

(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 14th Fiscal Period Ended August 31, 2022

October 18, 2022

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
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Asset Management Company: Nomura Real Estate Asset Management Co., Ltd.
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Scheduled date of filing of securities report: November 29, 2022
 Scheduled date of commencement of distribution payout: November 18, 2022
 Preparation of supplementary materials on financial results: Yes
 Holding of briefing session on financial results: Yes

[Amounts less than one million yen are truncated]

1. Financial Results for the 14th Fiscal Period (from March 1, 2022 to August 31, 2022)

(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, 2022	39,022	4.0	15,584	6.8	13,392	8.2	13,499	9.1
February 28, 2022	37,520	0.0	14,593	(1.0)	12,380	(0.4)	12,377	(0.5)

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended	yen	%	%	%
August 31, 2022	2,862	2.2	1.1	34.3
February 28, 2022	2,625	2.0	1.0	33.0

(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
Period ended	yen	million yen	yen	million yen	yen	million yen	%	%
August 31, 2022	2,863	13,499	437	2,060	3,300	15,560	100.0	2.1
February 28, 2022	2,625	12,377	619	2,918	3,244	15,296	99.9	2.0

(Note 1) Of the ¥619 distribution in excess of net income per unit in the fiscal period ended February 28, 2022, ¥444 is a distribution of the allowance for temporary difference adjustments and ¥175 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.002.

Of the ¥437 distribution in excess of net income per unit in the fiscal period ended August 31, 2022, ¥403 is a distribution of the allowance for temporary difference adjustments and ¥34 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.001.

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

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

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

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

(3) Financial Position

	Total assets	Net assets	Net assets to total assets	Net assets per unit
Period ended	million yen	million yen	%	yen
August 31, 2022	1,187,581	615,128	51.8	130,456
February 28, 2022	1,187,420	616,878	52.0	130,827

(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, 2022	28,128	(17,889)	(15,584)	44,892
February 28, 2022	22,510	(19,837)	(15,547)	50,237

2. Earnings Forecasts for the 15th Fiscal Period (from September 1, 2022 to February 28, 2023) and the 16th Fiscal Period (from March 1, 2023 to August 31, 2023)

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

	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
Period ending February 28, 2023	40,008	2.5	16,240	4.2	14,059	5.0	14,058	4.1	2,977	335	3,312
August 31, 2023	38,923	△2.7	14,968	△7.8	12,757	△9.3	12,756	△9.3	2,704	557	3,261

(Reference) Forecasted net income per unit

For the fiscal period ending February 28, 2023: ¥2,981

For the fiscal period ending August 31, 2023: ¥2,705

*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, 2022: 4,715,200 units

As of February 28, 2022: 4,715,200 units

② Number of treasury investment units

As of August 31, 2022: – units

As of February 28, 2022: – 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 34.

* This summary of financial results is not subject to audit procedures by a certified public accountant or an audit firm.

* 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 on the assumptions underlying forward-looking statements and the use of such statements, please refer to “Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending February 28, 2023 (15th fiscal period: September 1, 2022 to February 28 2023) and the Fiscal Period Ending August 31, 2023 (16th fiscal period: March 1, 2023 to August 31 2023)” on page 8.

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

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1. Management Status

(1) Management Status

① Outline of Fiscal Period under Review

NMF's basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister's Office Ordinance No. 129 of 2000, including subsequent amendments)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management ^(Note). In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which offers strong tenant demand, while also considering regional diversification through investment in all of Japan's three major metropolitan areas and other major cities. By combining the "diversified type strategy" which enables sustainable growth by investing in a variety of facilities, such as offices, retail facilities, logistics facilities, residential facilities and other facilities, the "large-scale REIT strategy" which increases portfolio stability through property and tenant diversification, the "portfolio centered on the Greater Tokyo area" which is expected to improve cash flow stability through investment area diversification, and a strong property supply and operation support system based on the "leasing value chain" with the Sponsor, Nomura Real Estate Development Co. Ltd. which is one of the group company of the Nomura Real Estate Group (Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries etc. The same shall apply hereinafter.), NMF aims to increase unitholder value by securing stable income over the medium to long term and the steady growth of assets under management.

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

A. Investment Environment

(Japanese Economy)

The Japanese economy during the fiscal period under review saw signs of a pick-up, especially in consumer spending as the sixth wave of COVID-19 subsided, but uncertainty remains with the emergence of a seventh wave and rising prices.

(Real Estate Leasing Market)

As was the case in the previous fiscal period, the situation in the real estate leasing market during the fiscal period under review varied according to the sector.

Although the office sector had seen a rising vacancy rate in Tokyo since the second half of 2020 as office demand decreased due to the economic downturn and expansion of teleworking associated with COVID-19, this rise is easing off. Meanwhile, advertised rents continued to decline due to the continued high vacancy rate. Since regional cities have lower teleworking rates than Tokyo, those with low office supply are seeing vacancy rates fall, stabilizing advertised rent overall.

In the retail facility sector, business continued to be robust at retailers like supermarkets that provide daily necessities, but recovery in restaurant sales varied by area due to changes in people's behavior.

In the logistics sector, demand from providers of third-party logistics (3PL) (Note), NMF's main logistics tenants, and e-commerce-related operators continues to be strong. In the Greater Tokyo area, the vacancy rate is rising due to a large supply of logistics facilities despite strong demand. Meanwhile, the vacancy rate in the Kinki area remains low due to low supply.

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

In the rental apartment sector, there had been a net outflow of people in Tokyo since July 2020 as more people moved out due to expansion of teleworking and fewer people moved in due to changes in employment conditions, but in 2022, the impact of COVID-19 has lessened and a net inflow returned,

bolstering the occupancy rate as of late. Regional cities are also showing generally strong occupancy rates.

The hotel sector remains in a severe state, but the impact of COVID-19 is lessening, for example with no behavior restrictions accompanying the seventh wave.

(Real Estate Transaction Market)

The trading volume of commercial real estate in the first half of 2022 declined year on year due to less acquisition by J-REITs. Meanwhile, the appetite of overseas investors for acquisition increased due to the weakening yen and widening disparities in interest rates between Japan and western nations, resulting in some acquisitions of large rental apartment properties.

(J-REIT Market)

The TSE REIT Index could have declined in 2022 due to U.S. interest rate hikes, but overall, it rose from 1,877.38 points as of February 28, 2022, and to 2,033.71 points as of August 31, 2022, due to expectations of economic recovery.

B. Management Performance

Under the circumstances described above in A. Investment Environment, during the fiscal period under review (14th fiscal period), NMF acquired 3 property (PROUD FLAT Togoshi-Ginza, PRIME URBAN Higashi Nakano Court, and PMO Hamamatsucho II) and disposed of 1 properties (Ichibantyo stear). As a result, at the end of the fiscal period under review (as of August 31, 2022), NMF held 300 properties (total acquisition price: ¥1,091,759 million), the ratio of investment in the Greater Tokyo area was 83.8%, the gross leasable area of the portfolio was 2,173,632.71m², and the portfolio remained highly diversified.

In terms of property and facility management, as described above in A. Investment Environment, the impact of the spread of COVID-19 infections varies according to sector. In the retail sector, although priority measures to prevent prolonged COVID-19 infection continued to request that retail facilities shorten their operating hours, the impact on entire portfolio revenue was limited. The office sector and the rental apartment sector continued to see a rise in the vacancy rate and a decline in advertised rents in the market as a whole. In the meantime, NMF continued to manage the portfolio with an eye to securing stable revenues through internal growth with appropriate and flexible leasing activities based on market trends as well as rent increases upon renewal of contracts with tenants. As a result, the occupancy rate of the whole portfolio was 98.7% at the end of the fiscal period under review.

In February 2019, NMF set ESG materiality issues that are of high importance to be addressed by NMF in order to contribute to the realization of a sustainable society by resolving social issues through its business activities. Based on the policies, targets and key performance indicators (KPI) set for each materiality, NMF engages in investment in environmentally friendly properties while working to enhance the efficiency of its energy use by, for example, introducing eco-friendly and energy-saving countermeasures at its properties, striving for building a portfolio with low environmental impact. NMF promotes acquisition of Green certification^(Note1) under such policy.

Furthermore, as of the end of the fiscal period under review, the progress toward the newly established KPI, “Achieving 70 of green certification with three stars or more or equivalent up to fiscal year 2030”, reached at 58.2^(Note2).

In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”) for which Nomura Real Estate Asset Management Co., Ltd. (“NREAM”), the asset management company to which NMF entrusts management of its assets, expressed its support on July 14, 2020, NMF summarized policies and initiatives of NMF and NREAM according to the four disclosure items recommended by the TCFD—Governance, Strategy, Risk Management, and Metrics and Targets—and disclosed them on NMF’s official website on February, 2021. Note that in analyzing and verifying the financial impact in Strategy, NMF first assessed the risks and opportunities that climate change risks bring to NMF. Then, based on future climate forecasts published by various international organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) as the main information sources, three possible scenarios—the 4°C, 2°C, and 1.5°C Scenarios—were set as assumptions in conducting scenario analysis, and financial impacts were analyzed and verified for each of the risks and opportunities identified. Furthermore, NMF is actively promoting measures to

achieve carbon neutrality based on the 2050 Carbon Neutrality Declaration announced in October 2022. NMF's policy is to promote initiatives aimed at helping the shift to a low-carbon society and expanding NMF's revenue opportunities through greenhouse gas emissions reduction and other efforts, while adequately managing physical and transition risks associated with climate change.

(Note 1) Green certification refers to either DBJ Green Building Certification, BELS Certification, or CASBEE for Real Estate.

(Note 2) The percentage of properties which certified either DBJ Green Building Certification (three stars or more), BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher) are calculated based on total floor areas subject to properties excluding land owned by NMF.

C. Status of Fund Procurement

During the fiscal period under review, NMF refinanced ¥24,730 million in interest-bearing liabilities of with ¥24,980 million maturities.

As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥517,463 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 43.6%.

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: AA-	Rating outlook: Stable

D. Business Performance and Distributions

In the 14th fiscal period, operating revenues totaled ¥ 39,022 million, operating profit reached ¥ 15,584 million, ordinary income totaled ¥13,392 million, and net income came to ¥ 13,499 million.

NMF calculates cash distributions in accordance with the cash distribution policies specified in Article 36, Paragraph 1 and Paragraph 2 of NMF's Articles of Incorporation.

For the fiscal period under review, NMF decided to implement a total of ¥15,560 million in distributions (¥3,300 per investment unit). This figure was arrived at by ¥13,499 million in net income after taxes and ¥2,622 million in amortization of goodwill and subtracting ¥561 million, the total of a portion of gains on sale of real estate and gain on donation of fixed assets.

Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 as amended, hereinafter the Investment Trust Act) came to ¥13,499 million (¥2,863 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,900 million (¥403 per investment unit) as allowance for temporary difference adjustment and ¥160 million (¥34 per investment unit) in other distribution in excess of net earnings.

② Outlook for Next Fiscal Period

Under the conditions described above in ① Outline of Fiscal Period under Review /A. Investment Environment, NMF will continue to target external growth through property acquisition pipelines by leveraging the Nomura Real Estate Group's property development capabilities and internal growth by making maximum use of the property management pipeline with a focus on strengthening its property brands. By doing so, with both the external growth and the internal growth, NMF aims to secure the growth of distribution and increase further unitholder value.

③ Forecasts of the Financial Results

Forecasts of the Financial Results for the fiscal period ending February 28, 2023 (15th fiscal period: September 1, 2022 to February 28, 2023) and the fiscal period ending August 31, 2023 (16th fiscal period: March 1, 2023 to August 31, 2023) are stated below. Assumptions for forecasts of the financial results are referred to the following "Assumptions Underlying Earnings Forecasts for the Fiscal Period Ending February 28, 2023 (15th fiscal period: September 1, 2022 to February 28, 2023) and the Fiscal Period Ending August 31, 2023 (16th fiscal period: March 1, 2023 to August 31, 2023)".

	15th fiscal period ending February 28, 2023	16th fiscal period ending August 31, 2023
Operating Revenues	¥ 40,008 million	¥ 38,923 million
Operating Profit	¥ 16,240 million	¥ 14,968 million
Ordinary Income	¥ 14,059 million	¥ 12,757 million
Net Income	¥ 14,058 million	¥ 12,756 million
Net Income Per Unit	¥ 2,981	¥ 2,705
Distribution Per Unit (Excluding Distribution in Excess of Net Income)	¥ 2,977	¥ 2,704
Distribution in Excess of Net Income Per Unit	¥ 335	¥ 557
Total Distributions Per Unit (Including Distribution in Excess of Net Income)	¥ 3,312	¥ 3,261

④ Significant Subsequent Events

A. Transfer of the asset

(a) NMF sold the following asset after the conclusion of the 14th fiscal period (August 31, 2022).

NRE Higashi-nihonbashi Building

Type of asset	Trust beneficial interest in trust of real estate (Note)
Use	Office
Contract date	March 8, 2022
Transfer date	September 15, 2022 (Quasi co-ownership of 50%)
Transfer price	¥2,260 million (Quasi co-ownership of 50%)
Buyer	Domestic general business company
Impact on 15th fiscal period earnings	¥350 million (Scheduled)

(b) NMF is going to sell the following asset after the conclusion of the 14th fiscal period (August 31, 2022).

NRE Higashi-nihonbashi Building

Type of asset	Trust beneficial interest in trust of real estate (Note)
Use	Office
Contract date	March 8, 2022
Transfer date (Scheduled)	March 15, 2023 (Quasi co-ownership of 50%)
Transfer price (Scheduled)	¥2,260 million (Quasi co-ownership of 50%)
Buyer(Scheduled)	Domestic general business company
Impact on 16th fiscal period earnings	¥347 million (Scheduled)

(Note) At the end of the 14th fiscal period, the asset to be transferred was real estate, but on September 15, 2022, a trust agreement was concluded and it has become a trust beneficial interest in trust of real estate.

(c) NMF decided to sell the assets referred to below on October 18, 2022.

Property name	Type of asset	Use	Contract date (Scheduled)	Transfer date (Scheduled)	Buyer (Scheduled)	Transfer price (Scheduled)	Impact on 15th fiscal period earnings (Scheduled) (¥ million)
PRIME URBAN Takaido	Real estate	Residential	October 18, 2022	October 31, 2022	Undisclosed(Not e)	1,310	222
PRIME URBAN Mukojima						636	94
PRIME URBAN Nisni funabashi						967	281
PRIME URBAN Aoi						763	92
PRIME URBAN Tsurumai						1,281	382
PRIME URBAN Chiji Kokan					Undisclosed(Not e)	300	82
PRIME URBAN Maruyama						257	51
PRIME URBAN Kita Nijuyo jo						459	78
Total						5,974	1,286

(Note) Undisclosed, since a consent has not obtained from the scheduled transferee.

The impact of (a), (b) and (c), above, on earnings for 15th fiscal period (September 1, 2022 to February 28, 2023) and 16th fiscal period (March 1, 2023 to August 31, 2023) will be recorded as gain on sales of real estate under operating revenues.

(Reference)

A. Property acquisition

(a) NMF decided to acquire the assets referred to below on October 18, 2022.

Property name	PROUDFLAT Neduyanaka
Type of asset	Real estate
Location ^(Note 1)	(Registry) 2-5-26, 2 other lands, Yanaka, Taito Ward, Tokyo (Street) 1-1-26 Yanaka, Taito Ward, Tokyo
Structure ^(Note 1)	Eight-floor steel reinforced concrete structure with flat roof
Land area ^(Note 1)	391.63m ²
Floor area ^(Note 1)	1,671.64m ²
Type of ownership	(Land) Ownership (Building) Ownership
Completion date ^(Note 1)	July 15, 2020
Acquisition price ^(Note 2)	¥1,400 million
Date of agreement	October 18, 2022
Date of acquisition	January 6, 2023
Seller	Nomura Real Estate Development, Co., Ltd.

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

(Note 2) The acquisition price indicates the amount, excluding the various expenses required to acquire the property such as taxes and public dues, etc. (the amount of the transaction payment described in the real estate sale agreement).

Assumptions Underlying Earnings Forecasts

for the Fiscal Period Ending February 28, 2023 (15th fiscal period: September 1, 2022 to February 28, 2023) and the
Fiscal Period Ending August 31, 2023 (16th fiscal period: March 1, 2023 to August 31, 2023)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending February 28, 2023 (15th fiscal period): September 1, 2022 to February 28, 2023 • Fiscal period ending August 31, 2023 (16th fiscal period): March 1, 2023 to August 31, 2023
Assets Under Management	<ul style="list-style-type: none"> • In addition to properties held by NMF as of the date hereof (300 properties) (the “Acquired Assets”), it is assumed that NMF will dispose of NRE Higashinohonbashi Building (quasi co-ownership: 50%), which is one of the assets to be disposed of announced in the Notification Concerning Property Acquisition and Disposition dated March 8, 2022, on March 15, 2023, will dispose of the assets to be disposed of announced in the Notification Concerning Property Acquisition and Disposition dated today (PRIME URBAN Takaido, PRIME URBAN Mukojima, PRIME URBAN Nishi Funabashi, PRIME URBAN Aoi, PRIME URBAN Tsurumai, PRIME URBAN Chiji Kokan, PRIME URBAN Maruyama, and PRIME URBAN Kita Nijuyo Jo) on October 31, 2022 (the nine properties referenced above are referred to as the “Assets to be Disposed of”), and will acquire the asset to be acquired announced in the Notification Concerning Property Acquisition and Disposition dated today (Proud Flat Nezu Yanaka; the “Asset to be Acquired”) on January 6, 2023. • The forecasts are based on the assumption that the Assets to be Disposed of will be disposed of on the above-mentioned date, that the Assets to be Acquired will be acquired on the above-mentioned date, and that there will be no other changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the Fiscal Period Ending August 31, 2023 (16th Fiscal Period). • The forecasts may be revised due to actual changes in the portfolio.
Operating revenues	<ul style="list-style-type: none"> • Rental revenues are estimated based tenant trends, the presence of competing properties nearby, real estate market conditions and other factors, with the assumption that there will be no delays in payment or failure to pay on the part of tenants.
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> • Real estate rental expenses are expected to be ¥16,940 million in the February 28, 2023 (15th) fiscal period and ¥17,199 million in the August 31, 2023 (16th) fiscal period. • Regarding property and other taxes, it is estimated that ¥3,286 million in the February 28, 2023 (15th) fiscal period and ¥3,362 million in the August 31, 2023 (16th) fiscal period will be recorded as real estate rental expenses. In general, the fixed asset taxes and urban planning taxes that will be imposed, relevant to the year in which such properties will be acquired, will be divided between the seller and the purchaser on a pro-rata basis based on holding period and settled at the time of acquisition, and such taxes are deemed as acquisition costs and, are not included in the expenses. Therefore, the fixed asset taxes and urban planning taxes regarding the assets to be acquired will not be recorded as expenses in the February 28, 2023 (15th) fiscal period and the August 31, 2023 (16th) fiscal period. • Estimated property management costs (including building management fees and property management fees) of ¥2,904 million in the February 28, 2023 (15th) fiscal period and ¥2,899 million in the August 31, 2023 (16th) fiscal period are expected to be recorded as real estate rental expenses.

Item	Assumptions
	<ul style="list-style-type: none"> • Expenses for building repairs and maintenance required for the fiscal period are recorded as real estate rental expenses calculated based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damage to buildings caused by difficult to foresee factors, significant year-on-year fluctuations in costs or non-periodic repair expenses. Furthermore, expenses for repairs and maintenance are estimated at ¥1,294million in the February 28, 2023 (15th) fiscal period and ¥1,332 million in the August 31, 2023 (16th) fiscal period. • Depreciation of ¥5,671 million in the February 28, 2023 (15th) fiscal period and ¥5,725 million in the August 31, 2023 (16th) fiscal period 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 ¥4,204million in the February 28, 2023 (15th) fiscal period and ¥4,133 million in the August 31, 2023 (16th) fiscal period.
Amortization expenses for goodwill	<ul style="list-style-type: none"> • Goodwill is scheduled to be amortized using the straight-line method over 20 years pursuant to the Business Combination Accounting Standards. Goodwill amortization expenses are expected to be ¥2,622 million in each the February 28, 2023 (15th) and the August 31, 2023 (16th) fiscal periods. • Amortization of goodwill causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses are estimated to be ¥ 2,170 million in the February 28, 2023 (15th) fiscal period and ¥2,200 million in the August 31, 2023 (16th) fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> • As of this document's publication, the outstanding interest-bearing liabilities of NMF are ¥517,463 million, consisting of ¥485,463 million in outstanding borrowings and ¥32,000 million in investment corporation bonds. • Regarding the ¥29,592 million in borrowings that will come due by the end of the February 28, 2023 (15th) fiscal period and the ¥30,842 million in borrowings that will come due in the August 31, 2023 (16th) fiscal period (¥64,435 million in total), it is assumed that NMF will make scheduled, partial repayments of ¥42 million in each the February 28, 2023 (15th) fiscal period and the August 31, 2023 (16th) fiscal period using cash on hand, while refinancing the remainder with new borrowings. • It is assumed that there will be no changes in the amount of the outstanding interest-bearing liabilities other than those stated above through the end of the August 31, 2023 (16th) fiscal period.

Item	Assumptions
Investment units	<ul style="list-style-type: none"> Forecasts are based on the number of investment units issued and outstanding as of this document's publication, 4,715,200 units. NMF assumes that there will be no additional issuance of new investment units through August 31, 2023 (the end of the 16th fiscal period).
Distribution per unit	<ul style="list-style-type: none"> The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. NMF assumes that, of the allowance for temporary difference adjustments ("ATA") accrued up to the present, the amount eliminated in the February 28, 2023 (15th) fiscal period (¥17 million) and the August 31, 2023 (16th) fiscal period (¥8 million) will be reversed from retained earnings at the respective period ends. In the February 28, 2023 (15th) fiscal period and the August 31, 2023 (16th) fiscal period, NMF assumes there will no change in the per-unit distribution by the change in fair value of interest rate swaps. The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of ATA, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations"), which restricts the amount to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period. The distribution in excess of net earnings per unit for the February 28, 2023 (15th) fiscal period is expected to be ¥335, comprising ¥331 in distributions of ATA and ¥4 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the August 31, 2023 (16th) fiscal period is expected to be ¥557, comprising ¥373 in distributions of ATA and ¥184 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.

2. Financial Statements

(1) Balance Sheet

	Thousands of Yen	
	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and bank deposits	37,690,998	31,608,443
Cash and bank deposits in trust	12,546,482	13,283,587
Rental receivables	577,103	758,664
Prepaid expenses	846,265	910,660
Derivatives assets	4,829	5,701
Other	526,178	488,499
Total current assets	<u>52,191,857</u>	<u>47,055,556</u>
Noncurrent assets		
Property and equipment		
Buildings	159,801,735	164,140,398
Less accumulated depreciation	(25,429,558)	(27,827,607)
Buildings, net	<u>134,372,177</u>	<u>136,312,790</u>
Structures	821,082	855,102
Less accumulated depreciation	(434,005)	(465,518)
Structures, net	<u>387,076</u>	<u>389,583</u>
Machinery	1,113,640	1,124,449
Less accumulated depreciation	(627,866)	(663,494)
Machinery, net	<u>485,773</u>	<u>460,954</u>
Tools, furniture and fixtures	620,439	666,985
Less accumulated depreciation	(300,902)	(347,263)
Tools, furniture and fixtures, net	<u>319,536</u>	<u>319,721</u>
Land	313,203,327	320,813,765
Buildings in trust	207,049,386	207,302,667
Less accumulated depreciation	(39,305,841)	(41,951,269)
Buildings in trust, net	*3 167,743,545	*3 165,351,398
Structures in trust	1,256,410	1,282,434
Less accumulated depreciation	(928,254)	(942,291)
Structures in trust, net	*3 328,156	*3 340,142
Machinery in trust	968,086	1,155,749
Less accumulated depreciation	(297,250)	(350,362)
Machinery in trust, net	<u>670,835</u>	<u>805,387</u>
Tools, furniture and fixtures in trust	1,150,284	1,263,269
Less accumulated depreciation	(615,736)	(695,952)
Tools, furniture and fixtures in trust, net	*3 534,547	*3 567,317
Land in trust	*3 431,974,656	*3 428,531,681
Leased assets in trust	4,752	4,752
Less accumulated depreciation	(2,112)	(2,508)
Leased assets, net	<u>2,640</u>	<u>2,244</u>
Construction in progress	70,431	54,305
Total property and equipment	<u>1,050,092,704</u>	<u>1,053,949,292</u>

	Thousands of Yen	
	As of February 28, 2022	As of August 31, 2022
Intangible assets		
Goodwill	72,475,766	69,853,523
Leasehold rights	1,331,702	5,602,106
Leasehold rights in trust	7,625,286	7,624,899
Other	50,162	46,238
Total intangible assets	<u>81,482,917</u>	<u>83,126,767</u>
Investments and other assets		
Long-term prepaid expenses	2,176,053	2,076,655
Long-term deposits	445,088	354,007
Security deposits	885,773	885,773
Derivative assets	4,632	—
Total investments and other assets	<u>3,511,547</u>	<u>3,316,436</u>
Total noncurrent assets	<u>1,135,087,169</u>	<u>1,140,392,497</u>
Deferred assets		
Investment corporation bond issuance costs	141,555	133,571
Total deferred assets	<u>141,555</u>	<u>133,571</u>
Total assets	<u>1,187,420,582</u>	<u>1,187,581,625</u>

	Thousands of Yen	
	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Trade accounts payable	1,627,787	2,676,132
Current portion of long-term debt	58,615,600	64,435,600
Lease obligations in trust	871	871
Other accounts payable	2,475,394	2,613,692
Accrued expenses	317,250	363,161
Accrued income taxes	2,683	2,088
Accrued consumption taxes	182,342	1,015,547
Rent received in advance	5,588,079	5,617,495
Unearned revenue	26,694	12,530
Provision for loss on disaster	20,370	37,702
Derivatives liabilities	27,412	33,486
Other current liabilities	17,755	7,824
Total current liabilities	68,902,241	76,816,132
Long-term liabilities		
Investment corporation bonds	32,000,000	32,000,000
Long-term debt	427,140,400	421,027,600
Lease obligations in trust	2,032	1,597
Long-term advances received	7,706	2,324
Security deposits from tenants	14,028,101	14,449,903
Security deposits from tenants in trust	*3 28,385,395	*3 28,135,995
Derivatives liabilities	76,619	20,040
Total long-term liabilities	501,640,254	495,637,461
Total liabilities	570,542,496	572,453,594
Net assets		
Unitholders' equity		
Unitholders' capital	244,893,909	244,996,671
Surplus		
Capital Surplus	394,012,959	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (18,295,737)	*4 (20,286,524)
Other deductions from capital surplus	(16,214,225)	(17,142,147)
Total deduction from capital surplus	(34,509,963)	(37,428,672)
Capital surplus, net	359,502,995	356,584,286
Retained earnings	12,575,751	13,594,898
Total surplus	372,078,747	370,179,185
Total unitholders' equity	616,972,656	615,175,856
Valuation and translation adjustments		
Deferred gains or losses on hedges	(94,570)	(47,825)
Valuation and translation adjustments	(94,570)	(47,825)
Total net assets	*2 616,878,085	*2 615,128,031
Total liabilities and net assets	1,187,420,582	1,187,581,625

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Sep. 1, 2021 to Feb.28, 2022		Current period from Mar. 1, 2022 to Aug.31, 2022	
Operating revenues				
Rental revenues	*1	34,654,862	*1	35,249,227
Other rental revenues	*1	2,703,224	*1	3,015,254
Gain on sales of real estate	*2	162,853	*2	757,969
Total operating revenues		37,520,940		39,022,452
Operating expenses				
Real estate rental expenses	*1	15,972,567	*1	16,652,112
Loss on sales of real estate	*3	300,369		—
Asset management fees		3,385,703		3,460,491
Asset custody fees		57,099		56,990
Administrative service fees		172,567		171,889
Directors' compensation		7,800		6,600
Amortization of goodwill		2,622,242		2,622,242
Other operating expenses		409,372		467,615
Total operating expenses		22,927,722		23,437,941
Operating profit		14,593,218		15,584,510
Non-operating revenues				
Interest income		292		256
Reversal of dividends payable		2,845		3,080
Interest on refund		7		133
Other non-operating revenues		6		6
Total non-operating revenues		3,152		3,476
Non-operating expenses				
Interest expenses		1,585,499		1,578,165
Interest expenses on investment corporation bonds		170,560		173,239
Amortization of investment corporation bond issuance costs		7,984		7,984
Loan arrangement fees		449,353		434,013
Other non-operating expenses		2,740		2,286
Total non-operating expenses		2,216,139		2,195,689
Ordinary income		12,380,230		13,392,297
Extraordinary gain				
Gain on donation of non-current assets		—	*4	155,651
Total extraordinary gain		—		155,651
Extraordinary loss				
Loss on disaster		—	*5	46,519
Total extraordinary loss		—		46,519
Income before income taxes		12,380,230		13,501,429
Income taxes—current		2,727		2,119

Total income taxes	2,727	2,119
Net income	12,377,502	13,499,309
Retained earnings brought forward	198,249	95,589
Retained earnings at end of period	12,575,751	13,594,898

(3) Statement of Changes in Net Assets

Previous period (from September 1, 2021 to February 28, 2022)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Net capital surplus
		Capital surplus	Total deduction from capital surplus			
	Allowance for temporary difference adjustment		Deduction from other capital surplus	Total deduction from capital surplus		
Balance at the beginning of the period	244,739,887	394,012,959	(16,624,976)	(14,815,391)	(31,440,368)	362,572,590
Changes of items during the period						
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	154,021	—	154,021	(154,021)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(1,824,782)	—	(1,824,782)	(1,824,782)
Other distributions in excess of net earnings	—	—	—	(1,244,812)	(1,244,812)	(1,244,812)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	154,021	—	(1,670,760)	(1,398,834)	(3,069,595)	(3,069,595)
Balance at the end of the period	244,893,909	394,012,959	(18,295,737)	(16,214,225)	(34,509,963)	359,502,995

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,786,253	375,358,843	620,098,731	(197,332)	(197,332)	619,901,398
Changes of items during the period						
Distributions of retained earnings	(12,433,982)	(12,433,982)	(12,433,982)	—	—	(12,433,982)
Reversal of allowance for temporary difference adjustments	(154,021)	(154,021)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(1,824,782)	(1,824,782)	—	—	(1,824,782)
Other distributions in excess of net earnings	—	(1,244,812)	(1,244,812)	—	—	(1,244,812)
Net income	12,377,502	12,377,502	12,377,502	—	—	12,377,502
Net changes of items other than unitholders' equity	—	—	—	102,762	102,762	102,762
Total changes of items during the period	(210,501)	(3,280,096)	(3,126,075)	102,762	102,762	(3,023,312)
Balance at the end of the period	12,575,751	372,078,747	616,972,656	(94,570)	(94,570)	616,878,085

Current period (from March 1, 2022 to August 31, 2022)

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Net capital surplus
		Capital surplus	Total deduction from capital surplus			
	Allowance for temporary difference adjustment		Deduction from other capital surplus	Total deduction from capital surplus		
Balance at the beginning of the period	244,893,909	394,012,959	(18,295,737)	(16,214,225)	(34,509,963)	359,502,995
Changes of items during the period						
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	102,762	—	102,762	(102,762)	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	—	(2,093,548)	—	(2,093,548)	(2,093,548)
Other distributions in excess of net earnings	—	—	—	(825,160)	(825,160)	(825,160)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	102,762	—	(1,990,786)	(927,922)	(2,918,708)	(2,918,708)
Balance at the end of the period	244,996,671	394,012,959	(20,286,524)	(17,142,147)	(37,428,672)	356,584,286

Thousands of Yen

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,575,751	372,078,747	616,972,656	(94,570)	(94,570)	616,878,085
Changes of items during the period						
Distributions of retained earnings	(12,377,400)	(12,377,400)	(12,377,400)	—	—	(12,377,400)
Reversal of allowance for temporary difference adjustments	(102,762)	(102,762)	—	—	—	—
Distributions in excess of net earnings from allowance for temporary difference adjustments	—	(2,093,548)	(2,093,548)	—	—	(2,093,548)
Other distributions in excess of net earnings	—	(825,160)	(825,160)	—	—	(825,160)
Net income	13,499,309	13,499,309	13,499,309	—	—	13,499,309
Net changes of items other than unitholders' equity	—	—	—	46,744	46,744	46,744
Total changes of items during the period	1,019,146	(1,899,561)	(1,796,799)	46,744	46,744	(1,750,054)
Balance at the end of the period	13,594,898	370,179,185	615,175,856	(47,825)	(47,825)	615,128,031

(4) Statement of Cash Distributions

Yen

	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
I. Retained earnings at end of period	12,575,751,402	13,594,898,383
II. Distributions in excess of retained earnings	2,918,708,800	2,060,542,400
Of which, allowance for temporary difference adjustment	2,093,548,800	1,900,225,600
Of which, other distributions in excess of net income	825,160,000	160,316,800
III. Incorporation into unitholders' capital	102,762,213	46,744,842
Of which, reversal of allowance for temporary difference adjustments	102,762,213	46,744,842
IV. Distributions	15,296,108,800	15,560,160,000
[Distributions per unit]	[3,244]	[3,300]
Of which, distributions of earnings	12,377,400,000	13,499,617,600
[Of which, distributions of earnings per unit]	[2,625]	[2,863]
Of which, allowance for temporary difference adjustments	2,093,548,800	1,900,225,600
[Of which, allowance for temporary difference adjustments per unit]	[444]	[403]
Of which, other distributions in excess of net income	825,160,000	160,316,800
[Of which, other distributions in excess of net income per unit]	[175]	[34]
V. Retained earnings carried forward	95,589,189	48,535,941

	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Calculation method for distributions	<p>NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation.</p> <p>For the fiscal period under review, NMF decided to implement a total of ¥15,296,108,800 in distributions (¥3,244 per investment unit). This figure was arrived at by adding to ¥12,377,502,401 in net income after taxes ¥2,622,242,820 in amortization of goodwill and ¥300,369,335 in loss on sale of real estate, and excluding from the amount of ¥15,300,114,556 the portion for which the per-unit distribution comprising the types of dividends referred to below would be less than ¥1.</p> <p>Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, paragraph 1 of the Investment Trusts Act came to ¥12,377,400,000 (¥2,625 per investment unit). Distribution in excess of net income comprises a distribution of ¥2,093,548,800 (¥444 per investment unit) as allowance for temporary difference adjustment and ¥825,160,000 (¥175 per investment unit) in other distribution in excess of net income.</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 a total of ¥15,560,160,000 in distributions (¥3,300 per investment unit). This figure was arrived at by ¥13,499,309,194 in net income after taxes and ¥2,622,242,820 in amortization of goodwill and subtracting ¥561,392,014, the total of a portion of gains on sale of real estate and gain on donation of fixed assets.</p> <p>Total distributions comprise distribution of earnings and distribution in excess of net income. Distribution of earnings as stipulated in Article 136, paragraph 1 of the Investment Trusts Act came to ¥13,499,617,600 (¥2,863 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,900,225,600 (¥403 per investment unit) as allowance for temporary difference adjustment and ¥160,316,800 (¥34 per investment unit) in other distribution in excess of net income.</p>

(5) Statement of Cash Flows

	Thousands of Yen	
	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Cash flows from operating activities		
Income before income taxes	12,380,230	13,501,429
Depreciation	5,610,152	5,738,951
Amortization of goodwill	2,622,242	2,622,242
Amortization of investment corporation bond issuance costs	7,984	7,984
Increase (decrease) in provision for loss on disaster	(10,080)	17,332
Interest income	(292)	(256)
Interest expenses	1,756,060	1,751,404
Gain on donation of non-current assets	—	(155,651)
Loss on disposal of property and equipment	5,191	10,937
Decrease (increase) in rental receivables	134,952	(181,561)
Decrease (increase) in prepaid expenses	(52,193)	(64,395)
Decrease (increase) in long-term prepaid expenses	(196,890)	99,397
Decrease (increase) in long-term deposits	33,577	91,080
Increase (decrease) in trade accounts payable	(960,230)	1,048,344
Increase (decrease) in other accounts payable	(15,348)	69,600
Increase (decrease) in accrued consumption taxes	(774,942)	833,204
Increase (decrease) in rent received in advance	(67,037)	29,416
Decrease in property and equipment in trust due to sales	3,896,189	4,406,579
Other	(21,112)	30,411
Subtotal	24,348,452	29,856,452
Interest received	292	256
Interest paid	(1,836,956)	(1,725,040)
Income taxes paid	(1,170)	(2,714)
Net cash provided by (used in) operating activities	22,510,618	28,128,954
Cash flows from investing activities		
Payments for purchase of property and equipment	(641,372)	(11,859,316)
Payments for purchase of property and equipment in trust	(19,527,403)	(1,930,483)
Payments for purchase of intangible assets	—	(4,270,403)
Payments for purchase of intangible assets in trust	(4,339)	(2,085)
Reimbursement of security deposits to tenants	(623,369)	(717,306)
Proceeds from security deposits from tenants	491,383	1,139,108
Reimbursement of security deposits to tenants in trust	(1,043,034)	(1,394,583)
Proceeds from security deposits from tenants in trust	1,470,852	1,145,183
Proceeds from security deposits	40,011	—
Net cash provided by (used in) investing activities	(19,837,271)	(17,889,886)
Cash flows from financing activities		
Proceeds from long-term debt	30,025,000	24,730,000
Repayment of long-term debt	(30,067,800)	(25,022,800)
Distributions of earnings to unitholders	(12,434,078)	(12,373,419)
Distributions in excess of net earnings from allowance for temporary difference adjustments	(1,825,166)	(2,093,294)
Other distributions in excess of net earnings	(1,245,360)	(825,004)
Net cash provided by (used in) financing activities	(15,547,404)	(15,584,517)
Net increase (decrease) in cash and cash equivalents	(12,874,058)	(5,345,450)
Cash and cash equivalents at beginning of period	63,111,539	50,237,480
Cash and cash equivalents at end of period	50,237,480	44,892,030

(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 6–45 years Machinery 6–17 years Tools, furniture and fixtures 3–20 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. Accounting method for deferred assets	Deferred investment corporation bond issuance costs The straight-line method over the respective terms of the bonds.
3. Allowance for doubtful accounts	<p>(1) To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.</p> <p>(2) Provision for loss on disaster The amount that is reasonably estimated at the 14th fiscal period under review is recorded to cover expenditures for restoration, etc. following the 2021 Fukushima Earthquake and 2022 Fukushima Earthquake.</p>
4. Revenue and expenses recognition	<p>(1) 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 ¥114,569 thousand in the previous fiscal period and ¥33,773 thousand in the current fiscal period.</p> <p>(2) Revenue recognition Main performance obligations concerning revenues from contracts with NMF's customers and normal points in time when the obligations are satisfied (normal points in time when revenues are recognized) are as follows: ① Disposition of real estate Gains on sale of real estate are recorded at the points in time when customers or the buyers acquire control over the real estate by NMF satisfying delivery obligations stipulated in the contracts on real estate disposition. ② Utility expense revenues Utility expense revenues are recorded according to the supply of electricity, water, etc. to customers or the tenants based on the lease contracts and attached agreements. Among utility expense revenues, when judged that NMF is applicable as an agent, it is NMF's policy to recognize net amounts as revenues after deducting the amounts paid to the suppliers of electricity, gas, etc. from the amounts NMF received as utility charges.</p>

<p>5. Hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>(3) Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>(4) Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>
<p>6. Other bases for preparing financial statements</p>	<p>(1) Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet.</p> <ul style="list-style-type: none"> ① Cash and bank deposits in trust ② Buildings in trust; Structures in trust; Machinery in trust; Tools, furniture and fixtures in trust; Land in trust; Leased assets in trust ③ Leasehold rights in trust ④ Lease obligations in trust ⑤ Security deposits from tenants in trust <p>(2) Method of accounting for non-deductible consumption tax, etc. Non-deductible consumption tax, etc., on such items, as noncurrent assets is included in the acquisition costs of individual items.</p>
<p>7. Cash and cash equivalents as stated in the Statement of Cash Flows</p>	<p>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.</p>

(Additional Information)

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

Previous period from Sep. 1, 2021 to Feb. 28, 2022			Current period from Mar. 1, 2022 to Aug. 31, 2022		
1. Reasons, related assets and amounts of allowance Thousands of Yen			1. Reasons, related assets and amounts of allowance Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Goodwill	Amortization of goodwill	2,622,242	Goodwill	Amortization of goodwill	2,622,242
Long-term deposits	Shortfall of reserve for repair	51,458	Subtotal		2,622,242
Other	—	13,678	Buildings, facilities, etc.	Depreciation deficiency equivalent	(686,268)
Subtotal		2,687,379	Unearned revenue	Write-down of loss on interest rate swap due to merger	(19,546)
Buildings, facilities, etc.	Depreciation deficiency equivalent	(306,277)	Land	Cost of sales of land	(11,410)
Unearned revenue	Write-down of loss on interest rate swap due to merger	(40,687)	Other	—	(4,792)
Land	Cost of sales of land	(246,865)	Subtotal		(722,017)
Subtotal		(593,831)	Total		1,900,225
Total		2,093,548			
2. Reasons, related assets and amounts of reversals Thousands of Yen			2. Reasons, related assets and amounts of reversals Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Related assets, etc.	Reason	Allowance for temporary difference adjustment
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)	Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	— (*)
Deferred gains or losses on hedges	Changes in fair value of derivatives	(102,762)	Deferred gains or losses on hedges	Changes in fair value of derivatives	(46,744)
Total		(102,762)	Total		(46,744)
(*) The amount of reversal during current period (¥12,575 thousand) is included in "Depreciation deficiency equivalent" on "1. Reasons, related assets and amounts of allowance".			(*) The amount of reversal during current period (¥14,266 thousand) is included in "Depreciation deficiency equivalent" on "1. Reasons, related assets and amounts of allowance".		

<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) Long-term deposits In principle, long-term deposits are not reversed.</p> <p>(4) Deferred gains or losses on hedges The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.</p>	Item	Method of reversal	Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Leasehold rights	Leasehold rights in trust	<p>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) Long-term deposits In principle, long-term deposits are not reversed.</p> <p>(4) Deferred gains or losses on hedges The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.</p>	Item	Method of reversal	Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.	Leasehold rights	Leasehold rights in trust
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Leasehold rights in trust																									

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Commitment line agreement

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

	Thousands of Yen	
	Previous period (Feb. 28, 2022)	Current period (Aug. 31, 2022)
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 four lending financial institutions for both previous period and current period as follows.

	Thousands of Yen	
	Previous period (Feb. 28, 2022)	Current period (Aug. 31, 2022)
Committed line of credit	40,000,000	40,000,000
Balance of used line	—	—
Balance of unused line	40,000,000	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
		Current period
		(Aug. 31, 2022)
Previous period		
(Feb. 28, 2022)		
50,000		50,000

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

		Thousands of Yen	
		Current period	
		(Aug. 31, 2022)	
Previous period			
(Feb. 28, 2022)			
Assets offered as collateral are as follows.		Assets offered as collateral are as follows.	
Buildings in trust	3,212,180	Buildings in trust	3,169,322
Land in trust	6,096,368	Land in trust	6,096,368
Structures in trust	4,696	Structures in trust	5,040
Tools, furniture and fixtures in trust	3,324	Tools, furniture and fixtures in trust	2,938
<u>Total</u>	<u>9,316,569</u>	<u>Total</u>	<u>9,273,670</u>
Liabilities secured by collateral are as follows.		Liabilities secured by collateral are as follows.	
Security deposits from tenants in trust	726,648	Security deposits from tenants in trust	726,648
<u>Total</u>	<u>726,648</u>	<u>Total</u>	<u>726,648</u>

*4. Allowance for temporary difference adjustments

Previous period (from September 1, 2021 to February 28, 2022)

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	25,222,583	14,961,976	1,830,223	—	16,792,199	—
Land, buildings, etc.	Merger expenses	4,029,135	1,311,646	(5,440)	—	1,306,205	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	351,354	—	(154,021)	197,332	Changes in fair value of derivative transactions
Increase – subtotal		—	16,624,976	1,824,782	(154,021)	18,295,737	—
Total		—	16,624,976	1,824,782	(154,021)	18,295,737	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Deferred gains or losses on hedges

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

Current period (from March 1, 2022 to August 31, 2022)

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	27,844,826	16,792,199	2,106,124	—	18,898,324	—
Land, buildings, etc.	Merger expenses	4,029,135	1,306,205	(12,575)	—	1,293,629	—
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	197,332	—	(102,762)	94,570	Changes in fair value of derivative transactions
Increase – subtotal		—	18,295,737	2,093,548	(102,762)	20,286,524	—
Total		—	18,295,737	2,093,548	(102,762)	20,286,524	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

	Thousands of Yen			
	Previous period from Sep. 1, 2021 to Feb. 28, 2022		Current period from Mar. 1, 2022 to Aug. 31, 2022	
A. Property related revenues				
Rental revenues				
Rent revenues	32,379,033		32,975,247	
Common area charges	2,275,828	34,654,862	2,273,980	35,249,227
Other rental revenues				
Parking revenues	629,997		647,115	
Incidental income	1,925,291		2,249,949	
Other miscellaneous revenues	147,934	2,703,224	118,189	3,015,254
Property related revenues		37,358,086		38,264,482
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,829,209		1,855,012	
Property management fees	951,283		1,071,906	
Property and other taxes	3,246,576		3,313,137	
Utility expenses	1,584,054		1,878,814	
Casualty insurance	59,873		64,370	
Repairs and maintenance	1,273,461		1,326,497	
Land rents	177,522		188,976	
Depreciation	5,609,620		5,738,419	
Other rental expenses	1,240,965	15,972,567	1,214,978	16,652,112
Property related expenses		15,972,567		16,652,112
C. Real estate rental profits [A – B]		21,385,518		21,612,370

*2. Breakdown of gain on sales of real estate

Previous period (from September 1, 2021 to February 28, 2022)

	Thousands of Yen	
NMF Utsunomiya Building		
Proceeds from sales of real estate	2,720,000	
Cost of sales of real estate	2,445,354	
Other related sales expenses	111,792	
Gain on sales of real estate		162,853

Current period (from March 1, 2022 to August 31, 2022)

	Thousands of Yen	
Ichibancho stear		
Proceeds from sales of real estate	5,382,000	
Cost of sales of real estate	4,406,579	
Other related sales expenses	217,451	
Gain on sales of real estate		757,969

*3. Breakdown of loss on sales of real estate

Previous period (from September 1, 2021 to February 28, 2022)

		Thousands of Yen
Sundai Azamino		
Proceeds from sales of real estate	1,200,000	
Cost of sales of real estate	1,450,835	
Other related sales expenses	49,534	
Loss on sales of real estate	<u>300,369</u>	<u>300,369</u>

Current period (from March 1, 2022 to August 31, 2022)

Not applicable.

*4. Breakdown of Extraordinary Gain

Previous period (from September 1, 2021 to February 28, 2022)

Not applicable.

Current period (from March 1, 2022 to August 31, 2022)

The ¥155,651 thousand related to the donation of building fixtures that belonged to tenants at the time of tenant vacation is recorded as a gain on donation of fixed assets.

*5. Breakdown of Extraordinary Loss

Previous period (from September 1, 2021 to February 28, 2022)

Not applicable.

Current period (from March 1, 2022 to August 31, 2022)

Losses related to assets damaged by the 2022 Fukushima Earthquake totaling ¥46,519 thousand are recorded as loss on disaster.

(Notes on Investment and Rental Properties)

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

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

Thousands of Yen

	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Carrying amount		
Balance at beginning of period	1,048,702,009	1,059,049,692
Amount of increase (decrease) during period	10,347,682	8,126,606
Balance at end of period	1,059,049,692	1,067,176,298
Fair value at end of period	1,252,960,000	1,286,608,958

(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 Landport Ome III (¥17,238,207 thousand). The decrease during the previous period is mainly attributable to the sale of NMF Utsunomiya Building (¥2,445,354 thousand) and Sundai Azamino (¥1,450,835 thousand) as well as depreciation (¥5,602,175 thousand). The increase during the current period is mainly attributable to the acquisition of PMO Hamamatsucho II (¥5,559,469 thousand), PROUD FLAT Togoshi-Ginza (¥2,644,993 thousand), PRIME URBAN Higashi Nakano Court (¥7,292,801 thousand). The decrease during the current period is mainly attributable to the sale of Ichibancho stear (¥4,406,579 thousand) as well as depreciation (¥5,731,074 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, in the previous period, transfer price is used as the fair value for Ichibancho stear, and the scheduled transfer price is used as the fair value for NRE Higashi-nihonbashi Building. In the current fiscal period, transfer price is used as the fair value for NRE Higashi-nihonbashi Building (September 15, 2022), the scheduled transfer price is used as the fair value for NRE Higashi-nihonbashi Building (March 15, 2023), PRIME URBAN Takaido, PRIME URBAN Mukojima, PRIME URBAN Nishi Funabashi, PRIME URBAN Chiji Kokan, PRIME URBAN Maruyama, PRIME URBAN Kita Nijyuyo Jo, PRIME URBAN Aoi, PRIME URBAN Tsurumai.

The income (loss) in the previous period (from September 1, 2021 to February 28, 2022) and current period (March 1, 2022 to August 31, 2022) for investment and rental properties is as presented in “Notes to Statement of Income and Retained Earnings” earlier in this report.

(Notes Concerning Revenue Recognition)

1. Information classifying revenues from contracts with customers

Previous period (from Sep. 1, 2021 to Feb. 28, 2022)

Thousands of Yen

	Revenues from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sales of real estate	3,920,000	^(Note 2) 162,853
Utility expense revenues	1,331,843	1,331,843
Other	—	36,026,243
Total	5,251,843	37,520,940

(Note 1) Leasing business revenues, which are subject to the Corporate Accounting Standard No. 13, “Accounting Standard for Lease Transactions,” and real estate transfers, which are subject to the “Practical Guidelines Concerning Accounting for the Transferors in Securitization of Real Estate Using SPCs” of the JICPA Accounting System Committee Report No. 15, are not applicable to the Accounting Standard for Revenue Recognition, and are thus not included in the above amount. Note that the main revenues from contracts with customers are gains on sale of real estate and utilities expense revenues.

(Note 2) Gains on sale of real estate are recorded as profits/losses on sale of real estate (the amount after deducting real estate disposition costs and other disposition costs from gains on sale of real estate) in the statement of income and retained earnings. Since NMF records gains on sale of real estate as operating revenues and losses on sale of real estate as operating expenses, only the amounts of gains on sale of real estate are described in the above table.

Current period (from March 1, 2022 to August 31, 2022)

Thousands of Yen

	Revenues from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sales of real estate	5,382,000	^(Note 2) 757,969
Utility expense revenues	1,531,876	1,531,876
Other	—	36,732,606
Total	6,913,876	39,022,452

(Note 1) Leasing business revenues, which are subject to the Corporate Accounting Standard No. 13, “Accounting Standard for Lease Transactions,” and real estate transfers, which are subject to the “Practical Guidelines Concerning Accounting for the Transferors in Securitization of Real Estate Using SPCs” of the JICPA Accounting System Committee Report No. 15, are not applicable to the Accounting Standard for Revenue Recognition, and are thus not included in the above amount. Note that the main revenues from contracts with customers are gains on sale of real estate and utilities expense revenues.

(Note 2) Gains on sale of real estate are recorded as profits/losses on sale of real estate (the amount after deducting real estate disposition costs and other disposition costs from gains on sale of real estate) in the statement of income and retained earnings. Since NMF records gains on sale of real estate as operating revenues and losses on sale of real estate as operating expenses, only the amounts of gains on sale of real estate are described in the above table.

2. Basic information for understanding revenues from contracts with customers

Previous period (from September 1, 2021 to February 28, 2022)

Refer to the description in the notes concerning matters pertaining to significant accounting policies.

Current period (from Mar 1, 2022 to Aug 31, 2022)

Refer to the description in the notes concerning matters pertaining to significant accounting policies

3. Information on the satisfaction of performance obligations based on contracts with customers, relationships with cash flows arising from the contracts, and the amounts of revenues which arise from outstanding contracts with customers as of the end of the accounting period under review and will be recognized in the next accounting period onwards, as well as the timing to recognize the revenues

(1) Balances of contract assets and liabilities

Thousands of Yen

	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Receivables from contracts with customers (balance as of the beginning of the fiscal period)	363,492	372,248
Receivables from contracts with customers (balance as of the end of the fiscal period)	372,248	497,211
Contract assets (balance as of the beginning of the fiscal period)	—	—
Contract assets (balance as of the end of the fiscal period)	—	—
Contract liabilities (balance as of the beginning of the fiscal period)	—	—
Contract liabilities (balance as of the end of the fiscal period)	—	—

(2) Transaction prices allocated to remaining performance obligations

Previous period (from Sep. 1, 2021 to Feb. 28, 2022)

Not applicable.

Concerning utility expense revenues, NMF recognizes them with the amounts for which it has the right to claim according to item 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition. This is because NMF has the right to receive the amounts of consideration, which directly correspond to the value for customers or tenants, from customers for the portions where the obligations are satisfied before the end of a fiscal period. Accordingly, adopting the stipulation of item 80-22 (2) of the Accounting Standard for Revenue Recognition, utility expense revenues are not included in the note on transaction prices allocated to remaining performance obligations.

Current period (from March 1, 2022 to August 31, 2022)

As of August 31, 2022, the transaction price allocated to remaining performance obligations relating to the sale of real estate and other assets was ¥4,520,000 thousands for real estate and other assets for which a purchase and sale agreement was concluded on March 8, 2022.

Of the remaining performance obligations, NMF completed the transfer of ¥2,260,000 thousands of the relevant real estate and other assets on September 15, 2022 and expect to recognize a gain in the February 28, 2023 (15th) fiscal period.

In addition, with regard to the remaining ¥2,260,000 thousands, NMF expects to recognize a gain in the August 31, 2023 (16th) fiscal period in conjunction with the transfer of the relevant real estate and other assets, which is planned to take place on March 15, 2023.

Concerning utility expense revenues, NMF recognizes them with the amounts for which it has the right to claim according to item 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition. This is because NMF has the right to receive the amounts of consideration, which directly correspond to the value for customers or tenants, from customers for the portions where the obligations are satisfied before the end of a fiscal period. Accordingly, adopting the stipulation of item 80-22 (2) of the Accounting Standard for Revenue Recognition, utility expense revenues are not included in the note on transaction prices allocated to remaining performance obligations.

(Notes on Per Unit Information)

	Yen	
	Previous period from Sep. 1, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Net assets per unit	130,827	130,456
Net income per unit	2,625	2,862

(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, 2021 to Feb. 28, 2022	Current period from Mar. 1, 2022 to Aug. 31, 2022
Net income (Thousands of Yen)	12,377,502	13,499,309
Amount not attributable to ordinary unitholders (Thousands of Yen)	—	—
Net income attributable to ordinary investment units (Thousands of Yen)	12,377,502	13,499,309
Average number of investment units during period (Units)	4,715,200	4,715,200

(Notes on Significant Subsequent Events)

Transfer of the asset

(a)NMF sold the following asset after the conclusion of the 14th fiscal period (August 31, 2022).

NRE Higashi-nihonbashi Building

● Type of asset	Trust beneficial interest in trust of real estate (Note)
● Use	Office
● Contract date	March 8, 2022
● Transfer date	September 15, 2022 (Quasi co-ownership of 50%)
● Transfer price	¥2,260 million (Quasi co-ownership of 50%)
● Buyer	Domestic general business company
● Impact on 15th fiscal period earnings (Scheduled)	¥350 million

(b)NMF decided to sell the following asset after the conclusion of the 14th fiscal period (August 31, 2022).

NRE Higashi-nihonbashi Building

● Type of asset	Trust beneficial interest in trust of real estate (Note)
● Use	Office
● Contract date	March 8, 2022
● Transfer date(Scheduled)	March 15, 2023 (Quasi co-ownership of 50%)
● Transfer price(Scheduled)	¥2,260 million (Quasi co-ownership of 50%)
● Buyer(Scheduled)	Domestic general business company
● Impact on 16th fiscal period earnings (Scheduled)	¥347 million

(Note) At the end of the 14th fiscal period, the asset to be transferred was real estate, but on September 15, 2022, a trust agreement was concluded and it has become a trust beneficial interest in trust of real estate.

(c)NMF decided to sell the following asset after the conclusion of the October 18, 2022.

	Type of asset	Use	Contract date(Scheduled)	Transfer date(Scheduled)	Buyer (Scheduled)	Transfer price (Scheduled)	Impact on 15th fiscal period earnings (Scheduled) (¥ million)			
PRIME URBAN Takaido	Real estate	Residential	October 18, 2022	October 31, 2022	Undisclosed (Note)	1,310	222			
PRIME URBAN Mukojima						636	94			
PRIME URBAN Nishi Funabashi						967	281			
PRIME URBAN Aoi						763	92			
PRIME URBAN Tsurumai									1,281	382
PRIME URBAN Chiji Kokan									300	82
PRIME URBAN Maruyama								Undisclosed (Note)	257	51
PRIME URBAN Kita Nijyuyo Jo									459	78
Total						5,974	1,286			

(Note) Undisclosed, since a consent has not obtained from the scheduled transferee.

The impact of (a), (b) and (c), above, on earnings for the 15th fiscal period (September 1, 2022 to February 28, 2023), 16th fiscal period (March 1, 2023 to August 31, 2023) will be recorded as gain on sales of real estate under operating revenues.

[Disclosure Omissions]

A disclosure of notes concerning Statement of Changes in Net Assets, Statement of Cash Flows, Lease Transactions, Financial Instruments, Securities, Derivative Transactions, Retirement Benefit Plans, Tax Effect Accounting, Equity Method Income and Retained Earnings, etc., Transactions with Related Parties, Asset Retirement Obligations and Segment Information is

omitted because such disclosure in this summary of financial results is judged to be unnecessary.

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the 14th fiscal period (August 31, 2022).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)
September 1, 2016	Absorption type merger	461,120	4,183,130	—	161,120	(Note 3)
October 14, 2016	Reversal of allowance for temporary difference adjustments	—	4,183,130	763	161,883	(Note 4)
April 14, 2017	Reversal of allowance for temporary difference adjustments	—	4,183,130	708	162,592	(Note 4)
October 13, 2017	Reversal of allowance for temporary difference adjustments	—	4,183,130	198	162,791	(Note 4)
March 1, 2018	Public offering	132,000	4,315,130	17,572	180,363	(Note 5)
March 20, 2018	Third party allotment increase	6,670	4,321,800	887	181,251	(Note 6)
April 13, 2018	Reversal of allowance for temporary difference adjustments	—	4,321,800	478	181,730	(Note 4)
October 15, 2018	Reversal of allowance for temporary difference adjustments	—	4,321,800	321	182,051	(Note 4)
March 1, 2019	Public offering	214,760	4,536,560	31,241	213,293	(Note 7)
March 26, 2019	Third party allotment increase	10,740	4,547,300	1,562	214,855	(Note 8)
October 15, 2019	Reversal of allowance for temporary difference adjustments	—	4,547,300	91	214,947	(Note 4)
December 20, 2019	Public offering	159,900	4,707,200	27,845	242,792	(Note 9)
January 21, 2020	Third party allotment increase	8,000	4,715,200	1,393	244,185	(Note 10)
April 14, 2020	Reversal of allowance for temporary difference adjustments	—	4,715,200	122	244,307	(Note 4)
October 14, 2020	Reversal of allowance for temporary difference adjustments	—	4,715,200	299	244,606	(Note 4)
April 14, 2021	Reversal of allowance for temporary difference adjustments	—	4,715,200	132	244,739	(Note 4)
October 13, 2021	Reversal of allowance for temporary difference adjustments	—	4,715,200	154	244,893	(Note 4)

April 19, 2022	Reversal of allowance for temporary difference adjustments	—	4,715,200	102	244,996	(Note 4)
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(Note 1) Figures have been truncated at the nearest million yen.

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

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

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

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

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

(Note 7) NMF issued new investment units through public offering at an issue price of ¥150,223 per unit (issue value: ¥145,471 per unit) for the purpose of procuring funds to acquire new properties.

(Note 8) NMF issued new investment units through third-party allotment at an issue value of ¥145,471 per unit together with the issuance of new investment units through public offering.

(Note 9) NMF issued new investment units through public offering at an issue price of ¥179,830 per unit (issue value: ¥174,141 per unit) for the purpose of procuring funds to acquire new properties.

(Note 10) NMF issued new investment units through third-party allotment at an issue value of ¥174,141 per unit together with the issuance of new investment units through public offering.

3. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	13th fiscal period As of February 28, 2022		14th fiscal period As of August 31, 2022	
			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	145,018	12.2	150,094	12.6
		Other areas	21,282	1.8	21,259	1.8
		Subtotal	166,301	14.0	171,354	14.4
	Retail properties	Greater Tokyo area	28,712	2.4	28,595	2.4
		Other areas	18,119	1.5	18,099	1.5
		Subtotal	46,832	3.9	46,694	3.9
	Logistics properties	Greater Tokyo area	63,533	5.4	63,472	5.3
		Subtotal	63,533	5.4	63,472	5.3
	Residential properties	Greater Tokyo area	134,808	11.4	144,040	12.1
		Other areas	29,883	2.5	29,591	2.5
		Subtotal	164,692	13.9	173,632	14.6
	Hotel properties	Other areas	3,665	0.3	3,648	0.3
		Subtotal	3,665	0.3	3,648	0.3
	Other Properties	Greater Tokyo area	5,136	0.4	5,136	0.4
Subtotal		5,136	0.4	5,136	0.4	
Subtotal		450,161	37.9	463,937	39.1	
Real estate in trust	Office properties	Greater Tokyo area	259,330	21.8	259,160	21.8
		Other areas	50,453	4.2	50,527	4.3
		Subtotal	309,784	26.1	309,688	26.1
	Retail properties	Greater Tokyo area	80,095	6.7	79,957	6.7
		Other areas	49,537	4.2	45,036	3.8
		Subtotal	129,632	10.9	124,993	10.5
	Logistics properties	Greater Tokyo area	137,866	11.6	137,056	11.5
		Other areas	3,280	0.3	3,267	0.3
		Subtotal	141,147	11.9	140,324	11.8
	Residential properties	Greater Tokyo area	25,641	2.2	25,560	2.2
		Subtotal	25,641	2.2	25,560	2.2
	Hotel properties	Other areas	2,683	0.2	2,671	0.2
		Subtotal	2,683	0.2	2,671	0.2
		Subtotal	608,888	51.3	603,238	50.8
Subtotal			1,059,049	89.2	1,067,176	89.9
Deposits and other assets			128,370	10.8	120,405	10.1
Total amount of assets			1,187,420	100.0	1,187,581	100.0

	13th fiscal period As of February 28, 2022		14th fiscal period As of August 31, 2022	
	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	570,542	48.0	572,453	48.2
Total amount of net assets	616,878	52.0	615,128	51.8

(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. The same shall apply hereinafter.

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

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

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

(2) Investment Assets

① Major Investment Securities

Not applicable.

② Investment Real Estate Properties

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

③ Other Major Investment Assets

The following summarizes the real estate, etc. (300 properties) held as of August 31, 2022, (the end of the 14th 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 14th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2022.

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 14th fiscal period.

Number of properties	300
Gross leasable area (m ²) ^(Note 1)	2,173,632.71
Gross leased area (m ²) ^(Note 2)	2,145,632.10
Total number of tenants ^(Note 3)	1,352
Total of all contracted rent (Thousands of Yen) ^(Note 4)	5,974,821

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 14th fiscal period. “Leasable area” is the sum total area of office buildings, retail facilities, logistics facilities, residential facilities, or hotels etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square, the leasable area is the area calculated by multiplying the building’s overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For 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. For PMO Hatchobori Shinkawa and PROUD FLAT Togoshi-ginza, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building (excluding the exclusive area subject to the selfuse by other compartmentalized owners; the same shall apply hereinafter for PMO Hatchobori Shinkawa and PROUD FLAT Togoshi-ginza) multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leasable area of PMO Hatchobori Shinkawa and PROUD FLAT Togoshi-ginza is the sum of (i) the leasable area of the exclusive area owned by NMF and (ii) the leasable area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 2) The sum total of “leased area” of each of the assets held at the end of the 14th fiscal period. “Leased area” is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, residential properties, or hotel properties etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square, the leased area is the area calculated by multiplying the building’s overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building’s overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building’s overall leased area multiplied by the ownership ratio of the common areas. For PMO Hatchobori Shinkawa, upon the master lease agreement, the rent paid to each compartmentalized owner is the sum of (i) the rent to be earned from the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by each compartmentalized owner, and (ii) the rent to be earned from the common area, etc. of the building multiplied by the share interest in ownership of the common area, etc.. Therefore, the leased area of PMO Hatchobori Shinkawa is the sum of (i) the leased area of the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by NMF and (ii) the leased area of the common area, etc. of the entire building multiplied by NMF’s share of ownership interest of the common area.

(Note 3) The sum total of “total number of tenants” of each of the assets held at the end of the 14th 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, regardless of pass-through master lease agreement, 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 2022 of each of the assets held at the end of the 14th fiscal period (amounts less

than one thousand are truncated). “Total contracted rent” for August 2022 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 2022 (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. 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 and for tenants with variable rent including cases in which a part of rent is variable 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. For PMO Hatchobori Shinkawa and PROUD FLAT Togoshi-ginza, the total contract rent is calculated by summing (i) the rent revenues earned from the leasable exclusive area of the entire building multiplied by the ratio of the area of the exclusive area owned by NMF, and (ii) the rent revenues earned from the common area, etc. of the building multiplied by NMF’s share of ownership interest of the common area, etc..

(b) Changes in Occupancy Rate

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

	August 31, 2020 (end of 10th fiscal period)	February 28, 2021 (end of 11th fiscal period)	August 31, 2021 (end of 12th fiscal period)	February 28, 2022 (end of 13th fiscal period)	August 31, 2022 (end of 14th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	99.1	98.8	98.1	98.7	98.7

B. Price and Investment Share

The following is an overview of the assets held at the end of the 14th fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building (Note 5)	43,900	46,883	51,800	4.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,598	21,700	1.7	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,435	30,200	2.3	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,129	13,400	1.0	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,512	10,500	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,567	13,000	1.0	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,104	7,380	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,186	8,040	0.6	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,358	5,940	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,109	4,990	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,688	5,260	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,029	4,930	0.4	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,718	6,680	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,573	5,440	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,752	4,350	0.3	Japan Real Estate Institute
		PMO Akihabara	4,240	3,990	5,670	0.4	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,428	2,610	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,189	4,620	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,864	3,530	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,664	3,530	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,072	3,090	0.2	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,533	2,010	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,564	7,270	0.6	Japan Real Estate Institute
		NF Hongo Building	4,890	4,897	5,230	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,292	3,290	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,838	2,240	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,832	4,520	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,992	9,650	0.8	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,559	8,610	0.7	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,732	2,950	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,055	8,880	0.7	Japan Real Estate Institute
		PMO Ginza Hatchome	3,970	3,887	5,440	0.4	Japan Real Estate Institute
		PMO Shibakoen	3,900	3,797	5,530	0.4	Japan Real Estate Institute
NEC Head Office Building (Note 6)	44,100	44,556	48,900	3.8	Daiwa Real Estate Appraisal Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Harumi Island Triton Square Office Tower Y	18,200	17,878	17,400	1.4	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Aoyama 1-chome Building	10,400	10,567	13,900	1.1	Japan Real Estate Institute
		NMF Takebashi Building	8,330	8,528	9,140	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	7,994	8,480	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	6,031	8,350	0.6	Japan Real Estate Institute
		NMF Shinjuku EAST Building	5,710	5,789	6,600	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,756	4,730	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,981	2,270	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,818	2,150	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Shinnihonbashi	4,440	4,343	5,580	0.4	Japan Real Estate Institute
		PMO Hirakawacho	3,410	3,354	4,340	0.3	Japan Real Estate Institute
		PMO Nihonbashi Mitsukoshi-mae	4,310	4,289	5,910	0.5	Japan Real Estate Institute
		PMO Shibadaimon	2,130	2,123	2,650	0.2	Japan Real Estate Institute
		PMO Tamachi II	10,900	10,830	13,100	1.0	Japan Real Estate Institute
		PMO Hatchobori Shinkawa	3,805	3,772	4,380	0.3	Japan Real Estate Institute
		PMO Hatchobori III	2,880	2,869	3,350	0.3	Japan Real Estate Institute
		PMO Ochanomizu	3,890	3,867	4,700	0.4	Japan Real Estate Institute
		PMO Akihabara Kita	8,450	8,395	9,770	0.8	Japan Real Estate Institute
		PMO Higashi-Shinbashi	4,730	4,737	5,610	0.4	Japan Real Estate Institute
		PMO Hamamatsucho	4,380	4,379	5,280	0.4	Japan Real Estate Institute
	PMO Hamamatsucho II	5,500	5,543	6,100	0.5	Japan Real Estate Institute	
	Other areas	Sapporo North Plaza	6,250	6,700	9,270	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,651	5,570	0.4	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,178	2,620	0.2	JLL Morii Valuation & Advisory K.K.
		NMF Nagoya Fushimi Building	2,240	1,957	2,650	0.2	Japan Real Estate Institute
		NMF Nagoya Yanagibashi Building	2,280	2,516	2,260	0.2	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,237	20,200	1.6	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	12,009	12,900	1.0	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	7,735	7,680	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,641	3,840	0.3	Daiwa Real Estate Appraisal Co., Ltd.
NRE Yotsubashi Building		4,000	4,441	5,140	0.4	The Tanizawa Sogo Appraisal Co., Ltd.	
NRE Hiroshima Building	2,280	2,455	2,920	0.2	The Tanizawa Sogo Appraisal Co., Ltd.		
NMF Hakata Ekimae Building	4,210	4,237	6,120	0.5	Japan Real Estate Institute		
NMF Tenjin-Minami Building	2,230	2,025	3,030	0.2	Japan Real Estate Institute		
Office subtotal			476,765	481,042	559,170	43.5	

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	Yokosuka More's City	13,640	13,736	15,300	1.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,175	10,800	0.8	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,553	8,500	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,266	5,160	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,001	4,550	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,821	4,200	0.3	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,617	3,950	0.3	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,520	3,390	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,168	3,580	0.3	Japan Real Estate Institute
		GEMS Shibuya	2,490	2,338	2,790	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINIA Aobadai	1,560	1,557	2,720	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	944	1,550	0.1	Japan Real Estate Institute
		Mitsubishi Motors Meguro (Land)	2,740	2,764	3,460	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu (Land)	1,760	1,776	1,740	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima (Land)	1,240	1,251	1,500	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki (Land)	950	959	1,300	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido (Land)	850	859	859	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika (Land) (Note 7)	762	770	880	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume (Land)	800	808	916	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya (Land)	770	779	1,190	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi (Land)	600	606	740	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamato (Land)	450	455	537	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motsumiyoshi (Land)	370	375	425	0.0	Japan Real Estate Institute
		Welcia Kawagoe Shinmeicho (Land)	350	355	438	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa (Land)	200	204	179	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama (Land)	160	163	188	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building	10,410	10,102	11,400	0.9	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,017	2,120	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,753	7,550	0.6	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 6)	2,720	2,538	2,820	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	747	801	0.1	Japan Real Estate Institute
		GEMS Daimon	2,060	1,989	2,030	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Kanda	1,500	1,454	1,440	0.1	Daiwa Real Estate Appraisal Co., Ltd.
Summit Store Mukodaicho	5,100	5,035	5,330	0.4	Japan Valuers Co., Ltd.		
GEMS Shinbashi	2,810	2,802	2,690	0.2	Daiwa Real Estate Appraisal Co., Ltd.		
GEMS Kayabacho	2,594	2,549	2,660	0.2	Daiwa Real Estate Appraisal Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser	
Retail	Greater Tokyo area	Summit Store Honamanuma	2,160	2,153	2,960	0.2	JLL Morii Valuation & Advisory K.K.	
		GEMS Shin-Yokohama	1,820	1,765	1,840	0.1	Daiwa Real Estate Appraisal Co., Ltd.	
		GEMS Sangenjaya	1,815	1,809	1,790	0.1	JLL Morii Valuation & Advisory K.K.	
	Other areas	Universal CityWalk Osaka	17,639	17,041	18,300	1.4	Japan Valuers Co., Ltd.	
		Izumiya SC Senrioka (Note 8)	8,930	8,474	11,700	0.9	The Tanizawa Sogo Appraisal Co., Ltd.	
		Izumiya SC Yao (Note 8)	4,406	3,978	5,630	0.4	The Tanizawa Sogo Appraisal Co., Ltd.	
		Izumiya SC Obayashi (Note 8)	3,020	3,123	3,850	0.3	The Tanizawa Sogo Appraisal Co., Ltd.	
		EQUINIA Aobadori	1,640	1,274	1,830	0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
		MEL Building	1,060	1,046	1,200	0.1	Japan Real Estate Institute	
		nORBESA	8,500	8,700	8,440	0.7	Japan Real Estate Institute	
		Nakaza Cui-daore Building	11,600	12,148	9,760	0.8	Japan Valuers Co., Ltd.	
		NMF Kobe Myodani Building	3,560	3,580	3,680	0.3	Japan Valuers Co., Ltd.	
	GEMS Namba	3,800	3,767	4,310	0.3	JLL Morii Valuation & Advisory K.K.		
	Retail subtotal			174,044	171,688	194,973	15.2	
	Logistics	Greater Tokyo area	Landport Urayasu	17,400	15,776	23,900	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
Landport Itabashi			15,710	14,381	21,600	1.7	The Tanizawa Sogo Appraisal Co., Ltd.	
Landport Kawagoe			13,700	11,508	19,400	1.5	Japan Real Estate Institute	
Landport Atsugi			11,410	9,827	13,300	1.0	The Tanizawa Sogo Appraisal Co., Ltd.	
Sagamihara Tana Logistics Center			10,600	9,490	13,800	1.1	Daiwa Real Estate Appraisal Co., Ltd.	
Sagamihara Onodai Logistics Center			8,700	7,976	12,600	1.0	Japan Real Estate Institute	
Landport Hachioji			8,250	7,057	11,100	0.9	Japan Real Estate Institute	
Landport Kasukabe			7,340	6,037	9,410	0.7	Japan Real Estate Institute	
Atsugi Minami Logistics Center B Tower			4,590	4,027	6,490	0.5	The Tanizawa Sogo Appraisal Co., Ltd.	
Hanyu Logistics Center			3,810	3,188	4,980	0.4	Daiwa Real Estate Appraisal Co., Ltd.	
Kawaguchi Logistics Center B Tower			3,750	3,511	4,860	0.4	Daiwa Real Estate Appraisal Co., Ltd.	
Kawaguchi Logistics Center A Tower			2,830	2,724	3,860	0.3	Daiwa Real Estate Appraisal Co., Ltd.	
Atsugi Minami Logistics Center A Tower			2,690	2,494	3,790	0.3	The Tanizawa Sogo Appraisal Co., Ltd.	
Kawaguchi Ryoke Logistics Center			10,790	10,238	14,600	1.1	JLL Morii Valuation & Advisory K.K.	
Landport Kashiwa Shonan II			10,800	10,475	12,100	0.9	Japan Valuers Co., Ltd.	
Landport Kashiwa Shonan I			9,900	9,572	11,600	0.9	Japan Valuers Co., Ltd.	
Landport Hachioji II			9,230	9,266	11,500	0.9	Japan Valuers Co., Ltd.	
Landport Iwatsuki			6,090	5,997	6,870	0.5	Japan Valuers Co., Ltd.	
Landport Ome I			13,640	13,521	15,200	1.2	Japan Valuers Co., Ltd.	
Landport Higashi-Narashino			11,872	11,667	16,800	1.3	Japan Valuers Co., Ltd.	
Landport Ome II		14,620	14,639	16,600	1.3	Japan Valuers Co., Ltd.		
Landport Ome III		17,000	17,147	19,400	1.5	Japan Valuers Co., Ltd.		
Other areas	Hirakata Kuzuha Logistics Center	3,460	3,267	4,330	0.3	Daiwa Real Estate Appraisal Co., Ltd.		
Logistics subtotal			218,182	203,796	278,090	21.6		

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	3,163	3,860	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	944	1,070	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	676	764	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	699	752	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	690	907	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	870	1,120	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,055	2,800	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,445	1,750	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,003	1,260	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho (Note 7)	932	849	1,080	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,076	1,310	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,016	1,330	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	2,964	3,530	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	554	571	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	827	1,050	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho II	652	590	657	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho I	1,030	914	1,000	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Fujimidai	1,470	1,330	2,000	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,689	2,500	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	1,869	2,520	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,423	3,010	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,464	2,120	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,096	1,080	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	920	1,050	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	915	1,080	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,680	2,090	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	340	347	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,101	1,620	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,045	1,170	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	648	680	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Iidabashi	2,040	1,896	1,990	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,238	1,400	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,354	1,520	0.1	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Gakugei Daigaku	775	722	905	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Senzoku	474	447	521	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Riverside	414	377	445	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Ohashi Hills	2,970	2,770	3,320	0.3	Japan Valuers Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PRIME URBAN Meguro Aobadai	1,310	1,246	1,860	0.1	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,024	1,430	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,800	3,700	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,578	2,500	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,106	2,590	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	3,875	4,970	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,453	2,120	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	511	638	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	764	953	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,432	1,550	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku I	1,090	1,015	1,340	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku II	885	810	986	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Naitomachi	430	420	484	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	380	494	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	597	624	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,354	1,810	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,669	3,870	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	708	682	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	723	707	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	672	794	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	607	798	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	500	623	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	310	384	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	685	761	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,291	1,820	0.1	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	505	461	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,756	2,070	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,113	1,170	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	932	761	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	828	920	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	696	681	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,630	2,030	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	448	553	0.0	Japan Valuers Co., Ltd.
PRIME URBAN Takaido	1,060	1,034	873	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Ogikubo	414	393	462	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Ogikubo II	1,790	1,716	2,160	0.2	Japan Real Estate Institute		
PRIME URBAN Otsuka	730	666	767	0.1	Daiwa Real Estate Appraisal Co., Ltd.		

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Residential	Greater Tokyo area	PRIME URBAN Komagome	437	438	437	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ikebukuro	3,800	3,505	5,050	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,240	2,750	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	691	831	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	567	675	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	512	501	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,133	1,310	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	688	784	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	652	765	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	571	682	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	855	990	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	1,007	1,350	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	963	1,360	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Asakusa	384	377	342	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,807	2,340	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,939	1,950	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,308	1,420	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	735	906	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,304	1,640	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,923	2,470	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	955	1,080	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	917	1,330	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	489	497	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	734	1,000	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	590	671	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	683	743	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	436	570	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	446	641	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	714	1,030	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	647	958	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,452	1,790	0.1	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	905	1,250	0.1	Japan Real Estate Institute
PROUD FLAT Itabashi Honcho	720	686	967	0.1	Japan Real Estate Institute		
PRIME URBAN Meguro Mita	1,058	1,108	1,140	0.1	Japan Valuers Co., Ltd.		
Fukasawa House Towers H&I	7,140	6,953	8,460	0.7	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Toyosu	5,290	4,950	6,100	0.5	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nihonbashi Kayabacho	2,850	2,738	3,340	0.3	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Yoga II	1,320	1,246	1,430	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		

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Residential	Greater Tokyo area	PRIME URBAN Musashi Koganei II	1,310	1,220	1,540	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,357	1,480	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori III	1,110	1,101	1,450	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Kinshicho	785	771	1,040	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sangenjaya II	2,750	2,752	3,350	0.3	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sotkanda	2,280	2,290	2,890	0.2	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Noborito	1,216	1,212	1,530	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Yoyogi Hachiman	966	973	1,210	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Nakaochiai	844	847	994	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shibuya Tomigaya	3,960	4,010	4,930	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Miyazakidai	1,390	1,430	1,620	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Asakusabashi III	1,230	1,261	1,340	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Togoshi-Koen	2,580	2,645	2,820	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Togoshi-Ginza	2,550	2,633	2,700	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
	PRIME URBAN Higashi Nakano Court	7,020	7,268	8,250	0.6	Daiwa Real Estate Appraisal Co., Ltd.	
	Other areas	PROUD FLAT Itsutsubashi	652	545	705	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	608	554	0.0	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,360	2,110	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	236	291	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	430	540	0.0	Japan Real Estate Institute
		PRIME URBAN Odori Koen II	334	290	333	0.0	Japan Real Estate Institute
		PRIME URBAN Kita Juichi Jo	547	462	580	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Miyanosawa	475	396	482	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	335	416	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	206	252	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	195	215	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	363	456	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	521	631	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	3,915	4,740	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,479	1,950	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Icchome	1,140	987	971	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	388	346	0.0	Japan Valuers Co., Ltd.
PRIME URBAN Tsutsumidori Amamiya		949	925	1,010	0.1	Japan Real Estate Institute	
PRIME URBAN Aoi	712	640	679	0.1	Chuo Real Estate Appraisal Co., Ltd.		
PRIME URBAN Kanayama	553	472	581	0.0	Japan Valuers Co., Ltd.		
PRIME URBAN Tsurumai	1,020	851	1,020	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Kamimaezu	1,590	1,385	1,670	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Izumi	3,770	3,285	3,890	0.3	Japan Valuers Co., Ltd.		

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Other areas	PRIME URBAN Sakaisuji Honmachi	1,810	1,572	2,290	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	513	645	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	229	305	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	331	287	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	529	485	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	528	522	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Serenite Shinsaibashi Grande	5,567	5,602	6,240	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Residential subtotal			211,617	199,192	241,465	18.8	
Hotels	Other areas	Hotel Vista Sapporo Odori	3,600	3,648	3,740	0.3	Japan Valuers Co., Ltd.
		Comfort Inn Naha Tomari Port	2,650	2,671	2,520	0.2	Japan Valuers Co., Ltd.
Hotel subtotal			6,250	6,320	6,260	0.5	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,460	0.4	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,460	0.4	
Total			1,091,759	1,067,176	1,285,418	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 14th fiscal period-end (August 31, 2022) 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 (300 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may not be exactly 100.0.

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

(Note 6) NMF holds quasi co-ownership of 50.0 of beneficial interest in real estate. For the opinion of value and carrying price in the table above, price of this quasi co-ownership interest ratio is stated for opinion of value and carrying price.

(Note 7) NMF has sold a part of land area of the property. Therefore, the acquisition price given represents the acquisition price of the entire asset less the amount equivalent to the book value of the transferred portion at the time of execution of the transfer.

(Note 8) NMF changed the name of the following portfolio properties as of April 19, 2022.

Use of Property	New Name	Former Name
Retail	Izumiya SC Senrioka	Izumiya Senrioka
	Izumiya SC Yao	Izumiya Yao
	Izumiya SC Obayashi	Izumiya Obayashi

C. Status of Capital Expenditures

(a) Schedule of Capital Expenditures

Of the scheduled amount of capital expenditures associated with renovation and other work planned (or completed) as of the date of this document's publication for the assets held at the end of the 14th fiscal period, the following are the major capital expenditures. Please note that the scheduled construction cost listed below include the portion charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Scheduled construction cost (Thousands of Yen)		
			Total amount	Amount paid during the 14th fiscal period	Total amount already paid
Sapporo North Plaza (Sapporo City, Hokkaido)	Renewal of air conditioner system (phase IV/IV)	From Sep. 2022 To Nov. 2022	71,700	-	-
NRE Sapporo Building (Sapporo City, Hokkaido)	Renewal of outdoor AC units (phase I/III)	From Apr. 2022 To Nov. 2022	53,100	-	-
NRE Sapporo Building (Sapporo City, Hokkaido)	Renewal of outdoor AC units (phase II/III)	From Dec. 2022 To Jul. 2023	52,800	-	-
NRE Sapporo Building (Sapporo City, Hokkaido)	Renewal of outdoor AC units (phase III/III)	From Aug. 2023 To Nov. 2023	60,900	-	-
PRIME URBAN Meguro Aobadai (Meguro Ward, Tokyo)	Repair of exterior wall	From Jul. 2022 To Nov. 2022	25,300	-	-
PRIME URBAN Omori (Ota Ward, Tokyo)	Repair of exterior wall	From Aug. 2022 To Dec. 2022	21,000	-	-
PRIME URBAN Yaotome Chuo (Sendai City, Miyagi)	Common corridor expansion joint cover repair	From Sep. 2022 To Feb. 2023	5,990	-	-
PRIME URBAN Kita Juyo Jo (Sapporo City, Hokkaido)	Repair of exterior wall	From Aug. 2022 To Nov. 2022	32,650	-	-
PRIME URBAN Izumi (Nagoya City, Aichi)	Repair of exterior wall	From Aug. 2022 To Dec. 2022	64,000	-	-

(Note) Total amount already paid does not include the amount paid during the 14th fiscal period.

(b) Capital Expenditures during the 14th Fiscal Period

The following is an overview of the major construction work falling under the category of capital expenditures that was conducted during the 14th fiscal period for the assets held as of the end of the 14th fiscal period. Capital expenditures during the 14th fiscal period were ¥2,609,449 thousand and, when combined with the ¥1,326,497 thousand repair expenses classified as expenses during the 14th fiscal period, a total of ¥3,935,946 thousand in construction work was implemented. The following construction cost shows the amount equivalent to capital expenditures.

Name of real estate, etc. (Location)	Purpose	Period	Construction cost (Thousands of Yen)
Sapporo North Plaza (Sapporo City, Hokkaido)	Renewal of air conditioner system (phase III/IV)	From Apr. 2022 To Jul. 2022	74,244
Musashiurawa Shopping Square (Saitama City, Saitama)	Renewal of air-conditioning system in common-use and the Nitori areas	From Mar. 2022 To May. 2022	29,301
Other real estate, etc.	Improvement of features	From May. 2022 To Aug. 2022	2,505,902
Total			2,609,449