

Value Creation Process

The Group will continue to realize high growth and high shareholder returns through the achievement of the Mid- to Long-term Business Plan based on the strengths it has amassed. By realizing high asset and capital efficiency and by promoting sustainability initiatives, we aim to realize the Nomura Real Estate Group 2030 Vision and Sustainability Policy, as well as the Group Vision.



Our Group Vision

Mid- to Long-term Business Plan

Nomura Real Estate Group 2030 Vision **Be a "Life & Time Developer," as never seen before**

FY 2031/3 Targets

Profit	Asset and capital efficiency		Shareholder returns
Business profit ¥180.0 billion or more	ROA 5% or more	ROE 10% or more	Dividend payout ratio 40% level

Realizing High Profit Growth / High Asset and Capital Efficiency / High Shareholder Returns

Mid- to Long-term Business Plan

Profit targets, Financial targets, Shareholder Returns Policy
▶ p. 34

Financial Strategy
▶ p. 35

Awareness of the business environment

- Shrinking workforce, declining birthrate and demographic aging

Strengths of the Nomura Real Estate Group

▶ pp. 16-19

Market-in approach

Commitment to quality

A history of real estate-related businesses spanning more than 60 years ▶ pp. 2-3

Action guidelines
"What We Value"

Client-first approach

Creating new value based on original ideas

Corporate Governance ▶ pp. 66-73

Risk Management ▶ pp. 76-79

“New Value, Real Value”

Promotion of sustainability

Sustainability Policy (vision of 2050)

Earth Pride

Climate change and natural environment

• Priority issues (materiality) for 2030



Decarbonization



Biodiversity



Circular design

• Key performance indicators (KPIs)

Reduction of CO₂ emissions
(Compared to FY2020/3)

Scope 1 & 2:
Reduce by

35%

Scope 3:
Reduce by

35%

Society and employees

• Priority issues (materiality) for 2030



Diversity & inclusion



Human rights

• Key performance indicators (KPIs)

Female manager and
junior manager ratio

20%

Childcare leave
utilization rate by
men and women

100%

Implementation of sustainability activities through business

DX Strategy

▶ pp. 36-37

Human Resources Strategy

▶ pp. 38-39

Sustainability Strategy

▶ pp. 40-47

Strategies by Business Unit

▶ pp. 48-59

Strategic investments

• Diversification of lifestyles and workstyles

• Evolution of digital technology

• Heightened awareness of sustainability, etc.

**Our approach to connect
closely with individuals,
that is established in the Group**

Business collaboration and
value creation within the Group

Open-minded approach to
new ideas and businesses

Business assets ▶ pp. 20-21

Always being a challenger

Acknowledging our growth with society

Working with vigor and achieving wellness

Internal Controls, Compliance ▶ p. 80

Information Disclosure ▶ pp. 80-81

Strengths of the Nomura Real Estate Group

The strengths based on “our approach to connect closely with individuals,” that is established in the Group, comprise a market-in approach; business collaboration and value creation within the Group; commitment to quality; and open-minded approach to new ideas and businesses. These strengths are demonstrated by our real estate development and real estate-related services businesses.

Market-in approach

Develop real estate, provide real estate-related services, and implement sustainability initiatives based on the needs of customers and markets

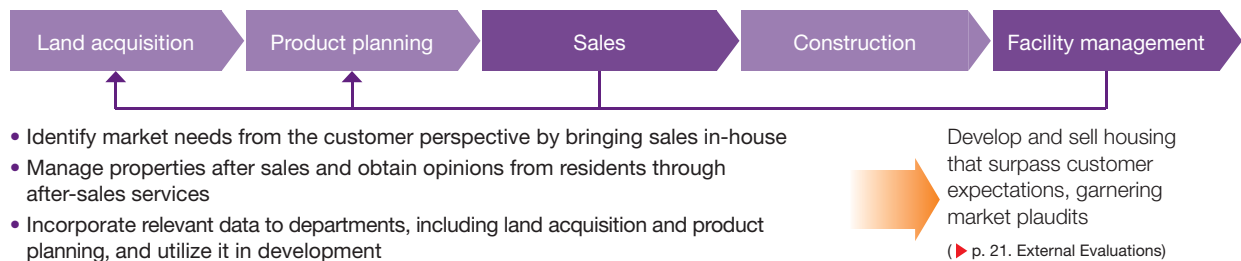
It has been 20 years since the launch of the PROUD series, Nomura Real Estate Development’s residential brand. Since then, our employees, the operators of the business, have been the primary force working to bring sales activities in-house. Specifically, the business operator employees identify market needs from direct engagement with customers and swiftly incorporate this data into land acquisitions and product planning.

The competitive advantages of such practices are laterally rolled out across the organization, with the representative example being the application of the above approach of the residential business to PMO, medium-sized high-grade office. While striving lease properties to tenants, the leasing team soon realized that there was a lack of properties that were meeting customer needs or market expectations. We therefore created product concepts with both the land acquisition team and the product planning team to better capitalize on this opening in the market.

A specific example demonstrating our strengths

A market needs-based integrated development, sales, and management system in the residential business

Main business processes in the residential business



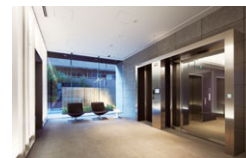
PMO, medium-sized high-grade office, was developed in light of social issues and tenant needs

Social issues and tenant needs

- Small and medium-sized buildings built to outdated earthquake-resistant designs need to be rebuilt (social issue)
- There are few high-quality small and medium-sized buildings. (social issue)
- Companies want to rent buildings with functions similar to and as high-quality as those of high-performance large-scale buildings. (need)
- Companies want to rent entire floors to ensure security. (need)

Development of PMO

- Medium size, but with the same functionality, comfort and design as large-scale buildings
 - Highly independent designs that assume single-tenant occupancy for each floor in principle
 - Use of a robust structure, ensuring a stable business environment for tenants
 - Offering unique services, such as seminars and social events for tenants
- ▶ **Create new added value by addressing social issues and tenant needs**



PMO Nihonbashi Honcho

Business collaboration and value creation within the Group

Create new value through the value chain within the Group

Reflecting our high added value development capabilities, we do not focus on owning leasing assets and instead secure shareholder returns by realizing unrealized gains through sales. This revolving business model is a major pillar of the Group's growth.

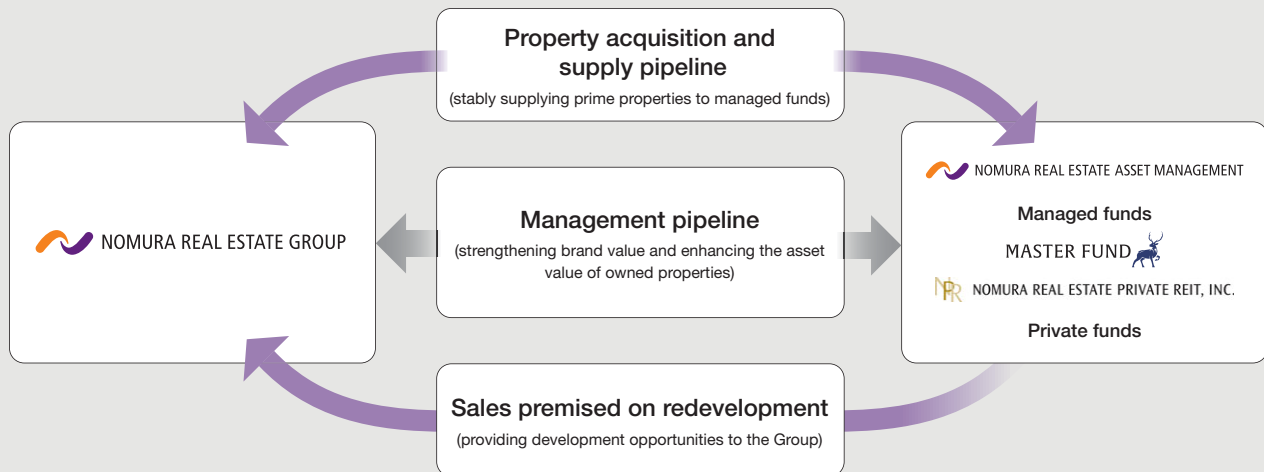
Our circulating leasing value chain realizes mutual growth for the Group as well as REITs and funds managed by the Group. The leasing value chain plays a major role in this business model and could be called a major strength. We stably supply prime properties developed by the Group to managed funds, and the Group is able to acquire and increase the value of properties owned by the funds. By sharing management know-how, we help enhance the asset value of properties.

A specific example demonstrating our strengths

The Leasing Value Chain that realizes the mutual growth of the Group and the Group REITs, etc.

Leasing Value Chain

- Enhancing Group-wide value (maintaining and strengthening developed property brands, enhancing asset value)
- Mutual growth through the acquisition and sale of developed properties



Main profitable real estate the Group develops and sells



Record of the Group's sales to REITs and private funds (cumulative)

86
properties

¥478.7
billion



Commitment to quality

Commit to the quality of real estate development and services we provide

The Group has many first-class licensed architects in-house (304 as of April 1, 2023) and has put in place a high-quality manufacturing system over many years, establishing an in-house licensed first-class architect office and offices specializing in quality management, product planning, and after-sales services. We have demonstrated our commitment to quality in various different ways, such as being the first in the industry to create housing complex structure design standards and applying them to condominiums the Group supplies across Japan.

This attitude is true of not just our real estate development but also our real estate-related services. Our ongoing steady provision of high-quality services in the management of condominiums have garnered us the No. 1 spot in condominium management ratings* for 14 consecutive years.

Utilizing the strengths we have cultivated in Japan, we are bringing to bear the Group's unique value creation in the overseas business.

A specific example demonstrating our strengths

Expanding the commitment to quality cultivated in Japan to overseas markets

Quality management in Japan

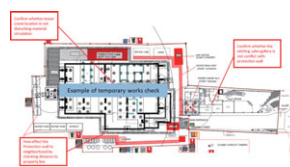
- Implementing thorough inspection systems for structures, construction, and equipment through the quality management office, an expert group comprising architects holding first-class licenses and others
- Completing design standards and a manual compiling the expert knowledge gained over more than 60 years to share and pass down experiences and know-how



Design standards and a manual

Overseas initiatives

- Based on know-how cultivated in Japan, we undertake Design KAIZEN* and Workplace KAIZEN, which help enhance design quality and avoid construction defects
* Improvement, refinement
- These efforts significantly improve customer evaluation and help gain the trust of the local partner companies with which we pursue overseas business, leading to greater business opportunities



Our commitment to ensuring the quality of products and services, by pursuing such issues as supervision, design, and comfort in construction processes, has led to plaudits from external sources

(▶ p. 21 External Evaluations)



PROUD CITY Kichijoji



Nomura Real Estate Otemachi North Building



PROUD SEASON Seijo Court



Received the Good Design Award for the 21st consecutive year



Condominium management rating No. 1 for 14th consecutive year*

* "SumaiSurfin" Property Management Company Customer Satisfaction Survey ranking

Open-minded approach to new ideas and businesses

Continue challenges by expanding the areas of value creation to a wider range of asset types and services in Japan and overseas

The Group entered the residential development business with the aim of addressing the social issue of the post-war housing shortage and has continued striving to address changes in the business environment and take on various businesses.

We entered the real estate fund business early on and have steadily expanded our assets and services, including shared offices and serviced offices adapted to workstyle changes, restaurant buildings that bring together unique restaurateurs, hotels, fitness sites, and logistics facilities.

Our in-house systems, including the award system the Nomura Real Estate Group Award, which supports new endeavors, and the new business idea incubation system NEXPLORER, significantly help nourish the spirit of ambition that is engrained in the Group.

A specific example demonstrating our strengths

Diversifying offices, such as H¹T and H¹O

Due to diversifying workstyles, office formats are changing. With an eye on the evolving workstyles of this new era, we offer a diverse office portfolio achieved through the development of H¹T and H¹O in addition to traditional large-scale offices and the medium-sized high-grade office brand PMO.

Changes in the business environment

- Diversifying workstyles (accelerating since the pandemic)
- Development of ICT
- Changes in the value placed on offices
- Technological revolution of AI and IoT



Providing diverse workplaces

H¹T

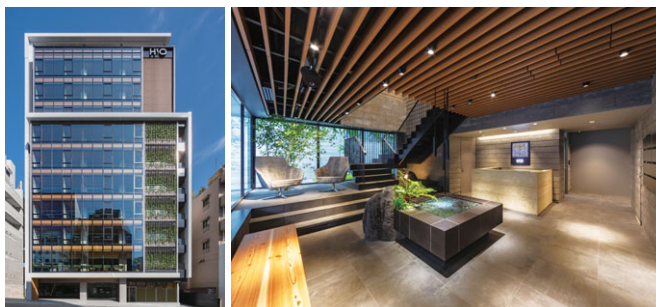
- Highly convenient, comfortable shared offices that serve as the third workplace after home and work sites
- With diverse seating arrangements and spaces, they are easily adapted to suit the user's purpose



H¹T Shinjuku West Exit

H¹O

- Small offices that ensure high security and comfort with a full suite of common facilities
- In addition to visitor reception services, individual room management is possible using IoT



H¹O Shibuya Jinnan

Key Components of Business Assets Supporting Our Strengths

The Nomura Real Estate Group's hard-earned strengths are clearly shown in the robustness of its business assets.

Financial capital

Shareholders' equity ratio:	31.0%	D/E ratio:	1.7 times
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Manufactured capital

Land bank in the domestic housing sales business:	approx. ¥ 1.7 trillion	Land bank in the overseas business (total project cost (our share)):	approx. ¥ 630.0 billion
Land bank in the domestic properties for sale business:	approx. ¥ 920.0 billion	Assets under management (AUM):	approx. ¥ 1.9 trillion
Net lettable area (office and retail facilities):	approx. 697,000 m ²	Number of housing under management:	approx. 189,000 units

Human capital

Number of Consolidated employees:	7,695	Number of in-house first-class licensed architects:	304
Female employee ratio:	33.0%	Female manager and junior manager ratio* ¹ :	13.9%

Intellectual capital, natural capital, etc.

Expertise in real estate development:	More than 60 years	Expertise in asset management:	More than 20 years
Superior product planning and design capabilities enabling us to receive the Good Design Award for 21st consecutive year and earn other commendations		Level of participation in residential redevelopment projects:	Industry-leading* ²

Customer base

Number of Nomura Real Estate Group Customer Club members:	approx. 152,000	Number of MEGALOS members:	approx. 114,000
Number of tenants:	More than 2,000 companies* ³	Number of institutional investors through domestic asset management (excluding listed REITs):	296
Number of H ¹ T members:	approx. 400,000	Number of nomu.com members:	approx. 263,000

Note: Data are for the fiscal year ended March 2023 or as of March 31, 2023. Notwithstanding the foregoing, the number of first-class licensed architects and the number of nomu.com members are as of April 1, 2023 and January 31, 2023, respectively.

*1 Female manager and junior manager ratio = (The number of women in managerial positions + The number of female managerial candidates) / (The overall number of managerial positions + The overall number of managerial candidates)

*2 Source: Based on in-house research

*3 The total number of tenants occupying properties that the Group owns and conducts property management for.

Creation of financial and non-financial value backed by business assets

Financial data

Operating revenue: **¥654.7 billion**

Business profit: **¥105.1 billion**

ROA: **5.1%**

ROE: **10.1%**

Total return ratio: **47.6%**

Note: Data are for the fiscal year ended March 2023 or as of March 31, 2023
* Total of Category 1 and 11 emissions from Group facilities certified under SBT

Non-financial data

Cumulative number of housing units supplied: approx. **185,000** units

Cumulative number of properties developed for sale

Rental housing: **132** units

Offices: **81** units

Retail facilities: **38** units

Logistics facilities: **47** units

Cumulative number of Leasing Value Chain transactions:

Sales to REITs and private funds: **86** properties
¥478.7 billion

Progress in reduction of CO₂ emissions:

Scope 1 & 2: Reduced by approx. **35%** (Compared to FY20/3)

Scope 3*: Reduced by approx. **41%** (Compared to FY20/3)

External Evaluations

The Nomura Real Estate Group's activities give it a strength highly appreciated by various stakeholders.

ESG ratings: Included in all the six ESG stock indices adopted by the GPIF for domestic stock investment

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index



Japan ex-REIT Gender Diversity
Tilt Index
TOP CONSTITUENT 2023

Condominium brand

No. 1 for 16th
consecutive year*1

PROUD

Rate of receiving environmental
certification in the properties
developed for sale
(Commercial Real Estate

Business Unit): **100%***2

Credit ratings*3

JCR: **A+** / R&I: **A**

GRESB rating for Group
REITs*4

5 Star, Sector Leader

Annual number of users of a real estate
brokerage company website

More than **7 million** for
the 7th consecutive year*5

ネットで住みかえ ノムコム
nomu.com

Condominium management rating

No. 1 for the
14th consecutive year*6



Received the
Good Design Award for the
21st consecutive year



*1 We counted the number of years in which PROUD ranked first among competitor brands in the highest number of evaluation categories in the Condominium Brand Survey conducted by Nikkei, Inc.

*2 Including those scheduled to be received

*3 as of the end of August 2023

*4 Based on the 2022 GRESB Real Estate Assessment. We were named Sector Leader in this assessment, with our listed and private REITs commended in "Asia Comprehensive Category (listed)" and the "Asia Comprehensive Category (listed and unlisted)," respectively.

*5 Calculated by the Nomura Real Estate Group using Google Analytics (universal analytics property). Calculation period: January 1, 2016 to December 31, 2022

*6 Ranking based on "SumaiSurfin" Property Management Company Customer Satisfaction Survey