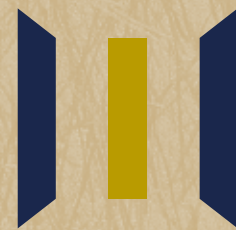


NOMURA
MASTER
FUND



1st Fiscal Period Semi-Annual Report

October 1, 2015 to February 29, 2016



NOMURA
MASTER
FUND



NOMURA REAL ESTATE MASTER FUND, INC.

8-5-1, Nishi-Shinjuku, Shinjuku Ward, Tokyo

Leadership Perspectives

“Nomura Real Estate Master Fund, Inc. (NMF) is committed to constructing a portfolio that provides stable income over the medium to long term and stable growth by investing in diversified sectors.”

“NMF will deliver this performance through the backing of Japan’s leading diversified real estate group – the Nomura Real Estate Group – and its expansive support from development to leasing throughout the real estate spectrum.”

“The ultimate aim of NMF is to continuously increase unitholder value through accretive property acquisitions and distinct value-add strategies.”



Hiromichi Suzuki

Executive Officer, General Manager,
Finance and Accounting Department
Nomura Real Estate Asset management Co., Ltd.

Ken Okada

Director and Managing Executive Officer,
Head of NMF Investment Management Group,
General Manager, Asset Management Department I
Nomura Real Estate Asset management Co., Ltd.

Norio Ambe

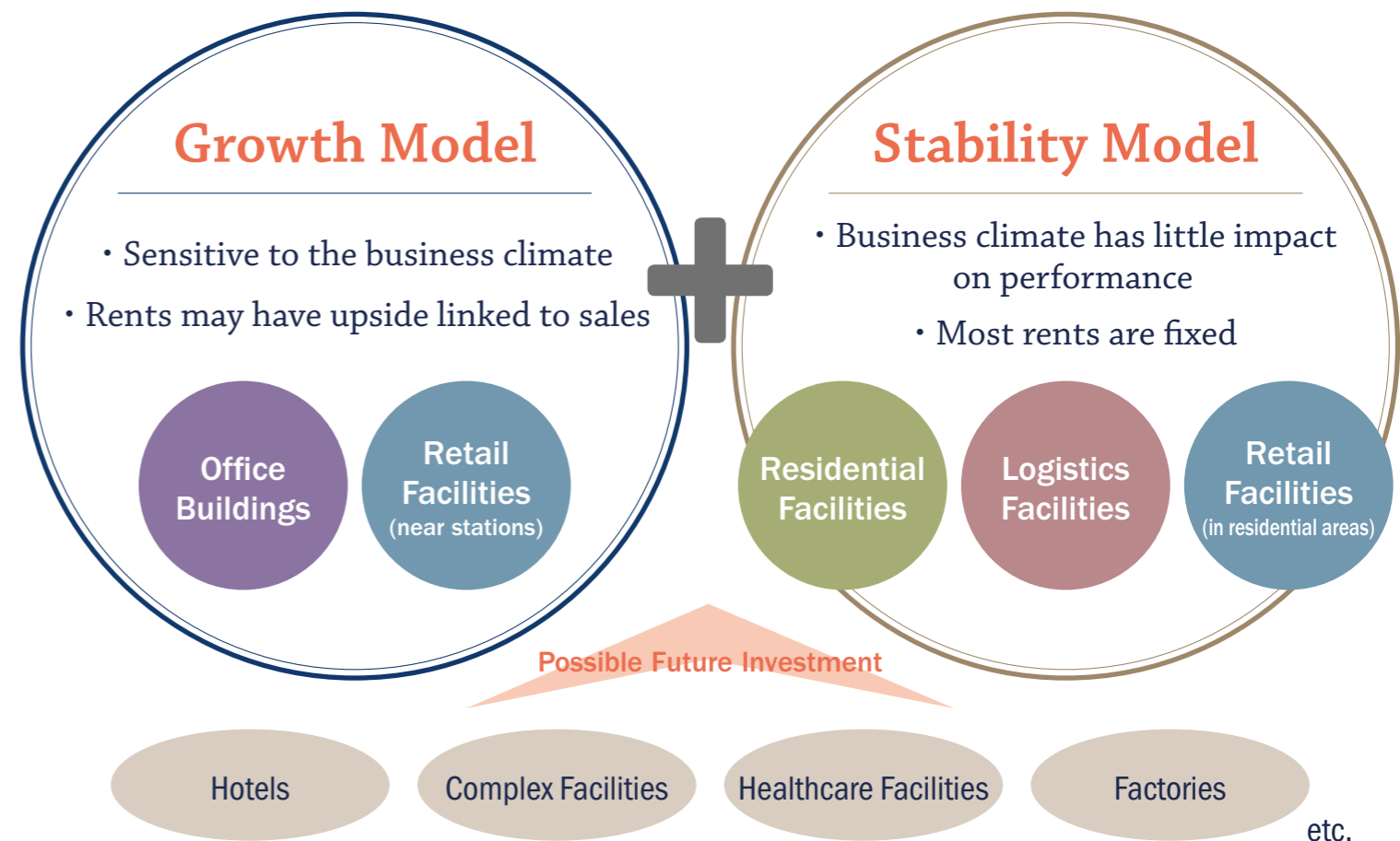
President & Chief Executive Officer
Nomura Real Estate Asset management Co., Ltd.

Noriaki Ido

Executive Officer
Head of Acquisitions Division
Nomura Real Estate Asset Management Co., Ltd.

Disclaimer

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First Fiscal Period Financial Overview

Cash Distribution per Unit 2,219 yen	Operating Revenues 24,313 million yen	Operating Profit 6,483 million yen
Rental Profit 11,546 million yen	Ordinary Income 4,050 million yen	Net Income 4,048 million yen
Interest-bearing debt 403,164 million yen	NOI 16,237 million yen	LTV 43.4 %
	Total assets 792,658 million yen (261 properties)	Occupancy 98.9 %

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Newer and Larger

We hope that you, our unitholders, are doing well and have met with prosperity.

Nomura Real Estate Master Fund, Inc. (NMF) was established on October 1, 2015 by consolidating the former Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc. NMF listed the following day on the Tokyo Stock Exchange REIT Market.

The basic policy of NMF is to achieve both stability and growth over the medium to long term. NMF will invest in a broad range of targets without limiting itself and specifically focus on offices, retail facilities, logistics facilities and residential facilities.

NMF will also apply the collective skills of the Nomura Real Estate Group in particular with its asset management company, Nomura Real Estate Asset management Co., Ltd. (NREAM), to source, develop and manage the properties as it generates revenues so that the aggregate value of the portfolio can increase over time.

We thank you in advance for your continuing support of the newer and larger Nomura Real Estate Master Fund.

Satoshi Yanagita

Executive Director
Nomura Real Estate Master Fund, Inc.

Joined Nomura Real Estate Development Co., Ltd. in April 1981. Between April 2001 and March 2011, he served as general manager consecutively for the Planning Section of the Residential Company, General Affairs Department and concurrently for the General Affairs Department and General Affairs Trial Department. He became Executive Officer of Nomura Living Support Co., Ltd. in April 2011 and also served as Director from April 2012. He currently serves as a Managing Director of Nomura Real Estate Reform Co., Ltd. and assumed the post of Executive Director of NMF as of October 1, 2015.

Foundation for Stability and Growth

It is good to have completed a strong First Fiscal Period under the “new and improved” NMF.

When we launched the new diversified and large J-REIT, business clients provided a variety of issues including the risk of large tenants moving out and having a large impact on our bottom line, an overheated market limiting external growth opportunities and limited opportunities for rental upside. There was intense competition to buy in the market and a polarization of J-REITs into large and small. Additionally the government had created more assets in which we can invest and the tax reform in 2015 allowed us to avoid taxation due to goodwill by making cash distributions in excess of profits.

This broad climate placed us on a road to quick growth and a size of 792,658 million yen on an acquisition price basis in assets under management. We constructed a strategy that reinforced our standing by adopting a diversified REIT strategy, building a large J-REIT for stability and growth and fully applying the strengths of the Nomura Real Estate Group.

The impact has been greater portfolio size and quality, stronger financial soundness and a distinct new strategy broadly supported by the Nomura Real Estate Group. Not only has NMF diversified, become one of the largest REITs in Japan and gained the support of a major diversified real estate group, it has done so in an accretive manner and without sacrificing quality. The assets under management remain strong and the pipeline of the various series that the Nomura Real Estate Group specializes in remains expansive.

NMF will continue to apply the Leasing Value Chain to source, develop and manage assets and is pleased to announce a distribution per unit of 2,219 yen this First Fiscal Period. We are embarking towards a portfolio of 1 trillion yen, confident that our REIT will continue to be a leader among J-REITs.

We ask for your continued support.



Norio Ambe

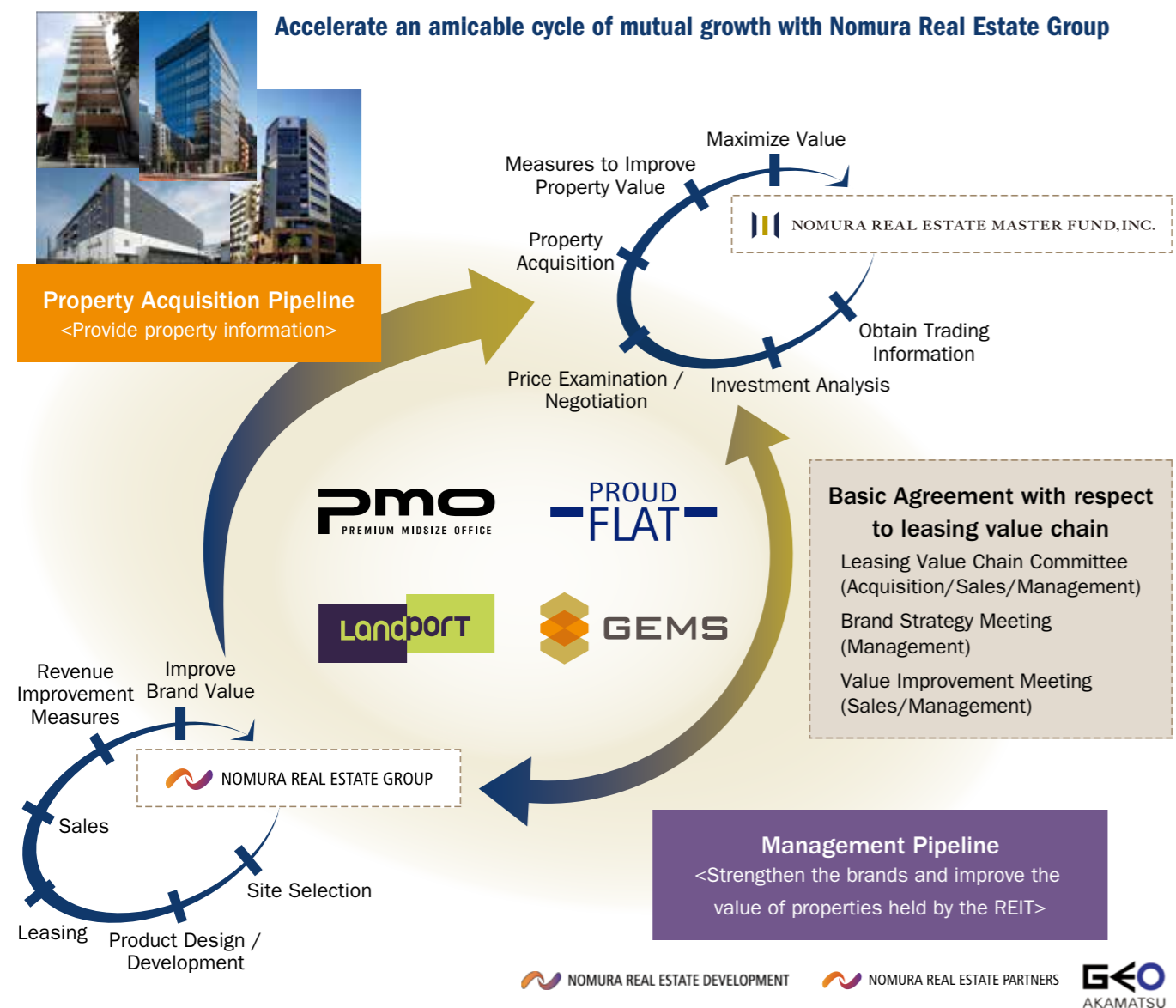
President & Chief Executive Officer
Nomura Real Estate Asset management Co., Ltd.

Joined Nomura Securities Co., Ltd. in 1980. After being engaged in services for institutional investors and financial companies, he held such prominent positions as Executive Officer of Nomura Asset Management Co., Ltd. as well as Chairman of Nomura Asset Management Singapore Limited and Nomura Asset Management Hong Kong Limited. After assuming the post of Managing Executive Officer of Nomura Asset Management Co., Ltd. and being in charge of client services and services for global institutional clients, he was appointed to his current position of President and Chief Executive Officer of NREAM in April 2015 and also assumed the post of Executive Officer of Nomura Real Estate Holdings, Inc. in April 2016.

As iterated before sponsor support is both critical to and the reason for the success of NMF. The ability to comprehensively provide market-recognized services from development to leasing places NMF into a select group of JREITs. The Leasing Business Value Chain, market-leading brands developed by Nomura Real Estate Group and the dependable pipeline of strong product are evidence that NMF will continue to perform into the future.

Leasing Business Value Chain of the Nomura Real Estate Group

NMF applies the Leasing Business Value Chain it has constructed with the Nomura Real Estate Group to assist in gaining property information, increasing brand value of the portfolio and raising the general value of assets.



Brands of the Nomura Real Estate Group

The Nomura Real Estate Group has developed a series of brands that have become market leaders in their respective sectors.

	A new category of office building provided by Nomura Real Estate Group that delivers midsize offices with large office services to the market.
	Restaurant buildings developed in urban settings by Nomura Real Estate Group that propose new lifestyles to the market population via a diverse variety of restaurants.
	Logistic centers that are cutting edge with a high degree of functionality and that meet the changing logistics environment of recent years and changing tenant needs through a design that pursues optimization and efficiency.
	This series of rental apartments applies the know-how and information gained with the construction of the successful PROUD for-sale residential series.

Representative Examples of Future Pipeline

Office Buildings		Retail Facilities	
PMO Hirakawacho Hirakawacho, Chiyoda Ward, Tokyo January 2016	PMO Nihonbashi Mitsukoshimae PJ Nihonbashihoncho, Chuo Ward, Tokyo May 2017 (scheduled)	GEMS Daimon Shiba-Daimon, Minato Ward, Tokyo February 2016	GEMS Ebisu PJ Ebisu, Shibuya Ward, Tokyo August 2017 (scheduled)
Logistics Facilities		Residential Facilities	
Landport Kashiwa Shonan I Kashiwa City, Chiba February 2016	Landport Iwatsuki PJ Saitama City, Saitama May 2016 (scheduled)	PROUD FLAT Sangen Jaya II Setagaya Ward, Tokyo January 2014	PROUD FLAT Omori III Shinagawa Ward, Tokyo November 2014



Noriaki Ido

Executive Officer
Head of Acquisitions Division
Nomura Real Estate Asset Management Co., Ltd.

Q1 Has there been a change in strategy with the merger of the three REITs into one diversified REIT?

Well, yes, we are no longer focused just on retail and logistics. We are employing a true diversified strategy where we invest in the four principal sectors of office, retail, residential and logistics facilities. We will also be considering investment in hotels, healthcare facilities, factories and complex developments.

However, our strategy continues to be growth with stability. We see growth potential in rents and pricing for offices and station front retail, while we see stability in residential, logistics and retail providing daily necessities.

Q2 How do you define stable and growth assets?

Stable assets are not impacted by the economy very much and often consist of assets leased on fixed rents. On the other hand, growth assets are sensitive to the economic environment but sometimes have rents that are tied to market sales.

Joined Nomura Real Estate Development in 1992. Worked in development and operational management of office buildings for 8 years. After working in the acquisition, retail facility, office and investment discretion businesses within the asset management section, he was appointed as Managing Director in 2013 and his current position in 2014.

Q3 Do you see growth as a difficult prospect?

No, the true strength of the Nomura Real Estate Group will be demonstrated by our J-REIT. Our actual acquisitions are proof of this. We acquired a total of seven properties, four properties in the First Fiscal Period and three properties at the beginning of the Second Fiscal Period, which stretch across three asset classes. They were accretive acquisitions raising our distributions per unit by about 50 yen and totaled 23.11 billion yen. We have also acquired three office buildings in the second period. Clearly, the diversified strategy is an even greater opportunity for NMF to grow and reach our medium-term goal of 1 trillion yen or more in assets under management.

NMF Acquired Four Assets in the First Fiscal Period

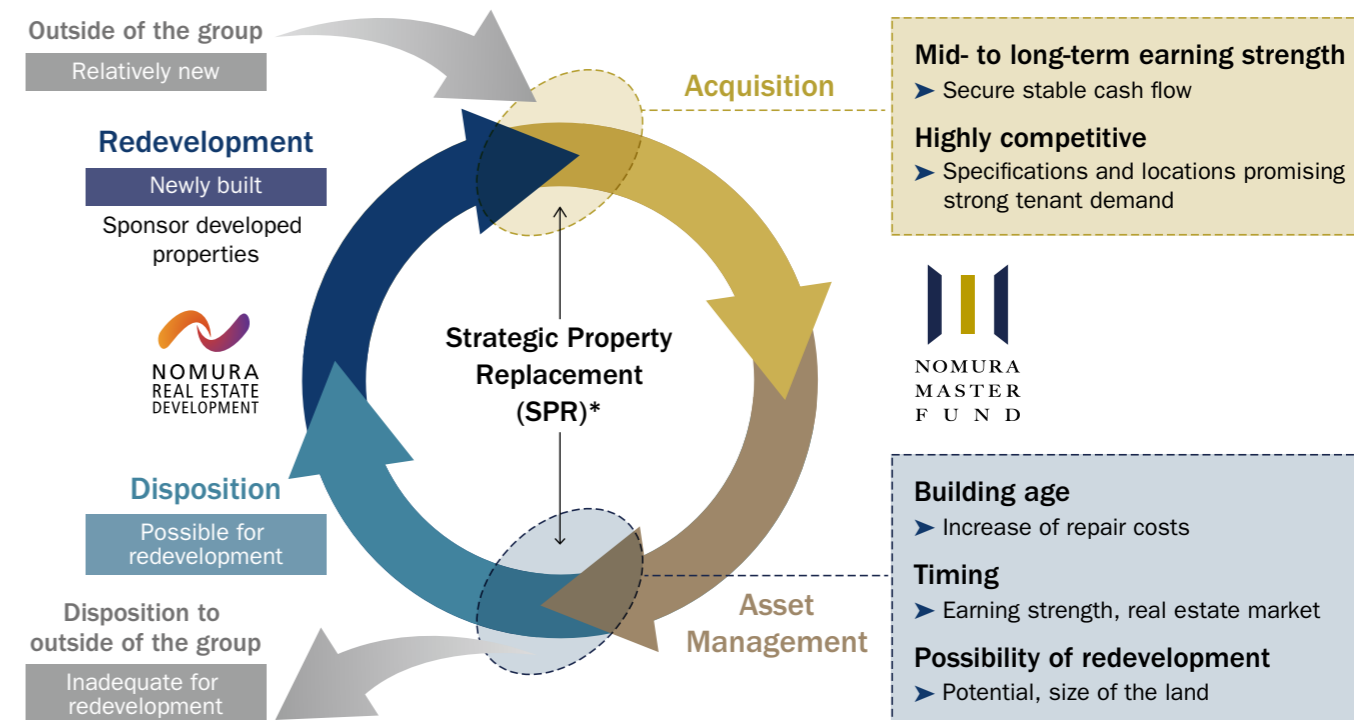
Proof of the excellence of the Nomura Real Estate Group prowess by acquiring four properties that are all around two years old or less and in excellent locations.

Name	PROUD FLAT Hatchobori	PROUD FLAT Itabashi Honcho	NRE Kichijoji Building	GEMS Ichigaya	PMO Tamachi	PMO Ginza Hatchome	PMO Shibakoen
Use	Residential Facilities		Retail Facilities		Office Buildings		
Photo							
Acquisition Price	920 million yen	720 million yen	5,310 million yen	2,080 million yen	6,210 million yen	3,970 million yen	3,900 million yen
Appraised NOI (Note)	4.6%	4.9%	4.4%	4.2%	4.1%	4.0%	4.2%
Nearest Station	Hatchobori Station	Itabashi Honcho Station	Kichijoji Station	Ichigaya Station	Mita Station	Shiodome Station	Onarimon Station
Completion	May 2014	July 2014	July 2014	October 2014	February 2014	April 2014	July 2014

Note: Appraisal NOI yield is based on annual NOI described in appraisal reports as of May 1, 2015.

Construction of Sustainable Portfolio

Aiming for construction of sustainable portfolio utilizing the strength of having a general developer as a sponsor and making quality and performance highly stable through the asset replacement cycle.



*Based on Mid- to Long-term Management Strategy disclosed by "Brief session regarding the Investment Principles presentation" held on November 9, 2015



Ken Okada

Director and Managing Executive Officer,
Head of NMF Investment Management Group,
General Manager, Asset Management Department I
Nomura Real Estate Asset management Co., Ltd.

Q1 What is special about the Leasing Value Chain of the Nomura Real Estate Group?

The strengths of the Nomura Real Estate Group are demonstrated from development to leasing and management. The Nomura Real Estate Group has been especially successful at developing broadly recognized brands: PMO in the office sector, PROUD FLAT in the residential sector, Landport in the logistics sector and GEMS in the urban entertainment/retail sector.

Q2 Are there additional strengths of the Nomura Real Estate Group?

The Nomura Real Estate Group has teams and companies covering the respective stages of real estate investment and development. Therefore, we are good not only at sourcing both finished and development products, but these strengths combined with the brand strengths also enable the soliciting of a wide spectrum of potential

Joined Nomura Real Estate Development in 1991. After gaining experience in a broad range of real estate investment fields at the Council for Real Estate Syndication (current ARES), Mitsubishi UFJ Trust and Banking, etc., he assumed the post of General Manager of the Corporate Planning Department at NREAM in 2012. After serving as the Executive Officer, he was appointed to his current position in April 2016.

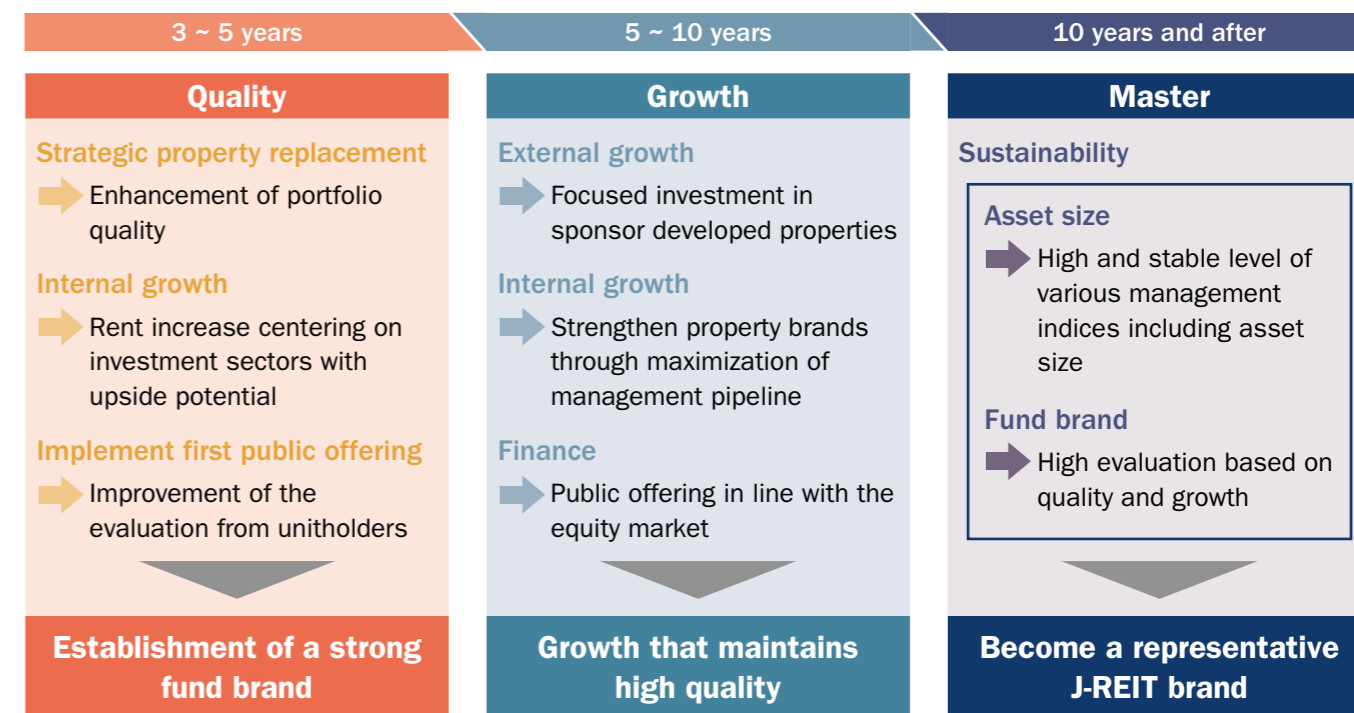
tenants, and finally there are management teams that deliver a product to market that satisfies both tenants and customers.

Q3 Is there any evidence that illustrates the strength of these teams, the Leasing Value Chain and the Nomura Real Estate Group?

Of course, during the First Fiscal Period of NMF and early in the Second Fiscal Period, we acquired seven properties in three sectors that are all around two years old or less, added over 23 billion yen to our assets under management and expect to add 50 yen to our cash distributions per unit – thus compensating our unitholders for their belief in us.

Mid- to Long-term Management Strategy

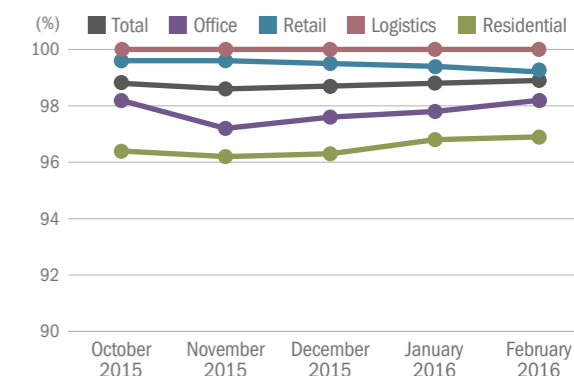
NMF established the Mid-to Long-term Management Strategy when starting operation of the new REIT with an eye on 10 years into the future under the basic policy of pursuing stable management over the medium to long term.



Occupancy: Strong in All Classes

Despite the high occupancy of our portfolio, NMF is committed to raising the occupancy level without sacrificing income.

Internal growth is also achieved through measures utilizing the enhanced portfolio stability and risk tolerance to maintain and improve rents as well as raise occupancy. These include the enhancement of the portfolio through active replacement, allocation of funds for effective repairs and reform, and pursuing the most efficient and optimal use of properties. Proactive measures of NMF include the following.





Hiromichi Suzuki

Executive Officer, General Manager,
Finance and Accounting Department
Nomura Real Estate Asset management Co., Ltd.

Joined Nomura Real Estate Development in 1993. After working in accounting for 20 years, he joined NREAM in 2013. After gaining experience in marketing and fund management, he was appointed to his current position in April 2016.

Q1 What impact are you striving for from the get large and diversify strategy?

We remain conservative in our financial strategy. We believe that our size and further diversification will help us achieve even more advantageous financial terms in our financing. My objective is to make sure this belief turns into reality.

Q2 How are you delivering stability to the financial aspect of the portfolio?

As of February 2016 our long-term borrowings outnumber short-term borrowings 361,565 million yen to 9,100 million yen and our average duration of interest-bearing debt is 4.0 years. Our goal is to further diversify repayments of debts so they are spread out evenly and place no undue burden at a single time.

Q3 How do you rate your performance thus far?

Our team has worked hard to date and is delivering in the Nomura manner. We also enjoy an AA long-term issuer rating with Japan Credit Rating Agency and an A corporate credit rating with Standard & Poor's.

Status of Interest-bearing Debt

Total amount of interest-bearing debt

403.1 billion yen

1.09%

Average interest rate

84.1%

Long-term debt ratio

Ratio of fixed interest rate

91.4%

Average remaining years to maturity

4.0 years

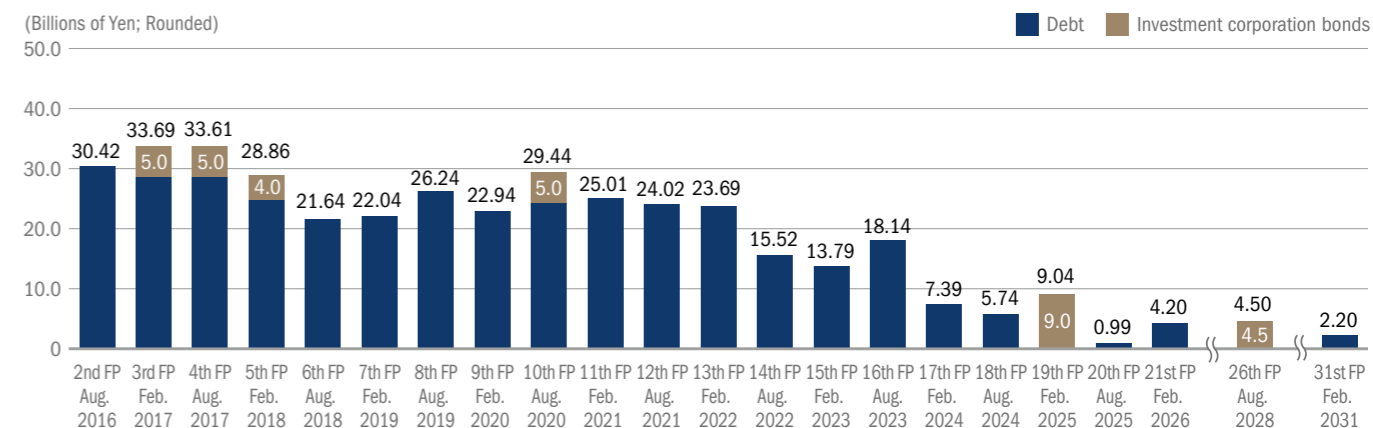
43.4%

LTV
(ratio of interest-bearing liabilities to total assets)

Bank Formation

Financial Institution	(Billions of Yen)	Share	Financial Institution	(Billions of Yen)	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	63.0	15.6%	The Keiyo Bank, Ltd.	1.7	0.4%
Sumitomo Mitsui Banking Corporation	61.5	15.3%	The Dai-ichi Life Insurance Company, Limited	6.3	1.6%
Mizuho Bank, Ltd.	33.2	8.2%	Taiyo Life Insurance Company	6.5	1.6%
Mitsubishi UFJ Trust and Banking Corporation	37.4	9.3%	Daido Life Insurance Company	3.1	0.8%
Sumitomo Mitsui Trust Bank, Limited	30.3	7.5%	Mitsui Life Insurance Company Limited	1.0	0.2%
The Norinchukin Bank	12.6	3.1%	Mitsui Sumitomo Insurance Company, Limited	3.7	0.9%
Development Bank of Japan Inc.	31.0	7.7%	The Chugoku Bank, Limited	4.5	1.1%
Mizuho Trust & Banking Co., Ltd.	13.0	3.2%	Aozora Bank, Ltd.	2.5	0.6%
The Bank of Fukuoka	7.5	1.9%	Sompo Japan Nipponkoa Insurance Inc.	1.0	0.2%
Resona Bank, Ltd.	8.2	2.0%	Sumitomo Life Insurance Company	5.5	1.4%
Nippon Life Insurance Company	4.0	1.0%	The Hyakujushi Bank, Ltd.	2.0	0.5%
The Nomura Trust and Banking Co., Ltd.	8.2	2.0%	The 77 Bank, Ltd.	2.0	0.5%
The Chiba Bank, Ltd.	2.5	0.6%	Shinkin Central Bank	5.2	1.3%
The Iyo Bank, Ltd.	5.0	1.2%	The Nishi-Nippon City Bank, Ltd.	2.7	0.7%
The Hachijuni Bank, Ltd.	2.5	0.6%	The Bank of Yokohama, Ltd.	0.5	0.1%
The Hiroshima Bank, Ltd.	1.0	0.2%	The Tokyo Tomin Bank, Limited.	1.0	0.2%
			Corporate bonds	32.5	8.1%
			Total	403.1	100.0%

Diversification of Repayment Dates



Commitment Lines

As of March 31, 2016

	Loan Limit (commitment period)	Participating Financial Institutions
Commitment Line 1	30 billion yen (one year)	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Mitsui Trust Bank, Limited
Commitment Line 2	10 billion yen (one year)	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.
Commitment Line 3	10 billion yen (three years)	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation

Credit Ratings

Rating Company	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	STANDARD & POOR'S RATINGS SERVICES (S&P)
Rating Target	Long-term issuer rating	Issuer Rating	Corporate Credit Rating
Rating	AA	A+	A
Outlook	Stable	Stable	Stable

No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Office Buildings			
Of-T-001	Shinjuku Nomura Building	Shinjuku, Tokyo	43,900
Of-T-002	NRE Tennozu Building	Shinagawa, Tokyo	20,500
Of-T-003	Kojimachi Millennium Garden	Chiyoda, Tokyo	26,700
Of-T-004	NOF Nihonbashi Honcho Building	Chuo, Tokyo	21,400
Of-T-005	Tennozu Park Side Building	Shinagawa, Tokyo	12,700
Of-T-006	NOF Shinjuku Minamiguchi Building	Shibuya, Tokyo	10,000
Of-T-007	NOF Shibuya Koen-dori Building	Shibuya, Tokyo	10,400
Of-T-008	Secom Medical Building	Chiyoda, Tokyo	11,100
Of-T-009	NOF Shiba Building	Minato, Tokyo	7,040
Of-T-010	Nishi-Shinjuku Showa Building	Shinjuku, Tokyo	8,140
Of-T-011	NRE Shibuya Dogenzaka Building	Shibuya, Tokyo	5,310
Of-T-012	NOF Tameike Building	Minato, Tokyo	4,810
Of-T-013	Iwamoto-cho Toyo Building	Chiyoda, Tokyo	4,050
Of-T-014	NOF Shinagawa Konan Building	Shinagawa, Tokyo	3,460
Of-T-015	NOF Surugadai Plaza Building	Chiyoda, Tokyo	4,690
Of-T-016	PMO Nihonbashi Honcho	Chuo, Tokyo	4,320
Of-T-017	PMO Nihonbashi Kayabacho	Chuo, Tokyo	5,010
Of-T-018	Otemachi Tatemono Gotanda Building	Shinagawa, Tokyo	4,430
Of-T-019	NRE Higashi-nihonbashi Building	Chuo, Tokyo	3,570
Of-T-020	PMO Akihabara	Chiyoda, Tokyo	4,240
Of-T-021	Hatchobori NF Building	Chuo, Tokyo	2,480
Of-T-022	NOF Kanda Iwamoto-cho Building	Chiyoda, Tokyo	4,160
Of-T-023	NOF Takanawa Building	Shinagawa, Tokyo	2,830
Of-T-024	PMO Hatchobori	Chuo, Tokyo	2,880
Of-T-025	NOF Minami Shinjuku Building	Shibuya, Tokyo	2,210
Of-T-026	PMO Nihonbashi Odenmachi	Chuo, Tokyo	2,210
Of-T-027	Central Shintomicho Building	Chuo, Tokyo	1,330
Of-T-028	PMO Higashi-nihonbashi	Chuo, Tokyo	1,690
Of-T-029	NRE Ueno Building	Taito, Tokyo	6,470
Of-T-030	NOF Technoport Kamata Center Building	Ota, Tokyo	4,780
Of-T-031	NF Hongo Building	Bunkyo, Tokyo	4,890
Of-T-032	Toho Edogawabashi Building	Bunkyo, Tokyo	1,140
Of-T-033	Toshin Meguro Building	Meguro, Tokyo	858
Of-T-034	Crystal Park Building	Musashino, Tokyo	3,390
Of-T-035	NOF Kichijoji Honcho Building	Musashino, Tokyo	1,780
Of-T-036	Faret Tachikawa Center Square	Tachikawa, Tokyo	3,850
Of-T-037	NOF Kawasaki Higashiguchi Building	Kawasaki, Kanagawa	7,830
Of-T-038	NOF Yokohama Nishiguchi Building	Yokohama, Kanagawa	5,460
Of-T-039	NOF Shin-Yokohama Building	Yokohama, Kanagawa	2,620
Of-T-040	Yokohama Odori Koen Building	Yokohama, Kanagawa	1,810
Of-S-001	Sapporo North Plaza	Sapporo, Hokkaido	6,250
Of-S-002	NRE Sapporo Building	Sapporo, Hokkaido	4,140
Of-S-003	JCB Sapporo Higashi Building	Sapporo, Hokkaido	3,270
Of-S-004	NOF Sendai Aoba-dori Building	Sendai, Miyagi	2,030
Of-S-005	NOF Utsunomiya Building	Utsunomiya, Tochigi	2,320
Of-S-006	NOF Nagoya Fushimi Building	Nagoya, Aichi	2,240
Of-S-007	NOF Nagoya Yanagibashi Building	Nagoya, Aichi	2,280
Of-S-008	Omron Kyoto Center Building	Kyoto, Kyoto	18,300
Of-S-009	SORA Shin-Osaka 21	Osaka, Osaka	12,100
Of-S-010	NRE Osaka Building	Osaka, Osaka	6,100
Of-S-011	NRE Nishi-Umeda Building	Osaka, Osaka	3,450
Of-S-012	NRE Yotsubashi Building	Osaka, Osaka	4,000
Of-S-013	NRE Hiroshima Building	Hiroshima, Hiroshima	2,280
Of-S-014	NOF Hakata Ekimae Building	Fukuoka, Fukuoka	4,210
Of-S-015	NOF Tenjin-Minami Building	Fukuoka, Fukuoka	2,230
Subtotal (55 properties)			355,638

Retail Facilities			
No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Rt-T-001	Morisia Tsudanuma	Narashino, Chiba	16,600
Rt-T-002	Yokosuka More's City	Yokosuka, Kanagawa	13,640
Rt-T-003	Recipe SHIMOKITA	Setagaya, Tokyo	10,407
Rt-T-004	Kawasaki More's	Kawasaki, Kanagawa	6,080
Rt-T-005	EQUINIA Shinjuku	Shinjuku, Tokyo	4,260
Rt-T-006	EQUINIA Ikebukuro	Toshima, Tokyo	3,990
Rt-T-007	covirna machida	Machida, Tokyo	3,440
Rt-T-008	Nitori Makuhari	Chiba, Chiba	3,080
Rt-T-009	Konami Sports Club Fuchu	Fuchu, Tokyo	2,730
Rt-T-010	FESTA SQUARE	Saitama, Saitama	2,600
Rt-T-011	GEMS Shibuya	Shibuya, Tokyo	2,490

No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Rt-T-012	Sundai Azamino	Yokohama, Kanagawa	1,700
Rt-T-013	EQUINIA Aobadai	Yokohama, Kanagawa	1,560
Rt-T-014	Megalos Kanagawa	Yokohama, Kanagawa	1,000
Rt-T-015	Mitsubishi Motors Meguro	Meguro, Tokyo	2,740
Rt-T-016	Mitsubishi Motors Chofu	Chofu, Tokyo	1,760
Rt-T-017	Mitsubishi Motors Shibuya	Shibuya, Tokyo	1,570
Rt-T-018	Mitsubishi Motors Nerima	Nerima, Tokyo	1,240
Rt-T-019	Mitsubishi Motors Kawasaki	Kawasaki, Kanagawa	950
Rt-T-020	Mitsubishi Motors Takaido	Suginami, Tokyo	850
Rt-T-021	Mitsubishi Motors Katsushika	Katsushika, Tokyo	800
Rt-T-022	Mitsubishi Motors Higashikurume	Higashikurume, Tokyo	800
Rt-T-023	Mitsubishi Motors Setagaya	Setagaya, Tokyo	770
Rt-T-024	Mitsubishi Motors Suginami	Suginami, Tokyo	740
Rt-T-025	Mitsubishi Motors Sekimachi	Nerima, Tokyo	600
Rt-T-026	Mitsubishi Motors Higashiyamato	Higashiyamato, Tokyo	450
Rt-T-027	Mitsubishi Motors Motsumiyoshi	Kawasaki, Kanagawa	370
Rt-T-028	Mitsubishi Motors Kawagoe	Kawagoe, Saitama	350
Rt-T-029	Mitsubishi Motors Edogawa	Edogawa, Tokyo	200
Rt-T-030	Mitsubishi Motors Sayama	Sayama, Saitama	160
Rt-T-031	NRE Kichijoji Building	Musashino, Tokyo	5,310
Rt-T-032	GEMS Ichigaya	Chiyoda, Tokyo	2,080
Rt-S-001	Universal CityWalk Osaka™	Osaka, Osaka	15,500
Rt-S-002	Izumiya Senrioka	Suita, Osaka	8,930
Rt-S-003	Merad Owada	Osaka, Osaka	6,640
Rt-S-004	Izumiya Yao	Yao, Osaka	4,406
Rt-S-005	Izumiya Obayashi	Takarazuka, Hyogo	3,020
Rt-S-006	Ichibancho stear	Sendai, Miyagi	4,700
Rt-S-007	EQUINIA Aobadai	Sendai, Miyagi	1,640
Subtotal (39 properties)			140,153

Logistics Facilities			
No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Lg-T-001	Landport Urayasu	Urayasu, Chiba	17,400
Lg-T-002	Landport Itabashi	Itabashi, Tokyo	15,710
Lg-T-003	Landport Kawagoe	Kawagoe, Saitama	13,700
Lg-T-004	Landport Atsugi	Atsugi, Kanagawa	11,410
Lg-T-005	Sagamihara Tana Logistics Center	Sagamihara, Kanagawa	10,600
Lg-T-006	Sagamihara Onodai Logistics Center	Sagamihara, Kanagawa	8,700
Lg-T-007	Landport Hachioji	Hachioji, Tokyo	8,250
Lg-T-008	Landport Kasukabe	Kasukabe, Saitama	7,340
Lg-T-009	Funabashi Logistics Center	Funabashi, Chiba	4,660
Lg-T-010	Atsugi Minami Logistics Center B Tower	Atsugi, Kanagawa	4,590
Lg-T-011	Hanyu Logistics Center	Hanyu, Saitama	3,810
Lg-T-012	Kawaguchi Logistics Center B Tower	Kawaguchi, Saitama	3,750
Lg-T-013	Kawaguchi Logistics Center A Tower	Kawaguchi, Saitama	2,830
Lg-T-014	Atsugi Minami Logistics Center A Tower	Atsugi, Kanagawa	2,690
Lg-T-015	Kawaguchi Ryoke Logistics Center	Kawaguchi, Saitama	10,790
Lg-S-001	Ota Nitta Logistics Center	Ota, Gunma	3,430
Lg-S-002	Ota Higashishinmachi Logistics Center	Ota, Gunma	2,170
Lg-S-003	Ota Kiyohara Logistics Center	Ota, Gunma	650
Lg-S-004	Chiyodamachi Logistics Center	Oura, Gunma	330
Subtotal (19 properties)			132,810

Residential Facilities			
No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Rs-T-001	PROUD FLAT Shirokane Takanawa	Minato, Tokyo	3,400
Rs-T-002	PROUD FLAT Yoyogi Uehara	Shibuya, Tokyo	989
Rs-T-003	PROUD FLAT Hatsudai	Shibuya, Tokyo	713
Rs-T-004	PROUD FLAT Shibuya Sakuragaoka	Shibuya, Tokyo	750
Rs-T-005	PROUD FLAT Gakugei Daigaku	Meguro, Tokyo	746
Rs-T-006	PROUD FLAT Meguro Gyoninzaka	Meguro, Tokyo	939
Rs-T-007	PROUD FLAT Sumida Riverside	Chuo, Tokyo	2,280
Rs-T-008	PROUD FLAT Kagurazaka	Shinjuku, Tokyo	1,590
Rs-T-009	PROUD FLAT Waseda	Shinjuku, Tokyo	1,110
Rs-T-010	PROUD FLAT Shinjuku Kawadacho	Shinjuku, Tokyo	947
Rs-T-011	PROUD FLAT Sangen Jaya	Setagaya, Tokyo	1,190
Rs-T-012	PROUD FLAT Kamata	Ota, Tokyo	1,160
Rs-T-013	PROUD FLAT Kamata II	Ota, Tokyo	3,320
Rs-T-014	PROUD FLAT Shinotsuka	Toshima, Tokyo	623
Rs-T-015	PROUD FLAT Kiyosumi Shirakawa	Koto, Tokyo	928
Rs-T-016	PROUD FLAT Monzen Nakacho II	Koto, Tokyo	652
Rs-T-017	PROUD FLAT Monzen Nakacho I	Koto, Tokyo	1,030

No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Rs-T-018	PROUD FLAT Fujimidai	Nerima, Tokyo	1,470
Rs-T-019	PROUD FLAT Asakusa	Taito, Tokyo	1,920
Rs-T-020	PROUD FLAT Yokohama	Yokohama, Kanagawa	2,090
Rs-T-021	PROUD FLAT Kamiooka	Yokohama, Kanagawa	2,710
Rs-T-022	PROUD FLAT Tsurumi II	Yokohama, Kanagawa	1,650
Rs-T-023	PRIME URBAN Azabu Juban	Minato, Tokyo	1,100
Rs-T-024	PRIME URBAN Akasaka	Minato, Tokyo	938
Rs-T-025	PRIME URBAN Tamachi	Minato, Tokyo	972
Rs-T-026	PRIME URBAN Shibaura	Minato, Tokyo	1,830
Rs-T-027	PRIME URBAN Hatagaya	Shibuya, Tokyo	469
Rs-T-028	PRIME URBAN Yoyogi	Shibuya, Tokyo	359
Rs-T-029	PRIME URBAN Meguro II	Shibuya, Tokyo	1,140
Rs-T-030	PRIME URBAN Bancho	Chiyoda, Tokyo	1,090
Rs-T-031	PRIME URBAN Chiyoda Fujimi	Chiyoda, Tokyo	679
Rs-T-032	PRIME URBAN Iidabashi	Chiyoda, Tokyo	2,040
Rs-T-033	PRIME URBAN Ebisu	Meguro, Tokyo	1,260
Rs-T-034	PRIME URBAN Naka Meguro	Meguro, Tokyo	1,410
Rs-T-035	PRIME URBAN Gakugei Daigaku	Meguro, Tokyo	775
Rs-T-036	PRIME URBAN Senzoku	Meguro, Tokyo	474
Rs-T-037	PRIME URBAN Meguro Riverside	Meguro, Tokyo	414
Rs-T-038	PRIME URBAN Meguro Ohashi Hills	Meguro, Tokyo	2,970
Rs-T-039	PRIME URBAN Meguro Aobadai	Meguro, Tokyo	1,310
Rs-T-040	PRIME URBAN Gakugei Daigaku II	Meguro, Tokyo	1,080
Rs-T-041	PRIME URBAN Naka Meguro II	Meguro, Tokyo	2,850
Rs-T-042	PRIME URBAN Kachidoki	Chuo, Tokyo	2,570
Rs-T-043	PRIME URBAN Shinkawa	Chuo, Tokyo	2,100
Rs-T-044	PRIME URBAN Nihonbashi Yokoyamacho	Chuo, Tokyo	4,220
Rs-T-045	PRIME URBAN Nihonbashi Hamacho	Chuo, Tokyo	1,550
Rs-T-046	PRIME URBAN Hongo Ikizaka	Bunkyo, Tokyo	557
Rs-T-047	PRIME URBAN Hakusan	Bunkyo, Tokyo	866
Rs-T-048	PRIME URBAN Yotsuya Gaien Higashi	Shinjuku, Tokyo	1,490
Rs-T-049	PRIME URBAN Ochiai	Shinjuku, Tokyo	338
Rs-T-050	PRIME URBAN Nishi Shinjuku I	Shinjuku, Tokyo	1,090
Rs-T-051	PRIME URBAN Nishi Shinjuku II	Shinjuku, Tokyo	885
Rs-T-052	PRIME URBAN Shinjuku Naitomachi	Shinjuku, Tokyo	430
Rs-T-053	PRIME URBAN Nishi Waseda	Shinjuku, Tokyo	421
Rs-T-054	PRIME URBAN Shinjuku Ochiai	Shinjuku, Tokyo	594
Rs-T-055	PRIME URBAN Mejiro	Shinjuku, Tokyo	1,430
Rs-T-056	PRIME URBAN Kagurazaka	Shinjuku, Tokyo	2,900
Rs-T-057	PRIME URBAN Sangen Jaya III	Setagaya, Tokyo	718
Rs-T-058	PRIME URBAN Chitose Karasuyama	Setagaya, Tokyo	717
Rs-T-059	PRIME URBAN Sangen Jaya II	Setagaya, Tokyo	483
Rs-T-060	PRIME URBAN Sangen Jaya	Setagaya, Tokyo	724
Rs-T-061	PRIME URBAN Minami Karasuyama	Setagaya, Tokyo	667
Rs-T-062	PRIME URBAN Karasuyama Galleria	Setagaya, Tokyo	549
Rs-T-063	PRIME URBAN Karasuyama Court	Setagaya, Tokyo	338
Rs-T-064	PRIME URBAN Kamikitazawa	Setagaya, Tokyo	597
Rs-T-065	PRIME URBAN Chitose Funabashi	Setagaya, Tokyo	746
Rs-T-066	PRIME URBAN Yoga	Setagaya, Tokyo	1,390
Rs-T-067	PRIME URBAN Shinagawa Nishi	Shinagawa, Tokyo	494
Rs-T-068	PRIME URBAN Osaki	Shinagawa, Tokyo	1,860
Rs-T-069	PRIME URBAN Oimachi II	Shinagawa, Tokyo	1,040
Rs-T-070	PRIME URBAN Yukigaya	Ota, Tokyo	951
Rs-T-071	PRIME URBAN Omori	Ota, Tokyo	905
Rs-T-072	PRIME URBAN Denenchofu Minami	Ota, Tokyo	774
Rs-T-073	PRIME URBAN Nagahara Kamiikeda	Ota, Tokyo	1,720
Rs-T-074	PRIME URBAN Nakano	Nakano, Tokyo	489
Rs-T-075	PRIME URBAN Nakano Kamitakada	Nakano, Tokyo	498
Rs-T-076	PRIME URBAN Takaido	Suginami, Tokyo	1,060
Rs-T-077	PRIME URBAN Nishi Ogikubo	Suginami, Tokyo	414
Rs-T-078	PRIME URBAN Nishi Ogikubo II	Suginami, Tokyo	1,790
Rs-T-079	PRIME URBAN Otsuka	Toshima, Tokyo	730
Rs-T-080	PRIME URBAN Komagome	Toshima, Tokyo	437
Rs-T-081	PRIME URBAN Ikebukuro	Toshima, Tokyo	3,800
Rs-T-082	PRIME URBAN Monzen Nakacho	Koto, Tokyo	2,420
Rs-T-083	PRIME URBAN Kameido	Koto, Tokyo	779
Rs-T-084	PRIME URBAN Sumiyoshi	Koto, Tokyo	632
Rs-T-085	PRIME URBAN Mukojima	Sumida, Tokyo	528
Rs-T-086	PRIME URBAN Kinshi Koen	Sumida, Tokyo	1,290
Rs-T-087	PRIME URBAN Kinshicho	Sumida, Tokyo	758

No.	Name	Location (Ward/City/Gun, Prefecture)	Acquisition Price (Millions of Yen)
Rs-T-088	PRIME URBAN Hirai	Edogawa, Tokyo	722
Rs-T-089	PRIME URBAN Kasai	Edogawa, Tokyo	640
Rs-T-090	PRIME URBAN Kasai II	Edogawa, Tokyo	981
Rs-T-091	PRIME URBAN Kasai East	Edogawa, Tokyo	1,140
Rs-T-092	PRIME URBAN Ekoda	Nerima, Tokyo	409
Rs-T-093	PRIME URBAN Itabashi Kuyakushomae	Itabashi, Tokyo	1,080
Rs-T-094	PRIME URBAN Asakusa	Taito, Tokyo	384
Rs-T-095	PRIME URBAN Machiya South Court	Arakawa, Tokyo	1,910
Rs-T-096	PRIME URBAN Musashi Koganei	Koganei, Tokyo	1,910
Rs-T-097	PRIME URBAN Musashino Hills	Koganei, Tokyo	1,280
Rs-T-098	PRIME URBAN Koganei Honcho	Koganei, Tokyo	791
Rs-T-099	PRIME URBAN Kumegawa	Higashimurayama, Tokyo	1,520
Rs-T-100	PRIME URBAN Musashi Kosugi comodo	Kawasaki, Kanagawa	1,940
Rs-T-101	PRIME URBAN Kawasaki	Kawasaki, Kanagawa	962
Rs-T-102	PRIME URBAN Shinyurigaoka	Kawasaki, Kanagawa	1,020
Rs-T-103	PRIME URBAN Tsurumi Teraya	Yokohama, Kanagawa	493
Rs-T-104	PRIME URBAN Urayasu II	Urayasu, Chiba	227
Rs-T-105	PRIME URBAN Urayasu	Urayasu, Chiba	804
Rs-T-106	PRIME URBAN Gyotoku I	Ichikawa, Chiba	633
Rs-T-107	PRIME URBAN Gyotoku II	Ichikawa, Chiba	730
Rs-T-108	PRIME URBAN Gyotoku Ekimae	Ichikawa, Chiba	488
Rs-T-109	PRIME URBAN Gyotoku Ekimae II	Ichikawa, Chiba	469
Rs-T-110	PRIME URBAN Gyotoku III	Ichikawa, Chiba	747
Rs-T-111	PRIME URBAN Nishi Funabashi	Funabashi, Chiba	761
Rs-T-112	PRIME URBAN Kawaguchi	Kawaguchi, Saitama	1,580
Rs-T-113	PROUD FLAT Hatchobori	Chuo, Tokyo	920
Rs-T-114	PROUD FLAT Itabashi Honcho	Itabashi, Tokyo	720
Rs-S-001	PROUD FLAT Itsutsubashi	Sendai, Miyagi	652
Rs-S-002	PROUD FLAT Kawaramachi	Sendai, Miyagi	735
Rs-S-003	PROUD FLAT Shin Osaka	Osaka, Osaka	1,620
Rs-S-004	PRIME URBAN Yamahana	Sapporo, Hokkaido	273
Rs-S-005	PRIME URBAN Kita Juyo Jo	Sapporo, Hokkaido	274
Rs-S-006	PRIME URBAN Odori Koen I	Sapporo, Hokkaido	502
Rs-S-007	PRIME URBAN Odori Koen II	Sapporo, Hokkaido	334

NMF Office Portfolio

Acquisitions center on brands developed by Nomura Real Estate Development including PMO (Premium Midsize Office). Representative acquisitions are indicated below.

Total Office Portfolio	Total Acquisition Value for Portfolio
55 properties	355,638 million yen



Shinjuku Nomura Building

Acquisition Price: **43,900** million yen

Nearest Station: **Shinjuku Station**

Completion: May 1978



PMO Higashi-nihonbashi

Acquisition Price: **1,690** million yen

Nearest Station: **Higashi-nihonbashi Station**

Completion: October 2009



Kojimachi Millennium Garden

Acquisition Price: **26,700** million yen

Nearest Station: **Yotsuya Station**

Completion: May 2000



NOF Nihonbashi Honcho Building



NRE Tennozu Building



Secom Medical Building



NOF Shibuya Koen-dori Building



NOF Shinjuku Minamiguchi Building



Omron Kyoto Center Building



SORA Shin-Osaka 21



Sapporo North Plaza

NMF Retail Portfolio

Acquisitions placing GEMS as the core brand developed by Nomura Real Estate Development in urban areas, iconic destinations like Universal CityWalk Osaka™ and other retail centers. Representative acquisitions are indicated below.

Total Office Portfolio	Total Acquisition Value for Portfolio
39 properties	140,153 million yen



NRE Kichijoji Building

Acquisition Price: **5,310** million yen

Nearest Station: **Kichijoji Station**

Completion: July 2014



GEMS Ichigaya

Acquisition Price: **2,080** million yen

Nearest Station: **Ichigaya Station**

Completion: October 2014



GEMS Shibuya

Acquisition Price: **2,490** million yen

Nearest Station: **Shibuya Station**

Completion: September 2012



Morisia Tsudanuma



Ichibancho stear



Yokosuka More's City



Kawasaki More's



Recipe SHIMOKITA



Merad Owada



Izumiya Senrioka



Universal CityWalk Osaka™

Acquisition Price: **15,500** million yen

Nearest Station: **Universal City Station** / Completion: June 2001

NMF Logistics Portfolio

Acquisitions center on Landport, the logistics centers developed by Nomura Real Estate Development. Representative acquisitions are indicated below.

Total Office Portfolio	Total Acquisition Value for Portfolio
19 properties	132,810 million yen



Landport Itabashi

Acquisition Price: **15,710** million yen

Nearest Station: Nishidai Station

Completion: January 2008



Landport Urayasu

Acquisition Price: **17,400** million yen

Nearest Station: Maihama Station

Completion: May 2008



Landport Kawagoe

Acquisition Price: **13,700** million yen

Nearest Station: Minami-Otsuka Station

Completion: May 2009



Sagamihara Tana Logistics Center



Sagamihara Onodai Logistics Center



Kawaguchi Ryoke Logistics Center



Funabashi Logistics Center



Landport Kasukabe



Landport Atsugi



Landport Hachioji

NMF Residential Portfolio

Acquisitions center on the PROUD FLAT and PRIME URBAN series developed by Nomura Real Estate Development. Representative acquisitions are indicated below.

Total Office Portfolio	Total Acquisition Value for Portfolio
148 properties	164,057 million yen



PROUD FLAT Sumida Riverside

Acquisition Price: **2,280** million yen

Nearest Station: Kayabacho Station

Completion: February 2007



PROUD FLAT Kagurazaka

Acquisition Price: **1,590** million yen

Nearest Station: Kagurazaka Station

Completion: November 2006



PRIME URBAN Sapporo Riverfront

Acquisition Price: **4,480** million yen

Nearest Station: Nakajima Koen Station

Completion: January 2008



PRIME URBAN Nihonbashi Yokoyamacho



PRIME URBAN Ikebukuro



PROUD FLAT Shirokane Takanawa



PROUD FLAT Kamata II



PRIME URBAN Meguro Ohashi Hills



PRIME URBAN Naka Meguro II



PROUD FLAT Kamioka



PRIME URBAN Izumi

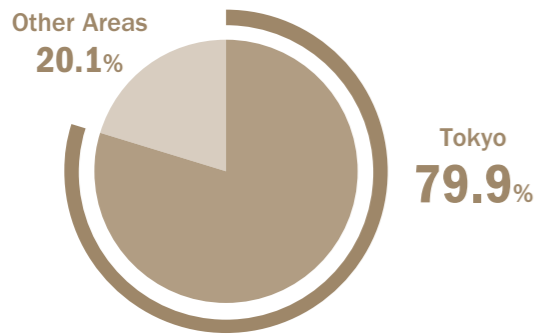
Portfolio Diversification

Diversification is critical for stability of a J-REIT and NMF achieved diversification through the numerous factors illustrated below.

As of April 30, 2016

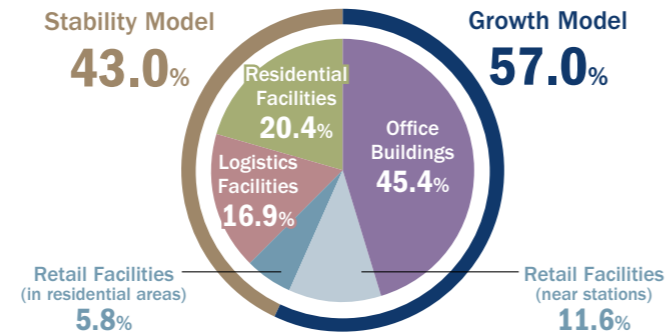
Diversification by Area

Property quantity is also spread among various geographical areas with 75% or more of the properties in the Tokyo area and about 25% in three major metropolitan areas and government designated cities.



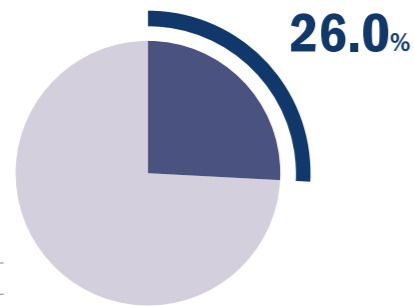
Diversification by Use

The portfolio is also divided by use to provide further stability.



Diversification by Properties

Ratio of Portfolio Comprised of Top Ten Properties

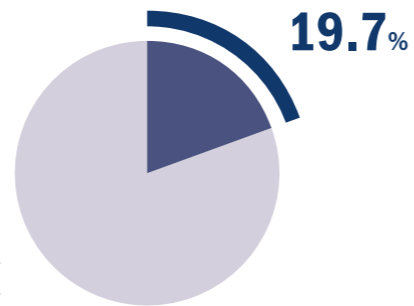


Ratio at the Former Three REITs Before the Merger

NMF	51.1%
NOF	52.7%
NRF	21.2%

Diversification by Tenants

Ratio of Portfolio Comprised of Top Ten Tenants



Ratio at the Former Three REITs Before the Merger

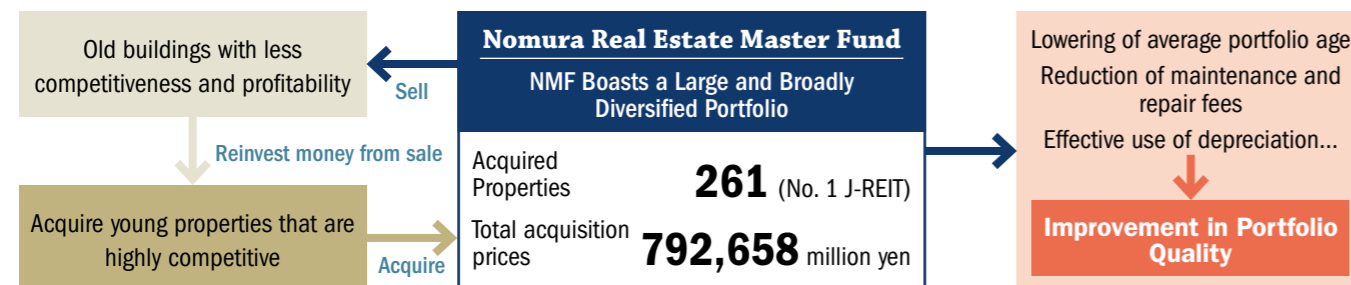
NMF	48.2%
NOF	27.3%
NRF	6.8%

Note: Figures based on rents are indicated. However, the ratios are calculated based on agreements executed with the end-tenants for pass-through type master lease agreements.

Portfolio Replacement Strategy

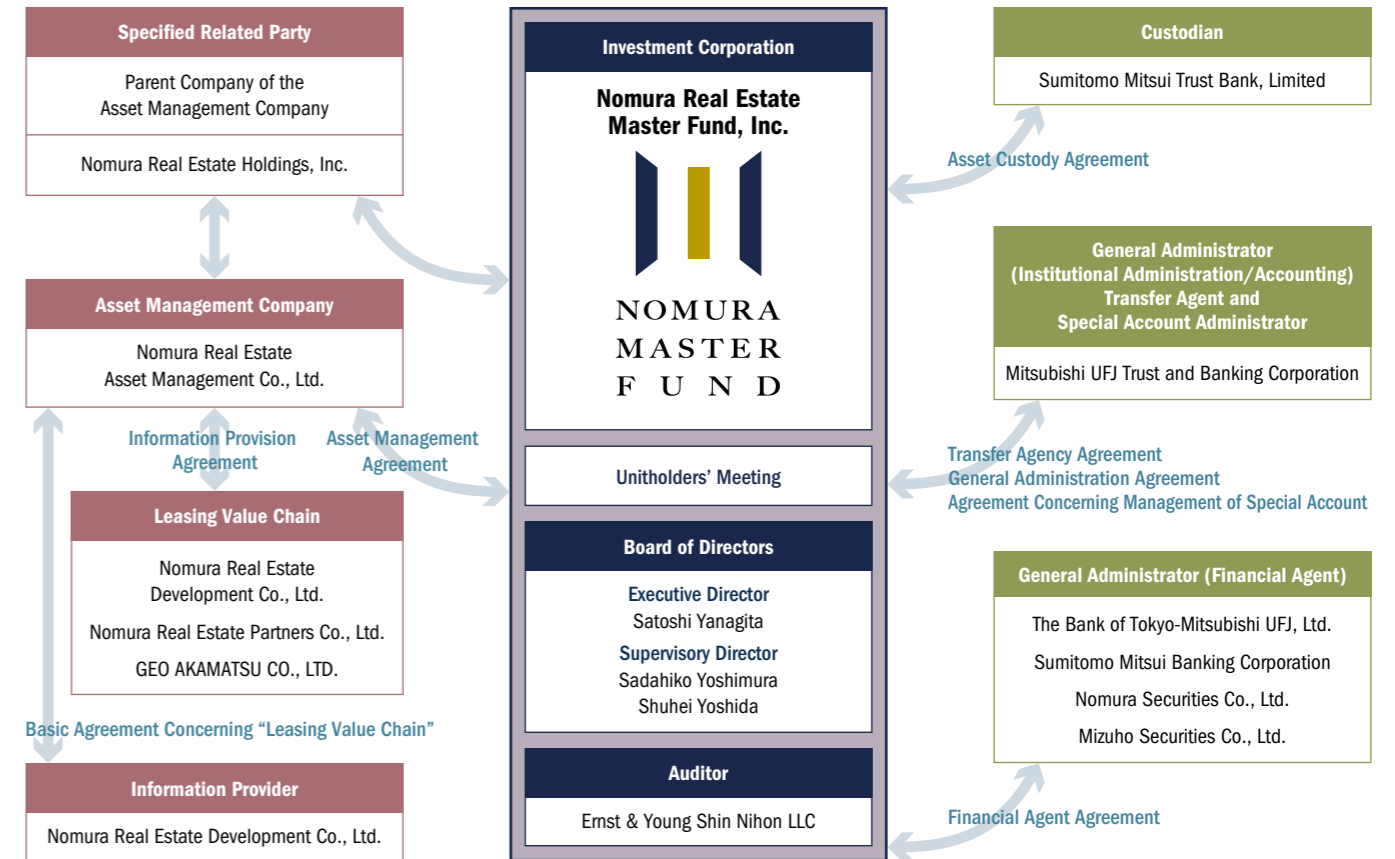
NMF's portfolio replacement strategy calls for selling old and less competitive properties and acquiring newer and more competitive properties, and for effective utilization of depreciation.

What is the portfolio replacement strategy?

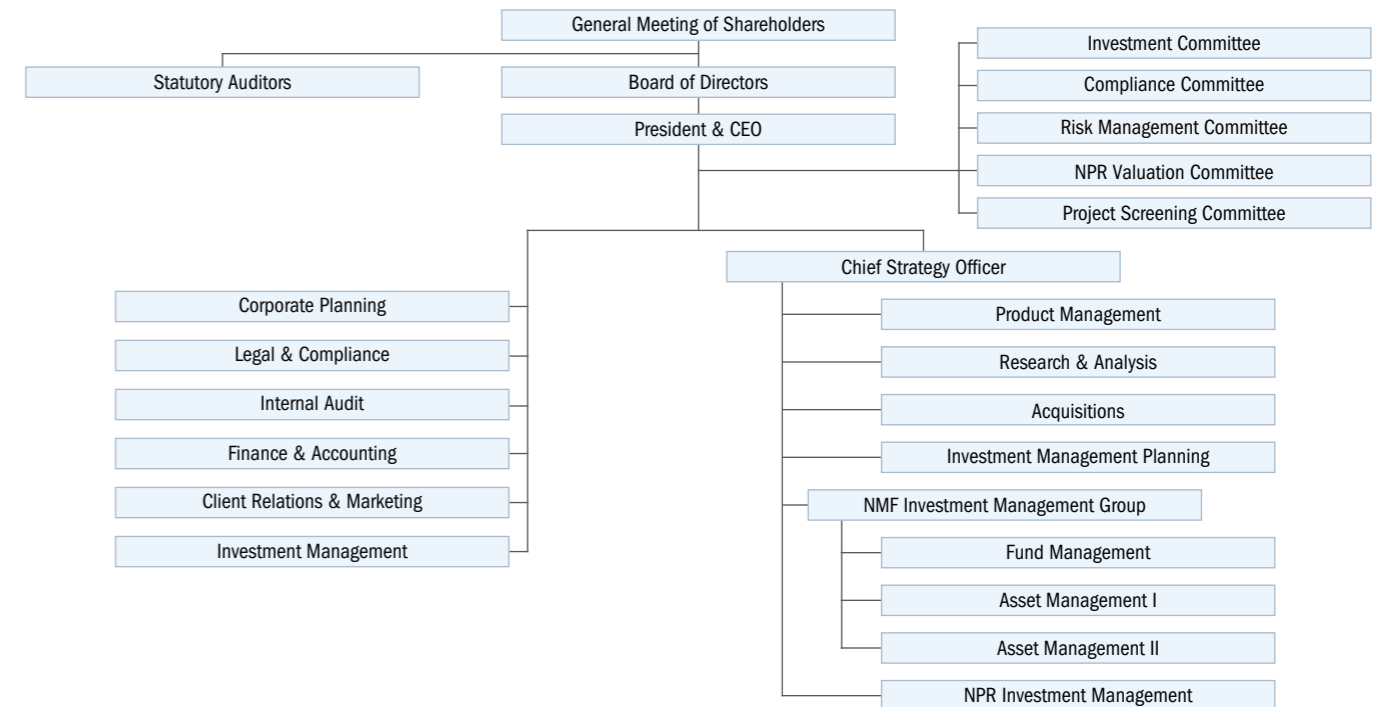


Structure and Organization

Structure of NMF



Organization of NREAM



Balance Sheet

Financial Section

	Thousands of Yen
	As of February 29, 2016
ASSETS	
Current Assets:	
Cash and bank deposits	¥58,325,160
Rental receivables	436,677
Income taxes receivable	35
Other current assets	1,015,420
Allowance for doubtful accounts	(54)
Total current assets	59,777,238
Property and Equipment:	
Land	523,662,007
Buildings and structures	267,849,174
Machinery and equipment	569,328
Tools, furniture and fixtures	224,983
Leased assets	24,495
Construction in progress	436,021
Subtotal	792,766,008
Less accumulated depreciation	(10,942,164)
Net property and equipment	781,823,844
Investments and Other Assets:	
Goodwill	76,252,703
Leasehold rights	8,493,227
Intangible assets	25,399
Investment securities	91,431
Long-term prepaid expenses	742,792
Long-term deposits	89,386
Security deposits	977,584
Deferred investment corporation bond issuance costs	23,783
Total investments and other assets	86,696,305
Total Assets	¥928,297,387

The accompanying notes to financial statements are an integral part of these statements.

	Thousands of Yen
	As of February 29, 2016
LIABILITIES	
Current Liabilities:	
Trade accounts payable	¥2,162,601
Short-term debt	9,100,000
Current portion of investment corporation bonds	5,000,000
Current portion of long-term debt	50,015,600
Lease obligations	8,651
Other accounts payable	1,888,592
Accrued expenses	325,814
Accrued income taxes	994
Accrued consumption taxes	140,702
Rent received in advance	4,394,283
Unearned revenue	369,865
Derivative liabilities	37,854
Other current liabilities	298,548
Total current liabilities	73,743,504
Long-term Liabilities:	
Investment corporation bonds	27,500,000
Long-term debt	311,549,000
Lease obligations	14,047
Long-term advanced received	838,163
Security deposits from tenants	34,221,440
Derivative liabilities	2,829,741
Total long-term liabilities	376,952,391
Total Liabilities	450,695,895
NET ASSETS	
Unitholders' Equity:	
Unitholders' capital	161,120,405
Surplus	
Capital surplus	315,299,775
Retained earnings	4,048,907
Total surplus	319,348,682
Total unitholders' equity	480,469,087
Valuation and Translation Adjustments:	
Deferred gains or losses on hedges	(2,867,595)
Valuation and translation adjustments	(2,867,595)
Total Net Assets	477,601,492
Total Liabilities and Net Assets	¥928,297,387

The accompanying notes to financial statements are an integral part of these statements.

Statement of Income and Retained Earnings

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Operating Revenues and Expenses	
Operating Revenues:	
Real estate rental revenues	¥24,312,612
Gain on investments in silent partnership	1,066
	24,313,678
Operating Expenses:	
Real estate rental expenses	11,546,709
Impairment Loss	79,020
Asset management fees	1,505,234
Asset custody fees	21,349
Administrative service fees	185,996
Merger expenses	2,590,275
Amortization of goodwill	1,622,398
Other operating expenses	279,520
	17,830,501
Operating Profit	6,483,177
Non-Operating Revenues and Expenses	
Non-Operating Revenues:	
Interest income	6,064
Reversal of dividends payable	3,907
Interest on refund	17
Other non-operating revenues	97
	10,085
Non-Operating Expenses:	
Interest expense	1,408,455
Interest expenses on investment corporation bonds	294,326
Amortization of investment corporation bond issuance costs	1,143
Loan arrangement fees	297,926
Other offering costs associated with the issuance of investment units	436,525
Other non-operating expenses	4,550
	2,442,925
Ordinary Income	4,050,337
Income before Income Taxes	4,050,337
Income Taxes:	
Current	2,019
Deferred	40
	2,059
Net Income	4,048,278
Retained earnings received by merger	629
Retained Earnings at End of Period	¥4,048,907

The accompanying notes to financial statements are an integral part of these statements.

Statement of Changes in Net Assets

For the period from October 1, 2015 to February 29, 2016

	Thousands of Yen					
	Unitholders' Equity					
	Units	Unitholders' Capital	Capital Surplus	Surplus Retained Earnings	Total Surplus	Total Unitholders' Equity
Balance as of October 1, 2015	-	-	-	-	-	-
Increase by merger	3,722,010	¥161,120,405	¥315,299,775	¥913,191	¥316,212,966	¥477,333,371
Cash distribution paid	-	-	-	(912,562)	(912,562)	(912,562)
Net income	-	-	-	4,048,278	4,048,278	4,048,278
Net changes of items other than unitholder's equity	-	-	-	-	-	-
Balance as of February 29, 2016	3,722,010	¥161,120,405	¥315,299,775	¥4,048,907	¥319,348,682	¥480,469,087

	Thousands of Yen		
	Valuation and Translation Adjustments		
	Deferred Gains or Losses on Hedges	Total Valuation and Translation Adjustments	Total Net Assets
Balance as of October 1, 2015	-	-	-
Increase by merger	-	-	¥477,333,371
Cash distribution paid	-	-	(912,562)
Net income	-	-	4,048,278
Net changes of items other than unitholder's equity	(¥2,867,595)	(¥2,867,595)	(2,867,595)
Balance as of February 29, 2016	(¥2,867,595)	(¥2,867,595)	¥477,601,492

The accompanying notes to financial statements are an integral part of these statements.

Statement of Cash Flows

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Cash Flows	
Cash Flows from Operating Activities	
Income before income taxes	¥4,050,337
Depreciation	3,472,856
Impairment loss	79,020
Amortization of goodwill	1,622,398
Amortization of investment corporation bond issuance costs	1,143
Interest income	(6,064)
Interest expense	1,702,781
Loss on disposal of property and equipment	6,882
Increase (Decrease) in allowance for doubtful accounts	54
Decrease (Increase) in rental receivables	138,204
Decrease (Increase) in long-term prepaid expenses	(218,802)
Decrease (Increase) in long-term deposits	(180)
Increase (Decrease) in trade accounts payable	606,537
Increase (Decrease) in other accounts payable	(8,392)
Increase (Decrease) in accrued consumption taxes	(347,570)
Increase (Decrease) in accrued expenses	(524,025)
Increase (Decrease) in rent received in advance	86,852
Other	129,783
Subtotal	10,791,814
Interest received	6,064
Interest paid	(2,077,288)
Income taxes paid	5,251
Net cash provided by (used in) operating activities	8,725,841
Cash Flows from Investing Activities	
Payments for purchases of property and equipment	(11,178,616)
Payments for purchases of leasehold rights and intangible assets	(11,882)
Proceeds from withdrawal of investment securities	8,754
Reimbursement of security deposits to tenants	(1,253,605)
Proceeds from security deposits from tenants	944,334
Payments for security deposits	(10,000)
Proceeds from security deposits	76
Net cash provided by (used in) investing activities	(11,500,939)
Cash Flows from Financing Activities	
Proceeds from short-term debt	5,000,000
Proceeds from long-term debt	29,500,000
Repayment of long-term debt	(11,082,800)
Redemption of investment corporation bonds	(15,000,000)
Distributions to unitholders	(8,886,988)
Net cash provided by (used in) financing activities	(469,788)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,244,886)
Cash and Cash Equivalents at Beginning of Period	-
Increase in Cash and Cash Equivalents Resulting from Merger	61,570,046
Cash and Cash Equivalents at End of Period	¥58,325,160

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

1. ORGANIZATION

Nomura Real Estate Master Fund, Inc. (the "Company") is a real estate investment corporation formed to own and invest primarily in logistics facilities, retail facilities, offices and residential facilities. The Company is externally managed by a licensed asset management company, Nomura Real Estate Asset Management Co., Ltd. ("NREAM"). NREAM is a wholly-owned subsidiary of Nomura Real Estate Holdings, Inc. NMF was established on October 1, 2015 through the consolidation type merger of the former Nomura Real Estate Master Fund, Inc. (hereinafter the "former NMF"), Nomura Real Estate Office Fund, Inc. (hereinafter "NOF") and Nomura Real Estate Residential Fund, Inc. (hereinafter "NRF"), and listed its investment securities (TSE code: 3462) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on October 2 the same year.

NMF adopts the basic policy of investing primarily in real estate and other assets to secure stable income and steady growth of assets under management over the medium to long term. In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures) which has strong tenant demand while also considering regional diversification through the three major metropolitan areas and cabinet-order designated cities, etc. By combining the "diversified type strategy" in which investments are made in facilities of a variety of sectors such as logistics facilities, retail facilities, offices and residential facilities with the "large-scale REIT strategy" which pursues the effects of diversifying properties and tenants to make the portfolio more stable as well as with the utilization of the "leasing value chain" with the Nomura Real Estate Group, the sponsor, NMF will aim to increase unitholder value by securing stable income and steady growth of assets under management over the medium to long term.

2. BASIS OF PRESENTATION

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Act of Japan, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information. Amounts have been rounded to the nearest thousand yen in the accompanying financial statements and the notes thereto, whereas amounts were truncated in the Japanese financial statements prepared in accordance with Japanese GAAP.

The Company's fiscal period is a six-month period which ends at the end of February or August. The Company does not prepare consolidated financial statements because it has no subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments that are highly liquid, readily convertible to cash, with an insignificant risk of market value fluctuation, and with a maturity of three months or less when purchased.

Property and equipment

Property and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the fixed assets outlined below:

Buildings	3 - 70 years
Structures	2 - 45 years
Machinery and equipment	2 - 10 years
Tools, furniture and fixtures	2 - 15 years

Intangible assets

Intangible assets are amortized by the straight-line method.

Goodwill is amortized using straight-line method over 20 years.

Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

Investment securities

Non-marketable securities are stated at cost determined by the moving average method.

For the silent partnership equity interest, the method of allocating the partnership's profit/loss is based on the Company's proportional interest.

Impairment of fixed assets

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of its fixed assets may not be recoverable. An impairment loss is recognized if the carrying value of an asset exceeds the aggregate estimated future cash flows. If a fixed asset is determined to be impaired, it is written down to its recoverable amount and the write-down is recorded as an impairment loss during the period in which it occurs.

Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.

Allowance for doubtful accounts

For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on a case-by-case examination for doubtful and other specific receivables.

Accounting treatment of beneficial interests in real estate

All assets and liabilities held in trust, for which the real estate in possession of the Company was entrusted, and all related earnings and expenses incurred are reflected in the accompanying balance sheet and statement of income and retained earnings, respectively.

Revenue recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other income. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts are reasonably estimated.

Property related taxes

Property in Japan is subject to property taxes, urban planning taxes and depreciable property taxes on a calendar year basis. The taxes related to property are generally imposed based on the value of the relevant property and incurred for fiscal period.

The seller of a property is liable for property related taxes for the period from the purchase date through the end of that calendar year because taxes are imposed on the owner registered in the record as of January 1 for the entire year based on the assessment made by the local government. The amount applicable to the buyer of a property is usually settled between each party and capitalized as part of the acquisition cost of the property. The capitalized property related taxes amounted to ¥5,370 thousand for the fiscal period ended February 29, 2016.

Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statements and income tax bases of assets and liabilities using the applicable statutory tax rates.

Consumption taxes

Consumption taxes received and paid are not included in the accompanying statement of income and retained earnings.

Derivative financial instruments

The Company utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Company defers recognition of gains or losses resulting from changes in the fair value of interest-rate swap contracts which meet the criteria for deferral hedge accounting.

Although the deferred hedge treatment is generally applied, the Company applies special treatment to those interest-rate swap contracts that meet the criteria for such special treatment. Under the special treatment, interest-rate swaps are not remeasured at fair value; instead, the net amount paid or received under the interest rate swap contract is recognized and included in interest expense or income.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of February 29, 2016 consist of the following:

	Thousands of Yen
	As of February 29, 2016
Cash and bank deposits	¥58,325,160
Cash and cash equivalents	¥58,325,160

Cash and cash equivalents was increased by ¥61,570,046 thousand by the merger.

Important contents of the non-cash transactions

NMF was established through the consolidation type merger of the former NMF with the consolidated investment corporations, namely NOF and NRF. The main breakdown of the assets and liabilities inherited from these three investment corporations is as follows. The increase of unitholders' capital and capital surplus are ¥161,120,405 thousand and ¥315,299,775 thousand respectively.

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Current assets	¥63,281,118
Non-current assets	783,332,892
Deferred assets	24,926
Total assets	¥846,638,936
Current liabilities	62,222,671
Long-term liabilities	384,957,994
Total liabilities	¥447,180,665

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of February 29, 2016 consist of the following:

	Thousands of Yen	
	As of February 29, 2016	
	Acquisition costs	Book value
Land	¥171,862,734	¥171,862,734
Buildings and structures	102,418,893	
Accumulated depreciation	(1,545,725)	100,873,168
Machinery and equipment	501,737	
Accumulated depreciation	(48,242)	453,495
Tools, furniture and fixtures	21,885	
Accumulated depreciation	(765)	21,120
Land in trust	351,799,273	351,799,273
Buildings and structures in trust	165,430,281	
Accumulated depreciation	(9,325,899)	156,104,382
Machinery and equipment in trust	67,591	
Accumulated depreciation	(2,382)	65,209
Tools, furniture and fixtures in trust	203,098	
Accumulated depreciation	(15,802)	187,296
Lease assets in trust	24,495	
Accumulated depreciation	(3,349)	21,146
Construction in progress	436,021	436,021
Total	¥781,823,844	¥781,823,844

6. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

Short-term debt and current portion of long-term debt as of February 29, 2016 consist of the following:

	As of February 29, 2016	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on May 26, 2016	¥4,100,000	0.17545%
Unsecured loans from banks due on February 24, 2017	5,000,000	0.67863%
Unsecured loans from a bank due on May 26, 2016	1,000,000	0.52000%
Unsecured loans from a bank due on June 26, 2016	9,400,000	1.11700%
Unsecured loans from a bank due on August 26, 2016	3,000,000	1.10100%
Unsecured loans from a bank due on August 26, 2016	2,000,000	0.79750%
Unsecured loans from a bank due on August 26, 2016	3,000,000	0.44545%
Unsecured loans from a bank due on November 26, 2016	13,000,000	0.64250%
Unsecured loans from a bank due on February 26, 2017	1,000,000	1.07450%
Unsecured loans from a bank due on February 26, 2017	2,000,000	0.88700%
Unsecured loans from a bank due on February 26, 2017	1,800,000	0.69000%
Unsecured loans from a bank due on February 26, 2017	4,500,000	0.49545%
Unsecured loans from a bank due on June 25, 2016 (Note 2)	6,750,000	1.97000%
Unsecured loans from a bank due on August 27, 2016 (Note 3)	1,080,000	2.10000%
Unsecured loans from a bank due on February 26, 2016 (Note 4)	1,400,000	2.03000%
Unsecured loans from a bank due on May 26, 2025 (Note 5)	42,800	2.17000%
Unsecured loans from a bank due on May 26, 2025 (Note 5)	42,800	2.21812%
Total	¥59,115,600	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Repay ¥250 million of principal at each Repayment Date until December 25, 2015, and repay ¥6.750 million on December 25, 2016, the last repayment date.

Note 3: The amount of ¥40 million every Date of Repayment from February 27, 2010 to February 27, 2016, and the repayment of ¥1,080 million on August 27, 2016, the Final Date of Repayment.

Note 4: The amount of ¥50 million every Date of Repayment from August 26, 2010 to August 26, 2016, and ¥1,350 million on February 26, 2017, the last Date of Repayment.

Note 5: Repay ¥10.7 million of principal at each repayment date during the period between August 26, 2013, and February 26, 2025, and repay ¥497.1 million on May 26, 2025, the last repayment date.

- (1) The Company entered into ¥10,000 million credit facilities in the form of commitment lines with three financial institutions for the fiscal period ended February 29, 2016. The total unused amounts of such credit facilities were ¥5,000 million as of February 29, 2016.
- (2) The Company entered into ¥30,000 million credit facilities in the form of commitment lines with three financial institutions for the fiscal period ended February 29, 2016. The total unused amounts of such credit facilities were ¥30,000 million as of February 29, 2016.

7. LONG-TERM DEBT

Long-term debt as of February 29, 2016 consist of the following:

	As of February 29, 2016	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on March 11, 2017	¥5,000,000	0.39545%
Unsecured loans from banks due on March 26, 2017	1,000,000	0.25545%
Unsecured loans from banks due on June 10, 2017	3,900,000	1.43500%
Unsecured loans from banks due on August 26, 2017	750,000	0.48000%
Unsecured loans from banks due on August 26, 2017	5,000,000	0.25545%
Unsecured loans from banks due on August 27, 2017	9,000,000	1.12850%
Unsecured loans from banks due on August 27, 2017	3,920,000	1.08500%
Unsecured loans from banks due on September 26, 2017	4,000,000	0.19545%
Unsecured loans from a bank due on December 26, 2017	12,900,000	1.03775%
Unsecured loans from banks due on February 26, 2018	1,000,000	1.84650%
Unsecured loans from banks due on February 26, 2018	1,500,000	0.48000%
Unsecured loans from banks due on February 27, 2018	5,420,000	1.12013%
Unsecured loans from a bank due on May 26, 2018	12,200,000	0.86250%
Unsecured loans from banks due on June 26, 2018	2,000,000	1.09000%
Unsecured loans from banks due on August 26, 2018	2,000,000	1.03500%
Unsecured loans from a bank due on August 26, 2018	5,400,000	0.99000%
Unsecured loans from a bank due on November 26, 2018	2,000,000	0.93600%
Unsecured loans from a bank due on November 26, 2018	4,000,000	0.72500%
Unsecured loans from a bank due on November 26, 2018	¥3,000,000	0.77650%

	As of February 29, 2016	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on November 26, 2018	¥1,000,000	0.48250%
Unsecured loans from banks due on November 26, 2018	1,700,000	0.50250%
Unsecured loans from a bank due on February 26, 2019	3,000,000	1.44450%
Unsecured loans from a bank due on February 26, 2019	2,000,000	0.90759%
Unsecured loans from a bank due on February 26, 2019	5,300,000	0.87695%
Unsecured loans from a bank due on May 26, 2019	9,000,000	1.11750%
Unsecured loans from a bank due on May 26, 2019	1,000,000	1.04875%
Unsecured loans from a bank due on May 26, 2019	1,100,000	0.69894%
Unsecured loans from a bank due on August 26, 2019	2,200,000	1.22000%
Unsecured loans from a bank due on August 26, 2019	5,700,000	1.25200%
Unsecured loans from a bank due on August 26, 2019	2,500,000	1.27625%
Unsecured loans from a bank due on August 26, 2019	4,700,000	0.81080%
Unsecured loans from a bank due on November 26, 2019	1,600,000	1.16500%
Unsecured loans from a bank due on November 26, 2019	4,000,000	0.72650%
Unsecured loans from a bank due on November 26, 2019	5,600,000	0.54065%
Unsecured loans from a bank due on November 26, 2019	3,450,000	0.37420%
Unsecured loans from a bank due on February 26, 2020	5,750,000	1.01150%
Unsecured loans from a bank due on February 26, 2020	2,500,000	0.64685%
Unsecured loans from a bank due on May 26, 2020	10,000,000	1.33750%
Unsecured loans from a bank due on May 26, 2020	800,000	1.25875%
Unsecured loans from a bank due on May 27, 2020	1,000,000	1.48625%
Unsecured loans from a bank due on August 26, 2020	1,100,000	1.53674%
Unsecured loans from a bank due on August 26, 2020	800,000	1.28277%
Unsecured loans from a bank due on August 26, 2020	4,700,000	1.18000%
Unsecured loans from a bank due on August 26, 2020	500,000	1.15566%
Unsecured loans from a bank due on August 26, 2020	4,500,000	1.08100%
Unsecured loans from a bank due on August 26, 2020	1,000,000	0.72000%
Unsecured loans from a bank due on November 26, 2020	3,500,000	0.46075%
Unsecured loans from a bank due on November 26, 2020	2,350,000	0.46190%
Unsecured loans from a bank due on November 26, 2020	500,000	0.47375%
Unsecured loans from a bank due on February 26, 2021	5,000,000	1.35250%
Unsecured loans from a bank due on February 26, 2021	2,000,000	1.17750%
Unsecured loans from a bank due on February 26, 2021	2,000,000	1.19211%
Unsecured loans from a bank due on February 26, 2021	2,000,000	0.80832%
Unsecured loans from a bank due on February 26, 2021	3,000,000	0.86350%
Unsecured loans from a bank due on February 26, 2021	2,120,000	0.85050%
Unsecured loans from a bank due on February 26, 2021	500,000	0.46725%
Unsecured loans from a bank due on February 26, 2021	2,000,000	0.22560%
Unsecured loans from a bank due on May 26, 2021	8,000,000	1.56250%
Unsecured loans from a bank due on May 26, 2021	1,000,000	1.46375%
Unsecured loans from a bank due on May 27, 2021	1,000,000	1.68200%
Unsecured loans from a bank due on May 27, 2021	3,500,000	1.62500%
Unsecured loans from a bank due on July 26, 2021	4,180,000	1.23920%
Unsecured loans from a bank due on August 26, 2021	2,700,000	1.24100%
Unsecured loans from a bank due on August 26, 2021	3,600,000	0.81585%
Unsecured loans from a bank due on November 26, 2021	2,000,000	1.30289%
Unsecured loans from a bank due on November 26, 2021	2,000,000	1.11662%
Unsecured loans from a bank due on November 26, 2021	4,900,000	0.97410%
Unsecured loans from a bank due on January 26, 2022	3,500,000	1.48300%
Unsecured loans from a bank due on February 26, 2022	4,500,000	1.31850%
Unsecured loans from a bank due on February 26, 2022	2,750,000	1.29600%
Unsecured loans from a bank due on February 26, 2022	4,000,000	1.16000%
Unsecured loans from a bank due on May 26, 2022	5,500,000	1.25900%
Unsecured loans from a bank due on August 26, 2022	2,980,000	1.19700%
Unsecured loans from a bank due on August 26, 2022	3,000,000	1.09133%
Unsecured loans from a bank due on August 26, 2022	4,000,000	1.08034%
Unsecured loans from a bank due on November 26, 2022	2,100,000	0.92280%
Unsecured loans from a bank due on November 26, 2022	1,800,000	1.05000%
Unsecured loans from a bank due on November 26, 2022	4,550,000	1.11000%
Unsecured loans from a bank due on November 26, 2022	¥1,500,000	0.98624%

	As of February 29, 2016	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on November 26, 2022	¥1,000,000	0.71221%
Unsecured loans from a bank due on November 26, 2022	1,500,000	0.69250%
Unsecured loans from a bank due on February 26, 2023	1,300,000	1.13250%
Unsecured loans from a bank due on May 26, 2023	2,000,000	1.86500%
Unsecured loans from a bank due on May 26, 2023	2,000,000	1.89500%
Unsecured loans from a bank due on May 26, 2023	1,000,000	1.83875%
Unsecured loans from a bank due on August 26, 2023	1,000,000	1.14850%
Unsecured loans from a bank due on August 26, 2023	1,000,000	1.15850%
Unsecured loans from a bank due on August 26, 2023	1,000,000	1.18032%
Unsecured loans from a bank due on August 26, 2023	4,000,000	1.20772%
Unsecured loans from a bank due on August 26, 2023	6,100,000	1.08510%
Unsecured loans from a bank due on November 26, 2023	2,000,000	1.75900%
Unsecured loans from a bank due on November 26, 2023	2,600,000	0.82800%
Unsecured loans from a bank due on February 26, 2024	2,750,000	1.59400%
Unsecured loans from a bank due on June 26, 2024	2,700,000	0.85925%
Unsecured loans from a bank due on August 26, 2024	3,000,000	0.58175%
Unsecured loans from a bank due on January 26, 2025	1,100,000	1.09830%
Unsecured loans from a bank due on January 26, 2025	1,100,000	1.06250%
Unsecured loans from a bank due on January 26, 2025	2,000,000	1.03955%
Unsecured loans from a bank due on October 26, 2030	1,100,000	1.92250%
Unsecured loans from a bank due on October 26, 2030	1,100,000	1.91700%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	839,500	2.17000%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	839,500	2.21812%
Total	¥311,549,000	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Installments of ¥10.7 million will be made on the 26th day of every third month starting on August 26, 2013, with the remaining payment of ¥497.1 million to be repaid on May 26, 2025.

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date (excluding the current portion of long-term debt) are as follows.

	Thousands of Yen			
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term debt	¥53,475,600	¥43,685,600	¥49,185,600	¥49,455,600

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of February 29, 2016	
	Amount (Thousands of Yen)	Weighted-average interest rate
NOF's 2nd series of unsecured investment corporation bonds due on March 16, 2020	¥5,000,000	2.47%
NOF's 6th series of unsecured investment corporation bonds due on March 17, 2017	5,000,000	2.21%
NOF's 7th series of unsecured investment corporation bonds due on March 17, 2028	4,500,000	2.9%
NOF's 9th series of unsecured investment corporation bonds due on November 24, 2017	4,000,000	1.52%
NRF's 2nd series of unsecured investment corporation bonds due on February 24, 2017	5,000,000	1.03%
Former NMF's 1st series of unsecured investment corporation bonds due on October 30, 2024	3,000,000	0.87%
NOF's 10th series of unsecured investment corporation bonds due on November 25, 2024	6,000,000	1.02%
Total	¥32,500,000	

The scheduled redemption amounts of investment corporation bonds for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
Investment corporation bonds	¥5,000,000	¥9,000,000	–	–	¥5,000,000

9. UNITHOLDERS' EQUITY

The Company issues only non-par value investment units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Company is required to maintain net assets of at least ¥50,000 thousand as set forth in the Investment Trust Act.

10. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of February 29, 2016 were as follows:

	For the period from October 1, 2015 to February 29, 2016
Net assets per unit	¥128,318
Net income per unit	¥1,087

Note 1: The net income per unit is calculated by dividing net income by the weighted-average number of units outstanding.

Note 2: The basis for calculating net income per unit is as follows.

	For the period from October 1, 2015 to February 29, 2016
Net income (Thousands of Yen)	¥4,048,278
Amount not available to ordinary unitholders (Thousands of Yen)	–
Net income available to ordinary unitholders (Thousands of Yen)	¥4,048,278
Average number of units during the period (Units)	3,722,010

11. RELATED PARTY TRANSACTIONS

For the periods from October 1, 2015 to February 29, 2016

Parent Company and major corporate unitholders

Not applicable

Subsidiaries and affiliates

Not applicable

Fellow subsidiary companies

Not applicable

Directors and major individual unitholders

Not applicable

12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 34% for the fiscal period ended February 29, 2016. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Act on Special Measures Concerning Taxation of Japan. Under this act, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥8,259,140 thousand for the fiscal period ended February 29, 2016 respectively, such distributions were treated as deductible distributions for purposes of corporate income taxes.

The following summarizes breakdown of deferred tax assets and liabilities:

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Deferred tax asset:	
Valuation difference on other assets acquired by merger	¥15,343,108
Deferred gains or losses on hedges	926,521
Unearned revenue	389,900
Write-offs for long-term prepaid expenses	36,451
Impairment losses of non-repudiation	25,531
Depreciation costs of trust leasehold rights	500
Accrued enterprise tax	97
Overtime allowance for doubtful accounts	17
Subtotal	¥16,722,125
Valuation allowance	(¥16,722,125)
Total non-current deferred tax assets	-
Total deferred tax assets	-
Net deferred tax assets	-

The net income per unit is calculated by dividing net income by the weighted-average number of units outstanding.

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Statutory tax rate	32.31%
Deductible cash distributions	(58.38%)
Valuation of allowance	13.16%
Amortization of goodwill	12.94%
Other	0.01%
Effective tax rate	0.05%

13. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

Upon acquisition of property-related assets, the Company may raise funds through certain financing methods including borrowings, issuance of investment corporation bonds and issuance of investment units. In financing through interest-bearing debt, to secure stable financing capability and reduce future risks of rising interest rates, the Company's investment policy is to secure longer-term, fixed-rate borrowings with well-diversified maturities.

The Company enters into derivative transactions only for the purpose of reducing risk of future interest rate fluctuations and does not engage in speculative transactions.

(2) Type and Risk of Financial Instruments and Related Risk Management

Debts and investment corporation bonds are primarily used to fund the acquisition of property-related assets as well as the repayment of debts and redemption of investment corporation bonds. The Company is exposed to liquidity risk of being unable to meet its obligations on scheduled due dates. The Company controls and limits such risk by diversifying not only the financial institutions, but also the type of financing to include the effective use of surplus funds and direct financing from the capital markets such as issuance of investment units. In addition, the Company is exposed to the market risk arising from fluctuations in interest rates on its floating-rate debts. However, the effect of such risk on the operation of the Company is limited by maintaining the LTV ratio at low levels and the ratio of long-term fixed-rate debts to total debt at high levels. Furthermore, the Company may utilize derivative transactions (interest-rate swap transactions) as a hedging instrument to reduce the market risk under floating-rate debts by swapping such floating-rate interest payments for fixed-rate interest payments.

Bank deposits are held as a means of investing surplus funds, and the Company is exposed to the credit risk that financial institutions may default. However, the effect of such risk is limited by diversifying the financial institutions with which surplus funds are deposited.

(3) Supplementary Explanation on Estimated Fair Value of Financial Instruments

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in "19. Derivatives and Hedge Accounting" below do not represent the market risk involved in these derivative transactions.

Fair Value of Financial Instruments

For the period from October 1, 2015 to February 29, 2016

The following table summarizes the carrying value and the estimated fair values of financial instruments as of February 29, 2016.

	Thousands of Yen	Thousands of Yen	Thousands of Yen
	Carrying value (Note 1)	Fair value (Note 1)	Difference
(i) Cash and bank deposits	¥58,325,160	¥58,325,160	-
(ii) Short-term debt	(9,100,000)	(9,100,000)	-
(iii) Current portion of investment corporation bonds	(5,000,000)	(5,046,550)	¥46,550
(iv) Current portion of long-term debt	(50,015,600)	(50,192,167)	176,567
(v) Investment corporation bonds	(27,500,000)	(29,536,482)	2,036,482
(vi) Long-term debt	(311,549,000)	(318,556,852)	7,007,852
(vii) Derivative transactions	(¥2,882,186)	(¥2,882,186)	-

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits and (ii) Shot-term debt

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the carrying value is reported as the fair value.

(iii) Current portion of long-term debt and (iv) Long-term debt

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see "19. Derivatives and Hedge Accounting") is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(v) Derivative transactions

See "19. Derivatives and Hedge Accounting."

Note 3: Financial instruments for which fair value is difficult to determine

	Thousands of Yen
Type of asset	As of February 29, 2016
Investment securities	¥91,431

(*) The fair value of the investment securities is not disclosed because there is no quoted market price available for these securities and it is extremely difficult to determine the fair value.

Note 4: Redemption schedule for cash and bank deposits as of February 29, 2016

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Cash and bank deposits	¥58,325,160	-	-	-	-	-
Total	¥58,325,160	-	-	-	-	-

Note 5: Redemption schedule for debt as of February 29, 2016

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Short-term debt	¥9,100,000	-	-	-	-	-
Investment corporation bonds	¥5,000,000	¥9,000,000	-	-	¥5,000,000	¥13,500,000
Long-term debt	¥50,015,600	¥53,475,600	¥43,685,600	¥49,185,600	¥49,455,600	¥115,746,600
Total	¥64,115,600	¥62,475,600	¥43,685,600	¥49,185,600	¥54,455,600	¥129,246,600

14. INVESTMENT AND RENTAL PROPERTIES

The Company owns leasable office, leasable retail facilities, leasable logistics facilities and leasable residential (including land) in Greater Tokyo area and other areas for the purpose of earning revenue from leasing. The following table summarizes the carrying value and the estimated fair value of these properties.

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Carrying value	
Balance at beginning of the period	¥781,610,588
Amount of increase (decrease) during the period	8,696,317
Balance at end of the period	790,306,905
Fair value at end of the period	¥829,072,000

Note 1: The carrying value represents the acquisition cost less accumulated depreciation.

Note 2: The major increase in the carrying value during the period ended February 29, 2016 was mainly due to the acquisition of NRE Kichijoji Building™ (¥5,347,396 thousand) and GEMS Ichigaya (¥2,112,624 thousand) and PROUD FLAT Hatchobori (¥962,150 thousand) and PROUD FLAT Itabashi Honcho (¥767,484 thousand) and decrease in the carrying value during the period ended February 29, 2016 was mainly due to depreciation (total ¥3,471,460 thousand).

Note 3: The fair value as of February 29, 2016 represents the sum of the appraisal values estimated by external real estate appraisers.

The real estate rental revenues and expenses for the fiscal period ended February 29, 2016 are presented in "16. Breakdown of Real Estate Rental Revenues and Expenses".

15. SEGMENT INFORMATION

For the periods from October 1, 2015 to February 29, 2016

Segment Information

Since the Company has been engaged in the real estate leasing business as a single segment, segment information has been omitted.

Related Information

1. Information about products and services

Since revenues from external customers of products and services within a single segment are more than 90 percent of total operating revenues, information about products and services has been omitted.

2. Information about geographical areas

(1) Revenues

Since more than 90 percent of the total operating revenues were generated from external customers in Japan, geographical breakdown of revenues has been omitted.

(2) Property and equipment

Since more than 90 percent of the total property and equipment on the balance sheet are located in Japan, geographical breakdown of property and equipment has been omitted.

3. Information about major clients

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	3,542,264	Rental real estate business

16. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the fiscal period ended February 29, 2016 consist of the following:

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
Real estate rental revenues	¥24,312,612
Rental revenues	22,286,436
Rental revenues	20,176,657
Common area charges	2,109,779
Other rental revenues	2,026,176
Parking revenues	450,566
Incidental income	1,529,932
Other miscellaneous revenues	45,678
Real estate rental expenses	11,546,709
Property management costs	1,378,031
Property management fees	654,354
Property and other taxes	2,114,886
Utility expenses	1,389,966
Casualty insurance	30,985
Repairs and maintenance	1,555,617
Land rents	162,378
Depreciation	3,471,462
Other rental expenses	789,030
Real estate rental profits	¥12,765,903

17. IMPAIRMENT LOSS

In the fiscal period ended February 29, 2016, the Company recorded impairment loss on the following asset group.

Property name	Use	Type	Location	Impairment loss (Thousands of Yen)
Toho Edogawabashi Building	Office	Buildings, land, etc.	Tokyo	¥50,924
PRIME URBAN Nakano	Residential	Buildings, land, etc.	Tokyo	20,959
PRIME URBAN Urayasu II	Residential	Buildings, land, etc.	Chiba	¥7,137

In calculating impairment loss, each property is considered a single asset group. In the fiscal period ended February 29, 2016, based on their intended sale and the conclusion of a purchase agreement on March 30, 2016 for the above three of fixed asset groups, the book value was reduced to the recoverable amount and the difference was charged to the operating expenses account as impairment loss.

Furthermore, as the impairment loss arising from the sale is deemed to be similar to operating expenses in nature, it was charged to the operating expenses account in accordance with Article 48, Paragraph 2 of the "Regulations Concerning Accounting of Investment Corporations".

In addition, the recoverable amount of the asset groups was determined by the net selling value. The net selling value is calculated as the actual selling price net of the estimated selling-related expenses.

18. LEASES

The future minimum rental revenues from tenants under non-cancelable operating lease of properties as of February 29, 2016 are summarized as follows:

	Thousands of Yen
	As of February 29, 2016
Due within one year	¥23,715,979
Due after one year	58,287,999
Total	¥82,003,978

19. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of February 29, 2016

(1) There were no derivative financial instruments not subject to hedge accounting.

(2) Derivative financial instruments subject to hedge accounting were as follows:

Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value (Note 2)
			(Note 1)	Due after one year	
Principal treatment method	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	¥149,700,000	¥130,457,200	(¥2,882,186) (Note 3)
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	103,382,300	90,339,500	(2,492,211) (Note 4)
	Total		¥253,082,300	¥220,796,700	(¥5,374,397)

Note 1: Contract amount is based on notional amount.

Note 2: Fair value is calculated by swap counterparty, based on the actual market interest rate, etc.

Note 3: Out of the fair value, (¥14,591 thousand) is booked as "accrued expenses" on the Balance Sheet.

Note 4: Out of the fair value, (¥2,492,211 thousand) is not marked to market on the Balance Sheet, since adopting special treatment for interest-rate swaps.

20. CASH DISTRIBUTIONS

	Thousands of Yen
	For the period from October 1, 2015 to February 29, 2016
1. Retained earnings at end of period	¥4,048,907,447
2. Distributions in excess of retained earnings	¥7,079,263,020
Of which, allowance for temporary difference adjustment	¥6,137,594,490
Of which, other distributions in excess of net income	¥941,668,530
3. Distributions	¥8,259,140,190
[Distribution per unit]	(¥2,219)
Of which, distributions of earnings	¥1,179,877,170
[Of which, other distributions in excess of net income (per unit)]	(¥317)
Of which, allowance for temporary difference adjustments	¥6,137,594,490
[Of which, distributions in excess of retained earnings per unit [allowance for temporary difference adjustments]]	(¥1,649)
Of which, other distributions in excess of net income	¥941,668,530
[Of which, distributions in excess of retained earnings per unit [other distributions in excess of net income]]	(¥253)
4. Retained earnings carried forward	¥2,869,030,277

Calculation method of distribution amount

Concerning distributions for the 1st fiscal period, the Company set the distribution per unit at ¥2,219.

With regard to the above distribution, in order to include the maximum amount of earnings distributions in tax deductible expenses in accordance with the special measures for the tax treatment (Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), NMF decided to distribute almost the entire amount of net income as stipulated in Article 136 Paragraph 1 of the Investment Trust Act, excluding fractional amounts of the earnings distribution per investment unit less than one yen. Accordingly, the Company declared an earnings distribution per investment unit (excluding distributions in excess of earnings) of ¥317.

In addition, in accordance with the distribution policy stipulated in the Articles of Incorporation and in consideration of the impact that costs related to the merger, such as amortization costs of goodwill and reduction in net assets (as described in Article 2 Paragraph 2 (30) (b) of the Calculation Rules for Investment Corporations; together with costs related to the merger such as amortization costs of goodwill (hereafter, "merger-related costs, etc.") will have on distributions, NMF will distribute a distribution in excess of earnings that it decides with the amount equivalent to the merger-related costs (hereinafter, "distribution in excess of earnings"). When making distributions in excess of earnings, if each period's distribution of the allowance for temporary difference adjustments (that which is stipulated in Article 2 Paragraph 2 (30) (b) of the Calculation Rules for Investment Corporations) is less than the amount of merger-related costs, etc., then other distribution in excess of net income will also be made.

For the fiscal period ended February 29, 2016, the Company decided to pay out ¥7,079 million of distributions in excess of earnings, which is the sum of ¥1,622 million of amortization expenses for goodwill, ¥2,590 million of fees paid to the Asset Management Company for the merger and ¥2,867 million of deferred losses on hedges as well as pay out ¥6,137 million as distribution of allowance for temporary difference adjustments, and so the per unit distribution of allowance for temporary difference adjustments was ¥1,649. In addition, the Company decided to pay out ¥941 million of other distribution in excess of net income, and so the per unit distribution of other distribution in excess of net income was ¥253.

21. INFORMATION ON ALLOWANCE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

Reason, related assets and amounts

Thousands of Yen		
Related assets, etc.	Reason	Allowance for temporary difference adjustments
Goodwill	Amortization of goodwill	¥1,622,398
Land, buildings, etc.	Merger-related costs	2,638,862
Land, buildings, etc.	Impairment loss	79,020
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,595
Increase - subtotal		7,207,875
Buildings, building improvements, etc.	Depreciation deficiency equivalent	(790,132)
Investment corporation bond issuance costs	Investment corporation bonds issuance cost amortization deficiency equivalent	(97,557)
Unearned income, etc.	Write-down of loss on interest rate swap due to merger	(172,304)
Other	-	(10,287)
Decrease - subtotal		(1,070,280)
Total		¥6,137,594

Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger-related costs

Item	Method of reversal
Buildings, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land	Upon sale, the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land in trust, etc.	
Leasehold	Upon sale, the corresponding amount is scheduled to be reversed.
Leasehold in trust	
Investment securities	Upon redemption, etc., the corresponding amount is scheduled to be reversed.

(3) Impairment loss

At the time of the sale of the relevant property, the corresponding amount is scheduled to be reversed.

(4) Deferred gains or losses on hedges

Based on changes in the fair value of the hedging instruments, the corresponding amount is scheduled to be reversed.

22. BUSINESS COMBINATION

Current fiscal period (From October 1, 2015 to February 29, 2016)

Business Combination through Acquisition

1. Overview of Business Combination

(1) Name and Business Description of Acquirees

Names of acquirees	Business description
Nomura Real Estate Office Fund, Inc. ("NOF")	Real estate investment trust
Nomura Real Estate Residential Fund, Inc. ("NRF")	Real estate investment trust

(2) Main Reasons for Business Combination

NMF believed that the merger would expand acquisition opportunities, stabilize the portfolio, enhance risk tolerance, increase competitive strength for asset acquisitions and stabilize the financial base by increasing the asset size and diversifying target investment sectors. In addition, NMF believed that it could achieve both growth and stable management by effectively leveraging the wide-range of know-how and brands held by Nomura Real Estate Group, one of the major comprehensive real estate developers in Japan. As such, NMF was confident that the merger was the best option for its unitholders and has therefore entered into the merger agreement.

(3) Date of Business Combination

October 1, 2015

(4) Legal Framework of Business Combination

A consolidation-type merger involving the former NMF, and NOF and NRF, as the consolidated investment corporations.

(5) Name of the Investment Corporation after Business Combination

Nomura Real Estate Master Fund, Inc.

(6) Main Reasons for Determining Acquiring Company

[1] The former NMF's unitholders hold the most voting rights among the three investment corporations.

[2] The Company's Board of Directors is constituted from the former NMF's Board of Directors.

2. Operating Period of Acquirees Included in the Statement of Income and Retained Earnings

Names of acquirees	Operating period
NOF	From October 1, 2015 to February 29, 2016
NRF	From October 1, 2015 to February 29, 2016

3. Acquisition Cost of Acquirees and the Breakdown

Names of acquirees	Acquisition cost
NOF	¥205,604,427 thousand
NRF	¥109,695,348 thousand
Total	¥315,299,775 thousand

4. Exchange Ratio, Method of Calculation and Number of Investment Units Delivered as Consideration for the Acquisition

(1) Exchange Ratio of Investment Units

	The Company	Former NMF	NOF	NRF
Merger Ratio	1.00	1.00	3.60	4.45

(2) Method of Calculation

Each investment corporation appointed a financial advisor for the merger and requested each financial advisor to perform a financial analysis of the merger ratio. The former NMF appointed Nomura Securities Co., Ltd., NOF appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and NRF appointed SMBC Nikko Securities Inc. (hereafter, referred to as the "FA"). The merger ratios were calculated based on factors such as financial position, asset status and future outlooks, and the merits of the merger were comprehensively considered upon reference to the results of the calculations of the financial position by each FA, leading to an agreement among the former NMF, NOF and NRF with regard to the above merger ratios.

(3) Number of Investment Units Granted

Names of acquirees	Investment units issued
NOF	1,341,190 units
NRF	715,560 units

5. Details on and Amount of Main Acquisition-Related Expenses

Description	Relevant investment corporation	Amount
FA fees	Former NMF	¥600,000 thousand
Acquisition fees for merger	NMF	¥2,590,275 thousand

6. Amount and Reason for Goodwill

(1) Amount of Goodwill

¥77,875,100 thousand

(2) Reason

Goodwill resulted from the acquisitions of NOF and NRE, the former for ¥205,604,427 thousand (acquisition price), which exceeded the acquisition-date fair value of its net assets of ¥159,932,291 thousand, and the latter for ¥109,695,348 thousand (acquisition price), which exceeded the acquisition-date fair value of its net assets of ¥77,492,382 thousand.

(3) Method of Goodwill Amortization and Amortization Period

Goodwill is being amortized using straight-line method over 20 years.

7. Breakdown of Assets Accepted Acquired and Liabilities Assumed

	Thousands of Yen
Current assets	¥39,178,399
Non-current assets	518,620,230
Total assets	¥557,798,629
Current liabilities	¥51,711,857
Long-term liabilities	268,662,098
Total liabilities	¥320,373,955

8. Estimated Impact on the Statement of Income and Retained Earnings for the Fiscal Period Ended February 29, 2016 Assuming the Business Combination was Completed at the Beginning of the Fiscal Period

Not applicable because the acquisition date was at the beginning of the fiscal period.

23. SIGNIFICANT SUBSEQUENT EVENTS

Asset transfers

(1) The Company concluded a sales and purchase agreement with a Tokutei Mokuteki Kaisha on March 30, 2016, after the end of the 1st fiscal period (February 29, 2016) regarding the assets stated below, and it concluded the asset transfer on April 12, 2016.

A corresponding net gain on transfer of property will be recorded in "Operating Revenues" for the 2nd fiscal period (from March 1, 2016 to August 31, 2016).

Millions of Yen				
Property name	Type	Use	Transfer price	Gain (loss) on transfer of property (from March 1, 2016 to August 31, 2016)
Central Shintomicho Building	Buildings in trust, land in trust, etc.	Office		
Toho Edogawabashi Building ^(Note 2)	Buildings, land, etc.	Office		
Toshin Meguro Building	Buildings in trust, land in trust, etc.	Office		
PRIME URBAN Ochiai	Buildings, land, etc.	Residential	Undisclosed ^(Note 1)	—
PRIME URBAN Nakano ^(Note 2)	Buildings, land, etc.	Residential		
PRIME URBAN Ekoda	Buildings, land, etc.	Residential		
PRIME URBAN Urayasu II ^(Note 2)	Buildings, land, etc.	Residential		
PRIME URBAN Yamahana	Buildings, land, etc.	Residential		
Total			¥5,350	¥132

Note 1: This transaction involves a single buyer under a single purchase agreement. The purchase price of each individual property is not disclosed as the buyer's consent to the disclosure thereof has not been obtained. In addition to the foregoing, the difference between the purchase price and the book value of each individual property is also not disclosed.

Note 2: Loss arising from the intended sales of these properties was recognized as "Impairment loss" during the fiscal period ended February 29, 2016. The corresponding information is presented in "17. Impairment Loss".

(2) The Company concluded a sales and purchase agreement with the following buyers on May 17, 2016, after the end of the 1st fiscal period (February 29, 2016) regarding the assets stated below, and concluded the asset transfer on May 17, 2016.

A corresponding net gain on transfer of property will be recorded in "Operating Revenues" for the 2nd fiscal period (from March 1, 2016 to August 31, 2016).

Millions of Yen								
Property Name	Type	Use	Date of agreement	Date of disposition	Transferee	Transfer price	Impact on earnings (from March 1, 2016 to August 31, 2016)	
NOF Nihonbashi Honcho Building (49%) ^(Note 1)	Buildings in trust, land in trust, etc.	Office				¥11,270	¥761	
NOF Tameike Building	Buildings in trust, land in trust, etc.	Office	May 17, 2016	May 17, 2016	Nomura Real Estate Development Co., Ltd.	4,500	(327)	
NOF Minami Shinjuku Building	Buildings in trust, land in trust, etc.	Office				2,380	151	
NOF Shinagawa Konan Building	Buildings in trust, land in trust, etc.	Office						
Yokohama Odori Koen Building	Buildings, land, etc.	Office						
JCB Sapporo Higashi Building	Buildings, land, etc.	Office	May 17, 2016	May 17, 2016	Undisclosed ^(Note 2)	10,633 ^(Note 3)	410 ^(Note 3)	
PRIME URBAN Hatagaya	Buildings, land, etc.	Residential						
PRIME URBAN Sangen Jaya II	Buildings, land, etc.	Residential						
PRIME URBAN Kamikitazawa	Buildings, land, etc.	Residential						
Total						¥28,783	¥995	

Note 1: Of the beneficial interest in real estate trust owned by the Company, a portion (quasi-co-ownership interest: 49%) is scheduled to be transferred. The Company will continue to own the other section of the trust beneficial interest (quasi-co-ownership interest: 51%).

Note 2: As the Company has not obtained consent from the buyer, this information is not disclosed.

Note 3: This transaction involved a single buyer under a single purchase agreement. The purchase price of each individual property is not disclosed as consent to the disclosure thereof has not been obtained. In addition to the foregoing, the difference between the purchase price and the book value of each individual property is also not disclosed.



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Independent Auditor's Report

The Board of Directors
 Nomura Real Estate Master Fund, Inc.

We have audited the accompanying financial statements of Nomura Real Estate Master Fund, Inc., which comprise the balance sheet as at February 29, 2016, and the statements of income and retained earnings, changes in net assets, and cash flows from October 1, 2015 to February 29, 2016 and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

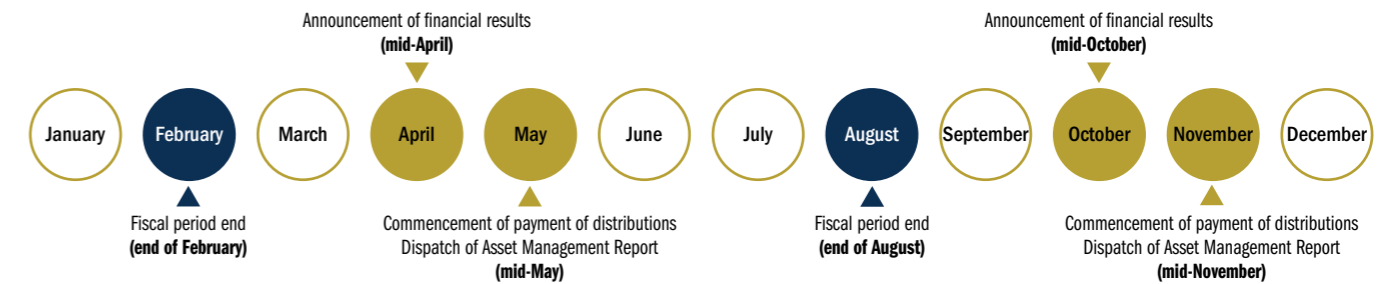
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Master Fund, Inc. as at February 29, 2016, and its financial performance and cash flows from October 1, 2015 to February 29, 2016 in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

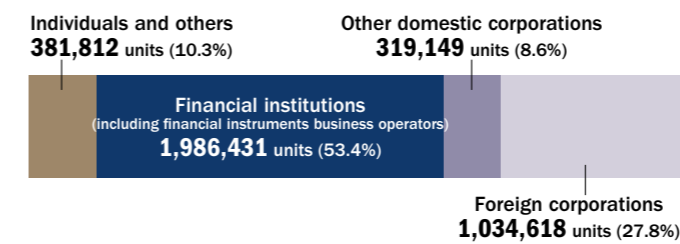
May 23, 2016
 Tokyo, Japan

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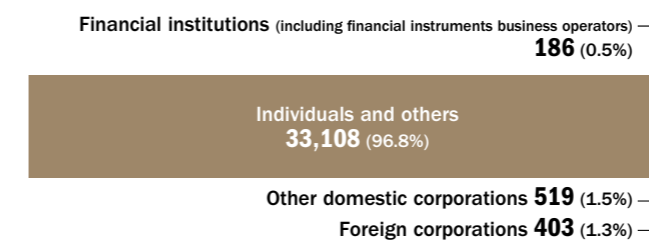
IR Calendar



Number of Investment Units



Number of Unitholders



Top 10 Unitholders

Unitholder	Units held	Share
1 Japan Trustee Services Bank, Ltd.	952,955	25.60%
2 The Master Trust Bank of Japan, Ltd.	267,142	7.18%
3 Trust & Custody Services Bank, Ltd.	265,812	7.14%
4 Nomura Real Estate Development Co., Ltd.	210,671	5.66%
5 The Nomura Trust and Banking Co., Ltd.	127,340	3.42%
6 STATE STREET BANK WEST CLIENT - TREATY 505234	94,343	2.53%
7 STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	61,384	1.65%
8 THE BANK OF NEW YORK, NON - TREATY JASDEC ACCOUNT	46,218	1.24%
9 SIX SIS FOR SWISS NATIONAL BANK	38,277	1.03%
10 NOMURA BANK (LUXEMBOURG) S.A.	35,153	0.94%
Total	2,099,295	56.40%

Note: The figures are based on data as of February 29, 2016.

Guide to Website

<http://www.nre-mf.co.jp/en/>

The website is going through a dramatic update with the end of the first fiscal period and will have an entire new set of data installed. We hope that you will take the time to access and view the new site. The English website is at <http://www.nre-mf.co.jp/en/>.

Disclosure materials of the former three REITs before the merger are also available at "Disclosure Materials" under "Investor Relations."

