Nomura Real Estate Holdings, Inc.
Briefing session of FY27/3 1Q financial results (Held on July 30, 2026)
Q&A Summary

Date and Time : Thursday, July 30, 2026, 5:00 p.m. – 6:15 p.m

Attendee : Toshihide Tsukasaki, Director and Managing Executive Officer, and Group CFO

[Interest rates]

<Question>

Given that interest rates are expected to continue rising, are you able to secure rent increases that outpace these interest rate hikes? Your company has approximately 1.7 trillion yen in interest-bearing debt; if interest rates rise by 1%, interest expenses would increase by about 17.0 billion yen over 10 years. Can you cover this increase through rent hikes?

<Answer>

To date, we have raised funds primarily through long-term borrowings while diversifying repayment schedules; therefore, the impact of rising interest rates is not expected to be significant immediately but will likely emerge gradually over time.

We intend to make the most of this period to generate revenue that exceeds our interest costs, such as rent increases.

Currently, rents across all sectors are rising steadily. In the office sector, rents for new leases are strong; for example, at the Shinjuku Nomura Building, leases for the spaces vacated by our group following the relocation of our headquarters are nearly all secured, with contracts being finalized at rates exceeding 10% of the initial rent. Furthermore, for smaller units and turnkey office spaces, some contracts are being finalized at rates exceeding 20%.

Regarding rent revisions, we achieved rent increases for 70–80% of tenants subject to revision in the first quarter. Most rent increases have been in 5–10%, with a growing number of cases over 10%. In the rental housing sector (including senior housing), new leases signed during tenant turnover are being concluded with rent increases of over 10%, and in some cases, increases of over 20% have been achieved. For logistics facilities as well, new lease rates are rising steadily, and rent revisions have resulted in increases of 5–10%, with some cases over 10%. We plan to continue these efforts and pursue rent increases across the entire portfolio.

<Question>

I understand that non-asset businesses are also important for achieving profit growth that outpaces interest rate hikes. However, both the Property Brokerage & CRE segment and the Investment Management segment—which are non-asset businesses—are currently reporting profit declines. I would particularly like to know

the outlook for the Property Brokerage & CRE segment.

<Answer>

We view both the Property Brokerage & CRE segment and the Investment Management segment as growth markets with significant potential, and we intend to achieve profit growth in these areas. Although profits declined in the first quarter, we expect to achieve solid revenue growth in each segment for the full fiscal year.

In the Property Brokerage & CRE segment, although revenue increased, profits declined in the first quarter as operating expenses—including higher advertising and personnel costs—outpaced revenue growth. The Property Brokerage & CRE business is characterized by a pattern where a larger portion of revenue is recognized in the second half of the fiscal year. For the full fiscal year, we expect to further increase revenue and fully offset these costs.

<Question>

Please provide more details on how you are implementing investment criteria that factor in rising interest costs and prioritizing investments in growth businesses. Has the bar for investment criteria been raised, making it more difficult to invest? Additionally, what specific changes are you seeing regarding investments in growth businesses?

<Answer>

When making new investments, we formulate investment plans and make investment decisions that factor in future interest rate hikes. Consequently, land acquisition has become more challenging. On the other hand, our policy is to proceed with investments while offsetting the increased costs through measures such as raising housing prices and rents, as well as improving the product and service quality across our various assets.

In fact, markets for hotels and rental housing—which we have identified as growth areas in our business plan—are performing well, and we are actively investing in them. We were able to achieve more land acquisition than anticipated in the previous fiscal year, and we will continue to expand our investments in these growth areas.

[Shareholder returns]

<Question>

What has been the reaction from investors regarding the company's shareholder return policy for the current fiscal year? Please also explain the discussions held within the company in light of this reaction and the possibility of additional shareholder returns.

<Answer>

Our commitment to providing solid shareholder returns in line with profit growth remains unchanged. For the current fiscal year, in line with the increase in profits, we announced a dividend forecast at the beginning of the fiscal year of 44 yen per share, representing a dividend payout ratio of 43.8%. We will consider additional shareholder returns while monitoring the progress of full-year earnings, but as we are still in the first quarter, our current stance aligns with the initial dividend forecast. We are also aware that some investors are calling for a share buyback amid the weak stock price; however, we intend to address this from a medium- to long-term perspective rather than seeking to boost the stock price in the short term. Under these circumstances, we have determined that the conditions for implementing a share buyback are not currently met.

[Financials]

<Question>

While the company has set a target shareholders' equity ratio of 30%, the ratio has continued to fall below that level recently. Could the decline in the shareholders' equity ratio affect business investments, such as land acquisitions, or shareholder returns? Furthermore, with major investment projects such as the "Nihonbashi Nomura Mitsui Tower" and the "Lab Office Project" still on the horizon, please provide an outlook on restoring the shareholders' equity ratio to the 30% level.

<Answer>

The fact that our shareholders' equity ratio has fallen below 30% is due to the impact of the completion of construction on a large-scale property (BLUE FRONT SHIBAURA). We have no intention of missing out on investment opportunities or curbing shareholder returns just because we are prioritizing a return to a shareholders' equity ratio of 30%. We will actively invest in opportunities that accelerate growth and will continue to provide solid shareholder returns in accordance with our policy. Our goal is not merely to return to 30%, but to improve the ratio while maintaining a balance between investment and shareholder returns. We will continue to make growth investments; however, rather than relying on borrowings, we will reinvest funds recovered from property sales to ensure financial soundness while aiming to achieve both growth and shareholder returns.

[Property for Sale (Acquisitions and Property Sale)]

<Question>

You mentioned that there are projected projects totaling 70.0 billion yen for land acquisitions in the Commercial Real Estate Business segment. How should we interpret the progress rate compared to previous years? Given that you have sufficient land reserves, does this mean you are currently taking a cautious approach to acquisitions?

<Answer>

Generally, land acquisitions tend to be finalized in the second half of the fiscal year. However, in the Commercial Real Estate Business segment, we already have properties scheduled for contracts totaling 70.0 billion yen this fiscal year, which is on par with the full-year results of the previous fiscal year. Both the Residential Development segment and the Commercial Real Estate Business segment have secured a sufficient land bank, and we are proceeding with carefully selected acquisitions by evaluating properties and determining appropriate prices. On a single-fiscal-year basis, there have been years in the past when we exceeded our targets and others when we fell short, but looking at the past few years as a whole, we have been able to secure land in excess of our plans. Currently, land acquisition is proceeding smoothly in both segments, and we intend to continue making carefully selected investments going forward.

<Question>

I understand that the plan for the sale of property for sale is on par with the gross profit of the previous fiscal year. Could you please provide details on the status of tentative agreements and the timing of their recognition?

<Answer>

For the current fiscal year, we plan to achieve sales volumes in both the Commercial Real Estate Business segment and the Residential Development segment that are generally on par with the previous fiscal year. As of now, we have visibility on sales representing approximately 25–30% of the full-year forecast, including those recorded in the first quarter. In addition, we are currently engaged in sales negotiations with the various funds managed by the Group regarding properties scheduled for sale. Furthermore, these negotiations appear to be on track to secure the prices we expect, and we anticipate that we will meet the full-year forecast.

Regarding the timing of recognition, in the case of REITs, property acquisitions and sales tend to occur in the second or fourth quarters due to the timing of REIT financial results, making the outlook relatively predictable. However, for the current fiscal year, we also anticipate a certain volume of sales to private funds. While it is difficult to specify exact timings for these private funds due to their respective financing arrangements, we expect to firmly secure the sales amount included in the full-year forecast.

<Question>

What are the intended uses of the approximately 70.0 billion yen in property for sale that the Commercial Real Estate Business segment expects to acquire for land acquisition? Please also provide details on the expected acquisitions of property for sale in the Residential Development segment.

<Answer>

In the Commercial Real Estate Business segment, we expect to acquire primarily logistics facilities and office buildings. In the Residential Development segment, we are actively proceeding with land acquisitions for senior housing and hotels as well as rental housing, among other projects. Cash flow growth continues for both rental housing and hotels, and our ability to acquire land is relatively strong.

<Question>

How do investors view the market conditions for selling logistics facilities? Is the trend of rising rents occurring not only in offices but also in logistics facilities?

<Answer>

While some view logistics facilities as having relatively long lease terms and rent that is slow to rise, in reality, there is an upward trend in both new and renegotiated rents. Furthermore, since relatively higher yields can be expected compared to offices and housing, there continues to be investment demand for logistics facilities.

[Residential Development segment]

<Question>

What is the status of condominium sales? While the market is reportedly strong, are there any noticeable changes? For example, has the application-to-unit ratio in lotteries decreased? Are there fewer buyers purchasing for short-term resale? Are there increasing purchase incentives, such as price reductions, for suburban properties?

<Answer>

Regarding condominium sales, the industry as a whole is moving to restrict applications for multiple units by investors, and we are implementing similar measures. As a result, the number of customers purchasing multiple units has actually decreased. We believe that price inflation driven by investment is not healthy for price formation, and that a market environment where customers with genuine housing needs can purchase at fair prices is desirable.

Sales trends vary by property in some suburban and regional areas. While sales remain robust in central Tokyo, certain properties in the suburbs tend to take slightly longer to sell compared to those in the city center. However, driven by rising prices in central Tokyo, some customers are expanding their search areas to the suburbs, and sales of high-quality properties are proceeding smoothly. Therefore, it is not the case that the entire suburban market is underperforming; rather, there are differences depending on the specific property.

<Question>

Regarding the impact of the situation in the Middle East, you mentioned that cost increases can be absorbed to a certain extent by the contingency reserve. Is this contingency reserve factored into the full-year forecast for profits? If the contingency reserve is not utilized, is there a possibility that profits could exceed the forecast?

<Answer>

While there are signs that prices for some materials are rising due to the situation in the Middle East, we have been anticipating a certain degree of construction cost increases in the budget plans for all projects in response to the rise in construction costs that has continued over the past few years. As a result, for properties scheduled to be recognized as revenue in FY27/3, we expect that increases in material prices can be absorbed within the scope of the contingency reserves factored into our plans. Going forward, if we end up using less of the contingency reserves, profits will exceed projections by that amount.

<Question>

Regarding the housing sale business, you explained that although the number of housing units contracted in 1Q decreased, the full-year forecast is on track. Could you explain the basis for this outlook? Also, the inventory of completed units currently for sale has increased to 418 units; could you describe the characteristics of these inventory units?

<Answer>

The housing market remains extremely robust. Regarding properties scheduled to be recognized in FY27/3—including "PROUD TOWER Ikebukuro," which is scheduled for completion in 4Q, as well as "PROUD Yotsuya" and "PROUD Tsurumaki Garden Terrace"—customer response has been favorable, particularly for properties in central Tokyo, and we expect contracts to proceed steadily going forward. Consequently, we anticipate that housing sales will proceed as planned. Regarding completed inventory, large-scale suburban projects have a significant impact. Since sales in suburban areas take longer compared to central Tokyo, these units are recorded as inventory; however, the properties themselves are well-received by customers, and we will continue to make steady progress in sales.

[Residential Development segment, Property Brokerage & CRE segment]

<Question>

Please provide an overview of trends in the domestic new and pre-owned condominium markets, as well as the profit progress in the Property Brokerage & CRE segment and the Residential Development segment. In particular, please provide details on prices and inventory levels for high-end properties in central Tokyo, as well as the contract status for new high-end properties.

<Answer>

Both the pre-owned and new condominium markets are performing steadily. While we are seeing a slowdown in transactions and price adjustments for some high-end properties in central Tokyo, this reflects a correction in listings priced above market levels by resellers and investors seeking short-term resale gains. Demand from end-users remains strong, and transactions at fair prices continue to be robust. For the Property Brokerage & CRE segment, we are planning for revenue growth this fiscal year and expect to achieve this target. Regarding new construction housing sale, customer interest remains strong, including for high-end properties in central Tokyo, and we expect to proceed with sales as planned.

[Commercial Real Estate Business segment]

<Question>

What is the projected vacancy rate as of the end of September 2026? We understand that BLUE FRONT SHIBAURA will reach an occupancy rate of 100%, but

given the completion of construction in Nihonbashi Nomura Mitsui Tower in September, please explain how this will affect the vacancy rate and rents.

<Answer>

Since BLUE FRONT SHIBAURA will be fully occupied as of the end of September 2026, the vacancy rate is expected to decline further. On the other hand, regarding Nihonbashi Nomura Mitsui Tower, which is scheduled for the completion of construction at the end of September 2026, while there are still some units available for lease, the company is not rushing to secure leases upon completion of construction due to the strong market conditions. Please note that our vacancy rate calculations exclude the first year following completion of construction; therefore, the vacancy status of this property will not affect the vacancy rate as of the end of September.

Consequently, while we anticipate that the vacancy rate as of the end of September 2026 will be lower than that of the current first quarter, we refrain from providing specific numerical projections due to potential developments at other properties.

[Overseas segment]

<Question>

Please explain the factors causing delays at the Vietnam property, the full-year forecast, sales conditions by city, and the status of the large-scale project (Hon Hac).

<Answer>

The decline in profits in the 1Q was due to exit costs incurred in Vietnam, which had been factored into our plans for this fiscal year. The housing market in Vietnam varies by city. While sales are going well in Ho Chi Minh City and Hanoi, the sales pace in Hai Phong has not picked up due to an oversupply. Sales at Grand Park in Ho Chi Minh City are progressing better than planned. Additionally, we are developing the Hon Hac project in the suburbs of Hanoi. It is a large-scale development with plans for long-term construction and housing sale. As we begin sales for Phase 1, contracts for over 100 units are proceeding as planned.

<Question>

Please explain the details regarding the properties you exited, which were cited as the reason for the decline in profits.

<Answer>

The project we exited was Ecopark, and sales for this project itself had been completed by the previous fiscal year.

In our overseas operations, we participate in projects by investing in Special Purpose Companies (SPCs) established for each project. In the case of housing sale projects, the SPC continues to exist after sales are completed to provide after-sales service. However, to recover our investment early, we exit the project by transferring our equity stake to a local partner while some units remain unsold. In this timing, the transfer of our equity stake at a discount was recorded as an expense.

Normally, the recognition of project revenue and exit costs occurs within the same period. However, in this case, the recognition of revenue and expenses spanned two quarters. This cost was within the range originally anticipated.

<Question>

Do you plan to lower prices for the condominiums in Haiphong, Vietnam, to stimulate demand?

<Answer>

In Haiphong, sales are taking longer than expected due to an overall oversupply in the market. However, we recognize that Royal Island (VuYen) offers high product quality and provides a product with strong strength. At this time, we have no plans to lower prices to accelerate sales. Our policy is to continue selling our products at prices that reflect their value.

[Investment Management segment]

<Question>

Regarding the decline in profits in the Investment Management segment, is this influenced by factors such as a reduction in dividends from your Group's listed REITs? Also, please share your view on whether this can be offset by fees from the sale of properties or asset replacement.

<Answer>

Profit in the Investment Management segment declined in the 1Q. This was primarily due to increased costs, such as higher personnel expenses. Regarding operating revenue, while base fees have been steadily increasing in line with the growth in AUM of the funds under management, the decline for the 1Q was due to a slight year-over-year decrease in incentive fees related to property acquisitions and sales.

<Question>

Listed REITs are currently trading below 1x NAV. Is it correct to assume that this situation can be addressed through measures such as replacing properties with private funds, etc.?

<Answer>

Listed REIT is not in a situation where their operating revenue is falling significantly. We have secured stable base fees commensurate with AUM. While it is true that listed REIT has limited ability to acquire properties amid weak unit prices, this does not significantly impact operating revenue.

<Question>

With the 10-year government bond yield currently rising to around 2.8%, we have heard that regional banks and others are holding back on alternative investments. Have there been any changes in the fundraising situation for the private REIT and

private funds managed by your company?

<Answer>

Demand for real estate investment remains strong even amid rising interest rates. Recently, in March 2026, we conducted an equity offering for a private REIT and secured investment demand that exceeded the offering amount. Pension funds were the primary source of this demand. In addition, investment demand from educational institutions is also increasing. As of March, we also observed demand from regional financial institutions such as regional banks, credit unions, and credit associations. We expect demand for real estate investment to continue, centered on pension funds.