



For Translation Purposes Only

August 5, 2014

For Immediate Release

Nomura Real Estate Master Fund, Inc.
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(Securities Code: 3285)

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Notice Concerning Property Acquisition and Lease Contract with New Tenant

Nomura Real Estate Master Fund, Inc. (“Nomura Master Fund” or the “Fund”) announced today that Nomura Real Estate Asset Management Co., Ltd. (“the Asset Management Company”), the asset management company for the Fund, has determined the acquisition of real estate and lease contract with new tenant as briefly explained below.

1. Summary of the Asset to be Acquired (the “Property”)

- (1) Type of Asset: Beneficial Interest in Real Estate Trust
- (2) Property Name: - (Note 1)
- (3) Scheduled Price of Acquisition: ¥15,500 million (Note 2)
- (4) Scheduled Date of Agreement: August 8, 2014 (date of agreement on purchase and sale of beneficial interest in real estate trust)
- (5) Scheduled Date of Acquisition: September 30, 2014 (date of delivery of beneficial interest in real estate trust)
- (6) Seller: Refer to “4. Seller Profile” below
- (7) Financing: Fund on hand and borrowings

(Note 1) Consent in conjunction with the corresponding contract related to the Property which Seller contracts is not provided as of today, the information that may be connected to the Property, including Property name, location, etc. cannot be disclosed until September 30, 2014 (delivery of beneficial interest in real estate trust). In addition, the acquisition of the Property assumes that the consent mentioned above is provided condition precedent, for more information about the Property will be announced after the completion of the acquisition of the Property. Regarding the items that cannot be disclosed are displayed in “-”.

(Note 2) Excluding property taxes, urban planning taxes, consumption taxes and local consumption taxes

2. Grounds

Nomura Master Fund will acquire the Property in accordance with the Fund's policies as stipulated in its Articles of Incorporation, as a result of having analyzed the location of the Property and the pulling power of the customers of the retail facility from different angles, the property could security the stable profit for the medium-and-long term and the steady growth of the assets. In addition, for more information about the Property will be announced after the completion of the acquisition of the Property.

3. Property Summary

| | | |
|--------------------------------------|----------|--|
| Property Name | | - |
| Type of Asset | | Beneficial Interest in Real Estate Trust |
| Trustee of Beneficial Trust | | - |
| Beneficial Trust Contract Period | | - |
| Location | Registry | - |
| | Street | - |
| Access | | - |
| Completion Date | | - |
| Use (Note 1) | | Retail, office, and machinery room (Retail Property) |
| Structure | | - |
| Seismic Risk (PML) (Note 2) | | 11.12% (Sompo Japan Nipponkoa Risk Management Inc.'s Earthquake PML Appraisal Report as of July 2014) |
| Architect | | Nikken Sekkei Ltd., Obayashi Corporation |
| Structural Strength Calculator | | Nikken Sekkei Ltd., Obayashi Corporation |
| Constructor | | Construction Joint Venture (Representative Obayashi Corporation) |
| Building Inspection Agency | | The Building Center of Japan |
| Area | Land | - |
| | Building | - |
| Type of Ownership | Land | - |
| | Building | - |
| Building Coverage Ratio (Note 3) | | 90% |
| Floor Area Ratio (Note 4) | | 600% |
| Collateral | | None |
| Property Management Company (Note 5) | | Geo-Akamatsu Co., Ltd. |
| Master Lessee (Note 6) | | Geo-Akamatsu Co., Ltd. |
| Type of Master Lease (Note 7) | | Pass-Through Scheme |
| Notes | | The property management company and the master lessee company, Geo-Akamatsu Co., Ltd., is considered a Related Party under the Law Concerning Investment Trust and Investment Corporation ("Investment Trust Law"). Other notes regarding the Property will be announced after the completion of the acquisition of the Property. |
| Acquisition Price (Scheduled) | | ¥15,500 million |
| Appraisal Value and Method | | ¥16,500 million (Based on the capitalization approach as of June 30, 2014) (Appraiser: Japan Valuers Co., Ltd.) |
| Appraisal NOI (Note 8) | | ¥914 million |

| | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Leasing Status | | | | | |
| Total Number of Tenants | - | | | | |
| Total Rental Income | - | | | | |
| Security Deposits | - | | | | |
| Occupancy Rate | - | | | | |
| Total Leased Floor Space | - | | | | |
| Total Leasable Floor Space | - | | | | |
| Occupancy Rates in the Past | March 31, 2010 | March 31, 2011 | March 31, 2012 | March 31, 2013 | March 31, 2014 |
| | - | - | - | - | - |

(Notes)

1. Use
“Use” is based on the main use of the type of building indicated in the real estate registry.
2. PML (Probable Maximum Loss)
PML shows the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
3. Building Coverage Ratio
The building coverage ratio of the Property is essentially 80% as its location belongs to a commercial district, and an increased building coverage ratio of 90% is applied as it stands at a corner.
4. Floor Area Ratio
The floor area ratio of the Property is designated to be a maximum of 400%, but an increased ratio of 600% is applied due to district planning.
5. Property Management Company
Refers to the Property Management Company that is scheduled to be appointed after the acquisition.
6. Master Lessee
Refers to the Master Lessee Company that is scheduled to be appointed after the acquisition.
7. Type of Master Lease
Indicates “pass-through scheme” for the form of the executed master lease agreement called pass-through type in which a Master Lessee would pay the Fund the same amount as the rents from end tenants based on the lease agreements with them.
8. Appraisal NOI
NOI means the net operating income that is the gross income from the leasing operation less the total operation costs and expenses.
“Appraisal NOI” indicates the annual NOI described in the real estate appraisal report with June 30, 2014 as the appraisal date.

4. Seller Profile

As the Fund has not obtained an agreement with the Seller, who is Japanese Limited Company, this information is not disclosed. There is no capital involvement, personnel involvement or transaction involvement between the Seller and the Fund or asset management company as of today. The Seller is not Related Parties under the Investment Trust Law of the asset management company.

5. Status of Owners

This transaction is not with Seller is specific Related Parties of the Fund and the Asset Management Company.

6. Transaction with Related Parties

Transaction concerning Property Management Services and Master Lessee Services for the Property

The scheduled property management company and master lessee company of the Property, Geo-Akamatsu Co., Ltd. is a Related Party under the Investment Trust Law. Nomura Master Fund and the Asset Management Company determined the consignment and the terms and conditions of the transaction, including the fees, etc., pursuant to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Law and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee in the Asset Management Company. In addition, Geo-Akamatsu Co., Ltd. meets the tenant selection criteria (Note) for the Fund and the Asset Management Company.

(Note) Regarding the tenant selection criteria, the creditworthiness of the tenant and a purpose of use that influence to the Property and the total portfolio are taken into account, type of industry and an evaluation of the credit agency etc. are comprehensively considered.

7. Brokerage Profile

As the Fund has not obtained an agreement with the brokerage agency, who is Japanese Limited Company, this information is not disclosed. There is no capital involvement or personnel involvement between the broker and the Fund or asset management company as of today. The broker is not Related Parties under the Investment Trust Law of the asset management company, however, broker is a General Administrator of the Fund, a lender of the Fund, and a trustee of the multiple properties held by the Fund.

8. Form of Payment, etc.

(1) Form of Payment

At the time of the turnover of the Property, the Fund plans a package payment of the whole acquisition price through fund on hand and borrowings.

(2) Impact on the Fund's Financial Status in Case of Failure of the Forward Commitment, etc.

The agreement on purchase and sale of beneficial interest in real estate trust concerning the Property (the "Agreement") falls into the Forward Commitment, etc., (Note) as set forth in the Comprehensive Guideline for Supervision of Financial Instruments Business Operators set by the Financial Services Agency. Details of the cancellation clauses are as follows:

- 1) If either the seller or the buyer violates any material obligation of the Agreement, the other party may cancel the Agreement after notifying the violating party in writing, setting a reasonable period for correction. However, if it is evidently impossible for the violating party to correct the violation within the reasonable period, or the buyer does not complete payment of the sales price on the execution date of the transaction, the other party may immediately cancel the Agreement without any notice.
- 2) In the case of 1), the violating party shall pay the other party the amount equivalent to 20% of the total sales value (including an amount equivalent to consumption tax, etc.) as a violation fee.
- 3) Whether the amount of the arising damage surpasses or just falls below the above-mentioned violation fee, the seller and the buyer shall settle the issue

with the violation fee and shall not make any objections to the amount of the violation fee.

(Note) The forward commitment, etc., refers to postdated sale agreements where the conclusion and delivery of the property is scheduled over one month ahead of the contract date, and other similar agreements.

9. Forecasts of Financial Results

Forecasts of financial results of the Fund for the fiscal period ending February 28, 2015 (September 1, 2014 to February 28, 2015) announced in Summary of the Financial Results dated April 15, 2014 are revised as follows, including the acquisition of the Property in the portfolio, since the Fund cannot disclose the details of the Property as of today.

| | Operating Revenues | Operating Profits | Current Profits | Net Income | Cash Distributions per Unit | Distributions in Excess of Net Income per Unit |
|-------------------------------------|--------------------|-------------------|-----------------|------------|-----------------------------|--|
| Previous Forecasts (A) | ¥9,383 mln | ¥4,552 mln | ¥3,997mln | ¥3,996 mln | ¥2,400 | - |
| Revised Forecasts (B) | ¥9,991 mln | ¥4,689 mln | ¥4,065 mln | ¥4,064 mln | ¥2,440 | - |
| Amount of Increase / Decrease (B-A) | ¥608 mln | ¥136 mln | ¥67 mln | ¥67 mln | ¥40 | - |
| Ratio of Increase / Decrease | 6.5% | 3.0% | 1.7% | 1.7% | 1.7% | - |

(Note 1) Expected number of investment units outstanding: 1,665,260 units

(Note 2) Amounts less than units are rounded off, percentages have been rounded to the nearest first decimal place.

[Document Disclaimer]

The revised forecasts presented in this document are calculated under precondition as of today, the actual operating revenues, operating profits, current profits, net income and cash distribution per unit may vary due to the acquisition and sale of properties, if any, changes in the real estate market and other factors affecting the Fund. Nomura Master Fund does not guarantee the cash distribution amount identified above.

【Exhibits】

Exhibit Appraisal Summary

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

Appraisal Summary

| | |
|-----------------|-------------------------|
| Property Name | - |
| Appraisal Value | ¥16,500,000,000 |
| Appraiser | Japan Valuers Co., Ltd. |
| Appraisal Date | June 30, 2014 |

(Yen)

| Item | Amount or percentage | Grounds |
|--|----------------------|--|
| Capitalization approach price | 16,500,000,000 | In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account |
| Price calculated by the direct capitalization approach | 17,300,000,000 | Calculated by capitalization rate based on a normalized net cash flow (NCF) |
| (1) Operating income (a)-(b) | 1,603,576,889 | |
| (a) Gross rental income | 1,646,472,284 | Assumed based on both current rents and market rents |
| (b) Losses due to vacancies, etc. | 42,895,395 | Assumed based on both current occupancy rates and market vacancy rates |
| (2) Operating expenses | 689,465,105 | |
| Maintenance | 83,188,000 | Assumed based on the past performance and general level |
| Management association fees | 50,649,000 | Assumed based on the past performance and general level |
| Utilities costs | 286,136,420 | Assumed based on the past performance and general level |
| Repair costs | 14,271,751 | Assumed based on the Tokyo Marine & Nichido Risk Consulting Co., Ltd.'s Engineering Report |
| Property management fees | 73,561,837 | Assumed based on general level, and hearing survey |
| Advertisement for leasing, etc. | 6,816,379 | Assumed based on the similar properties and general level |
| Merchandising expenses | 48,950,000 | Assumed based on the past performance and general level |
| Taxes | 50,441,844 | Assumed based on the actual amount imposed in 2014 tax year and general level |
| Insurance premium | 1,545,691 | Assumed based on the estimated amount and general level |
| Other expenses | 73,904,183 | Assumed based on the past performance and general level |
| (3) Net operating income from leasing business (NOI=(1)-(2)) | 914,111,784 | |
| (4) Profit through management of temporary deposits, etc. | 16,205,233 | Assumed based on yield of ordinary deposits, etc. |
| (5) Capital Expenditure Reserve | 21,911,959 | Assumed based on the Tokyo Marine & Nichido Risk Consulting Co., Ltd.'s Engineering Report |
| (6) Net Cash Flow (NCF = (3)+(4)-(5)) | 908,405,058 | |
| (7) Capitalization rate | 4.9% | Assumed based on the yield on investment of similar buildings and the characteristics of the Property |
| Price calculated by the Discounted Cash Flow Approach | 16,200,000,000 | |
| Discount rate | 4.7% | Assumed based on the yield on investment of similar buildings and the characteristics of the Property |
| Terminal capitalization rate | 5.1% | Assumed based on comparison of capitalization rate |
| Cost Approach Price | 4,160,000,000 | |
| Ratio of land | 42.3% | |
| Ratio of building | 57.7% | |