



ESG Annual Report

2022.7

Nomura Real Estate Master Fund, Inc.

A large, white, three-dimensional-looking silhouette of a deer with large antlers, standing and facing left. It is positioned in the lower right quadrant of the page, partially overlapping the "MASTER FUND" text.

MASTER FUND

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This report was prepared based on information on NMF official website as of July 2022.
For the more updated information on NMF’s ESG activities, please refer to its official website.



NMF's Approach to Sustainability

Nomura Real Estate Asset Management Co., Ltd. (NREAM), an asset management company for Nomura Real Estate Master Fund, Inc. (NMF), established the Sustainability Policy in December 2015 and identified ESG materiality issues (Materiality) which is particularly important to NMF in January 2019.

NMF, along with NREAM, is committed to carrying out asset management that gives due consideration to environmental, social and governance (ESG) issues in order to enhance unitholder value over the medium to long term.

|| A Message from Top Management

Based on the idea that it is essential for our sustainable growth to realize sustainable society, we also believe our contribution to solving social issues through our business is in line with our fundamental philosophy of “securing stable profit over the medium to long term” and “steadily achieving growth in assets under management.” Consequently, it would contribute to improve our unitholder value.

Alongside its Asset Management Company, NMF has carried out asset management that gives due consideration to ESG issues since its founding. In January 2019, we set goals or KPIs for ESG issues of particular importance (hereinafter referred to as “materiality”) and are promoting efforts to achieve the goals. Furthermore, in January 2020, we added materiality items and an upward revision of the target level.

Based on these goals, we continued to actively promote activities in fiscal 2020, and as a result, we were able to achieve significant progress toward the target level (KPI).

NMF became the first J-REIT to be certified for “EcoAction 21” Program. NMF has been promoting industry-leading initiatives, with its activities leading to the receipt of the Minister of the Environment Award in the general department, as the most excellent effort in fiscal year 2019 that follows the Principles for Financial Action of the 21st Century Secretariat in March 2020. Furthermore, In July 2020, NMF expressed its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, and starting from February 2021, it has led the industry in carrying out such initiatives as the first disclosure among J-REITs of information on financial impact based on multi-scenario analysis in addition to disclosure of an overview of climate change risks and opportunities, based on climate change-related disclosure items recommended by the TCFD recommendations.

We has received the 2021 Climate Change Action Environment Minister’s Commendation (Dissemination/Promotioncategory), sponsored by the Ministry of the Environment, in recognition of NMF’s ongoing efforts for “mitigation” and “adaptation” in the area of climate change. Accordingly, NMF and the asset management company are promoting our sustainable initiatives based on our policies and targets set out in our ESG materiality issues and key performance indicator(KPI). In addition, we will improve our sustainability initiatives continuously by promoting bidirectional communication and working together with our unitholders, tenants, employees, supply chains, neighboring communities and other stakeholders through our ESG disclosures including ESG materiality issues.

Shuhei Yoshida
Executive Director

Sustainability Policies and Systems

1. Efforts to save energy and create energy

We will strive to introduce technologies/facilities that contribute to save and/or create energy while proactively promoting efficient use of energy in real estate management.

2. Efforts to save resources and reduce waste

We will strive to implement water saving and waste reduction (3Rs of reduce, reuse and recycle) for effective utilization of resources required in business activities.

3. Efforts for safety and security as well as improvement of the level of customer satisfaction

We will strive to improve the level of customer satisfaction by promoting disaster prevention/BCP measures for the safety and security of our clients including tenant companies or facility users, and through other means.

4. Efforts to develop in-house systems and educate executives and employees

We will not only fully enforce compliance but also develop in-house systems to promote our initiatives based on this policy, educate executives and employees, and conduct activities to raise awareness.

5. Collaboration with outside stakeholders

We will strive to collaborate with stakeholders including our business partners such as property management companies, our clients such as tenant companies and facility users, and local communities in order to practice initiatives based on this policy.

6. Information disclosure to investors, etc.

We will strive to proactively disclose information on the status of activities related to ESG to stakeholders such as investors.

Sustainability Promotion Structure

Nomura Real Estate Asset Management Co., Ltd. (NREAM), an asset management company for NMF, has in place the following structure to promote initiatives under its Sustainability Policy in a constant and organized manner.

(1) Board of Directors

The Board of Directors formulates and revises the Sustainability Policy, sustainability promotion rules and other in-house policies and rules. Based on the sustainability promotion rules, the Board of Directors receives reports on the performance of initiatives related to sustainability throughout the year at least once a year from the Chief Sustainability Officer. The Board of Directors continually carries out monitoring of the initiatives related to sustainability based on those reports.

(2) Chief Sustainability Officer

The Chief Strategy Officer (Director), a member of the Investment Committee, is appointed as the Chief Sustainability Officer who designates funds that focus heavily on the promotion of sustainability from among the funds managed by the Asset Management Company. (NMF falls under the category of designated funds.) The Chief Sustainability Officer is involved in decision-making at the Investment Committee as the chief officer for sustainability and reports to the Board of Directors at least once a year based on the sustainability promotion rules.

(3) Sustainability Operating Officer

The Head of NMF Investment Management Group who controls NMF's investments is appointed as the Sustainability Operating Officer. As the person responsible for the execution of sustainability promotion, the Sustainability Operating Officer convenes the Sustainability Promotion Committee, submits matters for discussion and reports to the Investment Committee.

(4) Investment Committee

The Investment Committee is the decision-making body concerning NMF's investments. It is chaired by the President and Executive Officer and is comprised of members including the Chief Strategy Officer and other Executive Officers. Based on the sustainability promotion rules, the Investment Committee deliberates on and determines targets, measures and other matters regarding NMF's sustainability at least twice a year.

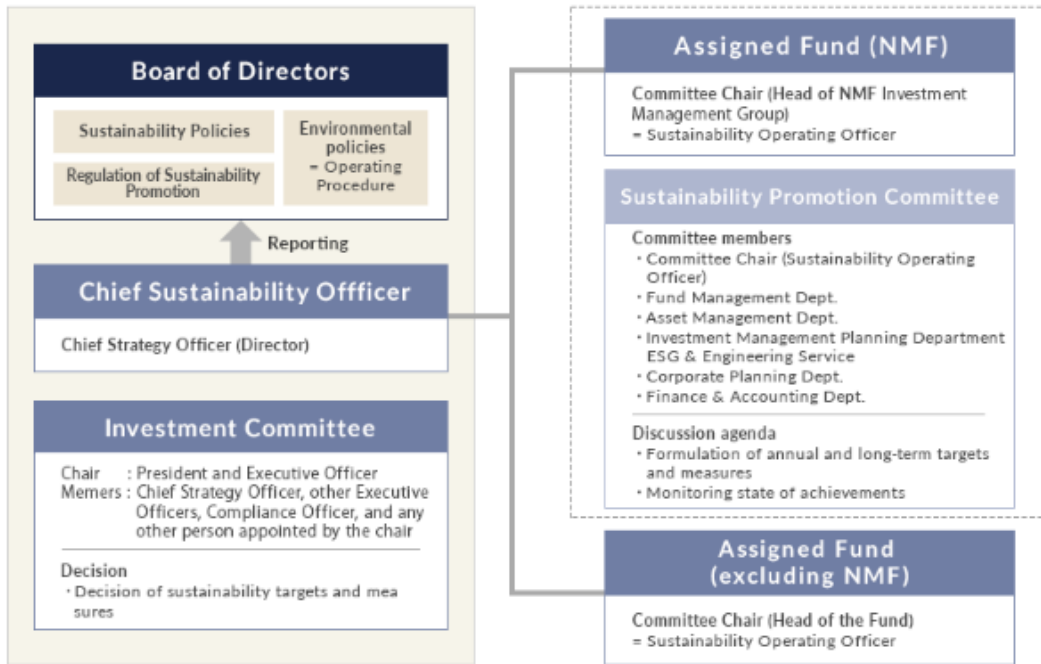
(5) Sustainability Promotion Committee

The Sustainability Promotion Committee is a body responsible for setting sustainability targets, measures and other matters, making recommendations and conducting monitoring (including risk management). It is chaired by the Sustainability Operating Officer and is comprised of members including the ESG & Engineering Service and heads of departments related to the NMF's investments. The Committee is convened at least four times a year in accordance with the sustainability promotion rules.

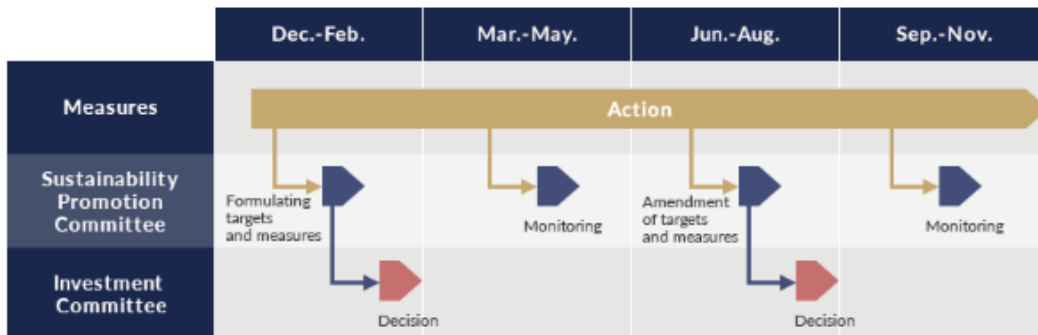
(6) ESG & Engineering Service

The ESG & Engineering Service supports overall operations concerning the promotion of ESG considerations by the Asset Management Company and NMF based on the Sustainability Policy.

<Sustainability Promotion Structure>



<Annual Schedule>



> Environmental Management System (EMS)

NMF became the first J-REIT to be certified and registered for "EcoAction 21" Program.

<Scope of Certification and Registration>

investment and management of office buildings and residential properties



Sustainability Promotion Manuals

Nomura Real Estate Asset Management Co., Ltd. (NREAM) formulated sustainability promotion manuals to provide basic policies with regard to and clarify procedures for its sustainability promotion initiatives, including those aimed at constantly monitoring and reducing the volume of energy and water consumption and greenhouse gas and waste emissions as well as those aimed at promoting green procurement through external collaboration. Through the distribution of these manuals, NREAM is striving to enhance the effectiveness of its sustainability initiatives.

<Overview of Sustainability Promotion Manuals>

Titles	Content
Manuals for energy saving, GHG reduction, water saving and waste reduction	<ul style="list-style-type: none">• Basic policies for the constant monitoring of and achieving ongoing reductions in consumption and emission volumes• Procedures for the monitoring, management and analysis of consumption and emission volumes and reporting to the Sustainability Promotion Committee
Green procurement manual	<ul style="list-style-type: none">• Additional criteria to be assessed in the course of product and service procurement (energy-saving potential, vendors' efforts to reduce the use of substances leading to environmental pollution, product durability and recyclability and other factors associated with environmental load reduction)• Additional criteria to be assessed in the course of the selection and evaluation of suppliers based on their involvement in sustainability initiatives (sustainability promotion structures, collaboration with environmental load reduction, etc.)

Sustainability Risk Assessments

Our assets under management are subject to periodic sustainability risk assessments.

Whenever assessment results reveal a critical sustainability risk, in-house specialists charged with assessments propose improvement measures at the Sustainability Promotion Committee. In this way, we are ensuring that any sustainability risk is properly identified, monitored and addressed.

Training for Officers and Employees

We aim to empower our officers and employees to play greater roles in sustainability promotion and help raise their sustainability awareness, to this end providing them with special training. At least once a year, these individuals attend training sessions designed to call their attention to the importance of sustainability, address the latest trends in sustainability initiatives and brief them on the status of NMF's sustainability measures and targets and the progress it has made. These training sessions thus help attendees stay acutely aware of and properly updated about various sustainability issues.



ESG Materiality Issues Identified by NMF

Based on the idea that it is essential for our sustainable growth to realize sustainable society, we also believe our contribution to solving social issues through our business is in line with our fundamental philosophy of “securing stable profit over the medium to long term” and “steadily achieving growth in assets under management. Consequently, it would contribute to improve our unitholder value. In order to take specific sustainable initiatives, we have identified ESG materiality issues in consideration of expectations from our stakeholders as well as the impact on our business and performance.

Information

■ Review of Materialities

In January 2020, NMF has reviewed its ESG materiality issues.

- ① Addition of “Countering water resources” to its ESG materiality issues
- ② Formulation of KPI target to each materiality issues
(Review of KPI target regarding “Greening the investment portfolio” and “Countering climate change”)

<Principal changes>

- KPI target property specified in “Greening the investment portfolio” has been changed to property obtained green certification (with three stars or more or equivalent to) from properties obtained green certification (without evaluation level criteria) previously targeted. Therefore, KPI target has focused more on quality.
- KPI target specified in “Countering climate change” has been raised to -40.0% from -25.0% (compared with 2016 level).
- Addition of “Countering water resources” to its ESG materiality issues and setting quantitative target.
- Setting KPI and (a part of) KPI target on Social and Governance materiality issues.

Materiality, Policy and Target	Supporting SDGs
Raising the proportion of "green" properties in our investment portfolio	
Target	<ul style="list-style-type: none"> • Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to 70% by 2030
KPI	<ul style="list-style-type: none"> • Ratio of green certification (with three stars or more or equivalent to) ※ • Ratio of Green Certification <p>※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)</p>
Reported Location	International Initiatives and Certifications/ Raising the Proportion of "Green" Properties in Our Portfolio
Countering climate change	
Target	<ul style="list-style-type: none"> • Achieve 40% reduction in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio by 2030 compared with the 2016 level.
KPI	<ul style="list-style-type: none"> • GHG emissions per floor area (intensity)
Reported Location	Environmental Measures/Counting Climate Change
Countering water resources	
Target	<ul style="list-style-type: none"> • Achieve 10% reduction in water use per floor area (intensity) in our portfolio by 2030 compared with the 2016 level.
KPI	<ul style="list-style-type: none"> • Water use per floor area (intensity)
Reported Location	Environmental Measures/Preserving Water Resources

Environment

E



Ensuring the safety and security of tenants and improving user comfort

Target	<ul style="list-style-type: none"> Improve tenant satisfaction by conducting a regular survey of tenants' satisfaction, by carrying out property renewal and renovation aimed at accommodating diversifying social needs, by enhancing the content of tenant assistance services.
KPI	<ul style="list-style-type: none"> Customer satisfaction survey results ※Scheduled to be implemented on a sector-by-sector basis from FY 2020
Reported Location	Social Responsibility/Ensuring the Safety and Security of Tenants and Improving User Comfort



Creating a workplace environment in which everyone is treated fairly and empowered to find his/her job rewarding




Target	<ul style="list-style-type: none"> Enhance employee satisfaction via the creation of a sound working environment that ensures impartial evaluation, provides fair compensation, respects for fundamental rights and allows everyone to find his/her job rewarding.
KPI	<ul style="list-style-type: none"> Average number of paid holidays taken(Target : 18days per year or more) Employee satisfaction survey results
Reported Location	ESG Management (Asset Management Company website)



Human resource development and talent management

Target	<ul style="list-style-type: none"> Help our human resources improve their capabilities by providing them with periodic training and by encouraging them to engage in self-directed studies and acquire job-related certification
KPI	<ul style="list-style-type: none"> Actual attendance results of employee training (Training hours per employee) Number of employees qualified or certified
Reported Location	ESG Management (Asset Management Company website) FIDUCIARY DUTY (Asset Management Company website)



<p>Governance</p> <p>G</p> 	<p>Strengthening corporate governance</p>		
	Target	<ul style="list-style-type: none"> Establish an effective sustainability promotion system through appropriate operation of PDCA cycle as well as a governance system which ensures impartiality and diversity of the directors. Promote investment management that prioritizes the unitholders' interest by aligning the interests of the unitholders, NMF and the Asset Management Company by introducing asset management fees linked to management performance. Aim to improve management performance through appropriate management based on the market research function of the Asset Management Company and selective investment backed by our own valuation method at the time of acquisition. 	
	KPI	<ul style="list-style-type: none"> NMF's ① Outside director ratio ② Female director ratio ③ Board of directors' meeting attendance ratio External evaluation of the sustainability promotion system 	
	Reported Location	<p>Governance/Governance of the Investment Corporation Policies and Management Structure</p> <p>Investment Management Structure Prioritizing Unitholders' Interest</p>	
	<p>Establishment of an effective internal control system</p>		
	Target	<ul style="list-style-type: none"> Ensure legal compliance through raising awareness of compliance. Prevent risks to the soundness of management and business continuity through appropriate risk management such as elimination of conflicts of interest in transactions with interested parties. Ensure the effectiveness of internal control process through internal audits. 	
KPI	<ul style="list-style-type: none"> Compliance training attendance rate(Target:100%) Risk assessments frequency(Target: once a year) BCP training frequency(Target: once a year) Safety drill frequency utilizing safety confirmation system(Target: 4 times a year) Internal audit frequency(Target: once an year) 		
Reported Location	<p>Governance/Compliance</p> <p>Governance/Risk Management</p>		

Stakeholder engagement and timely and appropriate information disclosure

Target	<ul style="list-style-type: none"> Build solid relationships with and win the trust of all stakeholders by engaging in the timely, appropriate and proactive disclosure of financial/non-financial information and by maintaining constructive dialogue
KPI	<ul style="list-style-type: none"> Number of IR meetings ESG rating assessment
Reported Location	Stakeholder Engagement Disclosure Policy International Initiatives and Certifications



Identifying Process on Materiality Issues

|| Process 1 : Selection of Issues to Be Considered

We have selected issues of particular concern in terms of securing NMF's sustainable growth from among a broad range of environmental, social and governance (ESG) issues. This selection was made in reference to various guidelines, such as SASB(Note1) Standards and GRI Guidelines (Note 2), United Nations SDGs(Note 3), and evaluation criteria specified by ESG rating agencies, including MSCI and Sustainalytics, as well as the status of initiatives undertaken by our peers in the same industry.

(Note 1) The Sustainability Accounting Standards Board:

A U.S.-based non-profit organization aimed at helping businesses identify industry-specific materiality issues that could affect the judgment of rational investors and engaging in the development of standards for sustainability-related information disclosure

(Note 2) The GRI Guidelines:

International guidelines concerning sustainability reporting formulated by GRI (Global Reporting Initiative) which is an official body of the UNEP as well as a non-profit organization whose mission is to create and disseminate a sustainability report.

(Note 3) Sustainable Development Goals:

Adopted at a United Nations Summit in September 2015, SDGs comprise 17 goals and 169 targets for international initiatives to be undertaken to achieve United Nations' 2030 agenda for sustainable development.

<SDGs 17 Goals>

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



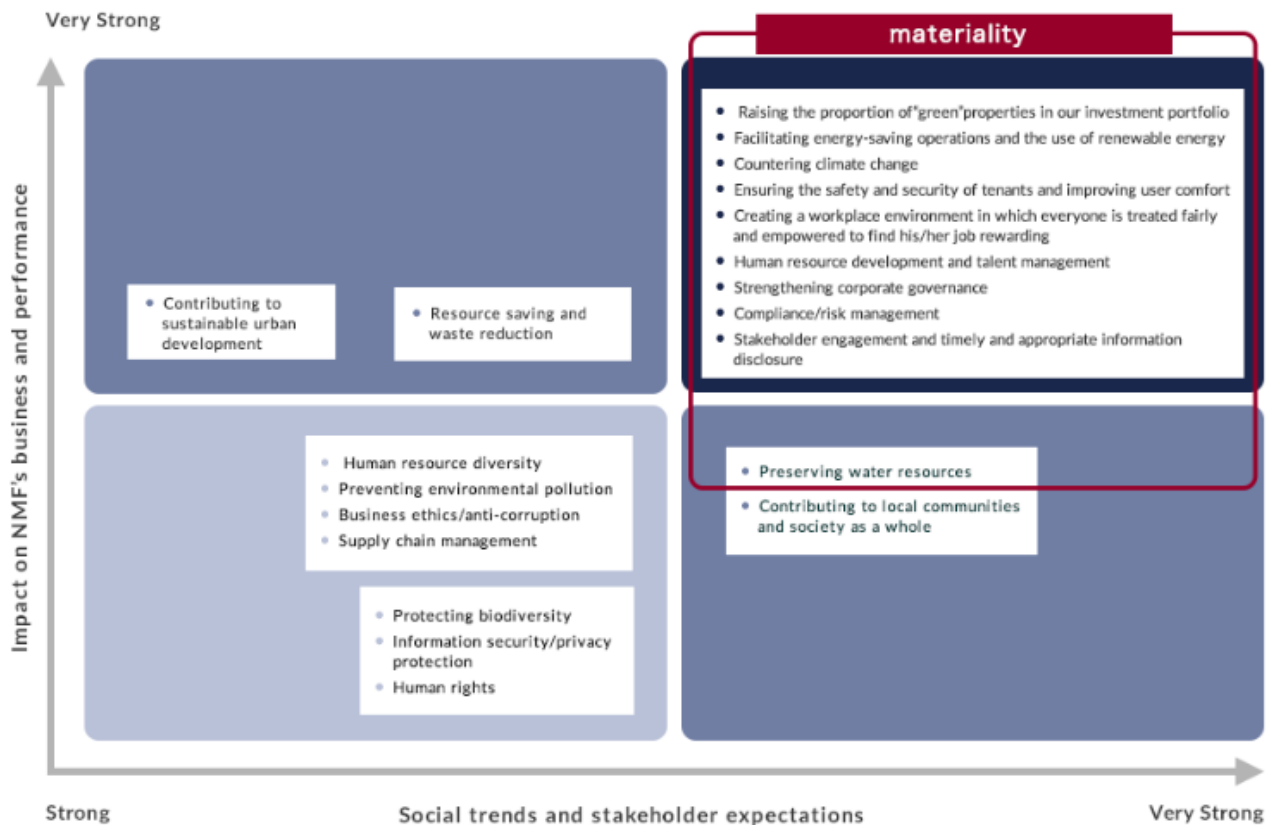
|| Process 2 : Determining Priorities and Preparing a Materiality Matrix

We have determined priorities among the selected issues in line with their materiality by assessing their impact on NMF's business and performance on various fronts, including its corporate philosophies, financial results and business plans. In the course of this process, we have also examined the issues from the perspectives of a variety of stakeholders within and outside the Nomura Real Estate Group. Each issue has thus been prioritized in light of its materiality to NMF's sustainable growth from two aspects—the opportunity arising from it and the risk associated with it—with its positioning being indicated in NMF's materiality matrix.

|| Process 3 : Discussion for Approval on Identifying NMF's Materiality Issues in the Investment Committee

Having determined their priorities, we have discussed these issues at the Sustainability Promotion Committee and officially positioned them as NMF's materiality issues associated with sustainability after obtaining the approval of the Investment Committee, which serves as the highest decision making body.

<Materiality Matrix>



Stakeholder Engagement

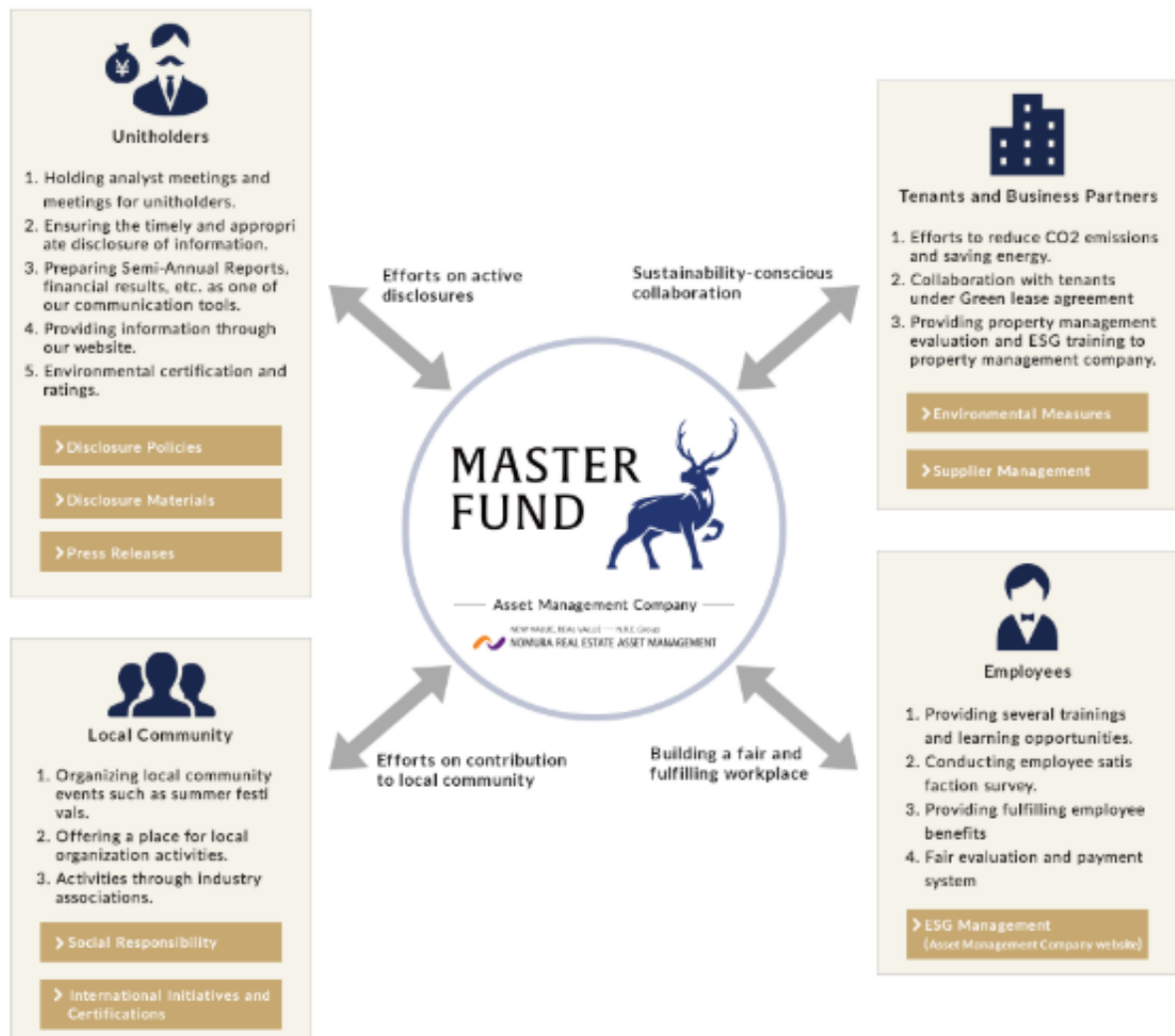


Basic Policy

As an investment corporation, our business activities are supported by relationships with a variety of stakeholders. With this in mind, we believe that fulfilling our social responsibilities, such as helping create a sustainable society, is essential to our ongoing operations.

Having identified unitholders, tenants, business partners and employees as well as residents of neighboring communities as our key stakeholders, we will strive to win their trust by maintaining constructive dialogue and sincerely addressing their expectations and requests. In these ways, we will improve NMF's operations and ESG-related initiatives.

Communication with Stakeholders





GRI Standards

Universal Standards

TOPIC	Disclosure	Location	
102 General Disclosures			
1 Organizational profile	1	Name of the organization	Corporate Profile
	2	Activities, brands, products, and services	Strength of NMF
			Disclosure Materials (Financial Information)
			Portfolio Summary
	3	Location of headquarters	Corporate Profile (Profile and history)
	4	Location of operations	Corporate Profile (Profile and history)
	5	Ownership and legal form	Corporate Profile (Profile and history)
	6	Markets served	Articles of Incorporation
			Portfolio Summary
	7	Scale of the organization	Corporate Profile (Director and Employee Information)
			Disclosure Materials (Financial Information)
Asset Management Company ESG Management			
8	Information on employees and other workers	Corporate Profile (Director and Employee Information)	
9	Supply chain	Supplier Management	
		Structure	
10	Significant changes to the organization and its supply chain	Not applicable	
11	Precautionary Principle or approach	Policies and Management Structure	
		Governance (Compliance)	
		Governance (Risk Management)	

TOPIC		Disclosure		Location
102 General Disclosures				
		12	External initiatives	International Initiatives and Certifications Signatory to Initiatives
		13	Membership of associations	International Initiatives and Certifications Asset Management Company Corporate Profile
2	Strategy	14	Statement from senior decision-maker	Policies and Management Structure
		15	Key impacts, risks, and opportunities	Policies and Management Structure
				ESG Materiality Identified by NMF Climate Change
3	Ethics and integrity	16	Values, principles, standards, and norms of behavior	Policies and Management Structure
				Asset Management Company Corporate Philosophy
				Nomura Real Estate Group NREG Code of Action
		17	Mechanisms for advice and concerns about ethics	Governance (Risk Management)
Asset Management Company ESG Management				
	Governance	18	Governance structure	Governance
				Policies and Management Structure
		19	Delegating authority	Policies and Management Structure
		20	Executive-level responsibility for economic, environmental, and social topics	Policies and Management Structure
		21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement
				Policies and Management Structure
		22	Composition of the highest governance body and its committees	Governance
		23	Composition of the highest governance body and its committees	Governance
24	Nominating and selecting the highest governance body	Governance		

TOPIC	Disclosure	Location	
102 General Disclosures			
4	25	Conflicts of interest	Governance (Compliance)
			Capital and Major Unitholders
			Structure
	26	Conflicts of interest	Policies and Management Structure
	27	Collective knowledge of highest governance body	-
	28	Evaluating the highest governance body's performance	-
	29	Identifying and managing economic, environmental, and social impacts	Policies and Management Structure
			ESG Materiality Identified by NMF
	30	Effectiveness of risk management processes	Policies and Management Structure
			Governance (risk management)
	31	Review of economic, environmental, and social topics	Policies and Management Structure
	32	Highest governance body's role in sustainability reporting	Policies and Management Structure
	33	Communicating critical concerns	Policies and Management Structure Governance
	34	Nature and total number of critical concerns	-
	35	Remuneration policies	Governance
36	Process for determining remuneration	Governance	
37	Stakeholders' involvement in remuneration	-	
38	Annual total compensation ratio	-	
39	Percentage increase in annual total compensation ratio	-	

TOPIC	Disclosure	Location	
102 General Disclosures			
5	Stakeholder engagement	40 List of stakeholder groups	Stakeholder Engagement
		41 Collective bargaining agreements	Not applicable as NMF does not have employees.
			Asset Management Company ESG Management (Creating Fair Work Environments with Meaningful Work)
		42 Identifying and selecting stakeholders	Stakeholder Engagement
		43 Approach to stakeholder engagement	Stakeholder Engagement
		44 Key topics and concerns raised	ESG Materiality Identified by NMF
Stakeholder Engagement			
6	Reporting practice	45 Entities included in the consolidated financial statements	ESG Disclosure Policy and Reporting Framework
		46 Defining report content and topic Boundaries	ESG Disclosure Policy and Reporting Framework
		47 List of material topics	ESG Materiality Identified by NMF
		48 Restatements of information	Not applicable
		49 Changes in reporting	Not applicable
		50 Reporting period	ESG Disclosure Policy and Reporting Framework
		51 Date of most recent report	ESG Disclosure Policy and Reporting Framework
		52 Reporting cycle	ESG Disclosure Policy and Reporting Framework
		53 Contact point for questions regarding the report	ESG Disclosure Policy and Reporting Framework
		54 Claims of reporting in accordance with the GRI Standards	ESG Disclosure Policy and Reporting Framework
		55 GRI content index	GRI Standards
		56 External assurance	-

TOPIC		Disclosure		Location
103 Management Approach				
1	General requirements for reporting the management approach	1	Explanation of the material topic and its Boundary	ESG Materiality Identified by NMF
		2	The management approach and its components	ESG Materiality Identified by NMF
				International Initiatives and Certifications
				Environmental Measures
				Social Responsibility
				Asset Management Company ESG Management
				Governance
				Securing an Investment Management Structure That Prioritizes Unitholders' Interest
		Stakeholder Engagement		
	3	Evaluation of the management approach	Policies and Management Structure	
Governance				

Topic-specific Standards

Location		Disclosure		Location
200 Economic				
201	Economic Performance	1	Direct economic value generated and distributed	-
		2	Financial implications and other risks and opportunities due to climate change	Environmental Measures
				Green Portfolio
		3	Defined benefit plan obligations and other retirement plans	-
4	Financial assistance received from government	-		
202	Market Presence	1	Ratios of standard entry level wage by gender compared to local minimum wage	-
		2	Proportion of senior management hired from the local community	-
203	Indirect Economic Impacts	1	Infrastructure investments and services supported	-
		2	Significant indirect economic impacts	-
204	Procurement Practices	1	Proportion of spending on local suppliers	-

TOPIC		Disclosure		Location
200 Economic				
205	Anti-corruption	1	Operations assessed for risks related to corruption	-
		2	Communication and training about anti-corruption policies and procedures	Governance (Compliance)
		3	Confirmed incidents of corruption and actions taken	-
206	Anti-competitive Behavior	1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
300 Environmental				
301	Materials	1	Materials used by weight or volume	Environmental Measures (Environmental Performance)
		2	Recycled input materials used	-
		3	Reclaimed products and their packaging materials	-
302	Energy	1	Energy consumption within the organization	Environmental Measures (Environmental Performance)
		2	Energy consumption outside of the organization	-
		3	Energy intensity	Environmental Measures (Environmental Performance)
		4	Reduction of energy consumption	Environmental Measures (Environmental Performance)
		5	Reductions in energy requirements of products and services	-
303	Water and Effluents	1	Water withdrawal by source	Environmental Measures (Environmental Performance)
		2	Water sources significantly affected by withdrawal of water	-
		3	Water recycled and reused	-
304	Biodiversity	1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
		2	Significant impacts of activities, products, and services on biodiversity	-
		3	Habitats protected or restored	-
		4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-

TOPIC		Disclosure		Location
300 Environmental				
305	Emissions	1	Direct (Scope 1) GHG emissions	Environmental Measures (Environmental Performance)
		2	Indirect (Scope 2) GHG emissions	Environmental Measures (Environmental Performance)
		3	Other indirect (Scope 3) GHG emissions	Environmental Measures (Environmental Performance)
		4	GHG emissions intensity	Environmental Measures (Environmental Performance)
		5	Reduction of GHG emissions	Environmental Measures (Environmental Performance)
		6	Emissions of ozone-depleting substances (ODS)	-
		7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-
306	Effluents and Waste	1	Water discharge by quality and destination	-
		2	Waste by type and disposal method	Environmental Measures (Environmental Performance)
		3	Significant spills	-
		4	Transport of hazardous waste	-
		5	Water bodies affected by water discharges and/or runoff	-
307	Environmental Compliance	1	Non-compliance with environmental laws and regulations	-
308	Environmental Assessment	1	New suppliers that were screened using environmental criteria	-
		2	Negative environmental impacts in the supply chain and actions taken	Supplier Management
400 Social				
401	Employment	1	New employee hires and employee turnover	ESG Management (Human Capital)
		2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Management (Creating Fair Work Environments with Meaningful Work)
		3	Parental leave	ESG Management (Promotion of Diversity)

TOPIC		Disclosure		Location
400 Social				
402	Labor/Management Relations	1	Minimum notice periods regarding operational changes	-
403	Occupational Health and Safety	1	Workers representation in formal joint management-worker health and safety committees	-
		2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	ESG Management (Health and Safety of Employees)
		3	Workers with high incidence or high risk of diseases related to their occupation	-
		4	Health and safety topics covered in formal agreements with trade unions	-
404	Training and Education	1	Average hours of training per year per employee	ESG Management (High Degree of Specialization)
		2	Programs for upgrading employee skills and transition assistance programs	ESG Management (High Degree of Specialization)
		3	Percentage of employees receiving regular performance and career development reviews	ESG Management (High Degree of Specialization)
405	Diversity and Equal Opportunity	1	Diversity of governance bodies and employees	Governance
				ESG Management (Promotion of Diversity)
		2	Ratio of basic salary and remuneration of women to men	-
406	Non-discrimination	1	Incidents of discrimination and corrective actions taken	-
407	Freedom of Association and Collective Bargaining	1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
408	Child Labor	1	Operations and suppliers at significant risk for incidents of child labor	-
409	Forced or Compulsory Labor	1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
410	Security Practices	1	Security personnel trained in human rights policies or procedures	-
411	Rights of Indigenous Peoples	1	Incidents of violations involving rights of indigenous peoples	-

TOPIC		Disclosure	Location	
400 Social				
412	Incidents of violations involving rights of indigenous peoples	1	Operations that have been subject to human rights reviews or impact assessments	-
		2	Employee training on human rights policies or procedures	ESG Management (High Degree of Specialization)
		3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
413	Local Communities	1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility
		2	Operations with significant actual and potential negative impacts on local communities	-
414	Supplier Social Assessment	1	New suppliers that were screened using social criteria	-
		2	Negative social impacts in the supply chain and actions taken	Supplier Management
415	Public Policy	1	Political contributions	-
416	Customer Health and Safety	1	Assessment of the health and safety impacts of product and service categories	-
		2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
417	Marketing and Labeling	1	Requirements for product and service information and labeling	-
		2	Incidents of non-compliance concerning product and service information and labeling	-
		3	Incidents of non-compliance concerning marketing communications	-
418	Customer Privacy	1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
419	Socioeconomic Compliance	1	Non-compliance with laws and regulations in the social and economic area	-

|| SASB Standards

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	Year 2021 (From March 1, 2021 to February 28, 2022)		CODE
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	Office	69.5%	IF-RE-130a.1
		Retail Facilities	33.0%	
		Logistics	36.7%	
		Residential	23.7%	
		Hotels	—	
	Other	—		
	※Properties (or portions of properties) over which NMF holds management authority. In addition, the properties held during each calculation period and held throughout the year are covered.			
	Total energy consumed by portfolio area with data coverage	Office	83,920,747kWh	IF-RE-130a.2
		Retail Facilities	29,703,554kWh	
		Logistics	12,476,486kWh	
		Residential	5,688,206kWh	
		Hotels	—	
		Other	—	
	percentage grid electricity	Office	71.6%	IF-RE-130a.2
		Retail Facilities	77.7%	
		Logistics	100.0%	
		Residential	82.9%	
		Hotels	—	
		Other	—	
	percentage renewable, by property subsector	Office	0.0%	IF-RE-130a.3
		Retail Facilities	0.0%	
		Logistics	0.0%	
		Residential	0.0%	
		Hotels	—	
		Other	—	
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Office	-3.2%	IF-RE-130a.3
		Retail Facilities	-5.0%	
		Logistics	5.9%	
		Residential	-1.1%	
		Hotels	—	
		Other	—	

	Percentage of eligible portfolio that has an energy rating	Office Retail Facilities Logistics Residential Hotels Other	9.5% 2.8% 59.1% 0.3% 0.0% 0%	IF-RE-130a.4
		*Properties counted are those that have acquired BELS Certification.		
	(Reference) Ratio of properties that have acquired environmental certification	Office Retail Facilities Logistics Residential Hotels Other	53.3% 46.2% 79.7% 39.1% 0.0% 0%	
		*Properties counted are those that have acquired DBJ Green Building Certification, BELS Certification or CASBEE for Real Estate.		
	Percentage of eligible portfolio that is certified to ENERGYSTAR, by property subsector	Real estate is not subject to the ENERGY STAR program in Japan.		
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Please refer to following page of ESG Annual Report (July, 2022) . p.3~7 (Policies and Management Structure) p.8~12 (Materiality) p.26~30 (Raising the Proportion of "Green" Properties in Our Portfolio) p.31~40 (Climate Change)		
Water Management	Water withdrawal data coverage as a percentage of total floor area	Office Retail Facilities Logistics Residential Hotels Other	69.5% 33.0% 36.7% 26.3% — —	IF-RE-140a.1
	Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	No properties in these areas.		
	Total water withdrawn by portfolio area with data coverage	Office Retail Facilities Logistics Residential Hotels Other	280,525m ³ 180,917m ³ 21,066m ³ 36,646m ³ — —	IF-RE-140a.2
	percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	No properties in these areas.		

	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Office Retail Facilities Logistics Residential Hotels Other	5.8% 9.6% -2.5% -0.9% — —	IF-RE-140a.3
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to following page of ESG Annual Report (July, 2022) . p.3~7 (Policies and Management Structure) p.8~12 (Materiality) p.41~42 (Water Resources and Waste Reduction, etc)		IF-RE-140a.4
Management of Tenant Sustainability Impacts	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements		—	IF-RE-410a.1
	associated leased floor area, by property subsector		—	
	(Reference) Ratio of green lease agreements concluded	Office Retail Facilities Logistics Residential Hotels Other	96.7% 23.2% 16.2% 0.8% 56.9% 0%	
		*The leased area of a tenant which has a contract including one or more green lease clauses is listed for the leased area.		
	Percentage of tenants that are separately metered or submetered for grid electricity consumption	Office Retail Facilities Logistics Residential Hotels Other	70.9% 33.0% 36.7% 0.0% — —	IF-RE-410a.2
	Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector			
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Please refer to following page of ESG Annual Report (July, 2022) . p.3~7 (Policies and Management Structure) p.8~12 (Materiality) P.14 (Stakeholder Engagement) p.39~40 (Collaboration with Tenants) P.49 (Customer Satisfaction Surveys)		IF-RE-410a.3

Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	Office Retail Facilities Logistics Residential Hotels Other	497,517㎡ 234,278㎡ 348,994㎡ 246,025㎡ 4,348㎡ 0㎡	IF-RE-450a.1
		※Amount recorded refers to the total floor area of properties located in areas where inundation of more than 0 m in depth is expected based on the hazard map issued by the local government.		
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Please refer to following page of ESG Annual Report (July, 2022) . p.31~40 (Climate Change)		IF-RE-450a.2

Table 2. Activity Metrics

ACTIVITY METRIC	Year 2021 (From March 1, 2021 to February 28, 2022)		CODE
Number of assets, by property subsector (Note)	Office Retail Facilities Logistics Residential Hotels Other	67 50 23 155 2 1	IF-RE-000.A
Leasable floor area, by property subsector (Note)	Office Retail Facilities Logistics Residential Hotels Other	486,630.59㎡ 366,014.77㎡ 902,305.12㎡ 309,221.30㎡ 7,776.22㎡ 14,431.35㎡	IF-RE-000.B
Percentage of indirectly managed assets, by property subsector	Office Retail Facilities Logistics Residential Hotels Other	29.1% 67.0% 63.3% 100.0% 100.0% 100.0%	IF-RE-000.C
Average occupancy rate, by property subsector	Office Retail Facilities Logistics Residential Hotels Other	97.0% 98.1% 100.0% 96.1% 100.0% 100.0%	IF-RE-000.D

(Note) As the end of February 2021

International Initiatives and Certifications



Signatory to PRI

The Principles for Responsible Investment (PRI) initiative is an international network of investors working together to put six principles for responsible investment into practice. The principles, which were proposed for the financial sector in 2006 by the then UN Secretary-General, Kofi Annan, are promoted by the United Nations Environment Programme (UNEP) and the United Nations Global Compact (UNGC).

The principles call on investors to incorporate environmental, social and corporate governance (ESG) issues into investment decision-making. By including those issues in the investment process, the goal is to improve long-term investment performance and further enhance fiduciary duty.

NREAM subscribes to the fundamental principles of the PRI and became a signatory in December 2017.

Signatory of:



Support for TCFD Recommendations

In July 2020, NREAM expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) launched by the Financial Stability Board (FSB) for the purpose of discussing the disclosures of climate-related financial information and the responses by financial institutions, and also decided to participate in the TCFD Consortium which is a group of domestic companies that supports TCFD recommendations.



Participation in Japan Climate Initiative (JCI)

NREAM has joined Japan Climate Initiative (JCI) which is a network of various non-state actors such as companies, local governments, organizations and NGOs actively engaged in climate action.



Signatory to PFA21

NREAM has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in July 2019. PFA21 was established in October 2011 as a guideline for financial institutions seeking to fulfil their roles and responsibilities in shaping a sustainable society, with the Ministry of Environment taking on the role of secretariat.



➤ NREAM Received Minister of the Environment Award from PFA21 in FY2019

NREAM received Minister of the Environment Award in the general category from PFA21 as the most excellent efforts in fiscal year 2019.

<Award Details>

The Most Excellent Efforts in Fiscal Year 2019,
Minister of the Environment Award in the General Category.

<NREAM's Efforts Evaluated>

The certification and registration for an Environmental Management System (EMS) by the third party as the first J-REIT (EcoAction21)(※).

※For more information, please refer to "Certification and Registration for EcoAction 21 Program, Environmental Management System (EMS) in Japan" below this page.



Participation in GRESB Membership

|| GRESB

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).

GRESB Real Estate Assessment does not focus on individual properties, but rather on sustainability initiatives by real estate companies, REITs and private real estate funds.

Currently, over 140 investor members use the GRESB data for selecting investment destinations and holding dialogues with their portfolio companies, and in Japan, multiple institutions, including the Government Pension Investment Fund (GPIF), use the GRESB assessment results.

In the 2021 GRESB Real Estate Assessment, a total of 1,520 listed and unlisted real estate companies and funds participated worldwide.

|| Participation in GRESB Membership

Nomura Real Estate Asset Management Co., Ltd. (NREAM) has become a GRESB Real Estate/ COMPANY & FUND MEMBER to better fulfill its role as an asset manager in light of the growing importance of ESG issues in the investment management industry. Having become a part of the international GRESB initiative, NREAM will engage in networking and information sharing with external corporations that implement cutting-edge ESG activities while introducing best practices undertaken in Japan to its global peers. In this way, NREAM will strive to promote sustainability.



|| About "4 Stars" and "Green Star" in the GRESB Real Estate Assessment

NMF received a "4 Stars" in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. **NMF also won a "Green Star" designation for the sixth consecutive year** by achieving high performance both in "Management Component" that evaluates policies and organizational structure for ESG promotion, and "Performance Component" that assesses environmental performance and tenant engagement of properties owned.



|| About an "A" Rating under the GRESB Public Disclosure Level Evaluation Scheme

We received an "A" rating for the fifth consecutive year, the highest rating given under the five-grade GRESB Public Disclosure Level evaluation scheme introduced in 2017 or our proactive information disclosure practices in connection with environmental and sustainability initiatives.



The MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is an index to represent companies with high Environmental, Social and Governance ("ESG") performance selected based on the data from the MSCI Japan IMI Top 700 Index. The index has been selected by the Government Pension Investment Fund ("GPIF") as one of their ESG indices for their passive investment strategy.

MSCI reviewed the Index based on the MSCI ESG rating and market capitalization at May 2019 and NMF was included among the real estate sector of the index during their latest review. NMF sees inclusion in the index as having favorable effects to increase the liquidity of our investment units and further broaden our investor universe.

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

(Note) The inclusion of NMF in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of NMF by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Certification and Registration for EcoAction 21 Program, Environmental Management System (EMS) in Japan

The EcoAction 21 Certification/Registration Program is the certification and registration system by a third party for business operators promoting environmental management based on "EcoAction 21 Guidelines" formulated by Japan's Ministry of the Environment as part of its Environmental Management System. NMF became the first J-REIT to be certified and registered for "EcoAction 21" Program.



<Scope of Certification and Registration>
investment and management of office
buildings and residential properties

Reception of 2021 Climate Change Action Environment Minister's Commendation

The Climate Change Action Environment Minister's Commendation is a commendation presented by the Ministry of the Environment to individuals and organizations that have made outstanding achievements to addressing climate change.

The ministry launched the Environment Minister's Commendation for Global Warming Prevention Activities in 1998 as part of its global warming countermeasures, but in consideration of factors such as recent trends in climate change countermeasures in society, the commendation was updated in 2020 to the Climate Change Action Environment Minister's Commendation.

The "Asset Management Company" has received the 2021 Climate Change Action Environment Minister's Commendation (Dissemination/Promotion category), sponsored by the Ministry of the Environment, in recognition of NMF's ongoing efforts for mitigation" and "adaptation" in the area of climate change.



Raising the Proportion of “Green” Properties in Our Portfolio



Raising the Proportion of “Green” Properties in Our Portfolio

Basic Policy

NMF recognizes that helping resolve environmental problems, such as issues associated with climate change, is of critical importance to the success of its business strategies aimed at securing ongoing operations. Based on this recognition, 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.

We will consider acquiring green certification for all existing portfolios and all properties to be acquired in the future, and promote the acquisition of green certification (3 ★ equivalent or higher), which is the standard for KPIs.

Key Performance Indicator

Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to **70%** by 2030.

※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)

※ The figure is calculated based on the floor area of our properties excluding land.

※ For actual results to KPI, please refer here.

DBJ Green Building Certification

The DBJ Green Building Certification is a certification system created by the Development Bank of Japan (DBJ) to support real estate properties with environmental and social awareness. The certification system evaluates convenience, comfort, disaster/crime prevention, energy-saving, involvement with communities, etc. in addition to environmental performance, and evaluation results are expressed in five-level ratings (5 stars ★★★★★ to 1 star ★).

Properties with the best class environmental & social awareness	Properties with exceptionally high environmental & social awareness	Properties with excellent environmental & social awareness	Properties with high environmental & social awareness	Properties with satisfactory environmental & social awareness
 <p>DBJ Green Building 2019 ★★★★★</p>	 <p>DBJ Green Building 2019 ★★★★</p>	 <p>DBJ Green Building 2019 ★★★</p>	 <p>DBJ Green Building 2019 ★★</p>	 <p>DBJ Green Building 2019 ★</p>

Acquisition of BELS Certification

BELS certification is provided under a public evaluation system, which evaluates the energy conservation performance of non-residential buildings based on the Building Energy Efficiency Act.

The assessment is on the basis of the Building Energy Index (BEI) value derived from primary energy consumption based on the building energy efficiency standards provided by the Japanese government.

Third parties evaluate the performance of buildings from various points of view, regardless of whether a building is new or not, and the evaluation result is represented by a number of stars (from one star “★” to five stars “★★★★★”).



|| Acquisition of CASBEE for Real Estate

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method of evaluating and rating the environmental performance of buildings and is being promoted under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. The evaluation is based on 5 categories: "Energy and greenhouse gases", "Water", "Resource use and safety", "Biodiversity and sites", "Indoor environment", and the evaluation results are presented in 5 levels (from Rank C ★ to Rank S ★ ★ ★ ★).

|| Acquisition of CASBEE for Real Estate

The certification system for CASBEE for Wellness Office Evaluation is an evaluation system that evaluates the building's specifications, performance and initiatives supporting the maintenance and enhancement of the building users' health and comfort.

In addition to factors directly affecting the health and comfort of people working in the building, factors contributing to improve intellectual productivity and performance related to safety and security are also subject to be evaluated.



|| Acquisition status of environmental certifications

Properties	Sector	DBJ Green Building	BELS
Fukasawa House Towers H&I	Residential	★★★★★	
PMO Akihabara Kita	Office	★★★★	★★★
Landport Itabashi	Logistics	★★★★	★★
Landport Atsugi	Logistics	★★★★	★★★★★
Landport Kashiwa Shonan II	Logistics	★★★★	★★★★
Landport Kashiwa Shonan I	Logistics	★★★★	★★★★★
Landport Hachioji II	Logistics	★★★★	
Landport Iwatsuki	Logistics	★★★★	
Landport Higashi-Narashino	Logistics	★★★★	★★★★★
Landport Ome II	Logistics	★★★★	★★★★★
PRIME URBAN Ikebukuro	Residential	★★★★	
PRIME URBAN Sapporo Riverfront	Residential	★★★★	
Shinjuku Nomura Building	Office	★★★	
NRE Tennozu Building	Office	★★★	
PMO Nihonbashi Honcho	Office	★★★	★★
PMO Nihonbashi Kayabacho	Office	★★★	★★★
PMO Akihabara	Office	★★★	★
PMO Hatchobori	Office	★★★	★

Properties	Sector	DBJ Green Building	BELS
PMO Nihonbashi Odenmachi	Office	★★★	★★
PMO Higashi-nihonbashi	Office	★★★	
PMO Tamachi	Office	★★★	★★
PMO Ginza Hatchome	Office	★★★	★★
PMO Shibakoen	Office	★★★	★★
NEC Head Office Building	Office	★★★	
Harumi Island Triton Square Office Tower Y・Z	Office	★★★	
PMO Shinnihonbashi	Office	★★★	
PMO Hirakawacho	Office	★★★	
PMO Nihonbashi Mitsukoshi-mae	Office	★★★	
PMO Shibadaimon	Office	★★★	
PMO Tamachi II	Office	★★★	★★★
PMO Hatchobori Shinkawa	Office	★★★	★★★
PMO Hatchobori III	Office	★★★	★★★
PMO Ochanomizu	Office	★★★	★★★
PMO Higashi-Shinbashi	Office	★★★	★★★
PMO Hamamatsucho	Office	★★★	★★
Sapporo North Plaza	Office	★★★	
Omron Kyoto Center Building	Office	★★★	
SORA Shin-Osaka 21	Office	★★★	
Yokosuka More's City	Retail Facilities(Near Stations)	★★★	
Sagamihara Shopping Center	Retail Facilities(Near Stations)	★★★	
Universal CityWalk Osaka	Retail Facilities(Near Stations)	★★★	
nORBESA	Retail Facilities(Near Stations)	★★★	
Landport Urayasu	Logistics	★★★	★★
Landport Kawagoe	Logistics	★★★	★★★★
Landport Hachioji	Logistics	★★★	
Landport Kasukabe	Logistics	★★★	★★
Atsugi Minami Logistics Center B Tower	Logistics	★★★	
Hanyu Logistics Center	Logistics	★★★	
Landport Ome I	Logistics	★★★	

Properties	Sector	DBJ Green Building	BELS
PROUD FLAT Shirokane Takanawa	Residential	★★★	
PROUD FLAT Sumida Riverside	Residential	★★★	
PROUD FLAT Kamata II	Residential	★★★	
PROUD FLAT Asakusa Komagata	Residential	★★★	
PROUD FLAT Yokohama	Residential	★★★	
PROUD FLAT Kamioooka	Residential	★★★	
PROUD FLAT Tsurumi II	Residential	★★★	
PRIME URBAN Shinkawa	Residential	★★★	
PRIME URBAN Nihonbashi Yokoyamacho	Residential	★★★	
PRIME URBAN Kagurazaka	Residential	★★★	
PRIME URBAN Monzen Nakacho	Residential	★★★	
PRIME URBAN Machiya South Court	Residential	★★★	
PRIME URBAN Toyosu	Residential	★★★	
PRIME URBAN Nihonbashi Kayabacho	Residential	★★★	
PROUD FLAT Omori III	Residential	★★★	
PRIME URBAN Izumi	Residential	★★★	
PRIME URBAN Sakaisuji Honmachi	Residential	★★★	
Serenite Shinsaibashi Grande	Residential	★★★	
GEMS Shinbashi	Retail Facilities(Near Stations)	★★	★★
GEMS Namba	Retail Facilities(Near Stations)	★	★★
Landport Ome III	Logistics		★★★★★
PMO Hamamatsucho II	Office		★★
GEMS Ichigaya	Retail Facilities(Near Stations)		★★
GEMS Shin-Yokohama	Retail Facilities(Near Stations)		★★
GEMS Sangenjaya	Retail Facilities(Near Stations)		★★
Secom Medical Building	Office		★
GEMS Shibuya	Retail Facilities(Near Stations)		★
PROUD FLAT Kinshicho	Residential		★

(※) In addition, NMF received certification for CASBEE for Real Estate at Musashiurawa Shopping Square.



Policy on climate change

|| Our Awareness of Climate Change

The concept of sustainable development was put forward in *Our Common Future*, the report submitted by the World Commission on Environment and Development (the Brundtland Commission) to the United Nations in 1987. As a result, climate change caused by global warming and its impacts was broadly recognized throughout the world as a major factor relating to environmental issues. In the early 1990s, the need to conclude international agreements on climate change countermeasures increased, and the United Nations Framework Convention on Climate Change was adopted at the United Nations Conference on Environment and Develop (known as The Earth Summit) held in Rio de Janeiro in 1992 with the objective of stabilizing the atmospheric concentrations of greenhouse gases.

Under the UN Framework Convention on Climate Change, the Conference of the Parties (COP) has been held annually since 1995. The Kyoto Protocol, which sets greenhouse gas emissions targets for developed countries, was adopted at COP3 in 1997. This was an extremely significant step as an international global warming countermeasure, since it imposes specific duties on individual countries to take action to reduce emissions.

Subsequently, the Paris Agreement was adopted at COP21, which was held in Paris in 2015. It seeks to pursue efforts to keep the global average temperature rise to 1.5°C while keeping it well below 2°C compared to before the Industrial Revolution, with agreement reached that each UN member establish its own greenhouse gas reduction targets.

One representative impact of climate change that has been measured to date is the increase in average temperatures. According to Meteorological Agency data, global average annual temperatures are rising at a rate of 0.75°C per century, and in Japan, the annual average temperature is increasing by 1.26°C per century.

There are concerns about the impact of climate change, which is thought to be the effect of global warming, and the impact of large-scale natural disasters on ecosystems around the world. In addition, the damage caused by large typhoons and torrential rains, which are thought to be the effects of climate change, has been occurring one after another. According to the Japan Meteorological Agency, the annual number of occurrences of precipitation of 50 mm or more per hour nationwide was about 226 times during the 10 years from 1976 to 1985, but about 334 times during the 10 years from 2011 to 2020.

As a result of these tangible effects of climate change as well as efforts to reinforce global frameworks concerning global warming and climate change exemplified by the Paris Agreement, climate change has been attracting increasing attention in recent years not just as something to be addressed by countries and governments, but also as a social responsibility to be fulfilled by the private sector.

|| Positioning of Climate Change by NMF and Basic Policy

Based on the idea that it is essential for our sustainable growth to realize sustainable society, we also believe our contribution to solving social issues through our business is in line with our fundamental philosophy of “securing stable profit over the medium to long term” and “steadily achieving growth in assets under management.” Consequently, it would contribute to improving our unitholder value. When undertaking specific initiatives, we have engaged in repeated discussions taking into consideration the impacts on NMF’s business and performance and the expectations and interests of stakeholders, and we have identified ESG material issues (materiality) that are particularly important to us.

Based on Our Awareness of Climate Change set forth in (1) above, responses to climate change are an urgent management issue that NMF will face while undertaking sustainable business activities, and we have positioned it as a materiality issue.

For details on NMF’s materiality issues, the materiality identification process, and the relationships among materiality issues and the SDGs, refer to the [Materiality page](#).

Climate change involves medium- to long-term risks, and if we are unable to respond appropriately to those risks, there is a possibility that NMF will not be able to achieve steady growth of assets under management and that it will be difficult to achieve increases in unitholder value over the medium to long term.

On the other hand, we believe that climate change will present new business opportunities. If we are able to address these issues appropriately, this will lead to increases in the value of assets under management as well as higher unitholder value.

Based on this recognition, we aim to contribute to the transition to a low-carbon society and expand the profit opportunities, and while fully managing the physical and transition risks associated with climate change, it also uses greenhouse gases. We will continue to promote efforts such as emission reduction.

|| Expression of Support for TCFD Recommendations

In July 2020, the asset management company to which NMF entrusts management of its assets expressed its support for the TCFD Recommendations and decided to join the TCFD Consortium, an organization of companies in Japan that support the TCFD Recommendations. The objectives are to promote dialogue with unitholders and other stakeholders and collaborate with them to achieve continuous improvement through expansion and enhancement of information disclosures relating to policies and initiatives regarding climate change.

The TCFD is the Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB) for the purpose of investigating climate change related disclosures and how financial institutions should respond. Climate change is a serious risk for the global economy, and the TCFD has announced recommendations urging companies and other organizations to ascertain and disclose information relating to governance, strategy, metrics and targets, and risk management.

The TCFD Consortium is an organization that was established with a view to encouraging concerted efforts by companies and financial institutions that support the TCFD and discussion of effective corporate disclosure and initiatives that link disclosed information to appropriate investment decisions on the part of financial institutions and other organizations.

(Disclosure Items Recommended by the TCFD)

Disclosure Item	Disclosure Details
Governance	Organizational governance relating to climate-related risks and opportunities
Strategy	Actual and potential impacts from climate-related risks and opportunities on the organization's businesses, strategies, and financial planning
Risk management	The organization's climate-related risk identification, assessment, and management processes
Metrics and Targets	Metrics and targets used to assess and manage climate-related risks and opportunities



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



TCFD
Consortium

NMF's Initiatives regarding the Disclosure Items Recommended by TCFD

|| Governance

For information regarding the implementation structures relating to sustainability (here and hereafter, including responses to climate change) of the asset management company to which NMF has entrusted operation of its assets, refer to the [Policies and Management Structure](#) page.

|| Strategy

NMF has identified risks and opportunities relating to climate change risks that will affect it and has conducted scenario analysis to investigate the effects on business. In this series of investigation processes, we took into consideration the Green Growth Strategy Towards 2050 Carbon Neutrality based on Japan's 2050 Carbon Neutral Declaration.

> Scenario Analysis Assumptions

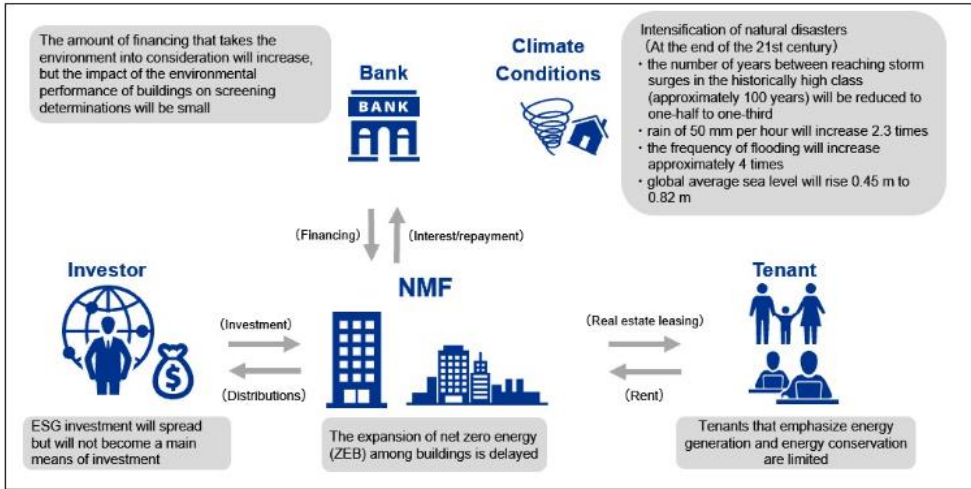
NMF conducted scenario analysis using future climate predictions announced by various international organizations and other groups as the main information sources. The main information sources referenced by NMF are indicated below. Climate change risks can be broadly classified as transition risks and physical risks, and it is believed that the relationship between these two types of risks is one of interdependence and trade-offs.

Climate Change Risks		Main Information Sources Referenced
Transition risks	Risks arising from new regulations, tax systems, technologies, and so on introduced to create a decarbonized society	IEA (International Energy Agency) World Energy Outlook 2020 International Energy Agency (IEA), World Energy Outlook 2020
Physical risks	Risks arising from climate change itself, such as changes in weather	Intergovernmental Panel on Climate Change (IPCC), Fifth Assessment Report (AR5)

In light of the intent of the Paris Agreement, NMF set three patterns—a 4°C scenario, 2°C scenario, and 1.5°C scenario—as the assumed scenarios for scenario analysis. Overviews of each scenario are set forth below.

[4°C Scenario]

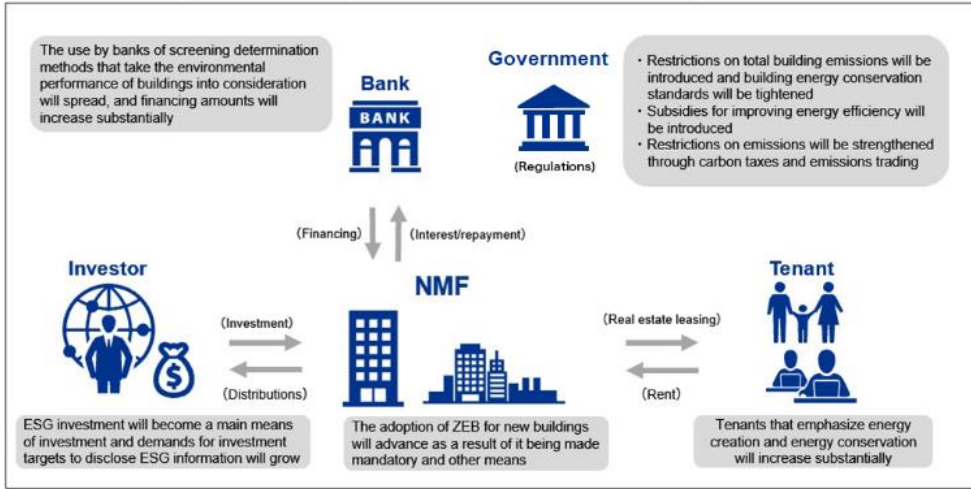
The 4°C Scenario assumes that more strict regulations, tax systems, and so on will not be introduced to create a decarbonized society and that greenhouse gas emissions will continue to increase. This scenario entails high physical risks and low transition risks.



[2°C Scenario and 1.5°C Scenario]

The 1.5°C scenario assumes that greenhouse gas emissions will trend downward as a result of the adoption of more strict regulations, tax systems, and so on to achieve a decarbonized society. This scenario entails low physical risks and high transition risks.

The 2°C scenario is positioned between the 4°C scenario and the 1.5°C scenario and assumes that greenhouse gas emissions will be curtailed to some degree as a result of the adoption of more strict regulations, tax systems, and so on, similar to the 1.5°C scenario. This scenario entails low physical risks and high transition risks, but not to the same degree as the 1.5°C scenario.



1. Identification of Climate Change Related Risks and Opportunities

NMF performs scenario analysis to identify the factors of climate change related risks and opportunities and summaries of the expected financial impacts from those factors as set forth in the table below.

Category	Risk and Opportunity Factors	Financial impacts	Type	counter-measure	
Transition Risks	Policy	(1) Costs for retrofitting (modification of existing buildings to increase energy efficiency) will be incurred	Risk	<ul style="list-style-type: none"> • CO2 (intensity) reduction targets (40% reduction by 2030 compared with FY 2016) and monitoring and disclosure of progress • Promotion of modification of existing buildings • Promotion of green leases in cooperation with tenants, encouragement of energy conservation to tenants • Introduction of renewable energy (including procurement of green electricity) • Replacement of existing properties with and/or investment in properties with good environmental performance 	
		(2) Lower utility expenses as a result of adoption of ZEB	Opportunity		
		(3) Increased carbon tax burdens	Risk		
		(4) Costs for purchase of renewable energy credits will be incurred			
	Markets	Disclosure systems relating to building energy efficiency assessments expanded and made mandatory	(5) Certification and other costs will be incurred	Opportunity	<ul style="list-style-type: none"> • Targets for acquisition of environmental certification (70% of our properties with Green Certification (3 Stars or Higher) by FY2030) and monitoring and disclosure of progress • Utilization of green finance such as green bonds • Replacement of existing properties with and/or investment in properties with good environmental performance • Promotion of modification of existing buildings • Promotion of acquisition of environmental certification and energy saving rating • Understanding new tenant needs through tenant satisfaction surveys, etc.
		Changes in investment stances in conjunction with the increase of ESG investors	(6) Lower capital procurement costs as a result of green bonds, green loans, etc.		
		Changes in financing determination by banks in accordance with responsible banking principles			
		Increase in companies that seek carbon neutrality			
Reputation	Selection of properties by companies and tenants with an emphasis on energy generation and energy conservation	(7) Higher occupancy rates at energy-generating and energy-conserving buildings			
	Selection of properties by companies and tenants with an emphasis on disaster preparedness	(8) Lower occupancy rates at buildings with high disaster risks			
Physical Risks	Acute	(9) Loss of sales opportunities due to building flooding (10) Increase in repair costs and casualty insurance premiums due to building flooding	Risk	<ul style="list-style-type: none"> • New investment phase: Investigation of risks of climate change (e.g., flood risk) in due diligence process • Property management phase: Regular assessment of sustainability risks including risks of climate change (e.g., flood risk) • Hard disaster measures (e.g., installation of water-stopping plates and/or a heating system that melts snow on the property to make it safe to walk and soft disaster measures (e.g., inland flood risk alert-notification system, business continuity plan, evacuation drills) • Insurance contracts covering disaster risks 	
	Chronic	Sea level rise			

➤ Verification of Financial Impact Amounts Based on Scenario Analysis

NMF verified the scope of the financial impacts from the identified risks and opportunities for each of the three scenario patterns described above. Impacts were verified at 2030 (medium-term outlook) and 2050 (long-term outlook) for each scenario. A summary of the results is set forth in the table below.

This verification made reference to scenarios announced by the IEA, IPCC, and other organizations, objective forecast data announced by other third-party specialized organizations, and other data available at the time, and involved qualitative and quantitative verification based on the status of the NMF's asset holdings, but the known risks entail uncertainties, and unknown risks and other factors are inherent, and consequently, there is no guarantee of the accuracy or safety of that information.

*Pale red and blue indicate a minor impact, and deep red and blue indicate a major

Category		Financial impacts	Type	Scope of Financial Impact Amount							
				4°C		2°C		1.5°C			
				2030 (Mid)	2050 (Long)	2030 (Mid)	2050 (Long)	2030 (Mid)	2050 (Long)		
Transition Risks	Policy	①	Retrofitting expenses	Risk							
		②	Lower utility expenses as a result of ZEB	Opportunity							
		③	Increased carbon tax burdens	Risk							
		④	Costs for purchase of renewable energy credits will be incurred	Risk							
		⑤	Certification and other costs will be incurred	Risk							
	Market	⑥	Lower capital procurement costs as a result of green bonds, green loans, etc.	Opportunity							
		⑦	Higher occupancy rates at energy-generating and energy-conserving buildings	Opportunity							
Reputation	⑧	Lower occupancy rates at buildings with high disaster risks	Risk								
Physical Risks	Acute※	⑨	Loss of sales opportunities due to building flooding	Risk							
		⑩	Increase in repair costs and casualty insurance premiums due to building flooding	Risk							

*The effects of chronic physical risks are likely to manifest after 2050, so they are excluded from the investigation of financial impact amounts.

|| Risk Management

The risk management systems relating to sustainability of the asset management company to which NMF has entrusted operation of its assets are as set forth below.

> At the time of investment decision

When making new investments in assets under management, the Investment Committee makes investment decisions in the due diligence process taking into consideration various investigations of climate change related risks. Specifically, with respect to the possibility of flooding and inundation of a target property, the inundation level and inundation history are investigated and confirmed using various hazard maps and the history of hydraulic engineering work implementation is also investigated and confirmed. In addition, the presence of environmental and energy-conserving facilities including acquisition of environmental certification, the status of business continuity planning, and other factors are confirmed.

> During operation

The Sustainability Promotion Committee performs management and monitoring of overall risks relating to sustainability including climate change risks. Specifically, the status of implementation of energy-conservation measures to achieve greenhouse gas (GHG) emissions reduction targets (see (4) Metrics and Targets below for details) and the status of GHG reductions based on such implementation are monitored for each property, and this information is visualized to analyze the factors of increases or decreases in GHG emissions, and necessary countermeasures are investigated as needed. In addition, sustainability and risk assessment sheets are prepared for each property and the likelihood of climate change risks and other risks occurring is evaluated. These evaluations are conducted for a certain proportion of owned properties each year in accordance with a rotation of approximately five years for all properties. All sustainability initiatives, including climate change risk, are promoted based on the management and supervision of the Chief Executive Officer (Director) for Sustainability Promotion.

|| Metrics and Targets

NMF is aware that solving environmental problems exemplified by climate change is an important management issue within its sustainable business and its business strategies for achieving sustainable business. Based on this understanding, NMF is investing in lower environmental impact buildings, taking measures to increase the efficiency of energy usage and reduce GHG emissions through the implementation of environmental and energy conservation measures at owned properties, and seeks to establish a low environmental impact portfolio.

> Making owned properties greener

> Key Performance Indicator

Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to **70%** by 2030.

※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)

※ The figure is calculated based on the floor area of our properties excluding land.

> Greenhouse gas emissions

> Key Performance Indicator (KPI)

Achieve **40% reduction** in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio **by 2030** compared with the 2016 level.

(Medium-term goal: 34% reduction by 2025)

|| Solar Power Generation Facilities

We are utilizing renewable energy by installing solar power generation panels on the rooftops of logistics facilities.

(FY2021 actual results)

Number of properties	Annual output
12物件	12,784,436 kWh

(note) For properties acquired or sold during the period, the holding period is counted.



|| Energy Saving via a Switchover to LED Lighting

We are promoting a switchover to LED lighting at our properties to reduce energy consumption.



|| Energy Saving via the Renewal of Air-Conditioning Facilities

We are engaging in the renewal of air-conditioning facilities at our properties to reduce energy consumption.



|| Energy Saving via installing double sash

We are installing double sash to improve heat insulation and reduce the air conditioning energy required to keep the room temperature constant to reduce energy consumption.



Sapporo North Plaza

5.2 W/m²·K

Insulation performance
(Heat transmission rate)

1.6 W/m²·K

What is the heat transmission rate?

*Actual measurements by glass and sash manufacturers

It indicates the heat transfer caused by the difference between outdoor and indoor temperatures. The smaller the value, the more effective the insulation is.

0.5

Thermal barrier performance
(Acquisition rate of solar radiation heat)

0.2

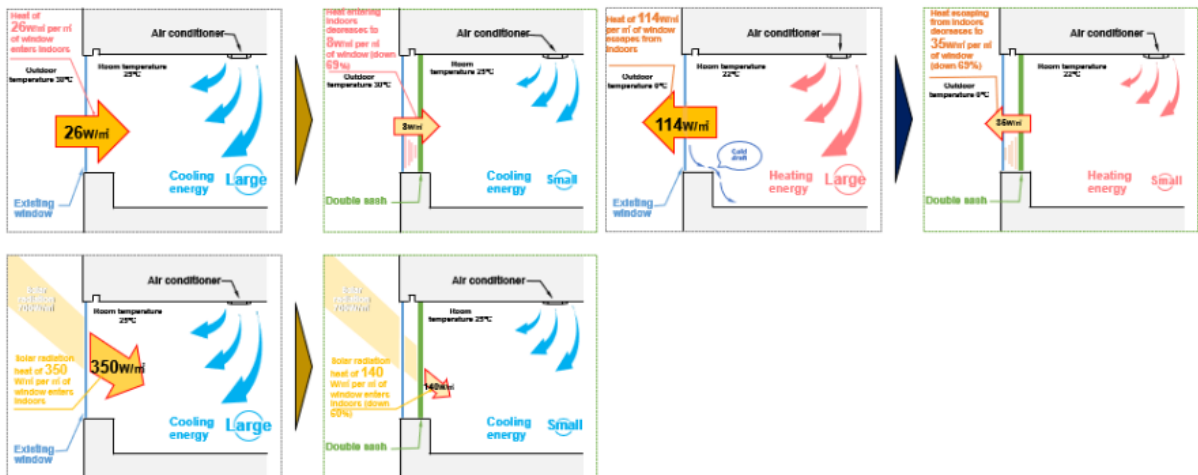
What is the acquisition rate of solar radiation heat?

*Actual measurements by manufacturers

Assuming that the amount of outdoor solar radiation is 1, it is the rate of heat entering indoors. The smaller the value, the more effective the thermal barrier is.

Energy-saving Effect in Summer

Energy-saving Effect in Winter



|| Collaboration with Tenants

Based on an understanding that real property operation that takes into consideration global environmental issues will lead to stable operations over the medium to long term, NMF is collaborating with tenants in owned properties and entering into green lease agreements to address global environmental issues including reducing energy and water use as well as reduction and proper disposal of waste throughout the entire business supply chain.

> Green Lease Clauses

Standard lease contracts proposed by NMF include the following clauses aimed at ensuring that NMF and tenants work together to reduce environmental burdens.

- Collaboration in the implementation of energy- and water-saving measures and waste reduction efforts to improve environmental performance and acquire relevant external certifications
- Information sharing pertaining to status and goals with regard to energy consumption and other environmental performance indicators

<An example of a green lease scheme>

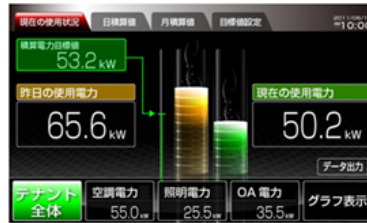
Under this scheme, NMF and its tenants agreed to share expenses for investment in energy-saving facility upgrades (i.e., a switchover to LED lighting)

- NRE Yotsubashi Building
- SORA Shin-Osaka 21
- Saomihara Tana Logistics Center

> A System for Making It Easier to Check Energy Consumption (PMO Series)

Tenant Engagement Program

Properties leased under the PREMIUM MIDSIZE OFFICE (PMO) brand are furnished with tablet terminals that make it easier to check the status of energy consumption, with the aim of ensuring that NMF and tenant companies share an acute awareness of the need to pursue eco-friendly operations and reduce environmental burdens.



|| Replacement of Power Companies

NMF is engaged in the selection of power companies from a broad range of candidates, including Power Producer and Supplier (PPS) companies inaugurated following the liberalization of Japan's electricity market. For each candidate, NMF gives due consideration to such factors as their cost competitiveness and supply stability as well as CO2 emission coefficients attributable to their energy source mixes.

|| Use of Electricity by Biomass Power Generation

Some of the electricity used by our properties is generated by biomass power which has a low environmental impact.

(Of the electricity used at PMO Shibakoen, PMO Ginza Hatchome, and NRE Yotsubashi Building from September 1, 2019 to March 31, 2020, about 198 Mwh is generated by biomass power.)



|| Adaption to Climate Change

We are proactively expanding greenery at our properties to curb rises in temperatures and reduce energy consumption. Also, we are implementing a number of countermeasures to secure resilience against damage attributable to natural disasters arising from climate change.

> Expanding Greenery

We are proactively planting grasses and trees on the rooftops of our properties while striving to allocate larger spaces to greenery in the course of facility renovation.



> Countermeasures against Flooding

Flood prevention barriers are in place at such facilities as the NRE Tennozu Building and the Sagamihara Tana Logistics Center to protect them from surges attributable to high tides and heavy rainfalls.



> Countermeasures against Heavy Snowfalls

In Sapporo, Hokkaido—the northernmost prefecture in Japan—our properties are equipped with road heating systems to lessen the inconvenience of heavy snowfalls. Moreover, we have improved facilities to prevent the accumulation of snow near the roof edges in order to ensure that passers-by are protected from the sudden heavy falls from above.





Preserving Water Resources

|| Our Stance on and Basic Policy for Preserving Water Resources

Currently, 70% of the Earth's surface is covered by water. However, fresh water, which is essential to human activities, including business activities, constitutes only 2.5% of the Earth's overall water volume. Furthermore, with a portion of the fresh water existing in the form of ice, the ratio of fresh water actually available to human society amounts to less than 1% of overall water volume. Therefore, NMF recognizes that efforts to preserve water resources and maintain the sustainable use of such resources is an integral part of its business operations and sustainability initiatives. In line with this recognition, NMF is continuously striving to ensure the appropriate and efficient use of water while reducing the overall water consumption of its properties.

> Key Performance Indicator (KPI)

Achieve **10% reduction** in water use per floor area (intensity) in our portfolio **by 2030** compared with the 2016 level.

|| Renewal of Toilet Equipment

We renew toilet equipment in conjunction with tenant turnover. This practice is expected to help reduce water consumption.



|| Installation of Smart Sprinkler Systems

We have installed smart sprinkler systems at some of properties leased under the Landport brand. These systems utilize rainwater stored in tanks and are expected to reduce the properties' water consumption.



|| Proactive Use of Rainwater and Well Water

Other initiatives aimed at reducing water consumption include the use of rainwater and well water for flushing toilets and watering plants.

Rainwater : Some logistics facilities and office properties utilize rainwater to flush toilets and water plants.

Well water : Some commercial facilities are equipped with well-water filtering systems that provide clean water for flushing toilets.



Promoting Waste Reduction

NMF strives to reduce waste through continuous monitoring of waste discharge and education for the tenants on waste reduction, reduction of waste generation and recycle rate improvement.

|| Installation of Food-Waste Disposers

We have installed food-waste disposers at some properties in collaboration with tenants, thereby striving to reduce the volume of waste generated.



Prevention of Pollution

|| Due Diligence Prior to Property Acquisition

Prior to making a decision about property acquisition, we address such factors as environmental risk associated with the land subject to possible acquisition. In principle, we green-light investment only when the property in question fulfills both of the following criteria.

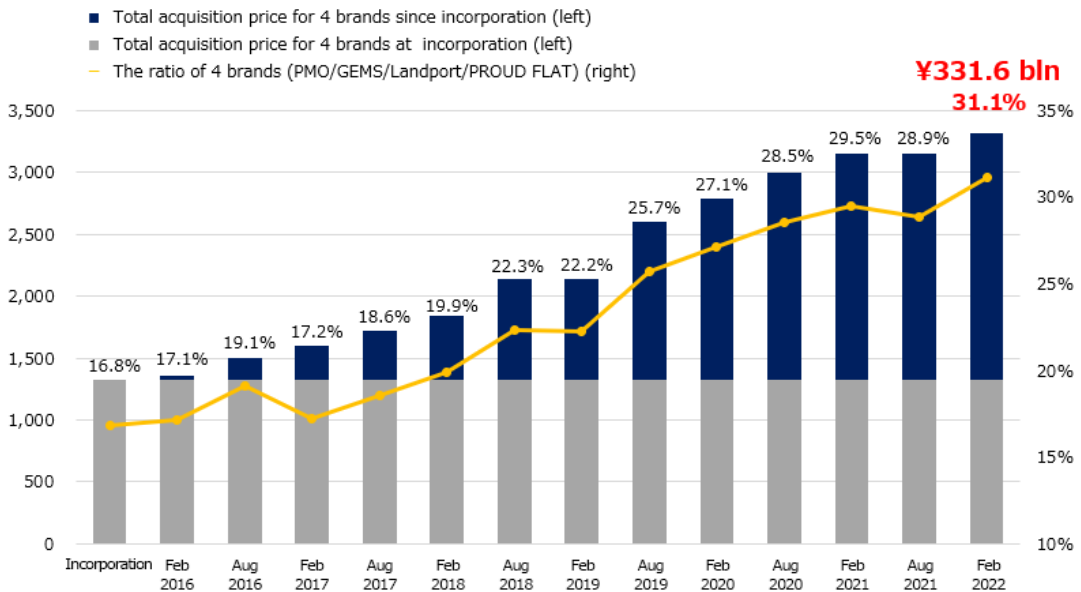
- The building engineering report alleges no issues arising from the use or storage of hazardous substances to exist
- There is no potential for soil pollution

Urban Redevelopment

With the aim of reducing its environmental burden, Nomura Real Estate Development Co., Ltd., which serves as NMF's sponsor, is striving to acquire environmental certification for its properties. Currently, properties developed for leasing under four profitable brands (PMO, GEMS, Landport and PROUD FLAT) in the four key development sectors are being certified one by one under the DBJ Green Building, the Building-Housing Energy-efficiency Labeling System, CASBEE for Real Estate and other certification programs and NMF is actively acquiring these properties. NMF also acts in collaboration with its sponsor to re-develop its aged assets. Specifically, NMF sells these assets to the sponsor, which, in turn, takes advantage of its abundant development capabilities to renovate them, thereby reducing the environmental burden attributable to its portfolio.



<Acquisitions of the Properties Developed by the Sponsor>



Environmental Performance



Green Properties in Our Portfolio

> Key Performance Indicator

Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to **70%** by 2030.

※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)

※ The figure is calculated based on the floor area of our properties excluding land.

Environmental Certification

	Number of Properties	Floor Area (㎡)	Certified Ratio
Green certification (with three stars or more or equivalent to)	70	1,406,989.80	58.2%
Green certification	79	1,430,374.91	59.2%
DBJ Green Building Certification	70	1,323,337.74	54.8%
BELS Certification	34	654,933.65	27.1%

(※1) Total number of properties with environmental certification includes Musashirawa Shopping Square which has received CASBEE for Real Estate Certifications.

(※2) Acquisition status as of Jun. 21, 2022.

(※3) Calculated based on properties in the fund excluding land.

(※4) Calculated based on the floor area multiplied by the fund share of the property or on the floor area of exclusively owned space.

Greenhouse Gas (GHG) Emissions

> Key Performance Indicator (KPI)

Achieve **40% reduction** in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio **by 2030** compared with the 2016 level.

(Medium-term goal : 34% reduction by 2025)

> Actual results of our GHG emissions

	Unit	FY2016 (Base Year)	FY2019	FY2020	FY2021	FY2030 (Target Year)
GHG Emissions (①)	t-CO ₂	89,110	66,822	58,075	52,108	-
Scope 1	t-CO ₂	2,687	2,535	2,293	2,074	-
Scope 2	t-CO ₂	31,885	23,799	20,855	20,962	-
Scope 3 Category 13 (Fuel and electricity related to tenant management assets)※	t-CO ₂	54,538	40,487	34,928	29,072	-
GHG Emissions Intensity	t-CO ₂ /㎡	0.0769	0.0552	0.0494	0.0462	-
Reduction Rate	%	-	-28.3%	-35.8%	-40.0%	-40.0%
Energy Consumption (②)	kl	37,926	35,299	30,925	30,110	-
Energy Consumption Intensity	kl/㎡	0.0327	0.0291	0.0263	0.0267	-
Reduction Rate	%	-	-10.8%	-19.5%	-18.3%	-
①/② ※	-	2.35	1.89	1.88	1.73	-
Decline Rate	%	-	-19.6%	-20.2%	-26.5%	-

※ This has been retroactively revised due to changes in the standards for properties subject to aggregation.

※ Scope 3 is subject to emissions derived from areas controlled by tenants.

※ Please refer to Basis for Calculating Environmental Performance Data for the calculation standards for various indicators.

|| Water Use

Achieve **10% reduction** in water use per floor area (intensity) in our portfolio **by 2030** compared with the 2016 levels

> Actual results of our water use

	Unit	FY2016 (Base Year)	FY2019	FY2020	FY2021	FY2030 (Target Year)
Water Use	m ³	777,209	787,760	549,879	514,974	-
Water Use Intensity	m ³ /m ²	0.665	0.644	0.464	0.452	-
Reduction Rate	%	-	-3.9%	-30.3%	-32.0%	-10.0%

|| Waste Amount

> Actual results of our water use

	Unit	FY2016	FY2019	FY2020	FY2021
Waste Disposed	Kg	5,825,674	6,652,676	5,065,665	4,913,502
Waste Amount Intensity	Kg/m ²	9.01	9.16	6.74	6.80



Ensuring the Safety and Security of Tenants and Improving User Comfort

|| Basic Policy

NMF's main operations include providing tenants and facility users with excellent dwelling spaces and robust business platforms through the leasing of assets. In the course of these operations, NMF offers appropriate property management and other peripheral services while receiving rents determined through optimal pricing calculation.

To date, we have been engaged in portfolio management that gives due consideration to the safety and security of tenants as well as their comfort. In other words, not only do we invest in properties that offer particular advantages in terms of location and innate characteristics, we also focus on renovating the properties' common spaces and upgrading key building facilities while periodically conducting other repair- and maintenance-related tasks.

We are aware of changes in tenant needs associated with property functions and peripheral services. We recognize that today's asset owners are being called on to meet new requirements arising from the diversification of people's value systems, lifestyles and working practices due to a structural shift in Japan's society.

To accommodate the evolving social needs, we will strive to offer better functions and services in addition to upgrading building facilities. While engaging in close communication with our tenants through regular customer satisfaction survey, we will thus step up initiatives to provide them with safety, security and comfort.

|| Opened the innovative space NEON in Shinjuku Nomura Building



> Floor Layout and Concept

The design concept underlying NEON is something we call park life. Like a park, its main area is an open space that fits right in with everyday life—a space where all types of people can come and go freely. Another one of our goals is to help office workers find an appealing spot where they can create a new working style. Inside the facility, we have put up original art and products designed to harmonize with the facility concept to provide patrons with comfort and inspiration upon viewing.



1 Concierge

To build a second community centering on office workers, we have stationed a concierge in the facility to support workers in planning events, building personal networks outside of their company, studying, and other activities.



2 Café

The café offers a menu focused on supporting mental and physical health to heighten office workers' drive. This, of course, includes superb coffee and, for busy workers, daily bento box options from popular chains and bento boxes that come with an extra dish.



2 NEON ROOM

Small meeting rooms that completely alter your state of mind

We have set up 7 types of meeting rooms seating 6 to 12 people and featuring various fragrances and color schemes to pique the five senses. There are four modes of background music to choose from. Regular time slots can be reserved to meet temporary needs for additional floor space, such as project meeting rooms.



Support for tenants of PMO, Landport, GEMS and PROUD FLAT



> Human resource development

Providing employment interview sites (*)



Nihonbashi Muromachi Nomura bldg.

Providing training programs



- Freshman training
- Market analysis training
- Financial statement analysis training

> Human resource exchange

Human resource exchange events



CSR assisted programs



> Business continuity planning

Disaster prevention base



PMO Nihonbashi Muromachi

- Disaster prevention
- Medical aid
- Stock
- Power supply
- Information gathering / offering

Disaster prevention warehouse



Power supply
72hours

Stocks
2,000people

(*)Limited to PMO tenants for their job interviews, twice a year.



➤ Support for Employees' work environment

Providing shuttlebus services between the nearest station and the property.



Lunch service for workers at the property.

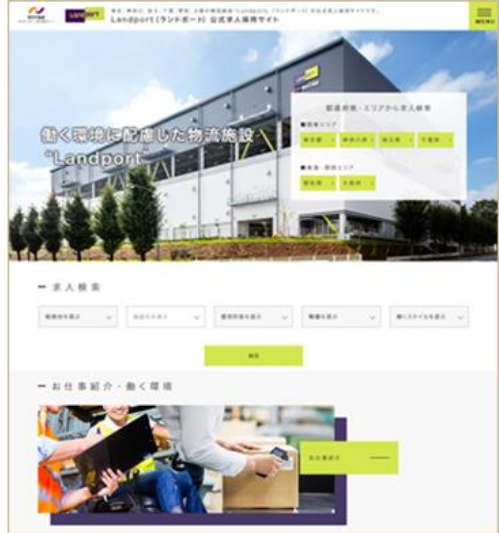


Offering a cafeteria with free Wi-Fi in the property.



➤ Support for securing human resources

Operating a job-searching website aimed at recruiting staff for Landport's tenants



➤ Assisting tenants in kicking off their operations

In addition to assisting tenants in recruiting, we offer a broad range of support by referring them to partnered companies specializing in such tasks as facility construction work, fund procurement and interior layouts.

We are also working on recruiting human resources to deal with the shortage of human resources.

➤ Held "Dining Room for Everyone" and "Nagasaki Fair" at GEMS

- To support families with small children in Minato-ku and prompt smiles from children, GEMS stores made original Ehomaki (Fortune sushi roll) and each store served them out to 100 families free of charge (two rolls per family).
- By serving their creative Ehomaki, each store also helped to promote itself.



(Participating properties: GEMS Shinbashi, GEMS Daimon, GEMS Tamachi)

Held "Nagasaki Fair"

- For the aim of revitalizing local regions, reducing food loss and supporting tenants' sales, we purchase specialty products of Nagasaki Prefecture and provide them to tenants at their request.



(Participating properties: GEMS in the Kanto region)

PROUD FLAT

› Support for residents' comfortable lives

We offer "Chintai Hotto Support" exclusively for residents and telephone reception is available for responding to any equipment troubles 24/7, 365 days a year

<Trouble case examples>

› Sanitation troubles



- Any failure in drainage
- Toilet blockage
- Water leakage

24/7 response including repairman arrangement

› Window glass troubles



- Broken window glass
- Cracks in window glass

24/7 response including repairman arrangement

› Electrical troubles



- Any failure in lighting equipment, outlets, air conditioner and circuit breaker

24/7 response including repairman arrangement

› Gas equipment troubles



- Any failure in gas stove and hot water heater

Response including repairman arrangement from 9:00 to 17:30 (Telephone reception is available 24/7)

› Measures to improve tenant satisfaction

Offered a variety of services for residents at owned residential properties

• Cook Pad Mart

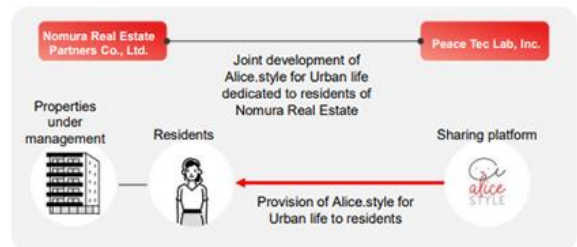
Pick up fresh foodstuff from the dedicated refrigerator installed in the common area of the condominium



• Items sharing services

Provision of monthly subscription services for high-quality home electrical appliances

Proposal for a sustainable living such as "re-leasing, not discarding"



|| Customer Satisfaction Surveys

We regularly conduct customer satisfaction surveys to stay apprised of requests from and the opinions of our tenants, residents and users.

The results of these surveys are shared with property managers, building managers, developers and other relevant parties and utilized to enhance the features and equipment of each property as well as services available to tenants.

We have a policy to regularly conduct surveys in each sector. For the residential sector, surveys are conducted throughout the year; and for the office, retail and logistics sectors, surveys are conducted in one sector each year, or in a three-year rotation. (In FY2020, surveys were conducted in the residential and logistics sectors.)

We have proactively utilized the valuable opinions collected through the surveys to improve future satisfaction, as shown in the implementation examples below.

(Implementation example)

Based on opinions and requests obtained through tenant satisfaction surveys conducted at NMF Ginza 4-chome Building, we installed a lounge on the first floor by making effective use of space in the entrance so that customers visiting tenants can use the space for waiting or business meetings.



After



Before

At PROUD FLAT Shibuya Tomigaya and PROUD FLAT Sangenjaya, we made shared bicycles available to residents to improve transportation convenience and help them address lack of exercise due to work from home, and attracted mobile stores that provide quality foodstuff and meals to enrich their time at home.



Shared bicycles



Mobile stores

|| Investments in real estate with convenient transport access

When making investment decisions in real estate, etc., NMF considers accessibility to public transport systems, etc. from the standpoint of convenience for tenants and visitors, etc.

|| Measures taken for persons with disabilities, etc.

The properties owned by NMF have installed barrier-free facilities so that various people, including elderly persons and persons with disabilities, can use them with peace of mind.



Multipurpose toilet



Breastfeeding room



Wheelchair-accessible elevator



Evacuation vehicle for emergency stairs



slope

Introduced Toilet Congestion Prevention Media Service (AirKnock Ads) at NMF Aoyama 1-chome Building.

By displaying the congestion status and usage time, congestion is alleviated and the comfort of residents is improved.



Contribution for Local Community

|| Connection with Local Community

We hold several events for active communication with tenants and local residents.

▶ Hosting and Participating in Community Events

Decorating properties' interior spaces in conjunction with a Halloween parade that took place in Sapporo's main street while introducing a costume leasing service plan



Joined in Sendai Tanabata Festival.



Organizing a summer festival at Shinjuku Nomura Building every summer.



Organizing a vocational experience event, "BIC Global Education Week", in cooperation with tenants.



➤ Contribution to regional revitalization through educational support for children

In collaboration with Yokosuka Junior Village, dressings developed by children are sold over-the-counter at Yokosuka More's City. Supporting social education through agricultural business experience.



➤ Organizing Events for Tenants

Organizing a “family day” event, inviting families of tenant companies' employees to tour their offices and worksites



Holding an event at which toddlers are presented with toys in conjunction with the International Volunteer Day



➤ Efforts for regional revitalization

By acquiring large-scale logistics facilities, we are working to revitalize the local economy, such as creating employment in the region.

➤ Agreements with Local Community

Megalos Kanagawa:

We made an agreement with Kanagawa fire department on the use of swimming pool water for firefighting operations in the event of disaster such as large scale earthquakes.



Shinjuku Nomura Building:

We contribute to local disaster prevention by making an agreement with Shinjuku City Office to accommodate the stranded people in the event of disaster such as large scale earthquakes.



> Supporting UNHCR campaign:

Offering a space for supporting UNHCR activities.



Cooperation to anti-terrorism training:

We cooperated to anti-terrorism training with Osaka Prefectural Police Department by providing a space in our building.



|| Health & Welfare

We are contributing to not only a child caring support for both local residents and workers but local health and welfare by leasing our properties to nursery schools and clinics.

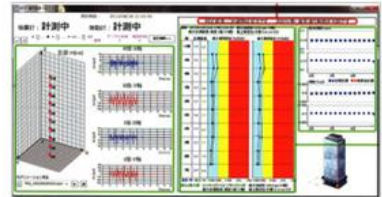
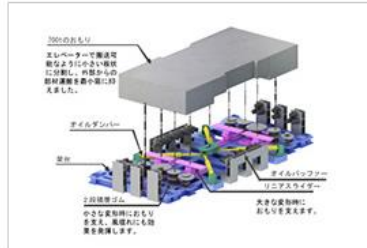
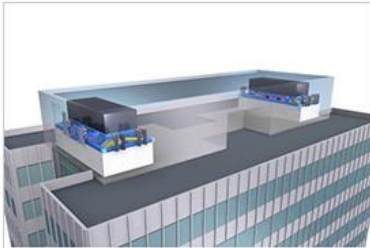


Initiatives for Resilience against Natural Disasters

Disaster Prevention and Business Continuity Plan (BCP)

> The long-duration seismic activity measures:

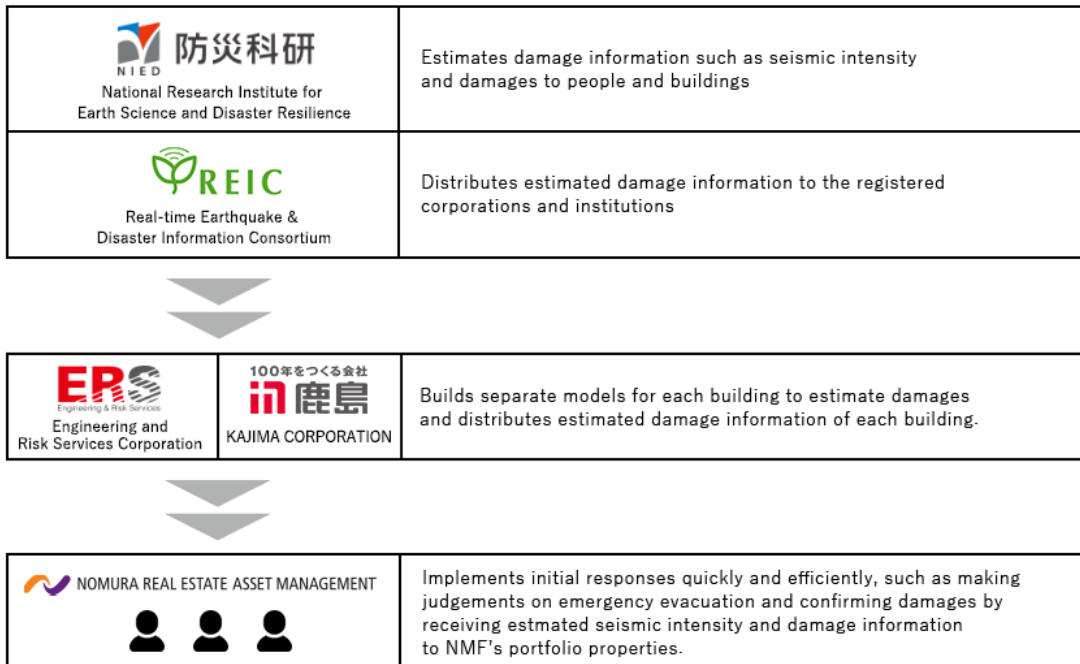
Shinjuku Nomura Building features seismic performance with the engineering works against the long-duration seismic activity which is comparable to the most advanced skyscraper buildings. We prioritize the safety and security of tenants and visitors by installing seismometers on every floor which enables us to analyze the displacement amount of the building and the real time monitor called Yuremoni which we can monitor the safe condition.



> Estimated seismic intensity information distribution system

The estimated seismic intensity information distribution system is an estimated seismic intensity and damage information distribution system provided by Engineering and Risk Services Corporation and KAJIMA CORPORATION, based on estimated seismic intensity information provided by National Research Institute for Earth Science and Disaster Resilience and location defined by latitude and longitude of NMF's portfolio properties, specifying estimated seismic intensity of each property after the earthquake and notifying an estimated seismic intensity and damage information to the Asset Manager.

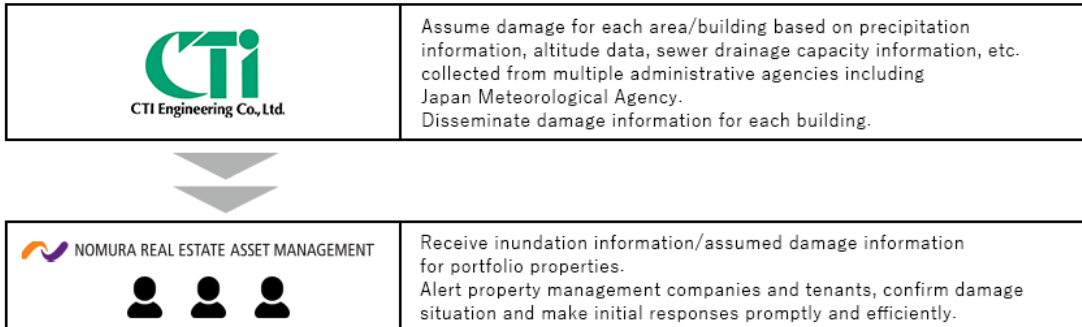
This system enables us to implement initial responses quickly and efficiently, such as making judgements on emergency evacuation and confirming damages by grasping information on potential damage to properties and sharing that information with relevant parties.



➤ E-mail Alert Distribution System for Inland Water Inundation Risk

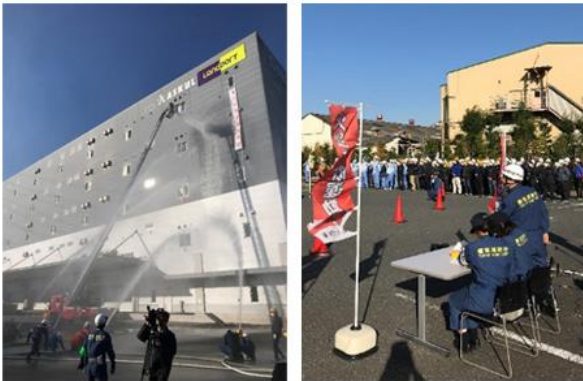
E-mail Alert Distribution System for Inland Water Inundation Risk is a system that distributes information on assumed damage to persons in charge at the asset management company by predicting inland water inundation for each property based on precipitation information, altitude data, drainage capacity information and such which CTI Engineering Co., Ltd., the service provider, has collected from multiple administrative agencies as well as on the location information (latitude and longitude) possessed by NMF.

With this system, we aim to minimize damage from inland water inundation and to reduce damage to assets of owners and tenants.



➤ Fire drills

We regularly conduct fire drills in our properties to improve the response capability in the event of a disaster.



➤ Initiatives to ensure the safety and security of the tenants and the visitors

Elevators are equipped with emergency disaster kits and disaster kits have been distributed to tenants for the safety and security of tenants and visitors.



Initiatives for Employees

In accordance with the Investment Trust Act, investment corporations are not allowed to hire employees. Because of this, the operations of such corporations, including NMF, are handled by the officers and employees of their asset management companies. Nomura Real Estate Asset Management Co., Ltd. (NREAM) is therefore commissioned by NMF to undertake tasks associated with asset management. As it aims to practice a sophisticated investment management approach, NREAM believes that human resources are the management resource of critical importance. Guided by this belief, NREAM is engaged in a variety of initiatives for employees. Please also visit NREAM's website for more details. (<https://www.nre-am.co.jp/english/index.html>)

- Health and Safety of Employees
- Promotion of Diversity
- Creating Fair Work Environments with Meaningful Work
- Improving Human Capital
- High Degree of Specialization
- Human Rights
- Ensuring Supplier Safety



Governance of the Investment Corporation

|| Governance of NMF

The organization of the Investment Corporation consists of the General Meeting of Unitholders which is composed of unitholders, one Executive Director, three Supervisory Directors, the Board of Directors* whose members include Executive Directors and Supervisory Directors, and an Independent Auditor. The Investment Corporation's Independent Auditor is Ernst & Young ShinNihon LLC.

* Based on the Act on Investment Trusts and Investment Corporations and the Investment Corporation's Articles of Incorporation, the number of supervisory directors must be the number of executive directors plus 1 or more.

* Although NMF has a Board of Directors comprised of an executive director and supervisory directors, it is required that operations are outsourced as the use of employees is prohibited under law.

For details on the above organization, see > the latest Securities Report, "Part 1. Fund Information / Section 1. Status of the Fund / 1. Overview of the Investment Corporation / (4) Structure of the Fund". Only available in Japanese.

|| Executive Director and Supervisory Directors

> The status and term of office for the executive director and the supervisory directors

The Executive Director has authority to execute NMF's business and perform any and all acts in or out of court regarding the NMF's business on behalf of NMF.

Supervisory Directors have authority to supervise the Executive Director's execution of duties.

At Board of Directors meetings of NMF, each Supervisory Director receives a report from the Executive Director on the status of business execution, the status of asset management by the Asset Management Company and matters regarding compliance and risks and, if necessary, the Executive Director is asked to attend the Board of Directors meeting to report those matters.

Please see our website. (<https://www.nre-mf.co.jp/en/about/officer.html>)

The term of office has been set as two years in the Articles of Incorporation for both the executive director and the supervisory directors.

> Criteria for Electing Executive Director and Supervisory Director

Candidates for directors are elected provided there are no causes for disqualification as stipulated in the Act on Investment Trusts and Investment Corporations (ITA) and other laws and regulations (Articles 98 and 100 of the ITA and Article 244 of Ordinance for Enforcement of the ITA). Moreover, they are appointed under the following reasons upon the passing of a resolution at the General Meeting of Unitholders. The current directors are all external experts (lawyers, accountant, real estate appraiser) who have no special interests in the Investment Corporation.

Title	Name	Reasons for election	Gender	Attendance at Board of Directors meetings (FY2021)
Executive Director	Shuhei Yoshida	Mr. Yoshida was the Supervisory Director of the former Nomura Real Estate Master Fund, Inc. and NMF, and is an attorney. As such, he is an expert in the ITA and related laws and regulations, specializing in the newest laws and regulations for real estate, particularly land and building leases, fixed-term land lease holdings, fixed-term house rentals, and lifetime leases. Upon considering his abundant experience, Mr. Yoshida was selected as Executive Director as it was determined that he has sufficient knowledge and experience for the position and to exercise his right to represent NMF.	Male	100% (11 times/ 11 times)

Supervisory Director	Mineo Uchiyama	As a certified public accountant, Mr. Uchiyama is well versed in accounting and tax matters. He also has experience auditing the accounts of companies listed on the Tokyo Stock Exchange, and has supervised the Executive Director's tasks as a Supervisory Director for NMF. Mr. Uchiyama was selected as a Supervisory Director as it was determined that he has sufficient knowledge and experience to conduct the work required as a member of the Board of Directors for NMF.	Male	100% (11 times/ 11 times)
Supervisory Director	Koichi Owada	As a real estate auditor, Mr. Owada possesses vast insight regarding the fairness and transparency of real estate transactions. He has also had experience as Director, etc., at multiple corporations and has supervised the Executive Director's tasks as a Supervisory Director for NMF. Mr. Owada was selected as a Supervisory Director as it was determined that he has sufficient knowledge and experience to conduct the work required as a member of the Board of Directors for NMF.	Male	100% (11 times/ 11 times)
Supervisory Director	Mika Okada (Note)	As a lawyer, Ms. Okada is well versed in various related laws and regulations including real estate transactions. She was selected as a Supervisory Director as it was determined that she has sufficient knowledge and experience to supervise the Executive Director's tasks as a Supervisory Director for NMF and to conduct the work required as a member of the Board of Directors for NMF.	Female	100% (11 times/ 11 times)

(Note 1) Retired on April 30, 2022.

(Note 2) Concerning Ms. Okada, the name described above is the former and professional name, but the name on the family register is Mika Furusawa. In addition, her term of office has started from June 1, 2019.

|| Director Equity Policy

Directors of NMF may not buy or sell investment units of NMF in order to prevent insider trading as stipulated in the Insider Trading Management Regulations.

|| Administration Fees, etc.

Administration fees the Investment Corporation pays are as follows:

➤ Compensation for Executive Directors and Supervisory Directors

Compensation for an executive director shall be no more than 800,000 yen per month, while compensation for a supervisory director shall be no more than 700,000 yen per month. The amount of compensation shall be determined by the Board of Directors, taking into account the levels of compensation of directors and statutory auditors performing similar work in similar positions for other companies and legal entities, general economic trends, trends concerning wages and other factors.

For total amounts of compensation by operation period, see ➤ the Asset Management Report, "Overview of the Investment Corporation, (3) Matters Concerning Directors, etc." Only available in Japanese.

Title	Name	Total compensation amount (FY2021)
Executive Director	Shuhei Yoshida	4,800 thousand yen
Supervisory Director	Mineo Uchiyama	3,600 thousand yen
Supervisory Director	Koichi Owada	3,600 thousand yen
Supervisory Director	Mika Okada	3,600 thousand yen

➤ Compensation for Independent Auditor

The compensation amount to the independent auditor for each fiscal period subject to audit shall be determined by the Board of Directors within a maximum amount of 30 million yen.

For total amounts of compensation by operation period, see ➤ the Asset Management Report, “Overview of the Investment Corporation, (3) Matters Concerning Directors, etc.” Only available in Japanese.

Title	Name	Total compensation amount (FY2021)
Independent Auditor	Ernst & Young ShinNihon LLC	49,000 thousand yen

(Note1) Executive directors, supervisory directors or independent auditors (here and hereafter in this Article, referred to as the “Directors Etc.”) are liable for damages to NMF if they have neglected to perform their duties. However, if Directors, Etc., have performed their duties in good faith and without gross negligence, and when NMF finds it particularly necessary, taking into consideration the details of the facts that are the source of liability, the status of the execution of the duties of such Directors Etc., and other circumstances, NMF may, to the extent permitted by laws and regulations, by resolution of the Board of Directors, exempt such Directors Etc., from liability for damages under the Act on Investment Trusts and Investment Corporations and the Investment Corporation’s Articles of Incorporation.

(Note2) Of the remuneration paid to the Independent Auditor, ¥49 million was for Accounting audit and ¥3 million was for preparing a comfort letter (non-Audit)

➤ Compensation for the Asset Management Company

Compensations for the Asset Management Company are comprised of Management Fees, Acquisition Fees, and Disposition Fees, and are decided by the following calculation method determined in the Investment Corporation’s Articles of Incorporation.

As for the compensation structure for the Asset Management Company, a system (Management Fee II) has been implemented to increase or decrease compensation based on the amount of profits for the Investment Corporation. It is thought that this will strengthen the asset management company’s sense of commitment in terms property management, such as increasing rents and cutting appropriate costs, and funds procurement, such as negotiating decreases in financing conditionality with lenders.

With the implementation of this compensation system, the linkage with net income will rise, and it is thought that this will contribute to further increases in unitholder value.

For total amounts of compensation for each position by operation period, see ➤ the Asset Management Report, “Conditions of Costs and Liabilities, (1) Details of Costs for Operations, etc.” Only available in Japanese.

Fee structure	Calculation method
Asset management fee I (Total assets-linked)	Total assets (*1) × 0.45% (annual basis)
Asset management fee II (Net income-linked)	Net income (*2) × 5.5%
Acquisition fee	Acquisition Price × 1.0%
Disposition fee	Disposition Price × 1.0%

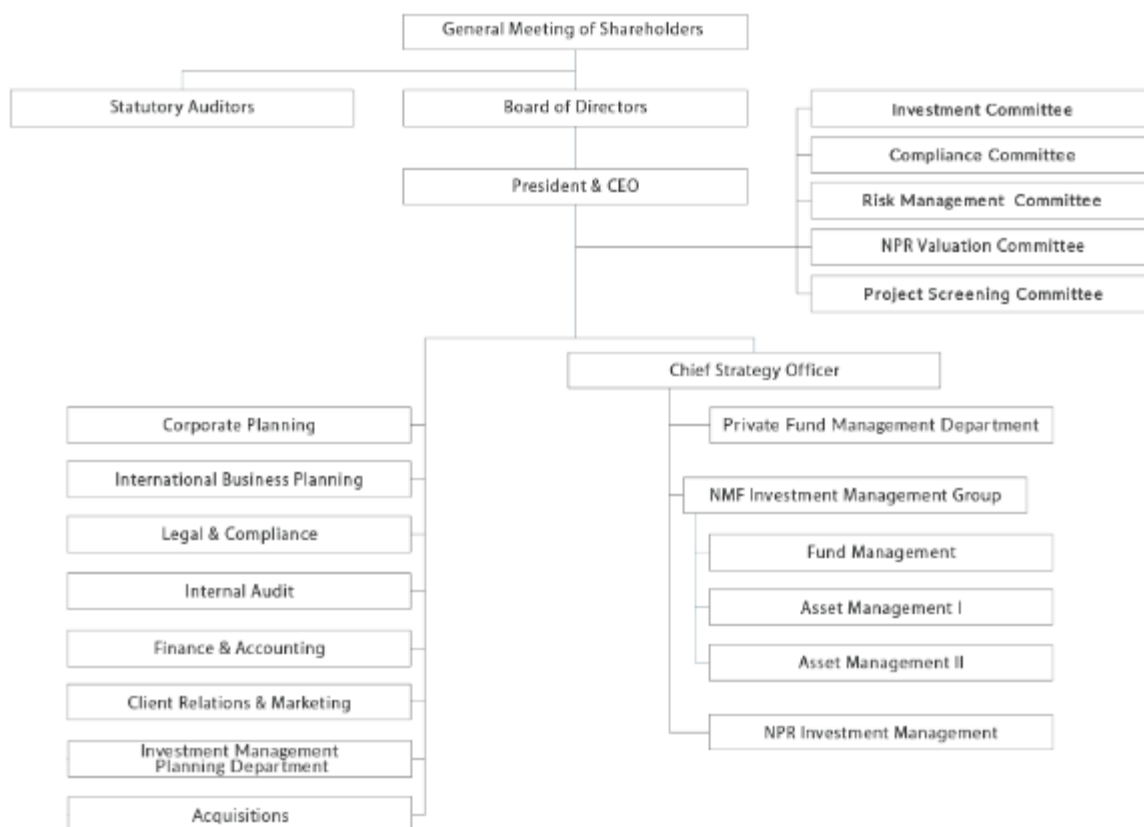
(*1) Excludes unamortized goodwill.

(*2) The amount obtained by adding goodwill amortization cost to Net Income before Deduction of Management Fee II and deducting gain on negative goodwill, after compensation of loss carried forward (if any).

For details on the above compensation for management and compensation for management, etc., of other asset custody companies, general administrative agents (administration, accounting), and administrator of the investors’ registries, see ➤ the latest Securities Report, “Part 1. Fund Information / Section 1. Status of the Fund / 4. Commissions, etc., and Taxes.” Only available in Japanese.

Management Structure of NMF

NMF has appointed Nomura Real Estate Asset Management Co., Ltd. (NREAM), to perform all asset management services for NMF. NREAM manages NMF's assets in accordance with the Asset Management Agreement conducted between NMF and NREAM. NREAM is entrusted with the management of assets of multiple investment corporations including NMF and other real estate funds in addition to offering advice on investments.



<Overview of Each Committee>

Name of Committee	Overview
Investment Committee	<ul style="list-style-type: none"> ● A Committee that deliberates on investment decisions. This committee is charged with the deliberation of Nomura Master Fund's policies governing important matters. Specifically, it discusses the fund's basic policies for asset management and investment advisory activities along with its asset administration policies and finances. Thus, the committee acts as a decision-making body for the Asset Management Company. ● A body that monitors risks and deliberates on assessment, analysis of risks, etc. This committee regularly conducts monitoring, assessment, and analysis of investment risk, external risk, and disaster risk associated mainly with asset management, and provides necessary guidance and advice to each department.
Constituents	Chair : President and Executive Officer Members : Chief Strategy Officer, other Executive Officers (Note) Compliance Officer, and any other person appointed by the chair. (Note) Excluding Head of Fund or Head of each department of NMF Investment Management Group and part-time Executive Officer
Frequency of meetings	As a basic rule, the chair calls a meeting once a week. However, a meeting can be held immediately if needed.

Compliance Committee		<ul style="list-style-type: none"> ● A committee that deliberates and makes decisions regarding compliance. In addition to monitoring the status of legal compliance, this committee works to avoid conflicts of interest. To this end, it deliberates on and gives approval for specific transactions as internally defined by the Rules Concerning Transactions with Related Parties.
	Constituents	Chair : Compliance Officer Members : outside experts appointed by the chair
	Frequency of meetings	As a basic rule, the chair calls a meeting once every three months. However, a meeting can be held immediately if needed.
Risk Management Committee		<ul style="list-style-type: none"> ● A body that monitors, assesses, and analyzes risks; and deliberates on risk countermeasures, etc. This committee regularly conducts monitoring, assessment, and analysis of disaster risk and internal risk associated mainly with corporate management as well as internal risk associated with asset management; and concerning these risks, deliberates on basic policies and such for actions for risk prevention, response to risk after occurrence, prevention of reoccurrence, etc.
	Constituents	Chair : Executive Officer in charge of Legal & Compliance Department Members: Vice President and Executive Officer, Senior Managing Executive Officer, and Managing Executive Officer
	Frequency of meetings	The chair calls a meeting at least once every three months. However, a meeting can be held immediately if needed.
Project Screening Committee		<ul style="list-style-type: none"> ● A committee that prevents conflicts of interest between operated funds prior to their occurrence. In order to secure appropriate handling of information where investments overlap between funds, etc., and to prevent conflicts of interest between funds, etc., prior to their occurrence, the Asset Management Company obtains information on a candidate property, the Compliance Officer convenes a committee meeting aimed at determining which subsidiary would take precedence over its counterparts in negotiations for the particular property acquisition.
	Constituents	General manager of the Acquisition Department, managers of business units operating under that department, and the fund managers of each operating funds.

For details regarding the management structure of the asset management company, see > the Securities Report's "Part 2. Detailed Information of the Investment Corporation / Section 4. Status of Related Corporations / 1. Conditions of the Asset Management Company." Only available in Japanese.



Compliance

|| Basic Policy on Compliance

The Asset Management Company, under the basic recognition that the management operations of NMF's assets comprise the management of the capital of NMF's unitholders, believes that confirming the status of compliance with laws, and sufficiently securing the elimination, etc., of conflicts of interest in transactions with stakeholders, etc., as stipulated in the Act on Investment Trusts and Investment Corporations, and with transactions, etc., where stakeholders, etc., manage the assets or offer advice relating to management or operations, is particularly important in protecting unitholder's profits and securing the trust of unitholders. From this perspective, the Asset Management Company has established the following structure regarding compliance, and has made sufficient considerations to ensure that this gets consistently implemented.

|| Compliance Structure

> Board of Directors

The Board of Directors strives to achieve and ensure compliance by establishing the system necessary for compliance, formulating a compliance manual, and promoting its implementation.

> Compliance Committee

The Compliance Committee has been established as an organ to confirm the status of compliance with laws and regulations and to deliberate upon transactions, etc., with stakeholders, etc.

One lawyer and one professor in graduate school have been appointed to the Compliance Committee and attend meetings as external committee members. Both are third parties that do not have conflicts of interest with the Investment Corporation or with sponsor company groups. Because there is a system of checks by independent third parties which is well suited for compliance, we believe that this secures the effectiveness of observing compliance.

> Legal & Compliance Department and Compliance Officer

In order to establish an appropriate management structure and to conduct business with clients honestly and fairly by securing the optimization of tasks in Type II Financial Instruments Business, etc., an internal system of checks-and-balances has been secured through the establishment of the Legal & Compliance Department as the department in charge of compliance.

Moreover, the head of the Legal & Compliance Department will be the Compliance Officer, the person in charge of compliance, and will constantly monitor the Asset Management Company's conduct of affairs to ensure that these are being conducted based on laws and regulations. For this reason, the Compliance Officer must ensure that all proposals drafted by the Investment Committee observe laws and regulations and that there are no problems in terms of other compliance issues. In addition, the Compliance Officer will attend meetings held by the Investment Committee (decision-making organ), which is the committee which decides management policies, etc., for each fund, etc. Here they can state their opinion on the situation of compliance in terms of the deliberative process and conclusions for all proposals drafted by the Investment Committee. However, the Compliance Officer does not have the right to vote at the Investment Committee in order to maintain neutrality when it comes to decision-making (this includes cases where the Compliance Officer is also the Executive Director).

(Note) NREAM is contracted for asset management and investment advice for multiple investment corporations (NMF and Nomura Real Estate Private REIT, Inc.) and other real estate funds, etc. (these include special purpose companies and corporations or associations of other structures which are vehicles for investments, settlor companies of investment trusts, and trustees, etc., but are not limited to these.). These multiple investment corporations and other real estate funds, etc., will be called "funds, etc."

|| Decision-Making Process for Investment Management and Prevention of Conflict of Interest in Transactions

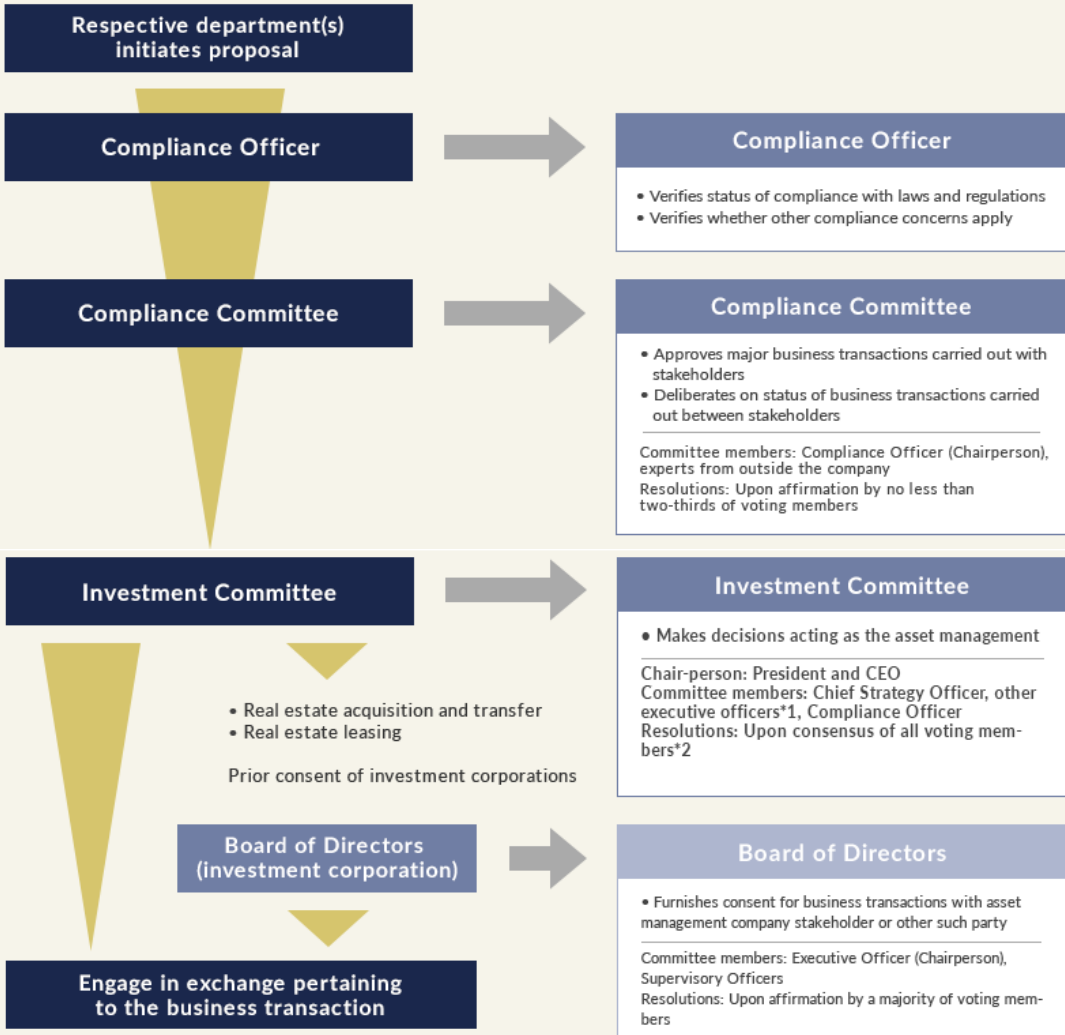
At Investment Committee meetings, the Asset Management Company is responsible for deliberating on basic policies related to operating the assets of the Investment Corporation, operation management policies related to assets, and policies regarding important matters such as finance. In addition, the Asset Management Company also deliberates on acquisition or sale of assets based on relevant policies, operation management, and important matters related to operating the assets of the Investment Corporation such as funds procurement, and conducts decision making as the asset management company.

All proposals to be submitted to the Investment Committee are to be screened by the Compliance Officer for violations and conflict with laws and regulations and if they violate any other compliance issues. When a proposal is deemed an “important transaction with stakeholder,” as internally defined by the Rules Concerning Transactions with Related Parties, or when it is deemed necessary in view of other details, a Compliance Committee meeting is called and further deliberation is conducted upon the observance of laws and regulations and violation of other compliance issues. Unless proposals have gained approval through this process, they cannot be proposed at the Investment Committee.

Furthermore, subsequent to approval by the Board of Directors of the Asset Management Company, approval from the Investment Corporation’s Board of Directors is required prior to a transaction involving the acquisition, disposition or lending of securities or real estate between the Investment Corporation and a related party (as defined in Article 201-1 of the Investment Trust Act) of the Asset Management Company, except certain transactions determined not to have a significant impact on each investment corporation under the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations.

[Flowchart on procedures for carrying out business transactions with stakeholders]

Stakeholders
(1) NREAM and any NREAM executive, employee or other such person
(2) A stakeholder or other such person as stipulated in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations
(3) A counterparty of an aforementioned party, such that manages the party's assets or otherwise furnishes advice with respect to administering or managing such assets



*1 This does not include the Fund Managers or Executive Officers concurrently serving as general managers of respective departments established within the NMF operations group.

*2 Voting rights are possessed neither by Compliance Officers nor by Executive Officers in charge of administrative

II Establishment and Execution of Compliance Manual

Nomura Real Estate Group Code of Action has set the basic standards that all executives and staff of the Group should observe. With the purpose of actualizing the Nomura Real Estate Group Code of Ethics, a Compliance Manual was established which indicates governing laws and regulations (Financial Instruments and Exchange Act, Act on Investment Trusts and Investment Corporations, etc.) that all executives and staff should observe, basic policies and the roles of each organization in executing compliance, and operational procedures for executives and staff.

Based on this Compliance Manual, a Compliance Program is drawn up each fiscal year as a basic rule as a detailed plan to realize compliance, and thorough compliance with laws are aimed for through executing compliance training.

II Compliance Training, Education

In order to observe compliance and cultivate awareness, the Asset Management Company conducts regular compliance training (every month) for all employees, (including contract employees, etc.), mainly outlining basic policies of compliance and thorough observance standards ensuring that employees master laws and regulations that must be observed. Moreover, individual training for new employees and for those departments that have special characteristics are also conducted.

Moreover, training is also conducted throughout the year based on the Compliance Program set by Nomura Real Estate Group.

Month	Training Session Theme	Attendance Rate
Mar. 2021	Summary of this year	100.0%
Apr. 2021	2021 Compliance Activity Plan	100.0%
May 2021	About the conflict of interest management system	100.0%
Jun. 2021	About the conflict of interest management system	100.0%
Jul. 2021	Information management system	100.0%
Aug. 2021	Information management system	100.0%
Sep. 2021	About the revised Personal Information Protection Law	100.0%
Oct. 2021	About AML / CFT management system	100.0%
Nov. 2021	About "antisocial forces" and contact with similar persons	100.0%
Dec. 2021	Insider Trading Regulations	100.0%
Jan. 2021	About our internal control system investigation (Deloitte Touche Tohmatsu LLC)	100.0%
Feb. 2021	Main points to be pointed out in securities inspections for financial instruments business operators, etc.	100.0%

Please refer to Nomura Real Estate Group Code of Action (<https://www.nomura-re-hd.co.jp/english/csr/base/compliance.html>) for more details.

II Response to Compliance Violations

The Asset Management Company has developed the Information Communication Guidelines which describe in-house structures and specific procedures so that if a risk occurs that should be managed by the Asset Management Company, such as a compliance violation, information regarding the case that has occurred can be communicated quickly and accurately.

Based on the Guidelines and other various regulations on compliance, the Compliance Officer (Head of the Legal & Compliance Department) who receives the information regarding a case that has occurred asks relevant departments, etc. to investigate and report on the causes of the case and measures to be taken, considers the materiality of the case, and if necessary, reports and offers an opinion to the Director and President and asks for appropriate measures to be taken.

With regard to improper behavior or behavior that may be considered improper from the standpoint of compliance, if determined necessary by the Compliance Officer, responses to improper behavior or behavior that may be considered improper are deliberated on by the Compliance Committee.

|| Responding to Antisocial Forces

The Asset Management Company will observe the Code of Ethics implemented by Nomura Real Estate Group, of which it is a part, and its basic policy is to cut all relations with antisocial forces. In addition, the Asset Management Company has established its own "Basic Policies against Antisocial Forces" which takes into consideration "Guideline for How Companies Prevent Damage from Anti-Social Forces (Government policy)" and the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators," and will deal with antisocial forces with a resolute attitude to cut any relations with them.

In addition to constructing and executing a screening structure to identify antisocial forces during transactions by partnering with Nomura Real Estate Holdings, Inc., we will also execute specific initiatives looking at cutting relations with antisocial forces through implementing articles excluding organized crime from agreements with clients and by ensuring thorough examination when making transactions under the Act on Prevention of Transfer of Criminal Proceeds.

|| Preventing Bribery, Corruption

The Asset Management Company will observe the Code of Ethics implemented by Nomura Real Estate Group, of which it is a part, and works towards preventing bribery when entertaining clients or giving gifts.

Specifically, the Group Code of Action provides, with regard to receipt or provision of entertainment or gifts from or to business partners, "Nomura Real Estate Group officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense" and "No officer or employee shall use their professional position to request or accept benefits or favors from a business partner." The Group strictly implements the Code of Conduct, for instance, detailed reporting and documentation of the details of entertainment or goods provided or received by its officers and employees.

Moreover, with a high regard for the "Guideline to Prevent Bribery of Foreign Public Officials," formulated by the Ministry of Economy, Trade and Industry, a "Basic Policy on Preventing Bribery of Foreign Public Officials" and has been established and released on its website. Under the same policy, the Asset Management Company has also established "Regulations on Preventing Bribery of Foreign Public Officials" and "Guidelines on Preventing Bribery," and conducts specific internal processes when dealing with foreign officials such as entertaining, giving gifts, inviting, donating, and utilizing their agencies, etc.

In addition, the Compliance Department regularly monitors the status of entertainment and gifts given to officers and employees (once every six months).

We aim to distribute this knowledge to executives and employees by conducting regular training regarding bribery prevention for executives and employees in Nomura Real Estate Group's foreign business departments and by incorporating it into the training material for the monthly Compliance Training conducted by the Asset Management Company.

In fiscal 2019, there were no significant legal violations, fines or penalties related to corruption or bribery.



Risk Management

|| Basic Policy on Risk Management

As an expert in asset management, the Asset Management Company recognizes its responsibility to conduct the best management possible by understanding and managing various risks appropriately, particularly risks involving management. Moreover, understanding that non-thorough risk management damages the assets it manages and thus hurts the profits of its clients, it positions appropriate management and control of risks based on the characteristics of operations and risks as one of its most important tasks in management. From this perspective, the Asset Management Company has established the following structure regarding risk management, and has made sufficient considerations to ensure that this gets consistently implemented.

|| Risk Management Structure

› Board of Directors

The Board of Directors serves as the integrated management body for the risks to be managed by the Asset Management Company. The Board of Directors regularly conducts monitoring, assessment, and analysis of investment risk and external risk associated mainly with corporate management among other risks, and provides necessary guidance and advice to each department. Details of deliberations at the Investment Committee and the Risk Management Committee are reported to the Board of Directors on a regular basis.

› Investment Committee

The Investment Committee regularly conducts monitoring, assessment, and analysis of investment risk, external risk, and disaster risk associated mainly with asset management among other risks, and provides necessary guidance and advice to each department. It also reports the results of the assessment and analysis and the contents of the guidance and advice to the Board of Directors. Please click [› here](#) for the members and frequency of meetings of the Investment Committee.

› Risk Management Committee

The Risk Management Committee regularly conducts monitoring, assessment, and analysis of disaster risk and internal risk mainly associated with corporate management as well as internal risk associated with asset management; and concerning these risks, deliberates on basic policies and such for actions for risk prevention, response to risk after occurrence, prevention of reoccurrence, etc. It also reports the contents to the Board of Directors. Please click [› here](#) for the members and frequency of meetings of the Risk Management Committee.

› Legal & Compliance Department and Compliance Officer

The Legal & Compliance Department and Compliance Officer control risk management of the Asset Management Company and conduct monitoring, etc. of the effectiveness of risk management operations of each department as well as the appropriateness of measures and the status of their implementation.

In addition, the Compliance Officer (Head of the Legal & Compliance Department) fully verifies the details of identification, analysis, evaluation and management of risks of each department.

|| Establishment and Execution of Risk Management Manual

In addition to maintaining an appropriate risk management structure by establishing risk management regulations to specify the methods of risk management, monitoring, etc., the Asset Management Company works towards thorough risk management through the monitoring, assessment, analysis, etc. conducted by the Board of Directors, Investment Committee, and Risk Management Committee. Based on this Risk Management Manual, each department can understand and evaluate the risks that exist within their respective areas of work, appropriately compile potential responses based on the evaluation, and can establish a yearly plan regarding risk. By implementing these, a posture capable of conducting risk management appropriately at the opportune time is enabled, enhancing effectiveness, enabling the prevention of risk manifestation and reduction of adverse effects when risks do manifest.

Various related regulations for risk management are reviewed regularly to decide if they need to be revised and, if necessary, they are revised or new regulations are established. Furthermore, where appropriate, advice or validation is sought from external professionals for the purpose of validating the appropriateness of risk management methods, etc.

|| Risk Assessment

In principle, the Asset Management Company conducts risk assessment once a year based on the risk management manual.

The Asset Management Company carries out risk management in a timely and appropriate manner, such as the prevention of risk manifestation and reduction of adverse effects when risks do manifest by accurate identification of risks inherent in business operations (clarification and visualization), calculation of potential risks (risk-specific assessment without assumption of internal control system) and residual risks (risks remaining even after taking into consideration the effectiveness of the internal control system) of such risks, and formulation of countermeasures (selection of monitoring targets and consideration of additional risk measures) based on these risks.

|| BCP Measures

In addition to preemptively preventing the expansion of damages during disasters, the Asset Management Company has established the necessary internal structure and a Business Continuity Plan which outlines necessary matters which will help secure the continuation of business operations during disasters and the early return to regular business practices. This plan regulates the flow (process) of operations from the occurrence of a disaster to the full recovery of operations, and clarifies decision-makers and a system of command that will enable flexibly responses to matters affected by the disaster, depending on the details of the disaster and the size of the damages. Moreover, after large-scale disasters occur, we will evaluate the effectiveness of the plan and the important tasks list, and will also identify matters that can be improved. We will continually work to improve the effectiveness of this plan, etc.

In order to raise awareness of disaster prevention among executives and employees and to improve the effectiveness of "Business Continuity Plan", the Asset Management Company conducts BCP training once a year in principle.

|| Confirmation of Executive and Employee Safety

Nomura Real Estate Group, which the Asset Management Company belongs to, has implemented a safety confirmation system via the internet and email to quickly comprehend the situation of the disaster and the safety of executives and employees during a disaster. A safety confirmation drill is held four times a year to all executives and employees of the Group.

|| Establishment of Inquiry/Assistance Service

Nomura Real Estate Group, which the Asset Management Company belongs to, has set up a Nomura Real Estate Group Helpline based on the Whistle-blowing System Operation Rules at Nomura Real Estate Holdings, Inc. that any executive and employee of the Group can utilize. A similar compliance helpline has been established at Nomura Real Estate Asset Management as well. In addition to setting up an assistance service that can be utilized when one fears that there has been an action taken that breaks the law or corporate ethics, an assistance service has also been established for harassment, human rights, and health issues. The Asset Management Company has prepared a structure that preemptively prevents risks and minimizes adverse effects when issues do occur.

In addition, a duty of confidentiality (Anonymity protection) is imposed on persons who are involved in the helpline operations and the Asset Management Company strives to protect whistle-blowers so that they are not treated unfavorably for having made a report.

Internal Audit

The Asset Management Company has established the Internal Audit Department as a division to conduct internal audits. The Internal Audit Department formulates an audit plan for each fiscal year and, based on the plan, conducts internal audits throughout the business of the company for each department once a year in principle. The Internal Audit Department uses a risk-based approach from an independent and objective standpoint to assess the effectiveness of the risk management, risk control, and governance processes and works to improve organizational operations. and the department confirm that appropriate business execution is carried out based on various regulations and manuals that stipulate business procedures in accordance with the Nomura Real Estate Group Ethics Regulations and various laws and regulations related to the business.



Supplier Management

|| Green Purchasing Manuals

We have formulated Green Purchasing Manuals to clarify procedures for external collaboration. By doing so, we ensure that products and services being purchased in connection with the management of NMF's real estate portfolio are preferentially selected from those satisfying our prescribed standards associated with the reduction of environmental burdens. Moreover, with regard to the selection of suppliers (e.g., property managers (PMs), building managers (BMs) and construction firms), we have made the status of their sustainability initiatives a key consideration alongside such factors as their product quality, price competitiveness, creditworthiness and service content.

|| Periodic Assessments of PMs and BMs

In principle, we annually assess our PMs and BMs, which are commissioned to manage NMF's assets, to determine their financial soundness and quality of their services while engaging in constant monitoring aimed at evaluating such items as the status of their sustainability policies and sustainability promotion frameworks, legal and regulatory compliance and information management. Based on assessment and evaluation results, we provide them with feedback and, if necessary, guidance with regard to areas in need of improvement. We also consider replacing any PM or BM that fails to enact improvements in accordance with such guidance.

|| ESG-Related Training for PMs

We aim to help raise sustainability awareness among PMs and step up collaboration with them, to this end providing them with relevant training sessions at least once a year. With external specialists serving as lecturers, these training sessions are designed to call their attention to the importance of sustainability, address the latest trends in sustainability initiatives and brief them on the status of NMF's sustainability measures and targets and the progress it has made. In these ways, we ensure that all PMs share our acute awareness of sustainability and are properly updated.

Green Finance



NMF practices investment management taking into consideration Environment, Society and Governance (“ESG”). As a part of such initiatives, NMF strives to realize a sustainable environment and society by implementation of green finance including green bonds and green loans etc...

|| Green Bonds

Green bonds are a type of bond instrument to finance eligible green projects and they are issued in accordance with the Green Bond Principles established by the International Capital Markets Association.

|| Green Loans

Green loans, like green bonds, are borrowings to procure funds to be used for environmentally friendly businesses, in accordance with the Green Loan Principles, an international guideline.

Green Finance Framework

NMF established Green Finance Framework in order to implement green finance.

(1) Use of Proceeds

NMF will allocate all procured proceeds from green finance for the following funds.

- The funds for acquisition of eligible green projects(*)
- The funds for refinancing of borrowings used to acquire eligible green projects
- The funds for redemption of outstanding investment corporation bonds issued to acquire eligible green projects.

(*)Eligible green projects are existing or new specified assets that fulfill the criteria indicated in (2) Eligible Criteria below.

(2) Eligible Criteria

Eligible Criteria must acquire any of the valid certifications or be recertified in a. through c. below within 36 months after the date of receiving proceeds from green finance, or must be scheduled to acquire such (re)certification in the future.

- a. 3, 4, or 5 Stars under DBJ Green Building Certification
- b. 3, 4, or 5 Stars under BELS Certification
- c. B+, A or S rank under CASBEE Certification for Real Estate.

Please refer to NMF's acquisition status of environmental certifications.

(3) Project Evaluation and Selection Process

Eligible criteria are established by the Sustainability Promotion Committee (committee chaired by the Head of the NMF Investment Management Group) of Nomura Real Estate Asset Management Co., Ltd., the asset management company of NMF, and determined by the Investment Committee.

Eligible green projects in which proceeds from green finance will be invested are evaluated and chosen by the NMF Investment Management Group and Finance & Accounting Department based on eligible criteria, and the selection is made upon approval by the Investment Committee or the Head of the NMF Investment Management Group based on decision-making authority rules of the asset manager.

(4) Management of Proceeds

NMF shall set the debt amount calculated by multiplying the total book value of eligible green projects owned by NMF by total assets LTV (Loan-to-Value Ratio) as of the most recent fiscal period end calculable as of the date of obtaining proceeds (the "Eligible Green Debt Amount") as the upper limit of the balance of green finance. NMF manages to ensure that the balance of green finance will not exceed the Eligible Green Debt Amount. Furthermore, as long as the balance of green finance exists, NMF will internally track and manage the allocated funds on a portfolio basis.

Total book value of eligible green projects	508.7billion yen
LTV ratio	43.6%
Total eligible green debt amount	221.0billion yen

(Note) The total book value of eligible green project and LTV ratio are as of the end of February 2022.

(5) Reporting

a. Reporting on Allocation of Proceeds

NMF's allocation of proceeds as to green finance is as follows.

Total amount of outstanding green bonds	10,000 million yen
Amount of proceeds not yet allocated	-

Name	Amount issued (Millions of yen)	Interest rate	Issuance date	Redemption date	Term
Nomura Real Estate Master Fund, Inc. Unsecured Bonds No.4 (Green Bonds)	3,000	0.53%	September 20, 2019	September 20, 2029	10 Years
Nomura Real Estate Master Fund, Inc. Unsecured Bonds No.6 (Green Bonds)	7,000	0.54%	August 14, 2020	August 14, 2030	10 Years

b. Impact Reporting

NMF shall disclose the following indices as of the end of every February as long as the balance of green finance remains.

- Number of Eligible Green Projects
- Level of each green certification acquired
- Greenhouse gas (GHG) emissions, energy consumption and water consumption at Eligible Green Projects (however, the target is limited to properties or parts of buildings where NMF possesses control authority.)

	Unit	2019	2020	2021
Properties		47	60	59
GHG Emissions	t-CO2	27,998	26,128	25848
GHG Emissions Intensity	t-CO2/m ²	0.0477	0.0411	0.0396
Energy Consumption	KI	15,022	13,954	15012
Energy Consumption Intensity	KI/m ²	0.0255	0.0219	0.023
Water Use	m ³	285,264	236,522	226879
Water Use Intensity	m ³ /m ²	0.4860	0.3719	0.3475

Evaluation by External Organization

NMF has acquired "Green 1(F)", the highest rating in JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (JCR) for its eligibility of green finance framework.

➤ JCR Green Finance Evaluation : <https://www.jcr.co.jp/en/greenfinance/>

ESG Disclosure Policy and Reporting Framework



Information Disclosure Policy

This website was created to help our stakeholders understand the status of initiatives undertaken by Nomura Real Estate Master Fund, Inc. and Nomura Real Estate Asset Management Co., Ltd., which acts as the former's asset management company, to address environmental, social and governance (ESG) issues and concepts behind their initiatives. We are striving to fulfill stakeholder expectations with regard to information disclosure by giving due consideration to international frameworks associated with ESG issues as well as requests from investors and external rating agencies.

Reference Guidelines

NMF refers to Global Reporting Initiative (GRI) standards for reporting on ESG policies and initiatives.

Inquiries

For your inquiry concerning ESG related matters, please contact to the following.

Asset Management Company	Nomura Real Estate Asset Management, Co., Ltd.
Telephone	+81-(0)3-3365-8767
E-mail	nmf3462@nomura-re.co.jp
Operating Hours	9:30 am – 5:30 pm (Monday to Friday) (Saturday, Sunday and holidays are closed)



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