

Teleconference Date: October 17, 2025

Nomura Real Estate Master Fund, Inc. (NMF)

Question and Answer Teleconference for the 20th Fiscal Period Ended August 31, 2025

Summary of Questions and Answers

Introductory Explanation

Please look at page 5 of the Analyst Meeting Presentation Material.

As shown on the right side of “Internal growth,” the amount of increase in monthly rent in four major sectors totaled 46.48 million yen in the fiscal period ended August 2025, which translates into approximately 280 million yen on a semi-annual basis. This underscores the improvement in the quality of the portfolio. We achieved a rent increase that exceeds the amount assumed when we set our quantitative distribution target six months ago. The target was perhaps a bit too conservative, but this result may be due in part to the rising market. As only six months have passed since we announced our quantitative target, we will refrain from revising the target upward this time, but we will aim for early achievement. Momentum for internal growth is increasing steadily.

Another thing to be noted is that, as shown on page 30, portfolio NOI increased by 339 million yen from the previous period to 28.133 billion yen in the fiscal period ended August 2025 and is expected to increase by 478 million yen from the previous period to 28.612 billion yen in the fiscal period ending February 2026. Unfortunately, NOI will decrease by 260 million yen in the fiscal period ending August 2026, pushed down by the impact of the move-out by the Nomura Real Estate Group, which is expected to be 730 million yen. If this temporary impact is excluded, the momentum will be positive 470 million yen.

Within the company, we are raising awareness of seeking internal growth without compromise to prepare for inflation, and we will continue pursuing internal growth. So please look forward to our future development.

Q.1

I would like to hear Mr. Masuko's thoughts on office rent increases and momentum. Regarding data on the rent gap for offices and rate of change in monthly rent upon tenant replacement shown on page 14, the rate of change in monthly rent that is very close to the rent gap appears about six months after the recording of the rent gap. Since the rent gap for the fiscal period ended August 2025 increased to 12.3%, can we expect that the rate of change in monthly rent will increase in the future to a level on par with this rent gap?

A.1

In the fiscal period ending February 2026, which we are now in, the rate of change in monthly rent upon tenant replacement already exceeds 10% if the Shinjuku Nomura Building is excluded. Data from Miki Shoji Co., Ltd. also shows that the vacancy rate in Tokyo central wards has fallen to about 2.6%. So I sense that the current momentum is extremely strong, even compared to the pre-pandemic period of a booming office market. In the fiscal period ended August 2020, we posted record highs in the rate of change in monthly rent upon tenant replacement and upon rent revision at 20.7% and 4.6%, respectively. I expect that we will approach these figures going forward.

Q.2

Six month ago, NMF set a target of achieving growth in cruising distributions of about 5% over three years. With the momentum for internal growth steadily improving from six months ago, what are your current thoughts?

A.2

As I stated earlier, we were able to increase monthly rent by 46.48 million yen, which is shown on page 5. We believe that we can bring this figure even higher as the momentum for offices is expected to accelerate a little further, and with negotiations with some tenants for logistics properties underway, we think we have the potential to increase our revenues by more than 100 million yen annually in this sector. An increase of 46.48 million yen in monthly revenue is equivalent to an increase of around 60 yen per unit on a semi-annual basis. If we can exceed this level, we can aim for annualized 3% growth in cruising distributions excluding the impact of the move-out from the Shinjuku Nomura Building by the Nomura Real Estate Group, so this is strong momentum. However, as only six months have passed since we announced our growth target, we will monitor the situation for at least another six months or so and then consider whether we should make an upward revision of our target.