



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

May 9, 2016

An Exchange Deal with the Sponsor

Promote construction of sustainable portfolio with exchange deal utilizing strength that having NRE, general developer, as a sponsor.

Acquisition of 1 properties with ¥10.8 Billion

- ✓ Landport series property which is an advanced logistics facility developed by Nomura Real Estate Development, will be acquired



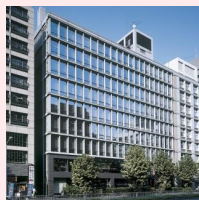
Landport Kashiwa Shonan II

Disposition of 3 properties with ¥18.1 Billion

- ✓ The Three Properties for the Sponsor that are aging and are expected to see their profitability decrease even though they are in excellent locations



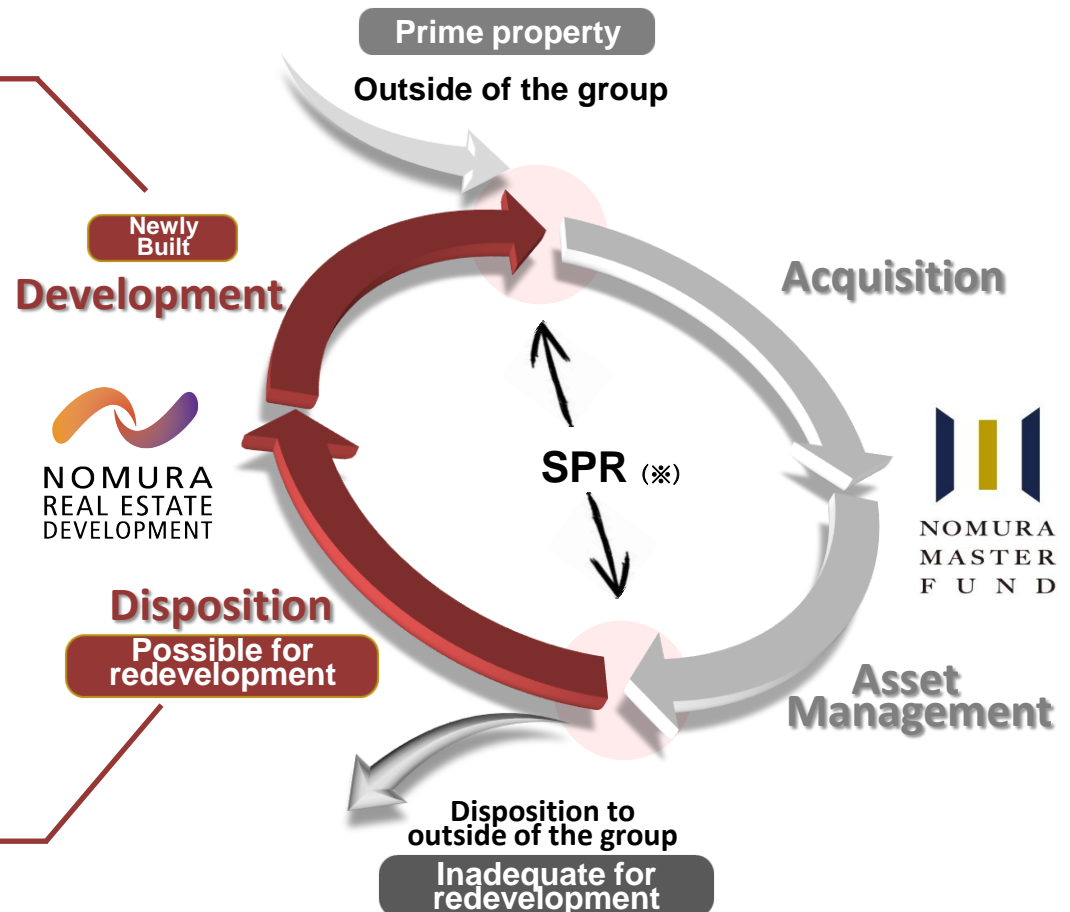
NOF Nihonbashi
Honcho Building



NOF Tameike
Building

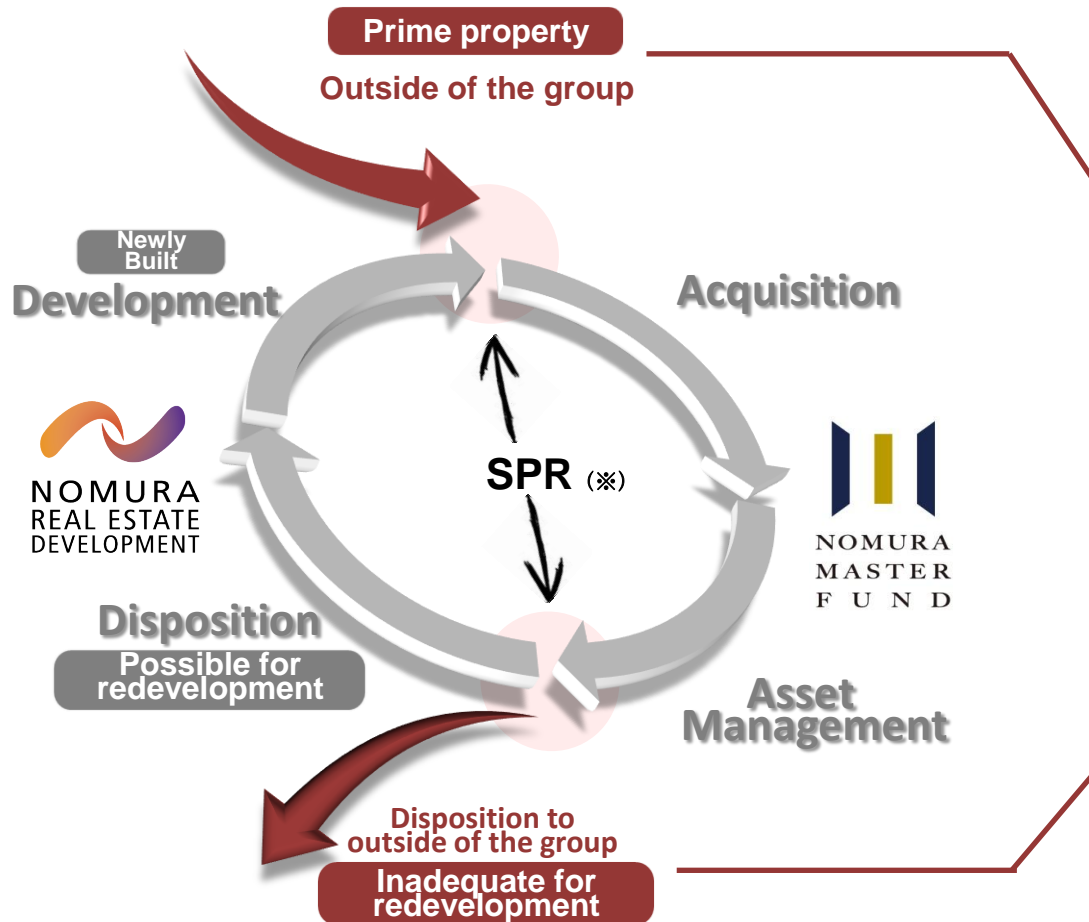


NOF Minami
Shinjuku Building



An Exchange Deal with the outside of the group

Promote construction of sustainable portfolio transferring properties that is inadequate for re-development and purchasing good location land.



Acquisition of 1 properties with ¥4.9 Billion

- ✓ Stable cash flow will be obtained based on a fixed-term lease agreement for long-term business and the land has very high versatility



Ryotokuji University Shin-Urayasu Campus(Land)

Disposition of 6 properties with ¥10.6 Billion

- ✓ Disposed properties which building age are old and hard to anticipate future internal growth through "bidding process & bulk transaction"



NOF Shinagawa
Konan Building



Yokohama Odori
Koen Building



JCB Sapporo Higashi
Building



PRIME URBAN
Hatagaya



PRIME URBAN
Sangen Jaya II



PRIME URBAN
Kamikitazawa

Exchange deal with The Sponsor

- ✓ Acquisition of brand property of the sponsor development (Landport Kashiwa Shonan II)
- ✓ The Three Properties for the Sponsor that are aging and are expected to see their profitability decrease even though they are in excellent will be sold to the sponsor

Transaction utilizing diversified type REIT

- ✓ Stable cash flow will be obtained based on a fixed-term lease agreement for long-term business of 50 years and the land has very high versatility.
- ✓ Cross-over deal
(Disposition of office and residential, Acquisition of logistics and land)

Accelerating the Property Replacement Plan

- ✓ Accelerated property replacement of ¥34 billion, from original plan of ¥50 billion within 3-5 years
- ✓ Disposed properties which building age are old and hard to anticipate future internal growth for the outside of the group

Improvement of the portfolio quality

- ✓ **Reduction of building age (▲1.2years)**
- ✓ **Reduction of medium- and long-term repair cost (▲23 million yen)**

List of Replacement Properties

Disposition



Disposition the buildings in excellent locations for sponsor bidding process & bulk transaction

	Name	Use	Acquisition price	Transfer price (A)	Book value (B)	(A)-(B)	Appraisal value	Building Age	NOI yield
SPR 2 nd	NOF Nihonbashi Honcho Building (49%)	Office	10,486	11,270	10,449	820	10,437	55.1	4.8%
	NOF Tameike Building	Office	4,810	4,500	4,802	-302	4,480	56.8	4.2%
	NOF Minami Shinjuku Building	Office	2,210	2,380	2,214	166	2,210	30.2	3.5%
SPR 3 rd	NOF Shinagawa Konan Building	Office	3,460	10,633	3,457	574	3,310	28.5	3.9%
	Yokohama Odori Koen Building	Office	1,810		1,806		1,800	27.2	5.7%
	JCB Sapporo Higashi Building	Office	3,270		3,252		3,260	49.6	6.0%
	PRIME URBAN Hatagaya	Residential	469		470		472	23.5	4.2%
	PRIME URBAN Sangen Jaya II	Residential	483		484		488	25.5	4.4%
	PRIME URBAN Kamikitazawa	Residential	597		597		601	29.0	4.5%
	Total 9 Properties		27,595	28,783	27,530	1,243	27,058	46.0	4.7%

Acquisition



Others

Sponsor support & Acquisition of the land unique characterizes the location

	Name	Use	Acquisition price(A)	The time of acquisition Appraisal value(B)	(B)-(A)	Building Age	NOI yield
SPR 2 nd	Landport Kashiwa Shyonan II	Logistics	10,800	11,000	200	0.1	4.9%
SPR 3 rd	Ryotokuji University Shin-Urayasu Campus(Land)	Other (Land)	4,900	5,090	190	-	3.9%
	Total 2 Properties		15,700	16,090	390	0.1	4.6%

(※) Indicates anticipated Book value as of the date of disposition.

Effect of SPR

	Before the implementation of SPR		After the implementation of SPR	Effect
Number of properties	259 properties	▶	253 properties	—
Acquisition price	¥807,302mln.	▶	¥795,407mln.	—
Building age	19.3 years	▶	18.1 years	Reduction of 1.2 years
Repair cost	¥45,619mln.	▶	¥42,736mln.	Reduction of 2,882 million yen
Unrealized gain/loss	¥39,005mln.	▶	¥39,028mln.	Unrealized gains increase of 23 million yen
Transfer price-Book value		▶	¥1,242mln.	—
External growth		▶	A provision granting preferential negotiation rights to NMF for if and when Nomura Real Estate Development is to sell the properties after redevelopment is expected.	

(※1) Building age are as of May 9, 2016

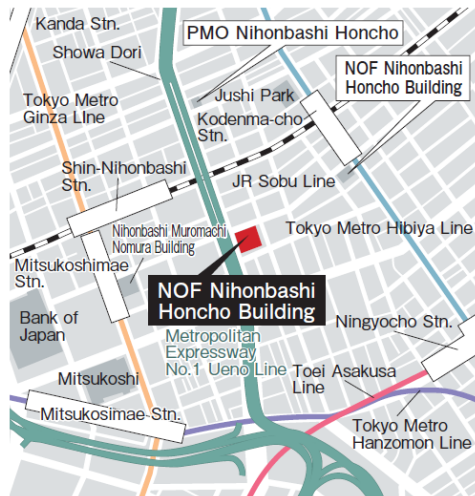
(※2) Repair cost is Compared forecast of long-term repair costs (12years) written in the Engineering Report of the Property

List of Disposed Properties (Disposition to Sponsor)

The Three Properties for the Sponsor that are aging and are expected to see their profitability decrease even though they are in excellent locations will be sold to the Sponsor



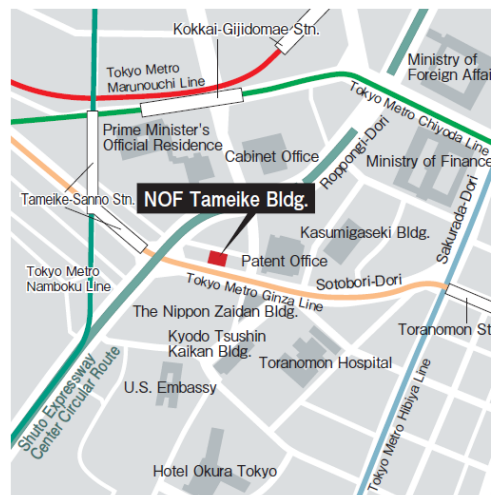
NOF Nihonbashi Honcho Building (49%)



Address	2-7-1 Nihonbashi Honcho, Chuo Ward, Tokyo
Access	Mitsukoshimae Station (Tokyo Metro Ginza Line)
Building Age	55.0 years
Gross Floor area	19,157.05㎡



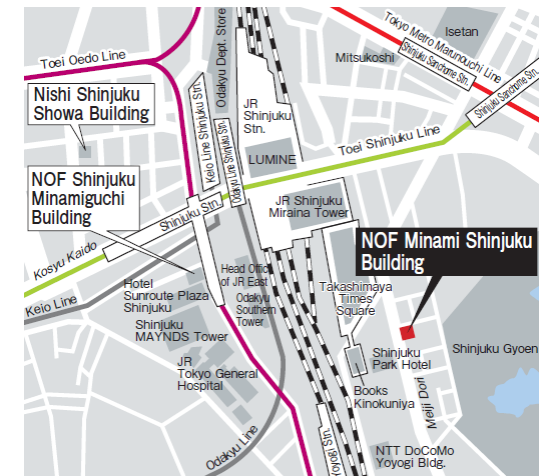
NOF Tameike Building



Address	1-1-14 Akasaka, Minato Ward, Tokyo
Access	Tameike-Sanno Station (Tokyo Metro Ginza Line)
Building Age	56.7 years
Gross Floor area	4,715.20㎡



NOF Minami Shinjuku Building



Address	5-32-7 Sendagaya, Shibuya Ward, Tokyo
Access	Shinjuku Station and Yoyogi Station (JR Line)
Building Age	30.1 years
Gross Floor area	2,464.71㎡

List of Disposed Properties (Disposition to outside of the group)

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



NOF Shinagawa Konan Building



Address	1-2-5 Higashi Citynagawa, Shinagawa Ward, Tokyo
Access	Shinagawa Station (JR Line and Keikyu Line)
Building Age	28.4years
Gross Floor area	7,378.55㎡



Yokohama Odori Koen Building



Address	2-4-1 Horai-cho, Naka Ward, Yokohama City, Kanagawa
Access	Kannai Station (JR Line and Yokohama Municipal Subway Line)
Building Age	27.1years
Gross Floor area	4,234.62㎡



JCB Sapporo Higashi Building



Address	1-1 Minamichijo-Nishi, Chuo Ward, Sapporo City, Hokkaido
Access	Odori Station (Shiei Toho Line and Tozai Line)
Building Age	49.5years
Gross Floor area	9,062.04㎡



PRIME URBAN Hatagaya



Address	3-28-6 Hatagaya, Shibuya Ward, Tokyo
Access	Hatagaya Station (Keio New Line)
Building Age	23.4years
Gross Floor area	650.60㎡



PRIME URBAN Sangen Jaya II



Address	2-4-16 Taishido, Setagaya Ward, Tokyo
Access	Sangen Jaya Station (Tokyu Denentoshi Line)
Building Age	25.4years
Gross Floor area	810.98㎡



PRIME URBAN Kamikitazawa



Address	5-21-22 Kami Kitazawa, Setagaya Ward, Tokyo
Access	Kamikitazawa Station and Hachimanyama Station (Keio Line)
Building Age	29.0years
Gross Floor area	1,384.45㎡

※ Access denotes major station only.



Landport Kashiwa Shonan II

Take advantage of the sponsor pipeline



Acquisition Date	September 1, 2016	Address	1043-1Wakashiraga, Kashiwa City, Chiba
Completion date	Apr 2016	Gross Floor area	50,539.27㎡
Acquisition Price(A)	¥10,800mln.	Number of Tenants /Main Tenant	Non-disclosure
Appraisal Value(B)	¥11,000mln.	(A)/(B)	98.2%

Investment Highlights

- ✓ The Landport series advanced and high-functioning logistics facility developed by Nomura Real Estate Development has high brand strengths addressing the detailed needs of tenants.
- ✓ The property has a facility specification that takes the working environment into consideration such as with onsite parking space, office space, excellent cafeteria space, changing rooms, etc
- ✓ As a slope-type facility, vehicles can connect to first and second floor berths. Moreover, the effective height under beams is 5.5m to 6.5m, an 11m × 11m grid is employed for pillar span, floor space can be increased through utilization of the surplus volume ratio and adaptation to seasonal fluctuations of demand and increase of logistics volume after occupancy is possible. As such, the facility has a high functioning capacity and can meet the demands of various tenants.



Others

Ryotokuji University Shin-Urayasu Campus(Land)

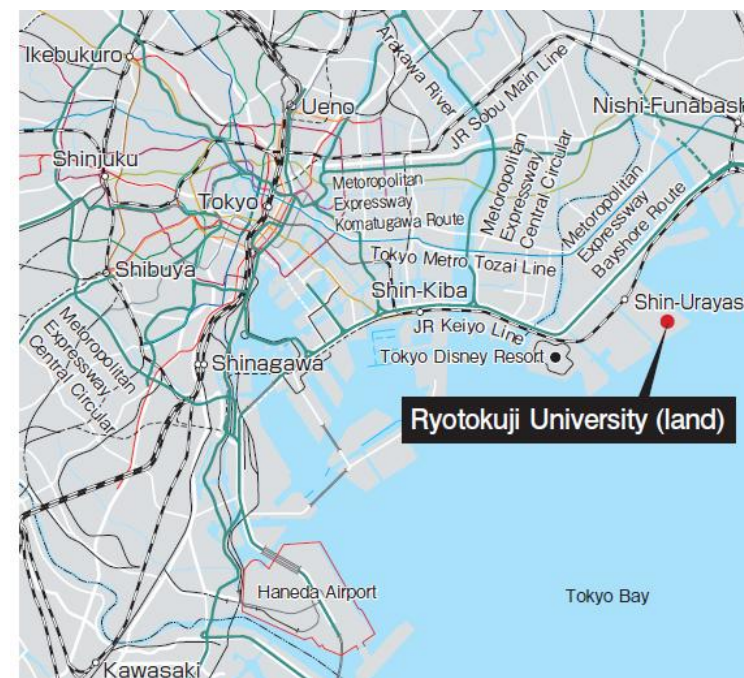
Acquisition of university's land

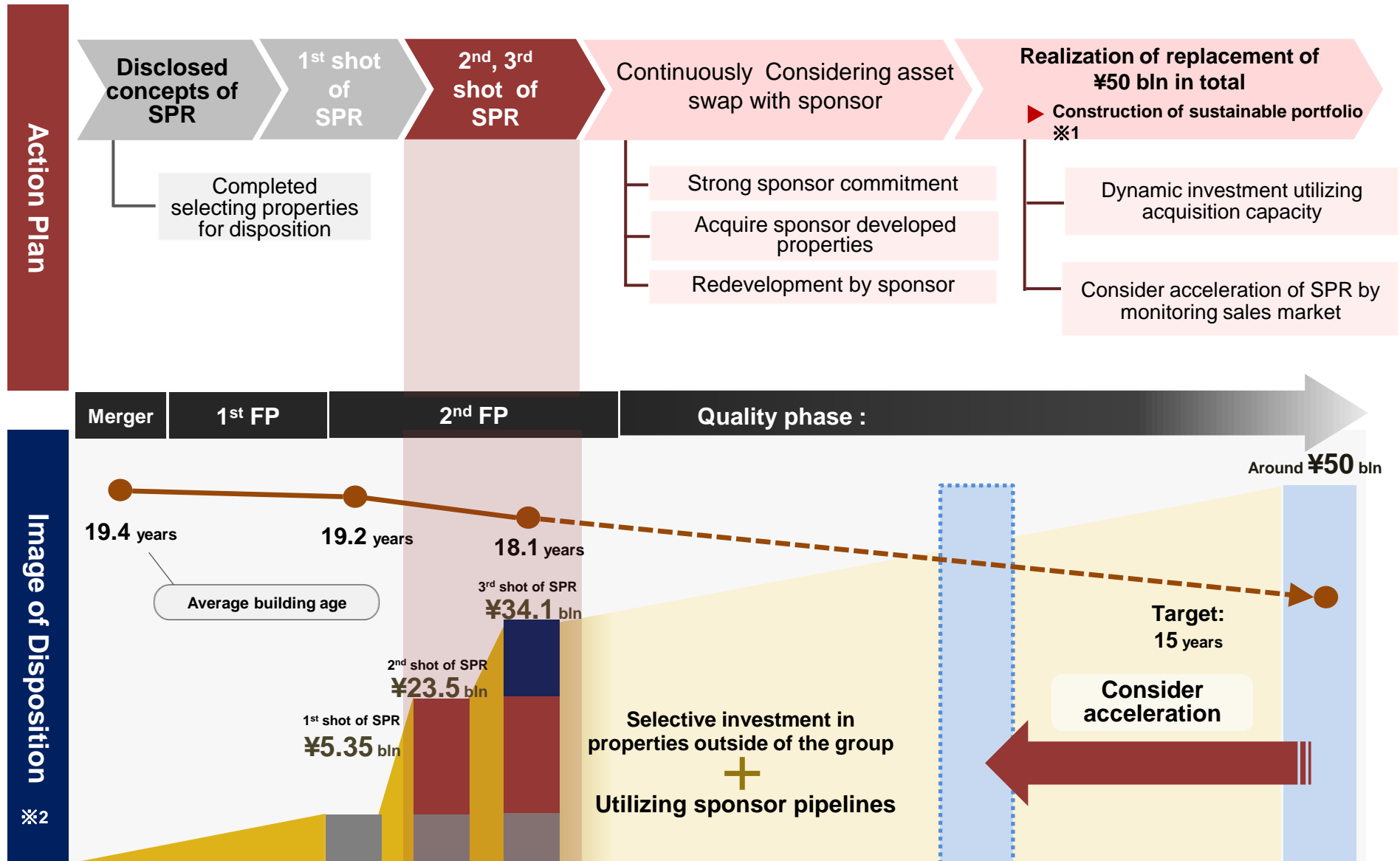


Acquisition Date	May 26, 2016	Address	5-8-1Akemi, Urayasu City, Chiba
Completion date	—	Gross Floor area	14,431.35㎡
Acquisition Price(A)	¥4,900mln.	Number of Tenants /Main Tenant	Ryotokuji University
Appraisal Value(B)	¥5,040mln.	(A)/(B)	97.2%

Investment Highlights

- ✓ This will be the first time for a J-REIT to acquire a university's land with leasehold right. Only a diversified type REIT that does not limit its sectors of investment can undertake such an initiative.
- ✓ Stable cash flow will be obtained based on a fixed-term lease agreement for long-term business of 50 years and the land has very high versatility.
- ✓ Various retail facilities, lodging facilities, bridal facilities, condominiums, medical facilities, etc. are being developed and established on a schedule basis around Shin-Urayasu Station with the opening of the adjacent large-scale resort facility. A very beautiful townscape that stands out even in the Tokyo bayside area is in place and a sense of uniqueness characterizes the location.





※1 For details of the "sustainable portfolio," please refer to page 2 of "Supplement Documentation for Press Release 'Acquisition and Disposition of the Assets' dated March 29, 2016" announced on March 29, 2016.

※2 Image of disposition describes the total amount.

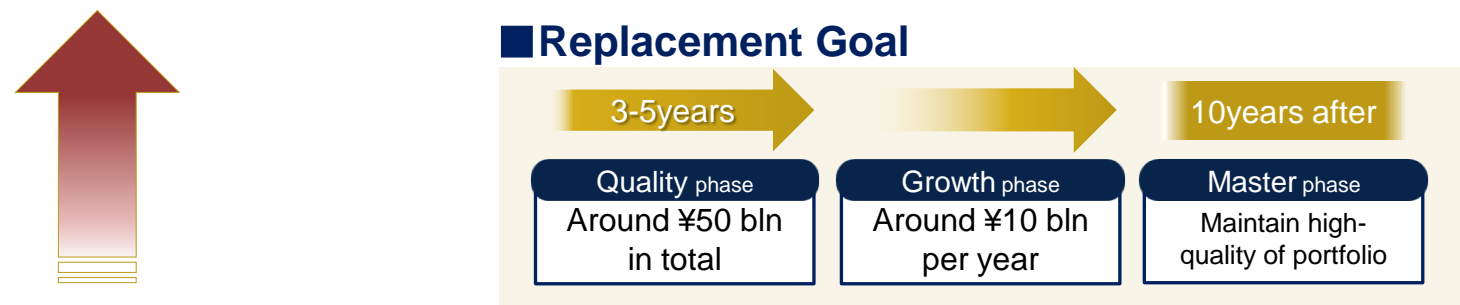
About SPR

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

Target

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

■ Replacement Goal



Point

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

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