

SECOND PARTY OPINION

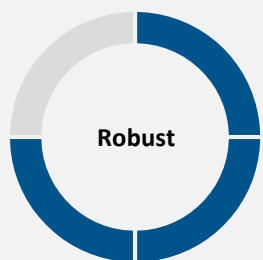
on the sustainability of Nomura Real Estate Group Sustainability Bond Framework

V.E is of the opinion that Nomura Real Estate Group Sustainability Bond Framework is **aligned** with the four core components of the Green Bond Principles 2018 ("GBP") and Social Bond Principles 2020 ("SBP").



Framework

Contribution to Sustainability:



○ Advanced ○ Limited

○ Robust ○ Weak

Expected impacts

ESG risks management

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping



Characteristics of the Framework

Green and Social Project Categories	⇒ Green Building ⇒ Basic Infrastructure ⇒ SME services (employment generation) ⇒ Empowerment (Elderly service) ⇒ Empowerment (Satellite office) ⇒ Empowerment (Community integration)
Target Population	Victims of natural disasters; SMEs; Elderly; Workers seeking diverse working conditions; Marginalized
Project locations	Japan
Existence of Framework	Yes
Share of Refinancing	100% for the first issuance
Look back period	36 months for green buildings (except for land)

Issuer

Controversial Activities

- | | | | |
|---|--|---|--|
| <input checked="" type="checkbox"/> Alcohol | <input type="checkbox"/> Civilian firearms | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Fossil Fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Coal | <input type="checkbox"/> Human Embryonic Stem Cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Unconventional oil and gas | | | |

Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

Coherent

Partially coherent

Not coherent

We are of the opinion that the Framework is coherent with Nomura Real Estate Holdings' strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

Key findings

V.E is of the opinion that Nomura Real Estate Group Sustainability Bond Framework is **aligned** with the four core components of the Green Bond Principles 2018 ("GBP") and the Social Bond Principles 2020 ("SBP").

Use of Proceeds – aligned with GBP and SBP

- Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social categories and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear while some of the Social Benefits are partially clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting
The Issuer has transparently communicated the estimated share of refinancing for the first issuance, which will be 100%. The look-back period for refinanced Eligible Projects for the green building will be 36 months but the land may be greater than 36 months from the issuance.

Evaluation and Selection - aligned with GBP and SBP

- The process for Project Evaluation and Selection Process has been clearly defined and detailed by the Issuer. It is considered well-structured in all the evaluation and selection steps. The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework.
- Eligibility Criteria (selection and exclusion) for the projects have been clearly defined by the Issuer for a majority of Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is disclosed in the herewith SPO. The process is considered robust: it combines monitoring and identification measures for all projects (see detailed analysis on pages 18-21)

Management of Proceeds - aligned with GBP and SBP

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed, and is publicly available in the SPO. The allocation period for the green building will be 36 months or less.
- Net proceeds of the Bond will be placed in the general treasury and earmarked/tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework

Reporting - aligned with GBP and SBP

- The Issuer has committed to report on the Use of Proceeds annually until bond maturity, which will be publicly available on the issuer's website or annual report.
- The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Projects will be disclosed on demand-only and only to investors.
- Tracking and allocation of funds to Eligible projects will be verified externally until full allocation and in case of material changes, but there's no information on whether indicators used to report on environmental and social benefits of Eligible projects will be verified.

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainability Bonds¹ (“Bonds”) to be issued by Nomura Real Estate Holdings’ (the “Issuer”) in compliance with the Framework (the “Framework”) created to govern their issuance.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) - edited in June 2018 - and Social Bond Principles (“SBP”) - edited in June 2020 - voluntary guidelines (referred together as the “GBP & SBP”).

Our opinion is built on the review of the following components:

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Bonds’ potential contribution to sustainability and its alignment with the four core components of the GBP 2018 & SBP 2020.
- Issuer: we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities².

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

We carried out our due diligence assessment from December 10th, 2020 to January 18th, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Sustainability Bond” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “Sustainability Bond” has been decided by the Issuer: it does not imply any opinion from V.E.

² The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the Framework is coherent with Nomura Real Estate Holdings' strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

Buildings account for approximately a third of the world's energy consumption and greenhouse gas emissions. The adoption of a sound Environmental strategy is a key issue for the sector. In particular, companies are expected to integrate environmental considerations in their investment and management decisions. Since existing buildings will be standing for the next decades, the improvement of energy efficiency is a priority in the fight to climate change. The cooperation with tenants is also an essential element to improve the environmental performance of buildings.

The real estate sector is expected to play a crucial role in the Promotion of social and economic development, through for instance the re-development of marginalised urban areas and the promotion of employability in local communities. The Social accessibility of properties is also an increasingly significant factor for real estate companies, both in terms of proximity and connectivity of buildings and economic affordability of properties in the residential segment.

In April 2019, Nomura Real Estate Holdings announced its Mid- to Long-term Business Plan (April 2019 – March 2028), covering the following four value creation themes³:

1. Realization of enriched lifestyles and workstyles
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

In terms of its efforts on climate mitigation, Nomura Real Estate Holdings has also set the following targets:

- To reduce absolute scope 1 and 2 GHG emissions 35% by 2030 from a 2019 base year; and
- To reduce absolute scope 3 GHG emissions from purchased goods and services and use of sold products 35% by 2030 from a 2019 base year.

These targets have been validated by the Science Based Targets initiative (SBTi), and it is confirmed that the targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2°C.⁴

By creating a Sustainability Bond Framework to finance or refinance Eligible Projects falling under the six social and green Eligible Categories, Nomura Real Estate Holdings coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

³ <https://www.nomura-re-hd.co.jp/english/ir/management/plan.html>

⁴ <https://sciencebasedtargets.org/companies-taking-action>

FRAMEWORK

The Issuer has described the main characteristics of the Bonds within a formalized Sustainability Bond Framework which covers the four core components of the GBP 2018 and SBP 2020 (the last updated version was provided to V.E on January 13th, 2021). The Issuer has committed to make this document publicly accessible on Nomura's website⁵, in line with good market practices.

Alignment with the GBP 2018 and SBP 2020

Use of Proceeds



The net proceeds of the Bonds will exclusively refinance, in part or in full, projects falling under three SDG Project Categories ("Eligible Categories"), as indicated in Table 1.

- Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social categories and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, which are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear while some of the Social Benefits are partially clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting
- The Issuer has transparently communicated the estimated share of refinancing for the first issuance, which will be 100%. The look-back period for refinanced Eligible Projects for the green building will be 36 months but the land may be greater than 36 months from the issuance.

An area for improvement would be to limit the lookback period to a maximum of 36 months to be in line with market practices.

BEST PRACTICES

⇒ Content, eligibility and exclusion criteria are clear and in line with international standards for all categories.

⁵ [Nomura Real Estate Motor Corporation Official Global Website](#)

Table 1. V.E' analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: Acquisition of land, construction of buildings and system engineering
- Location of Eligible Projects/Assets: Japan

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES & DESCRIPTION	TARGET POPULATION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Green Building	<p>Includes buildings and land that meet the following green eligibility requirements. Land acquisition only applies to land covered by the relevant green building certification(s).</p> <p>1. Building and land that fulfils the below requirements:</p> <p>Buildings that acquired one of below within 36 months from date of bond issuance</p> <ul style="list-style-type: none"> - CASBEE construction (new, existing, refurbishment) or CASBEE Real Estate (includes CASBEE by local govt). S, A or B+ ranking for both - LEED-BD+C (Building Design and Construction) or LEED-O+M (Building Operations and Maintenance) certificate. Platinum、 Gold or Silver - BELS (energy efficiency guideline developed by MLIT Japan – ministry of transportation 5. 4 & 3 stars) - DBJ Green Building 5,4,3 stars - BCA (Singapore) Platinum, Gold plus or Gold BCA Greenmark <p>2. ZEH (Net Zero Energy House) in an apartment building (building that includes ZEH-M, Nearly ZEH-M, ZEH-M Ready, and ZEH-M Oriented)</p>	N/A	<p>Climate change mitigation</p> <p>Reduction of GHG emissions and energy use of buildings</p>	<p>The Eligible Projects are overall clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria and the location of Eligible Projects.</p> <p>The Environmental Objective is clearly defined and is relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefits are clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p>

Basic infrastructure	<p>Disaster prevention in Japan, where there is a high probability of natural disasters such as earthquakes and typhoons, investment and expenses related to facilities and equipment that provide "safety and security" in the event of a disaster. This includes securing a place to accept not only building users but also people in the vicinity and people who have difficulty returning home, Includes stockpiling food and equipment.</p>	Vulnerable people, including victims of natural disasters, women, people lacking access to basic supplies and services	<p>Natural disaster relief</p> <p>Access to shelter and supplies during natural disaster</p>	<p>The Eligible Projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria and the location of Eligible Projects. The Issuer also clarified that relevant facilities and equipment may include helmet, mask, lights, medicine, mask, cell phones, pc chargers, drinks, water, toilets, blankets and bicycles, etc.</p> <p>The Social Objective is clearly defined and is relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefits are clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p> <p>An area for improvement consists of clarifying how much space / how many buildings could be potentially used for the disaster relief.</p>
SME services (employment generation)	<p>Job creation: Investment and expenditure related to the creation of businesses that solve social issues.</p> <ul style="list-style-type: none"> - Provision of working spaces to facilitate business growth of small and medium-sized businesses started by those with limited employment opportunities. Includes "H¹⁰"⁶ which offers office space for SMEs⁷ looking more efficient office and further growth. 	SMEs	<p>Equitable access to SMEs services</p> <p>Provision of working spaces that enables opportunity, growth and employment for SMEs</p>	<p>The Eligible projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria and the location of Eligible Projects.</p> <p>The Social Objective is overall clearly defined and is relevant for all the Eligible Projects.</p> <p>The Expected Social Benefit is partially clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting.</p> <p>An area for improvement is to provide more details on specific measures in place (e.g. price compared to market rates, specific support programmes, etc.) to ensure and promote equitable access by SMEs of all kinds.</p>

⁶ <https://h1o-web.com/>

⁷ https://www.chusho.meti.go.jp/faq/faq/faq01_teigi.htm#q1

Essential Services (Elderly service)	<p>Services for the elderly and long-term care:</p> <ul style="list-style-type: none"> Investment and expenditure of essential services for vulnerable elderly population who are increasing due to increasing aging population. Includes senior residence "Oukas" ⁸ which provides nursing care and support for living an independent life. Includes medical care facilities and social infrastructure as a solution to long-term care. 	Elderly	<p>Equitable access to elderly care</p> <p>Provision of residence where the elderly can live comfortably</p>	<p>The Eligible projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria and the location of Eligible Projects.</p> <p>The Social Objective is clearly defined and is relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Social Benefit is partially clear, which are considered relevant, measurable, and will be quantified for all the Eligible Projects in the reporting. An area for improvement is to provide more details on specific measures in place (e.g. pricing compared to market rates, etc.) to ensure and promote equitable access of the elderly regardless of their income level.</p>
Empowerment (Satellite office)	<p>Community empowerment:</p> <ul style="list-style-type: none"> Supporting people's diverse work styles against the backdrop of diversifying housing needs and changes in office values due to changes in lifestyle (needs for diverse work styles such as telework use and satellite promotion) There is a business related to the shared office "H¹T" ⁹ that provides this service. Located in 74 convenient locations) 	Workers seeking diverse working condition	<p>Community empowerment</p> <p>Provide office space for people with diverse working condition including mothers without day care, elderly who are unable to commute long distance, and people who want to secure social distance by avoiding commute.</p>	<p>The Eligible projects are clearly defined. The Issuer has communicated the nature of the expenditures and the eligibility criteria and the location of Eligible Projects.</p> <p>For the "Empowerment (Satellite office)" category, the Issuer further clarified that the Eligible Projects target only woman and diverse working condition (no elderly).</p> <p>The Social Objective is clearly defined and is relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.</p>
Empowerment (Community integration)	<p>Community empowerment:</p> <ul style="list-style-type: none"> Provide access to networks and social resources for the marginalized people of the society, due to being a senior citizen or single person household, through the service 	Marginalized people and community	<p>Community empowerment</p> <p>Create networking opportunities for the marginalised people of the society</p>	<p>The Expected Social Benefits are partially clear, which are considered partially relevant, measurable, and will be quantified for all the Eligible Projects in the reporting. The issuer is not the only provider of shared offices in the market in Japan. Hence, areas for improvement include:</p>

⁸ 野村不動産グループのシニアレジデンス [賃貸型] オウカス 幕張ベイパーク (nomura-re-wn.co.jp)






⁹ シェアオフィス H¹T | 野村不動産のサテライト型シェアオフィス H¹T (h1t-web.com)

	ACTO ¹⁰ . ACTO provides an opportunity to contribute to the community			<ul style="list-style-type: none"> ▪ For the first category, to clarify how the provision of paid office space enables diverse/flexible working conditions/arrangements. ▪ To clarify how the satellite office prevents infectious disease as well as how the circular society is making the service more accessible for the marginalized; ▪ For the second category, to provide more details on specific measures in place (e.g. pricing compared to market rates, etc.) to ensure and promote equitable access of the elderly regardless of their income level.
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¹⁰ <公式>ACTO | それは、まちの扉をひらくことからはじまるオープンコミュニティ。 | 野村不動産グループ (acto-nreg.jp)

SDG Contribution

The Eligible Categories are likely to contribute to 5 of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Essential Services (Elderly service)	 3 Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
		3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks
Green Building	 7 Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
SME services (employment generation)	 8 Decent Work and Economic Growth	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
Empowerment (Satellite office)		8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Empowerment (Community integration)		
Green Building	 9 Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
SME services (employment generation)		
Empowerment (Satellite office)		
Empowerment (Community integration)		
Green Building	 11 Industry, Innovation and Infrastructure	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Basic Infrastructure		
Essential Services (Elderly service)		11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
Empowerment (Satellite office)		
Empowerment (Community integration)		

Evaluation and Selection of Eligible Projects



- The process for Project Evaluation and Selection Process has been clearly defined and detailed by the Issuer. It is considered well-structured in all the evaluation and selection steps. The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework.
- Eligibility Criteria (selection and exclusion) for project have been clearly defined by the Issuer for a majority of Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is disclosed in the herewith SPO. The process is considered robust: it combines monitoring, identification and corrective measures for all projects (see detailed analysis on pages 18-21).

Process for Project Evaluation and Selection

- Below departments will carry out key decisions:
 - Finance Department
 - Sustainability Management Department
 - Executive officer in charge of Finance Department
- The management department (Finance Department and Sustainability Management Department) will make a final decision based on the status of conformity with the eligibility requirements stipulated in the Use of Proceeds.
- Based on the eligibility criteria described in the framework, a comprehensive judgment will be made in consideration of the environmental and social impacts when allocating the proceeds. Various risks in each business' are managed according to the "Risk Management Regulations" for each business division.

The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- Compliance with Eligible Criteria will be tracked semi-annually by the Finance Department until the Bond maturity. In addition, in case of non-compliance, the Finance Department and Sustainability Management Department will take appropriate measures and reallocate to another eligible project.
- The process of evaluation and selection of a project by the Finance Department and the Sustainability Management Department is tracked based on the internal approval rules.
- ESG controversies related to the project will be collected and monitored by the Finance Department, Sustainability Promotion Department, and those with significant impact are reported to the "Sustainability Committee" consisting of directors of Nomura Real Estate Holding and group companies. It will also be reported at the Executive Committee meeting depending on the level of urgency.

Eligibility Criteria

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives defined for the Eligible Categories.

- The selection criteria are based on definitions of Eligible Categories defined in Table 1 in the Use of Proceeds section.
- An exclusion criterion consists of land acquisition where there are problems related to soil and water pollution, which is considered relevant for the Eligible Projects.

An area for improvement is to exclude SMEs involved in controversial activities and/or facing important controversies.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor compliance of selected projects with eligibility and exclusion criteria specified in the Framework throughout the life of the instrument and has provided details on content/ frequency/duration and on procedure adopted in case of non-compliance
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed, and is publicly available in the SPO.
- The allocation period will be 36 months or less.
- Net proceeds of the Bond will be placed in the general treasury and earmarked/tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework.

Management Process

- All the proceeds will be allocated to general treasury and tracked by the Finance Department using dedicated excel sheet based on internal accounting standards.
- All proceeds will be managed in cash or cash equivalent until the proceeds of the Sustainability Bonds are fully allocated to the eligible projects and allocated within 36 months or less.
- The Finance Department will check the allocation of proceeds on a semi-annual basis.
- As long as the bonds issued under the Sustainability Bond Framework are outstanding, the proceeds will not exceed the amount allocated to the Eligible Projects.
- In case of projects postponement or divestment, the Issuer commits to replace a no longer eligible project with a new eligible project or invest in cash or cash equivalents.

BEST PRACTICES

- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework.

Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually until bond maturity, which will be publicly available on issuer's website or annual report.
- The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Projects will be disclosed publicly in the framework.
- Tracking and allocation of funds to Eligible projects will be verified externally until full allocation and in case of material changes, but there's no information on whether indicators used to report on environmental and social benefits of Eligible projects will be verified.

Indicators

The Issuer has committed to transparently communicate on allocation of proceeds at project level, and environmental and social benefits at portfolio level:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are clear and relevant. The issuer commits to report within a year after the sustainability bond issuance.

REPORTING INDICATORS
⇒ Eligible category brief description (name of building and valuation)
⇒ Each eligible category's allocated and unallocated proceeds
⇒ If any unallocated, allocation period
⇒ Share of finance and refinance
⇒ Any major changes to allocation

- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are clear and relevant although not exhaustive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL and social BENEFITS INDICATORS	
	OUTPUT AND OUTCOMES	IMPACT INDICATORS
Green Building	<ul style="list-style-type: none"> • Building and business name that satisfies green eligible category as well as certificate level and date acquired or re-acquired 	<p>Below reporting of business that satisfies green eligibility. Reported at portfolio level</p> <ul style="list-style-type: none"> • CO2 emission (tonnes/year) • Energy use (kWh/year) • Amount of water use (m³/year)
Basic infrastructure	<ul style="list-style-type: none"> • Description of investment related to fire prevention • Disaster prevention supplies (number of items/number of people) 	<p>Disaster prevention equipment and services provided during disaster</p> <ul style="list-style-type: none"> • Number of tenants and local residents who used the facility • Number of people who received supplies
SME services (employment generation)	<ul style="list-style-type: none"> • Description of H10 • Number of tenants • Description of tenant companies 	<ul style="list-style-type: none"> • Business opportunities that were created solely/primarily as a result of office use • Office events <ul style="list-style-type: none"> ▪ Description of events that were held ▪ Number of events ▪ Number of users
Essential Services (Elderly service)	<ul style="list-style-type: none"> • Description of OUCAS • Number of people who used the elderly apartments • Completion status of OUCAS 	<ul style="list-style-type: none"> • Qualitative report on how the elderly are experiencing OUCAS • Number of elderly residents
Empowerment (Satellite office)	<ul style="list-style-type: none"> • Description of H¹T • Number of H¹T users • Disclosure of where companies are located 	<ul style="list-style-type: none"> • Report on how office users achieved diverse working condition solely/primarily as a result of satellite office use <ul style="list-style-type: none"> ○ Number of offices ○ Number of users
Empowerment (Community integration)	<ul style="list-style-type: none"> • Investment status of ACTO • Community event status and description 	<ul style="list-style-type: none"> • Community report as a result of the community activities <ul style="list-style-type: none"> ○ Number of events ○ Number of attendees

Areas for improvement include:

- Commit to disclose the methodology and assumptions used to report on environmental and social benefits of the Eligible projects at least to investors-bondholders;

- For the category “Empowerment (Satellite office)”, to report on the number of women benefitting from the Eligible Projects;
- Commit to an external verification of the indicators used to report on environmental and social benefits of the eligible projects.

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity
- ⇒ The issuer report will be publicly available at least until bond maturity
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the projects. The issuer has committed to report on material development related to the projects, including ESG controversies.
- ⇒ The issuer will report on allocation of proceeds and on environmental/social benefits at project level
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting

Contribution to sustainability

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Green Building	ROBUST	The Eligible Projects will bring overall positive impact locally by adopting relevant environmental measures (such as energy/water saving) to obtain Green Buildings certification. The buildings will contribute to several environmental objectives that are important to Japan including energy efficiency, potentially reduction of CO ₂ (depending on the local grid electricity mix), and protection of biodiversity (if relevant). During the construction phase, despite mitigation measures, there may be residual environmental impacts from use of resources and inconveniences.
Basic infrastructure	ROBUST	The Eligible Projects will bring overall positive impact locally by providing shelter and essential goods to the people who are stranded and/or cannot go home due to natural disasters. Considering that Japan has one of the highest rates of natural disasters, which is also increasing due to climate change, the provision of such services is essential for the society in general. Similar to the first category, there may be residual environmental impacts if the projects involve construction.
SME services (employment generation)	ROBUST	The Eligible Projects will bring overall positive impact locally by providing working spaces to SMEs started by those with limited employment opportunities. The series of offices "H ¹⁰ " is dedicated to SMEs with networking opportunities. However, there is no sufficient information on whether such space is offered at (more) affordable prices compared to market rates to ensure equitable access. Considering that 70% of enterprises in Japan are SMEs ¹¹ and the growth is stagnating in the recent years, such services will have a positive impact to the Japanese economy.
Essential Services (Elderly service)	ROBUST	The Eligible Projects will bring overall positive impact locally by offering residence that are dedicated to elderly and equipped with medical and long-term care. Japan is facing a growing aging population with decreasing number of workforces including the healthcare workers. Such residence will empower the elderly to live independently while securing necessary long-term medical care, although no sufficient information on whether the pricing could ensure affordability and/or equitable access.
Empowerment (Satellite office)	ROBUST	Major challenges remain in Japan for SDG10's reducing inequality. The Eligible Projects will bring potentially positive impact locally by offering 74 satellite offices "H ¹¹ " equipped with dedicated childcare for part of its affiliated company offices and social distancing measures. This is beneficial especially for working mothers without day care, given the project is amongst a few providers offering such services in Japan. ¹² However, it is unclear whether the price is affordable enough for all the target population to ensure equitable access.
Empowerment (Community integration)	LIMITED	The Eligible Projects will bring potentially positive impact locally by allowing the marginalized people to participate in community activities through "ACTO". However, the benefit to improve their conditions is considered limited and it's unclear whether the price will be affordable enough for all target population (especially those with low income) to ensure equitable access.
OVERALL ASSESSMENT	ROBUST	

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered robust¹³.

¹¹ <https://www.japantimes.co.jp/opinion/2017/12/20/commentary/japan-commentary/making-japanese-small-business-thrive/>

¹² https://www.soumu.go.jp/menu_news/s-news/01gyosei08_02000186.html

¹³ The "X" indicates the E&S risks that have been activated for each Eligible Category.

	ELIGIBLE CATEGORIES					
	GREEN BUILDING	BASIC INFRASTRUCTURE	SME SERVICES (EMPLOYMENT GENERATION)	EMPOWERMENT (ELDERLY SERVICE)	EMPOWERMENT (SATELLITE OFFICE)	EMPOWERMENT (COMMUNITY INTEGRATION)
Environmental Management System and Environmental Impact Assessment	X	X	X	X	X	
Eco-design and end-of-life impacts	X	X	X	X	X	
Energy use and GHG emission reduction	X	X	X	X	X	
Impacts of climate change and adaptation measures	X	X	X	X	X	
Pollution Prevention and Control and Waste Management	X	X	X	X	X	
Biodiversity	X	N/A	N/A	N/A	N/A	
Integration of environmental and social factors in supply chain	X	X	X	X	X	
Respect of Fundamental Human and Labour Rights	X	X	X	X	X	
Health and Safety of workers and residents/users	X	X	X	X	X	
Responsible business and client relations	X	X	X	X	X	
OVERALL ASSESSMENT	Robust	Robust	Robust	Robust	Robust	

Overall, Nomura Real Estate Holdings reports that below efforts are made to lower environment and social risks related to all Eligible Categories:

- Compliance with the local and federal environmental law where the eligible project is carried out as well as environmental assessment
- Thorough explanation to the local population where the eligible project will be carried out
- Procurement that complies to the sustainable procurement policy which includes; safe management of environmentally hazardous substances and waste, and consideration for human rights
- For condominiums and rental offices, implement environmental measures are implemented based on the "design standards" and "quality manuals" that define environmental performance specifications at the design and implementation stages.

Nomura Real Estate Holdings also reports that ESG risks are regularly monitored until bond maturity by the "Sustainability Committee" consisting of directors of Nomura Real Estate Holdings and group companies (higher-ranking executives will meet and reported to the board of directors depending on the urgency).

Environmental Management System and Environmental Impact Assessment

Nomura Real Estate Holdings reports that it is upgrading its environmental activities in accordance with the internationally recognised Environmental Management System (EMS). It reports that its Yokohama Division has acquired ISO 14001 certification and is implementing measures to reduce waste and conserve energy across its operations, which are disclosed in its CSR Report.

Nomura Real Estate Holdings also commits to comply with the environmental laws and regulations of the countries in which it operates, including Environmental Impact Assessment (EIA) if required. It reports that for building projects, it requires the offices who are in charge of business development to submit an "Environmental Assessment & Challenge Sheet" for new developments to improve the overall environmental performance and quality of the building. For the non-residential projects, it reports to acquire Green Building Certification for new developments to assess the environmental performance of its buildings.

Eco-design and end-of-life impacts

Nomura Real Estate Holdings reports that an eco-design approach is applied for most of its building projects. Some of the aspects may be covered by the EIA process described above. In addition, additional measures are said to be taken during procurement (environmental requirements for suppliers) and waste management.

Nomura Real Estate Holdings commits to extend the life of its buildings by using long-lasting, high-durability materials and appropriate management and repair plans, and to reduce waste emissions and improve recycling rates throughout the lifecycle of our products and services. When it comes to decommissioning of each project, the Group complies appropriately with the laws applicable to each region as set out by respective national government. The Group reports to take appropriate measures, such as enclosing asbestos, a hazardous chemical substance generated in the course of demolition work, or has its concentration measured by a third party and its spraying status surveyed on a regular basis, and continuously monitors the situation.

Energy use and GHG emission reduction

Nomura Real Estate Holdings' measures in reducing energy use and/or improving energy efficiency are embedded in its pursue of green building certifications for its building assets.

In relation to GHG emission reduction, Nomura Real Estate Holdings' Sustainability Committee has set relevant targets: reduction of CO₂ emission; reduction of energy consumption; and promotion of solar power generation. Its group-level CO₂ emission reduction targets have been validated by SBTi (see Coherence section).¹⁴

Impacts of climate change and adaptation measures

Nomura Real Estate Holdings reports that it has analysed climate change related risks and opportunities at the Group level, with reference to the 2°C scenario. It has identified relevant physical risks as increased damage to buildings due to increased incidents of heavy rain and flooding, and consequent changes in the value and quality of real estate assets.

In response to these physical risks, Nomura Real Estate Holdings reports to resort to hazard maps when developing real estate and implement localized severe rain and flooding countermeasures in accordance with the Quality Manual. Hazard maps are said to be attached to the disclosure statement provided to housing purchasers.¹⁵

Biodiversity

In the process of construction and demolishing buildings and procuring building materials and raw materials, Nomura Real Estate Holdings reports to work with design and construction companies and other suppliers to reduce and preserve the impact on biodiversity through real estate development and materials procurement aimed at coexisting with nature.

Depending on the location of the property, wherever possible, the Company also reports to actively acquire biodiversity certification, such as ABINC Certification (Ikimono Kyoseijigyosho® Certification)¹⁶, JHEP (Habitat Evaluation and Certification System)¹⁷, and SEGES (Social and Environmental Green Evaluation System)¹⁸.

¹⁴ <https://sciencebasedtargets.org/companies-taking-action>

¹⁵ <https://www.nomura-re-hd.co.jp/english/csr/environment/climateChange.html>

¹⁶ <https://www3.abinc.or.jp>

¹⁷ <http://www.ecosys.or.jp/aboutus/jhep.html>

¹⁸ <https://seges.jp>

Pollution Prevention and Control and waste management

At the group level, pollution prevention is high in the management priority list. The Representative Director, Executive Vice President and Group COO are all responsible for promoting appropriate resource use and pollution prevention throughout the Group. The Sustainability Committee (chaired by the Executive Vice President and Group COO of Nomura Real Estate Holdings), consisting of directors of the Group and Group companies, deliberates and decides on relevant policies and activity plans. Some of the specific measures are as follow:

- For soil and water pollution: When acquiring a site, Nomura Real Estate Holdings investigates the past use of the site and, if there is any suspicion of soil contamination, it has a specialist to conduct a soil survey. When soil contamination is confirmed, it takes measures such as removal and containment of contaminants in accordance with the Soil Contamination Countermeasures Law and other relevant laws and regulations.
- For appropriate management of chemical substances and reduction of their use: Nomura Real Estate Holdings commits to use building materials with a formaldehyde emission rating of the highest standard in accordance with its internal Design Standards and Quality Manual. Construction companies are also obliged to submit a quality control check sheet, and upon completion of construction, measurement of five substances (formaldehyde, toluene, xylene, ethylbenzene and styrene) designated as specified measuring substances in the Law Concerning the Promotion of Quality Assurance of Housing is carried out.
- For waste reduction: Nomura Real Estate Holdings has set two group-level targets to promote the proper use of resources and the prevention of pollution: 1) to reduce the amount of waste generated; and 2) to promote the use of domestic and FSC® certified wood.
- For noise pollution and construction vibration: Although the risk is expected to be low since Nomura's business premises are mainly office buildings, the Nomura Real Estate Group CSR Procurement Guidelines provide relevant guidelines to its contractors and other business partners.

Integration of environmental and social factors in supply chain

Nomura Real Estate Holdings has formalised its CSR Procurement Guidelines, which applies to all its suppliers and is stipulated in its outsourcing contracts and order forms, although not mandatory and no audits have been carried out yet. The guidelines cover both social (e.g. Respect for Human Rights) and environmental (e.g. environmental laws compliance, GHG emissions, hazardous chemical substances, waste, biodiversity, sustainable timber, etc.) factors.

In addition, during building project development, Nomura Real Estate Holdings will also proceed with contractors who can cooperate with its internal policies such as "Environmental Assessment & Challenge Sheet", "Environmental Certification", Design Standards" and "Quality Manual".

In case of non-compliance, although there are no set rules, decisions will be taken depending on the nature of the case and involving the Group's Sustainability Committee.

Fundamental human and labour rights

The Group commits to act with respect for the dignity and fundamental human rights of all its stakeholders, including its employees, and to conduct its business in strict compliance with human rights laws and regulations, including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Guiding Principles on Business and Human Rights, and the Rights of the Child and Business Principles. The Sustainability Committee deliberates and decides on relevant policies and action plans. Nomura Real Estate Holdings also reports to conduct human rights training for its Group executives and employees, and monitor human rights issues among stakeholders. It reports that it has established a human rights subcommittee within the company to examine the human rights risks of its business, and is also working internally to develop a human rights policy.

In terms of labour rights, the Group commits to comply with the labour laws and regulations of the countries in which it operates, and has systems in place to control and improve them. It also aims to create a fair and rewarding workplace, and to ensure fair evaluation of employees, remuneration including a guaranteed living wage, fair benefits and respect for fundamental rights such as freedom of association and the right to collective bargaining. In July 2020, it established the Group Wellness Promotion Council with the aim of promoting "wellness", "work style reform" and "diversity" as a whole. It also conducts an annual employee satisfaction survey to compile recommendations for management and employee feedback on their work and workplace.

Health and safety of workers and residents/users

Nomura Real Estate Holdings states in its Group Code of Ethics that it is committed to maintaining and improving a healthy and comfortable working environment that ensures the physical and mental health and safety of its employees. The Group's

Chief Quality Control and Construction Officer is responsible for improving safety and quality. In addition, the Sustainability Committee deliberates and decides on relevant policies and action plans.

For its employees and contractors, health and safety issues are shared and discussed at the Group Human Resources Subcommittee, which is held monthly by personnel managers from each Group company. It is also said to provide training on health and safety, including explanations of the Labour Standards Law and other related laws and labour management methods, for newly appointed managers.

For the residents and users of its buildings, the Group has formulated Building Management Quality Assessment Guidelines for the properties (buildings) it manages. These guidelines cover more than 400 items, including management quality, legal compliance and internal audits. One of the Group company, Nomura Real Estate Development, has acquired ISO 9001 quality certification for its PMO business. For condominiums, it also provides regular after-sales services (e.g. repair of defects) to ensure that residents can live in peace of mind after moving in.

Responsible business and client relations

Nomura Real Estate Holdings has formulated the Group Code of Ethics as a guideline for compliance. Furthermore, the Group has established a Risk Management Committee and a Group Legal and Compliance Department to provide advice, guidance and support to Group companies

It reports that it communicates with its customers through questionnaires and interviews, including the "Tenant Company Satisfaction Survey". The results of the questionnaires are used to improve its operations and the next products and services. It has also set up a dedicated helpline for business partners in accordance with the internal reporting system operation rules, in order to promote fair transactions with corporations, companies and organizations with which it has business relationships.

ISSUER

Nomura Real Estate Holdings, Inc. and its affiliated companies sells and leases condominiums, residential houses, and office buildings. The Company also manages REITs, real estate development, and consulting services. In November 2018, the Company has acquired Lothbury Investment Management, a UK-based real estate investment manager. Nomura Real Estate Holdings was founded in 2004 and is headquartered in Tokyo, Japan.

Level of ESG performance

As requested by Nomura Real Estate Holdings', this document does not contain information on its ESG performance at company level.

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy faced by Nomura Real Estate Holdings over the last four years.

Involvement in Controversial Activities

Regarding the 17 controversial activities screened under our methodology, Nomura Real Estate Holdings appears to have minor involvement in Alcohol.

- Alcohol: Nomura Real Estate Holdings has an estimated turnover from alcoholic beverages which is below 5% of total turnover. This turnover is derived from the sale of alcoholic beverages in the Company's owned and managed hotels. It includes group companies Nomura Real Estate Hotels Co., Ltd (including the Nohga Hotel brand) and UHM Co., Ltd engaged in hotel management.

The Issuer appears to be not involved in any of the other controversial activities, namely: Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, High interest rate lending, Human embryonic stem cells, Military Nuclear Power, Pornography, Reproductive medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

FRAMEWORK

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2018 ("GBP") and the Social Bond Principles - June 2020 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;¹⁹
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

¹⁹ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

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Transparency on the relation between V.E and the Issuer: V.E has not carried out any audit mission or consultancy activity for Nomura Real Estate Holdings. No established relation (financial or commercial) exists between V.E and the Issuer. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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