



For Immediate Release

To Whom It May Concern

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Notice Concerning Property Acquisition and Disposition

Nomura Real Estate Master Fund, Inc. (“NMF” or the “Fund”) announces the decision made today by Nomura Real Estate Asset Management Co., Ltd., a licensed asset management company retained by the Fund to provide asset management services, to acquire or dispose of a property (the “Acquisition” or the “Disposition” or collectively the “Transaction”), as described below.

1. Summary of Assets to Be Acquired/Disposed of

(1) Summary of Asset to Be Acquired

Property Name	Use	Date of Purchase and Sale Agreement	Scheduled Date of Acquisition	Seller	Anticipated Acquisition Price (million) (Note 1)
Landport Ome III	Logistics	October 13, 2021	January 6, 2022	Nomura Real Estate Development, Co., Ltd.	17,000

(Note 1)The amounts stated exclude acquisition-related costs, property tax, city planning tax, consumption tax and local consumption tax.

(Note 2)There is no brokerage involved in the acquisition of the asset to be Acquired.

(Note 3)The asset to be Acquired are a trust beneficial interest in trust of real estate.

The above property is referred to hereinafter as the “Asset to be Acquired.”

(2) Summary of Asset to Be Disposed of

Property Name	Use	Scheduled Date of Agreement	Scheduled Date of Disposition	Transferee	Scheduled Transfer Price (¥ million)	Book Value (¥ million) (Note 3)	Difference (¥ million) (Note 4)
NMF Utsunomiya Building	Office	October 14, 2021	October 29, 2021	Undisclosed (Note 2)	2,720	2,445	274

(Note 1)The amounts stated exclude adjustment amounts of both property taxes and city planning taxes, as well as consumption taxes and local consumption tax, etc.

(Note 2)Undisclosed, since a consent has not obtained from the transferee.

(Note 3) Anticipated book value at the date of disposition.

(Note 4) This is only a reference value which is the difference between the scheduled transfer price and the anticipated book value, therefore, it is different from gain or loss on sale.



(Note 5)The brokerage involved in the disposition of the asset to be Disposed of is not considered a related party under the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”).

(Note 6)The asset to be Disposed of are a trust beneficial interest in trust of real estate.

The above property is referred to hereinafter as the “Asset to be Disposed of.” The Asset to be Acquired and Asset to be Disposed of may be separately referred to as the “Asset.”

2. Reasons for the Transaction

The Fund determined that the Transaction would help secure stable income and steady growth of the Fund’s portfolio over the medium to long term, in line with the asset management objectives and policies specified in the Fund’s Articles of Incorporation. Furthermore, replacement of assets in the Fund’s portfolio in accordance with the Transaction will improve the quality of the portfolio as follows.

- Improved NOI yield after depreciation
- Improved asset age
- Improved percentage(Note) of properties with Green certification for materiality (three stars or more or equivalent)
- Expanded investment ratio in logistics facilities, which is a stable sector

(Note) Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher)

The portfolio indicators of the properties are as follows.

	NMF Utsunomiya Building (Asset to be Disposed of)	Landport Ome III (Asset to be Acquired)
NOI yield after depreciation	2.9%(Note 1)	3.7%(Note 2)
Asset age(Note 3)	21.8 years	1.1 years
Green certification status (Note 4)	-	DBJ Green Building Certification: ★★★★★ BELS Certification: ★★★★★

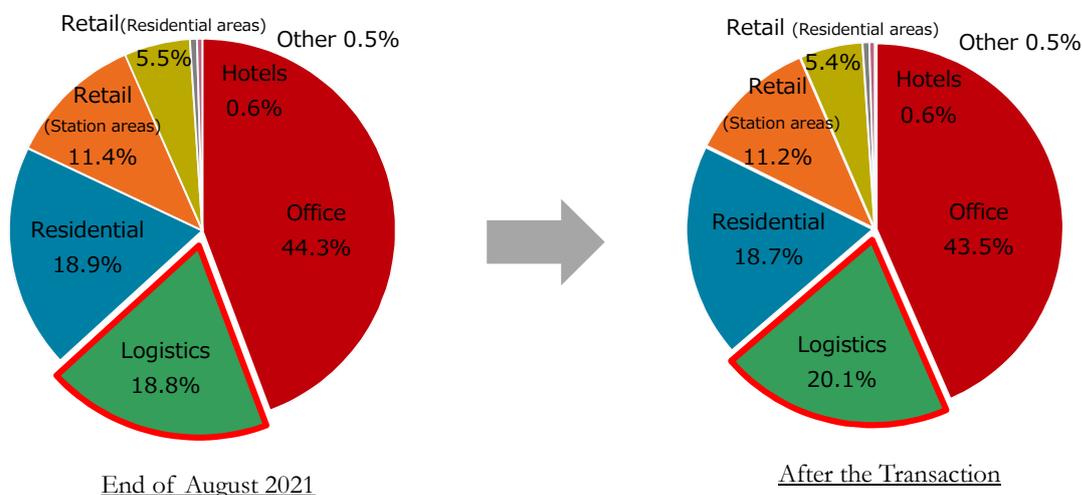
(Note 1) The value entered is calculated by dividing the total NOI after depreciation, for the 11th fiscal period ended February 28, 2021 and 12th fiscal period ended August 31, 2021, by the Anticipated Disposition Price. The value is rounded to the first decimal place.

(Note 2) The value entered is calculated by deducting the estimated depreciation value, calculated by the asset management company, from the NOI based on the direct capitalization approach recorded in the appraisal summary, and then dividing by the Anticipated Acquisition Price. The value is rounded to the first decimal place.

(Note 3) The asset age entered is as of the scheduled transfer date for the Asset to be Disposed of and as of the scheduled date of Acquisition for the Asset to be Acquired.

(Note 4) The number of stars entered in the certification is as of today.

Reference: Changes in Portfolio Diversification by Property Type



(Note) Based on the (scheduled) acquisition



3. Summary of Assets to Be Acquired/Disposed of

(1) Summary of Asset to Be Acquired

Landport Ome III

<Reasons for the Acquisition>

The main strengths of the Asset to be Acquired are as follows.

- The Asset to be Acquired is in a favorable location allowing for wide-area delivery to the entire Tokyo metropolitan area as it is located approximately 2.9 km from the Ome Interchange on the Ken-O Expressway and close to National Route 16.
- The Asset to be Acquired is located in the Nishi-Tokyo Industrial Park, which is a 10-minute walk from Ozaku Station on the JR Ome Line, the nearest station, so it can operate 24 hours a day, 365 days a year and allows tenants to maintain a favorable employment environment.
- The building is a box-like facility where cars can park at two berths(Note 1) on the north and south sides of the first floor. The interior of the building is equipped with two freight elevators. It offers improved rack storage efficiency(Note 1) by adopting a 10.5 m × 10.5 m grid(Note 1) and a first-floor beam effective height of 7.0 m and a second- and third-floor beam effective height of 5.5 m. In addition to the versatile specifications that ensure high operational efficiency, environmentally friendly LED lighting is adopted in the whole building. Furthermore, it is a logistics facility that pursues optimization and efficiency by adopting a category-wide multi-function(Note 2) that adds functions specific to the target tenant's needs for a mechanized warehouse (first floor weight capacity of 2.0 t/m², shuttered fire partitions, increased electric power capacity, etc.).

(Note 1) A “berth” is a space where cargo trucks can stop for loading and unloading, a “grid” is a lattice-shaped space formed by pillars and joints, and “rack storage efficiency” refers to the storage efficiency of a rack.

(Note 2) A “category-wide multi-function” refers to a logistics facility which identifies the industry (category) of the target tenant and adds functions specific to the category as standard specifications in the general specifications.

<Summary of the Asset to be Acquired>

Property Name		Landport Ome III
Type of Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From January 6, 2022 to November 30, 2035
Location (Note 1)	Registry	2-9-14, Suehiro-cho, Ome City, Tokyo
	Street	2-9-14, Suehiro-cho, Ome City, Tokyo(Note 2)
Access		2.9 km from the Ome Interchange on the Ken-O Expressway 10-minute walk from Ozaku Station on the JR Ome Line
Completion Date (Note 1)		November 6, 2020
Use (Note 1)		Warehouse
Structure (Note 1)		RC, Alloy plating copper roofing 3F
Architect		The Zenitaka Corporation, Class 1 Architect Office
Builder		The Zenitaka Corporation
Building Inspection Agency		Japan Constructive Inspect Association
Area (Note 1)	Land	39,747.10 m ²
	Floor Area	73,087.15 m ² (Note 3)
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% (Note 4)
Floor Area Ratio		200%
Collateral		None
Property Management Company (Note 5)		Nomura Real Estate Development Co., Ltd. Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		—



Type of Master Leasing	—				
Seismic Risk (PML) ^(Note 6)	2.97% (Based on the Earthquake PML Appraisal Report as of September 2021 by Sompo Risk Management Inc.)				
Notes	<ul style="list-style-type: none"> The property management companies, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners, Co., Ltd., are each considered a related party under Investment Trust Act. A part of the land of the Asset to be Acquired is the servient land for the easement of entering the land for the purpose of the installation and maintenance of electric cables. 				
Anticipated Acquisition Price	¥17,000 million				
Appraisal Value and Method	¥18,300 million (Based on the capitalization approach as of September 1, 2021) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI ^(Note 7)	¥760 million				
Leasing Status (As of October 13, 2021) ^(Note 8)					
Total Number of Tenants	1				
Name of Tenants	Not disclosed				
Total Rental Income(Annual)	Not disclosed				
Security Deposits	Not disclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	67,353.35 m ²				
Total Leasable Floor Space	67,353.35 m ²				
Historical Occupancy Rates ^(Note 9)	August 2017	August 2018	August 2019	August 2020	August 2021
	—	—	—	—	100.0%

(Note 1) Location and Other Items

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

(Note 2) Street Address

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

(Note 3) Floor Area

Area of adjacent building, including parking lots, (5,744.32 m²) is also included.

(Note 4) Building Coverage Ratio

The Asset to be Acquired is located in an industrial zone where the building coverage ratio is 60% in principle. Because the Asset to be Acquired is in a corner lot, however, the applied coverage ratio is 70%.

(Note 5) Property Management Company

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

(Note 6) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with September 1, 2021 as the appraisal date.

(Note 8) Leasing Status

“Total Number of Tenants” is the total number of end tenant actually leasing space in the building of the Asset to be Acquired as of today.

“Name of Tenants”, “Total Rental Income (annual)” and “Security Deposits” are not disclosed because consent of the end tenant to such disclosure has not been obtained.

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of today by Total Leasable Floor Space.

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

“Total Leasable Floor Space” is the total floor space of offices, retail facilities, logistics facilities, residential facilities, hotels, etc. within the Asset to be Acquired that can be leased as of today (If the common area, etc. is leased, the floor space thereof is included).

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2020 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.



(2) Summary of Asset to Be Disposed of

NMF Utsunomiya Building

<Reasons for the Disposition>

Based on a comprehensive consideration of such factors as the possibility of future competitiveness decline based on the increase in repair costs due to the aging of the building and the future supply situation, as part of asset replacement aimed at improving the quality of the portfolio, it was decided to dispose of the Asset.

<Summary of the Asset to be Disposed of>

Property Name		NMF Utsunomiya Building
Type of Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From July 5, 2001 to July 4, 2031
Location (Note 1)	Registry	2-1-1 (Total 10 parcels of land) Baba-dori, Utsunomiya-shi, Tochigi Prefecture)
	Street	2-1-1 Baba-dori, Utsunomiya-shi, Tochigi Prefecture
Access		5-minute walk from Tobu-Utsunomiya Station on the Tobu-Utsunomiya Line 15-minute walk from Utsunomiya Station on the JR Utsunomiya Line
Completion Date (Note 1)		December 7, 1999
Use (Note 1)		Retail, Office
Structure (Note 1)		Ten-floor steel-framed/steel framed reinforced concrete structure with flat roof and two underground levels
Area (Note 1)	Land	1,545,13 m ² (Note 2)
	Floor Area	10,479.63 m ²
Type of Ownership	Land	Ownership (Partial land lease right)
	Building	Ownership
Building Coverage Ratio		100% (Note 3)
Floor Area Ratio		600%
Collateral		None
Property Management Company		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		-
Type of Master Leasing		-
Seismic Risk (PML) (Note 4)		2.67% (Based on the Earthquake PML Appraisal Report as of September 2021 by Sompo Risk Management Inc.)
Notes		• The property management companies, Nomura Real Estate Partners, Co., Ltd., are each considered a related party under Investment Trust Act.
Acquisition Price		¥2,320 million
Scheduled Transfer Price		¥2,720 million
Book Value (Note 5)		¥2,445 million
Difference		¥274 million
Appraisal Value and Method		¥2,390 million (Based on the capitalization approach as of August 31, 2021) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)
Appraisal NOI (Note 6)		¥145 million
Leasing Status (As of October 13, 2021) (Note 7)		
Total Number of Tenants	32	
Total Rental Income (Annual)	¥243 million (Including common area management fee)	
Security Deposits	¥185 million	
Occupancy Rate	100.0%	
Total Leased Floor Space	5,882.20 m ²	



Total Leasable Floor Space	5,882.20 m ²				
Historical Occupancy Rates (Note 9)	August 2017	August 2018	August 2019	August 2020	August 2021
	100.0%	100.0%	97.3%	94.1%	94.4%

(Note 1) Location and Other Items

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

(Note 2) Land

Leasehold rights of 18.01 m² are also included.

(Note 3) Building Coverage Ratio

The Asset is located in a commercial zone where the building coverage ratio is 80% in principle. However, because the Asset is a certified fireproof building in a corner lot, the applied coverage ratio is 100%.

(Note 4) PML (Probable Maximum Loss)

PML shows the probable losses which would be caused by a maximum size earthquake (a great earthquake which is expected to occur once every 475 years, or with 10% probability of once every 50 years) during the anticipated period of use (i.e. 50 years as expected life time of a standard building), as a percentage of the expected recovery cost to the replacement cost.

(Note 5) Book Value

Anticipated book value at the date of disposition.

(Note 6) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with August 31, 2021 as the appraisal date.

(Note 7) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Property.

“Total Rental Income” is the amount obtained by multiplying the monthly rent stated in the lease agreements by the total number of end tenants actually leasing space in the building of the Property by 12 (truncated at the nearest million yen).

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

“Total Leased Floor Space” indicates the total floor space leased to end tenants.



4. Profile of Seller of the Asset to be Acquired

Company Name	Nomura Real Estate Development Co., Ltd.
Head Office	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Daisaku Matsuo, President & CEO
Principal Business	Real Estate
Capital	¥2,000 million (as of April 1, 2021)
Established	April 15, 1957
Net Assets	¥193.0 billion (as of March 31, 2021)
Total Assets	¥1,432.0 billion (as of March 31, 2021)
Major Shareholder (Shareholding Ratio)	Nomura Real Estate Holdings, Inc. (100.0%)
Relationships with the Fund and/or the Asset Management Company and the Seller	
Capital	Nomura Real Estate Development Co., Ltd. holds 4.47% of the Fund's investment units (as of August 31, 2021). As a wholly owned subsidiary of Nomura Real Estate Holdings, Inc., which also holds 100% interests in the shares of the Asset Management Company, Nomura Real Estate Development Co., Ltd. is a related party of the Asset Management Company as defined in the Investment Trust Act.
Personal	The Asset Management Company's employees and officers are seconded from Nomura Real Estate Development Co., Ltd.
Transactions	Nomura Real Estate Development Co., Ltd. is a property management company of the Fund and a lessee of real estate properties owned by the Fund. Moreover, the Asset Management Company has entered into an agreement on provision of information and a basic agreement on the leasing value chain with the said company.
Related Party Status	Nomura Real Estate Development Co., Ltd. does not fall under the definition of a related party of the Fund for the accounting purpose. However, the said company is a related party of the Asset Management Company as it is a subsidiary of a common parent company, as stated above.

5. Profile of Transferee of the Asset to be Disposed of

As the Fund has not obtained a consent with the Purchaser, who is a joint - stock company, this information is not disclosed. As of today, neither the Fund nor the Asset Management Company has any notable capital, personnel or transactional relationship with the Purchaser, and the Purchaser is not a related party of either the Fund or the Asset Management Company.



6. Status of Owner of the Asset to be Acquired

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

(Note) Omitted because, for the land, the current owner owned for more than one year, and, for the building, there is no previous owner.

7. Transactions with Related Parties

(1) Transactions related to the acquisition of the Asset to be Acquired

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

(2) Transactions related to the disposition of the Asset to be Disposed of

There is no transactions with related parties.

(3) The property management of Landport Ome III

The property management companies of Landport Ome III, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd., are each considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management related to Landport Ome III have been duly examined and authorized by the Asset Management Company’s compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.

Since none of the transactions described in (1) and (3) above falls under the category of transactions between the Fund and a related party of an asset management company as set forth in Article 201-2, Paragraph 1 of the Investment Trust Act, the approval of the Board of Directors of the Fund has not been obtained.



8. Form of Payment, etc.

(1) Form of Payment

Regarding the disposition, on the scheduled sale date, the Fund will receive from the seller the entire purchase price of the Property to Be Sold in a lump sum. The Fund plans to use the cash obtained through the sale of the Property for portfolio management, including the repayment of borrowings and the acquisition of properties.

Regarding the acquisition, The Fund will complete settlement by a lump-sum payment on the date of acquisition by paying the agreed price for the property in full to the seller using cash on hand.

(2) Impact on the Financial Position of the Fund in Case of a Failure to Fulfill Our Forward Commitment

The sale agreement associated with the Acquisition (the “Sale Agreement”) is considered to be a forward commitment (Note) as stipulated in the Financial Services Agency’s Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The Sale Agreement includes the provisions below.

(Note) Defined as purchase and sale agreements or similar contract which are signed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser.

- i. Under the Sale Agreement, procuring funds through the issuance of new investment units by the acquisition date is set forth as a condition precedent for the obligation of the buyer.
- ii. Where there is material breach of terms of the contract by the seller or buyer (hereinafter such seller or buyer shall be referred to as the “violating party”), the other party may cancel the contract if such breach is not remedied after the passage of a prescribed period following the date of the non-violating party issuance of a notification requiring the violating party to perform its obligation or if such breach is objectively and reasonably deemed impossible to remedy.
- iii. If the contract is cancelled in accordance with paragraph ii) above, the non-violating party may require the violating party to pay a penalty charge that is equivalent to 20% of the acquisition price. Where monetary damage it has actually suffered due to the breach is in excess of 20% of the acquisition price, a claim for indemnification in excess of this 20% shall not be precluded.
- iv. The buyer may negotiate with the seller to change the acquisition price if the buyer has obtained an appraisal report of the Asset to be Acquired and the appraisal value shown in the appraisal report goes below the acquisition price. In such case, the buyer may cancel the contract without any indemnification or compensation, if the parties have failed to agree on the acquisition price by the scheduled date of acquisition.

9. Schedule for the Transaction

October 13, 2021	Conclusion of purchase and sale agreements for the acquisition of the Asset
October 14, 2021	Conclusion of purchase and sale agreements for the disposition of the Asset
October 29, 2021	Delivery of trust beneficiary rights of the Asset to be Disposed of
January 6, 2022	Delivery of trust beneficiary rights of the Asset to be Acquired

10. Outlook

Regarding impact of the Transaction on operations in the fiscal period ending February 28, 2022 (September 1, 2021 to February 28, 2022) and the fiscal period ending August 31, 2022 (March 1, 2021 to August 31, 2022), please refer to the “SUMMARY OF FINANCIAL RESULTS (REIT) for the 12th Fiscal Period Ended August 31, 2021” announced today.



11. Appraisal Summary

(1) Asset to Be Acquired

Property Name	Landport Ome III
Appraisal Value	¥18,300,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	September 1, 2021

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	18,300,000,000	Calculated taking into account income-based values determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	18,200,000,000	Calculated the standard level of stable net revenue over the medium to long term based on a comprehensive consideration of such factors as the cash flow analysis using the discounted cash flow approach, and calculated by reducing the capitalization rate.
(1) Operating Income (a)-(b)	Undisclosed	(Note)
(a) Gross Rental Income	Undisclosed	
(b) Losses due to Vacancies, etc.	Undisclosed	
(2) Operating Expenses	Undisclosed	
Maintenance Costs	Undisclosed	
Utilities Costs	Undisclosed	
Repair Costs	Undisclosed	
Property Management Fees	Undisclosed	
Advertisement for Leasing Costs, etc.	Undisclosed	
Taxes	Undisclosed	
Insurance Premium	Undisclosed	
Other Expenses	Undisclosed	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	760,550,057	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Note)
(5) Capital Expenditure Reserve	Undisclosed	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	762,602,251	
(7) Capitalization Rate	4.2%	Calculated by considering the yield of surrounding property transactions, with reference to the characteristics of the area surrounding the property and the property's particular characteristics.
Price Calculated by the Discounted Cash Flow Approach	18,300,000,000	
Discount Rate	4.0%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar properties and the property's specific characteristics.



	Terminal Capitalization Rate	4.4%	Calculated based on a comprehensive consideration of such factors as the yield on investment in similar buildings, the probable future movement of the yield on investment, risks of the property as an investment, general forecasts of the economic growth rate and price trends in real estate and rents.
Cost Approach Price		18,400,000,000	
	Ratio of Land	62.1%	
	Ratio of Building	37.9%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		Landport Ome III is a large-scale logistics facility and premises located in Ome, Tokyo, in the area known to have industrial parks from early days. Located near a major highway and easy access from the Ome IC on the Metropolitan Inter-City Expressway, it is well-situated as a logistic property. Under such locational conditions, the Building is a newly constructed logistics facility with high versatility and functionality. This facility is capable of meeting the locational needs of logistics bases in a variety of industries, and can be judged as being capable of stable operation over the medium to long term. In consideration of the above, the appraisal value was determined with an emphasis on the value indicated by income capitalization, which appropriately reflects the profit value of investment.	

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

(2) Asset to Be Disposed of

Property Name	NMF Utsunomiya Building
Appraisal Value	¥2,390,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	August 31, 2021

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	2,390,000,000	An income-based value was calculated using the capitalization approach by using the value calculated using the discounted cash flow approach as the baseline and evaluating it using the income-based approach.
Price Calculated by the Direct Capitalization Approach	2,270,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	257,874,511	
(a) Gross Rental Income	273,736,432	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	15,861,921	Calculated based on the standard stable medium- to long-term vacancy rate.
(2) Operating Expenses	112,671,968	
Maintenance Costs	39,528,384	Calculated based in part on schedules of management contracting rates.
Utilities Costs	27,881,628	Calculated based on the balance results, etc.
Repair Costs	11,720,000	Repair costs for the building were estimated with reference to the Engineering Report, the building's age, costs recorded at similar properties and other factors.
Property Management Fees	6,446,863	Calculated based on the property management agreement.
Advertisement for Leasing Costs, etc.	2,063,414	Calculated based on the property management agreement.
Taxes	23,794,500	Calculated based on materials for fiscal 2021.



	Insurance Premium	481,430	Calculated based on relevant insurance premium rate tables.
	Other Expenses	515,749	Calculated based in part on past levels of income and costs, and on the land lease contract.
	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	145,202,543	
	(4) Profit through Management of Temporary Deposits, etc.	1,507,035	Calculated based on an investment yield of 1.0%.
	(5) Capital Expenditure Reserve	26,370,000	Calculated based in part on past levels of income and costs, and on the land lease contract. Calculated with reference to the Engineering Report, the building's age, amounts recorded at similar properties and other factors.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	120,339,578	
	(7) Capitalization Rate	5.3%	Calculated based mainly on the yield of similar office building transactions, with reference to the characteristics of the area surrounding the property, the property's particular characteristics and other factors.
	Price Calculated by the Discounted Cash Flow Approach	2,440,000,000	
	Discount Rate	5.3%	Calculated with reference to the individual risks for the property and other factors.
	Terminal Capitalization Rate	5.5%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty and other factors.
	Cost Approach Price	1,990,000,000	
	Ratio of Land	29.2%	
	Ratio of Building	70.8%	
	Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	-	

Exhibits

Exhibit 1 Overview of the Portfolio after the Transaction

Exhibit 2 Photos and Maps of the Asset to be Acquired

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



Overview of the Portfolio after the Transaction

(¥ million)

Sector \ Area	Greater Tokyo Area ^(Note 1)	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) ^(Note 2)
Office	401,655	69,610	471,265	43.5
Retail	111,588	68,855	180,444	16.7
Logistics	214,722	3,460	218,182	20.1
Residential	168,719	33,328	202,047	18.7
Hotels	—	6,250	6,250	0.6
Others	4,900	—	4,900	0.5
(Anticipated) Total Acquisition Price (by Area)	901,585	181,503	1,083,089	100.0
Investment Ratio (%) ^(Note 2)	83.2	16.8	100.0	

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

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

Photos and Access Map of the Asset to be Acquired

Landport Ome III

