



For Immediate Release
To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

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Notice Concerning Acquisition of Domestic Real Estate
and Disposition of Trust Beneficial Interest in Domestic Real Estate

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 and dispose of properties (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	Scheduled Date of Purchase and Sale Agreement	Scheduled Date of Acquisition	Seller	Presence of Intermediary	Anticipated Acquisition Price (¥ million)(Note 1)
MEFULL CHITOSEKARASUYAMA	Retail	February 7, 2024	April 24, 2024 (Note 2)	Nomura Real Estate Development, Co., Ltd.	None	1,880

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

(Note 2) The scheduled date of acquisition may be changed to March 25, 2024 with agreement of the seller and the buyer.

(Note 3) With regard to the acquisition of the above property, the precondition to the execution of purchase and sale is the definite execution of the purchase and sale of the assets to be disposed of below

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



(2) Summary of Asset to Be Disposed of

Property Name	Use	Scheduled Date of Purchase and Sales Agreement	Scheduled Date of Disposition	Transferee	Presence of Intermediary	Scheduled Transfer Price (Note 1) (¥ million)	Book Value (Note 2) (¥ million)	Difference (Note 3) (¥ million)
PRIME URBAN Idabashi	Residential	February 7, 2024	April 24, 2024 (Note 4)	Nomura Real Estate Development, Co., Ltd.	None	2,244	1,889	354

(Note 1) The amount stated excludes adjustment amounts of both property taxes and city planning taxes, as well as consumption taxes and local consumption tax.

(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.

(Note 4) The scheduled date of disposition may be changed to March 25, 2024 with agreement of the seller and the buyer.

(Note 5) The asset to be disposed of is a trust beneficial interest in trust of real estate.

(Note 6) There is no intermediary involved in the disposition of the asset to be disposed of.

(Note 7) With regard to the disposal of the above property, the precondition to the execution of purchase and sale is the definite execution of the purchase and sale of the assets to be acquired stated in (1).

The above property is referred to hereinafter as the “Asset to Be Disposed of.” The Asset to Be Acquired and Asset 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.

Under the Transaction, the Fund will transfer to Nomura Real Estate Development Co., Ltd. (the “Sponsor”) a rental housing property located within an area for which an urban redevelopment project is planned, while acquiring a retail facility from the Sponsor. It is a transaction to replace assets through a mutual sale and purchase of properties with the Sponsor and a crossover deal that straddles sectors, which is unique to comprehensive REIT.

With regard to the Asset To be Disposed of, a redevelopment project in which the Sponsor is involved as a business supporter is planned for the area where the property is located, and the disposition was suggested by the Sponsor. In addition to the disposition, the Fund considered continuing to manage the property in light of the effects of redevelopment. However, the Fund has decided to carry out the Disposition because there is uncertainty in projecting profits, etc. during the redevelopment project period and after the completion, even if the property continues to be managed, and profits can be stabilized by executing the Transaction.

The entire amount equivalent to the gain on sale associated with the Disposition 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 (Note).

Meanwhile, the acquisition of the property involved in the Transaction has been decided because it is a high-quality property recently built in a favorable location as part of the MEFULL series—the retail facilities developed by the Sponsor that are focused on the services sector business—and can be expected to generate stable profits in the future.

For details on the reasons for the acquisition of the Asset to be Acquired and the disposition of the Asset to be Disposed of, please refer to “3. Summary of Assets to Be Acquired/Disposed of” below.

(Note) The Fund plans to retain a portion of the gain on sale arising in the period of sale as internal reserves and make distributions in excess of earnings for the amount of the portion over the three fiscal periods starting from the following fiscal period. In principle, the amount will be evenly distributed across the four fiscal periods including the period of sale, but even distributions may not be possible as there is a certain limit on the amount that can be held as internal reserves while avoiding tax payment.

3. Summary of Asset to Be Acquired/Disposed of

(1) Summary of Asset to Be Acquired



MEFULL CHITOSEKARASUYAMA

<Reasons for the Acquisition>

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

- The Asset is a two-minute walk from Chitose Karasuyama Station on the Keio Line and in a favorable location with excellent transportation access, 12 minutes away from Shinjuku Station on the Keio Line.
- In the area surrounding Chitose Karasuyama Station, condominiums and other houses are concentrated with about 28,000 households living within 1 km of the Asset. Located in an area with a large population, the Asset is a retail facility that can be expected to attract people using the Keio Line and neighboring residents.
- The area surrounding Chitose Karasuyama Station has a concentration of retail facilities, with more than 150 shops lined up along “Elmall Karasuyama,” a shopping street that extends north and south.

<Summary of the Asset to Be Acquired>

Property Name		MEFULL CHITOSEKARASUYAMA
Type of Asset		Real estate
Location (Note 1)	Registry	5-645-16 (and one other parcel of land) Minami Karasuyama, Setagaya Ward, Tokyo
	Street	5-19-11 Minami Karasuyama, Setagaya Ward, Tokyo
Access		2-minute walk from Chitose Karasuyama Station on the Keio Line
Completion Date (Note 1)		January 21, 2021
Use (Note 1)		Store
Structure (Note 1)		Seven-floor steel reinforced concrete structure with flat roof
Architect		Fukuda Corporation, Tokyo Office, Registered Architect's Office
Builder		Fukuda Corporation, Tokyo Head Office
Building Inspection Agency		Urban Housing Evaluation Center
Area (Note 1)	Land	264.66 m ²
	Floor Area	1,348.55 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		98.34% (Note 2)
Floor Area Ratio		475.22% (Note 3)
Collateral		None
Property Management Company (Note 4)		Nomura Real Estate Retail Properties Co., Ltd.
Master Leasing Company		Nomura Real Estate Retail Properties Co., Ltd.
Type of Master Leasing (Note 5)		Pass through
Seismic Risk (PML) (Note 6)		6.8% (Based on the Earthquake PML Appraisal Report as of December 2023 by Sompo Risk Management Inc.)
Notes		<ul style="list-style-type: none"> • Nomura Real Estate Retail Properties Co. Ltd., the property management company, is considered a related party under the Act on Investment Trusts and Investment Corporations. • Pursuant to a contract with Nomura Real Estate Development Co., Ltd., the use, for no consideration, of the trademark MEFULL CHITOSEKARASUYAMA is subject to the property management agreement and the master lease agreement with Nomura Real Estate Retail Properties Co., Ltd. remaining in full force and effect.
Anticipated Acquisition Price		¥1,880 million
Appraisal Value and Method		¥1,990 million (Based on the capitalization approach as of January 1, 2024) (Appraiser: Japan Real Estate Institute)
Appraisal NOI (Note 7)		74 million
Leasing Status (As of February 6, 2024) (Note 8)		
Total Number of Tenants		8
Total Rental Income (Annual)		¥91 million
Security Deposits		¥69 million



Occupancy Rate	100.0%				
Total Leased Floor Space	1,139.05 m ²				
Total Leasable Floor Space	1,139.05 m ²				
Historical Occupancy Rates ^(Note 9)	January 2020	January 2021	January 2022	January 2023	January 2024
	—	65.7%	86.0%	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) Building Coverage Ratio

The building coverage ratio for the location of the Asset is designated as 80% for the portion belonging to a commercial zone and 60% for the portion belonging to a Category 1 medium-to-high rise exclusive residential district. However, as the Asset is a certified fireproof building in a fire prevention zone, the applied ratio has been increased to 98.34% from the weighted average figure calculated according to the area ratio.

(Note 3) Floor Area Ratio

The floor area ratio for the location of the Asset is designated as 500% for the portion belonging to a commercial zone and 200% for the portion belonging to a Category 1 medium-to-high rise exclusive residential district, and the weighted average figure calculated according to the area ratio is applied.

(Note 4) Property Management Company

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

(Note 5) Master Lease

The master lease scheme that is scheduled to apply after the Acquisition is stated. Note that the “pass through type” is a scheme where a master lease company pays the same amounts as the rents stipulated in lease agreements with end tenants.

(Note 6) 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 7) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income - operating expenses) described in the real estate appraisal report with January 1, 2024 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 Asset to be Acquired as of February 6, 2024.

“Total Rental Income” is the amount obtained by multiplying by 12 the monthly rent and common area charges stated in the lease agreements with the end tenants actually leasing space in the building of the Asset as of February 6, 2024 (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 February 6, 2024 by Total Leasable Floor Space.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of February 6, 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 February 6, 2024 (if any common area, etc. is leased, the floor space thereof is included).

(Note 9) Historical Occupancy Rates

There are no applicable occupancy rates for the end of January 2020 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

PRIME URBAN Iidabashi

<Reasons for the Disposition>

As stated in “2. Reasons for the Transaction,” as a result of considering selling or continuing to hold the property as it is located in a redevelopment area, the Fund decided to carry out the Disposition, determining that the Disposition would enable the Fund to acquire a high-quality property recently built in a favorable location and stabilize its cash flow, and that the resulting gain on sale would contribute to the interests of unitholders.

<Summary of the Asset to Be Disposed of>

Property Name		PRIME URBAN Iidabashi			
Type of Asset		Trust beneficial interest in trust of real estate			
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Location (Note 1)	Registry	4-13-4 (and two other parcels of land) Iidabashi, Chiyoda Ward, Tokyo			
	Street	4-8-9 Iidabashi, Chiyoda Ward, Tokyo			
Access		1-minute walk from Iidabashi Station on the JR Sobu Line and the Toei Subway Oedo Line 1-minute walk from Iidabashi Station on the Tokyo Metro Yurakucho, Tozai, and Nanboku Lines			
Completion Date ^(Note 1)		October 1, 2005			
Use ^(Note 1)		Apartment, shop, office, parking, meeting place			
Structure ^(Note 1)		14-floor reinforced-concrete steel-frame structure with flat roof			
Leasing Units		90			
Area ^(Note 1)	Land	323.62 m ²			
	Floor Area	2,317.51 m ²			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio ^(Note 2)		100%			
Floor Area Ratio		700%			
Collateral		None			
Property Management Company		Nomura Real Estate Partners Co., Ltd.			
Master Leasing Company		Nomura Real Estate Partners Co., Ltd.			
Type of Master Leasing		Pass through			
Seismic Risk (PML) ^(Note 3)		4.1% (Based on the Earthquake PML Appraisal Report as of September 2023 by Sompo Risk Management Inc.)			
Notes		Nomura Real Estate Partners Co. Ltd., the property management company, is considered a related party under the Act on Investment Trusts and Investment Corporations.			
Acquisition Price		¥2,040 million			
Scheduled Transfer Price		¥2,244 million			
Book Value ^(Note 4)		¥1,889 million			
Difference		¥354 million			
Appraisal Value and Method		¥2,100 million (Based on the capitalization approach as of August 31, 2023) (Appraiser: Chuo Real Estate Appraisal Co., Ltd.)			
Appraisal NOI ^(Note 5)		87 million			
Leasing Status (As of December 31, 2023) ^(Note 6)					
Total Number of Tenants		1			
Total Rental Income (Annual)		¥118 million (including common area charges)			
Security Deposits		¥6 million			
Occupancy Rate		96.8%			
Total Leased Floor Space		2,021.64 m ²			
Total Leasable Floor Space		2,087.7 m ²			
Historical Occupancy Rates	August 2019	August 2020	August 2021	August 2022	August 2023
	96.8%	97.9%	93.6%	98.9%	100%



(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

As the location of the Asset is within a commercial zone, a building coverage ratio of 80% is normally applied; however, the applied ratio has been increased to 100% because the Asset is a certified fireproof building in a fire prevention zone.

(Note 3) PML(Probable Maximum Loss)

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

(Note 4) Book Value

Anticipated book value at the date of disposition.

(Note 5) 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 6) 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 with the end tenants actually leasing space in the building of the Asset as of December 31, 2023 (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 December 31, 2023.

“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, 2023 (if any common area, etc. is leased, the floor space thereof is included).

4. Summary of Seller of Asset to Be Acquired and Buyer of 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	¥1,866.0 billion (as of March 31, 2023)
Major Shareholder (Shareholding Ratio)	Nomura Real Estate Holdings, Inc. (100%)
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. 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. Summary of Seller of Asset to Be Acquired and Buyer of Asset to Be Disposed of” above	—
Background/Reasons for Acquisition, etc.	For development for later sale	—
Acquisition Price (Including Other Related Expenses)	— (Note)	
Acquisition Date	—	

(Note) Omitted because, for the land, the current owner owned for more than one year, and, for the building, there is no previous owner.

6. Transactions with Related Parties

(1) Transactions Related to the Acquisition of Asset to Be Acquired and the Disposition of Asset to Be Disposed of

Nomura Real Estate Development Co., Ltd., which is the seller and buyer in the Transaction, is considered to fall under a related party under the Investment Trust Act as stated above. Accordingly, the acquisition and acquisition price of MEFULL CHITOSEKARASUYAMA, the disposition and disposition price of PRIME URBAN Iidabashi, and other relevant terms have been duly examined and authorized by the Asset Management Company’s compliance committee and investment committee pursuant to its investment committee rules, rules of compliance, compliance manual, rules concerning transactions with related parties, and other relevant internal rules and guidelines.

(2) The property management and master lease transactions of MEFULL CHITOSEKARASUYAMA

The property management company and master leasing company of MEFULL CHITOSEKARASUYAMA, Nomura Real Estate Retail Properties 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 MEFULL CHITOSEKARASUYAMA 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 neither (1) nor (2) above falls under the category of transactions between the Fund and a related party of an asset management company as set forth in Article 201-2, Paragraph 1 of the Investment Trust Act, the approval of the Board of Directors of the Fund has not been obtained.

7. Form of Payment, etc.

(1) Form of Payment

Regarding the Acquisition, the Fund will complete settlement by paying the sale price for the Asset to Be Acquired in full to the seller on the scheduled date of acquisition using its own funds.

In addition, regarding the Disposition, on the scheduled date of disposition, the Fund will receive from the transferee the sale price of the Asset to Be Disposed of. The Fund plans to use the funds obtained through the Disposition for funds on hand used at the time of the Acquisition.

(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 (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.

- 1) 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.
- 2) Where there is material breach of terms of the sale agreement by the seller or buyer (hereinafter such seller or buyer shall be referred to as the “violating party”), the non-violating party may cancel the agreement by written notice to the violating party. In such a case, the non-violating party may require the violating party to pay a penalty charge that is equivalent to 20% of the sale price. Even if the damage suffered due to the cancellation exceeds an amount that is equivalent to 20% of the sale price, neither party may request an increase of the penalty charge. On the other hand, even if the damage suffered due to the cancellation fails to reach an amount that is equivalent to 20% of the sale price, neither party may request a decrease of the penalty charge. In the event of damage exceeding an amount equivalent to 20% of the sale price, the above provision does not preclude the non-violating party from demanding damages of the portion in excess of 20%.
- 3) If the Sale Agreement associated with the Disposition becomes ineffective due to cancellation, termination, rescission, or other grounds, the Sale Agreement will be duly terminated. In such a case, neither party may demand any damages, etc. from the other party based on the Sale Agreement.
- 4) The buyer may negotiate with the seller to change the sale price if the buyer has obtained an appraisal report of the Asset to Be Acquired by the scheduled date of transaction and the appraisal value shown in the appraisal report falls below the sale price. In such a case, the seller or the buyer may cancel the Sale Agreement without any indemnification or compensation if the parties have failed to agree on the sale price by the scheduled date of transaction.

8. Schedule for the Transaction

February 7, 2024	Conclusion of sale agreement for the acquisition of the Asset Conclusion of sale agreement for the disposition of the Asset
April 24, 2024	Acquisition of the Asset to be Acquired Disposition of the Asset to be Disposed of

9. Outlook

Since the Transaction 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 ¥334 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



10. Appraisal Summary

(1) Asset to Be Acquired

Property Name	MEFULL CHITOSEKARASUYAMA
Appraisal Value	¥1,990,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	January 1, 2024

(Yen)

Item	Amount or Percentage	Grounds
Income Capitalization Approach Price	1,990,000,000	Determined by referring equally to the price calculated with the direct capitalization approach and the price calculated with the discounted cash flow approach
Price Calculated by the Direct Capitalization Approach	2,010,000,000	Calculated by reducing stable medium-to long-term net cash flow based on the capitalization rate
(1) Operating Income (a)-(b)	101,132,000	
(a) Gross Rental Income	104,163,000	Calculated based on appropriate rent levels recognized as stable over the medium- to long-term
(b) Losses due to Vacancies, etc.	3,031,000	Calculated on the assumption of a stable occupancy rate over the medium- to long-term
(2) Operating Expenses	26,856,000	
Maintenance Costs	7,600,000	Calculated based on the anticipated maintenance work cost, cost levels at similar properties and other factors
Utilities Costs	8,500,000	Calculated based on actual costs in past years and actual costs at similar properties, taking into consideration factors such as the occupancy rates of the rooms for rent
Repair Costs	237,000	Calculated in consideration of the cost levels at similar properties, annual average amount of repair and renewal costs given in the Engineering Report and other factors
Property Management Fees	3,600,000	Calculated based on the anticipated amount of compensation, compensation fee rates adopted for similar properties and other factors
Advertisement for Leasing Costs, etc.	742,000	Recorded the annual average calculated based on the expected turnover period of tenants
Taxes	5,610,000	Calculated based on the tax base amounts in the fiscal year 2023 and other factors
Insurance Premium	67,000	Calculated based on insurance quotes, the premium rates at similar properties and other factors
Other Expenses	500,000	Costs such as AED installation fees, phone line usage fees, and digital signage-related costs are recorded
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	74,276,000	
(4) Profit through Management of Temporary Deposits, etc.	678,000	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	580,000	Calculated in consideration of the capital expenditure levels at similar properties, the building's age, and the annual average repair and renewal costs given in the Engineering Report, based on the assumption of leveled accumulation in each period
(6) Net Cash Flow (NCF = (3)+(4)-(5))	74,374,000	
(7) Capitalization Rate	3.7%	
Price Calculated by the Discounted Cash Flow Approach	1,970,000,000	
Discount Rate	3.5%	Calculated with a comprehensive consideration of the Property's characteristics with reference to the yields on investments in similar properties and other factors.
Terminal Capitalization Rate	3.8%	Calculated based on a comprehensive consideration of such factors as the yields on investment in similar properties, future trends of investment yields, risks of the property as an investment, general forecasts of future economic growth rate, and the trends of real estate prices and rents
Cost Approach Price	1,970,000,000	
Ratio of Land	82.2%	
Ratio of Building	17.8%	



<p>Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value</p>	<p>The property is located in a commercial area surrounding Chitose Karasuyama Station, where Keio Line express trains stop. As shops targeting neighboring residents are concentrated in the area and housing demand is solid for the outer areas, demand for shop openings is predicted to remain firm going forward.</p> <p>The building is a recently built retail facility where the majority of tenants are those in the service sector. It is readily visible from the main street of the shopping arcade in front of Chitose Karasuyama Station, and the property is highly competitive as a retail facility.</p> <p>In view of the above factors, the appraisal value was determined.</p>
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(2) Asset to be Disposed of

Property Name	PRIME URBAN Idabashi
Appraisal Value	¥2,100,000,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Appraisal Date	August 31, 2023

(Yen)

Item	Amount or Percentage	Grounds
Income Capitalization Approach Price	2,100,000,000	Calculated with an emphasis on the price calculated with the discounted cash flow approach, and also referring to the price calculated with the direct capitalization approach
Price Calculated by the Direct Capitalization Approach	2,110,000,000	Calculated by reducing stable medium-to long-term net cash flow based on the capitalization rate
(1) Operating Income (a)-(b)	112,932,000	
(a) Gross Rental Income	119,758,000	Calculated based on appropriate rent levels recognized as stable over the medium- to long-term
(b) Losses due to Vacancies, etc.	6,826,000	The stable medium- to long-term occupancy rate (vacancy rate), etc. is calculated, taking into consideration factors such as the occupancy results of the property and similar properties and the outlook for future market developments
(2) Operating Expenses	25,502,000	
Maintenance Costs	2,756,000	Calculated based on the terms and conditions of the current building management contract, taking into consideration factors such as past results and cost levels at similar properties
Utilities Costs	1,767,000	Calculated based on past results taking into consideration cost levels at similar properties and other factors
Repair Costs	7,710,000	The total amount of small-scale repair costs and restoration costs is recorded.
Property Management Fees	3,523,000	The total amount of property management fees and construction management fees is recorded.
Advertisement for Leasing Costs, etc.	3,892,000	The total amount of brokerage fees and other expenses, advertisement cost and renewal fees is recorded.
Taxes	5,679,000	The most recent results were adopted.
Insurance Premium	175,000	The most recent results were adopted.
Other Expenses	0	None
(3) Net Operating Income from Leasing Business (NOI=(1)-(2))	87,430,000	
(4) Profit through Management of Temporary Deposits, etc.	116,000	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	11,705,000	To record large-scale repair costs and facility renewal costs expected to be incurred equally in each year, the annual average amount of renewal costs estimated in an Engineering Report is recorded
(6) Net Cash Flow (NCF = (3)+(4)-(5))	75,841,000	
(7) Capitalization Rate	3.6%	Calculated with consideration of the property's characteristics in terms of geographical conditions, building specifications, rights relationships, etc., referring to yields on investment for transactions of similar properties and others
Price Calculated by the Discounted Cash Flow Approach	2,100,000,000	
Discount Rate	3.4%	Calculated with a comprehensive consideration of the Property's characteristics with reference to the yields on investments in similar properties and other factors.
Terminal Capitalization Rate	3.8%	Calculated based on a comprehensive consideration of such factors as the yields on investment in similar properties, future trends of investment yields, risks of the property as an investment, general forecasts of future economic growth rate, and the trends of real estate prices and rents
Cost Approach Price	1,820,000,000	
Ratio of Land	76.9%	



	Ratio of Building	23.1%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The appraisal value was determined by adopting the income capitalization approach price, with reference to the total amount of a land value estimate and a building value estimate.		

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 (Note 1)	Other Areas	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) (Note 2)
Office	397,115	65,100	462,215	42.0
Retail	111,768	67,890	179,659	16.3
Logistics	220,472	3,460	223,932	20.4
Residential (including healthcare facilities)	188,852	27,934	216,786	19.7
Hotels	2,360	9,450	11,810	1.1
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	925,468	173,834	1,099,303	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%.



Photos and Access Map of the Asset to be Acquired

MEFULL CHITOSEKARASUYAMA

