

PRESS RELEASE

Press Release

April 22, 2025

Release category

Global

Nomura Real Estate Development Co., Ltd.

First Entry into the UK's Build-to-Rent (BTR) Business, upon a Mid-to-Long-Term Agreement with L&G

- Committed to Continuous High-Quality Rental Housing Development in London to Tackle Local Housing Shortage -

Key points in this release

1. Signed a basic agreement for a mid-to-long-term partnership with L&G, the leading UK rental housing company
2. First project to develop over 200 units in the Herne Hill area
3. Continuously supplying rental homes in commuter areas to central London to address the UK's housing shortage

Nomura Real Estate Development Co., Ltd. ("Nomura", Head office: Shinjuku-ku, Tokyo; President and Representative Director: Daisaku Matsuo) is pleased to announce our first entry into the UK Build-to-Rent (BTR^{*1}) market and signing a basic agreement with Legal & General Ltd ("L&G"). L&G is one of the leading companies in the UK's BTR sector, boasting a cumulative development record of approximately 10,000 units and has recognized the expertise Nomura has cultivated in residential development within Japan. We will work together under a medium- to long-term partnership to continuously develop rental housing to the local needs.

Currently, the UK faces a significant housing shortage driven by factors such as population growth, and the government authorities prioritize support for housing supply as a key policy measure. Rental housing development is regarded as an effective solution to this social challenge, and L&G leads this initiative as a local development expert. We aim to deliver high-quality rental housing within commuting areas to central London, combining L&G's extensive knowledge of residential development in the UK with our expertise in product planning and design.

^{*1} Build-to-Rent: multi-family residential properties developed exclusively for rental purposes



[Rendering of the Property]

NEW VALUE, REAL VALUE



NOMURA REAL ESTATE GROUP

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1. Background of Entering the UK Build-to-Rent (BTR) Business

The UK faces a chronic housing shortage due to complex development approval systems that hinder residential development, while the country has seen steady population growth. This has led to a persistent undersupply of housing, driving property price increases. Consequently, "housing affordability," a key indicator of the appropriate proportion of housing costs within living expenses, has declined, making "housing shortages" and "rising housing costs" significant social challenges for the country.

In response to these circumstances, rental housing development (BTR) gained momentum following the conversion of the London Olympic Village into rental housing after the 2012 Olympics. Over the past decade, the BTR market has expanded tenfold^{*2}. Traditionally, homeownership was predominant in the UK real estate market, but now BTR development is regarded as a vital solution to address societal challenges.

Through the signing of a strategic mid-to-long-term partnership agreement with L&G, Nomura has established a collaborative framework to continuously engage in rental housing development over the long term in the UK. While we have primarily focused on office development in central London, we aim to leverage this partnership with L&G to seize new business opportunities and contribute to solving the pressing local issue of housing shortages.

*2 Source: UK Build to Rent Market Update – Q4 2024, Savills

2. KAIZEN Activities

Leveraging the expertise cultivated in Japan, Nomura has implemented the "KAIZEN" process, a systematic approach of analyzing challenges and making continuous improvements, across various stages such as product planning, construction management, and sales in our real estate development projects in Southeast Asia. For this BTR project in Herne Hill, Nomura plans to introduce KAIZEN activities for the first time in the UK operations. By focusing on creating homes that enables comfortable and pleasant living for the residents, we aim to deliver high-quality rental housing through the synergy of L&G's strengths and our expertise.

<Examples of KAIZEN Activities in This Project>

- ✓ Initiatives to enhance the product quality of common areas, such as entrance design
- ✓ Efforts to improve the product quality of private areas, including floor plans and housing equipment
- ✓ Quality improvement initiatives through design drawing reviews and others



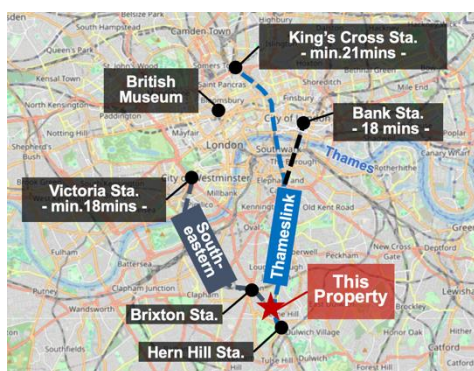
[Image of KAIZEN activities]

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3. About the First Property: The "Herne Hill Project"

3-1. Area Characteristics

The first BTR residential property will be developed in the Herne Hill area, located in the southern part of London. Herne Hill is known for its proximity to large parks and its well-established residential neighborhoods. Adjacent to Brixton Station, the area offers a vibrant environment with supermarkets, restaurants, and other commercial facilities, providing residents with a highly convenient living experience. The nearest station to the property, Herne Hill Station, is served by both the Thameslink and Southeastern railway lines, offering excellent access to major stations in central London, a key business hub.



[Property Location]



[Rendering of the Property]

3-2. Property Features

The property under development consists of five buildings, with a portion designated as affordable housing^{*3}. Build-to-Rent (BTR) developments have gained popularity in recent years due to their high-quality services provided by on-site management, superior facilities and specifications, and well-equipped communal areas. This project will also offer convenient shared amenities, including reception services and communal garden space.

Additionally, the property is expected to achieve an "EPC Rating B" or higher, the second-highest level in the UK's official Energy Performance Certificate (EPC) system. This demonstrates our commitment to energy efficiency and environmental performance.

^{*3} A general term for private housing supplied at 80% or less of market rent or price

3-3. Project Overview

Location	Lambeth: Shakespeare Rd, Lambeth, London SE24
Site Area	Approx. 5,900sqm
Scale	5 buildings, 5-11 stories
Purpose	Rental multifamily housing
Rental Floor Area	Approx. 13,570sqm
Total Units	218 units (including 67 affordable housing units)

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[Reference]

< Partner Company >

Company Name	Legal & General Ltd.
Headquarters	London, UK
Overview	<ul style="list-style-type: none">- Established in 1836- One of EU's largest asset management companies and a leading rental housing developer and operator in England- Operates in the UK, 5 locations in Europe: 1 in the US, and 4 in Asia (including Tokyo)- Entered the BTR sector in its early stages in 2016 and is now one of the leading companies in the UK with a total development record of 9,723 units (as of May 2024)
Company Website	https://www.legalandgeneral.com/

【References】Business Development in the UK

- Nomura buys office for development in Central London
<https://www.nomura-re-hd.co.jp/cfiles/engnews/n2021020300244.pdf>
- Nomura Real Estate Takes Part in "The Fitzrovia,"
an Office Development Project in Central London, UK
<https://www.nomura-re-hd.co.jp/cfiles/engnews/n2024011200351.pdf>
- Acquisition of 55 St James's Street, an office building in central London, UK
<https://www.nomura-re-hd.co.jp/cfiles/engnews/n2024031800358.pdf>
- Office Development Project in London, UK
Completion of the Office Building "127CXR (Charing Cross Road)"
<https://www.nomura-re.co.jp/cfiles/engnews/n2025021900391.pdf>

This material is an English translation of Japanese announcement made on April 22, 2025, by Nomura Real Estate Development Co., Ltd.