

Consolidated Financial Results for the Six Months from April 1 to September 30, 2019

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Summary of FY20/3 2Q Financial Results

<Summary>

- The consolidated financial results for the 2Q were as follows:
Operating revenue; 247.0 billion yen (up 6.8% YoY); operating profit; 21.6 billion yen (down 16.7% YoY); business profit; 22.1 billion yen (down 15.4% YoY); ordinary profit; 17.8 billion yen (down 17.2% YoY); and profit attributable to owners of parent; 12.4 billion yen (down 4.1% YoY).
- In Residential Development Business Unit, in regard to the number of housing sales including condominiums and detached housings, 5,100 units are planned to be recorded as sales in this fiscal year and 997 units were recorded as sales (a decrease of 396 units YoY) in the 1Q and 2Q. Larger portion of housing planned to be sold in this fiscal year will be completed in the 4Q. The contract progress rate was 81.8% at the end of the 2Q against the projected operating revenue of housing sales for this fiscal year.
- In Commercial Real Estate Business Unit, operating revenue was 121.0 billion yen (up 75.6% YoY) and business profit was 18.8 billion yen (up 11.4% YoY). This was mainly due to increases in revenues from properties for sales.
- In Investment Management Business Unit, Property Brokerage & CRE Business Unit and Property & Facility Management Business Unit, business progressed steadily. Therefore both operating revenue and business profit increased.
- There is no change in the consolidated operating results forecasts and the dividend forecasts which were announced in April, 2019.
- The company acquired treasury shares of approximately 4 billion yen in total by October 2019, as announced in April, 2019. The company will acquire treasury shares up to 4 billion yen by March 31, 2020 as well.

Consolidated financial results

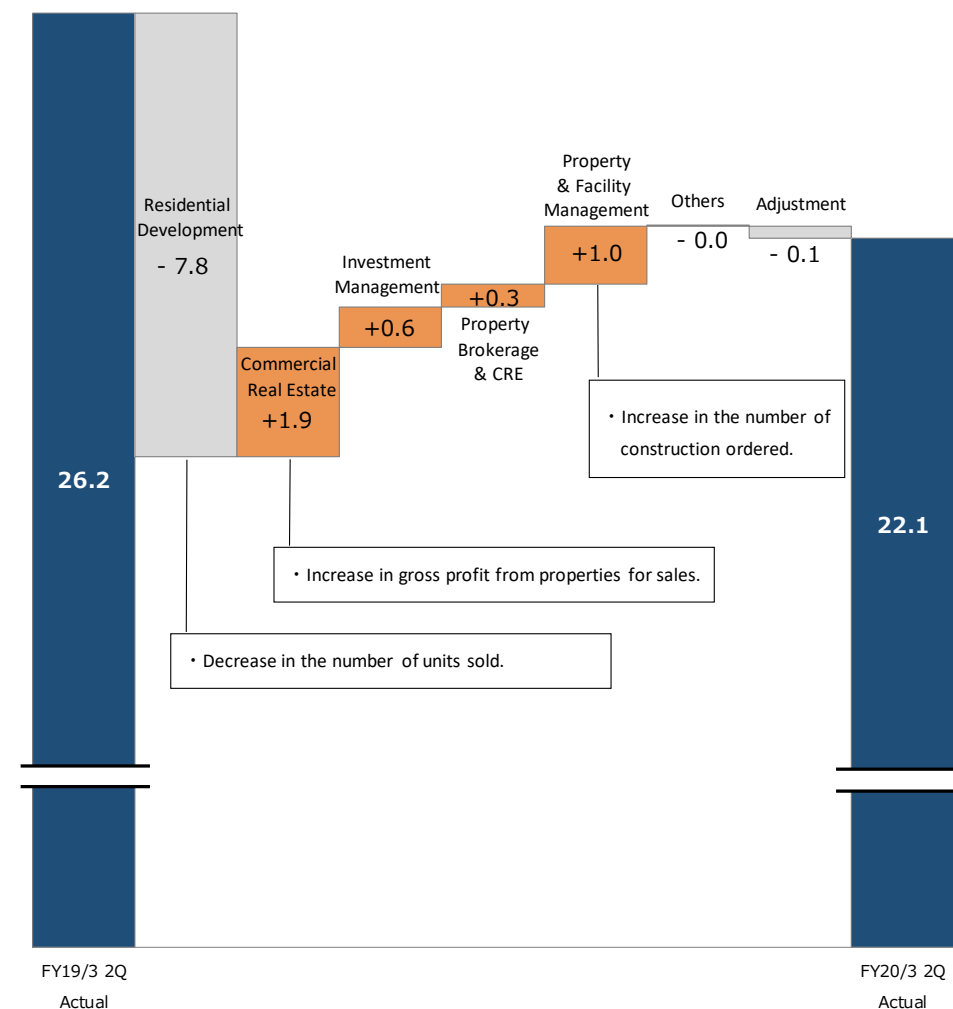
(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ② - ①	Key Factors
Operating revenue	231.3	247.0	+15.6	<Operating revenue & Business profit>
Operating gross profit	74.3	71.6	-2.6	• Decrease in the number of housing units sold in Residential Development Business unit.
Selling, general and administrative expenses	48.3	50.0	+1.6	• Increase in revenues of properties for sales in Commercial Real Estate Business Unit.
Operating profit	26.0	21.6	-4.3	
Share of profit (loss) of entities accounted for using equity method	0.0	0.1	+0.1	
Amortization of intangible assets associated with corporate acquisitions	0.1	0.3	+0.1	
Business profit	26.2	22.1	-4.0	
Non-operating income	0.2	0.9	+0.6	
Non-operating expenses	4.7	4.7	+0.0	
Ordinary profit	21.5	17.8	-3.7	
Extraordinary income	—	0.3	+0.3	
Extraordinary losses	1.9	—	-1.9	
Income taxes	6.3	5.3	-0.9	
Profit attributable to non-controlling interests	0.2	0.3	+0.0	
Profit attributable to owners of parent	13.0	12.4	-0.5	
Basic earnings per share (¥)	69.26	67.86	-1.40	
Cash dividends per share (¥)	37.50	40.00	+2.50	
Net cash provided by (used in) operating activities	-43.5	-54.8	-11.2	
Net cash provided by (used in) investing activities	-16.1	-3.1	+12.9	• (Major cash flows in FY20/3) Increase in property, plant and equipment.
Net cash provided by (used in) financing activities	53.4	-5.9	-59.3	• (Major cash flows in FY20/3) Payment of dividends.
Cash and cash equivalents at end of period	55.0	54.3	-0.6	
(¥bn)	As of Mar. 31, 2019 ①	As of Sep. 30, 2019 ②	Changes ②-①	Key Factors
Total assets	1,759.4	1,731.0	-28.4	• Decrease in cash due to the payment of income taxes.
Total interest-bearing debt	914.0	919.5	+5.5	
Shareholders' equity	526.7	532.8	+6.1	
Shareholders' equity ratio	29.9%	30.8%	+0.8P	
Debt/equity ratio	1.7	1.7	-0.0	

Outline of Financial Results by Business Units

- In the Residential Development BU, profit decreased due to the decline in the number of units sold.
- In the Commercial Real Estate BU, profit increased due to the increase in revenues of properties for sales.

(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①
Operating revenue	231.3	247.0	+15.6
Residential Development	105.5	64.4	-41.0
Commercial Real Estate	68.9	121.0	+52.1
Service & Management	64.6	69.9	+5.3
Investment Management	4.5	5.9	+1.4
Property Brokerage & CRE	16.9	18.2	+1.2
Property & Facility Management	43.1	45.7	+2.5
Other	0.0	0.0	-0.0
Adjustments	-7.8	-8.5	-0.7
Business profit	26.2	22.1	-4.0
Residential Development	2.5	-5.2	-7.8
Commercial Real Estate	16.9	18.8	+1.9
Service & Management	8.7	10.8	+2.0
Investment Management	2.7	3.4	+0.6
Property Brokerage & CRE	2.8	3.2	+0.3
Property & Facility Management	3.1	4.1	+1.0
Other	-0.0	-0.0	-0.0
Adjustments	-1.9	-2.1	-0.1
Ordinary profit	21.5	17.8	-3.7
Profit attributable to owners of parent	13.0	12.4	-0.5

Key factors of changes in business profit by business unit (compared to FY19/3 2Q)



Consolidated Balance Sheets

(¥bn)	As of	As of	Changes	Key Factors		
	Mar. 31, 2019	Sep. 30, 2019				
	①	②				
Assets	1,759.4	1,731.0	-28.4			
Current assets	849.5	822.1	-27.3	<Inventories>		
(Breakdown)					Mar.31, 2019	Sep. 30, 2019
Cash and deposits and others	118.3	54.3	-63.9			Changes
Notes and accounts receivable-trade	26.6	23.0	-3.5	Residential Development BU	391.5	421.6
Inventories	636.9	664.3	+27.4	Commercial Real Estate BU	245.5	243.2
Equity investments	18.0	21.6	+3.6	Other BU	0.4	0.1
Other current assets	49.5	58.7	+9.1	Adjustments	-0.5	-0.7
				Total	636.9	664.3
Non-current assets	909.9	908.8	-1.0			+27.4
Property, plant and equipment	787.0	777.0	-9.9			
Intangible assets	18.1	20.6	+2.5			
Investments and other assets	104.7	111.1	+6.3			
(Breakdown)						
Investment securities	50.5	56.9	+6.3			
Leasehold and guarantee deposits	25.4	26.8	+1.3			
Other non-current assets	28.8	27.4	-1.3			
Liabilities	1,217.8	1,183.3	-34.5			
Current liabilities	231.8	225.8	-6.0			
(Breakdown)						
Notes and accounts payable-trade	53.9	27.7	-26.1			
Short-term borrowings, etc.	79.5	116.0	+36.5			
Deposits received	26.9	11.4	-15.4			
Other current liabilities	71.5	70.6	-0.9			
Non-current liabilities	986.0	957.4	-28.5			
(Breakdown)						
Bonds payable	140.0	130.0	-10.0			
Long-term borrowings	694.5	673.5	-21.0	<Interest-bearing debt>		
Leasehold and guarantee deposits received	59.2	61.1	+1.8	• Mar. 31, 2019: ¥914.0 bn → Sep. 30, 2019: ¥919.5 bn		
Other non-current liabilities	92.2	92.8	+0.5			
Net assets	541.5	547.7	+6.1	<Treasury Shares>		
Total liabilities and net assets	1,759.4	1,731.0	-28.4	• Mar. 31, 2019: ¥-18.7 bn → Sep. 30, 2019: ¥-23.2 bn		
Shareholders' equity ratio	29.9%	30.8%	+0.8P	<Shareholders' equity>		
Debt/equity ratio	1.7	1.7	-0.0	• Mar. 31, 2019: ¥526.7 bn → Sep. 30, 2019: ¥532.8 bn		

Outline of Consolidated Balance Sheets

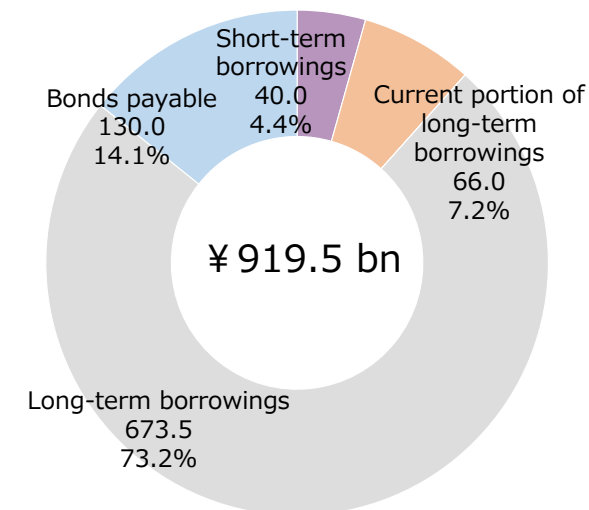
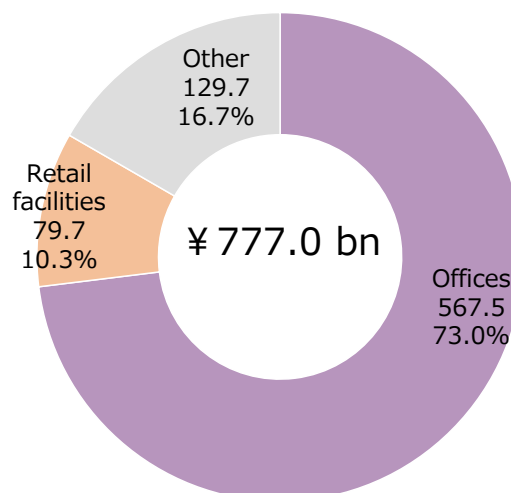
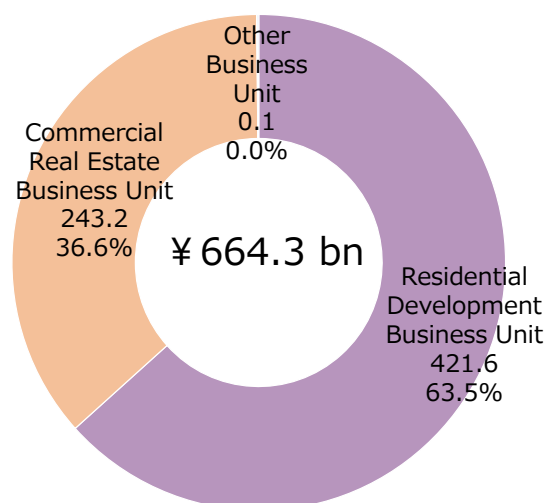
Total Assets : ¥ 1,731.0 bn

Current assets		822.1		Liabilities		1,183.3	
Cash and deposits and others	54.3	Interest-bearing debt	919.5				
Notes and accounts receivable-trade	23.0	Short-term borrowings, etc.	116.0				
Inventories	664.3	Bonds payable	130.0				
Residential Development BU	421.6	Long-term borrowings	673.5				
Commercial Real Estate BU	243.2	Notes and accounts payable-trade	27.7				
Other BU	0.1	Deposits received	11.4				
Adjustments	-0.7	Other current liabilities	70.6				
Equity investments	21.6	Leasehold and guarantee deposits received	61.1				
Other current assets	58.7	Other noncurrent liabilities	92.8				
Non-current assets		908.8					
Property, plant and equipment	777.0						
Offices	567.5						
Retail facilities	79.7						
Other	129.7						
Intangible assets	20.6	Net assets	547.7				
Investments and other assets	111.1	Shareholder's equity	532.8				
		Share acquisition rights	2.1				
		Non-controlling interest	12.7				

Inventories

Property, plant and equipment

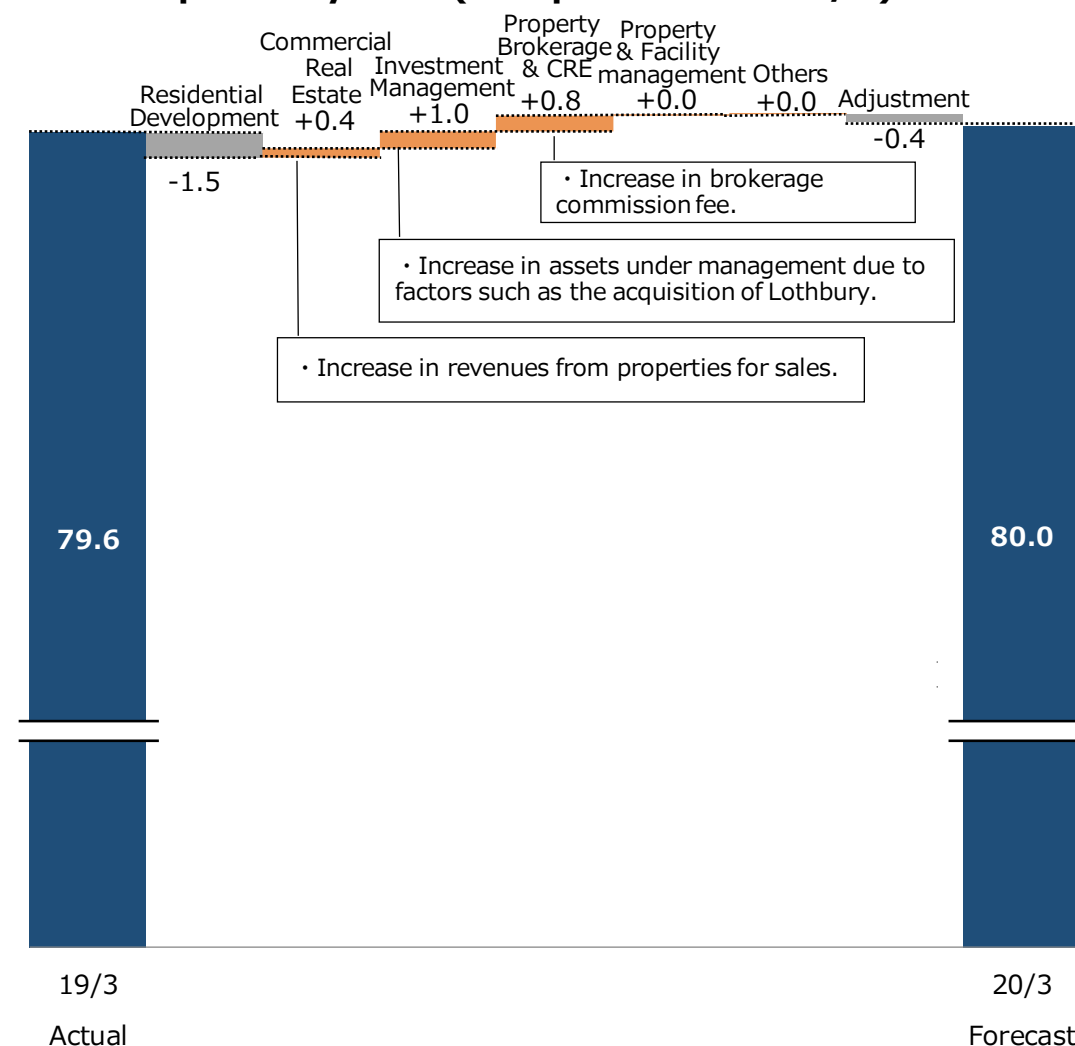
Interest-bearing debt



- Profit will rise due to increases in revenues from properties for sales in the Commercial Real Estate BU and management fees in the Investment Management BU, although number of units sold in the Residential Development BU will decrease.
- “Business profit” is the new target settled from FY20/3 onwards 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	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	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	251.54	+5.55
Cash dividends per share (¥)	75.00	80.00	+5.00

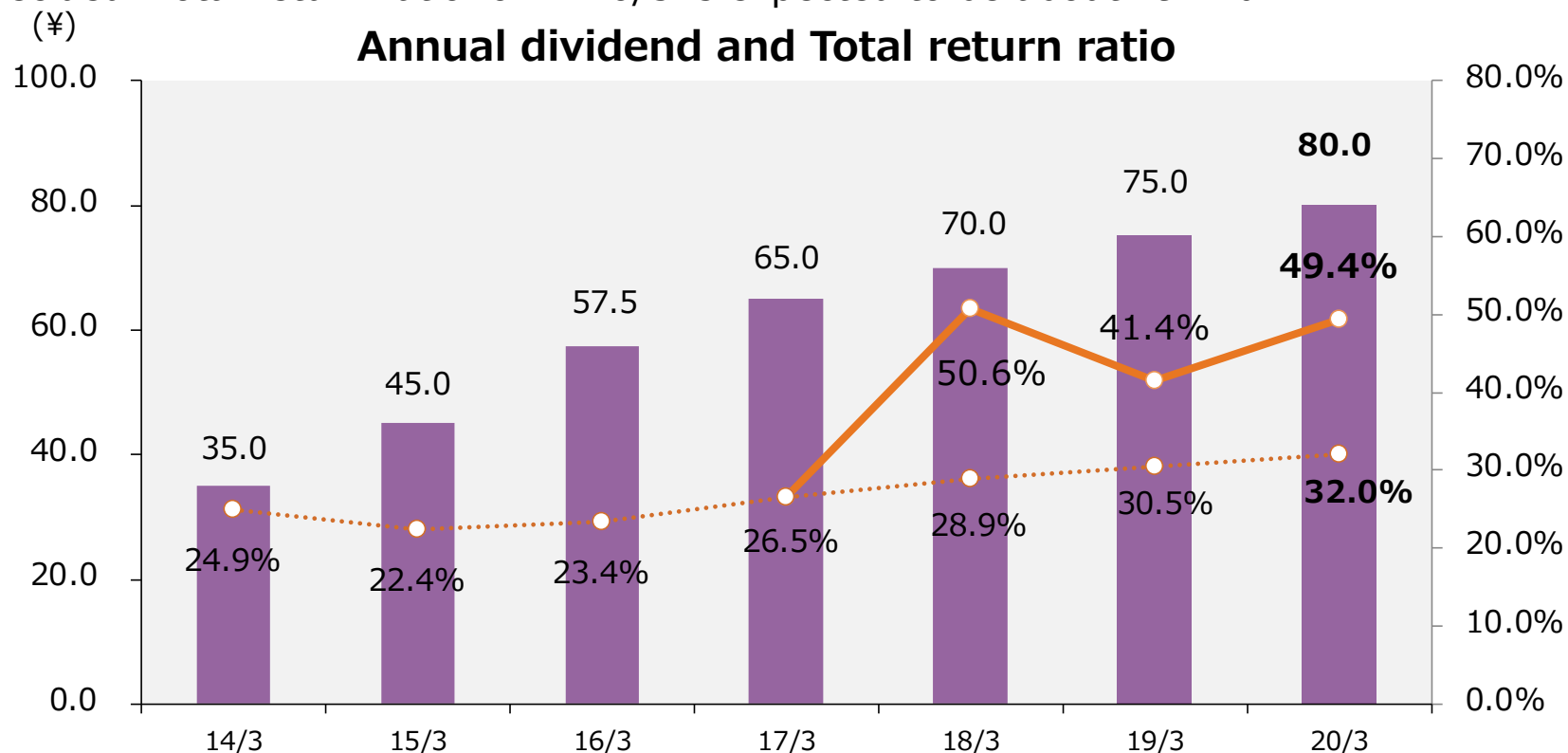
Key factors of changes in business profit by unit (compared to FY19/3)



Shareholder Return (Dividends and Acquisition of Treasury Shares)

(No change from the announcement in April 2019)

- The annual dividend per share for FY20/3 is expected to be ¥80 (up ¥5.0 YoY), which will be an increase in 8 consecutive years.
- The new mid- to long term business plan sets total return ratio's target at around 40- 50%.
- ¥4.0 bn of treasury shares is acquired in FY20/3. An additional acquisition up to ¥4.0 bn by March 31, 2020 is decided. Total return ratio for FY20/3 is expected to be about 49.4%.



	14/3	15/3	16/3	17/3	18/3	19/3	20/3
EPS(¥)	140.70	201.28	246.42	245.10	240.89	245.99	251.54
Dividend payout ratio (%)	24.9	22.4	23.4	26.5	28.9	30.5	32.0
Total return ratio (%)	"	"	"	"	50.6	41.4	49.4
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.

- Acquired treasury shares of approx. ¥10.0 bn in FY18/3 and approx. ¥5.0 bn in FY19/3 to improve shareholders return and capital efficiency. As for FY20/3, we resolved to acquire treasury shares up to ¥8.0 bn.

Acquisition of treasury shares



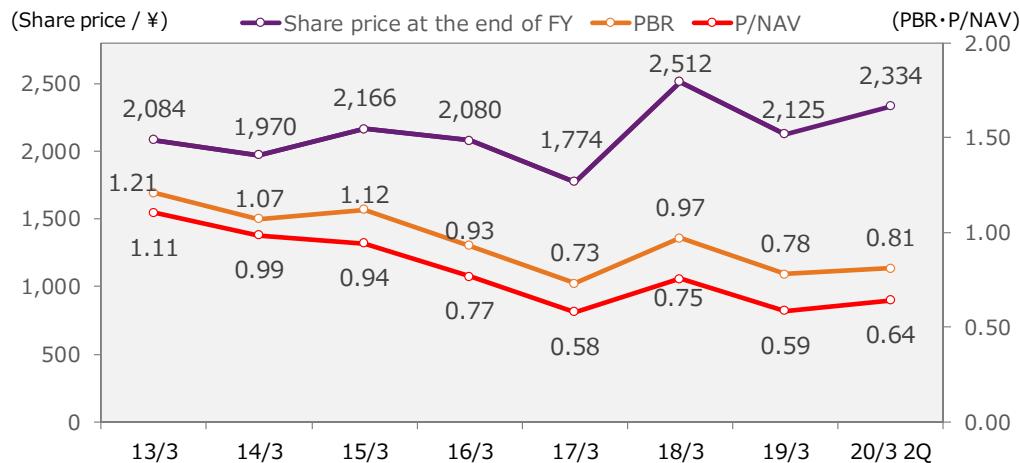
Considering the acquisition of treasury shares as taking into account of share price, financial soundness and business investment environment.

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

	Completed acquisition	Planned acquisition (Disclosed at October 28th)
Type of shares	Common Stock	Common Stock
Total number of shares	Up to 2.8 mn shares (Ratio to the number of outstanding shares: 1.50% (excluding treasury shares))	Up to 2.3 mn shares (Ratio to the number of outstanding shares: 1.24% (excluding treasury shares))
Total Value	Up to ¥4.0 bn	Up to ¥4.0 bn
Period of acquisition	From April 26, 2019 to October 25, 2019	From October 29, 2019 to March 31, 2020
Method of acquisition	Open market purchase on the TSE	Open market purchase on the TSE

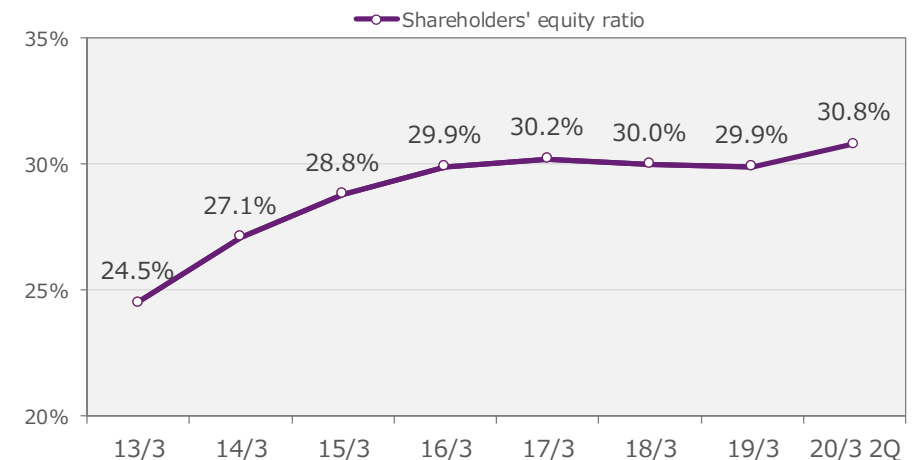
Share price

- PBR and P/NAV are remaining at a low level.



Financial soundness

- Maintaining shareholder's equity ratio at a 30% level.



· P/NAV = Share price at the end of FY / NAV per share
 · 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)
 · Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate) (adapting the each fiscal year's figure as effective tax rate)
 · The P/NAV as of the FY20/3 2Q is calculated based on the NAV per share as of the end of FY19/3.

The outline of Business Unit

- The number of units sold decreased. Compared to the previous fiscal year, larger portion of housing planned to be sold in this fiscal year will be completed in the 4Q.

In FY20/3, 5,100 units are planned to be sold and the gross margin ratio is expected to be the same level as FY19/3.

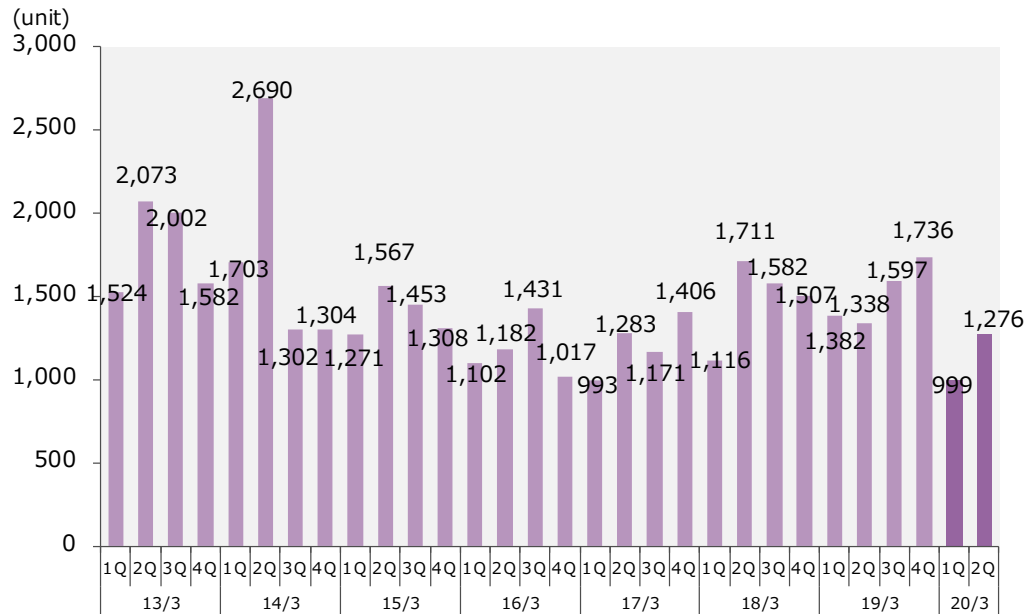
(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①	19/3 Actual ③	20/3 Forecast ④	Changes ④-③
Operating revenue	105.5	64.4	-41.0	375.3	365.0	-10.3
Housing sales (Japan)	85.7	55.0	-30.7	342.0		
Rental housing (sales)	9.1	2.7	-6.3	11.7		
Rental housing (leasing revenue)	0.2	0.5	+0.3	0.4		
Senior	0.1	0.2	+0.0	0.3		
Other	10.2	5.9	-4.3	20.7		
Operating profit	2.5	-5.2	-7.8	25.0		
Share of profit (loss) of entities accounted for using equity method	-0.0	-0.0	-0.0	-0.0		
Amortization of intangible assets associated with corporate acquisitions	—	—	—	—		
Business profit	2.5	-5.2	-7.8	25.0	23.5	-1.5

【Housing sales indicators】

Housing sales (unit)	1,393	997	-396	5,890	5,100	-790
Condominiums	1,228	824	-404	5,243	4,600	-643
Detached housing	165	172	+7	647	500	-147
Tokyo metropolitan area	1,090	760	-330	4,295	3,800	-495
Osaka metropolitan area	166	206	+40	830	700	-130
Other area	136	30	-106	764	600	-164
Period-end housing contracted but not sold(unit)	4,159	4,275	+116	2,996		
Period-end completed housing inventory (unit)						
released for sale	132	103	-29	229		
unreleased	75	32	-43	47		
Average sales price (¥mn)	61.57	55.17	-6.39	58.06		
Gross margin ratio (%)	19.8%	17.1%	-2.7P	19.1%		

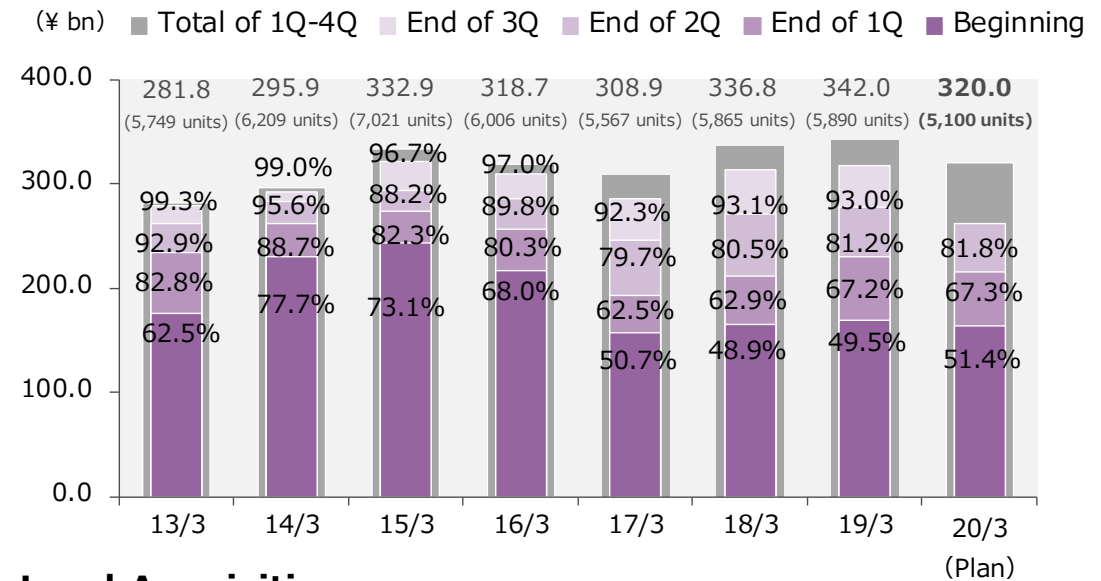
The number of housing contracted

- A total of **2,275** units were contracted during FY20/3 1Q-2Q.



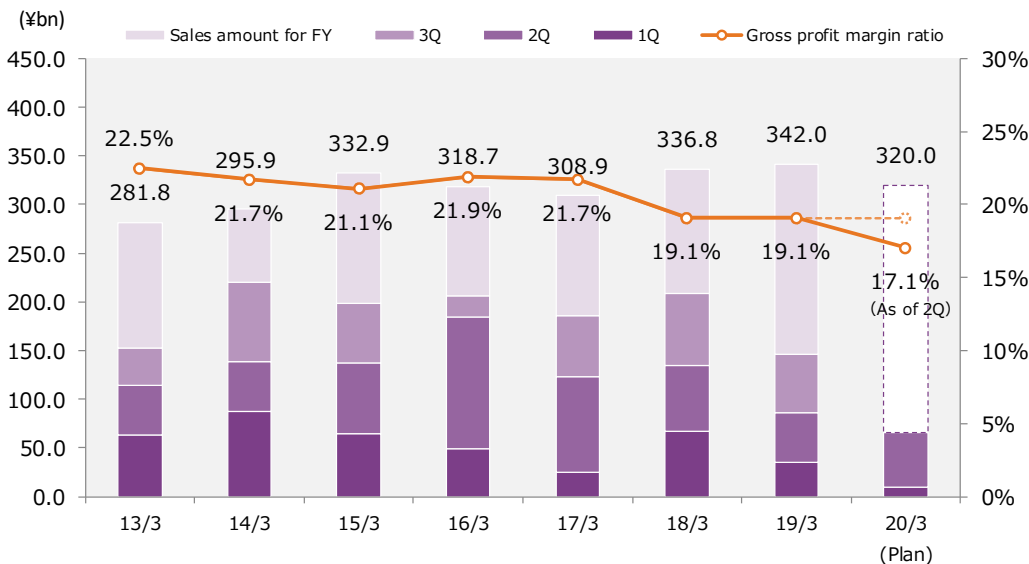
Contract rate against the number of housing sales

- Approx. **¥260.0 bn (81.8%)** were contracted as of the end of 2Q.



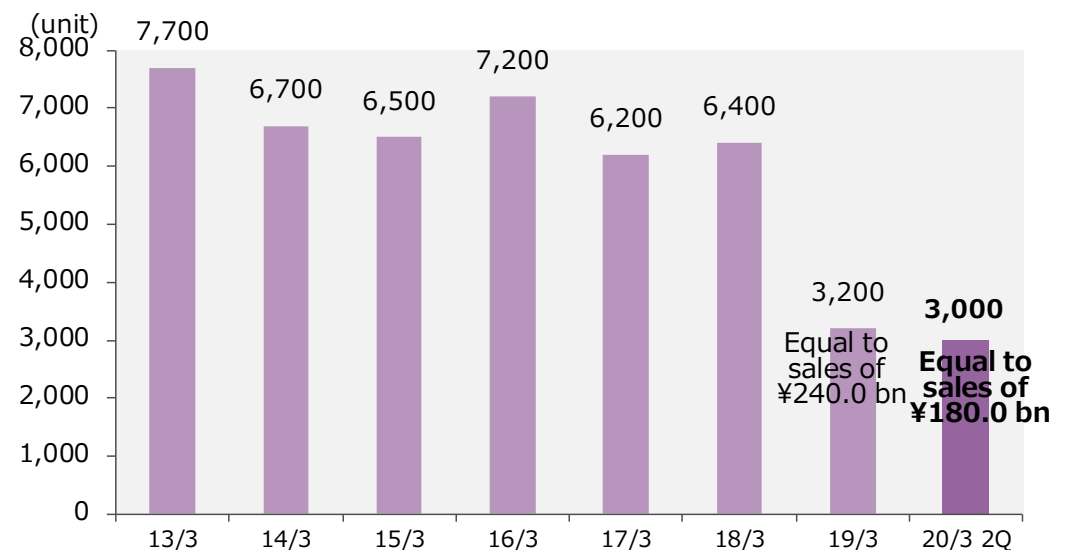
The gross margin ratio and the sales amount

- The gross margin ratio for the sales in FY20/3 1Q-2Q was **17.1%**. For FY20/3, the ratio is expected to be **the same level as FY19/3**.



Land Acquisition

- Lands equal to the housing sales of **¥180.0 bn** were acquired in FY20/3 1Q-2Q. Land stock for FY 20/3 3Q onward is **¥1,430.0 bn**.



Major Upcoming Projects

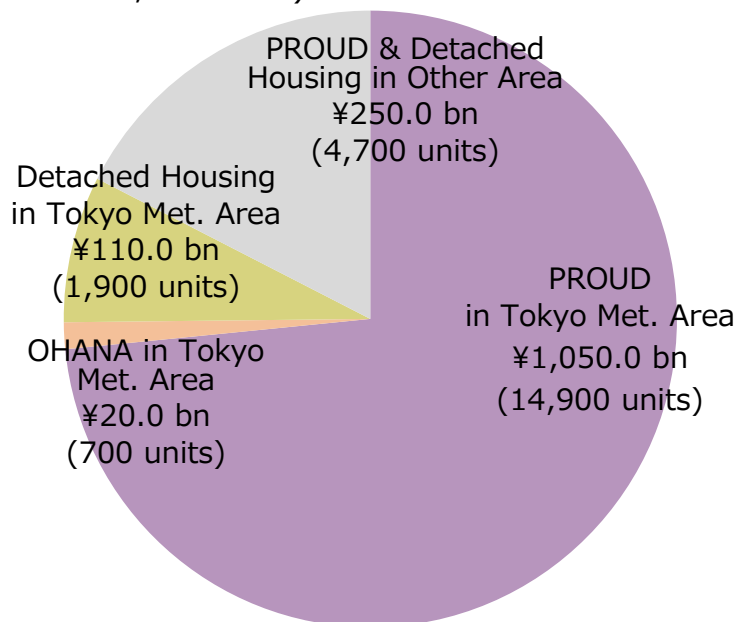
20/3	21/3	22/3	23/3~
PROUD CITY Shinonome Canal Marks (Koto-ku, Tokyo 472 units *1)	Sarugakucho II Project (Shibuya-ku, Tokyo 95 units)	Higashi-Ikebukuro 4-chome Second District (Toshima-ku, Tokyo 193 units)	Jingumae 6-chome Project (Shibuya-ku, Tokyo 89 units)
PROUD CITY Kichijoji (Mitaka-shi, Tokyo 314 units *1*2)	PROUD TOWER Musashi-Koganei Cross (Koganei-shi, Tokyo 613 units *1)	Kameido 6-chome Project (Koto-ku, Tokyo 934 units *1)	Hankyu Tsukaguchi Station-Front Rebuilding 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 421 units)
PROUD TOWER Kawaguchi (Kawaguchi-shi, Saitama 200 units)	PROUD TOWER Sakai-Higashi (Sakai-ku, Sakai-shi 272 units)	Otatoshiba-cho, Ibaraki-shi (Ibaraki-shi, Osaka 238 units *1*2)	Kawaguchi Sakaecho 3-chome District (Kawaguchi-shi, Saitama 450 units)
PROUD CITY Hiyoshi (Kohoku-ku, Yokohama-shi 1,082 units *1*2)	Mihamacity Kemigahama (Chiba-shi, Chiba 567 units *1*2)	Kanamachi 6-chome station front 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 75 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 to be sold from FY 20/3 3Q is **¥1,430.0 bn**
 (22,200 units) on a sales basis.



PROUD CITY Hiyoshi



PROUD Ebisu Hillside Garden

- Promoting various redevelopment and rebuilding projects which are our growth field, with our leading track records and experiences in this industry.

Major redevelopment and rebuilding projects

Project name	Number of units (our share)	New Mid- to Long-term Business Plan		
		Phase 1 20/3 - 22/3	Phase 2 23/3 - 25/3	Phase 3 26/3 - 28/3
PROUD TOWER Musashi-Koganei Cross *2	613	c		
PROUD TOWER Sakai-Higashi*1	272	c		
Mihamacity Kemigahama*1	567	c	c	
Nagoya Nishiki 2-chome Redevelopment *1	132	s	c	
Higashi-Ikebukuro 4-chome Second District	193	s	c	
Tokyo Olympic · Paralympic Athlete's Village *1	488		c	c
Minamikoikiwa 6-chome district Redevelopment *1	300~		c	c
Kawaguchi-sakaecho 3-chome District Redevelopment	450	s	c	
Hankyu Tsukaguchi Station-Front Rebuilding *2	416	s	c	
Utsunomiya Station East Exit District *1, *2	110	s	c	
Hirai Station North Exit District Redevelopment	288	s	c	
<u>Minami-Ikebukuro 2-chome C District Redevelopment *1</u>	364	s	c	
<u>Itabashi Station Itabashi Exit District *1</u>	404	s	c	
<u>Takasaki Station East Exit Sakaecho District *1</u>				
Tarumi Central East District Redevelopment				
Fukushima Station East Exit Redevelopment *1, *2				
Minatomachi 3-chome C District Redevelopment (Matsuyama-shi, Ehime)*1				
Okayama-shi Ekimaecho 1-chome District Redevelopment *1				
Tsukishima 3-chome South Redevelopment *1				
Katamachi 4-bangumi Sea side District Redevelopment (Kanazawa-shi, Ishikawa) *2				
Tateishi Station South Exit East District Redevelopment *1				
Mishima Station South Exit East District *1				
Akasaka 7-chome 2nd District Redevelopment *1				
Shakujii Koen Station South Exit West Exit Redevelopment				
Nishi-Shinjuku 3-chome West District Redevelopment*1,*2				
JR Kamata Station East Exit Central District Redevelopment				
Nishi-Nippori Station-Front Redevelopment *1,*2				
Iidabashi Station Central District Redevelopment *2				
Nishi-Ojima Station-Front Redevelopment *1				
Hongo Masago South District Redevelopment				
Kouyamachi · Miyuki-cho Redevelopment (Shizuoka) *1				
Mikawashima Station-Front North District Redevelopment *1				
Kodaira Station-Front North District Redevelopment *1				
Minami-Ikebukuro 2-chome B District Redevelopment *1,*2				
Kachidoki Station South Exit 8&9 Block Redevelopment *1				
Hirao Condominium Rebuilding *1				

From FY 23/3 onwards: 8,900 units

S: Start of construction C: Completion of construction

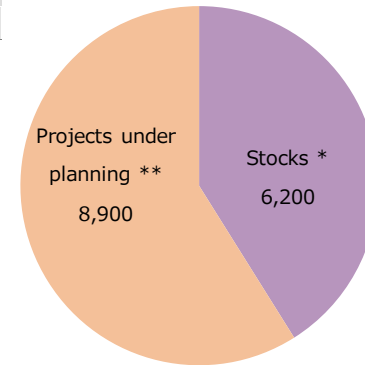
*1: Those are JV projects.

*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



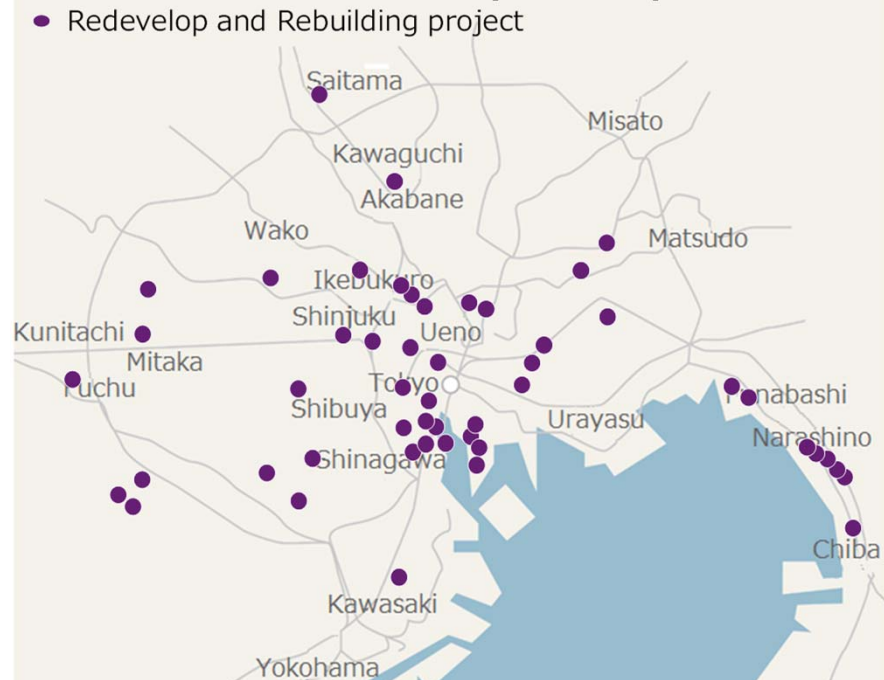
Of 22,200 units for stock from FY20/3 3Q, **6,200** units are for redevelopment and rebuilding.

Other than that, hold **8,900** 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.

Tokyo Metropolitan Area



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

- To expand our business domains in the “housing” segment, rental housing and senior housing business are being merged into the Residential Development Business Unit.

Rental housing — PROUD FLAT

- Target to acquire ¥22.0 bn annually. The current stock is approx. ¥72.0 bn.
- In FY20/3 1Q-2Q, we acquired 6 properties and the estimated total investment amount is approx. ¥14.0bn.



PROUD FLAT Higashi Nihonbashi



PROUD FLAT Shibuya Tomigaya

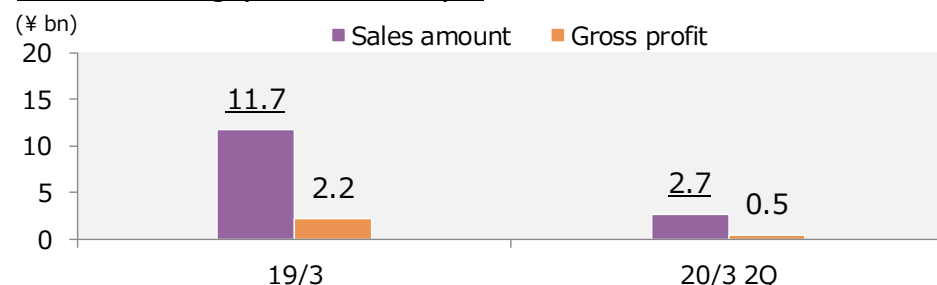


PROUD FLAT Togoshikoen

Stocks of rental housing

Total investment/ Balance on BS	Under development			Construction completed		Total		
	No. of properties	Total investment	Balance on BS	No. of properties	Balance on BS	No. of properties	Total investment	Balance on BS
Tokyo 23 wards	21	56.9	28.3	7	14.1	28	71.1	42.5
Tokyo metropolitan area	—	—	—	1	1.2	1	1.3	1.2
Total	21	56.9	28.3	8	15.4	29	72.4	43.8

Rental housing (sales amount)



Senior housing

- An important element of "urban-type compact town".
- Currently we secured development or operating projects of 8 properties, 700 units in total.

OUKAS Funabashi



Location: Funabashi-shi, Chiba
 Transportation:
 15-min walk from Funabashi St.(JR Soubu Line)
 5-min walk from Shin funabashi St.
 (Tobu Urban Park Line)
 Established month: October,2017
 Facility: Residence for elderly people with service
 Total units :125 units
 Occupance rate : Approx. 95% (as of end of September, 2019)

Future projects

Kaihin Makuhari Plan



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

Kichijoji Plan



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

Ebisu Plan

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

Hiyoshi Plan

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

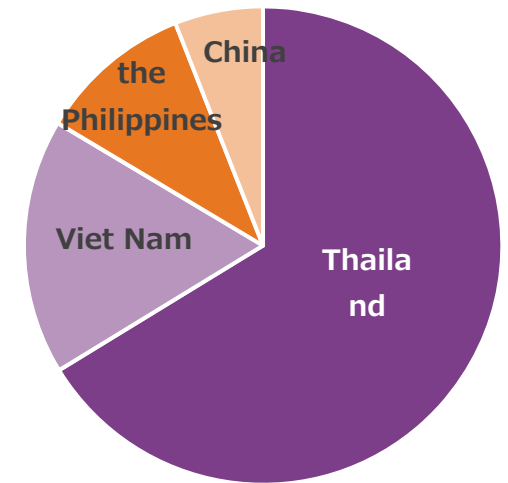
The Progress of properties in overseas business (housing sales)

- Developing business in high-growth Southeast Asia area. In Residential Development BU, **9 projects, total ¥20.0 bn investments are determined.** (Total project cost based on our shares: ¥57.0bn)
- Under the new Mid- to long-term Business plan, estimates to invest a total of ¥300.0 bn over 9 years. (Total of Residential Development BU and Commercial Real Estate BU)

Overseas Investment Project (Residential Development BU)

Project	Main use	Total Business	Joint Partner	Our Share	Previous plan	New Mid- to Long-term Business plan					
					17/3-19/3	Phase 1 20/3-22/3	Phase 2 23/3-25/3	Phase 3 26/3-28/3			
China	Shenyang	Residence	Approx. 4,100 units	Mitsubishi Corporation	11.25%	<u>c</u>	<u>c</u>	<u>c</u>	<u>c</u>		
Viet Nam	Ho Chi Minh City	Residence	Approx. 2,400 units	Phu My Hung Development, Daiwa House, Sumitomo Forestry	12.25%	<u>s</u>	<u>c</u>	<u>c</u>	<u>c</u>		
the Philippines	Manila	Residence	Approx. 1,400 units	Federal Land, Isetan Mitsukoshi Holdings	20.00%	<u>s</u>	<u>s</u>	<u>c</u>	<u>c</u>	<u>c</u>	<u>c</u>
Thailand	Ratchayothin, Bangkok	Residence	A building 334 units B building 489 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>	<u>c</u>		
Thailand	On Nut, Bangkok	Residence	601 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>			
Thailand	Ramkhamhaeng, Bangkok	Residence	685 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>			
Thailand	Thong Lo, Bangkok	Residence	1,236 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>			
Thailand	Ratchathew, Bangkok	Residence	264 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>			
Thailand	RamaIV, Bangkok	Residence	501 units	Origin Property	49.00%	<u>s</u>	<u>s</u>	<u>c</u>			

Breakdown of investment amount of approx. ¥20.0 bn by countries



Bangkok, Thailand

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



S: Start of construction C: Completion of construction

*New projects that we participated are underlined.

*All projects including their projects name are in planning stage and are subject to change.

- Both revenue and profit increased mainly due to the rise in revenues from properties for sales.
(The vacancy rate as of the end of FY20/3 2Q was **4.3%**, down 0.4 points compared to the end of FY19/3.)

(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①	19/3 Actual ③	19/3 Forecast ④	Changes ④-③
Operating revenue	68.9	121.0	+52.1	171.6	242.0	+70.3
Leasing (offices)	28.1	24.4	-3.7	53.9		
Leasing (retail facilities)	6.8	6.3	-0.5	13.8		
Leasing (other)	3.8	4.1	+0.2	7.9		
Property for sales (sales)	13.9	62.7	+48.7	65.3		
Property for sales (leasing)	1.7	3.7	+1.9	4.5		
Fitness	8.1	8.5	+0.3	16.6		
Other	6.1	11.1	+5.0	9.3		
Operating profit	16.7	18.5	+1.8	37.6		
Share of profit (loss) of entities accounted for using equity method	0.0	0.1	+0.1	0.2		
Amortization of intangible assets associated with corporate acquisitions	0.1	0.1	+0.0	0.2		
Business Profit	16.9	18.8	1.9	38.0	38.5	+0.4
Net lettable area (sqm)	1,003,152	965,955	-37,197	953,620		
Offices	828,531	793,802	-34,729	784,122		
Retail facilities	174,622	172,153	-2,469	169,497		
Vacancy rate	3.9%	4.3%	+0.4P	4.7%		

* Leasing (offices) includes subleasing properties

[Reference] Rent revenue change analysis

Changes

Key Factors

New and full period operation buildings

+0.1

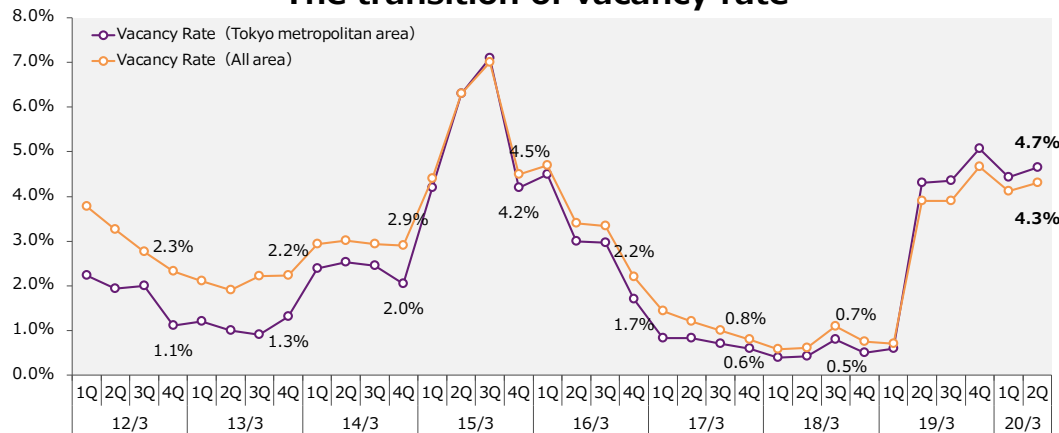
Existing buildings

-2.1 The adjusted expenses paid by the tenant moving out at FY19/3.

Sold and be terminated

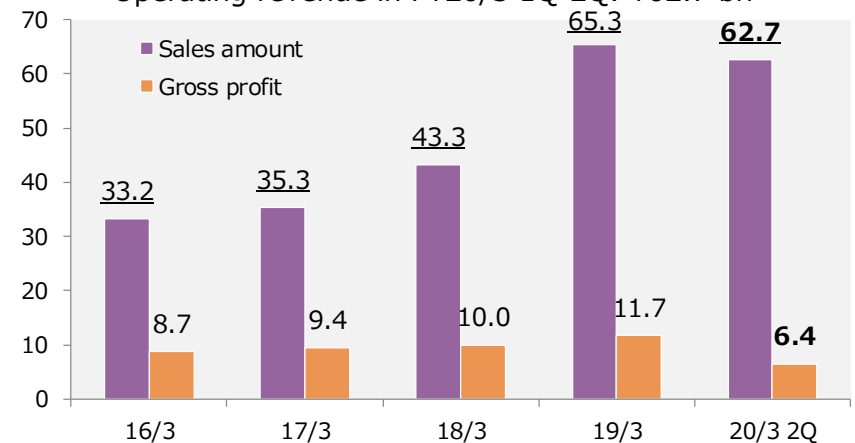
-2.2 The effect due to the reclassification to inventories at the end of FY19/3

The transition of vacancy rate



The progress of properties for sales*

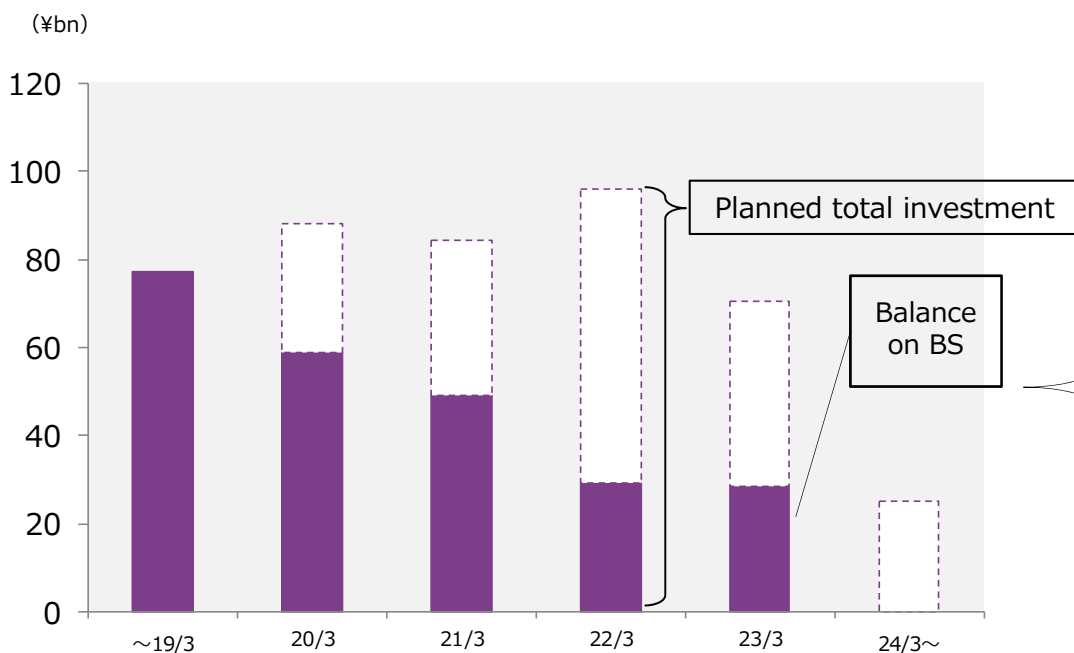
Operating revenue in FY20/3 1Q-2Q: ¥62.7 bn



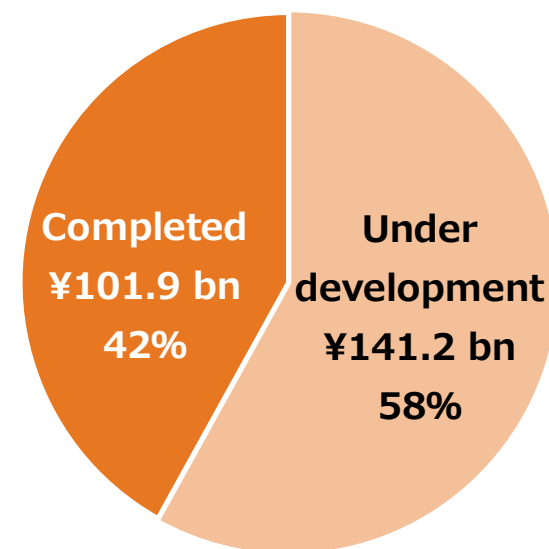
*From FY 20/3, the rental housing business was transferred to Residential Development Business unit.
Due to this change, after FY19/3, the figures are after deducting the amount for rental housing. Figures before FY18/3 includes the amount for rental housing.

- Acquired 5 properties in FY20/3 1Q-2Q and those estimated total investment amount is approx. ¥56.0 bn. The total stocks of properties for sales are approx. ¥440.0 bn.
- Target about ¥120 bn acquisitions and sales per annum in the mid to long term for stable profits.

Business stocks of properties for sales, ¥440.0 bn
(classified by the construction completion period)



BS balance of properties for sales



Projects acquired in FY20/3 1Q-2Q

	Acquired Projects	Total investment
Office	1 project	¥9.5 bn
Retail	2 projects	¥5.5 bn
Logistics	2 projects	¥41.0 bn
Total	5 projects	¥56.0 bn

(¥bn)	At the end of FY20/3 2Q		Total
	Completed	Under development	
Office	64.8	70.3	135.2
Retail	10.3	22.0	32.3
Logistics	15.6	40.2	55.8
Others	11.1	8.5	19.7
Total	101.9	141.2	243.2

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

*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.

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

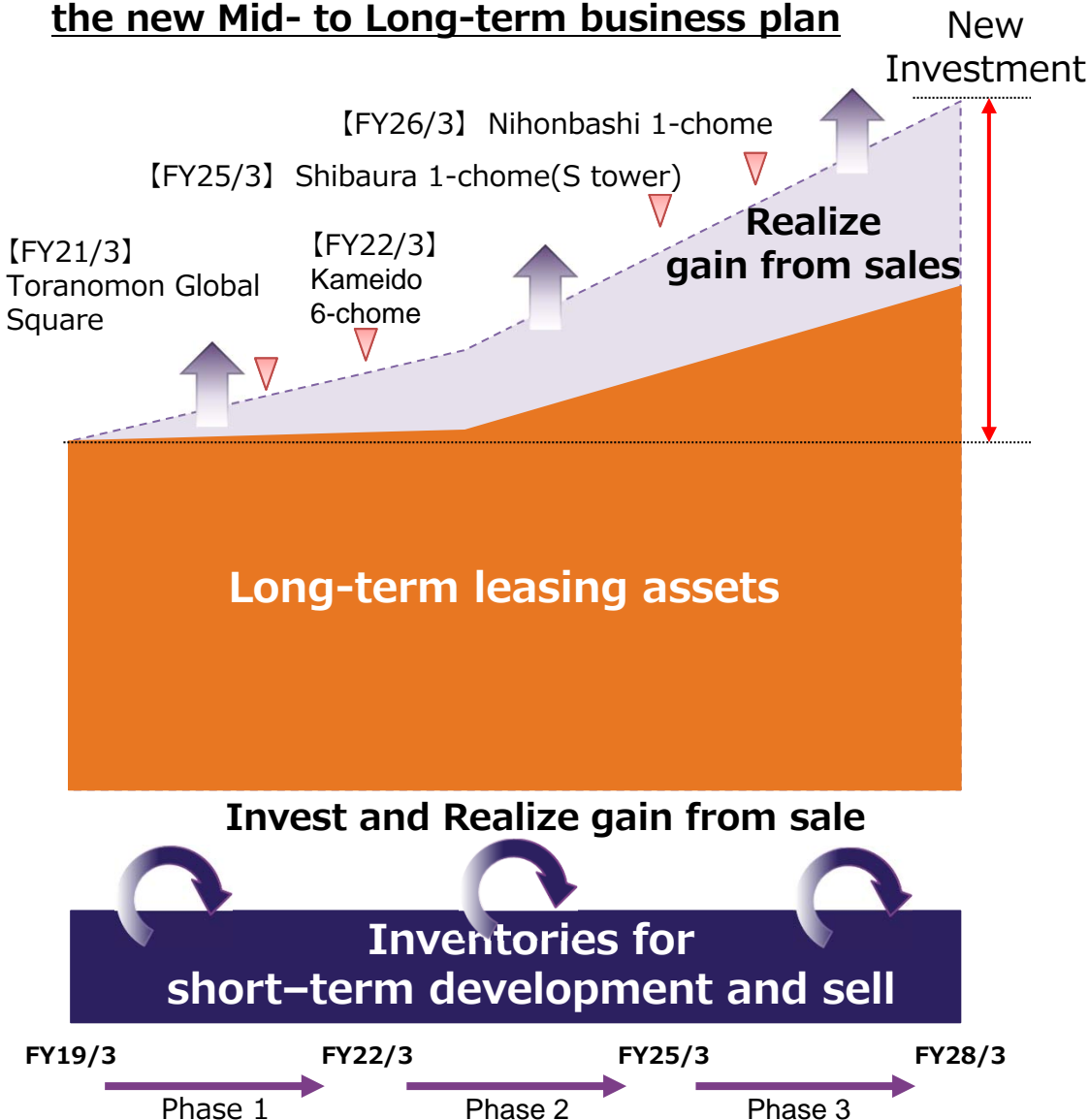
*Since FY20/3, rental housing business (PROUD Flat) was transferred to Residential Development Business unit, and it has been excluded from the above description.

*At the end of FY20/3 2Q, the rental housing business accounts for ¥43.8 bn as the BS balance and ¥72.4 bn of the planned total investment.

Leasing asset portfolio optimization/ Realization of development profit and unrealized gain

- Commercial Real Estate BU plans ¥1.9 tn of investment and ¥1.45 tn of recovery in the new Mid- to Long-term business plan period.
- Managing the leasing asset portfolio in anticipation of future large-scale development projects.
- Achieving unrealized gain through the sale of some of its long-term assets in addition to earning profits through new developments.

The investment plan under the new Mid- to Long-term business plan



Optimization of the leasing asset portfolio

- Managing the portfolio in anticipation of future large-scale development projects such as Shibaura 1-Chome(S tower) to improve asset efficiency.
- Continuing to hold assets that are expected to earn stable income gain over the medium to long term.

Area	Size	Age	Other Factors
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Continue to optimize the portfolio

Realization of development profit and unrealized gain

- Earning development profit by developing and selling properties for sales such as PMO.
- Achieving unrealized gain through selling long-term assets as monitoring the market condition.

【 Properties sold in FY20/3 1Q-2Q】



MIRAZA
Shinjuku



Nomura Fudosan
Tennozu Building



PMO
Ochanomizu



GEMS
Tamachi

Realize development profit and unrealized gain

- Actively promoting mixed-use development projects in central Tokyo.

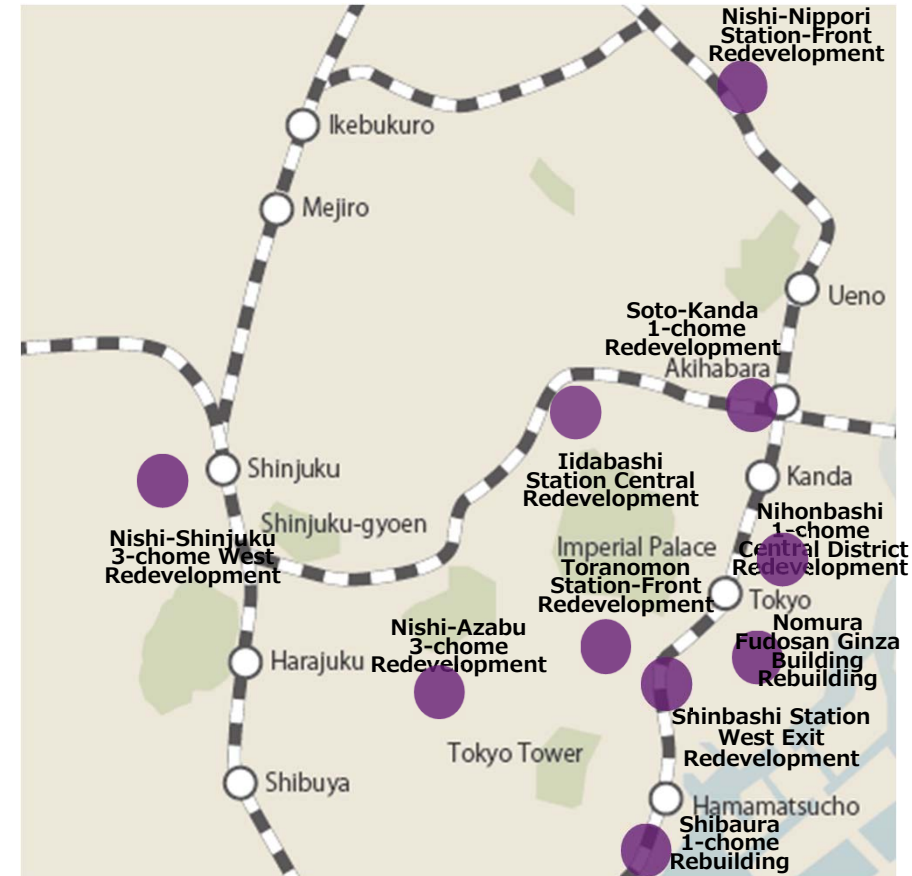
Major projects of large-scale redevelopment & mixed-use development

Project Name	Progress situation	Main use	Area planned to be acquired	New Mid-to Long-term Business plan		
				Phase1 20/3 - 22/3	Phase2 23/3 - 25/3	Phase3 26/3 - 28/3
Toranomon Station-Front Redevelopment (Certified as National Strategic Special Zone)	Under Construction	Office Retail	Approx. 12,000m ²			
Musashi-Koganei station 2nd District Redevelopment	Under Construction	Retail Residence	Approx. 10,000m ²			
Kameido 6-chome Project	Under Planning	Retail Residence	Approx. 152,500m ² (Gross floor area)			
Nishi-Azabu 3-chome Redevelopment*	Blueprint of the project is decided	Hotel Residence	Approx. 9,900m ²			
Shibaura 1-chome Rebuilding* (Certified as National Strategic Special Zone)	Certified as a national strategic special zone	Complex	Approx. 550,000m ² (Gross floor area)			
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			
Nishi-Shinjuku 3-chome West Redevelopment*	Blueprint of the project is under process	Retail Residence	Approx. 21,000m ²			
Nishi-Nippori Station-Front Redevelopment *	Blueprint of the project is under discussion	Retail Residence	Approx. 18,000m ²			
Soto-Kanda 1-chome Redevelopment	Blueprint of the project is under discussion	Office Hotel Retail	Approx. 44,000m ²			
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residence	Approx. 22,000m ²			
Shinbashi Station West Exit Redevelopment *	Blueprint of the project is under discussion	Office Retail	TBD			
Nomura Fudosan Ginza Building Rebuilding (Ginza MTR Building) *	-	Office	TBD			

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

*JV projects

Tokyo Metropolitan Area



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

- 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 with 5 basement, approx. 235m
 N tower : 47 floors with 1 basement, approx. 235m
 Land area : about 40,000m²
 Gross floor area : about 550,000m²
 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



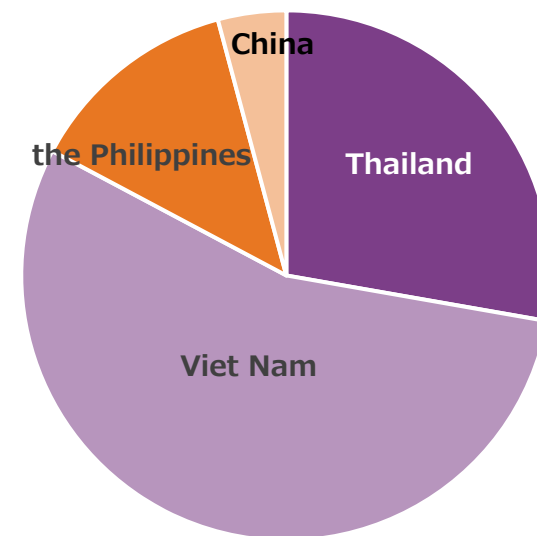
Location : Chuo-ku, Tokyo
 Scale : 51 floors above ground, 5 basement floors, approx. 287m (C block)
 Land area : about 18,900m²
 Gross floor area : about 373,200m²
 Main usage : Office, retail, hotel, residence, conference center
 Start of construction : FY21/3
 Completion of construction : FY26/3
 Main participating companies : Mitsui Fudosan, Nomura Real Estate, Nomura Holdings

- Developing business in high-growth Southeast Asia area. In Commercial Real Estate BU, **6 projects, total ¥12.0 bn investments are determined.** (Total project cost based on our shares: ¥15.0 bn)
- Under the new Mid- to long-term Business plan, estimates to invest a total of ¥300.0 bn over 9 years. (Total of Residential Development BU and Commercial Real Estate BU)

Overseas business investment (leasing) project

Project	Main use	Total Business	Joint Partner	Our Share	Previous plan	New Mid- to Long-term Business plan		
					17/3-19/3	Phase 1 20/3-22/3	Phase 2 23/3-25/3	Phase 3 26/3-28/3
the Philippines Manila	Retail	Approx. 28,000m ²	Federal Land, Isetan Mitsukoshi Holdings	20.00%	<u>S</u>	→Open(plan)		
Thailand Thong Lo, Bangkok	Service Apartment	303 rooms	Origin Property	49.00%	<u>S</u>	→Open(plan)		
Thailand Sukhumvit 24, Bangkok	Service Apartment	411 rooms	Origin Property	49.00%		<u>S</u>	→Open(plan)	
Viet Nam Ho Chi Minh City, SUN WAH TOWER (Existing Property)	Office	Approx. 32,000m ²	SUN WAH GROUP	24.00%		→Acquire shares		
Viet Nam Ho Chi Minh City, ZEN PLAZA (Existing Property)	Office	Approx. 17,000m ²	—	100.00%		→Acquire shares		
China Beijing Beijing Fortune Building (Existing Property)	Office	Approx. 55,000m ²	Beijing Capital Development	Participating in the management		→Participate in the management		

Breakdown of investment amount of approx. ¥12.0 bn by countries



S: Start of construction C: Completion of construction

*New projects that we participated are underlined.

*All projects including their projects name are in planning stage and are subject to change.

Details of operating projects



Property name: SUN WAH TOWER
Location: Ho chi Minh city, Viet Nam
Gross floor area: Approx. 32,000m²
Completion of construction: 1997
Our share: 24.00%
Operating rate: 95.8%



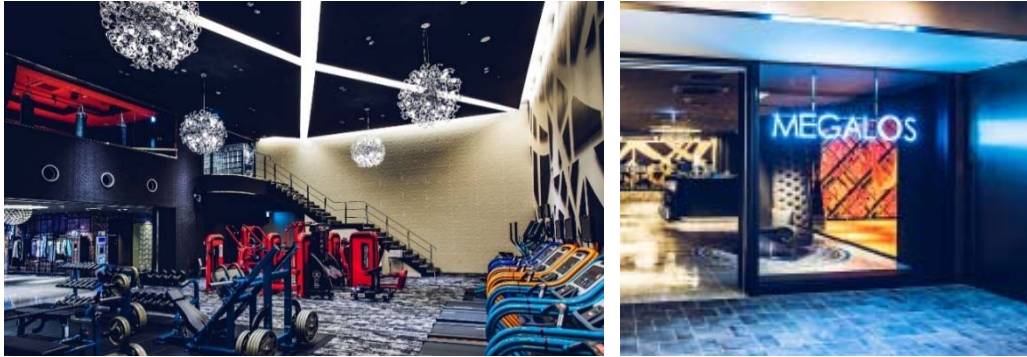
Property name: ZEN PLAZA
Location: Ho chi Minh city, Viet Nam
Gross floor area: Approx. 17,000m²
Completion of construction: 1999
Our share: 100.00%
Operating rate: 96.4%



Property name: Beijing Fortune Building
Location: Beijing, China
Gross floor area: Approx. 55,000m²
Completion of construction: 1989
Our share (Participating in management): 50.00%
Operating rate: 95.3%

- Expanding branches with area strategies. Provide services that meet the local needs and the target character.

MEGALOS Total **44** branches (39 in Tokyo met., 3 in Tokai, and 2 in Kansai)



MEGALOS Hibiya Chanter (opened in September 2018)

Various branches that meets local needs

MEGALOS

Sports gym with equipment, studio and pool.



MEGALOS Shirokanedai

MEGALOS_24

Small size sports gym opening 24 hours



MEGALOS 24 Shimoakatsuka

MEGALOS_Reflet

Women's only fitness club



MEGALOS Reflect Minatomirai

To maintain and improve the health of the elderly



Fitness program in OUKAS Funabashi

NEW VALUE, REAL VALUE — N.R.E. Group
NOMURA REAL ESTATE LIFE & SPORTS

MEGALOS

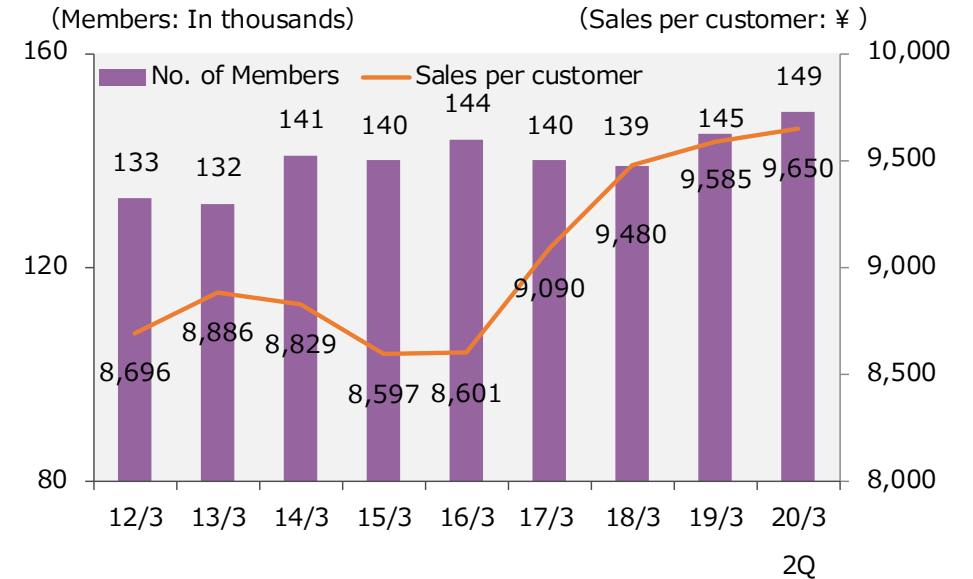


NEW VALUE, REAL VALUE — N.R.E. Group
NOMURA REAL ESTATE WELLNESS

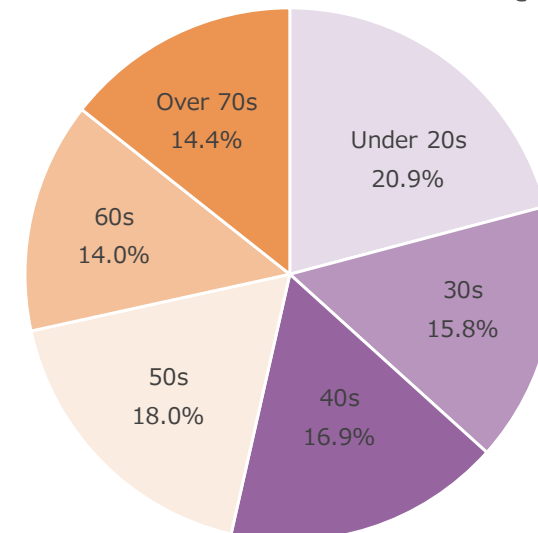
OUKAS

Group companies jointly developed programs to improve health for residents of OUKAS which offers housings for elderly.

No. of members & sales per customer



Fitness Club Member's age as of the end of FY20/3 2Q

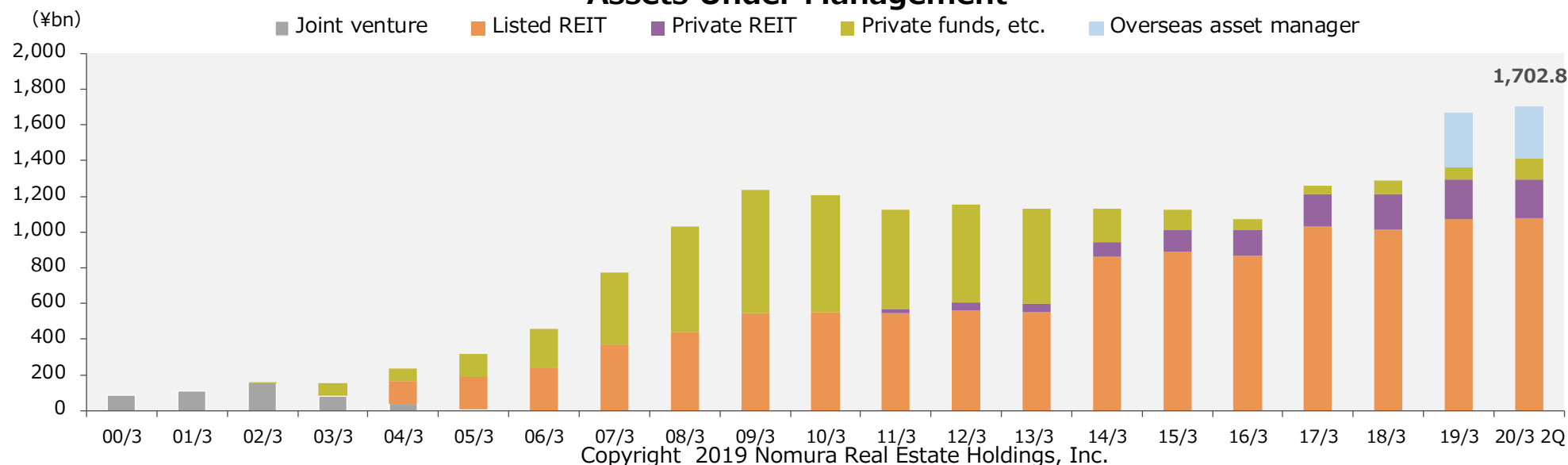


- AUM increased due to the acquisition of 75% of the shares of Lothbury Investment Management, and the second public offering implemented by Nomura Real Estate Master Fund, Inc. in February 2019.
- In addition to steady growth in the core REIT business, we aim to expand private funds and overseas business.

(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①	19/3 Actual ③	20/3 Forecast ④	Changes ④-③
Operating revenue	4.5	5.9	+1.4	9.6	12.0	+2.3
Operating profit	2.7	3.3	+0.5	5.9		
Share of profit (loss) of entities accounted for using equity method	—	—	—	—		
Amortization of intangible assets associated with corporate acquisitions	—	0.1	+0.1	0.0		
Business profit	2.7	3.4	+0.6	5.9	7.0	+1.0

Assets under management	1,304.9	1,702.8	+397.8	1,669.4		
Domestic asset manager	1,304.9	1,411.2	+106.2	1,366.4		
Listed REIT	1,027.8	1,079.1	+51.3	1,074.0		
Private REIT	201.9	216.0	+14.0	216.9		
Private funds, etc.	75.1	115.9	+40.8	75.4		
Overseas asset manager	—	291.5	+291.5	303.0		

Assets Under Management

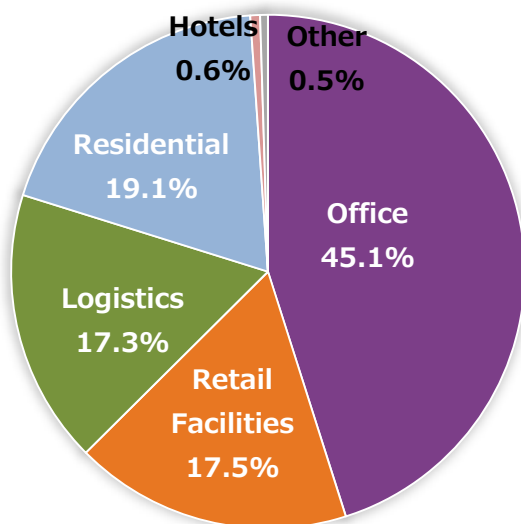


MASTER FUND



One of the largest diversified type
 J-REIT

AUM ¥1,079.1bn (289 properties)



Portfolio Summary

Occupancy rate	99.3%
Average NOI yield	5.1%
Average property age	18.8

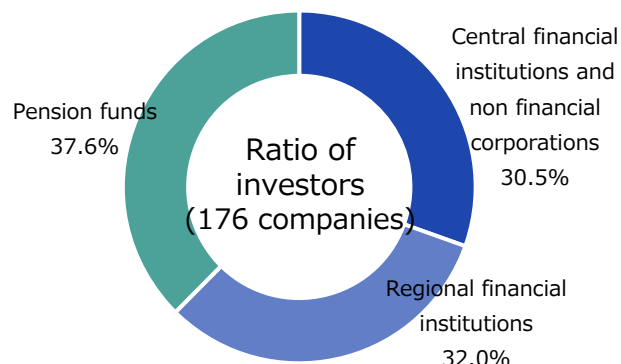
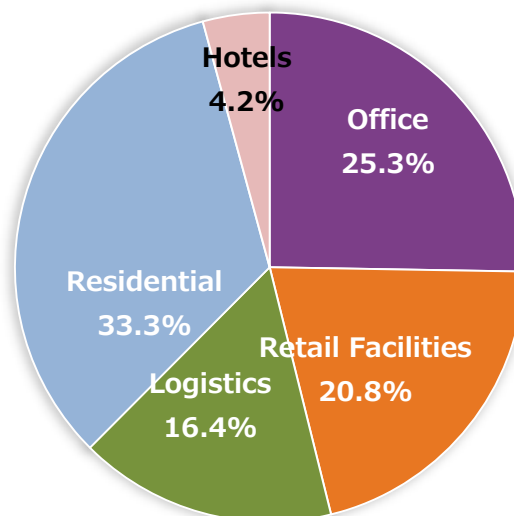
* Percentages by assets are based on the acquisition price as of the end of 19/9.
 * Portfolio summary is based on the data as of the end of 19/8 (289 properties)



NOMURA REAL ESTATE PRIVATE REIT, INC.

Japan's first private REIT since 2010

AUM ¥216.0bn (73 properties)

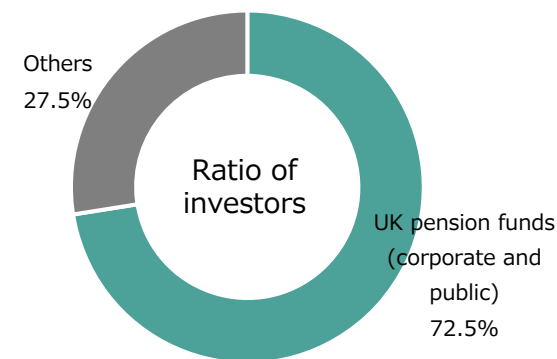
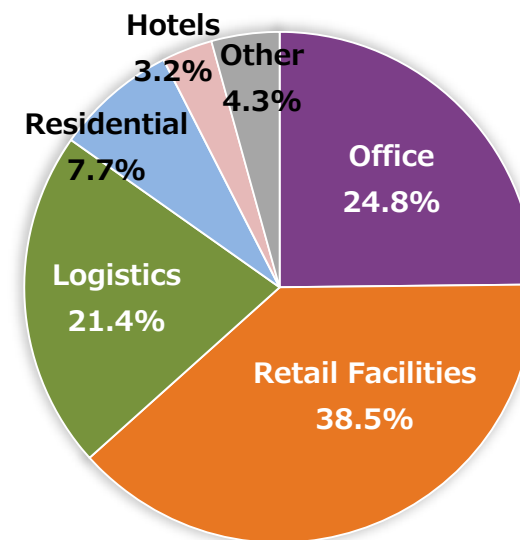


* Percentages by assets are based on the acquisition price as of the end of 19/9.
 * Ratio of investors are based on the number of investment units as of the end of 19/9.

Lothbury Property Trust

Lothbury's flagship fund,
 Properties are mainly located in
 London and southwest part of UK

AUM ¥236.3bn (55 properties)



* Each property's fair value is calculated by 136 JPY to GBP as of the end of 19/6.
 * Percentages by assets are based on the fair value as of the end of 19/6.
 * Ratio of investors are based on the number of investment units as of the end of 19/6.

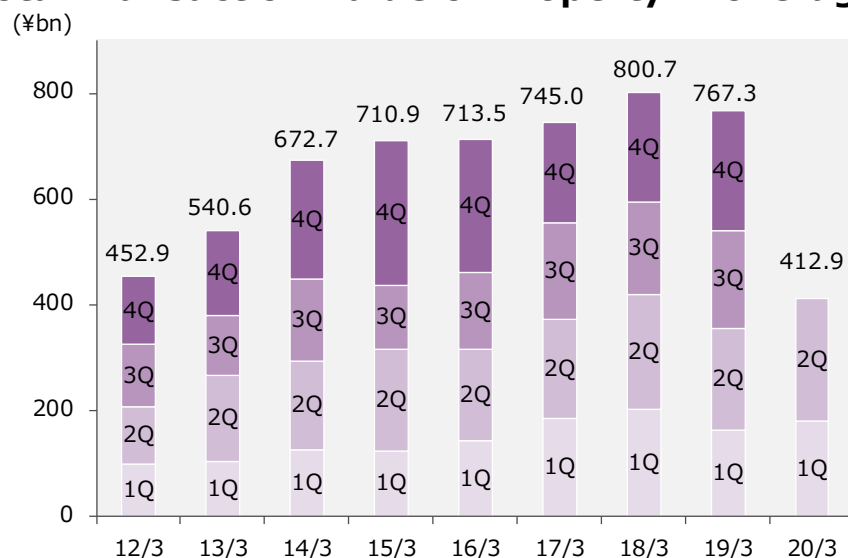
- Business results of both retail and wholesale business posted year-on-year growth.

(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①	19/3 Actual ③	20/3 Forecast ④	Changes ④-③
Operating revenue	16.9	18.2	+1.2	37.2	41.0	+3.7
Brokerage fee (retail)	10.5	11.9	+1.4	21.6		
Brokerage fee (wholesale)	4.7	5.1	+0.3	11.5		
Other	1.7	1.2	-0.4	4.1		
Operating profit	2.8	3.2	+0.3	8.1		
Share of profit (loss) of entities accounted for using equity method	—	—	—	—		
Amortization of intangible assets associated with corporate acquisitions	—	—	—	—		
Business profit	2.8	3.2	+0.3	8.1	9.0	+0.8

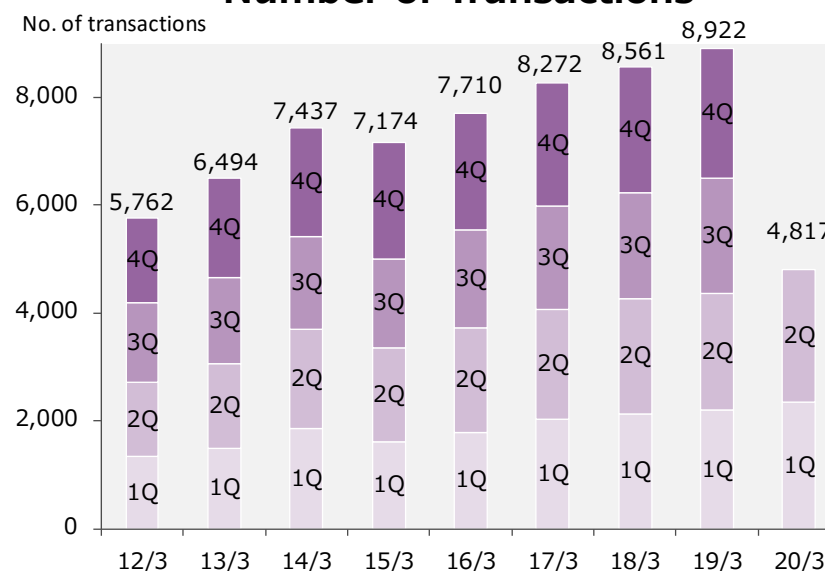
【Brokerage indicators】

Total transaction value (¥bn)	356.3	412.9	+ 56.5	767.3		
Number of transactions	4,375	4,817	+ 442	8,922		
Commission fee (¥bn)	15.2	17.0	+ 1.7	33.1		
Commission rate (%)	4.3%	4.1%	- 0.2P	4.3%		
Number of property brokers branches	80	83	+ 3	81		

Total Transaction Value of Property Brokerage



Number of Transactions



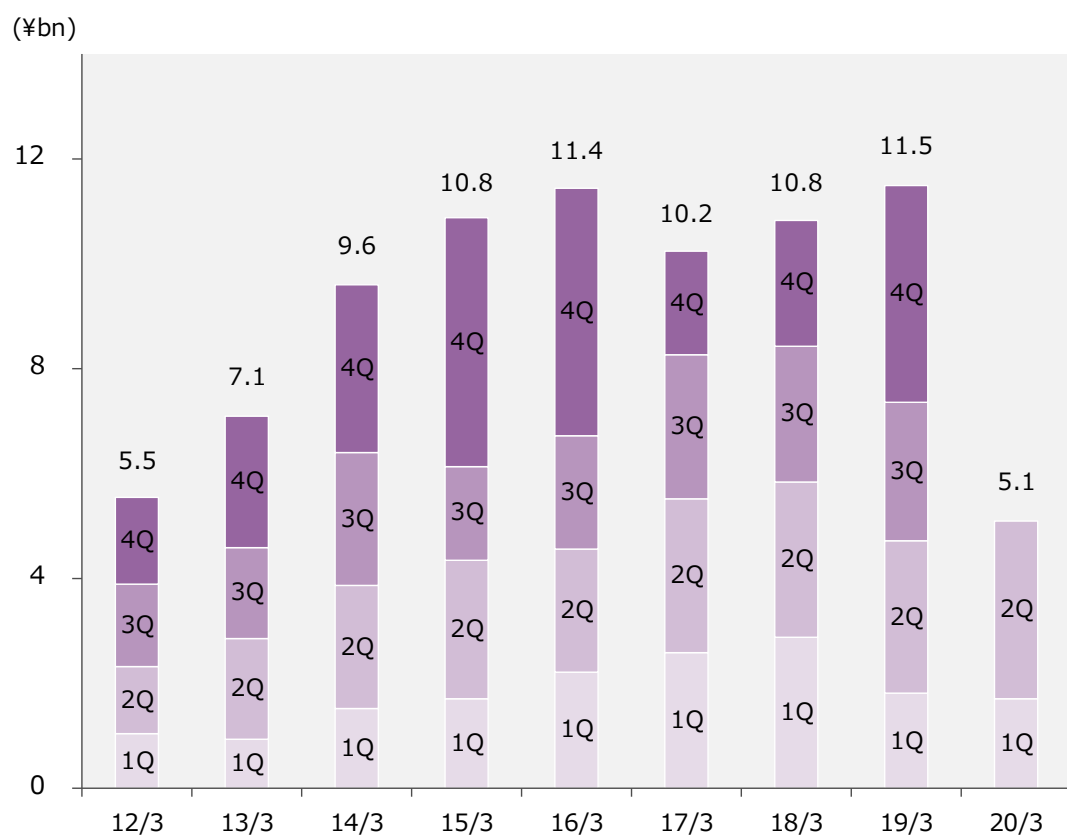
*Retail business: Real estate brokerage business for individuals.

Wholesale business: Real estate brokerage business for corporations.

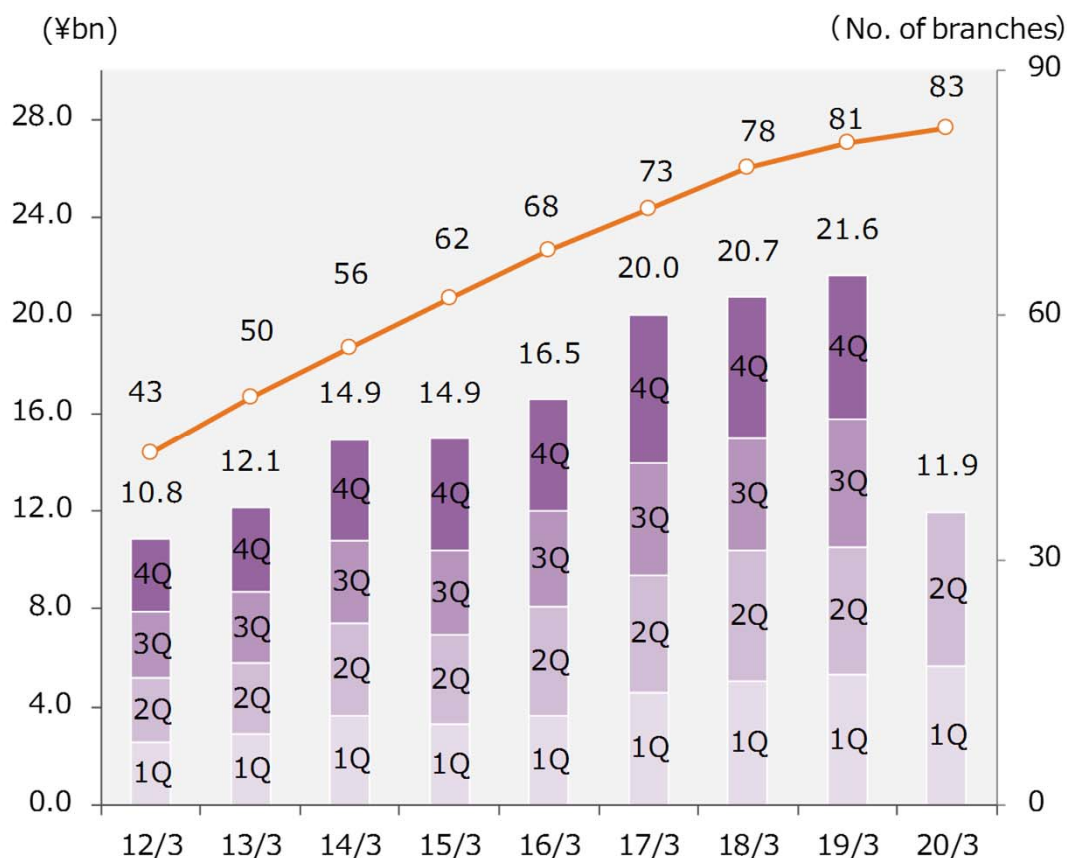
Copyright 2019 Nomura Real Estate Holdings, Inc.

- In wholesale business, we are planning to open Sendai branch. 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 83 as of the end of FY20/3 2Q.
- Business collaboration with Nomura Securities and other Financial Institutions (Banks, Shinkin banks, credit cooperatives, etc.) expanded steadily.

Brokerage commission fee for wholesale



Number of branches & brokerage commission for retail

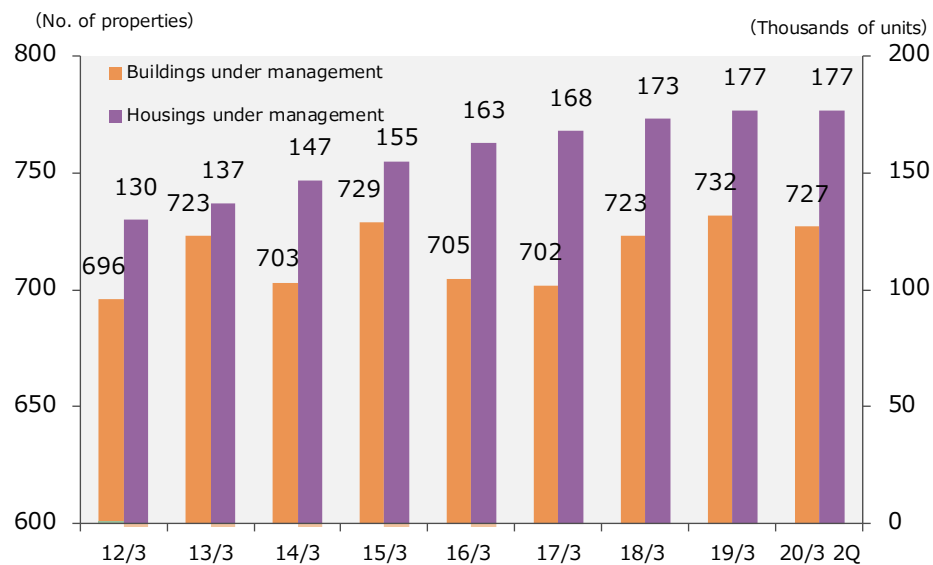


- Both revenue and profit increased due to the rise in the number of construction ordered.

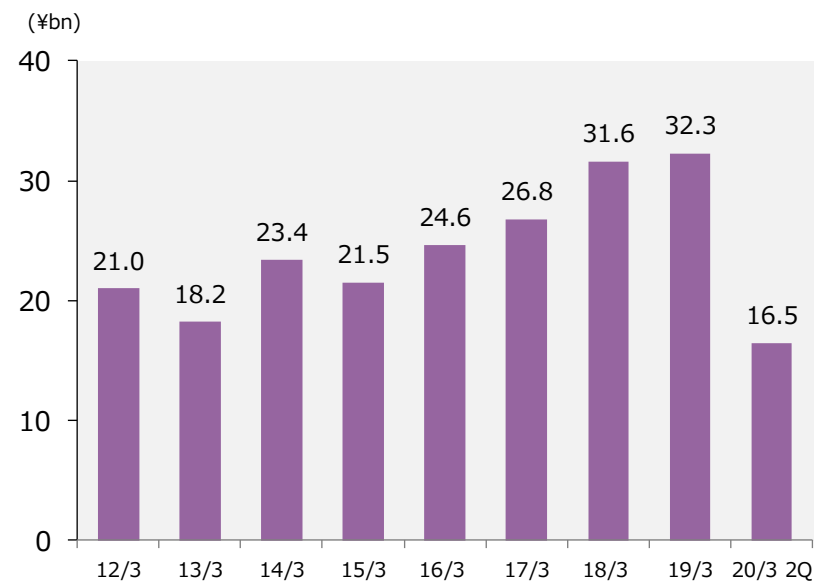
(¥bn)	19/3 2Q Actual ①	20/3 2Q Actual ②	Changes ②-①	19/3 Actual ③	20/3 Forecast ④	Changes ④-③
Operating revenue	43.1	45.7	+2.5	91.3	92.0	+0.6
Property & facility management	25.6	26.4	+0.8	51.5		
Construction ordered	13.9	16.5	+2.5	32.3		
Other	3.5	2.8	-0.7	7.4		
Operating profit	3.0	4.0	+0.9	7.4		
Share of profit (loss) of entities accounted for using equity method	—	0.0	+0.0	—		
Amortization of intangible assets associated with corporate acquisitions	0.0	0.0	—	0.0		
Business profit	3.1	4.1	+1.0	7.4	7.5	+0.0

Building under management	728	727	-1	732		
Housings under management	173,845	177,303	+3,458	177,582		

Buildings & Housings Under Management



Revenue of construction ordered

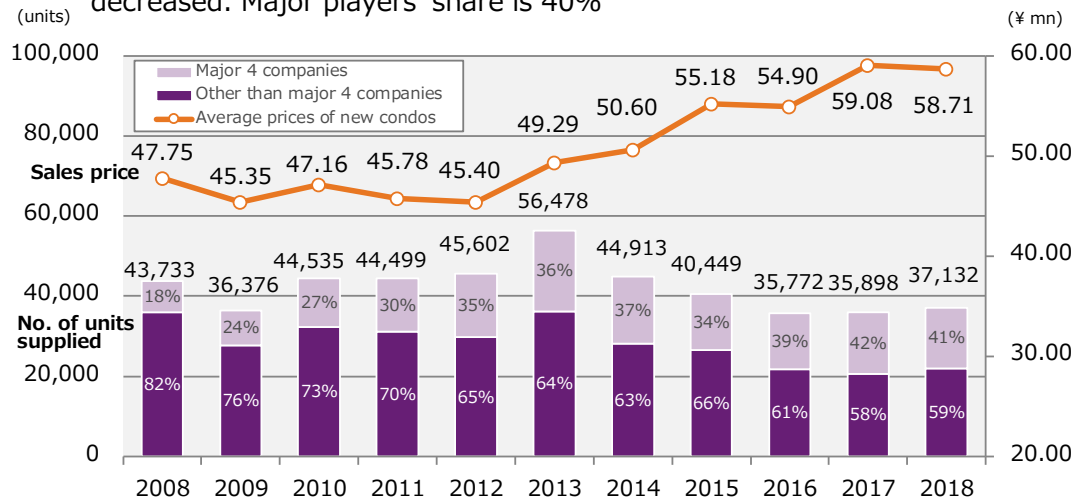


Business Environment Recognition

- Actual demand remains steady, while there is a trend to buy used condos in the second market 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)

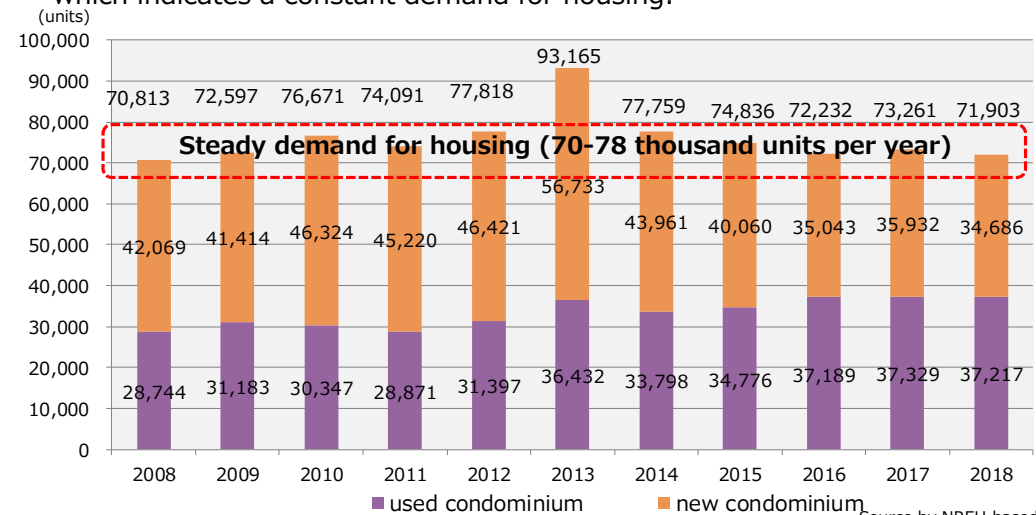
Average price increases due to the number of suburb residences decreased. Major players' share is 40%



Source by Japan Real Estate Institute Major 4 companies; NRE, Sumitomo Realty & Development Co., Ltd., Mitsui Fudosan Co., Ltd, Mitsubishi Estate Co., Ltd.

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

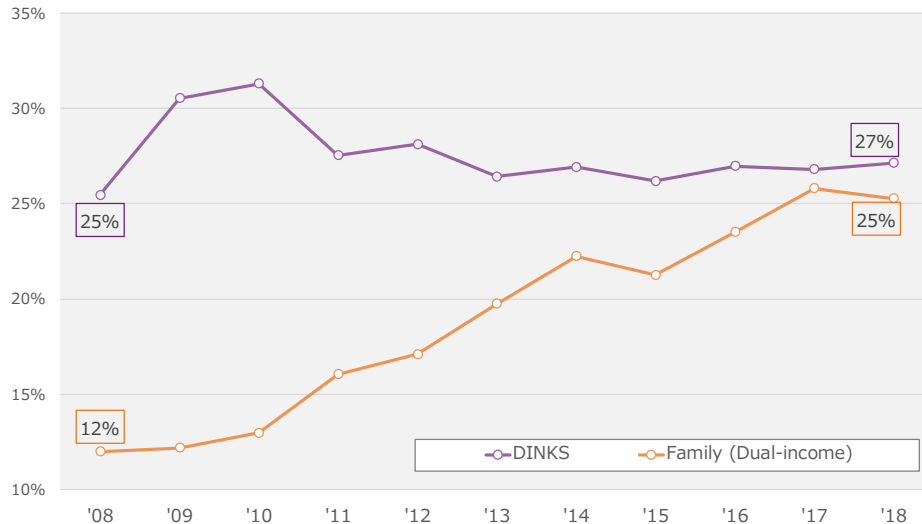
The total number of newly built and used condominium is around 70,000 units which indicates a constant demand for housing.



Source by NREH based on Japan Real Estate Institute Reins

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

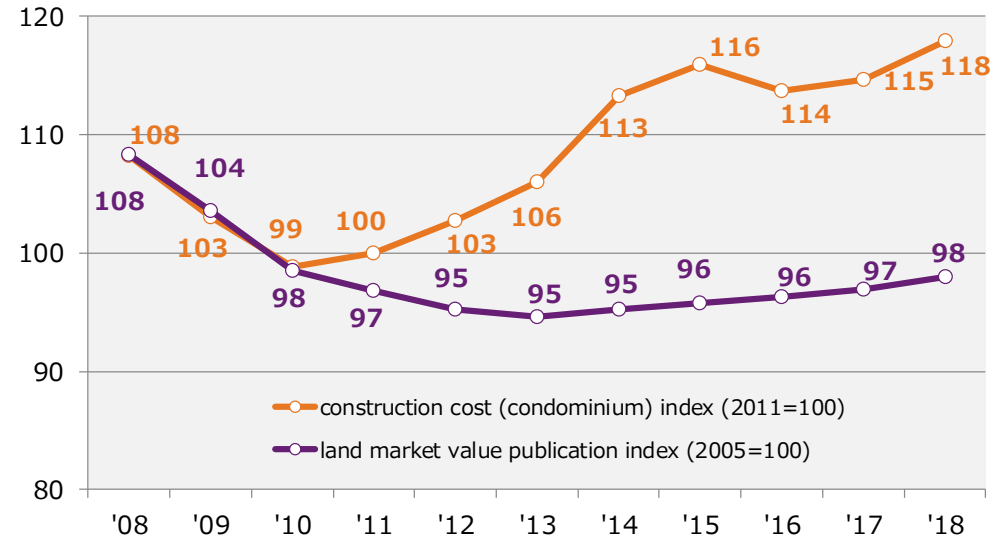
The percentage of families with dual income households among purchasers has increased significantly.



Source by NREH based on SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2018

The transition of construction cost and land price

The construction cost and land price are in upward trend.

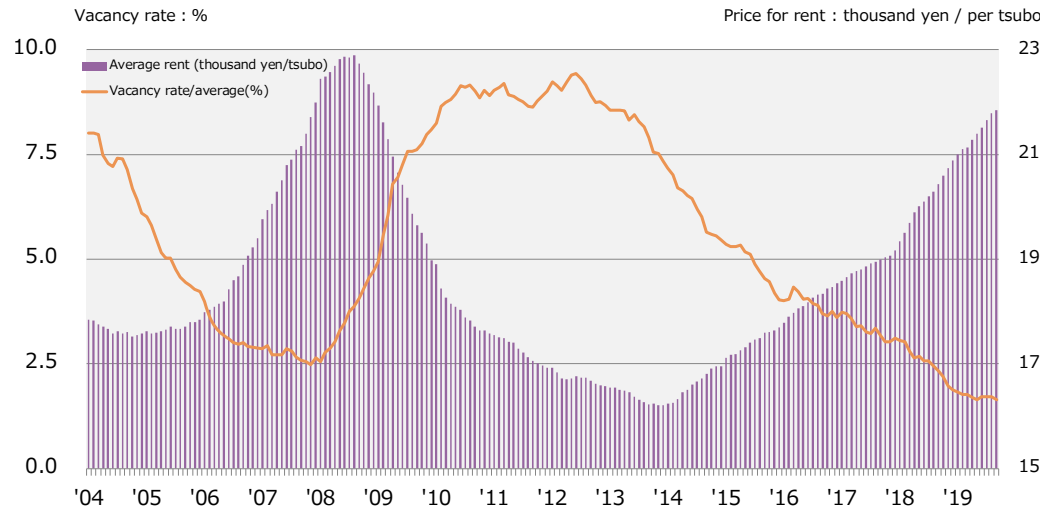


Source by Construction Research Institute, Ministry of Land, Infrastructure, Transport and Tourism.

- Rent and vacancy rate are improving owing to the strong demand from tenants with steady company performance. The effect of new supply is limited because that amount is not small but same level with the past. In addition, there seems to be the destruction of old seismic criteria building.

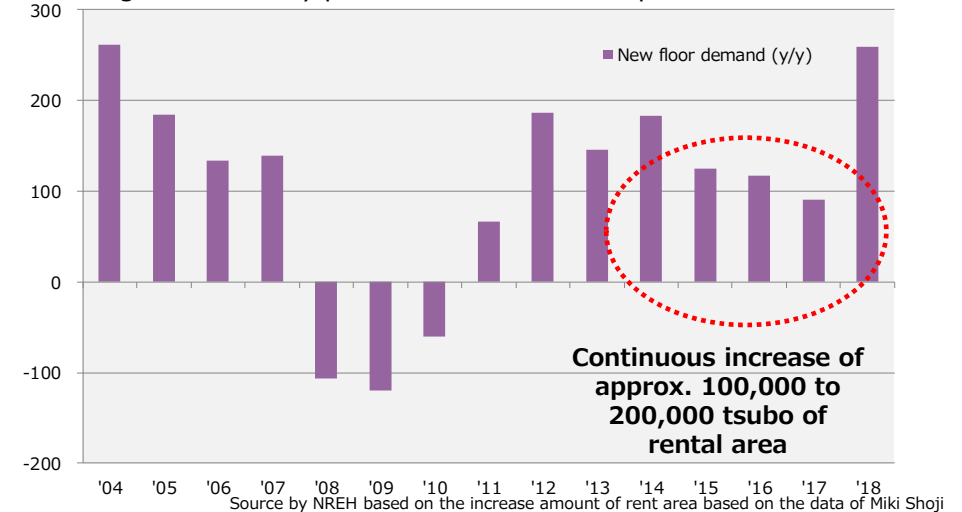
Rent and vacancy rate in Tokyo central five wards

Rent and vacancy rate are gradually improving.



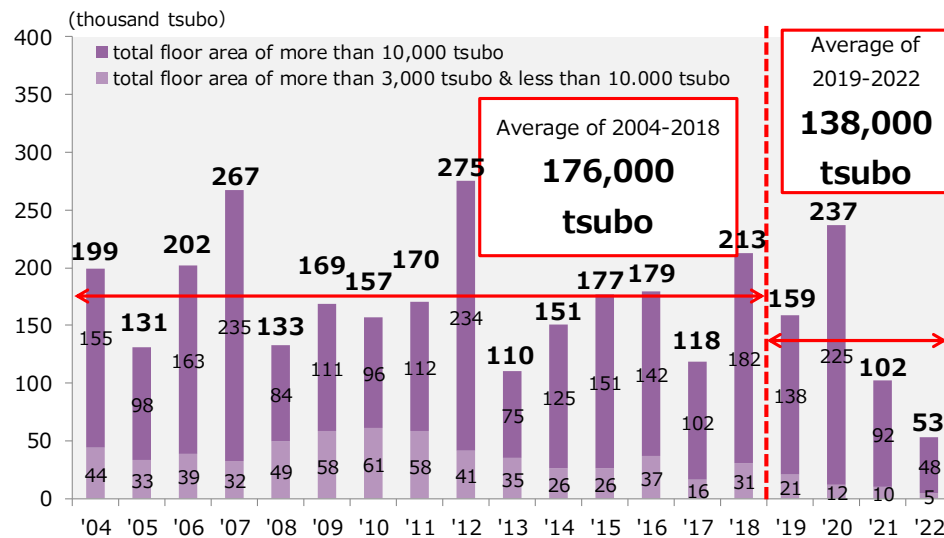
An increasing trend in Tokyo central five wards' office rental area

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



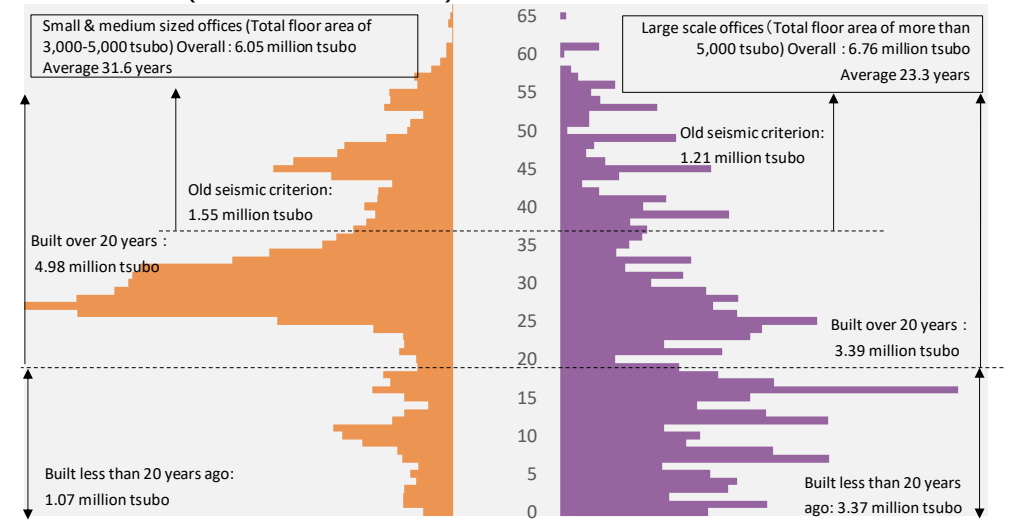
The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)

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

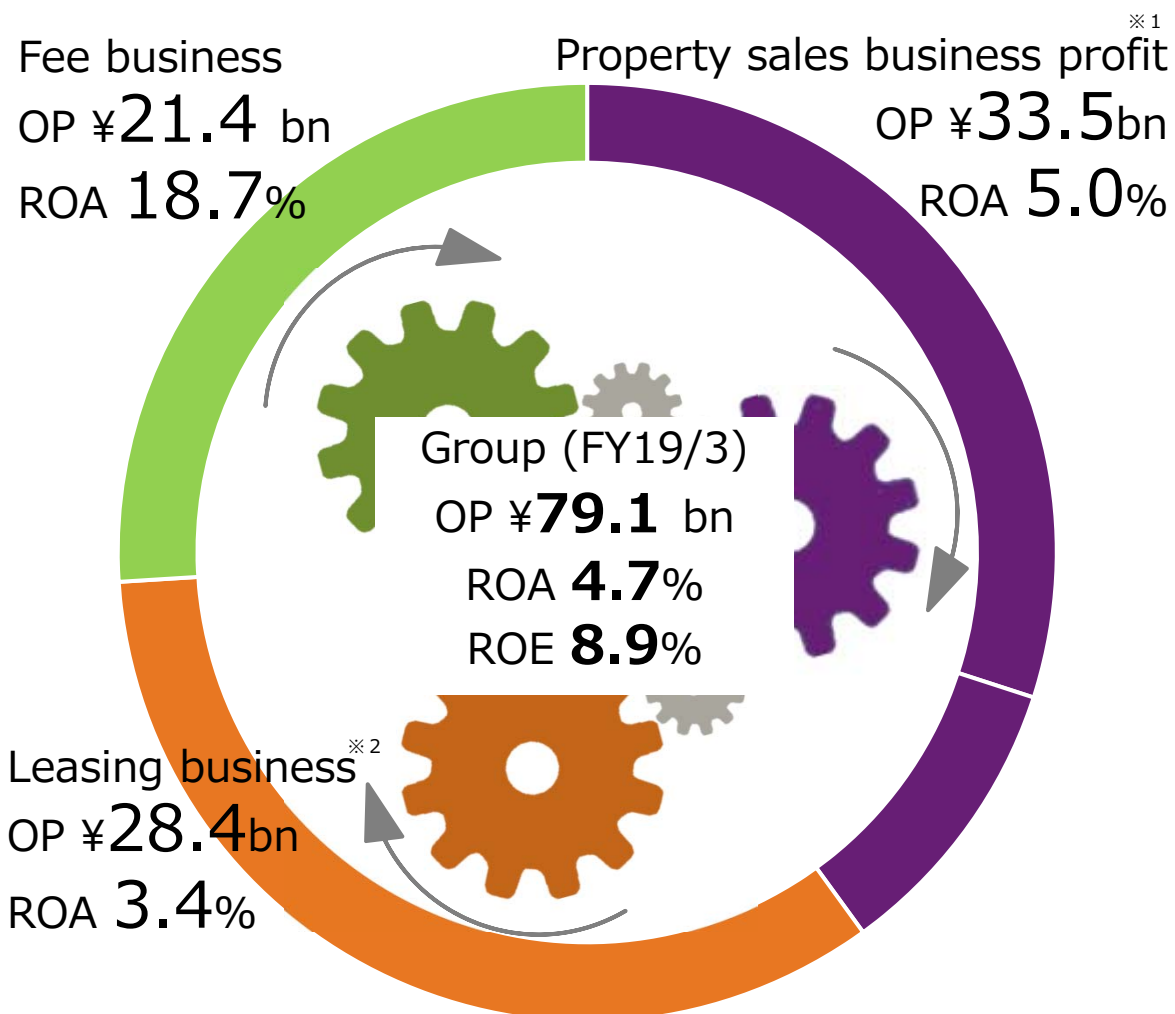
There seems to be the need for rebuilding of small & medium size buildings with old Seismic Criterion (1.55 million tsubos).



Other references (Portfolio, Finance and Governance etc.)

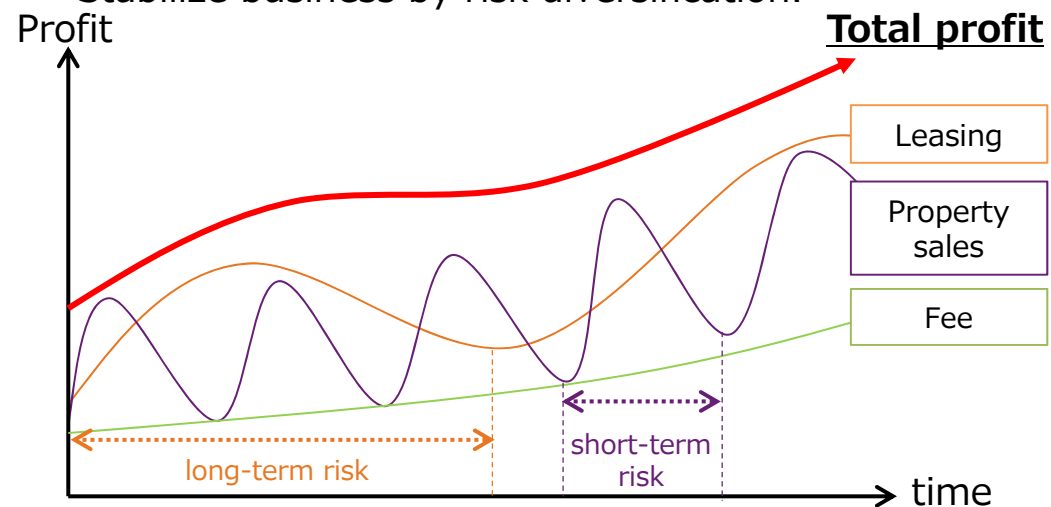
- Balancing the three business categories of property sales business, leasing business, and fee business enables the dispersion of market fluctuation risks and high levels of efficiency.
- To prepare for the market risk, we are expanding fee business.

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
	Commercial Real Estate	Property Development		short	unstable
Commercial Real Estate		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		

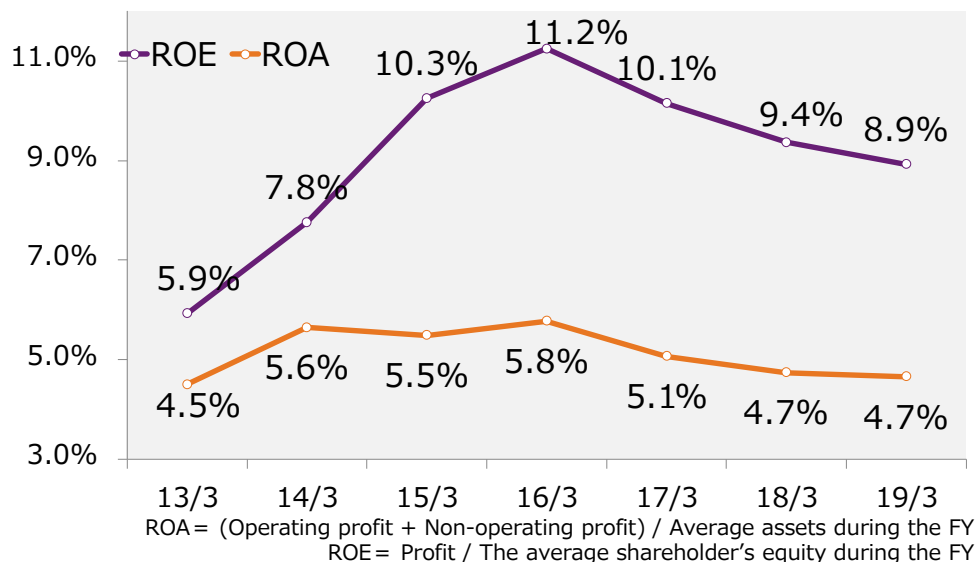
※ 1 : OP of property development for sales is calculated by subtracting the expenses of leasing business unit, proportionally based on BS balance from gross profit of property development. ROA for property development for sales is calculated by dividing the OP of property development for sales by the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

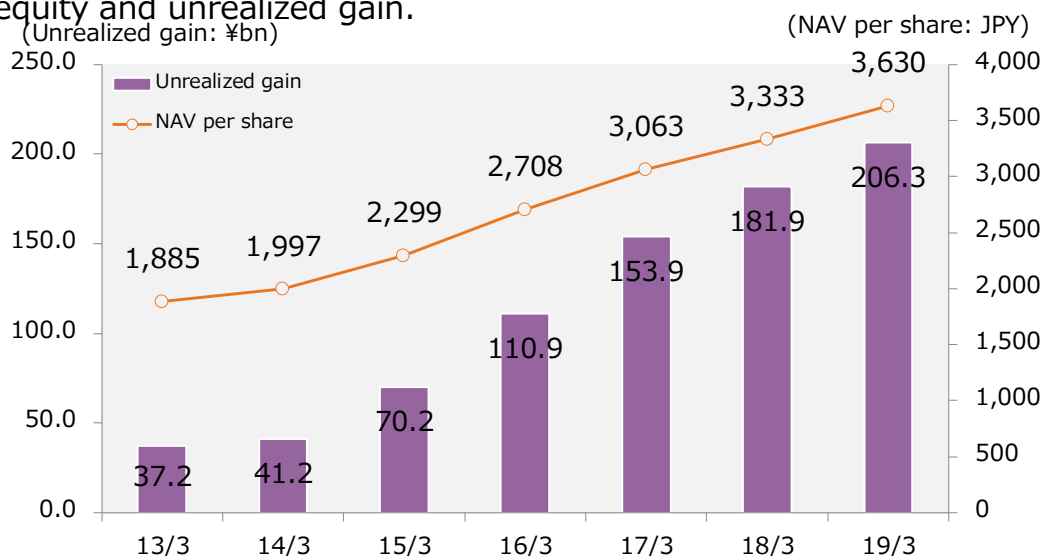
ROA/ROE

In FY19/3, **ROA was 4.7%**, **ROE was 8.9%** while medium-to long-term target are ROA over 5%, ROE over 10%.



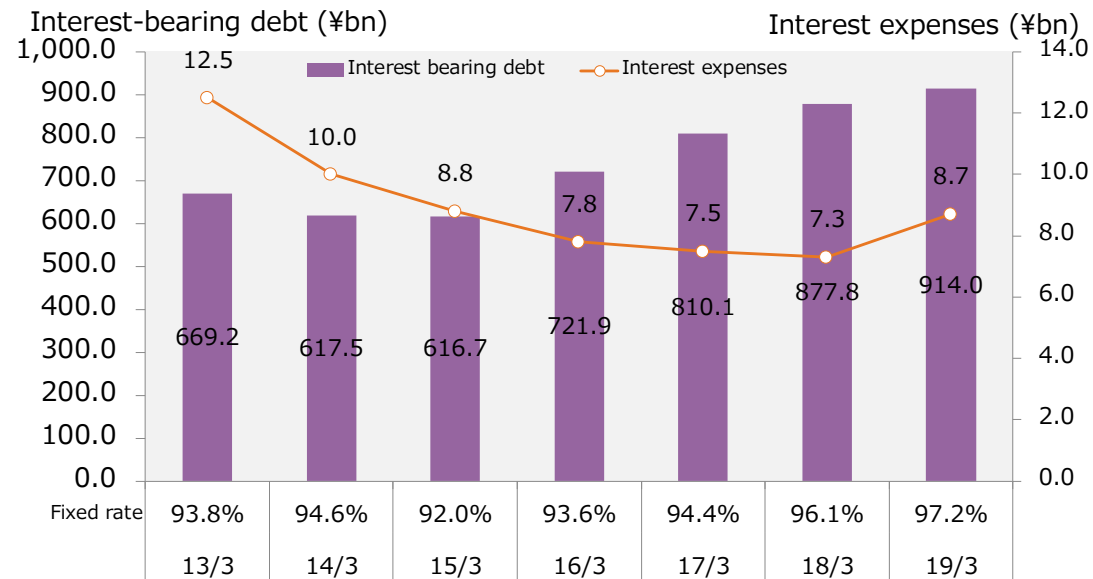
Unrealized gain / NAV per share

NAV per share was ¥3,630 due to an increase in shareholder's equity and unrealized gain.
(Unrealized gain: ¥bn)



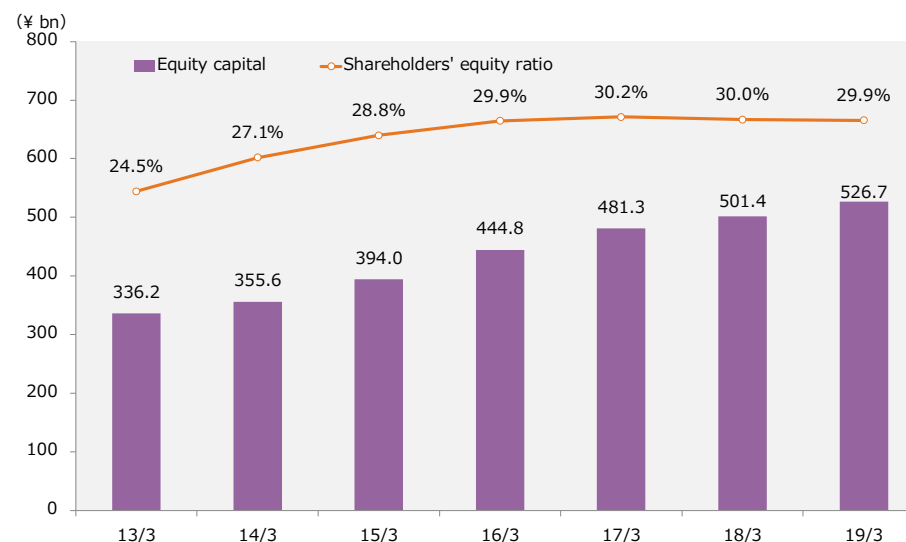
Interest-bearing debt / Interest expenses

Promoting diversification of funding methods by taking advantage of favorable funding conditions based on lengthening the repayment period of borrowings and the fixing of interest rates.



Shareholder's Equity / Shareholder's Equity Ratio

Shareholder's equity ratio was **29.9%**, maintaining at the 30% level.



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

Corporate Governance

Audit & Supervisory Committee (since 06/2015)

- Comprised of Audit & Supervisory Committee and Advisory Committee relating to Nominations and Compensation.
- Independent External Directors accounts for the majority in all committees.

Directors composition (since 06/25/2019)

- 5 directors are external directors out of total of 12.
- Diversified members with global business experience and other skills.

Board of Directors diversity score

	Internal External	Independent Director	Gender	Audit and Supervisory Committee	Advisory Committee relating to Nominations and Compensation	Expected business field for directors						
						Corporate management	Finance ※	Financial audit	Legal audit	Overseas business	Architectural design	IT
Yoshikawa	Internal (non executive)		M		◎	●	●			●		
Kutsukake	Internal		M			●	●					
Miyajima	Internal		M			●					●	
Seki	Internal		M			●						
Haga	Internal		M			●	●	●			●	
Shinohara	External	●	F								●	
Higashi	External	●	M		●	●	●			●		●
Orihara	External (non executive)		M	◎		●	●	●				
Takayama	External (non executive)		M	●		●	●	●	●			
Ono	External	●	M	●	●				●			
Mogi	External	●	M	●	●	●	●	●		●		
Miyakawa	External	●	F	●				●		●		

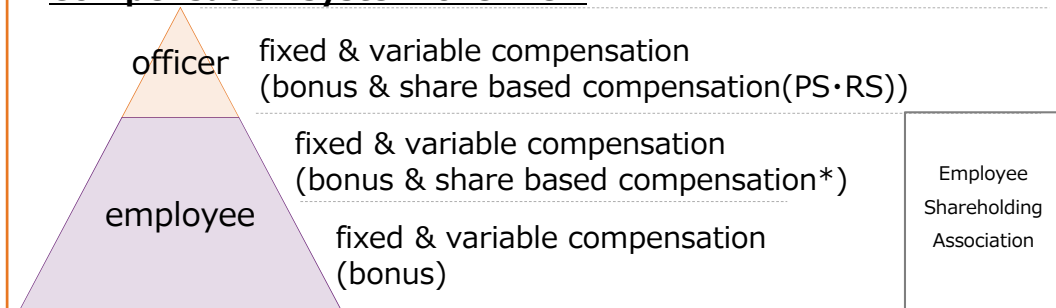
* ◎ represents the chairperson of each committee

* Finance represents the knowledge of capital markets and business experience in financing

Compensation system

- Introduced a share-based compensation system to raise corporate value, considering the characteristics of the real estate industry whose business period is long.
- Designing a system in which both officers and employees share the same perspective as shareholders.

Compensation system overview



*Employees meeting certain conditions are granted the number of shares according to their position

Compensation system for officers

*1



• Bonus

Compensation: cash

Performance evaluation: performance such as operating profit, implementation of mid- to long term policy and etc.

• Share-based compensation (Performance Share portion: PS) *2

Compensation: share

Vesting period: 3 years after the target fiscal year

Evaluation: based on performance after 3 years

(evaluation index: business profit, ROE)

• Share-based compensation (Restricted Stock portion: RS)

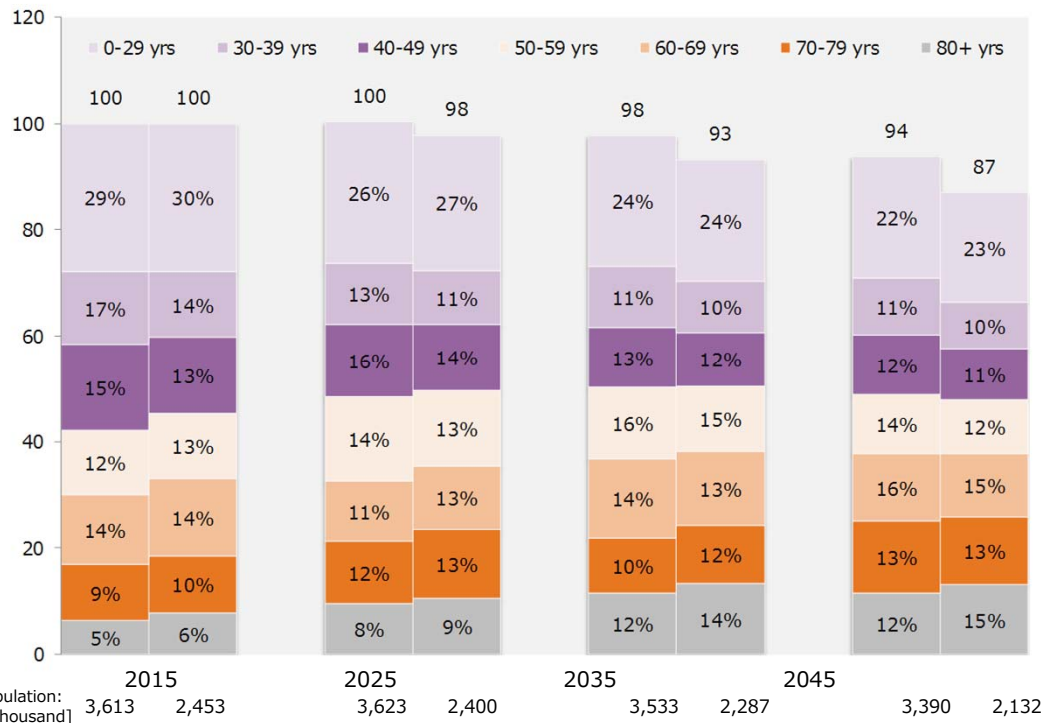
Compensation: share

Vesting period: when a director or an officer resigns

Reference by business unit

- 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

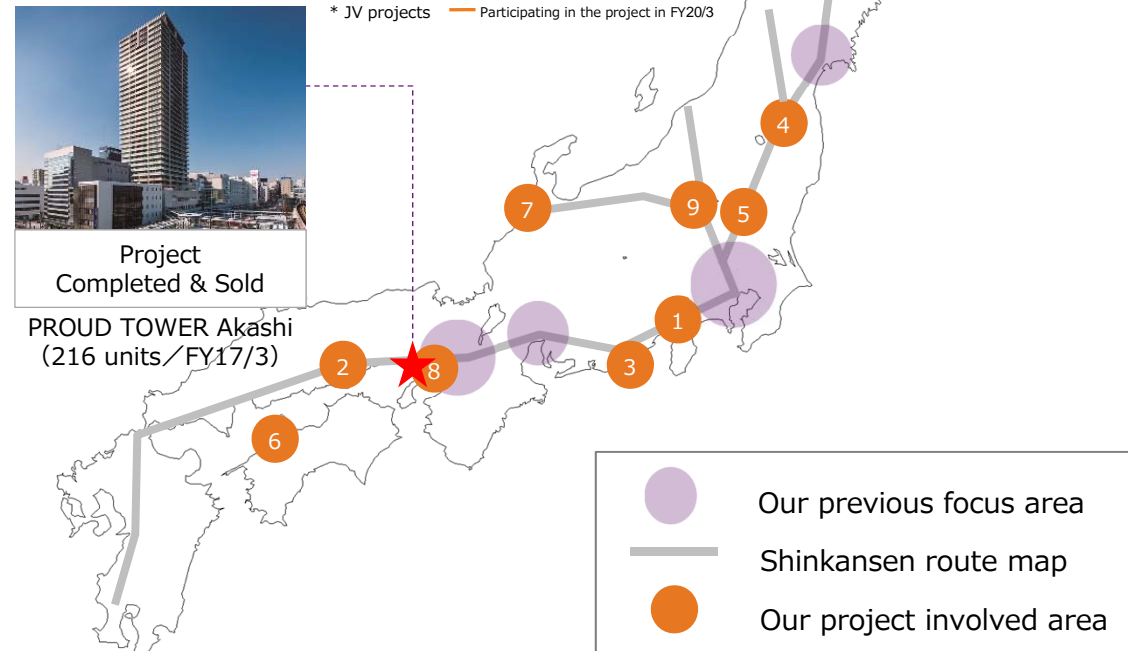
*The figures are aggregated by extracting cities with population of more than 0.2 million people.
 Tokyo Metropolitan area : Tokyo, Kanagawa, Saitama and Chiba
 Local cities : Cities with population of more than 0.2 million people except Tokyo metropolitan area, Osaka, Hyogo and Aichi.

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*	Matsuyama-shi, Ehime	Residence, Retail	Approx. 200
7	Katamachi 4-bangumi Sea side District	Kanazawa-shi, Ishikawa	Residence, Retail, Hotel	Approx. 50
8	Tarumi Central East District	Kobe-shi, Hyogo	Residence, Retail	Approx. 250
9	Takasaki Station East Exit*	Takasaki-shi, Gunma	Residence, Office, Retail, Public facility, Hotel, etc.	Approx. 200



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



Offices “PMO”



PMO Hamamatsucho



PMO Nihonbashi Edo Dori



PMO Shibuya

	Name(PMO)	Location	Completion	Status
1	PMO Ochanomizu	Kanda-Surugadai, Chiyoda-ku, Tokyo	2018/7	sold
2	PMO Nihonbashi Edo Dori*	Nihonbashi-Kodenmacho, Chuo-ku, Tokyo	2016/6	Under Operation
3	PMO Uchi-Kanda	Uchi-Kanda, Chiyoda-ku, Tokyo	2017/5	Under Operation
4	PMO Shibuya	Shibuya, Shibuya-ku, Tokyo	2017/6	Under Operation
5	PMO Higashi-Shinbashi	Higashi-Shinbashi, Minato-ku, Tokyo	2018/4	Under Operation
6	PMO Hamamatsucho	Hamamatsucho, Minato-ku, Tokyo	2018/11	Under Operation
7	PMO Akihabara North	Taito, Taito-ku, Tokyo	2018/12	Under Operation
8	PMO Nishi-Shinjuku	Nishi-Shinjuku, Shinjuku-ku, Tokyo	2019/6	Under Operation
9	PMO Gotanda	Nishi-Gotanda, Shinagawa-ku, Tokyo	2019/7	Under Operation
10	PMO Kanda-Manseibashi Plan	Kanda-Sudacho, Chiyoda-ku, Tokyo	2020/1(plan)	Under Construction
11	PMO Hamamatsucho Daimon-mae	Shiba-Koen, Minato-ku, Tokyo	2020/7(plan)	Under Construction
12	PMO Shibuya 3-chome	Shibuya, Shibuya-ku, Tokyo	2020/8(plan)	Under Construction
13	PMO Kanda-Iwamotocho 2-chome	Kanda-Iwamotocho, Chiyoda-ku, Tokyo	2021/1(plan)	Under Construction
14	PMO Kojimachi	Koji-machi, Chiyoda-ku, Tokyo	2021/3(plan)	Under Planning
15	PMO Minato-ku Plan I	Minato-ku, Tokyo	2022/9(plan)	Under Planning
16	PMO Chuo-ku Plan	Chuo-ku, Tokyo	2023/3(plan)	Under Planning
17	PMO Minato-ku Plan II	Minato-ku, Tokyo	2025/9(plan)	Under Planning
18	PMO Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2022/5(plan)	Under Planning

* JV Project

Property acquired in FY20/3

Service Office “H¹O”



H¹O Nihonbashi Kobuna-cho



H¹O Shibuya Jinnan



H¹O Kanda

	Name(H ¹ O*Development or Renovation)	Location	Completion	Status
1	H ¹ O Nihonbashi Kobuna-cho	Nihonbashi Kobuna-cho, Chuo-ku, Tokyo	2020/5(plan)	Under Construction
2	H ¹ O Shibuya Jinnan	Jinnan, Shibuya-ku, Tokyo	2020/10(plan)	Under Planning
3	H ¹ O Kanda	Kanda-Higashimatsushitacho, Chiyoda-ku, Tokyo	2021/1(plan)	Under Planning
4	H ¹ O Hirakawacho	Hirakawacho, Chiyoda-ku, Tokyo	2021/2(plan)	Under Planning

Retail Facilities “GEMS”



GEMS Sakae



GEMS Yokohama



GEMS Sangenjaya

	Name (GEMS)	Location	Completion	Status
1	GEMS Tamachi	Shiba, Minato-ku, Tokyo	2019/2	Sold
2	GEMS Jingu-Mae	Jingu-Mae, Shibuya-ku, Tokyo	2018/4	Under Operation
3	GEMS Sangenjaya	Taishido, Setagaya-ku, Tokyo	2018/5	Under Operation
4	GEMS Yokohama	Nishi-ku, Yokohama-shi, Kanagawa	2019/9	Under Operation
5	GEMS Sakae	Naka-ku, Nagoya-shi, Aichi	2019/10	Completed
6	GEMS Kawasaki Plan	Kawasaki-shi, Kanagawa	2020/10(plan)	Under Construction
7	GEMS Nakameguro Plan	Meguro-ku, Tokyo	2021/1(plan)	Under Construction
8	GEMS Roppongi Plan	Minato-ku, Tokyo	2021/4(plan)	Under Planning
9	Chiyoda-ku Plan	Chiyoda-ku, Tokyo	2022/2(plan)	Under Planning
10	Shinjuku-ku Plan	Shinjuku-ku, Tokyo	TBD	Under Planning

Logistics Facilities “Landport”



Landport Higashi Narashino

	Name	Location	Completion	Status
1	Landport Kawaguchi	Kawaguchi-shi, Saitama	2019/6	Under Operation
2	Landport Higashi-Narashino	Narashino-shi, Chiba	2019/7	Under Operation
3	Landport Ome II	Ome-shi, Tokyo	2020/2(plan)	Under Construction
4	Landport Narashino	Narashino-shi, Chiba	2020/3(plan)	Under Construction
5	Landport Atsugi Aikawacho*	Atsugi-shi, Kanagawa	2020/3(plan)	Under Construction
6	Landport Shinonome	Koto-ku, Tokyo	2020/5 (plan)	Under Construction
7	Landport Koshigaya	Koshigaya-shi, Saitama	2021/3(plan)	Under Planning
8	Landport Ome III	Ome-shi, Tokyo	2021/5(plan)	Under Construction
9	Landport Ageo	Ageo-shi, Saitama	2022/1(plan)	Under Planning
10	Landport Tama	Hachioji-shi, Tokyo	TBD	Under Planning
11	Upcoming project I	Tokyo Metropolitan Area	TBD	Under Planning
12	Upcoming project II	Tokyo Metropolitan Area	TBD	Under Planning

* JV Project

Property acquired in FY20/3

- 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 gross 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)

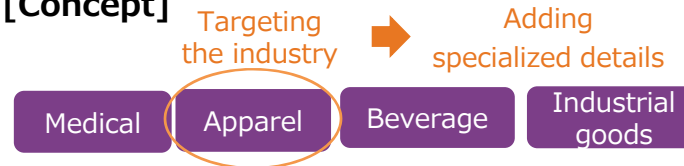
- One tenant per one building
 - Made-to-order development with **highly specialized spec**
 - **Long term*** leasing contract is required
- *More than ten years in general

New classification

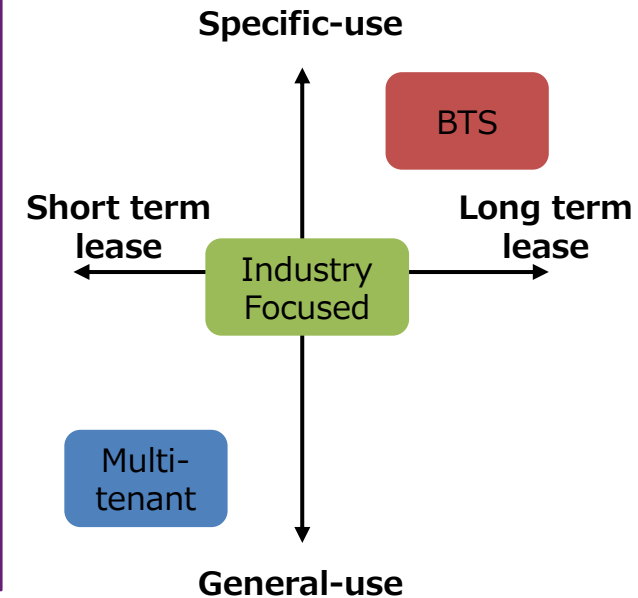
“Industry-Focused”

- **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 : 39,391.90m²
Gross floor area : 61,121.23m²
Height : 3 floors
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 : 40,826.67m²
Gross floor area : 67,107.29m²
Height : 3 floors
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

- 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

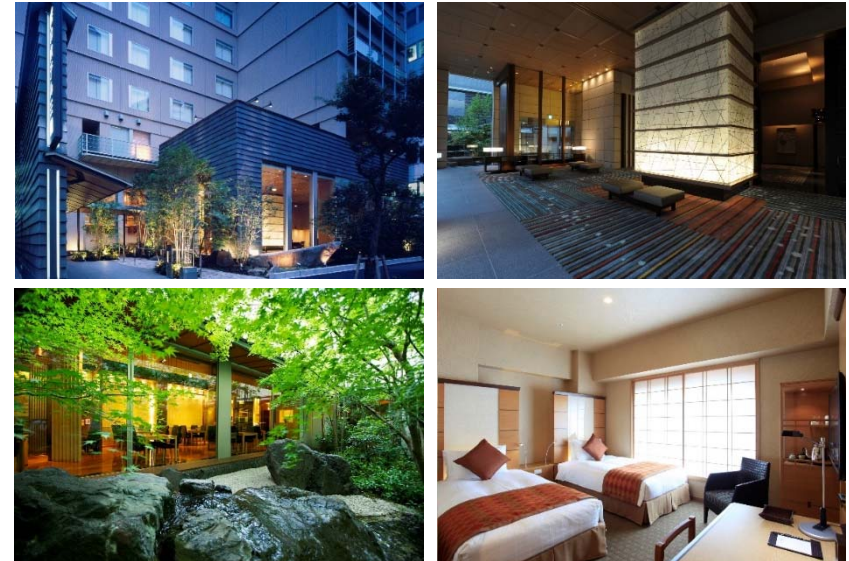


**The 1st hotel under “NOHGA” brand, launched in Nov 2018.
 Developed and operated by our group.**



Location : Taito-ku, Tokyo
 Access : 3-min. walk from Ueno St.
 Height : 10 floors
 Gross 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 : 100 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 floors above ground and 1 below
 Gross floor area : 9,215.18㎡
 Rooms : 238
 Facilities : Restaurant, Meeting room, Fitness room
 Operating company : UHM Co., Ltd

	Name	Location	Net lettable area *Our share	Completion
1	Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	172,716m ²	1990/1, etc.
2	Hamamatsucho Building (Toshiba Building)	Minato-ku, Tokyo	96,342m 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	39,485m 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	19,173m 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	16,259m 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

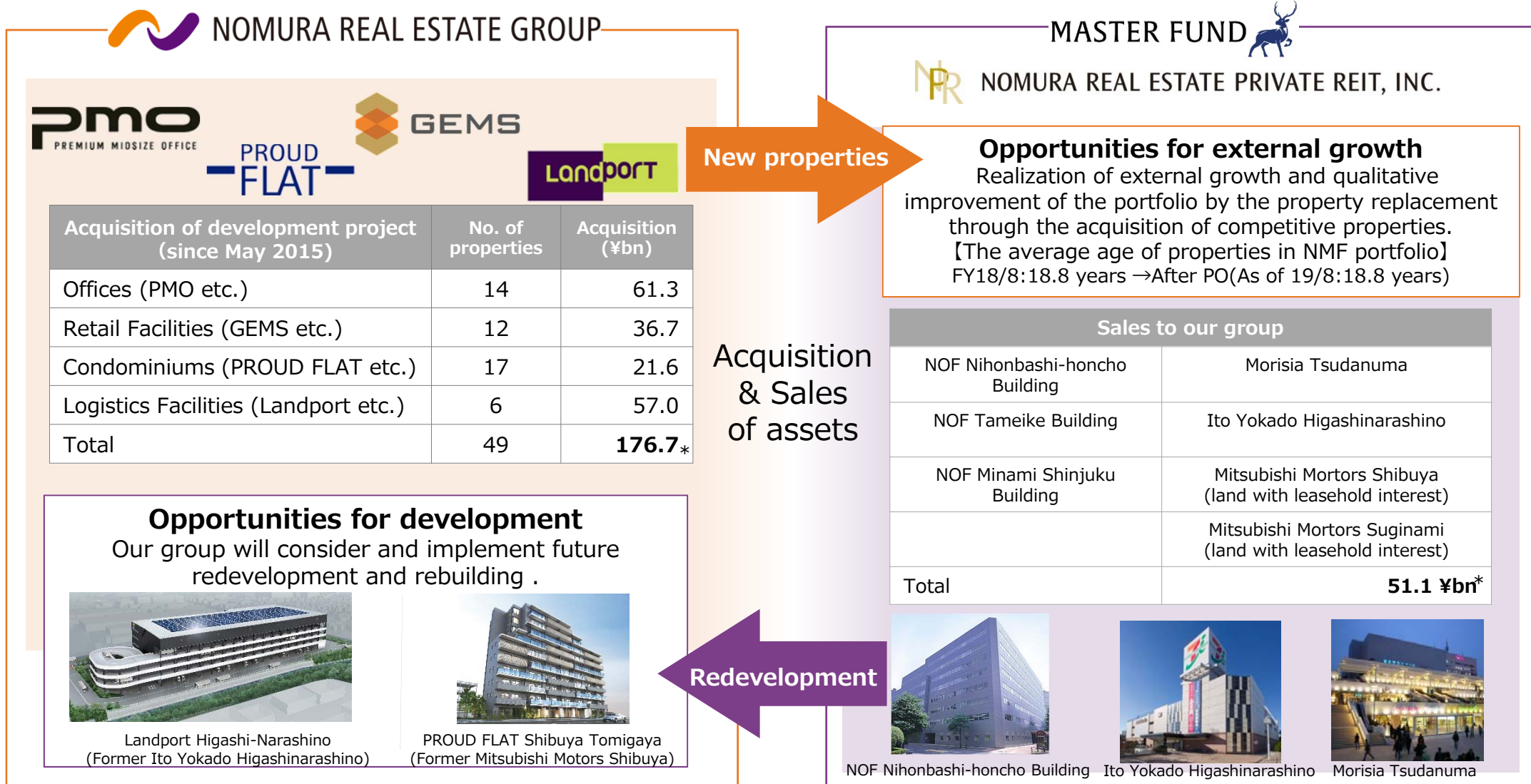


Morisia Tsudanuma



bono Sagamiono Shopping Center

- 3 years have passed since we reached an agreement of leasing value chain with our group REITs for our mutual growth.
 In Feb. 2019, NMF issued its 2nd public offering and NMF and NPR acquired a total of 13 properties worth ¥59.4 bn* from our group.
- Sales amount from NMF to us is over ¥50.0 bn. It contributes to mutual growth.



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

- In Mar. 2019, acquired 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

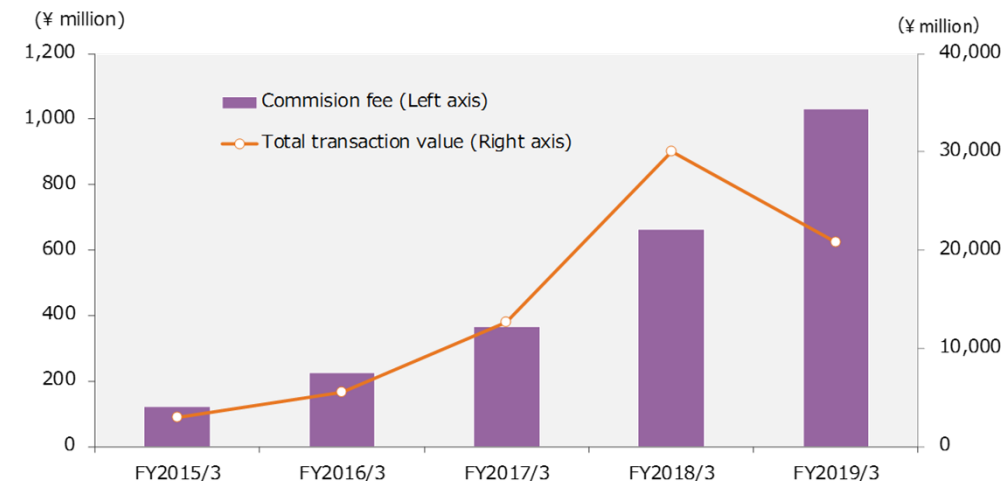
Name:	Tokio Property Services Pte Ltd
Country:	Singapore
Employee:	18 people
Establishment:	September, 1983
Capital:	S\$500,000
Business :	Real estate transaction brokerage Real estate leasing brokerage
Representative:	Toru Takano

Feature business development

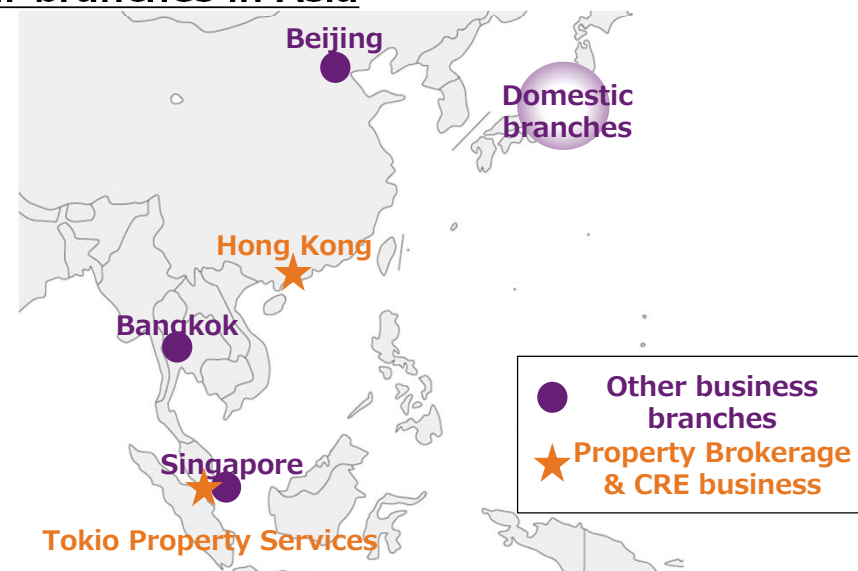
- **Increase brokerage of inbound investment**, from Singapore to Japan, taking advantage of Real estate licenses in Singapore
- **Advance into business** in Thailand, the Philippines, Malaysia, Indonesia and other surrounding countries
- **Spread outbound brokerage** from Japan to Asia

Property Brokerage & CRE business in Asia

The amount and fee of Inbound brokerage



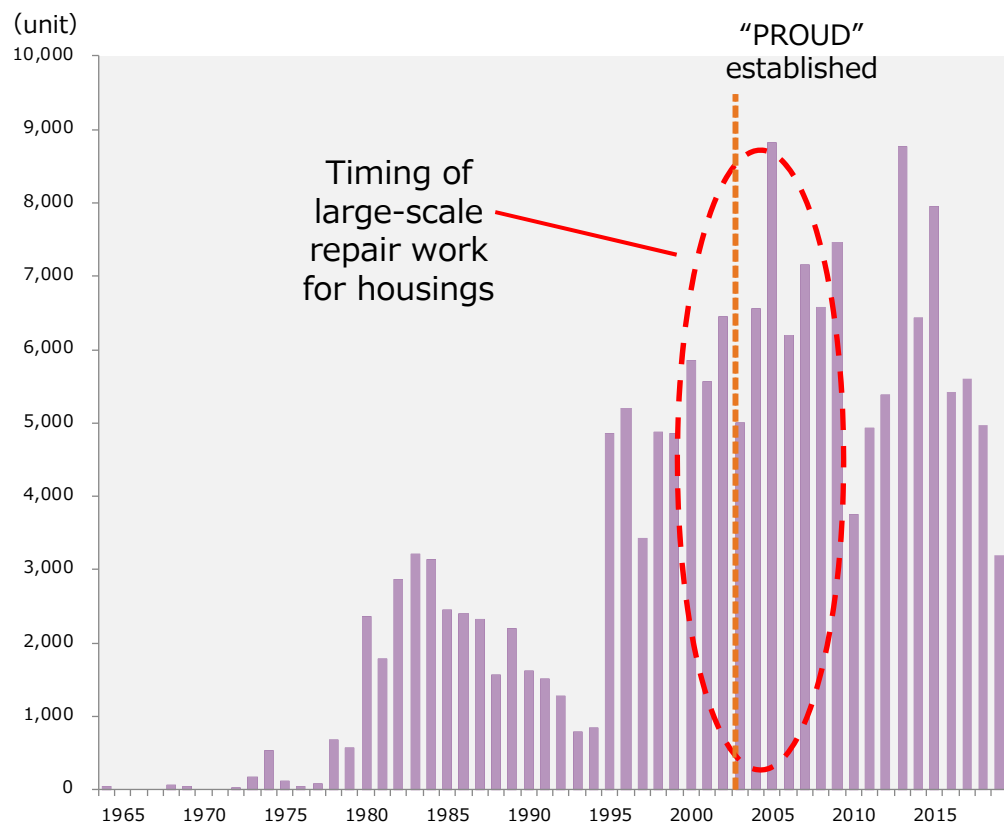
Our branches in Asia



- 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.

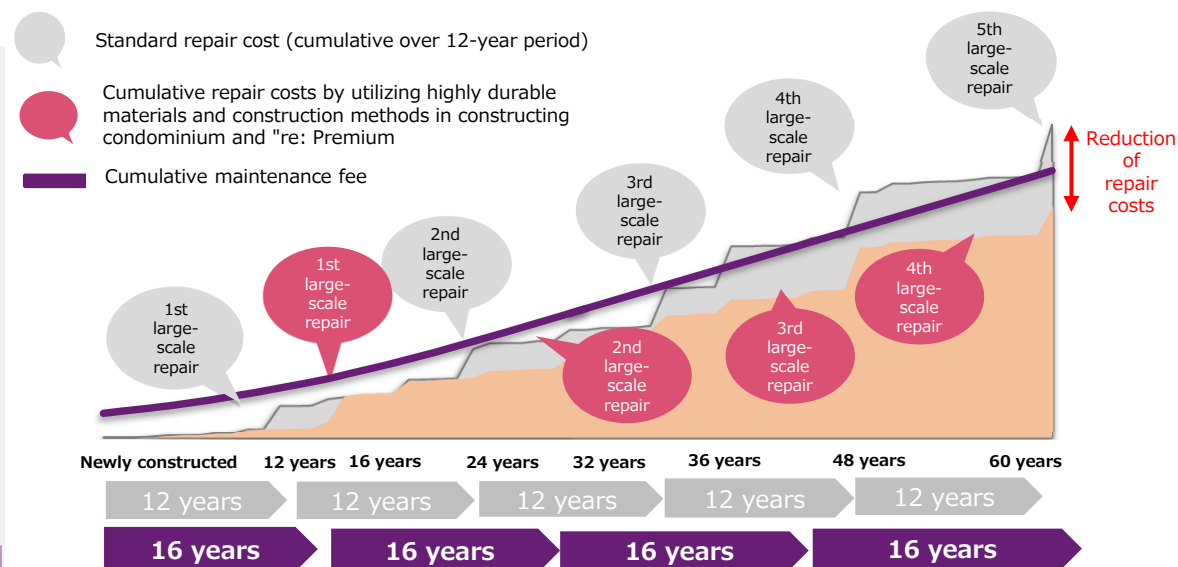
Properties under management by construction completion period

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.

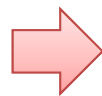


Maintain and improve the value through long-term simulation of large-scale repair work

Utilizing highly durable materials and construction methods in constructing condominium and "re: Premium" of large-scale repair work. Using the reduced repair costs to increase the value of the property.



Substantial reduction of repair cost by extending the life cycle



The extra money is used to management and construction funds which improves the property value

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

Mid- to Long-term Business Plan

New Value, Real Value

Profit Plan

Sustainable revenue growth while maintaining high asset and capital efficiency.

Business Profit

Profit target has been changed to “business profit”^{*1} in consideration of profit from overseas businesses and amortization of related intangible assets from M&A activities.

(Billions of yen)



Business Profit by Business Unit^{*2}

	FY19/3 (Results)	FY22/3 (Phase 1)	FY25/3 (Phase 2)
Residential Development	25.0	30.0	36.0
Commercial Real Estate ^{*3}	38.0	33.0	36.0
Service & Management Sector	21.6	28.0	35.0
Investment Management	5.9	9.0	12.0
Property Brokerage & CRE	8.1	11.0	14.0
Property & Facility Management	7.4	8.0	9.0
Adjustments	-5.0	-6.0	-7.0

*1 : Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

*2 : Business profit by business unit in FY19/3 has been adjusted to reflect organizational changes made in FY20/3.

*3 : The Leasing Business Unit has been renamed the Commercial Real Estate Business Unit as of FY20/3.

Financial and Capital Policies

- Enhance shareholder returns while maintaining capital efficiency exceeding capital costs.
- Achieve a balance between profit growth and shareholder returns. The total return ratio is targeted to be 40–50% in Phase 1.

Medium- to Long-term Policies

Asset Efficiency

ROA : **5%** or more

Capital Efficiency

ROE : **10%** or more

Shareholder Returns (Phase 1)




Total return ratio: approx. **40–50%**

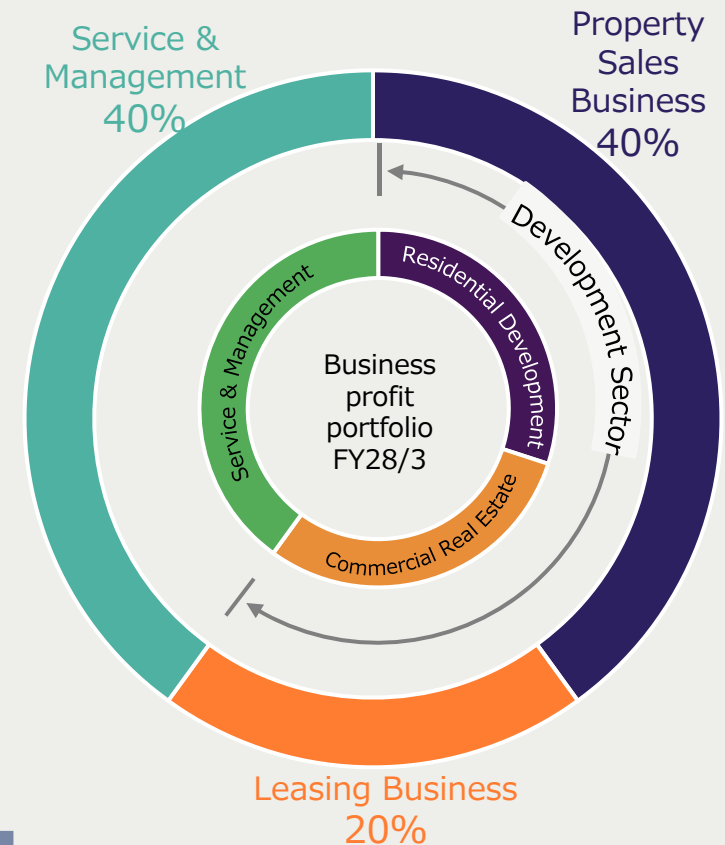
	FY19/3 Results	Phase 1	Phase 2	Phase 3
ROA	4.7%	Approx. 4–5%	5% or more	
ROE	8.9%	Approx. 8–9%	10% or more	

Business Portfolio Strategy (Profit structure)

Achieve a business portfolio that combines high asset efficiency and stability.

Optimizing Our Business Portfolio

	Development Sector		Service & Management Sector
	Property Sales Business	Leasing Business	Service & Management
Profit classification	Development profit	Leasing profit	Fees
Recovery of capital	Short term	Long term	—
Profit fluctuation	High	Low	Low
	 <p>Realize development profits through development and sales in the short term, both in Japan and overseas</p>	 <p>Build a competitive asset portfolio by developing valuable leasing properties and strategic property replacement</p>	 <p>Expand business opportunities through M&A and partnership building, in addition to utilizing the Group's business resources</p>



Mid- to Long-term Targets

ROA: **5%** or more

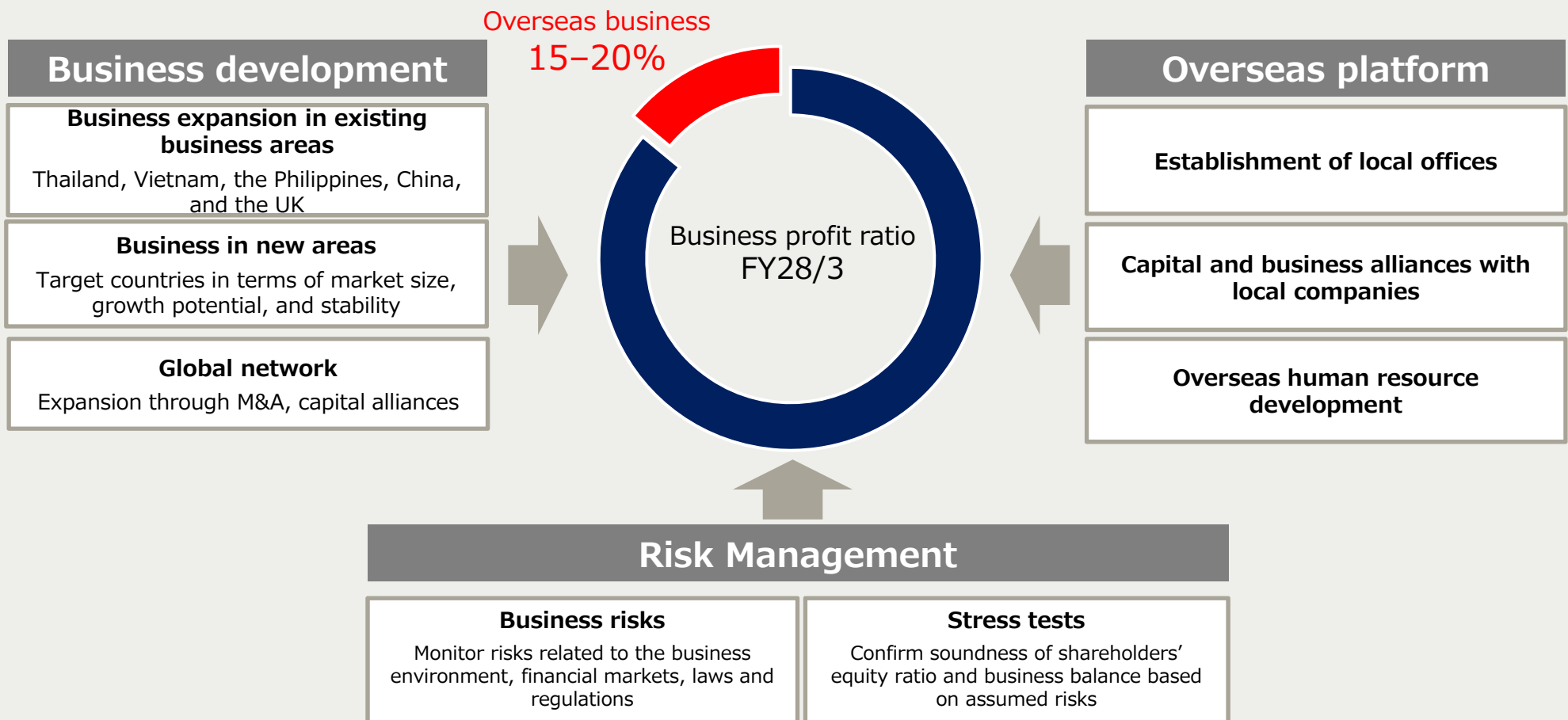
ROE: **10%** or more

II. Overall Concept

Business Portfolio Strategy (Profit structure)

- Develop overseas businesses as a growth driver with utilizing the expertise we have acquired in Japan.
- Expand overseas business profit ratio to 15–20% of total business profit in Phase 3 by capturing growing overseas markets.

Overseas Business Strategies



II. Overall Concept

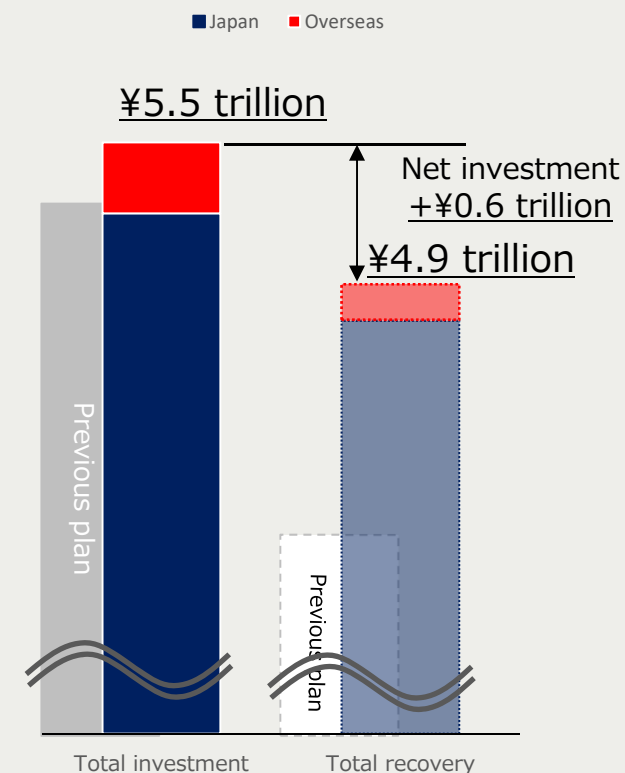
Investment Plan

- Carry out new investments of ¥5.5 trillion under this plan (total of nine years).
- Achieve high asset efficiency through controlling net increase in total assets to ¥640 billion by increasing asset turnover.

Investment and Balance Sheet

(Billions of yen)	End of FY19/3	Phase 1	Phase 2	Phase 3	Total
Residential Development Business Unit					
Investment	—	1,100.0	1,250.0	1,250.0	3,600.0
Recovery	—	1,000.0	1,200.0	1,250.0	3,450.0
Commercial Real Estate Business Unit					
Investment	—	550.0	650.0	700.0	1,900.0
Recovery	—	400.0	500.0	550.0	1,450.0
Total					
Total investment (including overseas)	—	1,650.0 (50.0)	1,900.0 (100.0)	1,950.0 (150.0)	5,500.0 (300.0)
Total recovery (including overseas)	—	1,400.0 (0)	1,700.0 (50.0)	1,800.0 (100.0)	4,900.0 (150.0)
Total balance of assets	1,759.4	2,000.0	2,200.0	2,400.0	—

Reference: comparison with previous plan



*Amounts shown represent forecasts of total asset balances for the final fiscal year of each phase.

Nomura Real Estate Holdings, Inc.
Corporate Communications Dept.

General Manager	Kensuke Ueha
Senior Manager	Yuichi Kaneyama
Manager	Masa Ohmi
	Soh Yamashita
	Sayumi Mitsuma

TEL +81-3-3348-8117

E-mail nrehd-ir@nomura-re.co.jp

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