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[For Translation Purposes Only]

May 26, 2016

**For Immediate Release**

To Whom It May Concern

Issuer of Real Estate Investment Trust Securities:

**Nomura Real Estate Master Fund, Inc.**

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Securities Code: 3462

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**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.**

As described in “Notice Concerning Execution of Merger Agreement by and between Nomura Real Estate Master Fund, Inc., and Top REIT, Inc.” which was made public today by Nomura Real Estate Master Fund, Inc. (“NMF”) and Top REIT, Inc. (“TOP”; and collectively with NMF referred to as the “Investment Corporations” hereinafter), the Investment Corporations respectively determined at their respective board of directors meetings held today to implement an absorption-type merger, with NMF as the surviving corporation and TOP as the absorbed corporation (the “Merger”) with the effective date being September 1, 2016, and have entered into a merger agreement dated today. Consequently, the Investment Corporations announced today the forecasts of the financial results for the fiscal period ending February 28, 2017 (September 1, 2016 to February 28, 2017) of NMF, the surviving corporation after the Merger. The forecasts are summarized as follows.

	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)
Fiscal Period Ending February 28, 2017 (Third Fiscal Period)	34,493	10,912	8,245	8,244	1,872	1,032	2,904

(Reference)

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

Anticipated net income per unit: 1,970 yen

**[Notes]**

1. The fiscal period for NMF is from March 1 to the end of August and September 1 to the end of February of the following year, and will not be changed after the Merger.
2. 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 (Third 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. The Investment Corporations do not guarantee the amount of distributions stated above.
3. In these forecasts, goodwill from the Merger is provisionally estimated to be 23,460 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 (Third Fiscal Period)” as an exhibit for details.
4. Distribution in excess of net income per unit consists of distribution of the reserve for temporary difference adjustments and any other distribution in excess of net income (the “Other Distribution in Excess of Net Income”). It is assumed that, in respect of 1,032 yen of distribution in excess of net income per unit for the fiscal period ending February 28, 2017 (Third Fiscal Period), the distribution of the reserve for temporary difference adjustments is expected to be 655 yen and the Other Distribution in Excess of Net Income is expected to be 377 yen. For your reference, the distribution of 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 purposes, 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).
5. The forecasts may be revised if a certain variance from the forecasts mentioned above is expected.
6. Amounts less than the stated units are rounded down.

[Exhibit]

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

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>● Third Fiscal Period: September 1, 2016 to February 28, 2017</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>● In addition to 252 properties currently held by NMF as of today, it is assumed that (i) NMF will succeed 19 properties on September 1, 2016, the effective date of the Merger, out of the properties held by TOP as of today, which excludes Kojima × BIC Camera, Kashiwa store which will be sold on August 25, 2016; and (ii) NMF will acquire Landport Kashiwa Shonan II (the “Asset to be Acquired”) on September 1, 2016, as stated in the “Notice Concerning Property Acquisition and Disposition” released as of May 9, 2016.</li> <li>● Other than the foregoing, it is assumed that there will be no changes in assets under management (new property acquisitions or sales of portfolio properties) through the end of the Fiscal Period Ending February 28, 2017 (Third Fiscal Period).</li> <li>● The forecasts may be revised due to actual changes in the portfolio or other reasons.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>● 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.</li> </ul>
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> <li>● In respect of real estate rental expenses, which constitute the 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.</li> <li>● ¥16,123 million is estimated for real estate rental expenses.</li> <li>● It is estimated that ¥3,019 million of property and other tax will be recorded as real estate rental expenses. In general, the fixed asset taxes and urban planning taxes of the Asset 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.</li> <li>● ¥3,080 million of property management costs is estimated to be recorded as real estate rental expenses.</li> <li>● Expenses for repairs and maintenance required for each fiscal period are calculated as real estate rental expenses, based on the mid-to-long term repair plans each of the asset management companies of NMF and TOP has respectively established. However, the actual expenses for repairs and maintenance for the relevant 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.</li> <li>● ¥4,783 million of depreciation is estimated to be recorded as real estate rental expenses. However, the book values of the properties that will be succeeded to NMF from TOP as of the effective date of the Merger are not fixed and may be revised.</li> <li>● Merger expenses are estimated to be ¥1,377 million.</li> <li>● Other operating expenses (including fees payable to the asset management company, the custodian of assets and the general administrators) are estimated to be ¥4,924 million.</li> </ul>
Amortization of goodwill	<ul style="list-style-type: none"> <li>● 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 Business Combination Accounting Standards. Currently, the amount of goodwill accrued upon the Merger is provisionally estimated to be ¥23,460 million. Such amount is calculated on the assumption that NMF will succeed the assets (¥149,773 million in total) and liabilities (¥97,749 million in total) from TOP, the acquiree under such accounting standards, and the acquisition cost of the merger will be ¥75,485 million (calculated based on the closing price (¥163,700) of the investment unit of NMF, the acquirer under such accounting standards, on</li> </ul>

	<p>May 20, 2016, which will be allotted as the consideration for the acquisition). However, the amount of goodwill is not fixed and may be subject to changes.</p> <ul style="list-style-type: none"> <li>● The amount of amortization of goodwill is estimated to be ¥2,533 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 (¥586 million) for the goodwill accrued upon the Merger (¥23,460 million).</li> <li>● 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 able to avoid such taxation.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>● Interest expenses and other borrowing related expenses are estimated to be ¥2,658 million.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>● As of today, the outstanding interest-bearing liabilities of NMF are ¥401,043 million, consisting of the amount of ¥368,543 million of outstanding borrowings and the amount of ¥32,500 million of investment corporation bonds (including short term investment corporation bonds).</li> <li>● In addition to the above, it is assumed that NMF will succeed ¥90,185 million of the outstanding interest-bearing liabilities of TOP as of today.</li> <li>● Of the portions of the borrowings (¥66,424 million) that will become due and payable by the end of the Fiscal Period Ending February 28, 2017 (Third Fiscal Period), it is assumed that NMF will repay ¥2,181 million by using cash on hand, and refinance the entire remaining amount through borrowings. While portions of the investment corporation bonds will reach maturity by the end of the same fiscal period (in the amount of ¥5,000 million in total), it is assumed that NMF will redeem such bonds through the funds raised by borrowings or other funding methods.</li> <li>● It is assumed that NMF will conduct new borrowings (¥10,000 million) as of September 1, 2016, for the funds for the acquisition of the Asset to be Acquired.</li> <li>● It is assumed that, through the end of the Fiscal Period Ending February 28, 2017 (Third Fiscal Period), there will be no changes in the amount of the outstanding interest-bearing liabilities, other than as stated above.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>● It is assumed that, in addition to the 3,722,010 investment units of NMF issued and outstanding as of today, NMF will issue 461,120 new investment units due to the Merger and the total number of investment units will be 4,183,130.</li> <li>● The number of new investment units to be issued by NMF due to the Merger is currently not fixed and will be changed due to rounding or other factors.</li> <li>● Other than the above, it is assumed that no additional investment units will be issued through the end of the Fiscal Period Ending February 28, 2017 (Third Fiscal Period).</li> </ul>
Distributions per unit	<ul style="list-style-type: none"> <li>● Distribution per unit is calculated according to the NMF's distribution policy outlined in its Articles of Incorporation.</li> <li>● NMF expects that it will record the deferred loss on hedge of the interest rate swap in respect of its transactions in the amount of ¥2,867 million as the valuation and conversion adjustments, etc., for the fiscal period ending February 28, 2017 (Third Fiscal Period), the same amount as the first fiscal period. Also, the deferred loss on hedge of TOP to be succeeded through the Merger is expected to be ¥412 million, and the distribution per unit (excluding the distribution in excess of net income) is calculated by deducting said amounts from the distributable amount.</li> <li>● 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.</li> </ul>
Distribution in excess of net income per unit	<ul style="list-style-type: none"> <li>● The amount of distribution in excess of net income is estimated on the assumption that, for the purpose of tax relief, NMF will distribute the amount equivalent to the total amount of the amortization of goodwill and any other items that will cause a 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 amortization of goodwill and other merger related expenses (the "Merger Expenses") on distributions, the above 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 Merger Expenses, NMF will make a distribution in excess of net income by adding such amount, up to the amount of the Merger Expenses, within the limit as prescribed by the regulations of the Investment Trusts Association, Japan (the "Investment Trusts Association Japan Regulations"); (i) with respect to the amount of the distribution equal to the increase of the reserve for temporary difference adjustments, the entire amount thereof and (ii) with respect to the amount of the distribution equal to the Other Distribution in Excess of Net Income (i.e., ordinary distribution in excess of net income), the amount equivalent to</li> </ul>

	<p>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 amortization recorded as of the end of the immediately preceding fiscal period).</p> <ul style="list-style-type: none"> <li>● It is assumed that in respect of the ¥1,032 distribution in excess of net income per unit for the Fiscal Period Ending February 28, 2017 (Third Fiscal Period), the distribution of the reserve for temporary difference adjustments is expected to be ¥655 and the Other Distribution in Excess of Net Income is expected to be ¥377.</li> </ul>
Others	<ul style="list-style-type: none"> <li>● 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.</li> <li>● It is assumed that there will be no material changes in general economic conditions and real estate markets.</li> </ul>