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

October 13, 2017

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

Asset management company: Nomura Real Estate Asset Management Co., Ltd.
Representative: Norio Ambe, President and Chief Executive Officer
Inquiries: Kenichi Okada, Head of NMF Investment Management Group TEL: +81-3-3365-8767

Scheduled date of filing of securities report: November 29, 2017
Scheduled date of commencement of distribution payout: November 17, 2017
Preparation of supplementary materials on financial results: Yes
Holding of briefing session on financial results: Yes (for institutional investors and analyst)

[Amounts less than one million yen are truncated]

1. Financial Results for the 4th Fiscal Period (from March 1, 2017 to August 31, 2017)

(1) Operating Results

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

	Operating revenues		Operating profit		Ordinary income		Net income	
Period ended	million yen	%	million yen	%	million yen	%	million yen	%
August 31,2017	38,139	9.9	15,735	39.9	13,190	52.1	13,190	52.1
February 28, 2017	34,714	12.1	11,244	(3.7)	8,672	(7.3)	8,670	(7.3)

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

(2) Distributions

	Distribution per unit (excluding distribution in excess of net income)	Total distributions (excluding distribution in excess of net income)	Distribution in excess of net income per unit	Total distributions in excess of net income	Distribution per unit (including distribution in excess of net income)	Total distributions (including distribution in excess of net income)	Distribution payout ratio	Ratio of distributions to net assets
Period ended	yen	million yen	yen	million yen	yen	million yen	%	%
August 31,2017	3,037	12,704	—	—	3,037	12,704	96.3	2.2
February 28, 2017	2,073	8,671	955	3,994	3,028	12,666	100.0	1.6

(Note 1) Of the ¥955 distribution in excess of net income per unit in the fiscal period ended February 28, 2017, ¥646 is a distribution of the allowance for temporary difference adjustments and ¥309 is other distributions in excess of net earnings. Furthermore, the ratio of decreasing surplus is 0.003 There was no distribution in excess of net income for the period ended August 31, 2017. See 2. Management Policy and Management Status (2) Management Status ⑤Business Performance and Distributions, below.

(Note 2) Distribution Payout Ratio is calculated using the below formula and truncated at the first decimal place.
Distribution Payout Ratio = Total Distributions (excluding distribution in excess of Net Income) / Net Income × 100

(Note 3) Ratio of Distributions to Net Assets is calculated using the below formula and truncated at the first decimal place.
Ratio of Distributions to Net Assets = Distribution Per Unit (excluding distribution in excess of Net Income) / {(Net Assets per Unit at the beginning of the fiscal period + Net Assets per Unit at the end of the fiscal period) / 2} × 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 31,2017	1,095,828	556,649	50.8	133,069
February 28, 2017	1,105,979	556,104	50.3	132,939

(4) Status of Cash Flows

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

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

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

	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)
Period ending	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
February 28, 2018	33,365	△2.0	12,504	0.5	10,016	0.8	10,015	0.8	2,459	561	3,020

(Reference) Forecast net income per unit for the fiscal period ending February28, 2018 is ¥2,394

*Other

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

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

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

① Number of investment units issued (including treasury investment units)
As of August 31, 2017: 4,183,130 units
As of February 28, 2017: 4,183,130 units

② Number of treasury investment units
As of August 31, 2017: – units
As of February 28, 2017: – units

(Note) For the number of investment units used as the basis for calculation of net income per unit, please refer to "Notes on Per Unit Information" on page 42.

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

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

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

Attachment

1. Related Corporations of the Investment Corporation

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

2. Management Policy and Management Status

(1) Management Policy

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

(2) Management Status

① Outline of Fiscal Period under Review

NMF's basic policy is to manage its assets mainly as investments in real estate, etc. (meaning the assets specified in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister's Office Ordinance No. 129 of 2000, including subsequent amendments)), specifically real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets, to secure stable income over the medium to long term and steady growth of assets under management (Note 1). In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which offers strong tenant demand, while also considering regional diversification through investment in all of Japan's three major metropolitan areas and other major cities. By combining the "diversified type strategy," in which investments are made in a variety of facilities, such as offices, retail facilities, logistics facilities and residential facilities, with the "large-scale REIT strategy," which increases portfolio stability through property and tenant diversification, as well as the "leasing value chain" with the sponsor, the Nomura Real Estate Group, NMF aims to increase unitholder value by securing stable income over the medium to long term and the steady growth of assets under management.

In November 2015, NMF formulated and announced its medium- to long-term management strategy.

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

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

(Note 2) Upside sectors refer to sectors for which an increase of rental revenue can be expected, particularly offices as well as retail facilities in station areas.

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

② Investment Environment

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

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

period of the previous year.

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

Concerning the environment surrounding retail facilities, the overall pace of recovery in retail has remained slow due to stagnant individual consumption and frugal household spending, negatively affecting sales at suburban retail facilities. Rents in major urban retail areas had been rising but now seem to have entered a lull. Going forward, consideration must be given to the impact on market rents of the upcoming completions of new large-scale retail facilities around the country.

In terms of logistics facilities, overall demand has been steady, due in part to firm sales reported by third-party logistics providers (Note), NMF's main logistics facility tenants, and online shopping outlets. However, increasingly serious personnel shortages at tenant companies are driving up shipping rates, which may negatively impact shipping volumes and demand for logistics facilities going forward. Furthermore, the possibility of local demand imbalances due to a forecast increase in logistics facility development projects in the greater Tokyo area and Kinki area is a cause for concern.

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

Concerning the environment surrounding the rental apartment market, as the Greater Tokyo Area and other major urban areas continue to see net population inflow, both the existing stock and new supply of high-quality rental condominiums in prime locations are low. Reflecting these conditions, the overall occupancy rate of J-REIT-owned rental condominiums remains high. Rents are forecast to follow a gentle upward trajectory for the time being, backed by tight supply, strong demand and improving incomes. That said, the growing supply of newly built rental housing in suburban areas could indirectly exert a negative effect on the market, and market trends in areas with lax regulations on one-room apartments and areas with increasing numbers of apartments are a potential reason for caution.

In the real estate transaction market, overall investor appetite remains strong, but prices have remained high, with growing indications of overheating in competition to acquire properties. While the current market balance is expected to remain largely unchanged for some time under the accommodative financial environment, if uncertainty in domestic and foreign financial markets arises or risk avoidance grows more pronounced, changes in the funding environment could lead to diminished appetite for investment.

③ Management Performance

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

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

In terms of property and facility management, as described above in "① Investment Environment," rental demand is expanding, backed by the gradual recovery of the Japanese economy. Accordingly, the occupancy rate of the entire portfolio as of the end of the fiscal period under review was stable and high, at 98.4%. In the office sector, a key upside sector, the rental market has seen particularly notable recovery, with rises in newly advertised rents and successful rent increases upon contract renewal driving the internal growth of the portfolio as a whole.

④ Status of Fund Procurement

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

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

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

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

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

⑤Business Performance and Distributions

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

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

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

⑥ Outlook for Next Fiscal Period

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

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

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

⑦ Significant Subsequent Events

A . Transfer of the asset

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

(a). Morisia Tsudanuma

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

The impact of (a), above, on earnings for the 5th fiscal period (September 1, 2017 to February 28, 2018) will be recorded as gain on sales of real estate under operating revenues.

(Reference)

A. Property acquisition

NMF decided to acquire the assets stated below on September 26, 2017, concluding the acquisition on September 29, 2017. Because these acquisitions and the above noted sale of Morisia Tsudanuma under ⑦ Significant Subsequent Events are between the same parties, said parties settled the account based on the difference between the acquisition and sale prices. Accordingly, Nomura Master Fund received from the seller a lump sum consisting of the full sale price of Morisia Tsudanuma, less the full acquisition prices of the four properties acquired, listed below.

Property name	PMO Hirakawacho	PMO Shinnihonbashi
Type of asset	Real estate	Real estate
Location (Note 1)	(Registry) 2-7-6 Hirakawacho, Chiyoda Ward, Tokyo and 2 other lots (Street) 2-7-3 Hirakawacho, Chiyoda Ward, Tokyo	(Registry) 4-11-2 Nihonbashi-Honcho, Chuo Ward, Tokyo and 2 other lots (Street) 4-3-6 Nihonbashi-Honcho, Chuo Ward, Tokyo
Structure (Note 1)	S 10F	S/SRC B1F/9F
Land area (Note 1)	307.79㎡	552.11 m² (owned portion: 473.11 m²; leased portion: 79.00 m²)
Floor area (Note 1)	2,402.91㎡	3,721.63 m²
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership, leasehold (Building) Ownership
Completion date (Note 1)	January 29, 2016	November 30, 2016
Acquisition price (Note 2)	¥3,410 million	¥4,440 million
Date of agreement	September 29, 2017 (Date of agreement on purchase and sale of real estate)	September 29, 2017 (Date of agreement on purchase and sale of real estate)
Date of acquisition	September 29, 2017 (Date of delivery of real estate)	September 29, 2017 (Date of delivery of real estate)
Seller	Nomura Real Estate Development, Co., Ltd.	Nomura Real Estate Development, Co., Ltd.

Property name	GEMS Kanda	GEMS Daimon
Type of asset	Real estate	Real estate
Location (Note 1)	(Registry) 1-4-3 Kajicho, Chiyoda Ward, Tokyo and 2 other lots (Street) 1-9-19 Kajicho, Chiyoda Ward, Tokyo	(Registry) 1-401-1 Daimon, Minato Ward, Tokyo and 3 other lots (Street) 1-15-3 Daimon, Minato Ward, Tokyo
Structure (Note 1)	S/SRC B1F/8F	S/SRC B1F/9F
Land area (Note 1)	198.73 m²	241.43 m²
Floor area (Note 1)	1,177.49 m²	1,387.89 m²
Type of ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion date (Note 1)	June 15, 2016	February 15, 2016

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

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

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

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

Item	Assumptions
Calculation period	・5th fiscal period: September 1, 2017 to February 28, 2018
Assets Under Management	・With respect to the 271 properties held by NMF as of this document's publication, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through February 28, 2018. ・The forecasts may be revised due to actual changes in the portfolio or other reasons.
Operating revenues	・Rental revenues are estimated based on tenant trends, competitive properties located in adjacent areas and real estate market conditions, among other factors, with the assumption that there exist no arrears or cases of nonpayment with regard to the properties. ・Gain on sales of real estate are expected to be ¥3 million.
Operating expenses (excluding amortization expenses for goodwill)	・Real estate rental expenses are expected to be ¥ 14,652 million. ・It is estimated that a tax amount of ¥2,700 million will be recorded as real estate rental expenses. In general, previous owners are reimbursed for the property taxes and city planning taxes for the period starting from the time NMF acquires the assets. However, NMF does not allocate such reimbursement as its expenses, because an amount equivalent to such reimbursement is included in the cost of acquisition and is capitalized. ・Estimated property management costs (including building management fees and property management fees) of ¥2,987 million are expected to be recorded as real estate rental expenses ・Expenses for repairs and maintenance required for the fiscal period are calculated as real estate rental expenses, based on the mid-to-long term repair plans that NMF's Asset Management Company has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from estimates due to expenses for urgent repairs of damages to a building caused by events difficult to foresee, significant year-on-year fluctuations in costs or non-periodic repair expenses. ・Depreciation of ¥ 4,752 million is expected to be recorded as real estate rental expenses. ・Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥ 3,586 million.
Amortization expenses for goodwill	・Goodwill will be amortized using the straight-line method over 20 years pursuant to the Business Combination Accounting Standards. Goodwill amortization expenses are expected to be ¥2,622 million. ・Goodwill amortization expenses is an item that causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF intends to make distributions in excess of net income for the purpose of securing tax relief during the goodwill amortization period, and it is expected that NMF will be able to avoid such taxation.
Non-operating expenses	・Interest expenses and other borrowing-related expenses are estimated to be ¥ 2,479 million.
Interest-bearing liabilities	・As of today, the outstanding interest-bearing liabilities of NMF are ¥ 488,741 million, consisting of ¥ 466,241 million in outstanding borrowings and ¥22,500 million in investment corporation bonds. ・Regarding the portion of the borrowings and investment corporation bonds (¥20,862 million and ¥4,000 million, respectively) that will come due by February 28, 2018 (the end of the 5th fiscal period), it is assumed that NMF will make scheduled and partial repayments of ¥42 million using cash on hand and refinance the remainder using borrowings. ・It is assumed that, through February 28, 2018 (the end of the 5th fiscal period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than

Item	Assumptions
	those stated above.
Investment units	・NMF assumes that there will be no changes in the number of investment units issued and outstanding as of the date of the publication of this document, 4,183,130 units, and there will be no additional issuance of new investment units through February 28, 2018 (the end of the 5th fiscal period).
Distribution per unit	・The distribution per unit is calculated according to the distribution policy outlined in NMF's Articles of Incorporation. ・NMF assumes that, of the allowance for temporary difference adjustments (hereinafter "ATA") accrued up to the present, the amount eliminated in the 5th fiscal period (¥38 million) will be reversed from retained earnings at end of period. ・NMF assumes that there will be no change in the 5th fiscal period to the ¥1,524 million in deferred losses on hedges of interest rate swaps recorded under valuation and translation adjustments continuing from the 4rd fiscal period (ended August 31, 2017). The per-unit distribution (excluding the distribution in excess of net income per unit) is calculated by subtracting this amount from the distributable amount. ・NMF assumes that ¥3 million, equivalent to gain on sales of real estate, will be designated as retained earnings. ・The per-unit distribution may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	・The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment and for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of allowance for temporary difference adjustments, NMF will make other distributions in excess of net income in an amount not exceeding this difference and within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations") (the amount equivalent to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period). ・The distribution in excess of net earnings per unit for the 5th fiscal period is expected to be ¥561, comprising ¥295 in distributions of ATA and ¥266 in other distributions in excess of net earnings.
Other	・It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan or other laws or regulations that would affect the above forecasts. ・It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.

3. Financial Statements

(1) Balance Sheet

Thousands of Yen

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

Thousands of Yen

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

Thousands of Yen

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

(2) Statement of Income and Retained Earnings

Thousands of Yen

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

(3) Statement of Changes in Net Assets

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

Thousands of Yen

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Total deduction from capital surplus			Net capital surplus
			Allowance for temporary difference adjustment	Deduction from other capital surplus	Total deduction from capital surplus	
Balance at the beginning of the period	161,120,405	315,299,775	(6,137,594)	(941,668)	(7,079,263)	308,220,511
Changes of items during the period						
Increase by merger	—	78,713,184	—	—	—	78,713,184
Distributions of retained earnings	—	—	—	—	—	—
Reversal of allowance for temporary difference adjustments	763,347	—	763,347	(763,347)	—	—
Other distributions in excess of net earnings	—	—	—	(2,095,491)	(2,095,491)	(2,095,491)
Net income	—	—	—	—	—	—
Net changes of items other than unitholders' equity	—	—	—	—	—	—
Total changes of items during the period	763,347	78,713,184	763,347	(2,858,839)	(2,095,491)	76,617,692
Balance at the end of the period	(*1)161,883,752	394,012,959	(5,374,246)	(3,800,508)	(9,174,754)	384,838,204

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	12,225,011	320,445,523	481,565,928	(2,254,454)	(2,254,454)	479,311,473
Changes of items during the period						
Increase by merger	—	78,713,184	78,713,184	—	—	78,713,184
Distributions of retained earnings	(9,204,530)	(9,204,530)	(9,204,530)	—	—	(9,204,530)
Reversal of allowance for temporary difference adjustments	(763,347)	(763,347)	—	—	—	—
Other distributions in excess of net earnings	—	(2,095,491)	(2,095,491)	—	—	(2,095,491)
Net income	8,670,955	8,670,955	8,670,955	—	—	8,670,955
Net changes of items other than unitholders' equity	—	—	—	708,820	708,820	708,820
Total changes of items during the period	(1,296,923)	75,320,768	76,084,116	708,820	708,820	76,792,937
Balance at the end of the period	10,928,087	395,766,292	557,650,045	(1,545,633)	(1,545,633)	556,104,411

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

Thousands of Yen

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

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

(4) Statement of Cash Distributions

Yen

	Previous period from Sep. 1, 2016 to Feb. 28, 2017	Current period from Mar. 1, 2017 to Aug. 31, 2017
I. Retained earnings at end of period	10,928,087,899	14,737,836,769
II. Distributions in excess of retained earnings	3,994,889,150	—
Of which, allowance for temporary difference adjustments	2,702,301,980	—
Of which, other distributions in excess of net earnings	1,292,587,170	—
III. Incorporation into unitholders'capital	708,820,764	198,551,954
Of which, reversal of allowance for temporary difference adjustments	708,820,764	198,551,954
IV. Distributions	12,666,517,640	12,704,165,810
[Distributions per unit]	(3,028)	(3,037)
Of which, distributions of earnings	8,671,628,490	12,704,165,810
[Of which, distributions of earnings per unit]	(2,073)	(3,037)
Of which, allowance temporary difference adjustments	2,702,301,980	—
[Of which, distributions in excess of retained earnings per unit [of allowance for temporary difference adjustments]]	(646)	—
Of which, other distributions in excess of net earnings	1,292,587,170	—
[Of which, distributions in excess of retained earnings per unit [of other distributions in excess of net earnings]]	(309)	—
V. Retained earnings carried forward	1,547,638,645	1,835,119,005

Calculation method for distributions	Concerning distributions for the 3rd fiscal period, NMF decided the distribution per unit will be ¥3,028. In order to maximize the distribution of earnings included in deductible expenses by applying special measures for tax treatment (Article 67-15 Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act, less the reversal of allowance for temporary difference adjustments (as stipulated in Article 2 Paragraph 2 (30) of the Regulations Concerning Accounting of Investment Corporations, the same applies hereinafter), excluding the portion for which per-unit distributions would be less than ¥1. Accordingly, NMF declared an earnings distribution per investment unit of ¥2,073. This amount excludes the distribution in excess of earnings discussed below. In accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of	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. For the fiscal period under review, NMF decided to implement ¥12,704,165,810 in distributions, for a distribution per unit of ¥3,037. This figure was calculated as ¥13,190,198,124 in net income plus ¥2,622,242,820 in amortization of goodwill minus ¥3,107,662,242 in gains on sale of real estate, for a subtotal of ¥12,704,778,702, from which the portion for which per-unit distributions would be less than ¥1 was excluded. 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.

	the impact that such costs related to the merger of the three REITs that created NMF and the absorption type merger with TOP REIT as goodwill amortization costs, net asset deductions (as described in Article 2 Paragraph 2 (30) (b) of the Regulations Concerning Accounting of Investment Corporations) and the reversal of allowance for temporary difference adjustments (excluding net asset deductions; hereinafter referred to together with goodwill amortization costs and other costs related to the merger of the three REITs and absorption type merger with TOP REIT as "merger-related costs") will have on distributions, NMF will make a distribution in excess of earnings in an amount that it determines equivalent to the merger-related costs (hereinafter "distribution in excess of earnings"). When implementing a distribution in excess of earnings, if the period's distribution of allowance for temporary difference adjustments is less than the amount of merger-related costs, other distributions in excess of net earnings will also be implemented. For the fiscal period under review, NMF decided to implement ¥3,994 million in distributions in excess of earnings. This figure is equivalent to almost the entire sum (excluding the portion for which per-unit distributions would be less than ¥1) of ¥2,622 million in goodwill amortization and ¥1,374 million in fees paid to the Asset Management Company for the absorption type merger with TOP REIT. Of this, ¥2,702 million will be distributions of allowance for temporary difference adjustments, for a per-unit distribution of allowance for temporary difference adjustments of ¥646. Other distributions in excess of net earnings will be ¥1,292 million; other distributions in excess of net earnings per unit will be ¥309.	

(5) Statement of Cash Flows

Thousands of Yen

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

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

(6) Notes Concerning the Going Concern Assumption

Not applicable.

(7) Notes Concerning Significant Accounting Policies

1. Depreciation of noncurrent assets	① Property and equipment (including trust assets) The straight-line method is adopted. The useful lives of major property and equipment are as follows: Buildings 3–70 years Structures 2–45 years Machinery 2–10 years Tools, furniture and fixtures 2–20 years ② Intangible assets The straight-line method is adopted. Goodwill is amortized using straight-line method over 20 years. ③ Long-term prepaid expenses The straight-line method is adopted.
2. Deferred investment corporation bond issuance costs	Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.
3. Allowance for doubtful accounts	To be ready for possible losses arising from defaults on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on case-by-case examinations for doubtful receivables.
4. Revenue and expenses recognition	Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held by NMF, the method of charging the amount corresponding to the concerned fiscal period to expenses as real estate rental expenses is adopted. The amount equivalent to fixed asset tax, etc. for the fiscal year in which the acquisition date falls paid to the seller as reimbursement upon acquisition of real estate or trust beneficiary interests in real estate is included in the cost of acquisition of the concerned real estate and not recorded as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was ¥3,333 thousand in the previous fiscal period, and ¥135,274 thousand in the current fiscal period.
5. Hedge accounting	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. ② Hedging instruments and hedged items Hedging instruments Interest-rate swap transactions Hedged items Interest on loans 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. 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.
6. Other important bases for preparing financial statements	① Method of accounting for trust beneficiary interests in real estate, etc. Concerning trust beneficiary interests in real estate, etc., held by NMF, all assets and liabilities within the trust assets as well as all revenues and expenses generated by the trust assets are recorded under the corresponding items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets thus recorded, the following major items are listed as separate items on the balance sheet. (1) Cash and bank deposits in trust (2) Buildings in trust; Structures in trust; Machinery in trust; Tools, furniture and fixtures in trust; Land in trust; Leased assets in trust

	(3) Leasehold rights in trust (4) Lease obligations in trust (5) Security deposits from tenants in trust ② Method of accounting for consumption tax, etc. Consumption tax and local consumption tax is accounted for using the tax-excluded method. However, non-deductable consumption tax, etc., on such items as noncurrent assets is included in the acquisition costs of individual items.
7. Cash and cash equivalents as stated in the Statement of Cash Flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(Additional Information)

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

Previous period
from Sep. 1, 2016
to Feb. 28, 2017

1. Reasons, related assets and amounts of allowance set aside

Thousands of Yen

Related assets, etc.	Reason	Allowance for temporary difference adjustments
Goodwill	Amortization of goodwill	2,622,242
Land, buildings, etc.	Merger expenses	1,390,273
Land, buildings, etc.	Impairment loss	269,797
Long-term deposits	Shortfall of reserve for repairs	15,185
Increase—subtotal		4,297,499
Buildings,building improvements, etc.	Depreciation deficiency equivalent	(1,302,166)
Unearned revenue, etc.	Write-down of loss on interest rate swap due to merger	(216,261)
Other	—	(76,768)
Decrease—subtotal		(1,595,197)
Total		2,702,301

2. Reasons, related assets and amounts of reversals

Thousands of Yen

Related assets, etc.	Reason	Allowance for temporary difference adjustment
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	—*
Deferred gains or losses on hedges	Changes in fair value of derivatives	(708,820)
Total		(708,820)

Current period
from Mar. 1, 2017
to Aug. 31, 2017

1 . Reasons, related assets and amounts of reversals

Thousands of Yen

Related assets, etc.	Reason	Allowance for temporary difference adjustment
Land, buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(91,221)
Land, buildings, etc.	Sale of property on which impairment was recognized	(86,378)
Deferred gains or losses on hedges	Changes in fair value of derivatives	(20,951)
Total		(198,551)

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

*The amount cancelled in the period under review (¥6,319 thousand) is deducted from "Depreciation deficiency equivalent" under 1., above.

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

(4) Long-term deposits
In principle, long-term deposits are not reversed.

(5) Deferred gains or losses on hedges
The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.

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 as follows.

Thousands of Yen

	Previous period (Feb. 28, 2017)	Current period (Aug. 31, 2017)
Committed line of credit	10,000,000	10,000,000
Balance of used line	-	-
Balance of unused line	10,000,000	10,000,000

② NMF has concluded a commitment line agreement with five lending financial institutions as follows.

Thousands of Yen

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

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

Thousands of Yen

Previous period (Feb. 28, 2017)	Current period (Aug. 31, 2017)
50,000	50,000

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

Thousands of Yen

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

*4. Allowance for temporary difference adjustments

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

1. Reasons, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	1,622,397	1,622,397	—	—	1,622,397	—
Land, buildings, etc.	Merger expenses	2,638,862	1,568,581	—	(71,187)	1,497,394	Sale of property and depreciation of merger expenses
Land, buildings, etc	Impairment loss	79,019	79,019	—	(79,019)	—	Sale of property on which impairment was recognized
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	2,867,594	—	(613,140)	2,254,454	Changes in fair value of derivative transactions
Increase – subtotal		7,207,875	6,137,594	—	(763,347)	5,374,246	—
Buildings, building improvements, etc.	Depreciation deficiency equivalent	(790,132)	—	—	—	—	—
Investment corporation bond issuance costs	Investment corporation bonds issuance cost amortization deficiency equivalent	(97,557)	—	—	—	—	—
Unearned revenue, etc.	Write-down of loss on interest rate swap due to merger	(172,304)	—	—	—	—	—
Other	—	(10,286)	—	—	—	—	—
Decrease – subtotal		(1,070,280)	—	—	—	—	—
Total		6,137,594	6,137,594	—	(763,347)	5,374,246	—

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

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

(4) Deferred gains or losses on hedges

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

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

1. Reasons, related assets and amounts

Thousands of Yen

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

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

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

(3) Impairment loss

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

(4) Deferred gains or losses on hedges

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

(Notes to Statement of Income and Retained Earnings)

*1. Breakdown of real estate rental revenues and expenses

Thousands of Yen

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

*2. Impairment loss

NMF recorded impairment loss during the previous period under review for the following asset groups.

Property name	Use	Type	Location	Impairment loss (Thousands of Yen)
Tennozu Park Side Building	Office	Land, building in trust, etc.	Shinagawa-ku, Tokyo	220,723
NOF Technoport Kamata Center Building	Office	Land, building in trust, etc.	Ota-ku, Tokyo	49,074

For the purpose of calculating impairment loss, each property is considered an asset group. NMF reached sales agreements for NOF Technoport Kamata Center Building and Tennozu Park Side Building on December 22, 2016, and April 4, 2017, respectively. As a result, the properties' book values were decreased to their respective recoverable values and the amount of decrease was recorded as impairment loss under operating expenses.

Any impairment loss caused by sales is regarded as having the properties of an operating expense and is therefore recorded under operating expenses in accordance with Article 48 Paragraph 2 of the Regulations Concerning Accounting of Investment Corporations.

Also, the recoverable values of the asset groups are measured using the respective net realizable values or values in use. The net realizable values are calculated by subtracting the expected disposal costs from the actual sale prices. In the calculation of values in use, the discount rate is not taken into account because the estimated periods of future cash flows are brief.

*3. Breakdown of gain on sale of real estate

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

Not applicable.

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

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

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

(*)This assignment is an assignment to a single assignee under a single purchase agreement. The purchase price of each property is not disclosed as the assignee's consent to the disclosure thereof has not been obtained.

(Notes to Statement of Changes in Net Assets)

	Previous period from Sep. 1, 2016 to Feb. 28, 2017	Current period from Mar. 1, 2017 to Aug. 31, 2017
*1.Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	4,183,130 units	4,183,130 units

(Notes to Statement of Cash Flows)

*1. Reconciliation of cash and cash equivalents at end of period to balance sheet items

Thousands of Yen

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

*2. Important non-cash transactions

Thousands of Yen

	Previous period from Sep. 1, 2016 to Feb. 28, 2017	Current period from Mar. 1, 2017 to Aug. 31, 2017
Below is a breakdown of the main components of the assets and liabilities transferred from TOP REIT, Inc., as a result of the merger with said company in the period under review. The increase in capital surplus due to the merger was ¥78,713,184 thousand.		
Current assets	10,701,316	—
Noncurrent assets	138,313,333	—
Total assets	149,014,649	—
Current liabilities	43,815,958	—
Long-term liabilities	53,500,119	—
Total liabilities	97,316,077	—

(Notes on Financial Instruments)

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

NMF procures funds through such means as debt financing, the issuance of investment corporation bonds and the issuance of investment units for the acquisition of real estate related assets. In procuring funds through interest-bearing liabilities, NMF adopts the basic financial policy of procuring funds with due consideration for extending the loan period, converting the interest rate to a fixed rate and laddering the repayment dates, etc. for interest-bearing liabilities.

NMF enters into derivative transactions for the purpose of hedging risks of future interest rates rising and adopts the policy of not engaging in speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Funds from debt and investment corporation bonds are primarily used to fund the acquisition of real estate-related assets and to fund the repayment of debts and redemption of investment corporation bonds. These are exposed to liquidity risks of failure to procure alternative funds at the time of repayment or redemption. NMF controls and limits these risks by diversifying the lending financial institutions it uses, while considering and implementing various procurement of funds, including the effective use of surplus funds, procuring funds from the capital market through issuance of investment units. In addition, floating interest rates debt is exposed to risks of the interest rate payable rising. NMF limits the impact that the interest rate payable rising has on NMF's operations by keeping LTV (ratio of interest-bearing liabilities to total assets) at a low level and keeping the ratio of borrowings that are long-term and fixed-rate borrowings at a high level. Furthermore, derivative transactions (interest-rate swap transactions, etc.) are available as a hedging instrument for hedging risks of floating interest rates rising and effectively fixing interest rates.

Deposits are made for investing NMF's surplus funds and are exposed to risks of failure of the financial institutions that are holding the deposits and other credit risks, but NMF limits the risks by diversifying the financial institutions that are holding the deposits.

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when there is no market price. Certain assumptions are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions are adopted. In addition, concerning the contract amount, etc. of derivative transactions presented in "Notes on Derivative Transactions" later in this document, the amount itself does not represent the market risk involved in these derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

The following are the carrying amounts and fair values as of February 28, 2017, and the differences between these amounts.

Thousands of Yen

	Carrying amount (Note 1)	Fair value (Note 1)	Amount of difference
(1) Cash and bank deposits	59,843,132	59,843,132	—
(2) Cash and bank deposits in trust	13,487,906	13,487,906	—
(3) Short-term debt	(5,000,000)	(5,000,000)	—
(4) Current portion of investment corporation bonds	(9,000,000)	(9,042,508)	42,508
(5) Current portion of long-term debt	(69,975,600)	(69,997,721)	22,121
(6) Investment corporation bonds	(18,500,000)	(19,979,231)	1,479,231
(7) Long-term debt	(396,308,400)	(399,857,342)	3,548,942
(8) Derivative transactions	(1,563,490)	(1,563,490)	—

The following are the carrying amounts and fair values as of August 31, 2017, and the differences between these amounts.

Thousands of Yen

	Carrying amount (Note 1)	Fair value (Note 1)	Amount of difference
(1) Cash and bank deposits	58,143,774	58,143,774	—
(2) Cash and bank deposits in trust	13,083,900	13,083,900	—
(3) Short-term debt	—	—	—
(4) Current portion of investment corporation bonds	(4,000,000)	(4,011,828)	11,828
(5) Current portion of long-term debt	(54,760,600)	(54,912,627)	152,027
(6) Investment corporation bonds	(18,500,000)	(19,932,756)	1,432,756
(7) Long-term debt	(411,480,600)	(417,122,162)	5,641,562
(8) Derivative transactions	(1,539,851)	(1,539,851)	—

(Note 1) Liabilities are shown in parentheses.

(Note 2) Matters concerning method for calculating fair value of financial instruments and derivative transactions.

(1) Cash and bank deposits; (2) Cash and bank deposits in trust, (3) Short-term debt
As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.
(4) Current portion of investment corporation bonds; (6) Investment corporation bonds
The fair value of investment corporation bonds issued by the Company is determined based on their market prices
(5) Current portion of long-term debt; (7) Long-term debt
As long-term debt with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value (However, the fair value of long-term debt with floating interest rates that is subject to special treatment for interest-rate swaps (please refer to "Notes on Derivative Transactions" later in this document) is based on the method of calculating by discounting the sum total amount of principal and interest accounted for as one transaction together with the concerned interest-rate swap by the interest rate that is reasonably estimated as being applicable in the event of drawdown of a similar debt financing). In addition, the fair value of long-term debt with fixed interest rates is calculated based on the method of calculating by discounting the sum total amount of principal and interest by the interest rate that is reasonably estimated as being applicable in the event of drawdown of a similar debt financing.
(8) Derivative transactions
Please refer to "Notes on Derivative Transactions" later in this document.

(Note 3) Redemption of monetary claims scheduled to be due after the date of settlement of accounts (February 28, 2017)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Cash and bank deposits	59,843,132	—	—	—	—	—
Cash and bank deposits in trust	13,487,906	—	—	—	—	—
Total	73,331,038	—	—	—	—	—

Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (August 31, 2017)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Cash and bank deposits	58,143,774	—	—	—	—	—
Cash and bank deposits in trust	13,083,900	—	—	—	—	—
Total	71,227,675	—	—	—	—	—

(Note 4) Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (February 28, 2017)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Short-term debt	5,000,000	—	—	—	—	—
Investment corporation bonds	9,000,000	—	—	5,000,000	—	13,500,000
Long-term debt	69,975,600	51,940,000	60,685,600	56,655,600	47,715,600	179,311,000
Total	83,975,600	51,940,000	60,685,600	61,655,600	47,715,600	192,811,000

Amount of repayment of investment corporation bonds, long-term debt and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts (August 31, 2017)

Thousands of Yen

	Due within 1 year	Due after 1 year, within 2 years	Due after 2 years, within 3 years	Due after 3 years, within 4 years	Due after 4 years, within 5 years	Due after 5 years
Short-term debt	—	—	—	—	—	—
Investment corporation bonds	4,000,000	—	5,000,000	—	—	13,500,000
Long-term debt	54,760,600	63,160,600	58,385,600	52,235,600	44,715,600	192,983,200
Total	58,760,600	63,160,600	63,385,600	52,235,600	44,715,600	206,483,200

(Notes on Securities)

Previous period (As of February 28, 2017)

Not applicable.

Current period (As of August 31, 2017)

Not applicable.

(Notes on Derivative Transactions)

1. Transactions not subject to hedge accounting

Previous period (As of February 28, 2017)

Not applicable.

Current period (As of August 31, 2017)

Not applicable.

2. Transactions subject to hedge accounting

Previous period (As of February 28, 2017)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the date of settlement of accounts for each method of hedge accounting.

Thousands of Yen

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (Note 1)		Fair value (Note 2)
				Due after 1 year	
Principal treatment method	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	175,500,000	134,780,000	(Note 3) (1,563,490)
Special treatment for interest-rate swaps	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	101,739,500	101,696,700	(Note 4) (1,399,669)
Total			277,239,500	236,476,700	(2,963,160)

(Note 1) Contract amount is based on notional amount.
(Note 2) Fair value is calculated by the swap counterparty, based on the actual market interest rate, etc.
(Note 3) Out of the fair value, (¥17,856 thousand) is booked as "accrued expenses" on the Balance Sheet.
(Note 4) Out of the fair value, (¥1,399,669 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

Current period (As of August 31, 2017)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. as of the date of settlement of accounts for each method of hedge accounting.

Thousands of Yen

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (Note 1)		Fair value (Note 2)
				Due after 1 year	
Principal treatment method	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	154,100,000	129,380,000	(Note 3) (1,539,851)
Special treatment for interest-rate swaps	Interest-rate swap transaction Floating receivable Fixed payable	Long-term debt	101,718,100	89,475,300	(Note 4) (1,402,532)
Total			255,818,100	218,855,300	(2,942,383)

(Note 1) Contract amount is based on notional amount.
(Note 2) Fair value is calculated by the swap counterparty, based on the actual market interest rate, etc.
(Note 3) Out of the fair value, (¥15,169 thousand) is booked as "accrued expenses" on the Balance Sheet.
(Note 4) Out of the fair value, (¥1,402,532 thousand) is not marked to market on the Balance Sheet, due to the adoption of special treatment for interest-rate swaps.

(Notes on retirement benefit plans)

Previous period (As of February 28, 2017)

Not applicable, as NMF has no retirement benefit system.

Current period (As of August 31, 2017)

Not applicable, as NMF has no retirement benefit system.

(Notes on Business Combination)

Previous period (As of February 28, 2017)

Business Combination through Acquisition

1. Overview of the Business Combination

(1) Name and Line of Business of Aquiree

Name of acquiree	Line of business
TOP REIT, Inc. (hereinafter "TOP")	Real estate investment trust

(2) Main Reasons for the Business Combination

NMF believes that the absorption type merger with TOP presented a rare opportunity for external growth in the heated real estate acquisition market. Furthermore, the absorption type merger with TOP increased NMF's ratio of investment in properties for which future internal growth can be expected, specifically properties that are in upside sectors or located within Tokyo's five central wards. TOP expected that, because the absorption-type

merger would make Nomura Real Estate Group, a general real estate developer, its sponsor, said merger would promote external growth by reinforcing the property pipeline. Furthermore, TOP expected that the absorption type merger would significantly diversify its portfolio and thereby improve its income stability. Thus having reached the shared understanding that the absorption type merger would best increase their respective unitholder value, NMF and TOP entered into an absorption type merger agreement.

(3) Date of the Business Combination
September 1, 2016

(4) Legal Framework of the Business Combination
An absorption type merger with NMF as the surviving corporation and TOP as the absorbed corporation.

(5) Name of the Investment Corporation after the Merger
Nomura Real Estate Master Fund, Inc.

(6) Main Reasons for the Selection of the Acquiring Company
NMF was selected as the acquiring company in accordance with the Accounting Standards for Business Combinations and other relevant standards based on a comprehensive consideration of such factors as corporate scale, including each company's total assets and net income; the ratio of voting rights that would be controlled by each company's unitholders after the absorption-type merger; and the composition of the Board of Directors after the absorption type merger.

2. Period of Performance of Acquiree Included in the Statement of Income and Retained Earnings

Name of acquiree	Period of performance
TOP	September 1, 2016 to February 28, 2017

3. Acquisition Cost of Acquiree and its Breakdown

Thousands of Yen

Name of acquiree	Acquisition cost
TOP	78,713,184

4. Exchange Ratio, Method of Calculation and Number of Investment Units Delivered as Consideration for the Acquisition

(1) Exchange Ratio of Investment Units

	NMF	TOP
Merger ratio	1.00	2.62

(2) Method of Calculation
Each investment corporation appointed a financial advisor (hereafter "FA") for the absorption type merger and requested that said financial advisor perform a financial analysis of the merger ratio. NMF appointed Nomura Securities Co., Ltd., and TOP appointed Daiwa Securities Co., Ltd. Based on comprehensive consideration of such factors as each corporation's financial performance, assets and liabilities, and future outlook, as well as the merits of the absorption type merger for each corporation and the results of the financial analyses conducted by the two FAs, NMF and TOP reached an agreement with regard to the above merger ratio through careful negotiation and formed the absorption type merger agreement.

(3) Number of Investment Units Granted

Name of acquiree	Investment units granted as consideration
TOP	461,120

5. Content and Amount of Main Acquisition-Related Expenses

Thousands of Yen

Content	Amount
FA fees	240,000
Acquisition fees for merger	1,374,890

6. Amount and Cause of Goodwill
Amount of Goodwill
¥27,014,612 thousand

(1) Cause of Goodwill
Goodwill was caused by the acquisition of the acquiree, TOP, for ¥78,713,184 thousand (the acquisition price), which exceeded the market value of its net assets, ¥51,698,571 thousand.

(2) Method of Goodwill Amortization and the Amortization Period
The goodwill will be amortized by the straight-line method over a period of 20 years.

7. Amounts and Main Content of Assets Accepted and Liabilities Taken from the Business Combination

	Thousands of Yen
Previous assets	10,701,316
Noncurrent assets	138,313,333
Total assets	149,014,649
Previous liabilities	43,815,958
Long-term liabilities	53,500,119
Total liabilities	97,316,077

8. Estimated Impact on the Statement of Income and Retained Earnings for the Fiscal Period under Review Assuming the Business Combination Was Completed on the Start Date of the Operating Period
There is no impact since the business combination date is the same as the start date of the operating period.

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

(Notes on Tax Effect Accounting)
1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

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

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

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

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

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

Not applicable, as NMF has no subsidiaries or affiliates.

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

Not applicable, as NMF has no subsidiaries or affiliates.

(Notes on Transactions with Related Parties)

1. Parent company and major corporate unitholders

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

Not applicable.

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

Not applicable.

2. Subsidiaries and affiliates

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

Not applicable.

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

Not applicable.

3. Fellow subsidiaries

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

Not applicable.

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

Not applicable.

4. Directors and major individual unitholders

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

Not applicable.

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

Not applicable.

(Notes on asset retirement obligations)

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

Not applicable.

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

Not applicable.

(Notes on Investment and Rental Properties)

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

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

Thousands of Yen

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

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

(Note 2) Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of 19 properties as a result of the absorption type merger with TOP REIT, Inc. (total of ¥137,495,038 thousand) and the acquisition of Landport Kashiwa Shonan II (¥10,916,634 thousand). The decrease during the previous period is mainly attributable to depreciation (¥4,754,117 thousand).The increase during the current period is mainly attributable to the acquisition of nORBESA (¥8,638,004 thousand),NRE Kichijoji Building (¥5,141,844 thousand), Nakaza Cui-daire Building (¥12,165,807 thousand),Landport Kashiwa Shonan Ⅰ(¥10,040,496 thousand),PRIME URBAN Gakugei Daigaku Parkfront (¥1,402,842 thousand), Proud Flat Omori Ⅲ(¥1,165,489 thousand), Proud Flat Kinshicho (¥831,191 thousand), Summit Store Narita-Higashi(Land) (¥744,810 thousand). The decrease during the current period is mainly attributable to the sale of NOF Technoport Kamata Center Building (¥4,725,469 thousand),NOF Nihonbashi Honcho Building (¥10,889,175 thousand), Tennozu Park Side Building (¥12,467,899 thousand), Mitsubishi Motors Shibuya (¥1,586,458 thousand), Mitsubishi Motors Suginami(¥748,922), Ito-Yokado Higashi-Narashino Store (¥641,752 thousand), Merad Owada (¥6,510,260 thousand), Ota Nitta Logistics Center (¥3,081,630 thousand), Ota Higashishinnmachi Logistics Center (¥1,958,017 thousand), Ota Kiyohara Logistics Center(¥578,054 thousand) and Chiyodamachi Logistics Center (¥314,953 thousand) as well as depreciation (¥4,858,613 thousand).

(Note 3) Fair value at the end of the period is the appraisal value or investigation value determined by investigation, found by an outside real estate appraiser. However, the scheduled transfer price is used as the fair value for NOF Technoport Kamata Center Building, NOF Nihonbashi Honcho Building, Tennozu Park Side Building, Mitsubishi Motors Shibuya, Mitsubishi Motors Suginami and Ito-Yokado Higashi-Narashino Store in the previous period and for Morisia Tsudanuma in the current period.

The income (loss) in the previous period (from September 1, 2016 to February 28, 2017) and current period (from March 1, 2017 to August 31, 2017) for investment and rental properties is as presented in "Notes to Statement of Income and Retained Earnings" earlier in this report.

(Notes on Segment Information)

(Segment Information)

Since NMF has only one segment, the real estate leasing business, segment information has been omitted.

(Related Information)

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

1. Information by product and service

Disclosure is omitted, since revenues from external customers of a single product/service category account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

2. Information by geographical area

(1) Revenues

Disclosure is omitted, since revenues from external customers in Japan account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

(2) Property and equipment

Disclosure is omitted, since the amount of property and equipment located in Japan accounts for more than 90% of the amount of property and equipment presented on the Balance Sheet.

3. Information by major customer

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	4,499,817	Rental real estate business

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

1. Information by product and service

Disclosure is omitted, since revenues from external customers of a single product/service category account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

2. Information by geographical area

(1) Revenues

Disclosure is omitted, since revenues from external customers in Japan account for more than 90% of the operating revenues presented on the Statement of Income and Retained Earnings.

(2) Property and equipment

Disclosure is omitted, since the amount of property and equipment located in Japan accounts for more than 90% of the amount of property and equipment presented on the Balance Sheet.

3. Information by major customer

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	4,708,156	Rental real estate business

(Notes on Per Unit Information)

Yen

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

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period. In addition, the diluted net income per unit is not stated, since there are no dilutive investment units.
(Note 2) The following is the basis for calculation of net income per unit.

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

(Notes on Significant Subsequent Events)

1.Asset Sales

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

① Morisia Tsudanuma

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

The impact of ①, above, on earnings for the 5th fiscal period (September 1, 2017 to February 28, 2018) will be recorded as gain on sales of real estate under operating revenues.

[Disclosure Omissions]

A disclosure of notes concerning lease transactions is omitted because such disclosure in this summary of financial results is judged to be unnecessary.

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

The following is the increase (decrease) in unitholders' capital and total number of investment units issued and outstanding during the period from the date of incorporation of NMF through the end of the current fiscal period (August 31, 2017).

Date	Description	Total number of investment units issued and outstanding (Units)		Unitholders' capital (Millions of Yen) (Note 1)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
October 1, 2015	Consolidation type merger	3,722,010	3,722,010	161,120	161,120	(Note 2)
September 1, 2016	Absorption type merger	461,120	4,183,130	—	161,120	(Note 3)
October 14, 2016	Reversal of Allowance for temporary difference adjustments	—	4,183,130	763	161,883	(Note 4)
April 14, 2017	Reversal of Allowance for temporary difference adjustments	—	4,183,130	708	162,592	(Note 4)

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

(Note 2) NMF was established through the consolidation type merger of the former NMF, NOF and NRF on October 1, 2015. Upon its establishment, NMF allotted 1 NMF unit per former 1.00 NMF unit, 3.60 NMF units per 1.00 NOF unit and 4.45 NMF units per 1.00 NRF unit.

(Note 3) On September 1, 2016, as part of the absorption type merger, NMF issued 2.62 NMF units per 1.00 TOP unit, resulting in the issue of 461,120 new units. There is no change of unitholders' capital.

(Note 4) At its October 14, 2016 and April 14, 2017 meetings, NMF's Board of Directors resolved to reverse the allowance for temporary difference adjustments and incorporate the amounts of said reversals into unitholders' capital.

4. Changes in Directors

(1) Changes in NMF Directors

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

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

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

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

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

During the 4th fiscal period, there were changes in directors and statutory auditors as shown below. For details, please refer to the press release dated March 3, 2017 titled "Notice Concerning Scheduled Amendments of the Articles of Incorporation, Changes in Organization, and Changes of Directors, Statutory Auditors and Important Employees in the Asset Management Company" and the press release dated May 18, 2017 titled "Notice Concerning Changes of Directors in the Asset Management Company."

Appointments (as of April 1, 2017)

Name	Title (New)	Title (Former)
Fumiki Kondo	Representative Director and Senior Managing Executive Officer Supervisor of the Investment Management Department In charge of the Corporate Planning Department, the International Business Planning Section and the Finance & Accounting Department	(New appointment)
Noriaki Ido	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Investment Management Department and the Product Development Department	Executive Officer, General Manager of the Acquisitions Department
Seiichiro Wada	Statutory Auditor	Director and Managing Executive Officer In charge of the Client Relations & Marketing Department, the Investment Management Department and the Product Management Department

Resignations (as of March 31, 2017)

Name	Title (New)	Title (Former)
Hiroshi Kurokawa	(Resignation)	Representative Director and Senior Managing Executive Officer Supervisor of the Product Management Department, the Acquisitions Department, the Investment Management Planning Department, the NMF Investment Management Group and the NPR Investment Management Department In charge of the Research & Analysis Section Chief Strategy Officer

Resignations (as of June 15, 2017)

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

Other changes (as of April 1, 2017)

Name	Title (New)	Title (Former)
Masato Yamauchi	Representative Director and Senior Managing Executive Officer Supervisor of the Product Development Department, the NMF Investment Management Group and the NPR Investment Management Department In charge of the Research & Analysis Department, the Acquisitions Department and the Investment Management Planning Department Chief Strategy Officer	Director and Managing Executive Officer In charge of the Finance & Accounting Department General Manager of the Corporate Planning Department
Kenichi Okada	Director and Managing Executive Officer Head of the NMF Investment Management Group	Director and Managing Executive Officer Head of the NMF Investment Management Group General Manager of the Asset Management Department I of the NMF Investment Management Group

5. Reference Information

(1) Investment Status

Type of asset	Use	Area (Note 1)	3rd fiscal period As of February 28, 2017		4th fiscal period As of August 31, 2017	
			Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)	Total amount held (Millions of Yen) (Note 2)	As a percentage of total amount of assets (%) (Note 3)
Real estate	Office properties	Greater Tokyo area	93,482	8.5	93,197	8.5
		Other areas	21,720	2.0	21,630	2.0
		Subtotal	115,203	10.4	114,827	10.5
	Retail properties	Greater Tokyo area	16,172	1.5	16,854	1.5
		Other areas	—	—	12,157	1.1
		Subtotal	16,172	1.5	29,012	2.6
	Logistics properties	Greater Tokyo area	10,863	1.0	20,810	1.9
		Subtotal	10,863	1.0	20,810	1.9
	Residential properties	Greater Tokyo area	124,205	11.2	126,920	11.6
		Other areas	31,708	2.9	31,367	2.9
		Subtotal	155,913	14.1	158,287	14.4
	Other properties	Greater Tokyo area	5,136	0.5	5,136	0.5
		Subtotal	5,136	0.5	5,136	0.5
Real estate in trust	Office properties	Greater Tokyo area	285,379	25.8	257,332	23.5
		Other areas	50,512	4.6	50,569	4.6
		Subtotal	335,892	30.4	307,901	28.1
	Retail properties	Greater Tokyo area	91,247	8.3	93,692	8.5
		Other areas	45,434	4.1	47,263	4.3
		Subtotal	136,681	12.4	140,955	12.9
	Logistics properties	Greater Tokyo area	121,141	11.0	120,488	11.0
		Other areas	9,463	0.9	3,453	0.3
		Subtotal	130,605	11.8	123,942	11.3
	Residential properties	Greater Tokyo area	22,368	2.0	22,281	2.0
		Subtotal	22,368	2.0	22,281	2.0
Subtotal			928,836	84.0	923,155	84.2
Deposits and other assets			177,142	16.0	172,672	15.8
Total amount of assets			1,105,979	100.0	1,095,828	100.0

	3rd fiscal period As of February 28, 2017		4th fiscal period As of August 31, 2017	
	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)	Amount (Millions of Yen) (Note 4)	As a percentage of total amount of assets (%) (Note 3)
Total amount of liabilities	549,874	49.7	539,179	49.2
Total amount of net assets	556,104	50.3	556,649	50.8

(Note 1) "Greater Tokyo area" refers to Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. "Other areas" refers to cabinet-order-designated cities, prefectural capitals, and cities with a population of 100,000 persons or more as well as surrounding areas of these cities that are not included in the Greater Tokyo area.

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

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

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

(2) Investment Assets

① Major Investment Securities
Not applicable.

② Investment Real Estate Properties

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

③ Other Major Investment Assets

The following summarizes the real estate, etc. (268 properties) held as of August 31, 2017 (end of the 4th fiscal period) by NMF (this real estate and the beneficiary interests of trusts in which real estate properties are the principal trust properties or the real estate that constitutes the underlying assets thereof are hereinafter referred to as the "assets held at the end of the 4th fiscal period"). Unless otherwise stated, the figures in the tables below are the figures as of August 31, 2017.

A. Overview of Portfolio and Leasing Status and Changes in Occupancy Rate

(a) Overview of Portfolio and Leasing Status

The following is an overview of the portfolio and leasing status for the assets held at the end of the 4th fiscal period.

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

(Note 1) The sum total of the "leasable area" of each of the assets held at the end of the 4th fiscal period. "Leasable area" is the sum total area of office facilities, retail facilities, logistics facilities, or residential facilities, etc. leasable in each asset (including the area of common-use space, etc., if leased). Leasable area is calculated based not on that presented in the registry, but the area stated in the lease contract and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area based on that presented in the registry and may exceed the floor area. In the case of land with leasehold right, the land area based on that presented in the registry is used as contracted area. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leasable area is the area calculated by multiplying the building's overall leasable area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building's overall rent multiplied by the ownership ratio of the common areas, the leasable area is calculated as the building's overall leasable area multiplied by the ownership ratio of the common areas. Land with leasehold interest indicates the land area in the registry as contracted space.

(Note 2) The sum total of "leased area" of each of the assets held at the end of the 3rd fiscal period. "Leased area" is the area that is actually leased to an end-tenant (The area stated in the lease contract; provided, however, that such be limited to the area of office properties, retail properties, logistics properties, or residential properties, etc. (if all rental units are collectively leased, then the area of the entire rental units) and not include the leased area of parking space, etc. However, if the master lessee has a rent-guaranteed master lease for some or all rental units, the space is included in leased area regardless of whether or not there is a lease agreement with an end-tenant.) in each asset. In the case of land with leasehold right, the leased area of the land is shown. For the Shinjuku Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the leased area is the area calculated by multiplying the building's overall leased area by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, since the rent under the master lease agreement is calculated as the building's overall rent multiplied by the ownership ratio of the common areas, the leased area is calculated as the building's overall leased area multiplied by the ownership ratio of the common areas.

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

(Note 4) The total amount of "total contracted rent" for August 2017 of each of the assets held at the end of the 4th fiscal period (amounts less than one thousand are truncated). "Total contracted rent" for August 2017 refers to the sum total of monthly rent and common area charges in lease agreements actually concluded with end-tenants that are valid as of the last day of August 2017 (This does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included and, if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease for some or all rental units, the rent for the space is based on the rent, etc., in the lease agreement concluded with the master lessee.). Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above, and the rent is calculated based on the monthly rent and common area charges payable immediately after the exemption period ends. In addition, the standard level of rent is used for tenants with sales-based rent. For the Shinjuku

Nomura Building, NEC Head Office Building and Musashiurawa Shopping Square the total contracted rent is calculated by multiplying the building's overall rent revenues by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by NMF as of the end of the fiscal period. For the NRE Tennozu Building, the the total contracted rent is calcuclated as the building's overall rent revenues multiplied by the ratio of the common areas that NMF owns through the trustee.

(b) Changes in Occupancy Rate

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

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

B. Price and Investment Share

The following is an overview of the assets held at the end of the 4th fiscal period (acquisition price, carrying amount, opinion of value at end of period, investment share and appraiser).

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	Shinjuku Nomura Building (Note 5)	43,900	45,813	49,100	4.9	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Tennozu Building	20,500	20,466	21,700	2.2	Daiwa Real Estate Appraisal Co., Ltd.
		Kojimachi Millennium Garden	26,700	26,586	27,200	2.7	Japan Real Estate Institute
		NMF Shinjuku Minamiguchi Building	10,000	10,151	10,600	1.1	Japan Real Estate Institute
		NMF Shibuya Koen-dori Building	10,400	10,444	10,600	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		Secom Medical Building	11,100	10,963	11,400	1.1	Japan Real Estate Institute
		NMF Shiba Building	7,040	7,051	7,250	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		Nishi-Shinjuku Showa Building	8,140	8,151	8,100	0.8	Appraisal Firm A Square Ltd.
		NRE Shibuya Dogenzaka Building	5,310	5,317	5,630	0.6	Daiwa Real Estate Appraisal Co., Ltd.
		Iwamoto-cho Toyo Building	4,050	4,055	4,180	0.4	Japan Real Estate Institute
		NMF Surugadai Building	4,690	4,702	4,890	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Nihonbashi Honcho	4,320	4,225	4,560	0.5	Japan Real Estate Institute
		PMO Nihonbashi Kayabacho	5,010	4,922	5,470	0.5	Japan Real Estate Institute
		NMF Gotanda Ekimae Building	4,430	4,601	4,830	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Higashi-nihonbashi Building	3,570	3,546	3,510	0.4	Japan Real Estate Institute
		PMO Akihabara	4,240	4,152	4,830	0.5	Japan Real Estate Institute
		Hatchobori NF Building	2,480	2,464	2,590	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kanda Iwamoto-cho Building	4,160	4,198	4,120	0.4	Japan Real Estate Institute
		NMF Takanawa Building	2,830	2,819	2,900	0.3	Japan Real Estate Institute
		PMO Hatchobori	2,880	2,815	3,220	0.3	Japan Real Estate Institute
		PMO Nihonbashi Odenmacho	2,210	2,162	2,570	0.3	Japan Real Estate Institute
		PMO Higashi-nihonbashi	1,690	1,645	1,880	0.2	Japan Real Estate Institute
		NRE Ueno Building	6,470	6,502	6,640	0.7	Japan Real Estate Institute
		NF Hongo Building.	4,890	4,865	5,150	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Crystal Park Building	3,390	3,360	3,420	0.3	Appraisal Firm A Square Ltd.
		NMF Kichijoji Honcho Building	1,780	1,838	1,920	0.2	Japan Real Estate Institute
		Faret Tachikawa Center Square	3,850	3,841	4,190	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Kawasaki Higashiguchi Building	7,830	7,898	8,860	0.9	Japan Valuers Co., Ltd.
		NMF Yokohama Nishiguchi Building	5,460	5,677	6,440	0.6	Japan Real Estate Institute
		NMF Shin-Yokohama Building	2,620	2,806	2,970	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PMO Tamachi	6,210	6,253	6,750	0.7	Japan Real Estate Institute
		PMO Ginza Hatchome	3,970	3,996	4,410	0.4	Japan Real Estate Institute
		PMO Shibakoen	3,900	3,925	4,320	0.4	Japan Real Estate Institute
		NEC Head Office Building (Note 6)	44,100	44,184	44,500	4.4	Daiwa Real Estate Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Y	18,200	18,118	18,600	1.9	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Aoyama 1-chome Building	10,400	10,419	11,700	1.2	Japan Real Estate Institute
		NMF Takebashi Building	8,330	8,320	8,540	0.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Harumi Island Triton Square Office Tower Z	8,180	8,129	8,180	0.8	Daiwa Real Estate Appraisal Co., Ltd.
		NMF Kayabacho Building	6,070	6,039	6,200	0.6	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Office	Greater Tokyo area	NMF Shinjuku EAST Building	5,710	5,744	5,790	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Shiba-Koen Building	3,620	3,637	3,750	0.4	Japan Real Estate Institute
		NMF Ginza 4-chome Building	1,850	1,860	1,930	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Faret East Building	1,850	1,847	1,940	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
	Other areas	Sapporo North Plaza	6,250	6,325	7,080	0.7	Japan Real Estate Institute
		NRE Sapporo Building	4,140	3,975	4,470	0.4	Japan Real Estate Institute
		NMF Sendai Aoba-dori Building	2,030	2,160	2,160	0.2	Morii Appraisal & Investment onsulting, Inc.
		NOF Utsunomiya Building	2,320	2,600	2,330	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Nagoya Fushimi Building	2,240	2,156	2,240	0.2	Japan Real Estate Institute
		NMF Nagoya Yanagibashi Building	2,280	2,312	2,140	0.2	Japan Valuers Co., Ltd.
		Omron Kyoto Center Building	18,300	18,198	18,700	1.9	Japan Real Estate Institute
		SORA Shin-Osaka 21	12,100	12,023	12,100	1.2	Japan Valuers Co., Ltd.
		NRE Osaka Building	6,100	6,326	6,200	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Nishi-Umeda Building	3,450	3,475	3,630	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		NRE Yotsubashi Building	4,000	4,010	4,140	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Hiroshima Building	2,280	2,273	2,580	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		NMF Hakata Ekimae Building	4,210	4,191	4,630	0.5	Japan Real Estate Institute
		NMF Tenjin-Minami Building	2,230	2,169	2,330	0.2	Japan Real Estate Institute
Office subtotal			420,260	422,728	442,060	44.1	
Retail	Greater Tokyo area	Morisia Tsudanuma	16,600	17,919	17,500	1.7	Daiwa Real Estate Appraisal Co., Ltd.
		Yokosuka More's City	13,640	13,805	16,300	1.6	The Tanizawa Sogo Appraisal Co., Ltd.
		Recipe SHIMOKITA	10,407	10,588	10,900	1.1	Japan Valuers Co., Ltd.
		Kawasaki More's	6,080	6,669	7,810	0.8	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Shinjuku	4,260	4,305	4,920	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		EQUINA Ikebukuro	3,990	4,067	4,490	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		covirna machida	3,440	3,748	4,320	0.4	Japan Real Estate Institute
		Nitori Makuhari	3,080	2,874	3,740	0.4	Japan Real Estate Institute
		Konami Sports Club Fuchu	2,730	2,600	3,400	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		FESTA SQUARE	2,600	2,408	3,200	0.3	Japan Real Estate Institute
		GEMS Shibuya	2,490	2,446	2,660	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		Sundai Azamino	1,700	1,585	2,060	0.2	Japan Real Estate Institute
		EQUINIA Aobadai	1,560	1,631	1,900	0.2	Japan Real Estate Institute
		Megalos Kanagawa	1,000	983	1,380	0.1	Japan Real Estate Institute
		Mitsubishi Motors Meguro	2,740	2,764	3,150	0.3	Japan Real Estate Institute
		Mitsubishi Motors Chofu	1,760	1,776	1,780	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Nerima	1,240	1,251	1,400	0.1	Japan Real Estate Institute
		Mitsubishi Motors Kawasaki	950	959	1,160	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Takaido	850	859	886	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Katsushika	800	808	884	0.1	Japan Real Estate Institute
		Mitsubishi Motors Higashikurume	800	808	882	0.1	Japan Real Estate Institute
		Mitsubishi Motors Setagaya	770	779	896	0.1	Japan Real Estate Institute
		Mitsubishi Motors Sekimachi	600	606	680	0.1	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Retail	Greater Tokyo area	Mitsubishi Motors Higashiyamato	450	455	511	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Motosumiyoshi	370	375	385	0.0	Japan Real Estate Institute
		Mitsubishi Motors Kawagoe	350	355	376	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		Mitsubishi Motors Edogawa	200	204	185	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		Mitsubishi Motors Sayama	160	163	173	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		NRE Kichijoji Building (Note 7)	10,410	10,409	11,100	1.1	Daiwa Real Estate Appraisal Co., Ltd.
		GEMS Ichigaya	2,080	2,092	2,080	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Shopping Center	6,840	6,814	6,910	0.7	Japan Real Estate Institute
		Musashiurawa Shopping Square (Note 6)	2,720	2,682	2,770	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Summit Store Naritahigashi (Land)	700	744	756	0.1	Japan Real Estate Institute
	Other areas	Universal CityWalk Osaka	15,500	15,567	18,200	1.8	Japan Valuers Co., Ltd.
		Izumiya Senrioka	8,930	8,606	11,200	1.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Yao	4,460	4,157	5,410	0.5	The Tanizawa Sogo Appraisal Co., Ltd.
		Izumiya Obayashi	3,020	3,211	3,890	0.4	The Tanizawa Sogo Appraisal Co., Ltd.
		Ichibancho stear	4,700	4,575	5,640	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		EQUINIA Aobadori	1,640	1,469	2,020	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		MEL Building	1,060	1,055	1,170	0.1	Japan Real Estate Institute
		nORBESA	8,500	8,618	8,540	0.9	Japan Real Estate Institute
		Nakaza Cui-daore Building	11,600	12,157	11,300	1.1	Japan Valuers Co., Ltd.
Retail subtotal			167,723	169,968	188,914	18.9	
Logistics	Greater Tokyo area	Landport Urayasu	17,400	16,609	21,500	2.1	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Itabashi	15,710	15,086	19,200	1.9	The Tanizawa Sogo Appraisal Co., Ltd.
		Landport Kawagoe	13,700	12,711	16,500	1.6	Japan Real Estate Institute
		Landport Atsugi	11,410	10,815	11,900	1.2	The Tanizawa Sogo Appraisal Co., Ltd.
		Sagamihara Tana Logistics Center	10,600	10,296	12,400	1.2	Daiwa Real Estate Appraisal Co., Ltd.
		Sagamihara Onodai Logistics Center	8,700	8,186	11,100	1.1	Japan Real Estate Institute
		Landport Hachioji	8,250	7,725	9,650	1.0	Japan Real Estate Institute
		Landport Kasukabe	7,340	6,744	8,710	0.9	Japan Real Estate Institute
		Funabashi Logistics Center	4,660	4,563	5,440	0.5	Japan Real Estate Institute
		Atsugi Minami Logistics Center B Tower	4,590	4,375	5,590	0.6	The Tanizawa Sogo Appraisal Co., Ltd.
		Hanyu Logistics Center	3,810	3,596	4,380	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center B Tower	3,750	3,678	4,630	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		Kawaguchi Logistics Center A Tower	2,830	2,804	3,510	0.4	Daiwa Real Estate Appraisal Co., Ltd.
		Atsugi Minami Logistics Center A Tower	2,690	2,606	3,390	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		Kawaguchi Ryoke Logistics Center	10,790	10,686	12,700	1.3	Morii Appraisal & Investment Consulting, Inc.
		Landport Kashiwa Shonan II	10,800	10,817	11,400	1.1	Japan Valuers Co., Ltd.
		Landport Kashiwa Shonan I	9,900	9,993	10,200	1.0	Japan Valuers Co., Ltd.
	Other areas	Hirakata Kuzuha Logistics Center	3,460	3,453	3,850	0.4	Daiwa Real Estate Appraisal Co., Ltd.
Logistics subtotal			150,390	144,752	176,050	17.6	

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Greater Tokyo area	PROUD FLAT Shirokane Takanawa	3,400	3,333	3,440	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Yoyogi Uehara	989	985	1,060	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Hatsudai	713	700	760	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shibuya Sakuragaoka	750	734	689	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Gakugei Daigaku	746	728	788	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Meguro Gyoninzaka	939	920	1,010	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sumida Riverside	2,280	2,212	2,460	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kagurazaka	1,590	1,550	1,730	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Waseda	1,110	1,080	1,190	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Shinjuku Kawadacho	947	923	929	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Sangen Jaya	1,190	1,156	1,260	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata	1,160	1,121	1,230	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamata II	3,320	3,219	3,260	0.3	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Shinotsuka	623	602	547	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kiyosumi Shirakawa	928	898	983	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho II	652	633	602	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Monzen Nakacho I	1,030	996	948	0.1	Daiwa Real Estate Appraisal Co.
		PROUD FLAT Fujimidai	1,470	1,431	1,630	0.2	Japan Real Estate Institute
		PROUD FLAT Asakusa Komagata	1,920	1,852	2,080	0.2	The Tanizawa Sogo Appraisal Co., Ltd.
		PROUD FLAT Yokohama	2,090	2,021	2,170	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kamioooka	2,710	2,621	2,670	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Tsurumi II	1,650	1,595	1,760	0.2	Japan Real Estate Institute
		PRIME URBAN Azabu Juban	1,100	1,101	1,140	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Akasaka	938	934	903	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Tamachi	972	959	1,020	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shibaura LOFT	1,830	1,783	1,910	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Yoyogi	359	351	366	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu II	1,140	1,130	1,260	0.1	Japan Real Estate Institute
		PRIME URBAN Bancho	1,090	1,077	1,080	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chiyoda Fujimi	679	669	629	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Iidabashi	2,040	2,003	2,000	0.2	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ebisu	1,260	1,249	1,280	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Naka Meguro	1,410	1,392	1,440	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Gakugei Daigaku	775	767	820	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Senzoku	474	469	485	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Riverside	414	402	441	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Meguro Ohashi Hills	2,970	2,910	3,040	0.3	Japan Valuers Co., Ltd.
		PRIME URBAN Meguro Aobadai	1,310	1,291	1,430	0.1	Japan Real Estate Institute
		PRIME URBAN Gakugei Daigaku II	1,080	1,066	1,170	0.1	Japan Real Estate Institute
		PRIME URBAN Naka Meguro II	2,850	2,838	3,030	0.3	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residentia	Greater Tokyo area	PRIME URBAN Kachidoki	2,570	2,573	2,640	0.3	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinkawa	2,100	2,084	2,260	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Yokoyamacho	4,220	4,108	4,400	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Nihonbashi Hamacho	1,550	1,520	1,710	0.2	Japan Real Estate Institute
		PRIME URBAN Hongo Ikizaka	557	545	594	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Hakusan	866	840	933	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yotsuya Gaien Higashi	1,490	1,477	1,580	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku I	1,090	1,079	1,150	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Shinjuku II	885	874	954	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Naitomachi	430	431	458	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Waseda	421	408	448	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Shinjuku Ochiai	594	596	633	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Mejiro	1,430	1,414	1,540	0.2	Japan Real Estate Institute
		PRIME URBAN Kagurazaka	2,900	2,834	3,020	0.3	Japan Real Estate Institute
		PRIME URBAN Sangen Jaya III	718	715	629	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Karasuyama	717	722	754	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sangen Jaya	724	709	771	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Minami Karasuyama	667	649	747	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Karasuyama Galleria	549	534	573	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Karasuyama Court	338	329	357	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chitose Funabashi	746	727	710	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yoga	1,390	1,360	1,490	0.1	Japan Real Estate Institute
		PRIME URBAN Shinagawa Nishi	494	492	520	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Osaki	1,860	1,832	1,990	0.2	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Oimachi II	1,040	1,042	1,100	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yukigaya	951	946	726	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Omori	905	879	951	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Denenchofu Minami	774	751	708	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Nagahara Kamiikedai	1,720	1,693	1,780	0.2	Japan Real Estate Institute
		PRIME URBAN Nakano Kamitakada	498	483	538	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Takaido	1,060	1,051	1,120	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo	414	405	422	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nishi Ogikubo II	1,790	1,769	1,870	0.2	Japan Real Estate Institute
		PRIME URBAN Otsuka	730	717	766	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Komagome	437	434	452	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Ikebukuro	3,800	3,713	4,000	0.4	Japan Real Estate Institute
		PRIME URBAN Monzen Nakacho	2,420	2,366	2,530	0.3	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kameido	779	753	803	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Sumiyoshi	632	613	647	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Mukojima	528	519	540	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kinshi Koen	1,290	1,245	1,200	0.1	Chuo Real Estate Appraisal Co., Ltd.

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residentia	Greater Tokyo area	PRIME URBAN Kinshicho	758	740	708	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hirai	722	697	753	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai	640	620	648	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai II	981	952	997	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kasai East	1,140	1,104	1,200	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Itabashi Kuyakushomae	1,080	1,046	1,150	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Asakusa	384	384	296	0.0	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Machiya South Court	1,910	1,881	1,990	0.2	Japan Real Estate Institute
		PRIME URBAN Musashi Koganei	1,910	1,907	1,970	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Musashino Hills	1,280	1,279	1,320	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Koganei Honcho	791	774	838	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kumegawa	1,520	1,459	1,420	0.1	Japan Real Estate Institute
		PRIME URBAN Musashi Kosugi comodo	1,940	1,927	2,140	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Kawasaki	962	950	1,040	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Shinyurigaoka	1,020	989	1,180	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumi Teraya	493	486	394	0.0	Japan Real Estate Institute
		PRIME URBAN Urayasu	804	783	858	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku I	633	616	560	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku II	730	710	665	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae	488	477	509	0.1	Japan Real Estate Institute
		PRIME URBAN Gyotoku Ekimae II	469	459	483	0.0	Japan Real Estate Institute
		PRIME URBAN Gyotoku III	747	733	776	0.1	Japan Real Estate Institute
		PRIME URBAN Nishi Funabashi	761	735	807	0.1	Japan Real Estate Institute
		PRIME URBAN Kawaguchi	1,580	1,541	1,710	0.2	Japan Valuers Co., Ltd.
		PROUD FLAT Hatchobori	920	946	999	0.1	Japan Real Estate Institute
		PROUD FLAT Itabashi Honcho	720	745	782	0.1	Japan Real Estate Institute
		PRIME URBAN Meguro Mita	1,058	1,130	1,110	0.1	Japan Valuers Co., Ltd.
		Fukasawa House Towers H&I	7,140	7,085	7,310	0.7	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Toyosu	5,290	5,236	5,390	0.5	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Nihonbashi Kayabacho	2,850	2,832	2,900	0.3	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yoga II	1,320	1,311	1,330	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Musashi Koganei II	1,310	1,292	1,360	0.1	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Gakugei daigaku parkfront	1,300	1,397	1,310	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Omori Ⅲ	1,110	1,159	1,170	0.1	Morii Appraisal & Investment Consulting, Inc.
		PROUD FLAT Kinshicho	785	825	858	0.1	Morii Appraisal & Investment Consulting, Inc.
	Other areas	PROUD FLAT Itsutsubashi	652	621	710	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PROUD FLAT Kawaramachi	735	697	686	0.1	Japan Real Estate Institute
		PROUD FLAT Shin Osaka	1,620	1,545	1,700	0.2	Japan Real Estate Institute
		PRIME URBAN Kita Juyo Jo	274	264	280	0.0	The Tanizawa Sogo Appraisal Co., Ltd.
		PRIME URBAN Odori Koen I	502	482	530	0.1	Japan Real Estate Institute
		PRIME URBAN Odori Koen II	334	322	350	0.0	Japan Real Estate Institute

Use	Area	Property name	Acquisition price (Millions of Yen) (Note 1)	Carrying amount (Millions of Yen) (Note 2)	Opinion of value at end of period (Millions of Yen) (Note 3)	Investment share (%) (Note 4)	Appraiser
Residential	Other areas	PRIME URBAN Kita Juichi Jo	547	522	588	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Miyanosawa	475	450	498	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Odori Higashi	394	377	418	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Chiji Kokan	249	236	272	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Maruyama	229	218	237	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Nijuyo Jo	437	416	465	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Idaimae	616	588	643	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sapporo Riverfront	4,480	4,290	4,580	0.5	Japan Valuers Co., Ltd.
		PRIME URBAN Kita Sanjo Dori	1,730	1,649	1,830	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Nagamachi Icchome	1,140	1,095	1,060	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Yaotome Chuo	466	447	436	0.0	Japan Valuers Co., Ltd.
		PRIME URBAN Tsutsumidori Amamiya	949	949	926	0.1	Japan Real Estate Institute
		PRIME URBAN Aoi	712	695	737	0.1	Chuo Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kanayama	553	529	595	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tsurumai	1,020	972	1,110	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Kamimaezu	1,590	1,527	1,640	0.2	Japan Valuers Co., Ltd.
		PRIME URBAN Izumi	3,770	3,631	4,060	0.4	Japan Valuers Co., Ltd.
		PRIME URBAN Esaka I	652	633	674	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka II	794	769	847	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Esaka III	1,190	1,137	1,170	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Tamatsukuri	1,020	984	1,060	0.1	Japan Valuers Co., Ltd.
		PRIME URBAN Sakaisuji Honmachi	1,810	1,741	1,830	0.2	Japan Real Estate Institute
		PRIME URBAN Hakata	588	566	614	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Yakuin Minami	265	254	281	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Kashii	398	378	338	0.0	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Hakata Higashi	622	593	529	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chihaya	604	582	567	0.1	Daiwa Real Estate Appraisal Co., Ltd.
		PRIME URBAN Chikusa	1,110	1,190	1,130	0.1	Japan Valuers Co., Ltd.
Residential subtotal			184,045	180,569	189,976	19.0	
Other	Greater Tokyo area	Ryotokuji University Shin-Urayasu Campus (Land)	4,900	5,136	5,130	0.5	Japan Real Estate Institute
Other subtotal			4,900	5,136	5,130	0.5	
Total			927,318	923,155	1,002,130	100.0	

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

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

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

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

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

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

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

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

(Note 4) "Investment share" is the period-end opinion of value of the respective asset as a percentage of the total amount of the period-end opinion of value of the entire portfolio (268 properties in total). The figures are rounded to the first decimal place. Accordingly, the sum total may be exactly 100.0.

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

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

(Note 7) NMF's acquisition of quasi co-ownership of the beneficial interest in the property was made in two stages. The acquisition price given is the total for both transactions.

(Note 8) Property names were changed on April 1, 2017 for the following properties.

Old name (Before change)	New name (After change)
Akasaka Oji Building	NMF Aoyama 1-chome Building
Kanda Nishiki-cho 3-chome Building	NMF Takebashi Building
Shinkawa Chuo Building	NMF Kayabacho Building
Shinjuku EAST Building	NMF Shinjuku EAST Building
Shiba-Koen Building	NMF Shiba-Koen Building
Ginza Oji Building	NMF Ginza 4-chome Building

C. Status of Major Tenants

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

Tenant name	Business type	Property name	Contract termination date	Contract Extension	Leased area (m²) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	Shinjuku Nomura Building	March 31, 2018	Contract shall be extendedfor additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	1,021.25	19	187
		NRE Yotsubashi Building	March 31, 2018		1,024.91	40	27
		Kojimachi Millennium Garden (Residential building)	March 31, 2018		4,706.14	225	33
		PROUD FLAT Shirokane Takanawa	February 28, 2018		2,836.98	179	37
		PROUD FLAT Yoyogi Uehara	February 28, 2018		1,151.34	59	6
		PROUD FLAT Hatsudai	February 28, 2018		958.98	47	4
		PROUD FLAT Shibuya Sakuragaoka	February 28, 2018		638.70	41	5
		PROUD FLAT Gakugei Daigaku	February 28, 2018		867.75	45	5
		PROUD FLAT Meguro Gyoninzaka	February 28, 2018		791.72	49	5
		PROUD FLAT Sumida Riverside	February 28, 2018		3,055.21	147	14
		PROUD FLAT Kagurazaka	February 28, 2018		1,753.50	91	2
		PROUD FLAT Waseda	February 28, 2018		1,387.83	66	6
		PROUD FLAT Shinjuku Kawadacho	February 28, 2018		1,102.20	56	8
		PROUD FLAT Sangen Jaya	February 28, 2018		1,251.59	67	6
		PROUD FLAT Kamata	February 28, 2018		1,519.89	72	7
		PROUD FLAT Kamata II	February 28, 2018		3,974.13	200	23
		PROUD FLAT Shinotsuka	February 28, 2018		710.03	37	3
		PROUD FLAT Kiyosumi Shirakawa	February 28, 2018		1,209.56	59	9
		PROUD FLAT Monzen Nakacho II	February 28, 2018		785.83	38	4
		PROUD FLAT Monzen Nakacho I	February 28, 2018		1,191.08	64	7
		PROUD FLAT Fujimidai	February 28, 2018		2,114.80	105	14
		PROUD FLAT Asakusa Komagata	February 28, 2018		2,659.83	122	17
		PROUD FLAT Yokohama	February 28, 2018		3,021.27	136	16
		PROUD FLAT Kamioooka	February 28, 2018		4,872.17	182	16
		PROUD FLAT Tsurumi II	February 28, 2018		2,198.64	111	21
		PRIME URBAN Azabu Juban	February 28, 2018		1,101.82	60	5
		PRIME URBAN Akasaka	February 28, 2018		1,026.86	54	5
		PRIME URBAN Tamachi	February 28, 2018		1,107.36	61	6
		PRIME URBAN Shibaura LOFT	February 28, 2018		1,853.91	110	9
		PRIME URBAN Yoyogi	February 28, 2018		414.02	22	2
		PRIME URBAN Ebisu II	February 28, 2018		1,184.77	69	6
		PRIME URBAN Bancho	February 28, 2018		1,183.03	61	6
		PRIME URBAN Chiyoda Fujimi	February 28, 2018		766.77	40	4
		PRIME URBAN Iidabashi	February 28, 2018		2,087.70	120	16
		PRIME URBAN Ebisu	February 28, 2018		1,393.32	65	6
		PRIME URBAN Naka Meguro	February 28, 2018		1,302.42	79	9
		PRIME URBAN Gakugei Daigaku	February 28, 2018		975.24	47	4
		PRIME URBAN Senzoku	February 28, 2018		655.27	30	3
		PRIME URBAN Meguro Riverside	February 28, 2018		453.77	28	2
		PRIME URBAN Meguro Ohashi Hills	February 28, 2018		2,850.99	160	15
		PRIME URBAN Meguro Aobadai	February 28, 2018		1,418.71	73	12

Tenant name	Business type	Property name	Contract termination date	Contract Extension	Leased area (m²) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	PRIME URBAN Gakugei Daigaku II	February 28, 2018	Contract shall be extendedfor additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	1,082.00	59	10
		PRIME URBAN Naka Meguro II	February 28, 2018		2,358.51	152	36
		PRIME URBAN Kachidoki	February 28, 2018		4,504.28	182	19
		PRIME URBAN Nihonbashi Yokoyamacho	February 28, 2018		5,834.24	246	40
		PRIME URBAN Nihonbashi Hamacho	February 28, 2018		1,960.08	91	9
		PRIME URBAN Hongo Ikizaka	February 28, 2018		662.58	33	3
		PRIME URBAN Hakusan	February 28, 2018		1,069.82	52	4
		PRIME URBAN Yotsuya Gaien Higashi	February 28, 2018		1,687.65	86	8
		PRIME URBAN Nishi Shinjuku I	February 28, 2018		1,342.77	67	6
		PRIME URBAN Nishi Shinjuku II	February 28, 2018		1,162.55	56	5
		PRIME URBAN Shinjuku Naitomachi	February 28, 2018		578.18	27	2
		PRIME URBAN Nishi Waseda	February 28, 2018		507.11	28	2
		PRIME URBAN Shinjuku Ochiai	February 28, 2018		1,053.39	41	3
		PRIME URBAN Mejiro	February 28, 2018		1,678.03	83	5
		PRIME URBAN Kagurazaka	February 28, 2018		2,812.29	161	22
		PRIME URBAN Sangen Jaya III	February 28, 2018		893.42	42	3
		PRIME URBAN Chitose Karasuyama	February 28, 2018		1,649.68	47	9
		PRIME URBAN Sangen Jaya	February 28, 2018		823.26	43	5
		PRIME URBAN Minami Karasuyama	February 28, 2018		1,024.62	45	3
		PRIME URBAN Karasuyama Galleria	February 28, 2018		784.00	36	2
		PRIME URBAN Karasuyama Court	February 28, 2018		576.20	24	1
		PRIME URBAN Chitose Funabashi	February 28, 2018		1,027.44	46	5
		PRIME URBAN Yoga	February 28, 2018		1,564.77	73	9
		PRIME URBAN Shinagawa Nishi	February 28, 2018		941.54	42	7
		PRIME URBAN Osaki	February 28, 2018		2,084.99	111	11
		PRIME URBAN Oimachi II	February 28, 2018		1,762.83	90	8
		PRIME URBAN Yukigaya	February 28, 2018		1,520.28	70	7
		PRIME URBAN Omori	February 28, 2018		1,190.70	58	6
		PRIME URBAN Denenchofu Minami	February 28, 2018		1,071.32	48	4
		PRIME URBAN Nagahara Kamiikedai	February 28, 2018		2,135.27	91	10
		PRIME URBAN Nakano Kamitakada	February 28, 2018		757.74	34	3
		PRIME URBAN Takaido	February 28, 2018		1,649.84	76	5
		PRIME URBAN Nishi Ogikubo	February 28, 2018		543.09	26	2
		PRIME URBAN Nishi Ogikubo II	February 28, 2018		2,088.78	93	10
		PRIME URBAN Otsuka	February 28, 2018		924.91	46	4
		PRIME URBAN Komagome	February 28, 2018		991.94	35	4
		PRIME URBAN Ikebukuro	February 28, 2018		4,270.44	212	21
		PRIME URBAN Monzen Nakacho	February 28, 2018		3,181.97	149	18
		PRIME URBAN Kameido	February 28, 2018		1,117.34	50	6

Tenant name	Business type	Property name	Contract termination date	Contract Extension	Leased area (m²) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Leasehold and security deposits (Millions of Yen) (Note 3)
Nomura Real Estate Partners Co., Ltd. (Note 4)	Real estate	PRIME URBAN Sumiyoshi	February 28, 2018	Contract shall be extendedfor additional terms of one year unless either party notifies the other party in writing of its intention to terminate this contract no later than three months prior to the expiration of the initial term or any extended term thereof.	793.35	37	4
		PRIME URBAN Mukojima	February 28, 2018		1,069.37	41	1
		PRIME URBAN Kinshi Koen	February 28, 2018		1,861.85	81	8
		PRIME URBAN Kinshicho	February 28, 2018		991.62	46	7
		PRIME URBAN Hirai	February 28, 2018		1,075.25	47	5
		PRIME URBAN Kasai	February 28, 2018		865.60	38	4
		PRIME URBAN Kasai II	February 28, 2018		1,437.84	63	7
		PRIME URBAN Kasai East	February 28, 2018		1,884.62	75	7
		PRIME URBAN Itabashi Kuyakushomae	February 28, 2018		1,677.29	71	6
		PRIME URBAN Asakusa	February 28, 2018		876.70	29	2
		PRIME URBAN Machiya South Court	February 28, 2018		3,978.93	137	35
		PRIME URBAN Musashi Koganei	February 28, 2018		5,679.72	130	14
		PRIME URBAN Musashino Hills	February 28, 2018		2,919.06	88	19
		PRIME URBAN Koganei Honcho	February 28, 2018		1,528.37	54	7
		PRIME URBAN Kumegawa	February 28, 2018		2,526.45	105	41
		PRIME URBAN Musashi Kosugi comodo	February 28, 2018		3,585.39	131	28
		PRIME URBAN Kawasaki	February 28, 2018		1,654.06	67	7
		PRIME URBAN Shinyurigaoka	February 28, 2018		1,602.14	66	11
		PRIME URBAN Tsurumi Teraya	February 28, 2018		895.78	35	3
		PRIME URBAN Urayasu	February 28, 2018		1,264.84	54	7
		PRIME URBAN Gyotoku I	February 28, 2018		1,129.24	42	4
		PRIME URBAN Gyotoku II	February 28, 2018		1,244.00	47	3
		PRIME URBAN Gyotoku Ekimae	February 28, 2018		778.19	33	3
		PRIME URBAN Gyotoku Ekimae II	February 28, 2018		907.17	39	5
		PRIME URBAN Gyotoku III	February 28, 2018		1,674.68	61	6
		PRIME URBAN Nishi Funabashi	February 28, 2018		1,237.80	53	6
		PRIME URBAN Kawaguchi	February 28, 2018		2,436.25	108	27
		PROUD FLAT Hatchobori	February 28, 2018		942.51	52	5
		PROUD FLAT Itabashi Honcho	February 28, 2018		1,166.51	46	5
		PRIME URBAN Meguro Mita	February 28, 2018		1,080.45	53	5
		PRIME URBAN Gakugei daigaku parkfront	February 28, 2019		1,418.60	69	5
		PROUD FLAT Omori Ⅲ	February 28, 2019		1,358.80	66	8
		PROUD FLAT Kinshicho	February 28, 2019		1,087.80	53	6
		PRIME URBAN Shinkawa	February 28, 2018	Contract shall be extendedfor additional terms of one year unless eitherparty notifies the other party in writing of its intention to terminate this contract no later than six months prior to the expiration of the initial term or any extended term thereof.	3,275.25	120	40
		PRIME URBAN Toyosu	February 28, 2018		6,515.00	316	36
		PRIME URBAN Nihonbashi Kayabacho	February 28, 2018		3,381.15	171	21
		PRIME URBAN Yoga II	February 28, 2018		1,442.35	70	6
		PRIME URBAN Musashi Koganei II	February 28, 2018		1,855.24	77	10
Total			-	-	200,550.36	9,214	1,415

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

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

(Note 2) "Annual rent" is calculated by multiplying by 12 the sum of monthly rent and common area charges in lease agreements for each property actually concluded with end-tenants that are valid as of the last day of August 2017 (this does not include parking space or other fees stated in parking space lease agreements or other such agreements signed in addition to the tenant lease agreement. If common-use space, etc. is leased based on the lease agreement, the rent for such is included, and if rent includes an amount equivalent to the fee for use of parking space, such amount is included. In addition, if the master lessee has a rent-guaranteed master lease, the rent for the space covered in said lease is based on the rent, etc., in the lease agreement concluded with the master lessee.); amounts less than one thousand yen are truncated. Accordingly, the sum of each tenant's annual rent may not be exactly the same as the figure given the "Total" row. Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption period is not considered in the table above.

(Note 3) For residential facilities, the lessee of the master lease agreement shown in the "Tenant name" column receives leasehold and security deposits from the end-tenants and deposits this amount with NMF or the trustee as the leasehold and security deposits of the master lease agreement.

(Note 4) This client is an interested party of NMF as specified in the Investment Trust Act

D. Status of Major Properties

Not applicable.

E. Overview of Leasing to Interested Parties

As of August 31, 2017, some of the assets held by NMF at the same date were leased to interested parties as defined in the Investment Trust Act.

The following is an overview of the status of leasing of said assets to interested parties as defined in the Investment Trust Act.

Tenant name	Property name	Leased area (m^2)
Nomura Real Estate Partners Co., Ltd.	Shinjuku Nomura Building	1,021.25
	NRE Yotsubashi Building	1,024.91
	Total of PROUD FLAT Shirogane-Takanawa, and 115 others	198,504.20
Nomura Real Estate Development Co., Ltd	Shinjuku Nomura Building	6,625.91
	NMF Yokohama Nishiguchi Building	94.83
	NRE Yotsubashi Building	1,369.84
Nomura Real Estate Life & Sports Co.,Ltd.	Megalos Kanagawa	6,217.85
Nomura Real Estate Urban Net Co., Ltd.	Shinjuku Nomura Building	1,740.51
	NMF Gotanda Ekimae Building	198.90
	NMF Kichijoji Honcho Building	269.37
	NMF Kawasaki Higashiguchi Building	216.54
	NMF Yokohama Nishiguchi Building	373.27
	NRE Nishi-Umeda Building	404.41
Geo Akamatsu Co., Ltd.	NRE Yotsubashi Building	357.06
Nomura Amenity Service Co., Ltd.	NRE Yotsubashi Building	80.01

F. Collateral

Assets held by NMF and offered as collateral at the end of the period under review are as follows.

Property Name	Type of collateral	Secured party	Recent appraisal value (Millions of Yen)
Konami Sports Club Fuchu	Mortgage	Konami Sports Club Co., Ltd. (Note)	3,400
Sagamihara Shopping Center	Mortgage	Ito-Yokado Co., Ltd. (Note)	6,910

(Note) The secured claims are rights held by the security interest holders to claim the return of leasehold deposits.