NEW VALUE, REAL VALUE — N.R.E. Group
NOMURA REAL ESTATE HOLDINGS







CSR Report 2019



Table of contents

Message from the CSR Committee Chairman ...3

The Nomura Real Estate Group's Stance on CSR ...7

CSR Management ...8

Business and CSR ...17

Special Feature "Town Building for Permanent Value Creation" at the Minamiyama Land Readjustment Project Site ...21

Four Key Themes for CSR

Safety and Security ...26

Raise Safety and Security Quality in Design and Construction ...27

Raise Safety and Security Quality in Operations and Management ...31

Implement Measures to Increase Lifespan and Improve Durability ...35

Ensure safety and security during emergencies ...38

Environment ...42

Enhancing Environmental Management ...43

Responses to climate change ...49

Efficient use of water resources ...58

Consideration for biodiversity ...60

Appropriate resource use and pollution prevention ...64

Community ...68

Consideration for communities and support for revitalization ...69

Health and Well-being ...74

Responding to an aging and diversifying population and supporting health ...75

Improving customer satisfaction and well-being ...79

CSR Promotion Foundation

Human Capital ...83

Health and safety of employees ...84

Promotion of diversity ...90

Creating fair work environments with meaningful work ...95

Improving human capital ...101

Ensure supplier safety ...105

Management Structure ...108

Corporate Governance ...109

Compliance ...124

Risk Management ...130

Human Rights ...135

Improving Supplier Management ...139

Contributions to Local Communities and Society ...143

Editorial Policy ...148

Basic Data ...150

Index for ESG Investors ...152

GRI Content Index ...153

Third-Party Comments ...163

External evaluation

MSCI MSCI Japan ESG Select Leaders Index

Member of SNAM Sustainability Index 2019

Message from the CSR Committee Chairman



Executive Vice President and
Representative Director,
Group COO

Seiichi Miyajima

Aiming for Sustainable Growth through the Promotion of CSR and ESG

We stipulated our four value creation initiatives under the new Mid- to Long-term Business Plan, announced in April 2019. These initiatives indicate the Group's direction toward continuing to provide value to society and its customers by leveraging its unique strengths.

Looking firstly at Japan, lifestyles, work styles, and values are rapidly diversifying because of major changes in the structure of society, such as population decline, low birthrate and aging population, and labor shortage. Looking from a global perspective, alongside problems related to climate change such as global warming and the outbreak of natural disasters, there are human rights, labor, and a variety of other social issues. The international consensus such as the Paris Agreement and the United Nations Sustainable Development Goals, and movements such as the expansion of ESG investment demonstrate that interest in these social issues is growing around the world. Under these conditions, it goes without saying that it is essential for corporations to resolve social issues and meet the needs of their customers through CSR and ESG initiatives in order to achieve sustainable growth. I believe that creating new value in response to the needs of society and our customers will lead to the acquisition of new technologies and business opportunities and, in turn, lead to the reduction of business risk.

For example, promoting activities in collaboration with suppliers helps to resolve social issues such as human rights and poverty while reducing business continuity risk throughout the entire supply chain. Similarly, amid the global acceleration of initiatives toward the reduction of greenhouse gas emissions, opportunities for developing new technologies and businesses are being created, such as plans for post-carbon and zeroenergy housing and buildings. I believe that these opportunities will lead to the creation of new social and customer value going forward. Through full engagement in CSR and ESG activities in these ways, we intend to heighten awareness and sensitivity toward a sustainable society and produce products and services with higher added value.

Four Value Creation Initiatives under the New Mid- to Long-term Business Plan	
1	Enriched lifestyles and work styles
2	Multifunctional urban development toward exceptional convenience, comfort, and safety
3	Urban development and community building toward the future of the global environment and local communities
4	Global expansion of high-quality products and services

Value Creation Initiatives under the New Mid- to Long-term Business Plan

Throughout the approximately 60 years of its history, the Group has earnestly dealt with social issues by building many cities mainly through residential development. In the era of our foundation, we managed residential development with the aim of resolving the housing shortage, while in recent years we have responded to various housing needs with our condominium brands such as PROUD and OHANA. Moreover, we have achieved sustainable growth by meeting the needs of customers and society. We have pursued multifunctional and highly convenient urban development through station-front redevelopment and urban-type compact towns, as well as property development by replacing old buildings with safe and comfortable buildings with high environmental performance.

On the other hand, lifestyles and work styles have changed greatly over the past few years. In addition to changes in customer preferences and values, work–life balance is significantly changing due to advances in the aging of society and the increase in dual-income households. Furthermore, the structure of society is changing due to rapid technological advances with the introduction of IoT and AI-driven services, which are highly convenient. In addition, there are greater expectations and needs among society and capital markets for the environment, CSR, and ESG.

Under these circumstances, we analyzed the opportunities for and threats to our business when formulating the new Mid- to Long-term Business Plan, and repeatedly discussed what kinds of value we could continue to provide to society and our customers in the future based on our strengths. The development of safe and comfortable properties and the realization of environments where people can live, work, communicate, and gather while embracing every moment of life's pursuits will allow us to fulfill our social responsibilities through our business, as well as enabling us to achieve earnings growth and sustainable growth as a corporation. Accordingly, the Group announced its four value creation initiatives under the new Mid- to Long-term Business Plan, which define the role it should play and its vision going forward. These four initiatives will contribute to resolving social issues while aligning with the SDGs and I believe that this value creation is essential to the sustainable growth of the Group. To realize this aim, we are accelerating unique, new initiatives and I feel confident about their progress.

Providing Value to the Future

We further accelerated our CSR and ESG activities, in FY 2019/3.

Firstly, we signed the United Nations Global Compact. This signing is a declaration of our determination as a member of society to contribute to the achievement of a sustainable society, and a demonstration of our corporate stance to global stakeholders. Secondly, as an environmental initiative, we set a target of reducing greenhouse gas emissions 30% compared with their 2013 levels in 2030, and established an action plan for our own business domain (Scope 1 and 2*). We are also moving forward with discussions on setting longer-term targets for 2050 and establishing an action plan for the domains of our customers and suppliers (Scope 3). Specifically, we intend to develop low-carbon and post-carbon type products and services, such as Net Zero Energy House (ZEH). Thirdly, we have set new guidelines. We will realize the sustainability of the entire supply chain by conducting business activities in line with the Nomura Real Estate Group CSR Procurement Guidelines, the operation of which was commenced in November 2018 through the cooperation of suppliers and business partners.

Moreover, we have worked to enhance our information disclosure. In addition to making our CSR and ESG stance as qualitatively understandable as possible, we are disclosing information meticulously on activities carried out to date to internal and external stakeholders via our website and other means. We have created a corporate culture in which everyone from the top management to the employees works with the awareness that CSR and ESG are the foundation of our business activities by establishing specific targets to promote CSR and ESG in each business unit and Group company.

Amid the promotion of urban development with a focus on offering better access to the workplace, and the development of compact cities led by governments, the need for multifunctional and highly convenient urban development that is safe and comfortable is increasing more and more. To ensure that the Group will continue to be chosen by customers going forward, it will be vital to provide further added value and engage in initiatives aimed at differentiation. One such initiative is the BE UNITED concept, which developed out of the experience gained from one of our projects, Funabashi Morino City. Based on the concept of urban development in harmony and together with the surrounding community, we engage not only with the residents of condominiums but also with the community itself. Through the involvement of a wide array of players, we will aim for urban development through cooperative relationships between our internal and external stakeholders.

Furthermore, we commenced ACTO, a community activity that is the means for realizing the BE UNITED concept. This activity was designed under the concept of "a place open to everyone." Through Nomura Real Estate's ownership of the communal space of properties, which was traditionally owned and used by residents, this space is lent out free-of-charge to an area community management organization, which enables the creation of open and sustainable communal spaces. We assign a specialist to conduct the planning and operation of area community management. In addition, we create a virtual environment for interaction by establishing a community website with information on community activities and events that forms the foundation for interaction and encounters.

※ * Scope: Scope of calculation and reporting on the amount of CO2 emissions by a company
Scope 1: Direct emissions such as fuel combustion
Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company
Scope 3: Indirect emissions other than those in Scope 1 and 2, such as through the use and disposal of products sold by the Company, and business trips and commuting by employees

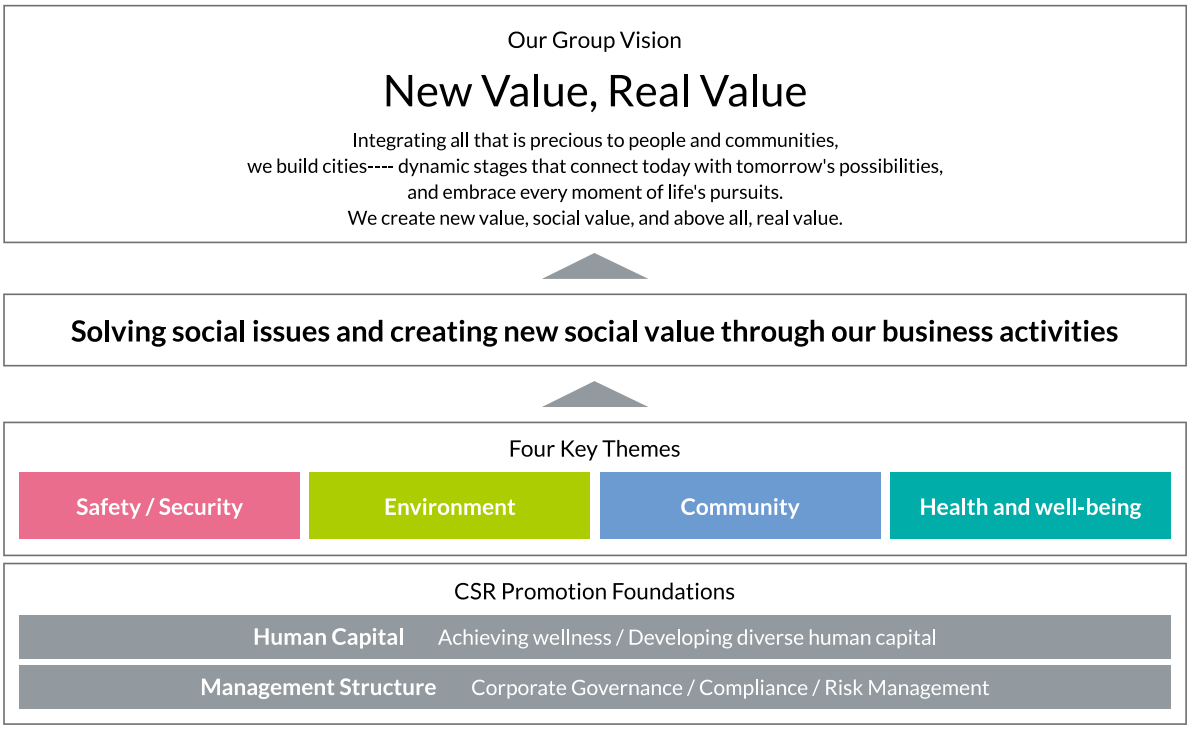
In Conclusion

The Nomura Real Estate Group is striving to raise its value and competitiveness through creating new value and acquiring new business opportunities. I feel that we have been certainly creating this virtuous circle for growth. As I have mentioned already, CSR and ESG initiatives have accelerated on a global scale in the last few years. It is impossible to achieve sustainable growth based solely on the view of a company. The value creation that the Group aims to achieve refers to growing together with society beyond the next 30 or 50 years. We will fulfill our responsibilities to all of our stakeholders, aiming to be a leading company in CSR and ESG. The four value creation initiatives and individual business strategies under the new Mid- to Longterm Business Plan were created by incorporating the expertise of directors and external directors, in addition to the Group's track record and strengths. They are also the result of our CSR and ESG activities that we have focused on to date.

We will deliver the social and customer value that will be demanded by society in the future and raise our corporate value by reducing risks and expanding earnings. We will achieve closer communication with all stakeholders, including customers and investors, through appropriate information disclosure on our CSR and ESG activities. And through these activities, we will expand our business and realize the sustainable growth of the Group.

The Nomura Real Estate Group's Stance on CSR

The Nomura Real Estate Group had adopted "New Value, Real Value" as its Group Vision.
"New Value, Real Value" determined by the Board of Directors, sets out the future vision that the Group aims to achieve under its Mid- to Long-term Business Plan, New Value, Real Value.
In addition, the Group set Four Key Themes for CSR: "Safety and Security," "Environment," "Community," and "Health and Well-being"; two Promotion Foundations: "Human Capital and "Management Structure." Based on these, the Group promotes management strategies and CSR in an integrated manner.



CSR Management

CSR Management and CSR/ESG Policies and Objectives of the Nomura Real Estate Group

The Group established a CSR Committee chaired by the Nomura Real Estate Holdings executive vice president and Group COO. The Committee deliberates and determinates CSR/ESG Policies. In addition, the Committee checks progress against CSR/ESG targets based on the CSR/ESG Policies.

The Committee comprises directors, executive officers, and external directors selected by the Board of Directors of Nomura Real Estate Holdings. The results of its investigations are then reported to the Board of Directors and reflected in management plans and business activities.

We also established the CSR Promotion Council, a subordinate organization to the CSR Committee, which is comprised by directors and so on of each business unit and group company. The Council carries out action plans and raises CSR awareness within Group companies.

In fiscal 2018, the CSR Committee and CSR Promotion Council meetings were held a total of seven times. We deliberated on matters including the Nomura Real Estate Group CSR Procurement Guidelines and the mid- to long-term CO2 reduction targets. In line with these policies, we will continue to follow the PDCA cycle and promote CSR activities.

Nomura Real Estate Group's Policy on CSR/ESG

	CSR Theme		Group Policy	Material Issues	Group Targets / Indicators	Related SDGs
E	Four Key Themes	Environment	The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewal energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.	Upgrades to environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)	7, 12, 13, 15
				Responding to climate change	Reducing CO_2 emissions	
					Promoting solar power generation	
					Reducing energy use	
				Effective utilization of water resources	Reducing water usage	
				Consideration for biodiversity	Acquiring biodiversity certification (ABINC / JHEP / SEGES)	
				Appropriate utilization of resources and pollution control	Reducing waste discharge	
					Promoting use of domestic and FSC certified timber	
S		Safety/Security	The Nomura Real Estate Group recognizes that building and infrastructure deterioration and obsolescence, reduced urban functions, and increased natural disasters are important social issues. It contributes to the realization of the safety and security of customers and local communities through the provision of products and services based on appropriate quality management and sustainable urban development. It also promotes the creation of work and living environments in which business and daily living can continue even in times of emergency.	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	9, 12, 13
				Improved quality of safety/ security in operation and management	Improved management quality and expanding after-sales service	
				Initiatives for longer life and increased durability	Providing of long life and high durability products and services	
				Safety and security in disasters	Expanding of disaster preparedness	
		Community	The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization, and contributing to the realization of a cooperative society.	Care for communities and support for revitalization	Expanding of planning and design for revitalization of communities	8, 16, 17
					Supporting revitalization of communities in operations and management	
		Health and Well-being	The Nomura Real Estate Group recognizes that the declining birth rate and aging population, globalization, and the diversification of individual values and lifestyles are important social issues. It communicates with stakeholders and provides products and services for a healthy and comfortable life to all sorts of people, regardless of their attributes. In that way, it respects diversity and contributes to the realization of a healthy and vigorous society.	Response to aging population and diversity and support for health	Promoting universal design	3, 5, 10
					Supporting health and increasing healthy life expectancy	
				Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction	
					Improving comfort	
	Two Promotion Foundations	Human Capital	The Nomura Real Estate 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. In this way, it contributes to the realization of a sustainable society, the continuation of business activities, and increased corporate value. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that the innovations brought about by diversity are important for the continued creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that human capital with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their personalities and capabilities.	Health and safety of employees	Preventing work-related accidents	3, 5, 8
					Promoting thorough physical and mental health management	
					Promoting taking of paid leave	
					Preventing overwork	
				Promotion of diversity	Promoting active participation by women	
					Supporting childcare and nursing care	
					Promoting hiring of seniors and people with disabilities	
				Creation of fair and rewarding workplaces	Implementing fair assessment and compensation	
					Improving employee satisfaction	
				Improvements to human capital	Enhancing cultivation of human capital	
				Supplier safety	Complying with CSR procurement guideline	
					Ensuring supplier safety	
G		Management Structure	The Nomura Real Estate Group promotes the strengthening of compliance as well as risk management and corporate governance, recognizing that they are important management issues for the realization of a sustainable society, the continuation of business activities, and increased corporate value. It also conducts its business activities with respect for the human rights of all people, including customers, local communities, employees, and suppliers.	Corporate governance	Ensuring diversity in Board of Directors	5, 10, 16
				Compliance	Observing compliance requirements	
				Risk management	Implementing thorough risk management	
				Human rights	Implementing thorough human rights training	
				Improved supplier management	Compliance with CSR procurement guidelines	

Reflecting CSR/ESG Perspectives in Director Compensation

From fiscal 2019 onward, the Group now requires that directors have a strong awareness of theneed to adapt to changes in society and the needs of the times under their selection criteria.The Group has also incorporated the CSR/ESG perspectives into decisions on director compensation. Directors are assigned roles that reflect the CSR/ESG perspectives. In determining the amount of compensation, variable compensation is calculated based on their performance results.

Please click here for details on director compensation.

Process of Determining the Four Key Themes

In fiscal 2015, the Group's four key themes were determined through the following process.

Step 1. Broad Investigation of Social Issues

Social issues were broadly identified using international frameworks such as ISO 26000 and the GRI G4 Guidelines as references. Candidate key themes were selected from among those social issues that are closely related to the Group's business.

Step 2. Provisional Determination of Key Themes for the Group

The CSR Committee discussed the degree of impact of the candidate themes mentioned above on the Group's business (relevancy and magnitude of risk) and provisionally determined the key themes.

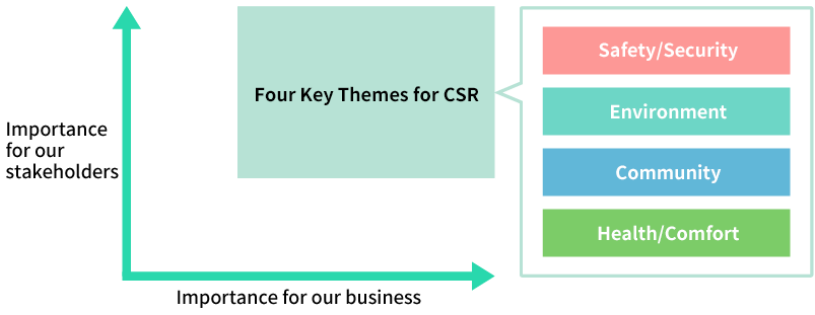
Step 3. Identification of Key Themes for Stakeholders

Questionnaire surveys and interviews were conducted to ask major stakeholders which social issues the Group needs to address. Themes believed to be important to stakeholders were identified.

Major Stakeholders	Opportunities for Dialogue	Main Topics
Customers	・Explanation of products and services ・Opinion exchange ・Questionnaires ・Creation of special-purpose help lines	・Safety/Security ・Quality enhancement ・Community revitalization ・Universal design
Employees	・Interviews with human resources departments and supervisors ・Labor-management agreements ・Publication of group and company newsletters	・Diversity ・Work style reform ・Medium- to long-term careers
Local Communities	・Opinion exchange ・Questionnaires	・Community revitalization ・Environmental conservation
Government	・Opinion exchange	・Community revitalization ・Environmental conservation ・Compliance
Suppliers	・Opinion Exchanges on procurement guidelines ・Supplier Council on Health & Safety	・Planning and design of products and services ・Quality control ・Compliance
Shareholders and Investors	・General Meetings of Shareholders ・Investor relations meetings ・Publication of reports	・Settlement and financial status ・Mid- to long-term business strategies

Step 4. Determination of the Four Key Themes

Based on the perspectives of both stakeholders and the Group, candidate themes were mapped according to their importance and the four key themes were selected.



In regard to the four key themes, social issues, primary reasons, the Groups approach, and related strategies and so on were clarified.

Four Key Themes	Safety and Security	Environment	Community	Health and Well-being
Major Social Issues	Obsolescence and aging of buildings and infrastructure, deterioration of urban functions, increase in natural disasters	Global warming, climate change, depletion of natural resources, degradation of ecosystems	Community failure, decline in dynamism, and weakening of ties due to declining birth rate, aging population, or increasing number of vacant homes	Declining birth rate, aging population, globalization, diversification of individual values and lifestyles
Primary Reasons	■The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity ■In addition to improving the aging and obsolescence of buildings, it is necessary to increase life spans and enhance durability into the future	■As the Group's business uses large amounts of natural resources and energy, environmental issues significantly impact business continuity ■Environmental problems are major issues that affect not only the Group's business, but also the livelihoods and businesses of stakeholders	■Sound functions of and independent actions by communities are essential for sustainable urban development ■Developing sound communities requires support in the form of design and services	■The health and well-being of each individual is important for cities and communities to be sustainable ■Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably
The Group's Approach	■Contribute to the realization of safety and security for customers and local communities through the provision of products and services based on appropriate quality control and sustainable community development. ■Promote the development of work and living environments that allow for business continuity and normal life activities during emergencies.	■Contribute to the realization of sustainable societies through urban development with environmental care such as initiatives toward energy efficient and low carbon society, renewable energy use, and appropriate use of resources. ■Comply with environmental laws and regulations and promote the implementation of appropriate environmental management.	■Support community development by encouraging connections between customers and local society through our building design measures and operation services. ■Contribute to the creation of harmonious societies by promoting effective mutual assistance in emergencies as well as neighborhood and community revitalization.	■Leverage communication with stakeholders to provide products and services that enable people to live healthy and comfortable lives regardless of their diverse attributes. ■Contribute to the realization of a healthy and vibrant society with mutual respect for diversity.
Boundaries	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities
Related Management Strategies **Four Value Creation Themes**				
①Realization of enriched lifestyles and workstyles			Realize a community that accepts diverse lifestyles and workstyles.	Provide products and services designed to increase healthy lifespan and work on urban development with consideration given to diversity.

②Multifunctional urban development aiming for exceptional convenience, comfort, and safety	Improve the safety and security of buildings including disaster responses and thoroughly implement quality control.	Provide comfortable spaces that can adapt to changes in the environment such as global warming and respond to natural disasters.	Multifunctional urban development providing convenience such as urban compact towns.	Urban development that allow diverse people including the elderly to lead healthy and comfortable lives.
③Urban development and community building concerning the future of the global environment and local communities	Enhance repair construction and maintenance to extend building lifespans and durability.	Enhance environmental consciousness and customer services through improvement of building environmental performance, acquisition of green building certifications, and provision of energy-related businesses.	Build systems and expand products and services to create sustainable communities.	
④Global expansion of high-quality products and services	Globally expand high-quality products and services that realize safety/security.	Globally expand buildings with high environmental value and operation business.	Globally expand urban development with consideration to communities and leveraging knowledge related to community revitalization.	Globally expand urban development that allows diverse people to lead healthy and comfortable lives.
Corresponding GRI Standards	Effluents and waste, customer health and safety	Energy, water, biodiversity, emissions, effluents and waste, supplier environmental assessment	Indirect economic impact, local communities, supplier social assessment	Diversity and equal opportunity
Main Related SDGs				
				

Process of Determining the CSR/ESG Policies and Objectives

Step 5. Identification of Related Businesses and Operations

Following interviews with business divisions, business and operations related to the Four Key Themes were identified and investigated with the business units.

Step 6. Evaluation and Clarification of Issues

Issues relating to the environment, society, and governance within international frameworks and responsible investment were clarified.

Step 7. Determination and Approval of Policies and Targets

Following deliberation by the CSR Committee, the Groupwide CSR Objectives were determined. The CSR Objectives were approved by the Nomura Real Estate Holdings Board of Directors.

The CSR/ESG Policies and Objectives

Dialogue with Stakeholders

The Group endeavors to engage in good-faith communications and build trusting relationships with stakeholders.

Stakeholders	Main Responses
Customers	・I expect the Group to revitalize the community and improve its image amongst local residents ・I expect the Group to give consideration to ecosystems and select highly sustainable materials
Employees	・The revitalization of communities leads to new services and business ・As the population of seniors increases, the provision of healthcare services and comfortable spaces is becoming more important
Suppliers	・Safety and security are the foundation of real estate as social infrastructure ・I expect that community development and health and well-being initiatives will come together and expand
Shareholders and Investors	・Safe and secure real estate is a need of society and customers ・I expect the Group to create vibrant communities
CSR experts (On socially-responsible investment, environmental issues, etc.)	・I want to achieve both environmental and economic performance ・As the company is believed to emphasize safety and security, expectations are high
NPOs and NGOs (On environment, community, architecture, etc.)	・Households of seniors are projected to increase, so measures in this area are expected ・Construction and demolition greatly affect the environment

Signing of the UN Global Compact

The Group signed the UN Global Compact in May 2019. We will respect the Ten Principles of the UN Global Compact (in the areas of human rights, labor, environment and anti-corruption) and further promote our CSR initiatives.

The UN Global Compact

【Human Rights】
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Make sure that they are not complicit in human rights abuses.
【Labor】

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

【Environment】

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

【Anti-Corruption】

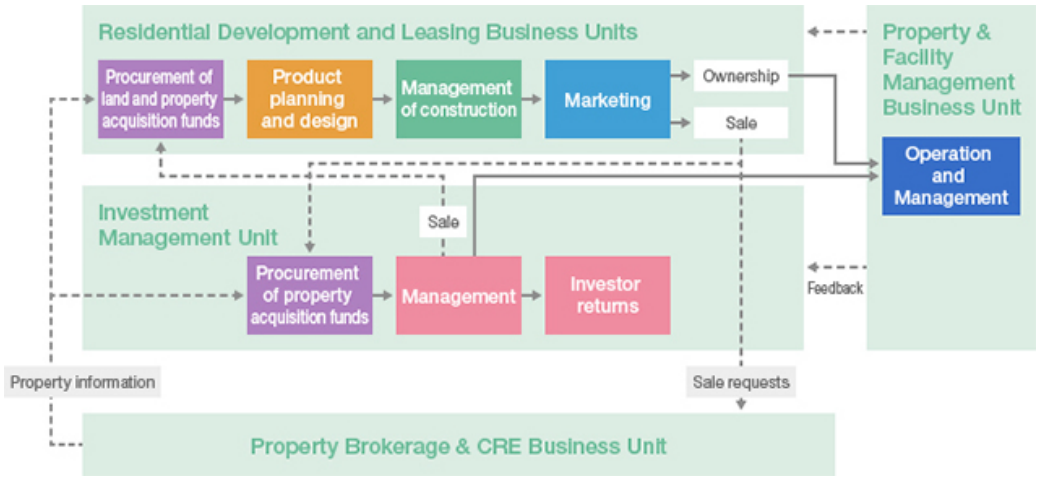
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Business and CSR

Through its business activities, the Nomura Real Estate Group addresses social issues that require consideration. It meets the expectations of stakeholders and implements CSR initiatives.

Business Activities of the Nomura Real Estate Group



Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Acquisition of Land and Properties, and Capital Procurement	• Investigation of properties • Real estate appraisal • Environmental assessment • Negotiation and bidding • Contract execution • Capital procurement etc.	Sellers, brokers, financial institutions, investors, real estate appraisers, employees, etc.	• Showing consideration to and supporting the revitalization of communities • Raising supplier management levels
Planning and designing products	• Administration of questionnaires to customers and local communities • Planning of products • Design etc.	Customers, local communities, NPOs, design companies, government agencies, employees, etc.	• Increasing safety and security quality in design and construction • Ensuring safety and security during emergencies • Show consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Increasing customer satisfaction and comfort • Raising supplier management levels
Managing construction	• Supervising construction • Quality control • Cost management • Briefings for local residents etc.	Customers, local communities, construction companies, employees, etc.	• Increasing safety and security quality in design and construction • Ensuring safety and security during emergencies • Showing consideration to and supporting the revitalization of communities • Response to climate change • Using water resources efficiently • Appropriate use of land • Appropriate use of resources • Ensuring supplier safety • Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Sales and tenant recruiting	• Marketing • Preparing website and pamphlets • Advertising • Offering explanations of material matters • Contract execution etc.	Customers, local communities, NPOs, judicial scriveners, employees, etc.	• Responding to population aging and diversity and support health • Increasing customer satisfaction and comfort
Operation and Investor Returns	• Fund formation • Property management • Asset management etc.	Investors, customers, financial institutions, property management companies, local communities, employees, etc.	• Increasing safety and security quality in operations and management • Ensuring safety and security during emergencies • Showing consideration to and supporting the revitalization of communities • Response to climate change • Using water resources efficiently • Appropriate use of resources • Raising supplier management levels
Operations and management	• Property management • Asset management • Management and repair works, operation of sports clubs and senior housing with services etc.	Customers, local communities, business owners, service providers, construction companies, employees, etc.	• Increasing safety and security quality in operations and management • Ensuring safety and security during emergencies • Showing consideration to and supporting the revitalization of communities • Response to climate change, efficient use of water resources • Appropriate use of resources, response to population aging and diversity, and health support • Increasing customer satisfaction and comfort, ensuring supplier safety, and raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Brokerage and CRE	• Investigation of properties • Real estate appraisal • Environmental assessment • Offering explanations of material matters • Contract execution etc.	Customers, brokers, financial institutions, real estate appraisers, judicial scriveners, employees, etc.	• Showing consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Increasing customer satisfaction and comfort

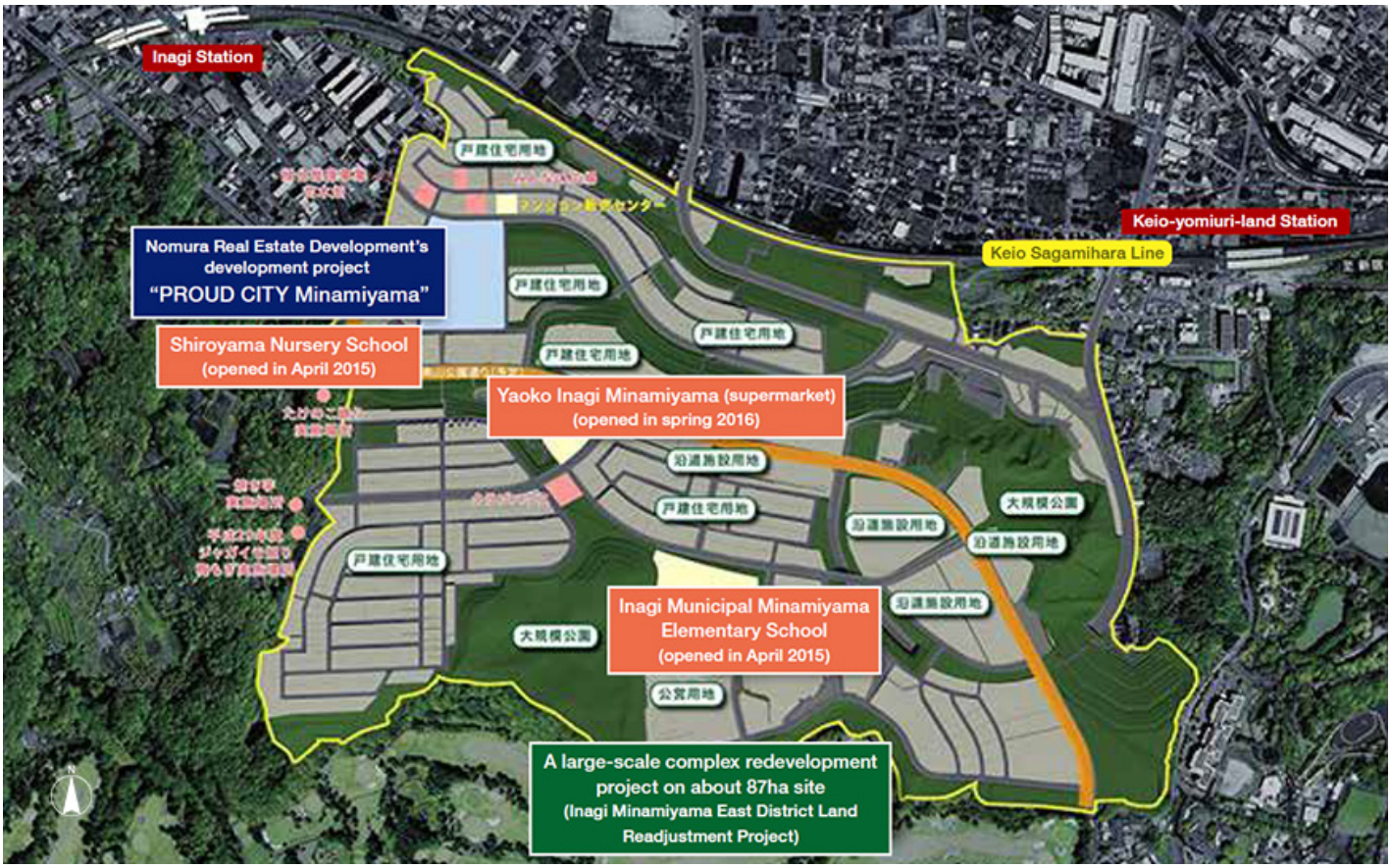
Response to social issues relating to human capital and management structures are the CSR promotion foundations, and are therefore related to all of our business activities.

Special Feature:
"Town Building for Permanent Value Creation" at the Minamiyama Land Readjustment Project Site



Overview

Nomura Real Estate Development has been working on the development of PROUD CITY Minamiyama condominium (completed in 2016) and PROUD SEASON Inagi Minamiyama detached housing (first phase to be completed in 2019) since 2013 at the land readjustment project site extending over approx. 87ha located in Minamiyama, Inagi City, Tokyo.
For this project, which took more than 10 years to complete, sustainable town building across the entire project site was crucial for the success of project as new residents will move into housing built on vast land areas in a phased manner.



Conceptual image of land use plan

"Local residents are the main player" Making efforts to find leaders who will undertake town building –project start-up phase (2013-2014)—

The Minamiyama area in Inagi City retains a beautiful landscape of local forests and commands a sweeping view over the center of Tokyo and the Tama area. The first challenge faced by this project was how to create the town's value without relying on an instrument to attract customers, such as large-scale commercial facilities, in the face of the vast expanse of nature with agricultural land and forests.
Nomura Real Estate Development visited Minamiyama many times before the acquisition of land and listened to the opinions of local residents. "The local people's wishes were clear: They wanted us to respect their ideas and feelings as they know the land inside and out. Considering this, there was no way that the local people would accept company-driven area management. Therefore, we set a basic policy for the project to adequately value the feelings and meet the needs of the local people," Nobuaki Higashi, who was in charge of the project at the time, says reflecting on the start-up phase of the project.



Nobuaki Azuma
Manager of International Dept., Residential Development Division, Nomura Real Estate Development Co., Ltd. Joined Nomura Real Estate Development in 2003 after working at a graphic industrial design office. He is in charge of promoting condominium projects and penetration of the PROUD brand. He has participated in this project since 2013, and has been in the current post since 2017.

The development of Minamiyama dated back over a long period of time, and Area Management Minamiyama, a local general incorporate association whose main members are the volunteers of landowners and NPO groups, had already been conducting activities with the aim of "proactively conserving and cultivating our towns." Therefore, Nomura Real Estate Development clearly set out the concept that "local residents are the main player" and utilized local resources, such as human resources and ideas, while taking a backseat role including negotiating with the local government.
"It would be easy for our company, with its extensive track record in community support, to plan various community-building events. However, we encouraged the local people to hold events at their own initiative. "
Over the course of supporting such events, we felt the need for new leaders who will support the community for the next 10 years and longer. "We screened human resources who will undertake the role of town building from the viewpoint of whether they are trusted by the local residents and whether they care about the local residents, and we then established the secretariat function. In addition, we employed particularly promising persons as full-time staff at Area Management Minamiyama." Activities for creating new town values have gathered momentum focusing on Area Management Minamiyama, which became a workable organization through the addition of local talents thus discovered.

Area Management Minamiyama

A members-only area management organization that conducts activities in the town of Minamiyama, which is undergoing a transformation, aimed to improve the value of various towns by taking measures, such as the management and administration of green areas, land use consultation services, and facilitating interaction within and outside the area. It is conducting activities with residents, business operators, and concerned organizations in the area with the aim of conserving and cultivating the town and green areas of Minamiyama toward sustainable town building.

Area Management Minamiyama: https://minamiyama.info/


Park development support projects


Agricultural experience projects


Green space development projects


Land use projects

Establishing a system for establishing a self-running organization, such as introducing membership fee system and creating interaction space –the growth phase (2015-2017)—

Nomura Real Estate Development, while advancing the development of PROUD CITY Minamiyama, worked with Area Management Minamiyama to establish a system for making it a self-sustained and self-running organization.
To resolve the issue of securing funds for activities, which is a major challenge for a residential land-type area management organization, the organization introduced a membership fee system whereby the source of revenue will be the fees paid by all households occupying the condominium.
“Area Management Minamiyama ventured to introduce a new system of earning membership fees by fulfilling the role of some form of residents’ association. Nomura Real Estate Development assumed the role of developing a financial plan and designed the system through negotiations with the local government and local resident associations.” The scheme was to secure a stable financial resource in the form of


Interaction space created with the local residents. It has been serving as a hub for the community.

membership fee income and allocate business income earned from holding events, etc. to the operating funds of Area Management Minamiyama.
We then worked on developing a hub for community activities. We deliberately built an interaction space outside the condominium inside the park site in the new town. “Normally, an interaction space is created on the first floor of condominium. However, as we felt that the residents of condominiums developed by other developers would feel reluctant to visit the interaction space if it were to be placed inside our condominium, we built it inside the park, completely separated from our condominium.” The interaction space was designed and finished by the local residents through workshops held by Area Management Minamiyama, with the cost of construction borne by Nomura Real Estate Development. The interaction space embodies the ideas of residents from various regions and has become a community base for local residents, serving as an important hub for town building.
We also concurrently requested the cooperation of Professor Susumu Kawahara of Tokyo Metropolitan University and established an industry-academia collaboration system. We also concurrently requested the cooperation of Professor Susumu Kawahara of Tokyo Metropolitan University and established an industry-academia collaboration system. “Professor Kawahara expressed reluctance to participate in the project at first, but we were able to win his sympathy for Nomura Real Estate Development’s vision of ‘town building for permanent value creation’ and therefore established the collaboration system.” We obtained external evaluation by presenting our town-building activities at a conference of architectural institute, etc. As a result, the local community reaffirmed the value of the area and the town-building activities gathered momentum.

To offer the same quality of living even 10 years later—the self-sustained phase (2018—to present)

The landscape of local forests has started to blend well with the beautiful residential neighborhood. Development of the vast area of the land readjustment project site is progressing, with projects by other developers also underway. Area Management Minamiyama is encouraging all purchasers of PROUD SEASON Inagi Minamiyama housing to become members. It is also calling for purchasers of new housing units provided by other developers to become members. “There are cases in which other developers that agreed with our vision arranged all the purchasers of their housing to become members, or other cases in which condominium associations later requested to join despite rejection by developers. The community has thus started expanding beyond our business.”



“PROUD SEASON Inagi Minamiyama” town opening event 72% of the households that purchased PROUD SEASON Inagi Minamiyama housing participated in the event.

Nomura Real Estate Development has stepped aside from the operation of Area Management Minamiyama and is staying in the position of observer. “A mistake that developers are inclined to make when creating an area management organization is joining the organization themselves. But Nomura Real Estate Development had no intention to remain in the organization and made a point of establishing a system that allowed us to step back from the operation of the organization at an early stage. This is because in this project, the development period of which extends over 10 years, community services of constant quality must also be provided to customers in 10 years’ time. However, this would be difficult to achieve by a company, for which budgets and persons in charge change over time. In order to provide the same value to customers in 10 years’ time, the important thing is to have an external organization, such as area management organization, operate as a self-sustained, self-running organization.”
The biggest factor that led this project to get on track was the fact that “we adequately appreciated the value of the land, including people living there—it comes right down to it.” We began to appreciate the value of the land before the start of the project and supported the community, comprising mainly local residents, opening the way for addressing the social issues of “sustainable town building” and “improvement of area value.”
Town building is still underway in Minamiyama.

Stakeholder comment

What is worthy of special mention about the town building in Minamiyama is that we resolved many of the issues residential land-type area management organizations tend to face before new residents move in. In concrete terms, we created the following assets that are important for area management: (1) securing stable funds for activities, (2) cultivating persons who will undertake operations, and (3) establishing a hub to support community activities.

Nomura Real Estate Development interacted with local residents early on with a view to the move-in period of new residents. It supported the development of area management organization behind the scenes by connecting people who have attachment and special feelings for the community. I believe that it was a bold but sound decision to build the interaction space, which is normally established inside a condominium, outside the condominium to serve as a communication hub for the entire development area.

Several years have passed since the opening of town and the development work is still underway. In addition to having new residents become members of Area Management Minamiyama, there are many things that need to be done to develop its activities further. Meanwhile, it has contributed significantly to the unifying force and continuity of the community activities that an organization with the abovementioned assets had already set in place at the time of opening of the town.



Susumu Kawahara
Professor, Faculty of Urban Environmental Sciences, Tokyo Metropolitan University
Graduated with Ph.D. in Engineering with Major in Civil and Environmental Engineering, Department of Civil and Environmental Engineering, Waseda University Assumed his present post in 2016 after serving in positions including Assistant Professor, Department of Architecture, Waseda University. He specializes in urban and regional design and planning, community-based tourism and town planning, tourism destination management and theory and practice.