



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 Property 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 properties (the “Acquisition”), as described below.

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)
MIMARU SUTES Tokyo Asakusa	Hotels	December 14, 2023	April 3, 2024 ^(Note 2)	COSMOS INITIA Co.,Ltd.	No	2,360

(Note1) The amounts stated exclude acquisition-related costs, property tax, city planning tax, consumption tax and local consumption tax.

(Note2) The scheduled date of acquisition may be changed to another date (which shall be limited from March 18, 2024 to March 26, 2024) that is separately agreed upon by the Seller and the Purchaser.

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

2. Reasons for the Acquisitions

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 business condition of the Asset 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 +1.5% against pre-COVID figures in 2019, for the first time.^(Note 1) Moreover, against a backdrop of resuming Chinese group tours in August 2023, the total number of overnight stays for international visitors for September 2023 was up 18.9% compared with the figures from 2019,^(Note 2) and further tailwind is expected in the future. Because the hotel to be acquired is located in the center of Asakusa, a popular sight-seeing area among foreign visitors, the Fund judged that the property has future growth potential and determined to invest.

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

(Note1) Source: Overnight Travel Statistics Survey announced on September 29, 2023, Japan Tourism Agency

(Note2) Source: Overnight Travel Statistics Survey announced on November 30, 2023, Japan Tourism Agency



3. Summary of Assets to Be Acquired

MIMARU SUITES Tokyo Asakusa

<Reasons for the Acquisition>

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

- The Asset is conveniently located for transportation. The location is one-minute walk from Asakusa Station on Tobu Isesaki Line, with easy-access from multiple stations as it is three-minute walk from Asakusa Station on Tokyo Metro Ginza Line and five-minute walk from Asakusa Station on Toei Subway Asakusa Line. It is within walking distance from popular sight-seeing spots among foreign visitors, such as Kaminari-mon Gate, Senso-ji, and TOKYO SKYTREE, which gives it a highly competitive location with a capacity to attract the main target of inbound demand.
- The Asset is an apartment hotel (a hotel for long-term stays whose guest rooms have in-room kitchens and are equipped with home appliances such as a refrigerator) mainly targeting inbound tourists. All guest rooms are spacious with approximately 60-74m², two bedrooms, and fully equipped with a capacity to accommodate four to six guests. For this reason, the Asset differentiates itself from other properties and holds a competitive advantage in demand for inbound tourist stay that assumes consecutive overnight stays. In addition, more than 90% of the guests staying at this property are inbound tourists, and approximately 90% of the guests staying at the property stay for three or more consecutive nights. (Based on performance from December 2022 to December 2023 (including reservation status).)
- Tokyo Prefecture boasts high popularity among both domestic and overseas tourists as a world-class sightseeing destination. Tokyo Prefecture ranked top in the number of overnight stays in Japan with approximately 78.98 million overnight stays in 2019 and had the third highest percentage of inbound visitors in Japan at 37%. In September 2023, the number of overnight stays for international visitors was 3.86 million, which exceeds 2.31 million for the same month in 2019. Further increase is expected in the future as the demand from the Chinese tourists has not completely recovered at the moment.
- The hotel operator, Cosmos Initia Co., Ltd., operates apartment hotels branded “MIMARU” and “MIMARU SUITES.” It operates 28 hotels and boasts 1,470 guest rooms as of the end of second quarter of fiscal year ending March 2024, according to the financial reporting materials. Stable operation can be expected from the operating know-how leveraging the extensive track record.

<Summary of the Assets to be Acquired>

Property Name		MIMARU SUITES Tokyo Asakusa
Type of Asset		Real estate
Location (Note 1)	Registry	1-5-2 (and nine other parcel of land) Hanakawado, Taito Ward, Tokyo
	Street	1-10-13 Hanakawado, Taito Ward, Tokyo
Access		1-minute walk from Asakusa Station on Tobu Isesaki Line
Completion Date (Note 1)		February 7, 2022
Use (Note 1)		Hotel
Structure (Note 1)		Thirteen-floor steel reinforced concrete structure with flat roof
Architect		Daiwa House Industry Co., Ltd. Medium and High-rise Buildings Class-1 Architects & Associates
Builder		DAIWA HOUSE INDUSTRY CO., LTD.
Building Inspection Agency		General Incorporated Foundation Center for Better Living
Area (Note 1)	Land	483.65 m ²



	Building	2,993.94 m ²				
Type of Ownership	Land	Land lease right ^(Note 2)				
	Building	Ownership				
Building Coverage Ratio		100% ^(Note 3)				
Floor Area Ratio		600%				
Collateral		None				
Property Management Company ^(Note 4)		THE DAI-ICHI BUILDING CO., LTD.				
Master Leasing Company		-				
Type of Master Leasing		-				
Seismic Risk (PML) ^(Note 5)		7.7% (Based on the Earthquake PML Appraisal Report as of December 2023 by Sompo Risk Management Inc.)				
Notes		Not applicable.				
Anticipated Acquisition Price		¥2,360 million				
Appraisal Value and Method		¥3,120 million (Based on the capitalization approach as of November 1, 2023) (Appraiser: Chuo Real Estate Appraisal Co., Ltd.)				
Appraisal NOI ^(Note 6)		¥167 million				
Leasing Status (as of Scheduled Date of Acquisition) ^(Note 7)						
Total Number of Tenants		1				
Name of Tenant		COSMOS INITIA Co.,Ltd.				
Hotel Operator		COSMOS HOTEL MANAGEMENT Co., Ltd.				
Total Rental Income (Annual)		Undisclosed (fixed-rent-plus-variable-rent type contract)				
		Of which, fixed rent	Undisclosed			
		Of which, variable rent	In addition to the fixed rent, the variable rent is added by applying the following formula. (GOP – fixed amount) × predetermined rate			
Security Deposits		Undisclosed				
Occupancy Rate		100.0%				
Total Leased Floor Space		3,059.35 m ²				
Total Leasable Floor Space		3,059.35 m ²				
Historical Occupancy Rates ^(Note 8)		October 2019	October 2020	October 2021	October 2022	October 2023
		-	-	-	-	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) Land leasehold contract

Lessor: Undisclosed as consent has not been obtained from the lessor and The Lessor is not considered a related party under the Act on Investment Trusts and Investment Corporations

Type of leasehold: business periodic subleasehold interest in land

Leasehold period: From June 30, 2020 to May 30, 2070

(Note 3) 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 4) Property Management Company

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

(Note 5) 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 6) Appraisal NOI

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

(Note 7) 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 8) Historical Occupancy Rates

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

4. Profile of Seller of the Asset to be Acquired

Company Name	Cosmos Initia Co., Ltd.
Head Office	5-34-6 Shiba, Minato Ward, Tokyo (As stated in the registry)
Representative	President Ryotaro Takachi
Principal Business	Transactions, lease, brokerage, appraisal, management and consulting service of real estate Development and creation of land Planning, design, construction, supervision, contracting and consulting for architectural or civil engineering works Monetary loans related to real estate Management of hotels, restaurants, and sports facilities Ownership, sale, purchase and brokerage of trust beneficiary rights
Capital	¥5.0 billion (as of March 31, 2023)
Established	June 20, 1969
Net Assets	¥41.5 billion (as of March 31, 2023)
Total Assets	¥157.3 billion (as of March 31, 2023)
Major Shareholder (Shareholding Ratio)	Daiwa House Industry Co., Ltd. (63.2%) (as of March 31, 2023)
Relationships with the Fund and/or the Asset Management Company and the Seller	
Capital	Neither the Fund nor the Asset Management Company has any notable capital relationship with the said company. In addition, any persons or companies associated with the Fund or the Asset Management Company have no notable capital relationship with those associated with the relevant company.
Personal	Neither the Fund nor the Asset Management Company has any notable personal relationship with the said company. In addition, any persons or companies associated with the Fund or the Asset Management Company have no notable personal relationship with those associated with the relevant company.
Transactions	Neither the Fund nor the Asset Management Company has any notable transactions with the said company. In addition, any persons or companies associated with the Fund or the Asset Management Company have no notable transactions with those associated with the relevant company.
Related Party Status	The said company does not fall under a related party of either the Fund or the Asset Management Company. In addition, the persons or companies associated with the said company do not fall under related parties of either the Fund or the Asset Management Company.

5. Status of Owner of the Asset to be Acquired

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

6. Transactions with Related Parties

There is no transaction with related parties.

7. Form of Payment, etc.

(1) Form of Payment

Regarding the acquisitions, The Fund will complete settlement by a lump-sum payment on the date of acquisition by



paying the agreed price for the property in full to the seller using cash on hand.

(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 (Note) 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 equivalent to the purchase price by the acquisition date is set forth as one of the conditions 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 other party may cancel the Sale Agreement if such breach is not remedied after the passage of a prescribed period following the date of the non-violating party’s issuance of a notification requiring the violating party to perform its obligation or if such breach is deemed impossible to remedy. 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 acquisition price. The penalty charge is the liquidated damages amount, and neither party may request an increase or decrease in the penalty charge irrespective of whether the monetary damage actually suffered by the canceling party exceeds or falls below an amount that is equivalent to 20% of the acquisition price.

8. Schedule for the Acquisitions

December 14, 2023	Conclusion of a purchase agreement for the acquisition of the Assets
April 3, 2024	Acquisition of the Assets to be Acquired

9. Outlook

There is currently no revision to the forecast for the fiscal period ending February 29, 2024 (September 1, 2023 to February 29, 2024) and the fiscal period ending August 31, 2024 (March 1, 2024 to August 31, 2024) because the impact of the Acquisitions on operation of the entire portfolio is minimal.



10. Appraisal Summary

Property Name	MIMARU SUITES Tokyo Asakusa
Appraisal Value	¥3,120,000,000
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Appraisal Date	November 1, 2023

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	3,120,000,000	Calculated with an emphasis on the value indicated by the income approach using discounted cash flow method, and associating it with the value indicated by the income approach using direct capitalization method
Price Calculated by the Direct Capitalization Approach	3,210,000,000	Calculated by deducting the present value of building demolition and removal costs, etc. from the stable medium- to long-term net cash flow multiplied by ordinary level annuity factor
(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))	167,476,000	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Undisclosed)
(5) Capital Expenditure Reserve	Undisclosed	
(6) Net Cash Flow ((3) + (4) - (5))	166,386,000	
(7) Capitalization Rate	-	
Price Calculated by the Discounted Cash Flow Approach	3,080,000,000	
Discount Rate	4.2%	Calculated with consideration of the property's specific characteristics and evaluation scenarios, etc. with reference to yields on investments in similar properties, etc.
Terminal Capitalization Rate	4.6%	Calculated with consideration of the property's specific characteristics, evaluation scenarios, real estate prices, rent trend forecasts, etc. with reference to yields on investments in similar properties, etc.
Cost Approach Price	1,580,000,000	
Ratio of Land	50.4%	
Ratio of Building	49.6%	
Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The Property is an apartment hotel in Taito Ward. The Property has the characteristics of an investment property, and the main sellers and buyers in the market are real estate investment funds, etc. who assume continued use of current use (lease operation). These buyers are considered to execute transactions with a focus on profitability. Thus, appraisal value was determined by value indicated by the income approach while keeping the value indicated by the cost approach as a reference.	



(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.

[Exhibit]

- Exhibit 1 Overview of the Portfolio after the Acquisition
- 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/>



Overview of the Portfolio after the Acquisition

(¥ million)

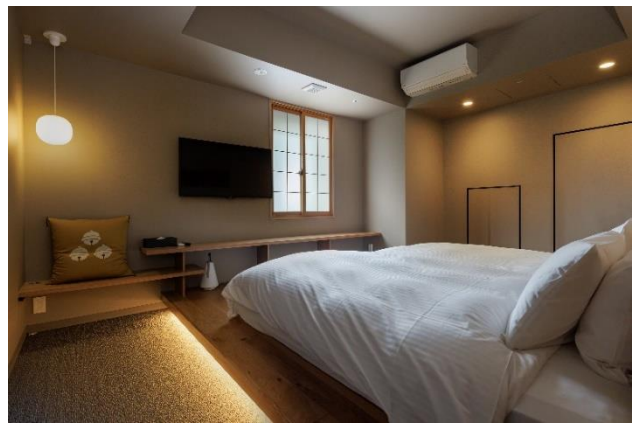
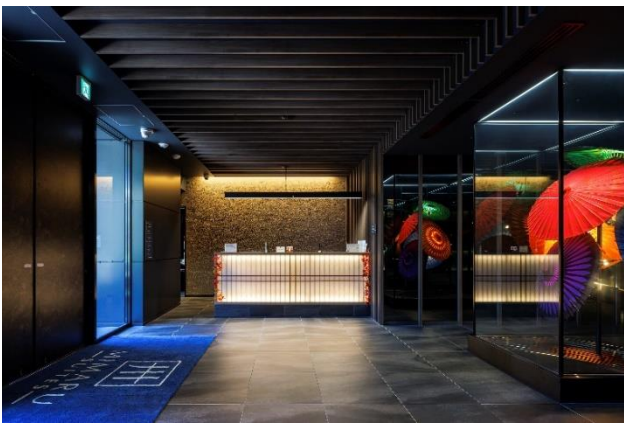
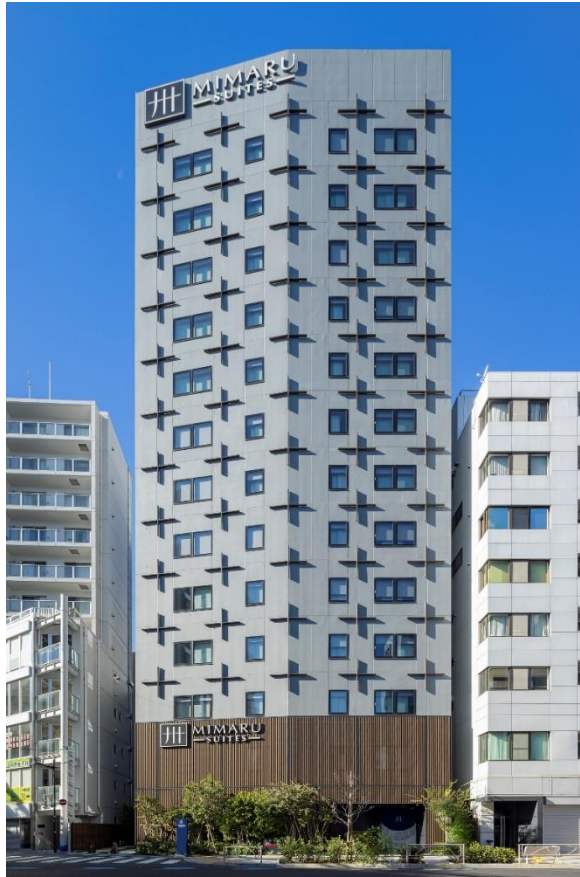
Sector \ Area	Greater Tokyo Area (Note 1)	Others (Note 1)	(Anticipated) Total Acquisition Price (by Sector)	Investment Ratio (%) (Note 2)
Office	403,585	65,100	468,685	42.4
Logistics	220,472	3,460	223,932	20.2
Residential (including healthcare facilities)	190,892	27,934	218,826	19.8
Retail	109,888	67,890	177,779	16.1
Hotels	2,360	9,450	11,810	1.1
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	932,098	173,834	1,105,933	100.0
Investment Ratio (%) (Note 2)	84.3	15.7	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



Two-Bedroom Japanese Suite / 74mf

An example of a guest room floor plan (Source: MIMARU SUITES Tokyo Asakusa official website)



Map of the Asset to Be Acquired

