

Nomura Real Estate Holdings, Inc.
Briefing session of the FY26/3 financial results (held on April 24, 2026)
Q&A Summary

Date & Time: Friday, April 24, 2026, 5:00 p.m. - 6:00 p.m.

Speakers:

Satoshi Arai, President and Representative Director, Group CEO

Daisaku Matsuo, Executive Vice President and Representative Director, Group COO

Toshihide Tsukasaki, Executive Officer, Group CFO

[The Business Plan]

Q. Earnings for the FY26/3 exceeded expectations. Given the earnings forecast for the FY27/3 and the progress of the business plan, is there a possibility that you will revise your goals to achieve the business plan ahead of schedule, similar to other companies in the industry?

A. Results for the FY26/3 exceeded expectations, partly due to the timing of housing sale and property sale being concentrated in 4Q. Despite the anticipated recognition of extraordinary losses, we successfully executed property sale. For the FY27/3, while growth compared to the FY26/3 will not be significant, the annual average growth rate is projected to be 9.5% when viewed as the first two years of the three-year plan. Progress is proceeding smoothly, exceeding the target level of 8%. Although we do not currently plan to revise our targets, we are on track to achieve the business profit target for the FY28/3. (Tsukasaki)

[Middle East Situation]

Q. Are there any domestic impacts from the situation in the Middle East? Also, regarding overseas operations, you mentioned adjusting the timing of property sale in light of the situation in the Middle East, what kind of impact is this having?

A. We believe there is a possibility that this will affect building materials in the future. Generally, petroleum-derived naphtha is highly volatile and difficult to stockpile, so it is considered susceptible to the impact of the situation in the Middle East. In addition to a temporary shortage of thinners used to dilute paints, it is conceivable that the impact could extend to various secondary products such as insulation and waterproofing materials. While there is concern that this could cause delays in revenue recognition, particularly for properties scheduled for recognition

in the 4Q of the FY27/3, we have already established a clear plan for large-scale properties that contribute significantly to earnings. Therefore, we believe the impact will be limited unless something extraordinary occurs. We plan to reassess the impact on our business around June 2026. (Matsuo)

Q. Given that the situation in the Middle East is expected to cause construction delays and rising material costs, how do you plan to address these issues? Additionally, will the decline in inbound customers due to rising fuel surcharges have an impact?

A. We are paying particular attention to the impact of rising costs and construction delays. Regarding cost increases, in response to the upward trend in construction costs over the past few years, we have been revising our reserve fund levels as appropriate and formulating business plans that factor in these cost increases. While there are concerns about the impact of the situation in the Middle East, we believe our business model is sufficiently resilient. However, since the delay in revenue recognition due to construction delays has a greater impact on this fiscal year's performance, we will rigorously manage construction schedules for our housing sale and property for sale business.

Inbound demand is particularly relevant to the hotel business. Even if fuel surcharges rise, demand remains strong against the backdrop of a weak yen, so we do not anticipate a drastic decline in inbound individual travelers overall. (Matsuo)

[Shareholder Returns]

Q. In FY26/3, while net profit significantly exceeded the revised 3Q earnings forecast, the annual dividend remained unchanged, resulting in a total return ratio of 41.4%, which is low by recent standards. The dividend forecast for the FY27/3 stands at 43.7% as of the beginning of the fiscal year, which is a high dividend payout ratio. Given that the priority on acquisition of treasury shares has decreased and you are placing greater emphasis on dividends, should we interpret this as a lowering of the total return ratio compared to previous levels?

A. Our dividend policy remains unchanged, with a total return ratio of 40–50%. While the dividend payout ratio may fluctuate from period to period, the number of individual investors is growing, and it is important to increase dividends annually in line with profit growth. Although the total return ratio for the FY26/3 has declined compared to the past few years, we have increased the dividend by 6.0 yen from

the previous fiscal year and have also announced a 4.0 yen per share increase for the FY27/3. We believe this represents a level that will satisfy our shareholders. (Arai)

Q. In the past, there was a tendency to implement additional returns, including acquisition of treasury shares during the fiscal year. However, for the FY27/3, a high dividend payout ratio has been planned from the outset. Is it correct to understand that the likelihood of additional returns is not as high as it was previously?

A. We intend to steadily generate profits so that we can announce additional shareholder returns, such as dividend increases, during the fiscal year. (Arai)

Q. Regarding the acquisition of treasury shares: We expect the stock price has reached your target level, but the NAV per share has also risen this time, causing the P/NAV ratio to decline slightly. Given the current stock price level, are you prioritizing dividends over the acquisition of treasury shares? Or do you consider the current stock price to be undervalued, in which case you may be considering the acquisition of treasury shares?

A. Our basic approach is to increase dividends in line with profit growth. Naturally, we want to continue raising the stock price and P/NAV going forward, but at the current stock price level, we intend to focus on returning value through dividends. However, as we have stated previously, our position remains unchanged. The acquisition of treasury shares will be handled flexibly depending on the stock price level. (Arai)

Q. We appreciate that the dividend yield has reached a relatively attractive level following the dividend increase. Even if sales do not proceed as planned amid rising interest rates, leading to higher earnings volatility, will you maintain your dividend policy?

A. We plan to maintain the current policy throughout the business plan period. We will manage the business to minimize fluctuations in performance, but even if such fluctuations occur, we will continue to pay dividends at a minimum DOE of 4%. (Arai)

[FY26/3 Earnings]

Q. As of the end of FY26/3, both unrealized gains and book value for leasing properties have decreased. Please explain the background behind this.

A. While unrealized gains increased due to rising valuations of our properties, they decreased due to the sale of fixed assets to cover extraordinary losses and the reclassification of some properties from fixed assets to inventory in anticipation of future property sale. (Tsukasaki)

[FY27/3 Earnings Forecast]

Q. To what extent do you anticipate an increase in interest costs in the FY27/3 earnings forecast? Also, are there any anticipated extraordinary gains or losses for FY27/3?

A. For FY27/3, while business profit is expected to increase by 2.6 billion yen year-on-year, ordinary profit is expected to remain at roughly the same level as FY26/3. This difference generally corresponds to the increase in interest costs. At this point, we do not anticipate any significant extraordinary gains or losses. (Tsukasaki)

[Residential Development segment]

Q. How do you assess the fact that the contract progress rate for housing sale at the beginning of the fiscal year has been declining year by year? Are there differences in sales conditions between urban and suburban areas?

A. Regarding the contract progress rate, it was around 45–50% prior to the pandemic, but has risen to around 70% in recent years. A rate of 60% is generally considered a benchmark, and we believe the 60% contract progress rate at the beginning of the FY27/3 is sufficient. This decline in the contract rate is by no means due to poor sales performance. For example, in the case of large-scale properties where sales are recognized across fiscal years, we conduct sales over an extended period, carefully adjusting prices in stages. We plan to recognize 3,800 units for the FY27/3, and we have absolutely no concerns about achieving this target.

Regarding sales performance by area, while sales in some suburban areas are not progressing as quickly as in central Tokyo due to factors such as rising construction costs, overall sales are proceeding as expected. (Matsuo)

Q. Sales of high-end properties in areas such as Atago, Akasaka 7-chome, and Nishi-Azabu 3-chome are expected to ramp up in the future. While demand for high-end properties is likely to decline if mortgage rates rise, do many buyers of high-end properties avoid using loans? I would like to hear your current assessment of future demand for high-end properties.

A. We are just beginning sales operations for Atago, Akasaka, and Nishi-Azabu, so we will be monitoring the market response going forward. For high-end properties, the appeal of each individual property—such as its location and product quality—is a major factor in its evaluation, and all three of these properties have strong competitiveness. Although the recognition period spans FY29/3 and FY30/3, we do not intend to sell large volumes in the short term; our policy is to proceed steadily. Regarding the use of loans, it depends on the individual customer's circumstances. There are buyers purchasing with cash against the backdrop of rising stock prices, and there are those using loans. There are also differences depending on whether the purchase is made in an individual's name or a corporate entity's name. (Matsuo)

Q. Is it correct to understand that the construction costs for the three properties mentioned earlier have been finalized?

A. The start of construction has already occurred on all three properties by the end of the FY 26/3. While we will continue discussions with the general contractors within the scope of the contingency budget, we do not anticipate any significant fluctuations. (Matsuo)

[Residential Development segment / Commercial Real Estate segment]

Q. What is the projected gross profit of property sale for the FY27/3? Given the increasing uncertainty in the business environment, will sales be concentrated in 4Q, as they were in the FY26/3? Or will they be brought forward and recognized in 1Q and 2Q?

A. Regarding the property sale in the Residential Development and Commercial Real Estate segments for the FY27/3, our policy is to proceed with sales at a level roughly equivalent to the gains recorded in the FY26/3. As for the expected quarterly recognition of these gains, while the FY26/3 saw a concentration in 4Q, we do not currently anticipate any significant concentration for the FY27/3. We will proceed with sales in line with the fiscal year-ends of listed REIT and private REIT, while for private funds, we will aim to sell assets as appropriate to meet investor needs. (Tsukasaki)

Q. As of the end of the FY26/3, to what extent have the property sale to be recognized in the FY27/3 been finalized?

A. About 10% to 20% of the total. (Tsukasaki)

Q. Regarding interest rate trends and the buying and selling of property for sale. You explained that gains from the property sale in the FY27/3 will be on par with those of the FY26/3, but interest rates are rising, and I believe the selling environment is becoming increasingly competitive. According to disclosure information on appraisals for listed REIT, cap rates are largely flat. How do you interpret this? Should we expect cap rates to rise in the future due to rising interest rates? Also, please explain the background: is demand for property for sale strong because of high expectations for cash flow growth, or because real estate funds have significant equity needs and are forced to buy at high prices?

A. We continued to raise capital from investors during the FY26/3, and we feel that investor demand for real estate remains strong. Even in an environment of rising interest rates, in line with general inflation trends, rents are steadily increasing across various real estate sectors, including offices, housing, and logistics facilities. We believe investors are continuing to invest with the expectation of future cash flow growth. We anticipate that this demand will remain strong, and we believe we can steadily proceed with property sale. (Tsukasaki)

Q. From that perspective, do you anticipate that cap rates will not rise in the FY27/3?

A. While some investors are revising their investment criteria in response to rising interest rates, we recognize that there is also strong demand from investors who wish to invest in anticipation of future cash flow growth and rising real estate prices as tangible assets. (Tsukasaki)

[Commercial Real Estate segment]

Q. Regarding rent trends for existing office properties: In the 3Q, there were cases where rents were increased, with reports indicating that 70% of negotiations resulted in rent adjustments of 5% to 10%. What is the current situation? In connection with this, I would also like to hear your outlook on the vacancy rate. BLUE FRONT SHIBAURA is fully leased, so its vacancy rate is likely to decline going forward, but I would like to hear about the outlook for vacancy rates in other existing buildings, as well as the reasons behind the rise in vacancy rates in the FY26/3 4Q.

A. Regarding rent adjustments for existing buildings, we explained in the 3Q that the adjustment rate was around 5% to 10%, and this situation remains unchanged. Furthermore, rent adjustments exceeding 10% are also being seen in some cases, and we believe the trend of rising rents will continue. Regarding vacancy rates, there has been a gradual increase in the FY26/3. While this is partly due to minor fluctuations in individual buildings, the primary factor is our group's relocation from the Shinjuku Nomura Building to BLUE FRONT SHIBAURA. As a result of this, vacancy rates have shown an upward trend over the past year. Excluding special factors such as building renovations, we believe that vacancy rates themselves will decline going forward. (Matsuo)

Q. Is it difficult to sustain the momentum for rent increases? You mentioned earlier that you do not anticipate an increase in the cap rate, but will the momentum for rent increases continue amid rising interest rates?

A. Since construction costs have been soaring for the past three to four years, there have been cases where office development projects have been canceled or postponed. From a supply-demand perspective, demand has outpaced supply for several years now. While there are various factors driving rent increases, given the current situation, we believe this trend will continue. The primary factor supporting our view that rent increases will continue is the supply-demand balance.(Matsuo)

Q. I have heard of office leases in Yaesu closing at 100,000 yen per tsubo. Could you please explain the current leasing situation and rent outlook in Nihonbashi, where about 40% of the floor remains vacant?

A. Given current trends, we have no intention whatsoever of attracting tenants with low rents. While I cannot disclose specific rent levels, we aim to target rents higher than the market average. (Matsuo)

Q. Land acquisitions for property sale have been low in Commercial Real Estate segment. Will this slowdown continue into the FY27/3? If annual acquisitions amount to around 100.0 billion yen, is the current pace of property sale—approximately 200.0 billion yen—appropriate? Given that you have a stock of properties sufficient for roughly five to six years, can you maintain the current level for the next few years even with limited new acquisitions?

A. Land acquisition for property sale totaled 264.0 billion yen in the FY25/3 and 73.0 billion yen in the FY26/3, appearing to have declined significantly. While we were able to acquire large-scale logistics facilities in the FY25/3, the FY26/3 saw a result of 73.0 billion yen due to a strategy of highly selective investments. However, looking at the past five years, we have been able to acquire land in line with our targets. For the FY27/3, our policy is to increase acquisitions of logistics facilities while also steadily acquiring office properties. Furthermore, we do not believe that the current significant decrease in land acquisitions will have an immediate impact, so please rest assured. (Matsuo)

Q. Please provide the earnings forecast for Commercial Real Estate segment for the FY27/3. What will be the breakdown between property sale and leasing?

A. We anticipate the gross profit of property sale to be at a level similar to that of the FY26/3. Regarding leasing income, while leasing earnings are expected to turn profitable and increase in the second year of operation for BLUE FRONT SHIBAURA TOWER S, leasing profit is projected to decrease temporarily due to a combination of factors. These include the demolition of the Hamamatsucho Building, the expiration of the lease at LAZONA Kawasaki, downtime at the Shinjuku Nomura Building due to our group's relocation, and startup costs at the Nihonbashi Nomura Mitsui Tower (Nihonbashi 1-chome Central District Redevelopment). However, leasing profit is expected to improve going forward. (Tsukasaki)

Q. To what extent will the Nihonbashi Nomura Mitsui Tower impact profits in terms of costs for the FY27/3?

A. There will be some impact, but compared to the opening costs for BLUE FRONT SHIBAURA TOWER S in the FY26/3, the impact is not that significant. (Tsukasaki)

Q. What is the outlook for the Nihonbashi Nomura Mitsui Tower 's contribution to earnings?

A. We expect profit from the Nihonbashi Nomura Mitsui Tower to rise gradually, with its full contribution to earnings anticipated around the FY30/3.(Matsuo)

Q. The land bank stock of property sale in Commercial Real Estate segment is growing steadily, but will you be able to sell them amid rising interest rates? Is there a possibility that the timing of property sale could be adjusted depending on interest rate trends?

A. Interest rate hikes in Japan are relatively mild compared to those in Europe, the U.S., and other Asian countries. Furthermore, our land bank stock of property sale consists of assets capable of withstanding rising interest rates, so we have no major concerns. At this point, we do not anticipate changing the timing of property sale. (Matsuo)

Q. Regarding capital expenditures. The completion of construction of the Nihonbashi Nomura Mitsui Tower is scheduled for the FY27/3, and construction of the BLUE FRONT SHIBAURA TOWER N is also progressing. What are your plans for capital expenditures in the FY27/3? Is it correct to understand that, after accounting for depreciation and other factors, there will be an accumulation of 100.0 billion yen?

A. While we plan to make a certain level of investment in the Nihonbashi Nomura Mitsui Tower in conjunction with the completion of construction in the FY27/3, the BLUE FRONT SHIBAURA TOWER N is expected to remain under demolition during that period, so no additional investment is anticipated. Including other projects, we will continue to make a certain level of capital expenditure in the FY27/3. We estimate that the increase in assets will be approximately 100 billion yen. (Tsukasaki)

Q. Please provide an update on the leasing situation for logistics facilities. While the vacancy rate rose for a time in the market, some view that supply will decrease in the future due to rising construction costs. Will the leasing environment for logistics facilities improve going forward, or is it already in a favorable condition?

A. The vacancy rate in the Tokyo metropolitan area remains high at 9.8%, but there are regional variations; vacancy rates are particularly high along the Ken-O Expressway and in certain parts of Kanagawa. This is the factor driving up the overall vacancy rate. Our properties have not been significantly affected by this and are performing well. Apart from the Tokyo metropolitan area, in the Tokai region, our largest-ever logistics facility (Landport Tokai Obu I), spanning approximately 70,000 tsubo, is fully leased and operational. Since leasing is crucial for proceeding with property sale, we will focus our efforts on lease-ups. (Matsuo)

Q. The unit price of Nomura Real Estate Master Fund, Inc. is in the process of recovering, and while acquiring properties through a public offering may be difficult under current conditions, has the sales environment—including for private funds—deteriorated? I would like to know the outlook for leasing and sale.

A. We have heard that some other companies are facing difficult conditions, but the private REIT and private funds managed by Nomura Real Estate Asset Management Co., Ltd. are highly regarded by investors. Even if it becomes difficult for Nomura Real Estate Master Fund, Inc. to acquire properties, we believe we can address this through these private REIT and private funds. (Arai)

[Overseas segment]

Q. In the past, you mentioned that the housing sale market in Vietnam was challenging in certain areas. Please provide an update on the sales status of the projects scheduled to be recorded in the FY27/3.

A. The overseas segment is still limited in terms of the number of properties and geographic coverage, and the scale of operations remains modest. In the short term, Vietnam will be the main contributor to business profit, and performance may be influenced by sales trends at individual properties. For the FY27/3, we plan to recognize revenue from Grand Park Phase 3, Hong Hac, and Royal Island (Vu Yen) 1st district, among others. Contracts for Grand Park Phase 3 and Hong Hac, which are scheduled to be recorded in the FY27/3, have already been signed, and we

believe there are no issues. Regarding Royal Island (Vu yen) 1st district, the supply-demand balance has been disrupted due to increased supply in the surrounding area, and we are closely monitoring sales trends. (Matsuo)

Q. Business profit for the Overseas segment exceeded the revised forecast by approximately 1 billion yen. What is the reason for this? Did the conservative estimates turn out to be too low, or were revenues originally scheduled for FY27/3 recorded earlier than planned? Additionally, the property sale in the UK was postponed in FY26/3; is it scheduled to be recorded in FY27/3?

A. The increase in profit compared to the revised forecast for the FY26/3 was due to stronger-than-expected sales of Grand Park Phases 2 and 3 in Vietnam. This does represent a portion of the revenue originally expected to be recorded in the FY27/3 being brought forward. The condominium market in Vietnam is not generally weak; highly competitive properties in Ho Chi Minh City and Hanoi are selling steadily. Furthermore, the property in the UK is not included in the revenue recognition for the FY27/3. We will continue to assess the appropriate timing for the sale during the FY28/3 or thereafter. (Matsuo)

[Property Brokerage & CRE segment]

Q. Regarding Property Brokerage & CRE, growth in FY27/3 was lower compared to FY26/3. Given that the brokerage business, including the secondary condominium market, has generally remained strong, could growth have been a bit higher?

A. The Property Brokerage & CRE business continues to perform very well, and we expect to increase revenue this fiscal year as well. On the other hand, in addition to digital transformation (DX) expenses for future growth, we are also planning strategic advertising and promotional expenses. As a result of these increased costs, we anticipate business profit at the same level as the previous fiscal year. (Tsukasaki)

[Property and Facility Management segment]

Q. Profit in the Property and Facility Management segment is expected to decrease by 4 billion yen due to expenses related to DX and personnel. As explained, personnel costs are expected to rise, but even taking that into

account, the decline in profit this time is significant. Does this mean that the results include a large one-time factor, such as DX expenses?

A. The Property and Facility Management segment plans to increase expenses related to DX and personnel to strengthen the foundation for future growth, and as a result, we expect to decrease in profit. The increase in personnel expenses is due to a review of our HR system. We will continue to invest in DX to improve productivity. (Tsukasaki)