

**For Immediate Release**

To Whom It May Concern

**Nomura Real Estate Master Fund, Inc.**

Securities Code: 3462

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**Notice Concerning Property Disposition**

Nomura Real Estate Master Fund, Inc. (“Nomura Master Fund” or the “Fund”) 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 assets (the “Disposition”), as described below.

1. Summary of Assets Scheduled to be Disposed

Property name	Use	(Scheduled) Date of agreement	(Scheduled) Date of disposition	Transferee	(Scheduled) Transfer price (¥ million) (Note 1)	Book value (¥ million) (Note 2)	Difference (¥ million) (Note 3)
Merad Owada	Retail	June 29, 2017	June 29, 2017	Undisclosed (Note 4)	7,380	6,510	869
Ota Nitta Logistics Center	Logistics facility			Undisclosed (Note 4)	7,304 (Note 5)	3,081	1,372 (Note 5)
Ota Higashi-Shinmachi Logistics Center						1,958	
Ota Kiyohara Logistics Center						578	
Chiyodamachi Logistics Center						314	
Total					14,684	12,442	2,241

(Note 1) The amount excluding property taxes, city planning taxes, consumption taxes and local consumption taxes is indicated.

(Note 2) Anticipated Book Value as of the time of disposition is indicated.

(Note 3) 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.

(Note 4) As the Fund has not obtained consent for disclosure from the Transferee, this information is omitted.

(Note 5) Disposition of Ota Nitta Logistics Center, Ota Higashi-Shinmachi Logistics Center, Ota Kiyohara Logistics Center and Chiyodamachi Logistics Center is disposition based on a single sale and purchase agreement concluded with a single transferee.



(Note 6) Each asset to be disposed holds beneficial interests in trusts in which real estate properties are the principal trust assets.

The assets to be transferred will be referred to, individually as the “Asset” or collectively as the “Assets” hereinafter.

## 2. Reason for Disposition

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 these properties as part of this measure and in light of comprehensive consideration of such factors as the portfolio asset mix and the possibility of a decline in the competitiveness of the properties due to their aging.

Main reasons for disposition of the assets to be disposed are as follows.

### (1) Merad Owada

The Fund has decided on the disposition of the Asset taking into account the medium- to long-term profitability of the entire portfolio as the retail business has become more competitive recently with openings of retail facilities in the surrounding area and the repair cost, etc. is expected to increase in the future as the building continues to age.

### (2) Ota Nitta Logistics Center, Ota Higashi-Shinmachi Logistics Center, Ota Kiyohara Logistics Center and Chiyodamachi Logistics Center

The Fund has decided on the disposition of the Asset after comprehensively considering investment criteria for logistics facilities set forth in its asset management guidelines as well as the facility specifications, etc. of each asset.

## 3. Property Summary of the Assets to be Disposed

### (1) Merad Owada

Property name		Merad Owada
Type of asset		Trust beneficial interest
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust term		(Retail) From March 29, 2001 to June 30, 2023 (Logistics) From September 28, 2007 to June 30, 2023
Location (Note 1)	Registry	2-6-3 Owada, Nishiyodogawa-ku, Osaka-shi, Osaka and five other lots
	Street	2-2-43 Owada, Nishiyodogawa-ku, Osaka-shi, Osaka
Access		13 minutes on foot from Himejima Station on the Hanshin Main Line
Land	Type of ownership	Ownership
	Land (Note 1)	(Retail) 16,768.48 m <sup>2</sup> (Logistics) 11,667.04 m <sup>2</sup>
	Building coverage ratio	70% (Note 2)
	Floor area ratio	300% / 200% (Note 3)
Building	Type of ownership	Ownership
	Use (Note 1)	(Retail) Retail (Logistics) Cargo handling facility
	Completion date (Note 1)	(Retail) September 9, 1994 (Logistics) July 25, 2000
	Floor area (Note 1)	(Retail) 14,899.16 m <sup>2</sup> (Logistics) 4,949.18 m <sup>2</sup>
	Structure (Note1)	(Retail) S with flat roof, 3F (Logistics) S with flat roof, 2F
Acquisition price		¥6,640 million
Transfer price		¥7,380 million
Book value (Note 4)		¥6,510 million



Difference		¥869 million			
Appraisal value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.			
	Appraisal value	7,340 million			
	Appraisal date	September 28, 2017			
Leasing status (As of June 27,2017) (Note 5)					
Total number of tenants		1			
Total rental income		Undisclosed			
Security deposits		Undisclosed			
Occupancy rate		100.0%			
Total leased floor space		(Retail) 14,941.54 m <sup>2</sup> / (Logistics) 5,856.50 m <sup>2</sup>			
Total leasable floor space		(Retail) 14,941.54 m <sup>2</sup> / (Logistics) 5,856.50 m <sup>2</sup>			
Occupancy rates in the past	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), Land, Use, Completion Date, and Structure are based on the information in the real estate registry.

(Note 2) Building coverage ratio

The Property is located in a quasi-industrial district and an industrial district where the building coverage ratio is 60% in principle. As the Property is on a corner lot, however, an increased ratio of 70% applies.

(Note 3) Floor area ratio

For the land of the Property, the floor area ratio is 300% for the area within 25 meters from the boundary line of the road on the northwestern side, which belongs to a quasi-industrial district, and 200% for the area farther than 25 meters from the boundary line of the road on the northwestern side, which belongs to an industrial district and exclusively medium-high residential district (category I). For the whole area, the weighted-average percentage is applied in accordance with the space of the respective areas.

(Note 4) Book value

Anticipated Book Value as of the time of disposition is indicated.

(Note 5) Leasing status

“Total number of tenants” is the total number of end tenants actually leasing the building of the Property

“Total number of tenants” and “Security deposits” is not disclosed as permission from the end tenant has not been obtained.

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

## (2) Ota Nitta Logistics Center

Property name		Ota Nitta Logistics Center
Type of asset		Trust beneficial interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust term		December 27, 2006 to June 30, 2023
Location (Note 1)	Registry	150-2 Nitta Kayacho, Ota-shi, Gunma and 6 other lots
	Street	150-2 Nitta Kayacho, Ota-shi, Gunma
Access		4.5 km from Yabuzuka Station on the Tobu Kiryu Line
Land	Type of ownership	Ownership
	Land (Note 1)	39,604.26 m <sup>2</sup>
	Building coverage ratio	70% (Note 2)
	Floor area ratio	200% / 400% (Note 3)
Building	Type of ownership	Ownership
	Use (Note 1)	Storage
	Completion date (Note 1)	March 27, 2003
	Floor area (Note 1)	42,324.75 m <sup>2</sup>
	Structure (Note 1)	S with galvanized steel sheet roofing, 3F
Acquisition price		¥3,430 million
Transfer price		Undisclosed (Note 4)
Book value (Note 5)		¥3,081 million
Difference		Undisclosed (Note 4)
Appraisal value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Appraisal value	¥3,750 million
	Appraisal date	February 28, 2017



Leasing Status (As of June 27,2017) (Note 6)					
Total number of tenants	1				
Total rental income	Undisclosed				
Security deposits	Undisclosed				
Occupancy rate	100%				
Total leased floor space	42,369.51m <sup>2</sup>				
Total leasable floor space	42,369.51m <sup>2</sup>				
Occupancy rates in the past	February 2013	February 2014	February 2015	February 2016	February 2017
	100%	100%	100%	100%	100%

(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) Building Coverage ratio

Property is located in an exclusive industrial district where the building coverage ratio is 60% in principle. As the building is on a corner lot, however, an increased ratio of 70% applies.

(Note 3) Floor area ratio

For the land of the property, the floor area ratio is 200% for the exclusive industrial district and 400% for city planning areas that have not been designated as either urbanization promotion areas or urbanization control areas. For the whole area, the weighted-average percentage is applied in accordance with the space of the respective areas.

(Note 4) (Scheduled) transfer price

As the Fund has not obtained consent for disclosure from the Transferee, this information is omitted. Accordingly, Difference is not disclosed.

(Note 5) Book value

Anticipated Book Value as of the time of disposition is indicated.

(Note 6) Leasing status

“Total number of tenants” is the total number of end tenants actually leasing the building of the Property

“Total number of tenants” and “Security deposits” is not disclosed as permission from the end tenant has not been obtained.

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

### (3) Ota Higashi-Shinmachi Logistics Center

Property name		Ota Higashi-Shinmachi Logistics Center
Type of asset		Trust beneficial interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust term		From December 19, 2008 to June 30, 2023
Location (Note 1)	Registry	837-1 Higashi-Shinmachi, Ota City, Gunma
	Street	837-1 Higashi-Shinmachi, Ota City, Gunma
Access		2.5 km from Yashuyamabe Station on the Tobu Isesaki Line
Land	Type of ownership	Ownership
	Land (Note 1)	22,428.97 m <sup>2</sup>
	Building coverage ratio	70% (Note 2)
	Floor area ratio	200%
Building	Type of ownership	Ownership
	Use (Note 1)	Storage
	Completion date (Note 1)	August 30, 2008
	Floor area (Note 1)	23,584.72 m <sup>2</sup>
	Structure (Note1)	S with galvanized alloy steel sheet roofing, 3F
Acquisition price		¥2,170 million
Transfer price		Undisclosed (Note 3)
Book value (Note 4)		¥1,958 million
Difference		Undisclosed (Note 3)
Appraisal value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Appraisal value	2,450 million
	Appraisal date	February 28, 2017
Leasing Status (As of June 27,2017) (Note 5)		
Total number of tenants		1
Total rental income		Undisclosed
Security deposits		Undisclosed



Occupancy rate	100%				
Total leased floor space	23,584.72m <sup>2</sup>				
Total leasable floor space	23,584.72m <sup>2</sup>				
Occupancy rates in the past	February 2013	February 2014	February 2015	February 2016	February 2017
	100%	100%	100%	100%	100%

(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)Building Coverage ratio

Property is located in an exclusive industrial district where the building coverage ratio is 60% in principle. As the building is on a corner lot, however, an increased ratio of 70% applies.

(Note 3)(Scheduled) transfer price

As the Fund has not obtained consent for disclosure from the Transferee, this information is omitted. Accordingly, Difference is not disclosed.

(Note 4) Book value

Anticipated Book Value as of the time of disposition is indicated.

(Note 5) Leasing status

“Total number of tenants” is the total number of end tenants actually leasing the building of the Property

“Total number of tenants” and “Security deposits” is not disclosed as permission from the end tenant has not been obtained.

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

#### (4) Ota Kiyohara Logistics Center

Property name		Ota Kiyohara Logistics Center				
Type of asset		Trust beneficial interest				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust term		From December 27, 2006 to June 30, 2023				
Location (Note 1)	Registry	10-1 Kiyohara-cho, Ota-shi, Gunma				
	Street	10-1 Kiyohara-cho, Ota-shi, Gunma				
Access		3.2 km from Yamamae Station on the JR Ryomo Line				
Land	Type of ownership	Ownership				
	Land (Note 1)	4,950.01 m <sup>2</sup>				
	Building coverage ratio	70% (Note 2)				
	Floor area ratio	200%				
Building	Type of ownership	Ownership				
	Use (Note 1)	Storage				
	Completion date (Note 1)	May 1, 2004				
	Floor area (Note 1)	9,048.39 m <sup>2</sup>				
	Structure (Note1)	S with galvanized steel sheet roofing, 3F				
Acquisition price		¥650 million				
Transfer price		Undisclosed (Note 3)				
Book value (Note 4)		¥578 million				
Difference		Undisclosed (Note 3)				
Appraisal value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Appraisal value	¥728 million				
	Appraisal date	February 28, 2017				
Leasing Status (As of June 27,2017) (Note 5)						
Total number of tenants		1				
Total rental income		Undisclosed				
Security deposits		Undisclosed				
Occupancy rate		100%				
Total leased floor space		9,397.38m <sup>2</sup>				
Total leasable floor space		9,397.38m <sup>2</sup>				
Occupancy rates in the past		February 2013	February 2014	February 2015	February 2016	February 2017
		100%	100%	100%	100%	100%

(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) Building coverage ratio

The Property is located in a quasi-industrial district where the building coverage ratio is 60% in principle. As the Property is on a corner lot, however, an increased ratio of 70% applies.

(Note 3) (Scheduled) transfer price

As the Fund has not obtained consent for disclosure from the Transferee, this information is omitted. Accordingly, Difference is not disclosed.

(Note 4) Book value

Anticipated Book Value as of the time of disposition is indicated.

(Note 5) Leasing status

“Total number of tenants” is the total number of end tenants actually leasing the building of the Property

“Total number of tenants” and “Security deposits” is not disclosed as permission from the end tenant has not been obtained.

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

## (5) Chiyodamachi Logistics Center

Property name		Chiyodamachi Logistics Center				
Type of asset		Trust beneficial interest				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust term		From September 27, 2006 to June 30, 2023				
Location (Note 1)	Registry	3012-2 Aza Yokonehara, Oaza Maigi, Chiyodamachi, Oura-gun, Gunma and 16 other lots				
	Street	3012-2 Oaza Maigi, Chiyodamachi, Oura-gun, Gunma				
Access		4.0 km from Honnakano Station on the Tobu Koizumi Line				
Land	Type of ownership	Ownership				
	Land (Note 1)	6,236.13 m²				
	Building coverage ratio	60% (Note 2)				
	Floor area ratio	200%				
Building	Type of ownership	Ownership				
	Use (Note 1)	Storage				
	Completion date (Note 1)	January 1, 1999				
	Floor area (Note 1)	4,584.54 m²				
	Structure (Note1)	S with galvanized steel sheet roofing, 3F				
Acquisition price		¥330 million				
Transfer price		Undisclosed (Note 3)				
Book value (Note 4)		¥314 million				
Difference		Undisclosed (Note 3)				
Appraisal value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Appraisal value	¥367 million				
	Appraisal date	February 28, 2017				
Leasing Status (As of June 27, 2017) (Note 5)						
Total number of tenants		1				
Total rental income		Undisclosed				
Security deposits		Undisclosed				
Occupancy rate		100%				
Total leased floor space		4,592.00m²				
Total leasable floor space		4,592.00m²				
Occupancy rates in the past		February 2013	February 2014	February 2015	February 2016	February 2017
		100%	100%	100%	100%	100%

(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) Building Coverage ratio

Property is located in an exclusive industrial district where the building coverage ratio is 50% in principle. As the building is on a corner lot, however, an increased ratio of 60% applies.

(Note 3) (Scheduled) transfer price

As the Fund has not obtained consent for disclosure from the Transferee, this information is omitted. Accordingly, Difference is not disclosed.

(Note 4) Book value



Anticipated Book Value as of the time of disposition is indicated.

(Note 5) Leasing status

“Total number of tenants” is the total number of end tenants actually leasing the building of the Property

“Total number of tenants” and “Security deposits” is not disclosed as permission from the end tenant has not been obtained.

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



#### 4. Transferee Profile

(1) Merad Owada

As the Fund has not obtained consent from the Transferee, which is a Japanese general corporation, this information is omitted. The Transferee is not a related party under the Law Concerning Investment Trusts and Investment Corporations (Investment Trust Law) of the asset management company.

(2) Ota Nitta Logistics Center, Ota Higashi-Shinmachi Logistics Center, Ota Kiyohara Logistics Center and Chiyodamachi Logistics Center

As the Fund has not obtained consent from the Transferee, which is a Japanese special purpose company, this information is omitted. The Transferee is not a related party 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 relationship between the said company and the Fund or asset management company for this disposition.

#### 6. Brokerage Profile

No brokers were involved in the Disposition.

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

On the date of the transfer, Nomura Master Fund will receive the entire sale price of the Assets to be disposed in a lump-sum payment from the Transferee. In addition, the disposition of these assets involved an increase in cash on hand. Nomura Master Fund plans to allocate funds procured through the disposition to repayment of debt, asset replacement and other activities for portfolio management.

#### 8. Schedule for Disposition (plan)

June 29, 2017	Concluded a sales contract related to the disposition of the Assets and disposition of the Assets (delivered the trust beneficiary interests).
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#### 9. Forecasts of Financial Results

Although the Fund expects to generate gain on the Disposition, it intends to hold the said amount as internal reserves for stable investment and dividends in the future. As the impact of the Disposition on the financial results for the fiscal period ending August 2017 (March 1, 2017 to August 31, 2017) is minimal, there is no revision to the forecast.



# 10. Appraisal Summary

Property name		Merad Owada	
Appraisal value		¥7,340,000,000	
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal date		February 28, 2017	
(Amount : ¥)			
Item		Amount or percentage	Grounds
Capitalization approach price		7,340,000,000	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		7,350,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)		518,018,880	
(a) Gross rental income		518,018,880	Estimated based in part on market rent levels
(b) Losses due to vacancies, etc.		—	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses		56,207,120	
Maintenance		—	Borne by tenant
Utilities costs		—	Borne by tenant
Repair costs		3,656,000	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		3,024,000	Estimated based on the property management agreement.
Advertisement for leasing, etc.		—	Not recorded as tenant is obliged to restore the property to its original state and tenant replacement is not assumed.
Taxes		48,346,900	Estimated based on materials for fiscal 2016
Insurance premium		680,220	Estimated based on relevant insurance premium rate tables
Other expenses		500,000	Estimated based in part on past levels of income and costs
(3) Net operating income from leasing business (NOI=(1)-(2))		461,811,760	
(4) Profit through management of temporary deposits, etc.		2,740,000	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve		23,723,900	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))		440,827,860	
(7) Capitalization rate		6.0%	Estimated based mainly on the yield of similar property 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		7,340,000,000	
Discount rate		5.8%	Estimated with reference to the individual risks for the property and other factors
Terminal capitalization rate		6.2%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price		6,200,000,000	
Ratio of land		83.2%	
Ratio of building		16.8%	
Matters noted in reconciliation of indicated value and determination of appraisal value		—	



Property name	Ota Nitta Logistics Center
Appraisal value	¥3,750,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal date	February 28, 2017

(Amount : ¥)

Item	Amount or percentage	Grounds
Capitalization approach price	3,750,000,000	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	3,760,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)	271,151,100	
(a) Gross rental income	271,151,100	Estimated based in part on market rent levels
(b) Losses due to vacancies, etc.	—	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses	31,585,711	
Maintenance	—	Borne by tenant
Utilities costs	—	Borne by tenant
Repair costs	3,202,080	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	2,982,662	Estimated based on the property management agreement.
Advertisement for leasing, etc.	—	Not recorded as tenant is obliged to restore the property to its original state and tenant replacement is not assumed.
Taxes	18,692,900	Estimated based on materials for fiscal 2016
Insurance premium	746,817	Estimated based on relevant insurance premium rate tables
Other expenses	5,961,252	Estimated based in part on past levels of income and costs
(3) Net operating income from leasing business (NOI=(1)-(2))	239,565,389	
(4) Profit through management of temporary deposits, etc.	1,319,250	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve	7,791,728	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))	233,092,911	
(7) Capitalization rate	6.2%	Estimated based mainly on the yield of similar property 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	3,740,000,000	
Discount rate	6.0%	Estimated with reference to the individual risks for the property and other factors
Terminal capitalization rate	6.4%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price	2,360,000,000	
Ratio of land	29.1%	
Ratio of building	70.9%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	



Property name		Ota Higashi-Shinmachi Logistics Center	
Appraisal value		¥2,450,000,000	
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal date		February 28, 2017	
(Amount : ¥)			
Item		Amount or percentage	Grounds
Capitalization approach price		2,450,000,000	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		2,460,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)		171,613,500	
(a) Gross rental income		171,613,500	Estimated based in part on market rent levels
(b) Losses due to vacancies, etc.		—	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses		17,211,837	
Maintenance		—	Borne by tenant
Utilities costs		—	Borne by tenant
Repair costs		2,035,680	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		2,400,000	Estimated based on the property management agreement.
Advertisement for leasing, etc.		—	Not recorded as tenant is obliged to restore the property to its original state and tenant replacement is not assumed.
Taxes		12,184,700	Estimated based on materials for fiscal 2016
Insurance premium		464,377	Estimated based on relevant insurance premium rate tables
Other expenses		127,080	Estimated based in part on past levels of income and costs
(3) Net operating income from leasing business (NOI=(1)-(2))		154,401,663	
(4) Profit through management of temporary deposits, etc.		858,000	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve		4,953,488	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))		150,306,175	
(7) Capitalization rate		6.1%	Estimated based mainly on the yield of similar property 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		2,450,000,000	
Discount rate		5.9%	Estimated with reference to the individual risks for the property and other factors
Terminal capitalization rate		6.3%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price		1,930,000,000	
Ratio of land		27.9%	
Ratio of building		72.1%	
Matters noted in reconciliation of indicated value and determination of appraisal value		—	



Property name	Ota Kiyohara Logistics Center
Appraisal value	¥728,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal date	February 28, 2017

(Amount : ¥)

Item	Amount or percentage	Grounds
Capitalization approach price	728,000,000	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	728,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)	54,013,500	
(a) Gross rental income	54,013,500	Estimated based in part on market rent levels
(b) Losses due to vacancies, etc.	—	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses	7,575,933	
Maintenance	—	Borne by tenant
Utilities costs	—	Borne by tenant
Repair costs	822,720	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	2,400,000	Estimated based on the property management agreement.
Advertisement for leasing, etc.	—	Not recorded as tenant is obliged to restore the property to its original state and tenant replacement is not assumed.
Taxes	4,028,200	Estimated based on materials for fiscal 2016
Insurance premium	177,853	Estimated based on relevant insurance premium rate tables
Other expenses	147,160	Estimated based in part on past levels of income and costs
(3) Net operating income from leasing business (NOI=(1)-(2))	46,437,567	
(4) Profit through management of temporary deposits, etc.	—	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve	2,001,952	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))	44,435,615	
(7) Capitalization rate	6.1%	Estimated based mainly on the yield of similar property 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	728,000,000	
Discount rate	5.9%	Estimated with reference to the individual risks for the property and other factors
Terminal capitalization rate	6.3%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price	578,000,000	
Ratio of land	21.7%	
Ratio of building	78.3%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	



Property name	Chiyodamachi Logistics Center
Appraisal value	¥367,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal date	February 28, 2017

(Amount : ¥)

Item	Amount or percentage	Grounds
Capitalization approach price	367,000,000	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	366,000,000	Estimated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating income (a)-(b)	31,686,024	
(a) Gross rental income	31,686,024	Estimated based in part on market rent levels
(b) Losses due to vacancies, etc.	—	Estimated based on the standard medium- to long-term vacancy rate.
(2) Operating expenses	6,519,206	
Maintenance	—	Borne by tenant
Utilities costs	—	Borne by tenant
Repair costs	1,245,083	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	2,400,000	Estimated based on the property management agreement.
Advertisement for leasing, etc.	—	Not recorded as tenant is obliged to restore the property to its original state and tenant replacement is not assumed.
Taxes	2,727,600	Estimated based on materials for fiscal 2016
Insurance premium	99,363	Estimated based on relevant insurance premium rate tables
Other expenses	47,160	Estimated based in part on past levels of income and costs
(3) Net operating income from leasing business (NOI=(1)-(2))	25,166,818	
(4) Profit through management of temporary deposits, etc.	158,355	Assumed investment yield of 1.0%.
(5) Capital Expenditure Reserve	3,338,502	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))	21,986,671	
(7) Capitalization rate	6.0%	Estimated based mainly on the yield of similar property 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	368,000,000	
Discount rate	5.8%	Estimated with reference to the individual risks for the property and other factors
Terminal capitalization rate	6.2%	Estimated based on the capitalization rate, with consideration given to levels of future uncertainty.
Cost Approach Price	316,000,000	
Ratio of land	41.4%	
Ratio of building	58.6%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	

【Exhibit】

Reference Material: Portfolio Overview after the Disposition

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

Exhibit



## Portfolio Overview after the Disposition

Asset type	Area (Note 1)	Acquisition price (mln)	Percentage to total (%) (Note 2)
Office	Greater Tokyo	348,330	37.6%
	Other areas	71,930	7.8%
	Total	420,260	45.3%
Retail	Greater Tokyo	108,367	11.7%
	Other areas	59,356	6.4%
	Total	167,723	18.1%
Logistics	Greater Tokyo	146,930	15.8%
	Other areas	3,460	0.4%
	Total	150,390	16.2%
Residential	Greater Tokyo	151,518	16.3%
	Other areas	32,527	3.5%
	Total	184,045	19.9%
Other	Greater Tokyo	4,900	0.5%
	Total	4,900	0.5%
Grand total	-	927,318	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) “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%