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Integrated Report 2024

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

Be a “Life & Time Developer,” as never seen before



2024.9

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Composition of the Integrated Report 2024

In the section entitled Our Vision (To be) we lay out the Group's medium- to long-term aims. Under Our Current Strengths and Core, we discuss the nature of the strengths the Company has amassed. In Our Challenges and Strategies (Actions) we provide an overview of the strategies we have formulated to help realize the vision for each business unit as well those covering as human resources, sustainability, DX, and other aspects of operations.

The report is laid out so that if you read in order, starting with Our Vision (To be), you will find a cohesive story that will help you comprehend how the Group is continually enhancing its corporate value.

The following pages are those we would especially like readers to review.

For those who wish to read the entire integrated report (including those reading the Company's integrated report for the first time)

Please start with the introduction. Reading the Group's history and overview will help you understand the flow from Our Vision (To be) onward.

For those whose main interest is finding major points of difference between Integrated Report 2024 and Integrated Report 2023.

The two years' integrated reports are very similar with regard to the table of contents.

Major points of difference will be found in: the CEO Message, COO Message, and CFO Interview as well as the articles on our Human Capital Management and Human Resources Strategy, the Strengths of the Nomura Real Estate Group, Changes in the External Environment and Key Measures Materiality and, Sustainability Strategies, and Strategies by Business Unit as well as the Roundtable Discussion with the Chairman of the Board and Directors.

Reading onward from Our Vision (To be) will impart a better understanding of how everything connects, but those with limited time should read the major points of difference.

Editorial policy

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

In this report, we endeavor to explain the stability of the Group's value creation efforts. To this end, we reveal the Group's current strengths and core, its strategies for realizing high profit growth and high asset and capital efficiency as outlined in the Mid- to Long-term Business Plan, progress made on these strategies, and its vision.

The editing and layout of this report follow such guidelines as the International Integrated Reporting Framework of the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company–Investor Dialogues for Collaborative Value Creation 2.0 of the Ministry of Economy, Trade and Industry. In addition, feedback and requests raised during dialogues with investors have been also incorporated.

Referenced guidelines

- Global Reporting Initiative (GRI), GRI Standards
- ISO 26000–Guidance on Social Responsibility
- The IFRS Foundation, Integrated Reporting Framework
- The Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company–Investor Dialogues for Collaborative Value Creation 2.0

Period covered by the report

From April 1, 2023 to March 31, 2024 (Fiscal year ended March 31, 2024)
Information on activities or outlooks from times prior to and following this period may also be mentioned.

Scope of the report

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

Forward-looking statements

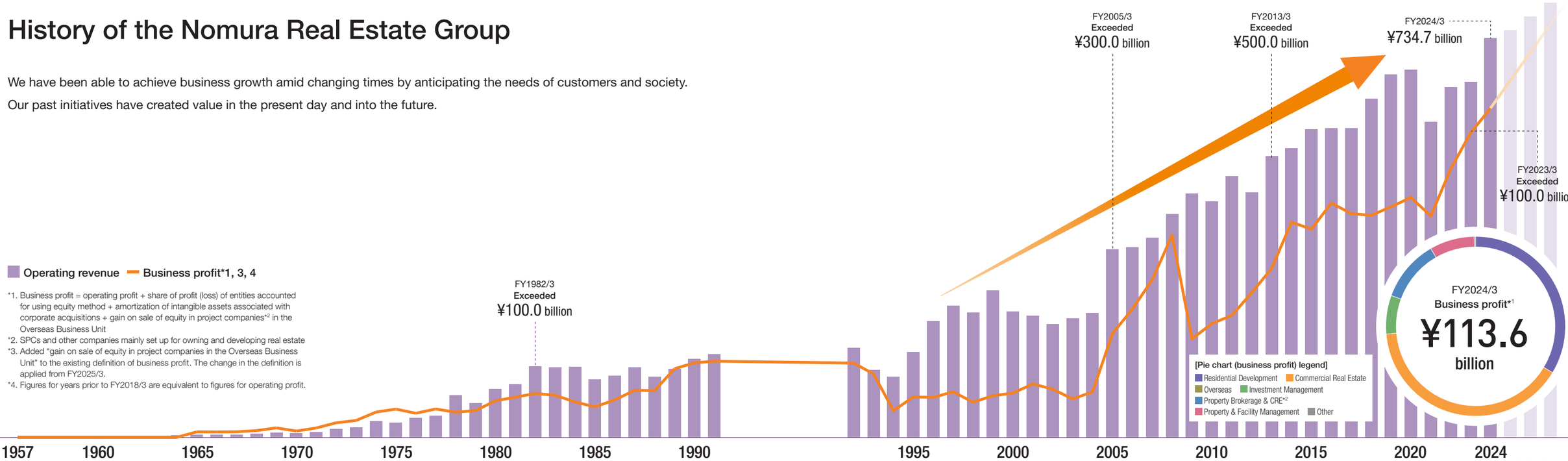
This report contains forward-looking statements about the future plans, strategies, and performance of Nomura Real Estate Holdings, Inc. These forward-looking statements are not historical facts.

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



History of the Nomura Real Estate Group

We have been able to achieve business growth amid changing times by anticipating the needs of customers and society.
Our past initiatives have created value in the present day and into the future.



*1. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions + gain on sale of equity in project companies*2 in the Overseas Business Unit
*2. SPCs and other companies mainly set up for owning and developing real estate
*3. Added "gain on sale of equity in project companies in the Overseas Business Unit" to the existing definition of business profit. The change in the definition is applied from FY2025/3.
*4. Figures for years prior to FY2018/3 are equivalent to figures for operating profit.

Progress at Each Growth Stage

Entered into the residential development business to solve social issues during the postwar period and began cultivating business know-how that is still relevant to this day

1957 Established as an asset management company for Nomura Securities when the latter constructed its new head office building
1961 Launched the real estate development business with development of the Kajiwarayama residential area in Kanagawa with the aim of tackling the housing shortage, which was a key social issue during the postwar period
1963 Launched the condominium development business with the construction of Co-op Takenomaru in Kanagawa

1957



Established Nomura Securities as an asset management company

1963



Co-op Takenomaru in Kanagawa

Expanded total assets and the leasing business by developing large-scale office buildings

1978 Developed Shinjuku Nomura Building, a skyscraper that still serves as our head office
1990– Yokohama Business Park (YBP), one of the largest business developments undertaken by the Company alone as a private company, completed Entered into the market for large-scale office buildings and mixed-use developments

1978



Shinjuku Nomura Building

Completion: 1990 and onward



Yokohama Business Park (YBP)

Developed characteristic service and asset brands

1999 Became an early adopter of IT with the launch of the real estate information website "nomu.com"
2002 Launched "PROUD," an integrated brand of housing and related services
2007 Launched "Landport," logistics facilities with advanced functionality made possible by early-stage market entry and development based on investor needs
2008 Launched the "PMO" brand, effectively creating a new market of medium-sized high-grade offices

1999 Became an early adopter of IT with the launch of the real estate information website "nomu.com"

ネットで住みかえ ノムコム
nomu.com

PROUD

2002



Completed construction of PROUD Kugayama (2003)

2008



PMO
PREMIUM MIDSIZE OFFICE

Completed construction of PMO Nihonbashi Honcho

Listed on the First Section of the Tokyo Stock Exchange (now the TSE Prime Market) and, operating as a holding company, began diversifying management

2006 Nomura Real Estate Holdings was listed on the First Section of the Tokyo Stock Exchange (now the TSE Prime Market)
2008 NREG TOSHIBA BUILDING (acquired by Nomura Real Estate through absorption merger in April 2022) joined the Group, greatly expanding the leasing business
2010 Established Nomura Real Estate Private REIT Inc., Japan's first non-listed, open-ended private REIT.
2015 Established "Nomura Real Estate Master Fund" through the merger of 3 listed REITs
2017 Introduced "re:Premium," a product that extends the repair cycle for large-scale projects and provides a long-term warranty for PROUD
2023 Nomura Real Asset Investment Corporation, which is entrusted with the management of private funds, launched a fund management business

2006



Celebrating our listing on the First Section of the Tokyo Stock Exchange (now the TSE Prime Market)

2015

Established "Nomura Real Estate Master Fund" through the merger of 3 listed REITs

MASTER FUND

2017

Introduced "re:Premium," a large-scale repair work scheme

re:Premium

2023

Nomura Real Asset Investment Corporation, a joint venture established by Nomura Holdings, Inc. and the Company, launched a fund management business

Nomura Real Asset Investment

Striving to provide new products and services that meet the needs of the times

2014 Resumed overseas business
2022 Established Federal Land NRE Global (FNG), a joint venture company in the Philippines
2022 Concluded a land rights establishment agreement for owning around 130 ha of forests over 30 years with Okutama Town in Nishitama District, Tokyo. Launched the Mori wo Tsunagu TOKYO project (Integrated Forest Management Project in Tokyo)
2024 Acquired all shares of UDS Ltd., a company with expertise in planning, design, and operation, welcoming them into the Group
2025 Scheduled completion of large-scale mixed-use development BLUE FRONT SHIBAURA (Shibaura Project) (South Tower)

2022



Mori wo Tsunagu TOKYO project (Integrated Forest Management Project in Tokyo)

2022

Established Federal Land NRE Global, Inc. (FNG), a joint venture in the Philippines

FNG

2025



2024

Welcomed UDS Ltd., to the Group

Artist's rendering of BLUE FRONT SHIBAURA (Shibaura Project) (South Tower)

Overview of the Nomura Real Estate Group

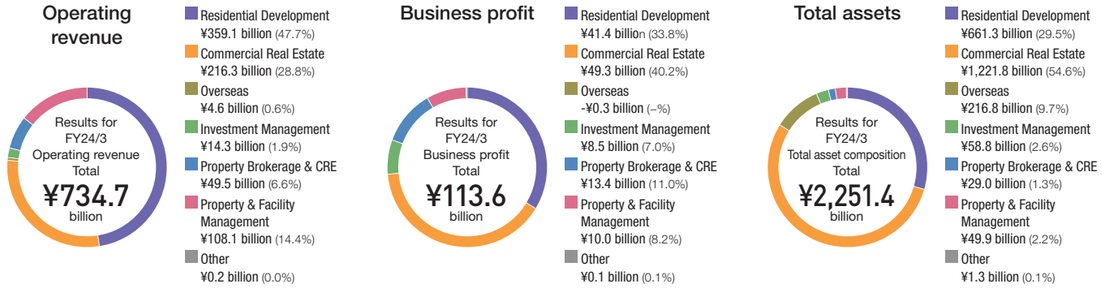
Review of Results for the Fiscal Year Ended March 2024

In the fiscal year ended March 31, 2024, consolidated operating revenue was ¥734.7 billion, business profit was ¥113.6 billion, and profit attributable to owners of parent was ¥68.1 billion, all record highs.

Operating revenue	¥734.7 billion	Dividend per share	¥140.00	Total assets	¥2,251.4 billion
Business profit*1, 3	¥113.6 billion	Total return ratio	46.0%	Shareholders' equity ratio	30.7%
Profit attributable to owners of parent	¥68.1 billion	ROA	5.2%	CO_2 emissions (compared to FY2020/3)	
EPS	¥392.29	ROE	10.1%	Scopes 1 & 2	75 t-CO_2 (approx. 50% reduction)
				Scope 3*4	2,060 t-CO_2 (approx. 35% reduction)

*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions + gain on sale of equity in project companies*2 in the Overseas Business Unit
*2 SPCs and other companies mainly set up for owning and developing real estate
*3 Added "gain on sale of equity in project companies in the Overseas Business Unit" to the existing definition of business profit. The change in the definition is applied from FY2025/3.
*4 Total of Category 1 and 11 emissions from Group facilities certified under SBT

Revenue Composition by Business Unit*5, 6



*5 Composition ratios are calculated based on the simple sum of each item and rounded to the first decimal place, so the totals may not add up to 100%. In addition, the totals displayed in the centers of the pie charts includes intersegment adjustments, so they differ from the total sales, business profit or total assets of each business unit.
*6 Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.

Development Sector

Residential Development Business Unit

- Development and sale of condominiums and detached housing
- Development, leasing and sale of rental housing
- Development, leasing, and management of hotels
- Development and management of senior housing
- Internet advertising, etc.

Major brands: PROUD, PROUD SEASON, PROUD FLAT, OHANA, OUKAS, NOHGA HOTEL, ルテホの庭 HOTEL NIWA TOKYO


PROUD TOWER Meguro MARC

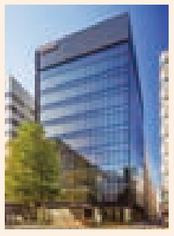

PROUD FLAT Ryogoku South


NOHGA HOTEL KIYOMIZU KYOTO

Commercial Real Estate Business Unit

- Development, leasing, sales, and entrusted management of office buildings, logistics facilities, retail facilities, etc.
- Fitness club operations
- Planning and management of construction work, etc.

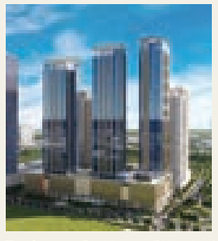
Major brands: PMO PREMIUM MIDSIZE OFFICE, H1O HUMAN FIRST OFFICE, H1T HUMAN FIRST TIME, Landport, GEMS, MeFULL, SoCoLa, MEGALOS


PMO Ginza II


BLUE FRONT SHIBAURA (Shibaura Project)

Overseas Business Unit

- Development and sale of housing mainly in Southeast Asia
- Development, leasing, etc., of office buildings and serviced apartments, etc., primarily in Southeast Asia, the U.K., and the U.S.


The Seasons Residences (Philippines)


55 St. James's Street (U.K.)

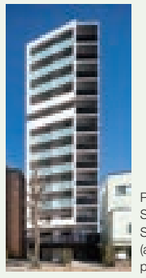
Service & Management Sector

Investment Management Business Unit

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

Major brands: MASTER FUND, NOMURA REAL ESTATE PRIVATE REIT, INC.

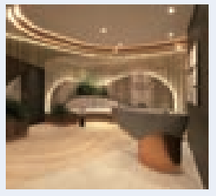

MEFULL Chayamachi (acquired property)

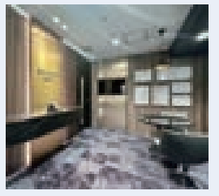

PROUD FLAT Shibuya Sasazuka (acquired property)

Property Brokerage & CRE Business Unit

- Real estate brokerage and consulting (including personal and corporate real estate)
- Real estate information website operation
- Insurance agency, etc.

Major brands: 野村の仲介+ PLUS, REALIA, ネットで住みかえ ノムコム nomu.com

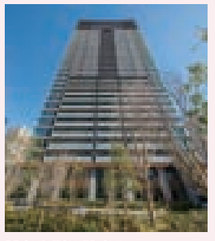

REALIA Tokyo (relocated and opened in August 2024)

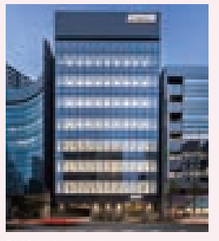

Nomura no Chukai + (PLUS) Tsudanuma Center (opened in January 2024)

Property & Facility Management Business Unit

- Operation, management, and contract work for condominiums, office buildings, etc.
- Remodeling of condominiums, detached housing, etc.
- Local cooling and heat supply business; solar power business
- Entrusted cleaning, etc. of office buildings, etc.

Major brands: re:Premium, re:Premium Duo, LIVING Q CALL


PROUD TOWER Shibaura (property under management)


PMO Ikebukuro II (property under management)

Note: See pp. 52–63 Strategies by Business Unit for the asset components of each business unit.

CEO Message



Taking the initiative to create new value and thereby contributing to the Group's realization of "Be a 'Life & Time Developer,' as Never Seen Before"

Satoshi Arai
President and Representative Director, Group CEO

This photograph was taken in June 2024 at the trial office in the Hamamatsu-cho Building in the BLUE FRONT SHIBAURA (Shibaura Project) development district, where we are trying out new workstyles for when the Group's head office moves.

Reflecting on the year since I became CEO

A year has passed since I assumed the position of CEO in April 2023. During this period, individual home purchase demand and investment appetite for real estate remained robust, and the Group's domestic businesses, including housing sales and property sales for investors, remained strong. On the other hand, the overseas business saw market volatility effects become more prominent, with the progress of some housing sales being delayed and an increase in cancelations from investors in the asset management business in the United Kingdom. Despite these circumstances, we can still maintain that the Group enjoyed a strong overall performance in FY2024/3 as it set record highs for all types of profit, including business profit. However, I believe that further refinement of the Group's business model is needed to ensure ongoing growth going forward.

Major changes in the business environment

The reason I say we must refine our own business model is that over the past year the changes in the business environment surrounding Japan's real estate industry have been accelerating. The first major change is the rise in interest rates, which could have a negative impact on individual customers' demand for purchasing homes and on investors' appetite for properties developed for sale. Currently, I personally do not expect rapid interest rates hikes and believe that that we need to prepare for an era of positive interest rates. Another major change is the rapid increase in construction costs over the past year. Even if rising material prices—one of the factors underlying this change—level off, rising labor costs are likely to persist, so the Company is creating plans for each business informed by the likelihood of rising construction costs going forward.

However, our businesses are also experiencing positive changes, such as the decline in consumers' deflationary mindset due to widespread wage hikes as well as the weaker yen stoking investment appetite among overseas investors. Nevertheless, because negative changes in rising interest rates and construction costs have such large effects, we assume the business environment will be quite tough overall, so we need to refine our business model.

Characteristics of the Company's business model

Next, I would like to touch on two characteristics of the Company's business model. The first is the Group's thorough commitment to delivering added value to the customer in the course of providing various real estate-related services. Underlying this commitment is an approach to work that nurtures a sense of unity within the Group to develop, promote the construction of, sell, and manage real estate while fostering mutual collaboration to maximize the value provided through each business. The Group's businesses, especially PROUD (housings), PMO (office buildings), and Landport (logistics facilities), all of which were created under this kind of business model, have garnered high praise from customers and contributed to the increase in profits.



PROUD Tower Meguro MARC



PMO Ikebukuro II

The other characteristic of the business model is the Group's use of a leasing value chain model to control the overall asset volume. Under this model, we constantly aim to optimize our leasing asset portfolio while earning fee revenue in the Property & Facility Management Business Unit over the long term even after earning revenue through the sale of a portion of developed real estate to funds managed by the Investment Management Business Unit and then having the Property & Facility Management Business Unit manage said real estate. This model has yielded high asset and capital efficiency, and the Group aims to continue stably generating profit while responding to environmental changes like interest rate hikes.

To date, by leveraging these characteristics of its business model, the Group has realized high shareholder returns while expanding business profit. In light of accelerating changes in the business environment and continually evolving customer preferences and social conditions, we realize that we must hasten the evolution in an even better direction while refining our business model.

Direction going forward

As for the direction we should take, something I often tell Group employees is that amid the current uncertain business environment, we should all think deeply about services and work to provide the best possible. If we can do that, we should see business expand organically. When I say service, I mean providing value to customers. And by business, I mean the Group's profit. Basically, I am saying that before thinking about the Company's profit, we should focus on providing new value while increasing the value each of us provides to customers. The reason I am laying this out as the direction we should take when the business environment gets tough, it is assumed that we will that excessive focus will be placed on securing profit by any means. This is due to our firm belief that this should not result in a weakening of our commitment to service, one of our strengths.

As I said in the business model characteristic section above, a major Group strength lies in its approach to tracking customer needs and providing value. For example, since first establishing the main businesses of PROUD and PMO, we have been sincerely working to meet the needs of people actually living in the homes and working in the offices we make. As a result of refining services over time and in terms of various other aspects, these businesses grew into entities that have a huge impact on sales and profit. Services that provide value to customers should always lead to further business no matter what kind of operations they consist of. If we can realize our ideas about services, which are another major strength, I firmly believe the Group can steadily grow.

In addition, the Group has laid out its 2030 vision as "Be a 'Life & Time Developer,' as Never Seen Before." Conventional real estate developers focus on developing homes, offices, and other tangible assets. In addition to our excellent tangible assets, we strive to be a developer that also develops intangible value, including people's Life and Time. As previously mentioned, we believe that the overall direction we should be taking is focusing on providing the best possible services for customers and striving to develop diverse services.

Of course, successfully effecting a transforming into a Life & Time Developer while focusing on services is not easy, but thanks to our efforts, several changes have already begun to emerge. First, in condominiums developed by the Company, we have steadily accumulated a track record for area management activities that strive to revitalize communities in the entire surrounding area. In May 2024, we began initiatives in PROUD CITY Musashi Urawa Station Arena. The Company owns bases that can be used not by just the residents of condominiums but also people in the surrounding area, helping bring the community together. In addition, the Group concluded a capital and business alliance with the Yaruki Switch Group. Together we launched a kindergarten business in April 2024, opening i Kids Star® Megalos Machida within a fitness club operated by the Group. In this way, we began providing various new services. In April 2024, UDS, which handles planning, design, and operations related to various types of real estate, joined the Group. As an operator of various facilities, including residences, hotels, and commercial facilities, UDS has the unique strength of receiving feedback from real customers that it can then utilize in its future plans and designs. You could say UDS has developed by focusing on services. Going forward, the Group will come together to work with UDS to build new businesses.

In the new Mid- to Long-term Business Plan set to be released in April 2025, we intend to reveal strategies based on this direction toward focusing on services and realizing "Be a 'Life & Time Developer,' as Never Seen Before."



BE ACTO Musashi Urawa



i Kids Star, Megalos Machida

In addition, to evolve in our chosen direction, we have strategically positioned human capital management (▶pp. 18-21) and DX initiatives (▶pp. 42-43). It should go without saying, but human capital is the source of all value creation, and I believe that management needs to closely link management strategies with human resource strategies, including recruitment, development, and assignment. Furthermore, to create new businesses going forward, through the utilization of digital technologies, we aim to not only enhance productivity but also recognize the importance of continuing to focus on providing unprecedented products and services.

Approach to sustainability

The direction I have talked about up to here should be pursued in tandem with realizing the Company's sustainability policy "Earth Pride." (▶p. 11) To continue promoting sustainability management, we must, of course, sincerely carry out our sustainability policy and address material issues. I believe it is also important to embrace as wide a range of stakeholders as possible. In addition to people we directly interact with, such as customers, employees, and shareholders, I also embrace the Earth, the organisms and natural resources existing on it, and all the people of the world as stakeholders. Of course, even as we expand the range of stakeholders, each of us aims to provide excellent products and services to customers and pass on an abundant planet to the next generation.

In conclusion

To summarize this message, to ensure that the Group continues growing, we must refine our own business model, and all Group employees must strive to provide the best services. As CEO, I will continue fostering an environment that enables services provided to customers to be refined while all Group employees, and their diverse talents, evolve day by day. In addition, I intend to lead the management team in creating new value for the Group by leveraging my experience in working in the financial industry to enhance products and services for customers.

Through these initiatives, I strive to grow the Group over the medium to long term while meeting the expectations of our many stakeholders. I continue to ask everyone for their ongoing support.



The Vision of the Nomura Real Estate Group

In line with our Group Vision “New Value, Real Value,” we aim to realize sustainable growth and, to this end, have established the Nomura Real Estate Group 2030 Vision, “Be a ‘Life & Time Developer,’ as never seen before,” and “Earth Pride,” our Sustainability Policy (vision of 2050). In addition, we have formulated financial targets, priority issues (materiality), and key performance indicators (KPIs) for 2030 (the fiscal year ending March 2031).

Our Group Vision

New Value, Real Value

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

Mid- to Long-term Business Plan



Nomura Real Estate Group 2030 Vision

Be a “Life & Time Developer,” as never seen before

Nomura Real Estate Group has always connected closely
with customers’ lives and times through real estate development
and real estate-related services.
Now, as we confront various social issues,
as well as diversified lifestyles and values,
we must change ourselves.

To enrich people’s respective lives and every moment of their time

we will transform ourselves into a “Life & Time Developer”
that creates new, significant values on a global scale.

Promotion of Sustainability



Sustainability Policy (vision of 2050)

Earth Pride

Pursuing humanity

We strive to answer the deep questions of human existence and well-being in a world where technology is increasingly progressing and being integrated into our lives.
By providing an inclusive living environment where people support and connect with each other, we contribute to the creation of a society where no one will be left behind.

Maintaining harmony with nature

Our aim is to achieve true harmony with our natural environment for our future children and healthy ecosystems by reconsidering how human economic activities should operate.
While carefully conserving the Earth’s finite resources, we improve the relationship between nature and humans.

Building the future together

The ambition we have is to create unprecedented value from diverse organizations and people working together to overcome boundaries.
We are continuously challenging ourselves with novel ideas of living, business, and working styles for an innovative society where all people with various backgrounds and values can build on their strengths.

FY 2031/3 Targets

Mid- to Long-term Business Plan Financial targets

Business profit

Business profit:

¥180.0 billion or more

Asset and capital efficiency

ROA:

5% or more

ROE:

10% or more

Shareholder returns

Dividend payout ratio:

40% level

Priority issues (materiality)

Climate change and natural environment

Decarbonization | Biodiversity | Circular design

Society and employees

Diversity & inclusion | Human rights

KPIs relative to our achievements in addressing priority issues

Climate change and natural environment

Reduction of CO_2 emissions (Compared to FY20/3)

Scopes 1 & 2: Reduce by 35%

Scope 3: Reduce by 35%

Society and employees

Female manager and junior manager ratio: 20%

Childcare leave utilization rate by men and women: 100%

Click here to see our materiality determination process https://www.nomura-re-hd.co.jp/english/sustainability/theme/process.html

COO Message



Photo taken in June 2024 at the HAMACHO Hotel, operated by UDS Ltd.

The Nomura Real Estate Group will hone its existing strengths and forge new strengths while continuing to execute forward-looking strategies.

Daisaku Matsuo

Executive Vice President and Representative Director
Group COO

Strengths of the Nomura Real Estate Group based on the external environment

The fiscal year ended March 2024 was the second year of the Mid- to Long-term Business Plan (the “Plan”), which runs until the fiscal year ending March 2031. In the fiscal year under review, there were changes in the environment that had major impacts on the real estate business in Japan, including a strong rise in interest rates and the emergence of effects from soaring construction costs. Nevertheless, the Group achieved record high business profit. This was mainly the result of solid progress in domestic housing sales and profitable real estate projects despite unforeseen setbacks in the housing sales business and asset management business overseas.

The Group expects to again achieve record high profit in the fiscal year ending March 2025 as our steadfast efforts to build an optimal business portfolio bear fruit across the wide range of real estate businesses we operate, including property sales, leasing, and service & management.

Since its founding, the Group has managed to expand its business without amassing many assets, and this has influenced the structure of its business portfolio. We do not look merely to our assets to generate profit; rather, we leverage our knowledge of identifying customer needs and utilizing the data we acquire to develop products and services. When our department confronts needs that we cannot resolve, we work in concert with the Group to find solutions, gaining experience while expanding business. The accumulation of experience over many years forms the DNA of the current Group and is one of its unique strengths.

I will now go over a few examples of how we have leveraged our strengths while reflecting on our past.

The first is the order-made condominiums that the Residential Development Business Unit handles. This was launched by the Group in 1999, 25 years ago. Customers could freely choose the number and location of rooms and appliances for the kitchen, closets, and more. This was a truly groundbreaking product that enabled customers to change their home layouts in line with changes in their family composition and other factors, even after taking up residence. Up to then, the pervading wisdom in the real estate industry was that condominiums, unlike customer ordered residences, had to be rather uniform with regard to layout, appliance specifications, and interior design. However, we took a new approach, closely engaging with customers in order to identify their needs, whether for condominiums or not, and were able to create condominiums laid out and built to align with their lifestyles, giving residents the freedom to lay out their own homes. We overcame high technological hurdles regarding construction and pioneered the creation of a new product in the real estate industry—order-made condominiums.

In the office business, which is handled by the Commercial Real Estate Business Unit, in addition to the Company’s mainstay brand PMO, which created a new market for mid-size high-grade offices, we began the development of the new serviced office brand H^{1}O in 2019. H^{1}O specializes in clients who employ ten or fewer people and enables the more efficient use of offices by enabling the sharing of business functions, including reception desks, lounges, and meeting rooms, while using individual rooms for working spaces. Customers use the working spaces when they undertake work that requires security, meeting rooms when they need to gather together, and the lounge when they need to take a break. Being able to flexibly select the place they work helps enhance their well-being. These offices are popular among start-ups and the project teams of large corporations.



H^{1}O Toranomon Lounge

The name H^{1}O stands for Human 1st Office. The Company takes a unique approach to supporting the growth of tenant companies. In line with our commitment to connecting closely with individuals, this product is geared toward enabling each user to work comfortably and flexibly in their own way while drawing out their full potential. H^{1}O has been able to expand its business to 26 buildings, including those being planned.

These achievements are proof that we have grown by connecting closely with individual customers and crafting products and services to meet their needs in way that reflects our DNA.

Newly accumulated strengths aimed at realizing the vision of “Be a ‘Life & Time Developer,’ as Never Seen Before”

Looking toward the future, in the near term, rising interest rates, construction costs, and geopolitical risks will all impact business performance. In the medium-term, we believe environmental changes, such as the evolution of workstyles, the declining birthrate, and aging population in Japan, are also likely to have significant unforeseen effects.

We believe it is necessary to steadily refine the aforementioned strengths of the Nomura Real Estate Group so that it is able to continuously enhance corporate value without overreacting to environmental changes or getting overly caught up in pursuing short-term gains. I would like to introduce a few examples of efforts taken in line with this belief.

Completion of the South Tower of BLUE FRONT SHIBAURA

BLUE FRONT SHIBAURA (Shibaura Project) is the Group's largest mixed-use redevelopment project, showcasing competitive advantages and manufacturing know-how cultivated over the Company's history. The South Tower will be completed in February 2025, and the North Tower is planned to be completed in the fiscal year ending March 2031.

We want to turn this project into a hub from which we can stimulate the entire area and help solve social issues. Specifically, we will reinvigorate the area, especially Hamamatsucho Station, through an alliance of the three districts of Shibaura 1-chome (where the project is located), Takeshiba, and Hamamatsucho West Exit. We have also begun providing an alternative mode of transport with BLUE FERRY, a ferry service operating between Harumi, Shibaura, and Hinode.

We consider the know-how gained from opening and operating this project a great asset and will leverage it in future large-scale mixed-use projects, including one in Azabu. Furthermore, the completion of the South Tower will add an excellent leasing asset with a gross floor area of over 300,000 m^2 to our portfolio. The project will greatly expand leasing income and should be a stable source of profit. At the same time, the Company's leasing asset portfolio will be significantly enhanced in terms of quality and quantity.

In this way, we will be able to gain major financial and non-financial strengths through BLUE FRONT SHIBAURA.



BLUE FRONT SHIBAURA (Shibaura Project)

Our Human Resource Strategy and the relocation of the Group's Head Office to BLUE FRONT SHIBAURA

We newly defined human capital management and our human resources strategy with the aim of realizing the Group Vision. This is explained in greater detail on pages 18 through 21, but the main point is that the human resources strategy applies across the Group. We categorize our human capital into individuals and organizations. We define individuals by their potential and will, and organizations by their productivity and value creation. We believe that by maximizing human capital through an alignment of our human resources strategy and our management strategy, we will be able to the maximize corporate value and realize the Group Vision.

In addition, the Group will relocate its head office to the South Tower of BLUE FRONT SHIBAURA in FY2025/3. Through this relocation, we will further strengthen the entire Group's ability to create value. Each floor of the new head office will boast a floor area of around 5,000 m^2, an extraordinary size even by Tokyo standards and roughly four times that of the current head office in the Shinjuku Nomura Building. The South Tower has numerous head offices for global companies and plans to set up shared facilities accounting for around 10% of total leased area. We will realize employee wellness by proposing the new workstyle of TOKYO WORKation* while leveraging the open feeling of the project's location with abundant sea and sky. We plan to swiftly build a base upon which we can leverage and strengthen our new value creation.

However, I would like to stress to employees that this relocation is nothing more than the pushing off point for our next step. The purpose is not to move to a beautiful, brand-new office. It will be important to enhance Group collaboration and maximize individual and team performance in a new environment. We currently have a trial office set up at the Hamamatsucho Building, which is located within the development area, to try out new workstyles in the lead up to the relocation of the head office, and various Group companies and departments have assessed workstyles and identified issues for a few months.

Feedback from these experiences will be utilized in instating new workstyles at the new head office. We have thoroughly prepared so that we can hit the gas on new value creation as soon as the head office is relocated.

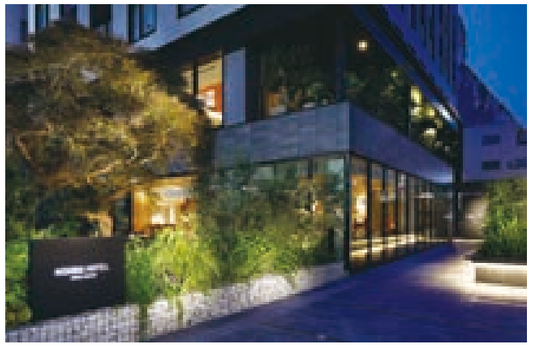
Strengthening the Hotel Business

In April 2024, we transferred the hotel business from the Commercial Real Estate Business Unit to the Residential Development Business Unit. We determined that we could fully utilize the know-how in realizing comfort and convenience in homes that we have accumulated through our residential business, in the development and operation of hotels. There is increasing demand for condominium hotels and long-stay hotels amid a rise in inbound travelers. And, as the definition of "home" becomes more fluid due to the diversification of people's lifestyles, we have established a system that can provide products and services to meet changing customer needs.

As a foothold for strengthening the foundation of the hotel business, the Group acquired UDS Ltd., which offers expertise in planning, designing, and operating such various assets as retail facilities.

With over 60 years in residential sales, the Group has cultivated know-how in planning and designing residences, the ability to identify needs for affluent residences, and a customer base for such residences while also amassing experience in hotel development and operation through the NOHGA HOTEL, a lifestyle-oriented hotel. In addition, we believe we can harness synergy with UDS by integrating its planning, design, and operating capabilities related to its various assets. Specifically, we expect to be able to work on creating new concepts for residences and hotels and provide value to intangible aspects, going beyond our traditional boundary as a developer.

These newly added capabilities will become new strengths for the Company in line with our aim of achieving our 2030 Vision of "Be a 'Life & Time Developer,' as Never Seen Before."



NOHGA HOTEL UENO TOKYO

Securing new business opportunities through collaboration between Business Units

To continually secure business opportunities as competition heats up for acquiring land, it is imperative to provide land rights owners with proposals that have higher added value than offered by competitors. The Group considers the close collaboration between its business units the source of that added value. We are able to provide attractive proposals by combining the various asset types handled by each business with the functions that span everything from development to operations after construction is completed.

In March 2024, we concluded a business agreement with Tokyo Medical and Dental University for the Etchujima District Land Use Project. This is a representative example of what our strengths make possible. Developers were solicited for this project with the aim of creating a community that enables multiple generations to intermingle for local collaboration and socializing on the land that Institute of Science Tokyo owns in Koto-ku, Tokyo. The Group was selected as a partner for urban development based on high praise for its proposals that leverage the Group's solid development track record, including condominiums, retail facilities, and senior residences, as well as its integrated system encompassing everything from operations and management to area management after construction is completed.

Although we anticipate stiff competition in securing business opportunities going forward, we are confident that the close collaboration among the Group's business units will continue to be a major strength.

My thoughts as the Group COO

As customer values grow more diverse and their needs become more complex by the day, we need to anticipate the needs that they will have in the near future so that we can continually provide solutions. As previously stated, the Group's strength is not that each business unit and Group company is independent but that they can closely collaborate and work to meet customer needs.

Each of the Group's business units can develop competitive products for each asset type, such as residences and offices, and leverage their strengths in their respective fields to provide such services as investment management, sales brokerage, operations, and management. Through these services, we will continue to engage with customers, and thereby more precisely assess needs and develop new assets in a value creation cycle. This is our unique characteristic.

By relocating the head office to BLUE FRONT SHIBAURA, the entire Group will be in an environment where it can become even stronger. This is expected to lead the value creation cycle based on individual and organizational collaboration to generate even more achievements. By taking another step forward, we aim to be able to create new, unprecedented value.



* TOKYO WORKation is a new workstyle in Tokyo that will be realized with this project. We propose this workstyle to use the entire area, including surrounding neighborhoods, as one unified workplace, which will lead to better worker performance and employee engagement. For details see pages 28 and 29.

Value Creation Process

The Group will continue to realize high profit growth, high asset and capital efficiency, and high shareholder returns through the achievement of the Mid- to Long-term Business Plan based on the strengths it has amassed. By realizing high asset and capital efficiency and by promoting sustainability initiatives, we aim to realize the Nomura Real Estate Group 2030 Vision and Sustainability Policy as well as the Group Vision.

To be
Our Vision

Our Group Vision “New Value, Real Value”

Mid- to Long-term Business Plan
Nomura Real Estate Group 2030 Vision **Be a “Life & Time Developer,” as never seen before**

Promotion of sustainability
Sustainability Policy (vision of 2050) **Earth Pride**

FY 2031/3 Targets

Business profit
Business profit
¥180.0 billion or more

Asset and capital efficiency
ROA 5% or more
ROE 10% or more

Shareholder returns
Dividend payout ratio
40% level

Climate change and natural environment
- Priority issues (materiality) for 2030: Decarbonization, Biodiversity, Circular design
- Key performance indicators (KPIs): Reduction of CO_2 emissions (Compared to FY2020/3)
  - Scopes 1 & 2: Reduce by 35%
  - Scope 3: Reduce by 35%

Society and employees
- Priority issues (materiality) for 2030: Diversity & inclusion, Human rights
- Key performance indicators (KPIs)
  - Female manager and junior manager ratio 20%
  - Childcare leave utilization rate by men and women 100%

Realizing High Profit Growth / High Asset and Capital Efficiency / High Shareholder Returns

Implementation of sustainability activities through business

Actions
Our Challenges and Strategies

Mid- to Long-term Business Plan

Profit targets, Financial targets, Shareholder Returns Policy	Financial Strategy	Strategies by Business Unit	Human Resources Strategy	DX Strategy	Sustainability Strategy	Strategic investments
p. 40	p. 41	pp. 52-63	pp. 18-21	pp. 42-43	pp. 44-51	

Awareness of the business environment
- Rising construction costs
- Increasing inbound demand
- Emergence of volatile risks in the financial environment in Japan and overseas
- Increasing needs for renovation and use of existing stock, etc.
- Continuing increase in wealthy individuals in Japan and related market trends

Strengths
Our Current Strengths and Core

Strengths of the Nomura Real Estate Group pp. 22-29

- Market-in approach
- Commitment to quality

Our approach, to connect closely with individuals, is well-established throughout the Group

- Business collaboration and value creation within the Group
- Open-minded approach to new ideas and businesses

A history of real estate-related businesses spanning more than 60 years pp. 2-3

Business assets p. 30

Base
The Foundation of Our Activities

Action guidelines “What We Value”

Client-first approach | Creating new value based on original ideas | Always being a challenger | Acknowledging our growth alongside society | Working with vigor and achieving wellness

Corporate Governance pp. 72-79 | Risk Management pp. 82-85 | Internal Controls, Compliance p. 86 | Information Disclosure pp. 86-87

Human Capital Management and Human Resources Strategy

Approach to human capital

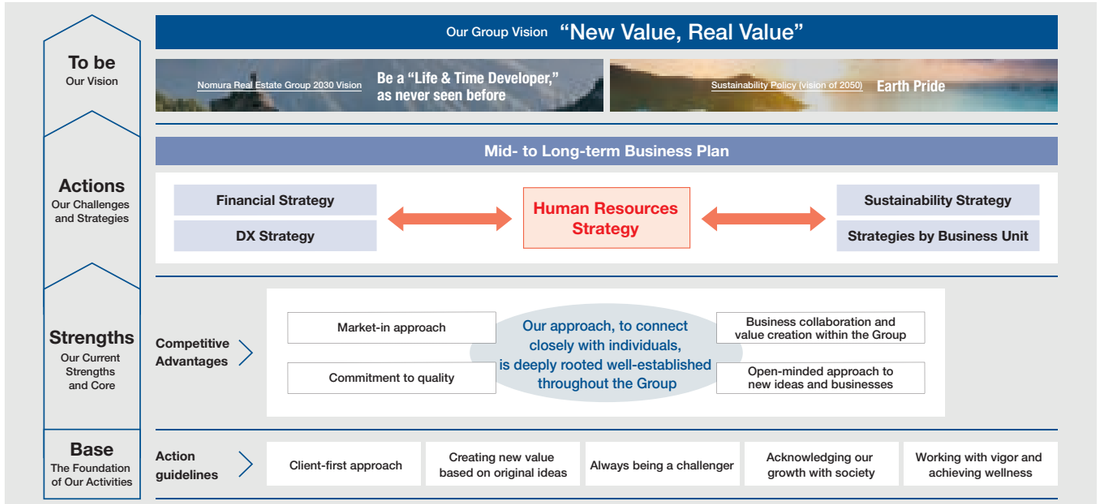
To achieve the Group Vision, “New Value, Real Value,” the Group believes it is essential that human capital, the source of all value creation, be maximized. On a Group-wide basis, “human capital management” is defined as the maximization of human capital and achieving our vision under the Group’s human resources strategy, which is linked to the Group’s management strategies.

Positioning human capital management and our human resources strategy in the value creation process

The Group sees human capital management as a way of linking its human resources strategy with each of its management strategies to achieve the desired vision.

In addition, we are working on a human resources strategy to maximize human capital in line with our vision. (▶ See pp. 20–21 for specific definitions and initiatives for our human resources strategy)

Positioning of the human resources strategy in the Group’s value creation process and definition of human capital management



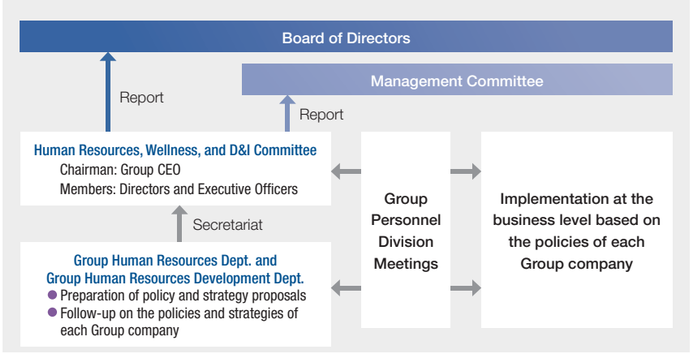
The Group sees human capital management as a way of linking its human resources strategy with each of its management strategies to achieve the desired vision.

Human capital management promotion framework

Group-wide policies and goals related to human capital management are discussed by the Human Resources, Wellness, and D&I Committee.

Formerly the Wellness and D&I Management Committee and renamed in April 2024, the committee discusses how human capital should be managed by the Group as a whole and how our human resources strategy should be linked to our management strategies.

In principle, the committee reports on its regular deliberations to the Board of Directors and the Management Committee at least once every six months, focusing on more important matters concerning Group management as needed on a case-by-case basis.



INTERVIEW

Interview with executives in charge of promoting the human resources strategy



Motomi Uki (pictured left)
Executive Officer
In charge of Group Human Resources Dept.,
Group Human Resources Development Dept.

Naoko Usami (pictured right)
Executive Officer
In charge of Group Diversity and Inclusion Management,
General Manager of Group Human Resources Development Dept.

—— Could you tell us how the Group Human Capital Strategy Task Force came to be and what topics have been discussed?

Usami: Having started out with few monetary assets, the Company takes pride in placing a strong emphasis on human capital in each of its businesses. At the same time, as we look to expand our business domain and achieve our vision for 2030, “Be a ‘Life & Time Developer,’ as Never Seen Before,” it has been necessary to formulate a Group-wide human resource strategy based on the Company’s definition of human capital.

This strategy must demonstrate to all our employees and investors just how we intend to promote human capital management as a Group and how our Human Resources Department will implement the human resources strategy. To this end, in 2023, we established the Group Human Capital Strategy Task Force, a Group-wide initiative that encompasses the human resources and corporate planning departments.

The task force has discussed whether the Group is maximizing the capabilities of its individual human resources and whether it is preparing a stage on which each can fully demonstrate their abilities and play an active role. What emerged from these discussions was the idea that the Group’s human capital is a combination of the individual and the organization, and that to maximize human capital, it is important to have both the right people in the right positions and an environment that allows people to fully demonstrate their abilities and play an active role.

Uki: Once the task force established a major policy for the Group’s human capital management and human resources strategy, the details of this policy were disclosed in the securities report for the fiscal year ended March 31, 2024. This is the phase in which we incorporated the policy into a concrete human resources strategy. In preparation for the next phase of the Mid- to Long-term Business Plan, which will be in force from April 2025 onward, we are engaged in daily discussions of the nature of the human resource strategy and specific initiatives to be linked to those management strategies.

—— The Human Resources, Wellness and D&I Committee was launched in April 2024. What is this committee’s role and what policies will it promote in the future?

Usami: To further Group-wide management of human capital and discussions on ways of linking the human resources strategy and management strategies, we formed the Human Resources, Wellness, and D&I Committee, chaired by the Group CEO Arai and composed of directors, heads of business units, CFOs, and others. In addition, we invited External Director Chiharu Takakura, who has a wealth of knowledge, experience, and broad insights related to human resource strategies and development, to provide her opinions during our discussions.

The role of this committee is to promote the human resource strategy by working to both allocate the right people to the right positions and to improve the work environment. Doing one is useless without the other. Only when both are achieved will a human resource strategy that leads to increased corporate value be realized. It is thus necessary to optimize human resources in the Development Sector, which is the starting point for growth, and the Service & Management Sector, which encompasses several focus areas. Rather than hiring, assigning, and training human resources with a particular departmental level or Group company in mind, the Group Human Resources Department must take a boundary defying approach to optimize human resources in conjunction with overall management strategies.

Uki: In particular, it is important to determine the best approach to developing human resources capable of taking charge of overseas operations, which will be a future growth driver. Fortunately, a good number of new graduates and people looking to change jobs have chosen to join us, but we are finding it difficult to place them overseas immediately after they enter the Company. I believe it is necessary that we develop human resources capable of understanding the business model of real estate developers in Japan and the Company’s unique characteristics before requiring them to adapt the Company’s unique characteristics to the cultures of other countries.

On the other hand, hiring local staff is also crucial to the growth of our overseas operations. We also recognize the importance of sufficient human resources capable of managing the local staff and communicating with local partner companies, and will work to further expand our overseas business in terms of human resources.

—— Finally, what are your resolutions and aspirations regarding how you will enhance corporate value by achieving the human resource strategy?

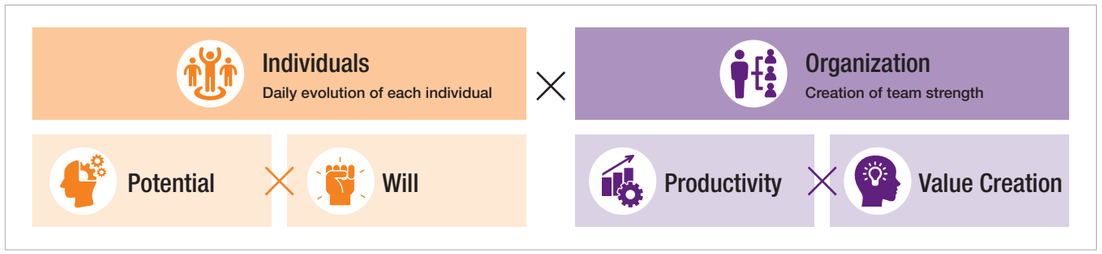
Uki: Due to the long business cycle in the real estate business, especially the development field, we believe devising ways to ensure that the people we hire will stay with us for many years is necessary.

To this end, assignment, promotion, and training must be carried out with an awareness of the career fulfillment needs of each individual. We believe that career fulfillment leads to a willingness to work, and, in turn improves performance.

Usami: The Company’s strength lies in the diversity of its Group companies and the potential for significant synergies. The Group Human Resources Department will engage with the entire Group to create an environment in which human resources with different capabilities can create new value among themselves.

Defining human capital

We believe that the Group's human capital is a combination of the individual and the organization, and that the strength of the individual is bolstered by enhancing their potential and will, which, in turn, leads to the organization's increased productivity and value creation.



Defining the Human Resources Strategy

To maximize these elements of human capital, the Group's human resources strategy is to allocate and promote the right people to the right positions, develop and recruit human resources, and implement wellness, diversity, and inclusion measures that lead to environmental improvement. We will both nurture the individuals within our Group and the manage of our human capital as a whole through the promotion of initiatives toward allocating the right person to the right position environmental improvement as a human resources strategy linked to management strategies. And by maximizing human capital, we aim to achieve the vision of the Nomura Real Estate Group.

Definition	The right person in the right position	Developing working environments
Human resources measures	● Recruitment of human resources ● Placement and promotion ● Development	● Wellness ● Diversity and inclusion ▶pp. 50-51
Initiatives policy	● **The starting point for growth is retaining and fostering human resources in the Development Sector** • Bolster hiring efforts to recruit highly specialized human resources, including in mixed-use development, redevelopment, and architecture • Allocate resources to growth fields by making it easier to transfer human resources within the Group • Develop global human resources • Recruit local national staff in countries in which we have begun operating ● **Strengthening focus areas of the Service & Management Sector through personnel allocation** • Enhance productivity by recruiting and developing DX human resources in the Group • Allocate human resources retained through the above efforts to focus business • Focus areas: private funds business (Investment Management Business Unit), middle business (Property Brokerage & CRE Business Unit*1), and construction ordered business (Property & Facility Management Business Unit)	● **Realize wellness, with each employee working with vigor** • Communicate across the Group that employee health is the basis of corporate viability through such activities as Group-wide health measurement meetings and nutrition seminars ● **Promote diversity and inclusion to enable a diverse workforce** • Conduct D&I training for all Group employees • Take measures to encourage men to take childcare leave • Conduct the "Nomura Real Estate Group Sustainability, Wellness, and D&I Awareness Survey" under the banner of "Your Voice Creates New Value, Real Value" • Create a framework for inclusive design initiatives **Indicators and Targets** Targets / FY2023/3 results / FY2024/3 results Female manager and junior manager ratio: 20% / 13.9% / 14.7% Childcare leave utilization rate by men and women: 100% / 64.5% / 101.2%*2 One-on-one meetings: 100% / 83.0% / 82.1% Percentage of participation in human rights, wellness, and D&I training: 100% / — / 100.0%*3

Linking our human resources strategy with our management strategies, we aim to achieve the Vision of the Nomura Real Estate Group.

*1. Middle business: Real estate brokerage for small and medium-sized companies, business owners, some individual investors, and high net worth individuals

*2. The denominator is the number of female employees who gave birth and the number of male employees whose spouse gave birth in the corresponding fiscal year. The numerator is the number of female and male employees who took birth childcare leave, childcare leave, and leave through the leave system for childcare in the corresponding fiscal year.

*3. Rate of participation in online training conducted Group-wide

Initiatives of the Human Resources Strategy

The right person in the right position

● Promotion through the Human Resources, Wellness, and D&I Committee

The Human Resources, Wellness, and D&I Committee, which is attended by all division heads, is responsible for identifying the Group's human capital conditions and outlining the ideal corporate image, thereby promoting concrete discussions on policies and measures.

● Recruiting and developing key human resources: DX human resources development

To achieve DX-driven value creation, we have established a DX Subcommittee to assess the skill requirements and overall image of DX within the Group. In addition, we continue to implement Group-wide development measures, such as regularly streaming video content under the title "Digital Dream Learning" to all executives and employees.

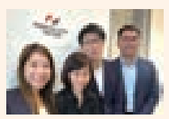
● Recruiting and developing key human resources: globalizing our human resources

We have positioned the overseas business as a growth driver supporting the execution of the Mid- to Long-term Business Plan. Accordingly, we are striving to secure a robust pool of global human resources as well as locally hiring and training foreign nationals. As of June 2024, approximately 160 Group employees are stationed at overseas offices, including employees seconded from Japan to our UK office, NOMURA REAL ESTATE UK.

● Group-wide training programs

Group-wide level-specific training programs are conducted with the aim of enhancing the potential and motivation of each Group employee, enabling them to work professionally and with a high level of expertise. Under the theme "Designing the Future Management of the Nomura Real Estate Group," lectures and discussions will be held for approximately six months for a number of individuals who have been newly appointed to managerial positions. During these sessions, participants will discuss the Vision from the Group's perspective, and management proposals will be formulated.

Examples of initiatives: participation in business leadership training



Nanase Hori (pictured left)
Managing Director
NOMURA REAL ESTATE HONG KONG

With a desire to challenge myself in an area unlike any I had experienced in my career, I participated in one of the human resource training programs, a business leadership training program that included an overseas internship. I was able to learn a lot about the process of new business planning and consensus building with members from different industries in addition to learning languages.

Currently, as the head of NOMURA REAL ESTATE HONG KONG, a base for the Property Brokerage & CRE Business Unit, I work side by side with three other members to uncover the needs of Asian investors and wealthy individuals looking to invest in real estate in Japan. In the Property Brokerage & CRE Business Unit, we will make a concerted effort to further contribute to earnings in the Overseas Business Unit, which will play a key role in the Company's growth.

Developing working environments

● Promoting wellness: certified for the first time as a Health & Productivity Management Outstanding Organization

For the first time, the Company was certified as a Health & Productivity Management Outstanding Organization by METI and the Tokyo Stock Exchange. The Company has been recognized for its various efforts toward health and productivity management, such as its unique e-learning program for improving health literacy, the introduction of a system to address specific health issues faced by women, and seminars conducted by obstetricians and gynecologists.

● Promoting wellness: monitoring work environment improvements

Each Group company sets targets for average total annual working hours and the number of annual paid leave days, reporting the results of monitoring to the Human Resources, Wellness, and D&I Committee and to the Board of Directors.

● Promoting D&I: paid childcare leave for giving birth (post-birth father childcare leave)

We encourage men to take childcare leave as a key measure for promoting D&I. Creating an environment in which both men and women can easily raise children whilst balancing work and family life is necessary. The Group also supports male employees in utilizing childcare leave to ensure that they will not be deterred from making the decision to do so due to financial concerns that may arise during said period. By implementing a leave system that allows male and female employees to actively participate in childcare, we are striving to create an environment in which employees can raise their children as they see fit and with peace of mind. In the fiscal year ended March 31, 2024, eight Group companies provided up to 28 days of paid childcare leave for birth (post-birth father childcare leave) as stipulated by the Act on Childcare Leave, and the male childcare leave utilization rate exceeded 100%.

● Promoting D&I: improving employee engagement

We conduct the "Nomura Real Estate Group Sustainability, Wellness, and D&I Awareness Survey" under the banner of "Your Voice Creates New Value, Real Value." This survey is aimed at ensuring that top management has a shared recognition of the good points of, and issues pertaining to, the Company and each workplace, based on input from Group employees regarding their perceptions of these matters. Based on this survey, the Group CEO and Group COO engaged in a discussion with general managers about their workstyles and management vision for the fiscal year ended March 31, 2024.

Examples of initiatives: Male managers receiving parental leave



Yoshinori Aoyagi
General Manager, PPP Business Division,
Facility Management Business Division
Nomura Real Estate Partners Co., Ltd.

I made use of the male parental leave system ("childcare leave") because I wanted to be present to watch my children grow up. Thanks to a training program that helped me understand the paternity leave system and a system in place to begin the transition six months prior to taking childcare leave, I was able to step back from my work without any worries. I focused my energy on childcare, while my wife concentrated on recovery, thus making the most of the childcare leave period.

Through my childcare leave experience, I feel that I have become more conscious of work improvement techniques. As I am in charge of giving baths, which can be time-consuming, I try to find ways to streamline my duties at work, so that I can leave the office early. Also, thanks to the understanding and encouragement of my supervisor and colleagues, I was able to spend invaluable time with my family, and I encourage my subordinates to take the initiative in taking childcare leave as well.

Strengths of the Nomura Real Estate Group

Strengths

1 Market-in approach

Comprehensive market-in approach spanning land acquisition to product planning in the housing sales business

It has been 20 years since the launch of the PROUD series, Nomura Real Estate Development's integrated brand of housing and related services. Since then, in the housing sales business, our employees, the operators of the business, have been the primary force working to bring housing sales activities in-house. Specifically, the business operator employees identify market needs by directly listening to customers and swiftly incorporate this data into land acquisitions and product planning.

Market-in approach to land acquisition

Our land acquisition process is based upon not only current housing trends, but also the demands and desires of customers, and future outlooks. The external environment surrounding the housing sales business is rapidly changing, with diversifying values, concerns over rising interest rates, and an increase in the number of inbound foreign customers, etc. Nevertheless, because the products that the Company offers are purchased mainly to meet real needs, we strive to acquire residential land in areas where we can envision each customer living comfortably.

We also place importance on communication with landowners, local residents, and the local government, building long-term relationships of trust and providing added value through business proposals that make people want the Company to develop this land.

Specific Example



PROUD SEASON Kugayama 5-chome

In the Tokyo metropolitan area, most ready-built houses offer a floor area of around 100 m^2 and for homes larger than that, it is common for buyers to purchase land and consider custom-building a house on their own. However, we operate outside the restrictions of conventional product categories and, recognizing this customer need for detached housing in central Tokyo with a floor area in excess of 100 m^2, acquire land and engage in product planning accordingly.

Market-in approach to product planning

In recent years, customers' values and needs related to housing have diversified as lifestyles and family structures change. At the same time, needs are steadily evolving in line with generational changes. For example:

- Some customers are searching for their dream homes.
- Some customers are looking for more compact residences closer to city centers and conveniently located near stations.
- Some customers are searching for homes that align with changes to their lifestyles and family composition.

So that it can meet the needs of such varied customers, the Company is expanding its product lineup, offering the best housing solutions for each customer.

Specific Example



PROUD Sangubashi

The characteristic design of the top floor uses a hybrid construction technique combining cross laminated timber (CLT) and steel frames, achieving fire resistance while using timber. Furthermore, it realizes high environmental performance in the form of fixing CO_2 through the use of wood materials while the home's energy-saving performance has been enhanced through the installation of a "Yukai-full" central air conditioning system that sends cool and warm air throughout the entire residence. Ensuring the high design quality of the property has been lauded by customers.

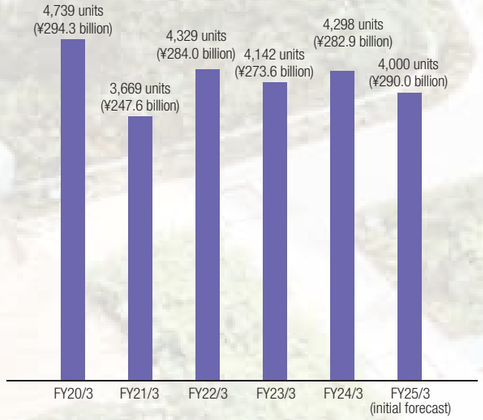
Overview of the housing sales business

Change in the number of housing units sold

As stated in the Residential Development Business Unit's growth strategy laid out in the Mid- to Long-term Business Plan (FY2023/3–FY2031/3), the Company is aiming for a stable supply of condominiums, and since FY2020/3, with the exception of FY2021/3, which was affected by the COVID-19 pandemic, the Company has steadily supplied units every year.

Land suitable for condominiums is limited in the Tokyo metropolitan area, thus the new condominium supply has been on the decline for the past several years. At the same time, the Company is committed to providing high value-added products and services and enhancing customer satisfaction in accordance with the diversifying values and needs of its customers, thereby realizing a stable supply of housing.

Number of housing units sold (operating revenue)

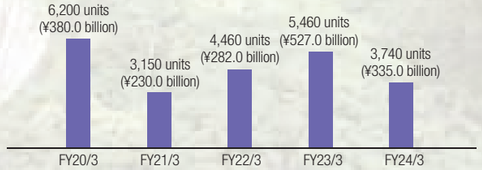


Acquisition of land for the housing sales business and status of the land bank

In the housing sales business, we acquire land for development in accordance with the sales plan for each fiscal period. Competition to acquire profitable land is intense, and the environment for acquiring land for development remains harsh. However, the Company has nearly completed the acquisition of land for development up to the fiscal year ending March 31, 2027.

To seize business opportunities going forward, we will focus on the redeveloping and rebuilding markets, that have high barriers to entry as well as on proposals for the effective utilization of land owned by governments, public and private corporations, and educational institutions, whose needs are growing. We will establish a stable land acquisition system by addressing growing social demand for urban redevelopment, reconstruction, the corporate provision of off-balance sheet financing, and the utilization of land and facilities held by universities and other institutions, all of which is taking place against a backdrop of aging buildings and the obsolescence of many urban functions.

Number of land acquisitions converted into number of housings (operating revenue)



Land bank (as of FY2024/3)

Interview

A grounded market-in approach from the land acquisition phase

Before assuming my current position, I was in charge of land acquisition in urban areas, where I was involved in a wide range of projects from small-scale to large-scale mixed-use developments.

One of the Company's competitive strengths is its ability to offer individualized proposals for sales schemes that maximize the satisfaction of landowners based on a market-in approach.

Naturally, each landowner has their own unique circumstances and needs. Whether the client is concerned about the financial aspects of the project, the development of a community that will become the face of the region, or the acquisition of new real estate through an exchange of equivalent value, the Company provides value-added services featuring tailor-made solutions to meet the needs of all types of clients.

For example, I was in charge of a project to effectively utilize land owned by a university. When selecting business partners, the university placed greater weight on qualitative evaluation of effective utilization than on the amount offered. Specifically, we offered a plan featuring parks and green spaces to provide opportunities for residents in the surrounding area to relax as well as a plan for facilities that would encourage multi-generational interaction. Taking into consideration the residents of the surrounding area and neighborhood, we proposed that the Group manage the complex, which includes condominiums, senior residences for rent, and commercial facilities, leveraging our strengths as a general developer. This led to our selection as a project collaborator. We will continue to make proposals that maximize our strengths from the land acquisition stage, and, by acquiring land in a stable manner, we will continue to realize urban development needed by society.



Shohei Yamamoto

Residential Development Division
Division Planning Dept. Division Planning, Senior Manager
Nomura Real Estate Development
(In charge of land acquisition in Tokyo from 2018 to 2024)

Strengths

2 Business collaboration and value creation within the Group

The Leasing Value Chain that realizes the mutual growth and new value creation of the Group and the Group REITs, etc.

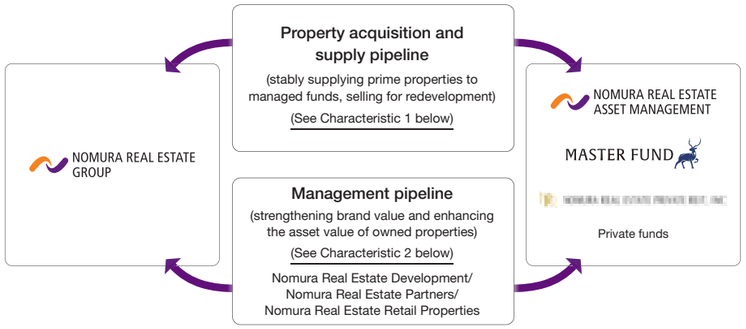
Reflecting our high added value development capabilities, we do not focus on owning leasing assets but instead realize development profit through sales while achieving high asset and capital efficiency. This revolving business model is a major pillar of the Group's growth.

Our circulating leasing value chain realizes mutual growth for the Group as well as REITs and funds managed by the Group. The leasing value chain plays a major role in this business model and could be called a major strength.

Leasing Value Chain constructed with Group REITs and funds

The strengths of the Company's unique value chain are clearly demonstrated by two characteristics.

First, through the property acquisition and supply pipeline, the Group supplies high-quality properties to Group REITs and funds. Properties that the Group REITs determine have lost competitive advantage due in part to their age are sold to the Group for redevelopment, providing new opportunities. Second, through the management pipeline, we continue providing services after properties are sold, thereby enhancing the asset value of properties after sale and maintaining brand value.



Characteristic 1: Property acquisition and supply pipeline for mutual growth with the Group and Group REITs

After concluding a basic agreement related to providing real estate and other data in 2013, based on the property acquisition and supply pipeline, we have acquired 108 properties for a total of ¥586.2 billion and made sales totaling ¥51.1 billion for redevelopment purposes. For the Group, this functions as a way to sell high-quality properties. For Group REITs, this functions as a sponsor pipeline enabling the acquisition of competitive high-quality properties, such as those with high environmental performance. This significantly contributes to their mutual growth.

Properties acquired and transaction results based on the supply pipeline

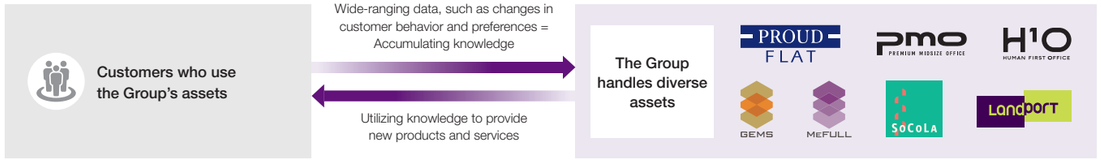
Group development projects	Number of acquisitions	Acquisition amount
Offices (including PMO)	30	¥252.1 billion
Retail facilities (including GEMS)	20	¥58.8 billion
Rental housing (including PROUD FLAT)	41	¥73.8 billion
Logistics facilities (including Landport)	15	¥196.0 billion
Others	2	¥5.3 billion
Total (as of March 2024)	108	¥586.2 billion

Sales premised on redevelopment

Projects originating from Group REITs that provide development opportunities for the Group	
NOF Nihonbashi Honcho Building	Morisia Tsudanuma
NOF Tameike Building	Ito-Yokado Higashi-Narashino Store
NOF Minami Shinjuku Building	Mitsubishi Motors Shibuya (limited proprietary right of land)
	Mitsubishi Motors Suginami (limited proprietary right of land)
Total (as of March 2024)	¥51.1 billion

Characteristic 2: A management pipeline that accumulates and utilizes knowledge that helps create new value

By continuing to provide services through the management pipeline after selling properties to Group REITs and funds, the Group aims to enhance brand power and asset value. Furthermore, we aim to provide new products and services by accumulating and utilizing the knowledge regarding social changes and opinions from customers, for whom the Company provides value.



Results of the leasing value chain in FY2024/3

Completed Nomura Real Estate Tameike-Sanno Building, a sustainable wooden office space reacquired from a Group REIT and redevelopment

Nomura Real Estate Tameike-Sanno Building is an example of Nomura Real Estate Development (the Company) acquiring a property from Nomura Real Estate Master Fund (the Group REIT) and providing added value through redevelopment to society and tenant companies. Not only did the Group REIT earn a profit on the sale, it contributed to the leasing value chain by providing the Company with a development opportunity.

This project was more than just constructing a new building; it was a redevelopment into a wooden sustainable office in partnership with Shimizu Corporation. As for social issues, both companies are being called on to reduce CO_2 emissions and provide wellbeing-focused workstyles to recruit human resources. To this end, the Company was able to provide high added value by creating a wooden office to simultaneously realize environmental friendliness and the wellness of workers.

Furthermore, under the Company's business plan and supervision, we rationally combined steel frame construction with wooden construction materials using Shimizu Corporation's Shimizu Hy-wood®. The project was lauded for creating a comfortable wooden office space without pillars while maintaining a high degree of seismic and fire resistance. In fiscal 2021, the property was selected as a Leading Project for Sustainable Buildings (wooden construction leading type) by the Ministry of Land, Infrastructure, Transport and Tourism.*

* This initiative by the Ministry of Land, Infrastructure, Transport and Tourism highlights leading examples of construction of large-scale wooden buildings that make extensive use of wood, a renewable recyclable resource. Its aim is to contribute to the advancement of construction techniques using wood while promoting and raising public awareness about wooden buildings. The ministry solicits proposals of plans for projects that realize large-scale wooden buildings using leading designs and construction techniques. It then selects proposals meet the objectives of the project eligible for cost support.

Redevelopment of Nomura Real Estate Tameike-Sanno Building and its conversion to wood



Before redevelopment (NOF Tameike Building) | After redevelopment (Nomura Real Estate Tameike-Sanno Building)

Effects of converting to wood

1 Eco-friendliness:
- Reduced CO_2 by maximizing use of wood
- Converted a mid- to large-sized office building to wood
- Acquired ZEB Ready certification

2 Wellness:
- Created open wooden spaces without pillars
- Offered an impressive exterior plan with a lattice-like wooden facade
- Provided welcoming and natural entrances

Strengths

3 Commitment to quality

Overseas business aimed at maximizing added value, going beyond being just a simple provider of funding

The Group has many first-class licensed architects in-house (318 as of April 1, 2024) and has put in place a high-quality manufacturing system over many years, establishing an in-house licensed first-class architect office and offices specializing in quality management, product planning, and after-sales services. We have demonstrated our commitment to quality in various different ways, such as being the first in the industry to create housing complex structure design standards and applying them to condominiums the Group supplies across Japan.

We utilize the competitive advantage yielded by our commitment to quality not only in domestic real estate development, but also in our overseas operations, where we have earned a high reputation among our local partners and created value unique to the Group.

Specific quality-commitment initiatives that go beyond being just a simple provider of funding

When real estate businesses are being developed overseas, business operations are often outsourced to local partner companies and the Japanese partners find themselves relegated to being simply providers of funding. The Nomura Real Estate Group, however, strives to maximize added value by being involved in the upstream portion of the real estate development process, which can be divided into two areas, the first being the acquisition of land and development permits, for which we rely on local partners, and the second being the leveraging of our domestically acquired know-how in such areas as product planning, quality control, and marketing. Through these efforts, which we've dubbed KAIZEN,* we have gained the trust of local partner companies, leading to the acquisition of new business opportunities.

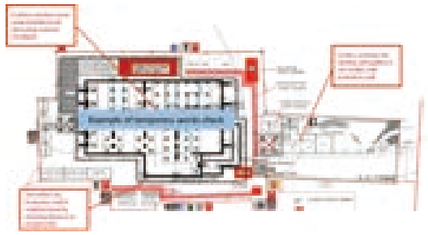
* Improvement, refinement

What is KAIZEN in the Company?

Through the implementation of PDCA cycles, we work to improve design and construction quality. We provide high added value to our customers by creating high-quality products through the early detection and correction of quality defects encountered during design, construction, and delivery.

We also conduct post-delivery customer satisfaction surveys, which are used to improve future product planning.

Furthermore, due to differences in lifestyle, culture, and customer needs in each country, we have created country-specific quality and design manuals to raise the quality level of the projects in which we participate.



Design review (Design KAIZEN)



Onsite patrols (Workplace KAIZEN)

Examples of KAIZEN in various Asian countries

Example from the Udom Suk project in Bangkok, Thailand, 2022.

In Thailand, we are currently pursuing business development through a joint venture with a subsidiary of major real estate company ORIGIN PROPERTY PUBLIC (hereinafter Origin). In 2019, Origin wanted to improve the quality of onsite construction and requested our help in implementing KAIZEN in Thailand.

In Udom Suk, a proposal was made from the perspective of improving both quality and product levels. Specifically:

- to improve the quality level, we proposed and implemented measures to ensure proper water drainage from window frames and balconies and to prevent leaks from roof slabs.
- to improve the product level, we proposed and implemented planning with a focus on ensuring privacy and shielding the views of residents and pool users through thoughtful building design and the judicious use of greenery around the property perimeter as well as in the courtyard where the pool is located.

In line with this commitment to quality, we were deeply involved in improving the marketability of our products, leading to greater customer recognition and gaining the trust of our partner companies.



Udom Suk (Bangkok, Thailand)

Hosted a lecture on KAIZEN activities in the Philippines in July 2024.

In the Philippines, we established the joint venture Federal Land NRE Global Inc. (FNG) with Federal Land, a real estate company under the umbrella of GT Capital Group, a major conglomerate in the Philippines, for the development of a major site. The site's total area is approximately 250 ha, and the total project cost is approximately ¥770.0 billion (of this, our share amounts to approximately ¥260.0 billion).

The Company has implemented KAIZEN at The Seasons Residences (residential) and Mitsukoshi BGC (commercial), which were promoted by FNG in the Philippines. To facilitate the integration of the Group's know-how gained through the residential construction and the opening of commercial buildings, we hosted a lecture on KAIZEN activities for more than 120 Federal Land and FNG employees.

This was an initiative to foster a culture of providing safe, high-quality products to customers, together with local staff.



The lecture

Our decision to participate in the Vu Yen Project, designed by Kengo Kuma, has led to business opportunities by gaining the trust of local developers through KAIZEN and other initiatives.

In Hai Phong, Vietnam, we participated in the Vu Yen Project, a large-scale urban development project on Vu Yen Island with a site area of approximately 23.9 ha and 1,550 residential units. The project is being promoted by Vinhomes Joint Stock Company (Hanoi, Vietnam), one of the largest real estate developers in Hai Phong.

Elsewhere, we are currently working with Vinhomes to jointly promote the 2nd and 3rd periods of the Grand Park Project, which will create more than 20,000 units in Ho Chi Minh City, Vietnam. We have been involved in this project by providing exterior design proposals at the product planning stage through KAIZEN and other initiatives.

For the Vu Yen Project, our second with Vinhomes following Grand Park, world-renowned architect Kengo Kuma has been selected to plan and design products under the theme of "harmony with nature," leveraging the site's river island location. Together with three other Japanese-affiliated companies, we will develop and supply safe, secure, and high-quality housing through product planning and construction quality control based on expertise we have cultivated in the housing development business in Japan and overseas.





Rendering of the completed Vu Yen Project

Strengths

4 Open-minded approach to new ideas and businesses

BLUE FRONT SHIBAURA—the Shibaura Project—the Nomura Real Estate Group's largest-ever mixed-use development

For the Shibaura Project, we plan to construct twin towers with a height of approximately 230 meters each as a reconstruction project for the Hamamatsucho Building (Toshiba Building: 1-1-1 Shibaura, Minato-ku, Tokyo). The South Tower is slated for completion in February 2025 and the North Tower in FY2030 . With a site area of approximately 4.7 hectares and a gross floor area of approximately 550,000 m^2, this nearly 10-year-long project is a large-scale, mixed-use development that includes offices, a hotel, retail facilities, and residences.

The very name "BLUE FRONT SHIBAURA" implies a place where new comfort is nurtured at the forefront of the sky and the sea. We intend for the project to become the forerunner in creating and spreading lifestyles unique to the waterfront and connecting the Tokyo Bay Area. We will contribute to the development of Tokyo from the Tokyo Bay Area, which has further growth potential.

Open-minded approach to new ideas and businesses at the south tower of BLUE FRONT SHIBAURA

An alliance between the three districts will improve area circulation and create a bustling atmosphere.

The nearest station to this project, JR Hamamatsucho Station, is a highly convenient terminal that offers access to an array of major transportation systems and serves as the gateway to Tokyo for travelers arriving at Haneda Airport. The project aims to link the functions of three specific zones: Takeshiba, which includes the already opened Tokyo Port City Takeshiba and WATERS Takeshiba; the Hamamatsucho Station West Exit, where redevelopment is scheduled to be completed in FY2029; and Shibaura 1, the district where this project is located. The Shibaura Project aims to enhance Hamamatsucho Station's function as a transportation hub through such measures as the construction of a network pedestrian walkways, as well as to improve circulation and create a bustling atmosphere in the area. Specifically, we intend to generate vibrancy through area management by hosting events and other activities.



Three District Alliance Conceptual Diagram

Initiatives to create a lively waterfront area: Begin operations of BLUE FERRY, the Boat Trip Commuter

The significance of the development of this project lies in the creation of a so-called connecting town linking central Tokyo to the Tokyo Bay Area, where numerous large-scale developments now under way are expected to lead to further growth. The project is located near the Hinode Pier, one of Tokyo's most prominent ferry terminals, and the Shibaura Canal, which cuts through the Shibaura district. By utilizing this location, we will work to revitalize ferry services, which are attracting new attention as an alternative means of transportation, and to create a lively waterfront area by developing a port and new ferry routes that will connect waterfronts throughout the Bay Area.



On the deck of the BLUE FERRY

Offices Providing "TOKYO WORKation"

The project boasts approximately 5,000 m^2 office space on its middle floor thanks to one of the largest mega-plates ever used in Tokyo while advocating "TOKYO WORKation," a new style of working aligned with individual values and making use of the rich nature of Shibaura. The 28th floor features the Sky Lounge, a common area with a terrace where people can enjoy an open atmosphere created by clear views of the sky and sea, and other common areas equivalent to 10% of the total rental floorspace, and its building specs are commensurate with those of global corporate headquarters.

The entire town can be used as a workspace, and a range of workspaces are supported by digital measures, such as apps. Our goal is to create a town in which people can work in ways that allow them to choose various work scenes according to their emotions and moods so that each individual can perform better.



Exclusive terrace for tenant companies (28th floor)

Interview

Taking on the challenge of evolving into a developer capable of creating new markets

Not only is BLUE FRONT SHIBAURA the largest development project ever undertaken by the Company, but it is also an extremely rare example of a mixed-use development project that integrates offices, commercial facilities, hotels, and residences in the Tokyo Bay Area, where it is located. The utilization of waterfront areas is crucial to the development of cities worldwide and, in the case of Tokyo, there is a great deal of anticipation for the use of ferry services to relieve traffic congestion and overcrowded trains. I believe that the Company's promotion of BLUE FERRY and other efforts to revitalize ferry services and create a lively waterfront area are of great significance.

Under its guiding philosophy, the Company's aim is not to simply create large-scale S-Class buildings in the heart of the city. Our goal in this instance is to enhance the value of the Hamamatsucho area and ultimately develop the Hamamatsucho town brand by proactively conducting area management activities with an awareness of cooperation and sharing with other areas, including through an alliance between the three districts.

While the Company has excelled at providing high added value to satisfy existing market needs with its PROUD condominium units and premium mid-sized office (PMO) buildings, there is no single solution that will meet all the value-related demands and satisfy all the needs of the Bay Area in Tokyo.

The concept of urban development that this project aims for is to provide great products and services under the BLUE FRONT SHIBAURA banner as well as to create a new market. We are taking on the challenge of evolving into a developer capable of creating new markets, with the aim of generating a new flow of people and creating an area that is more vibrant and lively.

We believe our open-minded approach to new ideas and businesses in this project will serve as a touchstone for the "Nishi-Azabu 3-chome Northeast District Category 1 Urban Redevelopment Project" and various other complex development projects that we will take charge of in the future. Also, in order to create and provide new value, we will continue to take an open-minded approach to new ideas and businesses as we develop the North Tower, which is scheduled to begin construction in the near future.



Nomura Real Estate Development
Shibaura Project Division
Shibaura Project Planning Dept,
Division Planning Sec.

Kengo Uchida (left)
Kazuya Takahashi (right)



BLUE FRONT SHIBAURA / Shibaura Project Summary

Business entities: Nomura Real Estate Development Co., Ltd. and East Japan Railway Company
Builder: South Tower – Shimizu Corporation; North Tower – to be determined
Architect: Maki and Associates, Shimizu Corporation, Ove Arup & Partners Japan Ltd. and Nikken Sekkei Ltd
Location: 1-1-1, Minato-ku, Tokyo
District area: Approx. 47,000 m^2
Gross floor area: Approx. 550,000 m^2
Major uses: Office, retail, hotel, residential
Maximum building height: Approx. 230 m
Number of floors: South Tower, 43 aboveground floors, 3 underground floors, North Tower, 45 aboveground floors, 3 underground floors
Scheduled for completion: South Tower Feb. 2025, North Tower FY2031/3

Key components of business assets supporting our strengths

The Nomura Real Estate Group's hard-earned strengths are clearly shown in the robustness of its business assets.

Financial capital

Shareholders' equity ratio: 30.7%

D/E ratio: 1.7 times

Manufactured capital

Land bank in the domestic housing sales business: approx. ¥1.9 trillion

Land bank in the domestic properties for sale business: approx. ¥993.0 billion

Net lettable area (office and retail facilities): approx. 681,000 m²

Land bank in the overseas business (total project cost (our share)): approx. ¥650.0 billion

Assets under management (AUM): approx. ¥2.0 trillion

Number of housing under management: approx. 193,000 units

Human capital

Number of consolidated employees: 7,929

Female employee ratio: 33.5%

Number of in-house first-class licensed architects: 318

Female manager and junior manager ratio*1, 2: 14.7%

Intellectual capital, natural capital, etc.

Expertise in real estate development: More than 60 years

Superior product planning and design capabilities enabling us to receive the Good Design Award for 22nd consecutive year and earn other commendations

Expertise in asset management: More than 20 years

Level of participation in residential redevelopment projects: Industry-leading*3

Customer base

Number of Nomura Real Estate Group Customer Club members: approx. 158,000

Number of tenants: More than 2,000 companies*4

Number of H¹T members: approx. 470,000

Number of MEGALOS members: approx. 115,000

Number of institutional investors through domestic asset management (excluding listed REITs): 291

Number of nomu.com members: approx. 275,000

Note: Data are for the fiscal year ended March 2024 or as of March 31, 2024. Notwithstanding the foregoing, the number of first-class licensed architects and the number of nomu.com members are as of April 1, 2024 and January 31, 2024, respectively.

*1 Female manager and junior manager ratio = (The number of women in managerial positions + The number of female managerial candidates) / (The overall number of managerial positions + The overall number of managerial candidates)
*2 Covers only consolidated subsidiaries in Japan
*3 Source: Based on in-house research
*4 The total number of tenants occupying properties that the Group owns and conducts property management for.

Creation of financial and non-financial value backed by business assets

Financial data

Operating revenue: ¥734.7 billion

Business profit: ¥113.6 billion

ROA: 5.2%

ROE: 10.1%

Total return ratio: 46.0%

Non-financial data

Cumulative number of housing units supplied: approx. 189,000 units

Cumulative number of properties developed for sale*5			
	Rental housing	PROUD FLAT	138 properties
	Offices	PMO	75
		H¹O	26*4
	Logistics facilities	Landport	51
	Retail facilities	GEMS	23
		MEFULL	9
		SOCOLA	7

Cumulative number of Leasing Value Chain transactions:

Sales to REITs and private funds: 108 properties ¥586.2 billion

Progress in reduction of CO_2 emissions:

Scope 1& 2: Reduced by approx. 50% (Compared to FY20/3)

Scope 3*6: Reduced by approx. 35% (Compared to FY20/3)

Note: Data are for the fiscal year ended March 2024 or as of March 31, 2024
*5 Number of buildings under development, including those in the planning stage. The number of properties held as non-current assets as of the fiscal year ended March 31, 2024 is also included.
*6 Total of Category 1 and 11 emissions from Group facilities certified under SBT

External Evaluations

The Nomura Real Estate Group's activities give it a strength highly appreciated by various stakeholders.

ESG ratings: Included in all the six ESG stock indices adopted by the GPIF for domestic stock investment

2024 CONSTITUENT MSCI NIHONKABU
2024 CONSTITUENT MSCI JAPAN
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index
S&P/JPX Carbon Efficient Index
GenDi J

Condominium brand: No.1 for 17th consecutive year*1 (PROUD)

Rate of receiving environmental certification in the properties developed for sale (Commercial Real Estate Business Unit): 100%*2

Credit ratings: JCR: A+ / R&I: A

GRESB rating for Group REITs*3: Listed REIT: 4 stars / Private REIT: 5 stars

Annual number of users of a real estate brokerage company website: Over 10 million for the 5th consecutive year*4 (ネットで住みかえ ノムコム nomu.com)

Condominium management rating: No. 1 for the 14th consecutive year*5

Received the Good Design Award for the 22nd consecutive year (GOOD DESIGN AWARD 2023)

*1 We counted the number of years in which PROUD ranked first among competitor brands in the highest number of evaluation categories in the Condominium Brand Survey conducted by Nikkei, Inc.
*2 Including those scheduled to be received
*3 Based on the 2023 GRESB Real Estate Assessment.
*4 Calculated by the Nomura Real Estate Group using Google Analytics (universal analytics property). Calculation period: January 1, 2019 to December 31, 2023
*5 Ranking based on "SumaiSurfin" Property Management Company Customer Satisfaction Survey (2009–2022, 2nd place in 2023)

CFO Interview

We will pursue both investment aimed at profit growth and high shareholder returns while adeptly responding to changes in the business environment.



Toshihide Tsukasaki
Executive Officer, Group CFO

Q. Could you please reflect on the year since you became the Group CFO?

Over the past year, the business environment surrounding the Company has continued to change significantly, and the Company and I needed to make a wide range of judgments and take various measures.

FY2024/3 was the second year of Phase I of the Mid- to Long-term Business Plan. Even as the differences in the business environment in Japan and overseas impacted each of the Company's businesses, we were able to achieve record highs for each type of profit, including business profit, as well as high asset and capital efficiency, ROA of 5.2%, and ROE of 10.1%. This was the result of having worked hard to build an optimal business portfolio.

However, the external environment is still undergoing concerning changes, such as the effects of soaring construction costs and interest rate hikes in Japan. I realize that the Group will need to take more flexible measures to continue achieving profit growth and high asset and capital efficiency.

Moreover, as part of our IR activities I have conducted many meetings with domestic and overseas investors. In addition to helping investors better understand the Company's business, I have shared the investors' opinions with the Company's management, which is part of the job of being CFO.

During this past year, I reported on the status and content of dialogues with investors to the Board of Directors and shared investor responses with the Management Committee as appropriate. I discuss the details later in this message, but for now it is sufficient to say that top management has decided to strengthen its shareholder return policy with the aim of expanding dividends, including the establishment of a minimum for dividends based on dividend on equity (DOE) in response to investor concerns about declining profit and dividends due to market volatility.

Q. What impact have higher interest rates and construction costs had on business performance?

In July 2024, the BOJ decided to raise the policy interest rate. We constantly pay attention to the impact interest rates have on the Company's businesses and do not believe that this interest rate hike will have any serious immediate effects. This is because, unlike those of other countries, Japan's interest rates are unlikely to rise by a wide margin or at a rapid pace. We are most likely to see only gradual increases over a decent span of time.

Looking at the housing sales business, of the Company's customers who use home loans, around 80% opt for one with a variable interest rate. With the BOJ's increase in its policy rate, we expect to see a rise in the variable interest rates for home loans, but, if the increase is gradual, the expansion in the amount customers need to repay will probably be contained within a range allowing sufficient coverage by wage increases.

As for the property sales business for investors, there is an ongoing infusion of funding in the real estate market for investment opportunities that can expect a yield better than the return on national bonds. We have not yet been able to confirm whether the higher interest rate is leading to an increase in cap rates. Investors likely expect that, in tandem with rising inflation, there will be a rise in rents and asset values.

Nevertheless, we will need to continue to pay close attention to whether the higher interest rate is affecting the purchase appetite and demand for condominiums and properties developed for sale.

Next, I would like to talk about rising construction costs. The steep rise in construction costs has given way to a more gradual increase, but the higher labor costs will probably become entrenched moving forward against the backdrop of a serious labor shortage in Japan. Because this could lead to lower profit margins, we consider the trend in construction costs moving forward an issue that will need greater attention.

Right now, the Company is in the process of deciding on development investments and is balancing its budget by incorporating continuous increases in construction costs into its plans. In addition, by increasing our operating reserves as a budget buffer, we have begun to respond to further increases in construction costs.

In particular, we are taking the vital step of raising sales prices and rents in response to these rising costs while taking care to provide added value so that customers will tolerate the increases. Accordingly, we need to create products and services with added value that is higher than ever before. In line with our approach emphasizing connecting closely with individuals, we intend to solve these issues by providing products and services that not only meet customer expectation but exceed them.

Q. The BOJ ended its negative interest rate policy and took the bold step of raising its rate for the first time in 17 years. What is your policy on procuring financing in light of the rate hike?

Due to the negative interest rates, the Company was primarily procuring long-term borrowings based on fixed interest rates and spread out the repayments each fiscal year, an approach that has protected us from the risk of rising interest rates. As a result, we expect to be able to keep the impact of increasing interest payments due to the recent long-term interest rate hike to a minimum.

Going forward, as we continue working to expand investments aimed at profit growth, controlling financing costs will become more important than ever before.

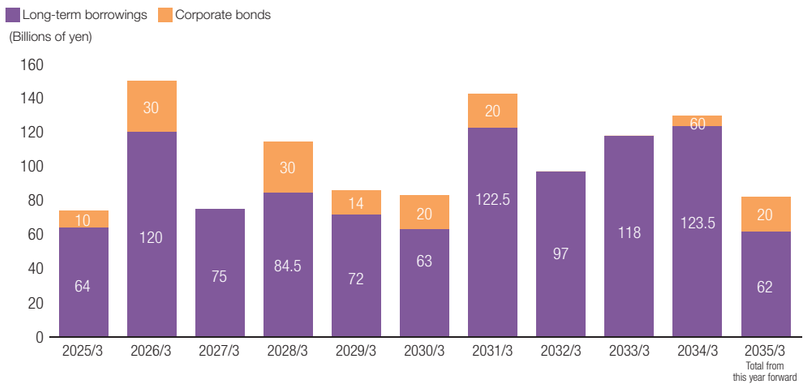
Accordingly, we intend to continue diversifying and optimizing our financing sources and methods. In the previous fiscal year, we expanded the number of financial institutions we do business with from 74 to 82 and strove to procure financing with low interest rate conditions and calculation methods. As a result of proactive efforts to procure sustainable financing, for which appetite from financial institutions is high, as of March 31, 2024, our sustainable finance balance expanded to ¥375 billion, more than three times our overall net interest-bearing debt.

We are working hard to build solid relationships with financial institutions. We will achieve this by showing them we have a solid financial foundation, as demonstrated by our shareholders' equity ratio of around 30%, and by creating opportunities for collaboration outside of financing in the wide range of business fields we operate in.

Although in other countries around the globe interest rates are rising more rapidly, because the funds the Company has invested overseas have been procured in Japan, the direct impacts of volatility in local interest rates overseas have been limited. However, the expanding gap between domestic and overseas interest rates has led to a sharp rise in the cost of foreign exchange hedging used to counter volatility risks associated with currency exchange.

In response, we have revised our financing scheme that until now has been yen based and centered in Japan while continually investing funds in and collecting returns. Based in Singapore, we are shifting to operations based in US dollars that circulate funds in countries overseas. Through these efforts, we believe that we can rein in hedging costs while controlling some foreign exchange volatility risks.

Amount of long-term borrowings planned to be repaid (as of 24/3)



Average years remaining*1	5.7
Percent of long-term borrowings	97.6%
Percent of fixed interest rates	94.9%

*1 Average years remaining for all interest-bearing debt, including short- and long-term

Notes:
1 This graph shows the Company's domestic yen-denominated financing status and does not include foreign currency-denominated financing procured by SPCs or subsidiaries in the overseas business.
2 Hybrid financing is calculated using the first date that a debt can be repaid or amortized before maturity as the due date.
3 For borrowings as of March 31, 2024, this graph shows the amount planned to be repaid at present and the "total from FY35/3 forward" is the total amount of borrowings that will reach their repayment due date on or after the fiscal year ending March 2035.

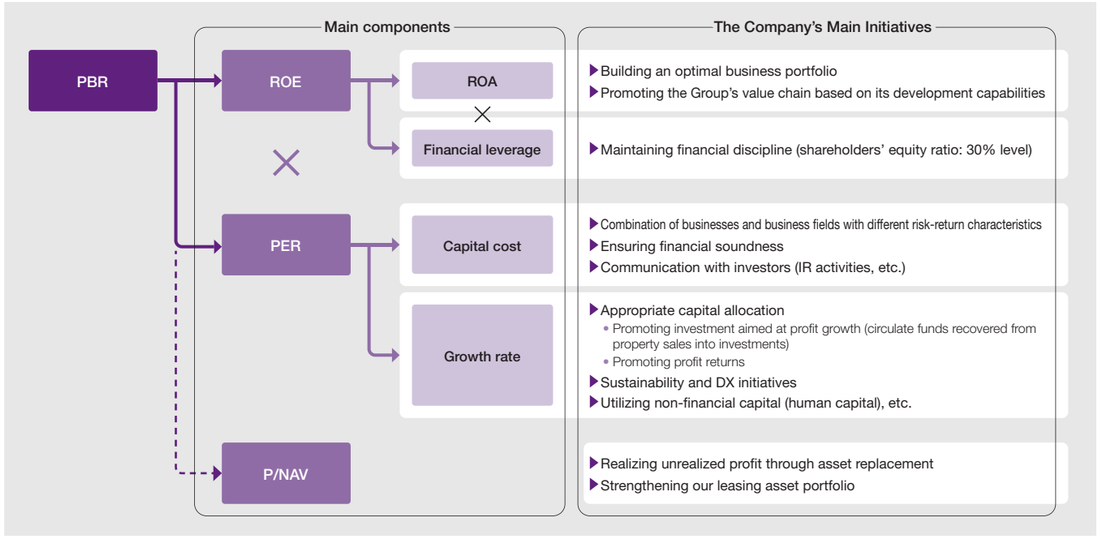
Q. Along with the overall rise in Japan's stock market, the share price of Nomura Real Estate Holdings has seen a certain level of increase. From a share price perspective, what is your take of the evaluation from the stock market?

Through the full fiscal year ended March 2024, the Company's share price outperformed TOPIX, rising around 50% and reaching a price-to-book ratio (PBR) of above one time (as of March 31, 2024).

However, as a real estate developer, the Company is conscious of the price to net asset value (P/NAV), which tracks net assets with the unrealized profit of owned real estate added. The current share price has not yet reached a P/NAV of one time, which we find unsatisfactory.

I will break down PBR into ROE and PER. ROE reached 10.1% as a result of our businesses steadily gaining profit. The Company has demonstrated high profitability exceeding the anticipated 7% to 8% of cost of shareholders' equity.

Initiatives aimed at enhancing corporate value and market valuation



However, we realize that because our PER is low, our share price has not reached a satisfactory level. The primary reason is likely that the expected growth rate is low from an investor perspective while on our side we have found the cost of shareholders' equity higher than expected due in part to an increase in the risk-free rate.

In light of this situation, our priority is to further enhance our IR activities so that people can better understand the Company's current status and outlook. We held many meetings with investors in Japan and abroad in FY2024/3, but we are still working hard to further enhance the frequency and depth of communication with investors to eliminate any gap between the Company's perception of its growth potential and the value investors expect.

In addition, while this may be obvious, it is, of course, important that we conduct optimal capital allocation, including to growth investments.

Status of dialogues with investors in FY24/3 (IR activities, etc.)

Number of meetings	437
Overview of meetings	Sell-side analysts as well as domestic and overseas buy-side analysts (including active investors, passive investors, and investors who focus on ESG scoring)
Types of meetings	Meetings with domestic and overseas analysts and investors (including 1-on-1 meetings, conferences organized by securities companies, small CEO meetings, ESG meetings, property tours)
Company's representatives	Group CEO, Group COO, vice presidents, Group CFO, general manager of the Corporate Communications Department, general manager of the Sustainability Manager of each business, etc.
Main dialogue themes	● Operating results in FY24/3 and results forecasts ● Progress in the Mid- to Long-term Business Plan and recognized issues ● Outline of specific capital policies for achieving high asset and capital efficiency ● Business briefings, including for the overseas business, residential development business, and BLUE FRONT SHIBAURA (Shibaura Project) ● Progress of environmental, social, and governance (ESG) initiatives and recognized issues
In-house sharing of investor opinions	● Four times per year consideration is given to feedback from investors at Board of Directors meetings and Management Committee meetings ● Participation in quarterly financial results briefings for investors by directors, executive officers, and employees of the corporate department ● Dissemination of financial results data through inclusion in in-house communiques and intranet for all employees
Examples of initiatives based on investor opinions	● Introduction of dividend on equity (DOE) indicator ● Preparation and enhancement of disclosures ● Enhancement of business briefings and property tours ● Introduction of simultaneous Japanese-English interpretation at business results briefings

Q. Please tell us about capital allocation policy regarding investment and returns.

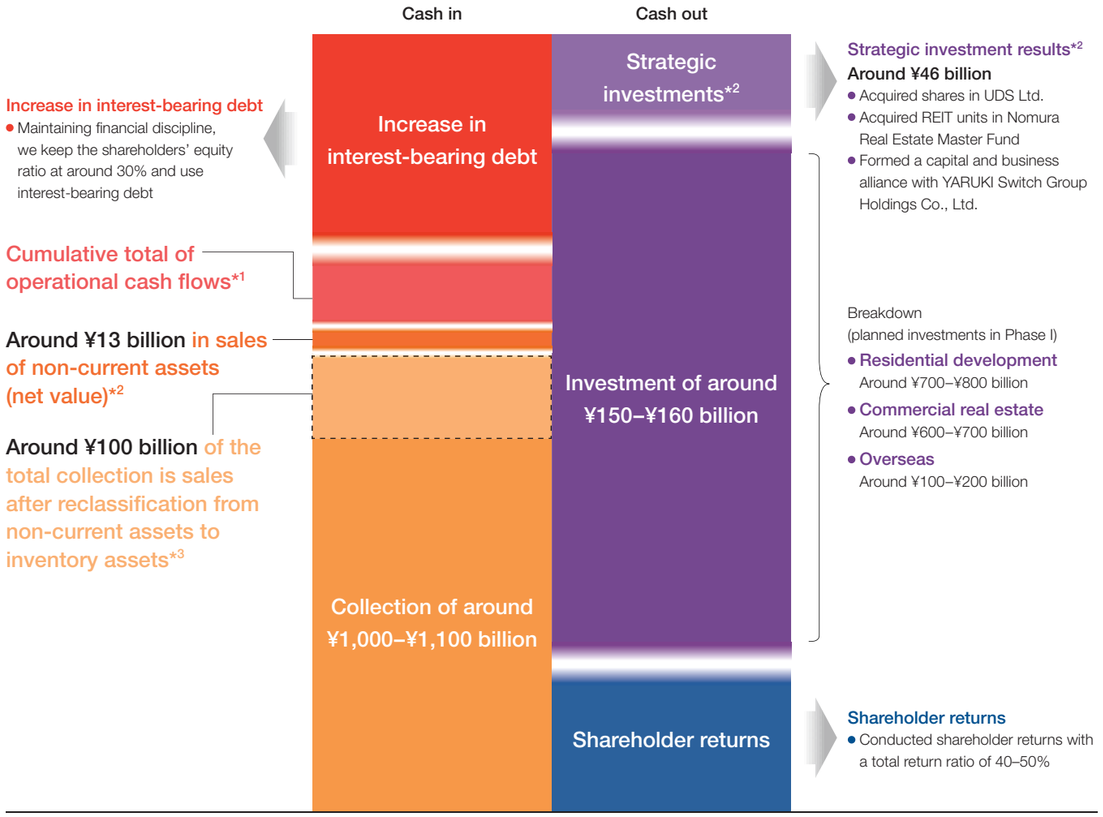
To better realize high asset and capital efficiency, the Company has proactively promoted funding replacement initiatives centered on the property sales business. Basically, this has enabled us to use collected funds to enhance growth investments and shareholder returns. The actual effects seen under the current mid-term plan include the sale of owned assets, such as leasing properties owned as non-current assets and inventory assets, in line with our high asset and capital efficiency. We have used funds collected through these sales to further enhance growth investments and shareholder returns.

As a result, in FY2024/3, each business unit was able to steadily promote capital investment and acquire land for development while ensuring that profit margins were secure even amid intense competition.

In addition, we executed strategic investments aimed at further growth, for example, acquiring all shares of UDS Ltd., which handles the planning, design, and operation of various facilities, including hotels.

In FY2025/3, we project a further expansion in the scale of our investment. We plan to invest around ¥600 billion to ¥700 billion in development undertaken by the residential development, commercial real estate, and overseas business units. Such development includes the South Tower of BLUE FRONT SHIBAURA (the Shibaura Project), which is slated to be completed in February 2025. Investment progress is at roughly the same pace as the investment plan assumed under Phase I of the current mid- to long-term plan, and we intend to steadily carry out investment aimed at future profit growth.

Overview of capital allocation in Phase I (FY23/3–25/3)



*1. Cash flows from operating activities + Change in inventory assets + Change in operating equity investment – Depreciation and amortization expenses – Gain on sales of non-current assets
*2. Results of FY23/3 and FY24/3
*3. Results of FY23/3 and FY24/3 + Planned sales in FY25/3

Q. What is your policy on shareholder returns?

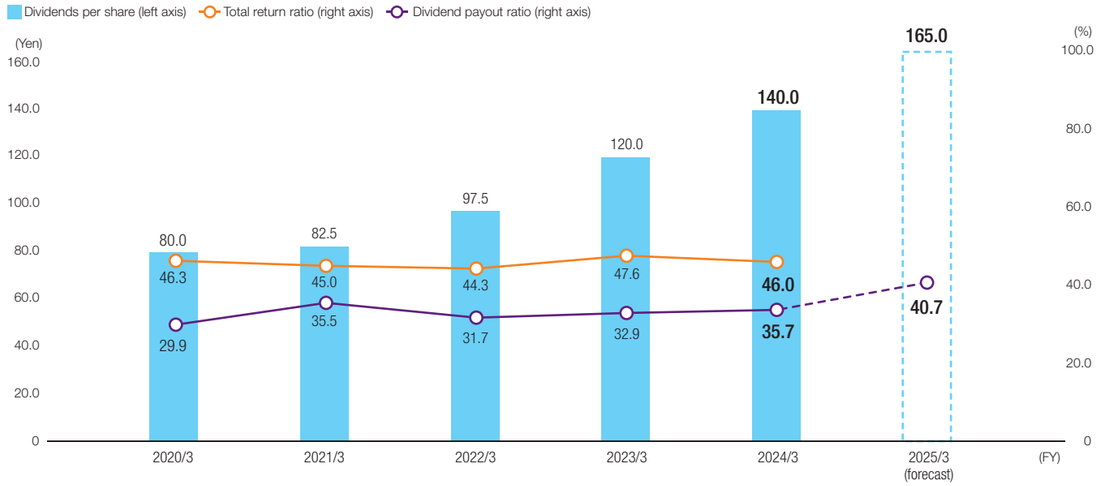
The Company has positioned shareholder returns as a key theme, promoted management conscious of share price, and taken proactive measures accordingly, but we have now decided to further enhance shareholder returns. Specifically, we significantly raised the dividend payout ratio in order to increase the emphasis on cash dividends, the form of returns that most directly benefits shareholders. The dividend payout ratio in FY2024/3 was 35.7%, and our initial forecast for FY2025/3 is 40.7%.

Furthermore, as stated previously, we decided to introduce the DOE metric to our dividend policy to accommodate the concerns of investors regarding the possible negative effects of profit volatility on dividends. We decided to set a minimum dividend of 4% for average equity during the year.

Our basic policy to continue achieving increases in dividends in line with profit growth stands unchanged. And, the recent increase in dividend payout ratio is evidence that further dividend increases can be expected and that we are positioned to maintain a certain dividend level by introducing the DOE metric even if deteriorating market conditions cause profit growth to stall. We believe ensuring both the growth potential and stability of dividends will prove highly attractive to investors and expect the evaluation of the Company's shares to increase.

Furthermore, because DOE is an indicator based on equity, another reason we introduced it is that it will underscore the effectiveness of the Company's equity cost-conscious management approach to date.

Shareholder Returns



Q. What do you have to say in conclusion, regarding the enhancement of corporate value?



There will be no change in the Company's stance on achieving proactive shareholder returns and profit growth based on high asset and capital efficiency. While maintaining an awareness of our characteristics as a real estate developer, which differ from the traditional business model of a REIT based on continuous ownership of real estate that provides leasing income, we will continue to pursue profit growth by achieving unrealized profit and development profit through value creation.

In addition, we will cultivate our sensitivity to changes in market conditions and the expectations of investors and reflect them in the new mid- to long-term business plan.

Assessment of changes in the external environment and key measures

The Mid- to Long-term Business Plan covering the nine-year period from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2031 is under way, with the current fiscal year being the final year of Phase I (from the fiscal year ended March 2023 through the fiscal year ending March 2025).

We need to keep in mind that the business environment both in Japan and overseas has changed significantly since April 2022, when the Mid- to Long-term Business Plan was formulated, and that this could alter our assessment of the external environment. The following is a description of the current external environment and key measures being taken to address this changing landscape.

Assessment of the external environment when the Mid- to Long-term Business Plan was formulated in April 2022

Business environment in focus

● Response in the era with and after COVID-19	● Acceleration of shrinking workforce, declining birthrate and aging of society
● Diversification of lifestyles and workstyles	● Intensification of competition to obtain human resources
● Accelerated evolution of digital technology	● Increased need for reconstruction due to the aging of buildings, etc.
● Changes in values on ownership and location	● Climate change and increased severity of disasters
● Heightened awareness of sustainability	● Increased geopolitical risks
● Development of emerging economies	● Increased volatility risk in the financial environment

Business profit for FY2025/3 under current Mid- to Long-term Business Plan



[Pie chart (business profit) legend]
Residential Development ■ Commercial Real Estate ■ Overseas ■ Investment Management ■ Property Brokerage & CRE ■ Property & Facility Management

Assessment of external environment as of April 2024

The world has moved forward since April 2022, when the Mid- to Long-term Business Plan was formulated, and today's business environment reflects changes in social issues in Japan and overseas, in the environment surrounding the Company's business, and in people's values and preferences regarding housing, workstyles, and other aspects of life.

Based on these evolving conditions, aspects of the external environment that require special attention are as follows. Note that the figures in **red** reflect additions to and figures in **blue** reflect revisions to figures pertaining to these external environmental metrics made since April 2022, when the Mid- to Long-term Business Plan was formulated.

Business environment in focus

● Increased construction costs	● Manifestation of fluctuation risks in the domestic and international financial environment
● Increased inbound traffic	● Ongoing increase in the number of wealthy individuals in Japan and related market trends
● Diversification of lifestyles and workstyles	● Acceleration of shrinking workforce, declining birthrate and aging of society
● Accelerated evolution of digital technology	● Intensification of competition to obtain human resources
● Changes in values on ownership and location	● Increased need for renovation and the utilization of existing stock
● Heightened awareness of sustainability	● Climate change and increased severity of disasters
● Development of emerging economies	● Increased geopolitical risks

Aspects of the business environment requiring special attention in the current fiscal year

- Impact on economic conditions, financial markets, corporate earnings, and consumer spending due to rising interest rates and inflation in Japan and overseas
- Trends in the real estate trading market and REIT unit prices, and changes in the appetite for real estate investment among institutional investors and wealthy individuals
- Further increase in construction costs due to soaring material and labor costs in Japan and overseas
- Trends in political and economic conditions (such as interest rates and exchange rates) in the countries in which the Overseas Business Unit invests

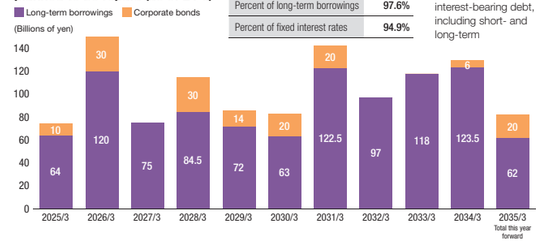
Measures taken to address aspects of the business environment requiring special attention in the current fiscal year

● Rising domestic interest rates

● Spreading out repayments across fiscal years

To manage the risk of rising interest rates, the Company raises funds mainly through fixed-rate long-term borrowings that it repays incrementally over the course of several years. As a result, the impact of increased interest expenses due to future rate hikes on our interest-bearing debt financing is expected to be limited given the current scale of business profit.

Amount of long-term borrowings planned to be repaid (as of 24/3)



Average years remaining*1	5.7 years
Percent of long-term borrowings	97.6%
Percent of fixed interest rates	94.9%

*1 Average years remaining for all interest-bearing debt, including short- and long-term

● Diversifying and optimizing procurement routes and methods

In the fiscal year ended March 2024, we expanded the number of financial institutions with which we do business from 74 to 82, seeking favorable financing terms and low interest rates.

In addition, we are actively working to secure sustainable finance, which is in high demand among financial institutions. We aim to raise a cumulative total of ¥700 billion through sustainable financing by March 31, 2028, and, as of March 31, 2024, our balance of such funds had grown to ¥375 billion, or more than 30% of total interest-bearing debt.

● Trends in the real estate trading market and REIT unit prices and changes in the real estate investment appetite of institutional investors

● Acquiring additional units of Nomura Real Estate Master Fund, Inc.

In July 2023, Nomura Real Estate acquired an additional 120,000 units of Nomura Real Estate Master Fund, Inc. (NMF).

Through this transaction, Nomura Real Estate has further clarified its commitment to NMF and strengthened its mutual growth cycle (leasing value chain). ▶p. 24

● Addressing the alternative investment needs of institutional investors by offering private REITs and private funds through the Investment Management Business Unit

As an alternative investment opportunity to traditional assets, such as stocks and bonds, investment in real estate funds is seeing solid demand, especially among such institutional investors as pension funds and regional banks. With this in mind, we are developing new investment products in this area.

From the fiscal year ended March 2024, responding to investor needs, the Company formed and began managing a long-term core investment-type private fund focused on a selection of properties developed by the Group.

● Addressing real estate investment needs in the middle business of the Property Brokerage & CRE Business Unit

The middle business comprises real estate brokerage for small and midsize companies, business owners, and some individual investors, including high-net-worth individuals. Operations in this business are increasingly being undertaken in collaboration with Nomura Securities.

In addition to the institutional investors mentioned above, we are strengthening our efforts to meet the real estate investment needs of wealthy individuals, including individual investors.

● Further increased construction costs due to soaring material and labor costs

● Developing products offering high added value

Rather than directly incorporating increases in construction costs into sales prices and rents, we strive to satisfy customers by providing added value-added services and competitive pricing. Specific initiatives are as follows.

Residential Development: Initiatives for environmentally friendly condominiums and high-value-added detached housing for sale

Amid growing awareness of the need for energy conservation in housing, the Company is developing environmentally friendly condominiums that achieve virtually zero CO_2 emissions by replacing the electricity and gas used in everyday life with carbon-neutral city gas and net renewable energy sources.

To satisfy customers' emerging need for detached housing, the Company has begun developing detached housing built for sale in sizes and price ranges where it was one common to consider building order-made housing.

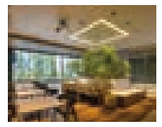

PROUD TOWER Sagami-Ono Cross
(Environmentally friendly condominiums)


PROUD SEASON Kugayama 5-chome
(High-value-added detached housing)

Commercial Real Estate: Proposal that integrates multiple office building products

We are developing office buildings that satisfy the diverse needs of tenant companies, and are working to improve unit rent prices.

We have developed a new office that combines medium-sized PMO brand high-grade offices and small H^{1}O brand serviced offices in a single building. Its tenant-exclusive lounge and general reception area, rare features for a mid-size office building, have helped raise the per-unit rent.


Human First Salon in PMO EX Nihonbashi Kayabacho
(tenant-exclusive lounge)

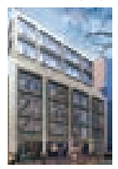
● Trends in political and economic conditions in the countries in which the Overseas Business Unit invests

● Strengthening risk management as we expand overseas operations

Although housing sales in Asia are currently the core of the Group's overseas business, since 2021, we have continued to participate in the development of offices and rental housing in developed countries with the aim of further increasing profits and diversifying revenue opportunities.

In light of the increased investment volume and expansion in countries that contain investment targets, we have been convening the Overseas Business Risk Committee since May 2023. The committee regularly receives reports on the macro environment of each country and the state of progress of each business. Events that may affect business results and countermeasures are reported to either the Management Committee or the Board of Directors.

Investment projects in the United Kingdom


127 Charing Cross Road


55 St. James Street

Investment projects in the U.S.


Press Block

Overview of the Mid- to Long-term Business Plan (FY2023/3-FY2031/3)

In line with the Mid- to Long-term Business Plan formulated in April 2022, the Nomura Real Estate Group aims to achieve high profit growth and high asset and capital efficiency. To this end, we are promoting a diverse range of strategic initiatives, including key business strategies for growth focused on the "Further expansion of domestic real estate development business," "High profit growth in Service & Management Sector," and the "Steady growth of overseas business."

In addition, the Group formulates and executes long-term business plans that take into account the characteristics of its real estate business, which has a long business period. In principle, the Group flexibly reviews these plans every three years to reflect changes in the external environment.

Strategies aimed at achieving the current plan

Business strategy

- Further expansion of domestic real estate development business
- High profit growth in Service & Management Sector
- Steady growth of overseas business

Financial Strategy
- Business portfolio strategy
- Leasing asset portfolio strategy
- Investment and recovery strategy

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Strategies by Business Unit
- Residential Development
- Commercial Real Estate
- Overseas
- Investment Management
- Property Brokerage & CRE
- Property & Facility Management

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Human Resources Strategy
- The right people in the right positions
- Environmental improvement

pp. 18-21

DX Strategy
- Realizing the Digital Dream
- Quality of life improvement
- Establishment of DX strategy platform

pp. 42-43

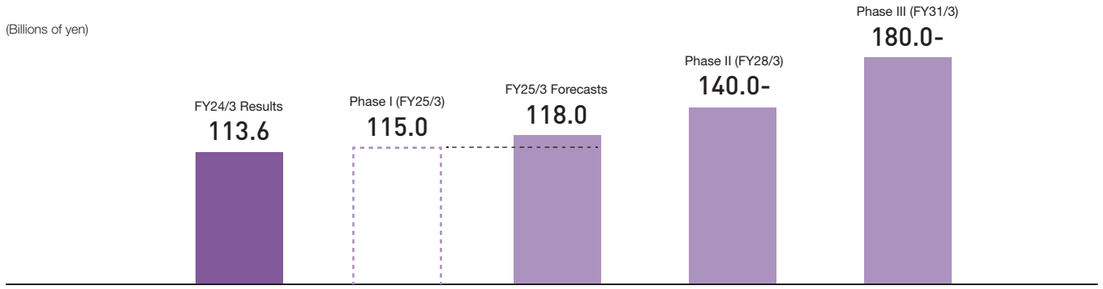
Sustainability Strategy
- Climate change and the natural environment
- Society and employees

pp. 44-51

Strategic investments
Further accelerate our corporate growth through strategic investments centered on the Service & Management Sector as well as fields related to digital technologies and overseas real estate

Profit Targets (Business Profit*1)

- Realize an average annual business profit growth rate of around 8%. Total business profit is expected to grow to more than ¥180.0 billion during the period of the Plan.
- Business profit for the fiscal year ending March 31, 2025 is expected to be ¥118.0 billion, exceeding the forecast of ¥115.0 billion in the final fiscal year of Phase I of the Mid- to Long-term Business Plan formulated in April 2022.



*1 Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method + Amortization of intangible assets associated with corporate acquisitions

Financial targets (business profit)

- Pursue higher asset and capital efficiency

	Phase I	Phase II	Phase III
ROA*2	4.5% level	5% level	5% or more
ROE*3	9% level	10% level	10% or more

*2 ROA = Business profit / Average total assets during the period

*3 ROE = Profit attributable to owners of parent / Average shareholders' equity during the period

Shareholder returns policy

- Ensure high shareholder returns. In addition, to increase dividend stability, a new policy setting a minimum DOE*4 of 4% was added for the annual dividend.

	Phase I	Phase II	Phase III
Shareholder returns policy	Total return ratio: 40-50%	Dividend payout ratio: 40% level	

*4 DOE = Annual dividend / Average shareholders' equity during the period

Financial strategy

Business portfolio strategy

Plan

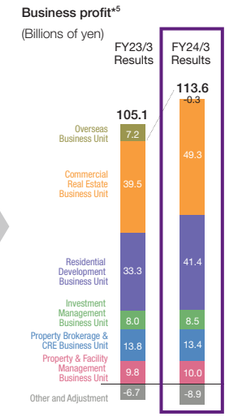
- Leverage the characteristics of each business to achieve a business portfolio that combines profit growth as well as high asset and capital efficiency
- Achieve a business profit growth rate around the 8% level through business expansion and profitability improvement powered by intragroup business collaboration and the value chain, starting with leveraging our development capabilities
- Aim for an ROA of 5% or more by taking advantage of a combination of businesses with differing profit structures and risks

Business type	Property Sales Business		Service & Management Business		Leasing Business
Business characteristics	Overseas property sales	Domestic property sales	Property brokerage & CRE	Investment management / Property & facility management	Leasing
Investment risks	Medium to high	Medium	Low	Low	Medium
Earnings fluctuation risks	High	Medium	Medium to low	Low	Low
ROA target	ROA (medium)		ROA (high)		ROA (low)
	By improving profitability, this business will achieve a high level of ROA even when expanding investment.		Aim for stable revenue (low risk of earnings fluctuation) with ROA of 5% or more through profit growth in the service & management business and the improvement of the leasing asset portfolio's profit rate.		

Results (FY2024/3)

- Business profit totaled ¥113.6 billion (up 8.1% year on year)
- Achieved an ROA of 5.2%, which surpasses our Phase I target, by taking advantage of a combination of businesses with differing characteristics

Business profit*5



ROA of each business unit

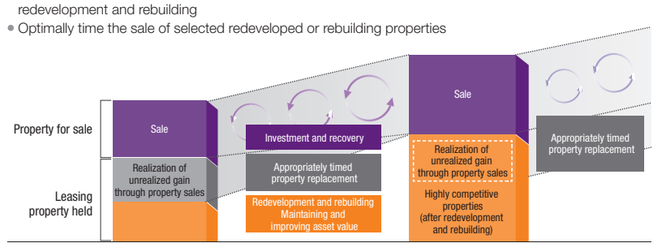
Overseas Business Unit	–0.2%
Commercial Real Estate Business Unit	4.0%
Residential Development Business Unit	6.3%
Investment Management Business Unit	14.6%
Property Brokerage & CRE Business Unit	46.2%
Property & Facility Management Business Unit	20.2%
Other	12.3%
Total	5.2%

*5 Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.

Leasing asset portfolio strategy

Plan

- Realize unrealized profit by selling properties that are relatively inferior in terms of medium- to long-term competitiveness
- Improve leasing asset portfolio quality by increasing the proportion of highly competitive properties via redevelopment and rebuilding
- Optimally time the sale of selected redeveloped or rebuilding properties



Results (FY2024/3)

- Recorded gross profit of ¥36.2 billion through property sales (Commercial Real Estate Business Unit)
- Posted an extraordinary gain of ¥5.9 billion through the sale of non-current assets
- Transferred a portion of non-current assets to inventories with an eye to divesting them over the medium to long term (the balance-sheet amount of transferred assets is approximately ¥1.5 billion as of March 31, 2024)
- Promoted BLUE FRONT SHIBAURA (Shibaura Project) and Nihonbashi 1-chome Central District Redevelopment

Investment and recovery strategy

Plan

- Expanded net investment even as we maintained ROA and ROE to secure high profit growth

(Billions of yen)

	Phase I (FY23/3 – FY25/3)	Phase II (FY26/3 – FY28/3)	Phase III (FY29/3 – FY31/3)	Total
Residential Development				
Investment	850.0	850.0	900.0	2,600.0
Recovery	800.0	850.0	900.0	2,550.0
Commercial Real Estate				
Investment	700.0	800.0	1,000.0	2,500.0
Recovery	450.0	700.0	850.0	2,000.0
Overseas				
Investment	150.0	200.0	200.0	550.0
Recovery	50.0	150.0	200.0	400.0
Total				
Investment	1,700.0	1,850.0	2,100.0	5,650.0
Recovery	1,300.0	1,700.0	1,950.0	4,950.0
Net investment	400.0	150.0	150.0	700.0

* Figures in the table are rounded to the nearest ¥50.0 billion

Results (cumulative total for both FY2023/3 and FY2024/3)

- Invested ¥205.0 billion to date, making progress under our net investment plan, which sets aside a total of ¥400.0 billion for Phase I

(Billions of yen)

	During Phase I (Cumulative total for both FY23/3 and FY24/3)
Residential Development	
Investment	497.0
Recovery	468.0
Commercial Real Estate	
Investment	307.0
Recovery	201.0
Overseas	
Investment	98.0
Recovery	28.0
Total	
Investment	902.0
Recovery	697.0
Net investment	205.0

DX Strategy

DX initiatives are key to the expansion and improvement of value creation and to the realization of “Be a ‘Life & Time Developer,’ as never seen before.” We will link strategic investments and initiatives unique to the Group with new value creation while focusing on business sectors in which we can leverage our strengths.

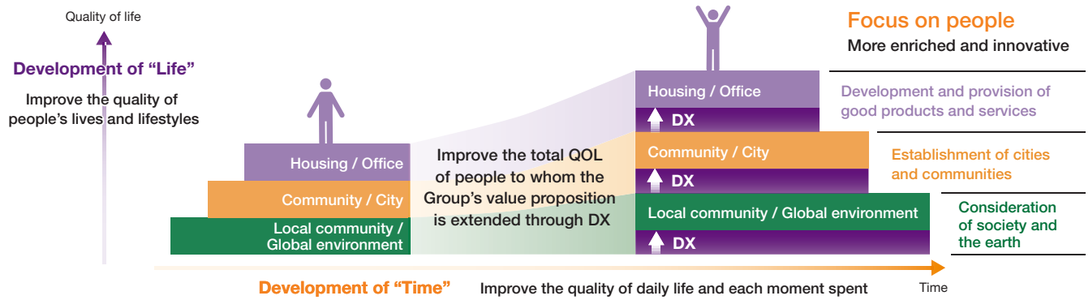
Overview of our DX strategy

Value proposition targeted in our DX strategy (Realization of the Digital Dream)

At the core of our DX strategy is our approach to connect closely with individuals, which places an emphasis on each individual person. We aim to harness this approach to develop and provide products and services that contribute to the improvement of customers’ quality of life (QOL). The Company uses the phrase “Realization of the Digital Dream” to express DX-driven value creation.

QOL improvement

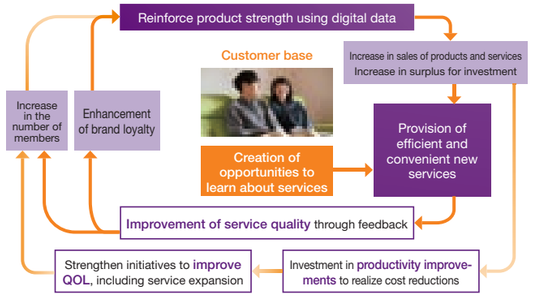
To improve QOL, we place emphasis on the following two aspects: Life (people’s respective lives) and Time (every moment of their time). We aim to provide new products and services by stepping up our development efforts with a further focus on people through DX.



Establishment of a DX strategy platform

We will aim to establish a platform that utilizes digital data by building on one of the Group’s strengths, its customer base. From a user’s perspective, the platform will also contribute to the improvement of people’s QOL, as various products and services will be available from one touch point.

A platform service built on the Group’s customer base



Promotion system

As a subordinate organization of the Management Committee, we have established a DX Strategy Committee, which discusses investment plans, such as establishing policies and plans regarding the promotion of DX, improving the ICT environment, and preparing the ICT base. In promoting our DX strategy, specific issues are addressed at regular meetings of various working groups across the Group.

Investment plan and progress

The Group is focusing on improving the QOL of customers using DX and improving productivity by revising various work processes and introducing systems. In addition, digital security is becoming increasingly important, and, recognizing this, the Group plans to invest a total of ¥130.0 billion in DX and ICT over the nine-year period of the Mid- to Long-term Business Plan. (Cumulative total over nine years: ¥60.0 billion in DX, ¥70.0 billion in ICT.) As for progress regarding the Group-wide investment plan over the two years since formulating the Mid- to Long-term Business Plan, we invested around ¥30.0 billion in DX and ICT and are simultaneously strengthening our efforts to hire and develop DX human resources.

DX investment themes and progress

Regarding DX investment, our policy is to concentrate funding and human capital in areas where we can best leverage the Group’s advantages. Aiming to meet the diversifying needs of customers and assign our limited human resources to higher value-added operations, we select targets for investment aligned with our DX strategy, looking to establish foundations that will help enhance the productivity of our operations and to promote initiatives related to developing and providing products and services that help customers enhance their QOL. In addition, we are currently carrying out pilot testing to assess the progress of these and other initiatives that have already begun providing services. We are already seeing the effects of the construction of a common cloud platform for the Group and the in-house development of prototype systems. In addition, regarding the progress of DX, we confirm the status of investment and the progress of processes under each theme through the DX Strategy Committee every month.

Main investment themes and specific examples

Enhancing QOL

Services that we have begun providing
- WillTAP (an app for condominium residents)
- NOMURA no KURASUMA (a general services website related to living and housing)
- NOMURA WORK-LIFE PLUS (a service for employees of office building tenant companies), etc.

Pilot testing under way
- Robot delivery
- Techrum inter-company co-creation program (verification of the effects of distribution automation and operations)
- Parking lot contract system for condominium residents, etc.


NOMURA no KURASUMA’s website

Enhancing the productivity of operations

Already in use
- Construction of a common cloud platform for the Group

Pilot testing under way
- Switching to smart services for the management of condominium and office building
- Utilizing cleaning robots inside office buildings
- Brokerage and CRE proposals utilizing AI
- Utilizing digital technologies at the Group’s new head office (BLUE FRONT SHIBAURA)


Use of automated meter reading using image analysis in office building management


Test of work styles using DX in the new head office

DX Initiative 1: nomu.com AI Advisor

We began offering the nomu.com AI Advisor, a dialogue-based chat service using generative AI.

Released in November 2023, the Q&A format used by another service, AI Answer Plus (beta), resembles that of previous chatbots. nomu.com AI Advisor on the other hand is a service that acts as an advisor and offers proposals based on customers’ desired specs and issues.

This advisor is capable of proposing properties, of course, but also of providing a wide range of real estate information, such as explaining layouts and providing data on elementary and middle school districts.

This initiative offers digital services that are aligned with customer needs while making the Company’s operations more efficient and making it easier to find a home.



DX Initiative 2: Interior Online Salon (e-commerce site)

The Interior Online Salon is a service that enables customers to search the interiors of new residences whenever they like from home or when on the go. For customers who have signed contracts for our newly built housing, the salon synchronizes with interior tour events held in person and provides valuable experiences that blur the line between online and in-person activities.

Customers can complete inspections, quotations, applications, and payments online while consulting with interior advisors, making the whole process much more convenient.



Digital technology utilization highlights

Expand target customer cohort
Use the e-commerce site to expand contact points with customers

Enhance operational efficiency
Digitize operations, mainly ordering and customer management, to enhance efficiency

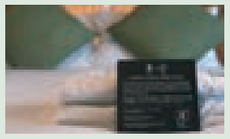
Expand provided value
Offer comprehensive services and utilize data to meet customer needs

Materiality and Sustainability Strategies

The Group sees new growth opportunities in changes to the management and business environment, including in areas related to such global issues as climate change, intensifying disasters, and diversifying social values. We believe that to take advantage of these opportunities, not only must the Group clarify its direction with regard to the long term but each employee needs to follow suit with regard to their own careers. In line with this belief, we formulated and released the sustainability policy called Earth Pride as our vision for 2050. This policy is consistent with the Group Vision, "New Value, Real Value," and the Nomura Real Estate Group Vision for 2030, "Be a 'Life & Time Developer,' as never seen before," and is positioned as a guide showing us the way forward. In addition, the policy—which uniquely focuses on people—serves is the basis of the Company's sustainability framework.

The sustainability policy encompasses three themes: "Pursuing humanity," "Maintaining harmony with nature," and "Building the future together." To realize goals set in line with these themes, we have identified five priority issues (materiality) that Group should address by 2030.

Contributions to the Group's sustainable growth and enhancement of medium- to long-term corporate value

Priority issues (materiality)	Background and aims		FY2031/3 KPI	FY2024/3 Results
Decarbonization To solve climate change issues, work to reduce total CO_2 emissions throughout the entire supply chain by promoting energy conservation, low-carbon businesses, and a shift to renewable energy in the properties the Group develops.	● These worldwide issues are expected to persist to 2050 and the real estate industry is expected to contribute to their various solutions. ● As the Group's businesses use a lot of natural resources and energy, environmental problems impact business continuity. ● Such environmental problems can have major impacts on not only the Group's businesses but also the lives and businesses of our stakeholders.	● Addressing climate change issues, the Group aims to reduce its total CO_2 emissions by promoting a shift to renewable energy, the decarbonization of businesses, and energy conservation in the buildings it develops.	CO_2 emissions: reduce by **35%**	CO_2 emissions (compared with FY2020/3) Scopes 1 & 2: Approx. 50% reduction Scope 3[*1]: Approx. 35% reduction
			Energy conservation performance indicators in new buildings: Maintain ZEH/ZEB-oriented standards	In FY2024/3, we achieved the BEI[*2] target in line with our KPIs set for each fiscal year.
Biodiversity By restoring the forest cycle in Japan, contribute to CO_2 absorption and to the natural environment through urban afforestation and forest preservation, thus enabling rich biodiversity.	● Climate change is garnering attention as the next worldwide issue, and studies aimed at formulating guidelines and enshrining them into law are already being pursued by the United Nations and other entities. ● To conserve the natural environment, we are working to restore the forest cycle in Japan through urban afforestation and forest preservation aimed at ensuring rich biodiversity.		Develop timber-based buildings: Carbon storage amount: **10,000 t-CO_2/year**[*3]	15,700 t-CO_2/year
			Obtain biodiversity certification	4 total
Circular design Contribute to a decarbonized society and a circular economy through urban development and service provision that focus on assuring longer property lives, recycling, and resource sharing.	● As attention turns to the importance of a circular society, building resource recycling systems into corporate activities will be a priority issue. ● We aim to contribute to a decarbonized society and a circular economy through urban development and service provision focused on reducing waste emissions, assuring longer property lives, recycling, and resource sharing.	 Resource recycling services at Hotel Niwa Tokyo	Initiatives to promote building longevity: Implementation rate of the Company's own standards: **100%**	89%
			Promote waste reduction and increase recycling rate: Rate of reducing industrial waste: **20%**	24%
Diversity & inclusion Create an organization that enables diverse workers, including women and foreign nationals, with various backgrounds and values to make meaningful contributions.	● As a corporate organization that links communities to the future, the Group aims to facilitate the realization of values and lifestyles of diverse people. ● To this end, the Group itself first needs to be an inclusive organization that mutually recognizes the existence and unique traits of diverse people.	● We will create value for long-term corporate growth by creating products and services that meet diverse social needs and fully leveraging the capabilities of diverse human resources.	Female manager and junior manager ratio: **20%**	14.7%
			Childcare leave utilization rate by men and women: **100%**	101.2%[*4]
			Providing products and services with inclusive designs[*5]	Held four hands-on workshops (51 total participants)
			Percentage of implementation of one-on-one meetings: **100%**	82.1%
Human rights Solidify a corporate foundation of mutual respect for the dignity and basic human rights of every employee and business partner.	● As a corporate organization that links people and communities to the future, the Group has a responsibility to realize a sustainable society in which everyone can experience wellness. ● We assume that acting to ensure dignity for all people and respect for basic human rights is indispensable to the Group's business activities.	 Social gatherings for engineering interns	Creation of a human rights due diligence system	Results are featured on ▶p. 51
			Procurement guideline survey implementation rate: **80%**	56%
			Percentage of participation in human rights training: **100%**	100%[*6]

Contributions to decarbonization

The formulation process for and instillment of the sustainability policy, priority issues (materiality), and key performance indicators (KPIs)

- A total of more than 460 people participated in the formulation of the sustainability policy. Mid-career and young employees (183), management level (214), stakeholders (41), etc.
- In the Group-wide Wellness and D&I Awareness Survey under the banner of "Your Voice Creates New Value, Real Value," there was around a 53% instillment rate for the sustainability policy and materiality.
- With the aim of instilling the Group's sustainability initiatives internally and externally, we updated our website (Connect with everyone! https://www.minnade-tsunagu.com/ (Japanese only)) and set up sustainability business unit secretariats at each of the Group's business units.

STEP 1 Study a broad range of long-term social issues

STEP 2 Identify elements important to the Group

STEP 3 Identify elements important to stakeholders

STEP 4 Set the three themes of the sustainability policy and identify priority issues (materiality)

STEP 5 Set priority issues (materiality) and key performance indicators (KPIs)

*1 Scope 3 covers only categories 1 and 11

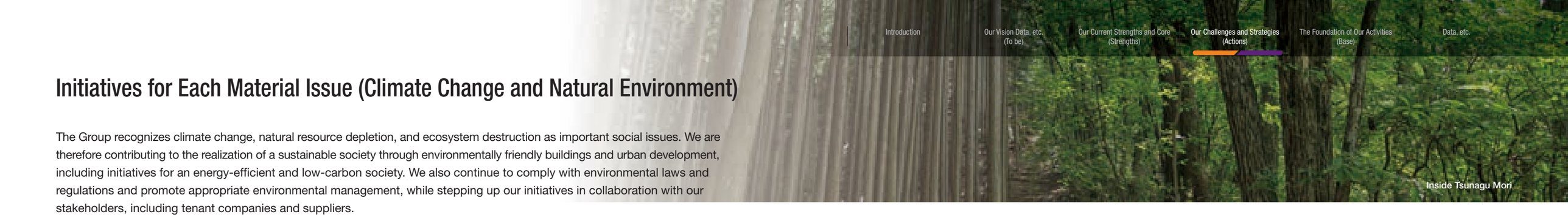
*2 Building Energy-efficiency Index

*3 Calculated using estimates based on Japan's Forestry Agency's wood carbon storage calculation guidelines
16,500 m^3 of wood used is equivalent to around 50,000 cypress logs or 65 ha of manmade cypress forest, which is estimated to provide around 10,000 t-CO_2 of carbon storage.

*4 The denominator is the number of female employees who gave birth and the number of male employees whose spouse gave birth in the corresponding fiscal year. The numerator is the number of female and male employees who took birth childcare leave, childcare leave, and leave through the leave system for childcare in the corresponding fiscal year.

*5 An innovative approach to designing products and services that incorporates the input and reflects the backgrounds and values of diverse individuals

*6 The participation rate for the online human rights, wellness, and D&I training conducted Groupwide


Inside Tsunagu Mori

Initiatives for Each Material Issue (Climate Change and Natural Environment)

The Group recognizes climate change, natural resource depletion, and ecosystem destruction as important social issues. We are therefore contributing to the realization of a sustainable society through environmentally friendly buildings and urban development, including initiatives for an energy-efficient and low-carbon society. We also continue to comply with environmental laws and regulations and promote appropriate environmental management, while stepping up our initiatives in collaboration with our stakeholders, including tenant companies and suppliers.

Contribution to the urgent global issue of reducing CO_2 emissions, biodiversity preservation and the realization of a circular society that contributes to CO_2 reduction

Decarbonization

Low carbon (reduce CO_2 emissions when constructing buildings)

Switch to timber-based buildings

- Proactively using timber, which is a low-carbon material, in the construction of residences and offices
- Making it a policy to use wood for the standalone common buildings of condominiums
- Promoting the R&D of wooden building materials that contribute to carbon storage in buildings

- Striving to use a total of 10,000 m^3 of domestic timber over five years
- Using timber cut under the Integrated Forest Management Project in Tokyo in the Company's business and storing carbon (Estimated cumulative savings of 11,000 t-CO_2 over 30 years)

Energy-saving (reduce CO_2 emissions when using buildings)

Promote the development of ZEH/ ZEB-oriented standard buildings

- We formulated a long-term roadmap aimed at achieving ZEH standards for the Residential Development Business Unit and ZEB standards for the Commercial Real Estate Business Unit by 2030. In addition, we link officer remuneration to levels of achievement for each fiscal year.
- We also promote ZEH for detached housing. We aim to increase ZEH detached housing, which accounted for 25% of the total in the fiscal year ended March 2023, to over 50% by the fiscal year ending March 2026.



Achieved net-zero CO_2 emissions for the entire district covered by BLUE FRONT SHIBAURA, a large-scale, mixed-use development

- Having incorporated various energy-saving initiatives, the South Tower office space is slated to receive ZEB-oriented certification.
- We plan to introduce solar power and carbon-neutral city gas through the Group's energy business and other sources.
- In the offices of the South Tower, we installed energy-saving products (hybrid air-conditioning combing radiator and convection systems, high-performance low-e double pane windows, etc.)

Renewable energy (use renewable energy, which has low CO_2 emissions)

Joined the RE100 initiative and promoted renewable energy procurement

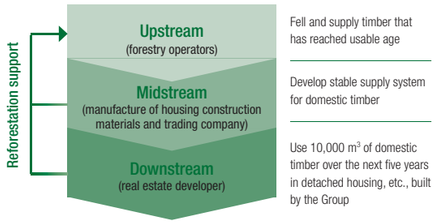
- We joined the RE100 initiative in January 2022.
- We had introduced renewable energy at all leasing properties in Japan,* including tenant portions, by the March 2024 fiscal year-end.
- We newly introduced around 11GWh/year in renewable energy with 100% additionality through X-PPA, which is an electric power service that uses storage batteries provided by PowerX, Inc.
- In the Tokyo Metropolitan Area, which does not have much unused real estate, we are promoting a Virtual Mega Solar power system, which will introduce solar power equipment with cumulative output on par with a mega solar power plant (total output of 1,000 kW) to areas of detached housing (around 300 units annually).

* Excluding leasing assets (including the portions used by tenants) for which Nomura Real Estate Development has concluded direct power agreements with electric power companies, assets owned by Nomura Real Estate Development and portioned and shared with other parties, assets held for sale or demolition, and the common spaces of some rental residences

Biodiversity

Concluded an agreement with Japan's Ministry of Agriculture, Forestry and Fisheries and timber trading companies to encourage the use of timber in buildings

- Building a supply chain that can stably supply domestic timber



Concluded an agreement with the Tokyo Metropolitan Government to encourage the use of timber for buildings

- In the forests owned by the Company in Okutama Town, we are promoting biodiversity initiatives and the growing of sustainable forests for local production and local consumption.

Formulated the Nomura Real Estate Group Biodiversity Policy

- We formulated a policy aimed at realizing nature positive effects under the supervision of the World Wildlife Fund Japan.
- Please visit the following URL to review the policy. https://www.nomura-re-hd.co.jp/cfiles/news/n2024070302464.pdf (Japanese only)

Circular design

Promote building longevity

- Adopt highly durable parts, materials, and construction methods for new construction and provide large-scale renovations under the re:Premium and re:Premium Duo brands via Nomura Real Estate Partners

These initiatives have enabled the cycle of large-scale repair work to be extended from the typical 12 years to 16 to 18 years.

re:Premium リ・プレミアム
re:Premium Duo リ・プレミアム デュオ

Sharing

- **PMO × TURNKEY OFFICES (new expansion of turnkey offices)**

PMO's designer offices include furnishings and equipment. This service helps reduce waste while also speeding up office setup for tenants (time and performance) and reducing costs (moving costs and labor).

- **Introduced PASSTO, a service that collects, selects, reuses, and recycles unused items**

At some of the retail facilities, hotels, and residences the Group operates and manages, we promote the collection of unused items from facility users for sale on markets for used goods. When the alternative is combustion, this helps reduce CO_2 emissions.

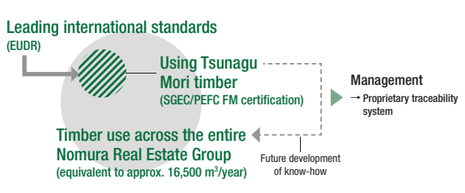


Mori wo Tsunagu TOKYO project



Timber supply management for Tsunagu Mori in compliance with leading international standards

- The timber of Tsunagu Mori is supplied using traceability systems we have developed in house with the aim of achieving timber supply management on par with leading international standards (European Union Deforestation Regulation (EUDR).
- We acquired SGEC forest management (FM) certification and PEFC certification under an international mutual recognition system. We are encouraging everyone in the timber supply chain to acquire forest certifications.



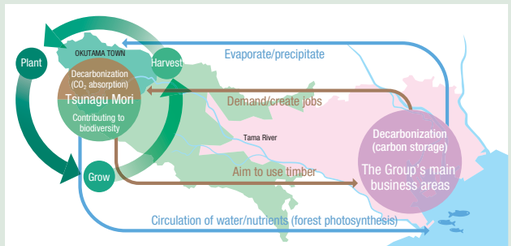
Proprietary monitoring to achieve our vision for Tsunagu Mori

- Every five years, we conduct an ecosystem survey that meets international standards to assess long-term changes in ecosystems.
- In addition, we conduct regular annual observations to catch and monitor changes that emerge relatively quickly.



Building a new economic cycle that connects cities and nature

- We have implemented a cycle of planting, nurturing, and harvesting trees. Harvested trees are turned into materials and the timber is used in urban areas. In this way, we create a new economic cycle in the space between urban and mountainous areas.
- The Company collaborates with multiple co-creation partners, including the Tokyo Prefectural Forest Owners' Cooperative Associations, local material processors, and building materials manufacturers. Together we utilize Tokyo's forest resources and promote growing sustainable forests for local production and local consumption.



Roadmap to decarbonization

Initiatives for decarbonization are a major pillar of the Group's sustainability strategy (climate change and natural environment). While adhering to the principles of the TCFD, SBT, and RE100, we collaborate with outside companies and focus on unique initiatives as a real estate developer.

Response to the TCFD

Nomura Real Estate Holdings and Nomura Real Estate Asset Management are fully aware that the substantial impact of climate change on their business continuity is a major management issue. Therefore, to better promote further initiatives addressing this issue, they have agreed to abide by the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and also joined the TCFD Consortium, an organization of companies in Japan that support the TCFD.

1. Governance

The Sustainability Committee deliberates Group-wide policies and targets related to the promotion of sustainability, including climate change. The committee reports the content of its discussions to the Board of Directors and Management Committee as appropriate. The President, Representative Director, and Group CEO of Nomura Real Estate Holdings serves as its chair.

Highlights

- Introduced evaluations based on BEI figures (energy-saving performance indicator) as a nonfinancial indicator related to officer compensation
- Reported CO_2 reduction results (preliminary figures and actual results) two times during the year to the Board of Directors

For details, please visit the Company's website.
Special Feature: Responding to the Taskforce on Climate-related Financial Disclosures (TCFD), Governance
https://www.nomura-re-hd.co.jp/english/sustainability/special/

2. Strategy

Upon considering climate change response strategies, the Group conducted a qualitative scenario analysis based on the IPCC Sixth Assessment Report and the details of the Paris Agreement. In the analysis, we examine the risks and opportunities that may be presented to the Group as a result of climate change and consider and implement strategies and policies that capture such risks and opportunities.

Highlights

- Conducted quantitative analysis for the 1.5°C scenario
- Considered new reduction targets based on said scenario

For details, please visit the Company's website.
Special Feature: Responding to the Taskforce on Climate-related Financial Disclosures (TCFD), Strategies
https://www.nomura-re-hd.co.jp/english/sustainability/special/

Identifying Risks and Opportunities

The TCFD recommendations categorize climate change-related risks and opportunities into transition risks and opportunities (policy and legal, technology, market, and reputation) and physical risks and opportunities (acute and chronic). In line with these categories, for each risk and opportunity, the Group identifies the degree of impact on finances (small, medium, large) and the degree of impact on the timeline (short, medium, long).

	Degree of impact setting	Degree of impact on consolidated business profit	Reference: Standard amount of degree of impact based on FY2024/3 Results (amount/year)
Financial impact Degree of impact standard setting	Large	10%-	¥11.3 billion–
	Medium	5%-10%	¥5.6–¥11.3 billion
	Small	-5%	–¥5.6 billion

	Duration of impact setting	Forecast period
Timeline setting	Short term	–2025
	Medium term	–2030
	Long term	–2050

Results of scenario analysis

Our recognition	Category: Large category	Category: Small category	Items	Quantitative analysis: 1.5°C Degree of impact	1.5°C Duration	4°C Degree of impact	4°C Duration
Risks	Transition risks	Policies and regulations	Increase in construction costs to meet ZEH/ZEB standards	Small	Medium to long	None	None
			Increase in the carbon tax imposed on the Company's own emissions (Scopes 1 & 2)	Small	Medium to long	Small	Short
		Market	Rise in the burden of carbon tax in development costs (Scope 3 Category 1)	Medium	Medium to long	Small	Short
			Investments in energy-efficient equipment	Small	Medium to long	None	None
		Reputational	Loss on annual leases of non-ZEB properties	Medium	Medium	None	None
		Technical	Change in reliability of businesses and products	—	—	—	—
	Physical risks	Acute	Increase in losses due to intensifying wind and water damage (floods)	Small	Long	Small	Long
		Chronic	Damage from rising sea levels (floods)	Small	Long	Medium	Long
			Damage from rising temperatures (extremely hot days, on which the temperature rises above 35°C)	Small	Long	Small	Long
Opportunities	Transition opportunities	Policies and regulations	Enhancement of subsidy systems, including for energy-saving technologies, ZEBs, and ZEHs	—	—	—	—
		Market	Solar power earnings	Small	—	—	—
		Reputational	Increase in ZEB property sales earnings	Medium	Medium	None	None
			Increase in ZEH property sales	Large	Medium	None	None
		Technical	Changes in the reliability of business and products	—	—	—	—
			Decrease in funding procurement costs due to a reduction in CO_2	Small	Short	Small	Short
			Decrease in heating costs due to higher energy-efficient performance	Small	Medium	Small	Medium

Note: A bar (—) is used for some items that are currently difficult to quantify.

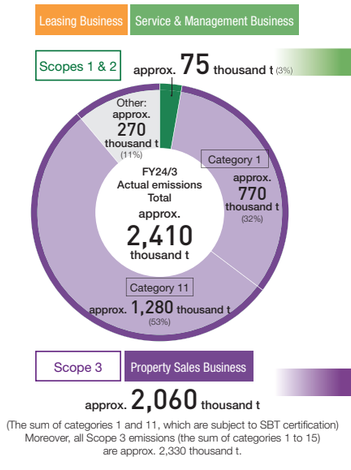
3. Risk management

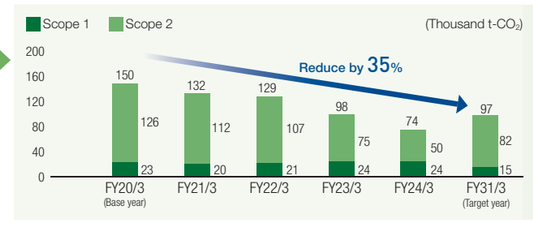
For details on sustainability-related risks, including climate change, please visit the Company's website.
Special Feature: Responding to the Taskforce on Climate-related Financial Disclosures (TCFD), Risk Management
https://www.nomura-re-hd.co.jp/english/sustainability/special/

4. Indicators and targets

The Group acquired SBT certification in 2020 and also joined RE100 in January 2022. "Indicators and targets" have been set according to these certifications and the GHG protocol.

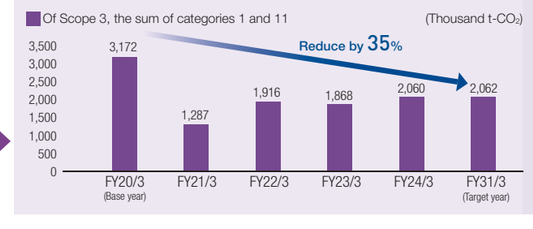
For details on indicators related to greenhouse gas emissions and indicators related to renewable energy, please visit the Company's website.
Special Feature: Responding to the Taskforce on Climate-related Financial Disclosures (TCFD), Indicators and Targets
https://www.nomura-re-hd.co.jp/english/sustainability/special/





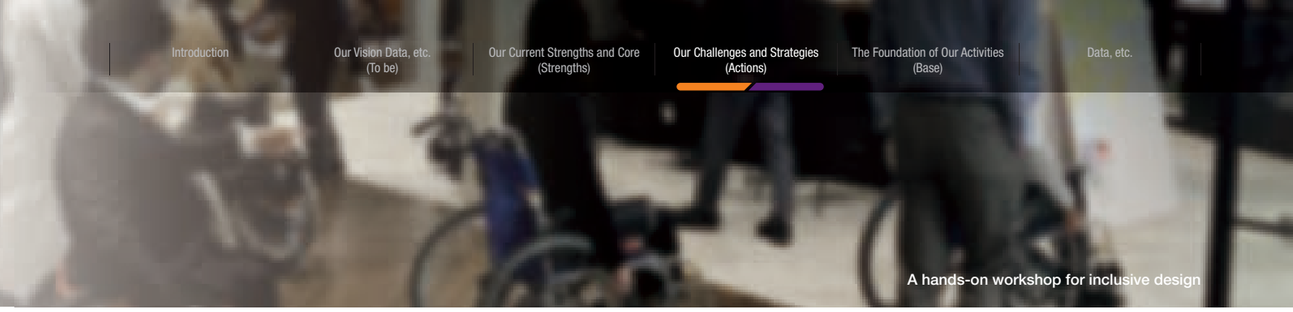
Reduction measures

- Adopt energy-efficient products for various equipment (LED, air-conditioning equipment, etc.)
- Utilization of renewable energy



Reduction measures

- Improve energy efficiency in new building
- Promote use of low-carbon materials (timber, etc.) in construction


A hands-on workshop for inclusive design

Initiatives for Each Material Issue (Society and Employees)

As a corporate organization that links people and communities to the future, the Group aims to realize lifestyles suited to people with diverse backgrounds and values. In all of its business activities, the Group respects the dignity and basic human rights of all people and promotes sustainability for co-creation that transcends organizations and business categories by setting diversity & inclusion and human rights as priority issues.

Strengthening the foundation for promoting sustainability for "co-creation" that transcends organizations and business categories

Diversity & inclusion

Roadmap for promoting diversity & inclusion (D&I)

Step I (FY23/3 and FY24/3)
Raise diversity and inclusion awareness
Foster a corporate culture in which employees respect one another's differences and feel accepted themselves

Step II (FY25/3 and FY26/3)
Routinely incorporate diversity and inclusion into business activities
Diverse organizations and people work together and continue to take on challenges themselves

Step III (FY27/3 to FY31/3)
Develop a culture of innovation
Create new value

Foundation: Flexible ways of working, wellness of mind and body, psychological sense of safety

Specific measures (excerpt)
- Diversity and inclusion training for all Group employees
- Measures to encourage men to take childcare leave
- Awareness survey targeting Group employees
- A framework for inclusive design initiatives

Key goals for Step I
(1) Achieve annual paid leave acquisition targets
(2) Achieve 100% childcare leave utilization rate by men and women

TOPIC Urban development connecting D&I × local communities

Striving to solve social issues and foster D&I among employees through educational programs

The Group conducts various educational programs that combine area management and new value creation by promoting D&I. Through the classes we offer, we also aim to foster a D&I mindset among employees, nurture children's interest in their communities, and enable the educators and instructors to rediscover the magic of their communities.
By conducting these programs, we expect to foster a sense of community and collaboration across generations that extends to local communities and elementary schools.



● Initiatives related to childcare leave for men and women
- Encouraging men and women to take childcare leave as a key measure for promoting D&I
- Eight Group companies made childcare leave for birth (post-birth father childcare leave) paid. Childcare leave utilization rate by men reached more than 100%.

● Initiatives related to products and designs with inclusive designs
- Held hands-on inclusive design workshops participated in by wheelchair users and the visually impaired for various businesses
- Held hands-on inclusive design workshops participated in by lead users for various businesses
- Developed original furniture using timber from the Tsunagu Mori with lead users

Note: The Group's definition of inclusive design: A method of gaining new insights and creating unprecedented value through the participation of people with diverse backgrounds and values (lead users) in such processes as creating products and services.


Hands-on inclusive design workshops

● Initiatives for female managers
- Held networking events for the Group's female officers and managers
- Continued initiatives across the entire Group related to recruiting and retaining female managers

● One-on-one meetings
- We consider dialogue highly important to foster an inclusive workplace. We set a KPI of holding one-on-one meetings with 100% of employees across the entire Group.
- Group-wide training session for learning how to hold one-on-one meetings with second year trainees and newly appointed managers

● Others
- Introducing caregiving support services
- Introducing partnership systems
- Holding a recruitment event for LGBT businesspeople titled Nomura Real Estate's Business and D&I Promotion
- With the aim of retaining women, held female health seminars as part of Group-wide training for junior managers

Human rights

Human rights due diligence roadmap

Phase 1
- **STEP 1** Clarifying human rights risks and issues in the value chain
  Human rights risks are identified on two axes: "all concerned stakeholders" and "the Company's value chain."
- **STEP 2** Identifying significant human rights issues
  To identify particularly serious human rights risks, risks are mapped on the two axes of "severity of impact" and "probability of occurrence."
- **STEP 3** Formulation of the Human Rights Policy
  Following deliberation by the Sustainability Committee, the Human Rights Policy was approved by the Board of Directors.

Phase 2
- **STEP 4** Establishment of a system to implement human rights due diligence
  Following an investigation involving related departments and an analysis of the current situation, four priority issues were identified, and 16 to-do lists were created. (The priority issues being: (1) Wellness and human rights of employees; (2) Overseas business, non-Japanese workers; (3) Human rights in the supply chain; and (4) Remedial measures)
- **STEP 5** Implementation of human rights due diligence and the PDCA cycle
  The four priority issues and 16 to-do lists are being addressed (e.g., survey on form of employment of overseas non-Japanese employees, fact-finding survey given to non-Japanese technical interns hired by suppliers etc.)

Phase 3
- **STEP 6** Establishment of a grievance mechanism

Engagement with the Group's Procurement Guidelines

- **FY2019/3-** Efforts to raise awareness of the Group's Procurement Guidelines
  Since the disclosure of the guidelines in 2018, the Group has conducted awareness-raising activities targeting around 4,600 companies.
- **FY2021/3** Engagement activities with 10 business partners
- **FY2022/3** Expand the targets of engagement companies
- **FY2023/3** Review of the Group's Procurement Guidelines / Further expand the targets of engagement companies
- **FY2024/3** Take measures to enhance implementation rate

	FY2021/3	FY2022/3	FY2023/3	FY2024/3
1. Total transaction value*	Approx. ¥237.0 billion		Approx. ¥280.0 billion	Approx. ¥303.5 billion
2. Companies that were sent surveys	Approx. 200		Approx. 300	Approx. 300
3. Companies that returned surveys	89		154	132
4. Total value of transactions with companies that returned surveys	Approx. ¥90.0 billion		Approx. ¥143.0 billion	Approx. ¥171.2 billion
5. Implementation rate (4. /1.)	**37%**		**51%**	**56%**
6. Number of direct interviews held	10		10	10

Increase awareness of the guidelines, mainly among new business partners

* The total transaction value is the annual transaction value with the Group's major companies.

Built a human due diligence system

Addressing the four priority issues established in the three-year roadmap (FY23/3–25/3), we will take the following initiatives.
The current roadmap will end FY25/3, and we plan to begin executing a new three-year roadmap from FY26/3.

● Wellness and human rights of employees
- Rolled out the fact-finding survey to Group companies in Japan and overseas. Based on survey results, we hold direct interviews with two companies. Based on survey and interview results, we identify issues and consider policies to address them.

● Overseas business and non-Japanese workers
- Began enforcing overseas project evaluation standards that include human rights elements
- For Group companies employing foreign national employees, we created a human rights risk check list and began implementing it. We held direct interviews with two foreign national engineering interns and confirmed that their employment framework aligns with human rights.

● Human rights in the supply chain
- Created and distributed a hearing sheet for suppliers to use in determining the employment status of non-Japanese technical interns
- We began engaging consultants from FY24/3. For suppliers, we raised awareness by holding study groups related to human rights and provided feedback after engagement.

● Remedial measures
- Encouraged the establishment of systems for remedial measures, including whistleblowing systems and consultations (expanded the help desks that can respond to human rights problems)
- We aim to establish human rights due diligence and systems for remedial measures at overseas businesses aiming to expand their operations

● Dialogues with stakeholders
- Held a study group through FoE Japan, a non-profit organization, for human rights subcommittee members. We assessed the onsite situation, such as human rights violations that could occur during timber procurements, and held a Q&A session.
- For aspiring members of the Human Rights Due Diligence Promotion Committee in the construction and real estate field, we held an opinion exchange meeting with the International Organization for Migration (IOM) about human rights risks in overseas businesses in the real estate industry.

Strategies by Business Unit

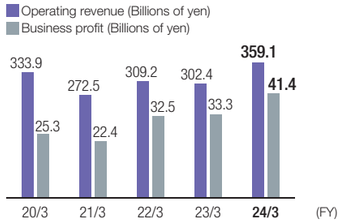
Residential Development Business Unit



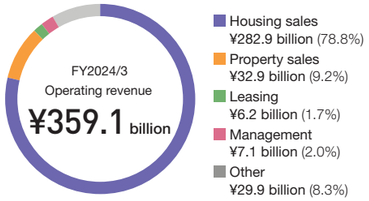
Haruhiko Nakamura
Executive Officer,
Business Unit Manager of the Residential Development Business Unit

Major Group companies Nomura Real Estate Development/Nomura Real Estate Wellness/PRIME X/First Living Assistance/Nomura Real Estate Hotels/UDS/Okinawa UDS

Operating Revenue and Business Profit*1



Operating Revenue Composition*



*1 Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted. Unadjusted operating revenue was ¥351.8 billion and unadjusted business profit was ¥40.8 billion.

Message from the Business Unit Manager

Medium- to long-term profit growth policy

Haruhiko Nakamura
Business Unit Manager of the Residential Development Business Unit

As a key growth policy for the Residential Development Business Unit with regard to our housing sales, despite a decline in the supply of new condominiums, we are working to strengthen our redevelopment and reconstruction projects and to expand our product lineup to meet diversifying needs with the aim of maintaining a stable supply.

In our property sales business, in addition to the PROUD FLAT rental housing series and the OUKAS health-promoting senior housing series, we are considering new asset initiatives that meet the needs of changing lifestyles. In the hotel business, which was transferred from the Commercial Real Estate Business Unit in April 2024, we intend to expand the business by leveraging UDS Ltd.'s planning, design, and management capabilities as well as product planning capabilities cultivated in existing residential businesses.

Through our diverse products and businesses, we will work to add value unique to the Company and ensure high profitability through the creation of products that customers will appreciate.



Nishi-Azabu 3-chome Northeast District Redevelopment Project

Main Businesses

Housing Sales

- Development and sale of condominiums and detached housing

PROUD / PROUD SEASON / OHANA



PROUD Shirokanechojamaru | PROUD SEASON Shonan-Fujisawa Mutsuai | OHANA Shin-Tokorozawa Duhare

Rental housing

- Development, leasing and sale of rental housing

PROUD FLAT



PROUD FLAT Ryogoku South

Hotels, Senior Housing, and Others

- Development, leasing, and management of hotels
- Development and management of senior housing
- Internet advertising agency business
- Service businesses aimed at providing assistance to customers concerning their homes' layouts

NOHGA HOTEL / OUKAS



NOHGA HOTEL KIYOMIZU KYOTO | OUKAS Setagaya Sengawa

Awareness of the business environment

- Declining birthrate and aging population
- Rising construction costs
- Changes in the mortgage rate environment
- Evolving lifestyle trends and the diversification of housing needs
- Growing consumer awareness of sustainability and carbon neutrality
- Rising societal needs for redevelopment and rebuilding, which include regional revitalization, the restoration of deteriorating buildings, and the elimination of densely wooded areas
- Growing housing demand due to the recovery of population inflow to the Tokyo metropolitan area
- Medium- to long-term potential to increase volume of inbound customers

Business asset components and strengths

- Land bank in the housing sales business: approx. **¥1,922.0 billion** (equivalent to approx. **21,700 units**)
- Number of Nomura Real Estate Group Customer Club members: approx. **158,000**
- Level of participation in residential redevelopment projects: **Industry-leading*2**

*2 Source: Based on in-house research

Competitive advantages

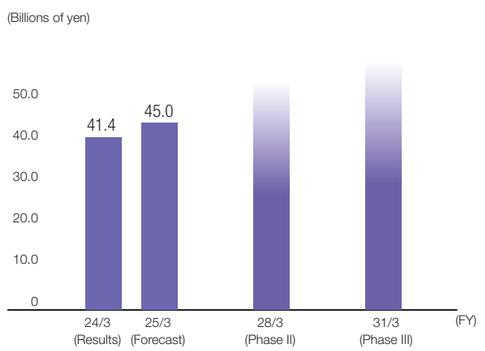
- Product planning capability generated by integrated development, sales, and management system
- Boasting 17 consecutive years at No. 1*3 for the condominium brand PROUD
- Solid customer base, highly value-added services and development capability tailored to diverse customer needs
- Expertise in urban-type compact town, redevelopment, and rebuilding projects

*3 Calculated by the Company based on a condominium brand survey conducted by the *Nihon Keizai Newspaper*. We counted the number of years in which PROUD earned the most No. 1 scores compared to other brands for the multiple evaluation items in the survey.

Business strategy

- **Deepen and evolve PROUD in the housing sale business**
- **Expand our lineup of products and services that meet diversifying customer needs**
- **Strengthen efforts in redevelopment and rebuilding projects**
- **Strengthen business volume expansion efforts in the property sales business, including rental housing and hotels**

Financial targets (Business Profit*4)



*4 Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.

Main Initiatives to Achieve Materialities

<Decarbonization>
- Maintain ZEH-oriented standards in new housings
- Introduce solar panels at detached housing for sale
- Achieve reductions in CO_2 emissions from condominiums via the introduction of "Yukai-full"

<Biodiversity>
- Utilize domestically produced wood materials

<Circular design>
- Initiatives to create new condominiums with longer lives and higher durability
- Reduce waste by, for example, abolishing the individual packaging of amenities offered at hotels operated by the Group

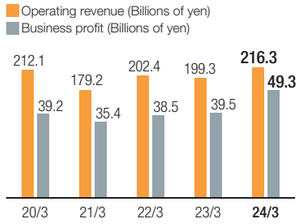
Commercial Real Estate Business Unit



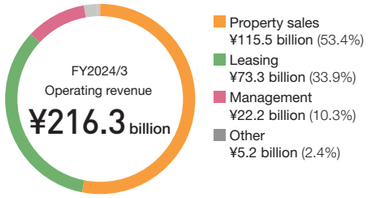
Hiroshi Kurokawa
Director and Executive Officer,
Business Unit Manager of the Commercial Real Estate Business Unit

Major Group companies | Nomura Real Estate Development/Nomura Real Estate Life & Sports/ Nomura Real Estate Retail Properties

Operating Revenue and Business Profit*



Operating Revenue Composition*



* Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted. Unadjusted operating revenue was ¥223.7 billion and unadjusted business profit was ¥49.9 billion.

Message from the Business Unit Manager

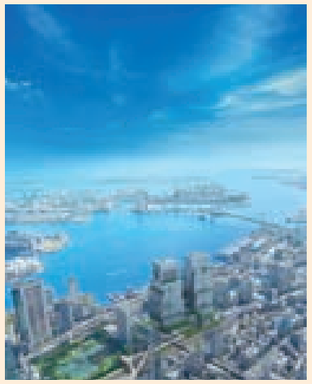
Medium- to long-term profit growth policy

Hiroshi Kurokawa
Business Unit Manager of the Commercial Real Estate Business Unit

With a portfolio encompassing a wide range of asset types, including office buildings, commercial facilities, and logistics facilities, the Commercial Real Estate Business Unit's key policy is to view changes in the external environment as business opportunities, and to develop and operate assets that meet the needs of customers who will actually use the properties. By continuing to secure new business opportunities in this way, we will expand income gains through the ownership and operation of properties and expand capital gains through property sales over the medium to long term.

The offerings in our diverse office portfolio, which includes serviced offices and satellite shared offices as well as the highly functional logistics facilities that solve the issues faced by shippers and logistics companies, are representative examples of the Company's robust assets. In addition, in the children-focused businesses of Nomura Real Estate Life & Sports Co., Ltd., the Company will concentrate on services that contribute to solving social issues, such as after-school programs and bilingual preschools, by making the most of its know-how cultivated over many years in the sports school business, which includes swimming and gymnastics facilities.

Lastly, the South Tower of the large-scale mixed-use development BLUE FRONT SHIBAURA (Shibaura Project) will be completed in February 2025. Join us in looking forward to a completely new type of urban development project that proposes a "well-being-focused workstyle" in its exceptional location facing both the sea and the sky.


BLUE FRONT SHIBAURA (Shibaura Project)

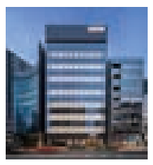
Main Businesses

Property sales / Leasing

Office buildings

- Development, leasing, and sales of office buildings

PMO PREMIUM MIDSIZE OFFICE | H¹O HUMAN FIRST OFFICE


PMO Ikebukuro II


H¹O Shibakoen

Retail facilities

- Development, leasing, and sales of retail facilities

GEMS | MeFULL | SoCoLa


GEMS Tamachi


MEFULL Kiba


SOCOLA Hiyoshi

Logistics facilities

- Development, leasing, and sales of logistics facilities

Landport


Landport Yokohama Fukuura

Other

- Operation of shared satellite offices
- Fitness club operations
- Operation of children-focused businesses (sports schools, after-school programs, bilingual preschool, etc.)
- Planning and management of construction work

H¹T HUMAN FIRST TIME | MEGALOS


MEGALOS Machida


H¹T Lab powered by point0


i Kids Star

Awareness of the business environment

- Changing customer emphasis on values (individuality, community, wellness, value of time)
- Growing consumer awareness of sustainability and carbon neutrality
- Inflation in consumer prices, construction costs, utilities, etc.
- Impact of rising interest rates domestically and overseas on the real estate sales market
- Changes in workstyles and employee awareness regarding desired office functions
- Increasing diversity in needs for serviced offices stemming from an influx of startup companies
- Increasing need for logistics bases due to accelerated shift to e-commerce and overtime caps starting in 2024
- Recovery in visitor numbers and sales at shopping centers and restaurants due to the end of the COVID-19 pandemic

Business asset components and strengths

- Net lettable area (office and retail facilities): approx. **681,000 m²**
- Number of tenants: More than **2,000 companies***
- Number of H¹T offices and their members: **283 offices** approx. **5,600 companies** approx. **470,000 members**
- Number of MEGALOS fitness clubs and their members: **37 clubs**/ approx. **115,000 members**

* Total number of tenants occupying properties that the Group owns and conducts property management for

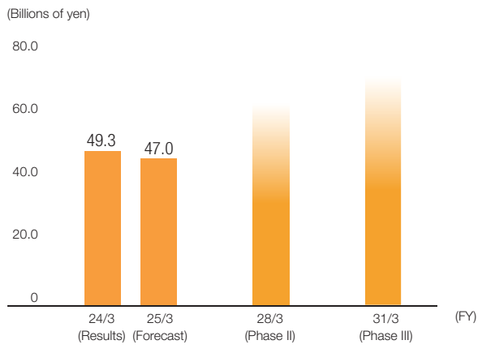
Competitive advantages

- Development experience in diverse real estate
- Asset brands (PMO, H¹O, GEMS, Landport, etc.) based on the market-in approach
- Leasing value chain supported by collaboration with the Investment Management Business Unit ▶p. 58
- Promotion of major large-scale development projects in central Tokyo, including BLUE FRONT SHIBAURA (Shibaura Project) and Nihonbashi 1-chome Central District Redevelopment

Business strategy

- **Evolution of value creation aimed at translating environmental changes into business opportunities by, for example, strengthening both tangible and intangible value provision in such areas as those related to changing workstyles as well as expanding investment in such growth areas as high-performance logistics facilities**
- **Realization of unrealized profit and the strengthening of the leasing property portfolio through strategic asset replacement**
- **Contribution to a sustainable society and creation of new products/services utilizing digital technology**

Financial targets (Business Profit*)



* Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.

Main Initiatives to Achieve Materialities

<Decarbonization>
- Maintain ZEB-oriented standards in new buildings
- Utilize renewable energy in leasing assets
- Reduce CO_2 emissions in the course of construction via the use of wooden materials

<Biodiversity>
- Contribute to the preservation of forest cycles via the use of wooden materials

<Circular design>
- Workspace, equipment, and fixtures are shared and reused at the H¹T satellite-type shared office to conserve resources and reduce waste

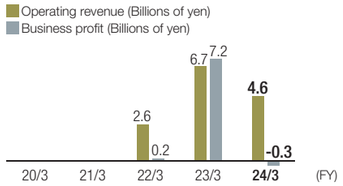
Overseas Business Unit



Masato Yamauchi
Executive Officer,
Business Unit Manager of the Overseas Business Unit, in charge of Overseas Business

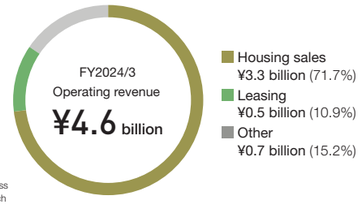
Major Group companies Nomura Real Estate Development/ZEN PLAZA/ NOMURA REAL ESTATE ASIA/ NOMURA REAL ESTATE (THAILAND)/ NOMURA REAL ESTATE VIETNAM/ NOMURA REAL ESTATE CONSULTING (SHANGHAI)/Beijing shokai Nomura Real Estate Management/ NOMURA REAL ESTATE UK/ NOMURA REAL ESTATE US

Operating Revenue and Business Profit*



* In FY23/3, the Overseas Business Unit was established, and the Overseas Business Division of Nomura Real Estate Development and overseas subsidiaries, etc., which had been classified under the "Other," were reclassified under this business unit. Due to this change, figures listed for FY22/3 have been retroactively adjusted.

Operating Revenue Composition



Message from the Business Unit Manager

Medium- to long-term profit growth policy

Masato Yamauchi
Business Unit Manager of the Overseas Business Unit

Our overseas business, although potentially more profitable than domestic business, are more vulnerable in the face of changes in the business environment. Nevertheless, even if performance fluctuates in the short term, business outside Japan will remain a major growth driver for the Company's profit growth in the medium to long term.

The Overseas Business Unit aims to acquire stable business opportunities and achieve profitable medium- to long-term growth by leveraging development know-how cultivated domestically while collaborating with high-quality partners in various countries to build favorable relationships and governance structures.

Specifically, in Asian countries, we will improve quality and enhance customer satisfaction in the housing sales business through programs like KAIZEN that take a comprehensive approach. Through these efforts, we will earn the trust of local partner companies, which will, in turn, lead to new projects. A prime example is the Vu Yen Project in Vietnam, in which we participated in June 2024.

In the United Kingdom and United States, we intend to expand our property sales business with the aim of diversifying profit-earning opportunities. In the fiscal year ended March 31, 2024, the Company steadily expanded its business through participation in a new office building development project in London with excellent environmental performance and reached a decision to acquire an existing office building.


The Vu Yen Project (Vietnam)

Main Businesses

Housing sales

- Vietnam: Grand Park 2nd and 3rd period project (Ho Chi Minh City), Vu Yen (Hai Phong), Ecopark (Hanoi), etc.
- Thailand: Park Origin Thonglor and Park Origin Ratchathewi (both in Bangkok), etc.
- The Philippines: The Seasons Residences, The Observatory, Metro Park (all in Manila), etc.


Park Origin Thonglor (Thailand)


Grand Park 3rd period (Vietnam)


The Seasons Residences (the Philippines)

Leasing

- Offices: Sun Wah Tower and Zen Plaza (both in Vietnam), Beijing Fortune Building (China), 247 Tottenham Court Road and 55 St. James's Street (both in the U.K.)
- Retail facilities: Mitsukoshi BGC (the Philippines)
- Serviced apartments: Staybridge Thonglor and Staybridge Sukhumvit 24 (both in Thailand)
- Mixed-use facilities: The Observatory, Metro Park, etc. (the Philippines), Press Block Project (U.S.)


MITSUKOSHI BGC (the Philippines)


55 St. James's Street (U.K.)


Sukhumvit 24 (Thailand)

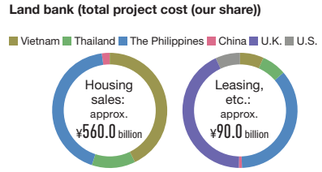
Awareness of the business environment

- Medium- to long-term economic growth in each country
- Impact of higher interest rates on housing markets in Asian countries
- Policy interest rate levels and trends in the real estate sales market
- Increased expectations that real estate development will help solve social issues

Business asset components and strengths

- Number of housing sale projects the Group participated in/total project cost (our share): **32**/approx. **¥560.0 billion**
- Number of leasing projects the Group participated in/total project cost (our share): **14**/approx. **¥90.0 billion**

Land bank (total project cost (our share))



Competitive advantages

- Development and operational know-how accumulated through its storied business track record in Japan
- Commitment to ensuring manufacturing quality as well as robust product planning and improvement capabilities
- Close relationships formed with local developers

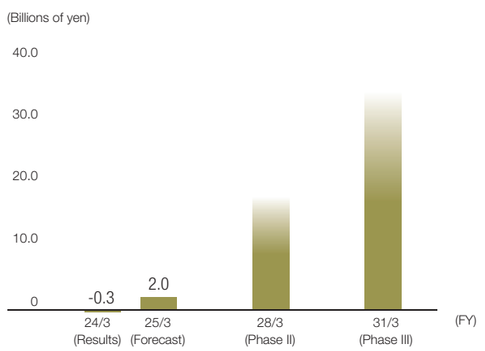
Design review (Design KAIZEN)

Onsite patrols (Workplace KAIZEN)

Business strategy

- **Build favorable relationships with local partners and secure stable growth in the housing sales business in Asian countries, which boast remarkable growth**
- **Expand investment in property sales business in economically advanced countries**
- **Expand the scope of contribution to products and quality through KAIZEN and other programs, utilizing know-how and expertise cultivated in Japan**

Financial targets (Business Profit)



Main Initiatives to Achieve Materialities

<Human rights>
- Advocate for human rights in collaboration with suppliers and asking them to comply with our procurement guidelines

<Diversity & inclusion>
- Empower global human resources to take key positions and hire locals at overseas subsidiaries

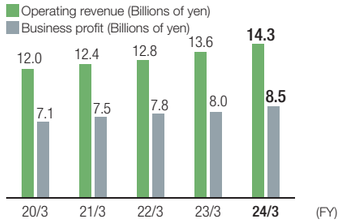
Investment Management Business Unit



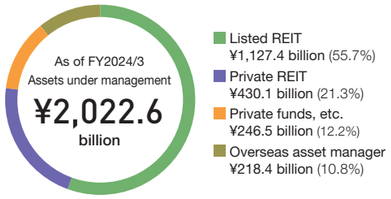
Masaomi Katayama
Executive Officer,
Business Unit Manager of the Investment Management Business Unit

Major Group companies Nomura Real Estate Asset Management/Lothbury Investment Management/ Nomura Real Asset Investment

Operating Revenue and Business Profit



Composition of assets under management



Message from the Business Unit Manager

Medium- to long-term profit growth policy

Masaomi Katayama
Business Unit Manager of the Investment Management Business Unit

I am Masaomi Katayama, and I was appointed to the Investment Management Business Unit as its Manager in April 2024.

The Investment Management Business Unit aims to achieve continuous growth in assets under management and profit growth by responding to the needs of a wide range of investors through a diverse range of products, including listed REITs, private REITs, and private funds.

Although external growth through public offerings continues to be difficult for listed REITs, we will continue to improve our portfolio and achieve organic growth through asset replacement. On the other hand, we expect a steady increase in assets under management in the areas of private REITs and private funds due to the growing alternative investment needs of institutional investors. Particularly in private funds, amid emerging signs of a shift in institutional investors' view of returns due to such factors as rising interest rates, we intend to accelerate growth by engaging in non-core strategies, such as real estate value-add fund investment.

In the previous fiscal year, a new long-term core investment-type private fund was established and began operations, investing in a batch of properties developed by the Group. In addition, Nomura Real Asset Investment will utilize the resources of Nomura Holdings to expand its business domain into new investor segments and sectors.

Even amidst the current volatile business environment, we intend to promote flexible strategies to ensure our ability to respond to any changes and to achieve stable growth.

Properties acquired in the fiscal year ended March 31, 2024


MEFULL Chayamachi


PROUD FLAT Shibuya Sasazuka

Awareness of the business environment

- Shift from traditional to alternative asset management
- Impact of rising interest rates in Japan and abroad on the real estate trading market and demand from institutional investors
- Expansion of investment sectors (e.g., data centers/infrastructure)
- Expansion of ESG investment

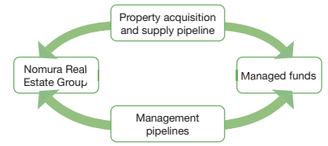
Business asset components and strengths

- Assets under management (AUM): approx. **¥2,022.6 billion**
- Number of institutional investors through domestic asset management (excluding listed REIT): **291 institutions**
- Asset management know-how: Accumulated over the course of **more than 20 years**

Competitive advantages

- Business growth model based on the Leasing Value Chain ▶p. 24
- Relationships built with institutional investors over many years of accumulating asset management experience
- Product development capabilities that meet the needs of investors

Structure of the Leasing Value Chain



Business strategy

- **Continuous growth in assets under management through the further enhancement of the Leasing Value Chain**
- **Accelerate growth of the private fund business by expanding our product lineup to meet alternative investment needs**
- **Seize and expand business opportunities in new fields (e.g., winning new investors and expanding into new sectors) through collaboration with the Nomura Group**

Main Businesses

REIT

Nomura Real Estate Master Fund, Inc.

- A comprehensive listed REIT, the largest of its kind in Japan
- Managing a portfolio consisting mainly of office buildings, retail facilities, logistics facilities, and rental housing, the total value of which exceeds ¥1 trillion

MASTER FUND

Nomura Real Estate Private REIT, Inc.

- Japan's first comprehensive private REIT
- Managing a portfolio consisting mainly of office buildings, retail facilities, logistics facilities, and rental housing, with the total value of which exceeds ¥400.0 billion

Private funds

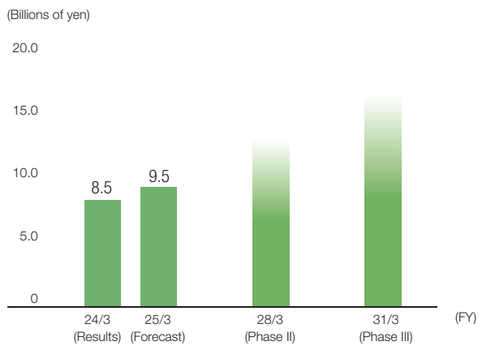
- Taking full advantage of our experience in various fund schemes and sectors to formulate and manage private real estate funds tailored to accommodate needs among institutional investors
- Nomura Real Asset Investment, a joint venture with Nomura Holdings, launched its fund management business in April 2023

Nomura Real Asset Investment

Overseas

- To meet the needs of investors for overseas real estate investment, we have established a global network for handling private placements for various overseas real estate funds managed by local asset management companies in such regions as the United States and Europe.

Financial targets (Business Profit)



Main Initiatives to Achieve Materialities

<Decarbonization>
- Reduce the volume of energy consumption and CO_2 emissions attributable to properties managed by funds
- Use of renewable energy in fund-managed properties (e.g., off-site PPAs)

<Diversity & Inclusion>
<Human rights>
- Purpose & Sustainability Pursuit Project: Reform of corporate culture to create a rewarding work environment in which employees can find meaning in their work.

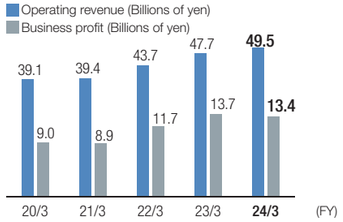
Property Brokerage & CRE Business Unit



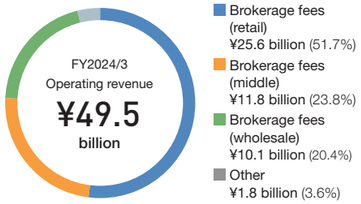
Kenichi Maeda
Executive Officer,
Business Unit Manager of the
Property Brokerage & CRE Business Unit

Major Group companies Nomura Real Estate Solutions/NOMURA REAL ESTATE HONG KONG/ Tokio Property Services

Operating Revenue and Business Profit



Operating Revenue Composition



Message from the Business Unit Manager

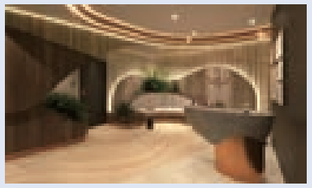
Medium- to long-term profit growth policy

Kenichi Maeda
Business Unit Manager of the
Property Brokerage & CRE Business Unit

The Property Brokerage & CRE Business Unit provides a one-stop solution that meets the real estate distribution needs of a wide range of clients, from individuals and corporations to domestic and international clients, especially in Asia. In order to meet the ever-changing and diversifying needs of our customers and continue to grow, we believe it is necessary to focus more on providing services characterized by “high efficiency, high productivity, and high quality” rather than simply pursuing expansion in the volume and number of brokerage transactions.

For example, in the individual-focused retail business, we intend to increase our staff in the central Tokyo area, where strong transaction needs are expected to continue, to capture higher unit-price transactions. In the middle and wholesale businesses, primarily serving corporate clients, we will share proposal materials prepared by sales staff drawing on our extensive database and formalize good practices to horizontally deploy our know-how, which is often highly specific, to improve productivity.

By shifting resources to more competitive business areas and utilizing digital technology, we will strive to both provide high quality services and improve productivity.



REALIA Tokyo



Nomura no chukai + (PLUS) Tsudanuma Center
(Opened in January 2024)

Main Businesses

Retail

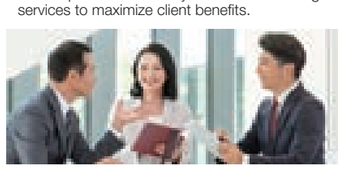
- We operate 88 stores under the “Nomura no chukai + (PLUS)” and REALIA brands in the Tokyo metropolitan area, Kansai, and Chubu regions.
- We provide the best solutions, mainly to individual customers, through high-quality services closely attuned to local conditions.

野村の仲介+ PLUS

REALIA

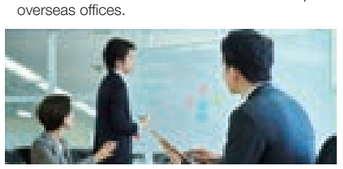
Middle

- We precisely identify the real estate sales needs of small and medium-sized companies, business owners, individual investors, and others and provide solutions that exceed expectations.
- We provide support for real estate projects involving financial institutions, lawyers, tax accountants, judicial scriveners, and more, with a specialized team system and consulting services to maximize client benefits.



Wholesale

- We provide advanced corporate real estate (CRE) solutions as a general contact point for the Nomura Real Estate Group companies, through the collaboration of specialized sectors for each industry, real estate appraisers, and other professional staff.
- We provide support for inbound and outbound travel in collaboration with the Nomura Group’s overseas offices.



Awareness of the business environment

- Continued price increases and a strong response in the pre-owned real estate market in central Tokyo as well as a leveling off in purchase needs in the suburbs
- Steady purchase demand from small and medium-sized companies with strong business performance against a backdrop of rising stock prices and asset portfolio reviews
- Increase in the need for transactions of property for sales among investors in Asia due to heightened geopolitical risks
- Increase in the need for new investment due to a return to domestic production in the manufacturing sector
- Increase in the need for alternative investments among institutional investors

Business asset components and strengths

- Number of retail branches: **88**
- Number of middle offices: **11**
- Number of wholesale offices: **9**

  Note: In cases where an entity is operating multiple businesses, the number of branches and offices is calculated on the basis of each business.
- Number of nomu.com members: approx. **275,000** (as of January 31, 2024)
- Number of partner financial institutions, including Nomura Securities and regional financial institutions: **121**

Strengths

- Advanced digital technologies such as “nomu.com” ▶p. 43
- High customer satisfaction rating in the retail business
- Partnerships with Nomura Securities and regional financial institutions

ネットで住みかえ ノムコム
nomu.com

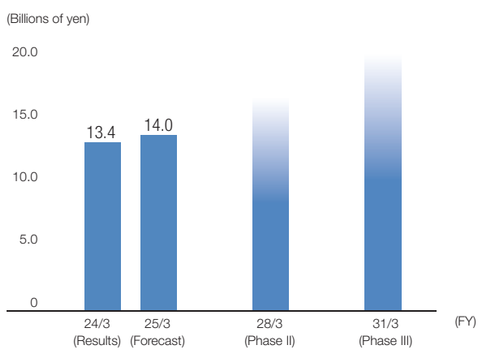


The nomu.com website

Business strategies

- **Provide high quality services through human resource development and the use of digital technologies to achieve high efficiency and high productivity**
- **In the retail business, enhance the structure for affluent customers by increasing the number of employees in the central Tokyo area**
- **Meet various needs through collaboration with the Nomura Group, financial institutions, and others in the middle business**
- **Promote CRE proposals and capture the investment needs of funds based on our customer base in the wholesale business**

Financial targets (Business Profit)



Main Initiatives to Achieve Materialities

<Circular design>

- Effective use of real estate stock
- Encourage the utilization of idle properties through brokerage transactions

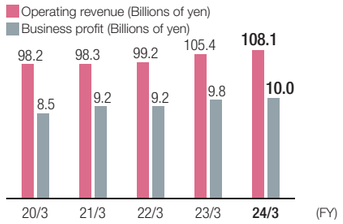
Property & Facility Management Business Unit



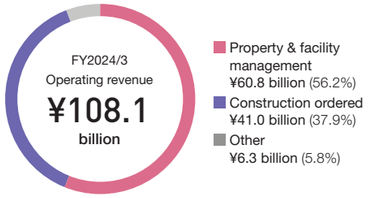
Kazuhiro Toida
Executive Officer,
Business Unit Manager of the Property & Facility Management Business Unit

Major Group companies | Nomura Real Estate Partners/Nomura Real Estate Heating and Cooling Supply/ Nomura Real Estate Amenity Service

Operating Revenue and Business Profit



Operating Revenue Composition



Message from the Business Unit Manager

Medium- to long-term profit growth policy

Kazuhiro Toida
Business Unit Manager of the Property & Facility Management Business Unit

Human resources are, of course, an important management resource for the Property & Facility Management Business Unit. Utilizing DX to streamline the workforce is a high-priority policy to address the intensifying competition for human resources and the resulting labor shortage. Specifically, we intend to pursue a variety of initiatives, from developing core systems for building and condominium management and creating mobile applications for condominium residents to carrying out demonstration tests of autonomous cleaning robots linked to office buildings' elevator systems. In conjunction with the streamlining of the workforce, we intend to improve the property and facility management services we provide and the quality of construction work.

In property and facility management, the Company was recognized for providing customer-oriented services, winning top overall evaluation awards in both the under 100 units and over 100 units categories of the SUUMO AWARD 2024 customer satisfaction survey, as well as top and excellence awards in five other categories. We will continue with our efforts to improve the quality of our services.

In construction ordered, in addition to the re:Premium and re:Premium Duo products, we are proposing a system for management associations that have concerns about insufficiencies in funds for repair and maintenance work. This system enables them to extend the period in which they can build up their repair and maintenance reserves by extending the time in which work is carried out using our own defect insurance. We will continue to make proposals that contribute to the enhancement of asset value from the customer perspective, regardless of asset type.

SUUMO AWARD 2024
Condominium management company category
Tokyo Metropolitan Area–under 100 units category
Winner of the Grand Prize and 3 other awards in the overall evaluation

SUUMO AWARD 2024
Condominium management company category
Tokyo Metropolitan area–100 units or more category
Winner of the Grand Prize in the overall evaluation and two other categories

Main Businesses

Property & facility management

- Condominium management business handling around 193,000 residences
- Building management business handling 794 office buildings and other properties
- Property management proposing and implementing optimal operation strategies for properties on behalf of the owners
- Public-private partnership (PPP) business mainly managing and operating public facilities
- Data center management business with over 45 years of management experience



Construction ordered

- In our renewal construction business, we propose optimal construction and repair plans suited to each building by leveraging data collected from many different sources and our accumulated know-how.
- In our remodeling business, we remodel condominiums, remodel detached housing, and renovate properties.



Awareness of the business environment

- Intensifying competition for human resources (shrinking workforce, declining birthrate and aging population)
- Evolution of digital technology
- Changes in the way people live and work, diversifying tenant demographics
- Advanced aging of buildings
- Rising costs of materials and labor due to inflation

Business asset components and strengths

- Number of housing units under management: approx. **193,000 units**
- Number of buildings under management: **794 units**
- Licensed Representatives of Condominium Management Company: **639**
- Building environment and health management engineers: **570**

Competitive advantages

- Stable supply of properties from other Business Units through Group collaboration
- High level of external evaluation for management quality
- Competitive construction proposal capacity, including schemes for extending large-scale repair work cycles

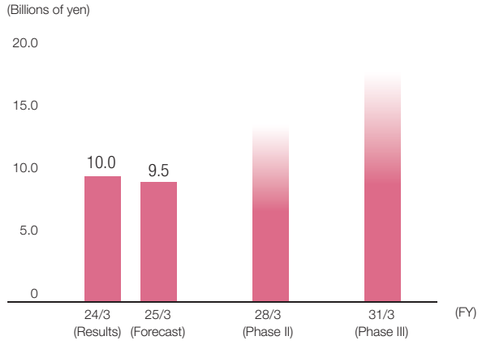
Schemes for extending large-scale repair work cycles

re:Premium リ・プレミアム
re:Premium Duo リ・プレミアム デュオ

Business strategies

- **Develop and roll out competitive products and services by pursuing services from the customer's perspective**
- **Promote operational efficiency and the streamlining of the workforce through the use of DX and the improvement of service quality**
- **Propose and provide high-quality renovation and repair work that contributes to increasing the value of client assets**

Financial targets (Business Profit)



Main Initiatives to Achieve Materialities

<Decarbonization>
- Saving energy by installing high-performance equipment in renewal and renovation construction

<Circular design>
- Extend the life and enhancing the resilience of buildings by introducing re:Premium and re:Premium DUO

<Diversity & Inclusion>
<Human rights>
- Reform the organizational culture to realize rewarding work environments and respect independent thought and opinions

DIALOGUE

Three-Way Roundtable Discussion with the Chairman of the Board and Directors

The Chairman of the Board, the Supervisor of Management Division, and the former Chair of the Advisory Committee Relating to Nominations and Compensation discuss the roles that the Board of Directors should fill and what corporate governance should look like.



Eiji Kutsukake
Chairman of the Board and Director

Makoto Haga
Executive Vice President, Representative Director, and Executive Officer Supervisor of Management Division

Tetsu Takahashi
Director (Audit & Supervisory Committee Member) (External) Former Chair of the Advisory Committee Relating to Nominations and Compensation

Roles the Board of Directors Should Fill and Ideal Membership Composition



Kutsukake: In the real estate industry, amid significant changes in the business environment, medium- to long-term initiatives for the next five to ten years are important. Accordingly, the Board of Directors must look at the big picture because the overarching direction of the Group's business and vision are important. I consider Board of Directors meetings a place for mutually confirming how the Group should expand. The Board of Directors must be a body in which individual directors are free to discuss topics from their various viewpoints while tapping into internal and external expertise and know how even as they diligently monitor the direction the Group is taking.

I believe it is my role as Chairman of the Board to foster a truly effective environment where not only do many various opinions emerge from free and active discussions, but also where those opinions steadily reach those on the executive side of the business and steer all of us in a beneficial direction.

Haga: I think the Board of Directors should be a body that determines whether the Company is appropriately taking the risks that it should take on a Company-wide level.

Both executive and non-executive directors engage in lively debate on whether proposals are based on objective, logical, and ethical decisions and whether the process is appropriate. As a result, an optimally balanced business portfolio is being built, which I believe is the central role required of the Board.

Takahashi: The Board of Directors basically has two roles: making important business decisions and monitoring the execution of business. With regard to which aspect should be emphasized, I think that there is a wide range of variation in terms of possible business models and business structures.

Because the Company is a holding company, an entity that encompasses various subsidiaries, I believe the Board of Directors should focus more on governance (monitoring oversight) rather than getting bogged down in the minutiae of individual decisions in each business.

Of course, because business decisions can significantly impact a given business's performance, we must be very careful with each decision. I believe it is important for the Company's Board of Directors to figure out and realize what the optimal balance is.

Kutsukake: From the perspective of balance, the composition of the Board members is also important.

Regarding the ideal membership composition, I acknowledge that ideally directors who have various skills would demonstrate each of their skills as shown in a skill matrix. Up to June 2024, there was an issue of a temporary lack of an external director who has the experience and skills in top management. At the General Meeting of Shareholders in June 2024, we welcomed Mr. Yamashita, who has experience in top management, on board as a director, achieving an exceptionally well-balanced membership composition.

In the near future, I think we will need more members experienced in managing exposure and operating business overseas because the overseas business will be a major growth driver for the Company.

Takahashi: At the most recent General Meeting of Shareholders, the Board added Mr. Yamashita, who left an impressive legacy at Ricoh Co., Ltd. of overcoming challenging times, and Ms. Suemura, who brings specialized expertise in accounting. I believe the Board members now all have a wide range of experiences and skills, including its existing members: Mr. Mogi, who has experience as a CFO at a general trading company; Mr. Takakura, who is an expert in human capital management; Ms. Miyakawa, who is well-versed in accounting like Ms. Suemura; and myself, an attorney.

In the near term, the Advisory Committee Relating to Nominations and Compensation has a duty to continue selecting as director candidates human resources who have the necessary qualifications and who can bring new points of view that will enhance the Company's corporate value while maintaining the existing membership composition.

As Mr. Kutsukake said, we need to consider people who have more experience in overseas markets or who can bring a perspective unlike that of most Japanese people. Because Mr. Yamashita himself has over two decades of experience overseas, I think he will be able to provide advice that is especially helpful to the Company.

CEO Succession Plan

Haga: For the Company's succession plan, we more clearly defined the requirements for CEO, COO, CFO, Supervisor of Management Division, and other positions and added a mechanism to continually monitor candidates. We have put in place a responsive system that enables the selection of the people optimal for the environment of any particular time by nurturing many potential candidates.

Takahashi: In the succession plan, it is very important to assess whether the specific details and procedures of the succession maintain fairness, whether there is any arbitrariness, and whether the resulting conclusion is optimal.

Looking back on the selection of Mr. Arai, who became CEO in April 2023, the qualifications the Company expects in a CEO were identified as leadership, industry experience, an ambitious attitude, and the ability to build relationships with stakeholders. We conducted quantitative evaluations of multiple candidates and evaluated them in ways that could be clearly explained. Based on the evaluations, we conducted surveys, including interviews of the candidates and other relevant persons, and multiple discussions were held by the Committee Relating to Nominations and Compensation—more than half the membership of which comprises external directors—before reaching a conclusion. We also held meetings with candidates who were not chosen to provide feedback. We discussed what they could do going forward to enhance their qualities, which had been somewhat lacking at that point in time. I believe the Advisory Committee Relating to Nominations and Compensation plays an important role in ensuring that every individual can contribute to the Company.



Although the system is clear and balanced, if we want to further improve it, we will need to continue developing each candidate from a continuity perspective.

Kutsukake: Over the past year, the Advisory Committee Relating to Nominations and Compensation has further deepened discussion related to the CEO succession plan. Going forward, to ensure the succession plan is effective, I consider my role to be enhancing discussions at meetings of the Advisory Committee Relating to Nominations and Compensation and the Board of Directors.

Mid- to Long-term Business Plan to Be Formulated in Spring 2025

Kutsukake: Mr. Haga and I have experience formulating three Mid- to Long-term Business Plans to date. In Japan recently, many companies often end up obsessing over numbers when they formulate such plans, and this has been mocked as the so-called "medium-term plan disease." However, amid unprecedented changes in the environment, the purpose of formulating a long plan that spans the medium to long term is holding multiple discussions with directors and executive officers to align opinions, drafting plans with a sense of urgency and speed, and executing various strategies to achieve the plan. Then, after formulating a plan, it is important how directors monitor progress of the Mid- to Long-term Business plan and to balance execution and governance.

Haga: Because the real estate industry is a long-term business, it is important to formulate plans from a forward-looking perspective. Customer needs have significantly changed since the pandemic, particularly with regard to needs related to home life and work. We first need to determine what kind of value we can provide to meet those needs and what kind of role the Nomura Real Estate Group fills.

Another subject we should focus on in the near future is the need to assume interest rate hikes will continue in the business environment going forward—a major departure from the status quo of low interest rates that make it easy to operate in the real estate industry.

Looking at the environment for the overseas business, which is a growth driver, we will need to think about more meticulous market environment analyses and business allocation, given the highly volatile interest rates, inflation, and exchange rates.

In addition, we need to more thoroughly discuss what the real estate industry will look like in two to three decades at Board of Directors meetings and put in place a process for incorporating these ideas into meticulous plans.

We should prepare multiple scenarios and clearly determine their passive and dynamically active aspects, such as which scenario has the highest probability and whether there is any room for taking action ourselves rather than just passively accepting interest rate hikes.

Considering the trend of inflation, when implementing strategies to raise our top line, we need to reform the mindsets of all employees. It is most important to further leverage our own strengths to confidently raise sale prices and rents.

Takahashi: I think the Company's shareholders become shareholders based on their trust that top management will achieve planned mid- to long-term profit targets. The real estate industry is sensitive to changes in various economic conditions due to some urban redevelopment projects spanning more than a decade. On the other hand, considering forecasts for the next two to three years, a characteristic of this business is that it is relatively easy to forecast operating results.

Accordingly, as Mr. Kutsukake said, I think it is important for the Company to clearly state where it wants to be in the next decade.

Disclosing business profit targets is obviously important, but so is imagining how, 10 years from now, employees will relate to the Company and how relationships with stakeholders will deepen and contribute to society. In these ways, I would like to ensure the plan includes the story of the Company's future.

Kutsukake: It is not enough for the Board of Directors to just formulate a Mid- to Long-term Business Plan. Rather, it is very important for them to confirm current conditions with executive officers with the intention of backcasting and asking whether we will achieve our vision for the next three to five years.

The ideal governance for realizing the vision of "Be a 'Life & Time Developer,' as Never Seen Before"

Takahashi: To realize the 2030 vision, we need to aim to go beyond providing tangible real estate to create new value. We should provide all manner of intangible services related all facets of life from a new perspective. I look forward to initiatives that have social significance and make contributions. Top management, including directors and executive officers, need to understand this and hold multiple discussions regarding the management issues this topic raises.



Haga: To provide society with products and services that realize "Be a 'Life & Time Developer,' as Never Seen Before," the Board of Directors and the Company will need to change to achieve its vision. We will be able to flexibly, dynamically build a business portfolio by providing business proposals adapted to the market environment from the executive side and holding discussions at Board of Directors meetings. That is the ideal form of governance.

I realize my own role is to clarify the Company's future position, prepare multiple scenarios on how to reach that position, and lay the groundwork for discussions at Board of Directors meetings.

Kutsukake: The Company achieved record-breaking profit in the fiscal year ended March 2024, but its competitors are also consistently making progress. We must not think the "record-breaking profit" means the Company has become a "good company" and we are lucky to be a part of this. I think the each director will need to take ownership of the vision "Be a 'Life & Time Developer,' as Never Seen Before" and strive to ensure the Group makes the Company's future appealing to both investors and employees. To this end, it is important that the Board fulfill its role to enhance corporate value through governance.

DIALOGUE

External Directors' Roundtable Discussion

Three external directors reflect on discussions held at Board meetings in FY2024/3 and share expertise- and experience-informed thoughts on the Overseas Business Unit's growth strategies, key points of human capital management, and the realization of management that is conscious of the cost of capital and stock price as well as on their involvement in the Board of Directors.



Assessment of FY2024/3 Results and Growth Drivers Going Forward

Mogi: FY2024/3 results were strong as evidenced by our achieving record high profit in FY2024/3 and our share price reaching a record high in May 2024 (as of September 2024). Shareholders and investors have also lauded these achievements. However, the capital markets have already moved on to asking about our outlook on profit growth in the next fiscal year and beyond. Speaking of which, in the real estate business, securing land for development is of the utmost importance to achieving profit growth.

Miyakawa: One characteristic of the real estate industry is that the cost of sales, including constructions costs, are set several years in advance, so the emergence of the effects of increases are delayed. Going forward, as material prices and labor costs further increase, I think the issue will be how much profit we can secure. In addition, looking back on discussions at Board of Directors meetings over the last year, a key theme of discussion was the response to delays in construction and sales progress in some projects for the overseas business. Regarding the overseas business, which is a growth driver of the Group, I recognize a major issue is how to conduct monitoring.

Takakura: As evidenced by questions at the general meeting of shareholders, there is a high level of interest in what our next steps should be for achieving profit growth moving ahead.

The Board of Directors is regularly holding multifaceted discussions based on the experience and expertise of its members in connection with developing current businesses and creating new future businesses.

Although the Overseas Business Unit's results for FY2024/3 were stark, in light of its future potential, there has been no change in our position on the unit as a promising growth driver.



We external directors regularly tour overseas business sites, and it was very impressive to see the local employees working hard to harness the accumulated know-how of the Group to achieve future growth. On the other hand, because there are many variables in the overseas business and unexpected events can occur, our management ability is often severely tested. The overseas business certainly has many elements that make it difficult to determine how much profit contribution is possible in the near future, the Board needs to make decisions on a wide range of matters.

Mogi: Although our overseas business enjoys large profit margins, the risks are significant. When risks materialize, it is vital for the overseas business to determine how to minimize losses and how to ensure that profit trends upward while minimizing any downward movement.

Speaking as one who comes from a general trading company background, in terms of distance as well as business practices the differences between Southeast Asian countries and Japan are small. I believe that to become rooted in the local culture you need to abandon the mindset that you are operating in an overseas region and work under the assumption that the business fields are not so different from those found in Japan's various regions, just with somewhat different words and rules. It is important to have the mindset that it is not so different from taking a flight from Tokyo to another area in Japan if you have a few hours to spare.

Miyakawa: For studies on overseas business, we are also holding hearings given by accounting auditors on how to collect data and figures as well as on the opinions of local audit firms. In FY2024/3, when there was an impairment loss related to a UK subsidiary of the Investment Management Business Unit, I realized our data updates were delayed. I felt it was necessary to not just passively receive data from local subsidiaries but to take the initiative in acquiring data important to risk management. Improvements need to be made moving forward.

Management for businesses that operate globally needs to be firmly rooted in local regions. During the pandemic, telephone and online communication became central, but it was and remains difficult to determine whether there are any potential business risks without visiting local sites. Visiting and experiencing the local area helps people realize how the culture and practices are different from those of Japan and facilitates the promotion of diversity.

The key to human capital management is the depth of its bench of candidates

Takakura: The Company's development to date has focused on individual customers searching for homes and corporate customers who use office and other buildings as tenants. The commercialization of customer needs by drawing out insights from each side of our business helped form the source of our competitive advantage. Similarly, the overseas business needs to develop human resources capable of commercializing customer needs from a forward-looking perspective. This will take time, and young employees with potential need to be sent overseas in the early stages of their careers to polish their skills. This is because human resources who can lead the overseas business will not just miraculously appear.

Once, when I was researching the keys to human resource development at Japanese companies, I found that the people in top management of companies competing in the global market all worked overseas just before they turned 30 years old. Being unable to easily communicate as they would in Japan and launching a career in an unfamiliar place from scratch really tests one's capabilities.

Mogi: If you are younger when you go overseas, it is easier to laugh off small failures, so I would advise the Board to provide more overseas experience to young employees. In addition, if the Company is to focus on its overseas business, I would advise stationing officers overseas as well.

It has been about 10 years since the Company restarted its overseas business, and it is not that easy to expand business in just one decade. In addition, while building business is important, it is also crucial to form human relations. To this end, building human relationships with local key persons is essential.

Takakura: I have been involved in global management for over 20 years, and what was needed then was the ability to view the world from a bird's-eye perspective. I have pointed out at Board meetings how the Company's viewpoint is Tokyo-based. As Mr. Mogi said, if the Company runs a business rooted in another Asian country, it should not only recruit local staff but also provide opportunities for ambitious Japanese human resources to take on new challenges.

The key to globalization is optimally allocating the management resources of people, things, and money and evolving businesses. Because the speed of change is often rapid, business development scenarios can also rapidly change. Basically, it is important to set up a situation where there is a deep bench that offers diverse human resources to draw from.

At the Company's Board meetings, we have begun discussing what kind of human resource portfolio we should have and how to promote human capital management.

Miyakawa: Because the Company operates a wide range of businesses, it is important to develop generalists in the human resources portfolio through personnel rotation. Even so, specialists are still needed in each field, so maintaining an ideal balance between the two is crucial.

Takakura: Touching on the idea that we need a deep bench,



European and U.S. companies heavily focus on the strength of their global benches.

To date, the Company has been able to grow by first drawing up strategies and then assigning human resources capable of carrying out those strategies. However, in an environment of heightened uncertainty and unforeseen events, an organization with homogenous human resources will be unable to respond to a broad range of strategies, even if the strategic scope is expanded, because there will be a shortage of individuals capable of adapting to and executing those strategies.

Avoiding this outcome depends on how well the bench is stocked with diverse human resources. The term diversity in Japan often focuses on female empowerment, but diversity in this instance is in reference to diverse values, viewpoints, and skills. I believe stacking the bench with diverse human resources will enable the creation of strategies that can be implemented in uncertain times.

At present, we are at the stage where the Group's major policies for human resource strategies have been set, so we need to deepen our discussions on ways of strengthening our human resources and promoting diversity within our bench through specific human resource measures moving forward.

Working to realize management that is conscious of the cost of capital and stock price

Miyakawa: The Board has held multiple discussions this past year about whether each proposal is really worth undertaking.

Regarding matters discussed by the Board and Management Committee, we are carefully monitoring whether they meet IRR or other standards and what kind of effect they will ultimately have on ROE. Conversely, if there is a project we should pursue to improve our brand power, I think Board meetings are the right place to advocate for that option.

I think that what it means for the Board of Directors to be effective, as in governance that is effective, is that each director is fulfilling the roles expected of them and they are carefully monitoring each other. In that case, I think the Board of Directors should not only avoid risk but also take appropriate risks and make rational decisions. In short, I think it is the role of the Board to support stepping on the gas when everyone else is pumping the brakes.

Mogi: Regarding management that is conscious of the cost of capital and stock price, the management team is working hard with a strong awareness. What I want to remain keenly aware of is that because the Company's performance is good, it has been highly evaluated by the capital market, as has its share price. I believe that companies that are in the red are ultimately not highly evaluated. For that reason, I would like the Board of Directors to regularly discuss the profitability of individual projects.

If we steadily increase profit and build up shareholders' equity, even if there are some ups and downs, the share price will naturally rise in proportion to the accumulated shareholders' equity.

Although promoting IR and engaging in other activities to ensure that people better understand the Company is a necessary part of our share price measures, our top priority is to secure profit. Accordingly, we need to thoroughly discuss how to allocate the people, things, and money within the overseas business and what to target.

Takakura: Management that is conscious of the cost of capital and stock price is a very broad theme that should be debated along with sustainability management. If a framework cannot earn profit, it will not prevail over companies on the global stage or even last very long domestically.

I believe that overseas business is one of the growth drivers, but speed will be even more necessary going forward. It is important to seriously manage risks, but we need to boldly take on new endeavors without fear of failure to compete on a global scale.

In addition, as demonstrated by our vision of "Be a 'Life & Time Developer,' as never seen before," the Company's corporate value does not end with building up tangible real estate assets. I firmly believe that improvements in corporate value will emerge from a mindset focused on added value going forward coupled with an acute awareness of changing workstyles and living environments as we navigate the next decade or two.



Greetings from Newly Appointed External Directors



Yoshinori Yamashita

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

In June 2024, I became an external director of the Company and the chair of the Advisory Committee Relating to Nominations and Compensation. When I was appointed, I felt there was overlap between the values embraced by the Company and Ricoh Co., Ltd., where I have been working to date. In particular, I felt that the two share the corporate vision of creating a better tomorrow through business and action guidelines, including a client-first approach. Based on these shared universal values, I believe I can leverage my experience to date to contribute to the Company.

Over my many years in management, I have been part of the leadership team during business transformations undergone by a global manufacturer and service provider. Specifically, I implemented initiatives prioritizing social demands in the fields of corporate governance, sustainability, DX, and more. Leveraging my expertise to date, I will continue to contribute to discussions at Board meetings. In addition, as the chair of the Advisory Committee Relating to Nominations and Compensation, I am working to firmly ensure the safety, independence, and objectivity of the nomination and compensation processes as well as to consider agenda items and continually improve processes and systems.

Since its founding, the Nomura Real Estate Group has continued to grow through business transformation. I regard recent major environmental changes as opportunities for future growth and intend to fulfill my duty as an external director so that we can achieve another major jump in growth.



Aogi Suemura

Director
(Audit & Supervisory Committee Member)

In June 2024, I became an external director of the Company. As a certified public accountant, I was in charge of many audits of real estate funds and real estate related companies at an audit firm. I also worked in accounting associated with real estate for a business company. My selection was based on these work experiences in the real estate field and my affinity for this industry, and I consider it a great honor.

The mission of independent external directors is to utilize their steadily cultivated expertise to monitor the management of companies as an advocate for various stakeholders, including minor shareholders, from an ESG perspective. At the same time, members of the Audit & Supervisory Committee Members play the role of auditing the business execution of directors from an independent standpoint. In my experience as an external director and Audit & Supervisory Committee Member to date, I have striven to fulfill my occupational duties with an awareness of thorough independence rooted in objective and critical perspectives.

Real estate developers bear a major responsibility to society and are expected to help develop communities and enhance the quality of life.

To meet these expectations, the Nomura Real Estate Group needs make progress on environmentally and socially conscious growth strategies and maintain solid governance to realize the continual enhancement of corporate value going forward. With the aim of helping foster high-quality, highly transparent corporate governance at the Group, I will continue focusing on various measures and providing frank opinions.

Corporate Governance

Overview of corporate governance

This report provides details of the Company's corporate governance system.

Basic concept of our corporate governance ➡p. 72

Improvement of the effectiveness of the Board of Directors ➡p. 79

Characteristics of our corporate governance system ➡p. 73

Strategic shareholdings policy ➡p. 79

Corporate governance system ➡p. 74

Compensation for directors ➡p. 80

Diversity of directors ➡p. 76

Risk management ➡p. 82

Status of compliance with the Corporate Governance Code

The Company complies with all principles set forth in the Corporate Governance Code.

Basic concept of our corporate governance

The Company believes that it must be governed in a way that continuously maximizes the Group's value over the long term, while giving consideration to the interests of shareholders and all other stakeholders of the Company. It aims to enhance the earnings power of the entire Group, while carrying out its duties as a holding company to manage and supervise the business activities of its subsidiaries. Also, it endeavors to build a more transparent management system in accordance with the Basic Corporate Governance Policy formulated in 2015.

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

Characteristics of our corporate governance system

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

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

Our efforts to reinforce corporate governance

(FY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization	● Introduced an executive officer system to separate the business execution function from the management and supervisory functions												
			● Established the Management Committee to help strengthen Group management systems										
				● Transitioned to a company with an Audit & Supervisory Committee									
					● Established the Advisory Committee Relating to Nominations and Compensation								
					● Appointed an external director as the Chairman of the Advisory Committee Relating to Nominations and Compensation								
Directors (No.)	6*	5	5*	8	13				12	13	12*	11	13
External (No.)	0	1	2	5							4		6
Independent external (No.)	0	1		4	5						4		6
Female (No.)	0	1					2	1	2	1	2	3	
The assessment of effectiveness						● Began conducting an assessment of the effectiveness of the Board of Directors							
							● Began utilizing a third-party evaluation organization						
Compensation		● Raised the maximum number of share acquisition rights used for stock options to increase the performance-based compensation ratio in order to share more interests with shareholders					● Implemented performance-based share compensation						
Other						● Partially transferred authority from the Board of Directors to the Management Committee to speed up business execution							
							● Formulated the Basic Corporate Governance Policy						
								● Disclosed reasons for appointment of directors					
	● Reorganized and restructured items, systems, and divisions/departments for risk management in order to strengthen the risk management system												

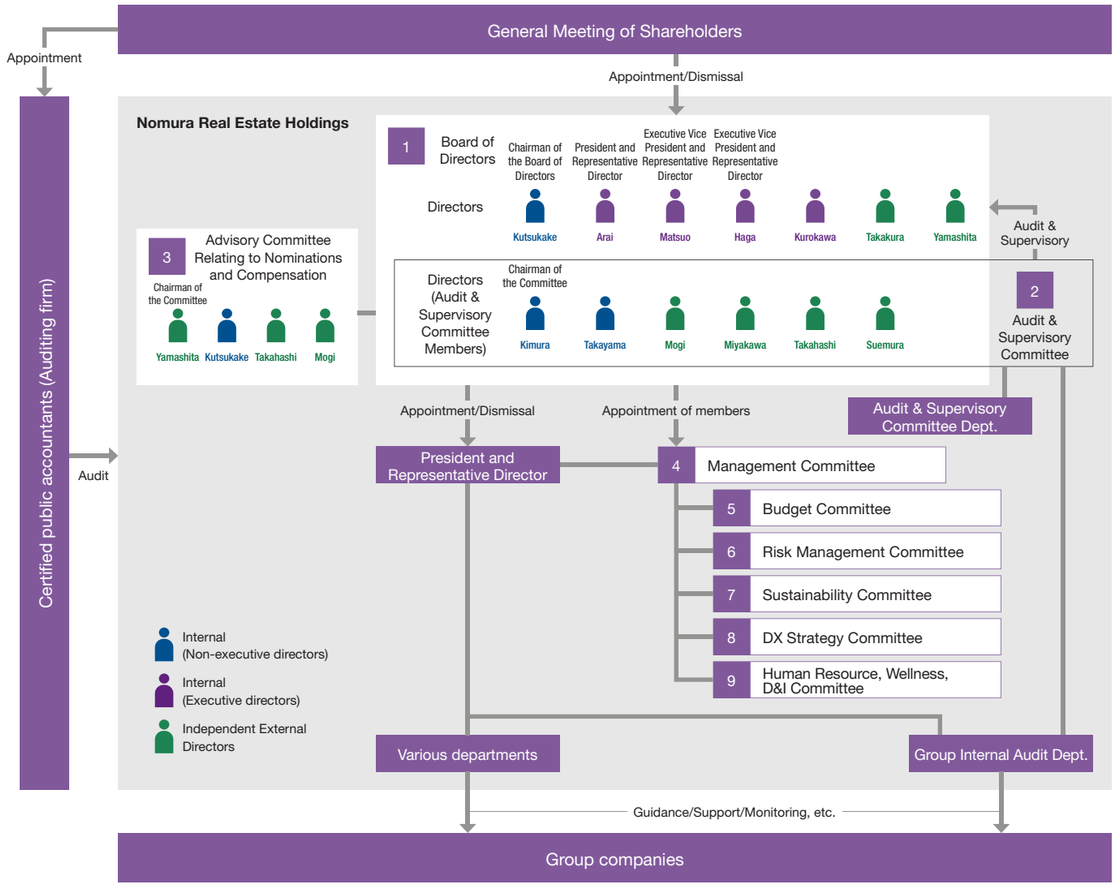
*Reduction due to resignation or retirement during the period is not stated.

Corporate governance system

Characteristics of the Group's governance system

- Company with an Audit & Supervisory Committee
- A non-executive Director being the Chairman of the Board of Directors
- Out of 13 directors, six being independent external directors
- Established the Advisory Committee Relating to Nominations and Compensation
- An independent external director being the Chairman of the Advisory Committee Relating to Nominations and Compensation
- Independent external directors being the majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation

Chart of Corporate Governance System



Group governance

As a holding company, the Company manages its Group companies under various regulations, such as Regulations regarding Group Organizational Management and Group Internal Audit. In addition, its directors (excluding those who serve as Audit & Supervisory Committee Members) and executive officers also hold the post of director, etc., in major Group companies, while directors who serve as Audit & Supervisory Committee Members also act as Audit & Supervisory Board Members in major Group companies to strengthen Group management. Furthermore, the Company has built systems for risk management, compliance, and internal audits within the Company itself and the entire Group, with the Board of Directors regularly receiving reports on each of the systems, for an effective monitoring of Group management.

1 The Board of Directors

Held 13 times during FY24/3

Roles of the Board of Directors

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

Composition of the Board of Directors

The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members) (of which two are external directors) and six directors who serve as Audit & Supervisory Committee Members (of which four are external directors). The Company appoints diverse directors with various knowledge, experience, and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in a wide array of areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, six of the 13 directors are independent external directors.

Roles of Independent External Directors

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

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

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

- **Criteria for Determining Impartiality of Independent External Directors: Article 14 of the Basic Corporate Governance Policy**
  https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf

2 The Audit & Supervisory Committee

Held 12 times during FY24/3

Roles of Audit & Supervisory Committee

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

Composition of the Audit & Supervisory Committee

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

Main initiatives taken by the Audit & Supervisory Committee

Main matters on the agenda at the meetings of the Audit & Supervisory Committee include providing consent for the nomination of directors who act as Audit & Supervisory Committee Members, drawing up audit plans, providing consent for the internal audit plan submitted by the Group Internal Audit Dept., the preparation of audit reports, the reappointment/replacement of the Accounting Auditor based on assessments of its performance, providing consent for compensation for the Accounting Auditor, and deciding on the appointment and compensation, etc., of the directors except for Audit & Supervisory Committee Members. The full-time Audit & Supervisory Committee Members attend important meetings of the Company and request reports from operating divisions as necessary to gather information on the Company's business execution status.

3 The Advisory Committee Relating to Nominations and Compensation

Held 7 times during FY24/3

The Company established the Advisory Committee Relating to Nominations and Compensation as an advisory body to the Board of Directors, and the majority of the members comprise independent external directors to strengthen the objectivity, independence, and accountability of functions of the Board of Directors in relation to the nomination and compensation of the directors and executive officers. Currently, the Advisory Committee Relating to Nominations and Compensation consists of four members, of whom three are independent external directors. The Chairman of the Advisory Committee Relating to Nominations and Compensation is an independent external director. The Committee discusses such matters as those relating to the nomination and compensation of directors and executive officers, succession plans for these positions, and training policies, and reports the outcome to the Board of Directors.

4 Management Committee

Held 46 times during FY24/3

The Committee, which comprises the Chief Executive Officer, the Executive Vice President, and Executive Officers, determines certain matters regarding the execution of business at Group companies. The Chair and Director and Directors who act as Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

5 Budget Committee

Held 9 times during FY24/3

Under the Management Committee, for the compilation of budgets, preparation of the Mid- to Long-term Business Plan, and other matters, the Committee discusses the planning, execution, and other matters regarding budgets and the Mid- to Long-term Business Plan.

6 Risk Management Committee

Held 7 times during FY24/3

Under the Management Committee, with the aim of securing the continuity and stable development of business through the practice of risk management, the Committee discusses matters in connection with internal controls, risks in the Group's management and other matters.

7 Sustainability Committee

Held 3 times during FY24/3

Under the Management Committee, the Committee discusses matters on the promotion of sustainability and other items for the purpose of establishing policies and plans, managing results, deepening Group employees' understanding, and disclosing various information regarding the promotion of sustainability.

8 DX Strategy Committee

Held 12 times during FY24/3

Under the Management Committee, the Committee discusses matters regarding DX strategy and investment plans for preparing the ICT base and establishing information systems with the aim of establishing policies and plans regarding the promotion of DX, improving the ICT environment, and realizing its effective use.

9 Human Resource, Wellness, D&I Committee

Held 2 times during FY24/3

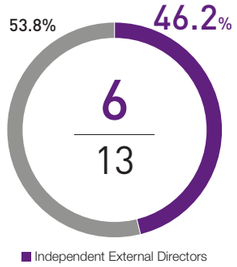
Under the Management Committee, the Committee discusses matters regarding Group-wide HR issues, the optimal placement of best-suited personnel in each Group company (in terms of placement, promotion, development, and recruitment), and the establishment of work environments (in terms of wellness and D&I) with the purpose of promoting human capital strategies aligned with business strategies.

Diversity of directors

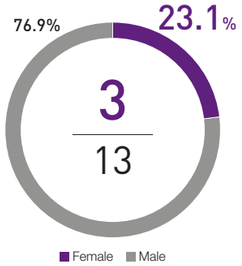
Based on Basic Corporate Governance Policy, the Group has a policy of appointing and nominating a diverse range of people with a variety of knowledge, experience, and skills as senior management.

Composition of the Board of Directors and Committees

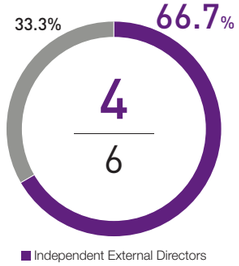
Percentage of Independent External Directors on the Board of Directors



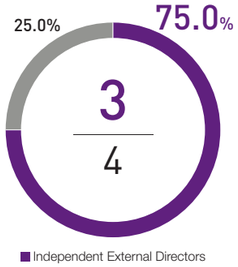
Percentage of female Directors on the Board of Directors



Percentage of Independent External Directors on the Audit & Supervisory Committee



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



Positions and roles, attributes, attendance, etc., of directors

Name	Position/Responsibilities	Executive/External/Independent/New	Term of office*1	Gender	Attendance rate at meetings of Board of Directors (upper row) and Audit & Supervisory Committee (bottom row) (number of meetings)	Audit & Supervisory Committee Members*2	Advisory Committee Relating to Nominations and Compensation Members*2
Eiji Kutsukake	Chair and Director	Non-executive	10	Male	100% (13/13)		○
Satoshi Arai	President and Representative Director, and Executive Officer Group CEO	Executive	2	Male	100% (13/13)		
Daisaku Matsuo	Executive Vice President, Representative Director, and Executive Officer Group COO	Executive	3	Male	100% (13/13)		
Makoto Haga	Executive Vice President, Representative Director, and Executive Officer	Executive	7	Male	100% (13/13)		
Hiroshi Kurokawa	Director and Executive Officer	Executive	3	Male	100% (13/13)		
Chiharu Takakura	Director	Non-executive External Independent	1	Female	100% (10/10)*3		
Yoshinori Yamashita	Director	Non-executive External Independent New	–	Male	(Assumed on June 21, 2024)		◎
Hiroyuki Kimura	Director (Audit & Supervisory Committee Member) (Full-time)	Non-executive	3	Male	100% (13/13) 100% (12/12)	◎	
Yasushi Takayama	Director (Audit & Supervisory Committee Member) (Full-time)	Non-executive	5	Male	100% (13/13) 100% (12/12)	○	
Yoshio Mogi	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	5	Male	100% (13/13) 100% (12/12)	○	○
Akiko Miyakawa	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	5	Female	100% (13/13) 100% (12/12)	○	
Tetsu Takahashi	Director (Audit & Supervisory Committee Member)	Non-executive External Independent	4	Male	100% (13/13) 100% (12/12)	○	○
Aogi Suemura	Director (Audit & Supervisory Committee Member)	Non-executive External Independent New	–	Female	(Assumed on June 21, 2024)	○	

*1 Term of office as director as of June 21, 2024 *2 ◎: Committee Chairman *3 Number of meetings held in the fiscal year ended March 31, 2024 since assuming the position of director on June 23, 2023

Reasons for the appointment of external directors

Name	Reasons for the appointment
Chiharu Takakura	Chiharu Takakura has great knowledge and experience and profound insights into human resources strategy and development, including the promotion of human capital management, acquired during her many years executing business in important roles in the human resources division of a global company as well as participating on specialist committees for a governmental agency. She has been selected as an external director because it is expected that by leveraging her skills and experience she will contribute to the strengthening of the supervisory function of the Board of Directors and corporate governance systems, and fair and transparent management.
Yoshinori Yamashita	Yoshinori Yamashita has great knowledge and experience and profound insights concerning corporate management, acquired through his many years working as a corporate manager. He has been selected as an external director because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure as well as to enhancing fair and transparent management.
Yoshio Mogi	Yoshio Mogi has great knowledge, experience and extensive insights concerning corporate management acquired through his many years working as a corporate manager. As an external director, he has been selected as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure as well as to enhancing the auditing structure.
Akiko Miyakawa	Akiko Miyakawa has great knowledge, experience and extensive insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. As an external officer, she has been selected as an Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure as well as to enhancing the auditing structure, although she has no previous experience of direct involvement in the management of a company other than as an external officer.
Tetsu Takahashi	Tetsu Takahashi has great knowledge, experience and extensive insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been directly involved in the management of a company except as an external officer. However, he has been selected as an external director and as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an external director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure as well as to enhancing the auditing structure.
Aogi Suemura	Aogi Suemura is an expert at accounting and auditing and has great knowledge, experience and extensive insights acquired through her many years working as a Certified Public Accountant. She has been selected as an external director as Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge as a Certified Public Accountant, external director, and external Audit & Supervisory Committee Member will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure as well as to enhancing the auditing structure, although she has no previous experience of direct involvement in the management of a company other than as an external officer.

Initiatives to Support and Improve the Skills of Directors

The Company actively provides training to all directors based on its Group Vision and management strategies. The Company also regularly provides opportunities for all directors to receive training from guest lecturers from outside the Company. Also, when external directors assume office, they are provided with explanations regarding such topics as the Group's history, business framework, and business model, to deepen their understanding of said topics. After the external directors' tenures begin, in addition to ensuring regular opportunities for training, the Company also provides opportunities for them to tour the Company's properties. In addition, in order to facilitate smooth deliberations, materials for the Board of Directors meetings are provided in advance, and, if necessary, briefings are held prior to the meeting.

	Specific initiatives	Number of sessions (FY 2024/3)
Training provided by guest lecturers from outside the Company	In the fiscal year ended March 2024, we invited outside experts to hold study sessions for directors and executive officers, with "The Most Important Points to Be Considered to Promote Diversity & Inclusion" as a key topic	1
Tour of the Company's properties	To deepen understanding of the Group's wide-ranging business operations, we provide regular opportunities for external directors to tour the Company's properties.	1

Director skills matrix

The fields in which the Group expects directors are as follows:

Name	Fields of expectation for directors						
	Corporate management	Finance/Accounting	Legal/Compliance	Real estate/ Construction	Overseas Business	ICT/Digital	Sustainability/D&I
Eiji Kutsukake	●	●		●			
Satoshi Arai	●	●				●	●
Daisaku Matsuo	●			●	●		●
Makoto Haga	●	●		●		●	
Hiroshi Kurokawa	●	●		●		●	
Chiharu Takakura	●				●		●
Yoshinori Yamashita	●				●	●	●
Hiroyuki Kimura	●	●		●			
Yasushi Takayama		●	●		●		●
Yoshio Mogi	●	●			●		
Akiko Miyakawa		●			●		
Tetsu Takahashi	●		●				
Aogi Suemura		●		●			

*The above table does not represent the total knowledge and experience, etc., of each director.

Definition of skills

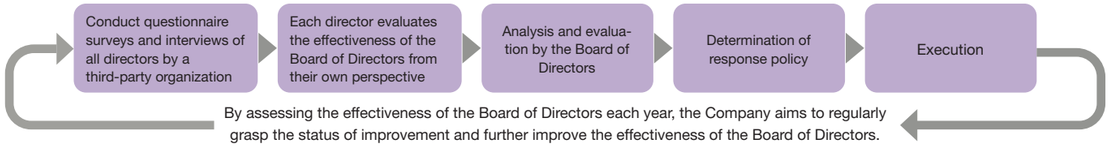
The Board of Directors comprises various directors with the wide range of knowledge, experience, and capabilities needed to ensure the balance and diversity necessary for a holding company that manages companies engaging in businesses in many different fields.

Reason for selecting each skill

Skill	Reason for selection
Corporate management	We believe knowledge and experience related to general corporate management are essential to the formulation and execution of medium- to long-term management strategies amid major changes in the business environment.
Finance/Accounting	We believe knowledge and experience in finance and accounting are essential to ensuring accurate financial reporting, a resilient financial foundation, the promotion of growth investments, and the strengthening shareholder returns.
Legal/Compliance	We believe knowledge and experience in legal matters and compliance are essential to ensuring that risk management based on laws and compliance form the foundation for the pursuit of sustainable growth.
Real estate/Construction	We believe a wealth of knowledge and experience related to real estate and construction are essential to the realization of unique value creation based on the company's development capabilities as laid out in its Mid- to Long-term Business Plan.
Overseas Business	We believe business experience overseas and knowledge related to overseas lifestyles, cultures, and environments are essential to the promotion and supervision of overseas business, which is positioned as a growth field.
ICT/Digital	We believe knowledge and experience in the ICT and digital fields are essential to the utilization of digital technologies to create new value and enhance business productivity.
Sustainability/D&I	We believe that knowledge and experience related to sustainability and personnel strategies are essential to the realization of the Company's sustainability policies as well as the creation and promotion of personnel strategies.

Improvement of the effectiveness of the Board of Directors

For the continuous improvement of the effectiveness of the Board of Directors, the Company performs a cycle of assessment of the effectiveness of the Board of Directors, and the Board of Directors determines and implements response policies based on the assessment results.



Details of the assessment of effectiveness of the Board of Directors in the fiscal year ended March 2024 are as follows:

Surveys

- Conducted questionnaire surveys of all directors
- Conducted interviews of all directors by utilizing a third-party evaluation organization

Analysis and evaluation by the Board of Directors

Members	The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.
Discussion status	Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each Director. In particular, discussions were enhanced by the opinions, etc., of external directors.
Operation	The Board of Directors has been operating stably with materials provided beforehand and the number of agenda items being balanced.
Matters for discussion	In the course of deliberating individual agenda items, the Board of Directors was able to allocate a certain amount of time to engaging in meaningful discussions based on a perspective of sustainable growth for the Company and improvement in its corporate value.

Issues

Operation	In order to allocate more time to deliberations of important agenda items, it is necessary to continue to work on improvements.
Matters for discussion	The Company recognizes that discussions of strategies that require a medium- to long-term perspective need further enhancement.

Response

For the fiscal year ending March 2025, the Company will designate "enhancement of discussions aimed at increasing corporate value over the medium to long term" and "strengthening of IR and governance functions" as priority measures, and it will promote initiatives aimed at the further improvement of corporate value and strengthening of corporate governance.

Main discussions of the Board of Directors

The Company's Board of Directors engages in deeper discussions. The main decisions, reports, and discussions during the fiscal year ended March 2024 were as follows.

Categories	Main themes	
Business strategy	• Annual budget, policy for shareholder returns, fund procurement (borrowings, bonds, etc.) • Financial results • Investor trends/IR strategy • Business Unit strategy	• Examination of M&A • Digital strategy • Promotion of sustainability • Promotion of wellness and D&I • Human resources strategy
Corporate governance	• Evaluating the effectiveness of the Board of Directors • Policy for responding to Audit & Supervisory Committee audit findings • Advisory matters to Advisory Committee Relating to Nominations and Compensation	• Enhancing group governance • Monthly monitoring of response status to various management issues
Risk management/ Compliance/Audits	• Asset risk management • Management of investment risks and external risks • Report of Risk Management Committee	• Formulation of the annual compliance program • Formulation of the group internal audit plan and the report on the results

Strategic shareholdings policy

The Group's strategic shareholdings policy is that such shareholdings can contribute to the improvement of the Group's corporate value from a comprehensive perspective, such as by strengthening business relationships with business partners and strategic business alliances. The basic policy is that the Board of Directors annually verifies the rationality of the Group's continuous holding of shares of listed companies held for purposes other than pure investment (strategic shareholding) and, based on that verification, it sells off shares with low rationality for holding in consideration of the market environment. As of the fiscal year ended March 2024, the Company had no strategic shareholdings.

Strategic shareholding possession status

0

(zero)

Compensation for Directors

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

The Board of Directors of the Company has resolved the policy for deciding the details of compensation, etc., for each individual Director, excluding Audit & Supervisory Committee Members. In addition, the Company has established the Advisory Committee Relating to Nominations and Compensation, the majority of members of which are independent external directors, and, based on the deliberations of this Committee and the opinions it has submitted to the Board of Directors, the Board of Directors has resolved the operation, etc., of the compensation plan for the directors.

Basic Policy

(1) Compensation for directors is linked to the Mid- to Long-term Business Plan, etc., in order to provide sufficient incentive for the sustainable improvement of corporate value, and the Company's basic policy in deciding compensation for each director entails providing an appropriate level of compensation according to the individual's role and position as a director.

(2) The operation and revision of the compensation plan for directors and the amount of compensation for directors are determined by the Board of Directors based on the deliberations of the Advisory Committee Relating to Nominations and Compensation and the opinions it submits to the Board of Directors.

(3) In reviewing the appropriateness of the compensation level and the content of the share-based compensation plan, the Company takes into consideration such factors as the scale of the Company and business characteristics, obtaining advice from an external compensation consultant as necessary.

(4) Compensation for directors concurrently serving as executive officers consists of "base compensation," "bonuses," and "share-based compensation," so that it works as a clear incentive to improve performance not only for the short-term, but also for the medium- to long-term.

(5) Compensation for the Chairman of the Board of Directors and external directors (excluding Audit & Supervisory Committee Members) is made up of "base compensation" and a "restricted shares ("RS") portion of share-based compensation," taking into account the sharing of interests with shareholders, as these individuals are responsible for supervising the execution of business from an objective standpoint and also for enhancing long-term corporate value.

(6) Compensation for Part-time Internal Directors consists only of "base compensation" due to their role of supervising the business execution from an objective standpoint.

Policy for determining ratios of each type of compensation for individual directors

(1) Ratios of compensation for directors and executive officers are determined in accordance with the Basic Policy, items (2) and (4).

(2) Ratios of compensation for the Chairman of the Board of Directors and external directors are determined in accordance with the Basic Policy, items (2) and (5).

(3) Compensation for Part-time Internal Directors consists only of base compensation, in accordance with the Basic Policy, items (2) and (6).

Categories of compensation for directors

Compensation categories		Determination policy for each type of compensation	Evaluation criteria
Fixed compensation	Base compensation	Determined according to the role and position as a director.	Granted according to roles and positions
Variable compensation	Bonuses	Determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals. Said evaluations are made in light of the implementation progress of single-year and medium- to long-term initiatives, for which achievements are difficult to measure based only on financial results.	● The Company's business performance, such as consolidated business profit ● Implementation status of single-year measures and medium- to long-term measures, etc. ● Evaluation based on non-financial indicators (sustainability factors, BEI, etc.)
	Share-based compensation (PS)	Performance-sharing ("PS") is adopted as performance-based compensation, providing an incentive for the enhancement of medium- to long-term performance. Implementation, through the delivery or payment of the Company's shares and/or an amount equivalent to the proceeds of converting the Company's shares into cash, occurs three years after the commencement of the relevant business year.	Performance-linked evaluation after three years (Evaluation index: Business profit, ROE)
	Share-based compensation (RS)	The allocation of restricted shares ("RS") is adopted as non-performance-based compensation, providing an incentive for long-term contributions and enhancing corporate value. Implementation is delayed until the individual's retirement as an officer.	Granted based on position

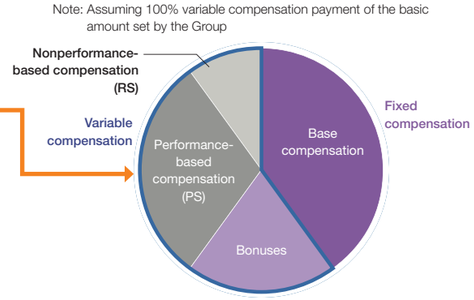
Current State of Compensation for Directors

Categories of compensation for directors

	Fixed compensation	Variable compensation		
	Base compensation	Bonuses	Share-based compensation	
			PS*	RS*
Directors concurrently serving as executive officers	○	○	○	○
Chair and Director	○	–	–	○
External directors (excluding Audit & Supervisory Committee Members)	○	–	–	○
Directors (Audit & Supervisory Committee Members)	○	–	–	–

Directors' compensation ratio (images)

Note: Assuming 100% variable compensation payment of the basic amount set by the Group



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

Director categories	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc., by type (millions of yen)				Number of directors applicable
		Base compensation	Bonuses (Performance-based compensation, etc.)	Share-based compensation (Non-monetary compensation, etc.)		
				Performance-based compensation	Non-performance-based compensation	
Directors (excluding directors who also serve as Audit & Supervisory Committee Members) (excluding external directors)	707	279	144	196	86	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	102	102	–	–	–	2
External directors	66	63	–	–	3	4
Total	875	445	144	196	89	12

Notes:
1 The number of directors (excluding directors who also serve as Audit & Supervisory Committee Members) (excluding external directors) is five as of the end of the fiscal year ended March 2024. The discrepancy in the "number of directors applicable" column above is due to the inclusion of one person who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2023.
2 The number of directors (who also serve as Audit & Supervisory Committee Members) (excluding external directors) is two as of the end of the fiscal year ended March 2024.
3 The number of external directors is four as of the end of the fiscal year ended March 2024.
4 Compensation amounts for directors are based on the amounts the Company recorded as compensation and other expenses for the fiscal year ended March 2024, regardless of whether or not they were paid during that fiscal year. The amount paid in the "Bonuses (Performance-based compensation, etc.)" column above does not include the difference (¥13 million) between the reserve for directors' bonuses for the fiscal year ended March 2023 for five directors (excluding directors who also serve as Audit & Supervisory Committee members and external directors) and the amount of bonuses paid in the fiscal year ended March 2024. With respect to the performance-linked portion of stock-based compensation, etc., there was a difference (¥4 million) in the fiscal year ended March 2024 between the amount recorded as expenses in prior years as the number of points granted to two directors (excluding directors who also serve as Audit & Supervisory Committee members and external directors) and the amount paid as a result of the delivery of shares, etc., during the fiscal year ended March 31, 2024. The difference is not included in the amount paid in the "Share-based compensation (Non-monetary compensation, etc.)" column above.
5 Compensation ("base compensation" and "bonuses") for directors has been set as no greater than ¥550 million per year for directors (excluding directors who also serve as Audit & Supervisory Committee Members) according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. At the time of the resolution, the number of directors (excluding directors who also serve as Audit & Supervisory Committee Members) was eight (of which two were external directors). Furthermore, compensation for directors (who also serve as Audit & Supervisory Committee Members) is limited to up to ¥170 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2020. The number of directors who also serve as Audit & Supervisory Committee Members at the time of the resolution was six (including four external directors).
In accordance with the resolution of the Ordinary General Meeting of Shareholders held on June 21, 2024, the maximum amount of remuneration for directors (Audit & Supervisory Board Members) was revised to ¥180 million per year, and number of directors who also serve as Audit & Supervisory Committee Members at the time of the resolution was six (including four external directors).
6 Aside from compensation for directors as shown in 4. above, the Company introduced a performance-based share compensation plan. In accordance with the resolution at the Ordinary General Meeting of Shareholders held on June 24, 2022, regarding the applicable period of three fiscal years beginning from the fiscal year ending March 31, 2023 (or, in the case of a period extension, each of the subsequent three fiscal years), the Company's contribution to a trust as compensation for directors (excluding directors who also serve as Audit & Supervisory Committee Members) is limited to no more than ¥1,650 million and 672,000 shares (of which the limit per external director is ¥9.9 million and 4,030 shares for each of the three fiscal years), and, at the time of the resolution, the number of directors subject to the plan (excluding directors who also serve as Audit & Supervisory Committee Members) was seven.
7 With respect to performance-based compensation, the details of the performance indicators that pertain to monetary bonuses, the calculation method of such bonuses, and the reasons for selecting these indicators are as stated in the Basic Policy on the previous page. The actual results that pertain to performance indicators are as presented in the table below.

	Business profit	Period-over-period change
Fiscal year ended March 31, 2024	¥113,665 million	+8.1%

8 With respect to the performance-based compensation, the details of the performance indicators that pertain to share-based compensation, etc., the calculation method of such share-based compensation, etc., and the reasons for selecting these indicators are as stated in the Basic Policy stated on the previous page. The ranges of performance indicators were decided as presented in the tables below.

(This range covers the three-year period beginning with the fiscal year ended March 2022 through the fiscal year ended March 2024)

	Ranges	Results
The achievement-linked coefficient	0%–200%	143.0%
Business profit	¥83,300 million–¥116,700 million	¥113,665 million
ROE	6.5%–12.5%	10.1%

9 Non-monetary compensation, etc., consists of the Company's shares, etc., and the conditions, etc., for the delivery are as stated on the previous page.
10 Based on a resolution of the Board of Directors, the specific amounts of monetary base compensation and bonuses that are to be paid for the execution of the recipients' duties in the fiscal year ended March 2024, have been determined by Satoshi Arai, who serves as President and Representative Director. The reason for this delegation to the President and Representative Director is that the Company has judged the President and Representative Director to be the appropriate authority for conduct the individual evaluation of each director while considering the performance of the Company overall. The payment level is deliberated by the Advisory Committee Relating to Nominations and Compensation, which submits its findings for the appropriate exercise of decision authority delegated to the President and Representative Director.

Risk Management

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

For more detailed information, see our Financial Report. https://www.nomura-re-hd.co.jp/english/ir/pdf/FR2024.pdf

Basic Policy for Risk Management

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

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

Important risks needing to be managed among main risks

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

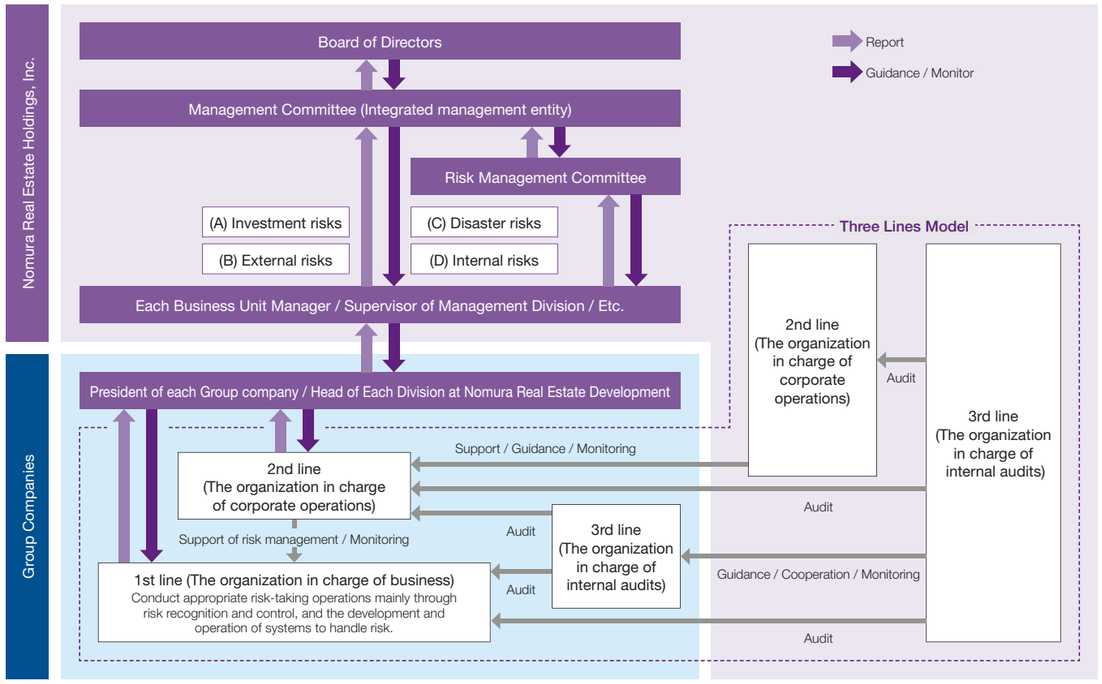
Risk Management Structure

To discuss various risks related to Group management, the Company has delegated the Management Committee as the integrated risk management entity and operates a system for regularly monitoring, evaluating, and analyzing the state of main risks, providing necessary guidance and advice to each business unit and Group company, and regularly reporting details to the Board of Directors.

The Management Committee, which is the integrated management body, directly monitors "A: Investment risk" and "B: External risk," while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of "C: Disaster risk" and "D: Internal risk" and these committees discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence after risk occurs. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the chairman of the Risk Management Committee to share risk information and response policies within the Group. With regard to risk management, each Business Unit manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each Group company (the head of each division at Nomura Real Estate Development Co., Ltd.) is responsible for reporting risk management matters to the Business Unit Manager in a timely and appropriate manner.

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

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



Details of main risks

The following are the main risks that management recognizes as having the potential to significantly influence the financial position, business performance and cash flows of the company and the consolidated subsidiaries. Among these main risks, the Company has selected several risks requiring particular attention during the fiscal year ending March 2025, in consideration of factors such as the magnitude of the potential impact on its businesses and the external environment.

Matters concerning the future and the recognition of risks in the text are as determined by the Group as of the end of the fiscal year ended March 2024. The following, however, does not include all risks. Risks that are unpredictable or deemed insignificant at this point in time may impact on businesses in the future.

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

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

Risks to which we pay special attention

Risk categories	Main risk items
(A) Investment risks	• Risk of inability to secure the expected business volume and making it difficult to secure the expected business volume and achieve the profit growth projected in the Mid- to Long-term Business Plan due to intensifying competition for land acquisition, etc. • Risk of a deterioration in business profit from new construction due to higher costs and longer construction times than originally forecasted in project plans and budgets as well as restrictions on work orders from general contractors, etc. • Risk of profitability deterioration and delays in anticipated project schedule due to changes in economic conditions regarding projects with long-term project time frames and large investment budgets, such as redevelopment projects
(B) External risks	• Risks arising from the impacts of sales prices for housing, properties developed for sale as well as sale prices of asset replacement properties due to changes in Japan's real estate market and financial conditions • Risk arising from deterioration in profitability and delay in profit recovery timing in overseas business due to deterioration in economies and real estate markets, deterioration in the financial condition of general contractors and JV partners, and other factors in countries overseas • Risk of a reduced competitive advantage of the Company's businesses due to delays in response to changes in lifestyles and values, response to accelerating advances in digital technology, and response to sustainability and human resources, etc.
(C) Disaster risks	• Risk of inability to continue business due to increasingly intense natural disasters such as earthquakes, typhoons, and torrential rains
(D) Internal risks	• Risk due to inadequate design and construction in the real estate development business • Risk due to delay in preparing and engraining personnel systems to secure diverse human resources and enable human resources to continue playing an active role • Risk due to information leak by cyberattack or system failure, impact on business continuity, and incurrence and expansion of damage, etc. • Risk of violating laws and regulations and hindering the realization of smooth transactions with counterparties due to delays in strengthening the transaction system to realize the passing on of appropriate price rises to customers in light of rising material prices, energy costs, among other costs.

The details of each major risk item and main initiatives are as follows.

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

Risk	1) Risks associated with real estate investment
Risk details	• Risk that the Group's business performance, etc., may be affected as a result of delays in the timing of sales recording and deterioration of profitability due to unexpected discovery of soil pollution, delays in obtaining permits and licenses, occurrence of additional construction work, restrictions on work orders from general contractors, protracted construction periods, and increases in construction and energy expenses.
Main initiatives	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of Group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. Regarding the risk of an increase in construction expenses, the Company includes a certain amount of additional costs when acquiring land for development and carries out other measures. The Board of Directors and Management Committee regularly monitor construction cost trends and impacts from rising construction costs. Following the acquisition of land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially important event occur, after deliberation by the Management Committee or the Board of Directors of the Company or Group companies when necessary, the department shall respond to the issues. In addition, for businesses that are in progress and completed, the progress of each business is monitored, and the results are reviewed so that issues and trends, etc., for each business type are grasped and analyzed.

Risk	2) Risks associated with strategic investment (M&A) and new businesses
Risk details	• Risk that the Group's financial position and business performance, etc., may be affected if the Group fails to achieve profit growth or synergy expected by the target companies in which it invests in strategic investments (M&A). • Risk that the Group's financial position and business performance may be affected due to the inability to execute business according to original plans or achieve synergies with Group companies in new businesses and investments in new asset types.
Main initiatives	In executing strategic investment (M&A), factors such as the synergies with the Group's existing businesses, and business plans, financial details and contract-related matters of targeted companies shall be carefully examined and considered and strategic investment (M&A) shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by Management Committee or the Board of Directors of the Company or Group companies.

(B) External risks: Risks related to external factors influencing business

Risk	3) Risks associated with market changes
Risk details	• Risk that the Group's financial position and business performance, etc., may be affected by trends of competitors, the emergence of innovative new entrants, changes in economic, political, and social conditions, and the emergence of geopolitical risks, and the occurrence of disasters, etc., which may lead to changes in the business environment and market conditions.
Main initiatives	The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business and improve precision. When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to ensure a certain level of soundness regarding our financial position even if market conditions change rapidly.

Risk	4) Risks caused by changes in economic conditions
Risk details	• Risk that the Group's financial position and business performance, etc., may be affected by a decline in customers' purchase appetite in the housing sales business, a decline in the rent level of office buildings, etc., or an increase in the vacancy rate due to domestic and overseas economic recessions. • Risk that the Group's financial position and business performance, etc., may be affected by an increase in the Group's financing costs, a decline in customer desire to purchase in the housing sales business due to higher housing loan interest rates, resulting from a rise in market interest rates, or a decline in asset prices owing to a rise in cap rates. • Risk that the Group's financial position and business performance, etc., may be affected by fluctuations in the amounts of investment and collection translated into yen and fluctuations in assets and liabilities denominated in foreign currencies on the consolidated financial statements due to fluctuations in exchange rates. • Risk that the Group's financial position and business performance, etc., may be affected by deterioration in the profitability of overseas businesses and delays in the timing of collecting profits due to deterioration in the financial condition of general contractors and JV partners in overseas countries, etc.
Main initiatives	Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. In the real estate investment and development business, we make investment decisions that limit the impact to a certain extent even in the event of a decline in asset prices due to a decline in rents and a rise in cap rates. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy. In addition, with regard to the status of general contractors and JV partners in overseas business, in addition to regular monitoring by 1st line, we regularly confirm and deliberate on events that affect our business and their responses through the Overseas Business Risk Committee etc., and deliberate at the Management Committee or the Board of Directors of the Company or Group companies as necessary

Highlights

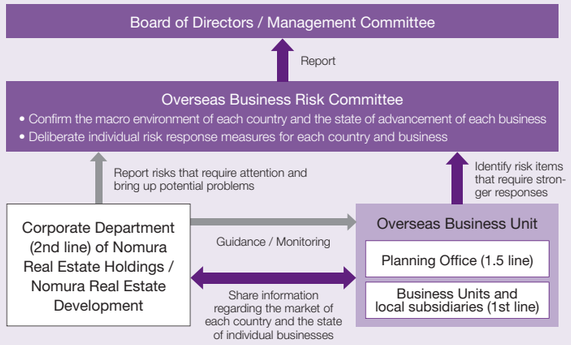
Risk management structure that supports overseas business expansion

In the current Mid- to Long-term Business Plan, the Company is aiming to expand its overseas business profit ratio to 15% of total business profit by the fiscal year ending March 31, 2031.

Planning to develop a more effective risk management system, the Company established the Overseas Business Monitoring Committee in April 2020 and has been monitoring the status of businesses overseas.

In light of the expansion in the amount invested and the number of countries invested in, with the aim of more carefully assessing risk events by country and strengthening our responses to them, we started holding meetings of the Overseas Business Risk Committee (formerly named the Overseas Business Monitoring Committee) in May 2023 and are working hard to further enhance our risk management system.

Risk Management System in the Overseas Business



Operation Policies for Overseas Business Risk Committee

- **Operation**
  We regularly collect, analyze, and share information between the 1st, 1.5, and 2nd lines regarding the macro environment of each country and the state of progress of each business. Matters confirmed as risks and issues that especially require attention are reported to this committee.
- **Deliberation themes**
  We identify individual risk matters and issues that require stronger responses for each country and business and deliberate response measures
- **Report to the Board of Directors and Management Committee**
  Report the content of discussions at this committee, individual risk items, and response measures

Main deliberation items in FY2024/3

- Progress of the condominium sales market and housing sales business in Vietnam
- Trends in China's economy and market as well as real estate market conditions
- The financial position of general contractors in Vietnam and Thailand
- The environment of the rental housing development business in the United Kingdom
- Progress of the rental housing development business in the United States

Risk	5) Risks caused by changes in political/social conditions/systems (laws, tax systems, accounting, others)
Risk details	• Risk that the Group's financial position and business performance, etc., may be affected by rising construction and energy expenses, the occurrence of delays in business schedule, etc., due to disruptions in the foreign exchange market, energy market, and supply chain in the event of changes to the political and social situations, such as the emergence of geopolitical risks. • In overseas business, risk that the Group's financial position and business performance, etc., may be affected due to obstacles to promote business in case there are changes in political and social situations that have been unexpected at the beginning of conducting business in each country, as there are risks specific to each country's political and social situations. • Risk that the Group's financial position and business performance, etc., may be affected as a result of the occurrence of new obligations and expenses in case there are changes in various types of laws and regulations in Japan and overseas applicable to each of the Group's businesses or other laws and regulations become applicable due to an expansion in the business scope in the future. • Risk that the Group's financial position and business performance, etc., may be affected as a result of increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business. • Risk that business activities may be restricted, for example, trade with customers could be suspended, and the Group's brand value may deteriorate if it fails to appropriately respond to human rights issues in the value chain.
Main initiatives	We collect and analyze information on trends in political and social situations, various laws and regulations, tax systems and accounting systems in Japan and overseas from industry groups, external experts, business partners, and consider responses at each of the Company's respective organizations on the "2nd line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. In overseas business in particular, we seek the knowledge of external experts regarding the forecast of the future political and social situations as well as applicable laws, regulations and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to the political and social situations as well as important related laws and regulations that have an impact on business strategy, revenue and expenditures, and progress in countries where we do business through the Overseas Business Risk Committee, etc. In the case that there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies. Regarding human rights, the Sustainability Committee, which is chaired by the President and Executive Officer (Group CEO), formulates policies in line with the Nomura Real Estate Group Human Rights Policy, confirms the status of progress toward each target, and deliberates action plans. In addition, the subordinate Human Rights Subcommittee builds and operates human rights due diligence processes based on the Guidelines Related to Business and Human Rights.

Risk	6) Risks from lagging behind innovation and changes in the social structure related to business
Risk details	• Risk that the Group's financial position and business performance, etc., may be affected by a decline in the competitive advantage of the Company's products and services if there are delays in responding to changes in the social structure and changes in the industrial structure resulting from rapid technological innovation and the emergence of innovative new participants. • Risk that difficulties in securing human resources due to the declining birthrate and aging population will limit the Company's ability to develop products and services. • Risk that the Group's financial position and business performance, etc., may be affected by a decline in the competitive advantage of the Company's products and services if there are delays in responding to changes in demands related to the customer environment, energy conservation, and disaster prevention resulting from the implementation and strengthening of greenhouse gas reduction regulations, etc., and technologies related to high environmental performance and energy performance.
Main initiatives	In the midst of a changing business environment, the Group has been creating new and highly unique value for society and customers by leveraging its strengths, such as real estate development capabilities based on the "market-in" approach and a commitment to quality in urban development and real estate-related services. Drawing on these strengths, in order to respond to changes in social and industrial structure and the growing awareness of society and customers toward sustainability, we have established the DX & Innovation Management Dept. and the Sustainability Management Dept., which are responsible for the research and development of new business fields, planning, and the promotion of innovation creation, digital strategies, and initiatives for sustainability, etc. We have also established the "Innovation Promotion System," which allows the employees of each Group company to cooperate beyond the boundaries of their daily work to develop innovative human resources and promote the exploration of new fields of business, with the DX & Innovation Management Dept. serving as the secretariat. In addition, through the provision of corporate venture capital, the Company is collaborating with the startups that it has taken stakes in, which possess innovative technologies and services, continuing to provide services that utilize these digital technologies. Regarding the creation of a corporate culture that encourages the creation of value and the strengthening of collaboration within the Group, we established the Nomura Real Estate Group Awards, an internal award system with the Corporate Communications Department as the secretariat. Furthermore, in response to the difficulty of securing human resources, we are working to improve operational efficiency and conserve labor by utilizing digital technology. We are placing, promoting, developing, and securing human resources to ensure the optimal placement of personnel and are implementing wellness and diversity and inclusion measures to foster optimal environments.

(C) Disaster risks: Risk generated by disasters that have a large impact on customers and business continuity

Risk	7) Risks caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity
Risk details	• Risk of the Group being unable to continue as a business due to difficulty securing the personnel needed to ensure continued viability because of threats to the lives and health of the Group's employees and officers posed by such disasters as large earthquakes, storms, and flood damage, and infectious disease epidemics. • Risk of compromised safety and security of customers using properties sold rented, or managed by the Group due to damage caused by disasters, including large earthquakes, storms and flood damage.
Main initiatives	The Group recognizes that the frequency of disasters has increased, and this is an important social issue. Based on discussions with government and disaster preparedness experts, we are working to ensure safety and security in the event a disaster occurs. We engage in disaster preparedness activities to ensure that, if a disaster occurs, its impact is minimized and the Group and its employees are able to continue business and their normal lives. We have formulated a business continuity action plan (BCP) in the event of a disaster. In preparing for an earthquake, and storm and flood damage, under the BCP we have determined an emergency chain of command, assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Once per year we hold Disaster Task Force Establishment Drills to ensure the prescribed details are effective, ensuring the safety of executives and employees and establishing a chain of command system, so that we are prepared for restoring business after an emergency. Concerning infectious diseases, based on the Group's response results to novel coronavirus infections (COVID-19), we have formulated a BCP for infectious diseases that summarizes responses according to the infection situation (establishment of a chain of command system, selection of core businesses for business continuity, the formulation of common rules for infection prevention, etc.) from the time of infection confirmation to the spread of new infectious diseases in preparation for the emergence of new infectious diseases in the future. We have also formulated a BCP that stipulates initial responses and foreign evacuation standards in response to various geopolitical risks, terrorism, and disasters not only in Japan but also overseas. Regarding earthquakes, fires, storms, floods, and other sudden accidents, we have set up regulations for responses to torrential rains and flooding, formulated a disaster response manual, and created a disaster preparedness guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs.

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

Risk	8) Risks of the violation of laws and ordinances
Risk details	• Risk that business performance may be affected by a violation of the Real Estate Brokerage Act, the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Antimonopoly Act, Subcontract Act, or other related law or regulation, resulting in loss of credibility and the imposition of administrative penalties and fines, etc.
Main initiatives	The Group has formulated the Nomura Real Estate Group Code of Action for executives and employees to comply with laws and regulations and internal rules, and act with higher ethical standards, and it has also provided education on an ongoing basis. For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for the status of compliance. Concerning the Antimonopoly Act, etc., in order to realize an appropriate passing of price increases on to customers that takes into account increases in material prices, energy costs, etc., we are working to strengthen our legal and regulatory compliance system by formulating business rules according to the business characteristics and the scale of each Group company's business, creating manuals, and conducting training. In addition, regarding the inappropriate entertainment of foreign public officials and other civil servants, the Company has established regulations, etc. The Company is implementing regular training for executives, employees and overseas local hires related to overseas businesses.

Risk	9) Risks of quality defects
Risk details	• Risk that the business performance may be affected by the loss of trust, unexpected costs, or delays in development plans and operation plans due to management deficiencies such as design and construction defects, etc., in the real estate development business or in the case of a management deficiency in the properties for leasing or under management.
Main initiatives	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of creditability and technical capabilities, the Group adheres to the Design and Construction Standards (structure, construction, equipment, and electrical), and the Quality Manuals, etc., and ensures the thorough compliance of the parties while also checking the state of construction and carrying out quality inspections as the ordering party. (However, in joint ventures with other companies and redevelopment projects led by redevelopment associations, different methods may be adopted depending on the business form.) Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of a deficiency or accident.

Risk	10) Risks of occurrence of information system crisis
Risk details	• Risk that the Group's business performance, etc., may be affected as a result of the delays in the Group's sales activities and business processing and the loss of credibility, and the resulting decrease in sales and damage compensation costs in the unlikely case the Company's information system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks, unauthorized access, or system failure.
Main initiatives	In a situation where we are actively promoting DX initiatives to realize business transformation and sustainable growth using the Internet and cloud services, ensuring information security is becoming more critical than ever. We have installed security systems that block unauthorized access from the Internet, scan information terminals for viruses, and detect the behavior of malware, bots, and other intruders to prevent unauthorized transmission if they enter. In addition, alerts from these systems are monitored to ensure that the ICT environment is prepared for cyber-attacks and information leaks. Also, security checks are conducted prior to the use of cloud services to ensure that they are used safely. To ensure business continuity after a system failure, we monitor the operational status of our networks and systems and are continually striving to establish and expand measures to rapidly restore and substitute operations in case there is a failure. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing the organized management of information and maintaining and improving security levels within the Group, we adhere to the Information Security Regulations and the Information Handling Guidelines, regularly provide information security enlightenment to our employees, protect the rights and interests of our customers, and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.

Risk	11) Risks of inadequate responses to matters related to human resources
Risk details	• Risk that long working hours damage the health of employees in the event that the working hours of Group employees are not properly ascertained. • Risk that the Group's business performance, etc., may be affected as a result of the outflow of the Group's human resources, the loss of trust, and the imposition of fines in case we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations. • Risk that delays in the establishment of a labor environment that takes in a diverse range of human resources (employees that work short hours mainly due to childcare and nursing, sexual minorities, people with disabilities, seniors, foreign nationals, and others) may result in the Group being unable to secure the necessary personnel, or the inability of secured personnel to continue working, leading to a decline in corporate competitiveness. • In terms of personnel and labor management at overseas bases, risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor laws and customs, risk of losing know-how due to the retirement of local employees, and risk that the health of employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country
Main initiatives	The Group adheres to working with vigor and achieving wellness as its action guideline. The Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. Along with introducing various systems, including recommendations to take paid leave, the promotion of teleworking, and a program for taking time off or working shorter hours for childcare and nursing and to build a labor environment conducive for a diverse workforce, we are working to improve the level of understanding related to diversity among executives and employees through regular training sessions. In addition, some Group companies, such as Nomura Real Estate Development, have partially implemented paid leave for male employees' birth childcare leave and introduced an accumulated paid leave system. In order to properly grasp working hours, we have introduced an attendance management system to manage it, and especially for long working hours, we regularly monitor the situation. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks. Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help the staff find, and provide support for visits to, medical institutions. The Group established the Human Resources, Wellness and D&I Management Committee, which is chaired by the President and Executive Officer (Group CEO), in order to integrally promote wellness, work-style reforms and the ensuring of diverse human resources, and the Wellness and D&I Management Sect. in the Group Human Resources Development Dept. as the dedicated organization for the promotion of diversity & inclusion. In the fiscal year ended March 2024, we formulated and announced the Group's D&I promotion policy and medium- and short-term promotion road map and established the period up to the fiscal year ending March 2025 as Step I to develop D&I awareness. With the period from the fiscal year ending March 2026 as Step II, we will continue working to develop D&I awareness with the aim of fostering a culture that incorporates D&I into business activities. We set the key goals of (1) Promoting D&I to start new workstyles at the Group's new head office and (2) Enhancing recognition of inclusive design and continually promoting hands-on experience. In addition, in the fiscal year ending March 2025, to ensure human capital management in alignment with management and human resource strategies, we established the Human Capital Task Force, which includes each company of the Nomura Real Estate Group, to discuss policies on human capital management.

Risk	12) Risks of occurrence of fraud and negligence
Risk details	• Risk that the business performance may be affected as a result of the loss of credibility and the resulting decrease in sales and damage compensation costs due to fraud perpetuated by executives and employees, information leakage due to improper management, and operational negligence.
Main initiatives	Group executives and employees comply with laws and regulations as well as with the internal rules, etc., established by each company of the Group. Furthermore, we have established the Nomura Real Estate Group Code of Ethics with the aim of acting in accordance with even higher ethical standards, and we continuously provide education and training sessions to executives and employees. In addition, the Company has established a system to enhance the effectiveness of compliance activities in each workplace by assigning a compliance promotion officer to each department, office and branch of the Company and Group companies. Furthermore, with the "Nomura Real Estate Group Risk Helpline," an internal whistleblowing system shared by all Group companies, the Company has set up internal and external contact points for reporting wrongdoing and seeking advice on how to proceed, and has developed and implemented systems based on the Whistleblower Protection Act.

Internal Controls, Compliance/Information Disclosure

Compliance system

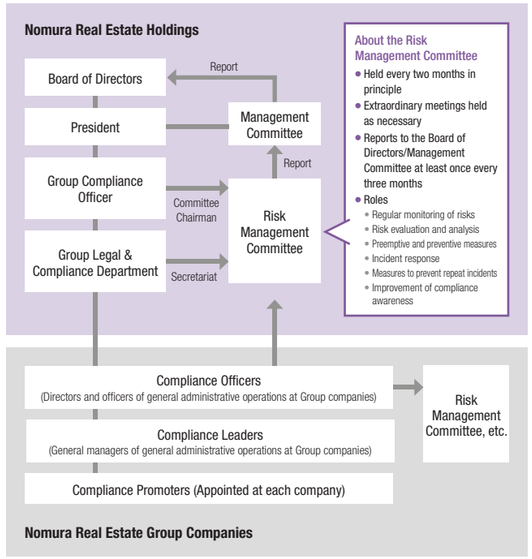
The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of its most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk Management Committee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

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

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

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

Compliance system



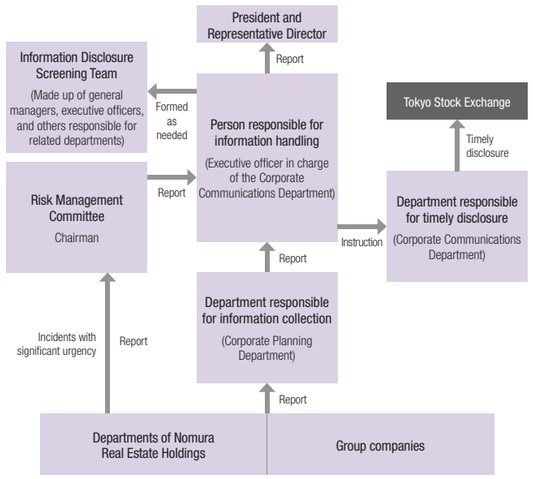
Appropriate information disclosure and transparency

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act as well as this chart explaining other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system indicates, the person responsible for information handling (executive officer in charge of the Corporate Communications Department) collects information about the Company through the Department responsible for information collection (Corporate Planning Department).

As for information requiring timely disclosure, the Information Disclosure Screening Team, which is made up of general managers, executive officers, and others responsible in related departments, will screen the matter and report the results to the President and Representative Director. Company information found to require timely disclosure will be disclosed in a timely manner by the Department responsible for timely disclosure (Corporate Communications Department) at the instruction of the person responsible for information handling (executive officer in charge of the Corporate Communications Department).

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

Timely disclosure system



Shareholder engagement

Based on its policies regarding the development of systems and the implementation of initiatives to facilitate shareholder dialogue, the Company pursues proactive and constructive engagement with shareholders.

The director in charge of investor relations (the Group CFO) takes the lead in engaging with shareholders, while the Investor Relations Section of the Corporate Communications Department supports these efforts. At the financial results briefings, the Group CEO explains business results and future strategies.

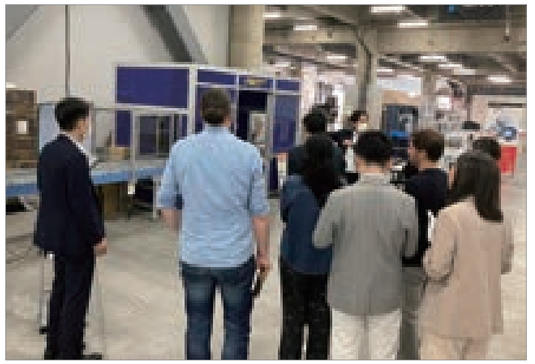
The Investor Relations Section meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of investor relations reports the views and concerns of shareholders found in the course of this engagement to the executive management team and regularly reports to the Board of Directors, which discusses this information.

We established Regulations Concerning the Prevention of Insider Trading to ensure the fairness of information disclosures and prevent leakages of information that could affect our stock price. We manage insider information appropriately according to these regulations, and a silent period was also established.

Current status of investor relations activities

To attract more shareholders and prospective investors, the IR Section of the Corporate Communications Department plays a central role in enhancing understanding of the Group's business activities and growth strategy through direct and indirect communications with both institutional and individual investors.

To deepen the understanding of a wide range of investors about the Company's business and management strategies, we actively participate in IR fairs and conferences.



Holding tours of logistics facilities for institutional investors

Major IR activities during FY24/3

IR activities for institutional investors	Number of times held
Financial results briefings (Including Conference calls on financial results announcement days)	4
Property tours	5
Business briefings for analysts and investors	3
Meetings with analysts and investors (including the following meetings)	437
Conferences organized by securities companies	10
CEO small meeting	1
ESG meetings	18

IR activities for individual investors	Number of times held
Conferences for individual investors	1

For further details and the latest information, visit the IR site.
Japanese https://www.nomura-re-hd.co.jp/ir/
English https://www.nomura-re-hd.co.jp/english/ir/

Directors and Executive Officers (As of June 21, 2024)

Directors

Non-executive



Eiji Kutsukake

Date of Birth: September 12, 1960

Chair and Director
Chair of the Board of Directors
Advisory Committee Relating to Nominations and Compensation Member

Number of shares held: 51,000*

Apr. 1984 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2011 Senior Corporate Managing Director of Nomura Holdings, Inc.
Executive Vice President of Nomura Securities Co., Ltd.
Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.
Aug. 2012 Deputy President of Nomura Securities Co., Ltd.
Apr. 2013 Director and Deputy President of Nomura Securities Co., Ltd.
Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.
Jun. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2017 Chair and Representative Director of Nomura Real Estate Development Co., Ltd.
Apr. 2023 Chair and Director of Nomura Real Estate Holdings, Inc. (present)
Director of Nomura Real Estate Development Co., Ltd. (present)

Executive



Satoshi Arai

Date of Birth: June 3, 1965

President and Representative Director, and Chief Executive Officer
Group CEO

Number of shares held: 7,600*

Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Apr. 2011 Senior Managing Director of Nomura Securities Co., Ltd.
Apr. 2014 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
Apr. 2017 Senior Managing Director of Nomura Holdings, Inc.
Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd.
Apr. 2018 Senior Managing Director of Nomura Holdings, Inc.
Supervisor of Management Division
Apr. 2019 Representative Director and Deputy President of Nomura Securities Co., Ltd.
Apr. 2022 Advisor of Nomura Real Estate Holdings, Inc.
Director of Nomura Real Estate Development Co., Ltd.
Jun. 2022 Executive Vice President and Director of Nomura Real Estate Holdings, Inc.
Apr. 2023 President and Representative Director, Chief Executive Officer, and Group CEO of Nomura Real Estate Holdings, Inc. (present)
Chair and Representative Director of Nomura Real Estate Development Co., Ltd. (present)

Executive



Daisaku Matsuo

Date of Birth: October 18, 1964

Executive Vice President and Representative Director, and Executive Officer
Group COO

Number of shares held: 23,500*

Apr. 1988 Joined Nomura Real Estate Development Co., Ltd.
Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2018 Executive Officer of Nomura Real Estate Holdings, Inc.
Business Unit Manager of Residential Development Business Unit
Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2021 Executive Vice President of Nomura Real Estate Holdings, Inc.
President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Jun. 2021 Executive Vice President and Representative Director, and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
Apr. 2022 Executive Vice President and Representative Director, Executive Officer, and Group COO of Nomura Real Estate Holdings, Inc. (present)

Executive



Makoto Haga

Date of Birth: June 22, 1966

Executive Vice President and Representative Director, and Executive Officer
Supervisor of Management Division

Number of shares held: 28,100*

Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
Oct. 2011 Director of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2017 Executive Officer of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division
Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division
Apr. 2019 Director, Executive Officer, and Group CFO of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division
Apr. 2020 Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2021 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Business Unit Manager of Commercial Real Estate Business Unit
Apr. 2023 Executive Vice President and Representative Director, and Executive Officer of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division (present)
Executive Vice President and Representative Director, and Executive Officer of Nomura Real Estate Development Co., Ltd. (present)

Executive



Hiroshi Kurokawa

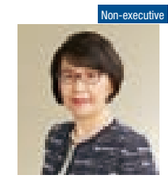
Date of Birth: February 2, 1968

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

Number of shares held: 13,700*

Apr. 1990 Joined Nomura Real Estate Development Co., Ltd.
Apr. 2013 Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2015 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2017 Executive Officer of Nomura Real Estate Holdings, Inc.
Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2020 Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2021 Executive Officer and Group CFO of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division
Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Jun. 2021 Director, Executive Officer, and Group CFO of Nomura Real Estate Holdings, Inc.
Supervisor of Management Division
Apr. 2023 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Business Unit Manager of Commercial Real Estate Business Unit (present)

Non-executive | External Director | Independent Director



Chiharu Takakura

Date of Birth: December 22, 1959

Director

Number of shares held: —*

Apr. 1983 Joined Economic Affairs Bureau of Ministry of Agriculture, Forestry and Fisheries
Aug. 1993 Joined Sanwa Research Institute Corp.
Jul. 1999 Joined Pfizer Japan Inc.
Oct. 2006 Joined Novartis Pharma K.K.
Oct. 2013 Managing Executive Officer of Nihon Tetra Pak K.K.
Jul. 2014 Corporate Fellow and General Manager of Global Human Resources Dept. of Ajinomoto Co., Inc.
Apr. 2020 Joined ROHTO Pharmaceutical Co., Ltd.
Jun. 2020 Director of ROHTO Pharmaceutical Co., Ltd.
Jun. 2021 Outside Audit and Supervisory Board Member of NGK SPARK PLUG Co., Ltd. (currently, Niterra Co., Ltd.)
Mar. 2022 Director and Chief Human Resource Officer (CHRO) of ROHTO Pharmaceutical Co., Ltd.
Jun. 2022 Outside Director of NGK SPARK PLUG Co., Ltd. (currently, Niterra Co., Ltd.) (present)
Jun. 2023 External Director of Nomura Real Estate Holdings, Inc. (present)
External Director of Mitsui Sumitomo Insurance Co., Ltd. (present)

Non-executive | External Director | Independent Director | Newly appointed



Yoshinori Yamashita

Date of Birth: August 22, 1957

President and Representative
Chair of Advisory Committee Relating to Nominations and Compensation

Number of shares held: —*

Mar. 1980 Joined Ricoh Company, Ltd.
Apr. 2008 President of Ricoh Electronics, Inc.
Apr. 2010 Group Executive Officer of Ricoh Company, Ltd.
Apr. 2011 Corporate Senior Vice President of Ricoh Company, Ltd.
Jun. 2012 Director and Corporate Executive Vice President of Ricoh Company, Ltd.
Jun. 2016 Deputy President of Ricoh Company, Ltd.
Apr. 2017 Representative Director and President of Ricoh Company, Ltd.
Apr. 2021 Vice Chairperson of Japan Association of Corporate Executives (present)
Apr. 2023 Representative Director and Chairperson of Ricoh Company, Ltd. (present)
Jun. 2024 External Director of Nomura Real Estate Holdings, Inc. (present)

Non-executive



Hiroyuki Kimura

Date of Birth: March 30, 1962

Director (Audit & Supervisory Committee Member)
Chair of Audit & Supervisory Committee

Number of shares held: 33,800*

Apr. 1984 Joined Nomura Real Estate Development Co., Ltd.
Apr. 2009 Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2009 Director of Nomura Real Estate Holdings, Inc.
Apr. 2010 Director of Nomura Real Estate Asset Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
Oct. 2011 Managing Director of Nomura Real Estate Asset Management Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Jun. 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Jun. 2013 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014 Executive Officer and CFO of Nomura Real Estate Holdings, Inc.
Jun. 2014 Director, Executive Officer, and CFO of Nomura Real Estate Holdings, Inc.
Apr. 2017 Director, Executive Officer, and Group CFO of Nomura Real Estate Holdings, Inc.
Apr. 2019 Director of Nomura Real Estate Holdings, Inc.
Executive Vice President and Representative Director of Nomura Real Estate Asset Management Co., Ltd.
Apr. 2021 Advisor of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Jun. 2021 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Non-executive



Yasushi Takayama

Date of Birth: February 1, 1964

Director (Audit & Supervisory Committee Member)

Number of shares held: —*

Apr. 1988 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
Jun. 2011 Director, Nomura Financial Products & Services, Inc.
Oct. 2012 Managing Director and General Counsel of Nomura Securities International, Inc. (New York)
Sep. 2013 Managing Director and General Counsel of Nomura Holding America Inc.
Apr. 2015 Senior Managing Director and Chief Legal Officer of Nomura Holdings, Inc.
Senior Managing Director and Chief Legal Officer of Nomura Securities Co., Ltd.
Jun. 2016 Outside Director of Japan Securities Depository Center, Incorporated
Apr. 2019 Advisor of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Jun. 2019 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. (present)

Non-executive | External Director | Independent Director



Yoshio Mogi

Date of Birth: April 10, 1952

Director (Audit & Supervisory Committee Member)
Advisory Committee Relating to Nominations and Compensation Member

Number of shares held: —*

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

Non-executive | External Director | Independent Director



Akiko Miyakawa

Date of Birth: October 18, 1955

Director (Audit & Supervisory Committee Member)

Number of shares held: —*

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

Non-executive | External Director | Independent Director



Tetsu Takahashi

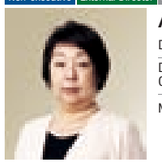
Date of Birth: October 24, 1956

Director (Audit & Supervisory Committee Member)
Member of Advisory Committee Relating to Nominations and Compensation

Number of shares held: —*

Apr. 1986 Registered with Tokyo Bar Association
Joined Miyakezaka Law Offices
Jul. 2003 Representative Partner of KASUMIGASEKI PARTNERS LAW OFFICE
Mar. 2006 Outside Audit & Supervisory Board Member of Apple Japan Co., Ltd.
Mar. 2007 External Director of McDonald's Holdings Company (Japan), Ltd.
External Director of McDonald's Company (Japan), Ltd.
Jun. 2007 Outside Audit & Supervisory Board Member of Gro-Bels Co., Ltd.
Oct. 2007 Outside Audit & Supervisory Board Member of Bit-isle Inc. (currently, Equinix, Inc.)
Jan. 2012 Outside Audit & Supervisory Board Member of Boox Co., Ltd. (currently, eBOOK Initiative Japan Co., Ltd.)
Feb. 2012 Outside Audit & Supervisory Board Member of ZOOM CORPORATION
Jun. 2015 Outside Director (Audit and Supervisory Committee Member) of ZOOM CORPORATION
Oct. 2016 Outside Audit & Supervisory Board Member of eBOOK Initiative Japan Co., Ltd.
Jun. 2020 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
Dec. 2020 Executive Partner of ITN Partners (present)
Mar. 2022 External Director of McDonald's Holdings Company (Japan), Ltd. (present)

Non-executive | External Director | Independent Director | Newly appointed



Aogi Suemura

Date of Birth: December 10, 1959

Director (Audit & Supervisory Committee Member)

Number of shares held: —*

Oct. 1992 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
Aug. 1999 Joined GOLDCREST Co., Ltd.
Jan. 2002 Joined Sumitomo Shoji Financial Management Co., Ltd.
Nov. 2004 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
Jun. 2008 Partner of Deloitte Touche Tohmatsu
Jan. 2022 Representative of Aogi Suemura Certified Public Accountant Firm (present)
Jun. 2022 Outside Director (Audit & Supervisory Committee Member) of RIKEN TECHNOS CORPORATION (present)
Mar. 2023 Outside Audit & Supervisory Board Member of Nippon Denko Co., Ltd. (present)
Mar. 2024 Outside Director (Audit & Supervisory Board Member) of Nippon Denko Co., Ltd. (present)
Jun. 2024 External Director of Nomura Real Estate Holdings, Inc. (present)

Executive officers

(excluding those who are concurrently serving as directors)

Shigeyuki Yamamoto
In charge of Development Planning

Kenichi Maeda
Business Unit Manager of Property Brokerage & CRE Business Unit

Haruhiko Nakamura
Business Unit Manager of Residential Development Business Unit

Tetsumi Yoshimura
In charge of Quality Management and Architectural Design

Kazuhiro Toida
Business Unit Manager of Property & Facility Management Business Unit

Masaomi Katayama
Business Unit Manager of Investment Management Business Unit

Eiji Enomoto
Chief of DX Promotion

Masato Yamauchi
Business Unit Manager of Overseas Business Unit

Yukio Ichihara
In charge of Internal audit and Compliance, ICT Management Dept., Group Corporate Administration Dept., Secretariat

Motomi Uki
In charge of Group Human Resources Dept., Group Human Resources Development Dept.

Takayuki Kaji
In charge of Business Creation

Toshihide Tsukasaki
Group CFO
In charge of Investor Relations, Finance & Accounting Dept., Finance Dept.

Joji Yamada
In charge of Corporate Planning Dept., Group Head Office Relocation Planning Dept., DX & Innovation Planning Dept.

Katsuya Tanaka
In charge of Sustainability Management, Corporate Communications Dept., Sustainability Management Dept.

Naoko Usami
In charge of Group Diversity and Inclusion Management and Group Human Resources Development Dept.

Yuichi Masuda
In charge of Group Internal Audit Dept., Group Legal & Compliance Dept.,

* As of March 31, 2024

Note: Chiharu Takakura, Yoshinori Yamashita, Yoshio Mogi, Akiko Miyakawa, Tetsu Takahashi, and Aogi Suemura are external directors as prescribed in Article 2, Item 15 of the Companies Act.

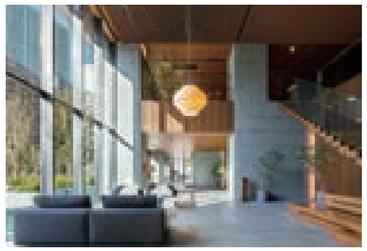
Main Asset Brands

Residential business

PROUD

A condominium brand aimed at helping each customer pursue their unique lifestyle, PROUD boasts leading-edge facilities that provide superior comfort as well as beautiful design, with each property situated in a select location.

Cumulative number of housing units supplied: approx. 79,000 units*1, 2



PROUD Tower Shibaura (common space)



PROUD Shirokanechojamaru

PROUD SEASON

Detached housing based on the concept of “creating housing that will endure as the heritage of people, towns and times”

Cumulative number of housing units supplied: approx. 9,000 units*1



PROUD SEASON Shonan-Fujisawa Mutsuai

PROUD FLAT

Rental housing with renowned quality made possible by the Group’s abundant know-how

Cumulative number of developed properties: 138 properties*1



PROUD FLAT Nakano (common space)



PROUD FLAT Ryogoku South

OUKAS

Health-promoting senior rental housing developed under the concept of residences that facilitate enjoying the time of one’s life

Cumulative number of developed properties: 11 properties*1

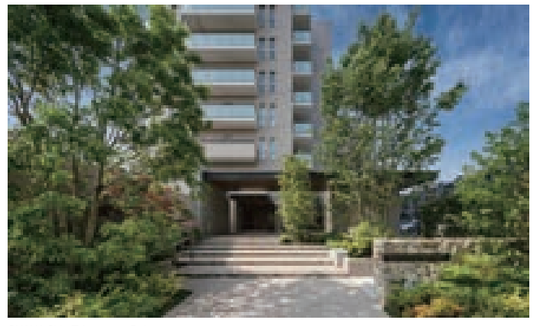


OUKAS Setagaya Sengawa

OHANA

Suburban-type condominiums developed under the concept of “delivering high-quality housing to as many customers as possible”

Cumulative number of housing units supplied: approx. 6,000 units*1



OHANA Shin-Tokorozawa Duhare

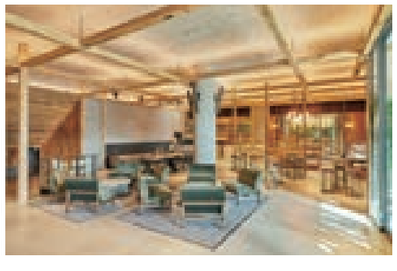
Hotel

NOHGA HOTEL

Hotels that reflect with the concept of “creating memorable experiences through close links with the local community”

Cumulative number of developed properties: 3 properties*1





NOHGA HOTEL KIYOMIZU KYOTO

*1. As of March 31, 2024 (number of developed properties includes plans)
*2. Cumulative number of PROUD condominiums and detached housing units supplied

Office

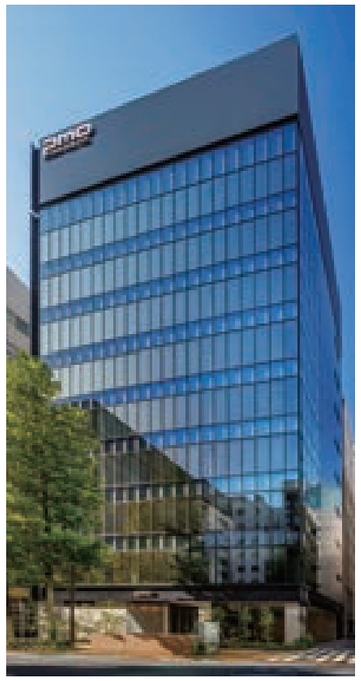
PMO

Medium-scale office building similar in quality and specifications to large-scale office buildings

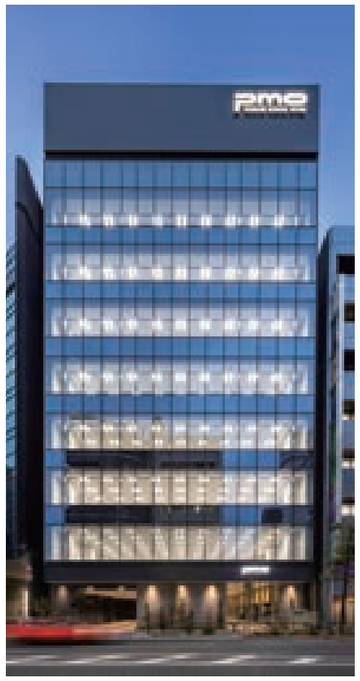
Cumulative number of developed properties:
75 properties*



Human First Salon in PMOEX Nihonbashi Kayabacho (lounge exclusively for tenant companies)



PMO Ginza II



PMO Ikebukuro II

H¹O

Small offices with services to meet the needs of workers in small teams

Cumulative number of developed properties: 26 properties*
(including types that are incorporated into larger developed property's floors)



H¹O Shibakoen

H¹T

Satellite-type shared office that accommodates needs associated with more diverse and efficient workstyles

Number of bases: 283 branches*
(including affiliated offices)



H¹T Ikebukuro Nishiguchi

* Cumulative number of developed properties (including plans) and number of bases are as of March 31, 2024

Logistics facilities

Landport

Logistics facility with advanced and high functionality

Cumulative number of developed properties:
51 properties*



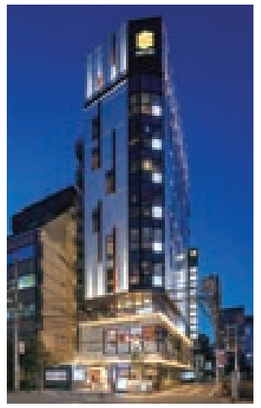
Landport Yokohama Fukuura

Retail facilities

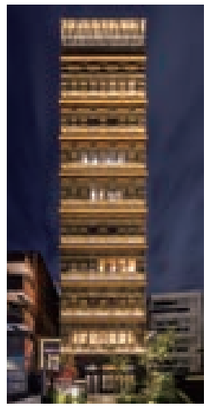
GEMS

Urban retail facilities that mainly feature a single restaurant on each floor

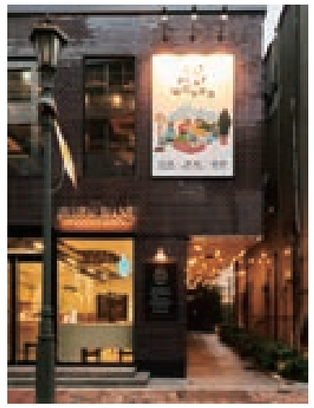
Cumulative number of developed properties:
23 properties*



GEMS Tamachi



GEMS Roppongi



GEMS HIROO CROSS

SOCOLA

Neighborhood retail facilities that integrate supermarkets, various retailers, restaurants, and service stores

Cumulative number of developed properties: 7 properties*



SOCOLA Hiyoshi



SOCOLA Minami Gyotoku

MEFULL

Urban retail facilities mainly focusing on service industries

Cumulative number of developed properties: 9 properties*



MEFULL Kiba

Main Development Projects

Large-scale, Mixed-use Redevelopment Projects

BLUE FRONT SHIBAURA (Shibaura Project)*1



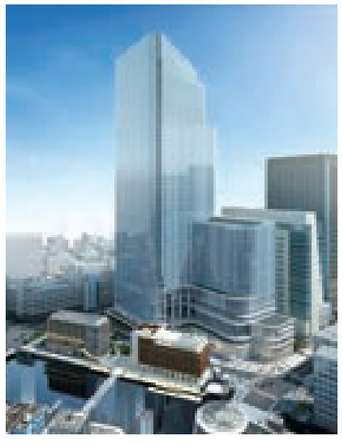
Location: Minato-ku, Tokyo
District area: approx. 47,000 m²
Gross floor area: approx. 550,000 m²

Major uses: Offices, retail facilities, hotel, residences, parking lot, etc.
Number of floors:
South Tower, 43F above ground, 3F below ground
North Tower, 45F above ground, 3F below ground

Scheduled for completion: South Tower Feb. 2025, North Tower FY31/3
Business entities: Nomura Real Estate Development
East Japan Railway Company

Nihonbashi 1-chome Central District Category 1 Urban Redevelopment*1

Scheduled for completion: FY26/3
Major uses: Offices, retail facilities, hotel, residences, conference venue
Gross floor area: approx. 380,300 m²



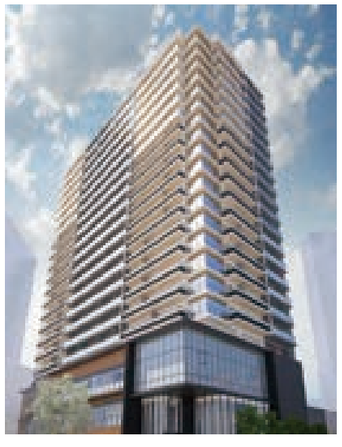
Nishi-Azabu 3-chome Northeast District Category 1 Urban Redevelopment Project*1

Scheduled for completion: FY30/3
Major uses: Residences, hotels, retail facilities, offices, temples, shrines
Gross floor area: approx. 99,570 m² (including temples and shrines)



Koriyama Ekimae 1-chome 2nd District Category 1 Urban Redevelopment*2

Scheduled for completion: FY26/3
Major uses: Residences, medical facilities
Gross floor area: approx. 20,800 m²



*1. Joint venture project
*2. Individual-led project

Overseas Business

Asia

Grand Park 3rd period*1 Ho Chi Minh City, Vietnam

Completion: 2023
Major use: Residences
Total units: approx. 9,600



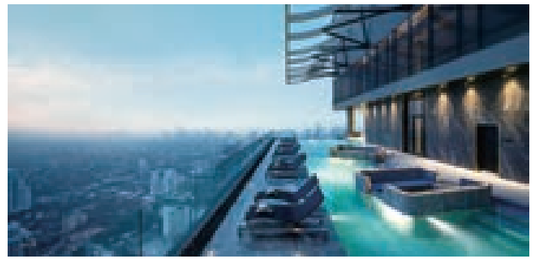
The Seasons Residences*1 Manila, Philippines

Scheduled for completion:
Residence 2023 and onward
Retail facility 2022
Major uses: Residences, retail facilities
Total units: approx. 1,400 Retail facilities
Rental floor area: approx. 17,000 m²



Park Origin Thonglor*1 Bangkok, Thailand

Completion: 2022
Major use: Residences
Total units: approx. 1,180



U.K. and U.S.

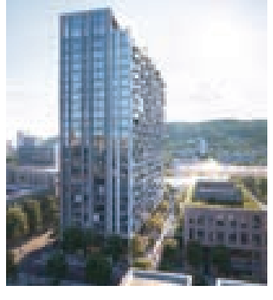
55 Saint James Street London, U.K.

Completion: 2015 (already completed)
Major uses: Office, rental housing
Rental floor area:
Offices: approx. 2,147 m²
Rental housing: approx. 318 m²



Press Block Project*1 Portland, U.S.

Scheduled for completion: 2025
Major uses: Rental housing, retail facilities, offices
Number of rental housing units: 341
Rental floor area for retail and office:
Retail facilities: approx. 1,113 m²
Offices: approx. 1,840 m²



11-year Financial Data

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	**FY24/3**	FY25/3 (forecast)*12
Statements of Income / Balance Sheets / Statements of Cash Flows (Millions of yen):												
Operating revenue	532,016	567,159	569,545	569,680	623,762	668,510	676,495	580,660	645,049	654,735	**734,715**	790,000
Operating profit	74,307	71,894	80,912	77,271	76,660	79,162	81,905	76,333	91,210	99,598	**112,114**	114,000
Business profit*1	—	—	—	—	—	79,623	82,833	76,448	92,765	105,172	**113,665**	118,000
Ordinary profit	64,058	63,681	72,679	68,952	68,033	69,323	73,077	65,965	82,557	94,121	**98,248**	100,000
Profit attributable to owners of parent	26,844	38,441	47,182	47,005	46,029	45,873	48,886	42,198	55,312	64,520	**68,164**	70,000
Total assets	1,313,887	1,369,226	1,485,449	1,593,093	1,673,099	1,759,455	1,801,273	1,921,306	2,040,506	2,110,693	**2,251,456**	—
Current assets	496,978	549,300	608,779	684,306	717,635	849,528	906,726	1,043,321	1,126,802	1,182,306	**1,256,777**	—
Inventories	349,167	429,764	496,910	570,888	592,996	636,925	714,734	875,520	894,229	999,125	**1,011,917**	—
Equity investments	7,128	6,316	819	2,567	9,612	18,066	30,983	28,770	33,871	32,320	**48,014**	—
Non-current assets	816,909	819,926	876,670	908,786	955,464	909,926	894,547	877,985	913,703	928,387	**994,678**	—
Total net assets	418,697	461,031	456,408	493,813	514,982	541,562	565,120	586,350	621,398	655,737	**692,440**	—
Interest-bearing debt	617,583	616,700	721,900	810,100	877,800	914,000	870,000	1,008,500	1,022,735	1,121,548	**1,192,728**	—
Cash flows from operating activities	83,535	23,837	13,258	(31,889)	21,498	89,964	56,618	(63,504)	52,793	(42,809)	**70,878**	—
Cash flows from investing activities	(20,191)	(32,476)	(59,714)	(54,558)	(51,637)	(46,699)	(30,490)	(55,789)	(46,277)	(62,896)	**(83,638)**	—
Cash flows from financing activities	(57,858)	(8,983)	53,637	76,575	43,787	13,723	(66,821)	112,376	(9,619)	65,675	**39,921**	—
Capital investment*2	21,938	38,871	50,367	61,300	71,665	20,824	20,363	45,665	36,618	44,064	**66,013**	—
Per Share Data (Yen):												
Profit attributable to owners of parent	140.70	201.28	246.42	245.10	240.89	245.99	267.21	232.53	307.81	365.26	**392.29**	404.85
Net assets	1,863.12	2,061.86	2,320.84	2,508.73	2,664.70	2,854.21	3,031.15	3,229.80	3,478.14	3,756.30	**4,002.79**	—
NAV*3	1,997	2,299	2,708	3,063	3,333	3,630	3,833	4,035	4,442	4,764	**5,075**	—
Annual dividends	35.00	45.00	57.50	65.00	70.00	75.00	80.00	82.50	97.50	120.00	**140.00**	165.00
Share Information (Shares):												
Number of shares issued at the end of period (including treasury shares)	190,906,800	191,119,700	191,679,601	191,877,801	192,155,201	192,373,101	192,875,301	193,099,001	182,604,637	182,938,437	**183,268,237**	—
Treasury shares at the end of period*4	1,206	1,206	1,508	1,709	3,956,956	7,821,664	11,367,181	12,490,613	4,704,422	9,015,395	**10,656,043**	—
Management Benchmarks:												
Operating profit ratio (%)	14.0	12.7	14.2	13.6	12.3	11.8	12.1	13.1	14.1	15.2	**15.3**	—
ROA*5 (%)	5.6	5.5	5.8	5.1	4.7	4.6	4.7	4.1	4.7	5.1	**5.2**	—
ROE*6 (%)	7.8	10.3	11.2	10.1	9.4	8.9	9.1	7.4	9.2	10.1	**10.1**	—
Shareholders' equity ratio (%)	27.1	28.8	29.9	30.2	30.0	29.9	30.5	30.4	30.3	31.0	**30.7**	—
Unrealized profit*7 (billions of yen)	41.2	70.2	110.9	153.9	181.9	206.3	209.6	209.6	247.0	252.5	**2,667**	—
D/E ratio (times)	1.7	1.6	1.6	1.7	1.8	1.7	1.6	1.7	1.7	1.7	**1.7**	—
EBITDA*8 (billions of yen)	72.8	82.1	94.8	93.7	93.8	93.3	101.6	91.8	108.9	118.9	**131.1**	—
Debt to EBITDA ratio*8 (times)	8.5	7.5	7.6	8.6	9.4	9.8	8.6	11.0	9.4	9.4	**9.1**	—
Total return ratio*9 (%)	24.9	22.4	23.3	26.5	50.8	41.4	46.3	45.0	44.3	47.6	**46.0**	—
Dividend payout ratio*10 (%)	24.9	22.4	23.3	26.5	29.1	30.5	29.9	35.5	31.7	32.9	**35.7**	40.7
Stock Index (At the end of each period):												
Share price (yen)	1,970	2,166	2,080	1,774	2,512	2,125	1,755	2,665	2,933	2,930	**4,400**	—
PER (times)	15.0	14.2	9.9	7.9	10.7	8.5	6.9	12.0	10.2	8.5	**11.6**	—
PBR (times)	1.1	1.1	0.9	0.7	1.0	0.8	0.6	0.9	0.9	0.8	**1.1**	—
Total shareholder return (TSR)*11	—	—	—	—	—	—	86.4	133.1	150.3	155.8	**231.5**	—

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

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

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

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

*5 ROA = business profit / average assets during the fiscal year Before FY17/3: ROA = (operating income + non-operating income) /average assets during the fiscal year

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

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

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

* 9 Total return ratio = (dividend per share + share buyback per share) / EPS

*10 Dividend payout ratio = dividend per share / EPS

*11 Total shareholder return (TSR) = (stock price as of the end of the fiscal year + accumulated dividend per share from FY20/3 to FY24/3) / stock price as of the end of FY193

*12 Forecasts as of July 25, 2024

Business Unit Information

(millions of yen)

Operating Revenue	FY21/3	FY22/3	FY23/3	FY24/3
Residential Development*1, 2, 3	—	—	—	**359,180**
Housing sales (Japan)	—	—	—	**282,988**
Sales (rental housing)*4	—	—	—	**32,918**
Leasing*5	—	—	—	**6,201**
Management	—	—	—	**7,112**
Other	—	—	—	**29,959**
Commercial Real Estate*1, 2, 3	—	—	—	**216,384**
Sales (property for sales)*5	—	—	—	**115,517**
Leasing	—	—	—	**73,350**
Management	—	—	—	**22,246**
Other	—	—	—	**5,269**
Overseas*6	—	2,628	6,770	**4,616**
Housing sales	—	1,785	5,876	**3,359**
Leasing	—	692	657	**536**
Other	—	150	235	**720**
Investment Management	12,456	12,804	13,632	**14,356**
Property Brokerage & CRE	39,436	43,762	47,700	**49,588**
Brokerage fee (retail)*7	23,334	21,825	24,071	**25,670**
Brokerage fee (middle)*7	—	8,326	9,613	**11,889**
Brokerage fee (wholesale)*7	11,384	9,681	11,571	**10,190**
Other	4,717	3,929	2,442	**1,838**
Property & Facility Management	98,384	99,230	105,474	**108,190**
Property & facility management	56,783	58,264	59,502	**60,817**
Construction ordered	35,863	35,215	39,875	**41,067**
Other	5,737	5,750	6,096	**6,305**
Other	2,070	126	282	**280**
Adjustments (elimination or corporate)	(23,492)	(25,188)	(20,913)	**(17,882)**
Total	580,660	645,049	654,735	**734,715**

Operating Profit

(millions of yen)

Residential Development*2	22,421	32,519	33,323	**41,416**
Commercial Real Estate*2	35,138	38,286	39,231	**49,055**
Overseas*6	—	(512)	2,414	**(1,248)**
Investment Management	7,296	7,515	7,796	**8,303**
Property Brokerage & CRE	8,962	11,713	13,785	**13,444**
Property & Facility Management	9,089	9,114	9,816	**10,050**
Other	(789)	(199)	147	**161**
Adjustments (elimination or corporate)	(5,776)	(7,227)	(6,917)	**(9,070)**
Total	76,333	91,210	99,598	**112,114**

Business Profit*8

(millions of yen)

Residential Development*2	22,404	32,550	33,333	**41,499**
Commercial Real Estate*2	35,469	38,590	39,529	**49,325**
Overseas*6	—	291	7,288	**(357)**
Investment Management	7,587	7,836	8,089	**8,571**
Property Brokerage & CRE	8,976	11,716	13,822	**13,447**
Property & Facility Management	9,281	9,205	9,878	**10,088**
Other	(1,495)	(199)	147	**161**
Adjustments (elimination or corporate)	(5,776)	(7,227)	(6,917)	**(9,070)**
Total	76,448	92,765	105,172	**113,665**

*1 Effective from FY25/3, the classification of operating revenue in the Residential Development Business Unit and the Commercial Real Estate Business Unit was changed. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.
*2 Effective from FY25/3, the hotel business, which had been included in the Commercial Real Estate Business Unit, is now included in the Residential Development Business Unit. Due to this change, the figures listed for FY24/3 have been retroactively adjusted.
*3 Regarding operating revenue for the Residential Development Business Unit and Commercial Real Estate Business Unit, to view results for each business category in FY24/3 or earlier, visit the webpage for the latest presentation reference materials.
The Company's webpage for presentation materials:
https://www.nomura-re-hd.co.jp/english/ir/ir_library/materials.html
*4 Rental housing refers to properties developed for the real estate investment market.
*5 Property for sales refers to properties such as office building, retail facility and logistic facility developed for the real estate investment market.
*6 In FY23/3, the Overseas Business Unit was established, and the Overseas Business Division of Nomura Real Estate Development and overseas subsidiaries, etc., which had been classified under the "Other," were reclassified under this business unit. Due to this change, the figures listed for FY22/3 have been retroactively adjusted.

(millions of yen)

Assets	FY21/3	FY22/3	FY23/3	FY24/3
Residential Development*2	505,976	514,546	607,382	**661,363**
Commercial Real Estate*2	1,160,805	1,204,549	1,225,125	**1,221,842**
Overseas*6	—	117,010	160,942	**216,896**
Investment Management	42,868	43,220	44,064	**58,865**
Property Brokerage & CRE	25,201	35,787	29,088	**29,091**
Property & Facility Management	50,095	48,881	51,368	**49,920**
Other	89,237	777	1,324	**1,310**
Adjustments (elimination or corporate)	47,122	75,733	(8,602)	**12,256**
Total	1,921,306	2,040,506	2,110,693	**2,251,456**

Inventories

(millions of yen)

Residential Development*2	463,944	458,049	514,774	**495,098**
Commercial Real Estate*2	412,862	436,810	485,188	**517,952**
Overseas*6	—	—	—	**—**
Investment Management	—	—	—	**—**
Property Brokerage & CRE	—	—	—	**—**
Property & Facility Management	44	69	377	**76**
Other	11	11	11	**11**
Adjustments (elimination or corporate)	(1,342)	(712)	(1,225)	**(1,131)**
Total	875,520	894,229	999,125	**1,011,917**

Return on Assets (ROA)*9

(%)

Residential Development*2	4.4	6.3	5.5	**6.3**
Commercial Real Estate*2	3.1	3.2	3.2	**4.0**
Overseas*6	—	0.2	4.5	**(0.2)**
Investment Management	17.7	18.1	18.4	**14.6**
Property Brokerage & CRE	35.6	32.7	47.5	**46.2**
Property & Facility Management	18.5	18.8	19.2	**20.2**
Other	—	—	11.2	**12.3**
Total ROA*10	4.1	4.7	5.1	**5.2**

Key Results	FY21/3	FY22/3	FY23/3	FY24/3
Residential Development				
Housing sales (units)	3,669	4,329	4,142	**4,298**
Gross profit ratio of housing sales (%)	22.6	23.6	25.6	**24.6**
Completed housing inventories at the end of the fiscal year (released for sale) (units)	239	130	222	**248**
Completed housing inventories at the end of the fiscal year (unreleased) (units)	182	253	199	**279**
Commercial Real Estate				
Net lettable area at the end of the fiscal year (offices, retail facilities) (m^2)*11	829,670	790,776	697,085	**681,509**
Vacancy rate at the end of the fiscal year (offices, retail facilities) (%)*11	4.9	5.9	4.8	**4.4**
Number of MEGALOS members at the end of the fiscal year	111,425	110,608	114,914	**115,284**
Investment Management				
Assets under management at the end of the fiscal year (millions of yen)	1,815,646	1,948,071	1,957,676	**2,022,606**
Property Brokerage & CRE				
Brokerage: Number of transactions	9,322	10,081	9,985	**10,204**
Brokerage: Transaction value (millions of yen)	893,423	964,882	1,060,313	**1,221,849**
Property & Facility Management				
Buildings under management at the end of the fiscal year (buildings)	788	772	782	**794**
Housing under management at the end of the fiscal year (units)	183,162	186,549	189,574	**193,959**

*7 In FY23/3, the breakdown of operating revenue in the Property Brokerage & CRE Business Unit was changed. Thus, figures listed for FY22/3 onward reflect this change. The breakdown is as follows: Retail: Real estate brokerage business for individuals; Middle: Real estate brokerage business for small and medium-sized enterprises, business owners, some individual investors and high net worth individuals; Wholesale: Real estate brokerage business for large corporations, funds and overseas investors
*8 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization expenses of intangible assets associated with corporate acquisitions.
*9 ROA of each business unit = business profit / total assets at the end of the fiscal year.
*10 Total ROA = business profit / average assets during the fiscal year.
*11 As of April 1, 2022, Nomura Real Estate Development and Nomura Real Estate Building were merged (with Nomura Real Estate Development as the surviving company), and a partial revision was made to the method used to calculate the net lettable area and the vacancy rate in Commercial Real Estate Business Unit. The figures listed reflect this change.

ESG Data

E Environment

	FY22/3	FY23/3	FY24/3
Environmental management			
Environmental certification acquisition rate for newly built property for sales (excluding rental housing)*1	100%	100%	**100%**
Number of environmental certifications acquired for newly built property for sales (excluding rental housing)*1	15	13	**19**
Response to climate change			
Total CO_2 emissions	2,297,026 t-CO_2	2,173,921 t-CO_2	**2,410,000 t-CO_2**
Scope 1, 2	129,056 t-CO_2	98,280 t-CO_2	**75,712 t-CO_2**
Scope 3	2,167,970 t-CO_2	2,075,641 t-CO_2	**2,334,288 t-CO_2**
Energy use*2	379,428 MWh per year	382,231 MWh per year	**380,365 MWh per year**
Energy use intensity*2	0.182 MWh/m^2 per year	0.186 MWh/m^2 per year	**0.205 MWh/m^2 per year**
Solar power generated at Landport logistics facilities	22,801 thousand kWh per year	22,356 MWh per year	**23,837 MWh per year**
Efficient use of water resources			
Total water use*2	1,920 thousand m^3 per year	2,040 thousand m^3 per year	**2,050 thousand m^3 per year**
Water use intensity*2	0.93 m^3/m^2 per year	0.99 m^3/m^2 per year	**0.97 m^3/m^2 per year**
Appropriate resource use and pollution prevention			
Total waste discharge*2	7,213 t per year	11,188 t per year	**10,861 t per year**
Waste discharge intensity*2	3.504 kg/m^2 per year	5.453 kg/m^2 per year	**5.822 kg/m^2 per year**

S Social

Employment / Human resources			
Number of employees*3	7,548	7,695	**7,929**
Female employee ratio*4	32.5%	33.0%	**33.5%**
Number of new graduate hires*4	264	290	**338**
Female new graduate hires ratio*4	39.8%	39.3%	**46.4%**
Female manager and junior manager ratio*5, 6	11.0%	13.9%	**14.7%**
Average years of service*4	10.5	10.8	**10.8**
Male*4	11.7	12.1	**11.9**
Female*4	8.1	8.2	**8.5**
Number of foreign national employees*4, 7	151	158	**230**
Rate of employment of persons with disabilities*8	2.33%	2.31%	**2.26%**
Health and productivity management			
Average work time over statutory working hours (hours per person/month)	13.81	11.03	**8.67**
Rate of acquisition of paid leave	62.34%	69.36%	**69.86%**
Number of work-related injuries resulting in death	0	0	**0**
Absentee rate*9	0.45%	0.36%	**0.43%**

S Social

	FY22/3	FY23/3	FY24/3
Utilizing and improving human resources			
Rate of acquisition of childcare leave*6, 10, 11	96.20%	64.55%	**101.19%**
Rate among men*6	15.80%	38.59%	**102.91%**
Rate of reinstatement after childcare leave ratio*6	92.90%	98.81%	**96.86%**
Male*6	100%	100%	**100%**
Female*6	90.60%	98.10%	**90.00%**
Family care leave takers*6	5	8	**7**
Investment in training cost per employee*12	¥47,936	¥52,706	**¥88,279**
Training hours per employee*12, 13, 14	4.21	3.87	**10.08**
Others			
Group employee awareness survey response rate*15	93.00%	92.37%	**94.40%**
Employee workplace engagement*16	3.97	3.87	**3.91**
Average employee compensation*17	¥10,177,382	¥10,339,925	**¥10,905,420**
Percentage of implementation of 1-on-1 meetings*18	84%	83%	**82%**
Procurement guideline survey implementation rate*19	37%	51%	**56%**

G Governance

Number of Directors*20	12	12	**11**
Independent External Directors*20	5	4	**4**
Female Directors*20	2	1	**2**
Number of the Board of Directors meetings	21	15	**13**
Average attendance rate of all Directors	99.6%	99.4%	**100%**
Average attendance rate of Independent External Directors	99.0%	98.2%	**100%**
Number of Audit & Supervisory Committee meetings	12	12	**12**
Average attendance rate of Audit & Supervisory Committee Members	100%	100%	**100%**
Average attendance rate of Independent External Directors (Audit & Supervisory Committee Members)	100%	100%	**100%**

*1 Includes properties scheduled to be acquired during FY2025/3.
*2 Boundaries for items that are subject to aggregation, such as energy consumption, total water use, total waste emissions, etc., vary. See the Sustainability Report for more information.
*3 Excludes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group, and includes those seconded from outside the Group to the Group.
*4 Includes employees seconded from the Group (the Company and its consolidated subsidiaries) to outside the Group. The calculation is based on 7,963 consolidated employees, excluding those seconded from outside the Group to the Group.
*5 Number of female managers + Number of female candidates for managerial positions / Number of all managers + Number of all candidates for managerial positions
*6 Covers only consolidated subsidiaries in Japan
*7 Number of foreign national employees does not include foreign technical interns.
*8 Rate of employment of persons with disabilities for each period is as of June of the following fiscal year. The scope covered includes Group companies that are subject to the Act on Employment Promotion, etc., of Persons with Disabilities.
*9 Absentee rate = total days of absence/ (scheduled working days × number of employees)
*10 From FY2023/3, the method for disclosure has been changed to secure conformity with calculation formula for information disclosure via securities reports as stipulated under guidelines issued by the Ministry of Health, Labour and Welfare, that have made it mandatory to announce the status of childcare leave utilization.
*11 The denominator is the number of female employees who gave birth and the number of male employees whose spouse gave birth in the corresponding fiscal year. The numerator is the number of female and male employees who took birth childcare leave, childcare leave, and leave through the leave system for childcare in the corresponding fiscal year.
*12 From FY2022/3, the figures have been changed from Nomura Real Estate Development on a non-consolidated basis to those for the entire Group.
*13 Covers only mandatory training and does not include open and selective training or e-learning courses.
*14 The calculation method for training hours was partially changed in FY2024/3.
*15 Figures for FY2021/3 and FY2022/3 represent the response rate to employee satisfaction surveys undertaken by Nomura Real Estate Development on a non-consolidated basis. Figures for FY2023/3 represent the response rate to the awareness survey targeting Nomura Real Estate Group employees (Japan only). (The scope of employees surveyed has been expanded from approximately 2,000 to approximately 7,000.)
*16 Figures for FY2021/3 and FY2022/3 represent the "employee satisfaction level" assessed from 1 to 15 via employee satisfaction surveys undertaken by Nomura Real Estate Development on a non-consolidated basis. Figures for FY2023/3 represent "employee workplace engagement" assessed via an awareness survey targeting Nomura Real Estate Group employees (Japan only).
*17 Average of data for Nomura Real Estate Holdings employees. Number of employees: 283 in FY22/3, 283 in FY23/3, 351 in FY24/3
*18 Figures up to FY2023/3 represent the results of surveys undertaken by the Nomura Real Estate Group (Japan only). Figures for FY2024/3 represent results of the awareness survey for the Nomura Real Estate Group (Japan only).
*19 The denominator is the volume of transactions involving our Group companies, and the numerator is the total volume of transactions with companies that responded to the procurement guideline survey (both calculated on a purchase price basis).
*20 Decrease in personnel due to resignation during the term is not stated.

Sustainability information https://www.nomura-re-hd.co.jp/english/sustainability/

List of Group Companies External Evaluations (As of July 31, 2024)

Company name	Established	Overview of Businesses	Website
Nomura Real Estate Holdings	2004	Management of the operation of group businesses through holding stocks and management instruction	https://www.nomura-re-hd.co.jp/english/
Nomura Real Estate Development	1957	Condominium sales, detached housing sales, investment and development, building leasing business, architectural design, asset management, etc.	https://www.nomura-re.co.jp/english/
Nomura Real Estate Asset Management	2003	Investment management business, type II financial instruments business, investment advisory and agency, real estate trading, etc.	https://www.nre-am.co.jp/english/
Nomura Real Estate Solutions	2000	Real estate brokerage for individuals and corporations, insurance agency, bank agency, real estate information website operation	https://www.nomura-solutions.co.jp/english/
Nomura Real Estate Partners	1977	Facility management for buildings and condominiums, architectural and interior design, property management, cleaning, insurance agency, renovation	https://www.nomura-pt.co.jp/ (Japanese only)
Nomura Real Estate Life & Sports	1989	Planning and management of sports clubs and consulting, sales and rental of sports items, etc.	https://megalos.co.jp/corporate/ (Japanese only)
Nomura Real Estate Heating and Cooling Supply	1987	Supply of heating / solar power sales business	–
Nomura Real Estate Retail Properties	1968	Project management of retail facilities, including commercial surveys, demand forecasts, market research, business planning, operational planning, and merchandising, property management of retail facilities	https://www.nomura-rp.co.jp/ (Japanese only)
Nomura Real Estate Wellness	2015	Development planning and management of senior housings and related services	https://www.nomura-re-wn.co.jp/ (Japanese only)
Nomura Real Estate Hotels	2017	Planning, operation, and management of hotels	https://www.nomura-hotels.co.jp/ (Japanese only)
UDS	2009	Planning, designing, and operating places related to urban redevelopment	https://uds-net.co.jp/ (Japanese only)
OKINAWA UDS	2016	Hotel operation and planning organization	https://okinawa-uds.co.jp/company/ (Japanese only)
Nomura Real Estate Amenity Service	1990	Building and condominium cleaning, sales of consumables	–
PRIME X	2006	Digital advertising, creative services, cloud services, digital transformation	https://www.prime-x.co.jp/ (Japanese only)
First Living Assistance	2017	Home/living assistance service	http://www.f-la.co.jp/ (Japanese only)
Lothbury Investment Management	2010	Asset management business in the United Kingdom	https://www.lothburyim.com/
ZEN PLAZA	1995	Ownership and operation business of ZEN PLAZA	https://zenplaza.com.vn/
NOMURA REAL ESTATE ASIA	2015	Exploring real estate development opportunities, market research, and building relationships with partner companies in Southeast Asia	–
NOMURA REAL ESTATE HONG KONG	2016	Support services for overseas investors looking to invest in Japanese real estate, building relationships with local corporations and investors, exploring business opportunities	–
NOMURA REAL ESTATE (THAILAND)	2019	Investment in local business, market surveys, identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and provision of support for Group companies and businesses	–
NOMURA REAL ESTATE UK	2020	Developing, selling, and operating real estate for investors in the United Kingdom	–
NOMURA REAL ESTATE VIETNAM	2019	Local market surveys to identify new projects and partner corporations, building business relationships with and monitoring local partner companies, and provision of support for Group companies and businesses	–
NOMURA REAL ESTATE CONSULTING (SHANGHAI)	2021	Consulting services for real estate, information consulting services, construction project management services	–

* Some Group companies have been merged and renamed after their inauguration.

External Evaluations

Inclusion in ESG indices

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

Selected for MSCI Japan ESG Select Leaders Index, a wide-ranging index (1)

Selected for MSCI Japan Empowering Women (WIN) Select Index, a thematic index (1)

Selected for FTSE Blossom Japan Index, a wide-ranging index (1)

Selected for FTSE Blossom Japan Sector Relative Index, a wide-ranging index (1)

Selected for S&P/JPX Carbon Efficient Index, a thematic/ environmental index in the ESG indices (1)

Selected for Morningstar Japan ex-REIT Gender Diversity Tilt Index, a thematic index (1)

Selected as the FTSE4 Good Index Series, a representative index for ESG investment (1)

Selected as the Sompo Sustainability Index uniquely set by Sompo Asset Management (1)

Commendations on environmental activities

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

CDP Climate Change A-Rated and selected as a "Supplier Engagement Leader" (1)

エコアクション21 認証番号0012949

Acquired and registered Eco-Action 21 (Environmental Management System) certification (4)*
* Became the first Japanese Real Estate Investment Trust (J-REIT) to acquire and register this certification

エコアクション21 認証番号0013469

Acquired and registered Eco-Action 21 (Environmental Management System) certification (5) *
* Became the first private REIT to acquire and register this certification

Commendations on social activities

Selected as a Kenko Investment for Health Stock 2024 (1)

Selected for Health and Productivity Management Award 2024 (1, 2, 3, 6, 8)

Received Good Design Award 2023 for 7 items. The Group received this award for the 22nd consecutive year (2, 7)

Awarded Gold in PRIDE Index (1, 2, 3, 8)

Awarded Silver in PRIDE Index (6)

Awarded Bronze in PRIDE Index (7)

Signatures on initiatives

Signed the United Nations Global Compact (1)

Signed the Principles for Responsible Investment (3, 9)

Joined "Renewable Energy 100%" (1)

Approved by the Science Based Targets (SBT) initiative (1, 3)

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

Joined the Japan Climate Initiative (3)

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

Member of the UK Green Building Council (GBC) (9)

Joined the "Task Force for Nature-related Financial Disclosures" forum (1)

Joined "the 30by30 Alliance for Biodiversity" (1)

Agreed to the Declaration of Biodiversity by Keidanren (1)

Joined the Japan Climate Leaders Partnership (JCLP) (1)

Selected / Concerned / Award-winning companies

1: Nomura Real Estate Holdings, Inc.
2: Nomura Real Estate Development Co., Ltd.
3: Nomura Real Estate Asset Management Co., Ltd.
4: Nomura Real Estate Master Fund, Inc.
5: Nomura Real Estate Private REIT Inc.
6: Nomura Real Estate Solutions Co., Ltd.
7: Nomura Real Estate Partners Co., Ltd.
8: Nomura Real Estate Life & Sports Co., Ltd.
9: Lothbury Investment Management Limited
10: PRIME X Co., Ltd.
11: Nomura Real Estate Retail Properties Co., Ltd.
12: Nomura Real Estate Hotels Co., Ltd.

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

Corporate Information (As of March 31, 2024)

Corporate data

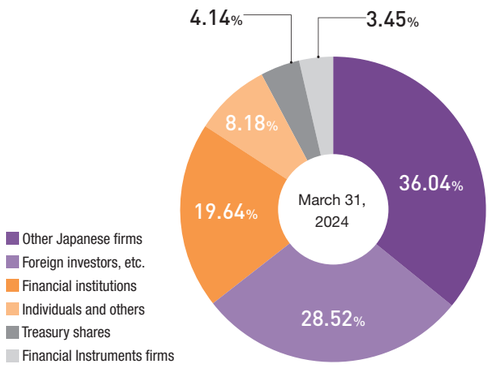
Corporate name:	Nomura Real Estate Holdings, Inc.
Representative:	Satoshi Arai, President and Representative Director
Head office:	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Date of establishment:	June 1, 2004
Number of employees:	7,929 (consolidated)
Fiscal year:	From April 1 to March 31
General meeting of shareholders:	June

Share information

Capital:	¥119,479,560,000
Number of authorized shares:	450,000,000 shares
Number of shares issued:	183,268,237 shares (including 7,602,792 treasury shares)
Listed market:	Tokyo Stock Exchange Prime Market
Minimum trading unit:	100 shares
Number of shareholders:	29,527

* The number of treasury shares above does not include 2,552,143 shares held by the executive compensation BIP (Board Incentive Plan) trust and 501,108 shares held by the ESOP (Employee Stock Ownership Plan) trust established to grant stock to employees.

Composition of shareholdings



Major shareholders (top 10)

Shareholders' name	No. of shares held	Shareholding ratio (%)
Nomura Holdings, Inc.	64,777,500	36.87
The Master Trust Bank of Japan, Ltd. (Trust account)	19,715,500	11.22
Custody Bank of Japan, Ltd. (Trust account)	9,367,600	5.33
Nomura Real Estate Holdings Employee Shareholding Association	3,005,605	1.71
STICHTING PENSIOENFONDS ZORG EN WELZIJN	2,606,299	1.48
The Master Trust Bank of Japan, Ltd. (BIP (Board Incentive Plan) trust account 76272)	2,552,143	1.45
STATE STREET BANK WEST CLIENT - TREATY 505234	2,400,584	1.36
SSBTC CLIENT OMNIBUS ACCOUNT	2,096,559	1.19
JP MORGAN CHASE BANK 385781	1,495,476	0.85
STATE STREET BANK AND TRUST COMPANY 505103	1,455,439	0.82

*1 Although the Company holds 7,602,792 treasury shares, it is excluded from the list of major shareholders above.
*2 The shareholding ratio is calculated after deducting the above treasury stock (7,602,792 shares).

Total shareholder return*1, 2

	2020/3	2021/3	2022/3	2023/3	2024/3
Nomura Real Estate Holdings	86.4%	133.1%	150.3%	155.8%	231.5%
TOPIX (Including dividends)	90.5%	128.6%	131.2%	138.8%	196.2%

*1 Total shareholder return is the overall yield for shareholders, taking into account both capital gains and dividends. It is calculated in accordance with the formula prescribed by the Cabinet Office Ordinances.
*2 Total shareholder return is calculated at fiscal year-ends, starting from the year beginning April 1, 2019, as if the investment was made at the closing stock price at March 31, 2019.

Information disclosure on the website

Additional information can be found on our website.

Website
https://www.nomura-re-hd.co.jp/english/

Financial information

Integrated Report
https://www.nomura-re-hd.co.jp/english/ir/ir_library/annualreport.html

• Investor relations
https://www.nomura-re-hd.co.jp/english/ir/
- Management policy
- Financial information
- IR library
- Stock information

Non-financial information

• Company information
https://www.nomura-re-hd.co.jp/english/company/

• Business overview
https://www.nomura-re-hd.co.jp/english/service/

• Sustainability
https://www.nomura-re-hd.co.jp/english/sustainability/

• Sustainability Report (PDF)
https://www.nomura-re-hd.co.jp/english/sustainability/download/index.html

Publication of Integrated Report 2024 (Guaranteed by the officer in charge)

I would like to express our gratitude to you, our investors and other stakeholders, for your consistent support and cooperation.

The fiscal year ending March 2025 is the final year of Phase I of the Mid- to Long-term Business Plan, which was formulated in April 2022 and spans the nine years from FY2023/3 to FY2031/3. Our performance over the past year was crucial to determining whether we would be able achieve the financial targets set out in the plan . Amid the current rapidly changing external environment, we are aware that a great deal of attention is being placed on us by outside companies regarding whether we are missing the chance to seize new business opportunities and ensuring the appropriate review of our strategies to reflect conditions in the external environment. In this report, we focus on presenting the present external environment as we see it, our assessment of the Group's strengths and competitive advantages and their resilience to environmental changes, and our strategies, which are based on maintaining a robust business portfolio that can adapt to changes.

Through this report, I hope all readers gain a deeper understanding of the story of how the Group enhances corporate value and realizes its Group Vision.

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

The Group will continue striving to expand its disclosure and enhance transparency while holding dialogues with all its stakeholders in an effort to further improve the report. We look forward to receiving your frank opinions.

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

Executive Officer, Group CFO
Toshihide Tsukasaki

