hillside Garden (Shibuya-ku, Tokyo 88 units)	THE COURT Jingu-Gaien (Shibuya-ku, Tokyo 74 units *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 District Redevelopment Project (Kawaguchi-shi, Saitama 464 units)
AIR HILLS Fujisawa (Fujisawa-shi, Kanagawa 105 units *2)	PROUD CITY Hiyoshi (Kohoku-ku, Yokohama-shi 1,082 units *1*2)	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*1*2)	PROUD TOWER Kitahama (Chuo-ku, Osaka-shi 168 units *2)	Tsudanuma The Tower (Narashino-shi, Chiba 189 units *2)	Minamikoiva 6-chome Redevelopment (Edogawa-ku, Tokyo 309 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 22,900 units for FY19/3 3Q onward.



PROUD Tower Higashi-ikebukuro



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 expertise.

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		
PROUD TOWER Higashi-Ikebukuro	110	s c		
PROUD TOWER Musashi-Koganei Cross *2	618	s	c	
Sakai-Higashi GIORNO Redevelopment *1	272	s	c	
Wakashio Heights*1	565	s	c	c
Nagoya Nishiki 2-chome Redevelopment *1	117		s c	
Hankyu Tsukaguchi Station-Front Redevelopment *2	416		s c	
Higashi-Ikebukuro 4-chome Second District	193		s c	
Tokyo Olympic · Paralympic Athlete's Village *1	488	s		c c
Minamikoiva 6-chome district Redevelopment *1	300~	s	c	c
Kawaguchi-sakaecho 3-chome District	464	s	c	
<u>Hirai Station North Exit District Redevelopment</u>	288		s c	
Utsunomiya Station East Exit District *1, *2				
Tarumi Station-Front District Redevelopment				
<u>Minatomachi 3-chome C District Redevelopment (Matsuyama-shi, Ehime)*1</u>				
<u>Itabashi Station Itabashi Exit District *1</u>				
Fukushima Station East Exit Redevelopment *1, *2				
Tsukishima 3-chome South Redevelopment *1				
JR Kamata Station East Exit Central District Redevelopment				
Tateishi Station South Exit East District Redevelopment *1				
Akasaka 7-chome 2nd District Redevelopment *1				
Minami-Ikebukuro 2-chome C District Redevelopment *1				
Kodaira Station-Front North District Redevelopment *1				
Okayama Ekimaecho 1-chome District Redevelopment *1				
Hongo Masago South District Redevelopment				
Iidabashi Station Central District Redevelopment *2				
Nishi-Ojima Station-Front Redevelopment *1				
Funabashi Station South Exit District Redevelopment				
Nishi-Nippori Station-Front Redevelopment *1,*2				
<u>Mishima Station South Exit East District *1</u>				
Kouyamachi · Miyuki-cho Redevelopment (Shizuoka) *1				
Hirao Condominium Redevelopment *1				
Minami-Ikebukuro 2-chome B District Redevelopment *1,*2				
Mikawashima Station-Front North District Redevelopment *1				
Kachidoki Station South Exit 8&9 Block Redevelopment *1				
Nishi-Shinjuku 3-chome West District Redevelopment*1,*2				

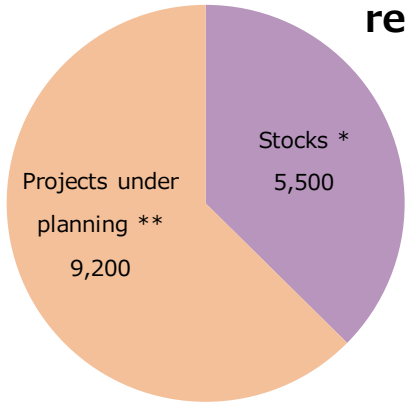
From Phase III onwards : 9,200 units
 (From 23/3 onwards)

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 Projects under planning

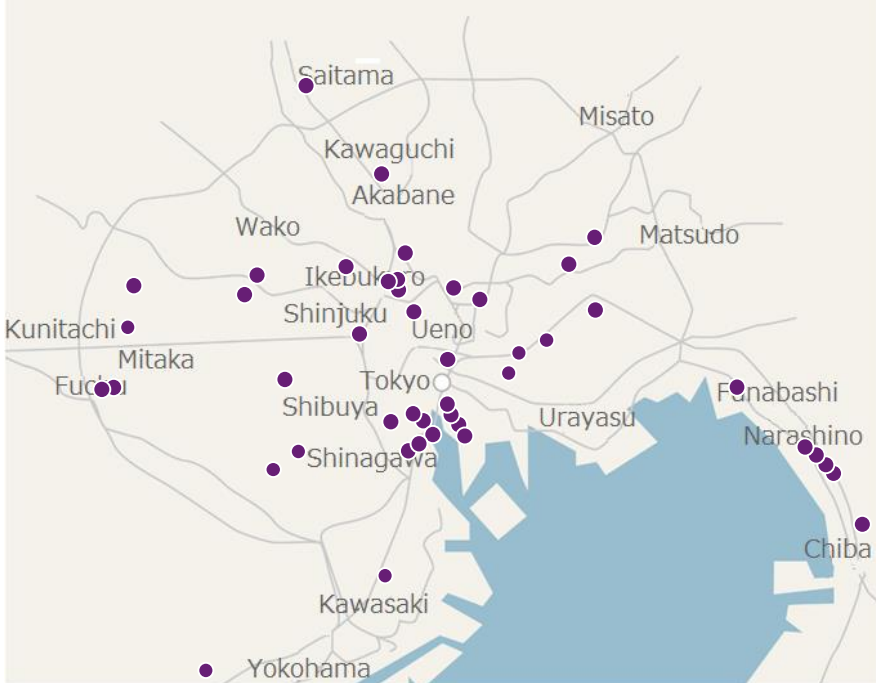
Stocks and projects under planning for redevelopment and rebuilding



Of 22,900 units for stock as from FY19/3 3Q, there are **5,500** units for stock for redevelopment and rebuilding. There are **9,200** 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.

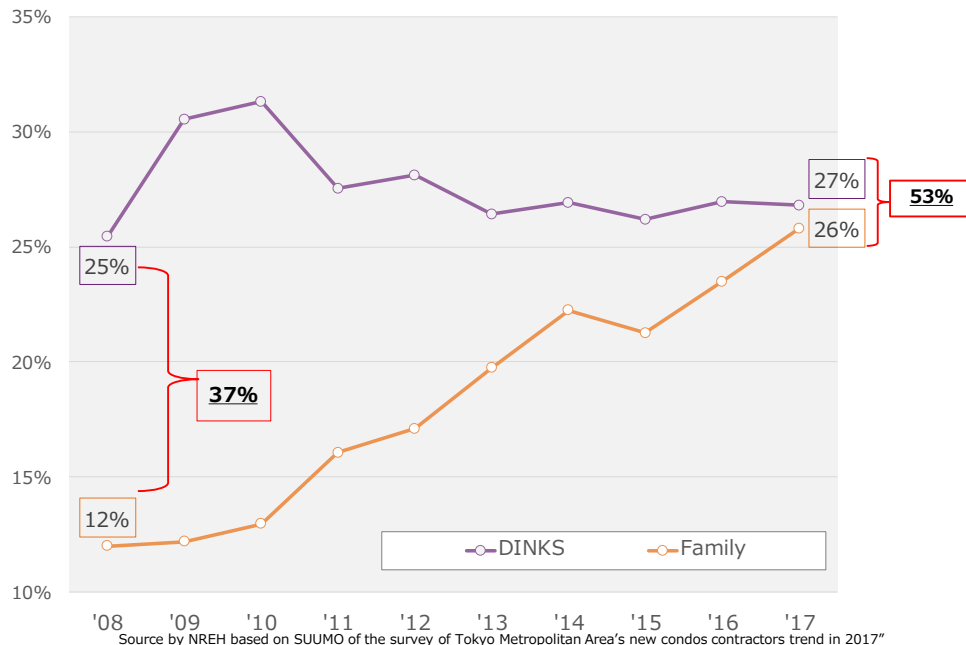
Redevelopment & Rebuilding Project Tokyo Metropolitan Area



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 dual-income households rise in number.
- Convenient commuting, Childcare environment, and Daily life environment are important points.

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



DINKS and the dual-income households ratio of buyers has increased to 53%.

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

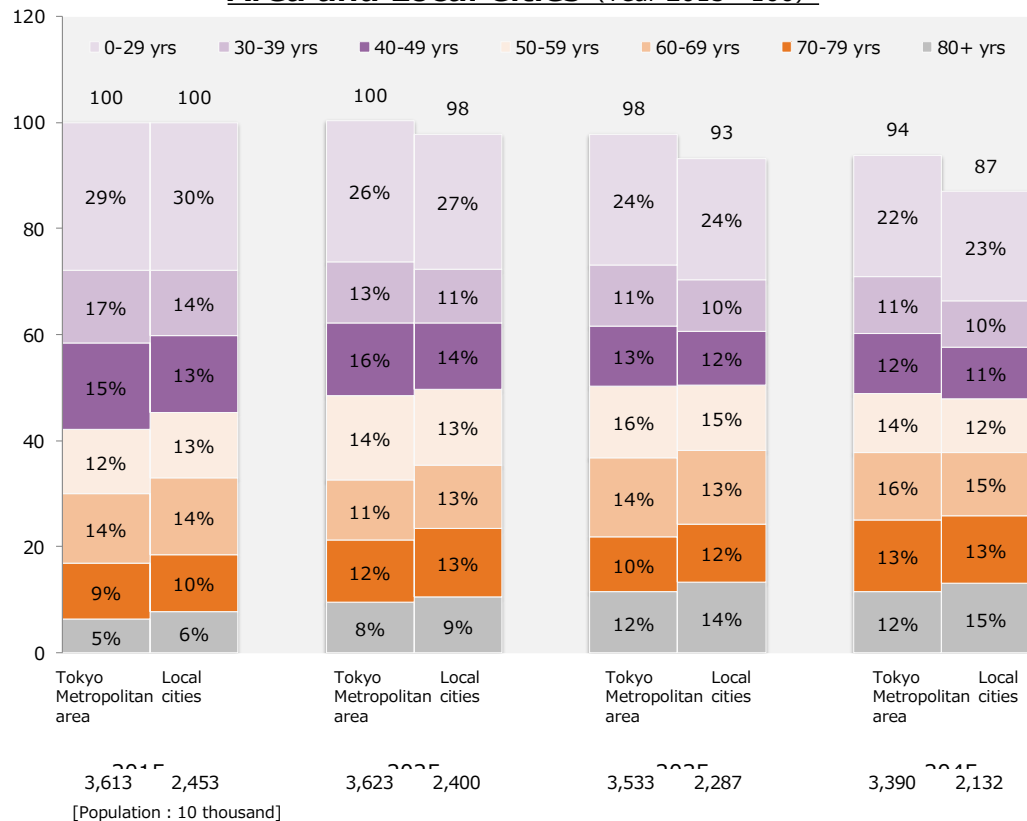
PROUD Tower Higashiikebukuro



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 2015=100)

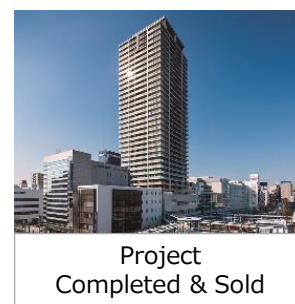


Source : National Institute of Population and Social security Research, Population Projections for Japan by area, 2018

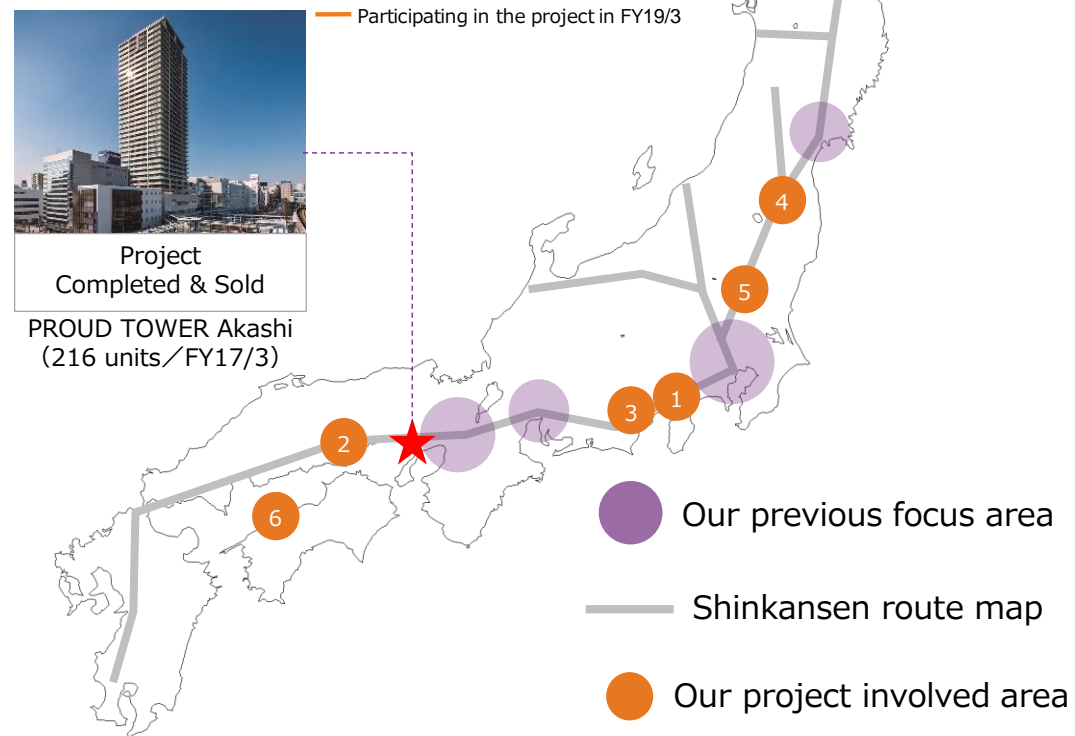
*The figures are aggregated by extracting cities with population of more than 0.2 million people.
 Tokyo Metropolitan area : Tokyo, Kanagawa, Saitama and Chiba
 Local cities : Cities with population of more than 0.2 million people except Tokyo metropolitan area, Osaka, Hyogo and Aichi.

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	400 (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)
6	Minatomachi, Matsuyama-shi	Matsuyama-shi, Ehime	Residence, Retail, Office	200 (Plan)



Project Completed & Sold
 PROUD TOWER Akashi (216 units/FY17/3)



- Financial forecast is revised upward owing to the rent revenue increase and standard cost revision. Though the vacancy rate increased due to the tenant moving out in Yokohama training facility, the revenue impact is minor.
- The vacancy rate as of the end of 2Q was **3.9%** (up 3.2 points compared to the end of FY18/3).

(¥bn)	18/3 2Q Actual ①	19/3 2Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Revised Forecast ④	Changes ④-③	19/3 Initial Forecast ⑤	Changes ④-⑤
Operating revenue	61.1	70.2	+9.1	134.9	166.0	31.0	173.0	-7.0
Leasing (offices)	26.6	28.1	+1.4	53.3	—	—	—	—
Leasing (retail facilities)	5.7	6.8	+1.1	12.6	—	—	—	—
Leasing (other)	3.3	3.8	+0.4	7.1	—	—	—	—
Property development (sale)	20.2	23.0	+2.7	43.3	—	—	—	—
Property development (leasing)	2.3	2.0	-0.3	4.7	—	—	—	—
Other	2.8	6.3	+3.4	13.7	—	—	—	—
Operating profit	15.8	18.3	+2.4	35.2	37.0	1.7	35.0	+2.0
Rentable floor area (sqm)	1,039,512	1,003,152	-36,359	1,021,004	—	—	—	—
Offices	864,802	828,531	-36,271	846,338	—	—	—	—
Retail facilities	174,710	174,622	-88	174,666	—	—	—	—
Vacancy rate	0.6%	3.9%	+3.3P	0.7%	—	—	—	—

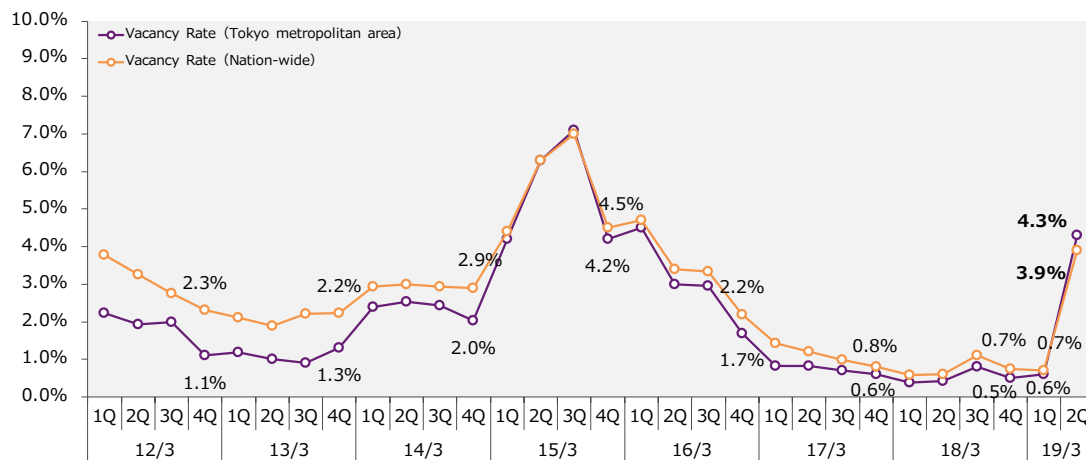
* Leasing (offices) includes subleasing properties

→ [Reference] Rent revenue change analysis

Changes Key Factors

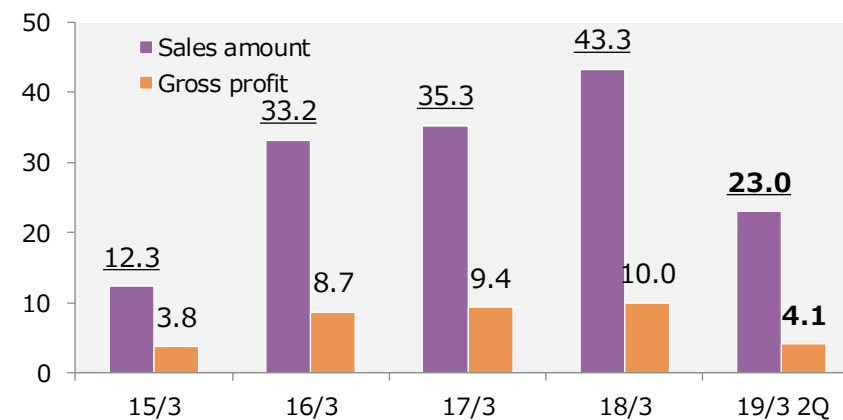
New and full period operation buildings	+1.4	The contribution of buildings including Yokohama Nomura Building and Morisia tsudanuma.
Existing buildings	+2.2	The restoration cost paid by the tenant moving out and others.
Sold and be terminated	-1.0	Building such as Nomura real estate Musashi Kosugi building 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 2Q: 23.0 billion yen



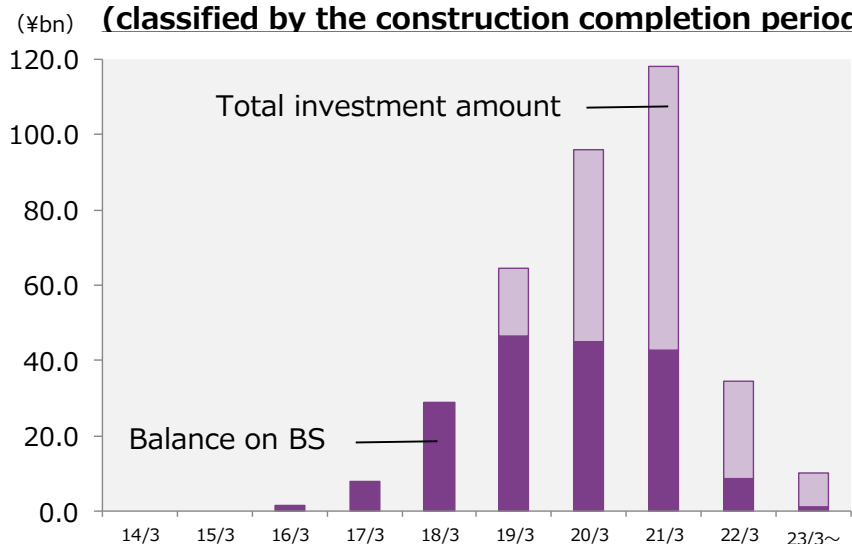
- **Acquired 16 properties in FY19/3 1Q and 2Q and the estimated total investment amount for them is about ¥70.0 bn. The stocks of property development are expanded to be about ¥360.0 bn.**
- **Promote acquisitions and sales at about ¥100 bn/FY in the mid-to-long-term to obtain stable earnings.**

Stocks of property development

(Estimated investment amount: about ¥360.0 bn *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 ¥182.0 bn as of the end of FY19/3 2Q.
- Aiming to expand to ¥200 bn on balance on BS in the mid-to-long-term.

(¥ bn)	19/3 2Q (on BS)	Phase 1	Phase 2	Phase 3
Image of expansion of Property Development	182.0	155.0	190.0	200.0
Offices (PMO, etc.)	75.8			
Retail Facilities (GEMS/NSC etc.)	29.3			
Logistics Facilities (Landport, etc.)	46.9			
Condominiums (PROUD FLAT, etc.)	29.8			

* 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.)

Condominiums (PROUD Flat etc.)

Retail Facilities (GEMS etc.)

Logistics Facilities (Landport etc.)

Offices (PMO etc.)		Condominiums (PROUD Flat etc.)		Retail Facilities (GEMS etc.)		Logistics Facilities (Landport etc.)	
Acquisition (Estimated total investment)	6 projects (About ¥35.5 bn)	Acquisition (Estimated total investment)	5 projects (About ¥12.0 bn)	Acquisition (Estimated total investment)	4 projects (About ¥10.5 bn)	Acquisition (Estimated total investment)	1 project (¥About 11.0 bn)
Sale (Sale value)	4 projects (¥11.3bn)	Sale (Sale value)	6 project (¥9.1 bn)	Sale (Sale value)	1 project (¥2.5 bn)	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 Ochanomizu



PMO Nihonbashi Edo Dori



PMO Shibuya

	Name(PMO)	Location	Completion	Status
1	PMO Shibadaimon	Shibadaimon, Mintako-ku, Tokyo	2014/9	Sold
2	PMO Nihonbashi Edo Dori*	Nihonbashi-Kodenmacho, Chuo-ku, Tokyo	2016/6	Under Operation
3	PMO Nihonbashi Mitsukoshimae	Nihonbashi-Honcho, Chuo-ku, Tokyo	2016/5	Sold
4	PMO Kanda Iwamotocho	Kanda-Sudacho, Chiyoda-ku, Tokyo	2017/1	Sold
5	PMO Uchi-Kanda	Uchi-Kanda, Chiyoda-ku, Tokyo	2017/5	Under Operation
6	PMO Shibuya	Shibuya, Shibuya-ku, Tokyo	2017/6	Under Operation
7	PMO Hanzomon (Entrusted)	Kojimachi, Chiyoda-ku, Tokyo	2017/6	Under Operation
8	PMO Shinjuku-Gyoen Plan (Entrusted)	Shinjuku, Shinjuku-ku, Tokyo	2019/5(plan)	Under Construction
9	PMO Tamachi-Higashi	Shiba, Minato-ku, Tokyo	2018/2	Under Operation
10	PMO Higashi-Shinbashi	Higashi-Shinbashi, Minato-ku, Tokyo	2018/4	Under Operation
11	PMO Kyobashi-Higashi	Hatchobori, Chuo-ku, Tokyo	2018/5	Under Operation
12	PMO Ochanomizu	Kanda-Surugadai, Chiyoda-ku, Tokyo	2018/7	Under Operation
13	PMO Hamamatsucho Plan	Hamamatsucho, Minato-ku, Tokyo	2018/11(plan)	Under Construction
14	PMO Kanda-Manseibashi Plan	Kanda-Sudacho, Chiyoda-ku, Tokyo	2020/1(plan)	Under Construction
15	PMO Hatchobori-Shinkawa*	Shinkawa, Chuo-ku, Tokyo	2018/4	Under Operation
16	PMO Akihabara North Plan	Taito, Taito-ku, Tokyo	2018/12(plan)	Under Construction
17	PMO Nishi-Shinjuku Plan	Nishi-Shinjuku, Shinjuku-ku, Tokyo	2019/6(plan)	Under Construction
18	PMO Shibuya II Plan	Shibuya, Shibuya-ku, Tokyo	2020/8(plan)	Under Planning
19	PMO Gotanda Plan	Nishi-Gotanda, Shinagawa-ku, Tokyo	2019/7(plan)	Under Construction
20	PMO Hamamatsucho Daimon-mae Plan	Shiba-Koen, Minato-ku, Tokyo	2020/7(plan)	Under Planning
21	Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2021/3(plan)	Under Planning
22	Minato-ku Plan	Minato-ku, Tokyo	2022/9(plan)	Under Planning
23	Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2021/1(plan)	Under Planning

	Name(Office)	Location	Completion	Status
1	Chuo-ku Plan	Chuo-ku, Tokyo	2020/3(plan)	Under Planning
2	Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2021/1(plan)	Under Planning
3	Shibuya-ku Plan	Shibuya-ku, Tokyo	2020/10(plan)	Under Planning
4	Osaka-shi Plan	Osaka-shi, Osaka	2021/6(plan)	Under Planning
5	Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2020/12(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-shi, Kanagawa	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-shi, Kanagawa	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	Under Operation
15	PROUD FLAT Asakusa-Kaminarimon	Taito-ku, Tokyo	49 units	2019/2(plan)	Under Construction
16	PROUD FLAT Ryogoku	Sumida-ku, Tokyo	90 units	2019/10(plan)	Under Construction
17	PROUD FLAT Tomigaya	Shibuya-ku, Tokyo	109 units	2019/2(plan)	Under Construction
18	PROUD FLAT Kiba II	Koto-ku, Tokyo	136 units	2020/4(plan)	Under Construction
19	PROUD FLAT Minami-Shinagawa	Shinagawa-ku, Tokyo	129 units	2019/5(plan)	Under Construction
20	Kinshicho II Plan	Sumida-ku, Tokyo	62 units	2020/1(plan)	Under Planning
21	PROUD FLAT Ryogoku II	Sumida-ku, Tokyo	35 units	2019/12(plan)	Under Planning
22	Kameido 6-chome Plan	Koto-ku, Tokyo	99 units	2022/12(plan)	Under Planning
23	Togoshi-Ginza Plan	Shinagawa-ku, Tokyo	89 units	2020/2(plan)	Under Planning
24	Taito-ku Plan I	Taito-ku, Tokyo	72 units	2020/6(plan)	Under Planning
25	Taito-ku Plan II	Taito-ku, Tokyo	40 units	2020/5(plan)	Under Planning
26	Shinjuku-ku Plan	Shinjuku-ku, Tokyo	114 units	2021/1(plan)	Under Planning
27	Sumida-ku Plan	Sumida-ku, Tokyo	99 units	2021/10(plan)	Under Planning
28	Taito-ku Plan III	Taito-ku, Tokyo	44 units	2020/7(plan)	Under Planning

Property acquired in FY19/3

Retail Facilities “GEMS”



GEMS Kayabacho



GEMS Jingu-Mae



GEMS Sangenjaya

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

Name (Urban-type retail facilities)	Location	Completion	Status
1 MIRRAZA Jingu-mae*	Jingu-mae, Shibuya-ku, Tokyo	2017/6*	Sold
2 Jinbocho Plan	Kanda Jinbocho, Chiyoda-ku, Tokyo	2020/1(plan)	Under Planning
3 Nomura Real Estate Hon-Amanuma Shopping Plaza	Hon-Amanuma, Suginami-ku, Tokyo	2018/9	Under Operation
4 Hiroo Plan	Hiroo, Shibuya-ku, Tokyo	2020/2(plan)	Under Construction
5 Katasekaigan Plan	Katasekaigan, Fujisawa-shi, Kanagawa	2019/9(plan)	Under Construction
6 Chayamachi Plan	Kita-ku, Osaka-shi, Osaka	2020/3(plan)	Under Construction
7 Jingumae Plan	Shibuya-ku, Tokyo	2020/8(plan)	Under Planning
8 Hankyu Tsukaguchi Station-Front Redevelopment	Amagasaki-shi, Hyogo	2022/3(plan)	Under Planning
9 Tokorozawa-shi Plan	Tokorozawa-shi, Saitama	2024/2(plan)	Under Planning
10 Saitama-shi Plan	Saitama-shi, Saitama	2020/7(plan)	Under Planning
11 Urayasu-shi Plan	Urayasu-shi, Chiba	2022/3(plan)	Under Planning

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

Property acquired in FY19/3

Logistics Facilities “Landport”



Landport Komaki

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

* JV Project

Property acquired in FY19/3

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

Rebuilding of Shibaura 1-chome



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 40,000㎡
 Floor area : about 550,000㎡
 Main usage : Office, retail, hotel ,residence
 Start of construction : FY21/3 (S tower),
 FY27/3 (N tower)
 Completion of construction : FY25/3 (S tower)
 FY30/3 (N tower)

Main participating companies : Nomura Real Estate, East Japan Railway

Redevelopment of Nihonbashi 1-chome central district



Location : Chuo-ku, Tokyo
 Scale : 51 floors above ground,
 5 basement floors, approx. 287m (C block)
 Land area : about 24,600㎡
 Floor area : about 499,000㎡
 Main usage : Office, retail, hotel, residence
 Start of construction : FY21/3
 Completion of construction : FY26/3
 Main participating companies : Mitsui Fudosan,
 Nomura Real Estate

- Our new hotel brand “**NOHGA**” will open its first hotel at Ueno, in November 2018.
- Ginza 2nd TOSHIBA bldg owned by NREG TOSHIBA BUILDING will be rebuilt to a retail facility, and it is planned to be opened in November 2019.

NOHGA HOTEL Ueno

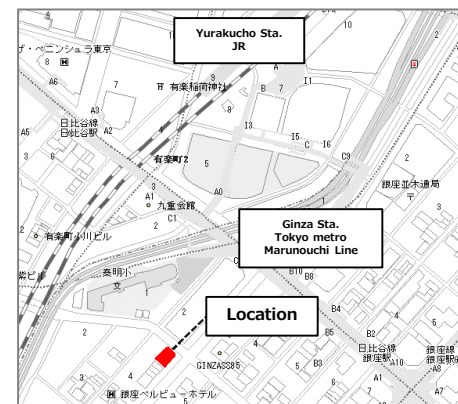


Location : 2-chome, Higashi-Ueno, Taito-ku, Tokyo
 Access : 3-min. walk from Ueno St.
 Height : 11 story and 3 under basement
 Floor area : 4,896.42m²
 Rooms : 130
 Facilities : Restaurant, Fitness room, etc.
 Open : November, 2018
 Total investment : Approx. ¥3 bn

Ginza 6-chome Project (tentative name)



Ginza 2nd TOSHIBA building (removed)



Location : 6-chome, Ginza, Chuo-ku, Tokyo
 Access : 2-min. walk from Ginza St.
 5-min. walk from Hibiya St.
 Height : 11 story and 3 under basement
 Facilities : Store, Restaurant
 Floor area : 2,781.72m²
 Schedule : Completion of construction in June, 2019, Open in November, 2019(plan)
 Total investment : Approx. ¥5 bn

	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	98,311m 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	19,195m 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	16,069m 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



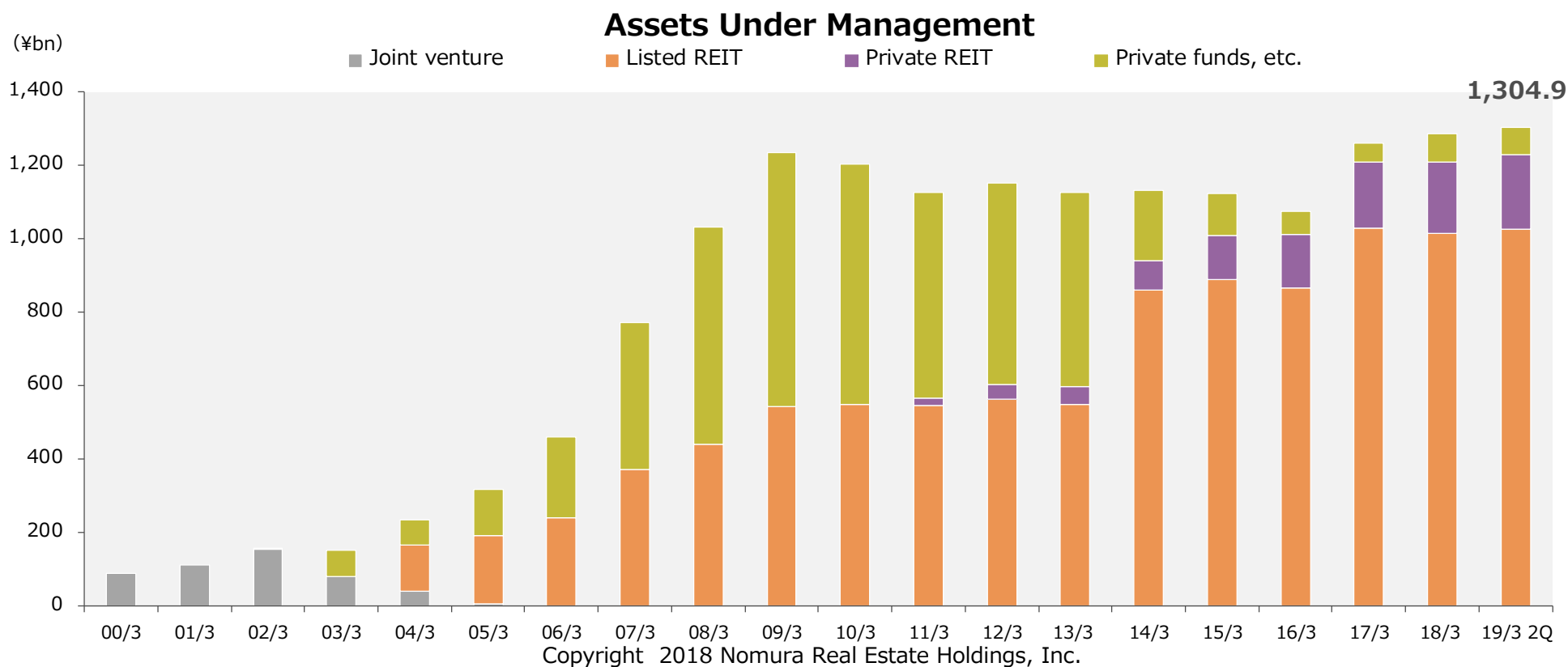
Morisia Tsudanuma



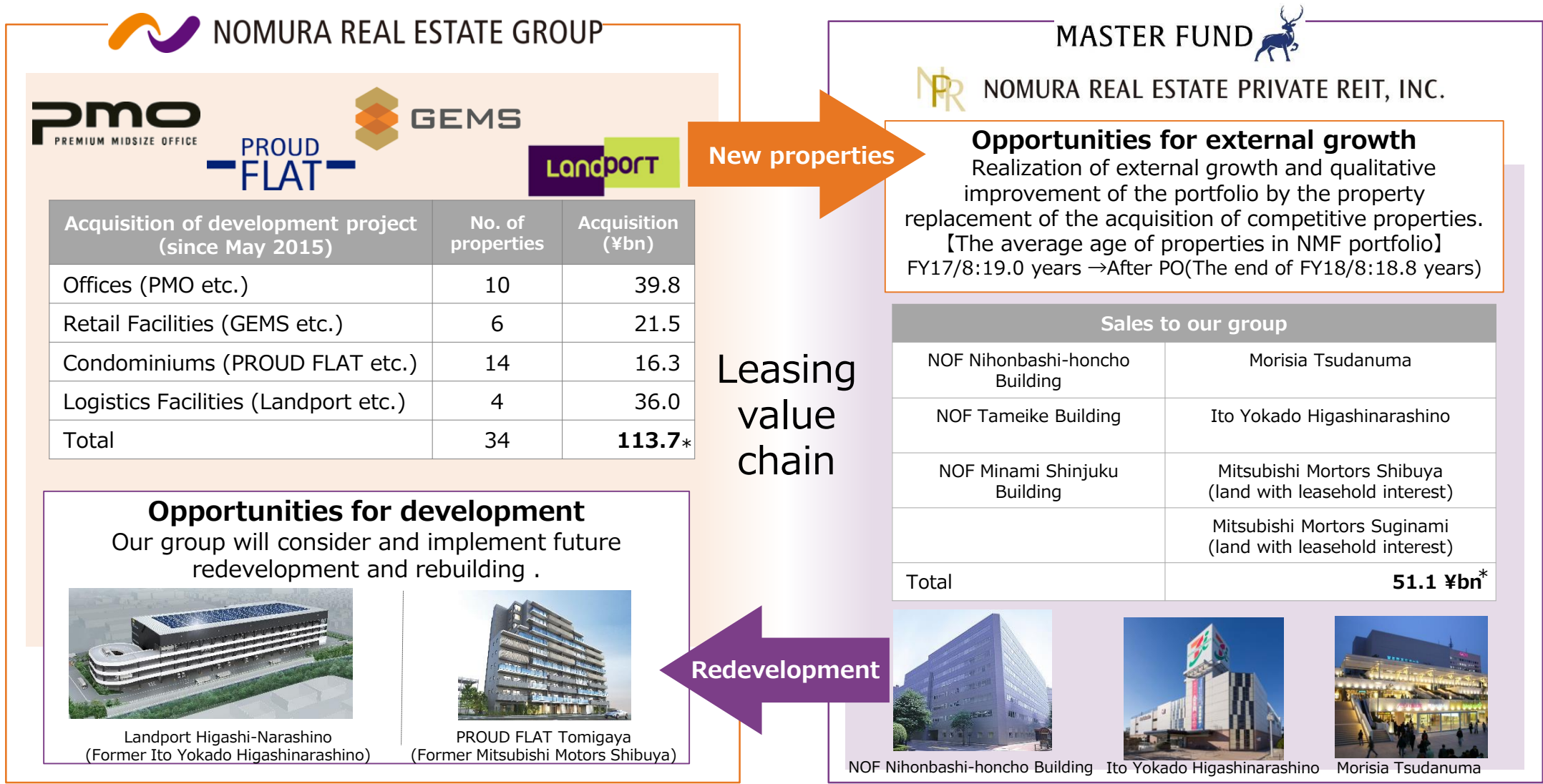
bono Sagamiono Shopping Center

- Financial forecast is not revised. AUM is steadily expanding in listed REIT, private REIT and private funds. To pursue growth, we will utilize our sponsor pipeline.

(¥bn)	18/3 2Q Actual ①	19/3 2Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Revised Forecast ④	Changes ④-③	19/3 Initial Forecast ⑤	Changes ④-⑤
Operating revenue	4.5	4.5	-0.0	9.3	9.5	+0.1	9.5	—
Operating profit	2.8	2.7	-0.0	5.9	6.0	+0.0	6.0	—
Assets under management	1,227.5	1,304.9	+77.3	1,285.9	—	—	—	—
Listed REIT	993.2	1,027.8	+34.5	1,015.2	—	—	—	—
Private REIT	183.5	201.9	+18.3	193.9	—	—	—	—
Private funds, etc.	50.6	75.1	+24.4	76.6	—	—	—	—



- 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.

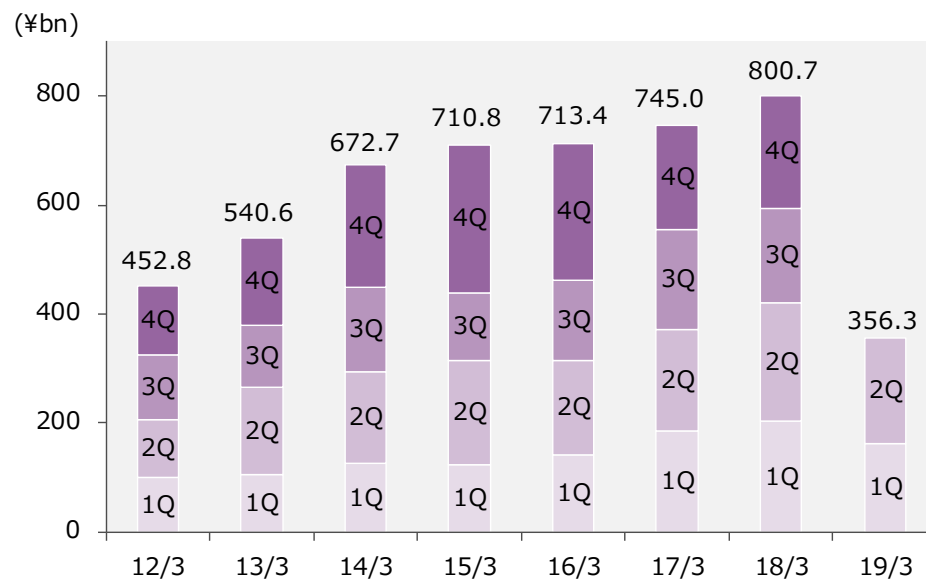


*The amount of acquisition and sales for each tables are based on the REIT's disclosure materials.

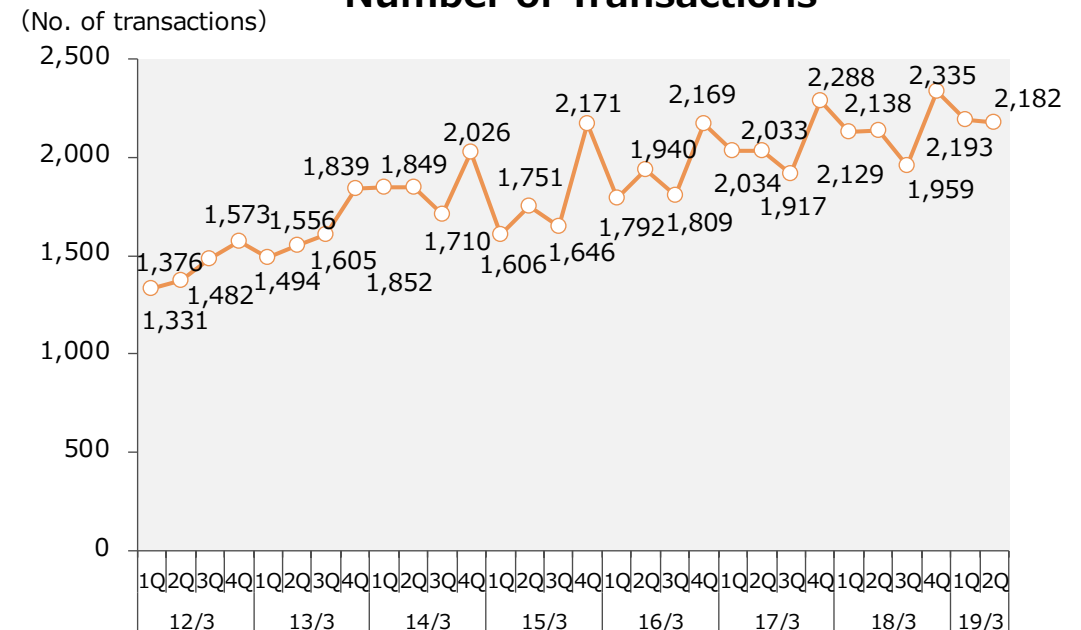
- Financial forecast is not revised. Retail business remained solid, while in wholesale business both the number of transactions and the transaction value decreased.

(¥bn)	18/3 2Q Actual ①	19/3 2Q Actual ②	Changes ②-①	18/3 Actual ③	19/3 Revised Forecast ④	Changes ④-③	19/3 Initial Forecast ⑤	Changes ④-⑤
Operating revenue	17.8	16.9	-0.9	35.7	40.5	+4.7	40.5	+0.0
Property brokerage	16.2	15.2	-0.9	31.6	—	—	—	—
Other	1.6	1.7	+0.0	4.0	—	—	—	—
Operating profit	4.4	2.8	-1.5	8.4	10.5	+2.0	10.5	+0.0
【Brokerage indicators】								
Total transaction value (¥bn)	420.6	356.3	-64.2	800.7	—	—	—	—
Number of transactions	4,267	4,375	+108	8,561	—	—	—	—
Commission fee (¥bn)	16.2	15.2	-0.9	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.

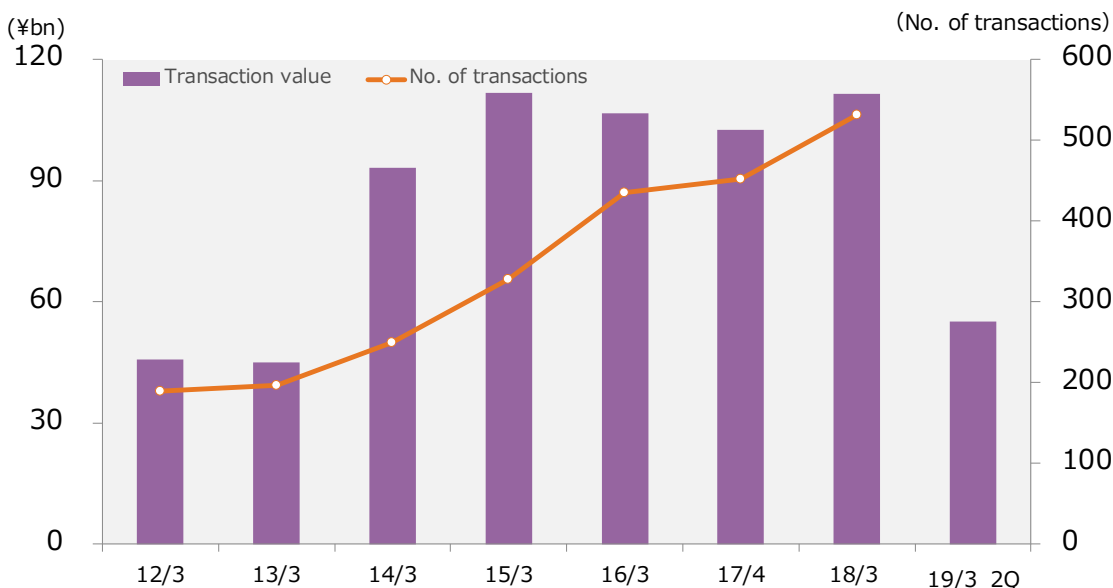
Wholesale business: Real estate brokerage business for corporations. Copyright 2018 Nomura Real Estate Holdings, Inc.

Progress of Property Brokerage & CRE Business Unit

- In wholesale business, we will open Hiroshima branch in April 2019 to expand our business area.
 To gain earnings in overseas, we are enhancing the sales structure to strengthen our relationships with ASEAN countries.
- In retail business, the number of branches expanded to 80 as of the end of FY19/3 2Q. We will open Yokohama Motomachi branch in October.
- Business collaboration with Nomura Securities reached the highest level in both transaction value and volume in FY18/3. It progressed steadily in FY19/3 as well.

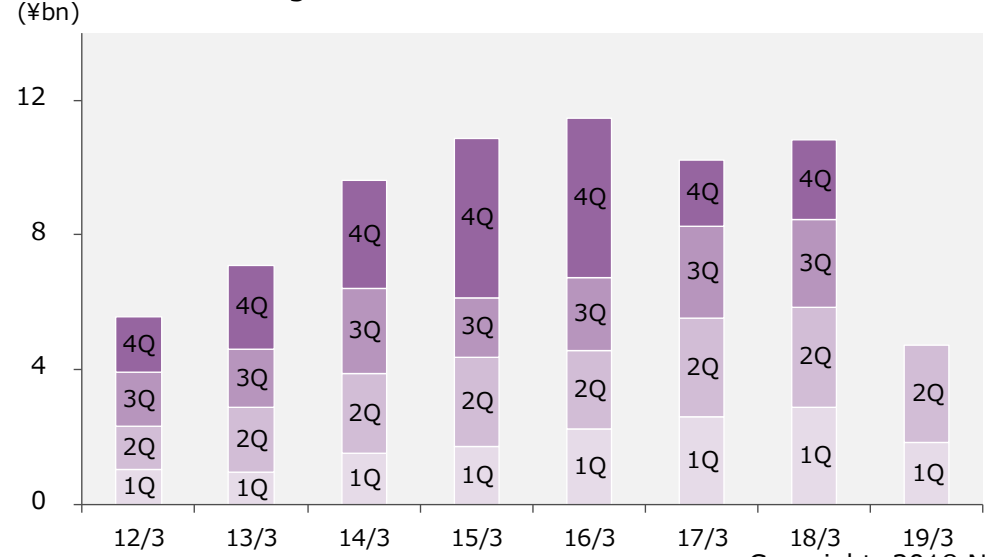
Transaction value and volume with Nomura Securities (based on contracts)

- Both the transaction value and volume progressed steadily.



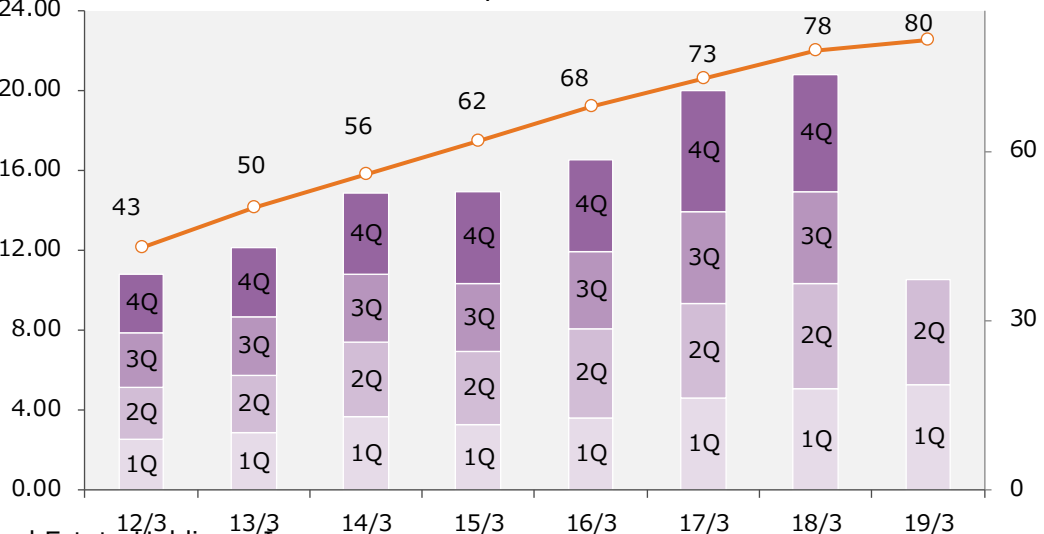
Brokerage commission fee for wholesale

- Both revenue and profit decreased in the first six months in FY19/3. Aiming to recover the transaction value and volume.



Number of branches & brokerage commission fee for retail

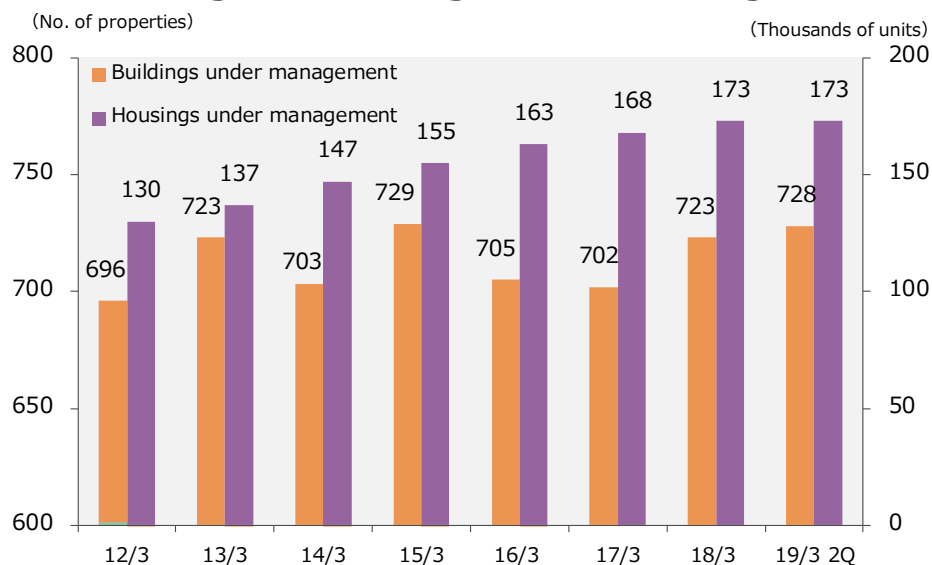
- The number of branches are increasing steadily. Brokerage commission fee marked the highest figure for the first six months in FY19/3.



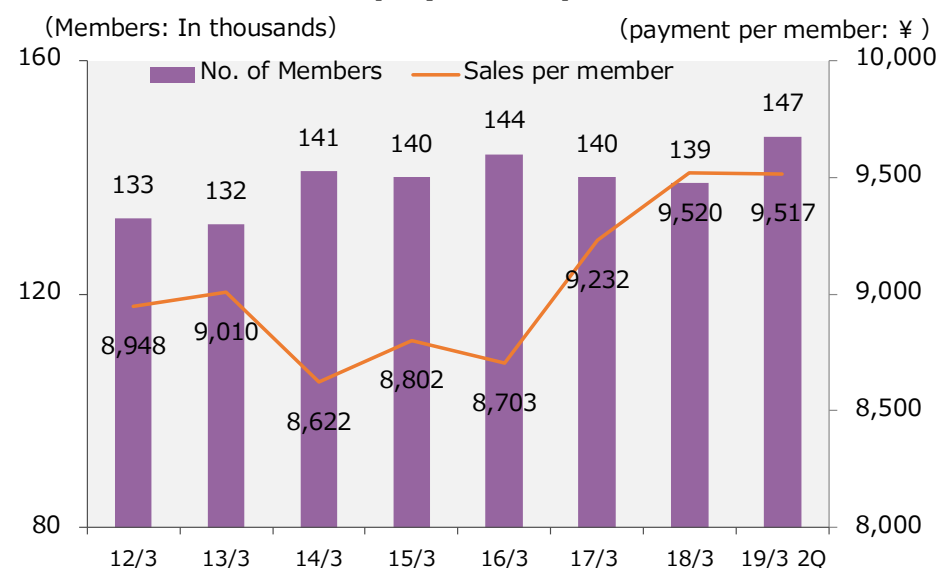
- Financial forecast is revised, assuming that the volume of construction order will decrease. No revise in operating profit forecast. Revenue increased in elderly care business, owing to that OUKAS started operation smoothly.

(¥bn)	18/3 2Q Actual *	19/3 2Q Actual	Changes	18/3 Actual *	19/3 Revised Forecast	Changes	19/3 Initial Forecast	Changes
	①	②	②-①	③	④	④-③	⑤	④-⑤
Operating revenue	50.2	51.1	+0.9	104.5	110.0	+5.4	112.0	-2.0
Property & facility management	24.9	25.4	+0.5	50.3	—	—	—	—
Construction ordered	14.1	13.8	-0.3	31.6	—	—	—	—
Fitness club & elderly care	7.9	8.3	+0.3	16.0	—	—	—	—
Other	3.1	3.5	+0.4	6.5	—	—	—	—
Operating profit	3.1	3.1	-0.0	7.0	7.5	+0.4	7.5	—
Building under management	724	728	+4	723	—	—	—	—
Housings under management(unit)	170,641	173,845	+3,204	173,705	—	—	—	—
Members of MEGALOS (individuals)	140,901	147,090	+6,189	139,836	—	—	—	—
Number of clubs	37	44	+7	43	—	—	—	—

Buildings & Housings Under Management



Number of member & payment per member 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.
For FY18/3, figures are calculated under the new classification.

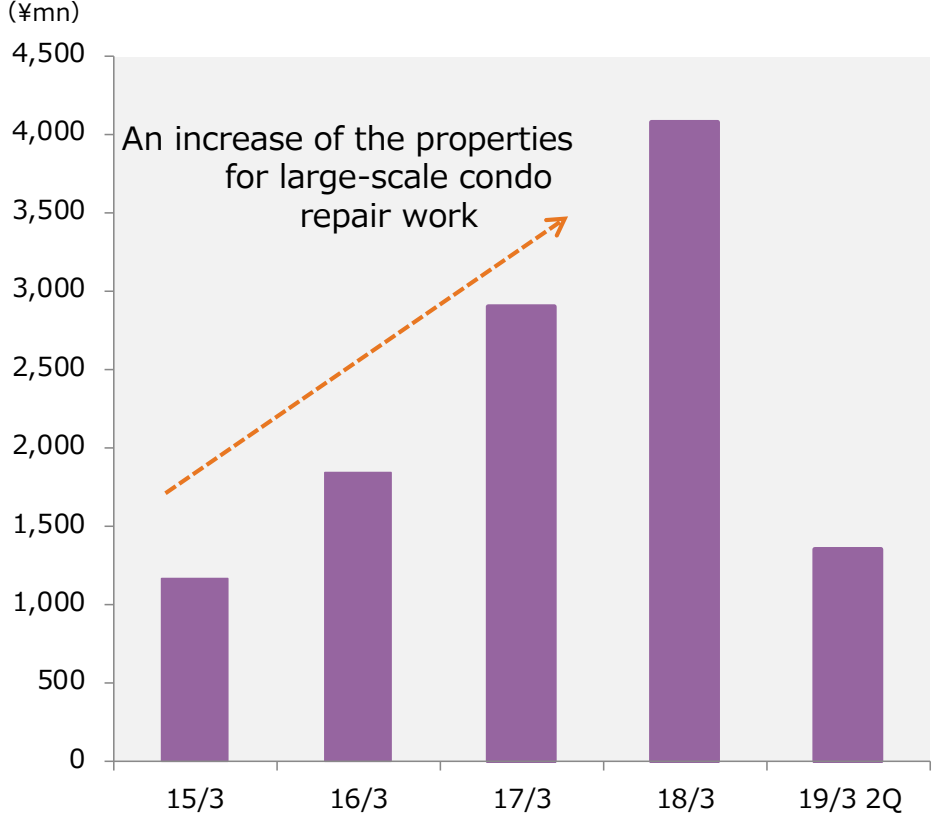
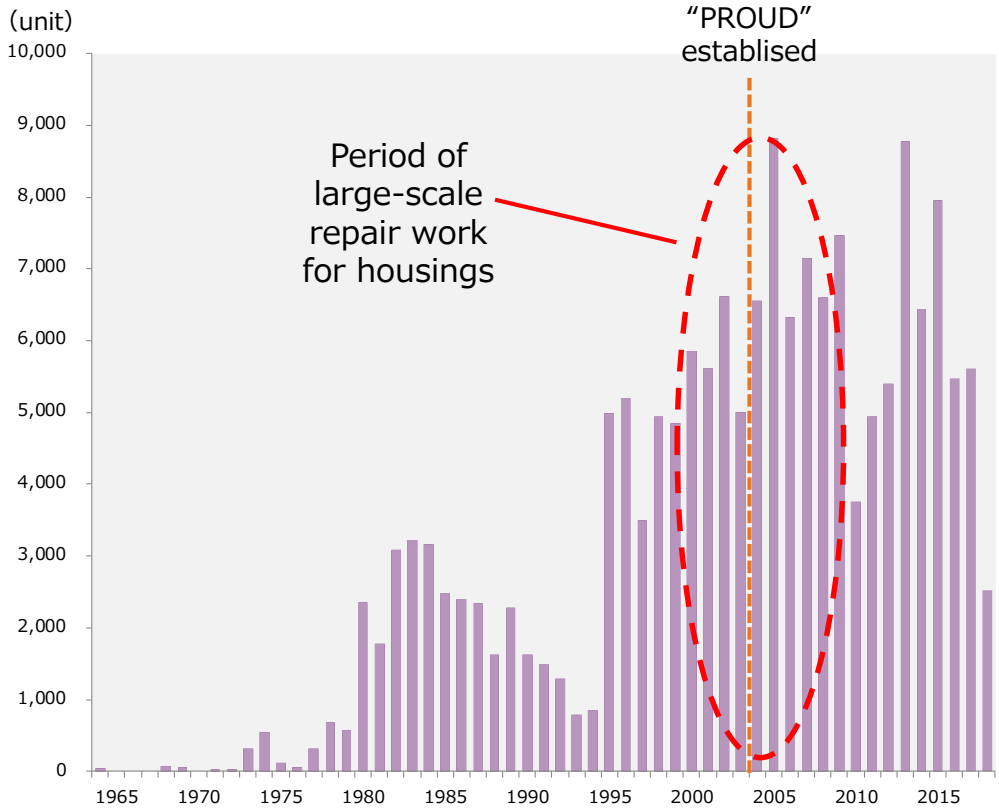
- The number of housing which requires large-scale condo repair work has increased after 14 years since the first PROUD condo was constructed. To improve customer satisfaction, we will collaborate with remodel business. Actively promoting this work to obtain orders as a contractor in this work.
- Co-developed 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.



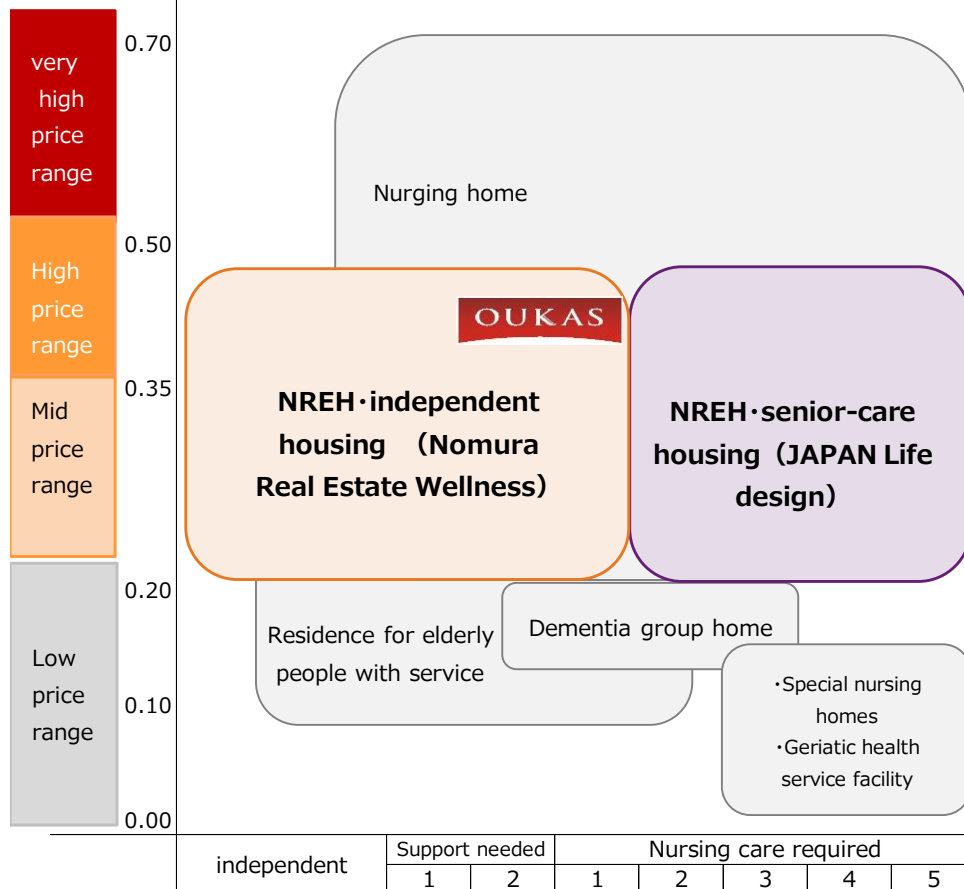
※Properties under management includes those that were not sold by Nomura Real Estate Development.

- In October 2017, we opened OUKAS Funabashi which is our first project for the new senior housing brand OUKAS.
- Enhancing the development of OUKAS, as it plays an important role in our mixed use development.
- Our target is to provide 40 properties/5,000 units in 10 years. Currently we ensured development and management projects about 8 properties/700 units.

Our positioning in senior business

Work in various elderly business areas from independent living to nursing care required living to offer medium priced high quality ones whose supply volume is limited in the current market.

(sales per customer : rent+management fee+total service fee, excluding meal fee)
 (¥mn)



1st project OUKAS Funabashi



Location: Funabashi-shi, Chiba
 Transportation:
 15-min walk from Funabashi St.(JR Soubu Line)
 5-min walk from Shinfunabashi St. (Tobu Urban Park Line)
 Established month: October,2017
 Facility: Residence for elderly people with service
 Total units :125 units

After one year opening, the occupancy rate is 90% including contracts and applications.
 We have achieved stable operation in the early stage.

Future projects

2nd project Kaihin Makuhari plan



Opening year: 2020(plan)
 Facility: Residence for elderly people with service
 Total units: 141 units

4th project Ebisu plan

Opening year: 2020(plan)
 Facility: Day care services for seniors
 Available capacity: 35 people

3rd project Kichijoji plan



Opening year: 2020(plan)
 Facility: Residence for elderly people with service
 Total units: 116 units

5th project Hiyoshi plan

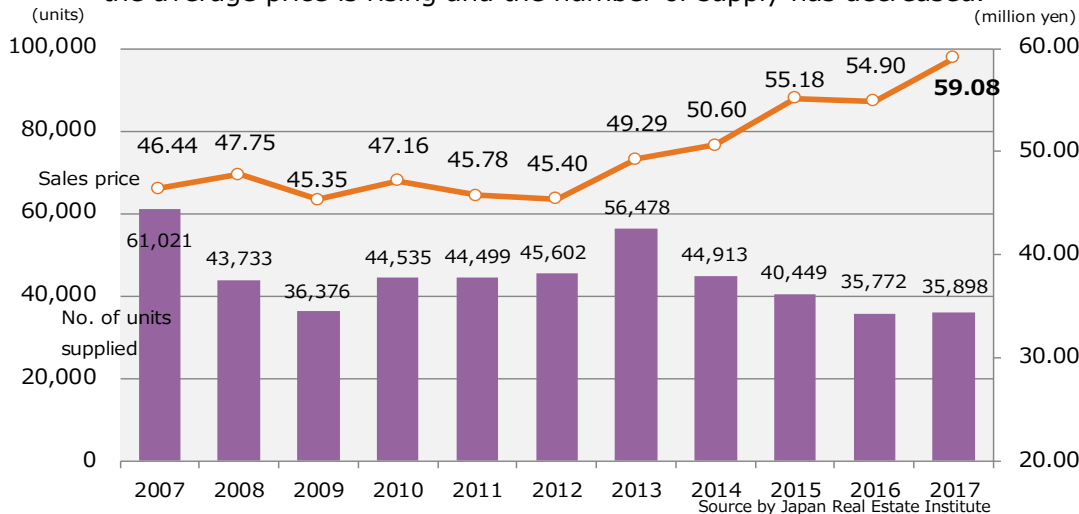
Opening year: 2021(plan)
 Facility: Residence for elderly people with service
 Total units: 120 units

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.

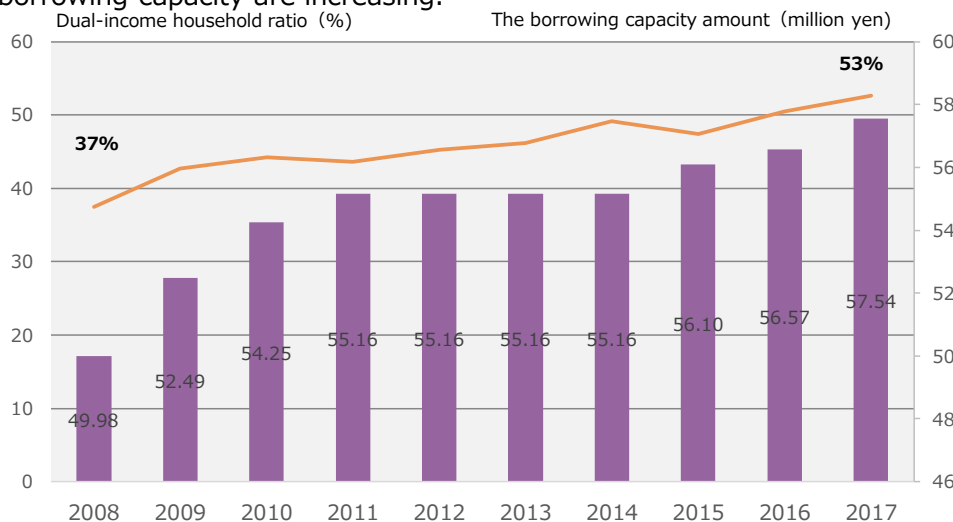
The number of new condos and housing prices (Tokyo Metropolitan Area)

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



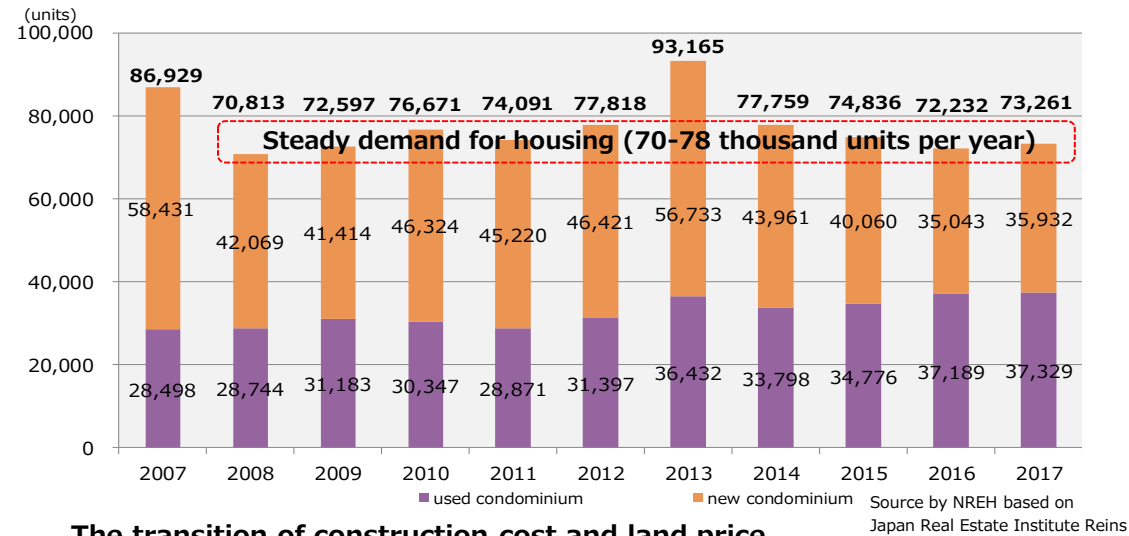
The percentage of dual-income households of new condo buyers & changes in borrowing capacity (Tokyo Metropolitan area).

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



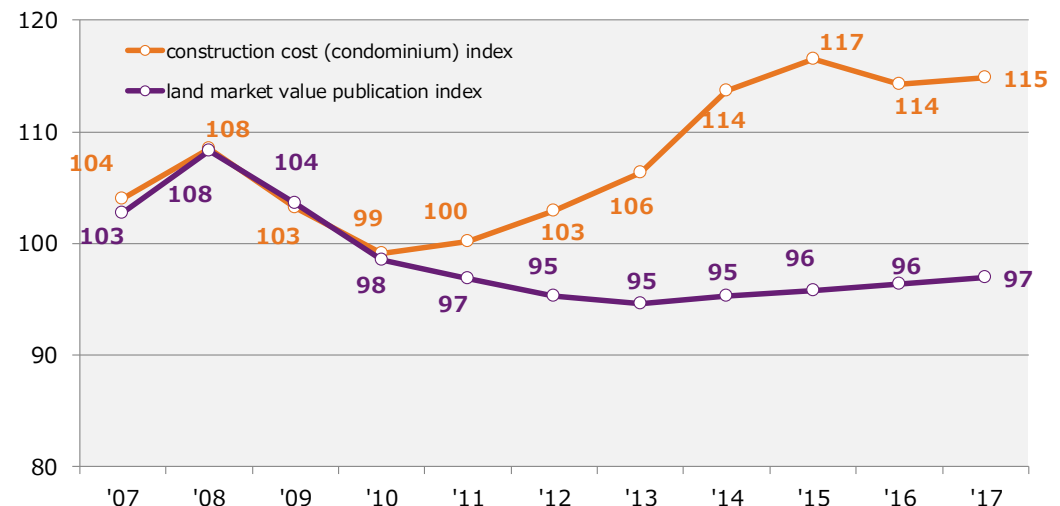
The contract number of new and used condominiums (Tokyo Metropolitan Area)

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.

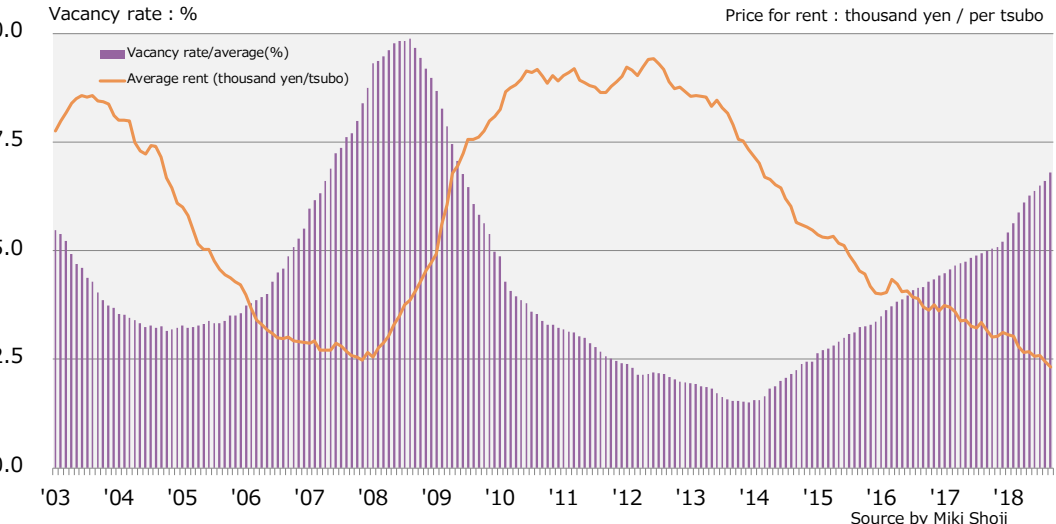


The Office market

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.

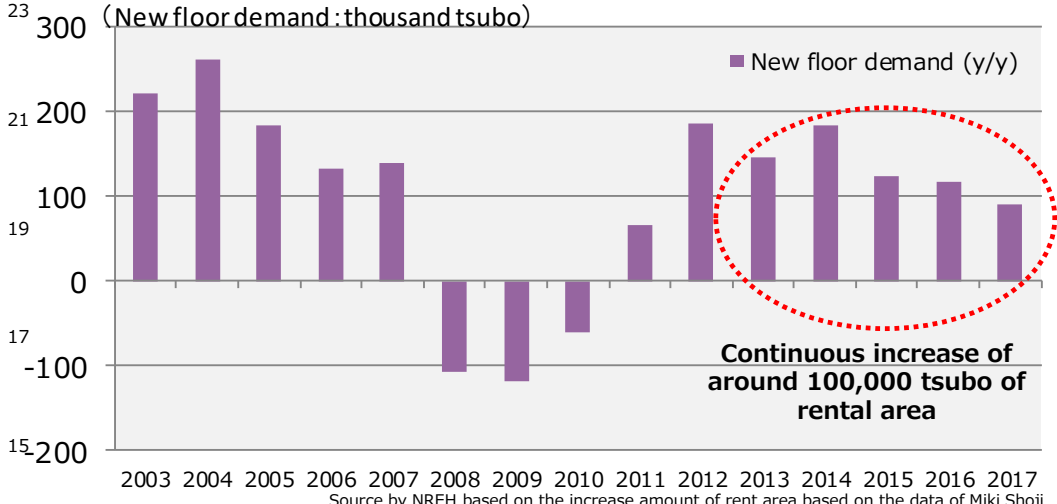
Rent and vacancy rate in Tokyo central five wards

Rent and vacancy rate are gradually improving.



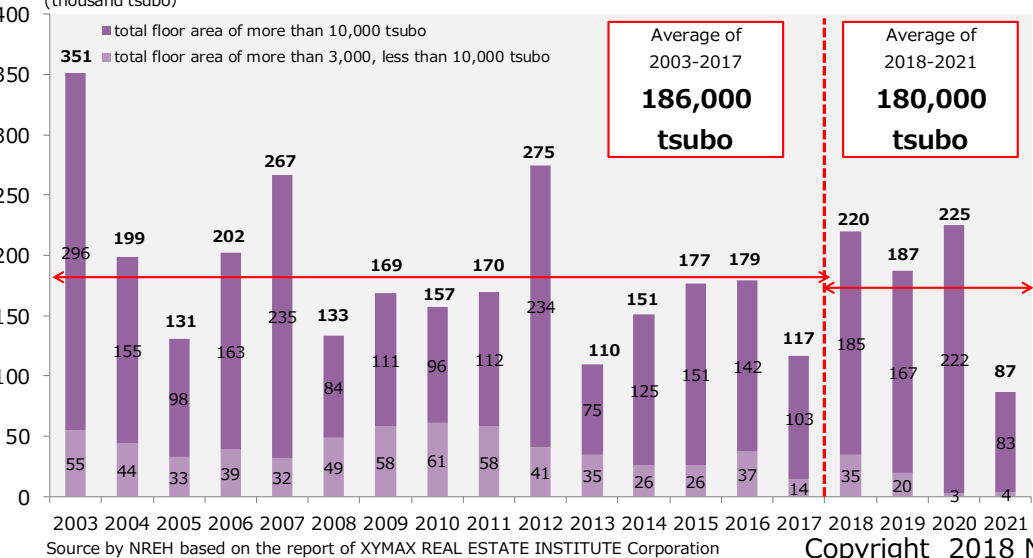
An increasing trend in Tokyo central five wards' office rental area

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



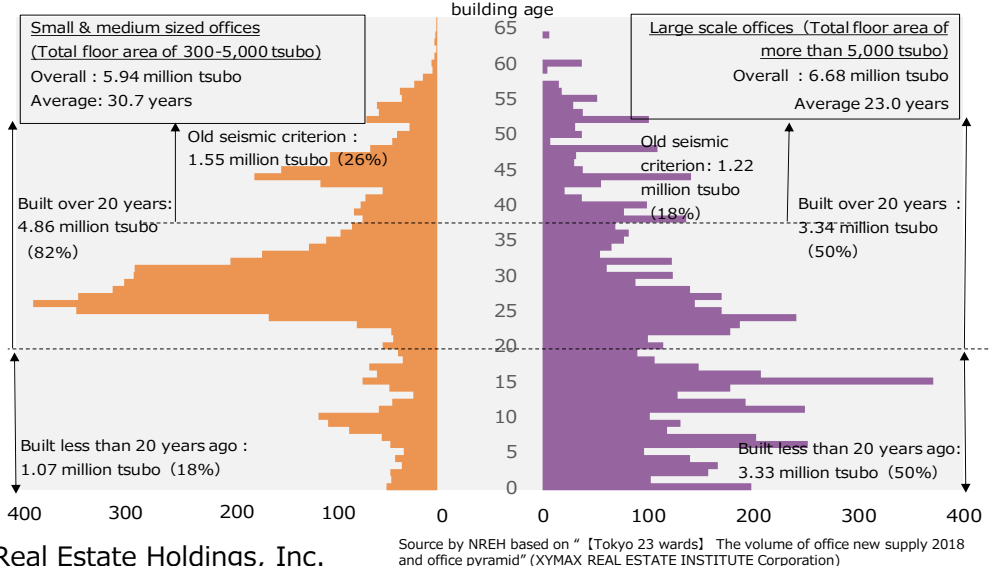
The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)

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

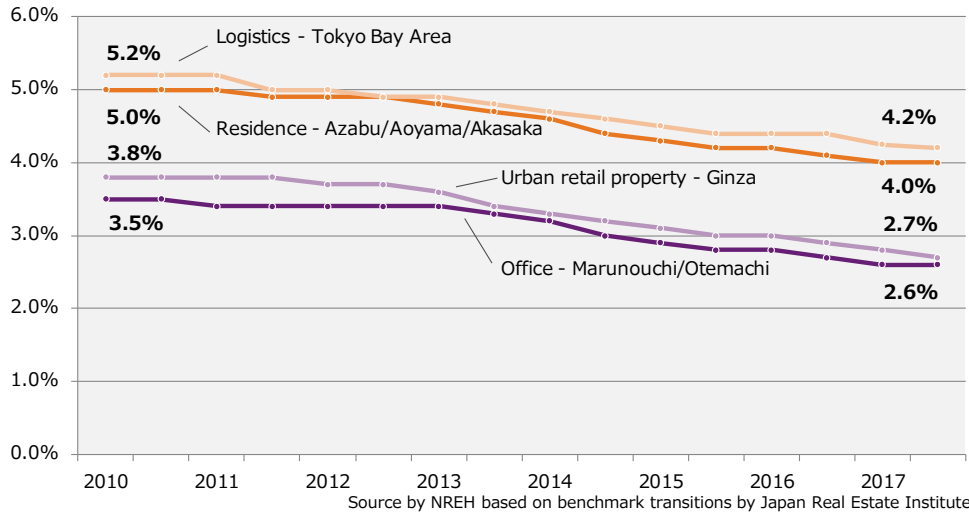
There seems to be the need for rebuilding of small & medium size buildings with old Seismic Criterion (1.52 million tsubos).



- 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.

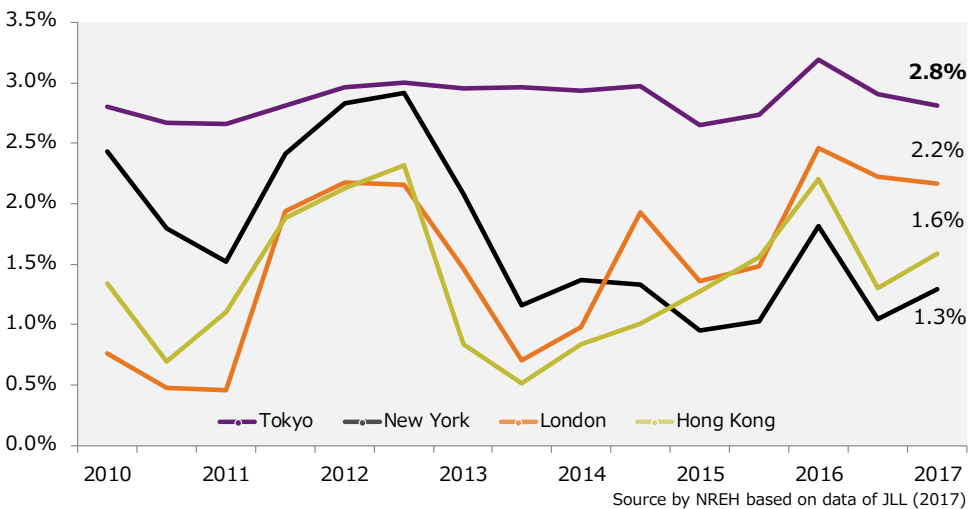
CAP Rate based on sector

CAP rate is the lowest ever level.



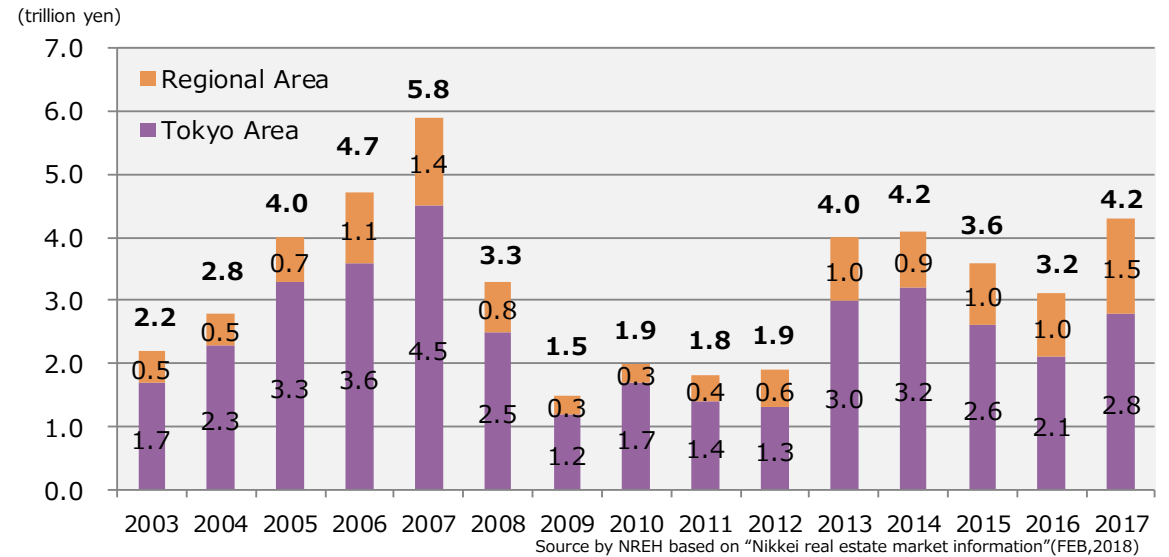
Each country's yield spread

The relatively high yield spread is continuing in Tokyo.



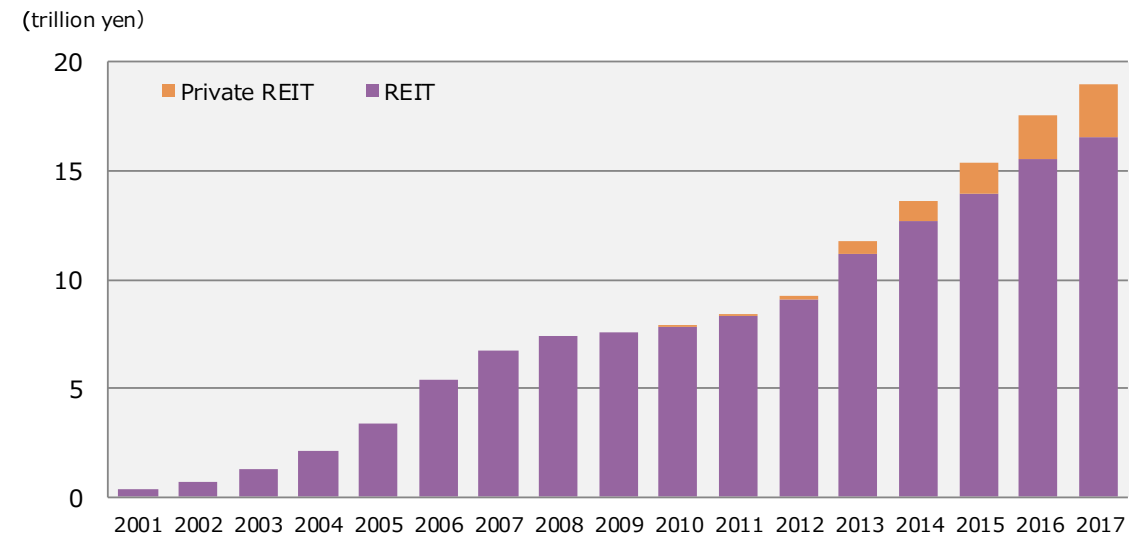
The trading of property development

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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