



For Translation Purposes Only

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**For Immediate Release**

Nomura Real Estate Master Fund, Inc.  
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(Securities Code: 3285)

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**Notice Concerning Property Acquisition**

Nomura Real Estate Master Fund, Inc. (“Nomura Master Fund” or the “Fund”) announced today that it has determined the acquisition of real estate, as stated below.

**1. Summary of the Asset to be Acquired (the “Property”)**

- (1) Type of asset: Real Estate
  - (2) Property name: Recipe SHIMOKITA
  - (3) Acquisition price (Scheduled): ¥10,407 million (Note)
  - (4) Date of agreement: September 30, 2013 (date of agreement on purchase and sale of real estate)
  - (5) Scheduled date of acquisition: December 13, 2013 (date of delivery of real estate)
  - (6) Seller: Refer to “4. Seller Profile” below
  - (7) Financing: Fund on hand and borrowings
- (Note) Excluding property taxes, urban planning taxes, consumption taxes and local consumption taxes

## 2. Grounds

Nomura Master Fund will acquire the Property in accordance with the Fund's policies as stipulated in its Articles of Incorporation. The Fund values the following factors.

### (1) Location

- The Property's nearest station Shimokitazawa Station is a transportation hub serviced by the Odakyu Odawara Line and the Keio Inokashira Line, and boasts highly convenient access to Shinjuku Station, Shibuya Station and other major terminal stations.
- With construction work to move Odakyu Odawara Line to underground being completed in March 2013, and with scheduled ongoing implementation of a multiple double tracks project, station building construction work and other efforts to enhance transportation capacity and mitigate congestion, further enhancement of the convenience of Shimokitazawa Station is anticipated.
- The Shimokitazawa Station south exit vicinity where the Property is located is a bustling area with a concentration of stores, such as apparel stores, restaurants, drugstores and variety stores, and also a high volume of pedestrian flow. In addition, the Property is located a one-minute walk from Shimokitazawa Station. The Property thus boasts a location that can be anticipated to attract a stable flow of customers.

### (2) Property Features

- The Property has two floors below ground and eight floors above ground and total floor space of approximately 2,587 tsubo, making it one of the largest retail facilities in the Shimokitazawa area. The tenants are lifestyle-oriented stores, such as a supermarket mainly selling food products, an apparel store and a store selling daily necessities and miscellaneous goods, as well as service-oriented stores that draw on the location being close to the station. Synergistic effects in the capacity to attract customers are anticipated.
- In addition, a property with over 200 tsubo per floor is highly rare in the area and it also can be partitioned to flexibly respond to various tenant needs, making it a property that boasts high appeal to tenants and high competitiveness in the area.

In addition to the above, the Fund adopts an investment policy of focusing investment on the Greater Tokyo area (in principle, 80% or more on an acquisition price basis), where there is strong demand, to construct a portfolio that generates stable income. The Property will be acquired in accordance with this policy and investment in the Greater Tokyo area is scheduled to account for 84.6% of the portfolio as a result.

Moreover, completed in 2011, the Property is a relatively-newly-built property. The building age of 13.4 years as at the end of September 2013 for the existing portfolio of 54 properties held by the Fund will improve to 12.9 years when the Property is incorporated into the portfolio. The Fund also believes that it will contribute to the portfolio's income stability.

### 3. Property Summary

Property Name		Recipe SHIMOKITA				
Type of Asset		Real Estate				
Location (Note 1)	Registry	2-1045-7 Kitazawa, Setagaya-ku, Tokyo				
	Street	2-20-17 Kitazawa, Setagaya-ku, Tokyo				
Access		1 minute walk from Shimokitazawa Station on the Odakyu Odawara Line and Keio Inokashira Line				
Completion Date (Note 1)		July, 2011				
Use (Note 1)		Retail and clinic				
Structure (Note 1)		S/RC, B2/8F				
Seismic Risk (PML) (Note 2)		2.71% (Sompo Japan Nipponkoa Risk Management Inc.'s Earthquake PML Appraisal Report as of July 2013)				
Architect		Tokyo Court Co., Ltd.				
Structural Strength Calculator		Sumitomo Mitsui Construction Co., Ltd.				
Constructor		Sumitomo Mitsui Construction Co., Ltd.				
Building Inspection Agency		Japan Constructive Inspect Association				
Area (Note 1)	Land	1,716.03 m <sup>2</sup> (519.09 tsubo)				
	Building	8,552.53 m <sup>2</sup> (2,587.14 tsubo)				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		80%				
Floor Area Ratio		500%				
Collateral		None				
Property Management Company (Note 3)		Geo-Akamatsu Co., Ltd.				
Master Lessee (Note 4)		—				
Type of Master Lease (Note 5)		—				
Notes		The property management company, Geo-Akamatsu Co., Ltd., is considered a Related Party under the Law Concerning Investment Trust and Investment Corporation (“Investment Trust Law”).				
Acquisition Price (Scheduled)		¥10,407 million				
Appraisal Value and Method		¥10,600 million (Based on the capitalization approach as of September 30, 2013) (Appraiser: Japan Valuers Co., Ltd.)				
Estimated NOI (Note 6)		¥459 million				
Leasing Status (As of September 30, 2013) (Note 7)						
Total Number of Tenants (Note 8)		10				
Total Rental Income (Note 9)		¥44million				
Security Deposits (Note 10)		¥368million				
Occupancy Rate (Note 11)		99.5%				
Total Leased Floor Space (Note 12)		6,264.31 m <sup>2</sup> (1,894.95 tsubo)				
Total Leasable Floor Space (Note 13)		6,295.22 m <sup>2</sup> (1,904.30 tsubo)				
Occupancy Rates in the Past (Note 14)		August 31, 2009	August 31, 2010	August 31, 2011	August 31, 2012	August 31, 2013
		—	—	52.9%	96.4%	99.5%

(Notes)

- Location (registry) and Several Other Items  
“Location (registry)”, “Completion Date”, “Structure” and “Area” are based on the information in the real estate registry. Use is based on the main use of the type of building indicated in the real estate registry.

2. PML (Probable Maximum Loss)  
PML shows the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
3. Property Management Company  
Refers to the Property Management Company that is scheduled to be appointed after the acquisition.
4. Master Lessee  
Indicates “pass-through scheme” for the form of the executed master lease agreement called pass-through type in which a Master Lessee would pay the Fund the same amount as the rents from end tenants based on the lease agreements with them.
5. Type of Master Lease  
Indicates the rights of lease with end tenants when the Type of Master Lease is pass-through scheme.
6. Estimated NOI  
NOI means the net operating income that is the gross income from the leasing operation less the total operation costs and expenses.  
“Estimated NOI” shows the forecast amount for one year without considering the special factors affecting the year of the acquisition and is calculated based on the following assumptions. It is not a forecast of the fiscal period ending February 28, 2014 or any other specific periods.  
(a) Occupancy rate: 98.5%  
(b) Tax amounts: same as those imposed in 2013 tax year for the land and estimated amounts for the building
7. Leasing Status  
Indicates the leasing status with end tenants when the Type of Master Lease is pass-through scheme.
8. Total Number of Tenants  
Indicates the total number of end tenants to which the Property’s building is actually being leased as of today.
9. Total Rental Income  
Refers to the sum total of monthly rent and common service fees in lease agreements actually concluded with end tenants that are valid as of today. (If common-use space, etc. is being leased based on the lease agreement, rents for such are included, and if rents include the amount equivalent for using parking space, such are included. Also, if the Master Lessee has a master lease for part or all of a rental room with a guaranteed rental scheme, the amount for that section is based on the rent, etc. in the lease agreement concluded with the Master Lessee.) Furthermore, regarding tenants who have been exempt from rent payment for a certain period of time in their agreements, such exemption periods are not considered and the amount is calculated based on the monthly rent and common service fees immediately after the exemption periods end. Also, the standard levels of rents are used for tenants with rents that depend on sales.
10. Security Deposits  
Indicates the amount of leasehold and security deposits in the lease agreements (rounded down to the nearest million yen).
11. Occupancy Rate  
Indicates the ratio of the Total Leased Floor to the Total Leasable Floor Space in each property (rounded to the first decimal place).
12. Total Leased Floor Space  
Indicates the floor space that is being leased to end tenants as of today.
13. Total Leasable Floor Space  
Indicates the total area of leasable spaces of retail property (including the area of common-use spaces, etc. if they are leased). The Total Leasable Floor Space is not an indication on the registry but shows the area indicated in the lease agreements or the calculated areas based on the building completion drawings and other documents. As such, the Total Leasable Floor Space is not necessarily equal to the Total Floor Space based on the indications in the registry and may occasionally surpass the Total Floor Space.
14. Occupancy Rates in the Past  
Based on the information from the seller.

#### **4. Seller Profile**

As the Fund has not obtained an agreement with the Seller, who is Japanese Limited Company, this information is not disclosed. The transferee is not Related Parties under the Investment Trust Law of the asset management company.

#### **5. Status of Owners**

This transaction is not with Seller is specific Related Parties of the Fund and the Asset Management Company.

#### **6. Transaction with Related Parties**

Transaction concerning Property Management Services for the Property

The property management company of the Property, Geo-Akamatsu Co., Ltd. is a Related Party under the Investment Trust Law. Nomura Master Fund and the Asset Management Company determined the consignment and the terms and conditions of the transaction, including the fees, etc., pursuant to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Law and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee in the Asset Management Company.

#### **7. Brokerage Profile**

Two Japanese Limited Companies was used for the transaction, however, as the Fund has not obtained an agreement with the brokerage agencies, this information is not disclosed. The brokers are not Related Parties under the Investment Trust Law of the asset management company.

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

##### **(1) Form of Payment**

At the time of the turnover of the Property, the Fund plans a package payment of the whole acquisition price through fund on hand and borrowings.

##### **(2) Impact on the Fund's Financial Status in Case of Failure of the Forward Commitment, etc.**

The agreement on purchase and sale of real estate concerning the Property (the "Agreement") falls into the Forward Commitment, etc., (Note) as set forth in the Comprehensive Guideline for Supervision of Financial Instruments Business Operators set by the Financial Services Agency. Details of the cancellation clauses are as follows:

- 1) In case there are any significant violations concerning the provisions of the Agreement by the seller or the purchaser (the party hereto, the "defaulting party"), the other party can urge the defaulting party to fulfill the obligation fixing a period of time. When the defaulting party does not correct the violations within that time limit, the other party may cancel the Agreement.
- 2) In case of the cancellation of the Agreement, the other party may make a claim for the penalty equivalent to 20% of the sales price to the defaulting party.
- 3) However, the preceding item shall not preclude the claim for damages exceeding the penalty of 20% of the sales price.

(Note) The forward commitment, etc., refers to postdated sale agreements where the conclusion and delivery of the property is scheduled over one month ahead of the contract date, and other similar agreements.

## 9. Forecasts of Financial Results

Forecasts of financial results of the Fund for the fiscal period ending February 28, 2014 (September 1, 2013 to February 28, 2014) including the acquisition of the Property in the portfolio are scheduled to be announced in the financial statement for the fiscal period ended on August 31, 2013 (January 31, 2013 to August 31, 2013).

### 【Exhibits】

Exhibit 1	Appraisal Summary
Exhibit 2	Portfolio after Acquisition of the Property
Exhibit 3	Property Photo
Exhibit 4	Property Map

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

## Exhibit 1

## Appraisal Summary

Property Name	Recipe SHIMOKITA
Appraisal Value	¥10,600,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	September 30, 2013

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	10,600,000,000	In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account
Price calculated by the direct capitalization approach	10,700,000,000	Calculated by capitalization rate based on a normalized net cash flow (NCF)
(1) Operating income (a)-(b)	629,130,953	
(a) Gross rental income	638,286,262	Assumed based on both current rents and market rents
(b) Losses due to vacancies, etc.	9,155,309	Assumed based on both current occupancy rates and market vacancy rates
(2) Operating expenses	174,410,614	
Maintenance	50,160,000	Assumed based on the estimated amount and general level
Utilities costs	71,609,500	Assumed based on the past performance and general level
Repair costs	745,250	Assumed based on the Tokyo Marine & Nichido Risk Consulting Co., Ltd.'s Engineering Report
Property management fees	6,140,389	Assumed based on the similar properties, general level, and hearing survey
Advertisement for leasing, etc.	1,686,704	Assumed based on the similar properties and general level
Taxes	29,968,492	Assumed based on the actual amount imposed in 2013 tax year and general level
Insurance premium	556,120	Assumed based on the estimated amount and general level
Other expenses	13,544,159	Assumed based on the past performance and general level Assumed remote parking lot fees, etc. as other expenses
(3) Net operating income from leasing business (NOI=(1)-(2))	454,720,339	
(4) Profit through management of temporary deposits, etc.	7,294,279	Assumed based on yield of ordinary deposits, etc.
(5) Capital Expenditure Reserve	1,738,917	Assumed based on the Tokyo Marine & Nichido Risk Consulting Co., Ltd.'s Engineering Report
(6) Net Cash Flow (NCF = (3)+(4)-(5))	460,275,701	
(7) Capitalization rate	4.3%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Price calculated by the Discounted Cash Flow Approach	10,500,000,000	
Discount rate	4.1%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate	4.5%	Assumed based on comparison of capitalization rate
Cost Approach Price	7,210,000,000	
Ratio of land	78.1%	
Ratio of building	21.9%	

Matters noted in reconciliation of indicated value and determination of appraisal value

The subject property is a retail property located in a place that is an approximate one-minute walk from Shimokitazawa Station on the Odakyu Line. It is in the Shimokitazawa area, which is highly popular with the young, and thus also has a favorable underlying population. With a station square and bus terminal scheduled to be established in the station vicinity, further development is expected. In addition, being in an area that has a concentration of small- to medium-scale stores, a retail building of a large scale like the subject property is rare and recognized to have high competitiveness, and occupancy is thus expected to be stable into the future. The appraisal value was determined in light of the above, focusing on the value indicated by the income approach (capitalization approach price), which properly reflects the value for typical investors.

## Exhibit 2

## Portfolio after Acquisition of the Property

Use	Area (Note 1)	Property Name	Acquisition Price (Scheduled) (million yen) (Note 2)	Percentage to Total (%) (Note 3)	Date of Acquisition (Scheduled)
Logistics	Greater Tokyo	Landport Urayasu	17,400	7.3%	June 14, 2013
		Landport Itabashi	15,710	6.6%	June 14, 2013
		Landport Kawagoe	13,700	5.8%	July 31, 2013
		Landport Atsugi	11,410	4.8%	June 14, 2013
		Sagamihara Tana Logistics Center	10,600	4.5%	July 19, 2013
		Sagamihara Onodai Logistics Center	8,700	3.7%	June 14, 2013
		Landport Hachioji	8,250	3.5%	June 14, 2013
		Landport Kasukabe	7,340	3.1%	June 14, 2013
		Funabashi Logistics Center	4,660	2.0%	June 14, 2013
		Atsugi-Minami Logistics Center B Tower	4,590	1.9%	June 14, 2013
		Hanyu Logistics Center	3,810	1.6%	June 14, 2013
		Kawaguchi Logsitics Center B Tower	3,750	1.6%	June 14, 2013
		Kawaguchi Logsitics Center A Tower	2,830	1.2%	June 14, 2013
	Atsugi-Minami Logsitics Center A Tower	2,690	1.1%	June 14, 2013	
	Other areas	Ota Nitta Logistics Center	3,430	1.4%	June 14, 2013
Ota Higashi-Shinmachi Logistics Center		2,170	0.9%	June 14, 2013	
Ota Kiyohara Logistics Center		650	0.3%	June 14, 2013	
Chiyodamachi Logistics Center		330	0.1%	June 14, 2013	
Logistics Sub-total			122,020	51.3%	-
Retail	Greater Tokyo	Morisia Tsudanuma	16,600	7.0%	June 14, 2013
		Yokosuka More's City	13,640	5.7%	June 14, 2013
		Recipe SHIMOKITA	10,407	4.4%	December 13, 2013
		EQUINIA Shinjuku	4,260	1.8%	June 14, 2013
		Kawasaki More's	4,000	1.7%	June 14, 2013
		EQUINIA Ikebukuro	3,990	1.7%	June 14, 2013
		covirna Machida	3,440	1.4%	June 14, 2013
		Nitori Makuhari	3,080	1.3%	June 13, 2013
		Konami Sports Club Fuchu	2,730	1.1%	June 13, 2013
		FESTA SQUARE	2,600	1.1%	June 13, 2013
		GEMS Shibuya	2,490	1.0%	July 31, 2013
		Sundai Azamino	1,700	0.7%	June 14, 2013
		EQUINIA Aobadai	1,560	0.7%	June 14, 2013
		Megalos Kanagawa	1,000	0.4%	June 13, 2013
	Kinki Area	Izumiya Senrioka	8,930	3.8%	June 13, 2013
		Merad Owada	6,640	2.8%	June 13, 2013
		Izumiya Yao	4,406	1.9%	June 13, 2013
		Izumiya Obayashi	3,020	1.3%	June 13, 2013
	Other areas	Ichibancho Stear	4,700	2.0%	June 14, 2013
		EQUINIA Aobadori	1,640	0.7%	June 14, 2013
Retail (land with leasehold interest)	Greater Tokyo	Mitsubishi Motors Meguro	2,740	1.2%	June 13, 2013
		Mitsubishi Motors Chofu	1,760	0.7%	June 13, 2013
		Mitsubishi Motors Shibuya	1,570	0.7%	June 13, 2013
		Mitsubishi Motors Nerima	1,240	0.5%	June 13, 2013
		Mitsubishi Motors Kawasaki	950	0.4%	June 13, 2013
		Mitsubishi Motors Takaido	850	0.4%	June 13, 2013
		Mitsubishi Motors Katsushika	800	0.3%	June 13, 2013
		Mitsubishi Motors Higashi-Kurume	800	0.3%	June 13, 2013
		Mitsubishi Motors Setagaya	770	0.3%	June 13, 2013
		Mitsubishi Motors Suginami	740	0.3%	June 13, 2013
		Mitsubishi Motors Sekimachi	600	0.3%	June 13, 2013
		Mitsubishi Motors Higashi-Yamato	450	0.2%	June 13, 2013
		Mitsubishi Motors Motosumiyoshi	370	0.2%	June 13, 2013
		Mitsubishi Motors Kawagoe	350	0.1%	June 13, 2013
		Mitsubishi Motors Edogawa	200	0.1%	June 13, 2013
		Mitsubishi Motors Sayama	160	0.1%	June 13, 2013
		Kinki Area	Mitsubishi Motors Ibaraki Maintenance Center	820	0.3%
	Retail Sub-total			116,003	48.7%
Total			238,023	100.0%	-



- (Note 1) “Greater Tokyo” refers to Tokyo Prefecture, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture. “Kinki Area” refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture and Nara Prefecture. “Chukyo Area” refers to Aichi Prefecture, Gifu Prefecture and Mie 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, Kinki Area and Chukyo Area.
- (Note 2) “Acquisition Price (Scheduled)” indicates the amount excluding expenses required for the acquisition of relevant properties, such as transaction brokerage fees and taxes and duties (or the transaction price of properties shown in the sales agreement with suspensive conditional clauses).
- (Note 3) “Percentage to Total” indicates the ratio of the acquisition price (scheduled) of respective properties to the total acquisition price (scheduled) of the entire portfolio (55 properties in total). Furthermore, as the figures were rounded to the first decimal place, the total may not necessarily be 100%.

Photo of Recipe SHIMOKITA



Map of Recipe SHIMOKITA

