

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

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Summary of FY19/3 Financial Results

<Summary>

- The consolidated financial results for fiscal year ended March 31, 2019 were as follows:
Operating revenue; 668.5 billion yen (up 7.2% y/y); operating profit; 79.1 billion yen (up 3.3% y/y); ordinary profit; 69.3 billion yen (up 1.9% y/y); and profit attributable to owners of parent; 45.8 billion yen (down 0.3% y/y).
- In the Residential Development Business Unit, operating profit decreased due to such as an increase in expenses while both the number of housing units sold (condominiums and detached housings) and the number of housing contracted increased to 5,890 and 6,055 respectively.
- In the Leasing Business Unit, the revenue from the sales in property development expanded and the rent revenue increased steadily.
- In the Investment Management Business Unit, assets under management increased due to such as the acquisition of 75% of the shares of Lothbury, a real estate investment manager in the UK. In the Property & Facility Management Business Unit, business progressed steadily including the increasing in the number of building under management. In Property Brokerage & CRE Business Unit, although operating revenue increased, operating profit decreased due to such as an increase in expenses despite an increase in the number of transactions.
- The forecasts pertaining to revenue and profit for the fiscal year ending March 31, 2020, are as follows: Operating revenue of 739.0 billion yen; business profit of 80.0 billion yen; ordinary profit of 70.0 billion yen; profit attributable to owners of parent of 46.0 billion yen. Both operating revenue and operating profit are expected to increase.
- The annual dividend per share for the fiscal year ended March 31, 2019, is 75 yen per share, which is an increase of 7 years in a row. In addition, the annual dividend for the fiscal year ending March 31, 2020, is also planned to increase to 80 yen per share.
- The company acquired treasury shares of 5 billion yen to improve shareholder returns and capital efficiency for the fiscal year ending March 31, 2019. The company resolved the acquisition of treasury shares up to 4 billion yen by October 25, 2019 for the fiscal year ending March 31, 2020 as well.

Consolidated financial results

(¥bn)	18/3 Actual ①	19/3 Actual ②	Changes ② - ①	Key Factors
Operating revenue	623.7	668.5	+44.7	<Operating revenue & Operating profit>
Operating gross profit	182.0	188.7	+6.6	· Increase in the number of housing units sold in Residential Development Business unit.
Selling, general and administrative expenses	105.3	109.5	+4.1	
Operating profit	76.6	79.1	+2.5	· Increase in sales revenue of property development and contribution of new properties such as Morisia Tsudanuma in Leasing Business unit.
Non-operating income	0.7	0.7	-0.0	
Non-operating expenses	9.4	10.5	+1.1	
Ordinary profit	68.0	69.3	+1.2	<Extraordinary loss or income etc.>
Extraordinary income	3.7	—	-3.7	· Impairment loss of fixed assets due to transferring accounts.
Extraordinary losses	4.0	3.9	-0.1	
Income taxes	21.0	18.8	-2.1	
Profit attributable to non-controlling interests	0.6	0.6	+0.0	
Profit attributable to owners of parent	46.0	45.8	-0.1	
Basic earnings per share (¥)	240.89	245.99	+5.10	
Cash dividends per share (¥)	70.00	75.00	+5.00	

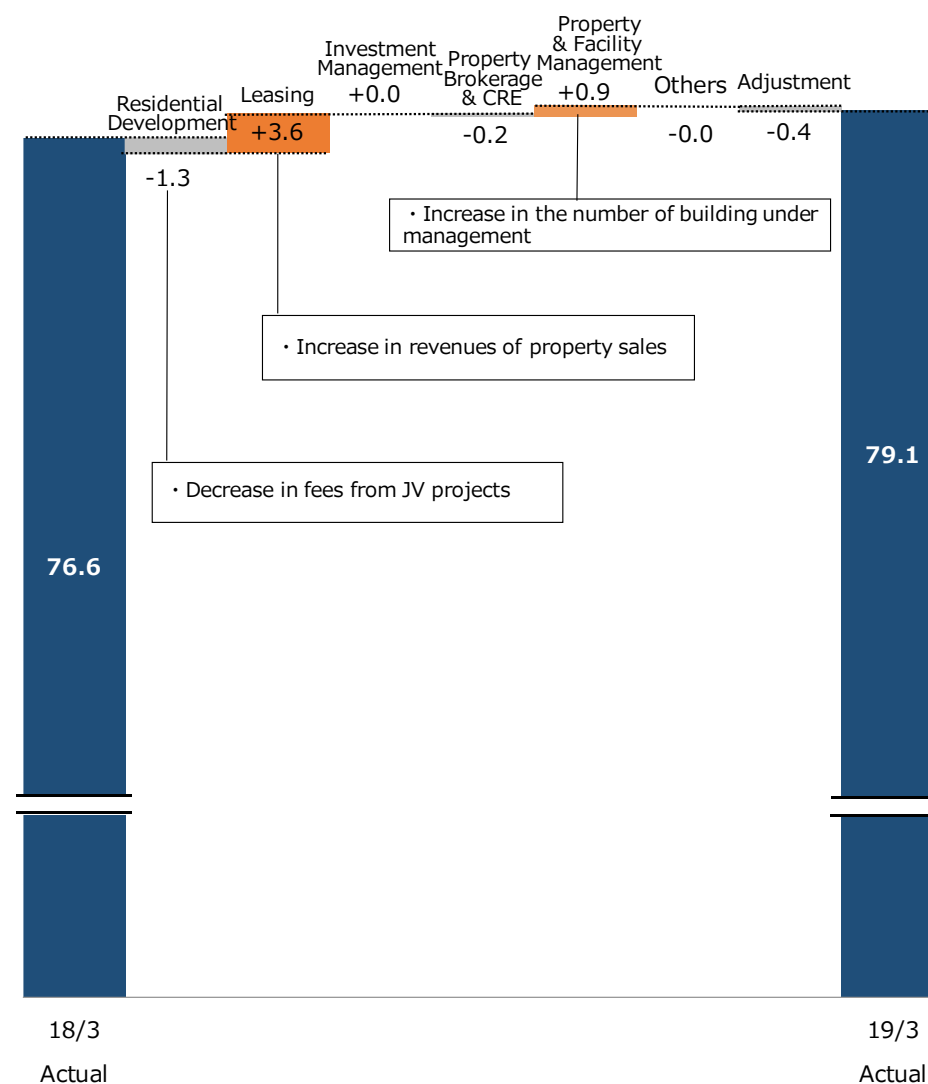
Net cash provided by (used in) operating activities	21.4	89.9	+68.4	
Net cash provided by (used in) investing activities	-51.6	-46.6	+4.9	· (Major cash flows in FY19/3) Acquisition of property, plant and equipment and shares through M & A.
Net cash provided by (used in) financing activities	43.7	13.7	-30.0	· (Major cash flows in FY19/3) Increase in long-term loans payable.
Cash and cash equivalents at end of period	61.3	118.3	+56.9	

(¥bn)	As of Mar. 31, 2018 ①	As of Mar. 31, 2019 ②	Changes ②-①	Key Factors
Total assets	1,673.0	1,759.4	+86.3	
Total interest-bearing debt	877.8	914.0	+36.2	· Increase in long-term loans payable.
Shareholders' equity	501.4	526.7	+25.2	
Shareholders' equity ratio	30.0%	29.9%	-0.0P	
Debt/equity ratio	1.8	1.7	-0.0	

- In the Residential Development Business Unit, operating profit decreased due to a decline in fees from JV projects, while an increase in the number of housing sales and a rise in unit sales prices.
- In the Leasing Business Unit, operating profit increased due to such as an increase in revenues of property development sales.

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

(¥bn)	18/3 Actual ①	19/3 Actual ②	Changes ②-①	19/3 Revised Forecast ③	Changes ②-③
Operating revenue	623.7	668.5	+44.7	674.0	-5.4
Residential Development	355.4	362.7	+7.3	365.5	-2.7
Leasing	134.9	167.6	+32.6	167.0	+0.6
Service & Management	149.6	154.7	+5.0	155.5	-0.7
Investment Management	9.3	9.6	+0.2	9.5	+0.1
Property Brokerage & CRE	35.7	37.2	+1.5	38.5	-1.2
Property & Facility Management	104.5	107.8	+3.2	107.5	+0.3
Other	0.1	0.0	-0.0	0.0	+0.0
Adjustments	-16.3	-16.7	-0.3	-14.0	-2.7
Operating profit	76.6	79.1	+2.5	77.0	+2.1
Residential Development	24.5	23.1	-1.3	22.0	+1.1
Leasing	35.2	38.8	+3.6	37.5	+1.3
Service & Management	21.4	22.1	+0.7	22.5	-0.3
Investment Management	5.9	5.9	+0.0	6.0	-0.0
Property Brokerage & CRE	8.4	8.1	-0.2	9.0	-0.8
Property & Facility Management	7.0	8.0	+0.9	7.5	+0.5
Other	-0.0	-0.0	-0.0	0.0	-0.0
Adjustments	-4.5	-5.0	-0.4	-5.0	-0.0
Ordinary profit	68.0	69.3	+1.2	68.0	+1.3
Profit attributable to owners of parent	46.0	45.8	-0.1	46.0	-0.1



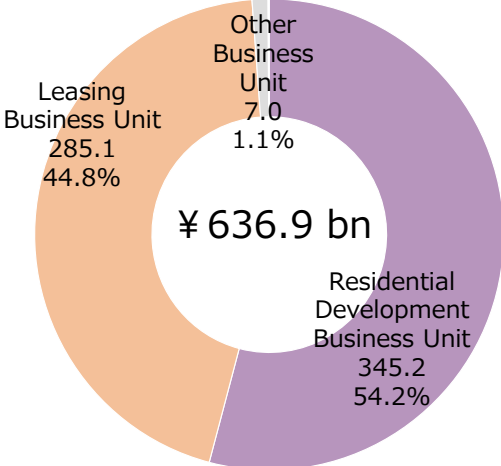
Consolidated Balance Sheets

(¥bn)	As of Mar. 31, 2018 ①	As of Mar. 31, 2019 ②	Changes ② – ①	Key Factors
Assets	1,673.0	1,759.4	+ 86.3	
Current assets	717.6	849.5	+ 131.8	<Inventories>
(Breakdown)				
Cash and deposits and others	61.3	118.3	+ 57.0	Residential Development Business Unit
Notes and accounts receivable-trade	17.3	26.6	+ 9.2	Leasing Business Unit
Inventories	592.9	636.9	+ 43.9	Other Business Unit
Equity investments	9.6	18.0	+ 8.4	Adjustments
Other current assets	36.3	49.5	+ 13.2	Total
Non-current assets	955.4	909.9	-45.5	
Property, plant and equipment	848.3	787.0	-61.3	
Intangible assets	12.3	18.1	+ 5.7	<Property, plant and equipment>
Investments and other assets	94.7	104.7	+ 10.0	· Decrease due to transfer to inventory
(Breakdown)				
Investment securities	42.3	50.5	+ 8.1	<Investment securities>
Lease and guarantee deposits	23.1	25.4	+ 2.3	· Increase in investments in overseas businesses.
Other non-current assets	29.2	28.8	-0.4	
Liabilities	1,158.1	1,217.8	+ 59.7	
Current liabilities	234.1	231.8	-2.3	
(Breakdown)				
Notes and accounts payable-trade	41.6	53.9	+ 12.2	
Short-term loans payable, etc.	102.3	79.5	-22.8	
Deposits received	18.8	26.9	+ 8.1	
Other current liabilities	71.3	71.5	+ 0.1	
Non-current liabilities	923.9	986.0	+ 62.0	
(Breakdown)				
Bonds payable	140.0	140.0	—	
Long-term loans payable	635.5	694.5	+ 59.0	<Interest-bearing debt>
Lease and guarantee deposits received	60.2	59.2	-0.9	· Mar 31, 2018: ¥ 877.8 bn → Mar. 31, 2019: ¥ 914.0 bn
Other non-current liabilities	88.1	92.2	+ 4.0	
Net assets	514.9	541.5	+ 26.5	<Treasury Shares>
Total liabilities and net assets	1,673.0	1,759.4	+ 86.3	· Mar 31, 2018: ¥ -10.0 bn → Mar. 31, 2019: ¥ -18.7 bn
Shareholders' equity ratio	30.0%	29.9%	-0.0P	<Shareholders' equity>
Debt/equity ratio	1.8	1.7	-0.0	· Mar 31, 2018: ¥501.4 bn → Mar. 31, 2019: ¥526.7 bn

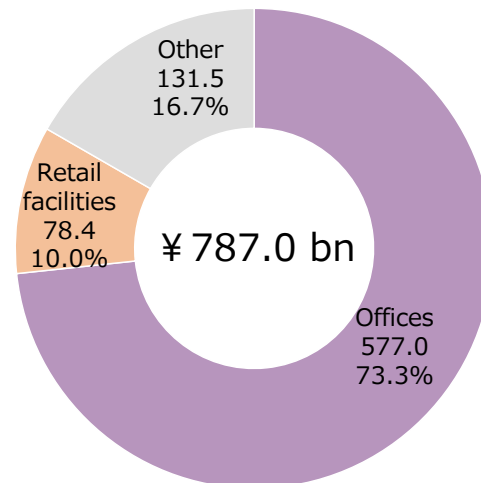
Total Assets : ¥1,759.4 bn

Current assets		849.5		Liabilities		1,217.8	
Cash and deposits and others	118.3	Interest-bearing debt	914.0	Short-term loans payable, etc.	79.5	Bonds payable	140.0
Notes and accounts receivable-trade	26.6	Long-term loans payable	694.5	Notes and accounts payable-trade	53.9	Deposits received	26.9
Inventories	636.9	Other current liabilities	71.5	Lease and guarantee deposits received	59.2	Other noncurrent liabilities	92.2
Residential Development Business Unit	345.2						
Leasing Business Unit	285.1						
Other Business Unit	7.0						
Adjustments	-0.5						
Equity investments	18.0						
Other current assets	49.5						
Non-current assets		909.9					
Property, plant and equipment	787.0	Net assets	541.5	Shareholder's Equity	526.7	Subscription rights to shares	2.3
Offices	577.0	Shareholder's Equity	526.7	Subscription rights to shares	2.3	Non-controlling interest	12.4
Retail facilities	78.4						
Other	131.5						
Intangible assets	18.1						
Investments and other assets	104.7						

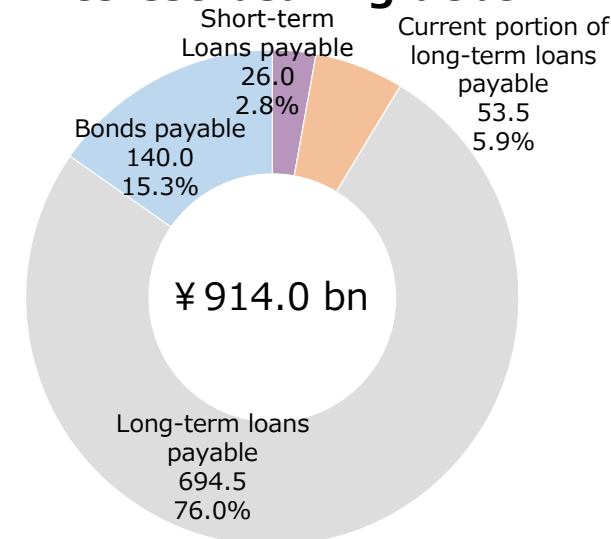
Inventories



Property, plant and equipment



Interest-bearing debt



- From the fiscal year ending March 2020, we established new profit targets and changed our organizational structure.

Business profit

- Profit targets changed to “**Business profit**” with consideration of profit from overseas business and amortization of related intangible assets from M&A.

$$\text{Business profit} = \text{Operating profit} + \text{Share of profit (loss) of entities accounted for using equity method} + \text{Amortization of intangible assets associated with corporate acquisitions}$$

Changes of our organizational structure

- Restructuring organization aimed at expanding business opportunities and improving the efficiency of group management

Residential Development Business Unit

: **Rental housing business & senior business** were transferred respectively from Leasing Business Unit / Property & Facility Management Business Unit

Leasing Business Unit

: **Fitness business** were transferred from Property & Facility Management Business Unit

- The Leasing Business Unit was positioned as a business unit responsible for creating value through urban development and urban creation, and the name of the business unit was changed.

Commercial Real Estate Business Unit

Rename



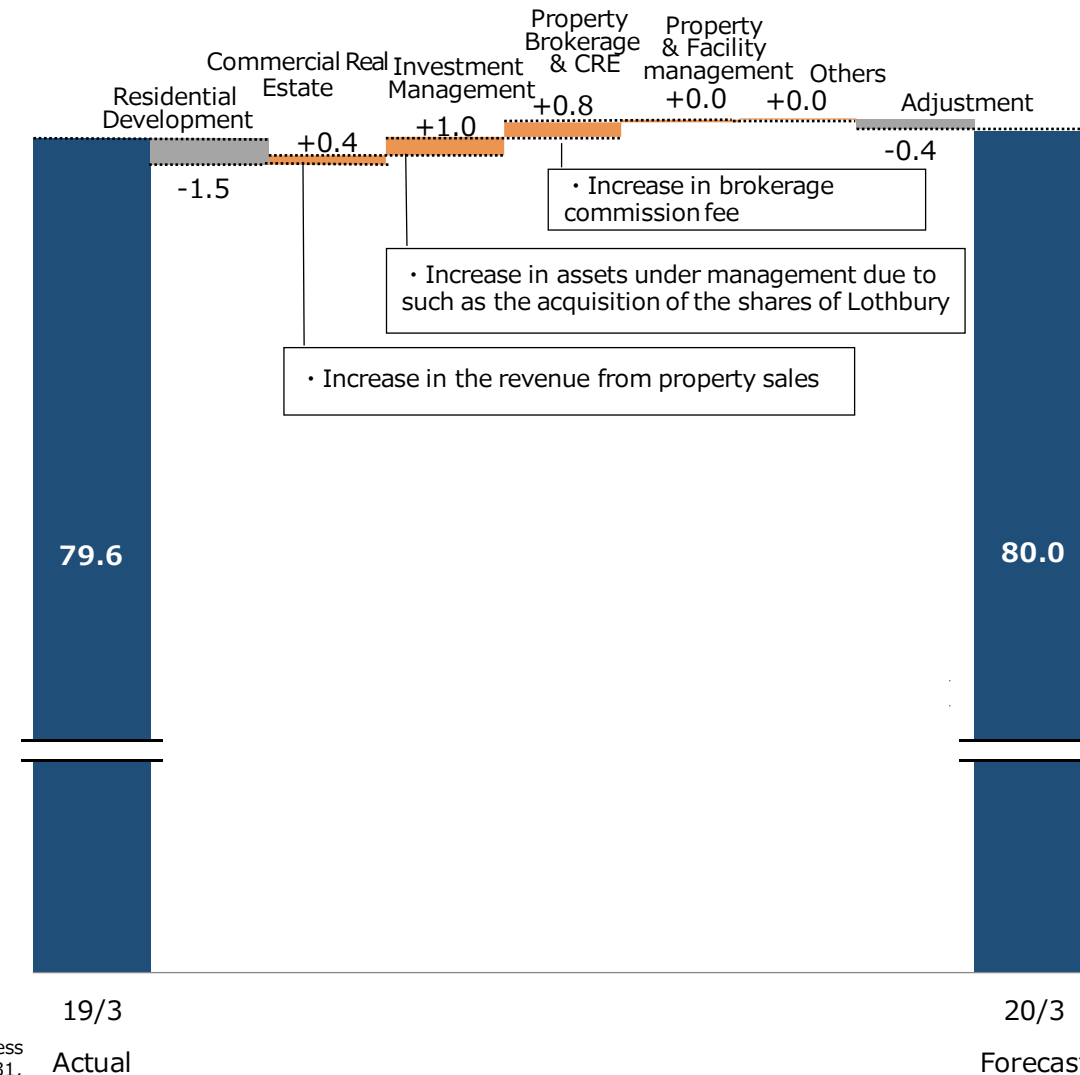
Leasing Business Unit

Forecast for FY ending March 31, 2020 (Compared with FY19/3 results)

- Expect to post a profit increase due to increases in revenue from property sales in the Commercial Real Estate Business Unit and management fees in the Investment Management Business Unit though a decrease in the number of housing units sold in the Residential Development Business unit.
- Profit targets changed to “Business profit,” with consideration of profit from overseas business and amortization of related intangible assets from M&A.

(¥bn)	19/3	20/3	Changes ②-①
	Actual* ¹ ①	Forecast ②	
Operating revenue	668.5	739.0	+70.4
Residential Development	375.3	365.0	-10.3
Commercial Real Estate* ²	171.6	242.0	+70.3
Service & Management	138.3	145.0	+6.6
Investment Management	9.6	12.0	+2.3
Property Brokerage & CRE	37.2	41.0	+3.7
Property & Facility Management	91.3	92.0	+0.6
Other	0.0	0.0	-0.0
Adjustments	-16.8	-13.0	+3.8
Business profit	79.6	80.0	+0.3
Residential Development	25.0	23.5	-1.5
Commercial Real Estate* ²	38.0	38.5	+0.4
Service & Management	21.6	23.5	+1.8
Investment Management	5.9	7.0	+1.0
Property Brokerage & CRE	8.1	9.0	+0.8
Property & Facility Management	7.4	7.5	+0.0
Other	-0.0	0.0	+0.0
Adjustments	-5.0	-5.5	-0.4
Ordinary profit	69.3	70.0	+0.6
Profit attributable to owners of parent	45.8	46.0	+0.1
Basic earnings per share (¥)	245.99	251.31	+5.32
Cash dividends per share (¥)	75.00	80.00	+5.00

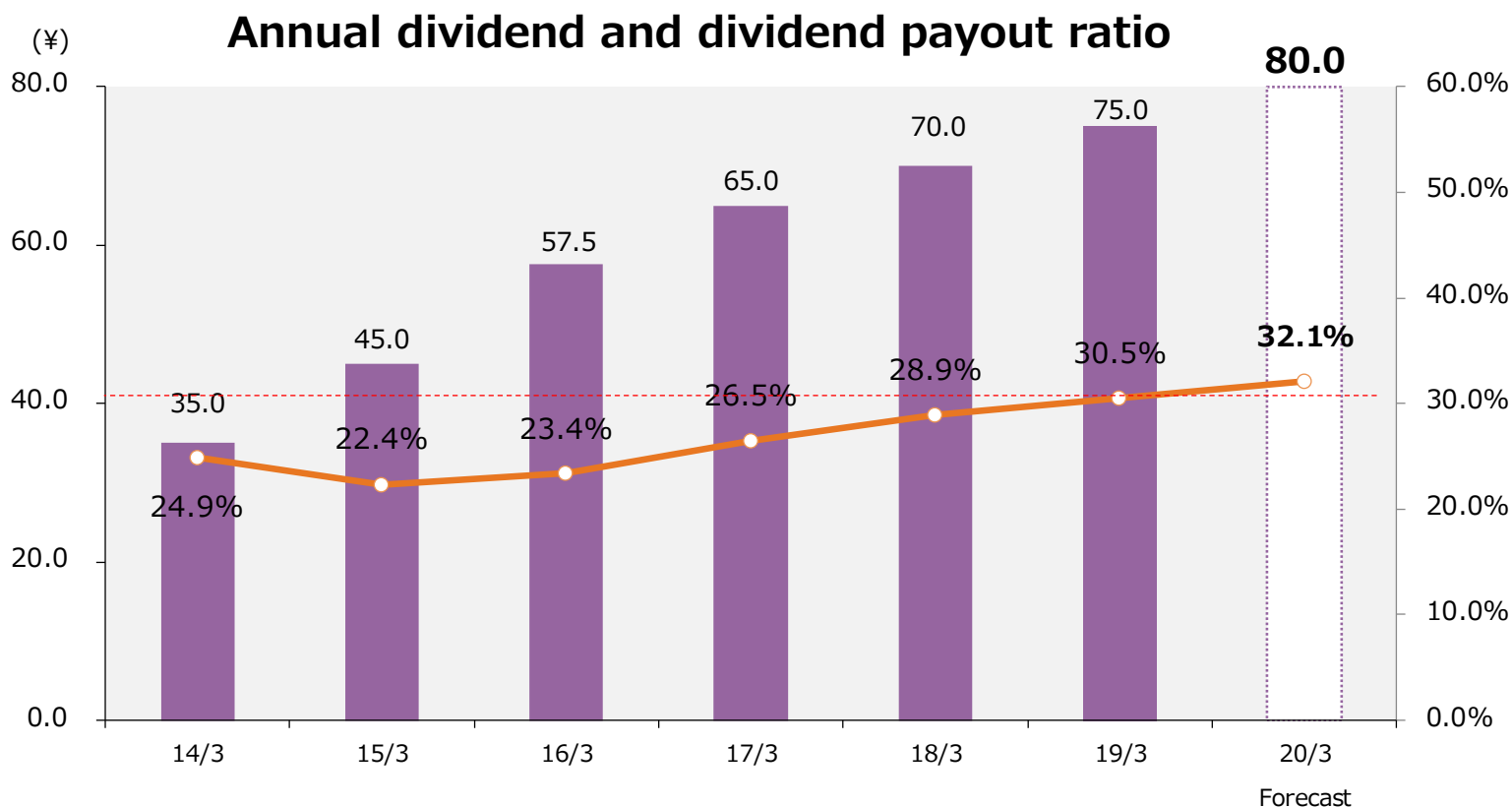
Key factors of changes in operating profit by unit (compared to FY19/3)



*¹From the fiscal year ended March 31, 2020, the classification of rental housing business and senior business has been changed from the Leasing Business Unit and Property & Facility Management Business Unit to Residential Development Business Unit. And the classification of fitness business has been changed from the Property & Facility Management Business Unit to Commercial Real Estate Business Unit. Due to these changes, the full-year results for the fiscal year ended March 31, 2019 are classified under the new classification.

*²From the fiscal year ended March 31, 2020, Leasing Business Unit has been renamed Commercial Real Estate Business Unit.

- The annual dividend per share for FY19/3 was ¥75 (up ¥5.0 y/y), which was an increase for 7 consecutive year. The annual dividend for FY20/3 is targeted to increase to ¥80 (up ¥5.0 compared with FY19/3).
- Following FY19/3, we decided to acquire treasury shares in FY20/3 up to ¥4 bn by October 25, 2019. Total return ratio is estimated to be about 40.8% level.



EPS(¥)	140.70	201.28	246.42	245.10	240.89	245.99	251.31
Dividend payout ratio (%)	24.9	22.4	23.4	26.5	28.9	30.5	32.1
Total return ratio (%)	"	"	"	"	50.6	41.4	40.8
Dividend yield (%)	1.8	2.1	2.8	3.7	2.8	3.5	—

*Dividend payout ratio=Total amount of dividends / Profit attributable to owners of parent, Total return ratio= (Total amount of dividends+ Total amount of acquisition of treasury shares) / Profit attributable to owners of parent

*Projected EPS and dividend payout ratio and total return ratio are calculated on the assumption that approved acquisition of treasury shares will be done up to the maximum amount.

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

Acquisition of Treasury Shares

- Acquired treasury shares of approx. ¥10 bn in FY18/3 and approx. ¥5 bn in FY19/3 to improve shareholders return and capital efficiency.
- As for FY20/3, we resolved to acquire treasury shares as well.

Acquisition of treasury shares



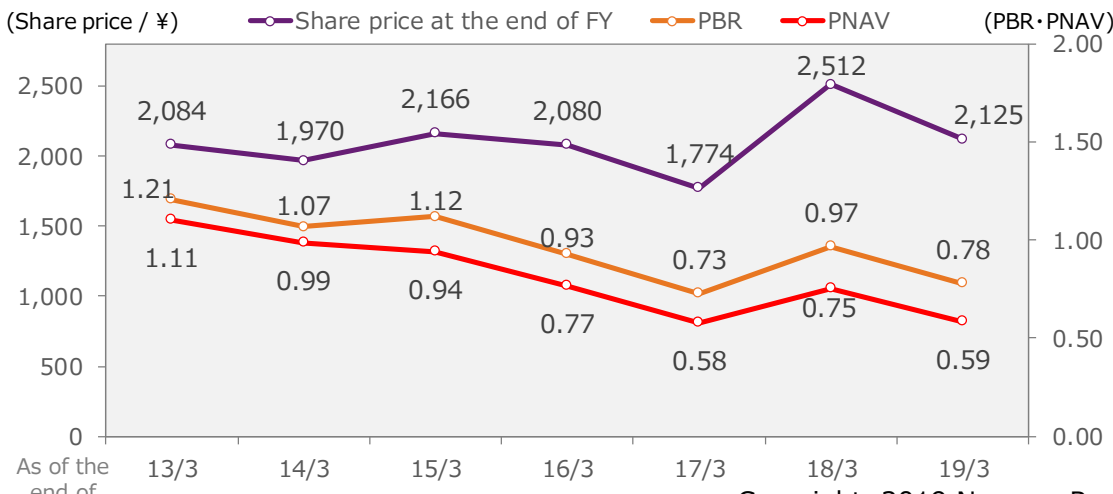
Considering the acquisition of treasury shares as taking into account of share price, financial soundness and business investment environment.

Outline of the acquisition of treasury shares (FY20/3)

Type of shares to be acquired	Common Stock of the Company
Total number of shares to be acquired	Up to 2,800,000 shares (Ratio to the number of outstanding shares: 1.50% (excluding treasury shares))
Total value of shares to be acquired	Up to ¥4 bn
Period of acquisition	From April 26, 2019 to October 25, 2019
Method of acquisition	Open market purchase on the Tokyo Stock Exchange

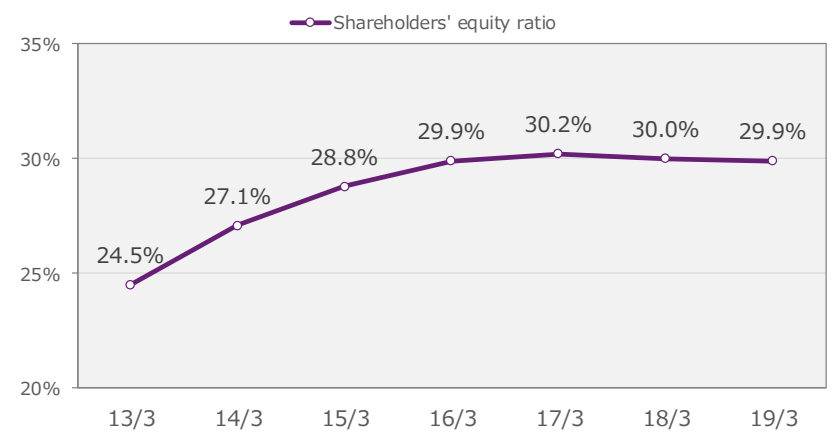
Share price

- PBR and PNAV are remaining at a low level.



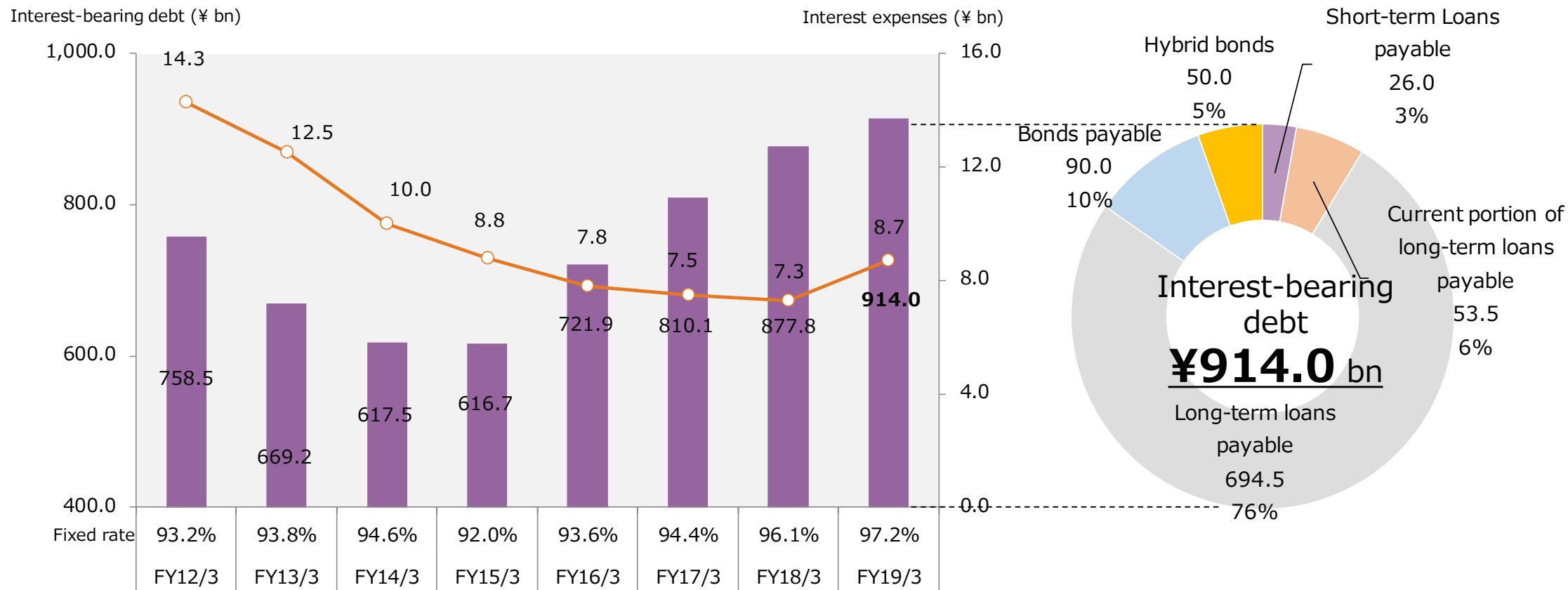
Financial soundness

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



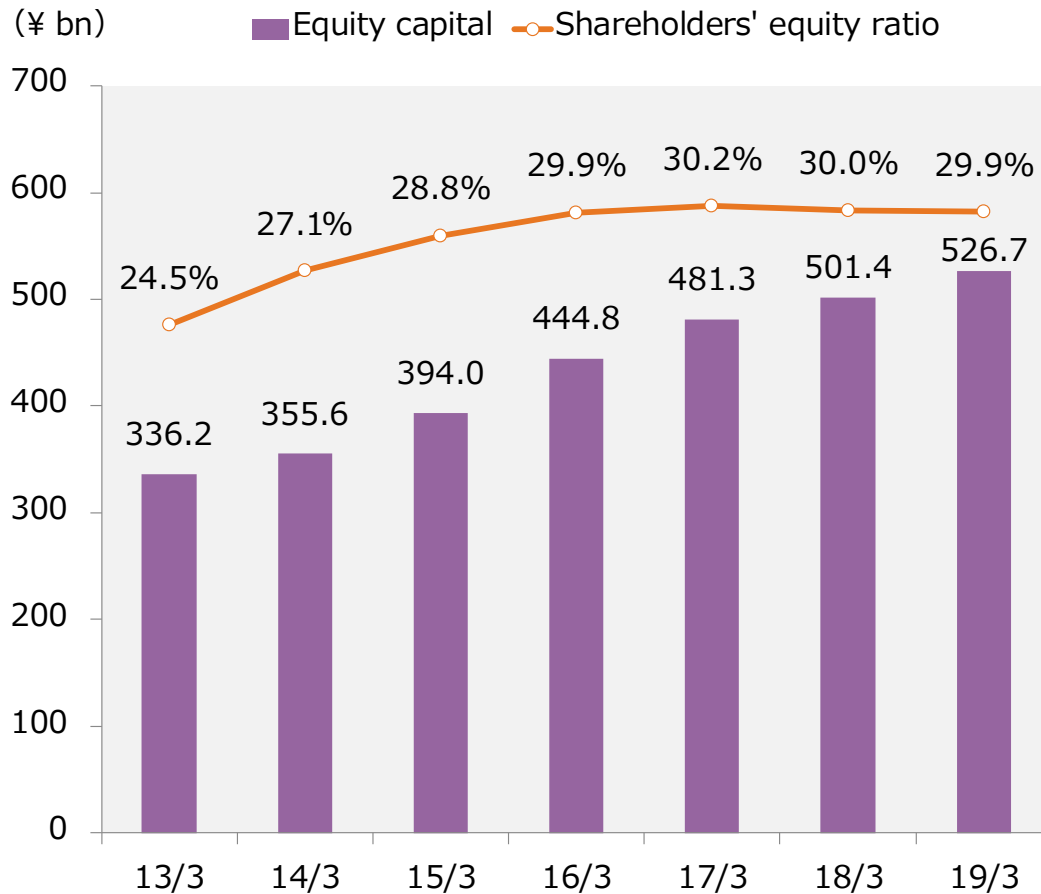
Interest-bearing debt & interest expenses

- After FY 16/3, the total amount of interest-bearing debt increased in line with the investment expansion phase. At the same time, we promoted diversification of funding methods by taking advantage of favorable funding conditions, such as the issuance of hybrid bonds and hybrid loans.



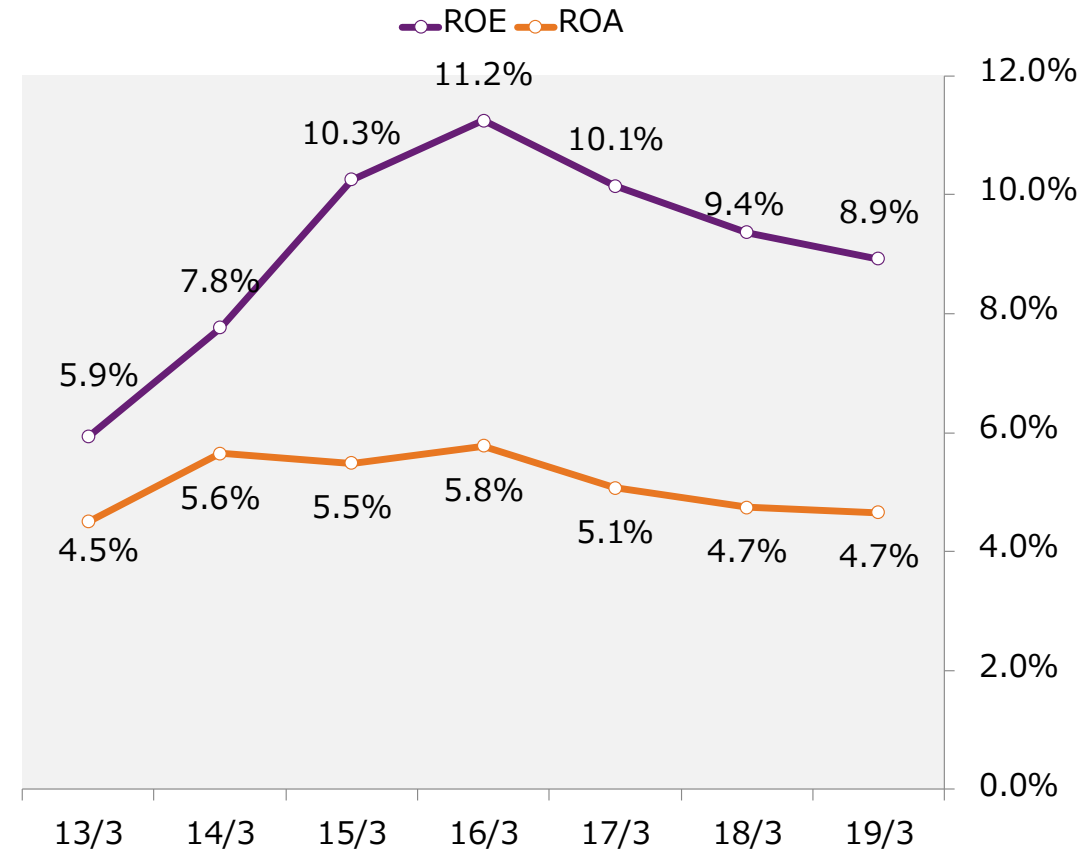
Shareholder's Equity/Shareholder's Equity Ratio

- Shareholder's equity ratio of FY19/3 was **29.9 %**, maintaining at the 30% level.



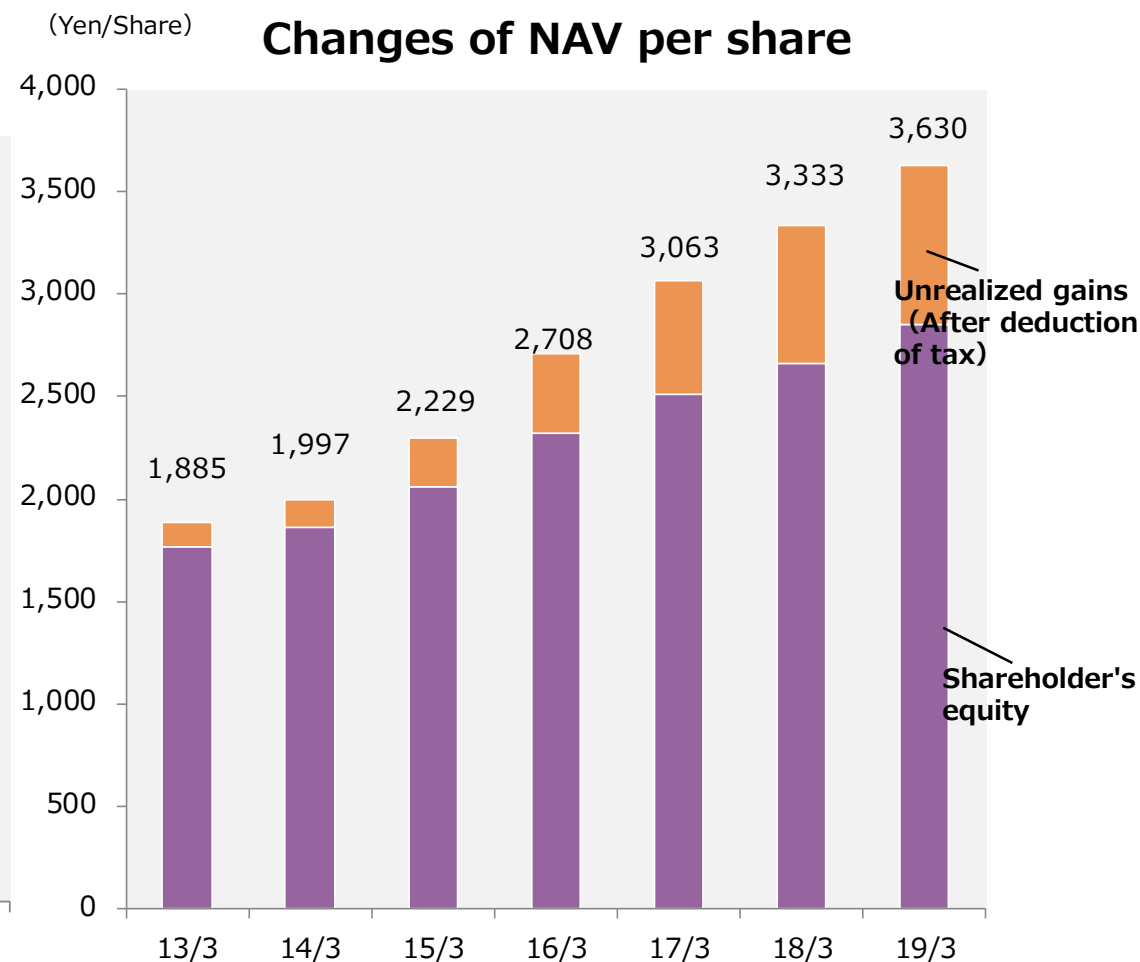
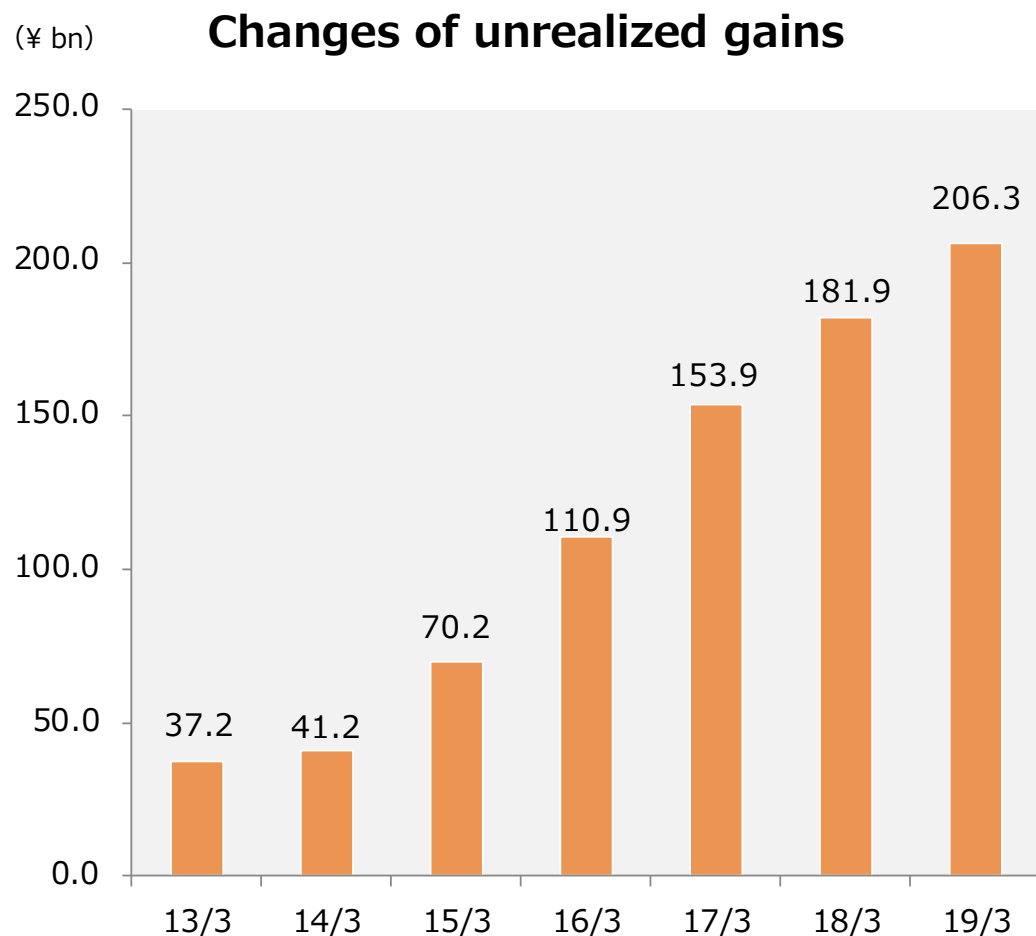
ROA/ROE

- ROA of 4.7%** and **ROE of 8.9%** in FY19/3 compared to the medium- to long-term guidelines of ROA of 5% and ROE of 10% level.



ROA = (Operating profit + Non-operating profit) / Average assets during the FY
ROE = Profit / The average shareholder's equity during the FY

- **Unrealized gain increased to ¥206.3 bn**, due to the cap rate decline in wide range of areas.
- **NAV per share increased to ¥3,630 (up ¥297 y/y)** owing to an increase in shareholder's equity by accumulating net profit and unrealized gain.



* 1 Unrealized gains are the amount deducting the year-end book value from year-end fair value disclosed in the Real Estate for Rent of Financial Results.

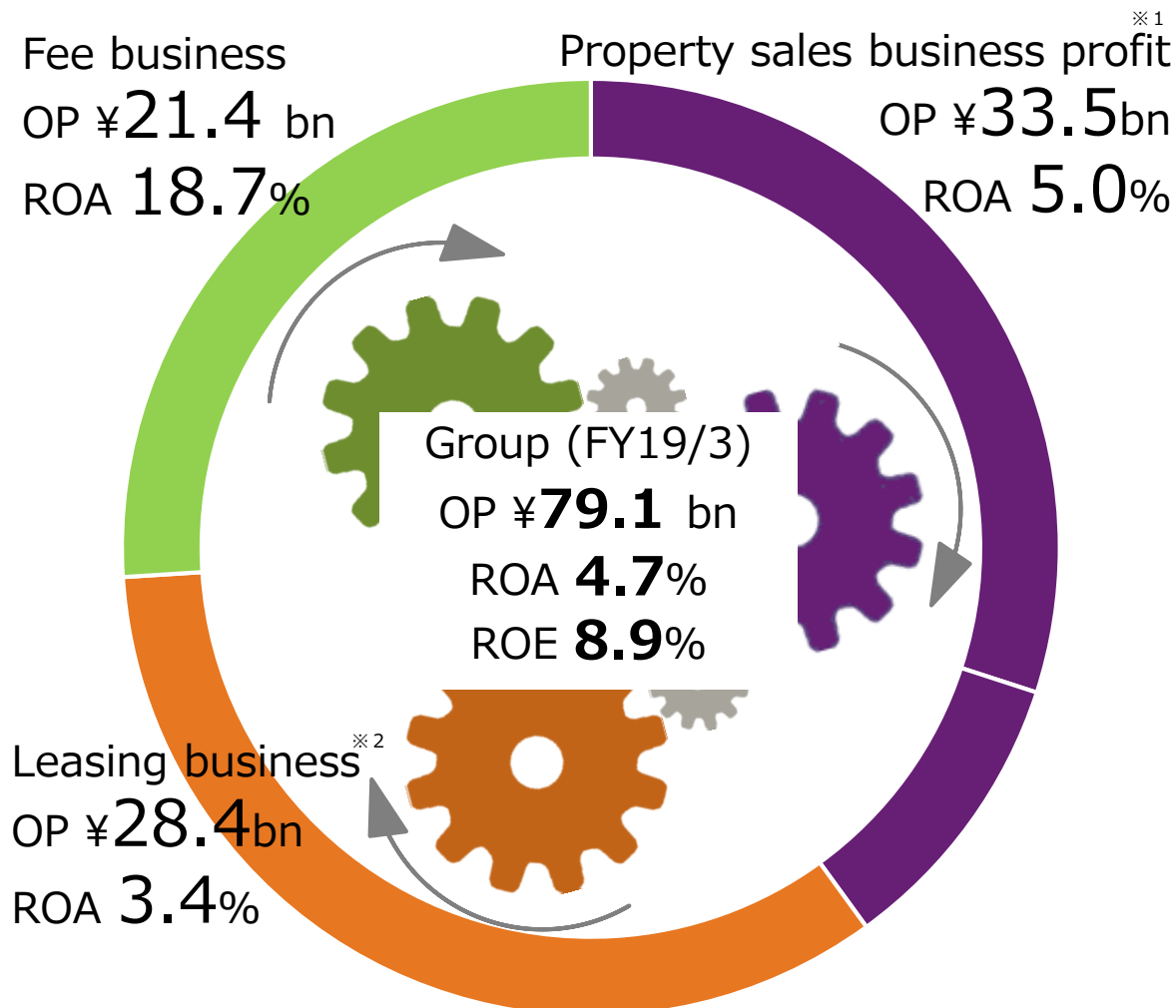
* 2 Fair value is calculated mainly based on the "Japanese Real Estate Appraisal

※ 1 NAV per share = (shareholder's equity + unrealized gains (after deduction of tax)) / the number of shares issued at the end of period (excluding treasury shares)

※ 2 Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate) (Adapting the each fiscal year's figure as effective tax rate)

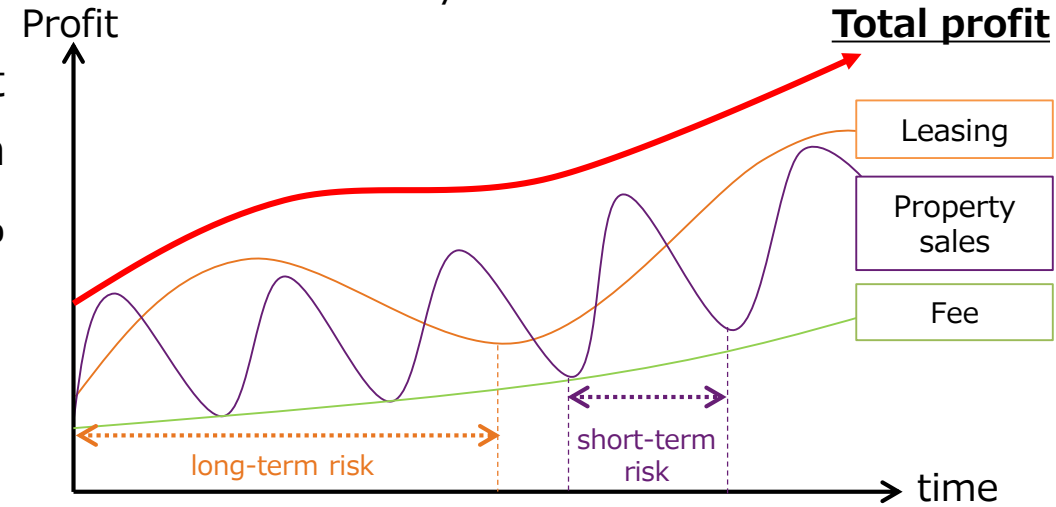
- Balancing the three business categories of property sales business, leasing business, and fee business enables the dispersion of market fluctuation risks and high levels of efficiency.
- To prepare for the market risk, we are expanding fee business.

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		18~20	-	stable
	Property Brokerage & CRE				unstable
	Property & Facility Management				stable
Our Group			ROA : 4.7~5.8 ROE : 8.9~11.2		

※ 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. ROA for property development for sales is calculated by dividing the OP of property development for sales by the average assets of leasing business unit during the FY.

※ 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 and share of profit (loss) of entities accounted for using equity method of leasing business by the average assets of leasing business unit during the FY excluding the inventory assets of the leasing business unit.

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

The outline of Business Unit

- The number of Housing units sold increased. Completed housing inventory decreased compared with the end of the previous fiscal year.

Gross margin ratio was **19.1%** (down 0.0 points y/y)

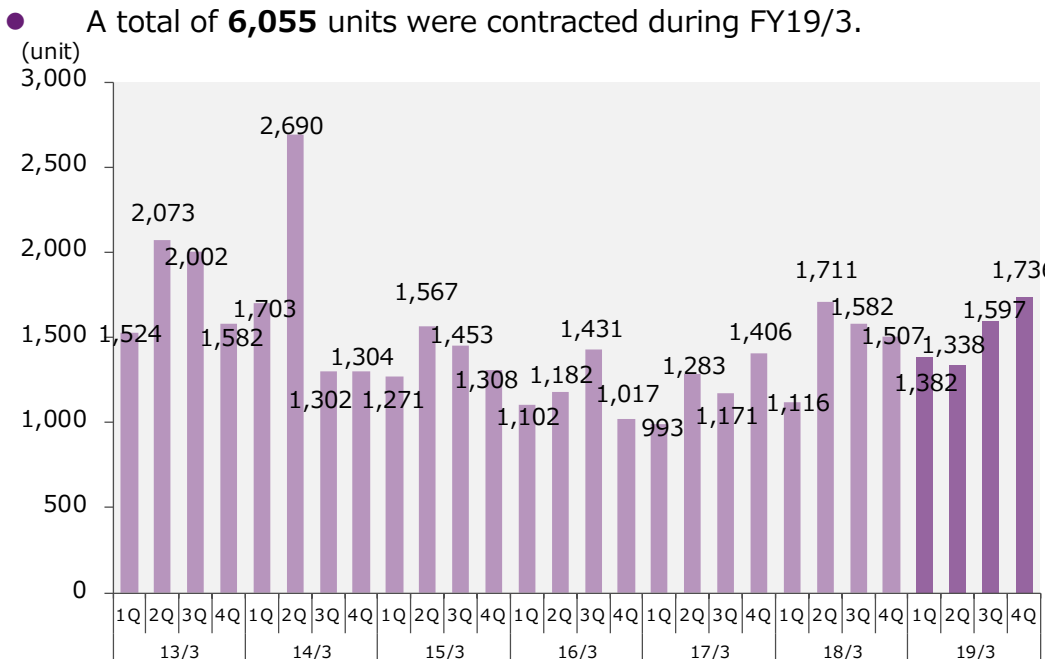
(¥bn)	18/3 Actual ①	19/3 Actual (Before Reclassification) ②	Changes ②-①	19/3 Actual (New Classification) ③	20/3 Forecast ④	Changes ④-③
Operating revenue	355.4	362.7	+7.3	375.3	365.0	-10.3
Housing sales (Japan)	336.8	342.0	+5.2	342.0	—	—
Senior	—	—	—	0.3	—	—
Rental housing (Sales)	—	—	—	11.7	—	—
Rental housing (Leasing)	—	—	—	0.4	—	—
Other	18.6	20.7	+2.0	20.7	—	—
Operating profit	24.5	23.1	-1.3	25.0	—	—
Share of profit (loss) of entities accounted for using equity method	—	—	—	-0.0	—	—
Amortization of intangible assets associated with corporate acquisitions	—	—	—	—	—	—
Operating profit	—	—	—	25.0	23.5	-1.5

【Housing sales indicators】

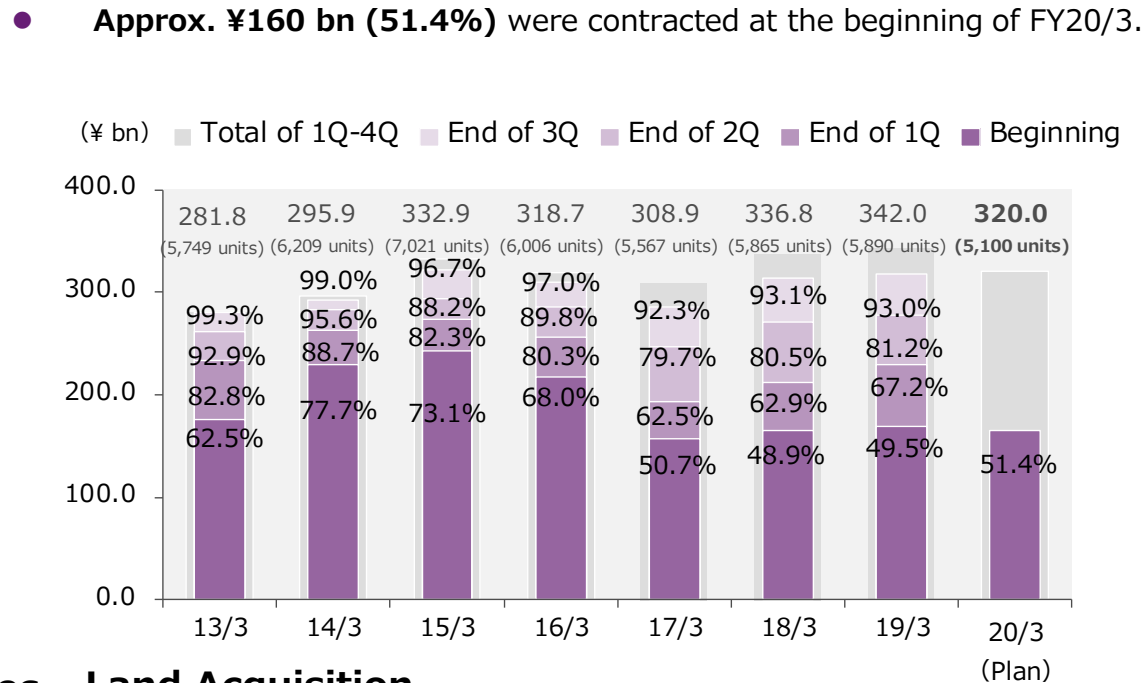
Housing sales (unit)	5,865	5,890	+25	5,890	5,100	-790
Condominiums	5,258	5,243	-15	5,243	4,600	-643
Detached housing	607	647	+40	647	500	-147
Tokyo metropolitan area	4,483	4,295	-188	4,295	3,800	-495
Osaka metropolitan area	716	830	+114	830	700	-130
Other area	666	764	+98	764	600	-164
Period-end housing contracted but not sold(unit)	2,831	2,996	+165	2,996	—	—
Period-end completed housing inventory (unit)						
released for sale	239	229	-10	229	—	—
unreleased	218	47	-171	47	—	—
Average sales price (¥mn)	57.42	58.06	+0.64	58.06	—	—
Gross margin ratio (%)	19.1%	19.1%	-0.0P	19.1%	—	—

*From the fiscal year ended March 31, 2020, the classification of rental housing business and senior business has been changed from the Leasing Business Unit and Property & Facility Management Business Unit to Residential Development Business Unit. Due to this change, the full-year results for the fiscal year ended March 31, 2019 are classified under the new classification.

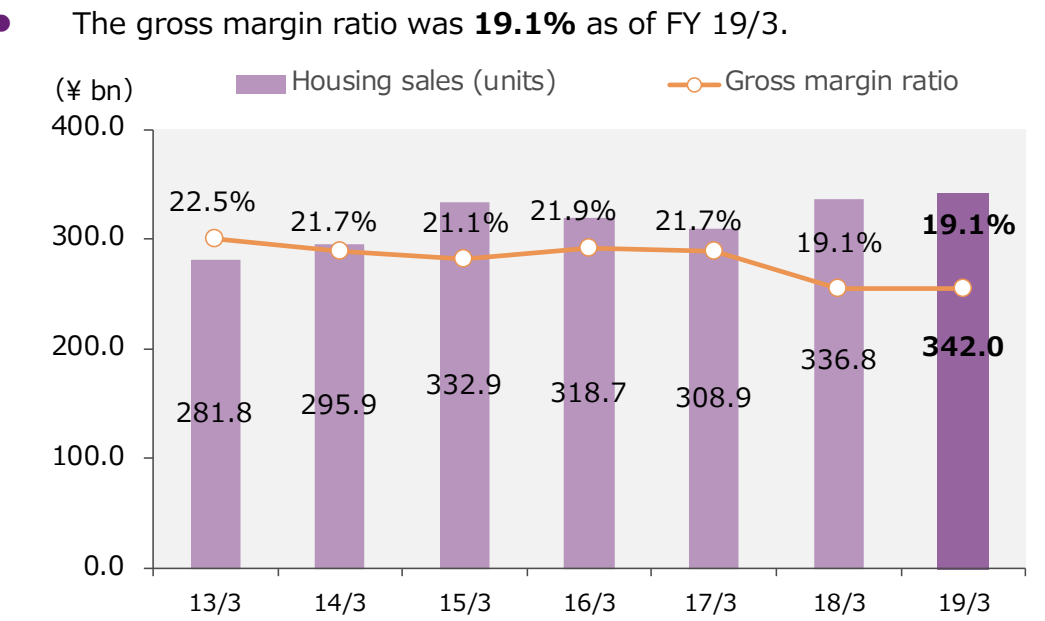
The number of housing contracted



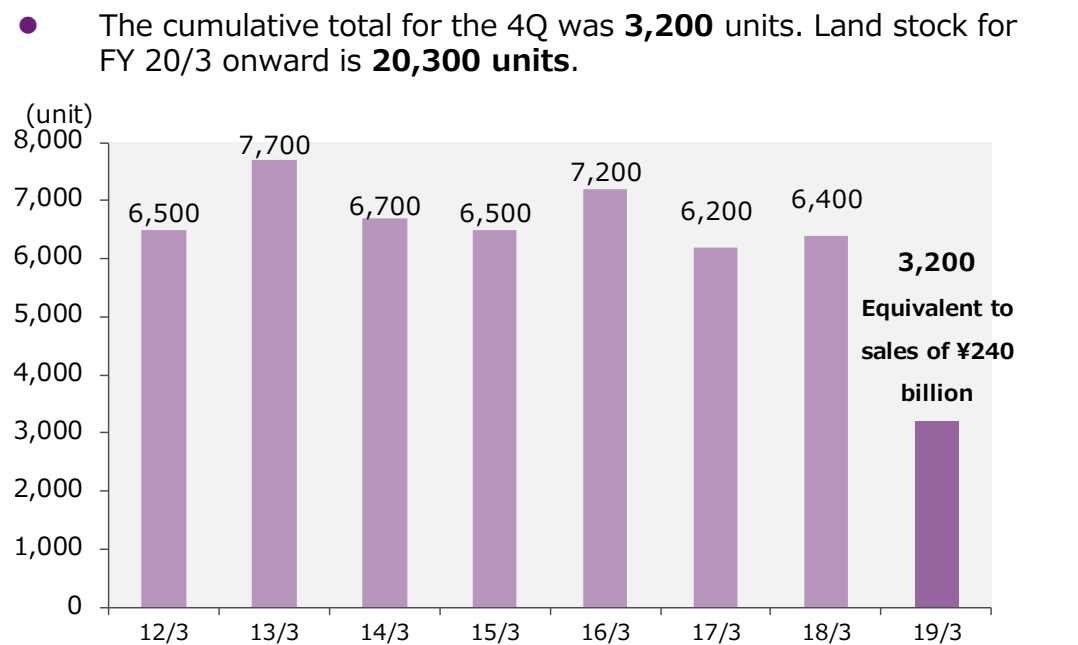
Contract rate against the number of housing sales



The gross margin ratio and the number of housing sales



Land Acquisition



Major Upcoming Projects

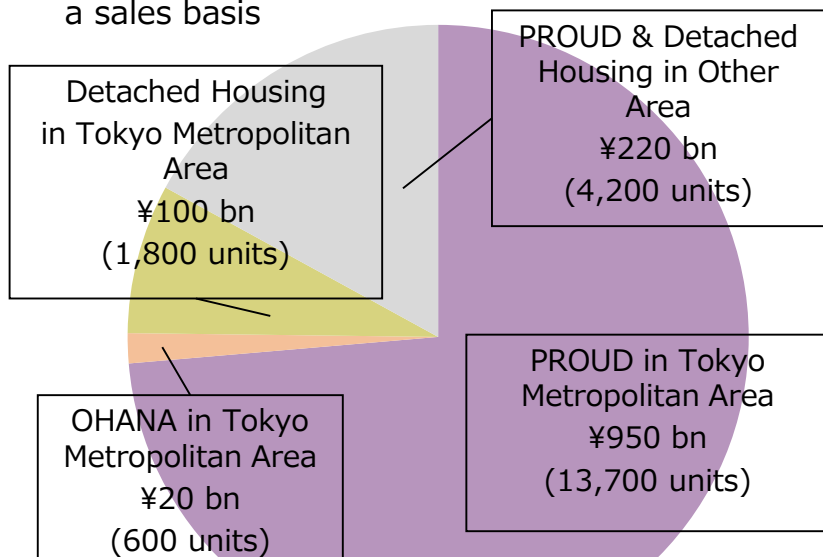
20/3	21/3	22/3	23/3~
PROUD CITY Shinonome Canal Marks (Koto-ku, Tokyo 472 units *1)	Sarugakucho II Project (Shibuya-ku, Tokyo 95 units)	Higashi-Ikebukuro 4-chome Second District (Toshima-ku, Tokyo 193 units)	Jingumae 6-chome Project (Shibuya-ku, Tokyo 89 units)
PROUD CITY Kichijoji (Mitaka-shi, Tokyo 314 units *1*2)	PROUD TOWER Musashi-Koganei Cross (Koganei-shi, Tokyo 618 units *1)	Kameido 6-chome Project (Koto-ku, Tokyo 934 units)	Hankyu Tsukaguchi Station-Front Redevelopment Project (Amagasaki-shi, Hyogo 416 units)
PROUD Ebisu Hillside Garden (Shibuya-ku, Tokyo 88 units)	THE COURT Jingu-Gaien (Shibuya-ku, Tokyo 75 units *2)	Minamikoiwa 6-chome Redevelopment (Edogawa-ku, Tokyo 309 units *1*2)	Shibaura 4-chome project (Minato-ku, Tokyo 395 units)
PROUD TOWER Kawaguchi (Kawaguchi-shi, Saitama 200 units)	PROUD TOWER Sakai-Higashi (Sakai-ku, Sakai-shi 272 units)	Odatoshiba-cho, Ibaraki-shi (Ibaraki-shi, Osaka 231 units *2)	Kawaguchi Sakaecho 3-chome District Redevelopment Project (Kawaguchi-shi, Saitama 450 units)
PROUD CITY Hiyoshi (Kohoku-ku, Yokohama-shi 1,082 units *1*2)	Wakashio Heights Manshon Redevelopment (Chiba-shi, Chiba 565 units *1*2)	Kanamachi Station-Front South District (Katsushika-ku, Tokyo 171 units)	Hirai 5-chome Station-front Redevelopment (Edogawa-ku, Tokyo 288 units)
PROUD TOWER Kitahama (Chuo-ku, Osaka-shi 168 units *2)	Tsudanuma The Tower (Narashino-shi, Chiba 189 units *2)	Kagurazaka Project (Shinjuku-ku, Tokyo 74 units)	Akabane 2-chome II project (Kita-ku, Tokyo 310 units)

*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

Stock after FY 20/3 is **¥1,290 bn** (20,300 units) on a sales basis



PROUD CITY Hiyoshi



PROUD Ebisu Hillside Garden

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

Project name	Number of units (our share)	17/3 - 19/3	20/3 - 22/3	23/3 - 25/3
Gracia Tower Futamatagawa*1	81		c	
PROUD TOWER Higashi-Ikebukuro	110	s	c	
PROUD TOWER Musashi-Koganei Cross *2	613	s	c	
PROUD TOWER Sakai-Higashi*1	272	s	c	
Wakashio Heights*1	565	s	c	c
Nagoya Nishiki 2-chome Redevelopment *1	120		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 Redevelopment	450	s		c
Hankyu Tsukaguchi Station-Front Redevelopment *2	416		s	c
<u>Utsunomiya Station East Exit District *1, *2</u>	110		s	c
<u>Hirai Station North Exit District Redevelopment</u>	288		s	c
<u>Itabashi Station Itabashi Exit District *1</u>				
Tarumi Station-Front District Redevelopment				
Fukushima Station East Exit Redevelopment *1, *2				
<u>Minatomachi 3-chome C District Redevelopment (Matsuyama-shi, Ehime)*1</u>				
Minami-Ikebukuro 2-chome C District Redevelopment *1				
Tateishi Station South Exit East District Redevelopment *1				
Okayama-shi Ekimaecho 1-chome District Redevelopment *1				
Tsukishima 3-chome South Redevelopment *1				
JR Kamata Station East Exit Central District Redevelopment				
Nishi-Nippori Station-Front Redevelopment *1,*2				
<u>Mishima Station South Exit East District *1</u>				
Akasaka 7-chome 2nd District Redevelopment *1				
Funabashi Station South Exit District Redevelopment				
Katamachi 4-bangumi Sea side District Redevelopment (Kanazawa-shi, Ishikawa) *2				
Iidabashi Station Central District Redevelopment *2				
Nishi-Ojima Station-Front Redevelopment *1				
Kouyamachi · Miyuki-cho Redevelopment (Shizuoka) *1				
<u>Shakuji Koen Station South Exit West Exit Redevelopment</u>				
Nishi-Shinjuku 3-chome West District Redevelopment*1,*2				
Kodaira Station-Front North District Redevelopment *1				
Mikawashima Station-Front North District Redevelopment *1				
Hongo Masago South District Redevelopment				
Minami-Ikebukuro 2-chome B District Redevelopment *1,*2				
Kachidoki Station South Exit 8&9 Block Redevelopment *1				
Hirao Condominium Redevelopment *1				

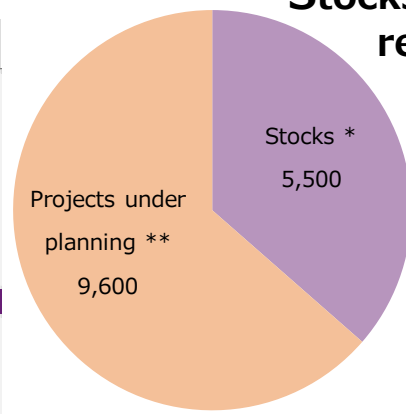
From Phase III onwards : 9,600 units (From 23/3 onwards)

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

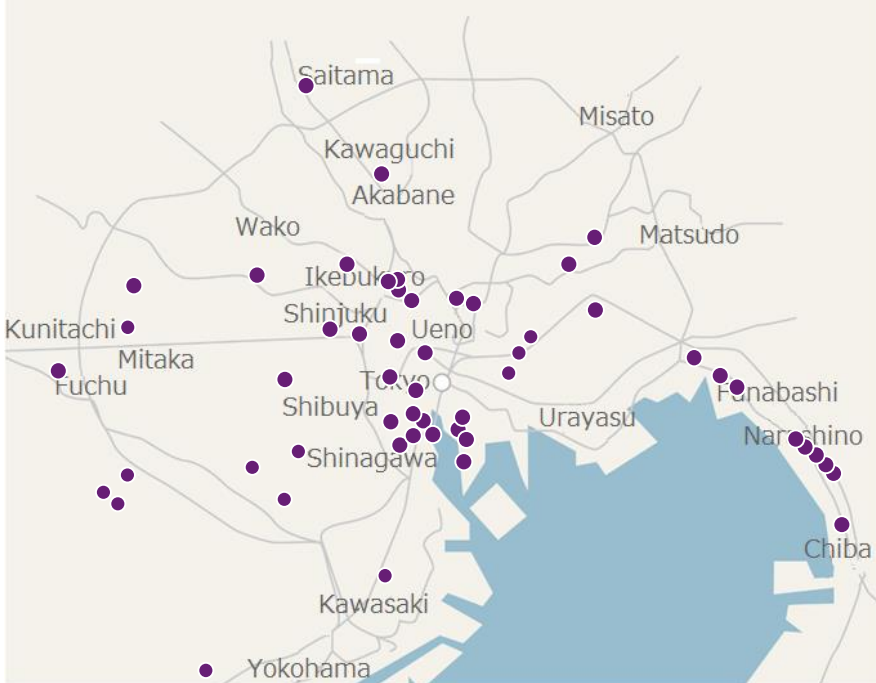
Stocks and projects under planning for redevelopment and rebuilding



Of 20,300 units for stock as from FY20/3, hold **5,500** units for stock for redevelopment and rebuilding. Other than that, hold **9,600** 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.

- Developing business in high-growth Southeast Asia area. **13 projects, total ¥56 bn investments are determined at this time.** Under the new Mid- to long-term Business plan (FY 20/3 to 28/3), plan to invest a total of ¥300 billion over 9 years.

Overseas Investment Project

Project	Main use	Total business	Joint Partner	Our Share	17/3 - 19/3	20/3 - 22/3	23/3 - 25/3
Shenyang, China	Residence	Approx. 4,100 units	Mitsubishi Corporation	11.25%	c c c c		
Ho Chi Minh City, Viet Nam	Residence	Approx. 2,400 units	Phu My Hung Development, Daiwa House, Sumitomo Forestry	12.25%		c c c	
Manila, the Philippines	Residence Retail	Approx. 1,400 units Approx. 28,000m ²	Federal Land, Isetan Mitsukoshi Holdings	20.00%	s		c c
Ratchayothin, Bangkok, Thailand	Residence	A building 334 units B building 489 units	Origin Property	49.00%	s	c c	
On Nut, Bangkok, Thailand	Residence	601 units	Origin Property	49.00%	s	c	
Ramkhamhaeng, Bangkok, Thailand	Residence	685 units	Origin Property	49.00%	s	c	
Thong Lo, Bangkok, Thailand	Service Apartment	303 rooms	Origin Property	49.00%	s	c	
<u>Thong Lo, Bangkok, Thailand</u>	Residence	1236 units	Origin Property	49.00%		s c	
<u>Sukhumvit 24, Bangkok, Thailand</u>	Service Apartment	411 rooms	Origin Property	49.00%		s c	
<u>Ratchathew, Bangkok, Thailand</u>	Residence	264 units	Origin Property	49.00%		s c	
<u>Rama IV, Bangkok, Thailand</u>	Residence	501 units	Origin Property	49.00%		s c	
Ho Chi Minh City, Viet Nam SUN WAH TOWER (Existing Property)	Office	Approx. 32,000m ²	SUN WAH GROUP	24.00%	→Acquire shares		
Beijing, China 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

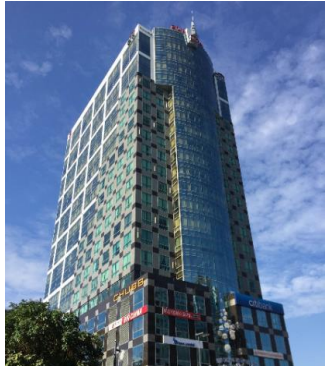
Units volume: 6 projects, over 4,000 units
 Our share: 49.00%



Leasing

Ho Chi Minh City, Vietnam, (Office)

Floor space:
 Approx. 32,000m²
 Completion of construction: 1997
 Our share: 24.00%



Bangkok, Thailand (Service apartment)

Units volume : 714 rooms (total of 2 projects)
 Our share: 49.00%



- Both Operating revenue and Operating profit increased due to the increases of leasing revenues and revenues of property sales. While the vacancy rate increased due to tenant moving out in Yokohama training facility, the revenue impact is minor.
- The vacancy rate as of the end of FY19/3 was **4.7%** (up 3.9 points compared to the end of FY18/3).

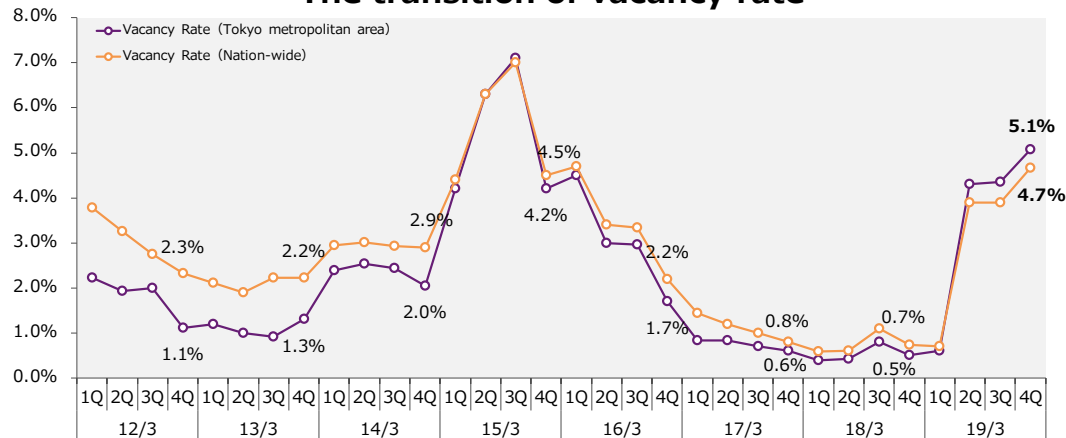
(¥bn)	18/3 Actual ①	19/3 Actual (Before Reclassification) ②	Changes ②-①	19/3 Actual* (New Classification) ③	20/3 Forecast ④	Changes ④-③
Operating revenue	134.9	167.6	+32.6	171.6	242.0	+70.3
Leasing (offices)	53.3	53.9	+0.6	53.9	—	—
Leasing (retail facilities)	12.6	13.8	+1.1	13.8	—	—
Leasing (other)	7.1	7.9	+0.7	7.9	—	—
Property development (sale)	43.3	77.0	+33.7	65.3	—	—
Property development (leasing)	4.7	5.0	+0.3	4.5	—	—
Fitness	—	—	—	16.6	—	—
Other	13.7	9.7	-3.9	9.3	—	—
Operating profit	35.2	38.8	+3.6	37.6	—	—
Share of profit (loss) of entities accounted for using equity method	—	—	—	0.2	—	—
Amortization of intangible assets associated with corporate acquisitions	—	—	—	0.2	—	—
Business profit	—	—	—	38.0	38.5	+0.4
Rentable floor area (sqm)	1,021,004	953,620	-67,384	—	—	—
Offices	846,338	784,122	-62,215	—	—	—
Retail facilities	174,666	169,497	-5,169	—	—	—
Vacancy rate	0.7%	4.7%	+3.9P	—	—	—

* Leasing (offices) includes subleasing properties

→ [Reference] Rent revenue change analysis

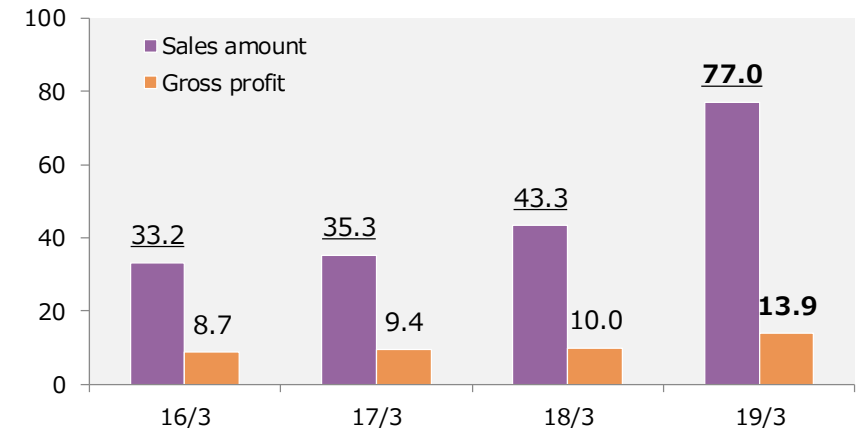
Changes	Key Factors
New and full period operation buildings	+1.2 The contribution of buildings including Yokohama Nomura Building and Morisia tsudanuma.
Existing buildings	+2.5 The adjusted expenses paid by the tenant moving out and others.
Sold and be terminated	-2.0 Building such as Nomura real estate 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 : ¥77.0 billion



*From FY 20/3, the rental housing business, which had been classified as Leasing business unit, was transferred to Residential Development Business unit, and the fitness business, which had been classified as Property & Facility Management Business unit was transferred to Commercial Real Estate Business Unit. Due to this change, the full-year results for the fiscal year ended March 31, 2019 are classified under the new classification.

- **Acquired 26 properties in FY19/3 and the estimated total investment amount for them is about ¥140.0 bn. The stocks of property development are expanded to be about ¥390.0 bn.**
- Promote acquisitions and sales at about ¥150 bn/FY in the mid-to-long-term to obtain stable earnings.

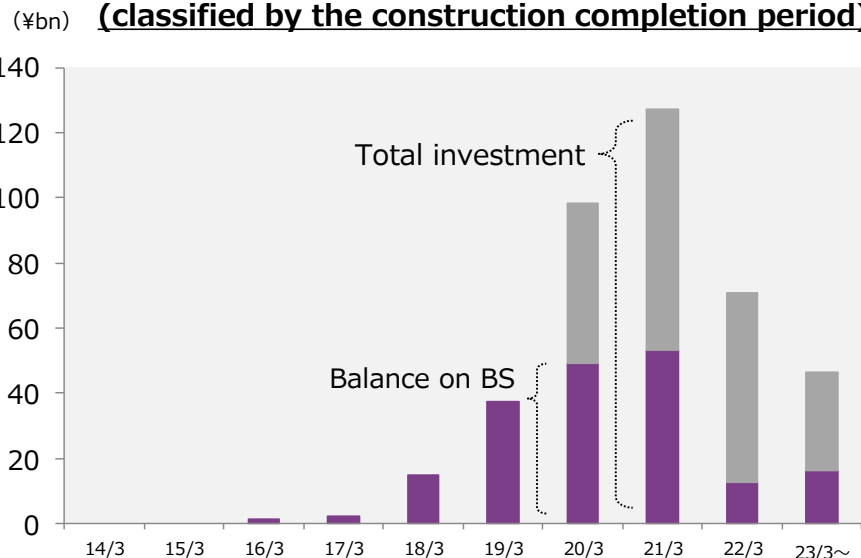
Stocks of property development

(Estimated investment amount: about ¥390.0 bn *1)

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

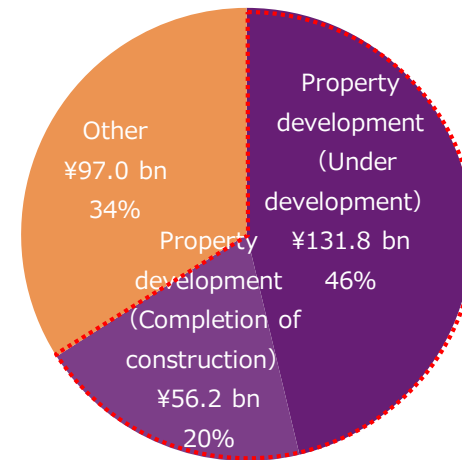
Stocks of property development

(classified by the construction completion period) *2



Total BS balance of Inventories for Leasing Business Unit

Total BS balance of in Leasing Business Unit



Total BS balance of property development by Asset type

(¥bn)	As of the end of 19/3
Total BS balance of property development	188.0
Offices (PMO, etc.)	83.0
Retail Facilities (GEMS/NSC etc.)	25.7
Logistics Facilities (Landport, etc.)	39.3
Condominiums (PROUD FLAT, etc.)	39.9

* 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.)

Category	Projects	Investment/Sale Value (¥bn)
Offices (PMO etc.)	Acquisition (Estimated total investment)	10 projects (About ¥82.0 bn)
	Sale (Sale value)	7 projects (¥28.8 bn)
Condominiums (PROUD Flat etc.)	Acquisition (Estimated total investment)	8 projects (About ¥24.0 bn)
	Sale (Sale value)	7 project (¥11.7 bn)
Retail Facilities (GEMS etc.)	Acquisition (Estimated total investment)	6 projects (About ¥14.0 bn)
	Sale (Sale value)	6 project (¥15.7 bn)
Logistics Facilities (Landport etc.)	Acquisition (Estimated total investment)	2 project (About ¥23.5 bn)
	Sale (Sale value)	2 project (¥20.7 bn)

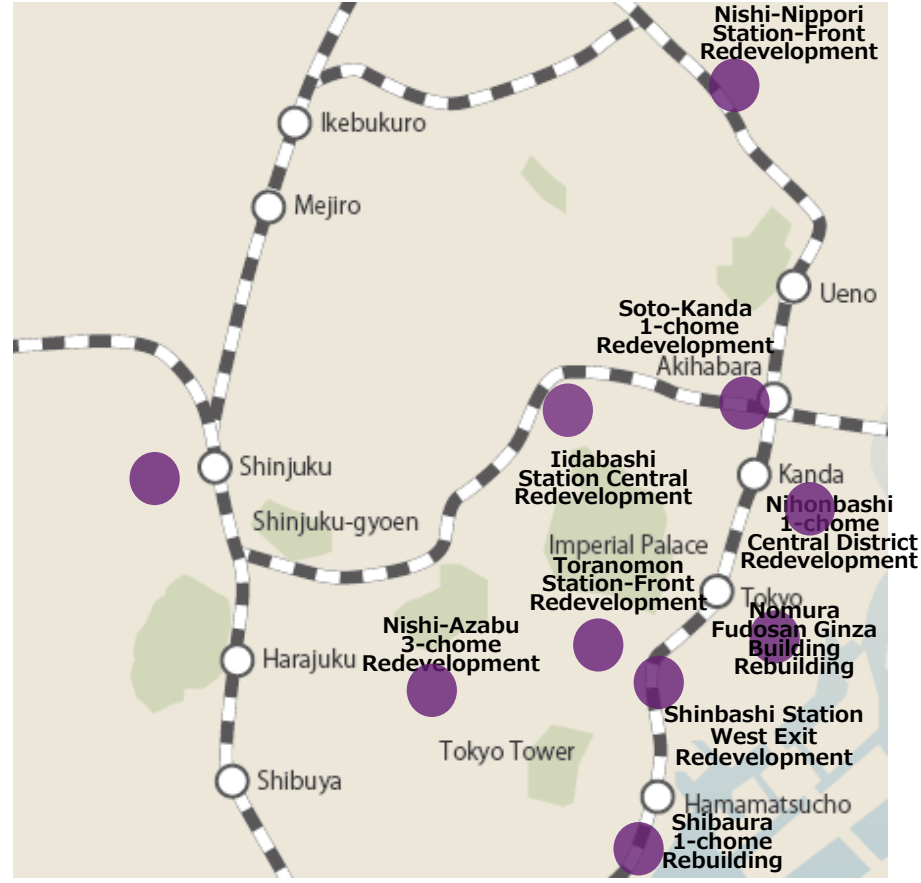
*Properties mentioned on this page includes the projects determined at this fiscal year ended.

*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.

- Actively promoting mixed-use development projects in central Tokyo.
Major projects of large-scale redevelopment & mixed-use development

Project Name	Progress situation	Main use	Area planned to be acquired	17/3 - 19/3	20/3 - 22/3	23/3 - 25/3
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	Under Construction	Office Retail	Approx. 12,000m ²	S [Progress Bar] C		
Musashi-Koganei station 2nd District Redevelopment	Under Construction	Retail Residence	Approx. 10,000m ²	S [Progress Bar] C		
Kameido 6-chome Project	Under Planning	Retail Residence	Approx. 152,500m ² (Total floor area)		S [Progress Bar] C	
Nishi-Azabu 3-chome Redevelopment*	Blueprint of the project is under process	Hotel Residence	Approx. 9,900m ²		S [Progress Bar] C	
Shibaura 1-chome Rebuilding* (Certified as National Strategic Special Zone)	Certified as a national strategic special zone	Complex	Approx. 550,000m ² (Total floor area)		S [Progress Bar] C (S Tower)	
Nihonbashi 1-chome Central District Redevelopment * (Certified as National Strategic Special Zone)	Certified as a national strategic special zone	Office Retail Hotel	Approx. 40,000m ²		S [Progress Bar]	
Nishi-Shinjuku 3-chome West Redevelopment*	Blueprint of the project is under process	Retail Residence	Approx. 21,000m ²			S [Progress Bar]
Nishi-Nippori Station-Front Redevelopment *	Blueprint of the project is under discussion	Retail Residence	Approx. 18,000m ²			[Progress Bar]
Soto-Kanda 1-chome Redevelopment	Blueprint of the project is under discussion	Office Hotel Retail	Approx. 44,000m ²			[Progress Bar]
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residence	Approx. 22,000m ²			[Progress Bar]
Shinbashi Station West Exit Redevelopment *	Blueprint of the project is under discussion	Office Retail	TBD			[Progress Bar]
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building) *	-	Office	TBD			TBD

Tokyo Metropolitan Area



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

* **S** :Start of construction **C** :Completion of construction

*JV projects

- Promoting redevelopment of Shibaura 1-chome and Nihonbashi 1-chome central district. Those are certified under the National Strategic Special Zones as of March 9, 2018.

Shibaura 1-chome 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 40,000㎡
 Floor area : about 550,000㎡
 Main usage : Office, retail, hotel ,residence
 Start of construction(including demolition) :
 FY22/3(S tower), FY27/3(N tower)
 Completion of construction : FY25/3(S tower)
 FY31/3(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 18,900㎡
 Floor area : about 373,200㎡
 Main usage : Office, retail, hotel, residence,
 conference center
 Start of construction : FY21/3
 Completion of construction : FY26/3
 Main participating companies : Mitsui Fudosan,
 Nomura Real Estate, Nomura Holdings

	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	96,398m 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	Nihonbashi Muromachi Nomura Building	Chuo-ku, Tokyo	22,247m ²	2010/9
9	Umeda Sky Building	Kita-ku, Osaka-shi, Osaka	19,195m ²	1993/3
10	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,157m ²	1961/4
11	bono Sagamiono Shopping Center	Minami-ku, Sagamihara-shi, Kanagawa	15,997m ²	2013/1
12	Nomura Fudosan Ginza Building	Chuo-ku, Tokyo	13,280m ²	1982/3



Hamamatsucho Building



LAZONA Kawasaki Toshiba Building



Yokohama Nomura Building



Shinjuku Nomura Building



Nihonbashi Muromachi Nomura Building



Umeda Sky Building



Nomura Fudosan Ginza Building



Yokohama Business Park



LAZONA Kawasaki Plaza



Morisia Tsudanuma

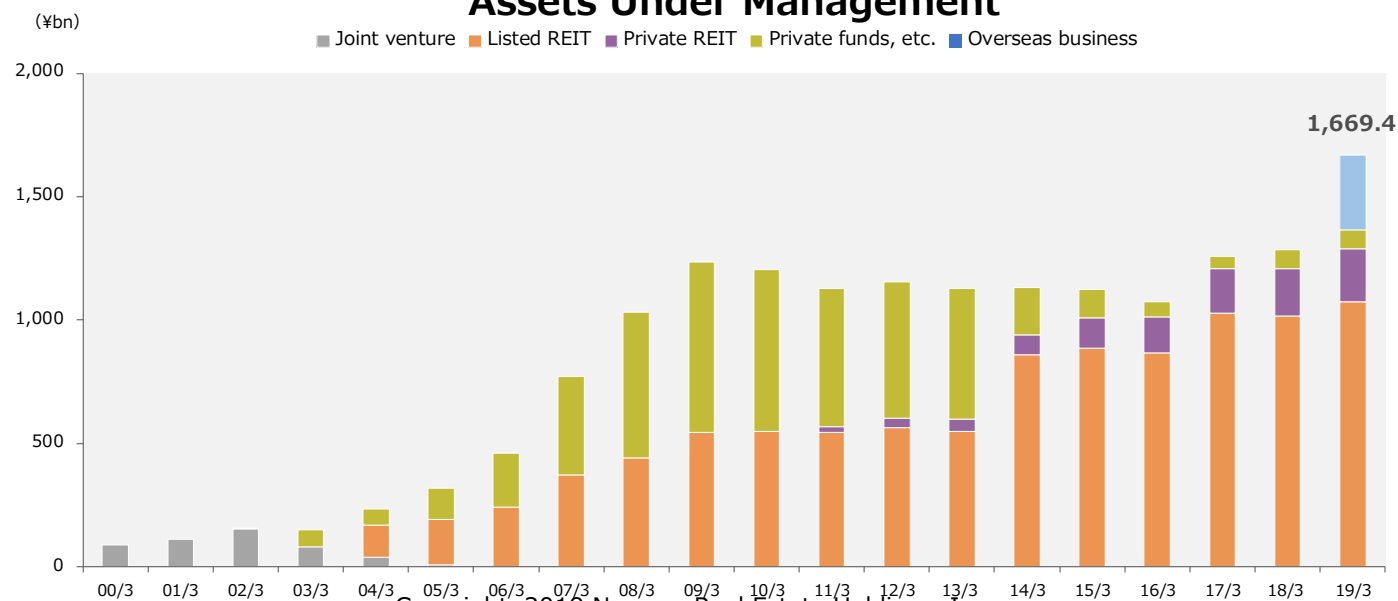


bono Sagamiono Shopping Center

- AUM increased due to the acquisition of 75% of the shares of Lothbury Investment Management, a real estate investment manager in UK in November, 2018.
- Nomura Real Estate Master Fund, Inc. increased its AUM through a public offering in February of this year.

(¥bn)	18/3 Actual ①	19/3 Actual (Before Reclassification) ②	Changes ②-①	19/3 Actual (New Classification) ③	20/3 Forecast ④	Changes ④-③
Operating revenue	9.3	9.6	+0.2	9.6	12.0	+2.3
Operating profit	5.9	5.9	+0.0	5.9	—	—
Share of profit (loss) of entities accounted for using equity method	—	—	—	0.0	—	—
Amortization of intangible assets associated with corporate acquisitions	—	—	—	0.0	—	—
Business profit	—	—	—	5.9	7.0	+1.0
Assets under management	1,285.9	1,669.4	+ 383.5	—	—	—
Listed REIT	1,015.2	1,074.0	+58.7	—	—	—
Private REIT	193.9	216.9	+22.9	—	—	—
Private funds, etc.	76.6	75.4	-1.1	—	—	—
Overseas business	—	303.0	+303.0	—	—	—

Assets Under Management

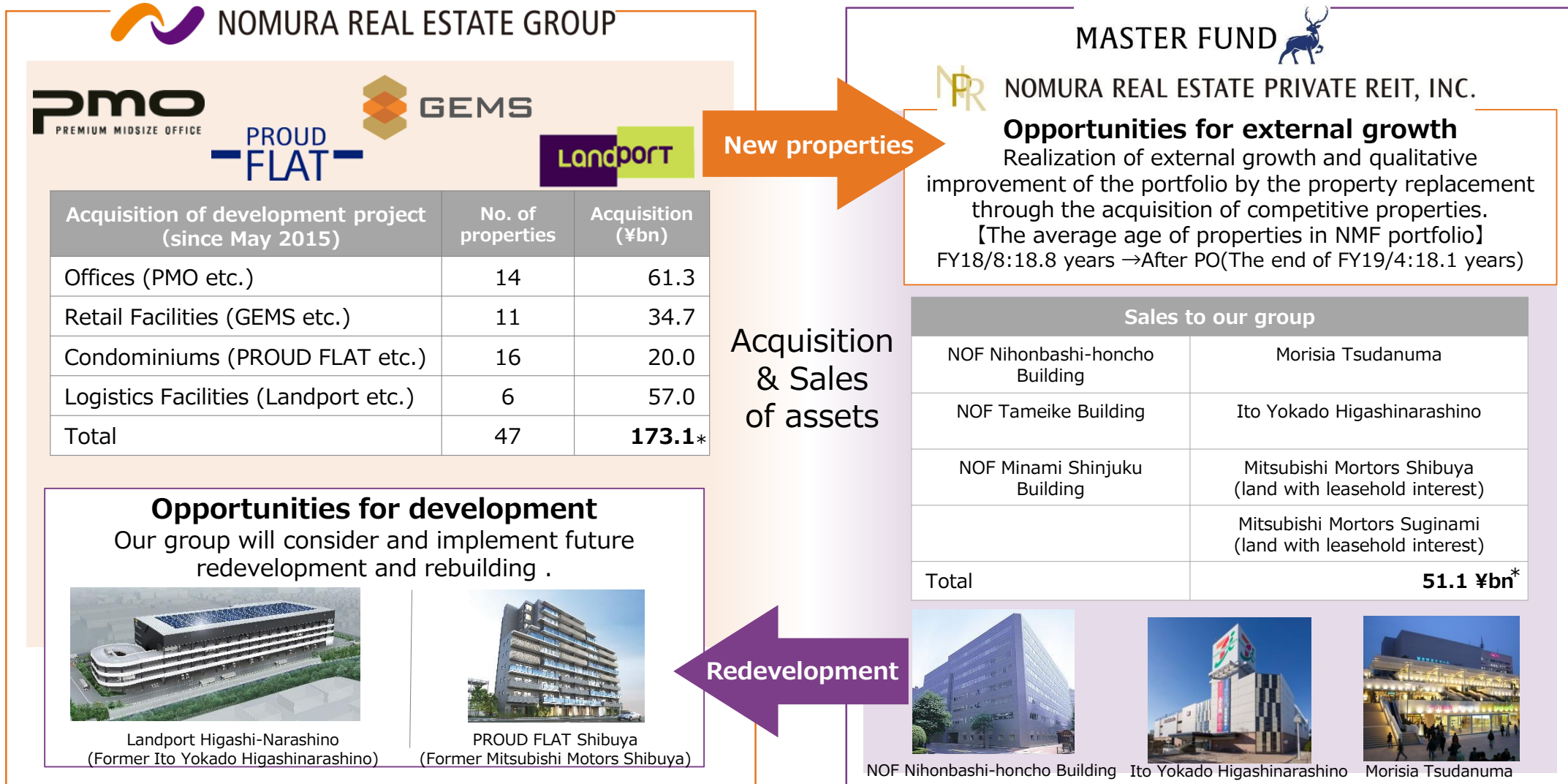


- 3 years have passed since we reached an agreement of leasing value chain with group's REITs.

The aim is to grow together with our group's REITs.

In FY19/3, NMF issued its 2nd public offering and NMF and NPR acquired a total of 13 properties worth 59.4 billion yen* from our group.

- Sales amount from NMF to us expanded to be over ¥50 bn. It contributes to mutual growth.



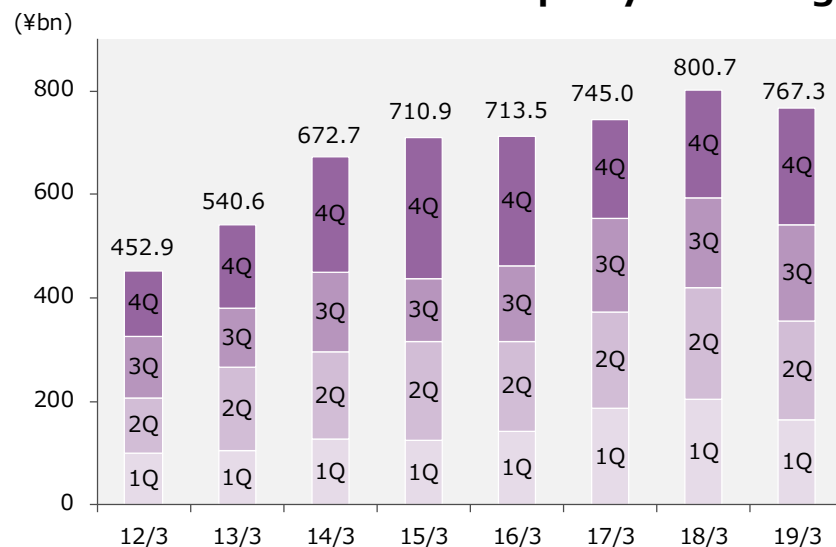
*The amount of acquisition and sales for each tables are based on the REIT's disclosure materials. The acquisition price includes properties for which a purchase and sale agreement was concluded as of March 31, 2019.

- Brokerage commission fees from both retail and wholesale business increased, but expenses for new store openings and system investment outweighed them.

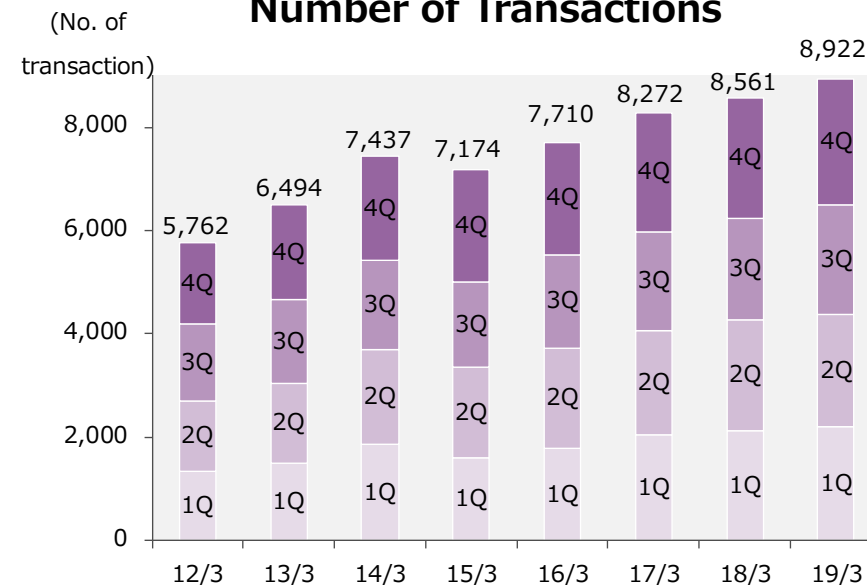
(¥bn)	18/3 Actual	19/3 Actual (Before Reclassification)	Changes	19/3 Actual (New Classification)	20/3 Forecast	Changes
	①	②	②-①	③	④	④-③
Operating revenue	35.7	37.2	+1.5	37.2	41.0	+3.7
Brokerage fee (retail)	20.7	21.6	+0.8	21.6	—	—
Brokerage fee (wholesale)	10.8	11.5	+0.6	11.5	—	—
Other	4.0	4.1	+0.0	4.1	—	—
Operating profit	8.4	8.1	-0.2	8.1	—	—
Share of profit (loss) of entities accounted for using equity method	—	—	—	—	—	—
Amortization of intangible assets associated with corporate acquisitions	—	—	—	—	—	—
Business profit	—	—	—	8.1	9.0	+0.8

【Brokerage indicators】						
Total transaction value (¥bn)	800.7	767.3	-33.4	—	—	—
Number of transactions	8,561	8,922	+361	—	—	—
Commission fee (¥bn)	31.6	33.1	+1.4	—	—	—
Commission rate (%)	4.0%	4.3%	+0.4P	—	—	—
Number of property brokers branches	78	81	+3	—	—	—

Total Transaction Value of Property Brokerage



Number of Transactions



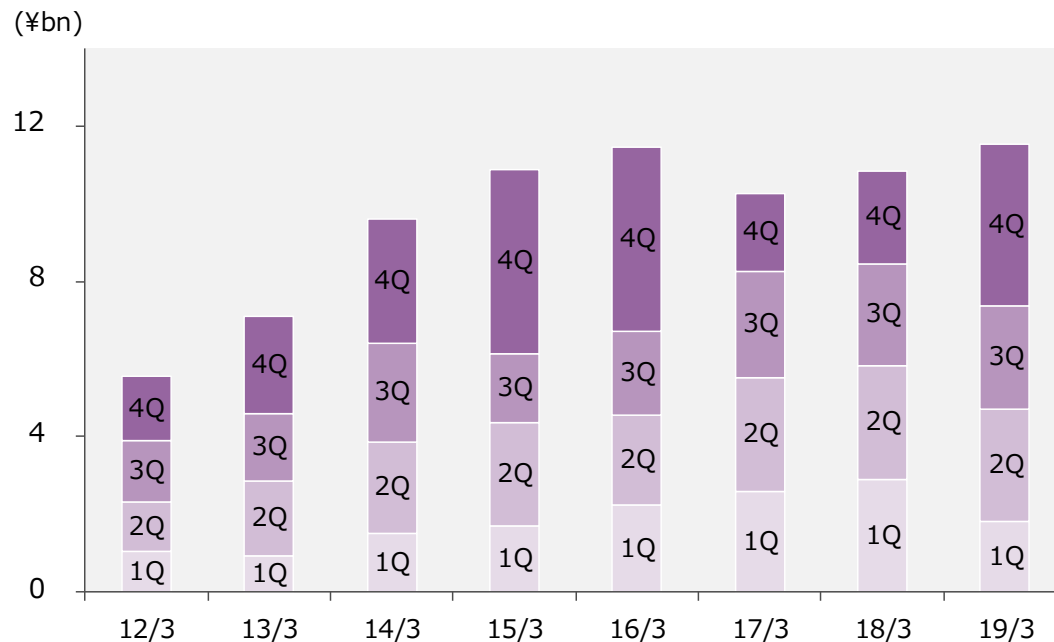
*Retail business: Real estate brokerage business for individuals.

Wholesale business: Real estate brokerage business for corporations. Copyright 2019 Nomura Real Estate Holdings, Inc.

- In wholesale business, we opened 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 such as a capital alliance with Singapore's property brokerage company.
- In retail business, the number of branches expanded to 81 as of the end of FY19/3.
- Business collaboration with Nomura Securities and other Financial Institutions (Banks, shinkin banks, credit cooperatives, etc.) expanded steadily.

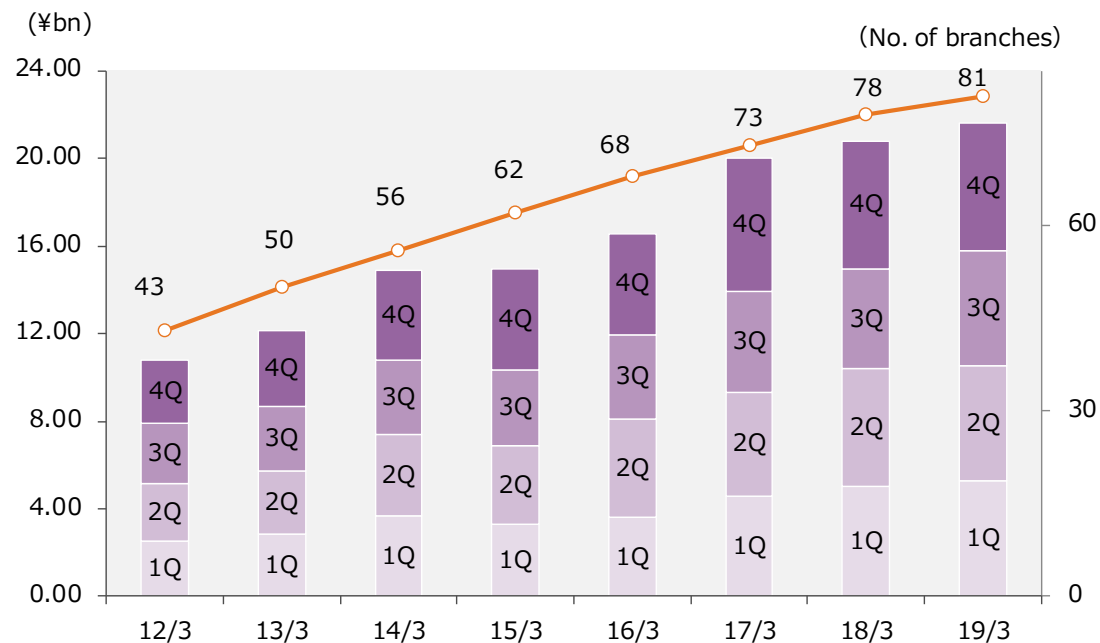
Brokerage commission fee for wholesale

- Brokerage commission fee hit a record high.



Number of branches & brokerage commission for retail

- The number of branches are increased steadily.

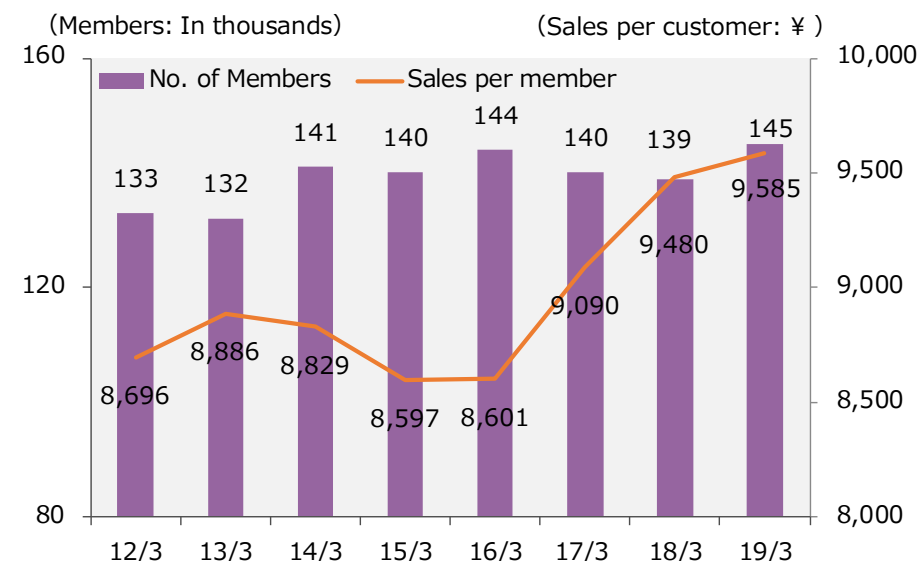
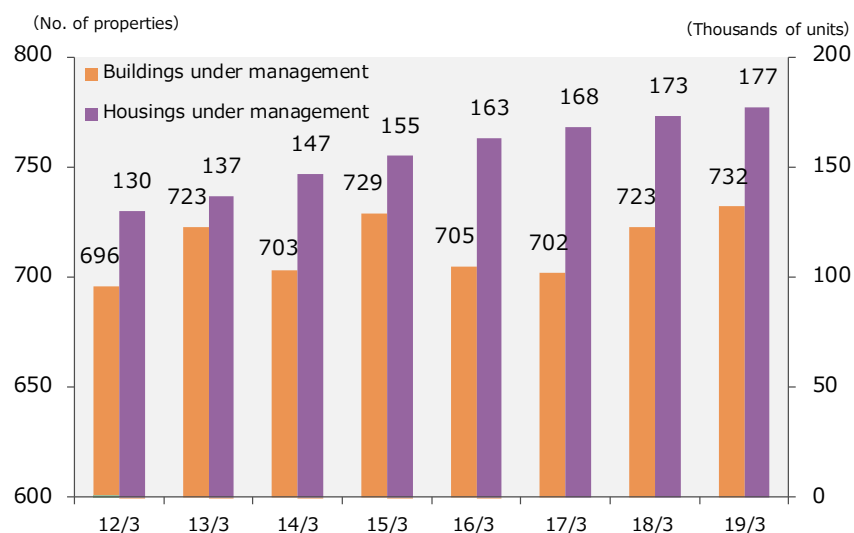


- Both operating revenue and operating profit increased due to the increase in the number of properties under management and construction ordered, as well as steady progress in the Fitness and senior business.

(¥bn)	18/3 Actual ①	19/3 Actual (Before Reclassification) ②	Changes ②-①	19/3 Actual (New * Classification) ③	20/3 Forecast ④	Changes ④-③
Operating revenue	104.5	107.8	+3.2	91.3	92.0	+0.6
Property & facility management	50.3	51.2	+0.8	51.5	—	—
Construction ordered	31.6	32.0	+0.4	32.3	—	—
Fitness club & elderly care	16.0	17.0	+0.9	—	—	—
Other	6.5	7.4	+0.9	7.4	—	—
Operating profit	7.0	8.0	+0.9	7.4	—	—
Share of profit (loss) of entities accounted for using equity method	—	—	—	—	—	—
Amortization of intangible assets associated with corporate acquisitions	—	—	—	0.0	—	—
Business profit	—	—	—	7.4	7.5	+0.0
Building under management	723	732	+9	—	—	—
Housings under management	173,705	177,582	+3,877	—	—	—
Members of MEGALOS (individuals)	139,836	145,065	+5,229	—	—	—
Number of clubs	43	44	+1	—	—	—

Buildings & Housings Under Management

Number of member & payment per member of MEGALOS

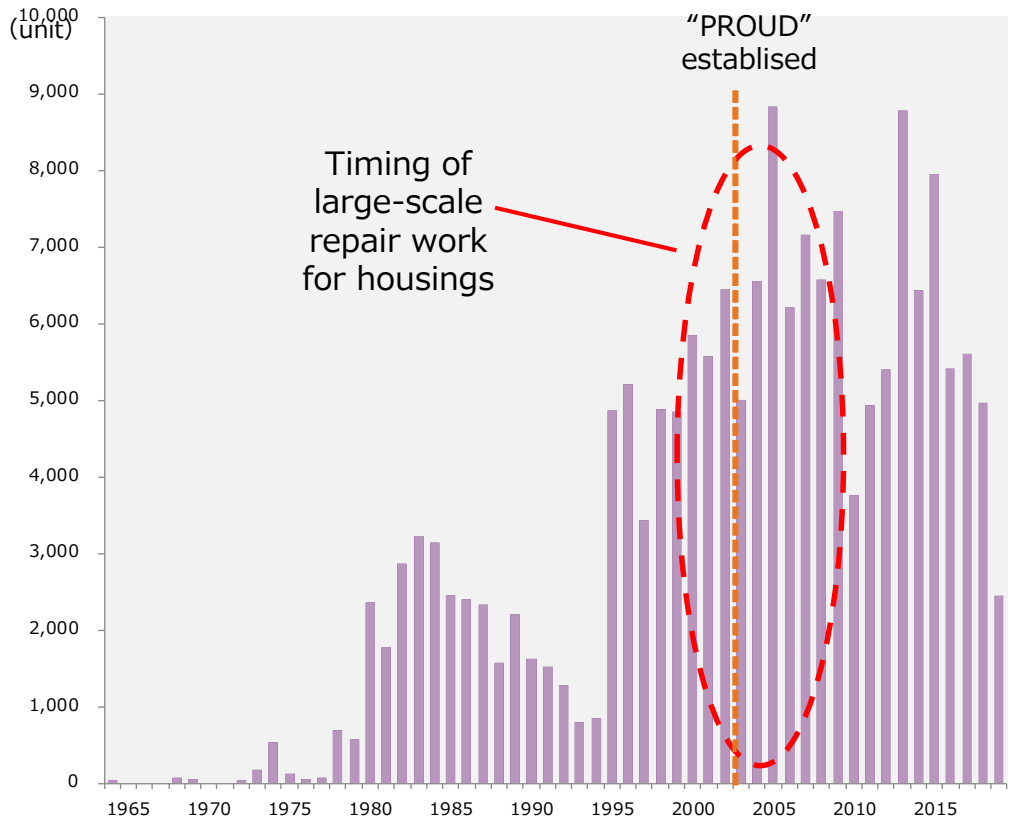


*From the fiscal year ended March 31, 2020, the classification of senior business has been changed and Property & Facility Management Business Unit to Residential Development Business Unit and fitness business has been changed from the Property & Facility Management Business Unit to Commercial Real Estate Business Unit.

- The number of housing which requires large-scale condo repair work has increased after 16 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.

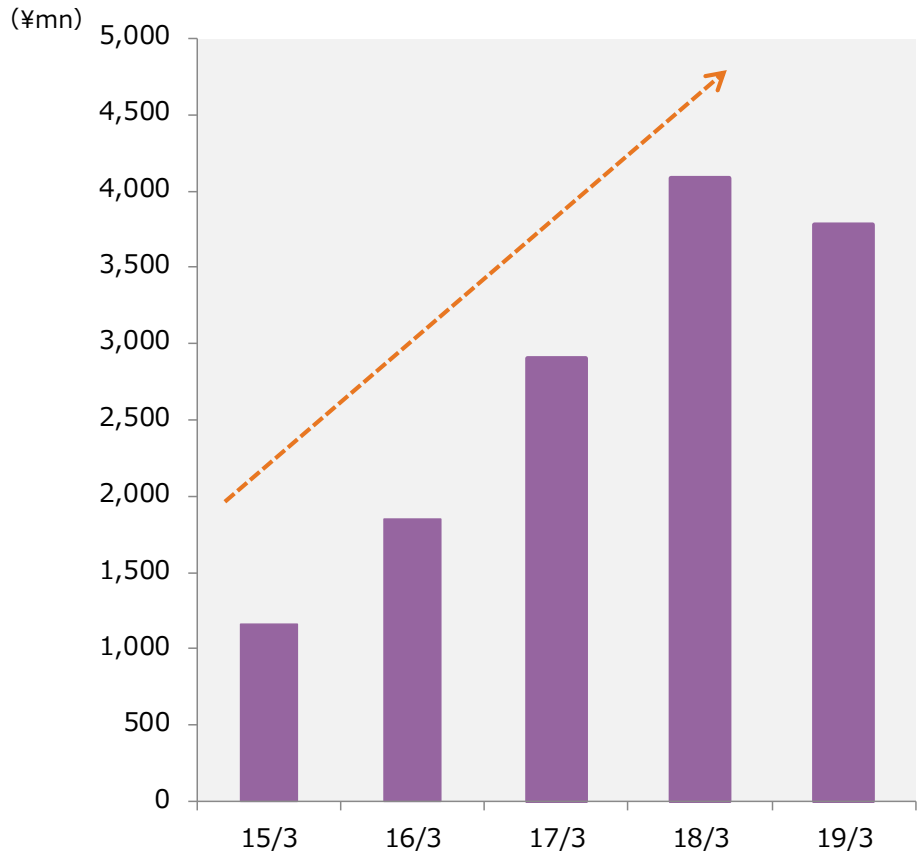
Properties under management by construction completion period

Our management stock is increasing 6,000 units every year on average with the housing sales business volume expansion since 2000. The timing for large-scale repair has come in many condos under management.



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

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



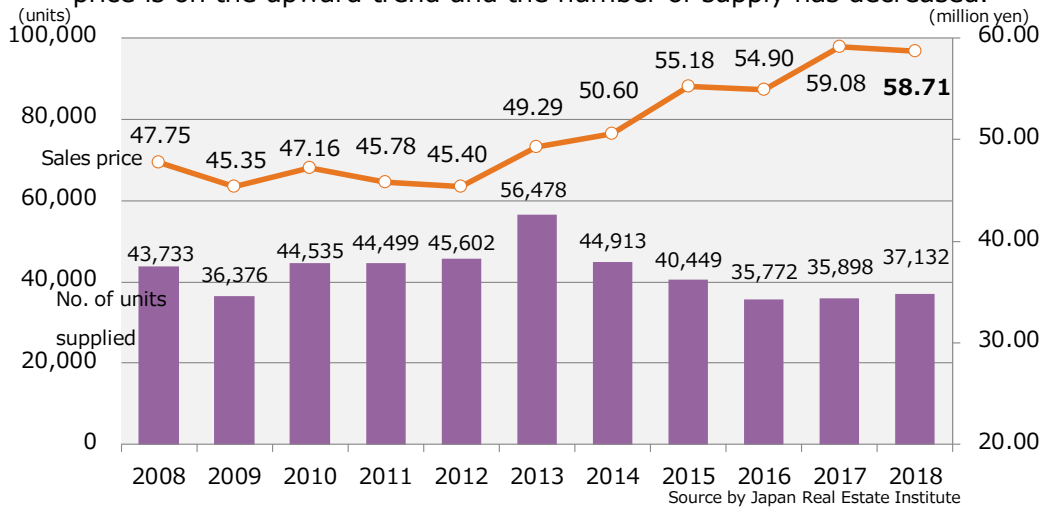
※Properties under management includes those that were not sold by Nomura Real Estate Development.

Business Environment Recognition

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

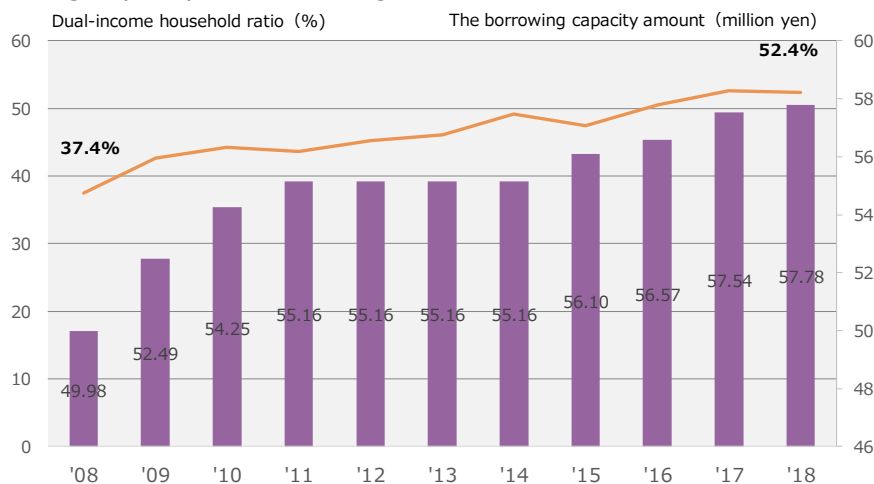
The number of new condos and housing prices (Tokyo Metropolitan Area)

Due to the number of housing sales decreased in suburbs, the average price is on the upward trend and the number of supply has decreased.



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

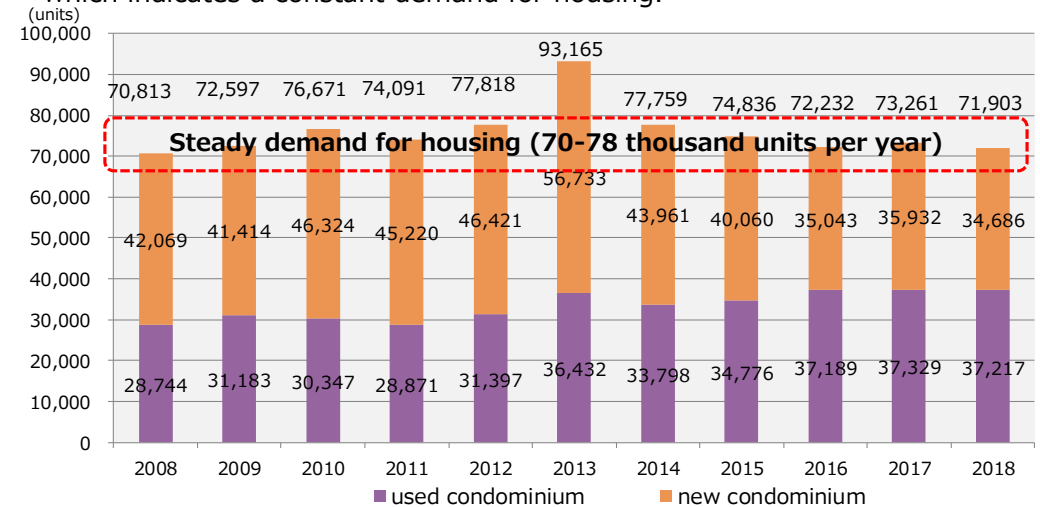
Both the percentage of dual-income households and the amount of borrowing capacity are increasing.



Source by NREH based on SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2018. The borrowing capacity is calculated by NREH assuming 35-year mortgage (150,000 yen of repayment per month).

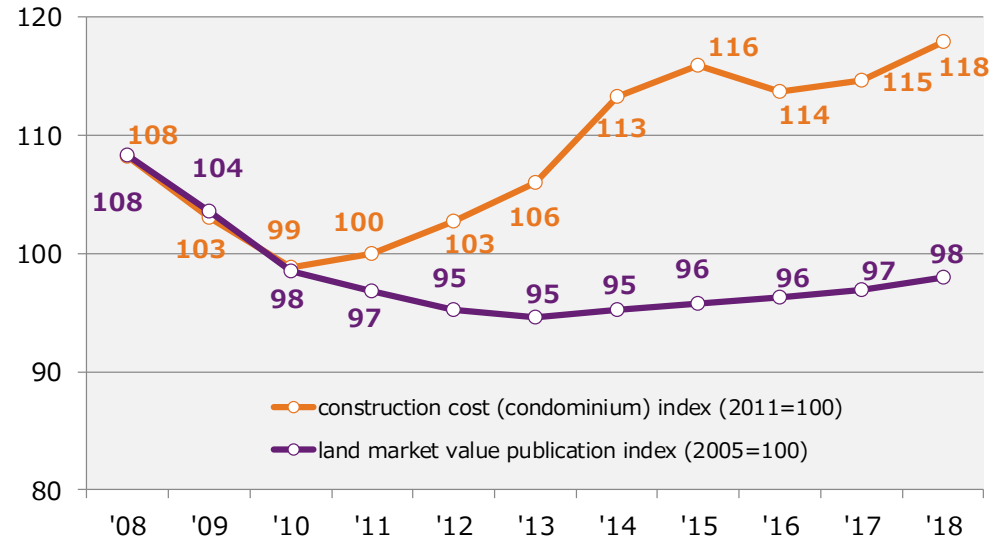
The contract number of new and used condominiums (Tokyo Metropolitan Area)

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 construction cost and land price are in upward trend.

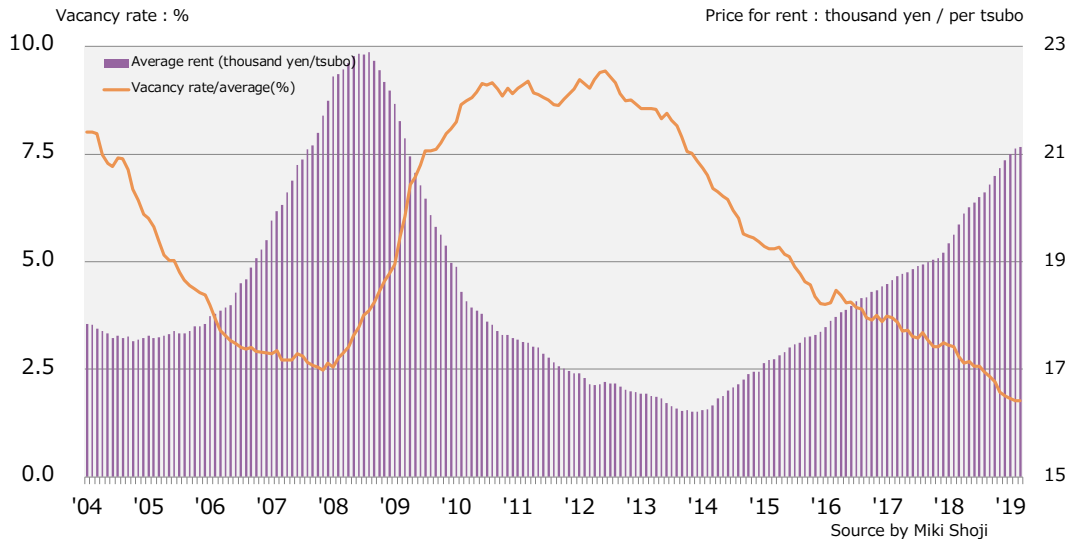


The Office market

- 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.

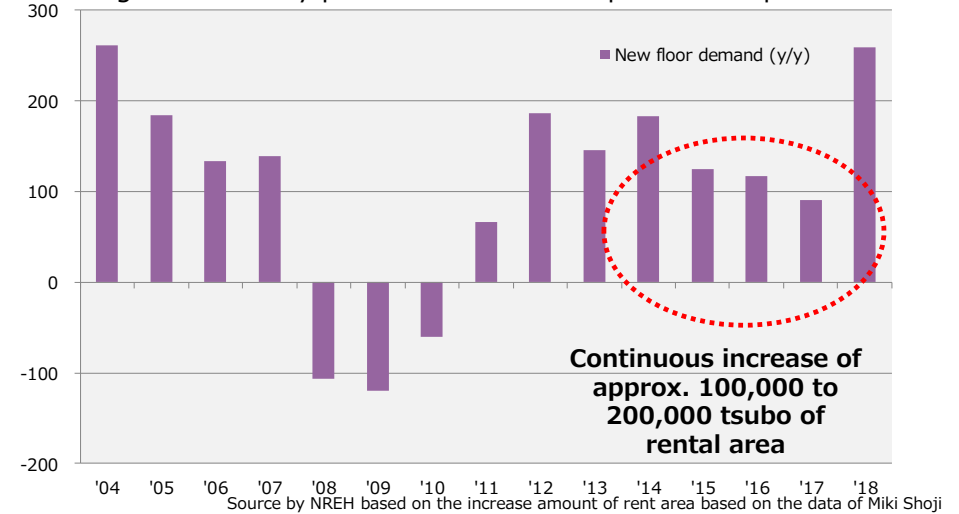
Rent and vacancy rate in Tokyo central five wards

Rent and vacancy rate are gradually improving.



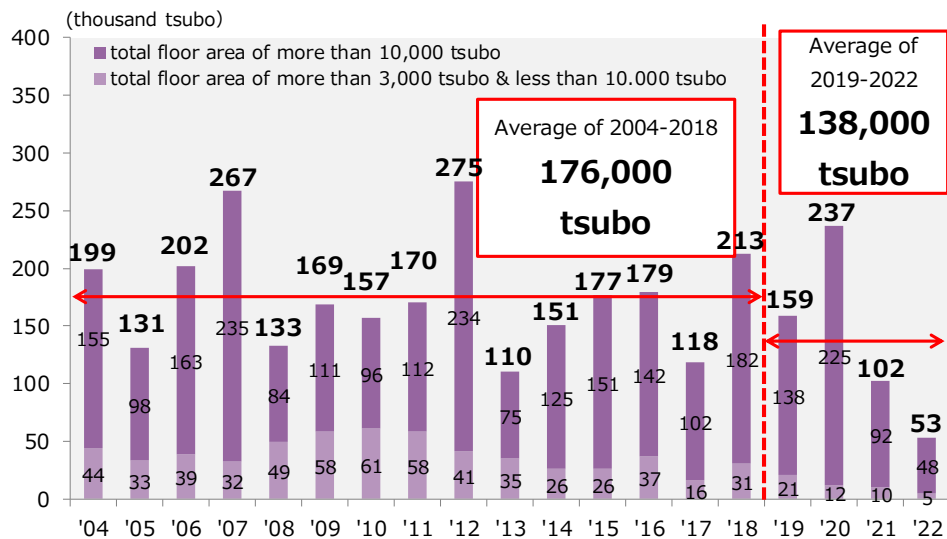
An increasing trend in Tokyo central five wards' office rental area

Since 2012, the rental area has increased by approx. 100,000 to 200,000 tsubo per year owing to the steady performance of the Japanese companies.



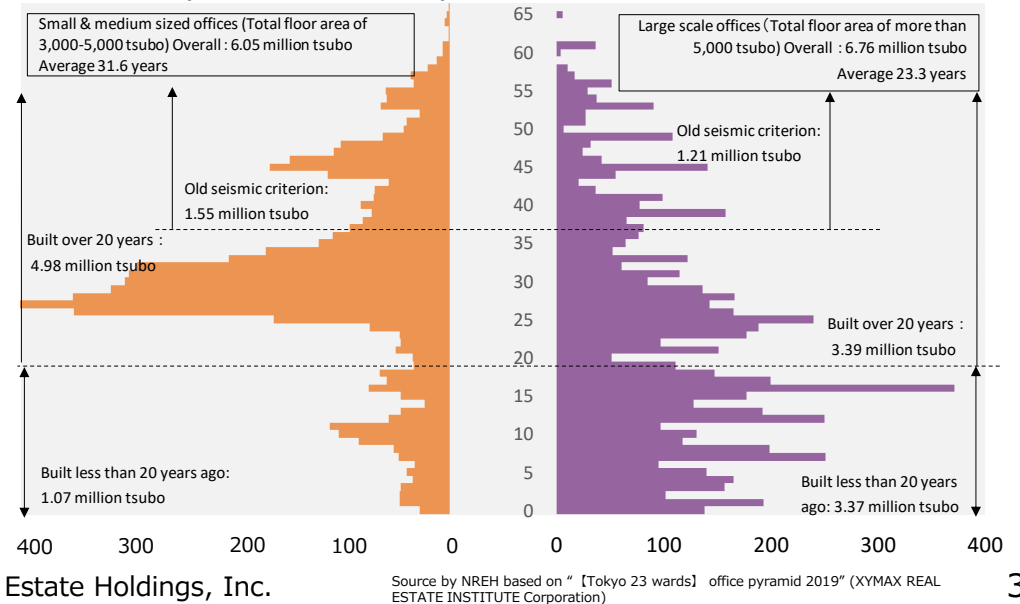
The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)

The supply is expected to be lower in 2021 and 2022 than in the past.



The distribution of office building age in 23 wards of Tokyo

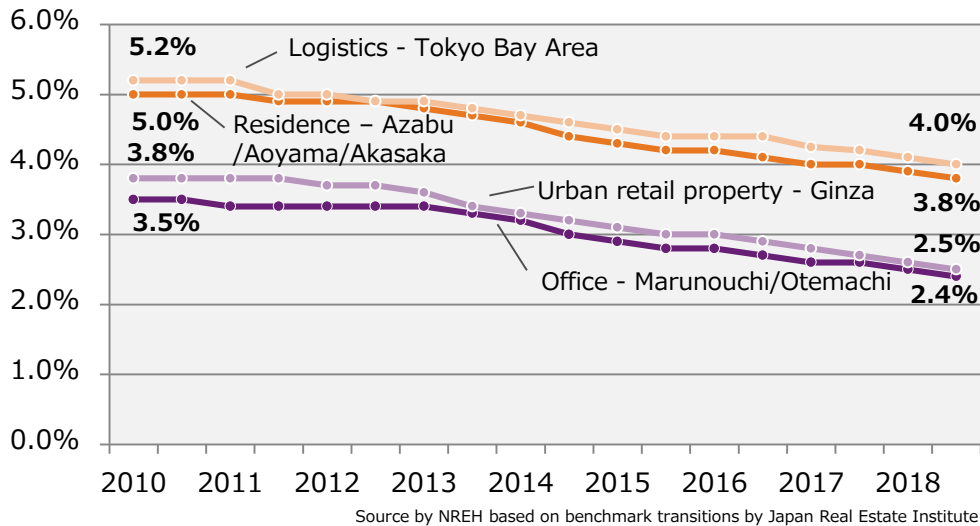
There seems to be the need for rebuilding of small & medium size buildings with old Seismic Criterion (1.55 million tsubos).



- 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.

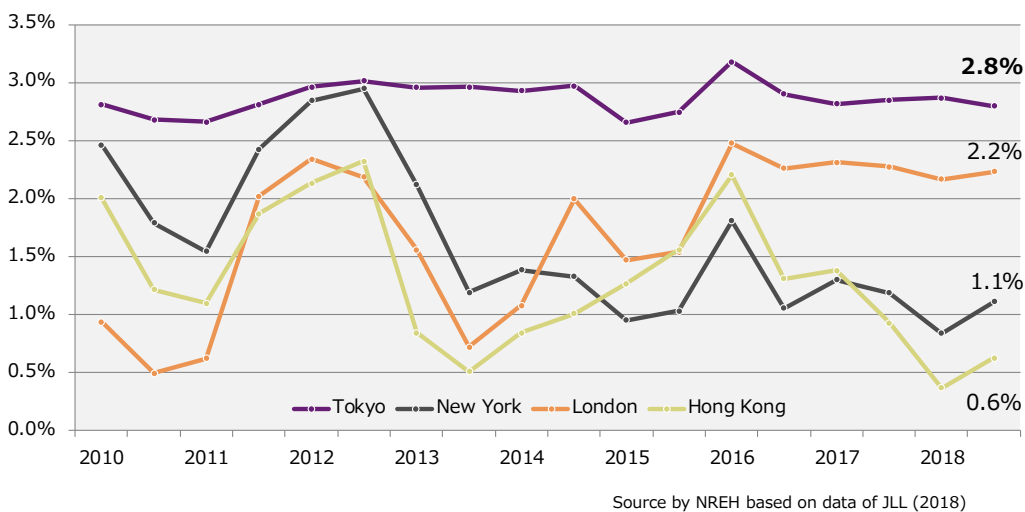
CAP Rate based on sector

CAP rate is the lowest ever level.



Each country's yield spread

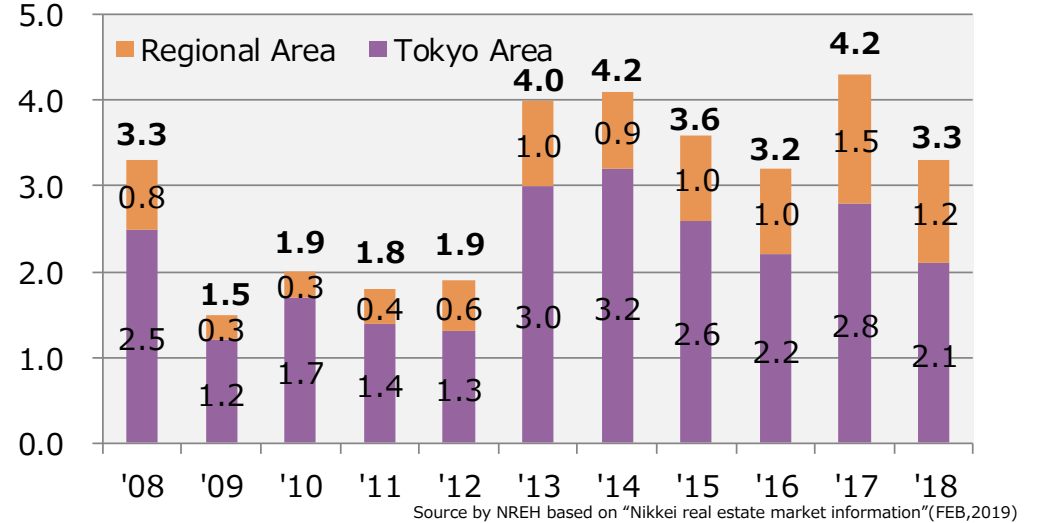
The relatively high yield spread is continuing in Tokyo.



The trading of property development

Active trading is continuing with foreign investors.

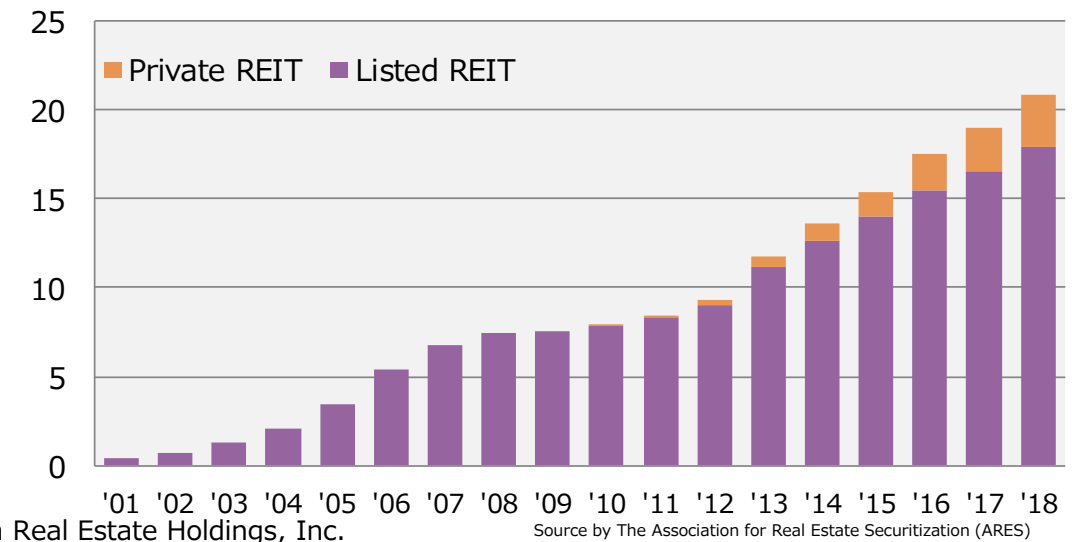
(trillion yen)



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

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

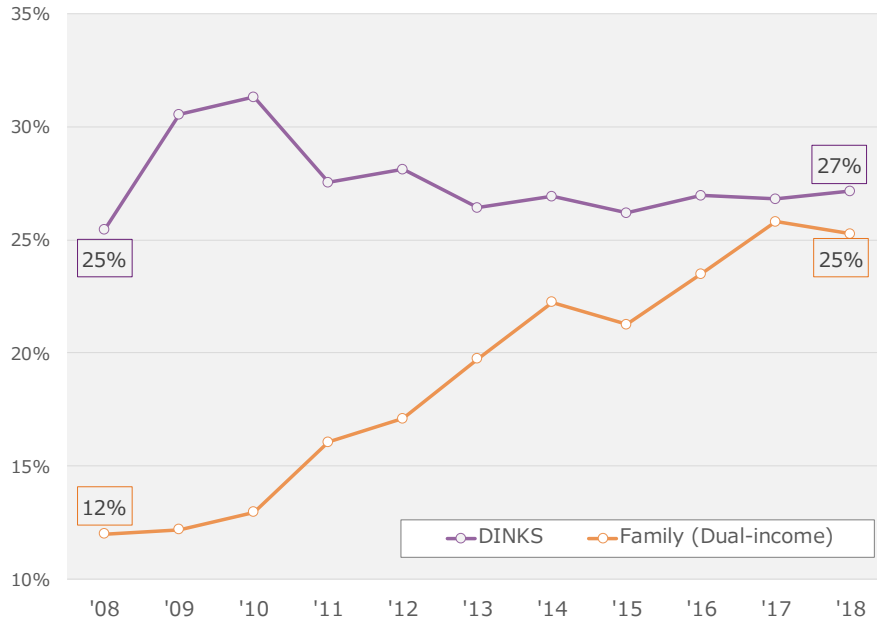
(trillion yen)



Other references

- 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" means the Percentage of couples who both have jobs and who have no children in the total new condo buyers.
 "Family" means the Percentage of couples who both have jobs and who have one or more children in the total new condo buyers.
 Source by NREH based on SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2017"

DINKS and the dual-income households ratio of buyers has increased to 52%.

Important points for dual-income households when buying a house

**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
Our share	84 units
Appeal point	2-min walk to station Many Stores in the vicinity

PROUD Tower Higashiikebukuro

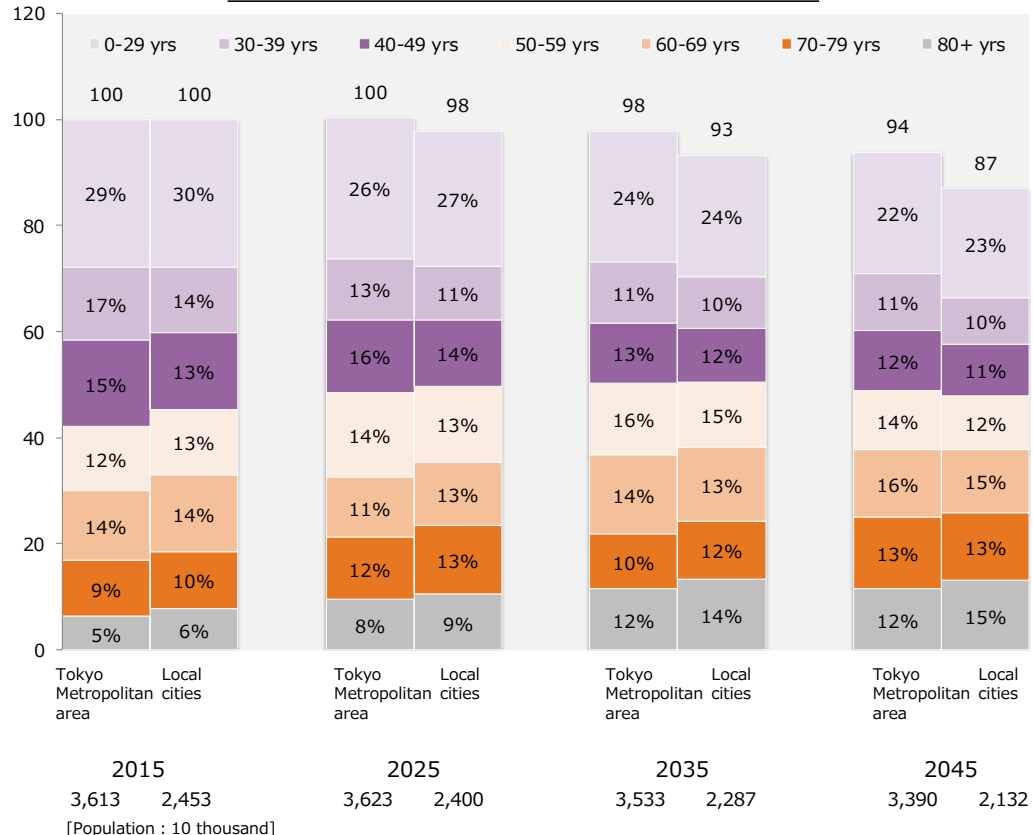


Location	Toshima-ku, Tokyo
Completion of Construction	Mar, 2019
Our share	110 units
Appeal point	Available for 6 railroad stations and 10 routes. No children waiting for admission to nursery school in Toshima.

[Reference] Redevelopment Business in Local Core Cities

- 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.

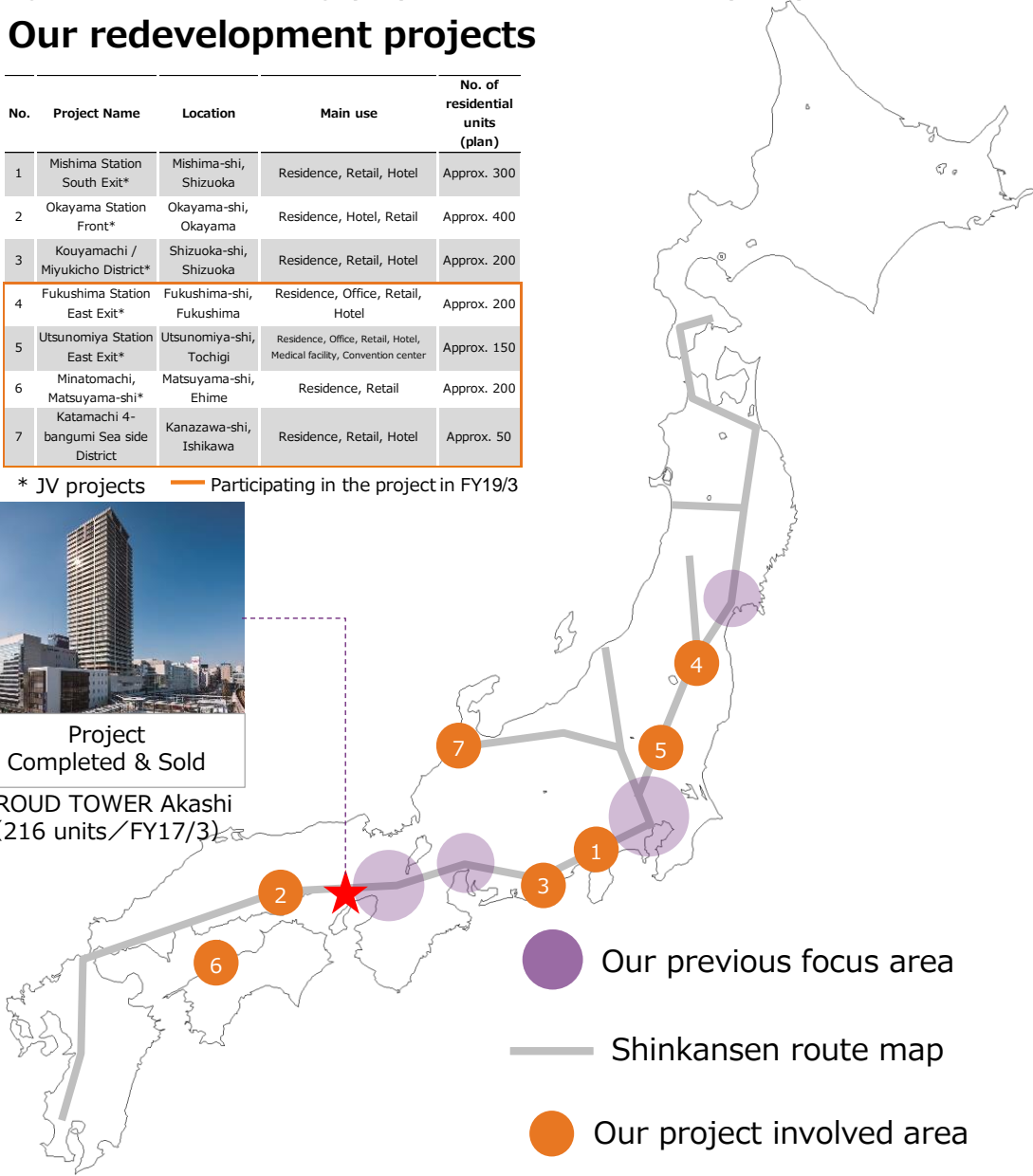
Our redevelopment projects

No.	Project Name	Location	Main use	No. of residential units (plan)
1	Mishima Station South Exit*	Mishima-shi, Shizuoka	Residence, Retail, Hotel	Approx. 300
2	Okayama Station Front*	Okayama-shi, Okayama	Residence, Hotel, Retail	Approx. 400
3	Kouyamachi / Miyukicho District*	Shizuoka-shi, Shizuoka	Residence, Retail, Hotel	Approx. 200
4	Fukushima Station East Exit*	Fukushima-shi, Fukushima	Residence, Office, Retail, Hotel	Approx. 200
5	Utsunomiya Station East Exit*	Utsunomiya-shi, Tochigi	Residence, Office, Retail, Hotel, Medical facility, Convention center	Approx. 150
6	Minatomachi, Matsuyama-shi* Katamachi 4-bangumi Sea side District	Matsuyama-shi, Ehime	Residence, Retail	Approx. 200
7	Shizuoka-shi, Ishikawa	Kanazawa-shi, Ishikawa	Residence, Retail, Hotel	Approx. 50

* JV projects — Participating in the project in FY19/3



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



- Our previous focus area
- Shinkansen route map
- Our project involved area

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	Sold
10 PMO Higashi-Shinbashi	Higashi-Shinbashi, Minato-ku, Tokyo	2018/4	Under Operation
11 PMO Kyobashi-Higashi	Hatchobori, Chuo-ku, Tokyo	2018/5	Sold
12 PMO Ochanomizu	Kanda-Surugadai, Chiyoda-ku, Tokyo	2018/7	Under Operation
13 PMO Hamamatsucho	Hamamatsucho, Minato-ku, Tokyo	2018/11	Under Operation
14 PMO Kanda-Manseibashi	Kanda-Sudacho, Chiyoda-ku, Tokyo	2020/1(plan)	Under Operation
15 PMO Hatchobori-Shinkawa*	Shinkawa, Chuo-ku, Tokyo	2018/4	Sold
16 PMO Akihabara North	Taito, Taito-ku, Tokyo	2018/12	Under Operation
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 PMO Kanda-Iwamotocho 2-chome plan	Chiyoda-ku, Tokyo	2021/1(plan)	Under Construction

*JV Project

Property acquired in FY19/3

Condominiums "PROUD FLAT" — 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	Sold
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	Under Operation
12 PROUD FLAT Asakusabashi II	Taito-ku, Tokyo	87 units	2019/3	Under Operation
13 PROUD FLAT Higashi-Nihonbashi	Chuo-ku, Tokyo	43 units	2018/10	Under Operation
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	Under Operation
16 PROUD FLAT Ryogoku	Sumida-ku, Tokyo	90 units	2019/11(plan)	Under Construction
17 PROUD FLAT Shibuya Tomigaya	Shibuya-ku, Tokyo	109 units	2019/2	Under Operation
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 PROUD FLAT Kinshicho II	Sumida-ku, Tokyo	62 units	2020/1(plan)	Under Construction
21 PROUD FLAT Ryogoku II	Sumida-ku, Tokyo	35 units	2019/12(plan)	Under Construction
22 Kameido 6-chome Plan	Koto-ku, Tokyo	99 units	2022/12(plan)	Under Planning
23 PROUD FLAT Togoshi-Ginza	Shinagawa-ku, Tokyo	89 units	2020/2(plan)	Under Construction
24 PROUD FLAT Nakano	Nakano-ku, Tokyo	165 units	2020/7(plan)	Under Construction
25 Taito-ku Plan I	Taito-ku, Tokyo	72 units	2020/8(plan)	Under Construction
26 Taito-ku Plan II	Taito-ku, Tokyo	40 units	2020/7(plan)	Under Construction
27 Shinjuku-ku Plan	Shinjuku-ku, Tokyo	114 units	2021/1(plan)	Under Planning
28 Sumida-ku Plan I	Sumida-ku, Tokyo	99 units	2021/10(plan)	Under Planning
29 Taito-ku Plan III	Taito-ku, Tokyo	54 units	2020/12(plan)	Under Planning
30 Koto-ku Plan	Koto-ku, Tokyo	49 units	2020/11(plan)	Under Planning
31 Sumida-ku Plan II	Sumida-ku, Tokyo	86 units	2020/9(plan)	Under Planning
32 Sumida-ku Plan III	Koto-ku, Tokyo	212 units	2022/1(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	Sold
3	GEMS Namba	Namba, Chuo-ku, Osaka	2018/11	Sold
4	GEMS Tamachi	Shiba, Minato-ku, Tokyo	2019/2	Under Operation
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	Sold
8	GEMS Shimbashi	Shimbashi, Minato-ku, Tokyo	2018/9	Sold
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	GEMS Kawasaki 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

Property acquired in FY19/3

Logistics Facilities “Landport”



Landport Komaki

	Name	Location	Completion	Status
1	Landport Komaki*	Komaki-shi, Aichi	2017/1	Sold
2	Landport Shinonome Plan	Koto-ku, Tokyo	2020/5 (plan)	Under Construction
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	Ome-shi, Tokyo	2018/11	Sold
7	Landport Ome II Plan	Ome-shi, Tokyo	2020/2(plan)	Under Construction
8	Landport Ome III Plan	Ome-shi, Tokyo	2020/11(plan)	Under Planning
9	Landport Koshigaya Plan	Koshigaya-shi, Saitama	2021/3(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 Ageo Plan	Ageo-shi, Saitama	2022/1(plan)	Under Planning

Property acquired in FY19/3

* JV Project

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

- Agreed to acquire **the owner and operating company of “HOTEL NIWA TOKYO”**, following the launch of our directly managed brand, **“NOHGA HOTEL”**
- New hotels are planned to open in **Akihabara, Tokyo in 2020 and Kyoto, in 2022.**

NOHGA HOTEL Ueno

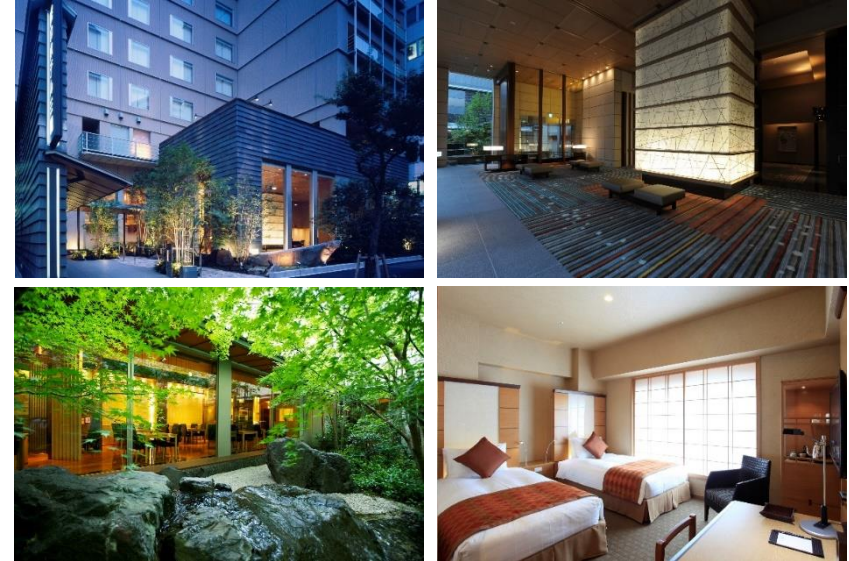


**The 1st hotel under “NOHGA” brand, launched in Nov 2018.
 Developed and operated by our group.**



Location : Taito-ku, Tokyo
 Access : 3-min. walk from Ueno St.
 Height : 11 story and 3 under basement
 Floor area : 4,896.42㎡
 Rooms : 130
 Facilities : Restaurant, Fitness room, etc.
 Operating company : Nomura Real Estate Hotels Co., Ltd.
 Total investment : Approx. ¥3 bn

HOTEL NIWA TOKYO



Overview of operating company
 Company : UHM Co., Ltd Capital : ¥32 million
 Establishment : April 1950 Employee : 98 people

**Acquired UHM, a hotel operator, in Mar. 2019.
 Listed on the Tokyo Michelin guide 10 years in a row.**



Location : Chiyoda-ku, Tokyo
 Access : 3-min. walk from Suidobashi St.
 Height : 16 story
 Floor area : 9,215.18㎡
 Rooms : 238
 Facilities : Restaurant, Meeting room, Fitness room
 Operating company : UHM Co., Ltd

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[Reference] Our approach to new kind of logistics facilities

- Launched our unique “Industry-Focused” logistics facilities which have advantages of both Multi-tenant and BTS.
- The market share of large multi-tenant logistics facilities is only 5%* of the total warehouse stock. Promote more differentiated product planning in the situation that new multi-tenant logistics facilities are still rare.

* Source by CBRE (As of December 2017)

Scope of Multi-tenant logistics facilities includes warehouses and distribution centers with a total floor space of more than 10,000 tsubo.

Existing facility classification

Multi-tenant

- Several tenants per one building
 - Designed with **general specifications** for various industries
 - **Short term*** leasing contract is available
- *About 5 years in general

BTS (Build to Suit)

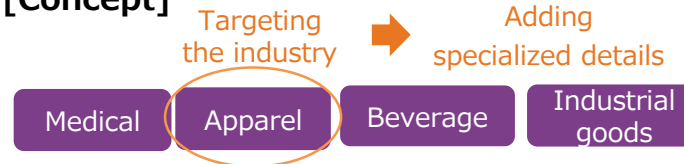
- One tenant per one building
 - Made-to-order development with **highly specialized spec**
 - **Long term*** leasing contract is required
- *More than ten years in general

New classification

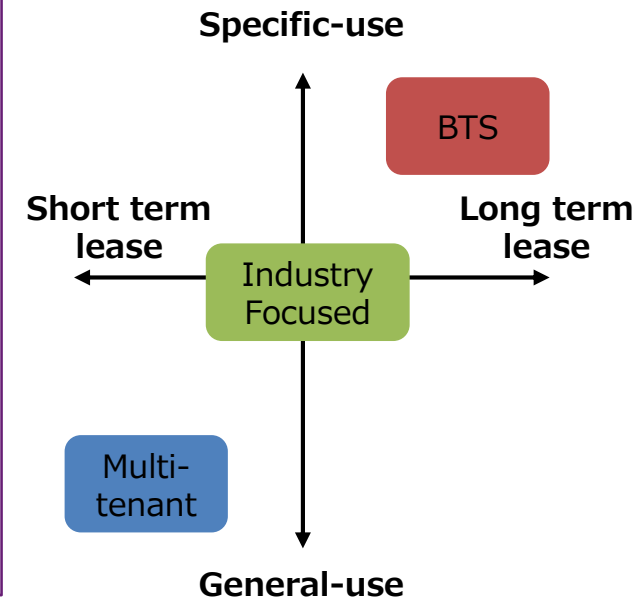
“Industry-Focused”

- **The target industry is set** at the development stage based on location characteristics, etc.
- **Specialized details for specific industries are added** to multi-tenant types of building specifications
- Customers can rent highly specialized specifications **in a short term lease**

[Concept]



Positioning



Projects in progress

Landport Ome I



Location : Ome-shi, Tokyo
Land area : 39,391.90㎡
Floor area : 61,121.23㎡
Height : 3 story
Completion : Nov, 2018
Total investment : Approx. ¥10 bn
Tenant : Hino Motors

Target industry

Automobile parts

Characteristic spec

Low floor truck berth
Designed to meet heavy load requirement

Landport Ome II



Location : Ome-shi, Tokyo
Land area : 40,826.67㎡
Floor area : 67,107.29㎡
Height : 3 story
Completion : Feb, 2020 (plan)
Total investment : Approx. ¥12 bn (plan)
Tenant : Konoike Transport

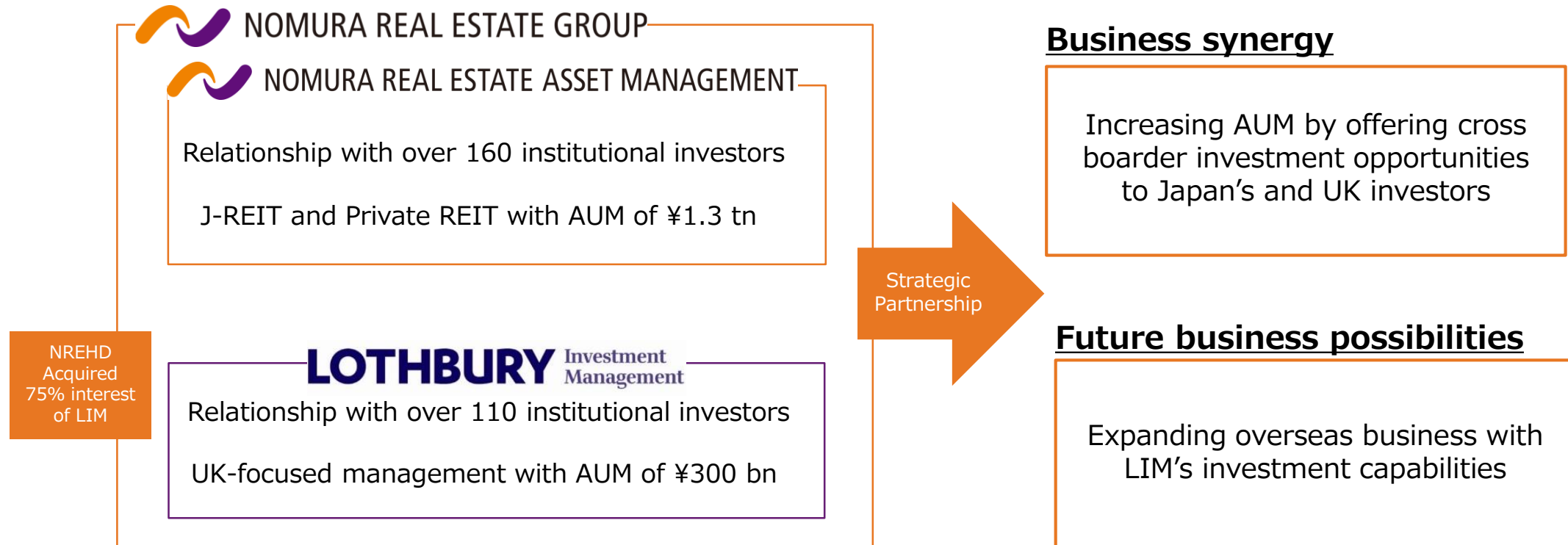
Target industry

Beverage, Food

Characteristic spec

Large size trailer access
Designed to meet heavy load requirement

- We started the property management business in the UK by acquiring 75% of shares of 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)*



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 8.0% Benchmark 6.7%

Major properties



Covent Garden



55 St. James's Street

[Reference] PGIM Real Estate “A Bird’s Eye View of Real Estate Markets: 2017 Update” (in Japanese Yen)

- In Jan. 2019, agreed to acquire 50% interest of the real estate brokerage company in Singapore, our conventional business partner.
- Developing Property Brokerage & CRE business network in Asia through our Tokyo/Hong Kong/Singapore branches.

Overview of the Investment

The company

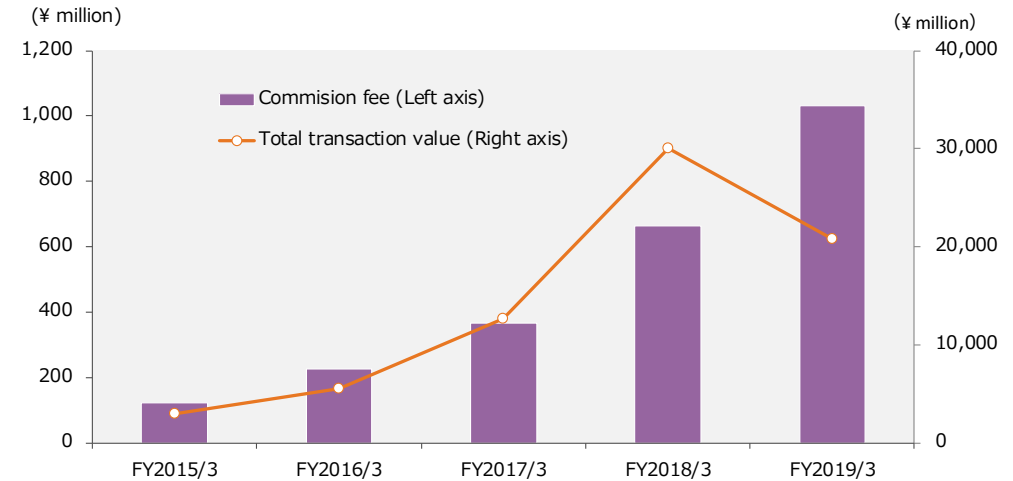
Name: Tokio Property Services Pte Ltd
 Country: Singapore
 Employee: 18 people
 Establishment: September, 1983
 Capital: S\$500,000
 Business : Real estate transaction brokerage
 Real estate leasing brokerage
 Representative: Toru Takano

Feature business development

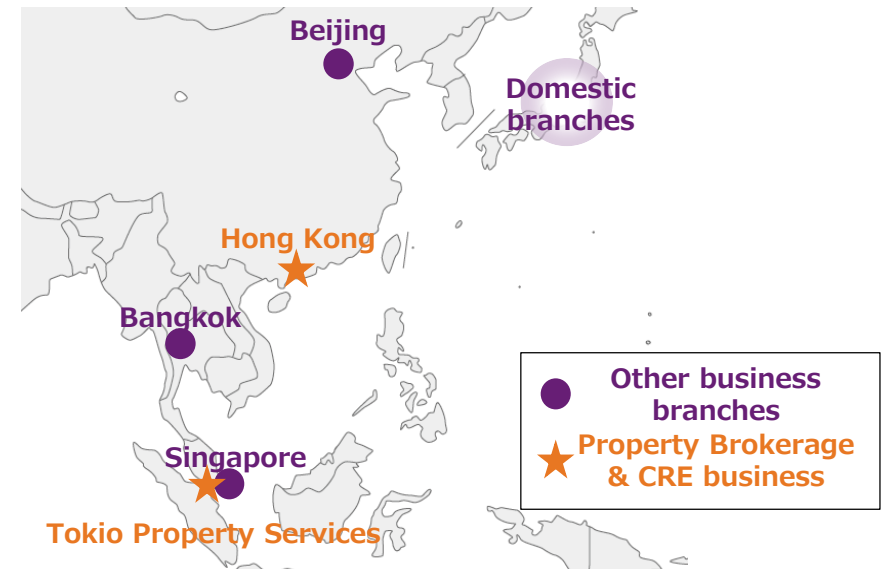
- **Increase brokerage of inbound investment**, from Singapore to Japan, taking advantage of Real estate licenses in Singapore
- **Advance into business** in Thailand, the Philippines, Malaysia, Indonesia and other surrounding countries
- **Spread outbound brokerage** from Japan to Asia

Property Brokerage & CRE business in Asia

The amount and fee of Inbound brokerage



Our branches in Asia

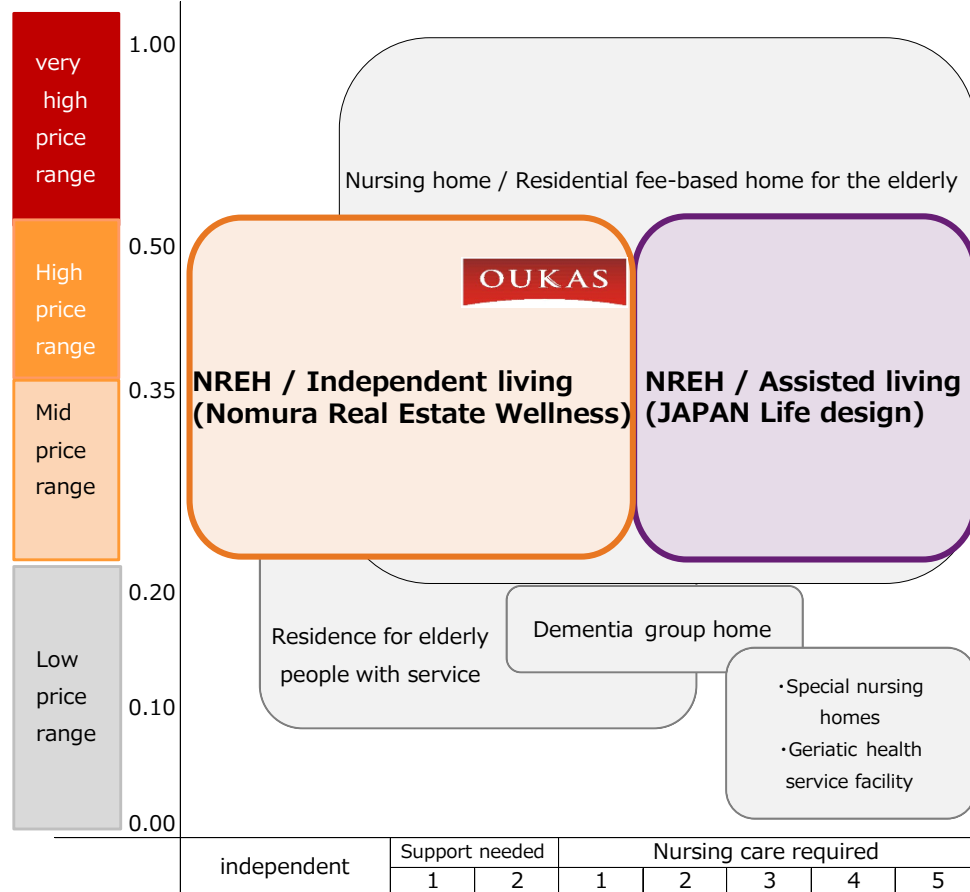


- In October 2017, we opened OUKAS Funabashi which is our first project for the new senior housing brand OUKAS.
- Strengthen development as a key role in "urban-type compact town".
- At present, we have secured development and management projects of 8 properties/ approx. 700 units.

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

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