

(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 9th Fiscal Period Ended February 29, 2020

April 14, 2020

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
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Scheduled date of filing of securities report: May 28, 2020
 Scheduled date of commencement of distribution payout: May 20, 2020
 Preparation of supplementary materials on financial results: Yes
 Holding of briefing session on financial results: Yes

[Amounts less than one million yen are truncated]

1. Financial Results for the 9th Fiscal Period (from September 1, 2019 to February 29, 2020)

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

Period ended	Operating revenues		Operating profit		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
February 29, 2020	36,927	0.8	14,673	2.9	12,175	4.1	12,188	4.3
August 31, 2019	36,617	3.4	14,265	1.5	11,692	1.5	11,690	1.1

Period ended	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	yen	%	%	%
February 29, 2020	2,642	2.0	1.0	33.0
August 31, 2019	2,571	2.0	1.0	31.9

(2) Distributions

Period ended	Distribution per unit (excluding distribution in excess of net income)	Total distributions (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Total distributions in excess of net income	Distribution per unit (including distribution in excess of net income)	Total distributions (including distribution in excess of net income)	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
February 29, 2020	2,585	12,188	694	3,272	3,279	15,461	100.0	1.9
August 31, 2019	2,571	11,691	638	2,901	3,209	14,592	100.0	1.9

(Note 1) Of the ¥638 distribution in excess of net income per unit in the fiscal period ended August 31, 2019, ¥342 is a distribution of the allowance for temporary difference adjustments and ¥296 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.003. Of the ¥694 distribution in excess of net income per unit in the fiscal period ended February 29, 2020, ¥368 is a distribution of the allowance for temporary difference adjustments and ¥326 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.003.

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

$$\text{Distribution Payout Ratio} = \frac{\text{Total Distributions (excluding distribution in excess of Net Income)}}{\text{Net Income}} \times 100$$

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

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

(3) Financial Position

Period ended	Total assets	Net assets	Net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
February 29, 2020	1,193,471	627,868	52.6	133,158
August 31, 2019	1,164,767	600,910	51.6	132,146

(4) Status of Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Period ended	million yen	million yen	million yen	million yen
February 29, 2020	21,958	(22,255)	14,475	87,599
August 31, 2019	18,320	(51,928)	32,816	73,420

2. Earnings Forecasts for the 10th Fiscal Period (from March 1, 2020 to August 31, 2020) and the 11th Fiscal Period (from September 1, 2020 to February 28, 2021)

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

Period ending	Operating revenues		Operating profit		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Distribution per unit (including distribution in excess of net income)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
August 31, 2020	38,452	4.1	15,451	5.3	13,019	6.9	13,018	6.8	2,759	558	3,317
February 28, 2021	38,289	(0.4)	15,443	(0.1)	13,074	0.4	13,073	0.4	2,772	556	3,328

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2020: ¥2,760

For the fiscal period ending February 28, 2021: ¥2,772

*Other

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

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

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

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

As of February 29, 2020: 4,715,200 units

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

② Number of treasury investment units

As of February 29, 2020: – units

As of August 31, 2019: – units

(Note) For the number of investment units used as the basis for calculation of net income per unit, please refer to “Notes on Per Unit Information” on page 32.

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

* Forward-looking statements

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by NMF. Accordingly, actual earnings performance and other results may differ materially due to a variety of factors. Furthermore, such forward-looking statements do not constitute a guarantee of future distributions. For more information on the assumptions underlying forward-looking statements and the use of such statements, please refer to “Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020) and the Fiscal Period Ending February 28, 2021 (11th fiscal period: September 1, 2020 to February 28, 2021)” on page 7.

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

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1. Management Status

(1) Management Status

① Outline of Fiscal Period under Review

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

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

A. Investment Environment

(Japanese Economy)

Recently in the Japanese economy, concerns of a global economic slowdown due to the impact of U.S.-China trade issues and other factors led to signs of weakness showing in exports, business fixed investment, etc., and private consumption showed sluggish growth due to a reactionary decline after the consumption tax hike.

The outlook for fiscal 2020 had been that the economy would return to a recovery trend on the back of the government's major economic measures in addition to the steady corporate earnings and the favorable employment and income environment. However, with coronavirus disease 2019 (COVID-19) emerging from January 2020 since being first reported to be detected in Wuhan, China, the impact is raising concerns of a global recession and also leading to developments in Japan such as cancellation of various events, decline in consumption and decrease in corporate activities, casting uncertainty over short-term prospects.

(Real Estate Leasing Market)

The real estate leasing market was generally strong.

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

In the retail facility sector, the fall in retail sales due to decline in inbound tourism consumption and other factors associated with the consumption tax hike and the impact of COVID-19 requires attention.

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

vacancy rate has decreased due to the greater-than-expected demand.

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

Concerning the rental apartment sector, in the Greater Tokyo area, a net population inflow has resulted in consistently high occupancy rates as well as moderate increase in rent. Performance in major cities in less populated regions remained steady overall as well.

In the hotel sector, with the number of foreign visitors continuing to be at record-high figures, occupancy rates and revenue per available room (RevPAR), among other indicators, were steady overall in Tokyo and major cities in less populated regions, except for areas where competition is intense such as Osaka and Kyoto. However, with hotel guest numbers plummeting in each area due to the impact of COVID-19 from late January 2020, future developments in occupancy rates and RevPAR require attention.

(Real Estate Transaction Market)

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

(J-REIT Market)

Amid the bearish stock market reflecting the wake of COVID-19 being declared a Public Health Emergency of International Concern by the World Health Organization (WHO) at the end of January 2020, the J-REIT market remained steady with exceptions such as the hotel sector in recognition of the ongoing monetary easing policy and the insusceptibility of real estate leasing market conditions to the outside environment. The Tokyo Stock Exchange (TSE) REIT Index hit 2,250.65 points on February 20, 2020 and otherwise hover in the historically high price range for the first time since the 2008 global financial crisis. However, the spread of COVID-19 that followed sent stock markets plunging around the world triggered a significant correction in the TSE REIT Index, too, showing volatile movements such as falling by more than 10% from the February 20, 2020 closing price to 2,017.50 points at the end of February.

B. Management Performance

Under the circumstances described above in A. Investment Environment, NMF carried out a public offering, as described in C. Status of Fund Procurement below, and acquired 5 properties (PMO Akihabara Kita, PMO Higashi-Shinbashi, PROUD FLAT Shibuya Tomigaya, PROUD FLAT Miyazakidai and PROUD FLAT Asakusabashi III; total acquisition price: ¥19,760 million) on January 7, 2020. As a result, at the end of the fiscal period under review (as of February 29, 2020), NMF held 294 properties (total acquisition price: ¥1,031,039 million), the ratio of investment in the Greater Tokyo area was 82.4%, the gross leasable area of the portfolio was 1,975,544.11m², and the portfolio remained highly diversified.

Furthermore, after the end of the fiscal period under review, NMF acquired 1 property (Landport Higashi-Narashino; acquisition price: ¥11,872 million) on March 2, 2020, 1 property (PROUD FLAT Togoshi-Koen; acquisition price: ¥2,580 million) on March 10, 2020 and 2 properties (PMO Hamamatsucho and GEMS Sangenjaya; total acquisition price: ¥6,195 million) on March 25, 2020 respectively, with the funds raised from the issuance of new investment units and debt financing.

In terms of property and facility management, as described above in A. Investment Environment, rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 98.8%. In the office sector, a key upside sector ^(Note 1), the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

In February 2019, NMF set ESG materiality issues that are of high importance to be addressed by NMF in order to contribute to the realization of a sustainable society by resolving social issues through its business activities. Based on the policies, targets and key performance indicators (KPI) set for each materiality, NMF 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, striving for building a portfolio with low environmental impact. NMF promotes acquisition of Green certification ^(Note2) under such policy. As of the end of the fiscal period under review, NMF has acquired DBJ Green Building certification for a total of 79 properties and BELS certification for a total of

28 properties. As a result, the percentage of properties ^(Note3) with DBJ Green Building certification stood at 63.3% and that of BELS certification stood at 20.0%.

Furthermore, in January 2020, NMF reviewed its materiality and revised targets and KPIs. As of the end of the fiscal period under review, the progress toward the newly established KPI, “Achieving 70% of green certification with three stars or more or equivalent up to fiscal year 2030”, which replaced the former KPI, “Achieving 70% of green certification up to fiscal year 2030”, reached at 50.1%^(Note4). NMF will continue to conduct its operations in consideration of ESG.

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

(Note 2) Green certification refers to either DBJ Green Building Certification, BELS Certification, or CASBEE for Real Estate.

(Note 3) The percentage figures of the certified properties are calculated based on total floor areas for properties excluding land owned by NMF.

(Note 4) The percentage of properties which certified either DBJ Green Building Certification (three stars or more), BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher) are calculated based on total floor areas subject to properties excluding land owned by NMF.

C. Status of Fund Procurement

During the fiscal period under review, NMF made a public offering with a payment date of December 20, 2019 (newly issued investment units: 159,900, total issue value: ¥27,845 million), and conducted a third-party allotment with a payment date of January 21, 2020 (newly issued investment units: 8,000, total issue value: ¥1,393 million). In addition, NMF refinanced ¥29,900 million in interest-bearing liabilities with approaching maturities. In order to extend maturities and diversify financing methods, NMF also issued investment corporation bonds (10-year bonds (green bonds) totaling ¥3,000 million and 20-year bonds totaling ¥5,000 million) on September 20, 2019 and allocated the funds to repayment of existing borrowings.

As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥510,727 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 42.8%.

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

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

D. Business Performance and Distributions

In the 9th fiscal period, operating revenues totaled ¥36,927 million, operating profit reached ¥14,673 million, ordinary income totaled ¥12,175 million, and net income came to ¥12,188 million. NMF calculates cash distributions in accordance with the cash distribution policies specified in Article 36, Paragraph 1 and Paragraph 2 of NMF's Articles of Incorporation.

For the fiscal period under review, NMF decided to implement a total of ¥15,461 million in distributions (¥3,279 per investment unit). This figure was arrived at by adding to ¥12,188 million in net income after taxes ¥2,622 million in amortization of goodwill, and by adding ¥654 million in consideration of temporary decrease in operating revenues due to the move out of a large tenant and effect to per-unit distribution due to increase in investment units by issuance of new investment units. The portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 was excluded.

Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 as amended, hereinafter the Investment Trust Act) came to ¥12,188 million (¥2,585 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,735 million (¥368 per investment unit) as allowance for temporary difference

adjustment and ¥1,537 million (¥326 per investment unit) in other distribution in excess of net earnings.

② Outlook for Next Fiscal Period

Under the conditions described above in ① Outline of Fiscal Period under Review /A. Investment Environment, NMF will continue to target external growth through property acquisition pipelines by leveraging the Nomura Real Estate Group's property development capabilities and internal growth by making maximum use of the property management pipeline with a focus on strengthening its property brands. By doing so, with both the external growth and the internal growth, NMF aims to secure the growth of distribution and increase further unitholder value.

③ Forecasts of the Financial Results

Forecasts of the Financial Results for the fiscal period ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020) and February 28, 2021 (11th fiscal period: September 1, 2020 to February 28, 2021) are stated below. Assumptions for forecasts of the financial results are referred to the following Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020) and the Fiscal Period Ending February 28, 2021 (11th fiscal period: September 1, 2020 to February 28, 2021).

	10th fiscal period ending August 31, 2020	11th fiscal period ending February 28, 2021
Operating Revenues	¥ 38,452 million	¥38,289 million
Operating Profit	¥15,451 million	¥15,443 million
Ordinary Income	¥13,019 million	¥13,074 million
Net Income	¥ 13,018 million	¥13,073 million
Net Income Per Unit	¥ 2,760	¥ 2,772
Distribution Per Unit (Excluding Distribution in Excess of Net Income)	¥ 2,759	¥ 2,772
Distribution in Excess of Net Income Per Unit	¥ 558	¥556
Total Distributions Per Unit (Including Distribution in Excess of Net Income)	¥ 3,317	¥ 3,328

④ Significant Subsequent Events

A. Impact of the spread of COVID-19 infection

In response to the Japanese government's declaration of a state of emergency due to the spread of COVID-19 infection, NMF has decided to take measures such as requesting to some of the tenants to restrain from themselves from their operation. Therefore, this may have an impact on NMF's future results of operations. It is difficult to reasonably estimate the impact at present.

(Reference)

A. Property acquisition

With regard to the assets stated below which NMF decided to acquire on December 5, 2019, NMF completed the acquisition of Landport Higashi-Narashino on March 2, 2020, PROUD FLAT Togoshi-Koen on March 10, 2020, and PMO Hamamatsucho and GEMS Sangenjaya on March 25, 2020, respectively.

Property name	Landport Higashi-Narashino	PROUD FLAT Togoshi-Koen
Type of asset	Trust beneficiary interest in real estate	Real estate
Location ^(Note 1)	(Registry) 7-616-1, Higashi-Narashino, Narashino City, Chiba and 1 other lot (Street) 7-3-1, Higashi-Narashino, Narashino City, Chiba	(Registry) 6-58-6 Togoshi, Shinagawa Ward, Tokyo (Street) 6-8-4 Togoshi, Shinagawa Ward, Tokyo

Structure ^(Note 1)	Steel-frame alloy plating copper roofing, 5F	Flat-roofed reinforced concrete, 5F
Land area ^(Note 1)	29,854.57 m ²	1,452.80 m ²
Floor area ^(Note 1)	61,573.49 m ² ^(Note 3)	3,354.13 m ²
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion date ^(Note 1)	July 18, 2019	November 13, 2018
Acquisition price ^(Note 2)	¥11,872 million	¥2,580 million
Date of agreement	December 5, 2019 (Date of agreement on purchase and sale of trust beneficiary interest in real estate)	December 5, 2019 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 2, 2020 (Date of delivery of trust beneficiary interest in real estate)	March 10, 2020 (Date of delivery of real estate)
Seller	Nomura Real Estate Development, Co., Ltd.	Nomura Real Estate Development, Co., Ltd.

Property name	PMO Hamamatsucho	GEMS Sangenjaya
Type of asset	Real estate	Real estate
Location ^(Note 1)	(Registry) 2-117-2 Hamamatsucho, Minato Ward, Tokyo and 1 other lot (Street) 2-5-5 Hamamatsucho, Minato Ward, Tokyo	(Registry) 4-437-1 Taishido, Setagaya Ward, Tokyo (Street) 4-23-11 Taishido, Setagaya Ward, Tokyo
Structure ^(Note 1)	Flat-roofed steel-frame, 13F	Flat-roofed steel-frame, B2F/9F
Land area ^(Note 1)	500.00 m ² ^(Note 4)	222.11 m ²
Floor area ^(Note 1)	2,872.41 m ²	1,176.76 m ²
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion date ^(Note 1)	November 30, 2018	April 26, 2018
Acquisition price ^(Note 2)	¥4,380 million	¥1,815 million
Date of agreement	December 5, 2019 (Date of agreement on purchase and sale of real estate)	December 5, 2019 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 25, 2020 (Date of delivery of real estate)	March 25, 2020 (Date of delivery of real estate)
Seller	Nomura Real Estate Development, Co., Ltd.	Nomura Real Estate Development, Co., Ltd.

(Note 1) Location (excluding Street), Structure, Land Area, Floor area and Completion Date are based on the information in the real estate registry.

(Note 2) The acquisition price stated is that given on the real estate sale contract (or the sale contract of trust beneficiary interests in real estate) and does not include acquisition-related costs (property and other taxes, etc.).

(Note 3) Floor area of an annex building (staff lounge, etc.) of 59.76 m² is also included.

(Note 4) Includes the setback area (16.37 m²) to be deemed part of a road under Article 42, Paragraph 2 of the Building Standard Act (Act No.201 of 1950, as amended).

Assumptions Underlying Earnings Forecasts
for the Fiscal Period Ending August 31, 2020 (10th fiscal period: March 1, 2020 to August 31, 2020) and the Fiscal
Period Ending February 28, 2021 (11th fiscal period: September 1, 2020 to February 28, 2021)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2020 (10th fiscal period): March 1, 2020 to August 31, 2020 • Fiscal period ending February 28, 2021 (11th fiscal period): September 1, 2020 to February 28, 2021
Assets Under Management	<ul style="list-style-type: none"> • With respect to the 298 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the February 2021 (11th) fiscal period. • The forecasts may be revised due to actual changes in the portfolio.
Operating revenues	<ul style="list-style-type: none"> • Rental revenues are estimated based tenant trends, the presence of competing properties nearby, real estate market conditions and other factors, with the assumption that there will be no delays in payment or failure to pay on the part of tenants.
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> • Real estate rental expenses are expected to be ¥16,261 million in the August 2020 (10th) fiscal period and ¥16,113 million in the February 2021 (11th) fiscal period. • It is estimated that property and other taxes of ¥3,109 million in the August 2020 (10th) fiscal period and ¥3,095 million in the February 2021 (11th) fiscal period will be recorded as real estate rental expenses. In general, previous owners are reimbursed for the property taxes and city planning taxes for the portion of the fiscal year in which the acquisition occurs from the time NMF acquires the assets onward. However, because the amount equivalent to such reimbursement is included in the cost of acquisition and is capitalized, NMF will not record it as property taxes and city planning taxes in the August 2020 (10th) fiscal period and the February 2021 (11th) fiscal period concerning the properties acquired on January 7, 2020, March 2, 2020, March 10, 2020 and March 25, 2020. • Estimated property management costs (including building management fees and property management fees) of ¥2,810 million in the August 2020 (10th) fiscal period and ¥2,795 million in the February 2021 (11th) fiscal period are expected to be recorded as real estate rental expenses. • Expenses for building repairs and maintenance required for the fiscal period are recorded as real estate rental expenses calculated based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damage to buildings caused by difficult to foresee factors, significant year-on-year fluctuations in costs or non-periodic repair expenses. Furthermore, expenses for repairs and maintenance are estimated at ¥1,530 million in the August 2020 (10th) fiscal period and ¥1,412 million in the February 2021 (11th) fiscal period. • Depreciation of ¥5,375 million in the August 2020 (10th) fiscal period and ¥5,436 million in the February 2021 (11th) fiscal period is expected to be recorded as real estate rental expenses. • Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥4,116 million in the August 2020 (10th) fiscal period and ¥4,110 million in the February 2021 (11th) fiscal period.

Item	Assumptions
Amortization expenses for goodwill	<ul style="list-style-type: none"> • Goodwill is scheduled to be amortized using the straight-line method over 20 years pursuant to the Business Combination Accounting Standards. Goodwill amortization expenses are expected to be ¥2,622 million in each the August 2020 (10th) and the February 2021 (11th) fiscal periods. • Amortization of goodwill causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses are estimated to be ¥2,419 million in the August 2020 (10th) fiscal period and ¥2,356 million in the February 2021 (11th) fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of this document's publication, the outstanding interest-bearing liabilities of NMF are ¥517,927 million, consisting of ¥492,927 million in outstanding borrowings and ¥25,000 million in investment corporation bonds. • Regarding the ¥28,442 million in borrowings that will come due by the end of the August 2020 (10th) fiscal period and the ¥39,442 million in borrowings that will come due in the February 2021 (11th) fiscal period (¥67,885 million in total), it is assumed that NMF will make scheduled, partial repayments of ¥42 million in each the August 2020 (10th) fiscal period and the February 2021 (11th) fiscal period using cash on hand, while refinancing the remainder with new borrowings. • It is assumed that there will be no changes in the amount of the outstanding interest-bearing liabilities other than those stated above through the end of the February 2021 (11th) fiscal period.
Investment units	<ul style="list-style-type: none"> • Forecasts are based on the number of investment units issued and outstanding as of this document's publication, 4,715,200 units. NMF assumes that there will be no additional issuance of new investment units through February 28, 2021 (the end of the 11th fiscal period).
Distribution per unit	<ul style="list-style-type: none"> • The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. • NMF assumes that, of the allowance for temporary difference adjustments ("ATA") accrued up to the present, the amount eliminated in the August 2020 (10th) fiscal period (¥5 million) and the February 2021 (11th) fiscal period (¥5 million) will be reversed from retained earnings at the respective period ends. • In the August 2020 (10th) fiscal period and the February 2021 (11th) fiscal period, NMF assumes there will no change in the per-unit distribution by the change in fair value of interest rate swaps. • The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> • The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of ATA, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit

Item	Assumptions
	<p>prescribed by the regulations of the Investment Trusts Association, Japan (the “Investment Trusts Association Japan Regulations”), which restricts the amount to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period.</p> <ul style="list-style-type: none"> • The distribution in excess of net earnings per unit for the August 2020(10th) fiscal period is expected to be ¥558, comprising ¥377 in distributions of ATA and ¥181 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the February 2021 (11th) fiscal period is expected to be ¥556, comprising ¥384 in distributions of ATA and ¥172 in other distributions in excess of net earnings.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan, or other laws or regulations that would affect the above forecasts. • It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.

(2) Investment Risks

Among the “Investment Risks” presented in the most recently published securities registration statement filed on December 5, 2019, “1) General risks /D. Risks associated with the fluctuation of prices of investment units or investment corporation bonds” as of today are as stated below due to the spread of infection with the novel coronavirus (COVID-19). The risk below is also added as “Risks related to the expansion of infections, etc.”

1) General risks

D. Risks associated with the fluctuation of prices of investment units or investment corporation bonds

No guarantee is given as to the transfer prices of investment units and investment corporation bonds or the initial investment amount. The market price of NMF investment units may be affected by changes in the financial environment, such as trends in interest rates and exchange rates, while being subject to the trading volume and supply-demand balance of investment units, their superiority or inferiority relative to investment in financial products other than REIT securities, fluctuations in financial product markets other than the REIT market, market environments, future economic trends, and other factors. Depending on the circumstances, their price may fluctuate significantly, as in the case of other listed securities. The price of investment corporation bonds may also fluctuate due to interest rate trends, the environments of real estate and other markets, changing of credit ratings, and other factors, and may fall below their acquisition prices. Moreover, investment units and investment corporation bonds may be affected by factors surrounding real estate-related markets, such as trends in the REIT securities market, developments in the real estate market, the supply-demand balance in the real estate leasing market, general economic conditions that may decide demand for real estate leasing, and amendments to legal or tax systems, as well as events that could affect real estate transactions, including earthquakes, tsunamis, liquefaction, and other natural disasters. In particular, due to the impact of the worldwide spreading of infection with COVID-19, economic activities have stagnated, adversely affecting the market prices of REIT securities. Furthermore, a state of emergency was declared for Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka Prefectures on April 7, 2020 pursuant to Article 32, Paragraph 1 of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2020; including subsequent amendments). Due to this declaration and resulting measures, requests, and the like, economic activities may be further restricted, giving rise to significant adverse effects on the financial products market and the market price of NMF investment units. Depending on future circumstances, the coverage of the state of emergency may be expanded, or the implementation period of state of emergency measures may be extended, leading to the expansion or prolonging of adverse effects.

Also, if NMF investment units are temporarily sold in large volumes on the securities exchange, their market price may fall significantly.

6) Other risks

Risks related to the expansion of infections, etc.

Due to the occurrence and expansion of infections, income from portfolio properties may deteriorate, causing NMF to incur losses. In particular, if an infection such as COVID-19 occurs in a portfolio property or its adjacent area, the operation of the property may be forced to be suspended. Moreover, in some commercial facilities or accommodation facilities, or depending on the type of business conducted by tenants, tenants may ask for a reduction in rent or deferral of rent payments, or may fall behind in rent payments, due to the expansion or persistent spreading of the infection, etc., business suspension or a significant decrease in sales caused by measures, requests, and the like resulting from the declaration of a state of emergency. The risk of vacancy may also appear following the withdrawal of tenants. Furthermore, if the spreading of infection, etc. persists, or officers and employees of NMF’s Asset Management Company become unable to come to the office as a result of one of them being infected, NMF intends to respond to such a situation by using a teleworking system. However, as some work is not suited to teleworking and it is also uncertain that current work efficiency can be maintained, the work of the Asset Management Company may be delayed, and this may result in adverse effects on NMF’s asset management.

2. Financial Statements

(1) Balance Sheet

Thousands of Yen

	As of August 31, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and bank deposits	60,371,346	75,057,695
Cash and bank deposits in trust	13,049,407	12,541,371
Rental receivables	695,682	593,233
Prepaid expenses	827,367	803,222
Derivatives assets	—	2,226
Consumption taxes receivable	657,804	—
Other	846,392	800,785
Total current assets	76,448,000	89,798,534
Noncurrent assets		
Property and equipment		
Buildings	145,112,589	149,862,536
Less accumulated depreciation	(14,044,860)	(16,204,854)
Buildings, net	131,067,728	133,657,682
Structures	614,595	643,022
Less accumulated depreciation	(287,489)	(315,110)
Structures, net	327,105	327,911
Machinery	729,577	834,291
Less accumulated depreciation	(465,179)	(500,882)
Machinery, net	264,397	333,409
Tools, furniture and fixtures	333,772	398,249
Less accumulated depreciation	(103,877)	(134,487)
Tools, furniture and fixtures, net	229,895	263,761
Land	282,632,048	294,597,869
Buildings in trust	186,078,102	188,908,437
Less accumulated depreciation	(25,331,413)	(28,109,043)
Buildings in trust, net	*3 160,746,688	*3 160,799,393
Structures in trust	1,020,290	1,063,016
Less accumulated depreciation	(871,345)	(885,893)
Structures in trust, net	*3 148,945	*3 177,122
Machinery in trust	602,951	681,985
Less accumulated depreciation	(106,849)	(138,124)
Machinery in trust, net	496,102	543,861
Tools, furniture and fixtures in trust	801,449	860,947
Less accumulated depreciation	(249,652)	(315,398)
Tools, furniture and fixtures in trust, net	*3 551,797	*3 545,548
Land in trust	*3 413,608,883	*3 416,796,827
Leased assets in trust	14,859	4,752
Less accumulated depreciation	(10,028)	(528)
Leased assets, net	4,830	4,224
Construction in progress	12,050	24,761

Thousands of Yen

	As of August 31, 2019	As of February 29, 2020
Total property and equipment	990,090,472	1,008,072,373
Intangible assets		
Goodwill	85,586,980	82,964,737
Leasehold rights	1,331,702	1,331,702
Leasehold rights in trust	7,627,218	7,626,831
Other	35,565	32,785
Total intangible assets	94,581,466	91,956,057
Investments and other assets		
Long-term prepaid expenses	2,131,942	2,065,881
Long-term deposits	508,948	519,577
Security deposits	946,452	936,452
Derivatives Assets	3,320	—
Total investments and other assets	3,590,665	3,521,911
Total noncurrent assets	1,088,262,603	1,103,550,341
Deferred assets		
Investment corporation bond issuance costs	56,838	123,090
Total deferred assets	56,838	123,090
Total assets	1,164,767,442	1,193,471,967

	Thousands of Yen	
	As of August 31, 2019	As of February 29, 2020
Liabilities		
Current liabilities		
Trade accounts payable	2,820,452	2,559,513
Short-term debt	*1 8,000,000	—
Current portion of investment corporation bonds	5,000,000	5,000,000
Current portion of long-term debt	58,385,600	60,885,600
Lease obligations in trust	1,082	871
Other accounts payable	2,535,771	2,827,990
Accrued expenses	344,928	364,346
Accrued income taxes	1,999	2,998
Accrued consumption taxes	—	1,158,419
Rent received in advance	5,260,541	5,380,495
Unearned revenue	159,244	132,539
Provision for loss on disaster	—	20,244
Derivatives liabilities	65,574	39,952
Other current liabilities	9,683	10,171
Total current liabilities	<u>82,584,878</u>	<u>78,383,142</u>
Long-term liabilities		
Investment corporation bonds	17,000,000	25,000,000
Long-term debt	422,384,400	419,841,600
Lease obligations in trust	4,134	3,775
Long-term advances received	187,302	129,354
Security deposits from tenants	12,755,962	13,389,379
Security deposits from tenants in trust	*3 28,096,232	*3 28,110,947
Derivatives liabilities	843,558	745,604
Total long-term liabilities	<u>481,271,590</u>	<u>487,220,660</u>
Total liabilities	<u>563,856,468</u>	<u>565,603,803</u>
Net assets		
Unitholders' equity		
Unitholders' capital	214,855,487	244,185,429
Surplus		
Capital surplus	394,012,959	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (10,439,617)	*4 (11,903,126)
Other deductions from capital surplus	(9,301,010)	(10,738,678)
Total deduction from capital surplus	<u>(19,740,627)</u>	<u>(22,641,804)</u>
Capital surplus, net	<u>374,272,331</u>	<u>371,371,154</u>
Retained earnings	12,688,967	13,094,910
Total surplus	<u>386,961,298</u>	<u>384,466,064</u>
Total unitholders' equity	<u>601,816,786</u>	<u>628,651,494</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(905,812)	(783,330)
Valuation and translation adjustments	(905,812)	(783,330)
Total net assets	<u>*2 600,910,974</u>	<u>*2 627,868,163</u>
Total liabilities and net assets	<u>1,164,767,442</u>	<u>1,193,471,967</u>

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Mar. 1, 2019 to Aug.31, 2019		Current period from Sep. 1, 2019 to Feb.29, 2020	
Operating revenues				
Rental revenues	*1	33,388,571	*1	33,877,972
Other rental revenues	*1	3,222,419	*1	3,049,384
Gain on sales of real estate		*2 6,213		—
Total operating revenues		36,617,204		36,927,357
Operating expenses				
Real estate rental expenses	*1	15,887,320	*1	15,720,670
Asset management fees		3,224,402		3,291,289
Asset custody fees		57,119		59,207
Administrative service fees		173,069		169,605
Directors' compensation		6,900		7,800
Amortization of goodwill		2,622,242		2,622,242
Other operating expenses		380,780		383,086
Total operating expenses		22,351,834		22,253,901
Operating profit		14,265,370		14,673,456
Non-operating revenues				
Interest income		596		415
Reversal of dividends payable		4,975		4,123
Interest on refund		—		3,379
Other non-operating revenues		107		176
Total non-operating revenues		5,679		8,095
Non-operating expenses				
Interest expenses		1,907,676		1,813,077
Interest expenses on investment corporation bonds		185,270		210,186
Amortization of investment corporation bond issuance costs		3,160		5,584
Loan arrangement fees		421,076		416,210
Investment units issuance costs		55,843		55,727
Other non-operating expenses		5,259		5,255
Total non-operating expenses		2,578,287		2,506,040
Ordinary income		11,692,763		12,175,510
Extraordinary gain				
Insurance income		—	*3	28,611
Total extraordinary gain		—		28,611
Extraordinary loss				
Loss on disaster		—	*4	12,344
Total extraordinary loss		—		12,344
Income before income taxes		11,692,763		12,191,777
Income taxes—current		2,055		3,057
Total income taxes		2,055		3,057
Net income		11,690,708		12,188,719
Retained earnings brought forward		998,259		906,191
Retained earnings at end of period		12,688,967		13,094,910

(3) Statement of Changes in Net Assets

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

Thousands of Yen

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

Thousands of Yen

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

Current period (from September 1, 2019 to February 29, 2020)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
Allowance for temporary difference adjustment	Deduction from other capital surplus		Total deduction from capital surplus			
Balance at the beginning of the period	214,855,487	394,012,959	(10,439,617)	(9,301,010)	(19,740,627)	374,272,331
Changes of items during the period						
Issuance of new investment units	29,238,273	—	—	—	—	—
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	91,667	—	91,667	(91,667)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(1,555,176)	—	(1,555,176)	(1,555,176)
Other distributions in excess of net earnings	—	—	—	(1,346,000)	(1,346,000)	(1,346,000)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	29,329,941	—	(1,463,508)	(1,437,668)	(2,901,177)	(2,901,177)
Balance at the end of the period	244,185,429	394,012,959	(11,903,126)	(10,738,678)	(22,641,804)	371,371,154

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,688,967	386,961,298	601,816,786	(905,812)	(905,812)	600,910,974
Changes of items during the period						
Issuance of new investment units	—	—	29,238,273	—	—	29,238,273
Distributions of retained earnings	(11,691,108)	(11,691,108)	(11,691,108)	—	—	(11,691,108)
Reversal of allowance for temporary difference adjustments	(91,667)	(91,667)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(1,555,176)	(1,555,176)	—	—	(1,555,176)
Other distributions in excess of net earnings	—	(1,346,000)	(1,346,000)	—	—	(1,346,000)
Net income	12,188,719	12,188,719	12,188,719	—	—	12,188,719
Net changes of items other than unitholders' equity	—	—	—	122,481	122,481	122,481
Total changes of items during the period	405,943	(2,495,234)	26,834,707	122,481	122,481	26,957,189
Balance at the end of the period	13,094,910	384,466,064	628,651,494	(783,330)	(783,330)	627,868,163

(4) Statement of Cash Distributions

Yen

	Previous period from Mar. 1, 2019 to Aug. 31, 2019	Current period from Sep. 1, 2019 to Feb. 29, 2020
I. Retained earnings at end of period	12,688,967,476	13,094,910,659
II. Distributions in excess of retained earnings	2,901,177,400	3,272,348,800
Of which, allowance for temporary difference adjustment	1,555,176,600	1,735,193,600
Of which, other distributions in excess of net income	1,346,000,800	1,537,155,200
III. Incorporation into unitholders' capital	91,667,763	122,481,948
Of which, reversal of allowance for temporary difference adjustments	91,667,763	122,481,948
IV. Distributions	14,592,285,700	15,461,140,800
[Distributions per unit]	[3,209]	[3,279]
Of which, distributions of earnings	11,691,108,300	12,188,792,000
[Of which, distributions of earnings per unit]	[2,571]	[2,585]
Of which, allowance for temporary difference adjustments	1,555,176,600	1,735,193,600
[Of which, allowance for temporary difference adjustments per unit]	[342]	[368]
Of which, other distributions in excess of net income	1,346,000,800	1,537,155,200
[Of which, other distributions in excess of net income per unit]	[296]	[326]
V. Retained earnings carried forward	906,191,413	783,636,711

Calculation method for distributions		
	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement a total of ¥14,592,285,700 in distributions (¥3,209 per unit). This figure was arrived at by excluding the portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 from ¥14,595,412,415, the amount calculated by adding to ¥11,690,708,144 in net income after taxes ¥2,622,242,820 in amortization of goodwill, subtracting ¥6,213,058 in gain on sales of real estate, and adding ¥288,674,509 in temporary decrease in operating revenues due to the move out of a large tenant.</p> <p>Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, paragraph 1 of the Investment Trusts Act came to ¥11,691,108,300 (¥2,571 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,555,176,600 (¥342 per investment</p>	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement a total of ¥15,461,140,800 in distributions (¥3,279 per unit). This figure was arrived at by excluding the portion for which per-unit distribution comprising the types of dividends laid out below would be less than ¥1 from ¥15,465,559,688 the amount calculated by adding to ¥12,188,719,246 in net income after taxes ¥2,622,242,820 in amortization of goodwill, and by adding ¥654,597,622 in consideration of temporary decrease in operating revenues due to the move out of a large tenant and effect to per-unit distribution due to increase in investment units by issuance of new investment units.</p> <p>Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, paragraph 1 of the Investment Trusts Act came to ¥12,188,792,000 (¥2,585 per investment unit). Distribution in excess of net income comprises a distribution of</p>

	unit) as allowance for temporary difference adjustment and ¥1,346,000,800 (¥296 per investment unit) in other distribution in excess of net income.	¥1,735,193,600 (¥368 per investment unit) as allowance for temporary difference adjustment and ¥1,537,155,200 (¥326 per investment unit) in other distribution in excess of net income.
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(5) Statement of Cash Flows

Thousands of Yen

	Previous period from Mar. 1, 2019 to Aug.31, 2019	Current period from Sep. 1, 2019 to Feb.29, 2020
Cash flows from operating activities		
Income before income taxes	11,692,763	12,191,777
Depreciation	5,137,887	5,153,337
Amortization of goodwill	2,622,242	2,622,242
Investment units issuance costs	55,843	55,727
Amortization of investment corporation bond issuance	3,160	5,584
Increase (decrease) in provision for loss on disaster	(43,480)	20,244
Interest income	(596)	(415)
Interest expenses	2,092,946	2,023,263
Loss on disposal of property and equipment	5,302	4,042
Decrease (increase) in rental receivables	(37,771)	102,448
Decrease (increase) in prepaid expenses	(90,884)	23,650
Decrease (increase) in consumption taxes receivable	(657,804)	657,804
Decrease (increase) in long-term prepaid expenses	(184,298)	66,061
Decrease (increase) in long-term deposits	(16,043)	(10,628)
Increase (decrease) in trade accounts payable	863,316	(260,939)
Increase (decrease) in other accounts payable	(21,753)	16,901
Increase (decrease) in accrued consumption taxes	(990,633)	1,158,419
Increase (decrease) in accrued expenses	8,739	53,619
Increase (decrease) in rent received in advance	224,309	119,954
Decrease in property and equipment in trust due to sales	14,403	—
Other	(189,585)	45,524
Subtotal	20,488,065	24,048,621
Interest received	596	415
Interest paid	(2,166,900)	(2,088,004)
Income taxes paid	(925)	(2,059)
Net cash provided by (used in) operating activities	18,320,837	21,958,973
Cash flows from investing activities		
Payments for purchase of property and equipment	(47,446,128)	(16,921,301)
Payments for purchase of property and equipment in trust	(6,934,588)	(5,988,050)
Payments for purchase of intangible assets in trust	(551)	(4,620)
Reimbursement of security deposits to tenants	(241,234)	(452,444)
Proceeds from security deposits from tenants	2,342,219	1,085,861
Reimbursement of security deposits to tenants in trust	(775,464)	(413,385)
Proceeds from security deposits from tenants in trust	1,126,749	428,100
Proceeds from security deposits	35	10,000
Net cash provided by (used in) investing activities	(51,928,965)	(22,255,840)
Cash flows from financing activities		
Proceeds from short-term debt	13,600,000	—
Repayment of short-term debt	(6,100,000)	(8,000,000)
Proceeds from long-term debt	40,900,000	29,900,000
Repayment of long-term debt	(34,742,800)	(29,942,800)
Proceeds from issuance of investment corporation bonds	—	8,000,000
Payments for issuance of investment corporation bonds	—	(71,836)
Proceeds from issuance of investment units	32,803,710	29,238,273
Payment of investment units issuance expenses	(123,730)	(55,727)
Distributions of earnings to unitholders	(11,334,400)	(11,691,370)

Distributions in excess of net earnings from allowance for temporary difference adjustments	(1,563,076)	(1,554,693)
Other distributions in excess of net earnings	(623,564)	(1,346,666)
Net cash provided by (used in) financing activities	32,816,137	14,475,179
Net increase (decrease) in cash and cash equivalents	(791,990)	14,178,313
Cash and cash equivalents at beginning of period	74,212,743	73,420,753
Cash and cash equivalents at end of period	73,420,753	87,599,067

(6) Notes Concerning the Going Concern Assumption

Not applicable.

(7) Notes Concerning Significant Accounting Policies

<p>1. Depreciation of noncurrent assets</p>	<p>(1) Property and equipment (including trust assets) The straight-line method is adopted. The useful lives of major property and equipment are as follows: Buildings 4–70 years Structures 2–45 years Machinery 4–15 years Tools, furniture and fixtures 3–20 years</p> <p>(2) Intangible assets The straight-line method is adopted. Goodwill is amortized using straight-line method over 20 years.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Accounting method for deferred assets</p>	<p>(1) Deferred investment corporation bond issuance costs The straight-line method over the respective terms of the bonds.</p> <p>(2) Investment units issuance costs The entire amount is expensed as incurred.</p>
<p>3. Allowance for doubtful accounts</p>	<p>(1) To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.</p> <p>(2) Provision for loss on disaster The amount that is reasonably estimated at the end of the fiscal period under review is recorded to cover expenditures for restoration etc. following Typhoon Faxai and Hagibis in 2019.</p>
<p>4. Revenue and expenses recognition</p>	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted. The amount equivalent to fixed asset tax, etc. for the fiscal year in which the acquisition date falls paid to the seller as reimbursement upon acquisition of real estate or trust beneficiary interests in real estate is included in the cost of acquisition of the concerned real estate and not recorded as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was ¥182,534 thousand in the previous fiscal period and ¥67,984 thousand in the current fiscal period.</p>
<p>5. Hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>(3) Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>(4) Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>

6. Other important bases for preparing financial statements	<p>① Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet.</p> <p>(1) Cash and bank deposits in trust (2) Buildings in trust; Structures in trust; Machinery in trust; Tools, furniture and fixtures in trust; Land in trust; Leased assets in trust (3) Leasehold rights in trust (4) Lease obligations in trust (5) Security deposits from tenants in trust</p> <p>② Method of accounting for consumption tax, etc. Consumption tax and local consumption tax is accounted for using the tax-excluded method. However, non-deductible consumption tax, etc., on such items, as noncurrent assets is included in the acquisition costs of individual items.</p>
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Additional Information)

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

Previous period from Mar. 1, 2019 to Aug. 31, 2019			Current period From Sep. 1, 2019 to Feb. 29, 2020		
1. Reasons, related assets and amounts of allowance Thousands of Yen			1. Reasons, related assets and amounts of allowance Thousands of Yen		
Related assets, etc.	Reason	Allowance temporary difference adjustment for	Related assets, etc.	Reason	Allowance temporary difference adjustment for
Goodwill	Amortization of goodwill	2,622,242	Goodwill	Amortization of goodwill	2,622,242
Long-term deposits	Shortfall of reserve for repair	4,753	Long-term deposits	Shortfall of reserve for repair	10,097
Subtotal		2,626,996	Subtotal		2,632,339
Buildings, facilities, etc.	Depreciation deficiency equivalent	(953,085)	Buildings, facilities, etc.	Depreciation deficiency equivalent	(797,086)
Unearned revenue	Write-down of loss on interest rate swap due to merger	(102,629)	Unearned revenue	Write-down of loss on interest rate swap due to merger	(84,157)
Land	Cost of sales of land	(781)	Other	—	(15,902)
Other	—	(15,323)	Subtotal		(897,146)
Subtotal		(1,071,819)	Total		1,735,193
Total		1,555,176			

2. Reasons, related assets and amounts of reversals Thousands of Yen			2. Reasons, related assets and amounts of reversals Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)	Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)
Deferred gains or losses on hedges	Changes in fair value of derivatives	(91,667)	Deferred gains or losses on hedges	Changes in fair value of derivatives	(122,481)
Total		(91,667)	Total		(122,481)

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

(*) The amount of reversal during current period (¥5,534 thousand) is included in "Depreciation deficiency equivalent" on "1. Reasons, related assets and amounts of allowance".

3. Method of reversal

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

(2) Merger expenses

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

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

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

3. Method of reversal

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

(2) Merger expenses

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

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

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

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Commitment line agreement

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

	Thousands of Yen	
	Previous period (Aug. 31, 2019)	Current period (Feb. 29, 2020)
Committed line of credit	10,000,000	10,000,000
Balance of used line	—	—
Balance of unused line	10,000,000	10,000,000

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

	Thousands of Yen	
	Previous period (Aug. 31, 2019)	Current period (Feb. 29, 2020)
Committed line of credit	40,000,000	40,000,000
Balance of used line	8,000,000	—
Balance of unused line	32,000,000	40,000,000

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

	Thousands of Yen	
	Previous period (Aug. 31, 2019)	Current period (Feb. 29, 2020)
	50,000	50,000

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

	Thousands of Yen		
	Previous period (Aug. 31, 2019)	Current period (Feb. 29, 2020)	
Assets offered as collateral are as follows.		Assets offered as collateral are as follows.	
Buildings in trust	3,349,815	Buildings in trust	3,323,304
Land in trust	6,096,368	Land in trust	6,096,368
Structures in trust	2,581	Structures in trust	2,528
Tools, furniture and fixtures in trust	143	Tools, furniture and fixtures in trust	122
Total	9,448,908	Total	9,422,323
Liabilities secured by collateral are as follows.		Liabilities secured by collateral are as follows.	
Security deposits from tenants in trust	726,648	Security deposits from tenants in trust	726,648
Total	726,648	Total	726,648

*4. Allowance for temporary difference adjustments
Previous period (March 1, 2019 to August 31, 2019)
1. Reasons, related assets and amounts

Thousands of Yen

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

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Deferred gains or losses on hedges

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

Current period (from September 1, 2019 to February 29, 2020)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	14,733,612	8,108,244	1,560,840	—	9,669,084	—
Land, buildings, etc.	Merger expenses	4,029,135	1,333,892	(5,663)	—	1,328,228	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	997,480	—	(91,667)	905,812	Changes in fair value of derivative transactions
Increase – subtotal		—	10,439,617	1,555,176	(91,667)	11,903,126	—
Total		—	10,439,617	1,555,176	(91,667)	11,903,126	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Mar. 1, 2019 to Aug. 31, 2019		Current period from Sep. 1, 2019 to Feb. 29, 2020	
A. Property related revenues				
Rental revenues				
Rent revenues	30,916,343		31,441,906	
Common area charges	2,472,228	33,388,571	2,436,066	33,877,972
Other rental revenues				
Parking revenues	598,968		609,203	
Incidental income	2,368,743		2,267,052	
Other miscellaneous revenues	254,707	3,222,419	173,128	3,049,384
Property related revenues		36,610,991		36,927,357
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,716,309		1,760,058	
Property management fees	1,005,772		950,345	
Property and other taxes	2,982,222		2,976,127	
Utility expenses	1,883,595		1,829,299	
Casualty insurance	42,787		42,831	
Repairs and maintenance	1,727,718		1,658,591	
Land rents	211,417		204,347	
Depreciation	5,135,610		5,151,274	
Other rental expenses	1,181,885	15,887,320	1,147,795	15,720,670
Property related expenses		15,887,320		15,720,670
C. Real estate rental profits [A – B]		20,723,671		21,206,687

*2. Breakdown of gain on sale of real estate

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

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

Current period (from September 1, 2019 to February 29, 2020)

Not applicable.

*3. Breakdown of Extraordinary Gain

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

Not applicable.

Current period (From September 1, 2019 to February 29, 2020)

The insurance amount of ¥71,833 thousand related to the assets damaged by the Typhoons Faxai and Hagibis in 2019 was offset by the loss amount of ¥43,222 thousand. Therefore, the amount of ¥28,611 thousand is recorded as insurance income.

*4. Breakdown of Extraordinary Loss

Previous period (From March 1, 2019 to August 31, 2019)
Not applicable.

Current period (From September 1, 2019 to February 29, 2020)

The loss amount of ¥13,840 thousand related to the assets damaged by the Typhoons Faxai and Hagibis in 2019 was offset by the insurance amount of ¥1,495 thousand. Therefore, the amount of ¥12,344 thousand is recorded as loss on disaster.

(Notes on Investment and Rental Properties)

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

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

Thousands of Yen

	Previous period from Mar. 1, 2019 to Aug. 31, 2019	Current period from Sep. 1, 2019 to Feb. 29, 2020
Carrying amount		
Balance at beginning of period	949,867,203	999,049,393
Amount of increase (decrease) during period	49,182,189	17,969,957
Balance at end of period	999,049,393	1,017,019,350
Fair value at end of period	1,123,089,000	1,158,232,000

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

(Note 2) Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of PMO Tamachi Higashi (¥11,055,064 thousand), PMO Hatchobori Shinkawa (¥3,863,665 thousand), PMO Kyobashi-Higashi (¥2,926,836 thousand), PMO Ochanomizu (¥3,941,809 thousand), GEMS Shinbashi (¥2,856,526 thousand), GEMS Kayabacho (¥2,628,660 thousand), Summit Store Honamanua (¥2,183,962 thousand), GEMS Shin-Yokohama (¥1,844,634 thousand), GEMS Namba (¥3,851,753 thousand), Landport Ome I (¥13,874,977 thousand) and Red Planet Naha Okinawa (¥2,692,522 thousand). The decrease during the previous period is mainly attributable to the sale of the partial land area of PROUD FLAT Shinjuku Kawadacho (¥14,403 thousand) and depreciation expenses (¥5,130,411 thousand). The increase during the current period is mainly attributable to the acquisition of PMO Akihabara Kita (¥8,547,300 thousand), PMO Higashi-Shinbashi (¥4,801,865 thousand), PROUD FLAT Shibuya Tomigaya (¥4,080,033 thousand), PROUD FLAT Miyazakidai (¥1,461,354 thousand) and PROUD FLAT Asakusabashi III (¥1,282,437 thousand). The decrease during the current period is mainly attributable to depreciation expenses (¥5,146,129 thousand).

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

The income (loss) in the previous period (from March 1, 2019 to August 31, 2019) and current period (from September 1, 2019 to February 29, 2020) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes on Per Unit Information)

	Yen	
	Previous period from Mar. 1, 2019 to Aug. 31, 2019	Current period from Sep. 1, 2019 to Feb. 29, 2020
Net assets per unit	132,146	133,158
Net income per unit	2,571	2,642

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

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

	Previous period from Mar. 1, 2019 to Aug. 31, 2019	Current period from Sep. 1, 2019 to Feb. 29, 2020
Net income (Thousands of Yen)	11,690,708	12,188,719
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	11,690,708	12,188,719
Average number of investment units during period (Units)	4,545,840	4,612,315

(Notes on Significant Subsequent Events)

In response to the Japanese government's declaration of a state of emergency due to the spread of COVID-19 infection, NMF has decided to take measures such as requesting to some of the tenants to restrain from themselves from their operation. Therefore, this may have an impact on NMF's future results of operations. It is difficult to reasonably estimate the impact at present.

[Disclosure Omissions]

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

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the 9th fiscal period (February 29, 2020).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)
September 1, 2016	Absorption type merger	461,120	4,183,130	—	161,120	(Note 3)
October 14, 2016	Reversal of allowance for temporary difference adjustments	—	4,183,130	763	161,883	(Note 4)
April 14, 2017	Reversal of allowance for temporary difference adjustments	—	4,183,130	708	162,592	(Note 4)
October 13, 2017	Reversal of allowance for temporary difference adjustments	—	4,183,130	198	162,791	(Note 4)
March 1, 2018	Public offering	132,000	4,315,130	17,572	180,363	(Note 5)
March 20, 2018	Third party allotment increase	6,670	4,321,800	887	181,251	(Note 6)
April 13, 2018	Reversal of allowance for temporary difference adjustments	—	4,321,800	478	181,730	(Note 4)
October 15, 2018	Reversal of allowance for temporary difference adjustments	—	4,321,800	321	182,051	(Note 4)
March 1, 2019	Public offering	214,760	4,536,560	31,241	213,293	(Note 7)
March 26, 2019	Third party allotment increase	10,740	4,547,300	1,562	214,855	(Note 8)
October 15, 2019	Reversal of allowance for temporary difference adjustments	—	4,547,300	91	214,947	(Note 4)
December 20, 2019	Public offering	159,900	4,707,200	27,845	242,792	(Note 9)
January 21, 2020	Third party allotment increase	8,000	4,715,200	1,393	244,185	(Note 10)

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

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

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

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

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

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

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

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

- new investment units through public offering.
(Note 9) NMF issued new investment units through public offering at an issue price of ¥179,830 per unit (issue value: ¥174,141 per unit) for the purpose of procuring funds to acquire new properties.
(Note 10) NMF issued new investment units through third-party allotment at an issue value of ¥174,141 per unit together with the issuance of new investment units through public offering.

3. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	8th fiscal period As of August 31, 2019		9th fiscal period As of February 29, 2020		
			Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)	Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)	
Real estate	Office properties	Greater Tokyo area	128,348	11.0□	141,462	11.9□	
		Other areas	21,360	1.8□	21,348	1.8□	
		Subtotal	149,709	12.9□	162,810	13.6□	
	Retail properties	Greater Tokyo area	27,449	2.4□	27,344	2.3□	
		Other areas	15,977	1.4□	15,964	1.3□	
		Subtotal	43,426	3.7□	43,309	3.6□	
	Logistics properties	Greater Tokyo area	49,747	4.3□	49,614	4.2□	
		Subtotal	49,747	4.3□	49,614	4.2□	
	Residential properties	Greater Tokyo area	132,831	11.4□	134,917	11.3□	
		Other areas	31,258	2.7□	30,998	2.6□	
		Subtotal	164,090	14.1□	165,915	13.9□	
	Hotel properties	Other areas	3,742	0.3□	3,725	0.3□	
		Subtotal	3,742	0.3□	3,725	0.3□	
	Other Properties	Greater Tokyo area	5,136	0.4□	5,136	0.4□	
Subtotal		5,136	0.4□	5,136	0.4□		
		Subtotal	415,852	35.7	430,512	36.1□	
Real estate in trust	Office properties	Greater Tokyo area	258,327	22.2□	258,507	21.7□	
		Other areas	51,290	4.4□	51,518	4.3□	
		Subtotal	309,617	26.6□	310,025	26.0□	
	Retail properties	Greater Tokyo area	82,697	7.1□	82,476	6.9□	
		Other areas	50,216	4.3□	50,149	4.2□	
		Subtotal	132,913	11.4□	132,625	11.1□	
	Logistics properties	Greater Tokyo area	112,597	9.7□	111,813	9.4□	
		Subtotal	115,960	10.0□	115,154	9.6□	
	Residential properties	Greater Tokyo area	22,018	1.9□	26,026	2.2□	
		Subtotal	22,018	1.9□	26,026	2.2□	
	Hotel properties	Other areas	2,686	0.2□	2,675	0.2□	
		Subtotal	2,686	0.2□	2,675	0.2□	
			Subtotal	583,196	50.1	586,507	49.1
			Subtotal	999,049	85.8□	1,017,019	85.2□
		Deposits and other assets	165,718	14.2□	176,452	14.8□	
		Total amount of assets	1,164,767	100.0□	1,193,471	100.0□	

	8th fiscal period As of August 31, 2019		9th fiscal period As of February 29, 2020	
	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)
Total amount of liabilities	563,856	48.4	565,603	47.4
Total amount of net assets	600,910	51.6	627,868	52.6

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

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

depreciation).

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

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

(2) Investment Assets

① Major Investment Securities

Not applicable.

② Investment Real Estate Properties

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

③ Other Major Investment Assets

The following summarizes the real estate, etc. (294 properties) held as of February 29, 2020, (the end of the 9th fiscal period) by NMF (this real estate and the beneficiary interests of trusts in which real estate properties are the principal trust properties or the real estate that constitutes the underlying assets thereof are hereinafter referred to as the “assets held at the end of the 9th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of February 29, 2020.

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

(a) Overview of Portfolio and Leasing Status

The following is an overview of the portfolio and leasing status for the assets held at the end of the 9th fiscal period.

Number of properties	294
Gross leasable area (m ²) ^(Note 1)	1,975,544.11
Gross leased area (m ²) ^(Note 2)	1,951,125.98
Total number of tenants ^(Note 3)	1,373
Total of all contracted rent (Thousands of Yen) ^(Note 4)	5,712,757

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 9th fiscal period. “Leasable area” is the sum total area of office buildings, retail facilities, logistics facilities, residential facilities, or hotels etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square, the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leasable area is calculated as the building’s overall leasable area multiplied by the ownership ratio of the common areas. For PMO Hatchobori Shinkawa, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building (excluding the exclusive area subject to the selfuse by other compartmentalized owners; the same shall apply hereinafter for PMO Hatchobori Shinkawa) multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leasable area of PMO Hatchobori Shinkawa is the sum of (i) the leasable area of the exclusive area owned by NMF and (ii) the leasable area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 2) The sum total of “leased area” of each of the assets held at the end of the 9th fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, residential properties, or hotel properties etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square, the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas. For PMO Hatchobori Shinkawa, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leased area of PMO Hatchobori Shinkawa is the sum of (i) the leased area of the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by NMF and (ii) the leased area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 9th fiscal period. In the calculation of “number of tenants,” when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant (sublessee that is the actual user) for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant. However, in the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the total number of end-tenants is shown. In addition, if multiple rental units in a specific asset are leased to a specific tenant, this is counted as one tenant for the asset and, if multiple assets are leased to a specific tenant, these are counted separately and the total of that number of tenants is shown. For

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

(Note 4) The total amount of “total contracted rent” for February 2020 of each of the assets held at the end of the 9th fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for February 2020 refers to the sum total of monthly rent and common area charges in lease agreements actually concluded with end-tenants that are valid as of the last day of February 2020 (This does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included and, if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease for some or all rental units, the rent for the space is based on the rent, etc., in the lease agreement concluded with the master lessee.). Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above, and the rent is calculated based on the monthly rent and common area charges payable immediately after the exemption period ends. In addition, the standard level of rent is used for tenants with sales-based rent and for tenants with variable rent including cases in which a part of rent is variable rent. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square, the total contracted rent is calculated by multiplying the building’s overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, the the total contracted rent is calculated as the building’s overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee. For PMO Hatchobori Shinkawa, the total contract rent is calculated by summing (i) the rent revenues earned from the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by NMF, and (ii) the rent revenues earned from the common area, etc. of the building multiplied by NMF’s share of ownership interest of the common area, etc..

(b) Changes in Occupancy Rate

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

	February 28, 2018 (end of 5th fiscal period)	August 31, 2018 (end of 6th fiscal period)	February 28, 2019 (end of 7th fiscal period)	August 31, 2019 (end of 8th fiscal period)	February 29, 2020 (end of 9th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	98.6	99.3	99.3	99.3	98.8

B. Price and Investment Share

The following is an overview of the assets held at the end of the 9th fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building (Note 5)	43,900	46,474	49,800	4.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,728	22,400	1.9	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,363	28,100	2.4	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,133	12,400	1.1	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,480	10,700	0.9	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,762	12,200	1.1	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,064	7,420	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,124	8,070	0.7	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,311	5,840	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,047	4,800	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,677	5,630	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,123	5,000	0.4	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,805	6,210	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,633	5,200	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,664	4,160	0.4	Japan Real Estate Institute
		PMO Akihabara	4,240	4,068	5,580	0.5	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,448	2,540	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,214	4,390	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,839	3,350	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,724	3,570	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,117	2,930	0.3	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,579	2,050	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,555	7,030	0.6	Japan Real Estate Institute
		NF Hongo Building	4,890	4,862	5,170	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,343	3,450	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,846	2,130	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,860	4,630	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,940	9,320	0.8	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,619	7,550	0.7	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,804	3,080	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,134	8,150	0.7	Japan Real Estate Institute
		PMO Ginza Hatchome	3,970	3,942	5,000	0.4	Japan Real Estate Institute
PMO Shibakoen	3,900	3,849	5,240	0.5	Japan Real Estate Institute		
NEC Head Office Building (Note 6)	44,100	44,342	45,400	3.9	Daiwa Real Estate Appraisal Co., Ltd.		
Harumi Island Triton Square Office Tower Y	18,200	17,974	18,800	1.6	Daiwa Real Estate Appraisal Co., Ltd.		
NMF Aoyama 1-chome Building	10,400	10,473	13,600	1.2	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	NMF Takebashi Building	8,330	8,312	8,970	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	8,065	8,880	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	6,100	7,530	0.7	Japan Real Estate Institute
		NMF Shinjuku EAST Building	5,710	5,686	6,370	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,792	4,280	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,922	2,300	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,875	2,100	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Shinnihonbashi	4,440	4,414	5,150	0.4	Japan Real Estate Institute
		PMO Hirakawacho	3,410	3,400	4,220	0.4	Japan Real Estate Institute
		PMO Nihonbashi Mitsukoshi-mae	4,310	4,335	5,470	0.5	Japan Real Estate Institute
		PMO Shibadaimon	2,130	2,144	2,410	0.2	Japan Real Estate Institute
		PMO Tamachi Higashi	10,900	10,985	12,000	1.0	Japan Real Estate Institute
		PMO Hatchobori Shinkawa	3,805	3,836	4,220	0.4	Japan Real Estate Institute
		PMO Kyobashi Higashi	2,880	2,907	3,180	0.3	Japan Real Estate Institute
		PMO Ochanomizu	3,890	3,918	4,300	0.4	Japan Real Estate Institute
	PMO Akihabara Kita	8,450	8,536	9,110	0.8	Japan Real Estate Institute	
	PMO Higashi-Shinbashi	4,730	4,796	5,240	0.5	Japan Real Estate Institute	
	Other areas	Sapporo North Plaza	6,250	6,376	7,790	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,787	4,550	0.4	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,201	2,690	0.2	JLL Morii Valuation & Advisory K.K.
		NMF Utsunomiya Building	2,320	2,513	2,370	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Nagoya Fushimi Building	2,240	2,043	2,640	0.2	Japan Real Estate Institute
		NMF Nagoya Yanagibashi Building	2,280	2,356	2,190	0.2	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,015	19,300	1.7	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	11,980	11,200	1.0	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	7,348	6,420	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,535	3,790	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,108	4,410	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Hiroshima Building	2,280	2,342	2,740	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Hakata Ekimae Building	4,210	4,172	5,700	0.5	Japan Real Estate Institute
NMF Tenjin-Minami Building		2,230	2,084	2,620	0.2	Japan Real Estate Institute	
Office subtotal			469,205	472,836	525,030	45.3	
Retail	Greater Tokyo area	Yokosuka More's City	13,640	13,766	15,700	1.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,397	11,500	1.0	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,734	8,580	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,306	5,240	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,035	4,540	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,787	4,380	0.4	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,743	3,960	0.3	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		Konami Sports Club Fuchu	2,730	2,558	3,350	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,285	3,470	0.3	Japan Real Estate Institute
Retail	Greater Tokyo area	GEMS Shibuya	2,490	2,390	2,900	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sundai Azamino	1,700	1,508	2,120	0.2	Japan Real Estate Institute
		EQUINIA Aobadai	1,560	1,594	2,580	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	956	1,550	0.1	Japan Real Estate Institute
		Mitsubishi Motors Meguro (Land)	2,740	2,764	3,330	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu (Land)	1,760	1,776	1,750	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima (Land)	1,240	1,251	1,420	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki (Land)	950	959	1,300	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido (Land)	850	859	877	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika (Land)	800	808	888	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume (Land)	800	808	894	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya (Land)	770	779	1,070	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi (Land)	600	606	701	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamoto (Land)	450	455	534	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motsumiyoshi (Land)	370	375	402	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe (Land)	350	355	400	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa (Land)	200	204	182	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama (Land)	160	163	185	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building	10,410	10,252	11,500	1.0	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,053	2,210	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,863	6,950	0.6	Japan Real Estate Institute
		Musashiuirawa Shopping Square (Note 6)	2,720	2,595	2,900	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	747	792	0.1	Japan Real Estate Institute
		GEMS Daimon	2,060	2,038	2,150	0.2	Daiwa Real Estate Appraisal Co., Ltd.
	GEMS Kanda	1,500	1,487	1,570	0.1	Daiwa Real Estate Appraisal Co., Ltd.	
	Summit Store Mukodaicho	5,100	5,098	5,260	0.5	Japan Valuers Co., Ltd.	
	GEMS Shinbashi	2,810	2,839	2,800	0.2	Daiwa Real Estate Appraisal Co., Ltd.	
	GEMS Kayabacho	2,594	2,605	2,750	0.2	Daiwa Real Estate Appraisal Co., Ltd.	
	Summit Store Honamanuma	2,160	2,175	2,880	0.2	J.L. Morii Valuation & Advisory K.K.	
	GEMS Shin-Yokohama	1,820	1,827	1,920	0.2	Daiwa Real Estate Appraisal Co., Ltd.	
Other areas	Universal CityWalk Osaka	15,500	15,226	17,900	1.5	Japan Valuers Co., Ltd.	
	Izumiya Senrioka	8,930	8,530	11,500	1.0	The Tanizawa Sogo Appraisal Co., Ltd.	
	Izumiya Yao	4,406	4,063	5,590	0.5	The Tanizawa Sogo Appraisal Co., Ltd.	
	Izumiya Obayashi	3,020	3,209	4,120	0.4	The Tanizawa Sogo Appraisal Co., Ltd.	
	Ichibancho stear	4,700	4,488	5,660	0.5	The Tanizawa Sogo Appraisal Co., Ltd.	
	EQUINIA Aobadori	1,640	1,365	2,010	0.2	The Tanizawa Sogo Appraisal Co., Ltd.	

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		MEL Building	1,060	1,051	1,200	0.1	Japan Real Estate Institute
		nORBESA	8,500	8,621	8,930	0.8	Japan Real Estate Institute
Retail	Other areas	Nakaza Cui-daore Building	11,600	12,128	10,800	0.9	Japan Valuers Co., Ltd.
		NMF Kobe Myodani Building	3,560	3,593	3,640	0.3	Japan Valuers Co., Ltd.
		GEMS Namba	3,800	3,836	4,370	0.4	JLL Morii Valuation & Advisory K.K.
Retail subtotal			176,527	175,934	203,205	17.5	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,263	21,900	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	14,676	19,400	1.7	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,068	16,800	1.5	Japan Real Estate Institute
		Landport Atsugi	11,410	10,348	12,000	1.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	9,876	13,000	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	7,964	11,400	1.0	Japan Real Estate Institute
		Landport Hachioji	8,250	7,371	9,890	0.9	Japan Real Estate Institute
		Landport Kasukabe	7,340	6,372	8,610	0.7	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,179	5,720	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,386	4,590	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,606	4,450	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,777	3,560	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,535	3,440	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,386	13,600	1.2	JLL Morii Valuation & Advisory K.K.
		Landport Kashiwa Shonan II	10,800	10,614	11,600	1.0	Japan Valuers Co., Ltd.
		Landport Kashiwa Shonan I	9,900	9,803	10,200	0.9	Japan Valuers Co., Ltd.
		Landport Hachioji II	9,230	9,245	9,480	0.8	Japan Valuers Co., Ltd.
		Landport Iwatsuki	6,090	6,116	6,180	0.5	Japan Valuers Co., Ltd.
		Landport Ome I	13,640	13,834	14,300	1.2	Japan Valuers Co., Ltd.
	Other areas	Hirakata Kuzuha Logistics Center	3,460	3,341	4,060	0.4	Daiwa Real Estate Appraisal Co., Ltd.
Logistics subtotal			174,690	164,769	204,180	17.6	
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,247	3,540	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	962	994	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	686	716	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	716	723	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	708	843	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	892	1,050	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,130	2,590	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,499	1,650	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,045	1,170	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho (Note 7)	932	879	1,020	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,118	1,220	0.1	Daiwa Real Estate Appraisal Co., Ltd.

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		PROUD FLAT Kamata	1,160	1,071	1,240	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,090	3,460	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
Residential	Greater Tokyo area	PROUD FLAT Shinotsuka	623	574	573	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	864	978	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho II	652	614	634	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho I	1,030	953	1,000	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Fujimidai	1,470	1,382	1,780	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,774	2,270	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	1,938	2,310	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,514	2,810	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,524	1,890	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,099	1,010	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	924	974	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	937	1,000	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,738	2,010	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	344	340	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,118	1,470	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,063	1,140	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	656	678	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Idabashi	2,040	1,952	1,860	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,248	1,300	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,383	1,410	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Gakugei Daigaku	775	746	849	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Senzoku	474	461	484	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Riverside	414	390	413	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Ohashi Hills	2,970	2,834	3,230	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Meguro Aobadai	1,310	1,272	1,690	0.1	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,047	1,300	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,824	3,370	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,612	2,450	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,085	2,450	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	3,976	4,710	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,496	1,870	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	527	631	0.1	Japan Valuers Co., Ltd.
PRIME URBAN Hakusan	866	802	974	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Yotsuya Gaien Higashi	1,490	1,463	1,460	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Shinjuku I	1,090	1,049	1,230	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Shinjuku II	885	844	896	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		PRIME URBAN Shinjuku Naitomachi	430	429	450	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	393	460	0.0	Daiwa Real Estate Appraisal Co., Ltd.
Residential	Greater Tokyo area	PRIME URBAN Shinjuku Ochiai	594	594	639	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,387	1,690	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,751	3,430	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	715	659	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	733	650	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	695	743	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	626	758	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	519	579	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	320	357	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	706	750	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,329	1,660	0.1	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	485	421	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,803	1,920	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,089	1,080	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	941	784	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	862	885	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	726	736	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamikedai	1,720	1,665	1,860	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	464	528	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Takaido	1,060	1,050	821	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	400	431	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo II	1,790	1,744	1,990	0.2	Japan Real Estate Institute
		PRIME URBAN Otsuka	730	693	713	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Komagome	437	434	402	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ikebukuro	3,800	3,611	4,410	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,301	2,500	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	721	770	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	587	619	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	518	483	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,190	1,260	0.1	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Kinshicho	758	709	735	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Hirai	722	664	709	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kasai	640	594	629	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kasai II	981	903	915	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kasai East	1,140	1,057	1,280	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Itabashi Kuyakushomae	1,080	1,002	1,230	0.1	Japan Valuers Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		PRIME URBAN Asakusa	384	383	310	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,848	2,100	0.2	Japan Real Estate Institute
Residential	Greater Tokyo area	PRIME URBAN Musashi Koganei	1,910	1,910	2,050	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,274	1,370	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	754	886	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,380	1,530	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,958	2,340	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	953	1,090	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	951	1,250	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	486	412	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	761	843	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	600	654	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	692	791	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	457	493	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	454	553	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	728	889	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	694	806	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,494	1,720	0.1	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	925	1,140	0.1	Japan Real Estate Institute
		PROUD FLAT Itabashi Honcho	720	716	893	0.1	Japan Real Estate Institute
		PRIME URBAN Meguro Mita	1,058	1,119	1,130	0.1	Japan Valuers Co., Ltd.
		Fukasawa House Towers H&I	7,140	7,057	7,820	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Toyosu	5,290	5,090	5,810	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nihonbashi Kayabacho	2,850	2,783	3,100	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yoga II	1,320	1,280	1,340	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Musashi Koganei II	1,310	1,265	1,430	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,379	1,370	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori III	1,110	1,130	1,330	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Kinshicho	785	798	974	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sangenjaya II	2,750	2,809	3,090	0.3	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sotkanda	2,280	2,343	2,650	0.2	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Noborito	1,216	1,255	1,380	0.1	JLL Morii Valuation & Advisory K.K.
	PROUD FLAT Yoyogi Hachiman	966	991	1,120	0.1	JLL Morii Valuation & Advisory K.K.	
	PROUD FLAT Nakaochiai	844	870	908	0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
	PROUD FLAT Shibuya Tomigaya	3,960	4,075	4,440	0.4	The Tanizawa Sogo Appraisal Co., Ltd.	
PROUD FLAT Miyazakidai	1,390	1,458	1,490	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		
PROUD FLAT Asakusabashi III	1,230	1,280	1,260	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		
	Other areas	PROUD FLAT Itsutsubashi	652	583	695	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	649	690	0.1	Japan Real Estate

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
							Institute
		PROUD FLAT Shin Osaka	1,620	1,449	1,790	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	250	270	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	456	496	0.0	Japan Real Estate Institute
		PRIME URBAN Odori Koen II	334	306	305	0.0	Japan Real Estate Institute
		PRIME URBAN Kita Juichi Jo	547	490	573	0.0	Japan Valuers Co., Ltd.
Residential	Other areas	PRIME URBAN Miyanosawa	475	422	476	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	356	405	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	221	259	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	206	218	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	389	447	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	552	625	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	4,054	4,720	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,552	1,900	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Icchome	1,140	1,040	1,100	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	414	431	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Tsutsumidori Amamiya	949	934	959	0.1	Japan Real Estate Institute
		PRIME URBAN Aoi	712	667	671	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kanayama	553	500	605	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumai	1,020	912	1,050	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,451	1,680	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,445	4,020	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisuji Honmachi	1,810	1,655	1,990	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	536	599	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	240	287	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	356	345	0.0	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Hakata Higashi	622	559	537	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Chihaya	604	556	576	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
		Serenite Shinsaibashi Grande	5,567	5,783	5,770	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Residential subtotal			199,467	191,942	213,847	18.5	
Hotels	Other areas	Hotel Vista Sapporo Odori	3,600	3,725	3,860	0.3	Japan Valuers Co., Ltd.
		Red Planet Naha Okinawa	2,650	2,675	2,690	0.2	Japan Valuers Co., Ltd.
Hotel subtotal			6,250	6,400	6,550	0.6	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,420	0.5	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,420	0.5	
Total			1,031,039	1,017,019	1,158,232	100.0	

(Note 1) "Acquisition Price" refers to the following. Of the assets succeeded as a result of the merger of three REITs, the appraisal value as of September 30, 2015 for NRE Shibuya Dogenzaka Building and as of April 30, 2015 for other assets succeeded from NOF; and the appraisal value as of September 30, 2015 for PRIME URBAN Shinyurigaoka and as of May 31, 2015 for other assets succeeded from NRF are recorded as said assets' respective acquisition prices. Furthermore, the appraisal value as of March 31, 2016 or April 1, 2016 for other assets succeeded from TOP are recorded as said assets'

respective acquisition prices. For all other assets, “Acquisition price” indicates the amount, excluding the various expenses required to acquire the property, including transaction brokerage fees, taxes and public dues, etc. (the amount of transaction payment for real estate, etc., described in the sales agreement).

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

(Note 3) “Opinion of value at end of period” is the appraisal or investigation value provided by the respective real estate appraiser (the value calculated by the respective real estate appraiser with the date of the 9th fiscal period-end (February 29, 2020) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMF’s Articles of Incorporation and the Regulations Concerning Accounting of Investment Corporations.

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

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

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

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

(Note 4) “Investment share” is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (294 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may not be exactly 100.0%.

(Note 5) NMF holds quasi co-ownership of 50.1% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.

(Note 6) NMF holds quasi co-ownership of 50.0% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.

(Note 7) NMF has sold a part of land area of the property. Therefore, the acquisition price given represents the acquisition price of the entire asset less the amount equivalent to the book value of the transferred portion at the time of execution of the transfer.

C. Status of Capital Expenditures

(a) Schedule of Capital Expenditures

Of the scheduled amount of capital expenditures associated with renovation and other work planned (or completed) as of the date of this document's publication for the assets held at the end of the 9th fiscal period, the following are the major capital expenditures. Please note that the scheduled construction cost listed below include the portion charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Scheduled construction cost (Thousands of Yen)		
			Total amount	Amount paid during the 9th fiscal period	Total amount already paid
NRE Osaka Building (Osaka City, Osaka)	Renewal of power generator	From Sep. 2019 To Aug. 2020	255,000	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of emergency power generator	From Dec. 2019 To Nov. 2020	83,000	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of passenger elevator (phase I)	From Oct. 2019 To Feb. 2021	95,000	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of passenger elevator (phase II)	From Apr. 2020 To Aug. 2021	95,000	-	-
NRE Osaka Building (Osaka City, Osaka)	Renewal of horizontal water supply and drainage pipe (I/II)	From Apr. 2020 To Jan. 2021	130,000	-	-
NRE Osaka Building (Osaka City, Osaka)	Renewal of horizontal water supply and drainage pipe (II/II)	From Dec. 2020 To Jun. 2021	130,000	-	-
NRE Hiroshima Building (Hiroshima City, Hiroshima)	Renewal of air conditioning	From Mar. 2020 To Aug. 2020	39,823	-	-
NMF Hakata Ekimae Building (Fukuoka City, Fukuoka)	Renewal of air-conditioning system	From Mar. 2020 To May. 2020	50,400	-	-
NMF Takebashi Building (Chiyoda Ward, Tokyo)	Renewal of air conditioner (phase I)	From Nov. 2019 To Aug. 2020	95,786	-	-
PRIME URBAN Ikebukuro (Toshima Ward, Tokyo)	Repair of exterior wall	From Mar. 2020 To Aug. 2020	59,800	-	-
PRIME URBAN Chiyoda Fujimi (Chiyoda Ward, Tokyo)	Repair of exterior wall	From Mar. 2020 To Aug. 2020	39,360	-	-
PRIME URBAN Itabashi Kuyakushomae (Itabashi Ward, Tokyo)	Repair of exterior wall	From Mar. 2020 To Aug. 2020	26,940	-	-
PRIME URBAN Komagome (Toshima Ward, Tokyo)	Repair of exterior wall (phase II)	From Mar. 2020 To Apr. 2020	7,220	-	-

(Note) Total amount already paid does not include the amount paid during the 9th fiscal period.

(b) Capital Expenditures during the 9th Fiscal Period

The following is an overview of the major construction work falling under the category of capital expenditures that was conducted during the 9th fiscal period for the assets held as of the end of the 9th fiscal period. Capital expenditures during the 9th fiscal period were ¥2,781,838 thousand and, when combined with the ¥1,658,591 thousand repair expenses classified as expenses during the 9th fiscal period, a total of ¥4,440,429 thousand in construction work was implemented. The following construction cost shows the amount equivalent to capital expenditures.

Name of real estate, etc. (Location)	Purpose	Period	Construction cost (Thousands of Yen)
NRE Osaka Building (Osaka City, Osaka)	Renewal of special high-voltage substation equipment (IV/IV)	From Aug. 2019 To Feb. 2020	92,204

Faret Tachikawa Center Square (Tachikawa City, Tokyo)	Renewal of passenger elevator control device	From Sep. 2019 To Dec. 2019	63,170
NRE Hiroshima Building (Hiroshima City, Hiroshima)	Renewal of air conditioning	From Sep. 2019 To Feb. 2020	32,470
NMF Ginza 4-chome Building (Chuo Ward, Tokyo)	Repair work of entrance	From Dec. 2019 To Feb. 2020	28,550
PRIME URBAN Kawasaki (Kawasaki City, Kanagawa)	Renewal of passenger elevator	From Oct. 2019 To Nov. 2019	11,869
Other real estate, etc.	Improvement of features	From Sep. 2019 To Feb. 2020	2,553,573
Total			2,781,838