

Disclaimers

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

European Economic Area Investors

The AIFMD was adopted on June 8, 2011 and was required to be implemented by each Member State of the EEA into its national legislation by July 22, 2013. The units of Nomura Real Estate Master Fund, Inc. (“NMF” or the “AIF”) may not be marketed (within the meaning given to the term “marketing” under the AIFMD), and the Communication may not be conducted, to prospective investors domiciled or with a registered office in any Member State of the EEA: (i) the units of NMF may be marketed under any national private placement regime (including under the AIFMD) or other exemption in that Member State; or (ii) the units of NMF can otherwise be lawfully marketed or sold in that Member State or the United Kingdom (as applicable) in circumstances in which the AIFMD does not apply, provided that any such offer or sale is not made to a retail investor as described above. We have made a notification to each of the Netherlands Authority for the Financial Markets and the United Kingdom Financial Conduct Authority pursuant to Article 42 of the AIFMD in order to market the units of NMF in the Netherlands and the United Kingdom, respectively.

Prohibition of Sales to EEA Retail Investors

In addition to the restrictions under the AIFMD, the units of NMF are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (the “MiFID II”), including any client, beneficiary, principal, or similar of any person acting as a trustee, agent, nominee, or similar; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the “Prospectus Regulation”). Consequently no key information document has been prepared required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the units of NMF or otherwise making them available to retail investors in the EEA. Therefore offering or selling the units of NMF, or

otherwise making them available, to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

The units of NMF are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, Nomura Real Estate Asset Management Co., Ltd. (the “AIFM”) has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom. For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) NMF is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communications of an invitation or inducement to invest in NMF may be made only to: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order; or (ii) high net worth companies, unincorporated associations or other entities falling within Articles 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as “Relevant Persons”). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

Prohibition of Sales to UK Retail Investors

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the Units of NMF are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the international

units to be offered so as to enable an investor to decide to purchase or subscribe the international units.

Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the international units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the international units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Netherlands

The units of NMF are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, the AIFM has notified the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) of its intention to offer these units in the Netherlands. The units of NMF will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor NMF is subject to the license requirement for investment institutions (*beleggingsinstellingen*) or their managers pursuant to the Wft. Consequently, the AIFM and NMF are only subject to the supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the AFM for the compliance with the ongoing regulatory requirements as referred to in the Dutch law implementation of article 42 of the AIFMD. According to Article 23 the prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Prospectus Regulation as amended and applicable in the Netherlands.

Article 23 (1)(a)	
Objectives of the AIF	NMF aims to secure stable mid-to-long term income and to achieve steady growth of its assets by primarily investing in relatively new logistics facilities and retail facilities, residential buildings, office buildings and hotels mainly in the Tokyo Area, which we believe will continue to generate strong demand for properties by tenants.
Investment strategy	<p>NMF plans to pursue the following investment strategies.</p> <ul style="list-style-type: none"> • <i>Strengthen NMF’s portfolio through the acquisition of high quality properties in locations with strong tenant demand, focusing mainly on properties developed by Nomura Real Estate Development Co., Ltd. (“Sponsor”).</i> Since its establishment on October 1, 2015, NFM has realized external growth centering on acquisition of high-quality properties in locations with strong tenant demand, focusing mainly on those developed by the Sponsor. • <i>Improve NMF’s portfolio quality and profitability through strategic property replacement (“SPR”).</i> NFM intends to continue to pursue SPR, disposing of relatively older properties that it expects may decline in profitability, in order to improve the overall quality and profitability of its portfolio. Through continued SPR, NMF seeks to establish a property replacement cycle in order to build a sustainable portfolio with a stable quality and performance, maintaining its portfolio’s average NOI yield and growth in distributions per unit. • <i>Achieve stable income and realize internal growth with a focus on the upside sector in line with the market environment.</i> NMF refers to office buildings, retail properties located near train stations and hotels, which it can expect upside potential in income based on general economic trends, as “upside sector”, and refers to retail properties located in residential areas, logistics facilities and residential properties as “stable income sector”. In both sectors, NMF has maintained high occupancy rates with rising average rents since its formation. Making full use of the wealth of experience, management capability and knowhow of the Asset Manager, NMF seeks to achieve stable income from the properties in each of the two sectors and also proactively pursue internal growth with a focus on the upside sector in line with the current market environment.
Types of assets the AIF may invest in	Real estate, trust beneficiary interests in real estate, real estate securities, specified assets and other assets.
Techniques it may employ and all associated risks	<p>The principal risks with respect to investment in NMF are as follows:</p> <ul style="list-style-type: none"> • any adverse conditions in the Japanese economy, influenced by the world situation such as the situation in Ukraine or resource price increase, could adversely affect NMF;

- NMF may not be able to acquire properties to execute the growth and investment strategy in a manner that is accretive to earnings;
- illiquidity in the real estate market may limit the ability to grow or adjust the portfolio;
- the past experience of the AIFM in the Japanese real estate market is not an indicator or guarantee of the future results;
- NMF's reliance on Nomura Real Estate Group including the AIFM and other third party service providers could have a material adverse effect on its business;
- NMF may change its detailed investment policy without a formal amendment of the articles of incorporation.
- there are potential conflicts of interest between NMF, NMF's related parties and AIFM;
- NMF's revenues largely comprise leasing revenues from the portfolio properties, which may be negatively affected by factors including vacancies, decreases in rent, and late or missed payments by tenants;
- Because many of its logistics and retail properties and some of the office properties are used by a single or a few tenants, NMF's performance may be materially adversely affected by the performance of a small number of tenants in each such property.
- NMF faces significant competition in seeking tenants and it may be difficult to find replacement tenants, especially as to logistics properties;
- increases in interest rates may increase the interest expense and may result in a decline in the market price of the units;
- NMF may suffer large losses if any of the properties incurs damage from a natural or man-made disaster;
- the spread of COVID-19 may have a significant, long-term adverse impact on economic activities, including through self-isolation measures, which may adversely affect the performance of the portfolio and market price of the units;
- many of the properties in the portfolio are concentrated in the Tokyo Metropolitan Area;
- any inability to obtain financing from issuance of investments units, loan and issuance of investment corporation bonds for future acquisitions could adversely affect the growth of the portfolio;
- NMF's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify NMF from certain taxation benefits and significantly reduce the cash distributions to the unitholders; and
- the ownership rights in some of the properties may be declared invalid or limited.

In addition, NMF is subject to the following risks:

- risks related to increasing operating costs;
- risks related to the restrictive covenants under debt financing arrangement;
- risks related to entering into forward commitment contracts;
- risks related to hotels with single tenants or core tenants;
- risks related to third party leasehold interests in the land underlying NMF's properties;
- risks related to investment in properties where NMF owns only the land or only the building;
- risks related to holding the property in the form of compartmentalized ownership (*kubun shoyū*) interests or co-ownership interests (*kyōyū-mochibun*);
- risks related to holding the property in the form of limited proprietary right of land (as it called "*soko-chi*")
- risks related to properties not in operation (including properties under development);
- risks related to the defective title, design, construction or other defects or problems in the properties;
- risks related to suffering impairment losses relating to the properties;
- risks related to decreasing tenant leasehold deposits and/or security deposits;
- risks related to tenants' default as a result of financial difficulty or insolvency;
- risks related to the insolvency of master lessor;
- risks related to the insolvency of seller of the properties;
- risks related to relying on expert appraisals and engineering, environmental and seismic reports as well as industry and market data;
- risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly remediate such substances;
- risks related to the strict environmental liabilities for the properties, and implementation of countermeasures against global warming;
- risks related to the amendment of the applicable administrative laws and local ordinances;
- risks related to investments in anonymous associations (*tokumei kumiai*);
- risks related to investments in trust beneficiary interest;
- risks related to the tight supervision by the regulatory authorities and compliance with applicable rules and regulations;
- risks related to the tax authority disagreement with the AIFM's interpretations of the Japanese tax laws and regulations;
- risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;
- risks related to changes in Japanese tax laws; and

	<ul style="list-style-type: none"> • the risk of dilution as a result of further issuances of units.
Any applicable investment restrictions	<p>NMF is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its articles of incorporation.</p> <p>NMF must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights.</p> <p>Furthermore, a listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate.</p> <p>Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.</p>
Circumstances in which the AIF may use leverage	<p>NMF may take out loans or issue long-term or short-term investment corporation bonds for the purpose of investing in properties, conducting repairs, paying cash distributions, repaying obligations (including repayment of tenant leasehold or security deposits, and obligations related to loans or long-term or short-term investment corporation bonds) and other activities.</p>
The types and sources of leverage permitted and associated risks	<p>Loans or investment corporation bonds:</p> <p>NMF may be subject to restrictive covenants in connection with any future indebtedness that may restrict the operations and limit the ability to make cash distributions to unitholders, to dispose of the properties or to acquire additional properties. Furthermore, NMF may violate restrictive covenants contained in the loan agreements NMF executes, such as the maintenance of debt service coverage or loan-to-value ratios, which may entitle the lenders to require NMF to collateralize the properties or demand that the entire outstanding balance be paid.</p> <p>Further, in the event of an increase in interest rates, to the extent that NMF has any debt with unhedged floating rates of interest or NMF incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit the ability to acquire properties, and could cause the market price of the units to decline.</p>

Any restrictions on leverage	The maximum amount of each loan and investment corporation bond issuance will be two trillion yen, and the aggregate amount of all such debt will not exceed two trillion yen.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	NMF has set an upper limit of 60% as a general rule for its loan-to-value, or LTV, ratio in order to operate with a stable financial condition. NMF may, however, temporarily exceed any such levels as a result of property acquisitions or other events.
Article 23(1) (b)	
Procedure by which the AIF may change its investment strategy / investment policy	<p>Amendment of the articles of incorporation – Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however, that under the ITA and our articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.</p> <p>Additionally, the guidelines of the AIFM, which provide more detailed policies within NMF’s overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.</p>
Article 23(1) (c)	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>NMF is party to an Asset Custody Agreement with Sumitomo Mitsui Trust Bank, Limited regarding NMF’s assets.</p> <p>NMF is party to the following agreements with Mitsubishi UFJ Trust and Banking Corporation:</p> <ul style="list-style-type: none"> • Transfer Agency Agreement; • General Administration Agreement • Special Account Management Agreement <p>NMF is party to a Financial Agency Agreement with MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation regarding NMF’s investment corporation bonds.</p> <p>All of the above agreements are governed by Japanese law.</p> <p>NMF is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p>

NMF is a corporate-type investment trust in the form of investment corporation (*toshi hojin*) provided for under the ITA. Therefore, the relationship between NMF and its unitholders is governed by NMF’s articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders’ meeting. NMF’s articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of NMF’s directors.

The relationship between NMF and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.

The courts in Japan would recognize as a valid judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against NMF obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) NMF has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.

Article 23(1) (d)

The identity of the AIFM, AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights thereto

- AIFM (Asset Manager): Nomura Real Estate Asset Management Co., Ltd.
The AIFM provides services related to management and operation of assets, financing of the AIF, reporting to the AIF, formulating a business plan for the owned properties by AIF, and other matters delegated by the AIF.
- Auditor: Ernst & Young ShinNihon LLC
The Auditor audits financial statements, prepares audit reports, and report to the supervisory directors if it finds any misconduct or any material fact that is in violation of laws and regulations or the articles of incorporation with regard to execution of the duties of the executive director.
- Custodian: Sumitomo Mitsui Trust Bank, Ltd.
The Custodian provides administrative services related to custody of assets and related documents and cash management.

	<ul style="list-style-type: none"> • General Administrator, Transfer Agent, and Manager of Special Accounts: Mitsubishi UFJ Trust and Banking Corporation The General Administrator, Transfer Agent, and Manager of Special Accounts provides administrative services related to accounting, taxes, unitholder registry, payments of cash distributions to unitholders, transfer account book and addressing unitholders' claims, offers and notices. • General Administrator (Fiscal Agent): MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation The General Administrator provides administrative services related to investment corporation bonds. <p>Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the asset manager in good faith.</p> <p>The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests.</p> <p>Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.</p>
Article 23(1) (e)	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
Article 23(1) (f)	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping	<p>Not applicable.</p> <p>There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.</p>

function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	
Article 23(1) (g)	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	<p>NMF makes investment decisions based on the valuation of properties, upon consideration of the property appraisal value.</p> <p>NMF shall evaluate assets in accordance with its Article of Incorporation. The methods and standards that NMF uses for the evaluation of assets shall be based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP.</p> <p>J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p>
Article 23(1) (h)	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors	<p>NMF uses investment corporation bonds and long-term loans, to finance acquisitions and repayment obligations. NMF controls related risk by diversifying lenders and using multiple ways of raising funds including use of surplus funds and issuing units.</p> <p>For floating rate borrowings exposed to the risk of interest rate fluctuations, NMF maintains low percentage of its LTV, and intends to keep the high proportion of its obligations subject to fixed rate loans.</p> <p>Risks related to deposits are managed through diversifying depositary financial institutions.</p> <p>As NMF is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
Article 23(1) (i)	
Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors	<p><u>Compensation</u>: Compensation for an executive director shall be no more than 800,000 yen per month, and the amount of compensation shall be determined by the Board of Directors taking into account the levels of compensation of directors and statutory auditors performing similar work in similar positions for other companies and legal entities, general economic trends, trends concerning wages and other factors.</p> <p>Compensation for a supervisory director shall be no more than 700,000 yen per month, and the amount of compensation shall be determined by the Board of Directors taking</p>

into account the levels of compensation of directors and statutory auditors performing similar work in similar positions for other companies and legal entities, general economic trends, trends concerning wages and other factors.

Asset Manager:

- Asset Management Fee: NMF will pay the Asset Manager an asset management fee as follows:

1. Management Fee I

Management Fee shall be the amount calculated by multiplying (a) the total assets of NMF determined by the method specified below by (b) 0.45% per annum for the period from the day after NMF's immediately preceding Settlement Date until the last day of the third month following such Settlement Date ("Calculation Period 1") and for the period from the day after the final day of Calculation Period 1 until the next Settlement Date ("Calculation Period 2") (pro rata monthly amounts shall be calculated on the basis of 12 months per year; amounts less than one yen shall be rounded down).

Total Assets in Calculation Period 1

The total amount of assets indicated on NMF's balance sheet as of the Settlement Date of NMF's immediately preceding Fiscal Period (limited to the balance sheet approved at the meeting of the Board of Directors in accordance with the Article 131, Paragraph 2 of the Investment Trust Act) (provided, however, that an amount equivalent to unamortized goodwill shall be deducted).

Total Assets in Calculation Period 2

The total amount of assets indicated in Calculation Period 1, *plus or minus* difference of the total acquisition price (meaning the purchase price in a case of purchase, the price of the asset acquired by way of exchange provided in the exchange agreement in a case of exchange (the amount after the deduction of the compressed amount, if compressed entry is made), the contribution amount in a case of capital contribution, and the amount of assets recognized with respect to the property (excluding ancillary expenses) in accordance with the Accounting Standards for Business Combination (*kigyo ketsugo ni kansuru kaikei kijun*) in a case of merger; excluding national and local consumption taxes required for acquisition of buildings, hereinafter the same in this Item and the following Item) of acquired specified assets, and the total book value of the disposed specified assets indicated on NMF's balance sheet as of the Settlement Date of NMF's immediately preceding Fiscal Period (limited to the balance sheet approved at the meeting of the Board of Directors in accordance with the Article 131, Paragraph 2 of the Investment Trust Act), if NMF acquired (including the

case where NMF succeeded specified assets of an absorbed investment corporation as a result of an absorption-type merger, in which NMF participates as a surviving investment corporation; hereinafter the same in this Item and the Item 3) or disposed of specified assets as specified in the Articles of Incorporation during Calculation Period 1.

Fees for Calculation Period 1 shall be paid by the last day of Calculation Period 1 and fees for Calculation Period 2 shall be paid by the last day of Calculation Period 2.

2. Management Fee II

Management Fee II for each Fiscal Period of NMF shall be the amount calculated by multiplying the Net Income before Deduction of Management Fee II by 5.5% (amounts less than one yen shall be rounded down). The "Net Income before Deduction of Management Fee II" means the amount obtained by adding goodwill amortization cost to, and deducting gain on negative goodwill from, income before income taxes calculated in accordance with generally accepted corporate accounting principles in Japan (before deduction of Management Fee II and non-deductible consumption taxes on Management Fee II) and after compensation of loss carried forward (if any). If the result of the above calculation of the Net Income before Deduction of Management Fee II becomes negative value, the amount of the Net Income before Deduction of Management Fee II shall be zero yen.

Management Fee II shall be paid within three months after the Settlement Date for the relevant Fiscal Period.

3. Acquisition Fee

If NMF acquired specified assets as specified in Articles of Incorporation, NMF shall pay Acquisition Fee in the amount obtained by multiplying the acquisition price by a rate separately agreed upon with the Asset Management Company, which rate shall be up to 1.0% (0.5%, if the acquisition is from a related party defined in the Article 201, Paragraph 1 of the Investment Trust Act or a company etc. for which a related party provides the asset management or investment advisory service).

Acquisition Fees shall be paid by the last day of the month following the month in which the specified asset was acquired (the month to which the effective date of merger or the date of incorporation of NMF belongs, in a case of merger).

4. Disposition Fee

If NMF disposed of specified assets as specified in Article 29, Paragraph 1, NMF shall pay Disposition Fee in the amount obtained by multiplying the disposition price (meaning the disposition price in a case of sale, and the price of the asset disposed of by way of exchange provided in the exchange agreement in a case of exchange; excluding national and local consumption taxes required for disposition of buildings, hereinafter the same in this Item) by a rate separately agreed upon with the Asset Management Company, which rate shall be up to 1.0% (0.5%, if the disposition is to a related party defined in the Article 201, Paragraph 1 of the Investment Trust Act or a company etc. for which a related party provides the asset management or investment advisory service).

Disposition Fees shall be paid by the last day of the month following the month in which the specified asset was disposed of.

Custodian:

- Custodian Fee: NMF will pay the Custodian fee and the compensation tax per three months ending February, May, August and November every year as follows (for any period of less than a month, the fee will be calculated on a pro-rata basis; amounts less than one yen shall be rounded down):

Not more than the amount calculated by multiplying (a) total amount indicated in the assets section on NMF's balance sheet as of the Settlement Date of NMF's immediately preceding Fiscal Period by (b) 0.03% and then dividing 12, which is calculated by NMF and the Custodian upon discussion.

General Administrator:

- General Administrators Fee: NMF will pay the General Administrators fee and the compensation tax per three months ending February, May, August and November every year as follows (for any period of less than three months, the fee will be calculated on a pro-rata basis; amounts less than one yen shall be rounded down):

Not more than the amount calculated using the following table, based of the total asset amount indicated on NMF's balance sheet as of the Settlement Date of NMF's immediately preceding Fiscal Period, which is calculated by NMF and the General Administrator in compliance with the asset structure, and the compensation tax.

Total Asset Amount (JPY billion)	Method of Calculation
Portions not exceeding 10	11,000,000 yen
Over 10 to 50	11,000,000 yen + (Total asset amount – 10 billion yen) × 0.080 %
Over 50 to 100	43,000,000 yen + (Total asset amount – 50 billion yen) × 0.060 %
Over 100 to 200	73,000,000 yen + (Total asset amount – 100 billion yen) × 0.055 %
Over 200 to 300	128,000,000 yen + (Total asset amount – 200 billion yen) × 0.040 %
Over 300 to 500	168,000,000 yen + (Total asset amount – 300 billion yen) × 0.035 %
Over 500	238,000,000 yen + (Total asset amount – 500 billion yen) × 0.030 %

Transfer Agent:

- Transfer Agent Fee (Standard Fee):

Standard transfer agent fees are for services such as preparation, maintenance and storage of NMF's unitholder register; preparation and reporting of the end-of-fiscal period unitholders register and unitholder statistical data.

The monthly standard fees will be the total of the amount 1 and 2 below.

1. The amount calculated using the following table divided by 6, with a minimum monthly fee of 220,000 yen.

Number of Unitholders	Fees per Unitholder
first 5,000 unitholders	390 yen
over 5,000 to 10,000	330 yen
over 10,000 to 30,000	280 yen
over 30,000 to 50,000	230 yen
over 50,000 to 100,000	180 yen
over 100,000	150 yen

2. 55 yen per unitholder disqualified in each month.

- Other fees:

NMF pays the transfer agent other fees for various other services, including in connection with the issuance of dividends.

Manager of Special Accounts:

- Special Account Management Fee:

Special account management fees are for services such as preparation, maintenance and storage of NMF's transfer account registry and annexed books; reporting regarding notice to all unitholders; opening/closing of special accounts and other related matters.

The monthly special account management fees will be the total of the amount 1 and 2 below.

1. The monthly special account management fee:

The monthly fee is calculated using the following table, with a minimum monthly fee of 20,000 yen.

Number of Unitholders Using Special Accounts	Fees per Unitholder
first 3,000 unitholders	150 yen
over 3,000 to 10,000	125 yen
over 10,000 to 30,000	100 yen
over 30,000	75 yen

2. Other special account management fee:

The following fees are paid as special account management fee:

Type of Fee	Amount
Reporting to notice of all unitholders	150 yen/report
Receipt of request to individual unitholder notice	250 yen/receipt
Receipt of request to provision of information	250 yen/receipt
Receipt of various notifications	250 yen/receipt
Assisting of designation for transfer of dividends	130 yen/assisting

- Other fees:

NMF pays the manager of Special Accounts other fees for various other services, including in connection with the transfer to other accounts of the unitholder using special accounts.

Auditor:

	<ul style="list-style-type: none"> • Auditor Fee: The compensation amount to the independent auditor for each fiscal period (defined in the Article of Incorporation) subject to audit shall be determined by the Board of Directors within a maximum amount of thirty million (30,000,000) yen, and such amount shall be paid no later than the last day of the month following the month when the audit engagement for the settlement of the relevant fiscal period finishes. <p>The AIF may also incur other miscellaneous fees in connection with property management, issuance of units, investment corporation bonds and the operation, acquisition or disposition of properties.</p>
Article 23(1) (j)	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the Act on Investment Trusts and Investment Corporations of Japan, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
Article 23(1) (k)	
The latest annual report referred to in Article 22(1)	Additional information may be found in our most recent semi-annual report prepared in accordance with Article 22 of the AIFMD, which is available at the Asset Manager's office located at 8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo.
Article 23(1) (l)	
The procedure and conditions for the issue and sale of the units	NMF is authorized under the articles of incorporation to issue up to 20,000,000 units. NMF's units have been listed on the Tokyo Stock Exchange since October 2, 2015. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.

Article 23(1) (m)																									
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	NMF's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters, which can be viewed at https://www.reuters.com/markets/companies/3462.T/).																								
Article 23(1) (n)																									
Details of the historical performance of the AIF, where available	<p>The units of NMF were established on the Tokyo Stock Exchange on October 1, 2015. The performance of the units for the most recent five fiscal periods is as follows</p> <table border="1"> <thead> <tr> <th>Fiscal period ended</th> <th>Total Assets (JPY million)</th> <th>Total Net Assets (JPY million)</th> <th>Net Assets per unit (JPY)</th> </tr> </thead> <tbody> <tr> <td>15th Fiscal Period (ended February 28, 2023)</td> <td>1,185,099</td> <td>613,540</td> <td>130,119</td> </tr> <tr> <td>14th Fiscal Period (ended August 31, 2022)</td> <td>1,187,581</td> <td>615,128</td> <td>130,456</td> </tr> <tr> <td>13th Fiscal Period (ended February 28, 2022)</td> <td>1,187,420</td> <td>616,878</td> <td>130,827</td> </tr> <tr> <td>12th Fiscal Period (ended August 31, 2021)</td> <td>1,192,507</td> <td>619,901</td> <td>131,468</td> </tr> <tr> <td>11th Fiscal Period (ended February 28, 2021)</td> <td>1,196,357</td> <td>623,014</td> <td>132,129</td> </tr> </tbody> </table>	Fiscal period ended	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (JPY)	15 th Fiscal Period (ended February 28, 2023)	1,185,099	613,540	130,119	14 th Fiscal Period (ended August 31, 2022)	1,187,581	615,128	130,456	13 th Fiscal Period (ended February 28, 2022)	1,187,420	616,878	130,827	12 th Fiscal Period (ended August 31, 2021)	1,192,507	619,901	131,468	11 th Fiscal Period (ended February 28, 2021)	1,196,357	623,014	132,129
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Article 23(1) (o)																									
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer	No applicable prime broker.																								

and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	
Article 23(1) (p)	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and other public disclosures.
Article 23(2)	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
Article 23(4)(a)	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to	There are no assets that are subject to special arrangements arising from their illiquid nature.

special arrangements divided by the net asset value of the AIF concerned	
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	NMF is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	<p>Investment corporation bonds and long-term loans are used to finance rehabilitation obligations, acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk. NMF manages and limits such risk by diversifying the lenders, inquest and implement of diversified procuring funds including use of surplus funds and the procurement from the capital market by issuing investment units.</p> <p>For floating rate borrowings exposed to the risk of rising interest, NMF, in order to limit the impact caused by maintaining a low LTV ratio and high ratio of fixed rate loans compared to floating rate loans. Also, NMF can use derivatives trading as hedging instruments.</p> <p>Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but such risks are managed through diversifying the financial institutions holding the deposits.</p>
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed	No such measures have been implemented.
If risk limits set by the AIFM have been or are likely to be exceeded and	No such situation has occurred.

where these risk limits have been exceeded a description of the circumstances and the remedial measures taken	
Article 23(5)(a)	
Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013,, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Article 23(5)(b)	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of NMF's interest-bearing debt (including investment corporation bonds) was JPY 517,420 million as of April 18, 2023.

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS – SFDR PRE-CONTRACTUAL DISCLOSURE

Product Name: Nomura Real Estate Master Fund, Inc.
 Legal Entity Identifier: 353800TNNZOQ1CPZE086

Nomura Real Estate Master Fund, Inc. (“NMF”) promotes environmental or social characteristics, but does not have as its objective a sustainable investment within the meaning of article 9(1) of Regulation (EU) 2019/2088 (“SFDR”). NMF does not have any employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and NMF relies on Nomura Real Estate Asset Management Co., Ltd. (the “Asset Manager”) to manage and operate the properties in the portfolio. NMF and the Asset Manager are hereinafter referred to collectively as “we,” “us” or “our”. References to “fiscal year” or “FY” are to the 12 months began or beginning March 1 of the year, unless noted otherwise.

Does this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : __%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by NMF?

Based on the belief that a sustainable society is essential for our sustainable growth, Nomura Real Estate Master Fund, Inc. has made effort to address social issues through its business in line with the fundamental philosophy of securing stable profit over the medium to long term while achieving steady growth of assets under management. NMF, together with its asset manager, Nomura Real Estate Asset Management Co., Ltd. (“Asset Manager”), has conducted asset management in a manner that takes into consideration environmental, social and governance (ESG) issues in order to enhance unitholder value over the medium to long term.

In December 2015, we established our Sustainability Policy, and in January 2019, in order to implement specific initiatives toward sustainable society, we identified the most material ESG issues to us after reviewing the impact of ESG issues on our business, including our stakeholders’ expectations. We subsequently reviewed and updated the list of the most material ESG issues in January 2020. Below are the representative examples of our environmental and social initiatives implemented as a result of this update.

- *Increasing the proportion of “green” properties.* We aim to minimize our environmental burden attributable to our portfolio by investing in environmentally-friendly properties and enhancing the efficiency of energy use through eco-friendly and energy-saving measures at our properties. We aim to increase the proportion of properties based on floor area that have acquired Green Certification (3 Stars or Higher) (as defined below) to 70% by 2030.
 - *Countering climate change.* We contribute to efforts to counter climate change with measures to increase the efficiency of energy usage and reduce greenhouse gas (GHG) emissions at our properties. Such measures include increased reliance on renewable energy by installing solar panels or switching to biomass power, reducing energy consumption by installing LED lighting and double sash windows, renovating air-conditioning facilities, and expanding greenery at our properties.
 - *Improved use of water resources.* We make effort to efficiently use water while reducing overall water consumption at our properties. To reduce water consumption at some of our properties, we have renewed toilet equipment before new tenants occupy their space, and we have installed smart sprinkler systems that store and use rainwater in tanks, at some of our “Landport” brand properties. Moreover, rainwater is used to flush toilets and water plants at some of our logistics facilities and office properties. Some commercial facilities are equipped with well-water filtering systems that provide clean water for flushing toilets.
 - *Improved safety, security and comfort for tenants.* Property specifications and services that tenants expect from property owners have changed, as people’s lifestyles and work habits have changed in response to the ongoing structural shift in society. To be responsive to changing needs of our tenants, we communicate closely with our tenants by conducting regular tenant satisfaction surveys and, based on the feedback we receive, we upgrade our facilities and improve our services to provide our tenants with safety, security and comfort. Our tenant support services include training programs, shuttlebus services, and a job search website for tenants’ staff. We also hold events to strengthen our ties with the local community, such as an annual summer festival at Shinjuku Nomura Building and a take-your-children-to-work “BIC Global Education Week”, in cooperation with tenants.
 - *A healthy work environment.* We make effort to ensure that our employees’ work environment is fair and work is rewarding by ensuring that their evaluations are impartial. For example, Nomura Real Estate Group has introduced a system that allows employees to propose and take initiatives in their jobs and work with managers and supervisors to achieving their targets. We have adopted a 360 degree evaluation framework that allows employees to evaluate their supervisors in terms of skills, performance and other qualities. We also respect employees’ right of association and right to bargain as basic labor rights. Even though there is no labor union in NMF nor the Asset Manager, labor representatives and officers of our human resource divisions hold periodic meetings to collaborate on improving the workplace environment.
 - *Human resource development and talent management.* We aim to help our employees improve their capabilities by providing them with periodic training and encouraging them to engage in self-directed studies and acquire job-related certification. Our employees can take advantage of Nomura Real Estate Group’s use skills development programs to study to obtain real estate-related certifications, such as real estate notary, real estate appraiser, and first-class architect, and other general business-skills programs, such as on finance and language.
- ***What sustainability indicators are used to measure the attainment of each of the E/S characteristics promoted by NMF?***

We use the following indicators to measure the attainment of the E/S characteristics we promote.

- *Environmental certification of our properties.* To track the environmental performance of our properties, we rely on the following certifications issued by third-party organizations (“Green Certification”). As of February 28, 2023, 58.8% of our properties had obtained Green Certification at the level of at least 3 stars (or an equivalent) (“Green Certification (3 Stars or Higher)”) while 59.2% of our properties had obtained any Green Certification.
 - *DBJ Green Building Certification.* The DBJ Green Building Certification is a certification system created by the Development Bank of Japan (DBJ) to support real estate properties with environmental and social consciousness. The certification system evaluates a property based on convenience, comfort, disaster/crime prevention efforts, energy-saving, level of involvement with the local community, in addition to environmental performance. We consider a property to have obtained Green Certification (3 Stars or Higher) if it received 3 stars or higher (out of the maximum of 5 stars).
 - *BELS Certification.* The Building-Housing Energy-efficiency Labeling System (BELS) is a third-party certification system to evaluate the energy conservation performance of non-residential buildings under the Act on Improving Energy Consumption Performance for Architectural Structures of Japan. The evaluation uses the Building Energy Index (BEI) value derived from primary energy consumption based on the building energy efficiency standards stipulated by the Japanese government. We consider a property to have obtained Green Certification (3 Stars or Higher) if it received 3 stars or higher (out of the maximum of 5 stars).
 - *CASBEE.* The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method of evaluating and rating the environmental performance of buildings and is being promoted under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism of Japan. The evaluation focuses on five categories: energy/greenhouse gases, water, resource use and safety, biodiversity/sites and indoor environment. We consider a property to have obtained Green Certification (3 Stars or Higher) if it received B+ or higher (on a scale of C (lowest), B, B+, A, S (highest)).
- *Sustainability evaluation.* GRESB was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI), is an annual benchmarking assessment to measure the ESG integration of real estate companies and funds. The Asset Manager has *become* a GRESB real estate/company & fund member to contribute to improved sustainability through networking and information sharing with ESG-oriented companies while introducing best practices in Japan. In 2022, NMF received 5 Stars in the GRESB rating and Green Star designation for the seventh consecutive year by achieving high performance both in the management component and performance component, and an A rating for the sixth consecutive year under the five-grade GRESB public disclosure level evaluation. The Same year, NMF was designated by GRESB as an Asia Sector Leader (Diversified) (Listed), meaning that it was a best performer in its particular sector and region. Specifically, Sector Leaders are those entities that have received in their GRESB Assessment the top score for a particular sector and region, as well as other entities in the same region and sector with a score within one point of the top score.
- *GHG emission/Water use targets:* We have established the following sustainability targets in order to counter *climate* change and address water resources issues:
 - *GHG emission:* We aim to achieve a 40% reduction in GHG emissions per floor area (intensity) from our portfolio by 2030 compared with the 2016 level (Medium-term goal: Achieve a 34% reduction by 2025). By fiscal year 2021, we had achieved a 40.0% reduction; and

- *Water use:* We aim to achieve a 10% reduction in water use per floor area (intensity) in our portfolio by 2030 compared with the 2016 level. By fiscal year 2021, we had achieved a 32.0% reduction.
 - *Tenant satisfaction survey.* We regularly conduct satisfaction surveys to obtain feedback from our tenants, residents and other property users. The surveys for our residents are conducted each year; and the surveys for our office, retail and logistics tenants are conducted every three years. The results of these surveys are shared with property managers, building managers, developers and other relevant parties, and we use them to improve the properties and services for tenants. For example, based on feedback received in the surveys, we added a lounge for waiting/business meetings in the entrance of NMF Ginza 4-chome Building, and now provide shared bicycles and have arranged pop-up shops on wheels on the premises of PROUD FLAT Shibuya Tomigaya and PROUD FLAT Sangenjaya for residents.
 - *Employee satisfaction survey.* Nomura Real Estate Group, including us, conducts an annual employee satisfaction survey, and we use the feedback received to ensure that our work environment is fair. Employees' satisfaction is measured on a five-point scale with regard to (1) fulfillment in work, (2) workplace satisfaction, (3) satisfaction with superiors, (4) loyalty to the company, (5) extent to which employees gain satisfaction through NMF's growth and success in the market, and (6) level of monotony of work, as well as (7) workstyle reform and wellness management. In fiscal year 2021, our employees rated their satisfaction at 4.01 (out of 5.00).
 - *Number of paid holidays actually taken.* As an indicator to measure our employees' satisfaction with their workplaces, we use the number of paid holidays which our employees actually take. The target is 18 days per year or more. In fiscal year 2021, our employees took 17 days of paid holiday on average, which we believe shows our employees' good work-life balance, which leads to a high level of satisfaction with their workplaces.
 - *Training hours/job-related certifications.* To evaluate our human resource development and talent management efforts, we track the number of hours each employee spends on training provided by Nomura Real Estate Group for improving job skills, such as organizational management or finance knowledge, and the number of employees who hold job-related certifications. In fiscal year 2021, our employees spent 11.1 hours on average on training. As of February 28, 2022, 305 of the Asset Manager's employees had job-related certifications.
- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

Principle adverse impacts

Does NMF consider principal adverse impacts on sustainability

factors?

Yes, we collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets and energy consumption intensity. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence.

- *Exposure to fossil fuels through assets.* We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.
- *Exposure to energy-inefficient investment assets.* We consider properties other than the properties that have received any of Green Certifications to be energy-inefficient. As of February 28, 2023, 40.8% of our properties did not obtain the Green Certifications based on floor area. As described in more detail above, we implement as appropriate measures to reduce the environmental impact of these properties, including by obtaining Green Certifications.
- *GHG emissions.* Scope 1 GHG emissions generated by our properties were 2,535 t-CO₂e (in FY 2019), 2,293 t-CO₂e (in FY 2020), and 2,074 t-CO₂e (in FY 2021). Scope 2 GHG emissions generated by our properties were 23,799 t-CO₂e (in FY 2019), 20,855 t-CO₂e (in 2020), and 20,962 t-CO₂e (in FY 2021). Total GHG emissions generated by our properties were 66,822 t-CO₂e (in 2019), 58,075 t-CO₂e (in 2020), and 52,108 t-CO₂e (in FY 2021).

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in our portfolio.

We consider, both at the entity-level (i.e., the Asset Manager) and at the fund-level (i.e., NMF) principal adverse impacts of our investment decisions on sustainability factors. Under the Act on Investment Trusts and Investment Corporations of Japan, NMF is prohibited from having any employees and is required to outsource asset management function to a third party. Accordingly, as discussed in detail elsewhere, any consideration at the fund-level of principal adverse impacts of our investment decisions on sustainability is principally conducted by the Asset Manager, subject to approval of our Board of Directors. In addition to the Asset Manager's contractual obligations to NMF under the asset management agreement, the Financial Instruments and Exchange Act of Japan provides that the Asset Manager owes NMF a fiduciary duty in conducting its activities, including making investment decisions informed by sustainability considerations.

More information related to principal impacts on sustainability factors can be found on the website: <https://www.nre-mf.co.jp/en/ir/library.html>.

Investment Strategy

What investment strategy does NMF follow?

We invest primarily in the properties used as logistics facilities, retail facilities, office buildings and residential facilities in the three major metropolitan areas and other major cities in Japan to secure stable earnings

and steady growth in the properties for the medium to long-term. Our investment strategy takes into consideration sustainability factors as follows.

- *Consideration of sustainability risks at the time of investment.* The Investment Committee of the Asset Manager makes investment decisions after taking into consideration climate change risks, contamination risk and other sustainability risks as part of its due diligence process. For example, we consider the possibility of flooding at a target property based on review of the history of flooding at the property and various hazard maps as well as hydraulic engineering work conducted on the property. In addition, we investigate whether the property has environmental and energy-conserving facilities (including whether it has acquired any environmental certification), any business continuity plan, any issues arising from the use or storage of hazardous substances, or any soil contamination risk.
- *Urban redevelopment with sponsor.* We collaborate with Nomura Real Estate Development Co., Ltd., NMF's sponsor, in the redevelopment of properties to reduce their environmental burden. The sponsor aims to acquire environmental certification for its properties developed for leasing under the following brands: PMO, GEMS, Landport and PROUD FLAT. We actively acquire these properties, and in turn, sell our aged properties to the sponsor for redevelopment. We also contribute to redevelopment by providing the sponsor with feedback on our environmental efforts.
- *Access to public transportation.* When making investment decisions in properties, NMF considers accessibility to public transportation, which is not only convenient for tenants and visitors but also tends to mitigate carbon footprint.

In May 2019, we also established a green finance framework ("Green Finance Framework"), which allows us to broaden our investor base to include those interested in ESG investment and financing and further promote our sustainability. NMF issues green bonds and borrows green loans pursuant to our Green Finance Framework, which is subject to the following requirements.

- *Use of funds.* All proceeds from green finance are allocated to (i) acquisition of assets meeting eligibility criteria ("Eligible Green Assets"), (ii) refinancing of loans used to acquire Eligible Green Assets, and (iii) redemption of outstanding investment corporation bonds issued to acquire Eligible Green Assets.
- *Eligibility criteria.* Eligible Green Assets have acquired any of the following Green Certifications or any recertification thereof within 36 months after the date of receiving proceeds from green finance, or will acquire such (re)notification in the future.
 - DBJ Green Building Certification: 3, 4, or 5 stars
 - BELS Certification: 3, 4, or 5 stars
 - CASBEE Certification for Real Estate: B+, A or S
- *Project evaluation and selection process:* The eligibility criteria are developed by the Sustainability Promotion Committee of the Asset Manager and adopted by the Investment Committee of the Asset Manager. The NMF Investment Management Group and Finance & Accounting Department evaluate and select the Eligible Green Assets, subject to approval by the Investment Committee or the Head of the NMF Investment Management Group.
- *Management of proceeds.* We manage any unallocated proceeds from green finance to ensure that such amount does not exceed the Eligible Green Debt Amount, which is defined as the total book value of the Eligible Green Assets owned by NMF, multiplied by total assets loan-to-value ratio as of the most recent fiscal period end. Furthermore, as long as any proceeds from green finance remain unallocated, we will internally track and manage the allocated funds on a portfolio basis.

- *Reporting:* We disclose on our website the status of allocation and the environmental impact achieved as follows.

- Reporting on allocation of proceeds

The following information is disclosed annually:

- Amount of green bonds outstanding
- Details of issuance of green bonds
- Amount of unallocated proceeds from green bonds

- Impact reporting

As long as the balance of green finance remains, the following indices as of the end of every February are disclosed:

- Number of Eligible Green Assets
- Level of each Green Certification acquired by our properties
- GHG emissions, energy consumption and water consumption at Eligible Green Assets (limited to properties or portions of properties that NMF exclusively occupies)

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the E/S characteristics promoted by NMF?***

A binding element of the investment strategy is our Green Finance Framework, which involves determination of whether a target property has satisfied the criteria to qualify as an Eligible Green Asset. The eligibility criteria are developed by the Sustainability Promotion Committee of the Asset Manager and adopted by the Investment Committee of the Asset Manager. The NMF Investment Management Group and Finance & Accounting Department evaluate and select Eligible Green Assets, subject to approval by the Investment Committee or the Head of the NMF Investment Management Group.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

When investing in properties using proceeds from our green financing, we do not consider properties that do not meet the eligibility criteria under our Green Finance Framework. We also do not consider investing in properties that building engineering report alleges any issue arising from the use or storage of hazardous substances to exist or any potential for soil contamination. We also review whether the property we may acquire is compliant with applicable law.

- ***What is the policy to assess good governance practices of investee companies and NMF?***

We directly or indirectly through trust beneficiary interests invest in real estate. Therefore, due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable.

While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems.

- *Internal Audit.* The Asset Manager's Internal Audit Department conducts internal audits. The Internal Audit Department formulates an audit plan for each fiscal year and, based on the plan, generally conducts an internal audit of each department once a year. The Internal Audit Department uses a risk-based approach to assess the effectiveness of the risk management, risk control, and governance processes. The Internal Audit Department also confirms whether

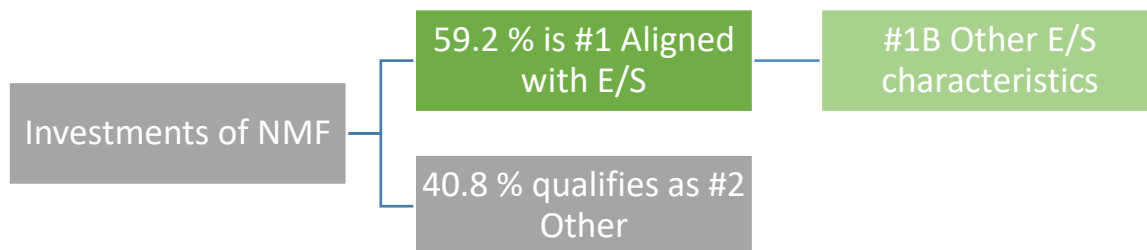
business is carried out in accordance with internal rules and manuals established in accordance with the Nomura Real Estate Group Ethics Regulations and various laws and regulations related to the business.

- *Decision-making process for investment management.* The Investment Committee of the Asset Manager deliberates on and makes decisions based on basic policies related to operating the assets of NMF, operation management policies related to assets, and policies regarding important matters such as finance, as well as acquisition or sale of assets based on relevant policies, operation management, and important matters related to operating the assets of NMF such as funds procurement. All proposals submitted to the Investment Committee need to be screened and approved by the Compliance Officer, who reviews such proposals to ensure that there are no violations of or conflict with applicable laws.
- *Prevention of conflict of interest in transactions.* When the Compliance Officer determines that a proposal to the Invest Committee is an important transaction with a stakeholder or otherwise requires additional detail regarding the transaction, the Compliance Committee meeting is held to deliberate on whether there is any compliance issue. In addition, an acquisition, disposition or lending of securities or real estate between NMF and a related party of the Asset Manager requires approval from the Board of Directors of NMF.
- *Timely and appropriate information disclosure.* We disclose our corporate information in a timely and accurate manner that conforms with legal requirements. We also proactively disclose any other information, including through our website, in the interest of transparency if we determine that such disclosure would be beneficial.
- *Adoption of performance-linked asset management fees.* We pay to the Asset Manager asset management fees linked to NMF’s performance in order to align the interest of our unitholders and the interest of the Asset Manager.

Asset Allocation

What is the asset allocation planned for NMF?

As of February 28, 2023, 58.8% of our properties had obtained Green Certification (3 Stars or Higher) while 59.2% of our properties in the portfolio had obtained any Green Certification, and 40.8% had not, based on floor area. We will continue our efforts to increase the percentage of properties holding Green Certifications to our target.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by NMF?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

As of February 28, 2023, 40.8% of our properties did not obtain any Green Certification. However, we implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining Green Certifications, installing environmentally-friendly equipment, using renewable energy and undertaking appropriate renovations.

Index as Reference Benchmark

Is a specific index designated as a reference benchmark to determine whether NMF is aligned with the environmental or social characteristics that it promotes?

NMF’s investment units have been included in the MSCI Japan ESG Select Leaders Index (“MSCI Index”) since May 2019. MSCI Index is an index that includes companies with high ESG performance selected based on data from the MSCI Japan IMI Top 700 Index. The Government Pension Investment Fund, a Japanese administrative agency that manages Japanese government pension plans, has also selected the MSCI Index as one of its ESG indices for its passive investments. We use MSCI Index not only as a reference benchmark for performance comparison and market context purposes, but also to consider how best to implement and disclose our ESG initiatives.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by NMF?***

We believe that NMF’s investment units are included in the MSCI Index because of our high percentage of properties with environmental certifications issued by third-party organizations, strong efforts on human resource development including support for employees to improve their capabilities and our strong governance structure such as the adoption of an executive level committee for overseeing ethical conduct and a whistleblower protection mechanism.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

With each acquisition opportunity, in addition to the review of ESG-related due diligence findings, and environmental performance including GHG emissions, we take into account the acquisition of Green Certifications. We try to increase the number of properties which acquires Green Certifications to continuously align with the reference benchmark.

- *How does the designated index differ from a relevant broad market index?*

See above.

- *Where can the methodology used for the calculation of the designated index be found?*

The methodology for the MSCI Index can be found at: <https://www.msci.com/our-solutions/japan-esg-select-leaders-index>.

More Product-specific Information

Where can I find more product specific information online?

More product-specific information can be found on the website: <https://www.nre-mf.co.jp/en/esg/index.html>.

Note Regarding the EU Taxonomy Regulation

As set out above, we promote certain environmental characteristics.

The Asset Manager is required, under Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is to be complemented by technical standards and screening criteria which are currently developed. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021. They apply as of January 1, 2022.

We invest in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Manager expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and the fact that, as a result thereof, data on alignment of our investments with these environmental objectives and climate related goals in line with the EU Taxonomy Regulation are not sufficiently available, the Asset Manager is not currently in a position to disclose on an accurate and reliable basis to what extent our investments technically qualify as Taxonomy-aligned or “environmentally sustainable” within the specific meaning of the EU Taxonomy Regulation. Our investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Manager is required to state that there is no minimum proportion of our investments that qualify as such.

The Asset Manager further states that the “do no significant harm” principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF NMF (SFDR ARTICLE 6 DISCLOSURE)

In order to realize sustainability in our asset management while maximizing our portfolio value, we consider ESG factors in our investment and asset management processes.

In our investment decision, the Investment Committee takes into consideration climate change related risks, contamination risk and other sustainability risks discovered in the due diligence process. Also we have established the Green Finance Framework.

As stated above, we have instituted a number of initiatives, at the corporate level, the portfolio level and the property level, to promote E/S characteristics. Such initiatives include climate change initiatives, initiatives for saving/reducing energy consumption and initiatives for employees and tenants. We have established the Sustainability Promotion Committee, which generally meets at least four times a year to set sustainability targets, measures and other matters, make recommendations related thereto and conduct monitoring (including risk management).

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of a property’s risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.

The assets in which NMF invests are exposed to transition and physical risks, such as the following.

Category	Risk Factors	Identified Risks (Possible Financial Impacts on Investment Unit Return)	Initiatives
Transition Risk - Policy	Stricter regulations on total building carbon emissions and energy conservation standards	Increased costs for retrofitting building (modification of existing buildings to increase energy efficiency)	<ul style="list-style-type: none"> • CO2 (intensity) reduction targets (40% reduction by 2030 compared with FY 2016) and monitoring and disclosure of progress • Promotion of modification of existing buildings • Promotion of green leases in cooperation with tenants, encouragement of energy conservation to tenants • Introduction of renewable energy (including procurement of green electricity) • Replacement of existing properties with and/or investment in properties with good environmental performance
	Decreased cost of developing and maintaining energy-generating and energy-conserving buildings as a result of advances in ZEB (net zero energy building) technologies		
	Introduction of carbon taxes	Increase in carbon tax	
	Introduction of emissions trading systems	Increased costs to purchase of renewable energy credits	
	Expansion or mandating of disclosure systems relating to building energy efficiency assessments	Increased certification and other costs	<ul style="list-style-type: none"> • Targets for acquisition of environmental certification (70% of our properties with Green Certification (3 Stars or Higher) by FY2030) and monitoring and disclosure of progress
Transition Risk – Reputation	Selection of properties by companies and tenants with an emphasis on disaster preparedness	Lower occupancy rates at buildings with high disaster risks	<ul style="list-style-type: none"> • New investment phase: Investigation of risks of climate change (e.g., flood risk) in due diligence process

Physical Risk – Acute	Increase in concentrated heavy rain, typhoons and floods, landslides, and high tides	Loss of sale opportunities due to building flooding	<ul style="list-style-type: none"> • Property management phase: Regular assessment of sustainability risks including risks of climate change (e.g., flood risk) • Hard disaster measures (e.g., installation of water-stopping plates and/or a heating system that melts snow on the property to make it safe to walk and soft disaster measures (e.g., inland flood risk alert-notification system, business continuity plan, evacuation drills)) • Insurance contracts covering disaster risks
Physical Risk - Chronic	Rise in sea level	Increase in repair costs and casualty insurance premiums due to building flooding	