

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

**New Value, Real Value**





Shibaura 1-chome District

Scheduled start of construction (including demolition) Building S:FY22/3 Building N:FY27/3  
Scheduled completion of construction Building S:FY25/3 Building N:FY31/3



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# PART I

## Premises for the Plan

- 
1. Review of Previous Phase (Phase 1)
  2. Business Environment
-



# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

- In FY19/3, operating revenue expanded to ¥668.5 billion, though it did not reach our target of ¥700.0 billion.
- Operating profit was ¥79.1 billion, which was below our target of ¥85.0 billion.

## Operating Revenue and Operating Profit

Target under  
previous plan  
(FY19/3)

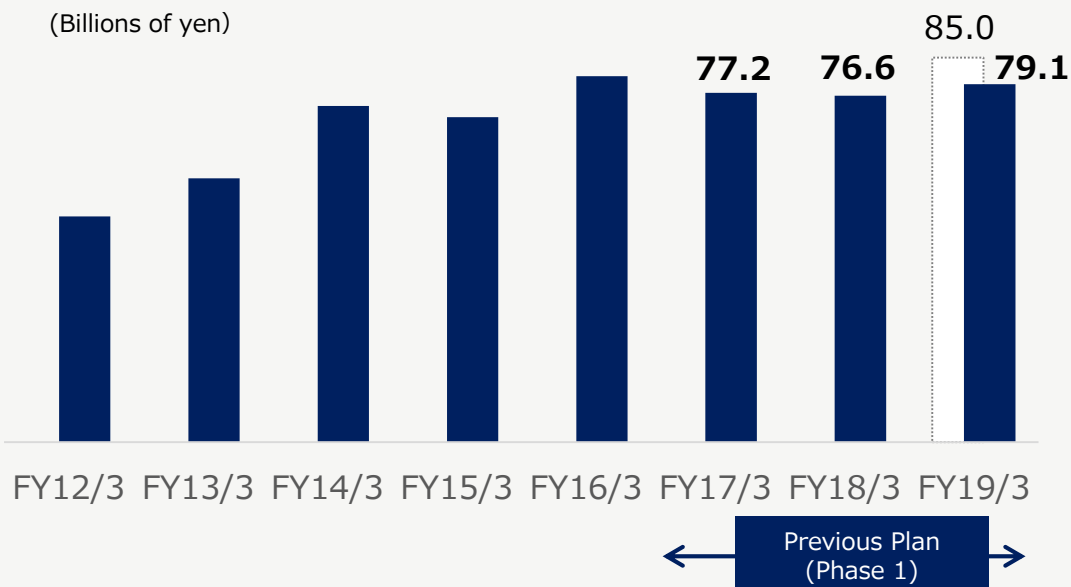
Operating revenue **¥700.0** billion  
Operating profit **¥85.0** billion

**FY19/3  
result**

Operating revenue **¥668.5** billion  
Operating profit **¥79.1** billion

□ Operating profit under previous plan ■ Operating profit (Result)

(Billions of yen)



(Billions of yen)	FY19/3 target	FY19/3 result	Increase/decrease
Operating revenue	700.0	668.5	-31.4
Operating profit	85.0	79.1	-5.8
Residential Development Business Unit	30.0	23.1	-6.8
Leasing Business Unit	35.0	38.8	+3.8
Service & Management Sector	23.5	22.1	-1.3
Investment Management	6.5	5.9	-0.5
Property Brokerage & CRE	10.5	8.1	-2.3
Property & Facility Management	6.5	8.0	+1.5
Adjustments	-3.5	-5.0	-1.5

# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

- ROA and ROE remained at high levels, but fell slightly short of our targets.
- In FY19/3, payout ratio was over 30% with dividend increase. In addition, carried out acquisition of treasury shares in FY18/3 and FY19/3.

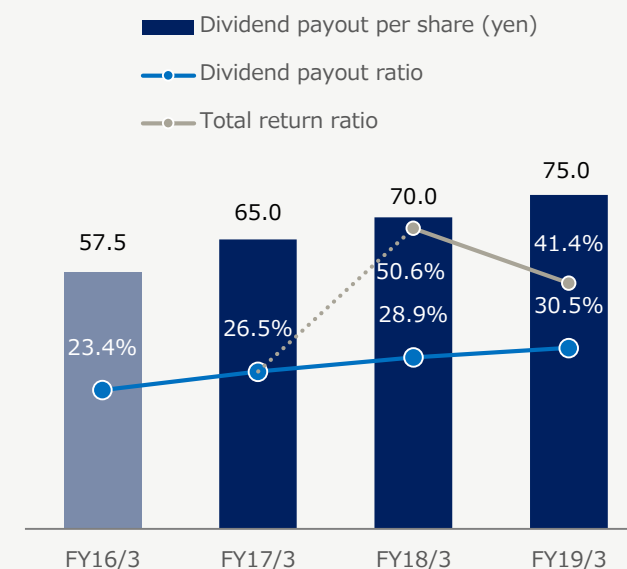
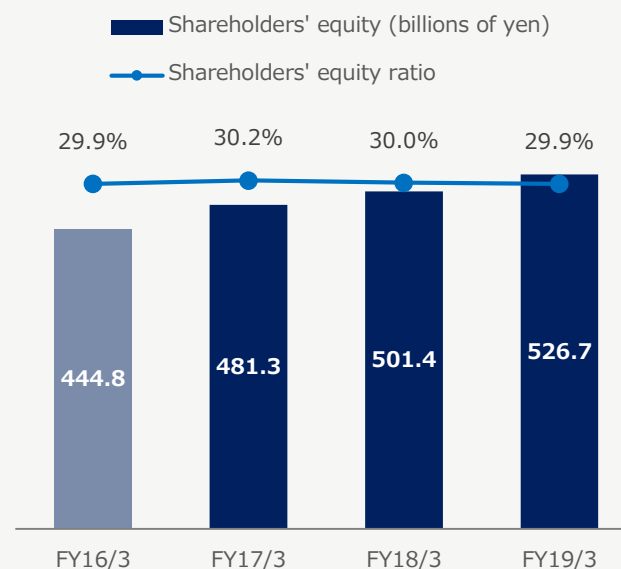
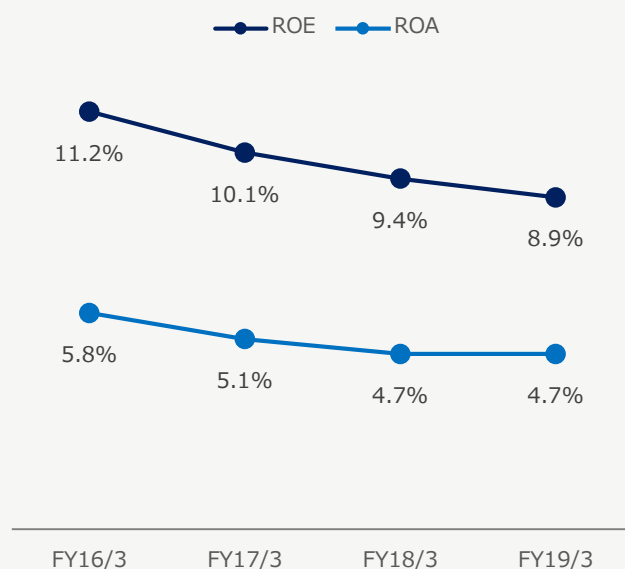
## Financial and Capital Policies

**ROE**  
10% level

**ROA**  
5% or more

**Shareholders' equity ratio**  
30% level

**Total return ratio (Dividend payout ratio)**  
Approx. 30%



\*ROE = Profit attributable to owners of parent / Average shareholders' equity during the FY  
ROA = (Operating profit + Non-operating profit) / Average assets during the FY

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



# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

- In the Residential Development Business Unit, ROA was 5% level due to a decline in the gross margin ratio for housing sales.
- In the Leasing Business Unit, ROA remained at the same level while increasing assets.

## Total Assets and Asset Efficiency

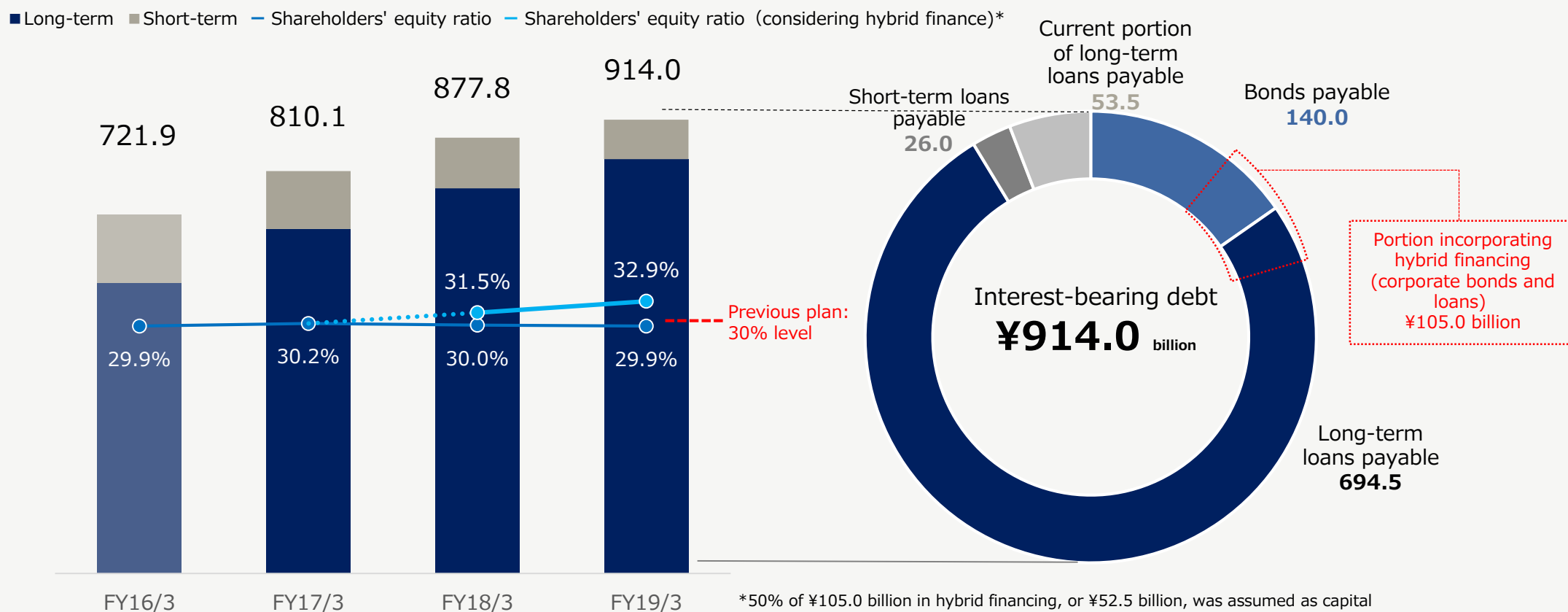
		FY16/3 Results			FY19/3 Results	Difference
Residential Development Business Unit	Total assets (billions of yen)	414.8			415.8	+1.0
	ROA (%)	8.0%			5.4%	-2.6%
Leasing Business Unit	Total assets (billions of yen)	918.7			1,110.9	+192.2
	ROA (%)	3.6%			3.6%	+0.0%
Service & Management Sector	Total assets (billions of yen)	124.4			135.6	+11.2
	ROA (%)	19.4%			17.7%	-1.6%
Other business unit's assets (billions of yen)		27.4			97.0	+69.5
Company's total assets (billions of yen)		1,485.4			1,759.4	+274.0
Companywide ROA		5.8%			4.7%	-1.1%

\*Companywide ROA = (Operating profit + Non-operating profit) / Average assets during the FY  
 \*ROA of each business unit = (Operating profit + Share of profit (loss) of entities accounted for using equity method) / Average assets during the FY

# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

- Procured funds amid the low-interest rate environment while maintaining a shareholders' equity ratio of 30% level.
- Diversified procurement methods, including hybrid financing, to prepare for future investments.

## Interest-bearing Debt / Shareholders' Equity Ratio





# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

## Initiatives in Mixed-use Developments

Developed various projects including residences, offices and a variety of facilities, mainly in the Tokyo metropolitan area.



Tsunashima Sustainable Smart Town (PROUD Tsunashima SST); completed in January 2018



PROUD CITY Kichijoji



Nihonbashi 1-chome Central District



PROUD Fuchu Station Arena; completed in April 2017



PROUD TOWER Tachikawa; completed in July 2016



Terrasse Nayabashi PROUD TOWER Nagoya Sakae; completed in July 2017



PROUD TOWER Musashi-Koganei Cross



Nishi-Shinjuku 3-chome West District

2016

2017

2018

2020–

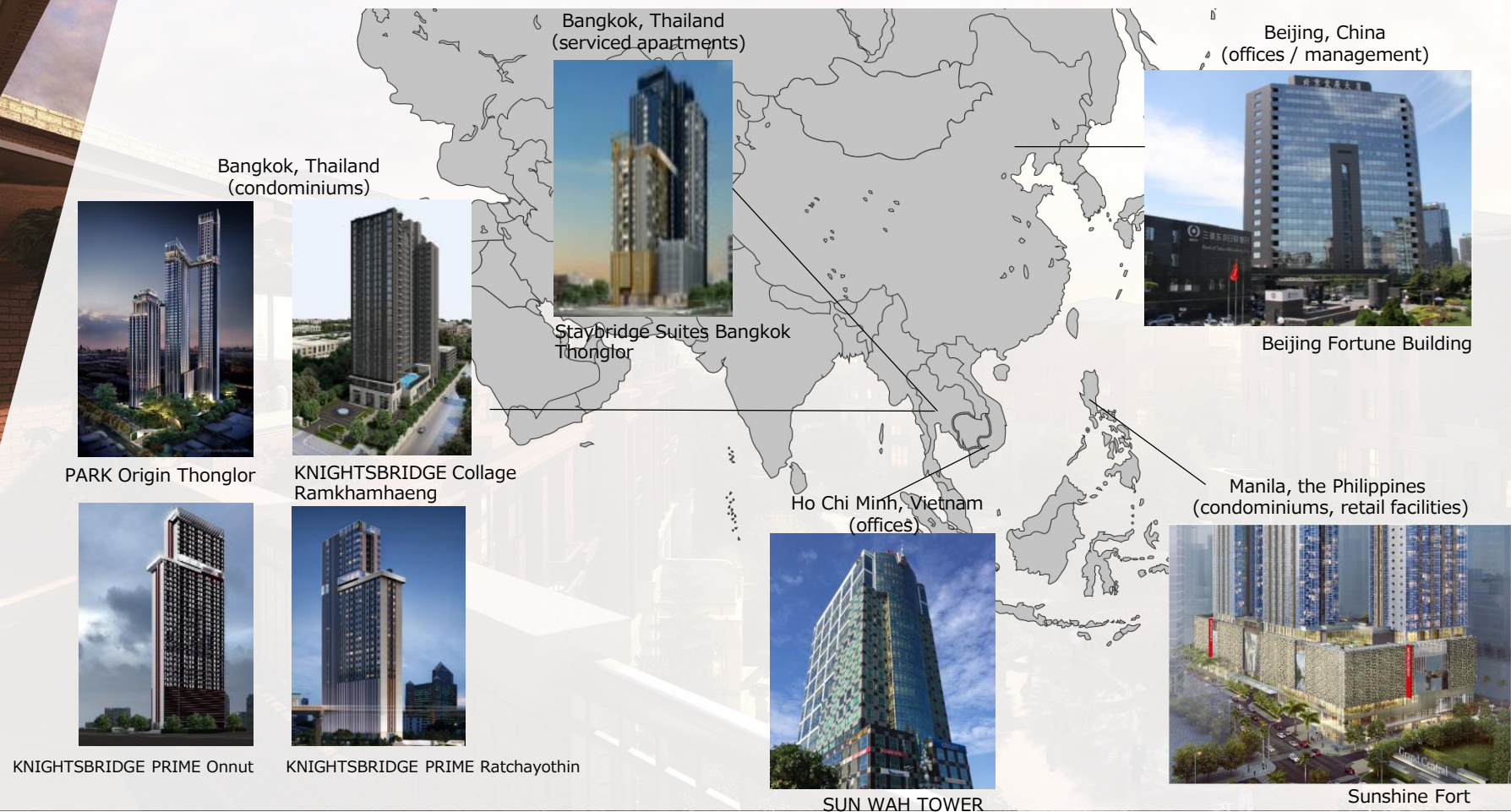
New Mid- to Long-term Business Plan



# Review of Previous Plan (Phase 1: FY17/3–FY19/3)

## Built a Continuous Business Platform in Overseas

Expanding businesses by collaborating with local developers mainly in Asia.





## Review of Previous Plan (Phase 1: FY17/3–FY19/3)

### Mutual Growth with Group REITs by Utilizing Leasing Value Chain

Created development opportunities through strategic property replacement with Group REITs.



Morisia Tsudanuma



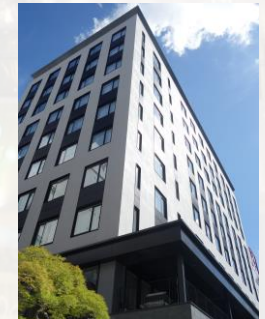
NOF Nihonbashi Honcho Building

### New Business Domains and New Asset Types

Opened our first properties in the elderly care business and hotel business.



OUKAS Funabashi



NOHGA HOTEL UENO

### Growth through M&A and Strategic Partnerships

Conducted M&A and capital alliance in growth sectors.

- Invested in shares of UK-based real estate investment manager, Lothbury Investment Management Group Limited (75% of shares).
- Invested in the owner and operating company of HOTEL NIWA TOKYO (100% of shares).

**LOTHBURY** Investment Management



## Notable Business Conditions

### Opportunities

Increase in single, dual-income households, and senior households

Tokyo's city power and global competitiveness

Demand for compact towns in regional core cities

Accumulation of high quality property stock, demand for renovation and rebuilding of old properties

Expansion of cross border real estate investment demands

Fund inflows into Japanese real estate market

Continuous growth in Asian market

Diversification of lifestyles and workstyles

Diversification of values for housing and workplaces

Rapid evolution in technology

Growth of e-commerce and changing consumer trends

### Threats

Japan's declining population

Decrease in number of family households

Rapid changes in economic conditions

Labor shortage



# I . Premises for the Plan Business Environment: Our Company Strengths

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## Development Capabilities Based on the Market-in Approach

PROUD



pmo  
PREMIUM MIDSIZE OFFICE



NOHGA HOTEL



Landport



OUKAS



GEMS



## Dedication to Quality of Products and Services



PROUD  
Shirokanedai



PROUD Shinjuku  
Nakaochiai



Recipient of the Good Design Award  
for the 17th consecutive year

Mi-Liful  
ミライフ

Siphon drainage system  
"Smart Siphon"



Smart energy system  
"enecoQ"

## Development and Expertise of Various Types of Assets



Condominiums



Detached  
housing



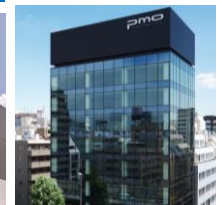
Elderly  
housing



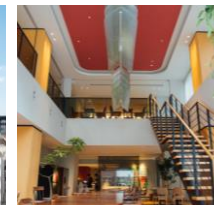
Retail facilities



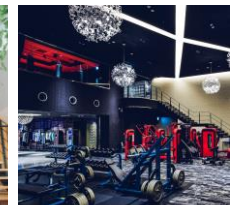
Logistics  
facilities



Office  
buildings



Hotels



Fitness clubs

## Group Synergy



# PART II

## Overall Concept

- 
1. Our Vision for the Future
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  5. Investment Plan
  6. Strategic Investment
-

# Our Vision for the Future

## Our Group Vision

### New Value, Real Value

Integrating all that is precious to people and communities,  
we build cities—dynamic stages that connect today with tomorrow’s possibilities—  
and embrace every moment of life’s pursuits.  
We create new value, social value, and above all, real value.

#### **We work to “build cities that connect today with tomorrow's possibilities.”**

Through the provision of products resulting from  
real estate development, we create communities  
with extensive urban functions that offer safety,  
security, and comfort.

We work to create sustainable communities  
in which diverse generations and values can  
coexist and that take harmonization with nature  
and the environment into consideration.

#### **We work to “embrace every moment of life’s pursuits.”**

Through the provision of a variety of services  
relating to real estate, we will nurture times of  
abundance with people who “live,” “work,”  
“gather,” and “relax” in communities.

We support the development of communities,  
linking people to people and people to  
communities.

# Group Initiatives for Value Creation

## Seeds for growth planted under the previous plan

Mixed-use development

Platform of overseas business

New asset type

Mutual growth with Group REITs

Accelerated growth through M&As



## Our Group's Strengths

Development capabilities based on market-in approach

Development and expertise of various types of assets

Commitment to the quality of products and services

Group synergy



## Value Creation Initiatives

①

Realization of enriched lifestyles and workstyles

②

Multifunctional urban development toward exceptional convenience, comfort, and safety

③

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

④

Global expansion of high-quality products and services



## Enriched Lifestyles and Workstyles

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

**PROUD**



Condominiums

**pmo**  
PREMIUM MIDSIZE OFFICE



Office buildings

**GEMS**



Retail facilities

**Landport**



Logistics facilities

**OUKAS**



Elderly housing

**NOHGA HOTEL**



Hotels



## II. Overall Concept

# Value Creation 2

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### 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 compact towns and station-front redevelopment.

### PROUD CITY Hiyoshi

#### Multifunctional, mixed-use development centered on condominiums

- Location: Yokohama, Kanagawa
- Site area: approx. 4.1 ha
- Main use: condominiums, retail facilities, residence for elderly people with service, fitness club, elementary school, etc.
- Completion (planned): FY20/3-

#### Efforts to promote community relationships

- Build city base hubs for local communities



- Our employees continue to support community building even after completion





## Urban Development and Community Building Toward the Future of the Global Environment and Local Communities

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

### Shibaura 1-chome District



#### Large-scale waterfront developments

- Location: Minato-ku, Tokyo
- Floor area: approx. 550,000 m<sup>2</sup>
- Main use: offices, retail facilities, hotel, apartments
- Construction completion (planned):  
FY25/3 (South Tower)  
FY31/3 (North Tower)

#### Eco-friendly urban development

- Popularize next-generation energy technology by creating opportunities to spread information and exchanging ideas
- Build energy network and introduce technology to reduce environmental impact
- Enhance excursion with surrounding areas and creation of waterfront spaces





## Global Expansion of High-quality Products and Services

- Expand our high-quality products and services globally, mainly in Asia.
- Develop businesses with local partners using market-in approach that cater to the lifestyles and workstyles of each country.

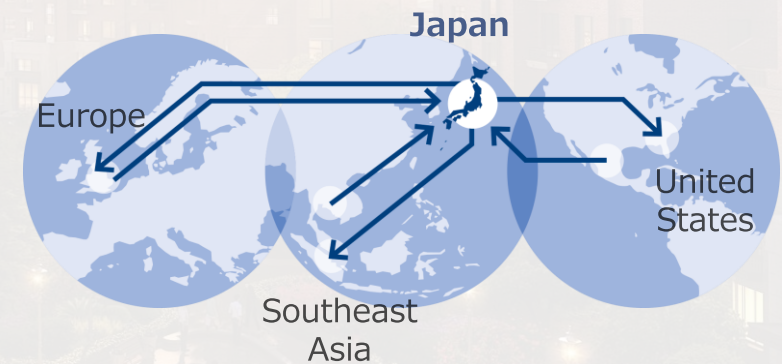
### Improve quality and service

- Improvement plan to enhance quality and service
- Project management with Japanese quality



### Cross-border investment opportunities

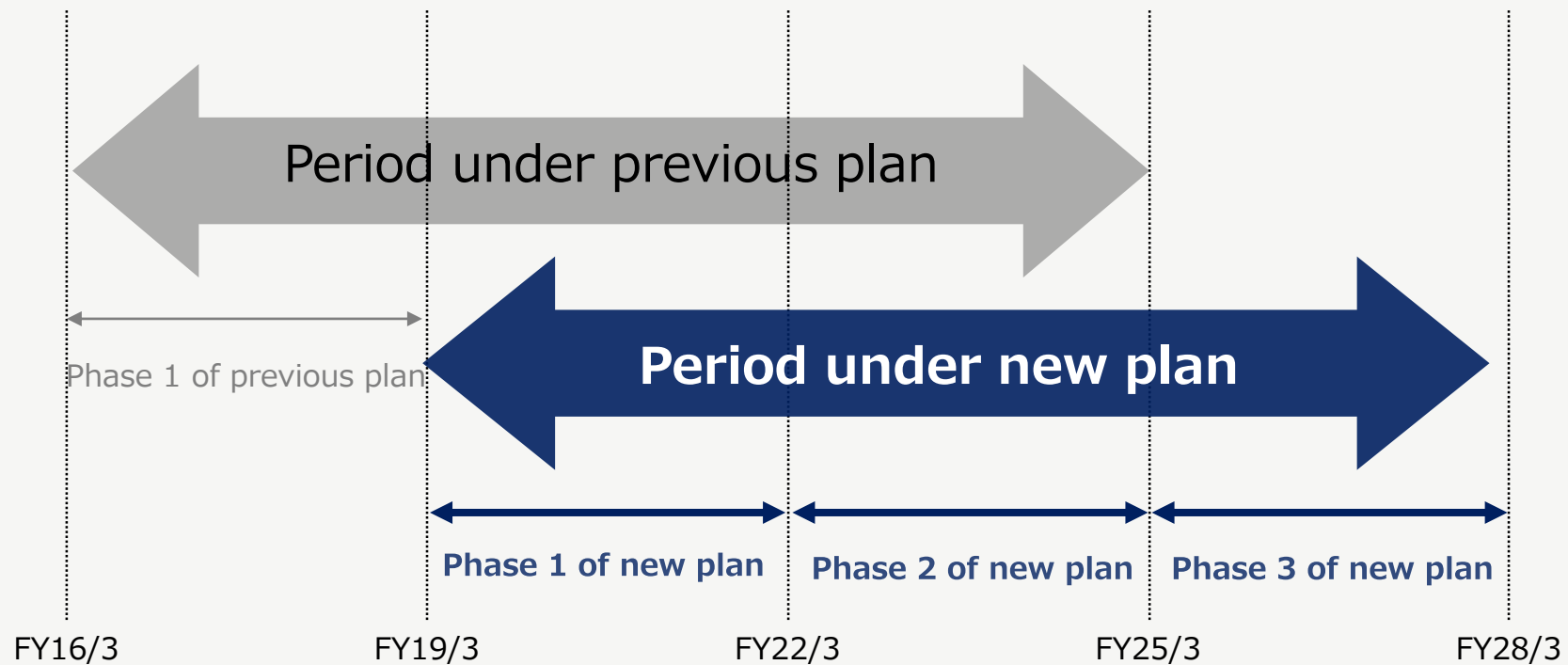
- Respond to cross border investment needs through cooperation with overseas subsidiaries and UK-based Lothbury Investment Management
- Expand our global network through M&A and capital alliances





## Positioning of the Plan

- Formulate a nine-year plan that captures the development business and the upcoming large-scale properties.
- Develop sustainably based on seeds for growth planted under Phase 1 of the previous plan.



# Profit Plan

**Sustainable revenue growth while maintaining high asset and capital efficiency.**

## Business Profit

Profit target has been changed to “business profit”<sup>\*1</sup> in consideration of profit from overseas businesses and amortization of related intangible assets from M&A activities.

(Billions of yen)

FY19/3 (Results)	FY22/3 (Phase 1)	FY25/3 (Phase 2)	FY28/3 (Phase 3)
<b>79.6</b>	<b>85.0</b>	<b>100.0</b>	<b>120.0-140.0</b>

Business Profit by Business Unit<sup>\*2</sup>

Residential Development	<b>25.0</b>	<b>30.0</b>	<b>36.0</b>
Commercial Real Estate <sup>*3</sup>	<b>38.0</b>	<b>33.0</b>	<b>36.0</b>
Service & Management Sector	<b>21.6</b>	<b>28.0</b>	<b>35.0</b>
Investment Management	5.9	9.0	12.0
Property Brokerage & CRE	8.1	11.0	14.0
Property & Facility Management	7.4	8.0	9.0
Adjustments	-5.0	-6.0	-7.0

\*1 : Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

\*2 : Business profit by business unit in FY19/3 has been adjusted to reflect organizational changes made in FY20/3.

\*3 : The Leasing Business Unit has been renamed the Commercial Real Estate Business Unit as of FY20/3.

# Financial and Capital Policies

- Enhance shareholder returns while maintaining capital efficiency exceeding capital costs.
- Achieve a balance between profit growth and shareholder returns. The total return ratio is targeted to be 40–50% in Phase 1.

## Medium- to Long-term Policies

### Asset Efficiency

ROA : **5%** or more

### Capital Efficiency

ROE : **10%** or more

### Shareholder Returns (Phase 1)

Total return ratio: approx. **40–50%**

	FY19/3 Results	Phase 1	Phase 2	Phase 3
ROA	4.7%	Approx. 4–5%	5% or more	
ROE	8.9%	Approx. 8–9%	10% or more	



# Financial and Capital Policies

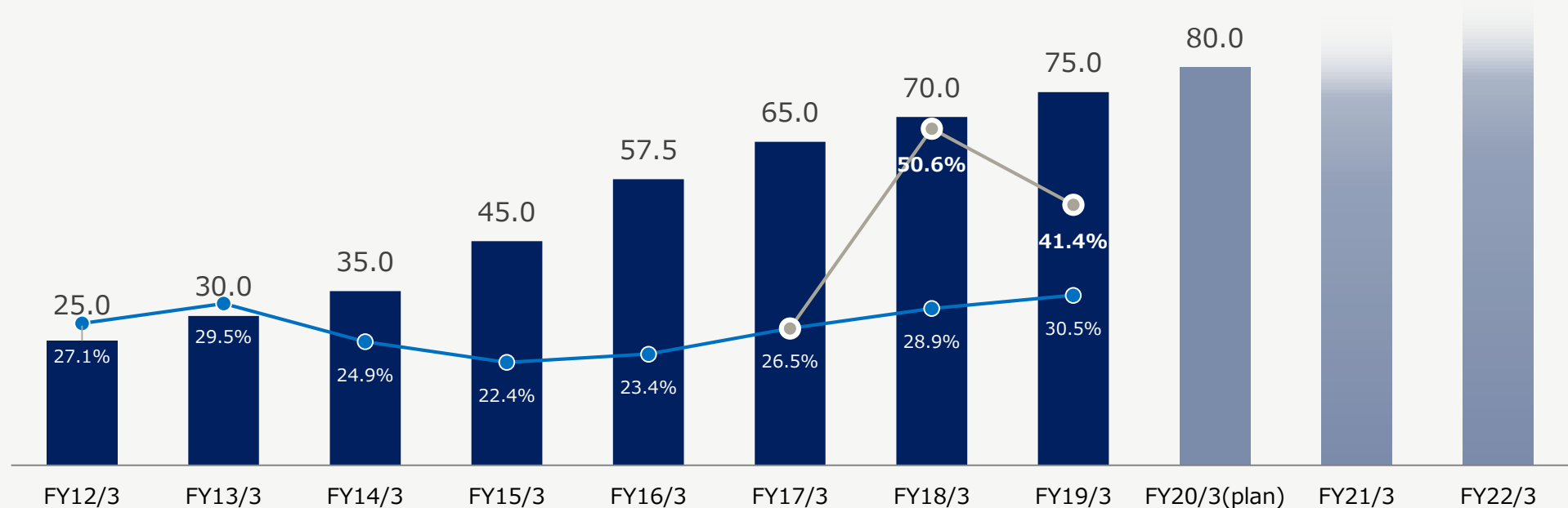
- Enhance shareholder returns. The target total return ratio for each fiscal year of Phase 1 is 40–50%.
- In FY20/3, dividend is planned to increase for the eighth consecutive year, to ¥80 per share, and acquisition of treasury shares was announced (third consecutive year).

## Shareholder Returns

Phase 1 (FY20/3–FY22/3)

Total return ratio: approx. 40–50%




■ Cash dividend per share (¥) ● Dividend payout ratio ● Total return ratio



# Business Portfolio Strategy (Profit structure)

Achieve a business portfolio that combines high asset efficiency and stability.

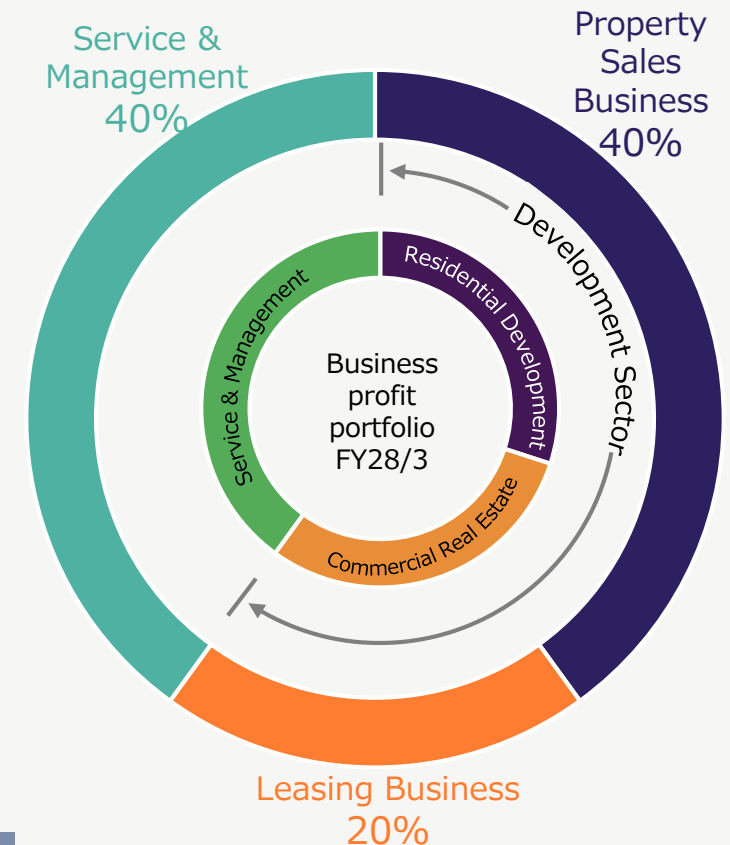
## Optimizing Our Business Portfolio

	Development Sector		Service & Management Sector
	Property Sales Business	Leasing Business	Service & Management
Profit classification	Development profit	Leasing profit	Fees
Recovery of capital	Short term	Long term	—
Profit fluctuation	High	Low	Low
	 <p>Realize development profits through development and sales in the short term, both in Japan and overseas</p>	 <p>Build a competitive asset portfolio by developing valuable leasing properties and strategic property replacement</p>	 <p>Expand business opportunities through M&amp;A and partnership building, in addition to utilizing the Group's business resources</p>

Mid- to Long-term Targets

ROA: **5%** or more

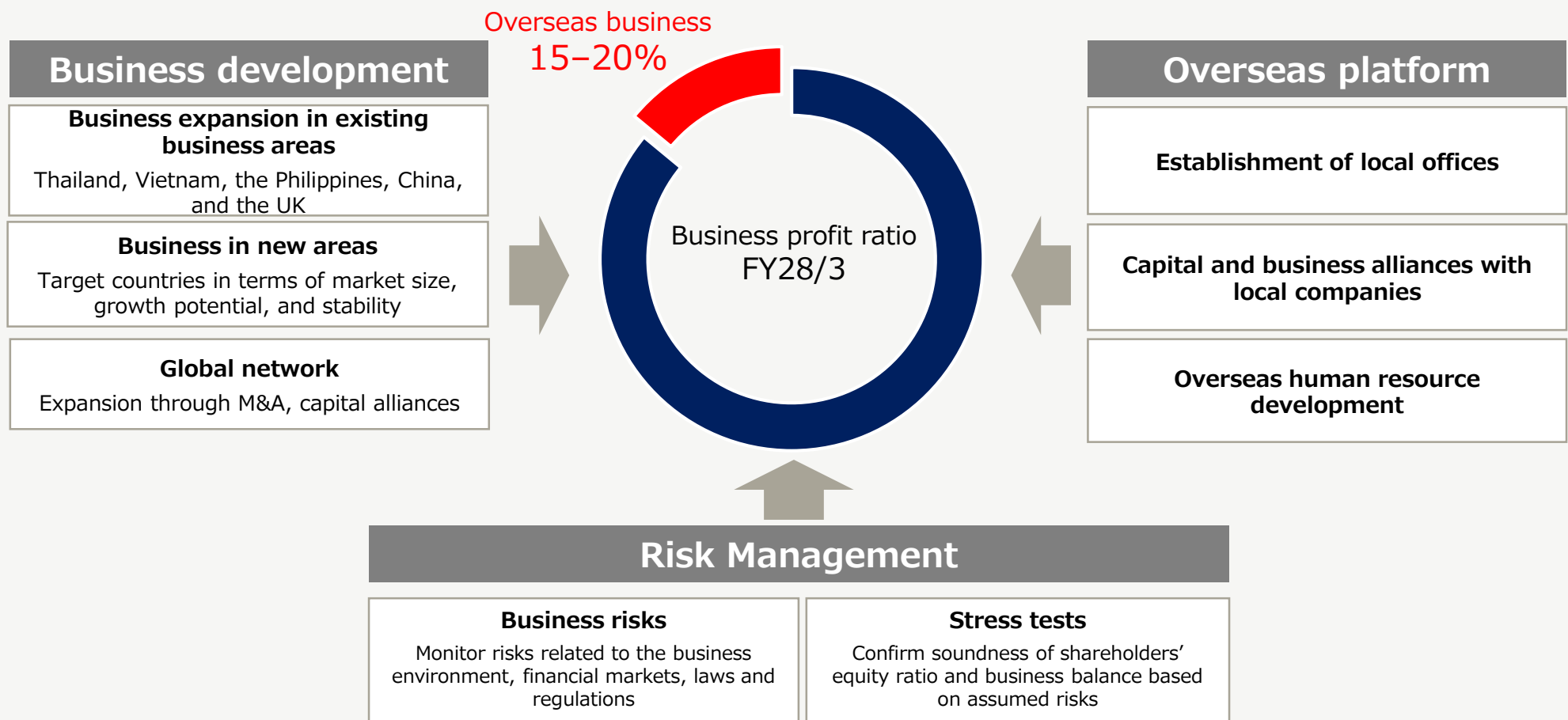
ROE: **10%** or more



# Business Portfolio Strategy (Profit structure)

- Develop overseas businesses as a growth driver with utilizing the expertise we have acquired in Japan.
- Expand overseas business profit ratio to 15–20% of total business profit in Phase 3 by capturing growing overseas markets.

## Overseas Business Strategies





# Investment Plan

- Carry out new investments of ¥5.5 trillion under this plan (total of nine years).
- Achieve high asset efficiency through controlling net increase in total assets to ¥640 billion by increasing asset turnover.

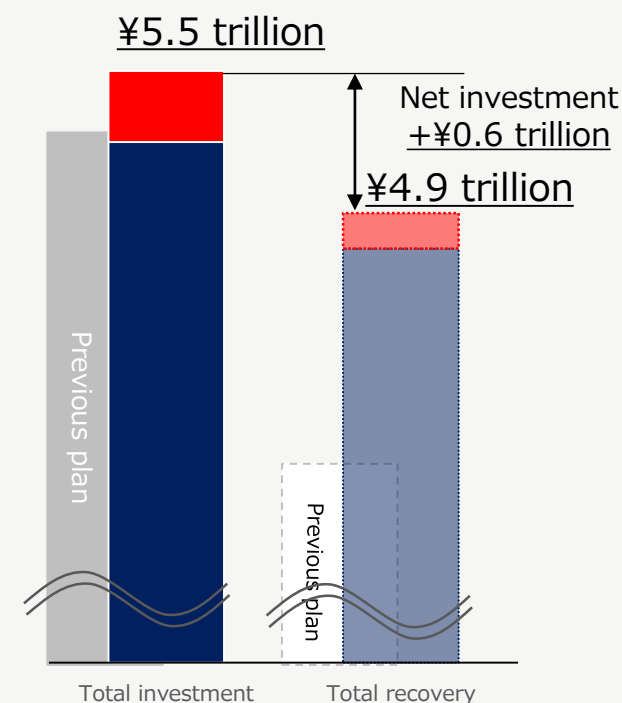
## Investment and Balance Sheet

(Billions of yen)	End of FY19/3	Phase 1	Phase 2	Phase 3	Total
<b>Residential Development Business Unit</b>					
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
<b>Commercial Real Estate Business Unit</b>					
Investment	—	550.0	650.0	700.0	1,900.0
Recovery	—	400.0	500.0	550.0	1,450.0
<b>Total</b>					
Total investment (including overseas)	—	1,650.0 (50.0)	1,900.0 (100.0)	1,950.0 (150.0)	5,500.0 (300.0)
Total recovery (including overseas)	—	1,400.0 (0)	1,700.0 (50.0)	1,800.0 (100.0)	4,900.0 (150.0)
Total balance of assets	1,759.4	2,000.0	2,200.0	2,400.0	—

\*Amounts shown represent forecasts of total asset balances for the final fiscal year of each phase.

Reference: comparison with previous plan

■ Japan ■ Overseas



# Strategic Investment

- Make strategic investments to achieve further profit growth and ROA improvement.
- Accelerate our growth through M&A, capital and business alliances, etc.

## Strategic Investments

### Major investment target

Health services

Real estate brokerage  
and consulting

Overseas real estate  
development

Hotel business



### Investment Goals

- Expand business in Service & Management Sector and overseas
- Develop business in new fields
- Gain external expertise and resources

### Strategic Investments



Senior business

Investment  
management business

ICT and digital  
sectors

Property  
management

# PART III

## Structure to Support Growth

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1. Redevelopment / Rebuilding Business
  2. CSR / ESG
  3. Product Development / Quality Control
-



### III. Structure to Support Growth

## Redevelopment / Rebuilding Business

- Scheduled to complete several large-scale buildings in Phase 2 and 3, contributing to the Group's business growth.
- Secured business volume of over ¥500 billion<sup>\*1</sup> in housing sales and about 320,000 m<sup>2</sup> <sup>\*2</sup> of newly built leasing area during the period of this plan.

### Major Projects under Development

#### Phase 1



Toranomon Station-front District



Higashi-Ikebukuro 4-chome  
Second District



Musashi-Koganei Station 2nd District

Buildings to be completed  
in Phase 1  
(excluding above examples)

- Minamikoiwa 6-chome District
- Sakai-Higashi Station South District
- Nagoya Nishiki 2-chome
- Wakashio Heights (rebuilding), etc.

#### Phase 2



Nishi-Azabu 3-chome  
Northeast District



Shibaura 1-chome (South Tower)



Minami-Ikebukuro 2-chome  
C District

Buildings to be completed  
in Phase 2  
(excluding above examples)

- Itabashi Station Itabashi Exit District
- Hirai Station North Exit District
- Kawaguchi-sakaecho 3-chome District
- Hankyu Tsukaguchi Station-front (rebuilding), etc.

#### Phase 3



Nihonbashi 1-chome  
Central District



Nishi-Shinjuku 3-chome West District



Okayama station-front District

Buildings to be completed  
in Phase 3  
(excluding above examples)

- Itabashi Station Central
- Nishi-Nippori Station-front
- Soto-Kanda 1-chome
- Mishima Station South Exit East District, etc.

<sup>\*1</sup>: Amount of business volume from redevelopment and rebuilding business forecasted under this business plan as of March 31, 2019.

<sup>\*2</sup>: Refers to leasable area for redevelopment or rebuilding projects (offices, retail facilities, hotels, etc.) that are under way as of March 31, 2019 and are planned for completion within the timeframe of this business plan.

Note: Each project (including project name) is currently in the planning stage, and is therefore subject to change.

## Redevelopment / Rebuilding Business

- Utilize our expertise as a developer to promote business in cooperation with local communities and governments over a long period.
- Maximize asset value by creating attractiveness through our development.

### Urban Development through Redevelopment and Rebuilding Projects

#### Redevelopment Business

Improvement of fire resilience of  
highly populated  
areas with woodframe housing



PROUD TOWER Higashi-Ikebukuro

Urban revitalization through  
station-linked, mixed-use  
developments



PROUD Fuchu Station Arena

#### Rebuilding Business

Restoring of deteriorating  
apartment complexes


























PROUD CITY Asagaya

# III. Structure to Support Growth

## CSR / ESG

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**Create social and environmental value through our business activities, based on our four key CSR themes and two CSR promotion foundations**

		Themes	Priority issues	Related SDGs
ESG	Four Key Themes for CSR	Environment	<ul style="list-style-type: none"><li>Upgrades to environmental management</li><li>Responding to climate change</li><li>Effective utilization of water resources</li></ul> <ul style="list-style-type: none"><li>Consideration for biodiversity</li><li>Appropriate utilization of resources and pollution control</li></ul>	     
		Safety and Security	<ul style="list-style-type: none"><li>Improved safety/security in design and construction</li><li>Improved quality of safety/security in operation and management</li></ul> <ul style="list-style-type: none"><li>Initiatives for longer life and increased durability</li><li>Safety and security in disasters</li></ul>	  
		Community	<ul style="list-style-type: none"><li>Care for communities and support for revitalization</li></ul>	  
		Health and Well-being	<ul style="list-style-type: none"><li>Response to aging population and diversity and support for health</li><li>Improved customer satisfaction and comfort</li></ul>	  
	Two Promotion Foundations	Human Capital	<ul style="list-style-type: none"><li>Health and safety of employees</li><li>Promotion of diversity</li><li>Creation of fair and rewarding workplaces</li></ul> <ul style="list-style-type: none"><li>Improvements to human capital</li><li>Supplier safety</li></ul>	    
		Management Structure	<ul style="list-style-type: none"><li>Corporate governance</li><li>Compliance</li><li>Risk management</li></ul> <ul style="list-style-type: none"><li>Human rights</li><li>Improved supplier management</li></ul>	  



## Product Development / Quality Control

### Added value creation and risk control in manufacturing

#### Product development to create new value



the Good Design Award for  
**17** consecutive years  
(**62** awards total\*)



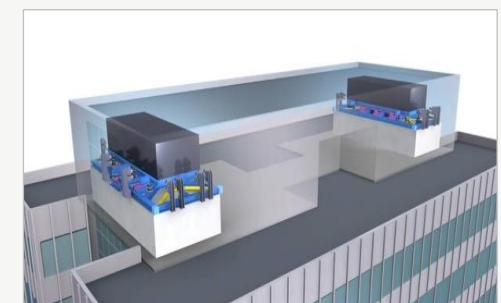
#### Quality control in pursuit of safety and security



Our quality control manual, drawing from 60 years of history



Examples of various certifications acquired



The Dual TMD-NT: the first vibration control damper of its kind in Japan (patent approved)

**Integrated manufacturing, sales, and management system**

**Over 200 first-class architects and first-class in-house architect office**

# PART IV

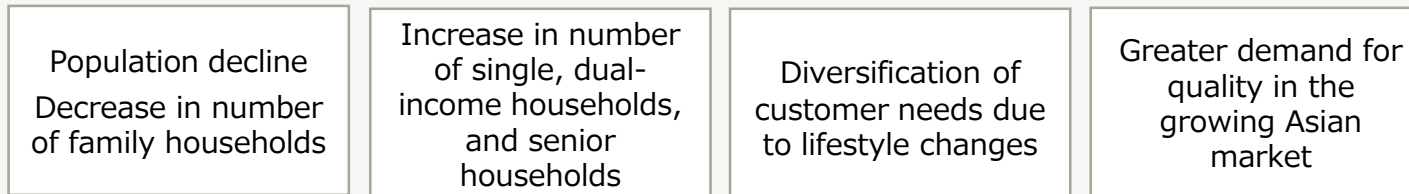
## **Business Strategies by Each Unit**

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1. Residential Development Business Unit
  2. Commercial Real Estate Business Unit
  3. Investment Management Business Unit
  4. Property Brokerage & CRE Business Unit
  5. Property & Facility Management Business Unit
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## Residential Development Business Unit

### Business Environment



**Evolve into the “No. 1 brand in housing business” by providing housing that responds to market changes and diversifying needs**

**Expanding overseas business actively and continuously**

### Domestic Business

#### Multifunctional and sustainable cities and communities

- Increase urban-type compact towns projects and redevelopment projects
- Expand business in regional core cities

#### High-quality housing to meet diversified customer needs

- Develop products that respond to customer needs

#### Services that support safe living

- Grow sustainably as a continuous partner in housing that can fully meet customer needs

### Expand business domains in “housing”

Gather all living needs (condominiums, detached housing, rental housing, senior housing )  
in the Residential Development Business Unit

Establish a system to provide more value for products and services

## Residential Development Business Unit

Accelerate initiatives in urban-type compact towns and redevelopment business



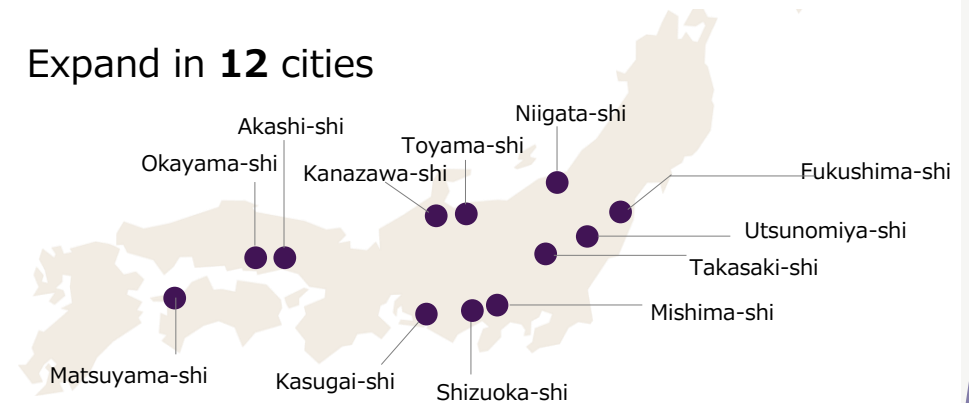
Kameido 6-chome Plan  
(934 units, construction completion: planned for 2022)



PROUD TOWER Musashi-Koganei Cross  
(716 units, construction completion: planned for 2020)

Expand business in regional core cities in addition to existing business domains

Expand in **12** cities



Okayama Station-front Redevelopment Project  
(390 units, construction completion: planned for 2025)



## Residential Development Business Unit

Expand business domains in “housing”  
Develop products that respond to customer needs

Condominium and Detached housing

PROUD OHANA

PROUD  
SEASON

New fields: high-grade, compact, senior



- Unified and expand customer service
- Integrate membership program
- Diversification of product planning



Rental housing

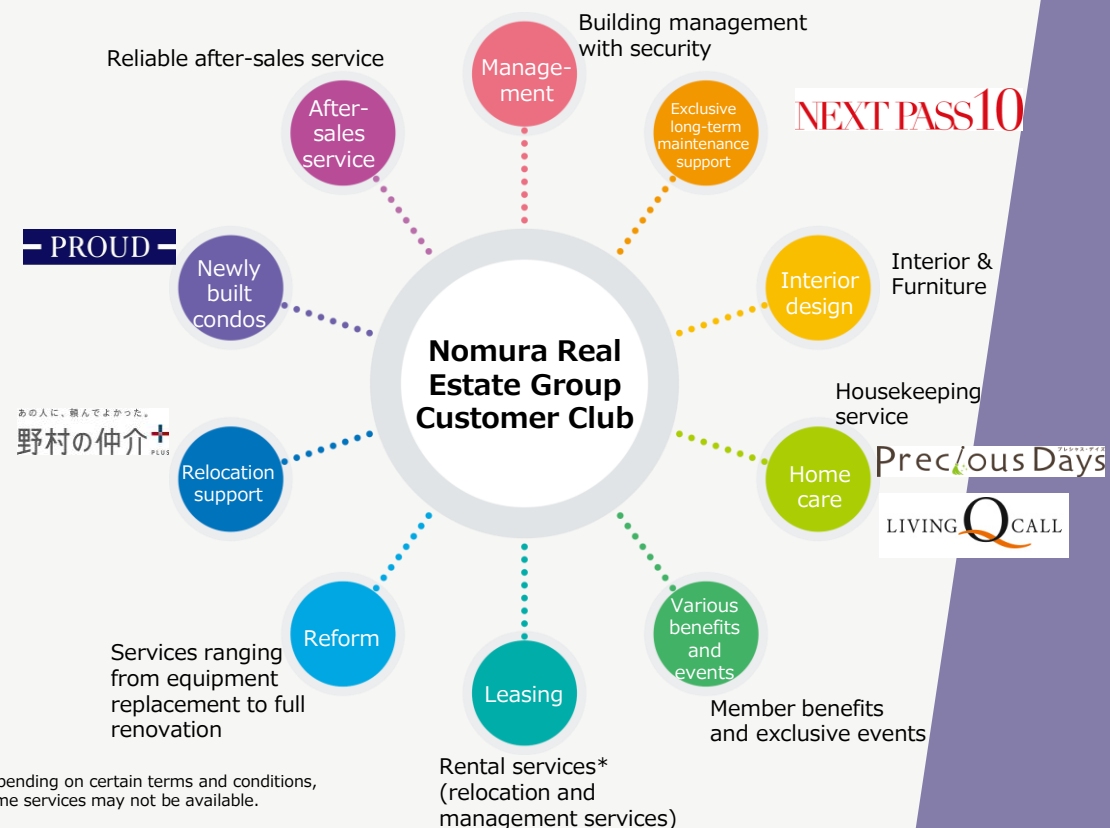
PROUD  
FLAT

OUKAS

Rental housing and serviced housing  
for seniors

Grow sustainably as a continuous partner in housing  
that can fully meet customer needs

- After-sales service
- Relocation service
- Renovation
- Interior design
- Follow-up service
- Online advertising



# Residential Development Business Unit

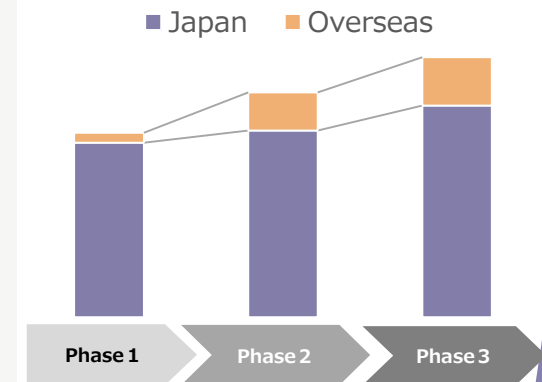
## Overseas Business

Offer new value to local market through solid partnerships with local developers, meeting expectations for quality and service by utilizing know-how cultivated in Japan

Continue to develop business in Asia, an area with high growth potential



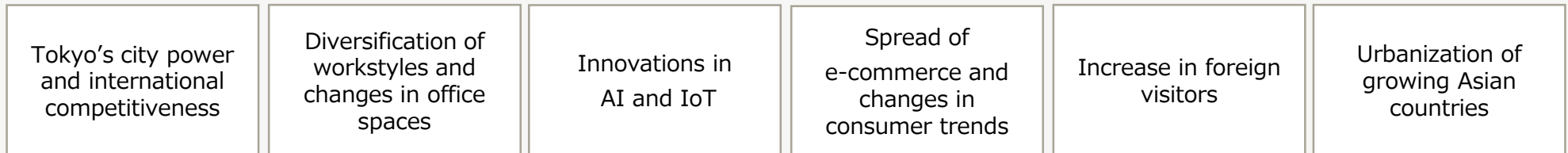
Increase profit ratio of overseas business in medium to long term



Capitalize on overseas growth markets and increase the profit ratio of overseas business to approximately 20% in Phase 3

# Commercial Real Estate Business Unit

## Business Environment



Management pursuing distinctive product planning and customer satisfaction  
Implement high-value-added businesses through new services utilizing digital technology



Office buildings



Retail facilities



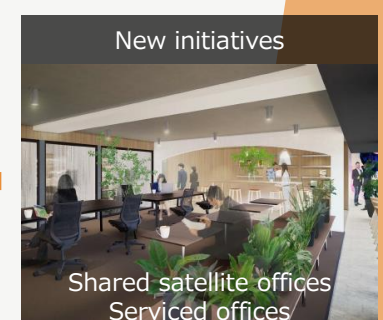
Logistics facilities



Hotels



Fitness clubs





# Commercial Real Estate Business Unit

## Office Business

Grow further by expanding our customer base through responding to corporate growth and accommodating workstyle reforms

### Diversify product lineup

#### A lineup that fits the customer's stage of growth

Large-scale, mixed-use developments



Medium-and large-sized buildings



PMOs



Serviced offices

Provide small-scale independent spaces and shared services including reception and meeting rooms, etc.



#### New products that accommodate corporate workstyle reforms

Shared satellite offices

### Management and services that provide new value

#### Management and services closely focused on customer's point of view

Hold community events and joint training for tenant companies



PMO tenant company exchange event

#### Services that utilize digital technology

Contribute to improving Company and employee productivity

### Develop business where our owned properties are located

Owned office building locations (Tokyo metropolitan area)



Note: Buildings owned by Nomura Real Estate and NREG TOSHIBA BUILDING Co., Ltd. and buildings operated by Nomura Real Estate as of the end of March 2019 (including buildings under development)



# Commercial Real Estate Business Unit

## Logistics Business

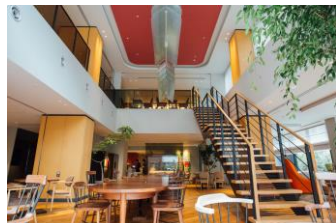
- Conduct plans for worker-friendly and productivity improvements of tenant companies
- Provide new services to support tenant companies and workers



## Hotel Business

- Offer special value that can only be enjoyed in that region's hotel
- Cater to a variety of accommodation needs by developing luxury hotels and other specialized lodgings, in addition to our hotel brands

**NOHGA HOTEL**



## Retail Business

- Establish urban-type retail facilities, which mainly consist of restaurants, and shopping centers in local communities
- Pursue the satisfaction of both visitors and storeowners through plans and services that provide a relaxing time for facility users



Morisia Tsudanuma



## Fitness Business

- Support healthy and comfortable living by catering to a variety of customer lifestyles



スポーツクラブ メガロス



## IV. Business Strategies by Each Unit

# Commercial Real Estate Business Unit

### Large-scale, Mixed-use Development Business

Accommodate a variety of workstyles and lifestyles through multifunctional and highly convenient urban development



**Shibaura 1-chome District** Office/retail/hotel/residential



**Musashi-Koganei Station  
2nd District**  
Retail/residential



**Nihonbashi 1-chome  
Central District**  
Office and others

### Overseas Business

Expand our development and management expertise to overseas, strong partnership with local developers



**Bangkok,  
Thailand  
Thonglor**

Serviced apartments  
Total units: 303 units  
(49% share)



**Ho Chi Minh,  
Vietnam  
Sun Wah Tower**

Office  
Leasable space:  
approx. 26,500 m<sup>2</sup>  
(24% share)



**Manila, the Philippines  
Sunshine Fort**

Retail/residential  
Leasable space: approx. 30,000 m<sup>2</sup>  
Total units: approx. 1,400 units  
(20% share)



**Beijing, China  
Beijing Fortune Building**

Office  
Leasable space: approx. 55,000 m<sup>2</sup>  
(participation in operation)

# Investment Management Business Unit

## Business Environment

Growing demand for alternative investment

Diversification and cross-border investment needs

**Steady growth in REIT business**  
**Expand growth by creating new products and building a global network**

## Core Business (REIT business)

Establish a brand and promote stable growth by utilizing  
**the leasing value chain**

MASTER FUND



Assets under management:  
¥1.074 trillion  
(at end of FY19/3)

 NOMURA REAL ESTATE PRIVATE REIT, INC.

Assets under management:  
¥216.9 billion  
(at end of FY19/3)

**Growth drivers**

**Management pipeline**  
«Proven property management capabilities»



**Sponsor pipeline**  
«Stable supply of property»

MASTER FUND



 NOMURA REAL ESTATE PRIVATE REIT, INC.



# Investment Management Business Unit

## Development of Our Next Growth Engine

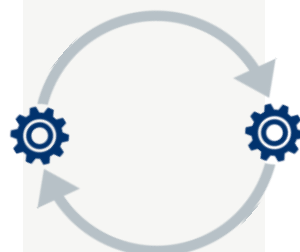
### Strengthen our next growth engine

Private fund business

Securities fund business

- Respond to a variety of investment needs
- Deal with the cross-border investments
- Address the changing market with new products

Outbound



Inbound

### Accelerate global development



- Build strategic partnerships with asset management companies in North America, Europe, and Asia
- Manage domestic investors' outbound needs
- Increase overseas assets under management

# Property Brokerage & CRE Business Unit

## Business Environment

Continuous demand for real estate investment from corporations, institutional investors, and individuals

Growing demand for business succession and measures against inheritance tax

Increasing stock of high-quality, used residential properties

ICT/AI and other technological innovations

Growing inbound investment needs

**Expand growth by providing high-quality, convenient, and supportive services/consulting and by building a wide-ranging customer base**

## Retail Business

Become the No. 1 trusted brand for customers

- Improve consulting capabilities
- Upgrade lineup of services ("Home Staging,"etc.)
- Strengthen area marketing by establishing a network of 120 branch locations by FY28/3
- Introduce advanced communication by utilizing ICT and AI
- Enhance digital marketing centered on "nomu.com"
- Create a business model that takes advantage of digital innovation



あのの人に、頼んでよかった。  
**野村の仲介 PLUS**  
ネットで住みかえ ノムコム  
**nomu.com**



# Property Brokerage & CRE Business Unit

## Wholesale Business

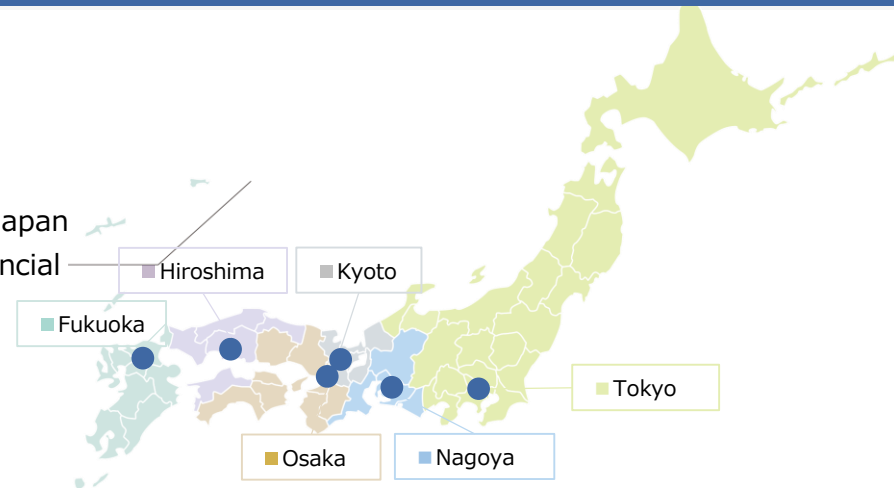
### Maximize customers' corporate value

Highly specialized consulting

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Wide-ranging customer base

- Build a sales structure that can respond to customers across Japan
- Enhance partnership with Nomura Securities and regional financial institutions
- Comprehensive CRE proposals that utilize our development functions
- Accelerate growth by actively developing services tailored to customer needs and attributes



## Overseas Business

### Increase profit through inbound investment from Asian countries

Collaboration with overseas bases and business partners

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Extensive information

- Strengthen cross-border transaction through our branches in Tokyo, Hong Kong, and Singapore
- Build sales network by enhancing our cooperative partnership with Nomura Securities in Asia and through strategic partnerships with overseas companies





# Property & Facility Management Business Unit

## Business Environment

Diversification of lifestyles  
Complicated customer needs

Increasing number of old buildings  
Demand for repairing old buildings

Lack of human resources due to declining population

Development of ICT  
Innovations in AI and IoT

**Expand business foundation and enhance our customer-oriented, property and facility management to achieve stable growth**

## Provide Property and Facility Management Services with High Added Value

### Pursue customer satisfaction from the beginning of urban development

Provide high-quality property and facility management services from the beginning stage of development to meet the needs of both users and local communities

### Management through proposing procedures

Provide services that support sustainable city growth through large-scale, mixed-use station-front development projects and property/facility management for urban-type compact towns



Shibaura 1-chome District



PROUD CITY Hiyoshi

### Offer high-efficiency, high-quality services by combining the strengths of people and technology

Cleaning robots + young foreign human resources

- Utilize a foreign trainee system and a specialized skills system

**Higher property and area value**

# Property & Facility Management Business Unit

## Expand Management Area and Lineup of Services

### Business expansion in public affairs

(Public-Private Partnerships and designated management services)

Branch into area management and mixed-use facility management

### Collaboration with Group overseas projects

Provide property management expertise centered on Commercial Real Estate Business Unit projects

### Priority Business Domains

#### Public-Private Partnerships (PPP)



Haneda Airport Unused Land Zone 1 Redevelopment Project

#### Station-front redevelopment projects in core cities



Utsunomiya Station East Exit District Maintenance Project

## Expand Construction Orders

### Large-scale condo repair work

Leverage Attractive 30 and re:Premium services to reduce lifecycle costs and improve customer satisfaction

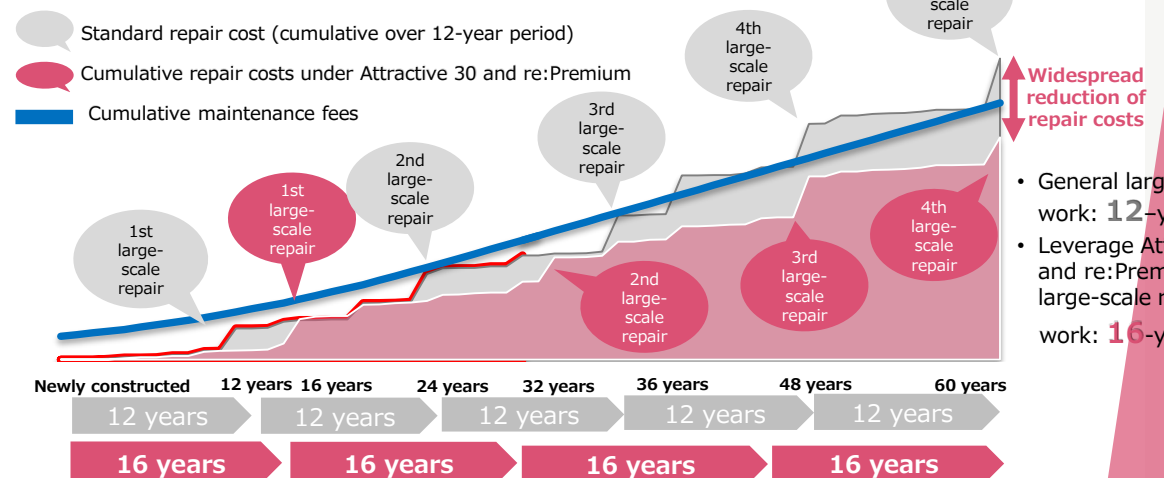
### Renovation work

Respond to growing demand for renovation to accommodate lifestyle changes

### Building renewal

Address increasing need to utilize old existing properties in order to deal with issues of old buildings and vacant dwellings

### Long-term simulation of large-scale repair work





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