

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.

Masaomi Katayama, 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 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 a property (the “Acquisition”), as described below.

1. Summary of Asset 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)
La’gent Stay Hakodate Ekimae/HAKOVIVA	Hotels /Retail	August 9, 2024	September 6, 2024	DAIWA HOUSE INDUSTRY CO.,LTD.	None	6,300

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

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

2. Reasons for the Acquisition

The Fund determined that the Acquisition 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 April 2024, the total number of overnight guests, including international visitors, marked an increase of 2.3% against pre-COVID figures of the same month in 2019 ^(Note 1). Moreover, the Japan Tourism Agency promotes strategies to create sustainable tourism destinations and recover inbound tourism, and aims to increase the number of international visitors to Japan to approx. 60 million in 2030 ^(Note 3), compared to 25 million in 2023 ^(Note 2). Hakodate City also aims to increase the average number of nights stayed per visitor by revitalizing the tourism industry ^(Note 4), and further growth is expected going forward thanks to stronger demand.

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

(Note 1) Source: Overnight Travel Statistics Survey announced on June 28, 2024, Japan Tourism Agency

(Note 2) Source: Number of international travelers to Japan announced on January 17, 2024, Japan National Tourism Organization

(Note 3) Source: Tourism Nation Promotion Basic Plan announced on March 31, 2023, Japan Tourism Agency

(Note 4) Source: Hakodate City Tourism Basic Plan announced on March 28, 2024, Hakodate City



3. Summary of Asset to Be Acquired

La'gent Stay Hakodate Ekimae/HAKOVIVA

<Reasons for the Acquisition of the Asset>

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

- Hakodate City, where the Asset is located, is the second largest city in Hokkaido in terms of the total number of overnight stays following Sapporo City ^(Note 1), and is full of tourist attractions such as Mount Hakodate (Hakodateyama), Kanemori Red Brick Warehouse, Daimon Yokochō, and Goryokaku Fort, as well as natural resources such as seafood. Solid tourism demand is expected going forward. The Asset is located 1-minute walk from JR Hakodate Station, the main station of Hakodate, and in a highly convenient area where bus stations and stops of city trams for a city tour are located in front of Hakodate Station. The surrounding area is a gate to the Hakodate Bay area, one of the famous tourist spots in Hakodate. A tour can be taken from Hakodate Morning Market (Hakodate Asaichi) to Kanemori Red Brick Warehouse and Mount Hakodate, and highly accessible to Goryokaku Fort by bus or tram.

(Note 1) Source: Report on the Survey of Total Number of Overnight Stays in Hokkaido announced in September 2023 by the Tourist Promotion Section, Tourism Bureau, Department of Economic Affairs, Hokkaido Government

- The Asset has 261 rooms of various types ranging from approx. 16 m² to 160 m² in size, comprising Japanese-style tatami rooms, condominium rooms with kitchen facilities, and others to address diverse needs. The average room size is approx. 24 m² and 90% of the rooms can accommodate more than 2 guests, which is a better room composition to draw in tourists. In addition to a large venue for breakfast, a public bath sourced from natural hot springs and bars, etc., a convenience store and other facilities are located on the first floor of the hotel. “HAKOVIVA,” the commercial complex facility in the site, has various kinds of restaurants and a sports gym to satisfy the various needs of guests.
- The Asset is operated by AB Accommo Co., Ltd. which has built track record by operating 26 hotels nationwide (as of May 31, 2024 according to its webpage) and stable operation can be expected with its operational expertise of hotel chains.

<Summary of the Asset to be Acquired>

Property Name		La'gent Stay Hakodate Ekimae/HAKOVIVA
Type of Asset		Real estate
Location (Note 1)	Registry	43-5 (and two other parcels of land) Wakamatsu-cho, Hakodate City, Hokkaido
	Street	12-8 Wakamatsu-cho, Hakodate City, Hokkaido
Access		1-minute walk from Hakodate Station on the JR Hakodate Main Line
Completion Date ^(Note 1)		October 11, 2019
Use ^(Note 1)		Hotel, retail, gymnasium
Structure ^(Note 1)		11-floor steel-reinforced concrete structure with a roof, 2-floor wooden structure with a galvanized steel sheet roof
Architect		Keiichi Nihonyanagi Architect & Associates
Builder		IWATA CHIZAKI, Morikawa, Imai and Sawada Special Construction Joint Venture
Building Inspection Agency		Hakodate City building officials
Area ^(Note 1)	Land	9,516.73 m ²
	Building	13,302.87 m ²
Type of Ownership	Land	Land lease right ^(Note 2)
	Building	Ownership
Building Coverage Ratio		80%
Floor Area Ratio		400%



Collateral	None				
Property Management Company (Note 3)	JLL Retail Management K.K.				
Master Leasing Company	JLL Retail Management K.K. (other than hotels)				
Type of Master Leasing	Pass through				
Seismic Risk (PML) (Note 4)	4.1% (Based on the Earthquake PML Appraisal Report as of May 2024 by Sompo Risk Management Inc.)				
Notes	In signing a contract for the purpose of the right of lease or any other right to use and derive profit from the subject property, a prior consent of the land leasehold contract lessor is necessary (this refers to signing a new master lease for the Asset and excludes leasing a part of the Asset to end tenants).				
Anticipated Acquisition Price	¥6,300 million				
Appraisal Value and Method	¥8,500 million (Based on the capitalization approach as of June 1, 2024) (Appraiser: The Tanizawa SōGō Appraisal Co.,Ltd.)				
Appraisal NOI (Note 5)	¥502 million				
Leasing Status (As of May 31,2024) (Note 6)					
Total Number of Tenants	15				
Name of Tenant	AB Accommo Co., Ltd., etc.				
Hotel Operator	AB Accommo Co., Ltd.				
Total Rental Income (Annual)	Hotel	Variable rent linked to Hotel GOP			
	Retail	¥76 million			
Security Deposits	Hotel	-			
	Retail	¥20 million			
Occupancy Rate	99.0%				
Total Leased Floor Space	12,688.73 m ²				
Total Leasable Floor Space	12,810.96 m ²				
Historical Occupancy Rates (Note 7)	May 2020	May 2021	May 2022	May 2023	May 2024
	99.0%	99.0%	99.0%	99.0%	99.0%

(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

Lessors: Hakodate City 6,412.79 m², Hokkaido Railway Company 3,103.94 m²

Type of leasehold: Business periodic leasehold interest in land

Leasehold period: From March 15, 2018 to March 12, 2068

(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 April 1, 2024 as the appraisal date.

(Note 6) Leasing Status

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

“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 May 31, 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).

Total Rental Income and Security Deposits of which related to the Hotel are not disclosed because a consent has not been obtained from tenants.

“Total Leased Floor Space” indicates the total floor space leased to end tenants as of May 31, 2024.

(Note 7) 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	DAIWA HOUSE INDUSTRY CO.,LTD.	
Head Office	3-3-5 Umeda, Kita-ku, Osaka City, Osaka	
Representative	Keiichi Yoshii, President, CEO	
Principal Business	General Construction Business	
Capital	¥161,957 million(As of March 31, 2024)	
Established	March 4, 1947	
Net Assets	¥1,742,474 million(As of March 31, 2024)	
Total Assets	¥4,155,476 million(As of March 31, 2024)	
Major Shareholder (Shareholding Ratio)	The Master Trust Bank of Japan, Ltd. (trust account) (15.1%) Custody Bank of Japan, Ltd. (trust account) (6.6%) (As of March 31, 2024)	
Relationships with the Fund and/or the Asset Management Company and the Seller		
Capital	Neither the Fund nor the Asset Management Company has any 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 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 the definition of a related party of the Fund or the Asset Management Company for the accounting purpose. In addition, any persons or companies associated with the said company does not fall under the definition of a related party of the Fund or the Asset Management Company for the accounting purpose.	

5. Status of Owner of the Asset to be Acquired

The Asset 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.

Regarding the acquisition, 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.

8. Schedule for the Acquisition

August 9,2024	Conclusion of a purchase agreement for the acquisition of the Assets
September 6, 2024	Acquisition of the Assets to be Acquired



9. Outlook

Since the Acquisition will be made after the end of the fiscal period ending August 2024 (March 1, 2024 to August 31, 2024), there will be no impact on the operating status for the fiscal period ending August 2024. Also, as the effect of the disposition on the operating status of the entire portfolio for the fiscal period ending February 2025 (September 1, 2024 to February 28, 2025) is immaterial, there is currently no change in the outlook for the fiscal period ending February 2025.



10. Appraisal Summary

Property Name	La'gent Stay Hakodate Ekimae/HAKOVIVA
Appraisal Value	¥8,500,000,000
Appraiser	The Tanizawa SōGō Appraisal Co.,Ltd.
Appraisal Date	June 1, 2024

(Yen)

Item	Amount or Percentage	Grounds
Capitalization Approach Price	8,500,000,000	As income-based value derived by clarifying the fluctuation estimate of net operating income using a discounted cash flow approach is more convincing, a direct capitalization approach (revised inwood method) was used just as a reference. Income-based value was calculated by a discounted cash flow approach as the baseline.
Price Calculated by the Direct Capitalization Approach (Revised Inwood Method)	9,010,000,000	
(1) Operating Income (a) -b))	Undisclosed	(Undisclosed)
a) Gross Rental Income	Undisclosed	
b) Losses due to Vacancies, etc.	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 (NOI=(1)-(2))	502,693,154	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Undisclosed)
(5) Capital Expenditure Reserve	Undisclosed	(Undisclosed)
(6) Net Cash Flow (NCF=(3)+(4)-(5))	487,006,368	
(7) Discount Rate	5.1%	A base yield for the hotel was set by a cost approach, etc. based on the yields of financial instruments and then calculated by incorporating individual risks of the property to this base yield and reviewing trading comps.
Price Calculated by the Discounted Cash Flow Approach	8,500,000,000	
Discount Rate (during holding period)	5.1%	A base yield for the hotel was set by a cost approach, etc. based on the yields of financial instruments and then calculated by incorporating individual risks of the property to this base yield and reviewing trading comps.
Discount Rate (Calculated sales price)	5.3%	Calculated based on the discount rate during the holding period, with consideration given to levels of future uncertainty
Cost Approach Price	5,580,000,000	
Ratio of Land	48.8%	
Ratio of Building	50.0%	
Ratio of FF&E	1.2%	



Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The property is located approx. 1-minute walk from Hakodate Station on the JR Hakodate Main Line (Hakodate Honsen). The surrounding area has become a main commercial area in Hakodate City following the large-scale land readjustment project launched around 2000. It has become a main commercial area visited by tourists in and outside Japan, equally famous as the area in front of Goryokaku Fort. It is expected to grow stably as a commercial area. On the hardware aspect, most of all 261 rooms are twin-types with a room size of over 20 m ² , and rooms such as family-type and suites allow to actively capture leisure demand. The public bath fully equipped with saunas is one of its features. The appraisal value was determined taking the above factors into consideration.
---	---

(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 and 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	379,175	65,100	444,275	40.1
Logistics	237,992	3,460	241,452	21.8
Residential (including healthcare facilities)	189,833	27,934	217,767	19.6
Retail	111,768	67,890	179,659	16.2
Hotels	2,360	17,911	20,271	1.8
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	926,029	182,296	1,108,325	100.0
Investment Ratio (%) (Note 2)	83.6	16.4	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 Map of the Asset to be acquired

La'gent Stay Hakodate Ekimae/HAKOVIVA

