

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS (SUMMARY OF SFDR ARTICLE 8 PRE-CONTRACTUAL DISCLOSURE)

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

What environmental and/or social (“E/S”) characteristics are promoted by Nomura Real Estate Master Fund, Inc.?

Based on the belief that a sustainable society is essential for our sustainable growth, Nomura Real Estate Master Fund, Inc. (“NMF”) has made effort to address social issues through its business in line with the fundamental philosophy of securing stable profit over the medium to long term while achieving steady growth of assets under management. NMF, together with its asset manager, Nomura Real Estate Asset Management Co., Ltd. (“Asset Manager”), has conducted asset management in a manner that takes into consideration environmental, social and governance (ESG) issues in order to enhance unitholder value over the medium to long term.

What sustainability indicators are used to measure the attainment of each of the E/S characteristics promoted by NMF?

We use the following indicators to measure the attainment of the E/S characteristics we promote.

- *Environmental certification of our properties.* To track the environmental performance of our properties, we rely on the following certifications issued by third-party organizations: DBJ Green Building Certification by the Development Bank of Japan (DBJ); Building-Housing Energy-efficiency Labeling System (BELS) certification; and Comprehensive Assessment System for Built Environment Efficiency (CASBEE) certification (“Green Certification”). As of September 15, 2022, 58.3% of our properties had obtained Green Certification at the level of at least 3 stars (or an equivalent) (“Green Certification (3 Stars or Higher)”) while 59.2% of our properties had obtained any Green Certification.
- *Sustainability evaluation.* The Asset Manager has become a GRESB real estate/company & fund member to contribute to improved sustainability through networking and information sharing with ESG-oriented companies while introducing best practices in Japan. In 2022, NMF received 5 Stars in the GRESB rating and Green Star designation for the seventh consecutive year by achieving high performance both in the management component and performance component, and an A rating for the sixth consecutive year under the five-grade GRESB public disclosure level evaluation. The Same year, NMF was designated by GRESB as an Asia Sector Leader (Diversified) (Listed), meaning that it was a best performer in its particular sector and region. Specifically, Sector Leaders are those entities that have received in their GRESB Assessment the top score for a particular sector and region, as well as other entities in the same region and sector with a score within one point of the top score.
- *GHG emission/Water use targets:* We have established the following sustainability targets in order to counter climate change and address water resources issues:
 - *GHG emission:* We aim to achieve a 40% reduction in GHG emissions per floor area (intensity) from our portfolio by 2030 compared with the 2016 level (Medium-term goal: Achieve a 34% reduction by 2025). By fiscal year 2021, we had achieved a 40.0% reduction; and
 - *Water use:* We aim to achieve a 10% reduction in water use per floor area (intensity) in our portfolio by 2030 compared with the 2016 level. By fiscal year 2021, we had achieved a 32.0% reduction.

- *Tenant satisfaction survey.* We regularly conduct satisfaction surveys to obtain feedback from our tenants, residents and other property users. The results of these surveys are shared with property managers, building managers, developers and other relevant parties, and we use them to improve the properties and services for tenants.
- *Employee satisfaction survey.* Nomura Real Estate Group, including us, conducts an annual employee satisfaction survey, and we use the feedback received to ensure that our work environment is fair. In fiscal year 2021, our employees rated their satisfaction at 4.01 (out of 5.00).
- *Number of paid holidays actually taken.* As an indicator to measure our employees' satisfaction with their workplaces, we use the number of paid holidays which our employees actually take. In fiscal year 2021, our employees took 17 days of paid holiday on average, which we believe shows our employees' good work-life balance, which leads to a high level of satisfaction with their workplaces.
- *Training hours/job-related certifications.* To evaluate our human resource development and talent management efforts, we track the number of hours each employee spends on training provided by Nomura Real Estate Group for improving job skills and the number of employees who hold job-related certifications. In fiscal year 2021, our employees spent 11.1 hours on average on training. As of February 28, 2021, 305 of the Asset Manager's employees had job-related certifications.

What investment strategy does NMF follow?

We invest primarily in the properties used as logistics facilities, retail facilities, office buildings and residential facilities in the three major metropolitan areas and other major cities in Japan to secure stable earnings and steady growth in the properties for the medium to long-term. Our investment strategy takes into consideration sustainability factors.

In May 2019, we also established a green finance framework ("Green Finance Framework"), which allows us to broaden our investor base to include those interested in ESG investment and financing and further promote our sustainability. NMF issues green bonds and borrows green loans pursuant to our Green Finance Framework, which is subject to the following requirements.

What is the policy to assess good governance practices of investee companies and NMF?

While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems: internal audit; decision-making process for investment management; prevention of conflict of interest in transactions; timely and appropriate information disclosure; and adoption of performance-linked asset management fees.

What is the asset allocation planned for NMF?

As of September 15, 28, 2022, 58.3% of our properties had obtained Green Certification (3 Stars or Higher) while 59.2% of our properties in the portfolio had obtained any Green Certification, and 40.8% had not, based on floor area. We will continue our efforts to increase the percentage of properties holding Green Certifications to our target.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Manager has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks as follows.

- Employees of the Asset Manager receive remuneration composed of base salary (including regular salary), additional salary (including overtime allowances) and other remuneration (e.g., bonuses).
- Methods of calculation and payment, and timing of salary are determined according to employment regulations and compensation rules.
- Regular salary is determined every April based on the employees' duties, demonstration of their ability, attendance records and other factors, which may relate to ESG considerations. The increases or decreases of regular salary may also be affected by the economic circumstances and the Asset Manager's performance, which may include consideration of ESG factors.