



**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. (“NREAM” or the “Asset Management Company”), 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)
Universal CityWalk Osaka (Land) (Additional stake acquisition)	Retail Facilities	July 21, 2021	July 30, 2021	Osaka City	2,139

(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.

(Note 3) NMF owns trust beneficiary interest with co-ownership interest and quasi-coownership interest of leasehold (ownership ratio of the land: 54.11%) of land (owned by Osaka City), and exclusive portions of the building in compartmentalized ownership, etc. of Universal CityWalk Osaka (may be referred to as the “Property”) as assets in trust. The asset to be acquired in the Acquisition is the co-ownership interest (ownership ratio: 54.11%) of the land subject to the abovementioned leasehold, and is a real estate property.

### 2. Reasons for the Acquisition

NMF owns trust beneficiary interest with co-ownership interest and quasi-coownership interest of leasehold of land (owned by Osaka City), and exclusive portions of the building in compartmentalized ownership, etc. of Universal CityWalk Osaka as assets in trust, and the trustee of the trust leases part of the land with leasehold interest from Osaka City. Under the land lease agreement for the land, it has been agreed between the land leaseholder and Osaka City that the land leaseholder shall purchase the land at a price equivalent to the market price as a vacant lot upon the expiration of the land lease agreement. Furthermore, the agreement stipulates that the trustee of the trust shares with other quasi co-owners of the leasehold the liability for fulfilling the obligations under the leasehold agreement with them, and is liable for purchasing the leased land in accordance with its equity interest. Because the land lease agreement is to expire on July 31, 2021, NMF has decided on the Acquisition after consulting with Osaka City, the trustee and other quasi co-owners of the leasehold of the leased land, it will directly acquire the land in accordance with its equity interest (54.11%).



Although property tax and city planning tax will increase in line with the Acquisition, it has been judged that securing stable profit over the medium to long term and achieving steady growth in assets under management, as set forth in the investment targets and policies in its Articles of Incorporation, will be possible due to the following reasons: (1) Cash flow will increase because there will be no payment of land rent; (2) with the termination of the land leasehold, the liquidity of the Property will increase; and (3) the appraisal value will increase to surpass the acquisition price.

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

Property Name		Universal CityWalk Osaka (Land)
Type of Asset		Real estate
Location (Note 1)	Registry	6-427-2,428, Shimaya, Konohana Ward, Osaka City, Osaka
	Street	6-2-61, Shimaya, Konohana Ward, Osaka City, Osaka
Access		1 minute walk from Universal City Station on the JR Yumesaki Line
Completion Date		-
Use		-
Structure		-
Architect		-
Builder		-
Building Inspection Agency		-
Area (Note 1)	Land	8,788.67m <sup>2</sup>
	Floor Area	-
Type of Ownership (Note 2)	Land	Ownership (shared)
	Building	-
Building Coverage Ratio		90% (Note 3)
Floor Area Ratio		600% (Note 4)
Collateral		None
Property Management Company		-
Master Leasing Company		-
Type of Master Leasing		-
Seismic Risk (PML)		-



Notes	<ul style="list-style-type: none"> <li>When transferring the Land, Leasehold Rights, and Building to a third party, the following will be required: (i) acquisition of approval from the other project operator pursuant to the Project Operators Agreement on the Konohana Western Coastal Area and New Station Area Development (October 1999) and assumption of the Project Operators Agreement by the third party, (ii) discussions with and acquisition of approval from Osaka City pursuant to the Basic Agreement Concerning the Konohana Western Coastal Area and New Station Area Development Project between the project operators and Osaka City (November 1999) and assumption of the Basic Agreement by the third party, and (iii) (with respect to the Building), submission of prior written notice to the manager concerning transfer of the exclusive areas pursuant to the Rules attached to the Management Agreement (June 2001) (a portion of the Building (the heat supply sub-plant room) is leased to a domestic business company (a sublease under the Master Lease Agreement), and in cases where the lessor transfers the Building to a third party, acquisition of prior written approval from the domestic business company that is the lessee and transfer of the lessor's status under the Building Lease Agreement to the third party are required).</li> <li>In addition, when transferring the Trust Beneficiary Interest relating to the Property to a third party, the following will be required: (iv) acquisition of prior written approval from Osaka City and assumption of the relevant conditions by the third party and (v) acquisition of prior written approval from some of the other project operators and assumption of the relevant conditions by the third party.</li> <li>Pursuant to the Sublicense Agreement with the sublicensor concerning the name and other trademarks of the Property, there is a possibility that leasing is prohibited or that discussions with and the consent of the sublicensor are required with respect to leasing to tenants and installation, maintenance, and management of facilities and fixtures.</li> </ul>				
Anticipated Acquisition Price	¥2,139 million				
Appraisal Value and Method	¥2,210 million (Based on the assemblage value as of July 1, 2021) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI	-				
Leasing Status (Note 5)					
Total Number of Tenants	-				
Name of Tenants	-				
Total Rental Income(Annual)	-				
Security Deposits	-				
Occupancy Rate	-%				
Total Leased Floor Space	- m <sup>2</sup>				
Total Leasable Floor Space	- m <sup>2</sup>				
Historical Occupancy Rates (Note 8)	February 2017	February 2018	February 2019	February 2020	February 2021
	-%	-%	-%	-%	-%

(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) Type of Ownership

The property acquired by NMF is the 54.11% co-ownership interest of land (270,460/499,870). For the overview of the rights regarding the Property, please see the attached "Exhibit 3 Overview of rights about Universal CityWalk Osaka."

(Note 3) Building Coverage Ratio

The building coverage ratio of the Property is 80% in principle as it is located in a commercial district. However, an increased building coverage ratio of 90% is applied as it stands on a corner lot.

(Note 4) Floor Area Ratio

The floor area ratio of the Property is designated to be a maximum of 400%. However, an increased ratio of 600% is applied due to district planning.

(Note 5) Leasing Status



The asset planned to be acquired is a co-ownership interest in land subject to a leasehold right to the Property, which is a part of the trust property of the Trust Beneficiary Interest relating to the Property held by the Fund. Therefore, the prior leasing status is not disclosed.

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

Name	Osaka City
Relation between NMF, NREAM and Seller	Nothing in particular

#### 5. Status of Owner of the Assets to be Acquired

There is no brokerage involved in the acquisition of the Property to Be Acquired

#### 6. Transactions with Related Parties

There is no special relation between the said company and the Fund or the Asset management company for this transaction.

#### 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.

As indicated above in 2. Reasons for the Acquisition, the asset planned to be acquired will be acquired as a part of the joint and several purchase duty shared with the other quasi co-owners at the time of expiration of the lease agreement pursuant to the lease agreement with Osaka City, and the transaction will be an acquisition of the entire asset with the other quasi co-owners in accordance with the ratios of the ownership stakes of the quasi co-owners. Therefore, in the case where another quasi co-owner is unable to perform the acquisition according to its ownership stake for any reason, there is a possibility that the purchase agreement relating to the acquisition by the Fund will be terminated by the Seller.

#### 8. Schedule for the Acquisition

July 21, 2021	Conclusion of purchase and sale agreements for the Asset to be Acquired
July 30, 2021	Acquisition (delivery of real estate)

#### 9. Outlook

There is no revision to NMF's forecast of financial results for the fiscal period ending August 31, 2021 (March 1, 2021 to August 31, 2021) and the fiscal period ending February 28, 2022 (September 1, 2021 to February 28, 2022) by the Acquisition as the impact on operations in a portfolio level is minimal.

#### 10. Appraisal Summary

Property Name	Universal CityWalk Osaka (Land)	
Appraisal Value	¥2,210,000,000	
Appraiser	Japan Valuers Co., Ltd.	
Appraisal Date	July 1, 2021	

(Yen)

Item	Amount or Percentage	Grounds
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① Normal Price of the Rental Building and its Site after the Acquisition of the Subject Property	18,700,000,000	Calculated the normal price judging the capitalization approach price to be appropriate. Used capitalization rate of 4.3% (considering the increase in liquidity as a result of the acquisition of the subject property).
② Normal Price of the Building with Land Leasehold and its Site (Rental Building) Before the Acquisition of the Subject Property	16,300,000,000	Calculated the normal price judging the capitalization approach price to be appropriate. Used capitalization rate of 4.4%.
③ Normal Price of the Subject Property	2,010,000,000	As it is land with leasehold interest of which the fixed-term land lease agreement is to expire shortly, calculated the normal price judging the price of the vacant lot based on the comparison of transaction cases to be appropriate.
④ Increased Value	390,000,000	① - ( ② + ③ )
⑤ Allocation Rate	50%	Determined the allocation rate taking into account the degree of contribution of the owner of the leased land and land leaseholder to the community, contents of the agreement, background to the conclusion of the agreement, etc.
⑥ Appraisal Value of the Subject Property (Limited Price)	2,210,000,000	③ + ④ × ⑤

(Reference) Universal CityWalk Osaka (Entirety after the Acquisition)

Property Name	Universal CityWalk Osaka
Appraisal Value	¥18,700,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	July 1, 2021

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	18,700,000,000	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	19,000,000,000	Calculated by reducing the expected level of stable net revenue over the medium to long term by the capitalization rate.
(1) Operating Income (a)-(b)	1,909,364,429	
(a) Gross Rental Income	1,974,528,333	Calculated considering current rent and market rent levels.
(b) Losses due to Vacancies, etc.	65,163,904	Calculated considering current rent and market rent levels.
(2) Operating Expenses	1,043,274,782	
Maintenance Costs	135,433,000	Calculated based on actual results in previous years and general level of maintenance cost.
Management association cost	69,776,000	Calculated based on actual results in previous years and general level of management association cost.
Utilities Costs	289,884,480	Calculated based on actual results in previous years and general level of utilities cost.
Repair Costs	16,495,527	Calculated based on the engineering report of Tokio Marine & Nichido Risk Consulting Co., Ltd.
Sublicense fee, etc.	205,423,284	Calculated based on actual results in previous years and general level of sublicense fees, etc.
Property Management Fees	75,371,066	Calculated based on actual results in previous years and general level of property management fees.



	Advertisement for Leasing Costs, etc.	9,774,421	Calculated based on actual results in previous years and general level of advertisement fee for leasing, etc.
	Taxes	58,673,857	Calculated based on the actual result of 2021 tax-year and general level of taxes.
	Insurance Premium	2,443,147	Calculated based on actual results in previous years and general level of insurance premium.
	Other Expenses	180,000,000	Calculated based on actual results in previous years and general level of other expenses.
	(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	866,089,647	
	(4) Profit through Management of Temporary Deposits, etc.	6,766,184	Calculated based on normal deposit interest rates and other factors.
	(5) Capital Expenditure Reserve	55,873,330	Calculated based on the engineering report of Tokio Marine & Nichido Risk Consulting Co., Ltd.
	(6) Net Cash Flow (NCF = (3)+(4)-(5))	816,982,501	
	(7) Capitalization Rate	4.3%	Calculated based on capitalization rates of surrounding properties and with consideration for the location and unique characteristics of the Property.
	Price Calculated by the Discounted Cash Flow Approach	18,400,000,000	
	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 by comparison to the capitalization rate and other factors.
	Cost Approach Price	-	
	Ratio of Land	-	
	Ratio of Building	-	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The subject property is a retail facility adjacent to Universal Studios Japan (“USJ”), a theme park boasting the most prominent capacity to attract guests in western Japan. As the Property is situated on the traffic line connecting Universal City Station, the nearest station, and the main gate of USJ, it has location characteristics featuring high scarcity value as a retail facility targeting visitors to USJ. With highly attractive events and the introduction of popular attractions, USJ is expected to maintain its position as one of the most renowned theme parks in western Japan going forward.</p> <p>As stated above, the subject property is expected to have high scarcity value and competitiveness as a retail facility, and is anticipated to operate at stable occupancy for years to come. Accordingly, the appraisal value has been determined with a focus on the capitalization approach price that appropriately reflects the economic value of investments.</p>		

## **Exhibits**

Exhibit 1 Overview of the Portfolio after the Acquisition

Exhibit 2 Photos and Maps of the Asset to be acquired

Exhibit 3 Overview of rights about Universal CityWalk Osaka

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



## 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	44.3
Retail	111,588	68,855	180,444	16.9
Logistics	197,722	3,460	201,182	18.8
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)	884,585	183,823	1,068,409	100.0
Investment Ratio (%) <sup>(Note 2)</sup>	82.8	17.2	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

Universal CityWalk Osaka





Overview of rights about Universal CityWalk Osaka

Building	Name	Commercial Tower, Cooling Facility	Business Tower	Hotel Kintetsu Universal City	Hotel Keihan Universal City
	Exclusive Elements (ratio of voting rights)	NMF (25.22%)	Compartmentalized Owner A (21.45%)	Compartmentalized Owner B (31.18%)	Compartmentalized Owner C (22.15%)
	Co-ownership Elements (ratio of co-ownership interest)	Co-ownership			
	NMF (25.22%)	Compartmentalized Owner A (21.45%)	Compartmentalized Owner B (31.18%)	Compartmentalized Owner C (22.15%)	
Land	Land① 8,785.43m <sup>2</sup>	Co-ownership			
		NMF (54.11%)	Compartmentalized Owner B (26.83%)	Compartmentalized Owner C (19.06%)	
	Land② 8,788.67m <sup>2</sup>	Co-ownership			
		NMF (to be Acquired) (54.11%)	Compartmentalized Owner B (26.83%)	Compartmentalized Owner C (19.06%)	