

To Whom It May Concern

**Nomura Real Estate Master Fund, Inc.**  
Securities Code: 3462  
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### Notice Concerning Property Disposition

Nomura Real Estate Master Fund, Inc. (“Nomura Master Fund” or the “Fund”) announces the decision made today by Nomura Real Estate Asset Management Co., Ltd.(the “Asset Management Company”), a licensed investment trust management company retained by the Fund to provide asset management services, that it will dispose assets (the “Disposition,”), as described below.

#### 1. Overview of the Disposition

Property Name	Use	(Scheduled) Date of Agreement	(Scheduled) Date of Disposition	Trans- feree	(Scheduled) Transfer Price (¥ million) (Note 1)	Book Value (¥ million) (Note 2)	Difference (¥ million) (Note 3)
Funabashi Logistics Center	Logistics	December 15, 2017	January 19, 2018	Undis- closed (Note 4)	5,480	4,537	942

(Note 1) The amounts stated exclude adjustment amounts of both property taxes and city planning taxes, as well as consumption taxes and local consumption tax, etc.

(Note 2) Anticipated book value at the date of disposition.

(Note 3) For reference only, this indicates the difference between the scheduled transfer price and anticipated book value; it is not equal to gain or loss on sale.

(Note 4) Undisclosed, since consent have not obtained from the Transferee.

(Note 5) The asset to be disposed is a beneficiary interest in a trust for which real estate is the principal trust asset.

#### 2. Reasons for the Disposition

Based on the asset management objectives and policies laid out in the Articles of Incorporation, the Fund decided to implement the Disposition upon the comprehensive consideration of such factors as the portfolio’s asset composition and the profitability of the Property.

### 3. Summary of Asset to Be Disposed

Property Name		Funabashi Logistics Center			
Type of Asset		Trust beneficiary interest in real estate			
Trustee		Sumitomo Mitsui Trust Bank, Limited			
Trust Term		September 29, 2005 to June 30, 2023			
Location (Note 1)	Registry	13-2 Shiomicho, Funabashi City, Chiba and other 1 lot			
	Street (Note 2)	14 Shiomicho, Funabashi City, Chiba			
Access		2.6km from Futamatashinmachi Station on JR Keiyo Line			
Completion Date (Note 1)		September 21, 1991			
Use (Note 1)		Storage			
Structure (Note 1)		SRC 6F			
Area (Note 1)	Land	10,335.00 m <sup>2</sup>			
	Floor Area	30,421.70 m <sup>2</sup>			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio		70% (Note 3)			
Floor Area Ratio		300%			
Collateral		None			
Acquisition Price		¥4,660 million			
Scheduled Transfer Price		¥5,480 million			
Book Value (Note 4)		¥4,537 million			
Difference		¥942 million			
Appraisal Value and Method		¥5,440 million (Based on the capitalization approach as of August 31, 2017) (Appraiser: Japan Real Estate Institute)			
Appraisal NOI (Note 5)		¥288 million			
Leasing Status (As of December 12, 2017) (Note 6)					
Total Number of Tenants	2				
Total Rental Income	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	30,328.41 m <sup>2</sup>				
Total Leasable Floor Space	30,328.41 m <sup>2</sup>				
Historical Occupancy Rates	August, 2013	August, 2014	August, 2015	August, 2016	August, 2017
	100.0%	100.0%	100.0%	100.0%	100.0%

(Note 1) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 2) Location (Street)

As the Property has not been assigned a street location, the Property's location as listed in the real estate registry is given as the street location.

(Note 3) Building Coverage Ratio

The Property is located in a quasi-industrial zone where the building coverage ratio is 60% in principle. As the Property is a corner lot, the applied coverage ratio is 70%.

(Note 4) Book Value

"Book Value" is the anticipated book value at the date of disposition.

(Note 5) Appraisal NOI

"Appraisal NOI" is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with August 31, 2017 as the appraisal date.

(Note 6) Leasing Status

"Total Number of Tenants" is the total number of end tenants actually leasing space in the building of the Property as of today.

"Total Rental Income" and "Security Deposits" are undisclosed as the Fund has not received permission from the tenant to disclose these items.

"Total Leased Floor Space" indicates the total floor space leased to end tenants as of today.

#### 4. Purchaser Profile

As the Fund has not obtained a consent with the Purchaser, who is a domestic limited liability company, this information is not disclosed. As of today, neither the Fund nor the Asset Management Company has any notable capital, personnel or transactional relationship with the Purchaser, and the Purchaser is not a related party of either the Fund or the Asset Management Company.

#### 5. Transaction with Related Parties

There is no special relation between the said company and the Fund or the Asset Management Company for this transaction.

#### 6. Broker Profile

Company Name	Mitsubishi UFJ Trust and Banking Corporation
Head Office	1-4-5 Marunouchi, Chiyoda Ward, Tokyo
Representative	Mikio Ikegaya, President and CEO
Principal Business	Retail Banking Business, Trust Assets Business
Capital	¥324.2 billion (as of March 31, 2017)
Established	March 10, 1927
Relationships with the Fund and/or the Asset Management Company	
Capital	There is no capital involvement between the said company and the Fund or the Asset Management Company. There is also no capital involvement between related parties of the said company and related parties of the Fund or the Asset Management Company.
Personnel	There is no personnel involvement between the said company and the Fund or the Asset Management Company. There is also no personnel involvement between related parties of the said company and related parties of the Fund or the Asset Management Company.
Transactions	Said company acts as NMF's general administrator, administrator of unitholders' register, special account administrative agent and lender; said company is also the trustee of multiple properties held by NMF. There is no notable transactional relationship between said company and the Asset Management Company.
Related Party Status	Said company is not a related party of the Fund or the Asset Management Company. Furthermore, the related parties of said company are not related parties of the Fund or the Asset Management Company.
Brokerage Fee	The brokerage fee is not disclosed due to the fact that the broker's consent to disclosure has not been obtained.

#### 7. Form of Payment, etc.

On the scheduled sale date, the Fund will receive from the seller the entire purchase price of the Property to Be Sold in a lump sum.

The Fund plans to use the cash obtained through the sale of the Property for portfolio management, including the repayment of borrowings and the acquisition of properties.

#### 8. Schedule for Disposition

December 15, 2017	Conclusion of agreement on purchase and sale for the disposition of the Asset
January 19, 2018	Delivery of trust beneficiary rights of the Asset

#### 9. Forecasts of Financial Results

Although the Fund expects the Disposition to generate gains on sale of real estate, it intends to hold the gains as internal reserves to ensure stable operations and distributions going forward. As the effect of the Disposition on operating performance in the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018) will be minor, there is no revision to the forecast of financial results.

## 10. Appraisal Summary

Property Name	Funabashi Logistics Center
Appraisal Value	¥ 5,440,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	August 31, 2017

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	5,440,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach
Price calculated by the direct capitalization approach	5,500,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term
(1) Operating income (a)-(b)	Undisclosed	(Note)
(a) Gross rental income	Undisclosed	
(b) Losses due to vacancies, etc.	Undisclosed	
(2) Operating expenses	Undisclosed	
Maintenance	Undisclosed	
Utilities costs	Undisclosed	
Repair costs	Undisclosed	
Property management fees	Undisclosed	
Advertisement for leasing, etc.	Undisclosed	
Taxes	Undisclosed	
Insurance premium	Undisclosed	
Other expenses	Undisclosed	
(3) Net operating income from leasing business (NOI=(1)-(2))	288,045,000	
(4) Profit through management of temporary deposits, etc.	Undisclosed	(Note)
(5) Capital Expenditure Reserve	Undisclosed	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	264,135,000	
(7) Capitalization rate	4.8%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price calculated by the Discounted Cash Flow Approach	5,370,000,000	
Discount rate	4.5%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate	5.1%	Assumed based on the yield on investment of similar buildings, the future movement of the yield on investment, risks of the Property as a preferred investment, general forecasts of economic growth rate, and price trends of real estate and rents
Cost Approach Price	4,380,000,000	
Ratio of land	50.5%	
Ratio of building	49.5%	

(Note) These items contain information for which the Fund bears a duty of confidentiality to the lessees or information that could be used to calculate such information. The disclosure of these items could result in a breach of said duty of confidentiality, which could negatively impact the Fund and thus the interests of its unitholders. Accordingly, these items are undisclosed.

## **Exhibits**

Exhibit 1 Overview of the Portfolio after the Transaction

\*Nomura Real Estate Master Fund, Inc.'s website: <http://www.nre-mf.co.jp/en/>

## Overview of the Portfolio after the Transaction

(¥ million)

Sector \ Area	Greater Tokyo Area (Note 1)	Other Areas	Total Acquisition Price (by Sector)	Percentage of Total (Note 2)
Office	356,180	71,930	428,110	46.4
Retail	100,427	59,356	159,783	17.3
Logistics	142,270	3,460	145,730	15.8
Residential	151,518	32,527	184,045	19.9
Others	4,900	-	4,900	0.5
<b>Total Acquisition Price (by Area)</b>	<b>755,295</b>	<b>167,273</b>	<b>922,568</b>	<b>100.0</b>
Percentage of Total (Note 2)	81.9	18.1	100.0%	

(Note 1) “Greater Tokyo Area” refers to Tokyo Prefecture, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Other Areas” refers to cabinet-order designated cities, prefectural capitals, and cities having a population of at least 100,000 and their peripheral areas, excluding Greater Tokyo.

(Note 2) “Percentage of Total” indicates the ratio of the total acquisition price of properties for each use and in each area to the total acquisition price of the entire portfolio. As the figures are rounded to the first decimal place, they may not add up to exactly 100%.