

**(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)**  
**For the 8th Fiscal Period Ended August 31, 2019**

October 15, 2019

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”)      Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 3462  
 Representative: Shuhei Yoshida, Executive Director      URL: <https://www.nre-mf.co.jp/en/>

Asset Management Company: Nomura Real Estate Asset Management Co., Ltd.  
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Scheduled date of filing of securities report: November 27, 2019  
 Scheduled date of commencement of distribution payout: November 20, 2019  
 Preparation of supplementary materials on financial results: Yes  
 Holding of briefing session on financial results: Yes (for institutional investors and analysts)

[Amounts less than one million yen are truncated]

1. Financial Results for the 8th Fiscal Period (from March 1, 2019 to August 31, 2019)

(1) Operating Results [ $\%$  figures are the rate of increase (decrease) compared with the previous period]

Period ended	Operating revenues		Operating profit		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
August 31, 2019	36,617	3.4	14,265	1.5	11,692	1.5	11,690	1.1
February 28, 2019	35,428	2.0	14,056	5.8	11,516	7.1	11,560	7.9

Period ended	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	yen	%	%	%
August 31, 2019	2,571	2.0	1.0	31.9
February 28, 2019	2,675	2.0	1.0	32.5

(2) Distributions

Period ended	Distribution per unit (excluding distribution in excess of net income)	Total distributions (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Total distributions in excess of net income	Distribution per unit (including distribution in excess of net income)	Total distributions (including distribution in excess of net income)	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
August 31, 2019	2,571	11,691	638	2,901	3,209	14,592	100.0	1.9
February 28, 2019	2,623	11,336	505	2,182	3,128	13,518	98.0	1.9

(Note 1) Of the ¥505 distribution in excess of net income per unit in the fiscal period ended February 28, 2019, ¥361 is a distribution of the allowance for temporary difference adjustments and ¥144 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.002.

Of the ¥638 distribution in excess of net income per unit in the fiscal period ended August 31, 2019, ¥342 is a distribution of the allowance for temporary difference adjustments and ¥296 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.003.

(Note 2) Distribution Payout Ratio is calculated using the below formula and truncated at the first decimal place.

Distribution Payout Ratio = Total Distributions (excluding distribution in excess of Net Income) / Net Income  $\times$  100

(Note 3) Ratio of Distributions to Net Assets is calculated using the below formula and truncated at the first decimal place.

Ratio of Distributions to Net Assets = Distribution Per Unit (excluding distribution in excess of Net Income) / {(Net Assets per Unit at the beginning of the fiscal period + Net Assets per Unit at the end of the fiscal period) / 2}  $\times$  100

(3) Financial Position

Period ended	Total assets	Net assets	Net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
August 31, 2019	1,164,767	600,910	51.6	132,146
February 28, 2019	1,117,851	569,843	51.0	131,853

#### (4) Status of Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Period ended	million yen	million yen	million yen	million yen
August 31, 2019	18,320	(51,928)	32,816	73,420
February 28, 2019	24,256	(11,217)	(13,383)	74,212

#### 2. Earnings Forecasts for the 9th Fiscal Period (from September 1, 2019 to February 29, 2020) and the 10th Fiscal Period (from March 1, 2020 to August 31, 2020)

[% figures are the ratio of increase (decrease) compared with the previous period]

Period ending	Operating revenues		Operating profit		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Distribution per unit (including distribution in excess of net income)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
February 29, 2020	36,712	0.3	14,435	1.2	11,977	2.4	11,976	2.4	2,632	616	3,248
August 31, 2020	36,873	0.4	14,565	0.9	12,141	1.4	12,140	1.4	2,669	597	3,266

(Reference) Forecasted net income per unit

For the fiscal period ending February 29, 2020: ¥2,633

For the fiscal period ending August 31, 2020: ¥2,669

#### \*Other

##### (1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatements

- |   |      |
|---|------|
| ① Changes in accounting policies accompanying amendments to accounting standards, etc.: | None |
| ② Changes in accounting policies other than those in ①:                                 | None |
| ③ Changes in accounting estimates:  | None |
| ④ Retrospective restatements:   | None |

##### (2) Number of Investment Units Issued and Treasury Investment Units

###### ① Number of investment units issued (including treasury investment units)

As of August 31, 2019: 4,547,300 units

As of February 28, 2019: 4,321,800 units

###### ② Number of treasury investment units

As of August 31, 2019: – units

As of February 28, 2019: – units

(Note) For the number of investment units used as the basis for calculation of net income per unit, please refer to “Notes on Per Unit Information” on page 30.

\* This summary of financial results is not subject to audit procedures by a certified public accountant or an audit firm.

#### \* Forward-looking statements

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by NMF. Accordingly, actual earnings performance and other results may differ materially due to a variety of factors. Furthermore, such forward-looking statements do not constitute a guarantee of future distributions. For more information on the assumptions underlying forward-looking statements and the use of such statements, please refer to

“Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending February 29, 2020 (9<sup>th</sup> fiscal period: September 1, 2019 to February 29, 2020) and the Fiscal Period Ending August 31, 2020 (10<sup>th</sup> fiscal period: March 1, 2020 to August 31, 2020)” on page 6.

This is an English language translation of the original Japanese announcement of the financial statements (“Kessan Tanshin”). This translation is provided for information purpose only. Should there be any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

## Table of Contents

1. Management Status . . . . .	2
(1) Management Status . . . . .	2
2. Financial Statements . . . . .	9
(1) Balance Sheet . . . . .	9
(2) Statement of Income and Retained Earnings . . . . .	12
(3) Statement of Changes in Net Assets . . . . .	13
(4) Statement of Cash Distributions . . . . .	17
(5) Statement of Cash Flows . . . . .	19
(6) Notes Concerning the Going Concern Assumption . . . . .	21
(7) Notes Concerning Significant Accounting Policies . . . . .	21
(8) Notes to Financial Statements . . . . .	24
(9) Increase (Decrease) in Total Number of Investment Units Issued and Outstanding . . . . .	31
3. Reference Information . . . . .	32
(1) Investment Status . . . . .	32
(2) Investment Assets . . . . .	33

## 1. Management Status

### (1) Management Status

#### ① Outline of Fiscal Period under Review

NMF's basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister's Office Ordinance No. 129 of 2000, including subsequent amendments)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management <sup>(Note)</sup>. In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which offers strong tenant demand, while also considering regional diversification through investment in all of Japan's three major metropolitan areas and other major cities. By combining the "diversified type strategy," in which investments are made in a variety of facilities, such as offices, retail facilities, logistics facilities, residential facilities and other facilities with the "large-scale REIT strategy," which increases portfolio stability through property and tenant diversification, as well as the "leasing value chain" with the Sponsor, Nomura Real Estate Development Co. Ltd. which is one of the group company of the Nomura Real Estate Group (Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries etc. The same shall apply hereinafter.), NMF aims to increase unitholder value by securing stable income over the medium to long term and the steady growth of assets under management.

(Note) Throughout this document, "assets under management" refers to assets that belong to NMF. Furthermore, "Real estate, etc." refers to assets defined in Article 29, Paragraph 1 (1) or (2) of NMF's Articles of Incorporation, and "real estate backed securities" refers to assets defined in Article 29, Paragraph 1 (3) of NMF's Articles of Incorporation ("Real estate, etc." and "real estate-backed securities" are hereinafter collectively referred to as "real estate-related assets"). Real estate and the underlying real estate of real estate-related assets are together referred to as the "real estate under management" or "properties."

#### A. Investment Environment (Japanese Economy)

While domestic demand has remained solid as of late, exports have weakened due to the slowdown of the Chinese economy brought by intensified U.S.-China trade friction. The future outlook appears even more uncertain due to the consumption tax rate hike in October in addition to the worsening business sentiments of companies mainly in the manufacturing industry, which is impacted by the decrease in exports due to concerns over the slowdown of the world economy.

##### (Real Estate Leasing Market)

The real estate leasing market was generally strong.

With regard to the office sector, vacancy rates remained low in Tokyo backed by strong demand for increased floor space and expansion-driven relocations, and average advertised rent continued to rise. Leasing of large buildings scheduled to be completed in 2019 and 2020, which was a concern due to the large amount of supply of new office buildings, has been progressing smoothly, and new vacancies created by tenants moving out have little impact. In major cities in less populated regions, vacancy rates remained low with limited new supply and the average advertised rent continued to trend upward.

As to the retail facility sector, although retail sales increased moderately in general, brick-and-mortar apparel shops, which have been impacted by e-commerce, struggled slightly. Retail sales related to consumption by in-bound visitors are likely to remain strong as the number of foreign visitors to Japan is expected to continue growing going forward.

In the logistics facility sector, overall performance has been stable, buoyed by the continuing firm demand from e-commerce-related operators and third-party logistics providers (Note), NMF's main logistics facility tenants. In the greater Tokyo area, although a large supply of logistics facilities has continued, the vacancy rate has decreased due to the greater-than-expected demand.

(Note) Third-party logistics (3PL) refers to logistics services outsourced by shippers for part or all of their logistics functions.

Concerning the rental apartment sector, in the Greater Tokyo area, a net population inflow has resulted in

consistently high occupancy rates as well as moderate increase in rent. Performance in major cities in less populated regions remained steady overall as well.

In the hotel sector, occupancy rates and revenue per available room (RevPAR) were steady overall in the greater Tokyo area and in major cities in less populated regions due to the number of foreign visitors continuing to set record-high figures. However, occupancy rates and RevPAR have been weak in Osaka and Kyoto, where the number of hotel rooms have surged, and thus caution is required.

(Real Estate Transaction Market)

With the ultra-low interest rate, investors were eager to acquire business real estate as an investment vehicle, continuing to ramp up competition for acquisitions and keeping selling prices high. The ultra-low interest rate policy is expected to continue both in Japan and abroad due to concern over the uncertain economic outlook and acquisition competition is likely to remain harsh going forward.

(J-REIT Market)

The ongoing monetary easing policy and the insusceptibility of real estate leasing market conditions to the outside environment were recognized as factors helping the Tokyo Stock Exchange's REIT index recover to 2,000 points (on a closing price basis) in July 2019 for the first time in 11 years and 7 months. With such strong trends, the J-REIT market outperformed TOPIX during the fiscal period under review.

B. Management Performance

Under the circumstances described above in A. Investment Environment, NMF carried out a public offering, as described in C. Status of Fund Procurement below, and acquired 9 properties (PMO Tamachi Higashi, PMO Hatchobori Shinkawa, PMO Kyobashi Higashi, GEMS Shinbashi, GEMS Kayabacho, Summit Store Honamanuma, GEMS Shin-Yokohama, GEMS Namba and Landport Ome I; total acquisition price: ¥44,409 million) on March 1, 2019, and 1 property (PMO Ochanomizu; acquisition price: ¥3,890 million) on April 1, 2019. Furthermore, NMF acquired 1 property (Red Planet Naha Okinawa; acquisition price: ¥2,650 million) on June 26, 2019 and disposed a part of the land area of 1 property (PROUD FLAT Shinjuku Kawadacho; disposition price: ¥23 million) on July 26, 2019. As a result, at the end of the fiscal period under review (as of August 31, 2019), NMF held 289 properties (total acquisition price: ¥1,011,279 million), the ratio of investment in the Greater Tokyo area was 82.0%, the gross leasable area of the portfolio was 1,961,144.37m<sup>2</sup>, and the portfolio remained highly diversified.

In terms of property and facility management, as described above in A. Investment Environment, rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 99.3%. In the office sector, a key upside sector <sup>(Note 1)</sup>, the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

NMF is striving to minimize environmental burdens attributable to its portfolio. NMF therefore engages in investment in environmentally friendly properties while working to enhance the efficiency of its energy use by, for example, introducing eco-friendly and energy-saving countermeasures at its properties. Based on such policy, NMF promotes acquisition of DBJ Green Building certification and BELS certification by its properties. As of the end of the fiscal period under review, NMF has acquired DBJ Green Building certification for a total of 79 properties while acquiring BELS certification for a total of 26 properties. The percentage <sup>(Note 2)</sup> of properties with DBJ Green Building certification stands at 63.9% and that of properties with BELS certification at 19.8%.

(Note1) Upside sectors refer to sectors for which an increase of rental revenue can be expected, in particular offices, retail facilities in station areas and hotels. The same shall apply hereinafter.

(Note 2) The percentage figures of the certified properties are calculated based on total floor areas for properties excluding land owned by NMF.

C. Status of Fund Procurement

During the fiscal period under review, NMF made a public offering with a payment date of March 1, 2019 (newly issued investment units: 214,760, total issue value: ¥31,241 million), and conducted a third-party allotment with a payment date of March 26, 2019 (newly issued investment units: 10,740, total

issue value: ¥1,562 million). In conjunction with the fund procurement through the aforementioned public offering and third-party allotment, NMF borrowed ¥16,000 million on March 1, 2019, to use for a part of the acquisition of specified assets and related expenses and made an early repayment of ¥1,600 million with proceeds from the issuance of new investment units through the third-party allotment and cash on hand. NMF also refinanced ¥35,200 million (including partial repayment with cash on hand) in interest-bearing liabilities with approaching maturities during the fiscal period under review. As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥510,770 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 43.9%.

NMF's ratings at the end of the fiscal period under review are shown below. These ratings do not represent judgments on NMF investment units. Concerning NMF investment units, there are no credit ratings that credit rating agencies have provided or made available for inspection, nor are there credit ratings that credit rating agencies are scheduled to provide or make available for inspection at the request of NMF.

Credit rating agency	Rating description	Note
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA	Rating outlook: Stable
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+	Rating outlook: Stable
S&P Global Ratings Japan Inc. (S&P)	Long-term Issuer rating: A	Rating outlook: Stable
	Short-term Issuer rating: A-1	

#### D. Business Performance and Distributions

In the 8th fiscal period, operating revenues totaled ¥36,617 million, operating profit reached ¥14,265 million, ordinary income totaled ¥11,692 million, and net income came to ¥11,690 million. NMF calculates cash distributions in accordance with the cash distribution policies specified in Article 36, Paragraph 1 and Paragraph 2 of NMF's Articles of Incorporation.

For the fiscal period under review, NMF decided to implement a total of ¥14,592 million in distributions (¥3,209 per investment unit). This figure was arrived at by adding to ¥11,690 million in net income after taxes ¥2,622 million in amortization of goodwill, subtracting ¥6 million in gain on sales of real estate, and finally adding ¥288 million in temporary decrease of operating revenues due to the move out of a large tenant. The portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 was excluded.

Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 as amended, hereinafter the Investment Trust Act) came to ¥11,691 million (¥2,571 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,555 million (¥342 per investment unit) as allowance for temporary difference adjustment and ¥1,346 million (¥296 per investment unit) in other distribution in excess of net earnings.

#### ② Outlook for Next Fiscal Period

Under the conditions described above in A. Investment Environment, NMF will continue to target external growth by leveraging the Nomura Real Estate Group's property development capabilities and internal growth by making maximum use of the property management pipeline with a focus on strengthening its property brands. By doing so, with both the external growth and the internal growth, NMF aims to secure the growth of income and increase further unitholder value.

#### ③ Forecasts of the Financial Results

Forecasts of the Financial Results for the fiscal period ending February 29, 2020 (9th fiscal period: September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020) are stated below. Assumptions for forecasts of the financial results are referred to the following Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending February 29, 2020 (9th fiscal period: September 1, 2019 to February 29, 2020) and the Fiscal Period Ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020).

	9th fiscal period ending February 29, 2020	10th fiscal period ending August 31, 2020
Operating Revenues	¥ 36,712 million	¥36,873 million
Operating Profit	¥ 14,435 million	¥ 14,565 million
Ordinary Income	¥ 11,977 million	¥12,141 million
Net Income	¥ 11,976 million	¥12,140 million
Net Income Per Unit	¥ 2,633	¥ 2,669
Distribution Per Unit (Excluding Distribution in Excess of Net Income)	¥ 2,632	¥ 2,669
Distribution in Excess of Net Income Per Unit	¥ 616	¥ 597
Total Distributions Per Unit (Including Distribution in Excess of Net Income)	¥ 3,248	¥ 3,266

(Reference)

A. Issuance of Investment Corporation Bonds

NMF issued its investment corporation bonds on September 20, 2019 based on the comprehensive resolution at the Board of Directors meeting held on September 18, 2018 with respect to the issuance of the investment corporation bonds.

Name	Nomura Real Estate Master Fund, Inc. Fourth Series of Unsecured Investment Corporation Bonds (Special pari passu conditions among specified investment corporation bonds) (Green Bonds)
Total amount of Issuance	3 billion yen
Interest Rate	0.530 % per annum
Collateral / Guarantee	Neither collateral nor guarantee is provided for the Bonds, and no asset is particularly secured for the bonds.
Redemption Method and Date	The total amount of the bonds will be redeemed on September 20, 2029(10-year bond). Redemption by purchase is permitted any time on and after the following day of the payment date except for the case separately determined by the depository, Japan Securities Depository Center, Inc.
Credit Ratings	AA (Japan Credit Rating Agency, Ltd.)
Use of Proceeds	Allocated for a part of the early repayment of the outstanding borrowings which were borrowed for acquiring eligible green projects, PMO Tamachi Higashi.

Name	Nomura Real Estate Master Fund, Inc. Fifth Series of Unsecured Investment Corporation Bonds (Special pari passu conditions among specified investment corporation bonds)
Total amount of Issuance	5 billion yen
Interest Rate	0.900% per annum
Collateral / Guarantee	Neither collateral nor guarantee is provided for the Bonds, and no asset is particularly secured for the bonds.
Redemption Method and Date	The total amount of the bonds will be redeemed on September 20, 2039(20-year bond). Redemption by purchase is permitted any time on and after the following day of the payment date except for the case separately determined by the depository, Japan Securities Depository Center, Inc.
Credit Ratings	AA (Japan Credit Rating Agency, Ltd.)
Use of Proceeds	Allocated for a part of the early repayment of the outstanding borrowings.

Assumptions Underlying Earnings Forecasts  
for the Fiscal Period Ending February 29, 2020 (9<sup>th</sup> fiscal period: September 1, 2019 to February 29, 2020) and the  
Fiscal Period Ending August 31, 2020 (10<sup>th</sup> fiscal period: March 1, 2020 to August 31, 2020)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>• Fiscal period ending February 29, 2020 (9<sup>th</sup> fiscal period): September 1, 2019 to February 29, 2020</li> <li>• Fiscal period ending August 31, 2020 (10<sup>th</sup> fiscal period): March 1, 2020 to August 31, 2020</li> </ul>
Assets Under Management	<ul style="list-style-type: none"> <li>• With respect to the 289 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the August 2020 (10<sup>th</sup>) fiscal period.</li> <li>• The forecasts may be revised due to actual changes in the portfolio.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Rental revenues are estimated based tenant trends, the presence of competing properties nearby, real estate market conditions and other factors, with the assumption that there will be no delays in payment or failure to pay on the part of tenants.</li> </ul>
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> <li>• Real estate rental expenses are expected to be ¥15,719 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥15,726 million in the August 2020 (10<sup>th</sup>) fiscal period.</li> <li>• It is estimated that property and other taxes of ¥2,969 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥3,080 million in the August 2020 (10<sup>th</sup>) fiscal period will be recorded as real estate rental expenses. In general, previous owners are reimbursed for the property taxes and city planning taxes for the portion of the fiscal year in which the acquisition occurs from the time NMF acquires the assets onward. However, because the amount equivalent to such reimbursement is included in the cost of acquisition and is capitalized, NMF will not record it as property taxes and city planning taxes in the February 2020 (9<sup>th</sup>) fiscal period concerning the properties acquired on March 1, 2019, April 1, 2019 and June 26, 2019.</li> <li>• Estimated property management costs (including building management fees and property management fees) of ¥2,680 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥2,702 million in the August 2020 (10<sup>th</sup>) fiscal period are expected to be recorded as real estate rental expenses.</li> <li>• Expenses for building repairs and maintenance required for the fiscal period are recorded as real estate rental expenses calculated based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damage to buildings caused by difficult to foresee factors, significant year-on-year fluctuations in costs or non-periodic repair expenses. Furthermore, expenses for repairs and maintenance are estimated at ¥1,673 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥1,435 million in the August 2020 (10<sup>th</sup>) fiscal period.</li> <li>• Depreciation of ¥5,110 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥5,169 million in the August 2020 (10<sup>th</sup>) fiscal period is expected to be recorded as real estate rental expenses.</li> <li>• Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥3,935 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥3,959 million in the August 2020 (10<sup>th</sup>) fiscal period.</li> </ul>

Item	Assumptions
Amortization expenses for goodwill	<ul style="list-style-type: none"> <li>• Goodwill is scheduled to be amortized using the straight-line method over 20 years pursuant to the Business Combination Accounting Standards. Goodwill amortization expenses are expected to be ¥2,622 million in each the February 2020 (9<sup>th</sup>) and the August 2020 (10<sup>th</sup>) fiscal periods.</li> <li>• Amortization of goodwill causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses are estimated to be ¥2,444 million in the February 2020 (9<sup>th</sup>) fiscal period and ¥2,408 million in the August 2020 (10<sup>th</sup>) fiscal period.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• As of this document's publication, the outstanding interest-bearing liabilities of NMF are ¥510,770 million, consisting of ¥480,770 million in outstanding borrowings and ¥30,000 million in investment corporation bonds.</li> <li>• Regarding ¥29,942 million in borrowings that will come due by the end of the February 2020 (9<sup>th</sup>) fiscal period and the ¥28,442 million in borrowings and the ¥5,000 million in the investment corporation bonds that both will come due by the end of the August 2020 (10<sup>th</sup>) fiscal period (¥63,385 million in total), it is assumed that NMF will make scheduled, partial repayments of ¥42 million in each the February 2020(9<sup>th</sup>) and the August 2020(10<sup>th</sup>) fiscal periods using cash on hand, while refinancing the remainder with new borrowings.</li> <li>• It is assumed that there will be no changes in the amount of the outstanding interest-bearing liabilities other than those stated above by the August 2020(10<sup>th</sup>) fiscal period.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• Forecasts are based on the number of investment units issued and outstanding as of this document's publication, 4,547,300 units. NMF assumes that there will be no additional issuance of new investment units through August 31, 2020 (the end of the 10th fiscal period).</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation.</li> <li>• Distribution for the February 2020 (9<sup>th</sup>) fiscal period and for the August 2020 (10<sup>th</sup>) fiscal period are assumed to be conducted with additional distribution of ¥174 million for the February 2020 (9<sup>th</sup>) fiscal period and ¥89 million for the August 2020 (10<sup>th</sup>) fiscal period in order to stabilize distribution which is expected to decline a result of the temporary decline in operating revenues for these fiscal periods due to a vacancy period caused by the departure of a major tenant and the granting of free rent. The additional distribution is to be distributed as other distributions in excess of net earnings.</li> <li>• NMF assumes that, of the allowance for temporary difference adjustments ("ATA") accrued up to the present, the amount eliminated in the February 2020 (9<sup>th</sup>) fiscal period (¥5 million) and the August 2020 (10<sup>th</sup>) fiscal period (¥5 million) will be reversed from retained earnings at the respective period ends.</li> <li>• In the February 2020 (9<sup>th</sup>) fiscal period and the August 2020 (10<sup>th</sup>) fiscal period, NMF assumes there will no change in the per-unit distribution by the change in fair value of interest rate swaps.</li> <li>• The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.</li> </ul>
Distribution per unit in excess of earnings per	<ul style="list-style-type: none"> <li>• The amount of distribution in excess of net income is estimated on the assumption</li> </ul>

Item	Assumptions
unit	<p>NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the “Merger Expenses”) and the reversal of ATA, if the total difference between accounting and tax treatment for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of ATA, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the “Investment Trusts Association Japan Regulations”), which restricts the amount to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period.</p> <ul style="list-style-type: none"> <li>• The distribution in excess of net earnings per unit for the February 2020(9<sup>th</sup>) fiscal period is expected to be ¥616, comprising ¥380 in distributions of ATA and ¥236 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the August 2020 (10<sup>th</sup>) fiscal period is expected to be ¥597, comprising ¥390 in distributions of ATA and ¥207 in other distributions in excess of net earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan, or other laws or regulations that would affect the above forecasts.</li> <li>• It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.</li> </ul>

## 2. Financial Statements

### (1) Balance Sheet

Thousands of Yen

	As of February 28, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and bank deposits	61,654,628	60,371,346
Cash and bank deposits in trust	12,558,115	13,049,407
Rental receivables	659,719	695,682
Prepaid expenses	736,985	827,367
Consumption taxes receivable	—	657,804
Other	671,089	846,392
Total current assets	76,280,538	76,448,000
Noncurrent assets		
Property and equipment		
Buildings	131,838,208	145,112,589
Less accumulated depreciation	(11,918,499)	(14,044,860)
Buildings, net	119,919,709	131,067,728
Structures	540,314	614,595
Less accumulated depreciation	(247,274)	(287,489)
Structures, net	293,039	327,105
Machinery	699,374	729,577
Less accumulated depreciation	(405,602)	(465,179)
Machinery, net	293,771	264,397
Tools, furniture and fixtures	275,363	333,772
Less accumulated depreciation	(77,742)	(103,877)
Tools, furniture and fixtures, net	197,620	229,895
Land	248,639,023	282,632,048
Buildings in trust	183,254,186	186,078,102
Less accumulated depreciation	(22,583,752)	(25,331,413)
Buildings in trust, net	*3 160,670,434	*3 160,746,688
Structures in trust	993,054	1,020,290
Less accumulated depreciation	(832,411)	(871,345)
Structures in trust, net	*3 160,642	*3 148,945
Machinery in trust	559,318	602,951
Less accumulated depreciation	(77,583)	(106,849)
Machinery in trust, net	481,735	496,102
Tools, furniture and fixtures in trust	696,047	801,449
Less accumulated depreciation	(194,795)	(249,652)
Tools, furniture and fixtures in trust, net	*3 501,252	*3 551,797
Land in trust	*3 409,741,005	*3 413,608,883
Leased assets in trust	10,107	14,859
Less accumulated depreciation	(8,633)	(10,028)
Leased assets, net	1,473	4,830
Construction in progress	8,186	12,050
Total property and equipment	940,907,896	990,090,472

	Thousands of Yen	
	As of February 28, 2019	As of August 31, 2019
Intangible assets		
Goodwill	88,209,223	85,586,980
Leasehold rights	1,331,702	1,331,702
Leasehold rights in trust	7,627,604	7,627,218
Other	43,192	35,565
Total intangible assets	97,211,723	94,581,466
Investments and other assets		
Long-term prepaid expenses	1,947,644	2,131,942
Long-term deposits	492,905	508,948
Security deposits	946,367	946,452
Derivatives Assets	4,384	3,320
Total investments and other assets	3,391,301	3,590,665
Total noncurrent assets	1,041,510,921	1,088,262,603
Deferred assets		
Investment corporation bond issuance costs	59,999	56,838
Total deferred assets	59,999	56,838
Total assets	1,117,851,458	1,164,767,442

Thousands of Yen

	As of February 28, 2019	As of August 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	1,957,136	2,820,452
Short-term debt	*1 500,000	*1 8,000,000
Current portion of Investment corporation bonds	—	5,000,000
Current portion of long-term debt	64,685,600	58,385,600
Lease obligations in trust	1,591	1,082
Other accounts payable	2,672,988	2,535,771
Accrued expenses	316,253	344,928
Accrued income taxes	870	1,999
Accrued consumption taxes	990,633	—
Rent received in advance	5,036,231	5,260,541
Unearned revenue	187,784	159,244
Provision for loss on disaster	43,480	—
Derivatives liabilities	52,907	65,574
Other current liabilities	22,718	9,683
<b>Total current liabilities</b>	<b>76,468,194</b>	<b>82,584,878</b>
<b>Long-term liabilities</b>		
Investment corporation bonds	22,000,000	17,000,000
Long-term debt	409,927,200	422,384,400
Lease obligations in trust	—	4,134
Long-term advances received	261,893	187,302
Security deposits from tenants	10,656,786	12,755,962
Security deposits from tenants in trust	*3 27,744,947	*3 28,096,232
Derivatives liabilities	948,957	843,558
<b>Total long-term liabilities</b>	<b>471,539,785</b>	<b>481,271,590</b>
<b>Total liabilities</b>	<b>548,007,980</b>	<b>563,856,468</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	182,051,777	214,855,487
<b>Surplus</b>		
Capital surplus	394,012,959	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (8,879,447)	*4 (10,439,617)
Other deductions from capital surplus	(8,678,670)	(9,301,010)
<b>Total deduction from capital surplus</b>	<b>(17,558,118)</b>	<b>(19,740,627)</b>
<b>Capital surplus, net</b>	<b>376,454,840</b>	<b>374,272,331</b>
Retained earnings	12,334,340	12,688,967
<b>Total surplus</b>	<b>388,789,181</b>	<b>386,961,298</b>
<b>Total unitholders' equity</b>	<b>570,840,958</b>	<b>601,816,786</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(997,480)	(905,812)
Valuation and translation adjustments	(997,480)	(905,812)
<b>Total net assets</b>	<b>*2 569,843,478</b>	<b>*2 600,910,974</b>
<b>Total liabilities and net assets</b>	<b>1,117,851,458</b>	<b>1,164,767,442</b>

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Sep. 1, 2018 to Feb. 28, 2019		Current period from Mar. 1, 2019 to Aug.31, 2019	
Operating revenues				
Rental revenues	*1	31,885,544	*1	33,388,571
Other rental revenues	*1	2,857,373	*1	3,222,419
Gain on sales of real estate	*2	685,596	*2	6,213
Total operating revenues		35,428,514		36,617,204
Operating expenses				
Real estate rental expenses	*1	14,977,514	*1	15,887,320
Loss on sales of real estate	*3	23,219		—
Asset management fees		3,124,065		3,224,402
Asset custody fees		57,154		57,119
Administrative service fees		167,475		173,069
Directors' compensation		6,000		6,900
Amortization of goodwill		2,622,242		2,622,242
Other operating expenses		394,763		380,780
Total operating expenses		21,372,436		22,351,834
Operating profit		14,056,078		14,265,370
Non-operating revenues				
Interest income		378		596
Reversal of dividends payable		5,674		4,975
Interest on refund		1,213		—
Other non-operating revenues		11		107
Total non-operating revenues		7,278		5,679
Non-operating expenses				
Interest expenses		1,871,984		1,907,676
Interest expenses on investment corporation bonds		183,376		185,270
Amortization of investment corporation bond issuance costs		3,160		3,160
Loan arrangement fees		407,627		421,076
Investment units issuance costs		75,287		55,843
Other non-operating expenses		5,280		5,259
Total non-operating expenses		2,546,715		2,578,287
Ordinary income		11,516,640		11,692,763
Extraordinary Gain				
Insurance income	*4	53,297		—
Total extraordinary Gain		53,297		—
Extraordinary loss				
Loss on disaster		8,097		—
Total extraordinary Loss		8,097		—
Income before income taxes		11,561,841		11,692,763
Income taxes—current		923		2,055
Total income taxes		923		2,055
Net income		11,560,917		11,690,708
Retained earnings brought forward		773,423		998,259
Retained earnings at end of period		12,334,340		12,688,967

(3) Statement of Changes in Net Assets

Previous period (from September 1, 2018 to February 28, 2019)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
Allowance for temporary difference adjustment	Deduction from other capital surplus		Total deduction from capital surplus			
Balance at the beginning of the period	181,730,086	394,012,959	(7,878,667)	(7,060,439)	(14,939,107)	379,073,851
Changes of items during the period						
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	321,691	—	321,691	(321,691)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(1,322,470)	—	(1,322,470)	(1,322,470)
Other distributions in excess of net earnings	—	—	—	(1,296,540)	(1,296,540)	(1,296,540)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	321,691	—	(1,000,779)	(1,618,231)	(2,619,010)	(2,619,010)
Balance at the end of the period	182,051,777	394,012,959	(8,879,447)	(8,678,670)	(17,558,118)	376,454,840

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	11,804,535	390,878,386	572,608,472	(771,769)	(771,769)	571,836,702
Changes of items during the period						
Distributions of retained earnings	(10,709,420)	(10,709,420)	(10,709,420)	—	—	(10,709,420)
Reversal of allowance for temporary difference adjustments	(321,691)	(321,691)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(1,322,470)	(1,322,470)	—	—	(1,322,470)
Other distributions in excess of net earnings	—	(1,296,540)	(1,296,540)	—	—	(1,296,540)
Net income	11,560,917	11,560,917	11,560,917	—	—	11,560,917
Net changes of items other than unitholders' equity	—	—	—	(225,710)	(225,710)	(225,710)
Total changes of items during the period	529,805	(2,089,205)	(1,767,514)	(225,710)	(225,710)	(1,993,224)
Balance at the end of the period	12,334,340	388,789,181	570,840,958	(997,480)	(997,480)	569,843,478

Current period (from March 1, 2019 to August 31, 2019)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
Allowance for temporary difference adjustment	Deduction from other capital surplus		Total deduction from capital surplus			
Balance at the beginning of the period	182,051,777	394,012,959	(8,879,447)	(8,678,670)	(17,558,118)	376,454,840
Changes of items during the period						
Issuance of new investment units	32,803,710	—	—	—	—	—
Distributions of retained earnings	—	—	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(1,560,169)	—	(1,560,169)	(1,560,169)
Other distributions in excess of net earnings	—	—	—	(622,339)	(622,339)	(622,339)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	32,803,710	—	(1,560,169)	(622,339)	(2,182,509)	(2,182,509)
Balance at the end of the period	214,855,487	394,012,959	(10,439,617)	(9,301,010)	(19,740,627)	374,272,331

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,334,340	388,789,181	570,840,958	(997,480)	(997,480)	569,843,478
Changes of items during the period						
Issuance of new investment units	—	—	32,803,710	—	—	32,803,710
Distributions of retained earnings	(11,366,081)	(11,336,081)	(11,336,081)	—	—	(11,336,081)
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(1,560,169)	(1,560,169)	—	—	(1,560,169)
Other distributions in excess of net earnings	—	(622,339)	(622,339)	—	—	(622,339)
Net income	11,690,708	11,690,708	11,690,708	—	—	11,690,708
Net changes of items other than unitholders' equity	—	—	—	91,667	91,667	91,667
Total changes of items during the period	354,626	(1,827,882)	30,975,828	91,667	91,667	31,067,496
Balance at the end of the period	12,688,967	386,961,298	601,816,786	(905,812)	(905,812)	600,910,974

(4) Statement of Cash Distributions

Yen

	Previous period from Sep. 1, 2018 to Feb. 28, 2019	Current period from Mar. 1, 2019 to Aug. 31, 2019
I. Retained earnings at end of period	12,334,340,732	12,688,967,476
II. Distributions in excess of retained earnings	2,182,509,000	2,901,177,400
Of which, allowance for temporary difference adjustment	1,560,169,800	1,555,176,600
Of which, other distributions in excess of net income	622,339,200	1,346,000,800
III. Incorporation into unitholders' capital	—	91,667,763
Of which, reversal of allowance for temporary difference adjustments	—	91,667,763
IV. Distributions	13,518,590,400	14,592,285,700
[Distributions per unit]	[3,128]	[3,209]
Of which, distributions of earnings	11,336,081,400	11,691,108,300
[Of which, distributions of earnings per unit]	[2,623]	[2,571]
Of which, allowance for temporary difference adjustments	1,560,169,800	1,555,176,600
[Of which, allowance for temporary difference adjustments per unit]	[361]	[342]
Of which, other distributions in excess of net income	622,339,200	1,346,000,800
[Of which, other distributions in excess of net income per unit]	[144]	[296]
V. Retained earnings carried forward	998,259,332	906,191,413

Calculation method for distributions		
	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement a total of ¥13,518,590,400 in distributions (¥3,128 per unit). This figure was arrived at by excluding the portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 from ¥13,520,782,822, the amount calculated by adding to ¥11,560,917,168 in net income after taxes ¥2,622,242,820 in amortization of goodwill, subtracting ¥685,596,431 in gain on sales of real estate, and adding ¥23,219,265 in loss on sale of real estate. Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, Paragraph 1 of the Investment Trusts Act came to ¥11,336,081,400 (¥2,623 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,560,169,800 (¥361 per investment unit) as allowance for temporary difference adjustment and ¥622,339,200</p>	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement a total of ¥14,592,285,700 in distributions (¥3,209 per unit). This figure was arrived at by excluding the portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 from ¥14,595,412,415, the amount calculated by adding to ¥11,690,708,144 in net income after taxes ¥2,622,242,820 in amortization of goodwill, subtracting ¥6,213,058 in gain on sales of real estate, and adding ¥288,674,509 in temporary decrease in operating revenues due to the move out of a large tenant.</p> <p>Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, paragraph 1 of the Investment Trusts Act came to ¥11,691,108,300 (¥2,571 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,555,176,600 (¥342 per investment</p>

	(¥144 per investment unit) in other distribution in excess of net income.	unit) as allowance for temporary difference adjustment and ¥1,346,000,800 (¥296 per investment unit) in other distribution in excess of net income.
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(5) Statement of Cash Flows

	Thousands of Yen	
	Previous period from Sep. 1, 2018 to Feb. 28, 2019	Current period from Mar. 1, 2019 to Aug.31, 2019
Cash flows from operating activities		
Income before income taxes	11,561,841	11,692,763
Depreciation	4,913,913	5,137,887
Amortization of goodwill	2,622,242	2,622,242
Investment units issuance costs	75,287	55,843
Amortization of investment corporation bond issuance	3,160	3,160
Increase (decrease) in provision for loss on disaster	25,557	(43,480)
Interest income	(378)	(596)
Interest expenses	2,055,360	2,092,946
Loss on disposal of property and equipment	2,352	5,302
Decrease (increase) in rental receivables	59,436	(37,771)
Decrease (increase) in prepaid expenses	12,308	(90,884)
Decrease (increase) in consumption taxes receivable	206,657	(657,804)
Decrease (increase) in long-term prepaid expenses	(39,163)	(184,298)
Decrease (increase) in long-term deposits	34,880	(16,043)
Increase (decrease) in trade accounts payable	(601,578)	863,316
Increase (decrease) in other accounts payable	52,250	(21,753)
Increase (decrease) in accrued consumption taxes	990,633	(990,633)
Increase (decrease) in accrued expenses	55,198	8,739
Increase (decrease) in rent received in advance	(33,203)	224,309
Decrease in property and equipment in trust due to sales	4,574,369	14,403
Other	(126,968)	(189,585)
Subtotal	26,444,158	20,488,065
Interest received	378	596
Interest paid	(2,186,260)	(2,166,900)
Income taxes paid	(2,174)	(925)
Net cash provided by (used in) operating activities	24,256,101	18,320,837
Cash flows from investing activities		
Payments for purchase of property and equipment	(6,388,479)	(47,446,128)
Payments for purchase of property and equipment in trust	(5,379,780)	(6,934,588)
Payments for purchase of intangible assets in trust	(5,698)	(551)
Reimbursement of security deposits to tenants	(185,061)	(241,234)
Proceeds from security deposits from tenants	194,912	2,342,219
Reimbursement of security deposits to tenants in trust	(948,038)	(775,464)
Proceeds from security deposits from tenants in trust	1,495,121	1,126,749
Proceeds from security deposits	—	35
Net cash provided by (used in) investing activities	(11,217,024)	(51,928,965)
Cash flows from financing activities		
Proceeds from short-term debt	—	13,600,000
Repayment of short-term debt	—	(6,100,000)
Proceeds from long-term debt	28,375,000	40,900,000
Repayment of long-term debt	(28,417,800)	(34,742,800)
Proceeds from issuance of investment units	—	32,803,710
Payment of investment units issuance expenses	(7,400)	(123,730)
Distributions of earnings to unitholders	(10,715,350)	(11,334,400)
Distributions in excess of net earnings from allowance for temporary difference adjustments	(1,322,360)	(1,563,076)

Other distributions in excess of net earnings	(1,295,252)	(623,564)
Net cash provided by (used in) financing activities	(13,383,164)	32,816,137
Net increase (decrease) in cash and cash equivalents	(344,086)	(791,990)
Cash and cash equivalents at beginning of period	74,556,830	74,212,743
Cash and cash equivalents at end of period	74,212,743	73,420,753

(6) Notes Concerning the Going Concern Assumption

Not applicable.

(7) Notes Concerning Significant Accounting Policies

<p>1. Depreciation of noncurrent assets</p>	<p>(1) Property and equipment (including trust assets)                  The straight-line method is adopted.                  The useful lives of major property and equipment are as follows:                  Buildings 3–70 years                  Structures 2–45 years                  Machinery 4–15 years                  Tools, furniture and fixtures 3–20 years</p> <p>(2) Intangible assets                  The straight-line method is adopted.                  Goodwill is amortized using straight-line method over 20 years.</p> <p>(3) Long-term prepaid expenses                  The straight-line method is adopted.</p>
<p>2. Accounting method for deferred assets</p>	<p>(1) Deferred investment corporation bond issuance costs                  The straight-line method over the respective terms of the bonds.</p> <p>(2) Investment units issuance costs                  The entire amount is expensed as incurred.</p>
<p>3. Allowance for doubtful accounts</p>	<p>To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.</p>
<p>4. Revenue and expenses recognition</p>	<p>Accounting for fixed asset tax, etc.                  Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted.                  The amount equivalent to fixed asset tax, etc. for the fiscal year in which the acquisition date falls paid to the seller as reimbursement upon acquisition of real estate or trust beneficiary interests in real estate is included in the cost of acquisition of the concerned real estate and not recorded as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was ¥2,052 thousand in the previous fiscal period and ¥182,534thousand in the current fiscal period.</p>
<p>5. Hedge accounting</p>	<p>(1) Method of hedge accounting                  Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items                  Hedging instruments                  Interest-rate swap transactions                  Hedged items                  Interest on loans</p> <p>(3) Hedging policy                  NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>(4) Method for assessing effectiveness of hedging                  The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>
<p>6. Other important bases for preparing financial statements</p>	<p>① Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet.                  (1) Cash and bank deposits in trust                  (2) Buildings in trust; Structures in trust; Machinery in trust; Tools, furniture and fixtures</p>

	<p>in trust; Land in trust; Leased assets in trust</p> <p>(3) Leasehold rights in trust</p> <p>(4) Lease obligations in trust</p> <p>(5) Security deposits from tenants in trust</p> <p>② Method of accounting for consumption tax, etc. Consumption tax and local consumption tax is accounted for using the tax-excluded method. However, non-deductible consumption tax, etc., on such items, as noncurrent assets is included in the acquisition costs of individual items.</p>
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Additional Information)

(Notes Concerning Increases in and the Reversal of Allowance for Temporary Difference Adjustments)

Previous period from Sep. 1, 2018 to Feb. 28, 2019			Current period from Mar. 1, 2019 to Aug. 31, 2019		
1. Reasons, related assets and amounts of allowance Thousands of Yen			1. Reasons, related assets and amounts of allowance Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Goodwill	Amortization of goodwill	2,622,242	Goodwill	Amortization of goodwill	2,622,242
Long-term deposits	Shortfall of reserve for repair	8,015	Long-term deposits	Shortfall of reserve for repair	4,753
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	225,710	Subtotal		2,626,996
Subtotal		2,855,968	Buildings, facilities, etc.	Depreciation deficiency equivalent	(953,085)
Buildings, facilities, etc.	Depreciation deficiency equivalent	(657,016)	Unearned revenue	Write-down of loss on interest rate swap due to merger	(102,629)
Unearned revenue	Write-down of loss on interest rate swap due to merger	(124,655)	Land	Cost of sales of land	(781)
Land	Cost of sales of land	(494,720)	other	—	(15,323)
other	—	(19,406)	Subtotal		(1,071,819)
Subtotal		(1,295,799)	Total		1,555,176
Total		1,560,169	2. Reasons, related assets and amounts of reversals Thousands of Yen		
2. Reasons, related assets and amounts of reversals Thousands of Yen			Related assets, etc.	Reason	Allowance for temporary difference adjustment
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)

Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)	Deferred gains or losses on hedges	Changes in fair value of derivatives	(91,667)
Total		—	Total		(91,667)

(\*) The amount of reversal during current period (¥12,910 thousand) is included in “Depreciation deficiency equivalent” on “1. Reasons, related assets and amounts of allowance”.

3. Method of reversal

(1) Amortization of goodwill  
 In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.
Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.
Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Leasehold rights	
Leasehold rights in trust	

(3) Long-term deposits  
 In principle, long-term deposits are not reversed.

(4) Deferred gains or losses on hedges  
 The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.

(\*) The amount of reversal during current period (¥5,663 thousand) is included in “Depreciation deficiency equivalent” on “1. Reasons, related assets and amounts of allowance”.

3. Method of reversal

(1) Amortization of goodwill  
 In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.
Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.
Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Leasehold rights	
Leasehold rights in trust	

(3) Long-term deposits  
 In principle, long-term deposits are not reversed.

(4) Deferred gains or losses on hedges  
 The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.

(8) Notes to Financial Statements

(Notes to Balance Sheet)

\*1. Commitment line agreement

- ① NMF has concluded a commitment line agreement with two lending financial institutions for both previous period and current period as follows.

	Thousands of Yen	
	Previous period (Feb. 28, 2019)	Current period (Aug. 31, 2019)
Committed line of credit	10,000,000	10,000,000
Balance of used line	—	—
Balance of unused line	10,000,000	10,000,000

- ② NMF has concluded a commitment line agreement with four lending financial institutions for previous period and with four lending financial institutions for current period as follows.

	Thousands of Yen	
	Previous period (Feb. 28, 2019)	Current period (Aug. 31, 2019)
Committed line of credit	40,000,000	40,000,000
Balance of used line	500,000	8,000,000
Balance of unused line	39,500,000	32,000,000

\*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	Thousands of Yen	
	Previous period (Feb. 28, 2019)	Current period (Aug. 31, 2019)
	50,000	50,000

\*3. Asset offered as collateral and liabilities secured with collateral

	Thousands of Yen		
	Previous period (Feb. 28, 2019)	Current period (Aug. 31, 2019)	
Assets offered as collateral are as follows.		Assets offered as collateral are as follows.	
Buildings in trust	3,324,031	Buildings in trust	3,349,815
Land in trust	6,096,368	Land in trust	6,096,368
Structures in trust	2,634	Structures in trust	2,581
Tools, furniture and fixtures in trust	164	Tools, furniture and fixtures in trust	143
Total	9,423,198	Total	9,448,908
Liabilities secured by collateral are as follows.		Liabilities secured by collateral are as follows.	
Security deposits from tenants in trust	726,648	Security deposits from tenants in trust	726,648
Total	726,648	Total	726,648

\*4. Allowance for temporary difference adjustments

Previous period (from September 1, 2018 to February 28, 2019)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the beginning of current period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	9,489,126	5,432,649	1,328,225	—	6,760,875	—
Land, buildings, etc.	Merger expenses	4,029,135	1,352,557	(5,754)	—	1,346,802	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	1,093,460	—	(321,691)	771,769	Changes in fair value of derivative transactions
Increase – subtotal		—	7,878,667	1,322,470	(321,691)	8,879,447	—
Total		—	7,878,667	1,322,470	(321,691)	8,879,447	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, the corresponding amount is scheduled to be reversed.
Land	Upon sale, the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation and sale, the corresponding amount is scheduled to be reversed.
Land in trust	Upon sale, the corresponding amount is scheduled to be reversed.
Leasehold rights	
Leasehold rights in trust	

(3) Deferred gains or losses on hedges

Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is scheduled to be reversed.

Current period (from March 1, 2019 to August 31, 2019)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the beginning of current period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	12,111,369	6,760,875	1,347,369	—	8,108,244	—
Land, buildings, etc.	Merger expenses	4,029,135	1,346,802	(12,910)	—	1,333,892	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	771,769	225,710	—	997,480	—
Increase – subtotal		—	8,879,447	1,560,169	—	10,439,617	—
Total		—	8,879,447	1,560,169	—	10,439,617	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, the corresponding amount is scheduled to be reversed.
Land	Upon sale, the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation and sale, the corresponding amount is scheduled to be reversed.
Land in trust	Upon sale, the corresponding amount is scheduled to be reversed.
Leasehold rights	
Leasehold rights in trust	

(3) Deferred gains or losses on hedges

Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is scheduled to be reversed.

(Notes to Statement of Income and Retained Earnings)

\*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Sep. 1, 2018 to Feb. 28, 2019		Current period from Mar. 1, 2019 to Aug. 31, 2019	
A. Property related revenues				
Rental revenues				
Rent revenues	29,453,615		30,916,343	
Common area charges	2,431,928	31,885,544	2,472,228	33,388,571
Other rental revenues				
Parking revenues	595,154		598,968	
Incidental income	2,189,215		2,368,743	
Other miscellaneous revenues	73,003	2,857,373	254,707	3,222,419
Property related revenues		34,742,917		36,610,991
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,626,785		1,716,309	
Property management fees	904,698		1,005,772	
Property and other taxes	2,831,124		2,982,222	
Utility expenses	1,774,192		1,883,595	
Casualty insurance	41,641		42,787	
Repairs and maintenance	1,515,609		1,727,718	
Land rents	217,806		211,417	
Depreciation	4,911,636		5,135,610	
Other rental expenses	1,154,020	14,977,514	1,181,885	15,887,320
Property related expenses		14,977,514		15,887,320
C. Real estate rental profits [A – B]		19,765,403		20,723,671

\*2. Breakdown of gain on sale of real estate

Previous period (from September 1, 2018 to February 28, 2019)

	Thousands of Yen	
PRIME URBAN Esaka I		
Proceeds from sales of real estate	729,000	
Cost of sales of real estate	612,553	
Other related sales expenses	15,182	
Gain on sales of real estate		101,263
PRIME URBAN Esaka II		
Proceeds from sales of real estate	910,000	
Cost of sales of real estate	743,930	
Other related sales expenses	18,908	
Gain on sales of real estate		147,160
PRIME URBAN Esaka III		
Proceeds from sales of real estate	1,334,000	
Cost of sales of real estate	1,095,159	
Other related sales expenses	27,513	
Gain on sales of real estate		211,327
PRIME URBAN Tamatsukuri		
Proceeds from sales of real estate	1,206,000	
Cost of sales of real estate	955,449	

Other related sales expenses	24,705	
Gain on sales of real estate		225,844

Current period (from March 1, 2019 to August 31, 2019)

Thousands of Yen

PROUD FLAT Shinjuku Kawadacho (a part of the land area)		
Proceeds from sales of real estate	23,000	
Cost of sales of real estate	14,403	
Other related sales expenses	2,383	
Gain on sales of real estate		6,213

\*3. Breakdown of gain on loss of real estate

Previous period (from September 1, 2018 to February 28, 2019)

Thousands of Yen

PRIME URBAN Chikusa		
Proceeds from sales of real estate	1,168,000	
Cost of sales of real estate	1,167,276	
Other related sales expenses	23,942	
Loss on sales of real estate		23,219

Current period (from March 1, 2019 to August 31, 2019)

Not applicable.

\*4. Breakdown of Extraordinary Gain

Previous period (from September 1, 2018 to February 28, 2019)

The insurance amount of ¥139,976 thousand related to the assets damaged by the Typhoons Jebi and Trami in 2018 was offset by the loss amount of ¥86,678 thousand. Therefore, the amount of ¥53,297 thousand is recorded as insurance income.

Current period (From March 1, 2019 to August 31, 2019)

Not applicable.

(Notes on Investment and Rental Properties)

NMF owns leasable offices, leasable retail facilities, leasable logistics facilities, leasable residential facilities and leasable hotels, etc. (including land) in Greater Tokyo area and other areas for the purpose of earning revenue from leasing.

The following are the carrying amount, amount of increase (decrease) during the fiscal period and fair value of these investment and rental properties at the end of the fiscal period.

	Thousands of Yen	
	Previous period from Sep. 1, 2018 to Feb. 28, 2019	Current period from Mar. 1, 2019 to Aug. 31, 2019
Carrying amount		
Balance at beginning of period	947,449,625	949,867,203
Amount of increase (decrease) during period	2,417,578	49,182,189
Balance at end of period	949,867,203	999,049,393
Fair value at end of period	1,056,994,000	1,123,089,000

(Note 1) Carrying amount is the cost of acquisition less accumulated depreciation.

(Note 2) Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of NMF Kobe Myodani Building (¥3,604,747 thousand), Serenite Shinsaibashi Grande (¥5,832,185 thousand). The decrease during the previous period is mainly attributable to the disposition of PRIME URBAN Esaka I (¥612,553 thousand), PRIME URBAN Esaka II (¥743,930 thousand), PRIME URBAN Esaka III (¥1,095,159 thousand), PRIME URBAN Tamatsukuri (¥955,449 thousand) and PRIME URBAN Chikusa (¥1,167,276 thousand) and depreciation expenses (¥4,906,599 thousand). The increase during the current period is mainly attributable to the acquisition of PMO Tamachi Higashi (¥11,055,064 thousand), PMO Hatchobori Shinkawa (¥3,863,665 thousand), PMO Kyobashi Higashi (¥2,926,836 thousand), PMO Ochanomizu (¥3,941,809 thousand), GEMS Shinbashi (¥2,856,526 thousand), GEMS Kayabacho (¥2,628,660 thousand), Summit Store Honamanuma (¥2,183,962 thousand), GEMS Shin-Yokohama (¥1,844,634 thousand), GEMS Namba (¥3,851,753 thousand), Landport Ome I (¥13,874,977 thousand) and Red Planet Naha Okinawa (¥2,692,522 thousand). The decrease during the current period is mainly attributable to the sale of the partial land area of PROUD FLAT Shinjuku Kawadacho (¥14,403 thousand) as well as depreciation expenses (¥5,130,411 thousand).

(Note 3) Fair value at the end of the period is the appraisal value or investigation value determined by investigation, found by an outside real estate appraiser.

The income (loss) in the previous period (from September 1, 2018 to February 28, 2019) and current period (from March 1, 2019 to August 31, 2019) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes on Per Unit Information)

Yen

	Previous period from Sep. 1, 2018 to Feb. 28, 2019	Current period from Mar. 1, 2019 to Aug. 31, 2019
Net assets per unit	131,853	132,146
Net income per unit	2,675	2,571

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period.  
 In addition, the diluted net income per unit is not stated, since there are no dilutive investment units.

(Note 2) The following is the basis for calculation of net income per unit.

	Previous period from Sep. 1, 2018 to Feb. 28, 2019	Current period from Mar. 1, 2019 to Aug. 31, 2019
Net income (Thousands of Yen)	11,560,917	11,690,708
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	11,560,917	11,690,708
Average number of investment units during period (Units)	4,321,800	4,545,840

(Notes on Significant Subsequent Events)

Not applicable.

[Disclosure Omissions]

A disclosure of notes concerning Statement of Changes in Net Assets, Statement of Cash Flows, Lease Transactions, Financial Instruments, Securities, Derivative Transactions, Retirement Benefit Plans, Tax Effect Accounting, Equity Method Income and Retained Earnings, etc., Transactions with Related Parties, Asset Retirement Obligations and Segment Information is omitted because such disclosure in this summary of financial results is judged to be unnecessary.

(9) Increase (Decrease) in Total Number of Investment Units Issued and Outstanding

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the current fiscal period (August 31, 2019).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)
September 1, 2016	Absorption type merger	461,120	4,183,130	—	161,120	(Note 3)
October 14, 2016	Reversal of Allowance for temporary difference adjustments	—	4,183,130	763	161,883	(Note 4)
April 14, 2017	Reversal of Allowance for temporary difference adjustments	—	4,183,130	708	162,592	(Note 4)
October 13, 2017	Reversal of Allowance for temporary difference adjustments	—	4,183,130	198	162,791	(Note 4)
March 1, 2018	Public offering	132,000	4,315,130	17,572	180,363	(Note 5)
March 20, 2018	Third party allotment increase	6,670	4,321,800	887	181,251	(Note 6)
April 13, 2018	Reversal of Allowance for temporary difference adjustments	—	4,321,800	478	181,730	(Note 4)
October 15, 2018	Reversal of Allowance for temporary difference adjustments	—	4,321,800	321	182,051	(Note 4)
March 1, 2019	Public offering	214,760	4,536,560	31,241	213,293	(Note 7)
March 26, 2019	Third party allotment increase	10,740	4,547,300	1,562	214,855	(Note 8)

(Note 1) Figures have been truncated at the nearest million yen.

(Note 2) NMF was established through the consolidation type merger of the former Nomura Master Fund (hereinafter "former NMF"), Nomura Office Fund (hereinafter "NOF") and Nomura Residential Fund (hereinafter "NRF") on October 1, 2015 (hereinafter "the Merger of the Three REITs"). Upon its establishment, NMF allotted 1 NMF unit per former 1.00 NMF unit, 3.60 NMF units per 1.00 NOF unit and 4.45 NMF units per 1.00 NRF unit.

(Note 3) On September 1, 2016, as part of the absorption type merger, with NMF as the surviving corporation and TOP REIT, Inc. (hereinafter "TOP") as the absorbed corporation (hereinafter "the Absorption Type Merger with TOP"), NMF issued 2.62 NMF units per 1.00 TOP unit, resulting in the issue of 461,120 new units. There was no change in the total amount of unitholders' capital due to this absorption type of merger.

(Note 4) NMF's Board of Directors resolved to reverse the allowance for temporary difference adjustments and incorporate the amounts of said reversals into unitholders' capital at the Board of Directors meeting on each said date.

(Note 5) NMF issued new investment units through public offering at an issue price of ¥137,474 per unit (issue value: ¥133,125 per unit) for the purpose of procuring funds to acquire new properties.

(Note 6) NMF issued new investment units through third-party allotment at an issue value of ¥133,125 per unit together with the issuance of new investment units through public offering.

(Note 7) NMF issued new investment units through public offering at an issue price of ¥150,223 per unit (issue value: ¥145,471 per unit) for the purpose of procuring funds to acquire new properties.

(Note 8) NMF issued new investment units through third-party allotment at an issue value of ¥145,471 per unit together with the issuance of new investment units through public offering.

### 3. Reference Information

#### (1) Investment Status

Type of asset	Use	Area (Note 1)	7th fiscal period As of February 28, 2019		8th fiscal period As of August 31, 2019	
			Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)	Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)
Real estate	Office properties	Greater Tokyo area	106,886	9.6□	128,348	11.0□
		Other areas	21,375	1.9□	21,360	1.8□
		Subtotal	128,261	11.5□	149,709	12.9□
	Retail properties	Greater Tokyo area	20,230	1.8□	27,449	2.4□
		Other areas	12,150	1.1□	15,977	1.4□
		Subtotal	32,381	2.9□	43,426	3.7□
	Logistics properties	Greater Tokyo area	36,055	3.2□	49,747	4.3□
		Subtotal	36,055	3.2□	49,747	4.3□
	Residential properties	Greater Tokyo area	133,499	11.9□	132,831	11.4□
		Other areas	31,583	2.8□	31,258	2.7□
		Subtotal	165,082	14.8□	164,090	14.1□
	Hotel properties	Other areas	3,758	0.3□	3,742	0.3□
		Subtotal	3,758	0.3□	3,742	0.3□
	Other Properties	Greater Tokyo area	5,136	0.5□	5,136	0.4□
Subtotal		5,136	0.5□	5,136	0.4□	
	Subtotal	370,674	33.2	415,852	35.7	
Real estate in trust	Office properties	Greater Tokyo area	258,125	23.1□	258,327	22.2□
		Other areas	51,237	4.6□	51,290	4.4□
		Subtotal	309,362	27.7□	309,617	26.6□
	Retail properties	Greater Tokyo area	80,717	7.2□	82,697	7.1□
		Other areas	50,316	4.5□	50,216	4.3□
		Subtotal	131,033	11.7□	132,913	11.4□
	Logistics properties	Greater Tokyo area	113,346	10.1□	112,597	9.7□
		Other areas	3,385	0.3□	3,363	0.3□
		Subtotal	116,732	10.4□	115,960	10.0□
	Residential properties	Greater Tokyo area	22,063	2.0□	22,018	1.9□
		Subtotal	22,063	2.0□	22,018	1.9□
	Hotel properties	Other areas	—	—	2,686	0.2□
		Subtotal	—	—	2,686	0.2□
		Subtotal	579,192	51.8	583,196	50.1
	Subtotal	949,867	85.0□	999,049	85.8□	
	Deposits and other assets	167,984	15.0□	165,718	14.2□	
	Total amount of assets	1,117,851	100.0□	1,164,767	100.0□	

	7th fiscal period As of February 28, 2019		8th fiscal period As of August 31, 2019	
	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)
Total amount of liabilities	548,007	49.0	563,856	48.4
Total amount of net assets	569,843	51.0	600,910	51.6

(Note 1) “Greater Tokyo area” refers to Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Other areas” refers to cabinet-order-designated cities, prefectural capitals, and cities with a population of 100,000 persons or more as well as surrounding areas of these cities that are not included in the Greater Tokyo area. The same shall apply hereinafter.

(Note 2) Total amount held is the carrying amount (in the case of real estate and real estate in trust, the sum total amount of book value, after depreciation).

(Note 3) The figures are rounded off to first decimal place. Accordingly, the sum may not be exactly 100.0%.

(Note 4) Total amount of liabilities and total amount of net assets are the amounts as stated in the balance sheet as total liabilities and total net assets.

(2) Investment Assets

① Major Investment Securities  
Not applicable.

② Investment Real Estate Properties

Real estate is listed together with beneficial interests in real estate trusts in ③ Other Major Investment Assets, below.

③ Other Major Investment Assets

The following summarizes the real estate, etc. (289 properties) held as of August 31, 2019 (the end of the 8th fiscal period) by NMF (this real estate and the beneficiary interests of trusts in which real estate properties are the principal trust properties or the real estate that constitutes the underlying assets thereof are hereinafter referred to as the “assets held at the end of the 8th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2019.

## A. Overview of Portfolio and Leasing Status and Changes in Occupancy Rate

### (a) Overview of Portfolio and Leasing Status

The following is an overview of the portfolio and leasing status for the assets held at the end of the 8th fiscal period.

Number of properties	289
Gross leasable area (m <sup>2</sup> ) <sup>(Note 1)</sup>	1,961,144.37
Gross leased area (m <sup>2</sup> ) <sup>(Note 2)</sup>	1,947,127.03
Total number of tenants <sup>(Note 3)</sup>	1,369
Total of all contracted rent (Thousands of Yen) <sup>(Note 4)</sup>	5,596,043

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 8th fiscal period. “Leasable area” is the sum total area of office buildings, retail facilities, logistics facilities, residential facilities, or hotels etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leasable area is calculated as the building’s overall leasable area multiplied by the ownership ratio of the common areas. For PMO Hatchobori Shinkawa, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building (excluding the exclusive area subject to the selfuse by other compartmentalized owners; the same shall apply hereinafter for PMO Hatchobori Shinkawa) multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leasable area of PMO Hatchobori Shinkawa is the sum of (i) the leasable area of the exclusive area owned by NMF and (ii) the leasable area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 2) The sum total of “leased area” of each of the assets held at the end of the 8th fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, residential properties, or hotel properties etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas. For PMO Hatchobori Shinkawa, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building (excluding the exclusive area subject to the selfuse by other compartmentalized owners; the same shall apply hereinafter for PMO Hatchobori Shinkawa) multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leasable area of PMO Hatchobori Shinkawa is the sum of (i) the leasable area of the exclusive area owned by NMF and (ii) the leasable area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 8th fiscal period. In the calculation of “number of tenants,” when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant (sublessee that is the actual user) for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant. However, in the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the total number of end-tenants is shown. In addition, if multiple rental units in a specific asset are leased to a specific tenant, this is counted as one tenant for the asset and, if multiple assets are leased to a specific tenant, these are counted separately and the total of that number of tenants is shown. For

residential facilities or residential portions of “other” sector facilities, when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant for subleasing the rental units, regardless of pass-through master lease agreement, the lessee of the master lease agreement is counted as one tenant, and the total number of tenants for the building as whole is shown.

(Note 4) The total amount of “total contracted rent” for August 2019 of each of the assets held at the end of the 8th fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for August 2019 refers to the sum total of monthly rent and common area charges in lease agreements actually concluded with end-tenants that are valid as of the last day of August 2019 (This does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included and, if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease for some or all rental units, the rent for the space is based on the rent, etc., in the lease agreement concluded with the master lessee.). Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above, and the rent is calculated based on the monthly rent and common area charges payable immediately after the exemption period ends. In addition, the standard level of rent is used for tenants with sales-based rent and for tenants with variable rent including cases in which a part of rent is variable rent. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the total contracted rent is calculated by multiplying the building’s overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, the the total contracted rent is calculated as the building’s overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee. For PMO Hatchobori Shinkawa, the total contract rent is calculated by summing (i) the rent revenues earned from the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by NMF, and (ii) the rent revenues earned from the common area, etc. of the building multiplied by NMF’s share of ownership interest of the common area, etc..

(b) Changes in Occupancy Rate

The following is the changes in the occupancy rate of real estate under management held by NMF.

	February 29, 2016 (end of 1st fiscal period)	August 31, 2016 (end of 2nd fiscal period)	February 28, 2017 (end of 3rd fiscal period)	August 31, 2017 (end of 4th fiscal period)	February 28, 2018 (end of 5th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	98.9	99.1	99.2	98.4	98.6

	August 31, 2018 (end of 6th fiscal period)	February 28, 2019 (end of 7th fiscal period)	August 31, 2019 (end of 8th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	99.3	99.3	99.3

B. Price and Investment Share

The following is an overview of the assets held at the end of the 8th fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building (Note 5)	43,900	46,403	49,800	4.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,708	22,000	2.0	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,410	27,600	2.5	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,131	12,300	1.1	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,457	11,000	1.0	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,805	12,000	1.1	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,066	7,360	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,130	8,050	0.7	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,302	5,770	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,057	4,750	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,681	5,590	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,134	4,840	0.4	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,828	6,120	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,630	5,110	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,609	4,150	0.4	Japan Real Estate Institute
		PMO Akihabara	4,240	4,067	5,490	0.5	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,452	2,530	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,225	4,340	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,831	3,320	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,745	3,510	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,132	2,720	0.2	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,590	2,020	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,531	6,980	0.6	Japan Real Estate Institute
		NF Hongo Building	4,890	4,848	5,040	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,343	3,370	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,851	2,110	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,810	4,610	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,936	9,310	0.8	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,639	7,330	0.7	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,798	3,080	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,153	7,540	0.7	Japan Real Estate Institute
		PMO Ginza Hatchome	3,970	3,946	4,900	0.4	Japan Real Estate Institute
PMO Shibakoen	3,900	3,859	5,170	0.5	Japan Real Estate Institute		
NEC Head Office Building (Note 6)	44,100	44,357	45,300	4.0	Daiwa Real Estate Appraisal Co., Ltd.		
Harumi Island Triton Square Office Tower Y	18,200	18,011	18,700	1.7	Daiwa Real Estate Appraisal Co., Ltd.		
NMF Aoyama 1-chome Building	10,400	10,461	13,500	1.2	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	NMF Takebashi Building	8,330	8,267	8,880	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	8,084	8,750	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	6,091	7,200	0.6	Japan Real Estate Institute
		NMF Shinjuku EAST Building	5,710	5,657	6,280	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,785	4,120	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,891	2,300	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,887	2,090	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Shinnihonbashi	4,440	4,429	5,050	0.4	Japan Real Estate Institute
		PMO Hirakawacho	3,410	3,412	4,140	0.4	Japan Real Estate Institute
		PMO Nihonbashi Mitsukoshi-mae	4,310	4,348	4,900	0.4	Japan Real Estate Institute
		PMO Shibadaimon	2,130	2,148	2,370	0.2	Japan Real Estate Institute
		PMO Tamachi Higashi	10,900	11,019	11,700	1.0	Japan Real Estate Institute
		PMO Hatchobori Shinkawa	3,805	3,849	4,130	0.4	Japan Real Estate Institute
		PMO Kyobashi Higashi	2,880	2,916	3,090	0.3	Japan Real Estate Institute
	PMO Ochanomizu	3,890	3,930	4,200	0.4	Japan Real Estate Institute	
	Other areas	Sapporo North Plaza	6,250	6,350	7,760	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,807	4,550	0.4	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,201	2,560	0.2	J.L.L. Morii Valuation & Advisory K.K.
		NMF Utsunomiya Building	2,320	2,524	2,390	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Nagoya Fushimi Building	2,240	2,064	2,540	0.2	Japan Real Estate Institute
		NMF Nagoya Yanagibashi Building	2,280	2,340	2,220	0.2	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,033	19,000	1.7	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	11,968	11,100	1.0	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	7,201	6,410	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,519	3,680	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,071	4,350	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
NRE Hiroshima Building		2,280	2,289	2,740	0.2	The Tanizawa Sogo Appraisal Co., Ltd.	
NMF Hakata Ekimae Building	4,210	4,175	5,560	0.5	Japan Real Estate Institute		
NMF Tenjin-Minami Building	2,230	2,100	2,440	0.2	Japan Real Estate Institute		
Office subtotal			456,025	459,326	503,810	44.9	
Retail	Greater Tokyo area	Yokosuka More's City	13,640	13,775	15,700	1.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,436	11,200	1.0	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,776	8,710	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,311	5,150	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,042	4,490	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,791	4,380	0.4	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,764	3,890	0.3	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,565	3,350	0.3	Daiwa Real Estate Appraisal Co., Ltd.
FESTA SQUARE	2,600	2,308	3,400	0.3	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Retail	Greater Tokyo area	GEMS Shibuya	2,490	2,402	2,920	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sundai Azamino	1,700	1,524	2,080	0.2	Japan Real Estate Institute
		EQUINIA Aobadai	1,560	1,598	2,490	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	960	1,540	0.1	Japan Real Estate Institute
		Mitsubishi Motors Meguro (Land)	2,740	2,764	3,270	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu (Land)	1,760	1,776	1,760	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima (Land)	1,240	1,251	1,400	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki (Land)	950	959	1,260	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido (Land)	850	859	879	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika (Land)	800	808	885	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume (Land)	800	808	892	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya (Land)	770	779	1,020	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi (Land)	600	606	696	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamato (Land)	450	455	532	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motsumiyoshi (Land)	370	375	396	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe (Land)	350	355	399	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa (Land)	200	204	182	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama (Land)	160	163	182	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
	Other areas	NRE Kichijoji Building	10,410	10,284	11,300	1.0	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,061	2,170	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,882	6,960	0.6	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 6)	2,720	2,609	2,920	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	747	801	0.1	Japan Real Estate Institute
		GEMS Daimon	2,060	2,047	2,140	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Kanda	1,500	1,493	1,560	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Summit Store Mukodaicho	5,100	5,111	5,180	0.5	Japan Valuers Co., Ltd.
		GEMS Shinbashi	2,810	2,848	2,870	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Kayabacho	2,594	2,617	2,730	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Summit Store Honamanuma	2,160	2,179	2,880	0.3	JLL Morii Valuation & Advisory K.K.
		GEMS Shin-Yokohama	1,820	1,833	1,890	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Universal CityWalk Osaka	15,500	15,304	18,100	1.6	Japan Valuers Co., Ltd.
		Izumiya Senrioka	8,930	8,449	11,500	1.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Yao	4,406	4,072	5,600	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
Izumiya Obayashi	3,020	3,210	4,120	0.4	The Tanizawa Sogo Appraisal Co., Ltd.		
Ichibancho stear	4,700	4,513	5,660	0.5	The Tanizawa Sogo Appraisal Co., Ltd.		
EQUINIA Aobadori	1,640	1,383	2,000	0.2	The Tanizawa Sogo Appraisal Co., Ltd.		
MEL Building	1,060	1,054	1,200	0.1	Japan Real Estate Institute		
nORBESA	8,500	8,630	8,540	0.8	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Retail	Other areas	Nakaza Cui-daore Building	11,600	12,139	11,100	1.0	Japan Valuers Co., Ltd.
		NMF Kobe Myodani Building	3,560	3,598	3,610	0.3	Japan Valuers Co., Ltd.
		GEMS Namba	3,800	3,838	4,270	0.4	J.L. Morii Valuation & Advisory K.K.
Retail subtotal			176,527	176,340	202,154	18.0	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,347	22,200	2.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	14,749	19,400	1.7	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,193	16,600	1.5	Japan Real Estate Institute
		Landport Atsugi	11,410	10,463	12,000	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	9,912	12,700	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	7,996	11,200	1.0	Japan Real Estate Institute
		Landport Hachioji	8,250	7,447	9,880	0.9	Japan Real Estate Institute
		Landport Kasukabe	7,340	6,452	8,610	0.8	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,218	5,730	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,432	4,490	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,618	4,370	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,769	3,510	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,548	3,440	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,447	13,200	1.2	J.L. Morii Valuation & Advisory K.K.
		Landport Kashiwa Shonan II	10,800	10,668	11,500	1.0	Japan Valuers Co., Ltd.
		Landport Kashiwa Shonan I	9,900	9,851	10,100	0.9	Japan Valuers Co., Ltd.
		Landport Hachioji II	9,230	9,286	9,290	0.8	Japan Valuers Co., Ltd.
		Landport Iwatsuki	6,090	6,127	6,080	0.5	Japan Valuers Co., Ltd.
		Landport Ome I	13,640	13,813	14,200	1.3	Japan Valuers Co., Ltd.
	Other areas	Hirakata Kuzuha Logistics Center	3,460	3,363	3,970	0.4	Daiwa Real Estate Appraisal Co., Ltd.
Logistics subtotal			174,690	165,708	202,470	18.0	
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,264	3,540	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	965	971	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	689	789	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	720	710	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	710	805	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	898	1,020	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,145	2,530	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,510	1,770	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,052	1,140	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho (Note 7)	932	885	961	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,126	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,081	1,220	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,115	3,390	0.3	The Tanizawa Sogo Appraisal Co., Ltd.

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PROUD FLAT Shinotsuka	623	580	560	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	872	957	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho II	652	618	619	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho I	1,030	961	978	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Fujimidai	1,470	1,390	1,710	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,789	2,240	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	1,955	2,280	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,535	2,750	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,539	1,820	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,102	1,010	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	927	970	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	942	977	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,749	1,960	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	346	339	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,122	1,400	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,069	1,140	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	660	677	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Iidabashi	2,040	1,962	1,860	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,251	1,300	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,387	1,410	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Gakugei Daigaku	775	749	830	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Senzoku	474	463	474	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Riverside	414	391	400	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Ohashi Hills	2,970	2,850	3,140	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Meguro Aobadai	1,310	1,277	1,630	0.1	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,049	1,270	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,822	3,260	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,586	2,440	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,091	2,300	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	4,003	4,570	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,498	1,820	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	531	616	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	810	965	0.1	Japan Valuers Co., Ltd.
PRIME URBAN Yotsuya Gaien Higashi	1,490	1,469	1,420	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Shinjuku I	1,090	1,055	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Shinjuku II	885	850	879	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		
PRIME URBAN Shinjuku Naitomachi	430	430	441	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Waseda	421	395	454	0.0	Daiwa Real Estate Appraisal Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PRIME URBAN Shinjuku Ochiai	594	595	635	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,392	1,630	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,767	3,310	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	718	645	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	735	640	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	697	726	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	630	758	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	519	587	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	322	365	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	711	734	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,336	1,610	0.1	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	486	412	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,814	1,880	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,083	1,060	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	943	752	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	868	865	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	728	721	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,673	1,800	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	468	543	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Takaido	1,060	1,054	806	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	402	426	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo II	1,790	1,749	1,950	0.2	Japan Real Estate Institute
		PRIME URBAN Otsuka	730	698	700	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Komagome	437	435	399	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ikebukuro	3,800	3,632	4,270	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,317	2,480	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	729	769	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	593	616	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	522	482	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,202	1,240	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	715	735	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	671	707	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	600	628	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	914	915	0.1	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Kasai East	1,140	1,067	1,250	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Itabashi Kuyakushomae	1,080	1,012	1,180	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Asakusa	384	384	305	0.0	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Machiya South Court	1,910	1,849	2,020	0.2	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PRIME URBAN Musashi Koganei	1,910	1,909	2,010	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,275	1,350	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	758	869	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,396	1,530	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,964	2,210	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	941	1,060	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	960	1,220	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	489	406	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	763	803	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	602	625	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	693	719	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	460	477	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	454	525	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	726	845	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	703	768	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,503	1,710	0.2	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	930	1,090	0.1	Japan Real Estate Institute
		PROUD FLAT Itabashi Honcho	720	722	853	0.1	Japan Real Estate Institute
		PRIME URBAN Meguro Mita	1,058	1,122	1,110	0.1	Japan Valuers Co., Ltd.
		Fukasawa House Towers H&I	7,140	7,056	7,670	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Toyosu	5,290	5,121	5,650	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nihonbashi Kayabacho	2,850	2,793	3,020	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yoga II	1,320	1,286	1,330	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Musashi Koganei II	1,310	1,271	1,420	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,382	1,340	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori III	1,110	1,136	1,290	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Kinshicho	785	804	948	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sangenjaya II	2,750	2,820	3,000	0.3	JLL Morii Valuation & Advisory K.K.
	PROUD FLAT Sotkanda	2,280	2,354	2,560	0.2	JLL Morii Valuation & Advisory K.K.	
	PROUD FLAT Noborito	1,216	1,263	1,350	0.1	JLL Morii Valuation & Advisory K.K.	
	PROUD FLAT Yoyogi Hachiman	966	995	1,090	0.1	JLL Morii Valuation & Advisory K.K.	
	PROUD FLAT Nakaochiai	844	874	892	0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
	Other areas	PROUD FLAT Itsutsubashi	652	590	682	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	658	692	0.1	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,468	1,770	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	253	267	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
PRIME URBAN Odori Koen I		502	461	485	0.0	Japan Real Estate Institute	
PRIME URBAN Odori Koen II		334	309	298	0.0	Japan Real Estate Institute	
PRIME URBAN Kita Juichi Jo		547	496	605	0.1	Japan Valuers Co., Ltd.	

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Other areas	PRIME URBAN Miyanosawa	475	428	504	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	360	430	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	223	279	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	206	232	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	394	469	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	559	651	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	4,100	4,650	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,569	1,870	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Ichome	1,140	1,051	1,080	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	420	445	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Tsutsumidori Amamiya	949	936	953	0.1	Japan Real Estate Institute
		PRIME URBAN Aoi	712	672	671	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kanayama	553	503	603	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumai	1,020	924	1,080	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,464	1,670	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,479	4,010	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisuji Honmachi	1,810	1,672	1,940	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	542	595	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	242	282	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	359	344	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	566	534	0.0	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Chihaya	604	561	571	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
Serenite Shinsaibashi Grande	5,567	5,778	5,650	0.5	Daiwa Real Estate Appraisal Co., Ltd.		
Residential subtotal			192,887	186,108	202,715	18.0	
Hotels	Other areas	Hotel Vista Sapporo Odori	3,600	3,742	3,860	0.3	Japan Valuers Co., Ltd.
		Red Planet Naha Okinawa	2,650	2,686	2,700	0.2	Japan Valuers Co., Ltd.
Hotel subtotal			6,250	6,428	6,560	0.6	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,380	0.5	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,380	0.5	
Total			1,011,279	999,049	1,123,089	100.0	

(Note 1) "Acquisition Price" refers to the following. Of the assets succeeded as a result of the merger of three REITs, the appraisal value as of September 30, 2015 for NRE Shibuya Dogenzaka Building and as of April 30, 2015 for other assets succeeded from NOF; and the appraisal value as of September 30, 2015 for PRIME URBAN Shinyurigaoka and as of May 31, 2015 for other assets succeeded from NRF are recorded as said assets' respective acquisition prices. Furthermore, the appraisal value as of March 31, 2016 or April 1, 2016 for other assets succeeded from TOP are recorded as said assets' respective acquisition prices. For all other assets, "Acquisition price" indicates the amount, excluding the various expenses required to acquire the property, including transaction brokerage fees, taxes and public dues, etc. (the amount of transaction payment for real estate, etc., described in the sales agreement).

(Note 2) "Carrying amount" is the sum total amount of the acquisition price (including various expenses required for the acquisition) of land, buildings, structures, tools, furniture and fixtures, construction in progress, and leasehold rights (including these assets in trust), less accumulated depreciation.

(Note 3) "Opinion of value at end of period" is the appraisal or investigation value provided by the respective real estate appraiser (the value calculated by the respective real estate appraiser with the date of the 8th fiscal period-end (August 31, 2019) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMF's Articles of Incorporation and the Regulations Concerning Accounting of Investment Corporations.

The appraisal or investigation value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of appraisal by the respective real estate appraiser, etc., conducted in accordance with the Act on Real Estate Appraisal (Act No. 152 of 1963, including subsequent amendments), and real estate appraisal standards, etc. Reappraisal of the same real estate may result in a different appraisal or investigation value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. In addition, the appraisal of real estate is not a guarantee or promise of the possibility of transactions at present or in the future at the appraised value.

Furthermore, the cost approach and income approach (direct capitalization approach and discounted cash flow approach) are used in appraisal calculations. The appraisal value is determined by the income approach if the subject real estate's price is estimated with an emphasis on investment profitability in the market and it is seen as an investment target for qualified institutional investors, etc. The value indicated by the cost approach is used as an index to verify the value indicated by the income approach.

The "direct capitalization approach" is a method where the net revenue in a certain period is capitalized by the capitalization rate. It is a method of seeking the value indicated by the income approach (a method of seeking the estimated value of real estate by seeking the sum of the present value of the net revenue the real estate is expected to generate in the future).

The "discounted cash flow (DCF) approach" is a method where the net income and terminal value arising in multiple successive periods are discounted to present value according to their periods and totaled. It is also a method of seeking the value indicated by the income approach.

- (Note 4) "Investment share" is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (289 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may not be exactly 100.0%.
- (Note 5) NMF holds quasi co-ownership of 50.1% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.
- (Note 6) NMF holds quasi co-ownership of 50.0% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.
- (Note 7) NMF has sold a part of land area of the property. Therefore, the acquisition price given represents the acquisition price of the entire asset less the amount equivalent to the book value of the transferred portion at the time of execution of the transfer.

C. Status of Capital Expenditures

(a) Schedule of Capital Expenditures

Of the scheduled amount of capital expenditures associated with renovation and other work planned (or completed) as of the date of this document's publication for the assets held at the end of the 8th fiscal period, the following are the major capital expenditures. Please note that the scheduled construction cost listed below include the portion charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Scheduled construction cost (Thousands of Yen)		
			Total amount	Amount paid during the 7th fiscal period	Total amount already paid
NRE Osaka Building (Osaka City, Osaka)	Renewal of power receiving and transforming equipment	From May 2017 To Feb. 2020	730,000	277,000	354,000
NRE Osaka Building (Osaka City, Osaka)	Renewal of power generator	From Sep. 2019 To Aug. 2020	255,000	-	-
Faret Tachikawa Center Square (Tachikawa City, Tokyo)	Elevator renewal work	From Jun. 2019 To Dec. 2019	64,940	-	-
NMF Shinjuku EAST Building (Shinjuku Ward, Tokyo)	Air conditioning renewal work	From Oct. 2019 To Feb. 2020	72,800	-	-
NMF Takebashi Building (Chiyoda Ward, Tokyo)	Air conditioning renewal work (Phase 1)	From Nov. 2019 To Aug. 2020	95,786	-	-
PRIME URBAN Nihonbashi Hamacho (Chuo Ward, Tokyo)	Repair work of exterior wall	From Sep. 2019 To Feb. 2020	29,900	-	-
PRIME URBAN Akasaka (Minato Ward, Tokyo)	Repair work of exterior wall	From Sep. 2019 To Feb. 2020	12,900	-	-
PRIME URBAN Oimachi II (Shinagawa Ward, Tokyo)	Repair work of exterior wall	From Sep. 2019 To Feb. 2020	23,980	-	-

(Note) Total amount already paid does not include the amount paid during the 8th fiscal period.

(b) Capital Expenditures during the 8th Fiscal Period

The following is an overview of the major construction work falling under the category of capital expenditures that was conducted during the 8th fiscal period for the assets held as of the end of the 8th fiscal period. Capital expenditures during the 8th fiscal period were ¥2,535,078 thousand and, when combined with the ¥1,727,718 thousand repair expenses classified as expenses during the 8th fiscal period, a total of ¥4,262,797 thousand in construction work was implemented. The following construction cost shows the amount equivalent to capital expenditures.

Name of real estate, etc. (Location)	Purpose	Period	Construction cost (Thousands of Yen)
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Disaster prevention equipment and emergency broadcasting equipment renewal work	From Mar. 2019 To Aug. 2019	220,814
Faret East Building (Tachikawa City, Tokyo)	Installation of LED lighting equipment to the exclusive use area	From Apr. 2019 To Jul. 2019	34,753
Other real estate, etc.	Improvement of features	From Mar. 2019 To Aug. 2019	2,279,509
Total			2,535,078

D. Status of Major Tenants

Details concerning the leasing status of major tenants are shown below. Major tenants are those who, as of August 31, 2019, account for 10% or more of the total leased area of the assets held by NMF as of August 31, 2019 (in cases where multiple assets have the same tenant, this is calculated using the total leased area for all assets leased by said tenant).

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	Leased area (m <sup>2</sup> ) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	Shinjuku Nomura Building	March 31, 2020	(Fixed-term lease contract)	1,021.25	117	93
		NRE Yotsubashi Building	March 31, 2021	(Fixed-term lease contract)	1,024.91	52	35
		Kojimachi Millennium Garden (Residential building)	March 31, 2020		4,618.96	222	29
		PROUD FLAT Shirokane Takanawa	February 29, 2020		2,907.17	187	36
		PROUD FLAT Yoyogi Uehara	February 29, 2020		1,127.70	61	6
		PROUD FLAT Hatsudai	February 29, 2020		898.93	47	4
		PROUD FLAT Shibuya Sakuragaoka	February 29, 2020		638.70	41	5
		PROUD FLAT Gakugei Daigaku	February 29, 2020		841.32	48	4
		PROUD FLAT Meguro Gyoninzaka	February 29, 2020		834.06	52	5
		PROUD FLAT Sumida Riverside	February 29, 2020		3,030.91	150	13
		PROUD FLAT Kagurazaka	February 29, 2020		1,754.53	94	2
		PROUD FLAT Waseda	February 29, 2020		1,383.50	70	6
		PROUD FLAT Shinjuku Kawadacho	February 29, 2020		1,102.20	54	8
		PROUD FLAT Sangen Jaya	February 29, 2020		1,256.07	69	6
		PROUD FLAT Kamata	February 29, 2020		1,521.03	74	6
		PROUD FLAT Kamata II	February 29, 2020		4,030.88	206	21
		PROUD FLAT Shinotsuka	February 29, 2020		731.06	40	3
		PROUD FLAT Kiyosumi Shirakawa	February 29, 2020		1,209.56	59	9
		PROUD FLAT Monzen Nakacho II	February 29, 2020		830.55	41	3
		PROUD FLAT Monzen Nakacho I	February 29, 2020		1,191.08	65	6
		PROUD FLAT Fujimidai	February 29, 2020		2,222.05	109	13
		PROUD FLAT Asakusa Komagata	February 29, 2020		2,659.83	122	15
		PROUD FLAT Yokohama	February 29, 2020		3,089.49	143	15
		PROUD FLAT Kamioooka	February 29, 2020		4,872.17	182	15
		PROUD FLAT Tsurumi II	February 29, 2020		2,198.63	113	20
		PRIME URBAN Azabu Juban	February 29, 2020		1,163.96	66	6
		PRIME URBAN Akasaka	February 29, 2020		1,062.05	56	5
		PRIME URBAN Tamachi	February 29, 2020		1,038.96	60	5
		PRIME URBAN Shibaura LOFT	February 29, 2020		1,866.56	111	9
		PRIME URBAN Yoyogi	February 29, 2020		389.32	23	2
		PRIME URBAN Ebisu II	February 29, 2020		1,122.70	69	5
		PRIME URBAN Bancho	February 29, 2020		1,277.04	67	5
		PRIME URBAN Chiyoda Fujimi	February 29, 2020		793.87	42	4
PRIME URBAN Iidabashi	February 29, 2020		2,020.77	122	15		
PRIME URBAN Ebisu	February 29, 2020		1,393.32	69	6		
PRIME URBAN Naka Meguro	February 29, 2020		1,275.84	80	8		
PRIME URBAN Gakugei Daigaku	February 29, 2020		973.86	47	4		
PRIME URBAN Senzoku	February 29, 2020		620.12	29	2		
PRIME URBAN Meguro Riverside	February 29, 2020		453.77	28	2		

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	Leased area (m <sup>2</sup> ) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	PRIME URBAN Meguro Ohashi Hills	February 29, 2020	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	2,872.55	170	15
		PRIME URBAN Meguro Aobadai	February 29, 2020		1,461.93	77	11
		PRIME URBAN Gakugei Daigaku II	February 29, 2020		1,109.87	61	10
		PRIME URBAN Naka Meguro II	February 29, 2020		2,266.12	154	36
		PRIME URBAN Kachidoki	February 29, 2020		4,380.06	183	18
		PRIME URBAN Nihonbashi Yokoyamacho	February 29, 2020		5,834.59	255	39
		PRIME URBAN Nihonbashi Hamacho	February 29, 2020		2,026.44	95	9
		PRIME URBAN Hongo Ikizaka	February 29, 2020		662.58	33	3
		PRIME URBAN Hakusan	February 29, 2020		1,069.82	50	4
		PRIME URBAN Yotsuya Gaen Higashi	February 29, 2020		1,686.93	90	8
		PRIME URBAN Nishi Shinjuku I	February 29, 2020		1,459.86	75	6
		PRIME URBAN Nishi Shinjuku II	February 29, 2020		1,162.55	56	5
		PRIME URBAN Shinjuku Naitomachi	February 29, 2020		578.18	29	2
		PRIME URBAN Nishi Waseda	February 29, 2020		507.11	28	2
		PRIME URBAN Shinjuku Ochiai	February 29, 2020		1,010.52	40	3
		PRIME URBAN Mejiro	February 29, 2020		1,697.38	84	5
		PRIME URBAN Kagurazaka	February 29, 2020		2,811.34	170	22
		PRIME URBAN Sangen Jaya III	February 29, 2020		981.06	48	3
		PRIME URBAN Chitose Karasuyama	February 29, 2020		1,706.63	48	9
		PRIME URBAN Sangen Jaya	February 29, 2020		848.75	46	4
		PRIME URBAN Minami Karasuyama	February 29, 2020		1,024.62	47	3
		PRIME URBAN Karasuyama Galleria	February 29, 2020		835.05	37	3
		PRIME URBAN Karasuyama Court	February 29, 2020		576.20	23	1
		PRIME URBAN Chitose Funabashi	February 29, 2020		974.61	47	4
		PRIME URBAN Yoga	February 29, 2020		1,773.05	83	9
		PRIME URBAN Shinagawa Nishi	February 29, 2020		941.54	43	7
		PRIME URBAN Osaki	February 29, 2020		2,040.91	113	10
		PRIME URBAN Oimachi II	February 29, 2020		1,775.29	88	8
		PRIME URBAN Yukigaya	February 29, 2020		1,536.59	71	6
		PRIME URBAN Omori	February 29, 2020		1,168.65	58	6
		PRIME URBAN Denenchofu Minami	February 29, 2020		1,078.41	48	4
		PRIME URBAN Nagahara Kamiikedai	February 29, 2020		2,241.79	98	10
PRIME URBAN Nakano Kamitakada	February 29, 2020	798.73	37	3			
PRIME URBAN Takaido	February 29, 2020	1,680.70	81	6			
PRIME URBAN Nishi Ogikubo	February 29, 2020	516.61	26	2			
PRIME URBAN Nishi Ogikubo II	February 29, 2020	2,137.83	98	9			

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	Leased area (m <sup>2</sup> ) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	PRIME URBAN Otsuka	February 29, 2020	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	924.97	47	4
		PRIME URBAN Komagome	February 29, 2020		991.94	34	4
		PRIME URBAN Ikebukuro	February 29, 2020		4,243.89	215	22
		PRIME URBAN Monzen Nakacho	February 29, 2020		3,127.94	151	16
		PRIME URBAN Kameido	February 29, 2020		1,117.34	51	6
		PRIME URBAN Sumiyoshi	February 29, 2020		813.52	38	3
		PRIME URBAN Mukojima	February 29, 2020		1,069.37	44	2
		PRIME URBAN Kinshi Koen	February 29, 2020		1,813.25	83	8
		PRIME URBAN Kinshicho	February 29, 2020		991.62	46	7
		PRIME URBAN Hirai	February 29, 2020		1,075.36	47	4
		PRIME URBAN Kasai	February 29, 2020		905.81	40	3
		PRIME URBAN Kasai II	February 29, 2020		1,437.84	64	6
		PRIME URBAN Kasai East	February 29, 2020		1,860.40	75	7
		PRIME URBAN Itabashi Kuyakushomae	February 29, 2020		1,696.94	74	7
		PRIME URBAN Asakusa	February 29, 2020		800.33	29	2
		PRIME URBAN Machiya South Court	February 29, 2020		3,616.67	141	34
		PRIME URBAN Musashi Koganei	February 29, 2020		5,878.80	135	13
		PRIME URBAN Musashino Hills	February 29, 2020		2,700.06	89	18
		PRIME URBAN Koganei Honcho	February 29, 2020		1,604.72	57	6
		PRIME URBAN Kumegawa	February 29, 2020		2,420.37	114	40
		PRIME URBAN Musashi Kosugi comodo	February 29, 2020		3,634.12	138	27
		PRIME URBAN Kawasaki	February 29, 2020		1,687.33	68	6
		PRIME URBAN Shinyurigaoka	February 29, 2020		1,677.91	71	11
		PRIME URBAN Tsurumi Teraya	February 29, 2020		933.30	36	3
		PRIME URBAN Urayasu	February 29, 2020		1,264.84	55	7
		PRIME URBAN Gyotoku I	February 29, 2020		1,085.00	44	4
		PRIME URBAN Gyotoku II	February 29, 2020		1,244.00	47	3
		PRIME URBAN Gyotoku Ekimae	February 29, 2020		757.19	33	3
		PRIME URBAN Gyotoku Ekimae II	February 29, 2020		907.17	40	4
		PRIME URBAN Gyotoku III	February 29, 2020		1,697.59	65	6
		PRIME URBAN Nishi Funabashi	February 29, 2020		1,237.80	54	5
		PRIME URBAN Kawaguchi	February 29, 2020		2,395.39	108	27
		PROUD FLAT Hatchobori	February 29, 2020		992.68	56	5
		PROUD FLAT Itabashi Honcho	February 29, 2020		1,166.76	47	5
		PRIME URBAN Meguro Mita	February 29, 2020		1,061.04	49	4
		PRIME URBAN Gakugei Daigaku Parkfront	February 29, 2020		1,418.33	70	6
PROUD FLAT Omori III	February 29, 2020	1,414.96	68	7			
PROUD FLAT Kinshicho	February 29, 2020	1,012.17	53	5			
PROUD FLAT Sangenjaya II	February 29, 2020	2,931.43	129	21			
PROUD FLAT Sotkanda	February 29, 2020	2,344.93	134	13			
PROUD FLAT Noborito	February 29, 2020	1,771.77	84	8			
PROUD FLAT Yoyogi Hachiman	February 29, 2020	898.03	55	5			
PROUD FLAT Nakaochiai	February 29, 2020	1,078.51	55	5			

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	Leased area (m <sup>2</sup> ) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	PRIME URBAN Shinkawa	February 29, 2020	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than six months prior to the expiration of the initial term or any extended term thereof.	3,133.80	134	40
		PRIME URBAN Toyosu	February 29, 2020		6,650.46	339	36
		PRIME URBAN Nihonbashi Kayabacho	February 29, 2020		3,336.57	179	20
		PRIME URBAN Yoga II	February 29, 2020		1,339.65	74	7
		PRIME URBAN Musashi Koganei II	February 29, 2020		1,969.74	84	9
Total			-	-	209,817.14	9,925	1,283

(Note 1) In the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the end-tenant is shown as the tenant, and the lessee is not shown as a tenant. However, for residential facilities, regardless of pass-through master lease agreement, the master lessee is shown as the tenant, and the leased area shown is that that actually rented and subject to the tenant agreements with end tenants.

(Note 2) "Annual rent" is calculated by multiplying by 12 the sum of monthly rent and common area charges in lease agreements for each property actually concluded with end-tenants that are valid as of the last day of August 2019 (this does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included, and if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease, the rent for the space covered in said lease is based on the rent, etc., in the lease agreement concluded with the master lessee.); amounts less than one thousand yen are truncated. Accordingly, the sum of each tenant's annual rent may not be exactly the same as the figure given the "Total" row. Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above.

(Note 3) For residential facilities, the lessee of the master lease agreement shown in the "Tenant name" column receives leasehold and security deposits from the end-tenants and deposits this amount with NMF or the trustee as the leasehold and security deposits of the master lease agreement.

(Note 4) This client is an interested party of NMF as specified in the Investment Trust Act.

#### E. Status of Major Properties Not applicable.

#### F. Overview of Leasing to Interested Parties

As of August 31, 2019, some of the assets held by NMF at the same date were leased to interested parties as defined in the Investment Trust Act.

The following is an overview of the status of leasing of said assets to interested parties as defined in the Investment Trust Act.

Tenant name	Property name	Leased area (m <sup>2</sup> )
Nomura Real Estate Partners Co., Ltd.	Shinjuku Nomura Building	1,021.25
	NRE Yotsubashi Building	1,024.91
	Total of PROUD FLAT Shirogane-Takanawa, and 120 others	207,770.98
Nomura Real Estate Development Co., Ltd.	Shinjuku Nomura Building	6,729.34
	Nishi-Shinjuku Showa Building	256.79
	NRE Higashi-Nihonbashi Building	319.28
	NMF Yokohama Nishiguchi Building	94.83
	NRE Yotsubashi Building	1,369.84
NRE Hiroshima Building	141.51	
Nomura Real Estate Life & Sports Co., Ltd.	Megalos Kanagawa	6,217.85
Nomura Real Estate Urban Net Co., Ltd.	Shinjuku Nomura Building	1,779.59
	NMF Gotanda Ekimae Building	198.90
	NMF Kichijoji Honcho Building	269.37
	NMF Kawasaki Higashiguchi Building	216.54
	NMF Yokohama Nishiguchi Building	373.27
NRE Nishi-Umeda Building	404.41	
Geo Akamatsu Co., Ltd.	NRE Yotsubashi Building	357.06
Nomura Real Estate Amenity Service Co., Ltd.	NRE Yotsubashi Building	80.01

G. Collateral

Assets held by NMF and offered as collateral at the end of the 8th fiscal period under review are as follows.

Property Name	Type of collateral	Secured party	Recent appraisal value (Millions of Yen)
Konami Sports Club Fuchu	Mortgage	Konami Sports Club Co., Ltd. <sup>(Note)</sup>	3,350
Sagamihara Shopping Center	Mortgage	Ito-Yokado Co., Ltd. <sup>(Note)</sup>	6,960

(Note) The secured claims are rights held by the security interest holders to claim the return of leasehold deposits.