(Translation)

Corporate Governance Report

May 6, 2021

Nomura Real Estate Holdings, Inc.
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Stock code: 3231
http://www.nomura-re-hd.co.jp/english/

Corporate governance at Nomura Real Estate Holdings, Inc. is as follows:

I. Basic Viewpoints regarding Corporate Governance and Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Viewpoints

The Company has established a basic viewpoint regarding corporate governance in the Basic Corporate Governance Policy. Please refer to the Company's website for details.
Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Reasons for Non-Compliance with Each Principle of the Corporate Governance Code]

[Supplementary Principle 4-1-3] 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 has 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.

[Principle 4-14, Supplementary Principle 4-14-1, Supplementary Principle 4-14-2] 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.

[Disclosure in accordance with Each Principle of the Corporate Governance Code]

[Principle 1-4] Strategic Shareholdings

The Company has established the Basic Policy Concerning Strategic Shareholdings within the Basic Corporate Governance Policy. Please refer to the Company's website for details.

Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Principle 1-7] Transactions with Related Parties

The Company has established procedures regarding transactions with related parties such as directors, executive officers, and major shareholders, etc. in the Basic Corporate Governance Policy. Please refer to the Company's website for details.

Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Principle 2-6] Fulfilling Role as Asset Owner for Corporate Pension Plan

To fulfill the role expected of it as the asset owner for the corporate pension plan, the Group's major business company, Nomura Real Estate Development Co., Ltd., established the Guidelines for Pension Plan Management and the Guidelines Regarding Management Policies and Management Criteria for the Defined-Benefit Corporate Pension Plan based on the guidelines provided by the Ministry of Health, Labour and Welfare, and is appropriately managing and administering the corporate pension plan with a Pension Committee. As for the management of pension assets, the Company's goal is to secure the total profit necessary for stable employee asset composition in the long term, while only taking acceptable risks. Also, the Company reviews the asset allocation and other matters as necessary relying on external knowledge, and regularly discloses the financial situation to employees, which includes information about assets, contributions, and liabilities.

[Principle 3-1] Enhance Information Disclosure

(1) The Group has formulated the Group Philosophy and the Mid- to Long-term Business Plan. In addition, the Group promotes management strategies and Sustainability in an integrated manner. Please refer to the Company's website for details.

Group Philosophy: https://www.nomura-re-hd.co.jp/english/company/philosophy.html

Mid- to Long-term Business Plan: https://www.nomura-re-hd.co.jp/english/ir/management/plan.html
Sustainability Promotion Structure: https://www.nomura-re-hd.co.jp/english/csr/theme/

Integrated Report is published in order to foster understanding among shareholders, investors, and other stakeholders of the Group's strategies and measures toward the creation of mid- to long-term value.
Integrated Report: https://www.nomura-re-hd.co.jp/english/ir/ir_library/annualreport.html

(2) The Company has formulated the Basic Corporate Governance Policy and established a basic viewpoint regarding corporate governance. Please refer to the Company's website for details.
Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

(3) Please refer to "II-1. Organization Structures and Organizational Operations [Compensation of Directors] Disclosure of Policy Determining the Amount and Calculation of Compensation" of this report regarding the policy and procedures to decide compensation for management and directors.

(4) The Company has a policy of appointing and nominating individuals to management positions who, irrespective of their nationality or gender, have outstanding character, insight, and capabilities. Also, following discussion at the Advisory Committee Relating to Nominations and Compensation, the Board of Directors determines to appoint or dismiss management and nominate candidates for directors based on the criteria for appointment and dismissal of officers, which was established following primarily discussion at the Advisory Committee Relating to Nominations and Compensation.

(5) Please refer to the "Reference Documents for the General Meeting of Shareholders" attached to the Notice of Convocation of Ordinary General Meeting of Shareholders regarding the reasons for the nomination of individual candidates for directors.
(https://www.nomura-re-hd.co.jp/english/ir/ir_library/generalMeeting.html).
Also, please refer to section "II-1. Organization Structures and Organizational Operations [Directors] Relationship with the Company (2)" of this report regarding the reason for the appointment of external directors. Notifications regarding the dismissal of management will be provided on the Company's website and by other means.

[Supplementary Principle 4-1-1] Scope of Delegation to Management
In addition to matters stipulated in laws and regulations and the Articles of Incorporation, the Board of Directors makes decisions on important matters concerning management of the Group stipulated in the Board of Directors Regulations and the Regulations Primarily Regarding Organizations and Resolutions such as the formulation of the Group's basic management policies and the appointment

and dismissal of executive officers. Certain matters determined by resolution of the Board of Directors shall be approved by the Management Committee or other internal approval systems.

[Principle 4-9] Criteria for Impartiality of Independent External Directors
The Company has established Criteria for Impartiality of Independent External Directors in the Basic Corporate Governance Policy. Please refer to the Company's website for details.
Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Supplementary Principle 4-11-1] Viewpoint Concerning the Balance, Diversity, and Scale of the Board of Directors
The Company has established the Viewpoint Concerning the Balance, Diversity, and the Scale of the Board of Directors in the Basic Corporate Governance Policy. Please refer to the Company's website for details.
Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Supplementary Principle 4-11-2] Concurrent Positions Held by Directors
Please refer to the "Reference Documents for the General Meeting of Shareholders" attached to the Notice of Convocation of Ordinary General Meeting of Shareholders regarding the main concurrent positions held at other companies by directors. In its Basic Corporate Governance Policy, the Company stipulates that "Directors dedicate sufficient time for the Company, and execute their duties as Directors." Also, the Company receives reports on the concurrent positions by external directors as necessary and confirms that they are able to execute their roles and duties as the Company's directors sufficiently.
Notice of Convocation of Ordinary General Meetings of Shareholders:
http://www.nomura-re-hd.co.jp/english/ir/ir_library/generalMeeting.html
Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

[Supplementary Principle 4-11-3] Assessment of the Effectiveness of the Board of Directors
For the Assessment of the Effectiveness of the Board of Directors in Fiscal Year ended March 2020, as was the case in the previous fiscal year, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee Members) utilizing a third-party evaluation organization. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

Members
The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.

Discussions

Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each Director. In particular, discussions were further enhanced in the fiscal year ended March 31, 2020 through the opinions, etc. from newly appointed external directors.

Operation

Continuous improvements to the operation, such as ensuring provision of materials prior to meetings, were broadly evaluated as having contributed to improving the effectiveness of the Board of Directors. On the other hand, there is further room for improvement regarding the operation, such as further clarifying the discussion points in the proposal explanations and materials. By continuing to strive for thorough improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.

Matters for discussion

Discussions about various management challenges were enhanced by continuous improvements to the operation, such as narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. For Fiscal Year ending March 2021, the Company aims to improve strategic discussions further about enhancing corporate value and corporate governance.

Going forward, the Company will regularly grasp areas for improvement by conducting an assessment of the effectiveness of the Board of Directors each year and will further improve the effectiveness of the Board of Directors.

[Principle 5-1] Policy Concerning Constructive Dialogue with Shareholders

The Company has established the Policy Concerning Constructive Dialogue with Shareholders in the Basic Corporate Governance Policy. Please refer to the Company's website for details.

Basic Corporate Governance Policy: http://www.nomura-re-hd.co.jp/english/ir/pdf/cgpolicy.pdf

2. Capital Structure Revised

Percentage of shares held by foreign investors	30% or more

(Translation)

[Description of Major Shareholders] Revised

Name of shareholder	Number of shares held (Shares)	Shareholding (%)
Nomura Holdings, Inc.	64,777,500	35.48
The Master Trust Bank of Japan, Ltd. (Trust account)	10,358,600	5.67
Custody Bank of Japan, Ltd. (Trust account)	8,915,100	4.88
JPMorgan Securities Japan Co., Ltd.	3,131,100	1.71
Nomura Real Estate Holdings Employee Shareholding Association	3,095,130	1.69
STATE STREET BANK WEST CLIENT - TREATY 505234	1,925,384	1.05
Custody Bank of Japan, Ltd. (Trust account 9)	1,916,700	1.04
Custody Bank of Japan, Ltd. (Trust account 5)	1,839,100	1.00
Custody Bank of Japan, Ltd. (Trust account 7)	1,808,100	0.99
The Master Trust Bank of Japan, Ltd. (BIP (Board Incentive Plan) trust account 76272)	1,709,734	0.93

Existence of controlling shareholders (excluding parent company)	—
Existence of parent company	None

3. Corporate Attributes

Stock exchange and section	First Section, Tokyo
Fiscal year-end	March
Industry	Real Estate
Number of employees at the end of the previous fiscal year (consolidated)	More than 1,000 persons
Sales revenue during the previous fiscal year (consolidated)	More than ¥100 billion but less than ¥1 trillion
Number of consolidated subsidiaries at the end of the previous fiscal year	More than 10 but less than 50 companies

4. Guidelines for Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholder

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(Translation)

5. Other Particular Conditions That May Materially Affect Corporate Governance

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(Translation)

II. Management Organization and Other Corporate Governance Systems concerning Management Decision-Making, Execution and Supervision

1. Organization Structures and Organizational Operations

Organizational form	Company with Audit & Supervisory Committee

[Directors]

Number of Directors in Articles of Incorporation	18 persons
Term of Office for Directors in Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (not serving concurrently as President)
Number of Directors	13 persons
Election of External Directors	Elected
Number of External Directors	5 persons
Number of External Directors designated as Independent Directors	5 persons

Relationship with the Company (1)

Name	Association	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuro Higashi	From another company											
Akira Ono	Attorney											
Yoshio Mogi	From another company											
Akiko Miyakawa	Certified public accountant								△			
Tetsu Takahashi	Attorney											

(*Note)

・Selection criteria regarding relationship with the Company

・For (a) through (k) below, a circle (○) indicates the current status of the individual, and a triangle (△) indicates the past status of the individual.

・For (a) through (k) below, a filled-in circle (●) indicates the current status of a relative of the individual, and a filled-in triangle (▲) indicates the past status of a relative of the individual.

(a) A business executor of a listed company or its subsidiary

(b) A business executor or a non-executive director of a parent company of a listed company
(c) A business executor of a sister company of a listed company
(d) An individual whose major business client is a listed company or a business executor of said individual
(e) A major business client of a listed company or a business executor of said business client
(f) A consultant, accounting specialist, or legal professional who receives a substantial amount of money or assets in addition to the customary remuneration from a listed company
(g) A major shareholder of a listed company (In the case that said major shareholder is a corporation, a business executor thereof)
(h) A business executor of a business client (that does not fall under any of (d), (e), or (f)) of a listed company [This applies to the individual only.]
(i) A business executor of a company whose external executive officers are mutually assigned [This applies to the individual only.]
(j) A business executor of a company to which a listed company donates products, services, or money [This applies to the individual only.]
(k) Other

Relationship with the Company (2)

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary information	Reason for appointment
Tetsuro Higashi		○	–	Tetsuro Higashi has been selected as an External Director because it is expected that he will contribute 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. Furthermore, based on his attributes and relationship

				with NREH, we determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.
Akira Ono	○	○	–	Akira Ono has great knowledge, experience and profound insights as a legal expert acquired through his many years working as an attorney. He has been selected as an External Director as 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, although he has no previous experience directly involved in the management of a company. Furthermore, based on his attributes and relationship with NREH, we determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.
Yoshio Mogi	○	○	–	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 selected as an External Director as 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. Furthermore, based on his attributes and relationship with NREH, we determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.
Akiko Miyakawa	○	○	Though there are consulting services transactions for overseas risk management between the Company's subsidiaries and Deloitte Touche Tohmatsu LLC, to which Akiko Miyakawa belonged until May 2018, the Company judges that her independence is maintained. The transaction amount in the most recent fiscal year represents less	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 selected as an External Director as 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

			than 2% of the revenue of the audit corporation and of the consolidated operating revenue of the Company.	directly involved in the management of a company. Furthermore, based on her attributes and relationship with NREH, we determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating her as an Independent Director.
Tetsu Takahashi	○	○	–	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 selected as an External Director as 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. Furthermore, based on his attributes and relationship with NREH, we determined that there is no risk of conflict of interest with general shareholders as

				specified by the Tokyo Stock Exchange before designating his as an Independent Director.

[Audit & Supervisory Committee]

Committee Members and the Chairman

	Total Committee Members	Full-time Committee Members	Internal Directors	External Directors	Chairman
Audit & Supervisory Committee	6	2	2	4	Internal Director

Presence of Directors and Employees who support the execution of duties by the Audit & Supervisory Committee	Present

Matters regarding the Independence of the Relevant Directors and Employees from the Executive Directors

The Company has established an Audit & Supervisory Committee Dept., to support the execution of duties by the Audit & Supervisory Committee, and full-time staff appointed to the department shall execute duties under the direction of Audit & Supervisory Committee Members. In addition, the Directors shall obtain the consent of the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee for personnel changes regarding the relevant full-time staff.

(Translation)

Cooperation among Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Dept.

The Audit & Supervisory Committee carries out the following initiatives to achieve effective cooperation among the so-called three-way mutual auditing comprising the audits by the Audit & Supervisory Committee, audits by the Accounting Auditor, and audits by the Internal Audit Dept.

The Audit & Supervisory Committee receives reports from the Group Internal Audit Dept. responsible for internal audits, and in addition to determining whether or not to give its approval, where necessary, it provides recommendations and instructions concerning changes to the audit plan, additional audits, and investigations, etc. In addition, the Audit & Supervisory Committee receives reports on the results and status of improvement of internal audits and the status of evaluation of internal controls related to financial reports.

The Audit & Supervisory Committee has the General Manager of the Group Internal Audit Dept. and the executive officer in charge of that department attend meetings to receive a report from the Accounting Auditor that provides an overview of the audit plan, quarterly review, end of year audit and internal control audit for financial reporting and promotes information sharing and the exchanging of opinions.

From the fiscal year ended March 31, 2020, “Key Audit Matters” described in the audit report of the Accounting Auditor pursuant to the Financial Instruments and Exchange Act will reflect the discussions held between the Accounting Auditor and the Audit & Supervisory Board through the course of the fiscal year ended March 31, 2020 and the shared recognition of both parties.

[Voluntary Committee]

Establishment of voluntary committees which are equivalent to the nominating committee and compensation committee	Present

Situation of Establishment of Voluntary Committee, Composition of Committee Members and the Attribute of the Chairman

(Translation)

	Committee's Name	Total Committee Members	Full-time Committee Members	Internal Directors	External Directors	Outside Experts	Other	Chairman
Voluntary committees which are equivalent to the nominating committee	Advisory Committee Relating to Nominations and Compensation	5	0	2	3	0	0	Internal Director
Voluntary committees which are equivalent to compensation committee	Advisory Committee Relating to Nominations and Compensation	5	0	2	3	0	0	Internal Director

Supplementary Information

The Company has set up an Advisory Committee Relating to Nominations and Compensation, which consists of a majority of independent external directors, as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the Board of Directors in relation to decisions on director and executive officer nominations and compensation. At the committee meetings, matters relating to the nomination of and compensation for directors and executive officers, succession plans, and policies on training shall be discussed and the outcome of those discussions shall be reported to the Board of Directors.

[Independent Directors]

Number of Independent Directors	5 persons

Other Matters Related to Independent Directors

All External Directors that qualify as Independent Directors have been designated as Independent Directors.

[Incentives]

Implementation of measures on incentive allotment to Directors	Adoption of performance-based stock incentive plan and other measures

Supplementary Information

At the Ordinary General Meeting of Shareholders held on June 26, 2018, based on the policy to further

clarify the link among directors' compensation, performance, and shareholder value, in place of stock option system, the Company determined to introduce a performance-based stock incentive plan, etc. linked to mid-to long-term performance. The introduction of the Plan has gone through deliberation at the Advisory Committee Relating to Nominations and Compensation, for which the majority of committee members are independent external directors. For details, please refer to "II-1. Organization Structures and Organizational Operations [Compensation of Directors] Disclosure of Policy Determining the Amount and Calculation of Compensation" of this report.

Grantees of stock options	–

Supplementary Information

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[Compensation of Directors]

Disclosure status (of individual compensation of Directors)	Individual disclosure is limited for some.

Supplementary Information

Director's compensation, etc. for Directors and Auditors of the Company for the Fiscal Year ended March 2020 are as follows.

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

Director category	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)	Number of directors applicable
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	467	259	101	106	6

(Translation)

Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	–	–	3
External Directors	69	69	–	–	8

* The number of Directors (excluding Directors as Audit & Supervisory Committee Members and External Directors) is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of two Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
* The number of Directors (Audit & Supervisory Committee Members) (excluding External Directors) is two as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of one Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
* The number of External Directors is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of three External Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.
* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020 (including compensation in stock options recorded as an expense for the Fiscal Year ended March 2020 (3 million yen)).

(2) Total amount of consolidated compensation, etc. of those whose total amount of consolidated compensation, etc. is 100 million yen or more

Name	Director category	Payer	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)
Eiji Kutsukake	Director	Filing company	130	64	35	29
Seiichi Miyajima	Director	Filing company	107	55	30	21

* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020.

The information given above is disclosed in the "Business Report" of the Notice of Convocation of Ordinary General Meeting of Shareholders and the "Corporate Governance" of the 2019 Securities

Report. (Securities Report is available only in Japanese)
Notice of Convocation of Ordinary General Meetings of Shareholders:
https://www.nomura-re-hd.co.jp/english/ir/ir_library/generalMeeting.html
Securities Report: https://www.nomura-re-hd.co.jp/ir/ir_library/securitiesreport.html

Existence of a policy determining the amount and calculation of compensation	Yes

Disclosure of Policy Determining the Amount and Calculation of Compensation

a. Outline of compensation plan of Directors

The Company's compensation of 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. Each compensation item is as follows.

<Base compensation>

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

<Bonus>

The amount of bonus 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 longterm, for which achievements are difficult to measure based only on financial results.

	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Business profit	79,623 million yen	82,833 million yen
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.

(Calculation formula of points)

・ 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 pre-determined 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. As 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 management benchmarks 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 medium-to long-term, and provides a clearer incentive toward better performance for the medium-to the 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】

The 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】
The achievement-linked coefficient: 0% ~ 200%
Business profit: ¥70,800 million ~ ¥99,200 million
ROE: 6.5% ~ 12.5%

・ 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 pre-determined 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 ratios between fixed and variable compensation>

Compensation of Directors concurrently serving as Executive Officers (executive Director) consists of base compensation, bonus and share-based compensation so that it works as a clear incentive to improve performance not only for the short-term, but also for the medium-to long-term. The policy for the ratios of the compensation items is shown in the table below.

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 and Directors as Audit & Supervisory Committee Members consists only of base compensation due to their role of overseeing the business execution from an objective standpoint.

【Ratios of compensation of Directors concurrently serving as Executive Officers】
Fixed compensation: 50%(Base compensation)
Variable compensation: 50%(Bonus: 25%, Share-based compensation: 25%)
* The ratios above indicate a basic model when the Company pays 100% of its standard variable compensation amount.

b. Decision-making process of compensation for officers, etc.

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 performance-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 8 (2 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 the Plan at the time of the resolution was 6 (excluding 2 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 6 (including 4 External Directors).

The amount of compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) 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 as Audit & Supervisory Committee Member is determined by consultation of Audit & Supervisory Committee Members, within the maximum amount resolved at the aforementioned Ordinary General Meetings of Shareholders.

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 carries 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.

[Support System for External Directors]

The Corporate Planning Dept. provides explanations and information required for the support of External Directors (excluding Directors who also serve as Audit & Supervisory Committee Members). In addition, the Company has established an Audit & Supervisory Committee Dept., and has appointed full-time staff to support the execution of duties by the Audit & Supervisory Committee.

[Status of individuals that have retired from positions such as President]

Information including the names of counselors, advisors, etc., who previously held positions such as President

Name	Title and Position	Description of Business	Form and Conditions of Employment (Full-time, Part-time, Paid or Unpaid, etc.)	Date of Retirement as President	Term
–	–	–	–	–	–

Total number of counselors, advisors, etc., who previously held positions such as President	–

Other Matters

The senior advisor system for the Company and its core subsidiary (Nomura Real Estate Development) is provided below.

[Overview of the Senior Advisor System]

・ Applicable to: Individuals with officer experience (Director, Executive Officer or Audit & Supervisory Board Member)

・ Selection Method: By resolution of the Board of Directors

・ Description of Business: 1. Providing advice regarding management and business and 2. Carrying out activities related to economic organizations, social contribution activities, etc. They will not participate in any management decision-making.

2. Matters Related to Functions of Execution of Duties, Audit and Supervision, Appointment and Decisions regarding Compensation, etc. (Outline of the Current Corporate Governance System)

1. Overview of Corporate Governance

(1) 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.

The Company's Board of Directors comprises seven Directors (excluding Directors who serve as Audit & Supervisory Committee Members) (of which one is External Director) and six Directors who serve as Audit & Supervisory Committee Members (of which four are External Directors). The Company elects 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 Board of Directors Members of the Company are as follows.

Chairman: Atsushi Yoshikawa (Director)

Members: Atsushi Yoshikawa (Director), Eiji Kutsukake (President and Representative Director), Seiichi Miyajima (Executive Vice President and Representative Director), Toshiaki Seki (Executive Vice President and Representative Director), Makoto Haga (Director), Tetsuro Higashi (Independent External Director), Shoichi Nagamatsu (Part-time Director), Takao Orihara (Director and Audit & Supervisory Committee Member), Yasushi Takayama (Director and Audit & Supervisory Committee Member), Akira Ono (Independent External Director and Audit & Supervisory Committee Member), Yoshio Mogi (Independent External Director and Audit & Supervisory Committee Member), Akiko Miyakawa (Independent External Director and Audit & Supervisory Committee Member) and Tetsu Takahashi (Independent External Director and Audit & Supervisory Committee Member)

(2) Audit & Supervisory Committee

The Company has adopted an Audit & Supervisory Committee governance structure. The majority of Audit & Supervisory Committee membership is comprised of Independent External Directors; and the committee monitors business management and performs audits utilizing the Company's internal control system. We have developed a system through which the Audit & Supervisory 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 the 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.

The Audit & Supervisory Committee Members of the Company are as follows.

Chairman: Takao Orihara (Full-time)

Members: Takao Orihara (Full-time), Yasushi Takayama (Full-time), Akira Ono (Independent

External Director), Yoshio Mogi (Independent External Director), Akiko Miyakawa (Independent External Director) and Tetsu Takahashi (Independent External Director)

(3) Advisory Committee Relating to Nominations and Compensation

The Company has set up an Advisory Committee Relating to Nominations and Compensation, the majority of which are independent external directors, as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the board of directors in relation to decisions on director and executive officer nominations and compensation. The committee will discuss matters relating to the nomination of and compensation for directors and executive officers, successor plan, policy for training, etc. and shall report the outcome of discussions to the Board of Directors.

The Members of the Advisory Committee Relating to Nominations and Compensation of the Company are as follows.

Chairman: Atsushi Yoshikawa (Director and Chairman of the Board of Directors)

Members: Atsushi Yoshikawa (Director and Chairman of the Board of Directors), Tetsuro Higashi (Independent External Director), Akira Ono (Independent External Director and Audit & Supervisory Committee Member), Yoshio Mogi (Independent External Director and Audit & Supervisory Committee Member) and Shoichi Nagamatsu (Part-time Director),

(4) Management Committee

The Company has introduced a system of executive officers with an aim to strengthen Group management, to separate and enhance the business execution function from the decision-making and supervisory functions. Each executive officer appointed by the Board of Directors is delegated management authority based on the Company's internal rules and other stipulations to execute business under the direction of the president & representative director and policies approved by the Board of Directors of the Company.

The Management Committee, which is comprised of the Chief Executive Officer and Executive Officers, determines certain matters regarding the execution of business at overall group companies. Director and 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) Other Committees

Under the Management Committee, there are the following committees that discuss the Group's management policies, issues to be coped with, etc.

[Budget Committee]

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.

[Risk Management Committee]

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.

[Sustainability Committee]

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

[DX Strategy Committee]

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

2. Internal Audit System and Status of Audits by Audit & Supervisory Committee

(1) Internal Audit System

The Nomura Real Estate Group has established an internal audit department at each group company, with the exception of some small companies. Each department is supervised under the direct jurisdiction of the Group company president or an officer who does not hold an additional office in a business operations division, which allows the department to maintain organizational independence. In addition, we have established the Group Internal Audit Dept. in the Company that, in collaboration with the Accounting Auditor, supervises, monitors and evaluates the internal audit functions of the entire Group as well as auditing in each division within the Company.

(2) Status of Audits by Audit & Supervisory Committee

a. Structure and operations of Audit & Supervisory Committee

The Audit & Supervisory Committee is comprised of six members, two Audit & Supervisory Committee Members (full-time) and four Audit & Supervisory Committee Members (Independent External Directors).

Of the four Audit & Supervisory Committee Members (Independent External Directors), one Member was newly elected at the 16th Ordinary General Meeting of Shareholders of the Company, held on June 23, 2020. The two full-time Members were elected to strengthen the effectiveness of audit and supervision functions through the collection of information from Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, employees, etc., attendance at important meetings and close cooperation with the Internal Audit Dept.

The Audit & Supervisory Committee holds regular meetings prior to monthly Board of Directors

meetings with all Members attending the meetings. It also holds irregular meetings as necessary. During the fiscal year ended March 2020, the Committee held 13 meetings.
Each of the monthly meetings took approximately three hours. After receiving audit reports from the Internal Audit Dept., reports on important meetings, including those of the Management Committee, from the full-time Audit & Supervisory Committee Members and quarterly financial reports from the Finance & Accounting Dept., the Members of the Audit & Supervisory Committee, among other activities, exchanged opinions with Group CFO, Executive Officer and Supervisor of Management Division on a regular basis and confirmed what was discussed at meetings of the Advisory Committee Relating to Nominations and Compensation.
The Company also adopts measures to enhance the effectiveness of audits, having established an Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee and appointed full-time staff dedicated to the department.

[Takao Orihara, Audit & Supervisory Committee Member (Full-time)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: 100% (13/13)

Career history: Takao Orihara is well versed in the business of the Group and has a considerable degree of knowledge concerning finance and accounting due to his extensive business experience, primarily in finance and corporate planning, in the Company and Nomura Real Estate Development Co., Ltd.

[Yasushi Takayama, Audit & Supervisory Committee Member (Full-time)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: 100% (9/9)*

Career history: Yasushi Takayama has a considerable degree of knowledge concerning legal affairs, finance and accounting as well as overseas business due to his extensive business experience, primarily in legal affairs and finance, in the Nomura Group in Japan and overseas.

[Akira Ono, Audit & Supervisory Committee Member (External/Independent)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: 100% (13/13)

Career history: Akira Ono has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer.

[Yoshio Mogi, Audit & Supervisory Committee Member (External/Independent)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: 100% (9/9)*

Career history: Yoshio Mogi has great knowledge, experience and profound insights concerning global corporate management acquired through his many years working as a corporate

manager for a general trading company. In addition, he has a considerable degree of knowledge concerning finance and accounting acquired through serving as CFO at the aforementioned company.

[Akiko Miyakawa, Audit & Supervisory Committee Member (External/Independent)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: 100% (9/9)*

Career history: 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 in Japan and overseas, in addition to serving as a partner at a major auditing firm.

[Tetsu Takahashi, Audit & Supervisory Committee Member (External/Independent)]

Attendance rate at Audit & Supervisory Committee meetings in the fiscal year ended March 2020: (appointed on June 23, 2020)

Career history: Tetsu Takahashi has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer. In addition, he has extensive experience and knowledge as an outside director and outside audit & supervisory board member at other companies.

*The number of Audit & Supervisory Committee meetings held in the fiscal year ended March 2020 after being appointed as Audit & Supervisory Committee Member on June 25, 2019 is presented.

b. Audit operations by Audit & Supervisory Committee

The Audit & Supervisory Committee compiles basic audit plans each fiscal year and audits the Group's financial results, setting significant items and role sharing in the audit operations. Concrete methods for audit activities are as follows.

(i) Audit of decision-making and exercise of supervisory duties of Board of Directors
The Audit & Supervisory Committee Members confirm the decision-making process of Directors and legitimacy and validity of their decisions by attending meetings of the Board of Directors, where they express necessary opinions and participate in resolutions.

(ii) Attendance at important meetings, including those of Management Committee
With the aim of grasping the decision-making process of management policies and the situation of business execution, mainly the full-time Audit & Supervisory Committee Members attend important meetings, such as those of the Management Committee, Budget Committee, Risk Management Committee, Sustainability Committee and DX Strategy Committee, dividing their roles, and express necessary opinions. The full-time Members explain the discussions made at those meetings at monthly meetings of the Audit &

Supervisory Committee.

(iii) Reports on business execution from Directors and Executive Officers and exchange of opinions with them

Mainly the full-time Audit & Supervisory Committee Members hold hearings with each Director and Executive Officer, requiring reports on the progress of management plans and the situation of business execution and exchanging opinions with them. Particularly, the Audit & Supervisory Committee Members exchange opinions with Group CFO, Executive Officer and Supervisor of Management Division at its meetings.

(iv) Exchange of opinions with Group CEO and Group COO

All Members of the Audit & Supervisory Committee hold gatherings for the exchange of opinions with each of Group CEO and Group COO about management policies, challenges to be tackled, risks surrounding the Company, situation of environmental improvement for audits, important audit issues and other matters.

(v) Regular reports from internal control departments

The Committee requires the Group Internal Audit Dept. and the Group Legal & Compliance Dept. to make regular reports to the Committee to confirm the preparation and operating status of the internal control system. In particular, the Group Internal Audit Dept. is to report at meetings of the Audit & Supervisory Committee. Receiving its explanations of internal audit plans, the Committee determines whether it is appropriate to agree with them. The Committee also advises or instructs the Group Internal Audit Dept. to change the audit plans and conduct additional audits or research. The Committee also receives reports on the results of internal audits and improvements made thereafter and those on the conditions of internal control evaluation associated with the reports on financial results at regular monthly meetings and on other occasions. From the Group Legal & Compliance Dept., the full-time Audit & Supervisory Committee Members receive monthly reports. The full-time Members also require the Group Human Resource Dept. to make reports on a monthly basis to confirm the preparation and operating status of the personnel system and the labor management status.

(vi) Regular reports from finance & accounting departments

On occasion of quarterly financial results, the Audit & Supervisory Committee receives reports on the Company's and the Group's financial positions from the Director in charge of finance and accounting at its meetings and confirms whether information on financial affairs is properly disclosed. While the Audit & Supervisory Committee Members exchange opinions with Group CFO (as mentioned in (iii) above) at the meeting, the full-time Members communicate with Group CFO as necessary to provide advice and make proposals as needed.

(vii) Inspection of documents on important decisions

While the full-time Audit & Supervisory Committee Members inspect internal approval documents and important contracts, they also explain documents presented at important meetings, including those of the Management Committee (as mentioned in (ii) above), at monthly meetings of the Committee.

(viii) Audits of subsidiaries

The full-time Audit & Supervisory Committee Members concurrently act as Audit & Supervisory Board Members at the Company's subsidiaries. They attend Board of Directors meetings, hear management policies, business conditions and others from Directors and other executives thereof and receive reports on audit conditions from other Audit & Supervisory Board Members of each subsidiary. As necessary, they visit subsidiaries (including overseas concerns) for on-the-spot audits.

(ix) Hearings with general managers of departments

With the aim of grasping the situation of business execution at the Company, the full-time Audit & Supervisory Committee Members hold meetings with the general managers of departments as necessary to know about the management policies, business conditions, issues to be dealt with and other matters.

(x) Reports from and exchange of opinions with Accounting Auditor

Apart from its monthly meetings, the Audit & Supervisory Committee holds five meetings during a year. All of the Members attend the meetings and receive reports from the Accounting Auditor (Auditing Firm) about the outlines of its audit plans, quarterly reviews, end of year audits, internal control audits in association with financial reporting and other matters. By doing so and exchanging opinions with the Accounting Auditor, the Audit & Supervisory Committee confirms the adequacy of the methods and results of accounting audits. Along with this, the Audit & Supervisory Committee receives reports from the Accounting Auditor about the quality control system of accounting audits to secure the Accounting Auditor's independence, compliance and other attributes and to ensure that the duties thereof are appropriately exercised, and the Members exchange opinions and make confirmation in this regard. The full-time Members also communicate with the Accounting Auditor as necessary.

c. Main items on agenda at meetings of Audit & Supervisory Committee

During the fiscal year ended March 2020, the Audit & Supervisory Committee considered, discussed and determined the following items:

(About structure and operations of Committee)

- Agreed with the Company's proposal on the election of a Director who is an Audit & Supervisory Committee Member
- Elected Committee Chairman and full-time Members

(About Committee's audits)

- Compiled basic audit plans
- Agreed with the Group Internal Audit Dept.'s internal audit plans
- Prepared an audit report

(About Accounting Auditor)

- Agreed with compensation, etc. for the Accounting Auditor
- Revised the criteria for evaluating and selecting the Accounting Auditor
- Determined the suitability of reappointment of the Accounting Auditor based on the evaluation thereof

(About nomination, compensation, etc. of Directors)

- Determined opinions about the election, compensation, etc. of Directors who are not Audit & Supervisory Committee Members

(3) Accounting Audits

a. Name of auditing firm
   Ernst & Young ShinNihon LLC
   The Company appointed Ernst & Young ShinNihon LLC as the Accounting Auditor pursuant to the Companies Act.

b. Consecutive period of auditing
   Since June 2004

c. Certified Public Accountants involved in auditing
   Certified Public Accountant/ Designated and Engagement Partner Shuji Kaneko
   Certified Public Accountant/ Designated and Engagement Partner Toru Nakagiri
   Certified Public Accountant/ Designated and Engagement Partner Natsuki Saiki
   Ernst & Young ShinNihon LLC takes measures to ensure that Engagement Partners do not continue their involvement in NREH accounting audits for more than seven consecutive accounting periods (five accounting periods for Head Engagement Partners at listed companies).

d. Assistants involved in auditing
   Certified Public Accountants: 6/ Part-qualified Accountants, etc.: 5/ Other: 8

e. Policy and reasons for selection of Accounting Auditor

The Audit & Supervisory Committee established the standards concerning the evaluation and selection of Accounting Auditors. When a need arises to select an Accounting Auditor, the Audit & Supervisory Committee chooses an appropriate audit firm after it obtains necessary information from candidates, hold interviews and make questions focused on the quality assurance systems, independence, audit execution systems and estimates for audit fees.

Furthermore, the committee discusses and determines the appropriateness of reappointment of the Company's Accounting Auditor and the team engaged in the audit each year after it obtains necessary information and receives reports from the Accounting Auditor and considers the execution conditions of its duties (including the execution conditions in the previous fiscal years), based on the above evaluation criteria for the Accounting Auditor.

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Committee Members. In addition, notwithstanding the above, if it is recognized that the Accounting Auditor's fulfilment of appropriate auditing would be difficult due to the occurrence of reasons that compromise the eligibility or independence of the Accounting Auditor, the Audit & Supervisory Committee shall propose the dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

f. Evaluation of the Accounting Auditor by the Audit & Supervisory Committee

The Audit & Supervisory Committee judges it proper to reappoint the current audit firm based on the evaluation from the aspects of the audit firm's quality management conditions, independence of the audit team in charge of the Company and expression of its professional skepticism, appropriateness of audit fees, effectiveness of communication between management and the Audit & Supervisory Committee and response to fraud risks.

(4) Liability Limitation Agreement

The Company has executed liability limitation agreements in Article 423, Paragraph 1 of the Companies Act with directors other than executive directors including Atsushi Yoshikawa, Tetsuro Higashi, Shoichi Nagamatsu, Takao Orihara, Yasushi Takayama, Akira Ono, Yoshio Mogi, Akiko Miyakawa, and Tetsu Takahashi under the provision of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under said agreement is the sum of the amounts specified in the provisions of Article 425, Paragraph 1 of the Companies Act. Moreover, the liability limitation is valid only when said directors other than executive directors perform their responsible duties in good faith and without gross negligence.

3. Reason for Selecting the Current Corporate Governance System

(Translation)

The Company has adopted an Audit & Supervisory Committee governance structure. The Company grants Directors who are also Audit & Supervisory Committee Members voting rights at the Board Meetings, which enhances audit and supervision functions.
Furthermore, by accepting a number of External Directors and establishing an Advisory Committee Relating to Nominations and Compensation the Company will strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, and the Company has also established risk management, compliance and internal audit systems, each of which report regularly to the Board of Directors. Such reports enable the Board to effectively supervise the execution of business operations by directors and executive officers.

(Translation)

III. Measures for Shareholders and other Stakeholders

1. Vitalization of Shareholders' Meetings and Facilitating the Exercise of Voting Rights

	Supplementary information
Early delivery of notice of convocation of general shareholders' meetings	Announcement of general shareholders' meeting is generally delivered earlier than the legal term (2 weeks prior to the date of meetings). In 2020, announcements were sent on June 8th for the meeting scheduled to be held on June 23rd.
Exercise of voting rights by electronic means	Since the June 2010 general shareholders' meeting, NREH has allowed the exercise of voting rights via the Internet through an electronic voting platform for institutional investors operated by the ICJ.
Provision of notice of convocation in English	Since the general shareholders' meeting held in June 2017, NREH has also announced meetings in English.
Other	NREH announces general shareholders' meetings on its official website in both Japanese and English.

2. Investor Relations Activities

	Supplementary information	Explanation by an NREH representative
Creation and announcement of Disclosure Policy	NREH provides accurate, fair, timely, and accessible financial statements and information regarding corporate strategy, and posts its "Disclosure Policy" on its official website and "V. Others 2. Other Matters Related to Corporate Governance System, etc." of this report. Furthermore, NREH complies with the "Fair Disclosure Rules" based on the Financial Instruments and Exchange Act, working to provide fair information disclosure. Disclosure Policy: https://www.nomura-re-hd.co.jp/english/ir/management/disclosure_policy.html	

(Translation)

Holding regular meetings for individual investors	NREH regularly holds company information sessions for individual investors at IR events held by the Tokyo Stock Exchange and branches of securities companies.	No
Holding regular meetings for analysts and institutional investors	NREH regularly holds earnings briefings at the time of announcing annual and semi-annual results. The representative delivers an overview of earnings results and explains corporate strategy, and the streaming of earnings briefings is provided on the Company's website. NREH also conducts a conference call on the days when quarterly earnings results are announced, briefing sessions for business activities and property tours to help analysts and investors to better understand the Company.	Yes
Holding regular meetings for foreign investors	Although NREH does not hold regular meetings for foreign investors, it regularly provides financial closing information and streaming of earnings briefings in English for foreign investors. In addition, company representatives or Directors visit institutional investors in the U.S.A., Europe, and Asia to explain its business and financial strategies and promote their understanding.	Yes
Disclosure of IR materials on the website	The Company's website provides financial information, timely disclosure documents, and the streaming of earnings briefings and general meeting of shareholders. Investor Relations: http://www.nomura-re-hd.co.jp/english/ir/	
Establishment of IR department (officer)	NREH has Corporate Communications Dept. with full-time staff in charge in order to provide accurate, fair, timely, and accessible financial statements and information regarding corporate strategy and financial information.	

(Translation)

3. Status of Approaches to Prioritizing Stakeholder Interests

	Supplementary information
Internal regulations for the prioritization of stakeholder interests	The management structure of the Nomura Real Estate Group is designed to maximize stakeholder trust and satisfaction through the timely publication of corporate information, the pursuit of environmentally-friendly business activities, and social contributions guided by the Nomura Real Estate Group Code of Action.
Promotion of environmental protection activities and CSR activities	NREH established its Sustainability Committee and Sustainability Management Dept. with the goal of enhancing the effectiveness of sustainability activities throughout the entire Group. NREH focuses on four priority areas, safety and security, environment, community, and health and well-being. Activities to create value in society based on these areas are reported both internally and externally in NREH CSR Reports. CSR Reports: https://www.nomura-re-hd.co.jp/english/csr/download/
Other	NREH realizes its responsibility to continue growing with its customers and contributing to the society it serves through the development of social capital in the form of high quality housing and office buildings, and the provision of diverse real estate services. In order to achieve this mission, NREH focuses on the realization of high profitability and growth, as well as the continued improvement of corporate value throughout the entire Group. NREH also prioritizes the timely and fair provision of useful information, including matters that are not subject to statutory disclosure, through our website and via financial results briefings.

IV. Internal Control System

1. Basic Concept and Status of the Internal Control System

1. Ensuring Director and Executive Officer Compliance with Laws, Regulations, and Articles of Incorporation

(1) The NREH Board of Directors established the Nomura Real Estate Group Code of Action as a guide to individual employee behavior in achieving maximum stakeholder trust and satisfaction, and in making meaningful contributions to society. Directors and Executive Officers shall take the initiative in ensuring compliance with the Code of Action.

(2) The NREH Board of Directors established Board of Directors Regulations and the Regulations

Primarily Regarding Organizations and Resolutions to govern discussions and reporting at Board Meetings. Directors and Executive Officers shall execute business in accordance with these Regulations.
(3) The execution of business by Directors and Executive Officers shall be audited by the Audit & Supervisory Committee.

2. Handling and Retention of Information regarding Business Execution of Directors and Executive Officers
Information Security Provisions have been established to stipulate the handling and retention of shareholder and board meeting minutes, and other documents related to the execution of business by Directors (excluding those who serve as Audit & Supervisory Committee Members) and Executive Officers so that Directors and Executive Officers may access it when necessary.

3. Regulations on Risk Management for Loss and Other Systems
(1) The Board of Directors shall exercise overall control of risk management in accordance with the Risk Management Regulations, develop a system to ensure effective mutual check functions, allocate appropriate personnel, provide education for the cultivation of human resources, emphasize the importance of risk management to all employees, and create appropriate measures to prevent risk.
(2) To deliberate on management risks, NREH has designated Management Committee as the entity responsible for integrated risk management, and has established Risk Management Committee under the Management Committee consisting of Directors and Executive Officers of the Company and other Group Companies designated by the Board of Directors to periodically monitor, assess, and analyze risks, and discuss basic principles for the establishment of measures to prevent risks that may occur during corporate management and business expansion, to respond when risks develop, and to prevent recurrence in accordance with the Risk Management Regulations and the Rules Regarding Meeting Structure. Also, the Company established the Group Risk Meeting, which is composed mainly of Directors and Executive Officers from several group companies that were designated by the chair of the Risk Management Committee, and shares risk information and relevant policies throughout the group.
The Risk Management Committee and the Group Risk Meeting shall in principle meet every other month or when necessary, and shall report the content of discussions to the Board of Directors greater than once every three months.
(3) When a time-critical risk is identified, Executive Officers and Managers of NREH Departments in charge of risk management, PR, management of related companies, corporate administration, and finance at the Group Companies stipulated by the Risk Management Regulations, as well as the chair of the Risk Management Committee shall discuss and determine basic principles for measures in accordance with the Risk Management Regulations, and NREH and its Group Companies shall

respond in line with these basic principles.

4. Ensuring Efficiency in the Execution of Business by Directors and Executive Officers

(1) To facilitate decisions regarding the business, certain matters determined by resolution of the Board of Directors shall be approved by the Management Committee or other internal approval system.

(2) To enhance Group management, an executive officer system shall be established to divide roles into management and business execution.

(3) The Board of Directors shall appoint Executive Officers for the execution of Company business. Individual Executive Officers shall execute business within the scope and content of duties based on internal regulations and in accordance with Company policies determined by the Board of Directors, decisions made by the Management Committee and the directions of the Chief Executive Officer.

(4) The Board of Directors shall create annual budgets and medium-term business plans, and perform monthly progress management. The results of monthly progress management shall be reviewed and reflected to the business.

5. Ensuring Employee Compliance with Laws, Regulations, and Articles of Incorporation

As a holding company, NREH established the following system to ensure compliance throughout the entire Group.

(1) NREH established the Nomura Real Estate Group Code of Action as a guide to individual employee behavior in achieving maximum stakeholder trust and satisfaction, and in making meaningful contributions to society. NREH shall ensure that all employees comply with the Code of Action.

(2) NREH established the Risk Management Committee and Group Legal & Compliance Dept. and promotes continual education and enlightenment activities to increase awareness of Compliance throughout the entire Group for Officers and Employees.

(3) NREH established the Nomura Real Estate Group Helpline as an internal reporting system for use throughout the Group companies. Consultation services are available at both internal (the Group Legal & Compliance Dept. and Chairman of the Risk Management Committee) and external (NREH lawyer and outsourcing contractors) locations. Such reports remain strictly confidential to prevent prejudicial treatment of the relevant informants.

6. Ensuring Appropriate Business Execution by Group Companies including NREH, its Parent Company, and Subsidiaries

Nomura Real Estate Group consists of NREH and its subsidiaries. The Group established the following structures to ensure appropriate business execution.

(1) NREH established the Nomura Real Estate Group Code of Action as a guide to individual employee behavior in achieving maximum stakeholder trust and satisfaction, and in making

meaningful contributions to society. NREH shall ensure that all employees comply with the Code of Action.

(2) NREH established a Management Committee to discuss important matters regarding Group management, issues related to execution of business at overall group companies as well as risks concerning to Group management, and to determine issues related to execution of business at overall group companies. Through these efforts, it aims to unify the Group's management intentions.

(3) NREH established the Risk Management Committee to discuss disaster risks and internal risks over the entire Group and to promote the sharing of information.

(4) NREH has established Group Organizational Management Regulations that require Group Companies to discuss with or report to NREH in advance when determining important matters.

(5) NREH established the Group Internal Audit Dept. to review the internal audits performed by Group Companies to ensure compliance with Internal Audit Regulations, and promote the maintenance and improvement of audit quality throughout the entire Group.

(6) NREH established the Sustainability Committee and the Sustainability Management Dept. and promotes continual education and enlightenment activities to increase awareness of CSR and ESG throughout the entire Group.

(7) NREH established the Nomura Real Estate Group Risk Helpline as an internal reporting system for use throughout the Group companies. Consultation services are available at both internal (the Group Legal & Compliance Dept. and Chairman of the Risk Management Committee) and external (NREH lawyer and outsourcing contractors) locations. Such reports remain strictly confidential to prevent prejudicial treatment of the relevant informants.

7. Ensuring the Reliability of Financial Reporting

NREH established common Internal Control Regulations for Financial Reporting for Group Companies in accordance with the Financial Instruments and Exchange Act and other related laws to ensure the reliability of Nomura Real Estate Group financial reporting, and to perform and evaluate the effectiveness of internal control regarding financial reporting.

8. Matters regarding Directors and Employees who support the execution of duties by the Audit & Supervisory Committee/ Matters regarding the independence of the relevant Directors and Employees from Other Directors (excluding those who serve as Audit & Supervisory Committee Members)/ Matters regarding assurance of the effectiveness of instructions by the Audit & Supervisory Committee to the relevant Directors and Employees.

NREH established Audit & Supervisory Committee Dept., to assist Audit & Supervisory Committee, and assigns Employees to perform duties in accordance with the directions and orders issued by Audit & Supervisory Committee Members. The Directors shall obtain the consent of the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee with respect to

personnel changes regarding such Employees.

9. Systems designed to enable Directors, Executive Officers and Employees to report to Audit & Supervisory Committee, systems concerning reporting to Audit & Supervisory Committee from Directors, Executive Officers, Audit & Supervisory Board Members and Employees at subsidiaries or those who receive reports from such Directors, Executive Officers, Audit & Supervisory Board Members and Employees at subsidiaries, and systems to ensure the prevention of prejudicial treatment of the relevant informants

(1) When matters arise that may result in significant damage to NREH or Group Companies or violate laws or the articles of incorporation arise, Directors, Executive Officers and Employees at NREH and the Group Companies, and Audit & Supervisory Board Members at the Group Companies shall immediately report such to Audit & Supervisory Committee.

(2) The Group Internal Audit Dept. shall report to the Audit & Supervisory Committee the results of internal audits and their improvements, and evaluations of the internal control related to financial reports.

(3) Upon request from the NREH Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee, Directors, Executive Officers, and Employees of the Company and the Group Companies shall report the status of business at their respective companies.

(4) The Risk Management Committee Chairman shall report the content of reports submitted to the Nomura Real Estate Group Helpline to the Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee.

(5) Informants described in (1) to (4) above shall be protected against prejudicial treatment.

10. Matters concerning policies on the handling of expenses or debts resulting from the execution of the duties by Audit & Supervisory Committee Members, including procedures for the advance payment or indemnification of expenses

NREH shall bear the expenses for the execution of duties by Audit & Supervisory Committee Members. The Audit & Supervisory Committee may hire lawyers, public accountants, consultants, or other external advisors as necessary to execute audits.

11. Ensuring Effective Auditing by the Audit & Supervisory Committee

(1) Audit & Supervisory Committee shall periodically exchange opinions with the President.

(2) Audit & Supervisory Committee Members shall share the responsibility of participating in important meetings, such as Management committee and others, to gather information and express opinions on the execution of business.

(3) Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee may question the Company and its Group Companies about explanations or reports on the execution of

duties, and investigate the state of business and finances when necessary.
(4) The Audit & Supervisory Committee shall promote close cooperation with the Accounting Auditor and the Group Internal Audit Dept. through the periodical exchange of opinions and information on audits.
(5) The Group Internal Audit Dept., shall obtain consent of the Audit & Supervisory Committee for the establishment of internal audit plans. In addition, the Audit & Supervisory Committee may provide the Group Internal Audit Dept., advice and instructions on changes in internal audit plans, additional audits, and necessary surveys, etc., when necessary.
(6) Directors shall consult with the Audit & Supervisory Committee in advance with respect to changes in responsible personnel at the Group Internal Audit Dept.

2. Basic Policy regarding the Exclusion of Anti-social Forces

In its Code of Action, the Nomura Real Estate Group has established a basic policy of rejecting all relationships with anti-social forces, and resolved to not undertake any business transactions with anti-social forces or anti-social groups.

Nomura Real Estate Group Code of Action, Article 29 (Exclusion of Anti-social Forces)
Nomura Real Estate Group rejects all relationships and business transactions with anti-social forces, groups or individuals that pose a threat to social order and security, or impede fair economic activities.

In terms of specific action in accordance with this basic policy, the Group has prepared a manual and established internal structures including an administrative department to promote organized responses together with appointing managers for preventing illegitimate demands. The Group also engages in specific responses to prevent anti-social forces becoming involved with management activities and to prevent any damage from being caused by these forces, working appropriately in consultation with specialized external agencies such as lawyers and the police, and forming links with them.

(Translation)

V. Others

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	None

Supplementary Information

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2. Other Matters Related to Corporate Governance System, etc.

Disclosure Policy

1. Corporate Policy regarding Timely Disclosure

Nomura Real Estate Group strives to disclose important information to shareholders and investors in a timely, accurate, and fair manner with the goal of fulfilling our social responsibility in accordance with the Group Philosophy and Code of Conduct.

2. Internal System for Timely Disclosure

(1) The Collection of Information

The Chief Information Officer (the responsible Corporate Executive in the Corporate Communications Dept.) collects information from the person in charge in each department via the organizational unit in charge of information collection (Corporate Planning Dept.) on a centralized basis. The Chief Information Officer collects group-company information from the person responsible for the handling of information at each group company via the organizational unit in charge of information collection (Corporate Planning Dept.). The Chief Information Officer collects all critical facts via the Chairman of the Risk Management Committee.

(2) Determination of Need for Disclosure

When the determination of the need for disclosure of information collected through the above-mentioned internal system is required, the Chief Information Officer (the responsible Corporate Executive in the Corporate Communications Dept.), where appropriate, organizes an information disclosure examination team consisting of the General Managers and Corporate Executives in the relevant departments, and discusses the need for and content of disclosure and reports to the President.

(3) Timely Disclosure

The organizational unit in charge of timely disclosure (the Corporate Communications Dept.) discloses information by order of the Chief Information Officer when disclosure is required in accordance with the Timely Disclosure Rules or is determined to be necessary for other reasons. To facilitate timely

disclosure, the organizational unit in charge of timely disclosure creates documents to be released and releases the required information upon approval from the Chief Information Officer. Furthermore, NREH complies with the “Fair Disclosure Rules” based on the Financial Instruments and Exchange Act, working to provide fair information disclosure.

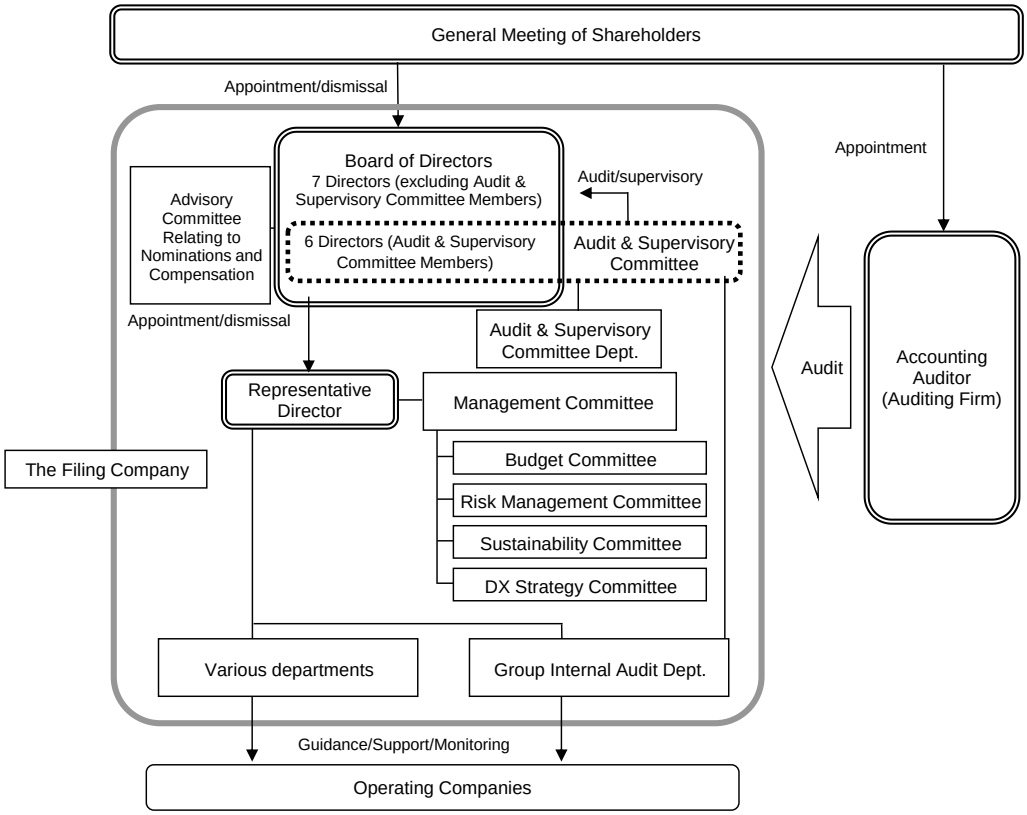
3. Monitoring of the Timely Disclosure System

NREH has established the Group Internal Audit Department to monitor the operation of the above-mentioned timely disclosure system. Audit & Supervisory Committee Members, who are selected by the Committee, ensure whether the timely disclosure system is functioning appropriately by attending major meetings including the Board of Directors’ Meeting, hearing of reports from Directors, and inspecting documents.

Under the system described above, the Company strives to the accuracy and adequacy of the information to be disclosed.

(Translation)

<Corporate Governance System>



(Translation)

< Timely Disclosure System >

