

———— Sustainability Bond Evaluation by Japan Credit Rating Agency, Ltd. ————

Japan Credit Rating Agency, Ltd. (JCR) announces the following Sustainability Bond Preliminary Evaluation Results.

JCR Assigned preliminary SU 1 to the Bonds of Nomura Real Estate Holdings, Inc.

| | | |
|---------------------|---|---|
| Subject | : | Nomura Real Estate Holdings, Inc. Sustainability Bonds |
| Type | : | Unsecured Bonds |
| Issue Amount | : | JPY10 billion |
| Interest Rate | : | To be determined |
| Issue Date | : | From February 2021 onward |
| Redemption Date | : | To be determined |
| Method of Repayment | : | Bullet |
| Use of Proceeds | : | Refinancing of construction costs for 1. PMO Nishi-Shinjuku, 2. PMO Kanda Iwamoto-cho II, and 3. OUKAS Funabashi; and refinancing of system-building and construction costs for 4. H ¹ T |

<Sustainability Bond Preliminary Evaluation Results>

| | |
|--|------------|
| Overall evaluation | SU1 |
| Greenness and Social Beneficial Impacts Evaluation (Use of proceeds) | gs1 |
| Management, Operation and Transparency Evaluation | m1 |

Chapter 1: Evaluation Overview

Nomura Real Estate Holdings, Inc. (“Nomura Real Estate HD”) was established in June 2004 with the purpose of establishing a pure holding company structure for corporate groups led by Nomura Real Estate Development Co., Ltd. (“Nomura Real Estate Development”). In October 2004, Nomura Real Estate Development Co., Ltd. received an investment in kind from Nomura Land and Building Co., Ltd. and began operations as a holding company.

Nomura Real Estate HD has a right to make decisions on important matters for the Nomura Real Estate Group (the “Group”) as a whole, such as formulating and deciding strategies for the Group, optimally allocation management

resources, and managing and monitoring them. In addition, even considering the investment ratio, personal relationships, etc., the unity with the operating companies under the umbrella is recognized.

The business segments of the Group encompasses the Residential Division, which consists of the rental housing operations and the elderly housing operations, both newly transferred to the Division, in addition to the property development and sales operations, which mainly handle condominiums, aside from detached housings and residential land; the Urban Development Division, which added the fitness club operations to the rental and subleasing operations for office buildings and retail facilities; the Investment Management Business, which includes the management of real estate private placement funds and the consignment management of J-REITs; the Property Brokerage & CRE Business, which supports property brokerage and CRE strategies; and the Property & Facility Management Business, which includes the operation, management, repair work, etc. of office buildings and condominiums and other facilities.

The Group set forth the following Group Vision as a promise for its stakeholders: “New Value, Real Value; Integrating all that is precious to people and communities, we build cities -- dynamic stages that connect today with tomorrow’s possibilities, and embrace every moment of life’s pursuits. We create new value, social value, and above all, real value.” Through this commitment, the Groups aims to achieve sustainable value enhancement and contribute to sustainability.

The subject of this evaluation is the Sustainability Bonds (the “Bonds”) that Nomura Real Estate HD is scheduled to issue. The proceeds of the Bonds will be 100% used to fund construction and to refinance capital expenditures on properties that meet the Company's established Sustainability Bond Framework eligible criteria.

The proceeds from the Bonds will be used in full to finance the follows: Refinancing of construction costs for 1. PMO Nishi-Shinjuku, 2. PMO Kanda Iwamoto-cho II, and 3. OUKAS Funabashi; and refinancing of system-building and construction costs for 4. H¹T. Based on the above, JCR has judged that the use of proceeds in this evaluation is a project with environmental improvement effects and social benefits.

The targets for the use of proceeds were selected with the involvement of the management and departments with specialized knowledge, the methods of cash management were finely defined and planned to be properly made, and the necessary matters related to reporting are scheduled to be disclosed. Therefore, JCR confirmed that a system for managing and operating the Bonds has been established and it is highly transparent, and that the management team of Nomura Real Estate HD has positioned environmental and social issues as priority issues of high importance.

Based on the JCR Sustainability Finance Evaluation Methodology, JCR assigned “gs1” for the preliminary evaluation of the "Green Social Evaluation (Use of Proceeds)" and “m1” for the preliminary evaluation of the "Management, Operation and Transparency Evaluation." As a consequence, JCR evaluated “SU 1” for the "JCR Sustainability Bond Preliminary Evaluation." Evaluation results are discussed in detail in the next chapter. The Bonds are considered to meet the standards for items required in the Green Bond Principles, the Social Bond Principles, the Sustainability Guidelines, and the Green Bond Guidelines issued by the Ministry of the Environment.¹²³⁴

¹ ICMA (International Capital Market Association) Green Bond Principles 2018 Version
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

² Social Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ ICMA Sustainability Bond Guidelines 2018
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainability-Bonds-Guidelines-June-2018-270520.pdf>

⁴ Green Bond Guidelines 2020 <https://www.env.go.jp/press/files/jp/113511.pdf>

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluation

Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation

JCR assigns "gs1", the highest grade, to "Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation"

Rationale: 100% use of proceeds of the Framework will be allocated to a green or social project, considering the factors described below.

(1) JCR's Key Consideration in This Factor

In this section, JCR begins by checking whether proceeds are used for projects with clear environmental improvement effects or projects with social benefits. Next, in cases where the use of proceeds is expected to have a negative impact on the environment and society, the impact is fully examined by an internal specialized department or an external third-party organization to confirm whether necessary measures for avoidance and mitigation have been taken. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current Status of Evaluation Targets and JCR's Evaluation

Outline of Use of Proceeds

Nomura Real Estate Group has defined the following uses of proceeds in its Sustainability Bond Framework. JCR assigned "SU 1(F)" to the Sustainability Bonds Framework.

<Green Eligibility Requirements>

The business includes buildings that have confirmed the performance related to the environment that satisfy the following green eligibility requirements and land acquisition related to such buildings.

A. Buildings that acquired or renewed any of the following building certifications within the past 36 months retroactive to the date of issuance of the bonds: Alternatively, buildings to be acquired or renewed in the future.

- Ranked S, A, or B+ in CASBEE building (new construction, existing building and renovation) or CASBEE real estate (including CASBEE by local governments)
- LEED-BD+C (Building Design and Construction) or Platinum, Gold or Silver in LEED-O+M (Building Operations and Maintenance) certification
- 5 stars, 4 stars or 3 stars in BELS (Building Energy-efficiency Labeling System)
- 5 stars, 4 stars or 3 stars in DBJ Green Building certification
- Platinum, Gold Plus or Gold in BCA (Building and Construction Authority in Singapore) Green Mark Certification

B. Residential buildings that qualify as ZEH (Net Zero Energy House) in condominiums (buildings that are defined as any of ZEH-M, Nearly ZEH-M, ZEH-M Ready, and ZEH-M Oriented)

<Social Eligibility Requirements>

The business shall include the building that meets any of the following requirements and the acquisition of land related to the relevant building.

Disaster prevention: Investments and expenditures related to functions and equipment that are responsible for providing "safety and security" in the event of a disaster in Japan, where there is a high probability of natural disasters such as earthquakes and typhoons. This includes securing a place to accommodate not only building users but also people in the vicinity and people who have difficulty returning home, and stockpiling food, materials and equipment.

Job creation: Investments and expenditures related to creating businesses that resolve social issues and providing working space and opportunities for business growth to small and medium-sized businesses that are launching businesses by people with limited employment opportunities (businesses related to H¹T, a serviced small office that is offered to contribute to the needs of companies, such as more efficient offices and wanting to locate offices for startups and further growth).

Services for the elderly and nursing care: Investments and expenditures to provide services that are indispensable for the lives of people potentially vulnerable, who are to increase amid the rapidly aging of society in Japan (businesses related to the "OUKAS" rental-type senior residence, which is provided to contribute to needs such as support for nursing care and independent living as the population ages). Includes medical care facilities and social infrastructure as a solution to nursing care separation.

Community empowerment:

- 1 Supporting people's diverse work styles against the backdrop of diversification needs for housing accompanying changes in lifestyles and changes in values for offices (this includes businesses related to "H¹T" shared offices, which are provided to contribute to the needs of diverse working styles such as teleworking and the promotion of satellite offices).
- 2 Providing networking and access to social resources for those who may be left behind due to the aging of society and the increasing number of single-person households (e.g., "ACTO" of community development activities that contribute to the community).

The proceeds from issuance of the Bonds will be used in full to the follows: Refinancing of construction costs for 1. PMO Nishi-Shinjuku, 2. PMO Kanda Iwamoto-cho II, and 3. OUKAS Funabashi; and refinancing of system-building and construction costs for 4. H¹T.

PMO Nishi-Shinjuku

| | |
|-----------------------------|--|
| Property Name | PMO Nishi-Shinjuku |
| Address | 8-1-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo |
| Major Applications | Office |
| Site Area | 892.27 m ² |
| Total Floor Area | 4,661.64 m ² |
| Floors | 13 floors above ground |
| Completed | June 2019 |
| Environmental Certification | DBJ Green Building certification 3 stars or more (planned) |

PMO Kanda Iwamoto-cho II

| | |
|-----------------------------|--|
| Property Name | PMO Kanda Iwamoto-cho II |
| Address | 2-2-4, Iwamoto-cho, Chiyoda-ku, Tokyo |
| Major Applications | Office |
| Site Area | 286.47 m ² |
| Total Floor Area | 1,946.36 m ² |
| Floors | 11 floors above ground |
| Completed | January 2021 (planned) |
| Environmental Certification | DBJ Green Building certification 3 stars or more (planned) |

The PMO series is a brand name for medium-sized offices provided by Nomura Real Estate Development. It was developed against the backdrop that there were few buildings of high-quality small and medium-sized enterprises, while the reconstruction of small and medium buildings with the old earthquake resistance design became a social issue. As of December 2020, the company has 15 buildings in the Tokyo metropolitan area and one building in Osaka.

The series is characterized by a favorable location near a station, having an exclusive element with stylish appearance and functionality, including security aspects, and having a grade like a large office building, although it is a medium-sized building. Not only design but also environmental performance is taken into consideration, and it is planned that both buildings subject to the use of proceeds will acquire DBJ Green Building certification of at least 3 stars.

The Group is promoting the acquisition of environmental certification for properties developed including PMO, and the acquisition rate of certification is 100% for 3 consecutive years from the fiscal year ended March 2018 (FY2017) to FY2019.

OUKAS Funabashi

OUKAS is a brand of rental housing for the elderly with services provided by the Group. Its brand name is better than the concept of a home that enjoys life, and it aims to extend the healthy life expectancy of the elderly who live in the home. It has established a unique program that makes people natural and healthy in their daily life cycles, such as exercise, dining, and dormancy, and a support system such as a 24-hour watch service.

The Group is advancing the development of “urban-type compact towns” as an environment that allows a diverse range of people to live more comfortable lives, focusing on the increase in single-person households and elderly households against the backdrop of the declining birthrate and aging population, and the concentration of population on highly convenient urban areas. “Urban-type compact towns” aim to develop communities, including surrounding areas, and create individuality unique to the district, while providing peace of mind and affluence to people of all generations, by making urban development condensed within the range that allows them to walk through various functions, such as housing, commercial facilities, facilities for seniors, parks, hospitals, and schools.

The Group is developing urban compact towns in Funabashi Morino City in Chiba Prefecture and Zutto City in Hyogo Prefecture. OUKAS Funabashi, which is subject to the use of proceeds, has recently opened in Funabashi Morino City. From this, in addition to the social benefit of the property itself, the social benefit of the convenience of the surrounding environment can also be expected.

H¹T

H¹T is a satellite-type shared office operated by the Group. H¹T was launched in 2019 to provide diverse work styles. As of the end of January 2021, it had 51 directly managed stores (including 13 planned store openings) and 23 partner stores. The targets of the use of proceeds are the development costs of systems used in company-owned stores and construction costs.

The Group develops and operates H¹O (small offices with services) and aforementioned PMOs as branded offices, in addition to H¹T. Both brands have been developed with hints from the “market-in” concept, which responds to the needs rescued through dialogue with customers and the market, leading to the provision of highly unique services. These lineups also have the flexibility to provide offices with appropriate specifications according to the life cycles of the corporates that use them.

a. On the environmental improvement effects and social benefits of the projects

- i. **The all proceeds are scheduled to be appropriated for projects that meet the eligibility criteria of Nomura Real Estate HD, and high environmental improvement effects and social benefits are expected.**

| |
|--|
| Environmental Improvement Effects of the Use of Proceeds |
|--|

Among the uses of proceeds of the Bonds, both PMO Nishi-Shinjuku and PMO Kanda Iwamoto-cho II are scheduled to acquire at least 3 stars in DBJ Green Building certification and meet the green eligibility requirements set forth in the Sustainability Finance Framework of Nomura Real Estate Group.

Accordingly, JCR evaluates the use of proceeds of the Bonds as having a high environmental improvement effect.

Social Benefits of the Use of Proceeds

Of the uses of the Bonds, OUKAS Funabashi will contribute to the resolution of social issues from the perspectives of (1) (i) and H¹T from the perspectives of (2) (i), and the both will satisfy the social eligibility criteria set forth by Nomura Real Estate HD in the Sustainability Bond Framework.

(1) Access to essential services

(i) Senior housing

Japan is now faced with the problem of a declining birthrate and an aging population. According to the Population Projections (estimated in April 2017) by the National Institute of Population and Social Security Research (the "Institute"), the population aged 75 or older in 2025 is approximately 21.8 million, approximately one in five people nationwide. The number of people aged 65 or older, which was 26% of the total population as of 2015, is estimated to reach about 30% of the total population, about 36.77 million nationwide, and about 3.32 million in Tokyo as of 2025.

According to the Institute's estimate of the number of households (as of April 2017), the total number of general households with a head of household aged 65 or older will increase by 3.24 million from 19.18 million in 2015 to 22.42 million in 2040. The number of households with a head aged 75 or older will increase by 3.29 million households from 8.88 million in 2015 to 12.17 million in 2040.

As of 2015, 37.9% of households aged 75 or older were single-person households due to being unmarried, divorce, marital separation, or bereavement. By 2040, however, 42.1%, almost half of the households are expected to be single-person. For the elderly's single-person households, even those who can live independently without the need for nursing care, from the viewpoint of the support system in the event of an emergency and the prevention of solitary deaths, it is important to develop residential facilities with ancillary services such as a 24-hour management system and collaboration with external nursing care and medical facilities as necessary for the future super-aging society.

In addition, the extension of healthy life expectancy is important from the viewpoint of realizing a society in which more elderly people enjoy long and healthy lives in the super-ageing society that Japan faces. While the average life expectancy is increasing year by year, the gap with healthy life expectancy is 8.84 years for men and 12.35 years for women in 2016, representing that the number of elderly who are unable to live healthy lives due to mental and physical aging or illness is increasing. Long and healthy living is a social issue that is also emphasized in the government's SDGs Action Plan 2020.

The Group is developing and operating OUKAS, a rental-type senior residence property. Through its residential business, the company is working to prevent elderly people who can spend independent living from coming into a status requiring continuous nursing care. It has created an exercise program in collaboration with MEGALOS, a sports club operated by the Group, and has established a support system aimed at improving physical strength based on an understanding of the physical strength and health conditions of residents. Various services provided by OUKAS for the elderly contribute to extending the healthy life expectancy of the elderly.

Furthermore, some OUKAS clubs are being developed together with condominiums in collaboration with the housing business of the Group. This provides an environment in which the elderly and their families can frequently come and go, as well as the infrastructure and local communities necessary for their livelihoods, in the vicinity of the senior residence, thereby contributing to the improvement of convenience for users.

The concept of urban development that offer safe and comfortable living to all generations is considered important for saving the elderly who fall out of the watch network due to the decrease in neighborhood affiliation and the dilution of local communities, and is also consistent with the Ministry of Land, Infrastructure, Transport and Tourism's compact city initiative.

Based on the above, JCR evaluated that senior housing provided by Nomura Real Estate Development has social benefits from the viewpoint of providing essential basic services for the elderly.

(2) Socioeconomic Improvement and Empowerment

(i) Shared offices

Since the 2000's, Japan's labor shortage has begun to become a problem, particularly due to the declining birthrate and aging population. One of solutions is teleworking, which enables both work and childcare and nursing care.

Teleworking refers to a flexible work style that utilizes ICT (Information and Communication Technology) and enables effective use of time and locations. This is a way of working that contributes to the realization of work style reforms that can contribute not only to working while balancing nursing care and childcare, but also to achieving a work-life balance, improving productivity, and revitalizing the local community by working at or near the home away from the place where they would otherwise work. It is also emphasized from the viewpoint of BCP in the event of a major disaster or an epidemic of an infectious disease.

In the SDGs Action Plan, work style reforms are included as one of the "list of major initiatives to promote SDGs," and it is planned that Japanese goals, such as the dynamic engagement of all citizens and the social advancement of women, will be realized through work style reforms and other means.

Teleworking has the option of teleworking, mobile work, and satellite offices. Nomura Real Estate HD provides satellite offices through the operations of HIT, to promote teleworking and thereby contribute to work style reforms. Based on the above, JCR evaluated the provision of shared offices as having social benefits.

In light of the foregoing, JCR evaluates the use of proceeds for the Bonds as having high social benefits.

- ii. Regarding the use of proceeds, the green projects correspond to "green buildings which meet regional, national or internationally recognised standards or certifications" and "energy efficiency," in the "Green Bond Principles" and "Green Loan Principles," as well as "projects related to green buildings" and "projects related to energy efficiency" among the uses of proceeds exemplified in the "Green Bond Guidelines" and "Green Loan and Sustainability Linked Loan Guidelines." Social projects correspond to "access to essential services (senior housing)" for the elderly and "socioeconomic improvement and empowerment" for workers.**

b. Environmental and Social Risks

Nomura Real Estate HD decided specifications in light of safety quality standards when developing projects. The standards cover not only environmental considerations but also social aspects, including BCP and the wellness of tenants and residents. It was confirmed that projects targeted for development would not result in a negative impact. Based on this confirmation, JCR confirmed that appropriate consideration was given to the negative impact on the environment and society of projects targeted for the use of proceeds.

c. Consistency with SDGs Goals and Targets

i. Consistency with ICMA's SDGs mapping

JCR evaluates projects eligible for funding contribute to the following SDGs goals and targets in light of ICMA's SDGs mapping.



Goal 5: Gender Equality

Target 5.4. Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.



Goal 7: Affordable and clean energy

Target 7.3. By 2030, double the global rate of improvement in energy efficiency.



Goal 8: Decent work and economic growth

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors



Goal 9: Industry, innovation and infrastructure

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



Target 11: Sustainable cities and communities


Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

ii. Consistency with measures to achieve Japan SDGs

JCR confirmed that the projects subject to the use of proceeds are consistent with the following items in the "Specific Measures for Achieving SDGs" set forth by the Government of Japan as SDGs goals.⁵

Implementation Guideline Principles 1. Promotion the Active Participation of All People

| SDGs and Japan's Priority Issues, which seem to be particularly relevant: 8 (Including Job Satisfaction and Economic Growth) | | | |
|--|--|--|--|
| Domestic Measures | | | |
| | Strategy Overview | Target | Indicators |
| Achieving a Society with Dynamic Engagement of All Citizens: Work Style Reforms | Work style reform is a cross-sectional issue and the biggest challenge for realizing dynamic engagement of all citizens. Efforts will be made to improve the treatment of non-regular employees such as realization of the same wages for the same work, rectification of long working hours, reduction of total working hours, promotion of the employment of the elderly by encouraging continuous employment after 65 years of age and extending the retirement age to 65 years of age, in order to broaden the options for diverse working styles. |  | Indicators listed in the Plan for Dynamic Engagement of All Citizens |

(Reference) DBJ Green Building Certification

A certification system provided by DBJ (Development Bank of Japan) to evaluate real estate with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "buildings with consideration for the environment and society". Each is represented by 5 stars (one of the highest domestic excellence), 4 stars (extremely excellent), 3 stars (very excellent), 2 stars (excellent), and 1 star (sufficient). Although this is not an evaluation specializing in environmental performance, it is highly recognized in Japan, and it also has certain evaluation items in terms of environmental performance. Therefore, JCR evaluates this certification as also equivalent to the "green buildings" of the green project classification defined in the Green Bond Principles, which is recognized as a "regional, national or internationally recognised standard or certification." However, since the certification is not limited to the environmental performance, it is considered desirable to confirm the evaluation for the environmental performance individually.

⁵ SDGs Implementation Guidelines established by the SDGs Promotion Headquarters, which is composed of all national ministers.

Evaluation Phase 2: Management, Operation and Transparency Evaluation

JCR assigns "m1", the highest rating on JCR evaluation Phase 2: Evaluation on Management and Operation and Transparency.

Rationale: These projects have allocated the funding and implemented the business as planner through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency Concerning Selection Standard and Processes of Use of Proceeds

(1) JCR's Key Consideration in This Factor

In this section JCR evaluates the objectives to be achieved through sustainability bonds, the appropriateness of project selection criteria and processes, and the appropriateness of the process, and the appropriateness of the process to be properly disclosed to investors and others.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Goals

The Group has set the following targets for the issuance of sustainability bonds.

The Group set forth the following Group Vision as a promise for its stakeholders: "New Value, Real Value; Integrating all that is precious to people and communities, we build cities -- dynamic stages that connect today with tomorrow's possibilities, and embrace every moment of life's pursuits. We create new value, social value, and above all, real value." The Vision is an important one that we always keep in mind in our efforts through our business, and it is "our commitment" to the customers and society. This is also our attitude for the Group to achieve sustainable value enhancement, which forms the basis of all our activities.

The Group's medium-term management plan, which covers FY2020 to FY2027, together with the Group Vision described above, publishes four value creation initiatives: realization of enriched lifestyles and work styles; multifunctional urban development toward exceptional convenience, comfort, and safety; urban development and community building concerning the future of the global environment and local communities; and global expansion of high-quality products and services. The green projects and social projects that satisfy the eligible criteria of this Framework are, in particular, those that correspond to "urban development and community building concerning the future of the global environment and local communities," and " multifunctional urban development toward exceptional convenience, comfort, and safety." These initiatives can be considered to lead to the creation of new value aimed at by the Group Vision. From this, JCR has evaluated that the issuance of the Bonds by Nomura Real Estate HD is consistent with the goals of the Group.

b. Eligibility Criteria

Nomura Real Estate HD' standards for selecting the use of proceeds of the sustainability bonds is as described in Phase 1. JCR evaluated the criteria as being expected to have high environmental improvement effects and social benefits.

c. Process

Targets for the use of proceeds are selected by Nomura Real Estate HD's staff in charge of the Finance Department and the Sustainability Promotion Department, and finalized by the officer in charge of the Finance Department. As such, departments specialized in sustainability and the management are involved in the selection process and the JCR evaluates that the process is clear.

2. Appropriateness and Transparency of Fund Management

(1) JCR's Key Consideration in This Factor

It is usually assumed that the management of proceeds methods vary by issuers. JCR confirms that the proceeds procured through the issuance of sustainability bonds will be allocated to green and social projects, and that an internal system are in place to easily track the status of proceeding.

JCR also emphasizes assessing whether the proceeds procured through sustainability bonds are expected to be allocated promptly for projects, as well as how to manage and manage unallocated amounts.

(2) Current Status of Evaluation Targets and JCR's Evaluation

The proceeds from issuance of the Bonds will be used in full to refinance funds, etc. related to the construction of the projects described in Phase 1 and are not expected to be used for any other purposes.

The proceeds are scheduled to be used for refinancing in about a month. The tracking of the Bonds is conducted by the Finance Department of Nomura Real Estate HD using a dedicated form. Such forms are regularly checked by the director in charge and are subject to internal audits and accounting audits. Thereby appropriate controls are in place.

Based on the above, JCR evaluates that the appropriateness and transparency of fund management at Nomura Real Estate HD are high.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates at the time of the issuance of sustainability bonds whether the disclosure system for investors before and after the issuance of sustainability bonds is planned in detail and in an effective manner.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Reporting on the status of allocation of funds

Nomura Real Estate HD plans to disclose the outline of eligible businesses, appropriated and unlocated amounts by eligible businesses, the scheduled timing of appropriation (if any unappropriated amounts), and the percentage of new financing and refinancing as the appropriation status of proceeds on the Group website or on the Integrated Report. In the event that a project subject to the use of proceeds no longer meets the eligibility criteria due to the sale or other reasons before the redemption of the Bonds, Nomura Real Estate HD intends to use proceeds to appropriate for funds for alternative projects that satisfy the eligibility criteria or to refinance such funds.

b. Reporting on environmental improvement effects and social benefit

Nomura Real Estate HD plans to disclose the following items as reporting on environmental improvement effects and social benefits.

(1) Environmental improvement effects

Names of properties and businesses that constitute businesses that meet the green eligibility requirements, the level of certification acquired and the timing of acquisition and reacquisition

The following items for businesses that meet the green eligible requirements (in the portfolio level):

- CO₂ emissions
- Energy consumption
- Water consumption

(2) Social benefits

| Indicators | Services for the elderly and nursing care | Community empowerment |
|------------|---|--|
| Output | OUKAS Overview | Overview to H ¹ T |
| Outcome | Number of elderly housing users | Number of H ¹ T sites and members |
| Impact | <p>"Integrating all that is precious to people and communities, we build cities—dynamic stages that connect today with tomorrow's possibilities, and embrace every moment of life's pursuits. We create new value, social value, and above all, real value."</p> <p>Provision of housing for elderly people to live with peace of mind (completion of OUKAS, number of users, etc.)</p> | <p>Status of users who have realized a variety of working styles as a result of office use (number of locations and members)</p> |

JCR evaluates that the disclosure items and frequency of disclosure related to the Bonds stipulated by Nomura Real Estate HD are appropriate.

4. Organization's Sustainability Initiatives

(1) JCR's Key Consideration in This Factor

In this section JCR evaluates whether the issuer's management positions sustainability issues as a high priority issue or whether the issuer's policies and processes for issuing sustainability bonds and criteria for selecting projects are clearly positioned by establishing a department specializing in sustainability issues, including those related to the environment and society, or by collaborating with external organizations.

(2) Current Status of Evaluation Targets and JCR's Evaluation

The Group's Medium-Term Management Plan, "New Value, Real Value," covers the nine-year period from March 2020 to March 2028, sets forth the Group Vision of "New Value, Real Value." The Group Vision is titled "Our Promises." It incorporates the idea of creating value while making the most of what people and cities' value, building sustainable cities that will lead to the future, and fostering a prosperous time together with people gathering there.

The Group has established the following four value creation initiatives over the period covered by the Medium-term Management Plan, based on what can happen in the future that it is aiming for, and the difference between the present and the future.

Four value creation initiatives:

- 1) Realization of enriched lifestyles and work styles
- 2) Multifunctional urban development toward exceptional convenience, comfort, and safety
- 3) Urban development and community building concerning the future of the global environment and local communities
- 4) Global expansion of high-quality products and services

(Source: Medium-term Management Plan of Nomura Real Estate HD)

Projects and services that satisfy the eligible criteria of this Framework are in line with one of these value creation initiatives. Nomura Real Estate HD aims to create a community that will lead to the future by contributing to the resolution of various environmental and social issues through real estate development and the related services.

The Group has established the Sustainability Committee, chaired by the Board of directors Vice President and Group COO of Nomura Real Estate HD, as a council for sustainability management. The committee discusses and decides on policies and activities related to sustainability and collaborates with the Group companies. In April 2020, the Sustainability Promotion Department was established as the secretariat, and a system to promote initiatives more steadily has been established. The Group's sustainability-related activities are carried out with objectivity based on the expertise of outside experts and consultants.

Nomura Real Estate HD has signed the United Nations Global Compact, the Principles for Responsible Investment, and the United Nations Environmental Programme and Finance Initiative. In September 2020, Nomura Real Estate HD announced to disclose information based on the recommendations of TCFD (Task Force on Climate-related Financial Disclosures). In November 2020, the Group was certified as an international initiative SBTi (Science Based Target Initiative) with regard to its greenhouse gas emission reduction targets

(reduction of total greenhouse gas (CO₂) emissions Scope 1, 2 and Scope 3 by 35% respectively by 2030 compared to FY2019). It is further strengthening its continued efforts to reduce environmental impact.

Based on the above, JCR recognizes that Nomura Real Estate HD regards sustainability as a management priority and is vigorously working to resolve issues through the business activities of itself and Group companies.

Evaluation Result

Based on JCR Sustainability Finance Evaluation Methodology, JCR assigned “gs1” for the preliminary evaluation of the "Greenness and Social Beneficial Impacts Evaluation (Uses of proceeds)" and “m1” for the preliminary evaluation of the "Management, Operation and Transparency Evaluation." As a result, JCR assigned “SU 1” on the overall "JCR Sustainability Bond Preliminary Evaluation." In addition, the Bonds are considered to meet the standards for the items required in the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, and the Ministry of the Environment's Green Bond Guidelines.

[JCR Sustainability Finance Evaluation Matrix]

| | | Management, Operation and Transparency Evaluation | | | | |
|--|-----|---|------|---------------|---------------|---------------|
| | | m1 | m2 | m3 | m4 | m5 |
| Greenness and Social Beneficial Impacts Evaluation | gs1 | SU 1 | SU 2 | SU 3 | SU 4 | SU 5 |
| | gs2 | SU 2 | SU 2 | SU 3 | SU 4 | SU 5 |
| | gs3 | SU 3 | SU 3 | SU 4 | SU 5 | Not qualified |
| | gs4 | SU 4 | SU 4 | SU 5 | Not qualified | Not qualified |
| | gs5 | SU 5 | SU 5 | Not qualified | Not qualified | Not qualified |

Scope of Evaluation

Issuer: Nomura Real Estate Holdings, Inc. (Securities code: 3231)

Assignment

| Subject | Issue Amount | Issue Date | Redemption Date | Interest Rate | Preliminary Evaluation |
|--|---------------|---------------------------|------------------|------------------|---|
| Nomura Real Estate Holdings, Inc. Sustainability Bonds | JPY10 billion | From February 2021 onward | To be determined | To be determined | JCR Sustainability Bond Evaluation: SU1 Greenness and Social Beneficial Impacts Evaluation : gs1 Management, Operation and Transparency Evaluation : m1 |

(Responsible analysts for this evaluation) Atsuko Kajiwara, and Rieko Kikuchi

Important explanation of sustainability bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Sustainability bond Evaluation

JCR Sustainability Bond Evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), is a comprehensive opinion of JCR's current status on the extent to which the proceeds procured through the issuance of the Sustainability Bond to be evaluated will be appropriated for Green Projects and Social Projects as defined by JCR, as well as the extent to which management, operation and transparency initiatives related to the use of the proceeds of the Sustainability Bond are undertaken. JCR Sustainability Bond Evaluation does not fully represent the appropriation of the proceeds procured through the Sustainability Bond and the extent to which management, operation and transparency efforts are undertaken in relation to the use of the proceeds.

JCR Sustainability Bond Evaluation evaluates plans and conditions, such as the appropriation of proceeds at the time of issuance or at the time of issuance of the Sustainability Bond, and does not guarantee the appropriation of proceeds in the future. In addition, JCR Sustainability Bond Evaluation does not prove the effectiveness of the Sustainability Bond on environmental and social issues, and does not assume responsibility for its effects on environmental and social issues. In principle, JCR does not directly measure the impact of proceeds procured through the issuance of sustainability bonds on environmental and social issues, although JCR confirms that they are quantitatively and qualitatively measured by the issuer or a third party requested by the issuer.

2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainability finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Sustainable Finance Evaluation Method.

3. Relationship with Acts Related to Credit Rating Business

JCR Sustainability bond Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-Party Evaluation of JCR Sustainability bond

There is no capital or personnel relationship between the subject of this evaluation and JCR that may give rise to conflicts of interest.

■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. JCR Sustainability Bond Evaluation does not express any opinion on the various risks (credit risk, price volatility risk, market liquidity risk, price volatility risk, etc.) involved in the Sustainability Bond subject to assessment. JCR Sustainability Bond Evaluation is a comprehensive statement of opinion at the present time of JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. JCR Sustainability Bond Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from the JCR Sustainability Bond Evaluation, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from the JCR Sustainability Bond Evaluation, without the permission of JCR is prohibited.

■Glossary

JCR Sustainability Bond Evaluation evaluates the extent to which the proceeds procured from the issuance of the Sustainability Bond are appropriated for Green Projects or Social Projects as defined by JCR, as well as the level of management, operation, and transparency initiatives related to the use of proceeds for the relevant Sustainability Bond. Evaluations are performed on a five-point scale, from the top to the top, using SU1, SU2, SU3, SU4, and SU5 valuation symbols.

■Sustainable finance of registration as an external assessor of sustainable finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)

■Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO(Nationally Recognized Statistical Rating Organization. (1)Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on JCR website (<https://www.jcr.co.jp/en/>).

■ For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026