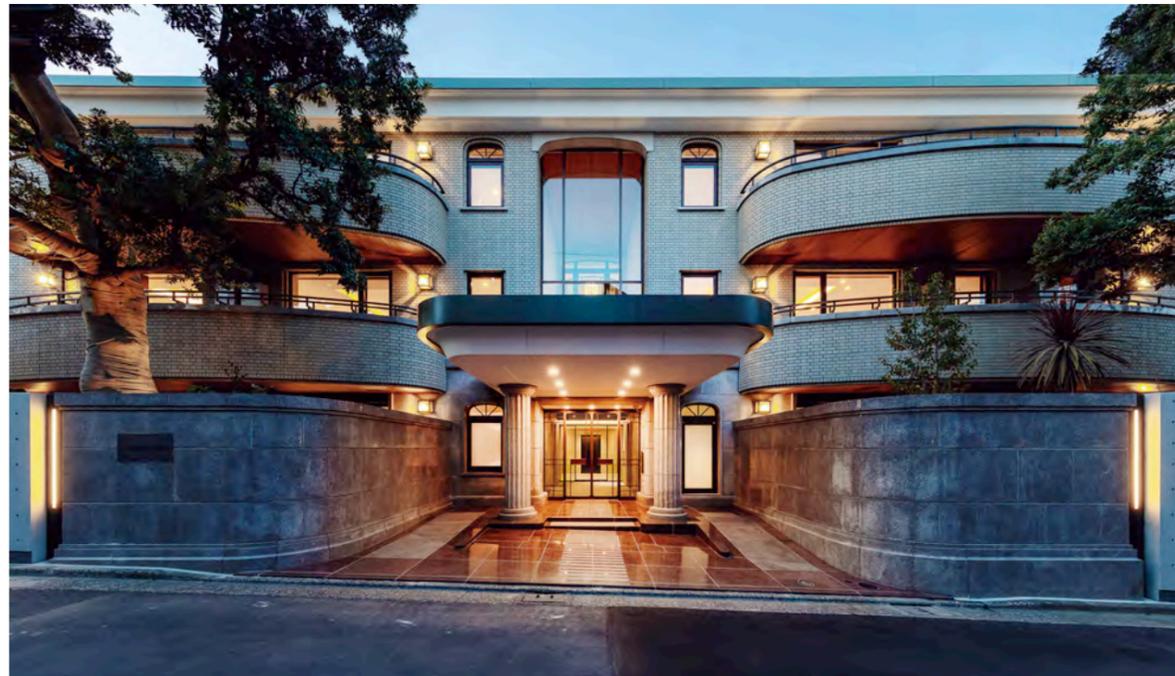


Part
2

Strengths and characteristics



- 22 Strengths/Business assets
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Passing down valuable assets to the next generation PROUD Uehara Forest



We developed Japan's first hybrid condominium by renovating existing property built in 1984 and extending the new space utilizing idle capacity with the use of cutting-edge technologies. We became the first private real estate developer to receive the certification for Long-Life Quality Housing for an aging condominium. It is a condominium that pursues the essence and environmental consideration of "passing down valuable assets for a long time."

At the time of completion in 1984

Our approach to connect closely with individuals is rooted in the Group's DNA, which is a value we cherish in every business and the source of our competitiveness. Brands and products and services created through our approach to connect closely with individuals support our unique, highly efficient management.

The basis of all of our business activities is our approach to connect closely with individuals such as residents and workers, which has been built throughout our history. This is the unique quality of the Nomura Real Estate Group that we will not change no matter how society changes. Our approach to connect closely with individuals

is supported by our strong business assets, strengths, and evaluation by our stakeholders. Over the years, we have been staying close to people's lives and have continued to create value through our unique business strategy of combining real estate development and real estate-related services.





The power to create value

Creating unique value based on our approach to connect closely with individuals

The Group is characterized by value creation based on our approach to connect closely with individuals that is consistently adhered to in all aspects.

The Group's strong business assets, four strengths, and excellent evaluation from our stakeholders build a virtuous circle centering on our approach to connect closely with individuals and continue to create unique value.

Our approach to connect closely with individuals polished throughout the Group's history

Since its founding in 1957, the Group has continuously met customer's expectations and earned trust through deep and close connections with individual customers who lived, worked and gathered in its properties. This has enabled us to seize opportunities for new business.

In particular, throughout its history of more than 60 years, the Group has deeply engaged in residential business, which supports and forms the basis of our lives. We have been required to meet the high expectations of our customers down to every detail of residences, as a comfortable space where they will spend much of their private time.

The Group has cultivated a culture of understanding diverse needs, sticking to meeting expectations, and thoroughly refining the approach to connect closely with individuals.

Our policy of valuing contact points with each customer in all aspects of our business and turning them into the creation of new value is embodied as the "client-first approach" in the Group action guidelines, "Imagine Customers' Future Value" what PROUD is aiming for, and "HUMAN FIRST" in office buildings, and is steadily carried on as part of the Group's DNA.

The Group's four strengths

The Group's consistent approach to connect closely with individuals is converted to the Group's four strengths such as the market-in approach and commitment to the quality of products and contributes to the creation of new value. All are competitive advantages indispensable to the Group.



Development capabilities based on market-in approach

Through developing products that would exceed customers' expectations, we built a corporate culture of feeding back the needs and demands learned in dialogues with the market and customers to products. Our industry-leading development capacity equipped with high technical skills along with knowledge and passion creates new value added that will lead to future urban development.



Development and expertise of various types of assets

Since supplying our first condominium in 1963, we have accumulated an extensive track record in real estate development. We are achieving value creation through the development of wide-ranging assets with originality and added value, including PROUD, our leading residential brand; PMO, our medium-sized high-grade offices with high design quality and functionality; and Landport, our large high-function logistics facilities. This is based on the expertise we have cultivated in the field and market-in approach of identifying potential consumer needs.



Commitment to the quality of products and services

The commitment to quality we have built since our founding has helped us earn the solid trust of customers and society. We maintain our commitment to quality in all phases from supervision of the construction process through the pursuit of design and comfort. Our DNA of pursuing quality is firmly rooted, while changing form and being passed down through generations by connecting it to human resources development.



Group synergy

Every member of the Group has played a number of roles and grown through inter-organizational cooperation in an effort to create new value through innovative ideas.

Numerous innovative schemes such as the "integrated development, sales, and management system" in the residential development business and the "Leasing Value Chain" for achieving mutual growth with the Group REITs are the Group's comprehensive strengths and major sources of value.

Strengthening through business assets

Strong business assets*1

We hold strong business assets, including a stable financial base, an extensive track record in real estate development, and a customer base providing us with a large number of contact points. In addition, the high evaluation from stakeholders accelerates the accumulation of management capital and makes it even stronger.

Human capital Number of consolidated employees: 7,390 Female employee ratio: 31.8% Number of in-house first-class licensed architects: 278	Customer base Nomura Real Estate Group Customer Club members: Approx. 140,000 Number of tenants:*2 Approx. 2,800 companies Number of institutional investor clients: 232 Number of nomu.com members: Approx. 236,000 Number of MEGAROS members: Approx. 111,000 Number of housings under management: Approx. 183,000 units
Financial capital Shareholders' equity ratio: 30.4% D/E ratio: 1.7 times	Intellectual capital, natural capital, etc. Expertise in real estate development: More than 60 years Expertise in asset management: More than 20 years Award-winning Product planning and design capabilities
Manufactured capital Cumulative number of PROUD housings supplied: Approx. 83,000 units Number of residential redevelopment projects participated: No.1 *3 Net lettable area: Approx. 827,000m² Number of properties developed for sale: 272 units Asset under management: Approx. ¥1.8 trillion	

Creation and delivery of value

High evaluation from stakeholders

The characteristic value developed from the Group's four strengths has helped it receive high evaluation from many stakeholders. This high evaluation contributes to an increase in the Group's business assets and new value creation.

ESG ratings: Included in all four ESG indices adopted by GPIF

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) | 2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



Good Design Awards

Received for **19th consecutive year**
GOOD DESIGN

Condominium brand

No.1 for 14th consecutive year*4

Rate of receiving environmental certification*5 in the properties developed for sale (Commercial Real Estate Business Unit):

100%

Credit Ratings

R&I: A- JCR: A

Group REITs GRESB ratings

4 stars or above for 5th consecutive year

No. of users of real estate company website

No.1 for 12th consecutive year*6
 ネットで住みかえ ノムコム
nomu.com

Condominium management rating

No.1 for 13th consecutive year*7



*1. Data are as of March 31, 2021, except the number of nomu.com members, which is as of January 31, 2021.
 *2. The number of tenants is the total of tenants in the properties held by the Group and properties under property management contracts.
 *3. Source: Based on in-house research

*4. We calculated the number of years in which the number of evaluation categories in which PROUD ranked top was the largest in the Condominium Brand Survey conducted by Nikkei, Inc.
 *5. Including those scheduled to be received

*6. Survey by Nielsen NetView
 *7. "SumaiSurfin" Property Management Company Customer Satisfaction Survey ranking

Strengths and characteristics  **Unique business strategy**

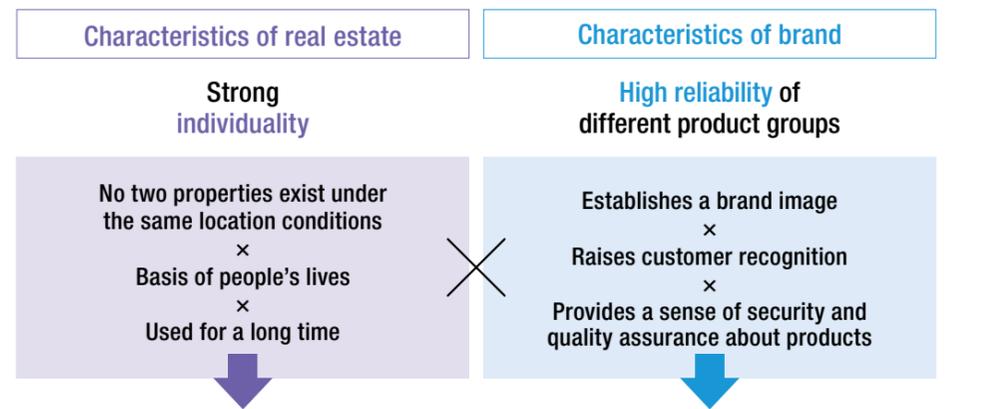
Value creation by combining real estate and brand strategy

Value creation using brands such as PROUD is one of the distinctive characteristics of the Group.

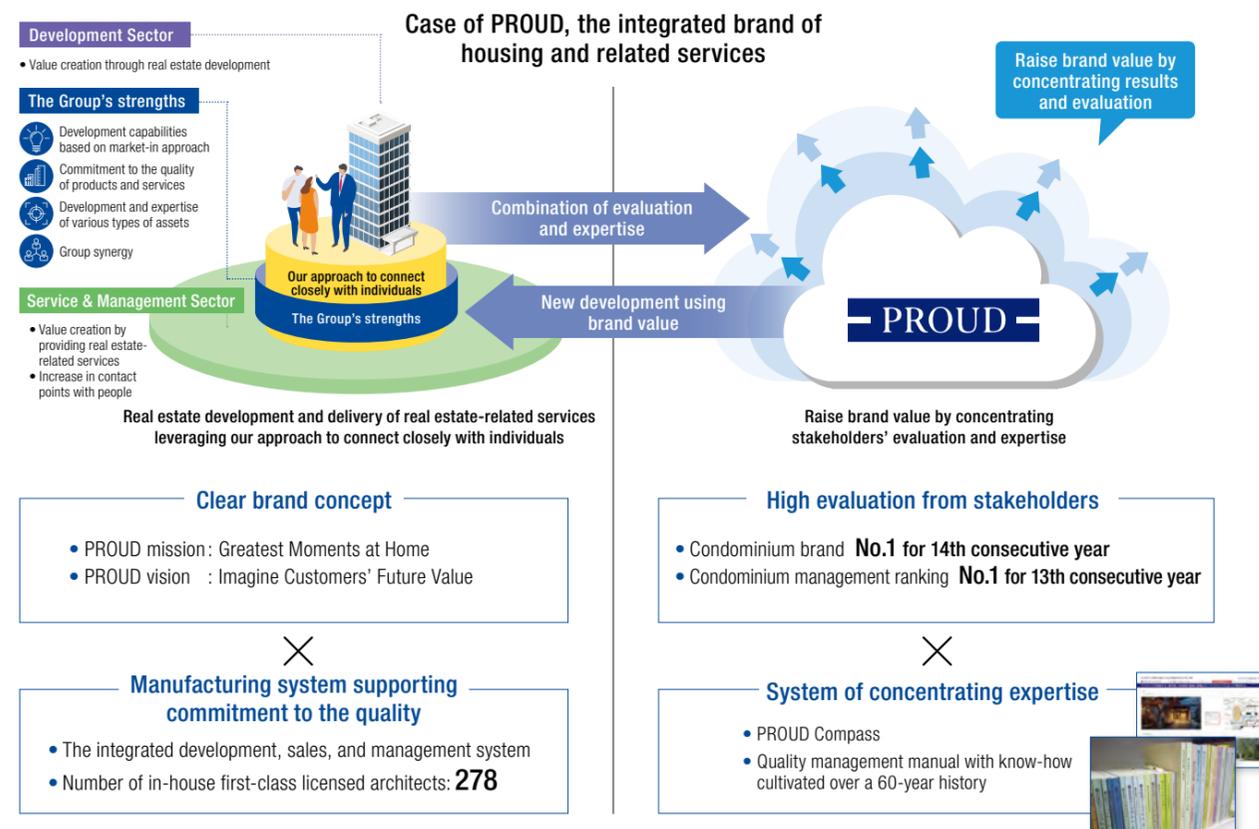
The feature of the real estate industry is that there are no two identical buildings or pieces of land. That means every property has strong individuality. Brands that apply to each asset type, such as housing or office, among properties represent the Group's firm pledge to our customers of security and quality. Brands help us raise the sense of

security and trust in our products and services and promote customers' recognition of our products.

The Group builds its brand strategies for providing new, unique products and services offering high value added. We can achieve this by accumulating the expertise we acquired and reviewed from customers through the development of diverse types of real estate and the delivery of services and concentrating them into our brands.



Leading to new value creation by combining evaluation and expertise into brands



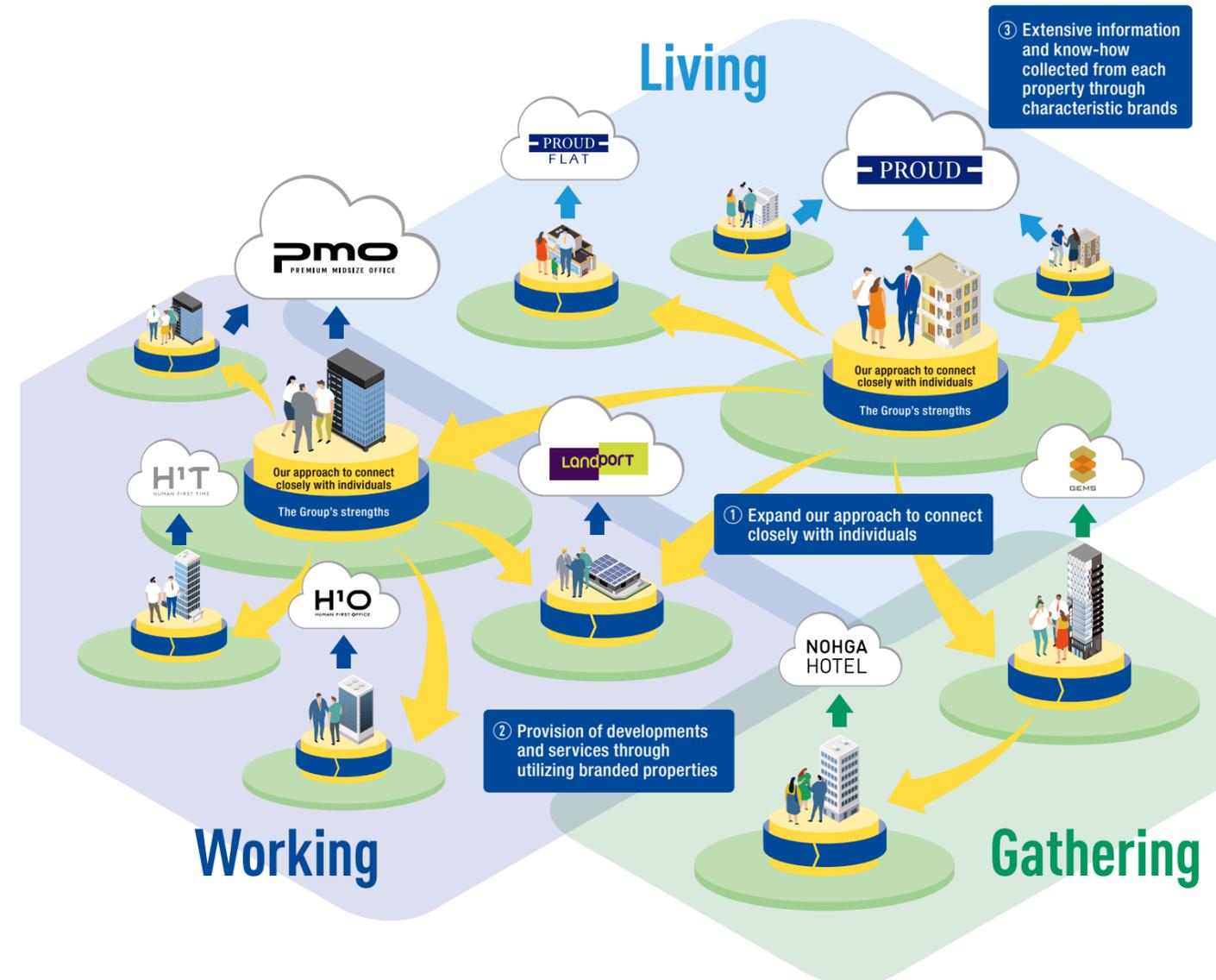
Branding based on our approach to connect closely with individuals

We apply the Group's policy of thinking first about the people who live, work, and gather there, a policy fostered since the Group's founding, to various assets. Consequently, we have developed a number of competitive brands and products such as PMO, a medium-sized high-grade office brand, and Landport, a large, high-function logistics facility brand.

While demands vary depending on asset type, the size,

and location, the Group consistently maintains the approach to connect closely with individuals in all businesses.

Development of numerous branded properties and delivery of services supporting lasting security and quality allow us to provide customers with value added and acquire information and know-how leading to new value creation. This contributes to the Group's sustainable growth.



Branded assets with an extensive track record in real estate development ▶ P101

Housing	Rental housing	Office	Retail facility	Logistics facility
PROUD Approx. 83,000 units	PROUD FLAT 120 properties	pmo 66 properties	GEMS 23 properties	Landport 37 properties

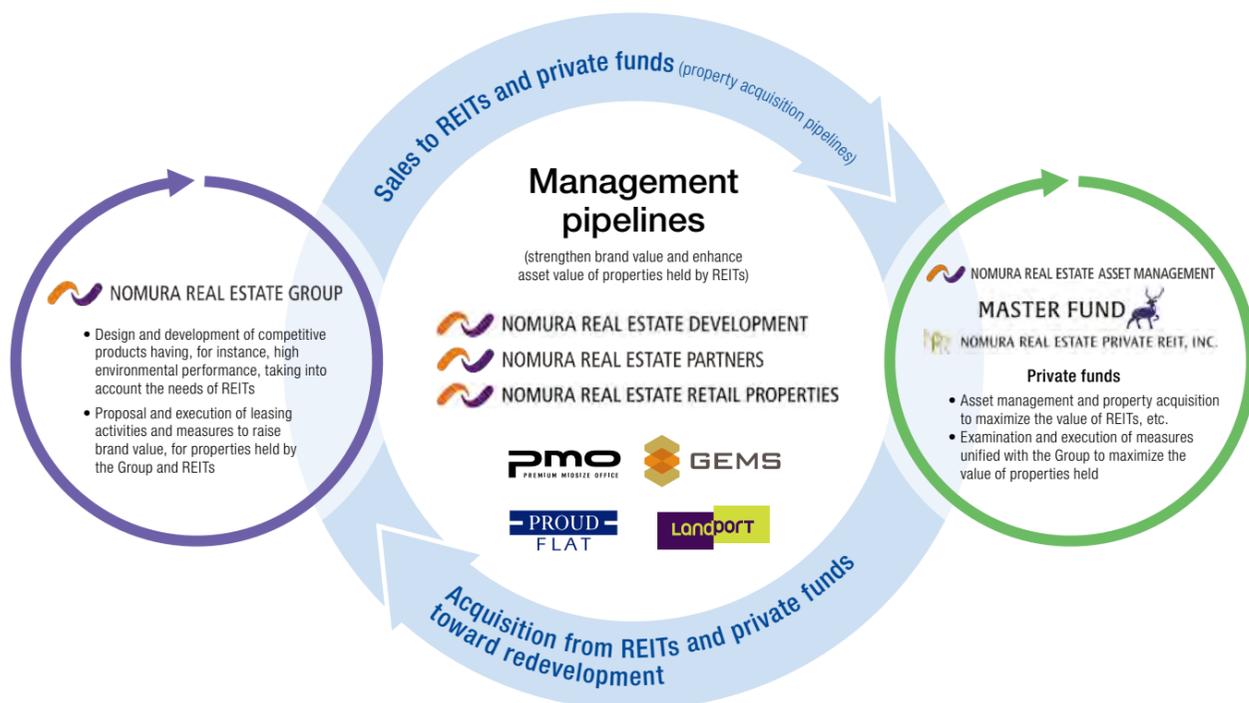
* Number of properties are as of the end of March 31, 2021 (including planning properties)

“Leasing Value Chain” supporting brand strategy

“Leasing Value Chain” consisting of the Group and the Group REITs and funds such as Nomura Real Estate Master Fund enables the implementation of brand strategies for leasing properties, for which integrated branding is generally considered more difficult than other property types such as condominiums. It is a unique strength of the Group supporting the development of diverse assets.
Selling the distinctive properties developed by the

Group to the REITs and funds allows us to not only maintain brand value through services provided after the sale, but to realize development profit at an early stage and accelerate our activities for new property development. At the same time, this allows the Group REITs to acquire branded, high-quality leasing properties and contributes to mutual growth.

Leasing Value Chain that allows the implementation of integrated brand strategies and mutual growth



POINT 1 Value growth unified with the Group REITs

The system in which the Group and the Group REITs work together in property operations, such as brand strategy for each asset, contributes to an increase in value for both.
The competitive business stock including properties held by the Group REITs is an important part of the Group's competitiveness.

Highly competitive branded assets



POINT 2 Mutual growth of the Group and the Group REITs

We have conducted a large number of transactions since we signed “Leasing Value Chain” agreement in 2015. It functions as a superior counterpart in the Group's property sales and as a sponsor pipeline for the Group REIT's acquisition of competitive, high-quality properties equipped with, for instance, high environmental performance, which contributes significantly to our mutual growth.

Sale to REITs and private funds
70 properties for ¥283.2 billion

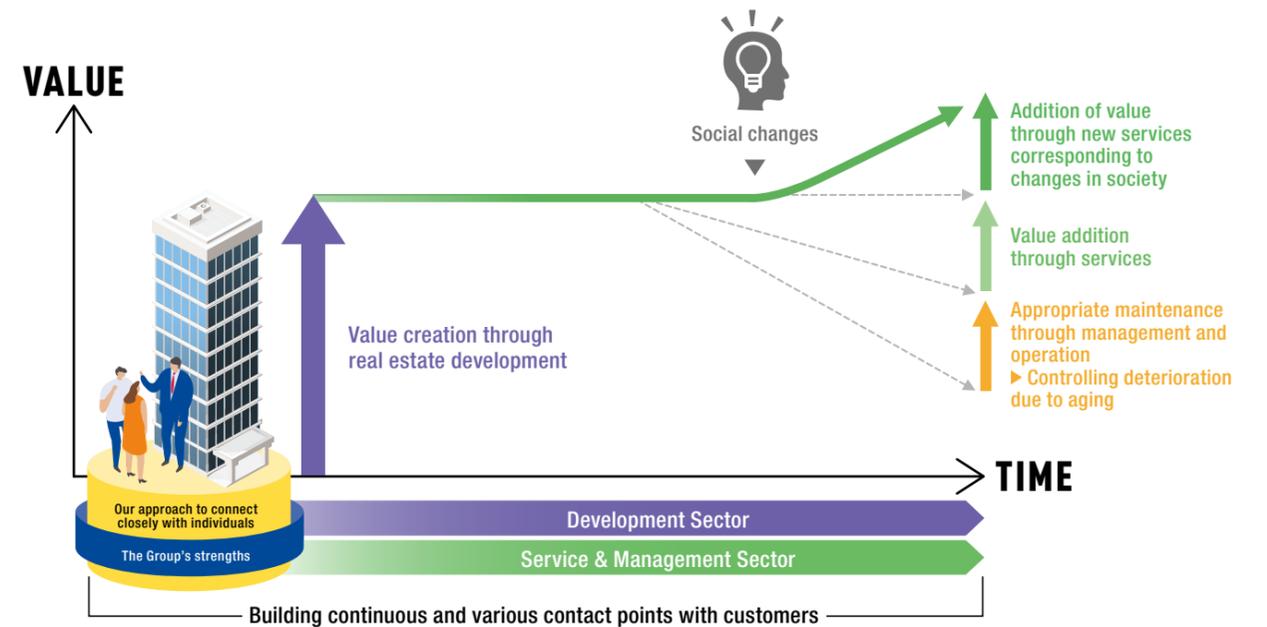
Acquisition from REITs
7 properties for ¥51.1 billion

* Acquisition and sale amount are as of March 31, 2021.

Providing real estate-related services creating continuous value

While real estate becomes the basis of people's lives and corporate activities for the long term, appropriate maintenance and repair are essential to ensuring safe, secure, and comfortable use. During long-term use of properties, moving or renovation based on changes in life stage, office relocation due to changes in the business environment, reallocation of production facilities, or other changes may become necessary.
The Group continues to provide a broad range of real

estate-related services to promote comfortable use after customers start using the properties, rather than limiting its business to property development.
Our business model of turning the approach to connect closely with customers who use properties into new value creation aims to develop and provide unique real estate-related services based on the prompt detection of changes in customers' lives, behavior, and preferences and on the predictions, we make about the future.



Real estate-related services created from various contact points with customers

Development Sector	Residential Development Business Unit	<ul style="list-style-type: none"> After-sales services provided to customers of the Group Management of health promoting senior rental housing responding to super-aging society Internet advertising service dedicated to real estate
	Commercial Real Estate Business Unit	<ul style="list-style-type: none"> Leasing of assets held by the Group that meets the diversified needs of tenants Management of high-quality retail facilities, hotels, serviced offices, etc. Fitness services that contribute to healthy lives
Service & Management Sector	Investment Management Business Unit	<ul style="list-style-type: none"> Assets management to raise and maintain the value of brands such as PMO and Landport Initiatives to achieve further increases in value, such as obtaining environmental certifications
	Property Brokerage & CRE Business Unit	<ul style="list-style-type: none"> A real estate brokerage service that contributes to community activation by encouraging relocation Comprehensive brokerage and CRE services for companies that meet corporate real estate needs
	Property & Facility Management Business Unit	<ul style="list-style-type: none"> High-quality property and facility management service for maintaining asset value over the long term Renovation and large-scale repair work that help increase property value

Examples of the Group's unique real estate-related services

Achieved extension of cycle of large-scale repair works for condominium
re:Premium
日本のマンションの未来を変えていく
アトラクティブ30
▶ P32

Provides various workplace and services based on the HUMAN FIRST business concept

H1O H1T
HUMAN FIRST OFFICE HUMAN FIRST TIME
▶ P34-37

Provides various real estate transaction information for individuals, investment, business, etc.

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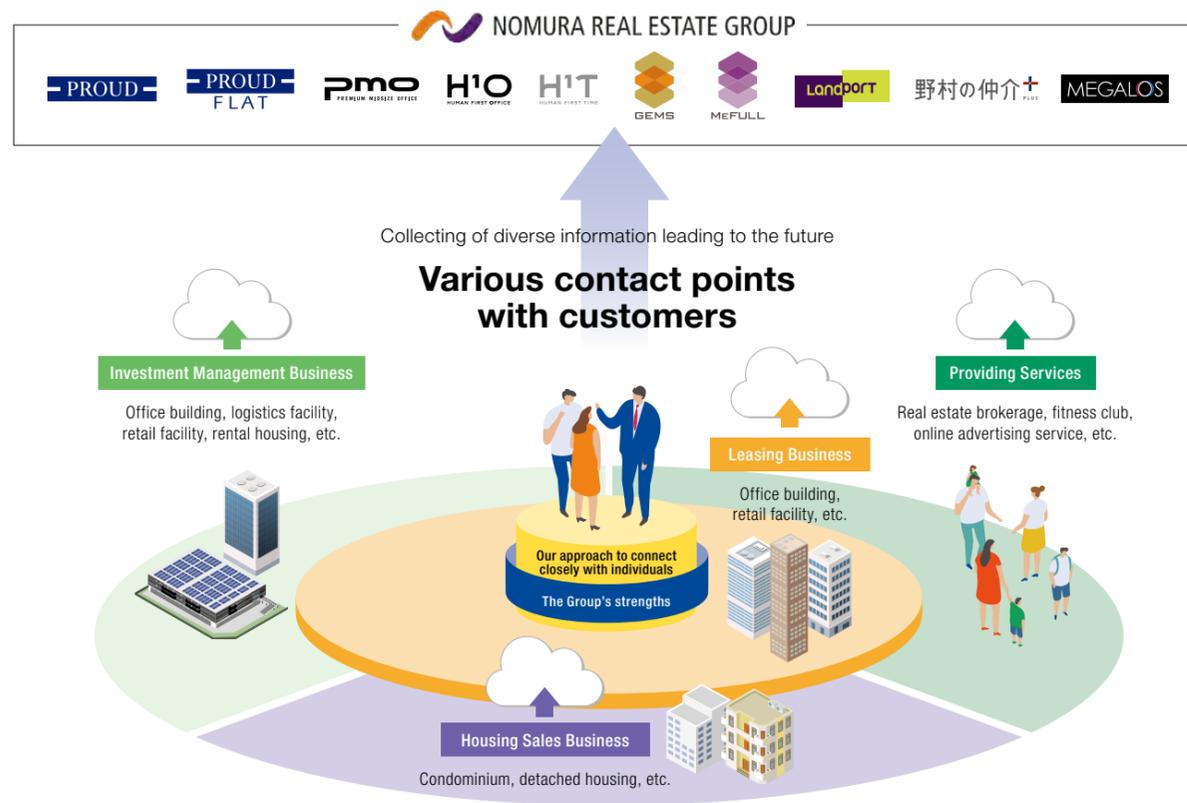
Various contact points with customers leading to the future

It is essential for us to promptly obtain information about changes in customers' behavior and preferences, predict further changes occurring in the future, and act proactively when digital technologies and the evolution of AI accelerate changes in living and working styles. To this end, maintaining various contact points with customers will be a key strength.

The real estate business tends to accumulate a large volume of data and information about the behavior and preferences of people who live, work, and gather at a

property. The Group's history of developing numerous high-quality properties and its consistent delivery of services builds a business stock. Regardless of whether we own properties or not, we can touch diverse contact points with customers.

These diverse contact points with customers and the various types and amounts of information obtained from them are important assets, contributing to the Group's sustainable growth. We aim to continue to increase these assets.



Various contact points with customers built in the Group's history*1

Leasing Business	Investment Management Business	Housing Sales Business	Providing Services
Number of properties owned by the Group: 139 properties	Number of properties under management: 459 properties	Cumulative number of PROUD housings supplied: Approx. 83,000 units	Numbers of H'IT members: Approx. 106,000
	Number of institutional investor clients: 232 institutions	Number of housings under management: Approx. 183,000 units	Number of nomu.com members: Approx. 236,000
Number of buildings under management: 788 buildings			Number of MEGALOS members: Approx. 111,000
Number of tenants: Approx. 2,800 companies*2		Number of Nomura Real Estate Group Customer Club members: Approx. 140,000	

*1. Data are as of March 31, 2021, except the number of nomu.com members, which is as of January 31, 2021.
*2. The number of tenants is the total of tenants in the properties held by the Group and properties under property management contracts.

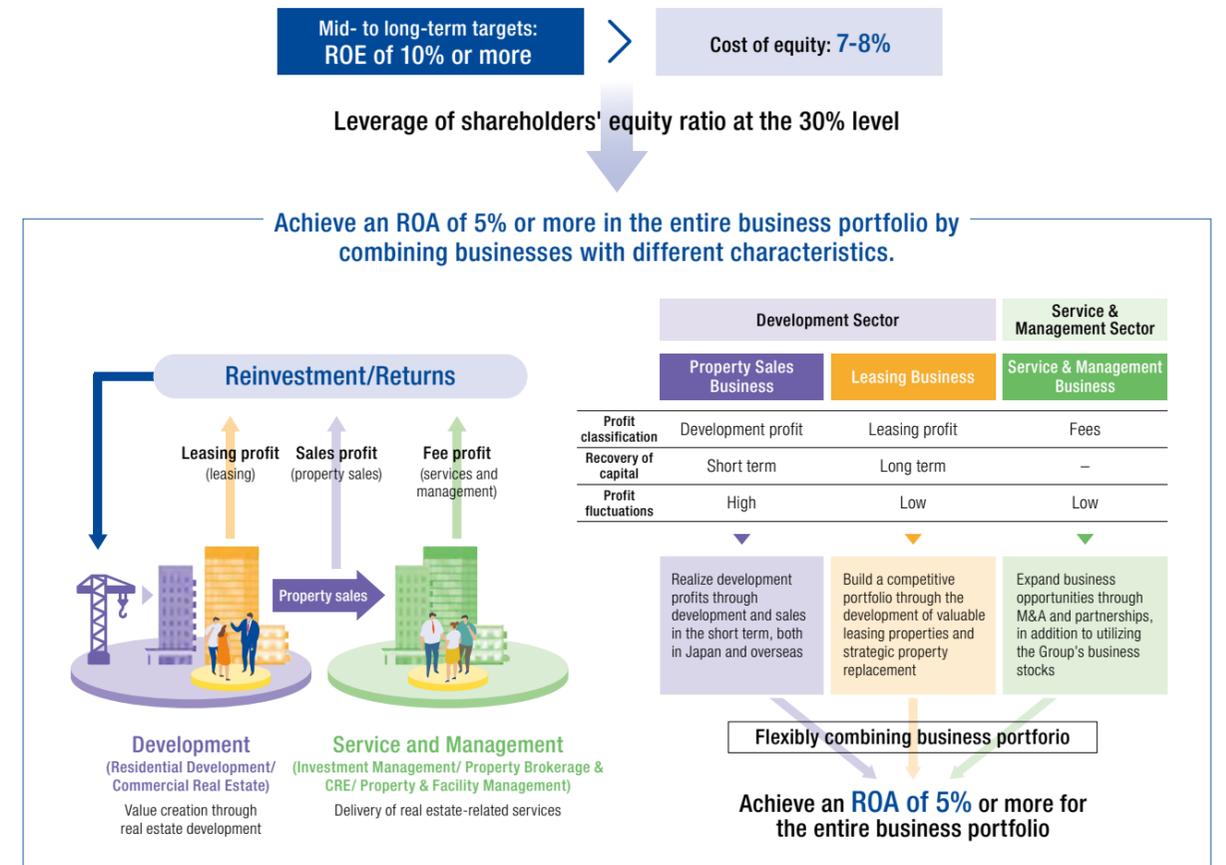
Business portfolio strategy enabling both high efficiency and risk diversification

The Group aims to generate ROE exceeding the cost of equity of 7% to 8% through its business portfolio strategy of effectively balancing a range of businesses related to real estate. We do this by developing a range of properties using our strengths and originality as a real estate developer, realizing profit by selling the properties developed, and achieving ongoing revenue from fees paid for real estate-related services provided.

Meanwhile, certain volume of leasing business of

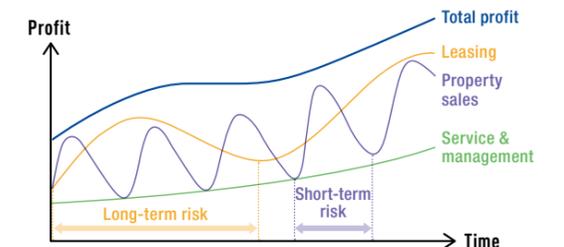
owning high-quality assets and generating a stable income also plays an important role in supporting business continuity and cash flow stability.

We achieve both high capital efficiency exceeding the cost of equity and stable growth. To do this, we appropriately combine the businesses of property sales, leasing, and services and management, each with their own characteristics, risks, and returns, while taking into account market size, business opportunities, and other factors.



Achieve stable growth while diversifying business risks

While real estate has high asset value, it also has cyclical characteristics. We aim to achieve stable profit growth while diversifying business risks by combining three businesses. The property sale business allows a prompt start of a new business cycle in response to market changes, despite large profit fluctuations. The leasing business generates stable income while requiring long-term risk taking. Finally, the service and management business allows stable income without using the balance sheet, while growing moderately and requiring a large business stock.





Special feature: On-site power that creates value

Efforts to deepen and evolve PROUD, the integrated brand of housing and related services

Brand Mission: Toward the creation of “Greatest Moments at Home”



Shizue Murakami Residential Development Division
Nomura Real Estate Development

management, including conversations with customers we met as part of our marketing activities and the residents of PROUD housings and questionnaires taken by our Nomura Real Estate Group Customer Club members.

With this background, we have initiated discussions to deepen and evolve PROUD for the first time since the brand was launched in 2002. We have taken on this challenge for about three years, and it proved to be a good opportunity for us, including directors and employees, to thoroughly discuss how we can provide the PROUD residents with some of their greatest moments at home, where the longer they live, the more they love the home, as stated in the brand mission.

The result was “The Five Values of PROUD”, which were announced in 2020.

Deepening and evolving the PROUD brand

In 2002, the Group announced the launch of PROUD as its integrated brand of housing and related services and has supplied cumulative total of approximately 83,000 units to date. We have built a structure for consistent operations from residential development to sales and management, allowing high-quality product development. PROUD has ranked No. 1 as a condominium brand for 14th consecutive year, which reflects the high evaluation it receives from our stakeholders.

Meanwhile, the market has been changing significantly in recent years, with a rise in young home buyers, changes in household composition, and increasingly diverse customer needs and lifestyles. The impact of COVID-19 pandemic is also accelerating these changes. We had strongly sensed that these changes in our business environment would become major trends, taking into account the firsthand information we gathered from contact points in property development, sales, and

Value creation integrated with sustainability

We spent a particularly long time for discussing integration with sustainability and SDGs. For today’s companies, efforts to achieve sustainability are an essential part of their businesses. All of the Group’s Four key themes for sustainability, “Safety/Security,” “Environment,” “Community,” and “Health and Well-being,” are essential elements of residences. What should we do for the people living there to enjoy some of their greatest moments at home based on safety and security? “The Five Values of PROUD” are the restructuring and deriving of solutions to that question in line with the provision of residences.

From the customers’ perspective, the value we provide can be understood only after they actually start living there and using the facilities. All of the concepts in the development of PROUD, in which we imagine customers’ future value, are elements we must continue to pursue without being satisfied with the status quo. Our

employees pay attention to and value the four items in our action guidelines in the process of property development. They express the commitment of our Group companies as a unified organization, which provides value creation through PROUD, to our customers and other stakeholders.

Building a structure to further raise the value of PROUD

The key point is whether we can consistently work on “The Five Values of PROUD”, which are the guidelines for residential development, that represent the priority concepts established over time in the form of important value that can be understood by our customers, not superficially but actually rooted in the business. In other words, the essential element is whether we can continue providing our customers with products integrated with sustainability and ensure that the products represent this value and evaluation, with prices our customers will be willing to pay.

In building a structure of creating a unique quality in residential development, we have the Five Values Check Sheet, Environment and Product Planning Sheet, and PROUD Compass, which use “The Five Values of PROUD” for evaluation.

The Five Values Sheet and Environment and Product Planning Sheet are required to be checked for business approval of each project. They express our commitment to further increase value by pursuing the idea of product planning and sustainability synchronized with priority concepts, and profitability. In marketing activities, we have established sales techniques based on how we provide our customers with the five values, and entire Group works to increase the value of PROUD.

PROUD Compass, which has become a guidepost in developing residences that achieves the PROUD Vision, is the foundation for residential development we have built over the Group’s history of more than 60 years. It expresses our commitment and the specific and detailed expertise. It is posted on our intranet where it is visible not only to technical staff members, but to all employees including sales personnel, and we realize that commitment while addressing property development. An important point is that it is not a manual, but a guidepost, based on which staff members build their original ideas and create products that can earn the support of our customers. PROUD is further deepened by making room for staff members’ originality and ingenuity while providing a platform for forming a common recognition about what kind of life it can provide. This point shows the ingenuity of “PROUD” leads to high evaluation of the Group.



PROUD Compass provides the specifics and details to help reproduce the ideas and efforts generated through more than 60 years of the Group’s history of residential development.

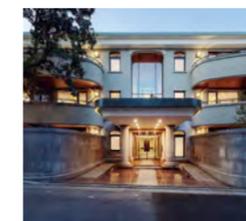
Brand mission uniting the Group toward the creation of the “Greatest Moments at Home”

The most distinctive characteristic of our residential development is our integrated development, sales, and management system. In addition to Nomura Real Estate Development operating property development and sales, Nomura Real Estate Partners, which is in charge of property and facility management, plays an important role of directly gathering the opinions of people living in the property as feedback for the next property development. The Group’s unified efforts to increase value are further accelerated. An example is re:Premium, the large-scale repair work developed by Nomura Real Estate Partners, which has led to the development of Attractive 30 that is becoming a part of the standard specifications of PROUD. We strive to create the “Greatest Moments at Home” by deepening and evolving PROUD, responding agilely to social changes. All Group companies are working in unity to achieve the sustainable growth of PROUD.

The Group’s property development continues to receive high evaluation.

Good Design Awards Received for 19th consecutive year

The Good Design Awards perceive tangible or intangible creations such as products, architecture, software, systems, and services made for the purpose of fulfilling ideals or goals as design and evaluate the quality of that design. Design is required to address issues in an increasingly complex modern society. The Group strives to raise product appeal using design capable of enriching people’s lives and society, including services and community design for social infrastructure and living, in addition to architecture and designs for urban development that leads to the future.



PROUD Uehara Forest



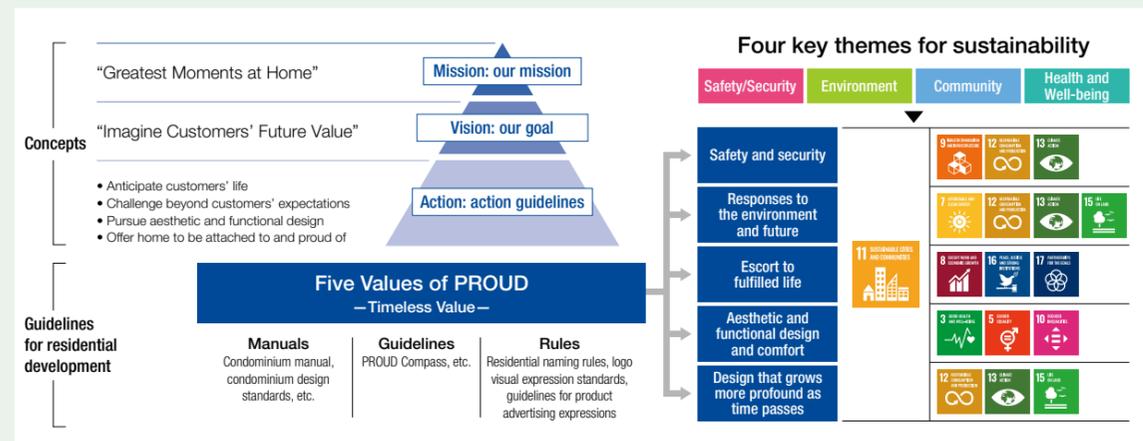
PROUD CITY Shinonome Canal Marks



Yukai-full



Attractive 30





Efforts to deepen and evolve PROUD, the integrated brand of housing and related services

Brand Mission: Toward the creation of “Greatest Moments at Home”



Mari Kikkawa

Construction Business Div.
Nomura Real Estate Partners

Rika Minetoma

Construction Business Div.
Nomura Real Estate Partners

who actually live there. We ensure that opinions and remarks are adequately conveyed if there is a need for improvement even within the Group. I think that earnest responses to customers directly represent a commitment to product and service quality, which is one of the Group's strengths. I think this consistent stance has allowed us to receive the top rating for 13th consecutive year as a property management company.

Maintaining customers' lives and achieving further deepening and evolution

Kikkawa: The property management company is in charge of the “management” part of the integrated development, sales, and management system of the entire Group. And it has a strong element in its business of maintaining the lives of the people who reside in the condominiums. Moreover, we need a further deepening and evolution to improve and maintain the PROUD brand. The product re:Premium that we developed in 2017 significantly extends the cycle of large-scale repair work and reduces the cost of the product lifecycle. This also leads to new proposals to reduce the economic burden on customers and increase property value. I think this is the best example of achieving both the “deepening” of technologies and expertise and “evolution” not limited to repair, but taking further steps to create the joy of living at the property.

Minetoma: I hear that the challenge we have taken on led to the development of Attractive 30 of Nomura Real Estate Development, which is in charge of the “development” and “sales” phases of the system. I think that the ability of property and facility management, which is normally focusing maintenance to initiate innovation in the entire Group is the strength of the integrated development, sales, and management system and the value creation characteristic of the Group.

Kikkawa: It has been about 20 years since the completion of the first property of the PROUD brand launched in 2002. I feel that our roles to ensure residents' safety and security and long-term comfortable living are growing more significant than ever. We are determined to continue working on raising the value of PROUD together with all other members of the Group.

Entire Group companies working together to protect the value of PROUD

Minetoma: Nomura Real Estate Partners is responsible for the property and facility management of properties such as PROUD condominiums, developed by the Nomura Real Estate Group. We emphasize “The Five Values of PROUD” in our condominium management. We feel that the roles played by our daily management are extremely important in protecting the safety and security of people living in the property and ensuring their comfort while living there.

Kikkawa: In particular, we are the ones who have a long-term contact with the customers who actually live there through property management. We make various proposals in an attempt to help our customers understand PROUD's high quality, stay close to them, and create more comfort in their lives at the PROUD condominiums. Another important role we play is to listen sincerely not only to positive comments but also complaints from our customers and communicate them within the Group. Customers' voices are important information providing us with clues to making new proposals and improvements and this awareness is thoroughly communicated within our team.

Minetoma: I place particular emphasis on the fact that our customers are the residents' associations and people

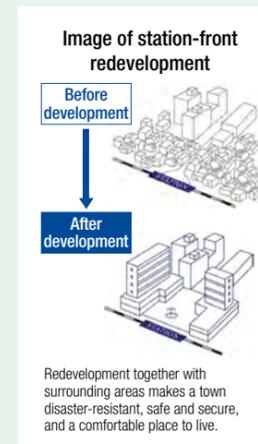
Urban area redevelopment business leveraging the strength of PROUD

The Group is actively engaging in a redevelopment business for diverse uses such as housing, retail facility, and office, using its expertise as a real estate developer, which is led by approximately 150 employees in the Development Planning Division of Nomura Real Estate Development.

For people to live comfortably, convenience is a critical factor. Areas around train stations, which urbanized early due to their convenience, and districts crowded with wooden houses, which developed early as residential areas and feature a heavy concentration of buildings that makes it difficult to reorganize or renew the areas themselves, face social needs such as functional improvements of the areas and preparations for disasters. Many residents want these problems to be addressed.

In this situation, the Group has conducted and completed a number of urban redevelopment projects, harnessing its creditworthiness and expertise as a real estate developer for more than 60 years, and has contributed to solving social issues while using the high evaluation for PROUD and its determination to persistently engage in urban development in unity with local residents as strengths in its residential redevelopment business.

This track record has helped us gain the trust of local residents and leads to business opportunities in other areas, resulting in approximately 15,000 units built in residential redevelopment projects, leading the industry*.



Major upcoming redevelopment projects



Minamikojiwa 6-chome District Redevelopment Project
(Edogawa-ku, Tokyo)

Scheduled for completion: FY23/3 / FY26/3
Main use: residence, retail facility, business facility
Total number of housing units for sale: 516



Nishi-Azabu 3-chome Northeast District Redevelopment Project
(Minato-ku, Tokyo)

Scheduled for completion: FY28/3
Main use: residence, retail facility, office, hotel
Gross floor area: Approx. 96,000 m²



Nakano Station Shin North Exit Station-Front Area Redevelopment
(Nakano-ku, Tokyo)

Scheduled for completion: FY29/3
Main use: office, hotel, retail facility, residence, conventional hall

* Based on in-house research. The number of initiatives of about 15,000 includes participation projects in addition to stocked ones.

STAKEHOLDER'S VOICE

Kanamachi 6-chome Station Front District Urban Redevelopment Project

Takashi Onoda President, Urban Redevelopment Union



BELL TORRE Kanamachi

(Name of residential section: PROUD TOWER Kanamachi)

Location: Katsushika-ku, Tokyo
Completion: July 2021
Total number of units: residence (190), retail and business facilities

An association to prepare for this project was established in 2006 and Nomura Real Estate joined in 2008. We selected the company as our redevelopment partner because of its knowledge as a real estate developer and also the enthusiasm and humanity of the staff member who represented a commitment complete this project with us. Throughout the process, they supported us meticulously and persistently in solving various issues such as consensus-building among the rightful claimants and a close examination of business expenses in response to an increase in construction expenses.

I feel that the very high and strict quality standards of Nomura Real Estate's PROUD provide both association members and future residents with high-quality residence with a sense of security and great satisfaction.

I believe that rebuilding the living of rightful claimants is important in a redevelopment project, and I was impressed by Nomura Real Estate's approach of taking the new town into perspective from the planning stage and connecting closely with individuals during the project development, rather than just building and selling the property.

We will work with the government and carry out activities that will lead to the activation and development of the entire Kanamachi area, including neighboring districts. I sincerely hope that Nomura Real Estate will also showcase its abilities in the redevelopment of other areas.



Product development unique to the Group created from the integrated development, sales, and management system

re:Premium

Provides a sense of security about residence and aims to help regain the joy of living at the property.

Large-scale repair work of PROUD condominiums with long-term warranty
Total number of properties implemented:
Approx. 3,150 units in 32 buildings

Achieved long-term warranty	Standard specs.	re:Premium specs.
Rooftop waterproofing	10-year warranty	15-year warranty
Exterior wall sealing	5-year warranty	10 to 15-year warranty
Exterior wall painting	5-year warranty	7-year warranty
Iron part painting	2-year warranty	3 to 5-year warranty
Balcony and hallway waterproofing	10-year warranty	15-year warranty

Effects of re:Premium



Group cooperation Expand to condominium development

アトラクティブ30

The cycle of large-scale repair work is extended by using high-durability materials and methods and implementing large-scale repair work re:Premium.

The 30-year long-term repair plan reduces the after-purchase burden.

Total number of properties implemented re:Premium:
Approx. 7,980 units in 66 condominiums

* Total number of properties introduced is as of March 31, 2021.



Future trends in offices

Office Portfolio Strategy in view of new era of working styles



Keisuke Tanaka Commercial Real Estate Development & Management Division I
Nomura Real Estate Development

Foreseeing a new era initiated by changes in working styles

I first would like to tell you that Japan has reached a point where we need to fundamentally change our conventional working style of long-hour, short-year labor to a new style of short-hour, long-year labor.

In the past, uniform work styles and long working hours were the norm in order to achieve good results at work. As a result, they became physically demanding for employees, and leaving the labor market in a short period of time, such as retirement due to mandatory retirement age of seniors and turnover due to childcare, became a social issue.

Currently, the importance of intellectual productivity is increasing in order to respond not only to the decrease in the working-age population due to the advent of a super-aging society and the declining population, but also to the diversification of customer needs. It is necessary to change the way of working so that everyone can continue to work over a long period of time with peace of mind while maximizing performance intensively in a short time.

There are various methods such as telecommuting, flexible working hours, and robotic process automation (RPA) that support work style transformation. Under these circumstances, workplaces are also required to shift from “centralized” to “activity-based working (ABW).” The decentralization of working places is essential, especially when looking at the activities of employees who have nursing care or childcare responsibilities.

In response to this social issue arising from work styles, we are able to provide systems that allow any employee of our tenants to maintain their performance anytime and anywhere by adding H'O and H'T as assets in addition to existing large-sized offices and PMO.

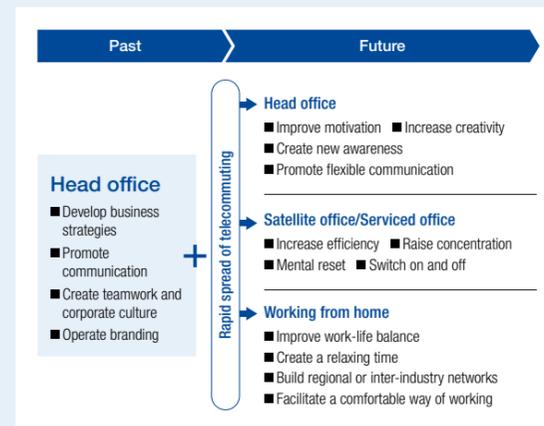
Changes in the value of offices accelerated due to COVID-19

The thinking that the locations of offices where people related to their businesses gather, such as areas near government offices, and that companies in the same industry facilitate information gathering has had a certain rationality in the past, with the office seen as a place for gathering and processing information.

However, a need for long-term labor and an increase in accessibility to various data from anywhere via the internet using a smartphone or mobile PC has prompted a gradual shift to employees working from various places. In Japan, the enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform has required companies to optimize the places and time for their employees to work, resulting in a social environment that encourages the active introduction of telecommuting. I think that this trend has been suddenly accelerated by COVID-19 pandemic. Even if it is temporary, companies have been forced to implement telecommuting and other alternatives, and contrary to predictions, some have found that business could be operated without gathering all employees at one place.

The Group views this as a reorganization of offices and expects to see increasing office diversification and dispersion according to purpose.

I think we are shifting from an era of locating all necessary functions at head offices, to one in which each company is determining the purposes of their offices to decide whether to maintain their head offices to promote motivation and creativity, have their employees concentrate on their individual duties, use satellite offices or serviced offices to reduce commuting time from homes and raise efficiency, or consider other options.



Office business strategy of the Company

In addition to office buildings through large urban development projects, we have been working actively over the past several years to develop PMO (Premium Mid-size Office), a brand of medium-sized high-grade office buildings now in its 13th year.

Then, in 2019, we launched H'O (Human First Office), a quality small office brand catering to small businesses, as well as H'T (Human First Time), satellite-type shared offices enabling working without restrictions on locations as new lines in our office business. Both brands have been attracting a variety of customers. Our strengths lie in these high skills in product development and the appeal of our wide-ranging products.

The office portfolio strategy that we are proposing leverages these strengths. We flexibly combine large-sized, medium-sized (PMO), small (H'O), and satellite (H'T) offices depending on the size of the space and the purpose of use to create a portfolio, thereby offering the optimal office use to our corporate customers.

I feel that the trend is shifting from the conventional centralized offices to various multiple offices, which improves convenience and flexibility in individual work and reduces the costs incurred by companies. Our customers are highly interested in this kind of portfolio and, in fact, we have had companies contracting with PMO that added H'O and H'T. Subaru Corporation contracted a floor in H'O Shibuya 3-Chome as SUBARU Lab, a new office supplying superior human resources for its AI development. There cases suggest emerging new trends in offices.

The value sought in a new era for offices and our roles

At a time when many companies are accelerating DX, the value of an office as a data processing hub will be replaced by AI and other technologies and an office where people gather is likely to be used to carry out activities only humans can perform. This is the idea that future offices will be places for, for instance, employee education, communication, the creation of new ideas, engagement, and the creation of other types of value. These offices must have the appeal to bring together diverse human resources sharing the same intentions.

I believe that companies will need to provide their employees with both the most desirable place to work and the freedom to work anywhere in order to secure high-quality human resources. We will fulfill our mission as a real estate developer by meeting these two needs through four lines of products, including large-size offices and PMO designed as the most desirable place to work, H'T offering freedom to work anywhere, and H'O offering the characteristics of both.

Business ideology for office buildings, “HUMAN FIRST”

Amid rising demand for reform from a society focused on scale and efficiency to a society emphasizing problem solving and value creation, we have established our business ideology as “HUMAN FIRST” and decided to cater to the demands of individuals working in offices. While this ideology is materialized in the creation of the H'O and H'T brands, “HUMAN FIRST” is a vision for the overall office business, including PMO and large buildings. This idea of connecting closely with individuals is part of the Group's DNA, including the housing business, and its unique strength.

Conventional offices, in many cases, prioritized the conditions of the development and management sides. However, we expect that going forward value will shift to maximizing individual performance. Having an office that is comfortable for working individuals should become the best growth strategy for companies.

Additionally, digitization will accelerate in the future. However, I expect that the more this trend grows, the more important humanity will be. We expect that the concept of “HUMAN FIRST,” namely people-oriented office design and service development, in which the use of digital technologies is maximized but people are not controlled by them, will be important.

Various lines of office products offered by the Nomura Real Estate Group

Satellite/Share	Small	Medium	Large
<p>Satellite-type shared office H'T</p>	<p>Quality small office H'O</p>	<p>Medium-sized high-grade office PMO</p>	<ul style="list-style-type: none"> TOKYO TORANOMON GLOBAL SQUARE Shibaura 1-chome Project etc. <p>Large office</p>

Future trends in offices

Office Portfolio Strategy in view of new era of working styles

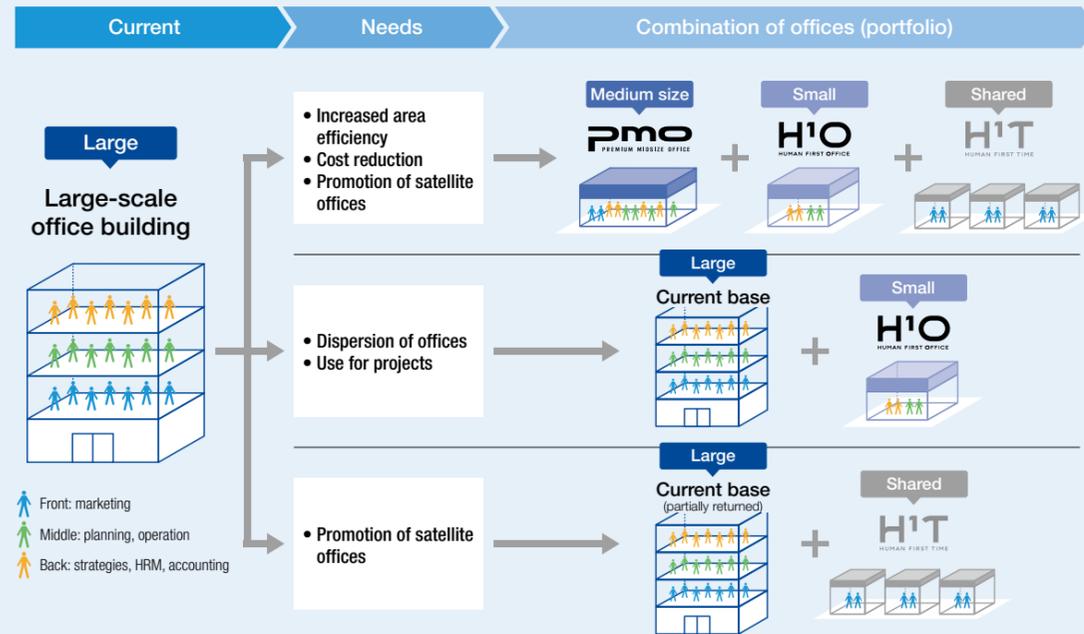
Future vision of office business

We expect that in the future, offices will be provided as a service like other businesses. In the past, we needed to go to the office to work and the office had the role of a portal for performing our jobs. Now, devices such as notebooks and tablet PCs and smartphones and digital networks play the role of portals, allowing us to work at any place. As a result, the functions demanded of offices will change significantly. In addition to providing the

hardware, how to organically create value will be important.

The first stage of Office as a Service (OaaS) is the idea of “renting the floor space as much as you want.” An increase in the use of satellite-type shared offices will meet this demand.

While the final stage may still be in the distant future, we may move toward an environment in which we will be paid according to users' performance. I expect that our business opportunities will continue to increase in line with these environmental changes.



STAKEHOLDER'S VOICE

Tenant company



SUBARU Lab Mr. Toru Saito, Deputy Chief

We think that to remain competitive in the coming era, we need to recreate our offices based on new ideas. Before we established the office, we asked our engineers their purpose in coming to the office and the most common reply was that the office was a place for communication. The effect of face-to-face communication is different from those of online chats and meetings. The office must facilitate the creation of ideas that would not occur while employees are working alone.

While the general trend may be a temporary decline in the need for physical offices, the Nomura Real Estate Group quickly materialized its idea using H'O in response to our perception that in view of the times we needed to build a new office that went beyond current trends. Our goal is to continue new creation by deliberately establishing an office at a place different from our head office.

Tenant company

CODE SHARE Inc. Mr. Shinichi Ejima, President

We rent one floor at PMO Shibuya 3-chome as our main office and H'O in the same building and have signed contracts to use H'T.

We use the offices flexibly, such as hosting visitors in the H'O, where thorough COVID-19 preventive measures are taken, rather than situating a meeting room and negotiation space in the main office. The H'T has a positive effect on employees who have difficulty securing an adequate working environment at home due to their living or family situations. We wanted to provide as many workplace options as possible for our employees so that they can maximize their abilities.

Our employees have expressed satisfaction with the many options given to them. Women account for approximately 70% of our employees, and many of them positively perceive the open space design and meticulous H'O services. This excellent office environment is having a positive effect also on our recruitment.



Satellite-type shared office H'T



Popular for both comfort and price

Rapidly increased locations from central Tokyo to the suburbs

The importance of comfortable workplaces that facilitate high productivity without being affected by conditions such as office location and infrastructure is increasing. We place first priority on **working people's time**, and are adding locations, including station-front retail facilities, with the aim of providing convenient and comfortable workplaces that can be companies' second offices.



Number of locations: **84**

(including affiliated offices)

Number of members:

Approx. **106,000** persons/

1,080 companies

Quality small office H'O



Pleasantly maximizing the potential of individuals

Pursuing the most desirable place to work

We analyze the needs of small businesses in which productivity is directly connected to business results and provide facilities and services that contribute to the maximization of the **potential of working people**. We also respond to companies' flexible workplace expansion, such as increased efficiency or a reduced initial cost of rental space through enhanced shared facilities and services.



Properties developed: **15**

Medium-sized high-grade office PMO



Core of the Office Portfolio Strategy

Further enhancing user convenience

PMO medium-sized offices feature high functional specifications equivalent to those of large S-class buildings, have a standard floor area of about 150 m² to 650 m², have, in principle, one tenant occupying each floor, providing high security, and have established a high evaluation. We provide unique services such as tenants' exchange events and seminars to add the Group's original value to the properties.



Properties developed: **66**

Large offices

Playing new roles while maintaining overwhelming brand strength

Large skyscrapers equipped with high security and quality facilities have strong brand power, and demand for them as central offices remains high. The Group proposes new styles of office operation by combining a large office and H'T and including H'O on one floor of TOKYO TORANOMON GLOBAL SQUARE.



* The numbers of locations, members, and buildings developed (including projects in planning) of each asset type are as of March 31, 2021.