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For Immediate Release

To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

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**Notice Concerning Revision to Forecasts of Financial Results
for the Fiscal Period Ending February 28, 2017 (3rd Fiscal Period)**

Nomura Real Estate Master Fund, Inc. (“NMF”) announced its decision to revise the forecasts of the financial results and distributions for the Fiscal Period Ending February 28, 2017 (3rd Fiscal Period), which was announced in “Notice Concerning Forecasts of Financial Results for the Fiscal Period Ending February 28, 2017 following the Merger between Nomura Real Estate Master Fund, Inc., and Top REIT, Inc.” dated May 26, 2016.

1. Revised Forecasts of Financial Results for the Fiscal Period Ending February 28, 2017

	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 Distributions Per Unit (Including Distribution in Excess of Net Income) (Yen)
Previous Forecast (A)	34,493	10,912	8,245	8,244	1,872	1,032	2,904
Revised Forecast (B)	34,527	10,893	8,158	8,157	1,850	1,055	2,905
Amount of Increase/ Decrease (B－A)	33	△19	△86	△86	△22	23	1
Ratio of Increase/ Decrease	% 0.1	% △0.2	% △1.1	% △1.1	% △1.2	% 2.2	% 0.0

(Reference)

Anticipated total number of investment units as of the end of the fiscal period: 4,183,130 units

Anticipated net income per unit: 1,950 yen

[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 Period Ending February 28, 2017 (3rd Fiscal Period)” as an exhibit. The actual operating revenues, operating profit, ordinary income, net income, distributions 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. In these forecasts, goodwill from an absorption-type merger, with NMF as the surviving corporation and Top REIT, Inc. (“TOP”) as the absorbed corporation (the “Merger”) is provisionally estimated to be 27,091 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 Standards for Business Combinations (Accounting Standards Board of Japan Statement No. 21, as amended on September 13, 2013 (the “Business Combination Accounting Standards”)). The actual amount of goodwill may differ from the amount stated above. Please refer to “Amortization of goodwill” in the attached “Assumptions for Forecasts of the Financial Results for the Fiscal Period Ending February 28, 2017 (3rd Fiscal Period)” as an exhibit for details.
3. Distribution in excess of net income per unit consists of distribution of the reserve for temporary difference adjustments and distribution other than that (the “Other Distribution in Excess of Net Income”). In the forecasts, out of 1,055 yen of distribution in excess of net income per unit for the fiscal period ending February 28, 2017 (3rd Fiscal Period), distribution of the reserve for temporary difference adjustments is expected to be 683 yen and the other distribution in excess of net income is expected to be 372 yen. For your reference, the reserve for temporary difference adjustments is treated as dividends for tax purposes and is subject to withholding. In addition, the other distribution in excess of net income 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).
4. The forecasts may be revised if a certain variance from the forecasts mentioned above is expected.
5. Amounts less than the stated units are rounded down.

2. 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 NMF to be delivered to the unitholders of TOP (consideration for the Merger) based on the market price of the investment units of NMF, the acquiring corporation under the Business Combination Accounting Standards, on the effective date of the Merger (closing price of the investment units on August 31, 2016). In relation thereto, NMF announced the revised forecast of the financial results for the fiscal period ending February 28, 2017 as of today.

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

**Assumptions for Forecasts of the Financial Results for the Fiscal Period
Ending February 28, 2017 (3rd Fiscal Period)**

Item	Assumption
Calculation period	<ul style="list-style-type: none"> 3rd Fiscal Period: September 1, 2016 to February 28, 2017
Assets under management	<ul style="list-style-type: none"> With respect to 272 properties held by NMF as of today, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through February 28, 2017. The forecasts may be revised due to actual changes in the portfolio or other reasons.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are estimated based on the tenant trends, competitive properties located in adjacent areas, and the real estate market conditions, among other factors, and assume that there are no arrears and nonpayment cases.
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> Leasing expenses is expected to be ¥16,142 million. It is estimated that a tax amount of ¥3,016 million will be recorded as leasing expenses. Outsourcing expenses of ¥3,240 million is estimated to be recorded as leasing expenses. Expenses for repairs and maintenance required for the fiscal period are calculated as leasing expenses, based on the mid-to-long term repair plans the Asset Management Company of NMF has established. However, the actual expenses for repairs and maintenance for the fiscal period may differ significantly from the estimates due to expenses for urgent repair on damages to a building caused by events difficult to foresee, and the tendency for significant fluctuation in amounts year by year or expenses for certain types of repair not required periodically. Depreciation of ¥4,797 million is estimated to be recorded as leasing expenses. However, the book values of the properties that were succeeded to NMF from TOP as of the effective date of the Merger are not fixed and may be revised. Merger expenses are estimated to be ¥1,377 million. Other operating expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥4,867 million.
Amortization of goodwill	<ul style="list-style-type: none"> Goodwill which accrued upon the Merger will be accounted as assets and amortized using the straight-line method over 20 years on a regular basis pursuant to the Business Combination Accounting Standards. Currently, the amount of goodwill accrued upon the Merger is provisionally estimated to be ¥27,091 million. Such amount is calculated on the assumption NMF will succeed the assets (¥148,870 million in total) and liabilities (¥97,249 million in total) from TOP, the acquiree under such accounting standards, and the acquisition cost of the merger will be ¥78,713 million (calculated based on the closing price (¥170,700) of the investment unit of NMF, the acquirer under such accounting standards, on August 31, 2016, which will be allotted as the consideration for the acquisition). However, the amount of goodwill is not fixed and is subject to change. The amount of amortization of goodwill is estimated to be ¥2,624 million, which is calculated by totaling (i) amortization expenses (¥1,946 million) for the goodwill held by NMF (¥76,252 million) as of the end of the first fiscal period, and (ii) amortization expenses (¥677 million) for the goodwill accrued upon the Merger (¥27,091 million). Amortization of goodwill is an item that causes a difference between accounting and tax treatment and may result in the imposition of corporation tax or other tax. NMF 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 NMF will be

Item	Assumption
	able to avoid such taxation.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and other borrowing related expenses are estimated to be ¥2,727 million.
Interest-bearing liabilities	<ul style="list-style-type: none"> As of today, the outstanding interest-bearing liabilities of NMF are ¥499,889 million, consisting of the amount of ¥467,389 million of outstanding borrowings and the amount of ¥32,500 million of investment corporation bonds (including short-term investment corporation bonds). Of the portions of the borrowings (¥49,012 million) that will become due and payable by the end of the fiscal period ending February 28, 2017 (3rd Fiscal Period), it is assumed that NMF will repay ¥42 million by using cash on hand, and refinance the entire remaining amount through borrowings. While a total of 5,000 million yen of the investment corporation bonds will reach maturity in the fiscal period ending February 28, 2017 (3rd Fiscal Period), it is assumed NMF will redeem such bonds through the funds raised by borrowings or other funding methods. It is assumed that, through the end of the Fiscal Period Ending February 28, 2017 (3rd Fiscal Period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than as stated above.
Investment units	<ul style="list-style-type: none"> NMF assumes that there will be no changes in the number of investment units issued and outstanding as of the date of this report of 4,183,130 units and there will be no additional issuance of new investment units by the end of the fiscal period ending February 28, 2017 (3rd Fiscal Period).
Distributions per unit	<ul style="list-style-type: none"> Distribution per unit is calculated according to the NMF's distribution policy outlined in its Articles of Incorporation. Out of the reserve for temporary difference adjustments accrued up to the present, the amount eliminated in the fiscal period ending February 28, 2017 (3rd Fiscal Period) will be reversed from retained earnings at end of period. Assuming there is no change, in the fiscal period ending February 28, 2017 (3rd Fiscal Period), to the deferred loss on hedge of the interest rate swap, which continues from the fiscal period ended February 29, 2016 (First Fiscal Period), in respect of its transactions in the amount of ¥2,867 million as the valuation and conversion adjustments, etc. while expecting ¥412 million for the deferred loss on hedge of the interest rate swap succeeded from TOP upon the Merger, distributions per unit (excluding distribution in excess of net income per unit) is calculated by subtracting the amount from the distributable amount. 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 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 NMF will distribute the amount obtained by deducting the valuation and conversion adjustments, etc. from the total of the difference between accounting and tax treatment and the distributable amount as reserve for temporary difference adjustments for the purpose of tax relief. In order to alleviate the impact of the amortization of goodwill and other merger related expenses (the "Merger Expenses") and the reserve for temporary difference adjustments on distributions, the estimate is based on the assumption that, if the total amount of the difference between accounting and tax treatment for the relevant fiscal period is less than the total amount of the Merger Expenses and the reversal of reserve for temporary difference adjustments, NMF will make a distribution in excess of net income, up to the amount equivalent to the portion of the gap, within the limit as 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 the depreciation and amortization recorded as of the end of the relevant fiscal period less the total amount of the depreciation and

Item	Assumption
	<p>amortization recorded as of the end of the immediately preceding fiscal period) with respect to the other distribution in excess of net income.</p> <ul style="list-style-type: none"> • In the current forecast, distribution in excess of net income per unit for the Fiscal Period Ending February 28, 2017 (3rd Fiscal Period) is expected to be ¥1,055, out of which the distribution of the reserve for temporary difference adjustments is expected to be ¥683 and the other distribution in excess of net income ¥372.
Others	<ul style="list-style-type: none"> • It is assumed that there will be no amendments in legislation, taxation, accounting principles, listing requirements, the Investment Trusts Association Japan Regulations or other laws or regulations that would affect the above forecasts. • It is assumed that there will be no material changes in general economic conditions and real estate markets.