



**MASTER
FUND**

Nomura Real Estate Master Fund., Inc.

Investor Presentation

9th Fiscal Period Ended February 29, 2020

April 14, 2020

MASTER FUND

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1 Topics ①



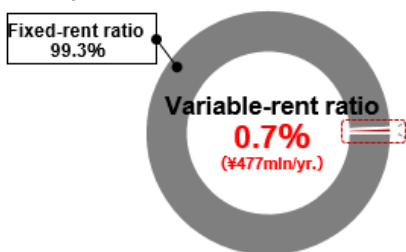
Impact of COVID-19 on NMF's Property Portfolio

No significant impact identified on over 80% of NMF's investment sectors. The ratio of variable rent in rent revenues is approximately 0.7%

Sector	Ratio
Office	45.5%
Residential	19.3%
Logistics	16.9%
Retail Facilities (Near Stations)	11.4%
Retail Facilities (Residential Areas)	5.7%
Hotels	0.6%

(Note) Includes the share of other sector.

Variable-rent ratio to the total rent revenue
(Total actual results for the 7th and 8th FP)



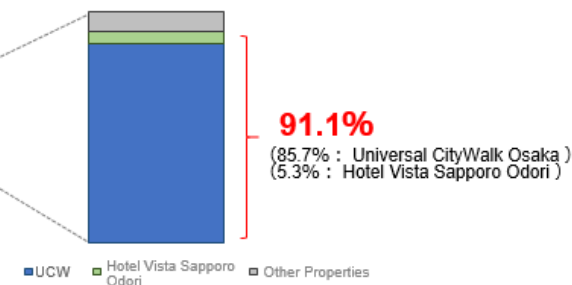
Impact of COVID-19

There has been no significant impact on property management, such as the current leasing activities and rent revision, etc. caused by the spread of COVID-19 infection.

Decrease in variable rent due to decline in sales at retail facilities and hotels.

- Sales fell mainly at restaurants due to self-restraint from going out. (However rent at GEMS is based on a fixed-rent)
- Most of stores excluding some in UCW Osaka has been closed due to the closure of USJ (Scheduled from Feb.29 to mid-May)
- Demand for accommodation has decreased due to self-restraint from going out and a sharp decline in number of foreign visitors to Japan (Decline in occupancy rate and ADR).

Variable rent revenue breakdown



■ Total rent revenue (fixed rent) ■ Total variable rent revenue

- First, I would like to explain the impact of the spread of the novel coronavirus infection ("COVID-19"), which has been the major topic in recent days. I will be also referring to the features of our portfolio to elaborate the situation.
- One of the features of our investment is "diversified" investment across a broad range of sectors. The upper half of the page summarizes the ratio of properties in each sector to the entire portfolio and their current situations.
- While the three sectors of office, residential and logistics account for around 82% of the portfolio, there has not been any major impact on these sectors at this point.
- On the other hand, as written in the red frame on the right, retail and hotel sectors have seen an impact, such as a decrease in variable rent accompanied by a decrease in sales due to people avoiding outings, the closure of nearby facilities, decreased number of guests and other reasons. However, these sectors account for only around 17% of the portfolio.
- Furthermore, since our rent is based on fixed rent, including for these sectors, the percentage of variable rent in the entire portfolio revenue was a mere 0.7% even before the spread of COVID-19, as shown in the pie chart in the bottom half. In addition, most of such rent comes from the two properties Universal CityWalk Osaka ("UCW") and Hotel Vista Sapporo Odori.

Impact of COVID-19 on NMF's Earning Forecasts

10th FP: Per-unit distribution forecast for the 10th FP remains unchanged due to other factors such as progress of internal growth, etc. although the impact of COVID-19 is partially recognized .

11th FP: Earning forecasts for the 11th FP, starting from September 2020 onward, are formulated on the assumption that there will be no adverse effect by COVID-19.

Assumptions

- **Universal CityWalk Osaka (UCW)** is assumed to be temporarily closed until the end of May (no sales-linked rent generated) and reopen in June. It is also assumed that the sales is gradually recovered, and normal operation is scheduled from July onward.
- The occupancy rate of **Hotel Vista Sapporo Odori** is assumed to remain low until the end of May and recover after June. It is not assumed to have fluctuating rents until the 11th FP.
- The renewal period (downtime) of **Nakaza Cui-daore Building** is assumed to be pushed back by half a year, opening in spring 2021 from winter 2020 initially scheduled, in light of the leasing impact, etc. to commercial tenants due to COVID-19.

► Impact on the earning forecasts for the 10th FP (Per-unit distribution)

Forecasts for the 10th FP (Disclosed on December 5, 2019)		¥3,317
Impact of COVID-19	Decrease in sales-linked rent revenue at Universal CityWalk Osaka (-¥112mIn)	-¥23
	Decrease in variable rent revenue at Hotel Vista Sapporo Odori (-¥24mIn)	-¥5
	Pushing back of downtime period at Nakaza Cui-daore Building (+¥81mIn)	+¥17
Other internal growth	Reflection of operating performance of other properties, etc. (+¥41mIn)	+¥8
	Reflection of financial cost results, etc. (+¥13mIn)	+¥3
Revised forecasts for the 10th FP (Disclosed on April 14, 2020)		¥3,317

<NMF's policy on the impact of COVID-19 on the earning forecasts>

In the event that a temporary additional decrease in revenues due to COVID-19 is expected in the future, **NMF will implement distribution in excess of retained earnings up to the amount of internal reserves(Note)** for the purpose of stabilizing the distribution.

Internal reserves
(as of the end of February 2020 FP)
¥3.42bln (¥725/unit)

(Note) The amount reserved equivalent to gains on sales of properties in the past.

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- I would like to explain the impact on our earnings based on the features explained in the previous page.
- In the current fiscal period ending August 2020 (the 10th Fiscal Period), although there are some impacts of COVID-19, distribution is expected to be unchanged from the forecast due to internal growth and other factors. As for the fiscal period ending February 2021 (the 11th Fiscal Period), since the period starts in September 2020, which is still far from now, we assume there will be no major impact of COVID-19.
- In the frame in the upper half of the page, the outlooks for UCW, Hotel Vista Sapporo Odori and Nakaza Cui-daore Building are described as main assumptions. They include closure of shops, a decrease in variable rent due to low occupancy, and postponement of starting time of downtime reflecting the impact of the current leasing.
- Earning forecast for the 10th Fiscal Period in light of such situation is shown in the table at the bottom of the page. Considering various incomes and expenditures, distribution per unit has been decided to be 3,317 yen, unchanged from the initial forecast.
- As we have received requests for deferment of rent or reduction/exemption of rent from several tenants mostly of retail facilities and hotels, we are allowing for deferment for some tenants as financial support after assessing the collectability in

order to prevent them from going bankrupt or withdrawing. With states of emergency announced in several municipalities, further responses may be taken depending on the situations going forward. Even in such cases, we will make decisions carefully from the perspective of whether the response is the best for securing stable income over the medium to long term and such.

- Although it is difficult at this point to forecast accurately when COVID-19 will end or whether there will be additional impact, as described at the bottom of the page, if any additional impact arises due to a temporary decrease in revenue, we plan to make distribution in excess of retained earnings up to the amount of internal reserves, which was reserved for the amount of gain on sales in the past.

2 Topics ②



NMF's 3rd Public Offering Overview

NMF raised approximately ¥29bln in equity through the flexible public offering with a view to save costs for equity raising.

Key points

Highlights of Public Offering

- NMF plans to acquire 9 relatively-new Sponsor-developed brand series properties with high added value, mainly offices and residential properties in the Greater Tokyo area, where upside potential can be expected due to high tenant demand, for a total of ¥40.4bln.
- Strategic Property Replacement (SPR) leveraging the Sponsor's broad development capability and NMF's characteristics as a diversified type REIT.
- Proactive pursuit of upside potential in favorable real estate markets.
- Distribution forecast for the 10th FP has increased by **+3.4%** from the 8th FP results. LTV has declined by **-0.8pt** from the 8th FP end.

Market Valuation

- Obtained **approximately 9.5 times** more application with strong demand from domestic and overseas investors. (Previous global PO : Approx. 8.3 times)

Summary

Offering type	Domestic Offering (Old Extraordinary Report System)
Total number of units offered (incl. Third-party Allotment)	167,900 units
Total number of units issued and outstanding after Third-party Allotment	4,715,200 units
Issue price (Offer price)	¥179,830
Amount to be paid (Issue value)	¥174,141
Launch date	December 5, 2019
Pricing date	December 16, 2019
Payment date (Third-party Allotment)	December 20, 2019 (January 21, 2020)
Total amount to be paid (incl. Third-party Allotment)	¥29.2 billion

Change in indicators

	End of previous period (August 31, 2019)	Acquisition	After PO (March 31, 2020)	
Asset size	¥1,011.2 bln	¥40.4 bln	¥1,051.6 bln	
Number of properties	289	9	298	
Average building age	18.8 yrs	1.1 yrs	18.6 yrs	
Greater Tokyo area ratio	82.0%	100.0%	82.7%	
Average NOI yield	5.1%	4.5%	5.2% (Note1)	
Unrealized gain (Unrealized gain per unit)	¥124.0 bln (¥27,277)	¥5.8 bln (¥35,096)	¥141.2 bln (¥29,948) (Note2)	
LTV ratio	43.9%	—	43.1% (- 0.8%) (Note3)	
Distribution per unit	Aug. 2019 FP results ¥3,209		Feb. 2020 FP results ¥3,279 (+2.2%)	Aug. 2020 FP forecast ¥3,317 (+3.4%)

(Note1) Average NOI yield is calculated based on February 2020 FP results. For properties acquired at the public offering, it is calculated based on appraisal value.

(Note2) Unrealized gain includes the increase in unrealized gain on the subsequent appraisal acquired in February 2020 FP.

(Note3) LTV ratio reflects the balance sheet of February 2020 FP.

- As our second topic, I would like to explain the public offering we conducted in December 2019.
- Through this public offering, which was the third offering since listing, we raised approximately 29 billion yen in equity. It was conducted at a flexible timing in consideration of capital cost.
- The points of the public offering are summarized in the box on the upper left. The main highlights are the following four:
 - To acquire relatively new properties developed by the sponsor, centering on offices and residentials in the Greater Tokyo area (9 properties for 40.4 billion yen).
 - To realize strategic property replacement by capitalizing on NMF's feature as a diversified-type REIT and development capability of the sponsor responding to a wide range of sectors.
 - Existing portfolio having realized proactive internal growth capturing the favorable market environment.
 - To lower LTV by 0.8 percentage points while increasing distribution per unit by 3.4%.
- With a broad range of investors recognizing these points, we received more applications than for the previous public offering as a result.

- Changes in indicators before and after the public offering are as shown in the table at the bottom of the page. With regard to diversification of properties due to asset size expansion, average building age, the ratio of the Greater Tokyo area and such, the effects of the public offering are also demonstrated in concrete numbers.



Financial Highlights



Financial Highlights for February 2020 (9th) FP

DPU for Feb. 2020 FP: ¥3,279, up ¥70 (+2.2%) from previous fiscal period results.

(\\$ min)					
	Ended Aug. 31, 2019 (8th FP) Result (A)	Ended Feb. 29, 2020 (9th FP) Result (B)	Differences (B)-(A)	Ended Feb. 29, 2020 (9th FP) Forecasts (C)	Differences (B)-(C)
Operating Revenue	36,617	36,927	310	36,878	48
Rental revenues	33,388	33,877	489	33,889	-11
Other rental revenues	3,222	3,049	-173	2,989	59
Gain on sales of real estate	6	-	-6	-	-
Operating Expense	22,351	22,253	-97	22,328	-75
Rental Business Expenses	15,887	15,720	-166	15,765	-44
Repair Expenses	1,727	1,658	-69	1,674	-16
Tax and Public Dues	2,982	2,976	-6	2,969	6
Depreciation and Amortization	5,135	5,151	15	5,135	15
Others	6,041	5,934	-107	5,985	-51
Asset management fees	3,224	3,291	66	3,281	9
Amortization of goodwill	2,622	2,622	-	2,622	-
Other operating expenses	617	619	2	639	-19
Operating profit	14,265	14,673	408	14,550	123
Non-operating revenues	5	8	2	-	8
Non-operating expenses	2,578	2,506	-72	2,518	-12
Interest Expenses and other financial costs	2,514	2,439	-74	2,444	-4
Investment units issuance costs	55	55	-	61	-5
Other non-operating expenses	8	10	2	13	-2
Ordinary income	11,692	12,175	482	12,031	143
Extraordinary gain and loss	-	16	16	-	16
Net income	11,690	12,188	498	12,030	158
Distribution of Earnings: a	11,691	12,188	497	12,023	165
Distribution in excess of net earnings: b	2,901	3,272	371	3,291	-18
Total distributions: a+b	14,592	15,461	868	15,314	146
Internal reserves	-282	-654	-372	-665	(10)
(Total Internal reserves)	(4,074)	(3,420)	(-654)	(3,409)	(10)
DPU(¥)	3,209	3,279	70	3,248	31
Distributions of earnings per unit (¥)	2,571	2,585	14	2,550	35
Distributions in excess of retained earnings per unit (allowance for adjustment of temporary differences)(¥)	342	368	26	366	2
Distributions in excess of retained earnings per unit (other distributions in excess of net earnings)(¥)	296	326	30	332	-6
Total assets	1,164,767	1,193,471	28,704	1,195,121	-1,649
Acquisition price	1,011,279	1,031,039	19,760	1,031,039	-
Interest-bearing debt	510,770	510,727	-42	510,727	-
LTV	43.9%	42.8%	-1.1%	42.7%	0.1%
Market Capitalization	843,524	807,713	-35,810	-	-
NOI	25,859	26,357	498	26,249	108
FFO	19,447	19,953	505	19,796	157

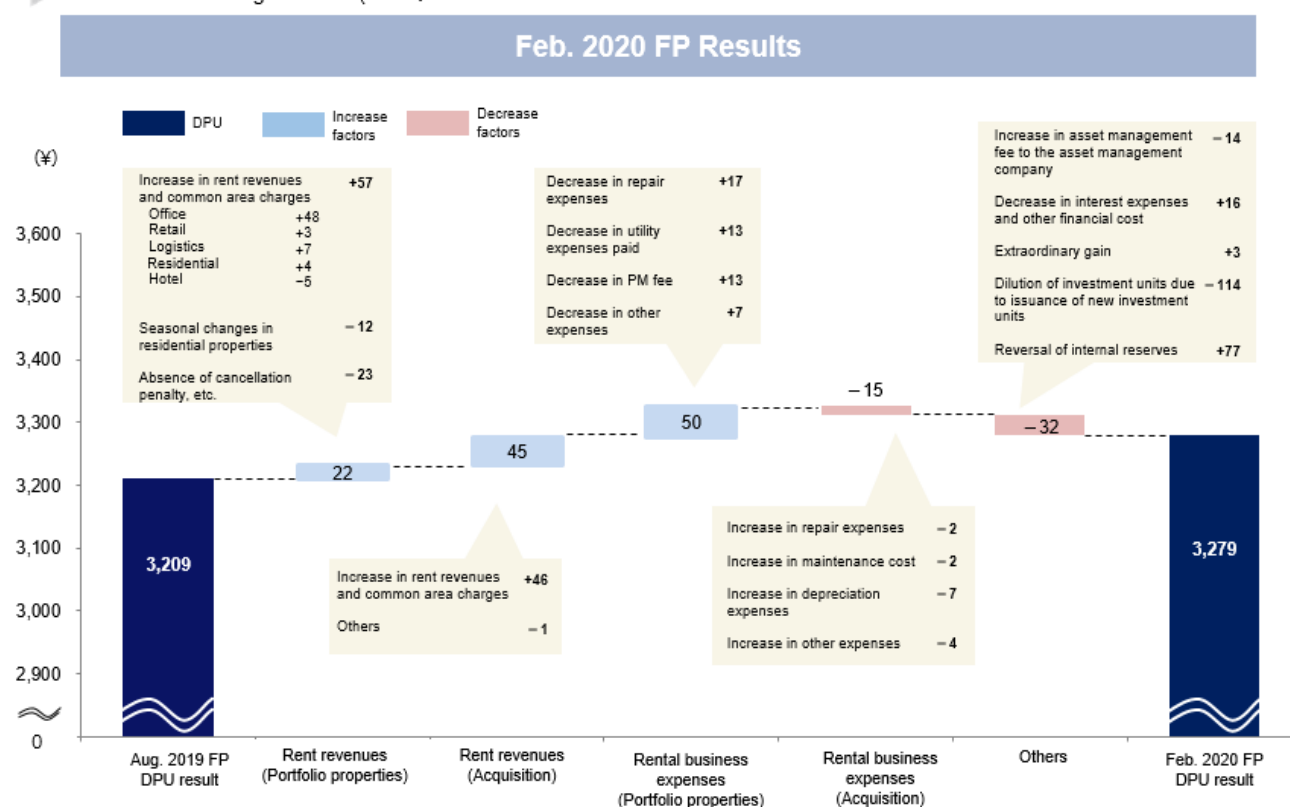
▶ Main factors accounting for differences between the 8th results and the 9th results (¥mln)

Operating Revenue	310
Rental revenues	489
Rent and common area charges of portfolio properties (excluding impact of tenant turnover at LP Iwatsuki)	348
Impact of tenant turnover at LP Iwatsuki	-76
Impact of acquisition	219
Other rental revenues	-173
Seasonal changes in residential properties (key money and contract renewal fee)	-56
Absence of cancellation penalty fee, etc.	-116
Absence of gain on sales (a part of the land area of PF Shinjuku Kowadacho)	-6
Operating Expense	-97
Rental Business Expenses	-166
Seasonal changes in utility expenses paid, etc.	-54
Rental business expenses of portfolio properties (excluding utility expenses paid)	-178
Impact of acquisition (excluding utility expenses paid)	66
Asset management fees/Other operating expenses	68
Non-operating expenses	-72
Interest Expenses and other financial costs	-74
Other non-operating expenses	2
Extraordinary gain and loss	16
Extraordinary gain on natural disasters (Insurance Income-Restoration expenses)	16
Net income	498
Reversal of internal reserves	¥654mln(¥138/unit)
Amount equivalent to tenant turnover impact at LP Urayasu and LP Iwatsuki	¥164mln(¥34/unit)
Amount equivalent to dilution of investment units due to issuance of new investment units	¥480mln(¥104/unit)

- I would like to explain the financial highlights for the fiscal period ended February 2020 (9th Fiscal Period).
- Distribution per unit was 3,279 yen, up 2.2% from the previous fiscal period result.
- On the right, the main factors for the change from the result of the 8th Fiscal Period (fiscal period ended August 2019), the immediately preceding fiscal period, are summarized.
- As to rental revenues, internal growth of existing properties significantly surpassed the impact of tenant turnover at Landport Iwatsuki, bringing an increase of approximately 500 million yen combined with the effect of external growth from additional property acquisition. With this and other expenses reflected, net income increased by around 500 million yen.
- Furthermore, as shown in the pink frame, we have decided to implement stable distribution by conducting reversal of internal reserves of approximately 650 million yen, which is an amount obtained by adding the amount equivalent to dilution due to public offering during the period to the amount of impact from tenant turnover at a logistics facility initially expected.

Financial Highlights for February 2020 (9th) FP

► Main factors in change of DPU (¥/unit)



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- This page shows factors for the change from the previous fiscal period result, broken down to the distribution-per-unit scale.
- Considering both the increase factors in light blue and the decrease factors in pink, distribution per unit for the fiscal period ended February 2020 stood at 3,279 yen.



Earning Forecast



Earning Forecasts for Aug. 2020 (10th) FP and Feb. 2021(11th) FP

DPU forecast for August 2020 FP is ¥3,317, up 1.2% from the February 2020 FP results.

DPU forecast for February 2021 FP is ¥3,328, up 0.3% from the August 2020 FP forecasts.

(\$mln)					
	Ended Feb. 29, 2020 (9th FP) Result (A)	Ended Aug. 31, 2020 (10th FP) Forecasts (B)	Differences (B)-(A)	Ended Feb. 28, 2021 (11th FP) Forecasts (C)	Differences (C)-(B)
Operating Revenue	36,927	38,452	1,525	38,289	-163
Rental revenues	33,877	35,296	1,418	35,233	-62
Other rental revenues	3,049	3,156	107	3,055	-101
Operating Expense	22,253	23,001	747	22,845	-155
Rental Business Expenses	15,720	16,261	541	16,113	-148
Repair Expenses	1,658	1,530	-128	1,412	-118
Tax and Public Dues	2,976	3,109	133	3,095	-14
Depreciation and Amortization	5,151	5,375	224	5,436	60
Others	5,934	6,246	311	6,170	-76
Asset management fees	3,291	3,433	141	3,431	-1
Amortization of goodwill	2,622	2,622	-	2,622	-
Other operating expenses	619	683	64	678	-4
Operating profit	14,673	15,451	778	15,443	-8
Non-operating revenues	8	-	-8	-	-
Non-operating expenses	2,506	2,432	-73	2,369	-63
Interest Expenses and other financial costs	2,439	2,419	-19	2,356	-63
Investment units issuance costs	55	-	-55	-	-
Other non-operating expenses	10	12	1	13	0
Ordinary income	12,175	13,019	843	13,074	54
Extraordinary gain and loss	16	-	-16	-	-
Net income	12,189	13,018	829	13,073	54
Distribution of Earnings a	12,188	13,009	820	13,070	61
Distribution in excess of net earnings b	3,272	2,631	-641	2,621	-9
Total distributions a+b	15,461	15,640	179	15,692	51
Internal reserves	-654	-	654	-	-
(Total Internal reserves)	(3,420)	(3,420)	-	3,420	-
DPU (¥)	3,279	3,317	38	3,328	11
Distributions of earnings per unit (¥)	2,585	2,759	174	2,772	13
Distributions in excess of retained earnings per unit (allowance for adjustment of temporary differences) (¥)	368	377	9	384	7
Distributions in excess of retained earnings per unit (other distributions in excess of net earnings) (¥)	326	181	-145	172	-9
Total assets	1,193,471	1,198,873	5,401	1,196,046	-2,827
Acquisition price	1,031,039	1,051,686	20,647	1,051,686	-
Interest-bearing debt	510,727	517,884	7,157	517,841	-42
LTV	42.8%	43.2%	0.4%	43.3%	0.1%
Market Capitalization	807,713	-	-	-	-
NOI	26,357	27,566	1,208	27,611	45
FFO	19,953	21,025	1,071	21,141	116

► Main factors accounting for differences between the 9th results and the 10th forecasts (\$mln)

Operating Revenue	1,525
Rental revenues	1,418
Rent and common area charges of portfolio properties	420
Impact by properties acquired in the 9th and 10th FP	997
Other rental revenues	107
Seasonal changes in utility expenses received, etc.	55
Seasonal changes in residential properties (key money and contract renewal fee), etc.	53
Operating Expense	747
Rental Business Expenses	541
Seasonal changes in utility expenses paid, etc.	113
Tax and public dues (properties acquired in 2019)	133
Rental business expenses of portfolio properties (excluding utility expenses paid, seasonal public dues)	43
Rental business expenses of properties acquired in the 9th and 10th FP (including utility expenses paid)	251
Asset management fees/Other operating expenses	205
Non-operating expenses	-73
Interest Expenses and other financial costs	-19
Absence of investment units issuance costs	-55
Net income	829

► Main factors accounting for differences between the 10th forecasts and the 11th forecasts (\$mln)

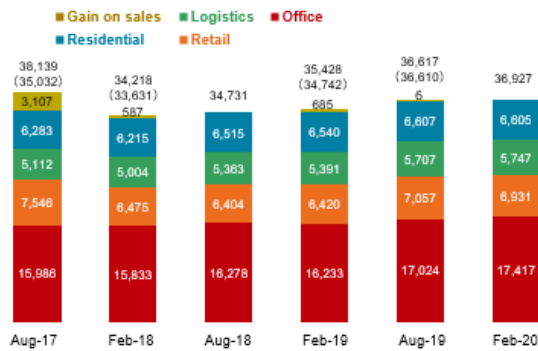
Operating Revenue	-163
Rental revenues	-62
Other rental revenues	-101
Operating Expense	-155
Rental Business Expenses	-148
Non-operating expenses	-63
Interest Expenses and other financial costs	-63
Net income	54

- I would like to explain the earnings forecasts for the fiscal period ending August 2020 (10th Fiscal Period) and the fiscal period ending February 2021 (11th Fiscal Period).
- Distribution per unit for the 10th Fiscal Period is forecast to be 3,317 yen, an increase of 1.2% from the 9th Fiscal Period. Distribution per unit for the 11th Fiscal Period is forecast to be 3,328 yen, an increase of 0.3% from the 10th Fiscal Period.
- For each period, changes from the results of the immediately preceding period are shown on the right.
- For the 10th Fiscal Period, rental revenues are expected to increase by around 1.4 billion yen due to internal growth of existing properties and external growth of additionally acquired properties. With this and other expenses reflected, net income is expected to increase by around 800 million yen.
- For the 11th Fiscal Period, as it is still some time away, the forecast is made conservatively mainly based on uncertain factors that have positive impact. The final net income is expected to increase by around 50 million yen.
- No reversal of internal reserves is forecast for either the 10th or 11th fiscal periods.

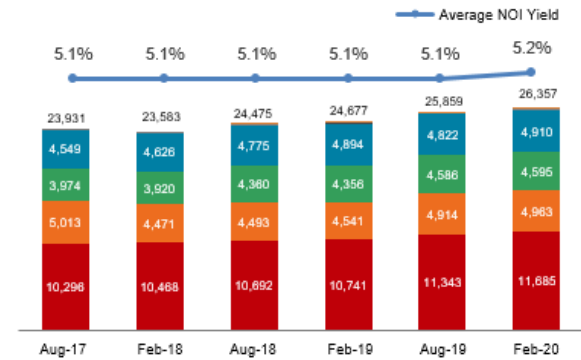
Summary of Main Management Indicators

Operating revenues (¥mln)

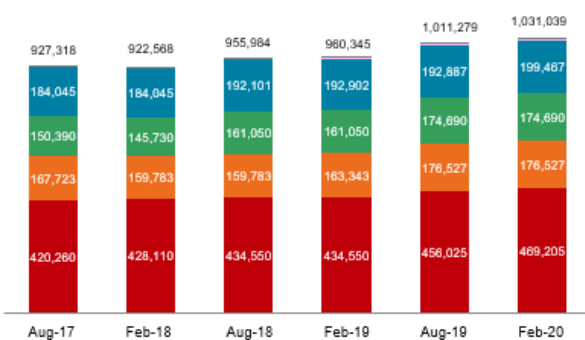
*Figures in parenthesis indicate total operating revenues excluding gain on sales.



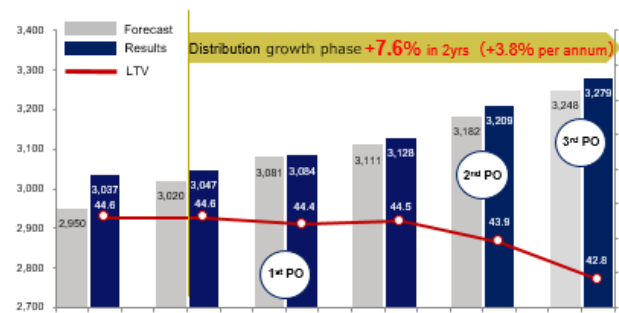
NOI (¥mln)



Acquisition price (¥mln)



DPU(¥) and LTV(%)



(Note) In operating revenues, NOI and acquisition price, the total amount includes each amount for hotels and other properties though it is not indicated individually.

- This page shows the changes in operating revenues, NOI and other indicators over the past three years.
- On the bottom right of the page is the change in distribution per unit. Since the fiscal period ended February 2018 when a large-scale property replacement was mostly completed, we have conducted management that aimed for internal growth of 2% or higher per year. As a result, we have achieved growth of 7.6%, or 3.8% annually, including growth in line with the third public offering. Moreover, while increasing distribution, we have gradually lowered LTV, which is indicated in red, achieving financial stability and future acquisition capacity as well.



External Growth



Acquisitions in NMF's 3rd Public Offering

Acquisition of 9 relatively-new Sponsor-developed brand series properties in the Greater Tokyo area

Total Acquisition Price	¥40.4 bln	Difference from Appraisal Value	¥5.8 bln	Average NOI Yield (Note1)	4.5 %	Greater Tokyo Area ratio	100 %	Average Building Age (Note2)	1.1 yrs
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Office



Logistics



Retail



Residential



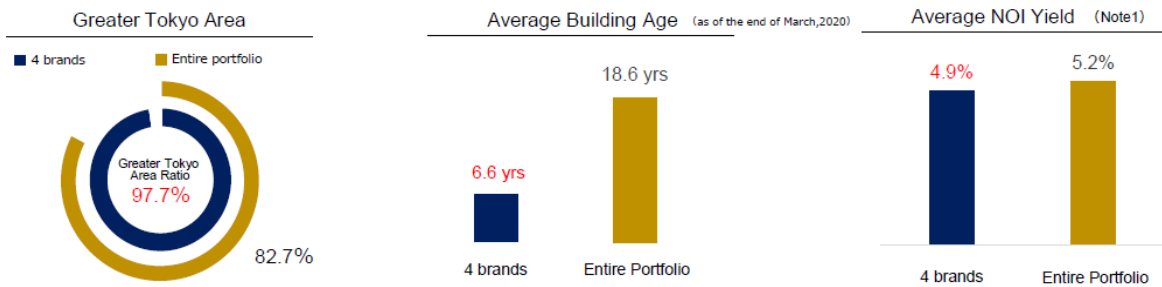
(Note1) In this page, NOI yield refers to appraisal NOI yield at acquisition. (Note2) Average building age is the weighted average of the building ages as of the acquisition date by acquisition price.
(Note3) SPR=Strategic Property Replacement.

- Starting from this page, I would like to explain external growth.
- As I previously explained, we acquired 9 properties developed by the sponsor through the public offering conducted in December 2019.
- Although most of the properties are office and residential properties located in Tokyo with expected upsides, the total acquisition price was 40.4 billion yen, which is 5.8 billion yen lower (-13%) than the appraisal value.
- Since all the properties fall under the four brands (PMO: office, Landport: logistics, GEMS; retail, PROUD FLAT: residential) for which the sponsor has accumulated a development track record and the average building age is about one year, they are judged to be highly competitive.
- As Landport Higashi-Narashino on the upper right and PROUD FLAT Shibuya Tomigaya on the lower right are properties acquired under redevelopment and reacquisition type SPR (Strategic Property Replacement), I will explain them in detail later in this presentation.

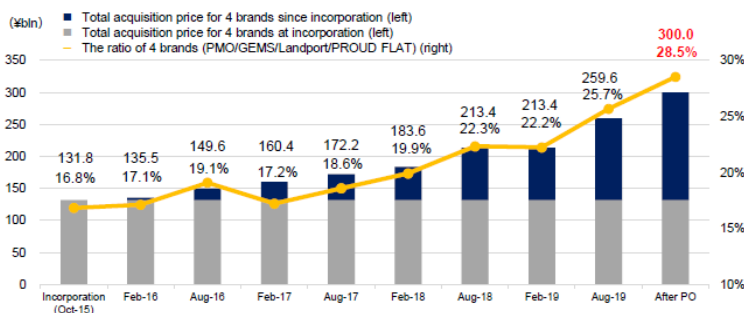
Promoting external growth focused on acquisition of high-quality properties mainly developed by the Sponsor

NMF has continuously acquired high-quality sponsor-developed properties since conclusion of leasing value chain agreement with the Sponsor.

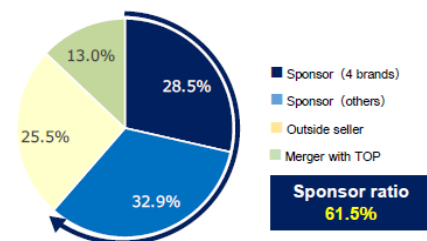
► Acquisition track record of Sponsor-developed properties (After the acquisition of properties in the 3rd PO)



► Acquisition track record of Sponsor-developed properties (Note2)



► Seller breakdown of the portfolio properties after the 3rd PO (Note3)



(Note1) Average NOI yields is the sum of annualized NOI based on the actual NOI for February 2020 FP for existing properties or the sum of the appraisal NOI used for the direct capitalization approach in appraisal reports for properties acquired at the 3rd PO, divided by the total acquisition price.
 (Note2) The ratio of 4 brands is the ratio of the total acquisition price for the 4 brands to the total acquisition price for the entire portfolio as of the relevant time.
 (Note3) Sponsor-developed properties indicate the properties acquired from Nomura Real Estate group or its real estate funds etc..

- We have been able to acquire quality properties developed by the sponsor since conclusion of a leasing value chain agreement. I would like to explain how such has strengthened external growth.
- I mentioned the four brands on the previous page, and the features of those properties under the four brands we have acquired are summarized in the three graphs on the top half here.
- Since over 97% of the properties are located in the Greater Tokyo area and the average building age is around 6 years, they contribute to improving the quality of the portfolio, and profitability is also similar to that of the entire portfolio.
- On the lower left is the acquisition track record of sponsor-developed properties, and on the lower right is the ratio of sponsor-developed properties including the ratio of those that are not under the four brands. The ratio of properties under the four brands to the entire portfolio has increased to approximately 30%, and since we have heard that pipeline properties are steadily being prepared, we would like to capitalize on them as the driving force for external growth.

Strategic Property Replacement Overview (Redevelopment and Reacquisition Type SPR)

SPR leveraging the Sponsor's broad development capability and NMF's characteristics as a diversified type REIT

Overview of the properties disposed (Sold to the sponsor in June 2017 due to tenant move-out)

■ Former Mitsubishi Motors Shibuya (Land)



Retail (Land)

Disposition price	¥1,720mln
Appraisal value	¥1,720mln
Gain on sale	¥122mln

■ Former Ito-Yokado Higashi-Narashino Store



Retail

Disposition price	¥664mln
Appraisal value	¥649mln
Gain on sale	¥15mln
Building age	22.8yrs

Redevelopment and Reacquisition

Effects of SPR

Elimination of the risk of decrease in income due to tenant move-out

Realization of profit at the time of sale

Value-up including change of property use through redevelopment

Securing opportunities for external growth through sales agreements with preferential negotiation rights

Overview of the properties acquired after redevelopment

■ PROUD FLAT Shibuya Tomigaya



Residential

Acquisition price	¥3,980mln
Appraisal value	¥4,440mln
NOI yield	4.6%
Unrealized gain (now) (Unrealized gain ratio)	¥480mln (12.1%)

■ Landport Higashi-Narashino



Logistics

Acquisition price	¥11,872mln
Appraisal value	¥15,700mln
NOI yield	5.7%
Unrealized gain (now) (Unrealized gain ratio)	¥3,828mln (32.2%)

(Note) Difference between appraisal value at acquisition and acquisition price.

Redevelopment and reacquisition with change to optimal property use utilizing the area potential, etc.



- I would like to once again explain redevelopment and reacquisition type SPR (Strategic Property Replacement), which we realized upon property acquisition this time around.
- As described on the left, the two properties on the right, which we acquired this time, had been sold to the sponsor after the tenant move-out and redeveloped. We acquired them by exercising preferential negotiation rights.
- As the photos on the left indicate, the use of the properties was retail when we owned them. However, as the photos on the right indicate, the use was changed to residential and logistics after the redevelopment to utilize the full potential of the land.
- The transaction this time was realized by joining the features of a diversified-type REIT capable of utilizing investment opportunities of various sectors and the development capabilities of the sponsor covering various sectors.
- As summarized in the middle, with the implementation of the redevelopment and reacquisition type SPR this time, we were able to realize (1) avoidance of downtime accompanying tenant move-out, (2) profits from sales, (3) value enhancement through redevelopment and (4) property acquisition with favorable terms by exercising preferential negotiation rights.
- We intend to use redevelopment and reacquisition type SPR effectively when we have a chance to do so in the future.

Track Record of Growth since Incorporation

Improved portfolio quality through property replacement taking advantage of the Sponsor's support and achieved steady increase in distributions.

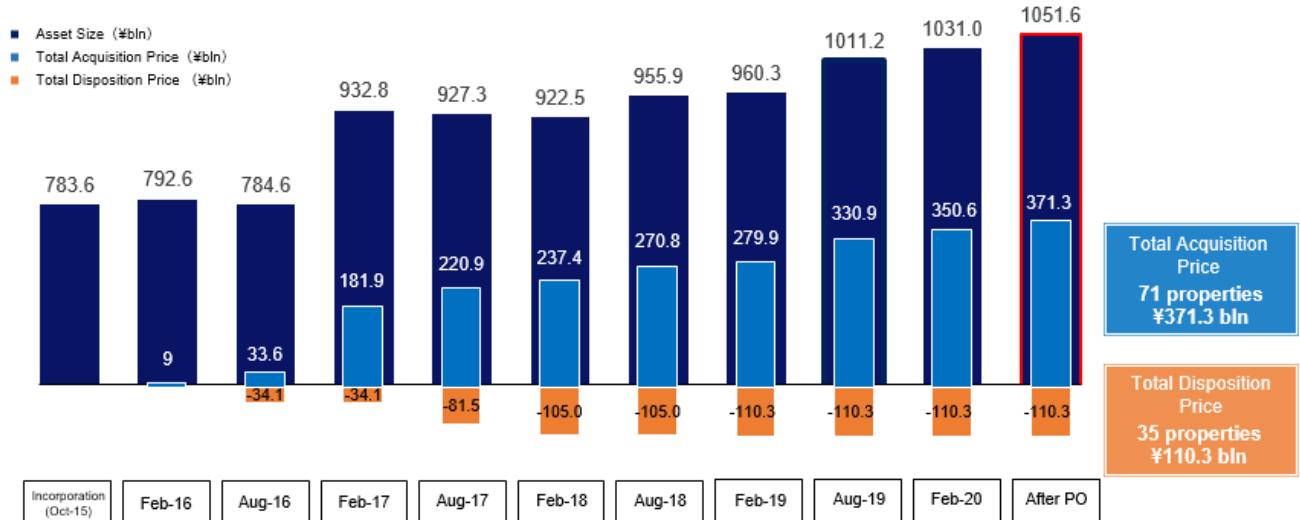
	Incorporation
Number of Properties	257
Ratio of top 10 Properties	26.8%
Ratio of Greater Tokyo area	79.8%
Average building age	19.3yrs
DPU (Note1)	¥2,656

Acquisition of high-quality properties mainly developed by the Sponsor

Disposition of less competitive properties due to building age, etc.

Feb. 2020 FP	After PO ^(Note2)
294	298
22.7%	22.3%
82.4%	82.7%
18.9yrs	18.6yrs
¥3,279 (+23.5%)	

(23.8 years without SPR)
(Note3)



(Note1) Distributions for February 2016 FP are calculated on a six-month basis for 152 operating days. (Note2) "After PO" is the time as of the end of March 2020.
 (Note3) It is an average building age without taking into account the effect of property acquisition and disposition from the original portfolio at incorporation until the end of March 2020.

- Here, I would like to explain track record of external growth since incorporation.
- As shown in the graph in the lower half of the page, while we have acquired 71 properties that are mainly comprised of newly constructed properties developed by the sponsor in the Greater Tokyo area at an approximate value of 370 billion yen, we have disposed of properties that consisted of mainly old properties with concerns regarding their future management valued at more than 110 billion yen.
- As a result, as shown in the table in the upper half of the page, we were able to strengthen our portfolio by promoting property diversification, increasing the ratio of properties located in the Greater Tokyo area and lowering the average building age, and also raised the distribution level.
- We will continue to work with an aim to draw out more positive effects.

6 Internal Growth



Internal Growth ~Management Status~

Office

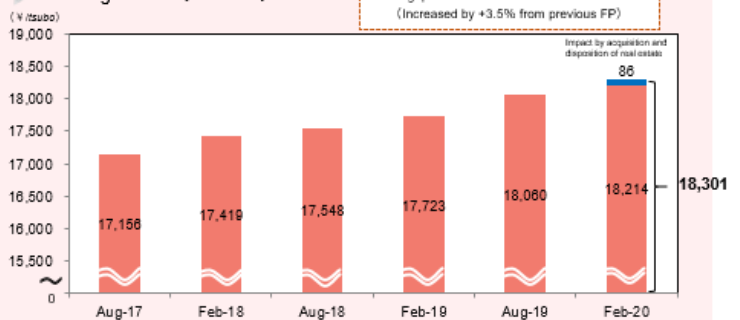
Achieved an increase in average unit rent through tenant replacements and rent revisions (Increased to ¥18,214/*tsubo* (+0.9%) from ¥18,060/*tsubo* at the end of previous period.)

Asset Management Topics for Feb.2020 FP

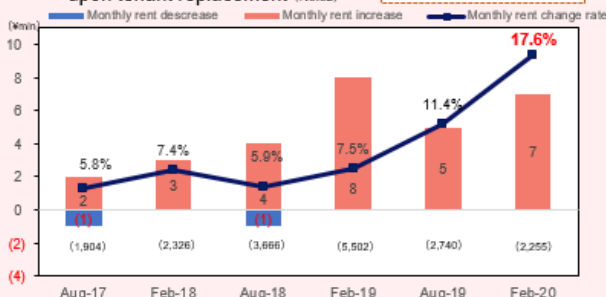
- The rate of rent increase upon tenant replacement: **+17.6%**
(The rate of rent increase within tenant replacement with rent increase: +18.5%)
 - The rate of rent increase upon rent revision: **+3.4**
(The rate of rent increase within rent revision with rent increase: +5.8%)
 - The rate of rent increase upon rent revision at PMOs: **+4.7%** (contract renewal included)
 - The rent gap is still expanding. (Note1)
- As of Feb.29, 2020 : **+9.9%** (Up 3.5% from previous FP)



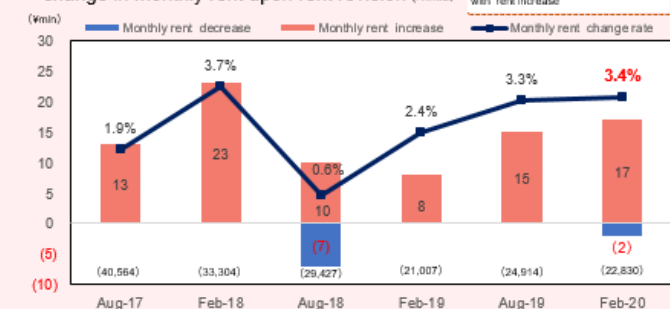
Average Rent (¥/ *tsubo*)



Amount of change in monthly rent and rate of change in monthly rent upon tenant replacement (Note2)



Amount of change in monthly rent and rate of change in monthly rent upon rent revision (Note2)



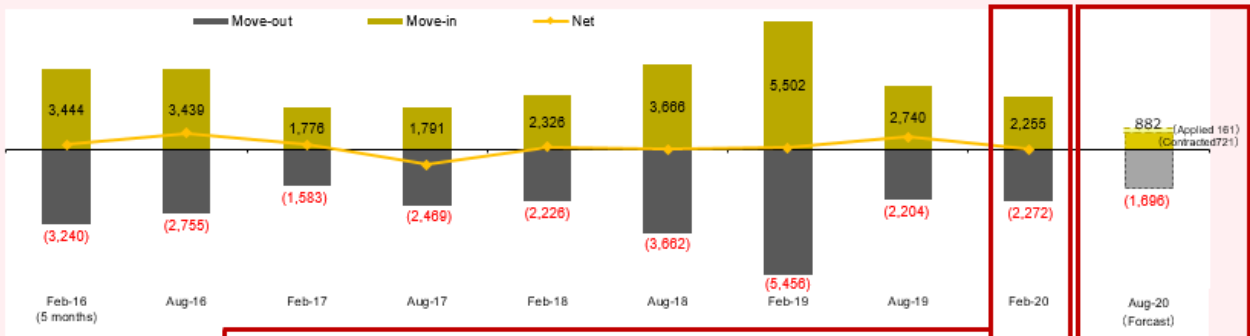
- Next, I would like to explain internal growth.
- For the office sector, steady internal growth was achieved through tenant replacements and rent revisions.
- As shown in the asset management topics in the upper left, the rate of rent increase upon tenant replacement was up 17.6%, that upon rent revision was up 3.4% and that upon rent revision exclusively at PMOs was up 4.7%, all surpassing the results of the previous fiscal period.
- The rent gap as of February 29, 2020, was 9.9%, expanding by 3.5% from the end of the previous fiscal period.

Internal Growth ~Management Status~

Office

Achieved the highest rate of rent increase since incorporation through proactive leasing backed by strong leasing demand.

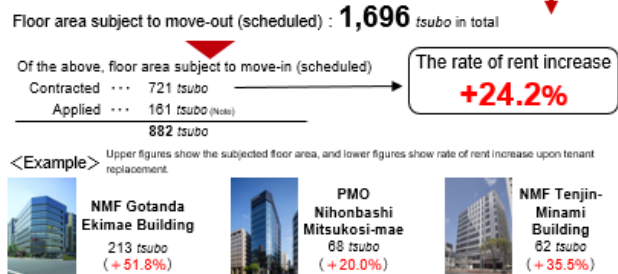
Change in floor area from move-ins & move-outs (tsubo)



<Feb. 2020 FP> Tenant replacement effect



< Aug. 2020 FP > Progress on tenant replacement (as of Mar. 31, 2020)



(Note) The figure shows floor area for which NMF received an application for occupancy.

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- This page describes some of our progress in leasing.
- As shown in the lower left, the area subject to tenant replacement was approximately 2,200 tsubo for the fiscal period ended February 2020. We implemented proactive leasing activities against the backdrop of strong demand, and achieved a rent increase rate of 17.6%, the highest since establishment.
- As shown in the lower right, the rate of rent increase for areas already contracted stood at over 24% also for the current fiscal period ending August 2020. We will continue to seek realization of internal growth going forward.

Internal Growth ~Management Status~

Residential

Promoting continuous rent increase with a focus on the downtown Tokyo area through move-ins and move-outs.

Asset Management Topics in February 2020 FP

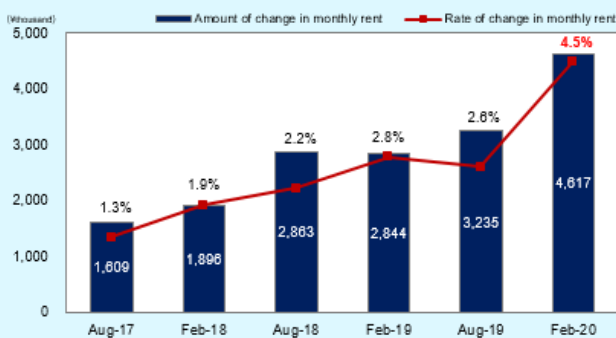
- ① Change in monthly rent due to move-ins and move-outs or contract renewal
- ② Change in monthly rent due to move-ins and move-outs
- ③ Change in monthly rent due to contract renewals

Achieved rent increase mainly in the downtown Tokyo area through move-ins and move-outs.

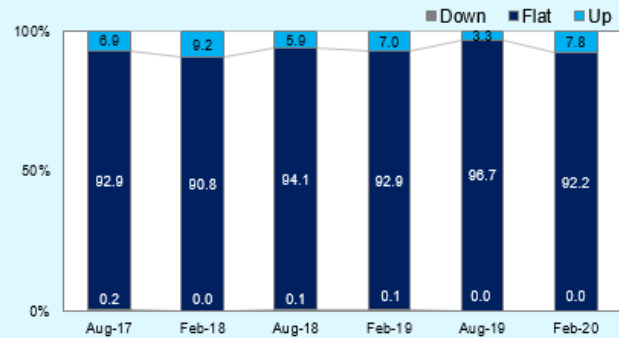
Rent increase by move-ins/outs in the Tokyo 23 wards: **+5.49%**
(Increased by +1.7% from previous FP)

Name of property	Number of move-ins/outs	Change in rent (¥)	Change in rent (%)	Type
Kojimachi Millennium Garden (Residential)	2	¥211,000	34.1%	Family
PRIME URBAN Shinkawa	9	¥425,400	25.4%	Family
PRIME URBAN Nihonbashi Kayabacho	12	¥143,000	10.1%	Single
PRIME URBAN Ebisu	2	¥39,000	10.0%	Compact

Amount of change in monthly rent at move-ins and move-outs



Rate of change in monthly rent at renewals



(Note) From the presentation material of the fiscal period ended February 2020, as to "Amount of change in monthly rent at move-ins and move-outs" and "Rate of change in monthly rent at renewals", they are recounted and revised for the purpose the subject area is the residential area excluding the area used as retail stores, including the actual results for the previous fiscal periods.

- As for residential, we continued to raise rent mainly at the time of move-ins and move-outs at properties in the downtown Tokyo area.
- As described in the upper left, the rate of change in monthly rent due to move-ins and move-outs was up 4.5%, surpassing the result of the previous fiscal period as did the rate of change in monthly rent due to contract renewals.
- Furthermore, as shown in the table on the upper right, there is more than one property in the downtown Tokyo area with a rate of change in monthly rent due to move-ins and move-outs surpassing 10%. As a result, the average rate of change stood at 5.4% for properties in the 23 wards of Tokyo.

Internal Growth ~Management Status~

Retail

Proactive promotion for rent increase upon tenant replacement and rent revision, supported by a high occupancy rate and stable income from fixed rents.

Asset Management Topics in February 2020 FP

> Rent change upon tenant replacement

Floor area subject to replacement : 865 *tsubo*
Rent change rate **+19.7%**
(+¥3,355 thousand/mo)

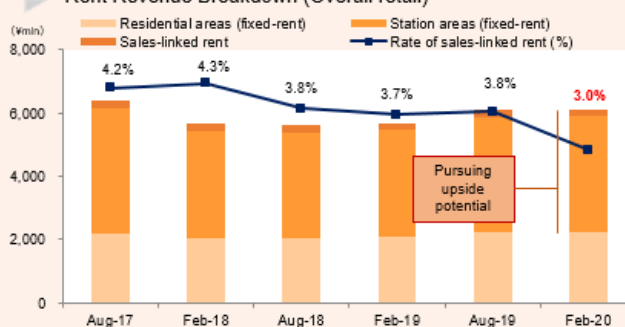
< Example >
EQUINIA Aobadai
479 *tsubo* (+26.5%)

> Rent change upon rent revision

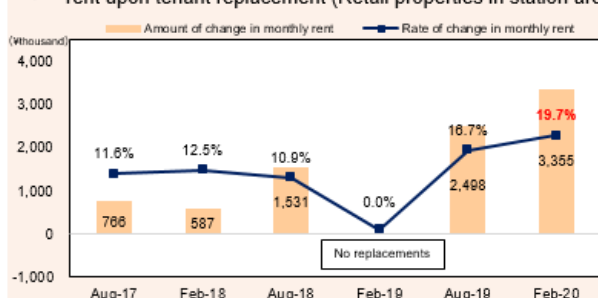
Floor area subject to rent revision : 4,048 *tsubo*
Rent change rate **+5.0%**
(+¥1,801 thousand/mo)

< Example >
Recipe SHIMOKITA
65 *tsubo* (+59.4%)

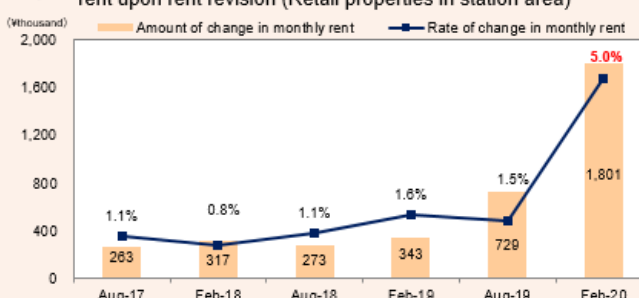
Rent Revenue Breakdown (Overall retail)



Amount of change in monthly rent and rate of change in monthly rent upon tenant replacement (Retail properties in station area)



Amount of change in monthly rent and rate of change in monthly rent upon rent revision (Retail properties in station area)



- In the retail sector, as a result of implementing proactive leasing activities for properties in stations areas as we have done for office properties, the rent change upon tenant replacement was up nearly 20% and the rent change upon rent revision was up 5.0%, as stated on the upper left.
- The rent change upon tenant replacement and rent revision both improved from the previous fiscal period as shown in the graphs in the bottom.
- The year-on-year decrease in the rate of sales-linked rent in the entire retail sector indicated in the graph on the upper right is mainly due to the decrease in the number of visitors to UCW.

Internal Growth ~Management Status~

Logistics

Completed lease-up of Landport Iwatsuki. Achieved environmental load reduction and rent increase through green lease agreement.

Asset Management Topics in February 2020 FP

> Lease-up at LP Iwatsuki

The move-out of a tenant leasing the entire building on December 1, 2019. (7,287 *tsubo*)

- Accomplished the early lease-up (without downtime) with a new tenant for 5-year contract term for the half of the sections.
- For the remaining half, the short-term lease agreement for 6 months has been concluded with a new tenant with an eye to continuous leasing in the future.

(Rent increase by +12.1% compared with previous tenant)

> Conclusion of green lease agreement in line with LED installment work at LP Hachioji

- Achieved rent increase through conclusion of green lease agreement with 3 tenants (3,781 *tsubo*)

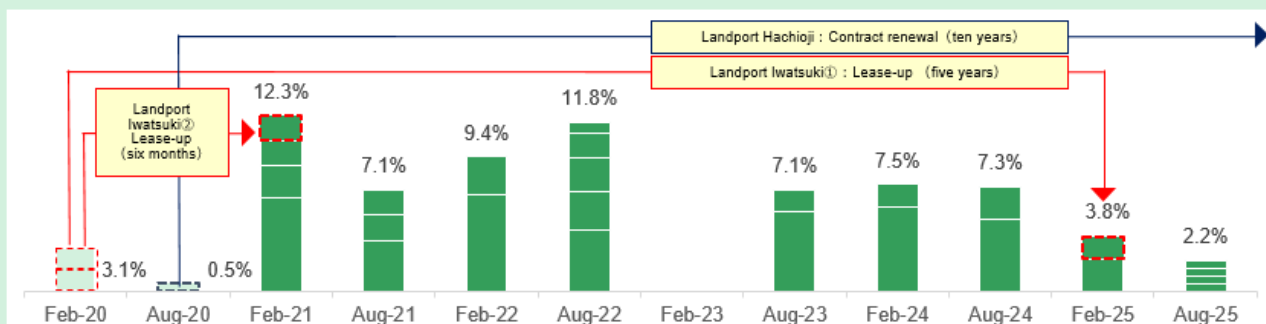
Tenant A (lease maturity: Aug. 2020 FP)

Re-contracted to extend lease maturity to June 2030 with rent increase by +13.2% from previous contract.

Tenant B and C
Rent revision during lease term with rent increase by the average of +3.3%.

- All repair costs can be recovered during the lease term.
- Expected annual power reduction of approximately 56% at sites where LED devices are installed and replaced. (Note)

Lease Maturity (Rent basis)



(Note) Annual power reduction is the estimated reduction in areas where LED devices are installed and replaced.

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- In the logistics sector, we completed lease-up of Landport Iwatsuki as well as the conclusion of a green lease agreement for Landport Hachioji.
- As shown on the upper left, we have carried out proactive leasing activities in line with the move-out of a tenant leasing the entire building scheduled for December 2019. As a result, we were able to lease up almost half of the sections without downtime and also concluded a short-term lease agreement for the remaining half with a tenant eyeing continuous leasing in the future.
- In addition, as described on the upper right, at Landport Hachioji, we concluded a green lease agreement with multiple tenants in line with LED installment work. Such has resulted in extended contracts, rent increase, etc., and also led to reduction of environmental burden.

Appraisal Valuation

Unrealized gain has expanded to ¥141.2 billion (+¥17.1 billion period-to-period)

Appraisal valuation by sector

	Aug. 2019 Fiscal Period End			Feb. 2020 Fiscal Period End		
	Number of Properties	Appraisal Value (¥ mln)	Unrealized Gain(loss) (¥ mln)	Number of Properties	Appraisal Value (¥ mln)	Unrealized Gain(loss) (¥ mln)
Office	65	503,810	44,483	67	525,030	52,193
Retail	50	202,164	25,813	50	203,205	27,270
Logistics	20	202,470	36,761	20	204,180	39,410
Residential	151	202,715	16,606	154	213,847	21,904
Hotels	2	6,560	131	2	6,550	149
Other	1	5,380	243	1	5,420	283
Total	289	1,123,089	124,039	294	1,158,232	141,212

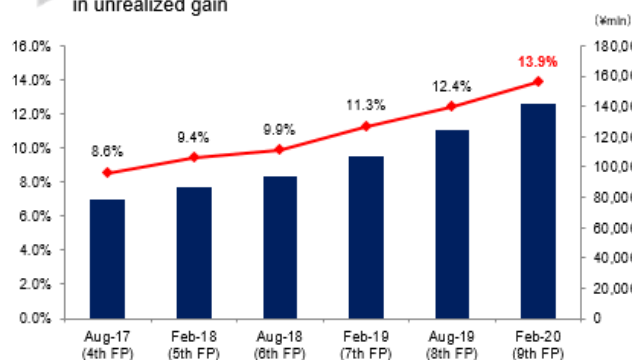
Period-to-period analysis (Note1)

CAP	Aug. 2019	Feb. 2020
Decrease	164	223
Flat	114	65
Increase	0	1

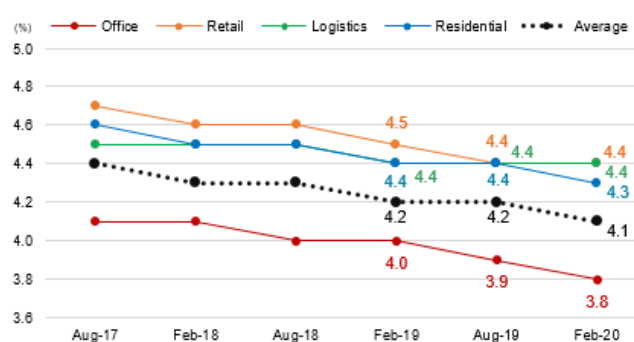
Appraisal Value	Aug. 2019	Feb. 2020
Increase	203	227
Flat	44	30
Decrease	31	32

(Note1) Excluding acquisitions and dispositions during the period.

Amount of change in unrealized gain and rate of change in unrealized gain



Change in weighted average cap rates by sector (Note2)



(Note2) The figures are weighted averaged a direct capitalization rate of each property (excluding land) by capitalization approach price.

- I would like to explain appraisal valuation.
- Unrealized gain at the end of the fiscal period ended February 2020 stood at 141.2 billion yen for the entire portfolio, increasing by around 17.0 billion yen from the end of the previous fiscal period.
- As shown in the red frame in the table on the right, approximately 80% of the portfolio properties saw a decrease in CAP rate and an increase in appraisal value. As a result, the portfolio average of CAP rate shown in dashed line in the graph on the lower right decreased by 0.1 percentage points from the end of the previous fiscal period to 4.1%.
- The decrease of appraisal value for some properties is mainly due to reassessment of the engineering report and rises in costs including fixed asset tax and city planning tax.

7 Finance



Financing Status Continuing to reduce average interest rate and prolong borrowing period. NMF has been upgraded to AA- at R&I issuer rating.

Refinancing during February 2020 FP

Repayment Overview (Note1)	
Total amount of repayment	¥37,900mln
Average interest rate	0.58%
Average remaining duration	3.7years

Refinancing Overview (Note2)	
Total amount of refinancing	¥37,900mln
Average interest rate	0.47%
Average remaining duration	9.3years

Scheduled repayment during August 2020 FP

Scheduled Repayment (Note3)	
Total amount of repayment	¥33,400mln
Average interest rate	1.33%
Average remaining duration	7.8years

Interest-bearing debt at the end of February 2020 FP

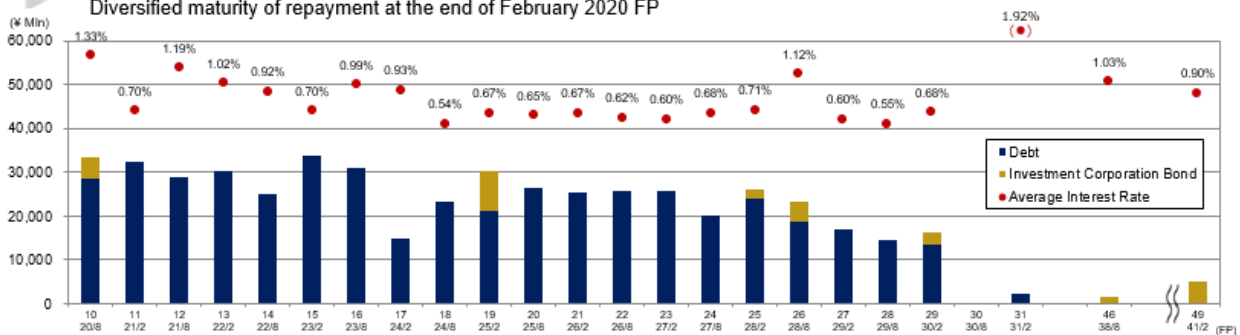
	Aug.2018 (6th FP)	Feb.2019 (7th FP)	Aug.2019 (8th FP)	Feb.2020 (9th FP)
Total interest-bearing debt	¥497,155 million	¥497,112 million	¥510,770 million	¥510,727 million
Average remaining duration	4.61 years	4.52 years	4.64 years	4.82 years
Average interest rate	0.88 %	0.87 %	0.83 %	0.82 %
Ratio of long-term debt	87.2 %	86.9 %	88.0 %	87.1 %
Ratio of fixed-rate debt	95.4 %	95.4 %	94.1 %	95.6 %
LTV	44.4 %	44.5 %	43.9 %	42.8 %

Ratings

NMF has been upgraded to AA- at R&I issuers rating in January 2020.

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

Diversified maturity of repayment at the end of February 2020 FP



(Note1) Average remaining duration is it at the time of borrowing and average interest rate is weighted average interest rate at the time of repayment. Excluding ¥42.8 million in contractual repayment. (Note2) Average interest rate and Average remaining duration are those at the time of refinancing. (Note3) Average remaining duration is it at the time of borrowing and average interest rate is weighted average interest rate as of the end of February 2020. Excluding ¥42.8 million in contractual repayment.

- This page explains financing status.
- As shown in the table on the upper left, upon refinancing of approximately 38.0 billion yen in the fiscal period ended February 2020, we continued to press ahead with improving economic conditions capitalizing on the current financial environment.
- Furthermore, as described in the middle right, the credit rating by Rating and Investment Information, Inc. was upgraded from A+ to AA- in January of this year. This was the result of their recognition of (1) the improvement of portfolio quality due to incorporation of properties developed by the sponsor, (2) significant diversification of portfolio properties worth over 1 trillion yen, and (3) decrease in LTV.
- We will continue to aim to establish a strong financial base alongside pursuing better economic conditions.

8 ESG



ESG Measures (External Certification)

NREAM received Minister of the Environment Award being evaluated NMF's registration for Environment Management System (EMS) as the first J-REIT.

- NREAM has received Minister of the Environment Award in the general department as the most excellent efforts in fiscal year 2019 from Principles for Financial Action for the 21st Century Secretariat
NMF's certification and registration for an Environmental Management System (EMS) by the third party, EcoAction 21, as the first J-REIT initiative, was highly evaluated and led to reception of the Award.



(Left : Norio Ambe (Note), President & CEO of Nomura Real Estate Asset Management, Co., Ltd. Right : KOIZUMI Shinjiro, Minister of the Environment)

(Note) Norio Ambe became Chairman as of Apr.1, 2020.

Principles for Financial Action for the 21st Century

As the action guidelines of financial institutions who hope fulfill their responsibilities and roles required for the formation of a sustainable society, "Financial Principles towards the Formation of a Sustainable Society" was formed in October 2011. NREAM agreed with the principles advocated by the Ministry of the Environment and signed on Principles for Financial Action for the 21st Century in July 2019.

The financial institutions which have signed the Principles: 284 institutions
(as of Nov. 28, 2019)



- NMF received and registered to EcoAction 21, an Environmental Management System (EMS), as the first J-REIT.



[Scope of Certification and Registration]
Investment and management of office buildings and residential properties

EcoAction 21

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

*Environmental Management System(EMS)

In the course of its operation and management, the organization sets its own environmental policies and targets and works to achieve them. This is called "Environmental Management" and the system and procedures for this purpose are called "Environmental Management System (EMS)".

- As an ESG measure, we became the first J-REIT to acquire a certification of Environmental Management System (EMS) EcoAction 21, leading to receipt of the Minister of Environment Award as an example of best practice in the Principles for Financial Action for the 21st Century. This represents recognition of the structure, process and other systems (environmental management systems) of the Asset Management Company which has set NMF's environmental policy and goals on its own and worked to achieve them.

ESG Measures (Materiality)

Revised ESG materiality issues (Materiality) and reset KPI targets to higher levels

NMF's ESG materiality issues (Materiality)

	Materiality, Policy and Target	KPI
Environment	Raising the proportion of "green" properties in our investment portfolio	
	<ul style="list-style-type: none"> Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to 70% by 2030. Green certification (with three stars or more or equivalent to) refers to GBC Green Building Certification (three stars or more) or BREEAM Certification (three stars or more), or CASBEE for Heat (Grade B1 or higher) 	Ratio of green certification (with three stars or more or equivalent to) (Ratio of green certification)
	Countering climate change	
	<ul style="list-style-type: none"> Achieve 40% reduction in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio by 2030 compared with the 2016 level. 	GHG emissions per floor area (intensity)
NEW	Countering water resources	
	<ul style="list-style-type: none"> Achieve 10% reduction in water use per floor area (intensity) in our portfolio by 2030 compared with the 2016 level. 	Water use per floor area (intensity)
Society	Ensuring the safety and security of tenants and improving user comfort	
	<ul style="list-style-type: none"> Improve tenant satisfaction by conducting a regular survey of tenants' satisfaction by carrying out property renewal and renovation aimed at accommodating diversifying social needs, by enhancing the content of tenant assistance services. 	Customer satisfaction survey results *Conducting on a regular and sector-by-sector basis from FY 2020
	Creating a workplace environment in which everyone is treated fairly and empowered to find his/her job rewarding	
	<ul style="list-style-type: none"> Enhance employee satisfaction via the creation of a sound working environment that ensures impartial evaluation, provides fair compensation, respects for fundamental rights and allows everyone to find his/her job rewarding. 	Average number of paid holidays taken (18 days per year or more) Employee satisfaction survey results
	Human resource development and talent management	
	<ul style="list-style-type: none"> Help our human resources improve their capabilities by providing them with periodic training and by encouraging them to engage in self-directed studies and acquire job-related certification 	Actual attendance results of employee training (Training hours per employee) Number of employees qualified or certified

< Principal changes >

- Addition of "Countering water resources" to Materiality and setting of quantitative target
- Target property of "Raising the proportion of "green" properties in our investment portfolio" are redefined as property acquired green certification with three stars or more or equivalent. (No level of evaluation has been defined in the previous target.)
- Raised KPI target of "Countering climate change" to -40% from previous target of -25%.
- KPI and a part of KPI targets of Materiality in "Society" and "Governance" were defined.

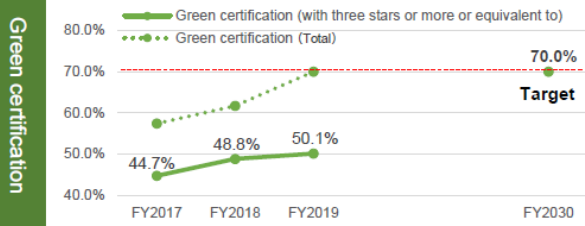
	Materiality, Policy and Target	KPI
Governance	Enhancement of Governance	
	<ul style="list-style-type: none"> Establish an effective sustainability promotion system through appropriate operation of PDCA cycle as well as a governance system which ensures impartiality and diversity of the directors. 	NMF's outside director ratio
	<ul style="list-style-type: none"> Promote investment management that prioritizes the unitholders' interest by aligning the interests of the unitholders, NMF and the Asset Management Company by introducing asset management fees linked to management performance. 	NMF's female director ratio NMF's board of director's meeting attendance ratio
	<ul style="list-style-type: none"> Aim to improve management performance through appropriate management based on the market research function of the Asset Management Company and selective investment backed by our own valuation method at the time of acquisition. 	External evaluation of the sustainability promotion system
	Establishment of an effective internal control system	
	<ul style="list-style-type: none"> Ensure legal compliance through raising awareness of compliance. 	Compliance training attendance rate (Target 100%)
	<ul style="list-style-type: none"> Prevent risks to the soundness of management and business continuity through appropriate risk management such as elimination of conflicts of interest in transactions with interested parties. 	Risk assessments frequency (Target once a year)
	<ul style="list-style-type: none"> Ensure the effectiveness of internal control process through internal audits. 	BCP training frequency (Target once a year)
	Stakeholder engagement and timely and appropriate information disclosure	
	<ul style="list-style-type: none"> Build solid relationships with and win the trust of all stakeholders by engaging in the timely, appropriate and proactive disclosure of financial/non-financial information and by maintaining constructive dialogue 	Number of IR meetings ESG rating assessment

- Although NMF has already determined material ESG issues (materiality) across a broad range of items, we decided to review them this time around.
- The major changes are summarized in the red frame on the upper right. These include an addition of response to water resources to materiality, qualitative improvement of property criteria for Green Certifications, and raising of numerical goals for reduction of greenhouse gas emissions.
- We will continue to make efforts to achieve the goals by monitoring progress of each item.

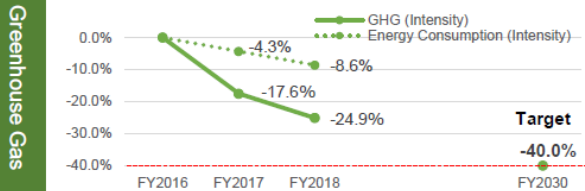
ESG Measures (E: Environment)

Environmental Indicators

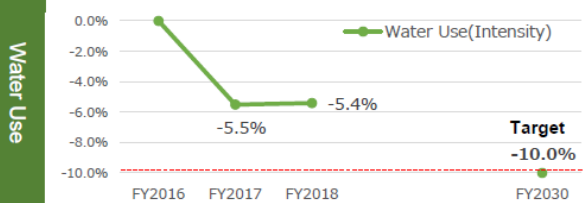
[Target] Raise the ratio to 70% by FY2030 (total floor area basis)



[Target] Reduce 40% by FY2030 (compared to 2016 level)



[Target] Reduce 10% by FY2030 (compared to 2016 level)



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

Specific Measures to Reduce Environmental Impact

Invested capital in owned properties to reduce our environmental impact (The examples below are from the 9th FP)

① Saving Energy with LED Lighting

- Shinjuku Nomura Building
- NMF Gotanda Ekimae Building
- Musashiurawa Shopping Square
- EQUINIA Shinjuku
- Kawaguchi Logistics Center A Tower
- PROUD FLAT Yoyogi Uehara
- ROUD FLAT Fujimidai, others

<Energy reduction by the works in the 9th FP>
-1,992Mwh/year (approx.-61.1%)



② Saving Energy by Upgrading Air Conditioners

- NMF Shinjuku EAST Building
- Universal CityWalk Osaka
- Izumiya Senrioka
- Atsugi Minami Logistics Center A Tower, others

<Energy reduction by the works in the 9th FP>
-344Mwh/year (approx.-20.3%)

③ Saving Water by Upgrading Toilets

- Landport Atsugi

<Water use reduction by the works in the 9th FP>
-39Kl/year (approx.-42.4%)

Conducted energy-saving checks

Plans future energy-saving works based on the results of the checks



Percentage of checked areas
(as of February 29, 2020)
64.0%
(Total floor area basis)

- As I explained in the previous page, with regard to environmental measures, we have revised the two numerical targets (Green Certification/greenhouse gas emissions) for 2030 to higher than the previous.
- While progress has been made steadily towards the targets, we will work to ensure the achievement of the targets through execution of various measures stated in the frame on the right.

ESG Measures (S: Society, G: Governance)

ESG Measures (S: Society)

> Response to tenants' satisfaction survey

Installed community lounge on the first floor at NMF Ginza 4-chome Building in response to its tenants' request on the satisfaction survey.



After



Before

> Cooperation with UNHCR (Japan for UNHCR)

Provided a part of the common area of NMF's properties to help UNHCR (Japan for UNHCR) for their refugee assistance campaign activities.



Musashiurawa Shopping Square



Omron Kyoto Center Building

> Promotion of taking paid leaves

NREAM encourages its employees to take paid leaves, etc., targeting 18 days per year.

Item	FY2017	FY2018	FY2019
Average days of paid leaves taken	16	17	19

ESG Measures (G: Governance)

> Compliance training sessions at the Asset Management Company

Training is conducted once a month to enhance compliance awareness and ensure thorough compliance with laws and regulations.

Month	Training Session Theme
Mar-19	Review of compliance training program for the fiscal year of 2018
Apr-19	Schedule of compliance training program for the fiscal year of 2019
May-19	Responding to antisocial forces
Jun-19	Anti-money laundering system
Jul-19	Insider transaction regulations
Aug-19	Insider transaction regulations (Web training)
Sep-19	Outline of the Civil Code Revision
Oct-19	Information management
Nov-19	Information management (Web training)
Dec-19	Regulations on related party transactions
Jan-20	Regulations on related party transactions (Web training)
Feb-20	Case study from issues pointed out in inspection to financial instruments business operators by the authority and its member association

> Enhancement of sustainability promotion system through sustainability training session (once a year).

Training is conducted for the officers and employees at NREAM and property management companies.



> Safety confirmation of the officers and employees

Nomura Real Estate Group has introduced a safety confirmation system via the Internet and e-mail to quickly ascertain the state of damage and the safety of its officers and employees in the event of a disaster. We conduct safety confirmation drills for all officers and employees.

Safety confirmation drills conducted: 4 times (FY2019)

- As described on the left, social measures included conducting tenant satisfaction surveys and providing responses based on their opinions or requests as well as supporting the U.N. campaigns.
- Furthermore, as described on the right, we have continued to strengthen governance of the Asset Management Company through various training programs, disaster drills, etc., as measures for governance.
- We will continue to discuss and implement effective measures for each aspect of ESG going forward.