

The Nomura Real Estate Group's history of challenge

We have continued to take on challenges amid these changing times while anticipating the needs of customers and society. Our past initiatives created the current and future values.

1957–1990

High economic growth period – Bubble economy

Social situation

1964 Tokyo Olympics held
1985 Plaza Accord
1989 Nikkei Stock Average recorded all-time high

Social issues

- Shortage of high-quality housing to address population growth and inflow occurred in urban areas
- Development of urban infrastructure accompanying rapid economic growth

The Group at the time

- Nomura Real Estate Development established (1957)
- Transferred from Nomura Securities' asset management company to real estate developer
- Started large-scale residential land lot development and condominium sales



1957
Spun off from Nomura Securities and launched real estate business focused on leasing and management of office buildings

Initiatives at the time

Entered into the residential development business

In 1957, the Company was established as a company to hold and manage Nomura Securities's new head office building. Subsequently, the Company took its first step in entering the residential development business by developing the Kajiwarayama residential area (Kanagawa Pref.) in 1961, to solve the housing shortage during the postwar reconstruction boom. In 1963, the Company advanced into the condominium development business and firmly established its position as a major private developer. In addition, when only short-term loans were available for housing, we established a housing trust system that pioneered the current housing loans and set the possible installment period for 10 years. The Company's market-in approach, which promotes thinking from the customers' perspective, has been cultivated ever since.



1961
Launched real estate development business with development of Kajiwarayama residential area in Kanagawa



1963
Launched condominium development business with construction of Co-op Takenomaru in Kanagawa

Developed the Shinjuku Nomura Building, a skyscraper integrating the latest technologies

The office building business is the origin of the Group, starting from the construction of the new building for Nomura Securities, and has steadily expanded, including the completion of the Nomura Real Estate Edobashi Building (currently Dai-ni Edobashi Building) in 1973. Later, construction of high-rise buildings was facilitated by the revision of the Building Standards Act. In 1978, the Shinjuku Nomura Building was completed, a cutting-edge skyscraper featuring the latest disaster prevention equipment and resource conservation. Through this construction together with the Group-wide activities, including leasing tenants, valuable expertise was accumulated, which contributed to the subsequent expansion of the office building business.



1978
Completed construction of the Shinjuku Nomura Building. Head Office was moved from Nihonbashi to the building

Now and toward the future

Build residences that can maintain high quality over the years ahead

An array of residences developed by emphasizing the market-in approach and the commitment to quality since its foundation have maintained their beautiful townscapes and residential quality, which constitute the Group's DNA. In addition, the large-scale repair works by the Property & Facility Management Business Unit and the brokerage business for condominiums and detached housings by the Property Brokerage & CRE Business Unit have continually generated value.



The Kajiwarayama residential area in Kanagawa that maintains its beautiful townscape



Co-op Takenomaru that maintains high quality even after 50 years of construction

Expand the mixed-use development business

In 2020, the construction of TOKYO TORANOMON GLOBAL SQUARE was completed to facilitate the convenience and comfort of working people. Meanwhile, the Nihonbashi 1-Chome Central District Redevelopment, including Nomura Securities's former headquarters the Dai-ni Edobashi Building, showcases the Group's business performance in the past, present, and future.



2020
Completed construction of TOKYO TORANOMON GLOBAL SQUARE



2026
Nihonbashi 1-Chome Central District Redevelopment Project scheduled to be completed

1991–2002

Bubble burst—Recession in the 1990's/Lost decade

Social situation

1991–1993 Economic stagnation due to bubble burst
 1995 Great Hanshin-Awaji Earthquake
 1997– Financial crisis (Bankruptcy of Yamaichi Securities, etc.)

Social issues

- Increasing demand for residences with higher quality, safety, and security, taking into account of the necessity for higher seismic adequacy in consideration of the damage caused by the Great Hanshin-Awaji Earthquake
- Accelerated population inflow toward urban centers, buying motivation of those with actual demand due to falling land prices in urban centers increased

The Group at the time

- Recovered from sluggish trends in profit caused by the economic crisis
- Downsized balance sheets and reinforced the financial soundness

Initiatives at the time

Concentrated business resources into the residential development business and generated the PROUD

When the bubble burst, the economy and the real estate market conditions rapidly deteriorated. Under the harsh environment, the Group grasped the residential needs that were returning to urban centers due to falling land prices and concentrated its business resources on the condominium business. In 2002, the Group announced its unified residential brand, PROUD. With proactive advancement centered on the brand strategy, the Group refined its characteristics of the integrated development, sales, and management system.



2002
 Announced PROUD as the unified residential brand of products and services
 Completed construction of PROUD Kugayama (2003)

Started asset management and property development for sales business

Since the dawn that took place in the latter half of the 1990s, the Group focused on the future potential of the real estate securitization business and entered in the asset management business utilizing external funds. As we continued to accumulate expertise through the structuring of real estate funds, we started the property development for sales business. In 2001, the retail facility Fab Minami-Osawa, developed on the premise of selling to investors, was completed.



2001
 Completed construction of Fab Minami-Osawa, a retail facility developed using the real estate securitization scheme

Made use of IT in the real estate brokerage business ahead of competitors

Noticing the potential for the use of IT systems supported by rapid improvement of the Internet infrastructure ahead of competitors, the Group launched nomu.com, its real estate information website, in 1999. Because nomu.com functioned as a point of contact with customers, it became possible to grasp their needs via both real stores and the Internet, which facilitated the growth of the real estate brokerage business.



1999
 Launched the real estate information website nomu.com

Now and toward the future

Make use of high-quality real estate stock: "re:Premium"

Condominiums that the Group has continued to supply have become high-quality real estate stock and contribute to the growth of the Property Brokerage & CRE Business Unit and Property & Facility Management Business Unit. To enable the reduction of buildings' life-cycle cost, the Property & Facility Management Business Unit developed "re:Premium" as an initiative for long-term, large-scale repair works for many properties of PROUD that undergo the first large-scale repair works because approximately 20 years have passed since the announcement of PROUD. Aiming to provide housing where people can always live with comfort and safety/security, the Group will continue to offer better services.



2015
 Announced "re:Premium," the large-scale repair work for condominiums to realize the long-term guarantee exceeding the industry standard

Expand asset management business

Leveraging the expertise accumulated over years of operations in the asset management business, the Group has managed Nomura Real Estate Master Fund, which is one of the largest J-REITs, and Nomura Real Estate Private REIT, which is the first private REIT in Japan. Including the real estate investment manager Lothbury in the UK, which joined the Group in 2018, the assets under management (AUM) amount to approximately ¥1.8 trillion. Through the acceleration of the initiatives for environment, social, and governance (ESG) and other measures, we have continued to be a leading company in the industry.



nomu.com, the top real estate company website (brokerage)

There are approximately 220,000 nomu.com members since its launch more than 20 years ago, and it is the top* real estate company website (brokerage) in terms of access and users. It has made great contributions because many inquiries about sales transactions for the retail brokerage business came from nomu.com. Advanced services have been introduced by using AI and VR, among others, to facilitate transactions for customers.



*In February 2020, the number of users of Nielsen NetView (excluding access/apps from computers at home or in the office) was approximately 926,000 and the number of users from smartphones of Nielsen Mobile NetView (including access/apps from iOS or Android) was approximately 1,683,000 (the top in terms of the monthly number of users in the real estate company (brokerage) section). The total number of PCs and smartphones is estimated in-house based on Nielsen Digital data. The comparison target between the real estate agency and the real estate portal site is selected by the Company.

The Nomura Real Estate Group's history of challenge

2003–2010

Economic recovery – Global financial crisis

Social situation

- 2001–2006 Structural reform by Koizumi administration
- 2003 Mass supply of new office buildings
- 2008 Global financial crisis

Social issues

- Increasing needs for the use of corporate real estate (CRE), such as idle assets and unnecessary assets, caused by changes in the industry
- Peaking of the population in Japan, moving toward a super-aging society

The Group at the time

- Nomura Real Estate Holdings became listed on the First Section of the Tokyo Stock Exchange (2006)
- Further expanded of the residential development business
- Developed the brands of property for sales (including offices, retail facilities, logistics facilities and rental housings)



2006
Nomura Real Estate Holdings became listed on the First Section of the Tokyo Stock Exchange

Initiatives at the time

Made the housing sales business grow and established the PROUD brand

The residential development business that achieved growth along with PROUD contributed to the Group's business expansion. The track record of the accumulated developments based on the market-in approach and the commitment to quality led to the established reputation of PROUD. Backed by the high evaluations of PROUD from customers, the Group began aggressive land acquisition after the global financial crisis ahead of competitors, which significantly contributed to the subsequent further business expansion.



2006
Completed construction of PROUD Minamiaoyama

NREG TOSHIBA BUILDING (currently Nomura Real Estate Building) joined the Group

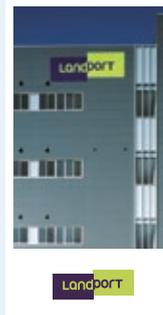
In 2008, we conducted an M&A with NREG TOSHIBA BUILDING as the disposition of real estate held by non-real estate companies progressed due to the heightened awareness of the compression of balance sheets and capital efficiency. This company owns a large number of leasing properties, and by joining the Group, the leasing business has expanded as a stable source of income, which is a major step leading to future large-scale development.



2008
NREG TOSHIBA BUILDING (currently Nomura Real Estate Building) joined the Group

Created the brands of property for sales

Through the market-in approach, the Group discovered the diversified needs of the tenants and people working there and created unique property brands such as PMO (offices) and Landport (logistics facilities). The Group exploited a new market of mid-sized high-grade offices by PMO, and its initiative to rebuild buildings that are aging and concerned about earthquake resistance, and then build a city that is resilient to disasters have contributed to resolving social issues.



2007
Completed construction of Landport Atsugi



2008
Completed construction of PMO Nihonbashi Honcho

Now and toward the future

Take initiatives for the redevelopment business

In order to acquire development opportunities in highly convenient area mainly near city center and urban railway stations, it is essential to take initiatives in the redevelopment business. The high appreciation of the customers for PROUD*¹ has given the Group a large advantage in the redevelopment business. Due to the synergy effect with the expertise accumulated over many years, the number of residential redevelopment projects participated is ranked at the top of the industry.*²



2016
Completed construction of PROUD TOWER Tachikawa

Make a challenge for the largest-scale, mixed-use development project ever for the Group

The Shibaura 1-chome District Project to rebuild the Hamamatsucho Building owned by Nomura Real Estate Building into twin towers of 230m high, with 550,000m² of gross floor area is now in progress. The twin towers will become one of the largest high-quality leasing assets in the history of the Group, equipped with area management, top-class environmental functions, and consideration for safety/security, aiming for future urban development.



2021
Shibaura 1-chome District Project scheduled to start construction (scheduled for completion: S Building FY25/3, N Building FY31/3)

Grow mutually with the Group REITs

For further growth of the property development for sales business, the Leasing Value Chain was concluded for mutual growth with the Group REITs and funds through selling-off properties to the REITs and funds. Since 2015, the cumulative total of the transactions amounted to over ¥300 billion, significantly contributing to the growth of the Group.



*1 PROUD was ranked first in 7 out of 10 categories in the Nikkei, Inc. 2019 Condominium Brand Survey. *2 Source: Based on in-house research

2011– Great East Japan Earthquake—Increase in ESG values and progress of globalization

Social situation
 2011 Great East Japan Earthquake
 2013–2020 Abenomics
 2015 Sustainable Development Goals (SDGs) adopted

Social issues

- Changing life/work styles due to increasing dual-income households and declining birthrate with the aging population
- Progress of globalization
- Rising awareness of sustainability including resilience against natural disasters and environmental issues

The Group at the time

- Made challenges to create urban development unique to the Group, which is a recycling-oriented type that emphasizes the community
- Utilized our experience accumulated in Japan for overseas business expansion



2015
 Established NOMURA REAL ESTATE ASIA in Singapore
 Launched overseas business expansion in Asian countries

Initiatives at the time

Initiatives for urban-type compact town

In response to the changing social structure, such as the declining birthrate and aging society, the Group has promoted the multi-functional and highly convenient urban-type compact town. Funabashi Morino City, completed in 2014, is equipped with necessary functions for people's lives, such as a shopping center and hospital centered around residential areas. In 2017, the elderly housing with supportive services, OUKAS Funabashi, opened there and contributed urban development for many generations.



2014
 Completed construction of the urban-type compact town Funabashi Morino City



2016
 Acquired EcoQuartier certification for the first time in the world (except the projects in France) promoted by the French Ministry of the Ecological Transition (eco-district certification)



2017
 Opened the Group's first elderly housing with supportive services, OUKAS Funabashi

Accelerated overseas business

Mainly in the cities of rapidly growing ASEAN countries, the Group has accelerated its overseas expansion by leveraging the expertise cultivated in Japan, including the market-in approach and commitment to quality. In the housing sales business, based on collaborations with local developers, the Group has promoted the provision of products and urban development by accurately grasping needs in the areas with Japanese high-quality project management.



2017
 Joined the housing sales business in Bangkok, Thailand



2017
 Joined the mixed-use development business, including residential and retail facilities, in Manila, the Philippines

Now and toward the future

Take initiatives for urban development toward the future

The experience of Funabashi Morino City contributes to the further expansion of the urban-type compact town, sustainable urban development that the Groups has pursued. A variety of developments are now in progress in Hiyoshi, Kichijoji, and Kameido. In 2018, activities for the community-based urban development initiative of ACTO were launched in the course of our urban development toward the future.



2020
 Completed construction of PROUD CITY Hiyoshi (Residence I)



2022
 KAMEIDO PROJECT and PROUD TOWER Kameido Cross scheduled for completion

Strengthen sustainability/ ESG promotion

In order to pass on the Group's history to the future and continuously achieve sustainable growth with all stakeholders in the coming years, the Group has enhanced its initiatives for and information disclosure of sustainability/ESG. In 2016, the Group's COO was appointed as the Chairman of the CSR Committee (currently the Chairman of the Sustainability Committee). Under the belief that all of the Group's business activities should be integrated with sustainability/ESG, a variety of initiatives have been enhanced as well as the signing of the United Nations Global Compact and the Principles for Responsible Investment (PRI) by investment management companies.

United Nations Global Compact **Principles for Responsible Investment (PRI)**

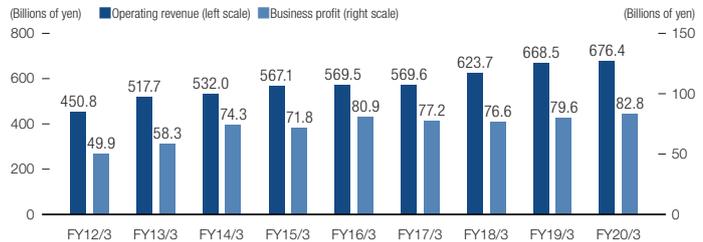
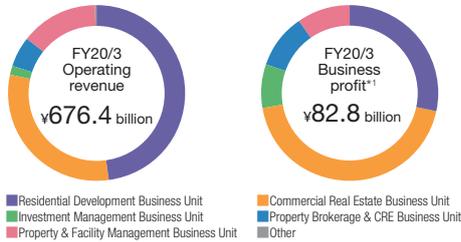


The Nomura Real Estate Group at a glance

We are a group of companies that creates high added value by leveraging the business resources accumulated over many years and by cooperation of Development Sector and Service Management Sector.

The Nomura Real Estate Group's businesses

Operating revenue/Business profit*1, 2



Operating revenue by Business Unit/Business profit by Business Unit*1, 2, 3

Sector	Business Unit	Strategies and Performance	Operating revenue and Business profit (Billions of yen)	
			Operating revenue (left scale)	Business profit (right scale)
Development Sector	Residential Development	<ul style="list-style-type: none"> Development and sale of residences including condominiums and detached housings, etc. Development planning and management business for elderly housing with supportive services Development and sales of rental housings Internet advertising business for housings Home/living assistance business, etc. 		
	Commercial Real Estate	<ul style="list-style-type: none"> Development, leasing, and management of office buildings, retail facilities, logistics facilities, and hotels, etc. Property development for sales business Consignment of planning and operation of retail facilities, etc. Management of fitness clubs, etc. 		
Service & Management Sector	Investment Management	<ul style="list-style-type: none"> Asset management of real estate securitization products including REITs and private funds, etc. 		
	Property Brokerage & CRE	<ul style="list-style-type: none"> Real estate brokerage and consulting business Consignment of sales of newly built condominiums and detached housings, etc. Insurance agency business Operation of real estate information website, etc. 		
	Property & Facility Management	<ul style="list-style-type: none"> Management of condominiums, office buildings, and educational and other facilities Contract work for repair and tenant-related construction work Contract work for condominium and detached housing renovation, etc. Cleaning business of condominiums, office buildings, and other properties, etc. 		

*1 Business profit = Operating profit + share of profit (loss) of entities accounted for using equity method + amortization expenses of intangible assets associated with corporate acquisitions
 *2 Prior to FY18/3, figures are equivalent to operating profit.
 *3 The figures for each fiscal year may differ due to business transfers, etc. For details, see the outline of consolidated financial statements, etc.

The Nomura Real Estate Group in figures

[Output] Value created by business resources

Operating revenue	¥676.4 billion	Business profit	¥82.8 billion	Profit attributable to owners of parent	¥48.8 billion
Total return ratio	46.5%	ROE	9.1%	ROA	4.7%

[Input] Business resources cultivated by the Company to realize mid- to long-term value improvement

•Financial capital

See pages 22-23 [Sources of corporate value] for the details of business resources →

Shareholders' equity	¥550.1 billion	Shareholders' equity ratio	30.5%	D/E ratio	1.6 times	Cumulative gross profit on sales of properties for the last five fiscal years*	Approx. ¥388.0 billion
Rating	A-	Rating and Investment Information, Inc. (R&I)	A	Japan Credit Rating Agency, Ltd. (JCR)	A		

*Cumulative gross profit on sales of properties from housing sales and property sales (Residential Development Business Unit, Commercial Real Estate Business Unit) for the last five fiscal years

•Human capital

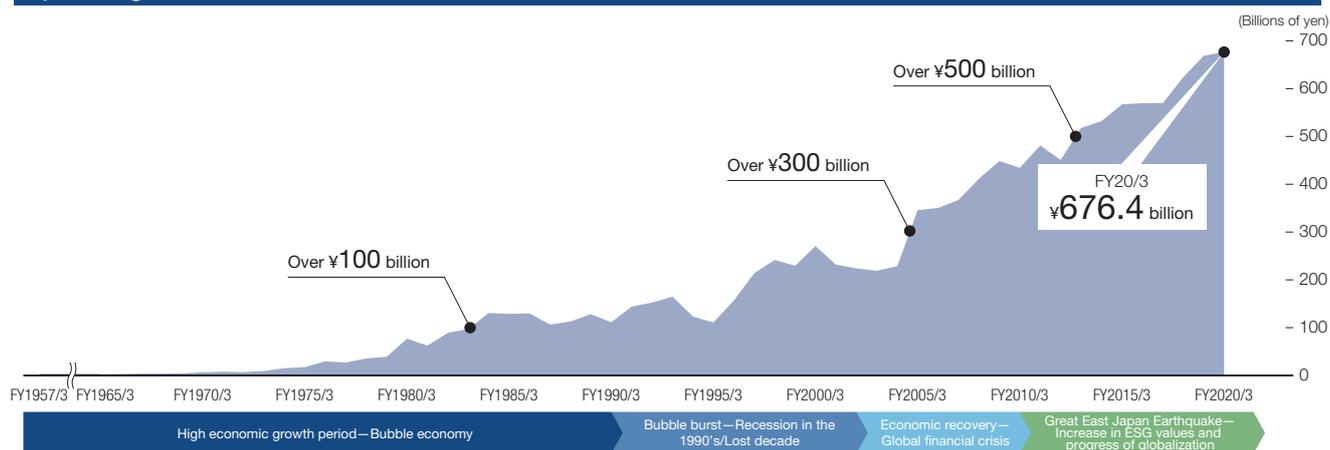
Number of employees	7,176	Percentage of female employees	30.6%	Number of first-class licensed architects	281	Investment in training per employee	¥80,393
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•Manufactured capital, intellectual capital, social capital, natural capital, and customer base

Net lettable area (NLA) (offices, retail facilities)	Approx. 913,000 m ²	Accumulated development expertise	Approx. 60 years	Product planning and design capabilities	Good Design Award for 18 years	Assets under management	¥1,798.5 billion
Number of residential redevelopments projects participated	No. 1	Percentage of acquired environmental certifications on properties developed in Commercial Real Estate Business Unit (excluding rental housings)	100%	ESG asset management evaluation	GRESB 5 stars	Fitness clubs evaluation	Woman Research Customer Satisfaction No. 1
Condominium brand	Nikkei, Inc. Condominium Brand Survey No. 1	Real estate brokerage evaluation	Oricon Customer Satisfaction Report No. 1	Condominium management rating	"SumaiSurfin" Customer Satisfaction Survey No. 1	Number of tenants (offices, retail facilities)	Approx. 900 tenants
Number of Nomura Real Estate Group Customer Club members	Approx. 129,000	Number of nomu.com members	Approx. 225,000	Number of housings under management	182,259 units	Number of partnerships with financial institutions through property brokerage business	77 companies
Number of H·T members	Approx. 24,500	Number of institutional investors customers through assets management in Japan (excluding listed REITs)	193	Number of MEGALOS members	Approx. 144,000		

*The figures are for the fiscal year ended March 2020 or as of the end of March 2020. See P22-23 for notes on manufactured capital, etc.

Operating revenue



*The operating revenue before FY2004/3 is for Nomura Real Estate on a non-consolidated basis.