Nomura Real Estate Holdings, Inc.
Briefing session of FY27/3 2Q financial results (Held on October 29, 2026)
Q&A Summary

Date and Time: Thursday, October 29, 2026, 5:00 p.m. – 6:00 p.m.
Attendees: Satoshi Arai, President and Representative Director, Group CEO
Daisaku Matsuo, Executive Vice President and Representative Director, Group COO
Toshihide Tsukasaki, Director and Executive Officer, Group CFO

[Revised Earnings Forecast]

Q. Why did you revise your full-year operating profit forecast upward but leave the net income forecast unchanged?

A. The upward revision reflects solid performance across our domestic business segments, which more than offset weaker-than-expected result in Overseas. As a result, we have revised our forecasts for operating revenue, operating profit, business profit and ordinary profit upward.

However, due to higher tax expenses associated with increased profits in our domestic business segments, we have maintained our net income forecast at the initial level. For Overseas, profits are consolidated after local tax expenses, and therefore changes in profitability do not affect tax expenses. (Tsukasaki)

Q. Why did you maintain your dividend forecast despite revising your earnings forecast upward?

A. Although we have revised upward our forecasts for revenue, operating profit, business profit, and ordinary profit, our net income forecast remains unchanged from the initial plan. Accordingly, our dividend forecast also remains unchanged. We will continue to consider additional shareholder returns depending on our business performance.

Regarding shareholder returns, when our share price traded at higher levels, we placed greater emphasis on dividends. However, with our share price currently below 900 yen and our PBR below 1.0x, share buybacks could also be considered as one of the available options. That said, any decision on additional shareholder returns, including the timing of such measures, will depend on our business performance. (Tsukasaki)

[Financial Indicators]

Q. Regarding ROE, the level of long-term interest rates has changed significantly since April 2025, when the business plan was formulated. While you are currently achieving an ROE of around 10%, the cost of equity has also risen. Is there a possibility that you will revise your ROE target? If so, when would you consider doing so?

A. When the current business plan was formulated, we considered ROE in the 10% range to be sufficient. However, based on subsequent interest rate trends and taking the equity spread into account, there has been internal discussion that 10% may not be sufficient, and we are considering the possibility of raising the target when we announce the next business plan in 2028.

We are proceeding with our business in accordance with our three-year plan; we do not intend to revise the target immediately but rather aim to raise the level while demonstrating a track record of steadily improving ROE. (Arai)

[Interest Rates]

Q. Government bond yields and the policy rate have risen significantly from the levels assumed at the beginning of the fiscal year. Based on discussions with real estate developers and J-REITs, it appears that the benefits of earnings growth are being offset by higher interest expenses resulting from rising rates. Some companies are assuming policy rates of 1.75% or even 2.0%. What level of interest rate increases have you incorporated into your earnings forecast for FY27/3? In addition, following the Bank of Japan's additional rate hike in September 2026, how do you intend to achieve your full-year net income forecast under the current environment?

A. Regarding the outlook for the policy rate, we assume that it could rise from the current 1.25% to around 2.0%. Even in a rising interest rate environment, while interest expenses for FY27/3 are expected to increase by approximately 4.0 bn yen compared with FY26/3, we expect business profit growth to more than offset the increase in interest expenses, enabling us to achieve growth in net income as well. Going forward, we will continue our efforts to control financing costs while pursuing profit growth that exceeds the impact of rising interest rates. (Tsukasaki)

[Construction Costs]

Q. In their briefing sessions of financial results and investor briefings, general contractors have been explaining the payment terms for development projects commissioned by real estate developers. I understand that, generally, real estate

developers make payments to general contractors at the start of construction, at the midpoint, and upon project handover. However, with the recent increase in large-scale projects, general contractors have explained that they wish to invoice real estate developers more frequently as construction progresses, rather than following the standard three-payment schedule.
As the general contractors suggest, are payment terms to them shifting from the standard practice? If so, wouldn't this put a strain on real estate developers' cash flow? Although the company has maintained its shareholder return plan for now, given these circumstances, might there be a tendency to prioritize payments to general contractors over shareholder returns?

A. Generally, payments are made in three installments: at the start of construction, at the midpoint, and upon handover. However, payment terms vary by project, and we determine the appropriate structure for each project individually. Particularly for long-term projects such as large-scale redevelopment, we work closely with general contractors to determine the appropriate structure. Furthermore, our profit and loss plans are formulated to ensure the required return while factoring in payment terms with general contractors. We ask for your understanding that even if the general contractors' stance changes, we are able to conduct our business without significant impact on our profit and loss or cash flow. (Matsuo)

[Business Plan]

Q.According to the business plan, the target business profit for FY28/3 is 160.0 billion yen. While performance varies by segment, I understand that the company intends to achieve this target on a consolidated basis. On the other hand, from the perspective of the capital markets, despite the strong pipeline, there are some concerns regarding the housing, Property Brokerage & CRE markets, as well as sales regulations and tax policies related to resales. What is your outlook for business profit in FY28/3?

A. We do not foresee any major concerns regarding the achievement of the FY28/3 business profit target of 160.0 billion yen. While our overseas business may face some uncertainty in meeting the target depending on sales conditions, we believe our strong domestic business will be able to offset any shortfalls. Regarding the housing market, 90% of our new construction housing sale customers are purchasing for actual residential use, so we do not anticipate any significant impact from the various issues reported in the media. Regarding the sale of property for sale—such as rental housing, hotels, senior housing, logistics facilities, and offices—we have confirmed investor demand and expect to execute

these sales steadily. In the Property Brokerage & CRE, we are leveraging our strengths in the middle market (small and midsize companies, business owners, high-net-worth individuals, etc.) and wholesale markets. While conditions vary by segment, we aim to steadily achieve the consolidated business profit target of 160.0 billion yen. (Matsuo)
We view FY28/3 as a year in which we will steadily deliver on the targets set in the business plan, while simultaneously mapping out plans for FY29/3 and beyond, as well as our subsequent growth strategies. (Arai)

[Residential Development segment]

Q.The full-year gross profit margin for housing sales has been revised upward from the 26% range to the 27% range, while the projected number of housing units sold has been revised downward from 3,800 to 3,700. Is this improvement in the gross profit margin due to the downward revision in the number of housing units sold for less profitable properties, or is the gross profit margin for the projected 3,700 units themselves increasing due to a rise in the average sales price? Also, please provide an update on the status of properties in central Tokyo locations, such as Atago and Akasaka, as well as those in suburban areas.

A. Regarding the downward revision of the number of housing units sold, this trend has continued over the past few years. Amid tight supply and demand conditions, we have avoided rushing sales and instead taken the time to carefully explain the value of properties to customers while maintaining firm pricing. As a result, our gross profit margin has risen. This fiscal year, in addition to strong performance in redevelopment projects in Okayama and Tarumi in regional areas, there are properties in central Tokyo with gross profit margins exceeding 30%, and we anticipate a margin in the 27% range.
We recognize that the current gross profit margin is at a high level and do not expect it to continue rising steadily in the future. It will likely fluctuate between approximately 25% and 27%.
As for the upcoming high-end properties in central Tokyo, marketing has only recently begun for some of them, so we will need to closely monitor the market response and sales progress.
While there are concerns about the housing sale business due to recent resale restrictions and other factors, the market for end-user demand—including that of other real estate developers—is very strong, with healthy profit margins, creating a favorable environment. In the suburbs, while some projects are not progressing as planned, properties in Monzen-Nakacho and Setagaya are performing well. Looking at our housing sale business as a whole, we view it as proceeding smoothly. (Matsuo)

[Commercial Real Estate segment]

Q. Regarding office rent revisions: Has the situation improved since FY27/3 1Q? Also, regarding TOWER N of BLUE FRONT SHIBAURA, I would like to know the status of development progress amid rising construction costs.

A. While the extent of rent revisions varies depending on the property and timing, overall we have been able to increase rents by approximately 5% to 20%. Although office rents had been slower to rise than housing sales prices, we believe the upward trend has become much more pronounced recently.

Regarding TOWER N of BLUE FRONT SHIBAURA, demolition of the existing building is well underway. The start of construction is scheduled for FY28/3, with the completion of construction expected in FY31/3. We are currently negotiating construction costs with the general contractor.

BLUE FRONT SHIBAURA evaluates its financial performance based on the combined results of TOWER S and TOWER N. TOWER S was constructed during a period when construction costs were lower, and office leases signed in the latter half of the leasing period were approximately 30% to 40% higher than those signed in the initial phase. Considering recent office rent levels in the prime office districts of Yaesu and Nihonbashi, office rents for TOWER N are expected to be even higher than originally planned. (Matsuo)

Q. What is the role of lab offices within the office portfolio? Please provide details along with the current pipeline. Also, given rising construction costs, please explain how you plan to acquire offices that are expected to generate high returns.

A. Lab Offices is one area of our office business. We are currently developing two buildings at Yokohama Business Park and expect to attract high-caliber tenants. In addition, we have secured another project in an area near Tokyo’s waterfront. We expect all of these projects to achieve strong profitability.

Regarding office land acquisitions, amid rising interest rates, developers are paying closer attention to their balance sheets, and in some cases, selling down their stakes in existing projects. In this environment, the number of developers capable of making decisions on new land acquisitions is becoming limited. We believe that by leveraging our product development capabilities to enhance the profitability of our properties, we will be able to continue acquiring land even in such circumstances. Although the external environment is changing, our policy ofcontinuing to invest and recover capital as usual remains unchanged. (Matsuo)

Q. Regarding the Nihonbashi Nomura Mitsui Tower, what are the costs incurred during FY27/3? Also, is leasing for this property progressing at high rent levels, as

with TOWER S of BLUE FRONT SHIBAURA?

A. This project was completed in September 2026, and depreciation and management expenses will be incurred in FY27/3. Additionally, since tenants will move in gradually, the property is expected to record a loss in FY27/3. Full-scale revenue contributions are not expected to begin until the year after next. (Tsukasaki)

While I will refrain from providing specific figures, office leasing is proceeding at a level approximately 30% higher than initially anticipated. The contract and provisional agreement rate for our leasable floors stands at about 90%, indicating steady progress. In terms of earnings, we expect the project to stabilize around 2030. (Matsuo)

[Overseas segment]

Q. Please explain the factors behind the downward revision of the full-year forecast for the Overseas segment. In addition to the status of the properties currently being sold in Hanoi and Ho Chi Minh City, Vietnam, please provide an update on the situation in Haiphong and Bac Ninh Province.

A. The downward revision for FY27/3 took into account the progress of the Haiphong project. In addition to rising interest rates, Haiphong saw a supply on a scale comparable to that of major cities like Ho Chi Minh City and Hanoi. Against this backdrop, we revised our sales schedule. From a macro perspective, the residential sales market in Vietnam remains strong, and our projects, including Hong Hac in Bac Ninh Province and Grand Park in Ho Chi Minh City are progressing smoothly. (Matsuo)

Q. Does this mean the situation in Haiphong has become even more challenging compared to the beginning of FY27/3? Is there a possibility of impairment losses or similar issues going forward?

A. We formulated our initial plan in consultation with our JV partner Vinhomes, which is the largest local real estate developer. However, we decided to revise the plan in light of the oversupply. We do not anticipate any impairment losses at this time. (Matsuo)

Q. According to page 32 of the presentation material, two additional projects related to housing sale were added in 2Q, and the total project costs have increased accordingly. Given the uncertain business environment in the second half of the year, I would like to ask about your approach to recouping future investments.

A.

The overall markets in Vietnam, the Philippines, and Thailand, where we operate, have not deteriorated, and the recent impact on our earnings is attributable to project-specific

factors. At the same time, we have been able to secure promising projects, such as residential developments in Vietnam and properties for sale, including rental housing in the U.S. and London. There are no significant changes to our fundamental approach or plans regarding the allocation of recovered funds toward new investments, and we intend to continue making proactive investment decisions. (Matsuo)