



Supplement Documentation for Press Release “Acquisition and Disposition of the Assets” dated today

March 21, 2017

Exchange deal with The Sponsor

Along with acquiring prime properties developed by the sponsor,
selling favorably-located properties to secure future external growth opportunities

Acquisition

- ✓ **Acquisition of 4 properties for 16.8 billion yen** developed by the sponsor
- ✓ Acquisition of prime properties of various uses (retail, logistics and residential) from the sponsor



NRE Kichijoji Building
(49%)



Landport Kashiwa
Shonan I



PROUD FLAT
Omori III



PROUD FLAT
Kinshicho

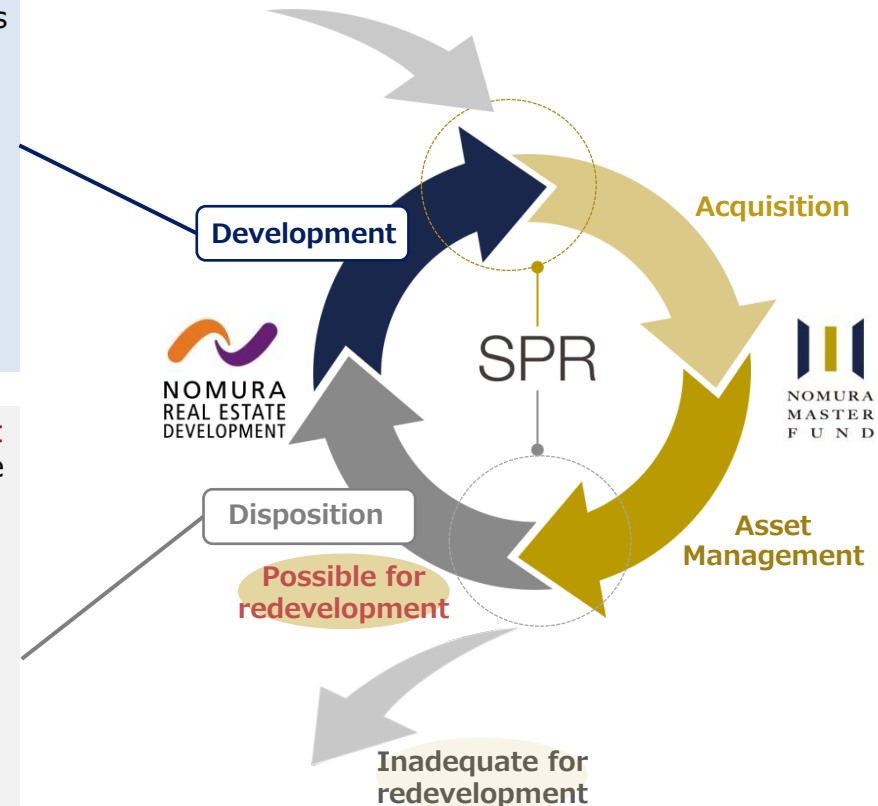
Disposition

- ✓ **Disposition with right of first refusal after redevelopment of 3 properties for 14.3 billion yen** to the sponsor to secure future external growth opportunities



NOF Nihonbashi Honcho
Building (51%)

- ✓ Disposition of Mitsubishi Motors Shibuya (land with leasehold right), and Suginami (land with leasehold right). Sponsor considering **redevelopment as PROUD FLAT, and store**, respectively
- ✓ Disposition of remaining interest (51%) in NOF Nihonbashi Honcho Building, **completing disposition of the property in its entirety**



Strategic Property Replacement (SPR)

Promotion of disposition of properties amounting to cumulative total of 51.3 billion yen in the approximately 1.5 years since establishment of Nomura Real Estate Master Fund (※)

※ The sum total of the acquisition price of disposition properties announced to date since establishment, and thus including properties of which disposition is yet to be completed.

1 Avoidance of risk of decrease in revenue through disposition of properties

- ✓ Disposition of Mitsubishi Motors Shibuya and Mitsubishi Motors Suginami to avoid risk of decrease in revenue arising from having received notice of contract cancellation from tenants
- ✓ Disposition of remaining interest (51%) in NOF Nihonbashi Honcho Building to complete disposition of the property in its entirety

2 Acquisition of prime properties and securing of external growth opportunities

- ✓ Along with acquisition of prime properties of various uses developed by the sponsor, disposition with right of first refusal after redevelopment of favorably-located properties to the sponsor to secure future external growth opportunities

Change in Various Indicators Subsequent to End of 3rd Fiscal Period

	17/2/28 (3rd FP)	Published ※1		Today's Release		After SPR
		Acquisition	Disposition	Acquisition	Disposition	
Number of Properties	272 properties	+3 properties	-2 properties	+4 ※2 properties	-3 properties	273 properties ※2
Acquisition Price	¥932,896mln.	+21,400m ln.	-5,429 mln.	+16,885m ln.	-13,224 mln.	¥952,538mln.
Age (※2)	19.6 years	-0.2 years		-0.8years		18.6 years
Repair Cost (※3)	¥57,139mln.	-1,514mln.		-385mln.		¥55,239mln.

※1: Acquisition of 3properties (nORBESA, Nakaza Cui-daore Building, PRIME URBAN Gakugei Daigaku Parkfront) and Disposition of 2properties (NOF Technoport Kamata Center Building, Ito-Yokado Higashi-Narashino Store)

※2: The number of the properties from the additional acquisition of Nomura Real Estate Kichijoji Building released today, does not change, since the acquisition of the said property is the additional acquisition of the quasi-ownership.

※3: Figures as of today (March 21, 2017).

※4: The total amount of the forecast of long-term repair costs (12 years) written in the Engineering Report.

Overview of New Properties

Retail

NRE Kichijoji Building (Additional stake acquisition 49%)

Acquisition Price ¥5,100mln.



- ✓ **Retail facility serving as a landmark in the Kichijoji area** located 3-minute walk from Kichijoji Station on JR Chuo and Sobu Lines and Keio Inokashira Line
- ✓ With largest company in domestic fashion industry as tenant, boasts **high brand power**

Logistics

Landport Kashiwa Shonan I

Acquisition Price ¥9,900mln.

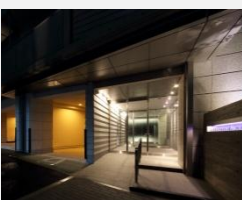
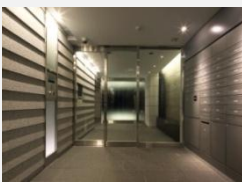
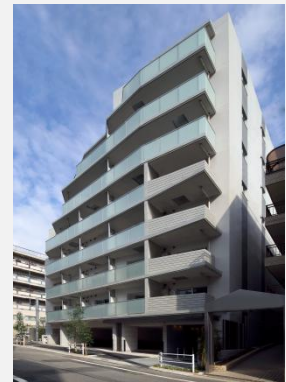
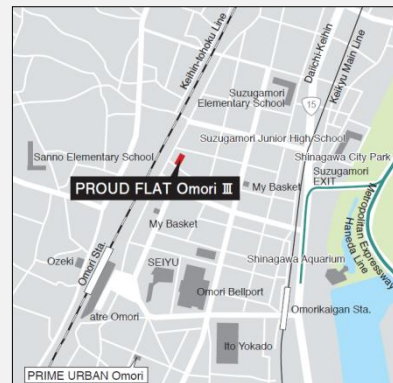


- ✓ Favorable location within 30km from central Tokyo, **approximately 12km from "Kashiwa IC"** on Joban Expressway and **near National Route 16**
- ✓ With leading commuter town of Chiba Prefecture nearby, **exclusive shuttle bus service** to Abiko Station on JR Joban Line will enable securing of employment from wide area

Residential

PROUD FLAT Omori III

Acquisition Price ¥1,110mln.

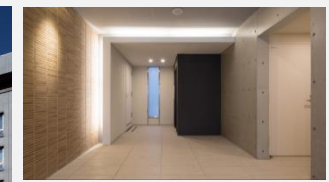


- ✓ Located **5-minute walk from Omori Station** on JR Keihin-Tohoku Line, boasts excellent access to Shinagawa, Tokyo and other major business areas and also close proximity to Haneda Airport
- ✓ Omori Station vicinity has **concentration of retail facilities**, including station building, making it a busy and convenient area

Residential

PROUD FLAT Kinshicho

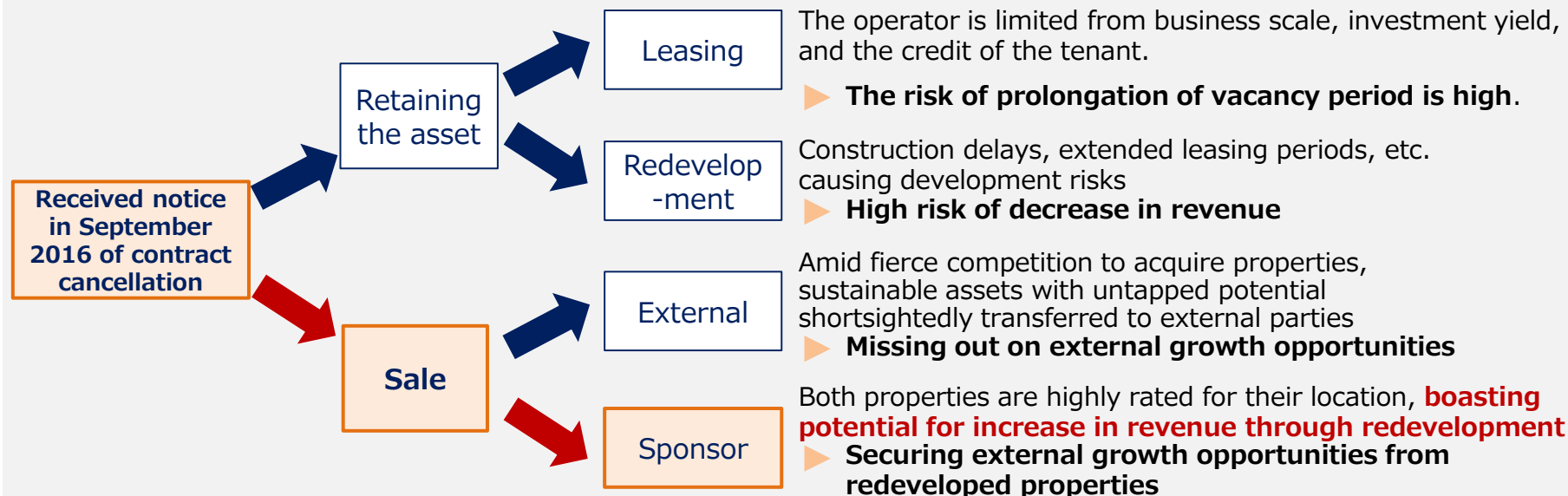
Acquisition Price ¥785mln.



- ✓ Located **5-minute walk from Kinshicho Station** on JR Sobu Line and Sobu Line (Rapid) and Tokyo Metro Hanzomon Line, providing access to 3 train lines
- ✓ Kinshicho Station vicinity has **"olinas"** mixed-use facility with shopping mall, cinema complex, etc., large **"Kinshi Koen"** park, etc., providing high convenience in terms of daily living

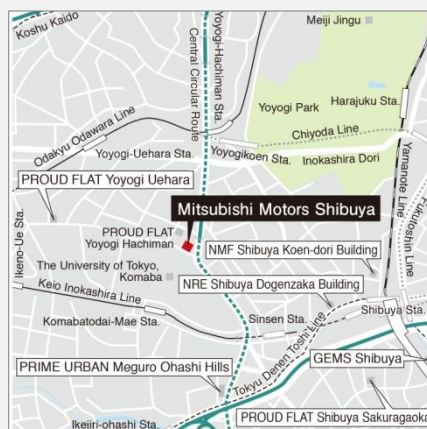
Regarding the Management of Mitsubishi Motors Shibuya and Suginami

Risk of decrease in revenue from receiving notice of contract cancellation being turned into external growth opportunities



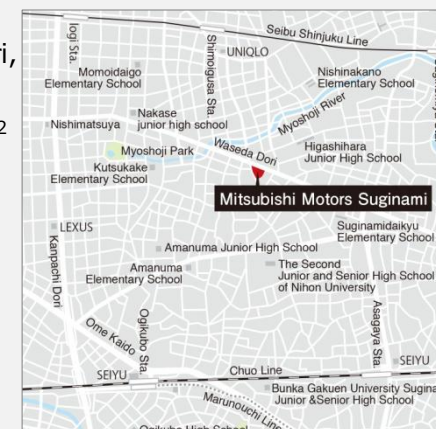
Retail Mitsubishi Motors Shibuya Acquisition Price ¥1,720mln.

- ✓ Corner lot of residential district of Shibuya Ward
- ✓ Site is regular-shaped land exceeding 1,400 m²



Retail Mitsubishi Motors Suginami Acquisition Price ¥896mln.

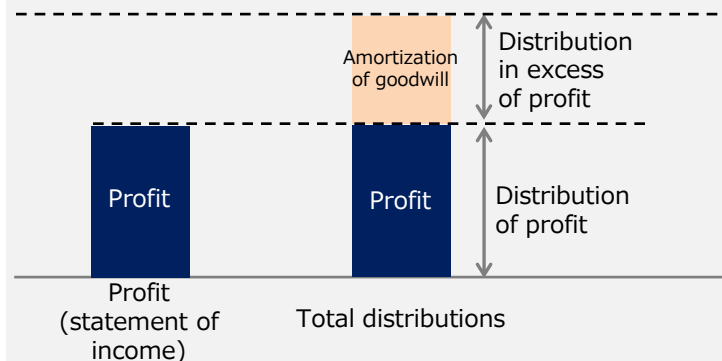
- ✓ Corner lot facing Waseda-dori, boasting high visibility
- ✓ Site area exceeding 1,800 m²



Retaining of Amount Equivalent to Gain on Sale

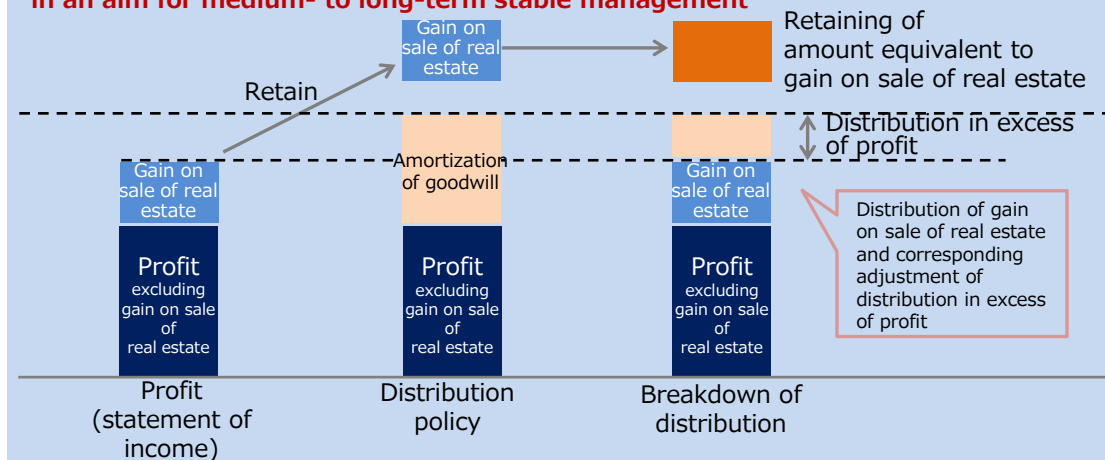
Basic distribution policy

Distribute net income + amortization of goodwill



Distribution policy if there is gain on sale of real estate

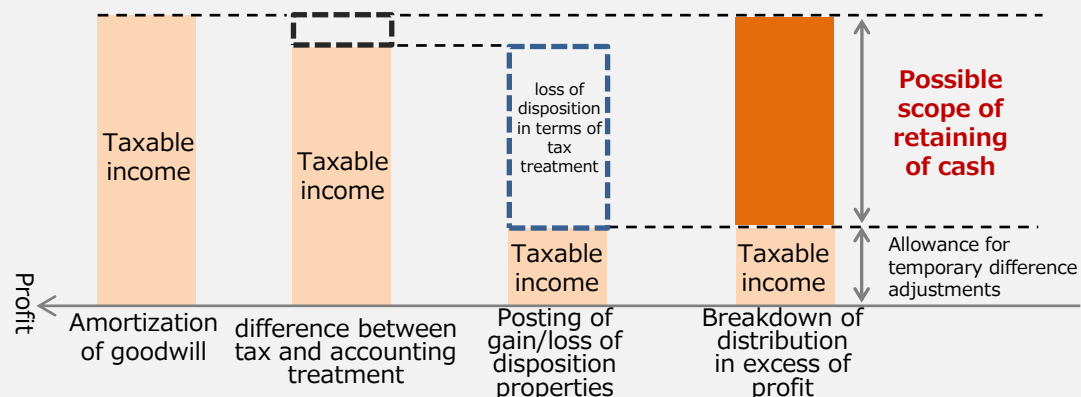
There may be cases of adjustment of distribution in excess of profit to retain cash of an amount equivalent to gain on sale of real estate in an aim for medium- to long-term stable management



Possible scope of retaining of cash

Can retain **within the scope of amortization of goodwill** in principle to avoid taxation (※1)

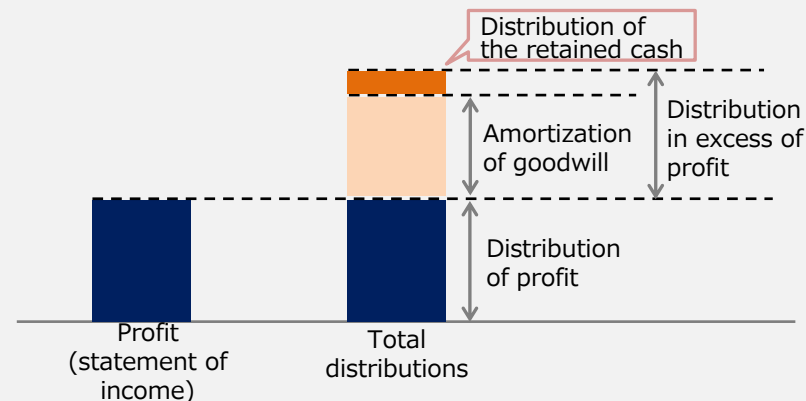
<Change in taxable income in excess of profit>



Utilization of retained cash

Utilization of the retained cash for **distribution in excess of profit**

<Image if distribution in excess of profit is implemented>



*1 If allowance for temporary difference adjustments is a negative figure, there may be cases of retaining an amount equivalent to gain on sale of real estate in excess of amortization of goodwill.

*2 There may be case of utilization of investment.

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