

**(Reference) SUMMARY OF FINANCIAL RESULTS (REIT)
For the 16th Fiscal Period Ended August 31, 2023**

October 18, 2023

REIT securities issuer: Nomura Real Estate Master Fund, Inc. (“NMF”) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 3462
 Representative: Shuhei Yoshida, Executive Director URL: <https://www.nre-mf.co.jp/en/>

Asset Management Company: Nomura Real Estate Asset Management Co., Ltd.
 Representative: Koki Miura, President and Chief Executive Officer
 Inquiries: Hiroyuki Masuko, Head of NMF Investment Management Group TEL: +81-3-3365-8767

Scheduled date of filing of securities report: November 29, 2023
 Scheduled date of commencement of distribution payout: November 20, 2023
 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 16th Fiscal Period (from March 1, 2023 to August 31, 2023)

(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, 2023	43,645	9.2	18,931	17.5	16,729	19.9	16,746	20.1
February 28, 2023	39,986	2.5	16,113	3.4	13,950	4.2	13,948	3.3

	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, 2023	3,551	2.7	1.4	38.3
February 28, 2023	2,958	2.3	1.2	34.9

(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, 2023	3,402	16,041	0	0	3,402	16,041	95.7	2.6
February 28, 2023	2,958	13,947	354	1,669	3,312	15,616	99.9	2.2

(Note 1) Of the ¥354 distribution in excess of net income per unit in the fiscal period ended February 28, 2023, ¥330 is a distribution of the allowance for temporary difference adjustments and ¥24 is other distributions in excess of net income. Furthermore, the ratio of decreasing surplus is 0.001. There was no distribution in excess of net income for the period ended August 31, 2023. See 1. Management Status (1) Management Status D. Business Performance and Distributions, below.

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

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

(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, 2023	1,192,127	614,690	51.6	130,363
February 28, 2023	1,185,099	613,540	51.8	130,119

(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, 2023	37,549	(27,926)	(11,682)	51,034
February 28, 2023	27,638	(3,836)	(15,599)	53,094

2. Earnings Forecasts for the 17th Fiscal Period (from September 1, 2023 to February 29, 2024) and the 18th Fiscal Period (from March 1, 2024 to August 31, 2024)

[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 29, 2024	39,314	(9.9)	15,001	(20.8)	12,782	(23.6)	12,781	(23.7)	2,835	541	3,376
August 31, 2024	39,384	0.2	14,926	(0.5)	12,688	(0.7)	12,687	(0.7)	2,690	581	3,271

(Reference) Forecasted net income per unit

For the fiscal period ending February 29, 2024: ¥2,710

For the fiscal period ending August 31, 2024: ¥2,690

*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, 2023: 4,715,200 units

As of February 28, 2023: 4,715,200 units

② Number of treasury investment units

As of August 31, 2023: – units

As of February 28, 2023: – 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 36.

* 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 29, 2024 (17th fiscal period: September 1, 2023 to February 29 2024) and the Fiscal Period Ending August 31, 2024 (18th fiscal period: March 1, 2024 to August 31 2024)” on page 7.

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)

During the fiscal period under review, the Japanese economy underwent a gradual recovery. Looking ahead, this gradual recovery is expected to continue against the backdrop of improvement in employment and income conditions, due in part to the effects of various policies. However, amid ongoing global monetary tightening and other factors, a downturn in overseas economies poses a risk of putting downward pressure on the Japanese economy, and close attention needs to be paid to the effects of rising prices, fluctuations in financial and capital markets, and other factors.

(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 starting in the second half of 2020 as office demand decreased due to concerns about recession and an increase in remote work associated with COVID-19, this rise is easing off, backed by the increase in the number of employees and a recovery in office attendance rates. Meanwhile, advertised rents continued to decline due to the ongoing high vacancy rate, but the pace of decline is slowing. In regional cities, on the back of stable demand for office space, those with low office supplies are seeing vacancy rates fall, stabilizing advertised rents 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.

(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 the increase of remote work and fewer people moved in due to changes in employment conditions, but since 2022, the impact of COVID-19 has lessened and a net inflow returned, bolstering the occupancy rate as of late, with rents on a recovery trend. Regional cities are also showing generally strong occupancy rates.

The hotel sector is showing a continuous recovery trend in the occupancy rate and RevPAR (Revenue Per Available Room), backed by higher numbers of domestic tourists and recovery in the number of tourists from other countries in response to eased restrictions on entry into Japan.

(Real Estate Transaction Market)

The trading volume of commercial real estate in the first half of fiscal year 2023 increased year on year due to increased acquisitions by J-REITs. In addition, real estate prices remained high, in particular for housing and logistics facilities.

(J-REIT Market)

Although further downsides in the TSE REIT Index continued to be expected due to concerns about rising interest rates, the index began to rise in April on the view that the BOJ's new governor, Mr. Kazuo Ueda, would maintain the current monetary policy for the time being, and has since stabilized, moving from 1,843.21 points as of the end of February 2023 to 1,892.25 points as of the end of August 2023.

B. Management Performance

Under the circumstances described above in A. Investment Environment, during the fiscal period under review (16th fiscal period) NMF acquired 9 properties (MEFULL Chayamachi, Landport Shinonome/Yasuda Soko (quasi co-ownership of 51%), PROUD FLAT Kikukawa, PROUD FLAT Asakusa, PROUD FLAT Kinshicho II, SOMPO CARE La vie Re Residence Yoga, Grapes Tsujido Nishi-Kaigan, SOMPO CARE Sompno ie Omori-Nishi, and SOMPO CARE La vie Re Residence Shonan Tsujido) and disposed of 12 properties (NRE Higashi-nihonbashi Building (quasi co-ownership of 50%), NMF Nagoya Yanagibashi Building, NMF Tenjin-Minami Building, PRIME URBAN Yoyogi, PRIME URBAN Nishi Shinjuku II, PRIME URBAN Sengen Jaya III, PRIME URBAN Shinagawa Nishi, PRIME URBAN Otsuka, PRIME URBAN Komagome, PRIME URBAN Kasai II, PRIME URBAN Asakusa and PRIME URBAN Gyotoku Ekimae). As a result, at the end of the fiscal period under review (as of August 31, 2023), NMF held 290 properties (total acquisition price: ¥1,098,534 million), the ratio of investment in the Greater Tokyo area was 84.2%, the gross leasable area of the portfolio was 2,183,929.81m², and the portfolio remained highly diversified.

In terms of property and facility management, as described above in A. Investment Environment, the impact of COVID-19 varies according to sector. In the rental apartment and retail sectors, the occupancy rate and restaurant sales were on an upward trend, but the recovery varied by area. The office 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 appropriate and flexible leasing activities based on market trends. As a result, the occupancy rate of the whole portfolio was 98.9% at the end of the fiscal period under review, up 0.2 points from the end of the previous fiscal period.

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 56.8(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, to achieve the net-zero GHG emissions target by 2050, NMF has set an 80% reduction in total GHG emissions (from the FY2019 level) as an interim target for FY2030 and is actively implementing various measures. NMF’s policy is to undertake initiatives intended to support the shift to a low-carbon society and increase NMF’s revenue opportunities through GHG 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 borrowed ¥4,000 million on May 31, 2023 to fund part of the acquisition of specified assets and related expenses, and also refinanced ¥30,800 million in interest-bearing liabilities that came due. In addition, in order to lengthen the debt repayment period and diversify fund procurement methods, NMF issued a corporate bond (10-year bond totaling ¥2,000 million) on July 10, 2023 and used the proceeds to repay existing borrowings.

As a result, the balance of interest-bearing liabilities at the end of the fiscal period under review was ¥521,377 million, and the ratio of interest-bearing liabilities to total assets (LTV) was 43.7%.

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 16th fiscal period, operating revenues totaled ¥ 43,645 million, operating profit reached ¥ 18,931 million, ordinary income totaled ¥16,729 million, and net income came to ¥ 16,746 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 distribute ¥16,041 million (¥3,402 per investment unit), which is the amount obtained by adding amortization of goodwill, amortization of fixed-term land leasehold and amortization associated with recognition of asset retirement obligations, etc. to net income, and deducting a portion of the gain on sale of real estate and provision of reserves for reduction entry as stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation.

The entire amount of ¥16,041 million, the amount of distributions calculated as described above, will be paid out as distributions of earnings, as said amount does not exceed net income as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter the Investment Trust Act). Accordingly, there is no distribution in excess of net income for the fiscal period under review.

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 29, 2024 (17th fiscal period: September 1, 2023 to February 29, 2024) and the fiscal period ending August 31, 2024 (18th fiscal period: March 1, 2024 to August 31, 2024) 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 29, 2024 (17th fiscal period: September 1, 2023 to February 29, 2024) and the Fiscal Period Ending August 31, 2024 (18th fiscal period: March 1, 2024 to August 31, 2024)”.

	17th fiscal period ending February 29, 2024	18th fiscal period ending August 31, 2024
Operating Revenues	¥ 39,314 million	¥ 39,384 million
Operating Profit	¥ 15,001 million	¥ 14,926 million
Ordinary Income	¥ 12,782 million	¥ 12,688 million
Net Income	¥ 12,781 million	¥ 12,687 million
Net Income Per Unit	¥ 2,710	¥ 2,690
Distribution Per Unit (Excluding Distribution in Excess of Net Income)	¥ 2,835	¥ 2,690
Distribution in Excess of Net Income Per Unit	¥ 541	¥ 581
Total Distributions Per Unit (Including Distribution in Excess of Net Income)	¥ 3,376	¥ 3,271

④ Significant Subsequent Events

A. Transfer of the asset

NMF sold the following asset after the end of the 16th fiscal period (August 31, 2023).

Property Name	Type of asset	Use	Contract date	Transfer date	Buyer	Transfer Price (millions of yen)	Impact on 17th fiscal period earnings (Scheduled) (millions of yen) (Note2)
PRIME URBAN Kanayama	Real estate (Note1)	Residential	September 13, 2023	September 28, 2023	Domestic specific purpose company	610	138
PRIME URBAN Kamimaezu						1,754	373
PRIME URBAN Chihaya						560	30

(Note 1) At the end of the 16th fiscal period, the asset to be transferred was real estate, but on September 28, 2023, a trust agreement was concluded and it has become a trust beneficial interest in trust of real estate.

(Note 2) The impact on earnings for 17th fiscal period (September 1, 2023 to February 29, 2024) will be recorded as gain on sales of real estate under operating revenues.

(Reference)

A. Property acquisition

NMF decided to acquire the assets referred to below on September 12, 2023 and completed the acquisition on September 28, 2023.

Property name	Hotel Wing International Premium Kyoto-Sanjo
Type of Asset	Trust beneficial interest in trust of real estate
Location (Note 1)	(Registry) 407-6 Wakokucho, Sakyo Ward, Kyoto City, Kyoto (Street) 407-6 Wakokucho, Sakyo Ward, Kyoto City, Kyoto (Note 3)
Structure (Note 1)	Five-floor steel-framed reinforced structure with a flat roof
Land Area (Note 1)	997.92 m ²
Floor area (Note 1)	3,040.91 m ²
Type of Ownership	(Land) Ownership (Building) Ownership
Completion Date (Note 1)	December 16, 2020
Acquisition Price (Note 2)	¥3,200 million
Date of Agreement	September 13, 2023
Date of Acquisition	September 28, 2023
Seller	Domestic specific purpose company

(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).

(Note 3) As the Street Address is not indicated officially, the building location in the real estate registry is noted.

Assumptions Underlying Earnings Forecasts

for the Fiscal Period Ending February 29, 2024 (17th fiscal period: September 1, 2023 to February 29, 2024) and the
Fiscal Period Ending August 31, 2024 (18th fiscal period: March 1, 2024 to August 31, 2024)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending February 29, 2024 (17th fiscal period): September 1, 2023 to February 29, 2024 • Fiscal period ending August 31, 2024 (18th fiscal period): March 1, 2024 to August 31, 2024
Assets Under Management	<ul style="list-style-type: none"> • With respect to the 288 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the August 31, 2024(18th) 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. • NMF expects to recognize ¥542 million as gain on sales of properties in the February 29, 2024 (17th) fiscal period and does not expect to recognize such gain in the August 31, 2024 (18th) fiscal period.
Operating expenses (excluding amortization expenses for goodwill)	<ul style="list-style-type: none"> • Real estate rental expenses are expected to be ¥17,524 million in the February 29, 2024 (17th) fiscal period and ¥17,735 million in the August 31, 2024 (18th) fiscal period. • Regarding property and other taxes, it is estimated that ¥3,423 million in the February 29, 2024 (17th) fiscal period and ¥3,483 million in the August 31, 2024 (18th) 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 will not be recorded as expenses in the February 29, 2024 (17th) fiscal period. • Estimated property management costs (including building management fees and property management fees) of ¥2,870 million in the February 29, 2024 (17th) fiscal period and ¥2,888 million in the August 31, 2024 (18th) 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 ¥1,623 million in the February 29, 2024 (17th) fiscal period and ¥1,725 million in the August 31, 2024 (18th) fiscal period. • Depreciation of ¥5,754 million in the February 29, 2024 (17th) fiscal period and ¥5,708 million in the August 31, 2024 (18th) 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 ¥4,166 million in the February 29, 2024 (17th) fiscal period and ¥4,100 million in the August 31, 2024 (18th) 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 29, 2024 (17th) and the August 31, 2024 (18th) 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 ¥2,212 million in the February 29, 2024 (17th) fiscal period and ¥2,226 million in the August 31, 2024 (18th) 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 ¥521,377 million, consisting of ¥487,377 million in outstanding borrowings and ¥34,000 million in investment corporation bonds. • Regarding the ¥24,592 million in borrowings that will come due by the end of the February 29, 2024 (17th) fiscal period and the ¥25,342 million in borrowings that will come due in the August 31, 2024 (18th) fiscal period (¥49,935 million in total), it is assumed that NMF will make scheduled, partial repayments of ¥42 million in each the February 29, 2024 (17th) fiscal period and the August 31, 2024 (18th) 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, 2024 (18th) 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, 2024 (the end of the 18th 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 29, 2024 (17th) fiscal period (¥13 million) and the August 31, 2024 (18th) fiscal period (¥4 million) will be reversed from retained earnings at the respective period ends. Deferred losses on interest rate swap hedges are expected to be eliminated in the February 29, 2024 (17th) fiscal period. Distributions for the February 29, 2024 (17th) fiscal period are based on the assumption that reserves for reduction entry will be fully reversed. 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 29, 2024 (17th) fiscal period is expected to be ¥541, comprising ¥529 in distributions of ATA and ¥12 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the August 31, 2024 (18th) fiscal period is expected to be ¥581, comprising ¥434 in distributions of ATA and ¥147 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, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and bank deposits	40,445,079	37,831,177
Cash and bank deposits in trust	12,648,926	13,203,633
Rental receivables	723,460	781,218
Prepaid expenses	871,627	963,344
Derivatives assets	1,704	-
Other	595,780	666,152
Total current assets	<u>55,286,578</u>	<u>53,445,524</u>
Noncurrent assets		
Property and equipment		
Buildings	160,919,618	163,316,777
Less accumulated depreciation	(29,243,730)	(31,026,231)
Buildings, net	<u>131,675,887</u>	<u>132,290,546</u>
Structures	863,103	966,533
Less accumulated depreciation	(483,501)	(517,854)
Structures, net	<u>379,601</u>	<u>448,678</u>
Machinery	1,110,113	1,134,785
Less accumulated depreciation	(670,901)	(706,837)
Machinery, net	<u>439,211</u>	<u>427,948</u>
Tools, furniture and fixtures	719,399	917,119
Less accumulated depreciation	(377,569)	(422,466)
Tools, furniture and fixtures, net	<u>341,829</u>	<u>494,652</u>
Land	317,181,103	323,187,364
Buildings in trust	209,403,999	211,355,515
Less accumulated depreciation	(45,154,385)	(47,710,735)
Buildings in trust, net	*3 164,249,613	*3 163,644,780
Structures in trust	1,316,374	1,381,468
Less accumulated depreciation	(959,759)	(979,514)
Structures in trust, net	*3 356,614	*3 401,953
Machinery in trust	1,243,344	1,319,864
Less accumulated depreciation	(423,320)	(458,486)
Machinery in trust, net	<u>820,024</u>	<u>861,378</u>
Tools, furniture and fixtures in trust	1,318,751	1,336,250
Less accumulated depreciation	(789,171)	(861,219)
Tools, furniture and fixtures in trust, net	*3 529,580	*3 475,030
Land in trust	*3 429,802,840	*3 431,159,406
Leased assets in trust	4,752	10,869
Less accumulated depreciation	(2,904)	(4,484)
Leased assets, net	<u>1,848</u>	<u>6,385</u>
Construction in progress	55,572	131,451
Total property and equipment	<u>1,045,833,729</u>	<u>1,053,529,575</u>

	Thousands of Yen	
	As of February 28, 2023	As of August 31, 2023
Intangible assets		
Goodwill	67,231,280	64,609,037
Leasehold rights	5,602,106	8,392,012
Leasehold rights in trust	7,624,513	8,445,761
Other	38,741	42,143
Total intangible assets	80,496,641	81,488,955
Investments and other assets		
Long-term prepaid expenses	2,111,516	2,097,045
Long-term deposits	369,506	377,214
Security deposits	875,773	1,048,372
Total investments and other assets	3,356,797	3,522,633
Total noncurrent assets	1,129,687,168	1,138,541,164
Deferred assets		
Investment corporation bond issuance costs	125,586	140,367
Total deferred assets	125,586	140,367
Total assets	1,185,099,333	1,192,127,056

	Thousands of Yen	
	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	1,964,434	3,113,216
Short-term debt	-	2,000,000
Current portion of long-term debt	55,435,600	47,935,600
Lease obligations in trust	871	3,476
Other accounts payable	2,730,744	3,237,588
Accrued expenses	335,981	363,992
Accrued income taxes	1,920	567
Accrued consumption taxes	888,352	567,900
Rent received in advance	5,583,396	5,634,159
Unearned revenue	7,706	2,324
Provision for loss on disaster	20,370	-
Derivatives liabilities	25,543	4,094
Other current liabilities	15,993	26,974
Total current liabilities	<u>67,010,914</u>	<u>62,889,893</u>
Long-term liabilities		
Investment corporation bonds	32,000,000	34,000,000
Long-term debt	429,984,800	437,442,000
Lease obligations in trust	1,161	3,548
Security deposits from tenants	14,261,475	14,651,063
Security deposits from tenants in trust	*3 28,300,496	*3 28,067,537
Asset retirement obligations	-	382,713
Total long-term liabilities	<u>504,547,933</u>	<u>514,546,862</u>
Total liabilities	<u>571,558,848</u>	<u>577,436,756</u>
Net assets		
Unitholders' equity		
Unitholders' capital	245,043,416	245,067,403
Surplus		
Capital Surplus	394,012,959	394,012,959
Deductions from capital surplus		
Allowance for temporary difference adjustments	*4 (22,140,004)	*4 (23,672,034)
Other deductions from capital surplus	(17,349,209)	(17,486,361)
Total deduction from capital surplus	<u>(39,489,214)</u>	<u>(41,158,395)</u>
Capital surplus, net	<u>354,523,744</u>	<u>352,854,563</u>
Retained earnings	13,997,163	16,772,428
Total surplus	<u>368,520,907</u>	<u>369,626,991</u>
Total unitholders' equity	<u>613,564,324</u>	<u>614,694,394</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(23,838)	(4,094)
Valuation and translation adjustments	(23,838)	(4,094)
Total net assets	<u>*2 613,540,485</u>	<u>*2 614,690,300</u>
Total liabilities and net assets	<u>1,185,099,333</u>	<u>1,192,127,056</u>

(2) Statement of Income and Retained Earnings

	Thousands of Yen			
	Previous period from Sep. 1, 2022 to Feb.28, 2023		Current period from Mar. 1, 2023 to Aug.31, 2023	
Operating revenues				
Rental revenues	*1	35,273,552	*1	35,801,394
Other rental revenues	*1	3,074,117	*1	3,137,925
Gain on sales of real estate	*2	1,638,421	*2	4,706,215
Total operating revenues		39,986,092		43,645,535
Operating expenses				
Real estate rental expenses	*1	17,069,913	*1	17,622,483
Asset management fees		3,473,909		3,658,994
Asset custody fees		57,113		57,120
Administrative service fees		171,765		175,536
Directors' compensation		6,000		6,900
Amortization of goodwill		2,622,242		2,622,242
Other operating expenses		471,207		570,763
Total operating expenses		23,872,152		24,714,040
Operating profit		16,113,940		18,931,494
Non-operating revenues				
Interest income		239		849
Reversal of dividends payable		4,150		4,378
Other non-operating revenues		1,423		137
Total non-operating revenues		5,813		5,365
Non-operating expenses				
Interest expenses		1,531,395		1,588,858
Interest expenses on investment corporation bonds		170,523		174,755
Amortization of investment corporation bond issuance costs		7,984		8,367
Loan arrangement fees		456,975		433,074
Other non-operating expenses		2,290		2,296
Total non-operating expenses		2,169,168		2,207,352
Ordinary income		13,950,584		16,729,508
Extraordinary gain				
Reversal of provision for loss on disaste		—	*3	17,909
Total extraordinary gain		—		17,909
Income before income taxes		13,950,584		16,747,418
Income taxes—current		1,957		605
Total income taxes		1,957		605
Net income		13,948,627		16,746,813
Retained earnings brought forward		48,535		25,614
Retained earnings at end of period		13,997,163		16,772,428

(3) Statement of Changes in Net Assets

Previous period (from September 1, 2022 to February 28, 2023)

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	244,996,671	394,012,959	(20,286,524)	(17,142,147)	(37,428,672)	356,584,286
Changes of items during the period						
Distributions of retained earnings	-	-	-	-	-	-
Reversal of allowance for temporary difference adjustments	46,744	-	46,744	(46,744)	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	-	(1,900,225)	-	(1,900,225)	(1,900,225)
Other distributions in excess of net earnings	-	-	-	(160,316)	(160,316)	(160,316)
Net income	-	-	-	-	-	-
Net changes of items other than unitholders' equity	-	-	-	-	-	-
Total changes of items during the period	46,744	-	(1,853,480)	(207,061)	(2,060,542)	(2,060,542)
Balance at the end of the period	245,043,416	394,012,959	(22,140,004)	(17,349,209)	(39,489,214)	354,523,744

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	13,594,898	370,179,185	615,175,856	(47,825)	(47,825)	615,128,031
Changes of items during the period						
Distributions of retained earnings	(13,499,617)	(13,499,617)	(13,499,617)	-	-	(13,499,617)
Reversal of allowance for temporary difference adjustments	(46,744)	(46,744)	-	-	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	(1,900,225)	(1,900,225)	-	-	(1,900,225)
Other distributions in excess of net earnings	-	(160,316)	(160,316)	-	-	(160,316)
Net income	13,948,627	13,948,627	13,948,627	-	-	13,948,627
Net changes of items other than unitholders' equity	-	-	-	23,986	23,986	23,986
Total changes of items during the period	402,265	(1,658,277)	(1,611,532)	23,986	23,986	(1,587,545)
Balance at the end of the period	13,997,163	368,520,907	613,564,324	(23,838)	(23,838)	613,540,485

Current period (from March 1, 2023 to August 31, 2023)

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	245,043,416	394,012,959	(22,140,004)	(17,349,209)	(39,489,214)	354,523,744
Changes of items during the period						
Distributions of retained earnings	-	-	-	-	-	-
Reversal of allowance for temporary difference adjustments	23,986	-	23,986	(23,986)	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	-	(1,556,016)	-	(1,556,016)	(1,556,016)
Other distributions in excess of net earnings	-	-	-	(113,164)	(113,164)	(113,164)
Net income	-	-	-	-	-	-
Net changes of items other than unitholders' equity	-	-	-	-	-	-
Total changes of items during the period	23,986	-	(1,532,029)	(137,151)	(1,669,180)	(1,669,180)
Balance at the end of the period	245,067,403	394,012,959	(23,672,034)	(17,486,361)	(41,158,395)	352,854,563

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	13,997,163	368,520,907	613,564,324	(23,838)	(23,838)	613,540,485
Changes of items during the period						
Distributions of retained earnings	(13,947,561)	(13,947,561)	(13,947,561)	-	-	(13,947,561)
Reversal of allowance for temporary difference adjustments	(23,986)	(23,986)	-	-	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	(1,556,016)	(1,556,016)	-	-	(1,556,016)
Other distributions in excess of net earnings	-	(113,164)	(113,164)	-	-	(113,164)
Net income	16,746,813	16,746,813	16,746,813	-	-	16,746,813
Net changes of items other than unitholders' equity	-	-	-	19,744	19,744	19,744
Total changes of items during the period	2,775,264	1,106,083	1,130,070	19,744	19,744	1,149,815
Balance at the end of the period	16,772,428	369,626,991	614,694,394	(4,094)	(4,094)	614,690,300

(4) Statement of Cash Distributions

Yen

	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
I. Retained earnings at end of period	13,997,163,463	16,772,428,024
II. Distributions in excess of retained earnings	1,669,180,800	-
Of which, allowance for temporary difference adjustment	1,556,016,000	-
Of which, other distributions in excess of net income	113,164,800	-
III. Incorporation into unitholders' capital	23,986,955	46,732,799
Of which, reversal of allowance for temporary difference adjustments	23,986,955	46,732,799
IV. Distributions	15,616,742,400	16,041,110,400
[Distributions per unit]	[3,312]	[3,402]
Of which, distributions of earnings	13,947,561,600	16,041,110,400
[Of which, distributions of earnings per unit]	[2,958]	[3,402]
Of which, allowance for temporary difference adjustments	1,556,016,000	-
[Of which, allowance for temporary difference adjustments per unit]	[330]	[-]
Of which, other distributions in excess of net income	113,164,800	-
[Of which, other distributions in excess of net income per unit]	[24]	[-]
V. Voluntary retained earnings		
Provision of reserve for tax purpose reduction entry of replacement assets	-	82,329,695
VI. Retained earnings carried forward	25,614,908	602,255,130

	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
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 ¥15,616,742,400 in distributions (¥3,312 per investment unit). This figure was arrived at by ¥13,948,627,522 in net income after taxes and ¥2,622,242,820 in amortization of goodwill and subtracting ¥954,127,942, the total of a portion of gains on sale of real estate.</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 ¥13,947,561,600 (¥2,958 per investment unit). Distribution in excess of net income comprises a distribution of ¥1,556,016,000 (¥330 per investment unit) as allowance for temporary difference adjustment and ¥113,164,800 (¥24 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 distribute ¥16,041,110,400 (¥3,402 per investment unit), which is the amount obtained by adding amortization of goodwill, amortization of fixed-term land leasehold and amortization associated with recognition of asset retirement obligations, etc. to net income, and deducting a portion of the gain on sale of real estate and provision of reserves for reduction entry as stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation.</p> <p>Note that, for the fiscal period under review, the distribution consists entirely of the distribution of earnings, and there is no distribution in excess of earnings as defined in Article 36, Paragraph 2 of NMF's Articles of Incorporation.</p>

(5) Statement of Cash Flows

	Thousands of Yen	
	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Cash flows from operating activities		
Income before income taxes	13,950,584	16,747,418
Depreciation	5,673,877	5,780,887
Amortization of goodwill	2,622,242	2,622,242
Amortization of investment corporation bond issuance costs	7,984	8,367
Increase (decrease) in provision for loss on disaster	(17,332)	(20,370)
Interest income	(239)	(849)
Interest expenses	1,701,918	1,763,613
Loss on disposal of property and equipment	11,065	17,887
Decrease (increase) in rental receivables	34,002	(57,880)
Decrease (increase) in prepaid expenses	39,033	(91,717)
Decrease (increase) in long-term prepaid expenses	(34,861)	14,470
Decrease (increase) in long-term deposits	(15,499)	(7,707)
Increase (decrease) in trade accounts payable	(711,697)	1,148,781
Increase (decrease) in other accounts payable	58,827	202,451
Increase (decrease) in accrued consumption taxes	(127,195)	(320,452)
Increase (decrease) in rent received in advance	(34,099)	50,762
Decrease in property and equipment due to sales	4,440,419	4,676,702
Decrease in property and equipment in trust due to sales	1,873,735	6,851,573
Other	(96,526)	(94,520)
Subtotal	29,376,241	39,291,661
Interest received	239	849
Interest paid	(1,736,247)	(1,740,984)
Income taxes paid	(2,124)	(1,957)
Net cash provided by (used in) operating activities	27,638,108	37,549,568
Cash flows from investing activities		
Payments for purchase of property and equipment	(2,148,003)	(13,755,678)
Payments for purchase of property and equipment in trust	(1,664,893)	(10,543,257)
Payments for purchase of intangible assets	(4,051)	(2,807,364)
Payments for purchase of intangible assets in trust	-	(834,317)
Reimbursement of security deposits to tenants	(484,739)	(631,926)
Proceeds from security deposits from tenants	405,796	1,051,763
Reimbursement of security deposits to tenants in trust	(1,151,025)	(1,236,620)
Proceeds from security deposits from tenants in trust	1,200,567	1,003,662
Reimbursement of security deposits	-	(172,644)
Proceeds from security deposits	10,000	45
Net cash provided by (used in) investing activities	(3,836,350)	(27,926,338)
Cash flows from financing activities		
Proceeds from short-term debt	-	4,000,000
Repayment of short-term debt	-	(2,000,000)
Proceeds from long-term debt	33,550,000	30,800,000
Repayment of long-term debt	(33,592,800)	(30,842,800)
Proceeds from investment corporation bond issuance	-	2,000,000
Reimbursement of investment corporation bond issuance	-	(23,100)
Distributions of earnings to unitholders	(13,495,707)	(13,945,956)
Distributions in excess of net earnings from allowance for temporary difference adjustments	(1,899,999)	(1,556,390)
Other distributions in excess of net earnings	(161,274)	(114,178)
Net cash provided by (used in) financing activities	(15,599,782)	(11,682,426)

	Thousands of Yen	
	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Net increase (decrease) in cash and cash equivalents	8,201,975	(2,059,196)
Cash and cash equivalents at beginning of period	44,892,030	53,094,006
Cash and cash equivalents at end of period	53,094,006	51,034,810

(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 3–45 years Machinery 6–17 years Tools, furniture and fixtures 2–20 years</p> <p>(2) Intangible assets The straight-line method is adopted. Goodwill is amortized using straight-line method over 20 years. Fixed-term land leasehold is amortized using the straight-line method over the contractual period.</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 15th fiscal period under review is recorded to cover expenditures for restoration, etc. following the 2021 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 ¥3,372 thousand in the previous fiscal period and ¥70,541 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</p>

	deducting the amounts paid to the suppliers of electricity, gas, etc. from the amounts NMF received as utility charges.
5. Hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is adopted. For interest-rate swap transactions that meet the requirements for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans</p> <p>(3) Hedging policy NMF conducts derivative transactions for the purpose of hedging risks prescribed in the Articles of Incorporation in accordance with the Basic Policy on Risk Management.</p> <p>(4) Method for assessing effectiveness of hedging The effectiveness of hedging is assessed by the correlation between changes in the fair value of hedging instruments and hedged items.</p>
6. Other bases for preparing financial statements	<p>(1) Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet.</p> <p>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> <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>
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Additional Information)

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

Previous period from Sep. 1, 2022 to Feb. 28, 2023			Current period from Mar. 1, 2023 to Aug. 31, 2023		
1. Reasons, related assets and amounts of allowance Thousands of Yen			1. 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
Goodwill	Amortization of goodwill	2,622,242	Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(26,988)
Subtotal		2,622,242			Deferred gains or losses on hedges
Buildings, facilities, etc.	Depreciation deficiency equivalent	(576,274)	Total		
Unearned revenue	Write-down of loss on interest rate swap due to merger	(7,148)	2. Method of reversal		
Land	Cost of sales of land	(480,284)	(1) Amortization of goodwill		
Othet	-	(2,519)	In principle, amortization of goodwill is not reversed.		
Subtotal		(1,066,226)	(2) Merger expenses		
Total		1,556,016	Item	Method of reversal	
2. Reasons, related assets and amounts of reversals Thousands of Yen			Buildings, etc.	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	
Related assets, etc.	Reason	Allowance for temporary difference adjustment	Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.	
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	- (*)	Buildings, etc., in trust	Upon depreciation and sale, the corresponding amounts are scheduled to be reversed.	
Deferred gains or losses on hedges	Changes in fair value of derivatives	(23,986)	Land in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.	
			Total		
(*) The amount of reversal during current period (¥17,648 thousand) is included in "Depreciation deficiency equivalent" on "1. Reasons, related assets and amounts of allowance".			Leasehold rights		
			Leasehold rights in trust		
			(3) Long-term deposits		
			In principle, long-term deposits are not reversed.		
			(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.		

3. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Long-term deposits

In principle, long-term deposits are not reversed.

(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.

(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, 2023)	Current period (Aug. 31, 2023)
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, 2023)	Current period (Aug. 31, 2023)
Committed line of credit	40,000,000	40,000,000
Balance of used line	-	2,000,000
Balance of unused line	40,000,000	38,000,000

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

		Thousands of Yen
	Previous period (Feb. 28, 2023)	Current period (Aug. 31, 2023)
	50,000	50,000

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

		Thousands of Yen	
	Previous period (Feb. 28, 2023)		Current period (Aug. 31, 2023)
Assets offered as collateral are as follows.		Assets offered as collateral are as follows.	
Buildings in trust	3,124,950	Buildings in trust	3,099,226
Land in trust	6,096,368	Land in trust	6,096,368
Structures in trust	4,919	Structures in trust	4,798
Tools, furniture and fixtures in trust	2,556	Tools, furniture and fixtures in trust	2,192
<u>Total</u>	<u>9,228,794</u>	<u>Total</u>	<u>9,202,585</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, 2022 to February 28, 2023)

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	30,467,068	18,898,324	1,914,452	-	20,812,776	-
Land, buildings, etc.	Merger expenses	4,029,135	1,293,629	(14,226)	-	1,279,402	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	94,570	-	(46,744)	47,825	Changes in fair value of derivative transactions
Increase – subtotal		-	20,286,524	1,900,225	(46,744)	22,140,004	-
Total		-	20,286,524	1,900,225	(46,744)	22,140,004	-

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, 2023 to August 31, 2023)

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	33,089,311	20,812,776	1,573,664	-	22,386,440	-
Land, buildings, etc.	Merger expenses	4,029,135	1,279,402	(17,648)	-	1,261,754	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	47,825	-	(23,986)	23,838	Changes in fair value of derivative transactions
Increase – subtotal		-	22,140,004	1,556,016	(23,986)	23,672,034	-
Total		-	22,140,004	1,556,016	(23,986)	23,672,034	-

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, 2022 to Feb. 28, 2023		Current period from Mar. 1, 2023 to Aug. 31, 2023	
A. Property related revenues				
Rental revenues				
Rent revenues	33,030,571		33,613,117	
Common area charges	2,242,980	35,273,552	2,188,276	35,801,394
Other rental revenues				
Parking revenues	641,578		631,156	
Incidental income	2,347,140		2,293,552	
Other miscellaneous revenues	85,398	3,074,117	213,215	3,137,925
Property related revenues		38,347,670		38,939,320
B. Property related expenses				
Real estate rental expenses				
Property management costs	1,907,712		1,888,952	
Property management fees	959,333		1,109,248	
Property and other taxes	3,285,890		3,467,680	
Utility expenses	2,333,894		1,993,696	
Casualty insurance	62,629		63,957	
Repairs and maintenance	1,434,180		1,699,739	
Land rents	189,361		231,108	
Depreciation	5,673,345		5,780,256	
Other rental expenses	1,223,564	17,069,913	1,387,844	17,622,483
Property related expenses		17,069,913		17,622,483
C. Real estate rental profits [A-B]		21,277,757		21,316,836

*2. Breakdown of gain on sales of real estate

Previous period (from September 1, 2022 to February 28, 2023)

	Thousands of Yen	
NRE Higashi-nihonbashi Building (Quasi co-ownership of 50%)		
Proceeds from sales of real estate	2,260,000	
Cost of sales of real estate	1,873,735	
Other related sales expenses	36,030	
Gain on sales of real estate		350,234
		Thousands of Yen
PRIME URBAN Takaido		
Proceeds from sales of real estate	1,310,000	
Cost of sales of real estate	1,033,888	
Other related sales expenses	52,789	
Gain on sales of real estate		223,321
		Thousands of Yen
PRIME URBAN Mukojima		
Proceeds from sales of real estate	636,500	
Cost of sales of real estate	512,654	
Other related sales expenses	28,667	
Gain on sales of real estate		95,177

		Thousands of Yen
PRIME URBAN Nishi Funabashi		
Proceeds from sales of real estate	967,000	
Cost of sales of real estate	645,621	
Other related sales expenses	38,867	
Gain on sales of real estate		<u>282,511</u>

		Thousands of Yen
PRIME URBAN Aoi		
Proceeds from sales of real estate	763,000	
Cost of sales of real estate	639,106	
Other related sales expenses	30,947	
Gain on sales of real estate		<u>92,945</u>

		Thousands of Yen
PRIME URBAN Tsurumai		
Proceeds from sales of real estate	1,281,000	
Cost of sales of real estate	846,837	
Other related sales expenses	51,507	
Gain on sales of real estate		<u>382,655</u>

		Thousands of Yen
PRIME URBAN Chiji Kokan		
Proceeds from sales of real estate	300,740	
Cost of sales of real estate	205,363	
Other related sales expenses	12,998	
Gain on sales of real estate		<u>82,378</u>

		Thousands of Yen
PRIME URBAN Maruyama		
Proceeds from sales of real estate	257,325	
Cost of sales of real estate	194,652	
Other related sales expenses	11,085	
Gain on sales of real estate		<u>51,586</u>

		Thousands of Yen
PRIME URBAN Kita Nijyujo Jo		
Proceeds from sales of real estate	459,393	
Cost of sales of real estate	362,295	
Other related sales expenses	19,488	
Gain on sales of real estate		<u>77,609</u>

Current period (from March 1, 2023 to August 31, 2023)

		Thousands of Yen
NRE Higashi-nihonbashi Building (Quasi co-ownership of 50%)		
Proceeds from sales of real estate	2,260,000	
Cost of sales of real estate	1,881,159	
Other related sales expenses	27,606	
Gain on sales of real estate		<u>351,234</u>

Thousands of Yen

PRIME URBAN Yoyogi, PRIME URBAN Nishi Shinjuku II , PRIME URBAN Sangen Jaya III, PRIME URBAN Shinagawa Nishi,
PRIME URBAN Komagome, PRIME URBAN Kasai II , PRIME URBAN Asakusa, PRIME URBAN Gyotoku Ekimae

Proceeds from sales of real estate	6,283,000	
Cost of sales of real estate	4,454,711	
Other related sales expenses	274,345	
Gain on sales of real estate		<u>1,553,942</u>

Although the transfer is based on a single sales contract to the same transferee, the sales prices are undisclosed as consent has not been obtained from the transferee to disclose the sale price of each property.

Thousands of Yen

NMF Nagoya Yanagibashi Building

Proceeds from sales of real estate	4,410,000	
Cost of sales of real estate	2,527,792	
Other related sales expenses	177,969	
Gain on sales of real estate		<u>1,704,237</u>

Thousands of Yen

NMF Tenjin-Minami Building

Proceeds from sales of real estate	3,040,000	
Cost of sales of real estate	2,001,814	
Other related sales expenses	37,099	
Gain on sales of real estate		<u>1,001,085</u>

Thousands of Yen

PRIME URBAN Otsuka Building

Proceeds from sales of real estate	772,000	
Cost of sales of real estate	662,798	
Other related sales expenses	13,486	
Gain on sales of real estate		<u>95,714</u>

*3. Breakdown of Extraordinary Gain

Previous period (from September 1, 2022 to February 28, 2023)

Not applicable.

Current period (from March 1, 2023 to August 31, 2023)

A reversal of the allowance of ¥17,909 thousand concerning restoration work from the 2021 Fukushima earthquake disaster is recorded.

(Notes on Asset Retirement Obligations)

Previous period (from Sep. 1, 2022 to Feb. 28, 2023)

Not applicable

Current period (from March 1, 2023 to August 31, 2023)

Asset retirement obligations that are reported on the balance sheet

1. Overview of the asset retirement obligations

The asset retirement obligations represent restoration obligations under fixed-term land leases.

2. Calculation method of the asset retirement obligations

Asset retirement obligations are calculated using the expected period of use, which is the fixed-term land lease term (41 to 42 years), and a discount rate of 1.412%.

3. Changes in total asset retirement obligations

	Thousands of Yen	
	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Balance at beginning of period	-	-
Increase due to purchase of property, plant and equipment	-	381,341
Adjustments for passage of time	-	1,371
Balance at end of period	-	382,713

(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, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Carrying amount		
Balance at beginning of period	1,067,176,298	1,059,060,348
Amount of increase (decrease) during period	(8,115,950)	11,307,001
Balance at end of period	1,059,060,348	1,070,367,349
Fair value at end of period	1,294,405,000	1,314,382,000

(Note 1) Carrying amount is the cost of acquisition less accumulated depreciation.

(Note 2) Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of PROUD FLAT Nezu Yanaka (¥1,452,611 thousand). The decrease during the previous period is mainly attributable to the sale of NRE Higashi-nihonbashi Building (¥1,873,735 thousand), PRIME URBAN Takaido (¥1,033,888 thousand), PRIME URBAN Mukojima (¥512,654 thousand), PRIME URBAN Nishi Funabashi (¥645,621 thousand), PRIME URBAN Aoi (¥639,106 thousand), PRIME URBAN Tsurumai (¥846,837 thousand), PRIME URBAN Chiji Kokan (¥205,363 thousand), PRIME URBAN Maruyama (¥194,652 thousand), PRIME URBAN Kita Nijyuyo Jo (¥362,295 thousand) as well as depreciation (¥5,665,963 thousand). The increase during the current period is mainly attributable to the acquisition of Landport Shinonome / Yasuda Soko (¥5,812,531 thousand), MEFULL Chayamachi (¥3,778,120 thousand), PROUD FLAT Kikukawa (¥2,826,454 thousand), PROUD FLAT Asakusa (¥2,516,055 thousand), PROUD FLAT Kinshicho II (¥2,117,673 thousand), SOMPO CARE La vie Re Residence Yoga (¥3,074,703 thousand), Grapes Tsujido Nishi-Kaigan (¥2,017,070 thousand), SOMPO CARE Sompno ie Omori-Nishi (¥1,560,133 thousand), SOMPO CARE La vie Re Residence Shonan Tsujido (¥1,267,917 thousand). The decrease during the current period is mainly attributable to the sale of NRE Higashi-nihonbashi Building (¥1,881,159 thousand), NMF Nagoya Yanagibashi Building (¥2,527,792 thousand), NMF Tenjin-Minami Building (¥2,001,814 thousand), PRIME URBAN Yoyogi (¥340,458 thousand), PRIME URBAN Nishi Shinjuku II (¥802,288 thousand), PRIME URBAN Sangen Jaya III (¥706,752 thousand), PRIME URBAN Shinagawa Nishi (¥502,410 thousand), PRIME URBAN Otsuka (¥662,798 thousand), PRIME URBAN Komagome (¥440,807 thousand), PRIME URBAN Kasai II (¥849,171 thousand), PRIME URBAN Asakusa (¥379,701 thousand), PRIME URBAN Gyotoku Ekimae (¥433,120 thousand), as well as depreciation (¥5,771,728 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 NRE Higashi-nihonbashi Building, NMF Nagoya Yanagibashi Building, PRIME URBAN Yoyogi, PRIME URBAN Nishi Shinjuku II, PRIME URBAN Sangen Jaya III, PRIME URBAN Shinagawa Nishi, PRIME URBAN Komagome, PRIME URBAN Kasai II, PRIME URBAN Asakusa, PRIME URBAN Gyotoku Ekimae, and the scheduled transfer price is used as the fair value for NMF Tenjin-Minami Building, PRIME URBAN Otsuka. In the current fiscal period, transfer price is used as the fair value for PRIME URBAN Kanayama, PRIME URBAN Kamimaezu, PRIME URBAN Chihaya.

The income (loss) in the previous period (September 1, 2022 to February 28, 2023) and current period (from March 1, 2023 to August 31, 2023) 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, 2022 to Feb. 28, 2023)

Thousands of Yen

	Revenues from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sales of real estate	3,277,458	^(Note 2) 1,638,421
Utility expense revenues	1,666,778	1,666,778
Other	-	36,680,891
Total	4,944,237	39,986,092

(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, 2023 to August 31, 2023)

Thousands of Yen

	Revenues from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sales of real estate	6,072,000	^(Note 2) 4,706,215
Utility expense revenues	1,493,677	1,493,677
Other	-	37,445,642
Total	7,565,677	43,645,535

(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, 2022 to February 28, 2023)

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

Current period (from Mar 1, 2023 to Aug 31, 2023)

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, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Receivables from contracts with customers (balance as of the beginning of the fiscal period)	497,211	466,028
Receivables from contracts with customers (balance as of the end of the fiscal period)	466,028	463,189
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, 2022 to Feb. 28, 2023)

As of February 28, 2023, the transaction price allocated to remaining performance obligations relating to the sale of real estate and other assets was ¥2,260,000 thousands for NRE Higashi-nihonbashi Building 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 March 15, 2023 and expect to recognize a gain in the August 31, 2023 (16th) fiscal period.

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, 2023 to August 31, 2023)

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.

(Notes on Per Unit Information)

Yen

	Previous period from Sep. 1, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Net assets per unit	130,119	130,363
Net income per unit	2,958	3,551

(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, 2022 to Feb. 28, 2023	Current period from Mar. 1, 2023 to Aug. 31, 2023
Net income (Thousands of Yen)	13,948,627	16,746,813
Amount not attributable to ordinary unitholders (Thousands of Yen)	-	-
Net income attributable to ordinary investment units (Thousands of Yen)	13,948,627	16,746,813
Average number of investment units during period (Units)	4,715,200	4,715,200

(Notes on Significant Subsequent Events)

Transfer of the asset

NMF sold the following asset after the end of the 16th fiscal period (August 31, 2023).

Property Name	Type of asset	Use	Contract date	Transfer date	Buyer	Transfer price (millions of yen)	Impact on 17th fiscal period earnings (Scheduled) (millions of yen) (Note2)
PRIME URBAN Kanayama	Real estate (Note 1)	Residential	September 13, 2023	September 28, 2023	Domestic special purpose company	610	138
PRIME URBAN Kamimaezu						1,754	373
PRIME URBAN Chihaya						560	30

(Note 1) At the end of the 16th fiscal period, the asset to be transferred was real estate, but on September 28, 2023, a trust agreement was concluded and it was transferred as a trust beneficial interest in trust of real estate.

(Note 2) The impact on earnings for 17th fiscal period (September 1, 2023 to February 29, 2024) 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 16th fiscal period (August 31, 2023).

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)

October 18, 2022	Reversal of allowance for temporary difference adjustments	—	4,715,200	46	245,043	(Note 4)
April 18, 2023	Reversal of allowance for temporary difference adjustments	—	4,715,200	23	245,067	(Note 4)

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

(Note 2) NMF was established through the consolidation type merger of the former 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)	15th fiscal period As of February 28, 2023		16th fiscal period As of August 31, 2023	
			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	145,990	12.3	145,776	12.2
		Other areas	21,287	1.8	21,274	1.8
		Subtotal	167,278	14.1	167,051	14.0
	Retail properties	Greater Tokyo area	28,488	2.4	28,385	2.4
		Other areas	18,092	1.5	21,852	1.8
		Subtotal	46,580	3.9	50,237	4.2
	Logistics properties	Greater Tokyo area	63,239	5.3	62,944	5.3
		Subtotal	63,239	5.3	62,944	5.3
	Residential properties	Greater Tokyo area	142,725	12.0	149,424	12.5
		Other areas	27,070	2.3	26,853	2.3
		Subtotal	169,796	14.3	176,277	14.8
	Hotel properties	Other areas	3,631	0.3	3,630	0.3
		Subtotal	3,631	0.3	3,630	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		455,662	38.4	465,278	39.0	
Real estate in trust	Office properties	Greater Tokyo area	260,585	22.0	258,678	21.7
		Other areas	50,452	4.3	45,963	3.9
		Subtotal	311,037	26.2	304,641	25.6
	Retail properties	Greater Tokyo area	79,776	6.7	79,577	6.7
		Other areas	44,917	3.8	44,906	3.8
		Subtotal	124,694	10.5	124,484	10.4
	Logistics properties	Greater Tokyo area	136,231	11.5	141,362	11.9
		Other areas	3,255	0.3	3,243	0.3
		Subtotal	139,487	11.8	144,606	12.1
	Residential properties	Greater Tokyo area	25,469	2.1	28,652	2.4
		Subtotal	25,469	2.1	28,652	2.4
	Hotel properties	Other areas	2,709	0.2	2,703	0.2
		Subtotal	2,709	0.2	2,703	0.2
		Subtotal	603,397	50.9	605,088	50.8
Subtotal			1,059,060	89.4	1,070,367	89.8
Deposits and other assets			126,038	10.6	121,759	10.2
Total amount of assets			1,185,099	100.0	1,192,127	100.0

	15th fiscal period As of February 28, 2023		16th fiscal period As of August 31, 2023	
	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	571,558	48.2	577,436	48.4
Total amount of net assets	613,540	51.8	614,690	51.6

(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. (290 properties) held as of August 31, 2023, (the end of the 16th 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 16th fiscal period”). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2023.

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 16th fiscal period.

Number of properties	290
Gross leasable area (m ²) ^(Note 1)	2,183,929.81
Gross leased area (m ²) ^(Note 2)	2,160,215.06
Total number of tenants ^(Note 3)	1,312
Total of all contracted rent (Thousands of Yen) ^(Note 4)	5,987,174

(Note 1) The sum total of the “leasable area” of each of the assets held at the end of the 16th 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 16th 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 16th 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 2023 of each of the assets held at the end of the 16th fiscal period (amounts less than one thousand are truncated). “Total contracted rent” for August 2023 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 2023 (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 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, 2021 (end of 12th fiscal period)	February 28, 2022 (end of 13th fiscal period)	August 31, 2022 (end of 14th fiscal period)	February 28, 2023 (end of 15th fiscal period)	August 31, 2023 (end of 16th fiscal period)
Portfolio occupancy rate (at end of fiscal period) (%)	98.1	98.7	98.7	98.7	98.9

B. Price and Investment Share

The following is an overview of the assets held at the end of the 16th 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	46,692	51,600	3.9	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,504	21,700	1.7	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,334	30,800	2.3	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,118	13,400	1.0	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,490	10,300	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,519	12,400	0.9	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,086	7,400	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,171	8,080	0.6	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,354	5,930	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,095	4,820	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,668	5,210	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,030	4,970	0.4	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,703	6,620	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,529	5,250	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		PMO Akihabara	4,240	3,966	5,640	0.4	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,436	2,540	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,166	4,590	0.3	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,851	3,540	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,645	3,500	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmachi	2,210	2,052	3,080	0.2	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,536	2,030	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,570	6,900	0.5	Japan Real Estate Institute
		NF Hongo Building	4,890	4,971	5,110	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,288	3,410	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,837	2,220	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,799	4,520	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	8,051	9,410	0.7	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,521	8,730	0.7	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,715	2,940	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,041	8,760	0.7	Japan Real Estate Institute
PMO Ginza Hatchome	3,970	3,872	5,370	0.4	Japan Real Estate Institute		
PMO Shibakoen	3,900	3,779	5,490	0.4	Japan Real Estate Institute		
NEC Head Office Building (Note 6)	44,100	44,592	48,900	3.7	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	17,888	17,500	1.3	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Aoyama 1-chome Building	10,400	10,566	13,500	1.0	Japan Real Estate Institute
		NMF Takebashi Building	8,330	8,490	9,030	0.7	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	8,003	8,390	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	5,995	8,380	0.6	Japan Real Estate Institute
		NMF Shinjuku EAST Building	5,710	5,778	6,400	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,737	4,670	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,971	2,250	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,795	2,150	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Shinnihonbashi	4,440	4,329	5,620	0.4	Japan Real Estate Institute
		PMO Hirakawacho	3,410	3,339	4,360	0.3	Japan Real Estate Institute
		PMO Nihonbashi Mitsukoshi-mae	4,310	4,287	5,930	0.5	Japan Real Estate Institute
		PMO Shibadaimon	2,130	2,114	2,660	0.2	Japan Real Estate Institute
		PMO Tamachi II	10,900	10,795	13,200	1.0	Japan Real Estate Institute
		PMO Hatchobori Shinkawa	3,805	3,745	4,380	0.3	Japan Real Estate Institute
		PMO Hatchobori III	2,880	2,853	3,340	0.3	Japan Real Estate Institute
		PMO Ochanomizu	3,890	3,842	4,700	0.4	Japan Real Estate Institute
		PMO Akihabara Kita	8,450	8,328	9,790	0.7	Japan Real Estate Institute
		PMO Higashi-Shinbashi	4,730	4,730	5,580	0.4	Japan Real Estate Institute
		PMO Hamamatsucho	4,380	4,350	5,320	0.4	Japan Real Estate Institute
	PMO Hamamatsucho II	5,500	5,513	6,100	0.5	Japan Real Estate Institute	
	Other areas	Sapporo North Plaza	6,250	6,787	9,030	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,630	5,340	0.4	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,209	2,220	0.2	JLL Morii Valuation & Advisory K.K.
		NMF Nagoya Fushimi Building	2,240	1,932	2,650	0.2	Japan Real Estate Institute
		Omron Kyoto Center Building	18,300	18,179	20,700	1.6	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	12,031	12,800	1.0	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	7,577	7,710	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,680	3,840	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,536	5,340	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
NRE Hiroshima Building		2,280	2,469	2,940	0.2	The Tanizawa Sogo Appraisal Co., Ltd.	
NMF Hakata Ekimae Building	4,210	4,202	6,220	0.5	Japan Real Estate Institute		
Office subtotal		468,685	471,693	547,200	41.6		

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
Retail	Greater Tokyo area	Yokosuka More's City	13,640	13,679	14,600	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,086	10,800	0.8	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,500	8,390	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,300	5,200	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	3,984	4,550	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,838	4,010	0.3	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,564	4,040	0.3	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,504	3,380	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,138	3,740	0.3	Japan Real Estate Institute
		GEMS Shibuya	2,490	2,321	2,820	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINIA Aobadai	1,560	1,541	2,890	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	936	1,560	0.1	Japan Real Estate Institute
		Mitsubishi Motors Meguro (Land)	2,740	2,764	3,590	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu (Land)	1,760	1,776	1,720	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima (Land)	1,240	1,251	1,540	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	853	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika (Land) (Note 7)	762	770	885	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume (Land)	800	808	927	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya (Land)	770	779	1,230	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi (Land)	600	606	765	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashiyamato (Land)	450	455	538	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motsumiyoshi (Land)	370	375	440	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	177	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama (Land)	160	163	189	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building	10,410	10,037	11,400	0.9	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,006	2,130	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,697	7,540	0.6	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 6)	2,720	2,499	2,830	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	747	838	0.1	Japan Real Estate Institute
		GEMS Daimon	2,060	1,984	2,040	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Shin-Nihonbashi	1,500	1,451	1,500	0.1	Daiwa Real Estate Appraisal Co., Ltd.
Summit Store Mukodaicho	5,100	5,013	5,300	0.4	Japan Valuers Co., Ltd.		
GEMS Shinbashi	2,810	2,785	2,750	0.2	Daiwa Real Estate Appraisal Co., Ltd.		
GEMS Kayabacho	2,594	2,527	2,620	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	2,144	3,020	0.2	JLL Morii Valuation & Advisory K.K.
		GEMS Shin-Yokohama	1,820	1,742	1,850	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Sangenjaya	1,815	1,797	1,810	0.1	JLL Morii Valuation & Advisory K.K.
	Other areas	Universal CityWalk Osaka	17,639	16,854	18,400	1.4	Japan Valuers Co., Ltd.
		Izumiya SC Senrioka	8,930	8,428	12,400	0.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya SC Yao	4,406	3,951	5,710	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya SC Obayashi	3,020	3,098	3,850	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Aobadori	1,640	1,307	1,830	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		MEL Building	1,060	1,072	1,210	0.1	Japan Real Estate Institute
		nORBESA	8,500	8,807	8,440	0.6	Japan Real Estate Institute
		Nakaza Cui-daore Building	11,600	12,138	9,760	0.7	Japan Valuers Co., Ltd.
		NMF Kobe Myodani Building	3,560	3,569	3,680	0.3	Japan Valuers Co., Ltd.
		GEMS Namba	3,800	3,756	4,330	0.3	JLL Morii Valuation & Advisory K.K.
MEFULL Chayamachi	3,735	3,773	4,190	0.3	Japan Real Estate Institute		
Retail subtotal			177,779	174,722	200,000	15.2	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	15,628	25,200	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	14,241	22,600	1.7	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	11,280	20,300	1.5	Japan Real Estate Institute
		Landport Atsugi	11,410	9,663	13,900	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	9,332	14,600	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	8,057	12,800	1.0	Japan Real Estate Institute
		Landport Hachioji	8,250	6,932	11,300	0.9	Japan Real Estate Institute
		Landport Kasukabe	7,340	5,920	9,870	0.8	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,001	6,760	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,118	5,170	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,480	5,070	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,700	3,980	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,482	3,950	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,198	16,800	1.3	JLL Morii Valuation & Advisory K.K.
		Landport Kashiwa Shonan II	10,800	10,369	13,000	1.0	Japan Valuers Co., Ltd.
		Landport Kashiwa Shonan I	9,900	9,477	11,700	0.9	Japan Valuers Co., Ltd.
		Landport Hachioji II	9,230	9,234	11,900	0.9	Japan Valuers Co., Ltd.
		Landport Iwatsuki	6,090	5,947	6,940	0.5	Japan Valuers Co., Ltd.
		Landport Ome I	13,640	13,403	15,600	1.2	Japan Valuers Co., Ltd.
		Landport Higashi-Narashino	11,872	11,522	17,300	1.3	Japan Valuers Co., Ltd.
	Landport Ome II	14,620	14,511	17,100	1.3	Japan Valuers Co., Ltd.	
	Landport Ome III	17,000	17,002	20,000	1.5	Japan Valuers Co., Ltd.	
	Landport Shinonome / Yasuda Soko (Note 8)	5,750	5,796	6,050	0.5	Daiwa Real Estate Appraisal Co., Ltd.	
Other areas	Hirakata Kuzuha Logistics Center	3,460	3,243	4,530	0.3	Daiwa Real Estate Appraisal Co., Ltd.	
Logistics subtotal			223,932	207,550	296,420	22.6	

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	3,125	4,060	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	938	1,130	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	670	801	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	693	789	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	686	933	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	867	1,170	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,027	2,950	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,424	1,840	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	995	1,330	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho (Note 7)	932	839	1,150	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,063	1,360	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,003	1,400	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	2,919	3,710	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	545	599	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	814	1,100	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho II	652	582	686	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Monzen Nakacho I	1,030	899	1,050	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Fujimidai	1,470	1,311	2,090	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,656	2,640	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	1,840	2,630	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,380	3,110	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,442	2,230	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,090	1,130	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	918	1,080	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	913	1,120	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,677	2,180	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,096	1,720	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,040	1,220	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	646	715	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Iidabashi	2,040	1,888	2,100	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,230	1,400	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,349	1,550	0.1	Chuo Real Estate Appraisal Co., Ltd.
PRIME URBAN Gakugei Daigaku	775	713	917	0.1	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Senzoku	474	441	535	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Riverside	414	371	460	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Meguro Ohashi Hills	2,970	2,748	3,490	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	1,241	2,180	0.2	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,022	1,520	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,792	3,910	0.3	Japan Real Estate Institute
		PRIME URBAN Kachidoki	2,570	2,565	2,920	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,092	2,680	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	3,814	5,320	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,441	2,260	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	509	671	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	750	992	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,425	1,530	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 Shinjuku Naitomachi	430	422	492	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	373	517	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	597	642	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,350	1,910	0.1	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,635	4,060	0.3	Japan Real Estate Institute
		PRIME URBAN Chitose Karasuyama	717	725	742	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	667	776	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	601	841	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	495	657	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	304	405	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	683	780	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,275	1,910	0.1	Japan Real Estate Institute
		PRIME URBAN Osaki	1,860	1,745	1,870	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,113	1,400	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	928	779	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	820	956	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	685	702	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,616	2,180	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	445	561	0.0	Japan Valuers Co., Ltd.
PRIME URBAN Nishi Ogikubo	414	389	473	0.0	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Nishi Ogikubo II	1,790	1,708	2,250	0.2	Japan Real Estate Institute		

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Residential	Greater Tokyo area	PRIME URBAN Ikebukuro	3,800	3,468	5,380	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,229	2,710	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	683	783	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	560	593	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,125	1,370	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshicho	758	684	814	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	645	732	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	567	679	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	999	1,410	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	952	1,420	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,790	2,490	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,953	1,970	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,302	1,440	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	737	939	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,273	1,730	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,910	2,650	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	948	1,080	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	901	1,390	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	486	516	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	730	826	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	585	716	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	678	779	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	441	668	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	706	1,070	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,445	1,850	0.1	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	899	1,290	0.1	Japan Real Estate Institute
		PROUD FLAT Itabashi Honcho	720	676	991	0.1	Japan Real Estate Institute
		PRIME URBAN Meguro Mita	1,058	1,103	1,180	0.1	Japan Valuers Co., Ltd.
		Fukasawa House Towers H&I	7,140	6,900	8,920	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Toyosu	5,290	4,924	6,380	0.5	Daiwa Real Estate Appraisal Co., Ltd.
PRIME URBAN Nihonbashi Kayabacho	2,850	2,723	3,420	0.3	Daiwa Real Estate Appraisal Co., Ltd.		
PRIME URBAN Yoga II	1,320	1,232	1,510	0.1	The Tanizawa Sogo Appraisal Co., Ltd.		

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Residential	Greater Tokyo area	PRIME URBAN Musashi Koganei II	1,310	1,200	1,620	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,349	1,530	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori III	1,110	1,091	1,500	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Kinshicho	785	761	1,060	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sangenjaya II	2,750	2,729	3,200	0.2	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Sotokanda	2,280	2,268	2,930	0.2	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Noborito	1,216	1,195	1,570	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Yoyogi Hachiman	966	967	1,220	0.1	JLL Morii Valuation & Advisory K.K.
		PROUD FLAT Nakaochiai	844	838	1,020	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shibuya Tomigaya	3,960	3,984	5,190	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Miyazakidai	1,390	1,415	1,700	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Asakusabashi III	1,230	1,250	1,410	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Togoshi-Koen	2,580	2,627	2,970	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Togoshi-Ginza	2,550	2,617	2,840	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Higashi Nakano Court	7,020	7,270	8,750	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Nezu Yanaka	1,400	1,455	1,710	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kikukawa	2,720	2,817	2,960	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Asakusa	2,410	2,506	2,830	0.2	Japan Real Estate Institute
	PROUD FLAT Kinshicho II	2,030	2,110	2,250	0.2	Japan Real Estate Institute	
	Other areas	PROUD FLAT Itsutsubashi	652	529	716	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	592	554	0.0	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,326	2,200	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	233	286	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	423	447	0.0	Japan Real Estate Institute
		PRIME URBAN Odori Koen II	334	287	262	0.0	Japan Real Estate Institute
		PRIME URBAN Kita Juichi Jo	547	452	592	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Miyanosawa	475	387	477	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	327	429	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	509	635	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	3,859	4,870	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,451	2,020	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Icchome	1,140	968	990	0.1	Japan Valuers Co., Ltd.
PRIME URBAN Yaotome Chuo		466	376	353	0.0	Japan Valuers Co., Ltd.	
PRIME URBAN Tsutsumidori Amamiya	949	928	1,040	0.1	Japan Real Estate Institute		
PRIME URBAN Kanayama	553	461	579	0.0	Japan Valuers Co., Ltd.		
PRIME URBAN Kamimaezu	1,590	1,361	1,670	0.1	Japan Valuers Co., Ltd.		
PRIME URBAN Izumi	3,770	3,223	3,820	0.3	Japan Valuers Co., Ltd.		
PRIME URBAN Sakaisuji Honmachi	1,810	1,544	2,390	0.2	Japan Real Estate Institute		

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Residential	Other areas	PRIME URBAN Hakata	588	500	671	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	222	316	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	322	297	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	514	506	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	518	541	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Serenite Shinsaibashi Grande	5,567	5,530	6,410	0.5	Daiwa Real Estate Appraisal Co., Ltd.
	Greater Tokyo area	SOMPO CARE La vie Re Residence Yoga	2,850	3,266	3,370	0.3	Japan Valuers Co., Ltd.
		Grapes Tsujido Nishi-Kaigan	1,820	2,148	2,280	0.2	Japan Valuers Co., Ltd.
		SOMPO CARE Somp no ie Omori-Nishi	1,462	1,557	1,840	0.1	Japan Valuers Co., Ltd.
		SOMPO CARE La vie Re Residence Shonan Tsujido	1,150	1,261	1,590	0.1	Japan Valuers Co., Ltd.
Residential subtotal			216,987	204,930	258,708	19.7	
Hotels	Other areas	Hotel Vista Sapporo Odori	3,600	3,630	3,850	0.3	Japan Valuers Co., Ltd.
		Comfort Inn Naha Tomari Port	2,650	2,703	2,530	0.2	Japan Valuers Co., Ltd.
Hotel subtotal			6,250	6,333	6,380	0.5	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,540	0.4	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,540	0.4	
Total			1,098,534	1,070,367	1,314,248	100	

(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 16th fiscal period-end (August 31, 2023) 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 (290 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 holds quasi co-ownership of 51.0% 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.

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 16th 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 15th fiscal period	Total amount already paid
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase II/IX)	From Sep. 2023 To Feb. 2024	94,784	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase III/IX)	From Mar. 2024 To Aug. 2024	95,915	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase IV/IX)	From Sep. 2024 To Feb. 2025	83,923	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase V/IX)	From Mar. 2025 To Aug. 2025	51,860	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase VI/IX)	From Sep. 2025 To Feb. 2026	75,237	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase VII/IX)	From Mar. 2026 To Aug. 2026	118,757	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase VIII/IX)	From Sep. 2026 To Feb. 2027	105,408	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Repair of restroom (phase IX/IX)	From Mar. 2027 To Jun. 2027	19,770	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase I/VI)	From Mar. 2024 To Aug. 2024	35,118	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase II/VI)	From Sep. 2024 To Feb. 2025	112,480	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase III/VI)	From Mar. 2025 To Aug. 2025	77,362	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase IV/VI)	From Sep. 2025 To Feb. 2026	43,770	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase V/VI)	From Mar. 2026 To Aug. 2026	87,541	-	-
NRE Tennozu Building (Shinagawa Ward, Tokyo)	Renewal of elevator on the north side (phase VI/VI)	From Sep. 2026 To Feb. 2027	50,896	-	-
NF Hongo Building (Bunkyo Ward, Tokyo)	Renewal of air conditioning (phase II/III)	From Sep. 2023 To Feb. 2024	99,900	-	-
NF Hongo Building (Bunkyo Ward, Tokyo)	Renewal of air conditioning (phase III/III)	From Mar. 2024 To Aug. 2024	97,300	-	-
NMF Shin-yokohama Building (Yokohama City, Kanagawa)	Renewal of elevator (control system renewal of 3 units)	From May 2023 To Feb. 2024	69,000	-	-
NMF Shibakoen Building (Minato Ward, Tokyo)	Renewal of elevator	From Apr. 2023 To Oct. 2023	39,300	-	-

NRE Sapporo Building (Sapporo City, Hokkaido)	Renewal of air conditioner outdoor unit (phase III/III)	From Aug. 2023 To Nov. 2023	60,900	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of AHU (phase II/V)	From Sep. 2023 To Feb. 2024	51,600	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of AHU (phase III/V)	From Mar. 2024 To Aug. 2024	51,550	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of AHU (phase IV/V)	From Sep. 2024 To Feb. 2025	51,417	-	-
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of AHU (phase V/V)	From Mar. 2025 To Aug. 2025	52,739	-	-
Kawasaki More's (Kawasaki City, Kanagawa)	Renewal of water supply and drainage system	From Aug. 2023 To Aug. 2024	280,575	-	-
EQUINIA Aobadori (Sendai City, Miyagi)	Renewal of air conditioner system (phase II/IV)	From Sep. 2023 To Feb. 2024	34,000	-	-
EQUINIA Aobadori (Sendai City, Miyagi)	Renewal of air conditioner system (phase III/IV)	From Mar. 2024 To Sep. 2024	39,000	-	-
EQUINIA Aobadori (Sendai City, Miyagi)	Renewal of air conditioner system (phase IV/IV)	From Sep. 2024 To Dec. 2024	20,000	-	-
nORBESA (Sapporo City, Hokkaido)	Renewal of exterior wall	From May 2023 To Oct. 2023	184,000	-	-
nORBESA (Sapporo City, Hokkaido)	Renewal of Gas engine driven Heat Pump outside unit	From Oct. 2023 To Nov. 2023	124,600	-	-
PRIME URBAN Sapporo Idaimae (Sapporo City, Hokkaido)	Renewal of intercom system	From Nov. 2023 To Dec. 2023	10,800	-	-

(Note) Total amount already paid does not include the amount paid during the 16th fiscal period.

(b) Capital Expenditures during the 16th Fiscal Period

The following is an overview of the major construction work falling under the category of capital expenditures that was conducted during the 16th fiscal period for the assets held as of the end of the 16th fiscal period. Capital expenditures during the 16th fiscal period were ¥3,154,719 thousand and, when combined with the ¥1,699,739 thousand repair expenses classified as expenses during the 16th fiscal period, a total of ¥4,854,458 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)
NF Hongo Building (Bunkyo Ward, Tokyo)	Renewal of air conditioning (phase I/III)	From Feb. 2023 To Aug. 2023	89,710
NMF Kawasaki Higashiguchi Building (Kawasaki City, Kanagawa)	Renewal of emergency generator	From Apr. 2022 To Aug. 2023	84,068
NMF Sendai Aoba-dori Building (Sendai City, Miyagi)	Repairing of exterior wall (three-face fluoride coating)	From Feb. 2023 To Jul. 2023	61,176
EQUINIA Aobadori (Sendai City, Miyagi)	Renewal of air conditioner system (phase I)	From Mar. 2023 To Aug. 2023	55,702
NRE Yotsubashi Building (Osaka City, Osaka)	Renewal of AHU (phase I/V)	From Mar. 2023 To Jun. 2023	51,986
NRE Sapporo Building (Sapporo City, Hokkaido)	Renewal of air conditioner outdoor unit (phase II/III)	From Dec. 2022 To Jul. 2023	48,654
MEL Building (Sendai City, Miyagi)	Renewal of Packged air Conditioning Equipment	From Apr. 2023 To Jun. 2023	22,129
PMO Higashi-Nihonbashi (Chuo Ward, Tokyo)	Replace of entire Reception System	From May 2023 To Jun 2023	21,334
PRIME URBAN Shinjuku Naitomachi (Shinjuku Ward, Tokyo)	Replacement of Elevator parts	From Mar. 2023 To Apr. 2023	6,684

Other real estate, etc.	Improvement of features	From Mar. 2023 To Aug. 2023	2,713,272
Total			3,154,719