

CSR

Special Feature 1



Urbanization and Change in Household Makeup Drawing Attention to Urban-type Compact Towns

As single-person and elderly households increase due to the low birthrate and aging society, the population is concentrating in urban areas that are convenient for everyday life, the work or hospital commute and a variety of other reasons. With the need to develop environments in core cities all over the country in which diverse peoples can live more comfortably, the combination of the regional revitalization being advocated by the government and increased attention on disaster prevention awareness following the Great East Japan Earthquake is causing a wave of new urban development to sweep across Japan.

Against this backdrop, our Group is putting its effort into urban-type compact towns. These developments contain not only safe and comfortable housing but also retail facilities, sporting facilities, facilities for senior citizens, parks, hospitals, schools, research centers and various other functions, all within walking distance. To provide safety and abundance to all generations while nurturing the local community and forming a unique "town" - this is the type of urban development we pursue.

Management Ability is Essential to Ideal City Development

Development of urban-type compact towns requires the know-how to develop and manage residential, office, retail and many other types of facilities as well as robust imagination and management ability to link these based on an urban development perspective.

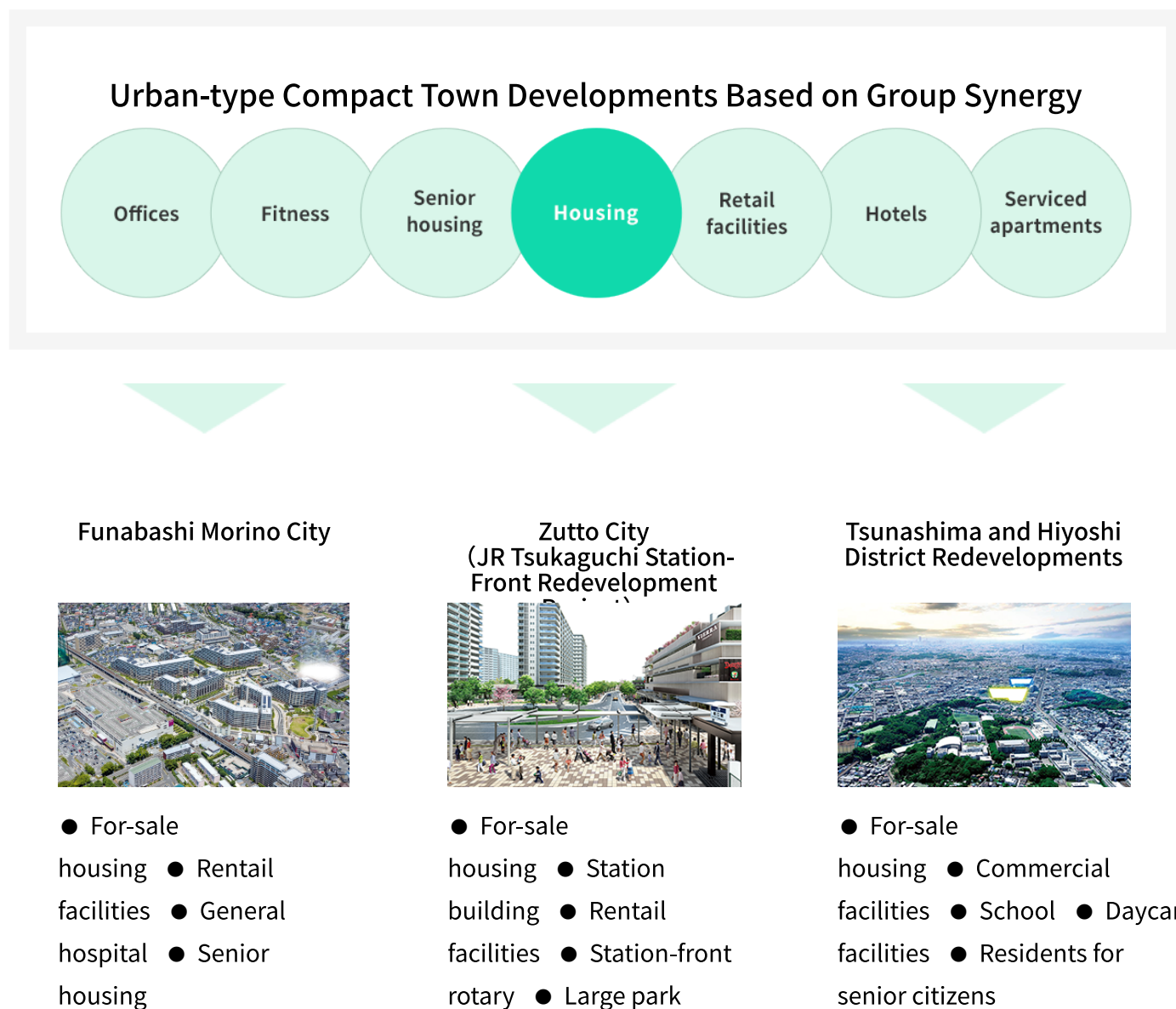
In addition to our top-class track record with residential redevelopments, by expanding our business domains in recent years, the Group has accumulated know-how pertaining to a wide range of facilities. On top of that, the expertise we have

cultivated by moving into new sectors such as senior citizen/health needs and the energy business adds value to our neighborhoods and is a great strength.

In this way, the Group is already using its comprehensive, Group-wide abilities to create unique urban-type compact towns such as Funabashi Morino City in Chiba Prefecture and Zutto City in Hyogo Prefecture and, through our promotion of community-building and town management, has received praise from the residents as well as the local society. We are also currently promoting sustainable urban development by participating in planning redevelopments in the Tsunashima and Hiyoshi districts of Kanagawa Prefecture.

Developing high-quality real estate stock that will be used for many years to come and enriching the lives and pursuits of the people who live, work, gather and relax in these communities through this kind of high value-added urban development is both our Group's unique social contribution and an opportunity to achieve continuous growth. We will continue to grow together with society by demonstrating the Group's comprehensive abilities and empowering people and society.

Urban-type Compact Town Developments Based on Group Synergy



《Case Study》 Tsunashima Sustainable Smart Town (SST) Plan: A Fusion of Nature, People and City

Name...Tsunashima Sustainable Smart Town

Location...4-chome Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa Prefecture

Schedule...Opening in 2018

Site area...Approx, 37,900㎡



The Tsunashima SST Council, composed of Nomura Real Estate Development, Panasonic and eight other partners from different industries, is promoting sustainable urban development in cooperation with Yokohama-shi and other government bodies.

Our aim is to create a next-generation urban-type smart town based on the concepts, "This town will create the future" and "Innovating the future together."

《Development Policy and Aims》 Promoting Development of Smart Towns as Platforms of Life by Establishing Targets to Aim for and Codes to Follow

Tsunashima SST is a large-scale redevelopment project on the former site of a Panasonic factory in Tsunashima-higashi, Kohoku-ku, Yokohama. Nomura Real Estate Development, Panasonic and other companies and municipal governments as well as citizens are pooling their knowledge to promote sustainable development of urban platforms of life from the perspective of all who are connected to it, whether by living, working, visiting or otherwise. Our goal is an urban-type smart town that connects apartment housing, retail facilities, R&D facilities, international student dormitories and various other facilities to produce cutting-edge innovation based on the potential and issues of the Tsunashima district.

To that end we are setting numeric targets as signposts from a wide range of perspectives such as environmental preservation, safety and security. We are also formulating codes to achieve these targets: a design code for designs and elements making up the townscape, a sustainable code that considers the next generation and the earth's environment and a smart code for comfortable, convenient, safe and secure living. These three codes are applied when constructing each facility to ensure they conform to the concept of a "next-generation urban-type smart town" from both tangible and intangible perspectives.

Furthermore, the Group will contribute to the realization of sustainable lifestyles, city and society befitting Yokohama as a "FutureCity" in its mixed-use development plan for Hiyoshi and other projects through broad-based connections with surrounding developments.

The Nomura Real Estate Group's Key CSR Theme Initiatives

Safety/Security

The Tsunashima SST Plan seeks urban development that protects living and spreads safety and security around the globe with comprehensive town security protecting its diverse facilities. It aims for 100% coverage of major entrances/exits by surveillance camera and a response time of 15 minutes or less anywhere in the neighborhood.

We have also planned mutual flexibility and optimal distribution of energy and information as well as people and materials by using facilities' unique characteristics should a disaster occur. With a three-day lifeline as our target, we will formulate a CCP (Community Continuity Plan) to restore regular operations in times of emergency.



A multi-signage (digital signage) system to provide various types of information

Community

The Tsunashima SST Plan aims for urban development that connects people living there, working there, visiting or otherwise both locally and globally and attracts people searching for a better future. Through community spaces and advanced communication tools that accommodate diversity, it supports the formation of a sustainable community nurturing interaction transcending generations and nationality and boosts the independent value of the neighborhood as a whole.



A Keio University international student dormitory and town management center supporting resident life (concept drawing)

Environment

In addition to laying out environmental targets of reducing CO2 emissions by 40%, reducing everyday water usage by 30% and using new energy for 30% or more of needs, the Tsunashima SST Plan also includes obtaining Gold rating in the LEED ND* global environmental performance evaluation. The entire neighborhood will have visualized energy use through cutting-edge information and communications technology and intelligently combine power from diverse sources including new energy such as hydrogen as well as solar and natural gas cogeneration.

* LEED ND: The Neighborhood Development category of Leadership in Energy & Environmental Design, an environmental benchmarking system for buildings and sites developed and run by the U.S. Green Building Council.



Hydrogen usage points installed around the neighborhood and operated by JX Nippon Oil & Energy Corporation (concept drawing)

Health/Comfort

The Hiyoshi Mixed-use Development Plan, which aims to develop a multi-generational recycling town centering on residences and commercial facilities but including a local elementary school and daycare facilities, also includes developing residents for senior citizens. Through the need-specific health management services and senior citizen services offered by MEGALOS CO., LTD., a sports club, we will work with residents, visitors, neighbors and others to provide healthy and comfortable life.



A diagram of the Hiyoshi Mixed-use Development Plan, a compact town currently being planned to attract diverse people.

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Special Feature 2



The Nomura Real Estate Group's Quality Management According to the Quality Management and Architectural Design Officer

Improving the Nomura Real Estate Group's Quality with a Customer-first Mentality

Aiming for a Sustainable Society through Real Estate that is Safe, Secure and Comfortable in the Long Term

In recent years, sustainable urban development has become more of a focus and people want new creations that integrate all aspects of life precious to people and communities. At the same time, rumors of problems related to quality, safety and security are emerging in numerous industries, bringing them under closer scrutiny by consumers and society.

The Nomura Real Estate Group has obtained trust by carefully maintaining quality through the customer-first mentality it has valued since its founding. Rather than let that trust make us complacent, we endeavor to create structures that achieve safety and security from an even stricter, more longterm perspective based on the changes in society's thinking in recent years. Instituting the position of Quality Management Officer in March 2016 was one such effort. As the entire Group's Quality Management and Architectural Design Officer, my goal is to incorporate an emphasis on quality into all stages of our processes, whether development, design, construction, or post-completion management and renovation, and manage and guide each unit with a view of the big picture in order to achieve safety, security and comfort that will serve as dynamic stages that connect today with tomorrow's possibilities, and embrace every moment of life's pursuits.



Takashi Kaku

Executive Officer,
Quality Management
and Architectural
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Director & Senior Man
aging Executive Officer,
Nomura Real Estate
Development Co, Ltd.

Inheriting Responsibility for the Customer-first Mentality that is in the Nomura Real Estate Group's DNA

Another reason for establishing this position was to diversify the Group's business. Moving into new domains such as offices, retail facilities and senior housing requires a different kind of quality management from our residential business up until now. Therefore my mission and responsibility is to fuse the foundational know-how we have cultivated building residences with the technologies and expertise needed in these new sectors and develop high-level quality management structures covering not only development but our after-sale services in their entirety.

Construction is something that happens through the collaboration of many people. We have extended into various businesses, therefore it is so important that the attention to quality that makes up the DNA of the Nomura Real Estate Group is embedded in each employee of every Group company in each business as well as partners such as design and construction companies.

Since the Group's origin, Nomura Real Estate Development, was established in 1957, we have solidified a unified structure for manufacture, sale and management and, being among the first developers to formulate a quality management manual, have carried on this legacy by continuing to incorporate lessons learnt through our many construction projects. Instilling these rich insights and know-how and, above all, the customer focus contained therein in each and every one of our staff involved in creation, management and services should serve to preserve the trust that our customers place in the Nomura Real Estate Group in all of our businesses.

With employees that prioritize quality and apply this thinking to each project, whether creation, management or services, we will live up to the trust of our customers and society.

One in ten employees is a licensed first-class architect

The high percentage of licensed first-class architects among our employees is proof of the Nomura Real Estate Group's dedication to quality and one of its strengths. It is because we have architecture experts in each unit, not just the design and quality management units, that we can thoroughly ensure quality throughout all processes.

Nomura Real Estate Development no. of employees: 1,812 No. of licensed first-class architects: 194 (10.7%)

*As of August 2016. No. of employees excludes part-time staff.

《Case Study》 Condominium that Offer Lasting Security

The PROUD brand illustrates the Nomura Real Estate Group's dedication to quality

PROUD is the Group's flagship residential brand. Below is a step-by-step breakdown of the dedication to quality underpinning our trustworthiness.

Basic Plan

Formulate a plan to maximize the appeal of the land

We verify the reliability of the foundation and put forward a product plan that reflect the local environment and area characteristics.



Inspecting the foundation that will be key to the reliability of the building

Design

Generate quality from the design stage based on abundant experience

Based on our apartment design standards, the culmination of know-how cultivated over construction of around 180,000 on dominium units, we keep a close eye on design quality while moving from the basic plan to basic design and then to the actual design.



Quality management manuals reflecting 60 years of experience

Construction

Extend our dedication to quality to the construction site

Rather than leaving it up to those on-site, we thoroughly monitor the construction company while flexibly taking onboard their input, constructing high-quality buildings based on our combined know-how.



Sharing our thinking on quality with the construction company

Inspection

Thorough inspection leads to assured quality

We prepare a quality management checklist for each project and process based on our apartment manual. Our employees also conduct onsite inspections to guarantee quality.



Multiple inspections
throughout each process

Completion

After-service

Provide long-term safety and security through after-service offered by the seller

Nomura Real Estate Development, as the seller, provides regular after-service to keep the building safe and secure for the duration of customers' tenancies, responding to problems with precision.



Regular,
continuous
support for
comfortable
living

Operation/Management



Supporting comfortable condominium life

Long-term Improvement Plans/Renovation

Continue to address changing residential needs

We perform improvements over the long term to preserve the safety and asset value of building and use the Group's comprehensive abilities to propose renovation, resale, etc. based on changes in household makeup.

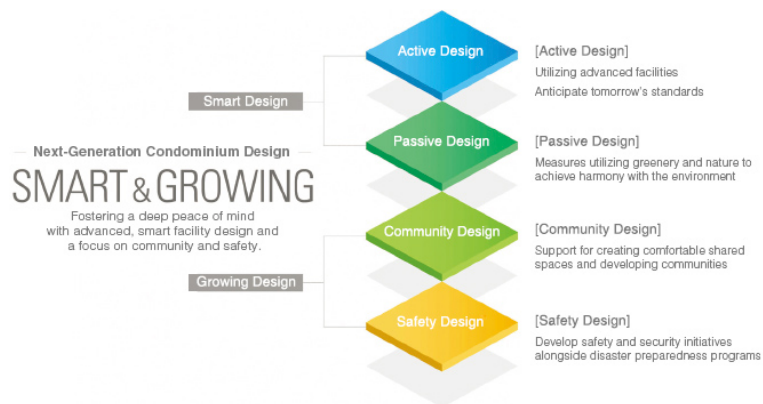


Making
proposals
matching the
customer's
stage in life

Residences that offer long-term peace of mind

The Nomura Real Estate Group's Key CSR Theme Initiatives

Nomura Real Estate Development has formulated a PROUD Smart Design called "SMART & GROWING" as its vision for next-generation condominium.



Safety/Security

In safety design, we formulate safety and security measures and disaster prevention programs. We also work to offer safer and more secure products by listening to customer feedback through our unified manufacturing-sale-management structure.

Environment

In passive design, we formulate PROUD Environmental Evaluation Sheets for harmony with the natural environment. These quantify the environmental measures at each property and strengthen our efforts toward environmental consideration.

Community

Nomura Real Estate Development works to make common areas comfortable and support healthy community-building. Through joint industry-academic research with Japan Women's University Graduate School, we produced "100 Design Techniques for Condominium Communities."

Health/Comfort

In active design, we take the initiative in implementing the latest technology and trying to anticipate the standards of the future. We have also created a Universal Design Guidebook and promote universal design based on it.

Stakeholder's Voice

I've been involved with Nomura Real Estate Development for over ten years now, and what has been common to everyone that I've worked with is their strong spirit and end user awareness regarding building.

This can be seen in their detailed construction manuals, which are always being updated, and any point of improvement is immediately implemented at the next site. They demonstrate their dedication by visiting the site for processes usually checked by blueprint only. Their seller screenings are strict and employees present for Nomura Real Estate Development's inspections achieve excellent marks in our quality construction training test that checks building reinforcement arrangement.

At the same time, contrary to being limited by rules and arrangements, they are flexible when something better is possible, clearly illustrating their commitment to creating a quality product in partnership with the construction company. Going forward, I hope to maintain our cooperative relationship with this type of thinking.



Takumi Tokunaga
Takenaka Corporation
Head of Tokyo Main
Office



Construction project
overseen by Mr.
Tokunaga
(PROUD Minami-Azabu)