

# Consolidated Financial Results for the Nine Months from April 1 to December 31, 2021

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# FY22/3 3Q Financial Results

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## <Summary>

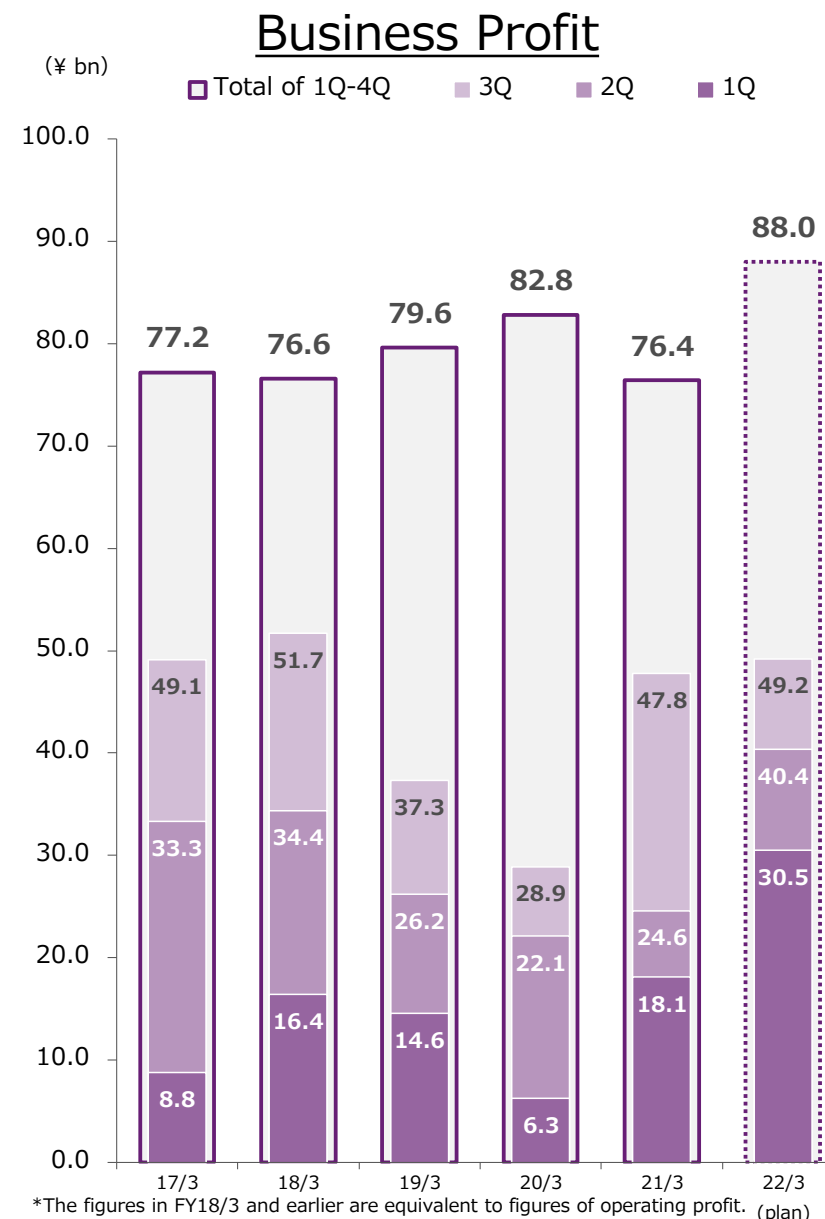
- ▶ The consolidated financial results for the nine months from April 1 to December 31, 2021 were as follows: Operating revenue; 361.0 billion yen (down 3.3% YoY); operating profit; 49.1 billion yen (up 3.4% YoY); business profit; 49.2 billion yen (up 3.1% YoY); ordinary profit; 41.1 billion yen (up 2.8% YoY); and profit attributable to owners of parent; 26.8 billion yen (up 3.5% 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 the Residential Development Business Unit, both operating revenue and business profit increased year on year. This was because the number of housing units sold increased to 1,902 units (up 317 units YoY) in the housing sales business. The contract progress rate against the projected sales for housing of the fiscal year ending March 31, 2022, was 100.9%.
- ▶ In the Commercial Real Estate Business Unit, both operating revenue and business profit decreased year on year. This was because the amount of property sales decreased year on year, while the business progressed as expected against the business profit target for the fiscal year ending March 31, 2022.
- ▶ As for the Service & Management Sector, in Property Brokerage & CRE Business Unit, the number and the value of transaction increased mainly in retail business. In Property & Facility Management Business Unit, the number of housings under management increased steadily. As a result, in those Business Units, both operating revenue and business profit increased year on year.
- ▶ Forecast for the fiscal year ending March 31, 2022 which was announced in October, 2021 were revised to operating revenue; 670.0 billion yen; operating profit; 86.0 billion yen; business profit; 88.0 billion yen; ordinary profit; 77.0 billion yen; and profit attributable to owners of parent; 51.0 billion yen. Business profit and other profits are expected to reach record high.
- ▶ The dividend forecast, which was announced in April, 2021, was revised to ¥90.0 per share for the annual dividend for the fiscal year ending March 31, 2022.
- ▶ As for the ongoing acquisition of treasury shares, which was announced on October 28, 2021, the terms were partially changed. The company will acquire treasury shares up to 7.0 billion yen by April 25, 2022.

## ▶ Statements of Income

(¥bn)	21/3 3Q Actual ①	22/3 3Q Actual ②	Changes ②-①
Operating revenue	373.3	361.0	-12.3
Operating profit	47.5	49.1	+1.6
Share of profit (loss) of entities	-0.1	-0.3	-0.1
Amortization of intangible assets associated with corporate acquisitions	0.4	0.4	+0.0
<b>Business profit</b>	<b>47.8</b>	<b>49.2</b>	<b>+1.4</b>
Non-operating income	0.5	0.5	-0.0
Non-operating expenses	8.0	8.5	+0.4
Ordinary profit	40.0	41.1	+1.1
Extraordinary income	0.5	—	-0.5
Extraordinary losses	2.0	1.3	-0.7
Income taxes	12.5	12.9	+0.4
Profit attributable to owners of parent	25.9	26.8	+0.8
Basic earnings per share (¥)	142.98	149.15	+6.17
Cash dividends per share (¥)	40.00	42.50	+2.50

## ▶ Statements of Cash Flows

(¥bn)	21/3 3Q Actual ①	22/3 3Q Actual ②	Changes ②-①
Net cash provided by (used in) operating activities	-128.9	-83.5	+45.3
Net cash provided by (used in) investing activities	-41.0	-27.9	+13.1
Net cash provided by (used in) financing activities	135.6	79.3	-56.3
Cash and cash equivalents at end of period	43.1	38.6	-4.5



## Statements of Income by Business Unit

(¥bn)	21/3 3Q	22/3 3Q	Changes ②-①
	Actual	Actual	
	①	②	
Operating revenue	373.3	361.0	-12.3
Residential Development	129.4	138.3	+8.8
Commercial Real Estate	153.2	127.7	-25.4
Service & Management	104.0	111.2	+7.1
Investment Management	9.8	9.6	-0.2
Property Brokerage & CRE	27.3	31.6	+4.3
Property & Facility Management	66.9	69.9	+3.0
Other (including overseas business)	1.6	1.5	-0.1
Adjustments	-15.0	-17.8	-2.7
<b>Business profit*</b>	<b>47.8</b>	<b>49.2</b>	<b>+1.4</b>
Residential Development	2.1	5.8	+3.6
Commercial Real Estate	32.5	27.7	-4.8
Service & Management	17.0	20.1	+3.1
Investment Management	6.2	6.0	-0.2
Property Brokerage & CRE	5.4	8.2	+2.7
Property & Facility Management	5.2	5.9	+0.6
Other (including overseas business)	-0.6	-1.4	-0.8
Adjustments	-3.3	-2.9	+0.3
Ordinary profit	40.0	41.1	+1.1
Profit before income taxes	38.5	39.8	+1.3
Profit attributable to owners of parent	25.9	26.8	+0.8

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

## Main factors for changes in Business Profit (compared to Y/Y)

- ▶ Residential Development: Increase of the number of housings units sold, improvement in gross profit ratio
- ▶ Commercial Real Estate: Decrease of gross profit from property sales
- ▶ Property Brokerage & CRE: Increase of transaction value mainly in retail business



## Balance sheets

(¥bn)	As of Mar. 31, 2021 ①	As of Dec. 31, 2021 ②	Changes ②-①
<b>Assets</b>	<b>1,921.3</b>	<b>1,986.1</b>	<b>+64.8</b>
Current assets	1,043.3	1,095.5	+52.2
Cash and deposits and others	71.6	39.7	-31.8
Notes and accounts receivable-trade, and contract assets	19.6	16.8	-2.8
Inventories	875.5	906.7	+31.2
Residential Development BU	463.9	468.8	+4.8
Commercial Real Estate BU	412.8	438.0	25.2
Other BU*	0.0	0.4	0.3
Adjustments	-1.3	-0.6	0.7
Equity investments	28.7	30.3	1.5
Other current assets	47.7	101.9	54.1
Non-current assets	877.9	890.5	12.5
Property, plant and equipment	714.2	714.0	△ 0.1
Office	533.6	532.7	△ 0.9
Retail	81.9	84.8	2.8
Others	98.6	96.4	-2.1
Intangible assets	18.4	19.5	1.1
Investments and other assets	145.2	156.8	11.6
Investment securities	86.4	96.4	10.0
Leasehold and guarantee deposits	27.6	29.4	1.7
Other non-current assets	31.2	31.0	-0.1

(¥bn)	As of Mar. 31, 2021 ①	As of Dec. 31, 2021 ②	Changes ②-①
<b>Liabilities</b>	<b>1,334.9</b>	<b>1,391.4</b>	<b>+56.4</b>
Current liabilities	269.3	345.6	+76.3
Notes and accounts payable-trade	61.1	29.3	-31.8
Short-term borrowings	31.0	54.5	+23.5
Current portion of long-term borrowings	56.0	68.5	+12.5
Commercial papers	—	87.0	+87.0
Current portion of bonds	10.0	10.0	—
Deposits received	25.1	17.7	-7.3
Other current liabilities	86.0	78.5	-7.4
Non-current liabilities	1,065.6	1,045.7	-19.8
Bonds payable	160.0	150.0	-10.0
Long-term borrowings	751.5	737.8	-13.6
Leasehold and guarantee deposits received	58.8	60.6	+1.8
Other non-current liabilities	95.2	97.2	+2.0
<b>Net assets</b>	<b>586.3</b>	<b>594.7</b>	<b>+8.3</b>
<b>Total liabilities and net assets</b>	<b>1,921.3</b>	<b>1,986.1</b>	<b>+64.8</b>
Interest-bearing debt	1,008.5	1,107.8	+99.3
Shareholders' equity	583.3	592.0	+8.7
Shareholders' equity ratio	30.4%	29.8%	△ 0.6P
Debt/equity ratio	1.7	1.9	+0.1

\* Total of Property & Facility Management Business Unit and Other (including overseas business).



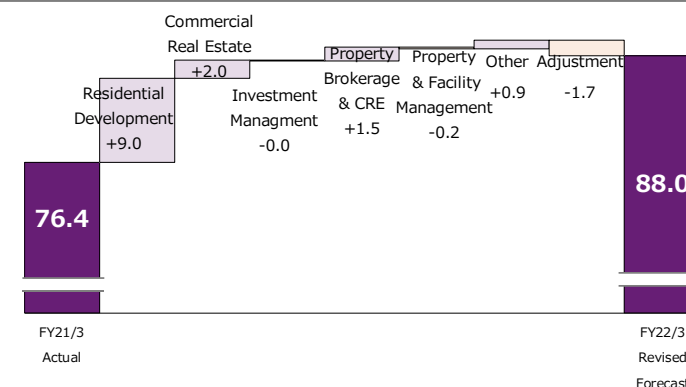
▶ Earnings forecast is revised. We expect our business profit of ¥88.0 bn, exceeding the mid- to long-term business plan target of ¥85.0 bn.

## Statements of Income by Business Unit

## Main factors for changes in Business Profit (compared to Y/Y)

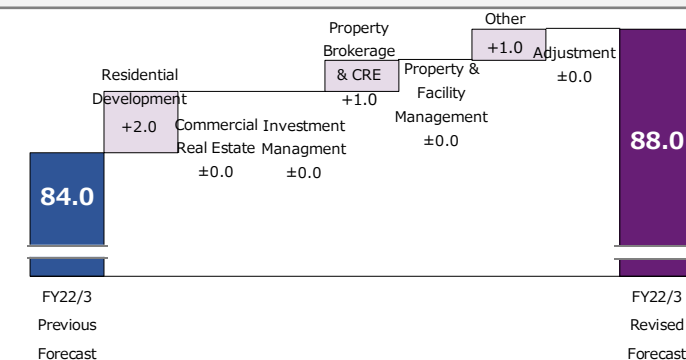
¥bn	21/3	22/3	Changes ②-①	22/3	Changes ②-③	22/3	Changes ②-④
	Actual	Revised Forecast		Previous Forecast (announced in Oct.)		Initial Forecast (announced in Apr.)	
	①	②		③		④	
Operating revenue	580.6	670.0	+89.3	670.0	—	680.0	-10.0
Residential Development	272.5	305.0	+32.4	305.0	—	315.0	-10.0
Commercial Real Estate	179.2	220.0	+40.7	220.0	—	220.0	—
Service & Management	150.2	155.0	+4.7	155.0	—	154.0	+1.0
Investment Management	12.4	12.0	-0.4	12.0	—	12.0	—
Property Brokerage & CRE	39.4	43.0	+3.5	43.0	—	42.0	+1.0
Property & Facility Management	98.3	100.0	+1.6	100.0	—	100.0	—
Other (including overseas business)	2.0	2.0	-0.0	2.0	—	3.0	-1.0
Adjustments	-23.4	-12.0	+11.4	-12.0	—	-12.0	—
Business profit* <sup>1</sup>	76.4	88.0	+11.5	84.0	+4.0	84.0	+4.0
Residential Development	22.4	31.5	+9.0	29.5	+2.0	26.5	+5.0
Commercial Real Estate	35.4	37.5	+2.0	37.5	—	36.0	+1.5
Service & Management	25.8	27.0	+1.1	26.0	+1.0	25.5	+1.5
Investment Management	7.5	7.5	-0.0	7.5	—	7.5	—
Property Brokerage & CRE	8.9	10.5	+1.5	9.5	+1.0	9.0	+1.5
Property & Facility Management	9.2	9.0	-0.2	9.0	—	9.0	—
Other (including overseas business)	-1.4	-0.5	+0.9	-1.5	+1.0	3.0	-3.5
Adjustments	-5.7	-7.5	-1.7	-7.5	—	-7.0	-0.5
Ordinary profit	65.9	77.0	+11.0	74.0	+3.0	72.5	+4.5
Profit attributable to owners of parent	42.1	51.0	+8.8	49.5	+1.5	49.5	+1.5
Basic earnings per share (¥)	232.53	283.83	51.30	275.30	+8.53	274.71	+9.12
Cash dividends per share (¥)	82.50	90.00	+7.50	85.00	+5.0	85.00	+5.0

- ▶ Residential Development: Increase of the number of housing units to be sold and improvement of gross profit ratio
- ▶ Commercial Real Estate: Increase of the profit of property for sales
- ▶ Property Brokerage & CRE: Increase of the commission of retail business



## Main factors for changes in Business Profit (compared to the previous forecast announced in October)

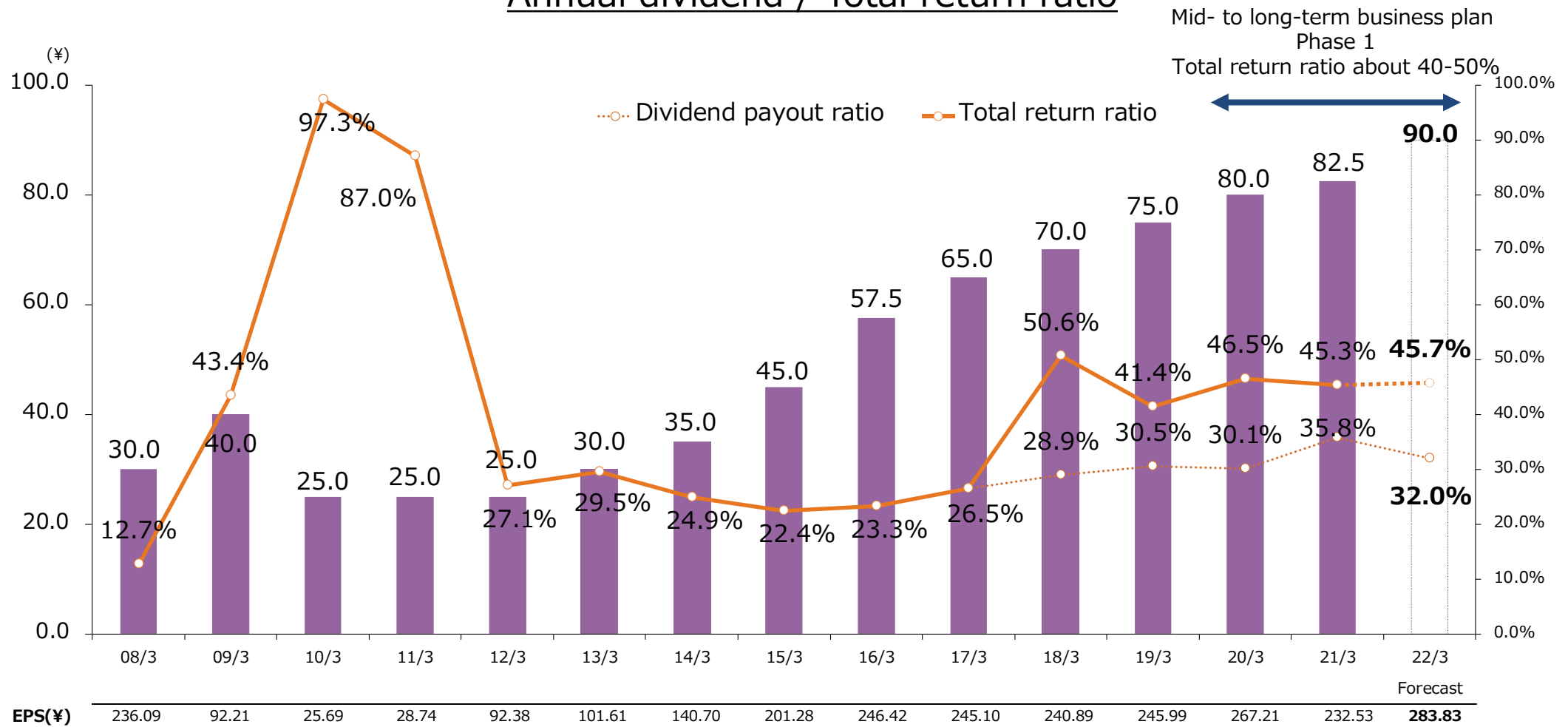
- ▶ Residential Development: Improvement of gross profit ratio
- ▶ Property Brokerage & CRE: Increase of the commission of retail business
- ▶ Overseas business: Increase in the number of housing units to be sold in some projects



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

- ▶ We decided to increase dividend by ¥5.0 (dividend per share ¥85.0→¥90.0).
- ▶ We determined to raise share buyback amount by ¥2.0 bn (¥5.0 bn→¥7.0 bn).
- ▶ Dividend will increase for 10 consecutive year. Total return ratio will be 45.7%, by the flexible share buyback.

## Annual dividend / Total return ratio



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 **283.83**

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

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# Performance highlights by Business Unit

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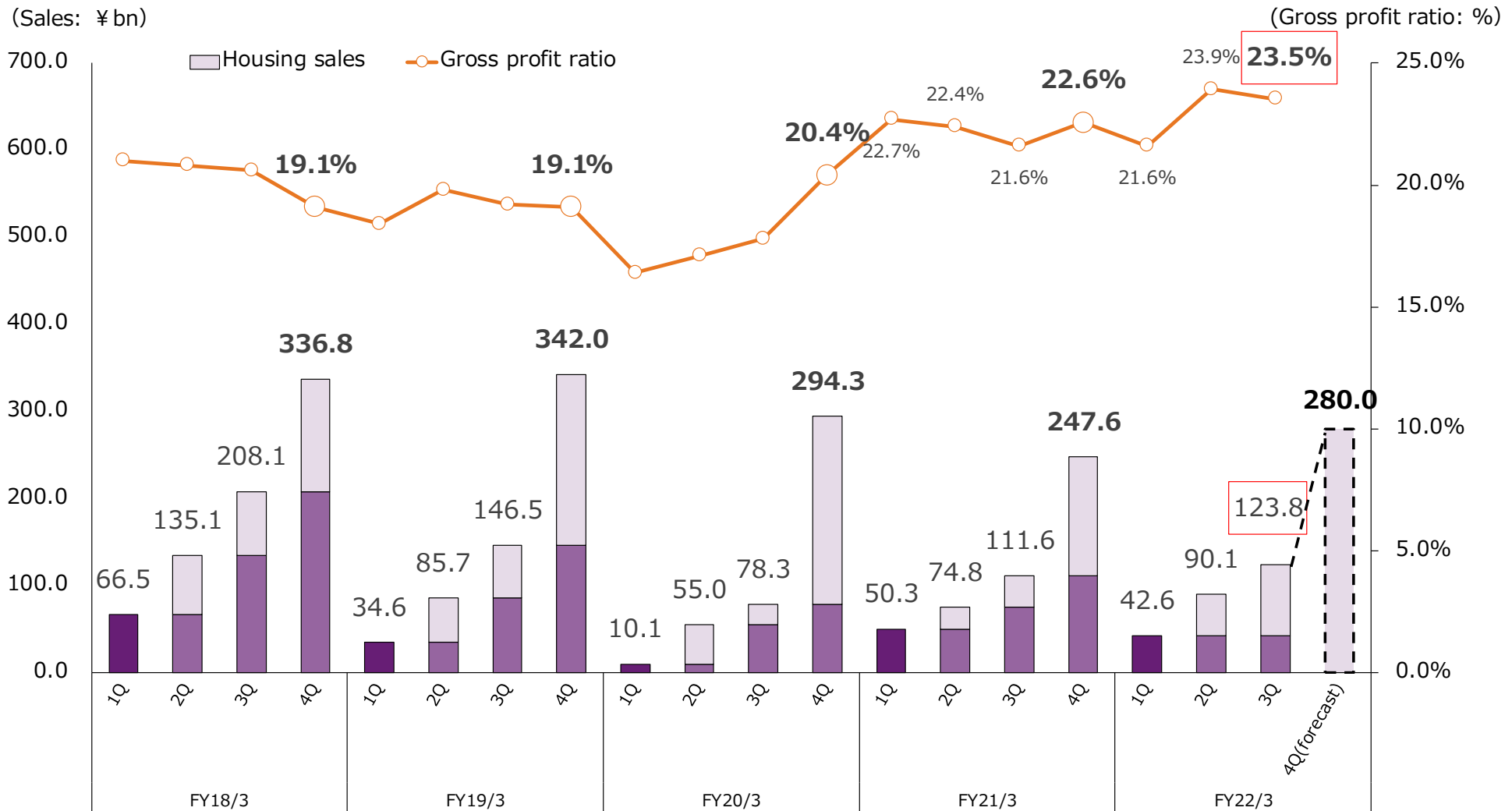
- ▶ Housing sales business progressed steadily. That is because we captured the strong demand for housing stimulated under the COVID-19 environment.
- ▶ Business profit forecast is revised upward, based on the gross profit margin improvement and the cost control.

(\\$bn)	21/3 3Q	22/3 3Q	Changes ②-①	21/3	22/3	Changes ④-③
	Actual ①	Actual ②		Actual ③	Revised Forecast ④	
Operating revenue	129.4	138.3	+8.8	272.5	305.0	+32.4
Housing sales	111.6	123.8	+12.2	247.6		
Rental housing (sales)	5.0	1.5	-3.4	5.0		
Rental housing (leasing revenue)	0.6	1.1	+0.4	0.9		
Senior	0.4	0.7	+0.2	0.6		
Other	11.6	11.0	-0.5	18.3		
Operating profit	2.2	5.8	+3.6	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	2.1	5.8	+3.6	22.4	31.5	+9.0
【Housing sales indicators】						
Housing sales (unit)	1,585	1,902	+317	3,669	4,300	+631
Condominiums	1,311	1,538	+227	3,297	3,900	+603
Detached housing	274	364	+90	372	400	+28
Tokyo metropolitan area	1,439	1,290	-149	2,981	2,900	-81
Osaka metropolitan area	84	277	+193	312	500	+188
Other area	62	335	+273	375	900	+525
Period-end housing contracted but not sold(unit)	4,023	4,709	+686	3,276		
Period-end completed housing inventory (unit)						
released for sale	239	121	-118	239		
unreleased	190	66	-124	182		
Average sales price (¥mn)	70.38	65.10	-5.28	67.47		
Gross margin ratio (%)	21.6%	23.5%	+1.9P	22.6%		

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

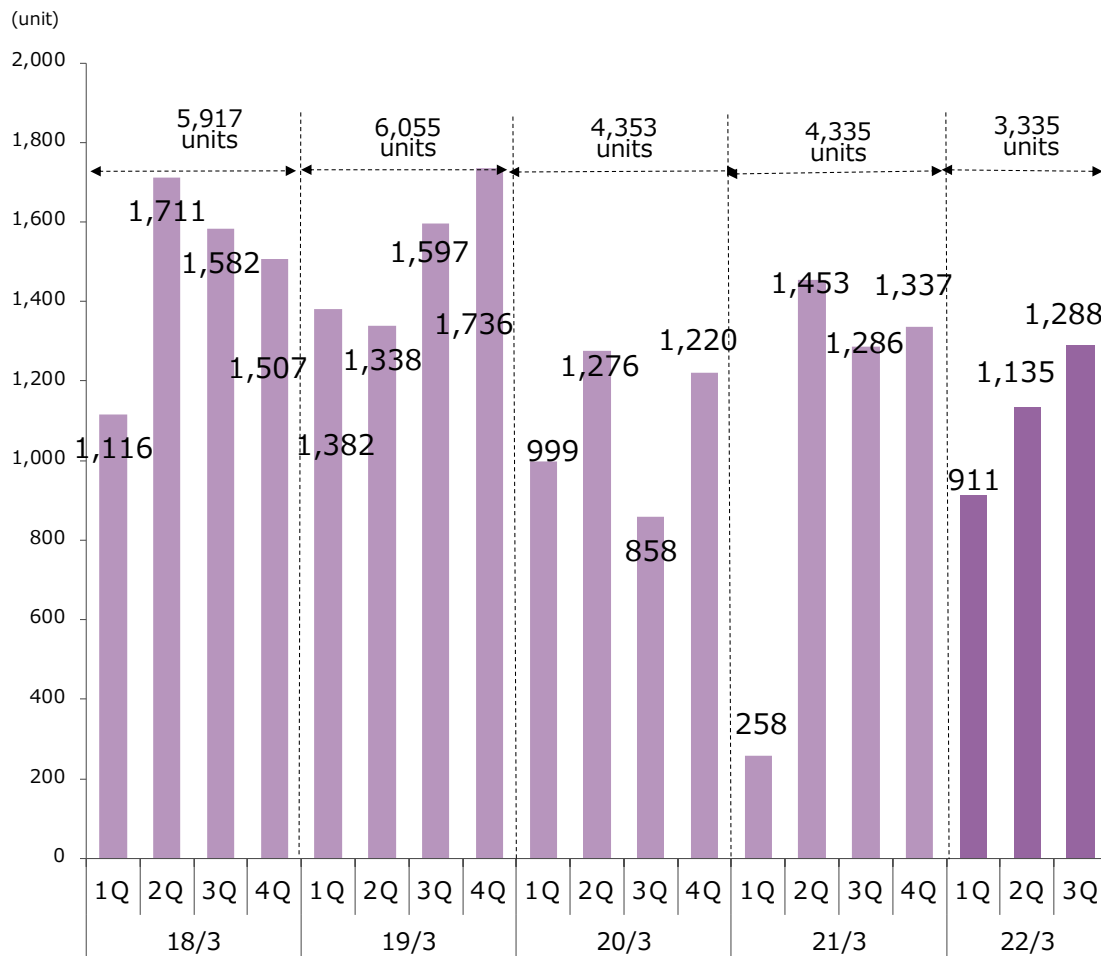
- ▶ Sales for housing was ¥123.8 bn from 1Q to 3Q.
- ▶ As of 3Q, gross profit ratio of housing sales was 23.5%. We are maintaining the high gross profit ratio.

## Housing sales amount (Quarterly total) / Gross profit ratio

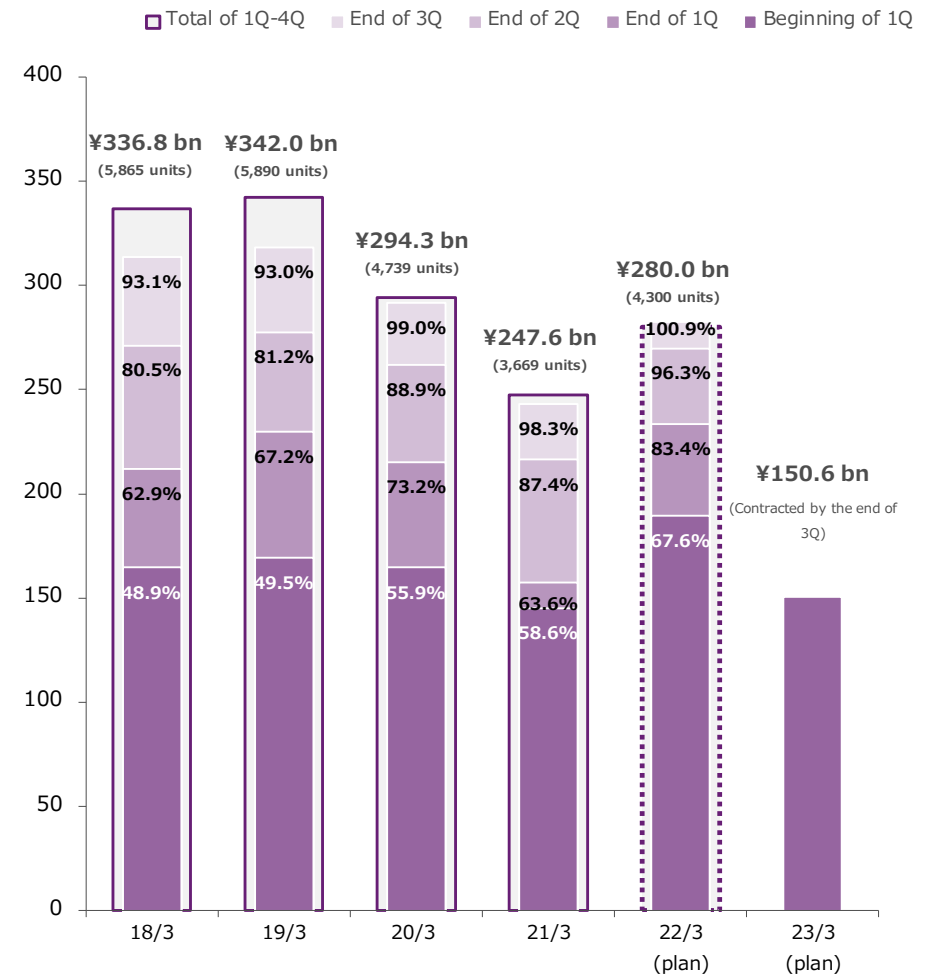


- ▶ From 1Q to 3Q, contracted 3,335 units (up 337 units y/y)
- ▶ Contract progress rate was 100.9% against the FY22/3 scheduled housing sales of ¥280.0 bn.

▶ Number of housing contracted

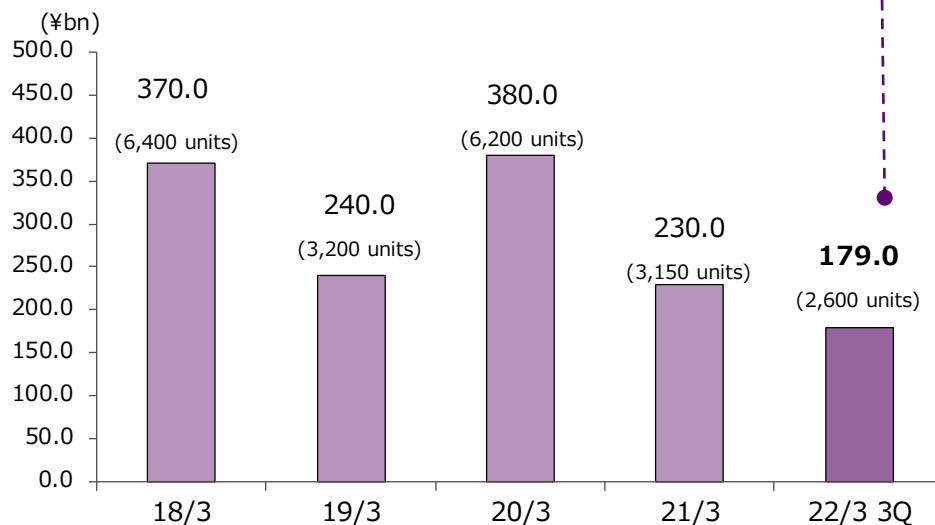
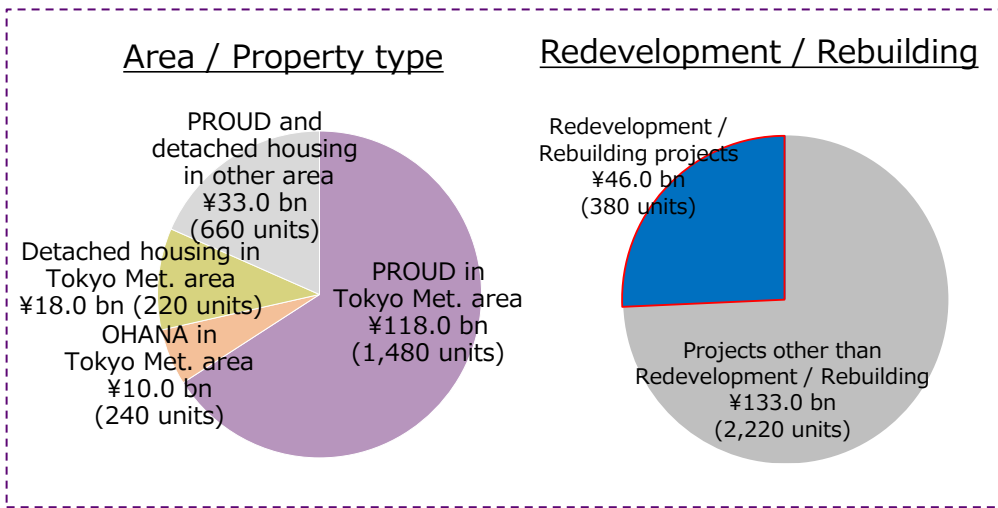


▶ Contract progress rate  
(against the scheduled housing sales)



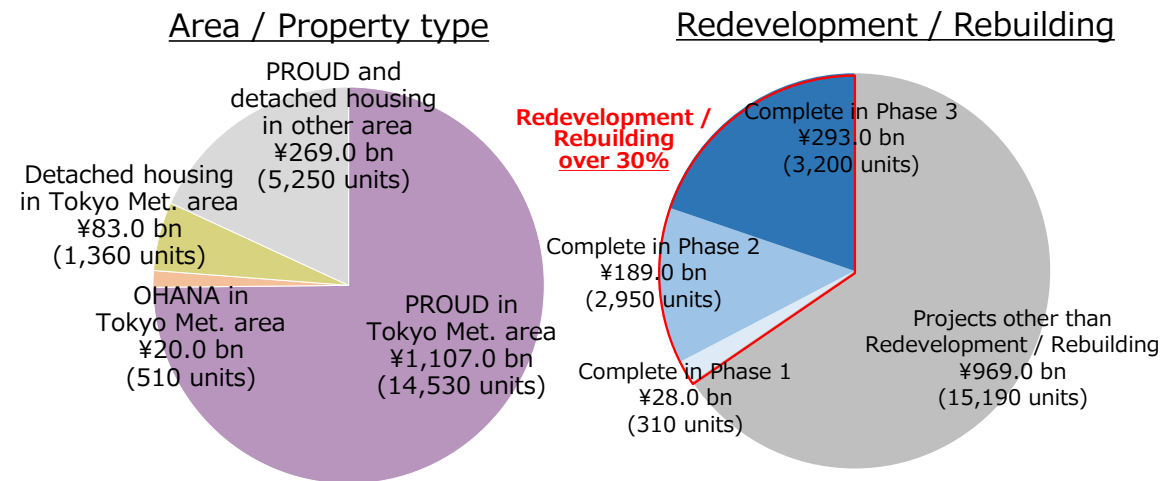
- ▶ From 1Q to 3Q, acquired land of ¥179.0 bn (2,600 units)
- ▶ We secured land bank, equivalent to ¥1,479.0 bn.

## Land acquisition



## Land bank

**Total land bank: ¥1,479.0 bn (21,650 units)**  
 including Redevelopment / Rebuilding projects:  
 ¥510.0 bn (6,460 units) · · 1



Redevelopment / Rebuilding projects under planning : 8,300 units · · 2

Redevelopment / Rebuilding projects (1 + 2)  
 : **Total 14,760 units**

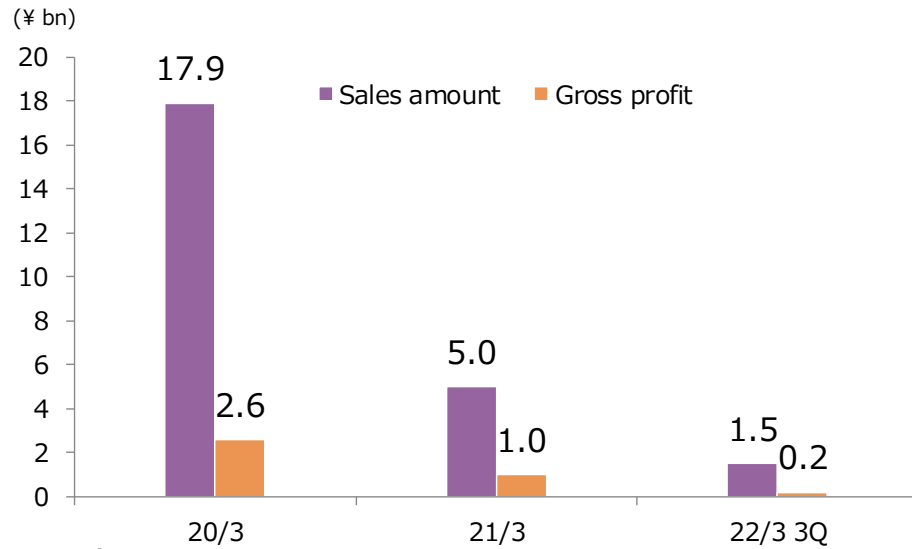
\*Phase 1: FY20/3-22/3, Phase 2: FY23/3-25/3, Phase 3: FY26/3-28/3

## Rental housing



- Properties developed: 128 (including plans)
- Properties construction completed/ owned by NRE: 42 (out of 128)

### Sales and gross profit



### Land acquisition

No. of properties	Total investment
8	¥18.7bn

### Stock

Construction completed		Under development			Total		
No. of properties	Balance on BS	No. of properties	Balance on BS	Total investment	No. of properties	Balance on BS	Total investment
13	¥31.7bn	29	¥26.5bn	¥73.8bn	42	¥58.3bn	¥105.6bn

## Health promoting senior rental housing



- Properties developed: 6 (including plans)
- Properties under operation: 4 (out of 6)

### Developed / projects under development

	Property Name	Location	Opening year	No. of units
Under operation	OUKAS Funabashi	Funabashi-shi, Chiba	2017	125 units
	OUKAS Makuhari Bay-Park	Chiba-shi, Chiba	2020	141 units
	OUKAS Kichijoji	Mitaka-shi, Tokyo	2020	116 units
	OUKAS Hiyoshi	Yokohama-shi, Kanagawa	2021	120 units
Before operation	OUKAS Shiki	Asaka-shi, Saitama	2023 (plan)	145 units
	OUKAS Setagaya Sengawa	Setagaya-ku, Tokyo	2023 (plan)	186 units



OUKAS Makuhari Bay-Park



OUKAS Kichijoji



- ▶ The retail business is recovering from the COVID-19 impact, but still monitoring closely of the re-expansion of the infection.
- ▶ The property sales is expected in 4Q, therefore the business profit will progress steadily against the target.

(¥bn)	21/3 3Q	22/3 3Q	Changes ②-①	21/3	22/3	Changes ④-③
	Actual ①	Actual ②		Actual ③	Revised Forecast ④	
Operating revenue	153.2	127.7	-25.4	179.2	220.0	+40.7
Leasing (offices)	35.5	34.0	-1.5	47.4		
Leasing (retail facilities)	7.9	8.9	+1.0	11.0		
Leasing (other)	4.3	3.0	-1.2	5.7		
Property for sales (sale)	85.2	57.0	-28.1	87.8		
Property for sales (leasing)	8.8	10.1	+1.3	11.2		
Fitness	8.2	10.0	+1.8	11.5		
Other	3.1	4.4	+1.2	4.4		
Operating profit	32.2	27.4	-4.8	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	0.2	0.2	—	0.2		
Business Profit	32.5	27.7	-4.8	35.4	37.5	+2.0
Net lettable area (sqm)	884,178	839,208	-44,970	827,737		
Offices	762,110	705,582	-56,528	706,771		
Retail facilities	122,068	133,626	+11,559	120,966		
Vacancy rate	4.6%	6.5%	+1.8P	5.1%		

【Reference】 Leasing revenue change analysis

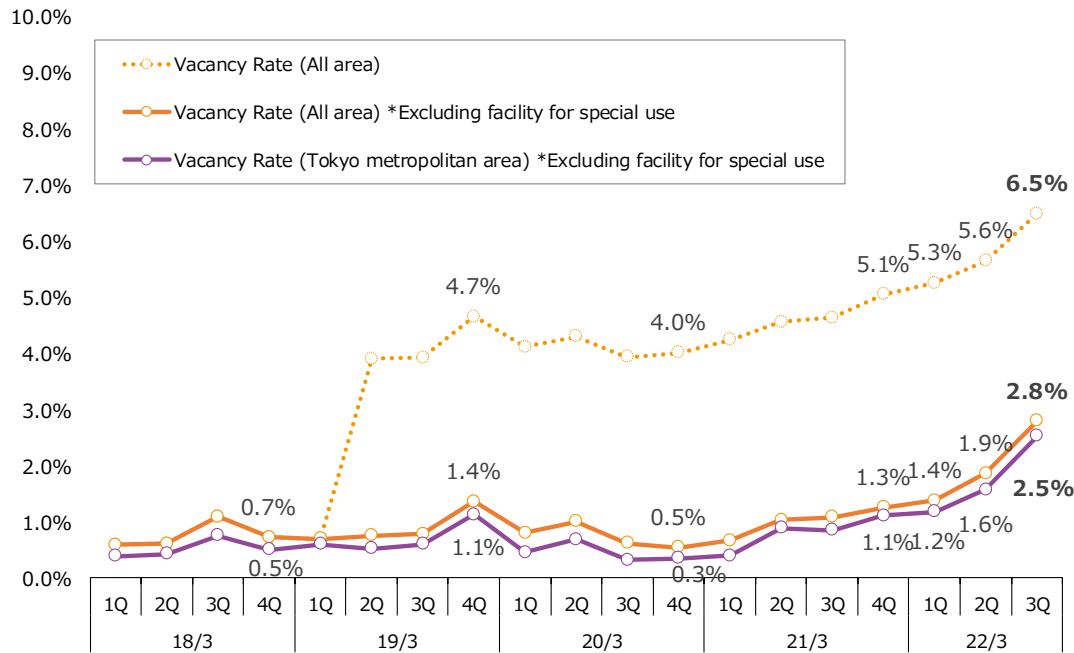
	Changes	Key Factors
New and full period operation buildings	+1.1	TOKYO TORANOMON GLOBAL SQUARE etc.
Existing buildings	+0.9	A rebound of rent reduction or exemption and percentage rent decrease at retail facilities
Sold and reclassification	-2.5	

\*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 FY22/3 1Q, we incur an extraordinary loss of ¥0.2 bn due to the suspension of operations in fitness clubs etc., caused by the COVID-19. (The amount incurred in FY21/3 was ¥1.5 bn)

## Vacancy rate (excluding inventories)

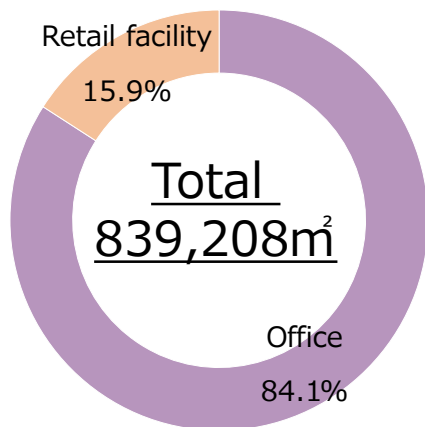


\*Excluding facility for special use (training facility) in Yokohama

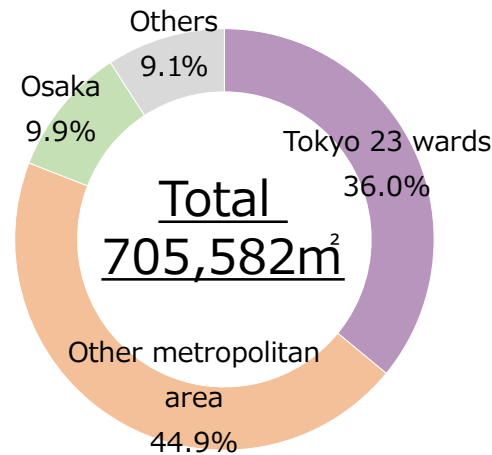
\*Vacancy rate change above includes the impact of the net lettable area decrease due to the transfer of properties to inventories and promotion of rebuilding projects.

## Net lettable area (excluding inventories)

### By sector



### By area within office sector



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## 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 20/3 - 22/3			Phase2 23/3 - 25/3			Phase3 26/3 - 28/3				
KAMEIDO PROJECT*1	Under Construction	Retail Residence	Approx.28,000m <sup>2</sup>	S		C								
Nihonbashi 1-chome Central District Redevelopment*1	Under Construction	Office Retail	Approx.33,600m <sup>2</sup>		S								C	
Shibaura 1-chome Project*1	Under Construction	Complex	Approx. 550,000m <sup>2</sup> (Gross floor area)			S (South Tower)				C (South Tower)				S (North Tower)
Nishi-Azabu 3-chome Redevelopment*1	Establishment of urban redevelopment unit was approved	Hotel Residence	Approx. 10,000m <sup>2</sup>					S						C
Nishi-Shinjuku 3-chome West Redevelopment*1	Blueprint of the project is decided	Retail Residence	Approx. 10,700m <sup>2</sup>									S		
Nishi-Nippori Station-Front Redevelopment*1	Blueprint of the project is decided	Retail Residence	Approx. 13,700m <sup>2</sup>									S		
Soto-Kanda 1-chome Redevelopment	Blueprint of the project is under discussion	Office Hotel Retail	Approx. 42,000m <sup>2</sup>									S		
Iidabashi Station Central Redevelopment	Blueprint of the project is under discussion	Office Residence	Approx. 30,300m <sup>2</sup>									S		
<u>Nakano Station Shin North Exit Station-Front Area Redevelopment*1</u>	Blueprint of the project is under discussion	Office Hotel Retail Residence Convention Hall	TBD									S		
Shinbashi Station West Exit Redevelopment*1	Blueprint of the project is under discussion	Office Retail	TBD											S
Nomura Fudosan Ginza Building Rebuilding*1	-	Office	TBD											TBD

\*1 JV projects

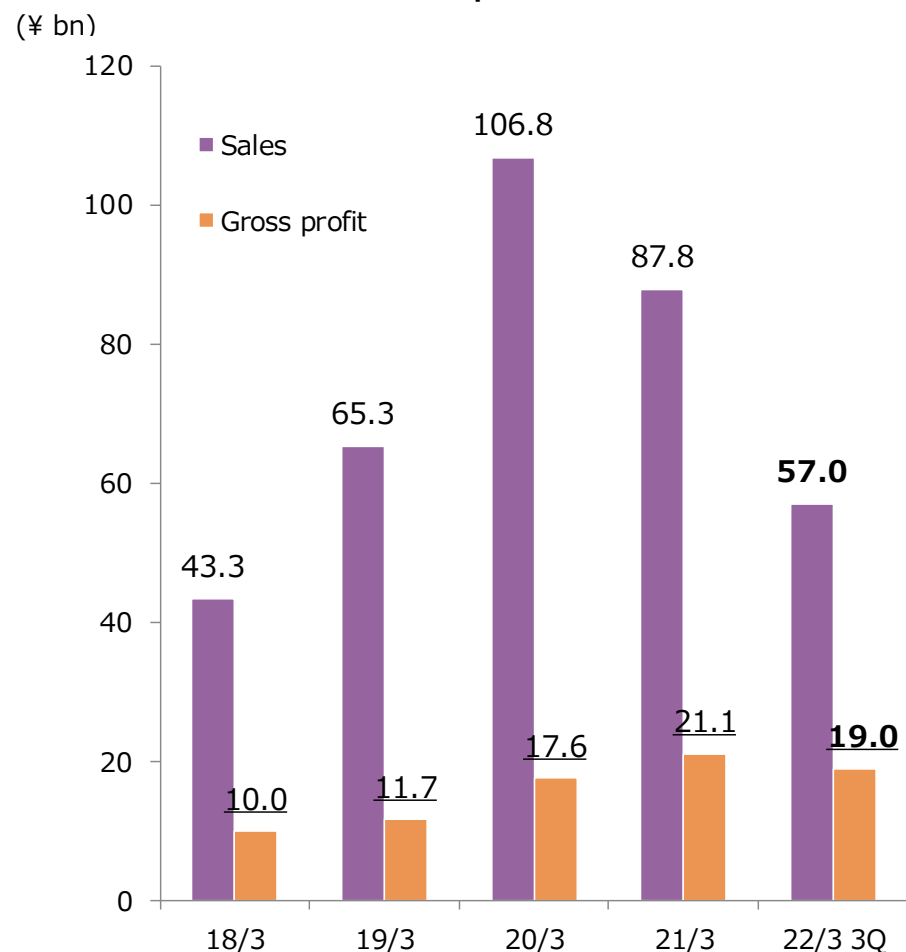
\*2 The underlined parts are new projects in which we have newly participated.

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

S: Start of construction C: Completion of construction

- ▶ Business progressed steadily as we expected, with sales of ¥57.0 bn and gross profit of ¥19.0 bn.
- ▶ Acquired land equivalent to ¥49.5 bn. We continue to expand our business actively mainly in office and logistic facility.

## Sales / 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.

## Land acquisition

	Acquired Projects	Total investment
Office	5 projects	¥31.0 bn
Retail	0 project	¥0.0 bn
Logistics	1 projects	¥18.5 bn
Total	6 projects	¥49.5 bn

## Stock for property for sales

**Total ¥669.0 bn**  
**(¥438.0 bn out of total is on Balance Sheet)**

(¥ bn)

	Completed	Under development		Total	
	Amount on BS	Amount on BS	Total investment	Amount on BS	Total investment
Office	120.2	119.9	208.0	240.1	329.0
Retail	36.4	14.0	23.0	50.4	59.0
Logistics	88.6	46.0	179.0	134.6	267.0
Other	12.8	—	—	12.8	12.0
Total	258.1	179.9	411.0	438.0	669.0

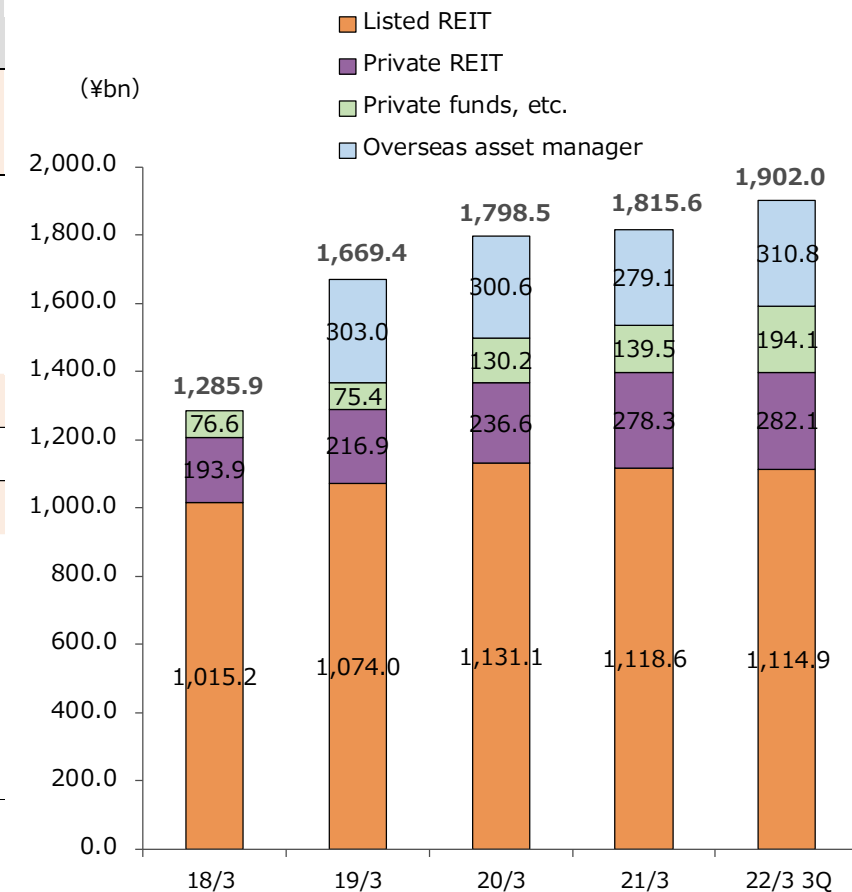
\*Total investment amount is rounded down to the nearest ¥10 bn.

\*From FY20/3, rental housing (PROUD FLAT) has been transferred to the Residential Development Business Unit and excluded from the figures above. Rental housing had a total stock of ¥105.6 bn and a BS balance of ¥58.3 bn as of the end of FY 22/3 3Q. (See p.15 for details)

- By capturing the growing demands to real estate investment from institutional investors, the AUM increased steadily mainly in private REIT and private funds.

(¥bn)	21/3 3Q Actual ①	22/3 3Q Actual ②	Changes ②-①	21/3 Actual ③	22/3 Revised Forecast ④	Changes ④-③
Operating revenue	9.8	9.6	-0.2	12.4	12.0	-0.4
Operating profit	6.0	5.7	-0.2	7.2		
Share of profit (loss) of entities accounted for using equity method	—	—	—	—		
Amortization of intangible assets associated with corporate acquisitions	0.2	0.2	+0.0	0.2		
Business profit	6.2	6.0	-0.2	7.5	7.5	-0.0
Assets under management	1,814.5	1,902.0	+87.5	1,815.6		
Domestic asset manager	1,547.0	1,591.1	+44.1	1,536.4		
Listed REIT*	1,132.0	1,114.9	-17.0	1,118.6		
Private REIT*	277.5	282.1	+4.5	278.3		
Private funds, etc.	137.4	194.1	+56.6	139.5		
Overseas asset manager	267.4	310.8	+43.3	279.1		

## Assets under management

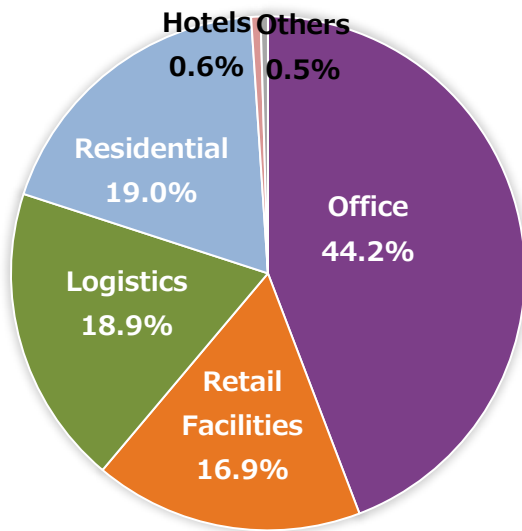


\*Assets under management of listed REIT and private REIT is calculated by  
Total assets on the balance sheet(excluding unamortized goodwill) at the end of the latest fiscal period of each REIT  
+ Acquisition price of the assets acquired after the end of the period - Book value at the end of the latest fiscal period of the assets disposed after the end of the period

MASTER FUND 

One of the largest diversified type J-REITs

**AUM ¥1,114.9 bn (298 properties)**



Portfolio Summary	
Occupancy rate	98.1%
Average NOI yield	5.1%
Average property age	19.8 years

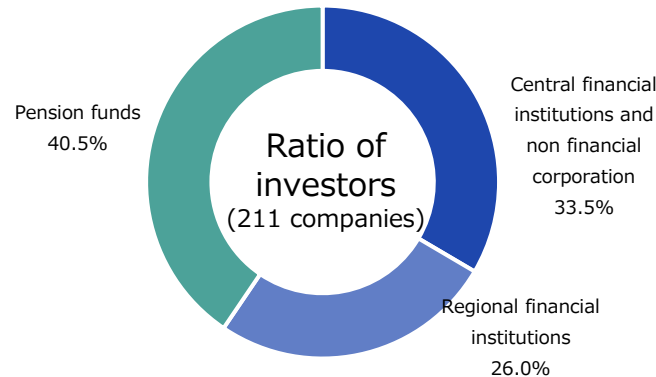
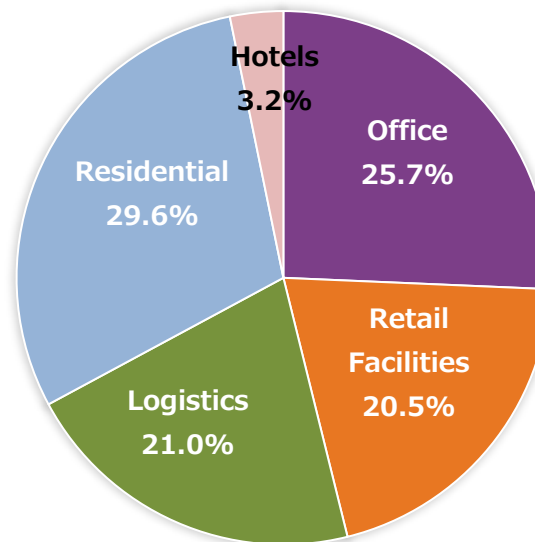
\*Percentages by assets are based on the acquisition price as of the end of 2021/12.  
\*Portfolio summary is based on the data as of the end of 2021/8(299 properties)



NOMURA REAL ESTATE PRIVATE REIT, INC.

Japan's first private REIT since 2010

**AUM ¥282.1 bn (84 properties)**

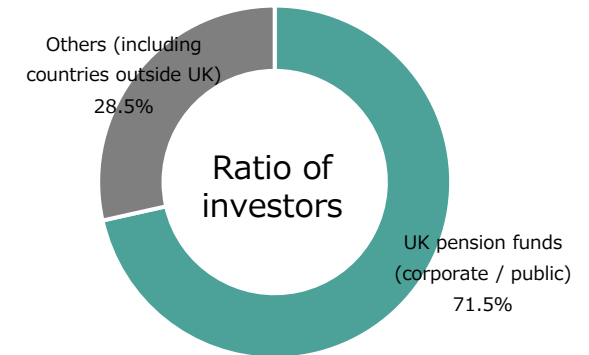
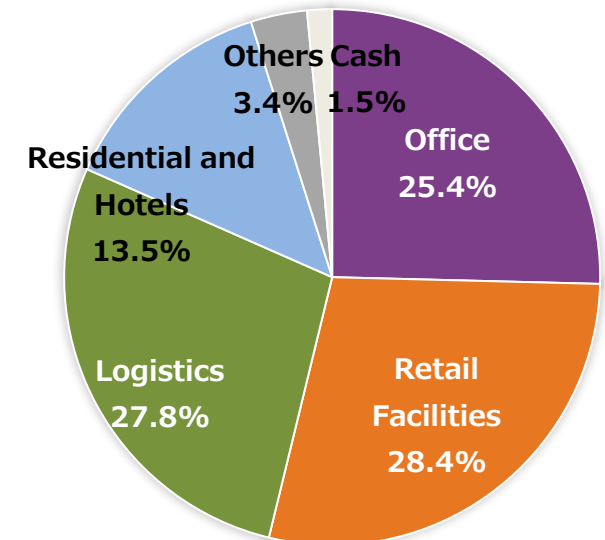


\*Percentages by assets are based on the acquisition price as of the end of 2021/12.  
\*Ratio of investors are based on the number of investment units as of the end of 2021/12.

Lothbury Property Trust

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

**AUM ¥241.7 bn (50 properties)**

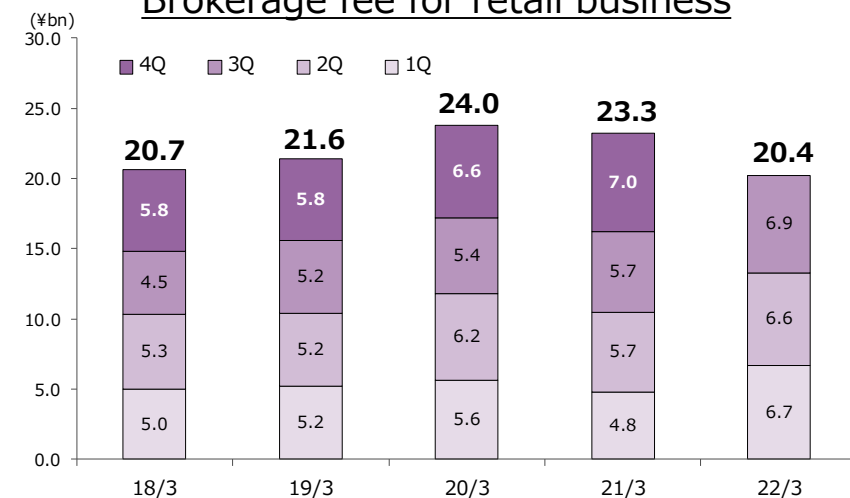


\*Each property's fair value is calculated by 150.43 JPY to GBP as of the end of 2021/9.  
\*Percentages by assets are based on the fair value as of the end of 2021/9.  
\*Ratio of investors are based on the number of investment units as of the end of 2021/9.

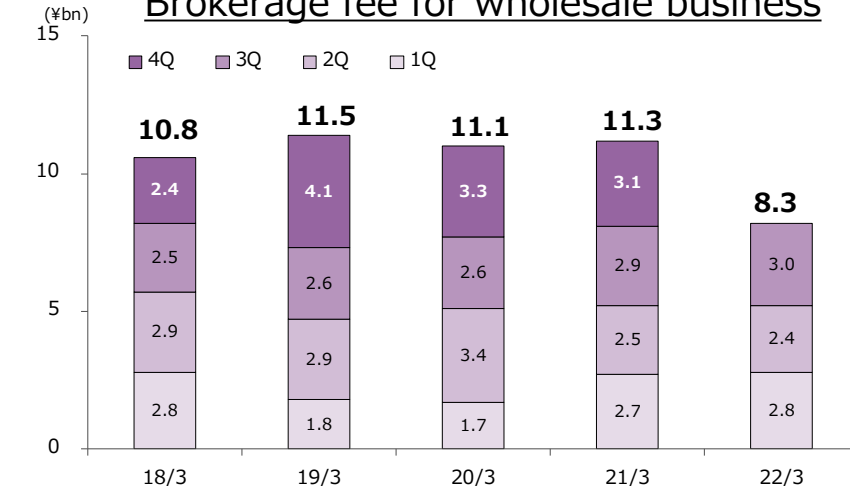
- ▶ As of April 1, 2021, a new company, "Nomura Real Estate Solutions" was established. Both the value and the number of transaction increased with the new structure that respond promptly to diverse customer demands.
- ▶ Retail business for individuals progressed steadily. Earnings forecast is revised upward.

(¥bn)	21/3 3Q Actual ①	22/3 3Q Actual ②	Changes ②-①	21/3 Actual ③	22/3 Revised Forecast ④	Changes ④-③
Operating revenue	27.3	31.6	+4.3	39.4	43.0	+3.5
Brokerage fee (retail business)	16.2	20.4	+4.1	23.3		
Brokerage fee (wholesale business)	8.2	8.3	+0.0	11.3		
Other	2.8	2.9	+0.1	4.7		
Operating profit	5.4	8.2	+2.7	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	5.4	8.2	+2.7	8.9	10.5	+1.5
【Brokerage indicators】						
Transaction value (¥bn)	644.4	688.4	+43.9	893.4		
Number of transactions	6,725	7,313	+588	9,322		
Commission fee (¥bn)	24.5	28.7	+4.2	34.7		
Commission rate (%)	3.8%	4.2%	+0.4P	3.9%		
Number of branches for retail business	87	89	+2	87		

### Brokerage fee for retail business



### Brokerage fee for wholesale business

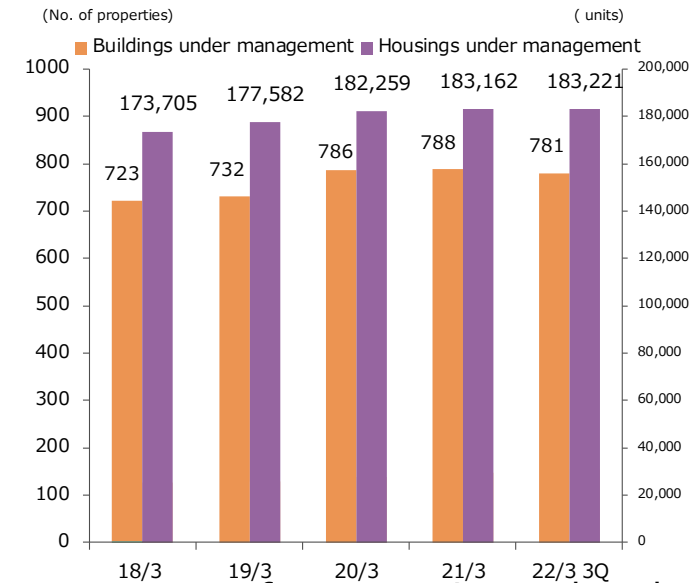


Retail business: Real estate brokerage business for individuals.  
Wholesale business: Real estate brokerage business for corporations.

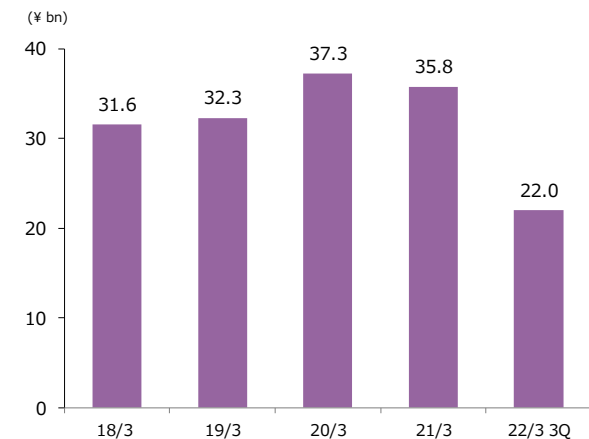
- ▶ Operating revenue and business profit progressed steadily with the solid increase of the stocks for housing under management.
- ▶ Awarded first place in various satisfaction surveys in succession for its high quality of property & facility management.

(¥bn)	21/3 3Q	22/3 3Q	Changes ②-①	21/3	22/3	Changes ④-③
	Actual ①	Actual ②		Actual ③	Revised Forecast ④	
Operating revenue	66.9	69.9	+3.0	98.3	100.0	+1.6
Property & facility management	42.4	43.7	+1.2	56.7		
Construction ordered	20.2	22.0	+1.8	35.8		
Other	4.2	4.1	-0.0	5.7		
Operating profit	5.1	5.8	+0.6	9.0		
Share of profit (loss) of entities accounted for using equity method	0.1	0.0	-0.0	0.1		
Amortization of intangible assets associated with corporate acquisitions	0.0	0.0	—	0.0		
Business profit	5.2	5.9	+0.6	9.2	9.0	-0.2

## Buildings / Housings under management



## Revenue of construction ordered



	21/3 3Q	22/3 3Q	Changes	21/3	22/3	Changes
Building under management	793	781	-12	788		
Housings under management	182,206	183,221	+1,015	183,162		



“SumaiSurfin”  
Customer Satisfaction  
Survey 2021  
**No.1**  
for 13 consecutive years



2021 Oricon  
Customer Satisfaction Report  
Condominium management company  
**No.1**  
in metropolitan area  
for 5 consecutive years

- ▶ In FY22/3, we are continuing new investments with closely monitoring the impact of the infection control measures in each cities.
- ▶ We revised our business profit forecast upward, due to the increase in the number of housing units to be sold in some projects.

(¥bn)	21/3 3Q Actual ①	22/3 3Q Actual ②	Changes ②-①	21/3 Actual ③	22/3 Revised Forecast ④	Changes ④-③
Operating revenue	1.6	1.5	-0.1	2.0	2.0	-0.0
Operating profit	-0.3	-1.0	-0.7	-0.7		
Share of profit (loss) of entities accounted for using equity method	-0.3	-0.4	-0.1	-0.7		
Amortization of intangible assets associated with corporate acquisitions	0.0	0.0	+0.0	0.0		
Business profit	-0.6	-1.4	-0.8	-1.4	-0.5	+0.9

## ▶ Business environment in each city

### ▶ Viet Nam / Hanoi and Ho Chi Minh city

- In Ho Chi Minh city, sales of some housings which were planned to be sold at FY22/3, is postponed at FY23/3 and onwards, as announced in 2Q. Due to the COVID-19 impact, the construction was suspended from July to September, although it resumed from October. As for the housings to be recorded as sales for FY22/3, we are continuing construction and procedures for handover.
- In Hanoi, we are scaling up new projects in response to the strong demand for housing, as we do in Ho Chi Minh city.

### ▶ Thailand / Bangkok

- Recently, the construction suspended for one month but resumed after August. We are scaling up projects, as capturing the continuing solid housing needs for real demand.

### ▶ the Philippines / Manila

- Despite the recent tightening of restrictions on some activities due to the increase in the number of infected people, demand has been strong and sales have been steady, with sales activities promoted through online.

### ▶ China / Changzhou

- Our local partners' credit-worthiness is high. Currently there is little direct concern about our projects
- We will continue to promote business with monitoring future trends, such as the Chinese government's policies and overall market demands.



- ▶ Developing business mainly in high-growth Southeast Asia area. Total investment amount approx. ¥134.0 bn is determined.

- ▶ **Housing sales: 22 projects, approx. ¥109.0bn (Total project cost (our share): ¥251.0bn)**

Location	Project	Total number	Our share <sup>*3</sup>	Completion
China (Shenyang)	Shenyang	approx. 4,100 units	450 units	2017-
Viet Nam (Ho Chi Minh City)	Midtown	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 <sup>*2</sup>	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)	(not disclosed) <sup>*2</sup>	approx. 9,000 units	3700 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-
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
Thailand (Bangkok)	Ramkhamhaeng II	485 units	200 units	2023
the Philippines (Manila)	Sunshine Fort <sup>*2</sup>	approx. 1,400 units	250 units	2023-
Thailand (Bangkok)	Kaset	301 units	100 units	2024
Viet Nam (Hanoi)	Ecopark	approx. 3,000 units	1,350 units	2024-
Viet Nam (Hanoi)	(not disclosed)	2,844 units	1,350 units	2024-

- ▶ **Leasing: 7 projects, approx. ¥25.0 bn (Total project cost (our share): ¥28.0bn)**

Location	Project	Main use	Gross floor area and No. of rooms <sup>*4</sup>	Completion
China (Beijing)	Beijing Fortune Building <sup>*2</sup>	Office	approx. 55,000m <sup>2</sup>	1990
Viet Nam (Ho Chi Minh City)	SUN WAH TOWER <sup>*2</sup>	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 <sup>*2</sup>	SA	303 rooms	2019
the Philippines (Manila)	Sunshine Fort <sup>*2</sup>	Retail	approx. 28,000m <sup>2</sup>	2022
Thailand (Bangkok)	Sukhumvit 24 <sup>*2</sup>	SA	411 rooms	2023
the United Kingdom (London)	127-133 Charing Cross Road	Office	approx. 5,200m <sup>2</sup> <sup>*5</sup>	2024

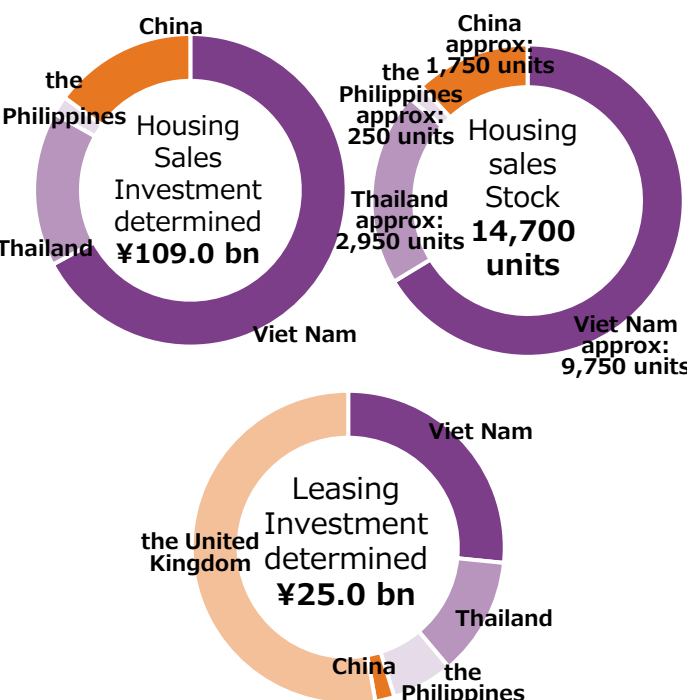
\*1 All projects are in planning stage and are subject to change.

\*2 Projects that we participate by share of entities accounted for using equity method. (We participate by equity investment in other housing sales projects)

\*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.

\*4 Floor area and No. of rooms are for the entire project.

\*5 Area after refurbishment of existing property.



(Reference)  
 Depending on the participation type in the project, our share of the project, and other reasons, the investment may be accounted for as equity investment or share of entities accounted for using equity method.

Equity investment	Share of entities accounted for using equity method.
Operating profit or loss (Equity investment profit (loss))	Non-operating profit or loss (Share of profit (loss) of entities)

**Business profit**

(Operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions)

- ▶ Established a joint venture company for the real estate business with GT Capital Group, a major company in the Philippines (Our equity ratio 34%).
- ▶ As for total project cost, we estimate approx. ¥750.0 bn (for the initial 4 projects), and aim for mid- to long-term business growth expansion in the country.
- ▶ Approx. ¥270.0 bn of the total project cost is estimated for the cost for the first 10 years.



66%

<GT Capital> <https://www.gtcapital.com.ph/>  
The GT Capital Group, whose core business is commercial bank (MetroBank), develops various businesses including finance, automobiles, and real estate development.

### NRE/Federal Land (FLT) JV project (work in progress)



**Sunshine Fort**  
Main use: Residence:  
approx. 1,400 units (our share 250)  
Retail facility:  
Gross floor area approx. 28,000 m<sup>2</sup>  
Construction/opening: Residence 2023-,  
Retail facility 2022-  
Participating companies: NRE, FLI, Mitsukoshi  
Isetan Holdings



34%

## New company Federal Land NRE Global, Inc. (tentative name)

FLI and NRE collaborated to  
**build a stable and sustainable business foundation.**  
We aim to create a number one brand in by exercising both strengths

### FLI Management resources and local know-how

- The GT Capital Group's business infrastructure, its abundant land for development
- Expertise of local real estate development

### NRE know-how provision

- Advanced technology, quality and cost management skills developed in Japan
- Brand strategy know-how



**Initial 4 project**  
Total project area approx. 250ha, Total project cost approx. ¥750.0 bn  
(Our share approx. ¥250.0 bn)

#### Mandaluyong



- Residence: approx. 4,700 units
- Retail facility: 49,570m<sup>2</sup>
- Office: 18,005m<sup>2</sup>
- Construction is planned to start from 2024

#### Metro Park



- Residence: approx. 1,600 units
- Retail facility : 23,449m<sup>2</sup>
- Office : 13,824 m<sup>2</sup>
- Construction is planned to start from 2024

#### Cavite



- Residence/ Residential area development: approx. 42,000 units
- Retail facility : 110,337m<sup>2</sup>
- Office : 653,613m<sup>2</sup>
- Construction is planned to start from 2025

#### Cebu



- Condominium : approx. 940 units
- Retail facility: 18,306m<sup>2</sup>
- Construction is planned to start from 2025

- ▶ In overseas, implements initiatives by utilizing our expertise gained in Japan.
- ▶ Expand business continuously by strengthening the connections with local partners and increasing the added value of the properties.

## High added value strategy in overseas business

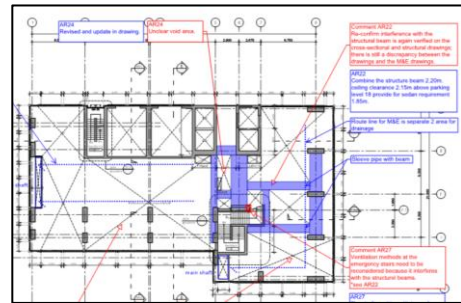


Implements various initiatives by utilizing expertise gained in domestic business

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> <b>Improve development effectiveness</b></p>	<p><b>Improve design quality</b> <b>Reduce construction cost</b></p>	<p><b>Shorten sales schedule</b> <b>Increase sales price</b></p>	<p><b>Avoid significant defectiveness</b> <b>Secure quality and function</b></p>
Example	 <p>Building plan</p>	 <p>Design review (Design improvement KAIZEN)</p>	 <p>Showroom</p>	 <p>On-site visit (on-site improvement KAIZEN)</p>

# Sustainability

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- ▶ Set a target of 35% reduction in CO2 emissions including Scope 3 (compared to FY20/3) and approved by SBTi.
- ▶ In FY21/3, total CO2 emissions decreased due to temporary factors including COVID-19 impact. We are continuing our efforts to reduce emissions.

## CO2 emission reduction target

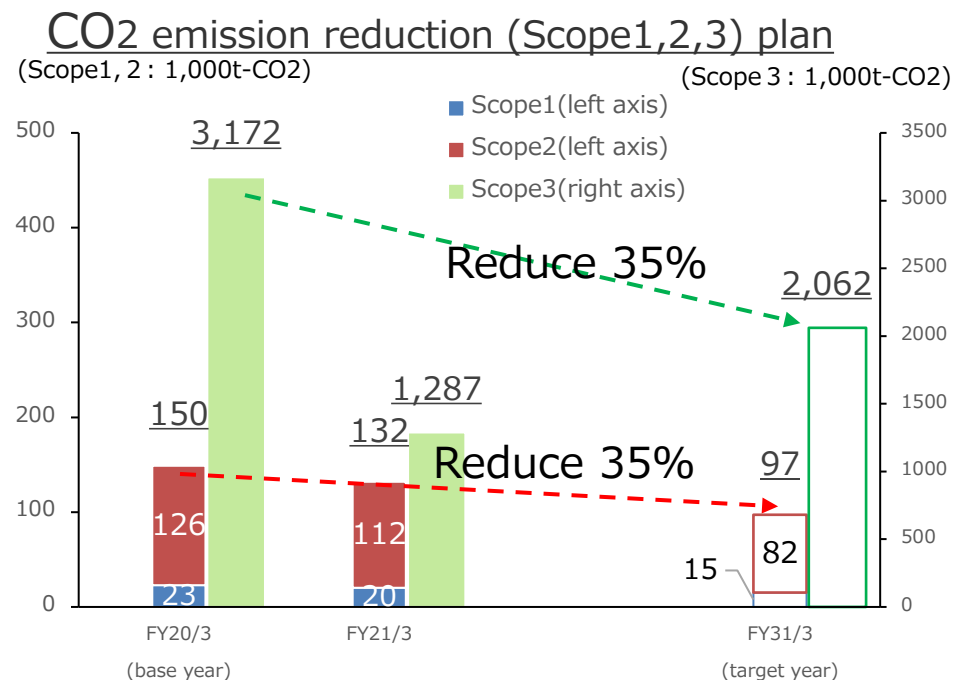
Target year FY31/3	Base year compared to FY20/3	Base year performance
	• Scope1,2: reduce <b>35%</b>	150,000 t-CO <sub>2</sub>
• Scope3* : reduce <b>35%</b>	3,172,000 t-CO <sub>2</sub>	



\* Reduction targets are category 1 (purchased goods and services), category 11 (use of sold products). In base year (FY20/3), the total for Scope 3 including categories other than 1 and 11, was 3,367,000t-CO<sub>2</sub>.

## Our business and Scope 1, 2, 3

Our relevant business	
Scope1, 2 (Direct emissions)	<ul style="list-style-type: none"> <li>▶ Leasing business</li> <li>▶ Service &amp; Management Sector</li> </ul>
Scope3 (Indirect emissions)	<ul style="list-style-type: none"> <li>▶ Property sales business (housing sales, property for sales)</li> </ul>



- ▶ PROUD Takadanobaba, which was selected as high-rise ZEH-M support project was completed in May, 2021.
- ▶ We offer various housing units to respond to the household diversification.



PROUD Takadanobaba  
 Location: Shinjuku-ku, Tokyo  
 Access: 4 min walk from Takadanobaba station  
 Total units: 135 units  
 Construction completed: May, 2021

- ▶ The condominium is equipped with a whole-house air-conditioning system called "Yukai-full" and, "Attractive 30" which reduces the cost of large-scale repair work, to provide an environmentally friendly residence.
- ▶ Considering the household diversification, location and area attributes, there are various housing units, not just family types but also compact types mainly with 2 bedrooms.

### ZEH-M business examples

Name	No. of units	Our share	Completion	ZEH type
PROUD Takadanobaba	135 units	135 units	2021/5	High-rise ZEH-M support project
PROUD TOWER Kameido Cross (Gate Tower)	452 units	384 units	2022/1 (plan)	Super high-rise ZEH-M demonstration project
PROUD TOWER Umedatoyosaki	126 units	126 units	2023/2 (plan)	Super high-rise ZEH-M demonstration project
PROUD Kagurazaka Hill Top	75 units	75 units	2023/7 (plan)	High-rise ZEH-M support project
PROUD CITY Musashiurawa Station Arena	277 units	231 units	2024/4 (plan)	High-rise ZEH-M support project

- ▶ The Group aims to provide Wellness Management so that all of its executives and employees can work energetically in good physical and mental health.

## ▶ Wellness management

### Employee Happiness and Corporate

We realize employee happiness and corporate growth through work style reforms and diversity management.

## ▶ Non financial targets for human resources

### ▶ By FY31/3

- Female manager and junior manager ratio\*: over 20%
- Childcare leave ratio: 100%
- Rate of employment of persons with disabilities: 2.4%
- Employee absentee rate : 0% etc.

### Work style reforms

- ▶ Enhance work-life balance by improving productivity which leads to increased employee happiness and motivation
- ▶ Become a corporate group that contributes to employee growth and satisfaction

### Diversity

- ▶ Build an environment where each person can maximize their abilities
- ▶ Cultivate a work climate that accepts and expresses diverse values

## Wellness

**Employees can work energetically  
in good physical and mental health  
= our fundamental policy**

Result	FY19/3	FY20/3	FY21/3
Female manager and junior manager ratio*(%)	10.05	10.33	11.19
Childcare leave (person) Figures in parentheses are men	178 (6)	253 (10)	289 (28)
Rate of employment of persons with disabilities (%)	1.96	2.02	2.05
Employee absentee rate (%)	0.37	0.29	0.41

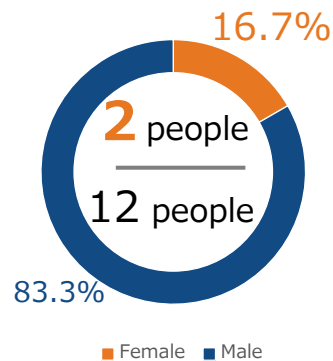
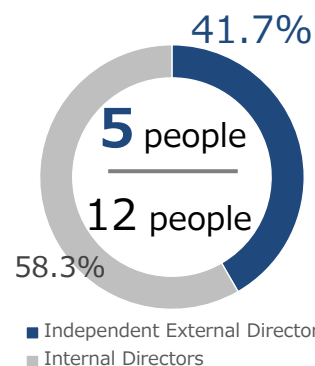
\*Female manager and junior management ratio:  
Female manager + female management candidate / All manager + all management candidate

## ▶ Corporate Governance

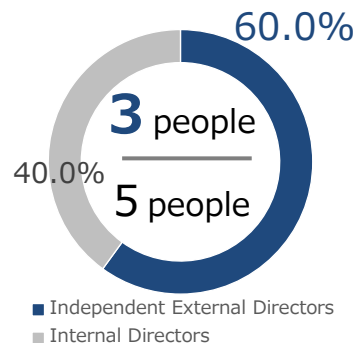
- Company with an Audit & Supervisory Committee
- Out of 12 directors, 5 are independent external directors
- Chairman of the Board of Directors is a non-executive director
- Chairman of Advisory Committee Relating to Nominations and Compensation is an independent external director
- Majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors

### ▶ Board of Directors

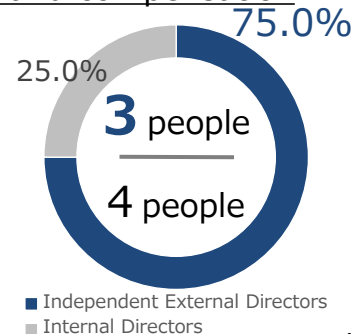
#### Percentage of Independent Directors/Female Directors



### ▶ Audit & Supervisory Committee



### ▶ Advisory Committee Relating to Nominations and Compensation



## ▶ Compensation of Officers

- Established a system that considers medium- to long term results. This reflects the real estate business characteristics, which has a long business period.
- Combined cash compensation (base compensation, bonus) and share-based compensation.
- Evaluates performance related to sustainability.
- Evaluation index for share-based compensation is business profit and ROE.

### Compensation system overview <sup>\*1</sup>



### ▶ Bonus

Compensation: cash  
Performance evaluation: Business profit, mid- to long term implementation. Sustainability initiatives

### ▶ Share-based compensation (Performance Share portion: PS) <sup>\*2</sup>

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

\*1: Compensation system for Executive Officers for our group

\*2: Applicable to some group directors.



▶ Inclusion in ESG index

Included in all four ESG indexes for Japanese stock investment adopted by GPIF.

<Index adopted by GPIF>

<Other main index>

2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



FTSE Blossom  
Japan



FTSE4Good



2021  
Sompo Sustainability Index

2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

▶ Signatures and agreement on initiatives



Signatory of:



▶ ESG evaluation (In FY22/3 3Q updated the underlined part)

CDP Climate change	Sustainalytics	GRESB disclosure evaluation
<u>A-</u>	<u>17.7</u>	A

▶ Publications

Integrated report



Sustainability 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.

- 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

Environment

Safety/  
Security

Community

Health and  
Well-being

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

● Issued our first sustainability bond

● Concluded sustainability linked loan

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 TCFD Recommendations



● Approved by SBT initiative (Set the target including Scope 3)



● Established the Diversity Promotion Committee (2012)

● Launched the Work Style Reform Promotion Committee

● Launched the Group Wellness Promotion Committee

● Group's five companies were selected under the Certified as White 500



● Awarded "New Diversity Management Selection 100"



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



● Announced "BE UNITED CONCEPT" (developing ACTO)

● Implemented performance-based stock incentive plan with an Audit & Supervisory Committee

● Established Advisory Committee Relating to Nominations and Compensation

● Adopted the first external director (2013)

● Started an assessment of effectiveness of the Board of Directors

● Implemented an assessment of effectiveness by third party evaluation institution

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

... New Topics in FY2022/3

- ▶ Accelerate fund procurement considering sustainability factors to diversify funding methods.
- ▶ Our target is to procure approx. ¥200.0 bn over the next five years through new loans and refinancing.

## ▶ Sustainability Bond (issued on Feb, 2021)

Issue size	¥10.0 bn
Issue schedule	Feb. 26, 2021
Third party evaluation (external evaluation)	Vigeo Eiris Japan Credit Rating Agency (JCR) Rating and Investment Information (R&I)
Use of funds	Green project, social project

## ▶ Sustainability linked loan (concluded on Jul, 2021)

Procured amount	¥20.0 bn (17 financial institutions) *as of the end of Dec.
Procurement schedule	After Jul. 2021
Third party evaluation (external evaluation)	Rating and Investment Information (R&I)
Feature	<ul style="list-style-type: none"> <li>• Utilize “Comprehensive sustainability linked loan (SLL) Framework” for the first time in Japan.</li> <li>• Established a system that includes a target to reduce CO2 emissions and by achieving this, preferential interest rates will be applied.</li> </ul>



Jul. 28, 2021 Framework establishment ceremony  
Left: NREH Director and Executive officer, Group CFO, Hiroshi Kurokawa  
Right: ChibaBank Director and Senior Executive officer, Kiyomi Yamazaki

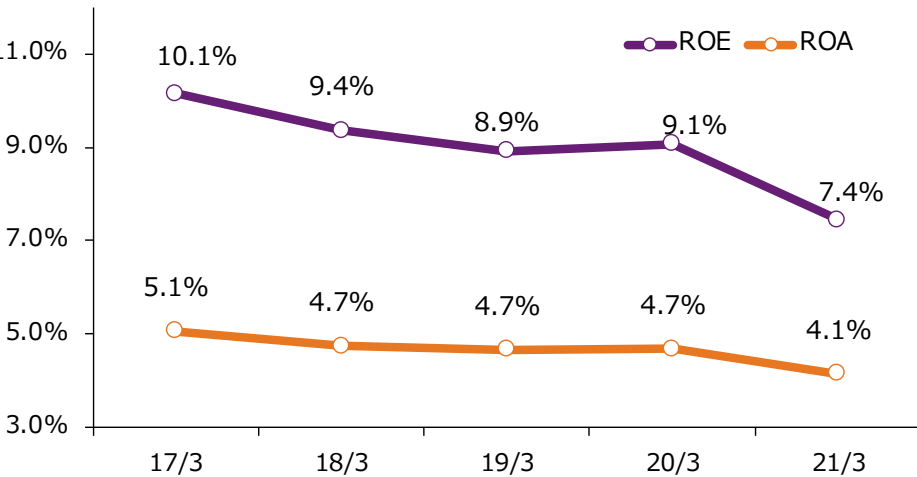
Our target is to procure approx. **¥200.0 bn** in sustainability finance over the next five years, including new loans and refinancing of existing loans.

# Reference materials

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## ROA/ROE

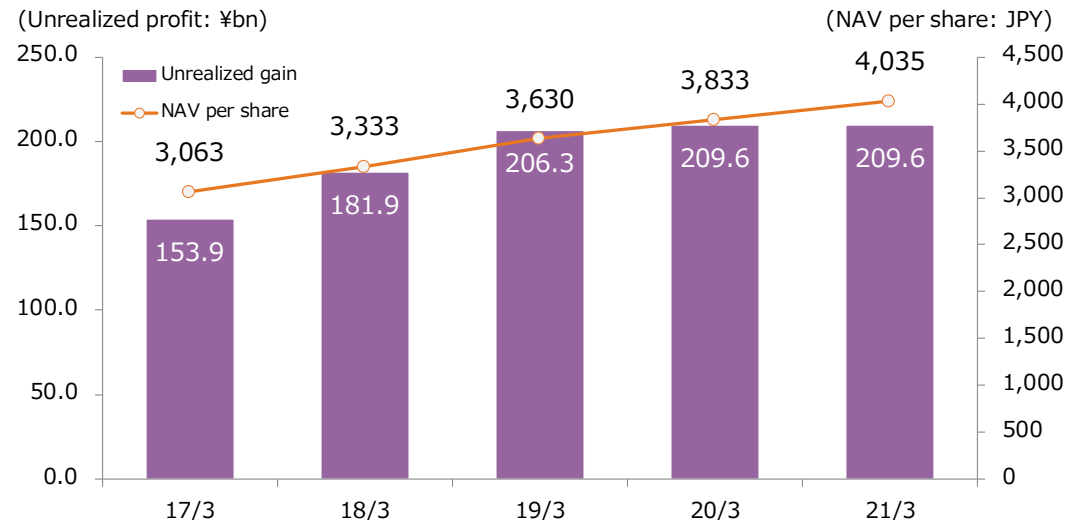
Against our mid-to long-term target of ROA of 5% or higher and ROE of 10% or higher, **ROA was 4.1% and ROE was 7.4%** in FY21/3



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)

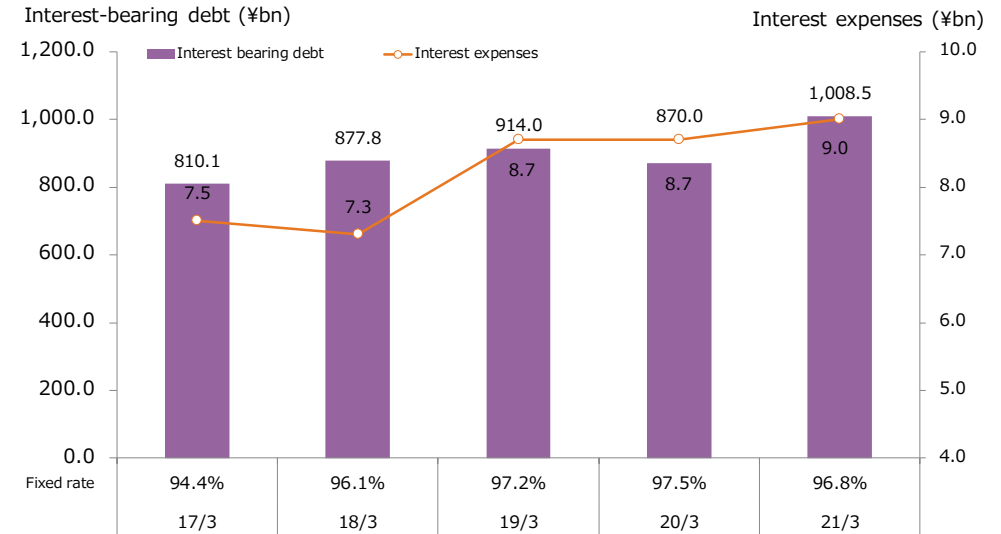
NAV per share increased to **¥ 4,035** (¥ 202 increase from FY20/3)



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)

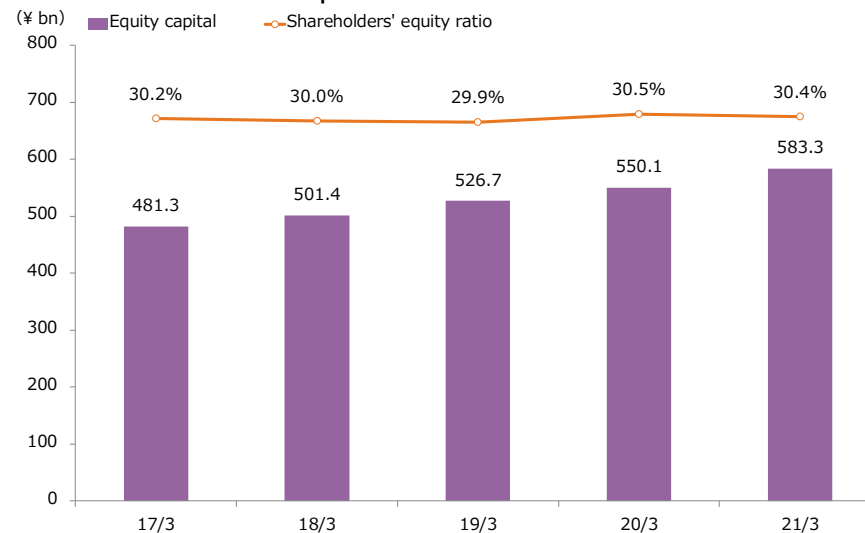
## Interest-bearing debt/Interest expenses

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

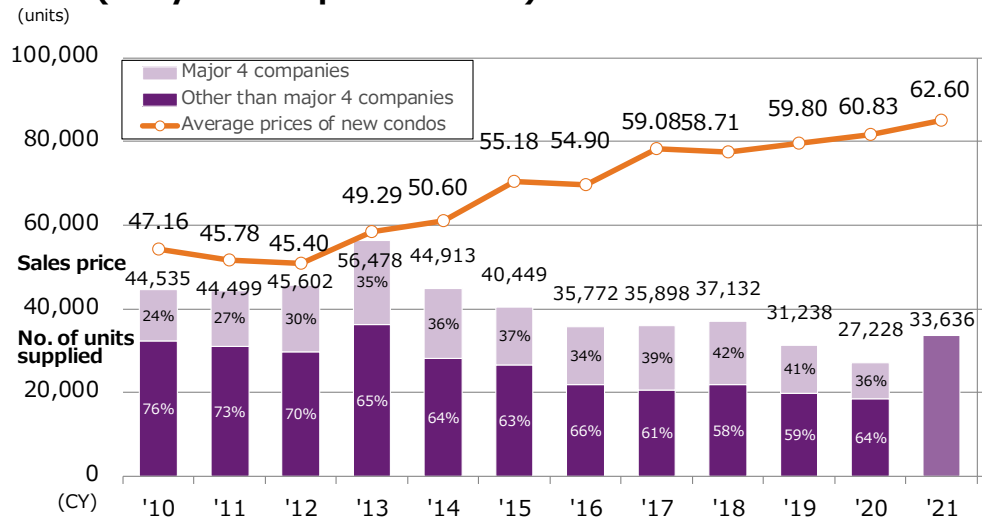


## Shareholders' equity/Shareholders' equity ratio

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

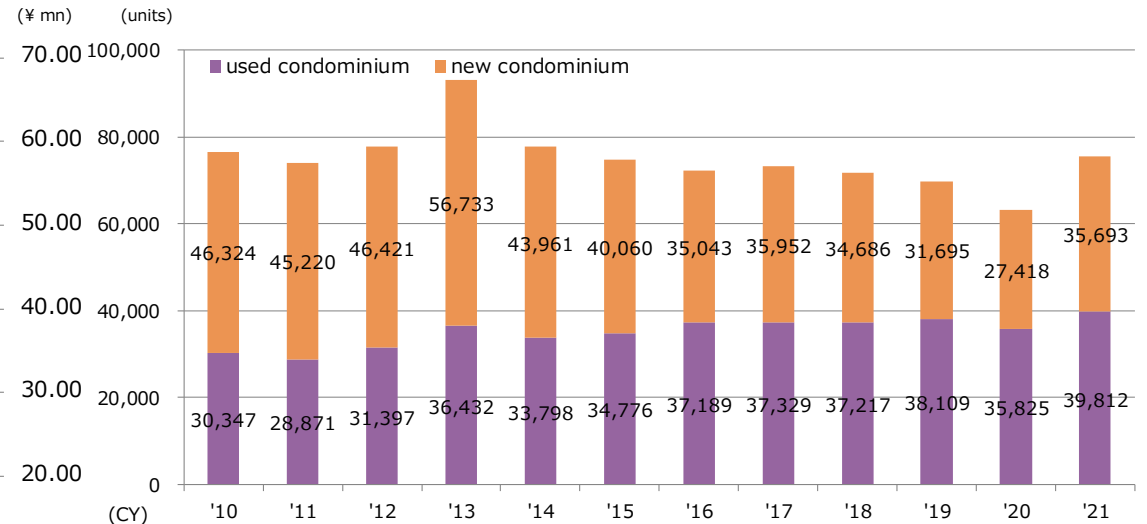


## The number of new condos and housing prices (Tokyo Metropolitan Area)



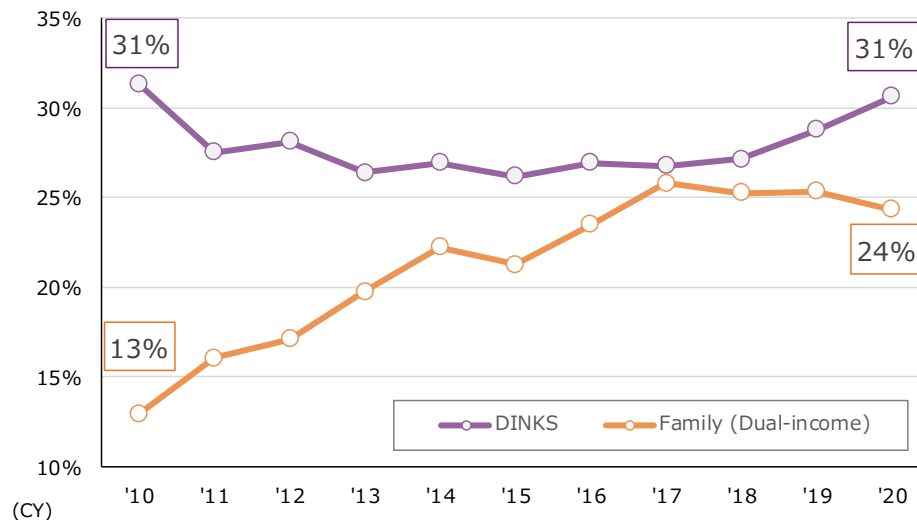
Source by Japan Real Estate Institute  
Major 4 companies; NRE, Sumitomo Realty & Development Co., Ltd., Mitsui Fudosan Co., Ltd, Mitsubishi Estate Co., Ltd.

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



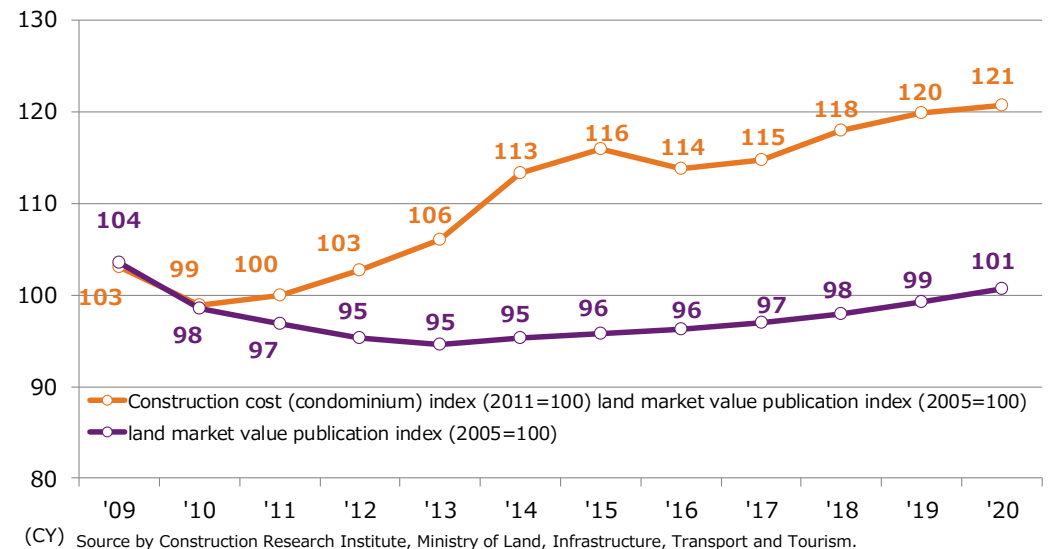
Source by NREH based on Japan Real Estate Institute Reins

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



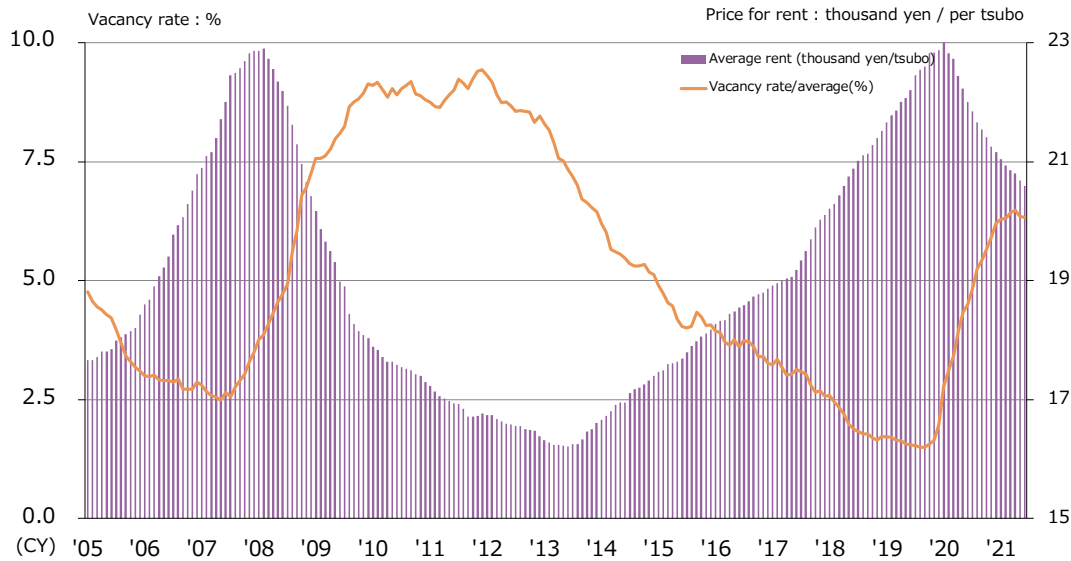
Source by NREH based on SUUMO of the survey of Tokyo Metropolitan Area's new condos contractors trend in 2020

## Construction cost and land price

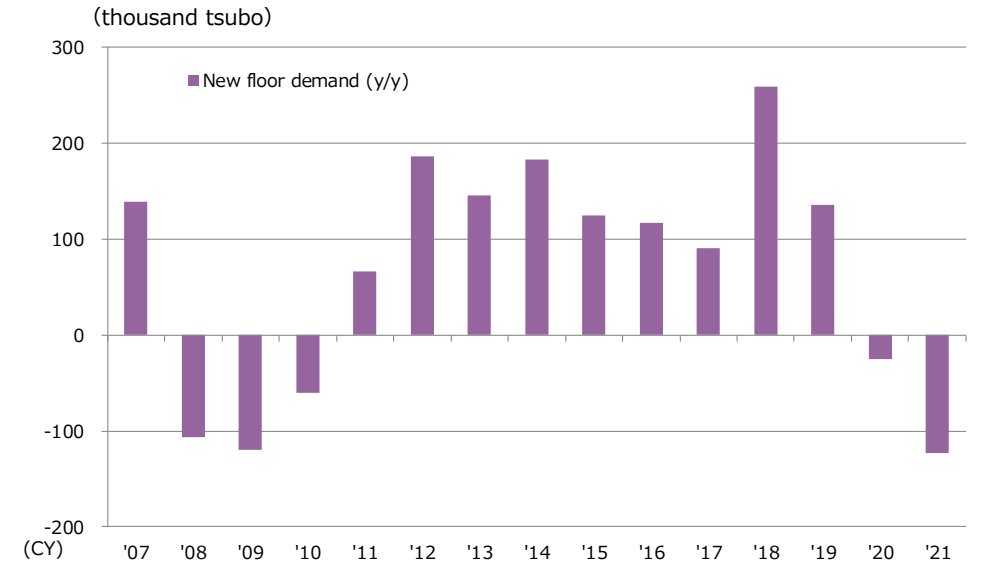


Source by Construction Research Institute, Ministry of Land, Infrastructure, Transport and Tourism.

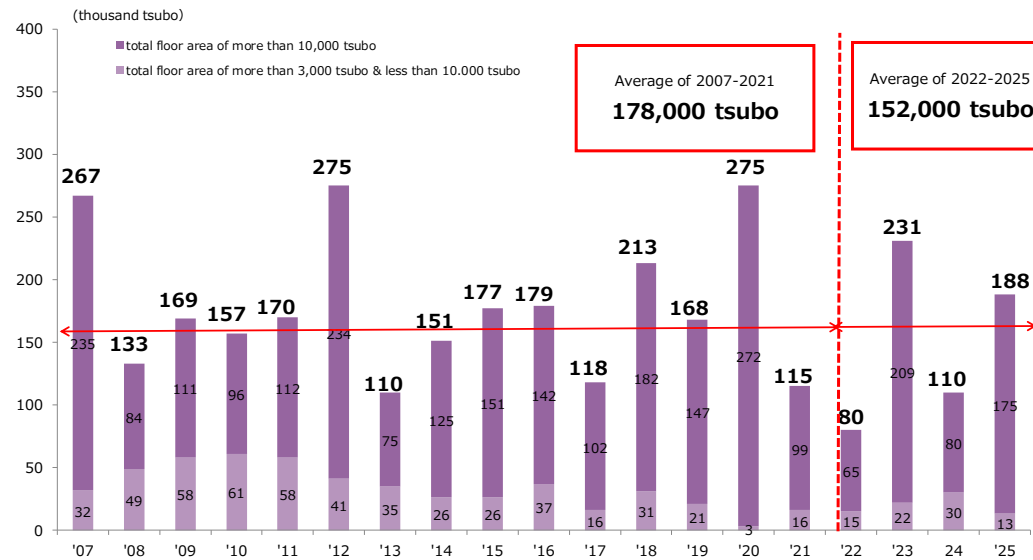
## Rent and vacancy rate in Tokyo central five wards



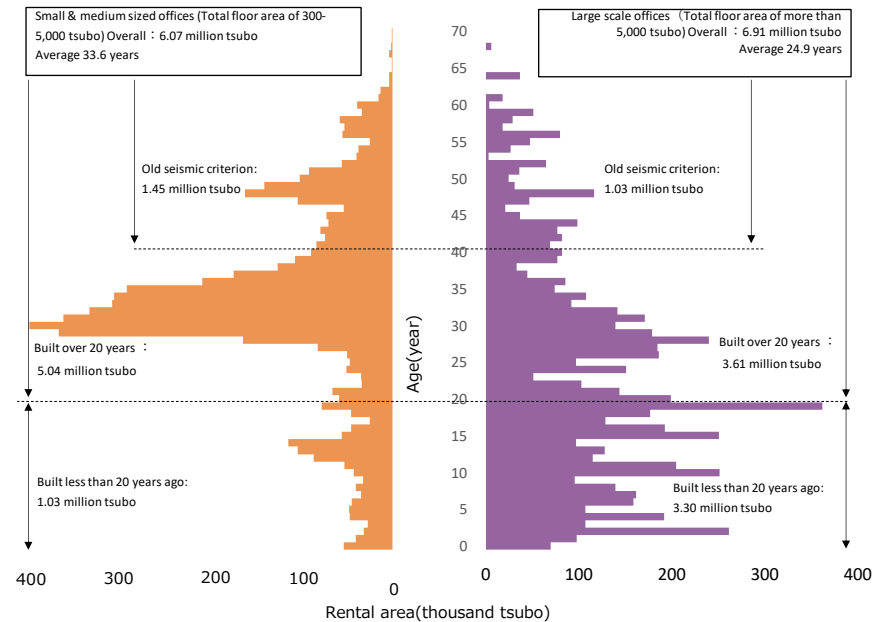
## An increasing trend in Tokyo central five wards' office rental area



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



## 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)

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

## ► 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	1,318 units	1,081 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

## ► 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-	PROUD TOWER Kawaguchi Cross	Kawaguchi-shi, Saitama	450 units	450 units
FY23/3-	PROUD TOWER Koiwa First*	Edogawa-ku, Tokyo	515 units	309 units
after FY24/3	Minami-Ikebukuro 2-chome C District Redevelopment*	Toshima-ku, Tokyo	1,202 units	359 units
after FY24/3	Okayama-shi Ekimaecho 1-chome District Redevelopment*	Okayama-shi, Okayama	approx.370 units	approx. 310 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. 340 units	approx. 280 units
after FY24/3 (TBD)	Nishi-Shinjuku 3-chome west District Redevelopment*	Shinjuku-ku, Tokyo	TBD	TBD

\*JV projects



PROUD TOWER Kameido Cross



PROUD TOWER Higashi-Ikebukuro Station Arena

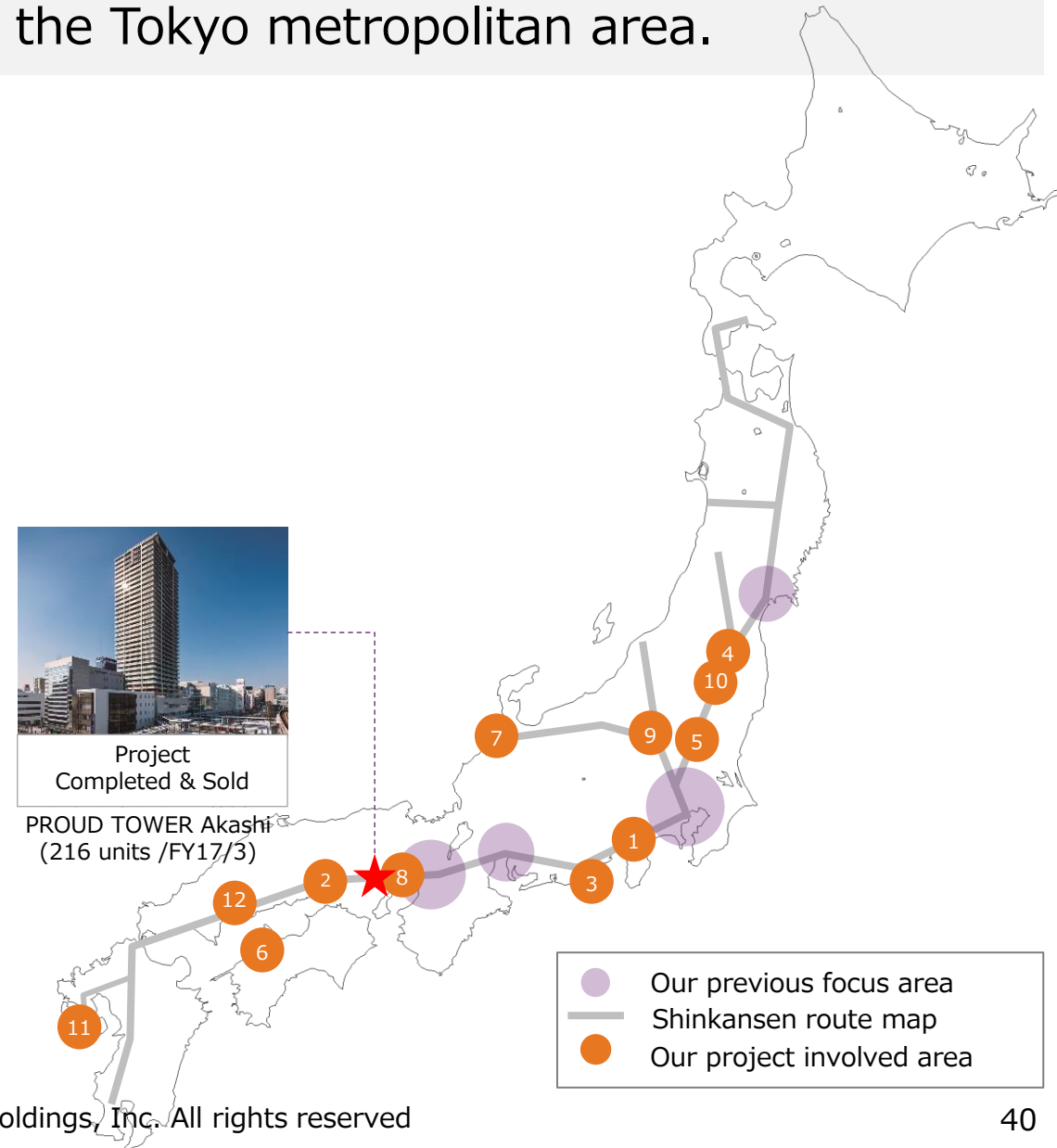


- ▶ Utilizing our expertise gained in the metropolitan area to local core cities including Shinkansen stop station.
- ▶ Creating compact cities in local areas, where the aging and decreasing population occurs rapidly compared to the Tokyo metropolitan area.

## ▶ 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, etc.	Approx. 300
2	Okayama-shi Ekimaecho 1-chome*	Okayama-shi, Okayama	Residence, Retail, Hotel, Office, Convention hall	Approx. 370
3	Kouyamachi / Miyukicho District*	Shizuoka-shi, Shizuoka	Residence, Retail, Office	Approx. 250
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, Retail, Hotel, Medical facility, Exchange base facility, Exchange open space	110
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



- ▶ Workplaces are decentralized due to working from home and teleworking is increasing. The role of office is changing variously.
- ▶ Offering the best combination of offices for the companies that use them including the combination of PMO + H<sup>1</sup>O.



Business Model	Operational business (operational revenue)	Property sales business (development profit)		Leasing business (leasing profit)
Type	Incorporate in developed property's floors (Leasing NRE and other company's property's floors)	Develop H <sup>1</sup> O property/ Incorporate in NRE's building and developed property's floors	Develop PMO property	Mix-use development/ Develop entire property
	 <p>Number of members: <b>1,884</b> companies, approx. <b>184,000</b> people                      Number of offices: <b>172</b> including affiliated offices</p>	 <p>Number of properties including planned ones: <b>16</b></p>	 <p>Number of properties including planned ones: <b>69</b></p>	 <p>TOKYO TORANOMON GLOBAL SQUARE started operation in July 2020. Promoting large-scale mix-used development with a focus on redevelopment projects</p>

## Shibaura 1-chome Project



Location: Minato-ku, Tokyo  
Area scale:  
South tower (S tower)-43 floors with 3 basement, approx. 235m  
North tower (N tower) -45 floors with 3 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), FY28/3(Ntower)  
Completion of construction:FY25/3( S tower) FY31/3(Ntower)  
Main participating companies: Nomura Real Estate, East Japan Railway

## Redevelopment of Nihonbashi 1-chome central district



Location: Chuo-ku, Tokyo  
Area scale: 52 floors above ground, 5 basement floors, approx. 284m (C block)  
Land area: approx. 18,990m<sup>2</sup>  
Gross floor area: about 380,300m<sup>2</sup>  
Main use: Office, retail, hotel, residence, conference center  
Start of construction: FY21/3  
Completion of construction: FY26/3  
Main participating companies: Nomura Real Estate, Mitsui Fudosan, Nomura Holdings

## Medium-sized high-grade office **PMO** similar quality and specification as large-scale "class A" office building



Properties developed: **69** (including plans)  
 Properties under development /  
 Owned by NRE : **36** (out of 69)



PMO EX Shin osaka



PMO Kojimachi

### <Projects completed and progressing in FY22/3>

	Name	Location	Completion
1	PMO EX Shin osaka	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 Tamachi IV	Minato-ku, Tokyo	2022/6 (plan)
6	PMO Tamachi III	Minato-ku, Tokyo	2022/7 (plan)
7	PMO EX Nihonbashi kayabacho	Chuo-ku, Tokyo	2022/7 (plan)
8	PMO Hachobori IV	Chuo-ku, Tokyo	2022/8 (plan)
9	PMO EX Yodoyabashi	Osaka-shi, Osaka	2022/10 (plan)
10	PMO Yodoyabashi (tentative name)	Osaka-shi, Osaka	2023/8 (plan)
11	PMO EX Honmachi 3-chome (tentative name)	Osaka-shi, Osaka	2025/3 (plan)

## Small office with services **H1O** meet the needs of workers in a small team



Properties developed: **16\*** (including plans)  
 Properties under development /  
 owned by NRE : **16\*** (out of 16)



H1O Aoyama

\*including properties that  
 entire building is H1O  
 and part of the building is H1O

### < Projects completed and progressing in FY22/3 >

	Name	Location	Completion
1	H1O Nihonbashi Kayabacho*	Chuo-ku, Tokyo	2022/7 (plan)
2	H1O Aoyama	Shibuya-ku, Tokyo	2022/8 (plan)
3	H1O Umeda chayamachi (tentative name)	Osaka-shi, Osaka	2023/2 (plan)
4	H1O Honmachi 3-chome (tentative name)*	Osaka-shi, Osaka	2024/12 (plan)

\*part of the building is H1O

## Satellite-type shared office **H1T** offers diversification and efficiency of work styles



Number of members: **1,884** companies /  
 approx. **184,000** people  
 Number of offices: **172** including affiliated offices

## Urban retail facility (mainly restaurants)



Properties developed: 22 (including plans)  
 Properties under development /  
 owned by NRE: 10 (out of 22)



<Projects completed and progressing in FY22/3>

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

GEMS Roppongi

## Urban retail facility (mainly service industries)



Properties developed: 8 (including plans)  
 Properties under development /  
 owned by NRE 8 (out of 8)



<Projects completed and progressing in FY22/3>

	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	2022/12 (plan)
4	MEFULL Kiba	Koto-ku, Tokyo	2023/5 (plan)

MEFULL Fujisawa

## Logistics facility with advanced and high functionality



Properties developed: 38 (including plans)  
 Properties under development /  
 owned by NRE: 21 (out of 38)



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
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	Muko-shi, Kyoto	2023/2 (plan)
9	Aikogun Aikawamachi PJ (tentative name)	Aiko-gun, Kanagawa	2023/2 (plan)

Name	Location	Net lettable area *Our share	Completion
Yokohama Business Park	Hodogaya-ku, Yokohama-shi, Kanagawa	172,351m <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	30,884m <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

# 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.

# Nomura Real Estate Group 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
- ▶ **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



- ▶ **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

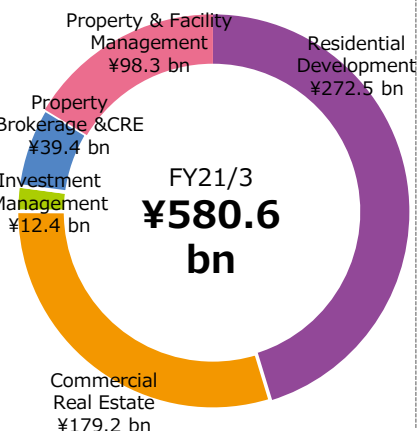


\*Note: The Operating revenue until FY2003 are only the figures of Nomura Real Estate Development.

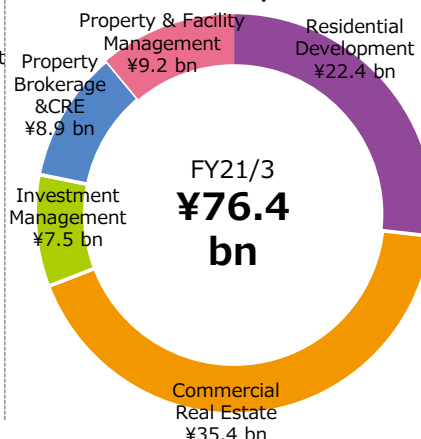


## Group's business

### 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

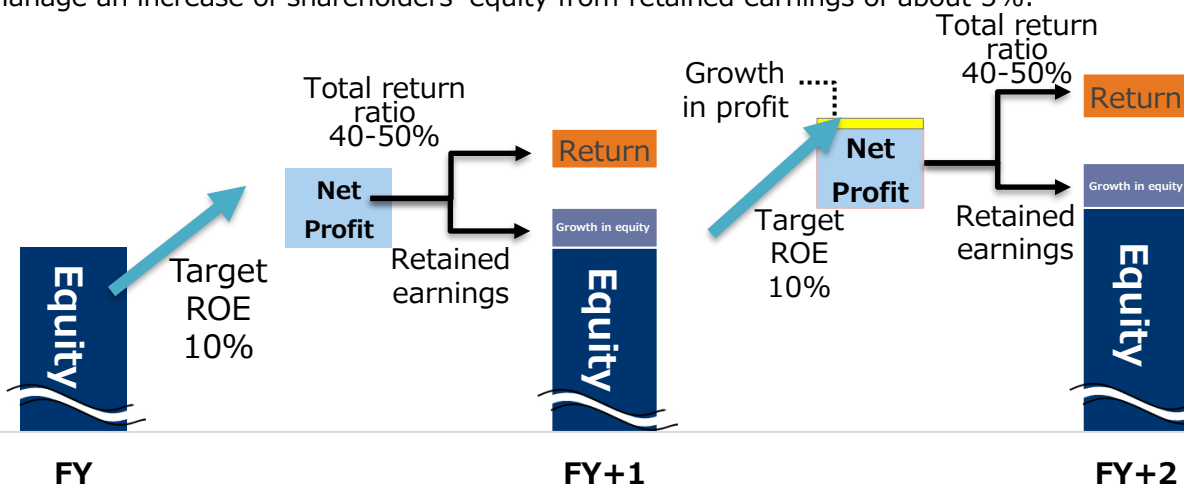
ROE: **10%** or more  
(FY21/3: 7.4%)

#### 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%.



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