



For Immediate Release

To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

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Notice Concerning Forecasts of Financial Results
for the Fiscal Periods Ending August 31, 2019 and February 29, 2020

Nomura Real Estate Master Fund, Inc. (“NMF” or “Nomura Master Fund” or the “Fund”) announced its forecasts of the financial results and distributions for the fiscal periods ending August 31, 2019 (8th fiscal period: from March 1, 2019 to August 31, 2019) and February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020).

There is no change in the forecasts of financial results for the fiscal period ending February 28, 2019 (7th fiscal period: from September 1, 2018 to February 28, 2019) in the Summary of Financial Results (REIT) for the Fiscal Period Ended August 31, 2018 released on October 15, 2018.

	Operating Revenues (Millions of Yen)	Operating Profit (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Distribution Per Unit (Excluding Distribution in Excess of Net Income) (Yen)	Distribution in Excess of Net Income Per Unit (Yen)	Total Distribution Per Unit (Including Distribution in Excess of Net Income) (Yen)
Fiscal period ending August 31, 2019 (8 th fiscal period)	36,345	14,129	11,489	11,488	2,525	641	3,166
Fiscal period ending February 29, 2020 (9 th fiscal period)	36,295	14,414	11,860	11,859	2,607	617	3,224

(Reference)

Anticipated total number of investment units as of August 31, 2019: 4,547,300 units

Anticipated net income per unit as of August 31, 2019: 2,526 yen

Anticipated total number of investment units as of February 29, 2020: 4,547,300 units

Anticipated net income per unit as of February 29, 2020: 2,607 yen

Note: This press release is a public announcement concerning the forecasts of financial results for the fiscal periods ending August 31, 2019 and February 29, 2020 and has not been prepared for an inducement or invitation for investment. This press release should not be construed as an offer or solicitation of an offer to purchase any investment units or other investment of NMF. Prospective investors are advised to make any investment decisions at their own risk and responsibility.



For details, please refer to the item of Investment units on Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending August 31, 2019 (8th fiscal period: from March 1, 2019 to August 31, 2019) and February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) attached as the Exhibit below.

[Notes]

1. 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 August 31, 2019 (8th fiscal period: from March 1, 2019 to August 31, 2019) and February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) as the Exhibit. The actual operating revenues, operating profit, ordinary income, net income, distribution per unit or other items may differ due to future acquisition or disposition of properties, changes in the real estate market and other factors affecting NMF. NMF does not guarantee the amount of cash distribution stated above.
2. The forecasts may be revised if a certain variance from the forecasts mentioned above is expected.
3. Amounts less than the stated units are rounded down. The figures displayed as ratio are rounded to the first decimal place.

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

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**Assumptions for Forecasts of the Financial Results for
the Fiscal Periods Ending August 31, 2019 (8th fiscal period: from March 1, 2019 to August 31, 2019) and
February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020)**

Item	Assumptions
Period	<ul style="list-style-type: none"> 8th Fiscal Period: March 1, 2019 to August 31, 2019 9th Fiscal Period: September 1, 2019 to February 29, 2020
Assets under Management	<ul style="list-style-type: none"> In addition to properties held by the Fund as of the date hereof (283 properties) (the “Acquired Assets”), it is assumed that the Fund will acquire 10 properties by the end of the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and sell 5 properties by the end of the Fiscal Period Ending February 28, 2019 (7th Fiscal Period). Regarding the 10 properties to be acquired as announced in the “Notice Concerning Property Acquisition” dated today, it is assumed that, (i) PMO Tamachi Higashi, PMO Hatchobori Shinkawa, PMO Kyobashi-Higashi, GEMS Shinbashi, GEMS Kayabacho, GEMS Shin-Yokohama, GEMS Namba, Summit Store Honamanuma and Landport Ome I will be acquired on March 1, 2019; and (ii) PMO Ochanomizu will be acquired on April 1, 2019, respectively (those 10 properties are hereinafter collectively referred to as the “Assets to be Acquired”). Regarding the 5 properties to be sold as announced in the “Notice Concerning Property Disposition” dated January 15, 2019, it is assumed that such properties will be sold on February 8, 2019 (those 5 properties are hereinafter collectively referred to as the “Assets to be Sold”). The forecasts are based on the assumption that (a) the Assets to be Acquired are respectively acquired on the above-mentioned dates and the Assets to be Sold are sold on the above-mentioned date and that (b) there will be no other changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). The forecasts may be affected due to actual changes in the portfolio or other reasons.
Operating Revenues	<ul style="list-style-type: none"> The rental revenues are estimated based on the operating revenues from the Acquired Assets, the information provided from the sellers of the Assets to be Acquired, the tenant trends, competitive properties located in adjacent areas, and the real estate market conditions, among other factors, and it is assumed that there are no arrears and non-payment by tenants.
Operating Expenses (excluding Amortization of Goodwill)	<ul style="list-style-type: none"> Real estate rental expenses are estimated to be ¥15,720 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥15,352 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). Regarding property and other taxes, it is estimated that ¥2,927 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥2,914 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) will be recorded as real estate rental expenses. In general, the fixed asset taxes and urban planning taxes that will be imposed, relevant to the year in which such properties will be acquired, will be 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. Therefore, the fixed asset taxes and urban planning taxes regarding the Assets to be Acquired will not be recorded as expenses for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). Regarding property management costs (including building management fees and

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Item	Assumptions
	<p>property management fees), it is estimated that ¥2,687 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥2,613 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) will be recorded as real estate rental expenses.</p> <ul style="list-style-type: none"> Expenses for repairs and maintenance required for each fiscal period expected to be recorded as real estate rental expenses are calculated based on the mid-to-long term repair plans that the Asset Management Company of the Fund has established. However, the actual expenses for the repairs and maintenance for the relevant fiscal period may differ significantly from the estimates due to the expenses for urgent repair of damages to a building caused by events difficult to foresee and the tendency for significant fluctuation in amounts period by period or that the expenses for certain types of repair are not required periodically. Regarding depreciation, it is estimated that ¥5,114 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥5,089 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) will be recorded as real estate rental expenses. It is estimated that other operating expenses (including fees payable to the Asset Management Company, the custodian of assets and the general administrators) will be ¥3,872 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥3,906 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period).
Amortization of Goodwill	<ul style="list-style-type: none"> Goodwill will be amortized using the straight-line method over 20 years on a regular basis pursuant to the Business Combination Accounting Standards, and the amount of amortization of goodwill for both Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) is estimated to be ¥2,622 million. Goodwill amortization cost is an item that causes difference between accounting and tax treatment and may result in the imposition of corporation tax or other taxes. The Fund intends to make distributions in excess of net income for the purpose of tax relief during the goodwill amortization period, and it is expected that the Fund will be able to avoid such taxation.
Non-operating Expenses	<ul style="list-style-type: none"> Temporary expenses estimated to be ¥57 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) is expected to be recorded in relation to the issuance of new investment units (the "Issuance") resolved at the board of directors meeting held on February 7, 2019. In addition, interest expenses and other borrowing related expenses are expected to be ¥2,572 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and ¥2,545 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period).
Interest-bearing debt	<ul style="list-style-type: none"> As of the date hereof, the outstanding interest-bearing debt of the Fund are ¥497,134 million, consisting of the amount of ¥475,134 million of outstanding borrowings and the amount of ¥22,000 million of investment corporation bonds. The Fund will conduct new borrowings (¥16,000 million) in March 2019, for a part of the funds for the acquisition of the Asset to be Acquired, and in April 2019, the Fund will repay part of the above borrowings through the proceeds from additional issuance of the investment units through the third party allotment. Regarding the borrowings of ¥45,564 million that will become due and payable by the end of the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the borrowings of ¥29,942 million that will become due and payable during the Fiscal Period Ending February 29, 2020 (9th Fiscal Period), it is assumed that the Fund will repay ¥21 million by using cash on hand in the Fiscal Period Ending February 28, 2019 (7th

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	<p>Fiscal Period), and repay ¥42 million by using cash on hand in the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and in the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) respectively, and will refinance the remaining amount through borrowings.</p> <ul style="list-style-type: none"> It is assumed that there will be no changes in the amount of the outstanding interest-bearing debt, other than as stated above. However, the above-mentioned amount of the borrowings or the amount of repayment thereof may change depending on the issue price, etc. of the investment units to be issued this time.
Investment Units	<ul style="list-style-type: none"> It is assumed that, in addition to the 4,321,800 investment units issued and outstanding as of the date hereof, the additional issuance of the investment units through the domestic public offering and international offering (214,760 investment units) and the additional issuance of the investment units through the third party allotment (up to 10,740 investment units) totaling 225,500 investment units will all be issued. Other than the above, it is assumed that no additional investment units will be issued through the end of the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). Net income per unit and distribution per unit are calculated on the basis of 4,547,300 investment units assumed to be issued and outstanding at the end of each fiscal period, including the investment units to be issued this time.
Distribution per Unit	<ul style="list-style-type: none"> Distribution per unit is calculated in accordance with the Fund's distribution policy outlined in its Articles of Incorporation. Distributions for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) are assumed to be distributed with additional distribution of 288 million yen for 8th fiscal period and 179 million yen for 9th fiscal period in order to stabilize distributions, which is expected to decline as a result of the temporary decline in operating revenues for these fiscal periods due to vacancy period caused by a major tenant and free rent to be granted. The additional distribution is to be distributed as other distributions in excess of net earnings. In respect of the allowance for temporary difference adjustments (the "ATA") accrued so far, it is assumed that the amount to be eliminated of ¥5 million for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the amount to be eliminated of ¥5 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) are reversed from the unappropriated retained earnings in the 8th Fiscal Period and the 9th Fiscal Period, respectively. Distribution per unit is calculated assuming that the variation in the market price of interest rate swaps do not affect distribution per unit in the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) and the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). Distribution per unit may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, and unforeseen repairs.
Distribution per unit in excess of earnings per unit	<ul style="list-style-type: none"> The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference between accounting and tax treatment and the distributable amount as ATA for the purpose of tax relief. The estimate is based on the assumption that, in order to alleviate the impact on distributions of the amortization of goodwill and other merger-related expenses (the "Merger Expenses") and the reversal of ATA, if the total difference between accounting and tax treatment and for the relevant fiscal period is less than the sum of the Merger Expenses and the reversal of allowance for temporary difference adjustments, NMF will make other distributions in excess of net income in an amount not exceeding this difference and

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	<p>within the limit prescribed by the regulations of the Investment Trusts Association, Japan (the “Investment Trusts Association Japan Regulations”) (the amount equivalent to 60/100 of the total amount of accumulated depreciation recorded as of the end of the relevant fiscal period less the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period).</p> <ul style="list-style-type: none"> • The distribution in excess of net earnings per unit for the Fiscal Period Ending August 31, 2019 (8th Fiscal Period) is expected to be ¥641, comprising ¥348 in distributions of ATA and ¥293 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) is expected to be ¥617, comprising ¥381 in distributions of ATA and ¥236 in other distributions in excess of net earnings.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the regulations of the Investment Trusts Association, Japan or other laws or regulations that would affect the above forecasts. • It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.

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