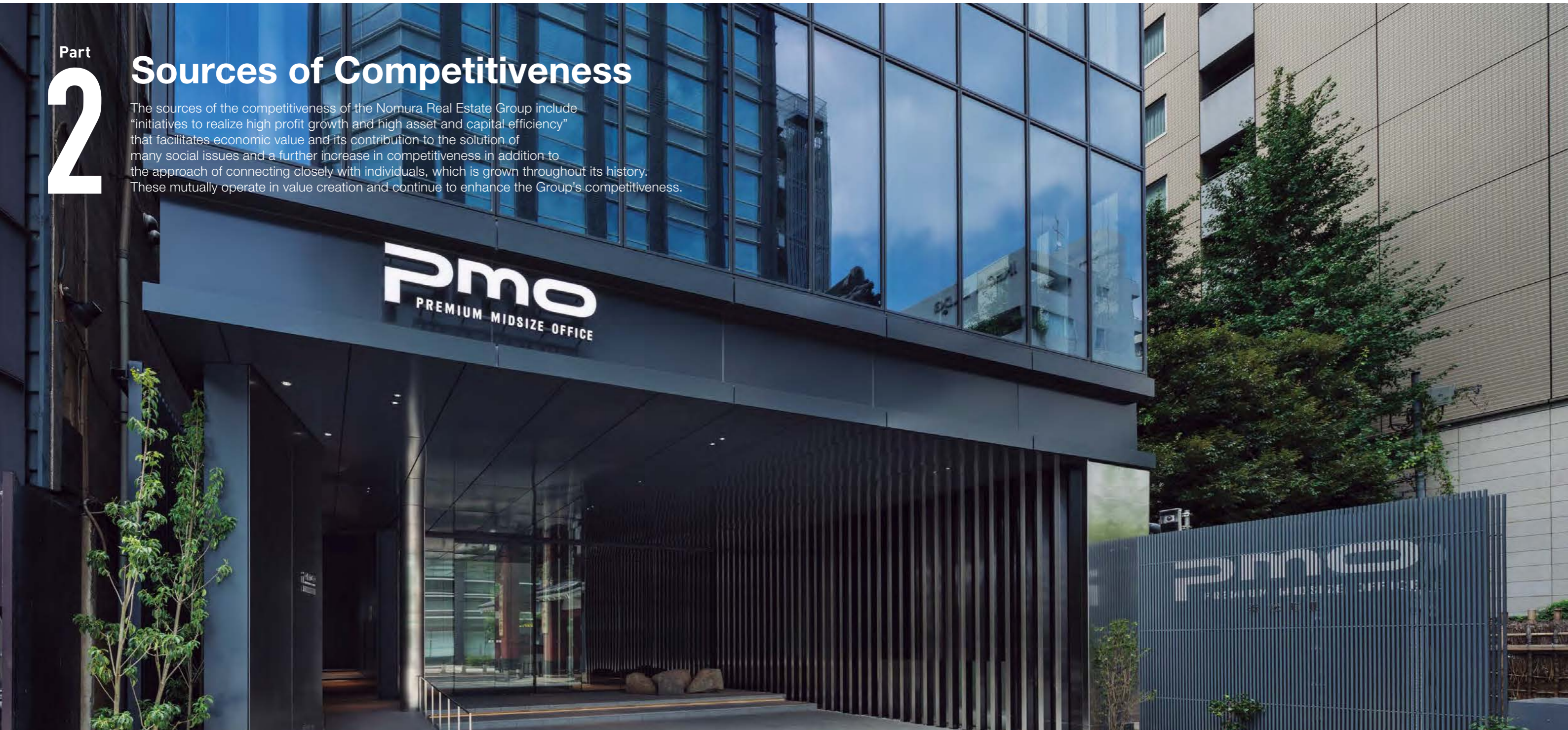


Part 2

Sources of Competitiveness

The sources of the competitiveness of the Nomura Real Estate Group include “initiatives to realize high profit growth and high asset and capital efficiency” that facilitates economic value and its contribution to the solution of many social issues and a further increase in competitiveness in addition to the approach of connecting closely with individuals, which is grown throughout its history. These mutually operate in value creation and continue to enhance the Group’s competitiveness.



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Positioning of this part

This section provides our strengths and unique initiatives that make up the “source of competitiveness” that support our business activities. In addition, we show business assets and external evaluation that support them.



The Group's Strengths and Action Guidelines That Form the Foundation for Conducting Business Activities

The basis of all of our business activities and the source of competitiveness is Nomura Real Estate Group's established approach to connect closely with individuals. This approach supports the growth of the Group while incorporating into action guidelines that form the foundation for conducting business activities and strengths.

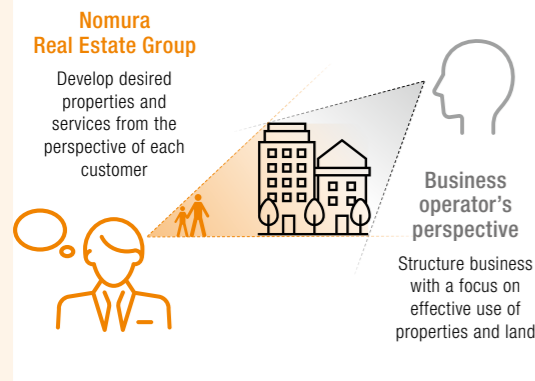
Our approach to connect closely with individuals, that is established in the Group

Approach established in the Group that connects closely with individuals

While valuing our points of contact with each customer, we have taken a comprehensive approach to connect closely with individuals who live, work, and gather in properties across all aspects of our business, thus continuing to tackle various social issues. This approach, which we have refined

throughout the Group's history of more than 60 years, is the source of competitiveness that supports the Group's unique value creation with a focus on people. This is a unique quality of the Group that will not change, no matter how much society changes around us.

Value creation with a focus on people



Historical background of refined approach



A foundation for conducting business activities

Action Guidelines "What We Value"

The Group has set out its action guidelines titled "What We Value" to serve as a foundation for employees in conducting business activities. These guidelines present our approach

to connect closely with our customers, society, and our employees in more concrete terms and in the form of actions.

Client-first approach	We maintain our "client-first" approach as well as our attitude to ensure trust and fulfill expectations, which we have valued since the foundation of the company.
Creating new value based on original ideas	We pursue creating new value with free and out-of-the-box thinking, placing importance on anticipating future and global perspectives.
Always being a challenger	We always bear in mind that we are a challenger and take on new challenges with humility and ambition.
Acknowledging our growth with society	Ever mindful of our responsibility and pride in creating the future for people and cities, we contribute to society and continue to be a company on which it relies.
Working with vigor and achieving wellness	Recognizing that working with vigor brings growth to both the company and ourselves, we take the utmost care of our mental and physical health.

Our approach to connect closely with individuals, that is established in the Group

The Group's strengths

The Group's four strengths developed based on its approach to connect closely with individuals: the market oriented concept, business collaboration and value creation within the Group, commitment to quality, and open-minded approach to new ideas and businesses. Based on the demands of customers and markets, we develop real estate and provide real estate-related services, implement sustain-

ability initiatives, and continue to create new value through the Group's value chain. In addition, with our comprehensive commitment to quality, we expand our value creation domains to include a wide range of asset types and services in Japan and overseas and continue to take on challenges. These strengths significantly contribute to the Group's sustainable value creation.

Our approach to connect closely with individuals, that is established in the Group

Market-in approach

Develop real estate, provide real estate-related services, and implement sustainability initiatives based on the needs of customers and markets

Business collaboration and value creation within the Group

Create new value through the value chain within the Group

Commitment to quality

Commit to quality of real estate development and services we provide

Open-minded approach to new ideas and businesses

Continue challenges by expanding the areas of value creation to a wide range of asset types and services in Japan and overseas

TOPIC

Landport—logistics facility that realized early market entry by capturing investor needs

In anticipation of a further rise in e-commerce demand, we entered the logistics facility development business in 2004, becoming one of the first companies in the industry to do so. In 2007, we completed the construction of our first Landport high-function logistics facility.

One of the significant factors that enabled this early market entry was the insight of the Investment Management Business Unit, which adequately captured the needs of institutional investors to invest in the logistics sector and established a logistics investment fund ahead of other companies. And our frontline efforts to value our contact points with investors and respond to their trust bore fruit: as of March 31, 2022, 42 logistics facilities have been commercialized.

In order to ensure a comfortable working environment for tenants, our Landport facilities are also equipped with cafeterias and air-conditioner. On the environmental front, we have obtained various certifications including CASBEE A grade or higher and DBJ Green Building certification in an effort to promote our business by connecting closely with customers and society.



Landport Higashinarashino



On-site cafeteria

Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

In its Mid- to Long-term Business Plan, the Group has set “realizing high profit growth, and high asset and capital efficiency” as a priority theme.

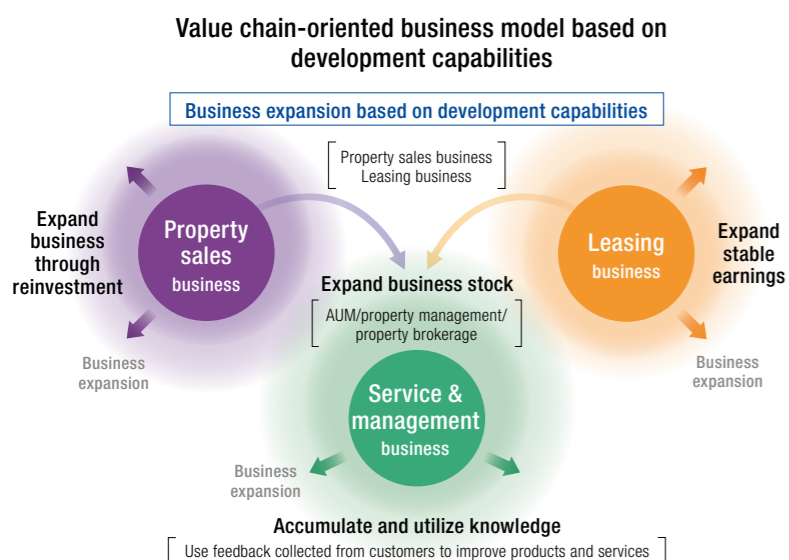
This is supported by our variety of distinctive initiatives, including the establishment of the Group’s value chain, which are closely linked with our key strategy for growth and our business strategies under the Mid- to Long-term Business Plan.

1. Establishment of Value Chain within the Group Based on Development Capabilities

Based on our wide range of real estate development capabilities achieved by harnessing our strengths and uniqueness as a real estate developer, we have established the Group’s value chain by combining three businesses. The property sales business aims to generate development profits. The leasing business allows us to achieve stable leasing revenues by holding valuable assets. The service & management

business ensures ongoing fee-based revenue through the provision of real estate-related services. This value chain within the Group leads to the maximization of added value, while enabling both high profit growth and capital efficiency exceeding the cost of equity through a business portfolio that leverages the characteristics of each business.

Pursuing business model that enables high growth through value chain based on development capabilities



Differences in business model

	The Group (real estate developer)	Listed REIT
Characteristics	Business model that combines property sales, leasing, and service & management to generate profits from development, leasing, and fees	Specializing in leasing. Payment of corporate tax is exempted by distributing 90% or more of profits
What is required	Profit growth/High ROE	Stability
Cost of equity	7-8%	2-3%

Maximizing added value in each process of property development, sales, and management

The real estate development business involves various processes, from the acquisition of land to product delivery to customers and property and facility management. The Group has strived to enhance the quality of its products and services by implementing initiatives based on its integrated development, sales, and management system ahead of industry peers. By comprehensively refining our business in

each process and leveraging close collaboration, we have maximized our added value across the entire flow. This strength cultivated in the housing sales business, as exemplified by the PROUD brand, has also been demonstrated in property development for sales including the PMO and overseas business, becoming one of the Group’s unique strengths.

Key operational processes in the real estate development business

Land acquisition	Product planning and design	Construction	Sales	Management
<ul style="list-style-type: none"> Wide range of land acquisition methods Connection with landowners 	<ul style="list-style-type: none"> Layout and building plans that use land effectively Product planning to meet market needs 	<ul style="list-style-type: none"> Original manuals Daily improvement at the front line 	<ul style="list-style-type: none"> Direct understanding of customer needs Feedback for product planning 	<ul style="list-style-type: none"> Extension of cycle of repair works Increased efficiency through the introduction of DX

Develop business portfolio with high asset and capital efficiency by combining businesses with different characteristics

As a real estate developer, the Group aims for management with high asset and capital efficiency while pursuing profit growth. The Group strives to achieve an ROA of 5% or more while maintaining its shareholders’ equity ratio at the 30% level. Toward the achievement of this target, we aim to realize both capital efficiencies exceeding the cost of equity

and high profit growth, based on a business portfolio that combines businesses with different characteristics occupying different positions along the risk-return spectrum, including property sales, leasing, and service & management, taking into account the market environment, business opportunities, and earnings fluctuation risks.

Mid- to long-term target: ROE of 10% or more

Cost of equity: 7-8 %

Leverage equivalent to shareholders’ equity ratio at the 30% level

Achieve ROA of 5% or more for the entire business portfolio → P60 “Business Portfolio Strategy”

	Property sales		Service & management		Leasing
Business type	Overseas Business [Housing sales Properties for sale]	Domestic Business [Housing sales Properties for sale]	Property Brokerage & CRE Business	Investment Management Business Property & Facility Management Business	Leasing Business
Business characteristics	Investment risk	Medium-High	Medium	Low	Low
	Revenue fluctuation risk	High	Medium	Medium-Low	Low
	ROA (efficiency)	Medium		High	
Management policy	Achieve ROA at a high level during the period of investment expansion by increasing profitability			Aim for ROA of 5% or more based on stable earnings (lower revenue fluctuation risk) through profit growth of the service & management business and increased profitability of the leasing asset portfolio	

TOPIC

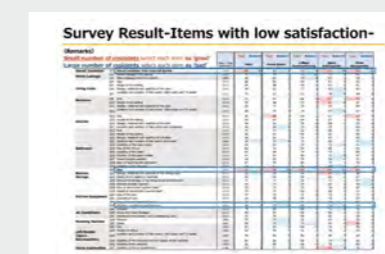
Demonstrating the Group’s unique strengths in the overseas business

Real estate is generally thought of as a local business. This is why, in the overseas development of real estate, there are many cases in which the business is outsourced to local partner companies and the Japanese company acts simply as an investor. With this in mind, we have classified our overseas business into two parts: one in which we rely on local partners, such as for land acquisition and the gaining of permits and licenses, and another in which our expertise cultivated

in Japan can be leveraged, such as for product planning, quality management, and marketing. By taking part in the upstream processes in this way, we have strived to maximize our added value. We have been rolling out these initiatives as part of our KAIZEN activities, which has helped us gain the trust of local partners and access new business opportunities. Federal Land NRE Global (FNG), our joint venture established in 2022 in the Philippines, is one such achievement.



On-site construction check (Vietnam)



Follow-up customer satisfaction survey (Thailand)



Showroom exhibition planning (Philippines)

Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

2. Development of Unique Brands

Value creation through the use of the PROUD brand's products and services is a key characteristic of the Group. We have maintained and improved our unique brand value by consolidating knowledge gained from customer feedback and the like and expertise accumulated through diverse

contact points, and utilizing these as intangible assets. Furthermore, our ability to develop multiple brands with diverse assets by consistently adhering to our approach to connect closely with individuals is one of the Group's characteristic strengths.

Reasons for (benefits of) developing and strengthening brands

A distinguishing feature of the real estate industry is that no two lands or properties are identical, meaning that every property has strong individuality. In our case, integrated brands for each asset type, such as housing or office, among properties that are used over a long period of time represent the Group's strong commitment to our customers for security

and quality. They help raise our customers' sense of security and their trust in each of the products and services provided by the Group and promote their recognition of our products under an integrated brand name. In this sense, both the Group and the real estate industry as a whole are well-placed to benefit from branding.

Characteristics of real estate

Strong individuality

Real estate is used for a long time as the basis of people's lives, while no two properties exist under the same location conditions.

Characteristics of branding

High reliability of each product and service

Establishment of a brand image that promotes customer recognition and rises a sense of security regarding products.

Creating new value by accumulating evaluation and expertise → P124-127 "Major Asset Brands"

Expanding and evolving the Group's approach to connect closely with individuals

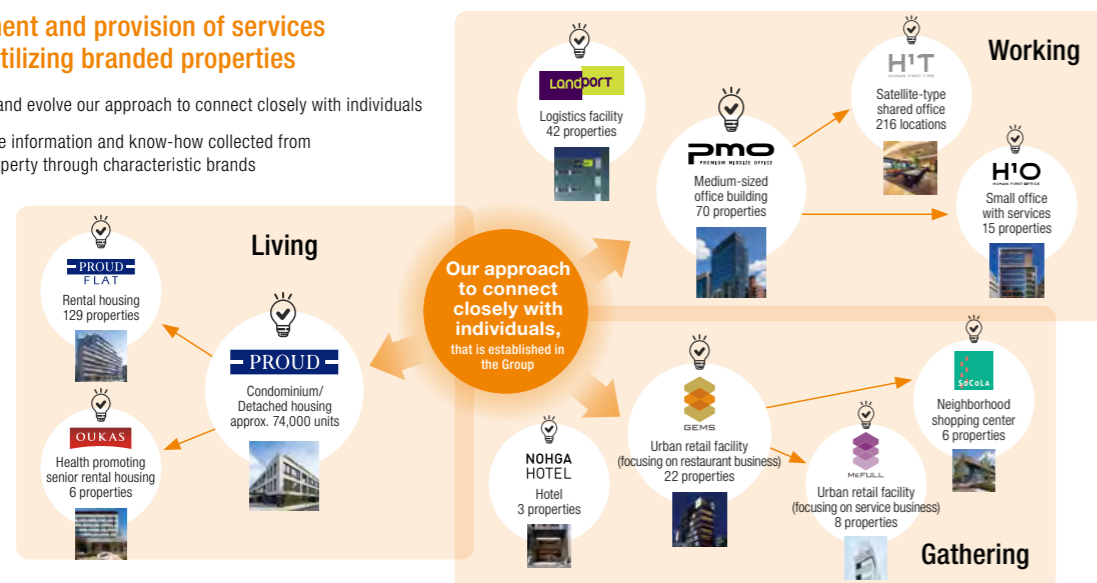
The Group has developed a number of competitive brands and products such as PMO, a premium brand for medium-sized offices, and Landport, a brand for advanced and high-function logistics facilities. The key to our successful brand development is our approach to connect closely with individuals that we have promoted since the Group's founding. To build on this success, rather than simply expanding

horizontally, we have grown and evolved this approach by thinking first about the people who live, work, and gather in our properties. Going forward, by demonstrating the Group's strengths, such as our market oriented concept and commitment to quality, in diverse types of assets, we will continue to create new product and service brands with uniqueness.

Development and provision of services through utilizing branded properties

→ Expand and evolve our approach to connect closely with individuals

Extensive information and know-how collected from each property through characteristic brands

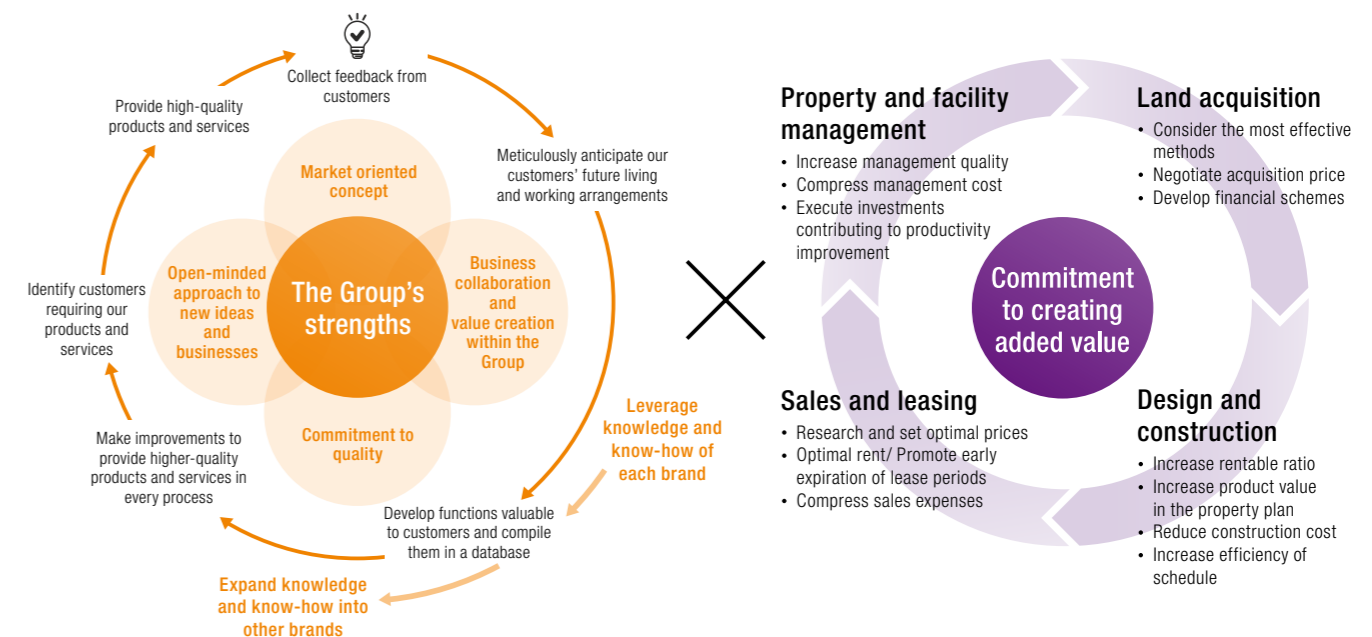


* Numbers of properties are as of March 31, 2022 (including plans)

Value enhancement cycle by combining real estate and branding

We have been consolidating our accumulated expertise and the knowledge we have extracted from ratings and opinions received from customers to further develop our brands. When providing products and services, we commit to

create the added value in each process, and this approach leads to the acquisition of new know-how. Through this value enhancement cycle, we are improving the brand value unique to the Group.



TOPIC

PROUD's unique product development "Luxmore"
PROUD underpins No.1 ranking in condominium brand evaluation for the 15th consecutive year



Luxmore is the collective name given to PROUD's unique product development that realizes customer needs by pursuing luxury and comfort with a relentless commitment to livability. Since its launch in 2007, we have consistently reflected the voices of our customers in products to continue to provide them with

fulfilling lifestyles while responding to changes in how they live. Unlike products developed by household fixture manufacturers, Luxmore takes advantage of the real estate developer perspective to make proposals on space utilization that turn a residential unit into an ideal housing.

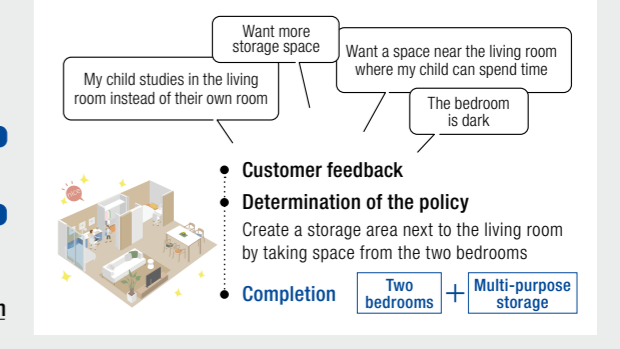
Luxmore's development reflects the expressed needs of customers

Issues are identified from the feedback of customers, which is carefully collected and updated in detail in order to realize more comfortable living.



PROUD has been ranked No. 1 in condominium brand evaluation for the 15th consecutive year

Case: Realizing an environment that can respond to different lifestyle needs



Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

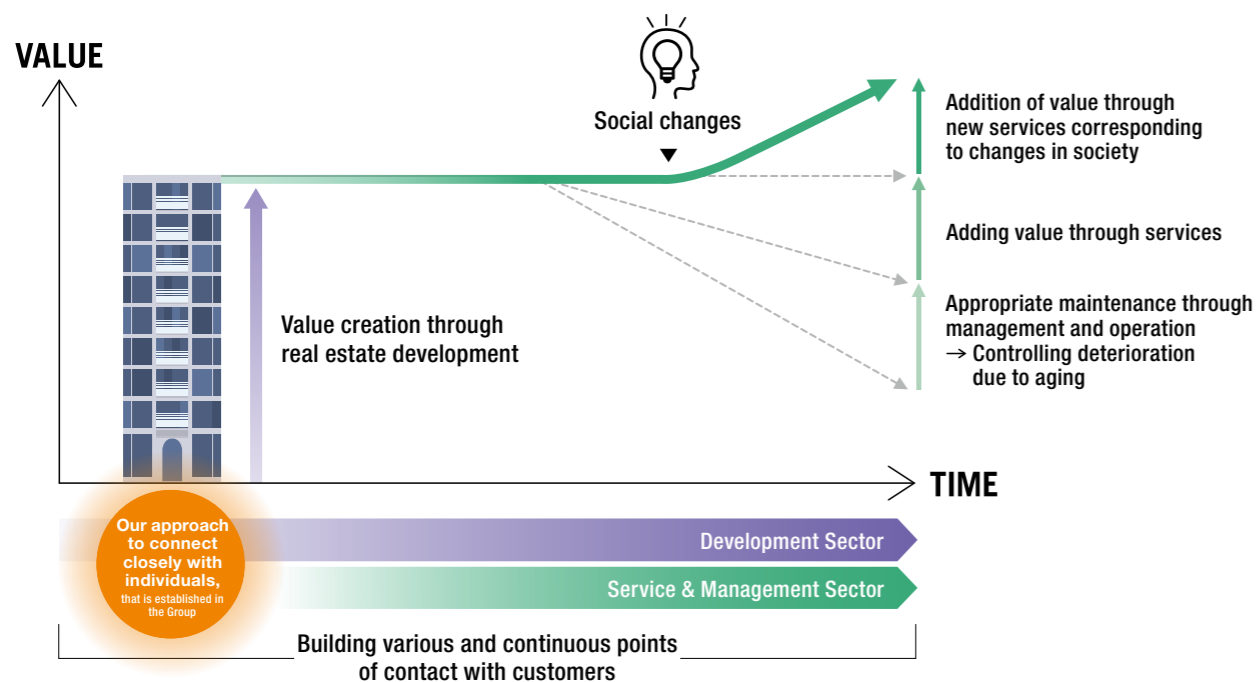
3. Continuous Value Creation through Providing Real Estate-related Services

As real estate provides the basis of people's lives and of corporate activities, appropriate maintenance and repair are essential to ensuring safe, secure, and comfortable use over the long term. Moreover, over the course of the long-term use of a particular property, relocation or renovation due to changes in life stage, office relocation due to changes in the business environment, reallocation of production facilities, or similar such changes may become necessary.

Rather than limiting itself to property development, the

Group continues to provide a broad range of real estate-related services to promote the comfortable use of properties after customers start to occupy them.

Under our business model of creating new value by connecting closely with our customers, we aim to develop and provide unique real estate-related services based on the prompt detection of changes in customers' lives, behavior, and preferences and on the predictions, we make about the future.

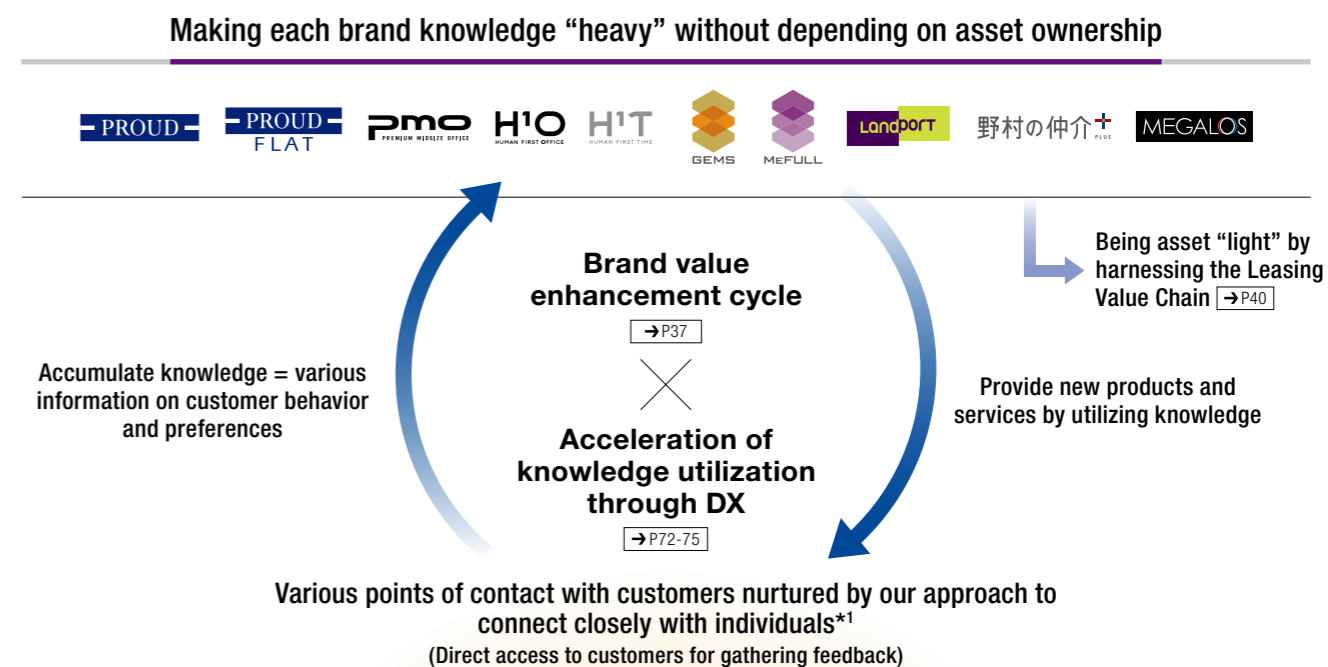


4. Accumulation and Utilization of Knowledge Leading to New Value Creation

Knowledge that is useful for business purposes, such as information on people's lives and behavior, is readily accumulated in real estate. In a society where people live and work in increasingly diverse ways, collecting and accumulating information, such as on customer behavior and changing preferences, in the form of knowledge and applying it to the provision of new products and services can provide a significant strength.

While aiming for high asset and capital efficiency without

depending on asset ownership ("asset light"), the Group has been striving to accumulate knowledge that will lead to new value creation, and to utilize such knowledge through DX and other technologies by leveraging its vast high-quality business stock acquired through various points of contact with customers ("knowledge heavy"). The Group's unique Leasing Value Chain designed to achieve mutual growth with the Group REITs and funds has greatly contributed to the achievement of an asset "light" and knowledge "heavy" strategy.



Real estate-related services of each Business Unit

Development Sector	Business Unit	Services
Development Sector	Residential Development Business Unit	<ul style="list-style-type: none"> Services aimed at providing assistance to customers concerning their homes arrangements in housing business Management of health-promoting senior rental housing in response to super-aging society Internet advertising service dedicated to real estate
	Commercial Real Estate Business Unit	<ul style="list-style-type: none"> Leasing of assets held by the Group that meets the diversified needs of tenants Management of high-quality retail facilities, hotels, serviced offices, etc. Fitness services that contribute to healthy lifestyles
	Overseas Business Unit	<ul style="list-style-type: none"> Management of office buildings in Beijing, China and Ho Chi Minh City, Vietnam through local operating companies
Service & Management Sector	Investment Management Business Unit	<ul style="list-style-type: none"> Enhancement of product lineup responding to various needs of investors Initiatives to achieve further increases in value, such as obtaining environmental certifications
	Property Brokerage & CRE Business Unit	<ul style="list-style-type: none"> A real estate brokerage service that contributes to community activation by encouraging relocation Comprehensive brokerage and CRE services for companies that meet corporate real estate needs
	Property & Facility Management Business Unit	<ul style="list-style-type: none"> High-quality property and facility management service for maintaining asset value over the long term Renovation and large-scale repair work that helps increase property value

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

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

H1O H1T
HUMAN FIRST OFFICE HUMAN FIRST TIME
Provides various workplaces and services based on the HUMAN FIRST business concept

ネットで住みかえ **nomu.com**
Provides variety of real estate transaction information for individuals, investment, business, etc.

Our approach to connect closely with individuals, that is established in the Group

- Number of properties owned by the Group: **133 properties**
- Leasing Business (Off-balance sheet): Office building, retail facility, etc.
- Investment Management Business (Off-balance sheet): Office building, logistics facility, retail facility, rental housing, etc.
- Housing Sales Business / Property & Facility Management Business (On- and off-balance sheet): Condominium, detached housing, etc.

Number of buildings under management: **772 buildings**
Number of tenants: **More than 2,000 companies*2**

Number of properties under management: **468 properties**
Number of institutional investors: **235 institutions**

Number of Nomura Real Estate Group Customer Club members: **approx. 147,000**

Number of H1T members: **approx. 222,000**
Number of nomu.com members: **approx. 255,000**
Number of MEGALOS members: **approx. 110,000**

Cumulative number of PROUD housings supplied: **approx. 74,000 units**
Number of housings under management: **approx. 186,000 units**

*1 Data are as of March 31, 2022, except the number of nomu.com members, which is as of January 31, 2022.
*2 The number of tenants is the total of tenants in the properties held by the Group and properties managed under property management contracts.

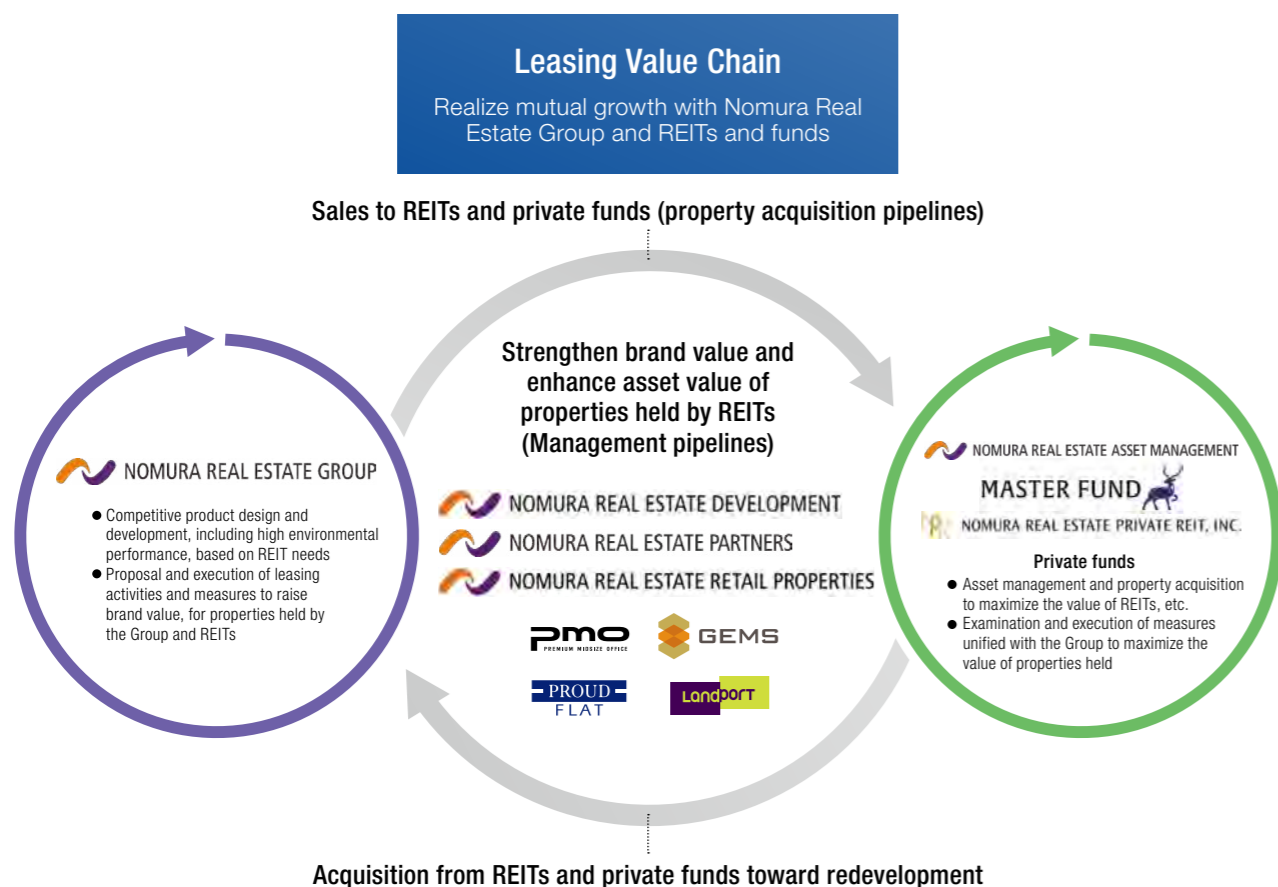
Initiatives to Realize High Profit Growth, and High Asset and Capital Efficiency

Leasing Value Chain established with the Group REITs and funds

The Leasing Value Chain consisting of the Group and the Group REITs and funds such as Nomura Real Estate Master Fund enables the implementation of brand strategies for leasing properties, for which integrated branding is generally considered more difficult than for other property types such as condominiums. It is a unique strength of the Group that supports the development of diverse assets and leads to the accumulation and utilization of knowledge.

Selling the distinctive properties developed by the

Group to the REITs and funds through the "property acquisition pipeline," and we continue to provide services through the "management pipeline," thereby maintaining brand value through services provided after the sale. This will enable us to realize development profits at an early stage and accelerate new development initiatives. At the same time, it will also lead to the stable acquisition of branded and high-quality leasing properties for the Group REITs, contributing to mutual growth.



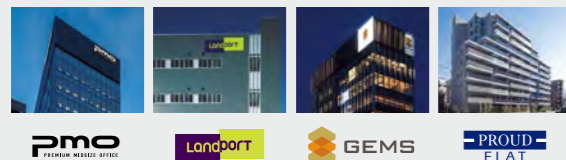
POINT 1

Growth in value linked to Group REITs

The system in which the Group and the Group REITs work together on property operations, such as brand strategy implementation for each asset, contributes to an increase in value for both.

The competitive business stock including properties held by the Group REITs is an important element of the Group's competitiveness.

Highly competitive branded assets



POINT 2

Mutual growth of the Group and the Group REITs

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

Sale to REITs and private funds

**79 properties for
¥396.8 billion**

Acquisition from REITs

**7 properties for
¥51.1 billion**

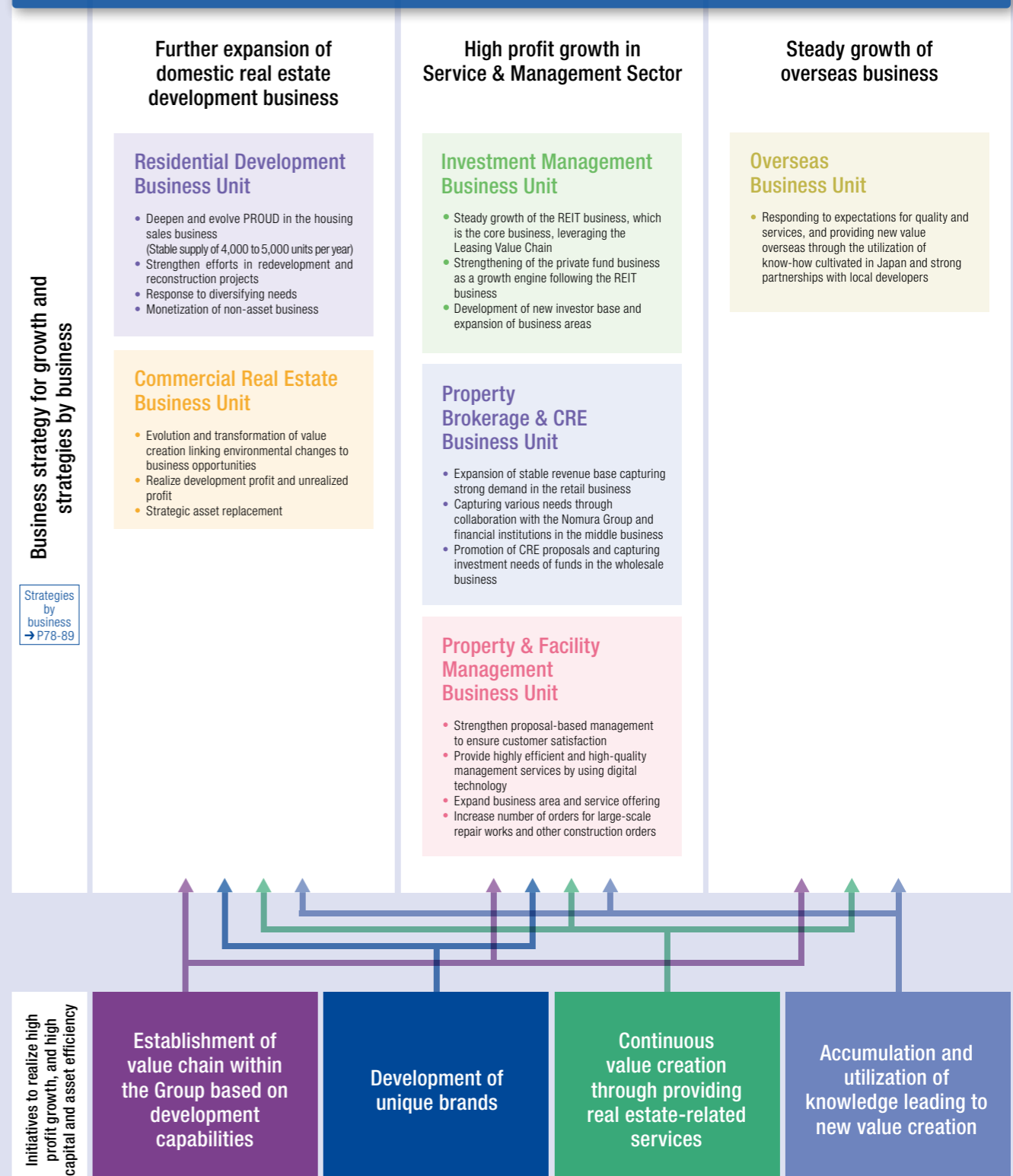
* Acquisition and sale amount are as of March 31, 2022.

Relationship between the Mid- to Long-term Business Plan and initiatives to realize high profit growth, and high capital and asset efficiency

Our unique initiatives, which form part of the Group's strengths, and the structure that enables such initiatives are closely linked with the priority theme of the Mid- to Long-term Business Plan and our business strategy for growth.

Mid- to Long-term Business Plan [P56-61](#)

Priority theme: Realize high profit growth, and high capital and asset efficiency



Strong Business Assets That Support Value Creation and External Evaluation and Results

The Group has strong business assets, such as a stable financial base, that support value creation based on its approach to connect closely with individuals as well as its efforts to realize high profit growth and high asset and capital efficiency, large landholdings for future development, and a customer base with which it has extensive contact points. Our business assets result in positive stakeholder evaluation and the generation of financial and non-financial value through our unique value creation, which is then channeled back to reinforce our business assets.

High evaluation from stakeholders

External evaluation

ESG evaluation: Selected as a constituent of all five ESG indices adopted by GPIF

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Good Design Award
Received for
20th consecutive year



Condominium brand
No. 1 for 15th
consecutive year*2



Rate of receiving environmental certification
in the properties developed for sale
(Commercial Real Estate Business Unit): 100%*3

Credit ratings
JCR: A R&I: A-

GRESB rating for Group REITs
Green Star for sixth consecutive year



No. of users of a real estate
company website
No. 1 for
13th consecutive year**4
ネットで見みかえ ノムコム
nomu.com

Condominium
management rating
No. 1 for 13th
consecutive
year*5



Results

Financial data

Operating revenue:
¥645.0 billion

Business profit:
¥92.7 billion

ROA: 4.7%

ROE: 9.2%

Total return ratio:
44.3%

accumulated over the Group's history of more than 60 years*1

Non-financial data

Cumulative number of
housing units supplied

approx. 181,000 units



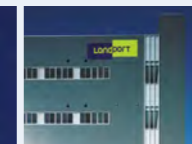
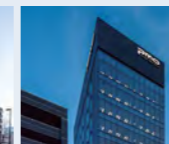
Cumulative
number of
properties
developed
for sale

Rental housing:
129 units

Offices:
77 units

Retail facilities:
38 units

Logistics facilities:
42 units



Cumulative number of
Leasing Value Chain transactions

Sales to REITs and private funds
79 properties ¥396.8 billion

Progress for
decarbonization

Progress in reduction of
CO₂ emissions

Scope 1, 2: Reduced by
approx. 14%
(Compared to FY20/3)

Scope 3: Reduced by
approx. 39%
(Compared to FY20/3)

Strengthening and
diversifying human
resources

Female manager and
junior manager ratio:

11.6%

Our approach
to connect
closely with
individuals,
that is established in
the Group

The Group's strengths
The Group's action guidelines that
form the foundation for conducting
business activities

Unique
initiatives

Initiatives to achieve high profit growth,
and high asset and capital efficiency

Business

assets

Financial capital

Shareholders' equity ratio:
30.3%

D/E ratio:
1.7 times

Manufactured capital

Land held for housing sales: approx. ¥1.4 trillion

Number of residential redevelopment projects undertaken: No. 1*6

Land held for properties for sale: approx. ¥840.0 billion

Net lettable area: approx. 790,000 m²

Total business expenses of
the Group's Overseas Business (our share):
approx. ¥554.0 billion

Assets under management:
approx. ¥1.9 trillion

Number of housing units under management:
approx. 186,000 units

Human capital

Number of
consolidated
employees: 7,548

Female
employee ratio: 32.4%

Number of in-house
first-class
licensed architects: 268

Intellectual capital, natural capital, etc.

Expertise in real estate development:
More than 60 years

Expertise in asset management:
More than 20 years

Award-winning product planning
and design capabilities

Customer base

Nomura Real Estate Group Customer Club members: approx. 147,000

Number of tenants: More than 2,000 companies*7

Number of H'T members: approx. 222,000

Number of MEGALOS members: approx. 110,000

Number of institutional investors: 235

Number of nomu.com members: approx. 255,000

*1 Data are for the fiscal year ended March 2022 or as of March 31, 2022, except for the number of nomu.com members, which is as of January 31, 2022.

*2 We counted the number of years in which PROUD ranked first in the highest number of evaluation categories in the Condominium Brand Survey conducted by Nikkei, Inc.

*3 Including those scheduled to be received *4 Survey by Nielsen NetView *5 "SumaiSurfin" Property Management Company Customer Satisfaction Survey ranking

*6 Source: Based on in-house research *7 The number of tenants is the total number of tenants in the properties held by the Group and properties managed under property management contracts.