

Part 3

Value creation



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KAMEIDO PROJECT/PROUD TOWER Kameido Cross

Scheduled for completion: FY22/3
Major use: Residence (934 units),
Retail facility (approx. 28,000m²), etc.

— PROUD —
TOWER

Large scale mixed-use development using the site of large retail facilities located at a two minute-walk from Kameido Station. We are developing a condominium and a large retail facility together to further increase convenience. We are aiming for urban development in harmony with the neighborhood community that offers superior environmental performance, safety, comfort, and convenience.

The Value Creation Initiatives established in our Mid- to Long-term Business Plan are guideposts for creating social value and economic value. We listen to the voices of our customers while integrating business and sustainability initiatives and developing products and businesses that realize value creation that is going a step ahead of the market.



Four value creation initiatives for Mid- to Long-term Business Plan



Realization of enriched lifestyles and workstyles



Multifunctional urban development toward exceptional convenience, comfort, and safety



Urban development and community building concerning the future of the global environment and local communities



Global expansion of high-quality products and services

Message from the Executive Vice President



To realize sustainable growth by imagining customers' future value and keeping our approach to connect closely with individuals

Executive Vice President and Representative Director

Daisaku Matsuo

Utilizing experience cultivated at the front line for the sustainable growth of the Group

In June 2021, I was inaugurated as the Executive Vice President and Representative Director of Nomura Real Estate Holdings. I would like to extend my greetings to all of our stakeholders.

Since joining Nomura Real Estate in 1988, I have been involved in various businesses within the Group, mainly the residential development business as well as the office development and operations business, and, in recent years, the housing sales business in Asia. I believe that I have been shaped by the experiences gained at the front line throughout my career as well as my involvement in making many decisions in various businesses. As Executive Vice President of the Company, I will make every effort to achieve the sustainable growth of the Group, drawing on the experience I have gained.

Toward realizing the Mid- to Long-term Business Plan

In April 2019, the Group announced its nine-year Mid- to

Long-term Business Plan, concluding in the fiscal year ending March 2028. Under the Plan, we specified our four value creation initiatives: Realization of enriched lifestyles and workstyles; multifunctional urban development toward exceptional convenience, comfort, and safety; urban development and community building concerning the future of the global environment and local communities; and global expansion of high-quality products and services. The four initiatives serve as our guideposts for integrating our business activities and sustainability initiatives and generating social and economic value in order to realize our goals of “building cities—dynamic stages that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits.”

Our plan is to aim at profit growth over the nine years by executing these four initiatives, and setting the mid- to long-term targets of achieving ROA of 5% or more and ROE of 10% or more. We will promote our unique business management defined by high capital efficiency and asset efficiency.

The fiscal year ending March 2022 is the final year of the Phase 1 period of the Mid- to Long-term Business Plan, which is divided into three-year periods. We are working toward achieving the targets of business profit of ¥85 billion and ROE of 8 to 9%.

Results for the fiscal year ended March 2021 and progress of the Mid- to Long-term Business Plan

For the fiscal year ended March 2021, the Group posted a business profit of ¥76.4 billion (down 7.7% year on year), ROA of 4.1% (down 0.6 point year on year), and ROE of 7.4% (down 1.7 points year on year). While COVID-19 mainly impacted the retail, fitness, and hotel businesses, the housing sales business, supported by growing residential needs due to more hours spent at home, and the property sales business, which captured strong demand for investment in real estate by institutional investors, performed better than initially expected, as did businesses in the Service & Management Sector. The Group's risk-diversified business portfolio proved to be effective, reflecting the steady progress made by each business.

Development Sector (Residential Development Business Unit / Commercial Real Estate Business Unit)

Although the Residential Development Business Unit had to refrain from certain sales activities for a period of time due to the impact of COVID-19, it took this opportunity to rapidly advance its digitalization efforts, including providing online customer services and virtual preview, and delivered results exceeding initial expectations, backed by the favorable housing sales market.

In addition, over the past three years or so, we have worked to deepen and evolve the PROUD brand. [▶ P30-33](#) In order to continue to be chosen by customers as the top residential brand amid the diversification of customers' lifestyles and preferences, we have set "Imagine Customers' Future Value" as the brand's vision. This reflects the perspective of sustainability that focuses on the future. Through the brand redefinition, PROUD is moving toward new growth by enhancing its business profitability along with solid product development capabilities.

One of the Group's unique sustainability initiatives, ACTO*, which consists of community development activities based on area management, are being promoted at PROUD CITY Hiyoshi and PROUD TOWER Kameido Cross. This initiative, which aims to increase the value of the surrounding areas by working not only with the residents of our condominiums but also with other local residents, is expected to improve the livability of the community over a long period so that residents can live there for long years with peace of mind. We believe this will demonstrate the Group's unique value and make our properties outstanding.

* ACTO: The Group's unique urban development initiative that aims to invigorate the broader community including surrounding areas

In the Commercial Real Estate Business Unit, sales of properties remained robust against the backdrop of a strong real estate market. At present, with an eye on our future rental asset portfolio, we are in the asset replacement phase, and I believe that we are making steady progress in this regard.

In the office business, in addition to the completion and operation of large-scale properties such as TOKYO TORANOMON GLOBAL SQUARE, the Group is also actively developing its unique products including PMO, H'O, and H'T, and is advancing the Office Portfolio Strategy that it has been working on since before COVID-19. [▶ P34-37](#) We provide workplaces where people can work more comfortably and perform better with anticipation of office transformation due to the changes in workstyles. That is one of the unique sustainability initiatives that are aligned with our emphasis on the Group's approach to connect closely with individuals. We regard this as a major business opportunity.

Although retail facilities, hotels, and fitness businesses continue to face difficulties due to restrictions on activities as a result of COVID-19, we believe that demands for traveling, dining out, and working out will undoubtedly return. The Group has used this time as a valuable opportunity to consider how to conduct business in a unique way, and is working to further expand its businesses in the future.

In the fiscal year ending March 2022, construction will begin for the Shibaura 1-chome Project, the largest project in the Group's history. As a mixed-use development project involving offices, retail facilities, hotels, and rental housing, it also represents a culmination of our area management work, including environmental measures undertaken with an eye to the next generation. In addition, an area redevelopment project in the Nihonbashi 1-chome Central District, where the Company was established, and Nakano Station Shin North Exit Station-Front Area Redevelopment Project including the redevelopment of NAKANO SUNPLAZA, an icon of the Nakano area, are upcoming. These dynamic, large-scale projects will be showcase of the Group's real value. We are committed to making steady progress on these projects as they will not only lead to earnings growth but will also take the Group to the next level.

Large-scale projects, such as redevelopment projects, are directly linked to sustainability in that we must work together with residents and local governments to resolve various social issues in each area through improvements in disaster prevention and environmental performance, activation of the area, and improving the lives of local people. We will continue to create value together with our stakeholders through high-quality products and urban development with the Group's accumulated know-how.

Service & Management Sector (Investment Management Business Unit / Property Brokerage & CRE Business Unit / Property & Facility Management Business Unit)

The Service & Management Sector will continue to play an important role for the Group in achieving highly efficient, high ROE management and realizing a business model that continues to generate value through the provision of after-sales services.

By capturing demand from investors, mainly private REITs and private funds, the Investment Management Business Unit has been expanding its assets under management (AUM). While harnessing the Leasing Value Chain between the Group and REITs for mutual growth, it aims to

Message from the Executive Vice President

maintain steady growth by leveraging the strength of Nomura Real Estate Asset Management, which has established its position as a top runner from an ESG perspective.

In April 2021, the Property Brokerage & CRE Business Unit established Nomura Real Estate Solutions, integrating the wholesale business (property brokerage business targeting corporate customers) and the retail business (real estate brokerage business targeting individual customers) and formulated a comprehensive structure to respond to the needs of a variety of customers. In addition, leveraging the Group's strengths in the retail business such as the nomu.com website, which has the largest number of users in the real estate company's brokerage website, this business unit will apply the expertise in digital innovation to the wholesale business as well. Through such initiatives, this Business Unit aims to establish its brand as the market leader that will continue to be chosen as a comprehensive property brokerage and CRE company.

The Property & Facility Management Business Unit is highly evaluated, as evidenced by the fact that it ranked first in surveys on customer satisfaction with condominium management providers conducted by three different

research companies last year. It is expected that steady growth will be achieved in the future by accumulating business stock through the management of condominiums and other buildings. This Business Unit plays an important role in gathering customer opinions and needs and reflecting them in new products.

Overseas Business

We conduct our Overseas Business mainly in residential development business in Southeast Asia. We have already determined investment of around ¥106 billion in housing sales and leasing, and we expect further growth. We will not only provide funds but will also commit to the quality of products and services giving full consideration to people living, working, and gathering in our development, just as we do in Japan. Through that, we will capture the growth of Asian cities.

The KAIZEN Project, which is being carried out together with local partners including design and construction companies, is a feature of the Group's Overseas Business. By utilizing the know-how that the Group has cultivated in Japan in all phases of design, construction, and sales, and

► Initiatives to realize the Mid- to long-term Management Plan “Four value creation initiatives”

Four value creation initiatives



Realization of enriched lifestyles and workstyles



Multifunctional urban development toward exceptional convenience, comfort, and safety



Urban development and community building concerning the future of the global environment and local communities



Global expansion of high-quality products and services

The Group's unique efforts

- Promoting the Office Portfolio Strategy realizing diverse workstyle as a real estate developer
- High-quality product development of PROUD based on an integrated development, sales, and management system integrated with sustainability initiatives
- Implementation of ACTO aimed at enhancing value for the entire area through community building
- Contribution to solving social issues through urban development such as redevelopment and large-scale mixed-use development
- Leasing Value Chain aimed at enhancing the value of business stock in collaboration between the Group and Group REITs
- High-quality product development in cities in Southeast Asia and implementation of KAIZEN Project to realize this

Next-generation large-scale projects for urban development with an eye on the future as a united area



Nihonbashi 1-chome Central District Redevelopment
Scheduled for completion: FY26/3



Shibaura 1-chome Project
Scheduled for completion: South Tower FY25/3, North Tower FY31/3



Nakano Station Shin North Exit Station-Front Area Redevelopment
Scheduled for completion: FY29/3

by providing high-quality properties and services tailored to customer needs, we will increase customer satisfaction and reduce risks associated with the Overseas Business, such as construction defects and schedule delays.

The Group's attitude and initiatives are gaining the trust of local partner companies, and I feel that we are seeing a path to growth. I hope that our Overseas Business will enter a new phase for further expansion by demonstrating the Group's unique qualities and accelerating our growth.

Toward formulating the new Mid- to Long-term Business Plan we are keeping our approach to connect closely with individuals

In a business environment where social change is being accelerated due to COVID-19, we have started moving toward the formulation of our new Mid- to Long-term Business Plan, scheduled to be announced in April 2022, with an eye to the Group's next growth phase. Amid drastic changes in the way people live and work, we will formulate medium- to long-term growth strategies for the Group as a whole while recognizing both new issues faced by the businesses that we previously regarded as providing growth fields and newly created business opportunities. For this reason, we have to take measures to reform existing businesses and to create new business opportunities by further promoting DX initiatives. We are making Group-wide efforts by establishing DX & Innovation Management Department at the head office and dedicated teams in charge of DX promotion at business units, including the Residential Development Business Unit and the Commercial Real Estate Business Unit.

Here, I would like to talk about our values, which are embedded in the Group's DNA and embraced by all of us in the Group.

The brand mission of PROUD in our residential development business is "Greatest Moments at Home" and the brand vision is "Imagine Customers' Future Value." This reflects our approach to connect closely with individuals and to move forward together to realize enjoying their lives.

Our HUMAN FIRST concept in the office business also demonstrates our commitment. We would like to contribute to improving the performance of each worker, and ultimately, his or her corporate earnings by providing a pleasant work environment that can foster innovation as well as a variety of services focused on the needs of each worker.

This is a value that we embrace not only in the residential development business and the office business but also in all businesses the Group engages in, and it serves as the source of our competitiveness.

I believe that it is crucial for the Group's future growth that we gain the trust and evaluation from customers through our products and services by our approach to connect closely with individuals and to remain the corporate brand of choice for all.



To our stakeholders Toward achieving medium- to long-term growth

"God is in the details" is my favorite phrase. It means that we should not neglect even the smallest of details. The true nature of life and of things lies in the details of each setting. I think that there are some similarities with our approach of "Imagine Customers' Future Value" in the residential development business and our HUMAN FIRST concept in the office business.

In addition, a number of large-scale mixed-use development projects, including the Shibaura 1-chome Project, are scheduled over the next 10 years or so, which is expected to make a significant contribution to the Group's medium- to long-term growth. I am confident that the Group's unique qualities and the values it upholds will be fully demonstrated even in these large-scale projects, including paying strict attention to details and a commitment to focusing on the preferences of people who live, work, and gather in the area and closely connecting with individuals.

In the real estate business, we develop products and offer services with an eye on what the city will look like and how people will live in the future. We have comprehensively built our history by operating customer-oriented businesses. With this philosophy, the Nomura Real Estate Group will continue to be chosen by its customers and achieve sustainable growth.

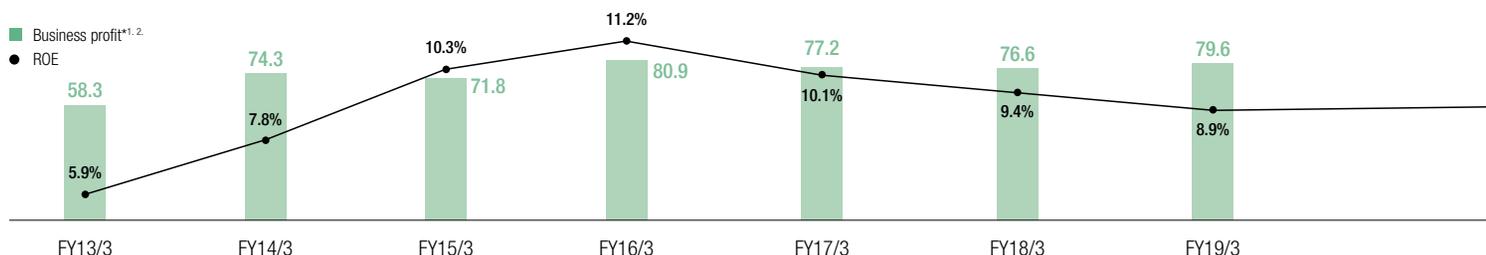
I sincerely appreciate our stakeholders for their ongoing support.

Executive Vice President and
Representative Director

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Overview of the Mid- to Long-term Business Plan “New

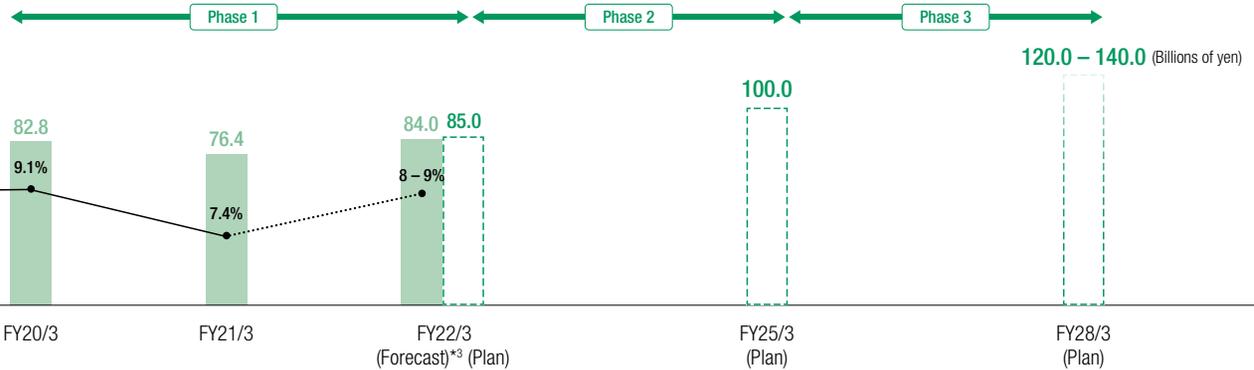
The Group formulates and executes long-term business plans by taking into account the characteristics of its real estate business, which has a long business period. At the same time, the Group flexibly reviews the plans in principle every three years to ensure highly effective management plans that reflect changes in the external environment.



*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. Figures before FY18/3 are equivalent to operating profit
 *3. Forecast as of July 24, 2021

	Mid- to Long-term Business Plan (FY2013/3 – FY2022/3) “Creating Value through Change”	Mid- to Long-term Business Plan (FY2017/3 – FY2025/3) “Creating Value through Change”																															
Overview	Background and points <ul style="list-style-type: none"> Develop a stable financial base for growth (shareholders’ equity ratio: 30%) Create new businesses that will pave the way for future growth Build a highly profitable business portfolio 	<ul style="list-style-type: none"> Achieve sustainable earnings growth with high asset efficiency founded on a stable financial base Position Phase 1 (FY17/3 – FY19/3) as a time of building a foundation for growth in Phase 2 and onward Clarify the Group’s “vision” and “ideal growth model” 																															
	Management policy and key strategies <ul style="list-style-type: none"> Steadily expand earnings in existing businesses Improve financial base for further growth Make active efforts to realize long-term growth 	<ul style="list-style-type: none"> Expand business volume and business domains in the Development Sector Demonstrate differentiation and a competitive edge in the Service & Management Sector Increase and reinforce customer base via Group wide collaboration 																															
	Main KPIs (excerpt) <div style="border: 1px solid green; padding: 5px; margin: 5px;"> <p>Phase 1: FY13/3 – FY16/3</p> <ul style="list-style-type: none"> Operating profit: ¥65.0 billion Shareholders’ equity ratio: 30% </div>	<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid green; padding: 5px; margin: 5px;"> <p>Phase 1: FY17/3 – FY19/3</p> <ul style="list-style-type: none"> Operating profit: ¥85.0 billion </div> <div style="border: 1px solid green; padding: 5px; margin: 5px;"> <p>Mid-term policies</p> <ul style="list-style-type: none"> ROA: 5% or more ROE: 10% level </div> <div style="border: 1px solid green; padding: 5px; margin: 5px;"> <ul style="list-style-type: none"> Shareholders’ equity ratio: 30% level Dividend payout ratio (DPR): Around 30% </div> </div>																															
Review	Review of key strategies <ul style="list-style-type: none"> Achieved profit target for Phase 1 (two fiscal years ahead of schedule) Established a stable financial base (shareholders’ equity ratio at the 30% level) Realized the real estate industry’s top class asset efficiency (ROA of over 5% for 3 years) Built the Leasing Value Chain, a mutual growth model with the Group REITs Established a framework for Overseas Business expansion (established three business bases in Asia and participated in a project in Vietnam) 	<ul style="list-style-type: none"> Enhanced shareholder returns through dialogue with capital markets (acquired treasury shares for the first time and continued dividend increase) Steadily paved the way for future growth by promoting mixed-use development, expanding participation in overseas projects, and expanding business through M&A Due to the market fluctuations that exceeded the assumptions, of the residential development business, failed to achieve profit plans and ROE and ROA targets 																															
	Achievement status of main KPIs <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Results for FY16/3</th> <th>Mid- to Long-term Business Plan (Phase 1)</th> <th>Achievement status</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>¥80.9 billion</td> <td>¥65.0 billion</td> <td style="text-align: center;">✔</td> </tr> <tr> <td>Shareholders’ equity ratio</td> <td>29.9%</td> <td>30%</td> <td style="text-align: center;">✔</td> </tr> </tbody> </table>		Results for FY16/3	Mid- to Long-term Business Plan (Phase 1)	Achievement status	Operating profit	¥80.9 billion	¥65.0 billion	✔	Shareholders’ equity ratio	29.9%	30%	✔	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Results for FY19/3</th> <th>Mid- to Long-term Business Plan (Phase 1)</th> <th>Achievement status</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>¥79.1 billion</td> <td>¥85.0 billion</td> <td style="text-align: center;">✔</td> </tr> <tr> <td>ROA</td> <td>4.7%</td> <td>5% or more</td> <td style="text-align: center;">✔</td> </tr> <tr> <td>ROE</td> <td>8.9%</td> <td>10% level</td> <td style="text-align: center;">✔</td> </tr> <tr> <td>Shareholders’ equity ratio</td> <td>29.9%</td> <td>30% level</td> <td style="text-align: center;">✔</td> </tr> </tbody> </table>		Results for FY19/3	Mid- to Long-term Business Plan (Phase 1)	Achievement status	Operating profit	¥79.1 billion	¥85.0 billion	✔	ROA	4.7%	5% or more	✔	ROE	8.9%	10% level	✔	Shareholders’ equity ratio	29.9%	30% level
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Value, Real Value”



Mid- to Long-term Business Plan “New Value, Real Value” (FY2020/3 – FY2028/3)

- Build an optimal business portfolio that combines businesses that have different risk/return characteristics
 - Establish a competitive portfolio of leasing assets through strategic property sales and realization of development profits in preparation for the completion of large-scale development projects in the future
 - Increase both investment and recovery and return to shareholders through highly efficient management that exceeds cost of equity
 - Clarify the value creation that the Group aims for, Four value creation initiatives, based on awareness of the external environment
-
- Promote Four value creation initiatives by combining business strategy and sustainability initiatives
 - Achieve a business portfolio that combines high asset efficiency and profit stability by utilizing the characteristics of each business
 - Utilize know-how cultivated in Japan for Overseas Business expansion

Phase 1: FY20/3 – FY22/3

- Business profit: **¥85.0 billion**
- Total return ratio: **Around 40 – 50%**
- ROA: **Around 4 – 5%**
- ROE: **Around 8 – 9%**

Phase 2: FY23/3 – FY25/3

- Business profit: **¥100.0 billion**
- ROA: **5% or more**
- ROE: **10% or more**

Phase 3: FY26/3 – FY28/3

- Business profit: **¥120.0 – ¥140.0 billion**
- ROA: **5% or more**
- ROE: **10% or more**

Four Value Creation Initiatives



Realization of enriched lifestyles and workstyles

- Realize enriched lifestyles and workstyles by providing products and services that are one step ahead of customer needs.
- Extend the value we have created through our distinguished marketing and positioning, such as PROUD, PMO, and OUKAS, to new business fields.



Multifunctional urban development toward exceptional convenience, comfort, and safety

- Provide exceptional convenience, comfort, and safety to lifestyles through multifunctional urban development.
- Promote multifunctional urban development in various areas and schemes such as urban-type compact towns, station-front redevelopment.



Urban development and community building concerning the future of the global environment and local communities

- Create sustainable cities and communities that are environmentally friendly and that grow together with local communities.
- Utilize digital technology to create a more convenient and comfortable future.



Global expansion of high-quality products and services

- Globally expand high-quality products and services cultivated in Japan, mainly in Asia.
- Thoroughly implement the market-in approach overseas and develop businesses with local partners that cater to the lifestyles and workstyles of each country

For efforts to realize Four value creation initiatives, see the Message from Executive Vice President on page 42.

● Achieving both profit growth and shareholder returns

Achieve a balance between profit growth and shareholder returns by realizing sustainable profit growth while maintaining high asset and capital efficiency.

● Business portfolio strategy

Achieve a portfolio that balances high asset efficiency and profit stability by utilizing the characteristics of each business.

● Investment plan / Strategic investment

Achieve high asset efficiency through increasing asset turnover. In addition to the business strategy and profit plan of this plan, make strategic investments to achieve further profit growth and ROA improvement.

Progress in the Mid- to Long-term Business Plan

Profit plan (Business profit)

Realize sustainable profit growth while maintaining high asset and capital efficiency.

Business profit by Business Unit*	FY22/3 Phase 1 85.0	FY25/3 Phase 2 100.0	FY28/3 Phase 3 120.0 – 140.0
Residential Development	30.0	36.0	
Commercial Real Estate	33.0	36.0	
Service & Management Sector	28.0	35.0	
Investment Management	9.0	12.0	
Property Brokerage & CRE	11.0	14.0	
Property & Facility Management	8.0	9.0	
Adjustments	(6.0)	(7.0)	

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

* It does not reflect the change in the classification of overseas business as of April 1, 2020 from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other.

Financial and capital policies

Achieve both profit growth and shareholder returns. The total return ratio is targeted to be around 40% – 50% in Phase 1.

Mid- to long-term policies

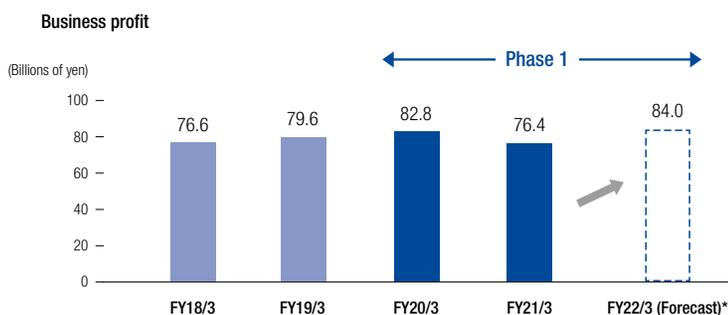
Asset efficiency	Capital efficiency	Shareholder returns (Phase 1)
ROA:	ROE:	Total return ratio:
5% or more	10% or more	Around 40 – 50%

	Phase 1: FY20/3 – FY22/3	Phase 2, 3: FY23/3 – FY28/3
ROA	Around 4 – 5%	5% or more
ROE	Around 8 – 9%	10% or more

Progress in profit plan and financial and capital strategies

[Profit plan]

- While profit for FY21/3 decreased year on year due to the impact of COVID-19, business profit of ¥84.0 billion, which is the same level as in the Mid- to Long-term Business Plan, is forecast for FY22/3.



*Forecast as of July 24, 2021

[Financial and capital policies]

- ROE: While ROE has been declining due to a decrease in profit, it is expected to recover to around 8% – 9% in FY22/3, reflecting a rebound in profit.
- Shareholder returns: Total return ratio exceeded 45%. Shareholder returns at a level same to that in the Mid- to Long-term Business Plan are expected for FY22/3.

	FY20/3 Results	FY21/3 Results	FY22/3 Forecast
ROA	4.7%	4.1%	
ROE	9.1%	7.4%	Around 8 – 9%
Total return ratio	46.5%	45.3%	

Business portfolio strategy (Profit structure)

Optimizing our business portfolio

Achieve a business portfolio that combines high asset and capital efficiency, as well as profit stability.

1 Property Sales Business

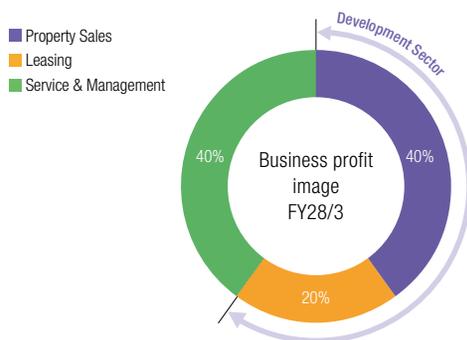
Increase development profits and achieve higher ROA by actively expanding the housing sales business and the property sales business, both in Japan and overseas

2 Leasing Business

Build a competitive portfolio and achieve stable leasing profits through the development of valuable leasing properties and strategic property replacement

3 Service & Management Sector

Increase profits with minimal asset risks and achieve higher ROA through business expansion through M&A and strategic partnership, in addition to growth in existing businesses.

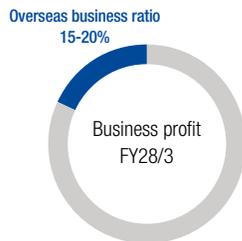


	Development Sector		Service & Management Sector
	Property Sales	Leasing	Service & Management
Profit classification	Development profit	Leasing profit	Fees
Capital recovery	Short-term	Long-term	–
Profit fluctuation	High	Low	Low

Mid- to long-term targets **ROA: 5% or more** **ROE: 10% or more**

Overseas business strategies

Expand overseas business ratio to 15% – 20% of total business profit in Phase 3 by capturing growing overseas markets.



Business development

- **Business expansion in existing business areas**
Thailand, Vietnam, the Philippines, China, and the UK
- **Business in new areas**
Target countries in terms of market size, growth potential and stability
- **Global network**
Expansion through M&A, capital alliances

Overseas platform

- **Establishment of local offices**
- **Capital and business alliances with local companies**
- **Overseas human resource development**

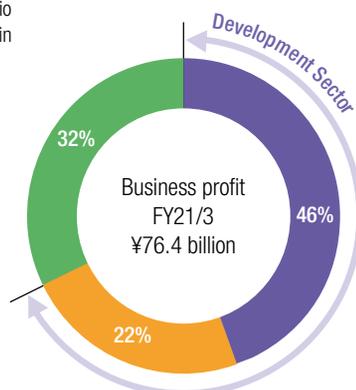
Risk management

- **Business risks**
Monitor risks related to the business environment, financial markets, laws and regulations
- **Stress tests**
Confirm soundness of shareholders' equity ratio and business balance based on assumed risks

Progress in business portfolio strategy

[Optimization of business portfolio]

- Steadily implemented leasing portfolio replacement through property sales in preparation for the completion of large-scale buildings in the future and realization of unrealized profit. Performance of the Service & Management Business also progressed steadily.



[Overseas Business strategy]

- Investment in Overseas Business of about ¥106.0 billion was determined as of the end of FY21/3.

Cities conducting Overseas Business

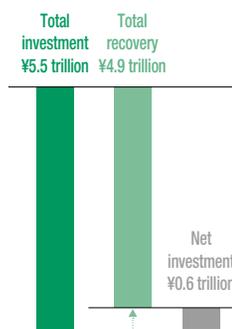


Progress in the Mid- to Long-term Business Plan

Investment plan

Accelerate new investments while increasing asset turnover, controlling net investment, and improving asset efficiency.

(Billions of yen)		Phase 1	Phase 2	Phase 3	Total
Residential Development Business Unit	End of FY19/3				
Investment	—	1,100.0	1,250.0	1,250.0	3,600.0
Recovery	—	1,000.0	1,200.0	1,250.0	3,450.0
Commercial Real Estate Business Unit					
Investment	—	550.0	650.0	700.0	1,900.0
Recovery	—	400.0	500.0	550.0	1,450.0
Total					
Total investment (of which, overseas)	—	1,650.0 (50.0)	1,900.0 (100.0)	1,950.0 (150.0)	5,500.0 (300.0)
Total recovery (of which, overseas)		1,400.0 (0.0)	1,700.0 (50.0)	1,800.0 (100.0)	4,900.0 (150.0)
Total assets balance	1,759.4	2,000.0	2,200.0	2,400.0	—



* Total assets balance is the estimated balance as of the end of the last fiscal year of each phase. Since the investment/recovery plan only covers the Residential Development Business Unit and the Commercial Real Estate Business Unit, the change in the total assets balance does not match the calculation result of total investment minus total recovery.

* It does not reflect the change in the classification of Overseas Business, etc. from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other as of April 1, 2020.

Strategic investment

In addition to the investment plans described above, we are making strategic investments for future growth.

Major investment goals

Expand business in Service & Management Sector and overseas

Develop business in new fields

Gain external expertise and resources

Progress in investment plan and strategic investment

(Billions of yen)	FY20/3	FY21/3	Total
Residential Development Business Unit			
Investment	297.3	279.2	576.5
Recovery	257.4	204.9	462.3
Commercial Real Estate Business Unit			
Investment	164.4	161.3	325.7
Recovery	125.2	93.8	219.1
Total			
Total investment (of which, overseas)	461.7 (30.0)	440.5 (21.0)	902.2 (51.0)
Total recovery (of which, overseas)	382.6 (3.3)	298.7 (3.3)	681.4 (6.6)
Total assets balance	1,801.2	1,921.3	—

[Investment plan]

- Both investment and recovery have been controlled appropriately to prevent excessive expansion of total assets balance. Total assets balance remains at the expected level.
- New investment in Overseas Business has progressed steadily.

[Strategic investment]

- The Company acquired additional shares in Nomura Real Estate Building (formerly NREG TOSHIBA BUILDING) in FY20/3 and made it a 100 % subsidiary to strengthen management across the Group.

* It does not reflect the change in the classification of Overseas Business, etc. from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other as of April 1, 2020. The amount of investment and recovery in Overseas Business are reported in those of the Residential Development Business Unit and the Commercial Real Estate Business Unit.

Awareness of the business environment (opportunities and threats)

Regarding the mid- to long-term business environment surrounding the Group, there are social issues such as the extreme aging of the population, the decline in population, and labor shortages in Japan. In addition, diversification in household composition, such as the decline in family households and increase in single-person/dual income households, the diversification of needs associated with changes in lifestyles and work styles, and the evolution of digital technologies will become increasingly evident.

The impact of COVID-19 has further transformed the way people live, work, and gather, and consume, and we need to continue to closely observe trends in the domestic real estate market as well as the economic conditions in Asia, Europe, and North America.

In light of such awareness of the external environment (opportunities and threats), each Business Unit and other has formulated a basic growth policy and is dealing with issues toward business growth in order to maximize the Group's competitive advantage and management capital.

Relevance between awareness of the external environment and basic growth policy of each Business Unit



Basic growth policies/Awareness of the external environment (opportunities and threats)		Opportunities										Threats						
		Increase in single, dual-income, and senior households	Improving Tokyo's growing city power and global competitiveness	Demand for compact cities in regional core cities	Accumulation of property stock	Growing demand for renovation and rebuilding of aged properties	Expansion of real estate investment needs and cross-border growth	Continuous growth in the Asian market	Diversification of lifestyles and work styles	Diversification of values toward housing and offices	Rapid advances in technology	e-commerce and changing consumer trends	Increase in attention paid to sustainability initiatives	Increase in and intensification of natural disasters	Japan's declining population	Decrease in the number of family households	Rapid changes in economic conditions	Labor shortages
Residential Development Business Unit ▶ P50-51	Provide multifunctional and sustainable urban development and community building	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Supply high-quality housing catered to diversifying customer needs	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Offer services that sustain safe and secure living	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Commercial Real Estate Business Unit ▶ P52-53	Property development and management based on highly unique planning and in pursuit of higher user satisfaction	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Growth in capital gain and income gain through development volume expansion	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Investment Management Business Unit ▶ P54-55	Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Strengthening of the private equity fund business as a growth engine following REIT business	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Building of the global network	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Property Brokerage & CRE Business Unit ▶ P56-57	Provide high-quality and extensive services by leveraging digital technology	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Strengthen "solution selling" aimed at solving customers' issues	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Build extensive customer base by expanding partnerships with financial institutions	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Property & Facility Management Business Unit ▶ P58-59	Strengthen proposal-based management to ensure customer satisfaction	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Expand business domain and service offerings	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Provide highly efficient and high-quality management services by using digital technology	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Overseas Business ▶ P60-61	Increase number of orders for large-scale repair works and other construction orders	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
	Responding to expectations for quality and services, and providing new value overseas through the utilization of know-how cultivated in Japan and strong partnerships with local developers	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High

Strategies by Business



Residential Development Business Unit



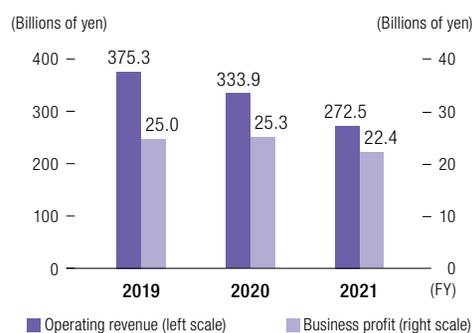
Haruhiko Nakamura

Executive Officer,
Business Unit Manager of Residential Development Business Unit

Major businesses

Development and sale of condominium and detached housing, and rental housing, development and management of senior housing, Internet advertising, home/living assistance services, etc.

Operating revenue / Business profit



Strategies for achieving profit growth over the medium to long term

High evaluation for our PROUD condominium brand is an important asset for the businesses of the Residential Development Business Unit. We have been implementing various measures to continue to refine its value as the leading brand amid the diversification of lifestyles and constant changes in housing needs. [▶ P30-33](#)

From a medium- to long-term perspective, it will be difficult for the housing market as a whole to grow significantly in Japan. However, the diversification of housing needs is expected to continue into the future due to changes in household composition

and lifestyles, such as an increase in single-person, dual-income, and senior households. The impact of COVID-19 is also accelerating this trend, and we understand that expanding our product line-up in line with the diversification of lifestyles will be a key factor in securing sufficient business opportunities over the long term.

We aim to provide products that will help us acquire new customer segments in terms of both geographical area and property type by focusing on various plans such as compact room layouts for single-person, dual-income, and senior households; high-end properties in the central Tokyo area targeted at high net worth; highly convenient detached housing located in city centers; and condominiums in regional core cities.

Multifunctional and highly convenient urban-type compact town



KAMEIDO PROJECT/ PROUD TOWER Kameido Cross

A mixed-use development project featuring a communal space and an elementary school as well as a large-scale retail facility within the area. We are promoting initiatives to activate the local community including its surrounding areas through ACTO.



PROUD Tower Kawaguchi Cross

A mixed-use development project equipped with retail and medical facilities. In this project, we responded to changes in lifestyles after COVID-19 by introducing contactless elevators and shared study space with separated booths.

Business environment in focus

- Decrease in the domestic population and family households
- Increase in single, dual-income, and senior households
- Diversified housing needs resulting from lifestyle changes
- Expand development of compact cities in regional core cities

The strengths

- Product planning capability generated by integrated development, sales, and management system
- Solid customer base, highly value-added services and development capability tailored to diverse customer needs
- Expertise in urban-type compact town, redevelopment, and rebuilding projects

Business assets^{*1}

- Land bank in the housing sales business:
Approx. 21,100 units
- Number of Nomura Real Estate Group Customer Club members: **Approx. 140,000**
- Number of residential redevelopment projects participated: **No.1^{*2}**

Basic policies for growth

- Provide multifunctional and sustainable urban development and community building
- Supply high-quality housing catered to diversifying customer needs
- Offer services that sustain safe and secure living

In particular, in order to continue to provide attractive products, it is essential to promptly detect and anticipate changes in customer needs. Our Group's unique market-in approach and integrated development, sales, and management system, as well as our solid customer base—as represented by the Nomura Real Estate Group Customer Club—present us with a significant advantage in capturing and applying these changes in product development. This advantage is underpinned by our strong product planning capabilities, represented by receipt of the Good Design Award for 19th consecutive year. We will continue to earnestly gather feedback from our customers, anticipate future changes, and develop attractive products.

The development of multi-functional and highly convenient urban-type compact towns is a typical example of our Group's attractive development. This unique development enhances residents' convenience by offering various urban functions, such as commercial and educational facilities, close to residence. It is highly value-added development that meets contemporary customer needs and emphasizes not only high-spec building specifications and luxury fittings, but also the livability and comfort of residents themselves. Our efforts have been highly evaluated from our customers.

In addition to our products, a variety of services that we offer after the buildings are completed serve as an important differentiation factor. Our Group's strength is that we can offer value related to residence across the entire Group, including the Property & Facility Management Business Unit. Specifically, in addition to high-quality property management services, we make efforts to simplify various procedures and operations of condominium residents' associations by the use of apps and digital technology and provide schemes to mitigate condominium residents' concerns regarding large-scale repair works through Attractive 30 and re:Premium.

In terms of sales activities, COVID-19 has accelerated a rapid expansion of the use of digital and online sales methods. We are now able to provide product information to all customers, including those who have had difficulties visiting properties due to reasons such as long distance or childcare. We are working to establish more effective sales methods that reflect changes in customers' lives.

Sustainability initiatives through business operations

For our Business Unit, which provides products and services related to residence, sustainability must be integrated in business activities. The "Five Values of PROUD" are being incorporated into our various initiatives for the benefit of our customers. At the same time, in order to anticipate changes 10 and 20 years into the future and predict future needs, we are conducting long-term research on the future of residence and lifestyle.

Environmental measures, especially the reduction of greenhouse gas emissions, are an important theme for the long-term use of residence. We have been taking measures to expand low-carbon/decarbonized products and services through the introduction of Net Zero Energy Houses (ZEH) and "Yukai-full."

In addition, developing good quality of the community including areas surrounding our property, we are promoting ACTO^{*3}, an initiative that aims to invigorate the broader community in order to provide residence where everyone can enjoy continued peace of mind. ACTO is our Group's unique initiative under which we continue to be involved in building communities as a real estate developer, including in the surrounding areas.

*1. As of March 31, 2021

*2. Source: Based on in-house research

*3. ACTO: The Group's unique all-encompassing urban development initiative that aims to activate the broader community including its surrounding areas

Strategies by Business



Commercial Real Estate Business Unit



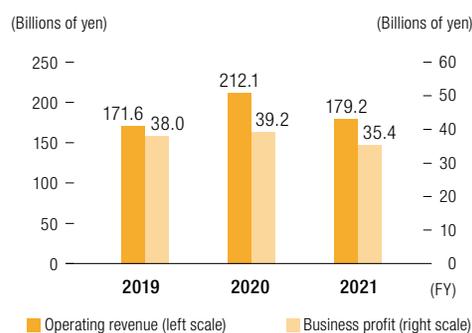
Makoto Haga

Director and Executive Officer,
Business Unit Manager of Commercial Real Estate Business Unit

Major businesses

Development, leasing, sales, and management of office building, logistics facility, retail facility, etc.; development, leasing, and management of hotel; management of fitness club; design and supervision of construction work, etc.

Operating revenue / Business profit



Strategies for achieving profit growth over the medium to long term

Due to the changes including the impact of COVID-19, the way people work and live has changed significantly. That is not just a transient change in behavior due to external factors, but a transformation in people's consciousness and what they are seeking. At the Commercial Real Estate Business Unit, which

engages in a wide range of businesses involving facilities directly related to daily life, such as offices, retail facilities, logistics facilities, fitness clubs, and hotels, it is essential to grasp changes and respond flexibly. In addition to providing physical real estate products to meet long-term users' needs, our efforts in responding to the changing needs of property users and improving their satisfaction through our high-level operational and management expertise are the cornerstone of our business strategy.

Shibaura 1-chome Project

Reconstruction project of "Hamamatsucho Building" started in October 2021; a large-scale mixed-use development of ¥400.0 billion that brings together the know-how of the Group and incorporates various initiatives such as utilization of DX, improvement of environmental performance, and the consideration for health.

Location:
Minato-ku, Tokyo
Scheduled for completion:
South Tower FY25/3, North Tower FY31/3
Major use:
Office, retail facility, hotel, residence
Gross floor area:
Approx. 550,000m²



Business environment in focus

- Diversifying work styles and changing perceptions of the value of offices
- Advances in digital technology
- Expansion of e-commerce and evolution of logistics networks
- Changes in consumption and leisure preferences

The strengths

- Track record for developing diverse asset types
- Brands (PMO, GEMS, Landport) created based on the market-in approach
- Participation in major large-scale development projects in central Tokyo, including Shibaura 1-chome Project and Nihonbashi 1-chome Central District Redevelopment

Business assets^{*1}

- Net lettable area (offices/retail facilities): **Approx. 827,000 m²*2**
- Number of tenants: **Approx. 2,800 companies*3**
- Number of H'T branches and their members: **84/1,080 companies/Approx. 106,000 members*4**
- Number of MEGALOS fitness clubs and their members: **46 clubs/Approx. 111,000 members**

Basic policies for growth

- Property management based on highly unique planning and in pursuit of higher user satisfaction
- Growth of capital gains and income gains by expanding development volume

Our businesses are unique in that we pursue a balance of capital gains and income gains and we are not simply focused on the volume and scale of properties held, and in that we rather place the utmost priority on the needs of property users. We have expanded our property sales business by developing unique brands with high product value, including PMO (office), GEMS (retail facility), and Landport (logistics facility), and, selling them to the Group's REITs and funds. The source of our competitive edge in this business is our extensive development know-how and high-quality services and our solid customer base. Those are accumulated through our competitive brand assets.

By leveraging the Group's strengths, we provide H'O (small office with services) and H'T (satellite shared office), in addition to conventional offices, as an example of our proposal for flexible office space to respond to diversifying work styles. We make proposals of Office Portfolio to our customers [▶ P34-37](#) by combining these different types of offices. The concept of giving top priority to improving the performance of individual workers, which serves as the foundation of our strategy, is called HUMAN FIRST.

The Shibaura 1-chome Project, whose construction work started in October 2021, is the largest urban development project in the Group's history and will bring together the Group's accumulated know-how and experience to date. This project is not just about the development of conventional large office buildings and multi-use facilities. Rather, in response to changes in the way people work and live, we promise to continue to provide value to people's lives over many years to come by developing facilities and providing services that combine various elements, such as the use of DX, improvement of environmental

performance, and consideration for health, based on our HUMAN FIRST concept.

Sustainability initiatives through business operations

Our Business Unit's mission of responding to social changes and providing products and services that generate value over the long term is directly linked to the realization of sustainability. Through our business, we will provide "inspiration," "peace," "convenience," and "community" to people who work and gather, and the entire society will prosper. This is the significance and value of our Business Unit. Our customers are changing, and the customer base is expanding. In addition to respecting the diversification of individual values, we will also take care of minorities to move forward with our commitment to sustainability.

Consideration for the environment is also indispensable. In addition to our efforts to obtain environmental certification for all real estate newly developed by our Business Unit, we are promoting solar power generation utilizing the rooftops of logistics facilities. We will continue our efforts to reduce the environmental impact by both "creating" and "using" real estate. Depending on the attitude of the real estate developers who are responsible for urban development, the appearance of the entire city in 50 or 100 years will change drastically. We believe that the starting point of real estate company management is to correctly draw the future image of social stock and be aware of its responsibilities.

*1. As of the end of March 2021

*2. Total net lettable area of offices and retail facilities owned by the Group for the long term

*3. Total number of tenants located in properties that the Group owns and conducts property management in the Commercial Real Estate Business Unit

*4. Branches operated by the Company and affiliated companies

Strategies by Business



Investment Management Business Unit



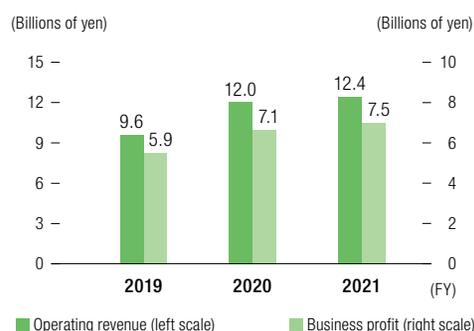
Koki Miura

Executive Officer,
Business Unit Manager of Investment Management Business Unit

Major Businesses

Investment management services including real estate investment trusts (REITs), private funds and real estate secularization products

Operating revenue / Business profit



Strategies for achieving profit growth over the medium to long term

The Investment Management Business Unit, which boasts a broad product lineup, including Nomura Real Estate Master Fund (NMF), a listed REIT, Nomura Real Estate Private REIT (NPR), a non-listed REIT, and private funds, aims to expand its assets under management (AUM) and achieve profit growth over the medium to long term by adequately capturing the changes in investor needs in line with real estate investment and financial markets.

Looking at recent examples, during the fiscal year ended March 2021, the listed REITs market, which fluctuated significantly due to the impact of COVID-19, had difficulties in achieving external growth through public offerings, except some REITs. On the other hand, investment needs for private REITs and private funds remained robust among institutional investors. Under such circumstances, our Business Unit remained focused on attracting funds from institutional investors and realized a steady increase in the AUM of private REITs and private funds for the period. Going forward, we will consider to promote external growth of NMF, in which the unit price is recovering steadily, while paying close attention to the unit price situation.

I believe that we will be able to grow our AUM on a steady basis by seizing growth opportunities while leveraging fund characteristics according to market conditions.

In order to implement this strategy, it is essential to secure a pipeline that can supply high-quality properties. The Leasing Value Chain (P26), which we have established between the Group and the funds managed by our Business Unit for the sake of mutual growth, plays that role.

This scheme enables us to stably acquire excellent properties developed under the Group's brand including PMO, Landport,

and PROUD FLAT and to enhance the asset value of REIT-owned properties by leveraging the Group's management capabilities. I believe that this scheme is our Business Unit's greatest feature and strength in terms of the growth of NMF and other funds.

In addition, in order to grow NPR and private funds, it is important to accurately grasp the needs of institutional investors. In this regard, our Group's good relationships with institutional investors, which it has built up over the past 20 years since entering the investment management business, are a source of significant competitiveness. We are proud that we have built such good relationships by providing innovative products that constantly meet the needs of investors, such as NPR, Japan's first private REIT, established in 2010.

Expanding AUM of private REIT and private funds

AUM expanded steadily by acquiring funds from institutional investors



Business environment in focus

- Growing alternative investment needs for real estate
- Expanding and diversifying global investment needs
- Rapidly increasing ESG investment needs

The strengths

- Business growth model based on the Leasing Value Chain
- Relationships built with institutional investors through many years of asset management experience
- Product structuring capabilities that meet the needs of investors

Business assets*

- Assets under management (AUM):
Approx. ¥1.8 trillion
- Number of institutional investor clients through asset management in Japan (excluding listed REITs):
232 institutions

Basic policies for growth

- Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain
- Strengthening of the private fund business as a growth engine following REIT business
- Building of the global network

We are also considering the structuring of private funds under the concept for super-long investment term as a new product to meet the needs of investors. Unlike conventional private funds, which usually require the sale of properties after maturities of 5 to 10 years, this type of funds allows semi-permanent holdings of properties.

This is an effort to expand the range of new investment options in addition to private REITs for pension funds and other institutions that seek to invest for longer periods of time.

In addition to domestic business, the collaboration with Lothbury Investment Management Group in the UK, which joined the Group in 2018, is progressing steadily in our overseas business. We continue to build global networks through capital and business alliances and other means.

We will continue to aim to achieve the growth of AUM over the medium to long term by harnessing our stable growth foundation through the Leasing Value Chain, our solid relationships with institutional investors, and our provision of innovative products.

Sustainability initiatives through business operations

By regarding ESG initiatives as an important differentiating factor in real estate investment, we have implemented a variety of leading-edge ESG initiatives ahead of our industry peers. Responding to the needs for ESG investment, which is expected to expand further in the future, is essential for obtaining investor funds. We believe that acquiring properties with high-environmental capabilities, which are developed by the Group based on the funds, will contribute to the realization of a sustainable society and the growth of the Group as a whole. Based on these concepts,

we are undertaking a variety of industry-leading ESG initiatives.

Most recently, in February 2021, NMF and NPR became the first funds in the industry to disclose non-financial information (qualitative assessment) in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As for external evaluation, Nomura Real Estate Asset Management received the Minister of the Environment Award given out under the auspices of the Principles for Financial Action for the 21st Century initiative in the fiscal year ended March 2020. Also, NMF and NPR have received 4-star or higher ratings in the Global Real Estate Sustainability Benchmark (GRESB) for fifth consecutive year, testifying to our achievement of notable results.

Leading-edge ESG initiatives

Both the asset management company and funds have been implementing a variety of leading-edge ESG initiatives.

Year	Initiative
2017	Signed the Principles for Responsible Investment (PRI)
	Signed the United Nations Environment Program and Financial Initiative (UNEP FI)
2019	NMF was included in the MSCI Japan ESG Select Leaders Index
2020	NMF and NPR received GRESB 4-star ratings
	Received the Minister of the Environment Award given out under the auspices of the Principles for Financial Action for the 21st Century initiative
2021	Disclosed non-financial information based on the TCFD recommendations

* As of March 31, 2021

Strategies by Business



Property Brokerage & CRE Business Unit



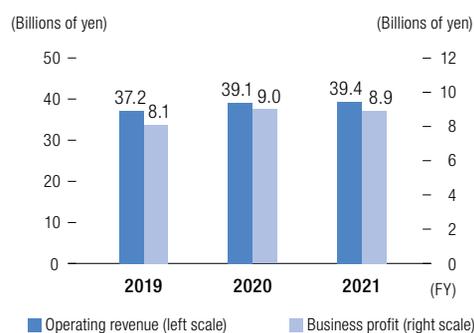
Kenichi Maeda

Executive Officer,
Business Unit Manager of Property Brokerage & CRE Business Unit

Major businesses

Real estate brokerage and consulting, consignment of sales of condominiums and detached housing, insurance agency, etc.

Operating revenue / Business profit



Strategies for achieving profit growth over the medium to long term

The mission of the Property Brokerage & CRE Business Unit is to resolve a variety of real estate issues for clients through the provision of services centered on brokerage and CRE proposals. We aim to achieve medium- to long-term profit growth by expanding the total brokerage transaction value through an approach to a broad range of customers and the provision of high-quality services.

In April 2021, Nomura Real Estate Solutions (NRES) was established by integrating the functions of the retail and wholesale brokerage businesses within the Group, with the aim of developing a system that enables us to promptly respond to

Establishment of Nomura Real Estate Solutions

In April 2021, Nomura Real Estate Solutions was established. Through the integration of our retail and wholesale brokerage business functions, we have established a comprehensive service system to respond to the needs of a variety of customers, ranging from large corporations to individuals.



issues of a wide range of a customers, from large corporations to individuals. With the establishment of NRES, we are expanding our business domains by launching new services that take advantage of the benefits of the functional integration, in addition to the existing retail and wholesale services.

One of such efforts is the establishment of the Partner Services Division. The Division specializes in responding to needs for property sales by small- and medium-sized enterprises and property acquisitions by individual investors. It handles a variety of real estate transactions associated with business succession, inheritance, and investment management.

In addition, we launched REALIA, a new services brand specializing in premium condominiums in the central Tokyo area, making it possible to offer comprehensive services to customers who want to buy or sell high-end properties. Having staffed dedicated personnel who have in-depth knowledge, we are confident that we will be able to offer services that satisfy customers.

Both of these measures are designed to provide customers with more value-added proposals faster and more broadly by consolidating transaction information, which tended to be dispersed under the previous organizational structure. We are confident that with these measures, and will be able to make full use of NRES's extensive customer network, which will lead to an expansion of transaction opportunities. While these measures were launched as recently as April 2021, we are already seeing some positive results.

Our services utilizing IT and ICT, such as our nomu.com website, which is the most popular real estate brokerage website by number of users for twelfth consecutive year, are a major competitive advantage for our Group, and we are actively working to provide new services. In addition to a virtual reality (VR) home staging service and 3D walkthrough tours, we will continue to expand services that help customers gather information and

Business environment in focus

- Increase in stock of quality existing housing
- Heightening needs for business succession and inheritance-related measures
- Advances in digital technology

The strengths

- Expertise in ICT services
- High customer satisfaction rating in retail business
- Partnerships with Nomura Securities and regional financial institutions

Business assets*

- Number of property brokerage transactions: **9,322**
- Number of partner financial institutions including Nomura Securities and regional financial institutions: **88**
- Number of retail brokerage branches: **87 stores**
- Number of nomu.com members:
Approx. 236,000 members

Basic policies for growth

- Provide high-quality and extensive services by leveraging digital technology
- Strengthen “solution proposal” aimed at solving customers’ issues
- Build extensive customer base by expanding partnerships with financial institutions

strengthen our functions as a point of contact for customers.

At “Nomura no chukai + (PLUS)” branches, sales methods utilizing videoconferencing and webinars, which were introduced under the environment of COVID-19, have the potential to be the key for future growth. Customer needs for ways to make effective use of their time have been strong, and this was a major factor in our Business Unit’s solid performance in the fiscal year ended March 2021, during which our branches were actually closed for several months.

Providing high-quality services that enhance customer convenience is an area of strength for our Group, which has always connected closely with customer needs and created new value. We believe that such needs will continue to expand, and we will take advantage of the strengths generated from the NRES foundation to establish a web-based sales method not only in our retail business but also in our wholesale business.

Provide services leveraging digital technology

We provide leading-edge services, including sales presentations using webinar and ICT-based functions on our nomu.com website.



Webinar for customers



Virtual reality (VR) home staging service which coordinates rooms by utilizing CG furniture

Sustainability initiatives through business operations

Our Business Unit engages in businesses that promote transactions involving used housings among individual customers as well as utilization of idle assets by corporate customers, thereby helping to address the social issue to make effective use of real estate stock.

Our CRE proposals in the wholesale business contribute to sustainability by making use of idle assets and improving asset efficiency. In addition, new business opportunities are being created as companies become more interested in the SDGs. Our proposals incorporating an SDGs perspective have been valued by customers. We will continue to contribute to the sustainability initiatives of our customers through the transaction of real estate properties that have a high financial and social value.

For our Business Unit, which provides real estate-related services, human resources are the most important factor contributing to sustainable growth, and continued investment is essential. In particular, we are focusing on human resources development that will contribute significantly to employee motivation and worker retention. When a new employee joins NRES, a front line sales representative is tasked with training that new employee for six months. This system allows sales representatives to share the full breadth and depth of their experience and know-how with new employees. It may seem to lead to a temporary decline in sales power of front line. However, by devoting time and efforts to the development of new employees, we can help them develop their skills more quickly. We will continue to make more effective efforts to develop and establish human resources.

* Number of property brokerage transactions is for the fiscal year ended March 2021. Number of nomu.com members is as of January 31, 2021. Others are as of March 31, 2021.

Strategies by Business



Property & Facility Management Business Unit



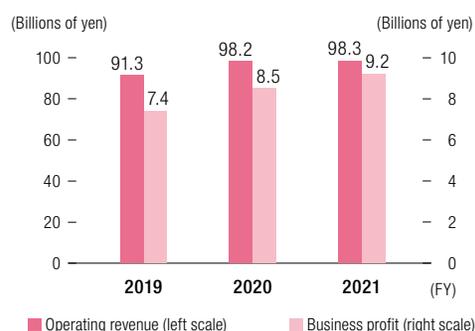
Akihiro Fukuda

Executive Officer,
Business Unit Manager of Property & Facility Management Business Unit

Major businesses

Operation and management of and contract work for condominiums, office buildings, etc.; renovation business; local cooling and heat supply business; entrusted cleaning of office buildings, etc.

Operating revenue / Business profit



Strategies for achieving profit growth over the medium to long term

The Property & Facility Management Business Unit contributes to maintaining and improving the value of completed properties, mainly condominiums and office buildings developed by the Group, through the provision of property management services and repair works. Our Business Unit's property management services have been highly rated by third parties. For example, we have been ranked No. 1 for 13th consecutive year in a property management company satisfaction survey of condominium residents conducted by SumaiSurfin, a website for purchasers of condominiums.

At the same time, our strength as a Business Unit also lies in our characteristic to steadily add superior properties developed by the Group to our management stock. We aim to achieve profit growth over the medium to long term by providing high-quality property management services that meet customer needs and by increasing the number of construction orders received, including for large-scale repair works for condominiums and tenants move-in and move-out work for office buildings based on our competitive construction proposal capabilities.

In order to maintain the value of properties over the long term, it is essential to ensure they are adequately managed and to conduct repair works in a systematic manner. For condominiums in particular, the smooth operation of the residents' association and the formulation of appropriate repair plans are directly related to the value of the property. There have been efforts, such as through legislation, to ensure the adequate management of condominiums and the establishment of a new system to certify well-managed condominiums.

Based on its integrated development, sales, and management system of residential development, the Group engages in the design and planning of projects by taking into consideration their future management and repair works even at the product development stage; it is our Business Unit that customers who

use our properties tend to have the most contact with. We recognize that our role is to support ongoing value creation by closely catering to customer needs over time and working together to earnestly solve any issues that may arise.

The lack of manpower due to the shrinking and aging of the population is a significant social problem that also affects our Business Unit. As there is a need to maintain the quality of our property management as well as labor-saving and mechanization efforts, we have been focused on the use of DX. DX contributes to not only improving the operational efficiency of our Business Unit, but also enabling the provision of more convenient property services in various regards through technological evolution. Amid the diversification of lifestyles of condominium residents, with the number of single-person, senior, and dual-income households increasing, our efforts, such as the introduction of apps with which residents' associations can post notifications and residents can make reservations for the use of shared facilities, the holding of online board meetings for residents' associations, and the offering of an unmanned 24-hour property management system, have contributed to responding to the needs of many residents.

Furthermore, in managing office buildings, we are introducing a system that uses smartphones to complete facility inspections, electric meter readings, and report writing on the app. This system enables us to significantly reduce the time required for daily operations through efficiency improvement and therefore devote more time to operations that generate added value, such as responding to issues and requests from tenants and improving their satisfaction. We will continue to introduce new technologies to improve customer satisfaction through the management of each property.

High-quality daily property management helps us to accurately understand the problems and actual conditions faced by individual properties. By identifying the necessary construction works and their timing, we have been able to make appropriate construction proposals with reduced costs regarding large-scale condominium repair works and office building renovations.

Business environment in focus

- Growing needs for high-quality management and extensive services
- Increase in number of aged buildings and condominiums that require large-scale repair works
- Advances in digital technology
- Difficulty in securing senior staff due to postponement of retirement age, etc.

The strengths

- Stable increase in property under management through Group cooperation
- High level of external evaluation for management quality
- Competitive construction proposal capacity, including scheme for extending large-scale repair works cycle

Business assets*

- Number of housings under management: **183,162 units**
- Number of buildings under management: **788 buildings**

Basic policies for growth

- Strengthen customer satisfaction through proposal-based management
- Expand business domain and service offerings
- Provide highly efficient and high-quality management services by utilizing digital technologies
- Increase number of orders for large-scale repair works and other construction orders

With regard to large-scale condominium repair works, in 2017 our Business Unit developed and introduced “re:Premium,” a scheme to extend the cycle of large-scale repair works, which are usually conducted every 12 years, for the Group’s PROUD condominiums. ▶ P32 The scheme has already been adopted by multiple condominiums. Furthermore, “re:Premium DUO” was developed and introduced in 2020 by expanding the scope of the scheme to existing condominiums that the Group developed before introducing PROUD. With this scheme, we aim to expand

business opportunities by mitigating concerns over the kinds of large-scale repair works that tend to worry condominium residents. In addition, we will continue to undertake construction works to increase the value of condominiums by converting their common areas to shared telework spaces, as well as the renovation of office building interiors including free addressing and installation of remote conference rooms, for which needs are expanding due to the effects of COVID-19.

Provision of high-quality property management services

Through property management services utilizing DX and other initiatives, we provide both operational efficient and high-quality services that leads to improvement of customer satisfaction and repeated acquirement of high external evaluation.

Management utilizing DX



Metering by using a smartphone



Condominium management app which enables to reserve a shared amenity, etc.

High external evaluation



“SumaiSurfin” Property Management Company Customer Satisfaction Survey ranking 2021 No.1 (13th consecutive year)



2021 Oricon Customer Satisfaction Report for Condominium Management Company Metropolitan No.1 (5th consecutive year)

Sustainability initiatives through business operations

Our Business Unit plays a part in the Group’s value creation, which is focused on urban development for safe, secure, and healthy lifestyles for everyone by providing management services and construction work after buildings are completed. Our Business Unit aimed at maintaining the value over many years by managing them adequately and conducting repair works in a systematic manner, which are the very embodiment of sustainability initiatives.

Our Business Unit also plays an important role in implementing environmental measures such as reduction of greenhouse gas emissions including the introduction of energy-saving lighting and air-conditioning as well as the introduction of clean energy, not only during the development phase, but also during the management phase.

It is also important for us to respond to flood damage caused by typhoons and torrential rain events, which have become more severe in recent years. We make it a rule to examine the local flooding hazard map for all the properties we manage and propose countermeasures based on our analysis to the customers located in areas with a high inundation risk. We also make thorough preparations such as installing equipment for flood control measures and publicizing drills. In addition, we contribute to the facility design for development of condominiums and others that minimizes damage based on the integrated development, sales, and management system.

* As of March 31, 2021

Strategies by Business



Overseas Business



Takashi Kaku

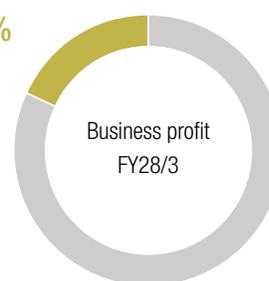
Executive Officer in charge of Overseas Business

Overseas business initiatives

- Promote development and sales of condominiums, development and leasing of office buildings and other properties, mainly in Asian cities
- Plan to increase the contribution of overseas business to the Group's overall business profit for the fiscal year ending March 2028 to 15% to 20%

Overseas business ratio

15–20%



Strategies for achieving profit growth over the medium to long term

The Group is engaged in residential development and office building development and operations, mainly in rapidly growing Asian cities. In our Mid- to Long-term Business Plan, we have positioned overseas business as one of our growth drivers and have set a target of increasing the share of overseas business as a proportion of the Group's overall business profit to 15% to 20% by the fiscal year ending March 2028. Our investment activities have progressed steadily toward achieving this target. As of the end of March 2021, a decision has been made to make a total investment of approximately ¥106 billion, comprising approximately ¥81 billion in housing sales and approximately ¥25 billion in leasing.

In our overseas business, as in our businesses in Japan, we aim to provide developments and services that meet the needs of our customers. The Asian cities in which we operate have emerged from an era in which there was an overall shortage of residences and entered into a period in which differentiation by quality is demanded. This presents us with an environment where we can make use of the know-how and experience that the Group has cultivated in Japan. Real estate, however, is a local business, and it is necessary to have a deep understanding of the laws, regulations, business practices, and demands in each country. For this reason, we are operating our businesses as joint ventures with leading local real estate developers who share our philosophy in terms of providing high-quality products. Our overseas business strategy is to provide local customers with value-added products by offering know-how through our joint ventures.

As a matter of course, the development of overseas business requires more comprehensive risk management than domestic business. At the Overseas Business Monitoring

Committee, we discuss various risks specific to overseas businesses, including country risks, and implement highly effective risk management and monitoring. [▶ P95](#)

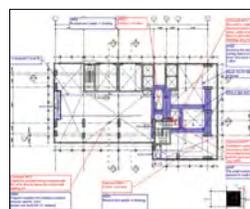
There are two aspects to the added value that we can provide for our overseas business: the provision of better products and the improvement of the development process. As an example of our efforts to provide better products, we have worked on countermeasures against water leakage. This is a major issue in Southeast Asian cities, which are subject to squalls and other severe changes of weather. In cooperation with our local partner companies and Japanese housing equipment manufacturers, we developed window fixtures and fittings

KAIZEN activities

Activities to improve design quality and avoid defects by reviewing design and construction processes through compliance with checklists and on-site inspections.

Representative examples of KAIZEN

Design process KAIZEN



Improvement of design quality by identifying issues with design drawings based on checklists

Construction KAIZEN



Avoid construction defects through site patrols

Business environment in focus

- Growing needs for high-quality residences in Asian countries
- Changes in political, economic, and social conditions as well as exchange rate fluctuations in our business area

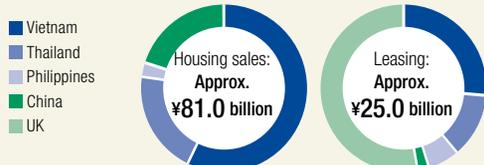
Basic policies for growth

- Respond to expectations for quality and services and provide new value overseas by harnessing the Group's know-how cultivated in Japan as well as its solid partnerships with local real estate developers

Progress in overseas business

A decision has been made a total investment of approximately ¥106.0 billion, comprising approximately ¥81.0 billion in 19 housing sales projects and approximately ¥25.0 billion in 7 leasing projects.

[Investment amount determined (as of the end of FY21/3)]



[Major investment projects]



Vietnam (Ho Chi Minh City): Grand Park 2nd period



Philippines (Manila): Sunshine Fort

to prevent the leakage of water. This product has already been introduced, and its success in preventing water, the pursuit of which had been abandoned in those countries, has been met with surprise by customers, earning us high evaluation. In addition, we propose the layout of the units and the design of common areas to suit specific lifestyle needs in each country and develop housing facilities accordingly.

In cooperation with local partner companies, and local design and construction companies, we also review and improve the design and construction processes. Specifically, based on our Group know-how and taking into account the characteristics of the local market, we prepare a checklist to be observed and our professionals visit sites and give lectures. These activities have resulted in cost reductions through the avoidance of construction defects and schedule delays, as well as higher sales prices through quality assurance. They have also helped us gain the trust from local partner companies, while assisting us in reducing some of our business risks. We have been rolling out these initiatives to our other overseas projects as part of our KAIZEN activities.

The common feature of these efforts is that our know-how cultivated in Japan is not transferred overseas as is but is tailored to the needs of the customers who will live in the residences, the technical level of the construction company, and the development level of local infrastructure. Our ability to adapt and to resolve issues, which we have gained by responding to a variety of needs based on the market-in approach, is a unique quality of the Group and the source of its strength in overseas business.

In addition to our accumulated know-how, we are also working to acquire new technologies. In May 2021, we invested in Real Tech Ventures I, a fund specializing in real estate tech companies that has been created and is managed by Taronga Ventures. We invested in order to acquire technologies related to smart cities, for which demand is growing in Southeast Asia. The

technologies to be acquired through this investment are expected to be applied to various development projects in the future.

Sustainability initiatives through business operations

We continue to provide added value through our business activities overseas and aim to contribute to the provision of comfortable living and working spaces.

To do so, it is necessary to gain a deeper understanding of customers' demands in the countries and cities in which we operate our businesses. In Thailand and Vietnam, we are collaborating with local universities to conduct research on residents' lifestyles especially regarding to the use of housing space, with the aim of discovering long-term social changes and the potential needs that accompany them. Some of the research results have already been reflected in projects in which we participate, contributing to the enhancement of product value. We will continue to apply our research to product development from a long-term perspective.

In terms of human resources, which are an important factor in promoting overseas business over the long term, we are stepping up the development of global human resources through the enhancement of language training programs in Japan. In overseas, we are gradually shifting the main focus of our business operations to local entities through the establishment of overseas subsidiaries, the securing of excellent local staff, and appropriate training to share the Group philosophy and know-how. We aim to continue to provide added value over the medium to long term by localizing functions such as identifying customer needs and exploring local partner companies while continuing to utilize the know-how the Group has cultivated in Japan.

Interview with the CFO



We will establish unique high-efficiency management to be a corporate group capable of creating new value for society and continuing challenges.

Director, Group CFO
Hiroshi Kurokawa

Q You took office as a new Group CFO in 2021. Please tell us about your background and job history so far.

After joining Nomura Real Estate Development in 1990, I have engaged in various projects such as the development of residences, offices, and retail and logistics facilities and the asset management business. I have also been involved in a number of turning points in the Group's history, such as the IPO of Nomura Real Estate Holdings and the M&A of Nomura Real Estate Building (former NREG Toshiba Building), and a listed REIT, and I have strongly recognized the importance of corporate finance and the capital market.

As the Group CFO, I am aspiring to support the high-efficiency management targeted under the Mid- to Long-term Business Plan and support the Group's strong growth from the financial aspects by leveraging my experience in real estate development, investment, and management in a wide-ranging sector.

Q Please assess the performance of the Group for the fiscal year ended March 2021.

The results were stronger than expected, despite COVID-19 affecting our business. We also maintained high shareholder return, and I acknowledge that we demonstrated our commitment to shareholder returns.

The fiscal year ended March 31, 2021, started with difficulty in determining the impact of COVID-19 pandemic on our business, making us unable to announce our forecasts at

the beginning of the fiscal year for the first time since our listing. However, as a result of repeated analysis under certain assumptions, we announced business profit of ¥60 billion as our financial forecast when the first quarter financial results were disclosed. The result substantially surpassed our forecast and reached business profit of ¥76.4 billion and profit attributable to owners of parent of ¥42.1 billion thanks to an increase in the profit margin, efforts to reduce expenses in each Business Unit, and other factors.

While ROE was 7.4%, slightly lower than the target of 8% to 9%, primarily due to a year on year decrease in profit, the shareholders' equity ratio was 30.4%, maintaining the 30% level that is our financial standard.

In terms of shareholder returns, we increased the dividend to ¥82.5 per share (up ¥2.5 per share from the previous fiscal year), maintaining a dividend increase for ninth consecutive year, and purchased treasury shares (¥4 billion); as a result, the total return ratio was 45.3%. I believe that we demonstrated our policy of emphasizing shareholder returns by maintaining stable dividend payment and flexibly combining the purchase of treasury shares.

► ROE / ROA



● ROE = Net profit/Shareholders' equity (average over the fiscal year)
● ROA = (Operating profit + Non-operating profit) / Total assets (average over the fiscal year)

Q The fiscal year ending March 2022 will be the final year in phase 1 of the Mid- to Long-term Business Plan. How do you assess the progress?

We expect that performance indicators will be at the same levels as the targets, suggesting the progress.

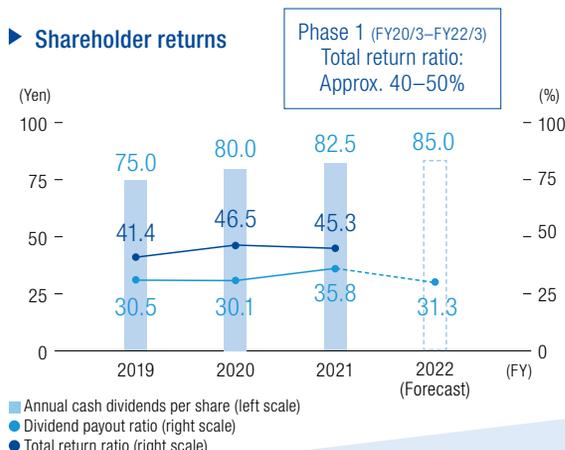
The fiscal year ending March 2022 will be the final period in phase 1. We have presented business profit of ¥85 billion, ROE of about 8% to 9%, and total return ratio of around 40% to 50% as our targets in the fiscal year. We project business profit of ¥84 billion, the same level as the target, and we expect ROE and the total return ratio will reach the targets despite the impact of COVID-19 that will likely to remain. We are appropriately controlling investment and recovery to avoid excessive expansions of total assets. In particular, we have made decisions in view of each internal and external environment, such as the achievement of our phase 1 target in the Overseas Business ahead of schedule, strategic replacement of our leasing asset portfolio in preparation of future large projects in the Commercial Real Estate Business Unit, and selected investments with a focus on profit margin ratio while securing future business volume in the Residential Development Business Unit.

Q What is the KPI that you, as CFO, prioritize for further growth?

I prioritize high ROE that allows both growth investment and shareholder returns. We strive to achieve ROE of 10% or higher that exceeds our cost of equity.

We recognize that the cost of equity of the Company as a real estate developer is 7% to 8% and work to achieve ROE of 10% or higher that adequately exceeds the cost of equity. The reason is that we believe that this will allow us

► Shareholder returns



Total return ratio = (Total amount of dividends + Total amount of acquisition of treasury shares) / Profit attributable to owners of parent
 Dividend payout ratio = Total amount of dividends / Profit attributable to owners of parent

to achieve both business growth and shareholder returns at high levels.

Under the current Mid- to Long-term Business Plan, we are planning to achieve ROE of 10% or higher while controlling risk through the business portfolio strategy that combines three businesses, including property sales, leasing, and service and management, which have different risk and return characteristics. [▶ P29](#)

It is never easy to simultaneously maintain growth investment and high shareholder returns. However, we recognize in our dialogues that our stakeholders evaluate our plan to achieve both targets.

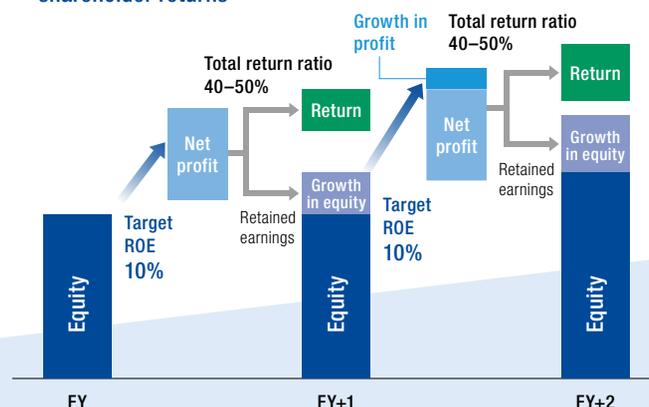
ROE is effectively a source of growth investment and shareholder returns. Therefore, as CFO, I consider ROE to be a KGI, rather than a KPI, and think that further raising ROE and making it stronger is one of my important missions.

Q What are your ideas of financial leverage for raising ROE and financial soundness?

It is important to maintain financial leverage at an appropriate level in view of both growth opportunities and risk control, and our discipline is to maintain the shareholders' equity ratio at around the 30% level.

Controlling financial leverage is extremely important in maintaining both a high ROE and good financial soundness. Our discipline is to maintain our shareholders' equity ratio at the 30% level in order to prepare for risks such as a rapid deterioration in market conditions and to reserve a surplus to make sufficient investment in major growth opportunities in the future. We believe that maintaining this discipline will allow us to consider both aggressive and defensive perspectives and will contribute to the sustainable growth of the Group. To raise ROE under this financial discipline, we must raise our ROA.

► Equity story balancing growth investments and shareholder returns



Interview with the CFO

Q I understand that your policy is to achieve high ROE by raising ROA. What are the Group's characteristics in increasing ROA?

An appropriate profit target for each project and strict management of invested funds are important in the real estate development business.

The development business in the real estate industry has some key distinctive characteristics, which are different from those of the manufacturing industry. In the manufacturing industry, they invest capital in production facilities such as factories and machinery, and make a profit by selling products. On the other hand, we invest capital directly in real estate as a product, and add new value through development. Then we make a profit and recover capital by selling and leasing assets.

In other words, effects such as an increase in efficiency and a decrease in the cost ratio through an increase in the utilization of production facilities are difficult to attain in the real estate business. Viewed from a different perspective, this business is not able to conduct mass production even when a popular product is developed. Another major characteristic is that the recovery of invested capital takes a long time once the investment is made.

In order to ensure that the real estate business remains profitable with these characteristics, it is very important to conduct detailed business control such as setting appropriate profit targets and controlling the schedule including invested capital recovery in each individual investment.

We aim to achieve an ROA of 5% or more for the entire Group while continuing growth investment. To achieve this target, I plan to establish profit targets to be achieved in individual businesses more strictly, taking account of the balance of risk in an investment period and expected returns, and build a system of raising profitability at all times during the project period. This is because I believe that raising the profitability of each business is the best way to raise overall ROA since there are limited expectations for economies of scale in the real estate development business.



Q What are the keys to raise profitability in each business?

The keys are “brand strategy” and “accumulation of knowledge (idea, experience, and information).”

The brands such as PROUD and PMO are the Group's important assets.

We can say such brands are the Group's strong promise for the high quality and functionality of our properties to our customers. In the real estate development business which has strong individuality, there are no two similar products. Using brands enables us to create value beyond the individuality of properties. At the same time, it helps our customers to reduce their costs to discovering new products. That will significantly contribute to an increase profitability in each project.

The other key is to be knowledge “heavy” by increasing contact points, understanding in detail their needs and changing preferences, and accumulating idea, experience, information, etc., to create new value. The use of the valuable knowledge we gain through actual business is an indispensable driver in steadily raising the value of the products we provide. I would like to emphasize again that discovering new needs by our approach to connect closely with customers and applying them promptly to the next product are our major strengths as the Group's DNA.

We consider brand value and the amount of knowledge accumulated to be very important assets, even though they are not included in the balance sheet. As CFO, I will make investment decisions while placing importance on continuing to grow these assets.

Q Is it possible to implement both the knowledge “heavy” requiring business expansion and a strategy aiming for a high ROE?

Through our original “platform strategy,”¹ we will be asset “light” and knowledge “heavy,” and manage the business not dependent on asset ownership

In general, the commercial real estate business has a characteristic in which increasing business volume is difficult due to balance sheet restrictions associated with the long period of time required for the invested capital recovery. The most distinctive characteristic of the Group is, as in the residential development business, to increase the turnover rate and efficiency of development and sales in the commercial real estate business.

In the last decades, the Group has been developing competitive properties such as the medium-sized high-grade office, PMO, and high-functionality, logistics facilities, Landport, that meet customer needs, and profiting by selling such properties to the Group REITs and other buyers in relatively short periods of time after

completion. We have used this method to accelerate the investment and recovery cycle, expand our business volume, and grow our capital gains steadily. In financial terms, our strategy is to be asset “light” and raise the cycle of extended reproduction.

Meanwhile, we continue to operate property and facility management and tenant leasing of properties after selling them. Therefore, contacts points continue to increase after selling properties if the business volume grows larger. This allows us to achieve knowledge “heavy” without owning assets.

Taking a broader view, we create two types of social value, such as solutions to problems related to existing offices for tenants and supplying good investment opportunities for investors using the branded products like PMO.

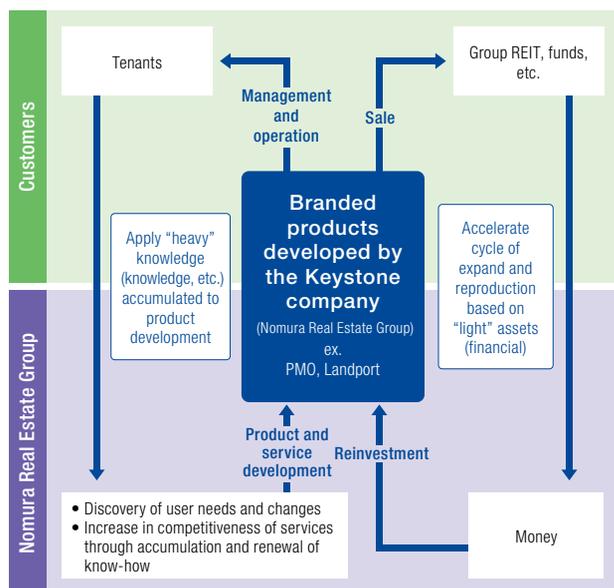
We believe that the Group can achieve substantial growth by fully utilizing its platform strategy*1 through achieving both asset “light” and knowledge “heavy.”

Q Please explain about your policy for sustainability, for which social demand is increasing.

As a real estate developer using a large amount of funds, we will accelerate our efforts for sustainability in both aspects of business activities and finance.

Our business activities through real estate development and urban development themselves are initiatives to achieve sustainability. Also, the Group’s strength is real estate development with high environmental performance and safety, such as “PROUD” and “PMO.” We will continue creating better products and services by further

▶ Asset “light,” knowledge “heavy” business model



accumulating and using knowledge.

We also believe that the real estate business, which uses large amounts of funds, can contribute to sustainability in the aspect of finance. We raised funds through sustainability bonds in February 2021 and sustainability-linked loans in July 2021 using the comprehensive framework² for the first time in Japan. We think sustainable finance demonstrates publicly that the Group’s businesses contribute to the achievement of a sustainable society, and we plan to procure approximately ¥200 billion in the next five years using such systems.

Q Finally, please describe your role as the Group CFO and Director in charge of IR.

My role is to achieve high-efficiency management and high-ROE, which will help maintain the growth investment and shareholder returns needed to continuously create value for society using the Group’s characteristics.

The market is experiencing irreversible changes in customers’ lifestyles and working styles caused by the revolutionary progress in digital technologies, and the penetration of these changes is being accelerated by measures against COVID-19. I think that these changes in the market may even cause fundamental changes in the existing framework of the real estate industry. I strongly feel that I myself must adapt quickly and adequately.

To respond to these significant changes in our business environment, we will build a financial base that enables each employee and the Group as a whole to continue to take on challenges. We will then return the value created through these challenges to our stakeholders in the form of enhanced corporate value, paying dividends, and solving social issues through our individual business activities and ESG activities. I am confident that my mission as CFO is to realize this flow, which will also meet the expectations of our investors.

I hope to show the details that I have talked about so far more specifically in the new Mid- to Long-term Business Plan scheduled to be announced in April 2022.

We will continue to strive to remain a company group capable of meeting expectations while focusing on the opportunities to have dialogues with our shareholders and investors.

*1. Source: Junichi Tomita, The University of Tokyo, Takahiro Fujimoto, the University of Tokyo, etc. (2020) "Platform Strategy in Nomura Real Estate Development-Focusing on PMO Development Cases-" Discussion Paper, Manufacturing Management Research Center, The University of Tokyo

*2. The first initiative in case of sustainability-linked loans in Japan