

Section 3

Nomura Real Estate Group's Management Base

This section outlines our proactive efforts to enhance corporate governance, including the implementation of a performance-based stock incentive plan, as well as our measures to improve management transparency.

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Shinjuku Nomura Building (Nomura Real Estate Holdings, Inc. headquarters)



Atsushi Yoshikawa
Chairman of the Board of Directors



Makoto Haga
Director and Executive Officer
Supervisor of Management Division

The Evolving Governance of Nomura Real Estate Holdings

Increasing Corporate Value through Our Nomination and Compensation Systems

In 2015, Nomura Real Estate Holdings transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, and in 2016, established the Advisory Committee Relating to Nominations and Compensation in order to strengthen corporate governance. The Company also introduced a new compensation system after a resolution at the 14th Ordinary General Meeting of Shareholders held in June 2018. Taking into consideration that the real estate business is characteristically long-term, the Company has introduced a share-based incentive program that is based on the ability to meet earnings goals over a three-year period. That will increase awareness of contributions toward improved corporate growth and greater earnings in the medium to long term. Atsushi Yoshikawa, chairman of the Board of Directors, and Makoto Haga, Head of the Management Division, discussed the goals of this new compensation system, the effect it will have on future management, and the activities and circumstances regarding the Advisory Committee Relating to Nominations and Compensation.

Effects of Establishing the Advisory Committee Relating to Nominations and Compensation

Yoshikawa: One year has passed since I took on the role of chairman of the Board of Directors in June 2017. In February 2016, the Company established the Advisory Committee Relating to Nominations and Compensation as a consulting body that reports to the Board of Directors to enhance its

independence, objectivity, and accountability in matters related to the nomination and compensation of management members and members of the Board of Directors. In its first year, the committee focused on sorting out various issues related to the methods of compensation and nomination for the Board

of Directors, taking into account the circumstances of the Company, and making comparisons with other companies, with the cooperation of experts on these matters. In 2017, its second year, the committee continued discussions regarding the introduction of a more concrete system.

Through these discussions, I think the external directors of the committee have been able to obtain a considerable amount of information, including on the personalities of key executives, reasons for appointment, and compensation structure. They have also been able to compare this information against the cases of other companies. As a result, I believe discussions have been beneficial for both nomination and compensation by clarifying the roles of each position,

formulating selection criteria, and determining the number of positions required. Deepening the awareness of stakeholders has led to meaningful discussions.

Haga: It certainly is quite the achievement to have shifted ways of thinking over the course of a single year. Instead of appointing directors based on length of employment and sheer individual performance, by backcasting, we have been able to think about the positions, skills, and experience that are required for the Group's growth and development. We now employ a third party when evaluating the board's effectiveness to confirm the adequateness of the board members.

Updating the Compensation Process

Yoshikawa: In our 2017 Integrated Report, we expressed our intention to review our compensation policy in response to the Corporate Governance Code, designing a detailed compensation structure. With the cooperation of an external consulting company, we began reviewing the system in 2016, and the Advisory Committee Relating to Nominations and Compensation began discussing specific reviews of the system in 2017. These discussions were centered on the implementation of a system that would place greater emphasis on the importance of increasing corporate value in the medium to long term while not becoming overly technical. Our compensation system consisted of a base salary—or fixed part—as well as cash bonuses and stock options, or variable part. This was thought to be a mechanism to share interests with our shareholders. We incorporated the concept of time into the system because

the real estate industry is clearly a long-term business. I believe that compensation systems should lead to the maintenance of high motivation and maximization of performance.

Haga: As a general rule, it takes a long time for companies in the real estate industry to generate profits compared with manufacturers that handle consumer goods. It goes without saying that accumulating short-term profits does lead to the mid- to long-term growth of corporate value, but if one wants to make a serious commitment to sustainable growth for the longer term, I believe that a strong commitment to improving profits for the next several years is the key to increasing corporate value. This is especially true for the real estate industry because it is a long-term business. The newly designed

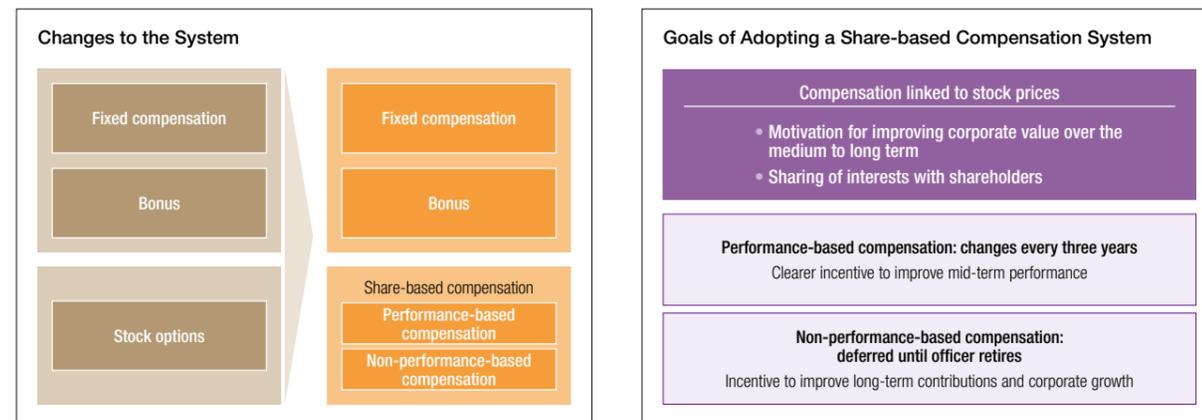
compensation system consists equally of fixed and variable parts. Furthermore, variable compensation comprises both short-term and long-term incentive bonuses. Long-term incentive bonuses include a share-based incentive program and is based on the degree of achievement of earnings goals at the end of the third year and the restricted stock compensation plan. I believe that a system with the mechanism to provide compensation in proportion to the achievement of mid- to long-term performance is well-suited to the real estate industry.

Yoshikawa: Senior management, including the Company's directors, must render a concrete business plan in their field to increase entire the corporate value of the Group. By implementing share-based compensation linked to earnings at the end of the third year, we hope to send a message both internally and externally that we will greatly accelerate our mid- to long-term growth strategies in line with the direction of each business unit. I believe that we have a system in place that

will allow all of our employees and officers to concentrate on sustainable profit growth.

Haga: Rather than just look at performance within a single year, we need to look at the sustainability of that performance. Some businesses may have a short-term profit model, but if there is no consideration given to the medium to long term, they may end up with sluggish growth. To outperform other companies in the industry, we have formulated our long-term management plan so that each business unit must cooperate to achieve overall corporate value and maintain a mid- to long-term perspective for various tasks. When we acquire land, we have to check its price by taking into account not only its current state but also its mid-to long-term potential. By incorporating mid- and long-term incentives into our compensation system, I believe that awareness of not only yearly performance but also sustainable long term profits will spread throughout the Group.

New Compensation System (To be introduced in the fiscal year ending March 31, 2019)



Nomination and Compensation as a Means of Raising Corporate Value

Yoshikawa: At the same time, with the revisions made to the compensation system, we have reviewed the selection standard process and succession plan for the Board of Directors. We received input from external directors in our discussions. Our nomination and compensation systems should be viewed as wheels on the same vehicle. Our nominations to the board, much like compensation, should incorporate a mid- to long-term point of view that is not overly slanted toward short-term results. Another point to consider is succession. We need to evaluate whether a candidate is actively making efforts to cultivate the next generation of management personnel.



Haga: There are some salient questions that need to be kept in mind. What skills and experience of the management are necessary for the sustainable growth of the Group? What roles should each of its members fulfill? What is the appropriate compensation for them? If these questions are not asked, and if the compensation and nomination systems are not well integrated, then neither will function. I think that removing the notion of seniority as superiority and moving toward a pure merit compensation system based on the outcomes of expected roles are large steps in the right direction.

Yoshikawa: When determining the promotion of executive officers, the Advisory Committee Relating to Nominations and Compensation will request to the executive side an explanation regarding the reasons for nomination, background, and ability of the candidates. In addition, the committee will also inquire about his or her weakness and what forms of training the executive side will provide to the candidates to solve their issues.

In addition to general managers' meetings, the Board meetings, and Management Committee meetings, the committee also checks on the candidates at various other in-house events. The committee will perform comprehensive deliberations on performance at those events and the cases made by the executive side. If the CEO's opinions seem to be arbitrary and an election or promotion is unfair or impartial, the CEO's aptitude will be examined. This creates a positively tense atmosphere, but I think that it is very important to foster an environment that encourages the process of objective and transparent discussions regarding our next generation of senior management. The current Advisory Committee Relating to Nominations and Compensation consists of a non-executive internal director which is myself, and three external directors. I consider this to be a good balance for objective discussion.

Haga: I think that this is a good balance too. It should be a big challenge for part-time directors to properly judge candidates proposed by the executive side for appointment to the board or for promotion. I believe the most transparent process for judging

candidates is for a full-time, non-executive director such as Chairman Yoshikawa to gather a variety of personnel information and to incorporate the frank opinions of external directors.

Yoshikawa: To contribute to our new succession plan, current senior executives are required to file and submit reports to me that describe the skills and abilities required for each position and specific names of the candidates suitable for immediate office and those who will be suitable five years down the line. While this succession report serves as one of the materials for determining appointments and promotions, I think it also provides a good opportunity for the management team to review various duties and roles required and to see if there are things lacking. These reports will be accumulated in my office and kept on record for review by the Advisory Committee Relating to Nominations and Compensation. If the CEO or COO would like to consult with me about our human resources, I can also give my opinions based on this accumulated information as well.

Haga: I actually wrote the report myself as well and found invaluable insights. If you write down issues and concerns regarding candidates for succession, you are able to find out specific career training paths. I think that this is a very effective way to establish our succession plan and training policies as required by the Corporate Governance Code.

Yoshikawa: In addition to their appointments, we must maintain transparency in the dismissal process. In cases of fraud or violations of the law, we should consider these dismissals. Considering that the term on the Board of Directors is one year, not being reappointed in the following year essentially functions as the process for dismissal, provided that we follow the appropriate process. This process will be examined further as we move forward. The Board of Directors will continue to discuss our nomination and compensation systems in order to increase corporate value in the medium to long term and meet the expectations of our shareholders and other stakeholders.

Directors



Atsushi Yoshikawa

Chairman of the Board of Directors

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



Eiji Kutsukake

President and Representative Director, Group CEO

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



Seiichi Miyajima

Executive Vice President and Representative Director, Group COO

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



Toshiaki Seki

Executive Vice President and Representative Director, In charge of Group companies, Unit Manager of Property & Facility Management Business Unit

- Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
- Jun. 2003 Director of Nomura Real Estate Development Co., Ltd.
- Mar. 2007 Managing Director of Nomura Real Estate Development Co., Ltd.
- Apr. 2007 President and Representative Director of Nomura Living Support Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
- Apr. 2008 President and Representative Director, and Chief Executive Officer of Nomura Living Support Co., Ltd.
- Dec. 2010 President and Representative Director of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2013 Director of Nomura Building Management Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
- Apr. 2014 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd.
- Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Director of Nomura Real Estate Urban Net Co., Ltd. Chairman and Representative Director of Nomura Real Estate Partners Co., Ltd. (present) President and Representative Director of Nomura Real Estate Wellness Co., Ltd. (present)
- Jun. 2015 Director of MEGALOS CO., LTD. (present) (currently, Nomura Real Estate Life & Sports Co., Ltd.)
- Apr. 2018 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present) Director of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.) President and Representative Director of NF Power Service Co., Ltd. (present)



Hiroyuki Kimura

Director and Executive Officer, Group CFO and Head of Investor Relations

- Apr. 1984 Joined Nomura Real Estate Development Co., Ltd.
- Apr. 2009 Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2009 Director of Nomura Real Estate Holdings, Inc.
- Apr. 2010 President and Representative Director of Nomura Real Estate Investment Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Director of Nomura Real Estate Asset Management Co., Ltd.
- Director of Nomura Real Estate Capital Management Co., Ltd. (currently, Nomura Real Estate Asset Management Co., Ltd.)
- Oct. 2011 Managing Director of Nomura Real Estate Asset Management Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Jun. 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2013 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Jun. 2014 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)



Makoto Haga

Director and Executive Officer, Supervisor of Management Division, Corporate Communications Department

- Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
- Oct. 2010 General Manager of Management Planning Department of Nomura Real Estate Development Co., Ltd.
- Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Asset Management Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present) Director of NREG TOSHIBA BUILDING Co., Ltd. (present) Director of Nomura Real Estate Life & Sports Co., Ltd. Director of Geo Akamatsu Co., Ltd. Director of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.) Director of PRIME X Co., Ltd. Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Ltd. (present)



Shigeru Matsushima

Director (External)

- Apr. 1973 Joined Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry)
- Jun. 1998 Deputy Director-General for Agency of Industrial Science and Technology of Ministry of International Trade and Industry
- Sep. 1999 Director-General of Chubu Bureau of International Trade and Industry of Ministry of International Trade and Industry
- Apr. 2001 Professor, Faculty of Business Administration, Hosei University
- Mar. 2007 External Director of CAC Corporation (currently, CAC Holdings Corporation)
- Apr. 2008 Professor, Tokyo University of Science Graduate School
- Jun. 2008 External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
- Apr. 2012 External Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd.
- Jun. 2013 External Director of Nomura Real Estate Holdings, Inc. (present)



Satoko Shinohara

Director (External)

- Apr. 1983 Joined Kohyama Atelier (currently, Hisao Kohyama Atelier)
- May 1987 Director of Spatial Design Studio
- Oct. 1990 Director of Kengo Kuma and Associates
- Nov. 2000 Representative Director of Spatial Design Studio (present)
- Mar. 2009 Representative Director of Kengo Kuma and Associates (present)
- Feb. 2010 Representative Partner of Satoko Shinohara Living Design Institute LLC (currently, Living Design Institute LLC)
- Apr. 2010 Professor at Japan Women's University (present)
- Jun. 2014 External Director of Nomura Real Estate Holdings, Inc. (present)





Takao Orihara

Director (Audit & Supervisory Committee Member)

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



Akira Yamate

Director (Audit & Supervisory Committee Member) (External)

- Nov. 1977 Joined Price Waterhouse Japan
- Jul. 1991 Representative Partner of Aoyama Audit Corporation Partner of Price Waterhouse Japan
- Apr. 2000 Representative Partner of Chuo Aoyama Audit Corporation Partner of PricewaterhouseCoopers
- Sep. 2006 Representative Partner of PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC)
- Jun. 2013 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
- Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present) Outside Director of Mitsubishi UFJ Financial Group, Inc. (present) External Audit & Supervisory Board Member of Prudential Holdings of Japan, Inc. (present)



Shigeki Fujitani

Director (Audit & Supervisory Committee Member)

- Apr. 1981 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
- Apr. 2008 Executive Managing Director of Nomura Asset Management Co., Ltd.
- Oct. 2008 Executive Officer of Nomura Holdings, Inc.
- Apr. 2013 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)
- Jun. 2013 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc. Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present) Audit & Supervisory Board Member of Nomura Building Management Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.) (present)
- Apr. 2014 Audit & Supervisory Board Member of PRIME X Co., Ltd. (present)
- Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. (present) Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (present) Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)
- Jun. 2015 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)
- Jun. 2016 Audit & Supervisory Board Member of Nomura Real Estate Reform Co., Ltd. (currently, Nomura Real Estate Partners Co., Ltd.)
- Apr. 2018 Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. (present) Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd. (present)



Akira Ono

Director (Audit & Supervisory Committee Member) (External)

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



Satoshi Ogishi

Director (Audit & Supervisory Committee Member) (External)

- Dec. 1981 Registered with Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada (currently, Nishimura & Asahi)
- Jan. 1987 Partner of Nishimura & Sanada (currently, Nishimura & Asahi) (present)
- Apr. 2005 Professor of Tokai University Law School Executive Director of Nozomi Servicing Co., Ltd. (present)
- Aug. 2011 External Director of Oracle Corporation Japan (present)
- Jun. 2012 External Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
- Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

Executive Officers

Takashi Kaku

In charge of Quality Management and Architectural Design

Norio Ambe

In charge of Investment Management Business Unit

Juntaro Kimura

In charge of Property Brokerage & CRE Business Unit

Shigeyuki Yamamoto

In charge of Development Planning Unit

Minoru Hatada

In charge of Leasing Business Unit

Daisaku Matsuo

In charge of Residential Development Business Unit

Masaomi Katayama

In charge of International Business Dept.

Haruki Nakamura

In charge of Finance & Accounting Dept. and Finance Dept.

Yukio Ichihara

In charge of Group Internal Audit Dept., Group Legal & Compliance Dept., Group General Affairs & IT Strategy Dept., Secretariat, Internal Audit and Compliance

Yoichiro Ishikawa

In charge of Group Human Resources Dept.

Katsuya Tanaka

In charge of Corporate Planning Dept.

Corporate Governance

Basic Viewpoint on Corporate Governance

Nomura Real Estate Holdings believes that a company must be governed in a way that continuously maximizes corporate value over the long term while giving consideration to the interests of shareholders and all other stakeholders. It is based on this belief and in accordance with our Basic Corporate Governance Policy that we act as a holding company in managing and supervising the business activities of our subsidiaries and strive to build a highly transparent management organization, which in turn will enhance the earnings power of the entire Group.

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

Basic Corporate Governance Policy

Shareholder Rights and Securing Impartiality

Nomura Real Estate Holdings effectively maintains the same level of equality for every shareholder based on their shareholdings. We also strive to disclose information in a timely and appropriate manner so as to prevent information disparities among shareholders. Nomura Real Estate Holdings has a policy concerning strategic shareholdings that acknowledges contributions to improving the Company's corporate value from a comprehensive perspective of strengthening transaction relations with counterparties and strategic business tie-ups, etc.

We continuously examine the rationality of the holdings from the perspective of contributing to improving the Company's corporate value. The Company makes appropriate decisions when exercising voting rights related to strategic shareholdings based on whether holdings contribute to improving the Company's corporate value through the enhancement of investee companies' corporate value.

Appropriate Cooperation with Stakeholders

Relationship Building with Stakeholders

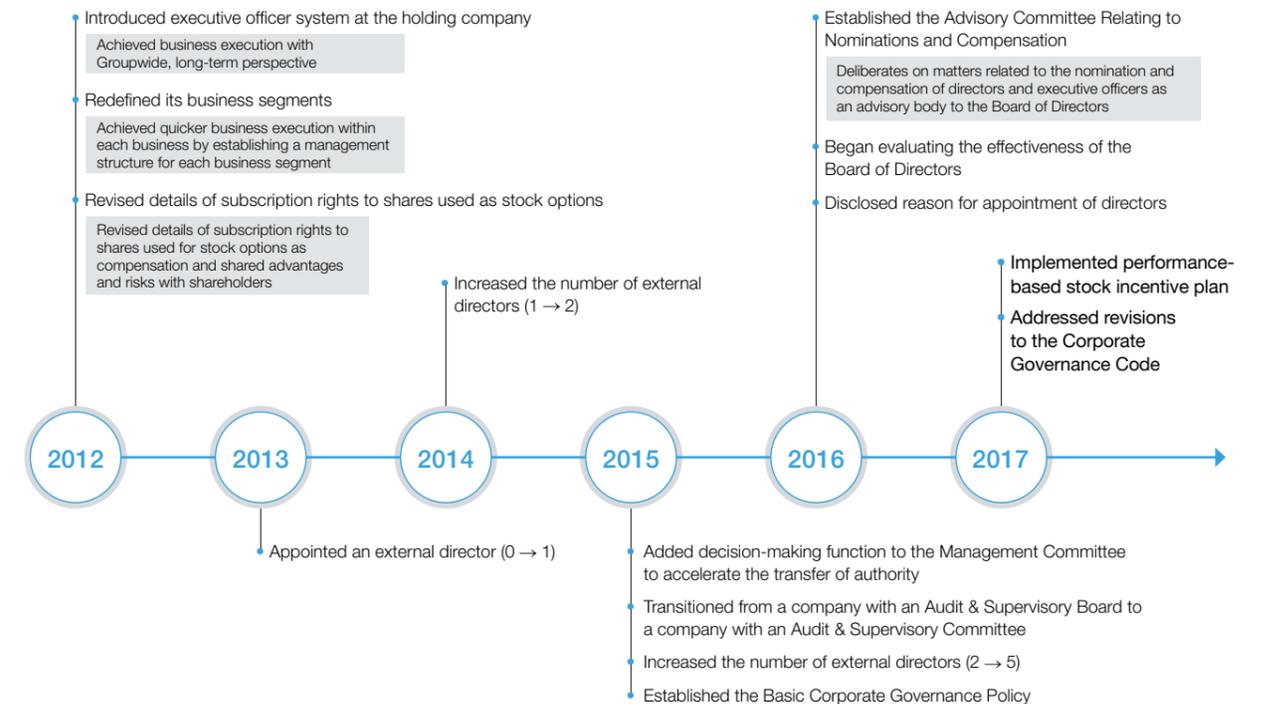
In recognizing that it is a member of society, the Nomura Real Estate Group has established the Nomura Real Estate Group Code

of Action as a set of relevant guidelines that will enable directors, executive officers, and employees to follow a set of highly esteemed ethics and social norms. We will continue collaborating as appropriate while closely considering the interests of shareholders, employees, customers, business partners, creditors, local communities, and other stakeholders.

Appropriate Information Disclosure and Transparency System for Disclosing Information

Nomura Real Estate Holdings strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act, Financial Instruments & Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system below indicates, the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department) collects information about the Company through the department responsible for information collection (Corporate Planning Department) from each business unit and Group company. If information must be reviewed to

The Nomura Real Estate Group's Efforts to Reinforce Corporate Governance



Status of Shareholdings

- a. Investment shares held for purposes other than pure investment and the total amount on the balance sheet: 13 stocks / ¥1,240 million
- b. Stocks, number of shares, amount on the balance sheet, and purpose for investment shares held for purposes other than pure investment

Stock	Number of shares	Amount on balance sheet (millions of yen)	Purpose
Onward Holdings Co., Ltd.	500,000	381	To enhance corporate value by strengthening business ties

- c. The total amount recorded on the balance sheet, dividends received, gains/losses on sale, and gains/losses on valuation of investment shares held for the purpose of pure investment in the fiscal year ended March 31, 2018

Category	Total amount on the balance sheet (millions of yen)	Total amount of dividends received (millions of yen)	Total amount of gains/losses on sale (millions of yen)	Total amount of gains/losses on valuation (millions of yen)
Non-listed shares	—	—	—	—
Other shares	1,394	34	0	770

determine whether timely disclosure is required, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible for related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by the department responsible for timely disclosure (Corporate Communications Department) at the instruction of the person responsible for information handling (Executive Officer in charge of the Corporate Communications Department).

The Group Internal Audit Department carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors' and other important company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

Risk Management System

Nomura Real Estate Holdings has established Risk Management Regulations as a set of basic principles on risk management, recognizing that ensuring sound management and appropriate comprehension of and responses to various business risks facing

the Group represents an important foundation of corporate governance. Within these regulations, we have established a flow of communication to the executive management team to promptly convey information in case of an unforeseen incident. The Risk Management Committee, comprising directors and executive officers of Nomura Real Estate Holdings and Group companies, has also been established. The committee meets monthly to deliberate on matters pertaining to risk management, compliance, and information security as they relate to the entire Group. It also discusses ways to respond to risks that do emerge and regularly reports to the Board of Directors.

Internal Audits and Audit & Supervisory Committee 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 each 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 Department in the holding company that, in collaboration with the auditing firm, supervises the internal audit functions of the entire Group and monitors and evaluates as well as audits each division within the Company. Also, the results of audits are reported at meetings of the Board of Directors and the Audit & Supervisory Committee. The Audit & Supervisory Committee receives regular reports from internal audit departments on the implementation and results of internal audits. When necessary, it can recommend or instruct additional audits or necessary investigations to be carried out. The Audit & Supervisory Committee also audits and supervises the execution of duties by directors and business operations by executive officers while cooperating with the auditing firm as needed. Audit & Supervisory Committee Members attend Board of Directors' and other important Company meetings and can request reports from business execution departments as necessary to collect information on Nomura Real Estate Holdings' execution of business operations. Nomura Real Estate Holdings has established an Audit & Supervisory Committee Department in order to aid the duties of Audit & Supervisory Committee Members. This office has its own dedicated staff who work to implement measures for increasing the effectiveness of audit operations. Nomura Real Estate Holdings has concluded an auditing contract with Ernst & Young ShinNihon LLC (the auditing firm). In addition to regular accounting audits by the auditing firm, the Company discusses and verifies accounting issues with the auditing firm as needed and strives to follow appropriate accounting procedures. Certified Public Accountants involved in auditing are listed below.

Auditing Firm and Certified Public Accountants (As of June 26, 2018)

Auditing Firm	Names of Certified Public Accountants	
Ernst & Young	Designated and Engagement Partner	Hidetsugu Kaneko
	Designated and Engagement Partner	Toru Nakagiri
ShinNihon LLC	Designated and Engagement Partner	Natsuo Saiki

*1. The length of auditing service of each of the abovementioned auditors is seven years or less; therefore, the number of years is omitted.
 *2. Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in our accounting audits over an extended period of time. Assistants involved in auditing are listed below.
 Certified Public Accountants: 4 / Assistant Certified Public Accountants: 6 / Other: 5

Compliance Systems

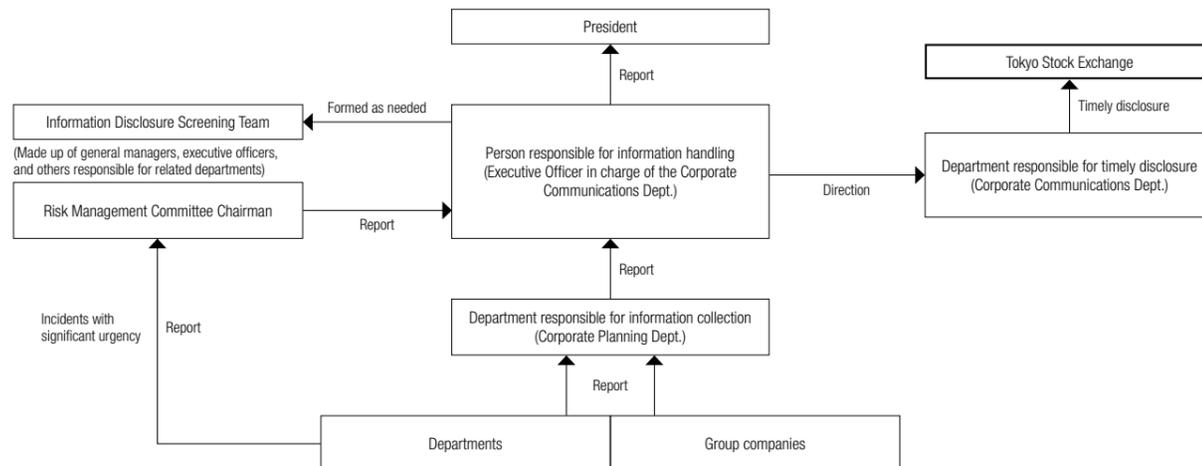
The Nomura Real Estate Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of its most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk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

Furthermore, based on our priority of collecting information regarding risks, the Company has set up the Nomura Real Estate Group Helpline as a point of contact for internal reporting by Group employees. Employees who use the helpline are ensured their information is kept confidential and they cannot be treated unfairly for reporting an incident using the helpline.

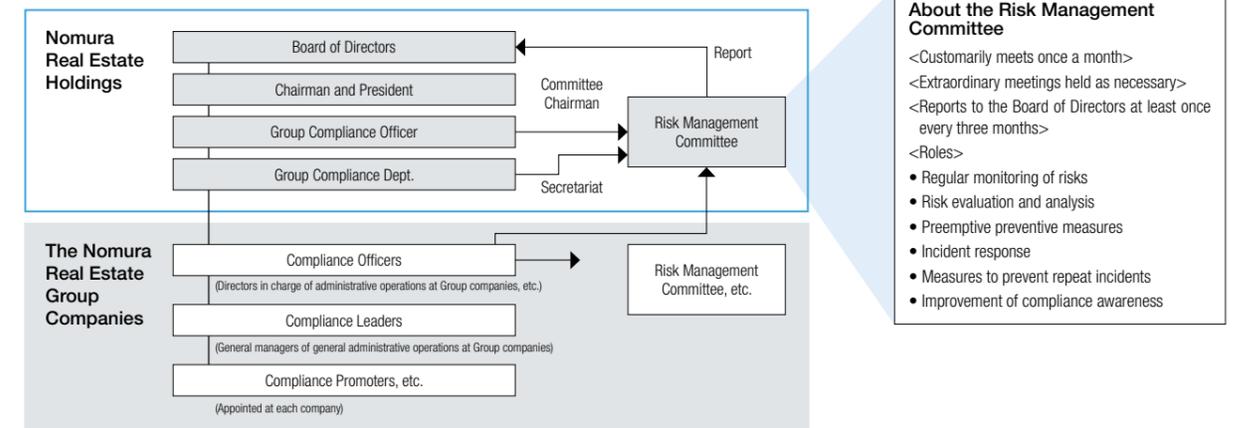
Flow of Communication



Timely Disclosure System



Compliance Promotion Framework and Risk Management Framework



About the Risk Management Committee
 <Customarily meets once a month>
 <Extraordinary meetings held as necessary>
 <Reports to the Board of Directors at least once every three months>
 <Roles>
 • Regular monitoring of risks
 • Risk evaluation and analysis
 • Preemptive preventive measures
 • Incident response
 • Measures to prevent repeat incidents
 • Improvement of compliance awareness

Obligations of the Board of Directors

Nomura Real Estate Holdings has selected the management format of a company with an Audit & Supervisory Committee in order to strengthen audit and oversight functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights during Board of Directors' meetings. We have also reinforced the oversight function of the Board of Directors by appointing multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation, which has enabled us to realize a fair and highly transparent management system. Additionally, we have established a risk management system, compliance system, and internal control system, with each reporting to the Board of Directors on a regular basis, which ensures the effectiveness of the supervision by the Board of Directors concerning the execution of directors' duties and business operations by executive officers.

Roles of the Board of Directors

The Board of Directors bears the responsibility to realize effective corporate governance for all shareholders and, by doing so, to continuously grow the Company and maximize long-term corporate value. To fulfill this responsibility, the Board of Directors ensures the fairness and transparency of management by supervising management and makes the best possible decisions for the Company through the determination of important business execution matters. The Board of Directors is made up of a diverse group of directors who possess various knowledge, experience, and skills in order to achieve the necessary balance and diversity as a holding company that manages a number of subsidiaries engaged in various business segments. Specifically, the Board of Directors comprises eight directors (excluding directors who serve as Audit & Supervisory Committee Members), of whom two are external directors, and five directors who are also Audit & Supervisory Committee Members, of whom three are external directors. The Board of Directors decides important corporate matters, such as basic management policies, and supervises the execution of duties by directors and business operations by executive officers.

Roles of Independent External Directors

The primary roles of independent external directors are to use their own knowledge to provide appropriate advice from the perspective of the sustainable growth of the Company and enhancing corporate value, to fulfill a supervisory role over management through important decision-making by the Board of Directors, to monitor for conflicts of interest between the Company and executive management or primary shareholders, and to state the views of shareholders and other stakeholders appropriately to the Board of Directors using a stance independent of the executive management team. Nomura Real Estate Holdings has established its own set of criteria for determining the impartiality of independent external directors, in addition to the requirements of independent officers established by the Tokyo Stock Exchange.

Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Members comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting.

The Audit & Supervisory Committee performs audits utilizing the Company's internal control system and receives periodic reports on internal audits and the results from the Internal Audit Department. The Audit & Supervisory Committee also has the authority to ask directors, executive officers, and business units of the Company and the Group to report such matters when necessary.

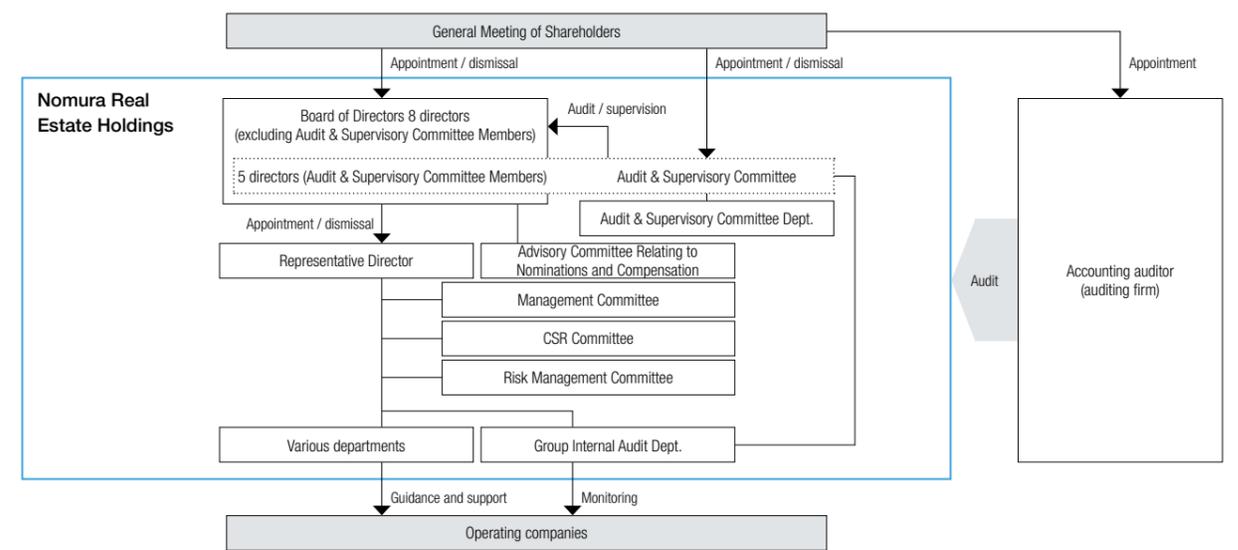
Criteria for Determining Impartiality of Independent External Directors (Article 14 of the Basic Corporate Governance Policy)

Article 14 In addition to Independent Director impartiality criteria set by the Tokyo Stock Exchange, the Board of Directors establishes criteria concerning the impartiality of Independent External Directors and nominates Independent External Directors having confirmed that they do not correspond to any of the following items.

- (1) Individuals who execute business for any other company with which the Company or its subsidiaries have a reciprocal employment relationship as each other's External Directors;
- (2) Individuals who are employees of the Company's or its subsidiaries' major business partners*1 or who are employees at companies that consider the Company or its subsidiaries to be their major business partner*1 (or individuals involved in the execution of business if such business partner is a corporation);
- (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million, in addition to Directors compensation from the Company or subsidiaries during the most recent business year;
- (4) Individuals affiliated to companies, etc., that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains*2 from the Company or subsidiaries;
- (5) Individuals who are or were involved in the execution of business at one of the Company's major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
- (6) Close relatives of individuals stated in (1) to (5).

*1 A major business partner means a business partner whose transactions with the Group exceed 2% of the Company's or such business partner's annual consolidated sales in the most recent business year.
 *2 Large sums of money or other property gains means gains that exceed 2% of that company's annual consolidated sales in the most recent business year.

Corporate Governance System



Advisory Committee Relating to Nominations and Compensation

In February 2016, Nomura Real Estate Holdings set up the Advisory Committee Relating to Nominations and Compensation, comprising mainly independent external directors, as an advisory body to the Board of Directors to strengthen the objectivity and impartiality functions of the Board of Directors in relation to director nominations and compensation. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation for directors and executive officers and reports the outcome of discussions to the Board of Directors.

Evaluating the Effectiveness of the Board of Directors

Directors conduct an annual self-assessment on the effectiveness of the Board of Directors and their contributions as a director, while the Board of Directors carries out an analysis and evaluation of the effectiveness of the entire Board of Directors, referencing the self-assessment of each director, and a summary of the results is disclosed appropriately. Annual evaluations will enable us to regularly ascertain the status of improvements and to further enhance the effectiveness of the Board of Directors.

Results of the Assessment of the Effectiveness of the Board of Directors

For the assessment of the effectiveness of the Board of Directors in fiscal 2018, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee Members) utilizing a third-party evaluation organization for the first time, to further improve the effectiveness of the Board of Directors. 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 appropriate on the whole.

An issue to consider going forward is that to enhance the capacity of the Board of Directors, it is advised that the Company invite directors with experience in corporate management and an abundant knowledge of overseas business and technology.

• Discussions

Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each director.

• Operation

Improvements were made in fiscal 2018 in such areas as ensuring distribution of materials prior to meetings and further clarifying the discussion points.

An issue to consider going forward is the need for improvements to conduct a thorough review of its details by utilizing the summary materials.

• Proposals

During fiscal 2018, the Company carried out operational improvements, such as narrowing down matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors' meetings.

An issue to consider going forward is the ensuring of adequate time for discussions on the Group's strategies and the consideration of themes to be deliberated, as well as the need to follow up on the contents of discussions.

Going forward, we hope to conduct an evaluation of effectiveness utilizing a third-party evaluation organization once every three years.

List of External Directors

Name	Audit & Supervisory Committee Member	Independent director	Supplemental explanation of compliance item	Reason for appointment as external director	Attendance record
Shigeru Matsushima	—	○	—	Mr. Matsushima has a wealth of knowledge and wide-ranging experience through his many years as an expert in business administration. He was appointed as an External Director since his experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management.	Attended 19 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018.
Satoko Shinohara	—	○	Ms. Shinohara is a professor at the Department of Housing and Architecture, Faculty of Human Sciences and Design, Japan Women's University	Ms. Shinohara has worked for many years as an architect and has gained a wealth of knowledge and experience in her field. She was appointed as an External Director since her experience will be instrumental toward strengthening oversight functions covering the Board of Directors and achieving fair and highly transparent management. Spatial Design Studio, for which Satoko Shinohara serves as Representative Director, has the above described transactions with Nomura Real Estate Development Co., Ltd. However, the transaction amount in the most recent business year represents less than 2% of the sales of said company and of the consolidated operating revenue of the Company.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018.
Satoshi Ogishi	○	○	Mr. Ogishi is a Partner at Nishimura & Asahi.	Mr. Ogishi has established a wealth of expertise and wide-ranging experience as an attorney-at-law. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system. The Company and its subsidiaries engage in transactions concerning legal services with Nishimura & Asahi, of which Satoshi Ogishi is a Partner. However, the transaction amount in the most recent business year represents less than 2% of the sales of said law office and of the consolidated operating revenue of the Company.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 12 of the 12 Audit & Supervisory Committee meetings held.
Akira Yamate	○	○	Mr. Yamate is an External Director of Mitsubishi UFJ Financial Group.	Mr. Yamate has been a Certified Public Accountant for many years and he has established a wealth of expertise and wide-ranging experience in his field. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 18 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 11 of the 12 Audit & Supervisory Committee meetings held.
Akira Ono	○	○	Mr. Ono is a Partner at Spring Partners.	Mr. Ono possesses a wealth of expertise and wide-ranging experience as an attorney-at-law with many years of professional experience in his field. He was appointed as an External Director and Audit & Supervisory Committee Member to reinforce the corporate governance system and further enhance the audit system.	Attended 19 of the 19 Board of Directors' meetings held during the fiscal year ended March 2018 and 12 of the 12 Audit & Supervisory Committee meetings held.

Director Compensation

At the Ordinary General Meeting of Shareholders held on June 26, 2018, it was determined that an yearly amount of not more than ¥550 million for directors (excluding those who are also Audit & Supervisory Committee Members) and on June 26, 2015, it was determined that an yearly amount of not more than ¥150 million for directors who are Audit & Supervisory Committee Members, will be paid as additional compensation for performance-based stock incentive. Moreover, as for performance-based stock incentive plan

at the Ordinary General Meeting of Shareholders held on June 26, 2018, it was determined that for each applicable period (three fiscal years) the Company's contribution to trust will not be an amount of more than ¥730 million while the number of shares delivered, etc., to the Company's directors will not be more than 423,000 shares. A decision was also made to implement a performance-based stock incentive plan in place of stock options for stock compensation from the fiscal year ending March 31, 2019 (please see page 80 for details).

Total Compensation, etc., Total Compensation, etc., by Type of Remuneration, and the Number of Directors Applicable (Fiscal year ended March 31, 2018)

Director category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type of remuneration (millions of yen)			Number of directors applicable
		Basic compensation, etc.	Stock option	Bonus	
Directors (excluding Audit & Supervisory Committee Members) (excluding external directors)	469	250	81	137	8
Directors (Audit & Supervisory Committee Members) (excluding external directors)	77	57	—	20	2
External directors and Audit & Supervisory Board Members	71	71	—	—	5
Total	618	379	81	157	15

Shareholder Engagement

Nomura Real Estate Holdings conducts proactive and constructive engagement with shareholders based on its established systems and policy on initiatives to promote greater engagement. The director in charge of investor relations takes the lead in engaging with shareholders, while the department in charge of investor relations supports these efforts. The department in charge of investor relations meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of investor relations reports the views and concerns of shareholders found during engagement to the executive management team, and regularly reports to the Board of Directors, which discusses this information. We have established Regulations Concerning the Prevention of Insider Trading in order to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, while a silent period has also been established.

Status of Investor Relations Activities

We strive to actively engage individual investors through investor relations fairs and Company information sessions conducted by the CEO and via the Internet. For analysts and institutional investors, at earnings briefings following our announcement of semiannual and annual results, the CEO sits down with them to explain about the Company's performance and management strategy. Videos of this explanation are streamed through our corporate website. Additionally, we strive to foster greater understanding in the Company through conference calls when quarterly earnings results are announced as well as through small meetings with the President and property tours.

For overseas investors, we offer earnings information in English and stream English-language versions of earnings briefings via our corporate website. In addition, the CEO or CFO visits with overseas investors individually in the United States, Europe, and Asia where they strive to promote understanding of the Company through briefings on business performance and management strategy.

We have been working to improve the disclosure section of our website in order to justly and fairly provide information to our investors. Consequently, the Company earned a silver award from Gomez IR Site Ranking for the fiscal year ended March 31, 2018. Our comprehensive rank was 35 (14 in the previous fiscal year), putting us fourth in the industry (first in the previous fiscal year).

Main IR Activities during the Fiscal Year Ended March 31, 2018

IR activities for institutional investors	Number of times held
Earnings briefings	2
Conference calls on the earnings announcement days	4
Meetings with investors and analysts (This number includes the following meetings)	478
Small meetings with the president	1
Overseas IR (Europe, U.S., Asia) (including overseas conferences)	9
Conference organized by securities companies (Japan)	6
Property tours	6
SR meetings	13

IR activities for individual investors	Number of times held
Company information sessions by CEO	1
IR fairs	1
Company information session via the Internet	1

Please Visit Our IR Site.

Japanese:

www.nomura-re-hd.co.jp/ir/

English:

www.nomura-re-hd.co.jp/english/ir/

Compliance with Japan's Corporate Governance Code

Our reasons for not implementing two of the 73 principles of Japan's Corporate Governance Code as of August 2018 are provided below. We are now working to implement these principles as soon as practicable. Moreover, we are planning to implement revisions by the end of 2018 in regard to the changes in the Corporate Governance Code announced on June 1, 2018.

Principle	Reason for not implementing
[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO (Planning)	The Company believes that the appropriate appointment of management in line with the Company's corporate philosophy and management strategies, including external candidates, is important for realizing sustainable growth. As for the plan for successors, the Company clarified the criteria for the appointment of officers, and established a process, the scope of which includes the Company's training policy, the management of each officer's evaluation, and their 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] Disclosure of Training Policy for Directors	The Company provides training that takes into consideration its corporate philosophy and management strategies. Specifically, in addition to being trained regarding corporate management such as financial and legal matters when an officer is appointed, the Company establishes opportunities to train such officers after appointment mainly by leveraging external training organizations and by rotating them through different organizational units to improve management capabilities. Also, the Company establishes opportunities for external directors to deepen understanding relating primarily to its business activities and operating environment. 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.