



June 18, 2019

**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.  
Norio Ambe, President & Chief Executive Officer

Inquiries:

Hiroshi Ishigooka  
Executive Officer

Head of NMF Investment Management Group  
TEL +81-3-3365-8767 [nmf3462@nomura-re.co.jp](mailto:nmf3462@nomura-re.co.jp)

**Notice Concerning Property Acquisition**

Nomura Real Estate Master Fund, Inc. (“NMF” or the “Fund”) announced the decision made today by Nomura Real Estate Asset Management Co., Ltd. (“NREAM” or the “Asset Management Company”), a licensed investment trust management company retained by the Fund to provide asset management services, that it will acquire asset (the “Acquisition”) as described below.

**1. Overview of the Acquisition**

| No. | Property Name           | Use    | (Scheduled)<br>Date of<br>Agreement | (Scheduled)<br>Date of<br>Acquisition | Seller                  | (Scheduled)<br>Acquisition<br>Price<br>(¥million)<br>(Note 1) |
|-----|-------------------------|--------|-------------------------------------|---------------------------------------|-------------------------|---|
| 1   | Red Planet Naha Okinawa | Hotels | June 26, 2019                       | June 26, 2019                         | Undisclosed<br>(Note 2) | 2,650   |

(Note 1) The amount excluding acquisition related costs, property tax, city planning tax, consumption tax and local consumption tax is stated.

(Note 2) Undisclosed, since a consent has not been obtained from the Seller.

(Note 3) The asset to be acquired is a beneficiary interest in a trust for which real estate is the principal trust asset.

(Note 4) The asset to be acquired is scheduled to be acquired using cash on hand.

The above property is referred to hereinafter as the “Property to Be Acquired”.

**2. Reasons for the Acquisition**

The Fund determined that acquiring the Property to Be Acquired would help secure stable earnings and steady growth of the Fund’s investment assets over the medium to long term, in line with the asset management objectives and policies specified in the Fund’s Articles of Incorporation. As such, the Fund decided to acquire the Property to Be Acquired.

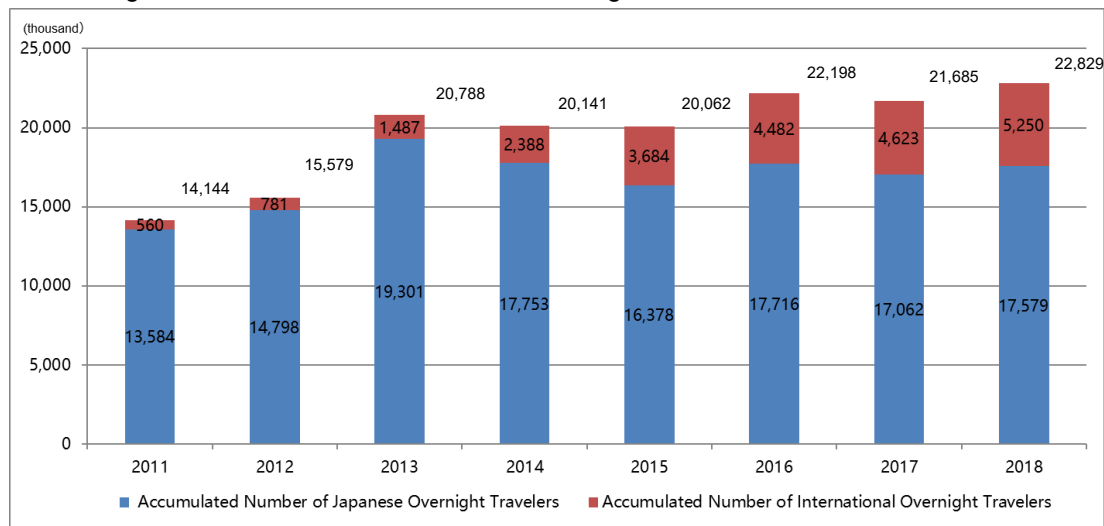
The main strengths of the Property to Be Acquired are as follows:

- The accumulated number of overnight travelers in Okinawa Prefecture has increase by approximately 1.6 times over the past seven years, from 14.14 million people in 2011 to 22.82 million people in 2018 (ranked 5th in the number of overnight travelers by prefecture), showing a high increase rate even when compared



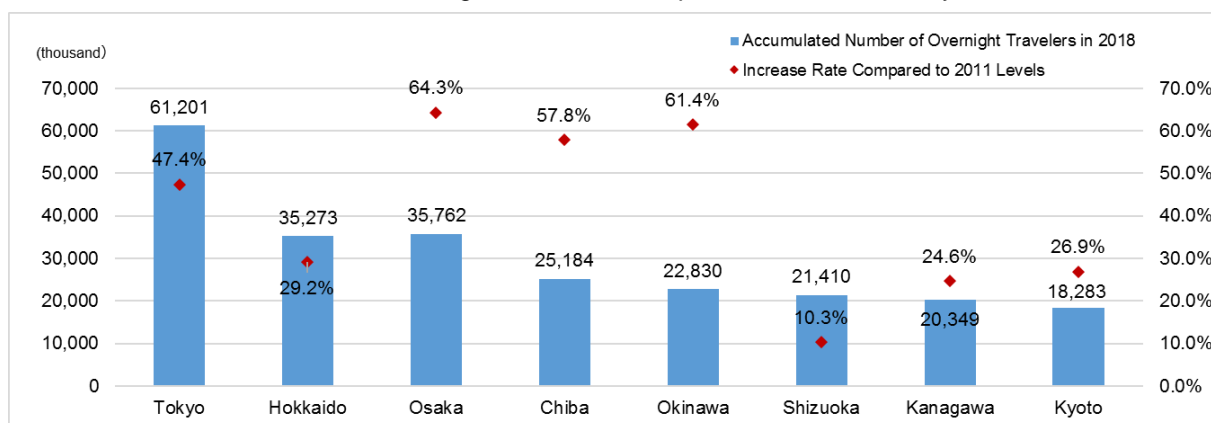
with other major cities. Especially, the accumulated number of international overnight travelers has increased significantly by 9.3 times over the past seven years, from 560 thousand people in 2011 to 5.25 million people in 2018, with the increased number of LCCs arriving from Taiwan, South Korea, Hong Kong, etc. and other factors. In addition, the accumulated number of Japanese overnight travelers has remained stable at around 17 million people since 2014. Consequently, Okinawa Prefecture is expected to enjoy continuous high demand centering on tourism going forward.

Change in the Accumulated Number of Overnight Travelers in Okinawa Prefecture



Source: Overnight Travel Statistics Survey (Japan Tourism Agency)

Comparison of the Accumulated Number of Overnight Travelers in 2018 and Increase Rate of Overnight Travelers Compared to 2011 Levels by Prefecture

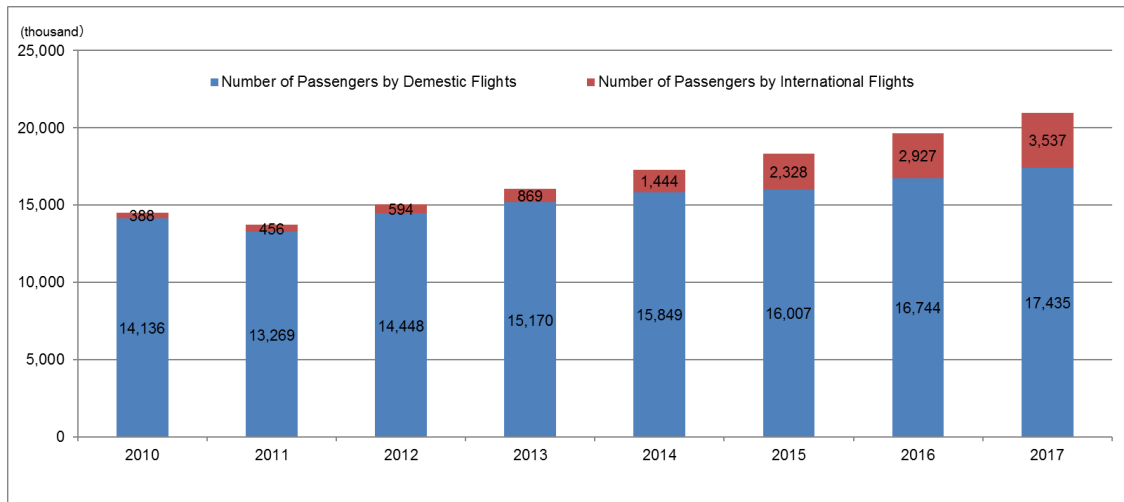


Source: Overnight Travel Statistics Survey (Japan Tourism Agency)

- Furthermore, the number of passengers at Naha Airport is on an increasing trend for both domestic and international routes. In particular, the number of passengers for international routes has increased significantly since the opening of the new international terminal in 2014 as LCCs from Taiwan, South Korea, Hong Kong, etc. started service. In addition, further increase in the number of passengers and accommodation demand is expected as construction of a new runway 2,700 meters in length is currently underway with operation scheduled to begin in March 2020.

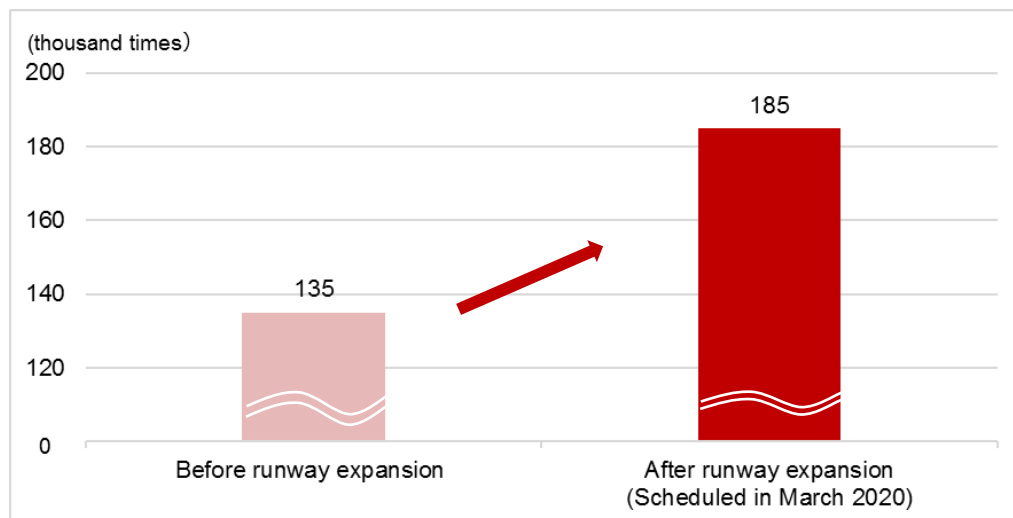


### Change in the Number of Annual Passengers at Naha Airport



Source: Reports on Status of Airport Operations (Ministry of Land, Infrastructure, Transport and Tourism)

### Change in the Number of Departures and Arrivals with Additional Runway at Naha Airport

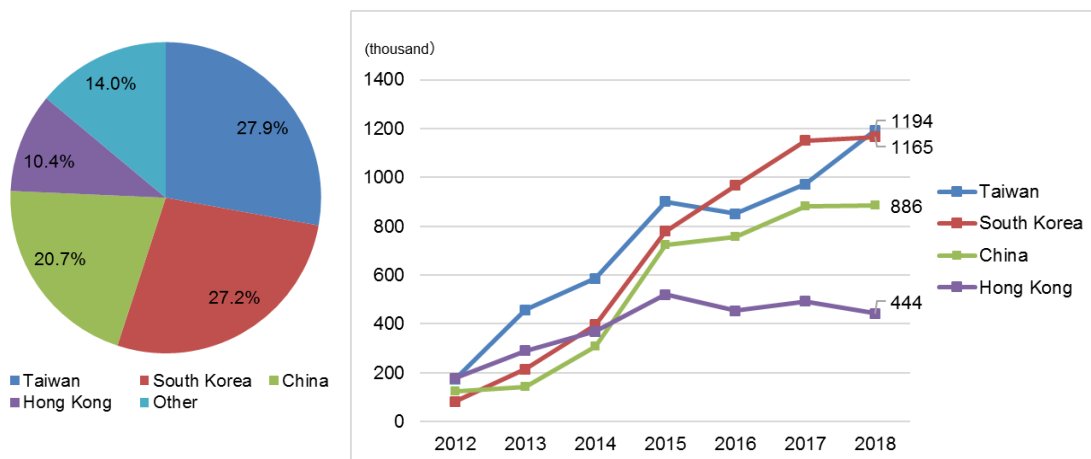


Source: Reassessment Reports on Runway Expansion Project at Naha Airport (Ministry of Land, Infrastructure, Transport and Tourism)

- As the data below indicated, composition of the accumulated number of foreign overnight travelers in Okinawa Prefecture by nationality is 27.9% from Taiwan, 27.2% from South Korea, 20.7% from China and 10.4% from Hong Kong, which accounts for approximately 86.0% of all foreign travelers. The number of visitors from various countries including Singapore, Thailand, Malaysia and Indonesia is also on a largely increasing trend as LCCs have started operating in these countries.



## Composition and Change in the Accumulated Number of Foreign Overnight Travelers in Okinawa Prefecture in 2018



Source: Overnight Travel Statistics Survey (Japan Tourism Agency)

- The Property to be Acquired has high transportation convenience as it is located approximately 6km from Naha Airport and 5 minutes on foot from Miebashi Station on Okinawa Urban Monorail. The area is highly convenient for tourists as the flourishing Kokusai-dori St. Area within walking distance. In addition, accommodation demand from business travelers can also be expected with National Route 58, where branch and regional offices of major financial institutions and major companies concentrate, located in front of the Property to be Acquired.
- The guest rooms of the Property to be Acquired comprise of 56 double rooms and 61 twin rooms, which can be expected the demand from both business travelers and tourists. In addition, it has high competitiveness with all rooms having the bathtub located separately from the toilet and washbasin in consideration of user friendliness and with multilingual services in consideration of inbound tourists as well as IT services through dedicated mobile apps for the service aspect.
- K.K. RED PLANET HOTELS JAPAN (a 100% subsidiary of Red Planet Japan, Inc. listed on JASDAQ Standard), the lessee and the operator of the Property to be Acquired, is a hotel operator under the umbrella of Red Planet Hotels Limited, which is expanding its hotel business in the Asia market by building its reputation as a high-value-added hotel through enhancement of customer-oriented services and functions. It is highly capable of hotel operation as the Red Planet group currently operates 29 hotels including 4 hotels in Japan. In addition, the Property to be Acquired has fixed-long term lease agreements with the lessee and secures stable rent income.



### 3. Summary of Asset to Be Acquired

|  |            |  |                |                |                |                |
|--|------------|--|----------------|----------------|----------------|----------------|
| Property Name  |            | Red Planet Naha Okinawa  |                |                |                |                |
| Type of Asset  |            | Trust beneficiary interest in real estate  |                |                |                |                |
| Trustee  |            | Mitsubishi UFJ Trust and Banking Corporation   |                |                |                |                |
| Trust Term   |            | May 17, 2013 to March 31, 2028 (Note 1)  |                |                |                |                |
| Location<br>(Note 2)                                     | Registry   | 3-1-4 Maejima, Naha City, Okinawa  |                |                |                |                |
|  | Street     | 3-1-4 Maejima, Naha City, Okinawa  |                |                |                |                |
| Access   |            | 5 minutes' walk from Miebash Station on Okinawa Urban Monorail   |                |                |                |                |
| Completion Date <sup>(Note 2)</sup>                      |            | June 6, 2008   |                |                |                |                |
| Use <sup>(Note 2)</sup>                                  |            | Hotel  |                |                |                |                |
| Structure <sup>(Note 2)</sup>                            |            | RC B1F/10F   |                |                |                |                |
| Architect  |            | Kabushiki Kaisha FIO Associates  |                |                |                |                |
| Builder  |            | Agarie Kensetsu Co., Ltd.  |                |                |                |                |
| Building Inspection Agency                               |            | Urban Housing Evaluation Center  |                |                |                |                |
| Area <sup>(Note 2)</sup>                                 | Land       | 553.56 m²  |                |                |                |                |
|  | Floor Area | 3,350.86 m²  |                |                |                |                |
| Type of Ownership  | Land       | Ownership  |                |                |                |                |
|  | Building   | Ownership  |                |                |                |                |
| Building Coverage Ratio                                  |            | 100% <sup>(Note 3)</sup>   |                |                |                |                |
| Floor Area Ratio   |            | 600%   |                |                |                |                |
| Collateral   |            | None   |                |                |                |                |
| Property Management Company<br>(Note 4)                  |            | THE DAI-ICHI BUILDING CO., LTD.  |                |                |                |                |
| Master Leasing Company                                   |            | -  |                |                |                |                |
| Type of Master Leasing                                   |            | -  |                |                |                |                |
| Seismic Risk (PML)<br>(Note 5)                           |            | 6.06%<br>(Based on a May 2019 Earthquake PML Appraisal Report by SOMPO RISK MANAGEMENT Inc.)                     |                |                |                |                |
| Notes  |            | None   |                |                |                |                |
| Acquisition Price (Scheduled)                            |            | ¥2,650 million   |                |                |                |                |
| Appraisal Value and Method                               |            | ¥2,700 million (Based on the capitalization approach as of June 1, 2019)<br>(Appraiser: Japan Valuers Co., Ltd.) |                |                |                |                |
| Appraisal NOI <sup>(Note 6)</sup>                        |            | ¥147 million   |                |                |                |                |
| Leasing Status (As of June 18, 2019) <sup>(Note 7)</sup> |            |  |                |                |                |                |
| Total Number of Tenants                                  |            | 1  |                |                |                |                |
| Name of Tenant   |            | K.K. RED PLANET HOTELS JAPAN   |                |                |                |                |
| Hotel Operator   |            | K.K. RED PLANET HOTELS JAPAN   |                |                |                |                |
| Total Rental Income (Annual)                             |            | Undisclosed (Fixed rent only)  |                |                |                |                |
| Security Deposits  |            | Undisclosed  |                |                |                |                |
| Occupancy Rate   |            | 100.0%   |                |                |                |                |
| Total Leased Floor Space                                 |            | 3,350.86 m²  |                |                |                |                |
| Total Leasable Floor Space                               |            | 3,350.86 m²  |                |                |                |                |
| Historical Occupancy Rates <sup>(Note 8)</sup>           |            | February, 2015   | February, 2016 | February, 2017 | February, 2018 | February, 2019 |
|  |            | -  | -              | -              | -              | 100.0%         |

(Note 1) Trust Term

On June 26, 2019 (the planned acquisition date of the Property), the trust agreement is expected to be amended, with its expiration date changed to March 31, 2040.

(Note 2) Location and Other Items

Location (registry), Completion Date, Use, Structure and Area are based on the information in the real estate registry.

(Note 3) Building Coverage Ratio

The Property is located in a neighborhood commercial district where the building coverage ratio is 80% in principle. As the building is fire resistant in a fire zone, its coverage ratio has increased to 100%.

(Note 4) Property Management Company

Refers to the property management company that is scheduled to be appointed after acquisition.

(Note 5) PML (Probable Maximum Loss)

PML shows the probable losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual



- chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
- (Note 6) Appraisal NOI  
 “Appraisal NOI” is the annual NOI (operating income-operating expenses) described in the real estate appraisal report, with June 1, 2019 as the appraisal date.
- (Note 7) Leasing Status  
 “Total Number of Tenants” is presented based on a fixed-term lease contract that is expected to go into effect on the date of acquisition.  
 “Name of Tenant” is presented 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 rate as of the end of February, 2019 is based on the information provided by the Seller. The historical occupancy rates before February 2019 are not applicable as the property is single used by the Seller as business real estate and is not rented to any third parties

#### 4. Seller Profile

Although the Seller is a Japan *Goudo Kaisha*, details are not disclosed as a consent from the Seller has not been obtained. However, as of today, neither the Fund nor the Asset Management Company has any notable capital, personnel or transactional relationship with the Seller, and the Seller is not a related party of either the Fund or the Asset Management Company.

#### 5. Status of Owners of the Property to Be Acquired

There is no special relationship of interest between the Seller and the Fund or the Asset Management Company for the acquisition of the Property to Be Acquired.

#### 6. Broker Profile

There is no brokerage involved in the acquisition of the Property to Be Acquired.

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

The Fund will complete settlement on the date of acquisition by paying the agreed price for the property in full to the Seller using cash on hand.

#### 9. Schedule for Acquisition

|               |  |
|---------------|--|
| June 26, 2019 | Conclusion of the purchase and sale agreements for the acquisition of the Property to Be Acquired, and delivery of trust beneficiary interest in real estate of the Property to Be Acquired. |
|---------------|--|

#### 10. Forecasts of Financial Results

There is no revision to Nomura Master Fund’s forecasts of financial results for the fiscal period ending August 31, 2019 (March 1, 2019 to August 31, 2019) and for the fiscal period ending February 29, 2020 (September 1, 2019 to February 29, 2020) by the Acquisition as it has only small impact to the forecast of financial results.



## 11. Appraisal Summary

|                 |                         |
|-----------------|-------------------------|
| Property Name   | Red Planet Naha Okinawa |
| Appraisal Value | ¥ 2,700,000,000         |
| Appraiser       | Japan Valuers Co., Ltd. |
| Appraisal Date  | June 1, 2019            |

(Yen)

| Item   | Amount or percentage | Grounds  |
|--|----------------------|--|
| Capitalization Approach Price                                | 2,700,000,000        | Calculated taking into account income-based values determined by comparing and considering the direct capitalization approach , focusing on the discounted cash flow approach.   |
| Price Calculated by the Direct Capitalization Approach       | 2,920,000,000        | Calculated the standard level of stable net revenue over mid-to-long term based on a comprehensive consideration of such factors as the cash flow analysis using the discounted cash flow approach, and calculated by reducing the capitalization rate.  |
| (1) Operating Income   | Undisclosed          | (Note)   |
| Gross Potential Revenue(a)-(d)                               | Undisclosed          |  |
| (a) Gross Rental Income                                      | Undisclosed          |  |
| (b) Utilities Income   | Undisclosed          |  |
| (c) Parking lot Income                                       | Undisclosed          |  |
| (d) Other Income   | Undisclosed          |  |
| Losses due to Vacancies, etc.                                | Undisclosed          |  |
| Bad Debt Losses  | Undisclosed          |  |
| (2) Operating Expenses                                       | Undisclosed          |  |
| Maintenance  | Undisclosed          |  |
| Utilities Costs  | Undisclosed          |  |
| Repair Costs   | Undisclosed          |  |
| Property Management Fees                                     | Undisclosed          |  |
| Advertisement for Leasing, etc.                              | Undisclosed          |  |
| Taxes  | Undisclosed          |  |
| Insurance Premium  | Undisclosed          |  |
| Other Expenses   | Undisclosed          |  |
| (3) Net Operating Income from Leasing Business (NOI=(1)-(2)) | 147,478,145          | (Note)   |
| (4) Profit through Management of Temporary Deposits, etc.    | Undisclosed          |  |
| (5) Capital Expenditure Reserve                              | Undisclosed          |  |
| (6) Net Cash Flow (NCF = (3)+(4)-(5))                        | 142,853,878          |  |
| (7) Capitalization Rate                                      | 4.90%                |  |
| Price Calculated by the Discounted Cash Flow Approach        | 2,630,000,000        |  |
| Discount Rate  | 4.70%                | Calculated based on a comprehensive consideration of such factors the yield on investment of similar buildings and the characteristics of the property.  |
| Terminal Capitalization Rate                                 | 5.10%                | Calculated based on the yield on investment of similar buildings, the future movement of the yield on investment, risks of the property as a preferred investment, general forecasts of economic growth rate, and price trends of real estate and rents. |
| Cost Approach Price  | 1,050,000,000        |  |



|   |  |       |  |
|---|--|-------|--|
|   | Ratio of Land  | 76.7% |  |
|   | Ratio of Building  | 23.3% |  |
| Matters Noted in Reconciliation of Indicated Value and Determination of Appraisal Value | The Property is located along the National Route 58 lined with branches and regional offices of main financial institutions and hotels. It is also located in high potential area as a tourism hub within walking-distance to Kokusai-dori Street, the city's busiest entertainment district with shopping arcade etc., and to Tomari Wharf. In such a favorable location, the Property is a hotel specializing in accommodation with efficient design and it can be expected stable operation for medium to long term. In view of the above, the appraisal value was determined with an emphasis on the capitalization approach price, in which the investment value was appropriately reflected. |       |  |

(Note) These items contain information for which the Fund bears a duty of confidentiality to the lessees or information that could be used to calculate such information. The disclosure of these items could result in a breach of said duty of confidentiality, which could negatively impact the Fund and thus the interests of its unitholders. Accordingly, these items are undisclosed.





**【Exhibits】**

- Exhibit 1     Portfolio Overview after Acquisition
- Exhibit 2     Photos of the Property to Be Acquired
- Exhibit 3     Maps of the Property to Be Acquired

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



## Exhibit 1

## Overview of the Portfolio after Acquisition

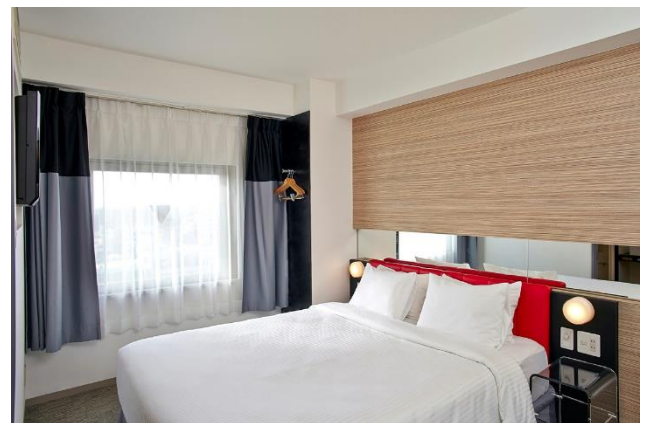
(¥ million)

| Area<br>Sector                                      | Greater Tokyo Area<br>(Note 1) | Other Areas | (Scheduled) Total<br>Acquisition Price<br>(by Sector) | Percentage of Total<br>(Note 2) |
|---|--------------------------------|-------------|---|---------------------------------|
| Office  | 384,095                        | 71,930      | 456,025   | 45.1                            |
| Retail  | 109,811                        | 66,716      | 176,527   | 17.5                            |
| Logistics   | 171,230                        | 3,460       | 174,690   | 17.3                            |
| Residential   | 159,574                        | 33,328      | 192,902   | 19.1                            |
| Hotels  | -                              | 6,250       | 6,250   | 0.6                             |
| Others  | 4,900                          | -           | 4,900   | 0.5                             |
| (Scheduled) Total<br>Acquisition Price<br>(by Area) | 829,610                        | 181,684     | 1,011,294   | 100.0                           |
| Percentage of Total<br>(Note 2)                     | 82.0                           | 18.0        | 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 Greater Tokyo.

(Note 2) “Percentage of Total” indicates the ratio of the (Scheduled) total acquisition price of properties for each use and in each area to the 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 Property to Be Acquired



Maps of the Property to Be Acquired

