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Nomura Real Estate Holdings, Inc.
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Our View on Proxy Advisory Firm ISS's Recommendation to Vote Against "Proposal No. 4: Revision of Amounts and Details of Compensation, etc. under Performance-based Stock Incentive Plan for Directors (Excluding Directors as Audit & Supervisory Committee Members)" of the Company's 18th Ordinary General Meeting of Shareholders

Nomura Real Estate Holdings, Inc. (the "Company") has become aware that proxy advisory firm Institutional Shareholder Services Inc. ("ISS") issued a report recommending that shareholders vote against "Proposal No. 4: Revision of Amounts and Details of Compensation, etc. under Performance-based Stock Incentive Plan for Directors (Excluding Directors as Audit & Supervisory Committee Members)," (the "Proposal") which is to be proposed at the Company's 18th Ordinary General Meeting of Shareholders to be held on June 24, 2022.

The Company has presented the content of the Proposal in its Notice of Convocation of the 18th Ordinary General Meeting of Shareholders and in its timely disclosure "Announcement of the Continuation and Partial Revision of Performance-based Share-based Compensation Plan, Etc.," dated May 19, 2022. As the Company deems that the Proposal is appropriate and believes that ISS arrived at its recommendation that shareholders vote against the Proposal based on erroneous grounds, we have provided a supplementary explanation of our view.

We accordingly request that our shareholders confirm the following information to gain a better understanding of the Proposal.

1. Outline of the Proposal

Under the Proposal, the Company seeks to partially revise and then continue its stock incentive plan (the "Plan"), which the Company adopted in 2018 for the Directors of the Company as well as all or some of the Directors and Executive Officers of certain subsidiaries of the Company (the "Eligible Persons").

The Plan consists of a performance-based portion linked to a number of shares vested based on the extent to which the performance indicators have been achieved, combined with a non-performance-based portion not linked to performance, whereby vesting of the shares is deferred until the resignation of each Director and Officer of the

Group, in principle. Under the Plan, the Company's shares and the amount of money equivalent to the converted value of such Company's shares are vested or paid to the Eligible Persons through a trust.

2. ISS's recommendation to vote against the Proposal

ISS recommended that shareholders vote against the Proposal pursuant to its Proxy Voting Guidelines based on the notion that the dilution ratio of the Company's shares under the Plan and the Company's other stock incentive plan (stock option plan, previously discontinued) would exceed 5%, which is the standard for mature companies.

3. The Company's view (conclusions)

The Proposal is intended to raise the awareness of eligible Directors of their contribution to the enhancement of corporate value over the medium to long term. This will accordingly bolster awareness of shared interests between such Directors and shareholders by increasing the performance-based portion of the share-based compensation, and will furthermore draw out an incentive for achieving the Company's management targets.

The Proposal has been deliberated by the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are Independent External Directors, in order to ensure transparency and objectivity regarding the process of making decisions on compensation. Meanwhile, the Audit & Supervisory Committee has considered that the Proposal is appropriate and there are no matters of concern.

As such, the Company also deems that the Proposal is appropriate.

In addition, we believe that ISS's recommendation to vote against the Proposal is erroneous even in view of its Proxy Voting Guidelines, because (1) the recommendation is based on the erroneous assessment that the dilution of the Company's shares may exceed 5% even though the dilution of the Company's shares will not exceed 5% under the Plan, and (2) the recommendation enlists erroneous assumptions in calculating the dilution ratio with respect to the Company's shares.

4. Basis for the Company's view

(1) The dilution of the Company's shares will not exceed 5% under the Plan

First, under the Plan, we do not intend to issue new shares for the Plan, but instead intend to acquire the Company's shares either by the disposition of treasury shares or otherwise from the market, as stated in the Company's Notice of Convocation of the 18th Ordinary General Meeting of Shareholders and in the timely disclosure "Announcement of the Continuation and Partial Revision of Performance-based Share-based Compensation Plan, Etc.," dated May 19, 2022.

As such, the acquisition of the Company's shares from the market under the Plan would not dilute the Company's shares. Also, even if the Company's shares were acquired through the disposition of treasury shares, the dilution ratio of the Company's shares will be only 1.2% in the event that all 2,181,585 treasury shares held by the Company (as of March 31, 2022) were to become subject to the disposition. Therefore, the dilution ratio of the Company's shares will not exceed 5% under the Plan.

In addition to the aforementioned, the Company provided compensation in the form of stock options in the past, and there are 1,101,800 shares as of March 31, 2022, which have yet to be exercised. Even taking into account the outstanding balance of stock options, the dilution ratio of the Company's shares is 1.7%.

The Company discontinued its compensation plan in the form of stock options upon having provided such compensation for the fiscal year ended March 31, 2018.

(2) Erroneous assumptions enlisted in calculating the dilution ratio of the Company's shares

It appears that ISS's calculation indicating the dilution ratio of the Company's shares exceeding 5% enlisted the assumption that the Company would grant the maximum number of shares to the Eligible Persons every year over the next ten years under the Plan, while also taking into account the Company's other stock incentive plan (stock option plan, previously discontinued) aside from the Plan.

However, (I) the Company's other stock incentive plan aside from the Plan was discontinued and is not even pertinent to the Proposal (as mentioned previously, the dilution ratio of the Company's shares is minimal even when taking into account the outstanding balance of stock options). Also, the maximum number of shares under the Plan constitutes the shares for all or some of the Directors and Executive Officers of the Company and certain subsidiaries of the Company. Even assuming the results with the calculation method used by ISS, the dilution ratio of the Company's shares would not exceed 5.4%. ISS calculated not only eligible Company's Directors under the Plan, but also (II) calculated Directors and Executive Officers of certain subsidiaries of the Company whose grants are not required to be approved by a resolution of the General Meeting of Shareholders. Also, (III) with respect to the performance-based portion of the Plan, ISS calculated the number of shares to be granted under the Plan, based on the assumption that the maximum number of shares of the Company's shares would be granted every year over the next ten years, even though the number of the Company's shares to be granted is to vary depending on the extent to which the performance targets have been achieved during the period covered by the Plan. Therefore, if calculated in line with the actual situation of the Plan, it is clear that the dilution ratio of the Company's shares due to the grant of the Company's shares to the Company's directors, who are subject to the resolution of the General Meeting of Shareholders, is less than 5%.

Therefore, we believe that the assumptions ISS enlisted in coming up with its recommendation to vote against the Proposal are also erroneous.

We accordingly request that our shareholders carefully assess the appropriateness of the Proposal after having once again checked the Proposal, particularly with respect to its aims and content.

*This material is an English translation of Japanese announcement made on June 6, 2022 by Nomura Real Estate Holdings, Inc.