

(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 4th Fiscal Period Ended August 31, 2017

October 13, 2017

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
 Representative: Shuhei Yoshida, Executive Director URL: <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: November 29, 2017
 Scheduled date of commencement of distribution payout: November 17, 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 4th Fiscal Period (from March 1, 2017 to August 31, 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 August 31, 2017 | 38,139 | 9.9 | 15,735 | 39.9 | 13,190 | 52.1 | 13,190 | 52.1 |
| February 28, 2017 | 34,714 | 12.1 | 11,244 | (3.7) | 8,672 | (7.3) | 8,670 | (7.3) |

| | Net income per unit | Return on unitholders' equity | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|------------------------------|---------------------|-------------------------------|--|--|
| | yen | % | % | % |
| Period ended August 31, 2017 | 3,153 | 2.4 | 1.2 | 34.6 |
| February 28, 2017 | 2,072 | 1.7 | 0.8 | 25.0 |

(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 August 31, 2017 | 3,037 | 12,704 | — | — | 3,037 | 12,704 | 96.3 | 2.2 |
| February 28, 2017 | 2,073 | 8,671 | 955 | 3,994 | 3,028 | 12,666 | 100.0 | 1.6 |

(Note 1) 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. There was no distribution in excess of net income for the period ended August 31, 2017. See 2. Management Policy and Management Status (2) Management Status ⑤ Business Performance and Distributions, below.

(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 August 31, 2017 | 1,095,828 | 556,649 | 50.8 | 133,069 |
| February 28, 2017 | 1,105,979 | 556,104 | 50.3 | 132,939 |

(4) Status of Cash Flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|---|---|---|--|
| Period ended | million yen | million yen | million yen | million yen |
| August 31, 2017 | 65,298 | (44,666) | (22,735) | 71,227 |
| February 28, 2017 | 14,772 | (13,608) | (13,419) | 73,331 |

2. Earnings Forecasts for the 5th Fiscal Period (from September 1, 2017 to February 28, 2018)

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

| Period ending | Operating revenues | | Operating profit | | Ordinary income | | Net income | | Distribution per unit (excluding distribution in excess of net income) | Distribution in excess of net income per unit | Distribution per unit (including distribution in excess of net income) |
|-------------------|--------------------|-------|------------------|-------|-----------------|-------|-------------|-------|--|---|--|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen | yen | yen |
| February 28, 2018 | 33,365 | △12.5 | 12,504 | △20.5 | 10,016 | △24.1 | 10,015 | △24.1 | 2,459 | 561 | 3,020 |

(Reference) Forecast net income per unit for the fiscal period ending February 28, 2018 is ¥2,394

*Other

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

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

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

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

As of August 31, 2017: 4,183,130 units
As of February 28, 2017: 4,183,130 units

② Number of treasury investment units

As of August 31, 2017: – units
As of February 28, 2017: – 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 42.

* Status of audit procedure implementation

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

* Forward-looking statements

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by NMF. Accordingly, actual earnings performance and other results may differ materially due to a variety of factors. Furthermore, such forward-looking statements do not constitute a guarantee of future distributions. For more information about the assumptions underlying forward-looking statements and the use of such statements, please refer to “Assumptions Underlying Earnings Forecasts for the 5th Fiscal Period (Ending February 28, 2018)” on page 9.

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

Attachment

1. Related Corporations of the Investment Corporation

Disclosure is omitted because there are no significant changes from the information presented under “Structure of the Investment Corporation” in the most recently published securities report (published May 29, 2017).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted, since there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” presented in the securities report (filed on May 29, 2017).

(2) Management Status

① Outline of Fiscal Period under Review

NMF’s basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister’s Office Ordinance No. 129 of 2000, including subsequent amendments)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management (Note 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.

During the management strategy’s initial quality phase, from NMF’s establishment on October 1, 2015, to the end of the 4th fiscal period, NMF sold 27 properties for a total of ¥81.5 billion, greatly surpassing its target for this phase of ¥50 billion. NMF also acquired 19 properties, mainly from the sponsor, Nomura Real Estate Development Co., Ltd., for a total of ¥83.4 billion. These asset replacements improved the quality of NMF’s portfolio. NMF also targeted internal growth in upside sectors (Note 2). As a result, the distribution per share rose from ¥2,656 in the first fiscal period (when recalculated for a six-month period (Note 3)) to ¥3,037 for the 4th fiscal period.

(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.

(Note 3) The above figure is recalculated for a six-month fiscal period based on the actual distribution per unit of ¥2,219 for the first fiscal period, and the number of days in the first fiscal period, 152

② Investment Environment

The Japanese economy has continued to gradually improve, backed by increased exports and recovery in production due to improvement in the global economy. In 2017, growth is expected to continue, as projections call for foreign demand staying strong while ongoing monetary easing provides support for domestic demand. However, movement toward increasing interest rates and reducing asset holdings by central banks around the world, growing uncertainty regarding the policies of the United States, and economic conditions in China could potentially lead to a deceleration in the global economy and thus remain causes for concern. Furthermore, conditions surrounding North Korea and other geopolitical risks require careful attention.

In the J-REIT market, conditions remain favorable for raising funds through borrowing, as interest rates have stayed low. Fundraising through borrowing in the first six months of 2017 exceeded that in the same

period of the previous year.

With regard to the office leasing market, the vacancy rate continued to gradually decline. Rents continued to rise, albeit slowly, as the market tightened, reflecting firm demand for increased floor space and expansion in existing buildings. Going forward, the overall office rental market balance is expected to remain largely unchanged, with limited new supply and demand for increased floor space supported by improving corporate results as a result of economic recovery. However, in 2018 and onward, emerging secondary vacancies due to increasing supply and changes in office demand will require ongoing careful attention.

Concerning the environment surrounding retail facilities, the overall pace of recovery in retail has remained slow due to stagnant individual consumption and frugal household spending, negatively affecting sales at suburban retail facilities. Rents in major urban retail areas had been rising but now seem to have entered a lull. Going forward, 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, overall demand has been steady, due in part to firm sales reported by third-party logistics providers (Note), NMF's main logistics facility tenants, and online shopping outlets. However, increasingly serious personnel shortages at tenant companies are driving up shipping rates, which may negatively impact shipping volumes and demand for logistics facilities going forward. Furthermore, the possibility of local demand imbalances due to a forecast increase in logistics facility development projects in the greater Tokyo area and Kinki area is a cause for concern.

(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, as the Greater Tokyo Area and other major urban areas continue to see net population inflow, both the existing stock and new supply of high-quality rental condominiums in prime locations are low. 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 could indirectly exert a negative effect on the market, and market trends in areas with lax regulations on one-room apartments and areas with increasing numbers of apartments are a potential reason for caution.

In the real estate transaction market, overall investor appetite remains strong, but prices have remained high, with growing indications of overheating in competition to acquire properties. While the current market 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.

③ Management Performance

Under the circumstances described above, during the 4th fiscal period, NMF acquired eight properties (nORBESA, Nakaza Cui-daore Building, NRE Kichijoji Building (additional 49.0% quasi co-ownership stake in the beneficial interest in a real estate trust), Landport Kashiwa Shonan I, PRIME URBAN Gakugei Daigaku Parkfront, Proud Flat Omori III, Proud Flat Kinshicho and Summit Store Naritahigashi (Land); total acquisition price: ¥38,995 million). Also during the 4th fiscal period, NMF sold 11 properties (NOF Nihonbashi Honcho Building (51% quasi co-ownership stake in the beneficial interest in a real estate trust), NOF Technoport Kamata Center Building, Tennozu Park Side Building, Mitsubishi Motors Shibuya, Mitsubishi Motors Suginami, Ito-Yokado Higashi-Narashino Store, Merad Owada, Ota Nitta Logistics Center, Ota Higashishinmachi Logistics Center, Ota Kiyohara Logistics Center and Chiyodamachi Logistics Center; total sale price: ¥47,414 million). As a result, at the end of the fiscal period under review, NMF held 268 properties (total acquisition price: ¥927,318 million), the ratio of investment in the Greater Tokyo area was 82.0%, the gross leasable area of the portfolio was 1,847,370.18 m², and the portfolio remained highly diversified.

Furthermore, since the close of the 4th fiscal period (August 31, 2017), NMF has acquired four properties developed by the sponsor, Nomura Real Estate Development Co., Ltd., effective September 29, 2017 (PMO Hirakawacho, PMO Shinnihonbashi, GEMS Kanda and GEMS Daimon; total acquisition price: ¥11,410 million). On the same date, NMF sold Morisia Tsudanuma (sale price: ¥18,000 million), which it expected to see decline in competitiveness due to age and increasing maintenance and management costs.

In terms of property and facility management, as described above in “① 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 98.4%. In the office sector, a key upside sector, the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

④ Status of Fund Procurement

During the fiscal period under review, NMF took out loans of ¥8,700 million and ¥18,000 million on March 16, 2017 and March 30, 2017, respectively, to partially cover capital requirements for the acquisition of specified assets and related expenses. Furthermore, using cash on hand generated by the sale of assets, NMF repaid a total of ¥36,700 million in existing loans. NMF also refinanced interest-bearing liabilities with approaching maturities of ¥50,070 million (including ¥5,000 million in investment corporation bonds).

To secure a stable financial base, NMF extended its existing ¥10,000 million commitment line agreement for an additional year, established a new one-year ¥40,000 million commitment line agreement, and established a one-year ¥30,000 million uncommitted line of credit. (including borrowings taken out in the period under review as part of the abovementioned financing).

As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥488,741 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 44.6%.

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

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

⑤ Business Performance and Distributions

In the 4th fiscal period, operating revenues totaled ¥38,139 million, operating profit reached ¥15,735 million, ordinary income totaled ¥13,190 million, and net income came to ¥13,190 million. NMF calculates cash distributions in accordance with the cash distribution policies specified in Article 36 paragraphs 1 and 2 of NMF's Articles of Incorporation.

For the fiscal period under review, NMF decided to implement ¥12,704 million in distributions, for a distribution per unit of ¥3,037. This figure was calculated as ¥13,190 million in net income after taxes plus ¥2,622 million in amortization of goodwill minus ¥3,107 million in gains on sale of real estate minus the portion for which per-unit distributions would be less than ¥1.

The entire amount of ¥12,704 million, the amount of distributions calculated as described above, will be paid out as distributions of earnings, as said amount does not exceed net income as defined in Article 136 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter the Investment Trust Act). Accordingly, there is no distribution in excess of net income for the fiscal period under review. Note that the ¥3,107 million gain on sales of real estate recorded in the 4th fiscal period will be designated as retained earnings to facilitate stable operations over the medium and long terms. In part because the sale concerned was of a property with a greater tax-adjusted carrying value than book-adjusted carrying value, said retained earnings do not violate the relevant conduit requirements and will not be taxed.

⑥ Outlook for Next Fiscal Period

Under the conditions described above in ② Investment Environment, since its establishment, NMF has been implementing the initial quality phase of its medium- to long-term management strategy, implementing SPRs to enhance portfolio quality and fostering internal growth, mainly in upside sectors as it expanded its assets. However, with the property sale described below under ⑦ Significant Subsequent Events A. Asset sales a. Morisia Tsudanuma, NMF has largely completed its SPR property dispositions. Furthermore, NMF will therefore transition to the strategy's second phase, the growth phase.

Beginning in the 5th fiscal period, as initiatives of the growth phase, NMF will target external growth by leveraging the Nomura Real Estate Group's property development capabilities and internal growth by making maximum use of the property management pipeline with a focus on strengthening its property brands. By doing so, NMF aims to maintain the portfolio's high quality while pursuing growth in order to secure stable income over the medium to long term and the steady growth of assets under management and thus increase unitholder value.

Furthermore, as of September 1, 2017, NMF has changed its asset management fee scheme, adopting a scheme that links asset management fees to net income for each fiscal period. This change will promote increased consideration of unitholder interests in management by enhancing the link between said interests and asset management fees.

⑦ Significant Subsequent Events

A . Transfer of the asset

NMF reached an agreement to sell and sold the following asset after the conclusion of the 4th fiscal period (August 31, 2017).

(a). Morisia Tsudanuma

| | |
|--|--|
| ● Type of asset | Trust beneficiary interest in mainly real estate |
| ● Use | Retail facility |
| ● Contract date | September 29, 2017 |
| ● Transfer date | September 29, 2017 |
| ● Transfer price | ¥18,000 million |
| ● Buyer | Nomura Real Estate Development Co., Ltd. |
| ● Impact on 5th fiscal period earnings | ¥3 million |

(Scheduled)

The impact of (a), above, on earnings for the 5th fiscal period (September 1, 2017 to February 28, 2018) 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 September 26, 2017, concluding the acquisition on September 29, 2017. Because these acquisitions and the above noted sale of Morisia Tsudanuma under ⑦ Significant Subsequent Events are between the same parties, said parties settled the account based on the difference between the acquisition and sale prices. Accordingly, Nomura Master Fund received from the seller a lump sum consisting of the full sale price of Morisia Tsudanuma, less the full acquisition prices of the four properties acquired, listed below.

| | | |
|----------------------------|--|--|
| Property name | PMO Hirakawacho | PMO Shinnihonbashi |
| Type of asset | Real estate | Real estate |
| Location (Note 1) | (Registry) 2-7-6 Hirakawacho, Chiyoda Ward, Tokyo and 2 other lots (Street) 2-7-3 Hirakawacho, Chiyoda Ward, Tokyo | (Registry) 4-11-2 Nihonbashi-Honcho, Chuo Ward, Tokyo and 2 other lots (Street) 4-3-6 Nihonbashi-Honcho, Chuo Ward, Tokyo |
| Structure (Note 1) | S 10F | S/SRC B1F/9F |
| Land area (Note 1) | 307.79 m ² | 552.11 m ² (owned portion: 473.11 m ² ; leased portion: 79.00 m ²) |
| Floor area (Note 1) | 2,402.91 m ² | 3,721.63 m ² |
| Type of ownership | (Land) Ownership (Building) Ownership | (Land) Ownership, leasehold (Building) Ownership |
| Completion date (Note 1) | January 29, 2016 | November 30, 2016 |
| Acquisition price (Note 2) | ¥3,410 million | ¥4,440 million |
| Date of agreement | September 29, 2017 (Date of agreement on purchase and sale of real estate) | September 29, 2017 (Date of agreement on purchase and sale of real estate) |
| Date of acquisition | September 29, 2017 (Date of delivery of real estate) | September 29, 2017 (Date of delivery of real estate) |
| Seller | Nomura Real Estate Development, Co., Ltd. | Nomura Real Estate Development, Co., Ltd. |

| | | |
|--------------------------|---|---|
| Property name | GEMS Kanda | GEMS Daimon |
| Type of asset | Real estate | Real estate |
| Location (Note 1) | (Registry) 1-4-3 Kajicho, Chiyoda Ward, Tokyo and 2 other lots (Street) 1-9-19 Kajicho, Chiyoda Ward, Tokyo | (Registry) 1-401-1 Daimon, Minato Ward, Tokyo and 3 other lots (Street) 1-15-3 Daimon, Minato Ward, Tokyo |
| Structure (Note 1) | S/SRC B1F/8F | S/SRC B1F/9F |
| Land area (Note 1) | 198.73 m ² | 241.43 m ² |
| Floor area (Note 1) | 1,177.49 m ² | 1,387.89 m ² |
| Type of ownership | (Land) Ownership (Building) Ownership | (Land) Ownership (Building) Ownership |
| Completion date (Note 1) | June 15, 2016 | February 15, 2016 |

| | | |
|-------------------------------|---|---|
| Acquisition price (Note 2) | ¥1,500 million | ¥2,060 million |
| Date of agreement | September 29, 2017 (Date of agreement on purchase and sale of real estate) | September 29, 2017 (Date of agreement on purchase and sale of real estate) |
| Date of acquisition | September 29, 2017 (Date of delivery of real estate) | September 29, 2017 (Date of delivery of real estate) |
| Seller | Nomura Real Estate Development, Co., Ltd. | Nomura Real Estate Development, Co., Ltd. |

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

(Note 2) The acquisition price stated is that given on the real estate sale contract and does not include acquisition-related costs (property and other taxes, etc.).

Assumptions Underlying Earnings Forecasts for the 5th Fiscal Period (Ending February 28, 2018)

| Item | Assumptions |
|---|--|
| Calculation period | <ul style="list-style-type: none"> • 5th fiscal period: September 1, 2017 to February 28, 2018 |
| Assets Under Management | <ul style="list-style-type: none"> • With respect to the 271 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through February 28, 2018. • The forecasts may be revised due to actual changes in the portfolio or other reasons. |
| Operating revenues | <ul style="list-style-type: none"> • Rental revenues are estimated based on tenant trends, competitive properties located in adjacent areas and real estate market conditions, among other factors, with the assumption that there exist no arrears or cases of nonpayment with regard to the properties. • Gain on sales of real estate are expected to be ¥3 million. |
| Operating expenses (excluding amortization expenses for goodwill) | <ul style="list-style-type: none"> • Real estate rental expenses are expected to be ¥ 14,652 million. • It is estimated that a tax amount of ¥2,700 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. • Estimated property management costs (including building management fees and property management fees) of ¥2,987 million are expected to be recorded as real estate rental expenses • Expenses for repairs and maintenance required for the fiscal period are calculated as real estate rental expenses, based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damages to a building caused by events difficult to foresee, significant year-on-year fluctuations in costs or non-periodic repair expenses. • Depreciation of ¥ 4,752 million is expected to be recorded as real estate rental expenses. • Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥ 3,586 million. |
| Amortization expenses for goodwill | <ul style="list-style-type: none"> • 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. • 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. |
| Non-operating expenses | <ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses are estimated to be ¥ 2,479 million. |
| Interest-bearing liabilities | <ul style="list-style-type: none"> • As of today, the outstanding interest-bearing liabilities of NMF are ¥ 488,741 million, consisting of ¥ 466,241 million in outstanding borrowings and ¥22,500 million in investment corporation bonds. • Regarding the portion of the borrowings and investment corporation bonds (¥20,862 million and ¥4,000 million, respectively) that will come due by February 28, 2018 (the end of the 5th fiscal period), it is assumed that NMF will make scheduled and partial repayments of ¥42 million using cash on hand and refinance the remainder using borrowings. • It is assumed that, through February 28, 2018 (the end of the 5th fiscal period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than |

| Item | Assumptions |
|--|---|
| | those stated above. |
| Investment units | <ul style="list-style-type: none"> NMF assumes that there will be no changes in the number of investment units issued and outstanding as of the date of the publication of this document, 4,183,130 units, and there will be no additional issuance of new investment units through February 28, 2018 (the end of the 5th fiscal period). |
| Distribution per unit | <ul style="list-style-type: none"> The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. NMF assumes that, of the allowance for temporary difference adjustments (hereinafter "ATA") accrued up to the present, the amount eliminated in the 5th fiscal period (¥38 million) will be reversed from retained earnings at end of period. NMF assumes that there will be no change in the 5th fiscal period to the ¥1,524 million in deferred losses on hedges of interest rate swaps recorded under valuation and translation adjustments continuing from the 4rd fiscal period (ended August 31, 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. NMF assumes that ¥3 million, equivalent to gain on sales of real estate, will be designated as retained earnings. The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs. |
| Distribution per unit in excess of earnings per unit | <ul style="list-style-type: none"> The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment 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). The distribution in excess of net earnings per unit for the 5th fiscal period is expected to be ¥561, comprising ¥295 in distributions of ATA and ¥266 in other distributions in excess of net earnings. |
| Other | <ul style="list-style-type: none"> It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan or other laws or regulations that would affect the above forecasts. It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets. |

3. Financial Statements

(1) Balance Sheet

Thousands of Yen

| | As of February 28, 2017 | As of August 31, 2017 |
|---|-------------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 59,843,132 | 58,143,774 |
| Cash and bank deposits in trust | 13,487,906 | 13,083,900 |
| Rental receivables | 464,183 | 787,203 |
| Prepaid expenses | 722,575 | 778,510 |
| Income taxes receivable | — | 55 |
| Consumption taxes receivable | 147,670 | — |
| Other | 514,880 | 511,026 |
| Total current assets | 75,180,347 | 73,304,471 |
| Noncurrent assets | | |
| Property and equipment | | |
| Buildings | 112,383,669 | 118,103,608 |
| Less accumulated depreciation | (4,798,964) | (6,534,321) |
| Buildings, net | 107,584,705 | 111,569,286 |
| Structures | 350,886 | 402,117 |
| Less accumulated depreciation | (98,717) | (135,600) |
| Structures, net | 252,168 | 266,517 |
| Machinery | 591,581 | 597,359 |
| Less accumulated depreciation | (172,580) | (235,885) |
| Machinery, net | 419,001 | 361,473 |
| Equipment | 109,030 | 143,822 |
| Less accumulated depreciation | (13,537) | (23,985) |
| Equipment, net | 95,493 | 119,836 |
| Land | 193,986,142 | 214,805,613 |
| Buildings in trust | 195,623,428 | 187,039,446 |
| Less accumulated depreciation | (14,025,227) | (15,656,794) |
| Buildings in trust, net | *3 181,598,200 | *3 171,382,651 |
| Structures in trust | 941,049 | 950,998 |
| Less accumulated depreciation | (560,164) | (626,012) |
| Structures in trust, net | 380,885 | 324,986 |
| Machinery in trust | 168,606 | 231,240 |
| Less accumulated depreciation | (14,365) | (24,552) |
| Machinery in trust, net | 154,240 | 206,688 |
| Tools, furniture and fixtures in trust | 388,097 | 466,104 |
| Less accumulated depreciation | (68,628) | (105,141) |
| Tools, furniture and fixtures in trust, net | 319,468 | 360,962 |
| Land in trust | *3 435,437,175 | *3 415,162,899 |
| Leased assets | 24,494 | 23,900 |
| Less accumulated depreciation | (11,386) | (14,950) |
| Leased assets, net | 13,108 | 8,950 |
| Construction in progress | 22,179 | 5,229 |
| Total property and equipment | 920,262,769 | 914,575,096 |

| | Thousands of Yen | |
|--|-------------------------|-----------------------|
| | As of February 28, 2017 | As of August 31, 2017 |
| Intangible assets | | |
| Goodwill | 98,698,194 | 96,075,951 |
| Leasehold rights | 951,943 | 951,943 |
| Leasehold rights in trust | 7,629,150 | 7,628,763 |
| Other | 36,867 | 33,060 |
| Total intangible assets | 107,316,156 | 104,689,719 |
| Investments and other assets | | |
| Long-term prepaid expenses | 1,600,245 | 1,692,616 |
| Long-term deposits | 533,241 | 566,019 |
| Security deposits | 956,753 | 945,753 |
| Derivatives Assets | 108,612 | 35,372 |
| Total investments and other assets | 3,198,853 | 3,239,761 |
| Total noncurrent assets | 1,030,777,780 | 1,022,504,578 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 21,038 | 19,666 |
| Total deferred assets | 21,038 | 19,666 |
| Total assets | 1,105,979,166 | 1,095,828,716 |

| | Thousands of Yen | |
|---|-------------------------|-----------------------|
| | As of February 28, 2017 | As of August 31, 2017 |
| Liabilities | | |
| Current liabilities | | |
| Trade accounts payable | 2,410,374 | 3,078,364 |
| Short-term debt | *1 5,000,000 | *1 — |
| Current portion of investment corporation bonds | 9,000,000 | 4,000,000 |
| Current portion of long-term debt | 69,975,600 | 54,760,600 |
| Lease obligations in trust | 8,651 | 6,630 |
| Other accounts payable | 2,294,599 | 1,536,890 |
| Accrued expenses | 361,542 | 333,666 |
| Accrued income taxes | 1,549 | 605 |
| Accrued consumption taxes | — | 1,227,566 |
| Rent received in advance | 5,083,681 | 4,942,249 |
| Unearned revenue | 366,627 | 300,134 |
| Derivatives liabilities | 98,865 | 50,648 |
| Other current liabilities | 297,925 | 299,281 |
| Total current liabilities | 94,899,417 | 70,536,637 |
| Long-term liabilities | | |
| Investment corporation bonds | 18,500,000 | 18,500,000 |
| Long-term debt | 396,308,400 | 411,480,600 |
| Lease obligations in trust | 5,395 | 2,956 |
| Long-term advances received | 713,190 | 574,827 |
| Security deposits from tenants | 8,776,373 | 9,107,525 |
| Security deposits from tenants in trust | *3 29,116,596 | *3 27,467,719 |
| Derivatives liabilities | 1,555,380 | 1,509,405 |
| Total long-term liabilities | 454,975,337 | 468,643,035 |
| Total liabilities | 549,874,755 | 539,179,673 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 161,883,752 | 162,592,573 |
| Surplus | | |
| Capital surplus | 394,012,959 | 394,012,959 |
| Deductions from capital surplus | | |
| Allowance for temporary difference adjustments | *4 (5,374,246) | *4 (7,367,727) |
| Other deductions from capital surplus | (3,800,508) | (5,801,916) |
| Total deduction from capital surplus | (9,174,754) | (13,169,643) |
| Capital surplus, net | 384,838,204 | 380,843,315 |
| Retained earnings | 10,928,087 | 14,737,836 |
| Total surplus | 395,766,292 | 395,581,151 |
| Total unitholders' equity | 557,650,045 | 558,173,725 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | (1,545,633) | (1,524,682) |
| Valuation and translation adjustments | (1,545,633) | (1,524,682) |
| Total net assets | *2 556,104,411 | *2 556,649,043 |
| Total liabilities and net assets | 1,105,979,166 | 1,095,828,716 |

(2) Statement of Income and Retained Earnings

| | Thousands of Yen | | | |
|--|--|------------|---|------------|
| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | | Current period from Mar. 1, 2017 to Aug. 31, 2017 | |
| Operating revenues | | | | |
| Rental revenues | *1 | 31,730,411 | *1 | 31,656,774 |
| Other rental revenues | *1 | 2,984,567 | *1 | 3,375,225 |
| Gain on sales of real estate | | — | *3 | 3,107,662 |
| Total operating revenues | | 34,714,978 | | 38,139,662 |
| Operating expenses | | | | |
| Real estate rental expenses | *1 | 15,791,521 | *1 | 15,962,925 |
| Impairment loss | *2 | 269,797 | *2 | — |
| Asset management fees | | 2,783,114 | | 3,063,128 |
| Asset custody fees | | 48,740 | | 56,591 |
| Administrative service fees | | 155,545 | | 174,470 |
| Directors' compensation | | 7,200 | | 7,200 |
| Merger expenses | | 1,374,890 | | — |
| Amortization of goodwill | | 2,622,242 | | 2,622,242 |
| Other operating expenses | | 417,131 | | 517,291 |
| Total operating expenses | | 23,470,183 | | 22,403,849 |
| Operating profit | | 11,244,795 | | 15,735,812 |
| Non-operating revenues | | | | |
| Interest income | | 357 | | 365 |
| Reversal of dividends payable | | 23,390 | | 23,673 |
| Interest on refund | | 1 | | 852 |
| Other non-operating revenues | | 82 | | 48 |
| Total non-operating revenues | | 23,832 | | 24,939 |
| Non-operating expenses | | | | |
| Interest expenses | | 1,886,020 | | 1,950,878 |
| Interest expenses on investment corporation bonds | | 279,332 | | 206,638 |
| Amortization of investment corporation bond issuance costs | | 1,372 | | 1,372 |
| Loan arrangement fees | | 423,782 | | 405,749 |
| Other non-operating expenses | | 5,560 | | 5,310 |
| Total non-operating expenses | | 2,596,068 | | 2,569,949 |
| Ordinary income | | 8,672,559 | | 13,190,803 |
| Income before income taxes | | 8,672,559 | | 13,190,803 |
| Income taxes—current | | 1,604 | | 605 |
| Total income taxes | | 1,604 | | 605 |
| Net income | | 8,670,955 | | 13,190,198 |
| Retained earnings brought forward | | 2,257,132 | | 1,547,638 |
| Retained earnings at end of period | | 10,928,087 | | 14,737,836 |

(3) Statement of Changes in Net Assets

Previous 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 |

Current period (from March 1, 2017 to August 31, 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 | 161,883,752 | 394,012,959 | (5,374,246) | (3,800,508) | (9,174,754) | 384,838,204 |
| Changes of items during the period | | | | | | |
| Distributions of retained earnings | — | — | — | — | — | — |
| Reversal of allowance for temporary difference adjustments | 708,820 | — | 708,820 | (708,820) | — | — |
| Distributions in excess of net earnings from allowance for temporary difference adjustments | — | — | (2,702,301) | — | (2,702,301) | (2,702,301) |
| Other distributions in excess of net earnings | — | — | — | (1,292,587) | (1,292,587) | (1,292,587) |
| Net income | — | — | — | — | — | — |
| Net changes of items other than unitholders' equity | — | — | — | — | — | — |
| Total changes of items during the period | 708,820 | — | (1,993,481) | (2,001,407) | (3,994,889) | (3,994,889) |
| Balance at the end of the period | (*1)162,592,573 | 394,012,959 | (7,367,727) | (5,801,916) | (13,169,643) | 380,843,315 |

| | 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 | 10,928,087 | 395,766,292 | 557,650,045 | (1,545,633) | (1,545,633) | 556,104,411 |
| Changes of items during the period | | | | | | |
| Distributions of retained earnings | (8,671,628) | (8,671,628) | (8,671,628) | — | — | (8,671,628) |
| Reversal of allowance for temporary difference adjustments | (708,820) | (708,820) | — | — | — | — |
| Distributions in excess of net earnings from allowance for temporary difference adjustments | — | (2,702,301) | (2,702,301) | — | — | (2,702,301) |
| Other distributions in excess of net earnings | — | (1,292,587) | (1,292,587) | — | — | (1,292,587) |
| Net income | 13,190,198 | 13,190,198 | 13,190,198 | — | — | 13,190,198 |
| Net changes of items other than unitholders' equity | — | — | — | 20,951 | 20,951 | 20,951 |
| Total changes of items during the period | 3,809,748 | (185,140) | 523,680 | 20,951 | 20,951 | 544,631 |
| Balance at the end of the period | 14,737,836 | 395,581,151 | 558,173,725 | (1,524,682) | (1,524,682) | 556,649,043 |

(4) Statement of Cash Distributions

Yen

| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
|--|--|---|
| I. Retained earnings at end of period | 10,928,087,899 | 14,737,836,769 |
| II. Distributions in excess of retained earnings | 3,994,889,150 | — |
| Of which, allowance for temporary difference adjustments | 2,702,301,980 | — |
| Of which, other distributions in excess of net earnings | 1,292,587,170 | — |
| III. Incorporation into unitholders' capital | 708,820,764 | 198,551,954 |
| Of which, reversal of allowance for temporary difference adjustments | 708,820,764 | 198,551,954 |
| IV. Distributions | 12,666,517,640 | 12,704,165,810 |
| [Distributions per unit] | (3,028) | (3,037) |
| Of which, distributions of earnings | 8,671,628,490 | 12,704,165,810 |
| [Of which, distributions of earnings per unit] | (2,073) | (3,037) |
| 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 | 1,292,587,170 | — |
| [Of which, distributions in excess of retained earnings per unit [of other distributions in excess of net earnings]] | (309) | — |
| V. Retained earnings carried forward | 1,547,638,645 | 1,835,119,005 |

| | | |
|--------------------------------------|--|---|
| Calculation method for distributions | <p>Concerning distributions for the 3rd fiscal period, NMF decided the distribution per unit will be ¥3,028.</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>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement ¥12,704,165,810 in distributions, for a distribution per unit of ¥3,037. This figure was calculated as ¥13,190,198,124 in net income plus ¥2,622,242,820 in amortization of goodwill minus ¥3,107,662,242 in gains on sale of real estate, for a subtotal of ¥12,704,778,702, from which the portion for which per-unit distributions would be less than ¥1 was excluded.</p> <p>Note that, for the fiscal period under review, the distribution consists entirely of the distribution of earnings, and there is no distribution in excess of earnings as defined in Article 36, Paragraph 2 of NMF's Articles of Incorporation.</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> | |
|--|--|--|

(5) Statement of Cash Flows

Thousands of Yen

| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
|---|--|---|
| Cash flows from operating activities | | |
| Income before income taxes | 8,672,559 | 13,190,803 |
| Depreciation | 4,757,915 | 4,862,890 |
| Impairment loss | 269,797 | — |
| Amortization of goodwill | 2,622,242 | 2,622,242 |
| Amortization of investment corporation bond issuance | 1,372 | 1,372 |
| Interest income | (357) | (365) |
| Interest expenses | 2,165,353 | 2,157,516 |
| Loss on disposal of property and equipment | 5,259 | 4,997 |
| Increase (decrease) in allowance for doubtful accounts | (54) | — |
| Decrease (increase) in rental receivables | 176,867 | (324,496) |
| Decrease (increase) in prepaid expenses | 87,776 | (56,437) |
| Decrease (increase) in consumption taxes receivable | (147,670) | 147,670 |
| Decrease (increase) in long-term prepaid expenses | (227,233) | (92,370) |
| Decrease (increase) in long-term deposits | 3,407 | (32,777) |
| Increase (decrease) in trade accounts payable | (466,025) | 667,990 |
| Increase (decrease) in other accounts payable | (106,693) | (59,415) |
| Increase (decrease) in accrued consumption taxes | (698,979) | 1,227,566 |
| Increase (decrease) in accrued expenses | (144,522) | 9,343 |
| Increase (decrease) in rent received in advance | (599) | (141,431) |
| Decrease in property and equipment in trust due to sales | — | 43,502,593 |
| Other | 184,451 | 2,274 |
| Subtotal | 17,154,866 | 67,689,965 |
| Interest received | 357 | 365 |
| Interest paid | (2,383,092) | (2,389,746) |
| Income taxes paid | 367 | (1,605) |
| Net cash provided by (used in) operating activities | 14,772,499 | 65,298,979 |
| Cash flows from investing activities | | |
| Payments for purchase of property and equipment | (11,255,557) | (26,570,750) |
| Payments for purchase of property and equipment in trust | (2,430,622) | (16,789,989) |
| Payments for purchase of intangible assets in trust | (7,949) | (469) |
| Reimbursement of security deposits to tenants | (243,608) | (221,253) |
| Proceeds from security deposits from tenants | 436,532 | 552,436 |
| Reimbursement of security deposits to tenants in trust | (565,829) | (2,660,618) |
| Proceeds from security deposits from tenants in trust | 458,738 | 1,013,247 |
| Proceeds from security deposits | 50 | 11,000 |
| Net cash provided by (used in) investing activities | (13,608,247) | (44,666,399) |
| Cash flows from financing activities | | |
| Proceeds from short-term debt | 5,000,000 | 31,700,000 |
| Repayment of short-term debt | — | (36,700,000) |
| Proceeds from long-term debt | 42,950,000 | 45,070,000 |
| Repayment of long-term debt | (44,055,300) | (45,112,800) |
| Repayment of investment corporation bonds | (5,000,000) | (5,000,000) |
| Distributions of earnings to unitholders | (10,219,932) | (8,699,523) |
| Distributions in excess of net earnings from allowance for temporary difference adjustments | (1,781) | (2,701,640) |
| Other distributions in excess of net earnings | (2,092,349) | (1,291,979) |

| | | |
|--|----------------|----------------|
| Net cash provided by (used in) financing activities | (13,419,364) | (22,735,943) |
| Net increase (decrease) in cash and cash equivalents | (12,255,112) | (2,103,362) |
| Cash and cash equivalents at beginning of period | 75,270,568 | 73,331,038 |
| Cash and cash equivalents from merger | 10,315,582 | — |
| Cash and cash equivalents at end of period | (*1)73,331,038 | (*1)71,227,675 |

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

(7) Notes Concerning Significant Accounting Policies

| | |
|---|---|
| 1. Depreciation of noncurrent assets | <p>① Property and equipment (including trust assets) The straight-line method is adopted. The useful lives of major property and equipment are as follows: 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> |
| 2. Deferred investment corporation bond issuance costs | Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds. |
| 3. Allowance for doubtful accounts | To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables. |
| 4. Revenue and expenses recognition | <p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted. 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 ¥3,333 thousand in the previous fiscal period, and ¥135,274 thousand in the current fiscal period.</p> |
| 5. Hedge accounting | <p>① Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>② Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>③ Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>④ Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p> |
| 6. Other important bases for preparing financial statements | <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 in trust</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 Sep. 1, 2016 to Feb. 28, 2017 | | | Current period from Mar. 1, 2017 to Aug. 31, 2017 | | |
|---|---|--|---|---|---|
| 1. Reasons, related assets and amounts of allowance set aside | | | 1. Reasons, related assets and amounts of reversals | | |
| Thousands of Yen | | | Thousands of Yen | | |
| Related assets, etc. | Reason | Allowance for temporary difference adjustments | Related assets, etc. | Reason | Allowance for temporary difference adjustment |
| Goodwill | Amortization of goodwill | 2,622,242 | Land, buildings, etc. | Sale and depreciation of properties for which merger expenses were recorded | (91,221) |
| Land, buildings, etc. | Merger expenses | 1,390,273 | Land, buildings, etc. | Sale of property on which impairment was recognized | (86,378) |
| Land, buildings, etc. | Impairment loss | 269,797 | Deferred gains or losses on hedges | Changes in fair value of derivatives | (20,951) |
| Long-term deposits | Shortfall of reserve for repairs | 15,185 | Total | | (198,551) |
| Increase—subtotal | | 4,297,499 | 2. Method of reversal | | |
| Buildings, building improvements, etc. | Depreciation deficiency equivalent | (1,302,166) | 1. Amortization of goodwill | | |
| Unearned revenue, etc. | Write-down of loss on interest rate swap due to merger | (216,261) | In principle, amortization of goodwill is not reversed. | | |
| Other | — | (76,768) | 2. Merger expenses | | |
| Decrease—subtotal | | (1,595,197) | Item | Method of reversal | |
| Total | | 2,702,301 | Buildings, etc. | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | |
| 2. Reasons, related assets and amounts of reversals | | | Land | Upon sale, etc., the corresponding amount is scheduled to be reversed. | |
| Thousands of Yen | | | Buildings, etc., in trust | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | |
| Related assets, etc. | Reason | Allowance for temporary difference adjustment | Land in trust | Upon sale, etc., the corresponding amount is scheduled to be reversed. | |
| Land, buildings, etc. | Sale and depreciation of properties for which merger expenses were recorded | —* | Leasehold rights | Upon sale, etc., the corresponding amount is scheduled to be reversed. | |
| Deferred gains or losses on hedges | Changes in fair value of derivatives | (708,820) | Leasehold rights in trust | | |
| Total | | (708,820) | 3. Impairment loss | | |
| | | | Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed. | | |

| <p>*The amount cancelled in the period under review (¥6,319 thousand) is deducted from “Depreciation deficiency equivalent” under 1., above.</p> <p>3. Method of reversal</p> <p>(1) Amortization of goodwill In principle, amortization of goodwill is not reversed.</p> <p>(2) Merger expenses</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Method of reversal</th> </tr> </thead> <tbody> <tr> <td>Buildings, etc.</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land</td> <td>Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Buildings, etc., in trust</td> <td>Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.</td> </tr> <tr> <td>Land in trust</td> <td rowspan="3">Upon sale, etc., the corresponding amount is scheduled to be reversed.</td> </tr> <tr> <td>Leasehold rights</td> </tr> <tr> <td>Leasehold rights in trust</td> </tr> </tbody> </table> <p>(3) Impairment loss Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed.</p> <p>(4) Long-term deposits In principle, long-term deposits are not reversed.</p> <p>(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.</p> | Item | Method of reversal | Buildings, etc. | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | Land | Upon sale, etc., the corresponding amount is scheduled to be reversed. | Buildings, etc., in trust | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | Land in trust | Upon sale, etc., the corresponding amount is scheduled to be reversed. | Leasehold rights | Leasehold rights in trust | <p>4. Deferred gains or losses on hedges The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.</p> |
|---|---|--------------------|-----------------|---|------|--|---------------------------|---|---------------|--|------------------|---------------------------|---|
| Item | Method of reversal | | | | | | | | | | | | |
| Buildings, etc. | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | | | | | | | | | | | | |
| Land | Upon sale, etc., the corresponding amount is scheduled to be reversed. | | | | | | | | | | | | |
| Buildings, etc., in trust | Upon depreciation and sale, the corresponding amounts are scheduled to be reversed. | | | | | | | | | | | | |
| Land in trust | Upon sale, etc., the corresponding amount is scheduled to be reversed. | | | | | | | | | | | | |
| Leasehold rights | | | | | | | | | | | | | |
| Leasehold rights in trust | | | | | | | | | | | | | |

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

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

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

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

| | Thousands of Yen | | |
|---|------------------------------------|---|---------------------|
| | Previous period (Feb. 28, 2017) | Current period (Aug. 31, 2017) | |
| Assets offered as collateral are as follows. | | Assets offered as collateral are as follows. | |
| Buildings in trust | ¥3,335,340 thousand | Buildings in trust | ¥3,319,061 thousand |
| Land in trust | ¥6,096,368 thousand | Land in trust | ¥6,096,368 thousand |
| Total | ¥9,431,708 thousand | Total | ¥9,415,429 thousand |
| Liabilities secured by collateral are as follows. | | Liabilities secured by collateral are as follows. | |
| Security deposits from tenants in trust | ¥726,648 thousand | Security deposits from tenants in trust | ¥726,648 thousand |
| Total | ¥726,648 thousand | Total | ¥726,648 thousand |

*4. Allowance for temporary difference adjustments

Previous 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.

Current period (from March 1, 2017 to August 31, 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 | 4,244,640 | 1,622,397 | 2,622,242 | — | 4,244,640 | — |
| Land, buildings, etc. | Merger expenses | 4,029,135 | 1,497,394 | (6,319) | — | 1,491,074 | — |
| Deferred gains or losses on hedges | Loss on interest-rate swaps recognized at the end of the fiscal period | 2,867,594 | 2,254,454 | — | (708,820) | 1,545,633 | Changes in fair value of derivative transactions |
| Land, buildings, etc. | Impairment loss | 269,797 | — | 86,378 | — | 86,378 | — |
| Long-term deposits | Shortfall of reserve for repair | 15,185 | — | — | — | — | — |
| Increase – subtotal | | — | 5,374,246 | 2,702,301 | (708,820) | 7,367,727 | — |
| Buildings, building improvements, etc. | Depreciation deficiency equivalent | (1,302,166) | — | — | — | — | — |
| Unearned revenue, etc. | Write-down of loss on interest rate swap due to merger | (216,261) | — | — | — | — | — |
| Other | — | (76,768) | — | — | — | — | — |
| Decrease – subtotal | | — | — | — | — | — | — |
| Total | | — | 5,374,246 | 2,702,301 | (708,820) | 7,367,727 | — |

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

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

(4) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

| | Thousands of Yen | | | |
|---------------------------------------|--|------------|---|------------|
| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | | Current period from Mar. 1, 2017 to Aug. 31, 2017 | |
| A. Property related revenues | | | | |
| Rental revenues | | | | |
| Rent revenues | 29,030,375 | | 29,096,278 | |
| Common area charges | 2,700,036 | 31,730,411 | 2,560,496 | 31,656,774 |
| Other rental revenues | | | | |
| Parking revenues | 689,795 | | 661,983 | |
| Incidental income | 2,174,961 | | 2,507,619 | |
| Other miscellaneous revenues | 119,811 | 2,984,567 | 205,621 | 3,375,225 |
| Property related revenues | | 34,714,978 | | 35,032,000 |
| B. Property related expenses | | | | |
| Real estate rental expenses | | | | |
| Property management costs | 1,692,980 | | 1,697,880 | |
| Property management fees | 901,769 | | 955,304 | |
| Property and other taxes | 3,016,773 | | 2,883,602 | |
| Utility expenses | 1,807,086 | | 2,013,031 | |
| Casualty insurance | 45,750 | | 46,032 | |
| Repairs and maintenance | 2,135,499 | | 2,083,225 | |
| Land rents | 208,052 | | 208,035 | |
| Depreciation | 4,757,368 | | 4,862,343 | |
| Other rental expenses | 1,226,241 | 15,791,521 | 1,213,470 | 15,962,925 |
| Property related expenses | | 15,791,521 | | 15,962,925 |
| C. Real estate rental profits [A – B] | | 18,923,457 | | 19,069,074 |

*2. Impairment loss

NMF recorded impairment loss during the previous 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 September 1, 2016 to February 28, 2017)

Not applicable.

Current period (from March 1, 2017 to August 31, 2017)

| | Thousands of Yen |
|---------------------------------------|------------------|
| NOF Nihonbashi Honcho Building | |
| Proceeds from sales of real estate | 11,730,000 |
| Cost of sales of real estate | 10,889,175 |
| Other related sales expenses | 60,292 |
| Gain on sales of real estate | 780,532 |
| NOF Technoport Kamata Center Building | |
| Proceeds from sales of real estate | 5,020,000 |
| Cost of sales of real estate | 4,725,469 |
| Other related sales expenses | 294,531 |
| Gain on sales of real estate | — |
| Tennozu Park Side Building | |
| Proceeds from sales of real estate | 12,700,000 |
| Cost of sales of real estate | 12,467,899 |
| Other related sales expenses | 232,101 |
| Gain on sales of real estate | — |
| Mitsubishi Motors Shibuya | |
| Proceeds from sales of real estate | 1,720,000 |
| Cost of sales of real estate | 1,586,458 |
| Other related sales expenses | 10,786 |
| Gain on sales of real estate | 122,755 |
| Mitsubishi Motors Suginami | |
| Proceeds from sales of real estate | 896,000 |
| Cost of sales of real estate | 748,922 |
| Other related sales expenses | 6,581 |
| Gain on sales of real estate | 140,496 |

| | |
|--|-----------|
| Ito-Yokado Higashi-Narashino Store | |
| Proceeds from sales of real estate | 664,000 |
| Cost of sales of real estate | 641,752 |
| Other related sales expenses | 6,771 |
| Gain on sales of real estate | 15,476 |
| Merad Owada | |
| Proceeds from sales of real estate | 7,380,000 |
| Cost of sales of real estate | 6,510,260 |
| Other related sales expenses | 84,372 |
| Gain on sales of real estate | 785,367 |
| Ota Nitta Logistics Center, Ota Higashishinmachi Logistics Center, Ota Kiyohara Logistics Center and Chiyodamachi Logistics Center (*) | |
| Proceeds from sales of real estate | 7,304,250 |
| Cost of sales of real estate | 5,932,656 |
| Other related sales expenses | 108,560 |
| Gain on sales of real estate | 1,263,033 |

(*)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.

(Notes to Statement of Changes in Net Assets)

| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 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 | 4,183,130 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 Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
| Cash and bank deposits | 59,843,132 | 58,143,774 |
| Cash and bank deposits in trust | 13,487,906 | 13,083,900 |
| Cash and cash equivalents | 73,331,038 | 71,227,675 |

*2. Important non-cash transactions

| | Thousands of Yen | |
|--|--|---|
| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 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 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) | — |

The following are the carrying amounts and fair values as of August 31, 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 | 58,143,774 | 58,143,774 | — |
| (2) Cash and bank deposits in trust | 13,083,900 | 13,083,900 | — |
| (3) Short-term debt | — | — | — |
| (4) Current portion of investment corporation bonds | (4,000,000) | (4,011,828) | 11,828 |
| (5) Current portion of long-term debt | (54,760,600) | (54,912,627) | 152,027 |
| (6) Investment corporation bonds | (18,500,000) | (19,932,756) | 1,432,756 |
| (7) Long-term debt | (411,480,600) | (417,122,162) | 5,641,562 |
| (8) Derivative transactions | (1,539,851) | (1,539,851) | — |

(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 (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 | — | — | — | — | — |

Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (August 31, 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 | 58,143,774 | — | — | — | — | — |
| Cash and bank deposits in trust | 13,083,900 | — | — | — | — | — |
| Total | 71,227,675 | — | — | — | — | — |

(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 (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 |

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, 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 | — | — | — | — | — | — |
| Investment corporation bonds | 4,000,000 | — | 5,000,000 | — | — | 13,500,000 |
| Long-term debt | 54,760,600 | 63,160,600 | 58,385,600 | 52,235,600 | 44,715,600 | 192,983,200 |
| Total | 58,760,600 | 63,160,600 | 63,385,600 | 52,235,600 | 44,715,600 | 206,483,200 |

(Notes on Securities)

Previous period (As of February 28, 2017)

Not applicable.

Current period (As of August 31, 2017)

Not applicable.

(Notes on Derivative Transactions)

1. Transactions not subject to hedge accounting

Previous period (As of February 28, 2017)

Not applicable.

Current period (As of August 31, 2017)

Not applicable.

2. Transactions subject to hedge accounting

Previous 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.

Current period (As of August 31, 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 | 154,100,000 | 129,380,000 | (Note 3) (1,539,851) |
| | Floating receivable Fixed payable | | | | |
| Special treatment for interest-rate swaps | Interest-rate swap transaction | Long-term debt | 101,718,100 | 89,475,300 | (Note 4) (1,402,532) |
| | Floating receivable Fixed payable | | | | |
| Total | | | 255,818,100 | 218,855,300 | (2,942,383) |

(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, (¥15,169 thousand) is booked as "accrued expenses" on the Balance Sheet.

(Note 4) Out of the fair value, (¥1,402,532 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

(Notes on retirement benefit plans)

Previous period (As of February 28, 2017)

Not applicable, as NMF has no retirement benefit system.

Current period (As of August 31, 2017)

Not applicable, as NMF has no retirement benefit system.

(Notes on Business Combination)

Previous 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

| 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 |
|-----------------------|--------------------|
| Previous assets | 10,701,316 |
| Noncurrent assets | 138,313,333 |
| Total assets | <u>149,014,649</u> |
| | |
| Previous liabilities | 43,815,958 |
| Long-term liabilities | 53,500,119 |
| Total liabilities | <u>97,316,077</u> |

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

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

Current period (As of August 31, 2017)
 Not applicable.

(Notes on Tax Effect Accounting)

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

| | Previous period (February 28, 2017) | Current period (August 31, 2017) |
|---|--|-------------------------------------|
| Deferred tax assets | | (Thousands of Yen) |
| Accepted valuation difference at merger | 24,633,094 | 21,965,966 |
| Denied impairment loss | 85,628 | — |
| Deferred gains or losses on hedges | 488,323 | 481,703 |
| Interest received in advance | 339,960 | 275,397 |
| Over-depreciated long-term prepaid expenses | 28,779 | 25,634 |
| Denied amortization of leasehold right in trust | 733 | 855 |
| Non-deductible accrued enterprise tax | 39 | — |
| Subtotal deferred tax assets | 25,576,558 | 22,749,557 |
| Valuation allowance | (25,576,558) | (22,749,557) |
| Total deferred tax assets | — | — |
| Net deferred tax assets | — | — |

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

| | Previous period (February 28, 2017) | Current period (August 31, 2017) |
|---|--|-------------------------------------|
| Statutory tax rate | 31.74% | 31.74% |
| (Adjustments) | | |
| Deductible cash distributions | (41.62%) | (16.57%) |
| Valuation allowance | 0.30% | (21.48%) |
| Amortization of goodwill | 9.60% | 6.31% |
| Other | 0.01% | 0.00% |
| Effective tax rate after application of tax effect accounting | 0.02% | 0.00% |

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

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

Not applicable, as NMF has no subsidiaries or affiliates.

Current period (from March 1, 2017 to August 31, 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 September 1, 2016 to February 28, 2017)

Not applicable.

Current period (from March 1, 2017 to August 31, 2017)

Not applicable.

2. Subsidiaries and affiliates

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

Not applicable.

Current period (from March 1, 2017 to August 31, 2017)

Not applicable.

3. Fellow subsidiaries

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

Not applicable.

Current period (from March 1, 2017 to August 31, 2017)

Not applicable.

4. Directors and major individual unitholders

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

Not applicable.

Current period (from March 1, 2017 to August 31, 2017)

Not applicable.

(Notes on asset retirement obligations)

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

Not applicable.

Current period (from March 1, 2017 to August 31, 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 Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
|---|--|---|
| Carrying amount | | |
| Balance at beginning of period | 782,457,778 | 928,836,719 |
| Amount of increase (decrease) during period | 146,378,940 | (5,680,915) |
| Balance at end of period | 928,836,719 | 923,155,804 |
| Fair value at end of period | 996,084,000 | 1,002,630,000 |

(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 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 previous period is mainly attributable to depreciation (¥4,754,117 thousand).The increase during the current period is mainly attributable to the acquisition of nORBESA (¥8,638,004 thousand),NRE Kichijoji Building (¥5,141,844 thousand), Nakaza Cui-daire Building (¥12,165,807 thousand),Landport Kashiwa Shonan I (¥10,040,496 thousand),PRIME URBAN Gakugei Daigaku Parkfront (¥1,402,842 thousand), Proud Flat Omori III (¥1,165,489 thousand), Proud Flat Kinshicho (¥831,191 thousand), Summit Store Narita-Higashi(Land) (¥744,810 thousand). The decrease during the current period is mainly attributable to the sale of NOF Technoport Kamata Center Building (¥4,725,469 thousand),NOF Nihonbashi Honcho Building (¥10,889,175 thousand), Tennozu Park Side Building (¥12,467,899 thousand), Mitsubishi Motors Shibuya (¥1,586,458 thousand), Mitsubishi Motors Suginami(¥748,922), Ito-Yokado Higashi-Narashino Store (¥641,752 thousand), Merad Owada (¥6,510,260 thousand), Ota Nitta Logistics Center (¥3,081,630 thousand), Ota Higashishinmachi Logistics Center (¥1,958,017 thousand), Ota Kiyohara Logistics Center(¥578,054 thousand) and Chiyodamachi Logistics Center (¥314,953 thousand) as well as depreciation (¥4,858,613 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 in the previous period and for Morisia Tsudanuma in the current period.

The income (loss) in the previous period (from September 1, 2016 to February 28, 2017) and current period (from March 1, 2017 to August 31, 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 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 |

Current period (from March 1, 2017 to August 31, 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. | 4,708,156 | Rental real estate business |

(Notes on Per Unit Information)

| | Yen | |
|---------------------|--|---|
| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
| Net assets per unit | 132,939 | 133,069 |
| Net income per unit | 2,072 | 3,153 |

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period.

In addition, the diluted net income per unit is not stated, since there are no dilutive investment units.

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

| | Previous period from Sep. 1, 2016 to Feb. 28, 2017 | Current period from Mar. 1, 2017 to Aug. 31, 2017 |
|---|--|---|
| Net income (Thousands of Yen) | 8,670,955 | 13,190,198 |
| Amount not attributable to ordinary unitholders (Thousands of Yen) | — | — |
| Net income attributable to ordinary investment units (Thousands of Yen) | 8,670,955 | 13,190,198 |
| Average number of investment units during period (Units) | 4,183,130 | 4,183,130 |

(Notes on Significant Subsequent Events)

1. Asset Sales

NMF reached an agreement to sell and sold the following asset after the conclusion of the 4th fiscal period (August 31, 2017).

① Morisia Tsudanuma

- Type of asset Trust beneficiary interest in mainly real estate
- Use Retail facility
- Contract date September 29, 2017
- Transfer date September 29, 2017
- Transfer price ¥18,000 million
- Buyer Nomura Real Estate Development Co., Ltd.
- Impact on 5th fiscal period earnings ¥3 million

(Scheduled)

The impact of ①, above, on earnings for the 5th fiscal period (September 1, 2017 to February 28, 2018) 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 (August 31, 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) |
| April 14, 2017 | Reversal of Allowance for temporary difference adjustments | — | 4,183,130 | 708 | 162,592 | (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 and April 14, 2017 meetings, NMF's Board of Directors resolved to reverse the allowance for temporary difference adjustments and incorporate the amounts of said reversals into unitholders' capital.

4. Changes in Directors

(1) Changes in NMF Directors

Based on a resolution reached at NMF's first Unitholders' Meeting, held May 26, 2017, Shuhei Yoshida took office as executive director, and Mineo Uchiyama and Koichi Owada took office as supervisory directors effective June 1, 2017. NMF's directors as of the date of this document's publication are as listed below. Note that executive director Satoshi Yanagita and supervisory directors Sadahiko Yoshimura and Shuhei Yoshida resigned as of May 31, 2017. Accordingly, their concurrent positions are omitted.

| | Executive director | Main concurrent positions |
|-------------------|--|------------------------------------|
| Incoming director | Shuhei Yoshida (As of June 1, 2017) | Partner, Law Office Shuhei Yoshida |
| Outgoing director | Satoshi Yanagita (As of May 31, 2017) | — |

| | Supervisory directors | Main concurrent positions |
|--------------------|--|--------------------------------------|
| Incoming directors | Mineo Uchiyama (As of June 1, 2017) | Partner, Mineo Uchiyama CPA Office |
| | Koichi Owada (As of June 1, 2017) | CEO, Tama Sōgō Appraisal Corporation |
| Outgoing directors | Sadahiko Yoshimura (As of May 31, 2017) | — |
| | Shuhei Yoshida (As of May 31, 2017) | — |

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

Timely disclosure of changes in directors and statutory auditors is made when the relevant details are determined.

During the 4th fiscal period, there were changes in directors and statutory auditors as shown below. For details, 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, Statutory Auditors and Important Employees in the Asset Management Company" and the press release dated May 18, 2017 titled "Notice Concerning Changes of Directors in the Asset Management Company."

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 |

Resignations (as of June 15, 2017)

| Name | Title (New) | Title (Former) |
|---------------|---------------|--------------------|
| Yoshiyuki Ito | (Resignation) | Statutory Auditors |

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) | 3rd fiscal period As of February 28, 2017 | | 4th fiscal period As of August 31, 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 | 93,482 | 8.5□ | 93,197 | 8.5□ | |
| | | Other areas | 21,720 | 2.0□ | 21,630 | 2.0□ | |
| | | Subtotal | 115,203 | 10.4□ | 114,827 | 10.5□ | |
| | Retail properties | Greater Tokyo area | 16,172 | 1.5□ | 16,854 | 1.5□ | |
| | | Other areas | — | — | 12,157 | 1.1□ | |
| | | Subtotal | 16,172 | 1.5□ | 29,012 | 2.6□ | |
| | Logistics properties | Greater Tokyo area | 10,863 | 1.0□ | 20,810 | 1.9□ | |
| | | Subtotal | 10,863 | 1.0□ | 20,810 | 1.9□ | |
| | Residential properties | Greater Tokyo area | 124,205 | 11.2□ | 126,920 | 11.6□ | |
| | | Other areas | 31,708 | 2.9□ | 31,367 | 2.9□ | |
| | | Subtotal | 155,913 | 14.1□ | 158,287 | 14.4□ | |
| | Other properties | Greater Tokyo area | 5,136 | 0.5 | 5,136 | 0.5 | |
| | | Subtotal | 5,136 | 0.5 | 5,136 | 0.5 | |
| | Real estate in trust | Office properties | Greater Tokyo area | 285,379 | 25.8□ | 257,332 | 23.5□ |
| Other areas | | | 50,512 | 4.6□ | 50,569 | 4.6□ | |
| Subtotal | | | 335,892 | 30.4□ | 307,901 | 28.1□ | |
| Retail properties | | Greater Tokyo area | 91,247 | 8.3□ | 93,692 | 8.5□ | |
| | | Other areas | 45,434 | 4.1□ | 47,263 | 4.3□ | |
| | | Subtotal | 136,681 | 12.4□ | 140,955 | 12.9□ | |
| Logistics properties | | Greater Tokyo area | 121,141 | 11.0□ | 120,488 | 11.0□ | |
| | | Other areas | 9,463 | 0.9□ | 3,453 | 0.3□ | |
| | | Subtotal | 130,605 | 11.8□ | 123,942 | 11.3□ | |
| Residential properties | | Greater Tokyo area | 22,368 | 2.0□ | 22,281 | 2.0□ | |
| | | Subtotal | 22,368 | 2.0□ | 22,281 | 2.0□ | |
| Subtotal | | | 928,836 | 84.0 | 923,155 | 84.2 | |
| Deposits and other assets | | | 177,142 | 16.0 | 172,672 | 15.8 | |
| Total amount of assets | | | 1,105,979 | 100.0 | 1,095,828 | 100.0 | |

| | 3rd fiscal period As of February 28, 2017 | | 4th fiscal period As of August 31, 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 | 549,874 | 49.7 | 539,179 | 49.2 |
| Total amount of net assets | 556,104 | 50.3 | 556,649 | 50.8 |

(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. (268 properties) held as of August 31, 2017 (end of the 4th 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 4th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 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 4th fiscal period.

| | |
|--|--------------|
| Number of properties | 268 |
| Gross leasable area (m ²) (Note 1) | 1,847,370.18 |
| Gross leased area (m ²) (Note 2) | 1,818,028.01 |
| Total number of tenants (Note 3) | 1,340 |
| Total of all contracted rent (Thousands of Yen) (Note 4) | 5,155,353 |

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 4th 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, NEC Head Office Building and Musashiurawa Shopping Square the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leasable area is calculated as the building’s overall leasable area multiplied by the ownership ratio of the common areas. Land with leasehold interest indicates the land area in the registry as contracted space.

(Note 2) The sum total of “leased area” of each of the assets held at the end of the 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, NEC Head Office Building and Musashiurawa Shopping Square the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 4th fiscal period. In the calculation of “number of tenants,” when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant (sublessee that is the actual user) for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant. However, in the case of assets with a so-called pass-through master lease agreement, where the rent received from the lessee in the master lease agreement is the same amount as the rent that the lessee receives from the end-tenant, the total number of end-tenants is shown. In addition, if multiple rental units in a specific asset are leased to a specific tenant, this is counted as one tenant for the asset and, if multiple assets are leased to a specific tenant, these are counted separately and the total of that number of tenants is shown. For residential facilities or residential portions of “other” sector facilities, when some or all rental units are collectively leased for the purpose of subleasing and the lessee in the lease agreement (master lease agreement) has concluded an agreement with an end-tenant for subleasing the rental units, the lessee of the master lease agreement is counted as one tenant, and the total number of tenants for the building as whole is shown.

(Note 4) The total amount of “total contracted rent” for August 2017 of each of the assets held at the end of the 4th fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for August 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 August 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, NEC Head Office Building and Musashiurawa Shopping Square the total contracted rent is calculated by multiplying the building's overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, the the total contracted rent is calculated as the building's overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee.

(b) Changes in Occupancy Rate

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

| | February 29, 2016 (end of 1st fiscal period) | August 31, 2016 (end of 2nd fiscal period) | February 28, 2017 (end of 3rd fiscal period) | August 31, 2017 (end of 4th fiscal period) |
|---|--|--|--|--|
| Portfolio occupancy rate (at end of fiscal period) (%) | 98.9 | 99.1 | 99.2 | 98.4 |

B. Price and Investment Share

The following is an overview of the assets held at the end of the 4th 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 | 45,813 | 49,100 | 4.9 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NRE Tennozu Building | 20,500 | 20,466 | 21,700 | 2.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Kojimachi Millennium Garden | 26,700 | 26,586 | 27,200 | 2.7 | Japan Real Estate Institute |
| | | NMF Shinjuku Minamiguchi Building | 10,000 | 10,151 | 10,600 | 1.1 | Japan Real Estate Institute |
| | | NMF Shibuya Koen-dori Building | 10,400 | 10,444 | 10,600 | 1.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Secom Medical Building | 11,100 | 10,963 | 11,400 | 1.1 | Japan Real Estate Institute |
| | | NMF Shiba Building | 7,040 | 7,051 | 7,250 | 0.7 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Nishi-Shinjuku Showa Building | 8,140 | 8,151 | 8,100 | 0.8 | Appraisal Firm A Square Ltd. |
| | | NRE Shibuya Dogenzaka Building | 5,310 | 5,317 | 5,630 | 0.6 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Iwamoto-cho Toyo Building | 4,050 | 4,055 | 4,180 | 0.4 | Japan Real Estate Institute |
| | | NMF Surugadai Building | 4,690 | 4,702 | 4,890 | 0.5 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | PMO Nihonbashi Honcho | 4,320 | 4,225 | 4,560 | 0.5 | Japan Real Estate Institute |
| | | PMO Nihonbashi Kayabacho | 5,010 | 4,922 | 5,470 | 0.5 | Japan Real Estate Institute |
| | | NMF Gotanda Ekimae Building | 4,430 | 4,601 | 4,830 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | NRE Higashi-nihonbashi Building | 3,570 | 3,546 | 3,510 | 0.4 | Japan Real Estate Institute |
| | | PMO Akihabara | 4,240 | 4,152 | 4,830 | 0.5 | Japan Real Estate Institute |
| | | Hatchobori NF Building | 2,480 | 2,464 | 2,590 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NMF Kanda Iwamoto-cho Building | 4,160 | 4,198 | 4,120 | 0.4 | Japan Real Estate Institute |
| | | NMF Takanawa Building | 2,830 | 2,819 | 2,900 | 0.3 | Japan Real Estate Institute |
| | | PMO Hatchobori | 2,880 | 2,815 | 3,220 | 0.3 | Japan Real Estate Institute |
| | | PMO Nihonbashi Odenmachi | 2,210 | 2,162 | 2,570 | 0.3 | Japan Real Estate Institute |
| | | PMO Higashi-nihonbashi | 1,690 | 1,645 | 1,880 | 0.2 | Japan Real Estate Institute |
| | | NRE Ueno Building | 6,470 | 6,502 | 6,640 | 0.7 | Japan Real Estate Institute |
| | | NF Hongo Building | 4,890 | 4,865 | 5,150 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Crystal Park Building | 3,390 | 3,360 | 3,420 | 0.3 | Appraisal Firm A Square Ltd. |
| | | NMF Kichijoji Honcho Building | 1,780 | 1,838 | 1,920 | 0.2 | Japan Real Estate Institute |
| | | Faret Tachikawa Center Square | 3,850 | 3,841 | 4,190 | 0.4 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NMF Kawasaki Higashiguchi Building | 7,830 | 7,898 | 8,860 | 0.9 | Japan Valuers Co., Ltd. |
| | | NMF Yokohama Nishiguchi Building | 5,460 | 5,677 | 6,440 | 0.6 | Japan Real Estate Institute |
| | | NMF Shin-Yokohama Building | 2,620 | 2,806 | 2,970 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | PMO Tamachi | 6,210 | 6,253 | 6,750 | 0.7 | Japan Real Estate Institute |
| | | PMO Ginza Hatchome | 3,970 | 3,996 | 4,410 | 0.4 | Japan Real Estate Institute |
| | | PMO Shibakoen | 3,900 | 3,925 | 4,320 | 0.4 | Japan Real Estate Institute |
| NEC Head Office Building (Note 6) | 44,100 | 44,184 | 44,500 | 4.4 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| Harumi Island Triton Square Office Tower Y | 18,200 | 18,118 | 18,600 | 1.9 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| NMF Aoyama 1-chome Building | 10,400 | 10,419 | 11,700 | 1.2 | Japan Real Estate Institute | | |
| NMF Takebashi Building | 8,330 | 8,320 | 8,540 | 0.9 | The Tanizawa Sogo Appraisal Co., Ltd. | | |
| Harumi Island Triton Square Office Tower Z | 8,180 | 8,129 | 8,180 | 0.8 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| NMF Kayabacho Building | 6,070 | 6,039 | 6,200 | 0.6 | Japan Real Estate Institute | | |

| Use | Area | Property name | Acquisition price (Millions of Yen) (Note 1) | Carrying amount (Millions of Yen) (Note 2) | Opinion of value at end of period (Millions of Yen) (Note 3) | Investment share (%) (Note 4) | Appraiser |
|-----------------------------|--------------------|---------------------------------|--|--|---|--|--|
| Office | Greater Tokyo area | NMF Shinjuku EAST Building | 5,710 | 5,744 | 5,790 | 0.6 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NMF Shiba-Koen Building | 3,620 | 3,637 | 3,750 | 0.4 | Japan Real Estate Institute |
| | | NMF Ginza 4-chome Building | 1,850 | 1,860 | 1,930 | 0.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Faret East Building | 1,850 | 1,847 | 1,940 | 0.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | Other areas | Sapporo North Plaza | 6,250 | 6,325 | 7,080 | 0.7 | Japan Real Estate Institute |
| | | NRE Sapporo Building | 4,140 | 3,975 | 4,470 | 0.4 | Japan Real Estate Institute |
| | | NMF Sendai Aoba-dori Building | 2,030 | 2,160 | 2,160 | 0.2 | Mori Appraisal & Investment consulting, Inc. |
| | | NOF Utsunomiya Building | 2,320 | 2,600 | 2,330 | 0.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NMF Nagoya Fushimi Building | 2,240 | 2,156 | 2,240 | 0.2 | Japan Real Estate Institute |
| | | NMF Nagoya Yanagibashi Building | 2,280 | 2,312 | 2,140 | 0.2 | Japan Valuers Co., Ltd. |
| | | Omron Kyoto Center Building | 18,300 | 18,198 | 18,700 | 1.9 | Japan Real Estate Institute |
| | | SORA Shin-Osaka 21 | 12,100 | 12,023 | 12,100 | 1.2 | Japan Valuers Co., Ltd. |
| | | NRE Osaka Building | 6,100 | 6,326 | 6,200 | 0.6 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NRE Nishi-Umeda Building | 3,450 | 3,475 | 3,630 | 0.4 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | NRE Yotsubashi Building | 4,000 | 4,010 | 4,140 | 0.4 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NRE Hiroshima Building | 2,280 | 2,273 | 2,580 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NMF Hakata Ekimae Building | 4,210 | 4,191 | 4,630 | 0.5 | Japan Real Estate Institute |
| | | NMF Tenjin-Minami Building | 2,230 | 2,169 | 2,330 | 0.2 | Japan Real Estate Institute |
| | | Office subtotal | | | 420,260 | 422,728 | 442,060 |
| Retail | Greater Tokyo area | Morisia Tsudanuma | 16,600 | 17,919 | 17,500 | 1.7 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Yokosuka More's City | 13,640 | 13,805 | 16,300 | 1.6 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Recipe SHIMOKITA | 10,407 | 10,588 | 10,900 | 1.1 | Japan Valuers Co., Ltd. |
| | | Kawasaki More's | 6,080 | 6,669 | 7,810 | 0.8 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | EQUINIA Shinjuku | 4,260 | 4,305 | 4,920 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | EQUINA Ikebukuro | 3,990 | 4,067 | 4,490 | 0.4 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | covirna machida | 3,440 | 3,748 | 4,320 | 0.4 | Japan Real Estate Institute |
| | | Nitori Makuhari | 3,080 | 2,874 | 3,740 | 0.4 | Japan Real Estate Institute |
| | | Konami Sports Club Fuchu | 2,730 | 2,600 | 3,400 | 0.3 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | FESTA SQUARE | 2,600 | 2,408 | 3,200 | 0.3 | Japan Real Estate Institute |
| | | GEMS Shibuya | 2,490 | 2,446 | 2,660 | 0.3 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Sundai Azamino | 1,700 | 1,585 | 2,060 | 0.2 | Japan Real Estate Institute |
| | | EQUINIA Aobadai | 1,560 | 1,631 | 1,900 | 0.2 | Japan Real Estate Institute |
| | | Megalos Kanagawa | 1,000 | 983 | 1,380 | 0.1 | Japan Real Estate Institute |
| | | Mitsubishi Motors Meguro | 2,740 | 2,764 | 3,150 | 0.3 | Japan Real Estate Institute |
| | | Mitsubishi Motors Chofu | 1,760 | 1,776 | 1,780 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Mitsubishi Motors Nerima | 1,240 | 1,251 | 1,400 | 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 | 886 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Mitsubishi Motors Katsushika | 800 | 808 | 884 | 0.1 | Japan Real Estate Institute |
| | | Mitsubishi Motors Higashikurume | 800 | 808 | 882 | 0.1 | Japan Real Estate Institute |
| Mitsubishi Motors Setagaya | 770 | 779 | 896 | 0.1 | Japan Real Estate Institute | | |
| Mitsubishi Motors Sekimachi | 600 | 606 | 680 | 0.1 | Japan Real Estate Institute | | |

| Use | Area | Property name | Acquisition price (Millions of Yen) (Note 1) | Carrying amount (Millions of Yen) (Note 2) | Opinion of value at end of period (Millions of Yen) (Note 3) | Investment share (%) (Note 4) | Appraiser |
|-----------------|--------------------|--|--|--|---|--|---|
| Retail | Greater Tokyo area | Mitsubishi Motors Higashiyamato | 450 | 455 | 511 | 0.1 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Mitsubishi Motors Motosumiyoshi | 370 | 375 | 385 | 0.0 | Japan Real Estate Institute |
| | | Mitsubishi Motors Kawagoe | 350 | 355 | 376 | 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 | 173 | 0.0 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | NRE Kichijoji Building (Note 7) | 10,410 | 10,409 | 11,100 | 1.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | GEMS Ichigaya | 2,080 | 2,092 | 2,080 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Sagamihara Shopping Center | 6,840 | 6,814 | 6,910 | 0.7 | Japan Real Estate Institute |
| | | Musashiurawa Shopping Square (Note 6) | 2,720 | 2,682 | 2,770 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Summit Store Naritahigashi (Land) | 700 | 744 | 756 | 0.1 | Japan Real Estate Institute |
| | Other areas | Universal CityWalk Osaka | 15,500 | 15,567 | 18,200 | 1.8 | Japan Valuers Co., Ltd. |
| | | Izumiya Senrioka | 8,930 | 8,606 | 11,200 | 1.1 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Izumiya Yao | 4,460 | 4,157 | 5,410 | 0.5 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Izumiya Obayashi | 3,020 | 3,211 | 3,890 | 0.4 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Ichibancho stear | 4,700 | 4,575 | 5,640 | 0.6 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | EQUINIA Aobadori | 1,640 | 1,469 | 2,020 | 0.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | MEL Building | 1,060 | 1,055 | 1,170 | 0.1 | Japan Real Estate Institute |
| | | nORBESA | 8,500 | 8,618 | 8,540 | 0.9 | Japan Real Estate Institute |
| | | Nakaza Cui-daore Building | 11,600 | 12,157 | 11,300 | 1.1 | Japan Valuers Co., Ltd. |
| Retail subtotal | | | 167,723 | 169,968 | 188,914 | 18.9 | |
| Logistics | Greater Tokyo area | Landport Urayasu | 17,400 | 16,609 | 21,500 | 2.1 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Landport Itabashi | 15,710 | 15,086 | 19,200 | 1.9 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Landport Kawagoe | 13,700 | 12,711 | 16,500 | 1.6 | Japan Real Estate Institute |
| | | Landport Atsugi | 11,410 | 10,815 | 11,900 | 1.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Sagamihara Tana Logistics Center | 10,600 | 10,296 | 12,400 | 1.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Sagamihara Onodai Logistics Center | 8,700 | 8,186 | 11,100 | 1.1 | Japan Real Estate Institute |
| | | Landport Hachioji | 8,250 | 7,725 | 9,650 | 1.0 | Japan Real Estate Institute |
| | | Landport Kasukabe | 7,340 | 6,744 | 8,710 | 0.9 | Japan Real Estate Institute |
| | | Funabashi Logistics Center | 4,660 | 4,563 | 5,440 | 0.5 | Japan Real Estate Institute |
| | | Atsugi Minami Logistics Center B Tower | 4,590 | 4,375 | 5,590 | 0.6 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Hanyu Logistics Center | 3,810 | 3,596 | 4,380 | 0.4 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Kawaguchi Logistics Center B Tower | 3,750 | 3,678 | 4,630 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Kawaguchi Logistics Center A Tower | 2,830 | 2,804 | 3,510 | 0.4 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | Atsugi Minami Logistics Center A Tower | 2,690 | 2,606 | 3,390 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | Kawaguchi Ryoike Logistics Center | 10,790 | 10,686 | 12,700 | 1.3 | Morii Appraisal & Investment Consulting, Inc. |
| | | Landport Kashiwa Shonan II | 10,800 | 10,817 | 11,400 | 1.1 | Japan Valuers Co., Ltd. |
| | | Landport Kashiwa Shonan I | 9,900 | 9,993 | 10,200 | 1.0 | Japan Valuers Co., Ltd. |
| | Other areas | Hirakata Kuzuha Logistics Center | 3,460 | 3,453 | 3,850 | 0.4 | Daiwa Real Estate Appraisal Co., Ltd. |
| | Logistics subtotal | | | 150,390 | 144,752 | 176,050 | 17.6 |

| 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 | 3,333 | 3,440 | 0.3 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Yoyogi Uehara | 989 | 985 | 1,060 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Hatsudai | 713 | 700 | 760 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Shibuya Sakuragaoka | 750 | 734 | 689 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Gakugei Daigaku | 746 | 728 | 788 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Meguro Gyoninzaka | 939 | 920 | 1,010 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Sumida Riverside | 2,280 | 2,212 | 2,460 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Kagurazaka | 1,590 | 1,550 | 1,730 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Waseda | 1,110 | 1,080 | 1,190 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Shinjuku Kawadacho | 947 | 923 | 929 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Sangen Jaya | 1,190 | 1,156 | 1,260 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Kamata | 1,160 | 1,121 | 1,230 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Kamata II | 3,320 | 3,219 | 3,260 | 0.3 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | PROUD FLAT Shinotsuka | 623 | 602 | 547 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Kiyosumi Shirakawa | 928 | 898 | 983 | 0.1 | Daiwa Real Estate Appraisal Co. |
| | | PROUD FLAT Monzen Nakacho II | 652 | 633 | 602 | 0.1 | Daiwa Real Estate Appraisal Co. |
| | | PROUD FLAT Monzen Nakacho I | 1,030 | 996 | 948 | 0.1 | Daiwa Real Estate Appraisal Co. |
| | | PROUD FLAT Fujimidai | 1,470 | 1,431 | 1,630 | 0.2 | Japan Real Estate Institute |
| | | PROUD FLAT Asakusa Komagata | 1,920 | 1,852 | 2,080 | 0.2 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | PROUD FLAT Yokohama | 2,090 | 2,021 | 2,170 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Kamioooka | 2,710 | 2,621 | 2,670 | 0.3 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PROUD FLAT Tsurumi II | 1,650 | 1,595 | 1,760 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Azabu Juban | 1,100 | 1,101 | 1,140 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Akasaka | 938 | 934 | 903 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Tamachi | 972 | 959 | 1,020 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Shibaura LOFT | 1,830 | 1,783 | 1,910 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Yoyogi | 359 | 351 | 366 | 0.0 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Ebisu II | 1,140 | 1,130 | 1,260 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Bancho | 1,090 | 1,077 | 1,080 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Chiyoda Fujimi | 679 | 669 | 629 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Idabashi | 2,040 | 2,003 | 2,000 | 0.2 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Ebisu | 1,260 | 1,249 | 1,280 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Naka Meguro | 1,410 | 1,392 | 1,440 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Gakugei Daigaku | 775 | 767 | 820 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| PRIME URBAN Senzoku | 474 | 469 | 485 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Meguro Riverside | 414 | 402 | 441 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Meguro Ohashi Hills | 2,970 | 2,910 | 3,040 | 0.3 | Japan Valuers Co., Ltd. | | |
| PRIME URBAN Meguro Aobadai | 1,310 | 1,291 | 1,430 | 0.1 | Japan Real Estate Institute | | |
| PRIME URBAN Gakugei Daigaku II | 1,080 | 1,066 | 1,170 | 0.1 | Japan Real Estate Institute | | |
| PRIME URBAN Naka Meguro II | 2,850 | 2,838 | 3,030 | 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 | 2,573 | 2,640 | 0.3 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Shinkawa | 2,100 | 2,084 | 2,260 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Nihonbashi Yokoyamacho | 4,220 | 4,108 | 4,400 | 0.4 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Nihonbashi Hamacho | 1,550 | 1,520 | 1,710 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Hongo Ikizaka | 557 | 545 | 594 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Hakusan | 866 | 840 | 933 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Yotsuya Gaien Higashi | 1,490 | 1,477 | 1,580 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Nishi Shinjuku I | 1,090 | 1,079 | 1,150 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Nishi Shinjuku II | 885 | 874 | 954 | 0.1 | The Tanizawa Sogo Appraisal Co., Ltd. |
| | | PRIME URBAN Shinjuku Naitomachi | 430 | 431 | 458 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Nishi Waseda | 421 | 408 | 448 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Shinjuku Ochiai | 594 | 596 | 633 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Mejiro | 1,430 | 1,414 | 1,540 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Kagurazaka | 2,900 | 2,834 | 3,020 | 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 | 722 | 754 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Sangen Jaya | 724 | 709 | 771 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Minami Karasuyama | 667 | 649 | 747 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Karasuyama Galleria | 549 | 534 | 573 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Karasuyama Court | 338 | 329 | 357 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Chitose Funabashi | 746 | 727 | 710 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Yoga | 1,390 | 1,360 | 1,490 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Shinagawa Nishi | 494 | 492 | 520 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Osaki | 1,860 | 1,832 | 1,990 | 0.2 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Oimachi II | 1,040 | 1,042 | 1,100 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Yukigaya | 951 | 946 | 726 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Omori | 905 | 879 | 951 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Denenchofu Minami | 774 | 751 | 708 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Nagahara Kamiikedai | 1,720 | 1,693 | 1,780 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Nakano Kamitakada | 498 | 483 | 538 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Takaido | 1,060 | 1,051 | 1,120 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Nishi Ogikubo | 414 | 405 | 422 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Nishi Ogikubo II | 1,790 | 1,769 | 1,870 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Otsuka | 730 | 717 | 766 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| PRIME URBAN Komagome | 437 | 434 | 452 | 0.0 | Chuo Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Ikebukuro | 3,800 | 3,713 | 4,000 | 0.4 | Japan Real Estate Institute | | |
| PRIME URBAN Monzen Nakacho | 2,420 | 2,366 | 2,530 | 0.3 | Chuo Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Kameido | 779 | 753 | 803 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Sumiyoshi | 632 | 613 | 647 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Mukojima | 528 | 519 | 540 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Kinshi Koen | 1,290 | 1,245 | 1,200 | 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 Kinshicho | 758 | 740 | 708 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Hirai | 722 | 697 | 753 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Kasai | 640 | 620 | 648 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Kasai II | 981 | 952 | 997 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Kasai East | 1,140 | 1,104 | 1,200 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Itabashi Kuyakushomae | 1,080 | 1,046 | 1,150 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Asakusa | 384 | 384 | 296 | 0.0 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Machiya South Court | 1,910 | 1,881 | 1,990 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Musashi Koganei | 1,910 | 1,907 | 1,970 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Musashino Hills | 1,280 | 1,279 | 1,320 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Koganei Honcho | 791 | 774 | 838 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Kumegawa | 1,520 | 1,459 | 1,420 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Musashi Kosugi comodo | 1,940 | 1,927 | 2,140 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Kawasaki | 962 | 950 | 1,040 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Shinyurigaoka | 1,020 | 989 | 1,180 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Tsurumi Teraya | 493 | 486 | 394 | 0.0 | Japan Real Estate Institute |
| | | PRIME URBAN Urayasu | 804 | 783 | 858 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Gyotoku I | 633 | 616 | 560 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Gyotoku II | 730 | 710 | 665 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Gyotoku Ekimae | 488 | 477 | 509 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Gyotoku Ekimae II | 469 | 459 | 483 | 0.0 | Japan Real Estate Institute |
| | | PRIME URBAN Gyotoku III | 747 | 733 | 776 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Nishi Funabashi | 761 | 735 | 807 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Kawaguchi | 1,580 | 1,541 | 1,710 | 0.2 | Japan Valuers Co., Ltd. |
| | | PROUD FLAT Hatchobori | 920 | 946 | 999 | 0.1 | Japan Real Estate Institute |
| | | PROUD FLAT Itabashi Honcho | 720 | 745 | 782 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Meguro Mita | 1,058 | 1,130 | 1,110 | 0.1 | Japan Valuers Co., Ltd. |
| | Fukasawa House Towers H&I | 7,140 | 7,085 | 7,310 | 0.7 | Daiwa Real Estate Appraisal Co., Ltd. | |
| | PRIME URBAN Toyosu | 5,290 | 5,236 | 5,390 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. | |
| | PRIME URBAN Nihonbashi Kayabacho | 2,850 | 2,832 | 2,900 | 0.3 | Daiwa Real Estate Appraisal Co., Ltd. | |
| | PRIME URBAN Yoga II | 1,320 | 1,311 | 1,330 | 0.1 | The Tanizawa Sogo Appraisal Co., Ltd. | |
| | PRIME URBAN Musashi Koganei II | 1,310 | 1,292 | 1,360 | 0.1 | The Tanizawa Sogo Appraisal Co., Ltd. | |
| | PRIME URBAN Gakugei daigaku parkfront | 1,300 | 1,397 | 1,310 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. | |
| PROUD FLAT Omori III | 1,110 | 1,159 | 1,170 | 0.1 | Morii Appraisal & Investment Consulting, Inc. | | |
| PROUD FLAT Kinshicho | 785 | 825 | 858 | 0.1 | Morii Appraisal & Investment Consulting, Inc. | | |
| Other areas | PROUD FLAT Itsutsubashi | 652 | 621 | 710 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. | |
| | PROUD FLAT Kawaramachi | 735 | 697 | 686 | 0.1 | Japan Real Estate Institute | |
| | PROUD FLAT Shin Osaka | 1,620 | 1,545 | 1,700 | 0.2 | Japan Real Estate Institute | |
| | PRIME URBAN Kita Juyo Jo | 274 | 264 | 280 | 0.0 | The Tanizawa Sogo Appraisal Co., Ltd. | |
| | PRIME URBAN Odori Koen I | 502 | 482 | 530 | 0.1 | Japan Real Estate Institute | |
| | PRIME URBAN Odori Koen II | 334 | 322 | 350 | 0.0 | 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 | Other areas | PRIME URBAN Kita Juichi Jo | 547 | 522 | 588 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Miyanosawa | 475 | 450 | 498 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Odori Higashi | 394 | 377 | 418 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Chiji Kokan | 249 | 236 | 272 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Maruyama | 229 | 218 | 237 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Kita Nijuyo Jo | 437 | 416 | 465 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Sapporo Idaimae | 616 | 588 | 643 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Sapporo Riverfront | 4,480 | 4,290 | 4,580 | 0.5 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Kita Sanjo Dori | 1,730 | 1,649 | 1,830 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Nagamachi Icchome | 1,140 | 1,095 | 1,060 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Yaotome Chuo | 466 | 447 | 436 | 0.0 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Tsutsumidori Amamiya | 949 | 949 | 926 | 0.1 | Japan Real Estate Institute |
| | | PRIME URBAN Aoi | 712 | 695 | 737 | 0.1 | Chuo Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Kanayama | 553 | 529 | 595 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Tsurumai | 1,020 | 972 | 1,110 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Kamimaezu | 1,590 | 1,527 | 1,640 | 0.2 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Izumi | 3,770 | 3,631 | 4,060 | 0.4 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Esaka I | 652 | 633 | 674 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Esaka II | 794 | 769 | 847 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Esaka III | 1,190 | 1,137 | 1,170 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Tamatsukuri | 1,020 | 984 | 1,060 | 0.1 | Japan Valuers Co., Ltd. |
| | | PRIME URBAN Sakaisuji Honmachi | 1,810 | 1,741 | 1,830 | 0.2 | Japan Real Estate Institute |
| | | PRIME URBAN Hakata | 588 | 566 | 614 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Yakuin Minami | 265 | 254 | 281 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| | | PRIME URBAN Kashii | 398 | 378 | 338 | 0.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| PRIME URBAN Hakata Higashi | 622 | 593 | 529 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Chihaya | 604 | 582 | 567 | 0.1 | Daiwa Real Estate Appraisal Co., Ltd. | | |
| PRIME URBAN Chikusa | 1,110 | 1,190 | 1,130 | 0.1 | Japan Valuers Co., Ltd. | | |
| Residential subtotal | | | 184,045 | 180,569 | 189,976 | 19.0 | |
| Other | Greater Tokyo area | Ryotokuji University Shin-Urayasu Campus (Land) | 4,900 | 5,136 | 5,130 | 0.5 | Japan Real Estate Institute |
| Other subtotal | | | 4,900 | 5,136 | 5,130 | 0.5 | |
| Total | | | 927,318 | 923,155 | 1,002,130 | 100.0 | |

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

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

(Note 3) "Opinion of value at end of period" is the appraisal or investigation value provided by the respective real estate appraiser (the value calculated by the respective real estate appraiser with the date of the 4th fiscal period-end (August 31, 2017) as the effective date of value and the value indicated by the income approach as a standard) in accordance with NMF's Articles of Incorporation and the Regulations Concerning Accounting of Investment Corporations.

The appraisal or investigation value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of appraisal by the respective real estate appraiser, etc., conducted in accordance with the Act on Real Estate Appraisal (Act No. 152 of 1963, including

subsequent amendments), and real estate appraisal standards, etc. Reappraisal of the same real estate may result in a different appraisal or investigation value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. In addition, the appraisal of real estate is not a guarantee or promise of the possibility of transactions at present or in the future at the appraised value.

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

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

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

(Note 4) "Investment share" is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (268 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 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 7) NMF's acquisition of quasi co-ownership of the beneficial interest in the property was made in two stages. The acquisition price given is the total for both transactions.

(Note 8) 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

Details concerning the leasing status of major tenants are shown below. Major tenants are those who, as of August 31, 2017, account for 10% or more of the total leased area of the assets held by NMF as of August 31, 2017 (in cases where multiple assets have the same tenant, this is calculated using the total leased area for all assets leased by said tenant).

| Tenant name | Business type | Property name | Contract termination date | Contract Extension | Leased area (m ²) (Note 1) | Annual rent (Millions of Yen) (Note 2) | Leasehold and security deposits (Millions of Yen) (Note 3) |
|--|-------------------|--|---------------------------|--|--|--|--|
| Nomura Real Estate Partners Co., Ltd. (Note 4) | Real estate | Shinjuku Nomura Building | March 31, 2018 | Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof. | 1,021.25 | 19 | 187 |
| | | NRE Yotsubashi Building | March 31, 2018 | | 1,024.91 | 40 | 27 |
| | | Kojimachi Millennium Garden (Residential building) | March 31, 2018 | | 4,706.14 | 225 | 33 |
| | | PROUD FLAT Shirokane Takanawa | February 28, 2018 | | 2,836.98 | 179 | 37 |
| | | PROUD FLAT Yoyogi Uehara | February 28, 2018 | | 1,151.34 | 59 | 6 |
| | | PROUD FLAT Hatsudai | February 28, 2018 | | 958.98 | 47 | 4 |
| | | PROUD FLAT Shibuya Sakuragaoka | February 28, 2018 | | 638.70 | 41 | 5 |
| | | PROUD FLAT Gakugei Daigaku | February 28, 2018 | | 867.75 | 45 | 5 |
| | | PROUD FLAT Meguro Gyoninzaka | February 28, 2018 | | 791.72 | 49 | 5 |
| | | PROUD FLAT Sumida Riverside | February 28, 2018 | | 3,055.21 | 147 | 14 |
| | | PROUD FLAT Kagurazaka | February 28, 2018 | | 1,753.50 | 91 | 2 |
| | | PROUD FLAT Waseda | February 28, 2018 | | 1,387.83 | 66 | 6 |
| | | PROUD FLAT Shinjuku Kawadacho | February 28, 2018 | | 1,102.20 | 56 | 8 |
| | | PROUD FLAT Sangen Jaya | February 28, 2018 | | 1,251.59 | 67 | 6 |
| | | PROUD FLAT Kamata | February 28, 2018 | | 1,519.89 | 72 | 7 |
| | | PROUD FLAT Kamata II | February 28, 2018 | | 3,974.13 | 200 | 23 |
| | | PROUD FLAT Shinotsuka | February 28, 2018 | | 710.03 | 37 | 3 |
| | | PROUD FLAT Kiyosumi Shirakawa | February 28, 2018 | | 1,209.56 | 59 | 9 |
| | | PROUD FLAT Monzen Nakacho II | February 28, 2018 | | 785.83 | 38 | 4 |
| | | PROUD FLAT Monzen Nakacho I | February 28, 2018 | | 1,191.08 | 64 | 7 |
| | | PROUD FLAT Fujimidai | February 28, 2018 | | 2,114.80 | 105 | 14 |
| | | PROUD FLAT Asakusa Komagata | February 28, 2018 | | 2,659.83 | 122 | 17 |
| | | PROUD FLAT Yokohama | February 28, 2018 | | 3,021.27 | 136 | 16 |
| | | PROUD FLAT Kamioooka | February 28, 2018 | | 4,872.17 | 182 | 16 |
| | | PROUD FLAT Tsurumi II | February 28, 2018 | | 2,198.64 | 111 | 21 |
| | | PRIME URBAN Azabu Juban | February 28, 2018 | | 1,101.82 | 60 | 5 |
| | | PRIME URBAN Akasaka | February 28, 2018 | | 1,026.86 | 54 | 5 |
| | | PRIME URBAN Tamachi | February 28, 2018 | | 1,107.36 | 61 | 6 |
| | | PRIME URBAN Shibaura LOFT | February 28, 2018 | | 1,853.91 | 110 | 9 |
| | | PRIME URBAN Yoyogi | February 28, 2018 | | 414.02 | 22 | 2 |
| | | PRIME URBAN Ebisu II | February 28, 2018 | | 1,184.77 | 69 | 6 |
| | | PRIME URBAN Bancho | February 28, 2018 | | 1,183.03 | 61 | 6 |
| | | PRIME URBAN Chiyoda Fujimi | February 28, 2018 | | 766.77 | 40 | 4 |
| | | PRIME URBAN Idabashi | February 28, 2018 | | 2,087.70 | 120 | 16 |
| PRIME URBAN Ebisu | February 28, 2018 | 1,393.32 | 65 | 6 | | | |
| PRIME URBAN Naka Meguro | February 28, 2018 | 1,302.42 | 79 | 9 | | | |
| PRIME URBAN Gakugei Daigaku | February 28, 2018 | 975.24 | 47 | 4 | | | |
| PRIME URBAN Senzoku | February 28, 2018 | 655.27 | 30 | 3 | | | |
| PRIME URBAN Meguro Riverside | February 28, 2018 | 453.77 | 28 | 2 | | | |
| PRIME URBAN Meguro Ohashi Hills | February 28, 2018 | 2,850.99 | 160 | 15 | | | |
| PRIME URBAN Meguro Aobadai | February 28, 2018 | 1,418.71 | 73 | 12 | | | |

| Tenant name | Business type | Property name | Contract termination date | Contract Extension | Leased area (m ²) (Note 1) | Annual rent (Millions of Yen) (Note 2) | Leasehold and security deposits (Millions of Yen) (Note 3) |
|--|-------------------|------------------------------------|---------------------------|--|--|--|--|
| Nomura Real Estate Partners Co., Ltd. (Note 4) | Real estate | PRIME URBAN Gakugei Daigaku II | February 28, 2018 | Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof. | 1,082.00 | 59 | 10 |
| | | PRIME URBAN Naka Meguro II | February 28, 2018 | | 2,358.51 | 152 | 36 |
| | | PRIME URBAN Kachidoki | February 28, 2018 | | 4,504.28 | 182 | 19 |
| | | PRIME URBAN Nihonbashi Yokoyamacho | February 28, 2018 | | 5,834.24 | 246 | 40 |
| | | PRIME URBAN Nihonbashi Hamacho | February 28, 2018 | | 1,960.08 | 91 | 9 |
| | | PRIME URBAN Hongo Ikizaka | February 28, 2018 | | 662.58 | 33 | 3 |
| | | PRIME URBAN Hakusan | February 28, 2018 | | 1,069.82 | 52 | 4 |
| | | PRIME URBAN Yotsuya Gaien Higashi | February 28, 2018 | | 1,687.65 | 86 | 8 |
| | | PRIME URBAN Nishi Shinjuku I | February 28, 2018 | | 1,342.77 | 67 | 6 |
| | | PRIME URBAN Nishi Shinjuku II | February 28, 2018 | | 1,162.55 | 56 | 5 |
| | | PRIME URBAN Shinjuku Naitomachi | February 28, 2018 | | 578.18 | 27 | 2 |
| | | PRIME URBAN Nishi Waseda | February 28, 2018 | | 507.11 | 28 | 2 |
| | | PRIME URBAN Shinjuku Ochiai | February 28, 2018 | | 1,053.39 | 41 | 3 |
| | | PRIME URBAN Mejiro | February 28, 2018 | | 1,678.03 | 83 | 5 |
| | | PRIME URBAN Kagurazaka | February 28, 2018 | | 2,812.29 | 161 | 22 |
| | | PRIME URBAN Sangen Jaya III | February 28, 2018 | | 893.42 | 42 | 3 |
| | | PRIME URBAN Chitose Karasuyama | February 28, 2018 | | 1,649.68 | 47 | 9 |
| | | PRIME URBAN Sangen Jaya | February 28, 2018 | | 823.26 | 43 | 5 |
| | | PRIME URBAN Minami Karasuyama | February 28, 2018 | | 1,024.62 | 45 | 3 |
| | | PRIME URBAN Karasuyama Galleria | February 28, 2018 | | 784.00 | 36 | 2 |
| | | PRIME URBAN Karasuyama Court | February 28, 2018 | | 576.20 | 24 | 1 |
| | | PRIME URBAN Chitose Funabashi | February 28, 2018 | | 1,027.44 | 46 | 5 |
| | | PRIME URBAN Yoga | February 28, 2018 | | 1,564.77 | 73 | 9 |
| | | PRIME URBAN Shinagawa Nishi | February 28, 2018 | | 941.54 | 42 | 7 |
| | | PRIME URBAN Osaki | February 28, 2018 | | 2,084.99 | 111 | 11 |
| | | PRIME URBAN Oimachi II | February 28, 2018 | | 1,762.83 | 90 | 8 |
| | | PRIME URBAN Yukigaya | February 28, 2018 | | 1,520.28 | 70 | 7 |
| | | PRIME URBAN Omori | February 28, 2018 | | 1,190.70 | 58 | 6 |
| | | PRIME URBAN Denenchofu Minami | February 28, 2018 | | 1,071.32 | 48 | 4 |
| | | PRIME URBAN Nagahara Kamiikedai | February 28, 2018 | | 2,135.27 | 91 | 10 |
| | | PRIME URBAN Nakano Kamitakada | February 28, 2018 | | 757.74 | 34 | 3 |
| | | PRIME URBAN Takaido | February 28, 2018 | | 1,649.84 | 76 | 5 |
| | | PRIME URBAN Nishi Ogikubo | February 28, 2018 | | 543.09 | 26 | 2 |
| PRIME URBAN Nishi Ogikubo II | February 28, 2018 | 2,088.78 | 93 | 10 | | | |
| PRIME URBAN Otsuka | February 28, 2018 | 924.91 | 46 | 4 | | | |
| PRIME URBAN Komagome | February 28, 2018 | 991.94 | 35 | 4 | | | |
| PRIME URBAN Ikebukuro | February 28, 2018 | 4,270.44 | 212 | 21 | | | |
| PRIME URBAN Monzen Nakacho | February 28, 2018 | 3,181.97 | 149 | 18 | | | |
| PRIME URBAN Kameido | February 28, 2018 | 1,117.34 | 50 | 6 | | | |

| Tenant name | Business type | Property name | Contract termination date | Contract Extension | Leased area (m ²) (Note 1) | Annual rent (Millions of Yen) (Note 2) | Leasehold and security deposits (Millions of Yen) (Note 3) |
|--|-------------------|---------------------------------------|---------------------------|--|--|--|--|
| Nomura Real Estate Partners Co., Ltd. (Note 4) | Real estate | PRIME URBAN Sumiyoshi | February 28, 2018 | Contract shall be extended for additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof. | 793.35 | 37 | 4 |
| | | PRIME URBAN Mukojima | February 28, 2018 | | 1,069.37 | 41 | 1 |
| | | PRIME URBAN Kinshi Koen | February 28, 2018 | | 1,861.85 | 81 | 8 |
| | | PRIME URBAN Kinshicho | February 28, 2018 | | 991.62 | 46 | 7 |
| | | PRIME URBAN Hirai | February 28, 2018 | | 1,075.25 | 47 | 5 |
| | | PRIME URBAN Kasai | February 28, 2018 | | 865.60 | 38 | 4 |
| | | PRIME URBAN Kasai II | February 28, 2018 | | 1,437.84 | 63 | 7 |
| | | PRIME URBAN Kasai East | February 28, 2018 | | 1,884.62 | 75 | 7 |
| | | PRIME URBAN Itabashi Kuyakushomae | February 28, 2018 | | 1,677.29 | 71 | 6 |
| | | PRIME URBAN Asakusa | February 28, 2018 | | 876.70 | 29 | 2 |
| | | PRIME URBAN Machiya South Court | February 28, 2018 | | 3,978.93 | 137 | 35 |
| | | PRIME URBAN Musashi Koganei | February 28, 2018 | | 5,679.72 | 130 | 14 |
| | | PRIME URBAN Musashino Hills | February 28, 2018 | | 2,919.06 | 88 | 19 |
| | | PRIME URBAN Koganei Honcho | February 28, 2018 | | 1,528.37 | 54 | 7 |
| | | PRIME URBAN Kumegawa | February 28, 2018 | | 2,526.45 | 105 | 41 |
| | | PRIME URBAN Musashi Kosugi comodo | February 28, 2018 | | 3,585.39 | 131 | 28 |
| | | PRIME URBAN Kawasaki | February 28, 2018 | | 1,654.06 | 67 | 7 |
| | | PRIME URBAN Shinyurigaoka | February 28, 2018 | | 1,602.14 | 66 | 11 |
| | | PRIME URBAN Tsurumi Teraya | February 28, 2018 | | 895.78 | 35 | 3 |
| | | PRIME URBAN Urayasu | February 28, 2018 | | 1,264.84 | 54 | 7 |
| | | PRIME URBAN Gyotoku I | February 28, 2018 | | 1,129.24 | 42 | 4 |
| | | PRIME URBAN Gyotoku II | February 28, 2018 | | 1,244.00 | 47 | 3 |
| | | PRIME URBAN Gyotoku Ekimae | February 28, 2018 | | 778.19 | 33 | 3 |
| | | PRIME URBAN Gyotoku Ekimae II | February 28, 2018 | | 907.17 | 39 | 5 |
| | | PRIME URBAN Gyotoku III | February 28, 2018 | | 1,674.68 | 61 | 6 |
| | | PRIME URBAN Nishi Funabashi | February 28, 2018 | | 1,237.80 | 53 | 6 |
| | | PRIME URBAN Kawaguchi | February 28, 2018 | | 2,436.25 | 108 | 27 |
| | | PROUD FLAT Hatchobori | February 28, 2018 | | 942.51 | 52 | 5 |
| | | PROUD FLAT Itabashi Honcho | February 28, 2018 | | 1,166.51 | 46 | 5 |
| | | PRIME URBAN Meguro Mita | February 28, 2018 | | 1,080.45 | 53 | 5 |
| | | PRIME URBAN Gakugei daigaku parkfront | February 28, 2019 | | 1,418.60 | 69 | 5 |
| | | PROUD FLAT Omori III | February 28, 2019 | | 1,358.80 | 66 | 8 |
| | | PROUD FLAT Kinshicho | February 28, 2019 | | 1,087.80 | 53 | 6 |
| | | PRIME URBAN Shinkawa | February 28, 2018 | | 3,275.25 | 120 | 40 |
| PRIME URBAN Toyosu | February 28, 2018 | 6,515.00 | 316 | 36 | | | |
| PRIME URBAN Nihonbashi Kayabacho | February 28, 2018 | 3,381.15 | 171 | 21 | | | |
| PRIME URBAN Yoga II | February 28, 2018 | 1,442.35 | 70 | 6 | | | |
| PRIME URBAN Musashi Koganei II | February 28, 2018 | 1,855.24 | 77 | 10 | | | |
| Total | | - | - | 200,550.36 | 9,214 | 1,415 | |

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

tenant agreements with end tenants. "Tenant name" is not disclosed for some tenants, due to unavoidable circumstances.

- (Note 2) "Annual rent" is calculated by multiplying by 12 the sum of monthly rent and common area charges in lease agreements for each property actually concluded with end-tenants that are valid as of the last day of August 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, the rent for the space covered in said lease is based on the rent, etc., in the lease agreement concluded with the master lessee.); amounts less than one thousand yen are truncated. Accordingly, the sum of each tenant's annual rent may not be exactly the same as the figure given the "Total" row. Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above.
- (Note 3) For residential facilities, the lessee of the master lease agreement shown in the "Tenant name" column receives leasehold and security deposits from the end-tenants and deposits this amount with NMF or the trustee as the leasehold and security deposits of the master lease agreement.
- (Note 4) This client is an interested party of NMF as specified in the Investment Trust Act

D. Status of Major Properties

Not applicable.

E. Overview of Leasing to Interested Parties

As of August 31, 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 ²) |
|--|--|----------------------------------|
| Nomura Real Estate Partners Co., Ltd. | Shinjuku Nomura Building | 1,021.25 |
| | NRE Yotsubashi Building | 1,024.91 |
| | Total of PROUD FLAT Shirogane-Takanawa, and 115 others | 198,504.20 |
| 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) | 3,400 |
| 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.