・勉強中は
しずかに(まじょう)はしゃげない
・理科室で
・図書室は
しずかにすごせそう
・校庭は天国
・トイレはおちつく
図書室ははしゃげない
本だなに乗りたい

Sustainability/ESG

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Watching over the Community
(a program for visiting elementary schools)

The Group aims to achieve urban development in harmony with local communities through sustainably interacting with the locality and society. Through elementary school visits, the program seeks to foster children's interest in their local area and community to build a better future.

Dialogue between the Chairman of the Board of Directors and an External Director

Nomura Real Estate Holdings' "ever-evolving" governance

Nomura Real Estate Holdings' governance is also continually evolving in step with the times and business models as the Group aims for new growth based on its Mid- to Long-term Business Plan. Atsushi Yoshikawa, Director and Chairman of the Board of Directors, and Akira Ono, who has served as an external director for many years, discuss the features of and changes in the Group's governance. We hope this dialogue helps a deeper understanding of the Group's governance.

Diversified composition of the Board of Directors

Q. There have been significant changes in composition of the Board of Directors over the past one or two years. Can you tell us about the background and aims of these changes?

Yoshikawa

I assumed the position of Chairman of the Board of Directors of the Company in 2017. Back then, lawyers, certified public accountants, and academics had been appointed as external directors. Soon after the Company transitioned to a company with an Audit & Supervisory Committee in 2015, the Board was comprised of optimal members given that creating corporate governance was a key issue then. At the same time, however, in the next step, when envisioning a governance system that could support our mid- to long-term development, I realized that we also needed the involvement of persons with greater experience in business and corporate management, such as those with a knowledge of overseas business and business investments prioritization.

Ono

My appointment as an external director in 2015 coincided with the transition to a company with an Audit & Supervisory Committee. For this reason, I thought our first mission at that time was to add functions that support the establishment of legal and financial auditing systems. Having finished that stage, we are now set to embark on a new phase that includes expanding overseas business, our strategic investments, and our business portfolio by leveraging this governance structure we have built as a foundation. Naturally, the roles that the Board of Directors will fulfil are diversifying. The addition of a wide range of persons with company management experience and a knowledge of IT and overseas business during the past one or two years is a welcome change that is aligned with our growth and business strategies. I think that the new directors' remarks triggered the active discussions.

Yoshikawa

Insightful commentaries provided by these newly appointed directors has spurred extremely active debate and provided fresh stimulus for the Company. For example, director Higashi, backed by his experience in the global semiconductor industry, and director Mogi, who had been in center of the corporate division for many years at a trading company, have provided thought-provoking suggestions precisely because they have responded successfully many times to drastic market changes through a commitment to their business models and innovation. I am especially impressed because these directors keenly perceive changes in the external environment not as threats but as new business opportunities.

Turning to a different topic, as another new perspective on the composition of Board members, the Advisory Committee Relating to Nominations and Compensation set a six-year term of office for external directors as a guideline. This applies to Audit & Supervisory Committee Members to be appointed in the future. I believe six years is an ideal length of time in terms of understanding the Company's business, keeping continuity of discussions at the Board, and securing the independence of external directors.

Ono

External directors play key roles as representatives of minority shareholders. It is important that these directors maintain an appropriate sense of distance and objectivity in the Company's business execution. Serving continuously as a director for several years will likely help foster a deeper understanding of the Company and its business strategies and enable optimal discussions about the current state of the Company. Alternatively, when directors serve too long, this in fact could even sow the seeds of distrust in their objectivity and independence as external directors. My sense is that six years is probably the ideal length of time needed for injecting a breath of fresh air into the Company.

Transitions in the state of the Board of Directors and discussions

Q: Please tell us about operational aspects such as details of discussions at the Board of Directors.

Ono

The Company's Board of Directors has been quite active and has exchanged frank opinions since my appointment. Initially, at times we mainly deliberated on individual projects. Recently, however, I have the impression that the Board of Directors has been undertaking enhanced discussions focused on matters of high importance in terms of business strategy.

Yoshikawa

In 2019, we reevaluated the ways we should hold meetings giving consideration to the assessment of effectiveness of the Board of Directors. Specifically, to enhance the functions of the Company's Board, which is responsible for Group management, we clearly separated roles of the Company's Board from those of our subsidiaries. This move enables the Company's Board of Directors to hold even more strategic discussions from broader perspectives and has already generated positive results. Besides the meetings of the Board of Directors, twice per year we convene Directors' opinion exchange sessions where we engage in long hours of in-depth discussion. We also hold free-ranging discussions focused on mid- to long-term themes. The most recent discussion featured some heated debates on themes about the Mid- to Long-term Business Plan, M&A, digital strategies, and trends of the Integrated Resort Bill in Japan. These debates are still fresh in my mind.

Ono

With concerning changes in the external environment, one new noteworthy achievement is an improvement in risk management. We held long discussions about them. We carefully reviewed the risk management method for the entire Group starting from the basic framework and are now able to classify, assess, and manage risks along with the expansion of our business strategy and business portfolio (see P64-68 Risk management). In particular, besides just so-called compliance in risk management such as internal control, we have organized the risks arising from changes in the external environment that affect our business and established a system for managing these risks. This represents a major leap forward in our business strategy.

Yoshikawa

As Mr. Ono explained, risk management is a crucial perspective. Execution of the Company's dynamic business plan that includes expanding asset types, improving asset quality on the balance sheets, and expanding overseas businesses requires sophisticated judgment capabilities. Our executive directors are generally sensitive to risks. Additionally, realizing a balance in a manner akin to optimally stepping on the accelerator and applying the brakes based on risk analysis from the viewpoint of non-executive directors is crucial for achieving healthy growth of the entire Group. We must also consider the emergence of new risks such as the recent impact of COVID-19 which might lead to a change of behavior in society. Continuous monitoring by the Board of Directors is essential.

Evolution of the Directors' compensation system

Q. Can you explain the design of the system for directors' compensation introduced in 2018? What is the reaction after its introduction?

Yoshikawa

Our director's compensation system consists equally of fixed and variable compensation, while the variable part is divided between short-term and long-term incentives. The performance-based portion of long-term incentives has been

tied to the achievement of performance goals after three years, thereby having a system in place that is tailored to the characteristics of the real estate industry, where it takes time before profits are realized. We introduced the system in just two years. Given this short span, we will probably need a bit more time to analyze the outcome of changes. The important point is to closely link the director compensation system with the Mid- to Long-term Business Plan. With three years as a general timeline, the concept is to execute a management strategy that emphasizes profit and efficiency while taking into account capital cost and then pay compensation according to the results. The current challenging business environment especially requires us to maintain an awareness of mid- to long-term growth and not just pursue short-term results.

Ono

We have set business profit and ROE as performance indicators and this is in line with the Company's stance of focusing on both profit amount and capital efficiency. Based on a business plan that flexibly changes in tandem with shifts in the environment, we must constantly strive to optimally shape our compensation system in terms of the balance between fixed and variable compensation. For example, perhaps we could also deliberate the pros and cons of including sustainability elements as achievement goals.

Yoshikawa

I agree with that. We need to further evolve the compensation system rather than arbitrarily stick with the status quo. We will also continuously review the system from new perspectives to foster the growth of our human resources, who form the cornerstone of our company management.

Response to the Corporate Governance Code

Q. Please tell us about items in the Corporate Governance Code for which you explain your non-compliance ("Explain") and the reasons for this.

Yoshikawa

The Company explains non-compliance for two items. These are Proper Supervision of Successor Plans for CEO, etc. (Planning)*1and Training Policy for Directors*2. Let me explain the reason for non-compliance. Concisely, the Company has made no significant position changes such as changing CEO and COO following the announcement of the Corporate Governance Code in 2015. Therefore, we have had no opportunity to verify effects of the new process. We have not yet had an opportunity to evaluate the results of whether these actually work effectively and reliably preserve corporate value.

Ono

We must explain not only because we have no results to report but also because we are aiming for higher standards. Of course, we recognize that we have sufficiently created frameworks for succession in the future and are constantly undertaking reviews to improve the quality of these.

Yoshikawa

We also explain the reason for not implementing the Training Policy for Directors, which is for the same reason as just described. We have no track record of implementing training for newly appointed CEOs and COOs, which are the most important positions. However, the Advisory Committee Relating to Nominations and Compensation gathers detailed information regularly concerning the names of CEO and COO candidates as well as those for other important positions and what those candidates should experience in the future. Based on this information, the Committee makes suggestions and reports to the Board of Directors to ensure that the grooming of successor candidates is undertaken in a systematic manner while strengthening the training system.

Ono

As one example of progress in this area, training for external directors has been improved by leaps and bounds compared with five years ago when I assumed my position. Training is implemented via a variety of formats that encompass inspections of properties, including those overseas, as well as individual meetings. That said, we also chose to "Explain" because we still have ample latitude for improving training and we need to constantly raise the level of our training. We will aim for further improvements in the future.

Relationship with major shareholders

Q. Investors pay close attention to the relationship with major shareholders. What are your thoughts on this?

Ono

Investors pay close attention to the relationship between the Company and Nomura Holdings (NHI), which holds 35% or more of our shares. I think the primary concern of investors is whether or not there is a conflict of interest with NHI, the major shareholder, on a daily basis or under certain special circumstances.

First of all, I must point out there is no daily business relationship between the Company and NHI of any nature

*1 The Corporate Governance Code Supplementary Principle 4-1-3
*2 The Corporate Governance Code Principle 4-14, Supplementary Principle 4-14-1, and Supplementary Principle 4-14-2

that would unilaterally benefit the interests of NHI, the major shareholder. Conversely, I'm sure there are mutually beneficial relationships that contribute to enhancing the corporate value of both companies. For example, in the Property Brokerage & CRE Business Unit, NHI introduces customers to us and in turn, we meet the specialized needs of these NHI customers. Also, from the perspective of supplying human resources, this relationship functions as an important management resource, such as complementing human resources with management experience.

On the other hand, there is no assurance the risk of a structural conflict between major shareholders and minority shareholders will not arise in unforeseen circumstances that differ from normal times. In such circumstances, we must form a special committee centered on external directors and take proper measures to assure the interests of minority shareholders are protected. I believe the members of the Company's Board of Directors including Mr. Yoshikawa are highly sensitive to the importance of this type of process.

Yoshikawa

I started my career at NHI myself. However, I must emphasize that fulfilling accountability to minority shareholders is first and foremost a major precondition. Even supposing a situation arose where I could be the subject of a conflict as mentioned by Mr. Ono, then I will of course remove myself from any relevant decision-making processes. Exactly for this reason, I believe my responsibility is to make my utmost daily efforts to ensure the participation of external directors who can find any satisfactory conclusion from the perspective of our shareholders even in such a situation.

Ono

External directors including me must make our very best efforts to protect the interests of our minority shareholders. This is a major premise. On the basis of mutual trust between the major shareholders and the Company, further advancing healthy communication that fully considers that the other parties are also listed companies will also contribute to increasing the Company's corporate value.

For building sustainable governance

Q. Please tell us about your own determination toward realizing the Company's sustainable growth.

Ono

I believe the Company has now put into place a fundamental governance system. Presently, however, I expect to see major shifts in society and the economy that will require further changes to our governance. As functions of the Board of Directors, together with newly appointed external directors, I hope to discuss the essential points for the Company's mid- to long-term growth such as digital strategies and mid- to long-term strategies for overseas business, from the perspectives of

strategies for sustainable growth in the future, of course, from the perspectives of "post COVID-19" and sustainability as well. At the same time, I would like to play my role both as a member of the Board of Directors and as an external director.

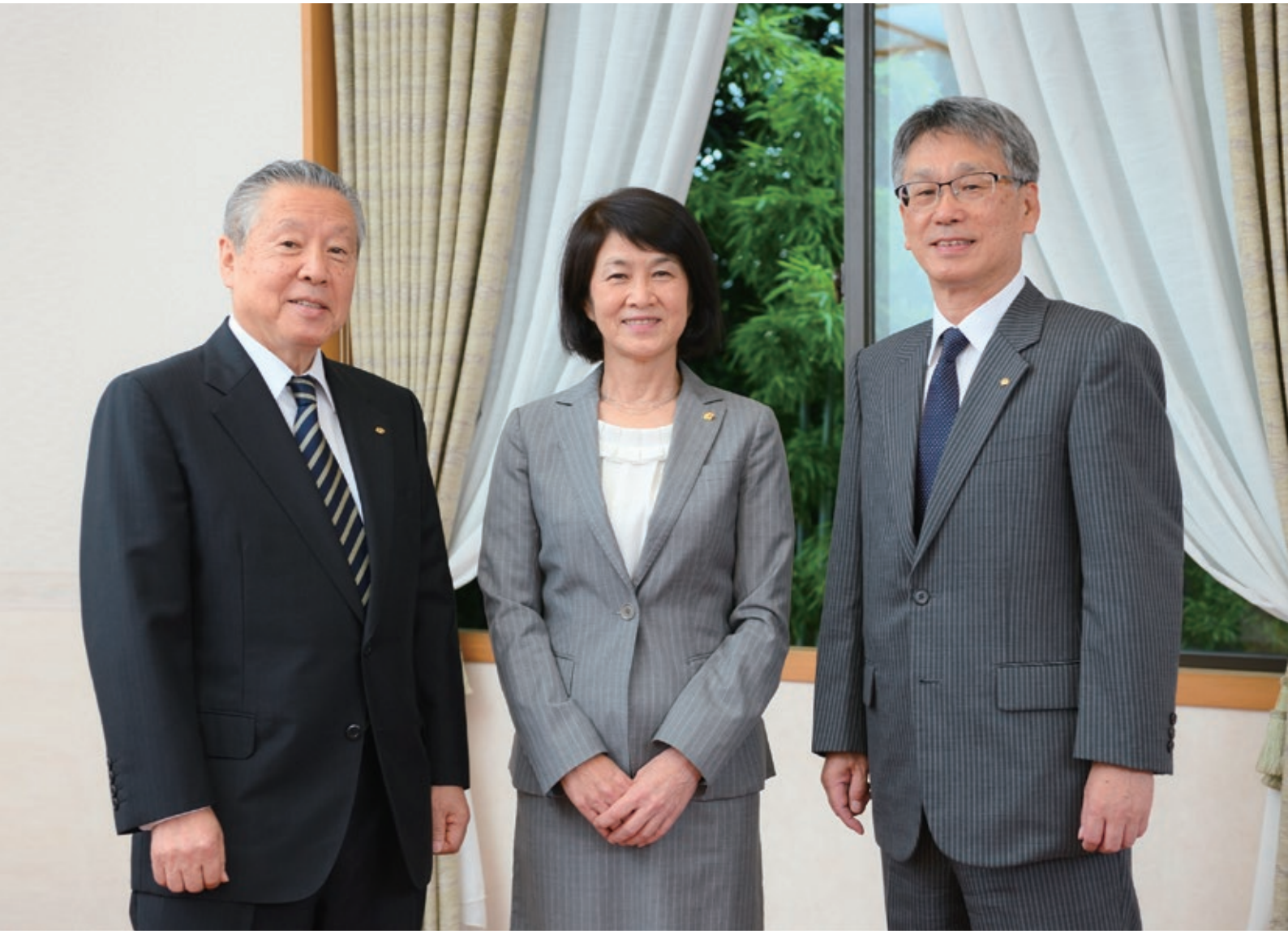
In doing so, risk management will be an important theme. Risk management needs to be undertaken with an awareness that in the first place the shape of the managed risk will continually evolve along with shifts in the external environment. Building a more balanced business portfolio is also a form of risk management for the Company as a whole. In view of this, while taking on major challenges in one area, it will also be crucial to earn stable profits in other businesses.

Yoshikawa

The impact of COVID-19 is the risk that no one had anticipated until last year. Even if the pandemic is overcome in the near future, people's work styles and lifestyles, our business domain, will surely change. In order to continue sustainable growth, no matter what unexpected risk event occurs, it is essential for the Company to build a governance system supporting a corporate culture that accepts the reality honestly and is not afraid of change. Besides just using governance as a defensive measure, I will enhance the Company's proactive challenges in new fields in line with changes in the social environment by implementing our unique business model. With this in mind, I believe the role of the Board of Directors is to determine the optimal allocation of business resources with consciousness of capital cost and the balance between returns to shareholders and investment for growth.

With an eye to the future, we will continue to monitor the business performances from the perspective of governance and work with executive directors to create long-term corporate value and to achieve sustainable growth.

Roundtable discussion with External Directors



Tetsuro Higashi	Akiko Miyakawa	Yoshio Mogi
Director (External)	Director (Audit & Supervisory Committee Member) (External)	Director (Audit & Supervisory Committee Member) (External)

Dialogue

With one year having passed since their appointment in June 2019, three External Directors talk about their assessment of the Group and various issues.

Impressions of the Group through their activities during the past year

Q: One year has passed since you were appointed as Company directors. What are your impressions about the actual state of the Group?

Higashi

Prior to my appointment, I envisioned the real estate industry as being a worthwhile business in that it is closely related to people's lives and their ways of working, and helps shape the future together with them. At the same time, I also pictured this as a business that focuses on holding properties. Once I looked at the actual state of the Company, however, I found out that it utilizes a quite unique business model based on brand formation by creating distinctive concepts such as its PROUD for residences and PMO for offices. This is an intriguing management method that raises the added value of real estate by enhancing the brand concept rather than just putting emphasis on holding properties.

The Company separates its management into real estate development that involves holding properties, and Service & Management such as investment management. At the same time, it utilizes schemes like REITs to bring real value in both development and services. I reaffirmed that rapid asset turnover and efficient management are other features of the Company's operations.

Mogi

In my days working for a trading company I was involved in the real estate business and had a variety of experiences, so I imagined that there are also high-risk aspects to this industry and business. However, the perspectives and business practices of the corporate side are very precise and closely interwoven, and I was impressed with their financial analysis capabilities and insights. I felt that collaboration between the corporate side and the business side is also very close. For this reason, I also sometimes worry that they will spend much time and effort to respond politely to the requests of external directors.

Miyakawa

As they have pointed out, I felt again that the real estate industry is a difficult business requiring skillful management in balancing two contrasting imperatives, namely taking a long-term view for significant investments and having the stringent perspectives of investors, who have a short-term view. In this respect, I am impressed that the Company highly values both long-term and short-term perspectives. The Company is also firmly imbued with an attitude and spirit of taking on new challenges, and this gives me an interest and enjoyment.

Information provision to Directors for enforcing proper governance

Q: Did the Company provide sufficient information for the effective governance?

Miyakawa

I was taken on property tours and my understanding was deepened with viewing properties in themselves. My impression was that the Company is quite cooperative in this regard. For example, whenever I asked questions, such as about questionable points in the Securities Report, persons from the Finance and Accounting Department provided me with thorough explanations. I also strengthened my interaction during exchanges with executive directors such as through opinion exchange sessions with the CEO, COO, and CFO, individual interviews with executive officers and attendance at Budget Committee meetings. Additionally, I was invited to online social gatherings held by staffs, and these venues provided me with valuable opportunities for listening to people's frank opinions.

Q: How was information provision for the Board of Directors meetings?

Mogi

As was mentioned previously, the response including information provided in advance was more thorough than I had anticipated. Explanations of the agenda of the Board of Directors meetings were provided from the viewpoint of the Corporate Planning Department after they analyzed and provided their own input. The quality of information is further improving.

Miyakawa

As for the information provision for the Board of Directors meetings, including preliminary information sessions, this was handled thoroughly. Actually, at first I thought the information provision was so thorough that I was receiving too many materials. However, this has changed significantly over the past one year as pointed out by Mr. Higashi and Mr. Mogi. I think there is tremendous value in striving for improvements through sincere engagement in external opinions.

Higashi

Since Mr. Mogi and Ms. Miyakawa are both Audit & Supervisory Committee members, I think they have more detailed information. Even so, the Company sets up prior briefing sessions each time before I attend the Board of Directors meeting. Through this effort, I am confident I receive sufficient information.

We should engage in discussions from a long-term perspective, that includes seeking direction on what type of value we will add to actual real estate by utilizing ICT after consideration of changes in people's lifestyles and work styles. — Tetsuro Higashi

Issues and points for improvements to further enhance governance

Q: You have discussed the positive aspects of the Company. Tell us about issues and points requiring improvement as well.

Higashi

The role of external directors is to examine the Company from a broad perspective and provide advice on its direction, strategies, differentiation from competitors, and areas where it is lacking. For me as well, I make every possible effort to convey my knowledge and ideas on strategic areas. In this sense, besides discussions premised just on "the current state of policy," I hope to see the Board of Directors engage in more invigorated discussions on the way strategies ought to be and the background of these strategies.

For our overseas business in particular, instead of simply explaining result of individual projects, now is the time to further deepen discussions on our mid- to long-term directions, specific measures, and methodologies.

I also regard ICT as an important theme based on my experience from working at a semiconductor production equipment manufacturer. The use of ICT as a part of sales sites and management is already widespread. In the future, however, we should probably carry out discussions that focus even more closely on the ideal way to apply ICT to raise the added value of real estate. We should engage in discussions from a long-term perspective and about overseas business expansion that include seeking direction on what type of value we will add to actual real estate by utilizing ICT after consideration of changes in people's lifestyles and work styles.

Mogi

I also agree with this point. We receive ample information and explanations from the persons on the corporate side and undertake active debates at meetings. To make further improvements, I believe we will need to spend more time discussing key issues such as overseas business expansion, ICT strategies, and M&A.

I heard from Mr. Yoshikawa (Chairman of the Board of Directors) that during the formulation of the Mid- to Long-term Business Plan announced last year, he spent much time engaging in detailed discussions through opinion exchange sessions with executive members in addition to holding discussions at the Board of Directors meetings. This year, the impact of COVID-19 has made it difficult to create such opportunities. I hope to have the opportunity to delve more extensively into one theme and spend time having heated discussions.

Also, it is important for the Board of Directors to deepen discussions and determine the direction as a company rather than just trying to draw conclusions. Directors in charge of execution should also share details with general managers and senior managers. I think that this process will make the Group even better.

I would also like to see the issue of "clarifying responsibility" given more consideration. The trading company where I worked had clearly defined responsibility for planning and responsibility for results. Because of this, details of projects were strictly pointed out and discussions were held repeatedly. This approach will help intensify a commitment to projects. I believe that both individuals and companies can build up their strengths through savoring successes and experiencing failures.

Higashi

I agree. Even under such circumstances, I also wish for a little more time to discuss strategies and hope to utilize my own knowledge and ideas in these discussions to the extent possible. Also, I feel expectations for this point from Mr. Yoshikawa as well.

The semiconductor production equipment manufacturer I worked for held offsite strategic meetings focused on one theme for about two days once per year. At these meetings, key discussions were held with a mix of directors and top executives. I hear the Company also holds similarly positioned meetings. I believe we can realize fruitful meetings that help drive the Company's value creation by holding fundamental discussions on further innovating business and management and on how we can achieve this with foresight. I hope I can

I think now is the time we must have major discussions about where to position ourselves in the industry, how to expand our businesses, and where to accelerate our M&A and overseas business expansion. — Yoshio Mogi

make meaningful contributions to such meetings.

Miyakawa ——

I wish to have thorough discussions on the direction of our overseas business expansion, which will be strengthened in the future. Overseas expansion tends to be a general all-round initiative. So I think we need to increase strategic discussions on how and where to deploy the strengths of the Group. Also, judging from my experience working overseas, I think the Company should pay even closer attention to risk management in its overseas business.

Expectations for the Nomura Real Estate Group and the role of External Directors

Q: Tell us about your expectations of the Company and your own determination for the future.

Mogi ————

I have a strong sense that the Company has rapidly built its management structure during about 60 years since its establishment. For this reason, I think that during the next stage the time will be ripe for major discussions about issues such as where to position ourselves in the industry, how to expand our businesses, and where to accelerate our M&A and overseas business expansion. I have high hopes that such discussions will be held. In this area, I believe there is much I can convey about my experience at a trading company, especially about business investments and fund utilization. I will try to proactively express my opinions and hope to contribute to the development of the Company in the future as well.

Miyakawa ——

I wish to continue stating my opinions on matters from my awareness and standpoint as an accountant and from the perspective of minority shareholders. With the diversity of the Board of Directors becoming important, I hope that besides appointing female directors from outside, female candidates will also emerge from within the Group. Nomura Real Estate Group has agility and a wealth of ideas. I would like to enhance these positive attributes of the Group.

Higashi ————

Based on my involvement with the Company as a director, I feel this is a very rewarding company and a worthwhile company for all employees. Furthermore, the Company carries out highly transparent management in an extremely unique form. I hope to see Nomura Real Estate Group become a group in which employees and management work as one with a clear long-term vision of the social significance of its existence as a real estate company and how it will shine brightly in the future. To achieve this, as a person with management experience, I hope to provide useful advice regarding the direction the Company is heading and about strategic areas.

Nomura Real Estate Group has agility and a wealth of ideas. I would like to enhance these positive attributes of the Group. — Akiko Miyakawa

Directors and Executive officers (As of June 23, 2020)

Directors

Atsushi Yoshikawa

Date of birth: Apr. 7, 1954

Director and Chairman of the Board of Directors
Chairman of Advisory Committee Relating to Nominations and Compensation

Non-executive

Apr. 1978 Joined Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)
Jun. 2000 Director of Nomura Securities Co., Ltd.
Oct. 2001 Director of Nomura Securities Co., Ltd.
Jun. 2003 Executive Officer of Nomura Securities Co., Ltd.
Apr. 2004 Executive Managing Director of Nomura Holdings, Inc.
Senior Corporate Managing Director of Nomura Asset Management Co., Ltd.
Apr. 2006 Executive Vice President of Nomura Asset Management Co., Ltd.
Apr. 2008 Director and President of Nomura Asset Management Co., Ltd.
Oct. 2008 Executive Managing Director of Nomura Holdings, Inc.
Director, President, and CEO of Nomura Asset Management Co., Ltd.
Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc.
CEO and President of Nomura Holding America Inc.
Aug. 2012 Representative Executive Officer and Group COO of Nomura Holdings, Inc.
Jun. 2013 Director, Representative Executive Officer, and Group COO of Nomura Holdings, Inc.
Jun. 2016 Advisor of Nomura Holdings, Inc.
Apr. 2017 Director of Nomura Real Estate Development Co., Ltd. (present)
Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)
May 2018 Outside Director of Ryohin Keikaku Co., Ltd. (present)

Eiji Kutsukake

Date of birth: Sep. 12, 1960

President and Representative Director, Group CEO

Executive

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

Seiichi Miyajima

Date of birth: Aug. 3, 1958

Executive Vice President and Representative Director, Group COO

Executive

Apr. 1981 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2004 Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008 Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2012 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014 Representative Director and Executive Vice President of Nomura Real Estate Development Co., Ltd.
Jun 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
Apr. 2017 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)

Toshiaki Seki

Date of birth: Mar. 27, 1958

Executive Vice President and Representative Director, Business Unit Manager of Commercial Real Estate Business Unit

Executive

Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2003 Director of Nomura Real Estate Development Co., Ltd.
Mar. 2007 Managing Director of Nomura Real Estate Development Co., Ltd.
Apr. 2007 President and Representative Director of NOMURA LIVING SUPPORT CO., LTD. (currently Nomura Real Estate Partners Co., Ltd.)
Apr. 2008 President and Representative Director, and Chief Executive Officer of NOMURA LIVING SUPPORT CO., LTD.
May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2013 Director of NOMURA BUILDING MANAGEMENT CO., LTD. (currently Nomura Real Estate Partners Co., Ltd.)
Apr. 2014 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd.
Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2015 Director of Nomura Real Estate Urban Net Co., Ltd.
Chair and Representative Director of Nomura Real Estate Partners Co., Ltd.
President and Representative Director of Nomura Real Estate Wellness Co., Ltd.
Jun. 2015 Director of MEGALOS CO., LTD. (currently Nomura Real Estate Life & Sports Co., Ltd.) (present)
Apr. 2018 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)
Apr. 2019 Executive Vice President and Representative Director of Nomura Real Estate Development Co., Ltd. (present)
Director of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.) (present)

Makoto Haga

Date of Birth: Jun. 22, 1966

Director and Executive Officer, Group CFO, Supervisor of Management Division, Investor Relations

Executive

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

Tetsuro Higashi

Date of birth: Aug. 28, 1949

Director
Advisory Committee Relating to Nominations and Compensation Member

External Director
Independent Director
Non-executive

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

Shoichi Nagamatsu

Date of birth: Jul. 6, 1958

Director
Advisory Committee Relating to Nominations and Compensation Member

Newly appointed
Non-executive
Part-time

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

Takao Orihara

Date of birth: Feb. 6, 1958

Director (Audit & Supervisory Committee Member)
Chairman of Audit & Supervisory Committee

Non-executive

Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
Jun. 2005 Director of Nomura Real Estate Holdings, Inc.
Director of Nomura Real Estate Development Co., Ltd.
Apr. 2008 Director and Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2009 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
Apr. 2010 Director of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.)
May 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
Apr. 2014 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd. (currently Nomura Real Estate Retail Properties Co. Ltd.)
Advisor of Nomura Real Estate Holdings, Inc.
Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)
Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)
Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently Nomura Real Estate Life & Sports Co., Ltd.) (present)
Jun. 2015 Director (Audit & Supervisory Committee member) of Nomura Real Estate Holdings, Inc. (present)
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.)
Apr. 2018 Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd.
Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd.

Yasushi Takayama

Date of birth: Feb. 1, 1964

Director (Audit & Supervisory Committee Member)

Non-executive

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

Akira Ono

Date of birth: Dec. 28, 1971

Director (Audit & Supervisory Committee Member)
Advisory Committee Relating to Nominations and Compensation Member

External Director
Independent Director
Non-executive

Apr. 1998 Registered with Tokyo Bar Association
Joined Tokyo Aoyama Law Office (currently Baker & McKenzie [Gaikokuho Joint Enterprise])
Mar. 1999 Joined Okinobu, Ishihara & Sei Law Office (currently Spring Partners)
Jan. 2006 Partner of Spring Partners (present)
Jun. 2012 External Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently Nomura Real Estate Life & Sports Co., Ltd.)
Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Directors and Executive officers

Yoshio Mogi

Date of birth: Apr. 10, 1952

Director (Audit & Supervisory Committee Member)
Advisory Committee Relating to Nominations and Compensation Member

External Director
Independent Director
Non-executive

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

Akiko Miyakawa

Date of birth: Oct. 18, 1955

Director (Audit & Supervisory Committee Member)

External Director
Independent Director
Non-executive

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)

Tetsu Takahashi

Date of birth: Oct. 24, 1956

Director (Audit & Supervisory Committee Member)

Newly appointed
External Director
Independent Director
Non-executive

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

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

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

Takashi Kaku
In charge of Overseas Business

Akihiro Fukuda
In charge of Property & Facility Management

Shigeyuki Yamamoto
In charge of Development Planning

Daisaku Matsuo
In charge of Residential Development

Kenichi Maeda
In charge of Property Brokerage & CRE

Koki Miura
In charge of Investment Management

Tetsumi Yoshimura
In charge of Quality Management and Architectural Design

Masato Yamauchi
In charge of Corporate Planning, ICT & Innovation Planning

Yukio Ichihara
In charge of Internal Audit and Compliance, Group Audit, Group Legal & Compliance, Group Corporate Administration, Secretariat

Yoichiro Ishikawa
In charge of Group Human Resources

Toshihide Tsukasaki
In charge of Finance & Accounting, Finance

Tokuji Nakamura
In charge of Sustainability Management, Corporate Communication, Sustainability Management

Corporate governance

Basic concept of corporate governance

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

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

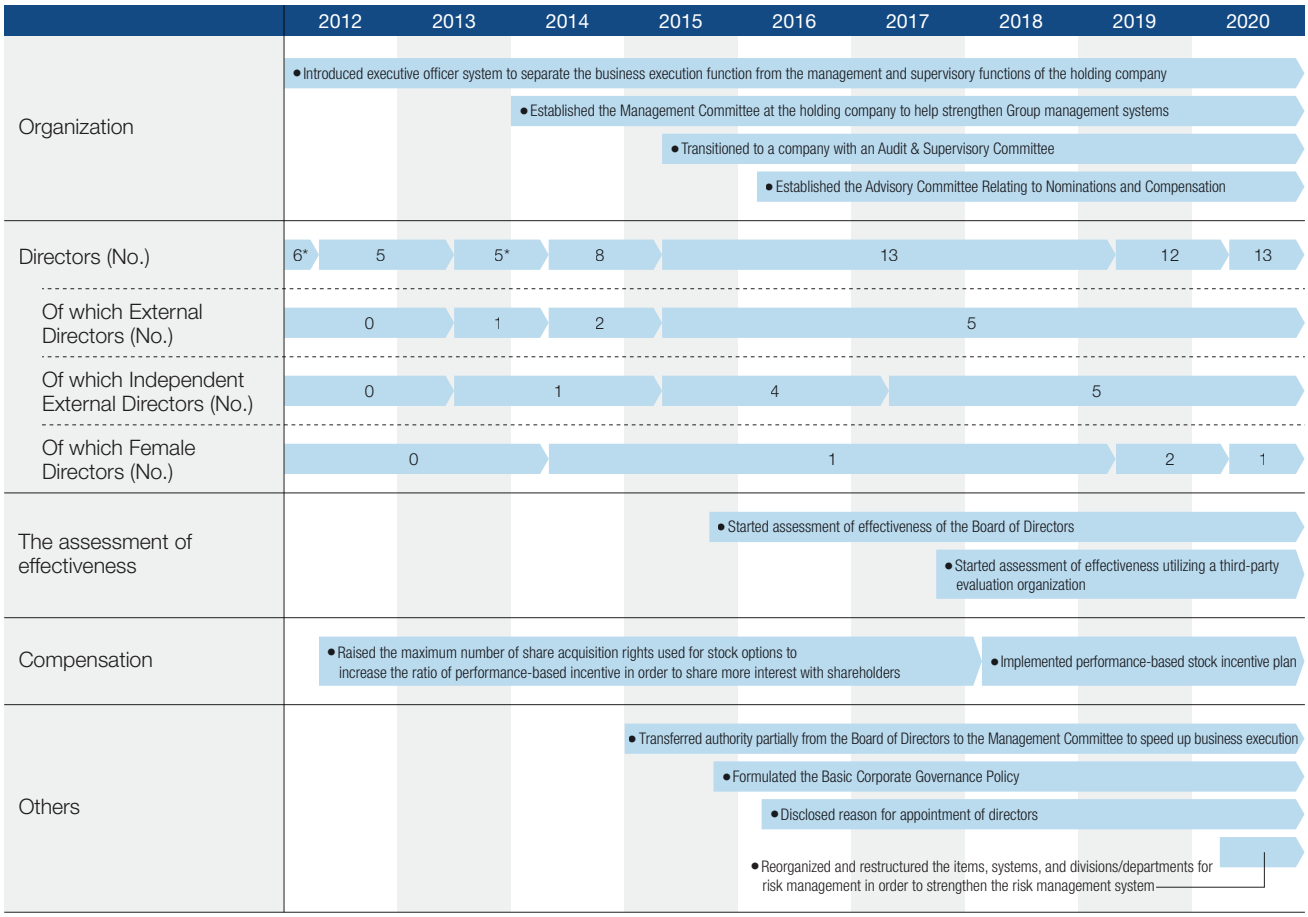
Basic Corporate Governance Policy
https://www.nomura-re-hd.co.jp/english/company/PDF/cgpolicy.pdf

Characteristics of our corporate governance system

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

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

Our efforts to reinforce corporate governance



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

Corporate governance system

Characteristics of the governance system

- Company with an Audit & Supervisory Committee
- Chairman of the Board of Directors is a non-executive director
- Out of 13 directors, five are independent external directors
- Established the Advisory Committee Relating to Nominations and Compensation
- Majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors

1 The Board of Directors — Held 16 times during FY20/3

Roles of the Board of Directors

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

Composition of the Board of Directors

The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members) (of which one is an external director) 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 various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, five out of the 13 directors are independent external directors. The Chairman of the Board of Directors is a non-executive director.

Roles of Independent External Directors

In order to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management, one independent external director (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 improving the corporate value, to supervise management through significant decision making by the Board of Directors, to supervise conflicts of interest between the Company and management or major shareholders, etc., and to appropriately express the opinions of shareholders and other stakeholders to the Board of Directors from a standpoint independent from management.

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

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

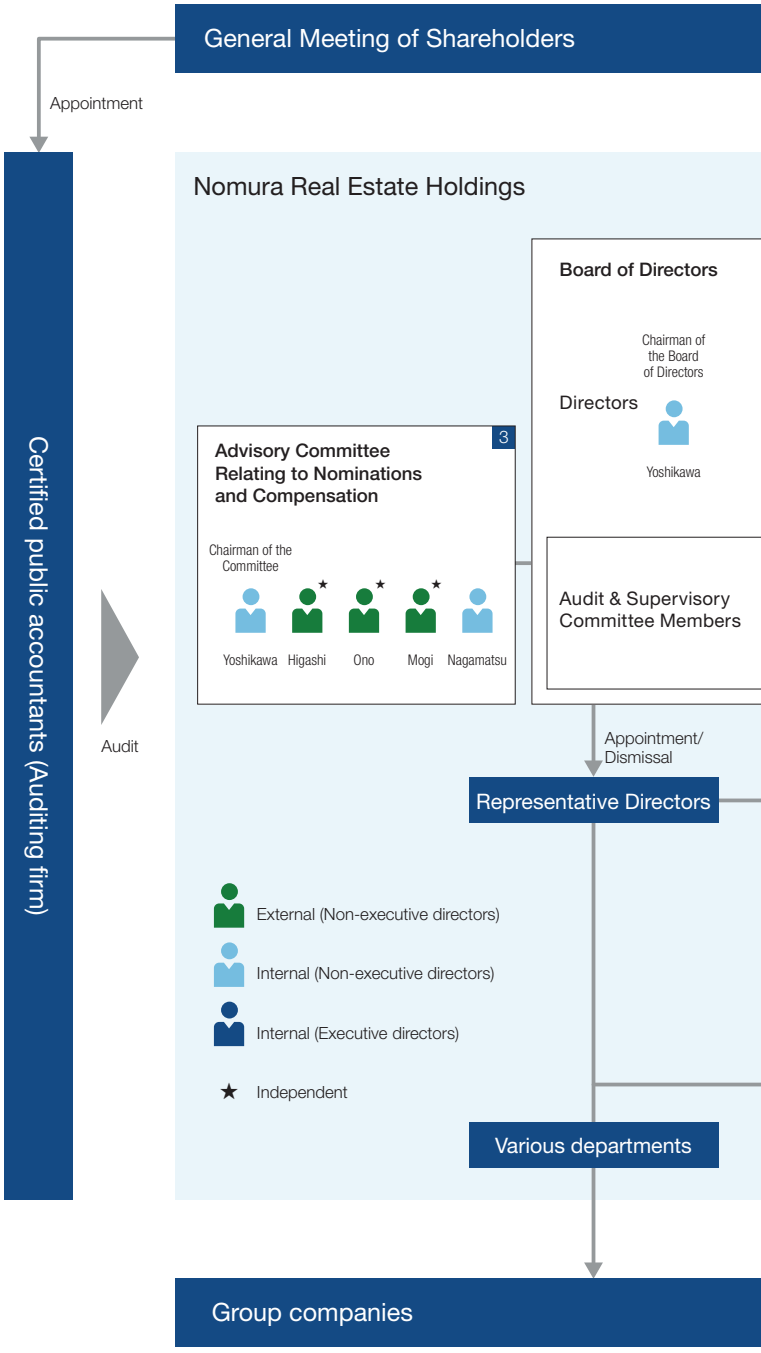
3 The Advisory Committee Relating to Nominations and Compensation — Held 7 times during FY20/3

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

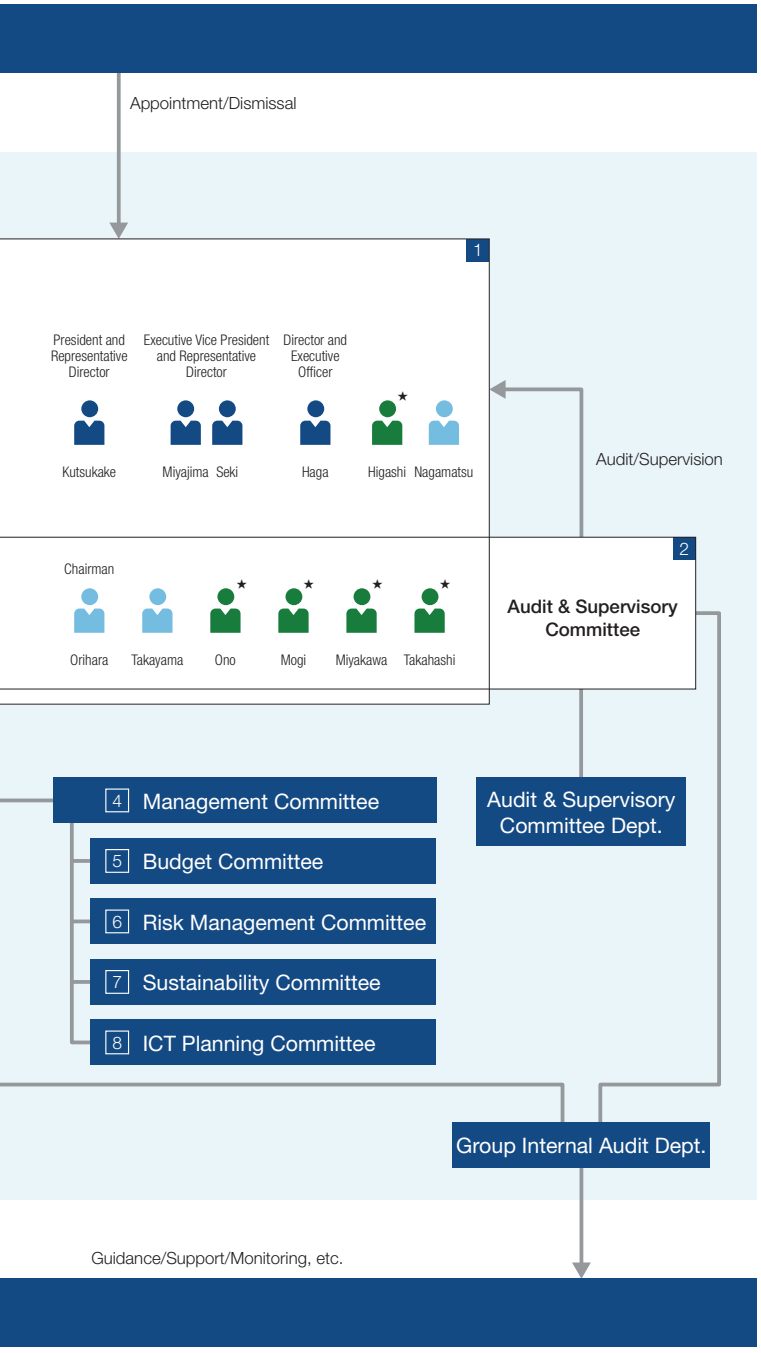
Group governance

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

Corporate governance system



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



2 The Audit & Supervisory Committee

Held 13 times during FY20/3

Roles of Audit & Supervisory Committee

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

Composition of the Audit & Supervisory Committee

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

Main initiatives taken by Audit & Supervisory Committee

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

4 Management Committee

Held 41 times during FY20/3

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

5 Budget Committee

Held 10 times during FY20/3

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

6 Risk Management Committee

Held 6 times during FY20/3

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

7 Sustainability Committee

Held 3 times during FY20/3*

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

8 ICT Planning Committee

Held 12 times during FY20/3

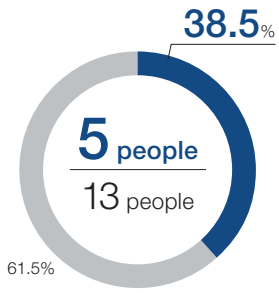
The Committee discusses investment plans and other matters for preparing the ICT base and establishing information systems with the aim of improving the ICT environment and its effective use as a subordinate organization of the Management Committee.

*Number of the CSR Committee (currently the Sustainability Committee) meetings held

Corporate governance

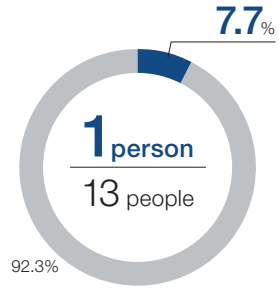
Status of Directors

Percentage of Independent External Directors on the Board of Directors



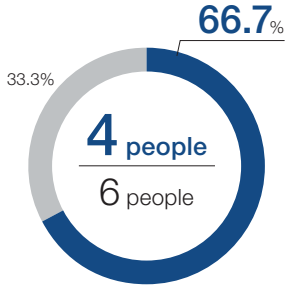
■Independent External Directors

Percentage of Female Directors on the Board of Directors



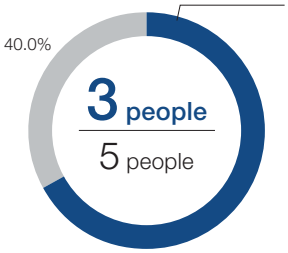
■Female ■Male

Percentage of Independent External Directors on the Audit & Supervisory Committee



■Independent External Directors

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



■Independent External Directors

Gender	Name (date of birth)	Position/Responsibilities	Executive/External/ Independent/New	Term of office*1	Attendance rate at meeting of Board of Directors (number of attendances/holdings)	Audit & Supervisory Committee Member *2	Advisory Committee Relating to Nominations and Compensation Member*2
Male	Atsushi Yoshikawa (April 7, 1954)	Director and Chairman of the Board of Directors	Non-executive	3 years	100% (16/16)		◎
Male	Eiji Kutsukake (September 12, 1960)	President and Representative Director, Group CEO	Executive	6 years	100% (16/16)		
Male	Seiichi Miyajima (August 3, 1958)	Executive Vice President and Representative Director, Group COO	Executive	6 years	100% (16/16)		
Male	Toshiaki Seki (March 27, 1958)	Executive Vice President and Representative Director, Business Unit Manager of Commercial Real Estate Business Unit	Executive	6 years	100% (16/16)		
Male	Makoto Haga (June 22, 1966)	Director and Executive Officer Group CFO, Supervisor of Management Division, Investor Relations	Executive	3 years	100% (16/16)		
Male	Tetsuro Higashi (August 28, 1949)	Director	External Independent Non-executive	1 year	100% (13/13)*4		○
Male	Shoichi Nagamatsu (July 6, 1958)	Director (Part-time)	Newly appointed Non-executive	–	(Appointed on June 23, 2020)		○

Gender	Name (date of birth)	Position/Responsibilities	Executive/External/ Independent/New	Term of office*1	Attendance rate (number of attendances/holdings) Board of Directors meeting (upper)/ Audit & Supervisory Committee meeting (lower)	Audit & Supervisory Committee Member*2	Advisory Committee Relating to Nominations and Compensation Member*2
Male	Takao Orihara (February 6, 1958)	Director (Member of the Audit & Supervisory Committee) (Full-time)	Non-executive	5 years	100% (16/16) 100% (13/13)	◎	
Male	Yasushi Takayama (February 1, 1964)	Director (Member of the Audit & Supervisory Committee) (Full-time)	Non-executive	1 year	100% (13/13 *4) 100% (9/9 *4)	○	
Male	Akira Ono (December 28, 1971)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	5 years	94% (15/16) 100% (13/13)	○	○
Male	Yoshio Mogi (April 10, 1952)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	1 year	100% (13/13 *4) 100% (9/9 *4)	○	○
Female	Akiko Miyakawa (October 18, 1955)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	1 year	100% (13/13 *4) 100% (9/9 *4)	○	
Male	Tetsu Takahashi (October 24, 1956)	Director (Member of the Audit & Supervisory Committee)	Newly appointed External Independent Non-executive	–	(Appointed on June 23, 2020)	○	

*1 Years as director as of June 23, 2020
*2 ◎: Committee Chairman
*3 Knowledge of capital markets and business experience in capital procurement, etc.
*4 Number of meetings held in the fiscal year ended March 31, 2020 since assuming the position of Director on June 25, 2019

Fields of expectation for directors							Reason for appointment
Corporate management	Finance *3	Finance and audit	Legal and audit	Overseas business	Architectural design	ICT	
●	●			●			Atsushi Yoshikawa has extensive business and management experience in the Nomura Group as well as experience as Chairman of the Board of Directors of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●	●						Eiji Kutsukake has extensive business and management experience in the Nomura Group as well as experience as President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●					●		Seiichi Miyajima has extensive business and management experience in the Group as well as experience as Executive Vice President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development, architecture, and other operations.
●							Toshiaki Seki has extensive business and management experience in the Group as well as experience as Executive Vice President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development, property & facility management, and other operations.
●	●	●			●		Makoto Haga has extensive business and management experience in the Group as well as experience as a director of the Company. He has been appointed because it is expected that he will continue contributing to a strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on corporate planning and financial and capital policies of the Group, and other operations.
●	●			●		●	Tetsuro Higashi has been appointed for an external director because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager.
●	●	●					Shoichi Nagamatsu has extensive business and management experience in the Nomura Group. He has been appointed because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial experience and knowledge he has accumulated on management.

Corporate management	Finance *3	Finance and audit	Legal and audit	Overseas business	Architectural design	ICT	Reason for appointment
●	●	●					Takao Orihara has extensive business experience in the Group as well as experience as a director and an Audit & Supervisory Board Member. He has been appointed as a director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning finance and accounting will continue to contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
	●	●	●	●			Yasushi Takayama has extensive business experience in the Nomura Group. He has been appointed as a director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning legal affairs 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.
			●				Akira Ono has great knowledge, experience, and profound insights as a legal expert acquired through his many years working as a lawyer. He has been appointed as an external director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will continue to contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure, although he has no experience in the management of a company.
●	●	●		●			Yoshio Mogi has great knowledge, experience, and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been appointed as an external director 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 has great knowledge, experience, and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. She has been appointed as an external director 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 directly involved in the management of a company.
			●				Tetsu Takahashi has great knowledge, experience, and profound insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been involved in the management of a company except as an outside director; however he has been appointed as an external director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an outside director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.

Improvement of the effectiveness of the Board of Directors

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

Details of the assessment of effectiveness of the Board of Directors in the fiscal year ended March 2020 are as follows:

Details of the implementation	Results of analysis and assessment		
	Highly regarded points		Issues and future improvement measures
•Conduct the questionnaires of all directors (including those who serve as Audit & Supervisory Committee Members) and their interview through a third-party assessment organization. •Conduct analysis and assessment and determine the policy for response through deliberation by the Board of Directors based on the above results.	[Composition]	The size of the Board of Directors and the ratio of independent external directors are generally appropriate.	—
	[Discussions]	Directors have free and active discussions beyond their positions based on their knowledge and experience. Particularly in the fiscal year ended March 2020, the Board of Directors aimed to enhance their discussions through insight provided by newly appointed external directors.	—
	[Operation]	Initiatives to improve operations continuously implemented, including the thorough prior provision of meeting materials, were assessed as fair for generally contributing to improve the effectiveness of the Board of Directors.	There is still room for improvement of operation such as clarification of issues in the explanation and materials for the agenda. By pursuing the thorough improvement of operation continuously, we will pursue the further effectiveness of the Board of Directors.
	[Matters for discussion]	By narrowing down the agenda to be discussed in the meetings of the Board of Directors and continuously improving operations such as providing discussion opportunities other than the regular meetings of the Board of Directors, they enriched discussions of management issues.	In the fiscal year ending March 2021, we will enrich the strategic discussion to further increase corporate value and improve corporate governance.

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

Main discussions of the Board of Directors

Main matters approved by or reported to the Board of Directors in the fiscal year ended March 2020 are as follows:

Categories	Main themes
Business strategy, business plan	• Annual budget, policy for shareholder returns, fund procurement (Borrowings, Bonds, etc.) • Financial results • Investor trends/IR strategy • Overseas business strategy • Examination of M&A • Promotion of sustainability • Promotion of wellness management
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 • Policy for strategic shareholdings • Monthly monitoring of response status to various management issues
Risk management, compliance, audits	• Improvement of risk management (Review of risk management framework and operation method) • Report of Risk Management Committee • Risk monitoring report in overseas business • Formulation of annual compliance program • Report on the results of the group internal audit plan
Individual businesses	• Business progress report of Shibaura 1-chome District Project • Vietnam Ho Chi Minh City Residential Development Project

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

Categories	Main themes	Number of meetings
Directors opinion exchange sessions	• ESG investment (opinion exchange with investors) • Policy to respond to the assessment of effectiveness of the Board of Directors • M&A strategy • Overseas business strategy • Digital strategy	3

Information provision and support for external directors

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

Items	Specific details	Number of meetings
Preparatory briefing of the Board of Directors	In order to activate discussions by the Board of Directors, members of the Corporate Planning Department provide briefings on the agenda items to external directors prior to the meeting of the Board of Directors.	12
Development property inspection by external directors	External directors regularly inspect business sites in Japan and overseas to deepen understanding about the wide range of businesses of the Group. In the fiscal year ended March 2020 newly appointed external directors inspected the sites of residential developments, office buildings, retail facilities, logistics facilities, hotels, and large-scale mixed-use development projects.	1

Main matters discussed and deliberated by the Audit & Supervisory Committee

In the fiscal year ended March 2020, the Audit & Supervisory Committee mainly discussed and deliberated the following matters:

Categories	Main discussions
Composition and operation of the Committee	• Agreement on a proposal for election of a director who serves as an Audit & Supervisory Committee Member
	• Election of Committee Chairman and Committee Members (full-time)
Audit activities of the Committee	• Formulation of the basic audit plan
	• Agreement on the internal audit plan of Group Internal Audit Department
	• Preparation of audit report
Accounting auditor	• Agreement on accounting auditor's compensation, etc.
	• Revision of criteria for the assessment and election of an accounting auditor
	• Determination of whether to reappoint the accounting auditor based on assessment
Nominations and compensation of directors, etc.	• Determination of opinions regarding the nominations and compensation of directors excluding those who serve as Audit & Supervisory Committee Members

Compensation of directors

Outline of the system

Compensation of the Company's directors (excluding Audit & Supervisory Committee Members and external directors) consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. Policy on the payment ratio of fixed and variable compensation and details of compensation are as follows.

▸Base compensation

The amount of base compensation is determined according to the role and position of the director.

▸Bonuses

The amount of bonuses is determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals. The individual evaluation is used to evaluate the progress of initiatives for single-year and the medium- to long term, the performance concerning sustainability and ESG for which achievements are difficult to measure based only on financial results.

	FY19/3	FY20/3
Business profit	¥79,623 million	¥82,833 million
Year on year	—	+4.0%

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

▸Share-based compensation

The share-based compensation consists of a performance-based portion and a non-performance based portion. The performance-based compensation adopts performance-sharing ("PS") providing incentive for enhancement of medium-term performance such as by delivering the Company's shares and payment of an amount equivalent to the proceeds of converting the Company's shares into cash ("delivery, etc.") after three years of the commencement of each business year, and non-performance-based compensation adopts restricted shares ("RS") providing an incentive for long-term contributions and enhancement of corporate value by delaying delivery, etc. until retirement as an officer.

This share-based compensation system is expected to have an effect that it will function as an incentive to improve corporate value in the medium to long term and align interests with the Company's shareholders by linking Directors' compensation to the Company's share price.

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

[Purpose of the introduction of the share-based compensation plan]

	Characteristics
Performance-based (PS) portion	Fluctuates depending on the three-year performance Clearer incentive for medium-term performance improvement
Non-performance-based (RS) portion	Delivery, etc. is deferred to the retirement of an executive Incentive for long-term contribution and corporate value improvement

▸Calculation formula of points

•Performance Share (PS) portion

The number of points (the "Number of PS Points") to be granted to target directors, etc. for each fiscal year during the covered period is calculated by dividing the amount of predetermined base-compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each fiscal year by the achievement-linked coefficient determined based on the level of performance three years after the beginning of the applicable fiscal year. The achievement-linked coefficient may vary in a range of 0 – 200% depending on the level of achievement of target ranges set based on the "business profit" from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, from the financial performance targets listed in the Mid- to Long-term Business Plan. This portion enhances the consistency with the features of the real estate business, which spans the mid to long term, and provides a clearer incentive toward better performance for the mid to long term.

The range of management benchmarks was determined by the Board of Directors as shown in the table below based on the Mid- to Long-term Business Plan and the like after passing through the deliberation process of the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are Independent External Directors.

[The ranges for the fiscal year ending March 2021, the third year from the start of the system in the fiscal year ended March 2019]

	Range	Results
Achievement-linked coefficient	0 – 200%	—
Business profit	¥75,400 million – ¥105,600 million	—
ROE	6.5 – 12.5%	—

[The ranges for the fiscal year ending March 2022, the third year from the start of the system in the fiscal year ended March 2020]

	Range	Results
Achievement-linked coefficient	0 – 200%	—
Business profit	¥70,800 million – ¥99,200 million	—
ROE	6.5 – 12.5%	—

•Restricted Share (RS) portion

The number of points (the "Number of RS Points") to be granted to target directors, etc. for each fiscal year during the covered period is calculated by dividing the amount of predetermined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. By delaying the delivering, etc. of shares until retirement of each Director, etc. from the Group, this portion creates incentives to contribute to the Group and enhance corporate value over the long-term.

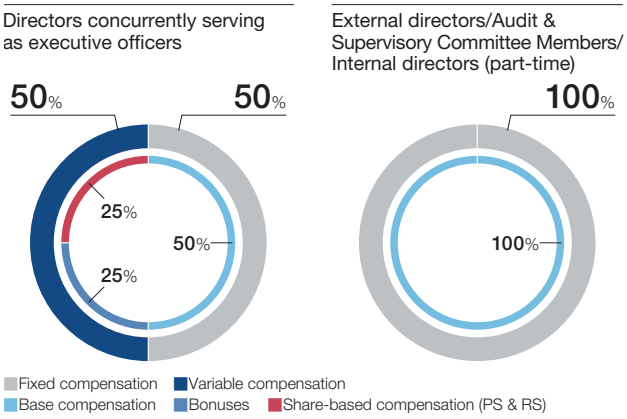
▸Policy on payment ratio of fixed and variable compensation

Compensation of directors concurrently serving as executive officers (executive director) 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 mid- to long-term. The policy for the ratios of the compensation items is shown on the right.

Compensation of the Chairman, who is a non-executive director and Chairman of the Board of Directors, is made up of the base compensation and the RS portion of share-based compensation, taking into account the sharing of interests with shareholders based on holding a role of supervising execution of business from an objective standpoint and also holding a role of enhancing long-term corporate value.

Also, compensation of external directors, directors as Audit & Supervisory Committee Members and internal directors (part-time) consists only of base compensation due to their role of overseeing the business execution from an objective standpoint.

Composition of Director's compensation



*1. The ratios above indicate a basic model when the Company pays 100% of its standard variable compensation amount.
*2. Compensation of the Chairman of the Board of Directors is comprised of base compensation and share-based compensation (RS portion).

Breakdown of compensation of directors

Compensation	Fixed compensation	Variable compensation		
	Cash compensation		Share-based compensation	
	Base compensation	Bonuses	PS	RS
Evaluation/Criteria	Criteria for each position	• Performance such as consolidated business profit • Progress of initiatives, etc. for a single-year and the mid to long term • Performance in terms of sustainability/ESG	• Achievement-linked evaluation after three years • Evaluation indicator: Business profit and ROE [Range of FY22/3 • Achievement-linked coefficient: 0 – 200% • Business profit: ¥70,800 million to ¥99,200 million • ROE: 6.5 – 12.5%]	Criteria for each position
Timing of payment/ Delivery	Monthly	Annually	After three years from the beginning of the applicable fiscal year	When a director resigns

Compensation, etc. by category of director (FY20/3)

Category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type (millions of yen)			Number of directors applicable
		Base compensation	Bonuses	Share-based compensation	
Directors (excluding Audit & Supervisory Committee Members and external directors)	467	259	101	106	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	102	102	—	—	3
External directors	69	69	—	—	8
Total	639	431	101	106	17

*1. As of the end of the fiscal year ended March 2020, there are five directors (excluding Audit & Supervisory Committee Members) (excluding external directors). The reason for the difference in the number of directors applicable in the above table is that one director who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 is included.
*2. As of the end of the fiscal year ended March 2020, there are two directors (Audit & Supervisory Committee Members) (excluding external directors). The reason for the difference in the number of directors applicable in the above table is that one director (Audit & Supervisory Committee Member) who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 is included.
*3. As of the end of the fiscal year ended March 2020, there are five external directors. The reason for the difference in the number of directors applicable in the above table is that three external directors who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 are included.
*4. The payment amount in the Share-based compensation in the above table is the amount recorded in the expenses for the fiscal year ended March 31, 2020 (including the compensation amount of stock option (¥3 million)).

Total amount of consolidated compensation, etc. of those who received a total amount of ¥100 million or more in compensation, etc.

Name	Category	Total compensation, etc. by type (millions of yen)			Total compensation, etc. (millions of yen)
		Base compensation	Bonuses	Share-based compensation	
Eiji Kutsukake	Director	64	35	29	130
Seiichi Miyajima	Director	55	30	21	107

*The payment amount in the Share-based compensation in the above table is the amount recorded in the expenses for the fiscal year ended March 31, 2020.

Decision-making process for director's compensation, etc.

▸Compensation frame

The maximum amount of compensation, etc. for Directors (excluding Directors as Audit & Supervisory Committee Members) is limited to up to ¥550 million per year in a separate framework from the share-based, etc. according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors (excluding Directors as Audit & Supervisory Committee Members) at the time of the resolution was eight (including two external directors).

Furthermore, as for the share-based compensation, the maximum amount of money to be contributed to the trust by

the Company during the covered period (three fiscal years) is ¥730 million, and the maximum number of Company shares to be delivered, etc. to directors of the Company is 423,000 shares according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors who were subject to this system at the time of the resolution was six (excluding two external directors).

The maximum amount of compensation, etc. for directors 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 as Audit & Supervisory Committee Members at the time of the resolution was six (including four external directors).

▸Amount of compensation for each director

The amount of compensation for each director excluding a director who is an Audit & Supervisory Committee Member is determined at the Board of Directors following discussions at the Advisory Committee Relating to Nominations and Compensation, for which the majority of committee members are independent external directors, and the amount of compensation for each director who is an Audit & Supervisory Committee Member is determined by consultation between Audit & Supervisory Committee Members, within the maximum amount resolved at the aforementioned Ordinary General Meetings of Shareholders.

▸Operation of compensation plan, etc.

Operation and revision of the compensation plan for directors and the amount of the compensation for directors are determined by the Board of Directors based on deliberation by the Advisory Committee Relating to Nominations and Compensation and reporting to the Board of Directors.

The Advisory Committee Relating to Nominations and Compensation held in the fiscal year ended March 2020 carried out periodic monitoring of the compensation plan of directors and deliberates on general matters concerning the compensation for directors. Furthermore, in reviewing the appropriateness of the compensation level and the content of the share-based compensation system that has been introduced at present, the Company makes a determination on the basis of factors such as the size of the Company and business characteristics, after obtaining advice from an external compensation consultant.

Compliance with Japan's Corporate Governance Code

Our reasons for not implementing two of the 78 principles of Japan's Corporate Governance Code, "Explain," non-compliance, as of June 2020 are provided below.

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

The Company believes that the appropriate appointment process of its CEO, i.e., one that is carried out in line with the Company's corporate philosophy and management strategies and which also considers external candidates, is important for realizing sustainable growth. As for the plan for the CEO's successor, based on the respective appointment criteria for officers and for the CEO, the Company established its training policy and the process up to the CEO's election. Going forward, in addition to the Advisory Committee Relating to Nominations and Compensation providing regular monitoring and reporting to the Board of Directors, the Company will strive for the further enhancement of the structure and content of training, to ensure that the training of successor candidates in relation to the aforementioned established successor plan goes as planned.

[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO, etc. (Planning)

Training policy for directors

The Company provides training that takes into consideration the Company's corporate philosophy and management strategies. The Company also regularly provides opportunities for all directors to receive training from guest lecturers from outside the Company, to improve their knowledge of topics such as finance and corporate governance. Also, when external directors assume office, they are provided with an explanation regarding topics, such as the Group's history, business framework, and business model, to deepen their understanding of said topics. Then 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 inside and outside Japan. Going forward, the Company will continue to investigate the aforementioned topics, mainly through the Advisory Committee Relating to Nominations and Compensation, in order to further enhance the structure and content of training primarily for directors.

[Principle 4-14, Supplementary Principle 4-14-2] Training Policy for Directors

Strategic shareholdings policy

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

With regard to the strategic shareholdings, for each stock name, the Company regularly checks the transaction status with the Group and the business conditions of the investee companies. The Board of Directors verifies the rationality of continuous holding from the viewpoint of whether it contributes to the enhancement of the Company's corporate value.

As of the end of March 2020, holding of shares by Nomura Real Estate Development, which posted the largest amount of equity investments on the balance sheet compared to the Company and other consolidated subsidiaries, is as shown below. Incidentally, the Company has not held shares subject to cross-shareholdings.

Status of shareholdings

Number of companies and total amount recorded on balance sheet

Category	Number of companies	Total amount on balance sheet (millions of yen)
Non-listed shares	11	165
Shares other than non-listed shares	1	237

Number of shares by company, information of the amount recorded on the balance sheets and other data

Company	FY20/3		Purpose of holding, quantitative holding effects	Whether the shares of the Company are held or not
	Number of shares	Amount recorded on the balance sheets (millions of yen)		
Onward Holdings	500,000	237	Enhancement of corporate value by strengthening business ties can be expected. Continuous transactions are made mainly by the Property Brokerage & CRE Business Unit.	Not holding

*The description of quantitative holding effects is difficult, because individual transaction conditions cannot be disclosed.

Risk management

The Group recognizes that ensuring the soundness of management through appropriate risk management and operation is an important management issue. To further strengthen our risk management system, the Group organized and restructured risk management items, systems, and management departments in April 2020. At the same time, we revised "the Risk Management Regulations," which stipulates basic matters regarding risk management.

In the rapidly changing social environment, we will identify risks and opportunities for the Group from a mid- to long-term perspective and take appropriate actions in order to provide new value and achieve sustainable growth.

Basic policy for risk management

The Group regards risk management as a "business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risks 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, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

Important risks needing to be managed among main risks

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

Risk management structure

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

The Management Committee, which is the integrated management body, directly monitors "A: Investment risk" and "B: External risk," while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation, and analysis of "C: Disaster risk" and "D: Internal risk" as well as discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information and response policies within the Group.

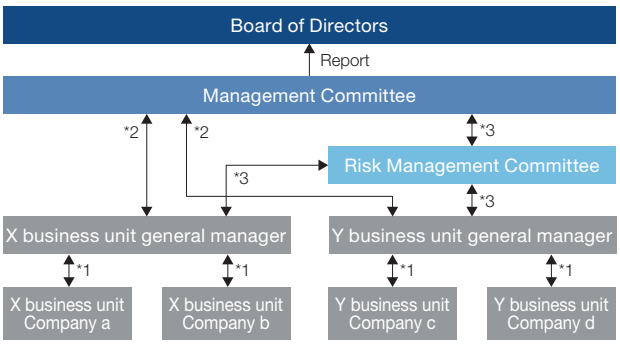
With regard to risk management, each business unit manager will supervise the risk management of their affiliated business units and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each Group company (the head of each division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

In addition, we have introduced a three-line management system (three defense lines) in tune with the restructuring of the risk management system to clarify the role of each business unit in the risk management.

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 Group companies, respectively, we have established an appropriate defense line.

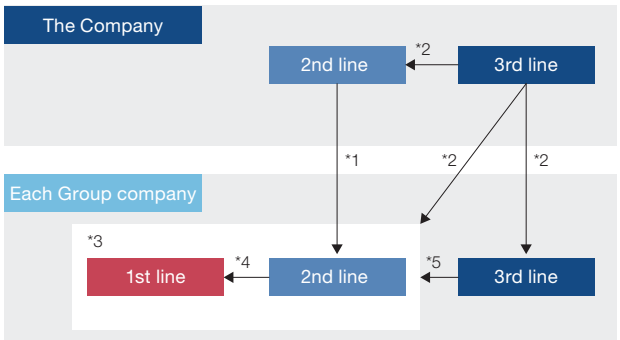
In the event of a major problem requiring urgency, the Chair of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives responsible for relevant departments in accordance with the Risk Management

Risk management system (conceptual diagram)



*1 Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.
*2 The head of each business unit reports to the Management Committee on "A: Investment risk" and "B: External risk" that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with "A: Investment risk" and "B: External risk" of each department.
*3 The head of each business unit reports to the Risk Management Committee on "C: Disaster risk" and "D: Internal risk" that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with "C: Disaster risk" and "D: Internal risk" of each business unit. Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit's risk management associated with "C: Disaster risk" and "D: Internal risk."

Defense line (conceptual diagram)



*1 The Company's second defense line provides appropriate support and guidance for each Group company's second defense line with respect to overall risk management based on the Group's management policy and strategic objectives and monitors each Group company's second-line activities.
*2 The Company's third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third line of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.
*3 The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.
*4 The second line of each Group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.
*5 The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

Regulations and reports to the President (Group CEO) and provides instructions such as response in accordance with the basic policy.

Details of main risk items and responses

The following are regarded as main risks that could make a significant influence on the financial position, business performance, and cash flows of the Group.

Matters concerning the future and the recognition of risks in the text are those determined by the Group as of the date of the submission of the Financial Report (June 23, 2020). The Report, however, does not cover all risks. Risks that are unpredictable or deemed insignificant at this point in time could have an impact on businesses in the future.

In the fiscal year ended March 31, 2020, many events occurred that were related to main risk item (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." These included storm and flood damage caused by typhoons No. 15 and No. 19 and the spread of COVID-19.

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

Risk categories (definition)		Main risk items	Basic response policies
(A) Investment risk	Risk related to individual investments (real estate investment, strategic investment (M&A), etc.)	① Risk associated with real estate investment	Make appropriate responses to risk items for which returns shall be obtained according to the level of risk
		② Risk associated with strategic investment (M&A) and new businesses	
(B) External risk	Risk related to external factors influencing business	③ Risk associated with market changes	
		④ Risk caused by changes in economic conditions	
		⑤ Risk caused by changes in political/social conditions/systems (laws, tax system, accounting, others)	
		⑥ Risk from lagging behind innovation and changes in the social structure related to the business	Make appropriate responses to risk items that result in reduced competitiveness and lost opportunities
(C) Disaster risk	Risk caused by disasters that have a large impact on customers and business continuity	⑦ Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	Make appropriate responses to risk items for which that should be responded to and managed so that the risk does not materialize or the risk is minimized when it materializes
(D) Internal risk	Operational risk occurring at the Company and each group company	⑧ Risk of violations of laws and ordinances	
		⑨ Risk of quality defects	
		⑩ Risk of occurrence of information system crisis	
		⑪ Risk of inadequate response to matters related to human resources	
		⑫ Risk of occurrence of fraud and negligence	

Details of major risk items and initiatives are as follows.

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

Risk	① Risk associated with real estate investment
Risk details	In the real estate investment and development business carried out by the Group, there are cases in which business does not proceed as planned due to such factors as unexpected soil pollution, delays in obtaining permits and licenses, and the need for additional construction. In such cases, the occurrence of changes in the initial business schedule, delays in completion and recognition timing, and additional costs could affect the Group's financial position and business performance.
Main initiatives	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of Group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. In particular, for soil pollution the Company implements a historical survey and a pollution survey in advance, and if pollution is confirmed the Company will cease the acquisition of the land or have the pollution removed by an external specialist. Moreover, following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially important event occur, the department shall report this to the Management Committee or the Board of Directors of the Company or Group companies when necessary and respond to the issues.

Risk	② Risk associated with strategic investment (M&A) and new businesses
Risk details	The Group positions M&A as one of its growth strategies and aims to enhance the corporate value of the Group by implementing M&A for which synergies can be expected. However, the inability to achieve profit growth from the M&A target companies and synergies expected could affect the Group's financial position and business performance. The Group goes beyond the existing business domains to explore opportunities in new businesses as well as examines and makes investments in new asset types. However, the inability to execute business according to original plans or achieve synergies with Group companies could affect the Group's financial position and business performance.
Main initiatives	In executing M&A, the main investment targets and investment purposes shall be defined. At the same time, factors such as the synergies with the Group's existing businesses, business plans, financial details, and contract-related matters shall be carefully examined and considered and M&A shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by the Board of Directors or Management Committee.

Risk management

(B) External risk Risk related to external factors that has an influence on business

Risk	③ Risk associated with market changes
Risk details	The Group carries out a variety of real estate-related businesses and any changes in the business environment or market conditions in each business could have an impact on the Group's business performance. In addition, changes in economic conditions or the occurrence of disasters could have an impact on the business environment or market conditions of real estate-related businesses. In the Residential Development Business Unit, a decline in customer desire to purchase leads to a decrease in sales prices and an increase in inventories and this could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories held are recorded. In the Commercial Real Estate Business Unit, a decline in rent levels, a rise in vacancy rates, and increase in the CAP rate that leads to a decline in asset prices could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories and non-current assets held are recorded. In addition, a decline in demand in the real estate transaction market, a share price decline in the REIT market, a decline in demand for investment funds, and a rise in construction costs, could have an impact on the Group's financial condition and business performance.
Main initiatives	The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business, and improve precision. When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to secure a certain shareholders' equity ratio even if market conditions change rapidly. Since the impact of COVID-19 on the real estate-related business environment and market emerged from the last part of this fiscal year ended March 31, 2020, the Group has continued to verify the impact on each business according to each business' characteristic. In addition, when making investment decisions at each Group company, we are reviewing the operation of certain internal business' rules such as investment standards and responding to risk arising from market changes.

Risk	④ Risk caused by changes in economic conditions
Risk details	Domestic and overseas economic recessions, an increase in funding costs due to rising market interest rates, fluctuations in yen-denominated investments and recovered amounts, or amounts of foreign currency assets and liabilities on the consolidated financial statements due to fluctuations in exchange rates could have an impact on the Group's financial condition and business performance.
Main initiatives	Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In addition, since the emergence of the impact of COVID-19, we are paying particularly close attention to trends in corporate earnings, personal income, and consumption. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.

Risk	⑤ Risk caused by changes in political/social conditions and systems (laws, taxation, accounting, and others)
Risk details	Various types of laws and regulations in Japan and overseas are applicable to each of the Group's businesses. For example, in addition to the Real Estate Brokerage Act and the Building Standards Act, other real estate-related laws and regulations as well as the Financial Instruments and Exchange Act are applicable in Japan. In case there are changes or additions to these laws and regulations or other laws and regulations become applicable due to an expansion in the business scope in the future they could have an impact on the Group's financial position and business performance. Also, in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business, the resulting increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans could have an impact on the Group's financial position and business performance. Overseas, there are risks specific to each country's social situations and risks related to laws, regulations and tax laws different from those in Japan. In the case of changes in social situations or changes or the establishment of laws, regulations, and tax laws that have been unexpected at the beginning of conducting business in each country, the occurrence of new obligations, and expenses as well as obstacles to promote business could have an impact on the Group's financial position and business performance.
Main initiatives	We collect and analyze information on trends in various laws and regulations, tax systems and accounting systems, from industry groups, external experts and business partners and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. During the fiscal year ended March 31, 2020, we held discussions on "Response to the Revision of the Japanese Civil Code (Law of Obligations). Moreover, in overseas business, we set up a country-specific investment limit in accordance with the Group's financial risk allowance after conducting investigations and analyses of each country's social situations. In addition, we seek the knowledge of external experts regarding applicable laws, regulations, and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to important related laws and regulations that have an impact on business strategy, revenue, and expenditures, as well as proceed in countries where we do business. In the case there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.

Risk	⑥ Risk from lagging behind innovation and changes in the social structure related to the business
Risk details	Should technological innovation or the emergence of innovative new participants in a variety of real estate-related businesses that the Group engages in result in a large change in the industrial structure or business environment and the Company is late in responding to changes in customer needs accompanying changes in the social structure, the Company's competitive advantage could decline and this could have an impact on the Group's financial position and business performance.

Main initiatives	Amid the changing business environment, the Group has created unique new value and provided this to society and our customers by leveraging our strengths that include real estate development capabilities based on the market-in approach and our commitment to the quality in urban development and real estate-related services. To further enhance this strength, we have established the ICT & Innovation Planning Department and this department is undertaking R&D in new business domains and planning, promoting and supporting the emergence of innovation and ICT digital strategies. We have also established the Business Idea Proposal System that enables employees of each Group company to make proposals on new businesses that transcend the framework of their everyday work and promote new businesses and the commercialization of new products and services. Moreover, we will make efforts to create a corporate culture that takes on the challenge of realizing value creation by promoting reforms and strengthen Group collaboration through the Nomura Real Estate Group Award, an award system within the Group. We are also making efforts to create new business by collaborating with venture companies possessing innovative technologies and services through corporate venture capital.

(C) Disaster risk Risk caused by disasters that have a large impact on customers and business continuity, etc.

Risk	⑦ Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity, etc.
Risk details	Large earthquakes, storms, and flood damage and infectious disease epidemics could make it difficult for the Company and its business partners to undertake normal business and there could be cases of the occurrence of the risk of loss of earnings and the risk of delay of earnings. Risk of loss of earnings include decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities. Moreover, risk of delay of earnings include changes in the sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors and these could have an impact on the Group's business results and financial condition. In addition, natural disasters such as earthquakes, fires, storms, and floods, or sudden accidents, could result in damage or loss of real estate owned, operated, or managed by the Group and this could have an impact on the Group's financial condition and business performance.
Main initiatives	The Group recognizes an increase in occurrence of various disasters as an important social issue. Based on various information transferred from central and local governments, we are working to ensure the safety and security in the event of a disaster. If a disaster occurs, we engage in disaster prevention activities so that its impact is minimized and the Group and its employees can continue business and a normal life. At the same time, we have formulated a business continuity plan (BCP) and action plan and engage in initiatives related to the Group's business continuity. In preparing for an earthquake that directly hits under the Tokyo Metropolitan Area, we have established a BCP, set up an emergency chain of command, and assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Furthermore, once per year we hold Disaster Task Force Establishment Drills to confirm responses prescribed in the BCP (assuring the safety of the lives of executives and employees, establishing a chain of command system, and restoring businesses) as we prepare for emergencies. Regarding an occurrence of earthquakes, fires, storms, floods, or other sudden accidents, we have set up regulations on how to respond to torrential rain and flooding, formulated a disaster prevention response manual, and created a disaster prevention guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs. **<Matters related to COVID-19>** Based on the BCP that had been formulated to respond to a new influenza outbreak, we established a basic policy for the Group's countermeasures and continuously update it. We have established a task force chaired by the Group CEO, gathered information from government and administrative authorities, and considered and implemented measures that place top priority on ensuring the health of customers, employees, and their families and preventing the spread of infection while considering and implementing countermeasures for business continuity. From the perspective of preventing the spread of infection, we suspended the operation of fitness clubs and deferred or reduced rent payments to a certain level to provide support for the business continuity of tenants who were impacted by the closure of retail facilities at the government's and local authorities' request. Including the hotel business, which was directly affected by a significant decrease in the number of tourists, many businesses are experiencing a temporary decline in revenue. However, these corporate actions align with our approach to promote the Company's sustainability efforts, which are to resolve social issues through business activities and respond to customer needs, and therefore contribute to enhance corporate value in the mid to long term.

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

Risk	⑧ Risk of violations of laws and ordinances
Risk details	In the real estate brokerage business, the main business of the Group, there are cases when the Company receives administrative sanctions from government authorities due to a violation of laws or ordinances such as an error in explaining important matters to customers, misrepresentation, or non-disclosure of disadvantageous facts. Also, in the case the Group violates the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other laws and ordinances related to the Group's business, the loss of the Group's credibility and the imposition of fines could have an impact on the Group's business performance.
Main initiatives	The Company has formulated the Nomura Real Estate Group Code of Action that defines the basic code of actions for executives and employees, including complying with laws and regulations and acting with higher ethical standards, and prescribed internal rules. We are making efforts to familiarize employees with the Code of Action and internal rules through periodic training, promote education on an ongoing basis, and facilitate enlightenment. For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for compliance.

Risk management

Risk	⑨ Risk of defective quality
Risk details	In case of deficiencies such as design and construction defects in the Group's real estate development business or in the case of a management deficiency in the properties for leasing or under management, the loss of trust in the Group, unexpected costs, and delays in development plans and operation plans could have an impact on the Group's business performance.
Main initiatives	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of creditability and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical) and the Quality Manuals and ensures thorough compliance from the parties with which we order design and construction work while also checking the state of construction and carrying out quality inspections as the ordering party. Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of deficiency or accident.

Risk	⑩ Risk of occurrence of information system crisis
Risk details	To achieve sustainable growth as the diversity of products and services provided to customers increases, the Group believes it must further improve productivity and work efficiency and is actively utilizing the benefits of the Internet (the Cloud) (speed, flexibility, cost) for establishing an ICT environment and promoting DX to achieve these improvements. In addition, the Group handles a large volume of personal information in each business due to necessity in executing business. For this reason, in the unlikely case the Company's system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	As we actively promote initiatives that utilize information systems and ICTs, we believe that ensuring information security will be of unprecedented importance, and we have strengthened measures to restrict access via Internet connections as well as measures for log management and the loss of information devices and are progressing with the establishment of an ICT environment in preparation for cyberattacks and information leakage. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide education and enlightenment to our employees, protect the rights and interests of our customers, and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.

Risk	⑪ Risk of inadequate response to matters related to human resources
Risk details	We regard human resources as our largest asset and the source of new value creation for the sustainable growth of the Group. Therefore, in the event that the working hours of Group executives and employees are not properly ascertained and long working hours damage the health of executives and employees and we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations, the outflow of the Group's human resources, the loss of trust, and the imposition of fines could have an impact on the Group's business performance. In terms of personnel and labor management at overseas bases, there is risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor customs, the risk of losing know-how due to the retirement of local employees, and a risk that the health of overseas employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.
Main initiatives	The Group prescribes "working with vigor and achieving wellness" as its action guideline. The Group aims to provide "wellness management" so that all its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. To properly grasp working hours, we have introduced and operate an attendance management system and for particularly long working hours, this situation is monitored regularly. 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, and provide support for visits to, medical institutions.

Risk	⑫ Risk of occurrence of fraud or negligence
Risk details	Within the Group, risk could occur due to fraud perpetuated by executives and employees, information leakage due to improper management of information, and operational negligence. In the case the relevant risk materializes, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	The Group executives and employees comply with laws and ordinances as well as with the Company rules and regulations formulated by each of Nomura Real Estate Group companies. Furthermore, establishing "the Nomura Real Estate Group Code of Action with the aim of acting in accordance with even higher ethical standards," we continuously provide education and enlightenment to our executives and employees.

Internal controls, compliance/Information disclosure

Compliance systems

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

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

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

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

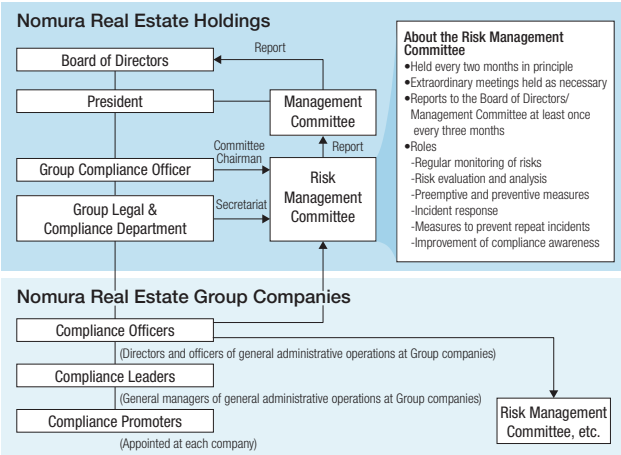
Appropriate information disclosure and transparency

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the right) indicates, the Executive Officer in charge of the Corporate Communications Department collects information about the Company through the Corporate Planning Department from each business unit and Group company. As for the information requiring timely disclosure, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible in related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by Corporate Communications Department at the instruction of the Executive Officer in charge of the Corporate Communications Department. The Group Internal Audit Department carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors' and other important Company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

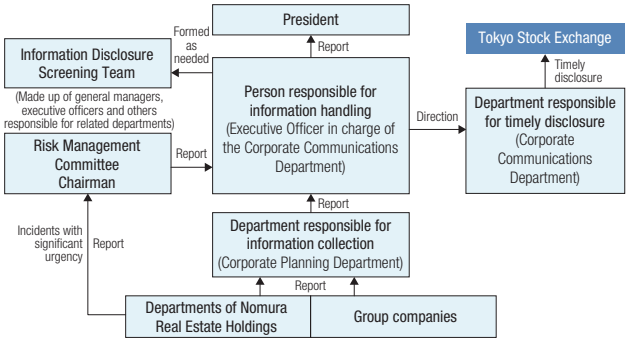
Shareholder engagement

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

Compliance system



Timely disclosure system



Current status of investor relations activities

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

Major IR activities during FY20/3

IR activities for institutional investors	Number of times held
Financial results briefings	2
Conference calls on financial results announcement days	3
Meetings with investors and analysts (including the following meetings)	346
CEO small meetings	1
Overseas IR activities (in Europe, U.S., and Asia) (including overseas conferences)	8
Conferences organized by securities companies (Japan) (including video and telephone conferences)	6
Property tours	4
SR meetings	12

IR activities for individual investors	Number of times held
Conferences for individual investors	2
Company information session organized by securities companies	1
Company information session via the Internet	1

For further details and the latest information, visit the IR site.
https://www.nomura-re-hd-co.jp/english/ir/

Sustainability

The Group implements sustainability initiatives in all its business activities to address social issues that require consideration while meeting the expectations of stakeholders. In line with the framework of the four key themes and two promotion foundations set out under the Nomura Real Estate Group's Policy on CSR/ESG, the Group has now set qualitative and quantitative goals linked to the SDGs or business activities to push ahead with sustainability activities through the steady implementation of the plan-do-check-act (PDCA) cycle.

Sustainability management structure

The Group organizes the Sustainability Committee (chaired by the Executive Vice President, Representative Director and Group COO) to further strengthen and promote sustainability activities. The Committee consists of Directors and Executive Officers appointed by the Board of Directors of the Company and is mainly responsible for deliberating and determining policies and activity plans for sustainability. Results of deliberation by the Committee are reported to the Management Committee and the Board of Directors and reflected in its business plans and business activities.

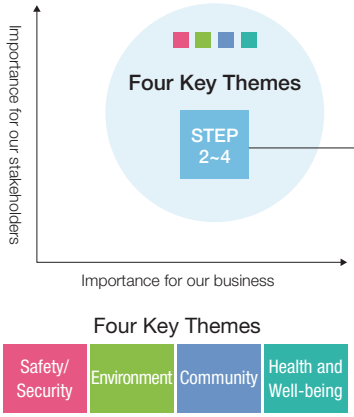
In April 2020, we further established the Sustainability Management Department to strengthen sustainability initiatives more linked with business.

Materiality determination process

The Group selected its four key themes in the fiscal year ended March 2016. In the fiscal year ended March 2018, we advanced step 5 through 7 and formulated the Nomura Real Estate Group's Policy on CSR/ESG and determined the Group's material issues. (Report to the Board of Directors was made in the fiscal year ended March 2019)

Key social issues for the Group

Decline of urban function, increased natural disasters, climate change, diversification of lifestyles, etc.



STEP 1	Examine social issues extensively	Identify and select social issues highly relevant to business by identifying social issues referring to international frameworks, such as the GRI Guidelines and ISO 26000
STEP 2	Identify key themes for the Group	Identify key themes via CSR Committee (currently the Sustainability Committee) meetings, such as the impact on the Company's business, relevance, and degree of risk
STEP 3	Identify key themes for stakeholders	Identify key themes via questionnaires and feedback from stakeholders pertaining to expectations for the Company and social issues that we must address
STEP 4	Finalize four key themes	Identify four key themes by allocation based on importance from the perspectives of stakeholders and the Company
STEP 5	Identify activities and business related to each key theme	Determine policies and priorities for each key theme to promote CSR activities. Identify activities and business for each key theme via the CSR Promotion Council
STEP 6	Evaluate and discuss issues	Conduct evaluations and hold discussions based on policy trends and international frameworks, such as the SDGs and the SASB
STEP 7	Determine and approve policies and materiality	Determine policies and material issues after the CSR Committee (currently the Sustainability Committee) and the CSR Promotion Council conclude discussions and submit to the Board of Directors for approval

Contribution to achieving the Sustainable Development Goals (SDGs)

The 17 goals included in the Sustainable Development Goals (SDGs) which were adopted by the United Nations summit in September 2015 are global common goals, and the Group also recognizes the importance of contributing to their achievement. The Group will contribute to achieving the SDGs through initiatives to address the four key themes of Safety/Security, Environment, Community and Health and Well-being as well as the material issues.

Related key SDGs defined by the Group

For further details and the latest information, refer to the CSR report at the link below.
https://www.nomura-re-hd.co.jp/english/csr/

Nomura Real Estate Group's policy on CSR/ESG

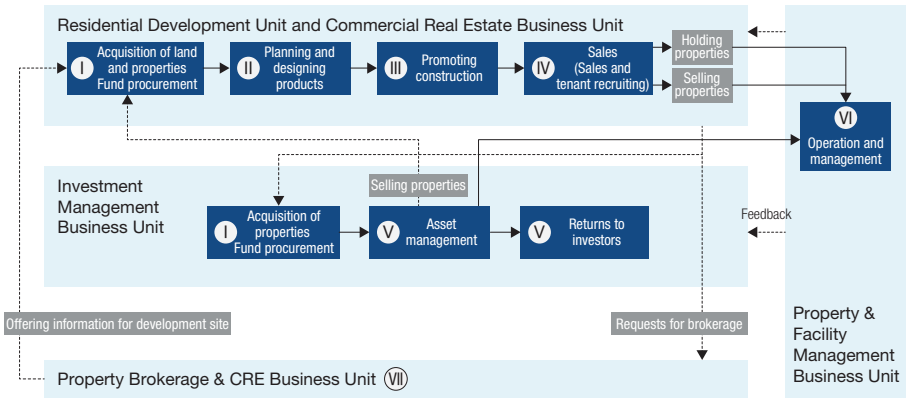
The Sustainability Committee is mainly responsible for confirming progress of the policy on CSR/ESG and its goals described below and deliberating and determining activity plans.

			Material issues	Group targets/Indicators	Related SDGs
E	Four key themes	Environment P72-73	Upgrades to environmental management	Acquiring of advanced environmental management certifications (DBJ Green Building, LEED, CASBEE, etc.)	7, 12, 13, 15
			Responding to climate change	Reducing CO_2 emissions	
				Promoting solar power generation	
				Reducing energy use	
			Effective utilization of water resources	Reducing water usage	
			Consideration for biodiversity	Acquiring biodiversity certifications (ABINC/JHEP/SEGES)	
			Appropriate utilization of resources and pollution control	Reducing waste discharge	
				Promoting use of domestic and FSC certified timber	
S		Safety/Security P74-75	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	9, 12, 13
			Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service	
			Initiatives for longer life and increased durability	Providing of long life and high durability products and services	
			Safety and security in disasters	Expanding disaster preparedness	
		Community P74-75	Care for and activation of communities	Expanding planning and design for activation of communities	8, 16, 17
				Supporting activation of communities in operations and management	
		Health and Well-being P74-75	Response to aging population and diversity and support for health	Promoting universal design	3, 5, 10
				Supporting health and increasing healthy life expectancy	
			Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction	
				Improving comfort	
	Two promotion foundations	Human resources P76-79	Health and safety of employees	Preventing work-related accidents	3, 5, 8
				Promoting thorough physical and mental health management	
				Promoting taking of paid leave	
				Preventing overwork	
			Promotion of diversity	Promoting active participation by women	
				Supporting childcare and nursing care	
				Promoting hiring of seniors and persons with disabilities	
			Creation of fair and rewarding workplaces	Implementing fair assessment and compensation	
				Improving employee satisfaction	
			Improvements to human capital	Enhancing cultivation of human resources	
			Supplier safety	Complying with CSR Procurement Guidelines	
				Ensuring supplier safety	
G		Management structure P44-69	Corporate governance	Ensuring diversity in Board of Directors	5, 10, 16
			Compliance	Observing compliance requirements	
			Risk management	Implementing thorough risk management	
			Human rights	Implementing thorough human rights training	
			Improved supplier management	Compliance with CSR Procurement Guidelines	

11 SUSTAINABLE CITIES AND COMMUNITIES

Value chain and sustainability material issues

In all business activities, the Nomura Real Estate Group implements sustainability initiatives to address social issues that require consideration and meet the expectations of stakeholders.



	Four key themes	Material Issues by theme
①	Environment	Upgrades to environmental management
②		Responding to climate change
③		Effective utilization of water resources
④		Consideration for biodiversity
⑤		Appropriate utilization of resources and pollution control
⑥	Safety/Security	Improved safety/security in design and construction
⑦		Improved quality of safety/security in operation and management
⑧		Initiatives for longer life and increased durability
⑨		Safety and security in disasters
⑩	Community	Care for communities and support for activation
⑪	Health and well-being	Response to aging population and diversity and support for health
⑫		Improved customer satisfaction and comfort

Business activity	Main stakeholders	Related material issues
I	Sellers, brokers, financial institutions, investors, real estate appraisers, etc.	⑩
II	Customers, local communities, NPOs, design companies, administrative bodies, etc.	①⑥⑧⑨⑩⑪⑫
III	Customers, local communities, construction companies, etc.	②③④⑤⑥⑨⑩
IV	Customers, local communities, NPOs, judicial scriveners, etc.	⑪⑫

Business activity	Main stakeholders	Related material issues
V	Investors, customers, financial institutions, property management companies, etc.	①②③⑤⑦⑨⑩
VI	Customers, local communities, business owners, service outsourcing companies, construction companies, etc.	②③⑤⑦⑨⑩⑪⑫
VII	Customers, brokers, financial institutions, real estate appraisers, etc.	⑩⑪⑫

Environment

Environment

The Group is aware of climate change, natural resource depletion, and ecosystem destruction as important social issues. Therefore, we will contribute to the realization of sustainable society through environmentally-friendly urban development including initiatives for an energy-saving and low-carbon society while using renewable energy and engaging in the appropriate utilization of resources. We also comply with environmental laws and regulations to implement an appropriate environmental management. Recognizing the following five items as particularly important issues, we will work to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers.

Environment

Material issues	Group targets/Indicators
Upgrades to environmental management	Acquiring of advanced environmental management certifications (DBJ Green Building, LEED, CASBEE, etc.)
Responding to climate change	Reducing CO_2 emissions
	Promoting solar power generation
	Reducing energy use
Effective utilization of water resources	Reducing water usage
Consideration for biodiversity	Acquiring biodiversity certifications (ABINC/JHEP/SEGES)
Appropriate utilization of resources and pollution control	Reducing waste discharge
	Promoting use of domestic and FSC certified timber

Results of main initiatives in FY20/3

- Acquisition environmental management certifications for newly built properties for sales (excluding rental housing): 100% (No. of properties: 14)
- Acquired ZEH-M oriented certification*1 (PROUD TOWER Kameido Cross, etc.)
- Analyzed and disclosed climate change related risks and opportunities
- Responded to CDP's climate change questionnaire ("B" score)
- Announced PROUD Kanda Surugadai, a high-rise condominium with structural elements made from wood materials (domestic timber)

Main challenges and future initiatives

- Strengthen environmental measures at various properties (including acquiring environmental management certifications)
- Strengthen analysis of risks and opportunities for climate change (including response to TCFD*2 recommendations)
- Implement PDCA cycle steadily across the Group and investigate expansion of numerical targets (for Scope 3*4 and SBT approval*3)
- Further strengthen information disclosure and further improve ESG rating

The Company's awareness of environmental issues

Responding to environmental problems has become an urgent social issue as environmental problems including climate change, the depletion of natural resources, and the destruction of ecosystems become increasingly severe. Meanwhile, the global common frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs) have been created.

In our real estate business and urban development, the Group enjoys various benefits from the natural environment, but at the same time, imposes certain burdens on the environment in our business activities. In addition, the Group interacts with various customers including residents, tenant corporations, and facility users over the long term, and consequently we are aware that responding to environmental problems associated with our products and services is an important duty of the Group.

We consider the above five items (environmental management, climate change, water resources, biodiversity, use of resources and pollution control) are particularly important, and we are working to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers on supply chains of procurement, our own operations, and products and services.

We signed the United Nations Global Compact (UNGC) in May 2019 and announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*2 in September 2020 to realize the Nomura Real Estate Group Environmental Philosophy and further promote responses to these priority matters. We will continue to support a precautionary approach to climate change mitigation, and other environmental problems, and proactively fulfill our responsibility to address such environmental problems.

[Nomura Real Estate Group Environmental Philosophy]

The Group's mission is to create urban development in harmony with the natural environment.
To this end, we utilize the power and blessings of nature to pass on our beautiful planet to future generations.
We have high aspirations, enhance our sensitivity to the environment, and pursue the realization of ideal environmental quality.

For information about initiatives other than "Response to Climate Change," refer to the CSR report.
https://www.nomura-re-hd.co.jp/english/csr/environment/

*1: Net Zero Energy House: Residences designed to achieve a net zero annual primary energy consumption (air conditioning, hot-water supply, lighting, and ventilation) by increase in thermal insulation and energy saving performance, while creating energy by solar power generation, etc.
*2: Task Force on Climate-related Financial Disclosures: Established to develop recommendations for climate-related information disclosures and response to these disclosures by financial institutions
*3: Science Based Targets: Initiative requiring companies to set science-based reduction targets to limit the rise in global average temperature to "less than 2 degrees Celsius"
*4: Scope : Scope of calculation and reporting of CO_2 emissions by companies
Scope 1: Direct emissions from fuel burning, etc.
Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company
Scope 3: Indirect emissions other than those for Scope 1 and 2 (use of products sold, employees' commuting and business trips, etc.)

For further details and the latest information, refer to the CSR report at the link below.
https://www.nomura-re-hd.co.jp/english/csr/

Response to climate change

The Group uses land and other natural resources and energy in the course of conducting business activities, and we are fully aware that responding to climate change is a major management issue. For example, increased natural disasters resulting from climate change and stricter environmental regulations could cause increase in costs and impede the continuation of business. On the other hand, we believe that low-carbon/decarbonized products and services will lead to new business opportunities. After organizing the risks and opportunities related to climate change, we are collaborating with stakeholders to promote various initiatives.

Targets

- Reducing CO_2 emissions
- Promoting solar power generation
- Reducing energy use

Example of main initiatives

- Initiatives for product development

We believe that low-carbon/decarbonized products and services including net zero energy house (ZEH) will lead to new business opportunities, and we actively engage in such products and services.

- Numerical targets to reduce CO_2 emissions

The Group has set the following targets to advance a response to climate change in March 2019 and is taking various initiatives to achieve them.

Indicater	Target		Performance in FY20/3
CO_2 emissions per unit area of real estate held by the Group (Scope 1 and 2*4)	Compared to FY14/3	Reduce by 30%	Reduced by 16%

We are also examining how to set reduction targets for total CO_2 emissions in the entire business including Scope 3*4.

Analysis of risks and opportunities for responding to climate change and our responses

Risks

Market:
Changes in customer needs for real estate

Technology:
Increase in the development cost for CO_2 emissions reduction technologies

Physical:
Increase in damage to buildings due to increasing frequency of localized severe rain and flooding, and resulting changes in asset value and quality of real estate

Evaluation:
Negative feedback in ESG evaluation by stakeholders

Opportunities

Products and services:
Expanded customer needs for low-carbon products and services

Resource efficiency:
Expanded utilization of high energy efficient buildings and properties

Energy sources:
Expanded utilization of renewable energy, etc.

Evaluation:
Acquisition of high ESG evaluation from stakeholders

Our responses

Market and services:
Confirmation and grasp of future scenarios (IPCC Fifth Assessment Report)

Grasp of customer needs (implementation of customer satisfaction surveys)

Products and technology:
Development of ZEH-M in condominiums

Environmental performance assessments during product planning and design (including developing and exploring new technologies)

Resource efficiency:
Development of real estate securing of high environmental performance and energy efficiency including PMO and others and the acquisition of environmental management certifications

Physical:
Confirmation of hazard maps released by each local governments during real estate development, and implementation of severe rain and flooding countermeasures

Evaluation :
Ongoing communication with all shareholders

Continued enhancement of ESG information disclosures and investigation into improving of ESG evaluation

Main initiatives

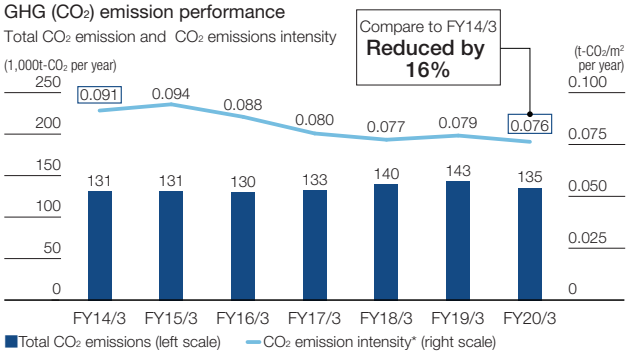
- Acquisition of ZEH-M oriented certification (PROUD TOWER Kameido Cross, etc.)
- Development of high-rise condominium with structural elements made from wood materials (PROUD Kanda Surugadai)
- Certification as a top-level office under the Tokyo Metropolitan Environmental Security Ordinance (Nihonbashi Muromachi Nomura Building)
- Implementation of disaster-preparedness concept: Advances in Disaster Preparedness in Housing
- Set up of disaster preparedness centers for tenant businesses

PROUD Kanda Surugadai, a high-rise condominium with structural elements made from wood materials

Performance

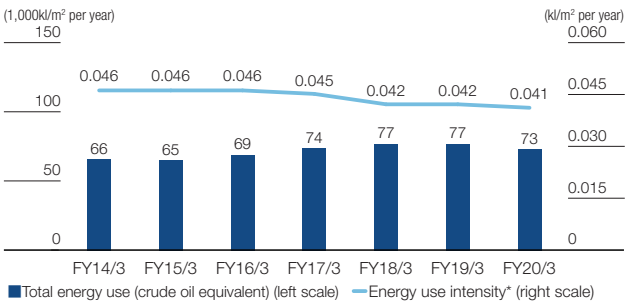
GHG (CO_2) emission performance

Total CO_2 emission and CO_2 emissions intensity



Energy use performance

Total energy use (crude oil equivalent) and energy use intensity



*Intensities are calculated by dividing the total amount of CO_2 emissions and energy use by the gross floor area of the target facility. Some figures for CO_2 emissions, energy use, and their intensities before FY19/3 are different from the figures shown in the *Integrated Report 2019* due to some changes in the calculation method.

Safety/Security, Community, Health and Well-being

Safety/Security

Community

Health and Well-being

The Group has identified Safety/Security, Community, and Health and Well-being as priority themes for social (S) initiatives. For example, on the theme of Safety/Security, the Group is aware that the aging and obsolescence of buildings and infrastructure and increases in natural disasters are important social issues and is working to increase building lifespan. On the theme of Community, the Group is cognizant of important social issues such as dysfunction and stagnation of local community resulting from the low birthrate, aging of society, increases in vacant residences, and other factors, and we are implementing a range of initiatives aimed at activating communities. Meanwhile, on the theme of Health and Well-being, the Group is making an approach to help various people to live healthy and comfortable lives regardless of their characteristics and attributes as lifestyles are becoming more diverse.

Safety/Security

Material issues	Group targets/Indicators
Improved safety/security in design and construction	Complying with design and construction standards and quality manuals
Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service
Initiatives for longer life and increased durability	Providing of long life and high durability products and services
Safety and security in disasters	Expanding of disaster preparedness

Results of main initiatives in FY20/3

- Formulated Design and Construction Standards and Quality Manuals for newly developed assets (small offices with services, etc.)
- Properties covered by the “re:Premium” service, which is designed to lengthen large-scale repair cycles, were recognized for "good condominium management" under the long-life quality housing renovation promotion project supported by Ministry of Land, Infrastructure, Transport and Tourism

Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues, targets, and indicators for Safety/Security
- Ensure compliance with Design and Construction Standards and Quality Manuals and develop Design and Construction Standards and Quality Manuals for newly developed assets (retail facilities)
- Push ahead with projects under large-scale repair work plans focusing on “re:Premium” service

Community

Material issues	Group targets/Indicators
Care for and activation of communities	Expanding planning and design for activation of communities
	Supporting activation of communities in operations and management

Results of main initiatives in FY20/3

- Activated communities open to everyone through urban development in harmony and together with the surrounding community based on the “BE UNITED concept”
  →1st project of ACTO: Started operation at Hiyoshi
  →2nd project of ACTO: Prepared for operation at Inagi Minamiyama and Kameido
- Engaged in communication within communities in which projects are underway
  (Held Christmas events in collaboration with regional development section of administrative body, etc.)

Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues for Community
- Strengthen collaboration to resolve community issues at ACTO Hiyoshi, where facilities went into operation in July 2020, and to generate a sustainable urban growth
- Consider expansion of various events to mitigate negative impacts in communities where projects are underway

Health and Well-being

Material issues	Group targets/Indicators
Response to aging population and diversity and support for health	Promoting universal design
	Supporting health and increasing healthy life expectancy
Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction
	Improving comfort

Results of main initiatives in FY20/3

- Acquired CASBEE-Wellness Office certification for some properties
- Publicly disclosed the results of customer satisfaction surveys for various assets
- Started introduction of the “Yukai-full” underfloor air-conditioning system for healthy, comfortable living
  *Received the FY20/3 Nomura Real Estate Group Awards (→P79)
- Launched HUMAN FIRST LAB to research the nature of offices for increasing creativity and well-being

Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues for Health and Well-being
- Make it a basic policy to acquire CASBEE-Wellness Office certification for all newly developed office buildings
- Expand coverage of disclosure of customer satisfaction surveys and strengthen initiatives to improve satisfaction
- Increase properties with “Yukai-full” underfloor air-conditioning system
- Consider actual contents to be researched at HUMAN FIRST LAB, etc.

For further details and the latest information, refer to the CSR report at the link below.
https://www.nomura-re-hd.co.jp/english/csr/

Safety/Security

Main targets

- Providing long life and high durability products and services
- Expanding disaster preparedness, etc.

Example of main initiatives

- Initiatives for extension of large-scale repair work cycles

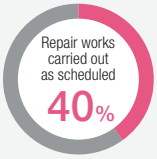
"re:Premium" is a product designed to extend large-scale repair work cycles, at completed PROUD condominiums. The collection of a repair reserve fund is important for proper maintenance and management of the condominiums, but is often in shortage. Responding to this social issue, "re:Premium" extends the cycle for large-scale repairs, which is normally planned for every 12 years, to 16 to 18 years. As a result, ultra-long-term repair plans extending up to 60 years after the completion of construction can be formulated. The service enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on residents can also be reduced by substantially cutting lifecycle costs.

Results in FY20/3

- Number of completed large-scale repairs that adopt the "re:Premium": 17 (3.4 times the number year-on-year)

Social issue

Of around 6 million units of condominiums nationwide, just 40% of condominiums are able to carry out repair works as scheduled (Source: The Ministry of Land, Infrastructure, Transport and Tourism's Result of General Survey on Condominiums Fiscal 2013)



Social value

Helps decrease residents' burden through reduction of repair cost and create high quality housing stock

Economic value

Number of completed large-scale repairs that adopt the "re:Premium":
29 (cumulative)
*Plan to gradually expand to cover 750 completed PROUD properties

Community

Main targets

- Expanding of planning and design for activation of communities
- Supporting activation of communities in operations and management

Example of main initiatives

- Activation of communities based on the "BE UNITED concept"

The "BE UNITED concept" is urban development which nurtures "civic pride" through residents' fondness for and pride in their city. Through this concept, we aim to achieve urban development in harmony and together with the surrounding community based on cooperation with condominium residents and active members of the community. We have labeled the activities necessary to realize the "BE UNITED concept" as ACTO. As a first project, we introduced these activities at PROUD CITY Hiyoshi. Taking advantage of our relationships with administrative bodies, educational institutions, neighborhood associations, and other community members, we have begun community activities, which have been well received and condominium sales are also brisk.

Results in FY20/3

- Facilities that contribute to local communities: 6*1(double the level year-on-year)
- Number of community social events held: 138 (down 10% year-on-year*2)

*1. Nursery schools, cafes, etc. built together with residential developments, which were recorded for the fiscal year ended March 2020.
*2. Some events were cancelled due to the spread of COVID-19.

Social issue

Dysfunction in communities as a result of the low birthrate and aging population, increases in vacant residences, and other factors

Social value

Helps activate local communities and nurture residents' fondness for and pride in their city

Events related to ACTO

Economic value

Urban development incorporating ACTO makes properties more competitive

- Number of contracts concluded at PROUD CITY Hiyoshi: Approx. 550 units (as of end of March 2020)
- Sales of PROUD Season Inagi Minamiyama progressed steadily. (41 units out of total units sold out quickly)
- Sales of PROUD TOWER Kameido Cross progressed steadily. (150 units out of total units sold out quickly)

For further details and the latest information on ACTO, visit the following link:
http://www.acto-nreg.jp (in Japanese)

Health and Well-being

Main targets

- Supporting health and increasing healthy life expectancy
- Improving comfort, etc.

Example of main initiatives

- Development of OUKAS elderly housing with supportive services to increase healthy life expectancy

OUKAS elderly housing aims to help seniors maintain and improve their health and achieve autonomy in their day-to-day lives. The housing incorporates support systems which enable seniors to live with peace of mind, including unique wellness programs covering exercise, diet, and sleep for maintaining a healthy routine and a 24-hour monitoring service. OUKAS Funabashi, our first OUKAS project, has a high occupancy rate exceeding approximately 90%.

Results in FY20/3

- Development of OUKAS elderly housing (cumulative units completed) 382 units (3.5 times the level year-on-year)

Social issue

Increase in social security costs due to increasing of aging population

Social value

Helps independent elderly persons who do not require nursing care stay healthy and contributes to curbing social security costs by providing unique health promotion programs

Economic value

Secures development and operation projects of a total of 6 properties with a total of around 830 units

Funabashi	Kaihin-Makuhari	Kichijoji
Hiyoshi	Shiki	Sengawa

For further details and the latest information on OUKAS elderly housing, visit the following link:
https://nomura-re-wn.co.jp/brand/ (in Japanese)

For more detailed information about targets, initiatives, and performance for each topic, refer to the CSR report.
https://www.nomura-re-hd.co.jp/english/csr/social/

Human resources

Human resources

The Group recognizes that employees are the most important business resources for a company and fostering human resources is essential for a company to achieve sustainable growth. The Group aims to provide Wellness Managment so that all of its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that innovations through diversity are indispensable for the continuous creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that employees with a variety of perspectives and ways of thinking, regardless of their social attributes, can fully demonstrate their individualities and capabilities.

Human resources

Material issues	Group targets / Indicators
Health and safety of employees	Preventing work-related accidents
	Promoting thorough physical and mental health management
	Promoting taking of paid leave
	Preventing overwork
Promotion of diversity	Promoting active participation by women
	Supporting childcare and nursing care
	Promoting hiring of seniors and persons with disabilities
Creation of fair and rewarding workplaces	Implementing fair assessment and compensation
	Improving employee satisfaction
Improvements to human capital	Enhancing cultivation of human resources
Supplier safety	Complying with CSR Procurement Guidelines
	Ensuring supplier safety

Results of main initiatives in FY20/3

- Each company implemented initiatives to promote work style reforms with their own quantitative targets
- The Group CEO and COO held Wellness Promotion Meetings with employees
- Partial introduction of one-on-one meetings
- Considered how to operate CSR Procurement Guidelines
- Gained understanding of human rights issues through study meetings with other companies (issues regarding of foreign technical interns, etc.)

Main challenges and future initiatives

- Examine new ways of working in response to COVID-19
- Evaluate effectiveness of each company's quantitative targets
- Hold one-on-one meetings on a group-wide basis
- Start considering formulation of human rights policy
- Start actually operating CSR Procurement Guidelines
- Conduct further research on human rights issues and examine policy for addressing issues (issues regarding foreign technical interns, etc.)

Wellness Management

The Group is promoting initiatives to realize Wellness Management. In April 2017, the Nomura Real Estate Group Work Style Reform Promotion Committee was established, comprising Nomura Real Estate Holdings and Group company directors and others, and is chaired by the Executive Vice President and Group COO. The Committee discussed issues and measures, approved targets, and monitored the results of activities for wellness management, including enhancing employees' happiness and a sense of purpose in life and maintaining and improving health, and reported to the Board of Directors twice a year. Furthermore, in the fiscal year ending March 2021, the Group launched the Group Wellness Promotion Committee chaired by the President and Group CEO, aiming to further develop the Work Style Reform Promotion Committee and promote wellness, work style reform, and diversity in an integrated fashion.

Overview of wellness management

Employee Happiness and Corporate Growth

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

Work style reforms

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

Diversity

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

Wellness

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

For further details and the latest information, refer to the CSR report at the link below.
https://www.nomura-re-hd.co.jp/english/csr/

Health and safety of employees

The Group is aware that the physical and mental health and safety of employees are essential for a company's business to grow continuously and sustainably. Based on this understanding, we made working with vigor and achieving wellness a part of the Nomura Real Estate Group Action Guideline, "What We Value," and we think that the basis of everything is that employees can work energetically in good physical and mental health.

Targets

- Preventing work-related accidents
- Promoting thorough physical and mental health management
- Promoting taking of paid leave
- Preventing overwork

Examples of main initiatives

• Management of work time over statutory working hours

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

• Prevent overwork

As a part of the work style reforms that the Group initiated in the fiscal year ended March 2018, we have implemented a variety of programs intended to prevent overwork by employees.

In addition, "employees who work more than a certain number of hours in a single month" are required to check their physical condition using a Cumulative Fatigue Self-Diagnosis Checklist and provide feedback to a supervisor. Other measures are also taken to ensure good health such as consulting with an industrial physician.

Main measures
• Working hours made visible
• No Overtime Days designated
• Clock-out time declaration program
• PCs turned off at 8 p.m.
• Various measures to encourage employees to take vacation time such as allowing employees to take the day off on their birthday

• Enhancement of health management

The Group requires employees to undergo thorough annual medical checkups and established the "Physical and Mental Health Consultation Hotline," to provide access to outside specialists for consultations, and the "Health Consultation Office," which is staffed by full-time physicians and nurses, within the Group. In the fiscal year ended March 2020, the rate of employees undergoing annual medical checkups at Nomura Real Estate Development was 100%.

• Health and safety risk management

At Nomura Real Estate Development, general managers and senior managers who supervise employees based on stress checks share information regarding employees who require health care with the responsible officers and officer responsible for the Human Resources Department. In addition, the responsible officers take measures to determine the health and safety status of the above-mentioned general managers and senior managers and share information regarding issues with the Human Resources Department.

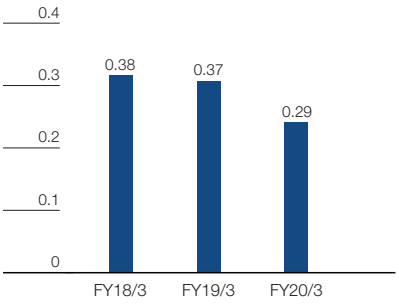
Comment by General Manager of the Group Human Resources Department

Tadataka Yano
General Manager of the Group Human Resources Department

I believe the fact that all Group executives and employees already shared the understanding that "the wellness of employees comes first" was hugely significant in responding to COVID-19. We were able to promptly introduce a range of crisis measures, such as the decision of stand by at or working from home in consideration of employees' family situations and other measures in relation to customers and people using the facilities without spending time on discussion. The Group can not grow unless safety and health are ensured for our employees and stakeholders. Moving forward, we will all go about our activities based on this common understanding. And we have also begun examining measures for new working styles based on the lessons learned from this experience.

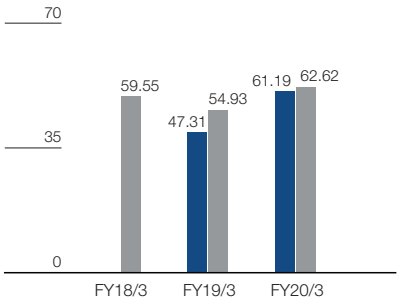
Performance

Preventing work-related accidents
Absentee rate (%)



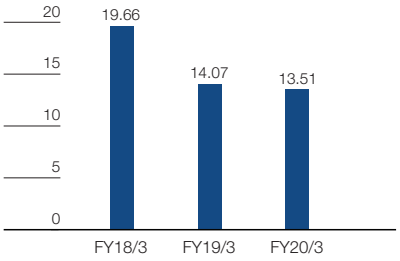
*Absentee rate: Total number of lost days due to absence/ (Predetermined working days×Number of employees)

Promoting taking of paid leave
Paid vacation acquisition rate (%)



■The Group ■Nomura Real Estate Development only

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



Promotion of diversity/Creation of fair and rewarding workplaces

The Group established the Nomura Real Estate Group Code of Action, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. We also conduct diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities. We also promote the creation of fair workplace environments where employees can work with reassurance, and we are implementing various work style reforms aiming to be a company in which each employee can actively work and is kept motivated.

Targets

- Promoting active participation by women
- Promoting diverse work styles
- Hiring and utilizing diverse human resources, etc.

Examples of main initiatives

- Initiatives for promoting active participation by women

The Group is working to promoting active participation by women in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value. Nomura Real Estate Development held "Health Seminars for Women" for all female employees in 2019.

Booklet distributed at the seminar

Scene of the seminar

- Supporting childcare and nursing care

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

Main measures
• Encouragement of taking childcare leave
• Encouragement of taking nursing care leave
• Holiday childcare support program and subsidies for a portion of babysitter expenses
• Paternity leave programs for male employees
• Reduced working hours for nursing care

- Promotion of work style reforms and diverse work styles

The Group discusses and promotes work style reforms and various systems and programs at the Group Wellness Promotion Meeting.

Main programs	
Promoting diverse work styles	• Establishing teleworking programs (including working from home) • Securing satellite offices • Expanding flex time working programs
Encouraging employees to take vacation	• Setting regular days off at sales offices • Encouraging employees to take leave such as making employee birthdays a day off
Raising awareness regarding shorter working hours	• Working hours made visible • Clock-out time declaration program • Establishing "No Overtime Days" • Introducing productivity assessments • PCs turned off at 8 p.m.

- Initiatives to promote active participation of diverse human resources

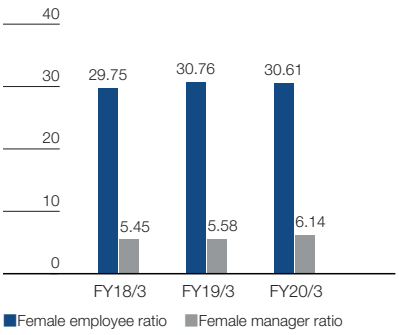
The Group believes that utilizing diverse perspectives in business is essential to create new corporate value and is working to promote the active participation of diverse human resources regardless of gender, age, or nationality. Also, in terms of hiring foreign human resources, Nomura Real Estate Amenity Service has hosted a total of 39 foreign technical intern trainees to date. We are also promoting the employment of persons with disabilities.

Asian Night 2019 social event

Performance

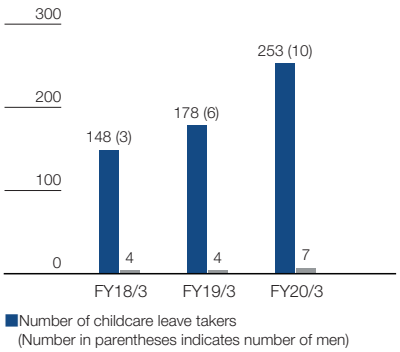
Promoting active participation by women

Female employee ratio and female manager ratio (%)



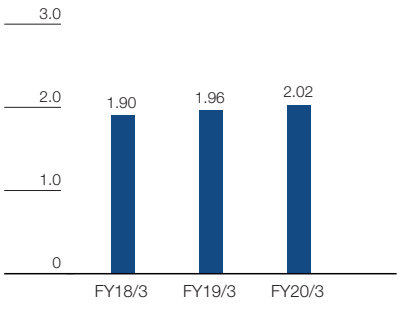
Promoting diverse work styles

Childcare leave takers and nursing care leave takers (persons)



Hire and utilize diverse human resources

Rate of employment of persons with disabilities (%)



For further details and the latest information, refer to the CSR report at the link below.
https://www.nomura-re-hd.co.jp/english/csr/

Improvements to human capital

The Group seeks to carry out the Nomura Real Estate Group Action Guideline "What We Value" and works to improve human capital. We offer programs to enhance the qualifications and capabilities of each Group employee so that they can perform they work as a professional with a high degree of specialization.

Targets

- Enhancing cultivation of human resources

Examples of main initiatives

- Skill development program

Nomura Real Estate Development has offered N-COLLEGE, a self-skill development system for employees, which provides programs to study for real estate-related certifications for professionals, such as a real estate notary, real estate appraiser, or first-class architect, and programs covering general business skills, such as programs in finance and foreign language study.

- Business idea proposal program

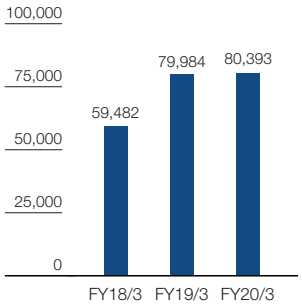
The Group has the Business Idea Proposal Program, which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work. There have been 60 entries in total (including 12 entries in the fiscal year ended March 2020), of which seven ideas are currently being examined and four ideas are already materialized.

- The Nomura Real Estate Group Awards

The Group believes that fostering a corporate culture which encourages challenges is essential for achieving the work-style reforms goal of "becoming a corporate group that contributes to employee growth and satisfaction" and the diversity goal of "building an environment where each person can maximize their abilities." As part of this belief, we have held the Nomura Real Estate Group Awards since the fiscal year ended March 2017.

Performance

Enhancing cultivation of human resources
Investment in training per employee (yen)



Selection criteria

1: Reform and innovation
2: Improvement in customer satisfaction
3: Group synergy
4: CSR activities and social contribution
5: Continuity and perseverance

First Place Award winner of the Group Award 2020: "Yukai-full," an underfloor air-conditioning system for a healthy, comfortable life

Comments of the First Place Award winner

Yasuhiro Yoshida
Residential Development Division, Nomura Real Estate Development

The "Yukai-full," underfloor air-conditioning system, which won this year's award, provides around the clock air conditioning for the reduction of CO_2 emissions and a healthy, comfortable life. We encountered various problems along the way, and I am proud that we overcame these obstacles as a team. The fact that we have this award system to properly recognize employees' efforts increases employees' motivation.

Ensuring supplier safety

Targets

- Ensuring supplier safety, etc.

Examples of main initiatives

- Inspections at construction sites in accordance with the Construction Safety and Security Measures Guidelines

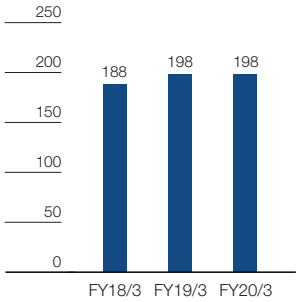
Nomura Real Estate Development has established its original Construction Safety and Security Measures Guidelines to prevent accidents and disasters at demolition and new construction sites. The Group conducts health and safety training for construction contractors to raise awareness, and performs inspections in major building construction processes to ensure the safety not just of suppliers, but also of neighboring residents and local community members.

- Safety and health initiatives by Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply

With the aim of implementing comprehensive safety management systems and raising awareness regarding health and safety, Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply regularly hold briefing sessions on health and safety for business partner companies who are their suppliers.

Performance

Number of suppliers attending the Meeting on Health and Safety Council organized by the property management companies*



*Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply

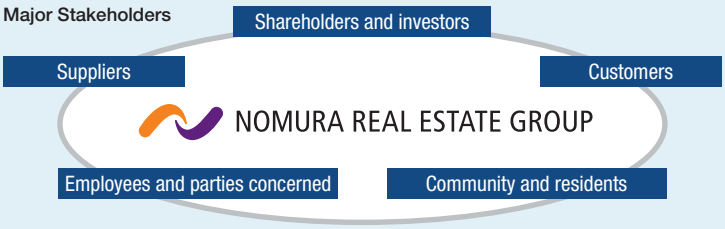
Topic: Response to COVID-19

TOPIC

Response to COVID-19

Basic approach to COVID-19

The Company has adhered to the policy of appropriately collaborating with shareholders, employees, customers, suppliers, and all other diverse stakeholders in consideration of their interests. In responding to COVID-19, we are taking a wide range of measures based on this policy to secure the safety of our stakeholders and prevent the further spread of infection.



Initiatives to protect people who are sustaining the Group's businesses and services

Measures for employees and parties concerned, suppliers, etc.

Basic approach

The Group aims to provide wellness management so that all of our executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. Based on this understanding, we take numerous measures putting the safety of our employees, parties concerned, and suppliers first.

Specific initiative examples

- Special paid leave for employees with children whose schools are closed
- A selection of training programs for employees to enhance their skills while they remain at home
- Guaranteed pay for condominium resident managers
- Flexible rescheduling of projects under development and giving maximum consideration to the safety and security of contractors

A Group employee working from home during school closure

General manager/branch manager meeting held with social distancing

Management meeting safety & health standards

Measures taken in our hotel business

NOHGA HOTEL

ルテホの庭 HOTEL NIWA TOKYO

Tokyo Green Hotel

About our hotel business

We have arranged a collaborative scheme between NOHGA HOTEL, our directly managed hotel brand established in 2018, and HOTEL NIWA TOKYO and Tokyo Green Hotel Korakuen, both of which joined the Group in 2019, to provide unique added value including bonds forged with the local communities and Japanese-style hospitality.

Akira Kawatsuji

Commercial Real Estate Development & Management Division II
Nomura Real Estate Development

At the end of January 2020, when COVID-19 become a pandemic, our hotels kept ahead of its competitors to have all front desk and restaurant staff wear face masks to prevent the spread of infection among customers and employees.

In addition, we formulated the Nomura Real Estate Group Hotels Safety & Cleanliness Policy based on the guidelines set by an industry association in Japan, among others. Our hotels also became the first hotels in Japan to acquire the SAFEGUARD Label, demonstrating that they meet the international safety and health standards set by Bureau Veritas, one of the world's leading testing, inspection, and certification services providers.

Acquisition of the label reassured us of the high rating given to the safety and health measures of our Group hotels. Also, through our preparation to acquire the label, we were able to strengthen our commitment to deliver safety and security to our customers through our concerted efforts.

SAFEGUARD Label (valid for six months; renewal available)

Serving customers while wearing a face mask

Performing thorough disinfection

Maintaining residents' healthy lifestyles

Initiatives at OUKAS, elderly housing with supportive services

OUKAS

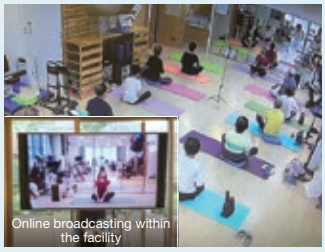
人生を、謳歌する住まい。
今日より健康な、明日を。

About OUKAS
OUKAS aims at enabling its residents to lead healthy lives and prolong their healthy life expectancy. To this end, a wide range of services are provided, including exercise programs run by dedicated trainers and dietary management.

Yasutomo Nakamura
OUKAS Funabashi Manager
Nomura Real Estate Wellness

Amid COVID-19, we are giving top priority to providing a safe and secure living environment for our residents, while focusing especially on maintaining their healthy lifestyle. Specifically, to prevent the spread of infection, we thoroughly disinfected our facility, ensured ventilation, prohibited face-to-face seating in the dining room, and changed our health management service from group-based programs to individual programs, while providing healthy meals and an environment for getting some exercise. In addition, we divided our operation staff into two teams in an effort to reduce the risk of infection, giving full consideration to the health of our employees.

Currently, we are devising ways to continue providing services while dealing with COVID-19. We have resumed group-based programs in our health management service with various measures taken against COVID-19, such as offering online programs alongside in-person programs and setting rules for participation.



Online yoga lesson

Residents' comments

I can stay healthy because I'm able to exercise within the facility.

It's reassuring to have someone to turn to whenever I have concerns about my medical condition, exercising, and daily life.

I can go about my daily life with peace of mind because the facility is always thoroughly disinfected.

I'm grateful for being able to enjoy different dishes every day without having to go out.

Pursuit of well-being

Initiatives at MEGALOS fitness clubs

MEGALOS

美しく、強く。

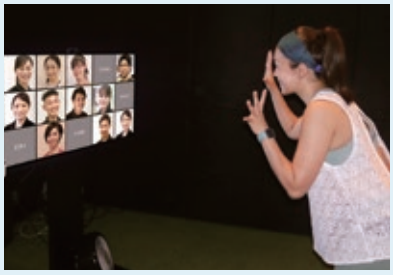
About MEGALOS
MEGALOS fitness clubs pursue well-being, namely, a favorable physical, mental, and social condition that allows for a fulfilling life as a human being and strives to provide the best service possible.

Asami Yamazaki
MEGALOS Soka Manager
Nomura Real Estate Life & Sports

In response to the government's declaration of the state of emergency, we had no choice but to close our fitness clubs, but we continued providing services in new ways and strived to maintain our valued bonds with our customers by distributing online training videos and live lessons and having our instructors send letters to junior members.

Meanwhile, we also offered online training programs to our employees during the closure to enable them to provide our customers with enhanced services.

After reopening the fitness clubs, we have been disinfecting and cleaning our facilities and applying anti-virus coating. We also introduced anti-virus filters and installed an automatic thermometer at facility entrances in an effort to create an environment where our customers can come with peace of mind.


Introduced online lessons

Instructors and junior members sent letters to each other

Business portfolio/ Data, etc.

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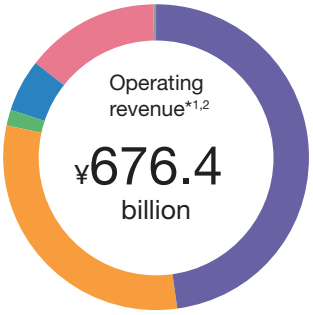
Shinjuku Nomura Building

The Shinjuku Nomura Building, where the Company's head office is located, has undergone several renovations and has adopted damping devices as a measure against long-period ground motion. As a result, even 40 years after its completion, the building still offers a safe, secure, and comfortable office environment.

Business at a glance

Performance in FY20/3



- Residential Development Business Unit 47.9% (¥333.9 billion)
- Commercial Real Estate Business Unit 30.4% (¥212.1 billion)
- Investment Management Business Unit 1.7% (¥12.0 billion)
- Property Brokerage & CRE Business Unit 5.6% (¥39.1 billion)
- Property & Facility Management Business Unit 14.1% (¥98.2 billion)
- Other 0.2% (¥1.1 billion)

- Residential Development Business Unit 28.7% (¥25.3 billion)
- Commercial Real Estate Business Unit 44.4% (¥39.2 billion)
- Investment Management Business Unit 8.1% (¥7.1 billion)
- Property Brokerage & CRE Business Unit 10.3% (¥9.0 billion)
- Property & Facility Management Business Unit 9.7% (¥8.5 billion)
- Other -1.1% (¥-1.0 billion)

Performance by business unit/Key indicators

*1. The percentage breakdown is calculated based on the total amount for each segment. The resulting figure is rounded to the first decimal place, which in some cases may mean the total does not add up to 100.0%. The total shown at the center of the pie chart includes "eliminations or corporate" amount within segment information. As a result, data differs when totaling operating revenue and business profit from each business unit.
*2. Figures for FY20/3 reflect the change in classification of overseas business from the Residential Development Business Unit and Commercial Real Estate Business Unit to Other.
*3. Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*4. As for FY18/3, figures are equivalent to operating profit.
*5. Rental housing business has been transferred to the residential development business since FY20/3. Following this change, figures after FY19/3 represent figures after deducting those of rental housing business, and figures for FY/18/3 represent figures including those of rental housing business.

Awareness of the external environment (opportunities and threats)

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

The impact of COVID-19 has further transformed the way people live, work, and gather, and their consumption inclination, and we recognize the need to closely observe trends in the domestic real estate market as well as the economic conditions in Asia, North America, and Europe, which up to now have been favorable.

In light of such awareness of the external environment (opportunities and threats), each business unit has formulated a business strategy and is working toward business growth in order to maximize the Group's competitive advantage and management capital.

Relevance between awareness of the external environment and business strategy of each business unit

Business strategies/Awareness of the external environment (opportunities and threats)		Opportunities							Threats							
		Increase in single, dual-income, and senior households	Improving Tokyo's growing city power and global competitiveness	Demand for compact cities in regional core cities	Accumulation of property stock	Growing demand for renovation and rebuilding of aged properties	Expansion of real estate investment needs and cross-border growth	Continuous growth in the Asian market	Diversification of lifestyles and work styles	Diversification of values toward housing and offices	Rapid advances in technology	Growth of e-commerce and changing consumer trends	Japan's declining population	Decrease in the number of family households	Rapid changes in economic conditions	Labor shortages
Residential Development Business Unit P86-87	Provide multifunctional and sustainable urban development and community building	■	■	■		■			■	■	■		■	■		
	Supply high-quality housing catered to diversifying customer needs	■	■	■		■			■	■	■	■	■	■		
	Offer services that sustain safe and secure living	■		■	■	■			■	■	■					
Commercial Real Estate Business Unit P88-89	Property development and management based on highly unique planning and in pursuit of higher user satisfaction		■		■	■	■		■	■	■	■				■
	Highly value-added business by providing new services utilizing digital technology		■		■	■	■		■	■	■	■				■
Investment Management Business Unit P90-91	Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain		■		■		■		■	■		■	■		■	
	Strengthening of the private equity fund business as a growth engine following REIT business		■		■		■		■	■		■	■		■	
	Building of the global network						■	■								
Property Brokerage & CRE Business Unit P92-93	Provide high-quality and extensive services by leveraging digital technology				■	■	■		■	■	■				■	
	Strengthen "solution selling" aimed at solving customers' issues				■	■	■		■	■	■				■	
	Build extensive customer base by expanding partnerships with financial institutions				■	■	■	■	■	■	■				■	
Property & Facility Management Business Unit P94-95	Strengthen customer satisfaction through proposal-based management	■		■	■				■	■	■					■
	Expand business domain and service offerings	■		■	■				■	■	■					■
	Increase number of orders for large-scale repair works and other construction orders				■	■			■	■						
Overseas Business P99	Responding to expectations for quality and services, and providing new value overseas through the utilization of know-how cultivated in Japan and strong partnerships with local developers						■	■					■		■	

*Parts with high relevance between awareness of the external environment (opportunities and threats) and the strategy of each Business Unit are shown in colors.

Strategies by Business Unit

Residential Development Business Unit

Daisaku Matsuo

Executive Officer, Business Unit Manager of Residential Development Business Unit

Group companies

- Nomura Real Estate Development
- Nomura Real Estate Wellness
- PRIME X
- First Living Assistance

Business environment

The Residential Development Business Unit has offered residential developments itself and a variety of other highly value-added products and services related to housing based on our signature integrated development, sales, and management system, as well as our market-in approach and commitment to quality. Our highly rated PROUD condominium brand and our solid customer base, as represented by the Nomura Real Estate Group Customer Club, are a significant competitive advantage for the Group.

In the environment surrounding the residential development business, an ongoing decline in the domestic population is anticipated in the long term. In that environment, some significant changes are seen recently, including the diversification of the household composition. Family households, the main buyers of our housing products, are dwindling in number, while the number of single, dual-income, and senior households is on the rise.

This change is leading to diversified housing needs and a growing customer preference for convenience in various forms. As a way to respond to such trends, the Group has focused on the development of urban-type compact towns, which offer a variety of city functions within walking distance. We are leveraging our extensive know-how acquired over the years to generate high added value through this urban development.

In addition, due to the impact of COVID-19, more people are spending longer hours at home mainly by the spread of working from home, which is raising their interest in the future direction of housing. The resulting changes in their needs are not uniform, with some customers preferring to live in more spacious housing in the suburbs and others desiring to reside in convenient locations in the city center. We believe the preexisting diversification trend will be accelerated by the transformation in people's lifestyles.

Strategies going forward

The diversifying housing needs are generating new business opportunities. By drawing on our market-in approach, we are endeavoring to expand our product lineup by focusing on compact condominiums for single and dual-income households and detached housing in the city center to add to our mainstay product, housing for family households.

We will also continue with our development of urban-type compact towns that consolidate diverse functions of a city. In these "compact towns," we will also promote the introduction of ACTO, an all-encompassing urban development initiative that aims to invigorate the broader community including its surrounding areas. ACTO is the new initiative to enhance value of the town by establishing a community as a platform in addition to creating urban development.

Furthermore, with a view to delivering highly value-added housing to more customers, we are also proactively pushing forward our residential redevelopment projects, an area in which the Group has a top-tier track record among its competitors. Another focal point is the development of compact cities in regional core cities, a project we have already accomplished in 14 cities across Japan, receiving strong demand from local governments.

Moreover, we will further fortify our PROUD brand strategy by aligning it with the Group's four key themes of sustainability. We will place particular emphasis on creating products that give consideration to the environment and local communities and providing services that develop communities and enrich people's lives, thereby delivering products and services that cater to our customers' changing housing needs.

Sustainability initiatives

The four key themes of sustainability set by the Group are all directly linked to the businesses undertaken by our Business Unit. We will continue providing sustainable housing through multifunctional and convenient urban development featuring superior environmental performance, such as the urban-type compact towns, and services sustaining safe and secure living.

"Yukai-full," a highly efficient air-conditioning system featuring high insulation, and effective use of wood, are examples of our environmental initiative. To be introduced at the KAMEIDO PROJECT, "Yukai-full" helps save energy by utilizing high thermal insulation and highly effective air-conditioning units, and offers a healthy and comfortable life by maintaining a consistent room temperature. "Yukai-full" and other initiatives have been highly rated, resulting in two of our residential development projects to be selected for the government-led Net Zero Energy House (ZEH) Demonstration/Support Project.

Another example of our environmental initiatives is our effective use of wood as displayed in PROUD Kanda Surugadai. The building is Japan's first wood-frame high-rise residential condominium using domestic wood for its structural elements including pillars and walls. This initiative is aimed at supporting to preserve the global environment through recycling forest resources.

Community development based on the ACTO area management activities is another initiative for urban development eyeing the future. We believe that such endeavors by our Business Unit will contribute to environmental preservation and urban development that provides a setting for people to lead fulfilling lives.

Business environment in focus

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

The Group's strengths

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

Business resources

- Land bank in the housing sales business:
  Approx. 21,600 units
- Number of Nomura Real Estate Group Customer Club members:
  Approx. 129,000
- Number of residential redevelopment projects participated:
  No.1※

Business strategies

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

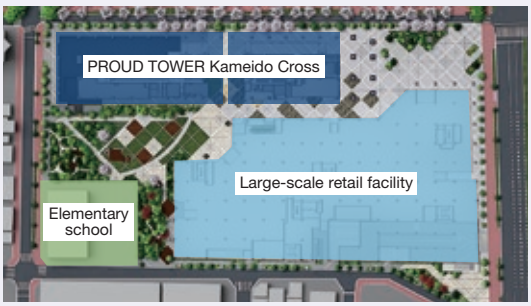
Main initiatives

Multifunctional and sustainable urban development

KAMEIDO PROJECT

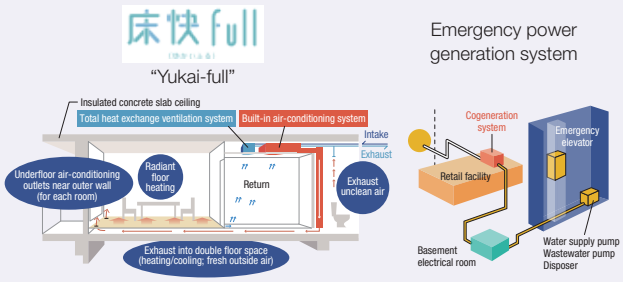
- Location: Koto-ku, Tokyo
- Access: 2-minute walk from JR Sobu Line Kameido Station
- Major use: Residence (934 units)
  Retail facility (approx. 28,000 m²)
- Scheduled completion: FY22/3

Urban-type compact town integrating diverse city functions



In response to a growing preference for convenient housing, we are focusing on the development of urban-type compact towns that consolidate diverse city functions. The KAMEIDO PROJECT is a typical example of a compact town. By including within the project premises high-quality residences, a large-scale retail facility, an elementary school, and a communal space open to the local community, we will offer a multifunctional and convenient urban development.

Sustainable urban development based on environmental/energy-saving initiatives and measures against disasters



We are striving for sustainable urban development by implementing advanced environmental and energy-saving initiatives and measures against disasters. By introducing the "Yukai-full" unit-by-unit central air-conditioning system, we aim to offer healthy and comfortable lifestyles and high environmental performance at the same time. In addition, we will realize housing that is highly resilient against disasters by placing an emergency power source based on a cogeneration system on the roof of the retail facility in the town and installing flood barriers in anticipation of the inundation risks due to typhoons and heavy rains, etc.

*Source: Based on in-house research

Commercial Real Estate Business Unit

Toshiaki Seki

Executive Vice President, Business Unit Manager of Commercial Real Estate Business Unit

Group companies

- Nomura Real Estate Development
- Nomura Real Estate Building
- Nomura Real Estate Life & Sports
- Nomura Real Estate Retail Properties
- Nomura Real Estate Hotels
- UHM

Business environment

The Commercial Real Estate Business Unit has been placing facility users' needs first based on the market-in approach, generating unique brands with high product value, including PMO (offices), GEMS (retail facilities), and Landport (logistics facilities), to expand property for sales business. The source of our strengths lies in these competitive brands, our expertise accumulated through numerous developments, our high-quality services, and our extensive customer base.

The office market lately has been strong in terms of vacancy rate and rent, but due to the growing momentum for work style reform and the impact of COVID-19, corporations are increasingly implementing or examining diverse work styles including working from home and teleworking in addition to the conventional in-office work style. We therefore expect corporate and individual office needs to diversify even more.

In addition, the business environment for each type of asset is becoming varied due to COVID-19. For example, retail facilities and hotels have faced difficulties due to the need to restrict their business operations, while demand for logistics facilities has been increasing on the back of the ever-growing e-commerce market. In such an environment, it is indeed that the Group's development and management expertise based on the market-in approach, in addition to the value of our individual brands, serve as the source of our competitive edge for staying ahead of market changes and expanding business opportunities. We believe that now is the time for the Group to fully demonstrate its competitive advantage by capitalizing on its strength in high-value-added property development.

Strategies going forward

Even before the impact of COVID-19, we regarded the diversification of office needs stemming from work style changes as the source of business opportunities, taking concrete steps to seize them.

In 2019, we launched H^{1}O (small office with services) and H^{1}T (satellite shared office), based on "HUMAN FIRST" concept of providing offices and services that closely cater to workers' needs and allow individuals to fully display their capabilities. Offices under both brands allow for diverse work styles, and contribute to enhancing the productivity of workers and corporations by utilizing biometric identification and IoT and other technologies.

In addition to developing mid-sized offices by PMO and large-scale pivotal offices based in Shibaura, Nihonbashi and other areas, we will continue responding to a variety of corporate needs for distributed business sites, including suburban and project-by-project offices and office relocations to accommodate corporate growth, by utilizing our diverse office lineup.

With regard to logistics facilities, an area we entered ahead of our competitors, we will continue with our initiatives that place facility users first with the aim of seizing the expanding demand for logistics facilities. Specifically, we will continue developing such unique products as industry-focused facilities, help tenants secure personnel, and provide a range of services including automated functions.

As for retail facilities, which have been hit hard by COVID-19, SOCOLA Musashi-Koganei Cross centered on food and daily necessities opened in June 2020 and has been enjoying strong sales. Meanwhile, restaurants have faced difficult situations due to seating restrictions and other measures that had to be imposed on customers to combat COVID-19. Situations are changing by the day. In our efforts to quickly identify signs of recovery in social and economic activities and changes in market needs while also taking long-term measures, we changed the name of GEO-AKAMATSU to Nomura Real Estate Retail Properties effective October 1, 2020 and consolidated the planning and management operations of the Group's retail facilities. Going forward, the renamed company will play a leading role in pushing forward the Group's retail facility business.

Sustainability initiatives

We are implementing a wide range of environmental initiatives. Specifically, we have acquired environmental certifications for all our new properties for sales and use green electricity at our hotels, thereby contributing to sustainable urban development. Such initiatives cater to the needs of tenants and users, heighten environmental awareness, and help us enhance our competitive strength. In 2020, we established the HUMAN FIRST LAB, which conducts research on ideal future offices. We are studying how offices can help individuals work in more fulfilling ways and will incorporate our findings into the Company's businesses.

Furthermore, all our businesses are stepping up efforts to continue delivering safe and secure services, as demonstrated by the Company's directly managed hotels acquiring Japan's first SAFEGUARD label in recognition of their proprietary safety and health standards. In particular, our fitness club business, aimed at promoting health, is itself an initiative to address a key social challenge in an aging society. By taking rigorous measures against infection, including providing online fitness lessons, we will keep up our efforts to help our customers maintain their health and boost their immune system.

Business environment in focus

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

The Group's strengths

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

Business resources

- Net lettable area (NLA) (offices/retail facilities)*1: Approx. 913,000 m²
- Number of tenants (offices/retail facilities)*2: Approx. 900 companies
- Number of H¹T branches and their members*3: 22 branches/395 companies; Approx. 24,500 members
- Number of MEGALOS fitness clubs and their members: 44 clubs/Approx. 144,000 members

Business strategies

- Property development and management based on highly unique planning and in pursuit of higher user satisfaction
- Highly value-added business by providing new services utilizing digital technology

Main initiatives

Development based on market-in approach

We strive to understand our customers' diversifying needs through dialogue and connect them for new development.

Responding to diversifying office needs with broad lineup

Changing needs from a traditional office to diverse office that responds to various work styles

Small offices with services for small teams of workers

Satellite shared office spaces catered to individualized user needs

Medium-sized high-grade offices catered to the needs of companies with several dozen employees

Large-sized offices catered to needs for large space

TOKYO TORANOMON GLOBAL SQUARE

Shibaura 1-chome District Project (S Tower: Scheduled for completion in FY25/3; N Tower: Scheduled for completion in FY31/3)

In addition to the PMO brand, mid-sized high-grade offices for which the Group has cultivated a new market, we offer a broad lineup of different-sized offices for various purposes to cater to diversifying needs, including distributed business sites and project-by-project offices. We aim to help companies and their workers further enhance their productivity by proposing the use of a network of office sites in addition to stand-alone sites.

Developing logistics facilities with uncompromising efforts to meet user needs

Landport Ome II (industry-focused)

Features of Landport logistics facilities

Equipped with facilities that fit the needs of tenants

Shared cafeteria offering excellent work environment

Widely spaced pillars for high storage efficiency

Double ramp way system that allows direct access to each floor

We develop uniquely competitive logistics facilities with uncompromising efforts to meet users' needs for a comfortable workplace. One example is installing around-the-clock cafeterias in facilities that operate day and night. In 2018, we introduced industry-focused logistics facilities to respond flexibly to diversifying tenant needs. The facilities offer both the features of a multi-tenant facility equipped with multi-purpose specifications to accommodate tenants in a broad range of industrial sectors and the benefits of a build-to-suit (BTS)-type custom-made facility tailored to specific tenants.

*1 Total net lettable area of offices and retail facilities under the Group's long-term ownership
*2 The number of tenants in the Group's long-term holding offices and retail facilities
*3 Branches of the Company and its partners are included.

Investment Management Business Unit

Koki Miura

Executive Officer, Business Unit Manager of Investment Management Business Unit

Group companies

- Nomura Real Estate Development
- Nomura Real Estate Asset Management
- Lothbury Investment Management

Business environment

We have established the Leasing Value Chain between the Group and the funds managed by the Investment Management Business Unit for the sake of mutual growth. This business model allows us to acquire high quality properties developed by the sponsor and achieve strategic property replacements, providing both our Business Unit and its funds with an immense competitive edge. In addition, the relationships built with institutional investors through our management of private REITs and private funds and our broad product lineup form a solid earnings base.

In March 2020, the share prices of listed REITs temporarily plunged sharply due to the impact of COVID-19. The prices subsequently recovered, but not to the pre-pandemic level. Meanwhile, although situations differ by asset type, real estate is attracting strong demand as an investment asset because of its stability and profitability. Investment demand for private REITs and private funds, which are unaffected by unit price fluctuations, is stable among institutional investors, including pension funds.

In a world in which we will have to live with COVID-19 as well as in a post-pandemic world, investments in real estate will draw even more attention as an alternative investment amid the ongoing low-interest rate environment. The trend is highly likely to develop into cross-border investments beyond the domestic market, which will provide us with important business opportunities.

Strategies going forward

We intend to achieve continued growth in our REIT business in Japan, the main source of earnings for our Business Unit, by leveraging the Leasing Value Chain. Nomura Real Estate Master Fund (NMF), a listed REIT, will capitalize on its strength as a diversified REIT with an excellent portfolio. We will explore optimal strategies to maximize value for unitholders in view of market conditions, such as seizing the opportunity purchase of own investment units and making a public offering. Meanwhile, Nomura Real Estate Private REIT (NPR), a non-listed private REIT, will work to keep driving its external growth on the back of stable demand from institutional investors.

It is also crucial for us to establish another profit-generating business in addition to our domestic REIT business.

As an initiative to take on this challenge, we added private funds to the assets handled by our property acquisition pipeline in the fiscal year ended March 2020 to expand our opportunities to acquire properties. With a track record of managing private funds for more than 20 years, the Group is capable of structuring a variety of funds that meet the needs of investors by drawing on our strong relationships built with institutional investors and our diverse product lineup. We will take advantage of the rising demand for real estate funds as an alternative investment and endeavor to expand our assets under management (AUM).

In our overseas business, we will further solidify our relationship with existing business partners, as well as Lothbury Investment Management Group, a real estate investment manager in the UK, which joined the Group in 2018. Furthermore, we hope to swiftly address the overseas investment needs of institutional investors in Japan by striving to forge partnerships with asset management companies in North America, Europe, and Asia.

Sustainability initiatives

In real estate, as in other types of assets, investors' interest in ESG initiatives is increasing. Also, the trend will undoubtedly gain momentum going forward. We regard ESG initiatives as an important point for differentiation and have implemented a variety of leading-edge ESG initiatives.

NMF became the first J-REIT to acquire a third-party certification under the EcoAction 21 environmental management system. The Minister of the Environment Award (General Category) was awarded to NMF in the fiscal year ended March 2020 in recognition of its sustainability efforts as an Example of Best Initiatives under the "21st Century Financial Behavior Principles" proposed by the Ministry of the Environment. NMF is highly regarded by ESG-focused investors including the Government Pension Investment Fund (GPIF).

More recently, Nomura Real Estate Asset Management announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Business environment in focus

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

The Group's strengths

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

business resources

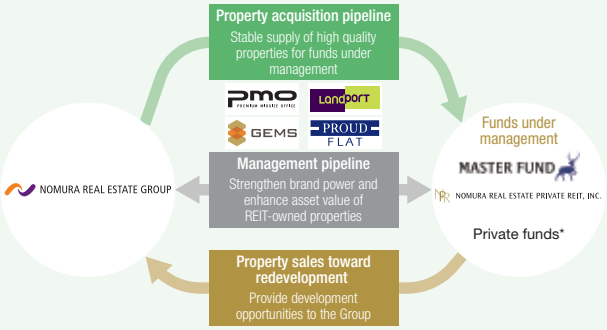
- Assets under management (AUM):
  ¥1,798,583 million
- Institutional investor customers through asset management in Japan (excluding listed REITs):
  193 institutions

Business strategies

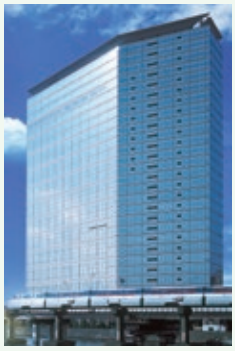
- Steady growth of REIT business, which is the core business leveraging the Leasing Value Chain
- Strengthening of the private equity fund business as a growth engine following REIT business
- Building of the global network

Main initiatives

Expanding AUM by leveraging the Leasing Value Chain



Properties acquired by private funds from the Group


NOMURA FUDOSAN TENNOZU BUILDING

PMO Yaesu-dori

We are leveraging our property acquisition pipeline within the Group to drive ongoing external growth of our funds under management through a mutual growth model based on the Leasing Value Chain. The pipeline has started including private funds in addition to listed REITs and private REITs. In the fiscal year ended March 2020, we structured multiple private funds with properties acquired from the Group.

Proactive ESG initiatives for further growth

GRESB ★★★★★ 2019

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

We are actively implementing ESG initiatives, and received the Minister of the Environment Award under the "21st Century Financial Behavior Principles" as an asset management company in the fiscal year ended March 2020. We have also received the highest 5 stars rating in the Global Real Estate Sustainability Benchmark (GRESB), a global ESG benchmark for the real estate sector, and have been included in the MSCI Japan ESG Select Leaders Index, an index of corporations with high ESG performance, which testifies to the high ratings given to our ESG initiatives in fund management.

Further expansion of overseas business

In 2018, we formed a partnership with Lothbury Investment Management, a real estate investment manager in the UK, to expand our overseas business. We will further develop our overseas business by exploring strategic partnerships with asset management companies in North America, Europe, and Asia.

*The property acquisition pipeline started including private funds in the fiscal year ended March 2020.

Property Brokerage & CRE Business Unit

Kenichi Maeda

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

Group companies

- Nomura Real Estate Development
- Nomura Real Estate Urban Net
- Tokio Property Services

Business environment

In retail business targeting individual customers, we offer a range of high-quality services at our retail brokerage branches under the "Nomura no chukai + (PLUS)" brand. Our services have been given high ratings by customers, as shown in the Oricon Customer Satisfaction Report, in which we were ranked No. 1 over five consecutive years in the "detached housing (sales)" category for real estate brokerage business. In addition, our nomu.com website boasts approximately 225,000 members and the highest number of visits among websites run by real estate brokerage companies, serving as an important gateway for customers, many of whose inquiries lead to transactions. Our sales method of combining finely tuned face-to-face service and ICT is a unique competitive edge of the Property Brokerage & CRE Business Unit.

Though we had to suspend our sales activities at branches due to the impact of COVID-19, inquiries via nomu.com increased significantly. As housing needs are changing stemming from the widespread shift to working from home and the longer hours spent at home, we see the possible signs of an early recovery in residential demand, such as an increase in relocation needs. The stock of quality properties is also steadily building up in the retail business market. We therefore expect the market for the retail business to continue on its growth trajectory.

In our wholesale business targeting corporate customers, we have established a structure for responding quickly to requests from customers across Japan by expanding our domestic branch network and drawing on our strategic partnerships with 77 financial institutions including Nomura Securities, which has an extensive customer base. We are therefore capable of addressing all kinds of customers and needs, including reorganizing and utilizing idle assets to increase asset efficiency and real estate transactions associated with business succession and inheritance required due to small and medium-sized company owners reaching the age of retirement.

Transactions may temporarily become stagnant due to COVID-19, but we are carefully monitoring the situation for changes that will lead to business opportunities over the medium term, such as corporations selling off their assets or restructuring.

Strategies going forward

Given the uncertainty in the outlook regarding the impact of COVID-19, we now need to keep a closer eye on the day-to-day changes in the market and customer sentiments, and establish a system that allows us to respond appropriately regardless of how the environment changes.

In retail business, our Business Unit will further strengthen its signature sales methodology of combining face-to-face service and ICT to capture the actual residential demand that are likely to recover soon.

By leveraging ICT, we will serve customers through video calls and other means online, providing services of equivalent quality to our face-to-face sales activities at "Nomura no chukai +" branches. We will also offer a virtual reality (VR) home staging service and 3D walkthrough tours on our nomu.com website by leveraging new technologies so that customers can gain a hands-on feel for our properties. Through such measures, we aim to further improve our service quality and efficiently draw more customers.

In wholesale business, we will closely monitor for changes in the environment surrounding our customers to promote "solution selling," in which we make proposals that help customers solve their problems. This includes, for example, suggesting that they utilize assets by rebuilding properties or use our leasing and management services, expanding beyond simply selling off assets or reorganizing idle assets. By maximizing our Group synergy based on diverse products and services offered by the Development Sector and the Service & Management Sector, we are poised to secure even greater business opportunities.

We will also continue with our efforts to expand our strategic partnerships with Nomura Securities and other regional financial institutions with the aim of increasing our customer base. Furthermore, we intend to forge new partnerships with financial institutions to establish a structure that enables us to capture a broader range of customer needs.

Sustainability initiatives

In Japan, a shrinking and aging population are now resulting in a higher ratio of vacant houses. Meanwhile, the increase in the number of buildings that have been built for a long time and have not been properly maintained, raises concerns over their insufficient earthquake resistance, which could jeopardize public safety and security as well as exert a negative impact on the environment. Our Business Unit engages in the brokerage of existing housing for residential customers with an actual demand and proposes solutions to corporate customers, contributing to making effective use of real estate stock. In wholesale business, we also help our corporate customers achieve sustainable growth by proposing solutions from the viewpoint of sustainability as well.

Our retail brokerage branches, which provide retail services rooted in the local community they serve, also engage in various community and social contribution initiatives. As part of their efforts, the retail branches offer the "Nomura no chukai +" branches as refuge areas where children can seek shelter and safety if they find themselves in danger. Branch staff will also contact their parents and report to the police if necessary.

Business environment in focus

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

The Group's strengths

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

Business resources

- Number of property brokerage transactions: 9,515
- Number of partner financial institutions including Nomura Secutrities and regional financial institutions: 77
- Number of retail brokerage branches: 85

Business strategies

- Provide high-quality and extensive services by leveraging digital technology
- Strengthen "solution selling" aimed at solving customers' issues
- Build extensive customer base by expanding partnerships with financial institutions

Major initiative examples

Sales method combining face-to-face service and ICT

ネットで住みかえ ノムコム nomu.com × 野村の仲介+ PLUS

Provision of ICT-based services through nomu.com website, which boasts the highest number of visits*1

Number of members: Approx. 225,000

"Nomura no chukai +" has earned the highest customer satisfaction rating*2

Number of branches: 85

Services utilizing ICT

- Mansion Data Plus
  Provides estimates on prices of popular condominiums in Tokyo metropolitan area and Kansai and Tokai regions
- AI ANSWER
  Q&A chatbot that supports real estate purchase and sales
- VR home staging
  Virtual interior coordination using computer graphic furniture

To engage in transactions involving our customers' valuable real estate, we need exhaustive and in-depth knowledge and expertise. Our 85 "Nomura no chukai +" branches ranked No. 1 in customer satisfaction provide high-quality services rooted in their locality, which results in a large number of contracts signed. Our nomu.com website, which boasts a membership of 225,000 and is the most popular real estate brokerage website by number of visits, has introduced diverse leading-edge ICT-based services and has fortified its function as an entry point for transactions.

Providing real estate solutions by capitalizing on Group synergy

Customer Base: Customer network: Approx. 6,000 companies × Number of partner financial institutions including Nomura Secutrities and regional financial institutions 77

Customers' issues
- Make the most effective use of idle assets or real estate held
- Downsize balance sheet, reduce cost of ownership, and own properties for sale, etc.

Providing solutions integrated with the Group's functions

- Closed search for buyers and sellers by using customer network
- Acquisition of real estate by the Group's Development Sector
- Optimization of real estate repair work planning by the Group's Service & Management Sector, etc.

Development Sector
Diverse track record of development and leasing

Design
Construction
Leasing

Service & Management Sector
Provision of services such as real estate securitization and management

Real estate securitization
Property and facility management

The Group's strengths lie in its solid customer base sustained by 77 regional financial institutions including Nomura Securities and our partnerships through co-working. For customers with various issues, we go beyond simply offering brokerage services and selling real estate solutions by capitalizing on our Group synergy to act as a gateway.

For example, we may suggest customers who own idle real estate to consider selling it to the Group for a development site, rebuilding to transform it into a leasing property, or replacing it with another property. The Group unifies its resources to provide a full spectrum of services including designing, developing, and leasing properties as well as property management after completion.

*1 The number of visits was approximately 926,000 according to the February 2020 Nielsen NetView (page views from home or work computers, excluding apps) and approximately 1,683,000 from smartphones according to Nielsen Mobile NetView (page views from iOS or Android, including apps). This represents the largest number of monthly website visits among real estate companies (brokerage). The total number of computer and smartphone users represents an estimate made by the Nomura Real Estate Group based on the Nielsen Digital Consumer Database. The real estate brokerage companies and portal sites for comparison were selected by the Group.
*2 2020 Oricon Customer Satisfaction Survey Report for real estate brokerage in the detached housing (sales) category

Property & Facility Management Business Unit

Akihiro Fukuda

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

Group companies

- Nomura Real Estate Partners
- Nomura Real Estate Heating and Cooling Supply
- Nomura Real Estate Amenity Service

Business environment

The Property & Facility Management Business Unit has its competitive edge in the high level of quality of its property management, which has been highly rated by third parties. For example, we have been ranked No. 1 for 11 consecutive years in a property management satisfaction survey of condominium residents conducted by "SumaiSurfin," a website for purchasers of condominiums. Armed with this strength, our Business Unit plays a key role in ensuring that real estate primarily developed by the Group continues to generate value after completion. The long-term value of real estate is significantly affected by its adequate maintenance and management. Engagement based on the Group's integrated development, sales, and management system from the product development stage and designing and developing projects by taking into consideration their future management and repair works sustains the Group's continuous value creation. The strength of our Business Unit also lies in steadily adding superior properties to its management stock.

Meanwhile, property and facility management is largely dependent on manpower, but due to the shrinking and aging population in Japan, securing human resources is a tremendous challenge. On top of this, COVID-19 has forced us to partially downsize our management services to protect the safety of our customers and employees. To overcome such challenges and maintain the quality of our management, it is essential to save labor in operations and adopt contactless services, which urgently calls for the use of digital technology to enhance operation efficiency.

Turning to the business environment for construction ordered, we see that an increasing number of condominiums developed by the Group are approaching the time when they will require large-scale repair works. We are looking to capture the abundant business opportunities by making on-target proposals for repair works through our day-to-day management operations.

Furthermore, we are also keeping a close eye on new construction demand that may be generated by the progressive work style reforms and increase in working from home, such as offices adopting free address systems and condominiums redesigning their common area as a shared workspace.

Strategies going forward

As part of our efforts to streamline property and facility management and shift to contactless services by using digital technology, we are holding residents' association board meetings online and employing labor-saving and unmanned management services by using apps. The online board meetings, which members can join from anywhere, and the 24-hour management service through apps and the Web, meet the needs of condominium residents who spend a lot of time away from home due to work, such as dual-income households. Likewise, in building management, we will promote labor-saving by employing new technologies such as cleaning robots and smart glasses. Such initiatives not only help enhance operational efficiency, but also enable us to provide services that more closely meet the needs of our diverse customers, which will lead to further enhancement of customer satisfaction.

As a measure to expand construction ordered business, we will strive to boost orders for large-scale condominium repair works by harnessing such products as "re:Premium," which was developed to extend the cycle of large-scale repair works for PROUD condominiums. To make the best use of our abundant condominium management stock, we will explore developing similar products and broaden our proposals.

In addition, we will proactively take orders for renovation work of the condominium exclusively owned space, renewal work of common areas and layout change of office buildings, mainly due to work style reforms.

Sustainability initiatives

Our Business Unit stays engaged with customers over long periods of time after buildings are completed such as providing management services and construction work. We consider it our important duty to make their lives safe and secure, which is a sustainability effort in and of itself. We hope to fulfill our responsibility by developing good quality of communities through high-quality condominium management and prolonging the lifespan of buildings based on the "re: Premium" service, among other measures.

Natural disasters are another issue we must tackle. Dealing with frequent typhoons and flooding caused by torrential rain is particularly important. We make it a rule to examine the local flooding hazard map and check the inundation risk for all the properties we manage. For condominiums with a particularly high risk of inundation, we will make meticulous preparations such as briefing the residents' association on details of the flooding hazard map and proposing to execute flood drills.

Business environment in focus

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

The Group's strengths

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

Business resources

- Number of housings under management:
  182,259 units
- Number of buildings, etc. under management:
  786 buildings

Business strategies

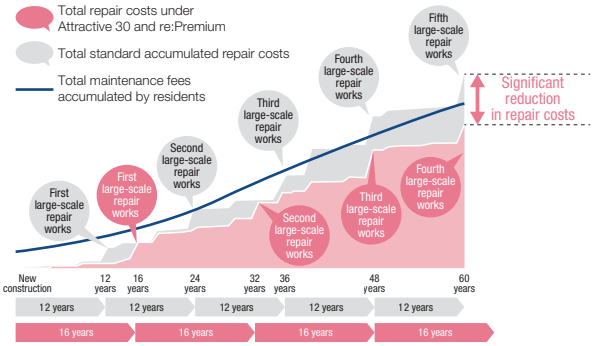
- Strengthen customer satisfaction through proposal-based management
- Expand business domain and service offerings
- Increase number of orders for large-scale repair works and other construction orders

Major initiative examples

Initiative to extend cycle of large-scale repair works

re:Premium
リ・プレミアム

Long-term Simulation of Large-scale Repair Works



- Conventional large-scale repair works: 12-year cycle
- Large-scale repair works under "Attractive 30" and "re:Premium": 16-year cycle

For properties employing the "re:Premium" scheme, we succeeded in extending the cycle of large-scale repair works from 12 years to 16 to 18 years. The surplus funds generated by reducing the number of repair work cycles can be allocated to improving the property value, which is a valuable initiative for residents.

In the fiscal year ended March 2020, three properties adopting "re:Premium" were certified for "excellent condominium management" under the renovation promotion project aimed at promoting long-term high-quality housing, which is sponsored by the Ministry of Land, Infrastructure, Transport and Tourism.

Provision of property management services by leveraging digital technology

Contactless service required due to COVID-19

Difficulty securing human resources on the back of shrinking and aging population

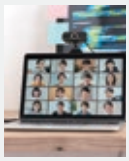
Increasing necessity to employ management services by leveraging digital technology

<Condominium Management Case Example>

Condominium app

Execute unmanned 24-hour management
▼
Enhance residents' sense of security

Online board meeting



Participation available from anywhere
▼
Enhance convenience for residents

<Building Management Case Example>

Smart glasses

Display remotely provided directions and other information
▼
Increase work efficiency

Cleaning robot

Save labor in cleaning
▼
Responding to securing human resources

We will strive to provide labor-saving and contactless management services by leveraging digital technology. Property management tasks can be streamlined by introducing websites and apps through which residents can make reservations for use of shared facilities and residents' associations can post notices. In addition, as a way to offer high-quality management services to residents regardless of time and place, we also promote online board meetings of residents' associations.

Furthermore, in managing office buildings, we are introducing smart glasses for inexperienced staff members to wear so that information and directions can be remotely sent to help them execute high-quality service. Along with the use of cleaning robots, we are thus moving forward to save labor in our property management services.

Major asset brands

Housing

PROUD
Condominium that residents, developers, and even people who live nearby can feel "proud" of

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

OHANA
Suburban-type condominiums named after the words meaning "family and family bonds"

Rental housing

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

Elderly housing with supportive services

OUKAS
Elderly housing with supportive services developed under the concept of residences to have the time of one's life

Offices

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

H¹O
Small office with services to meet the needs of workers in a small team

H¹T
Satellite-type shared office that offers to diversification and efficiency of work styles

Retail facilities

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

MEFULL
Urban retail facility mainly focusing on service industries

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

Logistics facilities

Landport
Logistics facility with advanced and high functionality

Hotels

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

Major development projects

Completion: 2013
PROUD Minamiazabu
Total units: 88

Completion: 2013
PROUD Funabashi
Total units: 1,497

Completion: 2015
Tomihisa Cross Comfort Tower
Total units: 1,084

Completion: 2016
PROUD CITY Asagaya
Total units: 575

Completion: 2017
PROUD TOWER Akashi
Total units: 216

Completion: 2020
PROUD CITY Kichijoji
Total units: 678

Completion: 1978
Shinjuku Nomura Building
Gross floor area: 58,512m²*

Completion: 1990 and onward
Yokohama Business Park
Gross floor area: 245,200m²*

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

Completion: 2013
bono Sagamiono
Gross floor area: 43,059m²*

Completion: 2017
Yokohama Nomura Building
Gross floor area: 58,755m²*

Completion: 2020
TOKYO TORANOMON GLOBAL SQUARE
Gross floor area: 20,860m²*

*Gross floor area indicates the calculated area owned.

Major development projects in progress

KAMEIDO PROJECT (Koto-ku, Tokyo)
Scheduled for completion: FY22/3
Major use: Residence (934 units), retail facility (Approx. 28,000m²)

Shibaura 1-chome District Project (Minato-ku, Tokyo)
Scheduled for completion: S Building FY25/3,
N Building FY31/3
Land area: Approx. 40,000m² Gross floor area: Approx. 550,000m²
Major use: Office, retail facility, hotel, residence

Nihonbashi 1-chome Central District Redevelopment (Chuo-ku, Tokyo)
Scheduled for completion: FY26/3
Land area: Approx. 18,900m² Gross floor area: Approx. 380,000m²
Major use: Office, retail facility, hotel, serviced apartment, residence, conference venue

Nishi-Azabu 3-chome Northeast District Redevelopment (Minato-ku, Tokyo)
Scheduled for completion: FY28/3
Land area: Approx. 7,500m² Gross floor area: Approx. 96,000m²
Major use: Residence, retail facility, office, hotel

Minamikoiwa 6-chome District Redevelopment (Edogawa-ku, Tokyo)
Scheduled for completion: FY23/3 / FY26/3
Major use: Residence, retail facility

Shuwa Aoyama Residence Rebuilding
Rebuilding (Minato-ku, Tokyo)
Scheduled for completion: FY25/3
Major use: Residence

Minami-Ikebukuro 2-chome C District Redevelopment (Toshima-ku, Tokyo)
Scheduled for completion: FY25/3
Major use: Residence, office, retail facility

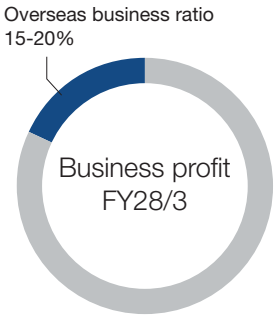
Nishiki 2-chome No.7 Town District Redevelopment (Naka-ku, Nagoya-shi, Aichi)
Scheduled for completion: FY22/3
Major use: Residence, retail facility, parking

Katamachi No.4 Seaside District Redevelopment (Kanazawa-shi, Ishikawa)
Scheduled for completion: FY26/3
Major use: Hotel, retail facility, residence (under consideration)

Okayama-shi Ekimaecho 1-chome No. 2, 3, 4 District Redevelopment (Kita-ku, Okayama-shi, Okayama)
Scheduled for completion: FY26/3 (residential building),
FY27/3 (town area)
Major use: Residence, hotel, retail facility, parking

Overseas business initiatives

Our Group sets the target in overseas business at 15-20% of the business profit (for the fiscal year ending March 2028) by expanding the development and operation business of residential and office buildings, mainly in rapidly growing ASEAN cities where a transition from quantity to quality is taking place.
We plan to make a total investment of ¥300 billion over the course of the nine years of the Mid- to Long-term Business Plan, with the aim of expanding our business while ensuring thorough risk management.



Business development

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

Overseas platform

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

Risk management

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

Ho Chi Minh City, Vietnam

Midtown*
Residence development: Approx. 2,400 units

Grand Park*
Residence development: Approx. 10,000 units

SUN WAH TOWER*
Holding office

ZEN PLAZA
Holding office

Bangkok, Thailand

Ratchayothin*
Residence development:
Approx. 823 units

On Nut*
Residence development:
Approx. 601 units

Ramkhamhaeng*
Residence development:
Approx. 685 units

Thong Lo*
Residence development:
Approx. 1,236 units

Thong Lo*
Serviced apartment
development: 303 rooms

Manila, the Philippines

Sunshine Fort*
Residence development: Approx. 1,400 units,
Retail facility development

Beijing and Changzhou, China

Tianning*
Residence development: Approx. 2,300 units

Beijing Fortune Building
Managing office

*JV project or building unit ownership

11-year financial data

	FY10/3	FY11/3	FY12/3	FY13/3
Statements of Income / Balance Sheets / Statements of Cash Flows (Millions of yen):				
Operating revenue	434,226	480,983	450,807	517,740
Operating profit	39,274	42,083	49,939	58,308
Business profit*1	—	—	—	—
Ordinary profit	23,967	26,149	34,173	45,806
Profit attributable to owners of parent	4,660	5,471	17,591	19,357
Total assets	1,405,424	1,474,331	1,402,624	1,369,949
Current assets	709,618	636,925	585,332	535,103
Inventories	458,921	433,386	396,857	369,667
Equity investments	94,889	60,948	41,895	29,578
Non-current assets	695,805	837,406	817,292	834,845
Total net assets	349,437	357,365	376,486	398,276
Interest-bearing debt	759,636	816,910	758,562	669,268
Cash flows from operating activities	19,266	33,947	43,876	89,295
Cash flows from investing activities	(24,571)	(33,730)	7,809	(2,588)
Cash flows from financing activities	13,098	(7,485)	(63,296)	(94,666)
Capital investment*2	26,796	37,570	14,098	18,963
Per Share Data (Yen):				
Profit attributable to owners of parent	25.69	28.74	92.38	101.61
Net assets	1,583.63	1,599.57	1,664.78	1,764.05
NAV*3	1,685	1,719	1,768	1,885
Annual dividends	25.00	25.00	25.00	30.00
Share Information (Shares):				
Number of shares issued at the end of period (including treasury shares)	190,331,000	190,387,000	190,456,900	190,595,500
Treasury shares at the end of period*4	853	924	1,016	1,125
Management Benchmarks:				
Operating profit ratio (%)	9.0	8.7	11.1	11.3
ROA*5	2.8	2.9	3.7	4.5
ROE*6	1.7	1.8	5.7	5.9
Shareholders' equity ratio	21.4	20.7	22.6	24.5
Unrealized profit*7 (billions of yen)	32.5	36.9	33.1	37.2
D/E ratio (times)	2.5	2.7	2.4	2.0
EBITDA*8 (billions of yen)	37.7	46.0	52.8	61.0
EBITDA ratio (times)	20.1	17.7	14.4	11.0
Total return ratio*9 (%)	97.3	87.0	27.1	29.5
Dividend payout ratio (%)	97.3	87.0	27.1	29.5
Stock Market Index (at the end of each period):				
Share price (yen)	1,442	1,261	1,459	2,084
PER (times)	27.4	34.2	18.5	20.9
PBR (times)	0.9	0.8	0.9	1.2
P/NAV (times)	0.9	0.7	0.8	1.1
Dividend yield (%)	1.7	2.0	1.7	1.4
Total shareholder return (TSR)*10	—	—	—	—

*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions
*2 Capital investment represents the amount shown for "Purchase of property, plant and equipment and intangible assets" in the Consolidated Statements of Cash Flows.
*3 NAV per share = (shareholders' equity + unrealized gains (after deduction of tax)) / the number of shares issued at the end of period (excluding treasury shares), Unrealized gains (after deduction of tax) = Unrealized gains × (1-effective tax rate)
*4 Treasury shares at the end of period includes shares held by the executive compensation BIP (Board Incentive Plan) trust and shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.
*5 ROA = (operating profit + non-operating profit) / total assets (average over the fiscal year)

FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3
532,016	567,159	569,545	569,680	623,762	668,510	**676,495**
74,307	71,894	80,912	77,271	76,660	79,162	**81,905**
—	—	—	—	—	79,623	**82,833**
64,058	63,681	72,679	68,952	68,033	69,323	**73,077**
26,844	38,441	47,182	47,005	46,029	45,873	**48,886**
1,313,887	1,369,226	1,485,449	1,593,093	1,673,099	1,759,455	**1,801,273**
496,978	549,300	608,779	684,306	717,635	849,528	**906,726**
349,167	429,764	496,910	570,888	592,996	636,925	**714,734**
7,128	6,316	819	2,567	9,612	18,066	**30,983**
816,909	819,926	876,670	908,786	955,464	909,926	**894,547**
418,697	461,031	456,408	493,813	514,982	541,562	**565,120**
617,583	616,700	721,900	810,100	877,800	914,000	**870,000**
83,535	23,837	13,258	(31,889)	21,498	89,964	**56,618**
(20,191)	(32,476)	(59,714)	(54,558)	(51,637)	(46,699)	**(30,490)**
(57,858)	(8,983)	53,637	76,575	43,787	13,723	**(66,821)**
21,938	38,871	50,367	61,300	71,665	20,824	**20,363**
140.70	201.28	246.42	245.10	240.89	245.99	**267.21**
1,863.12	2,061.86	2,320.84	2,508.73	2,664.70	2,854.21	**3,031.15**
1,997	2,299	2,708	3,063	3,333	3,630	**3,833**
35.00	45.00	57.50	65.00	70.00	75.00	**80.00**
190,906,800	191,119,700	191,679,601	191,877,801	192,155,201	192,373,101	**192,875,301**
1,206	1,206	1,508	1,709	3,956,956	7,821,664	**11,367,181**
14.0	12.7	14.2	13.6	12.3	11.8	**12.1**
5.6	5.5	5.8	5.1	4.7	4.7	**4.7**
7.8	10.3	11.2	10.1	9.4	8.9	**9.1**
27.1	28.8	29.9	30.2	30.0	29.9	**30.5**
41.2	70.2	110.9	153.9	181.9	206.3	**209.6**
1.7	1.6	1.6	1.7	1.8	1.7	**1.6**
72.8	82.1	94.8	93.7	93.8	93.3	**101.6**
8.5	7.5	7.6	8.6	9.4	9.8	**8.6**
24.9	22.4	23.3	26.5	50.6	41.4	**46.5**
24.9	22.4	23.3	26.5	28.9	30.5	**30.1**
1,970	2,166	2,080	1,774	2,512	2,125	**1,755**
15.0	14.2	9.9	7.9	10.7	8.5	**6.9**
1.1	1.1	0.9	0.7	1.0	0.8	**0.6**
1.0	0.9	0.8	0.6	0.8	0.6	**0.5**
1.8	2.1	2.8	3.7	2.8	3.5	**4.6**
—	—	98.7	87.6	124.9	110.5	**97.1**

*6 ROE = profit attributable to owners of parent / shareholders' equity (average over the fiscal year)
*7 Unrealized profit = fair value of real estate for rent at the end of the fiscal year – balance of real estate for rent at the end of the fiscal year
*8 EBITDA = profit before income taxes + interest expenses + depreciation, EBITDA ratio = interest bearing debt / EBITDA
*9 Total return ratio = (total amount of dividends + total amount of acquisition of treasury shares) / profit attributable to owners of parent
*10 Total shareholder return (TSR) = (stock price as of the end of the fiscal year + accumulated dividend amount per share from FY16/3 to FY20/3) / stock price as of the end of the FY15/3

Business Unit information

Operating Revenue

(Millions of yen)

	FY17/3	FY18/3*1	FY19/3*2,3	FY20/3	FY20/3*4,5 (after change segment)	FY21/3 (forecast)
Residential Development	329,787	355,445	375,373	334,710	333,966	290,000
Housing sales (Japan)	308,960	336,819	342,055	294,376	294,376	—
Rental housing (sales)*7	—	—	11,740	17,931	17,931	—
Rental housing (leasing revenue)*7	—	—	495	1,070	1,070	—
Senior	—	—	377	451	451	—
Other	20,827	18,626	20,701	20,880	20,136	—
Commercial Real Estate*6	115,009	134,941	171,612	215,820	212,133	190,000
Leasing (offices)	51,981	53,312	53,975	48,792	48,562	—
Leasing (retail facilities)	11,649	12,686	13,817	12,910	12,910	—
Leasing (other)	5,954	7,193	7,974	8,375	8,375	—
Property for sales (sale)*8	35,350	43,301	65,350	106,816	106,816	—
Property for sales (leasing)*8	4,054	4,724	4,533	7,037	7,037	—
Fitness	—	—	16,647	15,757	15,757	—
Other	6,018	13,722	9,312	16,131	12,674	—
Investment Management	9,662	9,378	9,641	12,059	12,059	12,000
Property Brokerage & CRE	34,820	35,703	37,298	39,110	39,110	34,000
Brokerage fee (retail)	20,038	20,791	21,618	24,017	24,017	—
Brokerage fee (wholesale)	10,244	10,845	11,517	11,138	11,138	—
Other	4,536	4,065	4,162	3,954	3,954	—
Property & Facility Management	95,764	104,581	91,374	92,982	98,274	95,000
Property & facility management	48,301	50,386	51,524	53,210	55,530	—
Construction ordered	26,857	31,604	32,371	34,354	37,327	—
Fitness club & elderly care	15,523	16,064	—	—	—	—
Other	5,081	6,526	7,478	5,417	5,417	—
Other	106	107	94	168	1,143	1,000
Adjustments (elimination or corporate)	(15,470)	(16,396)	(16,885)	(18,356)	(20,193)	(22,000)
Total	569,680	623,762	668,510	676,495	676,495	600,000

Operating Profit

(Millions of yen)

Residential Development	27,787	24,523	25,069	24,925	25,351	—
Commercial Real Estate*6	32,567	35,232	37,600	38,669	38,941	—
Investment Management	6,016	5,911	5,943	6,853	6,853	—
Property Brokerage & CRE	9,124	8,452	8,170	9,117	9,097	—
Property & Facility Management	6,939	7,078	7,434	8,089	8,474	—
Other	(30)	(10)	(43)	(106)	(1,267)	—
Adjustments (elimination or corporate)	(5,132)	(4,527)	(5,013)	(5,644)	(5,545)	—
Total	77,271	76,660	79,162	81,905	81,905	—

Business Profit*9

(Millions of yen)

Residential Development	—	—	25,032	24,905	25,339	18,000
Commercial Real Estate*6	—	—	38,043	39,238	39,247	32,000
Investment Management	—	—	5,969	7,149	7,149	7,000
Property Brokerage & CRE	—	—	8,170	9,109	9,088	4,000
Property & Facility Management	—	—	7,464	8,181	8,566	7,000
Other	—	—	(43)	(106)	(1,012)	(3,000)
Adjustments (elimination or corporate)	—	—	(5,013)	(5,644)	(5,545)	(5,000)
Total	—	—	79,623	82,833	82,833	60,000

Assets

(Millions of yen)

	FY17/3	FY18/3*1	FY19/3*2,3	FY20/3	FY20/3*4,5 (after change segment)
Residential Development	450,698	448,412	463,277	505,710	457,505
Commercial Real Estate*6	993,985	1,060,815	1,086,064	1,126,619	1,112,664
Investment Management	35,649	34,840	42,463	43,053	43,053
Property Brokerage & CRE	22,873	17,181	28,228	19,136	19,240
Property & Facility Management	56,529	62,781	42,294	44,474	47,106
Other	929	921	929	937	61,730
Adjustments (elimination or corporate)	32,427	48,147	96,197	61,340	59,972
Total	1,593,093	1,673,099	1,759,455	1,801,273	1,801,273

Inventories (land held for development and real estate for sale, etc.)

(Millions of yen)

Residential Development	403,232	401,030	391,508	401,119	401,119
Commercial Real Estate*6	166,997	187,299	245,575	314,311	314,297
Investment Management	—	—	—	—	—
Property Brokerage & CRE	—	—	—	—	—
Property & Facility Management	964	5,091	397	55	69
Other	13	13	11	11	11
Adjustments (elimination or corporate)	(319)	(437)	(567)	(762)	(762)
Total	570,888	592,996	636,925	714,734	714,734

Return on Assets (ROA)*10

(%)

Residential Development	6.2	5.5	5.4	4.9	5.5
Commercial Real Estate*6	3.3	3.3	3.5	3.5	3.5
Investment Management	16.9	17.0	14.0	15.9	15.9
Property Brokerage & CRE	39.9	49.2	28.9	47.6	47.3
Property & Facility Management	12.3	11.3	17.6	18.3	18.1
Other	—	—	—	—	—
Total ROA*11	5.1	4.7	4.7	4.7	4.7

Key Results

	FY17/3	FY18/3*1	FY19/3*2,3	FY20/3*4,5 (after change segment)	FY21/3 (forecast)
Residential Development					
Housing sales (units)	5,567	5,865	5,890	4,739	3,700
Gross margin ratio of housing sales (%)	21.7	19.1	19.1	20.4	—
Completed housing inventories at the end of period (released for sale) (units)	252	239	229	321	—
Completed housing inventories at the end of period (unreleased) (units)	402	218	47	187	—
Commercial Real Estate*6					
Net lettable area at the end of period (offices, retail facilities) (m^2)	975,974	1,021,004	953,620	913,446	—
Vacancy rate at the end of period (offices, retail facilities) (%)	0.8	0.7	4.7	4.0	—
Number of MEGALOS members at the end of period	140,743	139,836	145,065	143,663	—
Investment Management					
Assets under management at the end of period (millions of yen)	1,260,064	1,285,903	1,669,476	1,798,583	—
Property Brokerage & CRE					
Brokerage: Number of transactions	8,272	8,561	8,922	9,515	—
Brokerage: Total transaction value (millions of yen)	745,147	800,739	767,324	872,337	—
Property & Facility Management					
Buildings under management at the end of period (buildings)	702	723	732	786	—
Housings under management at the end of period (units)	168,999	173,705	177,582	182,259	—

*1 Since FY19/3, Nomura Real Estate Reform has changed the segment from the Residential Development Business Unit to the Property & Facility Management Business Unit. Thus, figures for FY18/3 reflect the changes.
*2 Since FY20/3, the rental housing business, which had been classified in the Commercial Real Estate Unit, and the senior business, which had been classified in the Property & Facility Management Business Unit, have been reclassified into the Residential Development Business Unit. Thus, figures for FY19/3 reflect the changes.
*3 Since FY20/3, the fitness business has been reclassified from the Property & Facility Management Business Unit to the Commercial Real Estate Business Unit. Thus, figures for FY19/3 reflect the changes.
*4 Since FY21/3, condominium development and sale business overseas, which had been classified in the Residential Development Business Unit, as well as office building development and leasing business overseas and ZEN PLAZA which had been classified in the Commercial Real Estate Business Unit, have been reclassified into Other. Thus, figures for FY20/3 reflect the changes.
*5 As of April 1, 2020, an absorption-type merger was conducted with Nomura Real Estate Partners, which had been classified in the Property & Facility Management Business Unit, as the surviving company and NREG TOSHIBA BUILDING FACILITIES, which had been classified in Commercial Real Estate Business Unit, as the absorbed company. Thus, figures for FY20/3 reflect the changes according to the post-merger categories.
*6 In FY20/3, the Leasing Business Unit was renamed to the Commercial Real Estate Business Unit.
*7 Rental housing refers to properties developed for the real estate investment market.
*8 Property for sales refers to properties such as office building, retail facility and logistic facility developed for the real estate investment market.
*9 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization expenses of intangible assets associated with corporate acquisitions.
*10 ROA of each business unit = (operating profit + share of profit (loss) of entities accounted for using equity method) / total assets at the end of the period.
*11 Total ROA = (operating profit + non-operating profit) / average assets during the period.

ESG Data

	FY18/3	FY19/3	FY20/3
E Environmental management			
Acquisition rate of environmental certifications for newly built property for sales (excluding rental housing)*1	100%	100%	**100%**
Number of environmental certifications for newly built property for sales (excluding rental housing)*2	11	15	**14**
Response to climate change			
CO_2 emissions of our properties*3	140 thousand t-CO_2/year	143 thousand t-CO_2/year	**135 thousand t-CO_2/year**
CO_2 emission intensity of our properties*3	0.077t-CO_2/m² per year	0.079t-CO_2/m² per year	**0.076t-CO_2/m² per year**
Total energy use of our properties*3	77 thousand kl/year	77 thousand kl/year	**73 thousand kl/year**
Energy use intensity of our properties*3	0.042kl/m² per year	0.042kl/m² per year	**0.041 kl/m² per year**
Solar power generated at Landport logistics facilities	11,550 thousand kWh/year	12,081 thousand kWh/year	**15,194 thousand kWh/year**
Efficient use of water resources			
Total water use*3	1,949 thousand m³/year	2,027 thousand m³/year	**1,914 thousand m³/year**
Water use intensity*3	1.27m³/m² per year	1.31m³/m² per year	**1.16m³/m² per year**
Appropriate resource use and pollution prevention			
Total waste discharge*3	6,060t/year	6,832t/year	**6,594t/year**
Waste discharge intensity*3	4.343kg/m² per year	4.867kg/m² per year	**5,159kg/m² per year**

S Employment / Human resources			
Number of employees	6,636	6,980	**7,176**
Female employee ratio	29.75%	30.76%	**30.61%**
Number of hires	256	258	**306**
Female hires ratio	34.38%	36.82%	**44.77%**
Female manager ratio	5.45%	5.58%	**6.14%**
Female junior manager ratio*4	15.08%	16.07%	**15.87%**
Number of foreign national employees*5	14	16	**114**
Rate of employment of persons with disabilities*6	1.90%	1.96%	**2.02%**
Health and productivity management			
Average work time over statutory working hours (hours per person/month)	19.66	14.07	**13.51**
Rate of employees to take paid vacation*7	— (59.55%)	47.31% (54.93%)	**61.19% (62.62%)**
Number of work-related injuries resulting in death	0	1	**0**
Absentee rate*8	0.38%	0.37%	**0.29%**

Sustainability/ESG information
https://www.nomura-re-hd.co.jp/english/csr/

	FY18/3	FY19/3	FY20/3
S Utilizing and improving human resources			
Childcare leave takers	148	178	**253**
Male	3	6	**10**
Female	145	172	**243**
Rate of reinstatement after childcare leave	92.59%	91.46%	**92.08%**
Family care leave takers	4	4	**7**
Investment in training cost per employee	¥59,482	¥79,984	**¥80,393**
Training hours per employee*9	12.53	12.65	**12.65**
Others			
Response rate of employee satisfaction survey	95.1%	97.4%	**97.8%**
Employee satisfaction level (5-point scale)*10	3.81	4.04	**4.05**
Average employee compensation*11	¥10,136,875	¥10,223,680	**¥9,462,899**

G Corporate governance			
Number of Directors	13	13	**12**
Independent External Directors	5	5	**5**
Female Directors	1	1	**2**
Number of the Board of Directors meetings	19	14	**16**
Average attendance rate of all Directors*12	98.6%	100%	**99.0%**
Average attendance rate of Independent External Directors	96.8%	100%	**97.5%**
Number of the Audit & Supervisory Committee meetings	12	11	**13**
Average attendance rate of all Audit & Supervisory Committee Members	98.3%	100%	**100%**
Average attendance rate of Independent External Directors (Audit & Supervisory Committee Members)	97.2%	100%	**100%**

*1 For FY20/3, some properties under application are included.
*2 If two types of certification are acquired for the same property, each is recorded. For FY20/3, some properties under application are included.
*3 Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy. Data concerning waste discharge and water use; it covers only some facilities. Some data are provisional values in the aggregation work. CO_2 emission intensity and energy use intensity are calculated by dividing the total amount of each by the gross floor area of the target facilities. CO_2 emission intensity and energy use intensity of FY18/3 and FY19/3 are different from the figures shown in the *Integrated Report 2019* due to some changes in the calculation method.
*4 Junior managers are candidates of promotion to manager.
*5 Number of foreign national employees does not include foreign technical interns.
*6 Rate of employment of persons with disabilities for each period is as of June of the following fiscal year. The scope are Group companies which are subject to Act on Employment Promotion etc. of Persons with Disabilities.
*7 Figures in parentheses for Nomura Real Estate Development only.
*8 Absentee rate =Total days of absence/(Scheduled working days × Number of employees)
*9 Covers only mandatory training and does not include open and selective training or e-learning courses.
*10 Data for Nomura Real Estate Development. Beginning from FY19/3, "Satisfaction with the workplace" is used as the reference index.
*11 Average data of Nomura Real Estate Development's employees (Number of employees: 24 in FY18/3, 31 in FY19/3, 24 in FY20/3)
*12 In FY18/3, the number of times that some directors withheld attendance at the Board of Directors meeting based on the purpose of Article 369, Paragraph 2 of the Companies Act is excluded.

Corporate information (As of March 31, 2020)

Corporate data

Corporate name:	Nomura Real Estate Holdings, Inc.
Representative:	Eiji Kutsukake, President and Representative Director
Head office:	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Date of establishment:	June 1, 2004
Number of employees:	7,176 (consolidated)
Fiscal year:	From April 1 to March 31
General meeting of shareholders:	June

Share information

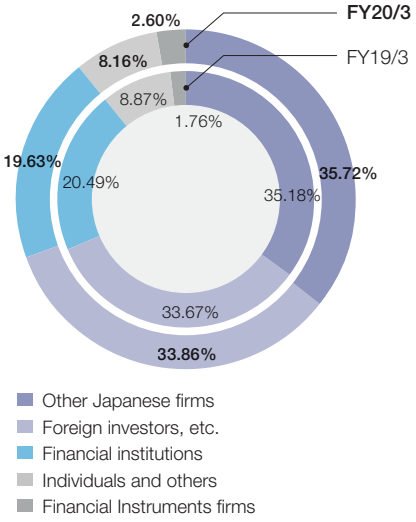
Captal:	¥117,822,180,050
Number of Authorized shares:	450,000,000 shares
Number of shares Issued:	192,875,301 shares (including 9,399,164 treasury shares) *The number of treasury shares above does not include 1,715,202 shares held by the executive compensation BIP (Board Incentive Plan) trust and 252,815 shares held by the ESOP (Employee Stock Ownership Plan) trust for granting stock for employees.
Listed market:	First Section of the Tokyo Stock Exchange
Minimum trading unit:	100 shares
Number of shareholders:	26,113

Major shareholders (top 10)

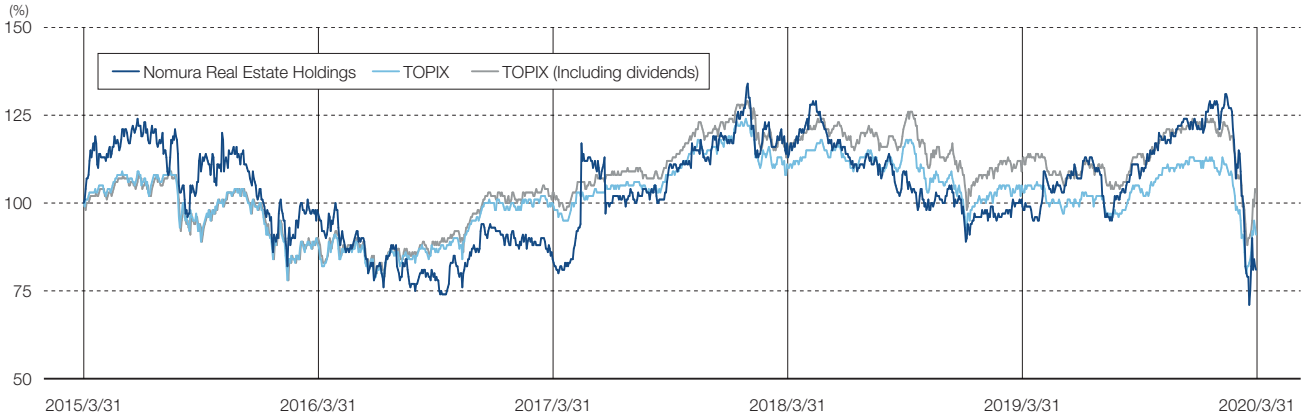
Shareholders' name	No. of shares held	Shareholding ratio (%)
Nomura Holdings, Inc.	64,777,500	35.30
Japan Trustee Services Bank, Ltd. (Trust account)	8,276,000	4.51
The Master Trust Bank of Japan, Ltd. (Trust account)	8,190,900	4.46
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,154,000	1.71
Nomura Real Estate Holdings Employee Shareholding Association	2,873,444	1.56
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,442,600	1.33
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	2,384,700	1.29
Japan Trustee Services Bank, Ltd. (Trust account 7)	2,103,500	1.14
JP MORGAN CHASE BANK 385151	2,015,901	1.09
STATE STREET BANK WEST CLIENT – TREATY 505234	1,952,384	1.06

*1. Although the Company holds 9,399,164 treasury shares, it is excluded from the list of major shareholders above.
*2. Treasury shares excluded from the total number of shares issued do not include the Company shares held by the executive compensation BIP trust and the ESOP trust.
*3. Japan Trustee Services Bank, Ltd. changed its name to Custody Bank of Japan, Ltd. on July 28, 2020.

Composition of shareholdings



Share price



Total shareholders return**1, 2

	2016/3	2017/3	2018/3	2019/3	2020/3
Nomura Real Estate Holdings	98.7%	87.6%	124.9%	110.5%	97.1%
TOPIX (Including dividends)	89.2%	102.3%	118.5%	112.5%	101.8%

*1. Total shareholders return is the overall yield for shareholders that takes into account both capital gains and dividends. It is calculated in accordance with the formula prescribed by the Cabinet Office Ordinances.
*2. Total shareholders return is calculated at fiscal year-ends, starting from April 1, 2015, as if the investment was made at the closing stock price at the end of FY15/3.

Group company information (As of April 1, 2020)

Nomura Real Estate Holdings, Inc.

Nomura Real Estate Development Co., Ltd.	**Head Office:**	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Condominium sales, detached housing sales, corporate real estate brokerage, investment and development, building leasing, architectural design, asset management, etc.
Nomura Real Estate Asset Management Co., Ltd.	**Head Office:**	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Investment management, type II financial instruments, investment advisory and agency, real estate brokerage, etc.
Nomura Real Estate Urban Net Co., Ltd.	**Head Office:**	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Resale housing brokerage, real estate brokerage for investment and business purposes, consignment sales of newly built condominiums and detached housing, insurance agency, real estate information website operation
Nomura Real Estate Partners Co., Ltd.	**Head Office:**	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Facility management of buildings and condominiums, architecture and interior design, property management, cleaning, insurance agency, renovation
Nomura Real Estate Building Co.,Ltd.	**Head Office:**	1-1-1 Shibaura, Minato-ku, Tokyo
	Overview of Businesses:	Ownership, management, trading, leasing, brokerage, agent, consulting, and appraisal for real estate; design and construction for residential land development, building development, repair work, etc.
Nomura Real Estate Life & Sports Co., Ltd.	**Head Office:**	1-32-2 Honcho, Nakano-ku, Tokyo
	Overview of Businesses:	Planning and management of sports clubs and consulting, sales and rental of sports equipment, etc.
Nomura Real Estate Heating and Cooling Supply Co., Ltd.	**Head Office:**	134 Godocho, Hodogaya-ku, Yokohama-shi, Kanagawa
	Overview of Businesses:	Supply of heating
Nomura Real Estate Retail Properties Co., Ltd.*	**Head Office:**	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Project management of retail facilities, including trading area surveys, demand forecasts, market research, business planning, operational planning, and merchandising; property management of retail facilities
Nomura Real Estate Wellness Co., Ltd.	**Head Office:**	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Development planning and management of senior housing
Nomura Real Estate Hotels Co., Ltd.	**Head Office:**	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Planning, operation, and management of hotels
UHM Co., Ltd.	**Head Office:**	1-1-16 Kanda-Misakicho, Chiyoda-ku, Tokyo
	Overview of Businesses:	Management of hotels and restaurants
Nomura Real Estate Amenity Service Co., Ltd.	**Head Office:**	8-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Building and condominium cleaning, sales of consumable goods and beverages
PRIME X Co., Ltd.	**Head Office:**	6-22-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Internet advertising, creative business, marketing
First Living Assistance Co., Ltd.	**Head Office:**	6-26-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo
	Overview of Businesses:	Home/living assistance service
Lothbury Investment Management Limited	**Head Office:**	155 Bishopsgate, London EC2M 3TQ, U.K.
	Overview of Businesses:	Asset management business in the United Kingdom
ZEN PLAZA CO.,LTD	**Head Office:**	54-56 Nguyen Trai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam
	Overview of Businesses:	Ownership and operation business of ZEN PLAZA (office building)
Beijing shokai Nomura Real Estate Management Co., Ltd.	**Head Office:**	5 Dong San Huan Bei Lu Chaoyang District, Beijing, China
	Overview of Businesses:	Operation and management of Beijing Fortune Building
Tokio Property Services Pte Ltd	**Head Office:**	20 Kramat Lane #03-12 United House, Singapore 228773
	Overview of Businesses:	Brokerage of housings, offices and factories for Japanese corporations based in Singapore
NOMURA REAL ESTATE ASIA PTE. LTD.	**Head Office:**	10 Marina Boulevard, Marina Bay Financial Center Tower2 #33-6, Singapore 018983
	Overview of Businesses:	Exploring real estate development opportunities, market research, and building relationships with partner companies in Southeast Asia
NOMURA REAL ESTATE HONG KONG LIMITED	**Head Office:**	30/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong
	Overview of Businesses:	Support services for investment in real estate in Japan from foreign investors, building relationships with local corporations and investors, and exploring business opportunities
NOMURA REAL ESTATE (THAILAND) CO., LTD	**Head Office:**	689 Bhiraj Tower at EmQuartier, Unit2307, 23rd Floor, Sukhumvit Road, Klongton Nua, Vadhana, Bangkok 10110, Thailand
	Overview of Businesses:	Local market surveys, identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and supporting for Group companies and businesses
NOMURA REAL ESTATE VIETNAM CO., LTD	**Head Office:**	11th floor, Sun Wah Tower 115 Nguyen Hue Boulevard, HCMC, Vietnam
	Overview of Businesses:	Local market surveys identification of new projects and partner corporations, building business relationships with and monitoring of local partner companies, and supporting for Group companies and businesses
Nomura Real Estate Consulting (Beijing) Co., Ltd.	**Head Office:**	Room 708, Beijing Fortune Building, 5 Dong San Huau Bei Lu, Chaoyang District Beijing, China
	Overview of Businesses:	Consulting services for real estate, property and facility management, corporate management

*Geo Akamatsu Co., Ltd. changed its name to Nomura Real Estate Retail Properties Co., Ltd. on October 1, 2020.

External evaluation

Inclusion in ESG indices

Selected for MSCI Japan ESG Select Leaders Index, a wide-ranging index in the ESG indices adopted by the Government Pension Investment Fund (GPIF) (1, 4)

Selected for S&P/JPX Carbon Efficient Index, a thematic/environmental index in the ESG indices adopted by GPIF (1)

Selected as a component of the SOMPO Sustainability Index uniquely set by Sompo Asset Management (1)

Commendations on environmental activities

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

Received the Minister of the Environment Award (best practices case) for the Principles for Financial Action for the 21st Century 2019

Nomura Real Estate Master Fund received this award for the acquisition and registration of Eco-Action 21 certification, Japan's unique environmental management system (EMS) established by the Ministry of the Environment, for the first time as a J-REIT (3)

Annual benchmark for the real estate sector established by major pension funds in Europe to measure environmental, social, and governance (ESG) considerations. Received the highest 5 stars rating in the real estate assessment (4, 5). Received the highest level A in the disclosure evaluation (1,4)

Commendations on social activities

Selected for Health and Productivity Management Award 2020 (for Large Corporation – White 500) jointly certified by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (1, 2, 3, 6)

Received Good Design Award for 18 consecutive years

Received Good Design Award 2019 for 12 items, a record high. Group has received this award for 18 consecutive years (2, 8, 9)

Signatures on initiatives

Signed the United Nations Global Compact (1)

Signed the Principles for Responsible Investment (3,10)

Signed the UNEP Finance Initiative (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) (10)

Agreed to Declaration of Biodiversity by Keidanren (1)

Information disclosure

Excellent Integrated Report selected by GPIF

The Company's *Integrated Report 2019* was selected as an Excellent Integrated Report and Most-improved Integrated Report by GPIF's asset managers entrusted with domestic equity investment (1)

The Company's IR website was selected as the most excellent website in the overall ranking and in the ranking by industry on Nikko IR's Website Rankings of All Listed Companies 2019 (1)

The Company's IR website was selected for the Excellence Award 2019 in the Internet IR commendation by Daiwa Investor Relations (1)

The Company's IR website was selected for the Silver Award of the Gomez IR Site Ranking 2019 (1)

Sustainability Site Award 2020

The Company's CSR Report 2019 received the Excellence Award in the Sustainability Site Award 2020 hosted by the CSR Communication Association (1)

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

Publication of *Integrated Report 2020* (Guaranteed by the Director in charge)

We started issuing integrated reports in 2014 with the aim of helping our stakeholders gain a better understanding of the mid- to long-term value creation undertaken by our Group. We are pleased to hereby issue our *Integrated Report 2020*, our seventh integrated report.

This integrated report focuses on explaining the value creation pursued by the Group by elaborating on its process, sources of corporate value, the Group's strengths, and business models. Notably, our new value creation through real estate development and the continuous provision of real estate-related services, with emphasis on the Group's signature market-in approach and commitment to quality, is an essential element in achieving sustainable urban development, and it is the important point that we particularly wish to convey to our stakeholders.

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

Furthermore, in the hope of promoting readers' in-depth understanding of our Group's corporate governance, an area drawing much attention lately, we have expanded the content to include a dialogue between the Chairman of the Board of Directors and an external director and a roundtable discussion among three external directors with one year having passed since their appointment in June 2019.

In my capacity as the Group CFO and director in charge of investor relations, I have had numerous discussions with investors, each of whom has shared with me their valuable opinions and requests. I have taken the input seriously as valuable information to tap into. I sincerely hope that this integrated report will help our stakeholders, including shareholders and investors, gain an in-depth understanding of and develop a sense of affinity for the Group.

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

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

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

芳賀 真

Makoto Haga
Director, Group CFO

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