



NOMURA  
MASTER  
FUND

[For Translation Purposes Only]

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**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. (“Nomura Master Fund” or the “Fund”) announced the decision made today by Nomura Real Estate Asset Management Co., Ltd., a licensed investment trust management company retained by the Fund to provide asset management services, that it will acquire asset (the “Acquisition”), as described below.

**1. Overview of the Acquisition**

Property Name	Use	(Scheduled) Date of Agreement	(Scheduled) Date of Acquisition	Seller	(Scheduled) Acquisition Price (¥million)(Note 1)
Summit Store Mukoudaicho	Retail	November 22, 2017	November 30, 2017	Undisclosed (Note 2)	5,100

(Note 1) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

(Note 2) Undisclosed, since consent have not obtained from the seller.

(Note 3) The asset to be acquired is a beneficiary interest in a trust for which real estate is the principal trust asset.

(Note 4) The asset to be acquired is scheduled to be acquired using cash on hand.

**2. Reasons for the Acquisition**

The Fund decided to acquire the property to secure stable earnings and steady growth of its assets over the medium to long term, in line with the asset management objectives and policies specified in the Fund’s Articles of Incorporation.

The strengths of the property to be acquired are as follows.

- Located in the area which has a strong supply of detached housing to meet the growth of population (Note) with numerous north-south bus lines for Tanashi Station on the Seibu Shinjuku Line and for Musashi-Sakai Station on the JR Chuo Line.
- The trade area within a one-kilometer radius of the property contains 14,000 households, offering an excellent retail market.
- Much of the area near the property is a category 1 exclusive district for low-rise residential buildings. As a result,

development of retail facilities is limited, and the property offers a high degree of exclusivity as a retail facility located in a residential area.

(Note) Source: Compiled by the Asset Management Company using statistical data on population and households from the Nishi-Tokyo City Official Website.

### 3. Summary of Asset to Be Acquired

Property Name		Summit Store Mukodaicho				
Type of Asset		Trust beneficiary interest in real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust Term		June 29, 2011 to June 30, 2021 (Note 1)				
Location (Note 2)	Registry	3-1010-5 Mukodaicho, Nishi-Tokyo City, Tokyo				
	Street	3-5-74 Mukodaicho, Nishi-Tokyo City, Tokyo				
Access		15-minute walk from Tanashi Station on the Seibu Shinjuku Line, 28-minute walk from Musashisakai Station on the JR Chuo and Seibu Tamagawa Line				
Completion Date (Note 2)		March 19, 2009				
Use (Note 2)		Retail, parking				
Structure (Note 2)		S 3F				
Architect		A&F, Espace, Tokyo Design Office				
Builder		Fukuda Corporation Tokyo Main Branch				
Building Inspection Agency		Bureau Veritas Japan Co., Ltd.				
Area (Note 2)	Land	6,166.41 m <sup>2</sup>				
	Floor Area	10,659.55 m <sup>2</sup>				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		70% (Note 3)				
Floor Area Ratio		200%				
Collateral		None				
Property Management Company (Note 4)		GEO-AKAMATSU Co., Ltd.				
Master Leasing Company		-				
Type of Master Leasing		-				
Seismic Risk (PML) (Note 5)		7.33% (Based on a October 2017 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT & HEALTH CARE Inc.)				
Notes		The property management company, GEO-AKAMATSU Co., Ltd., is considered a related party under the Law Concerning Investment Trust and Investment Corporations (“Investment Trust Law”).				
Acquisition Price (Scheduled)		¥5,100 million				
Appraisal Value and Method		¥5,180 million (Based on the capitalization approach as of November 1, 2017) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI (Note 6)		¥231 million				
Leasing Status (As of November 21, 2017) (Note 7)						
Total Number of Tenants		2				
Total Rental Income		Undisclosed				
Security Deposits		Undisclosed				
Occupancy Rate		100.0%				
Total Leased Floor Space		6,996.40 m <sup>2</sup>				
Total Leasable Floor Space		6,996.40 m <sup>2</sup>				
Historical Occupancy Rates (Note 8)	August, 2013	August, 2014	August, 2015	August, 2016	August, 2017	
	100.0%	100.0%	100.0%	100.0%	100.0%	

- (Note 1) Trust Term  
On November 30, 2017 (the planned acquisition date of the Property), the trust agreement is expected to be amended, with its expiration date changed to November 30, 2027.
- (Note 2) Location and Other Items  
Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.
- (Note 3) Building Coverage Ratio  
The Property is located in a quasi-industrial zone where the building coverage ratio is 60% in principle. As the Property is a corner lot, 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)  
The PML figure indicates the probable losses caused by a major earthquake, expressed as the expected recovery cost presented as a percentage of replacement cost. PML is calculated based on a statistical assumption that there is a 0.211% annual chance (approximately 10% probability once every 50 years, i.e., the average lifespan of a building) of a major earthquake occurring.
- (Note 6) Appraisal NOI  
“Appraisal NOI” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with November 1, 2017 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” and “Security Deposits” are undisclosed as the Fund has not received permission from the tenant to disclose these items.  
“Total Leased Floor Space” indicates the total floor space leased to end tenants.
- (Note 8) Historical Occupancy Rates  
Based on the information from the seller.

#### 4. Seller Profile

As the Fund has not obtained an agreement with the seller, who is a domestic limited liability 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 seller, and the seller is not a related party of either the Fund or the Asset Management Company.

#### 5. Status of Owners

There is no special relationship of interest between the seller and the Fund or the Asset Management Company for the acquisition of the property.

#### 6. Broker Profile

There is no brokerage involved in the acquisition of the property.

#### 7. Transaction with Related Parties

- Transaction concerning Property Management Company

The property management company of the property, GEO-AKAMATSU Co., Ltd., is a related party under the Investment Trust Law, as stated above. Accordingly, the fees and other terms of the consignment of property management 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 rules and guidelines.

#### 8. Form of Payment, etc.

Nomura Master Fund plans to pay in full the purchase price for the property to be acquired to the seller on the scheduled date of acquisition using cash on hand.

#### 9. Schedule for Acquisition

November 22, 2017	Conclusion of agreement on the acquisition of the property.
November 30, 2017	Acquisition of the property (Delivery of the trust beneficiary interests)

## 10. Forecasts of Financial Results

The impact of this acquisition on operations in the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018) are expected to be minor. Accordingly, there is no revision to the forecast of financial results.

## 11. Appraisal Summary

Property Name	Summit Store Mukoudaicho	
Appraisal Value	¥ 5,180,000,000	
Appraiser	Japan Valuers Co., Ltd.	
Appraisal Date	November 1, 2017	
(Yen)		
Item	Amount or percentage	Grounds
Capitalization Approach Price	5,180,000,000	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	5,220,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term.
(1) Operating Income (a)-(b)	Undisclosed	(Note)
(a) Gross Rental Income	Undisclosed	
(b) Losses due to Vacancies, etc.	Undisclosed	
(2) Operating Expenses	Undisclosed	
Maintenance	Undisclosed	
Utilities Costs	Undisclosed	
Repair Costs	Undisclosed	
Property Management Fees	Undisclosed	
Advertisement for Leasing, etc.	Undisclosed	
Taxes	Undisclosed	
Insurance Premium	Undisclosed	
Other Expenses	Undisclosed	
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	231,014,549	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	
(5) Capital Expenditure Reserve	Undisclosed	(Note)
(6) Net Cash Flow (NCF = (3)+(4)-(5))	229,603,089	
(7) Capitalization Rate	4.40%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price Calculated by the Discounted Cash Flow Approach	5,130,000,000	
Discount Rate	4.20%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property.
Terminal Capitalization Rate	4.60%	Assumed based on the yield on investment of similar buildings, the future movement of the yield on investment, risks of the Property as a preferred investment, general forecasts of economic growth rate, and price trends of real estate and rents.
Cost Approach Price	2,520,000,000	
Ratio of Land	85.0%	
Ratio of Building	15.0%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is adjacent to comprehensively redeveloped retail facilities and is located in a densely populated area, offering consumption demand synergies. The Property is a large corner lot with excellent visibility, offering great potential as a retail location. Furthermore, the building is an efficiently constructed, highly economical retail facility that is highly competitive compared with similar real estate properties. In view of the above factors, the appraisal value was determined with an emphasis on the capitalization approach price, in which the investment value was appropriately reflected.	

(Note) The Property is occupied only by a tenant who is a third party with no special relationship of interest with the Fund or the Asset Management Company. The disclosure of the items noted could be used to infer the conditions of the lease, which could negatively impact the Fund's competitiveness and thus harm the interests of unitholders. Furthermore, the Fund has not received permission from the tenant to disclose these items. Accordingly, these items are not disclosed.

**【Exhibits】**

Exhibit 1 Portfolio Overview after Acquisition

Exhibit 2 Photo of the Property to Be Acquired

Exhibit 3 Map of the Property to Be Acquired

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

## Overview of the Portfolio after Acquisition

(¥ million)

Sector \ Area	Greater Tokyo Area <sup>(Note 1)</sup>	Other Areas	(Scheduled) Total Acquisition Price (by Sector)	Percentage of Total <sup>(Note 2)</sup>
Office	356,180	71,930	428,110	46.2
Retail	100,427	59,356	159,783	17.2
Logistics	146,930	3,460	150,390	16.2
Residential	151,518	32,527	184,045	19.8
Others	4,900	-	4,900	0.5
(Scheduled) Total Acquisition Price (by Area)	759,955	167,273	927,228	100.0
Percentage of Total <sup>(Note 2)</sup>	82.0	18.0	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 Greater Tokyo.

(Note 2) "Percentage of Total" indicates the ratio of the (Scheduled) total acquisition price of properties for each use and in each area to the 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%.

Photo of the Asset to Be Acquired



Map of the Asset to be Acquired

