

1st Fiscal Period Semi-Annual Report

January 31, 2013 to August 31, 2013

NOMURA REAL ESTATE MASTER FUND, INC.
8-5-1, Nishi-Shinjuku, Shinjuku Ward, Tokyo

The leadership behind

Nomura Master Fund

Nomura Master Fund is committed to delivering stable dividends via our consumption-based portfolio of logistics and retail facilities.

Providing long-term stability through a portfolio primarily centered on the Tokyo metropolitan area—the bastion of Japan’s economy.

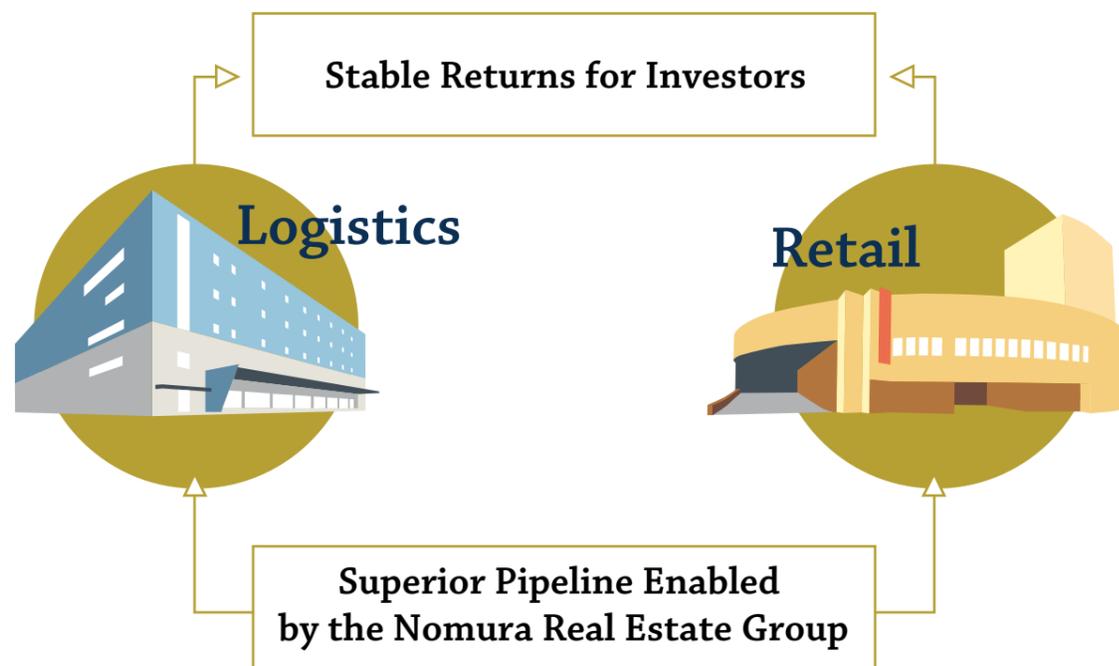


Noriaki Ido
 Managing Director
 Head of Acquisitions Division
 Nomura Real Estate Asset Management Co., Ltd.

Naohiro Takahashi
 Managing Director
 Head of Asset Management Division
 Nomura Real Estate Asset Management Co., Ltd.

Takashi Kataoka
 Executive Director
 Nomura Real Estate Master Fund, Inc.
 Chief Investment Officer, NMF
 Nomura Real Estate Asset Management Co., Ltd.

Masato Yamauchi
 Executive Officer
 Head of Finance Division
 Nomura Real Estate Asset Management Co., Ltd.



Is delivered through a **Tokyo-centric** portfolio (**83.9%**)

Stability provided through a balanced portfolio of **logistics (53.6%** of portfolio) and **retail properties (46.4%)**

Is achieved by incorporating established Nomura brands **Landport** (logistics) and **GEMS** (retail)

Is delivered through long-term contracts often **10 years** or more in length (**71.3%**)

Stability

Is evidenced through a stable financial base with an average borrowing period of **more than 4.8 years** and up to **12 years**

Is evidenced through a high long-term issuer rating of **AA-**

Is delivered through **99.8% occupancy** primarily tied up in long-term contracts

Note: The above figures are based on data as of August 31, 2013.

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For management fees that NMF pays to Nomura Real Estate Asset Management Co., Ltd., please refer to the terms and conditions of NMF, asset management reports, etc.

The forward-looking statements with respect to the future financial results contained in this document are based on the current facts about the investment policy of NMF, applicable laws and regulations, the market environment, business practice, etc., as of the preparation date of this document and do not reflect or consider any changes in the circumstances after the preparation date. These forward-looking statements inherently reflect uncertainty about known risks as well as unknown risks and other factors and may deviate from the actual operating and management results, financial conditions, etc., of NMF.

Investment in real estate investment securities may result in a loss due to a decline in the transaction price caused by, for example, changes in the price or the revenue-generating capability of the underlying properties or deterioration of the financial conditions of the issuer.

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JAPAN Report



Resurgent Japan Drawing Foreign Interest

“Japan is back” has become a slogan for Prime Minister Shinzo Abe during his visits to other countries since returning to power last December. Evidence that the prime minister is correct is compelling. Signals point to long-term economic growth, increased foreign investment and opportunities in multiple sectors. Nowhere is this more evident than in Tokyo.

Tourist numbers are up, major events are planned in the city over the next decade, stocks have risen and the weakness of the yen has helped the good times return to Japanese companies. Consumption and consumer confidence are also rising. The first steps toward fiscal consolidation, which is indispensable to Japan’s long-term prospects, have been taken. The government will implement a 3% consumption tax hike in April next year.

The real estate market and logistics sector are booming. “It’s safe to say that our investment advisory team is having a fantastic year,” said Will Johnson, head of research and consultancy at real estate company Savills Japan.

“Savills Japan said in a September report that double-digit growth in the capital value of Tokyo residential property is possible in the next three years.”

Johnson says that the effects of Abenomics are beginning to take hold. “In addition to a healthy pick up in enquires in recent months, we’ve seen a higher proportion of pipeline deals close successfully, both in the leasing and investment markets.”

Risks exist. But the determination of the government to keep the economy on track is real. The consumption tax hike, which could send spending south, is being complemented by a 5 trillion yen stimulus package, currently under negotiation, that is likely to include benefits for corporations, money for those most likely to be affected by the increase and help for first-time homebuyers.

Government spending on urban developments and public-private partnerships for the Olympic Games is likely to lead to urban development throughout the capital. These will be supported by the development of special economic zones to encourage overseas investment.

Good Times

“Recent government land price data,” Johnson said, “supports the widely held view that Japan’s property market has bottomed out and is entering a period of recovery. A marked increase in investment activity is driving land price growth.”

“Multiple factors have influenced this – most notably Abenomics, which has improved liquidity in the public markets, enabling domestic corporations and listed REITs to raise record levels of capital for new property acquisitions. Additionally, as a result of sharp rental reductions and softened cap rate expectations since the global financial crisis, pricing for investment-grade properties looks to be at a good value from an historical perspective.”

SoftBank Corp. CEO Masayoshi Son, a man known for his business acumen, was reported in October to have agreed to a 32 billion yen deal and acquired the Tiffany building in Tokyo’s upmarket Ginza district. The move came as property sales soared across the greater Tokyo area. New condominiums released onto the market in September increased to 5,968 units, up 77% compared to the previous year, according to the Real Estate Economic Institute.

Sentiment suggests purchases such as Son’s are wise. **Consumer spending among Japanese has increased.** Personal consumption grew by 3.3% in the April-June quarter, and 2.9% between July and September. **Confidence is driving consumption.** The Economy Watchers survey, which measures service sector confidence, has been in positive territory since January. Consumer confidence, in a notoriously pessimistic country, is also showing signs of heading into positive territory.

Online Boom

“Abenomics has also brought good times to the logistics sector.”

CBRE noted in a recent report that vacancy rates in the Tokyo area are at 4.3%. “Owners have become more confident and rents are rising for both new and renewal leases,” the company wrote in the report. It also indicated that net demand was at its third highest level since 2004, when the company started looking at the market.

Why? “Given the limited supply during the global financial crisis,” Andy Hurfurt, executive director at CBRE remarked, “the increase in demand seen during the past couple of years has created a very tight market with vacancy at historically low levels.” “Large, efficient facilities with easy access to urban centers have grown in appeal,” he added.

Foreign money is coming in. LaSalle Investment Management of Singapore is among the companies now looking to Japan as a place to invest in logistics. Its \$410 million Japan Logistics Fund III will focus on Tokyo and Osaka.

“The rise of online retailing has contributed to the growth in logistics.”

Domestic giant Rakuten, Inc. faces increasing competition from Amazon Japan, Yahoo Japan and other companies looking to get into the growing market. “Bulk, necessity retail,” Hurfurt said, “is where online retailing is most likely to have a more immediate impact. For example, household consumables that can be bought in volume and where products by competing retailers/manufacturers are comparatively similar (will do well).”

The sector’s prospects look good, as the Olympic Games in 2020 make speedily getting goods to the growing number of tourists essential. The Games are also expected to boost construction, tourism and investment in the nation’s capital. Costs for infrastructure and venue development in time for the games are estimated to be more than 1 trillion yen. That is money that will trickle down to construction businesses, architects and blue collar workers. The overall effect of the games will boost gross domestic product by 0.5%, according to SMBC Nikko Securities Inc.

And logistics in this environment pose little threat to the high street, according to Hurfurt.

“Retailers I have spoken with mostly consider online retail as complimentary to traditional “bricks & mortar” stores.”

For discretionary spending, and for products where different retailers/manufacturers have particular strengths or features, consumers still show a preference to see, feel and try before purchasing. Consumers will therefore still visit stores, even if they subsequently decide to buy online for convenience.”

Future Hope

Maintaining momentum gathered this year will be important for achieving sustainable growth and attracting investment in Japan. To do so, government reform must continue.

“What Japan would benefit from most is bold deregulation – a stated objective of Prime Minister Abe’s third policy arrow of structural reform,” said Savills’ Johnson, adding, “If successfully executed, measures to rationalize the tax system, cut back on red tape, and tackle the unprecedented debt to GDP ratio, would go a long way to assure investors that the country’s economic revival is sustainable and not limited to short-term quantitative easing and currency plays.”

Hurfurt agrees. “Ongoing progress with both economic and reform initiatives for the optimism to remain beyond the near term,” he said. “Wage inflation will be vital if workers are to remain supportive of the initiatives amid increasing prices.” Signs are that wages will increase. Among large enterprises, sentiment is positive, the Bank of Japan’s Tankan survey of short-term consumer sentiment shows. The score, calculated by subtracting those companies that are bearish from those that are bullish, rose 8 points to 12 in the quarter ended in September. These businesses forecast a 6.5% increase in investment next fiscal year. Amid signs of inflation, the nation’s largest—and largely cooperative with business—union Rengo is requesting a 1% rise in incomes for its members. It cites inflation as a deciding factor in its demand.

Is it time to look at Japan? Probably. Abe’s first months in power have been defined by his economic efforts. Policy has been coupled with strong signals to the market. More is to come.

“Strategic special zones,” where lower taxes and looser regulations have been adopted to attract further investment, will be launched after new rules clear parliament in the coming months. They aim to attract foreign investment. The reasoning is that the Japanese economy is showing signs of sustainable growth, and major foreign investment would further cement this growth.

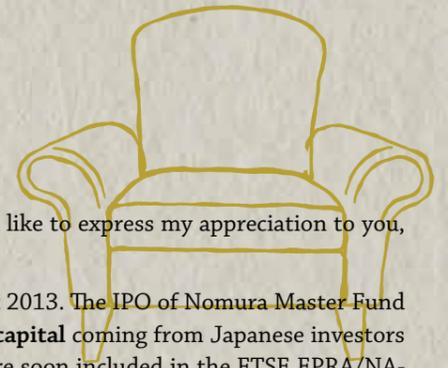


Takashi Kataoka

Executive Director
Nomura Real Estate Master Fund, Inc.
Chief Investment Officer, NMF
Nomura Real Estate Asset Management Co., Ltd.

Joined Nomura Real Estate Development in 1991. Involved in the asset management business from 2003. Appointed to current position in 2013 after working in fund procurement for listed REITs and fund procurement and fund management for private funds.

Top Message: Strong Start



On behalf of Nomura Real Estate Master Fund, Inc. (Nomura Master Fund), I would like to express my appreciation to you, our unitholders, for your robust support.

I am delighted to be able to present the results of our first fiscal period, ended August 2013. The IPO of Nomura Master Fund on June 12, 2013 successfully raised **160.9 billion yen** of equity with **78.9% of the capital** coming from Japanese investors and **21.1%** from overseas investors. We became the largest J-REIT IPO ever and were soon included in the FTSE EPRA/NA-REIT Global Real Estate Index and TSE REIT Index.

Our investment policy calls for investing in logistics and retail properties—properties that form the economic and industrial infrastructure that support consumption activities. In accordance with our investment philosophy, **83.9% of our portfolio** is located in the Tokyo metropolitan area with a fairly balanced distribution of assets between logistics and retail properties. We enjoy an astounding occupancy rate of **99.8%** and **over 70%** of our leasing contracts are for 10 years or longer.

We are also careful to observe a conservative financial strategy, proven by our LTV of only **31.1%**. This contributes to our Japan Credit Rating of AA-. We will continue to take advantage of the Nomura Value Chain and invest in solid logistics and retail properties that enable us to reliably pay stable distributions to our investors. These strategies have proven themselves out of the gate as we are paying a unit distribution of **751 yen per unit, 126 yen more than forecast** soon after the IPO.

Nomura Master Fund has mapped a path to realize stable growth through increasing investment unit price, securing stable income and maximizing the real estate value of our portfolio properties based on investment, management and financial strategies. We have also established a medium-term asset size target of **400 billion yen** while maintaining an operational **LTV level of between 30% to 40%**. We will achieve this target with our internal and external strategies with the aim of further heightening the stability of our portfolio through the diversification of our portfolio of logistics and retail properties as well as diversification of tenants.

The following pages provide an overview of our strategies and implementation.

Thank you for your continued support.

Nomura Value Chain

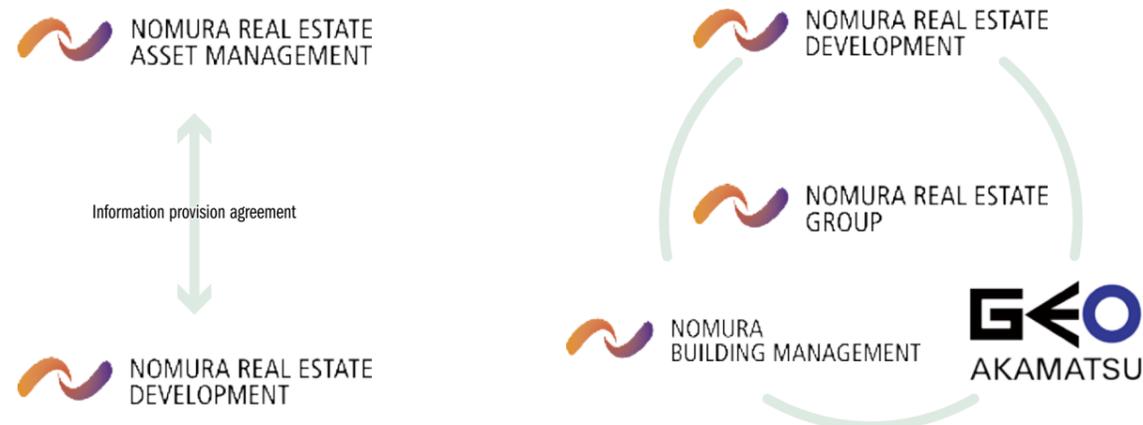
Effective use of pipeline and support from our sponsor

When real estate Nomura Real Estate Development owns or will develop in the future is sold, and said real estate is determined to broadly meet Nomura Master Fund's property selection criteria, information about the sale will, in principle, be provided to the asset management company before third parties. Using this pipeline, Nomura Master Fund will endeavor to steadily grow its assets and secure stable income over the medium- to long-term.

Management support from Nomura Real Estate Group

Nomura Master Fund will make use of Nomura Real Estate Group's capabilities in leasing, administration and property management, while striving to raise satisfaction among tenants as well as maintain and increase the value of the assets it manages.

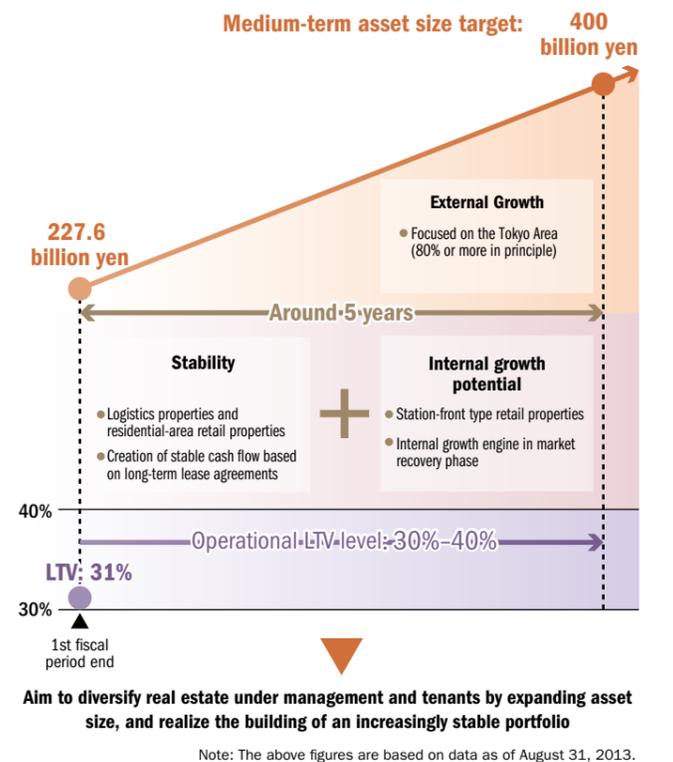
From April 2013, Nomura Real Estate Development will take full charge of the planning, development and leasing of logistics and retail facilities.

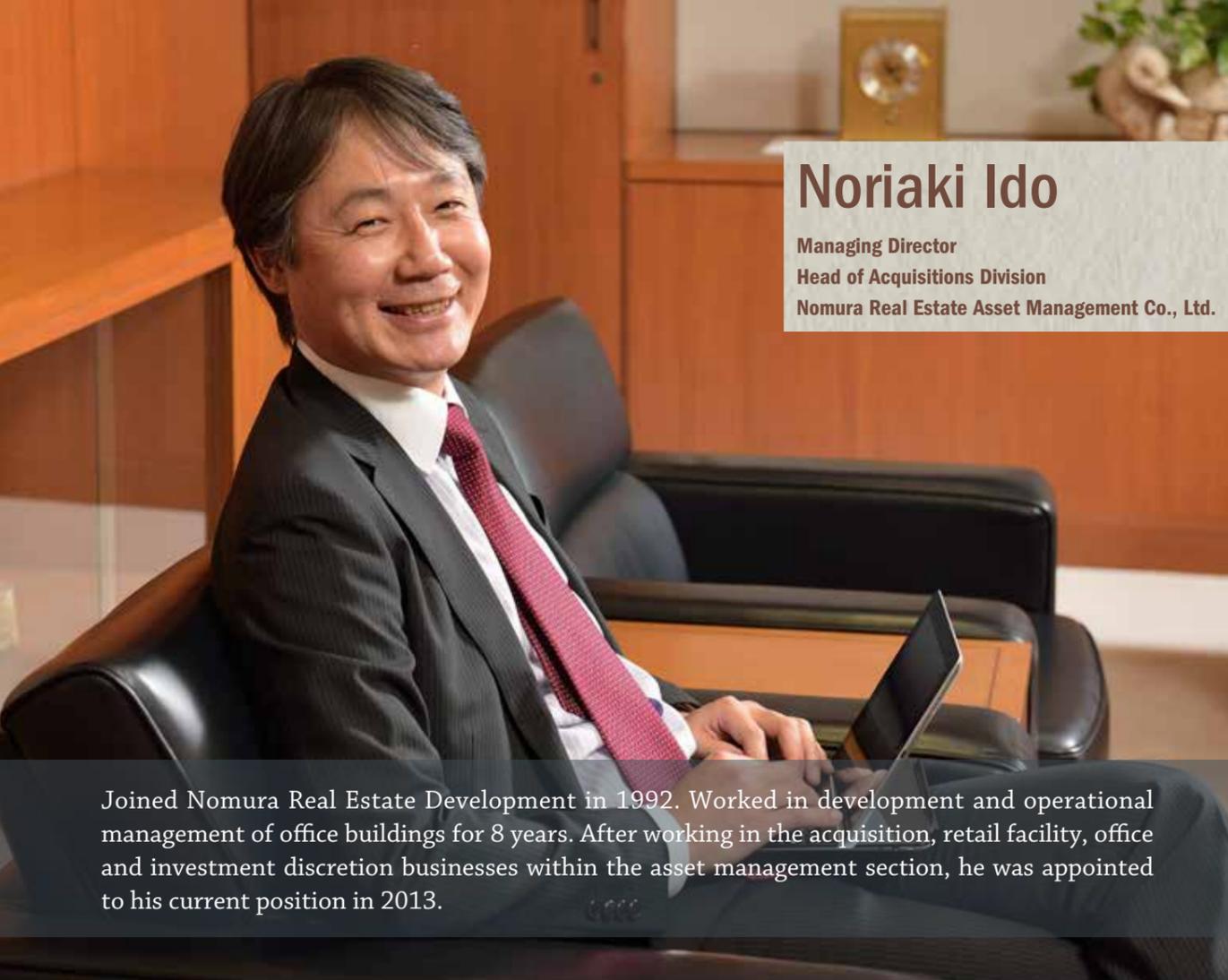


Path Toward Growth



Image of Growth Strategy





Noriaki Ido

Managing Director
Head of Acquisitions Division
Nomura Real Estate Asset Management Co., Ltd.

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 to his current position in 2013.

Portfolio Management: External Growth

A Strategy of Stability and Targeted Growth



Q1 How does Nomura Master Fund deliver on its promise of stability?

Nomura Master Fund investors desire stability. The Nomura Master Fund portfolio delivers on this stability by investing in logistics and retail properties that by nature are linked to consumption. The long-term rental contracts that are the norm with these assets deliver a dependable, steady cash flow.

Q2 Where does Nomura Master Fund's potential for growth lie?

Utilizing the Nomura Real Estate Group's value chain and clear investment strategies such as investment focused on the Tokyo metropolitan area and properties **no older than 10 years**, Nomura Master Fund aims to expand asset size to **400 billion yen** and build a competitive portfolio with quality properties. The ability to apply the potential upside of station-front retail properties to increase value within the existing portfolio.

Q3 How does the Nomura Value Chain differentiate Nomura Master Fund from other REITs ?

Nomura Real Estate and the Nomura Real Estate Group of companies are unique market leading sources for both assets developed by the group and assets sourced by the group. The support of the Nomura Real Estate Group building management, property management and leasing teams means "Nomura Quality" throughout. Our tenants know that they are supported by a robust team.

Utilizing Pipeline and Network for Growth

The Nomura Master Fund growth strategy calls for a portfolio of 400 billion yen in five years. This will be attained by investing in logistics properties (53.6% of portfolio), station-front retail (25.5%) and residential oriented retail (20.9%) properties in a balanced manner. Growth will be achieved through utilization of the pipeline and network of the Nomura Real Estate Group.

Logistics



- Investment focused on large, high-performance logistics facilities
- Ability to apply Nomura expertise
- Ability to take advantage of large, high performance facilities emerging as industry structure changes

Retail

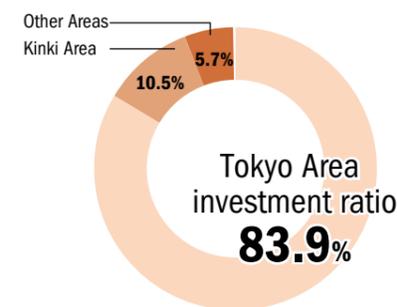


- Investment in retail facilities with stable demand achieved by providing daily necessities, food/beverages, etc.
- Station-front retail: Investment in facilities in close proximity to stations with dense traffic
- Residential-oriented retail: Investment in facilities in residential areas with high populations

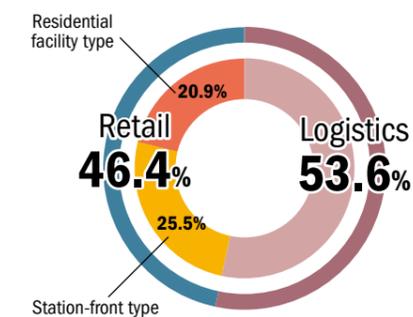
Portfolio Distribution

Proof positive of the implementation of the strategy is demonstrated in the below geographical diversification, portfolio composition and age of portfolio properties.

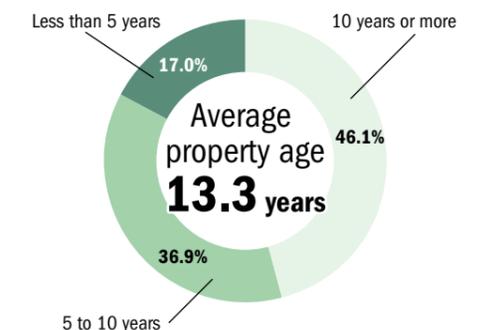
Geographical Diversification



Portfolio Composition by Property Type



Age of Portfolio Properties



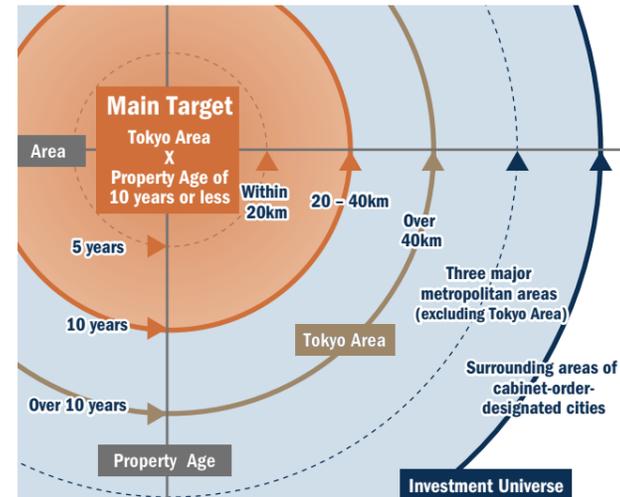
Note: The above figures are based on data as of August 31, 2013.

External Growth Strategy

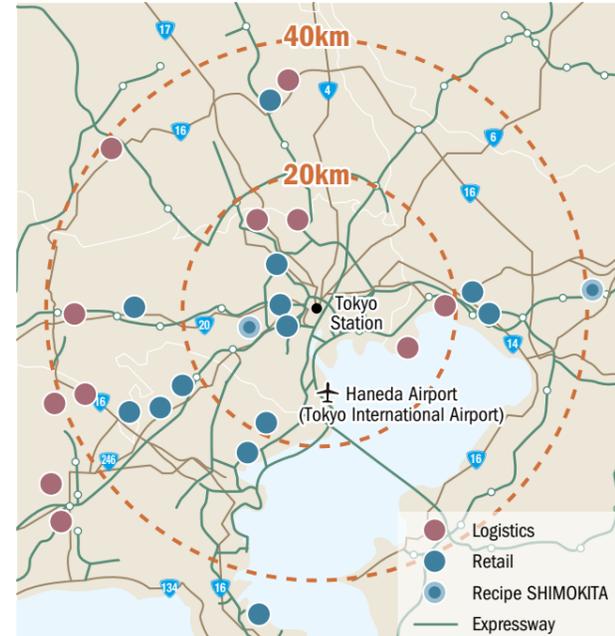
Nomura Master Fund invests primarily in competitive logistics and retail products less than 10 years old and located in the Tokyo metropolitan area.

Investment Perspective

- Investment focused on the Tokyo Area (80% or more in principle), where strong demand is expected
- Acquire properties aged 10 years or less, which have competitive advantages



Location Area of Portfolio Properties



New Acquisition

2nd Fiscal Period: Nomura Master Fund Acquires Recipe SHIMOKITA

Nomura Master Fund signed a purchase agreement on September 30, 2013 to acquire Recipe SHIMOKITA from a Japanese firm in December 2013. The property is a retail asset (with clinic) and will be acquired for 10,407 million yen using a combination of cash on hand and borrowings. The property is located in Shimokitazawa, a popular and high-density residential, shopping and entertainment destination in close proximity to Shibuya, within 10km from Tokyo station. The property is nearly fully occupied, built recently and boasts a strong PML*. NMF is convinced that it further strengthens our portfolio.



Name	Recipe SHIMOKITA
Acquisition price	¥10,407 million
Appraisal	¥10,600 million
Acquisition date	December 13, 2013 (scheduled)
Location	2-20-17 Kitazawa, Setagaya Ward, Tokyo
Access	1-minute walk from Shimokitazawa Station on the Odakyu Odawara Line and Keio Inokashira Line
Site area	1,716.03m ²
Leasable floor space	6,295.22m ²
Floors	B2/8F
Completion	July 2011
PML	2.71%

*PML (Probable Maximum Loss) indicates the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within the next 475 years there is a 0.211% annual chance (10% probability every 50 years or average life time of buildings) of a major earthquake occurring.

Portfolio Table (as of the end of the 1st fiscal period)

A Balanced Portfolio Delivering Stability and Potential for Growth

Use	Area	No.	Name	Location	Acquisition Price (millions of yen)	Investment Ratio (%)	Appraisal Value (millions of yen)	Leasable Floor Space (m ²)	PML (%)
Logistics	Tokyo	1	Landport Urayasu	Urayasu City, Chiba	17,400	7.6	18,200	70,045.85	4.61
		2	Landport Itabashi	Itabashi Ward, Tokyo	15,710	6.9	16,500	52,794.55	6.17
		3	Landport Kawagoe	Kawagoe City, Saitama	13,700	6	13,900	71,569.89	4.85
		4	Landport Atsugi	Atsugi City, Kanagawa	11,410	5	12,000	47,995.23	10.06
		5	Sagamihara Tana Logistics Center	Sagamihara City, Kanagawa	10,600	4.7	11,100	50,450.00	4.92
		6	Sagamihara Onodai Logistics Center	Sagamihara City, Kanagawa	8,700	3.8	9,180	57,448.03	12.96
		7	Landport Hachioji	Hachioji City, Tokyo	8,250	3.6	8,690	34,896.32	11.29
		8	Landport Kasukabe	Kasukabe City, Saitama	7,340	3.2	7,560	29,630.48	7.33
		9	Funabashi Logistics Center	Funabashi City, Chiba	4,660	2	4,840	30,641.98	5.24
		10	Atsugi Minami Logistics Center B Tower	Atsugi City, Kanagawa	4,590	2	4,750	24,909.96	12.38
		11	Hanyu Logistics Center	Hanyu City, Saitama	3,810	1.7	4,180	24,850.80	5.15
		12	Kawaguchi Logistics Center B Tower	Kawaguchi City, Saitama	3,750	1.6	4,070	13,648.70	5.05
		13	Kawaguchi Logistics Center A Tower	Kawaguchi City, Saitama	2,830	1.2	3,030	12,003.57	6.32
		14	Atsugi Minami Logistics Center A Tower	Atsugi City, Kanagawa	2,690	1.2	2,910	9,825.52	12.35
	15	Ota Nitta Logistics Center	Ota City, Gunma	3,430	1.5	3,690	42,328.00	2.01	
	Other	16	Ota Higashishinmachi Logistics Center	Ota City, Gunma	2,170	1	2,380	23,584.72	1.39
	17	Ota Kiyohara Logistics Center	Ota City, Gunma	650	0.3	700	9,397.38	1.39	
18	Chiyodamachi Logistics Center	Oura-Gun, Gunma	330	0.1	354	4,592.00	7.23		
Retail Properties	Tokyo	1	Morisia Tsudanuma	Narashino City, Chiba	16,600	7.3	17,200	39,301.49	5.93
		2	Yokosuka More's City	Yokosuka City, Kanagawa	13,640	6	14,200	29,383.65	12.79
		3	EQUINIA Shinjuku	Shinjuku Ward, Tokyo	4,260	1.9	4,330	3,611.57	7.5
		4	Kawasaki More's	Kawasaki City, Kanagawa	4,000	1.8	4,220	14,446.48	11.24
		5	EQUINA Ikebukuro	Toshima Ward, Tokyo	3,990	1.8	4,140	2,701.66	10.82
		6	covima machida	Machida City, Tokyo	3,440	1.5	3,780	2,891.32	14.8
		7	Nitori Makuhari	Chiba City, Chiba	3,080	1.4	3,310	14,367.98	5.93
		8	Konami Sports Club Fuchu	Fuchu City, Tokyo	2,730	1.2	2,990	12,385.18	2.4
		9	FESTA SQUARE	Saitama City, Saitama	2,600	1.1	2,810	7,480.63	6.36
		10	GEMS Shibuya	Shibuya Ward, Tokyo	2,490	1.1	2,500	1,791.34	1.81
		11	Sundai Azamino	Yokohama City, Kanagawa	1,700	0.7	1,760	2,286.47	6.93
		12	EQUINIA Aobadai	Yokohama City, Kanagawa	1,560	0.7	1,690	2,457.36	9.91
		13	Megalos Kanagawa	Yokohama City, Kanagawa	1,000	0.4	1,190	6,217.85	11.24
		14	Izumiyama Senrioka	Suita City, Osaka	8,930	3.9	9,820	24,399.12	14.44
Other	15	Merad Owada	Osaka City, Osaka	6,640	2.9	6,960	(Retail) 14,941.54 (Logistics) 5,856.50	10.16	
16	Izumiyama Yao	Yao City, Osaka	4,406	1.9	4,640	34,198.01	14.37		
17	Izumiyama Obayashi	Takarazuka City, Hyogo	3,020	1.3	3,190	11,714.36	12.95		
Other	18	Ichibancho stear	Sendai City, Miyagi	4,700	2.1	5,090	4,582.81	2.76	
19	EQUINIA Aobadori	Sendai City, Miyagi	1,640	0.7	1,740	4,030.37	0.34		
Retail (land only)	Tokyo	20	Mitsubishi Motors Meguro	Meguro Ward, Tokyo	2,740	1.2	2,800	3,381.19	-
		21	Mitsubishi Motors Chofu	Chofu City, Tokyo	1,760	0.8	1,820	4,183.63	-
		22	Mitsubishi Motors Shibuya	Shibuya Ward, Tokyo	1,570	0.7	1,690	1,421.31	-
		23	Mitsubishi Motors Nerima	Nerima Ward, Tokyo	1,240	0.5	1,270	1,725.61	-
		24	Mitsubishi Motors Kawasaki	Kawasaki City, Kanagawa	950	0.4	1,010	3,057.02	-
		25	Mitsubishi Motors Takaide	Suginami Ward, Tokyo	850	0.4	889	1,923.64	-
		26	Mitsubishi Motors Katsushika	Katsushika Ward, Tokyo	800	0.4	810	1,930.05	-
		27	Mitsubishi Motors Higashikurume	Higashikurume City, Tokyo	800	0.4	813	4,105.00	-
		28	Mitsubishi Motors Setagaya	Setagaya Ward, Tokyo	770	0.3	777	1,305.78	-
		29	Mitsubishi Motors Suginami	Suginami Ward, Tokyo	740	0.3	781	1,831.00	-
		30	Mitsubishi Motors Sekimachi	Nerima Ward, Tokyo	600	0.3	612	989.77	-
		31	Mitsubishi Motors Higashiyamato	Higashiyamato City, Tokyo	450	0.2	484	2,783.79	-
		32	Mitsubishi Motors Motosumiyoshi	Kawasaki City, Kanagawa	370	0.2	374	1,646.97	-
		33	Mitsubishi Motors Kawagoe	Kawagoe City, Saitama	350	0.2	353	2,462.40	-
		34	Mitsubishi Motors Edogawa	Edogawa Ward, Tokyo	200	0.1	207	892.56	-
		35	Mitsubishi Motors Sayama	Sayama City, Saitama	160	0.1	165	1,793.00	-
		Other	36	Mitsubishi Motors Ibaraki Maintenance Center	Ibaraki City, Osaka	820	0.4	877	5,704.24
Total					227,616	100	239,326	890,795.63	5.28

New Acquisition

	Recipe SHIMOKITA	Setagaya Ward, Tokyo	10,407	-	10,600	6,295.22	-
Total			238,023	-	249,926	897,090.85	-



Naohiro Takahashi

Managing Director
Head of Asset Management Division
Nomura Real Estate Asset Management Co., Ltd.

Joined Nomura Real Estate Development in 1989. Worked in sales of detached houses and condominiums for 14 years. Appointed to current position in 2012 after working in disposals of owned real estate.

Portfolio Management: Internal Growth

Nomura Value Chain Drives Stability and Growth



Q1 How does the Nomura Value Chain contribute to management of the existing portfolio?

Led by our internal team, Geo Akamatsu, a Nomura Real Estate Group member and experts in retail property management, along with other Nomura Real Estate Group companies, we are able to deliver dependable results that are essential for a J-REIT.

Q2 How will Nomura Master Fund deliver stability to investors?

The outstanding **99.8%** occupancy rate for the portfolio, stable rents over long-term contracts and latent profits of **9.8 billion yen** in the portfolio value are proof positive of our skills. We are confident that we will deliver solid results.

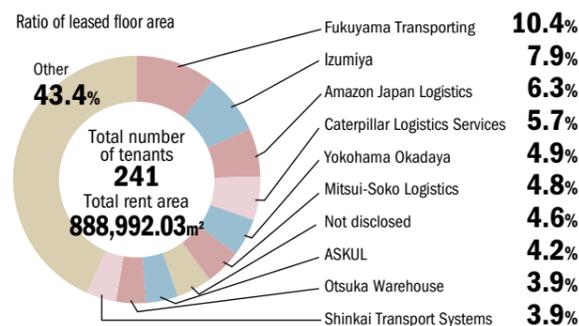
Q3 Are these skills backed by numbers?

Nomura Master Fund will utilize the Nomura Real Estate Group's capabilities to lease up properties and achieve a diversified tenant base while leveraging long-term rental contracts so as to diversify rent agreement maturations and steadily deliver the results our investors desire.

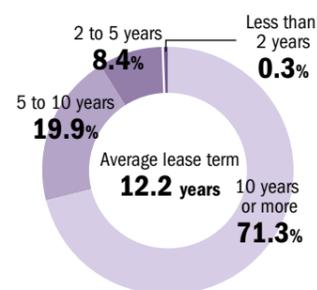
Tenant Diversification

Our diverse tenant base and lease terms show our lack of dependence on any single tenant or any single industry that may be susceptible to market upheavals.

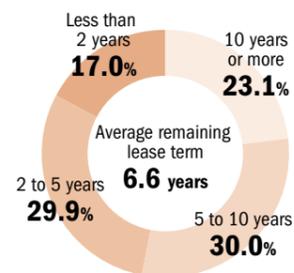
Area Ratio



Lease Term (leased area based)

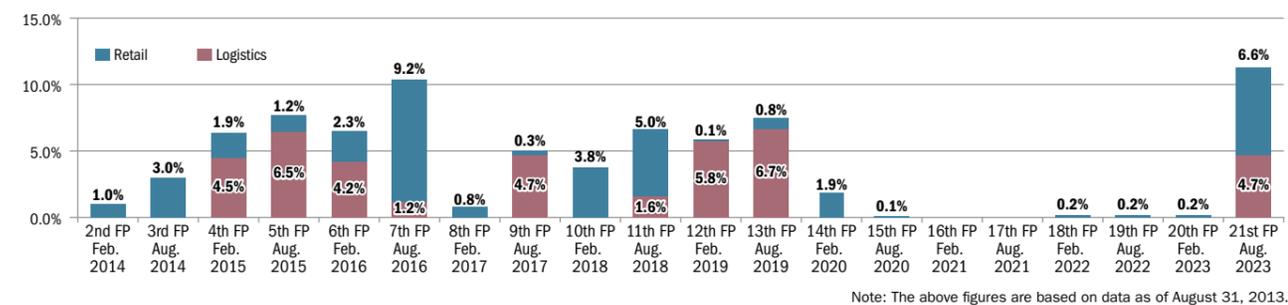


Remaining Lease Term (leased area based)



Diversification of Lease Maturities

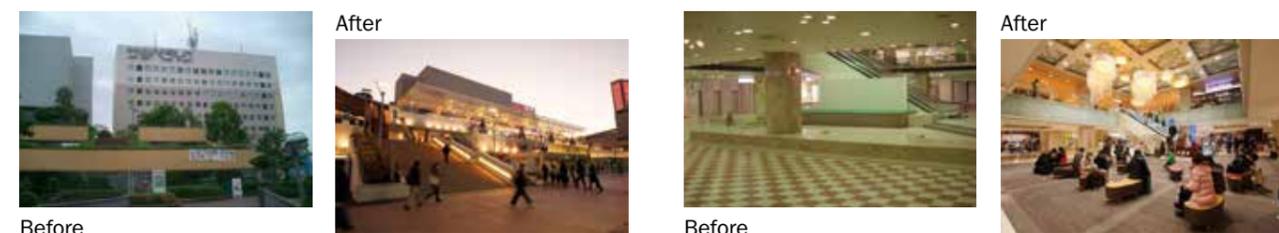
The diversification of the long-term rental agreements that form the base of our portfolio ensures that the potential loss of a large proportion of tenants or occupancy rate upheaval will occur in any given fiscal period.



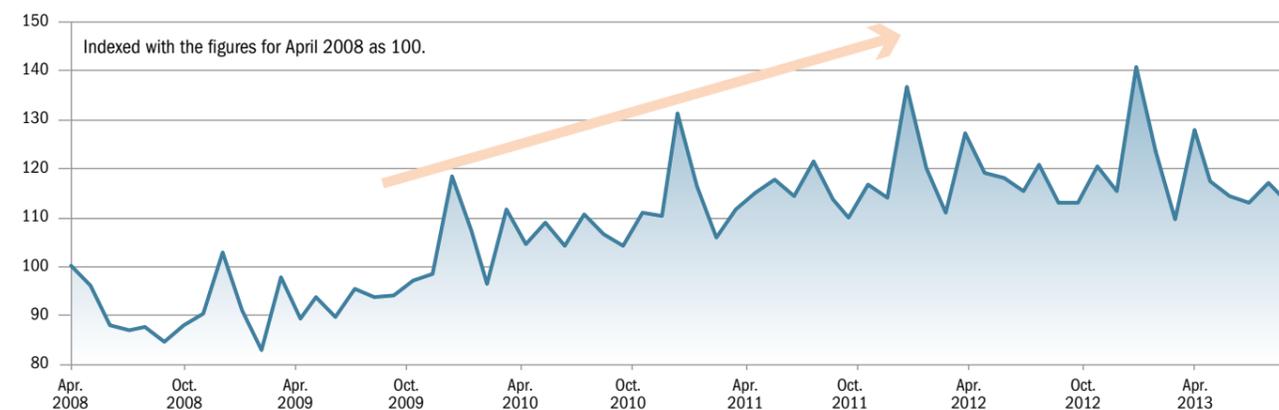
Proven Leasing Experience: Morisia Tsudanuma

This property was initially acquired by a private fund managed by the Nomura Real Estate Group after a major supermarket and department store vacated the premises, it was then turned around and revitalized as a shopping center with 115 tenants and about 39,000m² of leasing space, and presently is enjoying strong growth in sales.

Morisia Tsudanuma Revitalization



Morisia Tsudanuma Monthly Sales Index





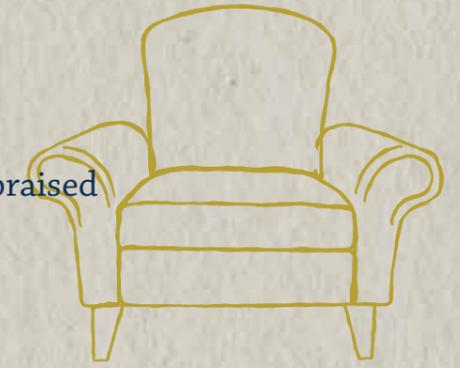
Masato Yamauchi

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

Joined Nomura Real Estate Development in 1991. Worked in tenant marketing, development, property and asset management businesses of office buildings for 14 years. Worked in asset management business of offices in the asset management section from 2008. Appointed to current position in 2011.

Finance Strategy

A Conservative and Stable Strategy that is Highly Appraised



Q1 How would you define the Nomura Master Fund financial strategy?

Conservative, conservative, conservative. We want our investors to be confident of the stability of our product in good and bad times, and we are convinced that a **conservative sub-40% LTV (presently 31.1%)** will provide this stability.

Q2 In what other ways are you working to assure stability?

Nomura Master Fund is delivering stability to our investors through a high rate of **long-term loans (78.9%)**, with the current average length until maturity of **4.82 years**. We are also spreading out the loan maturities so that we are not overwhelmed by refinancing in any single period.

Q3 How has this strategy been appraised by the market?

Japan Credit Rating has given Nomura Master Fund a long-term rating of **AA- (Stable)**, a clear vote of confidence in our REIT and our strategy.

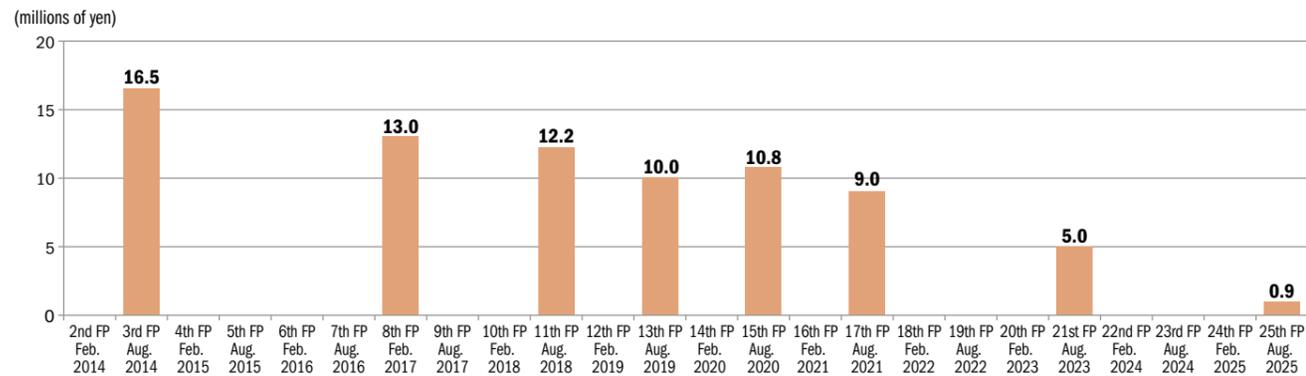
Key Debt Markers

These key markers are resounding evidence of a conservative, well executed strategy.

Ratio of Interest-Bearing Liabilities to Total Assets



Diversification of Loan Maturities



Note: Nomura Master Fund has clearly spread out loan maturities enabling the REIT to consistently refinance even in potentially severe economic climates.

Bank Formation

Nomura Master Fund's bank formation boasts loans from leading Japanese financial institutions and the average interest rate of 0.99% needs no explanation as to the high evaluation of Nomura Master Fund's management by financial institutions.

Financial Institution	(billions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19.9
Sumitomo Mitsui Banking Corporation	19.9
Mizuho Bank, Ltd.	13.5
Mitsubishi UFJ Trust and Banking Corporation	5.8
Sumitomo Mitsui Trust Bank, Limited	5.8
The Norinchukin Bank	5.8
Development Bank of Japan Inc.	3.8
Mizuho Trust & Banking Co., Ltd.	3.8
Total	78.4

LTV: Proving Stable Operations

	LTV	Portfolio Value (billions of yen)
Nomura Master Fund	31.1%	227.6
REIT 1	48.9%	221.3
REIT 2	48.0%	117.0
REIT 3	41.3%	794.2
REIT 4	41.0%	271.6

Note: Compared with REITs specialized in logistics and/or other commercial facilities.

Commitment Line

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation
Mizuho Bank, Ltd.

Commitment Line Agreement

10 billion yen
(Commitment period: 1 year)

Credit Ratings

Credit Rating Agency: **Japan Credit Rating Agency, Ltd. (JCR)**

Long-Term Issuer Rating

AA-

Outlook

Stable

Note: The figures are based on data as of August 31, 2013.

Portfolio Gallery

Effectively Applying the Nomura Value Chain to Deliver a Robust Portfolio to Investors



Landport Kawagoe



Landport Urayasu



Landport Itabashi



Landport Atsugi



Sagamihara Tana Logistics Center



Sagamihara Onodai Logistics Center



Landport Hachioji



Landport Kasukabe



Funabashi Logistics Center



Atsugi Minami Logistics Center B Tower



Hanyu Logistics Center



Kawaguchi Logistics Center B Tower



Kawaguchi Logistics Center A Tower



Atsugi Minami Logistics Center A Tower



Ota Higashishinmachi Logistics Center



Ota Kiyohara Logistics Center



Chiyodamachi Logistics Center



Ota Nitta Logistics Center



- Station-front type
- Residential facility type



Yokosuka More's City



Morisia Tsudanuma



EQUINA Ikebukuro



Kawasaki More's



covirna machida



Nitori Makuhari



GEMS Shibuya



EQUINIA Shinjuku



FESTA SQUARE



EQUINIA Aobadai



Sundai Azamino



Megalos Kanagawa

Portfolio Data (as of the end of the 1st fiscal period)

Stability with Promise through Tokyo-Centric and Major Metropolitan Area Focused Portfolio



Retail/Kinki

- Station-front type
- Residential facility type



Izumiya Obayashi



Izumiya Senrioka



Merad Owada



Izumiya Yao



Retail/Other

- Station-front type
- Residential facility type



Ichibancho stear



EQUINIA Aobadori

Retail (land only)/Tokyo

- Mitsubishi Motors Meguro
- Mitsubishi Motors Chofu
- Mitsubishi Motors Shibuya
- Mitsubishi Motors Nerima
- Mitsubishi Motors Kawasaki
- Mitsubishi Motors Takaido
- Mitsubishi Motors Katsushika
- Mitsubishi Motors Higashikurume
- Mitsubishi Motors Setagaya
- Mitsubishi Motors Suginami
- Mitsubishi Motors Sekimachi
- Mitsubishi Motors Higashiyamato
- Mitsubishi Motors Motosumiyoshi
- Mitsubishi Motors Kawagoe
- Mitsubishi Motors Edogawa
- Mitsubishi Motors Sayama

Retail (land only)/Kinki

- Mitsubishi Motors Ibaraki Maintenance Center

Portfolio Map

Tokyo Area

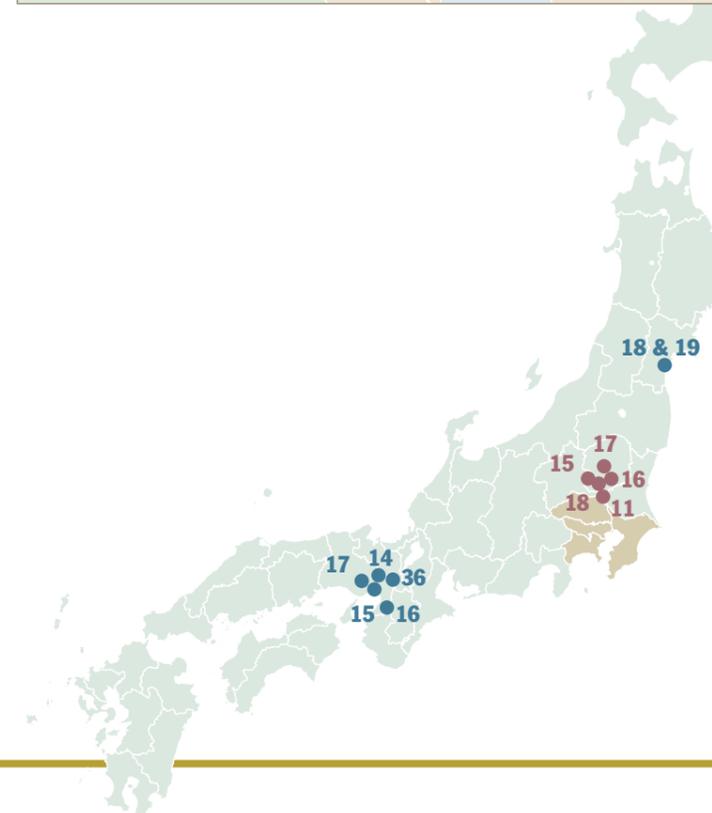


Logistics

1. Landport Urayasu
2. Landport Itabashi
3. Landport Kawagoe
4. Landport Atsugi
5. Sagamiyama Tana Logistics Center
6. Sagamiyama Onodai Logistics Center
7. Landport Hachioji
8. Landport Kasukabe
9. Funabashi Logistics Center
10. Atsugi Minami Logistics Center B Tower
11. Hanyu Logistics Center
12. Kawaguchi Logistics Center B Tower
13. Kawaguchi Logistics Center A Tower
14. Atsugi Minami Logistics Center A Tower
15. Ota Nitta Logistics Center
16. Ota Higashishinmachi Logistics Center
17. Ota Kiyohara Logistics Center
18. Chiyodamachi Logistics Center

Retail

1. Morisia Tsudanuma
2. Yokosuka More's City
3. EQUINIA Shinjuku
4. Kawasaki More's
5. EQUINIA Ikebukuro
6. covirma machida
7. Nitori Makuhari
8. Konami Sports Club Fuchu
9. FESTA SQUARE
10. GEMS Shibuya
11. Sundai Azamino
12. EQUINIA Aobadai
13. Megalos Kanagawa
14. Izumiya Senrioka
15. Merad Owada
16. Izumiya Yao
17. Izumiya Obayashi
18. Ichibancho stear
19. EQUINIA Aobadori
20. Mitsubishi Motors Meguro
21. Mitsubishi Motors Chofu
22. Mitsubishi Motors Shibuya
23. Mitsubishi Motors Nerima
24. Mitsubishi Motors Kawasaki
25. Mitsubishi Motors Takaido
26. Mitsubishi Motors Katsushika
27. Mitsubishi Motors Higashikurume
28. Mitsubishi Motors Setagaya
29. Mitsubishi Motors Suginami
30. Mitsubishi Motors Sekimachi
31. Mitsubishi Motors Higashiyamato
32. Mitsubishi Motors Motosumiyoshi
33. Mitsubishi Motors Kawagoe
34. Mitsubishi Motors Edogawa
35. Mitsubishi Motors Sayama
36. Mitsubishi Motors Ibaraki Maintenance Center



Corporate Governance

Compliance that Ensures Investment Integrity and Investor Confidence

Nomura Real Estate Asset Management (NREAM) created its compliance rules and structure at the dawn of the Japanese real estate investment management business in the 1990s to meet the strict standards of foreign investors. Over the years, NREAM has established a highly-refined compliance structure for the many facets of investment management, including private funds, J-REITs and discretionary investment services.

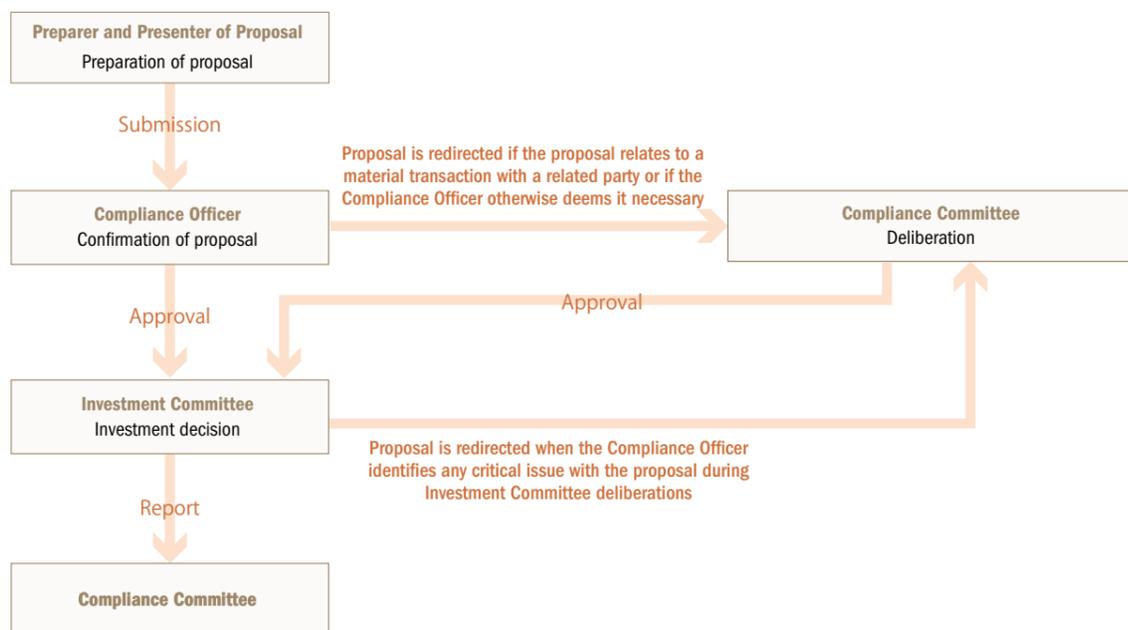
The key elements of NREAM's compliance structure are the Compliance Department, the Compliance Officer, who is the head of the Compliance Department, and the Compliance Committee.

The Compliance Department handles risk management and Risk Management Committee matters along with those related to compliance and the Compliance Committee. Thus, the Compliance Department is the corporate body that ensures day-to-day compliance in decision-making and actions.

The Compliance Committee revises compliance regulations, and establishes and revises the Compliance Manual and Compliance Program. It also handles countermeasures when required and instructed to do so by the Compliance Officer in the event of compliance violations by the Asset Manager. The Compliance Committee also analyzes deals with interested parties at the behest of the Compliance Officer and considers improvements needed to maintain compliance with laws and regulations. The Compliance Committee additionally administers and verifies achievement of the company wide Compliance Program.

The Compliance Officer constantly monitors and inspects legal compliance of the Asset Manager's investment and advisory activities. The Compliance Officer verifies the compliance of all matters under discussion by the Investment Committee and voices his or her opinion. The Compliance Officer also verifies daily compliance and reports to the President when compliance issues are discovered and seeks implementation of proper countermeasures.

The flow of compliance matters regarding investment is shown in the table below.



Financial Section

Contents

Balance Sheet	20
Statement of Income and Retained Earnings	22
Statement of Changes in Net Assets	23
Statement of Cash Flows	24
Notes to Financial Statements	25
Report of Independent Auditors	34

Balance Sheet

	Thousands of Yen
As of August 31, 2013	
ASSETS	
Current Assets:	
Cash and bank deposits	¥16,460,088
Rental receivables	138,212
Consumption taxes receivable	4,713,348
Other current assets	249,363
Total current assets	21,561,011
Property and Equipment, at Cost:	
Land	131,144,877
Buildings and structures	95,221,008
Tools, furniture and fixtures	574
Subtotal	226,366,459
Less accumulated depreciation	(698,513)
Net property and equipment	225,667,946
Investments and Other Assets:	
Leasehold rights	3,821,371
Intangible assets	11,445
Long-term prepaid expenses	648,602
Long-term deposits	39,101
Security deposits	515,926
Total investments and other assets	5,036,445
Total Assets	¥252,265,402

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

	Thousands of Yen
As of August 31, 2013	
LIABILITIES	
Current Liabilities:	
Trade accounts payable	¥262,587
Short-term debt	16,500,000
Current portion of long-term debt	85,600
Other accounts payable	1,085,077
Accrued expenses	10,658
Accrued income taxes	1,523
Rent received in advance	1,335,426
Other current liabilities	47,051
Total current liabilities	19,327,922
Long-term Liabilities:	
Long-term debt	61,893,000
Security deposits from tenants	8,672,524
Total long-term liabilities	70,565,524
Total Liabilities	89,893,446
NET ASSETS	
Unitholders' Equity:	
Unitholders' capital	161,120,405
Surplus	
Retained earnings	1,251,551
Total surplus	1,251,551
Total unitholders' equity	162,371,956
Total Net Assets	162,371,956
Total Liabilities and Net Assets	¥252,265,402

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 January 31, 2013 to August 31, 2013
Operating Revenues and Expenses	
Operating Revenues:	
Real estate rental revenues	¥3,683,130
	3,683,130
Operating Expenses:	
Real estate rental expenses	1,258,501
Asset management fees	277,764
Asset custody fees	3,993
Administrative service fees	23,540
Other operating expenses	29,702
	1,593,500
Operating Profit	2,089,630
Non-Operating Revenues and Expenses	
Non-Operating Revenues:	
Interest income	889
Other non-operating revenues	4
	893
Non-Operating Expenses:	
Interest expense	144,739
Loan arrangement fees	147,198
Investment units issuance costs	293,249
Other offering costs associated with the issuance of investment units	149,006
Organization expenses	100,000
Other non-operating expenses	3,125
	837,317
Ordinary Income	1,253,206
Income before Income Taxes	1,253,206
Income Taxes:	
Current	1,704
Deferred	(49)
Net Income	1,251,551
Retained Earnings at End of Period	¥1,251,551

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

Statement of Changes in Net Assets

	Thousands of Yen					
	For the period from January 31, 2013 to August 31, 2013					
	Unitholders' Equity					Total Net Assets
	Units	Unitholders' Capital	Surplus		Total Unitholders' Equity	
			Retained Earnings	Total Surplus		
Balance as of January 31, 2013	-	-	-	-	-	-
Issuance of new investment units	1,665,260	¥161,120,405	-	-	¥161,120,405	¥161,120,405
Net income	-	-	¥1,251,551	¥1,251,551	1,251,551	1,251,551
Balance as of August 31, 2013	1,665,260	¥161,120,405	¥1,251,551	¥1,251,551	¥162,371,956	¥162,371,956

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

Statement of Cash Flows

	Thousands of Yen
For the period from January 31, 2013 to August 31, 2013	
Cash Flows	
Cash Flows from Operating Activities	
Income before income taxes	¥1,253,206
Depreciation	699,118
Investment units issuance costs	293,249
Interest income	(889)
Interest expense	144,739
Decrease (Increase) in rental receivables	(138,212)
Decrease (Increase) in consumption taxes receivable	(4,713,348)
Decrease (Increase) in long-term prepaid expenses	(648,602)
Decrease (Increase) in long-term deposits	(39,101)
Increase (Decrease) in trade accounts payable	262,587
Increase (Decrease) in other accounts payable	376,561
Increase (Decrease) in rent received in advance	1,335,426
Other	(202,263)
Subtotal	(1,377,529)
Interest received	889
Interest paid	(134,081)
Income taxes paid	(181)
Net cash provided by (used in) operating activities	(1,510,902)
Cash Flows from Investing Activities	
Payments for purchases of property and equipment	(225,663,944)
Payments for purchases of leasehold rights and intangible assets	(3,827,420)
Reimbursement of security deposits to tenants	(23,066)
Proceeds from security deposits from tenants	8,695,590
Payments for security deposits	(515,926)
Net cash provided by (used in) investing activities	(221,334,766)
Cash Flows from Financing Activities	
Proceeds from short-term debt	16,500,000
Proceeds from long-term debt	62,000,000
Repayment of long-term debt	(21,400)
Proceeds from issuance of investment units	161,120,405
Payments for investment units issuance costs	(293,249)
Net cash provided by (used in) financing activities	239,305,756
Net Increase (Decrease) in Cash and Cash Equivalents	16,460,088
Cash and Cash Equivalents at Beginning of Period	-
Cash and Cash Equivalents at End of Period	¥16,460,088

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 and retail 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.

On January 31, 2013, the Company was incorporated under the Act on Investment Trusts and Investment Corporations (the "Investment Trust Act") of Japan. On June 12, 2013, the Company was listed on the Tokyo Stock Exchange and started operations on the following day. As of August 31, 2013, the Company owned a portfolio of 54 logistics facilities and retail facilities containing an aggregate of approximately 890,795.63 square meters of leasable area and leased space to 241 tenants.

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 of 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 - 10 years
Tools, furniture and fixtures	6 years

Intangible assets

Intangible assets are amortized by the straight-line method.

Long-term prepaid expenses

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

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. No impairment losses have been recognized to date.

Investment units issuance costs

The entire amount is expensed as incurred.

Organization expenses

The entire amount is expensed as incurred.

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 768,771 thousand yen for the fiscal period ended August 31, 2013.

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 August 31, 2013 consist of the following:

	Thousands of Yen
	As of August 31, 2013
Cash and bank deposits	¥16,460,088
Cash and cash equivalents	¥16,460,088

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2013 consist of the following:

	Thousands of Yen	
	As of August 31, 2013	
	Acquisition costs	Book value
Land	¥2,440,333	¥2,440,333
Buildings and structures	1,109,122	
Accumulated depreciation	(6,473)	1,102,649
Land in trust	128,704,544	128,704,544
Buildings and structures in trust	94,111,886	
Accumulated depreciation	(692,032)	93,419,854
Tools, furniture and fixtures in trust	574	
Accumulated depreciation	(8)	566
Total	¥225,667,946	¥225,667,946

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

Short-term debt and current portion of long-term debt as of August 31, 2013 consist of the following:

	As of August 31, 2013	
	Amount	Weighted-average
	(Thousands of Yen)	interest rate
Unsecured loans from banks due on May 26, 2014	¥8,000,000	0.35000%
Unsecured loans from banks due on May 26, 2014	8,500,000	0.35000%
Unsecured loans from a bank due on May 26, 2025 ^(Note 2)	42,800	2.21812%
Unsecured loans from a bank due on May 26, 2025 ^(Note 2)	42,800	2.17000%
Total	¥16,585,600	

Note1: 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.

Note2: Installments of 10.7 million yen will be made on the 26th day of every three month starting on August 26, 2013, with the remaining payment of 497.1 million yen to be repaid on May 26, 2025.

The Company entered into 10,000 million yen credit facilities in the form of commitment lines with three financial institutions for the fiscal period ended August 31, 2013. The total unused amounts of such credit facilities were 10,000 million yen as of August 31, 2013.

7. LONG-TERM DEBT

Long-term debt as of August 31, 2013 consists of the following:

As of August 31, 2013		
	Amount (Thousands of Yen)	Weighted-average interest rate ^(Note 1)
Unsecured loans from banks due on November 26, 2016	¥13,000,000	0.64250%
Unsecured loans from banks due on May 26, 2018	12,200,000	0.86250%
Unsecured loans from banks 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 banks 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 banks 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 26, 2023	2,000,000	1.89500%
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	1,000,000	1.83875%
Unsecured loans from a bank due on May 26, 2025 ^(Note 2)	946,500	2.21812%
Unsecured loans from a bank due on May 26, 2025 ^(Note 2)	946,500	2.17000%
Total	¥61,893,000	

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 yen will be made on the 26th day of every three month starting on August 26, 2013, with the remaining payment of 497.1 million yen 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	85,600	85,600	13,085,600	12,285,600

8. 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 yen as set forth in the Investment Trust Act.

9. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of August 31, 2013 were as follows:

For the period from January 31, 2013 to August 31, 2013	
Net assets per unit	¥97,505
Net income per unit	¥1,948

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

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

For the period from January 31, 2013 to August 31, 2013	
Net income (Thousands of Yen)	¥1,251,551
Amount not available to ordinary unitholders (Thousands of Yen)	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,251,551
Average number of units during the period	642,316

10. RELATED PARTY TRANSACTIONS

For the period from January 31, 2013 to August 31, 2013

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

11. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 37% for the fiscal period ended August 31, 2013. 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 1,250,610 thousand yen for the fiscal period ended August 31, 2013, such distributions were treated as deductible distributions for purposes of corporate income taxes. The following summarizes the significant differences between the statutory tax rate and the effective tax rate:

For the period from January 31, 2013 to August 31, 2013	
Statutory tax rate	36.59%
Deductible cash distributions	(36.51)
Other	0.05
Effective tax rate	0.13%

12. 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 "17. 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 January 31, 2013 to August 31, 2013

The following table summarizes the carrying value and the estimated fair values of financial instruments as of August 31, 2013.

	Thousands of Yen		
	Carrying value ^(Note 1)	Fair value ^(Note 1)	Difference
(i) Cash and bank deposits	¥16,460,088	¥16,460,088	-
(ii) Short-term debt	(16,500,000)	(16,500,000)	-
(iii) Current portion of long-term debt	(85,600)	(86,521)	¥921
(iv) Long-term debt	(61,893,000)	(62,528,386)	635,386
(v) Derivative transactions	-	-	-

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) Short-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 "17. 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 "17. Derivatives and Hedge Accounting".

Note 3: Redemption schedule for cash and bank deposits as of August 31, 2013

	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	¥16,460,088	-	-	-	-	-
Total	¥16,460,088	-	-	-	-	-

Note 4: Redemption schedule for debt as of August 31, 2013

	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	¥16,500,000	-	-	-	-	-
Long-term debt	85,600	¥85,600	¥85,600	¥13,085,600	¥12,285,600	¥36,350,600
Total	¥16,585,600	¥85,600	¥85,600	¥13,085,600	¥12,285,600	¥36,350,600

13. INVESTMENT AND RENTAL PROPERTIES

The Company owns leasable logistics facilities and leasable retail facilities (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 January 31, 2013 to August 31, 2013
Carrying value	
Balance at beginning of the period	-
Amount of increase (decrease) during the period	¥229,489,317
Balance at end of the period	229,489,317
Fair value at end of the period	¥239,326,000

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 August 31, 2013 was mainly due to the acquisition of 54 properties including Landport Urayasu (total 230,163,004 thousand yen) and decrease in the carrying value during the period ended August 31, 2013 was mainly due to depreciation (total 698,513 thousand yen).

Note 3: The fair value as of August 31, 2013 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 August 31, 2013 are presented in "15. Breakdown of Real Estate Rental Revenues and Expenses."

14. SEGMENT INFORMATION

For the period from January 31, 2013 to August 31, 2013

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

Since no single external client represents 10 percent or more of the Company's total operating revenues, information about major clients has been omitted.

15. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the fiscal period ended August 31, 2013 consist of the following:

	Thousands of Yen
	For the period from January 31, 2013 to August 31, 2013
Real estate rental revenues	¥3,683,130
Rental revenues	3,392,016
Rental revenues	3,291,204
Common area charges	100,812
Other rental revenues	291,114
Parking revenues	34,578
Incidental income	253,525
Other miscellaneous revenues	3,011
Real estate rental expenses	1,258,501
Property management costs	131,204
Property management fees	60,336
Utility expenses	223,476
Casualty insurance	7,386
Repairs and maintenance	58,105
Land rents	30,673
Depreciation	698,513
Other rental expenses	48,808
Real estate rental profits	¥2,424,629

16. LEASES

The future minimum rental revenues from tenants under non-cancelable operating lease of properties as of August 31, 2013 are summarized as follows:

	Thousands of Yen
	As of August 31, 2013
Due within one year	¥13,165,343
Due after one year	36,701,720
Total	¥49,867,063

17. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of August 31, 2013

(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	Method used for determining fair value
				Due after one year		
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	55,189,300	55,146,500	(*)	

*Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see "12. Financial Instruments (Note 2) (iii) Current portion of long-term debt and (iv) Long-term debt").

Independent Auditor's Report



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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 August 31, 2013, and the statements of income and retained earnings, changes in net assets, and cash flows from January 31, 2013 to August 31, 2013 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 August 31, 2013, and its financial performance and cash flows from January 31, 2013 to August 31, 2013 in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

November 22, 2013

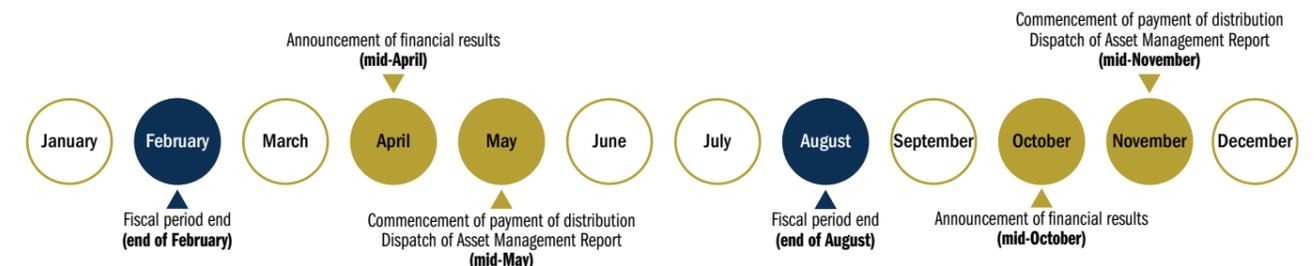
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Investor Information

Structure



IR Calendar



Breakdown of Unitholders

Foreign corporations and individuals	234,342 units	14.1%
Other domestic corporations	225,459 units	13.5%
Financial institutions (including financial instruments business operators)	548,633 units	32.9%
Individuals and others	656,826 units	39.4%

Top 10 Unitholders

Unitholder	Units held	Share
1 Japan Trustee Services Bank, Ltd. (Trust Account)	199,271	11.97%
2 Nomura Real Estate Development Co., Ltd.	87,820	5.27%
3 The Nomura Trust and Banking Co., Ltd. (Trust Account)	73,659	4.42%
4 Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	73,187	4.39%
5 Nomura Bank Luxembourg SA	50,671	3.04%
6 The Master Trust Bank of Japan, Ltd. (Trust Account)	48,522	2.91%
7 The Gibraltar Life Insurance Co., Ltd. (J-REIT Account)	15,250	0.92%
8 Credit Suisse Securities (Europe) Limited PB Omnibus Client Account	13,442	0.81%
9 The Bank of New York, Non-Treaty JASDEC Account	11,215	0.67%
10 The Bank of New York Mellon as Agent BNYM. AS EA Dutch Pension Omnibus 140016	10,758	0.65%
Total	583,795	35.06%

Note: The figures are based on data as of August 31, 2013.