Mid- to Long-term Business Plan through 2022/3

Creating Value through Change
This Mid- to Long-term Business Plan sets forth the vision and policies the Nomura Real Estate Group will pursue over the 10 years through the fiscal year ending March 31, 2022, and establishes stepwise growth scenarios over 3 phases. Phase I, the first phase of the Plan, is regarded as “3-year Plan (through 2016/3)” for which quantitative goals will be set.
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- Creating Value through Change -

II. 3-year Plan (through 2016/3)

III. Business Strategies
Environment Surrounding Our Group

Increase in the stock of social assets such as residential and building properties
Advance of globalization

Changes in social structure
Diversification of customer needs

Uncertain and unstable economic/business environment

Strengthened responses to environmental changes

Comprehensive society and customer orientation
– Creating Value through Change –

Becoming an enterprise group that continues to create high value through sustainable change

We will pursue change toward the future by constantly accepting new challenges, thereby continuing to create high value that can meet the increasingly diverse needs of the society and customers.
To establish a “brand of trust” that continues to be chosen by customers

- We will build a deep trust from customers through the provision of high value in each business.

To create value through sustainable change filled with a challenging spirit

- We will continue to challenge the task of creating values that are rich with innovation and offering them to meet the increasingly diverse needs of the society and customers.

To demonstrate the collective strength of the Group through the organic coordination among group companies

- We will make the best use of group-wide knowhow and resources and exercise a multi-faceted capability to develop products and provide services on a group-wide basis.
Construction of a highly profitable business portfolio

Regarding the development area (residential and leasing businesses),
We will improve the asset efficiency and expand the earnings base in the leasing business,
in addition to sustaining stable growth of the residential development business, which is our core business.

Furthermore, we will aggressively expand the businesses in the service and management areas
(investment management, property brokerage and CRE, and Property & facility management businesses),
thereby constructing a highly profitable business portfolio in the Group as a whole.

Earnings growth through sustainable change

We will aim at further earnings growth by continuing to provide high value in response to market needs
and working to expand the business domain and create a new business model in each business.
We aim to create an optimal business portfolio through evaluating growth potential, stability, and risk.
We will develop into a corporate group with presence by establishing a highly stable financial base and a highly efficient profit structure.

- **Shareholders’ Equity Ratio**: Over 30%
  - To secure financial foundation for new investments and challenges toward the company’s sustainable growth.
  - To attain a level at which business activities can be continued stably even amid the turbulence of an unstable economic and business environment.

- **ROA**: Over 5.5%
  - To construct a business portfolio that promotes improvement of asset efficiency and is characterized by high profit efficiency.
  - To increase the earning power by aggressive expansion in service and management areas in addition to development areas.

- **Operating Income**: Earnings base for 100.0 billion yen
  - To become a corporate group with a strong presence as a comprehensive real estate enterprise.
  - To realize further earnings growth by expanding existing business domain and creating a new business model.
We will achieve stepwise growth in 3 phases.

**Phase 1**
- **Shareholders’ equity ratio**: 22.6%
- **Operating Income**: 49.9 billion yen
- **ROA**: 3.7%

**Phase 2**
- **Shareholders’ equity ratio**: 30%
- **Operating Income**: 65.0 billion yen
- **ROA**: 5.5%

**Phase 3**
- **Operating Income**: 80.0 billion yen
- **Shareholders’ equity ratio**: 5.5%
- **ROA**: 5.5%
- **Operating income**: 100.0 billion yen

*3-year Plan*

**Mid- to Long-term Business Plan**

- **2012/3**
- **2016/3**
- **2019/3**
- **2022/3**
I. Mid- to Long-term Business Plan  
   - Creating Value through Change -

II. 3-year Plan (through 2016/3)

III. Business Strategies
Summary of the 3-year Plan

Significance

Period for establishing a foundation for achieving progressive growth

Basic Strategies

- To secure earnings growth in existing businesses
  - We will secure earnings growth in existing businesses through the steady implementation of their respective business strategies.

- To secure financial foundation toward further growth
  - In addition to improving the shareholders’ equity ratio through the accumulation of periodic profit, we will promote efforts toward the improvement of asset efficiency.

- To make aggressive efforts toward the realization of growth from the long-term perspective
  - We will make a strategic foothold leading to a progressive growth of the Group toward the realization of the long-term vision.

Quantitative Goals

- Operating Income: 65.0 billion yen
- Shareholders’ Equity Ratio: 30%
Sustainable and stable growth in our core residential development business

- Increase in business volume toward the realization of an annual residential sales of 7,000 units
- Provision of a broad product line-up meeting diverse customer needs and the effective use of extensive business know-how
- Deepening of the brand value through providing services appropriate to housing life cycle

Aggressive pursuit of investment opportunities in the real estate leasing business

- More diverse development options
- Provision of operation services that effectively satisfy the needs of tenants and facility users

Aggressive expansion in the service and management areas

- Strengthened responses to cross-border investment needs in the investment management business
- Property brokerage and CRE business
  - Retail Division: Workforce and branch network expansion and strengthening of the Internet strategy, and the improvement of brand recognition
  - Wholesale Division: Strengthening of the ability to provide CRE solutions leveraging the functions within the Group
- Expansion and the effective use of asset stocks for management and service enhancements in the property & facility management business
New initiatives to accelerate the growth of each business from the long-term perspective

- Strengthening development in the retail and logistics sectors, and cooperation and mutual growth with existing business.
- Promotion of global business expansion leveraging inbound funds
- Strengthening R&D efforts aiming at highly competitive value creation
- Productivity improvement through business process innovation across group companies
## Segment Operating Income

<table>
<thead>
<tr>
<th>Business</th>
<th>12/3 Actual</th>
<th>13/3 Forecast</th>
<th>16/3 Plan</th>
<th>Changes from 12/3</th>
<th>Changes from 13/3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidation</strong></td>
<td>49.9 billion yen</td>
<td>55.0 billion yen</td>
<td>65.0 billion yen</td>
<td>+15.1 billion yen</td>
<td>+10.0 billion yen</td>
</tr>
<tr>
<td><strong>Residential Development</strong></td>
<td>20.9 billion yen</td>
<td>29.0 billion yen</td>
<td>26.0 billion yen</td>
<td>+5.1 billion yen</td>
<td>△3.0 billion yen</td>
</tr>
<tr>
<td><strong>Leasing Business</strong></td>
<td>19.6 billion yen</td>
<td>24.0 billion yen</td>
<td>25.0 billion yen</td>
<td>+5.4 billion yen</td>
<td>+1.0 billion yen</td>
</tr>
<tr>
<td><strong>Investment Management</strong></td>
<td>6.5 billion yen</td>
<td>0.5 billion yen</td>
<td>7.0 billion yen</td>
<td>+0.5 billion yen</td>
<td>+6.5 billion yen</td>
</tr>
<tr>
<td><strong>Property Brokerage &amp; CRE</strong></td>
<td>1.9 billion yen</td>
<td>3.5 billion yen</td>
<td>6.0 billion yen</td>
<td>+4.1 billion yen</td>
<td>+2.5 billion yen</td>
</tr>
<tr>
<td><strong>Property &amp; Facility</strong></td>
<td>4.4 billion yen</td>
<td>4.5 billion yen</td>
<td>6.0 billion yen</td>
<td>+1.6 billion yen</td>
<td>+1.5 billion yen</td>
</tr>
</tbody>
</table>
I. Mid- to Long-term Business Plan  
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II. 3-year Plan (through 2016/3)

III. Business Strategies
We will strive to achieve steady growth as our core business by responding to diverse customer needs.

- **Complex Development Business**
  (Condominiums, detached houses, and commercial facilities)

- **Redevelopment Business**

- **Rebuilding Business**

- **Land Readjustment Business**

**7,000 units**

Construction of a stable supply system

**Know-how capable of responding to various business opportunities**

- **PROUD**
- **PROUD SEASON**
- **OHANA**

**Broad product line-up meeting diverse customer needs**
Development of the Residential Development Business

Customer base for a stable supply / Construction of a “residential value chain” that responds to owners’ trust

New Customer Development

- Expansion of PROUD CLUB members
  - 270,000 people → 320,000 people (2016/3)

Strengthening of Relationships with Owners (Existing Customers)

- Expansion of PROUD OWNERS CLUB members
  - 180,000 people → 350,000 people (2016/3)

- Provision of services tailored to the housing life cycle
  - Maintenance Program
  - Leasing/Relocation
  - Comprehensive Interior Service etc.

- Offer value to owners by responding to diverse residential needs

- Value every customer relationship as one to be maintained over a lifetime

PROUD that customers repeatedly choose

Value every customer relationship as one to be maintained over a lifetime
We will expand the leasing business by drawing on the Group’s wealth of management know-how and the platforms of individual Group companies.

The Group’s Management Assets

<table>
<thead>
<tr>
<th>Offices</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor space:</td>
<td>Floor space:</td>
</tr>
<tr>
<td>about 360,000 tsubo</td>
<td>about 180,000 tsubo</td>
</tr>
<tr>
<td>Number of properties:</td>
<td>Number of properties:</td>
</tr>
<tr>
<td>116 properties</td>
<td>18 properties</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housings</th>
<th>Commercial Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units:</td>
<td>Floor space:</td>
</tr>
<tr>
<td>about 12,000 units</td>
<td>about 125,000 tsubo</td>
</tr>
<tr>
<td>Number of houses:</td>
<td>Number of properties:</td>
</tr>
<tr>
<td>204 houses</td>
<td>38 properties</td>
</tr>
</tbody>
</table>

*1 tsubo = 3.3 square meters

Each Group Company’s Platform

- Development/Owning: Nomura Real Estate Development, NREG TOSHIBA BUILDING
- Property Management: Nomura Building Management, Nomura Living Support, GEO AKAMATSU
- Fund Management: Nomura Real Estate Asset Management
Development of the Leasing Business

We will take a more aggressive stance in the development of lease properties.

Diversification of development options
Diverse initiatives in 4 sectors
Application of complex development, redevelopment, and other sophisticated development approaches

Agile business development on both the “owning” and “sale” sides

- Asset portfolio enhancement through the inclusion of prime properties
- Realization of development profits and increase in asset efficiency

* PROUD FLAT is divided into the Residential Development Business.

Hold within the Nomura Real Estate Group

Sales in the investment market
Development of the Leasing Business

We will deliver property management services that win high satisfaction based on their customer orientation.

- Strengthening of total management through coordination among group companies
- Provision of operation services that effectively satisfy the needs of tenants, facility users, and local communities.
- Strengthened responses to changing and diverse customer needs

<table>
<thead>
<tr>
<th>Needs</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Activity Support</td>
<td>Foster communication among tenants</td>
</tr>
<tr>
<td>Saving Cost</td>
<td>Promote electric power efficiency</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>Support BCP manual preparation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Needs</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>Tenant mix tailored to the lifestyles of area residents</td>
</tr>
<tr>
<td>Pleasure</td>
<td>Events that invigorate the local economy</td>
</tr>
<tr>
<td>Comfort</td>
<td>Creating a space that contributes to the strengthening of local communities</td>
</tr>
</tbody>
</table>

Development/Owning
- Nomura Real Estate Development
- Nomura Building Management

Property Management
- GEO AKAMATSU
- Nomura Real Estate Development
- Nomura Building Management
We will strengthen our fund management and origination capabilities.

- Exercise of the management capabilities of a comprehensive real estate group
  Further strengthening of fund management capabilities applying the expertise of Group companies in areas such as real estate development and management

- Further enhancement of a product line benefiting from a wealth of fund origination experience
  Origination of listed and private placement, equity and debt, and other types of products to meet the diverse investment needs of investors in Japan and abroad
We will expand our business by responding to cross-border investment needs.

- Strengthening of identification on the domestic real estate investment needs of foreign investors
  Business expansion based on global capital from rapidly rising countries and other sources

- Offering of products for the overseas real estate investment needs of Japanese investors
  Offering of a wide selection of investment opportunities through the development of overseas funds of funds and other such products

Creation of business opportunities for Group companies through the expansion of the balance of assets under management
[Retail] We will enhance our service-offering and brand power by strengthening our net and branch-opening strategies.

- **Information network**
  - Strengthening of purchase needs identification
  - Further enhancement of property information quality and volume
  - Pursuit of SNS and smart phone strategies
  - Enhancement of website for investors

- **nomu.com**
  - Enhancement

- **Area network**
  - Expansion of branch network
  - 100 stores in 10 years
  - Strengthening of sale-needs identification
  - Strategic branch openings with clear targets (Existing area where privately owned housing are concentrated, central Tokyo, etc.)
  - Strengthening of services for existing PROUD customers looking to sell and then purchase another home.

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**Net-based Relocation nomu.com**

- **Information provision enhancement**
- **Brand formation**
- **Customer convenience enhancement**
[Wholesale] As a group of professionals, we will offer valuable services by responding to all client needs.

- Strengthening of customer relationships from a long-term perspective and abilities to identify needs
- Business recommendations (Development, asset management, property management) applying the capabilities of Group companies
- Strengthening of ties to the Nomura Group

Offering of enhanced solutions
We will expand the business base through increasing the stock of properties under management and pursue business opportunities leveraging stocks.

**Business Base Expansion**

- Expansion of the stock of properties under management through ties with Group businesses (Residential development, Leasing, Investment management Businesses)
- Expansion of the stock of properties under management through the use of expertise and technical capabilities

- Condominiums
- Office buildings
- Data center
- Educational facilities
- Logistics facilities
- Sports commercial facilities
- Public facilities

**Expansion of ancillary businesses through leveraging the stock of properties**

- Home renovation
- Large-scale repair/maintenance, and renovation projects
- Tenant move-in/move-out construction
- Cleaning of exclusive space
We will enhance comprehensive services in ways that win high customer satisfaction.

Enhancement of Services for Exclusive Space

- Increase in number of properties offering Living Q Call
- Expansion of the Living Q Call service menu
- Active development of renovation and housecleaning services

Strengthening of Comprehensive Services to Increase Building Owner/Tenant Satisfaction

- Promotion of integrated property management and building maintenance
- Recommendation of space designs to meet tenant needs
- Recommendation of renovation work to increase facility user satisfaction
We will achieve growth for all concerned businesses through the expanded development of the retail and logistics sectors.
We will pursue global business development through opportunities provided by taking in inbound capital.

- **Inbound** (Intake of overseas capital)
  - Investment Management Business
  - Property Brokerage Service
  - Sale of developments

- **Outbound**
  - Response to the global development needs of domestic corporations and investors
  - Search for own-account opportunities to invest in overseas real estate

- Ties to the Nomura Group’s global network
- Strategic location of overseas branches, mainly in high-growth Asia
We will promote Research & Development unrestricted to particular projects from a long-term perspective.

**Research & Development**

Customer needs, Seeds of leading-edge technology, Manufacturers, General contractors
Architect offices, External research institutes, Universities
We will achieve greater business productivity and added-value creation through Group-wide business process innovation.

Organic ties to each Group company
Strengthened communication

Reconstruction of an IT platform that spans the Group

Group HR exchange

“Know-how”
“Information”
“Human Resources”

Business process innovation for the most effective application of all Nomura Real Estate Group resources

Discovery of new-business seeds
Service menu diversification
Strengthened profitability through greater business precision
Productivity Improvement
Operation risk minimization
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