

# MASTER FUND

Nomura Real Estate Master Fund, Inc.

**For Immediate Release**

To Whom It May Concern



[For Translation Purposes Only]

December 5, 2019

**Nomura Real Estate Master Fund, Inc.**

Securities Code: 3462

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## Notice Concerning Property Acquisition

Nomura Real Estate Master Fund, Inc. (“NMF” or the “Fund”) announces the decision made today by Nomura Real Estate Asset Management Co., Ltd., a licensed asset management company retained by the Fund to provide asset management services, to acquire properties (the “Acquisitions”), as described below.

### 1. Overview of the Acquisitions

No.	Property Name	Use	Date of Purchase and Sale Agreement	Scheduled Date of Acquisition	Seller	Anticipated Acquisition Price (¥ million) (Note 1)
1	PMO Akihabara Kita	Office	December 5, 2019	January 7, 2020	Nomura Real Estate Development Co., Ltd.	8,450
2	PMO Higashi-Shinbashi	Office				4,730
3	PMO Hamamatsucho	Office		April 2, 2020 <sup>(Note 2)</sup>		4,380
4	GEMS Sangenjaya	Retail				1,815
5	Landport Higashi-Narashino	Logistics		March 2, 2020		11,872
6	PROUD FLAT Shibuya Tomigaya	Residential		January 7, 2020		3,960
7	PROUD FLAT Miyazakidai	Residential				1,390
8	PROUD FLAT Asakusabashi III	Residential				1,230
9	PROUD FLAT Togoshi-Koen	Residential		March 10, 2020		2,580
Total						40,407

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- (Note 1) The amounts stated exclude acquisition-related costs, property tax, city planning tax, consumption tax and local consumption tax.
- (Note 2) The scheduled date of acquisition may be changed to another date (which shall be limited to a date in March 2020) that is separately agreed upon by the Seller and the Purchaser.
- (Note 3) There is no brokerage involved in the acquisition of the assets to be acquired.
- (Note 4) The assets to be acquired are a trust beneficial interest in trust of real estate as for PROUD FLAT Shibuya Tomigaya and Landport Higashi-Narashino, and real estate properties as for the other assets to be acquired.
- (Note 5) The assets to be acquired are planned to be acquired through the proceeds from the issuance of new investment units (see Note 6), new anticipated borrowings and cash on hand.
- (Note 6) For details of the issuance of new investment units, please refer to the press release, “Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units” dated today.

The above nine properties are individually or collectively referred to hereinafter as the “Assets to be Acquired.”

## 2. Reasons for the Acquisitions

The Fund determined that acquiring the Assets to be Acquired would help secure stable income and steady growth of the Fund’s portfolio over the medium to long term, in line with the asset management objectives and policies specified in the Fund’s Articles of Incorporation.

## 3. Summary of the Assets to be Acquired

### (1) PMO Akihabara Kita

#### Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is a seven-minute walk from “Akihabara” Station on the JR Yamanote, Sobu and Keihin-Tohoku Lines, the Tokyo Metro Hibiya Line, and the Tsukuba Express of Metropolitan Intercity Railway Company, and a six-minute walk from “Suehirocho” Station on the Tokyo Metro Ginza Line. Accordingly, with access to two stations on six lines, the Property is excellent for convenient transportation to major business areas in central Tokyo and is highly convenient for commuting from a wide area.
- The area surrounding “Akihabara” Station, where the Property is located, is concentrated with the head offices of major corporations and corporate groups of large enterprises, the Tokyo branches of regional enterprises that appreciate superior convenience in respect of transportation and companies engaged in the chemical and textile industries. On the other hand, in and after 2005, large-scale office buildings were supplied through redevelopment and IT-related companies engaged in software development moved in, improving the area’s reputation as an office area and stable demand from a wide range of tenants can be expected.
- The standard floor leasable space of the Property is approximately 215 tsubo, which is a rare scale among the competing properties in the area where the property is located. The Property has high equipment specifications, including a standard floor ceiling height of 2,800 mm, an electric capacity of 60 VA/m<sup>2</sup> and a five-stage security system. In addition, the Property well responds to the BCP (Business Continuity Plan) with the installation of an emergency power generator (emergency power supply: 10 KVA/floor, 24 hours) for tenant exclusively owned areas.

#### Summary of the Asset to be Acquired

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Property Name		PMO Akihabara Kita				
Type of Asset		Real estate				
Location (Note 1)	Registry	1-245-1 Taito, Taito Ward, Tokyo and 1 other lot				
	Street	1-31-7 Taito, Taito Ward, Tokyo				
Access		7-minute walk from Akihabara Station on the JR Yamanote Line, Sobu Line, Keihin-Tohoku Line, the Tokyo Metro Hibiya Line and the Tsukuba Express of Metropolitan Intercity Railway Company 6-minute walk from Suehirocho Station on the Tokyo Metro Ginza Line				
Completion Date (Note 1)		December 14, 2018				
Use (Note 1)		Office				
Structure (Note 1)		Flat-roofed steel-frame, 8F				
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office				
Builder		Toda Corporation Tokyo Branch				
Building Inspection Agency		Urban Housing Evaluation Center				
Area (Note 1)	Land	1,021.96 m <sup>2</sup>				
	Floor Area	6,367.04 m <sup>2</sup>				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		100% (Note 2)				
Floor Area Ratio		600%				
Collateral		None				
Property Management Company (Note 3)		Nomura Real Estate Development, Co., Ltd.				
Master Leasing Company (Note 4)		Nomura Real Estate Development, Co., Ltd.				
Type of Master Leasing (Note 4)		Pass through				
Seismic Risk (PML) (Note 5)		4.08% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)				
Notes		• The property management company and master leasing company, Nomura Real Estate Development Co., Ltd., is considered a related party under the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”).				
Anticipated Acquisition Price		¥8,450 million				
Appraisal Value and Method		¥8,930 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: Japan Real Estate Institute)				
Appraisal NOI (Note 6)		¥321 million				
Leasing Status (As of August 31, 2019) (Note 7)						
Total Number of Tenants		3				
Total Rental Income(Annual)		¥419 million (Including common area management fee)				
Security Deposits		¥360 million				
Occupancy Rate		100.0%				
Total Leased Floor Space		4,996.37 m <sup>2</sup>				
Total Leasable Floor Space		4,996.37 m <sup>2</sup>				
Historical Occupancy Rates (Note 8)		August 2015	August 2016	August 2017	August 2018	August 2019

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	—	—	—	—	100.0%
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- (Note 1) Location and Other Items  
Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.
- (Note 2) Building Coverage Ratio  
The Asset to be Acquired is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a fire prevention zone, the applied coverage ratio is 100%.
- (Note 3) Property Management Company  
Refers to the property management company that is scheduled to be appointed after acquisition.
- (Note 4) Master Lease  
Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.
- (Note 5) PML (Probable Maximum Loss)  
PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.
- (Note 6) Appraisal NOI  
“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with November 1, 2019 as the appraisal date.
- (Note 7) Leasing Status  
“Total Number of Tenants” is the total number of end tenant actually leasing space in the building of the Asset to be Acquired as of August 31, 2019.  
“Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.  
“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).  
“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of August 31, 2019 by Total Leasable Floor Space.  
“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.  
“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).
- (Note 8) Historical Occupancy Rates  
There are no applicable occupancy rates for the end of August 2018 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

## (2) PMO Higashi-Shinbashi

### Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- In addition to being easily visible along Dai-ichi Keihin (National Road No. 15), the Property is a five-minute walk from “Daimon” Station on the Toei Oedo and Asakusa Lines, a six-minute walk from “Onarimon” Station on the Toei Mita Line, an eight-minute walk from “Hamamatsucho” Station on the JR Yamanote and Keihin-Tohoku Lines and an eight-minute walk from “Monorail Hamamatsucho” Station of the Tokyo Monorail. Accordingly, with access to four stations on six lines, the Property is excellent for convenient transportation to major business areas in central Tokyo.
- The Property is also located near JR “Tokyo” Station and JR “Shinagawa” Station, where the Shinkansen stops

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at. Therefore, it is convenient for transportation to various regions in Japan and high demand from tenants is expected, including the Tokyo branches of manufacturers and companies headquartered in rural areas. In addition, it has excellent access to Haneda Airport and demand from foreign companies is high. Accordingly, stable demand from tenants can be expected.

- The Property has high equipment specifications, including a standard floor ceiling height of 2,800 mm, an electric capacity of 60 VA/m<sup>2</sup> and a five-stage security system.

#### Summary of the Asset to be Acquired

Property Name		PMO Higashi-Shinbashi
Type of Asset		Real estate
Location (Note 1)	Registry	2-301-1 Higashi-Shinbashi, Minato Ward, Tokyo and 1 other lot
	Street	2-12-1 Higashi-Shinbashi, Minato Ward, Tokyo
Access		5-minute walk from Daimon Station on the Toei Asakusa Line and Oedo Line 6-minute walk from Onarimon Station on the Toei Mita Line 8-minute walk from Hamamatsucho Station on the JR Yamanote Line and Keihin-Tohoku Line 8-minute walk from Monorail Hamamatsucho Station on the Tokyo Monorail 9-minute walk from Shimbashi Station on the JR Lines 7-minute walk from Shiodome Station on the Toei Oedo Line
Completion Date (Note 1)		April 13, 2018
Use (Note 1)		Office
Structure (Note 1)		Flat-roofed steel-frame, 9F
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office
Builder		The Zenitaka Corporation
Building Inspection Agency		Urban Housing Evaluation Center
Area (Note 1)	Land	469.35 m <sup>2</sup>
	Floor Area	3,430.06 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 2)
Floor Area Ratio		700%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Development, Co., Ltd.
Master Leasing Company (Note 4)		Nomura Real Estate Development, Co., Ltd.
Type of Master Leasing (Note 4)		Pass through
Seismic Risk (PML) (Note 5)		3.55% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sampo Risk Management Inc.)
Notes		• The property management company and master leasing company, Nomura Real Estate Development Co. Ltd., is considered a related party under the Investment Trust Act.

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Anticipated Acquisition Price	¥4,730 million				
Appraisal Value and Method	¥5,180 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: Japan Real Estate Institute)				
Appraisal NOI <sup>(Note 6)</sup>	¥180 million				
Leasing Status (As of August 31, 2019) <sup>(Note 7)</sup>					
Total Number of Tenants	8				
Total Rental Income (Annual)	¥245 million (Including common area management fee)				
Security Deposits	¥245 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	2,765.13 m <sup>2</sup>				
Total Leasable Floor Space	2,765.13 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 8)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	87.5%	100.0%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Building Coverage Ratio

The Asset to be Acquired is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a fire prevention zone, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 5) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 6) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with November 1, 2019 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Asset to be Acquired as of August 31, 2019.

“Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of August 31, 2019 by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.

“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2017 and before because the building was not yet

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completed. The historical occupancy rates are based on the information from the seller.

(3) PMO Hamamatsucho

Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is a one-minute walk from “Hamamatsucho” Station on the JR Yamanote and Keihin-Tohoku Lines, a two-minute walk from “Monorail Hamamatsucho” Station on the Tokyo Monorail and a four-minute walk from “Daimon” Station on the Toei Asakusa and Oedo Lines. Accordingly, with access to three stations on five lines, the Property is excellent for convenient transportation to major business areas in central Tokyo.
- The Property is also located near JR “Tokyo” Station and JR “Shinagawa” Station, where the Shinkansen stops at. Therefore, it is convenient for transportation to various regions in Japan and high demand from tenants is expected, including the Tokyo branches of manufacturers and companies headquartered in rural areas. In addition, it has excellent access to Haneda Airport and demand from foreign companies is high. Accordingly, stable demand from tenants can be expected.
- Various redevelopment projects, including a large-scale redevelopment project in front of the station, are underway in the vicinity of JR “Hamamatsucho” Station and the convenience for businesses and concentration of companies are expected to be strengthened further in the future.
- The Property has high equipment specifications, including a standard floor ceiling height of 2,800 mm, an electric capacity of 60 VA/m<sup>2</sup>, and a five-stage security system.

Summary of the Asset to be Acquired

Property Name		PMO Hamamatsucho
Type of Asset		Real estate
Location (Note 1)	Registry	2-117-2 Hamamatsucho, Minato Ward, Tokyo and 1 other lot
	Street	2-5-5 Hamamatsucho, Minato Ward, Tokyo
Access		1-minute walk from Hamamatsucho Station on the JR Yamanote Line and Keihin-Tohoku Line 2-minute walk from Monorail Hamamatsucho Station on Tokyo Monorail 4-minute walk from Daimon Station on the Toei Asakusa Line and Oedo Line
Completion Date (Note 1)		November 30, 2018
Use (Note 1)		Office
Structure (Note 1)		Flat-roofed steel-frame, 13F
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office
Builder		Sato Kogyo Co., Ltd.
Building Inspection Agency		Urban Housing Evaluation Center
Area (Note 1)	Land	500.00 m <sup>2</sup> (Note 2)
	Floor Area	2,872.41 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 3)
Floor Area Ratio		600%
Collateral		None

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Property Management Company <sup>(Note 4)</sup>	Nomura Real Estate Development Co., Ltd.				
Master Leasing Company <sup>(Note 5)</sup>	Nomura Real Estate Development Co., Ltd.				
Type of Master Leasing <sup>(Note 5)</sup>	Pass through				
Seismic Risk (PML) <sup>(Note 6)</sup>	4.66% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)				
Notes	• The property management company and master leasing company, Nomura Real Estate Development Co., Ltd., is considered a related party under the Investment Trust Act.				
Anticipated Acquisition Price	¥4,380 million				
Appraisal Value and Method	¥4,830 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: Japan Real Estate Institute)				
Appraisal NOI <sup>(Note 7)</sup>	¥163 million				
Leasing Status (As of August 31, 2019) <sup>(Note 8)</sup>					
Total Number of Tenants	12				
Total Rental Income (Annual)	¥229 million (Including common area management fee)				
Security Deposits	¥224 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	2,225.58 m <sup>2</sup>				
Total Leasable Floor Space	2,225.58 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 9)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	—	100.0%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Land Area

It includes 16.37 m<sup>2</sup> of the land area which is deemed to be a part of the road according to Article 42, Paragraph 2 of the Building Standard Act.

(Note 3) Building Coverage Ratio

The Asset to be Acquired is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a fire prevention zone and is also a corner lot, the applied coverage ratio is 100%.

(Note 4) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 5) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 6) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with November 1, 2019 as the appraisal date.

(Note 8) Leasing Status

“Total Number of Tenants” is the total number of end tenant actually leasing space in the building of the Asset to be

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Acquired as of August 31, 2019.

“Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of August 31, 2019 by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.

“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2018 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

(4) GEMS Sangenjaya

Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is a two-minute walk from “Sangen-jaya” Station on the Tokyu Railways Den-en-toshi and Setagaya Lines, is located in an attractive corner location along a flourishing Chazawa Street and has excellent visibility due to its extensive open shop design with a feeling of release. In addition, transportation is excellent with the Property being two stations, five minutes via train to “Shibuya” Station and direct access to Otemachi using the Tokyo Metro Hanzomon Line, which operates directly to “Otemachi” Station.
- In the vicinity of “Sangen-jaya” Station, there is a commercial area centered on restaurants visited by residents along the railway line and because of its high convenience for daily living, such vicinity is highly valued as a residential area, as well and because of its abundance of the commercial area population, stable demand can be expected regardless of whether it is a weekday or holiday.
- The present composition of tenants is highly diverse, including flourishing stores associated with Sangen-jaya, full-scale specialty stores and the new face stores that opened in the area for the first time. Therefore, the Property can respond to diverse needs and stable operation of the facilities can be expected.

Summary of the Asset to be Acquired

Property Name		GEMS Sangenjaya
Type of Asset		Real estate
Location (Note 1)	Registry	4-437-1 Taishido, Setagaya Ward, Tokyo
	Street	4-23-11 Taishido, Setagaya Ward, Tokyo
Access		2-minute walk from Sangen-jaya Station on the Tokyu Railways Den-en-toshi Line and Setagaya Line
Completion Date (Note 1)		April 26, 2018
Use (Note 1)		Retail
Structure (Note 1)		Flat-roofed steel-frame, B2F/9F
Architect		Nomura Construction Industrial Co., Ltd., First-Class Architect Office

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Builder	Nomura Construction Industrial Co., Ltd.				
Building Inspection Agency	Urban Housing Evaluation Center				
Area <sup>(Note 1)</sup>	Land	222.11 m <sup>2</sup>			
	Floor Area	1,176.76 m <sup>2</sup>			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio	100% <sup>(Note 2)</sup>				
Floor Area Ratio	500%				
Collateral	None				
Property Management Company <sup>(Note 3)</sup>	Geo-Akamatsu Co., Ltd.				
Master Leasing Company <sup>(Note 4)</sup>	Geo-Akamatsu Co., Ltd.				
Type of Master Leasing <sup>(Note 4)</sup>	Pass through				
Seismic Risk (PML) <sup>(Note 5)</sup>	4.83% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)				
Notes	<ul style="list-style-type: none"> <li>The property management company and master leasing company, Geo-Akamatsu Co., Ltd., is considered a related party under the Investment Trust Act.</li> <li>Pursuant to a contract with Nomura Real Estate Development Co., Ltd., the use, for no consideration, of the trademark "GEMS Sangenjaya" is subject to the property management agreement and the master lease agreement with Geo-Akamatsu Co., Ltd. remaining in full force and effect.</li> </ul>				
Anticipated Acquisition Price	¥1,815 million				
Appraisal Value and Method	¥1,840 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: JLL Morii Valuation & Advisory K.K.)				
Appraisal NOI <sup>(Note 6)</sup>	¥73 million				
Leasing Status (As of August 31, 2019) <sup>(Note 7)</sup>					
Total Number of Tenants	9				
Total Rental Income (Annual)	¥89 million (Including common area management fee)				
Security Deposits	¥71 million				
Occupancy Rate	90.7%				
Total Leased Floor Space	878.93 m <sup>2</sup>				
Total Leasable Floor Space	969.15 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 8)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	100.0%	90.7%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Building Coverage Ratio

The Asset to be Acquired is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a fire prevention zone, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Geo-Akamatsu

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Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Geo-Akamatsu Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Geo-Akamatsu Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 5) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 6) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Asset to be Acquired as of August 31, 2019.

“Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of August 31, 2019 by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.

“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2017 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

## (5) Landport Higashi-Narashino

### Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is located within an approximately 30 km area to the center of Tokyo, approximately 4.3 km from Keiyo Road “Takeishi” IC and approximately 7.3 km from the Higashi-Kanto Expressway “Chiba Kita” IC and has good access to Chiba, Saitama and Northern Kanto areas. It also has access to the Tokyo-Gaikan Expressway and Japan National Route 16. Therefore, in addition to its capability of delivery to a wide-area of the Tokyo metropolitan area, it also has access to Narita International Airport, Haneda Airport and the Port of Tokyo using expressways; thus, it is located in a fit distribution place that can meet diverse logistics needs.
- The number of the working age population (15-64 years old) within the 2 km radius of the Property exceeds 63,000 people (Note 1), which is greater than other comparable areas in Chiba Prefecture with concentrations of logistics facilities, such as the Chiba New Town. It is also possible to commute on foot to “Yachiyoda” Station on the Keisei Electric Railway Main Line and the area is accessible by bus, giving it a high advantage in securing labor force.
- The Property is a large-scale property with a total floor space of more than 60,000 m<sup>2</sup> and it is designed for improved operational efficiency, including improved transportation efficiency by adopting a ramp way and improved rack storage efficiency by adopting an 11 m×11 m grid (Note 2). In addition, in order to prevent unauthorized access and illegal parking, security gates using IC cards were adopted, resulting in strengthened security.

(Notes 1) Based on the “2015 Population Census” conducted by the Statistics Bureau of Japan.

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(Notes 2) A “grid” is a lattice-shaped space formed by pillars and joists.

### Summary of the Asset to be Acquired

Property Name		Landport Higashi-Narashino
Type of Asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Limited
Term of Trust Agreement		From July 9, 1991 to June 30, 2027 <sup>(Note 1)</sup>
Location <sup>(Note 2)</sup>	Registry	7-616-1, Higashi-Narashino, Narashino City, Chiba and 1 other lot
	Street	7-3-1, Higashi-Narashino, Narashino City, Chiba
Access		Approx. 4.3 km from Takeishi Interchange on Keiyo Road Approx. 7.3km from Chiba Kita Interchange on Higashi-Kanto Expressway Approx. 8.4km from Hanawa Interchange on Keiyo Road 18-minute walk from Yachiyodai Station on the Keisei Electric Railway Main Line
Completion Date <sup>(Note 2)</sup>		July 18, 2019
Use <sup>(Note 2)</sup>		Warehouse
Structure <sup>(Note 2)</sup>		Steel-frame alloy plating copper roofing 5F
Architect		Sumitomo Mitsui Construction Co., Ltd., First-Class Architect Office
Builder		Sumitomo Mitsui Construction Co., Ltd.
Building Inspection Agency		Japan Constructive Inspect Association
Area <sup>(Note 2)</sup>	Land	29,854.57 m <sup>2</sup>
	Floor Area	61,573.49 m <sup>2</sup> <sup>(Note 3)</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% <sup>(Note 4)</sup>
Floor Area Ratio		200%
Collateral		None
Property Management Company <sup>(Note 5)</sup>		Nomura Real Estate Development Co., Ltd., Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		-
Type of Master Leasing		-
Seismic Risk (PML) <sup>(Note 6)</sup>		6.13% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)
Notes		• The property management companies, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd., fall under a related party under the Investment Trust Act.
Anticipated Acquisition Price		¥11,872 million
Appraisal Value and Method		¥15,700 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: Japan Valuers Co., Ltd.)
Appraisal NOI <sup>(Note 7)</sup>		¥678 million
Leasing Status (scheduled) <sup>(Note 8)</sup>		
Total Number of Tenants		1
Name of Tenant		Undisclosed
Total Rental Income (Annual)		Undisclosed
Security Deposits		Undisclosed

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Occupancy Rate	100.0%				
Total Leased Floor Space	61,088.01 m <sup>2</sup>				
Total Leasable Floor Space	61,088.01 m <sup>2</sup>				
Historical Occupancy Rates (Note 9)	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	—	0.0%

- (Note 1) Trust Term  
On March 2, 2020 (the planned acquisition date of the Property), the trust agreement is expected to be amended, with its expiration date changed to December 31, 2034.
- (Note 2) Location and Other Items  
Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.
- (Note 3) Floor Area  
Floor area of an annex building (staff lounge, etc.) of 59.76 m<sup>2</sup> is also included.
- (Note 4) Building Coverage Ratio  
The Asset to be Acquired is located in an industrial zone where the building coverage ratio is 60% in principle. However, because the Asset to be Acquired is in a corner lot, the applied coverage ratio is 70%.
- (Note 5) Property Management Company  
Refers to the property management company that is scheduled to be appointed after acquisition.
- (Note 6) PML (Probable Maximum Loss)  
PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.
- (Note 7) Appraisal NOI  
“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.
- (Note 8) Leasing Status  
“Total Number of Tenants” is the total number of end tenants scheduled to lease space in the building of the Asset to be Acquired beginning from January 1, 2020.  
“Name of Tenants,” “Total Rental Income (annual),” and “Security Deposits” are not disclosed because consent of the end tenant to such disclosure has not been obtained.  
“Total Leased Floor Space” indicates the total floor space scheduled to be leased to end tenants as of January 1, 2020 (scheduled). “Occupancy Rates” are calculated based on “Total Leased Floor Space”.  
“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).
- (Note 9) Historical Occupancy Rates  
There are no applicable occupancy rates for the end of August 2018 and before because the building was not yet completed.

(6) PROUD FLAT Shibuya Tomigaya

Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is located within walking distance of the Shibuya area, which is one of Japan’s leading commercial areas, and is a 12-minute walk from “Yoyogi-Hachiman” Station on the Odawara Line of Odakyu Electric Railway, a 12-minute walk from “Yoyogi-Koen” Station on the Tokyo Metro Chiyoda Line and a 13-minute walk from “Komaba-todaimae” Station on the Keio Inokashira Line. Using these stations, it has an easy access to major business and commercial areas, such as Shinjuku, Shibuya, Akasaka and Otemachi, and it offers excellent transportation.
- Along the road from the stations nearest to the Property, which are “Yoyogi-Hachiman” Station and “Yoyogi-Koen” Station, there are cafes and other kinds of restaurants, as well as supermarkets, drugstores and other kinds of retail stores. On the east side of Yamate Street, the “Tomigaya 1-chome Shopping District” and

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“Yoyogi-Hachiman Shopping District” were expanded, making it highly convenient for people to live in the area. On the northeast side of the Property, there is “Yoyogi Park” (park area: approximately 540,000 m<sup>2</sup>), which has a vast green area, and the Property is located in an area where people can enjoy the greenery. Therefore, demand from single workers and double incomes and no kids (“DINK”) populations who seek superior living environments in addition to urban-type living convenience can be expected.

- Nomura Real Estate Partners Co., Ltd., which is the property management company, provides unique services with high levels of customer satisfaction, such as 24-hour emergency attendance services and disaster prevention support services. For this reason and other related reasons, high-quality property operations can be expected.

#### Summary of the Asset to be Acquired

Property Name		PROUD FLAT Shibuya Tomigaya
Type of Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From March 31, 2004 to June 30, 2027 <sup>(Note 1)</sup>
Location <sup>(Note 2)</sup>	Registry	2-1446-16 Tomigaya, Shibuya Ward, Tokyo, and 3 other lots
	Street	2-20-8 Tomigaya, Shibuya Ward, Tokyo
Access		12-minute walk from Yoyogi-Hachiman Station on the Odakyu Odawara Line 12-minute walk from Yoyogi-Koen Station on the Tokyo Metro Chiyoda Line 13-minute walk from Komaba-todaimae Station on the Keio Inokashira Line
Completion Date <sup>(Note 2)</sup>		February 7, 2019
Use <sup>(Note 2)</sup>		Apartment
Structure <sup>(Note 2)</sup>		Flat-roofed reinforced concrete, 10F
Leasable Unit		109
Architect		Mabuchi Construction Co., Ltd., First-Class Architect Office
Builder		Mabuchi Construction Co., Ltd.
Building Inspection Agency		Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai
Area <sup>(Note 2)</sup>	Land	1,421.31 m <sup>2</sup>
	Floor Area	5,079.46 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% <sup>(Note 3)</sup>
Floor Area Ratio		300%
Collateral		None
Property Management Company <sup>(Note 4)</sup>		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company <sup>(Note 5)</sup>		Nomura Real Estate Partners Co., Ltd.
Type of Master Leasing <sup>(Note 5)</sup>		Pass through
Seismic Risk (PML) <sup>(Note 6)</sup>		3.77% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)

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Notes	• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., falls under a related party under the Investment Trust Act.				
Anticipated Acquisition Price	¥3,960 million				
Appraisal Value and Method	¥4,440 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)				
Appraisal NOI <sup>(Note 7)</sup>	¥180 million				
Leasing Status (As of August 31, 2019) <sup>(Note 8)</sup>					
Total Number of Tenants	1				
Total Rental Income(Annual)	¥192 million (Including common area management fee)				
Security Deposits	¥16 million				
Occupancy Rate	78.5%				
Total Leased Floor Space	3,244.22 m <sup>2</sup>				
Total Leasable Floor Space	4,130.88 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 9)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	—	78.5%

(Note 1) Trust Term

On January 7, 2020 (the planned acquisition date of the Property), the trust agreement is expected to be amended, with its expiration date changed to January 31, 2040.

(Note 2) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 3) Building Coverage Ratio

The Property is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a quasi-fire prevention zone and also in a corner lot, the applied coverage ratio is 100%.

(Note 4) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 5) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 6) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.

(Note 8) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the building of the Asset to be Acquired is actually leased as of August 31, 2019, multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of August 31, 2019 by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.

“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential

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facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2018 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

The construction of the Property was completed on February 7, 2019 and the occupancy rate as of October 31, 2019 was 90.9%.

(7) PROUD FLAT Miyazakidai

Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is a two-minute walk from “Miyazaki-dai” Station on the Tokyu Railways Den-en-toshi Line, and by using the Tokyo Metro Hanzomon Line, which has direct service to, among other stations, Futako-Tamagawa and Shibuya, the Property offers direct access to Omotesando and Otemachi. It also offers excellent convenience for commuting to work or school, and going out on holidays.
- The area around the Property is rich in greenery, including the cherry trees and other trees along the streets. In addition, the Property has an abundance of convenient facilities necessary for daily life, such as supermarkets and drugstores, the area has a highly convenient and quiet living environment as a result of planned urban development unique to “Tokyu Tama Den-en City,” and demand from the single working population can be expected.
- Nomura Real Estate Partners Co., Ltd., which is the property management company, provides unique services with high levels of customer satisfaction, such as 24-hour emergency attendance services and disaster prevention support services. For this reason and other related reasons, high-quality property operations can be expected.

Summary of the Asset to be Acquired

Property Name		PROUD FLAT Miyazakidai
Type of Asset		Real estate
Location (Note 1)	Registry	2-8-1 Miyazaki, Miyamae Ward, Kawasaki City, Kanagawa and 1 other lot
	Street	2-8-1 Miyazaki, Miyamae Ward, Kawasaki City, Kanagawa
Access		2-minute walk from Miyazaki-dai Station on the Tokyu Railways Den-en-toshi Line
Completion Date (Note 1)		February 9, 2018
Use (Note 1)		Apartment
Structure (Note 1)		Flat-roofed reinforced concrete, 8F
Leasable Unit		82
Architect		Shu Kenchiku Kenkyu Jimusho Kabushiki Kaisha
Builder		Mabuchi Construction Co., Ltd.
Building Inspection Agency		Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai
Area (Note 1)	Land	634.00 m <sup>2</sup>
	Floor Area	2,473.04 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		90% (Note 2)
Floor Area Ratio		300%

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Collateral	None				
Property Management Company <sup>(Note 3)</sup>	Nomura Real Estate Partners Co., Ltd.				
Master Leasing Company <sup>(Note 4)</sup>	Nomura Real Estate Partners Co., Ltd.				
Type of Master Leasing <sup>(Note 4)</sup>	Pass through				
Seismic Risk (PML) <sup>(Note 5)</sup>	4.45% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)				
Notes	• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., falls under a related party under the Investment Trust Act.				
Anticipated Acquisition Price	¥1,390 million				
Appraisal Value and Method	¥1,490 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)				
Appraisal NOI <sup>(Note 6)</sup>	¥65 million				
Leasing Status (As of August 31, 2019) <sup>(Note 7)</sup>					
Total Number of Tenants	1				
Total Rental Income (Annual)	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	1,840.44 m <sup>2</sup>				
Total Leasable Floor Space	1,840.44 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 8)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	100.0%	100.0%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Building Coverage Ratio

The Property is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a quasi-fire prevention zone and also in a corner lot, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 5) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 6) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants. “Total Rental Income (annual),” and “Security Deposits” are not disclosed because consent of the end tenant to such disclosure has not been obtained.

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“Occupancy Rate” is calculated by dividing the Total Leased Floor Space by the Total Leasable Floor Space as of August 31, 2019.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.

“Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2017 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

(8) PROUD FLAT Asakusabashi III

Strengths of the Asset to be Acquired

The main strengths of the Asset to be Acquired are as follows.

- The Property is a two-minute walk from “Asakusa-bashi” Station on the JR Sobu Line and the Toei Asakusa Line, and a seven-minute walk from “Bakuro-cho” Station on the JR Sobu Rapid Line. Using these stations, it has an easy access to business areas, such as Akihabara, Tokyo, Nihonbashi and Shinbashi; the Property is excellent for convenient transportation.
- The Asakusa-bashi area, where the Property is located, within approximately 2.5 kilometers from JR “Tokyo” Station and is a metropolitan area near central Tokyo. While the area gives a feeling that central Tokyo is close to the area and offers a high level of convenience for daily living, it also has an excellent living environment that preserves the atmosphere of the Edo period and provides an opportunity to experience the pleasantness of the waterfront from the Sumida River Terrace and water buses. Demand can be expected from single workers and DINK populations who prefer to live in close proximity to working place.
- Nomura Real Estate Partners Co., Ltd., which is the property management company, provides unique services with high levels of customer satisfaction, such as 24-hour emergency attendance services and disaster prevention support services. For this reason and other related reasons, high-quality property operations can be expected.

Summary of the Asset to be Acquired

Property Name		PROUD FLAT Asakusabashi III
Type of Asset		Real estate
Location (Note 1)	Registry	1-32-4 Yanagibashi, Taito Ward, Tokyo
	Street	1-25-2 Yanagibashi, Taito Ward, Tokyo
Access		2-minute walk from Asakusa-bashi Station on the JR Sobu Line and the Toei Asakusa Line 7-minute walk from Bakuro-cho Station on the JR Sobu Rapid Line
Completion Date (Note 1)		July 31, 2018
Use (Note 1)		Apartment, bicycle parking
Structure (Note 1)		Flat-roofed reinforced concrete, 10F
Leasable Unit		41
Architect		E.A.S.T. architects architecture & urban design Co., Ltd.

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Builder	KOSHIN KENSETSU Co., Ltd.				
Building Inspection Agency	Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai				
Area <sup>(Note 1)</sup>	Land	356.85 m <sup>2</sup>			
	Floor Area	1,575.38 m <sup>2</sup>			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio	100% <sup>(Note 2)</sup>				
Floor Area Ratio	360%				
Collateral	None				
Property Management Company <sup>(Note 3)</sup>	Nomura Real Estate Partners Co., Ltd.				
Master Leasing Company <sup>(Note 4)</sup>	Nomura Real Estate Partners Co., Ltd.				
Type of Master Leasing <sup>(Note 4)</sup>	Pass through				
Seismic Risk (PML) <sup>(Note 5)</sup>	7.09% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)				
Notes	• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., fall under a related party under the Investment Trust Act.				
Anticipated Acquisition Price	¥1,230 million				
Appraisal Value and Method	¥1,260 million (Based on the capitalization approach and as of November 1, 2019) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)				
Appraisal NOI <sup>(Note 6)</sup>	¥54 million				
Leasing Status (As of August 31, 2019) <sup>(Note 7)</sup>					
Total Number of Tenants	1				
Total Rental Income(Annual)	¥71 million (Including common area management fee)				
Security Deposits	¥5 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	1,232.46 m <sup>2</sup>				
Total Leasable Floor Space	1,232.46 m <sup>2</sup>				
Historical Occupancy Rates <sup>(Note 8)</sup>	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	0.0%	100.0%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Building Coverage Ratio

The Asset to be Acquired is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset to be Acquired is a certified fireproof building in a fire prevention zone, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 5) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected

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- to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.
- (Note 6) Appraisal NOI  
 “Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.
- (Note 7) Leasing Status  
 “Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants. “Total Rental Income” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the building of the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.  
 “Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).  
 “Occupancy Rate” is calculated by dividing the Total Leased Floor Space by the Total Leasable Floor Space as of August 31, 2019.  
 “Total Leased Floor Space” indicates the total floor space leased to end tenants as of August 31, 2019.  
 “Total Leasable Floor Space” is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).
- (Note 8) Historical Occupancy Rates  
 There are no applicable occupancy rates for the end of August 2017 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

(9) PROUD FLAT Togoshi-Koen

Strengths of the Asset to be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property is a two-minute walk from “Togoshi-koen” Station on the Tokyu Railways Oimachi Line, an eight-minute walk from “Nakanobu” Station on the Toei Asakusa Line and a nine-minute walk from “Nakanobu” Station on the Tokyu Railways Oimachi Line. Using these stations, it has an easy access to stylish commercial areas, such as Jiyugaoka and Futako-Tamagawa, in addition to the business areas of Shinagawa, Shinbashi and Gotanda; the Property is excellent for convenient transportation.
- The Property is a two-minute walk from “Togoshi-koen” Station, the nearest station. The “Togoshi-koen Central Shopping District,” which extends north and south of the station, has an abundance of convenient facilities necessary for living, such as supermarkets and drugstores, and the Property is located in a low-rise residential district while located close to the station. In addition, in the vicinity of the Property, there is “Togoshi Park,” a ward-established park representing Shinagawa Ward, which was built using the remnants of the garden of the shimoyashiki (second house) of the Hosokawa clan, the feudal lord of the state of Higo Kumamoto (currently Kumamoto Prefecture) during the Edo Period, and the area offers an excellent living environment. Therefore, demand from single workers and DINK populations who seek convenient living conditions and superior living environments can be expected.
- Nomura Real Estate Partners Co., Ltd., which is the property management company, provides unique services with high levels of customer satisfaction, such as 24-hour emergency attendance services and disaster prevention support services. For this reason and other related reasons, high-quality property operations can be

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expected.

### Summary of the Asset to be Acquired

Property Name		PROUD FLAT Togoshi-Koen
Type of Asset		Real estate
Location (Note 1)	Registry	6-58-6 Togoshi, Shinagawa Ward, Tokyo
	Street	6-8-4 Togoshi, Shinagawa Ward, Tokyo
Access		2-minute walk from Togoshi-Koen Station on the Tokyu Railways Oimachi Line 8-minute walk from Nakanobu Station on the Toei Asakusa Line 9-minute walk from Nakanobu Station on the Tokyu Railways Oimachi Line
Completion Date (Note 1)		November 13, 2018
Use (Note 1)		Apartment, Store, Bicycle parking and Car parking
Structure (Note 1)		Flat-roofed reinforced concrete, 5F
Leasable Unit		99
Architect		Form Architect Planning Co., Ltd.
Builder		KOSHIN KENSETSU Co., Ltd.
Building Inspection Agency		Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai
Area (Note 1)	Land	1,452.80 m <sup>2</sup>
	Floor Area	3,354.13 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		62.11% (Note 2)
Floor Area Ratio		183.62% (Note 3)
Collateral		None
Property Management Company (Note 4)		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company (Note 5)		Nomura Real Estate Partners Co., Ltd.
Type of Master Leasing (Note 5)		Pass through
Seismic Risk (PML) (Note 6)		6.41% (Based on the Earthquake PML Appraisal Report (as of November 2019) by Sompo Risk Management Inc.)
Notes		<ul style="list-style-type: none"> <li>The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., falls under a related party under the Investment Trust Act.</li> <li>Part of the land of the Asset to be Acquired is subject to a right of passage by the owner of the adjacent land, as the adjacent land is surrounded land.</li> </ul>
Anticipated Acquisition Price		¥2,580 million
Appraisal Value and Method		¥2,630 million (Based on the capitalization approach as of November 1, 2019) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)
Appraisal NOI (Note 7)		¥112 million
Leasing Status (As of August 31, 2019) (Note 8)		
Total Number of Tenants		1
Total Rental Income (Annual)		¥139 million (Including common area management fee)

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Security Deposits	¥11 million				
Occupancy Rate	96.7%				
Total Leased Floor Space	2,490.30 m <sup>2</sup>				
Total Leasable Floor Space	2,575.49 m <sup>2</sup>				
Historical Occupancy Rates (Note 9)	August 2015	August 2016	August 2017	August 2018	August 2019
	—	—	—	—	96.7%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Building Coverage Ratio

With respect to the building coverage ratio, 153.73 m<sup>2</sup> of the Property's land is located in a neighborhood commercial district where the building coverage ratio is 80%, and 1,298.75 m<sup>2</sup> of the Property's land is located in a Category 1 residential district where the building coverage ratio is 60%; therefore, a weighted average figure based on the area ratio is applied. Although the land use category was changed as of March 6, 2019, the figure before such change is stated above.

(Note 3) Floor Area Ratio

As part of the land of the Property is located in a neighborhood commercial district with a floor area ratio of 261.6% and the other part is located in a Category 1 residential district with a floor area ratio of 174.4%, a weighted average figure based on the area ratio is applied.

(Note 4) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 5) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 6) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 7) Appraisal NOI

"Appraisal NOI" is the annual NOI (operating income - operating expenses) described in the real estate appraisal report, with November 1, 2019 as the appraisal date.

(Note 8) Leasing Status

"Total Number of Tenants" is stated as "1" because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants. "Total Rental Income" indicates the amount calculated by the "monthly rent + monthly common area management fee" under the lease agreements with the end tenants to whom the building of the Asset to be Acquired is actually leased as of August 31, 2019 multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

"Security Deposits" indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

"Occupancy Rate" is calculated by dividing the Total Leased Floor Space by the Total Leasable Floor Space as of August 31, 2019.

"Total Leased Floor Space" indicates the total floor space leased to end tenants as of August 31, 2019.

"Total Leasable Floor Space" is the total floor space of offices, commercial facilities, logistics facilities, residential facilities, lodging facilities, etc. within the Asset to be Acquired that can be leased as of August 31, 2019 (If the common area, etc. is leased, the floor space thereof is included).

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2018 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

#### 4. Profile of Seller of the Assets to be Acquired

Company Name	Nomura Real Estate Development Co., Ltd.
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Head Office	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Seiichi Miyajima, President & CEO
Principal Business	Real Estate
Capital	¥2,000 million (as of April 1, 2019)
Established	April 15, 1957
Net Assets	¥174.8 billion (as of March 31, 2019)
Total Assets	¥1,211.9 billion (as of March 31, 2019)
Major Shareholder (Shareholding Ratio)	Nomura Real Estate Holdings, Inc. (100.0%) (as of March 31, 2019)
Relationships with the Fund and/or the Asset Management Company and the Seller	
Capital	Nomura Real Estate Development Co., Ltd. holds 4.63% of the Fund's investment units (as of August 31, 2019). As a wholly owned subsidiary of Nomura Real Estate Holdings, Inc., which also holds 100% interests in the shares of the Asset Management Company, Nomura Real Estate Development Co., Ltd. is a related party of the Asset Management Company as defined in the Investment Trust Act.
Personal	The Asset Management Company's employees and officers are seconded from Nomura Real Estate Development Co., Ltd.
Transactions	Nomura Real Estate Development Co., Ltd. is a property management company of the Fund and a lessee of real estate properties owned by the Fund. Moreover, the Asset Management Company has entered into an agreement on provision of information and a basic agreement on the leasing value chain with the said company.
Related Party Status	Nomura Real Estate Development Co., Ltd. does not fall under the definition of a related party of the Fund for the accounting purpose. However, the said company is a related party of the Asset Management Company as it is a subsidiary of a common parent company, as stated above.

#### 5. Status of Owner of the Assets to be Acquired

Status of Owner <sup>(Note1)</sup>	Current Owner and/or Trustee	Previous Owner and/or Trustee
Company Name	Nomura Real Estate Development Co., Ltd.	—
Relationship with Parties with Special Interest	Please refer to “4. Profile of Seller of the Assets to be Acquired” above	—
Background/Reasons for Acquisition, etc.	For development for later sale	—
Acquisition Price (Including Other Related Expenses)	— <sup>(Note2)</sup>	—
Acquisition Date	—	—

(Note1) All Assets to be Acquired subject to the Acquisitions have the same owner.

(Note2) Omitted because, for the land, the current owner owned for more than one year, and, for the building, there is no previous owner.

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## 6. Transactions with Related Parties

- (1) Transactions related to the acquisition of the Assets to be Acquired  
The acquisition of the Assets to be Acquired is considered to fall under transactions with a related party under the Investment Trust Act as stated above. Accordingly, the acquisitions of each property, the acquisition prices, and other relevant terms have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.
- (2) The property management and master lease transactions of PMO Akihabara Kita, PMO Higashi-Shinbashi and PMO Hamamatsucho  
The property management company and master lease company of PMO Akihabara Kita, PMO Higashi-Shinbashi and PMO Hamamatsucho, Nomura Real Estate Development Co., Ltd., is considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to PMO Akihabara Kita, PMO Higashi-Shinbashi and PMO Hamamatsucho have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.
- (3) The property management and master lease transactions of PROUD FLAT Shibuya Tomigaya, PROUD FLAT Miyazakidai, PROUD FLAT Asakusabashi III and PROUD FLAT Togoshi-Koen  
The property management company and master lease company of PROUD FLAT Shibuya Tomigaya, PROUD FLAT Miyazakidai, PROUD FLAT Asakusabashi III and PROUD FLAT Togoshi-Koen, Nomura Real Estate Partners Co., Ltd., is considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to PROUD FLAT Shibuya Tomigaya, PROUD FLAT Miyazakidai, PROUD FLAT Asakusabashi III and PROUD FLAT Togoshi-Koen have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.
- (4) The property management and master lease transactions of GEMS Sangenjaya  
The property management company and master lease company of GEMS Sangenjaya, Geo-Akamatsu Co., Ltd., is considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to GEMS Sangenjaya have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.
- (5) The property management transactions of Landport Higashi-Narashino  
The property management companies of Landport Higashi-Narashino, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd., are each considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property

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management related to Landport Higashi-Narashino have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.

Since none of the transactions described in (1) through (5) above falls under the category of transactions between the Fund and a related party of an asset management company as set forth in Article 201-2, Paragraph 1 of the Investment Trust Act, the approval of the Board of Directors of the Fund has not been obtained.

## 7. Form of Payment, etc.

### (1) Form of Payment

The Fund will complete settlement by a lump-sum payment on the date of acquisition by paying the agreed price for the property in full to the seller using proceeds from the issuance of new investment units resolved at the Board of Directors meeting held today <sup>(Note)</sup>, borrowings and cash on hand.

(Note) For details, please refer to "Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units" released today.

### (2) Impact on the Financial Position of the Fund in Case of a Failure to Fulfill Our Forward Commitment

The purchase and sale agreements to be executed in connection with the acquisition of the Assets to be Acquired are considered to be a forward commitment<sup>(Note)</sup> as stipulated in the Financial Services Agency's Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The said contract includes the provisions below.

(Note) Defined as purchase and sale agreements or similar contracts which are signed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser.

- i. Under the said contract, procuring funds through the issuance of new investment units by the acquisition date is set forth as a condition precedent for the obligation of the buyer.
- ii. Where there is material breach of terms of the contract by the seller or buyer (hereinafter such seller or buyer shall be referred to as the "violating party"), the other party may cancel the contract if such breach is not remedied after the passage of a prescribed period following the date of the non-violating party issuance of a notification requiring the violating party to perform its obligation or if such breach is objectively and reasonably deemed impossible to remedy.
- iii. If the contract is cancelled in accordance with paragraph ii) above, the non-violating party may require the violating party to pay a penalty charge that is equivalent to 20% of the acquisition price. A non-violating party may not request to increase or decrease the amount of the penalty charge even if monetary damage it has actually suffered due to the breach is in excess of or falls short of 20% of the acquisition price.
- iv. The buyer may negotiate with the seller to change the acquisition price if the buyer has obtained an appraisal report of the Asset to be Acquired and the appraisal value shown in the appraisal report goes below the acquisition price. In such case, the buyer may cancel the contract without any indemnification or compensation, if the parties have failed to agree on the acquisition price by the scheduled date of acquisition.

## 8. Schedule for the Acquisitions

December 5, 2019 Conclusion of purchase and sale agreements for the Assets to be Acquired

January 7, 2020 Acquisition of PMO Akihabara Kita, PMO Higashi-Shinbashi, PROUD FLAT

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	Miyazakidai and PROUD FLAT Asakusabashi III (delivery of real estate) and acquisition of PROUD FLAT Shibuya Tomigaya (delivery of trust beneficial interest)
March 2, 2020	Acquisition of Landport Higashi-Narashino (delivery of trust beneficial interest)
March 10, 2020	Acquisition of PROUD FLAT Togoshi-Koen (delivery of real estate)
April 2, 2020	Acquisition of PMO Hamamatsucho and GEMS Sangenjaya (delivery of real estate) (However, the scheduled date of acquisition may be changed to another date in March 2020.)

## 9. Outlook

Regarding impact of the Acquisitions on operations in the fiscal period ending February 29, 2020 (September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (March 1, 2020 to August 31, 2020), please refer to the “Notice Concerning Revised Forecasts of Financial Results for the Fiscal Periods Ending February 29, 2020 and August 31, 2020” announced today.

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10. Appraisal Summary

Property Name	PMO Akihabara Kita
Appraisal Value	¥8,930,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	8,930,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	9,080,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	415,449,000	
(a) Gross Rental Income	438,184,000	Calculated based on the expected medium- to long-term stable rent.
(b) Losses due to Vacancies, etc.	22,735,000	Calculated based on the expected medium- to long-term stable occupancy rate.
(2) Operating Expenses	94,178,000	
Maintenance Costs	25,327,000	Calculated based on scheduled maintenance and management costs and the costs at similar buildings.
Utilities Costs	24,350,000	Calculated based on costs at similar properties and the occupancy rate of the leased portion of the property.
Repair Costs	2,795,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
Property Management Fees	10,386,000	Calculated based on agreed-upon fee rates, with reference to rates for similar properties.
Advertisement for Leasing Costs, etc.	3,288,000	Calculated as an annualized amount based on assumed tenant turnover rates.
Taxes	27,498,000	Calculated based on taxes paid for FY2019 (depreciable asset tax is an assumed amount)
Insurance Premium	294,000	Calculated based on insurance quotes and the premiums of similar properties.
Other Expenses	240,000	No particular expenses to be recorded as other expenses.
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	321,271,000	
(4) Profit through Management of Temporary Deposits, etc.	3,249,000	Estimated profit based on an investment yield of 1.0%.
(5) Capital Expenditure Reserve	6,850,000	Calculated based on the assumption of average allocations each period, with reference to capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.

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	(6) Net Cash Flow (NCF = (3)+(4)-(5))	317,670,000	
	(7) Capitalization Rate	3.5%	
	Price Calculated by the Discounted Cash Flow Approach	8,780,000,000	
	Discount Rate	3.3%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.
	Terminal Capitalization Rate	3.7%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
	Cost Approach Price	8,490,000,000	
	Ratio of Land	75.6%	
	Ratio of Building	24.4%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The area surrounding "Akihabara" Station, where the Property is located, has access to "Akihabara" Station on the Tokyo Metro Hibiya Line and "Suehirocho" Station on the Tokyo Metro Ginza Line, as well as JR "Akihabara" Station, and offers superior transportation access to locations in central Tokyo. In addition, the Tsukuba Express Line, which makes its final stop at "Tsukuba" Station, has extended its service to this area and offers excellent access to areas in northwestern Chiba, Ibaragi and other regions. Therefore, it is possible to attract demand from companies seeking business locations and companies seeking collaboration between industry and academia. In fact, there are many head offices and related companies of major manufacturers in the area, and it is one of the most promising areas in the Tokyo metropolitan area as an office district.</p> <p>The Building is newly-built and designed as a high-value-added office building, offering superior quality and high-standard facilities compared to the office buildings of similar size. In view of the above factors, the appraisal value was determined.</p>		

Property Name	PMO Higashi-Shinbashi
Appraisal Value	¥5,180,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	5,180,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	5,280,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	241,453,000	

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	(a) Gross Rental Income	255,298,000	Calculated based on the expected medium- to long-term stable rent.
	(b) Losses due to Vacancies, etc.	13,845,000	Calculated based on the expected medium- to long-term stable occupancy rate.
	(2) Operating Expenses	60,629,000	
	Maintenance Costs	15,013,000	Calculated based on scheduled maintenance and management costs and the costs at similar buildings.
	Utilities Costs	13,480,000	Calculated based on costs at similar properties and the occupancy rate of the leased portion of the property.
	Repair Costs	1,499,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
	Property Management Fees	6,036,000	Calculated based on agreed-upon fee rates, with reference to rates for similar properties.
	Advertisement for Leasing Costs, etc.	1,917,000	Calculated as an annualized amount based on assumed tenant turnover rates.
	Taxes	22,525,000	Calculated based on taxes paid for FY2019 (depreciable asset tax is an assumed amount).
	Insurance Premium	159,000	Calculated based on insurance quotes and the premiums of similar properties.
	Other Expenses	0	No particular expenses to be recorded as other expenses.
	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	180,824,000	
	(4) Profit through Management of Temporary Deposits, etc.	2,292,000	Estimated profit based on an investment yield of 1.0%.
	(5) Capital Expenditure Reserve	3,680,000	Calculated based on the assumption of average allocations each period, with reference to capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	179,436,000	
	(7) Capitalization Rate	3.4%	
	Price Calculated by the Discounted Cash Flow Approach	5,080,000,000	
	Discount Rate	3.2%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the property's specific characteristics.
	Terminal Capitalization Rate	3.6%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
	Cost Approach Price	4,740,000,000	

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	Ratio of Land	76.1%	
	Ratio of Building	23.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>Located in the Higashi-Shinbashi district, the Property is approximately a 6-minute walk from “Onarimon” Station on the Toei Mita Line and is in very close proximity to the nearest station. In addition, since multiple lines, including JR, are available, the Property has a good access to each office area in central Tokyo. Further, in the surrounding area, roadside development along the “Shintora Street” has shown a good progress, and further development as an office area is expected.</p> <p>The Building is newly-built and designed as a high-value-added office building, offering superior quality and high-standard facilities compared to the office buildings of similar size. In view of the above factors, the appraisal value was determined.</p>		

Property Name	PMO Hamamatsucho
Appraisal Value	¥4,830,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	4,830,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	4,910,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	213,686,000	
(a) Gross Rental Income	225,343,000	Calculated based on the expected medium- to long-term stable rent.
(b) Losses due to Vacancies, etc.	11,657,000	Calculated based on the expected medium- to long-term stable occupancy rate.
(2) Operating Expenses	50,608,000	
Maintenance Costs	15,696,000	Calculated based on scheduled maintenance and management costs and the costs at similar buildings.
Utilities Costs	10,880,000	Calculated based on costs at similar properties and the occupancy rate of the leased portion of the property.
Repair Costs	1,222,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
Property Management Fees	5,342,000	Calculated based on agreed-upon fee rates, with reference to rates for similar properties.
Advertisement for Leasing Costs, etc.	1,705,000	Calculated as an annualized amount based on assumed tenant turnover rates.
Taxes	15,634,000	Calculated based on taxes paid for FY2019 (depreciable asset tax is an assumed amount).
Insurance Premium	129,000	Calculated based on insurance quotes and the premiums of similar properties.
Other Expenses	0	No particular expenses to be recorded as other expenses.

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	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	163,078,000	
	(4) Profit through Management of Temporary Deposits, etc.	2,037,000	Estimated profit based on an investment yield of 1.0%.
	(5) Capital Expenditure Reserve	3,000,000	Calculated based on the assumption of average allocations each period, with reference to capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	162,115,000	
	(7) Capitalization Rate	3.3%	
	Price Calculated by the Discounted Cash Flow Approach	4,750,000,000	
	Discount Rate	3.1%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.
	Terminal Capitalization Rate	3.5%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
	Cost Approach Price	4,520,000,000	
	Ratio of Land	79.1%	
	Ratio of Building	20.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Property is adjacent to "Hamamatsucho" Station on the JR Yamanote and Keihin-Tohoku Lines and is within a 5-minute walk from "Daimon" Station on the Toei Asakusa and Oedo Lines, and since it is accessible from three stations and five lines, it is an excellent location offering convenient transportation to various places in central Tokyo as well as Haneda Airport.</p> <p>The Building is newly-built and designed as a high-value-added office building, offering superior quality and high-standard facilities compared to the office buildings of similar size.</p> <p>In view of the above factors, the appraisal value was determined.</p>		

Property Name	GEMS Sangenjaya
Appraisal Value	¥1,840,000,000
Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	1,840,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.

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Price Calculated by the Direct Capitalization Approach	1,880,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate
(1) Operating Income (a)-(b)	120,691,000	
(a) Gross Rental Income	123,736,000	Calculated based on the expected medium- to long-term stable rent.
(b) Losses due to Vacancies, etc.	3,045,000	Calculated based on the expected medium- to long-term stable occupancy rate.
(2) Operating Expenses	47,564,000	
Maintenance Costs	9,468,000	Calculated based on the scheduled agreement and medium- to long-term maintenance fee with reference to that of similar properties.
Utilities Costs	23,004,000	Calculated with reference to the actual costs of similar properties.
Repair Costs	340,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
Property Management Fees	2,895,000	Calculated the fee rate based on the scheduled agreement, with reference to rates for similar properties.
Advertisement for Leasing Costs, etc.	1,369,000	Calculated the eviction rate in consideration of the vacancy rate and calculated and recorded the advertisement for leasing etc., arising at the change of the rent room based on the scheduled agreement and local practices.
Taxes	5,076,000	Calculated taking into account movement in land prices for the land and appraised tax amount and age depreciation for the building and depreciable assets with reference to actual amount equivalent
Insurance Premium	69,000	Calculated based on the estimates provided which is judged to be reasonable with reference to the levels of similar properties.
Other Expenses	5,343,000	Residents' association membership fee and outdoor advertising fee based on past results are recorded.
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	73,127,000	
(4) Profit through Management of Temporary Deposits, etc.	804,000	Profit through management of temporary deposit is calculated by multiplying the assumed interest rate with comprehensive consideration given to interest rates, etc., of long-term government bonds, etc., by the security deposits, etc., after deducting the amount equivalent to security deposits, etc. of vacant rooms from the amount of security deposits, etc. upon full occupancy.
(5) Capital Expenditure Reserve	793,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	73,138,000	

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	(7) Capitalization Rate	3.9%	Calculated based in part on the past capitalization rate of the property and of J-REITs judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
	Price Calculated by the Discounted Cash Flow Approach	1,800,000,000	
	Discount Rate	3.7%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on boutiques in Ginza area of Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues
	Terminal Capitalization Rate	4.1%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
	Cost Approach Price	1,550,000,000	
	Ratio of Land	76.8%	
	Ratio of Building	23.2%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Property is located in Sangen-jaya, where a shopping district was formed long ago and which is well known as a commercial area. Sangen-jaya has a large number of residents, and offers prospects for attracting, in addition to office workers in the vicinity of the area, a wide range of customers, from families with small children to students and elderly people who have lived in the area for a long time. The Property is able to meet a variety of restaurant needs due to having succeeded in attracting not only high-profile restaurants but also restaurants, such as Fujiya Honten Grill Bar, a famous restaurant that operated in close connection with the local community and had long lines before closing down due to aging. In addition, because the Property is a newly built building located in the vicinity of many store buildings that have been operating for many years, it is recognized as a superior property.</p> <p>Based on the above, it was judged that the Property has standard competitiveness in the primary market area.</p>		

Property Name	Landport Higashi-Narashino
Appraisal Value	¥15,700,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	15,700,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	15,800,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.

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(1) Operating Income (a)-(b)	(a) Gross Rental Income	Undisclosed	(Note)
	(b) Losses due to Vacancies, etc.	Undisclosed	
	(2) Operating Expenses	Undisclosed	
	Maintenance Costs	Undisclosed	
	Utilities Costs	Undisclosed	
	Repair Costs	Undisclosed	
	Property Management Fees	Undisclosed	
	Advertisement for Leasing Costs, etc.	Undisclosed	
	Taxes	Undisclosed	
	Insurance Premium	Undisclosed	
Other Expenses	Undisclosed		
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	678,667,114		
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Note)	
(5) Capital Expenditure Reserve	Undisclosed		
(6) Net Cash Flow (NCF = (3)+(4)-(5))	680,082,058		
(7) Capitalization Rate	4.30%	Calculated by considering the yield of surrounding property transactions, with reference to the characteristics of the area surrounding the property and the property's particular characteristics.	
Price Calculated by the Discounted Cash Flow Approach	15,600,000,000		
Discount Rate	4.10%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the property's specific characteristics.	
Terminal Capitalization Rate	4.50%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar buildings, the probable future movement of the yield on investment, risks of the property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.	
Cost Approach Price	15,400,000,000		
Ratio of Land	51.1%		
Ratio of Building	48.9%		

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Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The neighborhood area is an industrial area with large-scale factories for metals, machinery and other products, as well as large-scale logistics facilities. Its local characteristics of having excellent connection and accessibility to the central Tokyo and the Saitama and Chiba areas constitute factors that greatly contribute to demonstrating the utility of using land as an industrial park.</p> <p>Under such locational conditions, the Building is a newly constructed logistics facility with high versatility and functionality. This facility is capable of meeting the locational needs of logistics bases in a variety of industries, and can be judged as being capable of stable operation over the medium to long term. In consideration of the above, the appraisal value was determined with an emphasis on the value indicated by income capitalization, which appropriately reflects the profit value of investment.</p>
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(Note) These items contain information for which the Fund owes a duty of confidentiality to the lessees or information that could be used to calculate such information. The disclosure of these items could result in a breach of said duty of confidentiality, which could negatively impact the Fund and thus the interests of its unitholders. Accordingly, these items are undisclosed.

Property Name	PROUD FLAT Shibuya Tomigaya
Appraisal Value	¥4,440,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	4,440,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	4,460,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	229,958,614	
(a) Gross Rental Income	243,464,905	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	13,506,291	Calculated based on the standard medium- to long-term vacancy rate.
(2) Operating Expenses	49,389,414	
Maintenance	5,948,467	Calculated based on PM/BM service term sheet
Utilities Costs	2,478,528	Calculated based on the balance results, etc.
Repair Costs	4,203,978	Including restoration costs and building improvement fees calculated with consideration given to building age and similar cases, etc., by referencing the ER.
Property Management Fees	6,634,846	Calculated based on the property management service agreement and PM/BM service term sheet.
Advertisement for Leasing, etc.	6,589,047	Calculated based on PM/BM service term sheet.
Taxes	16,437,000	Calculated based on materials for FY2019
Insurance Premium	198,790	Calculated based on relevant insurance premium rate tables
Other Expenses	6,898,758	Calculated based in part on past levels of income and costs

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	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	180,569,200	
	(4) Profit through Management of Temporary Deposits, etc.	169,757	Assumed investment yield of 1.0%.
	(5) Capital Expenditure Reserve	2,160,000	Calculated with reference to the Engineering Report, the building's age, amounts recorded at similar properties and other factors.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	178,578,957	
	(7) Capitalization Rate	4.0%	Calculated based mainly on the yield of similar property transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
	Price Calculated by the Discounted Cash Flow Approach	4,430,000,000	
	Discount Rate	4.1%	Calculated with reference to the individual risks for the property and other factors
	Terminal Capitalization Rate	4.2%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty.
	Cost Approach Price	4,220,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
	Ratio of Land	79.6%	
	Ratio of Building	20.4%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Property consists of a high-rise condominium and its site and is approximately a 12-minute walk from "Yoyogi-Hachiman" Station on the Odakyu Line and "Yoyogi-Koen" Station on the Tokyo Metro Chiyoda Line and approximately a 13-minute walk from "Komaba-todaimae" Station on the Keio Inokashira Line.</p> <p>The surrounding area of the Property is a residential area where mid-and high-rise condominiums are located. In the vicinity of the Property, there are many educational facilities, such as the University of Tokyo, and there are also park facilities, such as Yoyogi Park, by which an excellent living environment is secured. In addition to supermarkets and other convenient facilities in the vicinity of the nearest station, convenience stores are also located near the Property, by which excellent convenience is secured. The Building is newly-built and is of a grade required for rental condominiums, satisfying the high standards required for rental-condominium facilities. In addition, it has a variety of unit types, from 1K to 2LDK, and is designed to meet a wide range of needs. Accordingly, it was judged that the Property has reasonable competitiveness in the primary market area.</p> <p>In view of the above factors, the appraisal value was determined.</p>		

Property Name	PROUD FLAT Miyazakidai
Appraisal Value	¥1,490,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	November 1, 2019

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Item	Amount or Percentage	Grounds
Capitalization Approach Price	1,490,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	1,430,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	Undisclosed	(Note)
(a) Gross Rental Income	Undisclosed	
(b) Losses due to Vacancies, etc.	Undisclosed	
(2) Operating Expenses	Undisclosed	
Maintenance	Undisclosed	
Utilities Costs	Undisclosed	
Repair Costs	Undisclosed	
Property Management Fees	Undisclosed	
Advertisement for Leasing, etc.	Undisclosed	
Taxes	Undisclosed	
Insurance Premium	Undisclosed	
Other Expenses	Undisclosed	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	65,912,484	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	
(5) Capital Expenditure Reserve	Undisclosed	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	64,539,658	
(7) Capitalization Rate	4.5%	Calculated based mainly on the yield of similar property transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
Price Calculated by the Discounted Cash Flow Approach	1,510,000,000	
Discount Rate	1Y~8Y 4.5% 9Y~10Y 4.7% 11Y 4.6%	Calculated with reference to the individual risks for the property and other factors

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	Terminal Capitalization Rate	4.7%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price		1,490,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
	Ratio of Land	65.9%	
	Ratio of Building	34.1%	
Matters Reconciliation Indicated Determination Appraisal Value	Noted in of Value and of	The Property consists of a high-rise condominium and its site and is located in a residential area that is a two-minute walk from "Miyazaki-dai" Station on the Tokyu Den-en-toshi Line. In the vicinity of "Miyazaki-dai" Station, which is the nearest station, there are many supermarkets, the convenience is excellent. The Building is relatively new and is of a grade required for rental condominiums, satisfying the high standards required for rental-condominium facilities. In view of the above factors, the appraisal value was determined.	

(Note) These items contain information for which the Fund owes a duty of confidentiality to the lessees or information that could be used to calculate such information. The disclosure of these items could result in a breach of said duty of confidentiality, which could negatively impact the Fund and thus the interests of its unitholders. Accordingly, these items are undisclosed.

Property Name	PROUD FLAT Asakusabashi III
Appraisal Value	¥1,260,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	1,260,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	1,270,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	69,745,203	
(a) Gross Rental Income	73,502,312	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	3,757,109	Calculated based on the standard medium- to long-term vacancy rate.
(2) Operating Expenses	15,501,757	
Maintenance	3,401,590	Calculated based on PM/BM service term sheet.
Utilities Costs	1,183,162	Calculated based on the balance results, etc.
Repair Costs	1,262,048	Including restoration costs and building improvement fees calculated with consideration given to building age and similar cases, etc., by referencing the ER.
Property Management Fees	2,010,692	Calculated based on PM/BM service term sheet.

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	Advertisement for Leasing, etc.	2,038,881	Calculated based on PM/BM service term sheet.
	Taxes	4,150,100	Calculated based on materials for FY2019
	Insurance Premium	60,380	Calculated based on relevant insurance premium rate tables
	Other Expenses	1,394,904	Calculated based in part on past levels of income and costs
	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	54,243,446	
	(4) Profit through Management of Temporary Deposits, etc.	52,046	Assumed investment yield of 1.0%.
	(5) Capital Expenditure Reserve	990,000	Calculated with reference to the Engineering Report, the building's age, amounts recorded at similar properties and other factors.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	53,305,492	
	(7) Capitalization Rate	4.2%	Calculated based mainly on the yield of similar property transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
	Price Calculated by the Discounted Cash Flow Approach	1,250,000,000	
	Discount Rate	4.3%	Calculated with reference to the individual risks for the property and other factors
	Terminal Capitalization Rate	4.4%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty.
	Cost Approach Price	1,400,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
	Ratio of Land	73.5%	
	Ratio of Building	26.5%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Property consists of a high-rise condominium and its site and is approximately a two-minute walk from "Asakusa-bashi" Station on the JR Sobu Line, etc. The condominium is relatively new and has the grade required for rental condominiums, satisfying the high standards required for rental-condominium facilities. In addition, it offers superior convenience because the transportation access to major areas in Tokyo is excellent, as it is approximately 10 minutes from "Asakusa-bashi" Station, the nearest station, to "Tokyo" Station on the JR Sobu Line, and approximately 5 minutes from "Asakusa-bashi" Station to "Nihonbashi" Station on the Toei Asakusa Line and many restaurants, such as cafes and <i>izakaya</i> restaurants, are located in the vicinity of the station. Therefore, it can be judged that the Property has reasonable competitiveness, mainly among single persons and DINK households that are oriented toward proximity to the city center and convenience.</p> <p>In view of the above factors, the appraisal value was determined.</p>		

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Property Name	PROUD FLAT Togoshi-Koen
Appraisal Vale	¥2,630,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	November 1, 2019

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	2,630,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	2,640,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	143,366,606	
(a) Gross Rental Income	151,461,635	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	8,095,029	Calculated based on the standard medium- to long-term vacancy rate.
(2) Operating Expenses	31,253,726	
Maintenance	5,563,058	Calculated based on PM/BM service term sheet.
Utilities Costs	1,545,294	Calculated based on the balance results, etc.
Repair Costs	2,560,370	Including restoration costs and building improvement fees calculated with consideration given to building age and similar cases, etc., by referencing the ER.
Property Management Fees	4,037,098	Calculated based on PM/BM service term sheet.
Advertisement for Leasing, etc.	4,146,458	Calculated based on PM/BM service term sheet.
Taxes	8,976,100	Calculated based on materials for FY2019
Insurance Premium	124,350	Calculated based on relevant insurance premium rate tables
Other Expenses	4,300,998	Calculated based in part on past levels of income and costs
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	112,112,880	
(4) Profit through Management of Temporary Deposits, etc.	127,372	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve	1,360,000	Calculated with reference to the Engineering Report, the building's age, amounts recorded at similar properties and other factors.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	110,880,252	

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	(7) Capitalization Rate	4.2%	Calculated based mainly on the yield of similar property transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
	Price Calculated by the Discounted Cash Flow Approach	2,620,000,000	
	Discount Rate	4.3%	Calculated with reference to the individual risks for the property and other factors
	Terminal Capitalization Rate	4.4%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty.
	Cost Approach Price	2,550,000,000	
	Ratio of Land	78.7%	
	Ratio of Building	21.3%	
Matters Reconciliation Indicated Determination Appraisal Value	Noted Value and of		The Property consists of a mid-rise condominium and its site and is approximately 2-minute walk from "Togoshi-koen" Station on the Tokyu Oimachi Line. The condominium is relatively new and is of a grade required for rental condominiums, satisfying the high standards required for rental-condominium facilities. In addition, the Property is adjacent to the areas such as of Shinagawa, Osaki, Gotanda, etc. where the business functions are concentrated, and is in close proximity to the city center. Therefore, it can be judged that the Property has reasonable competitiveness, mainly among single persons and DINK households that are oriented toward proximity to the city center and convenience. In view of the above factors, the appraisal value was determined.

## **Exhibits**

Exhibit 1 Overview of the Portfolio after the Acquisitions

Exhibit 2 Photos and Maps of the Assets to be Acquired

\*Nomura Real Estate Master Fund, Inc.'s website: <https://www.nre-mf.co.jp/en/>

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## Exhibit 1

## Overview of the Portfolio after the Acquisitions

(¥ million)

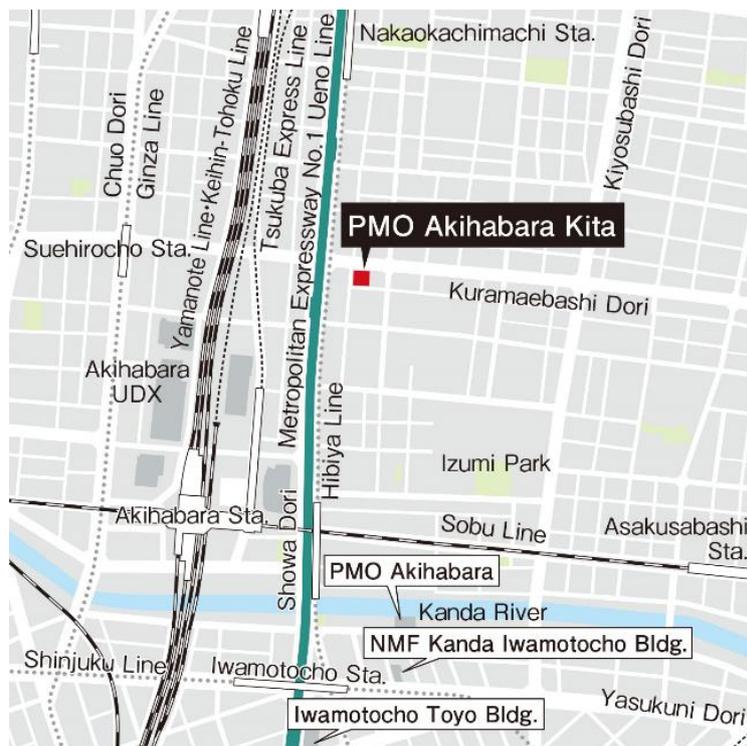
Sector \ Area	Greater Tokyo Area <sup>(Note 1)</sup>	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) <sup>(Note 2)</sup>
Office	401,655	71,930	473,585	45.0
Retail	111,626	66,716	178,342	17.0
Logistics	183,102	3,460	186,562	17.7
Residential	168,720	33,328	202,047	19.2
Hotels	—	6,250	6,250	0.6
Others	4,900	—	4,900	0.5
(Anticipated) Total Acquisition Price (by Area)	870,003	181,684	1,051,686	100.0
Investment Ratio (%) <sup>(Note 2)</sup>	82.7	17.3	100.0	

(Note 1) “Greater Tokyo Area” refers to Tokyo Prefecture, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Other Areas” refers to cabinet-order designated cities, prefectural capitals, and cities having a population of at least 100,000 and their peripheral areas, excluding those in Greater Tokyo Area.

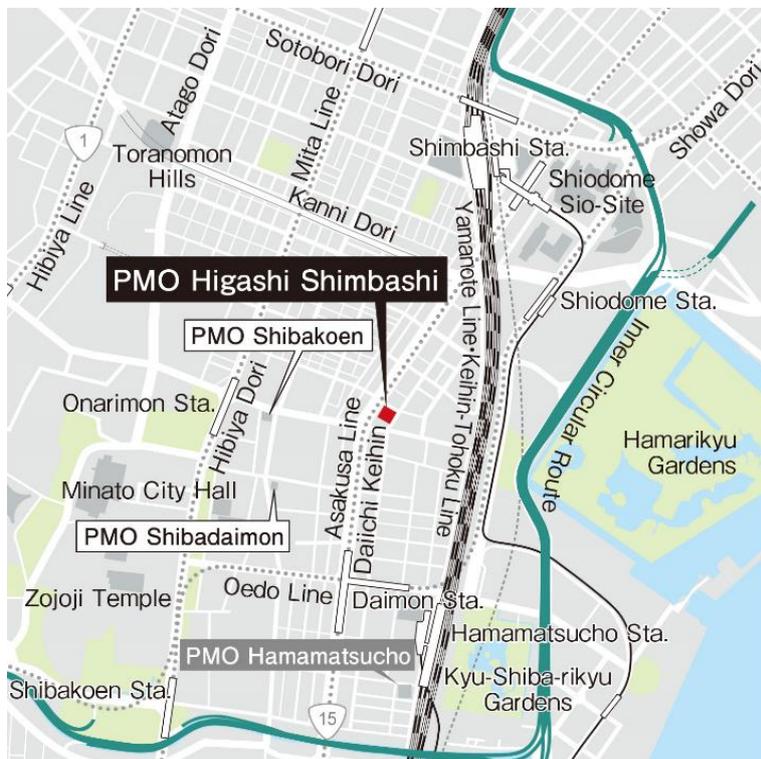
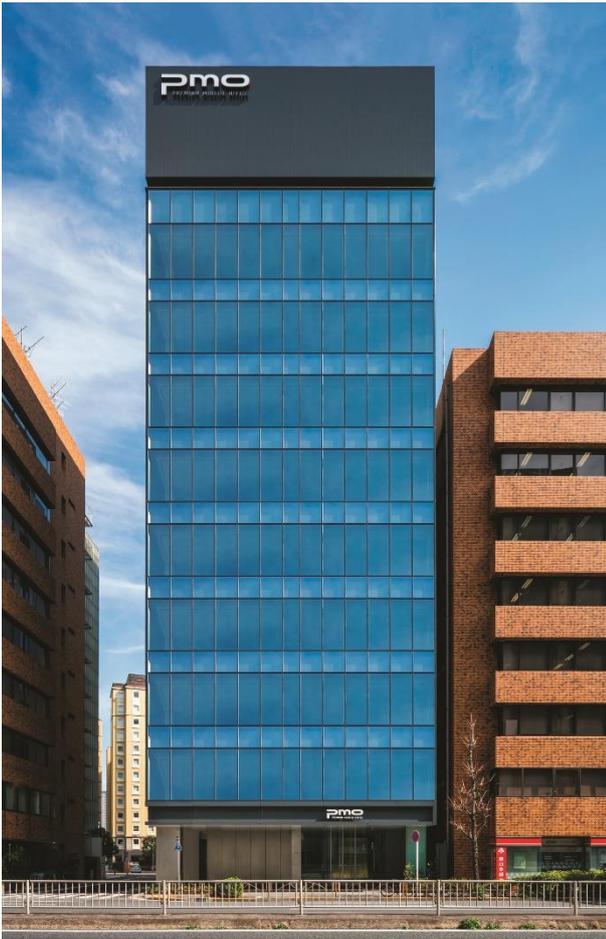
(Note 2) “Investment Ratio” indicates the ratio of the (anticipated) total acquisition price of properties for each use or in each area to the (anticipated) total acquisition price of the entire portfolio. As the figures are rounded to the first decimal place, they may not add up to exactly 100%.

Photos and Access Map of the Assets to be Acquired

PMO Akihabara Kita



PMO Higashi-Shinbashi



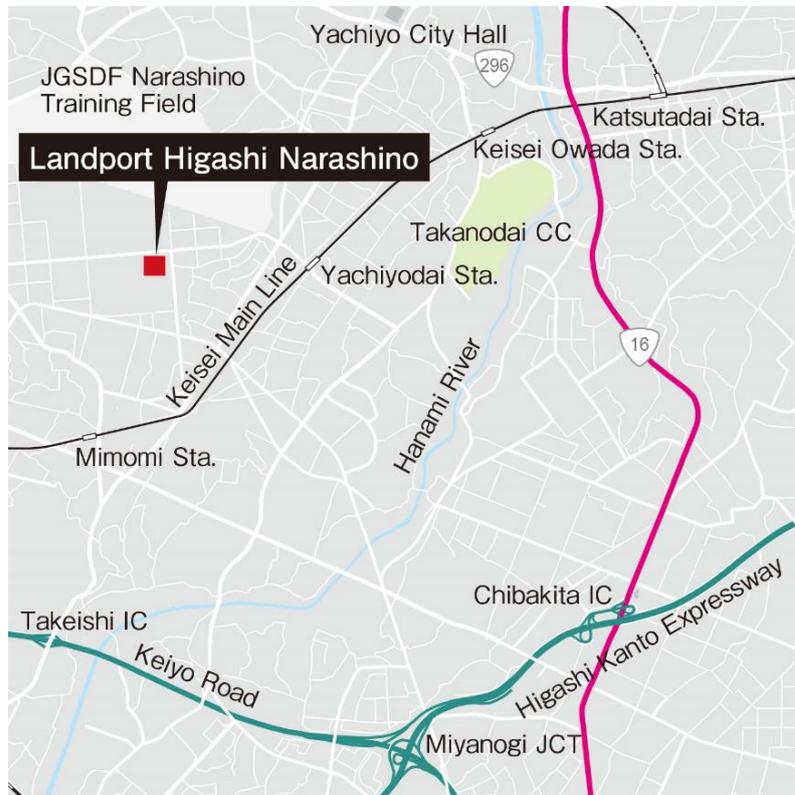
PMO Hamamatsucho



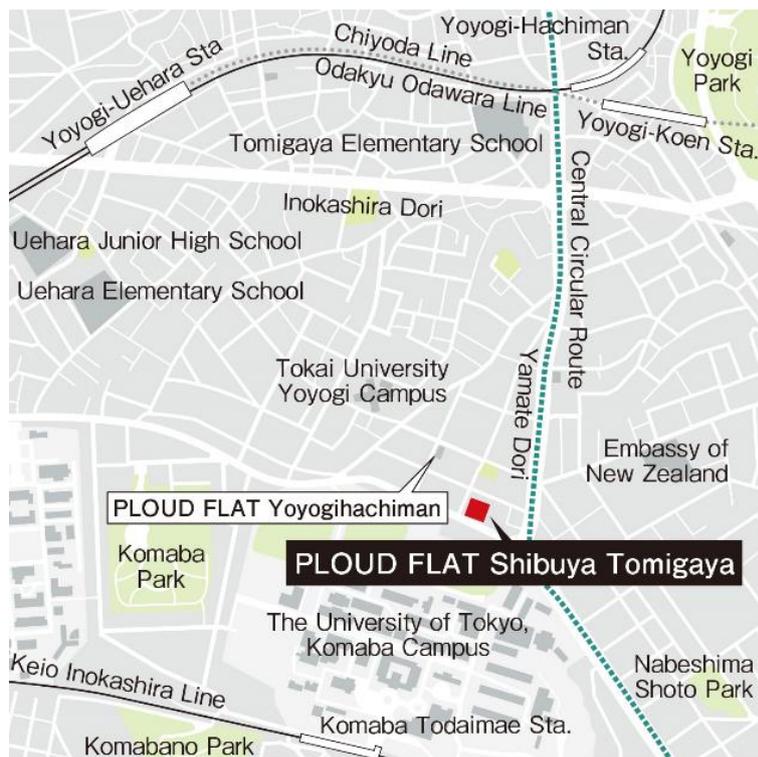
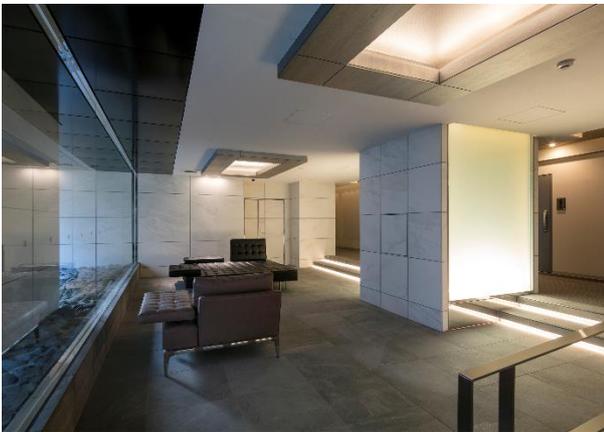
GEMS Sangenjaya



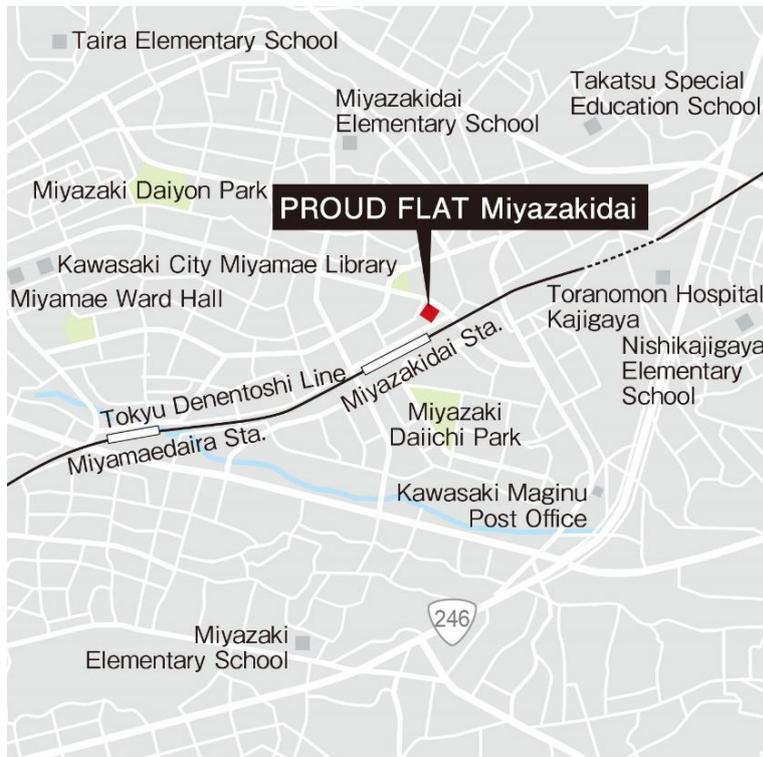
Landport Higashi-Narashino



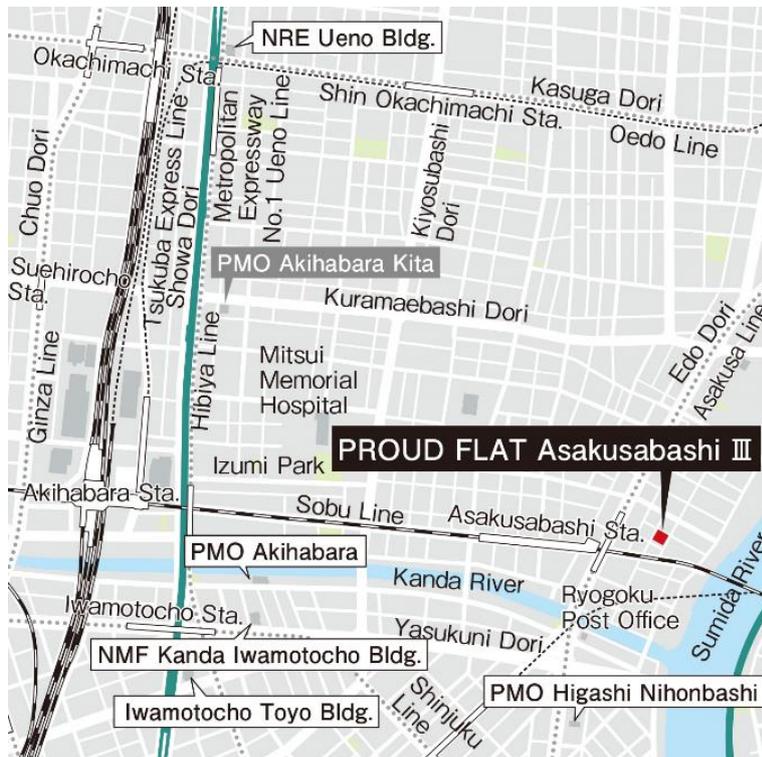
PROUD FLAT Shibuya Tomigaya



PROUD FLAT Miyazakidai



PROUD FLAT Asakusabashi III



PROUD FLAT Togoshi-Koen

