



[For Translation Purposes Only]

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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	Date of agreement	(Scheduled) Date of disposition	Transferee	Transfer Price (¥million) (Note 1)	Book Value (¥million) (Note 2)	Difference (¥million) (Note 3)
NOF Technoport Kamata Center Building	Office	December 28, 2016	March 31, 2017	Undisclosed (Note 4)	5,020 (Note 5)	4,772	247
Ito-Yokado Higashi-Narashino Store	Retail	December 28, 2016	June 5, 2017	Nomura Real Estate Development Co., Ltd.	664	641	22
Total					5,684	5,413	270

(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 the date of disposition.

(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 Buyer, this information is not disclosed

(Note5) The Fund will sell this property together with the related lease equipments and fixtures that are to be purchased by the Fund (anticipated acquisition price: about 87 million), and the scheduled transfer price above reflects the sale of such lease equipments and fixtures.

(Note5) NOF Technoport Kamata Center Building and Ito Yokado Higashi-Narashino Store both hold beneficial interests in trusts in which real estate properties are the principal trust assets.

## 2. Reason for Disposition of the Property

Nomura Master Fund has positioned the next three to five years as the Quality phase of its Mid-to Long-term Management Strategy announced in November 2015 and is steadily implementing various measures related to said phase.

One major measure is Strategic Property Replacement (SPR), which is aimed at improving the quality of the Fund's portfolio. The Fund has set a target of replacing a total of ¥50.0 billion in property during the Quality phase. Reflecting the transfer of these properties, the cumulative amount used in carrying out SPRs (the total sales amount for properties sold as SPRs) is now ¥39.7 billion. By implementing the asset replacement plan ahead of schedule, the Fund aims to quickly improve its portfolio quality, firstly by reducing the average property age.

The reasons for transferring each asset scheduled for transfer are as follows.

### (1) NOF Technoport Kamata Center Building

This asset is a 26-year-old office building located in Ota-ku, Tokyo. It was decided to transfer this property following the comprehensive consideration of various factors, including an anticipated rise in repair and maintenance expenses as the property ages and a likely decline in competitiveness as older office buildings come up against a projected increase in the supply of office space in central Tokyo.

### (2) Ito-Yokado Higashi-Narashino Store

As announced in the press release dated June 6, 2016, entitled, "Notice Concerning Tenant Withdrawal of Top REIT's Property and its Impact on the Merger," on June 3, 2016, the Fund was informed by a tenant that it was cancelling its lease contract with the termination date set at June 4, 2017.

Regarding the management of this asset following the withdrawal of the tenant, Nomura Master Fund is focusing on the options listed below.

- ① Leasing the property as a retail facility to a new tenant
- ② Undertaking redevelopment after retaining the asset for a certain period of time
- ③ Selling the property to an external buyer
- ④ Selling the property to the Fund's sponsor (Nomura Real Estate Development Co., Ltd.) with the aim of redeveloping it for another use

After contemplating the optimal use of the property in light of competing facilities in its vicinity, the percentage of the floor space index used, and the unique physical properties of the site, the Fund has concluded that the most profitable course of action would be to sell the property to its sponsor, which has indicated an intention to redevelop the property as a distribution facility, a move that can be expected to improve the asset's value. Upon the sale, the Fund would secure the right of first refusal regarding the sale of the property after redevelopment, thereby securing a future opportunity to acquire prime real estate, which has been especially prized recently in the real estate sales market.

(Note) The property's floor space index (as defined by the Building Standards Act) is 200%, and the percentage of floor space index used is 134%.

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

#### (1) NOF Technoport Kamata Center Building

Property Name		NOF Technoport Kamata Center Building				
Type of Asset		Trust beneficial interest				
Trustee		Sumitomo Mitsui Trust Bank, Limited				
Trust term		From September 29, 2000 to September 30,2020				
Location (Note 1)	Registry	2-31-6,4 Minami Kamata, Ota-ku, Tokyo				
	Street	2-16-1 Minami Kamata, Ota-ku, Tokyo				
Area	Type of Ownership	Proprietary ownership				
	Land(Note 1)	①9,429.59 m <sup>2</sup> ②3,329.47 m <sup>2</sup> (Note 2)				
	Building Coverage Ratio	100%・70% (Note 3)				
	Floor Area Ratio	300%・200% (Note 4)				
Building	Type of Ownership	Exclusive and designated areas of compartmentalized ownership 100%				
	Use(Note 1)	Office, Retail, Parking				
	Completion Date (Note 1)	September 5, 1990				
	Floor Area(Note 1)	21,516.54 m <sup>2</sup> (Note 5)				
	Structure(Note 1)	S/SRC B1F/11F				
Acquisition price		¥4,780 million				
Transfer Price		¥5,020 million				
Book Value (Note 6)		¥5,020 million				
Difference		¥4,772 million				
Appraisal Value	Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.				
	Appraisal Value	¥4,520 million				
	Appraisal Date	August 31,2016				
Leasing Status (As of November 30,2016) (Note 7)						
Total Number of Tenants		22				
Total Rental Income		¥490 million				
Security Deposits		¥368 million				
Occupancy Rate		95.9%				
Total Leased Floor Space		13,275.20 m <sup>2</sup>				
Total Leasable Floor Space		13,847.84 m <sup>2</sup>				
Occupancy Rates in the Past	August, 2012	August, 2013	August, 2014	August, 2015	August, 2016	
	92.2%	73.4%	93.9%	81.1%	95.9%	

(Note 1) Location and other Items

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

(Note 2) Land

① Refers to land owned by the Fund

② Refers to land co-owned by the Fund (the Fund owns 30% of the land as a co-owner)

(Note 3) Building Coverage Ratio

The land consists of two contiguous sections: the first section is located near a designated commercial area, the other is located in a semi-industrial area. Therefore, the mandatory building coverage ratio is 80% for the former section and 60% for the latter, respectively. However, since the property built on the former section is a fire-resistant structure, a building coverage ratio of 100% can be applied to this section. At the same time, the applicable building coverage ratio for the latter section was increased to 70% because it is a corner lot.

(Note 4) Floor Area Ratio

The entire property spans both commercial and semi-industrial areas, for which the mandated floor area ratios differ, namely, they are 300% and 200%, respectively. Taking this into account, floor area ratio for the entire property is determined on a weighted average basis that reflects the proportions of the two parts.

(Note 5) Floor Area

Floor area refers to area occupied by the Fund through its trustee.

(Note 6) Indicates anticipated Book Value as of the date of disposition.

(Note 7) Leasing Status

“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 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.

(2) Ito-Yokado Higashi-Narashino Store

Property Name		Ito-Yokado Higashi-Narashino Store				
Type of Asset		Trust beneficial interest				
Trustee		Sumitomo Mitsui Trust Bank, Limited				
Trust term		From March 7,1991 to October 31,2024				
Location (Note 1)	Registry	7-616-1, 7-678-1 Higashi Narashino, Narashino-shi, Chiba				
	Street	7-3-1 Higashi Narashino, Narashino-shi, Chiba				
Area	Type of Ownership	Ownership				
	Land	29,854.57 m <sup>2</sup>				
	Building Coverage Ratio	60%(Note 2)				
	Floor Area Ratio	200%				
Building	Type of Ownership	Ownership				
	Use(Note 1)	Retail,Parking				
	Completion Date (Note 1)	October 27,1994				
	Floor Area(Note 1)	Retail : 26,535.68 m <sup>2</sup> Parking : 18,802.69 m <sup>2</sup>				
	Structure(Note 1)	Retail : SRC B1/4F Parking : RC 6F				
Acquisition Price		¥649 million(Note 3)				
Transfer Price		¥664 million				
Book Value(Note 4)		¥641 million				
Difference		¥22 million				
Appraisal Value	Appraiser	Japan Valuers Co., Ltd.				
	Appraisal Value	¥649 million				
	Appraisal Date	August 31,2016				
Leasing Status (As of November 30,2016) (Note 5)						
Total Number of Tenants		1				
Total Rental Income		-(Note 6)				
Security Deposits		-(Note 6)				
Occupancy Rate		100.0%				
Total Leased Floor Space		51,098.42m <sup>2</sup>				
Total Leasable Floor Space		51,098.42m <sup>2</sup>				
Occupancy Rates in the Past (Note 7)	August, 2012	August, 2013	August, 2014	August, 2015	August, 2016	
	100%	100%	100%	100%	100%	

(Note 1) Location and other Items

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

(Note 2) Building Coverage Ratio

The mandatory building coverage ratio is 60% because the land is located in an industrial area. However, the applicable building coverage ratio for the property was increased to 70% because it is a corner plot.

(Note 3) The Fund took over this asset from Top REIT, Inc. via an absorption type merger that came into effect on September 1, 2016 with Top REIT becoming an absorbed company in light of accounting treatment. Therefore, the value of the property is determined based on appraisal as of August 31, 2016.

(Note 4) Indicates anticipated Book Value as of the date of disposition.

(Note 5) Leasing Status

“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 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.

(Note 6) Certain items are omitted as the tenant's approval for disclosure has not been obtained.

(Note 7) Descriptions are based on information provided by Top REIT.

## 4. Buyer Profile

### (1) NOF Technoport Kamata Center Building

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.

### (2) Ito-Yokado Higashi-Narashino Store

Company name	Nomura Real Estate Development, Co., Ltd.
Head office	1-26-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo
Representative	Seiichi Miyajima, President & CEO
Principal business	Real Estate Business
Capital	20 billion (as of March 31, 2016)
Established	April 15, 1957
Net assets	1,215 billion (as of March 31, 2016)
Total assets	10,057 billion (as of March 31, 2016)
Large shareholder (Shareholding ratio)	Nomura Real Estate Holdings, Inc.(100.0%) (as of March 31, 2016)
Relationship with the absorbed investment corporations and/or NREAM	
Capital	The seller holds investment units of NMF:5.66% (as of August 31, 2016) The said company is a wholly owned subsidiary of NREHD, which holds 100% ownership of NREAM, and falls under the definition of a related party as defined in the Investment Trusts Act
Personnel	The Asset Management Company's employees and officers are dispatched from the said company.
Transaction	The seller is the property management company of the absorbed investment corporations and the lessee, etc. of real estate owned by the absorbed investment corporations. Moreover, the Asset Management Company concluded an agreement on provision of information and a basic agreement on leasing value chain with the said company.
Status of related parties	The said company does not fall under the definition of a related party of the absorbed investment corporations. However, as stated above, the said company is a related party of the Asset Management Company as it is a fellow subsidiary

## 5. Transaction with Related Parties

### (1) NOF Technoport Kamata Center Building

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

## (2) Ito-Yokado Higashi-Narashino Store

The transaction concerning the Assets to be Disposed is transaction with related parties under the Investment Trust Law as mentioned above. The Asset Management Company determined the acquisition of the Property, acquisition price and other terms and conditions of the transaction 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.

## 6. Brokerage Profile

### (1) NOF Technoport Kamata Center Building

Company Name	Sumitomo Mitsui Trust Bank, Limited
Head Office	1-4-1 Marunouchi Chiyoda-ward, Tokyo
Representative	President: Kunitaro Kitamura Chairman: Hitoshi Tsunekage
Principal Business	Loan trust, Banking
Registration Number of Securities Dealer	¥3,420 billion
Capital	July 28, 1925
Relationship with the Fund and/or NREAM	
Capital	There is no capital involvement between the said company and the Fund or asset management company. There is also no capital involvement between related parties of the said company and related parties of the Fund or asset management company.
Personnel	There is no personnel involvement between the said company and the Fund or asset management company. There is also no personnel involvement between related parties of the said company and related parties of the Fund or asset management company.
Transactions	Acts as NMF's asset custodian, lender, trustee of properties NMF holds. There is also no personnel involvement between related parties of the said company and related parties of the Fund or asset management company.
Status of Related Parties	Acts as NMF's asset custodian. The said company is considered a directly associating party of the Fund. Also, the said company is not considered a Related Party, etc., of the asset management company under the Investment Trusts Act.
Brokerage Fee	The brokerage fee is not disclosed due to the fact that the broker's consent to disclosure has not been obtained.

## (2) Ito-Yokado Higashi-Narashino Store

There is no brokerage involved for this property.

## 7. Form of Payment, etc.

On the scheduled date of the assignment, Nomura Master Fund plans to receive a package payment of the whole purchase price of the nine properties subject to the assignment.

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

December 22, 2016	Concluded a sales contract related to the transfer of NOF Technoport Kamata Center Building
December 28, 2016	Concluded a sales contract related to the transfer of Ito-Yokado Higashi-Narashino Store
March 31, 2017	Transferred NOF Technoport Kamata Center Building (delivered the trust beneficiary interests)
June 5, 2017	Transferred Ito-Yokado Higashi-Narashino Store (delivered the trust beneficiary interests)

## 9. Forecasts of Financial Results

There is no 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.

## 10. Appraisal Summary

Property Name		NOF Technoport Kamata Center Building	
Appraisal Value		¥4,520,000,000	
Appraiser		The Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal Date		August 31,2016	
(Amount : ¥)			
Item		Amount or percentage	Grounds
Capitalization approach price		4,520,000,000	In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account
Price calculated by the direct capitalization approach		4,460,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term
(1) Operating income (a)-(b)		574,575,799	
(a) Gross rental income		619,767,714	Assumed based on the expected mid- to long-term stable rent.
(b) Losses due to vacancies, etc.		45,191,915	Assumed based on the expected mid- to long-term stable occupancy rate.
(2) Operating expenses		292,601,301	
Maintenance		57,702,966	Decided the allocation is unnecessary, basedon Property Management Agreement
Utilities costs		77,384,970	Decided the allocation is unnecessary, basedon Property Management Agreement
Repair costs		26,150,000	Allocation of appraised restoration expenses and repair expenses based on the Engineering Report.
Property management fees		11,491,516	Appraisal based on agreement conditions, general standard, etc.
Advertisement for leasing, etc.		5,025,744	Appraisal based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit and parking lot lease.
Taxes		69,620,900	Appraisal based on mid to long term perspective of the tax base of year 2016.
Insurance premium		860,810	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other expenses		14,364,395	Appraised in consideration of consumer goods fees, etc. as Other Expenses.
(3) Net operating income from leasing business (NOI=(1)-(2))		281,974,498	
(4) Profit through management of temporary deposits, etc.		8,016,571	Assumed interest rates of 2.0%.
(5) Capital Expenditure Reserve		62,760,000	Assumed based on conditions of the location, the building, and the contract of the Property.
(6) Net Cash Flow (NCF = (3)+(4)-(5))		227,231,069	
(7) Capitalization rate		5.1%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price calculated by the Discounted Cash Flow Approach		4,540,000,000	
Discount rate		5.2%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate		5.3%	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		5,610,000,000	
Ratio of land		73.6%	
Ratio of building		26.4%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—		



Property Name	Ito-Yokado Higashi-Narashino Store	
Appraisal Value	¥649,000,000	
Appraiser	Japan Valuers Co.,Ltd.	
Appraisal Date	August 31,2016	
(Amount : ¥)		
Item	Amount or percentage	Grounds
Capitalization approach price	649,000,000	In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account
Price calculated by the direct capitalization approach	676,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term
(1) Operating income (a)-(b)	180,809,592	
(a) Gross rental income	186,374,220	Assumed based on the expected mid- to long-term stable rent.
(b) Losses due to vacancies, etc.	5,564,628	Assumed based on the expected mid- to long-term stable occupancy rate.
(2) Operating expenses	87,481,337	
Maintenance	0	Assumed based on the estimated amount.
Utilities costs	0	Assumed based on the estimated performance, etc.
Repair costs	24,161,600	Assumed based on the Engineering.
Property management fees	3,960,000	Assumed based on the estimated amount.
Advertisement for leasing, etc.	0	Assumed based on the estimated amount
Taxes	54,192,261	Assumed based on the actual amount for the land, the estimated amount for the building.
Insurance premium	1,140,543	Assumed based on the insurance premium and the estimated amount, etc., of a similar building
Other expenses	4,026,933	Assumed based on the estimated amount
(3) Net operating income from leasing business (NOI=(1)-(2))	93,328,255	
(4) Profit through management of temporary deposits, etc.	899,703	Assumed interest rates of 1.0%.
(5) Capital Expenditure Reserve	56,377,067	Assumed based on the Engineering.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	37,850,891	
(7) Capitalization rate	5.6%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Price calculated by the Discounted Cash Flow Approach	621,000,000	
Discount rate	5.4%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate	5.8%	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	2,600,000,000	
Ratio of land	59.77%	
Ratio of building	40.23%	
Matters noted in reconciliation of indicated value and determination of appraisal value	—	

## 【Exhibits】

### Portfolio Over View after Acquisition and Disposition

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

## Portfolio Overview after Acquisition of three Properties

Asset Type	Area (Note 1)	Acquisition Price (mln)	Percentage to total(%) (Note 2)
Office	Tokyo Area	371,944	40.1%
	Other Area	71,930	7.8%
	Total	443,874	47.9%
Retail	Tokyo Area	104,877	11.3%
	Other Area	45,896	4.9%
	Total	150,773	16.3%
Logistics	Tokyo Area	137,030	14.8%
	Other Area	10,040	1.1%
	Total	147,070	15.9%
Residential	Tokyo Area	148,323	16.0%
	Other Area	32,527	3.5%
	Total	180,850	19.5%
Others	Tokyo Area	4,900	0.5%
	Total	4,900	0.5%
Grand Total	-	927,467	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.

(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 (264 properties in total) based on acquisition prices explained in (Note 2). The calculation of percentage to total excludes silent partnership equity interests. Furthermore, as the figures were rounded to the first decimal place, the total may not necessarily be 100%.