

May 27, 2015
Nomura Real Estate Holdings, Inc.

**The Merger of Three Listed J-REITs to Become the Largest J-REIT with AUM of JPY 900 Billion
Acceleration Mutual Growth between the Nomura Real Estate Group and the New J-REIT**

Three listed J-REITs including Nomura Real Estate Master Fund, Inc. (“NMF”), Nomura Real Estate Office Fund, Inc. (“NOF”) and Nomura Real Estate Residential Fund, Inc. (“NRF”) managed by Nomura Real Estate Asset Management Co., Ltd. and sponsored by Nomura Real Estate Holdings, Inc. (the “Company”) (Head office: Shinjuku-ku, Tokyo, President: Kamezo Nakai) **have announced today to implement a consolidation-type merger.** This merger will become effective upon obtaining approval of the general meeting of unitholders of each J-REIT.

The three listed J-REITs **shifted the investment strategy** from “asset specified J-REIT” investing respectively in office, residential, logistics and retail facilities to **“diversified J-REIT” which invests in multi asset types**, in order to realize sustainable growth and improve unitholders’ value in the fast growing J-REIT market.

The merger of the three J-REITs that manage different asset types will be the first case in Japan, and this will be **the largest domestic diversified listed J-REIT with AUM of more than JPY 900 billion.**

The Nomura Real Estate Group (the “Group”), as a sponsor, is to enhance **the cycle of mutual growth with the new J-REIT (“leasing value chain”)** and strengthen support, positioning J-REITs including Nomura Real Estate Private REIT, Inc. (“NPR”), a diversified type private J-REIT already under management, as an important **“Partner.”**

The Company also announces that **four Group companies have entered into a basic agreement with respect to the “leasing value chain,”** aiming to provide strong support for the new J-REIT and accelerate “mutual growth” between the Group and J-REITs under management.

1. Enhancement of “Leasing Value Chain” by Strengthening “Property Pipeline”

The Group has provided leasing properties to three listed J-REITs (NOF, NRF, and NMF) and NPR as the **“property pipeline.”** Going forward, we will strengthen the property pipeline as the sale of properties developed by the Group including “PMO,” “PROUD FLAT,” “GEMS,” and “Landport” in order to support the J-REITs. Accordingly, the Group’s business and revenue growth opportunities will expand and the Group will accelerate mutual growth with the J-REITs under management.

As announced by the three listed J-REITs (NOF, NRF, and NMF) today, the Company have decided to sell seven properties subject to the merger.

* NOF: Nomura Real Estate Office Fund, Inc.

NRF: Nomura Real Estate Residential Fund, Inc.

NMF: Nomura Real Estate Master Fund, Inc.

NPR: Nomura Real Estate Private REIT, Inc.

2. Enhancement of “Leasing Value Chain” by Strengthening “Management Pipeline”

Each Group company will **pursue improvement and differentiation of brand value** through enhancement of product quality and customer satisfaction by strengthening the “**management pipeline**” and sharing information and know-how with J-REITs.

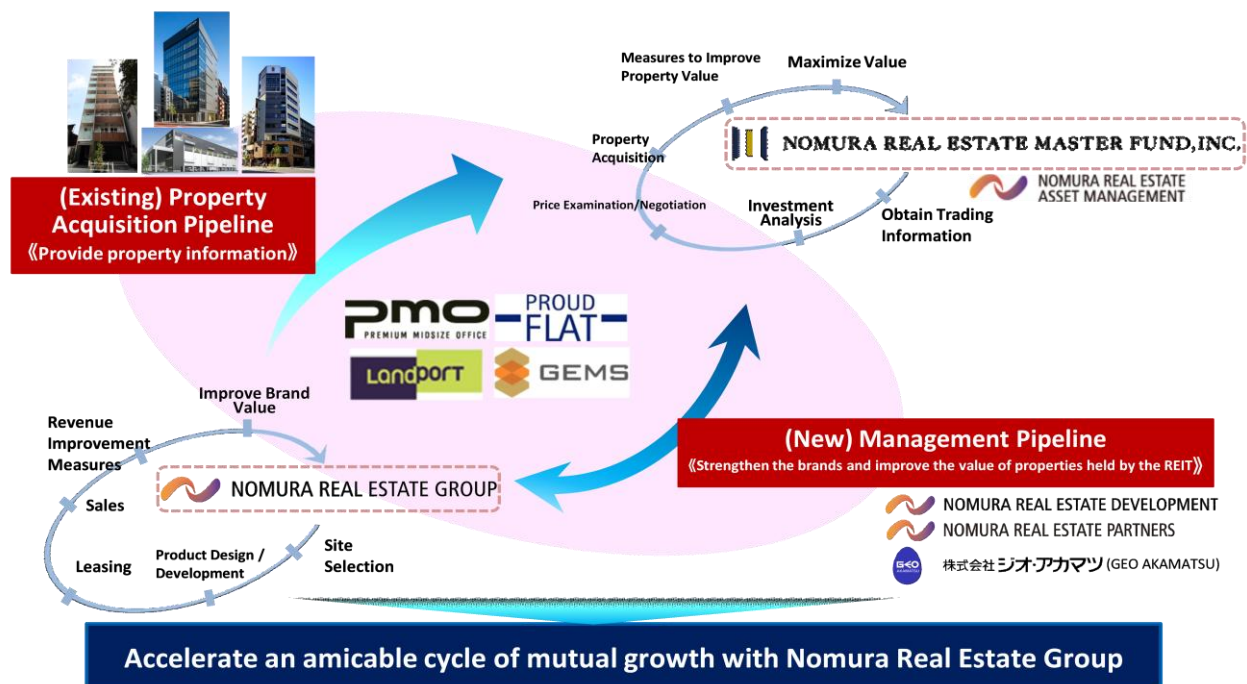
Setting improvement of brand value and property profitability as a **common objective**, four Group companies (Nomura Real Estate Development, Nomura Real Estate Asset Management, Nomura Real Estate Partners, and GEO AKAMATSU) entered into a basic agreement with respect to the “leasing value chain” today.

Going forward, we will share information and know-how from development to owning and management of leasing properties, and implement the following initiatives to improve brand value:

- Enhancement of product quality in hardware and software aspects and operation service
- Implementation of differentiation strategy to expand the asset size
- Consider value-up of old or less-competitive properties

As a sponsor, the Group is to enhance the “leasing value chain” by strengthening both “**Property Pipeline**” and “**Management Pipeline**,” and continue to provide strong support to J-REITs.

○ Image of Leasing Value Chain



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