



**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 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)
PMO Hamamatsucho II	Office	January 28, 2022	April 1, 2022	Nomura Real Estate Development, Co., Ltd.	5,500
PROUD FLAT Togoshi-Ginza (Note 2)	Residential		March 1, 2022		2,550
Total					8,050

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

(Note 2)The asset to be acquired is a compartmentalized ownership building, and the Fund is to acquire a part of the building.

(Note 3)There is no brokerage involved in the acquisition of the asset to be Acquired.

The above property is referred to hereinafter as the “Assets 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 4)	Difference (¥ million) (Note 5)
Sundai Azamino	Retail	January 31, 2022	January 31, 2022	Undisclosed (Note 2)	Undisclosed (Note 3)	1,450	Undisclosed (Note 3)



Ichibancho stear	Retail	January 27, 2022	March 18, 2022	Undisclosed (Note 2)	Undisclosed (Note 3)	4,405	Undisclosed (Note 3)
Total					6,582	5,856	725

(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) The purchase price of Ichibancho stear is undisclosed since the transferee's consent has not been obtained. Accordingly, the purchase price of Sundai Azamino and the difference between the purchase price and the book value of both assets are also undisclosed. The purchase price of Ichibancho stear surpasses the anticipated book value at the date of disposition and the appraisal value as of the end of the previous fiscal period (as of August 31, 2021.). While the purchase price of Sundai Azamino is below the anticipated book value at the date of disposition, it surpasses the latest appraisal value (as of December 31, 2021) which reflects the scheduled move-out of the tenant.

(Note 4) Anticipated book value at the date of disposition.

(Note 5) 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 6) 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 7) 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 "Assets to be Disposed of." The Assets to be Acquired and Assets 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. As an external growth strategy, the Fund will mainly acquire sponsor-developed properties and will sell properties where there are concerns about their future competitive advantage. This Transaction is a crossover deal that crosses over sectors, taking advantage of the strengths of a diversified type REIT. While disposing of retail facilities where there are concerns about future profitability, the Fund also plans to acquire recently built and well-located offices and residential facilities developed by the sponsor, Nomura Real Estate Development Co., Ltd. Through the asset replacement of the Transaction, which utilizes such sponsor support, the Fund will improve the quality of the portfolio as follows. Please refer to "3. Summary of Assets to Be Acquired/Disposed of" below for details of the reasons for Assets to be Acquired and the reasons for Assets to be Disposed of.

While a loss of 302 million yen for the fiscal period ending February 28, 2022 (September 1, 2021 to February 28, 2022), is expected to be realized on sale of Sundai Azamino, a portion of internal reserves will be drawn down to cover the full loss and avoid impacting distributions. At the same time, a profit of 757 million yen for the fiscal period ending August 31, 2022 (March 1, 2022 to August 31, 2022), is expected to be realized on sale of Ichibancho stear, which will be directed to internal reserves to cover this draw-down.

Reference: Asset age and Green certification status

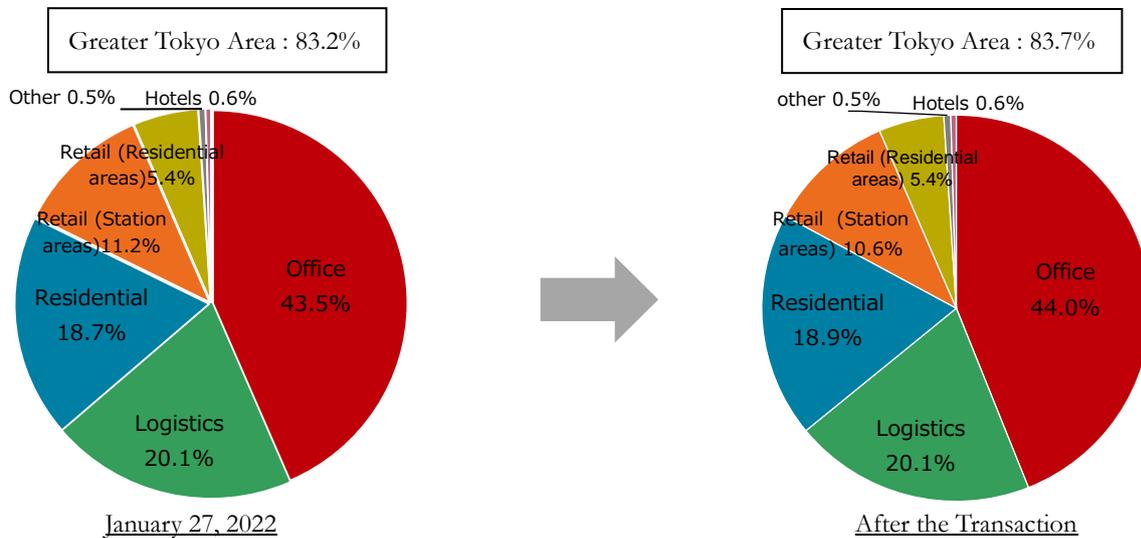
	Asset to be Disposed of		Asset to be Acquired	
	Sundai Azamino	Ichibancho stear	PMO Hamamatsucho II	PROUD FLAT Togoshi-Ginza
Asset age (Note 1)	13.2 years	16.1 years	1.7 years	2.0 years
Green certification status (Note 2)	-	-	DBJ Green Building Certification: ★★★ BELS Certification: ★★	-



(Note 1) 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 2) 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

PMO Hamamatsucho II

< Reasons for the Acquisition >

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

- The Asset is a six-minute walk from Hamamatsucho Station on the JR Yamanote and Keihin-Tohoku Lines and Monorail Hamamatsucho Station on the Tokyo Monorail Line, a two-minute walk from Daimon Station on the Toei Asakusa and Oedo Lines, and a seven-minute walk from Shibakoen Station on the Toei Mita Line. Accordingly, with access to three stations on five lines, the Asset is excellent for convenient transportation to major business areas in central Tokyo.
- The Asset is also located very close to JR Tokyo Station and JR Shinagawa Station, where the Shinkansen stops. Therefore, it is very convenient for transportation to various regions in Japan and demand from tenants is expected, including the Tokyo branches of manufacturers and companies headquartered in rural areas. In addition, it has excellent access to Haneda Airport, so demand from foreign companies is also expected to be high. Accordingly, stable demand from tenants can be expected.
- Various redevelopment projects, including a large-scale redevelopment project in front of the station, are underway in the vicinity of JR Hamamatsucho Station and the convenience for businesses and concentration of companies are expected to be strengthened further in the future.
- The Asset has high equipment specifications, including a standard floor ceiling height of 2,750 mm and an electric capacity of 60 VA/m<sup>2</sup>.



(PMO Series)

- “PMO (Premium Midsize Office)” Series is the core brand of offices developed by the sponsor, Nomura Real Estate Development Co., Ltd. With functions and grades equivalent to large-sized buildings, this



series of office buildings features medium-sized buildings that meet the diverse business needs of the times.

- In addition to boasting a range of tangible innovations and textures, this series also provides intangible services in response to customer feedback, with community spaces, places to exchange information, and other added value that is unique to the Nomura Real Estate Group.

<Summary of the Asset to be Acquired>

Property Name		PMO Hamamatsucho II
Type of Asset		Real estate
Location (Note 1)	Registry	2-101-2 Shibakoen, Minato Ward, Tokyo
	Street	2-3-6 Shibakoen, Minato Ward, Tokyo
Access		2-minute walk from Daimon Station on the Toei Asakusa and Oedo Lines 6-minute walk from Hamamatsucho Station on the JR Yamanote and Keihin-Tohoku Lines and Monorail Hamamatsucho Station on the Tokyo Monorail Line 7-minute walk from Shibakoen Station on the Toei Mita Line
Completion Date (Note 1)		July 29, 2020
Use (Note 1)		Office
Structure (Note 1)		Nine-floor steel-framed structure with flat roof
Architect		Nomura Real Estate Development Co., Ltd., First-Class Architect Office
Builder		Ichiken Co., Ltd., Tokyo Office
Building Inspection Agency		Urban Housing Evaluation Center
Area (Note 1)	Land	494.24 m <sup>2</sup>
	Floor Area	3,109.42 m <sup>2</sup>
Type of Ownership	Land	Land lease right
	Building	Ownership
Building Coverage Ratio		100% (Note 2)
Floor Area Ratio		600%
Collateral		None
Property Management Company (Note 3)		Nomura Real Estate Development Co., Ltd.
Master Leasing Company (Note 4)		Nomura Real Estate Development Co., Ltd.
Type of Master Leasing (Note 4)		Pass through
Seismic Risk (PML)(Note 5)		1.54% (Based on the Earthquake PML Appraisal Report as of January 2022 by Sompo Risk Management Inc.)
Notes		<ul style="list-style-type: none"> <li>• The property management company and master leasing company, Nomura Real Estate Development Co., Ltd., is considered a related party under the Investment Trust Act.</li> <li>• If an attempt should be made to dispose of the land lease right, associated with the Asset's land, to a third party, the lessor shall be granted preferential negotiation rights for a period of time regarding ownership of the Asset's building.</li> </ul>
Green certification status		DBJ Green Building Certification 2020: ★★★ BELS Certification: ★★
Anticipated Acquisition Price		¥5,500 million
Appraisal Value and Method		¥5,950 million (Based on the capitalization approach as of January 1, 2022) (Appraiser: Japan Real Estate Institute)
Appraisal NOI (Note 6)		¥200 million
Leasing Status (As of January 27, 2022) (Note 7)		
Total Number of Tenants		7



Total Rental Income(Annual)	¥255 million (Including common area management fee)				
Security Deposits	¥253 million				
Occupancy Rate	87.5%				
Total Leased Floor Space	2,275.77 m <sup>2</sup>				
Total Leasable Floor Space	2,600.88 m <sup>2</sup>				
Historical Occupancy Rates (Note 8)	August 2017	August 2018	August 2019	August 2020	August 2021
	—	—	—	0%(Note 9)	87.5%

(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) 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 fire prevention zone, the applied coverage ratio is 100%.

(Note 3) Property Management Company

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

(Note 4) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Development Co., Ltd. Under this agreement, the entire building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Development Co., Ltd. for the purpose of subleasing. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Development Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(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 January 1, 2022 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 Asset to be Acquired as of today.

“Total Rental Income” is the amount obtained by multiplying by 12 the monthly rent and common area charges stated in the lease agreements by the total number of end tenants as of today actually leasing space in the building of the Asset (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

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

“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 2019 and before because the building was not yet completed. The historical occupancy rates are based on the information from the seller.

(Note 9) The occupancy rate as of the end of August 2020 is set at 0% because the leasing activity was scheduled to start on September 1, 2020, although the construction was completed.

## PROUD FLAT Togoshi-Ginza

### < Reasons for the Acquisition >

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

- The Asset is a four-minute walk from Togoshi-ginza Station on the Tokyu Ikegami Line and a six-minute walk from Togoshi Station on the Toei Asakusa Line. Using these stations, it has easy access to the business areas and commercial areas of Shinagawa, Shinbashi and Gotanda making the Asset excellent for convenient transportation.
- The Asset is well located with a four-minute walk from Togoshi-ginza Station, the nearest station. The Togoshi-ginza Shopping Street, which extends east and west of the station, has an abundance of convenient facilities



necessary for living, such as supermarkets and drugstores. Therefore, demand can be expected from single workers and DINKs who seek convenient living conditions and superior living environments.

## — PROUD — FLAT

(PROUD FLAT Series)

- “PROUD FLAT” Series is the core brand of residential facilities developed for rental by the sponsor, Nomura Real Estate Development Co., Ltd. Utilizing the information network and know-how of the Nomura Real Estate Group’s housing development and sales business, this rental housing series was developed to provide location choices suited to urban rental housing.
- In addition to simple yet beautiful and refined designs, these buildings combine solid quality control with appropriate operation and management, with attention to detail in all aspects of construction, facilities, disaster preparedness and security based on the extensive know-how of the Nomura Real Estate Group.

### <Summary of the Asset to be Acquired>

Property Name		PROUD FLAT Togoshi-Ginza
Type of Asset		Real estate
Location (Note 1)	Registry	2-619-2 Hiratsuka, Shinagawa Ward, Tokyo
	Street	2-11-1 Hiratsuka, Shinagawa Ward, Tokyo
Access		4-minute walk from Togoshi-ginza Station on the Tokyu Ikegami Line 6-minute walk from Togoshi Station on the Toei Asakusa Line
Completion Date (Note 1)		February 18, 2020
Use (Note 1)		Apartment and Store
Structure (Note 1)		Eleven-floor steel-reinforced concrete structure with flat roof
Architect		Form Architect Planning Co., Ltd.
Builder		Daioh Shinyo Co., Ltd.
Building Inspection Agency		Ippan Zaidan Hojin Jutaku Kinyu Fukyu Kyokai
Area (Note 1)	Land	557.74 m <sup>2</sup> (Note 2)
	Floor Area	2,839.75 m <sup>2</sup> (Note 3)
Type of Ownership	Land	Right of site
	Building	Compartmentalized ownership (96.2%)
Building Coverage Ratio		85.51% (Note 4)
Floor Area Ratio		432.69% (Note 5)
Collateral		None
Property Management Company (Note 6)		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company (Note 7)		Nomura Real Estate Partners Co., Ltd.
Type of Master Leasing (Note 7)		Pass through
Seismic Risk (PML)(Note 8)		4.65% (Based on the Earthquake PML Appraisal Report as of January 2022 by Sompo Risk Management Inc.)
Notes		• The property management companies, Nomura Real Estate Partners, Co., Ltd., is considered a related party under Investment Trust Act.
Anticipated Acquisition Price		¥2,550 million
Appraisal Value and Method		¥2,640 million (Based on the capitalization approach as of January 1, 2022) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)
Appraisal NOI (Note 9)		¥108 million
Leasing Status (As of December 31, 2021) (Note 10)		
Total Number of Tenants		1



Total Rental Income(Annual)	¥138 million (Including common area management fee)				
Security Deposits	¥20 million				
Occupancy Rate	96.7%				
Total Leased Floor Space	2,200.23 m <sup>2</sup>				
Total Leasable Floor Space	2,276.02 m <sup>2</sup>				
Historical Occupancy Rates (Note 11)	August 2017	August 2018	August 2019	August 2020	August 2021
	—	—	—	88.3%	91.4%

(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 Area

“Land Area” is the total area of the entire building site, and the share of the right of site (co-ownership interest) is 227,602/236,682.

(Note 3) Floor Area

“Floor Area” is the total area of the entire building. The exclusive area of the compartmentalized ownership to be acquired by the Fund is 2,180.59 m<sup>2</sup>.

(Note 4) Building Coverage Ratio

The building coverage ratio is 80% for the 432.61 m<sup>2</sup> of this Asset’s land area classified as commercial zone, and 60% for the 125.13 m<sup>2</sup> classified as semi-industrial zone. A mitigation ratio of +10% (the ratio designated for corner lots by the specified government agency) is applied to the weighted average figures that reflect the proportions of the two parts.

(Note 5) Floor Area Ratio

The entire property spans both commercial and semi-industrial zones, for which the mandated floor area ratios differ, namely, they are 500% and 200%, respectively. Taking this into account, floor area ratio for the entire property is determined on a weighted average basis that reflects the proportions of the two parts.

(Note 6) Property Management Company

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

(Note 7) Master Lease

Upon the acquisition of the Asset to be Acquired, the Fund plans to enter into a master lease agreement with Nomura Real Estate Partners Co., Ltd. Under this agreement, the entire building of the Asset to be Acquired will be collectively leased to Nomura Real Estate Partners Co., Ltd. for the purpose of subleasing excluding the exclusive area subject to the self-use by other compartmentalized owners. The master lease agreement is a pass-through scheme, in which Nomura Real Estate Partners Co., Ltd., the master lease company, pays to the Fund the same amount as the total sum of the rent based on the lease agreements that the master lease company concludes with end tenants.

(Note 8) 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 9) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with January 1, 2022 as the appraisal date.

(Note 10) Leasing Status

“Total Number of Tenants” is stated as “1” because, for the purpose of subleasing, all of the rooms are leased as a block, and then the lessee under such lease agreement (the master lease agreement) sub-leases each of the rooms to the end tenants.

“Total Rental Income” is the amount obtained by multiplying by 12 the monthly rent and common area charges stated in the lease agreements by the total number of end tenants as of December 31, 2021, actually leasing space in the building of the Asset (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

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

“Occupancy Rate” is calculated by dividing Total Leased Floor Space as of December 31, 2021, by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of December 31, 2021.

“Total Leasable Floor Space” is the total floor space of offices, retail facilities, logistics facilities, residential facilities, hotels, etc. within the Asset that can be leased as of December 31, 2021 (if the common area, etc. is leased, the floor space thereof is included).

(Note 11) Historical Occupancy Rates

There are no applicable occupancy rates for the end of August 2019 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

Sundai Azamino

### < Reasons for the Disposition >

The Asset to be Disposed of has been occupied entirely by the same tenant since acquisition and has maintained high profitability, but the tenant plans to move out on November 28, 2023, prior to the lease expiry. In light of the current rent levels and increase in future repair costs associated with the age of the Asset, and after full consideration of such things as uncertainly surrounding securing a new tenant and risk of decrease in income, the Fund has decided that disposal of the Asset, even at a price below book value, would be more advantageous to the Fund over the medium to long term than maintaining ownership. This is because the sale terms would exceed the Appraisal Value (with December 31, 2021, as the appraisal date), which is based on the move-out of the tenant.

### < Summary of the Asset to be Disposed of >

Property Name		Sundai Azamino
Type of Asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From November 28, 2008 to June 30, 2023
Location (Note 1)	Registry	1-4-13 Azamino, Aoba Ward, Yokohama City, Kanagawa Prefecture
	Street (Note 2)	1-4-13 Azamino, Aoba Ward, Yokohama City, Kanagawa Prefecture
Access		4-minute walk from Azamino Station on the Tokyu Den-en-toshi Line and Yokohama Municipal Subway Line
Completion Date (Note 1)		November 11, 2008
Use (Note 1)		Training center
Structure (Note 1)		Five-floor steel-framed structure with flat roof
Area (Note 1)	Land	742.63 m <sup>2</sup>
	Floor Area	2,145.85 m <sup>2</sup>
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		80%
Floor Area Ratio		300%
Collateral		None
Property Management Company		Nomura Real Estate Partners Co., Ltd.
Master Leasing Company		-
Type of Master Leasing		-
Seismic Risk (PML)(Note 3)		4.89% (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		¥1,700 million
Scheduled Transfer Price		Undisclosed(Note 4)
Book Value(Note 5)		¥1,450 million
Difference		Undisclosed(Note 4)
Appraisal Value and Method (Note 6)		¥1,170 million (Based on the capitalization approach as of December 31, 2021) (Appraiser: Japan Real Estate Institute)
Appraisal NOI (Note 7)		¥55 million
Leasing Status (As of January 27, 2022) (Note 8)		
Total Number of Tenants	1	
Total Rental Income(Annual)	Undisclosed	
Security Deposits	Undisclosed	
Occupancy Rate	100.0%	



Total Leased Floor Space	2,286.47 m <sup>2</sup>				
Total Leasable Floor Space	2,286.47 m <sup>2</sup>				
Historical Occupancy Rates	August 2017	August 2018	August 2019	August 2020	August 2021
	100.0%	100.0%	100.0%	100.0%	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) 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 4) As the purchase price of Ichibancho stear is undisclosed as the transferee's consent has not been obtained, the purchase price of the Asset and the difference between the purchase price and the book value of the Asset are also undisclosed. While the purchase price of the Asset is below the anticipated book value at the date of disposition, it surpasses the latest appraisal value (as of December 31, 2021) which reflects the scheduled move-out of the asset tenant.

(Note 5) Book Value

Anticipated book value at the date of disposition.

(Note 6) Appraisal Value

"Appraisal Value" is the appraisal value described in the real estate appraisal report with December 31, 2021, as the appraisal date. This Appraisal Value reflects the move-out of the Asset tenant planned for November 28, 2023.

(Note 7) Appraisal NOI

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

(Note 8) 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 (annual)" and "Security Deposits" are not disclosed because consent of the end tenant to such disclosure has not been obtained.

"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 that can be leased as of today (if the common area, etc. is leased, the floor space thereof is included).

Ichibancho stear

< Reasons for the Disposition >

The Occupancy Rate (50.7% as of January 27, 2022) of the Asset to be Disposed of has fallen due to the impact of the spread of COVID-19 and other factors, so securing a new tenant for the lease is an immediate issue. Under these circumstances, and despite the Asset having an excellent location, in light of recent changes in the environment surrounding retail tenants and neighboring retail market environments, and after full consideration of such things as a protracted leasing period and risk of a future decrease in income, the Fund has decided to dispose of the Asset.

< Summary of the Asset to be Disposed of >

Property Name		Ichibancho stear
Type of Asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Term of Trust Agreement		From January 31, 2005 to June 30, 2023
Location (Note 1)	Registry	3-8-4 (etc.) Ichibancho, Aoba Ward, Sendai City, Miyagi Prefecture
	Street	3-8-8 Ichibancho, Aoba Ward, Sendai City, Miyagi Prefecture
Access		7-minute walk from JR Sendai Station 3-minute walk from Hirose-dori Station on the Sendai Municipal Subway Line
Completion Date (Note 1)		February 20, 2006
Use (Note 1)		Store
Structure (Note 1)		Four-floor steel-framed steel-reinforced concrete structure with flat roof and one underground level



Area <sup>(Note 1)</sup>	Land	2,098.18 m <sup>2</sup>			
	Floor Area	6,637.53 m <sup>2</sup>			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio		100% <sup>(Note 2)</sup>			
Floor Area Ratio		600%			
Collateral		None			
Property Management Company		Nomura Real Estate Retail Properties Co., Ltd.			
Master Leasing Company		-			
Type of Master Leasing		-			
Seismic Risk (PML) <sup>(Note 3)</sup>		2.42% (Based on the Earthquake PML Appraisal Report as of September 2021 by Sompo Risk Management Inc.)			
Notes		<ul style="list-style-type: none"> <li>The property management companies, Nomura Real Estate Retail Properties, Co., Ltd., are each considered a related party under Investment Trust Act.</li> </ul>			
Acquisition Price		¥4,700 million			
Scheduled Transfer Price		Undisclosed <sup>(Note 4)</sup>			
Book Value <sup>(Note 5)</sup>		¥4,405 million			
Difference		Undisclosed <sup>(Note 4)</sup>			
Appraisal Value and Method		¥5,270 million (Based on the capitalization approach as of August 31, 2021) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)			
Appraisal NOI <sup>(Note 6)</sup>		¥227 million			
Leasing Status (As of January 27, 2022) <sup>(Note 7)</sup>					
Total Number of Tenants		5			
Total Rental Income(Annual)		¥292 million (Including common area management fee)			
Security Deposits		¥271 million			
Occupancy Rate		50.7%			
Total Leased Floor Space		2,345.73 m <sup>2</sup>			
Total Leasable Floor Space		4,627.35 m <sup>2</sup>			
Historical Occupancy Rates	August 2017	August 2018	August 2019	August 2020	August 2021
	92.3%	100.0%	100.0%	93.8%	53.7%

(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) 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 fire prevention zone, the applied coverage ratio is 100%.

(Note 3) 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 4) The purchase price of the Asset is undisclosed as the assignee's consent has not been obtained. Accordingly, the difference between the purchase price and the book value of the asset is also undisclosed. The purchase price of the Asset surpasses the anticipated book value at the date of disposition and the appraisal value as of the end of the previous fiscal period (as of August 31, 2021.)

(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 by 12 the monthly rent and common area charges stated in the lease agreements by the total number of end tenants as of today actually leasing space in the building of the Asset (rounded down to the nearest million yen). The figure does not include any other incidental rent that may be agreed upon in connection with the said lease agreements, such as parking fees, signboard fees and warehouse fees.

"Security Deposits" indicates the amount of security and other deposits specified in the aforementioned lease agreements (rounded down to the nearest million yen).

"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 that can be leased as of today (if the common area, etc. is leased, the floor space thereof is included).

#### 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 consent of the Purchaser of the Asset, which is a domestic joint - stock company and consolidated 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 and master lease transactions of PMO Hamamatsucho II  
The property management company and master leasing company of PMO Hamamatsucho II, Nomura Real Estate Development Co., Ltd., is considered a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management, as well as the lease period, rental rate, and other leasing terms, related to PMO Hamamatsucho II have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to relevant internal rules and guidelines.
- (4) The property management and master lease transactions of PROUD FLAT Togoshi-Ginza  
The property management company and master leasing company of PROUD FLAT Togoshi-Ginza, Nomura Real Estate Partners Co., Ltd., is considered a related party under the Investment Trust Act as stated above. Accordingly, the fees and other terms of the consignment of property management, as well as the lease period, rental rate, and other leasing terms, related to PROUD FLAT Togoshi-Ginza have been duly examined and authorized by the Asset Management Company's compliance committee and investment committee pursuant to relevant internal rules and guidelines.

Since none of the transactions described in (1), (3) and(4) 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. The penalty charge is the liquidated damages amount, and neither party may request an increase or decrease of the penalty charge irrespective of whether the monetary damage actually suffered by the canceling party due to the cancellation exceeds or fails to reach an amount that is equivalent to 20% of the acquisition price.
- 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 by the scheduled date of acquisition 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

January 27, 2022	Conclusion of purchase and sale agreements for the disposition of Ichibancho stear
January 28, 2022	Conclusion of purchase and sale agreements for the acquisition of the Assets
January 31, 2022	Conclusion of purchase and sale agreements for the disposition of Sundai Azamino Delivery of trust beneficiary rights of Sundai Azamino
March 1, 2022	Acquisition of PROUD FLAT Togoshi-Ginza
March 18, 2022	Delivery of trust beneficiary rights of Ichibancho stear
April 1, 2022	Acquisition of PMO Hamamatsucho II

## 10. Outlook

There is currently no revision to the forecast of financial results for the fiscal period ending February 28, 2022 (September 1, 2021 to February 28, 2022) due to this Transaction. This is because, while a loss of 302 million yen for the fiscal period is expected to be realized on sale of Sundai Azaminokou, a portion of internal reserves equivalent to the amount of the loss will be drawn down.

There is also currently no revision to the forecast for the fiscal period ending August 31, 2022 (March 1, 2022 to August 31, 2022). This is because the impact of the Transaction on operation of the entire portfolio for the fiscal period is minimal. Furthermore, a profit of 757 million yen for the fiscal period is expected to be realized on sale of Ichibancho stear, from which an amount equivalent to the above loss of 302 million yen will be directed to internal reserves to cover the amount appropriated from internal reserves for the fiscal period ending February 28, 2022. In consideration of stabilizing medium- to long-term distributions, any remaining amount will be directed to dividends as part of distributions or internal reserves for the fiscal period ending August 31, 2022.



## Appraisal Summary

### (1) Asset to Be Acquired

Property Name	Hamamatsucho II
Appraisal Value	¥5,950,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	January 1, 2022

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	5,950,000,000	Calculated taking into account the Capitalization Approach Price determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	6,070,000,000	Calculated by reducing the stable medium- to long-term net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	268,783,000	
(a) Gross Rental Income	282,834,000	Calculated based on appropriate rent levels recognized as stable over the medium to long term.
(b) Losses due to Vacancies, etc.	14,051,000	Calculated assuming a stable medium- to long-term occupancy rate.
(2) Operating Expenses	67,858,000	
Maintenance Costs	16,600,000	Calculated based on scheduled maintenance and management costs and costs at similar properties.
Utilities Costs	8,690,000	Calculated based on actual costs at similar properties and the occupancy rate of the leased portion of the property.
Repair Costs	1,343,000	Calculated based on costs at similar properties and the average annual maintenance and renewal fees given in the engineering report.
Property Management Fees	6,720,000	Calculated based on agreed-upon fee rates and fee rates for similar properties.
Advertisement for Leasing Costs, etc.	2,168,000	Calculated as an annualized amount based on assumed tenant turnover rates.
Taxes	10,539,000	Calculated based on standard taxable values in the 2021 tax year.
Insurance Premium	198,000	Calculated based on insurance quotes and the premiums of similar properties.
Other Expenses	21,600,000	Calculated as fees paid for the use of land and adjacent parking lots.
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	200,925,000	
(4) Profit through Management of Temporary Deposits, etc.	2,601,000	Calculated based on an investment yield of 1.0%.
(5) Capital Expenditure Reserve	3,300,000	Calculated based on the assumption of average allocations each period, capital expenditure levels at similar properties, the building's age and the average annual maintenance and renewal fees given in the engineering report.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	200,226,000	
(7) Capitalization Rate	3.3%	
Price Calculated by the Discounted Cash Flow Approach	5,820,000,000	



	Discount Rate	2.9%	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	3.5%	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		4,810,000,000	
	Ratio of Land	77.2%	
	Ratio of Building	22.8%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value		<p>The Asset is a two-minute walk from Daimon Station on the Toei Asakusa and Oedo Lines, and a six-minute walk from Hamamatsucho Station on the JR Yamanote and Keihin-Tohoku Lines and Shibakoen Station on the Toei Mita Line, and since it is accessible from multiple lines, it is an excellent location offering convenient transportation to various places in central Tokyo as well as Haneda Airport.</p> <p>The Building is newly-built and designed as a high-value-added office building, offering superior quality and high-standard facilities compared to the office buildings of similar size. In view of the above factors, the appraisal value was determined.</p>	

Property Name	PROUD FLAT Togoshi-Ginza
Appraisal Value	¥2,640,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	January 1, 2022

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	2,640,000,000	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 direct capitalization approach.
Price Calculated by the Direct Capitalization Approach	2,670,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	137,258,654	
(a) Gross Rental Income	144,211,514	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	6,952,860	Calculated based on the standard stable medium- to long-term vacancy rate.
(2) Operating Expenses	29,524,230	
Maintenance Costs	7,374,305	Calculated based in part on the management rules and management agreement.
Utilities Costs	136,561	Calculated based on the balance results, etc.
Repair Costs	2,149,756	Repair costs for the building are calculated based on restoration costs, with reference to the Engineering Report, the building's age, costs recorded at similar properties and other factors.
Property Management Fees	3,735,188	Calculated based on the PM/BM service term sheet.
Advertisement for Leasing Costs, etc.	3,886,503	Calculated based on the PM/BM service term sheet.
Taxes	7,710,100	Calculated based on materials for fiscal 2021.
Insurance Premium	139,540	Calculated based on insurance quotes.
Other Expenses	4,392,277	Calculated based on the balance results, etc.



	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	107,734,424	
	(4) Profit through Management of Temporary Deposits, etc.	186,889	Calculated based on an investment yield of 1.0%.
	(5) Capital Expenditure Reserve	1,160,000	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))	106,761,313	
	(7) Capitalization Rate	4.0%	Calculated based mainly on the yield of similar rental condominium 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	2,630,000,000	
	Discount Rate	4.1%	Calculated with reference to the individual risks for the property and other factors.
	Terminal Capitalization Rate	4.2%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty.
	Cost Approach Price	2,540,000,000	
	Ratio of Land	75.2%	
	Ratio of Building	24.8%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Property consists of a high-rise condominium and its site and is approximately 4-minute walk from "Togoshi-ginza" Station on the Tokyu Ikegami Line. The condominium is relatively new and is of a grade required for rental condominiums, satisfying the high standards required for rental-condominium facilities. In addition, the Property is adjacent to the areas such as of Shinagawa, Osaki, Gotanda, etc. where the business functions are concentrated, and is in close proximity to the city center. Therefore, it can be judged that the Property has reasonable competitiveness, mainly among single persons and DINK households that are oriented toward proximity to the city center and convenience.</p> <p>In view of the above factors, the appraisal value was determined.</p>		

(2) Asset to Be Disposed of

Property Name	Sundai Azamino
Appraisal Value	¥1,170,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	December 31, 2021

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	1,170,000,000	Calculated taking into account equally the Capitalization Approach Price determined using both the direct capitalization approach and the discounted cash flow approach.
Price Calculated by the Direct Capitalization Approach	1,180,000,000	Calculated by reducing the stable medium- to long-term net cash flow by 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))	55,829,000	
	(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Note)
	(5) Capital Expenditure Reserve	Undisclosed	
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	50,651,000	
	(7) Capitalization Rate	4.3%	Calculated based on such factors as the yield on investment in similar properties, future uncertainties, and yield on similar property transactions while adjusting spread according to the property's locational conditions, building conditions, lease agreement conditions and any other conditions.
	Price Calculated by the Discounted Cash Flow Approach	1,160,000,000	
	Discount Rate	4.4%	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	4.8%	Calculated based on a comprehensive consideration of such factors as the yield on similar property transactions, 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	1,130,000,000	
	Ratio of Land	57.4%	
	Ratio of Building	42.6%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	Notice of cancellation has been presented by the tenant currently leasing the entire building on the property, so the Appraisal Value has been set in consideration of such things as rents and cancellation times in the current leasing agreement, and rent levels and other factors if a new tenant for the property is secured.		

(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.

Property Name	Ichibancho stear
Appraisal Value	¥5,270,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	August 31, 2021

(Yen)



Item	Amount or Percentage	Grounds
Capitalization Approach Price	5,270,000,000	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 direct capitalization approach.
Price Calculated by the Direct Capitalization Approach	5,140,000,000	Calculated by reducing a standard level of net cash flow by the capitalization rate.
(1) Operating Income (a)-(b)	350,557,603	
(a) Gross Rental Income	368,869,056	Calculated based in part on market rent levels.
(b) Losses due to Vacancies, etc.	18,311,453	Calculated based on the standard stable medium- to long-term vacancy rate.
(2) Operating Expenses	122,762,372	
Maintenance Costs	14,437,332	Calculated based in part on the management agreement.
Utilities Costs	40,535,586	Calculated based on the balance results, etc.
Repair Costs	5,895,000	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	5,334,526	Calculated based on the property management agreement.
Advertisement for Leasing Costs, etc.	9,444,055	Calculated based on the property management agreement.
Taxes	29,338,400	Calculated based on materials for fiscal 2021.
Insurance Premium	249,593	Calculated based on relevant insurance premium rate tables.
Other Expenses	17,527,880	Calculated based on the balance results, etc.
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	227,795,231	
(4) Profit through Management of Temporary Deposits, etc.	2,377,593	Calculated based on an investment yield of 1.0%.
(5) Capital Expenditure Reserve	14,410,000	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))	215,762,824	
(7) Capitalization Rate	4.2%	Calculated based mainly on the yield of similar retail facility 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	5,320,000,000	
Discount Rate	4.3% (until 5th fiscal year) 4.4% (from 6th fiscal year)	Calculated with reference to the individual risks for the property and other factors.
Terminal Capitalization Rate	4.4%	Calculated based on the capitalization rate, with consideration given to levels of future uncertainty and other factors.
Cost Approach Price	5,140,000,000	
Ratio of Land	86.9%	
Ratio of Building	13.1%	



Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	-
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**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)

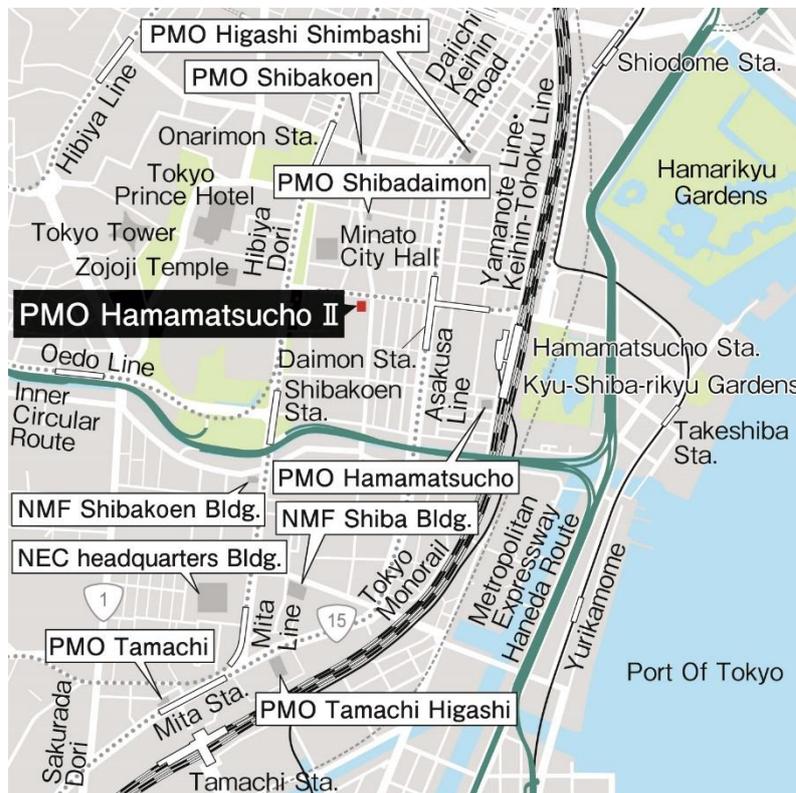
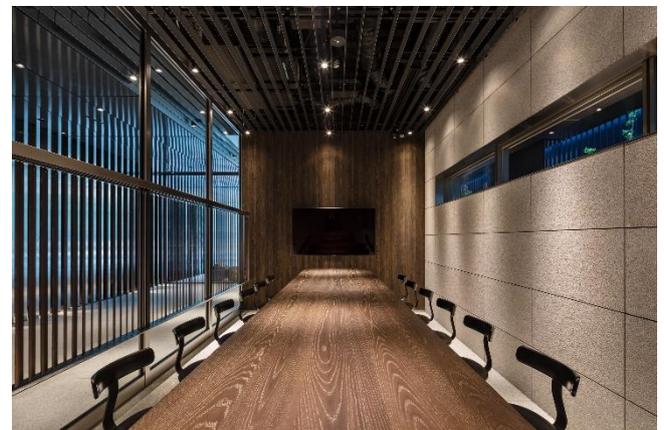
Sector \ Area	Greater Tokyo Area <sup>(Note 1)</sup>	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) <sup>(Note 2)</sup>
Office	407,155	69,610	476,765	44.0
Retail	109,888	64,155	174,044	16.0
Logistics	214,722	3,460	218,182	20.1
Residential	171,269	33,328	204,597	18.9
Hotels	—	6,250	6,250	0.6
Others	4,900	—	4,900	0.5
(Anticipated) Total Acquisition Price (by Area)	907,935	176,803	1,084,739	100.0
Investment Ratio (%) <sup>(Note 2)</sup>	83.7	16.3	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

PMO Hamamatsucho II



# PROUD FLAT Togoshi-Ginza

