



**For Immediate Release**

To Whom It May Concern

**Nomura Real Estate Master Fund, Inc.**

Securities Code: 3462

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## **Notice Concerning Property Acquisition**

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 a property (the “Acquisition”), as described below.

### 1. Overview of the Acquisitions

Property Name	Use	Date of Purchase and Sale Agreement	Scheduled Date of Acquisition	Seller	Anticipated Acquisition Price (¥ million) (Note 1)
Landport Ome II	Logistics	September 23, 2020	October 1, 2020	Nomura Real Estate Development, Co., Ltd.	14,620

(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 assets to be acquired.

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

### 2. Reasons for the Acquisition

The Fund determined that acquiring the Asset to be Acquired 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.

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 2.4 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 Asset to be Acquired is a three-story slope facility where cars can park at two berths <sup>(Note1)</sup> on the north and south sides of the first floor and a berth on the second floor. The interior of the building is equipped with two freight elevators and five vertical conveyors. The building also offers improved rack storage efficiency <sup>(Note1)</sup> by adopting a 10.5 m × 10.5 m grid <sup>(Note1)</sup> and a beam effective height of 6.5 m, and is environmentally friendly by adopting LED lighting in the whole building. In addition to the versatile specifications that ensure high operational efficiency, the building is a logistics facility that pursues optimization and efficiency by adopting a category-wide multi-function <sup>(Note2)</sup> that adds functions specific to the target tenant's industry needs.

(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.

### 3. Summary of the Assets to be Acquired

Property Name		Landport Ome II
Type of Asset		Real estate
Location (Note 1)	Registry	2-9-13, Suehiro-cho, Ome City, Tokyo
	Street	2-9-13, Suehiro-cho, Ome City, Tokyo <sup>(Note 2)</sup>
Access		2.4 km from the Ome Interchange on the Ken-O Expressway 10-minute walk from Ozaku Station on the JR Ome Line
Completion Date <sup>(Note 1)</sup>		February 20, 2020
Use <sup>(Note 1)</sup>		Warehouse
Structure <sup>(Note 1)</sup>		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 <sup>(Note 1)</sup>	Land	40,826.67 m <sup>2</sup>
	Floor Area	63,879.98 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		70% <sup>(Note 3)</sup>
Floor Area Ratio		200%
Collateral		None
Property Management Company <sup>(Note 4)</sup>		Nomura Real Estate Development Co., Ltd.
		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		—
Type of Master Leasing		—
Seismic Risk (PML) <sup>(Note 5)</sup>		3.06% (Based on the Earthquake PML Appraisal Report as of August 2020 by Sompo Risk Management Inc.)
Notes		<ul style="list-style-type: none"> <li>• The property management companies, Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners, Co., Ltd., are each considered a related party under the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”).</li> <li>• 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.</li> </ul>
Anticipated Acquisition Price		¥14,620 million
Appraisal Value and Method		¥15,100 million (Based on the capitalization approach as of September 1, 2020) (Appraiser: Japan Valuers Co., Ltd.)
Appraisal NOI <sup>(Note 6)</sup>		¥672 million



Leasing Status (As of September 23, 2020) <sup>(Note 7)</sup>					
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	63,748.85 m <sup>2</sup>				
Total Leasable Floor Space	63,748.85 m <sup>2</sup>				
Historical Occupancy Rates (Note 8)	August 2016	August 2017	August 2018	August 2019	August 2020
	—	—	—	—	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) 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 4) Property Management Company

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

(Note 5) 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 6) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with September 1, 2020 as the appraisal date.

(Note 7) 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 8) 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.

#### 4. Profile of Seller of the Assets to be Acquired

Company Name	Nomura Real Estate Development Co., Ltd.
Head Office	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Seiichi Miyajima, President & CEO
Principal Business	Real Estate
Capital	¥2,000 million (as of April 1, 2020)
Established	April 15, 1957
Net Assets	¥184.5 billion (as of March 31, 2020)
Total Assets	¥1,298.0 billion (as of March 31, 2020)
Major Shareholder (Shareholding Ratio)	Nomura Real Estate Holdings, Inc. (100.0%) (as of March 31, 2020)
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 February 29, 2020). 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. Status of Owner of the Assets 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 Assets 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.

## 6. Transactions with Related Parties

### (1) Transactions related to the acquisition of the Assets to be Acquired

The acquisition of the Assets 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) The property management of Landport Ome II

The property management companies of Landport Ome II, 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 II 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 (2) 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.

7. Form of Payment, etc.

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.

8. Schedule for the Acquisition

September 23, 2020	Conclusion of purchase and sale agreements for the Asset to be Acquired
October 1, 2020	Acquisition of Landport Ome II (delivery of real estate)

9. Outlook

The impact of the Acquisition on the NMF's forecast of the financial results for the fiscal period ending February 28, 2021 (September 1, 2020 to February 28, 2021) is assumed to be insignificant. Therefore, NMF will announce the forecasts of financial results for the fiscal period ending February 28, 2021 (September 1, 2020 to February 28, 2021) in which the impact of the Acquisition incorporated, taking the operating status of the entire portfolio into consideration, at the time of the announcement of the summary of financial results for the 10th fiscal period ended August 31, 2020 scheduled for October 14, 2020.



## 10. Appraisal Summary

Property Name	Landport Ome II
Appraisal Value	¥15,100,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	September 1, 2020

(Yen)

Item	Amount or Percentage	Grounds																									
Capitalization Approach Price	15,100,000,000	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	15,700,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.																									
<table border="1"> <tr> <td>(1) Operating Income (a)-(b)</td><td>Undisclosed</td><td rowspan="12">(Note)</td></tr> <tr> <td>    (a) Gross Rental Income</td><td>Undisclosed</td></tr> <tr> <td>    (b) Losses due to Vacancies, etc.</td><td>Undisclosed</td></tr> <tr> <td>(2) Operating Expenses</td><td>Undisclosed</td></tr> <tr> <td>    Maintenance Costs</td><td>Undisclosed</td></tr> <tr> <td>    Utilities Costs</td><td>Undisclosed</td></tr> <tr> <td>    Repair Costs</td><td>Undisclosed</td></tr> <tr> <td>    Property Management Fees</td><td>Undisclosed</td></tr> <tr> <td>    Advertisement for Leasing Costs, etc.</td><td>Undisclosed</td></tr> <tr> <td>    Taxes</td><td>Undisclosed</td></tr> <tr> <td>    Insurance Premium</td><td>Undisclosed</td></tr> <tr> <td>    Other Expenses</td><td>Undisclosed</td></tr> </table>	(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		
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Taxes	Undisclosed																										
Insurance Premium	Undisclosed																										
Other Expenses	Undisclosed																										
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	672,951,600																										
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Note)																									
(5) Capital Expenditure Reserve	Undisclosed																										
(6) Net Cash Flow (NCF = (3)+(4)-(5))	675,797,307																										
(7) Capitalization Rate	4.3%	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	14,900,000,000																										
Discount Rate	4.1%	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	4.5%	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	17,100,000,000	
		Ratio of Land	63.9%	
		Ratio of Building	36.1%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The neighborhood area is an industrial area with large-scale factories for metals, machinery and other products, as well as large-scale logistics facilities. Its local characteristics of having excellent connection and accessibility to the central Tokyo and the Saitama and Chiba areas constitute factors that greatly contribute to demonstrating the utility of using land as an industrial park.</p> <p>Under such locational conditions, the Building is a recently 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.</p>			

(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.

## **Exhibits**

Exhibit 1 Overview of the Portfolio after the Acquisition

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/>



## Exhibit 1

## Overview of the Portfolio after the Acquisitions

(¥ million)

Sector \ Area	Greater Tokyo Area <sup>(Note 1)</sup>	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) <sup>(Note 2)</sup>
Office	401,655	71,930	473,585	44.4
Retail	111,626	66,716	178,342	16.7
Logistics	197,722	3,460	201,182	18.9
Residential	168,719	33,328	202,047	18.9
Hotels	—	6,250	6,250	0.6
Others	4,900	—	4,900	0.5
(Anticipated) Total Acquisition Price (by Area)	884,622	181,684	1,066,306	100.0
Investment Ratio (%) <sup>(Note 2)</sup>	83.0	17.0	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 Assets to be Acquired

Landport Ome II

