

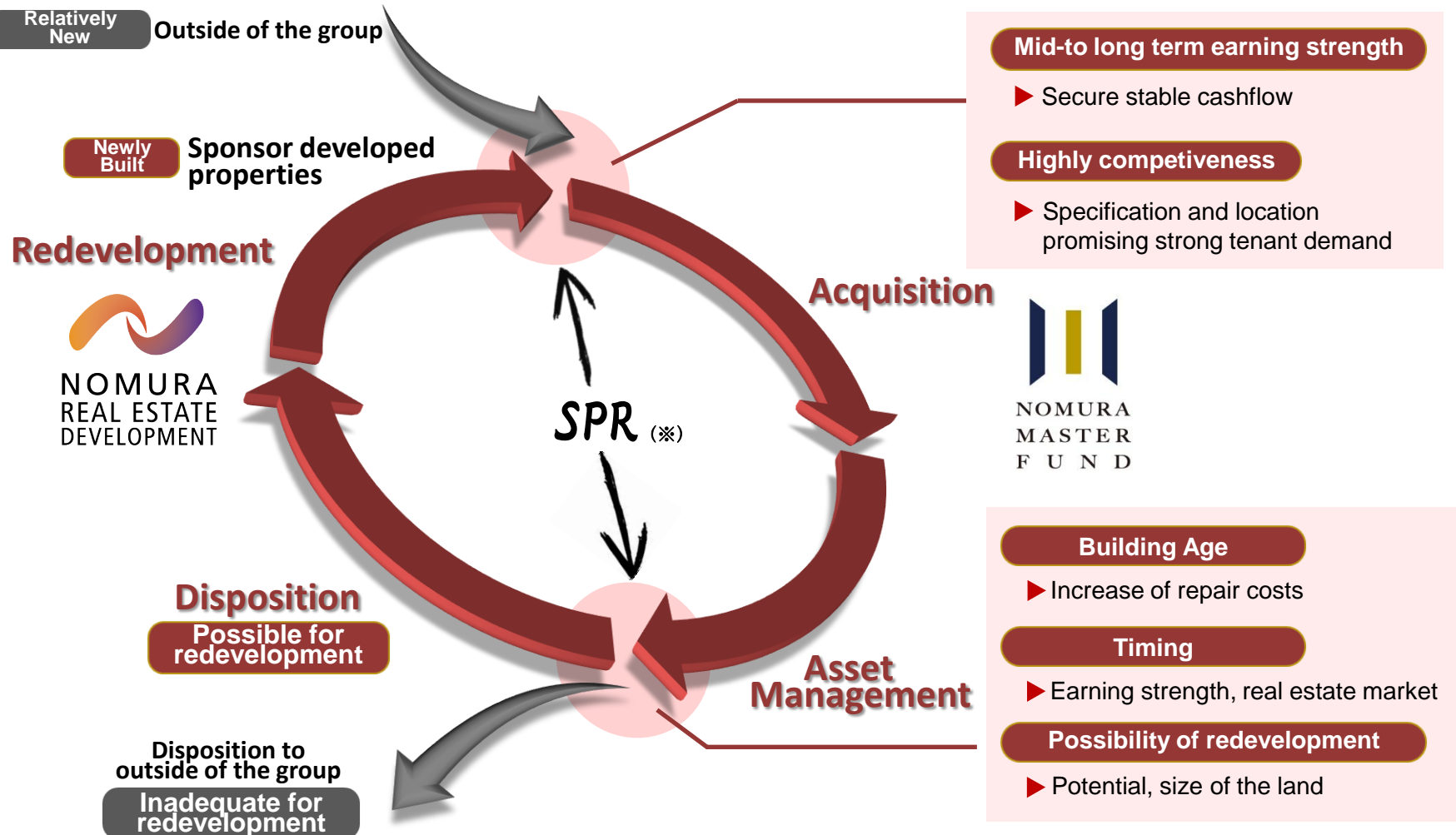


## **Supplement Documentation for Press Release “Acquisition and Disposition of the Assets” dated today**

**March 29, 2016**

## Portfolio NMF Aims

Aiming for construction of sustainable portfolio utilizing a strength to have a general developer in a sponsor and making quality and performance to be highly stable by asset replacement cycle



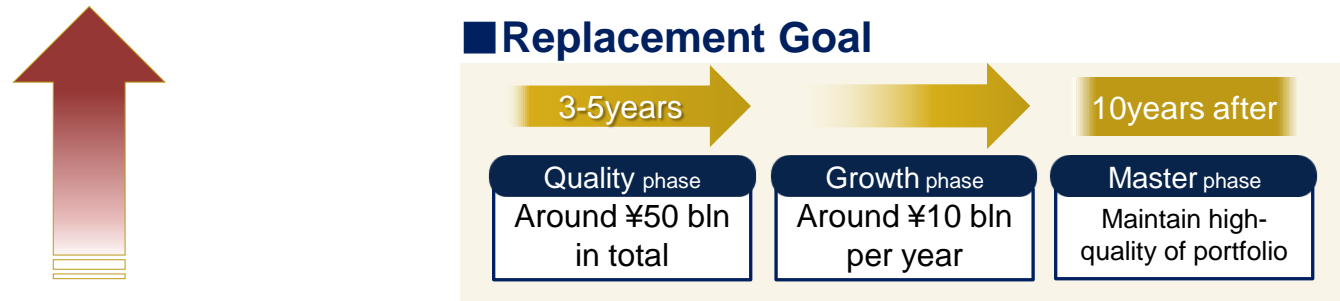
## About SPR

Denotes Strategic Property Replacement enhancing portfolio quality, main axis of NMF's mid-to long-term management strategy(※)

## Target

- ✓ **Improvement of portfolio quality**
- ✓ **Management of DPU** (profit & loss from disposition and periodic profit)

## ■ Replacement Goal



## Point

- ✓ **Crossover deals**
- ✓ **Optimization of sector timing**
- ✓ **Utilization of the sponsor pipeline**

Started SPR utilizing the merit of diversified REIT and enhanced stability from larger scale strategy

## Points of First Shot of SPR

1. Improvement of portfolio quality
  - ▶ Disposed aging properties and acquired recently constructed properties
2. Management of DPU level
  - ▶ Exercised preferential negotiating rights coupled with disposition (Hirakata Kuzuha LC)
3. Crossover Deals
  - ▶ Disposed office & residential properties, acquired logistics & residential properties

Corresponded to increase of repair costs and lowering competitiveness

New acquisition considering size and earning strength of disposed assets

Cross asset type transaction utilizing the merit of diversified type REIT

## Overview of Replacement

	Number of Properties	Asset type	Price	Building age	NOI yield
<b>Disposition</b>	8	Office, Residential	5,350 mln	25.3 year <sup>(※1)</sup>	3.7% <sup>(※2)</sup>
<b>Acquisition</b>	3	Logistics, Residential	5,680 mln	10.9 year <sup>(※1)</sup>	5.2% <sup>(※3)</sup>

### Changes in Portfolio

Reducing of average building age

**- 0.1 year** <sup>(※1)</sup>  
(Average 19.2 year)

Difference between disposition price and anticipated book value

**+286 mln** <sup>(※4)</sup>

Reducing of repair expense

Estimated long term repair plans  
**- 293 mln** <sup>(※5)</sup>

(※1) Building age are as of March 29, 2016  
(※2) NOI of most recent 2FY of each REIT before the merger divided by NMF's acquisition price.  
(※3) NOI yield obtained using NOI of direct capitalization approach on the appraisal report for the acquisition price.

(※4) Indicates scheduled disposition price minus anticipated book value as of October 1, 2015, and differs from accounting transfer profit.

(※5) Compared forecast of long-term repair costs (12years) written in the Engineering Report of the Property

Disposed small 8 properties which building age are old and hard to anticipate future internal growth through “**bidding process & bulk transaction**”



Central Shintomicho Bldg.



Address	Chuo-ku, Tokyo
Access	Shintomicho Station (Tokyo Metro Yurakucho Line)
Building Age	26.0years
Gross Floor area	2,465.86㎡



Toho Edogawabashi Bldg.



Address	Bunkyo-ku, Tokyo
Access	Edogawabashi Station (Tokyo Metro Yurakucho Line)
Building Age	23.0years
Gross Floor area	2,058.95㎡



Toshin Meguro Bldg.



Address	Meguro-ku, Tokyo
Access	Meguro Station (JR Yamanote Line)
Building Age	26.5years
Gross Floor area	1,341.17㎡



Prime Urban Ochiai



Address	Shinjuku-ku, Tokyo
Access	Nakai Station (Seibu Shinjuku Line)
Building Age	30.0years
Gross Floor area / Unit	517.53㎡ 32units



Prime Urban Nakano



Address	Nakano-ku, Tokyo
Access	Ariyakushimae Station (Seibu Shinjuku Line)
Building Age	31.1years
Gross Floor area / Unit	801.30㎡ 51units



Prime Urban Ekoda



Address	Nerima-ku, Tokyo
Access	Ekoda Station (Seibu Ikebukuro Line)
Building Age	26.7years
Gross Floor area / Unit	872.49㎡ 35units



Prime Urban Urayasu 2



Address	Urayasu-shi, Chiba
Access	Urayasu Station (Tokyo Metro Tozai Line)
Building Age	22.9years
Gross Floor area / Unit	437.94㎡ 27units



Prime Urban Yamahana

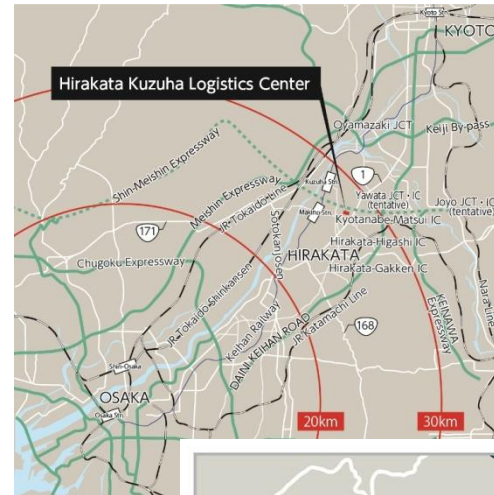


Address	Sapporo-shi, Hokkaido
Access	Nishisen Jyuroku Jo Station (Sapporo City Street Car Line)
Building Age	11.0years
Gross Floor area / Unit	1,518.58㎡ 33units



## Hirakata Kuzuha Logistics Center

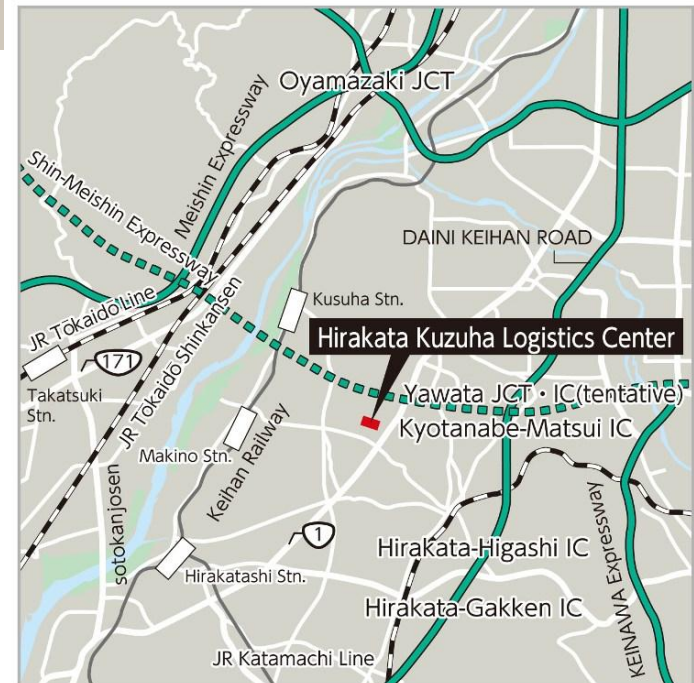
Utilized Bridge Fund



Acquisition Date	April 27, 2016	Address	7 Shodai-Tachika, Hirakata City, Osaka
Completion date	Apr 2003	Gross Floor area	19,807.18㎡
Acquisition Price(A)	¥3,460mln.	Number of Tenants /Main Tenant	1 tenant / Itochu Logistics
Appraisal Value(B)	¥3,690mln.	(A)/(B)	93.8%

## Investment Highlights

- ✓ Located on scarce place that covers two largest consuming markets of Kansai-area (Osaka, Kyoto), enables 24hours operation, and easy to find labor force.
- ✓ Stable cashflow from long-term lease contract and room for continuous internal growth from stage rent.
- ✓ Room for internal growth utilizing 7.5m effective height under lower beam (mezzanine floor, etc.)  
Possibility of redevelopment using undigested floor area ratio (142%/200%)
- ✓ Preceded investment on March, 2015 utilizing bridge fund.  
Investment without competition, exercising preferential negotiation right on the same timing with this property replacement.



# Overview of New Properties

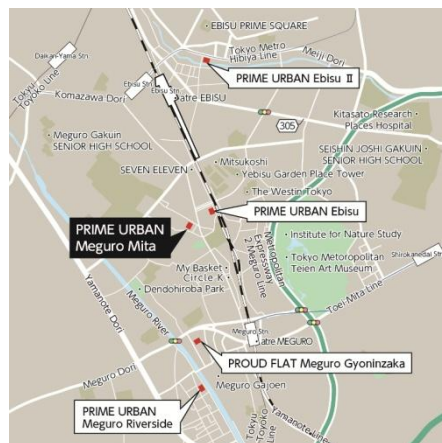


野村不動産マスターファンド投資法人  
NOMURA REAL ESTATE MASTER FUND, INC.



## PRIME URBAN Meguro Mita

1 on 1  
negotiation



Acquisition Date	April 25, 2016	Address	2-7-9 Mita, Meguro-ku, Tokyo
Completion date	Jul 2008	Gross Floor area	1,106.31㎡
Acquisition Price(A)	¥1,058mln.	Number of Unit	28units
Appraisal Value(B)	¥1,080mln.	(A)/(B)	98.0%

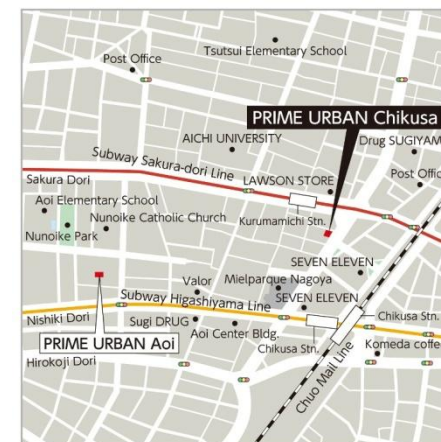
### Investment Highlights

- ✓ Located on "Ebusu" area ranked as No.1 for "Where to live ranking".(※)  
Scarce location enabling to use both Ebusu Station and Meguro Station with flat approach despite locating in quiet residential area next to Ebusu Garden Place.
- ✓ Wide range type of rooms from studio to duplex type 1LDK.  
Accomplished façade titillates tenant needs.
- ✓ Obtained property information through own route of the asset management company.  
Realization of negotiation basis transaction without bidding process.



## PRIME URBAN Chikusa

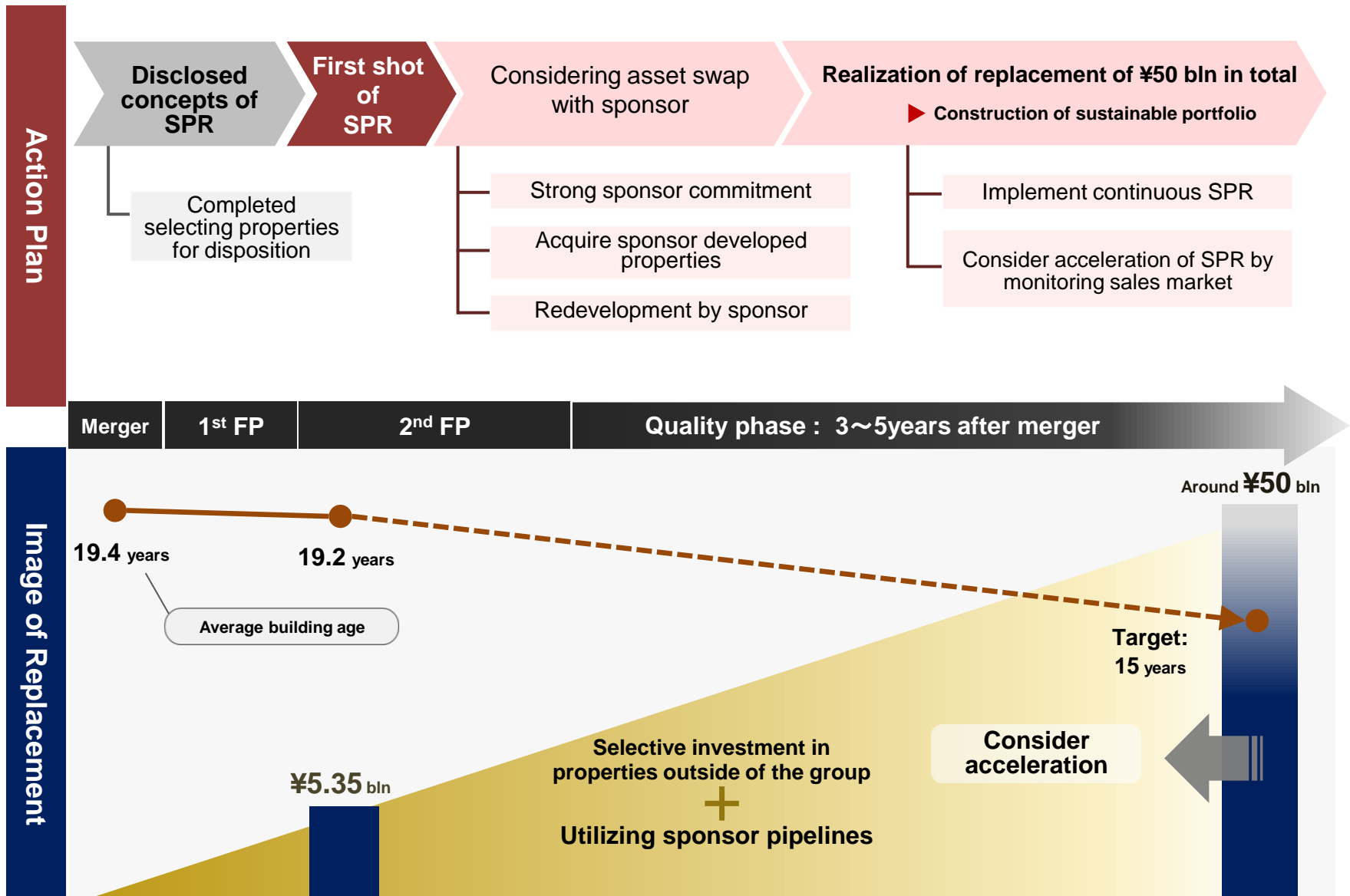
1 on 1  
negotiation



Acquisition Date	April 5, 2016	Address	2-7-9 Mita, Meguro-ku, Tokyo
Completion date	Aug 2008	Gross Floor area	2,287.07㎡
Acquisition Price(A)	¥1,110mln.	Number of Unit	28 units
Appraisal Value(B)	¥1,130mln.	(A)/(B)	98.2%

### Investment Highlights

- ✓ Located on the most prestigious residential area "Chikusa" within Nagoya City.  
Located on adjacent to central Nagoya and the most traffic convenient location enabling to use 2 stations and 3 lines.  
Brand location where local lord's townhouse used to exist.
- ✓ Mainly with wider 1K type. Room layout composition matched to singles and employees transferred without family
- ✓ Obtained property information through own route of the asset management company.  
Realization of negotiation basis transaction without bidding process.



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