



[For Translation Purposes Only]

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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”) 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 dispose an asset (the “Disposition”), as described below.

1. Summary of on an Asset scheduled to be Disposed

Property name	Use	Date of agreement	(Scheduled) Date of disposition	Transferee	(Scheduled) Transfer Price (¥million) (Note 1)	Book Value (¥million) (Note 2)	Difference (¥million) (Note 3)
Tennozu Park Side Building	Office	April 4, 2017	May 12, 2017	Undisclosed (Note 4)	12,700	12,679	21

(Note1) Scheduled transfer price does not include transfer costs, adjustment amounts of property taxes and city planning taxes and consumption taxes, etc.

(Note2) Indicates anticipated Book Value as of August 31, 2016.

(Note3) This is only a reference value which is the difference between the scheduled transfer price and anticipated book value, therefore, it is different from gain or loss on sale.

(Note4) As the Fund has not obtained an agreement with the Transferee, this information is not disclosed.

(Note5) The asset hold beneficial interests in trusts in which real estate properties are the principal trust assets.

The asset to be transferred will be referred to as the “the Asset”, hereinafter.

2. Reason for Disposition of the Asset

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. The Fund has decided to sell this property as part of this measure and in light of comprehensive consideration of such factors as the portfolio's asset mix and the possibility of a decline in the property's value to sell this pre to aging.

3. Property Summary of the Asset to be Disposed

Property Name		Tennozu Park Side Building			
Type of Asset		Trust beneficial interest			
Trustee		Sumitomo Mitsui Trust Bank, Limited			
Trust term		From March 27, 1991 to February 29, 2024			
Location (Note 1)	Registry	2-6-1 Higashishinagawa, Shinagawa Ward, Tokyo and two other lots			
	Street	2-5-8 Higashishinagawa, Shinagawa Ward, Tokyo			
Access		1 minute on foot from Tennozu Isle Station Tokyo Waterfront Area Rapid Transit Rinkai Line 3 minutes on foot from Tennozu Isle Station Tokyo Monorail Line			
Area	Type of Ownership	Compartmentalized ownership			
	Land(Note 1)	5,816.26 m ² (Note 2)			
	Building Coverage Ratio	100%(Note 3)			
	Floor Area Ratio	698.5%(Note 4)			
Building	Type of Ownership	Compartmentalized ownership			
	Use(Note 1)	Office, Retail			
	Completion Date (Note 1)	January 13, 1995			
	Floor Area	17,587.30 m ² (Note 5)			
	Structure(Note 1)	S/RC/SRC, B2/21F			
Acquisition price		¥12,700 million			
Transfer Price		¥12,700 million			
Book Value (Note 6)		¥12,679million			
Difference		¥21million			
Appraisal Value	Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.			
	Appraisal Value	¥12,100 million			
	Appraisal Date	February 28, 2017			
Leasing Status (As of April 4, 2017) (Note 7)					
Total Number of Tenants		18			
Total Rental Income		¥778 million			
Security Deposits		¥613 million			
Occupancy Rate		82.1%			
Total Leased Floor Space		14,815.15 m ²			
Total Leasable Floor Space		18,051.60 m ²			
Occupancy Rates in the Past	February, 2013	February, 2014	February, 2015	February, 2016	February, 2017
	97.2%	90.9%	84.7%	90.9%	96.5%

(Note 1) Location and other Items

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

(Note 2) Land

The land area given is that for the entire lot on which the building stands; the Fund holds a 6,898/10,000 portion (co-ownership stake in the ownership rights) of the rights to the site.

(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) Floor Area Ratio

The floor area ratio for the property is 500% in principle. However, based on the Building Standards Law Article 59 Paragraph 2 and Article 86, an increased ratio is applied to the property and a neighboring property (Tennozu View Tower); thus, the applied floor area ratio for the property is 698.50%.

(Note 5) Floor Area

“Floor area” refers to area exclusively owned by the Fund through its trustee.

(Note 6) Book Value

Indicates anticipated Book Value as of August 31, 2016.

(Note 7) 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.

4. Transferee Profile

As the Fund has not obtained an agreement with the transferee, who are Japanese specific purpose Companies, this information is not disclosed. The transferee is not related parties under the Law Concerning Investment Trusts and Investment Corporations (Investment Trust Law) of the asset management company.

5. Transaction with Related Parties

There is no special relation between the said company and the Fund or asset management company for this disposition.

6. Brokerage Profile

As the Fund has not obtained the consent of the broker of this sale to disclose this information, it is not disclosed.

There are no significant capital or personal relationships between the broker and the Fund or the asset management company as of this document's release date. Also, the broker is not considered a directly associating party of the asset management company. However, for the Fund, the broker acts as an asset custodian, lender and trustee of multiple properties owned by the Fund. The broker is therefore considered an asset custodian of the Fund and thus a directly associating party of the Fund.

7. Form of Payment, etc.

On the date of the transfer, Nomura Master Fund will receive the entire sale price of the property to be sold in a lump-sum payment from the buyers.

In addition, the transfer of these properties involved an increase in fund on hand. Nomura Master Fund plans to allocate the increased fund to repayment of debt, the reshuffling of properties and other activities for portfolio management.

8. Schedule for Disposition

April 4, 2017	Concluded a sales contract related to the disposition of the Asset.
May 12, 2017	Disposition the Asset. (delivered the trust beneficiary interests)

9. Forecasts of Financial Results

Due to the Disposition, we expect to incur an impairment loss of 220 million yen for the fiscal period ended February 28, 2017 (September 1, 2016 to February 28, 2017) as of today. However, as the impact of such incurrence of impairment loss on the entire portfolio performance is minimal, there is no revision to the forecast of financial results for said period. Forecasts of the Fund's performance in the fiscal period ending August 31, 2017 (March 1, 2017 to August 31, 2017) will be formulated in light of the status of the portfolio as a whole, including the impact of this sale, and published when the results for the fiscal period ended February 28, 2017 are announced (announcement planned for April 14, 2017).

10. Appraisal Summary

Property Name	Tennozu Park Side Building
Appraisal Value	¥12,100,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	February 28, 2017

(Amount : ¥)

Item	Amount or percentage	Grounds
Capitalization approach price	12,100,000,000	The capitalization approach was used to estimate the income-based value, with the base value calculated using the discounted cash flow approach and verified using the direct capitalization approach.
Price calculated by the direct capitalization approach	12,200,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)	1,099,454,268	
(a) Gross rental income	1,169,560,569	Estimated based in part on market rent levels.
(b) Losses due to vacancies, etc.	70,106,301	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses	518,201,405	
Maintenance	268,607,808	Estimated based in part on schedules of changes in management specifications and contracting rates.
Utilities costs	59,570,280	Estimated based in part on past levels of income and costs.
Repair costs	47,300,000	Repair costs for the building were estimated with reference to the Engineering Report, the building's age, costs recorded at similar properties and other factors.
Property management fees	20,889,631	Estimated based on the property management agreement.
Advertisement for leasing, etc.	8,116,483	Estimated based on the property management agreement.
Taxes	100,734,400	Estimated based on materials for fiscal 2016.
Insurance premium	1,988,260	Estimated based on relevant insurance premium rate tables.
Other expenses	10,994,543	Estimated based in part on past levels of income and costs.
(3) Net operating income from leasing business (NOI=(1)-(2))	581,252,863	
(4) Profit through management of temporary deposits, etc.	5,724,678	Estimated based on an investment yield of 1%.
(5) Capital Expenditure Reserve	111,800,000	Estimated with reference to the Engineering Report, the building's age, amounts recorded at similar properties and other factors.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	475,177,541	
(7) Capitalization rate	3.9%	Estimated based mainly on the yield of similar office building transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
Price calculated by the Discounted Cash Flow Approach	12,000,000,000	
Discount rate	3.9%	Estimated with reference to the individual risks for the property and other factors.
Terminal capitalization rate	4.1%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price	13,400,000,000	
Ratio of land	68.8%	
Ratio of building	31.2%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	

【Exhibits】

Portfolio Overview after Desposition of the Asset

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

Portfolio Overview after Disposition of the Asset

Asset Type	Area (Note 1)	Acquisition Price (mln)	Percentage to total(%) (Note 2)
Office	Tokyo Area	348,330	37.1%
	Other Area	71,930	7.7%
	Total	420,260	44.7%
Retail	Tokyo Area	107,667	11.5%
	Other Area	65,996	7.0%
	Total	173,663	18.5%
Logistics	Tokyo Area	146,930	15.6%
	Other Area	10,040	1.1%
	Total	156,970	16.7%
Residential	Tokyo Area	151,518	16.1%
	Other Area	32,527	3.5%
	Total	184,045	19.6%
Others	Tokyo Area	4,900	0.5%
	Total	4,900	0.5%
Grand Total	-	939,838	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) "Percentage to Total" indicates the ratio of the total acquisition price of properties for respective uses and in respective areas to the total acquisition price of the entire portfolio based on acquisition prices. Furthermore, as 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 Ito-Yokado Higashi-Narashino Store (announced in the December 20, 2016 press release entitled "Notice Concerning Property Disposition"), and the successful dispositions of Mitsubishi Motors Shibuya and Mitsubishi Motors Sugunami (announced in the March 21, 2017 press release entitled "Notice Concerning Property Acquisition and Disposition").