



For Immediate Release

To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

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Notice Concerning Disposition of Property in Japan

Nomura Real Estate Master Fund, Inc. (“NMF” or the “Fund”) announces that Nomura Real Estate Asset Management Co., Ltd., a licensed asset management company retained by the Fund to provide asset management services, decided to dispose of property (the “Disposition”) as described below.

1. Summary of Assets to Be Disposed of

Property Name	Use	Scheduled Date of Purchase and Sales Agreement	Scheduled Date of Disposition	Transferee	Intermediary	Scheduled Transfer Price (¥ million) (Note 1)	Book Value (¥ million) (Note 2)	Difference (¥ million) (Note 3)
NRE Ueno Building	Office	January 26, 2024	April 1, 2024	Nomura Real Estate Development Co., Ltd.	No	6,930	6,544	385

(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) Anticipated book value at the date of disposition.

(Note 3) 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.

The above assets to be disposed of is referred to as the "Asset".

2. Reasons for the Disposition

The Fund has continuously replaced assets as an external growth strategy mainly by acquiring sponsor developed properties and selling properties where there are concerns about their future competitive advantage.

The Fund decided to implement the Disposition as part of such asset replacement pursuant to comprehensive consideration of the possibility of a future decline in competitiveness as well as rising repair costs as the building ages. Furthermore, it was determined that the sale agreement associated with the Disposition (the “Sale Agreement”), where the transferee is the Sponsor, Nomura Real Estate Development Co., Ltd., is in the Fund’s interest as the Sale Agreement will stipulate that the Fund shall be afforded priority negotiation rights should Nomura Real Estate Development dispose this property in the future, including after the property has been redeveloped by Nomura Real Estate Development.

The entire profits on sale will be evenly distributed across four fiscal periods—from the fiscal period ending August 31, 2024 to the fiscal period ending February 28, 2026—based on the strategies stated in the presentation materials for the fiscal period ended August 31, 2023 that was released on October 18, 2023.



3. Summary of the Asset to be Disposed of

Property Name		NRE Ueno Building			
Type of Asset		Real estate			
Location (Note 1)	Registry	1-42-1 (comprising five parcels of land) Higashi-Ueno, Taito Ward, Tokyo			
	Street	1-14-4 Higashi-Ueno, Taito Ward, Tokyo			
Access		Three-minute walk from Okachimachi Station on the JR Yamanote Line and Keihin-Tohoku Line One-minute walk from Naka-okachimachi Station on the Tokyo Metro Hibiya Line One-minute walk from Ueno-okachimachi Station on the Toei Oedo Line Five-minute walk from Ueno-hirokoji Station on the Tokyo Metro Ginza Line			
Completion Date (Note 1)		March 30, 1990			
Use (Note 1)		Bank, Parking, Office			
Structure (Note 1)		Ten-floor steel-reinforced concrete structure with a flat roof and 1 basement floor			
Area (Note 1)	Land	891.02m ²			
	Floor Area	7,117.78 m ²			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio		100%(Note 2)			
Floor Area Ratio		800%			
Collateral		None			
Property Management Company		Nomura Real Estate Development Co., Ltd.			
Master Leasing Company		—			
Type of Master Leasing		—			
Seismic Risk (PML)(Note 3)		5.4% (Based on the Earthquake PML Appraisal Report as of September 2023 by Sompo Risk Management Inc.)			
Notes		Nomura Real Estate Development Co., Ltd., the property management company, is considered a related party under the Investment Trust Act.			
Acquisition Price (Note 4)		¥6,470 million			
Scheduled Transfer Price		¥6,930 million			
Book Value (Note 5)		¥6,544 million			
Difference		¥385 million			
Appraisal Value and Method		¥6,900 million (Based on the capitalization approach as of August 31, 2023) (Appraiser: Japan Real Estate Institute)			
Appraisal NOI (Note 6)		¥251 million			
Leasing Status (As of January 23, 2024) (Note 7)					
Total Number of Tenants		9			
Total Rental Income (Annual)		¥254 million (including common area charges)			
Security Deposits		¥195 million			
Occupancy Rate		81.1%			
Total Leased Floor Space		3,890.64 m ²			
Total Leasable Floor Space		4,798.90 m ²			
Historical Occupancy Rates	August 2019	August 2020	August 2021	August 2022	August 2023
	100.0%	100.0%	100.0%	100.0%	81.1%

(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 maximum amount of loss that can be expected to incur once every 475 years or once every 50 years with 10% probability during the anticipated period of use (i.e., 50 years as the expected lifetime of a standard building) as a ratio (percentage) of the expected recovery cost to the replacement cost.

(Note 4) The capitalized amount at the time of merger when the property was inherited through merger is stated.

(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, 2023 as the appraisal date.

(Note 7) 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 January 23, 2024, actually leasing space in the building of the Asset as of today (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 January 23, 2024, by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of January 23, 2024.

“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 January 23, 2024 (if the common area, etc. is leased, the floor space thereof is included).

4. Summary of Transferee of the Asset to Be Disposed of

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, 2023)
Established	April 15, 1957
Net Assets	¥184.8 billion (as of March 31, 2023)
Total Assets	¥1,866 billion (as of March 31, 2023)
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 7.01% of the Fund's investment units (as of December 1, 2023). 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. Transactions with Related Parties

The transaction concerning the Assets to be Disposed is transaction with related parties under the Investment Trust Law as mentioned above. Accordingly, the transfer of the property, transfer price and other conditions have been duly examined and approved 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.

6. Form of Payment, etc.

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.

7. Schedule for the Transactions

January 26, 2024	Conclusion of a sale agreement for the disposition of NRE Ueno Building
April 1, 2024	Disposition of NRE Ueno Building

8. Outlook

Since this disposition will be implemented after the end of the fiscal period ending February 2024 (September 1, 2023 to February 29, 2024), there will be no impact on the operating status for the fiscal period ending February 2024. Also, as the effect of the disposition on the operating status of the entire portfolio for the fiscal period ending August 2024 (March 1, 2024 to August 31, 2024) is immaterial, there is currently no change in the outlook for the fiscal period ending August 2024. The Fund expects the Disposition to generate profits on sale of ¥341 million, and the entire amount will be evenly distributed across four fiscal periods—from the fiscal period ending August 31, 2024 to the fiscal period ending February 28, 2026—based on the strategies stated in the presentation materials for the fiscal period ended August 31, 2023 that was released on October 18, 2023.



9. Appraisal Summary

Property Name	NRE Ueno Building
Appraisal Value	¥6,900,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	August 31, 2023

Item	Amount or Percentage	Grounds
Capitalization Approach Price	6,900,000,000	Calculated by associating the price calculated by the direct capitalization approach with the price calculated by the discounted cash flow approach
Price Calculated by the Direct Capitalization Approach	6,990,000,000	Calculated by reducing stable medium-to long-term net cash flow based on the capitalization rate
(1) Operating Income (a)-b))	360,961,000	
(a) Gross Rental Income	379,204,000	Calculated based on appropriate rent levels recognized as stable over the medium to long term
(b) Losses due to Vacancies, etc.	18,243,000	Calculated on the assumption of a stable occupancy rate over the medium to long term
(2) Operating Expenses	109,155,000	
Maintenance Costs	34,520,000	Calculated with reference to the actual amounts in past fiscal years and cost levels for similar properties
Utilities Costs	22,260,000	Calculated with reference to the actual amounts in past fiscal years and other factors
Repair Costs	7,200,000	Recorded with consideration of the actual amounts in past fiscal years, the cost level of similar properties, the annual average amount of repair and renewal costs given in the engineering report and other factors
Property Management Fees	6,933,000	Calculated with reference to the current compensation fee rate, compensation fee rates adopted to similar properties and other factors
Advertisement for Leasing Costs, etc.	2,301,000	Recorded the annual average amount calculated based on assumed turnover period of lessee
Taxes	34,871,000	Calculated based on data related to taxes
Insurance Premium	453,000	Recorded based on the judgement that the actual amount is reasonable
Other Expenses	617,000	Recorded road occupancy fees
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	251,806,000	
(4) Profit through Management of Temporary Deposits, etc.	3,196,000	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	17,510,000	Calculated based on the assumption of average allocations each period, capital expenditure levels at similar properties, the building's age, the annual average repair and renewal costs given in the engineering report and other factors
(6) Net Cash Flow (NCF=(3)+(4)-(5))	237,492,000	
(7) Capitalization Rate	3.4%	Calculated in comprehensive consideration of the property's conditions of location, building and other conditions
Price Calculated by the Discounted Cash Flow Approach	6,810,000,000	
Discount Rate	3.2%	Calculated with comprehensive consideration of the property's specific characteristics with reference to yields on investments in similar properties
Terminal Capitalization Rate	3.5%	Calculated based on a comprehensive consideration of factors such 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
Cost Approach Price	7,850,000,000	
Ratio of Land	92.5%	
Ratio of Building	7.5%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The Okachimachi district in Ueno, where the property is located, has excellent accessibility to places such as Tokyo Station, Otemachi district, and Marunouchi district. The building is old and has specifications and facilities that are slightly poorer when compared to newer properties and such in the city center. However, it has been appropriately renovated and its specifications and facilities meet the needs of recent tenants. The leasable area on each floor is also of a relatively large size.</p> <p>The appraisal value was determined in light of the above factors.</p>	



[Exhibit]

Exhibit Overview of the Portfolio after the Disposition

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



Overview of the Portfolio after the Disposition

(¥ million)

Sector \ Area	Greater Tokyo Area (Note 1)	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) (Note 2)
Office	397,115	65,100	462,215	42.0
Retail	109,888	67,890	177,779	16.2
Logistics	220,472	3,460	223,932	20.4
Residential (Healthcare facility)	190,892	27,934	218,826	19.9
Hotels	2,360	9,450	11,810	1.1
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	925,628	173,834	1,099,463	100.0
Investment Ratio (%) (Note 2)	84.2	15.8	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%.

