

# Consolidated Financial Results for the Three Months from April 1 to June 30, 2021

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# Outline of FY22/3 1Q Financial Results

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## <Summary>

- The consolidated financial results for the three months from April 1 to June 30, 2021 were as follows:
- Operating revenue; 146.5 billion yen (up 7.4% YoY); operating profit; 30.4 billion yen (up 70.3% YoY); business profit; 30.5 billion yen (up 68.5% YoY); ordinary profit; 27.8 billion yen (up 80.5% YoY); and profit attributable to owners of parent; 18.6 billion yen (up 110.6% YoY).  
\*Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
- In Residential Development Business Unit, as for the housings sales business, the number of housing units sold increased to 647 units (up 39 units YoY). The contract progress rate against the projected operating revenue of housing sales of the fiscal year ending March 31, 2022, continued to progress steadily to 80.5%.
- In Commercial Real Estate Business Unit, strategic property replacement progressed steadily. As a result, the gross profit of property for sales was 21.1 billion yen, and both operating revenue and business profit increased year on year, while the COVID-19 impact continued in leasing business in retail facilities, hotel business and fitness business.
- In Investment Management Business Unit, assets under management increased in private REIT and private funds. In Property Brokerage & CRE Business Unit, property brokerage transaction value increased mainly in retail business. In Property & Facility Management Business Unit, the construction ordered increased. As a result, in those Business Units, both operating revenue and business profit increased year on year.
- There is no change in the financial result forecasts and dividend forecasts which were announced in April, 2021.

# Consolidated financial results

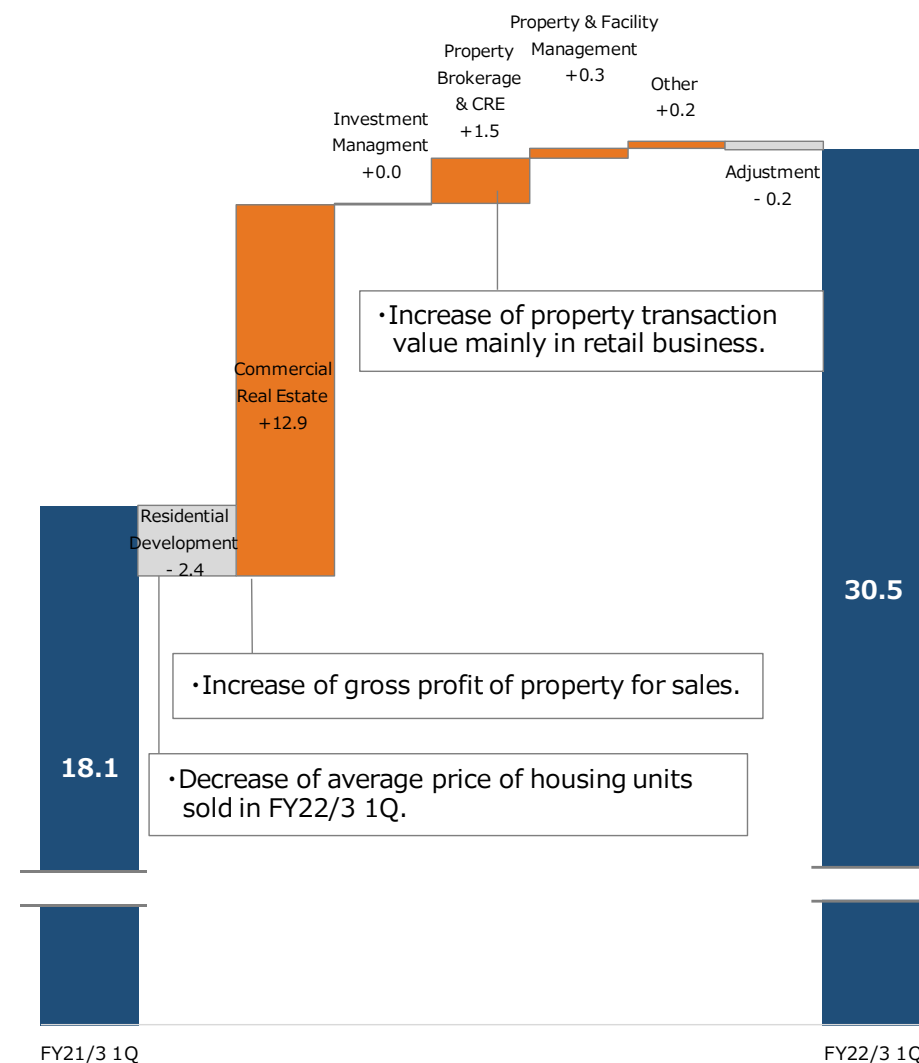
| (¥bn)  | 21/3 1Q<br>Actual<br>①      | 22/3 1Q<br>Actual<br>②      | Changes<br>②-① | Key Factors   |
|--|-----------------------------|-----------------------------|----------------|---|
| Operating revenue  | 136.4                       | 146.5                       | +10.0          | <Operating revenue>   |
| Operating gross profit   | 41.9                        | 56.7                        | +14.8          | • Increase of sales amount of property for sales in Commercial Real Estate Business Unit.   |
| Selling, general and administrative expenses                             | 24.0                        | 26.2                        | +2.2           | • Decrease of average price of housing units sold in FY22/3 1Q in Residential Development Business Unit.  |
| Operating profit   | 17.9                        | 30.4                        | +12.5          |   |
| 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                         | 0.1                         | +0.0           |   |
| Business profit  | 18.1                        | 30.5                        | +12.4          | <Business profit>   |
| Non-operating income   | 0.3                         | 0.1                         | -0.1           | • Increase of gross profit of property for sales in Commercial Real Estate Business Unit.   |
| Non-operating expenses   | 2.7                         | 2.8                         | +0.0           | • Decrease of average price of housing units sold in FY22/3 1Q in Residential Development Business Unit.<br>• Increase of property brokerage transaction value mainly in retail business in Property Brokerage & CRE Business Unit. |
| Ordinary profit  | 15.4                        | 27.8                        | +12.4          |   |
| Extraordinary income   | —                           | —                           | —              |   |
| Extraordinary losses   | 1.7                         | 0.6                         | -1.0           |   |
| Income taxes   | 4.9                         | 8.5                         | +3.5           |   |
| Profit attributable to non-controlling interests                         | -0.0                        | 0.0                         | +0.0           |   |
| Profit attributable to owners of parent                                  | 8.8                         | 18.6                        | +9.7           |   |
| Basic earnings per share (¥)   | 48.67                       | 103.16                      | +54.49         |   |
| Cash dividends per share (¥)   | —                           | —                           | —              |   |
| Net cash provided by (used in) operating activities                      | -120.5                      | -24.4                       | +96.1          |   |
| Net cash provided by (used in) investing activities                      | 4.1                         | -4.8                        | -9.0           | • (Major cash flows in FY22/3 1Q) Purchase of property, plant and equipment.  |
| Net cash provided by (used in) financing activities                      | 143.8                       | 11.2                        | -132.5         | • (Major cash flows in FY22/3 1Q) Increase of commercial papers.  |
| Cash and cash equivalents at end of period                               | 104.9                       | 52.7                        | -52.1          |   |
| (¥bn)  | As of<br>Mar. 31, 2021<br>① | As of<br>Jun. 30, 2021<br>② | Changes<br>②-① | Key Factors   |
| Total assets   | 1,921.3                     | 1,957.1                     | +35.8          |   |
| Total interest-bearing debt  | 1,008.5                     | 1,028.3                     | +19.8          | • Increase of commercial papers and others.   |
| Shareholders' equity   | 583.3                       | 598.1                       | +14.8          |   |
| Shareholders' equity ratio   | 30.4%                       | 30.6%                       | +0.2P          |   |
| Debt/equity ratio  | 1.7                         | 1.7                         | -0.0           |   |

# Outline of financial results by Business Units

| (¥bn)                                   | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① |
|---|------------------------|------------------------|----------------|
| Operating revenue                       | 136.4                  | 146.5                  | +10.0          |
| Residential Development                 | 55.2                   | 46.6                   | -8.6           |
| Commercial Real Estate                  | 52.8                   | 67.6                   | +14.7          |
| Service & Management                    | 31.7                   | 35.6                   | +3.9           |
| Investment Management                   | 3.3                    | 3.4                    | +0.0           |
| Property Brokerage & CRE                | 8.5                    | 10.6                   | +2.0           |
| Property & Facility Management          | 19.7                   | 21.6                   | +1.8           |
| Other (including overseas business)     | 0.2                    | 0.6                    | +0.3           |
| Adjustments                             | -3.7                   | -3.9                   | -0.2           |
| Business profit*                        | 18.1                   | 30.5                   | +12.4          |
| Residential Development                 | 4.1                    | 1.7                    | -2.4           |
| Commercial Real Estate                  | 10.3                   | 23.2                   | +12.9          |
| Service & Management                    | 5.0                    | 7.0                    | +1.9           |
| Investment Management                   | 2.2                    | 2.2                    | +0.0           |
| Property Brokerage & CRE                | 1.6                    | 3.1                    | +1.5           |
| Property & Facility Management          | 1.1                    | 1.5                    | +0.3           |
| Other (including overseas business)     | -0.6                   | -0.3                   | +0.2           |
| Adjustments                             | -0.8                   | -1.1                   | -0.2           |
| Ordinary profit                         | 15.4                   | 27.8                   | +12.4          |
| Profit before income taxes              | 13.7                   | 27.1                   | +13.4          |
| Profit attributable to owners of parent | 8.8                    | 18.6                   | +9.7           |

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

## Key factors of changes in business profit by business unit (compared to FY21/3 1Q Actual)



# Consolidated balance sheets

| (¥bn)   | As of              | As of              | Changes<br>② - ① | Key Factors   |                  |                  |         |
|---|--------------------|--------------------|------------------|---|------------------|------------------|---------|
|   | Mar. 31, 2021<br>① | Jun. 30, 2021<br>② |                  |   | Mar. 31,<br>2021 | Jun. 30,<br>2021 | Changes |
| <b>Assets</b>   | 1,921.3            | 1,957.1            | + 35.8           | <Inventories>   |                  |                  |         |
| <b>Current assets</b>   | 1,043.3            | 1,074.2            | + 30.8           |   |                  |                  |         |
| (Breakdown)   |                    |                    |                  |   |                  |                  |         |
| Cash and deposits and others                                  | 71.6               | 53.6               | -17.9            | Residential Development BU  | 463.9            | 453.7            | -10.2   |
| Notes and accounts receivable - trade,<br>and contract assets | 19.6               | 15.1               | -4.4             | Commercial Real Estate BU   | 412.8            | 424.9            | + 12.0  |
| Inventories   | 875.5              | 877.5              | + 2.0            | Other BU*   | 0.0              | 0.2              | + 0.1   |
| Equity investments  | 28.7               | 29.7               | + 1.0            | Adjustments   | -1.3             | -1.3             | + 0.0   |
| Other current assets  | 47.7               | 98.0               | + 50.2           | <b>Total</b>  | 875.5            | 877.5            | + 2.0   |
| <b>Non-current assets</b>                                     | 877.9              | 882.9              | + 4.9            | *Total of Property & Facility Management BU and Other including overseas business |                  |                  |         |
| Property, plant and equipment                                 | 714.2              | 716.7              | + 2.5            | <Property, plant and equipment>   |                  |                  |         |
| Intangible assets   | 18.4               | 19.6               | + 1.1            |   |                  |                  |         |
| Investments and other assets                                  | 145.2              | 146.5              | + 1.2            |   |                  |                  |         |
| (Breakdown)   |                    |                    |                  |   |                  |                  |         |
| Investment securities   | 86.4               | 89.7               | + 3.3            | Office  | 533.6            | 534.7            | + 1.0   |
| Leasehold and guarantee deposits                              | 27.6               | 29.3               | + 1.6            | Retail  | 81.9             | 83.4             | + 1.5   |
| Other non-current assets                                      | 31.2               | 27.4               | - 3.7            | Others  | 98.6             | 98.5             | - 0.0   |
|   |                    |                    |                  | <b>Total</b>  | 714.2            | 716.7            | + 2.5   |
| <b>Liabilities</b>  | 1,334.9            | 1,356.0            | + 21.0           |   |                  |                  |         |
| <b>Current liabilities</b>                                    | 269.3              | 292.2              | + 22.8           | <Interest-bearing debt>   |                  |                  |         |
| (Breakdown)   |                    |                    |                  |   |                  |                  |         |
| Notes and accounts payable-trade                              | 61.1               | 36.4               | -24.6            |   |                  |                  |         |
| Short-term borrowings, etc.                                   | 97.0               | 120.5              | + 23.5           | Long- term borrowings   | 751.5            | 747.8            | -3.6    |
| Deposits received   | 25.1               | 63.2               | + 38.0           | Bonds payable   | 160.0            | 160.0            | —       |
| Other current liabilities                                     | 86.0               | 71.9               | -14.0            | Short-term borrowings   | 31.0             | 38.0             | + 7.0   |
| <b>Non-current liabilities</b>                                | 1,065.6            | 1,063.7            | - 1.8            | Current portion of long-term borrowings   | 56.0             | 62.5             | + 6.5   |
| (Breakdown)   |                    |                    |                  | Commercial papers   | —                | 20.0             | + 20.0  |
| Bonds payable   | 160.0              | 160.0              | —                | Current portion of bonds  | 10.0             | —                | -10.0   |
| Long-term borrowings  | 751.5              | 747.8              | - 3.6            | <b>Total</b>  | 1,008.5          | 1,028.3          | + 19.8  |
| Leasehold and guarantee deposits received                     | 58.8               | 61.7               | + 2.9            |   |                  |                  |         |
| Other non-current liabilities                                 | 95.2               | 94.1               | - 1.1            |   |                  |                  |         |
| <b>Net assets</b>   | 586.3              | 601.1              | + 14.8           | <Treasury Shares>   |                  |                  |         |
| <b>Total liabilities and net assets</b>                       | 1,921.3            | 1,957.1            | + 35.8           | • Mar. 31, 2021: ¥ -30.1 bn → Jun. 30, 2021: ¥ -4.2bn                             |                  |                  |         |
| Shareholders' equity ratio                                    | 30.4%              | 30.6%              | + 0.2P           | <Shareholders' equity>  |                  |                  |         |
| Debt/equity ratio   | 1.7                | 1.7                | -0.0             | • Mar. 31, 2021: ¥583.3 bn → Jun. 30, 2021: ¥598.1 bn                             |                  |                  |         |

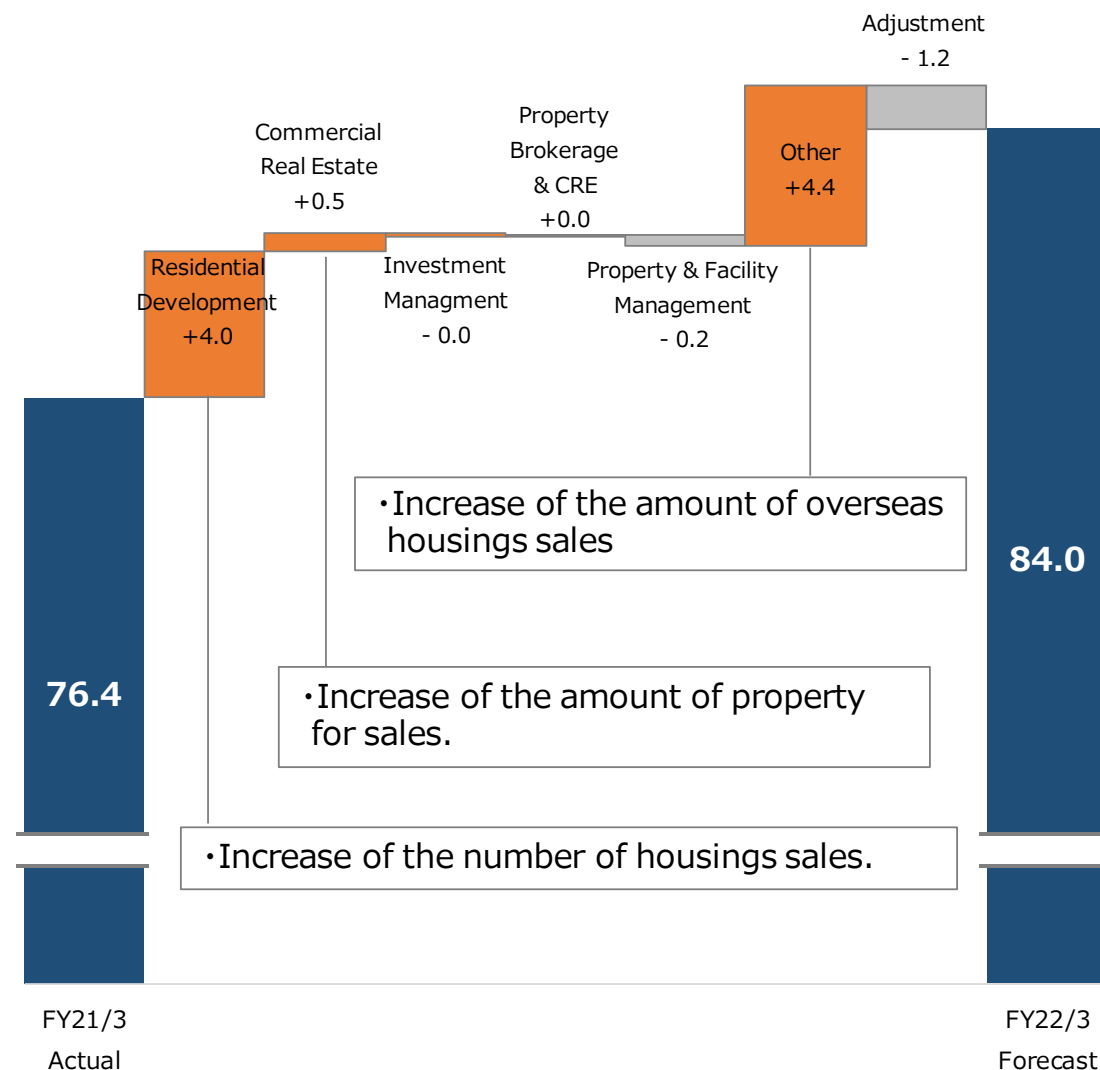


# Forecasts for fiscal year ending March 31, 2022 (Compared to FY21/3)

Both operating revenue and business profit is expected to increase, due to an increase of the number of housing units sold in the Residential Development Business Unit, an increase of the amount of property for sales in the Commercial Real Estate Business Unit, and an increase of the amount of overseas housing sales etc.

| (\\$bn)                                 | 21/3        | 22/3          | Changes<br>② - ① |
|---|-------------|---------------|------------------|
|   | Actual<br>① | Forecast<br>② |                  |
| Operating revenue                       | 580.6       | 680.0         | +99.3            |
| Residential Development                 | 272.5       | 315.0         | +42.4            |
| Commercial Real Estate                  | 179.2       | 220.0         | +40.7            |
| Service & Management                    | 150.2       | 154.0         | +3.7             |
| Investment Management                   | 12.4        | 12.0          | -0.4             |
| Property Brokerage & CRE                | 39.4        | 42.0          | +2.5             |
| Property & Facility Management          | 98.3        | 100.0         | +1.6             |
| Other (including overseas business)     | 2.0         | 3.0           | +0.9             |
| Adjustments                             | -23.4       | -12.0         | +11.4            |
| Business profit*                        | 76.4        | 84.0          | +7.5             |
| Residential Development                 | 22.4        | 26.5          | +4.0             |
| Commercial Real Estate                  | 35.4        | 36.0          | +0.5             |
| Service & Management                    | 25.8        | 25.5          | -0.3             |
| Investment Management                   | 7.5         | 7.5           | -0.0             |
| Property Brokerage & CRE                | 8.9         | 9.0           | +0.0             |
| Property & Facility Management          | 9.2         | 9.0           | -0.2             |
| Other (including overseas business)     | -1.4        | +3.0          | +4.4             |
| Adjustments                             | -5.7        | -7.0          | -1.2             |
| Ordinary profit                         | 65.9        | 72.5          | +6.5             |
| Profit attributable to owners of parent | 42.1        | 49.5          | +7.3             |
| Basic earnings per share (¥)            | 232.53      | 274.98        | 42.45            |
| Cash dividends per share (¥)            | 82.50       | 85.00         | +2.50            |

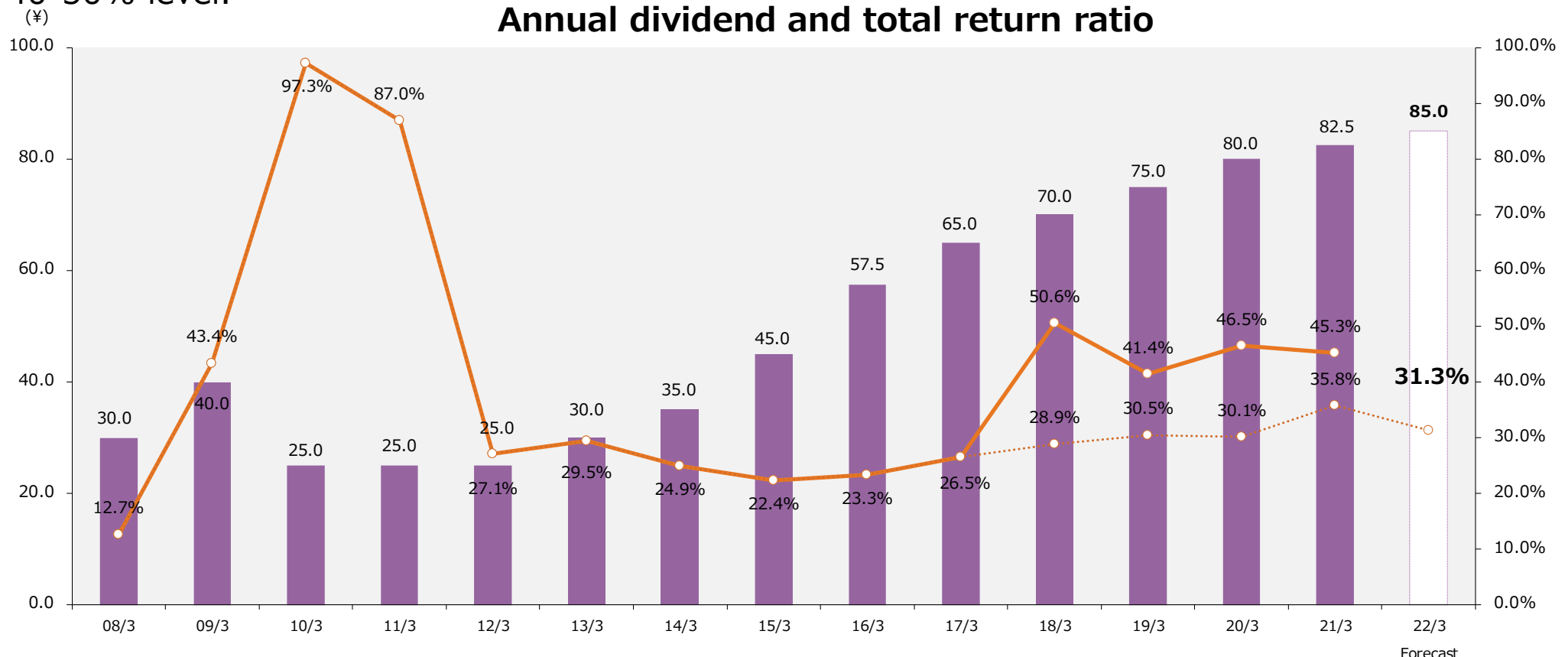
## Key factors of changes in business profit by unit (compared to FY21/3)



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

- In FY21/3, the annual dividend per share increased to ¥82.5 (+¥2.5 y/y) for 9th consecutive year. The total return ratio including the acquisition of treasury shares of ¥ 4.0 bn was 45.3%.
- In FY22/3, the annual dividend per share is expected to increase for 10th consecutive year to ¥85.0 (+¥2.5 y/y).
- The total return ratio for Mid- to long term business plan's phase 1 (FY20/3-22/3) is expected to be 40-50% level.

## Annual dividend and total return ratio



|                           | 08/3   | 09/3  | 10/3  | 11/3  | 12/3  | 13/3   | 14/3   | 15/3   | 16/3   | 17/3   | 18/3   | 19/3   | 20/3   | 21/3   | 22/3          |
|---------------------------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| EPS(¥)                    | 236.09 | 92.21 | 25.69 | 28.74 | 92.38 | 101.61 | 140.70 | 201.28 | 246.42 | 245.10 | 240.89 | 245.99 | 267.21 | 232.53 | <b>274.98</b> |
| Dividend payout ratio (%) | 12.7   | 43.4  | 97.3  | 87.0  | 27.1  | 29.5   | 24.9   | 22.4   | 23.3   | 26.5   | 28.9   | 30.5   | 30.1   | 35.8   | <b>31.3</b>   |
| Total return ratio (%)    | 12.7   | 43.4  | 97.3  | 87.0  | 27.1  | 29.5   | 24.9   | 22.4   | 23.3   | 26.5   | 50.6   | 41.4   | 46.5   | 45.3   | <b>31.3</b>   |
| Dividend yield(%)         | 1.8    | 2.7   | 1.7   | 2.0   | 1.7   | 1.4    | 1.8    | 2.1    | 2.8    | 3.7    | 2.8    | 3.5    | 4.6    | 3.1    | —             |

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

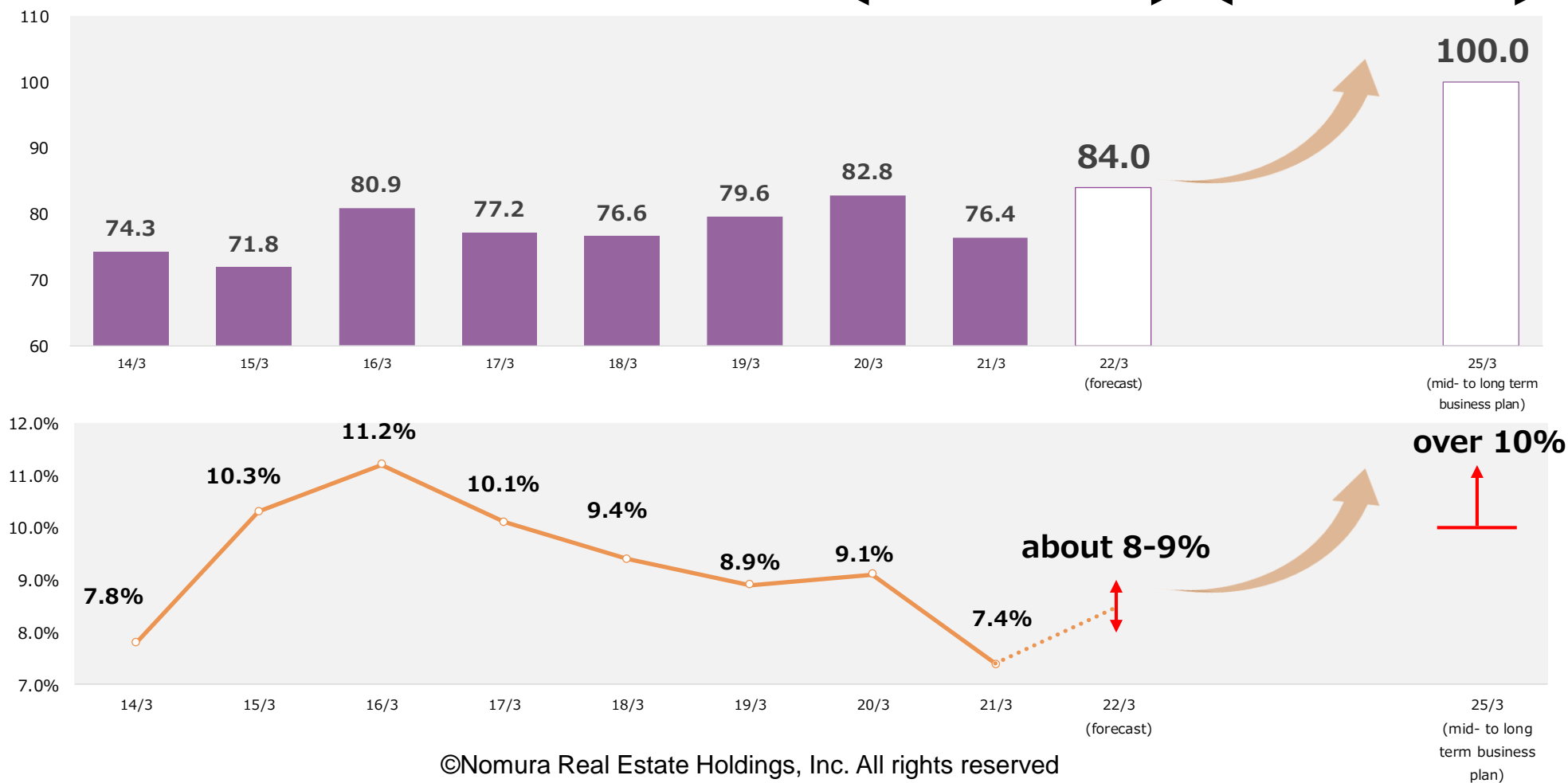
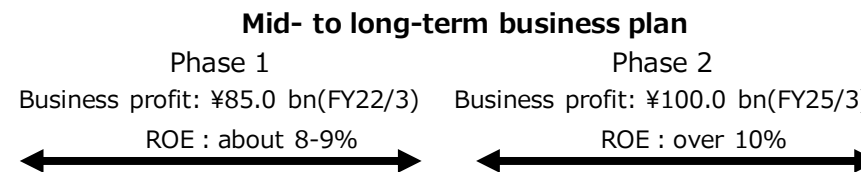
# Outlook of mid- to long-term profit growth

- In FY22/3, business profit is expected to achieve a record high of ¥84.0 bn.
- Continuous growth is expected to achieve the mid- to long-term target of FY25/3 business profit of ¥100.0 bn and ROE over 10%.

## Outlook of mid- to long-term profit growth

Business profit\* (¥ bn.) — ROE

\*Prior to FY19/3, figures are equivalent to operating profit.



# Performance highlights by Business Unit

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## Summary

- In housings sales business, the number of housing units sold increased mainly outside the Tokyo metropolitan area. (up 39 units YoY)
- The average price decreased compared to FY21/3 1Q, when the large number of high-priced properties was recorded, while it is the same level of FY21/3.

## Key Indicators

For housing sales: revenue, contract numbers, contract progress rate, gross profit ratio, land acquisition, land bank  
For rental housing: revenue(sales), gross profit from sales, land acquisition, land bank

| (¥bn)  | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① | 21/3<br>Actual<br>③ | 22/3<br>Forecast<br>④ | Changes<br>④-③ |
|--|------------------------|------------------------|----------------|---------------------|-----------------------|----------------|
| Operating revenue  | 55.2                   | 46.6                   | -8.6           | 272.5               | 315.0                 | +42.4          |
| Housing sales  | 50.3                   | 42.6                   | -7.6           | 247.6               |                       |                |
| Rental housing (sales)   | —                      | —                      | —              | 5.0                 |                       |                |
| Rental housing (leasing revenue)   | 0.2                    | 0.3                    | +0.1           | 0.9                 |                       |                |
| Senior   | 0.1                    | 0.2                    | +0.0           | 0.6                 |                       |                |
| Other  | 4.6                    | 3.3                    | -1.2           | 18.3                |                       |                |
| Operating profit   | 4.1                    | 1.7                    | -2.4           | 22.4                |                       |                |
| 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  | 4.1                    | 1.7                    | -2.4           | 22.4                | 26.5                  | +4.0           |

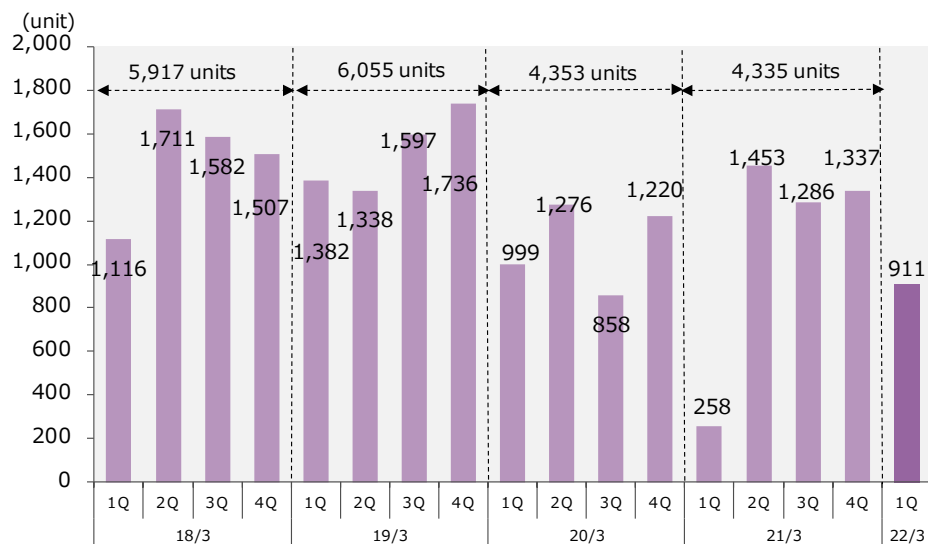
### [Housing sales indicators]

|  |       |       |        |       |       |      |
|--|-------|-------|--------|-------|-------|------|
| Housing sales (unit)                             | 608   | 647   | +39    | 3,669 | 4,400 | +731 |
| Condominiums                                     | 565   | 509   | -56    | 3,297 | 3,900 | +603 |
| Detached housing                                 | 43    | 138   | +95    | 372   | 500   | +128 |
| Tokyo metropolitan area                          | 561   | 406   | -155   | 2,981 | 3,000 | +19  |
| Osaka metropolitan area                          | 26    | 87    | +61    | 312   | 500   | +188 |
| Other area                                       | 20    | 154   | +134   | 375   | 900   | +525 |
| Period-end housing contracted but not sold(unit) | 2,260 | 3,540 | +1,280 | 3,276 |       |      |
| Period-end completed housing inventory (unit)    |       |       |        |       |       |      |
| released for sale                                | 353   | 190   | -163   | 239   |       |      |
| unreleased                                       | 407   | 78    | -329   | 182   |       |      |
| Average sales price (¥mn)                        | 82.64 | 65.87 | -16.77 | 67.47 |       |      |
| Gross profit ratio (%)                           | 22.7% | 21.6% | △1.1P  | 22.6% |       |      |

\*Rental Housing refers to properties developed for real estate investment market.

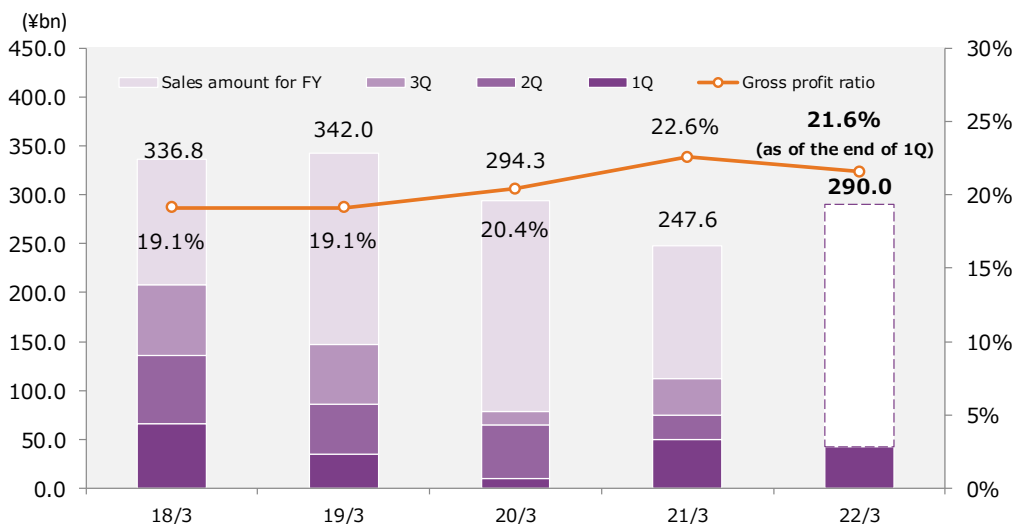
## Number of housing contracted

- **911 units** were contracted in FY22/3 1Q.



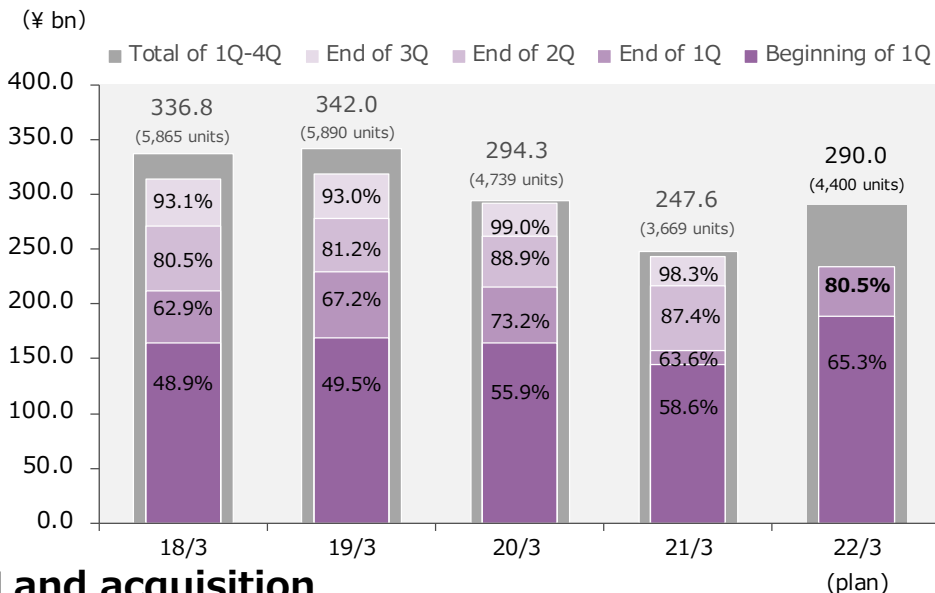
## Gross profit ratio/housing sales

- As of FY22/3 1Q, gross profit ratio was **21.6%**.



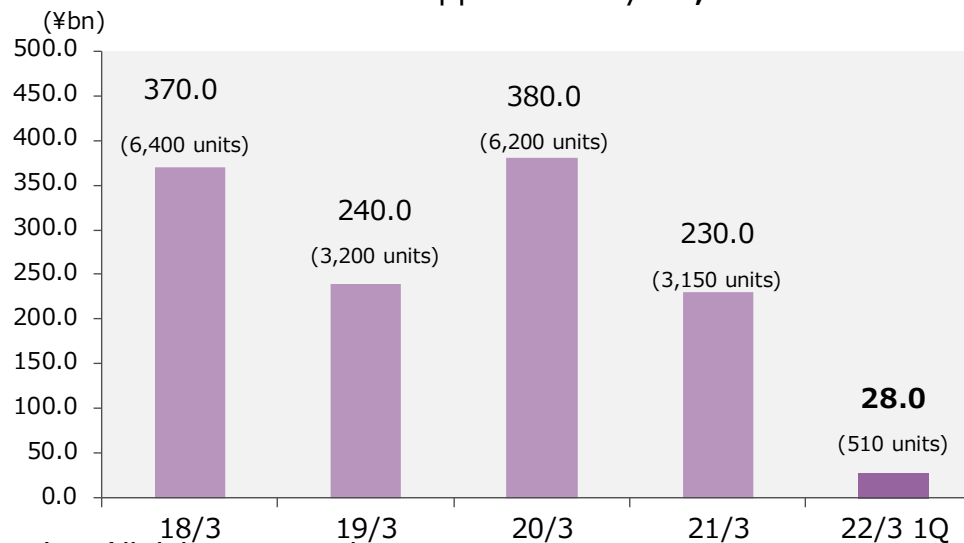
## Contract progress rate

- At the end of FY22/3 1Q, **¥233.5 bn (80.5%)** were contracted against the scheduled housings sales for FY22/3.



## Land acquisition

- Acquired land worth of ¥28.0 bn in FY22/3 1Q. Accumulated land bank is worth of approximately **¥1,405.0 bn**.

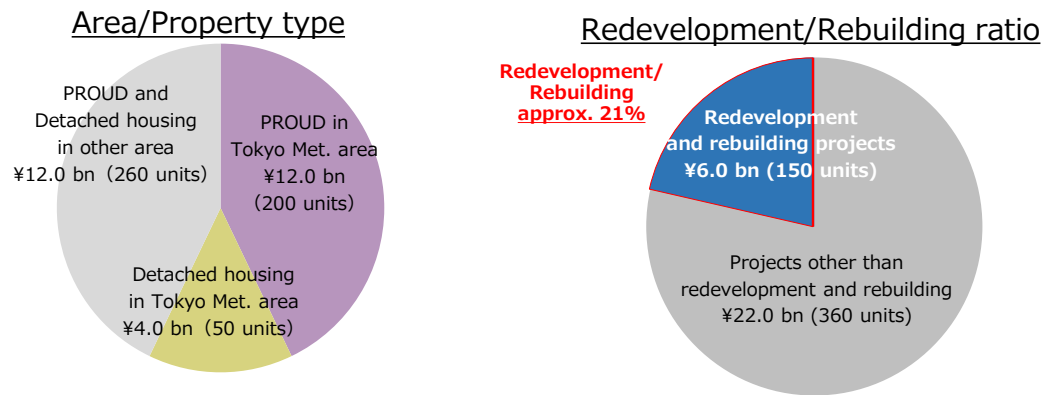


# Key indicators of housing sales -2

- Expanding land bank by utilizing our leading track records and extensive expertise in redevelopment and rebuilding.
- Promoting land acquisition at a level that will ensure sufficient profit ratio to secure land bank for three to four fiscal years later.

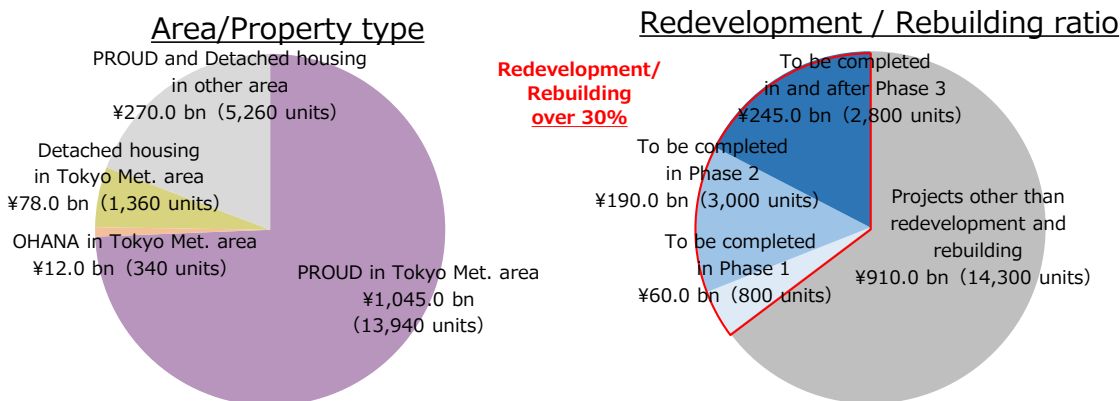
## FY22/3 1Q Land acquisition

- In FY22/3 1Q, we acquired land equivalent to **¥28.0 bn** in sales basis (510 units).



## Land bank

- From FY22/3 2Q onwards, we have land bank equivalent to **¥1,405.0 bn** in sales basis (20,900 units).
- Over 30% of this amount, or **¥495.0 bn** (6,600 units), is for redevelopment and rebuilding projects.



## Major redevelopment and rebuilding projects included in land bank recently

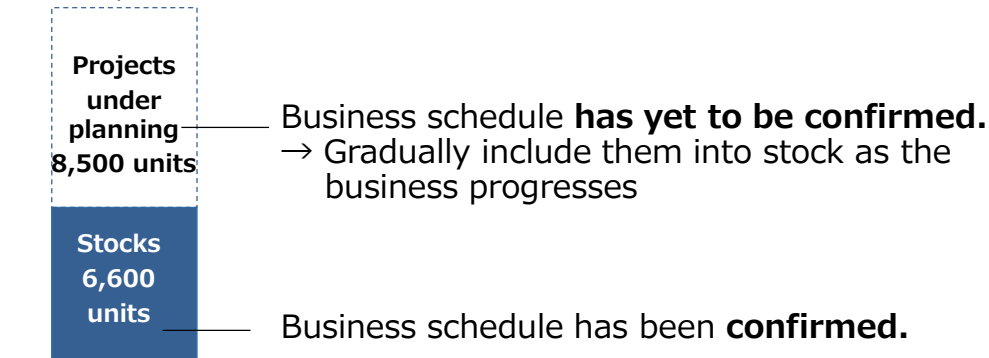
| Schedule for sales | Project name  | Location                | Total number of housings (units) | Our share         |
|--------------------|---|-------------------------|----------------------------------|-------------------|
| FY26/3             | Minami-Ikebukuro 2-chome C District Redevelopment         | Toshima-ku, Tokyo       | 1,198 units                      | 372 units         |
| FY26/3             | Okayama-shi Ekimaecho 1-chome District Redevelopment      | Okayama-shi, Okayama    | approx. 400 units                | approx. 340 units |
| FY27/3             | Tsukishima 3-chome South Redevelopment                    | Chuo-ku, Tokyo          | 580 units                        | 232 units         |
| FY27/3-            | Toyomi District Redevelopment                             | Chuo-ku, Tokyo          | 1,740 units                      | 304 units         |
| FY25/3             | Mukaihara 2nd Housing Complex Rebuilding                  | Itabashi-ku, Tokyo      | 327 units                        | approx. 180 units |
| FY25/3             | Futakotamagawa 2nd Sky Height Rebuilding                  | Setagaya-ku, Tokyo      | 40 units                         | 40 units          |
| FY28/3             | Nishi-Azabu 3-chome Redevelopment                         | Minato-ku, Tokyo        | approx. 350 units                | approx. 280 units |
| FY26/3             | Tarumi Station Front District Redevelopment               | Kobe-shi, Hyogo         | 250 units                        | 250 units         |
| FY25/3             | Koriyama Station Front 1-chome 2nd District Redevelopment | Koriyama-shi, Fukushima | 146 units                        | 146 units         |

Each project including the name are still in planning phase. They are subject to change.

## Business volume of redevelopment and rebuilding projects

- In addition to the 6,600 units included in land bank, there are 8,500 units for projects under planning, which we plan to gradually include them into land bank.

### Total 15,100 units



\*Phase 1: FY20/3-22/3, Phase 2: FY23/3-25/3, Phase 3: FY26/3-28/3

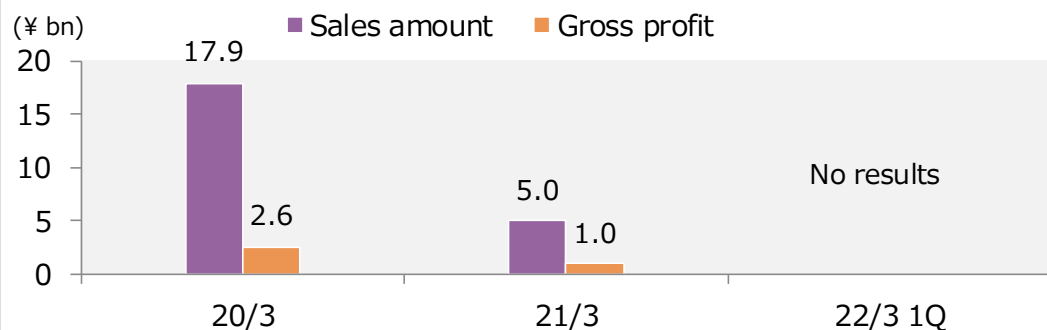
- To expand the business domain of housing, we are developing rental housing and senior housing in Residential Development Business Unit.

## Rental housing

**PROUD**  
FLAT

- In FY22/3 1Q, we secured one property, whose total investment amount is estimated to be ¥3.4 bn.
- Aim to acquire and sell approx. ¥30.0 bn amount annually for rental housing. The current stock is approx. ¥92.1 bn.

### Sales amount and gross profit



### Land acquisition

| No. of properties | Total investment |
|-------------------|------------------|
| 1                 | ¥3.4bn           |

### Stock

| 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 |
| 24                | 64.1             | 25.3          | 12                     | 27.9          | 36                | 92.1             | 53.2          |

(¥bn)

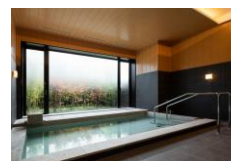
## Senior housing

**OUKAS**

- Developing as an important element of urban type compact town.
- As for our development and operation projects, 6 properties, about 830 units in are secured.

### Developed/projects under development

| Project Name                        | Location               | Opening year | Facility type                             | No. of units |
|-------------------------------------|------------------------|--------------|---|--------------|
| OUKAS Funabashi                     | Funabashi-shi, Chiba   | 2017         | Residence for elderly people with service | 125 units    |
| OUKAS Makuhari Bay-Park             | Chiba-shi, Chiba       | 2020         | Residence for elderly people with service | 141 units    |
| OUKAS Kichijoji                     | Mitaka-shi, Tokyo      | 2020         | Residence for elderly people with service | 116 units    |
| OUKAS Hiyoshi                       | Yokohama-shi, Kanagawa | 2021 (plan)  | Residence for elderly people with service | 120 units    |
| OUKAS Shiki Plan (tentative name)   | Asaka-shi, Saitama     | 2023 (plan)  | Residence for elderly people with service | 145 units    |
| OUKAS Sengawa Plan (tentative name) | Setagaya-ku, Tokyo     | 2023 (plan)  | Residence for elderly people with service | 186 units    |



OUKAS Makurari Bay-Park



OUKAS Kichijoji



## Summary

- Strategic property replacement progressed steadily. Gross profit of property for sales was ¥21.1 bn.
- Both operating revenue and business profit increased compared to the FY21/3 1Q, while the COVID-19 impact continued in leasing business in retail facilities, hotel business and fitness business.

## Key Indicators

For leasing: Net lettable area, vacancy rate

For property for sales: Revenue(sales), gross profit from sales, land acquisition, land bank

| (¥bn)  | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① | 21/3<br>Actual<br>③ | 22/3<br>Forecast<br>④ | Changes<br>④-③ |
|--|------------------------|------------------------|----------------|---------------------|-----------------------|----------------|
| Operating revenue  | 52.8                   | 67.6                   | +14.7          | 179.2               | 220.0                 | +40.7          |
| Leasing (offices)  | 11.5                   | 11.0                   | -0.4           | 47.4                |                       |                |
| Leasing (retail facilities)  | 1.5                    | 2.9                    | +1.3           | 11.0                |                       |                |
| Leasing (other)  | 1.4                    | 1.0                    | -0.4           | 5.7                 |                       |                |
| Property for sales (sale)  | 33.2                   | 45.4                   | +12.2          | 87.8                |                       |                |
| Property for sales (leasing)   | 2.8                    | 3.1                    | +0.2           | 11.2                |                       |                |
| Fitness  | 1.1                    | 2.9                    | +1.7           | 11.5                |                       |                |
| Other  | 0.9                    | 1.0                    | +0.1           | 4.4                 |                       |                |
| Operating profit   | 10.2                   | 23.1                   | +12.9          | 35.1                |                       |                |
| 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 | 0.0                    | 0.0                    | —              | 0.2                 |                       |                |
| Business Profit  | 10.3                   | 23.2                   | +12.9          | 35.4                | 36.0                  | +0.5           |
| Net lettable area (sqm)  | 884,159                | 832,866                | -51,292        | 827,737             |                       |                |
| Offices  | 762,091                | 712,258                | -49,833        | 706,771             |                       |                |
| Retail facilities  | 122,068                | 120,609                | -1,459         | 120,966             |                       |                |
| Vacancy rate   | 4.2%                   | 5.3%                   | +1.0P          | 5.1%                |                       |                |

→ [Reference] Rent revenue change analysis

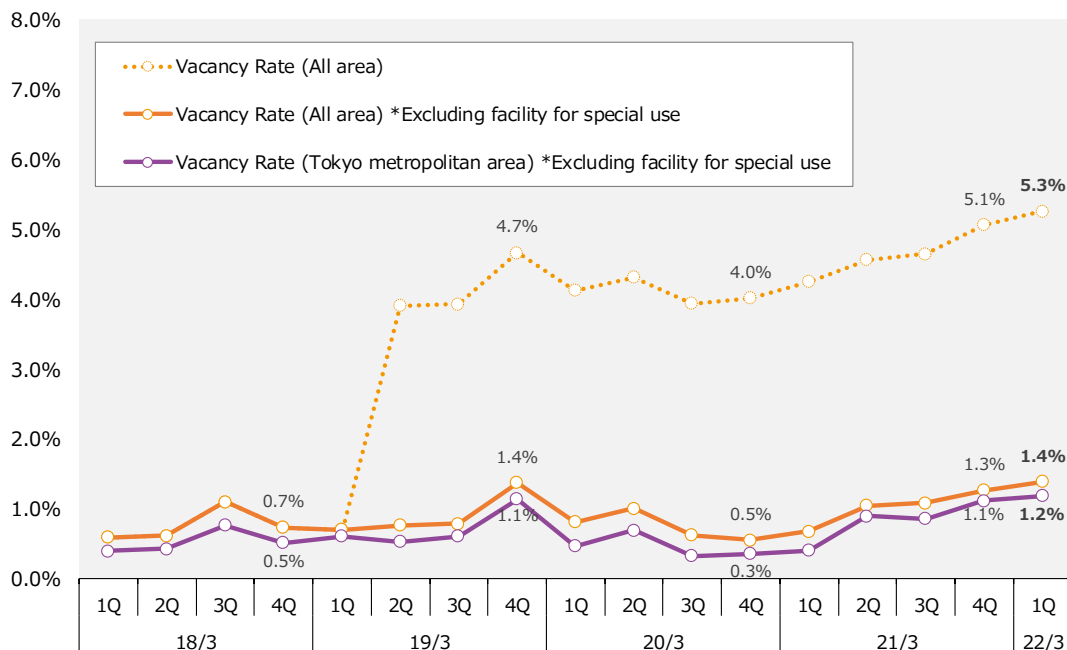
|   | Changes | Key Factors   |
|---|---------|---|
| New and full period operation buildings | +0.4    | TOKYO TORANOMON GLOBAL SQUARE etc.  |
| Existing buildings                      | +1.2    | The reduced impact of rent reduction or exemption and percentage rent reduction at retail facilities. |
| Sold and reclassification               | -0.8    |   |

\*Leasing refers to revenue from non-current assets including office subleasing.

\*Property for sales refers to properties such as office building, retail facility and logistic facility developed for real estate investment market.

\*Regarding to this business unit, in this 1Q, we incur an extraordinary loss of ¥0.2 bn due to the suspension of operations in fitness business etc., caused by the COVID-19. (The amount incurred in FY21/3 was ¥1.5 bn)

## Vacancy rate



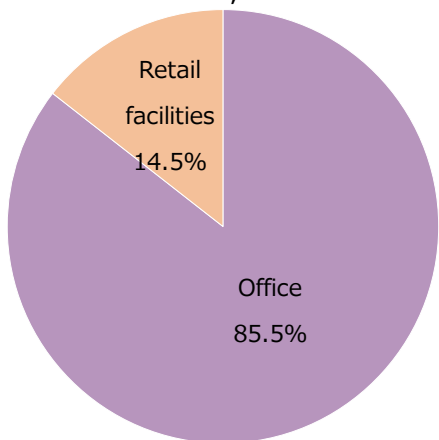
\*Excluding facility for special use (training facility) in Yokohama

\*Vacancy rate change includes the impact of the net lettable area decrease due to the transfer of properties to inventories and promotion of rebuilding projects.

## Net lettable area

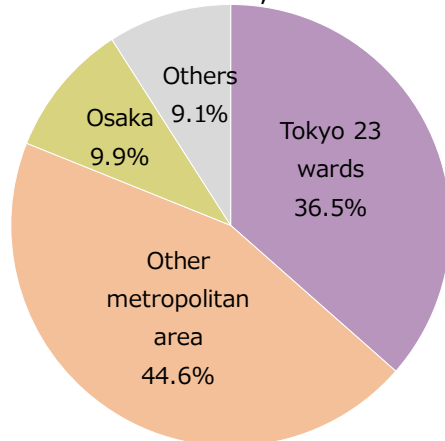
### By office area

Total: 832,866m<sup>2</sup>



### By sector

Total: 712,258m<sup>2</sup>



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

| Project Name   | Progress situation   | Main use  | Area planned to be acquired                         | Mid-to Long-term Business plan |                       |                       |
|--|--|---|---|--------------------------------|-----------------------|-----------------------|
|  |  |   |   | Phase1<br>20/3 - 22/3          | Phase2<br>23/3 - 25/3 | Phase3<br>26/3 - 28/3 |
| KAMEIDO PROJECT*1  | Under Construction   | Retail<br>Residence                                       | Approx.28,000m <sup>2</sup>                         | S                              | C                     |                       |
| Nihonbashi 1-chome Central District Redevelopment*1            | Certified as a national strategic special zone<br>Right conversion plan was approved | Office<br>Retail  | Approx.33,600m <sup>2</sup>                         | S                              |                       | C                     |
| Shibaura 1-chome District*1                                    | Certified as a national strategic special zone                                       | Complex   | Approx. 550,000m <sup>2</sup><br>(Gross floor area) | S<br>(S Tower)                 | C<br>(S Tower)        | S<br>(N Tower)        |
| Nishi-Azabu 3-chome Redevelopment*1                            | Establishment of urban redevelopment unit was approved                               | Hotel<br>Residence  | Approx. 10,000m <sup>2</sup>                        | S                              |                       | C                     |
| Nishi-Shinjuku 3-chome West Redevelopment*1                    | Blueprint of the project is decided  | Retail<br>Residence                                       | Approx. 12,000m <sup>2</sup>                        |                                |                       | S                     |
| Nishi-Nippori Station-Front Redevelopment*1                    | Blueprint of the project is under discussion   | Retail<br>Residence                                       | Approx. 13,700m <sup>2</sup>                        |                                |                       |                       |
| Soto-Kanda 1-chome Redevelopment                               | Blueprint of the project is under discussion   | Office<br>Hotel<br>Retail                                 | Approx. 42,000m <sup>2</sup>                        |                                |                       |                       |
| Iidabashi Station Central Redevelopment                        | Blueprint of the project is under discussion   | Office<br>Residence                                       | Approx. 30,300m <sup>2</sup>                        |                                |                       |                       |
| <u>Nakano Station Shin North Exit District Redevelopment*1</u> | Blueprint of the project is under discussion   | Office<br>Hotel<br>Retail<br>Residence<br>Convention Hall | TBD   |                                |                       |                       |
| Shinbashi Station West Exit Redevelopment*1                    | Blueprint of the project is under discussion   | Office<br>Retail  | TBD   |                                |                       |                       |
| Nomura Fudosan Ginza Building Rebuilding*1                     | -  | Office  | TBD   |                                |                       | TBD                   |

S: Start of construction C: Completion of construction

\*1 JV projects

\*2 The underlined parts are new projects in which we have newly participated.

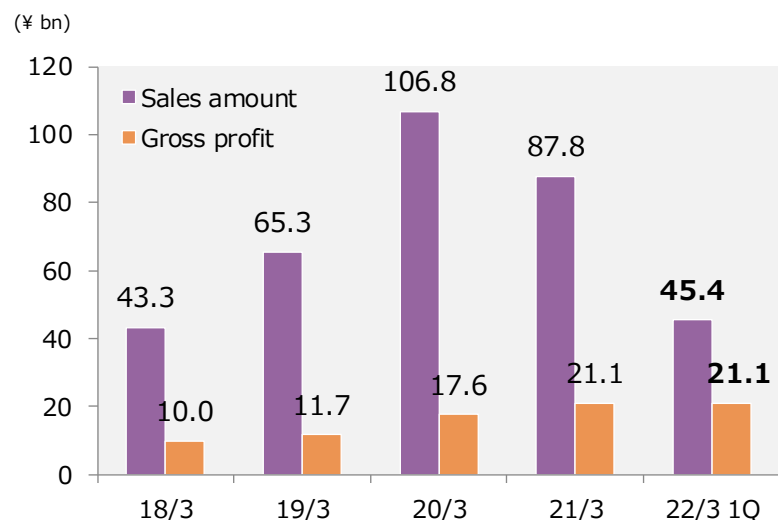
\*3 All projects are in planning stage and are subject to change.

# Key indicators of property for sales business

- Property for sales business progressed steadily, with sales amount ¥45.4 bn and gross profit ¥21.1 bn.
- Secured 3 properties in FY22/3 1Q and those estimated total investment amount is approx. ¥21.5 bn. The stock for property for sales is ¥678.0 bn.
- Promote acquisitions and sales of approx. ¥120.0 bn per each fiscal year to achieve stable revenue and profit in the mid- to long-term.

## Sales/Land acquisition

### Sales amount/gross profit



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

### FY22/3 1Q Land acquisition by sector

|              | Acquired Projects | Total investment |
|--------------|-------------------|------------------|
| Office       | 3 projects        | ¥21.5 bn         |
| Retail       | 0 project         | ¥0.0 bn          |
| Logistics    | 0 projects        | ¥0.0 bn          |
| <b>Total</b> | <b>3 projects</b> | <b>¥21.5 bn</b>  |

## Stock

### Stock for property for sales by construction period

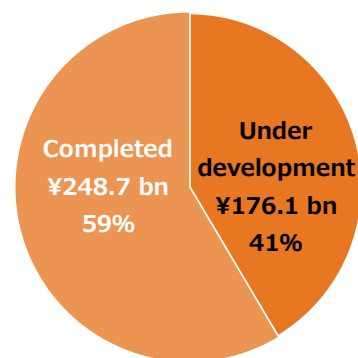
(¥ bn)

| Status/Completion of construction          | Completed | 22/3 | 23/3  | 24/3 | 25/3- | Total        |
|--|-----------|------|-------|------|-------|--------------|
| 1. Invested amount (balance on BS)         | 248.7     | 17.0 | 87.0  | 43.0 | 26.0  | <b>424.9</b> |
| 2. Additional future investment amount     | 0.0       | 15.0 | 69.0  | 50.0 | 117.0 | <b>253.0</b> |
| 3. Estimated total investment amount (1+2) | 248.7     | 33.0 | 157.0 | 94.0 | 144.0 | <b>678.0</b> |

\*The completion of construction period is the current schedule and has not yet been determined.

\*Amounts after 22/3 2Q are rounded down to the one billion yen unit.

### Balance of BS



(¥bn)

|              | At the end of FY22/3 1Q |                   | Total        |
|--------------|-------------------------|-------------------|--------------|
|              | Completed               | Under development |              |
| Office       | 107.0                   | 117.5             | <b>224.5</b> |
| Retail       | 36.6                    | 13.1              | <b>49.7</b>  |
| Logistics    | 83.0                    | 45.4              | <b>128.5</b> |
| Others       | 22.0                    | 0.0               | <b>22.1</b>  |
| <b>Total</b> | <b>248.7</b>            | <b>176.1</b>      | <b>424.9</b> |

\*From FY20/3, rental housing (PROUDFLAT) has been transferred to the Residential Development Business Unit and excluded from the figures above. Rental housing had a total stock of ¥92.1 bn and a BS balance of ¥53.2 bn as of the end of FY 22/3 1Q. (See p.15 for details)

## Summary

- Compared to the FY21/3 1Q, assets under management increased mainly in private REIT and private funds.

## Key Indicators

Assets under management

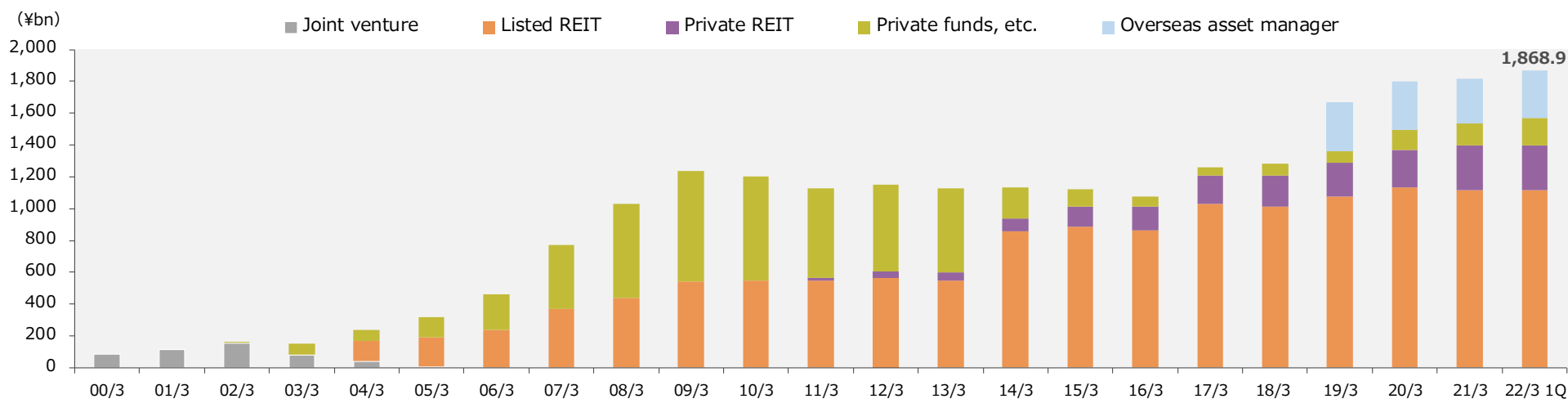
| (¥bn)  | 21/3 1Q Actual<br>① | 22/3 1Q Actual<br>② | Changes<br>②-① | 21/3 Actual<br>③ | 22/3 Forecast<br>④ | Changes<br>④-③ |
|--|---------------------|---------------------|----------------|------------------|--------------------|----------------|
| Operating revenue  | 3.3                 | 3.4                 | +0.0           | 12.4             | 12.0               | -0.4           |
| Operating profit   | 2.1                 | 2.2                 | +0.0           | 7.2              |                    |                |
| Share of profit (loss) of entities accounted for using equity method     | —                   | —                   | —              | —                |                    |                |
| Amortization of intangible assets associated with corporate acquisitions | 0.0                 | 0.0                 | +0.0           | 0.2              |                    |                |
| Business profit  | 2.2                 | 2.2                 | +0.0           | 7.5              | 7.5                | -0.0           |
| Assets under management  | 1,789.7             | 1,868.9             | +79.1          | 1,815.6          |                    |                |
| Domestic asset manager   | 1,518.8             | 1,571.1             | +52.2          | 1,536.4          |                    |                |
| Listed REIT*   | 1,131.1             | 1,118.6             | -12.5          | 1,118.6          |                    |                |
| Private REIT*  | 256.9               | 278.3               | +21.3          | 278.3            |                    |                |
| Private funds, etc.  | 130.6               | 174.1               | +43.4          | 139.5            |                    |                |
| Overseas asset manager   | 270.9               | 297.8               | +26.8          | 279.1            |                    |                |

\*Assets under management of listed REIT and private REIT is calculated by

Total assets on the balance sheet(excluding unamortized goodwill) at the end of the latest fiscal period of each REIT

+ Acquisition price of the assets acquired after the end of the period – Book value at the end of the latest fiscal period of the assets disposed after the end of the period

## Assets Under Management

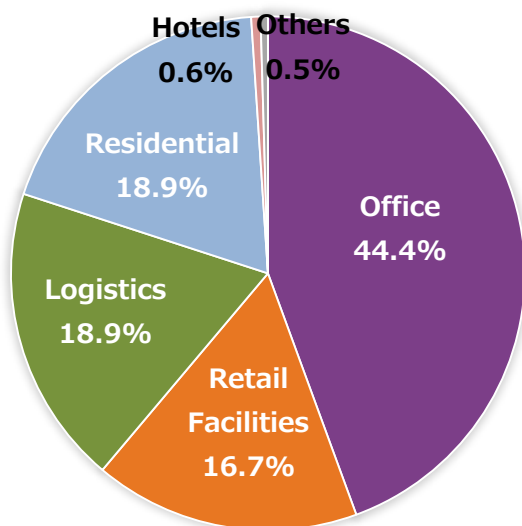


## MASTER FUND



One of the largest diversified type J-REITs

**AUM ¥1,118.6 bn (299 properties)**



### Portfolio Summary

|                      |            |
|----------------------|------------|
| Occupancy rate       | 98.8%      |
| Average NOI yield    | 5.2%       |
| Average property age | 19.3 years |

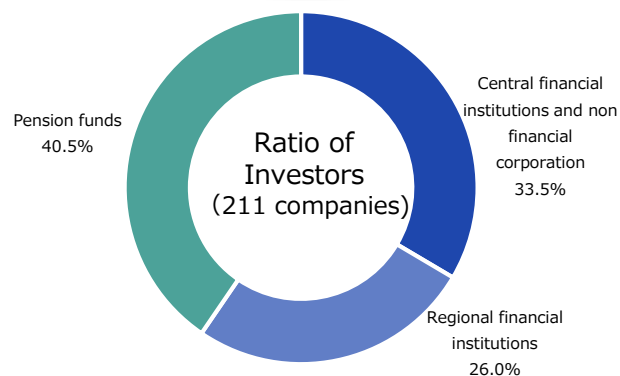
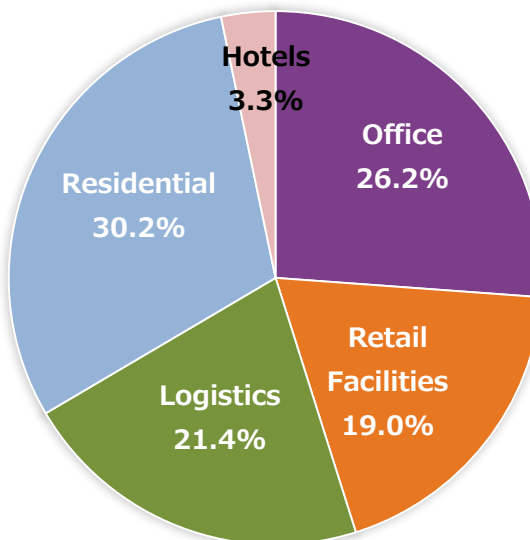
\*Percentages by assets are based on the acquisition price as of the end of 2021/6.  
 \*Portfolio summary is based on the data as of the end of 2021/2(299 properties)



## NOMURA REAL ESTATE PRIVATE REIT, INC.

Japan's first private REIT since 2010

**AUM ¥278.3 bn (83 properties)**

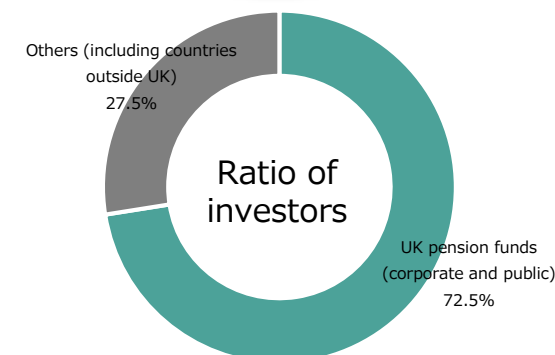
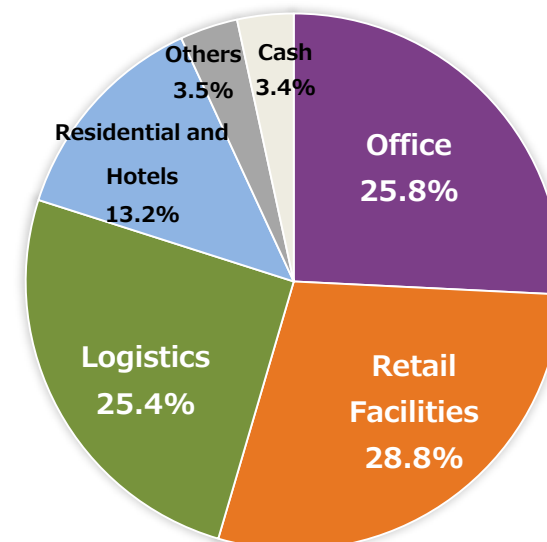


\*Percentages by assets are based on the acquisition price as of the end of 2021/6.  
 \*Ratio of investors are based on the number of investment units as of the end of 2021/6.

## Lothbury Property Trust

Lothbury's flagship fund, properties are mainly located in London and southeast part of UK

**AUM ¥237.4 bn (52 properties)**



\*Each property's fair value is calculated by 152.23 JPY to GBP as of the end of 2021/3.  
 \*Percentages by assets are based on the fair value as of the end of 2021/3.  
 \*Ratio of investors are based on the number of investment units as of the end of 2021/3.

## Summary

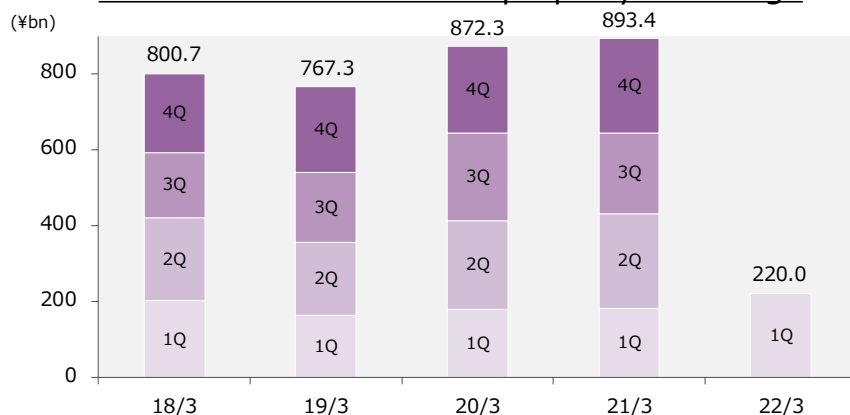
- Both property brokerage transaction value of property brokerage and the number of transactions increased mainly in retail business.
- Both operating revenue and business profit increased due to the rebound of sales activities restriction with the COVID-19 in FY21/3 1Q.

## Key Indicators

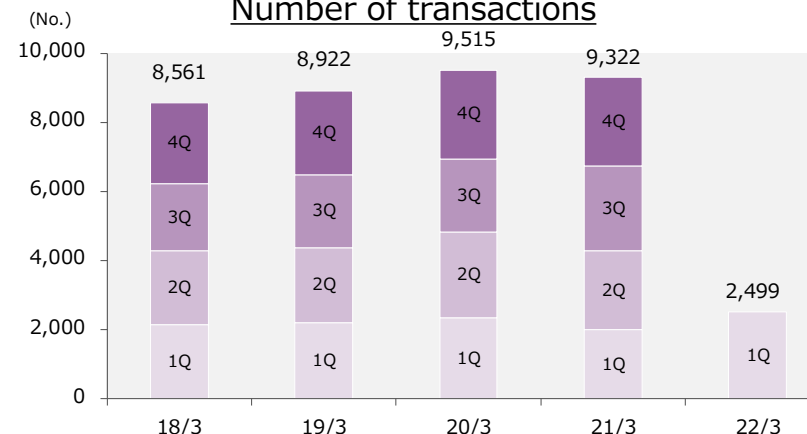
Total transaction value, number of transactions, commission rate, number of branches for retail business

| (¥bn)  | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① | 21/3<br>Actual<br>③ | 22/3<br>Forecast<br>④ | Changes<br>④-③ |
|--|------------------------|------------------------|----------------|---------------------|-----------------------|----------------|
| Operating revenue  | 8.5                    | 10.6                   | +2.0           | 39.4                | 42.0                  | +2.5           |
| Brokerage fee (retail business)  | 4.8                    | 6.7                    | +1.9           | 23.3                |                       |                |
| Brokerage fee (wholesale business)                                       | 2.7                    | 2.8                    | +0.1           | 11.3                |                       |                |
| Other  | 0.9                    | 0.9                    | -0.0           | 4.7                 |                       |                |
| Operating profit   | 1.6                    | 3.1                    | +1.5           | 8.9                 |                       |                |
| Share of profit (loss) of entities accounted for using equity method     | —                      | —                      | —              | 0.0                 |                       |                |
| Amortization of intangible assets associated with corporate acquisitions | —                      | —                      | —              | —                   |                       |                |
| Business profit  | 1.6                    | 3.1                    | +1.5           | 8.9                 | 9.0                   | +0.0           |
| <b>【Brokerage indicators】</b>  |                        |                        |                |                     |                       |                |
| Total transaction value (¥bn)  | 183.1                  | 220.0                  | +36.8          | 893.4               |                       |                |
| Number of transactions   | 1,984                  | 2,499                  | +515           | 9,322               |                       |                |
| Commission fee (¥bn)   | 7.5                    | 9.6                    | +2.0           | 34.7                |                       |                |
| Commission rate (%)  | 4.1%                   | 4.4%                   | +0.2P          | 3.9%                |                       |                |
| Number of branches for retail business                                   | 87                     | 89                     | +2             | 87                  |                       |                |

Total transaction value of property brokerage

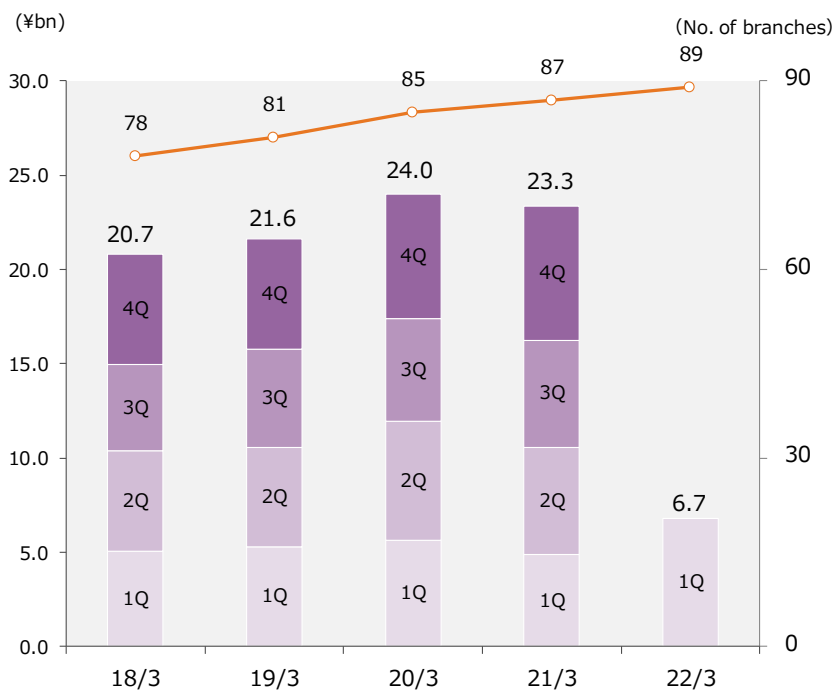


Number of transactions



- As of April 1, 2021, a new company, "Nomura Real Estate Solutions" was established. Provide one-stop service to diverse customer demands, by integrating expertise and customer network, which we gained in the retail and wholesale business.
- The number of retail branches increased by two. One of them is the first branch of the new service brand "REALIA", which specializes in high-grade condominiums in the central Tokyo area. This will utilize its extensive domestic and overseas customer network to consolidate purchase and sales information on high-grade condominiums, thereby expanding transaction opportunities.
- Business collaboration with Nomura Securities and other financial institutions (banks, shinkin banks, credit cooperatives, etc.) expanded steadily.

Brokerage fee/  
Number of branches for retail business



Brokerage fee for  
wholesale business



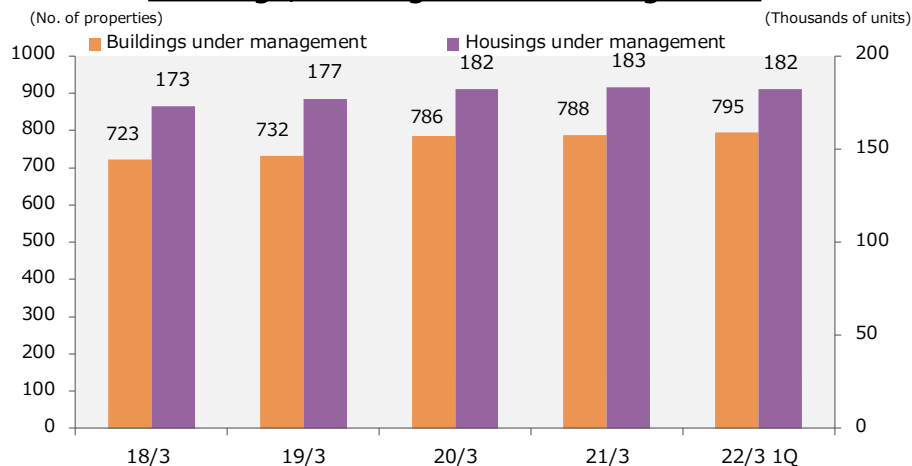
# Property & Facility Management Business Unit

Summary ● Both revenue and profit increased, mainly due to an increase of construction ordered etc.

Key Indicators Number of buildings / housings under management, revenue of construction ordered

| (¥bn)  | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① | 21/3<br>Actual<br>③ | 22/3<br>Forecast<br>④ | Changes<br>④-③ |
|--|------------------------|------------------------|----------------|---------------------|-----------------------|----------------|
| Operating revenue  | 19.7                   | 21.6                   | +1.8           | 98.3                | 100.0                 | +1.6           |
| Property & facility management   | 14.1                   | 14.2                   | +0.1           | 56.7                |                       |                |
| Construction ordered   | 4.3                    | 6.0                    | +1.6           | 35.8                |                       |                |
| Other  | 1.2                    | 1.3                    | +0.0           | 5.7                 |                       |                |
| Operating profit   | 1.1                    | 1.5                    | +0.3           | 9.0                 |                       |                |
| Share of profit (loss) of entities accounted for using equity method     | 0.0                    | 0.0                    | -0.0           | 0.1                 |                       |                |
| Amortization of intangible assets associated with corporate acquisitions | 0.0                    | 0.0                    | —              | 0.0                 |                       |                |
| Business profit  | 1.1                    | 1.5                    | +0.3           | 9.2                 | 9.0                   | -0.2           |
| Building under management  | 801                    | 795                    | -6             | 788                 |                       |                |
| Housings under management  | 181,504                | 182,844                | +1,340         | 183,162             |                       |                |

Buildings/housings under management



Revenue of construction ordered



\*The figures from FY20/3 include buildings and condominiums managed by Nomura Real Estate Partners Co., Ltd. and NREG TOSHIBA BUILDING FACILITIES Co., Ltd. The figures before FY19/3 include buildings and condominiums managed by Nomura Real Estate Partners Co., Ltd.



## Summary

- In overseas business, housings sales projects recorded as sales increased mainly in Bangkok.

| (¥bn)  | 21/3 1Q<br>Actual<br>① | 22/3 1Q<br>Actual<br>② | Changes<br>②-① | 21/3<br>Actual<br>③ | 22/3<br>Forecast<br>④ | Changes<br>④-③ |
|--|------------------------|------------------------|----------------|---------------------|-----------------------|----------------|
| Operating revenue  | 0.2                    | 0.6                    | +0.3           | 2.0                 | 3.0                   | +0.9           |
| Operating profit   | -0.5                   | -0.1                   | +0.4           | -0.7                |                       |                |
| Share of profit (loss) of entities accounted for using equity method     | -0.0                   | -0.1                   | -0.1           | -0.7                |                       |                |
| Amortization of intangible assets associated with corporate acquisitions | 0.0                    | 0.0                    | -0.0           | 0.0                 |                       |                |
| Business profit  | -0.6                   | -0.3                   | +0.2           | -1.4                | 3.0                   | +4.4           |

## Major projects in FY22/3

### Viet Nam Grand Park 2nd period



Main use: Residence  
Total number of units: approx. 10,000  
Our share: approx. 3,100 units  
Completion of construction: 2021  
Sales progress:  
Contracted approx. 8,400 units  
(Contract progress rate: approx. 80%)

### Viet Nam Midtown



Main use: Residence  
Total number of units: approx. 2,400  
Our share: approx. 250 units  
Completion of construction: 2019-  
Sales progress:  
Contracted approx. 2,100 units  
(Contract progress rate: approx. 90%)

## Major projects determined recently

### Viet nam Hanoi, Ecopark



Main use: Residence  
Total number of units: approx. 3,000  
Our share: approx. 1,350 units  
Completion of construction: 2024-

### The United Kingdom London, 127-133 Charing Cross Road



Current state

After  
refurbishment

Main use: Office  
Net lettable area: approx. 5,200m<sup>2</sup>  
(area after refurbishment of existing property)  
Completion of construction: 2024

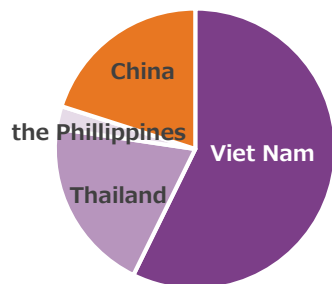
# Overseas business expansion

- Developing business in high-growth Southeast Asia area, as well as the United Kingdom. In housing sales, **19 projects, approx. ¥81.0 bn investments** (Total project cost based on our shares: ¥168.0bn) and in leasing, **7 projects, approx. ¥25.0 bn investments** (Total project cost based on our shares: ¥28.0 bn) are determined. **Total investment amount approx. ¥106.0 bn is determined.**
- Under the Mid- to long-term Business plan, estimates to invest a total of ¥300.0 bn over 9 years. (residential development and office, etc.)

## Housing sales

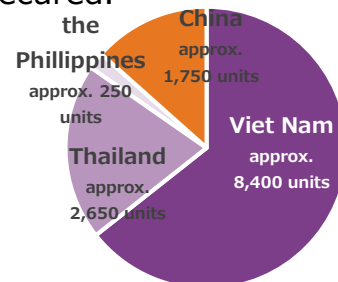
### Investment amount determined

Determined to invest ¥81.0 bn.



### Stock (our share)

Approx. 13,050 units of stock is secured.



### 【Major project】

| Location                    | Project                         | Total number         | Our share   | Completion |
|-----------------------------|---------------------------------|----------------------|-------------|------------|
| China (Shenyang)            | Shenyang                        | approx. 4,100 units  | 450 units   | 2017-      |
| Viet Nam (Ho Chi Minh City) | Midtown <sup>*1</sup>           | approx. 2,400 units  | 250 units   | 2019-      |
| Thailand (Bangkok)          | Ratchayothin A building         | 334 units            | 150 units   | 2020       |
| Thailand (Bangkok)          | Ratchayothin B building         | 489 units            | 200 units   | 2020       |
| Thailand (Bangkok)          | On Nut                          | 601 units            | 250 units   | 2020       |
| Thailand (Bangkok)          | Ramkhamhaeng                    | 685 units            | 300 units   | 2020       |
| China (Changzhou)           | Changzhou I                     | approx. 2,400 units  | 250 units   | 2020-      |
| Viet Nam (Ho Chi Minh City) | Grand Park 2nd period           | approx. 10,000 units | 3,100 units | 2021       |
| China (Changzhou)           | Changzhou II                    | approx. 4,300 units  | 500 units   | 2021-      |
| Thailand (Bangkok)          | Thong Lo                        | 1,236 units          | 550 units   | 2022       |
| Viet Nam (Ho Chi Minh City) | (Project name is not disclosed) | approx. 9,000 units  | 3,700 units | 2022       |
| Thailand (Bangkok)          | Ratchathew                      | 264 units            | 100 units   | 2022       |
| Thailand (Bangkok)          | RamaIV                          | 501 units            | 200 units   | 2022       |
| China (Changzhou)           | Changzhou,Tianning              | approx. 2,300 units  | 550 units   | 2022-      |
| the Philippines (Manila)    | Sunshine Fort                   | approx. 1,400 units  | 250 units   | 2022-      |
| Thailand (Bangkok)          | Sailuat                         | 1,001 units          | 450 units   | 2023       |
| Thailand (Bangkok)          | Ramintra                        | 682 units            | 300 units   | 2023       |
| Thailand (Bangkok)          | Huaykwang                       | 342 units            | 150 units   | 2023       |
| Viet Nam (Hanoi)            | Ecopark                         | approx. 3,000 units  | 1,350 units | 2024-      |

\*1 Projects in which we participate through equity method investments. (in other projects, we participate through operating equity investments)

\*2 All projects are in planning stage and are subject to change.

\*3 The number of our share is rounded down to the nearest 50 units. Our share partially includes the number of units that have been delivered.

## Leasing

### Investment amount determined

Determined to invest ¥25.0 bn.



### 【Major project】

| Location                    | Project                    | Main use          | Gross floor area and No. of rooms*1 | Completion |
|-----------------------------|----------------------------|-------------------|-------------------------------------|------------|
| China (Beijing)             | Beijing Fortune Building   | Office            | approx. 55,000m <sup>2</sup>        | 1990       |
| Viet Nam (Ho Chi Minh City) | SUN WAH TOWER              | Office            | approx. 32,000m <sup>2</sup>        | 1997       |
| Viet Nam (Ho Chi Minh City) | ZEN PLAZA                  | Office            | approx. 17,000m <sup>2</sup>        | 1999       |
| Thailand (Bangkok)          | Thong Lo                   | Service Apartment | 303 rooms                           | 2019       |
| the Philippines (Manila)    | Sunshine Fort              | Retail            | approx. 28,000m <sup>2</sup>        | 2021       |
| Thailand (Bangkok)          | Sukhumvit 24               | Service Apartment | 411 rooms                           | 2023       |
| the United Kingdom (London) | 127-133 Charing Cross Road | Office            | approx. 5,200m <sup>2</sup> *2      | 2024       |

\*1 Floor area and No. of rooms are for the entire project.

\*2 Area after refurbishment of existing property.

\*3 All projects are in planning stage and are subject to change.

- In Overseas business, implements various initiatives by utilizing our group's expertise gained in Japan.
- Continuously expanding business by increasing the added value of the properties.

## High added value strategy in overseas business

Implements various initiatives by utilizing expertise gained in domestic business

Offer high added value in properties (sales price increase, cost reduction, trouble prevention etc.)

**Continuously acquire business opportunity**

**Business risk reduction**

## Initiatives (examples in residential development)

| Development phase | Product planning   | Building design   | Sales  | Construction  |
|-------------------|--|---|--|---|
| Main initiative   | <ul style="list-style-type: none"> <li>Propose product concept</li> <li>Create building plan</li> </ul>  | <ul style="list-style-type: none"> <li>Improve design(KAIZEN)</li> <li>Select designer</li> </ul>   | <ul style="list-style-type: none"> <li>Design showroom</li> <li>Introduce Japanese style sales system</li> </ul> | <ul style="list-style-type: none"> <li>On-site improvement(KAIZEN)</li> <li>introduce construction manual</li> </ul>                        |
| Added value       | <p><b>Increase product attractiveness</b><br/><b>Improve development effectiveness</b></p>               | <p><b>Improve design quality</b><br/><b>Reduce construction cost</b></p>  | <p><b>Shorten sales schedule</b><br/><b>Increase sales price</b></p>   | <p><b>Avoid significant defectiveness</b><br/><b>Secure quality and function</b></p>  |
| Example           |  <p>Building plan</p> |  <p>Design review<br/>(Design improvement KAIZEN)</p> |  <p>Showroom</p>            |  <p>On-site visit<br/>(on-site improvement KAIZEN)</p> |

# Sustainability/ESG

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## ● Promoting initiatives under the Nomura Real Estate Group’s Sustainability Policies.

(Detail information are in [Integrated report](#) and [CSR report](#).)

**E Response to climate change (CO<sub>2</sub> emission reduction)**

| Index         |   | Scope1・2          | Scope 3           |
|---------------|---|-------------------|-------------------|
| <b>Target</b> | Period until FY2031/3<br>Compared with FY2020/3 | reduce <b>35%</b> | reduce <b>35%</b> |

\*Scope 1: Direct emissions including the combustion of fuel, etc. Scope 2: Indirect emissions associated with the use of electricity and heat purchased Scope 3: Indirect emissions other than scopes 1 & 2 (category 1: upon the construction of buildings, etc., category 11: upon the use of sold products)



**G Management structure**

| Characteristic of the governance system  | Ratio of independent external directors |                               |   |
|--|---|-------------------------------|---|
|  | Board of Directors                      | Audit & Supervisory Committee | Advisory Committee Relating to Nominations and Compensation |
| <ul style="list-style-type: none"> <li>Company with an Audit &amp; Supervisory Committee</li> <li>Chairman of the Board of Directors is a non-executive director</li> <li>Established the Advisory Committee Relating to Nominations and Compensation (Chairman is Independent External Director)</li> </ul> | 5<br>12                                 | 3<br>5                        | 3<br>4  |

**Signatures and agreement on initiatives including agreement by the group companies**



Signatory of:





Principles for Responsible Investment | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES | SCIENCE BASED TARGETS

**External evaluation**



**Inclusion in ESG index**

- In June 2021, Nomura Real Estate Holdings was selected as FTSE Blossom Japan Index and MSCI Japan Empowering Women Index.
- Nomura Real Estate Holdings is included in all four ESG indexes for Japanese stock investment adopted by the GPIF.


<Index adopted by GPIF>

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX


2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

<Other main index>



FTSE4Good



2021 Sompo Sustainability Index

**ESG evaluation**

| CDP Climate change | Sustainalytics | GRESB disclosure evaluation |
|--------------------|----------------|-----------------------------|
| <b>B</b>           | <b>20.3</b>    | <b>A</b>                    |

**Publications**

Integrated report




CSR Report




\*The inclusion of Nomura Real Estate Holdings, Inc. in any MSCI INDEX, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nomura Real Estate Holdings, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## E Approved by SBT initiative (Science Based Targets)

- To strengthen our efforts on climate change and realize a decarbonized society, our targets were approved by SBTi on November 2020.
- We updated the goal setting to target up to Scope 3. We have taken into account of the characteristic of the Group's business portfolio, which has a high percentage of sales business to capture development profits.



| Index         |   | Scope 1・2         | Scope 3           |
|---------------|---|-------------------|-------------------|
| <b>Target</b> | Period until FY2031/3<br>Compared with FY2020/3 | reduce <b>35%</b> | reduce <b>35%</b> |

\*Scope 1: Direct emissions including the combustion of fuel, etc.  
 Scope 2: Indirect emissions associated with the use of electricity and heat purchased  
 Scope 3: Indirect emissions other than scopes 1 & 2  
 (category 1: upon the construction of buildings, etc., category 11: upon the use of sold products)

### <Major initiatives to achieve the target>

ZEH-M (Demonstration project / Support project)

→three properties were selected in FY21/3

・PROUD TOWER Kameido Cross (Gate Tower)

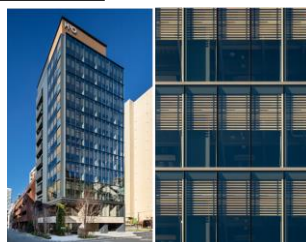


・(tentative name) Kagurazaka Fukuromachi Project  
 ・(tentative name) Musashiurawa station front Project

SGEC/PEFC Project CoC Certification\*

→International Forest certification, recording the first case as office building.

・H<sup>1</sup>O Hirakawacho



\*International certification system that evaluates the project using wood sourced from sustainable forests acquire forest management certification

## ES Issuance of Sustainability Bond

- We issued a "Sustainability Bond" as a means of procuring funds for measures and projects of the group that contribute to solving both environmental and social issues.

### <Outline of Sustainability Bond>

|   |   |  |
|---|---|--|
| <b>Issue size</b>                                   | ¥10 bn  |  |
| <b>Issue schedule</b>                               | February, 26, 2021  |  |
| <b>Third party evaluation (external evaluation)</b> | Vigeo Eiris<br>Japan Credit Rating Agency (JCR)<br>Rating and Information (R&I) |  |
| <b>Use of funds</b>                                 | <b>Green project</b>  | <b>Social project</b>  |
|   | <Green building><br>PMO Nishishinjuku PMO Kanda Iwamotocho II                   | <Service for elderly><br>OUKAS Funabashi<br><Support diversification of workstyle> |

### (Reference) Nomura Real Estate Group Sustainability Bond Framework

・This framework is designed to procure funds for the promotion of real estate projects that contribute to the building of a sustainable society and have high environmental performance.

#### The use of procured funds through this framework and major projects

| E Eligible Green Projects   | S Eligible Social Projects   |
|---|--|
| <input type="checkbox"/> Projects acquired environmental Certification (DBJ GreenBuilding, CASBEE etc.)<br><input type="checkbox"/> ZEH projects in housing sales | <input type="checkbox"/> Disaster prevention <input type="checkbox"/> Job creation<br><input type="checkbox"/> Services for elderly and nursing care<br><input type="checkbox"/> Community empowerment |
| Condominium (ZEH)   | Elderly housings with services   |
| Medium-sized high-grade office  | Shared satellite office  |
| Small office with services  | Human first office   |

- Steadily implementing sustainability and ESG initiatives since listed on the Tokyo stock exchange in October 2006.

As a whole

● NREH was listed on the Tokyo stock exchange (2006)

● Signed the United Nations Global Compact



● Set four key themes and two promotion foundations for sustainability



● Issued our first sustainability bond.

● Established the CSR Committee (Currently the Sustainability Committee) (2011)

2006 2015 2016 2017 2018 2019 2020 2021

● Formulated the Group Environmental Philosophy (2010)

● Announced the target of CO<sub>2</sub> emissions (for scope 1 and 2)

● Agreed to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)



● Approved by SBT initiative, updated the CO<sub>2</sub> emission reduction target. (for scope 3)



● Established the Diversity Promotion Committee (2012)

● Launched the Work Style Reform Promotion Committee

● Launched the Group Wellness Promotion Committee

● Awarded "New Diversity Management Selection 100"



● Developed the idea of 100 Common Space Design Patterns for the Condominium Complex



● Announced "BE UNITED CONCEPT" for new urban development (developing ACTO as a series for urban development activities)

● Group's five companies were selected under the Certified Health and Productivity Management Outstanding Organizations (White 500)



● Transitioned to a company with an Audit & Supervisory Committee

● Implemented performance-based stock incentive plan

**Independent External Director was appointed as the chairman of the Advisory Committee Relating to Nominations and Compensation**

● Adopted the first external director (2013)

● Established Advisory Committee Relating to Nominations and Compensation

● Started an assessment of effectiveness of the Board of Directors

● Implemented an assessment of effectiveness by third party evaluation institution



... New Topics in FY2022/3

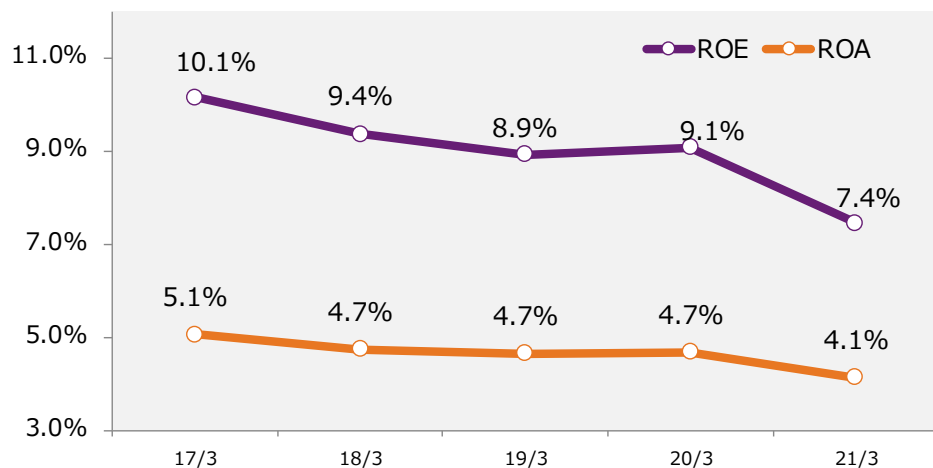
# Reference materials

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## ROA/ROE

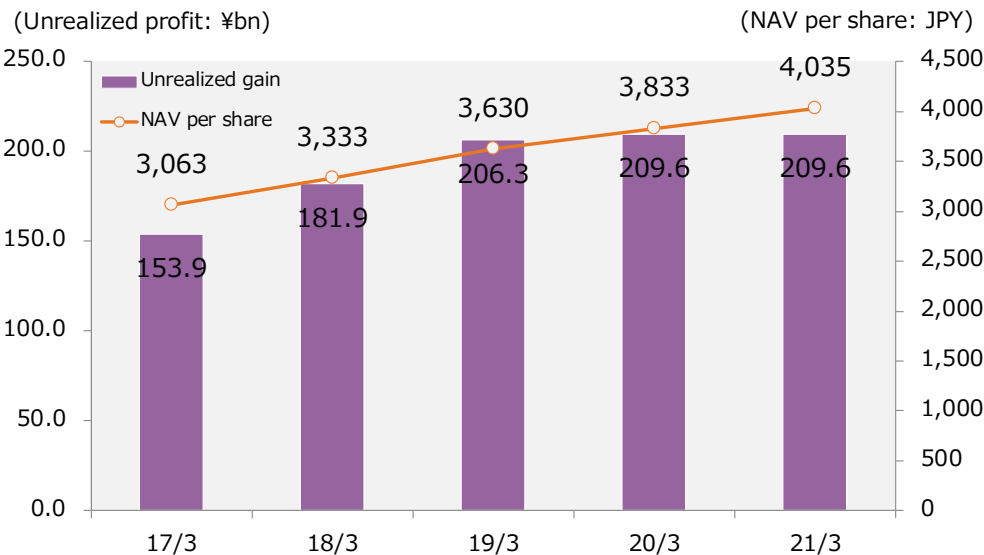
Against our mid-to long-term target of ROA of 5% or higher and ROE of 10% or higher, **ROA was 4.1% and ROE was 7.4%** in FY21/3



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

## Unrealized profit/NAV (Net Asset Value)

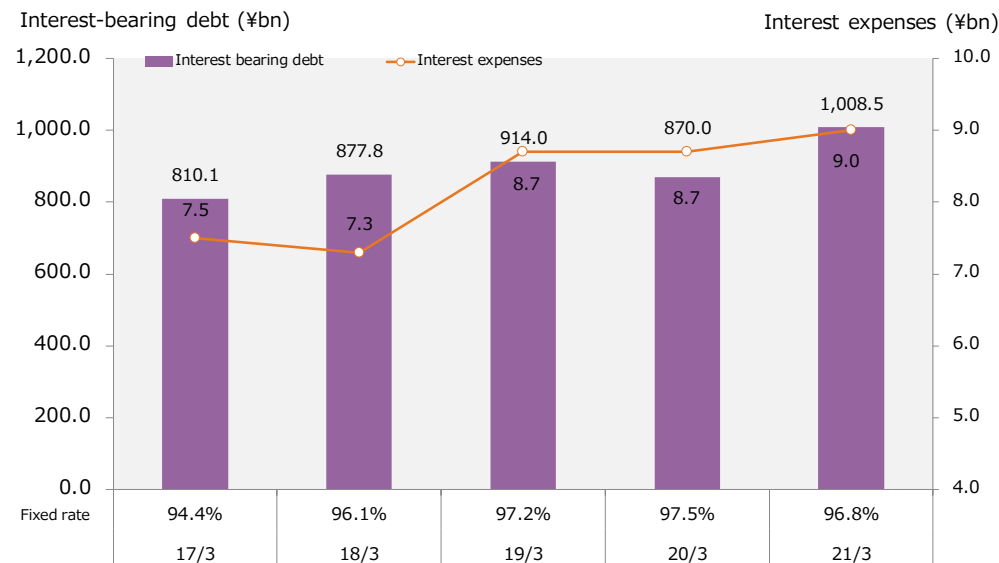
NAV per share increased to **¥ 4,035**(¥ 202 increase from FY20/3)



NAV per share = (shareholders' 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)

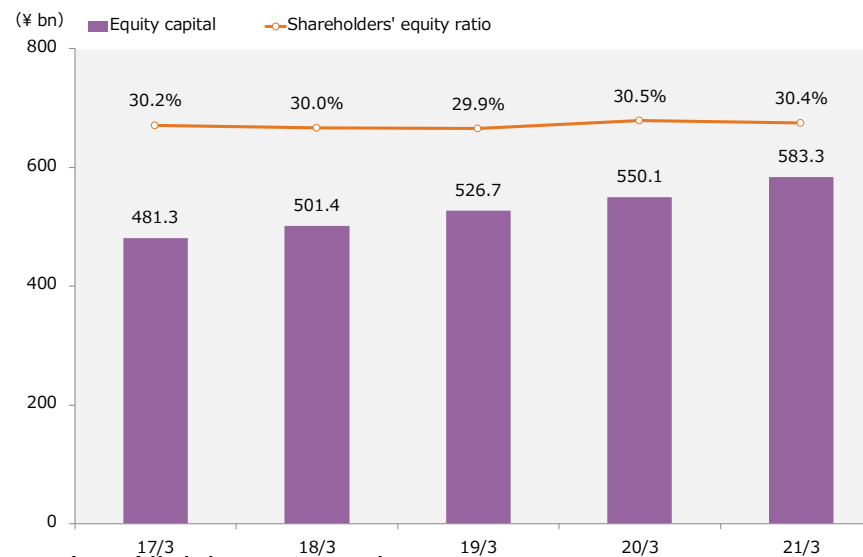
## Interest-bearing debt/Interest expenses

Interest-bearing debt increased due to an issuance of sustainability bond etc.



## Shareholders' equity/Shareholders' equity ratio

Shareholders' equity ratio was **30.4%**, remaining the 30% level of our financial discipline.



# Portfolio strategy for offices

- Workplaces are decentralized due to working from home and teleworking is increasing. The role of office is changing variously, which used to be standardized.
- Respond to the companies trend of using various types of offices depending on their purposes such as small offices, project bases and satellite type offices.

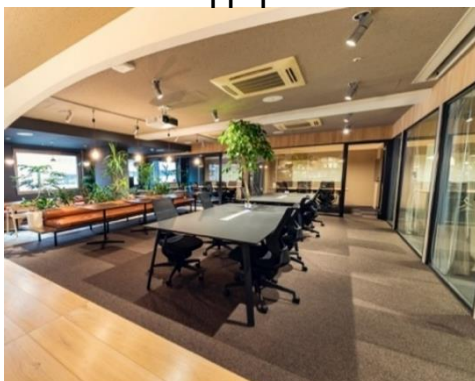
## Satellite · Share

## Small

## Medium

## Large

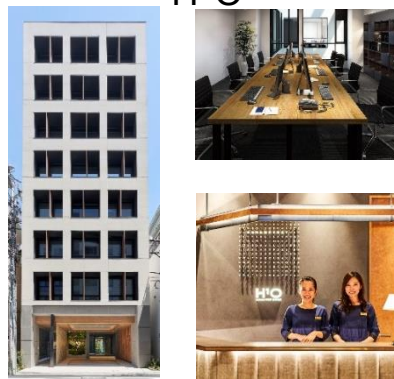
**H<sup>1</sup>T**  
 HUMAN FIRST TIME  
 Satellite shared office  
 H<sup>1</sup>T



Number of members: **1,345** companies, approx. **137,000** people  
 Number of offices: **95** including affiliated offices  
 (all data are as of Jun. 30, 2021.)

Members are increasing with the expansion of working from home and teleworking. Opening offices rapidly in the area mainly in Metropolitan area (Tokyo, and urban area) and also in regional business cities such as Kansai area.

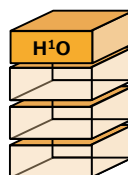
**H<sup>1</sup>O**  
 HUMAN FIRST OFFICE  
 Quality small office  
 H<sup>1</sup>O



Number of properties including planned ones: **16**

We can capture diverse office demands by incorporating small offices H<sup>1</sup>O and PMO in large-sized office.

### Develop entire property for H<sup>1</sup>O

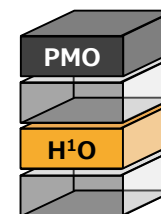


We can develop H<sup>1</sup>O by flexible layouts, even in small areas and irregularly shaped areas. It can provide extensive facilities for common use.

**PMO**  
 PREMIUM MIDSIZE OFFICE  
 Medium-sized high-grade office  
 PMO



Number of properties including planned ones: **69**



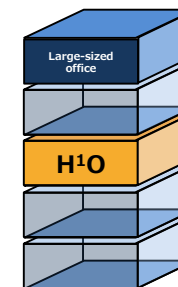
**TOKYO TORANOMON GLOBAL SQUARE, Shibaura 1-chome District Project etc.**

### Large-sized office



TOKYO TORANOMON GLOBAL SQUARE started operation in July 2020. Promoting large-scale mix-used development with a focus on redevelopment projects

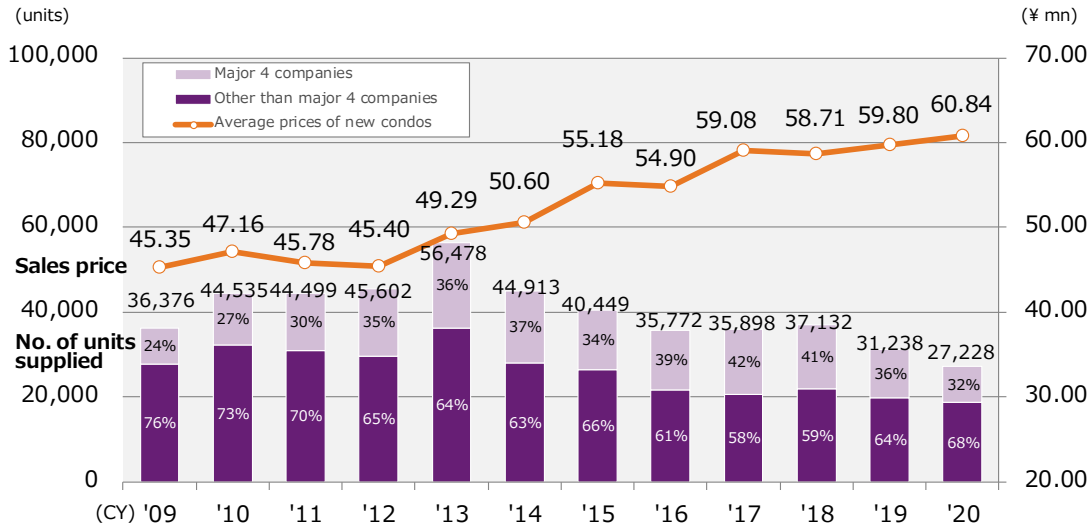
### Incorporate H<sup>1</sup>O in newly developed property's floors



Opened H<sup>1</sup>O in newly developed properties including TOKYO TORANOMON GLOBAL SQUARE and PMO Nishishinjuku by capturing the demand of small office in well-located office areas. We can provide high-speculation facilities, even in small-sized office.

Enforcing development competitiveness

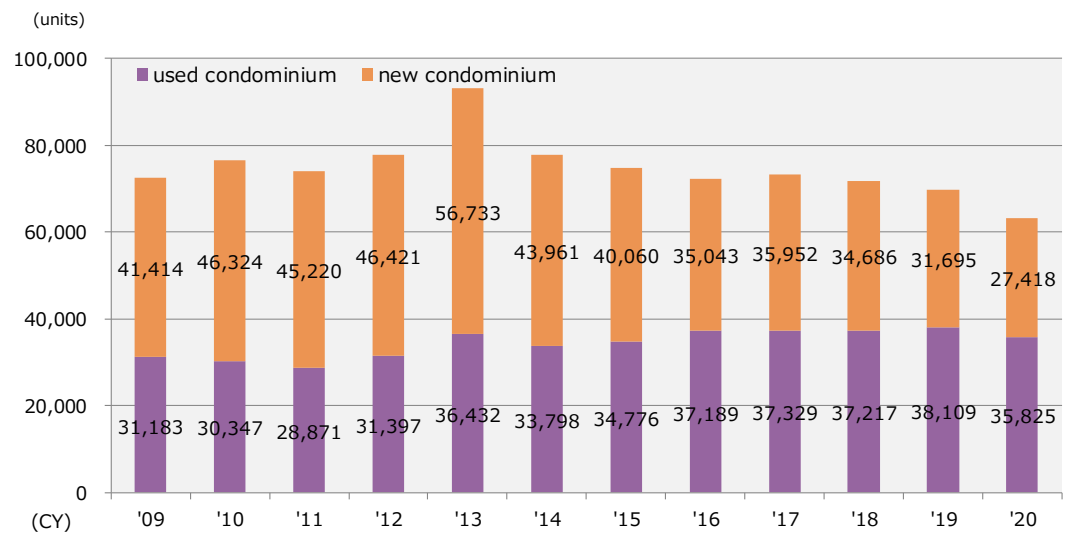
## The number of new condos and housing prices (Tokyo Metropolitan Area)



Source by Japan Real Estate Institute

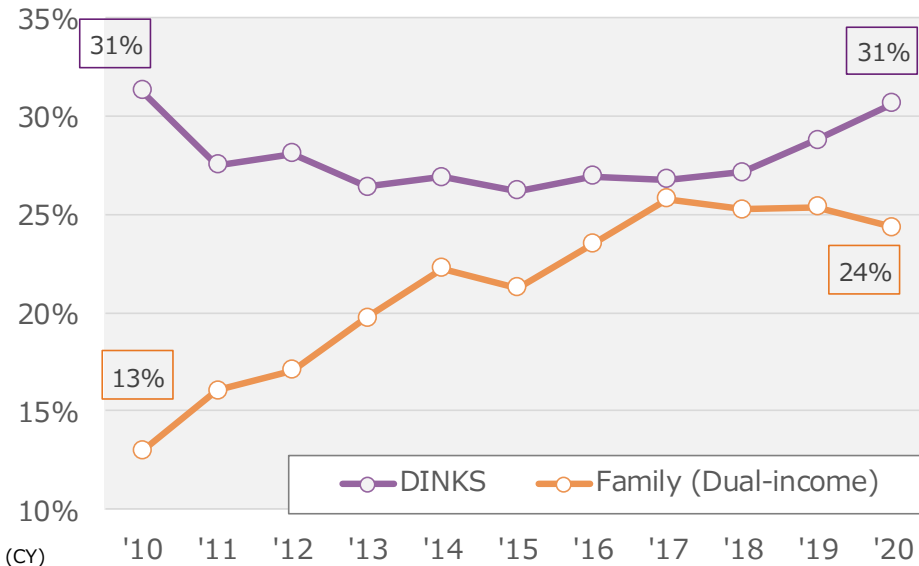
Major 4 companies; NRE, Sumitomo Realty & Development Co., Ltd., Mitsui Fudosan Co., Ltd, Mitsubishi Estate Co., Ltd.

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



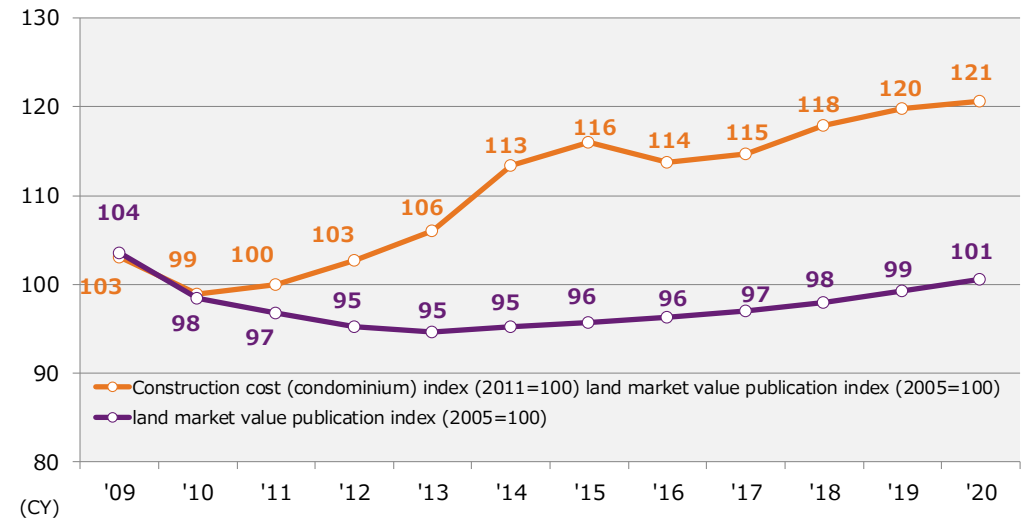
Source by NREH based on Japan Real Estate Institute Reins

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



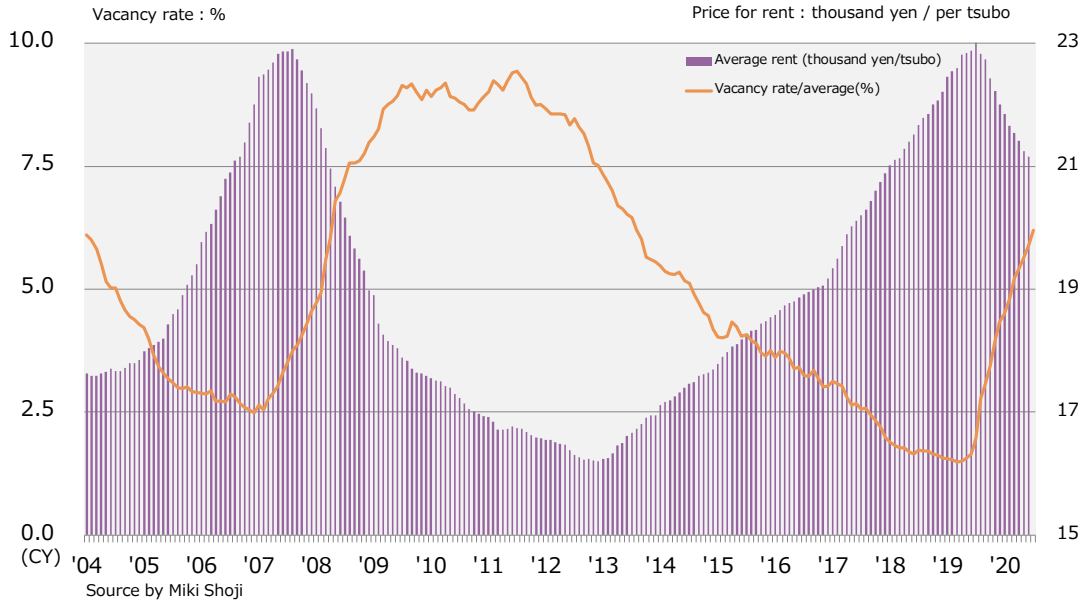
Source by NREH based on SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2019

## The transition of construction cost and land price

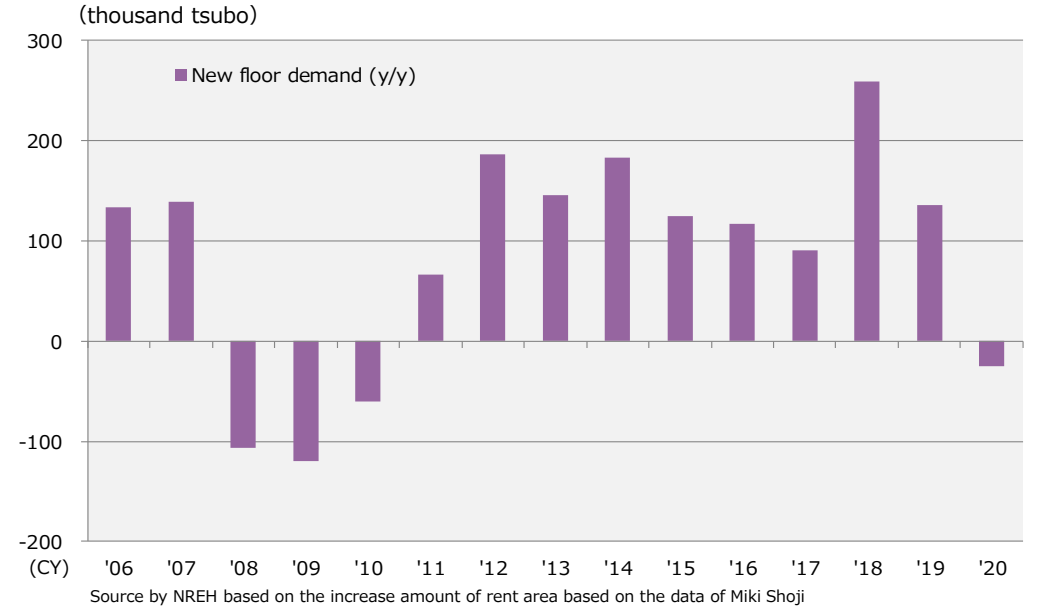


Source by Construction Research Institute, Ministry of Land, Infrastructure, Transport and Tourism.

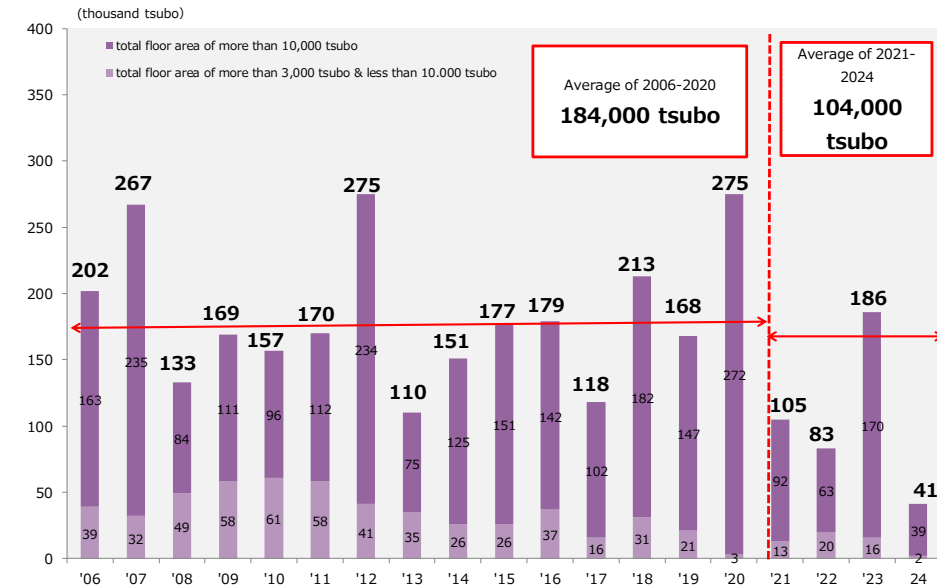
## Transition of rent and vacancy rate in Tokyo central five wards



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

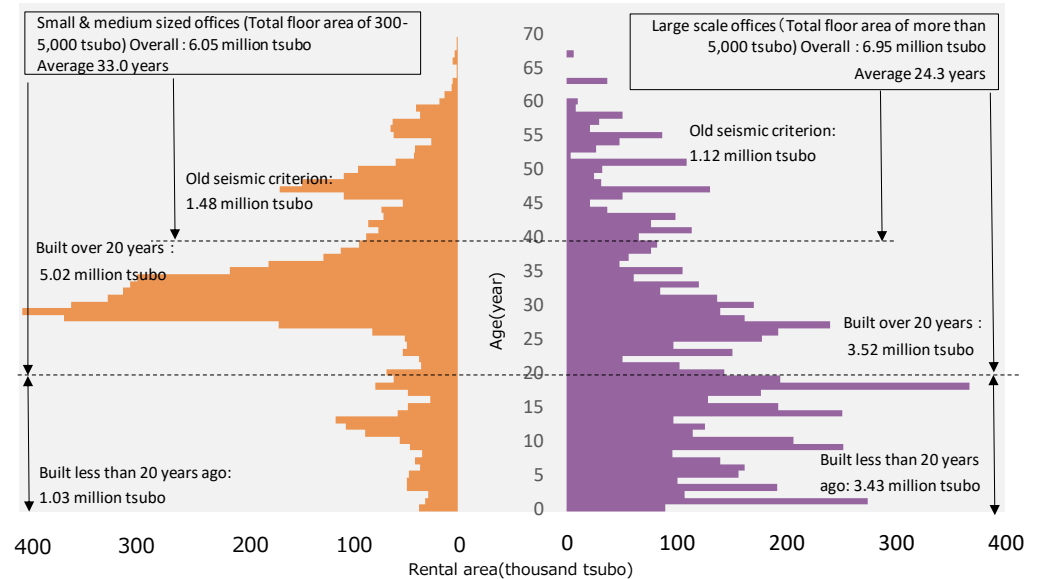


## The outlook for the new supply of office space in 23 wards of Tokyo (based on rental area)



Source by NREH based on the report of " [Tokyo 23 wards] The volume of office new supply 2021 " (XYMAX REAL ESTATE INSTITUTE Corporation)

## The distribution of office building age in 23 wards of Tokyo



Source by NREH based on " [Tokyo 23 wards] office pyramid 2021" (XYMAX REAL ESTATE INSTITUTE Corporation)

# The major upcoming projects

## Major projects

| Schedule for sales | Property name                    | Location               | Total number of housings | Our share   |
|--------------------|----------------------------------|------------------------|--------------------------|-------------|
| FY20/3-            | PROUD CITY Shinonome Canal Marks | Koto-ku, Tokyo         | 472 units                | 472 units   |
| FY20/3-            | PROUD CITY Hiyoshi*              | Yokohama-shi, Kanagawa | 1,320 units              | 1,082 units |
| FY21/3-            | PROUD Daikanyama Front & Terrace | Shibuya-ku, Tokyo      | 95 units                 | 95 units    |
| FY22/3-            | PROUD TOWER Kameido Cross*       | Koto-ku, Tokyo         | 934 units                | 793 units   |
| FY22/3             | PROUD Takadanobaba               | Shinjuku-ku, Tokyo     | 135 units                | 135 units   |
| FY23/3-            | PROUD Tower Shibaura             | Minato-ku, Tokyo       | 421 units                | 421 units   |
| after FY24/3       | PROUD Tower Meguro MARC*         | Shinagawa-ku, Tokyo    | 301 units                | 210 units   |
| after FY24/3       | Jingumae 6-chome project         | Shibuya-ku, Tokyo      | 77 units                 | 77 units    |



PROUD TOWER Kameido Cross

## Major projects (redevelopment and rebuilding)

| Schedule for sales | Property name   | Location               | Total number of housings | Our share         |
|--------------------|---|------------------------|--------------------------|-------------------|
| FY21/3-            | THE COURT Jingu-Gaien*                                | Shibuya-ku, Tokyo      | 216 units                | 75 units          |
| FY21/3-            | PROUD TOWER Musashi-Koganei Cross                     | Koganei-shi, Tokyo     | 613 units                | 613 units         |
| FY21/3-            | PROUD TOWER Sakai-Higashi*                            | Sakai-shi, Osaka       | 320 units                | 272 units         |
| FY21/3-            | Mihama City Kemigahama*                               | Chiba-shi, Chiba       | 886 units                | 567 units         |
| FY22/3             | PROUD TOWER Kanamachi                                 | Katsushika-ku, Tokyo   | 171 units                | 171 units         |
| FY22/3             | PROUD TOWER Nagoya Nishiki*                           | Nagoya-shi, Aichi      | 340 units                | 133 units         |
| FY22/3-            | PROUD TOWER Higashi-Ikebukuro Station Arena           | Toshima-ku, Tokyo      | 193 units                | 193 units         |
| FY23/3-            | PROUD Hankyu Tsukaguchi Station-Front                 | Amagasaki-shi, Hyogo   | 415 units                | 415 units         |
| FY23/3-            | Kawaguchi Sakaecho 3-chome District Redevelopment     | Kawaguchi-shi, Saitama | 450 units                | 450 units         |
| FY23/3-            | Minamikojiwa 6-chome District Redevelopment*          | Edogawa-ku, Tokyo      | 516 units                | 309 units         |
| after FY24/3       | Minami-Ikebukuro 2-chome C District Redevelopment*    | Toshima-ku, Tokyo      | 1,198 units              | 372 units         |
| after FY24/3       | Okayama-shi Ekimaecho 1-chome District Redevelopment* | Okayama-shi, Okayama   | approx. 400 units        | approx. 340 units |
| after FY24/3       | Tsukishima 3-chome south District Redevelopment*      | Chuo-ku, Tokyo         | 580 units                | 232 units         |
| after FY24/3       | Toyomi District Redevelopment*                        | Chuo-ku, Tokyo         | 1,540 units              | 269 units         |
| after FY24/3       | Nishi-Azabu 3-chome Redevelopment*                    | Minato-ku, Tokyo       | approx. 350 units        | approx. 280 units |
| after FY24/3 (TBD) | Nishi-Shinjuku 3-chome west District Redevelopment*   | Shinjuku-ku, Tokyo     | TBD                      | TBD               |



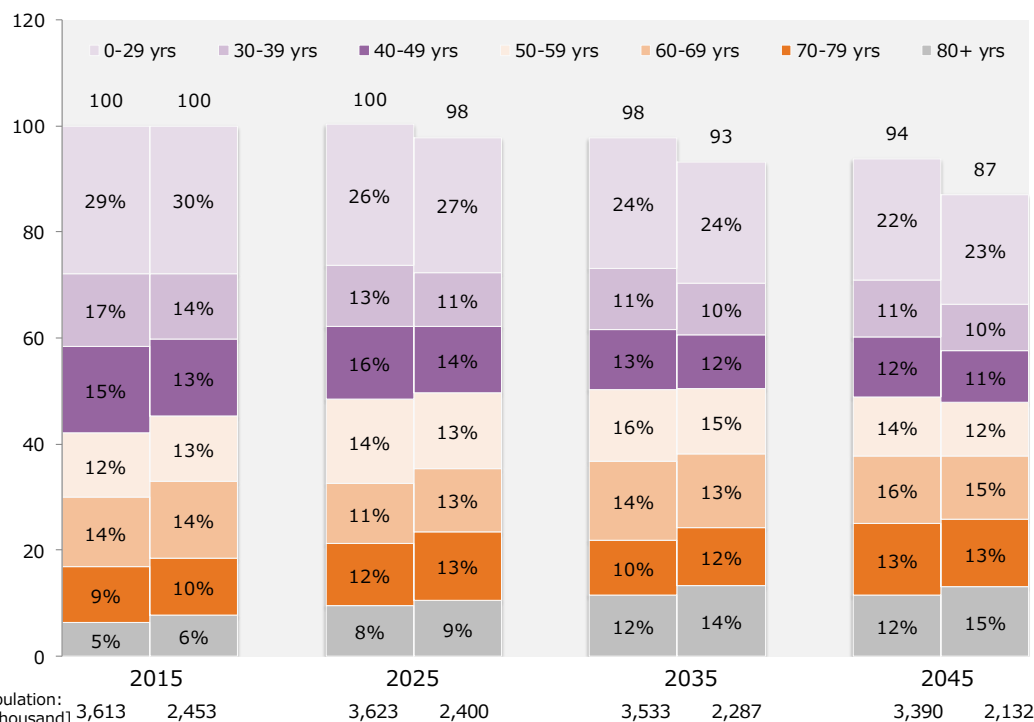
PROUD TOWER Higashi-Ikebukuro Station Arena

\*JV projects

# Residential development in local core cities

- Developing business in local core cities including Shinkansen stop station. Utilizing our development 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.

## Major projects in progress

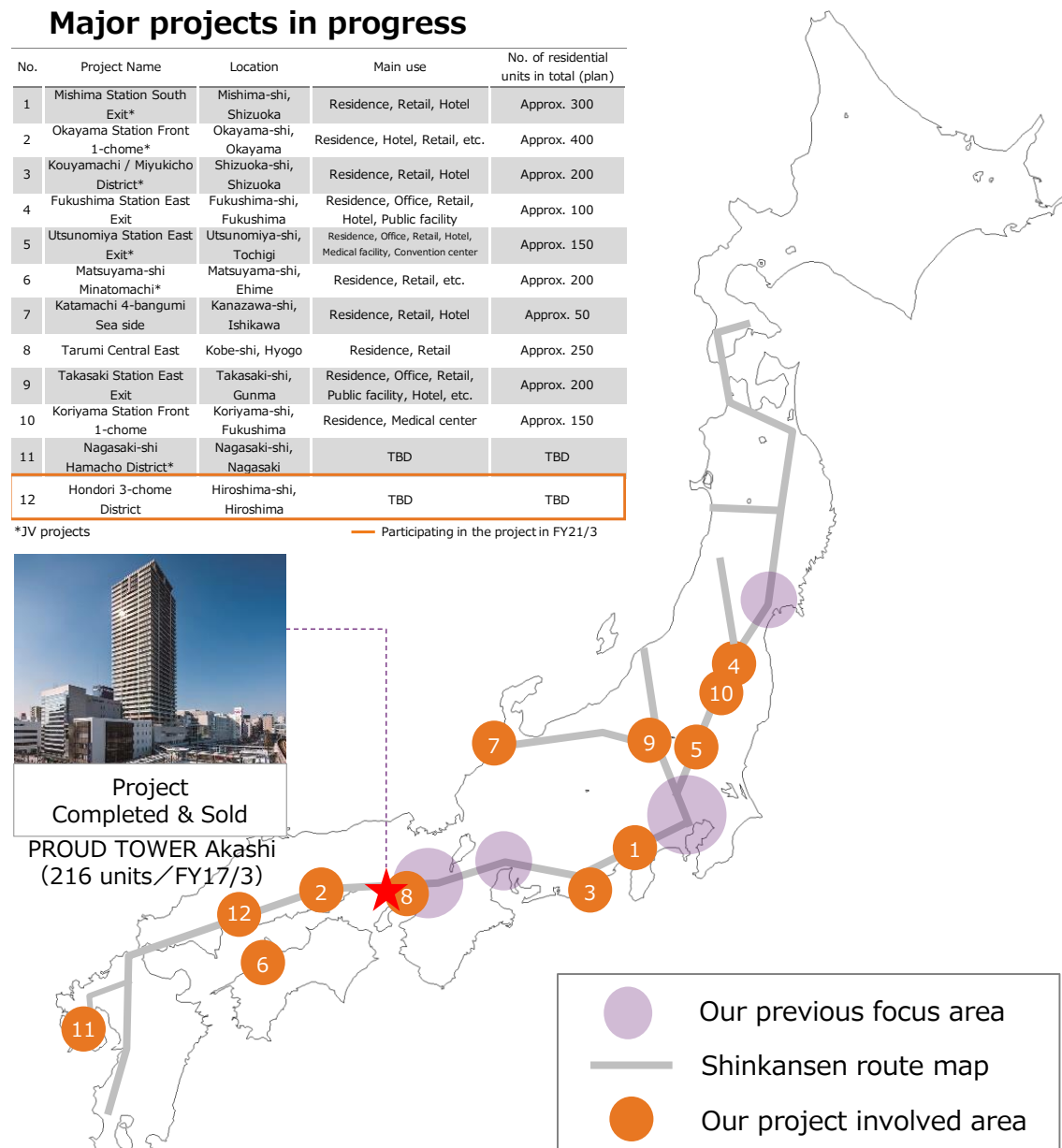
| No. | Project Name                     | Location                 | Main use  | No. of residential units in total (plan) |
|-----|----------------------------------|--------------------------|---|--|
| 1   | Mishima Station South Exit*      | Mishima-shi, Shizuoka    | Residence, Retail, Hotel  | Approx. 300                              |
| 2   | Okayama Station Front 1-chome*   | Okayama-shi, Okayama     | Residence, Hotel, Retail, etc.  | 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, Public facility                     | Approx. 100                              |
| 5   | Utsunomiya Station East Exit*    | Utsunomiya-shi, Tochigi  | Residence, Office, Retail, Hotel, Medical facility, Convention center | Approx. 150                              |
| 6   | Matsuyama-shi Minatomachi*       | Matsuyama-shi, Ehime     | Residence, Retail, etc.   | Approx. 200                              |
| 7   | Katamachi 4-bangumi Sea side     | Kanazawa-shi, Ishikawa   | Residence, Retail, Hotel  | Approx. 50                               |
| 8   | Tarumi Central East              | Kobe-shi, Hyogo          | Residence, Retail   | Approx. 250                              |
| 9   | Takasaki Station East Exit       | Takasaki-shi, Gunma      | Residence, Office, Retail, Public facility, Hotel, etc.               | Approx. 200                              |
| 10  | Koriyama Station Front 1-chome   | Koriyama-shi, Fukushima  | Residence, Medical center   | Approx. 150                              |
| 11  | Nagasaki-shi Hamacho District*   | Nagasaki-shi, Nagasaki   | TBD   | TBD                                      |
| 12  | Hondori 3-chome District         | Hiroshima-shi, Hiroshima | TBD   | TBD                                      |

\*JV projects

— Participating in the project in FY21/3



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



## Shibaura 1-chome district



Location: Minato-ku, Tokyo  
Area scale:  
S tower-46 floors with 5 basement, approx. 235m  
N tower-47 floors with 1 basement, approx. 235m  
Land area: about 40,000m<sup>2</sup>  
Gross floor area: about 550,000m<sup>2</sup>  
Main use: 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  
Area scale: 51 floors above ground, 5 basement floors, approx. 287m (C block)  
Land area: approx. 18,900m<sup>2</sup>  
Gross floor area: about 373,200m<sup>2</sup>  
Main use: 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

**“PMO” — Medium-scale office building with the similar quality and specification as large-scale “class A” office building**



PMO EX Shinosaka



PMO Kojimachi



PMO Jinbocho

<Projects completed and progressing in FY22/3 >

|   | Name(PMO)                                | Location          | Completion     |
|---|--|-------------------|----------------|
| 1 | PMO EX Shinosaka                         | Osaka-shi, Osaka  | 2021/5         |
| 2 | PMO Kojimachi                            | Chiyoda-ku, Tokyo | 2021/6         |
| 3 | PMO Yotsubashi hommachi                  | Osaka-shi, Osaka  | 2022/3 (plan)  |
| 4 | PMO Jinbocho                             | Chiyoda-ku, Tokyo | 2022/5 (plan)  |
| 5 | PMO EX Yodoyabashi                       | Osaka-shi, Osaka  | 2022/10 (plan) |
| 6 | PMO Yodoyabashi (tentative name)         | Osaka-shi, Osaka  | 2023/8 (plan)  |
| 7 | PMO EX Hommachi 3-chome (tentative name) | Osaka-shi, Osaka  | 2024/12 (plan) |

**“H<sup>10</sup>” — Small office with services to meet the needs of workers in a small team**



H<sup>10</sup> Aoyama

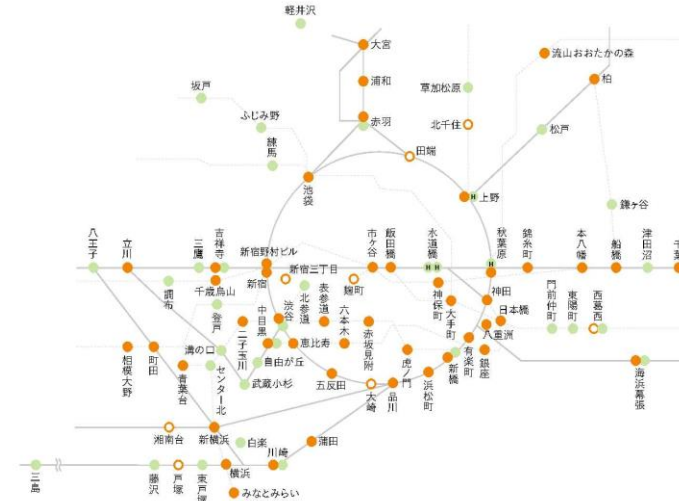
< Projects completed and progressing in FY22/3 >

|   | Name  | Location          | Completion    |
|---|---|-------------------|---------------|
| 1 | H <sup>10</sup> Aoyama                            | Shibuya-ku, Tokyo | 2022/8 (plan) |
| 2 | H <sup>10</sup> Umeda chayamachi (tentative name) | Osaka-shi, Osaka  | 2023/3 (plan) |

**“H<sup>1T</sup>” — Satellite-type shared office that offers to diversification and efficiency of work styles**



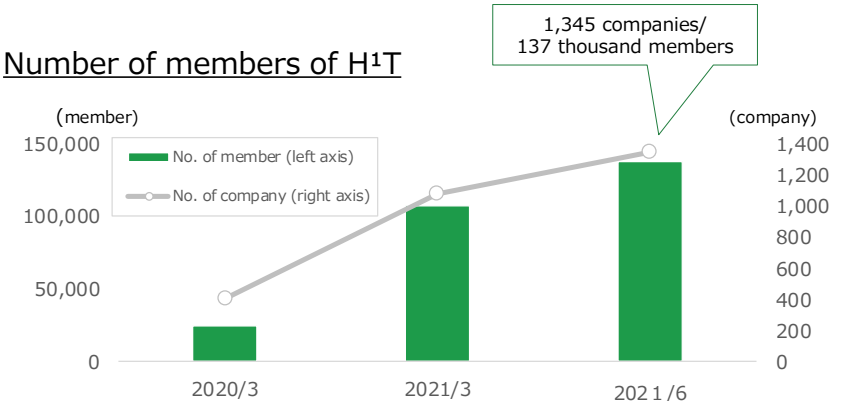
**Tokyo metropolitan area**



Total **84** Offices

- already open
- plan to open
- affiliated office

**Number of members of H<sup>1T</sup>**





**“GEMS”** — Urban retail facility that mainly features restaurant



**“MEFULL”** — Urban retail facility mainly focusing on service industries



GEMS Roppongi



MEFULL Fujisawa

< Projects completed and progressing in FY22/3 >

|   | Name          | Location         | Completion |
|---|---------------|------------------|------------|
| 1 | GEMS Roppongi | Minato-ku, Tokyo | 2021/6     |

|   | Name            | Location               | Completion     |
|---|-----------------|------------------------|----------------|
| 1 | MEFULL Fujisawa | Fujisawa-shi, Kanagawa | 2021/5         |
| 2 | MEFULL Kawasaki | Kawasaki-shi, Kanagawa | 2022/12 (plan) |
| 3 | MEFULL Tamachi  | Minato-ku, Tokyo       | 2023/1 (plan)  |

**“Landport”** — Logistics facility with advanced and high functionality



Landport Ome III

< Projects completed and progressing in FY22/3 >

|   | Name                                    | Location               | Completion     |
|---|---|------------------------|----------------|
| 1 | Landport Ome III                        | Ome-shi, Tokyo         | 2021/5         |
| 2 | Landport Koshigaya                      | Koshigaya-shi, Saitama | 2021/5         |
| 3 | Landport Ageo I                         | Ageo-shi, Saitama      | 2021/11 (plan) |
| 4 | Landport Niiza                          | Niiza-shi, Saitama     | 2022/2 (plan)  |
| 5 | Landport Komaki ANNEX                   | Komaki-shi, Aichi      | 2022/3 (plan)  |
| 6 | Landport Ageo II                        | Ageo-shi, Saitama      | 2022/5 (plan)  |
| 7 | Landport Tama                           | Hachioji-shi, Tokyo    | 2022/6 (plan)  |
| 8 | Landport Kyoto Minami (tentative name)  | Muko-shi, Kyoto        | 2023/2 (plan)  |
| 9 | Aikogun Aikawamachi PJ (tentative name) | Aiko-gun, Kanagawa     | 2023/2 (plan)  |

# Our major properties (office, retail facility)

| Name                                     | Location                            | Net lettable area<br>*Our share | Completion   |
|--|-------------------------------------|---------------------------------|--------------|
| Yokohama Business Park                   | Hodogaya-ku, Yokohama-shi, Kanagawa | 172,725m <sup>2</sup>           | 1990/1, etc. |
| Hamamatsucho Building (Toshiba Building) | Minato-ku, Tokyo                    | 94,777m <sup>2</sup>            | 1984/3       |
| LAZONA Kawasaki Toshiba Building         | Saiwai-ku, Kawasaki-shi, Kanagawa   | 78,437m <sup>2</sup>            | 2013/3       |
| LAZONA Kawasaki Plaza                    | Saiwai-ku, Kawasaki-shi, Kanagawa   | 46,989m <sup>2</sup>            | 2006/9       |
| Morisia Tsudanuma                        | Narashino-shi, Chiba                | 39,475m <sup>2</sup>            | 1978/10      |
| Shinjuku Nomura Building                 | Shinjuku-ku, Tokyo                  | 30,406m <sup>2</sup>            | 1978/5       |
| Shinyokohama Toshiba Building            | Kohoku-ku, Yokohama-shi, Kanagawa   | 25,494m <sup>2</sup>            | 1969/6, etc. |
| Fuchu Toshiba Building                   | Fuchu-shi, Tokyo                    | 23,740m <sup>2</sup>            | 1993/4       |
| Nihonbashi Muromachi Nomura Building     | Chuo-ku, Tokyo                      | 22,247m <sup>2</sup>            | 2010/9       |



Shinjuku Nomura Building



Hamamatsucho Building



Yokohama Business Park



Morisia Tsudanuma



LAZONA Kawasaki  
Toshiba Building



LAZONA Kawasaki Plaza



Nihonbashi Muromachi  
Nomura Building

# Mutual growth of our Group and REITs

- Established a leasing value chain to achieve further mutual growth between the company and its group REITs (NMF and NPR).
- To realize mutual growth, we are utilizing the leasing value chain, and buying and selling properties between the company and group REITs.
- In the FY20/3, we added private funds to the list of providing our property information. It contributed to the AUM expansion in FY22/3.



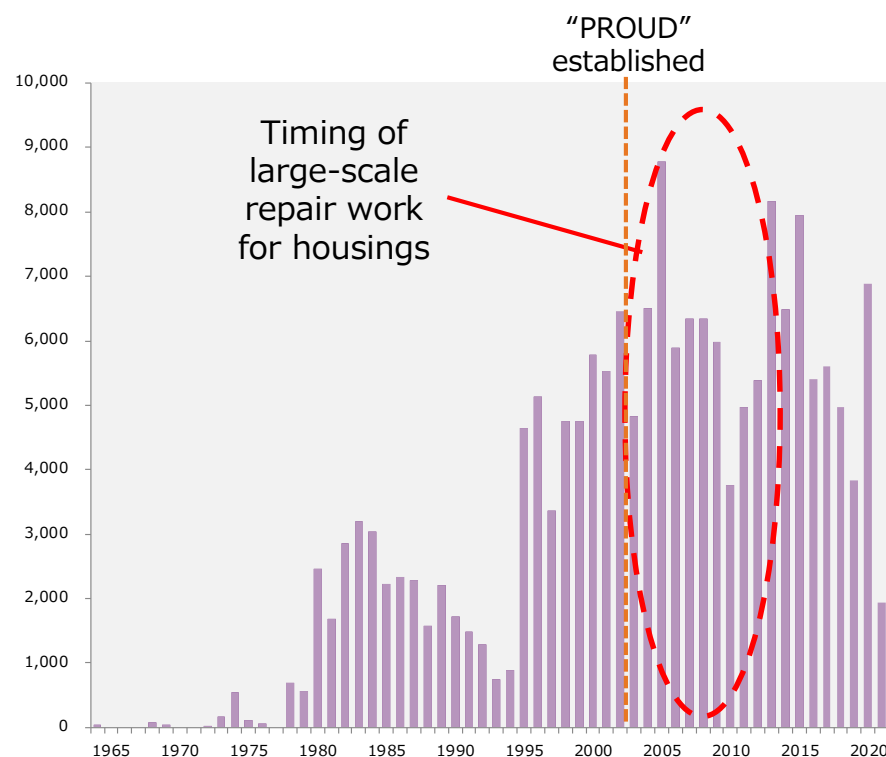
\*The amount of acquisition and sales for each tables are based on the REIT's disclosure materials.

- The number of housing which requires large-scale condo repair work has increased after 18 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 extends the cycle for carrying out large-scale repair to 16-18 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

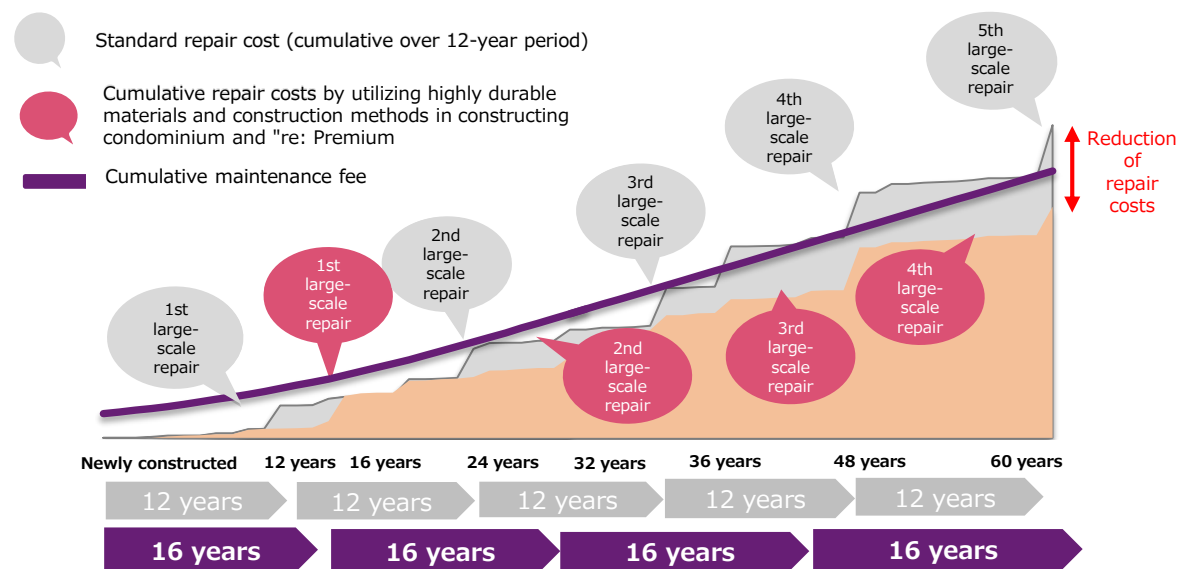
Our management stock is increasing 5,000 units every year on average with the housing sales business volume expansion since 2000. The timing for large-scale repair has come in many condos under management.

(unit)



## 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

# Outline of Nomura Real Estate Group

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## **Our Group Vision**

### **New Value, Real Value**

Integrating all that is precious to  
people and communities,  
we build cities—dynamic stages that connect today with  
tomorrow's possibilities,  
and embrace every moment of life's pursuits.  
We create new value, social value, and, above all,  
real value.

# Corporate history

1957

Spins off from Nomura Securities Co., Ltd. and launches real estate business

1978

Completes construction of Shinjuku Nomura Building and moved the HQ from Nihonbashi

1988

Completes construction of Yokohama Business Park (YBP), one of the largest business development in the private sector

2002

Establishes unified brand name "PROUD" for residential products and services

2011

Launches a condominium brand "OHANA."

2015

Lists one of the largest diversified J-REIT, Nomura Real Estate Master Fund, Inc on the Tokyo Stock Exchange

2018

Build a strategic partnership with Lothbury Investment Management, an UK real estate investment manager

2020

Completes construction of TOKYO TORANOMON GLOBAL SQUARE



1960

1970

1980

1990

2000

2010

1961

Launches residential land development business with development of Kajiwarayama residential area in Kamakura

1963

Launches condominium development business with the construction of Co-op Takenomaru in Yokohama

2006

Lists Nomura Real Estate Holdings, Inc. on the First Section of the Tokyo Stock Exchange

2008

Completes construction of PMO Nihonbashi Honcho, the first development in the PMO series

2008

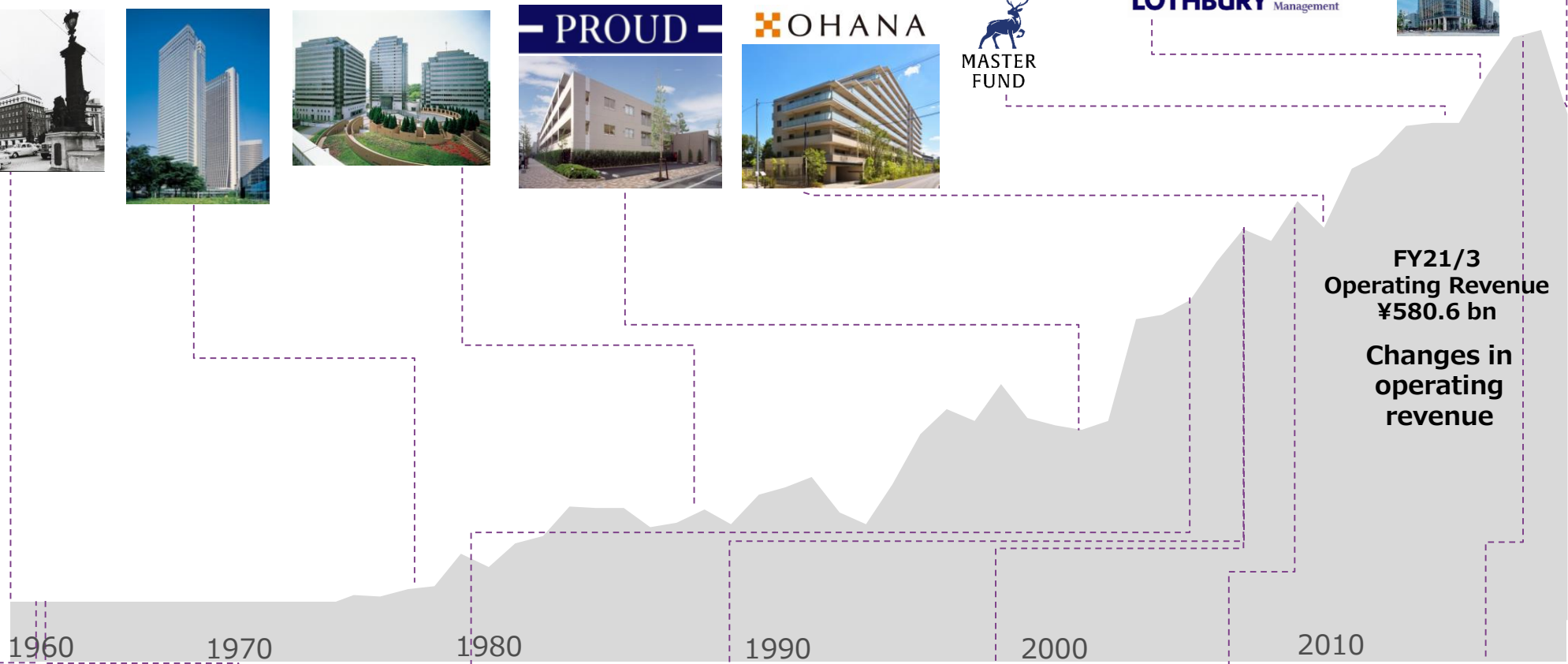
NREG TOSHIBA BUILDING Co., Ltd. joins the group

2010

Completes construction of the Nihonbashi Muromachi Nomura Building

2019

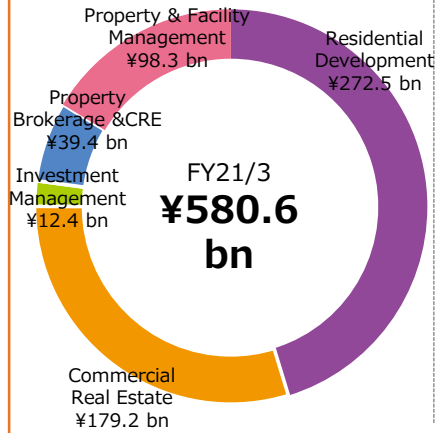
Hotel Niwa Tokyo joins the group



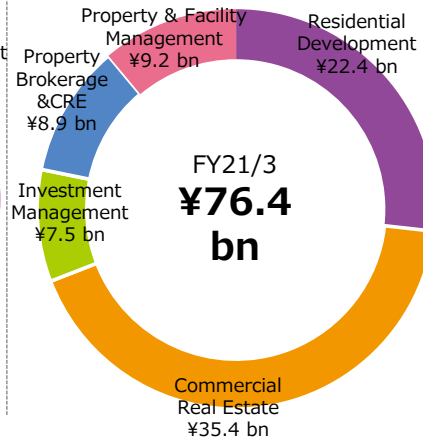
\*Note: The Operating revenue until FY2003 are only the figures of Nomura Real Estate Development.

## Group's business

### Group's revenue



### Group's business profit



### Development Sector

#### Residential Development Business Unit

- Development and sales of residences including condominiums and detached housing, etc.
- Development and sales of rental housing
- Development and management of senior housing

#### Commercial Real Estate Business Unit

- Development, leasing, and management of office buildings, retail facilities, logistics facilities, and hotels, etc.
- Property development for sales (office buildings, retail facilities and logistics facilities, etc.) for investors
- Management of fitness clubs

### Service & Management Sector

#### Investment Management Business Unit

- Asset management of real estate securitization products including REITs and private equity funds, etc.

#### Property Brokerage & CRE Business Unit

- Real estate brokerage and consulting business
- Consignment of sales of newly built condominiums and detached housings, etc.

#### Property & Facility Management Business Unit

- Management of condominiums, office buildings, and educational and other facilities
- Contract work for repair and tenant-related construction work

## Capital policy

### Mid-to long term policy

- Achieve ROE exceeding cost of equity (7-8%)
- Achieve highly efficient management and high shareholder return at the same time

#### Asset efficiency

ROA: **5%** or more  
(FY21/3: 4.1%)

#### Capital efficiency

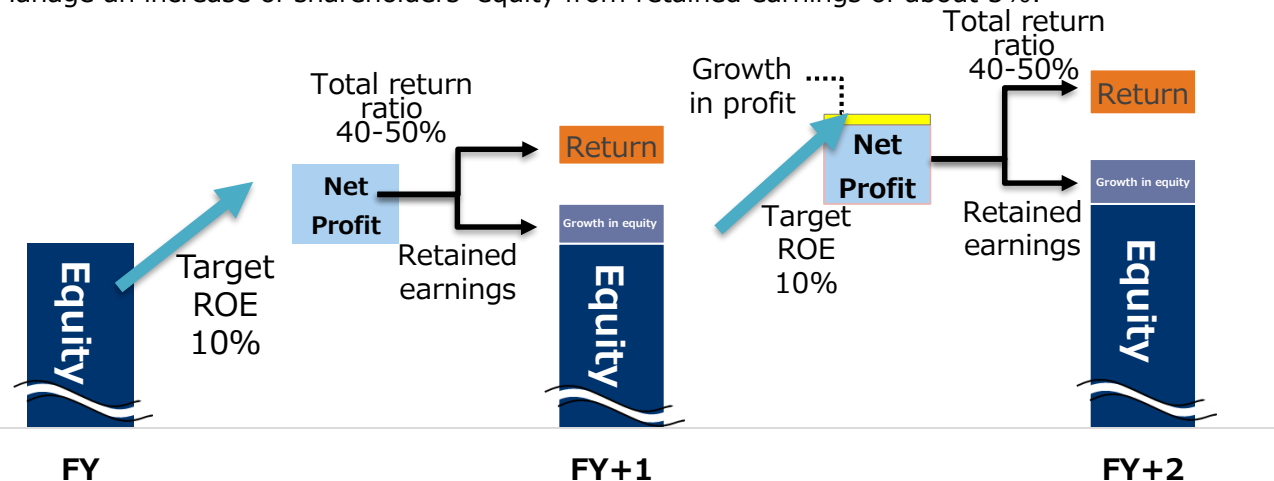
ROE: **10%** or more  
(FY21/3: 7.4%)

#### Shareholder returns <FY20/3-FY22/3>

Total return ratio : approx. **40-50%**  
(FY21/3: 45.3%)

### Our equity story to promote both investment for growth and shareholder returns

- Allocate the profits generated by highly efficient management to investment for growth and shareholder returns.
- Manage an increase of shareholders' equity from retained earnings of about 5%.



## 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 both committees.
- The chairman of the Advisory Committee Relating to Nominations and Compensation is an Independent External Director.

### Directors composition (since 06/24/2021)

- 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 | Real estate construction | Overseas business | ICT digital |
| Nagamatsu | Internal (non executive) |                      | M      |                                 | ●   | ●                                     | ●         | ●               |             |                          |                   |             |
| Kutsukake | Internal                 |                      | M      |                                 |   | ●                                     | ●         |                 |             | ●                        |                   |             |
| Matsuo    | Internal                 |                      | M      |                                 |   | ●                                     |           |                 |             | ●                        |                   |             |
| Haga      | Internal                 |                      | M      |                                 |   | ●                                     | ●         | ●               |             | ●                        |                   |             |
| Kurokawa  | Internal                 |                      | M      |                                 |   | ●                                     | ●         | ●               |             | ●                        |                   |             |
| Higashi   | External                 | ●                    | M      |                                 | ◎   | ●                                     | ●         |                 |             |                          | ●                 | ●           |
| Ito       | External                 | ●                    | F      |                                 |   | ●                                     |           |                 |             |                          |                   | ●           |
| Kimura    | Internal (non executive) |                      | M      | ◎                               |   | ●                                     | ●         | ●               |             | ●                        |                   |             |
| Takayama  | Internal (non executive) |                      | M      | ●                               |   | ●                                     | ●         | ●               |             | ●                        |                   |             |
| Mogi      | External                 | ●                    | M      | ●                               | ●   | ●                                     | ●         | ●               |             |                          | ●                 |             |
| Miyakawa  | External                 | ●                    | F      | ●                               |   |                                       | ●         | ●               |             |                          | ●                 |             |
| Takahashi | External                 | ●                    | M      | ●                               | ●   |                                       |           |                 | ●           |                          |                   |             |

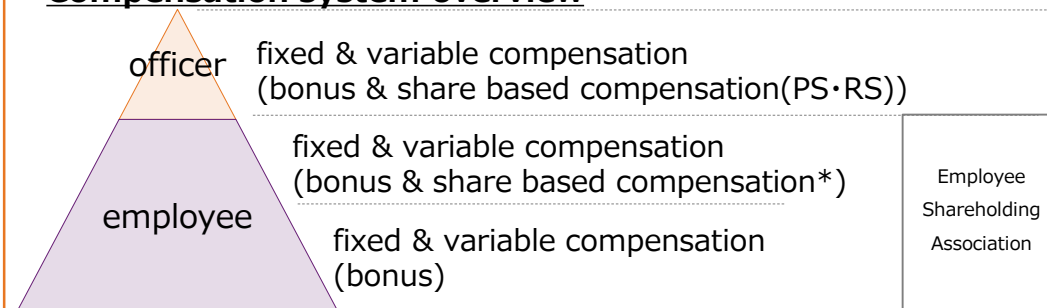
\*◎ represents the chairperson of each committee

\*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



# 10 year data

| units | 12/3 | 13/3 | 14/3 | 15/3 | 16/3 | 17/3 | 18/3 | 19/3 | 20/3 | 21/3 |
|-------|------|------|------|------|------|------|------|------|------|------|
|-------|------|------|------|------|------|------|------|------|------|------|

## Financial data

|                            |           |         |         |         |         |         |         |         |         |         |                |
|----------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| Operating revenue          | ¥bn       | 450.8   | 517.7   | 532.0   | 567.1   | 569.5   | 569.6   | 623.7   | 668.5   | 676.4   | <b>580.6</b>   |
| Business profit*1          | ¥bn       | 49.9    | 58.3    | 74.3    | 71.8    | 80.9    | 77.2    | 76.6    | 79.6    | 82.8    | <b>76.4</b>    |
| Net profit                 | ¥bn       | 17.5    | 19.3    | 26.8    | 38.4    | 47.1    | 47.0    | 46.0    | 45.8    | 48.8    | <b>42.1</b>    |
| Total assets               | ¥bn       | 1,402.6 | 1,369.9 | 1,313.8 | 1,369.2 | 1,485.4 | 1,593.0 | 1,673.0 | 1,759.4 | 1,801.2 | <b>1,921.3</b> |
| Shareholders' equity       | ¥bn       | 317.0   | 336.2   | 355.6   | 394.0   | 444.8   | 481.3   | 501.4   | 526.7   | 550.1   | <b>583.3</b>   |
| Shareholders' equity ratio | %         | 22.6    | 24.5    | 27.1    | 28.8    | 29.9    | 30.2    | 30.0    | 29.9    | 30.5    | <b>30.4</b>    |
| Debt/ equity ratio         | times     | 2.4     | 2.0     | 1.7     | 1.6     | 1.6     | 1.7     | 1.8     | 1.7     | 1.6     | <b>1.7</b>     |
| Interest-bearing debt      | ¥bn       | 758.5   | 669.2   | 617.5   | 616.7   | 721.9   | 810.1   | 877.8   | 914.0   | 870.0   | <b>1,008.5</b> |
| Interest expenses          | ¥bn       | 14.3    | 12.5    | 10.0    | 8.8     | 7.8     | 7.5     | 7.3     | 8.7     | 8.7     | <b>9.0</b>     |
| Debt/ ebitda ratio*2       | times     | 14.4    | 11.0    | 8.5     | 7.5     | 7.6     | 8.6     | 9.4     | 9.8     | 8.6     | <b>11.0</b>    |
| Unrealized gain*3          | ¥bn       | 33.1    | 37.2    | 41.2    | 70.2    | 110.9   | 153.9   | 181.9   | 206.3   | 209.6   | <b>209.6</b>   |
| Dividend payout ratio*4    | %         | 27.1    | 29.5    | 24.9    | 22.4    | 23.3    | 26.5    | 28.9    | 30.5    | 30.1    | <b>35.8</b>    |
| Total return ratio*5       | %         | 27.1    | 29.5    | 24.9    | 22.4    | 23.3    | 26.5    | 50.6    | 41.4    | 46.5    | <b>45.3</b>    |
| ROA*6                      | %         | 3.7     | 4.5     | 5.6     | 5.5     | 5.8     | 5.1     | 4.7     | 4.7     | 4.7     | <b>4.1</b>     |
| ROE*7                      | %         | 5.7     | 5.9     | 7.8     | 10.3    | 11.2    | 10.1    | 9.4     | 8.9     | 9.1     | <b>7.4</b>     |
| NAV per share*8            | yen/share | 1,767   | 1,885   | 1,997   | 2,298   | 2,708   | 3,063   | 3,333   | 3,630   | 3,833   | <b>4,035</b>   |
| EPS                        | yen/share | 92.38   | 101.61  | 140.7   | 201.28  | 246.42  | 245.1   | 240.89  | 245.99  | 267.21  | <b>232.53</b>  |
| DPS                        | yen/share | 25.00   | 30.00   | 35.00   | 45.00   | 57.50   | 65.00   | 70.00   | 75.00   | 80.00   | <b>82.50</b>   |

## Stock market index

|                            |       |      |      |      |      |     |       |        |        |       |               |
|----------------------------|-------|------|------|------|------|-----|-------|--------|--------|-------|---------------|
| PER                        | times | 18.5 | 20.9 | 15.0 | 14.2 | 9.9 | 7.9   | 10.7   | 8.5    | 6.9   | <b>12.0</b>   |
| PBR                        | times | 0.9  | 1.2  | 1.1  | 1.1  | 0.9 | 0.7   | 1.0    | 0.8    | 0.6   | <b>0.9</b>    |
| PNAV                       | times | 0.8  | 1.1  | 1.0  | 0.9  | 0.8 | 0.6   | 0.8    | 0.6    | 0.5   | <b>0.7</b>    |
| Total Shareholder Return*9 | %     | —    | —    | —    | —    | —   | 88.4% | 127.3% | 112.3% | 98.3% | <b>146.0%</b> |

## Key business indicator

|  |       |         |         |         |         |         |         |           |         |         |                |
|--|-------|---------|---------|---------|---------|---------|---------|-----------|---------|---------|----------------|
| Revenue of housing sales                   | ¥bn   | 193.3   | 281.8   | 295.9   | 332.9   | 318.7   | 308.9   | 336.8     | 342.0   | 294.3   | <b>247.6</b>   |
| Gross profit margin ratio of housing sales | %     | 23.3    | 22.5    | 21.7    | 21.1    | 21.9    | 21.7    | 19.1      | 19.1    | 20.4    | <b>22.6</b>    |
| Net Lettable area                          | m     | 771,640 | 835,115 | 855,197 | 928,628 | 974,127 | 975,974 | 1,021,004 | 953,620 | 913,446 | <b>827,737</b> |
| Vacancy rate                               | %     | 2.4     | 2.2     | 2.9     | 4.5     | 2.2     | 0.8     | 0.7       | 4.7     | 4.0     | <b>5.1</b>     |
| Sales amount of property for sales*10      | ¥bn   | 38.0    | 19.7    | 16.7    | 12.3    | 33.2    | 35.3    | 43.3      | 77.0    | 124.7   | <b>92.8</b>    |
| AUM(REITs and Private funds etc.)          | ¥bn   | 1,153.8 | 1,127.4 | 1,132.2 | 1,123.1 | 1,074.4 | 1,260.0 | 1,285.9   | 1,669.4 | 1,798.5 | <b>1,815.6</b> |
| Total brokerage transaction value          | ¥bn   | 452.9   | 540.6   | 672.7   | 710.9   | 713.5   | 745.1   | 800.7     | 767.3   | 872.3   | <b>893.4</b>   |
| No. of housings under management           | units | 130,987 | 137,745 | 147,516 | 155,706 | 163,036 | 168,999 | 173,705   | 177,582 | 182,259 | <b>183,162</b> |

\*1: Business profit= operating profit+ share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions. Prior to FY19/3, figures are equivalent to operating profit.

\*2: EBITDA=Profit before income taxes + interest expenses+ depreciation

\*3: Unrealized gain = Fair value of real estate for rent at the end of the fiscal year - Balance of real estate for rent at the end of the fiscal year

\*4: Dividend payout ratio=Total amount of dividends / Profit attributable to owners of parent

\*5: Total return ratio = (Total amount of dividends+ Total amount of acquisition of treasury shares) / Profit attributable to owners of parent

\*6: ROA=(Operating profit+ Non-operating income) / Average assets during the fiscal year

\*7: ROE=Profit attributable to owners of parent / Average shareholders' equity during the fiscal year

\*8: NAV per share=Shareholders' equity+ unrealized gains (after deduction of tax) / the number of shares issued at the end of the fiscal year (excluding treasury shares)

\*9: (Stock price as of the end of the fiscal year + accumulated dividend amount per share from FY17/3 to the fiscal year) / Stock price as of the end of FY16/3

\*10: Sales amount of property for sales refers to the sum of property development for sales in Residential Development BU and Commercial Real Estate BU.

(Property development for sales in Residential Development BU: Rental housings developed for real estate investment market)

(Property development for sales in Commercial Real Estate BU: Office building, retail facility and logistic facility developed for real estate investment market)

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