

For Immediate Release
To Whom It May Concern

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Notice Concerning Acquisition of Trust Beneficial Interest in Domestic Real Estate

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)
hotel androoms Shin-Osaka	Hotel	September 20, 2024	October 1, 2024	Daiban Hotel One Godo Kaisha	Yes (Note 2)	4,230

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

(Note2) The brokerage involved in the acquisition is not considered a related party under the Investment Trust Act.

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 demand for accommodation and tourism in Japan is on an upward trend, and the government has announced that in 2024, the number of international visitors to Japan will be 35 million and the travel consumption amount will reach a record high of 8 trillion yen (Note 1).

The total number of overnight guests (including Japanese) from January to June 2024 in Osaka, where the Asset is located, was 26.79 million (Note 2), rising significantly by 16.6% from the pre-COVID level in 2019 (Note 2) and by 21.0% from 2023 (Note 2). This increase rate is far above the national average (+6.8% vs. 2019 and +10.0% vs. 2023 (Note 2)). Moreover, the “EXPO 2025, Osaka, Kansai, Japan” will start on April 13, 2025, and we expect further growth in the market.

With the acquisition of the Asset, the Fund will hold 7 properties in the hotel sector and the amount allocated to the sector will be 24.5 billion yen (Note 3), representing 2.2% of all sectors (Note 3). As the hotel properties are located in



tourism-dependent areas, we believe that the thriving market as stated above will continue to drive the hotel sector forward.

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: Minutes of the 24th meeting of the Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country

(Note 2) Source: Compiled and calculated by Nomura Real Estate Asset Management Co., Ltd. based on the Overnight Travel Statistics Survey announced by the Japan Tourism Agency on March 29, April 30, May 31, June 28, July 31, and August 30, 2024.

(Note 3) Based on (planned) acquisition price

3. Summary of Asset to Be Acquired

hotel androoms Shin-Osaka

<Reasons for the Acquisition of the Asset>

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

- The Asset is located a 6-minute walk from Shin-Osaka Station on the JR Shinkansen Line as a gateway of Osaka. As a transportation hub for the Kansai region, leisure demand from a wider area is expected including Kobe and Kyoto. Furthermore, many branch offices of large companies which operate nationwide are located in the area and we can expect strong business demand.
- The Asset has 120 rooms of various types ranging from approx. 14 m² to 37 m² in size, with a well-balanced room composition of single type (52.5%) and twin type or more(47.5%). The composition of guest rooms is suitable to capture leisure demand including inbound tourists, such as the fact that approx. 47.5% of the rooms can accommodate more than 2 guests, as well as current diverse demand in business. The facility and services are differentiated from surrounding hotels, including a large public bath, a unique breakfast service mainly of Japanese dishes offered at a breakfast venue built under a concept of soba restaurants, and free late night snacks.
(Note) Ratios based on number of rooms
- The Asset is operated by Solare Hotels and Resorts Co., Ltd. which has a track record of operating 44 hotels nationwide (as of August 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		hotel androoms Shin-Osaka
Type of Asset		Beneficial interest in a trust in which a real estate is entrusted
Location (Note 1)	Registry	4-12 (and one other parcel of land), 1-chome, Nishimiyahara, Yodogawa-ku, Osaka City, Osaka
	Street	4-28, 1-chome, Nishimiyahara, Yodogawa-ku, Osaka City, Osaka
Access		6-minute walk from Shin-Osaka Station on the JR Tokaido Shinkansen, Sanyo Shinkansen, Tokaido Main Line and Osaka East Line. 6-minute walk from Shin-Osaka Station on the Osaka Metro Midosuji Line
Completion Date (Note 1)		July 10, 2018
Use (Note 1)		Hotel
Structure (Note 1)		Nine-floor steel-framed reinforced structure with a flat roof、 Reinforced concrete structure with alloy plated steel, one story
Architect		ALPHA WORKS Co., Ltd.
Builder		Ichiken Co., Ltd. Kansai Branch
Building Inspection Agency		Kakunin Service Inc.
Area (Note 1)	Land	861.35 m ²
	Building	3,340.90 m ²



Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage Ratio		100% ^(Note 2)				
Floor Area Ratio		400%				
Collateral		None				
Property Management Company <small>(Note 3)</small>		THE DAI-ICHI BUILDING CO., LTD				
Master Leasing Company		None				
Type of Master Leasing		None				
Seismic Risk (PML) <small>(Note 4)</small>		6.3% (Based on the Earthquake PML Appraisal Report as of August 2024 by Sampo Risk Management Inc.)				
Notes		In the event of transfer, etc. of all or part of the land, building or trust beneficial interest pertaining to the Asset to be Acquired to a third party, the tenant is to be given preferential negotiating rights for a certain period of time regarding said purchase.				
Anticipated Acquisition Price		¥4,230 million				
Appraisal Value and Method		¥5,330 million (Based on the capitalization approach as of August 1, 2024) (Appraiser: JLL Morii Valuation & Advisory K.K.)				
Appraisal NOI <small>(Note 5)</small>		¥236 million				
Leasing Status (As of May 31, 2024) <small>(Note 6)</small>						
Total Number of Tenants		1				
Name of Tenant		Solare Hotels and Resorts Co., Ltd.				
Hotel Operator		Solare Hotels and Resorts 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		3,353.68m ²				
Total Leasable Floor Space		3,353.68m ²				
Historical Occupancy Rates <small>(Note 7)</small>		August 2020	August 2021	August 2022	August 2023	August 2024
		100.0%	100.0%	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) Floor Area

The applied building coverage ratio is 100% because the Asset is a certified fireproof building in a fire prevention zone and is located at a corner designated by the Specified Administrative Agency.

(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, 2024 as the appraisal date.

(Note 6) Leasing Status

“Name of Tenant,” “Total Rental Income,” “Occupancy Rate,” “Total Leased Floor Space,” and “Total Leasable Floor Space” are based on the fixed-term lease agreement 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.



4. Profile of Seller of the Asset to be Acquired

Company Name	Daiban Hotel One Godo Kaisha
Head Office	Within TOKYO UNITED GROUP, 9-15, 2-chome, Yotsuya, Shinjuku-ku, Tokyo
Representative	Managing Partner, Daiban Hotel One General Incorporated Association
Principal Business	1. Acquisition and holding of real estate 2. Leasing and management of real estate 3. Acquisition, holding and disposal of real estate trust beneficial interests 4. Any other business incidental or related to the businesses listed in each of the preceding items
Capital	10,000 yen
Established	April 17, 2023
Net Assets	Not disclosed since the seller's consent for disclosure has not been obtained
Total Assets	Not disclosed since the seller's consent for disclosure has not been obtained
Major Shareholder (Shareholding Ratio)	Not disclosed since the seller's consent for disclosure has not been obtained
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, on the scheduled date of acquisition, the Fund will pay the seller the entire purchase price of the Asset to be Acquired in a lump sum by using cash on hand and borrowings.

8. Schedule for the Acquisition

September 20, 2024	Conclusion of a purchase agreement for the acquisition of the Assets
October 1, 2024	Acquisition of the Assets to be Acquired



9. Outlook

There is currently no revision to the forecast for the fiscal period ending February 28, 2025 (September 1, 2024 to February 28, 2025) because the impact of the Transaction on the management status of the entire portfolio is minimal.



10. Appraisal Summary

Property Name	hotel androoms Shin-Osaka	
Appraisal Value	¥5,330,000,000	
Appraiser	JLL Morii Valuation & Advisory K.K.	
Appraisal Date	August 1, 2024	
(Yen)		
Item	Amount or Percentage	Grounds
Capitalization Approach Price	5,330,000,000	Emphasized price calculated by the discounted cash flow approach and considered after comparison against price calculated by the direct capitalization approach
Price Calculated by the Direct Capitalization Approach	5,600,000,000	
(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 (NOI=(1)-(2))	236,236,000	
(4) Profit through Management of Temporary Deposits, etc.	Undisclosed	(Undisclosed)
(5) FF&E Reserve	Undisclosed	
(6) Capital Expenditure Reserve	Undisclosed	
(7) Net Cash Flow (NCF=(3)+(4)-(5)-(6))	230,639,000	
(8) Discount Rate	4.1%	Calculated by incorporating the risk of fluctuations in income and principal, based on the discount rate, and with reference to the capitalization rate of J-REITs that are recognized as having a certain degree of normality with the Property.
Price Calculated by the Discounted Cash Flow Approach	5,220,000,000	
Discount Rate	3.9%	Calculated by comprehensively considering investor surveys, REIT case studies, market trends in the transaction market, etc., after taking into account local and individual risk factors such as location, building conditions, contract terms, and rights, etc. of the Property, with a base capitalization rate of an A-class building located in the Marunouchi and Otemachi areas of Tokyo, and including trends in the interest rates of long-term government bonds, etc.
Terminal Capitalization Rate	4.3%	Calculated based on capitalization rate by considering the uncertainty of the forecasted fluctuation of net cash flow at a future point in time, future deterioration of the building, and risks associated with sale
Cost Approach Price	2,500,000,000	
Ratio of Land	79.0%	
Ratio of Building	20.1%	
Ratio of FF&E	0.9%	



Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value	The neighborhood where the Property is located has access to multiple train lines, including JR Shin-Osaka Station and the Osaka Metro Midosuji Line, and exceptionally well located as a hotel. The building was completed in 2018, and is superior to alternative competitive properties in terms of building quality and other factors. The rooms, mainly standard double and standard twin rooms, meet the needs of guests traveling alone and in groups. Differentiating factors include facilities such as a large public bath and wireless LAN in all rooms, and services such as a Japanese buffet breakfast. In view of the above factors, the Property is not recognized as presenting particular risk of income fluctuation and has been judged to possess a standard level of competitiveness within its supply demand zone.
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(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	39.9
Logistics	237,992	3,460	241,452	21.7
Residential (including healthcare facilities)	189,833	27,934	217,767	19.6
Retail	111,768	67,890	179,659	16.1
Hotels	2,360	22,141	24,501	2.2
Others	4,900	—	4,900	0.4
(Anticipated) Total Acquisition Price (by Area)	926,029	186,526	1,112,555	100.0
Investment Ratio (%) (Note 2)	83.2	16.8	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 and Map of the Asset to be acquired

hotel androoms Shin-Osaka



Guest room



Fuji-no-Yu



SOBA AND CAFE SHIJUHACCHA HYAKUNEZUMI

