(Translation)

Corporate Governance Report

April 28.2016

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 Holding, 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 all the Principles of the Corporate Governance Code] Revised

[Principle 3-1] Enhance Information Disclosure

(3) Please refer to section "II-1. Organization Structures and Organizational Operations [Compensation of Directors]" of this report regarding the current compensation structure for directors.

The Company plans to examine our policy for determining directors' compensation together with our procedures when determining highly objective and transparent compensation, to make our policy more concrete based on our mid-to long-term management plan.

(4) When nominating and appointing director candidates and executive officers, the Company nominates and appoints individuals who have outstanding character, insight, and capabilities, irrespective of their nationality or gender. Specifically, the President consults with the Company's directors and executive officers and, prepares a list of candidates by, as necessary, exchanging opinions with officers at each Group company and interviews with potential candidates, and nominates and appoints director candidates and executive offices following discussion at a meeting of the Board of Directors.

Since no policy or procedures have been documented, the Company will in the future investigate the policy and procedures taken to appoint management and nominate candidates for director.

(5) Please refer to section "II-1 [Directors] Relationship with the Company (2)" of this report and the Notice of Convocation of Ordinary General Meetings of Shareholders regarding the reason for the nomination of candidates for external director.
The Company intends to disclose the reasons for the nomination of candidates for directors other than candidates for external directors in the Notice of Convocation of Ordinary General Meetings of Shareholders from Fiscal Year 2016.

[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO (Planning)
The Company provides training for executive officers and strives to train future management, by providing opportunities for initiatives that deepen their knowledge and experience as managers such as experiencing numerous divisions and attending important meetings, including Management Committee meetings.
The Company is aware 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. The Company will conduct investigations so that we can formulate a successor plan for management that includes the systematic training of officers, within Fiscal Year 2016.
The Board of Directors properly supervises formulated plans.

[Principle 4-14, Supplementary Principle 4-14-1, Supplementary Principle 4-14-2] Disclosure of Training Policy for Directors
The Company provides necessary managerial level financial and legal training when appointing executive officers. The Company also establishes, using Company expenses, opportunities to train such officers leveraging external organizations after appointment, and implements initiatives to deepen understanding relating to management. We also provide explanations pertaining to our business activities, history, and operating environment to external directors with the aim of deepening understanding at the time we appoint them and after their appointment if needed.
The Company is aware of the need to prepare a policy concerning the systematic training of directors and executive officers based on our corporate philosophy and management strategies. We will investigate formulating and disclosing such a policy during Fiscal Year 2016 together with a management successor plan.

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

[Principle 1-4] Disclosure of Policy Regarding Strategic Shareholdings and Criteria for Exercising Voting Rights
The Company has established the Basic Policy Concerning Strategic Shareholdings and the

Exercising Voting Rights Relating to 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] Disclosure of Framework for Related-Party Transaction Procedures
The Company has established an outline of procedures regarding transactions related with 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 3-1] Enhance Information Disclosure
(1) The Company has formulated a corporate philosophy and the Mid- to Long-term Management Plan. Please refer to the Company's website for details.
Group Philosophy: http://www.nomura-re-hd.co.jp/ english/company/philosophy.html
Mid- to Long-term Business Plan: http://www.nomura-re-hd.co.jp/ english/ir/management/plan.html

(2) The Company has formulated the Basic Corporate Governance Policy and established a basic viewpoint on 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

[Supplementary Principle 4-1-1] Disclosure of 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 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.

[Principles 4-8, 4-8-1, 4-8-2] Effective Use of Independent External Directors
The Company appoints five external directors, four of whom are designated as independent directors, and is working to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management. Please refer to section "II-1 [Directors] Relationship with the Company (2)" of this report for more details.
Furthermore, the Company's independent external directors exchange information and share knowledge at meetings of the Audit & Supervisory Committee and exchange opinions with management based on the support of the Corporate Planning Department, Secretariat, and Audit and

Supervisory Committee Department.
In the future the Company will examine structural improvements relating to more effective exchange of information among independent external directors, cooperation and coordination with management and cooperation with the Audit & Supervisory Committee.

[Principle 4-9] Disclosure of 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] Disclosure of 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] Disclosure of Concurrent Positions Held by Directors
Please refer to the Notice of Convocation of Ordinary General Meetings of Shareholders regarding the main concurrent positions held at other companies by directors.
Notice of Convocation of Ordinary General Meetings of Shareholders:
http://www.nomura-re-hd.co.jp/english/ir/ir_library/generalMeeting.html

[Supplementary Principle 4-11-3] Disclosure of Outline of the Results of Effectiveness Assessment Survey of All Directors
To improve the effectiveness of the Board of Directors the Company conducted an effectiveness assessment survey of all directors (including Audit & Supervisor Committee Members) and discussed the results at a meeting of the Board of Directors. The analysis and assessment of the results is outlined below.

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

Discussions
Discussions are free and lively, exceeding internal and external limits and leveraging knowledge

and experience of each Director.

Operation

Operations of the Board of Directors are broadly appropriate but it was pointed out that effectiveness should be improved by optimizing materials, briefings, etc. With regard to this, from March 2016 the Company is improving operations such as speeding-up the distribution of materials for gaining prior understanding of agenda items, is preparing materials that focus on issues, and is providing focused briefings at meetings of the Board of Directors.

Proposals and Discussions

While proposals and discussions by the Board of Directors are broadly appropriate and the execution of business is constantly monitored, it was pointed out that in the future there should be more discussion on mid-to long-term management direction and policies. With regard to this, from April 2016 the Company shall ensure adequate time for discussion and improve operations such as narrowing down proposals handled by the Board of Directors.

Going forward, the Company will regularly grasp areas for improvement by analyzing and evaluating the situation each year and will further improve the effectiveness of the Board of Directors.

[Principle 5-1] Disclosure of 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

Percentage of shares held by foreign investors	More than 30%

[Description of Major Shareholders] Revised

Name of shareholder	Number of shares held (Shares)	Shareholding (%)
Nomura Land and Building Co., Ltd.	64,777,500	33.79
Japan Trustee Services Bank, Ltd. (Trust account 9)	8,245,100	4.30
Master Trust Bank of Japan, Ltd. (Trust account)	6,832,700	3.56
Japan Trustee Services Bank, Ltd. (Trust account)	5,858,700	3.05

CBNY - GOVERNMENT OF NORWAY	2,902,600	1.51
Employees' Stockholding	2,877,882	1.50
BNYML-NON TREATY ACCUNT	2,658,000	1.38
State Street Bank - West Pension Fund Clients- Exempt 505233	2,647,633	1.38
MSCO CUSTOMER SECURITIES	2,366,379	1.23
HSBC BANK PLC A/C CLIENT 1	2,212,400	1.15

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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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	17 persons
Term of Office for Directors in Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (not serving 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	4 persons

Relationship with the Company (1)

Name	Association	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	I	j	k
Shigeru Matsushima	Professor											
Satoko Shinohara	Professor											
Satoshi Ogishi	Attorney											
Akira Yamate	Certified public accountant											
Akira Ono	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
Shigeru Matsushima		○	Shigeru Matsushima is a professor at Tokyo University of Science, Graduate School of Innovation Studies.	Shigeru Matsushima specializes in business administration. NREH selected him as an External Director to enhance the supervisory function of the Board of Directors and realize highly transparent management with his wealth of knowledge and experience, and his keen perception. Based on this individual's 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 an Independent Director.
Satoko Shinohara			Satoko Shinohara is a professor at Japan Women's University, Faculty of Human Sciences and Design, Department of Housing and Architecture.	NREH selected Satoko Shinohara as an External Director because she has wealth of knowledge and experience, and profound insights acquired through her many years working as an architect.
Satoshi Ogishi	○	○	Satoshi Ogishi is a Partner at Nishimura & Asahi.	Satoshi Ogishi has practiced law for a number of years. NREH selected him as an External Director and Audit & Supervisory Committee Member to enhance the supervisory function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception. Based on this individual's 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 an Independent Director.
Akira Yamate	○	○	Akira Yamate is an Outside Director of Mitsubishi UFJ Financial Group, Inc.	Akira Yamate has served as a Certified Public Accountant for a number of years. NREH selected him as an External Director and Audit & Supervisory Committee Member to enhance the supervisory

				function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception. Based on this individual's 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 an Independent Director.
Akira Ono	○	○	Akira Ono is a Partner at Spring Partners.	Akira Ono has practiced law for a number of years. NREH selected him as an External Director and Audit & Supervisory Committee Member to enhance the supervisory function of the Board of Directors and improve the audit system with his wealth of knowledge and experience, and his keen perception. Based on this individual's 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 an Independent Director.

(Translation)

[Audit & Supervisory Committee]

Committee Members and the Chairman

	Total Committee Members	Full-time Committee Members	Internal Directors	External Directors	Chairman
Audit & Supervisory Committee	5	2	2	3	Internal Directors

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 Officers

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.

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

The Audit & Supervisory Committee receives reports on the execution of duties from the Accounting Auditor (Ernst & Young ShinNihon LLC) and promotes close cooperation through the periodical exchange of opinions and information. The Committee also receives reports on the results of internal audits and their improvements, and evaluations of internal control related to financial reports; and it provides the Internal Audit Dept., advice and instructions about the changes in internal audit plans, additional audits, and necessary surveys, etc., if when necessary.

[Voluntary Committee]

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

(Translation)

Voluntary Committee establishment situation, Composition, and the Chairman

	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	4	0	1	3	0	0	Internal Directors
voluntary committees which are equivalent to compensation committee	Advisory Committee Relating to Nominations and Compensation	4	0	1	3	0	0	Internal Directors

Supplementary Information

The Company has set up an advisory committee relating to nominations and compensation as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the board of directors in relation to decisions on management and director nominations and compensation. The majority of committee members are independent external directors and the committee is made up of one internal director and three independent external directors. The committee will meet as necessary and discuss matters relating to the nomination of and compensation for directors and executive officers and shall report the outcome of discussions to the Board of Directors.

[Independent Directors]

Number of Independent Directors	4 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	Adoption of stock option system

allotment to Directors	

Supplementary Information

On May 18, 2007, a resolution was passed at the NREH Board Meeting implementing a stock option system to achieve a greater degree of shared interest between Directors and shareholders, and to improve corporate value.

Grantees of stock options	Directors (other than External Directors), Employees, Directors of subsidiaries, Employees of subsidiaries and Others

Supplementary Information

We will implement the stock option system to provide incentives for Directors, Executive Officers, and senior staff who improve business performance.

[Compensation of Directors]

Disclosure status (of individual compensation of Directors)	Details about individual rewards have not been disclosed.

Supplementary Information

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

Disclosure of Policy Determining the Amount and Calculation of Compensation

Compensation for Directors (excluding Directors who also serve as Audit & Supervisory Committee Members) was set within ¥650 million per year, and for Directors who are also Audit & Supervisory Committee Members was set within ¥150 million at the Ordinary General Meeting of Shareholders held on June 26, 2015.

The Company's compensation of directors consists of fixed monthly compensation and variable compensation, comprising bonuses and stock-related compensation. Bonuses are determined according to the Company's business performance during the relevant fiscal year. Stock-related compensation, in the form of stock options, is designed to align executives' interests with those of the Company's shareholders, and to further enhance corporate value. Stock options are either market-value stock options, on which the exercise price (the amount payable when the right is

exercised) is determined on the basis of market prices, or share compensation stock options, which have exercise prices of ¥1 per share. The Company plans to examine our policy for determining directors' compensation together with our procedures when determining highly objective and transparent compensation, to make our policy more concrete based on our mid-to long-term management plan.

[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.

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 and Rationale for the Implementation of Corporate Governance

(1) Board of Directors

The Company's Board of Directors comprises eight Directors (excluding Directors who serve as Audit & Supervisory Committee Members) (of which two are External Directors) and five Directors and Audit & Supervisory Committee Members (of which three are External Directors). The Board of Directors with the executive officers in attendance decides important corporate matters and supervises the execution of business operations by directors and executive officers. The Company has accepted an External Director in order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management.

(2) Audit & Supervisory Committee

The Company has adopted an Audit & Supervisory Committee governance structure. The majority of Audit & Supervisory Committee membership is comprised of 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 improvements 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.

(3) Executive Officers System

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 of the Board of Directors. 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 & CEO and policies approved by the Board of Directors of the Company.

(4) Management Committee

The Management Committee includes the Chief Executive and Executive Officers from Group companies and discusses certain matters regarding overall Group management and business execution. Director and Audit & Supervisory Committee Members attend the Management Committee meetings as needed to contribute opinions and expertise.

(5) Advisory Committee Relating to Nominations and Compensation

The Company has set up an advisory committee relating to nominations and compensation as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the board of directors in relation to decisions on management and director nominations and compensation. The majority of committee members are independent external directors and the committee is made up of one internal director and three independent external directors. The committee will meet as necessary and discuss matters relating to the nomination of and compensation for directors and executive officers and shall report the outcome of discussions to the Board of Directors.

2. Status of the Risk Management System, Compliance System, Internal Audit System, and Audit & Supervisory Committee Audit System

(1) Risk Management System

The Company has established a Risk Management Committee whose members include officers in charge of administrative operations at the Company and Group companies, for the purpose of promoting risk management activities within the Group. The Committee deliberates matters relating to risk management, compliance, and information security for the entire Group, and also cooperates and provides guidance with regard to countermeasures when risks occur.

(2) Compliance Systems

The Nomura Real Estate Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of the 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 Compliance Dept., in the Company to promote continuous education and awareness 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 Risk Helpline as a point of contact for internal reporting by group employees.

(3) 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 auditing firm, supervises the internal audit functions of the entire Group and performs monitoring, evaluation and auditing in each division within the Company.

(4) Audit & Supervisory Committee Audit System

The Company has appointed full-time staff in the Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee. Each Audit & Supervisory Committee Member attends meetings of the Board of Directors and other important meetings and audits the execution of the duties of directors while cooperating with the Internal Audit Dept. and the auditing firm as needed.

Audit & Supervisory Committee Member Takao Orihara has experience in finance and accounting work over many years, Audit & Supervisory Committee Member Shigeki Fujitani has experience in finance and audit work over many years, and Audit & Supervisory Committee Member Akira Yamate possesses a qualification as a Certified Public Accountant. These individuals thus have a considerable degree of professional insight regarding finance and accounting.

(5) Accounting Audits

The Company 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.

Certified Public Accountant/ Designated and Engagement Partner Tadayuki Matsushige

Certified Public Accountant/ Designated and Engagement Partner Kazunori Takenouchi

Certified Public Accountant/ Designated and Engagement Partner Toru Nakagiri

* Length of auditing service of each of the above-mentioned Auditors is seven years or less; therefore, the number of years is omitted.

* Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in NREH accounting audits over an extended period of time.

Assistants involved in auditing are listed below.

Certified Public Accountants: 7/ Assistant Certified Public Accountant: 3/ Other: 4

(6) Liability Limitation Agreement

The Company has executed liability limitation agreements in Article 423, Paragraph 1 of the Companies Act with Directors who are not Executive Officers including Shigeru Matsuhima, Satoko Shinohara, Takao Orihara, Shigeki Fujitani, Satoshi Ogishi, and Akira Ono 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, provided that said External Directors and Auditors act in good faith and are not grossly negligent in the performance of their duties.

3. Reason for Selecting the Current Corporate Governance System

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 directors' execution of duties.

(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 2015, announcements were sent on June 4th for the meeting scheduled to be held on June 26th. (Notice of correction to the proposal was sent on June 11th.)
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 (summary) in English	Since the general shareholders' meeting held in Jun 2010, NREH has also announced meetings (summary) 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.	
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	Yes

(Translation)

	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.	
Holding regular meetings for foreign investors	NREH 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. <URL> 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.	

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 CSR Committee and Corporate Communications Dept. with the goal of enhancing the effectiveness of CSR activities throughout the entire Group. NREH focuses on four priority areas, safety and security, the environment, community, and health and comfort. Activities to create value in society based on these areas are reported

	both internally and externally in NREH CSR Reports.
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.

(Translation)

IV. Internal Control System

1. Basic Concept and Status of the Internal Control System

The NREH Board of Directors established the following basic principles for the creation of its 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 Decision Making Procedure Guidelines to govern discussions and reporting at Board Meetings. Directors and Executive Officers shall execute business in accordance with these Regulations and Guidelines.

(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 facilitate effective responses to business risks, NREH has established a Risk 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 Risk Management Committee Operational Rules.
The Risk Management Committee shall in principle meet once per 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 and Branch Offices in charge of risk management, PR, management of related companies, corporate administration, and finance at the Group Companies stipulated by the Risk Management Regulations 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 mid-term management 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 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 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 and determine important matters regarding overall Group management and business execution and to promote the unification of Group management objectives.

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

(4) NREH has established Partner Company 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 CSR Committee and the Corporate Communications Dept., and promotes continual education and enlightenment activities to increase awareness of compliance 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 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 and Employees at subsidiaries or those who receive reports from such Directors, Executive Officers 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 Corporate Auditors 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 meetings of "Management Committee," "CSR Committee," "Budget Committee," "Risk Management Committee," "IT Planning Committee," and "Leased Asset Strategy Committee" 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.

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.

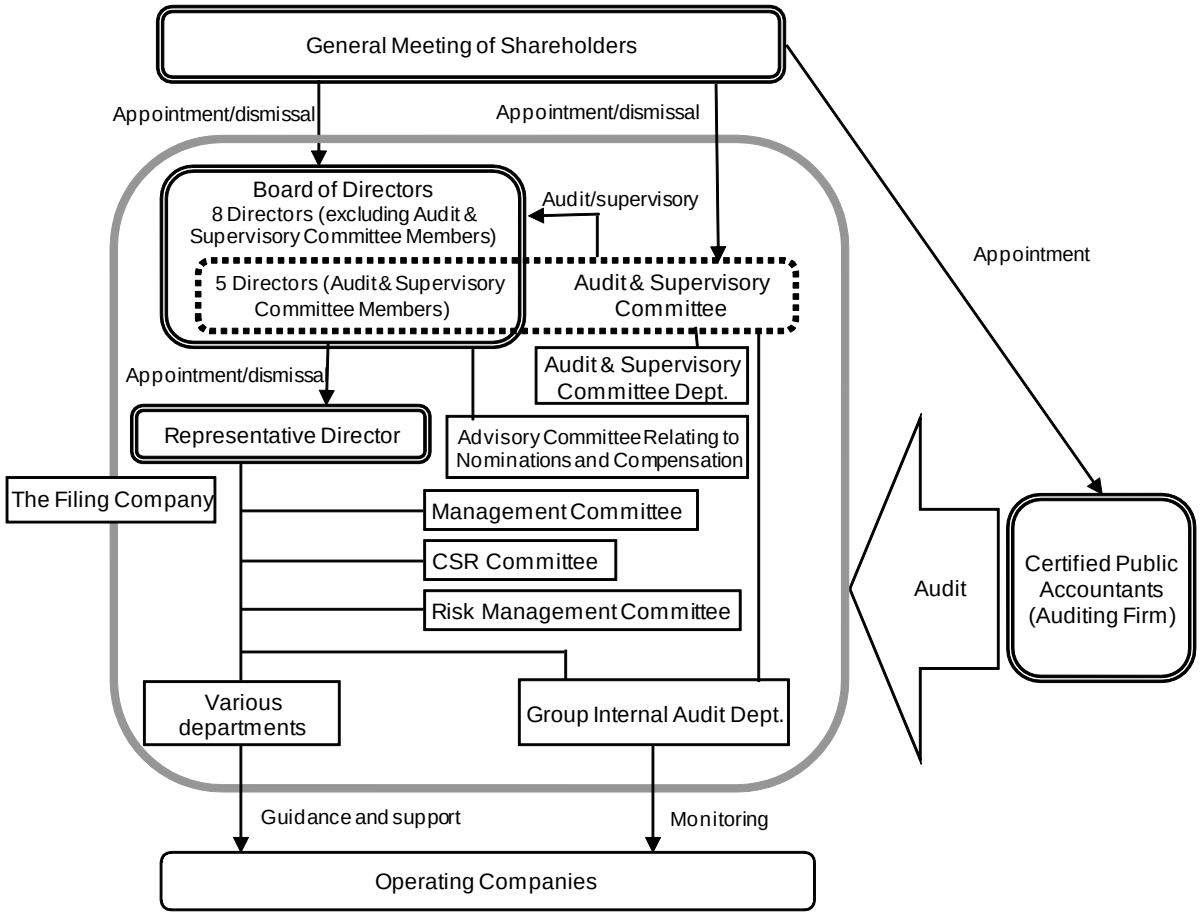
3. Monitoring of the Timely Disclosure System

NREH has established Group Internal Audit Dept. to monitor the operation of the above-mentioned timely disclosure system. Audit & Supervisory Committee Members designated by the Audit & Supervisory Committee shall interview Directors, and inspect documents to monitor whether the timely disclosure system is functioning appropriately through attending the important meetings such as meetings of the Board of Directors.

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

(Translation)

<Corporate Governance System>



(Translation)

< Timely Disclosure System >

