

**Nomura Real Estate Holdings, Inc.**  
**CEO Small Meeting (held on December 15, 2025)**  
**Q&A Summary**

Date and time : Monday, December 15, 2025

Part 1: 1:00 p.m. - 2:30 p.m. (For Sell-Side)

Part 2: 3:30 p.m. - 5:00 p.m. (For Buy-Side)

Number of Participants: Sell-side 9, Buy-side 5

Speakers : Satoshi Arai, President and Representative Director, Group CEO  
Yasumitsu Nakano, Senior General Manager, General Manager, Hotel Management Dept., Residential Development Business Unit, Nomura Real Estate Development

**Part 1: For Sell-Side**

At the first of the meeting, Nakano explained the hotel business.

**Hotel Business**

**Q. What is the breakdown of the approximately ¥100.0 billion investment plan over three years outlined in the business plan?**

A. While we haven't disclosed a specific breakdown, our policy is to acquire approximately six properties annually. The annual target for the number of investment decisions made is approximately ¥55.0 billion per year. (Nakano)

**Q. Is the development yield for the hotel business around 5.5%, and the cap rate at sale around 4.5%?**

A. The yields are slightly lower in Tokyo. We anticipate that the profit from the sales of hotel property will contribute significantly starting from the fiscal year ending March 2029. (Nakano)

**Q. When exploring land for development, are you solely targeting hotel sites? Do you consider developing other assets? For example, could the site for newly developed NOHGA HOTEL Shinjuku Gyoen have been also considered for housing use?**

A. We select the optimal use for each land by considering land characteristics, profitability, and scale. Hotels are more advantageous than residences in areas

where the demand from overseas tourists is expected. (Nakano)

For example, the land for NOHGA HOTEL Ueno might be difficult for residences, but we judged it suitable for a hotel favored by foreigners. Shinjuku Gyoen would likely be profitable for either a hotel or condominiums. (Arai)

**Q. Are there any examples of successful collaboration between UDS and Nomura Real Estate Development?**

A. UDS oversees design for projects like the cafe at BLUE FRONT SHIBAURA, TOMORE Shinagawa Nakanobu, and in the new venture area of hotels. (Nakano)

**Q. Can the condominium business collaborate with the hotel business?**

A. The number of our hotels is still small, so we haven't been able to implement specific collaborations yet. However, we have a track record of offering hotel usage benefits to Nomura Real Estate Group Customer Club members. We aim to expand this going forward. (Nakano)

**Q. Are Chinese tourists decreasing? Will this affect future hotel demand?**

A. Chinese nationals account for 5% to 15% of NOHGA HOTEL guests. While recent news has been reported, the decline is only a few percentage points, and guests from other countries are compensating for this. If the situation persists, the number of visitors during the Spring Festival period will likely decrease. The impact could spread, particularly affecting group tours. (Nakano)

**Q. Other peer companies have not expanded their room counts to over 10,000 rooms. How many rooms does Nomura Real Estate Development plan to increase to?**

A. First, we will expand to approximately 3,000 to 4,000 rooms. We are not currently considering expanding beyond that to 10,000 rooms. Rather than pursuing scale, we prioritize developing distinctive features as a facility, much like lifestyle hotels. (Nakano)

**Q. Luxury hotels are understood as a business where operations are entrusted to the operator, and the owner receives rent. Assuming your company were to pursue high-grade or resort hotels in the future, would you handle operations in-house?**

A. For high-grade hotels, we envision direct management as an extension of our

lifestyle segment. For resorts, we are considering options including partnerships with external operators. (Nakano)

**Q. Does your group's luxury hotel portfolio currently consist only of Fairmont at Shibaura, Nishi Azabu, and Fukuoka?**

A. Currently, we can only disclose those three. Both Nishi Azabu and Fukuoka are properties combined with residences. This combination also enhances the residences' value. (Arai)

**Q. For your directly managed hotels, your company handles both development and management comprehensively. Is there a possibility of acquiring hotels from other companies?**

A. We do not insist that a scheme encompassing both development and management is necessary. We may also consider acquiring existing hotels where an operator change is feasible. (Nakano)

#### Free Discussion

**Q. A competitor recently announced upward revisions to its earnings forecast due to significant gains from property sales in the latest fiscal period. If Nomura Real Estate's overseas profits are partially deferred to the next fiscal year, will the figures for the next fiscal year also be deferred to the following fiscal year? I believe there is also the option of boosting the stock price by increasing gains from property sales, as other companies have done.**

A. We remain committed to achieving the targets set forth in our business plan. While we will discuss next fiscal year's sale plans going forward, we do not intend to sell properties solely for the purpose of boosting stock prices. (Arai)

**Q. Your company's stock price has been the weakest among the seven major companies in the real estate sector this year. It has also been weak in recent years. How do you analyze this, and what countermeasures will you take?**

A. We feel deeply regretful about the sluggish stock price. Prior to the last year, our development profits and shareholder returns were well-evaluated, and our stock valuation was higher than it is now. Looking at the real estate sector as a whole, while activist investors may be a factor, some companies are increasing their shareholder returns, and we recognize that our relative valuation has declined.

To improve our stock valuation, we must present a growth scenario not only

through 2029, when high-value properties in central Tokyo like Nishi Azabu and Atago will contribute significantly to earnings, but also beyond 2030.

While the previous Mid-to Long-term Business Plan identified overseas business as a growth area, there may be skepticism about overseas business at present. Within our domestic focus areas, we have recently secured new land acquisitions, and we intend to highlight this. (Arai)

**Q. Isn't the stock price reflecting concerns about the relatively short-term outlook for housing sales, rather than a long-term perspective? Questions include whether the market will hold until 2029, if condominium prices are overheating, and how restrictions on foreign purchases will play out. Demonstrating profitability through initiatives like launch of fund investments and management of affordable housing should gain understanding from investors. How do you view the current housing market?**

A. Industry-wide supply is unlikely to increase significantly. Meanwhile, personal financial assets are substantial, with data indicating half are held in cash and deposits. Purchase intent remains strong. Therefore, we expect prices to remain firm, though not at previous levels. Our concern is a downturn in financial markets reducing the pool of potential housing buyers. We do not believe resale restrictions will significantly impact demand. (Arai)

**Q. What is the objective of entering the affordable housing market?**

A. Based on our experience with rental housing projects in London, we recognize that undertaking projects like affordable housing can lead to new opportunities for land acquisition and development. It also increases the likelihood of participating in government-led initiatives. While the profits may not be substantial, it represents an investment in future growth opportunities. (Arai)

**Q. Development of high-end condominium housing sales is planned around 2030, including by other companies. What sales methods are you considering?**

A. For ultra-high-end properties, we will utilize customer referrals from financial institutions for sales. Although the timing of completions is concentrated, our Nishi Azabu, Atago, and Akasaka-Yagenzaka projects combined total only about 1,000 units, so we do not anticipate significant difficulty for sales activities. (Arai)

**Q. At the time of 2Q earnings announcement, the market anticipated a share buyback. Given the strong current performance in the Residential Development Business Unit and the Property Brokerage & CRE Business Unit, and assuming the outlook for net profits solidifies, can the decision to implement a share buyback be made?**

A. Within the 40-50% total return ratio range, we had not decided the ratio between dividends and share buybacks as of the 2Q. We will make flexible judgments regarding the balance between dividends and share buybacks. (Arai)

**Q. Will the collaboration with Nomura Securities lead to future revenue growth?**

A. We have collaborated in the past, and recently, cooperation has increased, for example, in the Property Brokerage & CRE Business Unit. Nomura Securities can make real estate proposals for their clients, and Nomura Real Estate can receive client referrals, so we consider this a win-win. There is potential for further growth going forward. (Arai)

**Q. What level of rent can be expected if luxury rental housing is developed at BLUE FRONT TOWER N?**

A. We anticipate it would command the highest rent levels even within Tokyo's 23 wards. The view is truly one of a kind. (Arai)

**Q. Regarding the currently undervalued stock price, to improve the P/NAV ratio to over 1x, should you increase investment volume to grow development profits, or realize unrealized gains on your property?**

A. Our policy remains unchanged. We aim to realize development profits while controlling the balance sheet. (Arai)

**Q. In the current inflationary environment, wouldn't it be acceptable to hold properties without selling them?**

A. We will not change our policy of realizing development profits. (Arai)

## **Part 2: For Buy-Side**

At the first of the meeting, Nakano explained the hotel business.

### Hotel Business

**Q. What is the background and purpose for selecting the hotel business as a topic for this meeting?**

A. Compared to residences, office, and logistics facility, we have communicated less about hotels. As we position hotels as a growth area, we wanted to introduce their growth. (Arai)

**Q. As a general opinion, how much is the IRR for the hotel business? Do investment and returns differ between luxury and affordable segments?**

A. While we cannot provide specific figures, luxury hotels incur operator fees, involve complex project management, and tend to have lower profit margins. Conversely, our lifestyle hotels generate higher ADR by providing added value. (Nakano)

**Q. What is the impact of reduced Chinese travel to Japan?**

A. It varies by hotel, but Chinese nationals account for 5% to 15% of guests. Since the news of reduced travel, there has been a decrease of only a few percentage points, so the impact is limited. (Nakano)

**Q. What are the KPIs for the hotel business? If you're positioning in a different category from companies, do you set different KPIs?**

A. We conduct detailed analysis of customer reviews. We focus not only on overall ratings but also on aspects like facilities, service, and cleanliness. (Nakano)

**Q. To what extent do you utilize OTAs (Online Travel Agents)?**

A. Most international guests book through OTAs. We are exploring and preparing to enable direct bookings. (Nakano)

**Q. Real estate developers are focusing on hotels, but what are the bottlenecks to continuing operations?**

A. The bottleneck is securing personnel. For our hotels, staff members appreciate aspects unique to lifestyle hotels, such as collaborating with the city and local

residents to host events. We are also advancing improvements in compensation, maintaining a high standard within the industry. (Nakano)

**Q. Is new graduate recruitment the main focus for staffing?**

A. We recruit both new graduates and experienced professionals. We believe that working at a community-focused lifestyle hotel, where staff engage not only in guest service but also in event planning, contributes to their career development. (Nakano)

For example, at NOHGA HOTEL Ueno, staff gain unique experiences like participating in local festivals alongside guests. (Arai)

**Q. When exploring the land for development, is it acquired specifically for a hotel, or for mixed-use purposes?**

A. We acquire land for the asset type that yields the best financial results, including offices and rental housing. Currently, as hotel ADR improves, acquiring land for hotels has become easier. Areas like Asakusa and Ueno, with strong inbound demand, are easier to acquire for hotels. We also have experience with mixed-use assets like H<sup>1</sup>O Akasaka, allowing us to determine the optimal solution from various options. (Nakano)

**Q. Do your lifestyle-oriented hotels offer unique strengths that competitors cannot replicate? If competitors follow suit and proliferate, strength will diminish. At what scale do you believe expansion can occur without diluting this strength?**

A. We see competitors as not yet fully committed to the lifestyle hotel. Even when they promote regional partnerships, management execution often falls short. NOHGA HOTEL first aims to develop around 20 properties centered in Tokyo. (Nakano)

Free Discussion

**Q. Your company's stock price is underperforming relative to peers. While shareholder returns are cited as a reason for this relative weakness, I also sense that your sales-focused business model is reaching a turning point amid rising costs.**

A. We have consistently delivered shareholder returns within a range of 40-50% of total earnings while realizing development profits. Increasing borrowing to

expand operations amid rising interest rates is not necessarily the right approach. While our profit growth over the next three years is highly certain, the challenge is the fact that we have not sufficiently demonstrated the outlook beyond that period. Looking ahead, we believe acquiring existing properties for value enhancement, in addition to new development, is a sound strategy because it generates cash flow immediately after acquisition. (Arai)

**Q. In your revolving model where properties are sold to pay taxes and return shareholders, there is concern that the growth cycle could eventually stall. Rather than insisting on acquiring new land for development, might there be merit in considering the acquisition of existing properties or companies holding existing assets?**

A. As you mentioned, the development starting from buying land reduces asset efficiency. While we have focused on new development in the past, we will now also consider projects enhancing the value of existing properties. (Arai)

**Q. In previous years, you announced share buybacks at the 2Q earnings announcement. What was the reason for not implementing a share buyback this 2Q? While other companies appeared positive, yours seemed negative.**

A. We make decisions based on balancing shareholder returns and investment. We have consistently communicated that we will always make shareholder return within the range of 40-50% of total returns each period. (Arai)

**Q. Large-scale development projects, once halted or reevaluated, become difficult to restart. Railway companies and others are also struggling with major developments. Beyond large-scale development, what types of business seeds is your company planting?**

A. Within Tokyo, business opportunities still exist depending on planning, and we are also advancing projects in regional major cities like Okayama and Hiroshima. Within Tokyo, we have multiple projects with 5-10 year timeframes underway behind the scenes. Additionally, we are securing project volume through ingenuity even in smaller-to-medium-sized projects like H<sup>1</sup>O. (Arai)

**Q. Is the bottleneck for value-added businesses human resources or know-how?**

A. We have ample know-how as we have many personnel with construction

backgrounds. However, since our core business has primarily been scrap-and-build projects, the priority for value-added projects remains relatively low. (Arai)

**Q. Nomura Real Estate's strength lies in its relationship with Nomura Holdings. Since CEO Arai took office, this characteristic has become more pronounced. Can you further emphasize this strength?**

A. Customer referrals from Nomura Securities are increasing, and there is still potential for growth. Management teams are also engaging in discussions to enhance the relationship over the medium to long term. (Arai)

**Q. How do you view the outlook for condominium sales? There are increasing cases of converting older office buildings in central Tokyo into high-end condominium sales. Will you also pursue such acquisitions?**

A. Long-term, condominium supply will trend downward. Options like purchasing older office buildings to convert into value-added offices or condominiums may exist. (Arai)

**Q. Some NMF-owned office properties may not see rent growth. Would you consider buying them back and performing value-added renovations?**

A. I cannot comment on NMF's strategy, but NMF's portfolio is a mixed bag. There have been instances in the past where properties were repurchased and rebuilt.

**Q. Can you quantitatively disclose synergies with Nomura Holdings? For example, fees or the number of referrals.**

A. The proportion of property referrals and brokerage fees within the overall business is not significant. We will consider whether disclosure is possible in the future. (Arai)

**Q. Private REITs and private fund have been the primary buyers so far, but they cannot be a permanent sales pipeline. What are your thoughts on the future of listed REITs?**

A. At current unit prices, a public offering may be difficult, but it could be considered if the price approaches 1x P/NAV. Demand for capital increases in our group's private REITs has been strong. The subscription ratio was higher than in the capital increase half a year ago. (Arai)