

October 2, 2015



For Immediate Release
To Whom It May Concern

Nomura Real Estate Master Fund, Inc.
Securities Code: 3462
Satoshi Yanagita, Executive Director

Asset Management Company:
Nomura Real Estate Asset Management Co., Ltd.
Norio Ambe, President & Chief Executive Officer

Inquiries:
Motomi Uki
Head of NMF Investment Management Group
TEL. +81-3-3365-8767 nmf3462@nomura-re.co.jp

Notice Concerning Revision to Forecasts of Financial Results
for the Fiscal Period Ending February 29, 2016 and the Fiscal Period Ending August 31, 2016

Nomura Real Estate Master Fund, Inc. (the “Corporation”), announced today the revision to forecasts of the financial results for the fiscal period ending February 29, 2016 (October 1, 2015 to February 29, 2016) and the fiscal period ending August 31, 2016 (March 1, 2016 to August 31, 2016) of the Corporation that were announced by former Nomura Real Master Fund, Inc. (“NMF”), Nomura Real Estate Office Fund, Inc. (“NOF”) and Nomura Real Estate Residential Fund, Inc. (“NRF”) in the press release “Notice Concerning Forecasts of Financial Results for the Fiscal Period Ending February 29, 2016 and the Fiscal Period Ending August 31, 2016 following the Merger between Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund Inc., and Nomura Real Estate Residential Fund, Inc.” dated May 27, 2015, as follows.

1. Revised Forecasts of Financial Results for the Fiscal Period Ending February 29, 2016

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Excluding Distribution in Excess of Net Income) (Yen)	Distribution in Excess of Net Income Per Unit (Yen)	Cash Distribution Per Unit (Including Distribution in Excess of Net Income) (Yen)
Previous Forecast (A)	24,137	6,292	3,581	3,580	962	1,138	2,100
Revised Forecast (B)	24,288	6,273	3,636	3,635	976	1,124	2,100
Amount of Increase/Decrease (B-A)	150	▲19	54	54	14	▲14	—
Ratio of Increase/Decrease	0.6%	▲0.3%	1.5%	1.5%	1.5%	▲1.2%	—

2. Revised Forecasts of Financial Results for the Fiscal Period Ending August 31, 2016

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Excluding Distribution in Excess of Net Income) (Yen)	Distribution in Excess of Net Income Per Unit (Yen)	Cash Distribution Per Unit (Including Distribution in Excess of Net Income) (Yen)
Previous Forecast (A)	29,642	10,662	8,088	8,087	2,173	537	2,710
Revised Forecast (B)	29,723	10,801	8,178	8,177	2,197	513	2,710
Amount of Increase/Decrease (B-A)	80	139	89	89	24	▲24	—
Ratio of Increase/Decrease	0.3%	1.3%	1.1%	1.1%	1.1%	▲4.5%	—

[Notes]

1. The fiscal period ending February 29, 2016 (the first fiscal period) of the Corporation will be from October 1, 2015 to February 29, 2016. The fiscal periods ending August 31, 2016 (the second fiscal period) and thereafter will be from March 1 to the end of August and September 1 to the end of February of following year.
2. Forecast of the financial results for the fiscal period ending February 2016 (the first fiscal period) is based on a calculation period of 5 months (152 days), and the amount of cash distribution per unit (including distribution in excess of net income) for the 6-month equivalent based on the revised forecast would be 2,520 yen.
3. Anticipated total number of investment units as of the end of the fiscal periods is 3,722,010 units.
4. The forecasts presented in this document are calculated as of today, based on the assumptions set forth in the attached “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending February 29, 2016 (First Fiscal Period) and August 31, 2016 (Second Fiscal Period)” as Exhibit. The actual operating revenues, operating income, ordinary income, net income and cash distribution per unit may differ due to future acquisition or disposition of properties, changes in the real estate market, and other factors affecting the New Investment Corporation. We do not guarantee the amount of cash distribution stated above.
5. In these forecasts, the goodwill from the consolidation-type merger (the “Merger”) between NMF, NOF and NRF, through which the Corporation is established, is provisionally estimated to be “76,383 million yen” and the goodwill is scheduled to be accounted as assets and amortized using the straight-line method over 20 years on a regular basis, premised on the adoption of the Accounting Standard for Business Combinations, as amended on September 13, 2013. The actual amount of the goodwill may differ from the amount stated above. Please refer to “Amortization Expenses for Goodwill” in the attached “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending February 29, 2016 (First Fiscal Period) and August 31, 2016 (Second Fiscal Period)” as Exhibit for details.
6. Distribution in excess of net income per unit consists of distribution of the reserve for temporary difference adjustments and distribution other than that (the “Distribution Reducing Unitholders’ Capital for Tax Purpose”). For the revised forecast, of the 1,124 yen of distribution in excess of net income per unit for the first fiscal period, the reserve for temporary difference adjustments is expected to be 621 yen and the Distribution Reducing Unitholders’ Capital for Tax Purpose is expected to be 503 yen, and the entire amount of 513 yen of distribution in excess of net income per unit for the second fiscal period is expected to be the Distribution Reducing Unitholders’ Capital for Tax Purpose. For your reference, the reserve for temporary difference adjustments is treated as dividends for tax purposes and is subject to withholding. In addition, the Distribution Reducing Unitholders’ Capital for Tax Purpose falls under a return of capital for tax purpose, and in principle, the large part of such amount is treated as the amount of income generated from transfer of investment units (some part may be treated as deemed dividend).
7. The forecasts may be revised if a certain variance from the forecasts mentioned above is expected.
8. Amounts less than the stated units are rounded down.

3. Reason for Revision

The amount of goodwill that is scheduled to be accounted due to the Merger has almost been determined through provisional estimation of the total amount of investment units of the Corporation to be delivered to the unitholders of NOF and NRF (consideration for the Merger) based on the market price of the investment units of NMF, the acquiring corporation under the Accounting Standard for Business Combinations on September 25, 2017 (closing price), the last trading day for such investment units. In relation thereto, the Corporation announced the revised forecast of the financial results for the fiscal period ending February 29, 2016 and the fiscal period ending August 31, 2016 as of today.

[Exhibit]

**Assumptions for Forecasts of the Financial Results for the Fiscal Periods
Ending February 29, 2016 (First Fiscal Period) and August 31, 2016 (Second Fiscal Period)**

Item	Assumptions
Period	<ul style="list-style-type: none"> ● First Fiscal Period: October 1, 2015 to February 29, 2016 ● Second Fiscal Period: March 1, 2016 to August 31, 2016
Investment Portfolio	<ul style="list-style-type: none"> ● It is assumed that the in addition to the properties owned by the Corporation (257 properties) (the “Acquired Assets”) as of today, the Corporation will acquire 4 properties (NRE Kichijoji Building, GEMS Ichigaya, PROUD FLAT Hatchobori and PROUD FLAT Itabashi Honcho) on October 30, 2015 and 3 properties (PMO Tamachi, PMO Ginza Hatchome and PMO Shibakoen) on March 1, 2016 (collectively, the “Assets to Be Acquired”) as described in “Notice Concerning Acquisition of Assets” released as of today. ● In forecasting the financial results, it is assumed that the Corporation will have acquired the Assets to Be Acquired on each scheduled acquisition date, and assumes that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) until August 30, 2016. ● The forecasts may be subject to changes, due to the shifting of the portfolio.
Operating Revenues	<ul style="list-style-type: none"> ● Leasing income is estimated based on the information provided by the current owners of the Assets to Be Acquired, the tenant trends, competitive properties located in adjacent areas, and the real estate market conditions, etc., and assuming that there are no arrears and nonpayment cases.
Operating Expenses (excluding Amortization Expenses for Goodwill)	<ul style="list-style-type: none"> ● In respect of leasing expenses, which constitute a principal component of operating expenses, expenses other than depreciation and amortization are calculated based on the historical data reflecting factors that may cause expenses to fluctuate, based on the information provided by the current owners of each Asset to be Acquired. ● In general, the fixed asset taxes and urban planning taxes of the Assets to Be Acquired are divided between the seller and the purchaser on a pro-rata basis based on holding period and settled at the time of acquisition, and such taxes are deemed as acquisition costs and are not included in the expenses. ● The tax amount is estimated to be ¥2,113 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥2,339 million for the fiscal period ending August 31, 2016 (the second fiscal period). These amounts are included in the leasing expenses. ● The outsourcing fee is estimated to be ¥2,389 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥2,974 million for the fiscal period ending August 31, 2016 (the second fiscal period). ● Maintenance and repair expenses required for each fiscal period are calculated based on the mid-to-long term repair plans the asset management company has established. However, the actual expenses for the maintenance and repair for the fiscal periods may differ significantly from the estimates due to expenses for urgent repair on damages to a building caused by unforeseeable events, the tendency for significant fluctuation in amounts year by year or expenses for certain types of repair not required periodically. ● Depreciation and amortization are estimated to be ¥3,322 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥4,137 million for the fiscal period ending August 31, 2016 (the second fiscal period). However, the book values as of the effective date of the Merger of the buildings and other properties are not fixed and may be subject to changes. ● Leasing expenses are estimated to be ¥11,717 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥13,818 million for the fiscal period ending August 31, 2016 (the second fiscal period). ● The amount to be recorded as the merger related expenses is estimated to be ¥2,597 million for the fiscal period ending February 29, 2016 (the first fiscal period).

	<ul style="list-style-type: none"> Other operating expenses (fees payable to the asset management company, the custodian of assets and the general administrators) are estimated to be ¥4,706 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥3,193 million for the fiscal period ending August 31, 2016 (the second fiscal period).
Amortization Expenses for Goodwill	<ul style="list-style-type: none"> Goodwill is expected to accrue upon the Merger and will be accounted as assets and amortized using the straight-line method over 20 years on a regular basis pursuant to the Accounting Standards for Business Combinations (Statement No. 21), as amended on September 13, 2013. Currently, the amount of goodwill is provisionally estimated to be ¥76,383 million. Such amount is calculated on the assumption that the Corporation have succeeded the assets (¥559,304 million in total) and liabilities (¥320,388 million in total) from NOF and NFR, the acquirees under such accounting standards, and the acquisition cost of the Merger will be ¥315,299 million (calculated based on the closing price (¥153,300) on September 25, 2015, the last trading day, of investment units of NOF, the acquirer under such accounting standards). However, the amount of goodwill is not fixed and may be subject to changes. The goodwill amortization is provisionally estimated to be ¥1,591 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥1,909 million for the fiscal period ending August 31, 2016 (the second fiscal period). The goodwill amortization is the item that will cause the difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. Following the tax reform in tax year 2015, the New Investment Corporation intends to make cash distributions in excess of its profits for the purpose of tax relief during the goodwill amortization period, and it is expected that the New Investment Corporation will be able to avoid such taxation.
Non-Operating Expenses	<ul style="list-style-type: none"> Listing and other related expenses are estimated to be ¥470 million as temporary expenses for the fiscal period ending February 29, 2016 (the first fiscal period). Interest expenses and borrowing related expenses are estimated to be ¥2,315 million for the fiscal period ending February 29, 2016 (the first fiscal period) and ¥2,780 million for the fiscal period ending August 31, 2016 (the second fiscal period).
Interest-Bearing Debts	<ul style="list-style-type: none"> As of the today, the outstanding interest-bearing debts of the Corporation is ¥394,747 million in total, consisting of borrowings (¥347,247 million) and investment corporation bonds (¥47,500 million). Portions of the borrowings (¥11,082 million) will become due and payable by the end of the fiscal period ending February 29, 2016 (the first fiscal period). It is assumed that the New Investment Corporation will repay ¥382 million by using cash on hand and refinance the entire remaining amount through borrowings. Although portions of the investment corporation bonds (¥15,000 million in total) will reach maturity by the end of the same fiscal period, it is assumed that the New Investment Corporation will redeem such bonds through the funds raised by the borrowings or other funding methods. Portions of the borrowings (¥26,322 million) will become due and payable by the end of the fiscal period ending August 31, 2016 (the second fiscal period). It is assumed that the New Investment Corporation will repay ¥92 million by using cash on hand and refinance the entire remaining amount through borrowings. No investment corporation bonds will reach maturity by the end of the same fiscal period. It is assumed that the New Investment Corporation will borrow ¥9,300 million in new loans to finance the acquisition of 4 properties on October 30, 2015. It is assumed that the New Investment Corporation will borrow ¥14,700 million in new loans to finance the acquisition of 3 properties on March 1, 2016. It is assumed that there will be no changes in the amount of the outstanding borrowings and investment corporation bonds (including the short term investment corporation bonds) other than the amount stated above.
Investment Units	<ul style="list-style-type: none"> It is assumed that the number of investment units outstanding will be

	<p>3,722,010 units, the outstanding units as of today, and no new investment units will be issued until the end of fiscal period ending August 31, 2016 (the second fiscal period).</p> <ul style="list-style-type: none"> ● Cash distribution per unit is calculated based on 3,722,010 units of the New Investment Corporation to be issued upon the merger.
Cash Distributions per Unit	<ul style="list-style-type: none"> ● Cash distributions per unit is calculated according to the Corporation's distribution policy outlined in its Articles of Incorporation. ● Cash distributions per unit may differ due to various factors, including changes of portfolio, changes in leasing income caused by change in tenants, and unforeseen repairs.
Distribution in Excess of Net Income per Unit	<ul style="list-style-type: none"> ● The amount of distribution in excess of net income is estimated on the assumption that, for the purpose of tax relief, the New Investment Corporation will distribute the amount equivalent to the total amount of the goodwill amortization, etc. that will cause the difference between accounting and tax treatment, and may result in the imposition of corporation tax or other tax. In order to alleviate the impact of the goodwill amortization and other merger related expenses (the "Merger Expenses") on cash distribution, the above estimate is based on the assumption that, if the total amount of the difference between accounting and tax treatment for each fiscal period is less than the Merger Expenses, the New Investment Corporation will make distribution in excess of net income by adding such amount up to the amount of Merger Expenses, within the limit as prescribed by the regulations of the Investment Trusts Association, Japan (meaning the entire amount equivalent to the increase in the reserve for temporary difference adjustments plus the amount equivalent to 60/100 of the difference between the cumulative amount of depreciation and amortization recorded as of the end of the relevant calculation period and that of the end of the prior calculation period with respect to the Distribution Reducing Unitholders' Capital for Tax Purpose (ordinary distribution in excess of net income)).
Others	<ul style="list-style-type: none"> ● It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements and the Investment Trusts Association, Japan regulations, which affect the above forecasts. ● It is assumed that there will be no material changes in general economic conditions and real estate markets.