

Nomura Real Estate Master Fund, Inc.
Securities Code: 3462
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Notice Concerning Property Acquisition

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 asset (the “Acquisition”), as described below.

1. Summary of Assets scheduled to be Acquired

| No | Property name | Use | Type of asset | Date of agreement | (Scheduled) Date of acquisition | Seller | (Scheduled) Acquisition price (¥million)(Note 1) |
|-------|---------------------------|--------|---|-------------------|------------------------------------|----------------------|--|
| 1 | nORBESA | Retail | Trust beneficiary interest in real estate | February 21, 2017 | March 17, 2017 | Undisclosed(Not c 2) | 8,500 |
| 2 | Nakaza Cui-daore Building | Retail | Real estate | February 21, 2017 | March 31, 2017 | Undisclosed(Not c 2) | 11,600 |
| Total | | | | | | | 20,100 |

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

(Note 2) Undisclosed, since consent have not obtained from the seller.

(Note 3) This property is scheduled to acquire using cash on hand and borrowing.

2. Reason for the Acquisition

In accordance with the Medium to Long-term Management Strategy it 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 decided to acquire the Property at this time.

The Fund evaluated the points below concerning the acquisition of the Property.

(1) nORBESA

- The Property is a one-minute walk from Susukino Station on the Sapporo Municipal Subway's Namboku Line. Located in one of Hokkaido's busiest areas, the Property is near the underground mall that connects the area with Japan Railroad's Sapporo Station. It is also close to the Tanuki Koji shopping arcade, which has a high density of diverse restaurants and shops, and lies within walking distance of the numerous office buildings of the Odori area. This unique location attracts many different types of visitors from within the city and beyond.
- Sapporo City has exhibited steady population growth, boasting the second highest net influx of people nationwide after Tokyo's 23 special wards^(Note). Based on this, the city is expected to continue demonstrating high growth potential, surpassing other cities outside of the major Tokyo and Osaka metropolitan areas. And with the increased number of domestic and international flights following the renovation of the New Chitose Airport terminal building, an increasing number of tourists are visiting Sapporo. Demand from domestic and overseas tourists is expected to continue to increase going forward.
- The Noria Ferris Wheel on the roof of the Property provides a full view of Sapporo's cityscape, making it one of the best tourist spots in the city. As a retail facility, the Property can be expected to continue attracting a steady stream of visitors.
- The Property can be expected to enable various investment opportunities in the future due to the potential for redevelopment of its unused floor space into a hotel, retail facility or other operation.

(Note) Based on the Report on Internal Migration in Japan Derived from the Basic Resident Registration by the Statistics Bureau of the Ministry of Internal Affairs.

(2) Nakaza Cui-daore Building

- The Property is located in the center of one of Osaka's busiest commercial districts, a south side district that includes Dotonbori, Shinsaibashi, and Namba. The Dotonbori shopping area in front of the Property has a cluster of diverse retail facilities, such as restaurants and stores selling a wide range of products, sundries and clothes. As the area's major retail center, it boasts high traffic volume and activity.
- The number of overseas tourists is vastly increasing, thanks especially to efforts by Osaka City to bolster tourist demand, the expansion of the middle class in Southeast Asia, and an increase in flights by low cost carriers to Kansai International Airport. Inbound demand can therefore be expected going forward.
- The Cuidaore Taro statue, which is a symbol of Dotonbori, sits at the entrance of the Property. This major Osaka tourist spot is iconic, exciting the interest of visitors to the retail facility, which targets both domestic and foreign tourists.
- The Property boasts a wide variety of tenants from the basement level to the sixth floor, with an especially high concentration of restaurants where visitors can taste an assortment of Japanese foods, including famous Osaka dishes. Demand is expected from tenants targeting a wide range of domestic and foreign customers.
- The total floor area of the Property is over 650 square meters per floor. It is also possible to sub-divide tenant space. The Property is highly visible due to its proximity to the street in front. This distinctive building meets diverse tenant needs and remains one of the area's most competitive. The profitability of the Property is expected to improve going forward.

3. Property Summary of Assets

(1) nORBESA

| | | | | | | |
|---|--------------|--|--------------|--------------|--------------|--|
| Property Name | | nORBESA | | | | |
| Type of Asset | | Trust beneficiary interest in real estate | | | | |
| Trustee | | Mizuho Trust & Banking Co., Ltd | | | | |
| Trust term | | September 30, 2004 to June 30, 2035(Note 1) | | | | |
| Location (Note 2) | Registry | 5-1-1 Minamisanjo-Nishi, Chuo Ward, Sapporo City, Hokkaido | | | | |
| | Street | 5-1-1 Minamisanjo-Nishi, Chuo Ward, Sapporo City, Hokkaido (Note 2) | | | | |
| Access | | A two-minute walk from Susukino Station (Sapporo Streetcar and Namboku Line) | | | | |
| Completion date (Note 2) | | April 13, 2006 | | | | |
| Use (Note 2) | | Retail and entertainment | | | | |
| Structure (Note 2) | | S/RC B1/7F | | | | |
| Architect | | Sapporo Mia Jimusho K.K., first-class registered architectural firm | | | | |
| Constructor | | SHIMIZU CORPORATION | | | | |
| Building inspection agency | | City of Sapporo | | | | |
| Area (Note 2) | Land | 3,491.74 m ² | | | | |
| | Building | 21,564.42 m ² | | | | |
| Type of ownership | Land | Ownership | | | | |
| | Building | Ownership | | | | |
| Building coverage ratio | | 100%(Note 4) | | | | |
| Floor area ratio | | 800% | | | | |
| Collateral | | None | | | | |
| Property Management Company (Note 5) | | Jones Lang LaSalle Inc. | | | | |
| Master leasing company (Note 6) | | Jones Lang LaSalle Inc. | | | | |
| Type of master leasing (Note 6) | | Pass through | | | | |
| Seismic risk (PML) (Note 7) | | 0.07% (SOMPO RISK MANAGEMENT & HEALTH CARE Inc's Earthquake PML Appraisal Report as of January 2017) | | | | |
| Notes | | None. | | | | |
| Acquisition Price (Scheduled) | | ¥8,500 million | | | | |
| Appraisal Value and Method | | ¥8,540 million (Based on the capitalization approach as of December 1, 2016) (Appraiser: Japan Real Estate Institute) | | | | |
| Appraisal NOI (Note 8) | | ¥452 million | | | | |
| Leasing Status (As of February 21, 2017) (Note 9) | | | | | | |
| Total Number of Tenants | | 29 | | | | |
| Total Rental Income | | ¥543 million | | | | |
| Security Deposits | | ¥363 million | | | | |
| Occupancy Rate | | 99.3% | | | | |
| Total Leased Floor Space | | 14,274.80 m ² | | | | |
| Total Leasable Floor Space | | 14,382.33 m ² | | | | |
| Occupancy Rates in the Past (Note 10) | August, 2012 | August, 2013 | August, 2014 | August, 2015 | August, 2016 | |
| | 90.1% | 85.4% | 94.9% | 97.0% | 98.9% | |

(Note 1) Trust term

On March 17, 2017 (the planned acquisition date of the Property), the trust agreement is expected to be amended, with its expiration date changed to March 16, 2027.

(Note 2)Location and other Items

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

(Note 3)Street

Concerning location of the Property, Street has not been officially indicated.

(Note 4)Building Coverage Ratio

The Property is located in a commercial district where the building coverage ratio is 80% in principle. As the building is fire resistant in a fire zone, however, an increased ratio of 100% applies.

(Note 5)Property Management Company

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

(Note 6)Master leasing company

At the time of the Property's acquisition the Fund intends to enter into a master lease agreement with Jones Lang LaSalle Incorporated, under which the building of the Property will be collectively leased for the purpose of subleasing. The master lease agreement is a pass-through type, where the master lease company pays to NMF an amount equivalent to the total amount of rent stipulated in rental contracts concluded between the master lease company and end tenants.

(Note 7)PML (Probable Maximum Loss)

PML shows the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.

(Note 8)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 9)Leasing Status

"Total Number of Tenants" is listed as one because, as stated above, at the time of the Property's acquisition the Fund entered into a master lease agreement, under which the building of the Property will be collectively leased for the purpose of subleasing. The master lease company plans to sublease the Property's units to end tenants.

"Total Rent Income" is the amount obtained by multiplying the monthly rent stated the lease agreement with end tenants actually leasing the building of the Property as of today by 12 (rounded down to the nearest million yen).

"Security Deposits" indicates the amount of security deposits, etc. stated in the aforementioned lease agreement (rounded down the nearest million yen).

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

(Note 10)Occupancy Rates in the Past

Based on the information from the seller.

(2) Nakaza Cui-daore Building

| | | | | | | |
|---|------------|---|--------------|--------------|--------------|--------------|
| Property Name | | Nakaza Cui-daore Building | | | | |
| Type of Asset | | Real Estate | | | | |
| Location (Note 1) | Registry | 1-8-7 Dotonbori, Chuo Ward, Osaka City, Osaka | | | | |
| | Street | 1-7-21 Dotonbori, Chuo Ward, Osaka City, Osaka | | | | |
| Access | | A three-minute walk from Nanba Station (Osaka Municipal Subway Midosuji Line, Sennichi-mae Line, and Yotsubashi Line) | | | | |
| Completion Date(Note 1) | | February 18, 2004 | | | | |
| Use(Note 1) | | Retail and entertainment | | | | |
| Structure(Note 1) | | S B2F/7F | | | | |
| Architect | | ADORES, Inc. | | | | |
| Constructor | | ADORES, Inc. | | | | |
| Building inspection agency | | K.K. Nihon Kakunin Kensa Center | | | | |
| Area(Note 1) | Land | 1,686.28 m ² | | | | |
| | Floor Area | 8,280.08 m ² | | | | |
| Type of Ownership | Land | Ownership | | | | |
| | Building | Ownership | | | | |
| Building Coverage Ratio | | 100% (Note 2) | | | | |
| Floor Area Ratio | | 500% | | | | |
| Collateral | | None | | | | |
| Property Management Company (Note 3) | | GEO-AKAMATSU Co., Ltd. | | | | |
| Master leasing company (Note 4) | | GEO-AKAMATSU Co., Ltd. | | | | |
| Type of master leasing (Note 4) | | Pass through | | | | |
| Seismic Risk (PML)(Note 5) | | 7.78% (SOMPO RISK MANAGEMENT & HEALTH CARE Inc.'s Earthquake PML Appraisal Report as of February 2017) | | | | |
| Notes | | • The property management company and master lease company, GEO-AKAMATSU Co., Ltd. is considered a Related Party under the Law Concerning Investment Trust Law. • A portion of the Property's grounds (around 14 m ²) form a passageway with a neighboring property and is used as a private road. | | | | |
| Acquisition Price (Scheduled) | | ¥11,600 million | | | | |
| Appraisal Value and Method | | ¥11,600 million(Based on the capitalization approach as of January 1, 2017) (Appraiser: Japan Valuers Co.,Ltd.) | | | | |
| Appraisal NOI (Note 6) | | ¥426million | | | | |
| Leasing Status (As of February 21, 2017) (Note 7) | | | | | | |
| Total Number of Tenants | | 19 | | | | |
| Total Rental Income | | ¥480 million | | | | |
| Security Deposits | | ¥207 million | | | | |
| Occupancy Rate | | 94.23% | | | | |
| Total Leased Floor Space | | 5,402.18 m ² | | | | |
| Total Leasable Floor Space | | 5,732.71 m ² | | | | |
| Occupancy Rates in the Past (Note 8) | | August, 2012 | August, 2013 | August, 2014 | August, 2015 | August, 2016 |
| | | — | — | 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)Building Coverage Ratio

The Property is located in a commercial district where the building coverage ratio is 80% in principle. As the building is fire

resistant in a fire zone, however, an increased ratio of 100% applies.

(Note 3)Property Management Company

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

(Note 4)Master leasing company

The New Investment Corporation plans to conclude, simultaneously with the acquisition of the Property, a master lease agreement, under which the building of the Property will be collectively leased for the purpose of subleasing, with GEO AKAMATSU Co., Ltd. The master lease agreement is “pass-through scheme” where GEO AKAMATSU Co., Ltd., the master lease company, pays the same amount as the total sum of the rent based on the lease agreement which the master lease company has concluded with each end tenant to the New Investment Corporation. The items in the above chart are indicated based on the following assumptions.

(Note 5)PML (Probable Maximum Loss)

PML shows the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of 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 January 1, 2017 as the appraisal date.

(Note 7)Leasing Status

“Total Number of Tenants” is listed as one because, as stated above, at the time of the Property’s acquisition the Fund entered into a master lease agreement, under which the building of the Property will be collectively leased for the purpose of subleasing. The master lease company plans to sublease the Property’s units to end tenants.

“Total Rent Income” is the amount obtained by multiplying the monthly rent stated the lease agreement with end tenants actually leasing the building of the Property as of today by 12 (rounded down to the nearest million yen).

“Security Deposits” indicates the amount of security deposits, etc. stated in the aforementioned lease agreement (rounded down the nearest million yen).

“Total Leased Floor Space” indicates the floor space that is being leased to end tenants as of today.

(Note 8)Occupancy Rates in the Past

Regarding the occupancy rates before the end of August 2013, the figures are not stated, as the information has not been received from the seller.

4. Seller Profile

(1) nORBESA

As the Fund has not obtained an agreement with the Seller, who are Japanese specific purpose Companies, this information is not disclosed. There is no capital involvement, personnel involvement or transaction involvement between the Seller and the Fund or asset management company as of today. The Seller is not Related Parties under the Investment Trust Law of the asset management company.

(2) Nakaza Cui-daore Building

As the Fund has not obtained an agreement with the Seller, who are Japanese specific purpose Companies, this information is not disclosed. There is no capital involvement, personnel involvement or transaction involvement between the Seller and the Fund or asset management company as of today. The Seller is not Related Parties under the Investment Trust Law of the asset management company.

5. Status of Owners

This transaction is not with Seller is specific Related Parties of the Fund and the Asset Management Company.

6. Broker Profile

(1) nORBESA

There is no brokerage involved for this property.

(2) Nakaza Cui-daore Building

As the Fund has not obtained consent to disclosure from the broker, this information is not disclosed.

There are no capital, personnel and transaction relationships between the broker and the Fund and/or the asset management company as of today. Also, the broker is not considered a directly associating party of the Fund and/or the asset management company.

7. Transaction with Related Parties

(1) nORBESA

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

(2) Nakaza Cui-daore Building

The property management company and master lease company of this property, GEO-AKAMATSU Co., Ltd. is Related Party under the Investment Trust Law. Nomura Master Fund and the Asset Management Company determined the consignment and the terms and conditions of the transaction, including the fees, etc., pursuant to the restrictions and formalities concerning the transactions with related party as set forth in the Investment Trust Law and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee in the Asset Management Company.

8. Form of Payment, etc.

(1) Form of Payment

With respect to the purchase price of the Asset, Nomura Master Fund plans to make a package payment to the Seller of the purchase price through borrowing on the scheduled date of the acquisition.

(2) Impact on the New Investment Corporation's Financial Status in Case of Failure of the Forward Commitment

The real estate sales contract related to the Nakaza Cui-daore Building is categorized as a forward commitment as set forth in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators set by the Financial Services Agency(Note). The content of the cancellation clauses set forth in the sales contract are as follows.

- ① If the seller or buyer violates the sales contract (exempting immaterial infractions), the other party can formally demand the violator fulfill its obligations. If the violation is not resolved within a set period from the issuance of the demand or if resolution within the period is objectively and logically deemed impossible, the sales contract is nullified.

- ② In the event that the sales contract is nullified, the other party may request an amount equivalent to 20% of the sales price as a penalty for violation of the contract. If the damage the other party actually suffers differs significantly from the amount of the penalty, through mutual deliberation or through a trial, it may be determined that the violator only provide compensation for the damage it directly caused. In addition, the violator may not be held liable for compensation exceeding the 20% penalty.
- ③ Under the sales contract, as a prerequisite NMF is obligated to procure funds equivalent to the sales price by a specified date and time. If said funds are not procured within the specified period and deliberations regarding the alteration of the transfer date are not held within a specified period, the seller may cancel the sales contract.
- ④ If the sales contract is cancelled in line with clause ③, regardless of clause ②, NMF is not obligated to pay a penalty to the seller. However, NMF will swiftly pay the expenses that the seller incurred in relation to concluding the contract.

(Note) The forward commitment, etc., refers to postdated sale agreements where the conclusion and delivery of the property is scheduled over one month ahead of the contract date, and other similar agreements.

9. Schedule for Acquisition

| | |
|-------------------|---|
| February 21, 2017 | Conclusion of agreement on purchase and sale for the acquisition of these Assets. |
| March 17, 2017 | Delivery of real estate and trust beneficiary rights of nORBESA |
| March 31, 2017 | Delivery of real estate of Nakaza Cui-daore Building. |

10. Forecasts of Financial Results

There is only small impact to Nomura Master Fund's forecasts of financial results for the fiscal period ending February 28, 2017 (September 1, 2016 to February 28, 2017), there is no revision to the forecast of financial results. Furthermore, the effects of the acquisition on the entire portfolio will be accounted for in the forecasts of financial results for the period ending 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) nORBESA

| | |
|-----------------|-----------------------------|
| Property Name | nORBESA |
| Appraisal Value | ¥8,540,000,000 |
| Appraiser | Japan Real Estate Institute |
| Appraisal Date | December 1, 2016 |

(Yen)

| Item | Amount or percentage | Grounds |
|--|----------------------|---|
| Capitalization approach price | 8,540,000,000 | In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account. |
| Price calculated by the direct capitalization approach | 8,730,000,000 | Calculated by capitalization rate based on a net revenue of the stable mid-to-long term. |
| (1) Operating income (a)-(b) | 892,840,000 | |
| (a) Gross rental income | 908,245,000 | Assumed based on the expected mid- to long-term stable rent. |
| (b) Losses due to vacancies, etc. | 15,405,000 | Assumed based on the expected mid- to long-term stable occupancy rate. |
| (2) Operating expenses | 440,443,000 | |
| Maintenance | 105,000,000 | Assumed based on the estimated amount and of a similar building. |
| Utilities costs | 193,833,000 | Assumed based on past actual expences takinginto account the occupancy rate. |
| Repair costs | 8,387,000 | Allocation of appraised restoration expenses and repair expenses based on the Engineering Report. |
| Property management fees | 24,000,000 | Assumed based on agreement conditions, general standard, etc. |
| Advertisement for leasing, etc. | 7,565,000 | 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 | 58,965,000 | Assumed based on mid to long term perspective of the tax base of year 2016. |
| Insurance premium | 693,000 | Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc. |
| Other expenses | 42,000,000 | Assumed based on past actual other expences. |
| (3) Net operating income from leasing business (NOI=(1)-(2)) | 452,397,000 | |
| (4) Profit through management of temporary deposits, etc. | 4,217,000 | Assumed interest rates of 1.0%. |
| (5) Capital Expenditure Reserve | 19,960,000 | 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)) | 436,654,000 | |
| (7) Capitalization rate | 5.0% | Assumed based on conditions of the location, the building, and the contract of the Property. |
| Price calculated by the Discounted Cash Flow Approach | 8,340,000,000 | |
| Discount rate | 4.8% | Assumed based on the yield on investment of similar buildings and the characteristics of the Property. |
| Terminal capitalization rate | 5.2% | 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 | 9,040,000,000 | |
| Ratio of land | 82.0% | |
| Ratio of building | 18.0% | |

| | |
|---|---|
| Matters noted in reconciliation of indicated value and determination of appraisal value | <p>The Property is a retail facility situated in the commercial district south of the Tanuki Koji shopping area between the Odori and Susukino districts, two of the busiest areas within Sapporo City. While it does not lie along the main drag, it is only a one-minute walk from Susukino Station on the Namboku Subway Line.</p> <p>In addition, the Property features some unique design elements, including a ferris wheel on its roof. The facility is highly visible and well known, making the Property one of the area's most competitive. The appraisal value was determined taking the above factors into consideration.</p> |
|---|---|

(2) Nakaza Cui-daore Building

| | |
|-----------------|---------------------------|
| Property Name | Nakaza Cui-daore Building |
| Appraisal Value | ¥11,600,000,000 |
| Appraiser | Japan Valuers Co.,Ltd. |
| Appraisal Date | January 1, 2017 |

(Yen)

| Item | Amount or percentage | Grounds |
|--|----------------------|--|
| Capitalization approach price | 11,600,000,000 | In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account. |
| Price calculated by the direct capitalization approach | 11,700,000,000 | Calculated by capitalization rate based on normalized net cash flow (NCF) using the direct capitalization approach. |
| (1) Operating income (a)-(b) | 630,554,528 | |
| (a) Gross rental income | 642,683,600 | Assumed based on actual values and standard levels |
| (b) Losses due to vacancies, etc. | 12,129,072 | Assumed based on current vacancy rate and market vacancy rate |
| (2) Operating expenses | 203,324,277 | |
| Maintenance | 43,237,200 | Assumed based on existing contracts and standard levels |
| Utilities costs | 85,162,000 | Assumed based on actual values and standard levels |
| Repair costs | 2,572,500 | Assumed based on the engineering report of Tokio Marine & Nichido Risk Consulting Co., Ltd. |
| Property management fees | 11,199,167 | Assumed based on estimates and standard levels |
| Advertisement for leasing, etc. | 1,969,675 | Assumed based on estimates and standard levels |
| Taxes | 37,899,304 | Assumed based on the actual amount |
| Insurance premium | 413,450 | Assumed based on estimates and standard levels |
| Other expenses | 20,870,981 | Assumed based on actual values and standard levels |
| (3) Net operating income from leasing business (NOI=(1)-(2)) | 427,230,251 | |
| (4) Profit through management of temporary deposits, etc. | 2,049,452 | Assumed based on normal deposit interest rates and other factors |
| (5) Capital Expenditure Reserve | 6,733,083 | Assumed based on the engineering report of Tokio Marine & Nichido Risk Consulting Co., Ltd |
| (6) Net Cash Flow (NCF = (3)+(4)-(5)) | 422,546,620 | |
| (7) Capitalization rate | 3.60% | Assumed based on capitalization rates of surrounding properties and with consideration for the location and unique characteristics of the Property |
| Price calculated by the Discounted Cash Flow Approach | 11,400,000,000 | |
| Discount rate | 3.40% | |
| Terminal capitalization rate | 3.80% | |
| Cost Approach Price | 10,200,000,000 | |
| Ratio of land | 95.0% | |
| Ratio of building | 5.0% | |

| | |
|---|---|
| Matters noted in reconciliation of indicated value and determination of appraisal value | The Property is located in Dotonbori, which is a major tourist area in Osaka with a large variety of shops, especially restaurants. In addition, this unique retail building is famous for possessing Cuidaore Taro, a statue synonymous throughout Japan as a symbol of Osaka, a city renowned for indulgence (<i>kuidaore</i> in Japanese). Thus, this building is more highly competitive than otherwise similar real estate. The appraisal value was determined in light of the above factors, utilizing the income capitalization approach, to properly reflect the investment value. |
|---|---|

【Exhibits】

Exhibit 1 Portfolio Over View after Acquisition

Exhibit 2 Photos of the Assets

Exhibit 3 Maps of the Assets

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

Exhibit 1

Portfolio Overview after Acquisition of the Assets

| Asset Type | Area (Note 1) | (Scheduled) Acquisition Price (mln) | Percentage to total (%) (Note 2) |
|-------------|---------------|---|--|
| Office | Tokyo Area | 371,944 | 39.2 |
| | Other Area | 71,930 | 7.6 |
| | Total | 443,874 | 46.8 |
| Retail | Tokyo Area | 104,877 | 11.1 |
| | Other Area | 65,996 | 7.0 |
| | Total | 170,873 | 18.0 |
| Logistics | Tokyo Area | 137,030 | 14.4 |
| | Other Area | 10,040 | 1.1 |
| | Total | 147,070 | 15.5 |
| Residential | Tokyo Area | 149,623 | 15.8 |
| | Other Area | 32,527 | 3.4 |
| | Total | 182,150 | 19.2 |
| Others | Tokyo Area | 4,900 | 0.5 |
| | Total | 4,900 | 0.5 |
| Grand Total | - | 948,867 | 100.0 |

(Note 1)“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.

(Note 2)“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%.

(Note 3)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”) and the successful acquisition of PRIME URBAN Gakugei Daigaku Parkfront (announced in the January 27, 2017 press release entitled "Notice Concerning Property Acquisition").

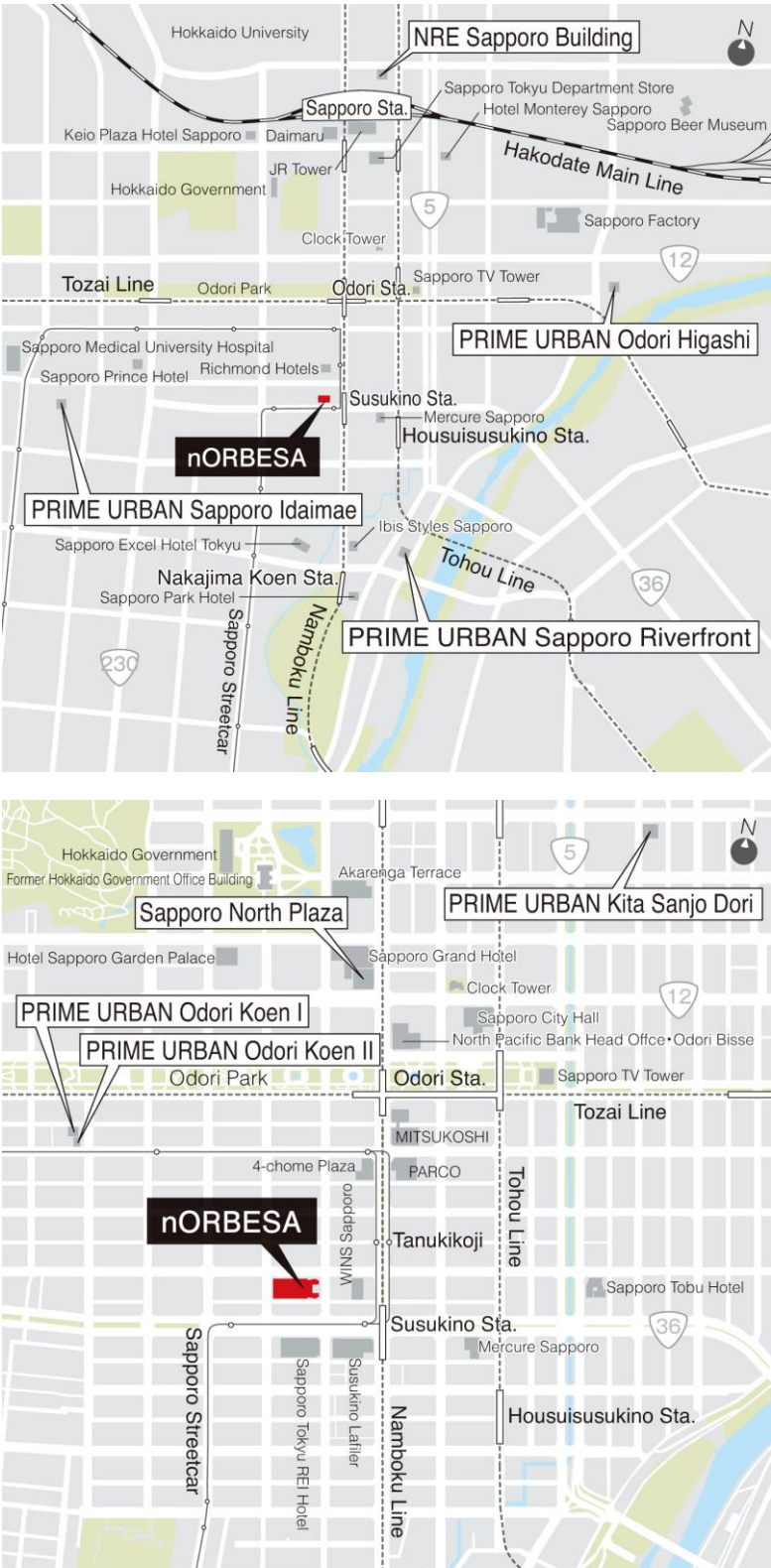


Nakaza Cui-daore Building



Exhibit 3

nORBESA



Nakaza Cui-daore Building

