



ESG Annual Report

2020.7

Nomura Real Estate Master Fund, Inc.

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

MASTER FUND

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NMF's principal initiatives and achievements from July 2019 to June 2020	Page
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NMF formulated new KPI to ESG materiality issues and revised existing KPI upward.	8
NREAM expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).	18
NREAM became a signatory to the Principles for Financial Action for the 21st Century (PFA21).	19
NREAM received Minister of the Environment Award in the general department as the most excellent efforts in fiscal year 2019 from PFA21.	19
NMF received 5 stars at GRESB Real Estate Rating 2019 and "A" at GRESB Public Disclosure Rating 2019 for a third consecutive year .	20
NMF has been upgraded to AA from A at MSCI ESG Rating.	21
NMF acquired certification and registration for EcoAction 21 Program, Environmental Management System (EMS) in Japan.	22
NMF acquired certification for CASBEE for Wellness Office Evaluation.	24
NMF made steady progress toward achieving KPI (2019 actual results).	35
NMF issued green bonds.	57

This report was prepared based on information on NMF official website as of July 2020.
For the more updated information on NMF's ESG activities, please refer to its official website.



NMF's Approach to Sustainability

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

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

|| A Message from Top Management

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

In fiscal year 2019, NMF continued to actively promote ESG activities. Alongside its Asset Management Company, NMF has carried out asset management that gives due consideration to ESG issues since its founding. We identified ESG materiality issues in January 2019 and have made significant progress toward achieving the KPI targets set out initially, due to the outcomes of various initiatives taken. In January 2020, we added further materiality issues and made upward revisions to the KPI targets, to promote more detailed initiatives. For example, regarding our initiative for countering climate change by reducing greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio, we have set out the KPI target of achieving 40% reduction in GHG by year fiscal 2030 compared to the level in fiscal year 2016, representing an upward revision of the previous target of 25% reduction.

In addition, in January 2020, NMF became the first J-REIT to be certified for “EcoAction 21” Program. “EcoAction 21” is an Environmental Management System (EMS) designed to allow an organization to set its own environmental policies and targets in the course of its operation and management, and work to achieve them. NMF has been promoting industry-leading initiatives, with its activities leading to the receipt of the Minister of the Environment Award in the general department, as the most excellent effort in fiscal year 2019 that follows the Principles for Financial Action of the 21st Century Secretariat.

Our MSCI ESG Rating has been upgraded to AA, one of the highest among J-REITs as of June 2020, as a result of these activities.

Accordingly, NMF and the asset management company are promoting our sustainable initiatives based on our policies and targets set out in our ESG materiality issues and key performance indicator(KPI). In addition, we will improve our sustainability initiatives continuously by promoting bidirectional communication and working together with our unitholders, tenants, employees, supply chains, neighboring communities and other stakeholders through our ESG disclosures including ESG materiality issues.

Shuhei Yoshida
Executive Director

Sustainability Policies and Systems

1. Efforts to save energy and create energy

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

2. Efforts to save resources and reduce waste

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

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

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

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

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

5. Collaboration with outside stakeholders

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

6. Information disclosure to investors, etc.

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

Sustainability Promotion Structure

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

(1) Board of Directors

Main roles : Formulation and revision of the Sustainability Policy, sustainability promotion rules and other in-house policies and rules

(2) Chief Sustainability Officer

Chief Strategy Officer (Director)

(3) Sustainability Operating Officer

Head of NMF Investment Management Group

(4) Investment Committee

Chair : President and Executive Officer

Members: Chief Strategy Officer, Other Executive Officers and Compliance Officer

Main roles: Decision making with regard to sustainability targets and measures

(5) Sustainability Promotion Committee

Chair : Head of NMF Investment Management Group, who concurrently serves as Sustainability Operating Officer

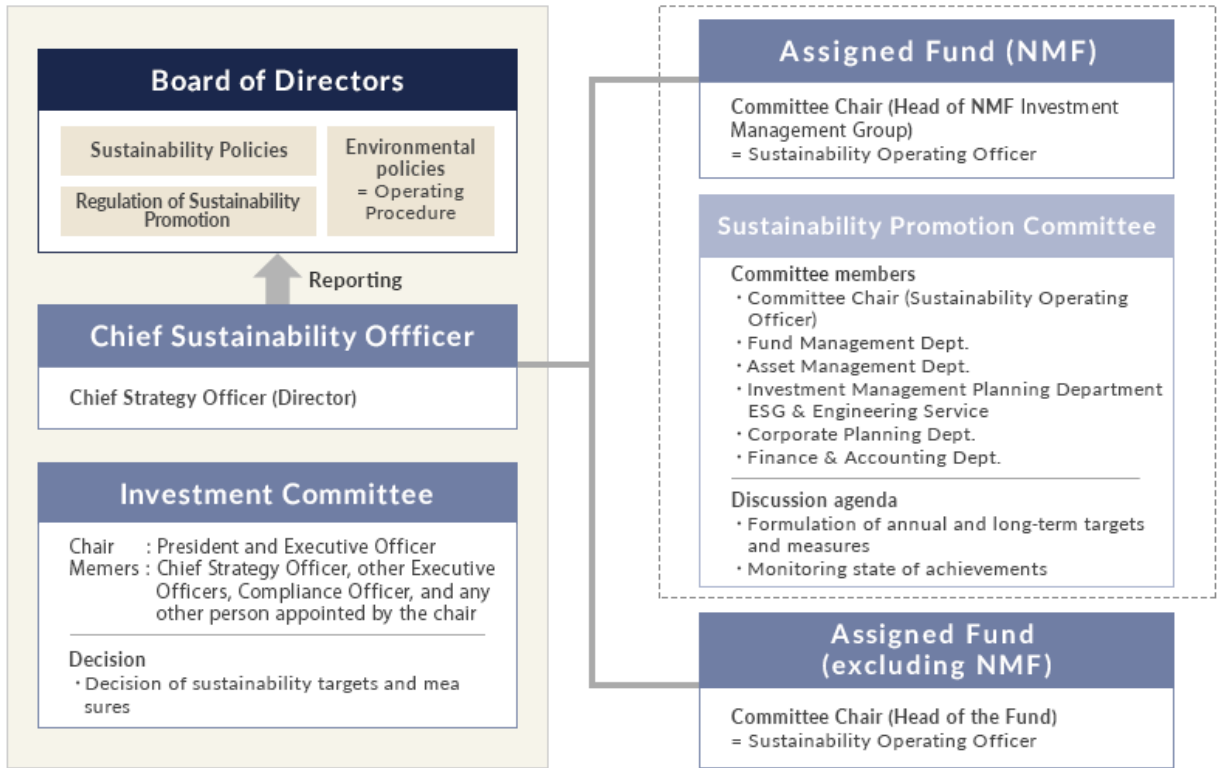
Meeting frequency: Once in a quarter or more

Main roles: Formulation of NMF's sustainability targets and measures and the monitoring of achievement status

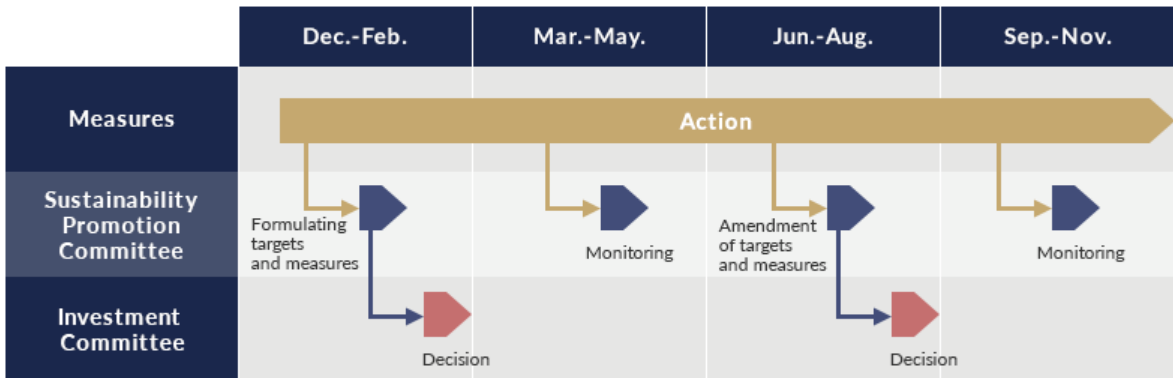
(6) ESG & Engineering Service

Key roles : In charge of matters related to external certifications and signatories (initiatives) on ESG considerations as well as support for overall operations concerning promotion of ESG considerations by NMF based on its sustainability policy

<Sustainability Promotion Structure>



<Annual Schedule>



> Environmental Management System (EMS)

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

<Scope of Certification and Registration>

investment and management of office buildings and residential properties



Sustainability Promotion Manuals

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

<Overview of Sustainability Promotion Manuals>

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

Sustainability Risk Assessments

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

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

Training for Officers and Employees

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



ESG Materiality Issues Identified by NMF

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

Information







■ Review of Materialities

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

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

<Principal changes>

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

Materiality, Policy and Target		Supporting SDGs
<p>Raising the proportion of “green” properties in our investment portfolio</p> <p>Target • Raise the ratio of properties acquired green certification (with three stars or more or equivalent to) to 70% by 2030</p> <p>KPI • Ratio of green certification (with three stars or more or equivalent to) ※ • Ratio of Green Certification ※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)</p> <p>Reported Location International Initiatives and Certifications/ Raising the Proportion of “Green” Properties in Our Portfolio</p>		 
<p>Countering climate change</p> <p>Target • Achieve 40% reduction in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio by 2030 compared with the 2016 level.</p> <p>KPI • GHG emissions per floor area (intensity)</p> <p>Reported Location Environmental Measures/Counting Climate Change</p>		 
<p>Countering water resources</p> <p>Target • Achieve 10% reduction in water use per floor area (intensity) in our portfolio by 2030 compared with the 2016 level.</p> <p>KPI • Water use per floor area (intensity)</p> <p>Reported Location Environmental Measures/Preserving Water Resources</p>		 

Environment

E



Ensuring the safety and security of tenants and improving user comfort

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



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




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



Human resource development and talent management

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



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

Stakeholder engagement and timely and appropriate information disclosure

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



Identifying Process on Materiality Issues

|| Process 1 : Selection of Issues to Be Considered

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

(Note 1) The Sustainability Accounting Standards Board:

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

(Note 2) The GRI Guidelines:

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

(Note 3) Sustainable Development Goals:

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

<SDGs 17 Goals>



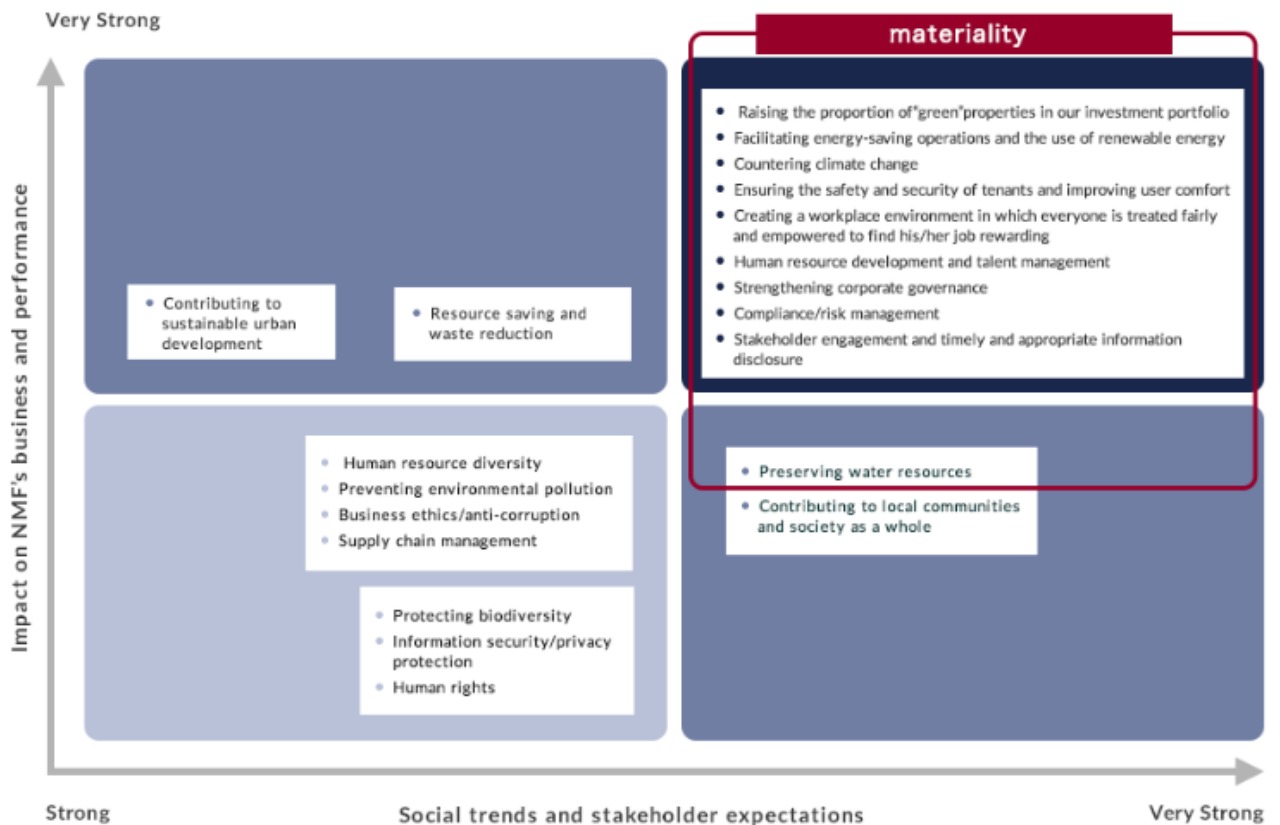
|| Process 2 : Determining Priorities and Preparing a Materiality Matrix

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

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

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

<Materiality Matrix>



Stakeholder Engagement

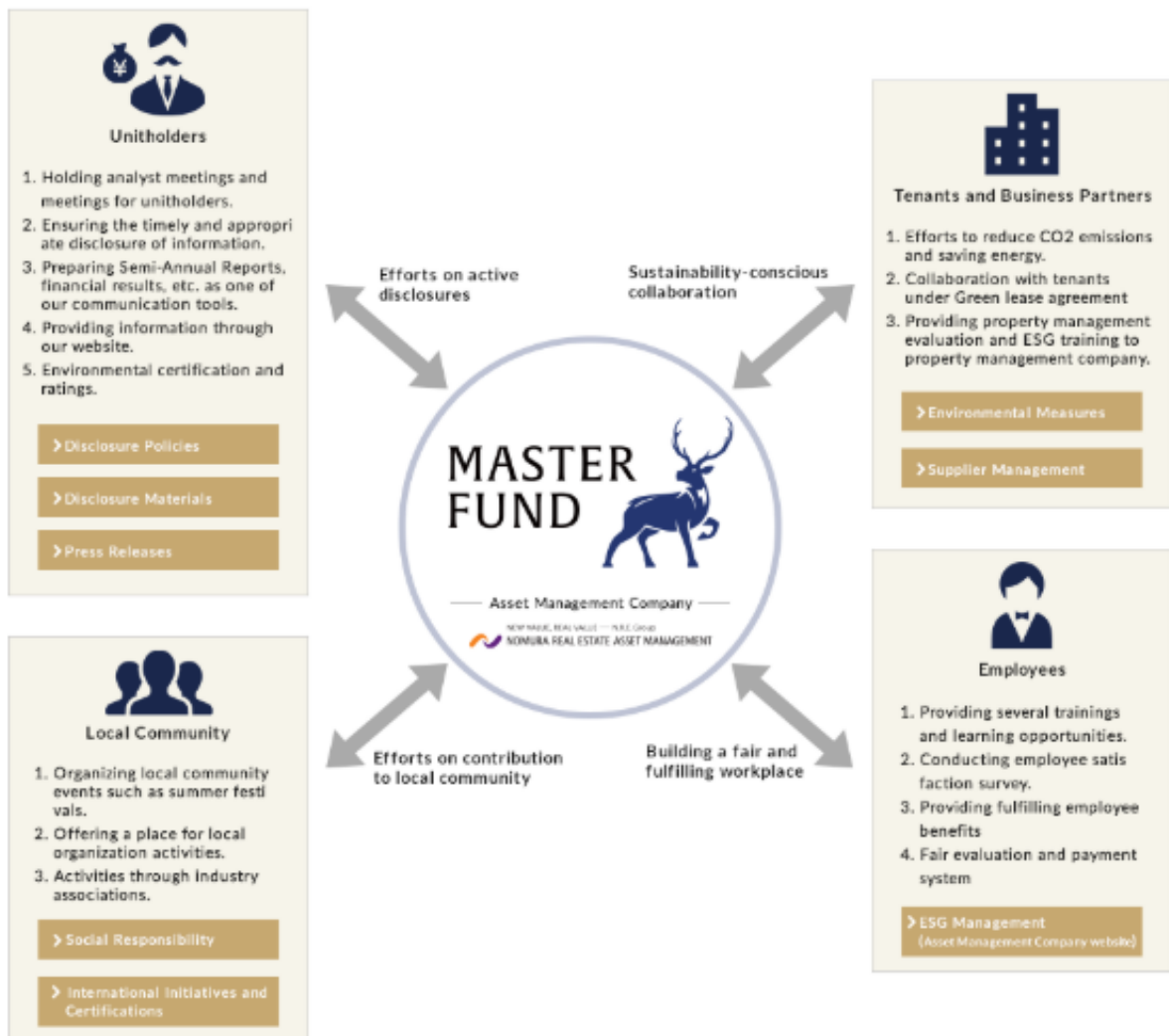


Basic Policy

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

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

Communication with Stakeholders





GRI Standards

II Universal Standards

TOPIC	Disclosure	Location
102 General Disclosures		
1 Organizational profile	1 Name of the organization	Corporate Profile
	2 Activities, brands, products, and services	Strength of NMF
		Disclosure Materials (Financial Information)
		Portfolio Summary
	3 Location of headquarters	Corporate Profile (Profile and history)
	4 Location of operations	Corporate Profile (Profile and history)
	5 Ownership and legal form	Corporate Profile (Profile and history)
	6 Markets served	Articles of Incorporation
		Portfolio Summary
	7 Scale of the organization	Corporate Profile (Director and Employee Information)
		Disclosure Materials (Financial Information)
		Asset Management Company (CSR Management)
	8 Information on employees and other workers	Corporate Profile (Director and Employee Information)
		Asset Management Company (CSR Management)
9 Supply chain	Supplier Management	
	Structure	
10 Significant changes to the organization and its supply chain	Not applicable	
11 Precautionary Principle or approach	Policies and Management Structure	
	Governance (Compliance)	
12 External initiatives	Governance (Risk Management)	
	International Initiatives and Certifications	
13 Membership of associations	International Initiatives and Certifications	
	Asset Management Company (Corporate Profile)	
2 Strategy	14 Statement from senior decision-maker	Policies and Management Structure
	15 Key impacts, risks, and opportunities	Policies and Management Structure ESG Materiality Identified by NMF
3 Ethics and integrity	16 Values, principles, standards, and norms of behavior	Policies and Management Structure
		Asset Management Company (Corporate Philosophy)
	17 Mechanisms for advice and concerns about ethics	Nomura Real Estate Group (NREG Code of Action)
Governance (Risk Management)		
	Asset Management Company (CSR Management)	

TOPIC	Disclosure	Location
102 General Disclosures		
4 Governance	18 Governance structure	Governance Policies and Management Structure
	19 Delegating authority	Policies and Management Structure
	20 Executive-level responsibility for economic, environmental, and social topics	Policies and Management Structure
	21 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement Policies and Management Structure
	22 Composition of the highest governance body and its committees	Governance
	23 Composition of the highest governance body and its committees	Governance
	24 Nominating and selecting the highest governance body	Governance
	25 Conflicts of interest	Governance (Compliance)
		Capital and Major Unitholders Structure
	26 Conflicts of interest	Policies and Management Structure
	27 Collective knowledge of highest governance body	-
	28 Evaluating the highest governance body's performance	-
	29 Identifying and managing economic, environmental, and social impacts	Policies and Management Structure
		ESG Materiality Identified by NMF
	30 Effectiveness of risk management processes	-
	31 Review of economic, environmental, and social topics	Policies and Management Structure
	32 Highest governance body's role in sustainability reporting	-
	33 Communicating critical concerns	Policies and Management Structure Governance
34 Nature and total number of critical concerns	-	
35 Remuneration policies	Governance	
36 Process for determining remuneration	Governance	
37 Stakeholders' involvement in remuneration	-	
38 Annual total compensation ratio	-	
39 Percentage increase in annual total compensation ratio	-	
5 Stakeholder engagement	40 List of stakeholder groups	Stakeholder Engagement
	41 Collective bargaining agreements	Not applicable as NMF does not have employees.
		Asset Management Company (CSR Management)
	42 Identifying and selecting stakeholders	Stakeholder Engagement
43 Approach to stakeholder engagement	Stakeholder Engagement	
44 Key topics and concerns raised	ESG Materiality Identified by NMF	
	Stakeholder Engagement	

TOPIC	Disclosure	Location	
102 General Disclosures			
6	Reporting practice	45 Entities included in the consolidated financial statements	ESG Disclosure Policy and Reporting Framework
		46 Defining report content and topic Boundaries	ESG Disclosure Policy and Reporting Framework
		47 List of material topics	ESG Materiality Identified by NMF
		48 Restatements of information	Not applicable
		49 Changes in reporting	Not applicable
		50 Reporting period	ESG Disclosure Policy and Reporting Framework
		51 Date of most recent report	ESG Disclosure Policy and Reporting Framework
		52 Reporting cycle	ESG Disclosure Policy and Reporting Framework
		53 Contact point for questions regarding the report	ESG Disclosure Policy and Reporting Framework
		54 Claims of reporting in accordance with the GRI Standards	ESG Disclosure Policy and Reporting Framework
55 GRI content index	GRI Standards		
56 External assurance	-		
103 Management Approach			
1	General requirements for reporting the management approach	1 Explanation of the material topic and its boundary	ESG Materiality Identified by NMF
		2 The management approach and its components	ESG Materiality Identified by NMF International Initiatives and Certifications Environmental Measures Social Responsibility Asset Management Company (CSR Management) Governance Securing an Investment Management Structure That Prioritizes Unitholders' Interest Stakeholder Engagement
	3 Evaluation of the management approach	Policies and Management Structure Governance	

II Topic-specific Standards

Location	Disclosure	Location	
200 Economic			
201	Economic Performance	1 Direct economic value generated and distributed	-
		2 Financial implications and other risks and opportunities due to climate change	Environmental Measures International Initiatives and Certifications
	3 Defined benefit plan obligations and other retirement plans	-	
	4 Financial assistance received from government	-	
202	Market Presence	1 Ratios of standard entry level wage by gender compared to local minimum wage	-
		2 Proportion of senior management hired from the local community	-
203	Indirect Economic Impacts	1 Infrastructure investments and services supported	-
		2 Significant indirect economic impacts	-
204	Procurement Practices	1 Proportion of spending on local suppliers	-
205	Anti-corruption	1 Operations assessed for risks related to corruption	-
		2 Communication and training about anti-corruption policies and procedures	Governance (Compliance)
		3 Confirmed incidents of corruption and actions taken	-
206	Anti-competitive Behavior	1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
300 Environmental			
301	Materials	1 Materials used by weight or volume	-
		2 Recycled input materials used	-
		3 Reclaimed products and their packaging materials	-

TOPIC	Disclosure	Location	
102 General Disclosures			
302	Energy	1 Energy consumption within the organization	Environmental Measures (Environmental Performance)
		2 Energy consumption outside of the organization	-
		3 Energy intensity	Environmental Measures (Environmental Performance)
		4 Reduction of energy consumption	Environmental Measures (Environmental Performance)
		5 Reductions in energy requirements of products and services	-
303	Water and Effluents	1 Water withdrawal by source	Environmental Measures (Environmental Performance)
		2 Water sources significantly affected by withdrawal of water	-
		3 Water recycled and reused	-
304	Biodiversity	1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
		2 Significant impacts of activities, products, and services on biodiversity	-
		3 Habitats protected or restored	-
		4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
305	Emissions	1 Direct (Scope 1) GHG emissions	Environmental Measures (Environmental Performance)
		2 Indirect (Scope 2) GHG emissions	Environmental Measures (Environmental Performance)
		3 Other indirect (Scope 3) GHG emissions	-
		4 GHG emissions intensity	Environmental Measures (Environmental Performance)
		5 Reduction of GHG emissions	Environmental Measures (Environmental Performance)
		6 Emissions of ozone-depleting substances (ODS)	-
		7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
306	Effluents and waste	1 Water discharge by quality and destination	-
		2 Waste by type and disposal method	Environmental Measures (Environmental Performance)
		3 Significant spills	-
		4 Transport of hazardous waste	-
		5 Water bodies affected by water discharges and/or runoff	-
307	Environmental Compliance	1 Non-compliance with environmental laws and regulations	-
308	Environmental Assessment	1 New suppliers that were screened using environmental criteria	-
		2 Negative environmental impacts in the supply chain and actions taken	Supplier Management
400 Social			
401	Employment	1 New employee hires and employee turnover	CSR Management (Basic Data)
		2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	CSR Management (Creating Fair Work Environments with Meaningful Work)
		3 Parental leave	CSR Management (Promotion of Diversity)
402	Labor/Management Relations	1 Minimum notice periods regarding operational changes	-
403	Occupational Health and Safety	1 Workers representation in formal joint management-worker health and safety committees	-
		2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	CSR Management (Health and Safety of Employees)

TOPIC	Disclosure	Location
302	General Disclosures	
		3 Workers with high incidence or high risk of diseases related to their occupation -
		4 Health and safety topics covered in formal agreements with trade unions -
404	Training and Education	1 Average hours of training per year per employee CSR Management (High Degree of Specialization)
		2 Programs for upgrading employee skills and transition assistance programs CSR Management (High Degree of Specialization)
		3 Percentage of employees receiving regular performance and career development reviews -
405	Diversity and Equal Opportunity	1 Diversity of governance bodies and employees Governance CSR Management (Promotion of Diversity)
		2 Ratio of basic salary and remuneration of women to men -
406	Non-discrimination	1 Incidents of discrimination and corrective actions taken -
407	Freedom of Association and Collective Bargaining	1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk -
408	Child Labor	1 Operations and suppliers at significant risk for incidents of child labor -
409	Forced or Compulsory Labor	1 Operations and suppliers at significant risk for incidents of forced or compulsory labor -
410	Security Practices	1 Security personnel trained in human rights policies or procedures -
411	Rights of Indigenous Peoples	1 Incidents of violations involving rights of indigenous peoples -
412	Incidents of violations involving rights of indigenous peoples	1 Operations that have been subject to human rights reviews or impact assessments -
		2 Employee training on human rights policies or procedures CSR Management (High Degree of Specialization)
		3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening -
413	Local Communities	1 Operations with local community engagement, impact assessments, and development programs Social Responsibility
		2 Operations with significant actual and potential negative impacts on local communities -
414	Supplier Social Assessment	1 New suppliers that were screened using social criteria -
		2 Negative social impacts in the supply chain and actions taken Supplier Management
415	Public Policy	1 Political contributions -
416	Customer Health and Safety	1 Assessment of the health and safety impacts of product and service categories -
		2 Incidents of non-compliance concerning the health and safety impacts of products and services -
417	Marketing and Labeling	1 Requirements for product and service information and labeling -
		2 Incidents of non-compliance concerning product and service information and labeling -
		3 Incidents of non-compliance concerning marketing communications -
418	Customer Privacy	1 Substantiated complaints concerning breaches of customer privacy and losses of customer data -
419	Socioeconomic Compliance	1 Non-compliance with laws and regulations in the social and economic area -

International Initiatives and Certifications



Signatory to PRI and UNEP FI

NREAM has become a signatory to the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI) in December 2017 based on the idea that asset management considering ESG is essential to the sustainable growth of the asset value.

Signatory of:



Support for TCFD Recommendations

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



Participation in Japan Climate Initiative (JCI)

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



Signatory to PFA21

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



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

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

<Award Details>

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

<NREAM's Efforts Evaluated>

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

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



Participation in GRESB Membership

II GRESB

An annual benchmarking program aimed at evaluating environmental, social and governance (ESG) initiatives undertaken by real estate businesses, GRESB was established in 2009 by two of Europe's largest pension fund administrators, which have also taken the lead in establishing the UN Principles for Responsible Investment, acting as its advocates.

In its assessment, rather than simply focusing on individual real estate holdings, GRESB evaluates real estate companies, REITs and private real estate funds on the basis of their sustainability initiatives, thus distinguishing itself from other real estate-related ESG benchmarking programs.

Over 100 Investor Members (Total AUM USD 22 trillion (JPY 2,354 trillion assuming USD 1=JPY 107)) have joined GRESB and use GRESB data to select and dialogue with investment targets. A total of 1,005 entities globally, comprising real estate companies, REITs and funds, participated in the 2019 Assessment.

II Participation in GRESB Membership

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



II About GRESB's "Green Star" and "5-Star" Real Estate Ratings

Under the GRESB program, NMF received a "Green Star" rating for a fourth consecutive year. The "Green Star" rating is bestowed only to applicants that earn outstanding evaluations in terms of "management & policy" and "implementation & measurement"-two operational dimensions subject to assessment in light of efforts aimed at addressing environmental concerns and sustainability issues. NMF also received a "5-Star" rating for a third consecutive year, the highest under a five-grade evaluation system that reflects global ranking based on an applicant's total scores.



NMF believes that the factors that helped it earn these ratings are as follows.

- collaboration and partnerships with stakeholders
- A proactive attitude toward acquiring "Green Building" and other such certifications
- Proactive management of Key Performance Indicators (KPI).

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

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



The MSCI Japan ESG Select Leaders Index

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

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

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



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

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

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



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

Raising the Proportion of "Green" Properties in Our Portfolio

II Basic Policy

NMF recognizes that helping resolve environmental problems, such as issues associated with climate change, is of critical importance to the success of its business strategies aimed at securing ongoing operations. Based on this recognition, NMF is striving to minimize environmental burdens attributable to its portfolio. NMF therefore engages in investment in environmentally friendly properties while working to enhance the efficiency of its energy use by, for example, introducing eco-friendly and energy-saving countermeasures at its properties.

> Key Performance Indicator

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

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

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

II Environmental Certification

	Number of Properties	Floor Area (㎡)	Certified Ratio
Green certification (with three stars or more or equivalent to)	56	1,193,090.99	51.7%
Green certification	97	1,640,359.47	71.0%
DBJ Green Building Certification	85	1,438,561.29	62.3%
BELS Certification	31	514,876.65	22.3%

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

(※2) Acquisition status as of Jul. 22, 2020.

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

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

II DBJ Green Building Certification

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

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

II Acquisition of BELS Certification

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

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

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



II Acquisition of CASBEE for Real Estate

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

|| Acquisition of CASBEE for Real Estate

The certification system for CASBEE for Wellness Office Preceding Evaluation is an evaluation system that evaluates the building's specifications, performance and initiatives supporting the maintenance and enhancement of the building users' health and comfort. In addition to factors directly affecting the health and comfort of people working in the building, factors contributing to improve intellectual productivity and performance related to safety and security are also subject to be evaluated.



II Acquisition status of environmental certifications

Properties	Sector	DBJ Green Building	BELS
NEC Head Office Building	Office	★★★★★	
Shinjuku Nomura Building	Office	★★★★	
NRE Tennozu Building	Office	★★★★	
Kojimachi Millennium Garden	Office	★★★★	
PMO Tamachi	Office	★★★★	★★
PMO Ginza Hatchome	Office	★★★★	★★
Harumi Island Triton Square Office Tower Y・Z	Office	★★★★	
PMO Tamachi Higashi	Office	★★★★	★★★
PMO Hatchobori Shinkawa	Office	★★★★	★★★
PMO Kyobashi Higashi	Office	★★★★	★★★
PMO Ochanomizu	Office	★★★★	★★★
PMO Akihabara Kita	Office	★★★★	★★★
Omron Kyoto Center Building	Office	★★★★	
Landport Urayasu	Logistics	★★★★	★★
Landport Itabashi	Logistics	★★★★	★★
Landport Kawagoe	Logistics	★★★★	★★★★
Landport Atsugi	Logistics	★★★★	★★★★★
Landport Hachioji	Logistics	★★★★	
Landport Kasukabe	Logistics	★★★★	★★
Hanyu Logistics Center	Logistics	★★★★	
Fukasawa House Towers H&I	Residential	★★★★	
PMO Nihonbashi Honcho	Office	★★★	★★
PMO Hatchobori	Office	★★★	★
PMO Nihonbashi Odenmachi	Office	★★★	★★
PMO Higashi-nihonbashi	Office	★★★	

Properties	Sector	DBJ Green Building	BELS
PMO Shibakoen	Office	★★★	★★
NMF Shinjuku EAST Building	Office	★★★	
PMO Hirakawacho	Office	★★★	
PMO Nihonbashi Mitsukoshi-mae	Office	★★★	
PMO Shibadaimon	Office	★★★	
PMO Higashi-Shinbashi	Office	★★★	★★★
PMO Hamamatsucho	Office	★★★	★★
Sapporo North Plaza	Office	★★★	
NRE Sapporo Building	Office	★★★	
Yokosuka More's City	Retail Facilities(Near Stations)	★★★	
Sagamihara Shopping Center	Retail Facilities(Near Stations)	★★★	
Universal CityWalk Osaka	Retail Facilities(Near Stations)	★★★	
Sagamihara Tana Logistics Center	Logistics	★★★	
Atsugi Minami Logistics Center B Tower	Logistics	★★★	
Landport Ome I	Logistics	★★★	
Hirakata Kuzuha Logistics Center	Logistics	★★★	
PROUD FLAT Shirokane Takanawa	Residential	★★★	
PROUD FLAT Kamata II	Residential	★★★	
PROUD FLAT Tsurumi II	Residential	★★★	
PRIME URBAN Shinkawa	Residential	★★★	
PRIME URBAN Nihonbashi Yokoyamacho	Residential	★★★	
PRIME URBAN Ikebukuro	Residential	★★★	
PRIME URBAN Toyosu	Residential	★★★	
PROUD FLAT Omori III	Residential	★★★	
PRIME URBAN Sapporo Riverfront	Residential	★★★	
SORA Shin-Osaka 21	Office	★★	
NRE Osaka Building	Office	★★	

Properties	Sector	DBJ Green Building	BELS
NRE Yotsubashi Building	Office	★★	
Recipe SHIMOKITA	Retail Facilities(Near Stations)	★★	
Kawasaki More's	Retail Facilities(Near Stations)	★★	
GEMS Shinbashi	Retail Facilities(Near Stations)	★★	★★
Izumiya Senrioka	Retail Facilities(Near Stations)	★★	
Izumiya Yao	Retail Facilities(Residential Areas)	★★	
Izumiya Obayashi	Retail Facilities(Residential Areas)	★★	
nORBESA	Retail Facilities(Near Stations)	★★	
Sagamihara Onodai Logistics Center	Logistics	★★	
Kawaguchi Ryoke Logistics Center	Logistics	★★	
PROUD FLAT Sumida Riverside	Residential	★★	
PROUD FLAT Asakusa Komagata	Residential	★★	
PROUD FLAT Yokohama	Residential	★★	
PROUD FLAT Kamioooka	Residential	★★	
PRIME URBAN Kagurazaka	Residential	★★	
PRIME URBAN Monzen Nakacho	Residential	★★	
PRIME URBAN Machiya South Court	Residential	★★	
PRIME URBAN Nihonbashi Kayabacho	Residential	★★	
PRIME URBAN Kita Sanjo Dori	Residential	★★	
PRIME URBAN Izumi	Residential	★★	
PRIME URBAN Sakaisuji Honmachi	Residential	★★	
Serenite Shinsaibashi Grande	Residential	★★	
NMF Kawasaki Higashiguchi Building	Office	★	
NMF Aoyama 1-chome Building	Office	★	
NMF Kayabacho Building	Office	★	

Properties	Sector	DBJ Green Building	BELS
Nitori Makuhari	Retail Facilities(Residential Areas)	★	
FESTA SQUARE	Retail Facilities(Residential Areas)	★	
Nakaza Cui-daore Building	Retail Facilities(Near Stations)	★	
GEMS Namba	Retail Facilities(Near Stations)	★	★★
PROUD FLAT Sangenjaya II	Residential	★	
PROUD FLAT Shin Osaka	Residential	★	
PRIME URBAN Tsutsumidori Amamiya	Residential	★	
Landport Kashiwa Shonan I	Logistics		★★★★★
Landport Higashi-Narashino	Logistics		★★★★★
Landport Kashiwa Shonan II	Logistics		★★★★
PMO Nihonbashi Kayabacho	Office		★★★
GEMS Ichigaya	Retail Facilities(Near Stations)		★★
GEMS Shin-Yokohama	Retail Facilities(Near Stations)		★★
GEMS Sangenjaya	Retail Facilities(Near Stations)		★★
Secom Medical Building	Office		★
PMO Akihabara	Office		★
GEMS Shibuya	Retail Facilities(Near Stations)		★
PROUD FLAT Kinshicho	Residential		★

In addition, NMF received certification for CASBEE for Real Estate at Musashiurawa Shopping Square and CASBEE for Wellness Office for PMO Nihonbashi Kayabacho.

Environmental Measures



Counting Climate Change

|| Our Stance on and Basic Policy for Addressing Climate Change Issues

In recent years, the growing implications of climate change are affecting people's living conditions, business activities and human society as a whole. With the 2015 adoption of the Paris Agreement, which defines an overarching framework for countering climate change, the international community has accelerated a number of initiatives aimed at reducing greenhouse gas (GHG) emissions. While national governments play key roles in these initiatives, the private sector's corporate citizens are also expected to fulfill their responsibilities.

Accordingly, Nomura Real Estate Master Fund, Inc. (NMF) recognizes that countering climate change via, for example, the reduction of GHG emissions, is of critical importance in light of its business strategies aimed at maintaining ongoing operations.

Based on this recognition, NMF will contribute to a shift to a low-carbon society through the reduction of GHG emissions while securing its preparedness to natural disasters and other phenomena arising from climate change.

> Key Performance Indicator (KPI)

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

|| Solar Power Generation Facilities

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

(FY2019 actual results)

Number of properties	Annual output
10	10,766,862kWh



|| Energy Saving via a Switchover to LED Lighting

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



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

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



|| External Assessment of Energy-Saving Measures

We are proactively receiving an external assessment of energy-saving measures we have in place at our properties while drawing on assessment results to improve property management and realize further reductions in energy consumption.



(As of February 2020)

Floor area basis	Number of properties basis
64.0%	21.2%

|| Collaboration with Tenants

> Green Lease Clauses

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

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

<An example of a green lease scheme >

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

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

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

Tenant Engagement Program

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



Replacement of Power Companies

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

Use of Electricity by Biomass Power Generation

Some of the electricity used by our properties is generated by biomass power which has a low environmental impact. (Of the electricity used at PMO Shibakoen, PMO Ginza Hatchome, and NRE Yotsubashi Building from September 1, 2019 to March 31, 2020, about 198 Mwh is generated by biomass power.)



Adaption to Climate Change

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

▶ Expanding Greenery

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



➤ Countermeasures against Flooding

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



➤ Countermeasures against Heavy Snowfalls

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



Preserving Water Resources

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

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

➤ Key Performance Indicator (KPI)

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

|| Renewal of Toilet Equipment

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



|| Installation of Smart Sprinkler Systems

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



|| Proactive Use of Rainwater and Well Water

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

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

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



Promoting Waste Reduction

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

|| Installation of Food-Waste Disposers

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



Prevention of Pollution

|| Due Diligence Prior to Property Acquisition

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

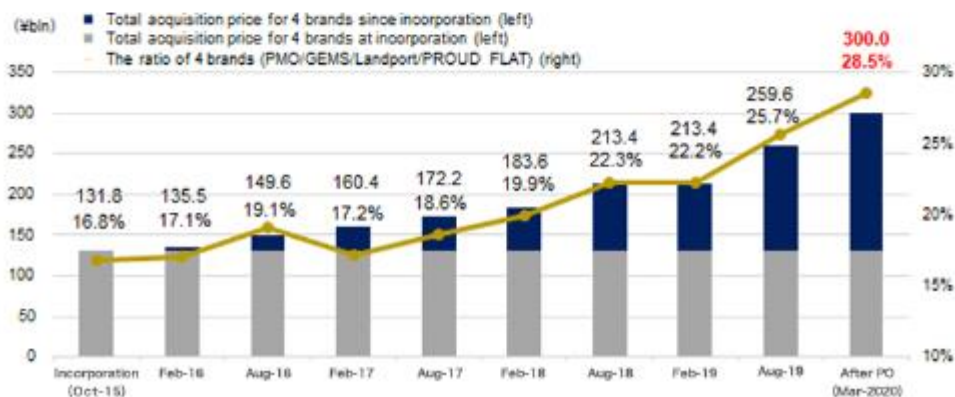
- The building engineering report alleges no issues arising from the use or storage of hazardous substances to exist
- There is no potential for soil pollution

Urban Redevelopment

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



<Acquisitions of the Properties Developed by the Sponsor>



Environmental Performance

|| Greenhouse Gas (GHG) Emissions

> Key Performance Indicator (KPI)

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

> Actual results of our GHG emissions

	Unit	FY2016 (Base Year)	FY2018	FY2019	FY2030 (Target Year)	
GHG Emissions	t-CO2	89,110	67,957	66,822	-	
GHG Emissions Intensity	t-CO2/m ²	0.0769	0.0577	0.0547	-	
Reduction Rate		%	-	-25.1%	-28.9%	-40.0%
	Energy Consumption	KI	37,926	35,289	35,299	-
	Energy Consumption Intensity	KI/m ²	0.0327	0.0299	0.0289	-
	Reduction Rate	%	-	-8.6%	-11.5%	-
	Emission Factor	-	2.35	1.93	1.89	-
	Decline Rate	%	-	-18.0%	-19.6%	-

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

|| Water Use

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

> Actual results of our water use

	Unit	FY2016 (Base Year)	FY2018	FY2019	FY2030 (Target Year)
Water Use	m ³	777,209	750,942	787,760	-
Water Use Intensity	m ³ /m ²	0.665	0.632	0.639	-
Reduction Rate	%	-	-5.0%	-3.9%	-10.0%

|| Waste Amount

> Actual results of our water use

	Unit	FY2016	FY2017	FY2018	FY2019
Waste Disposed	Kg	5,825,674	6,311,073	6,562,925	6,652,676
Waste Amount Intensity	Kg/m ²	9.01	9.16	9.28	9.16



Ensuring the Safety and Security of Tenants and Improving User Comfort

Basic Policy

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

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

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

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

Opened the innovative space NEON in Shinjuku Nomura Building



Floor Layout and Concept

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



1 Concierge

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



2 Café

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



2 NEON ROOM

Small meeting rooms that completely alter your state of mind

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





> Human resource development

Providing employment interview sites (*)



Nihonzashi Murotsuchi Nomura bldg

Providing training programs



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

> Human resource exchange

Human resource exchange events



CSR assisted programs



> Business continuity planning

Disaster prevention base



PMO Nihonzashi Murotsuchi

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

Disaster prevention warehouse



- Power supply
72hours
- Stocks
2,000people

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



> Support for Employees' work environment

Providing shuttlebus services between the nearest station and the property.



Lunch service for workers at the property.

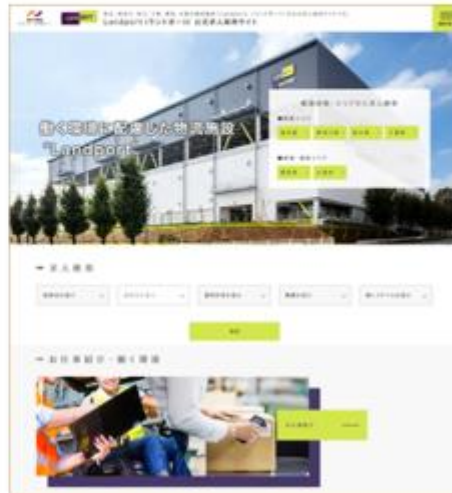


Offering a cafeteria with free Wi-Fi in the property.



> Support for securing human resources

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



Carrying out promotion campaign making good use of GEMS portal website.



Assisting tenants in kicking off their operations

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



Support for residents' comfortable lives

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

<Trouble case examples>

<p>› Sanitation troubles</p>  <ul style="list-style-type: none"> • Any failure in drainage • Toilet blockage • Water leakage <p>24/7 response including repairman arrangement</p>	<p>› Window glass troubles</p>  <ul style="list-style-type: none"> • Broken window glass • Cracks in window glass <p>24/7 response including repairman arrangement</p>
<p>› Electrical troubles</p>  <ul style="list-style-type: none"> • Any failure in lighting equipment, outlets, air conditioner and circuit breaker <p>24/7 response including repairman arrangement</p>	<p>› Gas equipment troubles</p>  <ul style="list-style-type: none"> • Any failure in gas stove and hot water heater <p>Response including repairman arrangement from 9:00 to 17:30 (Telephone reception is available 24/7)</p>

|| Customer Satisfaction Surveys

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

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

The survey conducted for tenants in the office sector in 2018, with approximately 70% of respondents indicated their satisfaction.

From FY2020 onward, our policy is to conduct regular customer satisfaction surveys in each sector. Since April 2020 in residential sector, we have received online satisfaction survey results from the residents moved out. We will proactively utilize the valuable opinions collected from the residents to improve future satisfaction.

Contribution for Local Community

|| Connection with Local Community

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

> Hosting and Participating in Community Events

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



Joined in Sendai Tanabata Festival.



Organizing a summer festival at Shinjuku Nomura Building every summer.



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



› Organizing Events for Tenants

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



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



› Agreements with Local Community

Megalos Kanagawa:

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



Shinjuku Nomura Building:

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



➤ Supporting UNHCR campaign:

Offering a space for supporting UNHCR activities.



Cooperation to anti-terrorism training:

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



|| Health & Welfare

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

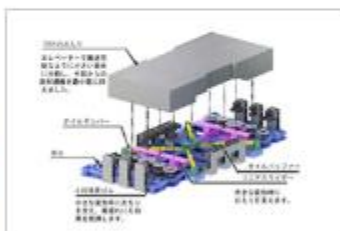


Initiatives for Resilience against Natural Disasters

|| Disaster Prevention and Business Continuity Plan (BCP)

> The long-duration seismic activity measures:

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



> Estimated seismic intensity information distribution system

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

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



> Fire drills

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



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

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



Initiatives for Employees

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

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



Governance of the Investment Corporation

|| Governance of NMF

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

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

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

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

|| Executive Director and Supervisory Directors

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

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

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

> Criteria for Electing Executive Director and Supervisory Director

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

Title	Name	Reasons for election	Gender	Attendance at Board of Directors meetings (FY2019)
Executive Director	Shuhei Yoshida	Mr. Yoshida was the Supervisory Director of the former Nomura Real Estate Master Fund, Inc. and NMF, and is an attorney. As such, he is an expert in the ITA and related laws and regulations, specializing in the newest laws and regulations for real estate, particularly land and building leases, fixed-term land lease holdings, fixed-term house rentals, and lifetime leases. Upon considering his abundant experience, Mr. Yoshida was selected as Executive Director as it was determined that he has sufficient knowledge and experience for the position and to exercise his right to represent NMF.	Male	92.3% (12 times/ 13 times)

Supervisory Director	Mineo Uchiyama	As a certified public accountant, Mr. Uchiyama is well versed in accounting and tax matters. He also has experience auditing the accounts of companies listed on the Tokyo Stock Exchange, and has supervised the Executive Director's tasks as a Supervisory Director for NMF. Mr. Uchiyama was selected as a Supervisory Director as it was determined that he has sufficient knowledge and experience to conduct the work required as a member of the Board of Directors for NMF.	Male	100% (13 times/ 13 times)
Supervisory Director	Koichi Owada	As a real estate auditor, Mr. Owada possesses vast insight regarding the fairness and transparency of real estate transactions. He has also had experience as Director, etc., at multiple corporations and has supervised the Executive Director's tasks as a Supervisory Director for NMF. Mr. Owada was selected as a Supervisory Director as it was determined that he has sufficient knowledge and experience to conduct the work required as a member of the Board of Directors for NMF.	Male	100% (13 times/ 13 times)
Supervisory Director	Mika Okada (Note)	As a lawyer, Ms. Okada is well versed in various related laws and regulations including real estate transactions. She was selected as a Supervisory Director as it was determined that she has sufficient knowledge and experience to supervise the Executive Director's tasks as a Supervisory Director for NMF and to conduct the work required as a member of the Board of Directors for NMF.	Female	100% (11 times/ 11 times) (Note)

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

II Administration Fees, etc.

Administration fees the Investment Corporation pays are as follows:

▶ Compensation for Executive Directors and Supervisory Directors

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

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

Title	Name	Total compensation amount (FY2019)
Executive Director	Shuhei Yoshida	4,800 thousand yen
Supervisory Director	Mineo Uchiyama	3,600 thousand yen
Supervisory Director	Koichi Owada	3,600 thousand yen
Supervisory Director	Mika Okada	2,700 thousand yen (Note)

(Note) Her term of office has started from June 1, 2019.

➤ Compensation for Independent Auditor

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

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

Title	Name	Total compensation amount (FY2019)
Independent Auditor	Ernst & Young ShinNihon LLC	77,000 thousand yen

(Note 1) Executive directors, supervisory directors or independent auditors (here and hereafter in this Article, referred to as the "Directors Etc.") are liable for damages to NMF if they have neglected to perform their duties. However, if Directors, Etc., have performed their duties in good faith and without gross negligence, and when NMF finds it particularly necessary, taking into consideration the details of the facts that are the source of liability, the status of the execution of the duties of such Directors Etc., and other circumstances, NMF may, to the extent permitted by laws and regulations, by resolution of the Board of Directors, exempt such Directors Etc., from liability for damages under the Act on Investment Trusts and Investment Corporations and the Investment Corporation's Articles of Incorporation.

(Note 2) Of the remuneration paid to the Independent Auditor, ¥28 million was for preparing a comfort letter

➤ Compensation for the Asset Management Company

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

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

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

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

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

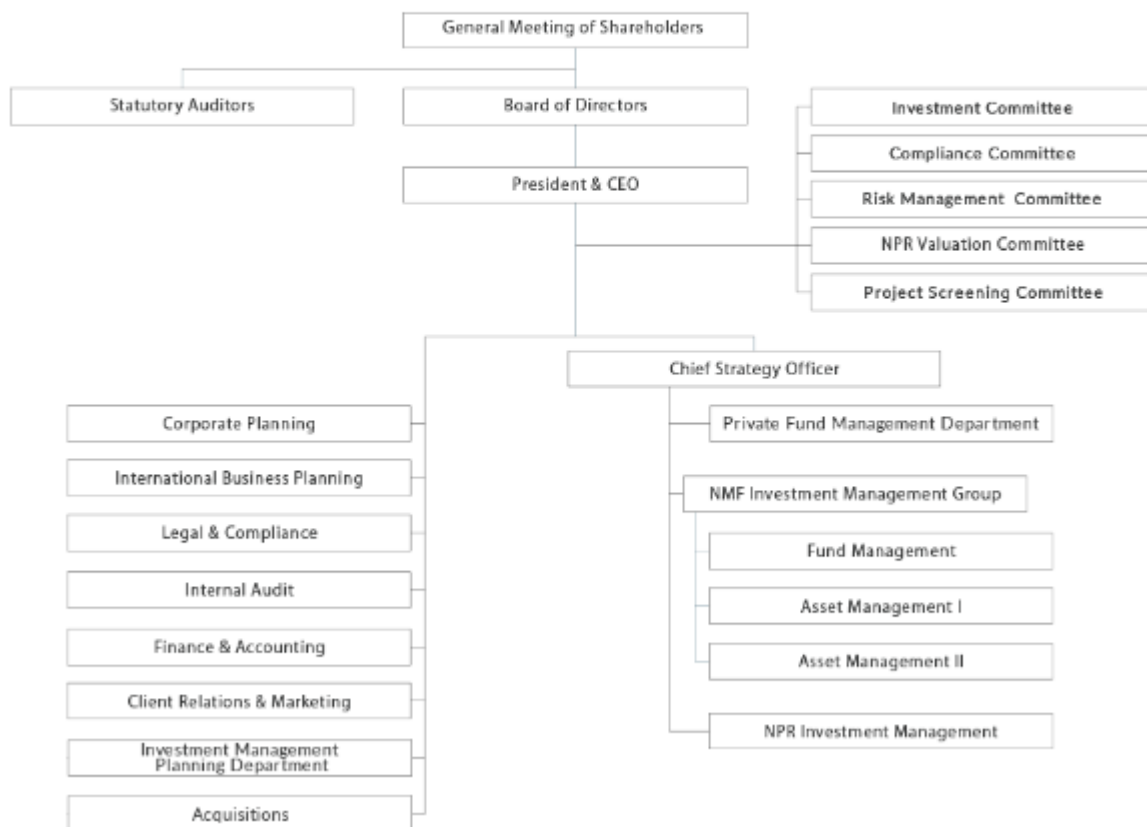
(*1) Excludes unamortized goodwill.

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

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

Management Structure of NMF

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



<Overview of Each Committee>

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

Compliance Committee		<p>● A committee that deliberates and makes decisions regarding compliance. In addition to monitoring the status of legal compliance, this committee works to avoid conflicts of interest. To this end, it deliberates on and gives approval for specific transactions as internally defined by the Rules Concerning Transactions with Related Parties.</p>
	Constituents	<p>Chair : Compliance Officer Members : outside experts appointed by the chair (Note) (Note) One lawyer and one professor in graduate school are currently appointed.</p>
	Frequency of meetings	<p>As a basic rule, the chair calls a meeting once every three months. However, a meeting can be held immediately if needed.</p>
Risk Management Committee		<p>● A committee that establishes the risk management structure and regulations and monitors risk. Addressing various risks arising from the Asset Management Company's operations, this committee deliberates on risk management focusing discussions on the formulation, amendment and abolishment of related organizational structures and in-house rules. It is also charged with monitoring asset management risk.</p>
	Constituents	<p>Chair : Executive Officer in charge of the Legal & Compliance Department Members : A supervisor of the Legal & Compliance Department (another executive officer), the Compliance Officer, and the general managers of the Corporate Planning, Client Relations & Marketing, Investment Management Planning Department, Acquisition, Finance & Accounting, and International Business Planning departments, and outside experts separately appointed by the chair.</p>
	Frequency of meetings	<p>The chair calls a meeting at least once every three months. However, a meeting can be held immediately if needed.</p>
Project Screening Committee		<p>● A committee that prevents conflicts of interest between operated funds prior to their occurrence. In order to secure appropriate handling of information where investments overlap between funds, etc., and to prevent conflicts of interest between funds, etc., prior to their occurrence, the Asset Management Company obtains information on a candidate property, the Compliance Officer convenes a committee meeting aimed at determining which subsidiary would take precedence over its counterparts in negotiations for the particular property acquisition.</p>
	Constituents	<p>General manager of the Acquisition Department, managers of business units operating under that department, and the fund managers of each operating funds.</p>

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



Compliance

|| Basic Policy on Compliance

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

|| Compliance Structure

> Compliance Committee

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

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

> Legal & Compliance Department and Compliance Officer

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

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

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

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

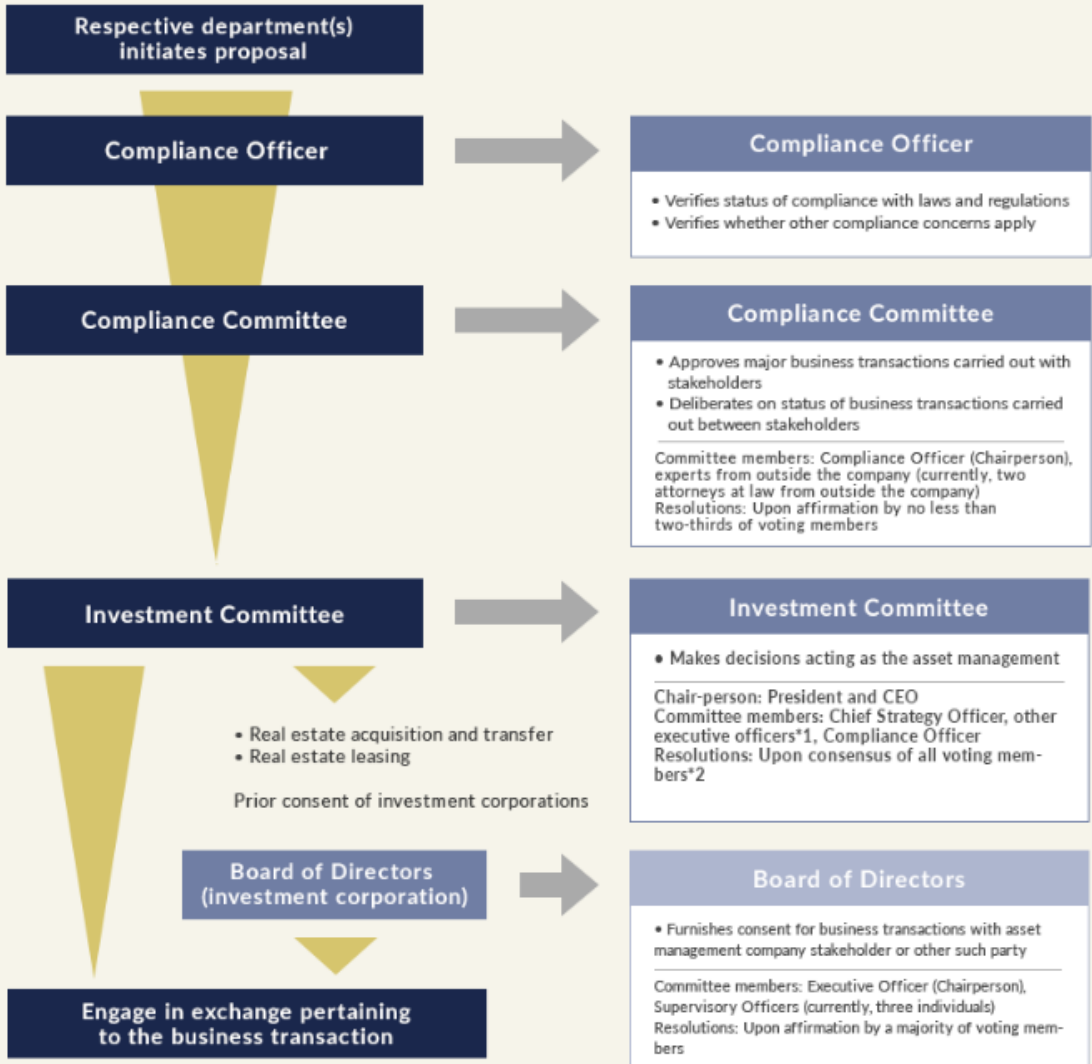
At Investment Committee meetings, the Asset Management Company is responsible for deliberating on basic policies related to operating the assets of the Investment Corporation, operation management policies related to assets, and policies regarding important matters such as finance. In addition, the Asset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

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

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

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

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



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

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

II Establishment and Execution of Compliance Manual

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

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

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

III Compliance Training, Education

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

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

Month	Training Session Theme	Attendance Rate
Mar. 2019	Summary of compliance training program for the fiscal year of 2018	100.0%
Apr. 2019	Schedule of compliance training program for the fiscal year of 2019	100.0%
May. 2019	Responding to antisocial forces	100.0%
Jun. 2019	Anti-money laundering system	100.0%
Jul. 2019	Insider transaction regulations and Information management	100.0%
Aug. 2019	Insider transaction regulations and Information management (Web training)	100.0%
Sep. 2019	Outline of the Civil Code Revision	100.0%
Oct. 2019	Information management	100.0%
Nov. 2019	Information management (Web training)	100.0%
Dec. 2019	Regulations on related party transactions	100.0%
Jan. 2020	Regulations on related party transactions (Web training)	100.0%
Feb. 2020	Case study from issues pointed out in inspection to financial instrumentsbusiness operators by the authority and its member association	100.0%

|| Responding to Antisocial Forces

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

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

|| Preventing Bribery, Corruption

The Asset Management Company will observe the Code of Ethics implemented by Nomura Real Estate Group, of which it is a part, and works towards preventing bribery when entertaining clients or giving gifts. Moreover, with a high regard for the "Guideline to Prevent Bribery of Foreign Public Officials," formulated by the Ministry of Economy, Trade and Industry, a "Basic Policy on Preventing Bribery of Foreign Public Officials" and has been established and released on its website. Under the same policy, the Asset Management Company has also established "Regulations on Preventing Bribery of Foreign Public Officials" and "Guidelines on Preventing Bribery," and conducts specific internal processes when dealing with foreign officials such as entertaining, giving gifts, inviting, donating, and utilizing their agencies, etc. In addition, we aim to distribute this knowledge to executives and employees by conducting regular training regarding bribery prevention for executives and employees in Nomura Real Estate Group's foreign business departments and by incorporating it into the training material for the monthly Compliance Training conducted by the Asset Management Company.



Risk Management

|| Basic Policy on Risk Management

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

|| Risk Management Structure

> Risk Management Committee

At the Asset Management Company, the Legal & Compliance Department integrates risk management. While the Compliance Officer is to sufficiently verify the details of risk awareness, analysis, evaluation and management of each department, they also partner with the Board of Directors, statutory auditors, and the Legal & Compliance Department and have established the Risk Management Committee with the purpose of thoroughly managing the risks of the Asset Management Company. The Risk Management Committee manages various risks that occur in relation to the operations of the Asset Management Company, determines specific methods of monitoring, etc., and secures an appropriate risk management structure. The Risk Management Committee has a consultative role as a cross-sectional organ, and establishes, reforms, abolishes, negotiates, and considers organizational structure and regulations, etc., related to risk management and also monitors risks.

|| Establishment and Execution of Risk Management Manual

In addition to maintaining an appropriate risk management structure by establishing regulations for risk management, managing risks, and specifying monitoring methods, etc., the Asset Management Company works towards thorough risk management through the Risk Management Committee which establishes, reforms, abolishes, negotiates, and considers organizational structure and regulations, etc., related to risk management and also monitors risks. Moreover, it has established a Risk Management Manual which outlines necessary steps to appropriately conduct risk management for executives and employees.

Based on this Risk Management Manual, each department can understand and evaluate the risks that exist within their respective areas of work, appropriately compile potential responses based on the evaluation, and can establish a yearly plan regarding risk. By implementing these, a posture capable of conducting risk management appropriately at the opportune time is enabled, enhancing effectiveness, enabling the prevention of risk manifestation and reduction of adverse effects when risks do manifest.

|| Risk Assessment

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

|| BCP Measures

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

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

|| Confirmation of Executive and Employee Safety

Nomura Real Estate Group, which the Asset Management Company belongs to, has implemented a safety confirmation system via the internet and email to quickly comprehend the situation of the disaster and the safety of executives and employees during a disaster. A safety confirmation drill is held four times a year to all executives and employees of the Group, and the participation rate in fiscal 2019 was 100%.

|| Establishment of Inquiry/Assistance Service

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

Internal Audit

The Asset Management Company has established the Internal Audit Department as a division to conduct internal audits. The Internal Audit Department formulates an audit plan for each fiscal year and, based on the plan, conducts internal audits for each department once a year in principle. The Internal Audit Department uses a risk-based approach from an independent and objective standpoint to assess the effectiveness of the risk management, risk control, and governance processes and works to improve organizational operations.

Supplier Management



Governance



Compliance



Risk Management



Supplier Management



Supplier Management

|| Green Purchasing Manuals

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

|| Periodic Assessments of PMs and BMs

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

|| ESG-Related Training for PMs

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

Green Finance



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

|| Green Bonds

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

|| Green Loans

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

Green Finance Framework

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

(1) Use of Proceeds

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

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

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

(2) Eligible Criteria

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

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

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

(3) Project Evaluation and Selection Process

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

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

(4) Management of Proceeds

NMF shall set the debt amount calculated by multiplying the total book value of eligible green projects owned by NMF by total assets LTV (Loan-to-Value Ratio) as of the most recent fiscal period end calculable as of the date of obtaining proceeds (the "Eligible Green Debt Amount") as the upper limit of the balance of green finance.

NMF manages to ensure that the balance of green finance will not exceed the Eligible Green Debt Amount.

Furthermore, as long as the balance of green finance exists, NMF will internally track and manage the allocated funds on a portfolio basis.

Total book value of eligible green projects	367.7 billion yen
LTV ratio	44.5%
Total eligible green debt amount	163.6 billion yen

(Note) The total book value of eligible green project and LTV ratio are as of the end of February 2019.

(5) Reporting

a. Reporting on Allocation of Proceeds

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

Total amount of outstanding green bonds	3,000 million yen
Amount of proceeds not yet allocated	-

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

b. Impact Reporting

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

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

Evaluation by External Organization

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

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

ESG Disclosure Policy and Reporting Framework



Information Disclosure Policy

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

Reference Guidelines

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

Inquiries

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

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



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