



For Immediate Release

To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

Shuhei Yoshida, Executive Director

Asset Management Company: Nomura Real Estate Asset Management Co., Ltd.

Koki Miura, President & Chief Executive Officer

Inquiries: Hiroyuki Masuko

Executive Officer

Head of NMF Investment Management Group

TEL +81-3-3365-8767 nmf3462@nomura-re.co.jp

Notice Concerning Acquisition of Beneficial Interest in Real Property Trust in Japan
and Disposition of Properties in Japan

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 Assets to Be Acquired

Property Name	Use	Scheduled Date of Purchase and Sales Agreement	Scheduled Date of Acquisition	Seller	Presence of Intermediary	Anticipated Acquisition Price (¥ million) (Note 1)
Hotel Wing International Premium Kyoto-Sanjo	Hotels	September 13, 2023	September 28, 2023	Undisclosed (Note 2)	Yes (Note 3)	3,200

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

(Note 2) The seller is a domestic specific purpose company, but since the seller's consent for disclosure has not been obtained, it is not disclosed. The seller is not considered a related party under the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”).

(Note 3) The brokerage involved in the acquisition is not considered a related party under the Investment Trust Act.

(Note 4) The assets to be acquired are trust beneficial interest in trust of real estate.

(Note 5) 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 “Assets to be Acquired.”



(2) Summary of Assets 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 Kanayama	Residential	September 13, 2023	September 28, 2023	Undisclosed (Note 4)	None	610	460	149
PRIME URBAN Kamimaezu						1,754	1,358	395
PRIME URBAN Chihaya						560	518	41
Total						2,924	2,336	587

(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.

(Note 4) The transferee is a domestic specific purpose company and undisclosed because consent to the disclosure has not been obtained from the transferee. The transferee is not considered a related party under the Investment Trust Act.

(Note 5) 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).

(Note 6) Of the assets to be disposed of, those relating to PRIME URBAN Kanayama, PRIME URBAN Kamimaezu and PRIME URBAN Chihaya are the actual real properties. However, through consultation with the transferee, NMF will conclude a trust agreement as of the same date as the scheduled date of disposition and dispose of them as beneficial interests in a trust.

The above properties are collectively referred to hereinafter as the “Assets to be Disposed of.” The Assets to be Acquired and Assets to be Disposed of may be separately referred to as the “Assets.”

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.

The transaction is a mutual trading, replacing assets with a seller, and is a crossover deal that straddles sectors, which is unique to comprehensive REIT.

The business condition of the Assets to be Acquired is on an upward trend as demand for accommodation in Japan is recovering due to lifting of the border measures including entry restrictions for foreign nationals in April 2023. In July 2023, the total number of overnight guests, including international visitors, marked an increase of 2% against pre-COVID figures in 2019, for the first time.^(Note) Moreover, in August, Chinese group tours will return, and further tailwind is expected in the future. Because the hotel to be acquired is located in the center of Kyoto, one of the most popular sight-seeing areas, the Fund judged that the property has future growth potential and determined to invest.

In addition, the Fund has considered that securing profits on sale from disposition of the Assets can achieve enhancement of the investors’ returns, and decided on the disposition.

Please refer to 3. Summary of Assets to Be Acquired/Disposed of below for details of the reasons for acquisition of Assets to be Acquired and the reasons for disposition of Assets to be Disposed of.

(Note) Source: Overnight Travel Statics Survey announced on August 31, 2023 (second preliminary report for June 2023, first preliminary report for July 2023) Japan Tourism Agency. The values for July 2023 are from the first preliminary report and may be changed in the second preliminary report that is scheduled to be released on September 29, 2023.



3. Summary of Assets to Be Acquired/Disposed of

(1) Summary of Assets to Be Acquired

Hotel Wing International Premium Kyoto-Sanjo

<Reasons for the Acquisition>

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

- The Assets are conveniently located as a sight-seeing base in terms of transportation. The location is three-minute walk from Sanjo Keihan Station on the Kyoto City Subway Tozai Line, easy-access from multiple stations including Sanjo Station on the Keihan Railway, within walking distance from central Kyoto area for leisure including Kawaramachi and Gion, and close to popular sight-seeing sites such as Heian Jingu Shrine and Yasaka Shrine. Moreover, the location is highly competitive as an accommodation and attractive for domestic and international visitors due to venues in the surrounding area, such as ROHM Theatre Kyoto, a concert hall with approximately 2,000 seats, and Miyako Messe, one of Kyoto's largest event venues with total floor space of 38,000 m².
- The guest rooms of the Assets have competitive edge among accommodation for sight-seeing visitors including those staying consecutive nights for the following reasons. All guest rooms are spacious with approximately 18-30m². Three guests per room can be accommodated in more than half of the guest rooms. All rooms are equipped with a separate bathroom and toilet, or "separated-wet-area style" room layout. Additionally, large group reservations, including school trips, can be attracted because the restaurant boasts 64 seats and can serve breakfast for large groups.
- Kyoto Prefecture ranked fifth in the number of overnight stays in Japan with approximately 30.7 million overnight stays in 2019, and had the highest percentage of inbound visitors in Japan at approximately 39%. This is because Kyoto Prefecture draws stable domestic demand for overnight stays for business and sight-seeing purposes. In addition, it enjoys high popularity among foreign visitors in Japan as a world-class tourist destination with plenty of tourist spots in the prefecture.
- The hotel operator, minacia co., ltd., operates hotels nation-wide including "Hotel Wing International," a hotel brand specialized for accommodation. It operates 41 hotels and boasts 5,480 guest rooms as of August 10, 2023, according to the press release by minacia co., ltd. Stable operation can be expected from the operating know-how leveraging the advantage of a nation-wide chain.

<Summary of the Assets to be Acquired>

Property Name		Hotel Wing International Premium Kyoto-Sanjo
Type of Asset		Beneficial interest in a trust in which a real estate is entrusted
Trustee of Trust		Sumitomo Mitsui Trust Bank, Ltd.
Street ^(Note 1)	Registry	407-6 Wakokucho, Sakyo Ward, Kyoto City, Kyoto
	Street	407-6 Wakokucho, Sakyo Ward, Kyoto City, Kyoto ^(Note 2)
Access		Three-minute walk from Sanjo Keihan Station on the Kyoto City Subway Tozai Line Six-minute walk from Sanjo Station on the Keihan Main Line of Keihan Railway
Completion Date ^(Note 1)		December 16, 2020
Use ^(Note 1)		Hotel
Structure ^(Note 1)		Five-floor steel-framed reinforced structure with a flat roof
Architect		Iwasaki Architectural Design Co., Ltd.
Builder		Fujikensetsu Co., Ltd.
Building Inspection Agency		Kyoto Organization of Confirmation & Inspection Co., Ltd.
Area ^(Note 1)	Land	997.92 m ²
	Building	3,040.91 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		80%



Floor Area Ratio	300%				
Collateral	None				
Property Management Company (Note 3)	THE DAI-ICHI BUILDING CO., LTD.				
Master Leasing Company	-				
Type of Master Leasing	-				
Seismic Risk (PML) (Note 4)	2.1% (Based on the Earthquake PML Appraisal Report as of September 2023 by Sompo Risk Management Inc.)				
Notes	Not applicable.				
Anticipated Acquisition Price	¥3,200 million				
Appraisal Value and Method	¥3,580 million (Based on the capitalization approach as of August 1, 2023) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI (Note 5)	¥149 million				
Leasing Status (as of Scheduled Date of Acquisition) (Note 6)					
Total Number of Tenants	1				
Name of Tenant	minacia co., ltd.				
Hotel Operator	minacia co., ltd.				
Total Rental Income (Annual)	Undisclosed (fixed-rent-plus-variable-rent type contract)				
	Of which, hotel fixed rent	Undisclosed			
	Of which, hotel variable rent	In addition to the fixed rent, the variable rent is added by applying the following formula. (Accommodation revenue – fixed amount) × predetermined rate			
Security Deposits	Undisclosed				
Occupancy Rate	100.0%				
Total Leased Floor Space	3,044.78 m ²				
Total Leasable Floor Space	3,044.78 m ²				
Historical Occupancy Rates (Note 7)	August 2019	August 2020	August 2021	August 2022	August 2023
	-	-	100.0%	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) The Street Address

As the Street Address is not indicated officially, the building location in the real estate registry is noted.

(Note 3) Property Management Company

Property Management Company refers to the one that is scheduled to be appointed after acquisition.

(Note 4) 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 5) Appraisal NOI

“Appraisal NOI” is the annual NOI (operating income operating expenses) described in the real estate appraisal report with August 1, 2023 as the appraisal date.

(Note 6) Leasing Status

“Total Number of Tenants” is based on a fixed-term lease contract that is expected to go into effect on the date of acquisition.

“Name of Tenant” is based on a fixed-term lease contract that is expected to go into effect on the date of acquisition.

“Total Rental Income” and “Security Deposits” are both undisclosed as the consent from the tenant has not been obtained.

“Total Leased Floor Space” indicates the total floor space presented based on a fixed-term lease contract that is expected to go into effect on the date of acquisition.

(Note 7) Historical Occupancy Rates

The historical occupancy rates are based on the information from the seller.



(2) Summary of the Asset to be Disposed of

<Reasons for the Disposition>

The Fund decided to make the Dispositions based on the judgment that the profits on sale to be secured and the portfolio quality to be improved by the Dispositions, in addition to the acquisition of excellent properties by property replacement, taking into account factors such as location and use, would contribute to the medium-to-long-term investor value.

<Summary of the Asset to be Disposed of>

Property Name		PRIME URBAN Kanayama			
Type of Asset		Real estate			
Street (Note 1)	Registry	4-219 Masaki, Naka Ward, Nagoya City, Aichi			
	Street	4-2-37 Masaki, Naka Ward, Nagoya City, Aichi			
Access		Seven-minute walk from Kanayama Station on the JR Tōkaidō Line, the JR Chūō Line, the Meitetsu Nagoya Line, the Meijo Subway Line, and the Meiko Subway Line			
Completion Date (Note 1)		January 19, 2008			
Use (Note 1)		Apartment			
Structure (Note 1)		Eleven-floor steel reinforced concrete structure with flat roof			
Leasing Units		58			
Area (Note 1)	Land	378.28 m ²			
	Building	1,678.61 m ²			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio		90% (Note 2)			
Floor Area Ratio		400%			
Collateral		None			
Property Management Company		Haseko Livenet, Inc.			
Master Leasing Company		Haseko Livenet, Inc.			
Type of Master Leasing		Pass through			
Seismic Risk (PML)(Note 3)		5.1% (Based on the Earthquake PML Appraisal Report as of March 2023 by Sampo Risk Management Inc.)			
Notes		Not applicable.			
Acquisition Price		¥553 million			
Scheduled Transfer Price		¥610 million			
Book Value (Note 4)		¥460 million			
Difference		¥149 million			
Appraisal Value and Method		¥581 million (Based on the capitalization approach as of February 28, 2023) (Appraiser: Japan Valuers Co., Ltd.)			
Appraisal NOI (Note 5)		¥31 million			
Leasing Status (As of July 31, 2023) (Note 6)					
Total Number of Tenants		1			
Total Rental Income (Annual)		¥43 million (including common area charges)			
Security Deposits		¥3 million			
Occupancy Rate		94.8%			
Total Leased Floor Space		1,319.07 m ²			
Total Leasable Floor Space		1,391.02 m ²			
Historical Occupancy Rates	July 2019	July 2020	July 2021	July 2022	July 2023
	100.0%	96.6%	91.4%	93.1%	94.8%

(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 neighborhood 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 90%.

(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) 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 February 28, 2023 as the appraisal date.

(Note 6) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Asset as of July 31, 2023.

“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 July 31, 2023, 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).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of July 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 July 31, 2023 (if the common area, etc. is leased, the floor space thereof is included).

Property Name		PRIME URBAN Kamimaezu
Type of Asset		Real estate
Street (Note 1)	Registry	2-401, 2-418 Kamimaezu, Naka Ward, Nagoya City, Aichi
	Street	2-4-2 Kamimaezu, Naka Ward, Nagoya City, Aichi
Access		Two-minute walk from Kamimaezu Station on the Tsurumai Subway Line and the Meijo Subway Line
Completion Date (Note 1)		July 30, 2008
Use (Note 1)		Apartment/Store/Bicycle Parking
Structure (Note 1)		Eleven-floor steel reinforced concrete structure with flat roof
Leasing Units		101
Area (Note 1)	Land	743.17 m ²
	Building	3,824.15 m ²
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 2)
Floor Area Ratio		500%
Collateral		None
Property Management Company		Haseko Livenet, Inc.
Master Leasing Company		Haseko Livenet, Inc.
Type of Master Leasing		Pass through
Seismic Risk (PML) (Note 3)		2.9% (Based on the Earthquake PML Appraisal Report as of March 2023 by Sompo Risk Management Inc.)
Notes		Not applicable.
Acquisition Price		¥1,590 million
Scheduled Transfer Price		¥1,754 million
Book Value (Note 4)		¥1,358 million
Difference		¥395 million



Appraisal Value and Method	¥1,670 million (Based on the capitalization approach as of February 28, 2023) (Appraiser: Japan Valuers Co., Ltd.)				
Appraisal NOI ^(Note 5)	¥80 million				
Leasing Status (As of July 31, 2023) ^(Note 6)					
Total Number of Tenants	1				
Total Rental Income (Annual)	¥100 million (including common area charges)				
Security Deposits	¥10 million				
Occupancy Rate	94.3%				
Total Leased Floor Space	3,340.17 m ²				
Total Leasable Floor Space	3,541.43 m ²				
Historical Occupancy Rates	July 2019	July 2020	July 2021	July 2022	July 2023
	91.4%	97.2%	99.1%	94.3%	94.3%

(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 quasi-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) 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 February 28, 2023, as the appraisal date.

(Note 6) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Assets as of July 31, 2023.

“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 actually leasing space in the building of the Asset as of July 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 July 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 July 31, 2023 (if the common area, etc. is leased, the floor space thereof is included).



Property Name		PRIME URBAN Chihaya			
Type of Asset		Real estate			
Street (Note 1)	Registry	4-2995, 4-2994 Chihaya, Higashi Ward, Fukuoka City, Fukuoka			
	Street	4-11-20 Chihaya, Higashi Ward, Fukuoka City, Fukuoka			
Access		Five-minute walk from Chihaya Station on the JR Kagoshima Line and Nishitetsu Chihaya Station on the Nishitetsu Kaizuka Line			
Completion Date (Note 1)		March 11, 2008			
Use (Note 1)		Apartment/Store			
Structure (Note 1)		Eight-floor steel reinforced concrete structure with flat roof			
Leasing Units		48			
Area (Note 1)	Land	1,010.33 m ²			
	Building	2,194.85 m ²			
Type of Ownership	Land	Ownership			
	Building	Ownership			
Building Coverage Ratio		60%			
Floor Area Ratio		200%			
Collateral		None			
Property Management Company		Sanwa Estate Co., Ltd.			
Master Leasing Company		Sanwa Estate Co., Ltd.			
Type of Master Leasing		Pass through			
Seismic Risk (PML) (Note 2)		0.8% (Based on the Earthquake PML Appraisal Report as of March 2023 by Sompo Risk Management Inc.)			
Notes		Not applicable.			
Acquisition Price		¥604 million			
Scheduled Transfer Price		¥560 million			
Book Value (Note 3)		¥518 million			
Difference		¥41 million			
Appraisal Value and Method		¥533 million (Based on the capitalization approach as of February 28, 2023) (Appraiser: Daiwa Real Estate Appraisal Co., Ltd.)			
Appraisal NOI (Note 4)		¥31 million			
Leasing Status (As of July 31, 2023) (Note 5)					
Total Number of Tenants		1			
Total Rental Income (Annual)		¥39 million (including common area charges)			
Security Deposits		¥2 million			
Occupancy Rate		93.9%			
Total Leased Floor Space		1,634.47 m ²			
Total Leasable Floor Space		1,740.70 m ²			
Historical Occupancy Rates	July 2019	July 2020	July 2021	July 2022	July 2023
	100.0%	95.9%	98.1%	98.0%	93.9%

(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) 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 3) Book Value

Anticipated book value at the date of disposition.

(Note 4) Appraisal NOI



“Appraisal NOI” is the annual NOI (operating income operating expenses) described in the real estate appraisal report with February 28, 2023, as the appraisal date.

(Note 5) Leasing Status

“Total Number of Tenants” is the total number of end tenants actually leasing space in the building of the Asset as of July 31, 2023.

“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 July 31, 2023, 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).

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of July 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 July 31, 2023 (if the common area, etc. is leased, the floor space thereof is included).



4. Summary of Seller of the Assets to Be Acquired and Transferee of the Assets to Be Disposed of

Detailed information other than that the seller and the transferee are domestic specific purpose companies is not disclosed because consent to the disclosure of detailed information has not been obtained from the seller and transferee. As of today, neither the Fund nor the Asset Management Company has any notable capital, personnel, or transactional relationship with the counterparties of the Transaction, and such counterparties are not related parties of either the Fund or the Asset Management Company.

5. Status of Owner of the Assets to Be Acquired

The Assets to be Acquired are not acquired from parties who have special interests in the Fund or the Asset Management Company.

6. Transactions with Related Parties

There are no transactions with related parties.

7. Form of Payment, etc.

Regarding the Acquisition, on the scheduled date of acquisition, the Fund will pay the seller the entire purchase price of the Assets to be Acquired in a lump sum by using cash on hand.

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 cash, obtained through the Disposition, for portfolio management including the acquisition of properties.

8. Schedule for the Transactions

September 13, 2023	Conclusion of a purchase agreement for the acquisition of the Assets Conclusion of a purchase agreement for the dispositions of the Assets
September 28, 2023	Acquisition of the Assets to be Acquired Dispositions of the Assets to be Disposed of

9. Outlook

As the effect of the Transaction on the operating status of the entire portfolio for the fiscal period ending February 2024 (September 1, 2023 to February 29, 2024) is immaterial, there is currently no change in the outlook for the fiscal period ending February 2024. In addition, the profits on sale, which will be generated from the Transaction in the fiscal period ending February 2024, will be directed to dividends for said fiscal period and distributions to internal reserves planned in the coming fiscal periods, while considering the future management status of the existing portfolio and others.



10. Appraisal Summary

(1) Assets to be Acquired

Property Name	Hotel Wing International Premium Kyoto-Sanjo
Appraisal Value	¥3,580,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	August 1, 2023

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	3,580,000,000	Determined 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	3,650,000,000	
(1) Operating Income	Undisclosed	(Undisclosed)
Total Potential Income, sum of (a) to (d)	Undisclosed	
(a) Rental Income including Common Service Expenses	Undisclosed	
(b) Utilities Costs Income	Undisclosed	
(c) Parking Lot Income	Undisclosed	
(d) Other Income	Undisclosed	
Losses due to Vacancies, etc.	Undisclosed	
Bad Debt Loss	Undisclosed	
(2) Operating Expenses	Undisclosed	
Maintenance Costs	Undisclosed	
Utilities Costs	Undisclosed	
Repair Costs	Undisclosed	
Property Management Fees	Undisclosed	
Advertisement for Leasing	Undisclosed	
Taxes	Undisclosed	
Insurance Premium	Undisclosed	
Other Expenses	Undisclosed	
(3) Net Operating Income from Leasing Business ((1) - (2))	149,709,690	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Undisclosed)
(5) Capital Expenditure Reserve	Undisclosed	
(6) Net Cash Flow ((3) + (4) - (5))	149,725,707	
(7) Capitalization Rate	4.1%	Calculated in consideration of the property's local and specific characteristics, referring to the yields of transactions of surrounding properties and other factors
Price Calculated by the Discounted Cash Flow Approach	3,500,000,000	
Discount Rate	3.9%	Calculated in consideration of the property's local and specific characteristics, referring to the yields of transactions of surrounding properties and other factors
Terminal Capitalization Rate	4.3%	Calculated with consideration of the above capitalization rate and other factors such as the probable future movement of the yield on investment
Cost Approach Price	2,690,000,000	
Ratio of Land	80.4%	
Ratio of Building	19.6%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is a hotel specializing in accommodation in Kyoto City. With a major highway behind it, the neighborhood and surrounding area is a quiet area with many detached houses, as well as some hotels and other facilities. It has advantages of location as a sightseeing base with various excellent convenience and rich tourism resources. In this area, the land is irregularly shaped but a corner lot of a large scale, and has high utilization efficiency as a hotel. In addition, the building has been properly maintained and repaired, and is expected to have stable occupancy in the future. In view of the above factors, the appraisal value was determined with an emphasis on the capitalization approach price appropriately reflecting the value for typical investors.	



(Note) The information that is subject to a confidentiality obligation to the lessee and information that can be used to calculate the said information is included. Therefore, that information is not disclosed because disclosure of such information may cause a disadvantage to NMF due to a breach of confidentiality obligations, etc., and ultimately may be detrimental to the interests of unitholders.



(2) Assets to be Disposed of

Property Name	PRIME URBAN Kanayama
Appraisal Value	¥581,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	February 28, 2023

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	581,000,000	Calculated taking into account the capitalization approach price determined using both the direct capitalization approach
Price Calculated by the Direct Capitalization Approach	587,000,000	Calculated by reducing stable medium-to long-term net cash
(1) Operating Income (a)-(b)	45,812,087	
(a) Gross Rental Income	47,968,466	Calculated based on consideration of current rents, rent levels
(b) Losses due to Vacancies, etc.	2,156,379	Calculated based on consideration of the current vacancy rate, vacancy rates in the market and other factors
(2) Operating Expenses	14,052,945	
Maintenance Costs	2,196,000	Recorded based on the judgment that the current contract
Utilities Costs	1,182,000	Calculated based on actual amounts in the past fiscal years
Repair Costs	4,017,547	Repair cost: Calculated based on annual average amount in the engineering report. Restoration expenses: Calculated with reference to the actual amounts and levels for comparable properties
Property Management Fees	1,357,997	Recorded based on the judgment that the current contract is reasonable
Advertisement for Leasing	1,704,797	Calculated in consideration of the replacement rate and vacancy rate based on actuals in the past and the general levels
Taxes	2,815,043	Calculated based on actual amounts recorded in the fiscal year 2022
Insurance Premium	96,820	Recorded based on the judgement that the actual amount is reasonable
Other Expenses	682,741	Calculated with reference to actual amounts, the general levels and other factors (including CM fee)
(3) Net Operating Income from Leasing Business (NOI = (1) - (2))	31,759,142	
(4) Profit through Management of Temporary Deposits, etc.	40,577	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	5,368,417	Calculated based on annual average amount in the engineering report
(6) Net Cash Flow (NCF = (3) + (4) - (5))	26,431,302	
(7) Capitalization Rate	4.5%	
Price calculated by the discounted cash flow approach	575,000,000	
Discount Rate	4.3%	Calculated with comprehensive consideration of the property's specific characteristics with reference to yields on investments
Terminal Capitalization Rate	4.7%	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
Cost Approach Price	310,000,000	
Ratio of Land	63.9%	
Ratio of Building	36.1%	
	<p>The property is located within walking distance from Kanayama Station, a major hub station on the JR and Meitetsu Lines as well as the subway lines. The surrounding district features a mixed residential and commercial area with medium- to high-rise apartment buildings, parking lots and medium- to low-rise office buildings and others. Offering a favorable convenience and a certain level of living environment, the area enjoys a stable rental demand. The building is over 15 years old but has been maintained in good condition, achieving a certain level of competitiveness in the area.</p> <p>Demanders in the real estate market, in which the property is involved, are mainly investors and they are assumed to make transactions with a focus on the property's profitability and investment profitability. In light of this, we concluded that the capitalization approach price would be the most convincing price in the transaction, and the appraisal value was determined.</p>	



Property Name	PRIME URBAN Kamimaezu
Appraisal Value	¥1,670,000,000
Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	February 28, 2023

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	1,670,000,000	Calculated taking into account the capitalization approach price determined using both the direct capitalization approach
Price Calculated by the Direct Capitalization Approach	1,690,000,000	Calculated by reducing stable medium-to long-term net cash
(1) Operating Income (a)-(b)	107,020,933	
(a) Gross Rental Income	114,127,955	Calculated based on consideration of current rents, rent levels
(b) Losses due to Vacancies, etc.	7,107,022	Calculated in consideration of the current vacancy rate, market vacancy rate levels and other factors
(2) Operating Expenses	26,778,075	
Maintenance Costs	3,816,000	Recorded based on the judgment that the current contract
Utilities Costs	1,358,000	Calculated based on actual amounts in the past fiscal years
Repair Costs	3,463,499	Repair cost: Calculated based on annual average amount in the engineering report. Restoration expenses: Calculated with reference to the actual amounts and levels for comparable properties
Property Management Fees	2,645,400	Recorded based on the judgment that the current contract is reasonable
Advertisement for Leasing	6,787,312	Calculated in consideration of the replacement rate and vacancy rate based on actuals in the past and the general levels
Taxes	7,360,285	Calculated based on actual amounts recorded in the fiscal year 2022
Insurance Premium	202,427	Recorded based on the judgement that the actual amount is reasonable
Other Expenses	1,145,152	Calculated with reference to actual amounts, the general levels and other factors (including CM fee)
(3) Net Operating Income from Leasing Business (NOI = (1) - (2))	80,242,858	
(4) Profit through Management of Temporary Deposits, etc.	103,666	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	4,229,167	Calculated based on annual average amount in the engineering report
(6) Net Cash Flow (NCF = (3) + (4) - (5))	76,117,357	
(7) Capitalization Rate	4.5%	
Price calculated by the discounted cash flow approach	1,650,000,000	
Discount Rate	4.3%	Calculated with comprehensive consideration of the property's specific characteristics with reference to yields on investments
Terminal Capitalization Rate	4.7%	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
Cost Approach Price	1,130,000,000	
Ratio of Land	78.7%	
Ratio of Building	21.3%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>The property, located along the Osu-dori Street, is in the commercial area with Kamimaezu Subway Station as the nearest station. Offering a superior living convenience with its proximity to the Nagoya city center, the area enjoys a stable rental demand. The building is over 15 years old but has been maintained in good condition, achieving a certain level of competitiveness in the area and keeping the occupancy rate relatively high. In light of this, we determined that the best use would be keeping the property as a high-rise apartment building with shops as it is.</p> <p>Demanders in the real estate market, in which the property is involved, are mainly investors and they are assumed to make transactions with a focus on the property's profitability and investment profitability. In light of this, we concluded that the capitalization approach price would be the most convincing price in the transaction, and the appraisal value was determined.</p>	



Property Name	PRIME URBAN Chihaya
Appraisal Value	¥33,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	February 28, 2023

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	533,000,000	Calculated by evaluating the capitalization approach price with the direct capitalization approach, using the capitalization approach price calculated by the discounted cash flow approach as the baseline
Price Calculated by the Direct Capitalization Approach	536,000,000	Calculated by reducing stable medium-to long-term net cash
(1) Operating Income (a)-(b)	44,447,099	
(a) Gross Rental Income	46,824,092	Calculated based on appropriate rent levels recognized as stable over the medium to long term
(b) Losses due to Vacancies, etc.	2,376,993	Calculated on the assumption of a stable occupancy rate over the medium to long term
(2) Operating Expenses	12,855,815	
Maintenance Costs	1,656,000	Calculated with reference to the actual amounts in past fiscal years and cost levels for comparable properties
Utilities Costs	758,333	Calculated with reference to the actual amounts recorded in the past fiscal years
Repair Costs	4,186,444	Repair cost: Calculated based on annual average amount in the engineering report. Tenant replacement cost: Calculated in consideration of the replacement and vacancy rates
Property Management Fees	1,323,004	Calculated with reference to the current compensation fee rate, compensation fee rates adopted to similar properties and other factors
Advertisement for Leasing	1,208,479	Calculated with reference to the levels of similar properties
Taxes	3,478,700	Calculated based on actual amounts recorded in the fiscal year 2022
Insurance Premium	92,623	Recorded based on the judgement that the actual amount is reasonable
Other Expenses	152,232	Recorded based on actual amounts
(3) Net Operating Income from Leasing Business (NOI = (1) - (2))	31,591,284	
(4) Profit through Management of Temporary Deposits, etc.	11,314	Calculated based on an investment yield of 1.0%
(5) Capital Expenditure Reserve	6,960,550	Calculated in consideration of the annual average amount given in the engineering report and CM fee
(6) Net Cash Flow (NCF = (3) + (4) - (5))	24,642,048	
(7) Capitalization Rate	4.6%	
Price calculated by the discounted cash flow approach	531,000,000	
Discount Rate	4.4%	Calculated based on such factors as comparison with discount rates on transactions of similar properties and yields on other financial instruments.
Terminal Capitalization Rate	4.8%	Calculated with consideration of the capitalization rate and other factors such as the marketability of the property as of the expiry of holding period
Cost Approach Price	563,000,000	
Ratio of Land	56.7%	
Ratio of Building	43.3%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	<p>We determined that the property is located in the same supply and demand zone as the residential and mixed (residential and commercial) areas centered on Chihaya Station on the JR Kagoshima Line and Nishitetsu Chihaya Station on the Nishitetsu Kaizuka Line, within walking distance from each station in the center and southern part of Higashi Ward. Considering the property's competitiveness in the rental housing market and the real estate market, we determined that the best use would be keeping the property as a high-rise apartment building with shops as it is.</p> <p>While demanders in the real estate market, in which the property is involved, are assumed to be mainly investors, the demanders show a strong tendency to make transactions with a focus on the property's profitability and investment profitability. Therefore, we decided that the capitalization approach price would relatively be more convincing than the cumulative price in the Transaction.</p>	



[Exhibit]

- Exhibit 1 Overview of the Portfolio after the Transaction
- Exhibit 2 Photos of the Asset to Be Acquired
- Exhibit 3 Map of the Asset to Be Acquired

*Nomura Real Estate Master Fund, Inc.'s [website: https://www.nre-mf.co.jp/en/](https://www.nre-mf.co.jp/en/)



Overview of the Portfolio after the Transaction

(¥ million)

Sector \ Area	Greater Tokyo Area (Note 1)	Others (Note 1)	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) (Note 2)
Office	403,585	65,100	468,685	42.6
Retail	109,888	67,890	177,779	16.2
Logistics	220,472	3,460	223,932	20.4
Residential (including healthcare facilities)	186,306	27,934	214,240	19.5
Hotels	—	9,450	9,450	0.9
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	925,152	173,834	1,098,987	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 of the Asset to be Acquired



Map of the Asset to Be Acquired

