

Teleconference Date: April 18, 2025

Nomura Real Estate Master Fund, Inc. (NMF)

Question and Answer Teleconference for the 19th Fiscal Period Ended February 28, 2025

Summary of Questions and Answers

Q.1

Can you discuss the recent status of leasing activities for the Shinjuku Nomura Building?

A.1

A vacancy of 2,500 tsubo of NMF's holdings in the Shinjuku Nomura Building will occur in the future, but we have already concluded lease agreements for approximately 330 tsubo of that. We expect that approximately 10 floors will become vacant, and when performing restoration construction and rental space maintenance work, there will be issues relating to delivery of materials, securing skilled labor, and so on, and consequently, we plan to divide the work into separate periods and work on five floors at a time. The first half of the work is scheduled to be completed around January 2026, and the second half will be completed in stages by around February 2027. Accordingly, tenants will be able to take possession in phases, and we will make every effort to lease the premises at an early stage backed by strong demand.

Q.2

Regarding the medium-term targets for internal growth in each sector shown on page 5 of the materials, the NOI growth rate for the office sector seems low compared to that for the residential facility sector. What is your sense concerning this?

A.2

Currently, in the office sector, the rent increase rate at the time of rent revision is 1.9%, and monthly rents are increasing by about 7 million yen. We are confident about the demand for office space in the future, and we expect that NOI will increase by about 200 million yen annually. Further growth potential will depend on the future market.

Q.3

To achieve your distribution targets, do you aim to enhance profitability through property replacement, or to build up your portfolio by acquiring properties while applying leverage? Or do you aim to primarily rely on internal growth and returning gains from dispositions?

A.3

Regarding property replacement, our policy will be to continuously replace properties going forward, but the increase or decrease in earnings during the fiscal period is not taken into account in the distribution targets. Also, we expect to maintain LTV, and our fundamental plan is to increase distribution amounts through internal growth.

Q.4

Concerning your policy to increase cruising distributions by approximately 5% over three years, if leasing progresses well following the vacation by the Nomura Real Estate Group, can we expect a V-shaped recovery beyond projections, or is there little room for this type of increase in light of the schedule for restoration construction work?

A.4

As stated above, we anticipate that construction at the Shinjuku Nomura Building will be broadly divided into two phases. The materials indicate that the cruising distribution target for the fiscal period ending February 2028 is to increase to the range of 3,530 yen to 3,560 yen, but this will depend on the status of leasing of the Shinjuku Nomura Building.

Q.5

Concerning your policy on the acquisition of NMF's own investment units, you have set a guideline for a NAV multiple of less than 0.9. What is the basis for setting this absolute value as a guideline?

A.5

Fundamentally, as we believe that a NAV multiple of one or higher is the ideal, the less than 0.9 figure was set based on discussions with domestic and overseas investors.

Q.6

What is the reason for the cap rate increase regarding some residential facilities? Could aging properties become targets for disposition?

A.6

In appraisal valuation, the cap rate of a property tends to increase by 10 bps for every 10 years after construction, and some residential facilities are subject to these effects at this time. Our policy is to continuously replace properties that are unlikely to see improvement in

cash flow, not limited to residential facilities.