

**(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)**  
**For the 3rd Fiscal Period Ended February 28, 2017**

April 14, 2017

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 3462  
 Representative: Satoshi Yanagita, Executive Director URL: <http://www.nre-mf.co.jp/en/>  
 Asset management company: Nomura Real Estate Asset Management Co., Ltd.  
 Representative: Norio Ambe, President and Chief Executive Officer  
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Scheduled date of filing of securities report: May 29, 2017  
 Scheduled date of commencement of distribution payout: May 19, 2017  
 Preparation of supplementary materials on financial results: Yes  
 Holding of briefing session on financial results: Yes (for institutional investors and analyst)

[Amounts less than one million yen are truncated]

**1. Financial Results for the 3rd Fiscal Period (from September 1, 2016 to February 28, 2017)**

**(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								
February 28, 2017	34,714	12.1	11,244	(3.7)	8,672	(7.3)	8,670	(7.3)
August 31, 2016	30,976	27.4	11,682	80.2	9,356	131.0	9,355	131.1

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	yen	%	%	%
Period ended				
February 28, 2017	2,072	1.7	0.8	25.0
August 31, 2016	2,513	2.0	1.0	30.2

**(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
	yen	million yen	yen	million yen	yen	million yen	%	%
Period ended								
February 28, 2017	2,073	8,671	955	3,994	3,028	12,666	100.0	1.6
August 31, 2016	2,473	9,204	563	2,095	3,036	11,300	98.3	1.9

(Note 1) Of the ¥563 distribution in excess of net income per unit in the fiscal period ended August 31, 2016, ¥0 is a distribution of the allowance for temporary difference adjustments and ¥563 is other distributions in excess of net earnings. Furthermore, the ratio of decreasing surplus is 0.004. Of the ¥955 distribution in excess of net income per unit in the fiscal period ended February 28, 2017, ¥646 is a distribution of the allowance for temporary difference adjustments and ¥309 is other distributions in excess of net earnings. 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
	million yen	million yen	%	yen
Period ended				
February 28, 2017	1,105,979	556,104	50.3	132,939
August 31, 2016	935,964	479,311	51.2	128,777

(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
February 28, 2017	14,772	(13,608)	(13,419)	73,331
August 31, 2016	48,162	(29,555)	(1,661)	75,270

2. Earnings Forecasts for the 4th Fiscal Period (from March 1, 2017 to August 31, 2017)

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

Period ending	Operating revenues		Operating profit		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Distribution per unit (including distribution in excess of net income)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
August 31, 2017	35,869	3.3	13,412	19.3	10,777	24.3	10,776	24.3	2,495	455	2,950

(Reference) Forecast net income per unit for the fiscal period ending August 31, 2017 is ¥2,576

\*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 February 28, 2017: 4,183,130 units  
As of August 31, 2016: 3,722,010 units

② Number of treasury investment units

As of February 28, 2017: – units  
As of August 31, 2016: – units

(Note) For the number of investment units used as the basis for calculation of net income per unit, please refer to “Notes on Per Unit Information” on page 45.

\* Status of audit procedure implementation

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

\* Forward-looking statements

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by NMF. Accordingly, actual earnings performance and other results may differ materially due to a variety of factors. Furthermore, such forward-looking statements do not constitute a guarantee of future distributions. For more information about the assumptions underlying forward-looking statements and the use of such statements, please refer to “Assumptions Underlying Earnings Forecasts for the 4th Fiscal Period (Ending August 31, 2017)” on page 13.

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

## Attachment

### 1. Related Corporations of the Investment Corporation

Disclosure is omitted because there are no significant changes from the information presented under “Structure of the Investment Corporation” in the most recently published securities report (published November 28, 2016).

### 2. Management Policy and Management Status

#### (1) Management Policy

Disclosure is omitted, since there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” presented in the securities report (filed on November 28, 2016).

#### (2) Management Status

##### ① Outline of Fiscal Period under Review

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

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

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

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

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

##### ② Investment Environment

The Japanese economy has continued to gradually improve, backed by increased exports and recovery in production due to improvement in overseas economies. In 2017, growth is expected to continue, as projections call for foreign demand staying strong while ongoing monetary easing and large-scale economic policy provide support for domestic demand. However, the policies of the new administration in the United States, politics in European countries, the real estate bubble in China and other factors remain causes for caution due to their potential to negatively impact the world economy.

In the J-REIT market, conditions remain favorable for raising funds through borrowing, as interest rates have stayed low since the introduction of yield curve control and other measures determined at the Bank of Japan’s September 2016 Monetary Policy Meeting, despite a rate hike in the United States in December

2016. Furthermore, fund procurement by means of new J-REIT listings and additional public offerings by existing J-REITs was strong throughout 2016.

With regard to the office leasing market, while the vacancy rate is making little downward progress, rents have continued to gradually rise. Going forward, the office rental market is expected to remain tight, as the supply of new properties in central Tokyo remains low and demand is bolstered by companies seeking to increase their floor space, driven by improved corporate results due to the cheap yen and global economic recovery.

Concerning the environment surrounding retail facilities, rents for facilities in major urban retail areas have not moved much recently. Due in part to the impact of shifting consumption by visitors to Japan, demand growth in areas where it had been strong, such as Ginza and Shibuya, has shown signs of leveling off, at least temporarily, but vacancies in high-quality facilities remain scarce. Demand generated by visitors from overseas is expected to continue growing steadily, as economic recovery and the growth of the middle class in emerging Asian countries drive up the volume of tourists visiting Japan over the long term. However, consideration must be given to the impact on market rents of the upcoming completions of new large-scale retail facilities around the country.

In terms of logistics facilities, sales reported by top third-party logistics providers (Note), NMF's main logistics facility tenants, have generally been firm. While growth in demand for dedicated domestic logistics centers for retailers seems to have tapered off, the market is being supported by demand for logistics with short lead times generated by logistics innovation on the part of manufacturers and the expansion of e-commerce. In the Greater Tokyo area, the vacancy rate in the area served by the Metropolitan Inter-City Expressway has risen. New properties are generally taking longer to find tenants, and new development is moving further from the city center. Given this, the possibility of local market imbalances is a cause for caution. At the same time, in the Kinki region, the upcoming completion of large-scale facilities is expected to result in a surplus of supply.

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

Concerning the environment surrounding the rental apartment market, both the existing stock and new supply of high-quality rental condominiums in prime locations are low, while major urban areas continue to see net population inflow. Reflecting these conditions, the overall occupancy rate of J-REIT-owned rental condominiums remains high. Rents are forecast to follow a gentle upward trajectory for the time being, backed by tight supply, strong demand and improving incomes. That said, the growing supply of newly built rental housing in suburban areas remain a reason for caution, as it could indirectly exert a negative effect on the market.

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

### ③ Management Performance

Under the circumstances described above, NMF executed an absorption-type merger with TOP REIT, Inc. ("TOP") as detailed below in "④ Merger with TOP REIT, Inc." Thus, the 19 properties (total acquisition price: ¥137,489 million (Note)) TOP then held, including office, retail and residential facilities, were transferred to NMF on September 1, 2016. Furthermore, also on September 1, 2016, NMF acquired Landport Kashiwa Shonan II (acquisition price: ¥10,800 million). As a result, at the end of the fiscal period under review, NMF held 272 properties (total acquisition price: ¥932,896 million), the ratio of investment in the Greater Tokyo area was 82.8%, the gross leasable area of the portfolio was 1,968,528.97 m<sup>2</sup>, and the portfolio remained highly diversified.

Furthermore, since the close of the third fiscal period (February 28, 2017), NMF has executed or reached agreements for the following property acquisitions and dispositions as part of its SPRs. On March 17, 2017, NMF acquired nORBESA (acquisition price: ¥8,500 million). On March 31, 2017, NMF acquired six properties (Nakaza Cui-daore Building, NRE Kichijoji Building (additional stake acquisition), Landport Kashiwa Shonan I, PRIME URBAN Gakugei Daigaku Parkfront, Proud Flat Omori III, Proud Flat Kinshicho; total acquisition price: ¥29,795 million), including some developed by Nomura Real Estate

Development Co., Ltd., the sponsor. NMF also sold properties that it expected to see decline in competitiveness due to age and increasing maintenance and management costs or because of the termination of tenant contracts. Specifically, NMF reached agreements to sell a 51% quasi co-ownership stake in the beneficial interest in a real estate trust for the NOF Nihonbashi Honcho Building as well as the NOF Technoport Kamata Center Building on March 31, 2017 (total sale price: ¥16,750 million); Tennozu Park Side Building on May 12, 2017 (sale price: ¥12,700 million); Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami on June 1, 2017 (total sale price: ¥2,616 million); and Ito-Yokado Higashi-Narashino Store on June 5, 2017 (sale price: ¥664 million);

In terms of property and facility management, as described above in “② Investment Environment,” rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 99.2%. In the office sector, a key upside sector, the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

(Note) The assets transferred from TOP are accounted for using the purchase method. Accordingly, the real estate appraisal value for these properties was used as their acquisition price. Specifically, the appraisal value of Ito-Yokado Higashi-Narashino Store as of August 31, 2016, and that of the other properties transferred from TOP as of March 31, 2016 or April 1, 2016, were recorded as the acquisition prices for the respective properties.

#### ④ Merger with TOP REIT, Inc.

On May 26, 2016, NMF and TOP entered an agreement to enter an absorption type merger (the “absorption type merger with TOP”) with NMF as the surviving corporation and TOP as the absorbed corporation, effective September 1, 2016.

The absorption type merger with TOP went into effect on September 1, 2016, and the 19 properties then held by TOP, including office, retail and residential facilities, were transferred to NMF. On the same day, as payment for the merger, NMF issued 2.62 new investment units per unit of TOP, for a total of 461,120 new units. Furthermore, beginning November 25, 2016, NMF paid a merger distribution in an amount equivalent to the cash distributions for TOP’s final fiscal period (May 1 to August 31, 2016), which came to ¥5,671 per unit of TOP, for a total of ¥998 million.

#### ⑤ Status of Fund Procurement

During the fiscal period under review, NMF refinanced or repaid using cash on hand interest-bearing liabilities with approaching maturities of ¥49,012 million (including ¥5,000 million in investment corporation bonds).

As a result, including ¥90,117 in interest-bearing liabilities transferred from TOP as a result of the absorption type merger with TOP, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥498,784 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 45.1%.

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

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

(Note) Company name changed to S&P Global Ratings Japan Inc. on April 1, 2017.

⑥ Business Performance and Distributions

In the 3rd fiscal period, operating revenues totaled ¥34,714 million, operating profit reached ¥11,244 million, ordinary income totaled ¥8,672 million, and net income came to ¥8,670 million.

The per-unit distribution for the 3rd period was ¥3,028.

In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act, less the reversal of allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) of the Regulations Concerning Accounting of Investment Corporations; the same applies hereinafter), excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,073. This amount excludes the distribution in excess of earnings discussed below.

In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that such costs related to the merger of the three REITs that created NMF and the absorption type merger with TOP REIT as goodwill amortization costs, net asset deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations) and the reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger of the three REITs and absorption type merger with TOP REIT as “merger-related costs”) will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter “distribution in excess of earnings”). When implementing a distribution in excess of earnings, if the distribution of the period’s allowance for temporary difference adjustments is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.

For the fiscal period under review, NMF decided to implement a ¥3,994 million distribution in excess of earnings. This figure is equivalent to almost the entire sum (excluding the portion for which per-unit distributions would be less than ¥1) of ¥2,622 million in goodwill amortization expenses and ¥1,374 million in fees paid to the Asset Management Company for the absorption type merger with TOP REIT. Of this, ¥2,702 million will be a distribution of allowance for temporary difference adjustments, for a per-unit distribution of allowance for temporary difference adjustments of ¥646. Other distributions in excess of net earnings will be ¥1,292 million; other distributions in excess of net earnings per unit will be ¥309.

⑦ Outlook for Next Fiscal Period

Given the conditions described above in ② Investment Environment, NMF will continue to implement its medium- to long-term management strategy, promoting SPRs to enhance portfolio quality and promote internal growth, mainly in upside sectors, aiming to increase unitholder value by securing stable income over the medium to long term and the steady growth of assets under management.

Following the September 1, 2016 absorption-type merger with TOP, NMF's asset value at the end of the third fiscal period surpassed ¥930 billion, further securing its standing as one of the largest diversified REITs in Japan. By incorporating TOP's excellent portfolio of mainly urban, mainly office properties, and leveraging the Nomura Real Estate Group's asset management know-how, NMF aims to further accelerate internal growth.

⑧ Significant Subsequent Events

A . Transfer of the asset

(1) NMF sold the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. NOF Technoport Kamata Center Building

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Office
● Contract date	December 22, 2016
● Transfer date	March 31, 2017
● Transfer price	¥5,020 million
● Buyer	A domestic special purpose corporation (tokutei mokuteki kaisha)
● Impact on 4th fiscal period earnings	— (Note)

(2) NMF reached an agreement to sell and sold the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. NOF Nihonbashi Honcho Building

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Office
● Contract date	March 21, 2017
● Transfer date	March 31, 2017
● Transfer price	¥11,730 million
● Buyer	Nomura Real Estate Development Co., Ltd.
● Impact on 4th fiscal period earnings (Scheduled)	¥777 million

(3) NMF reached agreements to sell the following assets after the conclusion of the third fiscal period (February 28, 2017).

a. Tennozu Park Side Building

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Office
● Contract date	April 4, 2017
● Transfer date (Scheduled)	May 12, 2017
● Transfer price (Scheduled)	¥12,700 million
● Buyer	A domestic special purpose corporation (tokutei mokuteki kaisha)
● Impact on 4th fiscal period earnings	— (Note)

b. Mitsubishi Motors Shibuya

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Retail facility (land)
● Contract date	March 31, 2017
● Transfer date (Scheduled)	June 1, 2017
● Transfer price (Scheduled)	¥1,720 million
● Buyer	Nomura Real Estate Development Co., Ltd.
● Impact on 4th fiscal period earnings (Scheduled)	¥121 million

c. Mitsubishi Motors Suginami

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Retail facility (land)
● Contract date	March 31, 2017
● Transfer date (Scheduled)	June 1, 2017
● Transfer price (Scheduled)	¥896 million
● Buyer	Nomura Real Estate Development Co., Ltd.
● Impact on 4th fiscal period earnings (Scheduled)	¥139 million

The impact of (1) through (3), above, on earnings for the 4th fiscal period (March 1, 2017 to August 31, 2017) will be recorded as gain on sales of real estate under operating revenues.

(Note) An amount equivalent to the loss on sales of real estate resulting from the sales of NOF Technoport Kamata Center Building and Tennozu Park Side Building has been recorded as impairment loss. For details, please refer to “\*2. Impairment loss” under “Notes to Statement of Income and Retained Earnings,” above.

(Additional Information)

A. Asset Sales

(1) NMF plans to sell the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. Ito-Yokado Higashi-Narashino Store

● Type of asset	Trust beneficiary interest in mainly real estate
● Use	Retail facility
● Contract date	December 28, 2016
● Transfer date (Scheduled)	June 5, 2017
● Transfer price (Scheduled)	¥664 million
● Buyer	Nomura Real Estate Development Co., Ltd.
● Impact on 4th fiscal period earnings (Scheduled)	¥14 million

The impact of this sale on earnings for the 4th fiscal period (March 1, 2017 to August 31, 2017) will be recorded as gain on sales of real estate under operating revenues.



(Reference)

A. Property acquisition

NMF decided to acquire the assets stated below on January 27, 2017, and concluded the acquisition on March 31, 2017.

Property name	PRIME URBAN Gakugei Daigaku Parkfront
Type of asset	Real estate
Location (Note 1)	(Registry) 2-13-4 Meguro-honcho, Meguro Ward, Tokyo (Street) 2-12-20 Meguro-honcho, Meguro Ward, Tokyo
Structure (Note 1)	RC, 6F
Land area (Note 1)	750.39m <sup>2</sup>
Floor area (Note 1)	1,541.81m <sup>2</sup>
Type of ownership	(Land) Ownership (Building) Ownership
Completion date (Note 1)	February 29, 2008
Acquisition price (Note 2)	¥1,300 million
Date of agreement	January 27, 2017 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 31, 2017 (Date of delivery of real estate)
Seller	Undisclosed (Note 3)
Financing	Financed with cash on hand and borrowings

(Note 1) Location (registry), Completion Date, Structure, and Area are based on the information in the real estate registry.

(Note 2) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

(Note 3) Undisclosed, since consent have not obtained from the seller.

NMF decided to acquire the assets stated below on February 21, 2017, and concluded the acquisition of nORBESA on March 17, 2017, and Nakaza Cui-daore Building on March 31, 2017.

Property name	nORBESA	Nakaza Cui-daore Building
Type of asset	Trust beneficiary interest in real estate	Real estate
Location (Note 1)	(Registry) 5-1-1 Minamisanjo-Nishi, Chuo Ward, Sapporo City, Hokkaido (Note 2)	(Registry) 1-8-7 Dotonbori, Chuo Ward, Osaka City, Osaka (Street) 1-7-21 Dotonbori, Chuo Ward, Osaka City, Osaka
Structure (Note 1)	S/RC B1/7F	S B2F/7F
Land area (Note 1)	3,491.74m <sup>2</sup>	1,686.28m <sup>2</sup>
Floor area (Note 1)	21,564.42m <sup>2</sup>	8,280.08m <sup>2</sup>
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion date (Note 1)	April 13, 2006	February 18, 2004
Acquisition price (Note 3)	¥8,500 million	¥11,600 million
Date of agreement	February 21, 2017 (Date of agreement on purchase and sale of trust beneficiary interest in real estate)	February 21, 2017 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 17, 2017 (Date of delivery of trust beneficiary interest in real estate)	March 31, 2017 (Date of delivery of real estate)
Seller	Undisclosed (Note 4)	Undisclosed (Note 4)
Financing	Financed with borrowings	Financed with borrowings

(Note 1) Location (registry), Completion Date, Structure, and Area are based on the information in the real estate registry.

(Note 2) Concerning location of the Property, Street has not been officially indicated.

(Note 3) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

(Note 4) Undisclosed, since consent have not obtained from the seller.

NMF decided to acquire the assets stated below on March 21, 2017, and concluded the acquisition on March 31, 2017.

The properties to be acquired will be acquired using cash on hand and borrowings after settling a portion of the acquisition price with proceeds from the NOF Nihonbashi Honcho building(51.0%) the Fund is selling.

Property name	NRE Kichijoji Building (additional stake acquisition) (Note 1)	Landport Kashiwa Shonan I
Type of asset	Trust beneficiary interest in real estate	Real estate
Location (Note 2)	(Registry) 2-2017-216 Kichijoji Honcho, Musashino City, Tokyo and 10 other lots (Street) 2-2-17 Kichijoji Honcho, Musashino City, Tokyo	(Registry) 1027-15 Aza-miyagohara, Washinoya, Kashiwa City, Chiba and 1 other lot (Street) 1027-15 Washinoya, Kashiwa City, Chiba (Note 3)
Structure (Note 2)	SRC B2/7F	S 3F
Land area (Note 2)	923.73m <sup>2</sup> (Note 4)	28,029.31m <sup>2</sup>
Floor area (Note 2)	5,550.35m <sup>2</sup> (Note 4)	49,394.87m <sup>2</sup>
Type of ownership	(Land) Ownership (49.0%) (Note 5) (Building) Ownership (49.0%) (Note 5)	(Land) Ownership (Building) Ownership
Completion date (Note 2)	July 10, 2014	January 29, 2016
Acquisition price (Note 6)	¥5,100 million	¥9,900 million
Date of agreement	March 21, 2017 (Date of agreement on purchase and sale of trust beneficiary interest in real estate)	March 21, 2017 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 31, 2017 (Date of delivery of trust beneficiary interest in real estate)	March 31, 2017(Date of delivery of real estate)
Seller	Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Development Co., Ltd.

Property name	Proud Flat Omori III	Proud Flat Kinshicho
Type of asset	Real estate	Real estate
Location (Note 2)	(Registry) 6-107-3 Minamioi, Shinagawa Ward, Tokyo (Street) 6-5-14 Minamioi, Shinagawa Ward, Tokyo	(Registry) 1-8-7 Kotobashi, Sumida Ward, Tokyo and 1 other lot (Street) 1-12-9 Kotobashi, Sumida Ward, Tokyo
Structure (Note 2)	RC, 8F	RC, 13F
Land area (Note 2)	526.83m <sup>2</sup>	175.86m <sup>2</sup>
Floor area (Note 2)	1,742.08m <sup>2</sup>	1,259.73m <sup>2</sup>
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion date (Note 2)	October 15, 2014	December 19, 2014
Acquisition price (Note 6)	¥1,110 million	¥785 million
Date of agreement	March 21, 2017 (Date of agreement on purchase and sale of real estate)	March 21, 2017 (Date of agreement on purchase and sale of real estate)
Date of acquisition	March 31, 2017(Date of delivery of real estate)	March 31, 2017(Date of delivery of real estate)
Seller	Nomura Real Estate Development Co., Ltd.	Nomura Real Estate Development Co., Ltd.

(Note 1) The percentage of ownership shown, 49.0%, is the quasi co-ownership stake in a beneficial interest in a real estate trust for this property that the Fund acquired. Together with the 51.0% quasi co-ownership stake in a beneficial interest in the real estate trust acquired by the Fund on October 30, 2015, this acquisition will make the Fund the sole owner of the beneficial interest in the real estate trust.

(Note 2) Location (registry), Completion Date, Structure and Area are based on the information in the real estate registry.

(Note 3) Concerning location of the Property, Street has not been officially indicated.

(Note 4) The Property's total land area and the building's total floor area are given.

(Note 5) The percentage of ownership shown, 49.0%, is the quasi co-ownership stake in a beneficial interest in a real estate trust for this property that the Fund acquired.

(Note 6) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

#### B. Resolutions to Be Considered at the First Unitholders' Meeting

At the first Unitholders' Meeting, scheduled for May 26, 2017, NMF plans to propose the election of one executive director and two supervisory directors. In addition, NMF plans to propose amendments to the Articles of Incorporation to allow the leasing of assets under management other than real estate, such as renewable energy generation equipment acquired by NMF. NMF also plans to propose amendments to the Articles of Incorporation to allow the adoption of asset management fees that are linked to net income for each fiscal period; the reduction of existing asset management fees that are linked to total assets; and the implementation of necessary adjustments to other articles.

**Assumptions Underlying Earnings Forecasts for the 4th Fiscal Period (Ending August 31, 2017)**

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>• 4th fiscal period: March 1, 2017 to August 31, 2017</li> </ul>
Assets Under Management	<ul style="list-style-type: none"> <li>• Of the 276 properties held by NMF as of this document's publication (hereinafter "the Previously Acquired Assets"), it is assumed that four properties ("the Assets to Be Sold") will be sold by NMF during the 4th fiscal period. Namely, it is assumed that Tennozu Park Side Building will be sold on May 12, 2017, Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami on June 1, 2017, and Ito-Yokado Higashi-Narashino Store on June 5, 2017.</li> <li>• With respect to asset management, it is assumed that the Assets to the Sold will be sold on the above scheduled sale dates and that there will be no other changes in assets under management (new property acquisitions or sales of portfolio properties) through August 31, 2017.</li> <li>• The forecasts may be revised due to actual changes in the portfolio or other reasons.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Rental revenues are estimated based on tenant trends, competitive properties located in adjacent areas and real estate market conditions, among other factors, with the assumption that there exist no arrears or cases of nonpayment with regard to the properties.</li> <li>• Gain on sales of real estate are expected to be ¥1,052 million.</li> </ul>
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> <li>• Real estate rental expenses are expected to be ¥15,841 million.</li> <li>• It is estimated that a tax amount of ¥2,878 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 period starting from the time NMF acquires the assets. However, NMF does not allocate such reimbursement as its expenses, because an amount equivalent to such reimbursement is included in the cost of acquisition and is capitalized.</li> <li>• Property management costs of ¥3,179 million are estimated to be recorded as real estate rental expenses.</li> <li>• Expenses for repairs and maintenance required for the fiscal period are calculated as real estate rental expenses, based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damages to a building caused by events difficult to foresee, significant year-on-year fluctuations in costs or non-periodic repair expenses.</li> <li>• Depreciation of ¥4,951 million is expected to be recorded as real estate rental expenses.</li> <li>• Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥3,994million.</li> </ul>
Amortization expenses for goodwill	<ul style="list-style-type: none"> <li>• Goodwill will 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.</li> <li>• Goodwill amortization expenses is an item that causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses are estimated to be ¥2,627 million.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• As of today, the outstanding interest-bearing liabilities of NMF are ¥525,484 million, consisting of ¥502,984 million in outstanding borrowings and ¥22,500 million in investment corporation bonds.</li> <li>• Of the portion of the borrowings (¥40,112 million) that will come due by August 31,</li> </ul>

Item	Assumptions
	<p>2017 (the end of the 4th fiscal period), it is assumed that NMF will repay ¥42 million as scheduled using cash on hand, repay ¥5,000 million early and refinance the entire remaining amount through borrowings.</p> <p>In addition, it is assumed that a portion of borrowings, separate from that mentioned above, will be repaid early using proceeds from the sale of the Assets to Be Sold.</p> <ul style="list-style-type: none"> <li>• It is assumed that, through August 31, 2017 (the end of the 4th fiscal period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than those stated above.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• NMF assumes that there will be no changes in the number of investment units issued and outstanding as of the date of the publication of this document, 4,183,130 units, and there will be no additional issuance of new investment units through August 31, 2017 (the end of the 4th fiscal period).</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation.</li> <li>• NMF assumes that, of the allowance for temporary difference adjustments (hereinafter "ATA") accrued up to the present, the amount eliminated in the 4th fiscal period (¥336 million) will be reversed from retained earnings at end of period.</li> <li>• NMF assumes that there will be no change in the 4th fiscal period to the ¥1,545 million in deferred losses on hedges of interest rate swaps recorded under valuation and translation adjustments continuing from the 3rd fiscal period (ended February 28, 2017). The per-unit distribution (excluding the distribution in excess of net income per unit) is calculated by subtracting this amount from the distributable amount.</li> <li>• 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.</li> </ul>
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> <li>• 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 and for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of allowance for temporary difference adjustments, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations") (the amount equivalent to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period).</li> <li>• In the current forecast, the final distribution in excess of net earnings per unit for the 4th fiscal period is expected to be ¥455 (all of which will be other distributions in excess of net earnings), calculated as ¥626 per unit corresponding to amortization of goodwill, less ¥251 per unit corresponding to gain on sales of real estate, plus ¥80 per unit corresponding to reversal of ATA.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.</li> </ul>

### 3. Financial Statements

#### (1) Balance Sheet

Thousands of Yen

	As of August 31, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and bank deposits	63,889,766	59,843,132
Cash and bank deposits in trust	11,380,801	13,487,906
Rental receivables	592,581	464,183
Prepaid expenses	567,043	722,575
Income taxes receivable	1,423	—
Consumption taxes receivable	—	147,670
Other	613,024	514,880
Allowance for doubtful accounts	(54)	—
Total current assets	77,044,586	75,180,347
Noncurrent assets		
Property and equipment		
Buildings	106,067,919	112,383,669
Less accumulated depreciation	(3,082,914)	(4,798,964)
Buildings, net	102,985,005	107,584,705
Structures	291,094	350,886
Less accumulated depreciation	(61,840)	(98,717)
Structures, net	229,254	252,168
Machinery	569,897	591,581
Less accumulated depreciation	(109,415)	(172,580)
Machinery, net	460,482	419,001
Equipment	82,495	109,030
Less accumulated depreciation	(5,002)	(13,537)
Equipment, net	77,493	95,493
Land	185,217,460	193,986,142
Buildings in trust	163,521,989	195,623,428
Less accumulated depreciation	(11,209,810)	(14,025,227)
Buildings in trust, net	152,312,178	*3 181,598,200
Structures in trust	927,631	941,049
Less accumulated depreciation	(489,080)	(560,164)
Structures in trust, net	438,551	380,885
Machinery in trust	128,437	168,606
Less accumulated depreciation	(7,149)	(14,365)
Machinery in trust, net	121,287	154,240
Tools, furniture and fixtures in trust	297,186	388,097
Less accumulated depreciation	(38,082)	(68,628)
Tools, furniture and fixtures in trust, net	259,103	319,468
Land in trust	331,066,945	*3 435,437,175
Leased assets	24,494	24,494
Less accumulated depreciation	(7,367)	(11,386)
Leased assets, net	17,127	13,108
Construction in progress	838,601	22,179

	Thousands of Yen	
	As of August 31, 2016	As of February 28, 2017
Total property and equipment	774,023,490	920,262,769
Intangible assets		
Goodwill	74,305,825	98,698,194
Leasehold rights	951,943	951,943
Leasehold rights in trust	7,540,896	7,629,150
Other	32,724	36,867
Total intangible assets	82,831,390	107,316,156
Investments and other assets		
Long-term prepaid expenses	1,005,941	1,600,245
Long-term deposits	89,385	533,241
Security deposits	946,803	956,753
Derivatives Assets	-	108,612
Total investments and other assets	2,042,131	3,198,853
Total noncurrent assets	858,897,012	1,030,777,780
Deferred assets		
Investment corporation bond issuance costs	22,410	21,038
Total deferred assets	22,410	21,038
Total assets	935,964,009	1,105,979,166



Thousands of Yen

	As of August 31, 2016	As of February 28, 2017
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	2,562,467	2,410,374
Short-term debt	*1 —	*1 5,000,000
Current portion of investment corporation bonds	10,000,000	9,000,000
Current portion of long-term debt	47,805,600	69,975,600
Lease obligations in trust	8,651	8,651
Other accounts payable	2,226,124	2,294,599
Accrued expenses	330,953	361,542
Accrued income taxes	605	1,549
Accrued consumption taxes	530,465	—
Rent received in advance	4,320,065	5,083,681
Unearned revenue	341,706	366,627
Derivatives liabilities	73,217	98,865
Other current liabilities	292,886	297,925
Total current liabilities	68,492,744	94,899,417
Long-term liabilities		
Investment corporation bonds	22,500,000	18,500,000
Long-term debt	329,466,200	396,308,400
Lease obligations in trust	9,721	5,395
Long-term advances received	671,420	713,190
Security deposits from tenants	8,558,771	8,776,373
Security deposits from tenants in trust	24,772,441	*3 29,116,596
Derivatives liabilities	2,181,236	1,555,380
Total long-term liabilities	388,159,791	454,975,337
Total liabilities	456,652,535	549,874,755
Net assets		
Unitholders' equity		
Unitholders' capital	161,120,405	161,883,752
Surplus		
Capital surplus	315,299,775	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (6,137,594)	*4 (5,374,246)
Other deductions from capital surplus	(941,668)	(3,800,508)
Total deduction from capital surplus	(7,079,263)	(9,174,754)
Capital surplus, net	308,220,511	384,838,204
Retained earnings	12,225,011	10,928,087
Total surplus	320,445,523	395,766,292
Total unitholders' equity	481,565,928	557,650,045
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,254,454)	(1,545,633)
Valuation and translation adjustments	(2,254,454)	(1,545,633)
Total net assets	*2 479,311,473	*2 556,104,411
Total liabilities and net assets	935,964,009	1,105,979,166

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Mar. 1, 2016 to Aug. 31, 2016		Current period from Sep. 1, 2016 to Feb. 28, 2017	
Operating revenues				
Rental revenues	*1	26,844,872	*1	31,730,411
Other rental revenues	*1	2,687,507	*1	2,984,567
Gain on investments in silent partnership		1,899		—
Gain on sales of real estate	*3	1,442,275		—
Total operating revenues		<u>30,976,554</u>		<u>34,714,978</u>
Operating expenses				
Real estate rental expenses	*1	13,489,928	*1	15,791,521
Loss on sales of real estate	*4	329,201		—
Impairment loss		—	*2	269,797
Asset management fees		2,565,116		2,783,114
Asset custody fees		48,379		48,740
Administrative service fees		147,697		155,545
Directors' compensation		7,200		7,200
Merger expenses		375,501		1,374,890
Amortization of goodwill		1,946,877		2,622,242
Other operating expenses		383,983		417,131
Total operating expenses		<u>19,293,886</u>		<u>23,470,183</u>
Operating profit		<u>11,682,668</u>		<u>11,244,795</u>
Non-operating revenues				
Interest income		309		357
Reversal of dividends payable		4,081		23,390
Interest on refund		—		1
Other non-operating revenues		40		82
Total non-operating revenues		<u>4,431</u>		<u>23,832</u>
Non-operating expenses				
Interest expenses		1,714,122		1,886,020
Interest expenses on investment corporation bonds		284,082		279,332
Amortization of investment corporation bond issuance costs		1,372		1,372
Loan arrangement fees		324,255		423,782
Other non-operating expenses		6,680		5,560
Total non-operating expenses		<u>2,330,513</u>		<u>2,596,068</u>
Ordinary income		<u>9,356,586</u>		<u>8,672,559</u>
Income before income taxes		<u>9,356,586</u>		<u>8,672,559</u>
Income taxes—current		605		1,604
Total income taxes		<u>605</u>		<u>1,604</u>
Net income		<u>9,355,981</u>		<u>8,670,955</u>
Retained earnings brought forward		<u>2,869,030</u>		<u>2,257,132</u>
Retained earnings at end of period		<u>12,225,011</u>		<u>10,928,087</u>

(3) Statement of Changes in Net Assets

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

Thousands of Yen

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

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

Current period (from September 1, 2016 to February 28, 2017)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
Allowance for temporary difference adjustment	Deduction from other capital surplus		Total deduction from capital surplus			
Balance at the beginning of the period	161,120,405	315,299,775	(6,137,594)	(941,668)	(7,079,263)	308,220,511
Changes of items during the period						
Increase by merger	—	78,713,184	—	—	—	78,713,184
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	763,347	—	763,347	(763,347)	—	—
Other distributions in excess of net earnings	—	—	—	(2,095,491)	(2,095,491)	(2,095,491)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	763,347	78,713,184	763,347	(2,858,839)	(2,095,491)	76,617,692
Balance at the end of the period	(*1)161,883,752	394,012,959	(5,374,246)	(3,800,508)	(9,174,754)	384,838,204

	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	12,225,011	320,445,523	481,565,928	(2,254,454)	(2,254,454)	479,311,473
Changes of items during the period						
Increase by merger	—	78,713,184	78,713,184	—	—	78,713,184
Distributions of retained earnings	(9,204,530)	(9,204,530)	(9,204,530)	—	—	(9,204,530)
Reversal of allowance for temporary difference adjustments	(763,347)	(763,347)	—	—	—	—
Other distributions in excess of net earnings	—	(2,095,491)	(2,095,491)	—	—	(2,095,491)
Net income	8,670,955	8,670,955	8,670,955	—	—	8,670,955
Net changes of items other than unitholders' equity	—	—	—	708,820	708,820	708,820
Total changes of items during the period	(1,296,923)	75,320,768	76,084,116	708,820	708,820	76,792,937
Balance at the end of the period	10,928,087	395,766,292	557,650,045	(1,545,633)	(1,545,633)	556,104,411

(4) Statement of Cash Distributions

Yen

	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2016 to Feb. 28, 2017
I. Retained earnings at end of period	12,225,011,401	10,928,087,899
II. Distributions in excess of retained earnings	2,095,491,630	3,994,889,150
Of which, allowance for temporary difference adjustments	—	2,702,301,980
Of which, other distributions in excess of net earnings	2,095,491,630	1,292,587,170
III. Incorporation into unitholders' capital	763,347,909	708,820,764
Of which, reversal of allowance for temporary difference adjustments	763,347,909	708,820,764
IV. Distributions	11,300,022,360	12,666,517,640
[Distributions per unit]	(3,036)	(3,028)
Of which, distributions of earnings	9,204,530,730	8,671,628,490
[Of which, distributions of earnings per unit]	(2,473)	(2,073)
Of which, allowance temporary difference adjustments	—	2,702,301,980
[Of which, distributions in excess of retained earnings per unit [of allowance for temporary difference adjustments] ]	—	(646)
Of which, other distributions in excess of net earnings	2,095,491,630	1,292,587,170
[Of which, distributions in excess of retained earnings per unit [of other distributions in excess of net earnings] ]	(563)	(309)
V. Retained earnings carried forward	2,257,132,762	1,547,638,645

Calculation method for distributions	Concerning distributions for the 2nd fiscal period, NMF decided the distribution per unit will be ¥3,036.	Concerning distributions for the 3rd fiscal period, NMF decided the distribution per unit will be ¥3,028.
	<p>In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act less reversal of allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) of the Calculation Rules for Investment Corporations), excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,473. This amount excludes the distribution in excess of earnings discussed below.</p> <p>In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that such costs related to the</p>	<p>In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act, less the reversal of allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) of the Regulations Concerning Accounting of Investment Corporations, the same applies hereinafter), excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,073. This amount excludes the distribution in excess of earnings discussed below.</p> <p>In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of</p>

	<p>merger as goodwill amortization costs, net assets deductions (as described in Article 2 Paragraph 2 (30) of the Regulations Concerning Accounting of Investment Corporations) and reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger as “merger-related costs”) will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter “distribution in excess of earnings”). When implementing a distribution in excess of earnings, if the period’s distribution of allowance for temporary difference adjustments is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.</p> <p>For the fiscal period under review, NMF decided to implement ¥2,095 million in distributions in excess of earnings. This figure is equivalent to the sum of ¥1,946 million in goodwill amortization expenses and ¥150 million in reversal of allowance for temporary difference adjustments (excluding net asset deductions). All of this will be implemented as ¥2,095 million of other distributions in excess of net earnings. Other distributions in excess of net earnings per unit will be ¥563.</p>	<p>the impact that such costs related to the merger of the three REITs that created NMF and the absorption type merger with TOP REIT as goodwill amortization costs, net asset deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations) and the reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger of the three REITs and absorption type merger with TOP REIT as “merger-related costs”) will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter “distribution in excess of earnings”). When implementing a distribution in excess of earnings, if the period’s distribution of allowance for temporary difference adjustments is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented.</p> <p>For the fiscal period under review, NMF decided to implement ¥3,994 million in distributions in excess of earnings. This figure is equivalent to almost the entire sum (excluding the portion for which per-unit distributions would be less than ¥1) of ¥2,622 million in goodwill amortization and ¥1,374 million in fees paid to the Asset Management Company for the absorption type merger with TOP REIT. Of this, ¥2,702 million will be distributions of allowance for temporary difference adjustments, for a per-unit distribution of allowance for temporary difference adjustments of ¥646. Other distributions in excess of net earnings will be ¥1,292 million; other distributions in excess of net earnings per unit will be ¥309.</p>
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(5) Statement of Cash Flows

Thousands of Yen

	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2016 to Feb. 28, 2017
Cash flows from operating activities		
Income before income taxes	9,356,586	8,672,559
Depreciation	4,207,238	4,757,915
Impairment loss	—	269,797
Amortization of goodwill	1,946,877	2,622,242
Amortization of investment corporation bond issuance	1,372	1,372
Interest income	(309)	(357)
Interest expenses	1,998,205	2,165,353
Loss on disposal of property and equipment	5,165	5,259
Increase (decrease) in allowance for doubtful accounts	—	(54)
Decrease (increase) in rental receivables	(157,024)	176,867
Decrease (increase) in prepaid expenses	(137,372)	87,776
Decrease (increase) in consumption taxes receivable	—	(147,670)
Decrease (increase) in long-term prepaid expenses	(263,149)	(227,233)
Decrease (increase) in long-term deposits	—	3,407
Increase (decrease) in trade accounts payable	399,866	(466,025)
Increase (decrease) in other accounts payable	150,152	(106,693)
Increase (decrease) in accrued consumption taxes	389,764	(698,979)
Increase (decrease) in accrued expenses	15,791	(144,522)
Increase (decrease) in rent received in advance	(74,217)	(599)
Decrease in property and equipment due to sales	9,423,684	—
Decrease in property and equipment in trust due to sales	23,127,269	—
Other	(36,942)	184,451
Subtotal	50,352,959	17,154,866
Interest received	309	357
Interest paid	(2,187,967)	(2,383,092)
Income taxes paid	(2,382)	367
Net cash provided by (used in) operating activities	48,162,919	14,772,499
Cash flows from investing activities		
Payments for purchase of property and equipment	(22,049,662)	(11,255,557)
Payments for purchase of property and equipment in trust	(6,723,627)	(2,430,622)
Payments for purchase of intangible assets	(8,037)	—
Payments for purchase of intangible assets in trust	(7,026)	(7,949)
Proceeds from withdrawal of investment securities	86,592	—
Reimbursement of security deposits to tenants	(998,224)	(243,608)
Proceeds from security deposits from tenants	1,113,158	436,532
Reimbursement of security deposits to tenants in trust	(1,584,236)	(565,829)
Proceeds from security deposits from tenants in trust	584,716	458,738
Proceeds from security deposits	30,780	50
Net cash provided by (used in) investing activities	(29,555,567)	(13,608,247)
Cash flows from financing activities		
Proceeds from short-term debt	6,000,000	5,000,000
Repayment of short-term debt	(15,100,000)	—
Proceeds from long-term debt	46,530,000	42,950,000
Repayment of long-term debt	(30,822,800)	(44,055,300)
Repayment of investment corporation bonds	—	(5,000,000)
Distributions of earnings to unitholders	(1,189,881)	(10,219,932)

Distributions in excess of net earnings from allowance for temporary difference adjustments	(6,137,594)	(1,781)
Other distributions in excess of net earnings	(941,668)	(2,092,349)
Net cash provided by (used in) financing activities	(1,661,944)	(13,419,364)
Net increase (decrease) in cash and cash equivalents	16,945,408	(12,255,112)
Cash and cash equivalents at beginning of period	58,325,160	75,270,568
Cash and cash equivalents from merger	—	10,315,582
Cash and cash equivalents at end of period	(*1)75,270,568	(*1)73,331,038



(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 2–10 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. Deferred investment corporation bond issuance costs</p>	<p>Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.</p>
<p>3. Allowance for doubtful accounts</p>	<p>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>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 ¥77,205 thousand in the previous fiscal period, and ¥3,333 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. (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</p>

	<p>(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 Mar. 1, 2015 to Aug. 31, 2016			Current period from Sep. 1, 2016 to Feb. 28, 2017		
1. Reasons, related assets and amounts of reversals Thousands of Yen			1. Reasons, related assets and amounts of allowance set aside Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustments	Related assets, etc.	Reason	Allowance for temporary difference adjustments
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(71,187)	Goodwill	Amortization of goodwill	2,622,242
Land, buildings, etc.	Sale of properties for which impairment loss was recorded	(79,019)	Land, buildings, etc.	Merger expenses	1,390,273
Deferred gains or losses on hedges	Changes in fair value of derivatives	(613,140)	Land, buildings, etc.	Impairment loss	269,797
Total		(763,347)	Long-term deposits	Shortfall of reserve for repairs	15,185
2. Method of reversal			Increase—subtotal		4,297,499
(1) Amortization of goodwill			Buildings, building improvements, etc.	Depreciation deficiency equivalent	(1,302,166)
In principle, amortization of goodwill is not reversed.			Unearned revenue, etc.	Write-down of loss on interest rate swap due to merger	(216,261)
(2) Merger expenses			Other	—	(76,768)
Item	Method of reversal		Decrease—subtotal		(1,595,197)
Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.		Total		2,702,301
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					
Investment securities	Upon redemption, etc., the corresponding amount is scheduled to be reversed.				

<p>(3) 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>	2. Reasons, related assets and amounts of reversals Thousands of Yen		
	Related assets, etc.	Reason	Allowance for temporary difference adjustment
	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	(708,820)
	Total		(708,820)
	<p>*The amount cancelled in the period under review (¥6,319 thousand) is deducted from “Depreciation deficiency equivalent” under 1., above.</p>		
	3. 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 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		
	(3) Impairment loss Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed.		
	(4) Long-term deposits In principle, long-term deposits are not reversed.		
	(5) 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.		

(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 as follows.

	Thousands of Yen	
	Previous period (Aug. 31, 2016)	Current period (Feb. 28, 2017)
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 as follows.

	Thousands of Yen	
	Previous period (Aug. 31, 2016)	Current period (Feb. 28, 2017)
Committed line of credit	40,000,000	40,000,000
Balance of used line	-	5,000,000
Balance of unused line	40,000,000	35,000,000

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

	Thousands of Yen	
	Previous period (Aug. 31, 2016)	Current period (Feb. 28, 2017)
	50,000	50,000

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

	Thousands of Yen	
	Previous period (Aug. 31, 2016)	Current period (Feb. 28, 2017)
None.		Assets offered as collateral are as follows.
		Buildings in trust      ¥3,335,340 thousand
		<u>Land in trust</u> ¥6,096,368 thousand
		Total                      ¥9,431,708 thousand
		Liabilities secured by collateral are as follows.
		Security deposits from
		<u>tenants in trust</u> ¥726,648 thousand
		Total                      ¥726,648 thousand

\*4. Allowance for temporary difference adjustments

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

1. Reasons, related assets and amounts

Thousands of Yen

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

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

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

(4) Deferred gains or losses on hedges

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

Current period (from September 1, 2016 to February 28, 2017)

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	1,622,397	1,622,397	—	—	1,622,397	—
Land, buildings, etc.	Merger expenses	2,638,862	1,568,581	—	(71,187)	1,497,394	Sale of property and depreciation of merger expenses
Land, buildings, etc.	Impairment loss	79,019	79,019	—	(79,019)	—	Sale of property on which impairment was recognized
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	2,867,594	—	(613,140)	2,254,454	Changes in fair value of derivative transactions
Increase – subtotal		7,207,875	6,137,594	—	(763,347)	5,374,246	—
Buildings, building improvements, etc.	Depreciation deficiency equivalent	(790,132)	—	—	—	—	—
Investment corporation bond issuance costs	Investment corporation bonds issuance cost amortization deficiency equivalent	(97,557)	—	—	—	—	—
Unearned revenue, etc.	Write-down of loss on interest rate swap due to merger	(172,304)	—	—	—	—	—
Other	-	(10,286)	—	—	—	—	—
Decrease – subtotal		(1,070,280)	—	—	—	—	—
Total		6,137,594	6,137,594	—	(763,347)	5,374,246	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

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

(4) Deferred gains or losses on hedges

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



(Notes to Statement of Income and Retained Earnings)

\*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Mar. 1, 2016 to Aug. 31, 2016		Current period from Sep. 1, 2016 to Feb. 28, 2017	
A. Property related revenues				
Rental revenues				
Rent revenues	24,461,221		29,030,375	
Common area charges	2,383,650	26,844,872	2,700,036	31,730,411
Other rental revenues				
Parking revenues	533,525		689,795	
Incidental income	2,069,384		2,174,961	
Other miscellaneous revenues	84,597	2,687,507	119,811	2,984,567
Property related revenues		29,532,379		34,714,978
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,614,327		1,692,980	
Property management fees	874,716		901,769	
Property and other taxes	2,315,517		3,016,773	
Utility expenses	1,711,878		1,807,086	
Casualty insurance	37,635		45,750	
Repairs and maintenance	1,581,098		2,135,499	
Land rents	193,396		208,052	
Depreciation	4,205,687		4,757,368	
Other rental expenses	955,671	13,489,928	1,226,241	15,791,521
Property related expenses		13,489,928		15,791,521
C. Real estate rental profits [A – B]		16,042,451		18,923,457

\*2. Impairment loss

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

Property name	Use	Type	Location	Impairment loss (Thousands of Yen)
Tennozu Park Side Building	Office	Land, building in trust, etc.	Shinagawa-ku, Tokyo	220,723
NOF Technoport Kamata Center Building	Office	Land, building in trust, etc.	Ota-ku, Tokyo	49,074

For the purpose of calculating impairment loss, each property is considered an asset group. NMF reached sales agreements for NOF Technoport Kamata Center Building and Tennozu Park Side Building on December 22, 2016, and April 4, 2017, respectively. As a result, the properties' book values were decreased to their respective recoverable values and the amount of decrease was recorded as impairment loss under operating expenses.

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

Also, the recoverable values of the asset groups are measured using the respective net realizable values or values in use. The net realizable values are calculated by subtracting the expected disposal costs from the actual sale prices. In the calculation of values in use, the discount rate is not taken into account because the estimated periods of future cash flows are brief.

\*3. Breakdown of gain on sale of real estate

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

Thousands of Yen

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

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

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

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

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

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

NOF Nihonbashi Honcho Building

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

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

\*4. Breakdown of loss on sales of real estate

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

Thousands of Yen

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

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

(Notes to Statement of Changes in Net Assets)

	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2017 to Feb. 28, 2017
*1.Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	3,722,010 units	4,183,130 units

(Notes to Statement of Cash Flows)

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

Thousands of Yen

	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2017 to Feb. 28, 2017
Cash and bank deposits	63,889,766	59,843,132
Cash and bank deposits in trust	11,380,801	13,487,906
Cash and cash equivalents	75,270,568	73,331,038

\*2. Important non-cash transactions

Thousands of Yen

	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2017 to Feb. 28, 2017

Below is a breakdown of the main components of the assets and liabilities transferred from TOP REIT, Inc., as a result of the merger with said company in the period under review. The increase in capital surplus due to the merger was ¥78,713,184 thousand.

Current assets	—	10,701,316
Noncurrent assets	—	138,313,333
Total assets	—	149,014,649
Current liabilities	—	43,815,958
Long-term liabilities	—	53,500,119
Total liabilities	—	97,316,077

(Notes on Financial Instruments)

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

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

The following are the carrying amounts and fair values as of February 28, 2017, and the differences between these amounts.

Thousands of Yen			
	Carrying amount (Note 1)	Fair value (Note 1)	Amount of difference
(1) Cash and bank deposits	59,843,132	59,843,132	—
(2) Cash and bank deposits in trust	13,487,906	13,487,906	—
(3) Short-term debt	(5,000,000)	(5,000,000)	—
(4) Current portion of investment corporation bonds	(9,000,000)	(9,042,508)	42,508
(5) Current portion of long-term debt	(69,975,600)	(69,997,721)	22,121
(6) Investment corporation bonds	(18,500,000)	(19,979,231)	1,479,231
(7) Long-term debt	(396,308,400)	(399,857,342)	3,548,942
(8) Derivative transactions	(1,563,490)	(1,563,490)	—

(Note 1) Liabilities are shown in parentheses.

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

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

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

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

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

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

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

(8) Derivative transactions

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

(Note 3) Redemption of monetary claims scheduled to be due after the date of settlement of accounts (August 31, 2016)

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

Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (February 28, 2017)

Thousands of Yen						
	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Cash and bank deposits	59,843,132	—	—	—	—	—
Cash and bank deposits in trust	13,487,906	—	—	—	—	—
Total	73,331,038	—	—	—	—	—

(Note 4) Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (August 31, 2016)

Thousands of Yen

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

Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (February 28, 2017)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Short-term debt	5,000,000	—	—	—	—	—
Investment corporation bonds	9,000,000	—	—	5,000,000	—	13,500,000
Long-term debt	69,975,600	51,940,000	60,685,600	56,655,600	47,715,600	179,311,000
Total	83,975,600	51,940,000	60,685,600	61,655,600	47,715,600	192,811,000

(Notes on Securities)

Previous period (As of August 31, 2016)

Not applicable.

Current period (As of February 28, 2017)

Not applicable.

(Notes on Derivative Transactions)

1. Transactions not subject to hedge accounting

Previous period (As of August 31, 2016)

Not applicable.

Current period (As of February 28, 2017)

Not applicable.

2. Transactions subject to hedge accounting

Previous period (As of August 31, 2016)

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

Thousands of Yen

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

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

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

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

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

Current period (As of February 28, 2017)

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

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (Note 1)		Fair value (Note 2)
				Due after 1 year	
Principal treatment method	Interest-rate swap transaction	Long-term debt	175,500,000	134,780,000	(Note 3) (1,563,490)
	Floating receivable Fixed payable				
Special treatment for interest-rate swaps	Interest-rate swap transaction	Long-term debt	101,739,500	101,696,700	(Note 4) (1,399,669)
	Floating receivable Fixed payable				
Total			277,239,500	236,476,700	(2,963,160)

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

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

(Note 3) Out of the fair value, (¥17,856 thousand) is booked as "accrued expenses" on the Balance Sheet.

(Note 4) Out of the fair value, (¥1,399,669 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

(Notes on retirement benefit plans)

Previous period (As of August 31, 2016)

Not applicable, as NMF has no retirement benefit system.

Current period (As of February 28, 2017)

Not applicable, as NMF has no retirement benefit system.

(Notes on Business Combination)

Previous period (As of August 31, 2016)

Not applicable.

Current period (As of February 28, 2017)

Business Combination through Acquisition

1. Overview of the Business Combination

(1) Name and Line of Business of Acquiree

Name of acquiree	Line of business
TOP REIT, Inc. (hereinafter "TOP")	Real estate investment trust

(2) Main Reasons for the Business Combination

NMF believes that the absorption type merger with TOP presented a rare opportunity for external growth in the heated real estate acquisition market. Furthermore, the absorption type merger with TOP increased NMF's ratio of investment in properties for which future internal growth can be expected, specifically properties that are in upside sectors or located within Tokyo's five central wards. TOP expected that, because the absorption-type merger would make Nomura Real Estate Group, a general real estate developer, its sponsor, said merger would promote external growth by reinforcing the property pipeline. Furthermore, TOP expected that the absorption type merger would significantly diversify its portfolio and thereby improve its income stability. Thus having reached the shared understanding that the absorption type merger would best increase their respective unitholder value, NMF and TOP entered into an absorption type merger agreement.

(3) Date of the Business Combination

September 1, 2016

(4) Legal Framework of the Business Combination

An absorption type merger with NMF as the surviving corporation and TOP as the absorbed corporation.

(5) Name of the Investment Corporation after the Merger

Nomura Real Estate Master Fund, Inc.

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

NMF was selected as the acquiring company in accordance with the Accounting Standards for Business Combinations and other relevant standards based on a comprehensive consideration of such factors as corporate scale, including each company's total assets and net income; the ratio of voting rights that would be controlled by each company's unitholders after the absorption-type merger; and the composition of the Board of Directors after the absorption type merger.

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

Name of acquiree	Period of performance
TOP	September 1, 2016 to February 28, 2017

3. Acquisition Cost of Acquiree and its Breakdown

Thousands of Yen	
Name of acquiree	Acquisition cost
TOP	78,713,184

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

(1) Exchange Ratio of Investment Units

	NMF	TOP
Merger ratio	1.00	2.62

(2) Method of Calculation

Each investment corporation appointed a financial advisor (hereafter “FA”) for the absorption type merger and requested that said financial advisor perform a financial analysis of the merger ratio. NMF appointed Nomura Securities Co., Ltd., and TOP appointed Daiwa Securities Co., Ltd. Based on comprehensive consideration of such factors as each corporation’s financial performance, assets and liabilities, and future outlook, as well as the merits of the absorption type merger for each corporation and the results of the financial analyses conducted by the two FAs, NMF and TOP reached an agreement with regard to the above merger ratio through careful negotiation and formed the absorption type merger agreement.

(3) Number of Investment Units Granted

Thousands of Yen	
Name of acquiree	Investment units granted as consideration
TOP	461,120

5. Content and Amount of Main Acquisition-Related Expenses

Thousands of Yen	
Content	Amount
FA fees	240,000
Acquisition fees for merger	1,374,890

6. Amount and Cause of Goodwill

Amount of Goodwill

¥27,014,612 thousand

(1) Cause of Goodwill

Goodwill was caused by the acquisition of the acquiree, TOP, for ¥78,713,184 thousand (the acquisition price), which exceeded the market value of its net assets, ¥51,698,571 thousand.

(2) Method of Goodwill Amortization and the Amortization Period

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

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

Thousands of Yen	
Current assets	10,701,316
Noncurrent assets	138,313,333
Total assets	149,014,649
Current liabilities	43,815,958
Long-term liabilities	53,500,119
Total liabilities	97,316,077

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

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

(Notes on Tax Effect Accounting)



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

	Previous period (August 31, 2016)	Current period (February 28, 2017)
Deferred tax assets		(Thousands of Yen)
Accepted valuation difference at merger	12,309,409	24,633,094
Deferred gains or losses on hedges	712,266	488,323
Interest received in advance	319,727	339,960
Over-depreciated long-term prepaid expenses	32,211	28,779
Denied impairment loss	—	85,628
Denied amortization of leasehold right in trust	611	733
Non-deductible accrued enterprise tax	—	39
Excess allowance for doubtful accounts	17	—
Subtotal deferred tax assets	13,374,242	25,576,558
Valuation allowance	(13,374,242)	(25,576,558)
Total deferred tax assets	—	—
Net deferred tax assets	—	—

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

	Previous period (August 31, 2016)	Current period (February 28, 2017)
Statutory tax rate	32.31%	31.74%
(Adjustments)		
Deductible cash distributions	(8.61%)	(41.62%)
Valuation allowance	(30.43%)	0.30%
Amortization of goodwill	6.72%	9.60%
Other	0.01%	0.01%
Effective tax rate after application of tax effect accounting	0.01%	0.02%

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

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

Not applicable, as NMF has no subsidiaries or affiliates.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable, as NMF has no subsidiaries or affiliates.

(Notes on Transactions with Related Parties)

1. Parent company and major corporate unitholders

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

Not applicable.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

2. Subsidiaries and affiliates

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

Not applicable.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

3. Fellow subsidiaries

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

Not applicable.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

4. Directors and major individual unitholders

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

Not applicable.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

(Notes on asset retirement obligations)

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

Not applicable.

Current period (from September 1, 2016 to February 28, 2017)

Not applicable.

(Notes on Investment and Rental Properties)

NMF owns leasable offices, leasable retail facilities, leasable logistics facilities and leasable residential ,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 Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2016 to Feb. 28, 2017
Carrying amount		
Balance at beginning of period	790,306,905	782,457,778
Amount of increase (decrease) during period	(7,849,126)	146,378,940
Balance at end of period	782,457,778	928,836,719
Fair value at end of period	834,749,000	996,084,000

(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 Tamachi (¥6,328,987 thousand), PMO Ginza Hatchome (¥4,025,053 thousand), PMO Shibakoen (¥3,975,082 thousand), Hirakata Kuzuha Logistics Center (¥3,516,505 thousand), PRIME URBAN Meguro Mita (¥1,137,130 thousand), PRIME URBAN Chikusa (¥1,205,712 thousand) and Ryotokuji University Shin-Urayasu Campus (Land) (¥5,125,367 thousand). The decrease during the previous fiscal period is mainly attributable to the sale of NOF Nihonbashi Honcho Building (¥10,449,586 thousand), NOF Tameike Building (¥4,804,276 thousand), NOF Shinagawa Konan Building (¥3,471,844 thousand), NOF Minami Shinjuku Building (¥2,219,005 thousand), Central Shintomicho Building (¥1,328,098 thousand), Toho Edogawabashi Building (¥1,095,234 thousand), Toshin Meguro Building (¥854,458 thousand), Yokohama Odori Koen Building (¥1,806,149 thousand), JCB Sapporo Higashi Building (¥3,266,519 thousand), PRIME URBAN Hatagaya (¥470,012 thousand), PRIME URBAN Ochiai (¥337,641 thousand), PRIME URBAN Sangen Jaya II (¥483,603 thousand), PRIME URBAN Kamikitazawa (¥596,632 thousand), PRIME URBAN Nakano (¥468,054 thousand), PRIME URBAN Ekoda (¥408,769 thousand), PRIME URBAN Urayasu II (¥219,614 thousand), and PRIME URBAN Yamahana (¥271,452 thousand) as well as depreciation (¥4,203,908 thousand). The increase during the current period is mainly attributable to the acquisition of 19 properties as a result of the absorption type merger with TOP REIT, Inc. (total of ¥137,495,038 thousand) and the acquisition of Landport Kashiwa Shonan II (¥10,916,634 thousand). The decrease during the current period is mainly attributable to depreciation (¥4,754,117 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. However, the scheduled transfer price is used as the fair value for NOF Technoport Kamata Center Building, NOF Nihonbashi Honcho Building, Tennozu Park Side Building, Mitsubishi Motors Shibuya, Mitsubishi Motors Suginami and Ito-Yokado Higashi-Narashino Store.

The income (loss) in the previous period (from March 1, 2016 to August 31, 2016) and current period (from September 1, 2016 to February 28, 2017) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes on Segment Information)

(Segment Information)

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

(Related Information)

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

1. Information by product and service

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

2. Information by geographical area

(1) Revenues

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

(2) Property and equipment

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

3. Information by major customer

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

Current period (from September 1, 2016 to February 28, 2017)

1. Information by product and service

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

2. Information by geographical area

(1) Revenues

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

(2) Property and equipment

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

3. Information by major customer

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	4,499,817	Rental real estate business

(Notes on Per Unit Information)

	Yen	
	Previous period from Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2016 to Feb. 28, 2017
Net assets per unit	128,777	132,939
Net income per unit	2,513	2,072

(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 Mar. 1, 2016 to Aug. 31, 2016	Current period from Sep. 1, 2016 to Feb. 28, 2017
Net income (Thousands of Yen)	9,355,981	8,670,955
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	9,355,981	8,670,955
Average number of investment units during period (Units)	3,722,010	4,183,130

(Notes on Significant Subsequent Events)

Asset Sales

(1) NMF sold the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. NOF Technoport Kamata Center Building

- Type of asset Trust beneficiary interest in mainly real estate
- Use Office
- Contract date December 22, 2016
- Transfer date March 31, 2017
- Transfer price ¥5,020 million
- Buyer A domestic special purpose corporation (*tokutei mokuteki kaisha*)
- Impact on 4th fiscal period earnings — (Note)

(2) NMF reached an agreement to sell and sold the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. NOF Nihonbashi Honcho Building

- Type of asset Trust beneficiary interest in mainly real estate
- Use Office
- Contract date March 21, 2017
- Transfer date March 31, 2017
- Transfer price ¥11,730 million
- Buyer Nomura Real Estate Development Co., Ltd.
- Impact on 4th fiscal period earnings ¥777 million  
(Scheduled)

(3) NMF reached agreements to sell the following assets after the conclusion of the third fiscal period (February 28, 2017).

a. Tennozu Park Side Building

- Type of asset Trust beneficiary interest in mainly real estate
- Use Office
- Contract date April 4, 2017
- Transfer date (Scheduled) May 12, 2017
- Transfer price (Scheduled) ¥12,700 million
- Buyer A domestic special purpose corporation (*tokutei mokuteki kaisha*)
- Impact on 4th fiscal period earnings — (Note)

b. Mitsubishi Motors Shibuya

- Type of asset Trust beneficiary interest in mainly real estate
- Use Retail facility (land)
- Contract date March 31, 2017
- Transfer date (Scheduled) June 1, 2017
- Transfer price (Scheduled) ¥1,720 million
- Buyer Nomura Real Estate Development Co., Ltd.
- Impact on 4th fiscal period earnings ¥121 million  
(Scheduled)

c. Mitsubishi Motors Suginami

- Type of asset Trust beneficiary interest in mainly real estate
- Use Retail facility (land)
- Contract date March 31, 2017
- Transfer date (Scheduled) June 1, 2017
- Transfer price (Scheduled) ¥896 million
- Buyer Nomura Real Estate Development Co., Ltd.
- Impact on 4th fiscal period earnings ¥139 million  
(Scheduled)

The impact of (1) through (3), above, on earnings for the 4th fiscal period (March 1, 2017 to August 31, 2017) will be recorded as gain on sales of real estate under operating revenues.

(Note) An amount equivalent to the loss on sales of real estate resulting from the sales of NOF Technoport Kamata Center Building and Tennozu Park Side Building has been recorded as impairment loss. For details, please refer to “\*2. Impairment loss” under “Notes to Statement of Income and Retained Earnings,” above.

(Additional Information)

Asset Sales

(1) NMF plans to sell the following asset after the conclusion of the third fiscal period (February 28, 2017).

a. Ito-Yokado Higashi-Narashino Store

- Type of asset Trust beneficiary interest in mainly real estate
- Use Retail facility
- Contract date December 28, 2016
- Transfer date (Scheduled) June 5, 2017
- Transfer price (Scheduled) ¥664 million
- Buyer Nomura Real Estate Development Co., Ltd.
- Impact on 4th fiscal period earnings ¥14 million  
(Scheduled)

The impact of this sale on earnings for the 4th fiscal period (March 1, 2017 to August 31, 2017) will be recorded as gain on sales of real estate under operating revenues.

[Disclosure Omissions]

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

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the current fiscal period (February 28, 2017).

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)

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

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

(Note 3) On September 1, 2016, as part of the absorption type merger, NMF issued 2.62 NMF units per 1.00 TOP unit, resulting in the issue of 461,120 new units. There is no change of unitholders' capital.

(Note 4) At its October 14, 2016 meeting, NMF's Board of Directors resolved to reverse the allowance for temporary difference adjustments and incorporate the amount of said reversal into unitholders' capital.

#### 4. Changes in Directors

##### (1) Changes in NMF Directors

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

There were no changes in directors during the period under review.

However, at the first Unitholder's Meeting, on May 26, 2017, NMF plans to appoint one executive director, and two supervisory directors. For details, please refer to the April 14, 2017 release entitled "Notice Concerning Amendment of the Articles of Incorporation and Election of Directors."

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

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

There were changes in the directors after the 3rd Fiscal Period end (February 28, 2017) stated below.

Please refer to the press release dated March 3, 2017 titled "Notice Concerning Scheduled Amendments of the Articles of Incorporation, Changes in Organization, and Changes of Directors and Important Employees in the Asset Management Company" for the details.

##### Appointments (as of April 1, 2017)

Name	Title (New)	Title (Former)
Fumiki Kondo	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	(New appointment)
Noriaki Ido	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Investment Management Department and the Product Development Department	Executive Officer, General Manager of the Acquisitions Department
Seiichiro Wada	Statutory Auditor	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Investment Management Department and the Product Management Department

##### Resignations (as of March 31, 2017)

Name	Title (New)	Title (Former)
Hiroshi Kurokawa	(Resignation)	Representative Director and Senior Managing Executive Officer Supervisor of the Product Management Department, the Acquisitions Department, the Investment Management Planning Department, the NMF Investment Management Group and the NPR Investment Management Department In charge of the Research & Analysis Section Chief Strategy Officer



Other changes (as of April 1, 2017)

Name	Title (New)	Title (Former)
Masato Yamauchi	Representative Director and Senior Managing Executive Officer Supervisor of the Product Development Department, the NMF Investment Management Group and the NPR Investment Management Department In charge of the Research & Analysis Department, the Acquisitions Department and the Investment Management Planning Department Chief Strategy Officer	Director and Managing Executive Officer In charge of the Finance & Accounting Department General Manager of the Corporate Planning Department
Kenichi Okada	Director and Managing Executive Officer Head of the NMF Investment Management Group	Director and Managing Executive Officer Head of the NMF Investment Management Group General Manager of the Asset Management Department I of the NMF Investment Management Group

5. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	2nd fiscal period As of August 31, 2016		3rd fiscal period As of February 28, 2017		
			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	93,759	10.0□	93,482	8.5□	
		Other areas	21,829	2.3□	21,720	2.0□	
		Subtotal	115,589	12.3□	115,203	10.4□	
	Retail properties	Greater Tokyo area	16,241	1.7□	16,172	1.5□	
		Subtotal	16,241	1.7□	16,172	1.5□	
	Logistics properties	Greater Tokyo area	-	-	10,863	1.0□	
		Subtotal	-	-	10,863	1.0□	
	Residential properties	Greater Tokyo area	122,340	13.1□	124,205	11.2□	
		Other areas	30,625	3.3□	31,708	2.9□	
		Subtotal	152,965	16.3□	155,913	14.1□	
	Other properties	Greater Tokyo area	5,125	0.5	5,136	0.5	
		Subtotal	5,125	0.5	5,136	0.5	
	Real estate in trust	Office properties	Greater Tokyo area	176,672	18.9□	285,379	25.8□
			Other areas	50,478	5.4□	50,512	4.6□
Subtotal			227,151	24.3□	335,892	30.4□	
Retail properties		Greater Tokyo area	80,828	8.6□	91,247	8.3□	
		Other areas	44,558	4.8□	45,434	4.1□	
		Subtotal	125,386	13.4□	136,681	12.4□	
Logistics properties		Greater Tokyo area	121,923	13.0□	121,141	11.0□	
		Other areas	9,569	1.0□	9,463	0.9□	
		Subtotal	131,493	14.0□	130,605	11.8□	
Residential properties		Greater Tokyo area	7,086	0.8□	22,368	2.0□	
		Other areas	1,418	0.2□	0	0.0□	
		Subtotal	8,504	0.9□	22,368	2.0□	
Subtotal			782,457	83.6	928,836	84.0	
Deposits and other assets			153,506	16.4	177,142	16.0	
Total amount of assets			935,964	100.0	1,105,979	100.0	

	2nd fiscal period As of August 31, 2016		3rd fiscal period As of February 28, 2017	
	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	456,652	48.8	456,652	48.8
Total amount of net assets	479,311	51.2	479,311	51.2

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

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

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

(Note 4) 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. (272 properties) held as of February 28, 2017 (end of the 3rd 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 3rd fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of February 28, 2017.

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 3rd fiscal period.

Number of properties	272
Gross leasable area (m <sup>2</sup> ) (Note 1)	1,968,528.97
Gross leased area (m <sup>2</sup> ) (Note 2)	1,952,102.47
Total number of tenants (Note 3)	1,345
Total of all contracted rent (Thousands of Yen) (Note 4)	5,290,866

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 3rd fiscal period. “Leasable area” is the sum total area of office facilities, retail facilities, logistics facilities, or residential facilities, etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building, NEC Head Office Building, Musashiurawa Shopping Square and NRE Kichijoji Building, the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 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 3rd fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, or residential properties, etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building, NEC Head Office Building, Musashiurawa Shopping Square and NRE Kichijoji Building the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 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 3rd 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 February 2017 of each of the assets held at the end of the 3rd fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for February 2017 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 February 2017 (This does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included and, if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease for some or all rental units, the rent for the space is based on the rent, etc., in the lease agreement concluded with the master lessee.). Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above, and the rent is calculated based on the monthly rent and common area charges payable immediately after the exemption period ends. In addition, the standard level of rent is used for tenants with sales-based rent. For the Shinjuku Nomura Building, NOF Nihonbashi Honcho Building, NEC Head Office Building, Musashiurawa Shopping Square and NRE Kichijoji Building, the total contracted rent is calculated by multiplying the building’s overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the 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)
Portfolio occupancy rate (at end of fiscal period) (%)	98.9	99.1	99.2

B. Price and Investment Share

The following is an overview of the assets held at the end of the 3rd 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	45,760	48,100	4.8	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,497	21,400	2.2	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,636	27,100	2.7	Japan Real Estate Institute
		NOF Nihonbashi Honcho Building (Note 6)	10,914	10,895	11,300	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Tennozu Park Side Building	12,700	12,497	12,100	1.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shinjuku Minamiguchi Building	10,000	10,110	10,400	1.0	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,435	10,600	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	11,003	11,100	1.1	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,035	7,230	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,137	8,100	0.8	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,325	5,470	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,061	4,080	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,702	4,760	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,250	4,630	0.5	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,947	5,310	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,583	4,790	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,554	3,420	0.3	Japan Real Estate Institute
		PMO Akihabara	4,240	4,178	4,720	0.5	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,468	2,550	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,194	4,110	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,823	2,840	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,836	3,080	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,172	2,470	0.2	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,660	1,840	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,494	6,490	0.7	Japan Real Estate Institute
		NOF Technoport Kamata Center Building	4,780	4,725	4,550	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NF Hongo Building	4,890	4,869	5,170	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,369	3,420	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,832	1,850	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,854	4,100	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,885	8,450	0.8	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,681	6,180	0.6	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,803	2,920	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
PMO Tamachi	6,210	6,278	6,570	0.7	Japan Real Estate Institute		
PMO Ginza Hatchome	3,970	4,009	4,240	0.4	Japan Real Estate Institute		
PMO Shibakoen	3,900	3,941	4,210	0.4	Japan Real Estate Institute		
NEC Head Office Building (Note 7)		44,100	44,134	44,500	4.5	Daiwa 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		
Office	Greater Tokyo area	Harumi Island Triton Square Office Tower Y	18,200	18,181	18,300	1.8	Daiwa Real Estate Appraisal Co., Ltd.		
		Akasaka Oji Building	10,400	10,398	10,900	1.1	Japan Real Estate Institute		
		Kanda Nishiki-cho 3-chome Building	8,330	8,325	8,330	0.8	The Tanizawa Sogo Appraisal Co., Ltd.		
		Harumi Island Triton Square Office Tower Z	8,180	8,161	8,140	0.8	Daiwa Real Estate Appraisal Co., Ltd.		
		Shinkawa Chuo Building	6,070	6,055	6,100	0.6	Japan Real Estate Institute		
		Shinjuku EAST Building	5,710	5,770	5,790	0.6	The Tanizawa Sogo Appraisal Co., Ltd.		
		Shiba-Koen Building	3,620	3,624	3,680	0.4	Japan Real Estate Institute		
		Ginza Oji Building	1,850	1,853	1,870	0.2	The Tanizawa Sogo Appraisal Co., Ltd.		
		Faret East Building	1,850	1,842	1,850	0.2	The Tanizawa Sogo Appraisal Co., Ltd.		
	Other areas	Sapporo North Plaza	6,250	6,331	6,950	0.7	Japan Real Estate Institute		
		NRE Sapporo Building	4,140	4,022	4,260	0.4	Japan Real Estate Institute		
		NMF Sendai Aoba-dori Building	2,030	2,119	2,120	0.2	Morii Appraisal & Investment Consulting, Inc.		
		NOF Utsunomiya Building	2,320	2,605	2,210	0.2	The Tanizawa Sogo Appraisal Co., Ltd.		
		NMF Nagoya Fushimi Building	2,240	2,179	2,190	0.2	Japan Real Estate Institute		
		NMF Nagoya Yanagibashi Building	2,280	2,278	2,110	0.2	Japan Valuers Co., Ltd.		
		Omron Kyoto Center Building	18,300	18,247	18,500	1.9	Japan Real Estate Institute		
		SORA Shin-Osaka 21	12,100	12,057	12,100	1.2	Japan Valuers Co., Ltd.		
		NRE Osaka Building	6,100	6,237	6,150	0.6	The Tanizawa Sogo Appraisal Co., Ltd.		
		NRE Nishi-Umeda Building	3,450	3,460	3,610	0.4	Daiwa Real Estate Appraisal Co., Ltd.		
		NRE Yotsubashi Building	4,000	4,028	4,010	0.4	The Tanizawa Sogo Appraisal Co., Ltd.		
		NRE Hiroshima Building	2,280	2,272	2,510	0.3	The Tanizawa Sogo Appraisal Co., Ltd.		
		NMF Hakata Ekimae Building	4,210	4,205	4,390	0.4	Japan Real Estate Institute		
		NMF Tenjin-Minami Building	2,230	2,187	2,270	0.2	Japan Real Estate Institute		
		Office subtotal			448,654	451,095	462,490	46.5	
		Retail	Greater Tokyo area	Morisia Tsudanuma	16,600	17,675	17,500	1.8	Daiwa Real Estate Appraisal Co., Ltd.
				Yokosuka More's City	13,640	13,728	16,000	1.6	The Tanizawa Sogo Appraisal Co., Ltd.
Recipe SHIMOKITA	10,407			10,625	10,900	1.1	Japan Valuers Co., Ltd.		
Kawasaki More's	6,080			6,599	7,640	0.8	The Tanizawa Sogo Appraisal Co., Ltd.		
EQUINIA Shinjuku	4,260			4,311	4,770	0.5	Daiwa Real Estate Appraisal Co., Ltd.		
EQUINA Ikebukuro	3,990			4,072	4,470	0.4	Daiwa Real Estate Appraisal Co., Ltd.		
covirna machida	3,440			3,724	4,320	0.4	Japan Real Estate Institute		
Nitori Makuhari	3,080			2,900	3,670	0.4	Japan Real Estate Institute		
Konami Sports Club Fuchu	2,730			2,614	3,340	0.3	Daiwa Real Estate Appraisal Co., Ltd.		
FESTA SQUARE	2,600			2,434	3,090	0.3	Japan Real Estate Institute		
GEMS Shibuya	2,490			2,457	2,610	0.3	Daiwa Real Estate Appraisal Co., Ltd.		
Sundai Azamino	1,700			1,600	2,020	0.2	Japan Real Estate Institute		
EQUINIA Aobadai	1,560			1,618	1,840	0.2	Japan Real Estate Institute		
Megalos Kanagawa	1,000			989	1,360	0.1	Japan Real Estate Institute		
Mitsubishi Motors Meguro	2,740	2,764	3,110	0.3	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 Chofu	1,760	1,776	1,780	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Shibuya	1,570	1,586	1,690	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima	1,240	1,251	1,390	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki	950	959	1,160	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido	850	859	887	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika	800	808	885	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume	800	808	879	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya	770	779	866	0.1	Japan Real Estate Institute
		Mitsubishi Motors Suginami	740	748	807	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Sekimachi	600	606	664	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamato	450	455	502	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motosumiyoshi	370	375	383	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe	350	355	371	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa	200	204	185	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama	160	163	172	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichioji Building (Note 6)	5,310	5,299	5,640	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,099	2,080	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,816	6,910	0.7	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 7)	2,720	2,700	2,730	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Ito-Yokado Higashi-Narashino Store	649	644	662	0.1	Japan Valuers Co., Ltd.
	Other areas	Universal CityWalk Osaka	15,500	15,722	17,800	1.8	Japan Valuers Co., Ltd.
		Izumiya Senrioka	8,930	8,659	11,100	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Merad Owada	6,640	6,527	7,340	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Izumiya Yao	4,406	4,185	5,290	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Obayashi	3,020	3,192	3,770	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Ichibancho stear	4,700	4,596	5,640	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Aobadori	1,640	1,492	2,010	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		MEL Building	1,060	1,057	1,120	0.1	Japan Real Estate Institute
Retail subtotal			151,422	152,854	171,353	17.2	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,711	20,900	2.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	15,167	18,800	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,844	16,100	1.6	Japan Real Estate Institute
		Landport Atsugi	11,410	10,636	11,500	1.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	10,393	12,500	1.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	8,248	10,900	1.1	Japan Real Estate Institute
		Landport Hachioji	8,250	7,799	9,520	1.0	Japan Real Estate Institute
		Landport Kasukabe	7,340	6,823	8,650	0.9	Japan Real Estate Institute
		Funabashi Logistics Center	4,660	4,586	5,500	0.6	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,416	5,460	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,634	4,300	0.4	Daiwa 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
Logistics	Greater Tokyo area	Kawaguchi Logistics Center B Tower	3,750	3,691	4,550	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,816	3,440	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,622	3,320	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,749	12,400	1.2	Morii Appraisal & Investment Consulting, Inc.
		Landport Kashiwa Shonan II	10,800	10,863	11,300	1.1	Japan Valuers Co., Ltd.
	Other areas	Ota Nitta Logistics Center	3,430	3,112	3,750	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Ota Higashishinmachi Logistics Center	2,170	1,977	2,450	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Ota Kiyohara Logistics Center	650	582	728	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Chiyodamachi Logistics Center	330	315	367	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Hirakata Kuzuha Logistics Center	3,460	3,475	3,810	0.4	Daiwa Real Estate Appraisal Co., Ltd.
Logistics subtotal			147,070	141,468	170,245	17.1	

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,352	3,440	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	989	1,060	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	704	760	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	738	688	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	733	787	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyonzaka	939	926	1,010	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,230	2,460	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,561	1,730	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,088	1,190	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho	947	929	928	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,165	1,260	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,131	1,230	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,246	3,200	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	607	547	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	906	983	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho II	652	638	600	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho I	1,030	1,005	944	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Fujimidai	1,470	1,441	1,580	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,870	2,040	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	2,039	2,170	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,644	2,670	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,610	1,720	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,098	1,140	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	934	955	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	962	1,010	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,796	1,890	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	352	366	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,134	1,220	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,082	1,080	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	669	693	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Idabashi	2,040	2,010	1,990	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,251	1,280	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,397	1,440	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Gakugei Daigaku	775	767	819	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	405	440	0.0	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Meguro Ohashi Hills	2,970	2,926	3,020	0.3	Japan Valuers Co., Ltd.		
PRIME URBAN Meguro Aobadai	1,310	1,296	1,390	0.1	Japan Real Estate Institute		
PRIME URBAN Gakugei Daigaku II	1,080	1,068	1,140	0.1	Japan Real Estate Institute		
PRIME URBAN Naka Meguro II	2,850	2,844	2,940	0.3	Japan Real Estate Institute		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PRIME URBAN Kachidoki	2,570	2,575	2,630	0.3	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,087	2,250	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	4,134	4,380	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,528	1,650	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	548	590	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	845	929	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,482	1,580	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku I	1,090	1,085	1,150	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku II	885	871	942	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Naitomachi	430	427	458	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	411	448	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	595	632	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,419	1,490	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,852	2,950	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	715	629	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	720	754	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	711	770	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	653	746	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	538	573	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	332	357	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	732	705	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,368	1,460	0.1	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	494	520	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,841	1,970	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,045	1,100	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	949	975	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	886	951	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	757	702	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,700	1,730	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	487	532	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Takaaido	1,060	1,054	1,120	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	408	422	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo II	1,790	1,774	1,830	0.2	Japan Real Estate Institute
		PRIME URBAN Otsuka	730	722	765	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	3,736	3,890	0.4	Japan Real Estate Institute		
PRIME URBAN Monzen Nakacho	2,420	2,380	2,520	0.3	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kameido	779	760	802	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 Sumiyoshi	632	617	644	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	522	539	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,257	1,320	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	746	787	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	704	749	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	626	647	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	961	995	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	1,114	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	1,054	1,150	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Asakusa	384	385	296	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,889	1,980	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,912	1,970	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,280	1,330	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	778	838	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,475	1,400	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,927	2,080	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	954	1,020	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	996	1,150	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	488	394	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	789	840	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	621	549	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	715	653	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	481	499	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	461	477	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	736	759	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	742	790	0.1	Japan Real Estate Institute
	PRIME URBAN Kawaguchi	1,580	1,552	1,670	0.2	Japan Valuers Co., Ltd.	
	PROUD FLAT Hatchobori	920	951	976	0.1	Japan Real Estate Institute	
	PROUD FLAT Itabashi Honcho	720	751	775	0.1	Japan Real Estate Institute	
	PRIME URBAN Meguro Mita	1,058	1,133	1,110	0.1	Japan Valuers Co., Ltd.	
	Fukasawa House Towers H&I	7,140	7,112	7,310	0.7	Daiwa Real Estate Appraisal Co., Ltd.	
	PRIME URBAN Toyosu	5,290	5,262	5,390	0.5	Daiwa Real Estate Appraisal Co., Ltd.	
	PRIME URBAN Nihonbashi Kayabacho	2,850	2,842	2,890	0.3	Daiwa Real Estate Appraisal Co., Ltd.	
PRIME URBAN Yoga II	1,320	1,315	1,330	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		
PRIME URBAN Musashi Koganei II	1,310	1,301	1,330	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		
Other areas	PROUD FLAT Itsutsubashi	652	629	689	0.1	Daiwa Real Estate Appraisal Co., Ltd.	
	PROUD FLAT Kawaramachi	735	707	678	0.1	Japan Real Estate Institute	
	PROUD FLAT Shin Osaka	1,620	1,565	1,670	0.2	Japan Real Estate Institute	
	PRIME URBAN Kita Juyo Jo	274	267	272	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
	PRIME URBAN Odori Koen I	502	487	520	0.1	Japan Real Estate Institute	
	PRIME URBAN Odori Koen II	334	325	343	0.0	Japan Real Estate Institute	
	PRIME URBAN Kita Juichi Jo	547	529	570	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 Miyanosawa	475	457	484	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	382	410	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	240	264	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	221	230	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	422	453	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	596	630	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	4,342	4,510	0.5	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,670	1,780	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Ichhome	1,140	1,107	1,040	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	455	429	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Tsutsumidori Amamiya	949	953	904	0.1	Japan Real Estate Institute
		PRIME URBAN Aoi	712	702	736	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kanayama	553	536	588	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumai	1,020	985	1,080	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,544	1,610	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,666	3,970	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Esaka I	652	635	660	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka II	794	773	829	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka III	1,190	1,151	1,140	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tamatsukuri	1,020	994	1,030	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisuji Honmachi	1,810	1,759	1,820	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	571	610	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	256	278	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	383	335	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	601	528	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	588	560	0.1	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Chikusa	1,110	1,197	1,140	0.1	Japan Valuers Co., Ltd.		
Residential subtotal			180,850	178,281	185,275	18.6	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,100	0.5	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,100	0.5	
Total			932,896	928,836	994,463	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 August 31, 2016 for Ito-Yokado Higashi-Narashino Store and 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 3rd fiscal period-end (February 28, 2017) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMP’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 (272 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may be exactly 100.0.

(Note 5) NMF holds quasi co-ownership of 50.1% of beneficial interest in real estate. For the for opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio s stated for opinion of value and carrying price.

(Note 6) NMF holds quasi co-ownership of 51.0% of beneficial interest in real estate. For the for opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio s stated for opinion of value and carrying price.

(Note 7) NMF holds quasi co-ownership of 50.0% of beneficial interest in real estate. For the for opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio s stated for opinion of value and carrying price.

(Note 8) Property names were changed on September 1, 2016 for the following properties.

Old name (Before change)	New name (After change)
NOF Shinjuku Minamiguchi Building	NMF Shinjuku Minamiguchi Building
NOF Shibuya Koen-dori Building	NMF Shibuya Koen-dori Building
NOF Shiba Building	NMF Shiba Building
NOF Surugadai Plaza Building	NMF Surugadai Building
Otemachi Tatemono Gotanda Building	NMF Gotanda Ekimae Building
NOF Kanda Iwamotocho Building	NMF Kanda Iwamotocho Building
NOF Takanawa Building	NMF Takanawa Building
NOF Kichijoji Honcho Building	NMF Kichijoji Honcho Building
NOF Kawasaki Higashiguchi Building	NMF Kawasaki Higashiguchi Building
NOF Yokohama Nishiguchi Building	NMF Yokohama Nishiguchi Building
NOF Shin-Yokohama Building	NMF Shin-Yokohama Building
NOF Sendai Aoba-dori Building	NMF Sendai Aoba-dori Building
NOF Nagoya Fushimi Building	NMF Nagoya Fushimi Building
NOF Nagoya Yanagibashi Building	NMF Nagoya Yanagibashi Building
NOF Hakata Ekimae Building	NMF Hakata Ekimae Building
NOF Tenjin-Minami Building	NMF Tenjin-Minami Building
Ecology Toyosu Procentury	PRIME URBAN Toyosu
Top Residence Nihonbashi Kayabacho	PRIME URBAN Nihonbashi Kayabacho
Top Residence Yoga	PRIME URBAN Yoga II
Impress Musashi-Koganei	PRIME URBAN Musashi-Koganei II

(Note 9) Property names were changed on April 1, 2017 for the following properties.

Old name (Before change)	New name (After change)
Akasaka Oji Building	NMF Aoyama 1-chome Building
Kanda Nishiki-cho 3-chome Building	NMF Takebashi Building
Shinkawa Chuo Building	NMF Kayabacho Building
Shinjuku EAST Building	NMF Shinjuku EAST Building
Shiba-Koen Building	NMF Shiba-Koen Building
Ginza Oji Building	NMF Ginza 4-chome Building

C. Status of Major Tenants

Not applicable.

D. Status of Major Properties

Not applicable.

E. Overview of Leasing to Interested Parties

As of February 28, 2017, 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 <sup>2</sup> )
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 111 others	191,022.87
Nomura Real Estate Development Co., Ltd	Shinjuku Nomura Building	6,625.91
	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 Amenity Service Co., Ltd.	NRE Yotsubashi Building	80.01

F. Collateral

Assets held by NMF and offered as collateral at the end of the 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)	3,340
Sagamihara Shopping Center	Mortgage	Ito-Yokado Co., Ltd. (Note)	6,910

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