



For Immediate Release

To Whom It May Concern

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”) announces 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, to acquire assets (the “Acquisition”), as described below.

1. Overview of the Acquisition

No.	Property Name	Use	Date of Agreement	(Scheduled) Date of Acquisition	Seller	(Scheduled) Acquisition Price (¥ million) (Note 1)
1	PMO Nihonbashi Mitsukoshi-mae	Office	February 1, 2018	April 2, 2018	Nomura Real Estate Development Co., Ltd.	4,310
2	PMO Shibadaimon	Office				2,130
3	Landport Hachioji II	Logistics				9,230
4	Landport Iwatsuki	Logistics		6,090		
5	PROUD FLAT Sangenjaya II	Residential		April 2, 2018		2,750
6	PROUD FLAT Soto Kanda	Residential				2,280
7	PROUD FLAT Noborito	Residential				1,216
8	PROUD FLAT Yoyogi Hachiman	Residential				966
9	PROUD FLAT Nakaochiai	Residential				844
Total						29,816

Note: This press release is a public announcement concerning the Fund's acquisition of properties and has not been prepared for the purpose of solicitation of investment. We caution readers to refer to the Fund's Offering Circular for the Issuance of New Investment Units and Secondary Offering and the Notices of Amendments thereto (if any) and to undertake investment decisions at their own judgement and responsibility. In addition, this press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.



- (Note 1) The amounts stated exclude acquisition-related costs, property tax, city planning tax, consumption tax and local consumption tax.
(Note 2) The assets to be acquired are all actual real estate.
(Note 3) The asset to be acquired is scheduled to be acquired using the proceeds from the issuance of new investment units (Note 4), borrowings and cash on hand.
(Note 4) For details of the issuance of new investment units, please refer to the press release, Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units, released today.

The above nine properties are collectively referred to hereinafter as the “Nine Properties to Be Acquired.”

2. Reasons for the Transaction

The Fund determined that acquiring the Properties would help secure stable earnings and steady growth of the Fund’s investment assets over the medium to long term, in line with the asset management objectives and policies specified in the Fund’s Articles of Incorporation.

3. Summary of the Nine Properties to Be Acquired

(1) PMO Nihonbashi Mitsukoshi-mae

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property has access to four stations and seven lines, being located a one-minute walk from Shin-Nihonbashi Station on the JR Sobu Line, a three-minute walk from Mitsukoshi-Mae Station on the Tokyo Metro Ginza Line and Hanzomon Line, a five-minute walk from Kodenmacho Station on the Tokyo Metro Hibiya Line, and an eight-minute walk from Kanda Station on the JR Yamanote Line, Keihin-Tohoku Line and Chuo Line. Those major JR and subway stations can all be found in favorable locations nearby. In addition, the Nihonbashi-Honcho area, in which the Property is located, is near major business areas such as Nihonbashi, Kanda and Tokyo. The headquarters of the Bank of Japan as well as the Tokyo Stock Exchange are also nearby. Due to its history as a town of medicine wholesalers, the area is busy with finance-, pharmaceutical- and chemical-related companies. Furthermore, as the Property is also near Tokyo Station, there can be expected to be a need from regional companies that seek a place for their Tokyo offices, widening the tenant demand.

In addition, in the Nihonbashi/Muromachi area which is the surrounding area of the Property, the “Nihonbashi Revitalization Plan” aiming for new city development with coexistence of tradition and innovation is ongoing.

- The Property is located in the Nihonbashi area, which is where PMOs (Note) originated. The PMO series are widely acknowledged in this area, with 13 of them fully completed in Chuo-ku alone.
- Covered entirely with glass, with a striking contrast against its overall black, the Property boasts a unique presence while taking full advantage of the corner plot. The excellent design of the Property is expected to appeal strongly to potential tenants.

(Note) “PMO (Premium Midsize Office)” is the brand name of offices developed by Nomura Real Estate Development Co., Ltd.

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Summary of Asset to Be Acquired

Property Name		PMO Nihonbashi Mitsukoshi-mae
Type of Asset		Real estate
Location (Note 1)	Registry	3-3-12 Nihonbashi-Honcho, Chuo Ward, Tokyo and 7 other lots
	Street	3-4-5 Nihonbashi-Honcho, Chuo Ward, Tokyo
Access		1-minute walk from Shin-Nihonbashi Station on the JR Sobu Line 3-minute walk from Mitsukoshi-mae Station on the Tokyo Metro Ginza Line and Hanzomon Line 5-minute walk from Kodenmacho Station on the Tokyo Metro Hibiya Line 8-minute walk from Kanda Station on the JR Yamanote Line, Keihin-Tohoku Line and Chuo Line
Completion Date (Note 1)		May 31, 2016
Use (Note 1)		Office, Parking
Structure (Note 1)		S 11F
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office
Builder		Zenitaka Corporation Tokyo Branch
Building Inspection Agency		UHEC
Area (Note 1)	Land	(1) 365.95 m ² (2) 70.52 m ² (Note 2)
	Floor Area	2,968.75 m ²
Type of Ownership	Land	Ownership (partly co-ownership)
	Building	Ownership
Building Coverage Ratio		100% (Note 3)
Floor Area Ratio		700% , 800% (Note 4)
Collateral		None
Property Management Company (Note 5)		Nomura Real Estate Development, Co., Ltd.
Master Leasing Company (Note 6)		Nomura Real Estate Development, Co., Ltd.
Type of Master Leasing (Note 6)		Pass through
Seismic Risk (PML) (Note 7)		3.67% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)
Notes		• The property management company and master leasing company, Nomura Real Estate Development Co., Ltd., is considered a related party under the Investment Trust Law.
Scheduled Acquisition Price		¥4,310 million
Appraisal Value and Method		¥4,520 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Japan Real Estate Institute)
Appraisal NOI (Note 8)		¥152 million
Leasing Status (As of February 1, 2018) (Note 9)		
Total Number of Tenants		10
Total Rental Income		¥226 million
Security Deposits		¥218 million
Occupancy Rate		100.0%
Total Leased Floor Space		2,267.46 m ²
Total Leasable Floor Space		2,267.46 m ²

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Historical Occupancy Rates (Note 10)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	10.0%	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) Land Area

The area in figure (1) is the land to be owned by the Fund, and the area in figure (2) is the land to be jointly owned (the Fund is scheduled to hold a 50% interest). The area in figure (1) includes 16.47 m² that is to be deemed part of a road under Article 42, Paragraph 2 of the Building Standards Act (setback area). The area in figure (2) is to be deemed a road under Article 42, Paragraph 2 of the Building Standards Act (private road).

(Note 3) Building Coverage Ratio

The Property is located in a commercial zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.

(Note 4) Floor Area Ratio

As part of the land of the Property is located in a commercial district with a floor area ratio of 700% and the other part is located in one with a floor area ratio of 800%, a weighted average figure based on the area ratio (776.42%) will be applied.

(Note 5) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 6) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with 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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 9) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Property as of this document’s publication.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 10) Historical Occupancy Rates

There are no applicable occupancy rates for August 2015 and before because the building was not yet completed.

(2) PMO Shibadaimon

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property has access to three stations and six lines, being located a three-minute walk from Onarimon Station on the Toei Mita Line, a four-minute walk from Daimon Station on the Toei Oedo Line and Asakusa Line, and an eight-minute walk from Hamamatsucho Station on the JR Yamanote Line, Keihin-Tohoku Line and the Tokyo Monorail Haneda Airport Line. It also has direct access to Haneda Airport and Narita Airport, as well as to JR Tokyo Station and JR Shinagawa Station, at both of which the Shinkansen stops. As such, not only does the Property have good access to major business areas such as Otemachi and Nihonbashi, it is also well-positioned to enjoy a considerable transport convenience including long-distance transportation.

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In addition to the transport convenience, the Hamamatsucho/Shiba Park area, in which the Property is located, also features a leafy environs such as Zojoji Temple and Shiba Park, which is expected to generate demand from a variety of tenants, ranging from Tokyo branches of regional companies that seek convenience of traffic access and of long-distance transportation, to foreign companies that place weight not only on convenience of transport, but also on the surrounding environment. Furthermore, as the Japan Automobile Business Association Hall is located in the same area, demand from automobile-related companies can also be expected.

- The exquisite entrance design that radiates charm day and night gives a sense of pride to office workers and provides a refreshing place to welcome guests, which is expected to strongly appeal to potential tenants.

Summary of Asset to Be Acquired

Property Name		PMO Shibadaimon
Type of Asset		Real estate
Location (Note 1)	Registry	1-703-2 Shibakoen, Minato Ward, Tokyo
	Street	1-10-18 Shibakoen, Minato Ward, Tokyo
Access		3-minute walk from Onarimon Station on the Toei Mita Line 4-minute walk from Daimon Station on the Toei Oedo Line and Toei Asakusa Line 8-minute walk from Hamamatsucho Station on the JR Yamanote Line and Keihin-Tohoku Line and the Tokyo Monorail Haneda Airport Line
Completion Date (Note 1)		September 24, 2014
Use (Note 1)		Office
Structure (Note 1)		S 9F
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office
Builder		Tokyu Construction Co., Ltd.
Building Inspection Agency		UHEC
Area (Note 1)	Land	289.59 m ²
	Floor Area	1,755.21 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 2)
Floor Area Ratio		600%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Development, Co., Ltd.
Master Leasing Company (Note 4)		Nomura Real Estate Development, Co., Ltd.
Type of Master Leasing (Note 4)		Pass through
Seismic Risk (PML) (Note 5)		5.87% (Based on January 2018 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)
Notes		<ul style="list-style-type: none"> • The property management company and master leasing company, Nomura Real Estate Development Co., Ltd., is considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).

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Scheduled Acquisition Price	¥2,130 million				
Appraisal Value and Method	¥2,180 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Japan Real Estate Institute)				
Appraisal NOI ^(Note 6)	¥82 million				
Leasing Status (As of February 1, 2018) ^(Note 7)					
Total Number of Tenants	8				
Total Rental Income	¥121 million				
Security Deposits	¥116 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	1,463.36 m ²				
Total Leasable Floor Space	1,463.36 m ²				
Historical Occupancy Rates ^(Note 8)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	75.0%	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 zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Property as of this document’s publication.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for August 2014 and before because the building was not yet completed.

(3) Landport Hachioji II

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

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- The Property is located about 36 km from central Tokyo as the crow flies, about 4.5 km from the Hachioji IC on the Chuo Expressway and about 7.0 km from the Kunitachi Fuchu IC on the Chuo Expressway. It is also near National Routes Nos. 16 and 20 (Koshu Kaido). These enable long-distance transportation across the Tokyo metropolitan area. Also, the Property is located in the Kita-Hachioji Industrial Park and can be operated 24 hours a day.
- The Property is a four-story, slope-type facility and is designed such that cargo trucks can be parked next to the berths (Note) located on the first and third floors. The four freight elevators and four vertical conveyors installed in the Property ensure a high operational efficiency. The Property is also highly efficient in respect of storage, which is achieved by the 11 m x 11 m grids (Note) enhancing rack storage efficiency (Note) per 100 m² and the “three-dimensional storage” system on the second and fourth floors utilizing the under-beam effective height of 6.5 m. The Property adopts a base isolation system to be in line with the tenants’ BCPs (Business Continuity Plans), has its own emergency stock repositories and power generators, and can use water from a well. It also has environmentally friendly solar panels on top of the roof.
- The Property is located a twelve-minute walk from Kita-Hachioji Station on the JR Hachiko Line and there are many busses coming from Hino Station and Toyoda Station on the JR Chuo Line. The Property is well-positioned for tenant companies to recruit employees. It also has a cafeteria in the building to provide a good working environment.

(Note) A “berth” is a space where cargo trucks can stop for loading and unloading, a “grid” is a lattice-shaped space formed by pillars and joists and “rack storage efficiency” refers to the storage efficiency of a rack. The same shall apply hereunder.

Summary of Asset to Be Acquired

Property Name		Landport Hachioji II
Type of Asset		Real estate
Location (Note 1)	Registry	2970-3 Ishikawacho, Hachioji City, Tokyo
	Street	2970-3 Ishikawacho, Hachioji City, Tokyo (Note 2)
Access		4.5 km from the Hachioji Interchange on the Chuo Expressway 7.0 km from the Kunitachi-fuchu Interchange on the Chuo Expressway 12-minute walk from Kitahachioji Station on the JR Hachiko Line
Completion Date (Note 1)		September 16, 2016
Use (Note 1)		Warehouse
Structure (Note 1)		S 4F
Architect		JFE Civil Engineering & Construction Corporation, First-Class Architect Office
Builder		JFE Civil Engineering & Construction Corporation
Building Inspection Agency		Japan ERI Co., Ltd.
Area (Note 1)	Land	16,466.84 m ²
	Floor Area	33,028.63 m ² (Note 3)
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% (Note 4)
Floor Area Ratio		200%
Collateral		None
Property Management Company (Note 5)		Nomura Real Estate Development Co., Ltd., Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		-

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Type of Master Leasing	-				
Seismic Risk (PML) ^(Note 6)	1.25% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes	• The property management companies, Nomura Real Estate Development Co., Ltd., and Nomura Real Estate Partners Co., Ltd., are each considered a related party under the Investment Trust Law.				
Scheduled Acquisition Price	¥9,230 million				
Appraisal Value and Method	¥9,310 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI ^(Note 7)	409 million				
Leasing Status (As of February 1, 2018) ^(Note 8)					
Total Number of Tenants	1				
Name of Tenant	Undisclosed				
Total Rental Income	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	33,421.80 m ²				
Total Leasable Floor Space	33,421.80 m ²				
Historical Occupancy Rates ^(Note 9)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	—	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) The Street Address

As the Street Address is not indicated officially, the building location in the real estate registry is noted.

(Note 3) Floor Area

Floor area of storage, etc. (28.91 m²) adjacent to the building is also included.

(Note 4) Building Coverage Ratio

The Property is located in an industrial zone where the building coverage ratio is 60% in principle. As the Property is in a corner lot, the building coverage ratio has increased to 70%.

(Note 5) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 6) 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 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 8) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Property as of this document’s publication.

“Total Rental Income” and “Security Deposits” are both undisclosed as the consent from the tenant has not been obtained.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for August 2016 and before because the building was not yet completed.

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(4) Landport Iwatsuki

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property is located about 33 km from central Tokyo as the crow flies, and about 5.9 km from Iwatsuki IC on the Tohoku Expressway. It is also near National Routes Nos. 16 and 122. These enable long-distance transportation across the entire area of eastern Japan as well as the Tokyo metropolitan area. In addition, the Property is located in the Hokubu Industrial Park, and can be operated 24 hours a day. As there are many factories and distribution centers in the vicinity, cargo trucks can be expected to proceed smoothly without issues.
- The Property is a three-story building, of utmost practicality, with two freight elevators and three vertical conveyors fully installed. It also features efficiency-driven designs, such as the 11 m x 11 m grids enhancing the rack storage efficiency, and the “three dimensional storage system” on each floor utilizing the under-beam effective height of 6.5 m. Further, the security of the Property is strengthened by a security gate equipped with a car number recognition system that identifies any suspicious cars. It also features rooftop greening and solar panels to support environmental friendliness, and LEDs are used for all the lighting in the building, to reduce power consumption and bulb replacement costs.

Summary of Asset to Be Acquired

Property Name		Landport Iwatsuki
Type of Asset		Real estate
Location (Note 1)	Registry	5-2-9 Ueno, Iwatsuki Ward, Saitama City, Saitama
	Street	5-2-9 Ueno, Iwatsuki Ward, Saitama City, Saitama (Note 2)
Access		5.9 km from the Iwatsuki Interchange on the Chuo Expressway 2.3 km from Higashi-Iwatsuki Station on the JR Tobu Noda Line
Completion Date (Note 1)		May 13, 2016
Use (Note 1)		Warehouse
Structure (Note 1)		S 4F
Architect		JFE Civil Engineering & Construction Corporation, First-Class Architect Office
Builder		JFE Civil Engineering & Construction Corporation
Building Inspection Agency		Japan ERI Co., Ltd.
Area (Note 1)	Land	11,926.85 m ²
	Floor Area	24,177.15 m ² (Note 3)
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% (Note 4)
Floor Area Ratio		200%
Collateral		None
Master Leasing Company		-
Type of Master Leasing		-
Property Management Company (Note 5)		Nomura Real Estate Development Co., Ltd., Nomura Real Estate Partners Co., Ltd.

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Seismic Risk (PML) ^(Note 6)	2.89% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes	• The property management companies, Nomura Real Estate Development Co., Ltd., and Nomura Real Estate Partners Co., Ltd., are each considered a related party under the Investment Trust Law.				
Scheduled Acquisition Price	¥ 6,090 million				
Appraisal Value and Method	¥6,110 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI ^(Note 7)	¥ 276 million				
Leasing Status (As of February 1, 2018) ^(Note 8)					
Total Number of Tenants	1				
Name of Tenants	Undisclosed				
Total Rental Income	Undisclosed				
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	24,089.82 m ²				
Total Leasable Floor Space	24,089.82 m ²				
Historical Occupancy Rates ^(Note 9)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	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) The Street Address

As the Street Address is not indicated officially, the building location in the real estate registry is noted.

(Note 3) Floor Area

Floor area of a garbage disposal area (19.44 m²) adjacent to the building is also included.

(Note 4) Building Coverage Ratio

The Property is located in an industrial zone where the building coverage ratio is 60% in principle. As the Property is in a corner lot, the building coverage ratio has increased to 70%.

(Note 5) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 6) 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 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 8) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Property as of this document’s publication.

“Total Rental Income” and “Security Deposits” are both undisclosed as the consent from the tenant has not been obtained.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for August 2015 and before because the building was not yet completed.

(5) PROUD FLAT Sangenjaya II

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

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- The Property is located a seven-minute walk from Sangen-Jaya Station on the Tokyu Den-en-toshi Line, which is four minutes away from currently-under-redevelopment JR Shibuya Station by direct train. The Property has easy access to major business and commercial areas, such as Omotesando, Akasaka and Otemachi. As Sangen-Jaya Station is surrounded by various retail facilities, including restaurants, and is also near Shibuya Station, the area is particularly popular among young people. Further, within walking distance of Sangen-Jaya Station is Setagaya Park, which contributes to the good living environment of the area, generating strong tenant need from singles and DINKS. As such, the Fund is confident that the Property will provide stable demand.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers a 24-hour response service, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

Summary of Asset to Be Acquired

Property Name		PROUD FLAT Sangenjaya II
Type of Asset		Real estate
Location (Note 1)	Registry	1-1-88 Taishido, Setagaya Ward, Tokyo and 1 other lot
	Street	1-15-31 Taishido, Setagaya Ward, Tokyo
Access		7-minute walk from Sangenjaya Station on the Tokyu Den-en-toshi Line
Completion Date (Note 1)		January 14, 2014
Use (Note 1)		Apartment
Structure (Note 1)		RC 6F
Leasable Units		70
Architect		Form Architect Planning Co., Ltd.
Builder		Nomura Construction Industrial Co., Ltd.
Building Inspection Agency		UHEC
Area (Note 1)	Land	1,534.91 m ²
	Floor Area	3,522.92 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% (Note 2)
Floor Area Ratio		200%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company (Note 4)		Nomura Real Estate Partners Co., Ltd.
Type of Master Leasing (Note 4)		Pass through
Seismic Risk (PML) (Note 5)		12.56% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)
Notes		<ul style="list-style-type: none"> • The sublease agreement with the tenant subleasing all units of the Property from master lessee, provides that, during a fixed period of time prior to the expiration date of the sublease agreement, a right of first refusal for purchase of the Property shall be granted to the sub-lessee. • The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law.

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Scheduled Acquisition Price	¥2,750 million				
Appraisal Value and Method	¥2,800 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)				
Appraisal NOI ^(Note 6)	¥120 million				
Leasing Status (As of February 1, 2018) ^(Note 7)					
Total Number of Tenants	1				
Total Rental Income	¥129 million				
Security Deposits	¥21 million				
Occupancy Rate	100.0%				
Total Leased Floor Space	2,931.42 m ²				
Total Leasable Floor Space	2,931.42 m ²				
Historical Occupancy Rates ^(Note 8)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	100.0%	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 category 1 residential districts where the building coverage ratio is 60% in principle. Because the Property is in a corner lot, the building coverage ratio has increased to 70%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for August 2013 and before because the building was not yet completed.

(6) PROUD FLAT Soto Kanda

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

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- The Property has access to a number of lines, being located a six-minute walk from Suehiro-cho Station on the Tokyo Metro Ginza Line, a seven-minute walk from Akihabara Station on the JR Yamanote Line, Keihin Tohoku Line and Sobu Line, an eight-minute walk from Ochanomizu Station on the JR Sobu Line, Chuo Line and Tokyo Metro Marunouchi Line, and an eight-minute walk from Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line. As such, the Property occupies a rare location which has superior access to various places in central Tokyo. In the surrounding area of the Property, Akihabara Station is surrounded by supermarkets, convenience stores, restaurants, and electrical appliance stores, while Ochanomizu Station has many university hospitals and private universities nearby, which is expected to create a demand from medical experts and students, as well as single workers. Alongside the Kanda River located in south of the Property, "Manseibashi elevated bridge" with red blocks, which is located alongside the Kanda River flowing on the south side of the Property, was re-built into "Maach Ecute Kanda Manaseibashi", providing bustling area.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers a 24-hour response service, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

Summary of Asset to Be Acquired

Property Name		PROUD FLAT Soto Kanda
Type of Asset		Real estate
Location (Note 1)	Registry	2-57-23 Sotokanda, Chiyoda Ward, Tokyo
	Street	2-5-9 Sotokanda, Chiyoda Ward, Tokyo
Access		6-minute walk from Suehirocho Station on the Tokyo Metro Ginza Line 7-minute walk from Akihabara Station on the JR Keihin-Tohoku Line and the JR Yamanote Line 8-minute walk from Ochanomizu Station on the JR Sobu-Chuo Line and the Tokyo Metro Marunouchi Line 8-minute walk from Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line
Completion Date (Note 1)		April 22, 2016
Use (Note 1)		Apartment, Bicycle parking, Car parking
Structure (Note 1)		RC 11F
Leasable Units		75
Architect		Form Architect Planning Co., Ltd.
Builder		Mabuchi Construction Co., Ltd.
Building Inspection Agency		Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai
Area (Note 1)	Land	407.54 m ²
	Floor Area	2,882.48 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 2)
Floor Area Ratio		600%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company (Note 4)		Nomura Real Estate Partners Co., Ltd.

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Type of Master Leasing (Note 4)	Pass through				
Seismic Risk (PML) (Note 5)	6.07% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes	• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law.				
Scheduled Acquisition Price	¥2,280 million				
Appraisal Value and Method	¥2,370 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)				
Appraisal NOI (Note 6)	¥100 million				
Leasing Status (As of February 1, 2018) (Note 7)					
Total Number of Tenants	1				
Total Rental Income	¥131 million				
Security Deposits	¥11 million				
Occupancy Rate	98.3%				
Total Leased Floor Space	2,304.83 m ²				
Total Leasable Floor Space	2,344.93 m ²				
Historical Occupancy Rates (Note 8)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	51.7%	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 zone where the building coverage ratio is 80% in principle. Because the Property is in a fire prevention zone and certified fireproof, however, the applied coverage ratio is 100%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for August 2015 and before because the building was not yet completed.

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(7) PROUD FLAT Noborito

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property is located a three-minute walk from Noborito Station on the JR Nanbu Line and Odakyu Odawara Line. These two lines have direct access to business areas such as Shinjuku, Omotesando, Kasumigaseki, Hibiya, Otemachi, and Kawasaki. In addition to this convenience of access, the 11 km long section between Yoyogi-Uehara Station and Izumi-Tamagawa Station on the Odakyu Odawara Line is scheduled to become a quadruple-track by March 2018, upon which the train timetable will be revised so that rapid trains and express trains will stop at Noborito Station. The Fund expects that this will strengthen access to business areas in central Tokyo and further enhance the convenience of the Property.
- Tamagawa River and the surrounding green areas provide a good living environment in connection with the Property. There are also many useful facilities and shops near the Property, such as supermarkets and book stores in the station buildings, convenience stores, laundries, restaurants and clinics. As such, stable demand can be expected from single workers, who are the main tenant target of the Property.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers a 24-hour response service, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

Summary of Asset to Be Acquired

Property Name		PROUD FLAT Noborito
Type of Asset		Real estate
Location (Note 1)	Registry	3470-1 Aza Shinkochi, Noborito, Tama Ward, Kanagawa, other 3 lots
	Street	3333-1 Aza Shinkochi, Noborito, Tama Ward, Kanagawa, other 2 lots (Note 2)
Access		3-minute walk from Noborito Station on the JR Nanbu Line and the Odakyu Odawara Line
Completion Date (Note 1)		April 19, 2016
Use (Note 1)		Apartment, Bicycle parking, Car parking
Structure (Note 1)		RC 11F
Leasable Units		79
Architect		Common Link Co., Ltd.
Builder		MORIYA CORPORATION
Building Inspection Agency		Houseplus Architectural Inspection Inc.
Area (Note 1)	Land	518.80 m ²
	Floor Area	2,000.91 m ²
Type of Ownership	Land	Right to use and profit from land (ownership) (Note 3)
	Building	Ownership
Building Coverage Ratio		100% (Note 4)
Floor Area Ratio		400%(Note 4)
Collateral		None
Property Management Company (Note 5)		Nomura Real Estate Partners Co., Ltd.

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Master Leasing Company (Note 6)	Nomura Real Estate Partners Co., Ltd.				
Type of Master Leasing (Note 6)	Pass through				
Seismic Risk (PML) (Note 7)	5.51% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes	<ul style="list-style-type: none">• The land of the Property is a pre-allotted land located within the project site where Kawasaki City is implementing Noborito District Land Adjustment Project of Kawasaki City Planning Project. The relevant project is scheduled to be completed in March, 2026, and replotting is scheduled during such period.• The boundary of the land of the Property is scheduled to be finalized upon the replotting.• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law.				
Scheduled Acquisition Price	¥1,216 million				
Appraisal Value and Method	¥1,260 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)				
Appraisal NOI (Note 8)	¥62 million				
Leasing Status (As of February 1, 2018) (Note 9)					
Total Number of Tenants	1				
Total Rental Income	¥83 million				
Security Deposits	¥8 million				
Occupancy Rate	98.7%				
Total Leased Floor Space	1,749.42 m ²				
Total Leasable Floor Space	1,771.77 m ²				
Historical Occupancy Rates (Note 10)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	48.2%	100.0%

(Note 1) Location and Other Items

The lot number and area of the original land prior to the pre-allotment is given in “Location (lot number)” and “Area (land)”. The area of the land of the Property (total area of the pre-allotted land) given on the Certificate of Pre-allotment Designation, etc. is 460 m².

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

(Note 2) The Street Address

As the Street Address is not indicated officially, the building location in the real estate registry is noted.

(Note 3) Ownership

The right to be acquired by Nomura Master Fund on the scheduled acquisition date is a right to use and profit from land (and the ownership of the original land) of pre-allotted land based on the pre-allotment designation. The ownership of the pre-allotted land is scheduled to be acquired by Nomura Master Fund on the day following the public notice of the replotting.

(Note 4) Building Coverage Ratio and Floor Area Ratio

The building coverage ratio and the floor area ratio concerning the pre-allotted land are given. Properly, the building coverage ratio should be 80%, since the location of the Property belongs to a commercial district; however, the Property is granted a premium due to it being a fire-resistant building in the fire protection district, and is situated on a corner plot, resulting in the applicable building coverage ratio being 100%.

(Note 5) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 6) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate

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Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with 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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 9) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 10) Historical Occupancy Rates

There are no applicable occupancy rates for August 2015 and before because the building was not yet completed.

(8) PROUD FLAT Yoyogi Hachiman

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property is located in the north west of the Shibuya area, one of the largest commercial areas in Japan, within walking distance of about 1.5 km. It is located a ten-minute walk from Yoyogi-Hachiman Station on the Odakyu Odawara Line, the nearest station from the Property, and an eleven-minute walk from Yoyogi-Koen Station on the Tokyo Metro Chiyoda Line. These stations have easy access to major business and commercial areas, such as Shinjuku, Omotesando, Akasaka and Otemachi, providing the Property superior transport convenience.
- The Property is within walking distance from Harajuku and Shibuya areas, where the younger generation gather, and in the vicinity to the Komaba Campus of the University of Tokyo. Furthermore, the Shoto and Kamiyamacho area, including Hodogaya, where the Property is located, is a tranquil residential district lined with high-end residences, while in recent years there has been an increase in the opening of cafes, restaurants, and general stores, etc., and living convenience has improved. In addition to this, Yoyogi Park (park area: approximately 540,000m²) is located 700m north-east of the Property, offering an experience of greenery. A strong appeal can be expected from the Property on consumers seeking superior living environments, such as DINKS and single workers.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers a 24-hour response service, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

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Summary of Asset to Be Acquired

Property Name		PROUD FLAT Yoyogi Hachiman				
Type of Asset		Real estate				
Location (Note 1)	Registry	2-1462-21 Tomigaya, Shibuya Ward, Tokyo				
	Street	2-16-11 Tomigaya, Shibuya Ward, Tokyo				
Access		10-minute walk from Yoyogi-Hachiman Station on the Odakyu Odawara Line 11-minute walk from Yoyogi-Koen Station on the Tokyo Metro Chiyoda Line				
Completion Date (Note 1)		January 8, 2016				
Use (Note 1)		Apartment, Bicycle parking				
Structure (Note 1)		RC 7F				
Leasable Unit		30				
Architect		Kabushiki Kaisha Disk First-Class Architect Office				
Builder		Koshin Kensetsu Kabushiki Kaisha				
Building Inspection Agency		Fuji Building Center Inc.				
Area (Note 1)	Land	335.87 m ²				
	Floor Area	1,081.03 m ²				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		90% (Note 2)				
Floor Area Ratio		300%				
Collateral		None				
Property Management Company (Note 3)		Nomura Real Estate Partners Co., Ltd.				
Master Leasing Company (Note 4)		Nomura Real Estate Partners Co., Ltd.				
Type of Master Leasing (Note 4)		Pass through				
Seismic Risk (PML) (Note 5)		10.50% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes		• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law.				
Scheduled Acquisition Price		¥966 million				
Appraisal Value and Method		¥1,000 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)				
Appraisal NOI (Note 6)		¥42 million				
Leasing Status (As of February 1, 2018) (Note 7)						
Total Number of Tenants		1				
Total Rental Income		¥53 million				
Security Deposits		¥5 million				
Occupancy Rate		97.4%				
Total Leased Floor Space		947.03 m ²				
Total Leasable Floor Space		972.13 m ²				
Historical Occupancy Rates (Note 8)		August 2013	August 2014	August 2015	August 2016	August 2017
		—	—	—	100.0%	100.0%

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(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 zone where the building coverage ratio is 80% in principle. As the Property is in a corner lot, the building coverage ratio has increased to 90%.

(Note 3) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 4) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(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” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 8) Historical Occupancy Rates

There are no applicable occupancy rates for August 2015 and before because the building was not yet completed.

(9) PROUD FLAT Nakaochiai

Strengths of the Asset to Be Acquired

The main strengths of the asset to be acquired are as follows.

- The Property, allowing use of multiple subway lines, is located a five-minute walk from Nakai Station on the Seibu Shinjuku Line, a seven-minute walk from Nakai Station on the Toei Oedo Line and Shimo-Ochiai Station on the Seibu Shinjuku Line and its location enables direct access to major business and commercial areas such as Shinjuku, Aoyama 1-chome and Roppongi. Restaurants, convenience stores, laundries, and supermarkets are located around the Property, including the “Nakai Shotengai (shopping arcade)” extending north-south from the south exit of Nakai Station of the Toei Oedo Line, offering living convenience along with calm surrounding for a favorable living environment.
- The Property has well-designed common areas such as its distinctive single-wall glass-window facade, an expansive entrance and interior hallway. With these characteristics, the Property succeeds in differentiating itself from other competing properties, and because its floor plans consists of 1Ks, 1LDKs and 2Ks, a steady demand can be expected from mainly the single-person households and DINKS.
- Nomura Real Estate Partners Co., Ltd., to which the Fund entrusts property management, offers 24-hour response, disaster prevention support services and other unique services that help maintain high customer satisfaction. Accordingly, the Fund is confident that the Property will enjoy high-quality property management.

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Summary of Asset to Be Acquired

Property Name		PROUD FLAT Nakaochiai
Type of Asset		Real estate
Location (Note 1)	Registry	1-1820-2 Nakaochiai, Shinjuku Ward, Tokyo
	Street	1-6-16 Nakaochiai, Shinjuku Ward, Tokyo
Access		5-minute walk from Nakai Station on the Seibu Shinjuku Line 7-minute walk from Nakai Station on the Toei Oedo Line 7-minute walk from Shimo-ochiai on the Seibu Shinjuku Line
Completion Date (Note 1)		December 6, 2016
Use (Note 1)		Apartment
Structure (Note 1)		RC 7F
Leasable Unit		37
Architect		Noboru Ushigome Architecture Office, Koshin Kensetsu Kabushiki Kaisha Class 1 Architect Office
Builder		Koshin Kensetsu Kabushiki Kaisha First-Class Architect Office
Building Inspection Agency		UHEC
Area (Note 1)	Land	423.28 m ²
	Floor Area	1,333.42 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		60%
Floor Area Ratio		300%
Collateral		None
Property Management Company (Note 2)		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company (Note 3)		Nomura Real Estate Partners Co., Ltd.
Type of Master Leasing (Note 3)		Pass through
Seismic Risk (PML) (Note 4)		8.29% (Based on an December 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)
Notes		• The property management company and master leasing company, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law.
Scheduled Acquisition Price		¥844 million
Appraisal Value and Method		¥873 million (Based on the capitalization approach as of December 1, 2017) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)
Appraisal NOI (Note 5)		¥38 million
Leasing Status (As of February 1, 2018) (Note 6)		
Total Number of Tenants		1
Total Rental Income		¥52 million
Security Deposits		¥5 million
Occupancy Rate		95.4%
Total Leased Floor Space		1,053.14 m ²
Total Leasable Floor Space		1,103.88 m ²

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Historical Occupancy Rates (Note 7)	August 2013	August 2014	August 2015	August 2016	August 2017
	—	—	—	—	61.1%

(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) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 3) Master Lease

Upon the acquisition of the Property, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the building of the Property will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 4) 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 5) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with December 1, 2017 as the appraisal date.

(Note 6) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased en bloc, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Rental Revenues” indicates the amount calculated by the “monthly rent + monthly common area management fee” under the lease agreements with the end tenants to whom the Property is actually leased as of today multiplied by 12 (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with said lease agreements, such as parking fees, signboard fees and warehouse fees.

“Security Deposits” indicates the amount of security and other deposits specified in the aforementioned lease agreements (truncated at the nearest million yen).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of the date of this publication.

(Note 7) Historical Occupancy Rates

There are no applicable occupancy rates for August 2016 and before because the building was not yet completed.

4. Profile of Seller of the Nine Properties to Be Acquired

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
Capital	¥2,000 million (as of April 1, 2017)
Established	April 15, 1957
Net Assets	¥145.2 billion (as of March 31, 2017)
Total Assets	¥1,124.6 billion (as of March 31, 2017)
Major Shareholder (Stockholding Ratio)	Nomura Real Estate Holdings, Inc. (100.0%) (as of March 31, 2017)
Relationships with the Fund and/or the Asset Management Company	
Capital	Nomura Real Estate Development, Co., Ltd. holds 5.04% of the Fund's investment units (as of August 31, 2017). As a wholly owned subsidiary of Nomura Real Estate Holdings, Inc., which also holds 100% ownership of the Asset Management Company, Nomura Real Estate Development, Co., Ltd. is a related party of the Asset Management Company as defined in the Investment Trust Law.
Personal	The Asset Management Company's employees and officers are dispatched from Nomura Real Estate Development, Co., Ltd.

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Transactions	Nomura Real Estate Development, Co., Ltd. is the property management company of the Fund and a lessee of real estate owned by the Fund. Moreover, the Asset Management Company has concluded an agreement on provision of information and a basic agreement on the leasing value chain with the said company.
Related Party Status	Nomura Real Estate Development, Co., Ltd. does not fall under the definition of a related party of the Fund. However, as stated above, the said company is a related party of the Asset Management Company as they are fellow subsidiaries of a common parent company.

5. Status of Owner of the Nine Properties to Be Acquired

Status of Owner ^(Note)	Current Owner and/or Trustee	Previous Owner and/or Trustee
Company Name	Nomura Real Estate Development, Co., Ltd.	—
Relationship With Parties with Special Interest	Please refer to “4. Profile of Seller of the Properties to Be Acquired,” above	—
Background/Reasons for Acquisition, etc.	For development for later sale	—
Acquisition Price (Including Other Related Expenses)	—	—
Acquisition Date	—	—

(Note) All nine of the Nine Properties to Be Acquired as the Acquisition have the same owner.

6. Transactions with Related Parties

(1) Transactions related to the acquisition of assets to be acquired

The transactions related to the acquisition of assets to be acquired are considered transactions with a related party under the Investment Trust Law, as stated above. Accordingly, the acquisition of each property, the acquisition prices, and other relevant terms have been duly examined and authorized by the Asset Management Company’s compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

(2) The property management company and master leasing company of PMO Shibadaimon and PMO Nihonbashi Mitsukoshi-mae

The property management company and master leasing company of PMO Shibadaimon and PMO Nihonbashi Mitsukoshi-mae, Nomura Real Estate Development Co., Ltd., is considered a related party under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to PMO Shibadaimon and PMO Nihonbashi Mitsukoshi-mae have been duly examined and authorized by the Asset Management Company’s compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

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- (3) The property management companies of Landport Hachioji II and Landport Iwatsuki

The property management companies of Landport Hachioji II and Landport Iwatsuki, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd., are considered a related party under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to Landport Hachioji II and Landport Iwatsuki have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

- (4) The property management company and master leasing company of PROUD FLAT Sangen Jaya II, PROUD FLAT Soto Knada, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman and PROUD FLAT Nakaochiai

The property management company and master leasing company of PROUD FLAT Sangenjaya II, PROUD FLAT Soto Kanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman and PROUD FLAT Nakaochiai, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management as well as the lease period, rental rate, and other leasing terms related to PROUD FLAT Sangenjaya II, PROUD FLAT Soto Kanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman and PROUD FLAT Nakaochiai have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant rules and guidelines.

7. Broker

There is no brokerage involved in the acquisition of the assets to be acquired.

8. Form of Payment, etc.

(1) Form of Payment

The Fund will complete settlement on the date of acquisition by paying the agreed price for the property in full to the seller using proceeds from the issuance of new investment units resolved at the Board of Directors meeting held today (Note), borrowings and cash on hand.

(Note) For details, please refer to "Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units" released today.

(2) Impact on the Financial Standing of the Fund of a Possible Failure to Fulfill Our Forward Commitment

The purchase and sale agreements to be executed in connection with the acquisition of PMO Nihonbashi Mitsukoshi-mae, PMO Shibadaimon, PROUD FLAT Sangenjaya II, PROUD FLAT Soto Kanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman and PROUD FLAT Nakaochiai are considered a forward commitment(Note) as stipulated in the Financial Services Agency's Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The said transfer contracts are intended to include the provisions below or provisions similar with such details.

(Note) Property transfers and other forward-dated contracts. In general, the date of settlements and transfers of ownership stipulated in a forward commitment is one month after the signing of the contract or later.

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- (1) Under the said contract, procuring funds through the issuance of new investment units by the acquisition date is set forth as a condition precedent for the obligation of the buyer.
- (2) Whenever a seller or buyer is found to be in significant violation of the provisions of the transfer contract (hereinafter such seller or buyer shall be referred to as the “violating party”), the other party may cancel the transfer contract if such violation is not remedied after the passage of a prescribed period following the date of the non-violating party issuance of a notification requiring the violating party to fulfill its obligation or if such violation is objectively and reasonably deemed impossible to remedy.
- (3) If the transfer contract is cancelled in accordance with clause 2) above, the non-violating party may require the violating party to pay a penalty charge that is equivalent to 20% of the acquisition price. A non-violating party intending to cancel a contract may not increase or decrease the amount of the penalty charge even if monetary damage it has suffered due to the violation is in excess of or falls short of 20% of the acquisition price.
- (4) The buyer may consult with the seller to change the acquisition price if the appraisal value of the property to be acquired as presented in an appraisal report which the buyer would obtain prior to the date of acquisition falls short of the acquisition price. In such cases, the buyer may cancel the transfer contract without any indemnification or compensation, provided that the parties to the contract have failed to agree on the acquisition price by the date of acquisition.

9. Schedule for the Transaction

February 1, 2018	Conclusion of purchase and sale agreements for and acquisition of the Nine Properties to Be Acquired
March 1, 2018	Acquisition of Landport Hachioji II and Landport Iwatsuki (delivery of real estate)
April 2, 2018	Acquisition of PMO Nihonbashi Mitsukoshi-mae, PMO Shibadaimon, PROUD FLAT Sangenjaya II, PROUD FLAT Soto Kanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Haciman and PROUD FLAT Nakaochiai (delivery of real estate)

10. Forecast of Financial Results

There is no impact of this acquisition on operations in the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018) as the acquisition is scheduled to be executed in the fiscal period ending August 31, 2018 (March 1, 2018 to August 31, 2018). Regarding impact of this acquisition on operations in the fiscal period ending August 31, 2018 (March 1, 2018 to August 31, 2018) and in the fiscal period ending February 28, 2019 (September 1, 2018 to February 28, 2019), please refer to the “Notice Concerning Forecasts of the Financial Results for the Fiscal Period Ending August 31, 2018 and February 28, 2019” announced today.

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11. Appraisal Summary

(1) The Nine Properties to Be Acquired

Property Name	PMO Nihonbashi Mitsukoshi-mae
Appraisal Vale	¥4,520,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	December 1, 2017

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	4,520,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	4,570,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	205,962,000	
(a) Gross Rental Income	217,086,000	Calculated based on the expected medium- to long-term stable rent.
(b) Losses due to Vacancies, etc.	11,124,000	Calculated based on the expected medium- to long-term stable occupancy rate.
(2) Operating Expenses	53,846,000	
Maintenance	13,075,000	Calculated based on scheduled maintenance and management costs and the costs at similar buildings.
Utilities Costs	11,300,000	Calculated based on costs at similar properties and the occupancy rate of the leased portion of the Property.
Repair Costs	1,203,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
Property Management Fees	5,149,000	Calculated based on agreed-upon fee rates, with reference to rates for similar properties.
Advertisement for Leasing, etc.	1,641,000	Calculated as an annualized amount based on assumed tenant turnover rates.
Taxes	21,340,000	Calculated based on taxes paid in the 2017 tax year (depreciable asset tax is an assumed amount).
Insurance Premium	138,000	Calculated based on insurance quotes and the premiums of similar properties.
Other Expenses	0	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	152,116,000	
(4) Profit through Management of Temporary Deposits, etc.	1,633,000	Estimated profit based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	2,950,000	Calculated based on the assumption of average allocations each period, with reference to capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	150,799,000	
(7) Capitalization Rate	3.3%	
Price Calculated by the Discounted Cash Flow Approach	4,470,000,000	

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	Discount Rate	3.1%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.
	Terminal Capitalization Rate	3.5%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the Property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
Cost Approach Price		4,420,000,000	
	Ratio of Land	79.4%	
	Ratio of Building	20.6%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		<p>The Nihonbashi-Honcho district, where the Property is located, is close to the historic Nihonbashi-Muromachi district, and traditionally busy with pharmaceutical companies and their related companies. In addition to such regional characteristics, the Land is located nearby the nearest station, a one-minute walk from the Shin-Nihonbashi Station, and furthermore, due to being located within walking distance from Mitsukoshi-Mae Station and Kanda Station, the Land has excellent access to each area of the city center of Tokyo; therefore, a solid demand for offices can be expected.</p> <p>The Building is newly-built and designed as a high-value-added office building, offering superior quality, available facilities, and other aspects compared to the office buildings of similar size.</p> <p>In view of the above factors, the appraisal value was determined.</p>	

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Property Name	PMO Shibadaimon
Appraisal Vale	¥2,180,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	December 1, 2017

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	2,180,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	2,200,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	114,201,000	
(a) Gross Rental Income	120,212,000	Calculated based on the expected medium- to long-term stable rent.
(b) Losses due to Vacancies, etc.	6,011,000	Calculated based on the expected medium- to long-term stable occupancy rate.
(2) Operating Expenses	31,857,000	
Maintenance	10,824,000	Calculated based on scheduled maintenance and management costs and the costs at similar buildings.
Utilities Costs	6,530,000	Calculated based on costs at similar properties and the occupancy rate of the leased portion of the Property.
Repair Costs	754,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
Property Management Fees	2,855,000	Calculated based on agreed-upon fee rates, with reference to rates for similar properties.
Advertisement for Leasing, etc.	904,000	Calculated as an annualized amount based on assumed tenant turnover rates.
Taxes	9,849,000	Calculated based on taxes paid in the 2017 tax year (depreciable asset tax is an assumed amount).
Insurance Premium	81,000	Calculated based on insurance quotes and the premiums of similar properties.
Other Expenses	60,000	Residents' association membership fee recorded as other expenses.
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	82,344,000	
(4) Profit through Management of Temporary Deposits, etc.	904,000	Estimated profit based on an investment yield of 1%.
(5) Capital Expenditure Reserve	1,850,000	Calculated based on the assumption of average allocations each period, with reference to capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	81,398,000	
(7) Capitalization Rate	3.7%	
Price Calculated by the Discounted Cash Flow Approach	2,160,000,000	
Discount Rate	3.5%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.

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		Terminal Capitalization Rate	3.9%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the Property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
		Cost Approach Price	2,150,000,000	
		Ratio of Land	77.1%	
		Ratio of Building	22.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		<p>The Property is easily accessible, a three-minute walk from Onarimon Station, and, furthermore, due to being located walking distance from Daimon Station and Hamamatsu-cho Station, the Property provides good access to the Shinkansen access stations, such as Tokyo Station and Shinagawa Station, and also to the Haneda Airport, and, therefore, the Property has good traffic convenience to, not only each area of the city center of Tokyo, but also the provincial cities.</p> <p>The Building is relatively new and designed as a high-value-added office building, offering superior quality, available facilities, and other aspects compared to the office buildings of similar size.</p> <p>In view of the above factors, the appraisal value was determined.</p>		

Property Name	Landport Hachioji II
Appraisal Value	¥9,310,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	December 1, 2017

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	9,310,000,000	The income-based value calculated using the discounted cash flow approach was used as the baseline and evaluated using the income-based approach calculated using the direct capitalization approach.
Price Calculated by the Direct Capitalization Approach	9,360,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b) <div> (a) Gross Rental Income (b) Losses due to Vacancies, etc. </div>	Undisclosed	(Note)
(2) Operating Expenses <div> Maintenance Utilities Costs Repair Costs Property Management Fees Advertisement for Leasing, etc. Taxes Insurance Premium Other Expenses </div>	Undisclosed	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	409,611,137	

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	(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Note)
	(5) Capital Expenditure Reserve	Undisclosed	
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	411,802,910	
	(7) Capitalization Rate	4.4%	Calculated based on a comprehensive consideration of such factors as conditions of the location, the building, and the contract of the Property.
	Price Calculated by the Discounted Cash Flow Approach	9,250,000,000	
	Discount Rate	4.2%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.
	Terminal Capitalization Rate	4.6%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the Property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
	Cost Approach Price	9,660,000,000	
	Ratio of Land	68.3%	
	Ratio of Building	31.7%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		The Property is located in an area, that has been traditionally used as an industrial park, has high traffic convenience, and is a good site for logistics facilities, providing good access to the highway interchange. The Property is a relatively new logistic facility and has high versatility and functionality, accommodating the needs, in terms of the location, for a distribution base of various industries, and, therefore, it is expected that the operation of the Property is stable in the medium to long term. In view of the above factors, the appraisal value was determined.	

(Note) These items contain information for which the Fund bears a duty of confidentiality to the lessees or information that could be used to calculate such information. The disclosure of these items could result in a breach of said duty of confidentiality, which could negatively impact the Fund and thus the interests of its unitholders. Accordingly, these items are undisclosed.

Property Name	Landport Iwatsuki
Appraisal Vale	¥6,110,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	December 1, 2017

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	6,110,000,000	The income-based value calculated using the discounted cash flow approach was used as the baseline and evaluated using the income-based amount calculated using the direct capitalization approach.
Price Calculated by the Direct Capitalization Approach	6,050,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	Undisclosed	(Note)
(a) Gross Rental Income	Undisclosed	
(b) Losses due to Vacancies, etc.	Undisclosed	
(2) Operating Expenses	Undisclosed	
Maintenance	Undisclosed	
Utilities Costs	Undisclosed	

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		Repair Costs	Undisclosed	
		Property Management Fees	Undisclosed	
		Advertisement for Leasing, etc.	Undisclosed	
		Taxes	Undisclosed	
		Insurance Premium	Undisclosed	
		Other Expenses	Undisclosed	
		(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	276,798,682	(Note)
		(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	
		(5) Capital Expenditure Reserve	Undisclosed	
		(6) Net Cash Flow (NCF = (3)+(4)-(5))	278,323,508	Calculated based on a comprehensive consideration of such factors as conditions of the location, the building, and the contract of the Property.
		(7) Capitalization Rate	4.6%	
	Price Calculated by the Discounted Cash Flow Approach		6,160,000,000	
	Discount Rate		4.4%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the Property's specific characteristics.
	Terminal Capitalization Rate		4.8%	Calculated based on a comprehensive consideration of such factors as the yield on investment of similar buildings, the probable future movement of the yield on investment, risks of the Property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
Cost Approach Price		6,170,000,000		
Ratio of Land		70.1%		
Ratio of Building		29.9%		
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		The Property is located in the Iwatsuki Industry Park, in which large-size logistics centers of large companies are located, having high traffic convenience and providing good access to the highway interchange, and is a good site for logistics facilities. The Property is a relatively new logistics facility and has high versatility and functionality, accommodating the needs, in terms of the location, for a distribution base of various industries, and, therefore, it is expected that the operation of the Property is stable in the medium to long term. In view of the above factors, the appraisal value was determined.		

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			(Yen)
Property Name	PROUD FLAT Sangenjaya II		
Appraisal Vale	¥2,800,000,000		
Appraiser	Morii Appraisal & Investment Consulting Inc.		
Appraisal Date	December 1, 2017		
Item	Amount or Percentage	Grounds	

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Capitalization Approach Price	2,800,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	2,830,000,000	
(1) Operating Income (a)-(b)	148,746,000	
(a) Gross Rental Income	156,274,000	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	7,528,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, parking and other incomes.
(2) Operating Expenses	28,014,000	
Maintenance	4,723,000	Calculated based on medium- to long-term maintenance fee with reference to that of similar properties.
Utilities Costs	1,277,000	Calculated with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
Repair Costs	2,014,000	Costs to maintain the Property to its original condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
Property Management Fees	4,366,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
Advertisement for Leasing, etc.	9,391,000	Calculated based on such factors as local practices. In addition, estimates of renewal fees were calculated with reference to materials gathered by the appraiser (regarding the levels of similar properties).
Taxes	6,105,000	Calculated taking into account movement in land prices for the land and age depreciation for the building and depreciable assets with reference to actual amount equivalent.
Insurance Premium	138,000	Calculated based on the estimates provided by Nomura Master Fund which is judged to be reasonable with reference to the levels of similar properties.
Other Expenses	0	None
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	120,732,000	
(4) Profit through Management of Temporary Deposits, etc.	118,000	Profit through management of temporary deposit is calculated by multiplying the assumed interest rate with comprehensive consideration given to interest rates, etc., of long-term government bonds, etc., by the security deposits, etc., after deducting the amount equivalent to security deposits, etc. of vacant rooms from the amount of security deposits, etc. upon full occupancy.
(5) Capital Expenditure Reserve	1,869,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	118,981,000	

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	(7) Capitalization Rate	4.2%	Calculated based in part on the past capitalization rate of the Property and of J-REIT's judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
	Price Calculated by the Discounted Cash Flow Approach	2,770,000,000	
	Discount Rate	3.9%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.
	Terminal Capitalization Rate	4.4%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
	Cost Approach Price	2,300,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
	Ratio of Land	76.0%	
	Ratio of Building	24.0%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is located in a place about seven-minute walk from Sangen-Jaya Station on the Tokyu Den-en-toshi Line, etc. The vicinity of Sangen-Jaya Station is one of the busiest areas in the Setagaya-ku, and also ranked as one of the "towns where people want to live", like Kichijyo-ji and Jiyuga-oka. The Property provides good access to the city center, just 2 stations to Shibuya Station by express train. The relevant area is close to Showa Women's University, and provides good residential environments, as well as convenience, as the area has several big parks where people can feel at one with nature. The Building is maintained and operated in good conditions, offering such features as auto-lock doors. In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a solid level of competitiveness within its supply-demand zone.		

Property Name	PROUD FLAT Soto Kanda		
Appraisal Vale	¥2,370,000,000		
Appraiser	Morii Appraisal & Investment Consulting Inc.		
Appraisal Date	December 1, 2017		
Item	Amount or Percentage	Grounds	
Capitalization Approach Price	2,370,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.	
Price Calculated by the Direct Capitalization Approach	2,410,000,000		
(1) Operating Income (a)-(b)	126,544,000		
(a) Gross Rental Income	134,010,000	Calculated based in part on market rent levels.	
(b) Losses due to Vacancies, etc.	7,466,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, parking and other incomes.	

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	(2) Operating Expenses	26,450,000	
	Maintenance	3,912,000	Calculated medium- to long-term maintenance fee based on estimates provided with past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
	Utilities Costs	1,532,000	Calculated based on past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
	Repair Costs	1,725,000	Costs to maintain the Property to its original condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
	Property Management Fees	3,718,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
	Advertisement for Leasing, etc.	8,879,000	Calculated based on such factors as local practices. In addition, estimates of renewal fees were calculated with reference to materials gathered by the appraiser (regarding the levels of similar properties)
	Taxes	6,473,000	Calculated taking into account movement in land prices for the land and age depreciation for the building and depreciable assets with reference to actual amount equivalent.
	Insurance Premium	111,000	Calculated based on the estimates provided by Nomura Master Fund which is judged to be reasonable with reference to the levels of similar properties.
	Other Expenses	100,000	Calculated the residents' association member fee based on the estimates provided by Nomura Master Fund and the actual amount equivalent
	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	100,094,000	
	(4) Profit through Management of Temporary Deposits, etc.	97,000	Profit through management of temporary deposit is calculated by multiplying the assumed interest rate with comprehensive consideration given to interest rates, etc., of long-term government bonds, etc., by the security deposits, etc., after deducting the amount equivalent to security deposits, etc. of vacant rooms from the amount of security deposits, etc. upon full occupancy.
	(5) Capital Expenditure Reserve	1,467,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	98,724,000	
	(7) Capitalization Rate	4.1%	Calculated based in part on the past capitalization rate of the Property and of J-REIT's judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
Price Calculated by the Discounted Cash Flow Approach		2,330,000,000	

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	Discount Rate	3.9%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.
	Terminal Capitalization Rate	4.3%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
Cost Approach Price		1,720,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
Ratio of Land		69.7%	
Ratio of Building		30.3%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		The Property is located about a six-minute walk from Suehiro-cho Station on the Tokyo Metro Ginza Line. The Property is also located within walking distance from Akihabara Station on, among others, the JR Yamanote Line, and Ochanomizu Station on the J R Chuo and Sobu Lines, providing good access to main areas in the city center. The Property is close to Otemachi, one of the most prosperous business districts in Japan; Akihabara, a major commercial area, and the historic and academic district of Ochanomizu. Owing to the many commercial facilities in the vicinity, from supermarkets to goods stores which offer convenience in everyday life, the Property is eminently livable. The Building is maintained and operated in good condition, offering such features as a non-touch key system, dimple double lock, and security cameras. In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a solid level of competitiveness within its supply-demand zone.	

Property Name	PROUD FLAT Noborito		
Appraisal Vale	¥1,260,000,000		
Appraiser	Morii Appraisal & Investment Consulting Inc.		
Appraisal Date	December 1, 2017		
Item	Amount or Percentage	Grounds	
Capitalization Approach Price	1,260,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.	
Price Calculated by the Direct Capitalization Approach	1,270,000,000		
(1) Operating Income (a)-(b)	78,296,000		
(a) Gross Rental Income	83,257,000	Calculated based in part on market rent levels.	
(b) Losses due to Vacancies, etc.	4,961,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, parking and other incomes.	
(2) Operating Expenses	15,851,000		
Maintenance	2,688,000	Calculated medium- to long-term maintenance fee based on estimates provided with past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).	

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		Utilities Costs	707,000	Calculated based on past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).
		Repair Costs	1,455,000	Costs to maintain the Property to its original condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
		Property Management Fees	2,300,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
		Advertisement for Leasing, etc.	4,729,000	Leasing advertisement costs were calculated based on such factors as local practices and the Property's past results. In addition, estimates of renewal fees provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties) and included in the determination.
		Taxes	3,896,000	Calculated taking into account movement in land prices for the land and age depreciation for the building and depreciable assets with reference to actual amount equivalent.
		Insurance Premium	76,000	Calculated based on the estimates provided by Nomura Master Fund which is judged to be reasonable with reference to the levels of similar properties.
		Other Expenses	0	None
		(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	62,445,000	
		(4) Profit through Management of Temporary Deposits, etc.	60,000	Profit through management of temporary deposit is calculated by multiplying the assumed interest rate with comprehensive consideration given to interest rates, etc., of long-term government bonds, etc., by the security deposits, etc., after deducting the amount equivalent to security deposits, etc. of vacant rooms from the amount of security deposits, etc. upon full occupancy.
		(5) Capital Expenditure Reserve	1,313,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
		(6) Net Cash Flow (NCF = (3)+(4)-(5))	61,192,000	
		(7) Capitalization Rate	4.8%	Calculated based in part on the past capitalization rate of the Property and of J-REITs judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
		Price Calculated by the Discounted Cash Flow Approach	1,250,000,000	
		Discount Rate	4.6%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.

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		Terminal Capitalization Rate	5.0%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.
Cost Approach Price			815,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
		Ratio of Land	55.1%	
		Ratio of Building	44.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is located about a three-minute walk from Noborito Station on the Odakyu Odawara Line. The Property is very convenient, in addition to the Odakyu Odawara Line, the JR Nambu Line can be used, and these provide good multi-directional access. The Property is eminently livable, as the area around the Property has numerous useful facilities, such as supermarkets and convenience stores, and numerous communal facilities, such as the Tama Hospital run by Kawasaki City, and financial institutions. The Building is maintained and operated in good condition, offering such features as auto-lock doors, security cameras, and delivery boxes. In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a solid level of competitiveness within its supply-demand zone.			

Property Name	PROUD FLAT Yoyogi Hachiman		
Appraisal Value	¥1,000,000,000		
Appraiser	Morii Appraisal & Investment Consulting Inc.		
Appraisal Date	December 1, 2017		
Item	Amount or Percentage	Grounds	
Capitalization Approach Price	1,000,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.	
Price Calculated by the Direct Capitalization Approach	1,020,000,000		
(1) Operating Income (a)-(b)	52,072,000		
(a) Gross Rental Income	55,017,000	Calculated based in part on market rent levels.	
(b) Losses due to Vacancies, etc.	2,945,000	The expected vacancy rate was calculated based on typical rates in the area and the particular characteristics of the Property. This rate was used to calculate losses due to vacancies, etc., from the loss of rental, parking and other incomes.	
(2) Operating Expenses	9,686,000		
Maintenance	1,620,000	Calculated medium- to long-term maintenance fee based on estimates provided with past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).	
Utilities Costs	459,000	Calculated based on past results for the Property, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties).	

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		Repair Costs	751,000	Costs to maintain the Property to its original condition were calculated based on past results for the Property provided by Nomura Master Fund and move-out rates, with reference to additional materials gathered by the appraiser (regarding the levels of similar properties). In addition, the estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 30% of the standard value for such properties was also recorded.
		Property Management Fees	1,527,000	Estimates provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties).
		Advertisement for Leasing, etc.	2,804,000	Leasing advertisement costs were calculated based on such factors as local practices and the Property's past results. In addition, estimates of renewal fees provided by Nomura Master Fund were judged to be reasonable based in part on materials gathered by the appraiser (regarding the levels of similar properties) and included in the determination.
		Taxes	2,481,000	Calculated taking into account movement in land prices for the land and age depreciation for the building and depreciable assets with reference to actual amount equivalent.
		Insurance Premium	44,000	Calculated based on the estimates provided by Nomura Master Fund which is judged to be reasonable with reference to the levels of similar properties.
		Other Expenses	0	None
		(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	42,386,000	
		(4) Profit through Management of Temporary Deposits, etc.	45,000	Profit through management of temporary deposit is calculated by multiplying the assumed interest rate with comprehensive consideration given to interest rates, etc., of long-term government bonds, etc., by the security deposits, etc., after deducting the amount equivalent to security deposits, etc. of vacant rooms from the amount of security deposits, etc. upon full occupancy.
		(5) Capital Expenditure Reserve	764,000	The estimates of the Engineering Report were judged to be reasonable based in part on the levels of similar properties, and 70% of the standard value for such properties was recorded.
		(6) Net Cash Flow (NCF = (3)+(4)-(5))	41,667,000	
		(7) Capitalization Rate	4.1%	Calculated based in part on the past capitalization rate of the Property and of J-REITs judged to be adequately representative, with reference to revenues based on the discount rate and the risk of capital fluctuations.
		Price Calculated by the Discounted Cash Flow Approach	987,000,000	
		Discount Rate	3.9%	Calculated based on a comprehensive consideration of such factors as investor surveys, REIT performance and real estate market conditions, with yields on single-person rental housing in key areas of central Tokyo as the base yield, taking into account interest rates on long-term sovereign bonds. Consideration was given to risks related to the area and specific property in light of such factors as the conditions of the Property's location, building, contract and rights-related issues.
		Terminal Capitalization Rate	4.3%	Calculated based on the capitalization rate, with consideration given to uncertainty regarding initial predictions of changes in net cash flow, future building deterioration and sale-related risk.

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Cost Approach Price		903,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
	Ratio of Land	77.1%	
	Ratio of Building	22.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is located about a ten-minute walk from Yoyogi-Hachiman Station on the Odakyu Odawara Line. The Property is also located within walking distance from Yoyogi-Koen Station on the Tokyo Metro Chiyoda Line, providing good access to main areas in the city center around Shinjuku Station and Otemachi Station. The Property is eminently livable, owing to the many restaurants and convenient facilities in the vicinity of the station, such as goods stores, and it also has a good living environment, as the Property is located in a green and tranquil area, one street removed from the Yamate Street. The Building is maintained and operated in good condition, offering such features as an intercom system with TV monitors, and security cameras. In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a solid level of competitiveness within its supply-demand zone.		

Property Name	PROUD FLAT Nakaochiai		
Appraisal Vale	¥873,000,000		
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		
Appraisal Date	December 1, 2017		
Item	Amount or Percentage	Grounds	
Capitalization Approach Price	873,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.	
Price Calculated by the Direct Capitalization Approach	883,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.	
(1) Operating Income (a)-(b)	52,923,891		
(a) Gross Rental Income	55,597,064	Calculated based in part on market rent levels.	
(b) Losses due to Vacancies, etc.	2,673,173	Calculated based on the standard medium- to long-term vacancy rate.	
(2) Operating Expenses	14,233,614		
Maintenance	3,510,338	Calculated based on PM/BM service term sheet	
Utilities Costs	529,862	Calculated based on the balance results, etc.	
Repair Costs	1,088,809	Including restoration costs and building improvement fees calculated with consideration given to building age and similar cases, etc., by referencing the ER.	
Property Management Fees	1,525,208	Calculated based on the property management service agreement and PM/BM service term sheet.	
Advertisement for Leasing, etc.	1,560,632	Calculated based on the property management service agreement and PM/BM service term sheet.	
Taxes	3,322,500	Calculated based on materials for fiscal 2017	
Insurance Premium	50,070	Calculated based on relevant insurance premium rate tables	
Other Expenses	2,646,195	Calculated based in part on past levels of income and costs	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	38,690,277		

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		(4) Profit through Management of Temporary Deposits, etc.	39,431	Assumed investment yield of 1.0%.
		(5) Capital Expenditure Reserve	762,000	Calculated 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))	37,967,708	
		(7) Capitalization Rate	4.3%	Calculated 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		868,000,000	
		Discount Rate	4.4%	Calculated with reference to the individual risks for the property and other factors
		Terminal Capitalization Rate	4.5%	Calcuted based on the capitalization rate, with consideration given to levels of future uncertainty.
	Cost Approach Price		868,000,000	Calculated using the cost approach by marking down the Property's replacement cost at the appraisal date, with consideration given to the marketability of the land and building together.
		Ratio of Land	66.4%	
		Ratio of Building	33.6%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is about a five-minute walk from Nakai Station on the Seibu Shinjuku Line. In addition to its location, which allows the use of multiple subway lines, the grade of the facility is relatively higher than the standard required of a rental condominium, and an expectation of a firm demand can be credited. Furthermore, the shopping arcade around the station is complete with supermarkets carrying daily items and restaurants, etc., and offers fine living convenience. Therefore, the Property is recognized to have sufficient competitiveness among consumers who value proximity to the city center and convenience, such as those in single-person households and DINKS. In view of the above factors, the appraisal value was determined.			

Exhibits

Exhibit 1 Overview of the Portfolio after the Transaction

Exhibit 2 Photos of the Nine Properties to Be Acquired

Exhibit 3 Maps of the Nine Properties to Be Acquired

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

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Overview of the Portfolio after the Transaction

(¥ million)

Sector \ Area	Greater Tokyo Area (Note 1)	Other Areas	(Scheduled) Total Acquisition Price (by Sector)	Percentage of Total (Note 2)
Office	362,620	71,930	434,550	45.5
Retail	100,427	59,356	159,783	16.7
Logistics	157,590	3,460	161,050	16.8
Residential	159,574	32,527	192,101	20.1
Hotels	—	3,600	3,600	0.4
Others	4,900	—	4,900	0.5
(Scheduled) Total Acquisition Price (by Area)	785,111	170,873	955,984	100.0
Percentage of Total (Note 2)	82.1	17.9	100.0	

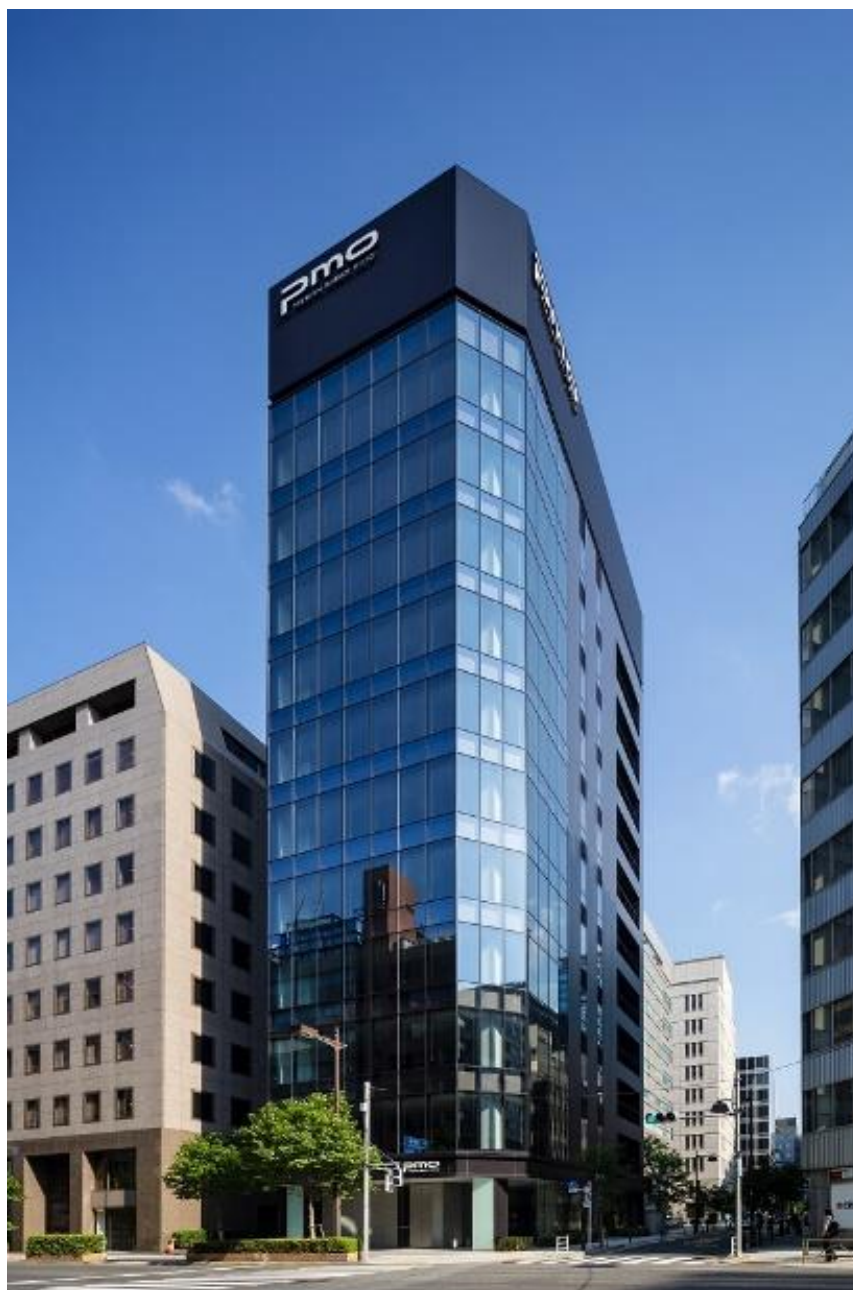
(Note 1) “Greater Tokyo Area” refers to Tokyo Prefecture, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Other Areas” refers to cabinet-order designated cities, prefectural capitals, and cities having a population of at least 100,000 and their peripheral areas, excluding Greater Tokyo.

(Note 2) “Percentage of Total” indicates the ratio of the (Scheduled) total acquisition price of properties for each use and in each area to the total acquisition price of the entire portfolio. As the figures are rounded to the first decimal place, they may not add up to exactly 100%.

(Note 3) The figures are based on the assumption that the acquisition of Watermark Hotel Sapporo on the press release “Not Concerning Property Acquisition and Commencement of Asset Management in New Sector” dated on December 19, 2017 has been completed.

Photos of the Nine Properties to Be Acquired

PMO Nihonbashi Mitsukoshi-mae



PMO Shibadaimon



Landport Hachioji II



Landport Iwatsuki



PROUD FLAT Sangenjaya II



PROUD FLAT Soto Kanda



PROUD FLAT Nobirito



PROUD FLAT Yoyogi Hachiman

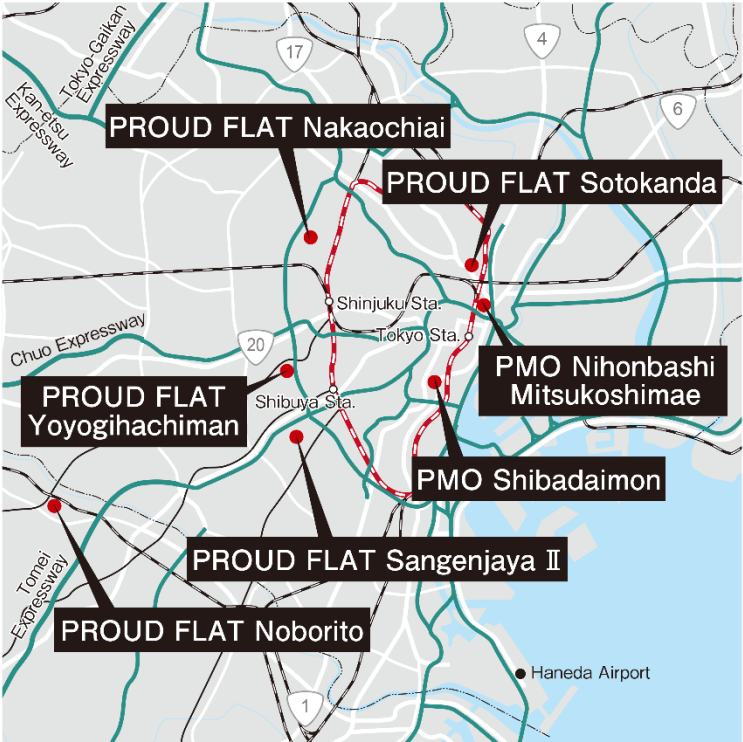


PROUD FLAT Nakaochiai

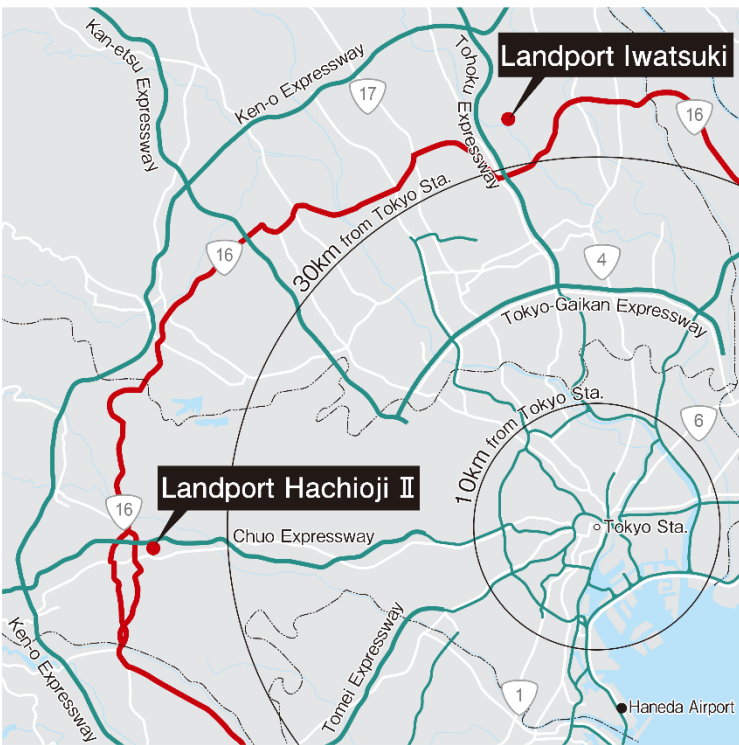


Map of the Nine Properties to be Acquired

Kanto Area's Wide Area Map



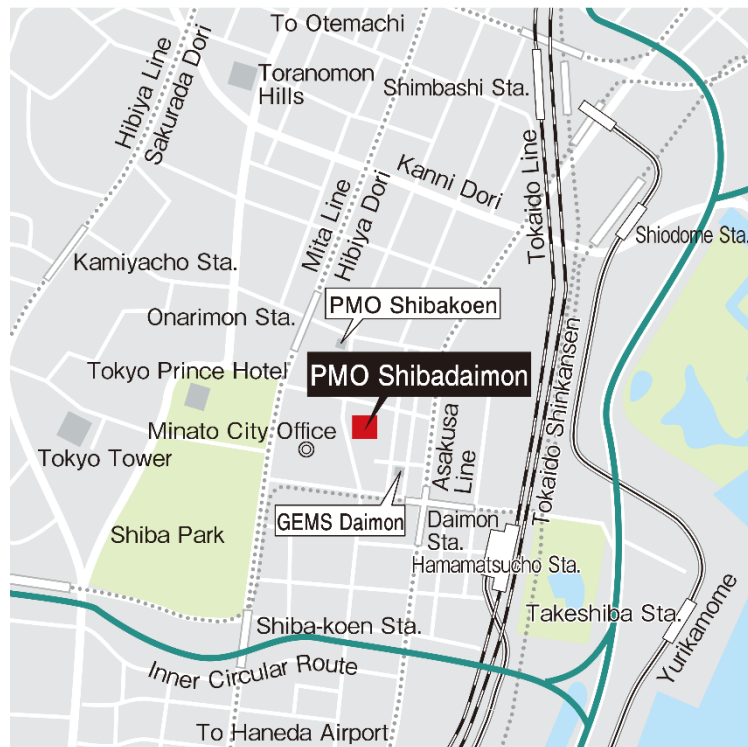
Kanto Area's Wide Area Map



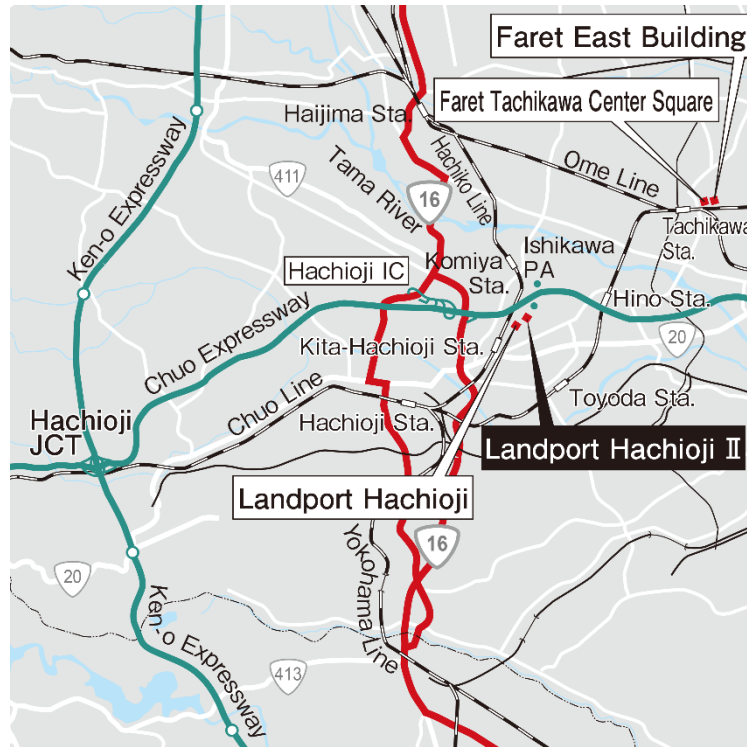
PMO Nihonbashi Mitsukoshi-mae



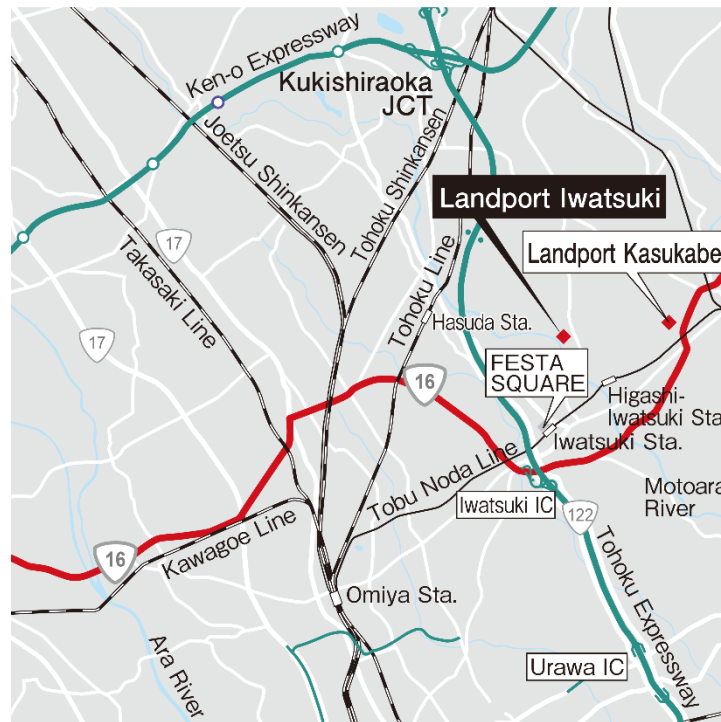
PMO Shibadaimon



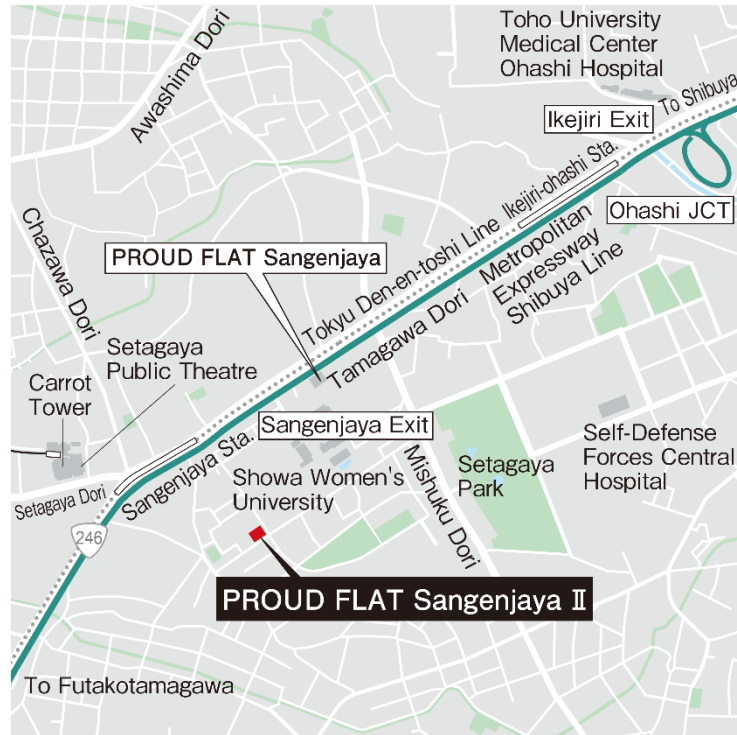
Landport Hachioji II



Landport Iwatsuki



PROUD FLAT Sangenjaya II



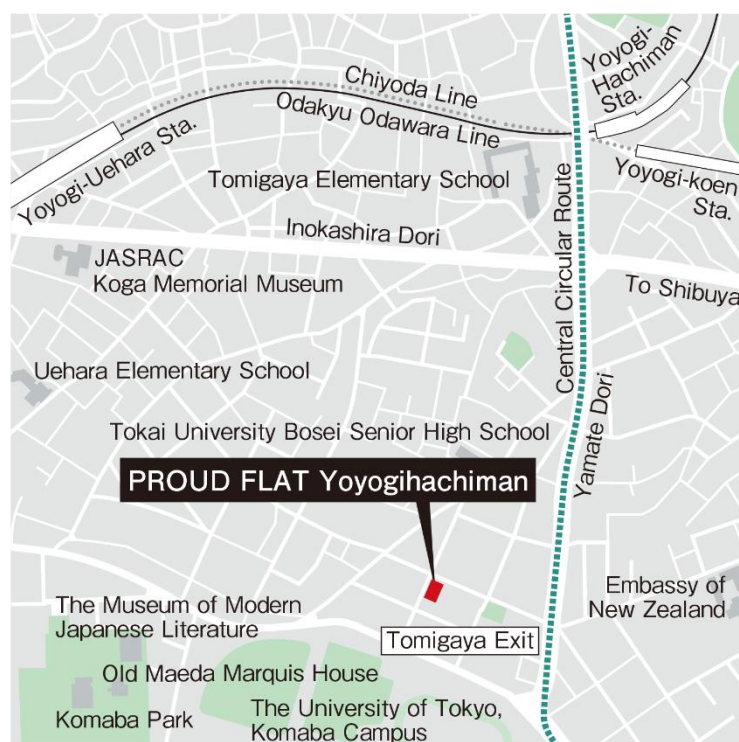
PROUD FLAT Soto Kanda



PROUD FLAT Noborito



PROUD FLAT Yoyogi Hachiman



PROUD FLAT Nakaochiai

