

Nomura Real Estate Master Fund, Inc.
Securities Code: 3462
Satoshi Yanagita, Executive Director

Asset Management Company:
Nomura Real Estate Asset Management Co., Ltd.
Norio Ambe, President & Chief Executive Officer

Inquiries:
Ken Okada
Director and Managing Executive Officer
TEL. +81-3-3365-8767 nmf3462@nomura-re.co.jp

Notice Concerning Property Acquisition and Disposition

Nomura Real Estate Master Fund, Inc. (“Nomura Master Fund” or the “Fund”) announced the decision made today by Nomura Real Estate Asset management Co., Ltd., a licensed investment trust management company retained by the Fund to provide asset management services, that it will acquire and dispose assets (the “Acquisition” and the “Disposition,” respectively; the Acquisition and the Disposition collectively referred to as the “Transaction”), as described below.

1. Summary of Assets to be Acquired/Disposed

1) Summary of Assets to be Acquired

No.	Property name	Use	Date of agreement	(Scheduled) Date of acquisition	Seller	Acquisition price (¥million) ^(Note1)
1	NRE Kichijoji Building(additional stake acquisition) ^(Note2)	Retail	March 21, 2017	March 31, 2017	Nomura Real Estate Development Co., Ltd.	5,100
2	Landport Kashiwa Shonan I	Logistics				9,900
3	Proud Flat Omori III	Residential				1,110
4	Proud Flat Kinshicho	Residential				785
Total						16,895

(Note 1) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

(Note 2) This acquisition is of an additional 49.0% quasi co-ownership stake in a beneficial interest in a real estate trust for the property. Together with the 51.0% quasi co-ownership stake in a beneficial interest in the real estate trust acquired by the Fund on October 30, 2015, this acquisition makes the Fund the sole owner of the beneficial interest in the real estate trust.

(Note 3) Of the assets to be acquired, NRE Kichijoji Building (additional stake acquisition) is a beneficiary interest in a trust for which real estate is the principal trust asset; all others are actual real estate.

(Note 4) The properties to be acquired will be acquired using cash on hand and borrowings after settling a portion of the

acquisition price with proceeds from the NOF Nihonbashi Honcho building(51.0%) the Fund is selling.

The above four properties are collectively referred to hereinafter as the “Four Properties to Be Acquired.”

2) Summary of Assets scheduled to be Disposed

No.	Property name	Use	Date of agreement	(Scheduled) Date of disposition	Transferee	Transfer Price (¥million)	Book Value (¥million) (Note 1)	Difference (¥million) (Note 2)
1	NOF Nihonbashi Honcho building(51.0%)(Note3)	Office	March 21, 2017	March 31, 2017	Nomura Real Estate Development Co., Ltd.	11,730	10,889	840
2	Mitsubishi Motors Shibuya	Retail (Land)	March 31, 2017	June 1, 2017		1,720	1,586	133
3	Mitsubishi Motors Suginami	Retail (Land)				896	748	147
Total					-	14,346	13,224	1,121

(Note 1) Indicates anticipated book value at the date of disposition.

(Note 2) This is only a reference value based on the difference between the scheduled transfer price and anticipated book value; it is not equal to gain or loss on sale.

(Note 3) This sale is of the Fund’s 51.0% quasi co-ownership stake in a beneficial interest in a real estate trust for the property. As a result of this sale, the Fund will have sold its entire stake.

(Note 4) The above assets to be disposed of are all beneficiary interests in trusts for which real estate is the principal trust asset.

The above three properties are collectively referred to hereinafter as the “Three Properties to Be Sold.” Individual properties among the Four Properties to Be Acquired or the Three Properties to Be Sold are also referred to hereinafter as “the Property.”

2. Reasons for the Transaction

In accordance with the Medium- to Long-term Management Strategy announced in November 2015, Nomura Master Fund designated the next three years as its Quality Phase and has been implementing various related measures.

One key measure is Strategic Property Replacement (SPR), which is aimed at improving the quality of our portfolio. As part of this measure, the Fund has decided to execute an asset swap with the Sponsor, Nomura Real Estate Development Co., Ltd., comprising the acquisition of the Four Properties to Be Acquired and the sale of the Three Properties to Be Sold.

Under the sale contact for the Three Properties to Be Sold, should Nomura Real Estate Development Co., Ltd., redevelop and sell any of the said three properties, the Fund shall be granted preferential negotiation rights regarding said sale.

The Fund will continue to actively use its leasing value chain, consisting of its property acquisition pipeline and management pipeline, thereby working to accelerate mutual growth with the Nomura Real Estate Group.

The main strengths of the properties to be acquired and reasons for the disposition of the properties to be sold are as follows.

(1) Strengths of the Properties to be Acquired

a. Nomura Real Estate Kichijoji Building

- Located three minutes on foot from Kichijoji Station on the JR Chuo-Sobu Line and Keio Inokashira Line, the Property faces Kichijoji Dori, an avenue along which stand a number of large-scale shopping complexes, on the corner at the entrance to Nakamichi Dori, a road with numerous street-level stores. Thanks to this location, the Property enjoys high visibility with a great deal of foot traffic in front of the building. Kichijoji is a very popular neighborhood, consistently ranked as among the most desirable places to live in Japan^(Note). With convenient shopping around the station and pleasant natural scenery, including Inokashira Park, the area offers a large nearby population.

(Note) This ranking is based on a nationwide survey of approximately 720,000 individuals interested in buying a condominium conducted by MAJOR7, a portal website for information on new condominiums (operated by Sumitomo Realty & Development Co., Ltd., Daikyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsui Fudosan Residential Co., Ltd., and Mitsubishi Jisho Residence, Co., Ltd.).

- With a façade of white panels and glass that makes the interior of the building visible as well as an entranceway with an extra-high ceiling, the Property is a landmark of the Kichijoji area.
- The Property enjoys excellent brand power thanks to its tenant, Uniqlo Co., Ltd., Japan's largest apparel company, which operates the Property as Uniqlo Kichijoji, one of its key global locations.

b. Landport Kashiwa Shonan I

- The Property has an excellent location within 30 km of central Tokyo, 12 km from the Kashiwa Interchange of the Joban Expressway and just off National Highway 16. This location offers superb access to the Tokyo Bay coastal area, including the Port of Chiba, which boasts the second highest cargo handling volume in Japan,^(note) and to the major consumption zone of the Tokyo Metropolitan Area. Located in an industrial park, the facility can operate 24 hours a day, 365 days a year.

(Note) Based on 2015 statistics on the Port of Chiba from the Chiba Prefectural Government.

- Located near some of Chiba's greatest commuter towns, with a dedicated shuttle bus to Abiko Station on the JR Joban Line, the facility is able to secure personnel from a wide geographic range.
- The facility enables high work efficiency, with berths on two sides of the first floor as well as four freight elevators and eight vertical conveyors within the warehouse. The facility is designed for optimized, efficient logistics, with an 11 by 11 meter grid and effective ceiling height of 5.5 to 6.5 meters for more efficient rack loading, as well as extra floor space to accommodate seasonal variations or volume increases after move-in.
- The Property offers stable revenue, thanks to long-term leases with DHL Supply Chain Co., Ltd., part of the world's largest logistics Group, and Plus Logistics Corporation, a subsidiary of Japan's largest provider of mail-order office supplies services.

c. PROUD FLAT Omori III

- Located five minutes on foot from Omori Station on the JR Keihin-Tohoku Line, the Property offers direct access to key business areas, including those near Shinagawa and Tokyo stations, and is also close to Haneda Airport. The area around Omori Station offers a concentration of retail facilities, including the station building itself, making the neighborhood lively and convenient. These advantages are accordingly high for

stable demand from single workers who commute to the city center.

- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers 24-hour response, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

d. PROUD FLAT Kinshicho

- Located five minutes on foot from the Kinshicho Station on the JR Chuo-Sobu and Sobu (Rapid) lines and Tokyo Metro Hanzomon Line, the Property offers excellent transportation convenience, with direct access to major business and retail areas, such as Tokyo, Otemachi, Akihabara and Shinjuku. The Property is located near Tokyo Skytree, a major tourist attraction, and the area near Kinshicho Station includes Olinas, a multi-purpose facility boasting a shopping mall and cinema complex, as well as the spacious Kinshi Park, making it a very convenient area to live in. These advantages are accordingly high for stable demand from single workers who commute to the city center.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers 24-hour response, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

(2) Reasons for Property Dispositions

a. NOF Nihonbashi Honcho Building(51.0%)

As announced in the May 9, 2016 press release “Notice Concerning Property Acquisition and Disposition,” the Fund previously sold a 49% quasi co-ownership stake in the beneficial interest in a real estate trust for this property to the sponsor, Nomura Real Estate Development Co., Ltd., as part of its SPR. Nomura Real Estate Development Co., Ltd. has recently expressed willingness to purchase the remaining 51% quasi co-ownership. In light of this as well as comprehensive considerations of the portfolio’s composition, the average age of its properties and other factors, the Fund has decided to sell its remaining stake. Under the sale contract, should Nomura Real Estate Development Co., Ltd., redevelop and sell the Property, the Fund will be granted preferential negotiation rights regarding said sale.

b. Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami

Both of these assets are land with leasehold rights for which the Fund has business-use fixed-term land lease contracts. However, on September 19, 2016, the Fund received notice of contract cancellation from the properties’ lessee. The properties are scheduled to be returned as empty lots after the termination of their lease contracts. Based on market surveys and studies of the surrounding areas, the Fund has considered how to use these properties after they are vacated by the lessee, looking at a wide range of possibilities, centered on the following options.

- i. Maintain the properties as land with leasehold rights and lease to a new tenant
- ii. Maintain ownership of the properties and begin redevelopment
- iii. Sell the properties to a third party
- iv. Sell the properties to the sponsor (Nomura Real Estate Development Co., Ltd.) to be redeveloped for a different use

As a result and in light of such considerations as optimizing usage given the characteristics of the properties’ locations, the Fund judged that it would best serve its interests to sell the properties to the sponsor, which plans to redevelop them for a new use that is expected to raise their asset value. If the properties are sold after redevelopment, the Fund will be granted preferential negotiation rights, providing a valuable opportunity to acquire excellent properties in a competitive real estate market. Accordingly, the Fund decided to sell the properties. The sponsor is planning to develop residential facilities (under the PROUD FLAT brand) at the site of Mitsubishi Motors Shibuya and residential-area retail facilities (a store) at the site of Mitsubishi Motors Suginami.

4. Summary of Assets to be Acquired and Sold

(1) Summary of Assets to be Acquired

a. NRE Kichijoji Building (additional stake acquisition)

Property Name		NRE Kichijoji Building			
Type of Asset		Trust beneficiary interest in real estate (49% quasi co-ownership stake)			
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Trust Term		March 10, 2005 to March 10, 2025			
Location (Note 1)	Registry	2-2017-216 Kichijoji Honcho, Musashino City, Tokyo and 10 other lots			
	Street	2-2-17 Kichijoji Honcho, Musashino City, Tokyo			
Access		3-minute walk from Kichijoji Station on the JR Chuo and Sobu lines and Keio Inokashira Line			
Completion Date (Note 1)		July 10, 2014			
Use (Note 1)		Retail, parking			
Structure (Note 1)		SRC B2/7F			
Architect		Obayashi Corporation, first-class registered architectural firm			
Builder		Obayashi Corporation (Head Office)			
Building Inspection Agency		UHEC			
Area (Note 1)	Land	923.73 m ² (Note 2)			
	Floor Area	5,550.35 m ² (Note 2)			
Type of Ownership	Land	Ownership (49.0%) (Note 3)			
	Building	Ownership (49.0%) (Note 3)			
Building Coverage Ratio		100.0% (Note 4)			
Floor Area Ratio		600.0%			
Collateral		None			
Property Management Company		Geo-Akamatsu Co., Ltd.			
Master leasing company		—			
Type of master leasing		—			
Seismic Risk (PML) (Note 5)		3.06% (Based on a May 2015 Earthquake PML Appraisal Report by Sompo Japan Nipponkoa Risk Management Inc. (now SOMPO RISK MANAGEMENT & HEALTH CARE Inc.))			
Notes		The property management company, GEO-AKAMATSU Co., Ltd. is considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).			
Acquisition Price		¥5,100 million			
Appraisal Value and Method		¥5,440 million (Based on the capitalization approach as of December 1, 2016) (Appraiser: Daiwa Real Estate Appraisal Co., Ltd.)			
Appraisal NOI (Note 6)		¥222 million			
Leasing Status (As of March 21, 2017) (Note 7)					
Total Number of Tenants		1			
Tenant Name		Uniqlo Co., Ltd.			
Total Rental Income		Undisclosed			
Security Deposits		Undisclosed			
Occupancy Rate		100.0%			
Total Leased Floor Space		1,962.00 m ²			
Total Leasable Floor Space		1,962.00 m ²			
Historical Occupancy Rates (Note 8)	February 2013	February 2014	February 2015	February 2016	February 2017
	—	—	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) Area
The Property's total land area and the building's total floor area are given.
- (Note 3) Type of Ownership
The percentage of ownership shown, 49.0%, is the quasi co-ownership stake in a beneficial interest in a real estate trust for this property that the Fund plans to acquire. Together with the 51.0% quasi co-ownership stake in a beneficial interest in the real estate trust acquired by the Fund on October 30, 2015, this acquisition will make the Fund the sole owner of the beneficial interest in the real estate trust.
- (Note 4) Building Coverage Ratio
The Property is located in a commercial zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.
- (Note 5) PML (Probable Maximum Loss)
PML shows the probable losses caused by a major earthquake, expressed as the expected recovery cost presented as a percentage of replacement cost. PML is calculated based on a statistical assumption that there is a 0.211% annual chance (10% probability of once every 50 years, i.e., the average life time of buildings) of a major earthquake occurring.
- (Note 6) Appraisal NOI
"Appraisal NOI" indicates the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2016 as the appraisal date, multiplied by 49.0%, the quasi co-ownership stake in the beneficial interest in a real estate trust that the Fund is planning to acquire.
- (Note 7) Leasing Status
"Total Rental Income" and "Security Deposits" are not disclosed as the Fund has not received permission from the end tenant.
"Total Leased Floor Space" and "Total Leasable Floor Space" indicate the building's total leased floor space (the floor space being leased to the end tenant as of today) and total leasable floor space each multiplied by 49.0%, the quasi co-ownership stake in the beneficial interest in a real estate trust that the Fund is planning to acquire.
- (Note 8) Historical Occupancy Rates
There are no applicable occupancy rates for February 2014 and before because the building was not yet completed.

b. Landport Kashiwa Shonan I

Property Name		Landport Kashiwa Shonan I
Type of Asset		Real estate
Location (Note 1)	Registry	1027-15 Aza-miyagohara, Washinoya, Kashiwa City, Chiba and 1 other lot
	Street	1027-15 Washinoya, Kashiwa City, Chiba
Access		11.6 km from the Kashiwa Interchange on the Joban Expressway
Completion Date (Note 1)		January 29, 2016
Use (Note 1)		Warehouse
Structure (Note 1)		S 3F
Architect		Nishimatsu Construction Co., Ltd., first-class registered architectural firm
Builder		Nishimatsu Construction Co., Ltd., Kanto Architectural Regional Headquarters
Building Inspection Agency		CENTER OF INTERNATIONAL ARCHITECTURAL STANDARD
Area (Note 1)	Land	28,029.31 m ²
	Floor Area	49,394.87 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70.0% (Note 2)
Floor Area Ratio		200.0%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Development Co., Ltd., Nomura Real Estate Partners Co., Ltd.
Master leasing company		—
Type of master leasing		—
Seismic Risk (PML) (Note 4)		5.56% (Based on a November 2016 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)

Notes	The property management companies, Nomura Real Estate Development Co., Ltd., and Nomura Real Estate Partners Co., Ltd., are each considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).				
Acquisition Price	¥9,900 million				
Appraisal Value and Method	¥9,920 million (Based on the capitalization approach as of December 1, 2016) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI ^(Note 5)	¥486 million				
Leasing Status (As of March 21, 2017) ^(Note 6)					
Total Number of Tenants	2				
Tenant Name	DHL Supply Chain Co., Ltd., Plus Logistics Corporation				
Total Rental Income	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	48,401.96 m ²				
Total Leasable Floor Space	48,401.96 m ²				
Historical Occupancy Rates ^(Note 7)	February 2013	February 2014	February 2015	February 2016	February 2017
	—	—	—	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.

Because the street address for this property has not yet been established, the building’s location as listed in the real estate registry is given for Location (street).

(Note 2) Building Coverage Ratio

The Property is located in an industrial zone where the building coverage ratio is 60% in principle. Because the Property is on a corner, however, the applied coverage ratio is 70%.

(Note 3) Property Management Company

Refers to the Property Management Company that is scheduled to be appointed after acquisition.

(Note 4) PML (Probable Maximum Loss)

PML shows the probable losses caused by a major earthquake, expressed as the expected recovery cost presented as a percentage of replacement cost. PML is calculated based on a statistical assumption that there is a 0.211% annual chance (10% probability of once every 50 years, i.e., the average life time of buildings) of a major earthquake occurring.

(Note 5) Appraisal NOI

“Appraisal NOI” indicates the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2016 as the appraisal date.

(Note 6) Leasing Status

“Total Rental Income” and “Security Deposits” are not disclosed as the Fund has not received permission from the end tenants.

“Total Leased Floor Space” indicates the total floor space leased to end tenants.

(Note 7) Historical Occupancy Rates

“Historical Occupancy Rates” are based on information from the seller. There are no applicable occupancy rates for February 2015 and before because the building was not yet completed.

c. PROUD FLAT Omori III

Property Name		PROUD FLAT Omori III
Type of Asset		Real estate
Location ^(Note 1)	Registry	6-107-3 Minamioi, Shinagawa Ward, Tokyo
	Street	6-5-14 Minamioi, Shinagawa Ward, Tokyo
Access		5-minute walk from Omori Station on the JR Keihin-Tohoku Line
Completion Date ^(Note 1)		October 15, 2014
Use ^(Note 1)		Apartments
Structure ^(Note 1)		RC, 8F
Leasable Units		49
Architect		Form Architect Planning Co., Ltd

Builder		Raito Kogyo Co., Ltd.				
Building Inspection Agency		Housing Loan Progress Association				
Area ^(Note 1)	Land	526.83 m ²				
	Floor Area	1,742.08 m ²				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		60.0%				
Floor Area Ratio		300.0%				
Collateral		None				
Property Management Company ^(Note 2)		Nomura Real Estate Partners Co., Ltd.				
Master leasing company ^(Note 3)		Nomura Real Estate Partners Co., Ltd.				
Type of master leasing ^(Note 3)		Pass through				
Seismic Risk (PML) ^(Note 4)		5.84% (Based on a January 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes		The property management and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).				
Acquisition Price		¥1,110 million				
Appraisal Value and Method		¥1,140 million (Based on the capitalization approach as of December 1, 2016) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)				
Appraisal NOI ^(Note 5)		¥51 million				
Leasing Status (As of March 21, 2017) ^(Note 6)						
Total Number of Tenants		1				
Total Rental Income		¥66 million				
Security Deposits		¥8 million				
Occupancy Rate		97.0%				
Total Leased Floor Space		1,372.06 m ²				
Total Leasable Floor Space		1,414.74 m ²				
Historical Occupancy Rates ^(Note 7)		February 2013	February 2014	February 2015	February 2016	February 2017
		—	—	97.0%	96.8%	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) Property Management Company

Refers to the Property Management Company that is scheduled to be appointed after acquisition.

(Note 3) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 4) PML (Probable Maximum Loss)

PML shows the probable losses caused by a major earthquake, expressed as the expected recovery cost presented as a percentage of replacement cost. PML is calculated based on a statistical assumption that there is a 0.211% annual chance (10% probability of once every 50 years, i.e., the average life time of buildings) of a major earthquake occurring.

(Note 5) Appraisal NOI

“Appraisal NOI” indicates the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2016 as the appraisal date.

(Note 6) Leasing Status

“Total Number of Tenants” is listed as one because the Fund plans to enter a master lease agreement, under which all the Property’s leasable units will be collectively leased to the master lease company for the purpose of subleasing to end tenants.

“Total Rental Income” is the amount obtained by multiplying the monthly rent stated in the lease agreements with end tenants actually leasing the building of the Property by 12 (truncated at the nearest million yen).

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants.

(Note 7) Historical Occupancy Rates

“Historical Occupancy Rates” are based on information from the seller. There are no applicable occupancy rates for February 2014 and before because the building was not yet completed.

d. PROUD FLAT Kinshicho

Property Name		PROUD FLAT Kinshicho
Type of Asset		Real estate
Location (Note 1)	Registry	1-8-7 and -8 Kotobashi, Sumida Ward, Tokyo
	Street	1-12-9 Kotobashi, Sumida Ward, Tokyo
Access		5-minute walk from Kinshicho Station on the JR Chuo-Sobu and Sobu (Rapid) lines and Tokyo Metro Hanzomon Line
Completion Date (Note 1)		December 19, 2014
Use (Note 1)		Apartments
Structure (Note 1)		RC, 13F
Leasable Units		36
Architect		Form Architect Planning Co., Ltd
Builder		Mabuchi Construction Co., Ltd.
Building Inspection Agency		Housing Loan Progress Association
Area (Note 1)	Land	175.86 m ²
	Floor Area	1,259.73 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100.0% (Note 2)
Floor Area Ratio		700.0%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Partners Co., Ltd.
Master leasing company (Note 4)		Nomura Real Estate Partners Co., Ltd.
Type of master leasing (Note 4)		Pass through
Seismic Risk (PML) (Note 5)		6.47% (Based on a January 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)
Notes		The property management and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).
Acquisition Price		¥785 million
Appraisal Value and Method		¥839 million (Based on the capitalization approach as of December 1, 2016) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)
Appraisal NOI (Note 6)		¥38 million
Leasing Status (As of March 21, 2017) (Note 7)		
Total Number of Tenants		1
Total Rental Income		¥53 million
Security Deposits		¥6 million
Occupancy Rate		100.0%
Total Leased Floor Space		1,087.80 m ²
Total Leasable Floor Space		1,087.80 m ²

Historical Occupancy Rates (Note 8)	February 2013	February 2014	February 2015	February 2016	February 2017
	—	—	13.9%	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) Building Coverage Ratio
The Property is located in a commercial zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.
- (Note 3) Property Management Company
Refers to the Property Management Company that is scheduled to be appointed after acquisition.
- (Note 4) Master Lease
Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.
- (Note 5) PML (Probable Maximum Loss)
PML shows the probable losses caused by a major earthquake, expressed as the expected recovery cost presented as a percentage of replacement cost. PML is calculated based on a statistical assumption that there is a 0.211% annual chance (10% probability of once every 50 years, i.e., the average life time of buildings) of a major earthquake occurring.
- (Note 6) Appraisal NOI
“Appraisal NOI” indicates the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2016 as the appraisal date.
- (Note 7) Leasing Status
“Total Number of Tenants” is listed as one because the Fund plans to enter a master lease agreement, under which all the Property’s leasable units will be collectively leased to the master lease company for the purpose of subleasing to end tenants.
“Total Rental Income” is the amount obtained by multiplying the monthly rent stated in the lease agreements with end tenants actually leasing the building of the Property by 12 (truncated at the nearest million yen).
“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).
“Total Leased Floor Space” indicates the total floor space leased to end tenants.
- (Note 8) Historical Occupancy Rates
“Historical Occupancy Rates” are based on information from the seller. There are no applicable occupancy rates for February 2014 and before because the building was not yet completed.

(2) Summary of Assets to be Sold

a. NOF Nihonbashi Honcho Building (51.0%)

Property Name		NOF Nihonbashi Honcho Building
Type of Asset		Trust beneficiary interest in real estate (51% quasi co-ownership stake)
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust Term		March 5, 2002 to February 28, 2022
Location (Note 1)	Registry	2-4-1 Nihonbashi Honcho, Chuo Ward, Tokyo and 8 other lots
	Street	2-7-1 Nihonbashi Honcho, Chuo Ward, Tokyo
Access		Mitsukoshimae Station on the Tokyo Metro Ginza and Hanzomon lines; Kanda Station and Shin-Nihombashi Station on JR lines
Completion Date (Note 1)		April 19, 1961; expansion completed April 16, 1968
Use (Note 1)		Office
Structure (Note 1)		SRC B3/8F
Area (Note 1)	Land	3,196.31 m ² (Note 2)
	Floor Area	29,430.67 m ² (Note 2)
Type of Ownership	Land	Ownership (51.0%) (Note 2)
	Building	Ownership (51.0%) (Note 2)
Building Coverage Ratio		100.0% (Note 3)

Floor Area Ratio	800.0%				
Collateral	None				
Acquisition Price	¥10,914 million ^(Note 4)				
Transfer Price	¥11,730 million				
Book Value	¥10,889 million ^(Note 5)				
Difference	¥840 million				
Appraisal Value and Method	¥11,200 million (Based on the capitalization approach as of August 31, 2016) (Appraiser: The Tanizawa Sōgō Appraisal Co., Ltd.)				
Leasing Status (As of March 21, 2017) ^(Note 6)					
Total Number of Tenants	16				
Total Rental Income	¥1,389million				
Security Deposits	¥961 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	19,157.05 m ²				
Total Leasable Floor Space	19,157.05 m ²				
Historical Occupancy Rates	February 2013	February 2014	February 2015	February 2016	February 2017
	95.9%	100.0%	96.4%	98.9%	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. The areas given for the Property's land and floor area are those for the entire property/building.

(Note 2) Type of Ownership

The percentage of ownership given, 51.0%, is the Fund's quasi co-ownership stake in the beneficial interest in the real estate trust for the Property.

(Note 3) Building Coverage Ratio

The Property is located in a commercial zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.

(Note 4) Acquisition Price

"Acquisition Price" is given as the acquisition price of the entire beneficial interest in the real estate trust multiplied by 0.51.

(Note 5) Book Value

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

(Note 6) Leasing Status

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

"Total Rental Income" is the amount obtained by multiplying the monthly rent stated in the lease agreements with end tenants actually leasing the building of the Property by 12 (truncated at the nearest million yen). Note that rent-free periods under the leasing contracts for certain tenants are not taken into account.

"Security Deposits" indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

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

"Total Leasable Floor Space" indicates the total leasable floor space as of today, including the area of common-use space, etc., if leased. Leasable area is calculated based not on the area presented in the real estate registry, but the area stated in the lease contracts and the area calculated based on building completion drawings, etc. Accordingly, the leasable area may not be the same as the floor area presented in the registry and may exceed the total floor area.

Note that, while the Fund currently owns a 51% quasi co-ownership stake in the beneficial interest in the real estate trust for the Property, the information listed under "Leasing Status" is that for the entirety of the trust's assets.

b. Mitsubishi Motors Shibuya

Property Name		Mitsubishi Motors Shibuya				
Type of Asset		Trust beneficiary interest in real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust Term		March 31, 2004 to June 30, 2023				
Location (Note 1)	Registry	2-1446-15 Tomigaya, Shibuya Ward, Tokyo and three other lots				
	Street	2-20-9 Tomigaya, Shibuya Ward, Tokyo				
Access		15-minute walk from Komaba-Todaimae Station on the Keio Inokashira Line				
Completion Date		—				
Use		—				
Structure		—				
Area (Note 1)	Land	1,421.31 m ²				
	Floor Area	—				
Type of Ownership	Land	Ownership (land with business-use fixed-term leasehold rights)				
	Building	—				
Building Coverage Ratio		80%				
Floor Area Ratio		300%				
Collateral		None				
Acquisition Price		¥1,570 million				
Transfer Price		¥1,720 million				
Book Value		¥1,586 million				
Difference		¥133 million				
Appraisal Value and Method		¥1,720 million (Based on the development approach as of March 10, 2017) (Appraiser: Daiwa Real Estate Appraisal Co., Ltd.)				
Leasing Status (As of March 21, 2017) (Note 2)						
Total Number of Tenants		1				
Tenant Name		Undisclosed				
Total Rental Income		Undisclosed				
Security Deposits		Undisclosed				
Occupancy Rate		100.0%				
Total Leased Floor Space		1,421.31 m ²				
Total Leasable Floor Space		1,421.31 m ²				
Historical Occupancy Rates		February 2013	February 2014	February 2015	February 2016	February 2017
		100.0%	100.0%	100.0%	100.0%	100.0%

(Note 1) Location and Other Items
Location (registry) and Area are based on the information in the real estate registry.

(Note 2) Leasing Status
“Tenant Name,” “Total Rental Income” and “Security Deposits” are not disclosed as the Fund has not received permission from the end tenant.
“Total Leased Floor Space” indicates the total floor space leased to the tenant.

c. Mitsubishi Motors Suginami

Property Name		Mitsubishi Motors Suginami				
Type of Asset		Trust beneficiary interest in real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust Term		March 31, 2004 to June 30, 2023				
Location (Note 1)	Registry	2-185-1 Honamanuma, Suginami Ward, Tokyo				
	Street	2-42-8 Honamanuma, Suginami Ward, Tokyo				
Access		12-minute walk from Shimoigusa Station on the Seibu Shinjuku Line				

Completion Date)	—				
Use	—				
Structure	—				
Area (Note 1)	Land	1,831.00 m ²			
	Floor Area	—			
Type of Ownership	Land	Ownership (land with business-use fixed-term leasehold rights)			
	Building	—			
Building Coverage Ratio	80%/50% (Note 2)				
Floor Area Ratio	200%/100% (Note 2)				
Collateral	None				
Acquisition Price	¥740 million				
Transfer Price	¥896 million				
Book Value	¥748 million				
Difference	¥147 million				
Appraisal Value and Method	¥896 million (Based on the development approach, sales comparison approach and land residual approach as of March 10, 2017) (Appraiser: The Tanizawa Sōgō Appraisal Co., Ltd.)				
Leasing Status (As of March 21, 2017) (Note 3)					
Total Number of Tenants	1				
Tenant Name	Undisclosed				
Total Rental Income	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	1,831.00 m ²				
Total Leasable Floor Space	1,831.00 m ²				
Historical Occupancy Rates	February 2013	February 2014	February 2015	February 2016	February 2017
	100.0%	100.0%	100.0%	100.0%	100.0%

(Note 1) Location and Other Items

Location (registry) and Area are based on the information in the real estate registry.

(Note 3) Building Coverage Ratio and Floor Area Ratio

The portion of the Property that is within 20 meters of the road on the northeast side of the Property is within a neighborhood commercial zone with an 80% building coverage ratio. The portion more than 20 meters from said road is within a category I low building residential zone with a 50% building coverage ratio. The building coverage ratio applied to the Property is the average of these two weighted by area. The floor area ratio for the portion in the neighborhood commercial zone is 200%; that for the portion in the category I low building residential zone is 100%. The floor area ratio applied to the Property is the average of these two weighted by area.

(Note 3) Leasing Status

“Tenant Name,” “Total Rental Income” and “Security Deposits” are not disclosed as the Fund has not received permission from the end tenant.

“Total Leased Floor Space” indicates the total floor space leased to the tenant.

4. Profile of Seller of the Properties to Be Acquired and Buyer of the Properties to be Sold

Company Name	Nomura Real Estate Development, Co., Ltd.
Head Office	1-26-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo
Representative	Seiichi Miyajima, President & CEO
Principal Business	Real Estate
Capital	¥2,000 million (as of March 31, 2016)
Established	April 15, 1957
Net Assets	¥121.5 billion (as of March 31, 2016)
Total Assets	¥1,005.7 billion (as of March 31, 2016)

Major Shareholder (Stockholding Ratio)	Nomura Real Estate Holdings, Inc. (100.0%) (as of March 31, 2016)	
Relationships with the Fund and/or the Asset Management Company		
Capital	Nomura Real Estate Development, Co., Ltd. holds 5.66% of the Fund's investment units (as of August 31, 2016). As a wholly owned subsidiary of Nomura Real Estate Holdings, Inc., which also holds 100% ownership of the Asset Management Company, Nomura Real Estate Development, Co., Ltd. is a related party of the Asset Management Company as defined in the Investment Trust Law.	
Personal	The Asset Management Company's employees and officers are dispatched from Nomura Real Estate Development, Co., Ltd.	
Transactions	Nomura Real Estate Development, Co., Ltd. is the property management company of the Fund and a lessee of real estate owned by the Fund. Moreover, the Asset Management Company has concluded an agreement on provision of information and a basic agreement on the leasing value chain with the said company.	
Related Party Status	Nomura Real Estate Development, Co., Ltd. does not fall under the definition of a related party of the Fund. However, as stated above, the said company is a related party of the Asset Management Company as they are fellow subsidiaries of a common parent company.	

5. Status of Owner of Properties to be Acquired

Status of owner ^(Note 1)	Current owner and/or trustee	Previous owner and/or trustee
Company name	Nomura Real Estate Development, Co., Ltd.	—
Relationship with parties with special interest	Please refer to "4. Profile of Seller of the Properties to Be Acquired and Buyer of the Properties to be Sold," above	—
Background/reasons for acquisition, etc.	For development for later sale	—
Acquisition price (including other related expenses)	—	—
Acquisition date	—	—

(Note 1) "Status of owner" is the same owner in the Transaction

6. Transactions with Related Parties

- (1) Transactions related to the acquisition of assets to be acquired and the sale of assets to be sold

The transactions related to the acquisition of assets to be acquired and the sale of assets to be sold are considered transactions with a related party under the Investment Trust Law, as stated above. Accordingly, the acquisition and sale of each property, the acquisition and sale prices, and other relevant terms have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

- (2) The property management company of the NRE Kichijoji Building

The property management company of the NRE Kichijoji Building, Geo-Akamatsu Co., Ltd., is considered a related party under the Investment Trust Law, as stated above. When the Fund acquired a 51.0% stake in the asset on October 30, 2015, the fees and other terms of the consignment of property management related to the Property were duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

- (3) The property management company of Landport Kashiwa Shonan I

The property management company of Landport Kashiwa Shonan I, Nomura Real Estate Co., Ltd. and Nomura Real Estate Partners Co., Ltd., are considered related parties under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management related to the Property have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

- (4) The property management company and master leasing company of PROUD FLAT Omori III and PROUD FLAT Kinshicho

The property management company and master leasing company of PROUD FLAT Omori III and PROUD FLAT Kinshicho, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to the properties have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

7. Broker

There is no brokerage involved for the assets to be acquired or sold.

8. Form of Payment, etc.

- (1) Acquisition of Four Properties to Be Acquired, and sale of NOF Nihonbashi Honcho Building

Because the acquisitions and sale are between the same parties, said parties intend to settle the account for the

difference between the acquisition and sales prices. On the scheduled acquisition and sale date, the Fund intends to use borrowings and cash on hand to pay the seller the total acquisition price of the four properties minus the total sales price of NOF Nihonbashi Honcho Building.

(2) Sale of Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami

On the scheduled sale date, the buyer intends to pay the seller the total sales price of the Mitsubishi Motors Shibuya Branch and Mitsubishi Motors Suginami Branch.

9. Schedule for the Transaction

March 21, 2017	<ul style="list-style-type: none">• Conclusion of a purchase and sale agreement for the acquisitions of each of the Four Properties to Be Acquired• Conclusion of the purchase and sale agreement for the sale of the NOF Nihonbashi Honcho Building(51.0%)
March 31, 2017	<ul style="list-style-type: none">• Acquisition of Four Properties to Be Acquired (delivery of the real estate and trust beneficiary interests)• Sale of NOF Nihonbashi Honcho Building(delivery of trust beneficiary interests)• Conclusion of the purchase and sale agreement for the sales of Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami
June 1, 2017	Sale of Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami (delivery of the trust beneficiary interests)

10. Forecast of Financial Results

Although the Fund expects to generate gains on the sale of the Three Properties to Be Sold, it intends to hold the gains as internal reserves to ensure stable investment and dividends in the near term. (For details, please refer to the additional material entitled “Supplement Documentation for Press Release ‘Acquisition and Disposition of the Assets’ dated today.”) Furthermore, the effects of the Transaction on the entire portfolio will be accounted for in the forecast of financial results for the period ending August 31, 2017 (March 1, 2017 to August 31, 2017). This announcement is planned for April 14, 2017, in tandem with the disclosure of results for the period ending February 28, 2017.

11. Appraisal Summary

(1) Four Properties to Be Acquired.

Property Name	NRE Kichijoji Building(additional stake acquisition)
Appraisal Vale	¥5,440,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	December 1, 2016

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	5,440,000,000	In calculating, income-based values calculated using both the direct capitalization approach and the discounted cash flow approach were taken into account.
Price calculated by the direct capitalization approach	5,540,000,000	
(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))	222,364,640	
(4) Profit through management of temporary deposits, etc.	Undisclosed	(Note)
(5) Capital Expenditure Reserve	2,148,775	Assumed in consideration of building age, as well as average maintenance and lease renewal fees based on the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	221,462,286	
(7) Capitalization rate	4.0%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price calculated by the Discounted Cash Flow Approach	5,390,000,000	
Discount rate	3.8%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property.
Terminal capitalization rate	4.2%	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	4,410,000,000	
Ratio of land	81.6%	
Ratio of building	18.4%	

Matters noted in reconciliation of indicated value and determination of appraisal value	<p>The Property has an excellent location just three minutes on foot from Kichijoji Station. Situated on the corner of Kichijoji Dori, home to a mix of street-level shops and department stores, and Nakamichi Dori, along which are clustered cafes and various small shops, the location also enjoys excellent visibility from the station and a very high volume of foot traffic, in the middle of a bustling area. The building's exterior design makes great use of glass, making the building easily recognizable the movement of people inside visible from the outside. As a result, the building has a strong presence as a local landmark. The property is one of the more competitive in the area and is expected to steadily generate income as a retail facility well into the future.</p> <p>In view of the above factors, the appraisal value was determined with an emphasis on the capitalization approach price, in which the investment value was appropriately reflected.</p>
---	--

(Note) The Property is occupied only by a tenant who is a third party with no special relationship of interest with the Fund or the Asset Management Company. The disclosure of the items noted could be used to infer the conditions of the lease, which could negatively impact the Fund's competitiveness and thus harm the interests of unitholders. Furthermore, the Fund has not received permission from the tenant to disclose these items. Accordingly, these items are not disclosed.

Property Name	Landport Kashiwa Shonan I
Appraisal Value	¥9,920,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	December 1, 2016

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	9,920,000,000	In calculating, income-based values calculated using both the direct capitalization approach and the discounted cash flow approach were taken into account.
Price calculated by the direct capitalization approach	10,000,000,000	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))	486,674,497	
(4) Profit through management of temporary deposits, etc.	Undisclosed	(Note)
(5) Capital Expenditure Reserve	5,350,000	Assumed in consideration of building age, as well as average maintenance and lease renewal fees based on the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	481,675,279	
(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	9,830,000,000	
Discount rate	4.6%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property.
Terminal capitalization rate	5.0%	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	11,100,000,000	
Ratio of land	62.3%	
Ratio of building	37.7%	
Matters noted in reconciliation of indicated value and determination of appraisal value	<p>Approximately 12 km from the Kashiwa Interchange on the Joban Expressway and 400 m from National Highway 16, a beltway around the suburbs of Tokyo, the Property is well situated to serve a broad expanse of the Tokyo Metropolitan Area. As part of an industrial park, logistics operations at the facility can be carried out 24 hours a day. Furthermore, a dedicated shuttle bus facilitates hiring for the facility from across a wide geographic range. The building offers cutting-edge, high-performance logistics facilities, making it highly competitive against other similar properties.</p> <p>In view of the above factors, the appraisal value was determined with an emphasis on the capitalization approach price, in which the investment value was appropriately reflected.</p>	

(Note) The Property is occupied only by a tenant who is a third party with no special relationship of interest with the Fund or the Asset Management Company. The disclosure of the items noted could be used to infer the conditions of the lease, which could negatively impact the Fund's competitiveness and thus harm the interests of unitholders. Furthermore, the Fund has not received permission from the tenant to disclose these items. Accordingly, these items are not disclosed.

Property Name	Proud Flat Omori III
Appraisal Value	¥1,140,000,000
Appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal Date	December 1, 2016

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	1,140,000,000	In calculating, income-based values calculated using both the direct capitalization approach and the discounted cash flow approach were taken into account.
Price calculated by the direct capitalization approach	1,150,000,000	
(1) Operating income (a)-(b)	65,192,000	
(a) Gross rental income	69,258,000	Stable medium- to long-term rent was calculated based on rent under the current contract to determine rental income.
(b) Losses due to vacancies, etc.	4,066,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, parking and other incomes.
(2) Operating expenses	13,592,000	
Maintenance	2,412,000	Calculated based on estimates provided with past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
Utilities costs	770,000	Calculated based on past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
Repair costs	1,089,000	Costs to maintain the Property to its original condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
Property management fees	1,890,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
Advertisement for leasing, etc.	3,809,000	Leasing advertisement costs were calculated based on such factors as local practices and the Property's past results. In addition, estimates of renewal fees provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties) and included in the determination.

	Taxes	3,458,000	Calculated based on fiscal 2016 tax amounts, with reference to movement in land prices for the land and age depreciation for the building and depreciable assets. Depreciable asset tax was based in part on materials gathered by the appraiser (regarding the levels of similar properties).
	Insurance premium	68,000	Estimates provided by Nomura Master Fund were judged to be reasonable.
	Other expenses	96,000	Comprises cable television usage expenses estimated based on past results.
	(3) Net operating income from leasing business (NOI=(1)-(2))	51,600,000	
	(4) Profit through management of temporary deposits, etc.	72,000	Calculated by multiplying the amount of deposits by an expected investment yield determined based on a comprehensive consideration of such factors as sovereign bond interest rates.
	(5) Capital Expenditure Reserve	965,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	50,707,000	
	(7) Capitalization rate	4.4%	Calculated based in part on the past capitalization rate of the Property and of J-REITs judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
	Price calculated by the Discounted Cash Flow Approach	1,120,000,000	
	Discount rate	4.2%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.
	Terminal capitalization rate	4.6%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
	Cost Approach Price	1,040,000,000	
	Ratio of land	67.9%	
	Ratio of building	32.1%	
Matters noted in reconciliation of indicated value and determination of appraisal value	<p>The Property is a five-minute walk from Omori Station on the JR Keihin-Tohoku Line. The area around Omori Station is comfortably livable, with numerous restaurants and other convenient facilities within walking distance. Located behind the Shinkansen railway, the area offers an excellent living environment, with very little noise or traffic exhaust. The quality and maintenance level of the building itself are on par with its many competitor properties. The Property also offers an ample security system to ensure privacy and security, with video intercoms, a 24-hour emergency alert system, dimple keys and security cameras. The rental units' layout, furnishings, and overall look of quality are as good as those of any competing property. The supply of relatively new apartments and condominiums in the area around the Property is limited, and the Property is expected to enjoy firm demand from consumers who value proximity to the city center, such as those in single-person households, urban commuters and dual income couples with no children.</p> <p>In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a standard level of competitiveness within its supply-demand zone.</p>		

Property Name	Proud Flat Kinshicho
Appraisal Value	¥839,000,000
Appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal Date	December 1, 2016

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	839,000,000	n calculating, income-based values calculated using both the direct capitalization approach and the discounted cash flow approach were taken into account.

Price calculated by the direct capitalization approach	850,000,000	
(1) Operating income (a)-(b)	49,981,000	
(a) Gross rental income	52,694,000	Stable medium- to long-term rent was calculated based on rent under the current contract to determine rental income.
(b) Losses due to vacancies, etc.	2,713,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, motorcycle parking and other incomes.
(2) Operating expenses	11,708,000	
Maintenance	2,915,000	Calculated based on estimates provided by Nomura Master Fund and past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
Utilities costs	790,000	Calculated based past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
Repair costs	1,045,000	Costs to maintain the Property in its current condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
Property management fees	1,469,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
Advertisement for leasing, etc.	2,991,000	Leasing advertisement costs were calculated based on such factors as local practices and the Property's past results. In addition, estimates of renewal fees provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties) and included in the determination.
Taxes	2,444,000	Calculated based on fiscal 2016 tax amounts, with reference to movement in land prices for the land and age depreciation for the building and depreciable assets. Depreciable asset tax was based in part on materials gathered by the appraiser (regarding the levels of similar properties).
Insurance premium	54,000	Estimates provided by Nomura Master Fund were judged to be reasonable.
Other expenses	0	None.
(3) Net operating income from leasing business (NOI=(1)-(2))	38,273,000	
(4) Profit through management of temporary deposits, etc.	57,000	Calculated by multiplying the amount of deposits by an expected investment yield determined based on a comprehensive consideration of such factors as sovereign bond interest rates.
(5) Capital Expenditure Reserve	924,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	37,406,000	
(7) Capitalization rate	4.4%	Calculated based in part on the past capitalization rate of the Property and of J-REITs judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
Price calculated by the Discounted Cash Flow Approach	827,000,000	
Discount rate	4.2%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.

	Terminal capitalization rate	4.6%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
Cost Approach Price		637,000,000	
	Ratio of land	58.3%	
	Ratio of building	41.7%	
Matters noted in reconciliation of indicated value and determination of appraisal value		<p>The Property is located a five-minute walk from Kinshicho Station on the JR Sobu Main Line and other train lines. Because users can take multiple lines from Kinshicho Station, the Property offers excellent access to key areas of the city center, particularly those near Tokyo and Otemachi stations. The area near Kinshicho Station includes a variety of large-scale retail and other facilities, making it a convenient area to live in. Furthermore, although the Property faces a high-traffic national highway, all rental units have southern exposure with excellent sunlight. The building itself offers such features as auto-lock doors, video intercoms, and a parcel delivery box, as well as excellent maintenance and management.</p> <p>In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a solid level of competitiveness within its supply-demand zone.</p>	

(2) Three Properties to Be Sold

Property Name	NOF Nihonbashi Honcho building
Appraisal Value	¥11,200,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	August 31, 2016

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	11,200,000,000	In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account.
Price calculated by the direct capitalization approach	10,900,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term.
(1) Operating income (a)-(b)	1,300,522,999	※There is no consideration about ownerships below.
(a) Gross rental income	1,379,816,200	Assumed based on the expected mid- to long-term stable rent.
(b) Losses due to vacancies, etc.	79,293,201	Assumed based on the expected mid- to long-term stable occupancy rate.
(2) Operating expenses	338,062,914	
Maintenance	98,850,378	Assumed based on the estimated amount and of a similar building.
Utilities costs	91,953,840	Assumed based on past actual expenses taking into account the occupancy rate.
Repair costs	28,060,000	Allocation of appraised restoration expenses and repair expenses based on the Engineering Report.
Property management fees	23,409,414	Assumed based on agreement conditions, general standard, etc.
Advertisement for leasing, etc.	12,633,009	Assumed based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit.
Taxes	80,604,600	Assumed based on mid to long term perspective of the tax base of year 2016.
Insurance premium	1,251,150	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other expenses	1,300,523	Assumed based on past actual other expenses.
(3) Net operating income from leasing business (NOI=(1)-(2))	962,460,085	
(4) Profit through management of temporary deposits, etc.	17,415,724	Assumed interest rates of 2.0%.
(5) Capital Expenditure Reserve	64,660,000	Assumed in consideration of building age, as well as average maintenance and lease renewal fees based on the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	915,215,809	
(7) Capitalization rate	4.3%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price calculated by the Discounted Cash Flow Approach	1,130,000,000	※There is no consideration about ownerships below.
Discount rate	4.2%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate	4.5%	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	8,620,000,000	
Ratio of land	91.3%	
Ratio of building	8.7%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	

Property Name	Mitsubishi Motors Shibuya
Appraisal Value	¥1,720,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	March 10, 2017

(Yen)

Item	Amount or percentage	Grounds
Development approach price	1,720,000,000 (¥1,190,000/㎡)	Estimated by deducting standard construction costs and standard related expenses to be borne by the contractee from the present value of the gross revenues from the sales of a building based on the assumption that an optimal-use building (condominiums) would be built on the land.
Comparison approach price	1,910,000,000 (¥1,330,000/㎡)	Calculated with a price comparison, utilizing region-specific and individual-property-specific factors, of appropriate examples selected from a large pool of transactions, with relevant controls for specific circumstances and timeframes.
Capitalization approach (land residual approach)	— (¥/㎡)	Not applied, as not relevant to estimates based on optimal use.
(1) Operating income (a)-(b)	—	
(a) Gross rental income	—	
(b) Losses due to vacancies, etc.	—	
(2) Operating expenses	—	
Maintenance	—	
Utilities costs	—	
Repair costs	—	
Property management fees	—	
Advertisement for leasing, etc.	—	
Taxes	—	
Insurance premium	—	
Other expenses	—	
(3) Net operating income from leasing business (NOI=(1)-(2))	—	
(4) Profit through management of temporary deposits, etc.	—	
(5) Capital Expenditure Reserve	—	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	—	
(7) Net cash flow attributable to buildings, etc.	—	
(8) Rate of adjustment for pre-income period	—	
(9) Net cash flow attributable to land adjusted for pre-income period (=((6)-(7))×(8))	—	
(10) Annual reserve for building demolition expenses	—	
(11) Allotment for taxes during the pre-income period	—	
(12) Net cash flow attributable to land (= (9)-(10)-(11))	—	
(13) Land capitalization rate	—	
Matters noted in reconciliation of indicated value and determination of appraisal value	The typical potential buyers for the Property are thought to be mainly real estate companies and developers planning to construct and sell condominiums or similar facilities. Accordingly, the value determined by the development approach, which is based on a developer's perspective, fits the characteristics of the market. The development approach was thus judged to be the most authoritative and used to determine the appraisal value of the Property, with reference also to the value estimated using the comparison approach.	

Property Name	Mitsubishi Motors Suginami
Appraisal Value	¥896,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.

Appraisal Date		March 10, 2017	
(Yen)			
Item	Amount or percentage	Grounds	
Development approach price	912,000,000 (¥495,000/㎡)	Estimated by deducting standard construction costs and standard related expenses to be borne by the contractee from the present value of the gross revenues from the sales of a building based on the assumption that an optimal-use building (condominiums) would be built on the land.	
Comparison approach price	900,000,000 (¥488,000/㎡)	Calculated with a price comparison, utilizing region-specific and individual-property-specific factors, of appropriate examples selected from a large pool of transactions, with relevant controls for specific circumstances and timeframes.	
Capitalization approach (land residual approach)	852,000,000 (¥462,000/㎡)	Estimated based on the assumption that rental apartments would be built on the land by first estimating the net income attributable to the land and property together by deducting estimated operating costs from the gross operating income of said apartments, and then deducting from said net income the net income attributable to the building to obtain the net income attributable to the land and reducing this figure by the capitalization rate.	
(1) Operating income (a)-(b)	89,190,742		
(a) Gross rental income	93,656,587	Estimated based in part on market rent levels.	
(b) Losses due to vacancies, etc.	4,465,845	Estimated based on the standard medium- to long-tem vacancy rate.	
(2) Operating expenses	20,982,262		
Maintenance	4,101,900	Estimated based on the results of similar properties.	
Utilities costs	1,525,500	Estimated based on the results of similar properties.	
Repair costs	2,332,125	Estimated based on costs to maintain the Property to its original condition and the results of similar properties.	
Property management fees	2,545,532	Estimated using standard fee rates for similar properties.	
Advertisement for leasing, etc.	2,896,151	Estimated on the assumption of 20.0% annual tenant turnover.	
Taxes	6,823,600	Assumed.	
Insurance premium	311,500	Estimated using standard fee rates for similar properties.	
Other expenses	445,954	Estimated based on the results of similar properties.	
(3) Net operating income from leasing business (NOI=(1)-(2))	68,208,480		
(4) Profit through management of temporary deposits, etc.	139,708	Estimated based on an investment yield of 1%.	
(5) Capital Expenditure Reserve	1,246,000	Estimated based on the results of similar properties.	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	67,102,188		
(7) Net cash flow attributable to buildings, etc.	31,073,371	Estimated by multiplying the initial investment in the building, etc., by the increasing return rate for the principal and interest.	
(8) Rate of adjustment for pre-income period	0.952717	Calculated with reference to basic interest rates, rates of variation in net income, the duration of the pre-income period and other factors.	
(9) Net cash flow attributable to land adjusted for pre-income period (=((6)-(7))×(8))	34,325,266		
(10) Annual reserve for building demolition expenses	1,009,791	Calculated with reference to building structure, economic useful life and other factors.	
(11) Allotment for taxes during the pre-income period	94,108	Calculated with reference to property and other taxes, the duration of the pre-income period and other factors.	
(12) Net cash flow attributable to land (= (9)-(10)-(11))	33,221,367		
(13) Land capitalization rate	3.9%	Calculated with reference to the characteristics of the area surrounding the Property, the Property's particular characteristics and other factors.	
Matters noted in reconciliation of indicated value and determination of appraisal value	Calculated with reference to the characteristics of the area surrounding the Property, the Property's particular characteristics and other factors.		

【Exhibits】

Exhibit 1 Portfolio Over View after Acquisition and Disposition

Exhibit 2 Photos of four Properties

Exhibit 3 Maps of four Properties

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

Portfolio Overview after Acquisition of the Assets

Asset Type	Area (Note 1)	(Scheduled) Acquisition Price (mln)	Percentage to total (%) (Note 2)
Office	Tokyo Area	361,030	37.9
	Other Area	71,930	7.6
	Total	432,960	45.5
Retail	Tokyo Area	107,667	11.3
	Other Area	65,996	6.9
	Total	173,663	18.2
Logistics	Tokyo Area	146,930	15.4
	Other Area	10,040	1.1
	Total	156,970	16.5
Residential	Tokyo Area	151,518	15.9
	Other Area	32,527	3.4
	Total	184,045	19.3
Others	Tokyo Area	4,900	0.5
	Total	4,900	0.5
Grand Total	-	952,538	100.0

(Note1)“Greater Tokyo” 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.

(Note2)“Tokyo Area”“Greater Tokyo” refers to Tokyo Prefecture, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Other Areas” refers to cabinet-order designated cities, prefectures the figures were rounded to the first decimal place, the total may not necessarily be 100%.

(Note3)Figures in the above table assume the successful dispositions of NOF Technoport Kamata Center Building and Ito-Yokado Higashi-Narashino Store (announced in the December 20, 2016 press release entitled “Notice Concerning Property Disposition”), the successful acquisition of PRIME URBAN Gakugei Daigaku Parkfront (announced in the January 27, 2017 press release entitled "Notice Concerning Property Acquisition"), and the successful acquisition of the Nakaza Cui-daore Building (announced in the February 21, 2017 press release entitled "Notice Concerning Property Acquisition."

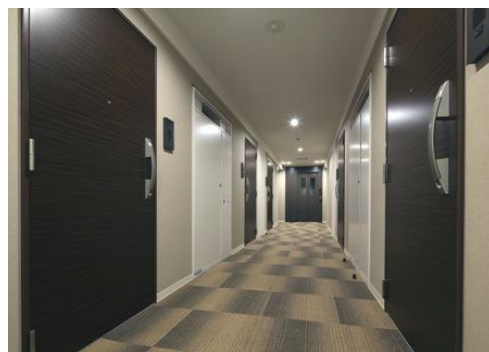
NRE Kichijoji Building(additional stake acquisition)



Landport Kashiwa Shonan I



Proud Flat Omori III



Proud Flat Kinshicho



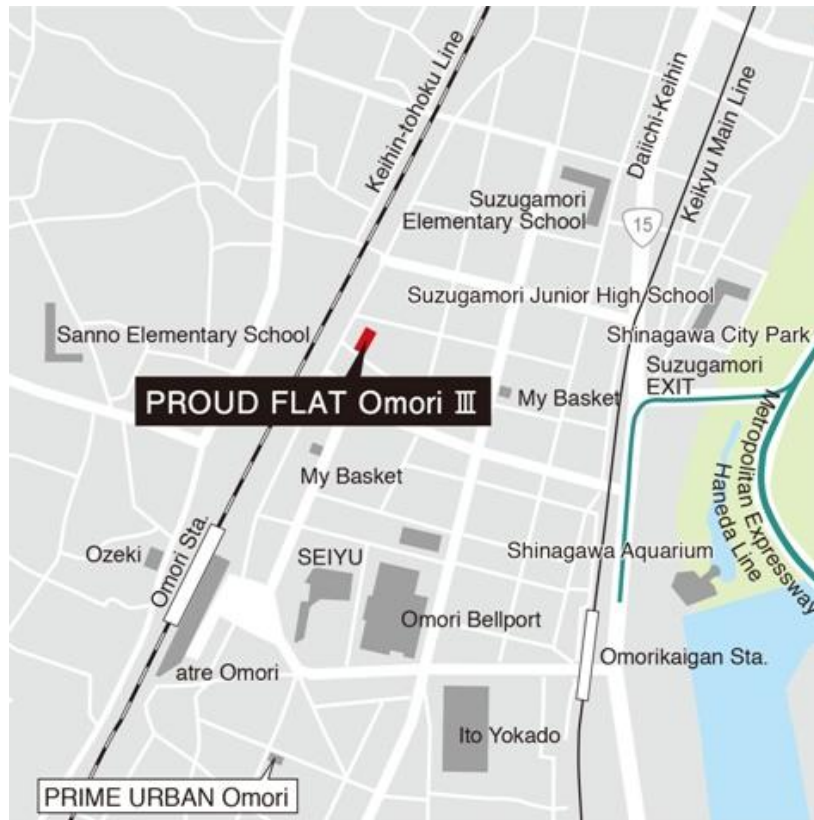
NRE Kichijoji Building(additional acquisition)



Landport Kashiwa Shonan I



Proud Flat Omori III



Proud Flat Kinshicho

