

May 26, 2016

R&I View: Nomura Real Estate Master Fund To Merge with Top REIT Limited rating impact

Nomura Real Estate Master Fund, Inc. (Sec. Code: 3462, Issuer Rating: A+, NMF) announced on May 26 that it has entered into a merger agreement with Top REIT, Inc. (Sec. Code: 8982, Issuer Rating: A+, TOP). The transaction is scheduled to be completed on September 1.

TOP's asset size is small, less than one-fourth of NMF's. After the merger, NMF's management structure and policy will be taken over. R&I has thus judged that the impact of the merger on the rating for NMF will be limited.

NMF is working to improve the quality of its portfolio through strategic asset replacement. TOP's properties, which will be added to the portfolio, are mainly large-scale office buildings located in the Tokyo area and have certain competitiveness. Although there are some concerns for the future regarding an office building in Harumi and part of the retail properties, such risk can be offset because NMF's asset size is large, in R&I's view.

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