

(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 2nd Fiscal Period Ended August 31, 2016

October 14, 2016

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
 Representative: Satoshi Yanagita, Executive Director URL: <http://www.nre-mf.co.jp/english/>
 Asset management company: Nomura Real Estate Asset Management Co., Ltd.
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Scheduled date of filing of securities report: November 28, 2016
 Scheduled date of commencement of distribution payout: November 18, 2016
 Preparation of supplementary materials on financial results: Yes
 Holding of briefing session on financial results: Yes (for institutional investors and analyst)

[Amounts less than one million yen are truncated]

1. Financial Results for the 2nd Fiscal Period (from March 1, 2016 to August 31, 2016)

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

	Operating revenues		Operating profit		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Period ended August 31, 2016	30,976	27.4%	11,682	80.2%	9,356	131.0%	9,355	131.1%
February 29, 2016	24,313	—	6,483	—	4,050	—	4,048	—

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	yen	%	%	%
Period ended August 31, 2016	2,513	2.0	1.0	30.2
February 29, 2016	1,087	0.8	0.4	16.7

(Note 1) NMF's accounting period for the fiscal period ended February 29, 2016 is the 152 days from October 1, 2015 to February 29, 2016.

(Note 2) Rates of period-on-period change in operating revenues, operating profit, ordinary income and net income, shown as percentages, are not given for the fiscal period ended February 2016 because said period was the Company's 1st fiscal period.

(2) Distributions

	Distribution per unit (excluding distribution in excess of net income)	Total distributions (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Total distributions in excess of net income	Distribution per unit (including distribution in excess of net income)	Total distributions (including distribution in excess of net income)	Distribution payout ratio (Note 2)	Ratio of distributions to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
Period ended August 31, 2016	2,473	9,204	563	2,095	3,036	11,300	98.3	1.9
February 29, 2016	317	1,179	1,902	7,079	2,219	8,259	29.1	0.2

(Note 1) Of the ¥1,902 distribution in excess of net income per unit in the fiscal period ended February 29, 2016, ¥1,649 is a distribution of the allowance for temporary difference adjustments and ¥253 is other distributions in excess of net earnings. Furthermore, the ratio of decreasing surplus is 0.003.

Of the ¥563 distribution in excess of net income per unit in the fiscal period ended August 31, 2016, ¥0 is a distribution of the allowance for temporary difference adjustments and ¥563 is other distributions in excess of net earnings. Furthermore, the ratio of decreasing surplus is 0.004.

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

Distribution Payout Ratio = Total Distributions (excluding distribution in excess of Net Income) / Net Income × 100

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

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

(3) Financial Position

	Total assets	Net assets	Net assets to total assets	Net assets per unit
	million yen	million yen	%	yen
Period ended August 31, 2016	935,964	479,311	51.2	128,777
February 29, 2016	928,297	477,601	51.4	128,318

(4) Status of Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Period ended	million yen	million yen	million yen	million yen
August 31, 2016	48,162	(29,555)	(1,661)	75,270
February 29, 2016	8,725	(11,500)	(469)	58,325

2. Earnings Forecasts for the 3rd Fiscal Period (from September 1, 2016 to February 28, 2017)

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

Period ending	Operating revenues		Operating profit		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Distribution per unit (including distribution in excess of net income)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
February 28, 2017	34,527	11.5	10,892	(6.8)	8,157	(12.8)	8,156	(12.8)	1,880	1,025	2,905

(Reference) Forecast net income per unit for the fiscal period ending February 28, 2017 is ¥1,949

*Other

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

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

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

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

As of August 31, 2016: 3,722,010 units
As of February 29, 2016: 3,722,010 units

② Number of treasury investment units

As of August 31, 2016: – units
As of February 29, 2016: – units

(Note) For the number of investment units used as the basis for calculation of net income per unit, please refer to “Notes on Per Unit Information” on page 36.

* Status of audit procedure implementation

At the time of the disclosure of this document, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948) have not been completed.

* Forward-looking statements

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by NMF. Accordingly, actual earnings performance and other results may differ materially due to a variety of factors. Furthermore, such forward-looking statements do not constitute a guarantee of future distributions. For more information about the assumptions underlying forward-looking statements and the use of such statements, please refer to “Assumptions Underlying Earnings Forecasts for the 3rd Fiscal Period (Ending February 28, 2017)” on page 8.

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

Attachment

1. Related Corporations of the Investment Corporation

Disclosure is omitted because there are no significant changes from the information presented under “Structure of the Investment Corporation” in the most recently published securities report (published May 25, 2016).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted, since there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” presented in the securities report (filed on May 25, 2016).

(2) Management Status

① Outline of Fiscal Period under Review

NMF was established on October 1, 2015 through the consolidation type merger of the former Nomura Real Estate Master Fund, Inc. (hereinafter the “former NMF”), Nomura Real Estate Office Fund, Inc. (hereinafter “NOF”) and Nomura Real Estate Residential Fund, Inc. (hereinafter “NRF”), and listed its investment securities (TSE code: 3462) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on October 2 of the same year.

NMF’s basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management (Note 1). In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which offers strong tenant demand, while also considering regional diversification through investment in all of Japan’s three major metropolitan areas and other major cities. By combining the “diversified type strategy,” in which investments are made in a variety of facilities, such as offices, retail facilities, logistics facilities and residential facilities, with the “large-scale REIT strategy,” which increases portfolio stability through property and tenant diversification, as well as the “leasing value chain” with the sponsor, the Nomura Real Estate Group, NMF aims to increase unitholder value by securing stable income over the medium to long term and the steady growth of assets under management.

In November 2015, NMF formulated and announced its medium- to long-term management strategy. The medium- to long-term management strategy separates the 10 years following NMF’s establishment into three phases (the quality phase, growth phase and master phase) and aims for stable management over the medium to long term through steady growth in asset size and the establishment of the fund’s brand. In the initial quality phase, NMF will utilize the benefits of being one of Japan’s largest diversified REITs to promote internal growth centered on strategic property replacements (SPRs) and upside sectors (Note 2), aiming to improve the portfolio’s quality and increase the asset size.

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

(Note 2) Upside sectors refer to sectors for which an increase of rental revenue can be expected, particularly offices as well as retail facilities in station areas.

② Investment Environment

The Japanese economy has continued to gradually recover, despite lackluster economic activity by companies and households amid an environment that includes slowing growth in the global economy. Going forward, the negative factors could conceivably gather force, but there are also signs of economic improvement as a result of various governmental measures, including additional monetary easing.

Both domestic and foreign investment capital is flowing into the J-REIT market on expectations of recovery in the Japanese economy and real estate market. Backed by this favorable financing environment, property acquisitions remain brisk, spurred on by both new J-REIT listings and additional public offerings by existing J-REITs.

With regard to the office leasing market, while the vacancy rate is stable and low, the rate at which rents are rising remains slow. Going forward, the supply of new properties is expected to remain low for the time being, and demand from companies seeking increased floor space is forecast to maintain the current market balance. However, slowing corporate revenue growth and the resulting impact on capital investment due to such factors as the deceleration of overseas economies and the strong yen remain factors that could have a negative impact.

Concerning the environment surrounding retail facilities, individual consumption is weak, reflecting thriftiness among households. Demand related to daily necessities, such as groceries and dining, is firm, supported by improvement in hiring as a result of labor shortages, but shifting consumer attitudes require careful attention. Rental demand for retail facilities in major urban areas is firm overall, thanks to solid demand for new retail outlets caused by continued population inflows to such areas. Demand generated by visitors to Japan from overseas is also expected to remain stable, as the number of tourists coming to Japan increases on the back of economic recovery and the rise of a growing middle class in emerging Asian countries over the medium and long term.

In terms of logistics facilities, the supply-demand balance remains tight, reflecting the impact of online shopping and the apparel industry, which are driving demand, as well as the accompanying demand for third-party logistics (Note) and additional demand arising in recent years from growing logistics sophistication in the food wholesaling industry. New supply of large-scale facilities is expected from 2017, which may temporarily push up the vacancy rate. However, demand for highly functional logistics facilities, arising from the introduction of corporate logistics strategies, remains strong. As such, the supply-demand balance is expected to recover even if the market does experience a temporary surplus of supply.

Concerning the environment surrounding the rental apartment market, both the existing stock and new supply of high-quality rental condominiums in good locations are low, while the population inflow to major urban areas continues to be strong. At the same time, land prices in major urban areas are expected to continue rising, as are construction costs, and competition with for-sale condominiums and other sectors to acquire lots is intensifying. As such, a limited supply of rental apartments is expected. Reflecting this, the occupancy rate of rental condominiums owned by J-REITs remains high overall. Newly advertised rents are forecast to follow a gentle upward trajectory for the time being, backed by tight supply, strong demand and improving incomes.

In the real estate transaction market, investor appetite remains strong and competition to acquire properties is hot, but transaction volume is decreasing slightly. While the supply/demand balance is expected to remain largely unchanged for some time under the accommodative financial environment, if uncertainty in domestic and foreign financial markets arises or risk avoidance grows more pronounced, changes in the funding environment could lead to diminished appetite for investment. As such, these trends must be watched closely.

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

③ Management Performance

Under the circumstances described above in “② Investment Environment,” as part of its medium- to long-term management strategy, NMF steadily implemented SPRs aimed at growing its asset size and enhancing portfolio quality. Details are as follows.

- Acquired three office properties (PMO Tamachi, PMO Ginza Hatchome and PMO Shibakoen. Total acquisition price: ¥14,080 million. All three were acquired on March 1, 2016).
- As its first round of SPRs (announced March 29, 2016), NMF acquired three properties, comprising one logistics property and two residential properties (Hirakata Kuzuha Logistics Center, PRIME URBAN Meguro Mita and PRIME URBAN Chikusa. Total acquisition price: ¥5,628 million. Acquired on April 27, 2016, April 25, 2016, and April 5, 2016, respectively). In addition, NMF sold eight properties, comprising three office properties and five residential properties (Total sale price: ¥5,350 million. All eight were sold on April 12, 2016).
- As its second round of SPRs (announced May 9, 2016), NMF acquired a logistics property (Landport Kashiwa Shonan II. Acquisition price: ¥10,800 million. Acquired on September 1, 2016) and sold three office properties (Total sale price: ¥18,150 million. All three were sold on May 17, 2016). All of these transactions were to or from the sponsor, Nomura Real Estate Development Co., Ltd.
- As its third round of SPRs (announced May 9, 2016), NMF acquired one “other” sector property

(Ryotokuji University Shin-Urayasu Campus (Land). Acquisition price: ¥4,900 million. Acquired on May 26, 2016) and sold six properties comprising three office properties and three residential properties (Total sale price: ¥10,633 million. All six were sold on May 17, 2016).

As a result, at the end of the fiscal period under review, (excluding Landport Kashiwa Shonan II, which was acquired after the end of the fiscal period) the number of properties held by NMF was 252 (total acquisition price of ¥784,607 million), the ratio of investment in the Greater Tokyo area was 79.7%, the gross leasable area of the portfolio was 1,654,5701.95 m², and the portfolio remained highly diversified.

In terms of property and facility management, as described above in “② Investment Environment,” rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 99.1%. In the office sector, a key upside sector, the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

④ Merger with TOP REIT, Inc.

On May 26, 2016, NMF and TOP REIT, Inc. (“TOP”) resolved, at their respective Board of Directors’ meetings, to enter an absorption type merger (the “absorption type merger”) with NMF as the surviving corporation and TOP as the absorbed corporation, effective September 1, 2016. On the same day, NMF and TOP entered a merger agreement (the “absorption type merger agreement,” including the amendment agreement executed on June 23, 2016).

The absorption type merger agreement was approved at TOP’s General Meeting of Unitholders on July 28, 2016. The absorption type merger came into effect on September 1, 2016, after the end of the fiscal period under review, and the 19 properties owned by TOP were transferred to NMF.

(a) Objective of the Absorption type Merger

NMF believes that the absorption type merger presented a rare opportunity for external growth in the heated real estate acquisition market. Furthermore, the absorption type merger increased NMF’s ratio of investment in properties for which future internal growth can be expected, specifically properties that are in upside sectors or located within Tokyo’s five central wards. Through the absorption type merger, NMF sought to increase the portfolio’s diversity, thereby raising risk tolerance, and expected that the increase in the market capitalization of its investment units accompanying the issue of investment units would further enhance their liquidity. As a result of these and other effects, NMF expected the absorption type merger to contribute to unitholder value.

(b) Ratio of Allotment Under the Absorption type Merger

Through the absorption type merger, 2.62 investment units of NMF were allotted per unit of TOP. This allotment generated fractions of less than one unit for the unitholders of TOP. These fractional units were sold through a market transaction in accordance with statutory provisions, and the proceeds from the sale were delivered to unitholders in proportion to the size of their fractional holdings.

(c) Merger Distribution

Instead of the cash distributions to the unitholders of TOP for TOP’s final fiscal period (May 1 to August 31, 2016), NMF will make a cash distribution to the unitholders recorded on the final unitholders register for TOP as of the day immediately prior to the effective date of the absorption type merger (excluding the unitholders of TOP who have requested the purchase of their investment units pursuant to the provisions of Article 149-3 of the Investment Trust Act) (the “Allotted Unitholders”), in an amount equivalent to the cash distributions for TOP’s final fiscal period (the payment will be the amount of distributable profit of TOP as of August 31, 2016, divided by the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Unitholders from (b) the number of TOP investment units issued and outstanding as of August 31, 2016, with the per-unit amount truncated at the nearest whole yen).

⑤ Status of Fund Procurement

During the fiscal period under review, NMF took out loans of ¥14,700 million and ¥10,800 million on

March 1, 2016 and August 31, 2016, respectively, to partially cover capital requirements for the acquisition of specified assets and related expenses. Furthermore, using cash on hand generated by the sale of assets, NMF repaid a total of ¥18,800 million in existing loans. NMF also refinanced ¥22,330 million in existing loans.

To secure a stable financial base, in addition to its existing one-year commitment line agreements, NMF established a new, three-year commitment line.

As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥409,771 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 43.8%.

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

Credit rating agency	Rating description	Note
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA	Rating outlook: Stable
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+	Rating outlook: Stable
Standard & Poor's Financial Services LLC, (S&P)	Long-term corporate credit rating: A	Rating outlook: Stable
	Short-term corporate credit rating: A-1	

⑥ Business Performance and Distributions

In the 2nd fiscal period, operating revenues totaled ¥30,976 million, operating profit reached ¥11,682 million, ordinary income totaled ¥9,356 million, and net income came to ¥9,355 million.

The per-unit distribution for the 2nd period was ¥3,036.

In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act less reversal of allowance for temporary difference adjustments, excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,473. This amount excludes the distribution in excess of earnings discussed below.

In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that such costs related to the merger as goodwill amortization costs, net assets deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, including subsequent amendments)) and reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger as "merger-related costs") will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter "distribution in excess of earnings"). When implementing a distribution in excess of earnings, if the period's allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) (b) of the Calculation Rules for Investment Corporations) is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.

For the fiscal period under review, NMF decided to implement ¥2,095 million in distributions in excess of earnings. This figure is equivalent to the sum of ¥1,946 million in goodwill amortization expenses and ¥150 million in reversal of allowance for temporary difference adjustments (excluding net asset deductions). All of this will be implemented as ¥2,095 million of other distributions in excess of net earnings. Other distributions in excess of net earnings per unit will be ¥563.

⑦ Outlook for Next Fiscal Period

Three major consequences resulted from the absorption type merger. Firstly, NMF's asset size reached over ¥9,30 billion, further securing NMF's standing as one of the largest diversified REITs in Japan. Secondly, NMF's revenue stability increased, due to reinforcement of the portfolio's quality and a rise in risk tolerance. Thirdly, NMF expects that it will be able to pursue both internal and external growth by leveraging the Nomura Real Estate Group's development capabilities, wide-ranging know-how and brand.

Following the absorption type merger, NMF continues to implement its medium- to long-term management strategy, promoting SPRs to enhance portfolio quality and seek internal growth, mainly in upside sectors, aiming to increase unitholder value by securing stable income over the medium to long term and steady growth of assets under management.

⑧ Significant Subsequent Events

As described above in “④ Merger with TOP REIT, Inc.,” NMF merged with TOP effective September 1, 2016.

(Reference)

A. NMF acquired the following assets on September 1, 2016.

Property name	Landport Kashiwa Shonan II
Type of asset	Real estate
Location (Note 1)	(Registry) 1043-1-49 Aza Niiyama Waka-shiraga, Kashiwa City, Chiba (Street) 1040-1 Waka-shiraga, Kashiwa City, Chiba
Structure (Note 1)	S/SRC, 3F
Land area (Note 1)	49,164.98 m ²
Floor area (Note 1)	51,485.62 m ²
Type of ownership	(Land) Usufruct (Note 3) (Building) Ownership
Completion date (Note 1)	April 13, 2016
Acquisition price (Note 2)	¥10,800 million
Date of agreement	May 17, 2016 (Date of agreement on purchase and sale of real estate)
Date of acquisition	September 1, 2016 (date of delivery of real estate)
Seller	Nomura Real Estate Development Co., Ltd.
Financing	Financed with borrowings

(Note 1) The land of this property comprises provisionally allocated land and reserved land located within the area of the Land Readjustment Project of the Shonan Center land plot, which was executed as a Kashiwa City Planning Project with Kashiwa City Shonan Center Land Plot Readjustment Association as the project executor. “Location (Registry)” and “Land area” given above are those for the property before provisional allocation. The land area for this property (the sum of the provisionally allocated land and reserved land) given on the provisionally allocated land designation notice and reserved land register is 36,415m². The street address (“Location (Street)”) has yet to be confirmed. “Structure,” “Floor Area” and “Completion date” are based on the information in the real estate registry.

(Note 2) “Acquisition price” is that given on the real estate sale contract and does not include the various other expenses related to the acquisition of the property, such as transaction brokerage fee, taxes and public dues, etc.

(Note 3) The rights acquired by NMF are (i) the usufruct of the provisionally allocated land based on the applicable provisionally allocated land designation and (ii) the usufruct of the reserve land based on the purchase and sale agreement concerning the reserve land. The ownership of the provisionally allocated land will be acquired by NMF on the day following the public notice date of allocation of replotted land. With respect to the ownership of the reserved land, on the same day, after the project executor acquires such ownership, NMF will acquire the ownership from the project executor. As of the preparation of this document, the allocation of replotted land is scheduled to take place in September 2017.

Assumptions Underlying Earnings Forecasts for the 3rd Fiscal Period (Ending February 28, 2017)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • 3rd fiscal period: September 1, 2016 to February 28, 2017
Assets Under Management	<ul style="list-style-type: none"> • With respect to 272 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through February 28, 2017. • The forecasts may be revised due to actual changes in the portfolio or other reasons.
Operating revenues	<ul style="list-style-type: none"> • Rental revenues are estimated based on tenant trends, competitive properties located in adjacent areas and real estate market conditions, among other factors, with the assumption that there exist no arrears or cases of nonpayment with regard to the properties.
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> • Real estate rental expenses are expected to be ¥16,142 million. • It is estimated that a tax amount of ¥3,016 million will be recorded as real estate rental expenses. • Property management costs of ¥3,240 million are estimated to be recorded as real estate rental expenses. • Expenses for repairs and maintenance required for the fiscal period are calculated as real estate rental expenses, based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damages to a building caused by events difficult to foresee, significant year-on-year fluctuations in costs or non-periodic repair expenses. • Depreciation of ¥4,797 million is estimated to be recorded as real estate rental expenses. However, the book values of the properties that were succeeded to NMF from TOP as of the effective date of the absorption type merger are not yet finalized and may be revised. • Merger expenses are estimated to be ¥1,374 million. • Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥3,489 million.
Amortization expenses for goodwill	<ul style="list-style-type: none"> • Goodwill accrued upon the absorption type merger will be accounted for as an asset and amortized using the straight-line method over 20 years on a regular basis pursuant to the Business Combination Accounting Standards. Currently, the amount of goodwill accrued upon the absorption type merger is provisionally estimated to be ¥27,259 million. This amount is calculated on the assumption NMF will succeed the assets (¥148,573 million in total) and liabilities (¥97,119 million in total) of TOP, the acquiree under said accounting standards, and the acquisition cost of the merger will be ¥78,713 million (calculated based on the closing price (¥170,700) of the investment units of NMF, the acquirer under said accounting standards, on August 31, 2016, which will be allotted as the consideration for the acquisition). However, the amount of goodwill is not yet finalized and is subject to change. • The amount of amortization of goodwill is estimated to be ¥2,628 million, which is calculated by adding (i) amortization expenses (¥1,946 million) for the goodwill held by NMF (¥74,305 million) as of the end of the 2nd fiscal period, and (ii) amortization expenses (¥681 million) for the goodwill accrued upon the absorption type merger (¥27,259 million). • Amortization of goodwill is an item that causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and other borrowing-related expenses are estimated to be ¥2,727 million.
Interest-bearing liabilities	<ul style="list-style-type: none"> As of today, the outstanding interest-bearing liabilities of NMF are ¥499,889 million, consisting of ¥467,389 million in outstanding borrowings and ¥32,500 million in investment corporation bonds (including short-term investment corporation bonds). Of the portions of the borrowings (¥49,012 million) that will come due by February 28, 2017 (the end of the 3rd fiscal period), it is assumed that NMF will repay ¥42 million by using cash on hand and refinance the entire remaining amount through borrowings. While a total of ¥5,000 million in investment corporation bonds will reach maturity in the 3rd fiscal period, it is assumed NMF will redeem such bonds through funds raised by borrowings or other funding methods. It is assumed that, through February 28, 2017 (the end of the 3rd fiscal period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than those stated above.
Investment units	<ul style="list-style-type: none"> NMF assumes that there will be no changes in the number of investment units issued and outstanding as of the date of the publication of this document, 4,183,130 units, and there will be no additional issuance of new investment units through February 28, 2017 (the end of the 3rd fiscal period).
Distribution per unit	<ul style="list-style-type: none"> The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. Of the allowance for temporary difference adjustments accrued up to the present, the amount eliminated in the 3rd fiscal period will be reversed from retained earnings at end of period. NMF assumes that there will be no change in the 3rd fiscal period to the ¥2,254 million in deferred losses on hedges of interest rate swaps recorded under valuation and translation adjustments continuing from the 2nd fiscal period (ended August 31, 2016). In additions, the deferred losses on hedges of interest rate swaps succeeded from TOP upon the absorption type merger are expected to amount to ¥282 million. The per-unit distribution (excluding the distribution in excess of net income per unit) is calculated by subtracting these amounts from the distributable amount. The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total of the difference between accounting and tax treatment and the distributable amount as allowance for temporary difference adjustments for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger related expenses (the "Merger Expenses") and the reversal of allowance for temporary difference adjustments, if the total amount of the difference between accounting and tax treatment for the relevant fiscal period is less than the total amount of the Merger Expenses and the reversal of allowance for temporary difference adjustments, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations") (the amount equivalent to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period). In the current forecast, the distribution in excess of net income per unit for the 3rd fiscal period is expected to be ¥1,025, of which the distribution of the allowance for temporary difference adjustments is expected to be ¥653 and other distributions in excess of net income is expected to be ¥372.

Item	Assumptions
Other	<ul style="list-style-type: none">• It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan or other laws or regulations that would affect the above forecasts.• It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.

3. Financial Statements

(1) Balance Sheet

Thousands of Yen

	As of February 29, 2016	As of August 31, 2016
Assets		
Current assets		
Cash and bank deposits	47,139,232	63,889,766
Cash and bank deposits in trust	11,185,928	11,380,801
Rental receivables	436,676	592,581
Prepaid expenses	429,670	567,043
Income taxes receivable	34	1,423
Other	585,749	613,024
Allowance for doubtful accounts	(54)	(54)
Total current assets	59,777,237	77,044,586
Noncurrent assets		
Property and equipment		
Buildings	102,158,810	106,067,919
Less accumulated depreciation	(1,515,696)	(3,082,914)
Buildings, net	100,643,113	102,985,005
Structures	260,082	291,094
Less accumulated depreciation	(30,027)	(61,840)
Structures, net	230,055	229,254
Machinery	501,736	569,897
Less accumulated depreciation	(48,242)	(109,415)
Machinery, net	453,494	460,482
Equipment	21,885	82,495
Less accumulated depreciation	(765)	(5,002)
Equipment, net	21,119	77,493
Land	171,862,734	185,217,460
Buildings in trust	164,543,080	163,521,989
Less accumulated depreciation	(8,909,348)	(11,209,810)
Buildings in trust, net	155,633,731	152,312,178
Structures in trust	887,200	927,631
Less accumulated depreciation	(416,550)	(489,080)
Structures in trust, net	470,649	438,551
Machinery in trust	67,591	128,437
Less accumulated depreciation	(2,381)	(7,149)
Machinery in trust, net	65,209	121,287
Tools, furniture and fixtures in trust	203,098	297,186
Less accumulated depreciation	(15,801)	(38,082)
Tools, furniture and fixtures in trust, net	187,296	259,103
Land in trust	351,799,272	331,066,945
Leased assets	24,494	24,494
Less accumulated depreciation	(3,349)	(7,367)
Leased assets, net	21,145	17,127
Construction in progress	436,020	838,601
Total property and equipment	781,823,844	774,023,490

	Thousands of Yen	
	As of February 29, 2016	As of August 31, 2016
Intangible assets		
Goodwill	76,252,702	74,305,825
Leasehold rights	951,943	951,943
Leasehold rights in trust	7,541,282	7,540,896
Other	25,399	32,724
Total intangible assets	84,771,328	82,831,390
Investments and other assets		
Investment securities	91,430	—
Long-term prepaid expenses	742,792	1,005,941
Long-term deposits	89,385	89,385
Security deposits	977,583	946,803
Total investments and other assets	1,901,193	2,042,131
Total noncurrent assets	868,496,366	858,897,012
Deferred assets		
Investment corporation bond issuance costs	23,782	22,410
Total deferred assets	23,782	22,410
Total assets	928,297,387	935,964,009

Thousands of Yen

	As of February 29, 2016	As of August 31, 2016
Liabilities		
Current liabilities		
Trade accounts payable	2,162,600	2,562,467
Short-term debt	*1 9,100,000	*1 —
Current portion of investment corporation bonds	5,000,000	10,000,000
Current portion of long-term debt	50,015,600	47,805,600
Lease obligations in trust	8,651	8,651
Other accounts payable	1,888,592	2,226,124
Accrued expenses	325,813	330,953
Accrued income taxes	994	605
Accrued consumption taxes	140,701	530,465
Rent received in advance	4,394,283	4,320,065
Unearned revenue	369,865	341,706
Derivatives liabilities	37,854	73,217
Other current liabilities	298,547	292,886
Total current liabilities	73,743,504	68,492,744
Long-term liabilities		
Investment corporation bonds	27,500,000	22,500,000
Long-term debt	311,549,000	329,466,200
Lease obligations in trust	14,046	9,721
Long-term advances received	838,163	671,420
Security deposits from tenants	8,403,287	8,558,771
Security deposits from tenants in trust	25,818,152	24,772,441
Derivatives liabilities	2,829,740	2,181,236
Total long-term liabilities	376,952,390	388,159,791
Total liabilities	450,695,894	456,652,535
Net assets		
Unitholders' equity		
Unitholders' capital	161,120,405	161,120,405
Surplus		
Capital surplus	315,299,775	315,299,775
Allowance for temporary difference adjustments	*3 —	*3 (6,137,594)
Other deductions from capital surplus	—	(941,668)
Total deduction from capital surplus	—	(7,079,263)
Capital surplus, net	315,299,775	308,220,511
Retained earnings	4,048,907	12,225,011
Total surplus	319,348,682	320,445,523
Total unitholders' equity	480,469,087	481,565,928
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,867,594)	(2,254,454)
Valuation and translation adjustments	(2,867,594)	(2,254,454)
Total net assets	*2 477,601,492	*2 479,311,473
Total liabilities and net assets	928,297,387	935,964,009

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Oct. 1, 2015 to Feb. 29, 2016		Current period from Mar. 1, 2016 to Aug. 31, 2016	
Operating revenues				
Rental revenues	*1	22,286,435	*1	26,844,872
Other rental revenues	*1	2,026,176	*1	2,687,507
Gain on investments in silent partnership		1,066		1,899
Gain on sales of real estate		—	*4	1,442,275
Total operating revenues		24,313,678		30,976,554
Operating expenses				
Real estate rental expenses	*1	11,546,708	*1	13,489,928
Loss on sales of real estate		—	*5	329,201
Impairment loss	*2	79,019		—
Asset management fees		1,505,234		2,565,116
Asset custody fees		21,349		48,379
Administrative service fees		185,995		147,697
Directors' compensation		6,000		7,200
Merger expenses		2,590,275		375,501
Amortization of goodwill		1,622,397		1,946,877
Other operating expenses		273,520		383,983
Total operating expenses		17,830,501		19,293,886
Operating profit		6,483,176		11,682,668
Non-operating revenues				
Interest income		6,064		309
Reversal of dividends payable		3,906		4,081
Interest on refund		16		—
Other non-operating revenues		97		40
Total non-operating revenues		10,085		4,431
Non-operating expenses				
Interest expenses		1,408,454		1,714,122
Interest expenses on investment corporation bonds		294,325		284,082
Amortization of investment corporation bond issuance costs		1,143		1,372
Loan arrangement fees		297,926		324,255
Other offering costs associated with the issuance of investment units		436,525		—
Other non-operating expenses		4,550		6,680
Total non-operating expenses		2,442,925		2,330,513
Ordinary income		4,050,336		9,356,586
Income before income taxes		4,050,336		9,356,586
Income taxes—current		2,018		605
Income taxes—deferred		39		—
Total income taxes		2,058		605
Net income		4,048,278		9,355,981
Retained earnings brought forward		—		2,869,030
Transfer of unappropriated retained earnings by merger	*3	629		—
Retained earnings at end of period		4,048,907		12,225,011

(3) Statement of Changes in Net Assets

Previous period (from October 1, 2015 to February 29, 2016)

Thousands of Yen

	Unitholders' equity				Total unitholders' equity
	Unitholders' capital	Surplus		Total surplus	
		Capital surplus	Retained earnings		
Balance at the beginning of the period	—	—	—	—	—
Changes of items during the period					
Increase by merger	161,120,405	315,299,775	913,191	316,212,966	477,333,371
Distributions of retained earnings	—	—	(912,562)	(912,562)	(912,562)
Net income	—	—	4,048,278	4,048,278	4,048,278
Net changes of items other than unitholders' equity	—	—	—	—	—
Total changes of items during the period	161,120,405	315,299,775	4,048,907	319,348,682	480,469,087
Balance at the end of the period	(*1)161,120,405	315,299,775	4,048,907	319,348,682	480,469,087

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Valuation and translation adjustments	
Balance at the beginning of the period	—	—	—
Changes of items during the period			
Increase by merger	—	—	477,333,371
Distributions of retained earnings	—	—	(912,562)
Net income	—	—	4,048,278
Net changes of items other than unitholders' equity	(2,867,594)	(2,867,594)	(2,867,594)
Total changes of items during the period	(2,867,594)	(2,867,594)	477,601,492
Balance at the end of the period	(2,867,594)	(2,867,594)	477,601,492

Current period (from March 1, 2016 to August 31, 2016)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
Allowance for temporary difference adjustment	Deduction from other capital surplus		Total deduction from capital surplus			
Balance at the beginning of the period	161,120,405	315,299,775	—	—	—	315,299,775
Changes of items during the period						
Distributions of retained earnings	—	—	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(6,137,594)	—	(6,137,594)	(6,137,594)
Other distributions in excess of net earnings	—	—	—	(941,668)	(941,668)	(941,668)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	—	—	(6,137,594)	(941,668)	(7,079,263)	(7,079,263)
Balance at the end of the period	(*1)161,120,405	315,299,775	(6,137,594)	(941,668)	(7,079,263)	308,220,511

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	4,048,907	319,348,682	480,469,087	(2,867,594)	(2,867,594)	477,601,492
Changes of items during the period						
Distributions of retained earnings	(1,179,877)	(1,179,877)	(1,179,877)	—	—	(1,179,877)
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(6,137,594)	(6,137,594)	—	—	(6,137,594)
Other distributions in excess of net earnings	—	(941,668)	(941,668)	—	—	(941,668)
Net income	9,355,981	9,355,981	9,355,981	—	—	9,355,981
Net changes of items other than unitholders' equity	—	—	—	613,140	613,140	613,140
Total changes of items during the period	8,176,103	1,096,840	1,096,840	613,140	613,140	1,709,981
Balance at the end of the period	12,225,011	320,445,523	481,565,928	(2,254,454)	(2,254,454)	479,311,473

(4) Statement of Cash Distributions

Yen

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2015 to Aug. 31, 2016
I. Retained earnings at end of period	4,048,907,447	12,225,011,401
II. Distributions in excess of retained earnings	7,079,263,020	2,095,491,630
Of which, allowance for temporary difference adjustments	6,137,594,490	—
Of which, other distributions in excess of net earnings	941,668,530	2,095,491,630
III. Incorporation into unitholders' capital	—	763,347,909
Of which, reversal of allowance for temporary difference adjustments	—	763,347,909
IV. Distributions	8,259,140,190	11,300,022,360
[Distributions per unit]	(2,219)	(3,036)
Of which, distributions of earnings	1,179,877,170	9,204,530,730
[Of which, distributions of earnings per unit]	(317)	(2,473)
Of which, allowance temporary difference adjustments	6,137,594,490	—
[Of which, distributions in excess of retained earnings per unit [of allowance for temporary difference adjustments]]	(1,649)	—
Of which, other distributions in excess of net earnings	941,668,530	2,095,491,630
[Of which, distributions in excess of retained earnings per unit [of other distributions in excess of net earnings]]	(253)	(563)
V. Retained earnings carried forward	2,869,030,277	2,257,132,762

<p>Calculation method for distributions</p>	<p>Concerning distributions for the 1st fiscal period, NMF decided the distribution per unit will be ¥2,219.</p> <p>In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act, excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥317. This amount excludes the distribution in excess of earnings discussed below.</p> <p>In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that such costs related to the merger as amortization costs of goodwill and net assets deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, including subsequent amendments; hereinafter the “Calculation Rules for Investment Corporations”) together with costs related to the merger, such as goodwill amortization costs; hereafter “merger-related costs”) will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter “distribution in excess of earnings”). When implementing a distribution in excess of earnings, if the period’s allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) (b) of the Calculation Rules for Investment Corporations) is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.</p> <p>For the fiscal period under review, NMF decided to implement ¥7,079 million in distributions in excess of earnings. This figure is equivalent to the sum of ¥1,622 million in goodwill amortization expenses, ¥2,590 million in fees paid to the Asset Management Company for the merger and ¥2,867 million in deferred losses on hedges. Of the distributions in excess of earnings, ¥6,137 million was a distribution of allowance for temporary difference adjustments. The per-unit distribution of allowance for adjustment of temporary differences was ¥1,649. In addition, NMF implemented other distributions in excess of net earnings of ¥941 million. The per-unit distribution of other distributions in excess of net earnings was ¥253.</p>	<p>Concerning distributions for the 1st fiscal period, NMF decided the distribution per unit will be ¥3,036.</p> <p>In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act less reversal of allowance for temporary difference adjustments, excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,473. This amount excludes the distribution in excess of earnings discussed below.</p> <p>In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that such costs related to the merger as goodwill amortization costs, net assets deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations) and reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger as “merger-related costs”) will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter “distribution in excess of earnings”). When implementing a distribution in excess of earnings, if the period’s allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) (b) of the Calculation Rules for Investment Corporations) is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.</p> <p>For the fiscal period under review, NMF decided to implement ¥2,095 million in distributions in excess of earnings. This figure is equivalent to the sum of ¥1,946 million in goodwill amortization expenses and ¥150 million in reversal of allowance for temporary difference adjustments (excluding net asset deductions). All of this will be implemented as ¥2,095 million of other distributions in excess of net earnings. Other distributions in excess of net earnings per unit will be ¥563.</p>
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(5) Statement of Cash Flows

Thousands of Yen

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2015 to Aug. 31, 2016
Cash flows from operating activities		
Income before income taxes	4,050,336	9,356,586
Depreciation	3,472,856	4,207,238
Impairment loss	79,019	—
Amortization of goodwill	1,622,397	1,946,877
Amortization of investment corporation bond	1,143	1,372
Interest income	(6,064)	(309)
Interest expenses	1,702,780	1,998,205
Loss on disposal of property and equipment	6,881	5,165
Increase (decrease) in allowance for doubtful	54	—
Decrease (increase) in rental receivables	138,204	(157,024)
Decrease (increase) in prepaid expenses	(29,734)	(137,372)
Decrease (increase) in long-term prepaid expenses	(218,802)	(263,149)
Decrease (increase) in long-term deposits	(180)	—
Increase (decrease) in trade accounts payable	606,536	399,866
Increase (decrease) in other accounts payable	(8,392)	150,152
Increase (decrease) in accrued consumption taxes	(347,569)	389,764
Increase (decrease) in accrued expenses	(524,025)	15,791
Increase (decrease) in rent received in advance	86,851	(74,217)
Decrease in property and equipment due to sales	—	9,423,684
Decrease in property and equipment in trust due to sales	—	23,127,269
Other	159,517	(36,942)
Subtotal	10,791,813	50,352,959
Interest received	6,064	309
Interest paid	(2,077,288)	(2,187,967)
Income taxes paid	5,250	(2,382)
Net cash provided by (used in) operating activities	8,725,840	48,162,919
Cash flows from investing activities		
Payments for purchase of property and equipment	(4,482,327)	(22,049,662)
Payments for purchase of property and equipment	(6,696,288)	(6,723,627)
Payments for purchase of intangible assets	(4,640)	(8,037)
Payments for purchase of intangible assets in trust	(7,241)	(7,026)
Proceeds from withdrawal of investment securities	8,754	86,592
Reimbursement of security deposits to tenants	(993,243)	(998,224)
Proceeds from security deposits from tenants	401,938	1,113,158
Reimbursement of security deposits to tenants in	(260,360)	(1,584,236)
Proceeds from security deposits from tenants in	542,395	584,716
Payments for security deposits	(10,000)	—
Proceeds from security deposits	75	30,780
Net cash provided by (used in) investing activities	(11,500,938)	(29,555,567)
Cash flows from financing activities		
Proceeds from short-term debt	5,000,000	6,000,000
Repayment of short-term debt	—	(15,100,000)
Proceeds from long-term debt	29,500,000	46,530,000
Repayment of long-term debt	(11,082,800)	(30,822,800)
Repayment of investment corporation bonds	(15,000,000)	—
Distributions of earnings to unitholders	(8,886,988)	(1,189,881)

Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(6,137,594)
Other distributions in excess of net earnings	—	(941,668)
Net cash provided by (used in) financing activities	(469,788)	(1,661,944)
Net increase (decrease) in cash and cash equivalents	(3,244,885)	16,945,408
Cash and cash equivalents at beginning of period	—	58,325,160
Cash and cash equivalents from merger	61,570,046	—
Cash and cash equivalents at end of period	(*1)58,325,160	(*1)75,270,568

(6) Notes Concerning the Going Concern Assumption
 Not applicable.

(7) Notes Concerning Significant Accounting Policies

1. Investment securities	Non-marketable securities classified as other securities are carried at cost determined by the moving average method. For equity interests in silent partnerships, NMF records the net amount of silent partnership income (loss) in proportion to its equity interests.								
2. Depreciation of noncurrent assets	<p>① Property and equipment (including trust assets) The straight-line method is adopted. The useful lives of major property and equipment are as follows:</p> <table data-bbox="560 461 1023 577"> <tr> <td>Buildings</td> <td>3–70 years</td> </tr> <tr> <td>Structures</td> <td>2–45 years</td> </tr> <tr> <td>Machinery</td> <td>2–10 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2–20 years</td> </tr> </table> <p>② Intangible assets The straight-line method is adopted. Goodwill is amortized using straight-line method over 20 years.</p> <p>③ Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	3–70 years	Structures	2–45 years	Machinery	2–10 years	Tools, furniture and fixtures	2–20 years
Buildings	3–70 years								
Structures	2–45 years								
Machinery	2–10 years								
Tools, furniture and fixtures	2–20 years								
3. Deferred investment corporation bond issuance costs	Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.								
4. Allowance for doubtful accounts	To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.								
5. Revenue and expenses recognition	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted.</p> <p>The amount equivalent to fixed asset tax, etc. for the fiscal year in which the acquisition date falls paid to the seller as reimbursement upon acquisition of real estate or trust beneficiary interests in real estate is included in the cost of acquisition of the concerned real estate and not recorded as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the fiscal period under review is ¥77,205 thousand.</p>								
6. Hedge accounting	<p>① Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>② Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>③ Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>④ Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>								
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.								

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Commitment line agreement

① NMF has concluded a commitment line agreement with three lending financial institutions as follows.

	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
Committed line of credit	10,000,000	-
Balance of used line	5,000,000	-
Balance of unused line	5,000,000	-

② NMF has concluded a commitment line agreement with five lending financial institutions as follows.

	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
Committed line of credit	30,000,000	-
Balance of used line	-	-
Balance of unused line	30,000,000	-

③ NMF has concluded a commitment line agreement with two lending financial institutions as follows.

	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
Committed line of credit	-	10,000,000
Balance of used line	-	-
Balance of unused line	-	10,000,000

④ NMF has concluded a commitment line agreement with five lending financial institutions as follows.

	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
Committed line of credit	-	40,000,000
Balance of used line	-	-
Balance of unused line	-	40,000,000

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

	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
	50,000	50,000

*3. Allowance for temporary difference adjustments

Previous period (from October 1, 2015 to February 29, 2016)

Not applicable.

Current period (from March 1, 2016 to August 31, 2016)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	1,622,397	—	1,622,397	—	1,622,397	—
Land, buildings, etc.	Merger expenses	2,638,862	—	1,568,581	—	1,568,581	—
Land, buildings, etc.	Impairment loss	79,019	—	79,019	—	79,019	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	—	2,867,594	—	2,867,594	—
Increase – subtotal		7,207,875	—	6,137,594	—	6,137,594	—
Buildings, building improvements, etc.	Depreciation deficiency equivalent	(790,132)	—	—	—	—	—
Investment corporation bond issuance costs	Investment corporation bonds issuance cost amortization deficiency equivalent	(97,557)	—	—	—	—	—
Unearned revenue, etc.	Write-down of loss on interest rate swap due to merger	(172,304)	—	—	—	—	—
Other	-	(10,286)	—	—	—	—	—
Decrease – subtotal		(1,070,280)	—	—	—	—	—
Total		6,137,594	—	6,137,594	—	6,137,594	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed.

(4) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Sep. 1, 2015 to Feb. 29, 2016		Current period from Mar. 1, 2016 to Aug. 31, 2016	
A. Property related revenues				
Rental revenues				
Rent revenues	20,176,656		24,461,221	
Common area charges	2,109,778	22,286,435	2,383,650	26,844,872
Other rental revenues				
Parking revenues	450,566		533,525	
Incidental income	1,529,932		2,069,384	
Other miscellaneous revenues	45,678	2,026,176	84,597	2,687,507
Property related revenues		24,312,611		29,532,379
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,378,031		1,614,327	
Property management fees	654,354		874,716	
Property and other taxes	2,114,885		2,315,517	
Utility expenses	1,389,965		1,711,878	
Casualty insurance	30,984		37,635	
Repairs and maintenance	1,555,616		1,581,098	
Land rents	162,378		193,396	
Depreciation	3,471,461		4,205,687	
Other rental expenses	789,029	11,546,708	955,671	13,489,928
Property related expenses		11,546,708		13,489,928
C. Real estate rental profits [A - B]		12,765,903		16,042,451

*2. Impairment loss

NMF recorded impairment loss during the fiscal period under review for the following asset groups.

Property name	Use	Type	Location	Impairment loss (Thousands of Yen)
Toho Edogawabashi Building	Office	Land, building, etc.	Bunkyo-ku, Tokyo	50,924
PRIME URBAN Nakano	Residential	Land, building, etc.	Nakano-ku, Tokyo	20,958
PRIME URBAN Urayasu II	Residential	Land, building, etc.	Urayasu-shi, Chiba	7,136

For the purpose of calculating impairment loss, each property is considered an asset group. In the fiscal period under review, as sale agreements were concluded on March 30, 2016 for the above three fixed asset groups, their book values were decreased to the recoverable values and the decrease was recorded as impairment loss under operating expenses.

Any impairment loss caused by sales is regarded as having the properties of an operating expense and is therefore recorded under operating expenses in accordance with Article 48 Paragraph 2 of the Calculation Rules for Investment Corporations.

Also, the recoverable values of the asset groups are measured using the net realizable values. The net realizable values are calculated by subtracting the expected disposal costs from the actual sale prices.

*3 The net amount indicated is calculated by offsetting total retained earnings received through mergers of ¥913,191 thousand by the distribution of surplus (merger distribution) of ¥912,562 thousand.

*4. Breakdown of gain on sale of real estate

Current period (from March 1, 2016 to August 31, 2016)

Thousands of Yen

Central Shintomicho Building, Toho Edogawabashi Building, Toshin Meguro Building, PRIME URBAN Ochiai, PRIME URBAN Nakano, PRIME URBAN Ekoda, PRIME URBAN Urayasu II, PRIME URBAN Yamahana

Proceeds from sales of real estate	5,350,000	
Cost of sales of real estate	4,983,325	
Other related sales expenses	229,442	
Gain on sales of real estate		137,232

This assignment is an assignment to a single assignee under a single purchase agreement. The purchase price of each property is not disclosed as the assignee's consent to the disclosure thereof has not been obtained.

NOF Shinagawa Konan Building, Yokohama Odori Koen Building, JCB Sapporo Higashi Building, PRIME URBAN Hatagaya, PRIME URBAN Sangen Jaya II, PRIME URBAN Kamikitazawa

Proceeds from sales of real estate	10,633,000	
Cost of sales of real estate	10,094,760	
Other related sales expenses	141,572	
Gain on sales of real estate		396,667

This assignment is an assignment to a single assignee under a single purchase agreement. The purchase price of each property is not disclosed as the assignee's consent to the disclosure thereof has not been obtained.

NOF Nihonbashi Honcho Building

Proceeds from sales of real estate	11,270,000	
Cost of sales of real estate	10,449,586	
Other related sales expenses	58,772	
Gain on sales of real estate		761,640

NOF Minami Shinjuku Building	
Proceeds from sales of real estate	2,380,000
Cost of sales of real estate	2,219,005
Other related sales expenses	14,259
Gain on sales of real estate	<u>146,735</u>

*5. Breakdown of loss on sales of real estate

Current period (from March 1, 2016 to August 31, 2016)

Thousands of Yen

NOF Tameike Building	
Proceeds from sales of real estate	4,500,000
Cost of sales of real estate	4,804,276
Other related sales expenses	24,924
Loss on sales of real estate	<u>(329,201)</u>

(Notes to Statement of Changes in Net Assets)

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
*1.Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	3,722,010 units	3,722,010 units

(Notes to Statement of Cash Flows)

*1. Reconciliation of cash and cash equivalents at end of period to balance sheet items

Thousands of Yen

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
Cash and bank deposits	47,139,232	63,889,766
Cash and bank deposits in trust	11,185,928	11,380,801
Cash and cash equivalents	58,325,160	75,270,568

*2. Important non-cash transactions

Thousands of Yen

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
NMF was established through the consolidation type merger of the former NMF with the consolidated investment corporations, namely NOF and NRE. The main content of the assets and liabilities inherited from these three investment corporations is as follows. The increase of unitholders' equity and surplus are ¥161,120,405 thousand and ¥315,299,775 thousand, respectively.		
Current assets	63,281,117	—
Noncurrent assets	783,332,891	—
Deferred assets	24,926	—
Total assets	846,638,935	—
Current liabilities	62,222,670	—
Long-term liabilities	384,957,993	—
Total liabilities	447,180,664	—

(Notes on Financial Instruments)

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

NMF procures funds through such means as debt financing, the issuance of investment corporation bonds and the issuance of investment units for the acquisition of real estate related assets. In procuring funds through interest-bearing liabilities, NMF adopts the basic financial policy of procuring funds with due consideration for extending the loan period, converting the interest rate to a fixed rate and laddering the repayment dates, etc. for interest-bearing liabilities.

NMF enters into derivative transactions for the purpose of hedging risks of future interest rates rising and adopts the policy of not engaging in speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Funds from debt and investment corporation bonds are primarily used to fund the acquisition of real estate-related assets and to fund the repayment of debts and redemption of investment corporation bonds. These are exposed to liquidity risks of failure to procure alternative funds at the time of repayment or redemption. NMF controls and limits these risks by diversifying the lending financial institutions it uses, while considering and implementing various procurement of funds, including the effective use of surplus funds, procuring funds from the capital market through issuance of investment units. In addition, floating interest rates debt is exposed to risks of the interest rate payable rising. NMF limits the impact that the interest rate payable rising has on NMF's operations by keeping LTV (ratio of interest-bearing liabilities to total assets) at a low level and keeping the ratio of borrowings that are long-term and fixed-rate borrowings at a high level. Furthermore, derivative transactions (interest-rate swap transactions, etc.) are available as a hedging instrument for hedging risks of floating interest rates rising and effectively fixing interest rates.

Deposits are made for investing NMF's surplus funds and are exposed to risks of failure of the financial institutions that are holding the deposits and other credit risks, but NMF limits the risks by diversifying the financial institutions that are holding the deposits.

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when there is no market price. Certain assumptions are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions are adopted. In addition, concerning the contract amount, etc. of derivative transactions presented in "Notes on Derivative Transactions" later in this document, the amount itself does not represent the market risk involved in these derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

The following are the carrying amounts and fair values as of February 29, 2016, and the differences between these amounts.

Thousands of Yen			
	Carrying amount (Note 1)	Fair value (Note 1)	Amount of difference
(1) Cash and bank deposits	47,139,232	47,139,232	—
(2) Cash and bank deposits in trust	11,185,928	11,185,928	—
(3) Short-term debt	(9,100,000)	(9,100,000)	—
(4) Current portion of investment corporation bonds	(5,000,000)	(5,046,550)	46,550
(5) Current portion of long-term debt	(50,015,600)	(50,192,167)	176,567
(6) Investment corporation bonds	(27,500,000)	(29,536,482)	2,036,482
(7) Long-term debt	(311,549,000)	(318,556,852)	7,007,852
(8) Derivative transactions	(2,882,186)	(2,882,186)	—

The following are the carrying amounts and fair values as of August 31, 2016, and the differences between these amounts.

Thousands of Yen			
	Carrying amount (Note 1)	Fair value (Note 1)	Amount of difference
(1) Cash and bank deposits	63,889,766	63,889,766	—
(2) Cash and bank deposits in trust	11,380,801	11,380,801	—
(3) Short-term debt	—	—	—
(4) Current portion of investment corporation bonds	(10,000,000)	(10,074,295)	74,295
(5) Current portion of long-term debt	(47,805,600)	(47,886,883)	81,283
(6) Investment corporation bonds	(22,500,000)	(24,314,967)	1,814,967
(7) Long-term debt	(329,466,200)	(336,081,428)	6,615,228
(8) Derivative transactions	(2,274,820)	(2,274,820)	—

(Note 1) Liabilities are shown in parentheses.

(Note 2) Matters concerning method for calculating fair value of financial instruments and derivative transactions

(1) Cash and bank deposits; (2) Cash and bank deposits in trust, (3) Short-term debt

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of investment corporation bonds; (6) Investment corporation bonds

The fair value of investment corporation bonds issued by the Company is determined based on their market prices

(5) Current portion of long-term debt; (7) Long-term debt

As long-term debt with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value (However, the fair value of long-term debt with floating interest rates that is subject to special treatment for interest-rate swaps (please refer to “Notes on Derivative Transactions” later in this document) is based on the method of calculating by discounting the sum total amount of principal and interest accounted for as one transaction together with the concerned interest-rate swap by the interest rate that is reasonably estimated as being applicable in the event of drawdown of a similar debt financing). In addition, the fair value of long-term debt with fixed interest rates is calculated based on the method of calculating by discounting the sum total amount of principal and interest by the interest rate that is reasonably estimated as being applicable in the event of drawdown of a similar debt financing.

(8) Derivative transactions

Please refer to “Notes on Derivative Transactions” later in this document.

(Note 3) Financial instruments for which fair value is deemed extremely difficult to determine

Type of asset	Thousands of Yen	
	Previous period (Feb. 29, 2016)	Current period (Aug. 31, 2016)
Investment securities	91,430	—

*Ownership interests in silent partnerships (a type of investment security) do not have a readily available market price and the fair value is deemed extremely difficult to determine. Accordingly, they are excluded from fair value disclosures.

(Note 4) Redemption of monetary claims scheduled to be due after the date of settlement of accounts (February 29, 2016)

	Thousands of Yen					
	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Cash and bank deposits	47,139,232	—	—	—	—	—
Cash and bank deposits in trust	11,185,928	—	—	—	—	—
Total	58,325,160	—	—	—	—	—

Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (August 31, 2016)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Cash and bank deposits	63,889,766	—	—	—	—	—
Cash and bank deposits in trust	11,380,801	—	—	—	—	—
Total	75,270,568	—	—	—	—	—

(Note 5) Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (February 29, 2016)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Short-term debt	9,100,000	—	—	—	—	—
Investment corporation bonds	5,000,000	9,000,000	—	—	5,000,000	13,500,000
Long-term debt	50,015,600	53,475,600	43,685,600	49,185,600	49,455,600	115,746,600
Total	64,115,600	62,475,600	43,685,600	49,185,600	54,455,600	129,246,600

Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (August 31, 2016)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Investment corporation bonds	10,000,000	4,000,000	—	5,000,000	—	13,500,000
Long-term debt	47,805,600	46,505,600	48,285,600	47,385,600	49,435,600	137,853,800
Total	57,805,600	50,505,600	48,285,600	52,385,600	49,435,600	151,353,800

(Notes on Securities)

Previous period (As of February 29, 2016)
Not applicable.

Current period (As of August 31, 2016)
Not applicable.

(Notes on Derivative Transactions)

1. Transactions not subject to hedge accounting
Previous period (As of February 29, 2016)
Not applicable.

Current period (As of August 31, 2016)
Not applicable.

2. Transactions subject to hedge accounting
Previous period (As of February 29, 2016)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the date of settlement of accounts for each method of hedge accounting.

Thousands of Yen

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (Note 1)		Fair value (Note 2)
				Due after 1 year	
Principal treatment method	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	149,700,000	130,457,200	(Note 3) (2,882,186)
Special treatment for interest-rate swaps	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	103,382,300	90,339,500	(Note 4) (2,492,211)
Total			253,082,300	220,796,700	(5,374,397)

(Note 1) Contract amount is based on notional amount.

(Note 2) Fair value is calculated by the swap counterparty, based on the actual market interest rate, etc.

(Note 3) Out of the fair value, (¥14,591 thousand) is booked as "accrued expenses" on the Balance Sheet.

(Note 4) Out of the fair value, (¥2,492,211 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

Current period (As of August 31, 2016)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the date of settlement of accounts for each method of hedge accounting.

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (Note 1)		Fair value (Note 2)
				Due after 1 year	
Principal treatment method	Interest-rate swap transaction	Long-term debt	135,300,000	117,600,000	(Note 3) (2,274,820)
	Floating receivable Fixed payable				
Special treatment for interest-rate swaps	Interest-rate swap transaction	Long-term debt	114,760,900	101,718,100	(Note 4) (2,159,763)
	Floating receivable Fixed payable				
Total			250,060,900	219,318,100	(4,434,584)

(Note 1) Contract amount is based on notional amount.

(Note 2) Fair value is calculated by the swap counterparty, based on the actual market interest rate, etc.

(Note 3) Out of the fair value, (¥20,365 thousand) is booked as "accrued expenses" on the Balance Sheet.

(Note 4) Out of the fair value, (¥2,159,763 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

(Notes on retirement benefit plans)

Previous period (As of February 29, 2016)

Not applicable, as NMF has no retirement benefit system.

Current period (As of August 31, 2016)

Not applicable, as NMF has no retirement benefit system.

(Notes on the Business Combination)

Previous period (As of February 29, 2016)

Business Combination through Acquisition

1. Overview of the Business Combination

(1) Name and Line of Business of Acquirees

Name of acquiree	Line of Business
Nomura Real Estate Office Fund, Inc. ("NOF")	Real estate investment trust
Nomura Real Estate Residential Fund, Inc. ("NRF")	Real estate investment trust

(2) Main Reasons for the Business Combination

NMF believed that the merger would expand acquisition opportunities, stabilize the portfolio, enhance risk tolerance, increase competitive strength for asset acquisitions and stabilize the financial base by increasing the asset size and diversifying target investment sectors. In addition, NMF believed that it could achieve both growth and stable management by effectively leveraging the wide-range of know-how and brands held by Nomura Real Estate Group, one of the major comprehensive real estate developers in Japan. As such, NMF was confident that the merger was the best option for its unitholders and has therefore entered into the merger agreement.

(3) Date of Business Combination

October 1, 2015

(4) Legal Framework of the Business Combination

A consolidation type merger with the former NMF, NOF and NRF as the consolidated investment corporations.

(5) Name of the Investment Corporation after the Merger

Nomura Real Estate Master Fund, Inc.

(6) Main Reasons for the Selection of the Acquiring Company

① Among the shareholders of the three investment corporations, the shareholders of the former NMF hold the most voting rights in NMF after the business combination.

② NMF's Board of Directors is constituted from the members of the former NMF's Board of Directors.

2. Period of Performance of Acquirees Included in the Statement of Income and Retained Earnings

Name of acquiree	Period of performance
NOF	From October 1, 2015 to February 29, 2016
NRF	From October 1, 2015 to February 29, 2016

3. Acquisition Cost of Acquirees and its Breakdown

Thousands of Yen

Name of acquiree	Acquisition cost
NOF	205,604,427
NRF	109,695,348
Total	315,299,775

4. Exchange Ratio, Method of Calculation and Number of Investment Units Delivered as Consideration for the Acquisition

(1) Exchange Ratio of Investment Units

	NMF	Former NMF	NOF	NRF
Merger Ratio	1.00	1.00	3.60	4.45

(2) Method of Calculation

Each investment corporation appointed a financial advisor (hereafter referred to as "FA") for the merger and requested that said financial advisor perform a financial analysis of the merger ratio. The former NMF appointed Nomura Securities Co., Ltd., NOF appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and NRF appointed SMBC Nikko Securities Inc. Based on comprehensive consideration of such factors as financial status, asset status, future outlooks, the merits of the merger as well as the results of the financial analyses conducted by the three FAs, NMF, NOF and NRF reached an agreement with regard to the above merger ratios.

(3) Number of Investment Units Granted

Name of acquiree	Number of investment units granted
NOF	1,341,190 units
NRF	715,560 units

5. Content and Amount of Main Acquisition-Related Expenses

Thousands of Yen

Content	Relevant investment corporation	Amount
FA fees	Former NMF	600,000
Acquisition fees for merger	NMF	2,590,275

6. Amount and Cause of Goodwill

(1) Amount of Goodwill

¥77,875,100 thousand

(2) Cause

Goodwill was caused by the acquisition of acquirees NOF and NRF, the former for ¥205,604,427 thousand (acquisition price), thus exceeding its market value of net assets of ¥159,932,291 thousand, and the latter for ¥109,695,348 thousand (acquisition price), thus exceeding its market value of net assets of ¥77,492,382 thousand.

(3) Method of Goodwill Amortization and the Amortization Period

The goodwill will be amortized by the straight-line method over a period of 20 years.

7. Amounts and Main Content of Assets Accepted and Liabilities Taken from the Business Combination

	Thousands of Yen
Current assets	39,178,399
Noncurrent assets	518,620,230
Total assets	557,798,629
Current liabilities	51,711,857
Long-term liabilities	268,662,098
Total liabilities	320,373,955

8. Estimated Impact on the Statement of Income and Retained Earnings for the Fiscal Period Under Review Assuming the Business Combination Was Completed on the Start Date of the Operating Period

There is no impact since the business combination date is the same as the start date of the operating period.

Current period (As of August 31, 2016)

Not applicable.

(Notes on Tax Effect Accounting)

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

	Current period (February 29, 2016)	Current period (August 31, 2016)
Deferred tax assets		(Thousands of Yen)
Accepted valuation difference at merger	15,343,107	12,309,409
Deferred gains or losses on hedges	926,519	712,266
Interest received in advance	389,900	319,727
Over-depreciated long-term prepaid expenses	36,451	32,211
Denied impairment loss	25,531	—
Denied amortization of leasehold right in trust	500	611
Non-deductible accrued enterprise tax	97	—
Excess allowance for doubtful accounts	17	17
Subtotal deferred tax assets	16,722,125	13,374,242
Valuation allowance	(16,722,125)	(13,374,242)
Total deferred tax assets	—	—
Net deferred tax assets	—	—

2. Breakdown of major components that caused significant differences between statutory tax rate and effective tax rate after application of tax effect accounting

	Previous period (February 29, 2016)	Current period (August 31, 2016)
Statutory tax rate	32.31%	32.31%
(Adjustments)		
Deductible cash distributions	(58.38%)	(8.61%)
Valuation allowance	13.16%	(30.43%)
Amortization of goodwill	12.94%	6.72%
Other	0.01%	0.01%
Effective tax rate after application of tax effect accounting	0.05%	0.01%

(Notes on equity method income and retained earnings, etc.)

Previous period (from October 1, 2015 to February 29, 2016)
 Not applicable, as NMF has no subsidiaries or affiliates.

Current period (from March 1, 2016 to August 31, 2016)
 Not applicable, as NMF has no subsidiaries or affiliates.

(Notes on Transactions with Related Parties)

1. Parent company and major corporate unitholders
 Previous period (from October 1, 2015 to February 29, 2016)
 Not applicable.

Current period (from March 1, 2016 to August 31, 2016)
 Not applicable.

2. Subsidiaries and affiliates
 Previous period (from October 1, 2015 to February 29, 2016)
 Not applicable.

Current period (from March 1, 2016 to August 31, 2016)
 Not applicable.

3. Fellow subsidiaries
 Previous period (from October 1, 2015 to February 29, 2016)
 Not applicable.

Current period (from March 1, 2016 to August 31, 2016)
 Not applicable.

4. Directors and major individual unitholders
 Previous period (from October 1, 2015 to February 29, 2016)
 Not applicable.

Current period (from March 1, 2016 to August 31, 2016)
 Not applicable.

(Notes on asset retirement obligations)

Previous period (from October 1, 2015 to February 29, 2016)

Not applicable.

Current period (from March 1, 2016 to August 31, 2016)

Not applicable.

(Notes on Investment and Rental Properties)

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

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

Thousands of Yen

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
Carrying amount		
Balance at beginning of period	781,610,588	790,306,905
Amount of increase (decrease) during period	8,696,317	(7,849,126)
Balance at end of period	790,306,905	782,457,778
Fair value at end of period	829,072,000	834,749,000

(Note 1) For the previous period, the amount stated for balance at beginning of period is that after the merger treatment.

(Note 2) Carrying amount is the cost of acquisition less accumulated depreciation.

(Note 3) Of the amount of increase (decrease) in investment and rental properties, the amount of increase during previous period is mainly attributable to acquisition of NRE Kichijoji Building (¥5,347,396 thousand), GEMS Ichigaya (¥2,112,624 thousand), PROUD FLAT Hatchobori (¥962,150 thousand) and PROUD FLAT Itabashi Honcho (¥767,484 thousand). The decrease during the previous period is mainly depreciation (¥3,471,460 thousand). The amount of increase during current period is mainly attributable to acquisition of PMO Tamachi (¥6,328,987 thousand), PMO Ginza Hatchome (¥4,025,053 thousand), PMO Shibakoen (¥3,975,082 thousand), Hiramata Kuzuha Logistics Center (¥3,516,505 thousand), PRIME URBAN Meguro Mita (¥1,137,130 thousand), PRIME URBAN Chikusa (¥1,205,712 thousand), and Ryotokuji University Shin-Urayasu Campus (Land) (¥5,125,367 thousand). The decrease during the current period is mainly attributable to sale of NOF Nihonbashi Honcho Building (¥10,449,586 thousand), NOF Tameike Building (¥4,804,276 thousand), NOF Shinagawa Konan Building (¥3,471,844 thousand), NOF Minami Shinjuku Building (¥2,219,005 thousand), Central Shintomicho Building (¥1,328,098 thousand), Toho Edogawabashi Building (¥1,095,234 thousand), Toshin Meguro Building (¥854,458 thousand), Yokohama Odori Koen Building (¥1,806,149 thousand), JCB Sapporo Higashi Building (¥3,266,519 thousand), PRIME URBAN Hatagaya (¥470,012 thousand), PRIME URBAN Ochiai (¥337,641 thousand), PRIME URBAN Sangen Jaya II (¥483,603 thousand), PRIME URBAN Kamikitazawa (¥596,632 thousand), PRIME URBAN Nakano (¥468,054 thousand), PRIME URBAN Ekoda (¥408,769 thousand), PRIME URBAN Urayasu II (¥219,614 thousand), and PRIME URBAN Yamahana (¥271,452 thousand) as well as depreciation (¥4,203,908 thousand).

(Note4) Fair value at the end of the period is the appraisal value or investigation value found by an outside real estate appraiser.

The income (loss) in the previous period (from October 1, 2015 to February 29, 2016) and current period (from March 1, 2016 to August 31, 2016) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes on Segment Information)

(Segment Information)

Since NMF has only one segment, the real estate leasing business, segment information has been omitted.

(Related Information)

Previous period (from October 1, 2015 to February 29, 2016)

1. Information by product and service

Disclosure is omitted, since revenues from external customers of a single product/service category are more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

2. Information by geographical area

(1) Revenues

Disclosure is omitted, since revenues from external customers in Japan account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

(2) Property and equipment

Disclosure is omitted, since the amount of property and equipment located in Japan accounts for more than 90% of the amount of property and equipment presented on the Balance Sheet.

3. Information by major customer

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	3,542,264	Rental real estate business

Current period (from March 1, 2016 to August 31, 2016)

1. Information by product and service

Disclosure is omitted, since revenues from external customers of a single product/service category account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

2. Information by geographical area

(1) Revenues

Disclosure is omitted, since revenues from external customers in Japan account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

(2) Property and equipment

Disclosure is omitted, since the amount of property and equipment located in Japan accounts for more than 90% of the amount of property and equipment presented on the Balance Sheet.

3. Information by major customer

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	4,289,956	Rental real estate business

(Notes on Per Unit Information)

	Yen	
	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
Net assets per unit	128,318	128,777
Net income per unit	1,087	2,513

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

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

	Previous period from Oct. 1, 2015 to Feb. 29, 2016	Current period from Mar. 1, 2016 to Aug. 31, 2016
Net income (Thousands of Yen)	4,048,278	9,355,981
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	4,048,278	9,355,981
Average number of investment units during period (Units)	3,722,010	3,722,010

(Notes on Significant Subsequent Events)

Current period (from March 1, 2016 to August 31, 2016)

Merger with TOP

On May 26, 2016, NMF and TOP REIT, Inc. (“TOP”) resolved, at their respective Board of Directors’ meetings, to enter an absorption type merger (the “absorption type merger”) with NMF as the surviving corporation and TOP as the absorbed corporation, effective September 1, 2016. On the same day, NMF and TOP entered a merger agreement.

(1) Objective of the Absorption Type Merger

NMF believes that the absorption type merger presented a rare opportunity for external growth in the heated real estate acquisition market. Furthermore, the absorption type merger increased NMF’s ratio of investment in properties for which future internal growth can be expected, specifically properties that are in upside sectors or located within Tokyo’s five central wards. Through the absorption type merger, NMF sought to increase the portfolio’s diversity, thereby raising risk tolerance, and expected that the increase in the market capitalization of its investment units accompanying the issue of investment units would further enhance their liquidity. As a result of these and other effects, NMF expected the absorption type merger to contribute to unitholder value.

(2) Method of the Merger

The merger was an absorption type merger with NMF as the surviving corporation; TOP was dissolved through the absorption type merger.

(3) Allotment ratio

Through the absorption type merger, 2.62 investment units of NMF were allotted per 1.00 unit of TOP.

(4) Merger distribution

Instead of the cash distributions to the unitholders of TOP for TOP’s final fiscal period (May 1 to August 31, 2016), NMF will make a cash distribution to the unitholders recorded on the final unitholders register for TOP as of the day immediately prior to the effective date of the absorption type merger in an amount equivalent to the cash distribution for TOP’s final fiscal period, based on the amount of profit available for distribution by TOP for said period.

(5) Unitholders' capital

Increases in the Investment Corporation's unitholders' capital and capital surplus due to the absorption type merger are as follows.

Unitholder's capital: ¥0

Capital surplus: The amount of change in unitholders' equity as described in Article 22 Paragraph 1 of the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, including subsequent amendments) less the amount of unitholders' capital shown above

(6) TOP's business

The operation of assets, mainly as investments in specified assets, in accordance with the Investment Trust Act.

[Disclosure Omissions]

A disclosure of notes concerning lease transactions is omitted because such disclosure in this summary of financial results is judged to be unnecessary.

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the current fiscal period (August 31, 2016).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)

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

(Note 2) NMF was established through the consolidation type merger of the former NMF, NOF and NRF on October 1, 2015. Upon its establishment, NMF allotted 1 NMF unit per former 1.00 NMF unit, 3.60 NMF units per 1.00 NOF unit and 4.45 NMF units per 1.00 NRF unit.

(Note 3) On September 1, 2016, as part of the absorption type merger, NMF issued 2.62 NMF units per 1.00 TOP unit, resulting in the issue of 461,120 new units. This caused the number of investment units issued and outstanding to rise to 4,183,130, and there is no change of unitholders' capital.

4. Changes in Directors

(1) Changes in NMF Directors

Timely disclosure of changes in directors will be made at the time that details are determined.
 There were no changes in directors during the period under review.

(2) Changes in Asset Management Company Directors and Statutory Auditors

Timely disclosure of changes in directors and statutory auditors will be made at the time that details are determined.

There were changes in statutory auditors during the period under review as shown below. Please refer to the press release dated March 4, 2016 titled “Notice Concerning Scheduled Amendments of the Articles of Incorporation, Changes in Organization, and Changes of Directors and Important Employees in the Asset Management Company” and May 18, 2016 titled “Notice Concerning Changes of Directors in the Asset Management Company” for details.

Appointments (as of April 1, 2016)

Name	Title (New)	Title (Former)
Kenichi Okada	Director and Managing Executive Officer, Head of NMF Investment Management Group, General Manager, Asset Management Department I	Executive Officer, General Manager, NPR Investment Management Department

Appointments (as of June 23, 2016)

Name	Title (New)	Title (Former)
Yoshiyuki Ito	Statutory auditor (part time)	(New appointment)

Resignations (as of March 31, 2016)

Name	Title (New)	Title (Former)
Kenichi Shinbashi	(Resignation)	Representative Director, Executive Vice President Supervisor of the Corporate Planning Department, the Compliance Department, the Internal Audit Department, and the Accounting Department In charge of the Discretionary Investment Management Section
Motomi Uki	(Resignation)	Director and Managing Executive Officer Head of the NMF Investment Management Group General Manager of the Fund Management Department

Resignations (as of June 23, 2016)

Name	Title (New)	Title (Former)
Takahiko Nagaki	(Resignation)	Statutory auditor

5. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	1st fiscal period As of February 29, 2016		2nd fiscal period As of August 31, 2016	
			Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)	Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)
Real estate	Office properties	Greater Tokyo area	82,578	8.9	93,759	10.0□
		Other areas	25,178	2.7	21,829	2.3□
		Subtotal	107,757	11.6	115,589	12.3□
	Retail properties	Greater Tokyo area	16,282	1.8	16,241	1.7□
		Subtotal	16,282	1.8	16,241	1.7□
	Residential properties	Greater Tokyo area	120,820	13.0	122,340	13.1□
		Other areas	29,302	3.2	30,625	3.3□
		Subtotal	150,122	16.2	152,965	16.3□
	Other properties	Greater Tokyo area	-	-	5,125	0.5
		Subtotal	-	-	5,125	0.5
Real estate in trust	Office properties	Greater Tokyo area	198,895	21.4	176,672	18.9□
		Other areas	50,178	5.4	50,478	5.4□
		Subtotal	249,073	26.8	227,151	24.3□
	Retail properties	Greater Tokyo area	80,256	8.6	80,828	8.6□
		Other areas	44,565	4.8	44,558	4.8□
		Subtotal	124,822	13.4	125,386	13.4□
	Logistics properties	Greater Tokyo area	122,814	13.2	121,923	13.0□
		Other areas	6,161	0.7	9,569	1.0□
		Subtotal	128,975	13.9	131,493	14.0□
	Residential properties	Greater Tokyo area	11,133	1.2	7,086	0.8□
		Other areas	2,138	0.2	1,418	0.2□
		Subtotal	13,272	1.4	8,504	0.9□
	Subtotal			790,306	85.1	782,457
Silent Partnership Equity Interest (Note 4)			91	0.0	-	-
Deposits and other assets			137,899	14.9	153,506	16.4
Total amount of assets			928,297	100.0	935,964	100.0

	1st fiscal period As of February 29, 2016		2nd fiscal period As of August 31, 2016	
	Amount (Millions of Yen) (Note 5)	As a percentage of total amount of assets (%) (Note 3)	Amount (Millions of Yen) (Note 5)	As a percentage of total amount of assets (%) (Note 3)
Total amount of liabilities	450,695	48.6	456,652	48.8
Total amount of net assets	477,601	51.4	479,311	51.2

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

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

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

(Note 4) Godo Kaisha Osaka Hirakata Project Silent Partnership Equity Interest.

(Note 5) Total amount of liabilities and total amount of net assets are the amounts as stated in the balance sheet as total liabilities and total net assets.

(2) Investment Assets

- ① Major Investment Securities
Not applicable.

- ② Investment Real Estate Properties

The following summarizes the real estate, etc. (252 properties) held as of August 31, 2016 (end of the 2nd fiscal period) by NMF (this real estate and the beneficiary interests of trusts in which real estate properties are the principal trust properties or the real estate that constitutes the underlying assets thereof are hereinafter referred to as the “assets held at the end of the 2nd fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2016.

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

(a) Overview of Portfolio and Leasing Status

The following is an overview of the portfolio and leasing status for the assets held at the end of the 2nd fiscal period.

Number of properties	252
Gross leasable area (m ²) (Note 1)	1,654,570.95
Gross leased area (m ²) (Note 2)	1,639,746.30
Total number of tenants (Note 3)	1,276
Total of all contracted rent (Thousands of Yen) (Note 4)	4,422,614

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 2nd fiscal period. “Leasable area” is the sum total area of office facilities, retail facilities, logistics facilities, or residential facilities, etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building and NRE Kichijoji Building, the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 2nd fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leasable area is calculated as the building’s overall leasable area multiplied by the ownership ratio of the common areas. Land with leasehold interest indicates the land area in the registry as contracted space.

(Note 2) The sum total of “leased area” of each of the assets held at the end of the 2nd fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, or residential properties, etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building and NRE Kichijoji Building, the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 2nd fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 2nd fiscal period. In the calculation of “number of tenants,” when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant (sublessee that is the actual user) for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant. However, in the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the total number of end-tenants is shown. In addition, if multiple rental units in a specific asset are leased to a specific tenant, this is counted as one tenant for the asset and, if multiple assets are leased to a specific tenant, these are counted separately and the total of that number of tenants is shown. For residential facilities or residential portions of “other” sector facilities, when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant, and the total number of tenants for the building as whole is shown.

(Note 4) The total amount of “total contracted rent” for August 2016 of each of the assets held at the end of the 2nd fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for August 2016 refers to the sum total of monthly rent and common area charges in lease agreements actually concluded with end-tenants that are valid as of the last day of August 2016 (This does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included and, if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease for some or all rental units, the rent for the space is based on the rent, etc., in the lease agreement concluded with the master lessee.). Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above, and the rent is calculated based on the monthly rent and common area charges payable immediately after the exemption period ends. In addition, the standard level of rent is used for tenants with sales-based rent. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building and NRE Kichijoji Building, the total contracted rent is calculated by multiplying the building’s overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 2nd fiscal period. For the NRE Tennozu Building, the the total contracted rent is calculated as the building’s overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee.

(b) Changes in Occupancy Rate

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

	February 29, 2016 (end of 1st fiscal period)	August 31, 2016 (end of 2nd fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	98.9	99.1

B. Price and Investment Share

The following is an overview of the assets held at the end of the 2nd fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 3)	Opinion of value at end of period (Millions of Yen) (Note 4)	Investment share (%) (Note 5)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building	43,900	45,294	47,000	5.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,490	20,900	2.5	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,677	26,800	3.2	Japan Real Estate Institute
		NOF Nihonbashi Honcho Building (Note 6)	10,914	10,893	11,200	1.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Tennozu Park Side Building	12,700	12,679	12,000	1.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NOF Shinjuku Minamiguchi Building	10,000	10,062	10,300	1.2	Japan Real Estate Institute
		NOF Shibuya Koen-dori Building	10,400	10,434	10,700	1.3	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	11,045	11,100	1.3	Japan Real Estate Institute
		NOF Shiba Building	7,040	7,028	7,140	0.9	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,143	8,110	1.0	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,316	5,430	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,068	4,060	0.5	Japan Real Estate Institute
		NOF Surugadai Plaza Building	4,690	4,709	4,700	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,276	4,520	0.5	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,971	5,150	0.6	Japan Real Estate Institute
		Otemachi Tatemono Gotanda Building	4,430	4,583	4,750	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,565	3,360	0.4	Japan Real Estate Institute
		PMO Akihabara	4,240	4,197	4,680	0.6	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,471	2,550	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NOF Kanda Iwamoto-cho Building	4,160	4,189	4,060	0.5	Japan Real Estate Institute
		NOF Takanawa Building	2,830	2,827	2,820	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,857	3,050	0.4	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,186	2,330	0.3	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,675	1,810	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,508	6,480	0.8	Japan Real Estate Institute
		NOF Technoport Kamata Center Building	4,780	4,787	4,520	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NF Hongo Building	4,890	4,868	5,140	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,378	3,420	0.4	Appraisal Firm A Square Ltd.
		NOF Kichijoji Honcho Building	1,780	1,838	1,840	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,854	4,080	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NOF Kawasaki Higashiguchi Building	7,830	7,853	8,350	1.0	Japan Valuers Co., Ltd.
		NOF Yokohama Nishiguchi Building	5,460	5,599	5,910	0.7	Japan Real Estate Institute
NOF Shin-Yokohama Building	2,620	2,821	2,890	0.3	The Tanizawa Sogo Appraisal Co., Ltd.		
PMO Tamachi	6,210	6,303	6,560	0.8	Japan Real Estate Institute		
PMO Ginza Hatchome	3,970	4,012	4,210	0.5	Japan Real Estate Institute		
PMO Shibakoen	3,900	3,958	4,150	0.5	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 3)	Opinion of value at end of period (Millions of Yen) (Note 4)	Investment share (%) (Note 5)	Appraiser
	Other areas	Sapporo North Plaza	6,250	6,344	6,790	0.8	Japan Real Estate Institute
Office	Other areas	NRE Sapporo Building	4,140	4,070	4,260	0.5	Japan Real Estate Institute
		NOF Sendai Aoba-dori Building	2,030	2,059	2,110	0.3	Morii Appraisal & Investment Consulting, Inc.
		NOF Utsunomiya Building	2,320	2,631	2,210	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NOF Nagoya Fushimi Building	2,240	2,199	2,160	0.3	Japan Real Estate Institute
		NOF Nagoya Yanagibashi Building	2,280	2,271	2,290	0.3	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,266	18,600	2.2	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	12,089	12,100	1.4	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	6,206	6,120	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,470	3,670	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,001	4,020	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Hiroshima Building	2,280	2,276	2,440	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NOF Hakata Ekimae Building	4,210	4,214	4,380	0.5	Japan Real Estate Institute
		NOF Tenjin-Minami Building	2,230	2,206	2,220	0.3	Japan Real Estate Institute
Office subtotal			340,344	342,740	349,440	41.9	
Retail	Greater Tokyo area	Morisia Tsudanuma	16,600	17,503	17,500	2.1	Daiwa Real Estate Appraisal Co., Ltd.
		Yokosuka More's City	13,640	13,718	15,700	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,669	10,900	1.3	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,473	7,540	0.9	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,310	4,680	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,070	4,420	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,699	4,260	0.5	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,928	3,620	0.4	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,634	3,300	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,459	3,070	0.4	Japan Real Estate Institute
		GEMS Shibuya	2,490	2,468	2,640	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sundai Azamino	1,700	1,616	1,990	0.2	Japan Real Estate Institute
		EQUINIA Aobadai	1,560	1,592	1,830	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	995	1,340	0.2	Japan Real Estate Institute
		Mitsubishi Motors Meguro	2,740	2,764	3,080	0.4	Japan Real Estate Institute
		Mitsubishi Motors Chofu	1,760	1,776	1,850	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Shibuya	1,570	1,586	1,760	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima	1,240	1,251	1,390	0.2	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki	950	959	1,140	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido	850	859	906	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika	800	808	880	0.1	Japan Real Estate Institute
Mitsubishi Motors Higashikurume	800	808	872	0.1	Japan Real Estate Institute		
Mitsubishi Motors Setagaya	770	779	845	0.1	Japan Real Estate Institute		
Mitsubishi Motors Suginami	740	748	849	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		Mitsubishi Motors Sekimachi	600	606	661	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamato	450	455	499	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motosumiyoshi	370	375	383	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe	350	355	371	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa	200	204	213	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama	160	163	171	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building	5,310	5,316	5,560	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		GFMS Ichigaya	2,080	2,107	2,140	0.3	Daiwa Real Estate Appraisal Co., Ltd.
	Other areas	Universal CityWalk Osaka	15,500	15,808	17,300	2.1	Japan Valuers Co., Ltd.
		Izumiya Senrioka	8,930	8,665	10,900	1.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Merad Owada	6,640	6,551	7,380	0.9	Daiwa Real Estate Appraisal Co., Ltd.
		Izumiya Yao	4,406	4,221	5,200	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Obayashi	3,020	3,178	3,710	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Ichibancho stear	4,700	4,619	5,610	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Aobadori	1,640	1,514	1,920	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Retail subtotal	140,153	141,628	158,380	19.0	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,815	20,100	2.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	15,251	18,000	2.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,970	15,700	1.9	Japan Real Estate Institute
		Landport Atsugi	11,410	10,746	11,700	1.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	10,488	11,900	1.4	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	8,301	10,200	1.2	Japan Real Estate Institute
		Landport Hachioji	8,250	7,878	9,350	1.1	Japan Real Estate Institute
		Landport Kasukabe	7,340	6,902	8,550	1.0	Japan Real Estate Institute
		Funabashi Logistics Center	4,660	4,619	5,440	0.7	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,453	5,260	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,568	4,210	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,684	4,410	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,804	3,330	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,638	3,220	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
	Kawaguchi Ryoke Logistics Center	10,790	10,799	11,900	1.4	Morii Appraisal & Investment Consulting, Inc.	
	Other areas	Ota Nitta Logistics Center	3,430	3,159	3,760	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Ota Higashishinmachi Logistics Center	2,170	2,005	2,460	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Ota Kiyohara Logistics Center	650	590	728	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Chiyodamachi Logistics Center	330	316	368	0.0	Daiwa Real Estate Appraisal Co., Ltd.
Hirakata Kuzuha Logistics Center		3,460	3,497	3,770	0.4	Daiwa Real Estate Appraisal Co., Ltd.	
		Logistics subtotal	136,270	131,493	156,317	18.7	

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,369	3,380	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	995	1,040	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	708	746	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	742	679	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	738	777	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	931	985	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,248	2,410	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,571	1,690	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,096	1,170	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho	947	936	912	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,174	1,230	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,141	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,274	3,160	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	613	546	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	914	968	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho II	652	643	591	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho I	1,030	1,014	930	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Fujimidai	1,470	1,452	1,550	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,888	2,000	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	2,058	2,130	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,668	2,590	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,624	1,690	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,099	1,120	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	935	942	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	965	995	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,809	1,880	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	355	362	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,135	1,200	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,084	1,070	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	673	685	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Idabashi	2,040	2,021	1,970	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,254	1,270	0.2	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Naka Meguro	1,410	1,402	1,420	0.2	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Gakugei Daigaku	775	767	804	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Senzoku	474	469	484	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Riverside	414	408	433	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Ohashi Hills	2,970	2,942	2,960	0.4	Japan Valuers Co., Ltd.		
PRIME URBAN Meguro Aobadai	1,310	1,301	1,360	0.2	Japan Real Estate Institute		
Residential	Greater Tokyo area	PRIME URBAN Gakugei Daigaku II	1,080	1,072	1,120	0.1	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PRIME URBAN Naka Meguro II	2,850	2,846	2,880	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,577	2,610	0.3	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,091	2,200	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	4,166	4,280	0.5	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,537	1,620	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	550	577	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	853	911	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,486	1,550	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku I	1,090	1,084	1,130	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku II	885	873	923	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Naitomachi	430	426	449	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	415	440	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	593	617	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,424	1,460	0.2	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,870	2,940	0.4	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	716	745	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	721	746	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	716	756	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	659	695	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	542	564	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	335	351	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	737	695	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,376	1,460	0.2	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	496	515	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,850	1,930	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,047	1,090	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	949	970	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	893	940	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	763	704	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,707	1,730	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	491	521	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Takaido	1,060	1,057	1,100	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	410	415	0.0	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Nishi Ogikubo II	1,790	1,780	1,810	0.2	Japan Real Estate Institute		
PRIME URBAN Otsuka	730	722	756	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Komagome	437	435	447	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Ikebukuro	3,800	3,760	3,850	0.5	Japan Real Estate Institute		
PRIME URBAN Monzen Nakacho	2,420	2,395	2,470	0.3	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kameido	779	766	795	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Sumiyoshi	632	623	639	0.1	Chuo Real Estate Appraisal Co., Ltd.		
Residential	Greater	PRIME URBAN Mukojima	528	523	536	0.1	Chuo Real Estate Appraisal Co., Ltd.

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
	Tokyo area	PRIME URBAN Kinshi Koen	1,290	1,270	1,310	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	748	774	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	710	739	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	631	642	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	965	989	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	1,123	1,180	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	1,063	1,120	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Asakusa	384	386	293	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,899	1,980	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,913	1,940	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,279	1,310	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	783	823	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,491	1,530	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,933	2,050	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	956	1,000	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	1,005	1,130	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	489	496	0.1	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	795	826	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	625	538	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	721	750	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	481	490	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	464	470	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	740	749	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	747	772	0.1	Japan Real Estate Institute
	PRIME URBAN Kawaguchi	1,580	1,562	1,650	0.2	Japan Valuers Co., Ltd.	
	PROUD FLAT Hatchobori	920	955	955	0.1	Japan Real Estate Institute	
	PROUD FLAT Itabashi Honcho	720	757	758	0.1	Japan Real Estate Institute	
	PRIME URBAN Meguro Mita	1,058	1,135	1,110	0.1	Japan Valuers Co., Ltd.	
	Other areas	PROUD FLAT Itsutsubashi	652	637	682	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	717	676	0.1	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,585	1,630	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	269	271	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	493	511	0.1	Japan Real Estate Institute
PRIME URBAN Odori Koen II		334	328	340	0.0	Japan Real Estate Institute	
PRIME URBAN Kita Juichi Jo		547	535	564	0.1	Japan Valuers Co., Ltd.	
PRIME URBAN Miyanosawa		475	463	488	0.1	Japan Valuers Co., Ltd.	
PRIME URBAN Odori Higashi		394	386	409	0.0	Japan Valuers Co., Ltd.	
PRIME URBAN Chiji Kokan		249	243	260	0.0	Japan Valuers Co., Ltd.	
PRIME URBAN Maruyama		229	224	234	0.0	Japan Valuers Co., Ltd.	
PRIME URBAN Kita Nijuyo Jo		437	427	451	0.1	Japan Valuers Co., Ltd.	
Residential	Other areas	PRIME URBAN Sapporo Idaimae	616	603	630	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	4,393	4,640	0.6	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,692	1,830	0.2	Japan Valuers Co., Ltd.

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
		PRIME URBAN Nagamachi Icchome	1,140	1,119	1,030	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	462	424	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsutsumidori Amamiya	949	956	896	0.1	Japan Real Estate Institute
		PRIME URBAN Aoi	712	702	724	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kanayama	553	541	582	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumai	1,020	997	1,070	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,561	1,650	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,704	3,940	0.5	Japan Valuers Co., Ltd.
		PRIME URBAN Esaka I	652	640	661	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka II	794	778	817	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka III	1,190	1,166	1,190	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tamatsukuri	1,020	1,004	1,050	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisuji Honmachi	1,810	1,777	1,820	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	577	602	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	259	275	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	388	330	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	608	522	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	594	553	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chikusa	1,110	1,200	1,130	0.1	Japan Valuers Co., Ltd.
		Residential subtotal	162,940	161,470	165,522	19.8	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,125	5,090	0.6	Japan Real Estate Institute
		Other subtotal	4,900	5,125	5,090	0.6	
		Total	784,607	782,457	834,749	100.0	

(Note 1) “Acquisition price” indicates the amount excluding the various expenses required to acquire the properties, including transaction brokerage fee, taxes and public dues, etc. (the amount of transaction payment of real estate, etc. described in the sales agreement), for the Succeeded Assets (from the former NMF) and Assets Acquired After Merger. For the Succeeded Assets (from NOF and NRF), except for those described in Note 2, since there is no significant decline in occupancy rate or other conditions that will affect the appraisal values from the reference date, the figures are determined using the appraisal values as of the end of April 2015 for assets succeeded from NOF and the appraisal values as of the end of May 2015 for the assets succeeded from NRF. Furthermore, the figures indicated are unaudited figures.

(Note 2) “Acquisition price” of the following assets indicates appraisal values as of the end of September 2015.
NRE Shibuya Dogenzaka Building, PRIME URBAN Shinyurigaoka

(Note 3) “Carrying amount” is the sum total amount of the acquisition price (including various expenses required for the acquisition) of land, buildings, structures, tools, furniture and fixtures, construction in progress, and leasehold rights (including these assets in trust), less accumulated depreciation.

(Note 4) “Opinion of value at end of period” is the appraisal or investigation value provided by the respective real estate appraiser (the value calculated by the respective real estate appraiser with the date of the 2nd fiscal period-end (August 31, 2016) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMF’s Articles of Incorporation and the Regulations Concerning Accounting of Investment Corporations.

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

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

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

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

(Note 5) “Investment share” is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (252 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may be exactly 100.0.

(Note 6) NMF have transferred quasi co-ownership of 49% of beneficial interest in real estate trust on May 17, 2016. For the acquisition price in the table above, original acquisition price multiplied by quasi co-ownership interest ratio (51%) which NMF owns at the end of the 2nd period is stated (rounded off to million yen). Furthermore, price of this quasi co-ownership interest ratio (51%) is stated for opinion of value and carrying price.

(Note 7) Property names were changed on September 1, 2016 for the following properties.

Old name (Before change)	New name (After change)
NOF Shinjuku Minamiguchi Building	NMF Shinjuku Minamiguchi Building
NOF Shibuya Koen-dori Building	NMF Shibuya Koen-dori Building
NOF Shiba Building	NMF Shiba Building
NOF Surugadai Plaza Building	NMF Surugadai Building
Otemachi Tatemono Gotanda Building	NMF Gotanda Ekimae Building
NOF Kanda Iwamotocho Building	NMF Kanda Iwamotocho Building
NOF Takanawa Building	NMF Takanawa Building
NOF Kichijoji Honcho Building	NMF Kichijoji Honcho Building
NOF Kawasaki Higashiguchi Building	NMF Kawasaki Higashiguchi Building
NOF Yokohama Nishiguchi Building	NMF Yokohama Nishiguchi Building
NOF Shin-Yokohama Building	NMF Shin-Yokohama Building
NOF Sendai Aoba-dori Building	NMF Sendai Aoba-dori Building
NOF Nagoya Fushimi Building	NMF Nagoya Fushimi Building
NOF Nagoya Yanagibashi Building	NMF Nagoya Yanagibashi Building
NOF Hakata Ekimae Building	NMF Hakata Ekimae Building
NOF Tenjin-Minami Building	NMF Tenjin-Minami Building

C. Status of Capital Expenditures

(i) Schedule of Capital Expenditures

Of the scheduled amount of capital expenditures associated with renovation and other work planned (or completed) as of the date of this document's publication for the assets held at the end of the 2nd fiscal period, the following are the major capital expenditures. Please note that the scheduled construction amounts listed below include the portion charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Scheduled construction amount (Thousands Yen)		
			Total amount	Amount paid during period	Total amount already paid
Shinjuku Nomura Building (Shinjuku-ku, Tokyo)	Renewal of central monitoring panel	From Jul. 2014 To Oct. 2017	345,690	73,897	113,812
Shinjuku Nomura Building (Shinjuku-ku, Tokyo)	Long-period earthquake ground motion countermeasures construction	From Jan. 2015 To Sep. 2016	976,225	325,650	325,650
Morisia Tsudanuma (Narashino-shi, Chiba)	Renewal of office section air-conditioning system	From Dec. 2016 To Feb. 2018	390,400	-	-

(ii) Capital Expenditures During the Fiscal Period

The following is an overview of the major construction work falling under the category of capital expenditures that was conducted during the 2nd fiscal period for the assets held as of the end of the 2nd fiscal period. Capital expenditures during the 2nd fiscal period were ¥3,212,422 thousand and, when combined with the ¥1,581,098 thousand repair expenses charged to expenses during the 2nd fiscal period, a total of ¥4,793,520 thousand in construction was implemented.

Name of real estate, etc. (Location)	Purpose	Construction period	Construction amount (Thousands of Yen)
NOF Utsunomiya Building (Utsunomiya-shi, Tochigi)	Renewal of air conditioners throughout the building	From Nov. 2015 To Apr. 2016	186,813
Kawasaki More's (Kawasaki-shi, Kanagawa)	Renewal of air-conditioning system	From Oct. 2015 To Mar. 2016	119,932
Kawasaki More's (Kawasaki-shi, Kanagawa)	Renewal of power receiving and transforming equipment	From Jul. 2015 To Jun. 2016	105,930
Shinjuku Nomura Building (Shinjuku-ku, Tokyo)	Renewal of a gondola	From Jul. 2015 To Mar. 2016	104,347
Other properties	Improvement of features	From Mar. 2016 To Aug. 2016	2,695,397
Total			3,212,422

(iii) Cash Reserved for Long-Term Repair Plans (Reserve for Repairs)

Based on long-term repair plans formed for each property, NMF sets aside cash reserves to provide for medium- to long-term future large-scale repairs and similar expenses from cash flows during the period.

	Millions of Yen	
	1st fiscal period from Oct. 1, 2015 to Feb. 29, 2016	2nd fiscal period from Mar. 1, 2016 to Aug. 31, 2016
Reserve for the beginning of the period	6,070	6,647
Reserve for the current fiscal period	1,123	2,753
Reversal of reserve for the current fiscal period	547	2,934
Reserve brought forward	6,647	6,466

D. Status of Major Tenants

Details concerning the leasing status of major tenants are shown below. Major tenants are those who, as of August 31, 2016, account for 10% or more of the total leased area of the assets held by NMF as of August 31, 2016 (in cases where multiple assets have the same tenant, this is calculated using the total leased area for all assets leased by said tenant).

Tenant name	Business type	Property name	Contract termination date	Leased area (m ²) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4) Nomura Real Estate Partners Co., Ltd. (Note 3)	Real estate	Shinjuku Nomura Building	March 31, 2018	1,021.25	117	189
		NRE Yotsubashi Building	March 31, 2018	1,024.90	52	35
		Kojimachi Millennium Garden (Residential building)	March 1, 2017	4,510.35	212	35
		PROUD FLAT Shirokane Takanawa	February 28, 2017	2,874.63	180	38
		PROUD FLAT Yoyogi Uehara	February 28, 2017	1,127.51	57	7
		PROUD FLAT Hatsudai	February 28, 2017	913.08	44	4
		PROUD FLAT Shibuya Sakuragaoka	February 28, 2017	638.70	41	5
		PROUD FLAT Gakugei Daigaku	February 28, 2017	912.79	47	6
		PROUD FLAT Meguro Gyoninzaka	February 28, 2017	788.91	48	6
		PROUD FLAT Sumida Riverside	February 28, 2017	3,005.62	144	16
		PROUD FLAT Kagurazaka	February 28, 2017	1,793.43	93	3
		PROUD FLAT Waseda	February 28, 2017	1,409.84	67	7
		PROUD FLAT Shinjuku Kawadacho	February 28, 2017	1,081.76	55	9
		PROUD FLAT Sangen Jaya	February 28, 2017	1,251.59	67	7
		PROUD FLAT Kamata	February 28, 2017	1,434.36	68	8
		PROUD FLAT Kamata II	February 28, 2017	3,914.31	197	25
		PROUD FLAT Shinotsuka	February 28, 2017	730.85	38	3
		PROUD FLAT Kiyosumi Shirakawa	February 28, 2017	1,209.56	59	10
		PROUD FLAT Monzen Nakacho II	February 28, 2017	809.99	39	5
		PROUD FLAT Monzen Nakacho I	February 28, 2017	1,148.74	61	8
		PROUD FLAT Fujimidai	February 28, 2017	2,222.05	110	14
		PROUD FLAT Asakusa	February 28, 2017	2,583.15	118	17
		PROUD FLAT Yokohama	February 28, 2017	2,968.95	134	17
		PROUD FLAT Kamioooka	February 28, 2017	4,872.17	182	15
PROUD FLAT Tsurumi II	February 28, 2017	2,184.12	110	21		
PRIME URBAN Azabu Juban	February 28, 2017	1,189.33	64	7		
PRIME URBAN Akasaka	February 28, 2017	974.07	50	5		
PRIME URBAN Tamachi	February 28, 2017	1,084.56	59	7		
PRIME URBAN Shibaura	February 28, 2017	1,905.39	113	10		

Nomura Real Estate Partners Co., Ltd. (Note 3)	Real estate	PRIME URBAN Yoyogi	February 28, 2017	439.56	23	2
		PRIME URBAN Ebisu II	February 28, 2017	1,123.00	65	6
		PRIME URBAN Bancho	February 28, 2017	1,231.68	63	7
		PRIME URBAN Chiyoda Fujimi	February 28, 2017	793.87	41	5
		PRIME URBAN Iidabashi	February 28, 2017	2,043.01	117	17
		PRIME URBAN Ebisu	February 28, 2017	1,396.04	65	7
		PRIME URBAN Naka Meguro	February 28, 2017	1,169.52	70	9
		PRIME URBAN Gakugei Daigaku	February 28, 2017	986.39	47	5
		PRIME URBAN Senzoku	February 28, 2017	620.12	28	3
		PRIME URBAN Meguro Riverside	February 28, 2017	435.49	26	3
		PRIME URBAN Meguro Ohashi Hills	February 28, 2017	2,841.49	159	16
		PRIME URBAN Meguro Aobadai	February 28, 2017	1,430.78	73	12
		PRIME URBAN Gakugei Daigaku II	February 28, 2017	1,061.99	58	11
		PRIME URBAN Naka Meguro II	February 28, 2017	2,247.30	145	36
		PRIME URBAN Kachidoki	February 28, 2017	4,356.36	176	20
		PRIME URBAN Shinkawa	February 28, 2017	3,421.91	123	41
		PRIME URBAN Nihonbashi Yokoyamacho	February 28, 2017	5,741.80	239	40
		PRIME URBAN Nihonbashi Hamacho	February 28, 2017	1,994.76	92	10
		PRIME URBAN Hongo Ikizaka	February 28, 2017	662.58	33	4
		PRIME URBAN Hakusan	February 28, 2017	1,069.82	51	5
		PRIME URBAN Yotsuya Gaien Higashi	February 28, 2017	1,698.69	85	9
		PRIME URBAN Nishi Shinjuku I	February 28, 2017	1,436.27	72	7
		PRIME URBAN Nishi Shinjuku II	February 28, 2017	1,114.55	53	6
		PRIME URBAN Shinjuku Naitomachi	February 28, 2017	578.18	26	3
		PRIME URBAN Nishi Waseda	February 28, 2017	488.65	27	2
		PRIME URBAN Shinjuku Ochiai	February 28, 2017	1,027.45	40	4
		PRIME URBAN Mejiro	February 28, 2017	1,703.96	84	6
		PRIME URBAN Kagurazaka	February 28, 2017	2,813.47	160	23
		PRIME URBAN Sangen Jaya III	February 28, 2017	1,001.34	47	4
		PRIME URBAN Chitose Karasuyama	February 28, 2017	1,722.72	49	10
		PRIME URBAN Sangen Jaya	February 28, 2017	848.75	44	5
		PRIME URBAN Minami Karasuyama	February 28, 2017	1,024.62	45	4
		PRIME URBAN Karasuyama Galleria	February 28, 2017	784.92	36	3
		PRIME URBAN Karasuyama Court	February 28, 2017	576.20	24	2
		PRIME URBAN Chitose Funabashi	February 28, 2017	1,001.28	45	5
		PRIME URBAN Yoga	February 28, 2017	1,648.93	77	9
		PRIME URBAN Shinagawa Nishi	February 28, 2017	941.54	41	8
		PRIME URBAN Osaki	February 28, 2017	2,000.20	105	11
		PRIME URBAN Oimachi II	February 28, 2017	1,778.84	90	7
		PRIME URBAN Yukigaya	February 28, 2017	1,470.03	68	8
		PRIME URBAN Omori	February 28, 2017	1,146.60	55	7
		PRIME URBAN Denenchofu Minami	February 28, 2017	1,047.31	46	5
		PRIME URBAN Nagahara Kamiikedai	February 28, 2017	2,155.37	93	11
PRIME URBAN Nakano Kamitakada	February 28, 2017	818.75	37	3		
PRIME URBAN Takaido	February 28, 2017	1,730.19	79	5		
PRIME URBAN Nishi Ogikubo	February 28, 2017	521.77	25	3		
PRIME URBAN Nishi Ogikubo II	February 28, 2017	2,154.13	95	11		
PRIME URBAN Otsuka	February 28, 2017	944.99	47	5		
PRIME URBAN Komagome	February 28, 2017	939.16	33	5		
PRIME URBAN Ikebukuro	February 28, 2017	4,245.48	209	21		
PRIME URBAN Monzen Nakacho	February 28, 2017	3,047.39	141	19		

Nomura Real Estate Partners Co., Ltd. (Note 3)	Real estate	PRIME URBAN Kameido	February 28, 2017	1,095.08	49	7
		PRIME URBAN Sumiyoshi	February 28, 2017	753.01	35	5
		PRIME URBAN Mukojima	February 28, 2017	1,068.61	41	2
		PRIME URBAN Kinshi Koen	February 28, 2017	1,837.20	80	9
		PRIME URBAN Kinshicho	February 28, 2017	991.62	46	8
		PRIME URBAN Hirai	February 28, 2017	1,075.25	46	6
		PRIME URBAN Kasai	February 28, 2017	865.60	37	4
		PRIME URBAN Kasai II	February 28, 2017	1,416.70	61	8
		PRIME URBAN Kasai East	February 28, 2017	1,884.62	75	7
		PRIME URBAN Itabashi Kuyakushomae	February 28, 2017	1,720.47	72	6
		PRIME URBAN Asakusa	February 28, 2017	838.60	28	3
		PRIME URBAN Machiya South Court	February 28, 2017	3,950.12	135	36
		PRIME URBAN Musashi Koganei	February 28, 2017	5,559.70	128	14
		PRIME URBAN Musashino Hills	February 28, 2017	2,908.86	88	17
		PRIME URBAN Koganei Honcho	February 28, 2017	1,517.04	53	7
		PRIME URBAN Kamegawa	February 28, 2017	2,565.09	107	36
		PRIME URBAN Musashi Kosugi comodo	February 28, 2017	3,692.44	134	29
		PRIME URBAN Kawasaki	February 28, 2017	1,633.75	66	7
		PRIME URBAN Shinyurigaoka	February 28, 2017	1,708.19	70	11
		PRIME URBAN Tsurumi Teraya	February 28, 2017	913.29	36	4
		PRIME URBAN Urayasu	February 28, 2017	1,243.47	53	8
		PRIME URBAN Gyotoku I	February 28, 2017	1,129.24	42	5
		PRIME URBAN Gyotoku II	February 28, 2017	1,244.00	47	4
		PRIME URBAN Gyotoku Ekimae	February 28, 2017	736.19	31	4
		PRIME URBAN Gyotoku Ekimae II	February 28, 2017	927.33	40	5
		PRIME URBAN Gyotoku III	February 28, 2017	1,720.65	62	7
PRIME URBAN Nishi Funabashi	February 28, 2017	1,196.54	51	7		
PRIME URBAN Kawaguchi	February 28, 2017	2,436.25	108	27		
PROUD FLAT Hatchobori	February 28, 2017	992.75	54	6		
PROUD FLAT Itabashi Honcho	February 28, 2017	1,109.90	44	6		
PRIME URBAN Meguro Mita	February 28, 2018	1,022.65	50	5		
	Total	-	182,819.37	8,423	1,096	

(Note 1) In the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the end-tenant is shown as the tenant, and the lessee is not shown as a tenant. However, for residential facilities, the master lessee is shown as the tenant, and the leased area shown is that that actually rented and subject to the tenant agreements with end tenants. "Tenant name" is not disclosed for some tenants, due to unavoidable circumstances.

(Note 2) "Annual rent" is calculated by multiplying by 12 the sum of monthly rent and common area charges in lease agreements for each property actually concluded with end-tenants that are valid as of the last day of August 2016 (this does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included, and if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease, the rent for the space covered in said lease is based on the rent, etc., in the lease agreement concluded with the master lessee.); amounts less than one thousand yen are truncated. Accordingly, the sum of each tenant's annual rent may not be exactly the same as the figure given the "Total" row. Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above.

(Note 3) For residential facilities, the lessee of the master lease agreement shown in the "Tenant name" column receives leasehold and security deposits from the end-tenants and deposits this amount with NMF or the trustee as the leasehold and security deposits of the master lease agreement.

(Note 4) This client is an interested party of NMF as specified in the Investment Trust Act

E. Top 10 Tenants by Leased Area

The following are the top ten tenants of the assets held at the end of the 2nd fiscal period by leased area as ranked when a tenant's leased area is expressed as a percentage of the sum total of the leased area of the entire portfolio as at August 31, 2016.

No.	Tenant name (Note 1)	Use	Property name	Total leased area (m ²)	Share (%) (Note 2)
1	Nomura Real Estate Partners Co., Ltd.	Office	Shinjuku Nomura Building	182,819.37	11.1
		Office	NRE Yotsubashi Building		
		Residential	Total of PROUD FLAT Shirogane-Takanawa, and 108 others		
2	Fukuyama Transporting Co., Ltd.	Logistics	Landport Urayasu	92,389.48	5.6
			Sagamihara Onodai Logistics Center		
3	Nippon Express Co., Ltd.	Logistics	Hanyu Logistics Center	67,729.59	4.1
			Kawaguchi Ryoke Logistics Center		
4	Amazon Japan Logistics K.K.	Logistics	Landport Kawagoe	56,453.36	3.4
5	Neovia Logistics Services, LLC	Logistics	Sagamihara Tana Logistics Center	50,450.00	3.1
6	Yokohama Okada Co., Ltd.	Retail	Yokosuka More's City	48,193.96	2.9
			Kawasaki More's		
7	Mitsui-Soko Logistics Co., Ltd.	Logistics	Ota Nitta Logistics Center	42,328.00	2.6
8	ASKUL Corporation	Logistics	Landport Itabashi	37,276.71	2.3
9	H ₂ O Asset Management Co., Ltd.	Retail	Izumiya Senrioka	36,113.48	2.2
			Izumiya Obayashi		
10	Not disclosed	Retail	Mitsubishi Motors Meguro and 15 other properties	35,432.72	2.2
Total for top 10 tenants				649,186.67	39.6

(Note 1) In the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the end-tenant is shown as the tenant, and the lessee is not shown as a tenant. However, for residential facilities, the master lessee is shown as the tenant, and the leased area shown is that that actually rented and subject to the tenant agreements with end tenants. "Tenant name" is not disclosed for some tenants, due to unavoidable circumstances.

(Note 2) "Share" is the sum total of the leased area of the respective tenant as a percentage of the sum total of the leased area of the entire portfolio of assets held by NMF at the end of the fiscal period.

F. Status of Major Properties

Not applicable.

G. Overview of Leasing to Interested Parties

As of August 31, 2016, some of the assets held by NMF at the same date were leased to interested parties as defined in the Investment Trust Act.

The following is an overview of the status of leasing of said assets to interested parties as defined in the Investment Trust Act.

Tenant name	Property name	Leased area (m ²)
Nomura Real Estate Partners Co., Ltd.	Shinjuku Nomura Building	1,021.26
	NRE Yotsubashi Building	1,024.90
	Total of PROUD FLAT Shirogane-Takanawa, and 112 others	178,878.94
Nomura Real Estate Development Co., Ltd	Shinjuku Nomura Building	5,880.61
	NOF Yokohama Nishiguchi Building	94.83
	NRE Yotsubashi Building	1,266.19
Megalos Co., Ltd.	Megalos Kanagawa	6,217.85
Nomura Real Estate Urban Net Co., Ltd.	Shinjuku Nomura Building	1,558.57
	Otemachi Tatemono Gotanda Building	198.90
	NOF Kichijoji Honcho Building	269.37
	NOF Kawasaki Higashiguchi Building	216.54
	NOF Yokohama Nishiguchi Building	373.27
	NRE Nishi-Umeda Building	404.41
Geo Akamatsu Co., Ltd.	NRE Yotsubashi Building	460.71
Nomura Amenity Service Co., Ltd.	NRE Yotsubashi Building	80.01

H. Collateral

Not applicable.