

(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 6th Fiscal Period Ended August 31, 2018

October 15, 2018

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
 Representative: Shuhei Yoshida, Executive Director URL: <https://www.nre-mf.co.jp/en/>

Asset management company: Nomura Real Estate Asset Management Co., Ltd.
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Scheduled date of filing of securities report: November 28, 2018
 Scheduled date of commencement of distribution payout: November 19, 2018
 Preparation of supplementary materials on financial results: Yes
 Holding of briefing session on financial results: Yes (for institutional investors and analysts)

[Amounts less than one million yen are truncated]

1. Financial Results for the 6th Fiscal Period (from March 1, 2018 to August 31, 2018)

(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, 2018	34,731	1.5	13,285	0.6	10,755	0.4	10,709	(0.0)
February 28, 2018	34,218	(10.3)	13,212	(16.0)	10,715	(18.8)	10,714	(18.8)

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended	yen	%	%	%
August 31, 2018	2,478	1.9	1.0	31.0
February 28, 2018	2,561	1.9	1.0	31.3

(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	Ratio of distributions to net assets
Period ended	yen	million yen	yen	million yen	yen	million yen	%	%
August 31, 2018	2,478	10,709	606	2,619	3,084	13,328	99.9	1.8
February 28, 2018	2,624	10,976	423	1,769	3,047	12,745	102.4	1.9

(Note 1) Of the ¥423 distribution in excess of net income per unit in the fiscal period ended February 28, 2018, ¥284 is a distribution of the allowance for temporary difference adjustments and ¥139 is other distributions in excess of net earnings. Furthermore, the ratio of decreasing surplus is 0.002.

Of the ¥606 distribution in excess of net income per unit in the fiscal period ended August 28, 2018, ¥306 is a distribution of the allowance for temporary difference adjustments and ¥300 is other distributions in excess of net earnings. (see 2. Management Policy and Management Status, (2) Management Status, D. Business Performance and Distributions, below). Furthermore, the ratio of decreasing surplus is 0.003.

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

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

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

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

(3) Financial Position

	Total assets	Net assets	Net assets to total assets	Net assets per unit
Period ended	million yen	million yen	%	yen
August 31, 2018	1,118,644	571,836	51.1	132,314
February 28, 2018	1,089,820	555,090	50.9	132,697

(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, 2018	17,570	(36,129)	16,579	74,556
February 28, 2018	39,573	(18,983)	(15,280)	76,536

2. Earnings Forecasts for the 7th Fiscal Period (from September 1, 2018 to February 28, 2019)

[% 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, 2019	34,644	(0.3)	13,311	0.2	10,826	0.7	10,825	1.1	2,504	607	3,111

(Reference) Forecast net income per unit for the fiscal period ending February 28, 2019 is ¥2,504.

*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, 2018: 4,321,800 units

As of February 28, 2018: 4,183,130 units

② Number of treasury investment units

As of August 31, 2018: – units

As of February 28, 2018: – 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 30.

* 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, including subsequent amendments) 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 Fiscal Period Ending February 28, 2019 (7th fiscal period: September 1, 2018 to February 28, 2019)” on page 5.

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

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1. 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 filed on May 31, 2018.

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 31, 2018.

(2) Management Status

① Outline of Fiscal Period under Review

NMF’s basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister’s Office Ordinance No. 129 of 2000, including subsequent amendments)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management (Note). In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which offers strong tenant demand, while also considering regional diversification through investment in all of Japan’s three major metropolitan areas and other major cities. By combining the “diversified type strategy,” in which investments are made in a variety of facilities, such as offices, retail facilities, logistics facilities, residential facilities and other 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.

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

A. Investment Environment

The Japanese economy has remained firm overall, driven by overseas demand and capital investment. However, we are paying close attention to the situation, taking into consideration the large potential impact on the Japanese economy of increasing trade tensions between the United States and China as well as the ongoing trade discussions between Japan and the United States.

In the J-REIT market, the Tokyo Stock Exchange’s REIT index persisted at a steady, albeit low, level despite feeling some effects of long-term interest rates after the Bank of Japan’s unveiling of plans to soften targets for long-term interest-rate derivatives and loosen restrictions on asset purchases.

With regard to the office market, vacancy rates remained low. In addition, there was strong demand for increased floor space and expansion-driven relocations, and rents continued to gradually climb. The problem of oversupply in central Tokyo, which had once been a hot topic of discussion, has yet to reach a level where it negatively impacts the market. And, as space in unfinished buildings continues to be booked in advance, the market has yet to feel the impact of new vacancies created by tenants moving out. Major cities in less populated regions, where new supply is limited, have seen vacancy rates remain low and rents continuing to trend upward.

In the retail facility market, private-sector consumption continued to be sluggish and retailers, especially those handling clothing, struggled. However, the retail districts of major cities saw consumption by in-bound visitors go up, with rises in sales of cosmetics and luxury goods at department stores.

In the logistics facility market, overall performance has been stable, buoyed by firm demand from online shopping outlets and third-party logistics providers (Note), NMF’s main logistics facility tenants. In the greater Tokyo area and Kinki area, signs of an oversupply of logistics facilities emerged and it is taking longer to find tenants in some locales; however, these vacancies are likely to soon be filled due to persistent demand.

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

Concerning the rental apartment market, in the Greater Tokyo area, a net population inflow and a dwindling supply of apartments have resulted in consistently high occupancy rates and rising rents. Performance in major cities in less populated regions, however, remained steady overall despite some competition for desired locations. Given the tight balance between supply and demand as well as improving incomes, we expect rents to continue to gradually rise going forward.

In the hotel market, occupancy rates and revenue per available room (RevPAR) were steady overall in the greater Tokyo area and other major urban areas due to a record number of foreign visitors.

In the real estate transaction market, as interest rates remained very low, investors continued to lean towards acquiring business real estate as an effective investment vehicle, ramping up competition for acquisitions and keeping selling prices high.

B. Management Performance

Amid the circumstances described above, NMF made its first ever public offering to raise capital as detailed in the following section. In addition, NMF acquired two properties on March 1, 2018 (Landport Hachioji II and Landport Iwatsuki; total acquisition price: ¥15,320 million), one property on March 5, 2018 (Hotel Vista Sapporo Odori (Note 1); acquisition price: ¥3,600 million), seven properties on April 2, 2018 (PMO Nihonbashi Mitsukoshi-mae, PMO Shibadaimon, PROUD FLAT Sangenjaya II, PROUD FLAT Sotokanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman, and PROUD FLAT Nakaochiai; total acquisition price: ¥14,496 million). As a result, at the end of the fiscal period under review, NMF held 281 properties (total acquisition price: ¥955,984 million), the ratio of investment in the Greater Tokyo area was 82.1%, the gross leasable area of the portfolio was 1,866,013.42 m², and the portfolio remained highly diversified.

In terms of property and facility management, as described above in A. Investment Environment, rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 99.3%. In the office sector, a key upside sector (Note 2), 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.

(Note 1) Due to a change in the hotel operator, on June 1, 2018, the building's name changed from Watermark Hotel Sapporo to Hotel Vista Sapporo Odori. The same shall apply hereinafter.

(Note 2) Upside sectors refer to sectors for which an increase of rental revenue can be expected, in particular offices, retail facilities in station areas and hotels. The same shall apply hereinafter.

C. Status of Fund Procurement

During the fiscal period under review, NMF made a public offering with a payment date of March 1, 2018 (newly issued investment units: 132,000; total issue value: ¥17,572 million), and conducted a third-party allotment with a payment date of March 20, 2018 (newly issued investment units: 6,670; total issue value: ¥887 million).

In conjunction with the fund procurement through the aforementioned public offering and third-party allotment, NMF borrowed ¥11,000 million on April 2, 2018, to use for a part of the acquisition of assets and related expenses. NMF used borrowings to refinance ¥29,855 million in interest-bearing liabilities with approaching maturities. And in order to extend the maturities of its borrowings and diversify its means of funding, NMF issued investment corporation bonds (20-year bonds; total of ¥1,500 million) on May 23, 2018, which was used for a part of repayment of existing borrowings. As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥497,155 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 44.4%.

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
S&P Global Ratings Japan Inc. (S&P)	Long-term corporate credit rating:	A	Rating outlook:	Stable
	Short-term corporate credit rating:	A-1		

D. Business Performance and Distributions

In the 6th fiscal period, operating revenues totaled ¥34,731 million, operating profit reached ¥13,285 million, ordinary income totaled ¥10,755 million, and net income came to ¥10,709 million. NMF calculates cash distributions in accordance with the cash distribution policies specified in Article 36 paragraphs 1 and 2 of NMF's Articles of Incorporation.

For the fiscal period under review, NMF decided to implement a total of ¥13,328 million in distributions (¥3,084 per investment unit). This figure was calculated as ¥10,709 million in net income after taxes plus ¥2,622 million in amortization of goodwill minus the portion for which per-unit distributions comprising the types of dividends laid out below would be less than ¥1.

Total distributions comprise distributions of earnings and distributions in excess of net income. Distributions of earnings came to ¥10,709 million (¥2,478 per investment unit), calculated as income as stipulated in Article 136 Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter the Investment Trust Act), less reversal of allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) of the Regulations Concerning Accounting of Investment Corporations; hereinafter ATA). Distributions in excess of net income comprise a ¥1,322 million (¥306 per investment unit) distribution of ATA and ¥1,296 million (¥300 per investment unit) in other distributions in excess of net earnings.

② Outlook for Next Fiscal Period

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

③ Significant Subsequent Events
Not applicable

Assumptions Underlying Earnings Forecasts
for the Fiscal Period Ending February 28, 2019 (7th fiscal period: September 1, 2018 to February 28, 2019)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2019 (7th fiscal period): September 1, 2018 to February 28, 2019
Assets Under Management	<ul style="list-style-type: none"> With respect to the 281 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the February 2019 (7th) fiscal period. The forecasts may be revised due to actual changes in the portfolio.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are estimated based tenant trends, the presence of competing properties nearby, real estate market conditions and other factors, with the assumption that there will be no delays in payment or failure to pay on the part of tenants.
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> Real estate rental expenses are expected to be ¥15,013 million. It is estimated that property and other taxes of ¥2,835 million will be recorded as real estate rental expenses. In general, previous owners are reimbursed for the property taxes and city planning taxes for the portion of the fiscal year in which the acquisition occurs from the time NMF acquires the assets onward. However, because the amount equivalent to such reimbursement is included in the cost of acquisition and is capitalized, NMF will not record it as property taxes and city planning taxes concerning the properties acquired on March 1, 2018, March 5, 2018 and April 2, 2018. Estimated property management costs (including building management fees and property management fees) of ¥2,544 million are expected to be recorded as real estate rental expenses. Expenses for building repairs and maintenance required for the fiscal period are recorded as real estate rental expenses calculated based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damage to buildings caused by difficult to foresee factors, significant year-on-year fluctuations in costs or non-periodic repair expenses. Furthermore, expenses for repairs and maintenance are estimated at ¥1,529 million. Depreciation of ¥4,888 million is expected to be recorded as real estate rental expenses. Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥3,697 million.
Amortization expenses for goodwill	<ul style="list-style-type: none"> Goodwill is scheduled to be amortized using the straight-line method over 20 years pursuant to the Business Combination Accounting Standards. Goodwill amortization expenses are expected to be ¥2,622 million. Amortization of goodwill causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.
Non-operating expenses	<ul style="list-style-type: none"> The interest expenses and other borrowing-related expenses are estimated to be ¥2,474 million.
Interest-bearing liabilities	<ul style="list-style-type: none"> As of this document's publication, the outstanding interest-bearing liabilities of NMF are ¥497,155 million, consisting of ¥475,155 million in outstanding borrowings and ¥22,000 million in investment corporation bonds.

Item	Assumptions
	<ul style="list-style-type: none"> • Regarding the ¥28,417 million in borrowings that will come due by the end of the February 2019 (7th) fiscal period, it is assumed that NMF will make scheduled, partial repayments of ¥42 million using cash on hand, while refinancing the remainder with new borrowings. • It is assumed that there will be no changes in the amount of the outstanding interest-bearing liabilities other than those stated above by the February 2019(7th) fiscal period.
Investment units	<ul style="list-style-type: none"> • Forecasts are based on the number of investment units issued and outstanding as of this document's publication, 4,321,800 units. NMF assumes that there will be no additional issuance of new investment units through the February 2019(7th) fiscal period.
Distribution per unit	<ul style="list-style-type: none"> • The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. • NMF assumes that, of the allowance for temporary difference adjustments ("ATA") accrued up to the present, the amount eliminated in the February 2019 (7th) fiscal period (¥5 million) will be reversed from retained earnings at the respective period ends. • In the February 2019 (7th) fiscal period, NMF assumes there will no change in the per-unit distribution by the change in fair value of interest rate swaps. • The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> • The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of ATA, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations"), which restricts the amount to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period. • The distribution in excess of net earnings per unit is expected to be ¥607, comprising ¥347 in distributions of ATA and ¥260 in other distributions in excess of net earnings.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan, or other laws or regulations that would affect the above forecasts. • It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.

3. Financial Statements

(1) Balance Sheet

Thousands of Yen

	As of February 28, 2018	As of August 31, 2018
Assets		
Current assets		
Cash and bank deposits	64,532,866	62,071,925
Cash and bank deposits in trust	12,004,072	12,484,905
Rental receivables	556,648	719,156
Prepaid expenses	696,790	749,788
Income taxes receivable	54	—
Consumption taxes receivable	—	206,657
Other	276,924	530,464
Total current assets	78,067,357	76,762,897
Noncurrent assets		
Property and equipment		
Buildings	121,437,497	131,591,703
Less accumulated depreciation	(8,322,612)	(10,249,808)
Buildings, net	113,114,885	121,341,895
Structures	423,996	537,118
Less accumulated depreciation	(171,650)	(213,878)
Structures, net	252,345	323,240
Machinery	620,042	650,784
Less accumulated depreciation	(298,650)	(363,337)
Machinery, net	321,391	287,446
Tools, furniture and fixtures	190,500	237,337
Less accumulated depreciation	(37,880)	(56,101)
Tools, furniture and fixtures, net	152,619	181,235
Land	223,024,636	247,417,363
Buildings in trust	178,717,511	181,115,458
Less accumulated depreciation	(17,195,122)	(19,907,431)
Buildings in trust, net	*3 161,522,389	*3 161,208,027
Structures in trust	969,309	974,886
Less accumulated depreciation	(697,276)	(766,440)
Structures in trust, net	272,032	208,445
Machinery in trust	284,564	429,315
Less accumulated depreciation	(36,334)	(53,443)
Machinery in trust, net	248,230	375,871
Tools, furniture and fixtures in trust	379,389	599,842
Less accumulated depreciation	(104,417)	(141,226)
Tools, furniture and fixtures in trust, net	*3 274,972	*3 458,615
Land in trust	*3 406,677,823	*3 406,677,823
Leased assets in trust	23,900	10,107
Less accumulated depreciation	(18,850)	(7,369)
Leased assets, net	5,050	2,737
Construction in progress	98,999	7,228
Total property and equipment	905,965,376	938,489,931

Thousands of Yen

	As of February 28, 2018	As of August 31, 2018
Intangible assets		
Goodwill	93,453,708	90,831,465
Leasehold rights	1,331,702	1,331,702
Leasehold rights in trust	7,628,377	7,627,991
Other	49,156	45,950
Total intangible assets	102,462,945	99,837,109
Investments and other assets		
Long-term prepaid expenses	1,725,575	1,908,481
Long-term deposits	537,247	527,786
Security deposits	945,963	946,367
Derivatives Assets	74,639	109,110
Total investments and other assets	3,283,426	3,491,745
Total noncurrent assets	1,011,711,748	1,041,818,787
Deferred assets		
Investment corporation bond issuance costs	40,964	63,159
Total deferred assets	40,964	63,159
Total assets	1,089,820,070	1,118,644,844

	Thousands of Yen	
	As of February 28, 2018	As of August 31, 2018
Liabilities		
Current liabilities		
Trade accounts payable	2,223,178	2,558,715
Short-term debt	—	*1 500,000
Current portion of long-term debt	58,315,600	63,160,600
Lease obligations in trust	3,797	2,728
Other accounts payable	2,437,546	2,370,672
Accrued expenses	291,069	322,498
Accrued income taxes	605	2,120
Accrued consumption taxes	223,118	—
Rent received in advance	4,896,718	5,069,434
Unearned revenue	263,512	228,281
Provision for loss on disaster	—	17,922
Derivatives liabilities	49,325	62,643
Other current liabilities	46,668	7,603
Total current liabilities	<u>68,751,140</u>	<u>74,303,221</u>
Long-term liabilities		
Investment corporation bonds	20,500,000	22,000,000
Long-term debt	407,382,800	411,495,000
Lease obligations in trust	1,591	227
Long-term advances received	449,677	346,546
Security deposits from tenants	9,737,166	10,647,205
Security deposits from tenants in trust	*3 26,788,158	*3 27,197,704
Derivatives liabilities	1,118,774	818,237
Total long-term liabilities	<u>465,978,169</u>	<u>472,504,921</u>
Total liabilities	<u>534,729,310</u>	<u>546,808,142</u>
Net assets		
Unitholders' equity		
Unitholders' capital	162,791,125	181,730,086
Surplus		
Capital surplus	394,012,959	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (7,169,175)	*4 (7,878,667)
Other deductions from capital surplus	(6,000,467)	(7,060,439)
Total deduction from capital surplus	<u>(13,169,643)</u>	<u>(14,939,107)</u>
Capital surplus, net	<u>380,843,315</u>	<u>379,073,851</u>
Retained earnings	12,549,780	11,804,535
Total surplus	<u>393,393,095</u>	<u>390,878,386</u>
Total unitholders' equity	<u>556,184,220</u>	<u>572,608,472</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,093,460)	(771,769)
Valuation and translation adjustments	(1,093,460)	(771,769)
Total net assets	<u>*2 555,090,759</u>	<u>*2 571,836,702</u>
Total liabilities and net assets	<u>1,089,820,070</u>	<u>1,118,644,844</u>

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Sep. 1, 2017 to Feb. 28, 2018		Current period from Mar. 1, 2018 to Aug. 31, 2018	
Operating revenues				
Rental revenues	*1	30,724,009	*1	31,695,901
Other rental revenues	*1	2,907,617	*1	3,035,967
Gain on sales of real estate	*2	587,249		—
Total operating revenues		34,218,876		34,731,869
Operating expenses				
Real estate rental expenses	*1	14,785,472	*1	15,158,332
Asset management fees		3,007,249		3,074,928
Asset custody fees		56,139		55,871
Administrative service fees		154,619		165,937
Directors' compensation		6,000		6,000
Amortization of goodwill		2,622,242		2,622,242
Other operating expenses		374,816		362,580
Total operating expenses		21,006,539		21,445,892
Operating profit		13,212,336		13,285,976
Non-operating revenues				
Interest income		635		571
Reversal of dividends payable		11,437		5,198
Interest on refund		—		132
Other non-operating revenues		19		103
Total non-operating revenues		12,092		6,006
Non-operating expenses				
Interest expenses		1,873,772		1,908,070
Interest expenses on investment corporation bonds		187,113		182,048
Amortization of investment corporation bond issuance costs		2,147		2,951
Loan arrangement fees		396,804		418,730
Investment units issuance costs		42,462		19,231
Other non-operating expenses		6,862		5,319
Total non-operating expenses		2,509,162		2,536,351
Ordinary income		10,715,266		10,755,631
Extraordinary loss				
Loss on disaster		—		43,651
Total extraordinary Loss		—		43,651
Income before income taxes		10,715,266		10,711,980
Income taxes—current		605		2,175
Total income taxes		605		2,175
Net income		10,714,661		10,709,804
Retained earnings brought forward		1,835,119		1,094,730
Retained earnings at end of period		12,549,780		11,804,535

(3) Statement of Changes in Net Assets

Previous period (from September 1, 2017 to February 28, 2018)

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	162,592,573	394,012,959	(7,367,727)	(5,801,916)	(13,169,643)	380,843,315
Changes of items during the period						
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	198,551	—	198,551	(198,551)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	—	—	—	—
Other distributions in excess of net earnings	—	—	—	—	—	—
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	198,551	—	198,551	(198,551)	—	—
Balance at the end of the period	(*1) 162,791,125	394,012,959	(7,169,175)	(6,000,467)	(13,169,643)	380,843,315

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	14,737,836	395,581,151	558,173,725	(1,524,682)	(1,524,682)	556,649,043
Changes of items during the period						
Distributions of retained earnings	(12,704,165)	(12,704,165)	(12,704,165)	—	—	(12,704,165)
Reversal of allowance for temporary difference adjustments	(198,551)	(198,551)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	—	—	—	—
Other distributions in excess of net earnings	—	—	—	—	—	—
Net income	10,714,661	10,714,661	10,714,661	—	—	10,714,661
Net changes of items other than unitholders' equity	—	—	—	431,221	431,221	431,221
Total changes of items during the period	(2,188,056)	(2,188,056)	(1,989,504)	431,221	431,221	(1,558,283)
Balance at the end of the period	12,549,780	393,393,095	556,184,220	(1,093,460)	(1,093,460)	555,090,759

Current period (from March 1, 2018 to August 31, 2018)

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	162,791,125	394,012,959	(7,169,175)	(6,000,467)	(13,169,643)	380,843,315
Changes of items during the period						
Issuance of new investment units	18,460,443	—	—	—	—	—
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	478,516	—	478,516	(478,516)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(1,188,008)	—	(1,188,008)	(1,188,008)
Other distributions in excess of net earnings	—	—	—	(581,455)	(581,455)	(581,455)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	18,938,960	—	(709,492)	(1,059,971)	(1,769,463)	(1,769,463)
Balance at the end of the period	(*1) 181,730,086	394,012,959	(7,878,667)	(7,060,439)	(14,939,107)	379,073,851

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,549,780	393,393,095	556,184,220	(1,093,460)	(1,093,460)	555,090,759
Changes of items during the period						
Issuance of new investment units	—	—	18,460,443	—	—	18,460,443
Distributions of retained earnings	(10,976,533)	(10,976,533)	(10,976,533)	—	—	(10,976,533)
Reversal of allowance for temporary difference adjustments	(478,516)	(478,516)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(1,188,008)	(1,188,008)	—	—	(1,188,008)
Other distributions in excess of net earnings	—	(581,455)	(581,455)	—	—	(581,455)
Net income	10,709,804	10,709,804	10,709,804	—	—	10,709,804
Net changes of items other than unitholders' equity	—	—	—	321,691	321,691	321,691
Total changes of items during the period	(745,244)	(2,514,708)	16,424,251	321,691	321,691	16,745,942
Balance at the end of the period	11,804,535	390,878,386	572,608,472	(771,769)	(771,769)	571,836,702

(4) Statement of Cash Distributions

Yen

	Previous period from Sep. 1, 2017 to Feb. 28, 2018	Current period from Mar. 1, 2018 to Aug. 31, 2018
I. Retained earnings at end of period	12,549,780,041	11,804,535,046
II. Distributions in excess of retained earnings	1,769,463,990	2,619,010,800
Of which, allowance for temporary difference adjustments	1,188,008,920	1,322,470,800
Of which, other distributions in excess of net earnings	581,455,070	1,296,540,000
III. Incorporation into unitholders' capital	478,516,800	321,691,082
Of which, reversal of allowance for temporary difference adjustments	478,516,800	321,691,082
IV. Distributions	12,745,997,110	13,328,431,200
[Distributions per unit]	[3,047]	[3,084]
Of which, distributions of earnings	10,976,533,120	10,709,420,400
[Of which, distributions of earnings per unit]	[2,624]	[2,478]
Of which, allowance temporary difference adjustments	1,188,008,920	1,322,470,800
[Of which, distributions in excess of retained earnings per unit [of allowance for temporary difference adjustments]]	[284]	[306]
Of which, other distributions in excess of net earnings	581,455,070	1,296,540,000
[Of which, distributions in excess of retained earnings per unit [of other distributions in excess of net earnings]]	[139]	[300]
V. Retained earnings carried forward	1,094,730,121	773,423,564

Calculation method for distributions		
	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement ¥12,745,977,110 in distributions, for a distribution per unit of ¥3,047. This figure was calculated as ¥10,714,661,036 in net income plus ¥2,622,242,820 in amortization of goodwill minus ¥587,249,509 in gains on sale of real estate, for a subtotal of ¥12,745,997,110, from which the portion for which per-unit distributions comprising the types of dividends laid out below would be less than ¥1 was excluded.</p> <p>Total distributions comprise distributions of earnings and distributions in excess of net income. Distributions of earnings came to ¥10,976,533,120 (¥2,624 per unit), calculated as income as stipulated in Article 136 Paragraph 1 of the Act on Investment Trusts and Investment Corporations, less reversal of allowance for temporary difference adjustments</p>	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement ¥13,328,431,200 in distributions, for a distribution per unit of ¥3,084. This figure was calculated as ¥10,709,804,925 in net income plus ¥2,622,242,820 in amortization of goodwill, from which the portion for which per-unit distributions comprising the types of dividends laid out below would be less than ¥1 was excluded.</p> <p>Total distributions comprise distributions of earnings and distributions in excess of net income. Distributions of earnings came to ¥10,709,420,400 (¥2,478 per unit), calculated as income as stipulated in Article 136 Paragraph 1 of the Act on Investment Trusts and Investment Corporations, less reversal of allowance for temporary difference adjustments (hereinafter ATA). Distributions in excess of net income comprise a ¥1,322,470,800</p>

	(hereinafter ATA). Distributions in excess of net income comprise a ¥1,188,008,920 (¥284 per unit) distribution of ATA and ¥581,455,070 (¥139 per unit) in other distributions in excess of net earnings.	(¥306 per unit) distribution of ATA and ¥1,296,540,000 (¥300 per unit) in other distributions in excess of net earnings.
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(5) Statement of Cash Flows

Thousands of Yen

	Previous period from Sep. 1, 2017 to Feb. 28, 2018	Current period from Mar. 1, 2018 to Aug. 31, 2018
Cash flows from operating activities		
Income before income taxes	10,715,266	10,711,980
Depreciation	4,738,059	4,904,202
Amortization of goodwill	2,622,242	2,622,242
Investment units issuance costs	42,462	19,231
Amortization of investment corporation bond issuance	2,147	2,951
Increase (decrease) in provision for loss on disaster	—	17,922
Interest income	(635)	(571)
Interest expenses	2,060,886	2,090,118
Loss on disposal of property and equipment	6,256	11,491
Decrease (increase) in rental receivables	226,256	(162,508)
Decrease (increase) in prepaid expenses	81,225	(53,500)
Decrease (increase) in consumption taxes receivable	—	(206,657)
Decrease (increase) in long-term prepaid expenses	(32,959)	(182,905)
Decrease (increase) in long-term deposits	28,771	9,460
Increase (decrease) in trade accounts payable	(855,186)	335,536
Increase (decrease) in other accounts payable	318	(5,783)
Increase (decrease) in accrued consumption taxes	(1,004,447)	(223,118)
Increase (decrease) in accrued expenses	839,836	(830)
Increase (decrease) in rent received in advance	(45,530)	172,716
Decrease in property and equipment in trust due to sales	22,433,392	—
Decrease in intangible assets in trust due to sales	1,828	—
Other	(21,837)	(294,876)
Subtotal	41,838,353	19,767,104
Interest received	635	571
Interest paid	(2,264,760)	(2,196,550)
Income taxes paid	(603)	(605)
Net cash provided by (used in) operating activities	39,573,624	17,570,519
Cash flows from investing activities		
Payments for purchase of property and equipment	(11,649,878)	(34,624,878)
Payments for purchase of property and equipment in trust	(6,890,362)	(2,817,160)
Payments for purchase of intangible assets	(393,847)	—
Payments for purchase of intangible assets in trust	(3,464)	(6,913)
Reimbursement of security deposits to tenants	(272,297)	(373,009)
Proceeds from security deposits from tenants	905,217	1,283,082
Reimbursement of security deposits to tenants in trust	(1,327,230)	(494,332)
Proceeds from security deposits from tenants in trust	648,688	903,878
Payments for security deposits	(210)	(648)
Proceeds from security deposits	—	210
Net cash provided by (used in) investing activities	(18,983,384)	(36,129,771)
Cash flows from financing activities		
Proceeds from short-term debt	—	2,500,000
Repayment of short-term debt	—	(2,000,000)
Proceeds from long-term debt	24,320,000	38,855,000
Repayment of long-term debt	(24,862,800)	(29,897,800)
Proceeds from issuance of investment corporation bonds	2,000,000	1,500,000
Repayment of investment corporation bonds	(4,000,000)	—
Payments for issuance of investment corporation bonds	(23,444)	(25,147)
Proceeds from issuance of investment corporation bonds	—	18,460,443

Payments of investment corporation bonds issuance costs	—	(61,693)
Distributions of earnings to unitholders	(12,712,708)	(10,982,284)
Distributions in excess of net earnings from allowance for temporary difference adjustments	(1,108)	(1,188,092)
Other distributions in excess of net earnings	(915)	(581,282)
Net cash provided by (used in) financing activities	(15,280,976)	16,579,143
Net increase (decrease) in cash and cash equivalents	(5,309,263)	(1,980,108)
Cash and cash equivalents at beginning of period	71,227,675	76,536,938
Cash and cash equivalents at end of period	(*1) 76,536,938	(*1) 74,556,830

(6) Notes Concerning the Going Concern Assumption

Not applicable.

(7) Notes Concerning Significant Accounting Policies

<p>1. Depreciation of noncurrent assets</p>	<p>(1) Property and equipment (including trust assets) The straight-line method is adopted. The useful lives of major property and equipment are as follows: Buildings 3–70 years Structures 2–45 years Machinery 2–15 years Tools, furniture and fixtures 2–20 years</p> <p>(2) Intangible assets The straight-line method is adopted. Goodwill is amortized using straight-line method over 20 years.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Accounting method for deferred assets</p>	<p>(1) Deferred investment corporation bond issuance costs The straight-line method over the respective terms of the bonds.</p> <p>(2) Investment units issuance costs The entire amount is expensed as incurred.</p>
<p>3. Allowance for doubtful accounts</p>	<p>(1) To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.</p> <p>(2) Provision for loss on disaster Provision for loss on disaster is recorded at the amount estimated as of August 31, 2018 to provide for possible repair and recovery costs arising from the great earthquake in Osaka.</p>
<p>4. Revenue and expenses recognition</p>	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted. The amount equivalent to fixed asset tax, etc. for the fiscal year in which the acquisition date falls paid to the seller as reimbursement upon acquisition of real estate or trust beneficiary interests in real estate is included in the cost of acquisition of the concerned real estate and not recorded as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was ¥12,466 thousand in the previous fiscal period, and ¥116,332 thousand in the current fiscal period.</p>
<p>5. Hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>(3) Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>(4) Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>
<p>6. Other important bases for preparing financial statements</p>	<p>① Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet.</p>

	<p>(1) Cash and bank deposits in trust (2) Buildings in trust; Structures in trust; Machinery in trust; Tools, furniture and fixtures in trust; Land in trust; Leased assets in trust (3) Leasehold rights in trust (4) Lease obligations in trust (5) Security deposits from tenants in trust ② Method of accounting for consumption tax, etc. Consumption tax and local consumption tax is accounted for using the tax-excluded method. However, non-deductible consumption tax, etc., on such items as noncurrent assets is included in the acquisition costs of individual items.</p>
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Additional Information)

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

Previous period from Sep. 1, 2017 to Feb. 28, 2018			Current period from Mar. 1, 2018 to Aug. 31, 2018		
1. Reasons, related assets and amounts of allowance Thousands of Yen			1. Reasons, related assets and amounts of allowance Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Goodwill	Amortization of goodwill	2,622,242	Goodwill	Amortization of goodwill	2,622,242
Long-term deposits	Shortfall of reserve for repair	7,570	Long-term deposits	Shortfall of reserve for repair	1,613
Subtotal		2,629,813	Subtotal		2,623,856
Buildings, facilities, etc.	Depreciation deficiency equivalent	(1,234,822)	Buildings, facilities, etc.	Depreciation deficiency equivalent	(1,142,482)
Unearned revenue	Write-down of loss on interest rate swap due to merger	(161,277)	Unearned revenue	Write-down of loss on interest rate swap due to merger	(137,860)
other	—	(45,704)	other	—	(21,042)
Subtotal		(1,441,804)	Subtotal		(1,301,385)
Total		1,188,008	Total		1,322,470
2. Reasons, related assets and amounts of reversals Thousands of Yen			2. Reasons, related assets and amounts of reversals Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(47,295)	Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)
Deferred gains or losses on hedges	Changes in fair value of derivatives	(431,221)	Deferred gains or losses on hedges	Changes in fair value of derivatives	(321,691)
Total		(478,516)	Total		(321,691)

(*) The amount of reversal during current period (¥5,754 thousand) is

<p>3. Method of reversal (1) Amortization of goodwill</p> <p>In principle, amortization of goodwill is not reversed.</p> <p>(2) Merger expenses</p> <table border="1" data-bbox="167 421 801 884"> <thead> <tr> <th>Item</th> <th>Method of reversal</th> </tr> </thead> <tbody> <tr> <td>Buildings, etc.</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land</td> <td>Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Buildings, etc., in trust</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land in trust</td> <td rowspan="3">Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Leasehold rights</td> </tr> <tr> <td>Leasehold rights in trust</td> </tr> </tbody> </table> <p>(3) Long-term deposits In principle, long-term deposits are not reversed.</p> <p>(4) Deferred gains or losses on hedges The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.</p>	Item	Method of reversal	Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Leasehold rights	Leasehold rights in trust	<p>included in “Depreciation deficiency equivalent” on “1. Reasons, related assets and amounts of allowance”.</p> <p>3. Method of reversal (1) Amortization of goodwill</p> <p>In principle, amortization of goodwill is not reversed.</p> <p>(2) Merger expenses</p> <table border="1" data-bbox="853 409 1487 873"> <thead> <tr> <th>Item</th> <th>Method of reversal</th> </tr> </thead> <tbody> <tr> <td>Buildings, etc.</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land</td> <td>Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Buildings, etc., in trust</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land in trust</td> <td rowspan="3">Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Leasehold rights</td> </tr> <tr> <td>Leasehold rights in trust</td> </tr> </tbody> </table> <p>(3) Long-term deposits In principle, long-term deposits are not reversed.</p> <p>(4) Deferred gains or losses on hedges The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.</p>	Item	Method of reversal	Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Leasehold rights	Leasehold rights in trust
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Leasehold rights in trust																									

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Commitment line agreement

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

	Thousands of Yen	
	Previous period (Feb. 28, 2018)	Current period (Aug. 31, 2018)
Committed line of credit	10,000,000	10,000,000
Balance of used line	—	—
Balance of unused line	10,000,000	10,000,000

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

	Thousands of Yen	
	Previous period (Feb. 28, 2018)	Current period (Aug. 31, 2018)
Committed line of credit	40,000,000	40,000,000
Balance of used line	—	500,000
Balance of unused line	40,000,000	39,500,000

*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. 28, 2018)	Current period (Aug. 31, 2018)
	50,000	50,000

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

	Thousands of Yen		
	Previous period (Feb. 28, 2018)	Current period (Aug. 31, 2018)	
Assets offered as collateral are as follows.		Assets offered as collateral are as follows.	
Buildings in trust	3,327,532	Buildings in trust	3,294,755
Land in trust	6,096,368	Land in trust	6,096,368
Tools, furniture and fixtures in trust	206	Tools, furniture and fixtures in trust	185
Total	9,424,106	Total	9,391,308
Liabilities secured by collateral are as follows.		Liabilities secured by collateral are as follows.	
Security deposits from tenants in trust	726,648	Security deposits from tenants in trust	726,648
Total	726,648	Total	726,648

*4. Allowance for temporary difference adjustments

Previous period (from September 1, 2017 to February 28, 2018)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the beginning of current period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	4,244,640	4,244,640	—	—	4,244,640	—
Land, buildings, etc.	Merger expenses	4,029,135	1,491,074	—	(91,221)	1,399,852	Sale and depreciation of properties for which merger expenses were recorded
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	1,545,633	—	(20,951)	1,524,682	Changes in fair value of derivative transactions
Land, buildings, etc	Impairment loss	269,797	86,378	—	(86,378)	—	Sale of properties for which impairment loss were recorded
Increase – subtotal		—	7,367,727	—	(198,551)	7,169,175	—
Total		—	7,367,727	—	(198,551)	7,169,175	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) 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.

Current period (from March 1, 2018 to August 31, 2018)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the beginning of current period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	6,866,883	4,244,640	1,188,008	—	5,432,649	—
Land, buildings, etc.	Merger expenses	4,029,135	1,399,852	—	(47,295)	1,352,557	Sale and depreciation of properties for which merger expenses were recorded
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	1,524,682	—	(431,221)	1,093,460	Changes in fair value of derivative transactions
Increase – subtotal		—	7,169,175	1,188,008	(478,516)	7,878,667	—
Total		—	7,169,175	1,188,008	(478,516)	7,878,667	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Sep. 1, 2017 to Feb. 28, 2018		Current period from Mar. 1, 2018 to Aug. 31, 2018	
A. Property related revenues				
Rental revenues				
Rent revenues	28,294,468		29,254,971	
Common area charges	2,429,540	30,724,009	2,440,930	31,695,901
Other rental revenues				
Parking revenues	584,742		588,545	
Incidental income	2,198,012		2,376,113	
Other miscellaneous revenues	124,862	2,907,617	71,308	3,035,967
Property related revenues		33,631,626		34,731,869
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,592,435		1,604,399	
Property management fees	888,375		980,132	
Property and other taxes	2,699,055		2,846,279	
Utility expenses	1,784,615		1,882,466	
Casualty insurance	43,247		43,614	
Repairs and maintenance	1,758,408		1,555,208	
Land rents	210,439		215,680	
Depreciation	4,737,224		4,901,925	
Other rental expenses	1,071,669	14,785,472	1,128,627	15,158,332
Property related expenses		14,785,472		15,158,332
C. Real estate rental profits [A – B]		18,846,154		19,573,536

*2. Breakdown of gain on sale of real estate
Previous period (from September 1, 2017 to February 28, 2018)

		Thousands of Yen
Morisia Tsudanuma		
Proceeds from sales of real estate	18,000,000	
Cost of sales of real estate	17,897,287	
Other related sales expenses	94,503	
Gain on sales of real estate	<u>8,208</u>	<u>8,208</u>
Funabashi Logistics Center		
Proceeds from sales of real estate	5,480,000	
Cost of sales of real estate	4,537,933	
Other related sales expenses	363,026	
Gain on sales of real estate	<u>579,040</u>	<u>579,040</u>

Current period (from March 1, 2018 to August 31, 2018)
Not applicable.

(Notes on Investment and Rental Properties)

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

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

Thousands of Yen

	Previous period from Sep. 1, 2017 to Feb. 28, 2018	Current period From Mar. 1, 2018 to Aug. 31, 2018
Carrying amount		
Balance at beginning of period	923,155,804	914,834,180
Amount of increase (decrease) during period	(8,321,623)	32,615,444
Balance at end of period	914,834,180	947,449,625
Fair value at end of period	1,001,250,000	1,041,183,000

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

(Note 2) Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of PMO Shinnihonbashi (¥4,496,617 thousand), PMO Hirakawacho (¥3,460,311 thousand), GEMS Daimon (¥2,087,357 thousand), GEMS Kanda (¥1,520,710 thousand) and Summit Store Mukodaicho (¥5,159,847 thousand). The decrease during the previous period is mainly attributable to the sale of Morisia Tsudanuma (¥17,897,287 thousand) and Funabashi Logistics Center (¥4,537,933 thousand) as well as depreciation (¥4,733,427 thousand). The increase during the current period is mainly attributable to the acquisition of Landport Hachioji II (¥9,365,947 thousand), Landport Iwatsuki (¥6,176,597 thousand), Hotel Vista Sapporo Odori (¥3,784,521 thousand), PMO Nihonbashi Mitsukoshi-mae (¥4,374,216 thousand), PMO Shibadaimon (¥2,160,398 thousand), PROUD FLAT Sangenjaya II (¥2,836,531 thousand), PROUD FLAT Sotokanda (¥2,384,706 thousand), PROUD FLAT Noborito (¥1,278,507 thousand), PROUD FLAT Yoyogi Hachiman (¥1,005,747 thousand) and PROUD FLAT Nakaochiai (¥880,458 thousand). The decrease during the current period is mainly attributable to the depreciation (¥4,897,379 thousand).

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

The income (loss) in the previous period (from September 1, 2017 to February 28, 2018) and current period (from March 1, 2018 to August 31, 2018) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes on Per Unit Information)

Yen

	Previous period from Sep. 1, 2017 to Feb. 28, 2018	Current period from Mar. 1, 2018 to Aug. 31, 2018
Net assets per unit	132,697	132,314
Net income per unit	2,561	2,478

(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 Sep. 1, 2017 to Feb. 28, 2018	Current period from Mar. 1, 2018 to Aug. 31, 2018
Net income (Thousands of Yen)	10,714,661	10,709,804
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	10,714,661	10,709,804
Average number of investment units during period (Units)	4,183,130	4,321,111

(Notes on Significant Subsequent Events)

Not applicable

[Disclosure Omissions]

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

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the current fiscal period (August 31, 2018).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)
September 1, 2016	Absorption type merger	461,120	4,183,130	—	161,120	(Note 3)
October 14, 2016	Reversal of Allowance for temporary difference adjustments	—	4,183,130	763	161,883	(Note 4)
April 14, 2017	Reversal of Allowance for temporary difference adjustments	—	4,183,130	708	162,592	(Note 4)
October 13, 2017	Reversal of Allowance for temporary difference adjustments	—	4,183,130	1,987	162,791	(Note 4)
March 1, 2018	Public offering	132,000	4,315,130	17,572	180,363	(Note 5)
March 20, 2018	Third party allotment increase	6,670	4,321,800	887	181,251	(Note 6)
April 13, 2018	Reversal of Allowance for temporary difference adjustments	—	4,321,800	478	181,730	(Note 4)

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

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

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

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

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

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

4. Changes in Directors

(1) Changes in NMF Directors

Timely disclosure of changes in directors is made when the relevant details are determined.
 During the 6th fiscal period, there was no change in directors.

(2) Changes in Asset Management Company Directors

Timely disclosure of changes in directors is made when the relevant details are determined. During the 6th fiscal period, there were some changes in directors as shown below. For details, please refer to the press release dated March 2, 2018 titled “Notice Concerning Changes of Director and Important Employees in Asset Management Company” and the press release dated May 18, 2018 titled “Notice Concerning Changes of Director in Asset Management Company”.

Appointments (as of April 1, 2018)

Name	Title (New)	Title (Former)
Daisuke Kimura	Director and Managing Executive Officer In charge of the International Business Planning Section and the Investment Management Department	(New appointment)

Resignations (as of March 31, 2018)

Name	Title (New)	Title (Former)
Shoji Yoshihara	(Resignation)	Director and Executive Officer Head of the NPR Investment Management Department

Resignations (as of June 14, 2018)

Name	Title (New)	Title (Former)
Tadanao Takagoshi	(Resignation)	Statutory Auditor

Other changes (as of April 1, 2018)

Name	Title (New)	Title (Former)
Fumiki Kondo	Representative Director and Senior Managing Executive Officer Supervisor of the International Business Planning Section, Client Relations & Marketing Department and the Investment Management Department In charge of the Corporate Planning Department and the Finance & Accounting Department	Representative Director and Senior Managing Executive Officer Supervisor of the Investment Management Department In charge of the Corporate Planning Department, the International Business Planning Section and the Finance & Accounting Department
Noriaki Ido	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Product Development Department and the NPR Investment Management Department	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Investment Management Department and the Product Development Department

5. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	5th fiscal period As of February 28, 2018		6th fiscal period As of August 31, 2018		
			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	100,845	9.3□	107,074	9.6□	
		Other areas	21,521	2.0□	21,458	1.9□	
		Subtotal	122,366	11.2□	128,532	11.5□	
	Retail properties	Greater Tokyo area	20,390	1.9□	20,316	1.8□	
		Other areas	12,159	1.1□	12,161	1.1□	
		Subtotal	32,549	3.0□	32,478	2.9□	
	Logistics properties	Greater Tokyo area	20,819	1.9□	36,193	3.2□	
		Subtotal	20,819	1.9□	36,193	3.2□	
	Residential properties	Greater Tokyo area	126,303	11.6□	134,093	12.0□	
		Other areas	31,022	2.8□	30,673	2.7□	
		Subtotal	157,326	14.4□	164,766	14.7□	
	Hotel properties	Other areas	—	—	3,774	0.3□	
		Subtotal	—	—	3,774	0.3□	
	Other properties	Greater Tokyo area	5,136	0.5	5,136	0.5	
Subtotal		5,136	0.5	5,136	0.5		
Real estate in trust	Office properties	Greater Tokyo area	257,388	23.6□	258,058	23.1□	
		Other areas	50,524	4.6□	51,009	4.6□	
		Subtotal	307,912	28.3□	309,067	27.6□	
	Retail properties	Greater Tokyo area	80,995	7.4□	80,879	7.2□	
		Other areas	47,066	4.3□	46,925	4.2□	
		Subtotal	128,062	11.8□	127,804	11.4□	
	Logistics properties	Greater Tokyo area	115,032	10.6□	114,154	10.2□	
		Other areas	3,430	0.3□	3,408	0.3□	
		Subtotal	118,463	10.9□	117,563	10.5□	
	Residential properties	Greater Tokyo area	22,199	2.0□	22,131	2.0□	
		Subtotal	22,199	2.0□	22,131	2.0□	
	Subtotal			914,834	83.9□	947,449	84.7
	Deposits and other assets			174,985	16.1□	171,195	15.3
	Total amount of assets			1,089,820	100.0□	1,118,644	100.0

	5th fiscal period As of February 28, 2018		6th fiscal period As of August 31, 2018	
	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)
Total amount of liabilities	534,729	49.1	546,808	48.9
Total amount of net assets	555,090	50.9	571,836	51.1

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

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

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

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

(2) Investment Assets

① Major Investment Securities
Not applicable.

② Investment Real Estate Properties
Real estate is listed together with beneficial interests in real estate trusts in ③ Other Major Investment Assets, below.

③ Other Major Investment Assets
The following summarizes the real estate, etc. (281 properties) held as of August 31, 2018 (the end of the 6th 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 6th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2018.

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 6th fiscal period.

Number of properties	281
Gross leasable area (m ²) (Note 1)	1,866,013.42
Gross leased area (m ²) (Note 2)	1,852,454.59
Total number of tenants (Note 3)	1,291
Total of all contracted rent (Thousands of Yen) (Note 4)	5,273,665

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 6th fiscal period. “Leasable area” is the sum total area of office buildings, retail facilities, logistics facilities, residential facilities, or hotels etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For 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 6th fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, residential properties, or hotel properties etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 6th 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 2018 of each of the assets held at the end of the 6th fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for August 2018 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 2018 (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, NEC Head Office Building and Musashiurawa Shopping Square the total contracted rent is calculated by multiplying the building's overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, the the total contracted rent is calculated as the building's overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee.

(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)	February 28, 2017 (end of 3rd fiscal period)	August 31, 2017 (end of 4th fiscal period)	February 28, 2018 (end of 5th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	98.9	99.1	99.2	98.4	98.6

	August 31, 2018 (end of 6th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	99.3

B. Price and Investment Share

The following is an overview of the assets held at the end of the 6th fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building (Note 5)	43,900	46,388	49,200	4.7	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,487	21,800	2.1	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,478	27,200	2.6	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,147	11,600	1.1	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,434	10,800	1.0	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,884	11,400	1.1	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,064	7,250	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,143	8,050	0.8	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,308	5,760	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,067	4,500	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,687	5,230	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,190	4,780	0.5	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,873	5,700	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,600	4,960	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,559	3,520	0.3	Japan Real Estate Institute
		PMO Akihabara	4,240	4,106	4,830	0.5	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,457	2,520	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,196	4,140	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,818	2,940	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,781	3,250	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,142	2,560	0.2	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,619	1,900	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,473	6,640	0.6	Japan Real Estate Institute
		NF Hongo Building	4,890	4,853	5,080	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,350	3,370	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,861	2,000	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,827	4,400	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,940	9,300	0.9	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,661	6,900	0.7	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,824	3,070	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,204	7,110	0.7	Japan Real Estate Institute
		PMO Ginza Hatchome	3,970	3,973	4,560	0.4	Japan Real Estate Institute
PMO Shibakoen	3,900	3,893	4,460	0.4	Japan Real Estate Institute		
NEC Head Office Building (Note 6)	44,100	44,268	45,300	4.4	Daiwa Real Estate Appraisal Co., Ltd.		
Harumi Island Triton Square Office Tower Y	18,200	18,067	18,500	1.8	Daiwa Real Estate Appraisal Co., Ltd.		
NMF Aoyama 1-chome Building	10,400	10,445	11,900	1.1	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
Office	Greater Tokyo area	NMF Takebashi Building	8,330	8,285	8,850	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	8,084	8,330	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	6,044	6,400	0.6	Japan Real Estate Institute
		NMF Shinjuku EAST Building	5,710	5,703	6,070	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,778	3,810	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,877	2,000	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,857	1,970	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Shinnihonbashi	4,440	4,462	4,800	0.5	Japan Real Estate Institute
		PMO Hirakawacho	3,410	3,436	3,660	0.4	Japan Real Estate Institute
		PMO Nihonbashi Mitsukoshi-mae	4,310	4,362	4,630	0.4	Japan Real Estate Institute
		PMO Shibadaimon	2,130	2,153	2,240	0.2	Japan Real Estate Institute
	Other areas	Sapporo North Plaza	6,250	6,312	7,380	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,889	4,800	0.5	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,176	2,480	0.2	JLL Morii Valuation & Advisory K.K.(Note 7)
		NMF Utsunomiya Building (Note 8)	2,320	2,577	2,370	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Nagoya Fushimi Building	2,240	2,114	2,350	0.2	Japan Real Estate Institute
		NMF Nagoya Yanagibashi Building	2,280	2,348	2,190	0.2	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,096	18,100	1.7	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	11,966	12,100	1.2	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	6,902	6,290	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,488	3,640	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,016	4,240	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Hiroshima Building	2,280	2,278	2,650	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
NMF Hakata Ekimae Building	4,210	4,166	5,000	0.5	Japan Real Estate Institute		
NMF Tenjin-Minami Building	2,230	2,134	2,450	0.2	Japan Real Estate Institute		
Office subtotal			434,550	437,600	465,280	44.7	
Retail	Greater Tokyo area	Yokosuka More's City	13,640	13,842	15,900	1.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,522	11,100	1.1	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,858	8,160	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,307	4,950	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,053	4,460	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,778	4,280	0.4	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,818	3,820	0.4	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,583	3,350	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,357	3,310	0.3	Japan Real Estate Institute
		GEMS Shibuya	2,490	2,423	2,670	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sundai Azamino	1,700	1,554	2,100	0.2	Japan Real Estate Institute
		EQUINIA Aobadai	1,560	1,615	2,050	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	971	1,430	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
Retail	Greater Tokyo area	Mitsubishi Motors Meguro (Land)	2,740	2,764	3,230	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu (Land)	1,760	1,776	1,770	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima (Land)	1,240	1,251	1,400	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki (Land)	950	959	1,190	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido (Land)	850	859	882	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika (Land)	800	808	882	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume (Land)	800	808	886	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya (Land)	770	779	961	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi (Land)	600	606	690	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamoto (Land)	450	455	521	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motsumiyoshi (Land)	370	375	386	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe (Land)	350	355	386	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa (Land)	200	204	184	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama (Land)	160	163	178	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building (Note 9)	10,410	10,346	11,100	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,076	2,080	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,808	6,920	0.7	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 6)	2,720	2,647	2,830	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	747	779	0.1	Japan Real Estate Institute
	GEMS Daimon	2,060	2,067	2,110	0.2	Daiwa Real Estate Appraisal Co., Ltd.	
	GEMS Kanda	1,500	1,507	1,530	0.1	Daiwa Real Estate Appraisal Co., Ltd.	
	Summit Store Mukodaicho	5,100	5,138	5,190	0.5	Japan Valuers Co., Ltd.	
	Other areas	Universal CityWalk Osaka	15,500	15,458	18,200	1.7	Japan Valuers Co., Ltd.
		Izumiya Senrioka	8,930	8,507	11,100	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Yao	4,406	4,124	5,490	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Obayashi	3,020	3,239	4,040	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Ichibancho stear	4,700	4,544	5,650	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Aobadori	1,640	1,424	1,960	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
MEL Building		1,060	1,054	1,200	0.1	Japan Real Estate Institute	
nORBESA		8,500	8,571	8,540	0.8	Japan Real Estate Institute	
Nakaza Cui-daore Building		11,600	12,161	11,100	1.1	Japan Valuers Co., Ltd.	
Retail subtotal			159,783	160,282	180,945	17.4	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,441	22,000	2.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	14,903	19,700	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,446	16,500	1.6	Japan Real Estate Institute
		Landport Atsugi	11,410	10,621	12,000	1.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	10,101	12,300	1.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	8,059	10,800	1.0	Japan Real Estate Institute
		Landport Hachioji	8,250	7,578	9,650	0.9	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
Logistics	Greater Tokyo area	Landport Kasukabe	7,340	6,596	8,740	0.8	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,294	5,700	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,523	4,390	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,651	4,630	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,791	3,510	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,574	3,420	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,572	13,200	1.3	J.L. Mori Valuation & Advisory K.K.
		Landport Kashiwa Shonan II	10,800	10,774	11,400	1.1	Japan Valuers Co., Ltd.
		Landport Kashiwa Shonan I	9,900	9,943	10,100	1.0	Japan Valuers Co., Ltd.
		Landport Hachioji II	9,230	9,324	9,330	0.9	Japan Valuers Co., Ltd.
		Landport Iwatsuki	6,090	6,151	6,110	0.6	Japan Valuers Co., Ltd.
	Other areas	Hirakata Kuzuha Logistics Center	3,460	3,408	3,870	0.4	Daiwa Real Estate Appraisal Co., Ltd.
Logistics subtotal			161,050	153,757	187,350	18.0	
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,298	3,450	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	975	945	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	694	770	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	727	693	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	718	789	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoinzaka	939	908	1,020	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,179	2,500	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,530	1,730	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,063	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho	947	911	936	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,142	1,260	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,099	1,250	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,169	3,390	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	591	547	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	885	983	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho II	652	624	605	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho I	1,030	978	955	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Fujimidai	1,470	1,409	1,630	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,820	2,170	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	1,987	2,190	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,581	2,690	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,567	1,760	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,101	982	0.1	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Akasaka	938	929	926	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Tamachi	972	949	956	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
Residential	Greater Tokyo area	PRIME URBAN Shibaura LOFT	1,830	1,774	1,960	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	348	323	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,125	1,280	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,069	1,110	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	663	658	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Idabashi	2,040	1,981	2,050	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,249	1,270	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,392	1,370	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Gakugei Daigaku	775	758	820	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Senzoku	474	469	485	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Riverside	414	397	441	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Ohashi Hills	2,970	2,880	3,130	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Meguro Aobadai	1,310	1,284	1,500	0.1	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,058	1,190	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,829	3,080	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,577	2,400	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,082	2,300	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	4,051	4,560	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,509	1,720	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	538	607	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	824	961	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,465	1,400	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku I	1,090	1,066	1,160	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku II	885	863	975	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Naitomachi	430	428	466	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	401	449	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	595	637	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,402	1,550	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,801	3,140	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	720	631	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	740	754	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	705	772	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	640	759	0.1	Japan Valuers Co., Ltd.
PRIME URBAN Karasuyama Galleria	549	527	574	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Karasuyama Court	338	325	357	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Chitose Funabashi	746	721	728	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Yoga	1,390	1,344	1,540	0.1	Japan Real Estate Institute		
PRIME URBAN Shinagawa Nishi	494	490	403	0.0	Daiwa Real Estate Appraisal Co., Ltd.		

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Residential	Greater Tokyo area	PRIME URBAN Osaki	1,860	1,826	1,820	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,055	1,100	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	946	735	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	867	843	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	740	720	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,680	1,780	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	474	547	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Takaido	1,060	1,057	789	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	402	422	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo II	1,790	1,761	1,870	0.2	Japan Real Estate Institute
		PRIME URBAN Otsuka	730	707	775	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Komagome	437	435	451	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ikebukuro	3,800	3,670	4,110	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,340	2,580	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	741	757	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	604	607	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	526	540	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,220	1,220	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	727	717	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	685	691	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	610	613	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	934	894	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	1,087	1,230	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	1,030	1,170	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Asakusa	384	386	299	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,867	1,940	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,906	2,010	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,274	1,340	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	765	853	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,427	1,480	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,964	2,190	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	945	1,060	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	977	1,220	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	490	397	0.0	Japan Real Estate Institute
PRIME URBAN Urayasu	804	772	764	0.1	Japan Real Estate Institute		
PRIME URBAN Gyotoku I	633	612	575	0.1	Japan Real Estate Institute		
PRIME URBAN Gyotoku II	730	700	677	0.1	Japan Real Estate Institute		
PRIME URBAN Gyotoku Ekimae	488	469	453	0.0	Japan Real Estate Institute		
PRIME URBAN Gyotoku Ekimae II	469	455	495	0.0	Japan Real Estate Institute		

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Residential	Greater Tokyo area	PRIME URBAN Gyotoku III	747	733	792	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	717	717	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,524	1,710	0.2	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	938	1,040	0.1	Japan Real Estate Institute
		PROUD FLAT Itabashi Honcho	720	733	809	0.1	Japan Real Estate Institute
		PRIME URBAN Meguro Mita	1,058	1,126	1,110	0.1	Japan Valuers Co., Ltd.
		Fukasawa House Towers H&I	7,140	7,055	7,400	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Toyosu	5,290	5,182	5,390	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nihonbashi Kayabacho	2,850	2,817	2,900	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yoga II	1,320	1,299	1,330	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Musashi Koganei II	1,310	1,277	1,420	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,391	1,300	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori III	1,110	1,148	1,220	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Kinshicho	785	815	896	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sangenjaya II	2,750	2,826	2,860	0.3	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sotkanda	2,280	2,376	2,420	0.2	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Noborito	1,216	1,271	1,290	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Yoyogi Hachiman	966	1,002	1,030	0.1	JLL Morii Valuation & Advisory K.K.
	PROUD FLAT Nakaochiai	844	876	890	0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
	Other areas	PROUD FLAT Itsutsubashi	652	604	711	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	677	686	0.1	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,507	1,700	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	258	267	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	472	467	0.0	Japan Real Estate Institute
		PRIME URBAN Odori Koen II	334	316	288	0.0	Japan Real Estate Institute
		PRIME URBAN Kita Juichi Jo	547	509	602	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Miyanosawa	475	437	504	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	368	432	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	229	277	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	212	235	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	405	471	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	573	655	0.1	Japan Valuers Co., Ltd.
PRIME URBAN Sapporo Riverfront		4,480	4,189	4,650	0.4	Japan Valuers Co., Ltd.	
PRIME URBAN Kita Sanjo Dori	1,730	1,606	1,860	0.2	Japan Valuers Co., Ltd.		
PRIME URBAN Nagamachi Ichhome	1,140	1,074	1,080	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Yaotome Chuo	466	433	442	0.0	Japan Valuers Co., Ltd.		
PRIME URBAN Tsutsumidori Amamiya	949	944	926	0.1	Japan Real Estate Institute		
PRIME URBAN Aoi	712	684	665	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kanayama	553	516	605	0.1	Japan Valuers Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Other areas	PRIME URBAN Tsurumai	1,020	946	1,100	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,494	1,670	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,555	4,110	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Esaka I	652	619	641	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka II	794	752	828	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka III	1,190	1,109	1,150	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tamatsukuri	1,020	965	1,050	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisujii Honmachi	1,810	1,704	1,850	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	553	615	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	248	282	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	369	342	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	580	527	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	572	565	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chikusa	1,110	1,174	1,120	0.1	Japan Valuers Co., Ltd.
Residential subtotal			192,101	186,897	198,468	19.1	
Hotel	Other areas	Hotel Vista Sapporo Odori	3,600	3,774	3,850	0.4	Japan Valuers Co., Ltd.
Hotel subtotal			3,600	3,774	3,850	0.4	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,290	0.5	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,290	0.5	
Total			955,984	947,449	1,041,183	100.0	

(Note 1) “Acquisition Price” refers to the following. Of the assets succeeded as a result of the merger of three REITs, the appraisal value as of September 30, 2015 for NRE Shibuya Dogenzaka Building and as of April 30, 2015 for other assets succeeded from NOF; and the appraisal value as of September 30, 2015 for PRIME URBAN Shinyurigaoka and as of May 31, 2015 for other assets succeeded from NRF are recorded as said assets’ respective acquisition prices. Furthermore, the appraisal value as of March 31, 2016 or April 1, 2016 for other assets succeeded from TOP are recorded as said assets’ respective acquisition prices. For all other assets, “Acquisition price” indicates the amount, excluding the various expenses required to acquire the property, including transaction brokerage fees, taxes and public dues, etc. (the amount of transaction payment for real estate, etc., described in the sales agreement).

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

(Note 3) “Opinion of value at end of period” is the appraisal or investigation value provided by the respective real estate appraiser (the value calculated by the respective real estate appraiser with the date of the 6th fiscal period-end (August 31, 2018) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMF’s Articles of Incorporation and the Regulations Concerning Accounting of Investment Corporations.

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

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

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

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

(Note 4) “Investment share” is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (281 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may not be exactly 100.0%.

- (Note 5) NMF holds quasi co-ownership of 50.1% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.
- (Note 6) NMF holds quasi co-ownership of 50.0% of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.
- (Note 7) The company name was changed to “JLL Morii Valuation & Advisory K.K.” from “Morii Appraisal & Investment Consulting, Inc.” as of April 1, 2018.
- (Note 8) Property name was changed as of April 1, 2018 for the following property.

Use	New name (After change)	Old name (Before change)
Office	NMF Utsunomiya Building	NOF Utsunomiya Building

- (Note 9) NMF's acquisition of quasi co-ownership of the beneficial interest in the property was made in two stages. The acquisition price given is the total for both transactions.

C. Status of Major Tenants

Details concerning the leasing status of major tenants are shown below. Major tenants are those who, as of August 31, 2018, account for 10% or more of the total leased area of the assets held by NMF as of August 31, 2018 (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 (Note 1)	Business type	Property name	Contract termination date	Contract extension	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)	Real estate	Shinjuku Nomura Building	March 31, 2020	(Fixed-term lease contract)	1,021.25	117	93
		NRE Yotsubashi Building	March 31, 2021	(Fixed-term lease contract)	1,024.91	52	35
		Kojimachi Millennium Garden (Residential building)	March 31, 2019		4,649.80	227	32
		PROUD FLAT Shirokane Takanawa	February 28, 2019		2,876.55	183	36
		PROUD FLAT Yoyogi Uehara	February 28, 2019		1,151.34	59	6
		PROUD FLAT Hatsudai	February 28, 2019		958.98	47	4
		PROUD FLAT Shibuya Sakuragaoka	February 28, 2019		638.70	41	5
		PROUD FLAT Gakugei Daigaku	February 28, 2019		912.88	47	5
		PROUD FLAT Meguro Gyoninzaka	February 28, 2019		855.23	54	5
		PROUD FLAT Sumida Riverside	February 28, 2019		2,984.55	144	13
		PROUD FLAT Kagurazaka	February 28, 2019		1,793.43	94	2
		PROUD FLAT Waseda	February 28, 2019		1,384.06	67	6
		PROUD FLAT Shinjuku Kawadacho	February 28, 2019		1,102.20	56	8
		PROUD FLAT Sangen Jaya	February 28, 2019		1,256.07	67	6
		PROUD FLAT Kamata	February 28, 2019		1,519.89	73	6
		PROUD FLAT Kamata II	February 28, 2019		3,952.34	200	21
		PROUD FLAT Shinotsuka	February 28, 2019		730.85	38	3
		PROUD FLAT Kiyosumi Shirakawa	February 28, 2019	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	1,209.56	60	9
		PROUD FLAT Monzen Nakacho II	February 28, 2019		830.55	40	3
		PROUD FLAT Monzen Nakacho I	February 28, 2019		1,169.10	63	6
		PROUD FLAT Fujimidai	February 28, 2019		2,135.03	105	13
		PROUD FLAT Asakusa Komagata	February 28, 2019		2,685.39	123	16
		PROUD FLAT Yokohama	February 28, 2019		3,068.35	140	15
		PROUD FLAT Kamioooka	February 28, 2019		4,872.17	182	15
		PROUD FLAT Tsurumi II	February 28, 2019		2,198.63	112	20
		PRIME URBAN Azabu Juban	February 28, 2019		1,196.76	66	6
		PRIME URBAN Akasaka	February 28, 2019		1,062.05	56	5
		PRIME URBAN Tamachi	February 28, 2019		1,107.36	61	6
		PRIME URBAN Shibaura LOFT	February 28, 2019		1,866.56	112	9
		PRIME URBAN Yoyogi	February 28, 2019		421.78	22	2
		PRIME URBAN Ebisu II	February 28, 2019		1,109.93	66	5
		PRIME URBAN Bancho	February 28, 2019		1,231.04	65	5
		PRIME URBAN Chiyoda Fujimi	February 28, 2019		793.87	42	4
PRIME URBAN Idabashi	February 28, 2019		2,042.78	118	15		
PRIME URBAN Ebisu	February 28, 2019		1,444.40	69	6		
PRIME URBAN Naka Meguro	February 28, 2019		1,249.26	76	8		
PRIME URBAN Gakugei Daigaku	February 28, 2019		873.03	42	3		
PRIME URBAN Senszoku	February 28, 2019		613.15	28	2		
PRIME URBAN Meguro Riverside	February 28, 2019		453.77	28	2		

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	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)	Real estate	PRIME URBAN Meguro Ohashi Hills	February 28, 2019	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	2,768.83	157	13
		PRIME URBAN Meguro Aobadai	February 28, 2019		1,360.83	71	11
		PRIME URBAN Gakugei Daigaku II	February 28, 2019		1,060.31	58	10
		PRIME URBAN Naka Meguro II	February 28, 2019		2,216.38	145	35
		PRIME URBAN Kachidoki	February 28, 2019		4,441.55	180	18
		PRIME URBAN Nihonbashi Yokoyamacho	February 28, 2019		5,830.92	250	39
		PRIME URBAN Nihonbashi Hamacho	February 28, 2019		2,026.44	95	8
		PRIME URBAN Hongo Ikizaka	February 28, 2019		637.98	32	3
		PRIME URBAN Hakusan	February 28, 2019		1,031.62	50	4
		PRIME URBAN Yotsuya Gaien Higashi	February 28, 2019		1,714.52	88	8
		PRIME URBAN Nishi Shinjuku I	February 28, 2019		1,436.27	73	6
		PRIME URBAN Nishi Shinjuku II	February 28, 2019		1,114.55	53	5
		PRIME URBAN Shinjuku Naitomachi	February 28, 2019		578.18	27	2
		PRIME URBAN Nishi Waseda	February 28, 2019		489.11	27	1
		PRIME URBAN Shinjuku Ochiai	February 28, 2019		1,007.45	39	3
		PRIME URBAN Mejiro	February 28, 2019		1,680.61	84	5
		PRIME URBAN Kagurazaka	February 28, 2019		2,813.47	165	21
		PRIME URBAN Sangen Jaya III	February 28, 2019		928.79	44	3
		PRIME URBAN Chitose Karasuyama	February 28, 2019		1,694.46	48	9
		PRIME URBAN Sangen Jaya	February 28, 2019		848.66	44	4
		PRIME URBAN Minami Karasuyama	February 28, 2019		1,049.73	47	3
		PRIME URBAN Karasuyama Galleria	February 28, 2019		810.00	37	3
		PRIME URBAN Karasuyama Court	February 28, 2019		551.20	23	1
		PRIME URBAN Chitose Funabashi	February 28, 2019		1,001.62	45	4
		PRIME URBAN Yoga	February 28, 2019		1,746.72	82	9
		PRIME URBAN Shinagawa Nishi	February 28, 2019		961.25	43	7
		PRIME URBAN Osaki	February 28, 2019		2,085.32	111	10
		PRIME URBAN Oimachi II	February 28, 2019		1,769.69	91	8
		PRIME URBAN Yukigaya	February 28, 2019		1,454.35	67	6
		PRIME URBAN Omori	February 28, 2019		1,190.70	58	6
		PRIME URBAN Denenchofu Minami	February 28, 2019		1,078.41	48	4
		PRIME URBAN Nagahara Kamiikedai	February 28, 2019		2,138.30	90	9
PRIME URBAN Nakano Kamitakada	February 28, 2019	798.63	36	3			
PRIME URBAN Takaido	February 28, 2019	1,698.07	79	5			
PRIME URBAN Nishi Ogikubo	February 28, 2019	520.79	25	2			
PRIME URBAN Nishi Ogikubo II	February 28, 2019	2,167.84	96	10			
PRIME URBAN Otsuka	February 28, 2019	924.91	46	4			
PRIME URBAN Komagome	February 28, 2019	991.94	35	4			

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	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)	Real estate	PRIME URBAN Ikebukuro	February 28, 2019	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	4,006.08	200	20
		PRIME URBAN Monzen Nakacho	February 28, 2019		3,101.28	146	17
		PRIME URBAN Kameido	February 28, 2019		1,095.84	49	6
		PRIME URBAN Sumiyoshi	February 28, 2019		813.52	38	4
		PRIME URBAN Mukojima	February 28, 2019		1,089.14	43	2
		PRIME URBAN Kinshi Koen	February 28, 2019		1,886.50	83	8
		PRIME URBAN Kinshicho	February 28, 2019		991.62	46	7
		PRIME URBAN Hirai	February 28, 2019		1,075.27	47	5
		PRIME URBAN Kasai	February 28, 2019		905.81	40	3
		PRIME URBAN Kasai II	February 28, 2019		1,395.55	61	6
		PRIME URBAN Kasai East	February 28, 2019		1,860.68	74	7
		PRIME URBAN Itabashi Kuyakushomae	February 28, 2019		1,742.64	74	7
		PRIME URBAN Asakusa	February 28, 2019		876.70	29	2
		PRIME URBAN Machiya South Court	February 28, 2019		4,141.56	142	34
		PRIME URBAN Musashi Koganei	February 28, 2019		5,856.10	134	13
		PRIME URBAN Musashino Hills	February 28, 2019		2,919.06	88	18
		PRIME URBAN Koganei Honcho	February 28, 2019		1,604.72	57	7
		PRIME URBAN Kumegawa	February 28, 2019		2,532.77	106	35
		PRIME URBAN Musashi Kosugi comodo	February 28, 2019		3,417.58	128	26
		PRIME URBAN Kawasaki	February 28, 2019		1,687.35	68	6
		PRIME URBAN Shinyurigaoka	February 28, 2019		1,677.91	70	11
		PRIME URBAN Tsurumi Teraya	February 28, 2019		952.06	37	3
		PRIME URBAN Urayasu	February 28, 2019		1,264.84	55	7
		PRIME URBAN Gyotoku I	February 28, 2019		1,129.10	42	4
		PRIME URBAN Gyotoku II	February 28, 2019		1,244.00	47	3
		PRIME URBAN Gyotoku Ekimae	February 28, 2019		757.19	32	3
		PRIME URBAN Gyotoku Ekimae II	February 28, 2019		927.33	40	5
		PRIME URBAN Gyotoku III	February 28, 2019		1,697.69	62	6
		PRIME URBAN Nishi Funabashi	February 28, 2019		1,237.80	53	5
		PRIME URBAN Kawaguchi	February 28, 2019		2,374.96	105	27
		PROUD FLAT Hatchobori	February 28, 2019		992.74	55	5
		PROUD FLAT Itabashi Honcho	February 28, 2019		1,192.07	47	5
		PRIME URBAN Meguro Mita	February 28, 2019		1,080.47	54	5
		PRIME URBAN Gakugei Daigaku Parkfront	February 28, 2019		1,361.92	66	5
		PROUD FLAT Omori III	February 28, 2019		1,334.70	65	7
		PROUD FLAT Kinshicho	February 28, 2019		997.15	49	5
PROUD FLAT Sangenjaya II	February 29, 2020	2,931.43	129	21			
PROUD FLAT Sotkanda	February 29, 2020	2,274.69	129	13			
PROUD FLAT Noborito	February 29, 2020	1,749.42	83	8			
PROUD FLAT Yoyogi Hachiman	February 29, 2020	972.13	55	5			
PROUD FLAT Nakaochiai	February 29, 2020	1,051.51	52	5			

Tenant name (Note 1)	Business type	Property name	Contract termination date	Contract extension	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)	Real estate	PRIME URBAN Shinkawa	February 28, 2019	Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than six months prior to the expiration of the initial term or any extended term thereof.	3,475.87	133	40
		PRIME URBAN Toyosu	February 28, 2019		6,707.59	329	36
		PRIME URBAN Nihonbashi Kayabacho	February 28, 2019		3,444.23	176	20
		PRIME URBAN Yoga II	February 28, 2019		1,463.08	71	6
		PRIME URBAN Musashi Koganei II	February 28, 2019		2,010.17	83	9
Total			-	-	210,369.77	9,867	1,325

(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.

(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 2018 (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.

D. Status of Major Properties

Not applicable.

E. Overview of Leasing to Interested Parties

As of August 31, 2018, 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	1,021.25
	NRE Yotsubashi Building	1,024.91
	Total of PROUD FLAT Shirogane-Takanawa, and 120 others	208,323.61
Nomura Real Estate Development Co., Ltd.	Shinjuku Nomura Building	6,609.14
	NMF Yokohama Nishiguchi Building	94.83
	NRE Yotsubashi Building	1,369.84
Nomura Real Estate Life & Sports Co., Ltd.	Megalos Kanagawa	6,217.85
Nomura Real Estate Urban Net Co., Ltd.	Shinjuku Nomura Building	1,740.51
	NMF Gotanda Ekimae Building	198.90
	NMF Kichijoji Honcho Building	269.37
	NMF Kawasaki Higashiguchi Building	216.54
	NMF Yokohama Nishiguchi Building	373.27
	NRE Nishi-Umeda Building	404.41
Geo Akamatsu Co., Ltd.	NRE Yotsubashi Building	357.06
Nomura Real Estate Amenity Service Co., Ltd.	NRE Yotsubashi Building	80.01

F. Collateral

Assets held by NMF and offered as collateral at the end of the 6th period under review are as follows.

Property Name	Type of collateral	Secured party	Recent appraisal value (Millions of Yen)
Konami Sports Club Fuchu	Mortgage	Konami Sports Club Co., Ltd. (Note)	3,350
Sagamihara Shopping Center	Mortgage	Ito-Yokado Co., Ltd. (Note)	6,920

(Note) The secured claims are rights held by the security interest holders to claim the return of leasehold deposits.