

Part
3

Value creation



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KAMEIDO PROJECT/PROUD TOWER Kameido Cross

Scheduled for completion: FY22/3
Major use: Residence (934 units),
 Retail facility (approx. 28,000m²), etc.



Large scale mixed-use development using the site of large retail facilities located at a two minute-walk from Kameido Station. We are developing a condominium and a large retail facility together to further increase convenience. We are aiming for urban development in harmony with the neighborhood community that offers superior environmental performance, safety, comfort, and convenience.

The Value Creation Initiatives established in our Mid- to Long-term Business Plan are guideposts for creating social value and economic value. We listen to the voices of our customers while integrating business and sustainability initiatives and developing products and businesses that realize value creation that is going a step ahead of the market.



Realization of enriched lifestyles and workstyles



Multifunctional urban development toward exceptional convenience, comfort, and safety



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



Global expansion of high-quality products and services

Four value creation initiatives for Mid- to Long-term Business Plan

Message from the Executive Vice President



To realize sustainable growth by imagining customers' future value and keeping our approach to connect closely with individuals

Executive Vice President and Representative Director

Daisaku Matsuo

Utilizing experience cultivated at the front line for the sustainable growth of the Group

In June 2021, I was inaugurated as the Executive Vice President and Representative Director of Nomura Real Estate Holdings. I would like to extend my greetings to all of our stakeholders.

Since joining Nomura Real Estate in 1988, I have been involved in various businesses within the Group, mainly the residential development business as well as the office development and operations business, and, in recent years, the housing sales business in Asia. I believe that I have been shaped by the experiences gained at the front line throughout my career as well as my involvement in making many decisions in various businesses. As Executive Vice President of the Company, I will make every effort to achieve the sustainable growth of the Group, drawing on the experience I have gained.

Toward realizing the Mid- to Long-term Business Plan

In April 2019, the Group announced its nine-year Mid- to

Long-term Business Plan, concluding in the fiscal year ending March 2028. Under the Plan, we specified our four value creation initiatives: Realization of enriched lifestyles and workstyles; multifunctional urban development toward exceptional convenience, comfort, and safety; urban development and community building concerning the future of the global environment and local communities; and global expansion of high-quality products and services. The four initiatives serve as our guideposts for integrating our business activities and sustainability initiatives and generating social and economic value in order to realize our goals of “building cities—dynamic stages that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits.”

Our plan is to aim at profit growth over the nine years by executing these four initiatives, and setting the mid- to long-term targets of achieving ROA of 5% or more and ROE of 10% or more. We will promote our unique business management defined by high capital efficiency and asset efficiency.

The fiscal year ending March 2022 is the final year of the Phase 1 period of the Mid- to Long-term Business Plan, which is divided into three-year periods. We are working toward achieving the targets of business profit of ¥85 billion and ROE of 8 to 9%.

Results for the fiscal year ended March 2021 and progress of the Mid- to Long-term Business Plan

For the fiscal year ended March 2021, the Group posted a business profit of ¥76.4 billion (down 7.7% year on year), ROA of 4.1% (down 0.6 point year on year), and ROE of 7.4% (down 1.7 points year on year). While COVID-19 mainly impacted the retail, fitness, and hotel businesses, the housing sales business, supported by growing residential needs due to more hours spent at home, and the property sales business, which captured strong demand for investment in real estate by institutional investors, performed better than initially expected, as did businesses in the Service & Management Sector. The Group’s risk-diversified business portfolio proved to be effective, reflecting the steady progress made by each business.

Development Sector (Residential Development Business Unit / Commercial Real Estate Business Unit)

Although the Residential Development Business Unit had to refrain from certain sales activities for a period of time due to the impact of COVID-19, it took this opportunity to rapidly advance its digitalization efforts, including providing online customer services and virtual preview, and delivered results exceeding initial expectations, backed by the favorable housing sales market.

In addition, over the past three years or so, we have worked to deepen and evolve the PROUD brand. [▶ P30-33](#) In order to continue to be chosen by customers as the top residential brand amid the diversification of customers’ lifestyles and preferences, we have set “Imagine Customers’ Future Value” as the brand’s vision. This reflects the perspective of sustainability that focuses on the future. Through the brand redefinition, PROUD is moving toward new growth by enhancing its business profitability along with solid product development capabilities.

One of the Group’s unique sustainability initiatives, ACTO*, which consists of community development activities based on area management, are being promoted at PROUD CITY Hiyoshi and PROUD TOWER Kameido Cross. This initiative, which aims to increase the value of the surrounding areas by working not only with the residents of our condominiums but also with other local residents, is expected to improve the livability of the community over a long period so that residents can live there for long years with peace of mind. We believe this will demonstrate the Group’s unique value and make our properties outstanding.

* ACTO: The Group’s unique urban development initiative that aims to invigorate the broader community including surrounding areas

In the Commercial Real Estate Business Unit, sales of properties remained robust against the backdrop of a strong real estate market. At present, with an eye on our future rental asset portfolio, we are in the asset replacement phase, and I believe that we are making steady progress in this regard.

In the office business, in addition to the completion and operation of large-scale properties such as TOKYO TORANOMON GLOBAL SQUARE, the Group is also actively developing its unique products including PMO, H’O, and H’T, and is advancing the Office Portfolio Strategy that it has been working on since before COVID-19. [▶ P34-37](#) We provide workplaces where people can work more comfortably and perform better with anticipation of office transformation due to the changes in workstyles. That is one of the unique sustainability initiatives that are aligned with our emphasis on the Group’s approach to connect closely with individuals. We regard this as a major business opportunity.

Although retail facilities, hotels, and fitness businesses continue to face difficulties due to restrictions on activities as a result of COVID-19, we believe that demands for traveling, dining out, and working out will undoubtedly return. The Group has used this time as a valuable opportunity to consider how to conduct business in a unique way, and is working to further expand its businesses in the future.

In the fiscal year ending March 2022, construction will begin for the Shibaura 1-chome Project, the largest project in the Group’s history. As a mixed-use development project involving offices, retail facilities, hotels, and rental housing, it also represents a culmination of our area management work, including environmental measures undertaken with an eye to the next generation. In addition, an area redevelopment project in the Nihonbashi 1-chome Central District, where the Company was established, and Nakano Station Shin North Exit Station-Front Area Redevelopment Project including the redevelopment of NAKANO SUNPLAZA, an icon of the Nakano area, are upcoming. These dynamic, large-scale projects will be showcase of the Group’s real value. We are committed to making steady progress on these projects as they will not only lead to earnings growth but will also take the Group to the next level.

Large-scale projects, such as redevelopment projects, are directly linked to sustainability in that we must work together with residents and local governments to resolve various social issues in each area through improvements in disaster prevention and environmental performance, activation of the area, and improving the lives of local people. We will continue to create value together with our stakeholders through high-quality products and urban development with the Group’s accumulated know-how.

Service & Management Sector (Investment Management Business Unit / Property Brokerage & CRE Business Unit / Property & Facility Management Business Unit)

The Service & Management Sector will continue to play an important role for the Group in achieving highly efficient, high ROE management and realizing a business model that continues to generate value through the provision of after-sales services.

By capturing demand from investors, mainly private REITs and private funds, the Investment Management Business Unit has been expanding its assets under management (AUM). While harnessing the Leasing Value Chain between the Group and REITs for mutual growth, it aims to

Value creation

Message from the Executive Vice President

maintain steady growth by leveraging the strength of Nomura Real Estate Asset Management, which has established its position as a top runner from an ESG perspective.

In April 2021, the Property Brokerage & CRE Business Unit established Nomura Real Estate Solutions, integrating the wholesale business (property brokerage business targeting corporate customers) and the retail business (real estate brokerage business targeting individual customers) and formulated a comprehensive structure to respond to the needs of a variety of customers. In addition, leveraging the Group's strengths in the retail business such as the nomu.com website, which has the largest number of users in the real estate company's brokerage website, this business unit will apply the expertise in digital innovation to the wholesale business as well. Through such initiatives, this Business Unit aims to establish its brand as the market leader that will continue to be chosen as a comprehensive property brokerage and CRE company.

The Property & Facility Management Business Unit is highly evaluated, as evidenced by the fact that it ranked first in surveys on customer satisfaction with condominium management providers conducted by three different

research companies last year. It is expected that steady growth will be achieved in the future by accumulating business stock through the management of condominiums and other buildings. This Business Unit plays an important role in gathering customer opinions and needs and reflecting them in new products.

Overseas Business

We conduct our Overseas Business mainly in residential development business in Southeast Asia. We have already determined investment of around ¥106 billion in housing sales and leasing, and we expect further growth. We will not only provide funds but will also commit to the quality of products and services giving full consideration to people living, working, and gathering in our development, just as we do in Japan. Through that, we will capture the growth of Asian cities.

The KAIZEN Project, which is being carried out together with local partners including design and construction companies, is a feature of the Group's Overseas Business. By utilizing the know-how that the Group has cultivated in Japan in all phases of design, construction, and sales, and

by providing high-quality properties and services tailored to customer needs, we will increase customer satisfaction and reduce risks associated with the Overseas Business, such as construction defects and schedule delays.

The Group's attitude and initiatives are gaining the trust of local partner companies, and I feel that we are seeing a path to growth. I hope that our Overseas Business will enter a new phase for further expansion by demonstrating the Group's unique qualities and accelerating our growth.

Toward formulating the new Mid- to Long-term Business Plan we are keeping our approach to connect closely with individuals

In a business environment where social change is being accelerated due to COVID-19, we have started moving toward the formulation of our new Mid- to Long-term Business Plan, scheduled to be announced in April 2022, with an eye to the Group's next growth phase. Amid drastic changes in the way people live and work, we will formulate medium- to long-term growth strategies for the Group as a whole while recognizing both new issues faced by the businesses that we previously regarded as providing growth fields and newly created business opportunities. For this reason, we have to take measures to reform existing businesses and to create new business opportunities by further promoting DX initiatives. We are making Group-wide efforts by establishing DX & Innovation Management Department at the head office and dedicated teams in charge of DX promotion at business units, including the Residential Development Business Unit and the Commercial Real Estate Business Unit.

Here, I would like to talk about our values, which are embedded in the Group's DNA and embraced by all of us in the Group.

The brand mission of PROUD in our residential development business is "Greatest Moments at Home" and the brand vision is "Imagine Customers' Future Value." This reflects our approach to connect closely with individuals and to move forward together to realize enjoying their lives.

Our HUMAN FIRST concept in the office business also demonstrates our commitment. We would like to contribute to improving the performance of each worker, and ultimately, his or her corporate earnings by providing a pleasant work environment that can foster innovation as well as a variety of services focused on the needs of each worker.

This is a value that we embrace not only in the residential development business and the office business but also in all businesses the Group engages in, and it serves as the source of our competitiveness.

I believe that it is crucial for the Group's future growth that we gain the trust and evaluation from customers through our products and services by our approach to connect closely with individuals and to remain the corporate brand of choice for all.



**To our stakeholders
Toward achieving medium- to long-term growth**

"God is in the details" is my favorite phrase. It means that we should not neglect even the smallest of details. The true nature of life and of things lies in the details of each setting. I think that there are some similarities with our approach of "Imagine Customers' Future Value" in the residential development business and our HUMAN FIRST concept in the office business.

In addition, a number of large-scale mixed-use development projects, including the Shibaura 1-chome Project, are scheduled over the next 10 years or so, which is expected to make a significant contribution to the Group's medium- to long-term growth. I am confident that the Group's unique qualities and the values it upholds will be fully demonstrated even in these large-scale projects, including paying strict attention to details and a commitment to focusing on the preferences of people who live, work, and gather in the area and closely connecting with individuals.

In the real estate business, we develop products and offer services with an eye on what the city will look like and how people will live in the future. We have comprehensively built our history by operating customer-oriented businesses. With this philosophy, the Nomura Real Estate Group will continue to be chosen by its customers and achieve sustainable growth.

I sincerely appreciate our stakeholders for their ongoing support.

Executive Vice President and Representative Director

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► Initiatives to realize the Mid- to long-term Management Plan "Four value creation initiatives"

Four value creation initiatives



The Group's unique efforts

- Promoting the Office Portfolio Strategy realizing diverse workstyle as a real estate developer
- High-quality product development of PROUD based on an integrated development, sales, and management system integrated with sustainability initiatives
- Implementation of ACTO aimed at enhancing value for the entire area through community building
- Contribution to solving social issues through urban development such as redevelopment and large-scale mixed-use development
- Leasing Value Chain aimed at enhancing the value of business stock in collaboration between the Group and Group REITs
- High-quality product development in cities in Southeast Asia and implementation of KAIZEN Project to realize this

Next-generation large-scale projects for urban development with an eye on the future as a united area



Nihonbashi 1-chome Central District Redevelopment
Scheduled for completion: FY26/3



Shibaura 1-chome Project
Scheduled for completion: South Tower FY25/3, North Tower FY31/3

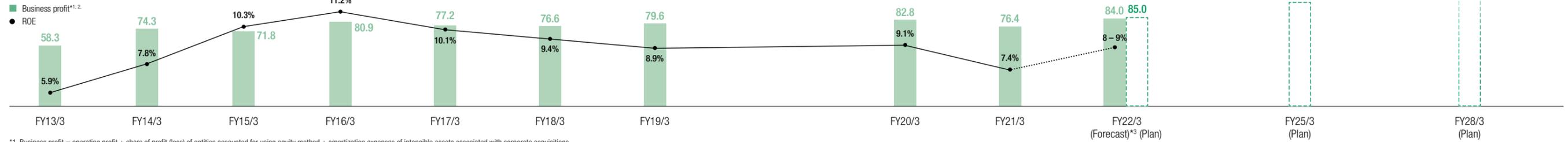


Nakano Station Shin North Exit Station-Front Area Redevelopment
Scheduled for completion: FY29/3

Value creation

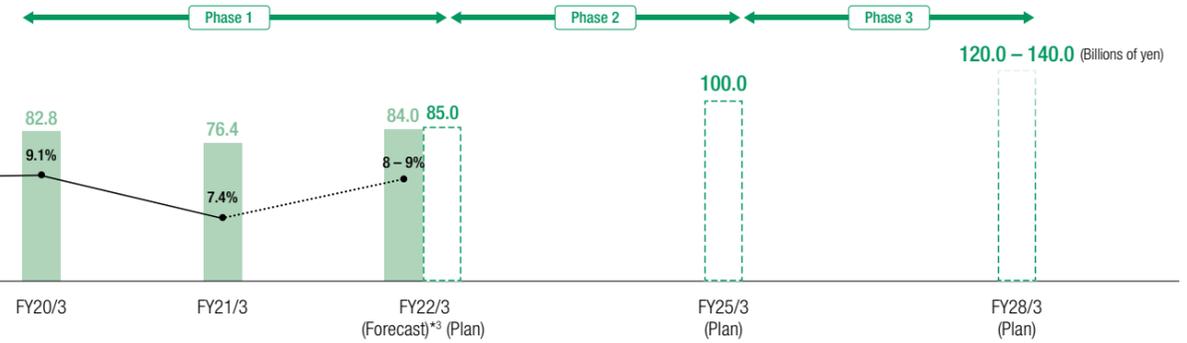
Overview of the Mid- to Long-term Business Plan “New Value, Real Value”

The Group formulates and executes long-term business plans by taking into account the characteristics of its real estate business, which has a long business period. At the same time, the Group flexibly reviews the plans in principle every three years to ensure highly effective management plans that reflect changes in the external environment.



*1. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization expenses of intangible assets associated with corporate acquisitions
 *2. Figures before FY18/3 are equivalent to operating profit
 *3. Forecast as of July 24, 2021

Value, Real Value”



	Mid- to Long-term Business Plan (FY2013/3 – FY2022/3) “Creating Value through Change”	Mid- to Long-term Business Plan (FY2017/3 – FY2025/3) “Creating Value through Change”	Mid- to Long-term Business Plan “New Value, Real Value” (FY2020/3 – FY2028/3)																																
Overview	Background and points	<ul style="list-style-type: none"> Develop a stable financial base for growth (shareholders' equity ratio: 30%) Create new businesses that will pave the way for future growth Build a highly profitable business portfolio 	<ul style="list-style-type: none"> Achieve sustainable earnings growth with high asset efficiency founded on a stable financial base Position Phase 1 (FY17/3 – FY19/3) as a time of building a foundation for growth in Phase 2 and onward Clarify the Group's "vision" and "ideal growth model" 	<ul style="list-style-type: none"> Build an optimal business portfolio that combines businesses that have different risk/return characteristics Establish a competitive portfolio of leasing assets through strategic property sales and realization of development profits in preparation for the completion of large-scale development projects in the future Increase both investment and recovery and return to shareholders through highly efficient management that exceeds cost of equity Clarify the value creation that the Group aims for, Four value creation initiatives, based on awareness of the external environment 																															
	Management policy and key strategies	<ul style="list-style-type: none"> Steadily expand earnings in existing businesses Improve financial base for further growth Make active efforts to realize long-term growth 	<ul style="list-style-type: none"> Expand business volume and business domains in the Development Sector Demonstrate differentiation and a competitive edge in the Service & Management Sector Increase and reinforce customer base via Group wide collaboration 	<ul style="list-style-type: none"> Promote Four value creation initiatives by combining business strategy and sustainability initiatives Achieve a business portfolio that combines high asset efficiency and profit stability by utilizing the characteristics of each business Utilize know-how cultivated in Japan for Overseas Business expansion 																															
	Main KPIs (excerpt)	<p>Phase 1: FY13/3 – FY16/3</p> <ul style="list-style-type: none"> Operating profit: ¥65.0 billion Shareholders' equity ratio: 30% 	<p>Phase 1: FY17/3 – FY19/3</p> <ul style="list-style-type: none"> Operating profit: ¥85.0 billion Shareholders' equity ratio: 30% level Dividend payout ratio (DPR): Around 30% ROA: 5% or more ROE: 10% level 	<p>Phase 1: FY20/3 – FY22/3</p> <ul style="list-style-type: none"> Business profit: ¥85.0 billion ROA: Around 4 – 5% Total return ratio: Around 40 – 50% ROE: Around 8 – 9% <p>Phase 2: FY23/3 – FY25/3</p> <ul style="list-style-type: none"> Business profit: ¥100.0 billion ROA: 5% or more ROE: 10% or more <p>Phase 3: FY26/3 – FY28/3</p> <ul style="list-style-type: none"> Business profit: ¥120.0 – ¥140.0 billion ROA: 5% or more ROE: 10% or more 																															
Review	Review of key strategies	<ul style="list-style-type: none"> Achieved profit target for Phase 1 (two fiscal years ahead of schedule) Established a stable financial base (shareholders' equity ratio at the 30% level) Realized the real estate industry's top class asset efficiency (ROA of over 5% for 3 years) Built the Leasing Value Chain, a mutual growth model with the Group REITs Established a framework for Overseas Business expansion (established three business bases in Asia and participated in a project in Vietnam) 	<ul style="list-style-type: none"> Enhanced shareholder returns through dialogue with capital markets (acquired treasury shares for the first time and continued dividend increase) Steadily paved the way for future growth by promoting mixed-use development, expanding participation in overseas projects, and expanding business through M&A Due to the market fluctuations that exceeded the assumptions, of the residential development business, failed to achieve profit plans and ROE and ROA targets 	<p>Four Value Creation Initiatives</p> <ul style="list-style-type: none"> Realization of enriched lifestyles and workstyles <ul style="list-style-type: none"> Realize enriched lifestyles and workstyles by providing products and services that are one step ahead of customer needs. Extend the value we have created through our distinguished marketing and positioning, such as PROUD, PMO, and OUKAS, to new business fields. Multifunctional urban development toward exceptional convenience, comfort, and safety <ul style="list-style-type: none"> Provide exceptional convenience, comfort, and safety to lifestyles through multifunctional urban development. Promote multifunctional urban development in various areas and schemes such as urban-type compact towns, station-front redevelopment. Urban development and community building concerning the future of the global environment and local communities <ul style="list-style-type: none"> Create sustainable cities and communities that are environmentally friendly and that grow together with local communities. Utilize digital technology to create a more convenient and comfortable future. Global expansion of high-quality products and services <ul style="list-style-type: none"> Globally expand high-quality products and services cultivated in Japan, mainly in Asia. Thoroughly implement the market-in approach overseas and develop businesses with local partners that cater to the lifestyles and workstyles of each country <p>For efforts to realize Four value creation initiatives, see the Message from Executive Vice President on page 42.</p>																															
	Achievement status of main KPIs	<table border="1"> <thead> <tr> <th></th> <th>Results for FY16/3</th> <th>Mid- to Long-term Business Plan (Phase 1)</th> <th>Achievement status</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>¥80.9 billion</td> <td>¥65.0 billion</td> <td>✓</td> </tr> <tr> <td>Shareholders' equity ratio</td> <td>29.9%</td> <td>30%</td> <td>✓</td> </tr> </tbody> </table>		Results for FY16/3	Mid- to Long-term Business Plan (Phase 1)	Achievement status	Operating profit	¥80.9 billion	¥65.0 billion	✓	Shareholders' equity ratio	29.9%	30%	✓	<table border="1"> <thead> <tr> <th></th> <th>Results for FY19/3</th> <th>Mid- to Long-term Business Plan (Phase 1)</th> <th>Achievement status</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>¥79.1 billion</td> <td>¥85.0 billion</td> <td>✓</td> </tr> <tr> <td>ROA</td> <td>4.7%</td> <td>5% or more</td> <td>✓</td> </tr> <tr> <td>ROE</td> <td>8.9%</td> <td>10% level</td> <td>✓</td> </tr> <tr> <td>Shareholders' equity ratio</td> <td>29.9%</td> <td>30% level</td> <td>✓</td> </tr> </tbody> </table>		Results for FY19/3	Mid- to Long-term Business Plan (Phase 1)	Achievement status	Operating profit	¥79.1 billion	¥85.0 billion	✓	ROA	4.7%	5% or more	✓	ROE	8.9%	10% level	✓	Shareholders' equity ratio	29.9%	30% level	✓
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Progress in the Mid- to Long-term Business Plan

Profit plan (Business profit)

Realize sustainable profit growth while maintaining high asset and capital efficiency.

Business profit by Business Unit*	FY22/3 Phase 1	FY25/3 Phase 2	FY28/3 Phase 3
(Billions of yen)	85.0	100.0	120.0 – 140.0
Residential Development	30.0	36.0	
Commercial Real Estate	33.0	36.0	
Service & Management Sector	28.0	35.0	
Investment Management	9.0	12.0	
Property Brokerage & CRE	11.0	14.0	
Property & Facility Management	8.0	9.0	
Adjustments	(6.0)	(7.0)	

* Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
 * It does not reflect the change in the classification of overseas business as of April 1, 2020 from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other.

Financial and capital policies

Achieve both profit growth and shareholder returns. The total return ratio is targeted to be around 40% – 50% in Phase 1.

Mid- to long-term policies

Asset efficiency	Capital efficiency	Shareholder returns (Phase 1)
ROA: 5% or more	ROE: 10% or more	Total return ratio: Around 40 – 50%

	Phase 1: FY20/3 – FY22/3	Phase 2, 3: FY23/3 – FY28/3
ROA	Around 4 – 5%	5% or more
ROE	Around 8 – 9%	10% or more

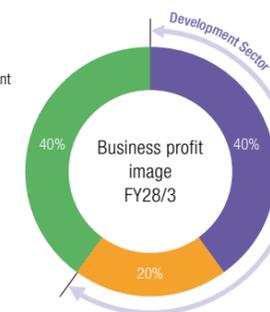
Business portfolio strategy (Profit structure)

Optimizing our business portfolio

Achieve a business portfolio that combines high asset and capital efficiency, as well as profit stability.



■ Property Sales
 ■ Leasing
 ■ Service & Management



	Development Sector	Leasing	Service & Management Sector
Profit classification	Development profit	Leasing profit	Fees
Capital recovery	Short-term	Long-term	–
Profit fluctuation	High	Low	Low

Mid- to long-term targets ROA: 5% or more ROE: 10% or more

Overseas business strategies

Expand overseas business ratio to 15% – 20% of total business profit in Phase 3 by capturing growing overseas markets.

Overseas business ratio
15-20%



Business development

- Business expansion in existing business areas
Thailand, Vietnam, the Philippines, China, and the UK
- Business in new areas
Target countries in terms of market size, growth potential and stability
- Global network
Expansion through M&A, capital alliances

Overseas platform

- Establishment of local offices
- Capital and business alliances with local companies
- Overseas human resource development

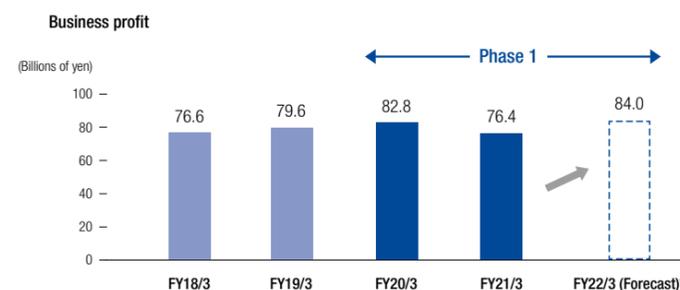
Risk management

- Business risks
Monitor risks related to the business environment, financial markets, laws and regulations
- Stress tests
Confirm soundness of shareholders' equity ratio and business balance based on assumed risks

Progress in profit plan and financial and capital strategies

[Profit plan]

- While profit for FY21/3 decreased year on year due to the impact of COVID-19, business profit of ¥84.0 billion, which is the same level as in the Mid- to Long-term Business Plan, is forecast for FY22/3.



*Forecast as of July 24, 2021

[Financial and capital policies]

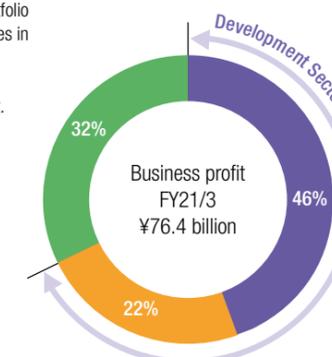
- ROE: While ROE has been declining due to a decrease in profit, it is expected to recover to around 8% – 9% in FY22/3, reflecting a rebound in profit.
- Shareholder returns: Total return ratio exceeded 45%. Shareholder returns at a level same to that in the Mid- to Long-term Business Plan are expected for FY22/3.

	FY20/3 Results	FY21/3 Results	FY22/3 Forecast
ROA	4.7%	4.1%	
ROE	9.1%	7.4%	Around 8 – 9%
Total return ratio	46.5%	45.3%	

Progress in business portfolio strategy

[Optimization of business portfolio]

- Steadily implemented leasing portfolio replacement through property sales in preparation for the completion of large-scale buildings in the future and realization of unrealized profit. Performance of the Service & Management Business also progressed steadily.



[Overseas Business strategy]

- Investment in Overseas Business of about ¥106.0 billion was determined as of the end of FY21/3.

Cities conducting Overseas Business



Value creation

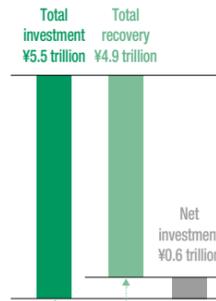
Progress in the Mid- to Long-term Business Plan

Investment plan

Accelerate new investments while increasing asset turnover, controlling net investment, and improving asset efficiency.

(Billions of yen)	End of FY19/3	Phase 1	Phase 2	Phase 3	Total
Residential Development Business Unit					
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
Commercial Real Estate Business Unit					
Investment	—	550.0	650.0	700.0	1,900.0
Recovery	—	400.0	500.0	550.0	1,450.0
Total					
Total investment (of which, overseas)	—	1,650.0 (50.0)	1,900.0 (100.0)	1,950.0 (150.0)	5,500.0 (300.0)
Total recovery (of which, overseas)	—	1,400.0 (0.0)	1,700.0 (50.0)	1,800.0 (100.0)	4,900.0 (150.0)
Total assets balance	1,759.4	2,000.0	2,200.0	2,400.0	—

* Total assets balance is the estimated balance as of the end of the last fiscal year of each phase. Since the investment/recovery plan only covers the Residential Development Business Unit and the Commercial Real Estate Business Unit, the change in the total assets balance does not match the calculation result of total investment minus total recovery.
 * It does not reflect the change in the classification of Overseas Business, etc. from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other as of April 1, 2020.



Strategic investment

In addition to the investment plans described above, we are making strategic investments for future growth.

Major investment goals

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

Progress in investment plan and strategic investment

(Billions of yen)	FY20/3	FY21/3	Total
Residential Development Business Unit			
Investment	297.3	279.2	576.5
Recovery	257.4	204.9	462.3
Commercial Real Estate Business Unit			
Investment	164.4	161.3	325.7
Recovery	125.2	93.8	219.1
Total			
Total investment (of which, overseas)	461.7 (30.0)	440.5 (21.0)	902.2 (51.0)
Total recovery (of which, overseas)	382.6 (3.3)	298.7 (3.3)	681.4 (6.6)
Total assets balance	1,801.2	1,921.3	—

[Investment plan]

- Both investment and recovery have been controlled appropriately to prevent excessive expansion of total assets balance. Total assets balance remains at the expected level.
- New investment in Overseas Business has progressed steadily.

[Strategic investment]

- The Company acquired additional shares in Nomura Real Estate Building (formerly NREG TOSHIBA BUILDING) in FY20/3 and made it a 100 % subsidiary to strengthen management across the Group.

* It does not reflect the change in the classification of Overseas Business, etc. from the Residential Development Business Unit and the Commercial Real Estate Business Unit to Other as of April 1, 2020. The amount of investment and recovery in Overseas Business are reported in those of the Residential Development Business Unit and the Commercial Real Estate Business Unit.

Awareness of the business environment (opportunities and threats)

Regarding the mid- to long-term business environment surrounding the Group, there are social issues such as the extreme aging of the population, the decline in population, and labor shortages in Japan. In addition, diversification in household composition, such as the decline in family households and increase in single-person/dual income households, the diversification of needs associated with changes in lifestyles and work styles, and the evolution of digital technologies will become increasingly evident.

The impact of COVID-19 has further transformed the way people live, work, and gather, and consume, and we need to continue to closely observe trends in the domestic real estate market as well as the economic conditions in Asia, Europe, and North America.

In light of such awareness of the external environment (opportunities and threats), each Business Unit and other has formulated a basic growth policy and is dealing with issues toward business growth in order to maximize the Group's competitive advantage and management capital.

Relevance between awareness of the external environment and basic growth policy of each Business Unit



Basic growth policies/Awareness of the external environment (opportunities and threats)	Opportunities										Threats						
	Increase in single, dual-income, and senior households	Improving Tokyo's growing city power and global competitiveness	Demand for compact cities in regional core cities	Accumulation of property stock	Growing demand for renovation and rebuilding of aged properties	Expansion of real estate investment needs and cross-border growth	Continuous growth in the Asian market	Diversification of lifestyles and work styles	Diversification of values toward housing and offices	Rapid advances in technology	Growth of e-commerce and changing consumer trends	Increase in attention paid to sustainability initiatives	Increase in and intensification of natural disasters	Japan's declining population	Decrease in the number of family households	Rapid changes in economic conditions	Labor shortages
Residential Development Business Unit ▶ P50-51	Provide multifunctional and sustainable urban development and community building																
	Supply high-quality housing catered to diversifying customer needs																
	Offer services that sustain safe and secure living																
Commercial Real Estate Business Unit ▶ P52-53	Property development and management based on highly unique planning and in pursuit of higher user satisfaction																
	Growth in capital gain and income gain through development volume expansion																
Investment Management Business Unit ▶ P54-55	Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain																
	Strengthening of the private equity fund business as a growth engine following REIT business																
	Building of the global network																
Property Brokerage & CRE Business Unit ▶ P56-57	Provide high-quality and extensive services by leveraging digital technology																
	Strengthen "solution selling" aimed at solving customers' issues																
	Build extensive customer base by expanding partnerships with financial institutions																
Property & Facility Management Business Unit ▶ P58-59	Strengthen proposal-based management to ensure customer satisfaction																
	Expand business domain and service offerings																
	Provide highly efficient and high-quality management services by using digital technology																
Overseas Business ▶ P60-61	Increase number of orders for large-scale repair works and other construction orders																
	Responding to expectations for quality and services, and providing new value overseas through the utilization of know-how cultivated in Japan and strong partnerships with local developers																

Strategies by Business



Residential Development Business Unit



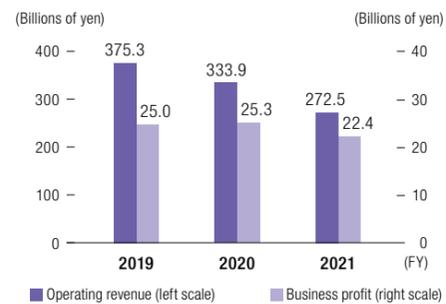
Haruhiko Nakamura

Executive Officer,
Business Unit Manager of Residential Development Business Unit

Major businesses

Development and sale of condominium and detached housing, and rental housing, development and management of senior housing, Internet advertising, home/living assistance services, etc.

Operating revenue / Business profit



Business environment in focus

- Decrease in the domestic population and family households
- Increase in single, dual-income, and senior households
- Diversified housing needs resulting from lifestyle changes
- Expand development of compact cities in regional core cities

The strengths

- Product planning capability generated by integrated development, sales, and management system
- Solid customer base, highly value-added services and development capability tailored to diverse customer needs
- Expertise in urban-type compact town, redevelopment, and rebuilding projects

Business assets^{*1}

- Land bank in the housing sales business:
Approx. 21,100 units
- Number of Nomura Real Estate Group Customer Club members: **Approx. 140,000**
- Number of residential redevelopment projects participated: **No.1^{*2}**

Basic policies for growth

- Provide multifunctional and sustainable urban development and community building
- Supply high-quality housing catered to diversifying customer needs
- Offer services that sustain safe and secure living

Strategies for achieving profit growth over the medium to long term

High evaluation for our PROUD condominium brand is an important asset for the businesses of the Residential Development Business Unit. We have been implementing various measures to continue to refine its value as the leading brand amid the diversification of lifestyles and constant changes in housing needs. [▶ P30-33](#)

From a medium- to long-term perspective, it will be difficult for the housing market as a whole to grow significantly in Japan. However, the diversification of housing needs is expected to continue into the future due to changes in household composition

and lifestyles, such as an increase in single-person, dual-income, and senior households. The impact of COVID-19 is also accelerating this trend, and we understand that expanding our product line-up in line with the diversification of lifestyles will be a key factor in securing sufficient business opportunities over the long term.

We aim to provide products that will help us acquire new customer segments in terms of both geographical area and property type by focusing on various plans such as compact room layouts for single-person, dual-income, and senior households; high-end properties in the central Tokyo area targeted at high net worth; highly convenient detached housing located in city centers; and condominiums in regional core cities.

In particular, in order to continue to provide attractive products, it is essential to promptly detect and anticipate changes in customer needs. Our Group's unique market-in approach and integrated development, sales, and management system, as well as our solid customer base—as represented by the Nomura Real Estate Group Customer Club—present us with a significant advantage in capturing and applying these changes in product development. This advantage is underpinned by our strong product planning capabilities, represented by receipt of the Good Design Award for 19th consecutive year. We will continue to earnestly gather feedback from our customers, anticipate future changes, and develop attractive products.

The development of multi-functional and highly convenient urban-type compact towns is a typical example of our Group's attractive development. This unique development enhances residents' convenience by offering various urban functions, such as commercial and educational facilities, close to residence. It is highly value-added development that meets contemporary customer needs and emphasizes not only high-spec building specifications and luxury fittings, but also the livability and comfort of residents themselves. Our efforts have been highly evaluated from our customers.

In addition to our products, a variety of services that we offer after the buildings are completed serve as an important differentiation factor. Our Group's strength is that we can offer value related to residence across the entire Group, including the Property & Facility Management Business Unit. Specifically, in addition to high-quality property management services, we make efforts to simplify various procedures and operations of condominium residents' associations by the use of apps and digital technology and provide schemes to mitigate condominium residents' concerns regarding large-scale repair works through Attractive 30 and re:Premium.

In terms of sales activities, COVID-19 has accelerated a rapid expansion of the use of digital and online sales methods. We are now able to provide product information to all customers, including those who have had difficulties visiting properties due to reasons such as long distance or childcare. We are working to establish more effective sales methods that reflect changes in customers' lives.

Sustainability initiatives through business operations

For our Business Unit, which provides products and services related to residence, sustainability must be integrated in business activities. The "Five Values of PROUD" are being incorporated into our various initiatives for the benefit of our customers. At the same time, in order to anticipate changes 10 and 20 years into the future and predict future needs, we are conducting long-term research on the future of residence and lifestyle.

Environmental measures, especially the reduction of greenhouse gas emissions, are an important theme for the long-term use of residence. We have been taking measures to expand low-carbon/decarbonized products and services through the introduction of Net Zero Energy Houses (ZEH) and "Yukai-full."

In addition, developing good quality of the community including areas surrounding our property, we are promoting ACTO^{*3}, an initiative that aims to invigorate the broader community in order to provide residence where everyone can enjoy continued peace of mind. ACTO is our Group's unique initiative under which we continue to be involved in building communities as a real estate developer, including in the surrounding areas.

Multifunctional and highly convenient urban-type compact town



KAMEIDO PROJECT/ PROUD TOWER Kameido Cross

A mixed-use development project featuring a communal space and an elementary school as well as a large-scale retail facility within the area. We are promoting initiatives to activate the local community including its surrounding areas through ACTO.



PROUD Tower Kawaguchi Cross

A mixed-use development project equipped with retail and medical facilities. In this project, we responded to changes in lifestyles after COVID-19 by introducing contactless elevators and shared study space with separated booths.

*1. As of March 31, 2021

*2. Source: Based on in-house research

*3. ACTO: The Group's unique all-encompassing urban development initiative that aims to activate the broader community including its surrounding areas

Strategies by Business



Commercial Real Estate Business Unit



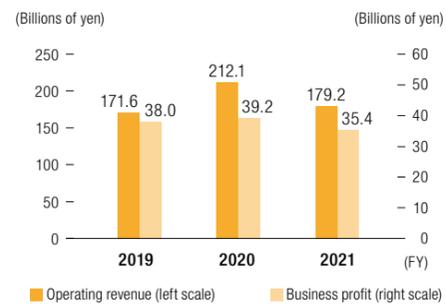
Makoto Haga

Director and Executive Officer,
Business Unit Manager of Commercial Real Estate Business Unit

Major businesses

Development, leasing, sales, and management of office building, logistics facility, retail facility, etc.; development, leasing, and management of hotel; management of fitness club; design and supervision of construction work, etc.

Operating revenue / Business profit



Business environment in focus

- Diversifying work styles and changing perceptions of the value of offices
- Advances in digital technology
- Expansion of e-commerce and evolution of logistics networks
- Changes in consumption and leisure preferences

The strengths

- Track record for developing diverse asset types
- Brands (PMO, GEMS, Landport) created based on the market-in approach
- Participation in major large-scale development projects in central Tokyo, including Shibaura 1-chome Project and Nihonbashi 1-chome Central District Redevelopment

Business assets^{*1}

- Net lettable area (offices/retail facilities): **Approx. 827,000 m²*2**
- Number of tenants: **Approx. 2,800 companies^{*3}**
- Number of H'T branches and their members: **84/1,080 companies/Approx. 106,000 members^{*4}**
- Number of MEGALOS fitness clubs and their members: **46 clubs/Approx. 111,000 members**

Basic policies for growth

- Property management based on highly unique planning and in pursuit of higher user satisfaction
- Growth of capital gains and income gains by expanding development volume

Strategies for achieving profit growth over the medium to long term

Due to the changes including the impact of COVID-19, the way people work and live has changed significantly. That is not just a transient change in behavior due to external factors, but a transformation in people's consciousness and what they are seeking. At the Commercial Real Estate Business Unit, which

engages in a wide range of businesses involving facilities directly related to daily life, such as offices, retail facilities, logistics facilities, fitness clubs, and hotels, it is essential to grasp changes and respond flexibly. In addition to providing physical real estate products to meet long-term users' needs, our efforts in responding to the changing needs of property users and improving their satisfaction through our high-level operational and management expertise are the cornerstone of our business strategy.

Shibaura 1-chome Project

Reconstruction project of "Hamamatsucho Building" started in October 2021; a large-scale mixed-use development of ¥400.0 billion that brings together the know-how of the Group and incorporates various initiatives such as utilization of DX, improvement of environmental performance, and the consideration for health.

Location:
Minato-ku, Tokyo
Scheduled for completion:
South Tower FY25/3, North Tower FY31/3
Major use:
Office, retail facility, hotel, residence
Gross floor area:
Approx. 550,000m²



Our businesses are unique in that we pursue a balance of capital gains and income gains and we are not simply focused on the volume and scale of properties held, and in that we rather place the utmost priority on the needs of property users. We have expanded our property sales business by developing unique brands with high product value, including PMO (office), GEMS (retail facility), and Landport (logistics facility), and, selling them to the Group's REITs and funds. The source of our competitive edge in this business is our extensive development know-how and high-quality services and our solid customer base. Those are accumulated through our competitive brand assets.

By leveraging the Group's strengths, we provide H'O (small office with services) and H'T (satellite shared office), in addition to conventional offices, as an example of our proposal for flexible office space to respond to diversifying work styles. We make proposals of Office Portfolio to our customers [▶ P34-37](#) by combining these different types of offices. The concept of giving top priority to improving the performance of individual workers, which serves as the foundation of our strategy, is called HUMAN FIRST.

The Shibaura 1-chome Project, whose construction work started in October 2021, is the largest urban development project in the Group's history and will bring together the Group's accumulated know-how and experience to date. This project is not just about the development of conventional large office buildings and multi-use facilities. Rather, in response to changes in the way people work and live, we promise to continue to provide value to people's lives over many years to come by developing facilities and providing services that combine various elements, such as the use of DX, improvement of environmental

performance, and consideration for health, based on our HUMAN FIRST concept.

Sustainability initiatives through business operations

Our Business Unit's mission of responding to social changes and providing products and services that generate value over the long term is directly linked to the realization of sustainability. Through our business, we will provide "inspiration," "peace," "convenience," and "community" to people who work and gather, and the entire society will prosper. This is the significance and value of our Business Unit. Our customers are changing, and the customer base is expanding. In addition to respecting the diversification of individual values, we will also take care of minorities to move forward with our commitment to sustainability.

Consideration for the environment is also indispensable. In addition to our efforts to obtain environmental certification for all real estate newly developed by our Business Unit, we are promoting solar power generation utilizing the rooftops of logistics facilities. We will continue our efforts to reduce the environmental impact by both "creating" and "using" real estate. Depending on the attitude of the real estate developers who are responsible for urban development, the appearance of the entire city in 50 or 100 years will change drastically. We believe that the starting point of real estate company management is to correctly draw the future image of social stock and be aware of its responsibilities.

*1. As of the end of March 2021

*2. Total net lettable area of offices and retail facilities owned by the Group for the long term

*3. Total number of tenants located in properties that the Group owns and conducts property management in the Commercial Real Estate Business Unit

*4. Branches operated by the Company and affiliated companies

Strategies by Business



Investment Management Business Unit



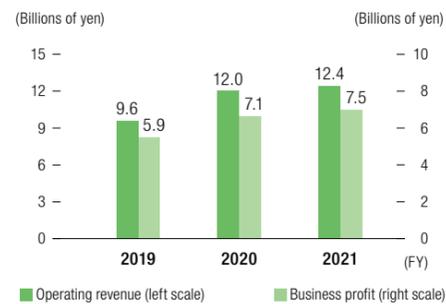
Koki Miura

Executive Officer,
Business Unit Manager of Investment Management Business Unit

Major Businesses

Investment management services including real estate investment trusts (REITs), private funds and real estate secularization products

Operating revenue / Business profit



Business environment in focus

- Growing alternative investment needs for real estate
- Expanding and diversifying global investment needs
- Rapidly increasing ESG investment needs

The strengths

- Business growth model based on the Leasing Value Chain
- Relationships built with institutional investors through many years of asset management experience
- Product structuring capabilities that meet the needs of investors

Business assets*

- Assets under management (AUM): **Approx. ¥1.8 trillion**
- Number of institutional investor clients through asset management in Japan (excluding listed REITs): **232 institutions**

Basic policies for growth

- Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain
- Strengthening of the private fund business as a growth engine following REIT business
- Building of the global network

Strategies for achieving profit growth over the medium to long term

The Investment Management Business Unit, which boasts a broad product lineup, including Nomura Real Estate Master Fund (NMF), a listed REIT, Nomura Real Estate Private REIT (NPR), a non-listed REIT, and private funds, aims to expand its assets under management (AUM) and achieve profit growth over the medium to long term by adequately capturing the changes in investor needs in line with real estate investment and financial markets.

Looking at recent examples, during the fiscal year ended March 2021, the listed REITs market, which fluctuated significantly due to the impact of COVID-19, had difficulties in achieving external growth through public offerings, except some REITs. On the other hand, investment needs for private REITs and private funds remained robust among institutional investors. Under such circumstances, our Business Unit remained focused on attracting funds from institutional investors and realized a steady increase in the AUM of private REITs and private funds for the period. Going forward, we will consider to promote external growth of NMF, in which the unit price is recovering steadily, while paying close attention to the unit price situation.

I believe that we will be able to grow our AUM on a steady basis by seizing growth opportunities while leveraging fund characteristics according to market conditions.

In order to implement this strategy, it is essential to secure a pipeline that can supply high-quality properties. The Leasing Value Chain (P26), which we have established between the Group and the funds managed by our Business Unit for the sake of mutual growth, plays that role.

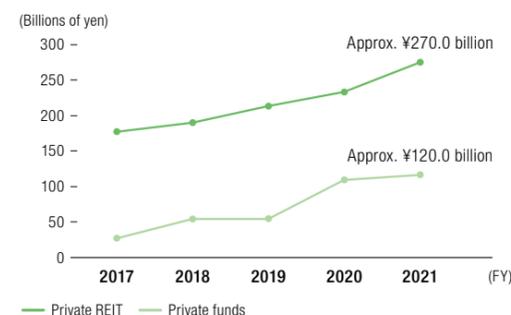
This scheme enables us to stably acquire excellent properties developed under the Group's brand including PMO, Landport,

and PROUD FLAT and to enhance the asset value of REIT-owned properties by leveraging the Group's management capabilities. I believe that this scheme is our Business Unit's greatest feature and strength in terms of the growth of NMF and other funds.

In addition, in order to grow NPR and private funds, it is important to accurately grasp the needs of institutional investors. In this regard, our Group's good relationships with institutional investors, which it has built up over the past 20 years since entering the investment management business, are a source of significant competitiveness. We are proud that we have built such good relationships by providing innovative products that constantly meet the needs of investors, such as NPR, Japan's first private REIT, established in 2010.

Expanding AUM of private REIT and private funds

AUM expanded steadily by acquiring funds from institutional investors



We are also considering the structuring of private funds under the concept for super-long investment term as a new product to meet the needs of investors. Unlike conventional private funds, which usually require the sale of properties after maturities of 5 to 10 years, this type of funds allows semi-permanent holdings of properties.

This is an effort to expand the range of new investment options in addition to private REITs for pension funds and other institutions that seek to invest for longer periods of time.

In addition to domestic business, the collaboration with Lothbury Investment Management Group in the UK, which joined the Group in 2018, is progressing steadily in our overseas business. We continue to build global networks through capital and business alliances and other means.

We will continue to aim to achieve the growth of AUM over the medium to long term by harnessing our stable growth foundation through the Leasing Value Chain, our solid relationships with institutional investors, and our provision of innovative products.

Sustainability initiatives through business operations

By regarding ESG initiatives as an important differentiating factor in real estate investment, we have implemented a variety of leading-edge ESG initiatives ahead of our industry peers. Responding to the needs for ESG investment, which is expected to expand further in the future, is essential for obtaining investor funds. We believe that acquiring properties with high-environmental capabilities, which are developed by the Group based on the funds, will contribute to the realization of a sustainable society and the growth of the Group as a whole. Based on these concepts,

* As of March 31, 2021

we are undertaking a variety of industry-leading ESG initiatives. Most recently, in February 2021, NMF and NPR became the first funds in the industry to disclose non-financial information (qualitative assessment) in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As for external evaluation, Nomura Real Estate Asset Management received the Minister of the Environment Award given out under the auspices of the Principles for Financial Action for the 21st Century initiative in the fiscal year ended March 2020. Also, NMF and NPR have received 4-star or higher ratings in the Global Real Estate Sustainability Benchmark (GRESB) for fifth consecutive year, testifying to our achievement of notable results.

Leading-edge ESG initiatives

Both the asset management company and funds have been implementing a variety of leading-edge ESG initiatives.

Year	Initiative
2017	Signed the Principles for Responsible Investment (PRI)
2017	Signed the United Nations Environment Program and Financial Initiative (UNEP FI)
2019	NMF was included in the MSCI Japan ESG Select Leaders Index
2019	NMF and NPR received GRESB 4-star ratings
2020	Received the Minister of the Environment Award given out under the auspices of the Principles for Financial Action for the 21st Century initiative
2021	Disclosed non-financial information based on the TCFD recommendations

Strategies by Business



Property Brokerage & CRE Business Unit



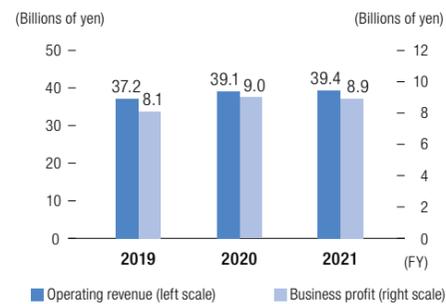
Kenichi Maeda

Executive Officer,
Business Unit Manager of Property Brokerage & CRE Business Unit

Major businesses

Real estate brokerage and consulting, consignment of sales of condominiums and detached housing, insurance agency, etc.

Operating revenue / Business profit



Business environment in focus

- Increase in stock of quality existing housing
- Heightening needs for business succession and inheritance-related measures
- Advances in digital technology

The strengths

- Expertise in ICT services
- High customer satisfaction rating in retail business
- Partnerships with Nomura Securities and regional financial institutions

Business assets*

- Number of property brokerage transactions: **9,322**
- Number of partner financial institutions including Nomura Securities and regional financial institutions: **88**
- Number of retail brokerage branches: **87 stores**
- Number of nomu.com members: **Approx. 236,000 members**

Basic policies for growth

- Provide high-quality and extensive services by leveraging digital technology
- Strengthen “solution proposal” aimed at solving customers’ issues
- Build extensive customer base by expanding partnerships with financial institutions

Strategies for achieving profit growth over the medium to long term

The mission of the Property Brokerage & CRE Business Unit is to resolve a variety of real estate issues for clients through the provision of services centered on brokerage and CRE proposals. We aim to achieve medium- to long-term profit growth by expanding the total brokerage transaction value through an approach to a broad range of customers and the provision of high-quality services.

In April 2021, Nomura Real Estate Solutions (NRES) was established by integrating the functions of the retail and wholesale brokerage businesses within the Group, with the aim of developing a system that enables us to promptly respond to

Establishment of Nomura Real Estate Solutions

In April 2021, Nomura Real Estate Solutions was established. Through the integration of our retail and wholesale brokerage business functions, we have established a comprehensive service system to respond to the needs of a variety of customers, ranging from large corporations to individuals.



Provide comprehensive services



issues of a wide range of a customers, from large corporations to individuals. With the establishment of NRES, we are expanding our business domains by launching new services that take advantage of the benefits of the functional integration, in addition to the existing retail and wholesale services.

One of such efforts is the establishment of the Partner Services Division. The Division specializes in responding to needs for property sales by small- and medium-sized enterprises and property acquisitions by individual investors. It handles a variety of real estate transactions associated with business succession, inheritance, and investment management.

In addition, we launched REALIA, a new services brand specializing in premium condominiums in the central Tokyo area, making it possible to offer comprehensive services to customers who want to buy or sell high-end properties. Having staffed dedicated personnel who have in-depth knowledge, we are confident that we will be able to offer services that satisfy customers.

Both of these measures are designed to provide customers with more value-added proposals faster and more broadly by consolidating transaction information, which tended to be dispersed under the previous organizational structure. We are confident that with these measures, and will be able to make full use of NRES’s extensive customer network, which will lead to an expansion of transaction opportunities. While these measures were launched as recently as April 2021, we are already seeing some positive results.

Our services utilizing IT and ICT, such as our nomu.com website, which is the most popular real estate brokerage website by number of users for twelfth consecutive year, are a major competitive advantage for our Group, and we are actively working to provide new services. In addition to a virtual reality (VR) home staging service and 3D walkthrough tours, we will continue to expand services that help customers gather information and

strengthen our functions as a point of contact for customers.

At “Nomura no chukai + (PLUS)” branches, sales methods utilizing videoconferencing and webinars, which were introduced under the environment of COVID-19, have the potential to be the key for future growth. Customer needs for ways to make effective use of their time have been strong, and this was a major factor in our Business Unit’s solid performance in the fiscal year ended March 2021, during which our branches were actually closed for several months.

Providing high-quality services that enhance customer convenience is an area of strength for our Group, which has always connected closely with customer needs and created new value. We believe that such needs will continue to expand, and we will take advantage of the strengths generated from the NRES foundation to establish a web-based sales method not only in our retail business but also in our wholesale business.

Provide services leveraging digital technology

We provide leading-edge services, including sales presentations using webinar and ICT-based functions on our nomu.com website.



Sustainability initiatives through business operations

Our Business Unit engages in businesses that promote transactions involving used housings among individual customers as well as utilization of idle assets by corporate customers, thereby helping to address the social issue to make effective use of real estate stock.

Our CRE proposals in the wholesale business contribute to sustainability by making use of idle assets and improving asset efficiency. In addition, new business opportunities are being created as companies become more interested in the SDGs. Our proposals incorporating an SDGs perspective have been valued by customers. We will continue to contribute to the sustainability initiatives of our customers through the transaction of real estate properties that have a high financial and social value.

For our Business Unit, which provides real estate-related services, human resources are the most important factor contributing to sustainable growth, and continued investment is essential. In particular, we are focusing on human resources development that will contribute significantly to employee motivation and worker retention. When a new employee joins NRES, a front line sales representative is tasked with training that new employee for six months. This system allows sales representatives to share the full breadth and depth of their experience and know-how with new employees. It may seem to lead to a temporary decline in sales power of front line. However, by devoting time and efforts to the development of new employees, we can help them develop their skills more quickly. We will continue to make more effective efforts to develop and establish human resources.

* Number of property brokerage transactions is for the fiscal year ended March 2021. Number of nomu.com members is as of January 31, 2021. Others are as of March 31, 2021.

Strategies by Business



Property & Facility Management Business Unit



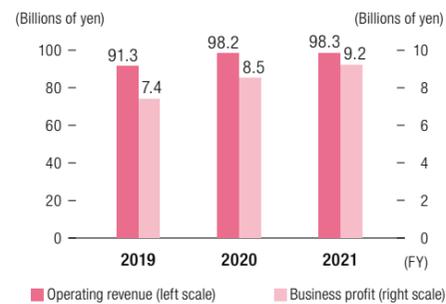
Akihiro Fukuda

Executive Officer,
Business Unit Manager of Property & Facility Management Business Unit

Major businesses

Operation and management of and contract work for condominiums, office buildings, etc.; renovation business; local cooling and heat supply business; entrusted cleaning of office buildings, etc.

Operating revenue / Business profit



Business environment in focus

- Growing needs for high-quality management and extensive services
- Increase in number of aged buildings and condominiums that require large-scale repair works
- Advances in digital technology
- Difficulty in securing senior staff due to postponement of retirement age, etc.

The strengths

- Stable increase in property under management through Group cooperation
- High level of external evaluation for management quality
- Competitive construction proposal capacity, including scheme for extending large-scale repair works cycle

Business assets*

- Number of housings under management: **183,162 units**
- Number of buildings under management: **788 buildings**

Basic policies for growth

- Strengthen customer satisfaction through proposal-based management
- Expand business domain and service offerings
- Provide highly efficient and high-quality management services by utilizing digital technologies
- Increase number of orders for large-scale repair works and other construction orders

Strategies for achieving profit growth over the medium to long term

The Property & Facility Management Business Unit contributes to maintaining and improving the value of completed properties, mainly condominiums and office buildings developed by the Group, through the provision of property management services and repair works. Our Business Unit's property management services have been highly rated by third parties. For example, we have been ranked No. 1 for 13th consecutive year in a property management company satisfaction survey of condominium residents conducted by SumaiSurfin, a website for purchasers of condominiums.

At the same time, our strength as a Business Unit also lies in our characteristic to steadily add superior properties developed by the Group to our management stock. We aim to achieve profit growth over the medium to long term by providing high-quality property management services that meet customer needs and by increasing the number of construction orders received, including for large-scale repair works for condominiums and tenants move-in and move-out work for office building based on our competitive construction proposal capabilities.

In order to maintain the value of properties over the long term, it is essential to ensure they are adequately managed and to conduct repair works in a systematic manner. For condominiums in particular, the smooth operation of the residents' association and the formulation of appropriate repair plans are directly related to the value of the property. There have been efforts, such as through legislation, to ensure the adequate management of condominiums and the establishment of a new system to certify well-managed condominiums.

Based on its integrated development, sales, and management system of residential development, the Group engages in the design and planning of projects by taking into consideration their future management and repair works even at the product development stage; it is our Business Unit that customers who

use our properties tend to have the most contact with. We recognize that our role is to support ongoing value creation by closely catering to customer needs over time and working together to earnestly solve any issues that may arise.

The lack of manpower due to the shrinking and aging of the population is a significant social problem that also affects our Business Unit. As there is a need to maintain the quality of our property management as well as labor-saving and mechanization efforts, we have been focused on the use of DX. DX contributes to not only improving the operational efficiency of our Business Unit, but also enabling the provision of more convenient property services in various regards through technological evolution. Amid the diversification of lifestyles of condominium residents, with the number of single-person, senior, and dual-income households increasing, our efforts, such as the introduction of apps with which residents' associations can post notifications and residents can make reservations for the use of shared facilities, the holding of online board meetings for residents' associations, and the offering of an unmanned 24-hour property management system, have contributed to responding to the needs of many residents.

Furthermore, in managing office buildings, we are introducing a system that uses smartphones to complete facility inspections, electric meter readings, and report writing on the app. This system enables us to significantly reduce the time required for daily operations through efficiency improvement and therefore devote more time to operations that generate added value, such as responding to issues and requests from tenants and improving their satisfaction. We will continue to introduce new technologies to improve customer satisfaction through the management of each property.

High-quality daily property management helps us to accurately understand the problems and actual conditions faced by individual properties. By identifying the necessary construction works and their timing, we have been able to make appropriate construction proposals with reduced costs regarding large-scale condominium repair works and office building renovations.

With regard to large-scale condominium repair works, in 2017 our Business Unit developed and introduced "re:Premium," a scheme to extend the cycle of large-scale repair works, which are usually conducted every 12 years, for the Group's PROUD condominiums. [▶ P32](#) The scheme has already been adopted by multiple condominiums. Furthermore, "re:Premium DUO" was developed and introduced in 2020 by expanding the scope of the scheme to existing condominiums that the Group developed before introducing PROUD. With this scheme, we aim to expand

business opportunities by mitigating concerns over the kinds of large-scale repair works that tend to worry condominium residents. In addition, we will continue to undertake construction works to increase the value of condominiums by converting their common areas to shared telework spaces, as well as the renovation of office building interiors including free addressing and installation of remote conference rooms, for which needs are expanding due to the effects of COVID-19.

Provision of high-quality property management services

Through property management services utilizing DX and other initiatives, we provide both operational efficient and high-quality services that leads to improvement of customer satisfaction and repeated acquirement of high external evaluation.

Management utilizing DX



Metering by using a smartphone



Condominium management app which enables to reserve a shared amenity, etc.

High external evaluation



"SumaiSurfin" Property Management Company Customer Satisfaction Survey ranking 2021 No.1 (13th consecutive year)



2021 Oricon Customer Satisfaction Report for Condominium Management Company Metropolitan No.1 (5th consecutive year)

Sustainability initiatives through business operations

Our Business Unit plays a part in the Group's value creation, which is focused on urban development for safe, secure, and healthy lifestyles for everyone by providing management services and construction work after buildings are completed. Our Business Unit aimed at maintaining the value over many years by managing them adequately and conducting repair works in a systematic manner, which are the very embodiment of sustainability initiatives.

Our Business Unit also plays an important role in implementing environmental measures such as reduction of greenhouse gas emissions including the introduction of energy-saving lighting and air-conditioning as well as the introduction of clean energy, not only during the development phase, but also during the management phase.

It is also important for us to respond to flood damage caused by typhoons and torrential rain events, which have become more severe in recent years. We make it a rule to examine the local flooding hazard map for all the properties we manage and propose countermeasures based on our analysis to the customers located in areas with a high inundation risk. We also make thorough preparations such as installing equipment for flood control measures and publicizing drills. In addition, we contribute to the facility design for development of condominiums and others that minimizes damage based on the integrated development, sales, and management system.

* As of March 31, 2021



Overseas Business



Takashi Kaku

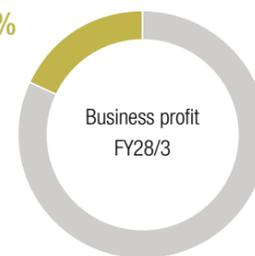
Executive Officer in charge of Overseas Business

Overseas business initiatives

- Promote development and sales of condominiums, development and leasing of office buildings and other properties, mainly in Asian cities
- Plan to increase the contribution of overseas business to the Group's overall business profit for the fiscal year ending March 2028 to 15% to 20%

Overseas business ratio

15–20%



Business environment in focus

- Growing needs for high-quality residences in Asian countries
- Changes in political, economic, and social conditions as well as exchange rate fluctuations in our business area

Basic policies for growth

- Respond to expectations for quality and services and provide new value overseas by harnessing the Group's know-how cultivated in Japan as well as its solid partnerships with local real estate developers

Progress in overseas business

A decision has been made a total investment of approximately ¥106.0 billion, comprising approximately ¥81.0 billion in 19 housing sales projects and approximately ¥25.0 billion in 7 leasing projects.

[Investment amount determined (as of the end of FY21/3)]

- Vietnam
- Thailand
- Philippines
- China
- UK



[Major investment projects]



Vietnam (Ho Chi Minh City): Grand Park 2nd period

Philippines (Manila): Sunshine Fort

Strategies for achieving profit growth over the medium to long term

The Group is engaged in residential development and office building development and operations, mainly in rapidly growing Asian cities. In our Mid- to Long-term Business Plan, we have positioned overseas business as one of our growth drivers and have set a target of increasing the share of overseas business as a proportion of the Group's overall business profit to 15% to 20% by the fiscal year ending March 2028. Our investment activities have progressed steadily toward achieving this target. As of the end of March 2021, a decision has been made to make a total investment of approximately ¥106 billion, comprising approximately ¥81 billion in housing sales and approximately ¥25 billion in leasing.

In our overseas business, as in our businesses in Japan, we aim to provide developments and services that meet the needs of our customers. The Asian cities in which we operate have emerged from an era in which there was an overall shortage of residences and entered into a period in which differentiation by quality is demanded. This presents us with an environment where we can make use of the know-how and experience that the Group has cultivated in Japan. Real estate, however, is a local business, and it is necessary to have a deep understanding of the laws, regulations, business practices, and demands in each country. For this reason, we are operating our businesses as joint ventures with leading local real estate developers who share our philosophy in terms of providing high-quality products. Our overseas business strategy is to provide local customers with value-added products by offering know-how through our joint ventures.

As a matter of course, the development of overseas business requires more comprehensive risk management than domestic business. At the Overseas Business Monitoring

Committee, we discuss various risks specific to overseas businesses, including country risks, and implement highly effective risk management and monitoring. ▶ P95

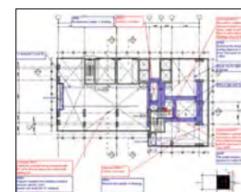
There are two aspects to the added value that we can provide for our overseas business: the provision of better products and the improvement of the development process. As an example of our efforts to provide better products, we have worked on countermeasures against water leakage. This is a major issue in Southeast Asian cities, which are subject to squalls and other severe changes of weather. In cooperation with our local partner companies and Japanese housing equipment manufacturers, we developed window fixtures and fittings

KAIZEN activities

Activities to improve design quality and avoid defects by reviewing design and construction processes through compliance with checklists and on-site inspections.

Representative examples of KAIZEN

Design process KAIZEN



Improvement of design quality by identifying issues with design drawings based on checklists

Construction KAIZEN



Avoid construction defects through site patrols

to prevent the leakage of water. This product has already been introduced, and its success in preventing water, the pursuit of which had been abandoned in those countries, has been met with surprise by customers, earning us high evaluation. In addition, we propose the layout of the units and the design of common areas to suit specific lifestyle needs in each country and develop housing facilities accordingly.

In cooperation with local partner companies, and local design and construction companies, we also review and improve the design and construction processes. Specifically, based on our Group know-how and taking into account the characteristics of the local market, we prepare a checklist to be observed and our professionals visit sites and give lectures. These activities have resulted in cost reductions through the avoidance of construction defects and schedule delays, as well as higher sales prices through quality assurance. They have also helped us gain the trust from local partner companies, while assisting us in reducing some of our business risks. We have been rolling out these initiatives to our other overseas projects as part of our KAIZEN activities.

The common feature of these efforts is that our know-how cultivated in Japan is not transferred overseas as is but is tailored to the needs of the customers who will live in the residences, the technical level of the construction company, and the development level of local infrastructure. Our ability to adapt and to resolve issues, which we have gained by responding to a variety of needs based on the market-in approach, is a unique quality of the Group and the source of its strength in overseas business.

In addition to our accumulated know-how, we are also working to acquire new technologies. In May 2021, we invested in Real Tech Ventures I, a fund specializing in real estate tech companies that has been created and is managed by Taronga Ventures. We invested in order to acquire technologies related to smart cities, for which demand is growing in Southeast Asia. The

technologies to be acquired through this investment are expected to be applied to various development projects in the future.

Sustainability initiatives through business operations

We continue to provide added value through our business activities overseas and aim to contribute to the provision of comfortable living and working spaces.

To do so, it is necessary to gain a deeper understanding of customers' demands in the countries and cities in which we operate our businesses. In Thailand and Vietnam, we are collaborating with local universities to conduct research on residents' lifestyles especially regarding to the use of housing space, with the aim of discovering long-term social changes and the potential needs that accompany them. Some of the research results have already been reflected in projects in which we participate, contributing to the enhancement of product value. We will continue to apply our research to product development from a long-term perspective.

In terms of human resources, which are an important factor in promoting overseas business over the long term, we are stepping up the development of global human resources through the enhancement of language training programs in Japan. In overseas, we are gradually shifting the main focus of our business operations to local entities through the establishment of overseas subsidiaries, the securing of excellent local staff, and appropriate training to share the Group philosophy and know-how. We aim to continue to provide added value over the medium to long term by localizing functions such as identifying customer needs and exploring local partner companies while continuing to utilize the know-how the Group has cultivated in Japan.

Interview with the CFO



We will establish unique high-efficiency management to be a corporate group capable of creating new value for society and continuing challenges.

Director, Group CFO
Hiroshi Kurokawa

Q You took office as a new Group CFO in 2021. Please tell us about your background and job history so far.

After joining Nomura Real Estate Development in 1990, I have engaged in various projects such as the development of residences, offices, and retail and logistics facilities and the asset management business. I have also been involved in a number of turning points in the Group's history, such as the IPO of Nomura Real Estate Holdings and the M&A of Nomura Real Estate Building (former NREG Toshiba Building), and a listed REIT, and I have strongly recognized the importance of corporate finance and the capital market.

As the Group CFO, I am aspiring to support the high-efficiency management targeted under the Mid- to Long-term Business Plan and support the Group's strong growth from the financial aspects by leveraging my experience in real estate development, investment, and management in a wide-ranging sector.

Q Please assess the performance of the Group for the fiscal year ended March 2021.

The results were stronger than expected, despite COVID-19 affecting our business. We also maintained high shareholder return, and I acknowledge that we demonstrated our commitment to shareholder returns.

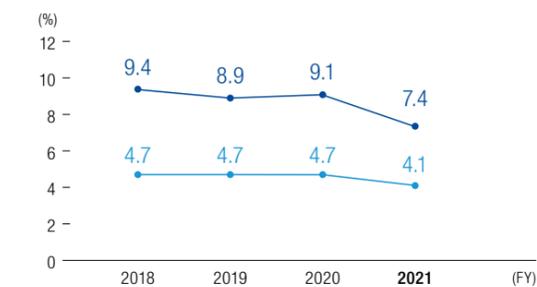
The fiscal year ended March 31, 2021, started with difficulty in determining the impact of COVID-19 pandemic on our business, making us unable to announce our forecasts at

the beginning of the fiscal year for the first time since our listing. However, as a result of repeated analysis under certain assumptions, we announced business profit of ¥60 billion as our financial forecast when the first quarter financial results were disclosed. The result substantially surpassed our forecast and reached business profit of ¥76.4 billion and profit attributable to owners of parent of ¥42.1 billion thanks to an increase in the profit margin, efforts to reduce expenses in each Business Unit, and other factors.

While ROE was 7.4%, slightly lower than the target of 8% to 9%, primarily due to a year on year decrease in profit, the shareholders' equity ratio was 30.4%, maintaining the 30% level that is our financial standard.

In terms of shareholder returns, we increased the dividend to ¥82.5 per share (up ¥2.5 per share from the previous fiscal year), maintaining a dividend increase for ninth consecutive year, and purchased treasury shares (¥4 billion); as a result, the total return ratio was 45.3%. I believe that we demonstrated our policy of emphasizing shareholder returns by maintaining stable dividend payment and flexibly combining the purchase of treasury shares.

▶ ROE / ROA



● ROE = Net profit / Shareholders' equity (average over the fiscal year)
● ROA = (Operating profit + Non-operating profit) / Total assets (average over the fiscal year)

Q The fiscal year ending March 2022 will be the final year in phase 1 of the Mid- to Long-term Business Plan. How do you assess the progress?

We expect that performance indicators will be at the same levels as the targets, suggesting the progress.

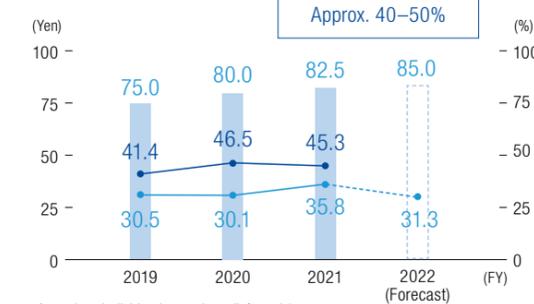
The fiscal year ending March 2022 will be the final period in phase 1. We have presented business profit of ¥85 billion, ROE of about 8% to 9%, and total return ratio of around 40% to 50% as our targets in the fiscal year. We project business profit of ¥84 billion, the same level as the target, and we expect ROE and the total return ratio will reach the targets despite the impact of COVID-19 that will likely to remain. We are appropriately controlling investment and recovery to avoid excessive expansions of total assets. In particular, we have made decisions in view of each internal and external environment, such as the achievement of our phase 1 target in the Overseas Business ahead of schedule, strategic replacement of our leasing asset portfolio in preparation of future large projects in the Commercial Real Estate Business Unit, and selected investments with a focus on profit margin ratio while securing future business volume in the Residential Development Business Unit.

Q What is the KPI that you, as CFO, prioritize for further growth?

I prioritize high ROE that allows both growth investment and shareholder returns. We strive to achieve ROE of 10% or higher that exceeds our cost of equity.

We recognize that the cost of equity of the Company as a real estate developer is 7% to 8% and work to achieve ROE of 10% or higher that adequately exceeds the cost of equity. The reason is that we believe that this will allow us

▶ Shareholder returns



■ Annual cash dividends per share (left scale)
● Dividend payout ratio (right scale)
● Total return ratio (right scale)
Total return ratio = (Total amount of dividends + Total amount of acquisition of treasury shares) / Profit attributable to owners of parent
Dividend payout ratio = Total amount of dividends / Profit attributable to owners of parent

to achieve both business growth and shareholder returns at high levels.

Under the current Mid- to Long-term Business Plan, we are planning to achieve ROE of 10% or higher while controlling risk through the business portfolio strategy that combines three businesses, including property sales, leasing, and service and management, which have different risk and return characteristics. [▶ P29](#)

It is never easy to simultaneously maintain growth investment and high shareholder returns. However, we recognize in our dialogues that our stakeholders evaluate our plan to achieve both targets.

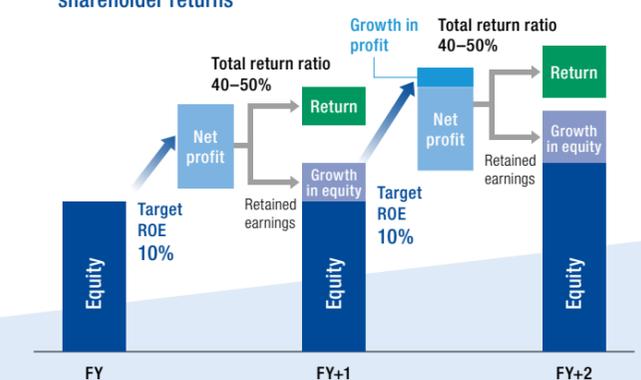
ROE is effectively a source of growth investment and shareholder returns. Therefore, as CFO, I consider ROE to be a KGI, rather than a KPI, and think that further raising ROE and making it stronger is one of my important missions.

Q What are your ideas of financial leverage for raising ROE and financial soundness?

It is important to maintain financial leverage at an appropriate level in view of both growth opportunities and risk control, and our discipline is to maintain the shareholders' equity ratio at around the 30% level.

Controlling financial leverage is extremely important in maintaining both a high ROE and good financial soundness. Our discipline is to maintain our shareholders' equity ratio at the 30% level in order to prepare for risks such as a rapid deterioration in market conditions and to reserve a surplus to make sufficient investment in major growth opportunities in the future. We believe that maintaining this discipline will allow us to consider both aggressive and defensive perspectives and will contribute to the sustainable growth of the Group. To raise ROE under this financial discipline, we must raise our ROA.

▶ Equity story balancing growth investments and shareholder returns



Interview with the CFO

Q I understand that your policy is to achieve high ROE by raising ROA. What are the Group's characteristics in increasing ROA?

An appropriate profit target for each project and strict management of invested funds are important in the real estate development business.

The development business in the real estate industry has some key distinctive characteristics, which are different from those of the manufacturing industry. In the manufacturing industry, they invest capital in production facilities such as factories and machinery, and make a profit by selling products. On the other hand, we invest capital directly in real estate as a product, and add new value through development. Then we make a profit and recover capital by selling and leasing assets.

In other words, effects such as an increase in efficiency and a decrease in the cost ratio through an increase in the utilization of production facilities are difficult to attain in the real estate business. Viewed from a different perspective, this business is not able to conduct mass production even when a popular product is developed. Another major characteristic is that the recovery of invested capital takes a long time once the investment is made.

In order to ensure that the real estate business remains profitable with these characteristics, it is very important to conduct detailed business control such as setting appropriate profit targets and controlling the schedule including invested capital recovery in each individual investment.

We aim to achieve an ROA of 5% or more for the entire Group while continuing growth investment. To achieve this target, I plan to establish profit targets to be achieved in individual businesses more strictly, taking account of the balance of risk in an investment period and expected returns, and build a system of raising profitability at all times during the project period. This is because I believe that raising the profitability of each business is the best way to raise overall ROA since there are limited expectations for economies of scale in the real estate development business.



Q What are the keys to raise profitability in each business?

The keys are “brand strategy” and “accumulation of knowledge (idea, experience, and information).”

The brands such as PROUD and PMO are the Group's important assets.

We can say such brands are the Group's strong promise for the high quality and functionality of our properties to our customers. In the real estate development business which has strong individuality, there are no two similar products. Using brands enables us to create value beyond the individuality of properties. At the same time, it helps our customers to reduce their costs to discovering new products. That will significantly contribute to an increase profitability in each project.

The other key is to be knowledge “heavy” by increasing contact points, understanding in detail their needs and changing preferences, and accumulating idea, experience, information, etc., to create new value. The use of the valuable knowledge we gain through actual business is an indispensable driver in steadily raising the value of the products we provide. I would like to emphasize again that discovering new needs by our approach to connect closely with customers and applying them promptly to the next product are our major strengths as the Group's DNA.

We consider brand value and the amount of knowledge accumulated to be very important assets, even though they are not included in the balance sheet. As CFO, I will make investment decisions while placing importance on continuing to grow these assets.

Q Is it possible to implement both the knowledge “heavy” requiring business expansion and a strategy aiming for a high ROE?

Through our original “platform strategy,”¹ we will be asset “light” and knowledge “heavy,” and manage the business not dependent on asset ownership

In general, the commercial real estate business has a characteristic in which increasing business volume is difficult due to balance sheet restrictions associated with the long period of time required for the invested capital recovery. The most distinctive characteristic of the Group is, as in the residential development business, to increase the turnover rate and efficiency of development and sales in the commercial real estate business.

In the last decades, the Group has been developing competitive properties such as the medium-sized high-grade office, PMO, and high-functionality, logistics facilities, Landport, that meet customer needs, and profiting by selling such properties to the Group REITs and other buyers in relatively short periods of time after

completion. We have used this method to accelerate the investment and recovery cycle, expand our business volume, and grow our capital gains steadily. In financial terms, our strategy is to be asset “light” and raise the cycle of extended reproduction.

Meanwhile, we continue to operate property and facility management and tenant leasing of properties after selling them. Therefore, contacts points continue to increase after selling properties if the business volume grows larger. This allows us to achieve knowledge “heavy” without owning assets.

Taking a broader view, we create two types of social value, such as solutions to problems related to existing offices for tenants and supplying good investment opportunities for investors using the branded products like PMO.

We believe that the Group can achieve substantial growth by fully utilizing its platform strategy¹ through achieving both asset “light” and knowledge “heavy.”

Q Please explain about your policy for sustainability, for which social demand is increasing.

As a real estate developer using a large amount of funds, we will accelerate our efforts for sustainability in both aspects of business activities and finance.

Our business activities through real estate development and urban development themselves are initiatives to achieve sustainability. Also, the Group's strength is real estate development with high environmental performance and safety, such as “PROUD” and “PMO.” We will continue creating better products and services by further

accumulating and using knowledge.

We also believe that the real estate business, which uses large amounts of funds, can contribute to sustainability in the aspect of finance. We raised funds through sustainability bonds in February 2021 and sustainability-linked loans in July 2021 using the comprehensive framework² for the first time in Japan. We think sustainable finance demonstrates publicly that the Group's businesses contribute to the achievement of a sustainable society, and we plan to procure approximately ¥200 billion in the next five years using such systems.

Q Finally, please describe your role as the Group CFO and Director in charge of IR.

My role is to achieve high-efficiency management and high-ROE, which will help maintain the growth investment and shareholder returns needed to continuously create value for society using the Group's characteristics.

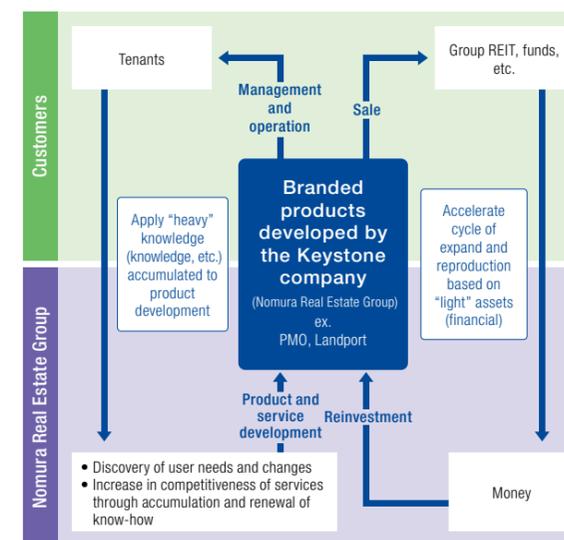
The market is experiencing irreversible changes in customers' lifestyles and working styles caused by the revolutionary progress in digital technologies, and the penetration of these changes is being accelerated by measures against COVID-19. I think that these changes in the market may even cause fundamental changes in the existing framework of the real estate industry. I strongly feel that I myself must adapt quickly and adequately.

To respond to these significant changes in our business environment, we will build a financial base that enables each employee and the Group as a whole to continue to take on challenges. We will then return the value created through these challenges to our stakeholders in the form of enhanced corporate value, paying dividends, and solving social issues through our individual business activities and ESG activities. I am confident that my mission as CFO is to realize this flow, which will also meet the expectations of our investors.

I hope to show the details that I have talked about so far more specifically in the new Mid- to Long-term Business Plan scheduled to be announced in April 2022.

We will continue to strive to remain a company group capable of meeting expectations while focusing on the opportunities to have dialogues with our shareholders and investors.

▶ Asset “light,” knowledge “heavy” business model



¹ Source: Junichi Tomita, The University of Tokyo, Takahiro Fujimoto, the University of Tokyo, etc. (2020) "Platform Strategy in Nomura Real Estate Development-Focusing on PMO Development Cases-"
² Discussion Paper, Manufacturing Management Research Center, The University of Tokyo
² The first initiative in case of sustainability-linked loans in Japan

Part
4

Sustainability approach



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Quality Control Manual



KAIZEN activities (Overseas Business)



PROUD Compass



Check sheets are utilized by each Business Unit

Sustainability initiatives rooted in the business

- "Quality Control Manual" and "PROUD Compass" which filled with know-how and ideas cultivated in the history of housing development for more than 60 years
- "KAIZEN" activities which involving external companies such as local design companies aiming to improve design quality and avoid defects in overseas business
- Various check sheets that are required when approving a business plan for newly real estate development

The Group strives to solve social issues through new value creation based on Four key themes for sustainability deeply related to people's lives. Sustainability is inseparable from business management. When we aim for sustainable growth, we must consider them to be on the same line. We will accelerate sustainability initiatives such as building a transparent and fair governance system and implementing environmental and human resources strategies.

Sustainability Promotion System

Our Group Vision "New Value, Real Value"

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.

Solving social issues and creating new social value through business activities

Four key themes for sustainability:



Foundation for Sustainability Promotion

Human resources	achieving wellness, promotion of diversity, etc.
Management structure	corporate governance, compliance, risk management, etc.

Sustainability approach

Sustainability

The Group implements sustainability initiatives in all its business activities to address social issues that require resolution while meeting the expectations of stakeholders. These activities are promoted in line with the framework of the Four Key Themes and two promotion foundations set out under the Nomura Real Estate Group's Policy on sustainability.

Sustainability management structure

The Group believes that sustainability and management are inseparable, and that business strategy and direction of sustainability should be perfectly aligned. Therefore, the President and Representative Director, Group CEO will serve as the Chairman of the Sustainability Committee from April 2021 in order to strengthen our system of approach to initiatives.

The Committee consists of Directors and Executive Officers appointed by the Board of Directors of the Company and is mainly responsible for deliberating and determining policies and activity plans for sustainability. Results of deliberation by the Committee are reported to the Management Committee and the Board of Directors and reflected in its business plans and business activities.

During the fiscal year ended March 2021, the Committee convened three times. In addition, the Sustainability Subcommittee, Environmental Subcommittee and Human Rights Subcommittee convened 13 times in total to promote more active internal discussions.



Major achievements since the fiscal year ended March 2021

- Reviewed the 2050 Sustainability Policy, 2030 Materiality and KPIs
- Promoted climate change initiatives (agreed to TCFD recommendations and acquired approval by Science Based Targets initiative (SBTi))
- Formulated the Human Rights Policy [▶ P75](#)
- Conducted follow-up review of the Procurement Guidelines [▶ P75](#)
- Formulated the non-financial targets for human resources
- Sustainable finance initiatives (issuance of the Company's first sustainability bond and establishment of a new scheme)
- Promoted partial replacement with renewable materials (promoting switch to timber for buildings, etc.)
- Appointed an external director as Chairman of Advisory Committee Relating to Nominations and Compensation, and invited a new external director with in-depth knowledge of the IT and digital sector
- Expanded ESG information disclosure (enhanced disclosure through the Integrated Report and the corporate website, and held meetings with institutional investors regarding the Integrated Report and ESG)

Agreed to TCFD recommendations and acquired approval by SBTi

The Company agreed to TCFD recommendations in September 2020 and acquired approval by SBTi for the following targets in November 2020. We will further step up our climate change initiatives in the future. Please see page 70 for details.

Indicator	Scope 1 and 2	Scope 3
Target	Reduce by 35%	Reduce by 35%

Scope 1: Direct emissions from fuel combustion, etc.
Scope 2: Indirect emissions associated with use of electricity and heat purchased by the Company
Scope 3: Indirect emissions other than those for Scopes 1 and 2
(Category 1: Emissions from construction of buildings, etc. Category 11: Emissions from use of sold products, etc.)



Sustainable Finance Initiatives

In February 2021, the Group issued the "Sustainability Bond" as a means of raising funds for measures and projects that contribute to solving both environmental and social issues of the Group.

Issue size	¥10.0 billion	Issue schedule	February 26, 2021
Third-party evaluation (external evaluation)	Vigeo Eiris Japan Credit Rating Agency, Ltd. (JCR) Rating and Investment Information, Inc. (R&I)		

In addition, the Group established the "Comprehensive sustainability linked loan (SLL) Framework" for the first time in Japan on July 2021. The Group have raised a total of ¥11.0 billion from the nine banks participating in the "TSUBASA Alliance," a regional bank wide-area alliance.

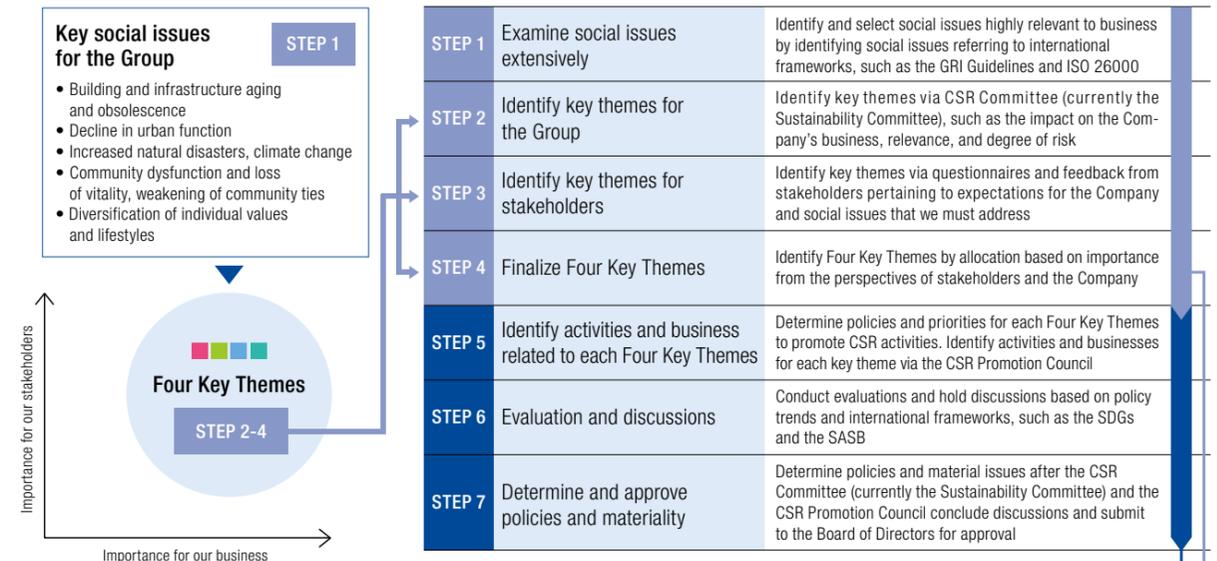
Materiality determination process and Nomura Real Estate Group's policy on sustainability

For the materiality determination process, the Group selected Four Key Themes and two promotion foundations in the fiscal year ended March 2016. In the fiscal year ended March 2018, we advanced steps 5 through 7 and formulated the Nomura Real Estate Group's Policy on CSR/ESG and determined the Group's material issues. (Report to the

Board of Directors was made in the fiscal year ended March 2019.)

In addition, the Sustainability Committee is mainly responsible for confirming the progress of the Sustainability Policy and the Group's material issues and deliberating and determining activity plans.

Materiality determination process



Policy on sustainability

Themes		Material issues	Future challenges
E S G	Environment	<ul style="list-style-type: none"> Enhancement of environmental management Responding to climate change Effective utilization of water resources Consideration for biodiversity Appropriate utilization of resources and pollution control 	<ul style="list-style-type: none"> Promoting the usage of low-carbon materials (timber, etc.) Consideration for renewable energy Initiatives toward a circular economy
	Safety/Security	<ul style="list-style-type: none"> Improved safety/security in design and construction Improved quality of safety/security in operation and management Initiatives for longer life and increased durability Safety and security in disasters 	<ul style="list-style-type: none"> Strengthening resilience efforts that contribute to the community in the event of a disaster
	Community	<ul style="list-style-type: none"> Care for and activation of communities 	<ul style="list-style-type: none"> Implement the PDCA cycle for Open Community "ACTO" activities Expand various events to mitigate negative impacts in communities where projects are underway
S G	Health and Well-being	<ul style="list-style-type: none"> Response to aging population and diversity and support for health Improved customer satisfaction and comfort 	<ul style="list-style-type: none"> Support for remote work Enhancing disclosure of customer satisfaction surveys and strengthen initiatives to improve customer satisfaction
	Human resources	<ul style="list-style-type: none"> Health and safety of employees Promotion of diversity Creation of fair and rewarding workplaces Improvements to human capital Supplier safety 	<ul style="list-style-type: none"> Enhancing the non-financial targets for human resources
G	Management structure	<ul style="list-style-type: none"> Corporate governance Compliance Risk management Human rights Improved supplier management 	<ul style="list-style-type: none"> Developing a human rights due diligence system Strengthening engagement with suppliers for compliance with the Procurement Guidelines

Sustainability approach

Environment

The Group is aware of climate change, natural resource depletion, and ecosystem destruction as important social issues. Therefore, we will contribute to the realization of sustainable society through environmentally-friendly urban development including initiatives for an energy-saving and low-carbon society. We also comply with environmental laws and regulations and promote appropriate environmental management, while stepping up our initiatives in collaboration with our stakeholders, including tenant companies and suppliers.

Indicators	Relationship with value creation	Non-financial targets
Response to climate change	Enhance corporate value in medium- to long-term by minimizing risks associated with climate change and linking the risks to business opportunities.	Reduce total emissions by 35% by FY31/3 (compared to FY20/3)

For information about initiatives other than "Response to climate change," refer to the Sustainability Report.
<https://www.nomura-re-hd.co.jp/english/csr/environment/>

Response to the TCFD

Nomura Real Estate Holdings and Nomura Real Estate Asset Management are fully aware that the substantial impact of climate change on their business continuity is a major management issue, and they therefore agreed to recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in order to further promote their initiatives.



1 Governance

The Group is taking Groupwide measures to address climate change, overseen by the Group CEO. In addition, the Sustainability Committee, which comprises directors of Nomura Real Estate Holdings and Group companies

and others, deliberates on and decides related policies and action plans. The Sustainability Committee sets targets for responses to climate change and monitors progress on them.

2 Strategy

As for environmental issues in general, the Group reviews the relevant risks and opportunities and considers how to respond. With regard to climate change in particular, the Group has conducted scenario analysis based on the

TCFD recommendations to clarify the risks and opportunities relevant to the Company and its businesses, and to reconfirm strategies that contribute to long-term corporate value enhancement.

Setting out climate change scenarios

In the scenario analysis, the Group has adopted "the 2°C scenario," with an eye on the achievement of the Paris Agreement target of "holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase 1.5°C," and realizing a decarbonized society. In this analysis, "the 4°C scenario" is also considered as a model in which climate change countermeasures do not make sufficient progress and, as a result, the severity of natural disasters increases. The following documents and research materials were the main materials referred to in anticipating possible changes to the global environment under each scenario.

<Examples of reference materials> United Nations IPCC Fifth Assessment Report (2014) Scenarios on Global Warming, "Representative Concentration Pathways" (RCP 2.6, RCP 8.5), IEA World Energy Outlook (2020), "Sustainable Development Scenarios (SDS)," and "Stated Policies Scenario" (STEPS), etc.

Possible changes to the global environment under each scenario (mainly in Japan)

Some of the possible changes under each scenario that are expected to have a significant impact on the Group are listed on the right.

Possible changes	the 2°C scenario	the 4°C scenario
Increase in typhoons and floods	Increase (about two times in Japan)	Increase significantly (about four times in Japan)
Increase in the number of extremely hot days, on which the temperature rises above 35°C	Increase (by about 12 days in Japan)	Increase significantly (by about 50 days in Japan)
Tightening of laws and regulations	Dramatic tightening of regulations	Regulations will be limited
Customer behavior	Approximately 50% reduction in office energy consumption	Approximately 20% reduction in energy consumption at work

Results of scenario analysis (risks and opportunities) and initiatives based on the analysis

Recognizing that these changes will bring significant financial risks and opportunities to the Group, we are stepping up initiatives to address climate-related issues.

Category	the 2°C scenario	the 4°C scenario
Physical risks	Acute Typhoons and floods	Strengthening building design standards
	Chronic Increase in the number of extremely hot days	Dramatic reinforcement of building design standards and development of new technologies
Transition risks	Laws and regulations	Enhancement of building functions such as thermal insulation
	Customer behavior	Introduction of new technologies, materials, and design standards to improve thermal insulation
Transition risks	Laws and regulations	Introduction of energy-saving equipment during renovation and renewal of buildings
	Customer behavior	Continuous monitoring of laws and regulations
Transition risks	Laws and regulations	Promotion of ZEH/ZEB-oriented development
	Customer behavior	Consideration of energy conservation in thermal insulation and facilities

3 Risk management

Processes for the identification, evaluation, and management of climate-related risks on an organizational basis

As for risks and opportunities associated with environmental and climate change, the Sustainability Committee, Environmental Subcommittee, and the Sustainability Management Department mainly consider countermeasures. Among the measures considered, those that are particularly important for the Group's management are reported to and approved by the Board of Directors and the Management Committee.

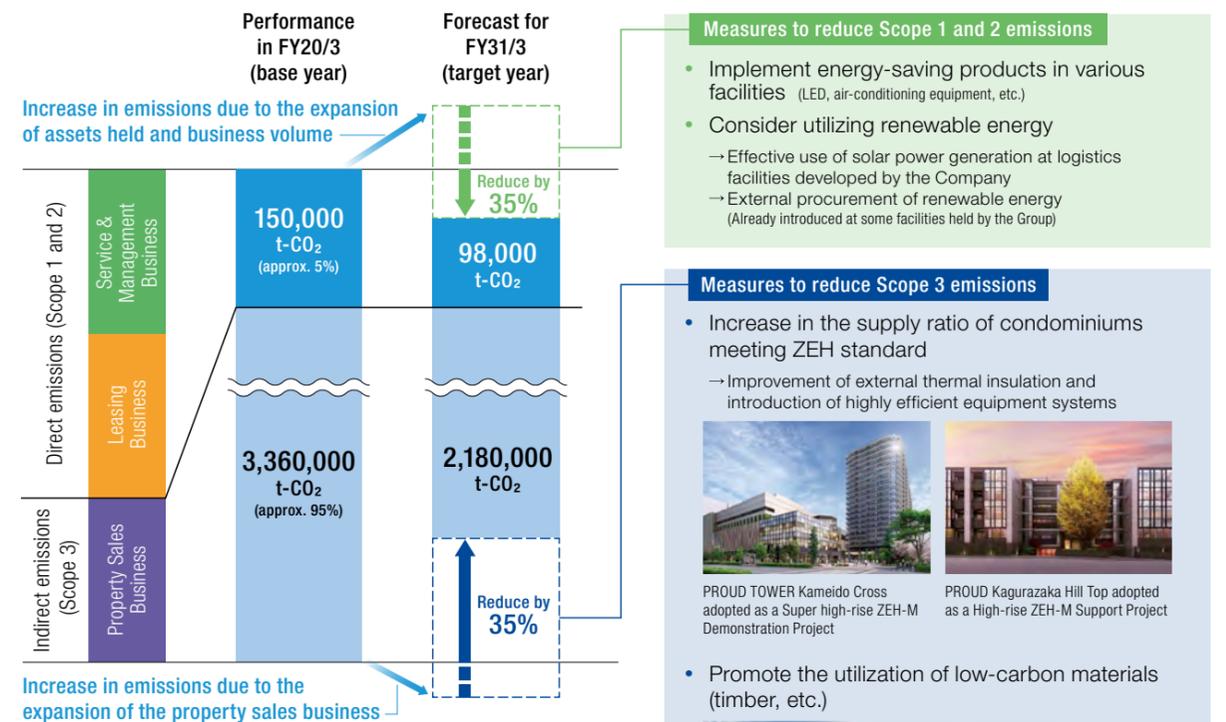
In addition to mentioned left, risks associated with changes in the business environment due to climate change and risks associated with natural disasters are also identified as major risks, and the Risk Management Committee deliberates and discusses necessary measures. The contents of deliberations are reported to and supervised by the Board of Directors at least once every three months.

4 Indicators and Targets

Indicator	Scope 1 and 2	Scope 3
Target	Total greenhouse gas emissions under Scope1, 2, and 3 by FY31/3 compared to FY20/3	Reduce by 35%
		Reduce by 35%

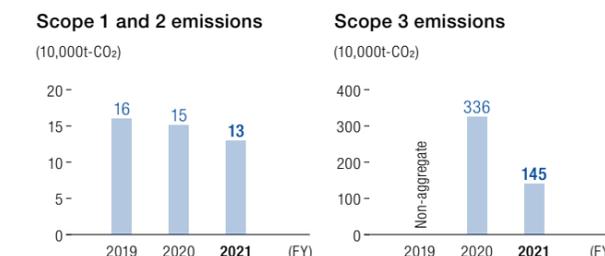
The Group' targets were approved by the SBTi in 2020 and has set indicators and targets in line with the SBTi. The breakdown of direct and indirect emissions in FY20/3 as a base year is as follows.

Direct emissions (service & management, leasing) 150,000 t-CO₂ (approx. 5%)
 Indirect emissions (sales of such as condominiums and properties for sales) 3,360,000 t-CO₂ (approx. 95%)



5 Performance

For details: ▶ P108-109



Sustainability approach

Human resources strategy/Human rights policy

The Group aims to provide Wellness Management so that all of its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. The Group recognizes that employees are the most important business resources and fostering human resources is essential to achieving sustainable growth. The Group is also actively working to ensure the health and safety of our employees and suppliers, as well as to respect human rights and ensure diversity.

Indicators	Relationship with value creation	Non-financial targets
Health and safety of employees	Prevent impairment of corporate value by minimizing occupational accidents and physical and mental illness of employees	By FY31/3 • Female manager ratio 10% or more • Childcare leave ratio 100%* • Employment of persons with disabilities ratio 2.4% • Absentee ratio 0%
Promotion of diversity	Promote corporate vitality and new value creation through the active participation of diverse human resources	
Creation of fair and rewarding workplaces	Enhance corporate value by encouraging motivated and capable executives and employees	
Improvements to human capital	Strengthen existing businesses and incubate new businesses by enhancing cultivation and hiring of human resources	
Supplier safety	Ensure supplier safety to strengthen relationships and achieve stable value creation	

* Including the Group's own holiday system

Diversity For detail data ▶ P108-109

Initiatives for promoting active participation by women

The Group is promoting active participation by women in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value. The Group held "Health Seminars for Women" for all female employees, and 780 people participated.

Supporting childbirth, childcare and nursing care

The Group has instituted personnel programs that make it possible for employees to return to work even after certain life events such as childbirth or the need to provide childcare or nursing care. We provide information on and raise awareness of these programs through the Group intranet, etc., and are working to create workplace environments that encourage the use of these programs.

Initiatives to promote active participation of diverse human resources (Employment of foreign technical intern trainees and people with disabilities)

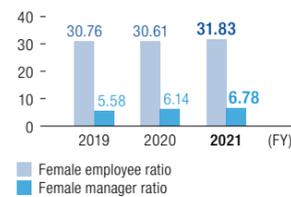
The Group believes that it is essential to utilize diverse perspectives in our business to create new corporate value and is working to promote the active participation of diverse human resources in terms of gender, age, and nationality. We also accept foreign technical interns and promote employment of people with disabilities in cooperation with employment agency.

For information about "efforts to promote understanding of diverse sexuality," refer to the Sustainability report. <https://www.nomura-re-hd.co.jp/english/csr/labor/diversity.html>

Performance

Promoting active participation by women

Female employee ratio and female manager ratio (%)



Wellness For detail data ▶ P108-109

Management of work time over statutory working hours

Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms the status of compliance with the Article 36 Agreement and labor status of each Group company. In addition, every six months, information on working hours and the status of employees taking vacation for each Group company is reported and any issues are shared.

Preventing overwork

As a part of the work style reforms that the Group initiated in the fiscal year ended March 2018, we have implemented a variety of programs intended to prevent overwork by employees. In addition, "employees who work more than a certain number of hours in a single month" are required to check their physical condition using a Cumulative Fatigue Self-Diagnosis Checklist and provide feedback to a supervisor. Other measures are also taken to ensure good health such as consulting with an industrial physician.

Employee engagement by top management

Following the fiscal year ended March 2020, face-to-face meetings between employees and President Kutsukake and President Miyajima of Nomura Real Estate Development were held eleven times in total. These meetings contributed to disseminating the Group's Management Policy among employees as well as collecting feedback from front line workers.

Work style reforms For detail data ▶ P108-109

Promotion of workstyle reforms and diverse workstyles

The Group has been implementing various measures to reduce working hours, such as "turning off PCs at 8 p.m." while promoting diverse workstyles including working remotely and working from home.

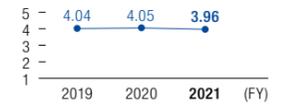
Main Measures	
Promoting diverse work styles	<ul style="list-style-type: none"> Establishing telecommuting programs (including working from home) Securing satellite offices Expanding flex time working programs Improving operational efficiency utilizing ICT
Encouraging employees not to work on holidays and to take vacation time	<ul style="list-style-type: none"> Setting regular days off at sales offices Encouraging employees to take vacation days such as making employee birthdays a day off
Raising awareness regarding shorter working hours	<ul style="list-style-type: none"> Working hours made visible Send alert emails to prevent long working hours Turning off PCs at 8 p.m.

Improving employee satisfaction

In the employee evaluation, which affects decisions regarding salary increase and promotion, comments by the evaluator are disclosed in order to ensure transparency and make outcomes more acceptable to employees undergoing evaluation.

Performance

Employee satisfaction level (5-point scale)



Creating new ways of working

The Group recognizes the need to urgently establish new ways of working to ensure the safety and security of its customers and to maintain and promote the health of its employees. We aim to pave the way for the creation of value as a whole Group by providing new ways of working that are optimal for each Group company and business, through the effective use of ICT, that encourage each Group company to address issues and take measures appropriately.



Wellness Management

Overview of Wellness Management

Employee Happiness and Corporate Growth

We realize employee happiness and corporate growth through work style reforms and diversity management.

In July 2020, the Group launched the Group Wellness Promotion Committee chaired by Group CEO of the Nomura Real Estate Holdings. The Committee has been examining various measures and monitoring activity results. The details are periodically reported to the Board of Directors.

Diversity

- Build an environment where each person can maximize their abilities
- Cultivate a work climate that accepts and expresses diverse values

Work style reforms

- Enhance work-life balance by improving productivity, which leads to increased employee happiness and motivation
- Become a corporate group that contributes to employee growth and satisfaction

Wellness

Employees can work energetically in good physical and mental health = our fundamental policy

Four challenges

- Thorough review of sales methods and business processes
- Promoting diversity in response to changing values and workstyles
- Study opportunities and costs for effective utilization of ICT technology
- Implementation of mental and physical health management in response to changes in the environment and workstyles

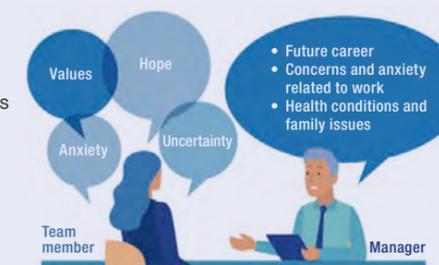
Two actions

- Create new ways of working
- Conduct one-on-one meetings for employee growth and wellness

Promotion of one-on-one meetings

The increase in the number of employees working from home and working remotely has led to a decrease in internal communication, highlighting issues such as the overlooking of any deterioration in employees' mental and physical health and difficulty in providing employees with training and evaluation.

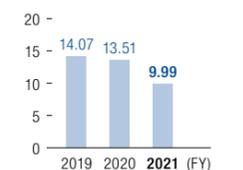
As part of a review of the way managers and team members communicate with each other, one-on-one meetings are held once a month or so, to create a workplace where employees can experience psychological safety, contribute to their own self-development, and feel rewarded by their work.



Performance

Preventing overwork

Average work time over statutory working hours (hours per person/month)



Sustainability approach

Human resources strategy/Human rights policy

Improvements to human capital For detail data ▶ P108-109

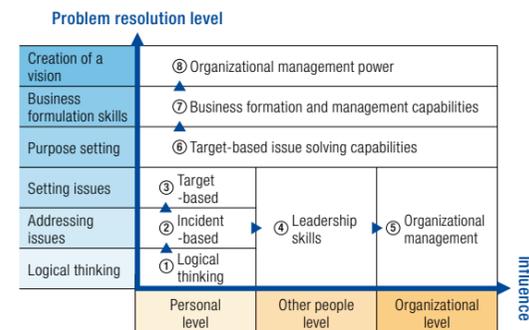
Human resources development program

In accordance with the position level, we develop human resources from both "high expertise and execution ability" to promote business and "broad perspective" to acquire organizational and management skills.

In addition, we are working to enhance our support for employees to acquire advanced business skills, such as MBA and overseas training program, through both selective and open recruitment.

Position level	Length of employment	Contents of the training	Selective / open
General management position	Newly appointed manager	Training on management skills, discussion based on set themes & presentation to senior management ⑦ ⑧	
Senior management position	Newly appointed manager	Organizational management (own business area: advanced) ⑤ Target-based issue solving (basic, own business area) ⑥	
Management position	Newly appointed manager	Organizational management (own business area: advanced) ⑤ Target-based issue solving (basic, own business area: advanced) ③	
Leader position	Leader follow-up position in the 2nd year	Career training: career thinking formation	
	9th year	Leadership (own business area: advanced) ④ Environmental analysis ⑦ ⑧	
Professional position: First	7th year	Target-based issue solving (own business area: advanced) ③ Leadership (basic) ④	
	4th year	Target-based issue solving (basic) ③ Career training: career thinking formation	
Professional position: Second	3rd year	Problem-solving dialogue ④	
	2nd year	Incident-based issue solving ②	
	Follow-up in the 1st year	Logical presentation ①	
Professional position: Third	New employees introductory training	Logical writing ①	

■ Implementation for Group ■ Implementation for Nomura Real Estate Development only



Development of global human resources

In order to strengthen its overseas business going forward, in addition to overseas training program, we offer a variety of programs in the three type of "Input," "Output," and "Other," including English correspondence courses, TOEIC preparation, online English conversation, English conversation schools, and English conversation coaching menus.

Development of DX human resources

For the development of DX human resources, the Group offers various programs such as correspondence courses, school courses, and certification acquisition support (IT Passport, Management Information System Level 1 to 3, IT Coordinator) at both basic and advanced levels.

Business Idea Proposal Program

The Group has the Business Idea Proposal Program, which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work. There have been 60 entries in total (including 9 entries in the fiscal year ended March 2021), of which six ideas are currently being examined and five ideas are already materialized.

TOMORE

The co-living & co-working business provides new places for people to work, live, and enjoy time with friends, both online and offline, in an era when more people are seeking new and individualized ways of working.

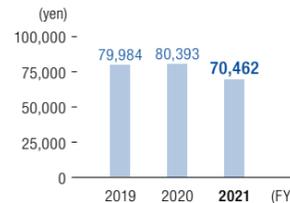
PRE KITCHEN

A service to offer side dishes at a flat rate to condominium residents by utilizing common areas in the buildings. The idea is to provide food services that will help families with children manage their day-to-day needs.

Performance

Enhancing cultivation of human resources

Investment in training per employee



Message from the Executive Officer in charge of Group Human Resources

Our business environment has been rapidly changing due to COVID-19, and new values have emerged in our work styles. In the fiscal year ended March 2021, the Group launched the Group Wellness Promotion Meeting and has been promoting wellness, work style reform, and diversity across the Group. Amid these environmental changes, I believe that it is important for us to focus on the creation of new ways of working and the enhancement of communication.

In the creation of new ways of working, it is important to allocate our human resources to operations that can generate more added value by enhancing and optimizing operational efficiency through the utilization of ICT and the promotion of the use of shared offices. In addition to such initiatives, I would like to develop a system to secure diverse human resources to realize new value creation in both deepening existing businesses and exploring new businesses.

Our efforts toward the enhancement of communication reflect our concerns that the volume of communication is decreasing as the number of employees working from home is increasing. Under these circumstances, it is easy to overlook employees' physical and mental health problems. From the viewpoint of improving the satisfaction of employees by ensuring their psychological safety, we will enhance the current one-on-one meetings where managers and team members talk in depth with each other.

I believe that providing the place where each employee can work with peace of mind while offering work opportunities that can generate more added value to diverse human resources will contribute not only to the growth of employees but also to the growth of the Group and enhancement of corporate value.



Human Resources Executive Officer (in charge of Group Human Resources Dept.)

Motomi Uki

Human rights policy

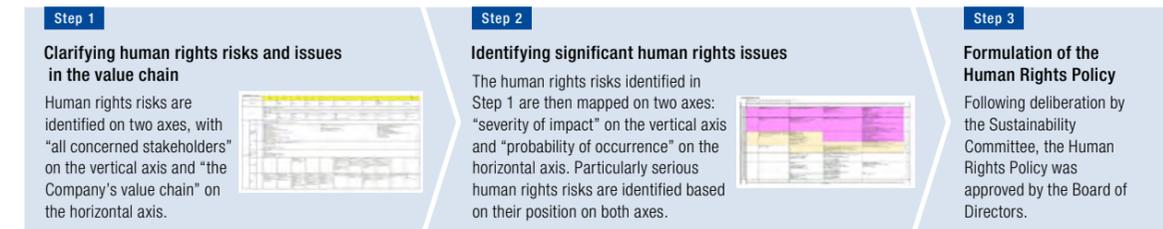
Respect for human rights and supplier management

Formulation and management of the human rights policy

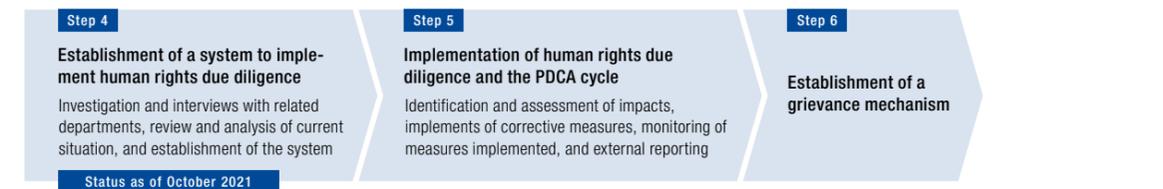
The Group respects the dignity and basic human rights of all stakeholders and has signed the United Nations Global Compact. In order to further strengthen its efforts related to human rights, the Group established the Human Rights Subcommittee under the Sustainability Committee in the fiscal year ended March 2021. The Committee identified human

rights risks and issues in the value chain as well as prominent human rights issues. Following deliberations by the Committee and resolution by the Board of Directors, the Nomura Real Estate Group Human Rights Policy was formulated in July 2021. We will implement the policy in earnest going forward.

PHASE 1



PHASE 2



Nomura Real Estate Group Human Rights Policy

Main contents

- Compliance with international human rights standards
- Scope of application
- Respecting human rights in practice
- Identifying salient human rights issues
- Relationships with stakeholders
 - Describe initiatives by four categories: employees, suppliers / business partners, customers, and local communities
- Remedial measures

Major international human rights standards that the Group respects and supports

- International Bill of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- United Nations Global Compact "the ten principles"
- Children's Rights and Business Principles
- Guiding Principles on Business and Human Rights

Nomura Real Estate Group Human Rights Policy: <https://www.nomura-re-hd.co.jp/csr/pdf/hrp.pdf>

Engagement with the Group's Procurement Guidelines

The Group formulated the Nomura Real Estate Group Procurement Guidelines in 2018 and has been making efforts to familiarize its business partners with them. From the fiscal year ended March 2021, 10 business partners have been selected from among those that had been provided with the

guidelines based on the probability of occurrence risks for human rights and the depth of the relationship with the Company, and engagement meetings with them have been held. The Group will continue to expand those meetings in the future and request them to comply with our guidelines.



Message from the Chairman of the Board of Directors



Implementing governance as a management system for quick and bold decision-making while focusing on being transparent and fair

Director and
Chairman of the Board of Directors
Shoichi Nagamatsu

Reforming the management structure and addressing issues

The members of our Board of Directors were changed following the General Meeting of Shareholders held in June 2021. The Company's Board of Directors has 12 members in total, including four executive directors and eight non-executive directors who supervise them, and five of the non-executive officers are independent external directors. The Board of Directors engages in robust discussions, and the effectiveness of governance is fully assured. We have an ideal composition of the Board of Directors members who can cover a variety of fields. The external members are Mr. Higashi, who has proven management skills in the global semiconductor-related industry; Ms. Ito, a new member who is actively working at an IT company; Mr. Mogi, who served as Vice President and CFO at a general trading company; Ms. Miyakawa, an accountant; and Mr. Takahashi, an attorney. I look forward to proposals for fair and transparent management based on the experience and knowledge of each member.

A major change in the fiscal year ending March 2022 is Mr. Higashi, inaugurated as the Chairman of the Advisory Committee Relating to Nominations and Compensation, who is an external director. Even before this inauguration, the majority of the members of this committee had been external directors. However, by having an external director serve as the Chairman of the Committee, an appropriate balance of interests can be maintained, and the neutrality of the Committee is ensured from an outside perspective.

The Company made the transition to a company with an Audit & Supervisory Committee in 2015, and established the Advisory Committee Relating to Nominations and Compensation in 2016 to strengthen the

supervisory function of the Board of Directors. When discussing governance, transparency, and fairness, as well as the establishment of a system that enables prompt decision-making, are major preconditions and are expected as a matter of course. On that basis, it is important to monitor and supervise the decisions to increase corporate value that are actually made by those responsible for execution.

For that, we recognize that we must pay attention to the provision of information to external directors. In particular, we are trying to figure out the measures to ensure that there is no information gap between directors who are Audit & Supervisory Committee Members, who tend to have many opportunities to deal with individual matters from the standpoint of overseeing internal audits, and other external directors, as well as how to set up opportunities for discussing overall perspectives such as business strategy. Going forward, as the Chairman of the Board of Directors, I would like to hold more meetings with external directors, and provide more opportunities for the CEO and other members of top management to exchange opinions with external directors on the medium- to long-term business strategies and visions.

The Company continues to work on assessing the effectiveness of its Board of Directors. We started the effectiveness assessment in 2015 and have been utilizing a third-party evaluation institution since 2017. At present, we recognize that one of the biggest challenges faced by the Group is how to deal with digital transformation (DX). To increase our knowledge of ICT and digital strategies, we invited Ms. Katsura Ito, General Manager of Microsoft Japan Co., Ltd., to join the Board of Directors as an external director. While the basic premise is that executive directors and employees of the Group will seriously consider what they want to achieve through digital strategies, the Board of Directors have established a

system to support the reform promotion by utilizing DX. Going forward, we believe it is necessary to consider a wide range of measures in line with the expansion and growth of the Company's business domains, including the invitation of directors from overseas.

Deepening discussions at the Board of Directors, while taking into account the differences between real estate and securities businesses

I have had a long career in the securities industry. While there are differences between securities and real estate, one of the aspects that the two industries have in common is that both operate under market principles. On the other hand, the real estate industry's major difference from the securities industry is its means of "hedging risk." In the securities industry, hedge transactions such as short selling are used on a daily basis, but in the real estate industry, there are no transactions that perform a similar function.

Another difference is the "time axis of business." It is rather easy for me to understand the Property Brokerage & CRE, the Investment Management, and the Property & Facility Management businesses, but the real estate development business is totally different. While the securities industry is required to make decisions every minute and every second depending on market trends, the real estate industry is focused on projects that have a long-time horizon, such as three or five years out. In addition, in real estate development, purchasing land and investing in properties are the sources of future earnings, so it is necessary to conduct management focusing on the so-called "long" position while paying close attention to market conditions. The more time a project takes from land acquisition to development, the more difficult it becomes to determine an appropriate exit strategy. In the securities industry, the turnover rate of assets is an issue for low-liquidity assets such as private equity, while in the real estate development business, which requires large-scale investments, it is necessary to control the amount of non-current assets and inventories held and to constantly check the total amount.

In light of the similarities and differences between the real estate and securities businesses, I would like to deepen our discussions at the Board of Directors with regard to the appropriate business portfolios and ideal balance sheets as the Group conducts risk management.

In addition, the Company places top priority on protecting its minority shareholders while striving to build appropriate relationships with Nomura Holdings, Inc., its major shareholder. The management theme of achieving transparent and fair governance and improving corporate value is shared by Nomura Holdings and us, and benefits all stakeholders, including minority shareholders.

As a real estate company, what can we suggest to those who own real estate as assets? We should be able to offer various options such as property and facility management, sales and replacement of assets, and real estate development. It is also possible to offer investors with options such as purchase of real estate securitization products including REITs. I think there are many areas where we can potentially collaborate in multiple ways. For example, efforts to strengthen collaboration in the Property Brokerage & CRE Business Unit and the

Investment Management Business Unit, which also brings about improved customer satisfaction at Nomura Holdings and us, will lead to the Group gaining greater trust from society and creating a strong value chain and new value. Based on the principle of effective governance, it is necessary to explore relationships that will benefit all stakeholders by taking advantage of the Group's unique characteristics.

Toward a more dynamic transformation

As the non-executive director and the Chairman of the Board of Directors, I have the role of conducting rigorous checks of the Group's risk management checks. At the same time, the Board of Directors has a strong desire to support the Group in its pursuit of new value creation by taking on larger and more dynamic challenges. The current members of the Board of Directors have a broad spectrum of experience and knowledge and are able to engage in balanced discussions on business investment and risks not only from an active but also from a very multifaceted perspective.

Sustainability initiatives will serve as test cases which represent the capabilities of the Board of Directors. While the Company is actively working to reduce greenhouse gas emissions and use renewable energy in individual projects, we hope that the Company will send a stronger message to its stakeholders and markets. Taking the revision of the Corporate Governance Code as an opportunity, I would like to discuss at the Board of Directors and other meetings how to more effectively and clearly offer the link between the sustainability efforts of the Group and business activities.

I would like to see the Group establish a distinctive business that includes its current business portfolio while clarifying what executives in charge of business execution will envision in the future and what they will do now.

In order to maximize the use of limited management capital, it is necessary to closely examine not only the priority of investment but also how it will lead to added value for the Group as a whole when taking different risks, such as entering new businesses. At the same time, instead of a vertically structured organization, I would like to see Business Units collaborate with each other and combine their energies more than ever to provide creative spaces and services and pursue a unique brand that no other company has.

In order to increase ROE, which is a key performance indicator for the Company, we must aim to provide high added value through our unique business style, which will differentiate us from other companies in our industry.

Discussions have begun with the next Mid- to Long-term Business Plan in mind. We know that real estate development is directly linked to the future of urban development. Therefore, we believe that the real estate business means the "Creation of dreams," and we will aim to realize the uniqueness of the Group and achieve dynamic transformation.

To this end, we will implement governance as a management system for making quick and bold decisions while maintaining transparency and fairness and will enhance our corporate value by increasing the trust and satisfaction of our shareholders, customers, business partners, and other stakeholders.

Message from the External Director and Chairman of the Advisory Committee Relating to Nominations and Compensation



External Director
(Chairman of the Advisory Committee
Relating to Nominations and
Compensation)

Tetsuro Higashi

External Director Tetsuro Higashi, who has been inaugurated as the Chairman of the Advisory Committee Relating to Nominations and Compensation in June 2021, talks about his assessment and various issues of the governance of the Company.

Responsibility and expectations as the Chairman of the Advisory Committee Relating to Nominations and Compensation

The Advisory Committee Relating to Nominations and Compensation performs a major role in nominating candidates for especially CEO, and directors and executive officers, assessing their performance in the form of compensation and also being involved in dismissals, although the final decision-making is delegated to the Board of Directors. Having become the Chairman of the Committee, I feel a deep sense of responsibility and find it rewarding.

Senior Management of a company are required to be able to achieve a balance between improving corporate value and reinforcing governance. I believe that it is my responsibility to maximize the features of the Advisory Committee Relating to Nominations and Compensation, choose and assess eligible persons, and exercise leadership from a well-balanced standpoint as an independent external director.

Maximizing the interests of minority shareholders and building relationships with major shareholders

One of the matters to be considered regarding the Company's governance is communications with shareholders.

Needless to say, in situations where there may be conflicts of interests between major shareholders and

minority shareholders, avoiding harm to the interests of minority shareholders and establishing a well-defined governance system are fundamental premises for everything. Under this streamlined structure in holding discussions both with Nomura Holdings, a major shareholder, and other minority shareholders and best understand their expectations, concerns, and other matters.

I believe that, in most cases, major shareholders and minority shareholders are not in conflicting positions but have common interests, particularly regarding to the enhancement of the Company's corporate value. Given this assumption, we communicate with Nomura Holdings, one of the largest securities companies in Japan, and utilize its value in our Company's business to reinforce our own corporate value. It is linked with the Company's business performance improvements and share price increase and shareholder returns, which will in turn to serve the interests for minority shareholders.

Noting that improving corporate value is in the interest of all shareholders, I believe that the Advisory Committee Relating to Nominations and Compensation can also contribute to the realization of more meaningful management by encouraging senior management to engage in appropriate dialogues with both major shareholders and minority shareholders.

In the semiconductor production equipment manufacture for which I served as representative director, there was a time when one foreign shareholder owned about 20% of the shares. In governance, I experienced to take a progressive approach. I felt that by discussing what the company and its major shareholders mutually aim for, we can improve corporate value and lead to higher stock prices. I believe that I can use that experience in my current position.

Succession plans

The senior management of a company is required to have project experiences accumulated in various fields and bird's eye views of the company. The lack of these experiences and views will directly lead to management risks. In that sense, the implementation of adequate succession plans and training supports the business continuity of the company.

To ensure adequate systematic training for prospective management personnel, the Advisory Committee Relating to Nominations and Compensation regularly monitors and further strengthens the training. One of the Company's succession plans is to ensure that each director and executive officer acquires diverse experiences. Through a series of training, including the above, the next generation of management can hone the competency necessary to become senior management and expand their possibilities for the future to ensure that they can give full play to their abilities, in the same manner as existing management. These are part of our fairness and help improve the Group's value.

Assessment and issues of governance

From the standpoint of an external director, I think that the Company has been providing sufficient information and preliminary explanations in preparation for meetings of the Board of Directors. More recently, it has excelled in providing information about higher-level business policies and specific activities. Both the internal directors who execute business operations and the external directors who supervise those operations are appropriately fulfilling their roles and hold lively discussions, creating the sense that the Board of Directors is operated properly. As such, I assess that the governance system is being effectively utilized.

However, there are still issues that can be improved. I hope that more time is spent on discussions about the long-term strategies of each Business Unit, etc., in order to contribute to the next Mid- to Long-term Business Plan. Overseas businesses, which are positioned as growth drivers over the long-term, are also an important theme. It is time to go into deep discussions on key areas in our global strategies and, based on the foregoing, more detailed discussions about business development and other strategies in each region. I think that directors should share this awareness.

Sustainability initiatives as an opportunity to create new value

The Corporate Governance Code revised in June 2021 requires the explicit disclosure of initiatives on companies' sustainability. All of us should first become aware that accelerating technological development has created an extensive array of both positive and negative impacts on society and the environment. Sustainability initiatives mean confronting pressing issues of global scale and are

literally integral to companies' business continuity.

What is important for the Company is to view sustainability initiatives as an opportunity to create new value. For example, "smart city" is a key word for achieving the SDGs. The Company has the potential to play a central role in this field. I think that the key word of "smart city" would be a good trigger to draw public attention to new value in real estate.

Presenting a future that brings excitement to our customers

The Group has a unique management target of prioritizing ROE and achieving a balance between growth and shareholder returns. I recognize that the Company has rapid asset turnover and high capital efficiency compared to other leading real estate companies in Japan. I hope to see more efforts to raise the brand value and improve business profitability. This will enable future investment and shareholder returns, which will inevitably enhance corporate value.

The Company has been developing unique business models by creating a variety of asset brands, including PROUD (condominiums), PMO (medium-sized high-grade office), H¹O (quality small office), and H¹T (satellite shared office). However, I feel that the excellence of the brand value of the Group itself has not been sufficiently conveyed to society. We should first think deeply about what makes the Nomura Real Estate Group different from other companies. I think the clue to this question lies in the voices of our customers and tenants. For example, it is important to go back to think more seriously what customers who chose PROUD valued most.

The value offered by the Company is related to residence and communities that are essential in people's lives as well as their dreams. For this reason, long-term value must be created with an eye toward the next 10 or 20 years. If we can present a future that brings excitement to our customers, we should be able to increase our value further.

Toward "out-of-the-box" ideals

It is very encouraging to see a younger generation joining the Board of Directors of the Group as potential future managers. The ideal I aspire to is a perspective of the world in which all of us share out-of-the-box or unorthodox developments as a future-oriented company. As an independent external director representing the interests of minority shareholders and as the Chairman of the Advisory Committee Relating to Nominations and Compensation working for human resources who play a key role in senior management, I hope to provide useful advice and contributions to ensure that the entire Group can develop as one.

Messages from External Directors

**Katsura Ito**

General Manager and
Chief Learning Officer of Microsoft Japan Co., Ltd.

Katsura Ito has a wealth of knowledge, experience, and profound insights related to the ICT and digital sector as a result of her long career in corporate executive roles in IT companies. She has been a Director of the Company since June 2021.

By utilizing the knowledge, experience, and insights that I have accumulated in the ICT and digital sector, I would like to contribute to the strengthening of the supervisory function of the Board of Directors and the realization of fair and transparent management. In particular, the business environment surrounding the real estate industry is changing rapidly and in significant ways due to the impact of COVID-19 and other factors, and it is anticipated that we will arrive at an era in which DX initiatives such as the use of ICT become indispensable. I believe that the value of DX lies not in D (digital) but in X (transformation), and with my experience, I will contribute how to utilize digital technology as a tool for transformation.

From the business briefings prior to my inauguration as a director, I was impressed by the Group's unique business model, functional governance, and precise operations. I also learned about the continuous corporate efforts behind the Company's widely known and familiar brands such as PROUD. Amid the rapid changes in social conditions and the drastic changes in expectations for real estate from individuals and companies, I strongly hope that the Group will provide new value and build a bright future for all stakeholders, including customers, society, and employees.

In a world that is changing at an even faster pace, significance of a company's existence is becoming more and more important. Going forward, while deepening my understanding of the Group, I would like to contribute to the creation of value unique to the Group from broad perspectives, including the promotion of diversity and inclusion and balanced ESG management.

**Yoshio Mogi**

(Former) Representative Director and Executive Vice
President, CFO and CCO of Sojitz Corporation

Yoshio Mogi has great knowledge, experience, and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been a Director of the Company (Audit & Supervisory Committee Member) since June 2019.

I have the impression that all executives and employees of the Company are working very diligently and earnestly. In terms of governance initiatives, the explanations and materials provided in advance with regard to the agenda and matters to be discussed at the Board of Directors and the Audit & Supervisory Committee meetings are sufficient and very thorough. It is a good method to list matters pointed out by the Board of Directors as priority issues and monitor them. I also applaud the flexibility of the Board of Directors including setting up extraordinary meetings when necessary.

In last year's Integrated Report, I said, "I think now is the time for major discussions about where to accelerate our M&A and Overseas Business expansion." Although it is difficult to hold face-to-face discussions due to the impact of COVID-19, I hope that the Company will provide us with opportunities for in-depth discussions on long-term strategies, including off-site meetings in addition to the Board of Directors meetings.

Having served as CFO and in other positions at a trading company, I have been actively providing my opinions on investment and the usage of funds in particular. For example, with regard to small investments in venture capital, I expressed my opinion that the responsibility can become unclear over time due to the small amount of investment. I also provided my views on follow-up and maintenance cost after the investment is made. Furthermore, I suggested that we should become more aware of the speed of capital recovery in line with the progress of business.

As measures to ensure the sustainable growth of the Group, strategies for Overseas Business, business strategies for the post-COVID-19 world, and the promotion of DX can be considered. I would like to actively discuss these with executive officers. I have high expectations for the development of new brand assets following "PROUD" and "PMO" that will become the pillars of the Company's earnings in the future.

**Akiko Miyakawa**

Representative of Akiko Miyakawa CPA Office

Akiko Miyakawa has great knowledge, experience, and profound insights as an expert in accounting and auditing acquired through her many years working as a Certified Public Accountant. She has been a Director of the Company (Audit & Supervisory Committee Member) since June 2019.

Half of the customers who use the Group's products and services, which are closely related to everyday life, are women. Looking at the Company from this point of view, there are many female employees who have received internal awards, and I feel that both men and women are given opportunities to make the most of their talents regardless of their gender. On the other hand, I have the impression that the promotion of female employees to management positions is still only halfway. I think a supervisor's support is important, such as actively encouraging those who want to become managers. I also hope that the Company will create an environment where everyone can enjoy their rights equally including further encouragement of male employees to take childcare leave.

During the past year, the Board of Directors has discussed a number of issues related to risk management for overseas investment including the core philosophy, the importance of proactive examination of strategies, as well as the need for a framework for investment amounts and allocations. I feel that we have been able to manage these issues in a unified manner by concentrating projects in the Overseas Business. In overseas businesses, it can be difficult to obtain information due to physical distance, but I expect that communication with local offices and companies will be enhanced so that information such as accounting figures can be grasped in a comprehensive and timely way.

Given the significant expectations from investors for decarbonization and the use of renewable energy, it is essential for companies not only to take necessary measures but also to unite them to create added value. It is also important to communicate the Company's initiatives adequately in line with global trends while linking them with the corporate image. The Board of Directors will continue to support these efforts. The Group's distinctive feature is that it can move flexibly while responding sensitively to market needs. I would like to provide support to nurture innovative ideas and concepts and ensure that the Company's business activities can be conducted flexibly by adapting to environmental changes.

**Tetsu Takahashi**

Executive Partner of ITN Partners

Tetsu Takahashi has great knowledge, experience, and profound insights as a legal expert acquired through his many years working as a lawyer. He has been a Director of the Company (Audit & Supervisory Committee Member) since June 2020.

I have a strong impression that the directors and employees carry out their duties with pride in being members of the Group. I also feel that the customer-first attitude is thoroughly upheld. It is highly commendable that each Group company is working to achieve detailed targets for individual management challenges based on objective research and analysis. At the same time, I am concerned that a meticulous and cautious approach may be somewhat weakening our sense of speed in business decisions and execution.

The Company's Board of Directors is well-balanced with seven internal directors, including a non-executive Chairman, and five external directors. In addition, I believe that the governance system has been well established with diverse members and their expertise. The Board members have business experience in areas such as corporate management, finance, and legal affairs. Also there are two female directors.

I expect that the next Mid- to Long-term Business Plan's targets will deal with business reforms and business strategies looking ahead to the post-COVID-19 world. At the same time, it is also necessary to be fully aware of our social responsibilities as a company and to actively address issues related to sustainability and ESG. I hope that the Company will respond to its customers' trust in the Group's brands and aim to differentiate itself from its competitors.

External directors, including myself, are required to secure the effectiveness of the Board of Directors through active discussions and to strengthen governance functions. As a legal specialist, I have provided advice and assistance from a legal perspective on the business strategies of many companies, and I am prepared to make the most of my knowledge and experience to address the various issues that the Company will tackle in the future.

Sustainability approach **Governance**

Directors and Executive officers (As of June 24, 2021)

Directors



Shoichi Nagamatsu
Date of Birth: July 6, 1958
Director and Chairman of the Board of Directors
Advisory Committee Relating to Nominations and Compensation Member

Non-executive

- Apr. 1982 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2004 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Executive Managing Director of Nomura Holdings, Inc.
- Apr. 2009 Senior Managing Director of Nomura Securities Co., Ltd.
- Jun. 2010 Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc.
- Apr. 2011 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Jun. 2012 Representative Executive Managing Director and Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2013 Executive Managing Director and Chief of Staff of Nomura Holdings, Inc.
- Apr. 2016 Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2016 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2017 Representative Executive Officer and Deputy President, and Chief of Staff of Nomura Holdings, Inc.
- Apr. 2018 Director of Nomura Securities Co., Ltd.
- Apr. 2018 Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Jun. 2018 Director, and Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Apr. 2020 Director of Nomura Holdings, Inc.
- Jun. 2020 Advisor of Nomura Holdings, Inc.
- Apr. 2021 Director of Nomura Real Estate Holdings, Inc.
- Apr. 2021 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)
- Director of Nomura Real Estate Development Co., Ltd. (present)



Eiji Kutsukake
Date of Birth: September 12, 1960
President and Representative Director, Group CEO

Executive

- Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
- Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2011 Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc.
- Apr. 2012 Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.
- Aug. 2012 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2013 Director and Deputy President of Nomura Securities Co., Ltd.
- Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.
- Jun. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2017 Chair and Representative Director of Nomura Real Estate Development Co., Ltd. (present)



Daisaku Matsuo
Date of Birth: October 18, 1964
Executive Vice President and Representative Director

Newly appointed Executive

- Apr. 1988 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2011 General Manager of Commercial Property Development & Management Dept. of Corporate Real Estate Service Company of Nomura Real Estate Development Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2018 Executive Officer of Nomura Real Estate Holdings, Inc. Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2021 Executive Vice President of Nomura Real Estate Holdings, Inc. (present)
- President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
- Apr. 2021 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)



Tetsuro Higashi
Date of Birth: August 28, 1949
Director
Chairman of Advisory Committee Relating to Nominations and Compensation

External Director Independent Director Non-executive

- Apr. 1977 Joined Tokyo Electron Ltd.
- Dec. 1990 Director of Tokyo Electron Ltd.
- Apr. 1994 Managing Director of Tokyo Electron Ltd.
- Jun. 1996 Representative Director, President of Tokyo Electron Ltd.
- Jun. 2003 Representative Director, Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2011 Director, Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2012 Outside Director of Ube Industries, Ltd.
- Apr. 2013 Representative Director, Chairman, President & CEO of Tokyo Electron Ltd.
- Jun. 2015 Representative Director, President & CEO of Tokyo Electron Ltd.
- Jan. 2016 Corporate Director, Corporate Advisor of Tokyo Electron Ltd.
- May 2018 Outside Director of Seven & i Holdings Co., Ltd. (present)
- Jun. 2019 External Director of Nomura Real Estate Holdings, Inc. (present)
- Outside Director of Ube Industries, Ltd. (present)



Katsura Ito
Date of Birth: April 26, 1964
Director

Newly appointed External Director Independent Director Non-executive

- Apr. 1987 Joined IBM Japan, Ltd.
- Dec. 2005 Joined Adobe Systems Co., Ltd.
- Jan. 2011 Joined Microsoft Japan Co., Ltd.
- Executive General Manager of Microsoft Japan Co., Ltd.
- Jul. 2013 Executive Officer of Microsoft Japan Co., Ltd.
- Jul. 2016 General Manager of Microsoft Japan Co., Ltd.
- Jul. 2017 Senior General Manager of Microsoft Japan Co., Ltd.
- Jul. 2019 General Manager and Chief Learning Officer of Microsoft Japan Co., Ltd. (present)
- Jun. 2021 External Director of Nomura Real Estate Holdings, Inc. (present)



Makoto Haga
Date of Birth: June 22, 1966
Director and Executive Officer
Business Unit Manager of Commercial Real Estate Business Unit

Executive

- Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2010 Director of Nomura Real Estate Investment Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Oct. 2010 General Manager of Management Planning Dept. of Investment Management & Advisory Company of Nomura Real Estate Development Co., Ltd.
- Oct. 2011 Director of Nomura Real Estate Capital Management Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Director of NREG TOSHIBA BUILDING Co., Ltd. (currently, Nomura Real Estate Building Co., Ltd.)
- Director of Nomura Real Estate Life & Sports Co., Ltd.
- Director of Geo Akamatsu Co., Ltd. (currently, Nomura Real Estate Retail Properties Co., Ltd.)
- Director of PRIME X. Co., Ltd.
- Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2020 Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
- Apr. 2021 Director of Nomura Real Estate Building Co., Ltd. (present)



Hiroshi Kurokawa
Date of Birth: February 2, 1968
Director and Executive Officer, Group CFO
Supervisor of Management Division, Investor Relations

Newly appointed Executive

- Apr. 1990 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2012 General Manager of Building Development Dept. of Corporate Real Estate Service Company of Nomura Real Estate Development Co., Ltd.
- Director of Geo Akamatsu Co., Ltd. (currently, Nomura Real Estate Retail Properties Co., Ltd.)
- Apr. 2013 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2015 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Asset Management Co., Ltd.
- Apr. 2017 Executive Officer of Nomura Real Estate Holdings, Inc. Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd.
- Oct. 2017 Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd.
- Apr. 2018 Director of Nomura Real Estate Partners Co., Ltd.
- Mar. 2019 Director of UHM Co., Ltd.
- Apr. 2020 Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2021 Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
- Jun. 2021 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)



Hiroyuki Kimura
Date of Birth: March 30, 1962
Director (Audit & Supervisory Committee Member)

Newly appointed Non-executive

- Apr. 1984 Joined Nomura Real Estate Development Co., Ltd.
- Feb. 2006 General Manager of Finance & Accounting Dept. of Nomura Real Estate Holdings, Inc.
- Dec. 2008 Director of NREG TOSHIBA BUILDING Co., Ltd. (currently, Nomura Real Estate Building Co., Ltd.)
- Apr. 2009 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2009 Director of Nomura Real Estate Holdings, Inc.
- Apr. 2010 President and Representative Director of Nomura Real Estate Investment Management Co., Ltd.
- Director of Nomura Real Estate Capital Management Co., Ltd.
- Director of Nomura Real Estate Asset Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Oct. 2011 Managing Director of Nomura Real Estate Asset Management Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Jun. 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2013 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2013 Executive Officer of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2019 Director of Nomura Real Estate Holdings, Inc. Executive Vice President and Representative Director of Nomura Real Estate Asset Management Co., Ltd.
- Apr. 2021 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
- Advisor of Nomura Real Estate Holdings, Inc. (present)
- Jun. 2021 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
- Audit & Supervisory Board Member of Nomura Real Estate Solutions Co., Ltd. (present)
- Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)



Yasushi Takayama
Date of Birth: February 1, 1964
Director (Audit & Supervisory Committee Member)

Non-executive

- Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Jun. 2011 Director, Nomura Financial Products & Services, Inc.
- Oct. 2012 Managing Director and General Counsel of Nomura Securities International, Inc. (New York)
- Sep. 2013 Managing Director and General Counsel of Nomura Holding America Inc.
- Apr. 2015 Senior Managing Director and Chief Legal Officer of Nomura Holdings, Inc.
- Senior Managing Director and Chief Legal Officer of Nomura Securities Co., Ltd.
- Jun. 2016 Outside Director of Japan Securities Depository Center, Incorporated
- Apr. 2019 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
- Advisor of Nomura Real Estate Holdings, Inc.
- May 2019 Audit & Supervisory Board Member of UHM Co., Ltd. (present)
- Jun. 2019 Director (Full-time Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
- Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. (present)
- Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (currently, Nomura Real Estate Solutions Co., Ltd.) (present)
- Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)
- Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (currently, Nomura Real Estate Building Co., Ltd.) (present)
- Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. (present)
- Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd. (present)
- Audit & Supervisory Board Member of PRIME X. Co., Ltd. (present)

Sustainability approach **Governance**
Directors and Executive officers

Yoshio Mogi
Date of Birth: April 10, 1952
Director (Audit & Supervisory Committee Member)
Advisory Committee Relating to Nominations and Compensation Member

External Director Independent Director
Non-executive

Akiko Miyakawa
Date of Birth: October 18, 1955
Director (Audit & Supervisory Committee Member)

External Director Independent Director
Non-executive

Tetsu Takahashi
Date of Birth: October 24, 1956
Director (Audit & Supervisory Committee Member)
Advisory Committee Relating to Nominations and Compensation Member

External Director Independent Director
Non-executive

Apr. 1975 Joined Nichimen Co., Ltd. (currently, Sojitz Corporation)
Apr. 2006 Executive Officer of Sojitz Corporation
Apr. 2008 Managing Executive Officer of Sojitz Corporation
Apr. 2012 Senior Managing Executive Officer, CFO of Sojitz Corporation
Jun. 2012 Representative Director, Senior Managing Executive Officer, CFO of Sojitz Corporation
Apr. 2014 Representative Director and Executive Vice President, CFO of Sojitz Corporation
Jul. 2014 Outside Director of Sojitz Infinity Inc.
Apr. 2017 Representative Director and Executive Vice President, CCO of Sojitz Corporation
Director of Sojitz REIT Advisors K.K.
Apr. 2018 Advisor of Sojitz Corporation
Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Apr. 1978 Joined Tokyo Branch of Chase Manhattan Bank (currently JPMorgan Chase Bank, N.A.)
Nov. 1987 Joined Marunouchi & Co. (currently Deloitte Touche Tohmatsu LLC)
Jan. 2000 Joined the Los Angeles Office of Deloitte US
Jun. 2005 Partner of Deloitte Touche Tohmatsu LLC
Jul. 2008 Joined the Taipei Office of Deloitte Taiwan
Oct. 2015 Joined Deloitte Touche Tohmatsu LLC Tokyo Office
Aug. 2018 Representative of Akiko Miyakawa CPA Office (present)
Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Apr. 1986 Registered with Tokyo Bar Association
Joined Miyakezaka Law Offices
Jul. 2003 Representative Partner of KASUMIGASEKI PARTNERS LAW OFFICE
Mar. 2006 Outside Audit & Supervisory Board Member of Apple Japan Co., Ltd.
Mar. 2007 External Auditor of McDonald's Holdings Company (Japan), Ltd. External Director of McDonald's Company (Japan), Ltd. (present)
Jun. 2007 Outside Audit & Supervisory Board Member of Gro-Bels Co., Ltd.
Oct. 2007 Outside Audit & Supervisory Board Member of Bit-Isle Inc. (currently Bit-Isle Equinox Inc.)
Jan. 2012 Outside Audit & Supervisory Board Member of Boox Co., Ltd.
Feb. 2012 Outside Audit & Supervisory Board Member of ZOOM CORPORATION
Jun. 2015 Outside Director (Audit and Supervisory Committee Member) of ZOOM CORPORATION (present)
Oct. 2016 Outside Audit & Supervisory Board Member of eBook Initiative Japan Co., Ltd. (present)
Jun. 2020 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
Dec. 2020 Executive Partner of ITN Partners (present)

* Tetsuro Higashi, Katsura Ito, Yoshio Mogi, Akiko Miyakawa and Tetsu Takahashi are External Directors prescribed in Article 2, Item 15 of the Companies Act.

Executive officers (Excluding those who are concurrently serving as Directors)

Takashi Kaku In charge of Overseas Business	Haruhiko Nakamura In charge of Residential Development Business Unit	Motomi Uki In charge of Group Human Resources Dept.
Akihiro Fukuda In charge of Property & Facility Management Business Unit	Tetsumi Yoshimura In charge of Quality Management and Architectural Design	Toshihide Tsukasaki In charge of Finance & Accounting Dept., Finance Dept.
Shigeyuki Yamamoto In charge of Development Planning	Masato Yamauchi In charge of Corporate Planning Dept., DX & Innovation Management Dept.	Tokuji Nakamura In charge of Sustainability Management Dept., Corporate Communications Dept., Sustainability Management
Kenichi Maeda In charge of Property Brokerage & CRE Business Unit	Yukio Ichihara In charge of Group Internal Audit Dept., Group Legal & Compliance Dept., Secretariat, Internal audit and Compliance	
Koki Miura In charge of Investment Management Business Unit		

Corporate governance

Basic concept of corporate governance

Nomura Real Estate Holdings believes that it must be governed in a way that continuously maximizes our Group's value over the long term, while consideration is given to the interest of shareholders and all other stakeholders of the Company. We aim to enhance the earning power of the entire Group, and while acting as a holding company in managing and supervising the business activities of our subsidiaries. Also we endeavor to build a more transparent management system in accordance with the Basic Corporate Governance Policy formulated in 2015.

- Corporate Governance <https://www.nomura-re-hd.co.jp/english/company/governance.html>
- Basic Corporate Governance Policy <https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

Characteristics of our corporate governance system

In order to strengthen audit and supervisory functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights at Board of Directors' meetings and by other means, the Company transitioned to a company with an Audit & Supervisory Committee in 2015, and then established the Advisory Committee Relating to Nominations and Compensation in 2016. Inviting multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation are intended to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management. At the same time, the Company ensures the effectiveness of supervision by the Board of Directors concerning the directors' execution of duties and the executive officers' business operations by establishing the risk management system, compliance system, and internal audit system and having regularly report to the Board of Directors about initiatives of those systems. Currently, the majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors.

The Company also introduced the executive officer system to separate the business execution function from the management supervision and decision-making functions to enhance the execution function, reinforcing the management of the Group. Each executive officer selected by the Board of Directors is granted authority based on internal regulations and executes business operations pursuant to the Company's policy determined by the Board of Directors and instructions from the CEO.

Our efforts to reinforce corporate governance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Organization										
Directors (No.)	6*	5	5*	8		13		12	13	12
Of which External Directors (No.)	0	1	2				5			
Of which Independent External Directors (No.)	0		1		4			5		
Of which Female Directors (No.)		0				1		2	1	2
The assessment of effectiveness										
Compensation										
Others										

*Reduction due to resignation or retirement during the period is not stated.

Sustainability approach **Governance**
Corporate governance

Corporate governance system

Features of the Group's governance system

- ▶ Company with an Audit & Supervisory Committee
- ▶ Chairman of the Board of Directors is a non-executive director
- ▶ Out of 12 directors, five are independent external directors
- ▶ Established the Advisory Committee Relating to Nominations and Compensation
- ▶ Chairman of Advisory Committee Relating to Nominations and Compensation is an independent external director
- ▶ Majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors

1 The Board of Directors

Held 15 times during FY21/3

Roles of the Board of Directors

The Board of Directors bears the responsibility of realizing effective corporate governance for all shareholders, and through this, achieving sustainable growth of the Company and working to maximize long-term corporate value. To fulfill this responsibility, the role of the Board of Directors is to ensure the fairness and transparency of management by fully supervising management, and make the best decisions for the Company through important business execution decisions, etc.

Composition of the Board of Directors

The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members) (of which two are external directors) and five directors who serve as Audit & Supervisory Committee Members (of which three are external directors). The Company appoints diverse directors with various knowledge, experience, and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, five out of the 12 directors are independent external directors. The Chairman of the Board of Directors is a non-executive director.

Roles of Independent External Directors

In order to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management, two independent external directors (excluding those who serve as an Audit & Supervisory Committee Member) and three independent external directors who serve as Audit & Supervisory Committee Members are appointed.

The main role of independent external directors is, based on their own knowledge, to give appropriate advice from the viewpoint of the Company's sustainable growth and improving the corporate value, to supervise management through significant decision making by the Board of Directors, to supervise conflicts of interest between the Company and management or major shareholders, etc., and to appropriately express the opinions of shareholders and other stakeholders to the Board of Directors from a standpoint independent from management.

The Company has formulated its own standards for determining the independence of independent external directors, in addition to the independence standards for "independent directors" set out by the Tokyo Stock Exchange.

Independence standards for Independent External Directors:
Article 14 of the Basic Corporate Governance Policy
<https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

3 The Advisory Committee Relating to Nominations and Compensation

Held 11 times during FY21/3

The Company established the Advisory Committee Relating to Nominations and Compensation, as an advisory body to the Board of Directors, where the majority of members are comprised of independent external directors, to strengthen the objectivity and independence of functions of the Board of Directors in relation to nomination and compensation of the directors and executive officers. Currently, the Advisory Committee Relating to Nominations and Compensation consists of four members, of which three are independent external directors. An independent external director is the Chairman of Advisory Committee Relating to Nominations and Compensation. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation of directors and executive officers and reports the outcome to the Board of Directors.

Group governance

As a holding company, the Company manages its Group companies under various regulations such as Regulations regarding Group Organizational Management and Group Internal Audit. Also, its directors (excluding those who serve as Audit & Supervisory Committee Members) and executive officers also hold the post of director, etc. or directors who serve as Audit & Supervisory Committee Members also act as Audit & Supervisory Board

Members in major Group companies to strengthen the Group management. Furthermore, the Company has built systems for risk management, compliance, and internal audits within the Company itself and the entire Group, with the Board of Directors regularly receiving reports on each of the systems, for an effective monitoring of Group management.

2 The Audit & Supervisory Committee

Held 14 times during FY21/3

Roles of Audit & Supervisory Committee

The Audit & Supervisory Committee monitors business management and performs audits utilizing the Company's internal control system. We have developed a system through which the Committee receives periodic reports on internal audits and results from the Internal Audit Dept., and has the authority to ask directors, executive officers, and operating divisions of the Company and Group companies to report such matters when necessary. Audit & Supervisory Committee Members can attend the Company's important meetings, including those of the Management Committee, gather information on the business execution, and express their opinions so that an effective system for audits and supervision is secured.

Composition of the Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Members comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee consists of five members, of which two are Audit & Supervisory Committee Members (full-time) and three are Audit & Supervisory Committee Members (independent external directors).

Main initiatives taken by Audit & Supervisory Committee

Main matters on the agenda at the meetings of the Audit & Supervisory Committee include the consent to the election bill of directors who act as Audit & Supervisory Committee Members, drawing up audit plans, the consent to the internal audit plan by the Group Internal Audit Dept., preparing audit reports, evaluating on the reappointment of the Accounting Auditor, giving consent to compensation for the Accounting Auditor and making decision for appointment and compensation, etc. of the directors except for Audit & Supervisory Committee Members. The fulltime Audit & Supervisory Committee Members attend important meetings of the Company and request for reports from operating divisions as necessary to gather information on the Company's business execution status.

4 Management Committee

Held 50 times during FY21/3

The Committee, which is comprised of the Chief Executive Officer, the Executive Vice President and Executive Officers, determines certain matters regarding the execution of business at overall Group companies. The Chairman of the Board of Directors and Directors who are Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

5 Budget Committee

Held 9 times during FY21/3

For the compilation of budgets, preparation of medium-term business plans, and other matters, the Committee discusses the planning, exercise, and other matters regarding budgets and medium-term business plans as a subordinate organization of the Management Committee.

6 Risk Management Committee

Held 7 times during FY21/3

With the aim of securing the continuity and stable development of business through the exercise of risk management, the Committee discusses matters in connection with internal controls, risks in the Group's management, and other matters as a subordinate organization of the Management Committee. The Committee is mainly comprised of directors and executive officers of the Company and Group companies who have been appointed by the Board of Directors.

7 Sustainability Committee

Held 3 times during FY21/3

The Committee discusses matters on the promotion of sustainability for the purpose of establishing policies and plans and managing results regarding the promotion of sustainability, deepening Group employees' understanding and disclosing various information thereof as a subordinate organization of the Management Committee.

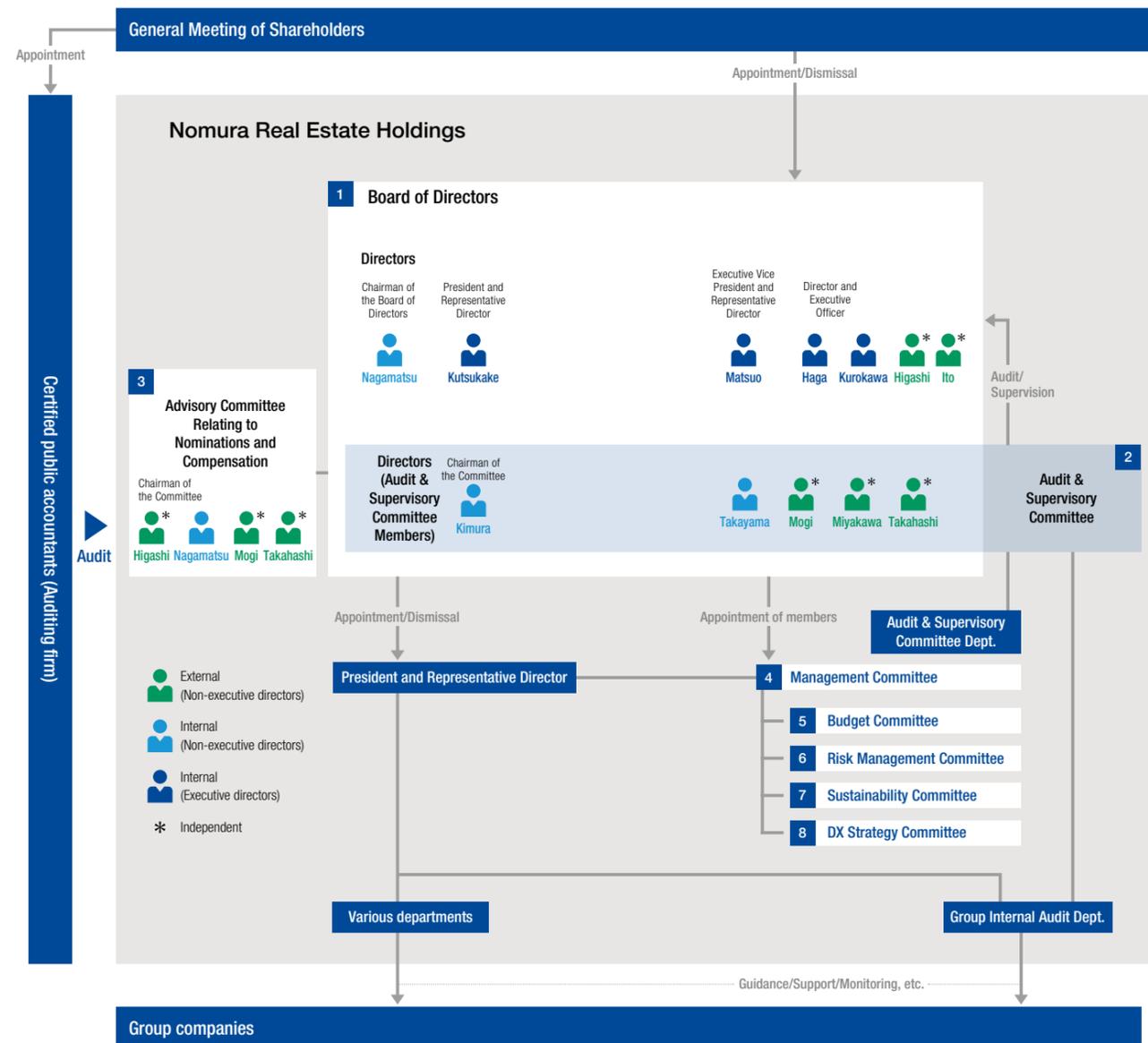
8 DX Strategy Committee

Held 13 times* during FY21/3

The Committee discusses matters on DX strategy and investment plans for preparing the ICT base and building information systems to establish policies and plans regarding the promotion of DX, and to improve the ICT environment and to use it effectively as a subordinate organization of the Management Committee.

* Listing the number of the former ICT Planning Committee (renamed to the DX Strategy Committee in April 2021) meetings held.

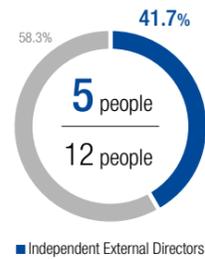
Chart of Corporate Governance System



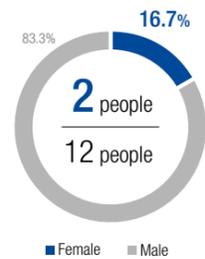
Sustainability approach **Governance**
Corporate governance

► Status of Directors

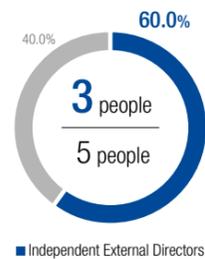
Percentage of Independent External Directors on the Board of Directors



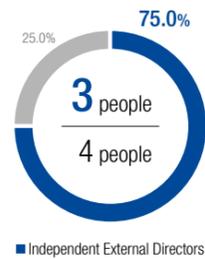
Percentage of Female Directors on the Board of Directors



Percentage of Independent External Directors on the Audit & Supervisory Committee



Percentage of Independent External Directors on the Advisory Committee Relating to Nominations and Compensation



Gender	Name (date of birth)	Position/ Responsibilities	Executive/ External/ Independent/ New	Term of office*1	Attendance rate at meeting of Board of Directors (number of attendances/ meetings)	Audit & Supervisory Committee Member *2	Advisory Committee Relating to Nominations and Compensation Member*2
Male	Shoichi Nagamatsu (July 6, 1958)	Director and Chairman of the Board of Directors	Non-executive	1 year	100% (10/10*)		○
Male	Eiji Kutsukake (September 12, 1960)	President and Representative Director, Group CEO	Executive	7 years	100% (15/15)		
Male	Daisaku Matsuo (October 18, 1964)	Executive Vice President and Representative Director	Newly appointed Executive	—	(Appointed on June 24, 2021)		
Male	Makoto Haga (June 22, 1966)	Director and Executive Officer, Business Unit Manager of Commercial Real Estate Business Unit	Executive	4 years	100% (15/15)		
Male	Hiroshi Kurokawa (February 2, 1968)	Director and Executive Officer Group CFO, Supervisor of Management Division, Investor Relations	Newly appointed Executive	—	(Appointed on June 24, 2021)		
Male	Tetsuro Higashi (August 28, 1949)	Director	External Independent Non-executive	2 years	100% (15/15)		◎
Female	Katsura Ito (April 26, 1964)	Director	Newly appointed External Independent Non-executive	—	(Appointed on June 24, 2021)		

Gender	Name (date of birth)	Position/ Responsibilities	Executive/ External/ Independent/ New	Term of office*1	Attendance rate (number of attendances/meetings) Board of Directors meeting (upper)/ Audit & Supervisory Committee meeting (lower)	Audit & Supervisory Committee Member *2	Advisory Committee Relating to Nominations and Compensation Member*2
Male	Hiroyuki Kimura (March 30, 1962)	Director (Audit & Supervisory Committee Member)	Newly appointed Non-executive	—	(Appointed on June 24, 2021)	◎	
Male	Yasushi Takayama (February 1, 1964)	Director (Audit & Supervisory Committee Member)	Non-executive	2 years	100% (15/15) 100% (14/14)	○	
Male	Yoshio Mogi (April 10, 1952)	Director (Audit & Supervisory Committee Member)	External Independent Non-executive	2 years	100% (15/15) 100% (14/14)	○	○
Female	Akiko Miyakawa (October 18, 1955)	Director (Audit & Supervisory Committee Member)	External Independent Non-executive	2 years	100% (15/15) 100% (14/14)	○	
Male	Tetsu Takahashi (October 24, 1956)	Director (Audit & Supervisory Committee Member)	External Independent Non-executive	1 year	100% (10/10*) 100% (9/9*)	○	○

*1 Years as director as of June 24, 2021
 *2 ◎: Committee Chairman
 *3 Knowledge of capital markets and business experience in capital procurement, etc.
 *4 Number of meetings held in the fiscal year ended March 31, 2021 since assuming the position of Director on June 23, 2020

Fields of expectation for directors							Reason for appointment
Corporate management	Finance*3	Financial audit	Legal audit	Real estate/ Construction	Overseas Business	ICT/Digital	
●	●	●					Shoichi Nagamatsu has extensive business and management experience at the Nomura Group as well as experience as Director and Chairman of the Board of Directors of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●	●			●			Eiji Kutsukake has extensive business and management experience in the Nomura Group as well as experience as President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●				●			Daisaku Matsuo has extensive business and management experience at the Group. He has been appointed because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development and other operations especially in the Residential Development Business Unit.
●	●	●		●			Makoto Haga has extensive business and management experience in the Group as well as experience as a director of the Company. He has been appointed because it is expected that he will continue contributing to a strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on corporate planning and financial and capital policies of the Group, and other operations.
●	●	●		●			Hiroshi Kurokawa has extensive business and management experience at the Group. He has been appointed because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on corporate planning, property development and other operations.
●	●				●	●	Tetsuro Higashi has been selected as an External Director because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager.
●						●	Katsura Ito has been selected as an External Director because it is expected that she will contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on her wealth of knowledge, experience, and profound insights related to ICT and the digital field in her long career in executive roles at IT companies.

Fields of expectation for directors							Reason for appointment
Corporate management	Finance*3	Financial audit	Legal audit	Real estate/ Construction	Overseas Business	ICT/Digital	
●	●	●		●			Hiroyuki Kimura has extensive business and management experience at the Group as well as experience as Director of the Company. He has been selected as a Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning finance and accounting will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
●	●	●	●		●		Yasushi Takayama has extensive business experience in the Nomura Group and experience as a Director as Audit & Supervisory Committee Member of the Company. He has been selected as a Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning legal, finance and accounting will continue to contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
●	●	●			●		Yoshio Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been selected as an External Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
		●			●		Akiko Miyakawa has great knowledge, experience and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. She has been selected as an External Director as Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure, although she has no previous experience directly involved in the management of a company other than as an external officer.
				●			Tetsu Takahashi has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been involved in the management of a company except as an outside director, however he has been selected as an External Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an outside director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.

Total	10 people	8 people	7 people	2 people	5 people	4 people	2 people
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Sustainability approach **Governance**
Corporate governance

Compensation of directors

The policy for deciding the details etc. of the compensation of directors etc.

At a meeting of the Board of Directors, the Company resolved the policy for deciding the details of the compensation, etc. for each individual Director excluding Audit & Supervisory Committee Members. In addition, the Company established the Advisory Committee Relating to Nominations and Compensation, where the majority of members composing that body are Independent External Directors, and the Board of Directors resolved the operation, etc. of the compensation plan for the Directors, based on the deliberation by the Committee and on the Committee's opinion reported to the Board of Directors.

Basic policy

- (1) Compensation for Directors consists of a structure that is linked to the Mid- to Long-term Business Plan, etc. in order to sufficiently work as an incentive for the sustainable improvement of corporate value, and the Company's basic policy in deciding compensation for each Director is to provide an appropriate level of compensation according to the role and position as a Director.
- (2) Operation and revision of the compensation plan for Directors and the amount of the compensation for Directors are determined by the Board of Directors based on the deliberation by the Advisory Committee Relating to Nominations and Compensation and its opinion reported to the Board of Directors.
- (3) In reviewing the appropriateness of the compensation level and the content of the share-based compensation plan, the Company takes consideration of factors such as the size of the Company and business characteristics, after obtaining advice from an external compensation consultant as necessary.
- (4) Compensation of Directors concurrently serving as Executive Officers consists of "base compensation," "bonus" and "share-based compensation" so that it works as a clear incentive to improve performance not only for the short-term, but also for the medium- to long-term.
- (5) Compensation of the Chairman of the Board of Directors is made up of the "base compensation" and the "restricted shares ("RS") portion of share-based compensation," taking into account the sharing of interests with shareholders, since the

Chairman of the Board of Directors is responsible for supervising execution of business from an objective standpoint and also for enhancing long-term corporate value.

(6) Compensation of Part-time Internal Directors and External Directors consists only of "base compensation" due to their role of supervising the business execution from an objective standpoint. (→ See Figure 1 and Figure 2 on the next page)

The method for determining the details of compensation for each Director, etc.

- (1) The determination of the specific details of the amount of base compensation and bonuses, both of which are monetary compensations, to be paid out is delegated to the President and Representative Director based on a resolution of the Board of Directors.
- (2) The payment level shall be deliberated by the Advisory Committee Relating to Nominations and Compensation for the appropriate exercise of the authority stated in (1) above by the President and Representative Director.
- (3) Regarding share-based compensation, the Company formulated "share delivery regulation" to handle repayment claims at an amount equivalent to the Company Shares, etc. to be delivered, etc. in the event that specific circumstances (improper conduct, etc.) occur.

Total amount of compensation, etc. by director category, total amount of compensation, etc. by type and the number of directors applicable

Director category	Total amount of compensation, etc. (millions of yen)	Total amount by type of compensation, etc. (millions of yen)				Number of directors applicable (people)
		Base compensation	Bonus (Performance-based incentive, etc.)	Share-based compensation (Non-monetary compensation, etc.)		
				Performance-based compensation	Non-performance-based compensation	
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	494	278	97	42	75	6
Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	—	—	—	2
External Directors	76	76	—	—	—	6
Total	672	456	97	42	75	14

- *1. The number of External Directors is five as of the end of the fiscal year ended March 2021. The reason for the difference with the number of directors applicable shown above is the inclusion of one Director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
- *2. The compensation amount ("base compensation" and "bonus") of Directors has been set as no greater than ¥550 million per year for Directors (excluding Directors as Audit & Supervisory Committee Members) according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018, and at the time of the resolution, the number of Directors (excluding Directors as Audit & Supervisory Committee Members) was eight (of which, two were External Directors). Furthermore, the compensation amount of Directors (Audit & Supervisory Committee Members) is limited to up to ¥170 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2020. The number of Directors as Audit & Supervisory Committee Members at the time of the resolution was six (including four External Directors). The compensation amount of Directors is shown as the amount recorded by the Company as an expense during the fiscal year ended March 2021 regardless of whether it was paid during the fiscal year ended March 2021.
- *3. Separately from the compensation amount of Directors shown in *2. above, the Company introduced a performance-based stock incentive plan for Directors (excluding External Directors and Directors as Audit & Supervisory Committee Members) in accordance with a resolution approved at the Ordinary General Meeting of Shareholders held on June 26, 2018. Under the terms of the Plan, the Company's contribution to a trust as compensation for Directors (excluding External Directors and Directors as Audit & Supervisory Committee Members) is limited to an amount of not more than ¥730 million over the relevant period of three fiscal years, and the number of Directors (excluding Directors as Audit & Supervisory Committee Members) who were subject to the Plan at the time of the resolution was six (excluding two External Directors). The amount paid as "share-based compensation, etc. (non-monetary compensation, etc.)" above includes performance-based stock incentive recorded as an expense for the fiscal year ended March 2021.
- *4. The amount paid as "non-performance-based compensation" of "share-based compensation, etc. (non-monetary compensation, etc.)" above includes the compensation amount in the form of stock options recorded as an expense during the fiscal year ended March 2021 (¥870 thousand for five Directors (excluding External Directors and Directors as Audit & Supervisory Committee Members)). Compensation in the form of stock options is paid within the annual maximum amount of ¥650 million according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2015, prior to the introduction of the compensation plans shown in *2. and *3. above, and the number of Directors (excluding Directors as Audit & Supervisory Committee Members) who were subject to the Plan at the time of the resolution was six, excluding two External Directors. The Company has determined to abolish the current stock options system and stop granting new stock options after granting stock options as compensation for Directors for the fiscal year ended March 2018.
- *5. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to bonuses, which are monetary compensation, the calculation method of such bonuses and the reasons for selecting these indicators are as stated in "The policy for deciding the details etc. of the compensation of directors etc." and Figure 1. The actual results that pertain to performance indicators are as presented in the table below.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Business profit	¥79,623 million	¥82,833 million	¥76,448 million
Year-on-year change	—	+4.0%	-7.7%

*6. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to share-based compensation, etc., the calculation method of such share-based compensation, etc. and the reasons for selecting these indicators are as stated in "The Basic Policy" stated above and Figure 1. The ranges of performance indicators were decided as presented in the tables below.

(The ranges for the fiscal year ended March 2021, the third year from the start of the system in the fiscal year ended March 2019)				(The ranges for the fiscal year ending March 2022, the third year from the start of the system in the fiscal year ended March 2020)				(The ranges for the fiscal year ending March 2023, the third year from the start of the system in the fiscal year ended March 2021)			
Ranges		Results		Ranges		Results		Ranges		Results	
The achievement-linked coefficient	0% — 200%	22.0%	—	0% — 200%	—	—	—	0% — 200%	—	—	—
Business profit	¥75,400 million — ¥105,600 million	¥76,448 million	—	¥70,800 million — ¥99,200 million	—	—	—	¥66,600 million — ¥93,400 million	—	—	—
ROE	6.5% — 12.5%	7.4%	—	6.5% — 12.5%	—	—	—	4.5% — 10.5%	—	—	—

- *7. Non-monetary compensation, etc. consists of the Company's shares, etc. and the conditions, etc. for delivery are as stated in "Amount of compensation, etc. of directors and calculation method, etc." above and Figure 1.
- *8. As stated in the "Outline of compensation plan of Directors" above the decisions on the specific details concerning the amounts of base compensation and bonuses, both of which are monetary compensation, to be paid out are delegated to the President and Representative Director Eiji Kutsukake based on a resolution of the Board of Directors. Therefore, the President and Representative Director shall decide the details. The reason for this delegation to the President and Representative Director is that the Company has judged the President and Representative Director as appropriate to conduct the individual evaluation of each Director while considering, among other things, performance of the Company overall. The payment level is deliberated by the Advisory Committee Relating to Nominations and Compensation for the appropriate exercise of the decision authority delegated to the President and Representative Director.

Total amount of consolidated compensation, etc. for those whose total amount of consolidated compensation is 100 million yen or more

Name	Director category	Total amount by type of compensation, etc. (millions of yen)				Total amount of compensation, etc. (millions of yen)
		Base compensation	Bonus (Performance-based incentive, etc.)	Share-based compensation (Non-monetary compensation, etc.)		
				Performance-based compensation	Non-performance-based compensation	
Eiji Kutsukake	Director	64	33	20	15	133
Seichi Miyajima	Director	57	28	10	13	110

*The payment amount in "Share-based compensation (Non-monetary compensation, etc.)" is the amount recorded as an expense for the fiscal year ended March 2021.

Director Compensation determination policy and composition. (Figure 1)

Operation and revision of compensation system for Directors/decisions on the amount of compensation	Reasons for compensation, etc.	Type and composition of the compensation by Director category			Determination policy, etc. each type of compensation.	
		External Directors/ Internal Directors (Part-time)	Director and Chairman of the Board of Directors	Directors concurrently serving as executive officers		
		Taking on the role of supervising the business execution from an objective standpoint	Taking into account the sharing of interests with shareholders since responsible for supervising execution of business from an objective standpoint and also for enhancing long-term corporate value	Working as a clear incentive to improve performance not only for the short-term, but also for the medium- to long-term		
Determined by the Board of Directors based on deliberations by the Advisory Committee and reports to the Board of Directors	Fixed compensation	Base compensation	●	●	●	● Determined according to the role and position as a Director. ● Paid monthly.
		Bonuses			●	● Determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals. The evaluation of individuals evaluates the progress of initiatives for single-year and the medium- to long-term, for which achievements are difficult to measure based only on the figures of financial results. ● Paid at a certain time after the end of each fiscal year.
	Variable compensation	Performance-based compensation (PS)			●	● The performance-based compensation adopts performance-sharing ("PS") providing incentive for enhancement of medium- to long-term performance, and implements, after three years of the commencement of each business year, delivery or payment ("delivery, etc.") of the Company's shares and/or an amount equivalent to the proceeds of converting the Company's shares into cash (the "Company Shares, etc.).
		Non-performance-based compensation (RS)		●	●	● The non-performance-based compensation adopts restricted shares ("RS") providing an incentive for long-term contributions and enhancement of corporate value to delay delivery, etc. until retirement as an officer.

*1. The share-based compensation adopts the system of executive compensation BIP (Board Incentive Plan) trust (the "Trust"). The Company Shares, etc. to be delivered, etc. is set at one Company's share per one point, according to the number of points calculated based on the below formula.

[Calculation formula of points]

- PS portion
The number of points (the "Number of PS Points") to be granted to Directors for each fiscal year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each fiscal year by the achievement-linked coefficient determined based on the level of performance three years after the beginning of the applicable fiscal year. For the achievement-linked coefficient, the target ranges (0 – 200%) are set based on the "business profit" from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, out of the management benchmarks listed in the Mid- to Long-term Business Plan.
- RS portion
The number of points (the "Number of RS Points") to be granted to Directors and added for each fiscal year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust.

Image of the composition and role on the Director compensation (Figure 2)



*2. The above ratio indicates a basic model when the Company pays 100% of its standard amount of variable compensation.

Sustainability approach **Governance**
Corporate governance

Improvement of the effectiveness of the Board of Directors

For continuous improvement of the effectiveness of the Board of Directors, we repeatedly perform a cycle of assessment of the effectiveness of the Board of Directors and the Board of Directors' determination and implementation of appropriate policies based on the assessment results.

Details of the assessment of effectiveness of the Board of Directors in the fiscal year ended March 2021 are as follows:

Details of the implementation	Results of analysis and assessment		
	Highly regarded points	Issues and future improvement measures	
<ul style="list-style-type: none"> Conduct the questionnaires of all directors (including those who serve as Audit & Supervisory Committee Members) and their interview through a third-party assessment organization. Conduct analysis and assessment and determine the policy for response through deliberation by the Board of Directors based on the above results. 	[Composition]	The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.	—
	[Discussions]	Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each Director. In particular, discussions were enhanced through the opinions, etc. from external directors.	—
	[Operation]	The introduction of executive summaries and continuous improvements to the operation, such as ensuring provision of materials prior to meetings, were broadly evaluated as having contributed to improving the effectiveness of the Board of Directors.	There is further room for improvement regarding the operation, such as further clarifying the discussion points in the proposal explanations and materials. By continuing to work for improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.
	[Matters for discussion]	The progress of the initiatives established to address various issues is tracked using a "Priority Issue List" set up for monitoring by the Board of Directors, and the Company makes efforts to enhance governance and upgrade discussions to bring about improvements to risk management and other functions.	<p>The Board of Directors must further strengthen strategic discussions that take into account mid- to long-term perspectives on the Company's business strategy for the post-COVID-19 world, digital strategy, promotion of sustainability, etc.</p> <p>For the fiscal year ending March 2022, enhancing strategy discussions and optimizing governance have been designated priority measures, and the Company will promote initiatives aimed at further improving corporate value and strengthening corporate governance.</p> <div style="border: 1px solid black; padding: 5px;"> <p>[Main strategic discussion themes to be envisioned]</p> <ul style="list-style-type: none"> Post-COVID-19 Business Strategy / New Mid- to Long-Term Business Plan (including Business Portfolio Strategy) Digital strategy Human resources strategy (DX, Overseas Businesses, etc.) Overseas business strategy Promotion of sustainability, etc. </div>

In the future, by assessing the effectiveness of the Board of Directors each year, the Company will regularly grasp the status of improvement and will further improve the effectiveness of the Board of Directors.

Main discussions of the Board of Directors

Main matters approved by or reported to the Board of Directors in the fiscal year ended March 2021 are as follows:

Categories	Main themes
Business strategy, business plan	<ul style="list-style-type: none"> Annual budget, policy for shareholder returns, fund procurement (Borrowings, Bonds, etc.) Financial results Investor trends/IR strategy Business Unit strategy Examination of M&A Digital strategy Promotion of sustainability Promotion of wellness management
Corporate governance	<ul style="list-style-type: none"> Evaluating the effectiveness of the Board of Directors Policy for responding to Audit & Supervisory Committee audit findings Advisory matters to Advisory Committee Relating to Nominations and Compensation Policy for Cross-shareholding Enhancing group governance Monthly monitoring of response status to various management issues
Risk management, compliance, audits	<ul style="list-style-type: none"> Asset risk management Management of investment risk and external risk Report of Risk Management Committee Risk monitoring report in Overseas Business Formulation of the compliance program for the fiscal year Formulation of the group internal audit plan and the report on the results
Individual businesses	<ul style="list-style-type: none"> Participation in Nakano Station Shin North Exit Station-Front Area Redevelopment Vietnam / Hanoi area residential development business project

In addition to the above items to be deliberated by the Board of Directors, directors hold meetings to exchange opinions among them to deepen discussions.

Items	Specific details	Number of meetings
Directors' opinion exchange sessions	<ul style="list-style-type: none"> New Mid- to Long-term Business Plan Asset portfolio strategy Digital strategy Budget plan and the three-year forecast 	3

Information provision and support for external directors

The Company conducts information provision and support required for the execution of the external directors' duties.

Items	Specific details	Number of meetings
Development property inspection by external directors	The Company provides opportunities for external directors to tour the Group's properties regularly to deepen understanding about the wide range of businesses of the Group. In the fiscal year ended March 2021, external directors visited residential developments in local cities, office buildings, retail facilities, and large-scale mixed-use development projects.	1

Main matters discussed and deliberated by the Audit & Supervisory Committee

In the fiscal year ended March 2021, the Audit & Supervisory Committee mainly discussed and deliberated the following matters:

Categories	Main discussions
Composition and operation of the Committee	<ul style="list-style-type: none"> Agreement on a proposal for election of a director who serves as an Audit & Supervisory Committee Member Election of Committee Chairman and Committee Members (full-time) Revision of Audit & Supervisory Committee regulations and Audit & Supervisory Committee audit regulations
Audit activities of the Committee	<ul style="list-style-type: none"> Formulation of the basic audit plan Agreement on the internal audit plan of Group Internal Audit Department Preparation of audit report
Accounting auditor	<ul style="list-style-type: none"> Agreement on accounting auditor's compensation, etc. Determination of whether to reappoint the accounting auditor based on assessment
Nominations and compensation of directors, etc.	<ul style="list-style-type: none"> Determination of opinions regarding the nominations and compensation of directors excluding those who serve as Audit & Supervisory Committee Members

Compliance with Japan's Corporate Governance Code

Our reasons for not implementing one of the 78 principles of Japan's Corporate Governance Code before revision on June 1, 2021, "Explain," i.e., non-compliance, are provided below.

In addition, "Training policy for directors" ([Principle 4-14, Supplementary Principle 4-14-2]) that was designated as "Explain" as of the end of March 2021, the Company invited an outside lecturer in order to discuss "post-COVID-19 and housing," "latest technology and DX trends," etc. for the fiscal year ended March 2021. In light of these ongoing training opportunities, the Company changed this item to "Comply."

Proper supervision of successor plans for CEO, etc. (planning)

The Company believes that the appropriate appointment process of its CEO, i.e., one that is carried out in line with the Company's corporate philosophy and management strategies and which also considers external candidates, is important for realizing sustainable growth. As for the plan for the CEO's successor, based on the respective appointment criteria for officers and for the CEO, the Company established its training policy and the process up to the CEO's election. Going forward,

in addition to the Advisory Committee Relating to Nominations and Compensation providing regular monitoring and reporting to the Board of Directors, the Company will strive for the further enhancement of the structure and content of training, to ensure that the training of successor candidates in relation to the aforementioned established successor plan goes as planned. [Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO, etc. (Planning)

Cross-shareholdings policy

The Board of Directors annually verifies the rationality of the Group's continuous holding of shares of listed companies held for reasons other than pure investment purposes (strategic shareholdings), and based on that verification it sells off shares with low rationality for holding as the basic policy in consideration of the market environment.

In the fiscal year ended March 2021, the Company sold all listed shares owned by the Group other than investment purposes (Cross-shareholding).

Sustainability approach **Governance**

Risk management

The Group recognizes that ensuring the soundness of management through appropriate risk management and operation is an important management issue. In the rapidly changing social environment, we will identify risks and opportunities for the Group from a mid- to long-term perspective and take appropriate actions in order to provide new value and achieve sustainable growth.

Basic Policy for Risk Management

The Group regards risk management as a “business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company’s risk tolerance limits.” With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely “A: Investment risk,” “B: External risk,” “C: Disaster risk,” “D: Internal risk.” Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

Important risks needing to be managed among main risks

- Risks that could have a major impact on Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems
- Other major risks that should be managed by the Group

Risk Management Structure

To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors. The Management Committee, which is the integrated management body, directly monitors

“A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organiza-

tion of the Management Committee, conducts regular monitoring, evaluation and analysis of “C: Disaster risk” and “D: Internal risk” and these committees discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence after risk occurs. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information and response policies within the Group.

With regard to risk management, each Business Unit Manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each group company (the head of each division at Nomura Real Estate Development) are responsible for reporting risk management matters to the Business Unit Manager in a timely and appropriate manner.

In addition, we have defined the organization in charge of business in each group company as the “first line” of risk management, the organization in charge of corporate operations at the Company and each group company as the “second line” of risk management, and the organization in charge of internal audits at the Company and each group company as the “third line” of risk management. With each “line” playing its role in risk management, for example, the “second line” and “third line” of the Company providing support, guidance and cooperation to the “second line” and “third line” of the group companies, respectively, we have established efficient organizations and processes that support governance and risk management.

In the event of a major problem requiring urgency, the chair of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives responsible for relevant departments in accordance with the Risk Management Regulations and reports to the President (Group CEO) and provides instructions such as response in accordance with the basic policy.

Details of main risks

The following are the main risks that the management recognizes that have the potential to significantly influence the financial position, business performance and cash flows of the company and the consolidated subsidiaries. Among these main risks, the Company has selected several risks requiring particular attention during the fiscal year ending March 2022, in consideration of factors such as the magnitude of the potential impact on its businesses and the external environment.

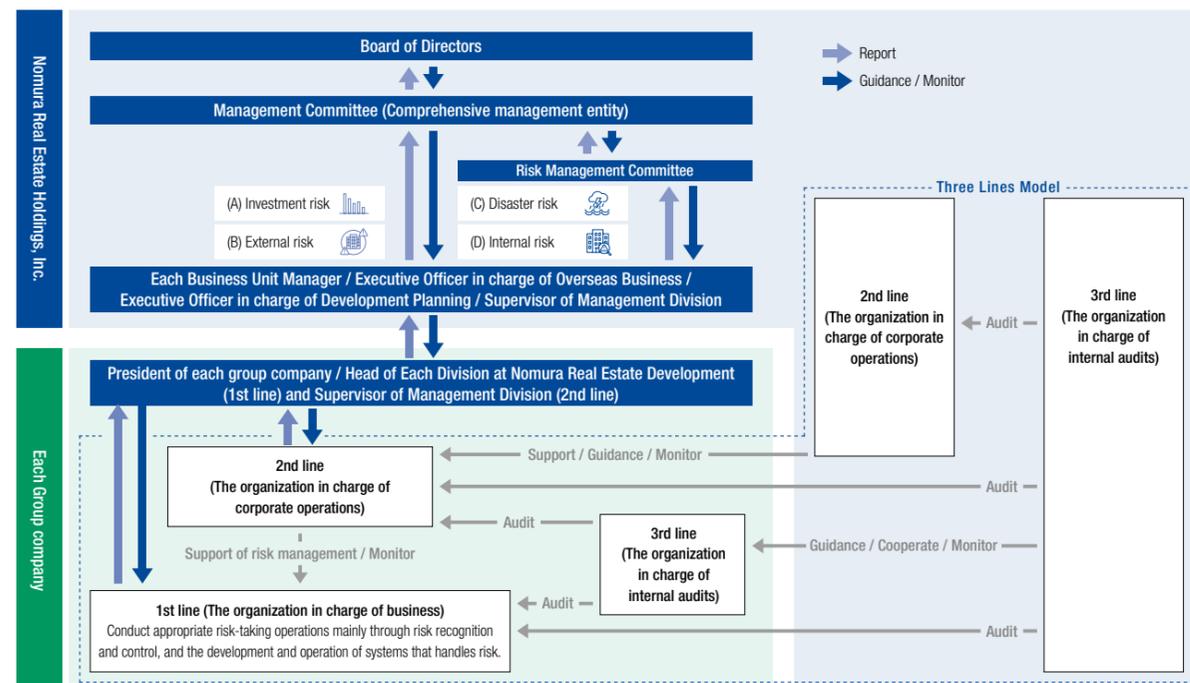
Matters concerning the future and the recognition of risks in the text are as determined by the Group as of the end of the fiscal year ended March 2021. The following, however, does not include all risks. Risks that are unpredictable or deemed insignificant at this point in time may impact on businesses in the future.

The details of risk categories and each main risk items are as follows.

Risk categories	Main risk items
(A) Investment risk	1) Risks associated with real estate investment 2) Risks associated with strategic investment (M&A) and new businesses 3) Risks associated with market changes
(B) External risk	4) Risks generated by changes in economic conditions 5) Risks generated by changes in political/social conditions/systems (law, tax systems, accounting, others) 6) Risks due to lagging behind in innovation and changes in the structure of society related to the business
(C) Disaster risk	7) Risks related to disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity 8) Risks related to the violation of laws and ordinances 9) Risks related to quality defects
(D) Internal risk	10) Risks related to occurrence of information system crisis 11) Risks from inadequate responses to matters related to human resources 12) Risks related to occurrence of fraud and negligence

In the fiscal year ending March 31, 2022, risks requiring particular attention are as follows.

Risk categories	Main risk items
(A) Investment risk	<ul style="list-style-type: none"> ● Deterioration of profitability and delay of business schedule in the real estate development business ● Delays in the recovery of businesses substantially impacted by COVID-19 (fitness club business, hotel business, and other businesses)
(B) External risk	<ul style="list-style-type: none"> ● Changes in the real estate trading market and the stock market ● Changes in the economies and real estate markets of overseas countries ● Changes in people’s behavior due to COVID-19 ● Slowness in taking advantage of continuously-evolving digital technology
(C) Disaster risk	<ul style="list-style-type: none"> ● Increase in natural disasters such as torrential rains ● Impact of COVID-19 epidemics on business continuity
(D) Internal risk	<ul style="list-style-type: none"> ● Occurrence of design and construction defects in the real estate development business ● Occurrence of information leakage, business delay, damage, etc. due to cyber attacks ● Delays in the establishment of a human resources systems securing diverse personnel

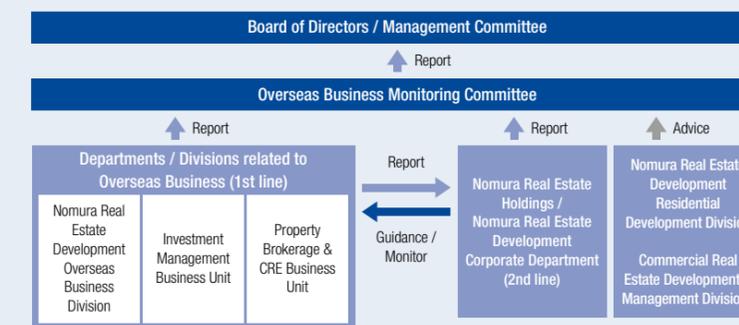


Risk management system that supports expanding Overseas Businesses

In the Mid- to Long-term Business Plan, the Company is aiming to expand its Overseas Business profit ratio to 15-20% of total business profit by the fiscal year ending March 31, 2028. The Company plans to develop a more effective risk management system. With the goal of enhancing the effectiveness of its risk management and monitoring functions in

Overseas Businesses, the Company established Overseas Business Monitoring Committee in April 2020 and started monitoring trends mainly related to the external environment and individual businesses. In the fiscal year ended March 31, 2021, reporting was conducted to the Board of Directors a total of two times.

Risk Management System in Overseas Business



- Major Monitoring items**
- **Matters related to the external environment**
Macroeconomic/political trends, real estate market trends, and various laws and ordinances, etc.
 - **Matters related to status of individual businesses**
Progress at individual businesses, visualization of monetary impact when risks arise, conditions with joint venture partners, etc.
 - **Matters related to Overseas Business strategies**
Current and future business strategies, resource allocation, etc.
- Details of main initiatives in the fiscal year ending March 31, 2022**
- Macroeconomic/political trends
 - Confirm progress at each business, etc.

Sustainability approach **Governance**

Risk management

Details of major risk items and initiatives are as follows.

(A) Investment risk  Risks related to individual investments (real estate investments, strategic investments (M&A), etc.)

Risk	1. Risk associated with real estate investment
Risk details	In the real estate investment and development business carried out by the Group, there are cases in which business does not proceed as planned due to such factors as unexpected soil pollution, delays in obtaining permits and licenses, and the need for additional construction. In such cases, the occurrence of changes in the initial business schedule, delays in completion and recognition timing, and additional costs could affect the Group's financial position and business performance.
Main initiatives	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. In particular, for soil pollution, the Company implements a historical survey and a pollution survey in advance and if pollution is confirmed the Company will cease the acquisition of the land or have the pollution removed by an external specialist. Moreover, following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially an important event occur, the department shall report this to the Management Committee or the Board of Directors of the Company or group companies when necessary and respond to the issues.
Risk	2. Risk associated with strategic investment (M&A) and new businesses
Risk details	The Group positions M&A as one of its growth strategies and aims to enhance the corporate value of the Group by implementing M&A for which synergies can be expected. However, the inability to achieve profit growth from the M&A target companies and synergies expected could affect the Group's financial position and business performance. The Group goes beyond the existing business domains to explore opportunities in new businesses as well as examines and makes investments in new asset types. However, the inability to execute business according to original plans or achieve synergies with group companies could affect the Group's financial position and business performance.
Main initiatives	In executing M&A, the main investment targets and investment purposes shall be defined. At the same time, factors such as the synergies with the Group's existing businesses, business plans, financial details, and contract-related matters shall be carefully examined and considered and M&A shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by the Board of Directors or Management Committee.

(B) External risk  Risks related to external factors influencing business

Risk	3. Risk associated with market changes
Risk details	The Group carries out a variety of real estate-related businesses and any changes in the business environment or market conditions in each business could have an impact on the Group's business performance. In addition, changes in economic conditions or the occurrence of disasters could have an impact on the business environment or market conditions of real-estate related businesses. In the Residential Development Business Unit, a decline in customer desire to purchase leads to a decrease in sales prices and an increase in inventories and this could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories held are recorded. In Commercial Real Estate Business Unit, a decline in rent levels, a rise in vacancy rates and increase in the CAP rate that leads to a decline in asset price could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories and non-current assets held are recorded. In addition, a decline in demand in the real estate transaction market, a share price decline in the REIT market, a decline in demand for investment funds, and a rise in construction cost could have an impact on the Group's financial condition and business performance.
Main initiatives	The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business and improve precision. When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to ensure a certain level of soundness regarding our financial condition even if market conditions change rapidly. In the fiscal year ended March 31, 2021, since the impact of COVID-19 emerged in the real estate-related business environment and market conditions, the Company verified the impact on each business according to each business characteristic of the Group and deliberated on the response policies and future strategies at the Management Committee and other venues. Also, under the state of emergency issued from April to May of this fiscal year ended March 31, 2021, to identify impacts on each business the Company undertook a partial review of the operation of certain internal rules such as standards when making investment decisions at each Group company and responded to risks arising from market changes.
Risk	4. Risk caused by changes in economic conditions
Risk details	Domestic and overseas economic recessions, an increase in funding costs due to rising market interest rates, fluctuations in yen-denominated investments and recovered amounts, or amounts of foreign currency assets and liabilities on the consolidated financial statements due to fluctuations in exchange rates could have an impact on the Group's financial condition and business performance.
Main initiatives	Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In addition, since the emergence of the impact of COVID-19, we are paying particularly close attention to trends in corporate earnings, personal income and consumption. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.
Risk	5. Risk caused by changes in political/social conditions/systems (law, tax system, accounting, others)
Risk details	Various types of laws and regulations in Japan and overseas are applicable to each of the Group's businesses. For example, in addition to the Real Estate Brokerage Act and the Building Standards Act, other real-estate related laws and regulations as well as the Financial Instruments and Exchange Act are applicable in Japan. In case there are changes or additions to these laws and regulations or other laws and regulations become applicable due to an expansion in the business scope in the future they could have an impact on the Group's financial position and business performance. Also, in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business, the resulting increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans could have an impact on the Group's financial position and business performance. Overseas, there are risks specific to each country's social situations and risks related to laws, regulations and tax laws are different from those in Japan. In the case of changes in social situations or changes or the establishment of laws, regulations and tax laws that have been unexpected at the beginning of conducting business in each country, the occurrence of new obligations and expenses as well as obstacles to promote business could have an impact on the Group's financial position and business performance.
Main initiatives	We collect and analyze information on trends in various laws and regulations, tax systems and accounting systems from industry groups, external experts, business partners, and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. In Overseas Business, we seek the knowledge of external experts regarding applicable laws, regulations and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to important related laws and regulations that have an impact on business strategy, revenue and expenditures, and progress in countries where we do business and in the case there are any changes discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.

Risk	6. Risk from lagging behind innovation and changes in the social structure related to the business
Risk details	Should technological innovation or the emergence of innovative new participants in a variety of real estate-related businesses that the Group engages in result in a large change in the industrial structure or business environment and the Company is late in responding to changes in customer needs accompanying changes in the social structure, the Company's competitive advantage could decline and this could have an impact on the group's financial position and business performance. Additionally, with regard to climate change, should the Company be late in responding to the changing needs of customers for real estate and in responding to technologies related to high environmental performance and energy performance, the competitive advantage of the Company's products and services could decline and this could have an impact on the Group's financial position and business performance.
Main initiatives	In the midst of a changing business environment, the Group has been creating new and highly unique value for society and customers by leveraging its strengths, such as real estate development capabilities based on the "market-in" concept and a commitment to quality in urban development and real estate-related services. In order to further enhance these strengths, we have established the DX & Innovation Management Dept., which is responsible for research and development of new business fields, planning, promotion, and support for innovation creation, digital strategies, etc. We have also established the "Business Idea Proposal System," which allows employees of Group companies to propose new businesses, products and services beyond the boundaries of their daily work. At the same time, through the Nomura Real Estate Group Awards, an internal award system, we are working to create a corporate culture that encourages the creation of value through innovation and to strengthen collaboration within the Group. In addition, through the provision of corporate venture capital, the Company is collaborating with the startups that it has taken stakes in, which possess innovative technologies and services, and has begun to provide services that utilize these digital technologies. For risks related to climate change, the Company analyzes the risks and opportunities regarding events assumed in each scenario upon ascertaining future scenarios such as those in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. Concurrently, to properly ascertain customer needs, the Company implements customer satisfaction surveys and implements environmental performance assessments when undertaking the development, product planning and development of condominiums that meet ZEH-M standards and obtains environmental certifications. <Matters related to COVID-19> COVID-19 has triggered rapid changes are occurring in lifestyles, work styles, and attitudes toward consumption and leisure. During the fiscal year ended March 31, 2021, each department worked to promote business activities adapted to the changes that have accelerated during the pandemic, such as remote sales / electronic contract systems and the expansion of the shared office business. They have also endeavored to identify diversifying customer needs and explore new types of added value.

(C) Disaster risk  Risks generated by disasters that have a large impact on customers and business continuity

Risk	7. Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity
Risk details	Large earthquakes, storms and flood damage, and infectious disease epidemics could make it difficult for the Company and its business partners to undertake normal business and there could be cases of the occurrence of the risk of loss of earnings and the risk of delay of earnings. Risk of loss of earnings include decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities. Moreover, risk of delay of earnings include changes in sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors and these could have an impact on the Group's business results and financial condition. In addition, natural disasters such as earthquakes, fires, storms and floods, or sudden accidents, could result in damage or loss of real estate owned, operated or managed by the Group and this could have an impact on the Group's financial condition and business performance.
Main initiatives	The Group recognizes that the frequency of disasters has increased, and this is an important social issue. Based on discussions with government and disaster preparedness experts, we are working to ensure the safety and security in the event a disaster occurs. We engage in disaster preparedness activities to ensure that, if a disaster occurs, its impact is minimized and the Group and its employees are able to continue business and their normal lives. We have formulated a business continuity plan (BCP) and action plan and engage in initiatives related to the Group's business continuity. In preparing for an earthquake occurring directly under the Tokyo Metropolitan Area, we have established a BCP and an emergency chain of command, assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Furthermore, once per year we hold Disaster Task Force Establishment Drills to ensure the responses prescribed by the BCP are effective, insuring the safety of executives and employees and establishing a chain of command system, so that we are prepared for restoring business after an emergency. In addition, the Company has established a checklist of actions to be taken when a typhoon's landfall is forecast and formulates an action plan for preparations and initial responses when a disaster occurs overseas. Regarding earthquakes, fires, storms, floods, and other sudden accidents, we have set up regulations for responses to torrential rains and flooding, formulated a disaster response manual, and created a disaster preparedness guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs. <Matters related to COVID-19> In accordance with the established BCP for addressing the outbreak of a new strain of influenza, the Group formulated a basic response policy and continuously updates this policy. In addition, a task force chaired by the Group's CEO has been established. This task force gathers information published by the local and national governments and other authorities. Ensuring the health of customers, employees and their families and preventing the spread of infection are positioned as priorities. Taking this into account, the Group is implementing the following measures to ensure business continuity. <ul style="list-style-type: none"> • Active use of remote working and staggered commuting • Strengthen the system environment to carry out remote work • Measures to reduce the risk of infection, mainly by implementing the thorough use of masks and the installation of acrylic partitions and disinfectant stations • Early implementation of measures to reduce the risk of secondary infection inside the company, including instructing employees that come in peripheral contact with infected individuals or individuals that have come in close contact with an infected person to stay home • Select core operations and establish an action manual aimed to business continuity during an infection epidemic • Establish common rules mainly related to infection prevention and the flow for taking PCR tests and make it common knowledge among all executives and workers • As a Group as a whole, create a reporting and instruction system in the event of an outbreak of infected individuals or individuals that have come in close contact with an infected person Moreover, from the perspective of preventing the spread of infection, our fitness clubs were closed, and rent deferral and exemption measures were taken to a certain extent in order to support the business continuity of retail facility tenants affected by the government / local government's request for suspension. In these businesses, including the hotel business, which was directly affected by the decrease in tourists, we were forced to temporarily reduce sales, but through our business activities, we are trying to solve social issues and at the same time meet the needs of our customers. We believe that this is a corporate behavior that is in line with the concept of promoting sustainability, and that it will contribute to improving corporate value from a medium- to long-term perspective.

Sustainability approach **Governance**

Risk management

(D) Internal risk Operational risks occurring at the Company and each group company

Risk	8. Risk of violations of laws and ordinances
Risk details	In the real estate brokerage business, the main business of the Group, there are cases when the Company receives administrative sanctions from government authorities due to a violation of laws such as an error in explaining important matters to customers, misrepresentation of facts, or non-notification of disadvantageous matters. Also, in the case the Group violates the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other laws related to the Group's business, the loss of the Group's credibility and the imposition of fines could have an impact on the Group's business performance.
Main initiatives	The Company has formulated the Nomura Real Estate Group Code of Action that defines the basic code of actions for executives and employees, including complying with laws and regulations and acting with higher ethical standards, and prescribed internal rules. We are making efforts to familiarize employees with the Code of Action and internal rules through periodic training, promote education on an ongoing basis and facilitate enlightenment. For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for compliance. In addition, regarding the inappropriate entertainment of foreign public officials and other civil servants, the Company has established "regulations to prevent the bribery of foreign public official and other civil servants" and "bribery prevention guidelines." The Company is implementing regular training for executives, employees and overseas local hires related to Overseas Businesses.
Risk	9. Risk of quality defect
Risk details	In case of deficiencies such as design and construction defects in the Group's real estate development business or in the case of a management deficiency in the properties for leasing or under management, the loss of trust in the Group, unexpected costs and delays in development plans and operation plans could have an impact on the Group's business performance.
Main initiatives	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of credibility and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical) and the Quality Manuals and ensure thorough compliance from the parties with which we order design and construction work while also checking the state of construction and carrying out quality inspections as the ordering party. Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of a deficiency or accident.
Risk	10. Risk of occurrence of information system crisis
Risk details	To achieve sustainable growth as the diversity of products and services provided to customers increases, the Group believes it must further improve productivity and work efficiency and is actively utilizing the benefits of the Internet (the Cloud) (speed, flexibility, cost) for establishing an ICT environment and promoting DX to achieve these improvements. In addition, the Group handles a large volume of personal information in each business due to necessity in executing business. For this reason, in the unlikely case the Company's system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	As we actively promote initiatives that utilize information systems and ICT, we believe that ensuring information security will be of unprecedented importance and we have strengthened measures to restrict access via Internet connections as well as measures for log management and the loss of information devices and are progressing with the establishment of an ICT environment in preparation for cyberattacks and information leaks by conducting system security diagnosis by the third party and introducing a behavior detection system for virus scanning and abnormal movements. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide education and enlightenment to our employees, protect the rights and interests of our customers and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.
Risk	11. Risk of inadequate response to matters related to human resources
Risk details	We regard human resources as our largest asset and the source of new value creation for the sustainable growth of the Group. Therefore, in the event that the working hours of Group executives and employees are not properly ascertained and long working hours damage the health of executives and employees and we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations, the loss of trust, and the imposition of fines could have an impact on the Group's business performance. There is a risk the Group's inability to secure required personnel due to delays in the establishment of a labor environment that takes in a diverse range of human resources (employees that work short hours mainly due to childcare and nursing, sexual minorities, people with disabilities, seniors, foreign nationals and others) will be a factor in a decline in corporate competitiveness. In terms of personnel and labor management at overseas bases, there is risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor laws and customs, the risk of losing know-how due to the retirement of local employees, and a risk that the health of employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.
Main initiatives	The Group prescribes working with vigor and achieving wellness as its action guideline. The Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. Along with introducing various systems, including recommendations to take paid leave, the promotion of teleworking, and a program for taking time off or working shorter hours for childcare and nursing and to build a labor environment conducive for a diverse workforce, we are working to improve the level of understanding related to diversity among executives and employees through regular training sessions. In order to properly grasp working hours, we have introduced an attendance management system to manage it, and especially for long working hours, we regularly monitor the situation. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks. Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help the staffs find, and provide support for visits to, medical institutions.
Risk	12. Risk of occurrence of fraud and negligence
Risk details	Within the Group, risk could occur due to fraud perpetuated by executives and employees, information leakage due to improper management of information, and operational negligence. In the case this risk emerges, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	Group executives and employees comply with laws and regulations as well as with the internal rules and regulations established by each company of Nomura Real Estate Group. Furthermore, we have established the Nomura Real Estate Group Code of Ethics with the aim of acting in accordance with even higher ethical standards, and we continuously provide education and enlightenment to executives and employees. In addition, the Company has established a system to enhance the effectiveness of compliance activities in each workplace by assigning a compliance promotion officer to each department, office and branch of the Company and Group companies. Furthermore, the Company has established the "Nomura Real Estate Group Risk Helpline," an internal whistleblowing system shared by all Group companies, and has set up internal and external contact points for reporting wrongdoing and seeking advice on how to proceed. Informants are also assured of the confidentiality of their reports, and are prevented from being treated unfavorably by reason of their reports.

Internal controls, compliance/Information disclosure

Compliance systems

The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of our most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk Management Committee and Group Legal & Compliance Department in the Company to promote continuous education and enlightening activities for the executives and employees of the entire Group, and to provide advice, guidance, and support to Group companies.

Furthermore, based on our priority of collecting information regarding risks, the Company has set up the Nomura Real Estate Group Helpline as a point of contact for internal reporting by Group employees. The Company imposes confidentiality obligation on employees who are involved in the helpline business and prohibits unfair treatment for reporting an incident using the helpline.

In an attempt to enhance its efforts, the Group signed and registered as a participating company in the United Nations Global Compact in May 2019. Based on the principles of the United Nation's global initiatives, the Group will remain committed to all types of anti-corruption activities including extortion and bribery.

The Nomura Real Estate Group Code of Action
<https://www.nomura-re-hd.co.jp/english/csr/base/compliance.html>

Appropriate information disclosure and transparency

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the right) indicates, the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department) collects information about the Company through the Department responsible for information collection (Corporate Planning Department). As for the information requiring timely disclosure, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible in related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the Department responsible for timely disclosure (Corporate Communications Department) at the instruction of the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department).

The Group Internal Audit Department carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors and other important Company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

Shareholder engagement

The Company conducts proactive and constructive engagement with shareholders based on established systems and policy on initiatives to promote greater engagement. The director in charge of Investor Relations (The Group CFO) takes the lead in engaging with shareholders, while the Investor Relations Section of the Corporate Communications Department supports these efforts. At the financial results briefings, the Group CEO explains business results and future strategies. The Investor Relations Section meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of Investor Relations reports the views and concerns of shareholders found during the engagement to the executive management team, and regularly reports to the Board of Directors, which discusses this information. We established Regulations Concerning the Prevention of Insider Trading to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, and a silent period was also established.

Compliance system



About the Risk Management Committee

- Held every two months in principle
- Extraordinary meetings held as necessary
- Reports to the Board of Directors/Management Committee at least once every three months
- Roles
 - Regular monitoring of risks
 - Risk evaluation and analysis
 - Preemptive and preventive measures
 - Incident response
 - Measures to prevent repeat incidents
 - Improvement of compliance awareness

Timely disclosure system



Current status of investor relations activities

In order to attract more shareholders and prospective investors, we strive to enhance understanding of the Group's business activities and growth strategy through direct and indirect communications with both institutional and individual investors.

In addition, the Company was awarded the "Most Liked!" IR Award as part of the 2020 IR Award organized by the Japan Investor Relations Association (JIRA). The IR Award is based on the voting from companies that applied for the IR Award. It objectives are to share their proactive IR experiences, and realize best practices.



Major IR activities during FY21/3

IR activities for institutional investors	Number of times held
Financial results briefings (including Conference calls on financial results announcement days)	6
Meetings with investors and analysts (including the following meetings)	347
Conferences organized by securities companies	8
CEO small meeting	1
CFO small meeting	2
Business Unit Manager small meetings	1
ESG meetings	16
IR activities for individual investors	Number of times held
Conferences for individual investors	2
Company information session via the Internet	1

For further details and the latest information, visit the IR site.

Japanese <https://www.nomura-re-hd.co.jp/ir/>
English <https://www.nomura-re-hd.co.jp/english/ir/>

Part 5

Fact data



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Shinjuku Nomura Building

Major asset brands

Residence*1



PROUD

PROUD
Condominium that pursues the creation of an ideal home by continuing to be close to customers with the "integrated development, sales, and management system"

Number of developed properties:
Approx. 83,000 units*2



PROUD SEASON

PROUD SEASON
Detached housing with the concept of "creating housing that will endure as heritage of people, towns and times"

Number of developed properties:
Approx. 10,000 units



OHANA

OHANA
Suburban-type condominiums with the concept of "delivering high-quality housing to as many customers as possible"

Number of developed properties:
Approx. 6,000 units



PROUD FLAT

PROUD FLAT
Rental housing with renowned quality by the Group's abundant know-how

Number of developed properties:
120 properties



OUKAS

OUKAS
Health promoting senior rental housing developed under the concept of residences to have the time of one's life

Number of developed properties:
6 properties

Office*1



PMO

PMO
Medium-scale office building with the similar quality and specification as large-scale "class A" office building

Number of developed properties:
66 properties



H'O

H'O
Small office with services to meet the needs of workers in a small team

Number of developed properties:
15 properties



H'T

H'T
Satellite-type shared office that offers to diversification and efficiency of work styles

Number of developed properties:
84 branches (including affiliated offices)

Retail facility*1



GEMS

GEMS
Urban retail facility that mainly features one restaurant on each floor

Number of developed properties:
23 properties



MEFULL

MEFULL
Urban retail facility mainly focusing on service industries

Number of developed properties:
8 properties



SOCOLA

SOCOLA
Neighborhood shopping center that integrates grocery supermarkets, merchandise sales, restaurants, and service stores

Number of developed properties: 6 properties

Logistics facility*1

Landport

Landport
Logistics facility with advanced and high functionality

Number of developed properties:
37 properties



Hotel*1

NOHGA HOTEL

NOHGA HOTEL
Hotel with the concept of "creating memorable experiences through close links with the local community"

Number of developed properties:
3 properties



* 1. Number of properties (including plans) and number of bases are as of March 31, 2021 * 2. Total number of PROUD condominiums and detached housing supplied

Fact data

Major development projects/Major development projects in progress

Residence



PROUD Minamiazabu
Completion: 2013 Total units: 88



PROUD TOWER Akashi^{*1}
Completion: 2017 Total units: 216



PROUD Uehara Forest
Completion: 2020 Total units: 15



PROUD Kanda Surugadai
Completion: 2021 Total units: 36



PROUD TOWER Higashiiebukuro Station Arena
Scheduled for completion: FY22/3 Total units: 248

Office



Shinjuku Nomura Building
Completion: 1978
Gross floor area: 58,512 m^{2*}



Hamamatsucho Building
Completion: 1984
Gross floor area: 158,732m²



Nihonbashi Muromachi Nomura Building
Completion: 2010
Gross floor area: 44,989m²



TOKYO TORANOMON GLOBAL SQUARE
Completion: 2020
Gross floor area: 20,860m^{2*}

Retail facility



bono Sagamiya
Completion: 2013 Gross floor area: 43,059m²



Landport Higashinarashino
Completion: 2019 Gross floor area: 61,573m^{2**}

Logistics facility

Redevelopment/Mixed-use development



Funabashi Morino City^{*1}
Completion: 2014
Major use: Residence, retail facility, hospital, childcare support facility, health promoting senior rental housing
Development area: Approx. 17.6ha



PROUD CITY Hiyoshi^{*1}
Completion: Residence 1 and 2 2020-2021
Scheduled for completion: Residence 3 FY22/3
Major use: Residence (1,318 units), retail facility (2,439m²), health promoting senior rental housing



KAMEIDO PROJECT/PROUD TOWER Kameido Cross^{*1}
Scheduled for completion: FY22/3
Major use: Residence (934 units), retail facility (approx. 28,000m²), etc.



Okayama City Ekimae-cho 1-chome 2, 3, 4 District Redevelopment^{*1}
Scheduled for completion: Residence FY26/3, Entire development FY27/3
Major use: Residence (approx. 400 units), hotel, retail facility, parking

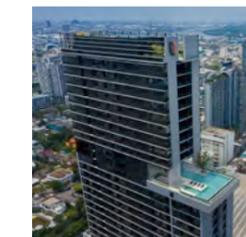


Shibaura 1-chome Project^{*1}
Scheduled for completion: South Tower FY25/3, North Tower FY31/3
Major use: Office, retail facility, hotel, residence
Gross floor area: Approx. 550,000m²



Nihonbashi 1-chome Central District Redevelopment^{*1}
Scheduled for completion: FY26/3
Major use: Office, retail facility, hotel, service apartment, residence, conference venue
Gross floor area: Approx. 373,200m²

Overseas



On Nut (Bangkok, Thailand)^{*1}
Completion: 2020
Major use: Residence (Total units: 601)



Grand Park (2nd period) (Ho Chi Minh City, Vietnam)^{*1}
Scheduled for completion: After FY22/3
Major use: Residence (Total units: Approx. 10,000)



127-133 Charing Cross Road (London, the United Kingdom)
Scheduled for completion: FY25/3
Major use: Office Gross floor area: Approx. 5,200m^{2**}

*1. Gross floor area is calculated based on our share. *2. Sold to Nomura Real Estate Master Fund (NMF)

*1. JV project or building unit ownership *2. Area after expansion and renovation of existing building

Fact data

11-year financial data

	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3 (forecast)*11
Statements of Income / Balance Sheets / Statements of Cash Flows (Millions of yen):												
Operating revenue	480,983	450,807	517,740	532,016	567,159	569,545	569,680	623,762	668,510	676,495	580,660	680,000
Operating profit	42,083	49,939	58,308	74,307	71,894	80,912	77,271	76,660	79,162	81,905	76,333	77,000
Business profit*1	—	—	—	—	—	—	—	—	79,623	82,833	76,448	84,000
Ordinary profit	26,149	34,173	45,806	64,058	63,681	72,679	68,952	68,033	69,323	73,077	65,965	72,500
Profit attributable to owners of parent	5,471	17,591	19,357	26,844	38,441	47,182	47,005	46,029	45,873	48,886	42,198	49,500
Total assets	1,474,331	1,402,624	1,369,949	1,313,887	1,369,226	1,485,449	1,593,093	1,673,099	1,759,455	1,801,273	1,921,306	—
Current assets	636,925	585,332	535,103	496,978	549,300	608,779	684,306	717,635	849,528	906,726	1,043,321	—
Inventories	433,386	396,857	369,667	349,167	429,764	496,910	570,888	592,996	636,925	714,734	875,520	—
Equity investments	60,948	41,895	29,578	7,128	6,316	819	2,567	9,612	18,066	30,983	28,770	—
Non-current assets	837,406	817,292	834,845	816,909	819,926	876,670	908,786	955,464	909,926	894,547	877,985	—
Total net assets	357,365	376,486	398,276	418,697	461,031	456,408	493,813	514,982	541,562	565,120	586,350	—
Interest-bearing debt	816,910	758,562	669,268	617,583	616,700	721,900	810,100	877,800	914,000	870,000	1,008,500	—
Cash flows from operating activities	33,947	43,876	89,295	83,535	23,837	13,258	(31,889)	21,498	89,964	56,618	(63,504)	—
Cash flows from investing activities	(33,730)	7,809	(2,588)	(20,191)	(32,476)	(59,714)	(54,558)	(51,637)	(46,699)	(30,490)	(55,789)	—
Cash flows from financing activities	(7,485)	(63,296)	(94,666)	(57,858)	(8,983)	53,637	76,575	43,787	13,723	(66,821)	112,376	—
Capital investment*2	37,570	14,098	18,963	21,938	38,871	50,367	61,300	71,665	20,824	20,363	45,665	—
Per Share Data (Yen):												
Profit attributable to owners of parent	28.74	92.38	101.61	140.70	201.28	246.42	245.10	240.89	245.99	267.21	232.53	274.98
Net assets	1,599.57	1,664.78	1,764.05	1,863.12	2,061.86	2,320.84	2,508.73	2,664.70	2,854.21	3,031.15	3,229.80	—
NAV*3	1,719	1,768	1,885	1,997	2,299	2,708	3,063	3,333	3,630	3,833	4,035	—
Annual dividends	25.00	25.00	30.00	35.00	45.00	57.50	65.00	70.00	75.00	80.00	82.50	85.00
Share Information (Shares):												
Number of shares issued at the end of period (including treasury shares)	190,387,000	190,456,900	190,595,500	190,906,800	191,119,700	191,679,601	191,877,801	192,155,201	192,373,101	192,875,301	193,099,001	—
Treasury shares at the end of period*4	924	1,016	1,125	1,206	1,206	1,508	1,709	3,956,956	7,821,664	11,367,181	12,490,613	—
Management Benchmarks:												
Operating profit ratio (%)	8.7	11.1	11.3	14.0	12.7	14.2	13.6	12.3	11.8	12.1	13.1	—
ROA*5	2.9	3.7	4.5	5.6	5.5	5.8	5.1	4.7	4.7	4.7	4.1	—
ROE*6	1.8	5.7	5.9	7.8	10.3	11.2	10.1	9.4	8.9	9.1	7.4	—
Shareholders' equity ratio	20.7	22.6	24.5	27.1	28.8	29.9	30.2	30.0	29.9	30.5	30.4	—
Unrealized profit*7 (billions of yen)	36.9	33.1	37.2	41.2	70.2	110.9	153.9	181.9	206.3	209.6	209.6	—
D/E ratio (times)	2.7	2.4	2.0	1.7	1.6	1.6	1.7	1.8	1.7	1.6	1.7	—
EBITDA*8 (billions of yen)	46.0	52.8	61.0	72.8	82.1	94.8	93.7	93.8	93.3	101.6	91.8	—
EBITDA ratio (times)	17.7	14.4	11.0	8.5	7.5	7.6	8.6	9.4	9.8	8.6	11.0	—
Total return ratio*9 (%)	87.0	27.1	29.5	24.9	22.4	23.3	26.5	50.6	41.4	46.5	45.3	—
Dividend payout ratio (%)	87.0	27.1	29.5	24.9	22.4	23.3	26.5	28.9	30.5	30.1	35.8	—
Stock Market Index (at the end of each period):												
Share price (yen)	1,261	1,459	2,084	1,970	2,166	2,080	1,774	2,512	2,125	1,755	2,665	—
PER (times)	34.2	18.5	20.9	15.0	14.2	9.9	7.9	10.7	8.5	6.9	12.0	—
PBR (times)	0.8	0.9	1.2	1.1	1.1	0.9	0.7	1.0	0.8	0.6	0.9	—
P/NAV (times)	0.7	0.8	1.1	1.0	0.9	0.8	0.6	0.8	0.6	0.5	0.7	—
Dividend yield (%)	2.0	1.7	1.4	1.8	2.1	2.8	3.7	2.8	3.5	4.6	3.1	—
Total shareholder return (TSR)*10	—	—	—	—	—	—	88.4	127.3	112.3	98.3	146.0	—

*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. Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" in the Consolidated Statements of Cash Flows.

*3. NAV per share = (shareholders' equity + unrealized gains (after deduction of tax)) / the number of shares issued at the end of period (excluding treasury shares), Unrealized gains (after deduction of tax) = Unrealized gains × (1 - effective tax rate)

*4. Treasury shares at the end of period includes shares held by the executive compensation BIP (Board Incentive Plan) trust and shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.

*5. ROA = (operating profit + non-operating profit) / total assets (average over the fiscal year)

*6. ROE = profit attributable to owners of parent / shareholders' equity (average over the fiscal year)

*7. Unrealized profit = fair value of real estate for rent at the end of the fiscal year - balance of real estate for rent at the end of the fiscal year

*8. EBITDA = profit before income taxes + interest expenses + depreciation, EBITDA ratio = interest bearing debt / EBITDA

*9. Total return ratio = (total amount of dividends + total amount of acquisition of treasury shares) / profit attributable to owners of parent

*10. Total shareholder return (TSR) = (stock price as of the end of the fiscal year + accumulated dividend amount per share from FY17/3 to FY21/3) / stock price as of the end of the FY16/3

*11. Forecasts as of July 24, 2021

Fact data

Business Unit information

(Millions of yen)				
Operating Revenue	FY18/3 *1	FY19/3 *2,3	FY20/3 *4,5	FY21/3
Residential Development	355,445	375,373	333,966	272,577
Housing sales (Japan)	336,819	342,055	294,376	247,609
Rental housing (sales)*7	—	11,740	17,931	5,035
Rental housing (leasing revenue)*7	—	495	1,070	925
Senior	—	377	451	651
Other	18,626	20,701	20,136	18,355
Commercial Real Estate*6	134,941	171,612	212,133	179,227
Leasing (offices)	53,312	53,975	48,562	47,411
Leasing (retail facilities)	12,686	13,817	12,910	11,018
Leasing (other)	7,193	7,974	8,375	5,776
Property for sales (sale)*8	43,301	65,350	106,816	87,846
Property for sales (leasing)*8	4,724	4,533	7,037	11,239
Fitness	—	16,647	15,757	11,509
Other	13,722	9,312	12,674	4,426
Investment Management	9,378	9,641	12,059	12,456
Property Brokerage & CRE	35,703	37,298	39,110	39,436
Brokerage fee (retail)	20,791	21,618	24,017	23,334
Brokerage fee (wholesale)	10,845	11,517	11,138	11,384
Other	4,065	4,162	3,954	4,717
Property & Facility Management	104,581	91,374	98,274	98,384
Property & facility management	50,386	51,524	55,530	56,783
Construction ordered	31,604	32,371	37,327	35,863
Fitness & Senior	16,064	—	—	—
Other	6,526	7,478	5,417	5,737
Other (including Overseas Business)	107	94	1,143	2,070
Adjustments (elimination or corporate)	(16,396)	(16,885)	(20,193)	(23,492)
Total	623,762	668,510	676,495	580,660
(Millions of yen)				
Operating Profit				
Residential Development	24,523	25,069	25,351	22,421
Commercial Real Estate*6	35,232	37,600	38,941	35,138
Investment Management	5,911	5,943	6,853	7,296
Property Brokerage & CRE	8,452	8,170	9,097	8,962
Property & Facility Management	7,078	7,434	8,474	9,089
Other (including Overseas Business)	(10)	(43)	(1,267)	(798)
Adjustments (elimination or corporate)	(4,527)	(5,013)	(5,545)	(5,776)
Total	76,660	79,162	81,905	76,333
(Millions of yen)				
Business Profit*9				
Residential Development	—	25,032	25,339	22,404
Commercial Real Estate*6	—	38,043	39,247	35,469
Investment Management	—	5,969	7,149	7,587
Property Brokerage & CRE	—	8,170	9,088	8,976
Property & Facility Management	—	7,464	8,566	9,281
Other (including Overseas Business)	—	(43)	(1,012)	(1,495)
Adjustments (elimination or corporate)	—	(5,013)	(5,545)	(5,776)
Total	—	79,623	82,833	76,448

*1. Since FY19/3, Nomura Real Estate Reform has changed the segment from the Residential Development Business Unit to the Property & Facility Management Business Unit. Thus, figures for FY18/3 reflect the changes.

*2. Since FY20/3, the rental housing business, which had been classified in the Commercial Real Estate Business Unit, and the senior business, which had been classified in the Property & Facility Management Business Unit, have been reclassified into the Residential Development Business Unit. Thus, figures for FY19/3 reflect the changes.

*3. Since FY20/3, the fitness business has been reclassified from the Property & Facility Management Business Unit to the Commercial Real Estate Business Unit. Thus, figures for FY19/3 reflect the changes.

*4. Since FY21/3, condominium development and sale business overseas, which had been classified in the Residential Development Business Unit, as well as office building development and leasing business overseas and ZEN PLAZA which had been classified in the Commercial Real Estate Business Unit, have been reclassified into Other. Thus, figures for FY20/3 reflect the changes.

*5. As of April 1, 2020, an absorption-type merger was conducted with Nomura Real Estate Partners, which had been classified in the Property & Facility Management Business Unit, as the surviving company and NREG TOSHIBA BUILDING FACILITIES, which had been classified in Commercial Real Estate Business Unit, as the absorbed company. Thus, figures for FY20/3 reflect the changes according to the post-merger categories.

(Millions of yen)				
Assets	FY18/3 *1	FY19/3 *2,3	FY20/3 *4,5	FY21/3
Residential Development	448,412	463,277	457,505	505,976
Commercial Real Estate*6	1,060,815	1,086,064	1,112,664	1,160,805
Investment Management	34,840	42,463	43,053	42,868
Property Brokerage & CRE	17,181	28,228	19,240	25,201
Property & Facility Management	62,781	42,294	47,106	50,095
Other (including Overseas Business)	921	929	61,730	89,237
Adjustments (elimination or corporate)	48,147	96,197	59,972	47,122
Total	1,673,099	1,759,455	1,801,273	1,921,306
(Millions of yen)				
Inventories (land held for development and real estate for sale, etc.)				
Residential Development	401,030	391,508	401,119	463,944
Commercial Real Estate*6	187,299	245,575	314,297	412,862
Investment Management	—	—	—	—
Property Brokerage & CRE	—	—	—	—
Property & Facility Management	5,091	397	69	44
Other (including Overseas Business)	13	11	11	11
Adjustments (elimination or corporate)	(437)	(567)	(762)	(1,342)
Total	592,996	636,925	714,734	875,520
(%)				
Return on Assets (ROA)*10				
Residential Development	5.5	5.4	5.5	4.4
Commercial Real Estate*6	3.3	3.5	3.5	3.0
Investment Management	17.0	14.0	15.9	17.0
Property Brokerage & CRE	49.2	28.9	47.2	35.6
Property & Facility Management	11.3	17.6	18.1	18.5
Other (including Overseas Business)	—	—	—	—
Total ROA*11	4.7	4.7	4.7	4.1

Key Results	FY18/3 *1	FY19/3 *2,3	FY20/3 *4,5	FY21/3
Residential Development				
Housing sales (units)	5,865	5,890	4,739	3,669
Gross profit ratio of housing sales (%)	19.1	19.1	20.4	22.6
Completed housing inventories at the end of period (released for sale) (units)	239	229	321	239
Completed housing inventories at the end of period (unreleased) (units)	218	47	187	182
Commercial Real Estate*6				
Net lettable area at the end of period (offices, retail facilities) (m ²)	1,021,004	953,620	913,446	827,737
Vacancy rate at the end of period (offices, retail facilities) (%)	0.7	4.7	4.0	5.1
Number of MEGALOS members at the end of period	139,836	145,065	143,663	111,425
Investment Management				
Assets under management at the end of period (millions of yen)	1,285,903	1,669,476	1,798,583	1,815,646
Property Brokerage & CRE				
Brokerage: Number of transactions	8,561	8,922	9,515	9,322
Brokerage: Transaction value (millions of yen)	800,739	767,324	872,337	893,423
Property & Facility Management				
Buildings under management at the end of period (buildings)	723	732	786	788
Housings under management at the end of period (units)	173,705	177,582	182,259	183,162

*6. In FY20/3, the Leasing Business Unit was renamed to the Commercial Real Estate Business Unit.

*7. Rental housing refers to properties developed for the real estate investment market.

*8. Property for sales refers to properties such as office building, retail facility and logistic facility developed for the real estate investment market.

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

*10. ROA of each business unit = (operating profit + share of profit (loss) of entities accounted for using equity method) / total assets at the end of the period.

*11. Total ROA = (operating profit + non-operating profit) / average assets during the period.

Fact data

ESG data

	FY19/3	FY20/3	FY21/3
E Environmental management			
Acquisition rate of environmental certifications for newly built property for sales (excluding rental housing) (including scheduled)	100%	100%	100%
Number of environmental certifications for newly built property for sales (excluding rental housing) (including scheduled)	15	14	15
Response to climate change			
Total CO ₂ emissions*1, 2	160,586 t-CO ₂	3,518,302 t-CO ₂	1,588,269 t-CO₂
Scope 1 and 2	160,586 t-CO ₂	150,588 t-CO ₂	132,206 t-CO₂
Scope 3	—	3,367,714 t-CO ₂	1,456,063 t-CO₂
Energy Use*2	445,772 MWh/year	422,490 MWh/year	381,817 MWh/year
Energy use intensity*2	0.224 MWh/m ² per year	0.208 MWh/m ² per year	0.184 MWh/m² per year
Solar power generated at Landport logistics facilities	12,081 thousand kWh/year	15,194 thousand kWh/year	21,926 thousand kWh/year
Efficient use of water resources			
Total water use*2	2,062 thousand m ³ /year	2,287 thousand m ³ /year	1,698 thousand m³/year
Water use intensity*2	1.03 m ³ /m ² per year	1.01 m ³ /m ² per year	0.71 m³/m² per year
Appropriate resource use and pollution prevention			
Total waste discharge*2	6,832 t/year	6,593 t/year	5,112 t/year
Waste discharge intensity*2	4.867 kg/m ² per year	5.159 kg/m ² per year	3.047 kg/m² per year
S Employment / Human resources			
Number of employees*3	6,980	7,176	7,390
Female employee ratio*4	30.76%	30.61%	31.83%
Number of hires*4	258	306	274
Female hires ratio*4	36.82%	44.77%	41.97%
Female manager ratio*4	5.58%	6.14%	6.78%
Female junior manager ratio*4, 5	16.07%	15.87%	18.27%
Average years of service*4	—	—	10.42
Male*4	—	—	11.53
Female*4	—	—	7.90
Number of foreign national employees*6	16	114	140
Rate of employment of persons with disabilities*7	1.96%	2.02%	2.05%
Health and productivity management			
Average work time over statutory working hours (hours per person/month)	14.07	13.51	9.99
Rate of employees to take paid vacation	47.31%	61.19%	56.14%
Number of work-related injuries resulting in death	0	0	0
Absentee rate*8	0.37%	0.29%	0.41%

S Utilizing and improving human resources

	FY19/3	FY20/3	FY21/3
Childcare leave takers	178	253	289
Male	6	10	28
Female	172	243	261
Rate of reinstatement after childcare leave	91.46%	92.08%	96.23%
Male	—	—	100%
Female	—	—	95.06%
Family care leave takers	4	7	6
Investment in training cost per employee	¥79,984	¥80,393	¥70,462
Training hours per employee ⁹	12.65	12.65	9.87
Others			
Response rate of employee satisfaction survey*10	97.4%	97.8%	97.8%
Employee satisfaction level (5-point scale)*10	4.04	4.05	3.96
Average employee compensation*11	¥10,223,680	¥9,462,899	¥10,116,985

G Corporate governance

	FY19/3	FY20/3	FY21/3
Number of Directors*12	13	12	13 (12)
Independent External Directors*12	5	5	5 (5)
Female Directors*12	1	2	1 (2)
Number of the Board of Directors meetings	14	16	15
Average attendance rate of all Directors	100%	99.0%	100%
Average attendance rate of Independent External Directors	100%	97.5%	100%
Number of the Audit & Supervisory Committee meetings	11	13	14
Average attendance rate of all Audit & Supervisory Committee Members	100%	100%	100%
Average attendance rate of Independent External Directors (Audit & Supervisory Committee Members)	100%	100%	100%

*1. In the fiscal year ended March 31, 2019, only Scope 1 and 2 will be disclosed. With the approval by SBTi, the total value of Scope 1, 2, and 3 is calculated for the fiscal year ended March 2020 and thereafter.

*2. Boundaries which are subject to aggregation, such as total CO₂ emissions, total water use, total waste emissions, etc. are different. See the Sustainability Report for more information. (Reference: Total CO₂ emissions (Scope1 + 2) 191 facilities 2,079,952m²)

*3. Excludes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group, and includes those seconded from outside the Group to the Group (the Company and its consolidated subsidiaries).

*4. Includes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group. The calculation is based on 7,401 consolidated employees, excluding those seconded from outside the Group to the Group (the Company and its consolidated subsidiaries).

*5. Junior managers are candidates of promotion to manager.

*6. Number of foreign national employees does not include foreign technical interns.

*7. Rate of employment of persons with disabilities for each period is as of June of the following fiscal year. The scope are Group companies which are subject to Act on Employment Promotion etc. of Persons with Disabilities.

*8. Absentee rate = total days of absence / (scheduled working days × number of employees)

*9. Covers only mandatory training and does not include open and selective training or e-learning courses.

*10. Data for Nomura Real Estate Development.

*11. Average data of Nomura Real Estate Holdings employees.

Number of employees: 31 in FY19/3, 24 in FY20/3, 261 in FY21/3 (From the fiscal year ended March 2021, the number of employees has been changed to the method of displaying the number of employees including those who also serve as group companies such as Nomura Real Estate Development.)

*12. The () figures for the fiscal year ended March 2021 are the figures as of October 2021.

Fact data

Group company information (As of May 31, 2021)

(Note) Some operating companies have integrated or changed their names since the year of establishment.

Nomura Real Estate Holdings



Established
2004
Head Office
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Management of the operation of group businesses through the possession of stocks and management instruction

Nomura Real Estate Development



Established
1957
Head Office
1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Condominium sales, detached housing sales, investment and development, building leasing, architectural design, asset management, etc.

Nomura Real Estate Asset Management



Established
2003
Head office
8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Investment management business, type II financial instruments, investment advisory and agency, real estate trading etc.

Nomura Real Estate Solutions



Established
2000
Head office
1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Real estate brokerage for individuals and corporates, consignment sales of newly built condominiums and detached housings, insurance agency, real estate information website operation

Nomura Real Estate Amenity Service



Established
1990
Head office
8-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Building and condominium cleaning, sales of consumable

PRIME X



Established
2006
Head office
6-22-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Internet advertising agency, creative business, marketing business

First Living Assistance



Established
2017
Head office
6-26-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Home/living assistance service

Lothbury Investment Management



Established
2010
Head office
1 Angel Lane London, EC4R 3AB, U.K.
Overview of Businesses
Asset management business in the United Kingdom

Nomura Real Estate Partners



Established
1977
Head office
1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Facility management for buildings and condominiums, architecture and construction, property management, cleaning, insurance agency, renovation

Nomura Real Estate Building



Established
1972
Head office
1-1-1 Shibaura, Minato-ku, Tokyo
Overview of Businesses
Ownership, management, trading, leasing, brokerage, agent, consulting for real estate, design and construction for residential land development, building development, and repair work, etc.

Nomura Real Estate Life & Sports



Established
1987
Head office
1-32-2 Honcho, Nakano-ku, Tokyo
Overview of Businesses
Planning and management of sports clubs and consulting, sales and rental of sport items, etc.

Nomura Real Estate Heating and Cooling Supply



Established
1989
Head office
134 Goudocho, Hodogaya-ku Yokohama-shi, Kanagawa
Overview of Businesses
Supply of heating

ZEN PLAZA



Established
1995
Head office
54-56 Nguyen Trai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam
Overview of Businesses
Ownership and operation business of ZEN PLAZA

Beijing shokai Nomura Real Estate Management



Established
1995
Head office
5 Dong San Huan Bei Lu Chao Yang District, Beijing, China
Overview of Businesses
Operation and management of Beijing Fortune Building

Tokio Property Services



Established
1983
Head office
20 Kramat Lane #03-12 United House, Singapore 228773
Overview of Businesses
Brokerage for trading and leasing of housings, offices, and factories based in Singapore

NOMURA REAL ESTATE ASIA



Established
2015
Head office
10 Marina Boulevard, Marina Bay Financial Center Tower2 #33-6, Singapore 018983
Overview of Businesses
Exploring real estate development opportunities, market research, and building relationships with partner companies in South east Asia

Nomura Real Estate Retail Properties



Established
1968
Head office
8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Project management of retail facilities, including commercial surveys, demand forecasts, market research, business planning, operational planning, and merchandising, property management of retail facilities

Nomura Real Estate Wellness



Established
2015
Head office
1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Development planning and management of senior housings and related services

Nomura Real Estate Hotels



Established
2017
Head office
1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Overview of Businesses
Planning, operation, and management of hotels

UHM



Established
1950
Head office
1-1-16 Kanda Misakicho, Chiyoda-ku, Tokyo
Overview of Businesses
Management of hotels and restaurants

NOMURA REAL ESTATE HONG KONG



Established
2016
Head office
30/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Overview of Businesses
Support services for investment to real estate in Japan from foreign investor, building relationships with local corporations and investors, exploring business opportunities

NOMURA REAL ESTATE (THAILAND)



Established
2019
Head office
689 Bhiraj Tower at EmQuartier, Unit2307, 23rd Floor, Sukhumvit Road, Klongton Nua, Vadhana, Bangkok 10110, Thailand
Overview of Businesses
Investment in local business, market surveys, identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and supporting for Group companies and businesses

NOMURA REAL ESTATE VIETNAM



Established
2019
Head office
Room 1106, 11th Floor, No.115 Nguyen Hue Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Overview of Businesses
Local market surveys identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and supporting for Group companies and businesses

NOMURA REAL ESTATE CONSULTING (SHANGHAI)



Established
2021
Head office
#2037, HKRI Center Tower 1, 288 Shimen 1st Road, Jing'an District, Shanghai, China
Overview of Businesses
Consulting services for real estate, property and facility management, corporations management

Fact data

Corporate information (As of March 31, 2021)

Corporate data

Corporate name: Nomura Real Estate Holdings, Inc.
 Representative: Eiji Kutsukake, President and Representative Director
 Head office: 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
 Date of establishment: June 1, 2004
 Number of employees: 7,390 (consolidated)
 Fiscal year: From April 1 to March 31
 General meeting of shareholders: June

Share information

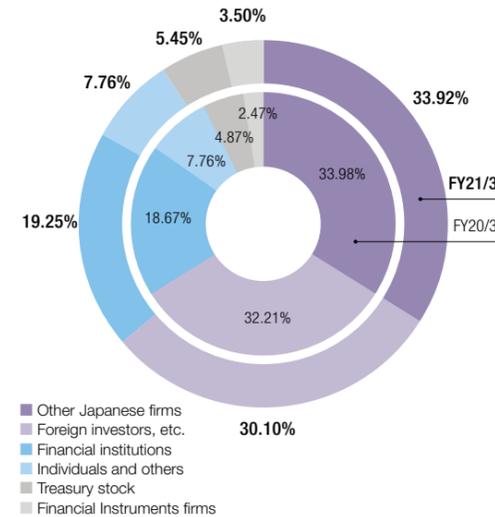
Capital: ¥118,043,563,700
 Number of Authorized shares: 450,000,000 shares
 Number of shares Issued: 193,099,001 shares (including 10,528,064 treasury shares)
*1. The number of treasury shares above does not include 1,709,734 shares held by the executive compensation BIP (Board Incentive Plan) trust and 252,815 shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.
 *2. The treasury shares has been cancelled as of May 31, 2021. Total number of shares cancelled is 10,980,064 shares.
 Listed market: First Section of the Tokyo Stock Exchange
 Minimum trading unit: 100 shares
 Number of shareholders: 25,306

Major shareholders (top 10)

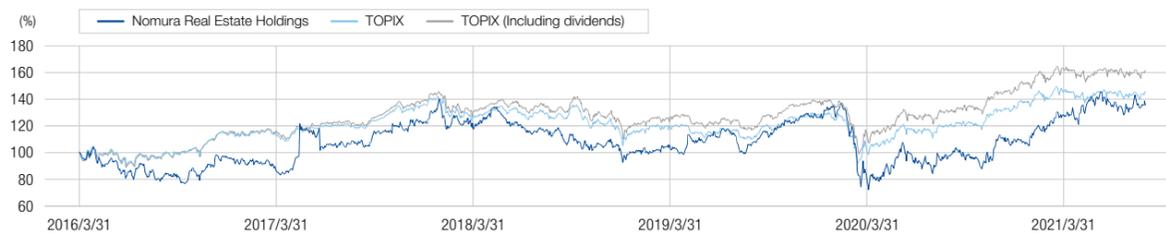
Shareholders' name	No. of shares held	Shareholding ratio (%)
Nomura Holdings, Inc.	64,777,500	35.48
The Master Trust Bank of Japan, Ltd. (Trust account)	10,358,600	5.67
Custody Bank of Japan, Ltd. (Trust account)	8,915,100	4.88
JPMorgan Securities Japan Co., Ltd.	3,131,100	1.71
Nomura Real Estate Holdings Employee Shareholding Association	3,095,130	1.69
STATE STREET BANK WEST CLIENT - TREATY 505234	1,925,384	1.05
Custody Bank of Japan, Ltd. (Trust account 9)	1,916,700	1.04
Custody Bank of Japan, Ltd. (Trust account 5)	1,839,100	1.00
Custody Bank of Japan, Ltd. (Trust account 7)	1,808,100	0.99
The Master Trust Bank of Japan, Ltd. (BIP (Board Incentive Plan) trust account 76272)	1,709,734	0.93

*1. Although the Company holds 10,528,064 treasury shares, it is excluded from the list of major shareholders above.
 *2. Treasury shares excluded from the total number of shares issued do not include the Company shares held by the executive compensation BIP trust and the ESOP trust.

Composition of shareholdings



Share price



* Calculated with the closing price on March 31, 2016 as 100%.

Total shareholders return*1, *2

Shareholders' name	2017/3	2018/3	2019/3	2020/3	2021/3
Nomura Real Estate Holdings	88.4%	127.3%	112.3%	98.3%	146.0%
TOPIX (Including dividends)	102.3%	118.5%	112.5%	101.8%	144.8%

*1. Total shareholders return is the overall yield for shareholders that takes into account both capital gains and dividends. It is calculated in accordance with the formula prescribed by the Cabinet Office Ordinances.
 *2. Total shareholders return is calculated at fiscal year-ends, starting from April 1, 2016, as if the investment was made at the closing stock price at the end of FY16/3.

External evaluation

Inclusion in ESG indices

the ESG indices adopted by GPIF (Government Pension Investment Fund)

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX Selected for MSCI Japan ESG Select Leaders Index, a wide-ranging index (1, 4)	 Selected for FTSE Blossom Japan Index, a wide-ranging index (1)	 Selected as the FTSE4 Good Index Series, a representative index for ESG investment (1)
2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) Selected for MSCI Japan Empowering Women (WIN) Select Index, a thematic index (1)	 Selected for S&P/JPX Carbon Efficient Index, a thematic/environmental index in the ESG indices (1)	 Selected as the Sompo Sustainability Index uniquely set by Sompo Asset Management (1)

Commendations on environmental activities

Acquired and registered Eco-Action 21 (Environmental Management System) certification (4)
* Acquired and registered Eco-Action 21 certification for the first time as a Japanese Real Estate Investment Trust (J-REIT).

Received the 4 stars rating in the real estate rating (4, 5) and the level A in the disclosure evaluation (1, 4) of the GRESB, which is an annual benchmark for considering ESG in the real estate sector.

Commendations on social activities

Selected for Health and Productivity Management Award 2020 (for Large Corporation) (1, 2, 3, 6, 8)

Received Good Design Award 2020 for 10 items, a record high. The Group has received this award for 19th consecutive year (1, 2, 7, 8)

Signatures on initiatives

Signed the United Nations Global Compact (1)

Signed the Principles for Responsible Investment (3, 10)

Signed the UNEP Finance Initiative (3)

Approved by the Science Based Targets (SBT) initiative (1)

Agreed to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (1, 3)

Joined the Japan Climate Initiative (3)

Signed the Financial Action Principles for the Formation of a Sustainable Society (the 21st Century Principles of Financial Action) (3)

Member of the UK Green Building Council (GBC) (10)

Agreed to Declaration of Biodiversity by Keidanren (1)

Information disclosure

Excellent Integrated Report selected by GPIF
 The Company's Integrated Report 2020 was selected as an Excellent Integrated Report and Most-improved Integrated Report by GPIF's asset managers entrusted with domestic equity investment (1)

AAA Corporate Website 2020
 The Company's IR website was selected as the most excellent website in the overall ranking and in the ranking by industry on Nikko IR's Website Rankings of All Listed Companies 2020 (1)

Excellence Award 2020
 The Company's IR website was selected for the Excellence Award 2020 in the Internet IR commendation by Daiwa Investor Relations (1)

IRサイト総合ランキング銀賞 2020年
 The Company's IR website was selected for the Silver Award of the Gomez IR Site Ranking 2020 (1)

Sustainability Site Award 2021
 The Company's CSR Report 2020 received the Excellence Award in the Sustainability Site Award 2021 hosted by the CSR Communication Association (1)

Selected / Concerned / Award-winning companies
 1: Nomura Real Estate Holdings, Inc. 2: Nomura Real Estate Development Co., Ltd. 3: Nomura Real Estate Asset Management Co., Ltd.
 4: Nomura Real Estate Master Fund, Inc. 5: Nomura Real Estate Private REIT Inc. 6: Nomura Real Estate Solutions Co., Ltd. (Former Nomura Real Estate Urban Net Co., Ltd.)
 7: Nomura Real Estate Partners Co., Ltd. 8: Nomura Real Estate Life & Sports Co., Ltd. 9: Nomura Real Estate Wellness Co., Ltd. 10: Lothbury Investment Management Limited

* The inclusion of Nomura Real Estate Holdings, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nomura Real Estate Holdings, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Editorial policy

Editorial policy

This integrated report is published in order to foster understanding and serve as a tool for a deeper dialogue among shareholders, investors, and other stakeholders of the Nomura Real Estate Group. It explains the Group's approaches, strategies, and specific measures toward the creation of mid- to long-term value (social value and economic value) by giving consideration to the external environment and linking financial and non-financial information.

This report focused on explaining the Group's unique value creation, what is our approach to connect closely with individuals that has been refined over history, and the distinctive business strategies that make the most of it. It also endeavored to convey the value creation that the Group is aiming for and its certainty mainly through messages from senior managements, the Chairman of the Board of Directors, and External Directors.

The editing and layout of this report follow guidelines such as the International Integrated Reporting Framework of the Value Reporting Foundation (VRF)* and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry. In addition, feedback and requests raised during dialogues with investors have been also incorporated.

About the cover

The Nomura Real Estate Group engages in the businesses of developing real estate and providing real estate-related services. We aim to solve social issues through the creation of new value through "building cities—dynamic stages that connect today with tomorrow's possibilities" and "embracing every moment of life's pursuits."

The cover of this report describes "building cities—dynamic stages that connect today with tomorrow's possibilities," which we will build with many people "living," "working," and "gathering." The orange (hospitality, spirit of challenges) is one of the Group's corporate colors and used for the line pointing to the future connected by the value creation of our group, expressing our unflinching commitment to the achievement of Our Group Vision "New Value, Real Value".



Referenced guidelines

- Global Reporting Initiative (GRI) Standards
- ISO 26000—Guidance on Social Responsibility
- Integrated Reporting Framework of the Value Reporting Foundation (VRF)*
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry



* In June 2021, the Value Reporting Foundation (VRF) was formed by merging of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB).

Period covered by the report

This report covers the period from April 1, 2020 to March 31, 2021.
Parts may discuss information from times prior to this period or activities or outlooks for times following this period.

Scope of the report

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Group 22 companies

Forward-looking statements

This integrated report contains forward-looking statements about the future plans, strategies, and performance of Nomura Real Estate Holdings, Inc. These forward-looking statements are not historical facts.

Rather, they are estimates, forecasts, and projections based on information currently available to the Company and are subject to a number of risks and uncertainties, which include economic trends, intensification of competition in the real estate industry, legal and taxation systems, and other regulations. As such, actual results may differ from those projected.

Publication of *Integrated Report 2021* (Guaranteed by the Director in charge)

I would like to express our gratitude to our investors and other stakeholders for your consistent support and cooperation. We have had conversations with numerous investors, and we meaningfully apply the valuable opinions and requests to our business activities and the preparation of this integrated report. I would like to take this opportunity to express our appreciation.

We started issuing integrated reports in 2014 with the aim of helping our stakeholders gain a better understanding of the mid- to long-term value creation undertaken by the Group. We are pleased to hereby issue our *Integrated Report 2021*, our eighth integrated report.

This *Integrated Report 2021* focuses on promoting better understanding of the value creation pursued by the Group, by dividing the elements to be explained into sections such as "About the Nomura Real Estate Group" and "Strengths and characteristics."

Notably, we develop real estate and continually provide real estate-related services with an emphasis on the Group's signature market-in approach and commitment to quality, based on our approach to connect closely with individuals, which we have built throughout the Group's history. Together with our unique brand and business strategies to raise the significance of the Group's presence, our engagements are essential elements in achieving sustainable urban development. These are key points that we would like everyone to understand.

In our efforts to foster understanding of our mid- to long-term management policies and strategies, Eiji Kutsukake, Group CEO, Daisaku Matsuo, Executive Vice President, and other executive officers communicate in their messages how the Group is aware of its external environment and pushes its initiatives forward from a mid- to long-term perspective.

In the aspect of sustainability, which is attracting great attention, the elements including ESG are all essential elements in supporting the Group's sustainable growth. Moreover, as for governance, to enhance the content for a deeper understanding of the Group, the report includes messages from the Chairman of the Board of Directors and external directors and explained the strategies and measures taken for the environment and human resources.

I sincerely hope that this report will help our stakeholders, including shareholders and investors, gain an in-depth understanding of and develop a sense of affinity for the Group.

As the Group CFO and director in charge of investor relations responsible for compiling this integrated report, I hereby declare the legitimacy of its compilation process and the accuracy of the content.

Amid the drastic changes in society primarily caused by COVID-19, we would like to adhere to our editorial policy of embracing our communication with you, providing substantive disclosure, and enhancing transparency to make our integrated reports better. We would be grateful if you could provide us with your opinions of this integrated report.

I would like to conclude by taking this opportunity to express our appreciation to all the readers of this report and to all those who have helped compile and issue it.

Hiroshi Kurokawa
Director, Group CFO