



**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 Period Ending August 31, 2018 and February 28, 2019**

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 period ending August 31, 2018 (6<sup>th</sup> fiscal period: from March 1, 2018 to August 31, 2018) and February 28, 2019 (7<sup>th</sup> fiscal period: from September 1, 2018 to February 28, 2019).

There is no change in the forecasts of financial results for the fiscal period ending February 28, 2018 (5<sup>th</sup> fiscal period: from September 1, 2017 to February 28, 2018) in the Summary of Financial Results (REIT) for the 4<sup>th</sup> Fiscal Period Ending August 31, 2017 released on October 13, 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)
Fiscal period ending August 31, 2018 (6 <sup>th</sup> fiscal period)	34,605	13,251	10,689	10,688	2,471	609	3,080
Fiscal period ending February 28, 2019 (7 <sup>th</sup> fiscal period)	34,429	13,281	10,780	10,779	2,493	607	3,100

(Reference)

Anticipated total number of investment units as of August 31, 2018: 4,321,800 units

Note: This press release is a public announcement concerning the forecasts of financial results for the fiscal period ending August 31, 2018 and February 28, 2019 and has not been prepared for the purpose of solicitation of investment. We caution readers to refer to the Fund's Offering Circular for the Issuance of New Investment Units and Secondary Offering and the Notices of Amendments thereto (if any) and to undertake investment decisions at their own judgement and responsibility. In addition, this press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.



Anticipated net income per unit as of August 31, 2018: 2,473yen

Anticipated total number of investment units as of February 28, 2019: 4,321,800units

Anticipated net income per unit as of February 28, 2019: 2,494 yen

For details, please refer to the item of Investment units on Assumptions for Forecasts of the Financial Results for the Fiscal Period Ending August 31<sup>st</sup>, 2018 (6<sup>th</sup> fiscal period: from March 1, 2018 to August 31, 2018) and February 28, 2019 ( 7<sup>th</sup> fiscal period: from September 1, 2018 to February 28, 2019) attached as the Exhibit in the following.

[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 August 31<sup>st</sup>, 2018 (6<sup>th</sup> fiscal period: from March 1, 2018 to August 31, 2018) and February 28, 2019 ( 7<sup>th</sup> fiscal period: from September 1, 2018 to February 28, 2019) 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. 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: <http://www.nre-mf.co.jp/en/>

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**Assumptions for Forecasts of the Financial Results for  
the Fiscal Period Ending August 31<sup>st</sup>, 2018 (6<sup>th</sup> fiscal period: from March 1, 2018 to August 31, 2018) and  
February 28, 2019 (7<sup>th</sup> fiscal period: from September 1, 2018 to February 28, 2019)**

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>6th Fiscal Period: March 1, 2018 to August 31, 2018</li> <li>7th Fiscal Period: September 1, 2018 to February 28, 2019</li> </ul>
Assets under Management	<ul style="list-style-type: none"> <li>In addition to properties held by the Fund as of the date hereof (271 properties) (the “Acquired Assets”), it is assumed that the Fund will acquire 10 properties by the end of the Fiscal Period Ending August 31, 2018 (6th Fiscal Period).</li> <li>Regarding the 10 properties to be acquired as announced in the “Notice Concerning Property Acquisition and Commencement of Asset Management in New Sector” dated December 19, 2017 and in the “Notice Concerning Acquisition of Assets” as of the date hereof, it is assumed that, (i) Landport Hachioji II and Landport Iwatsuki will be acquired on March 1, 2018; (ii) Watermark Hotel Sapporo will be acquired on March 5, 2018; and (iii) PMO Nihonbashi Mitsukoshi-mae, PMO Shibadaimon, PROUD FLAT Sangenjaya II, PROUD FLAT Soto Kanda, PROUD FLAT Noborito, PROUD FLAT Yoyogi Hachiman and PROUD FLAT Nakaochiai will be acquired on April 2, 2018, respectively (those 10 properties are hereinafter collectively referred to as the “Assets to be Acquired”).</li> <li>The forecasts are based on the assumption that the Assets to be Acquired are respectively acquired at the above-mentioned dates and that 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 28, 2019 (7th Fiscal Period).</li> <li>The forecasts may be affected due to actual changes in the portfolio or other reasons.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>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.</li> </ul>
Operating Expenses (excluding Amortization of Goodwill)	<ul style="list-style-type: none"> <li>Real estate rental expenses are estimated to be ¥15,032 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥14,814 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period).</li> <li>Regarding property and other taxes, it is estimated that ¥2,809 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥2,799 million for the Fiscal Period Ending February 28, 2019 (7th 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, 2018 (6th Fiscal Period) and the Fiscal Period Ending February 28, 2019 (7th Fiscal Period).</li> <li>Regarding property management costs (including building management fees and</li> </ul>

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	<p>property management fees), it is estimated that ¥3,026 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥3,015 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period) will be recorded as real estate rental expenses.</p> <ul style="list-style-type: none"> <li>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.</li> <li>Regarding depreciation, it is estimated that ¥4,892 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥4,879 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period) will be recorded as real estate rental expenses.</li> <li>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 ¥3,700 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥3,711 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period).</li> </ul>
Amortization of Goodwill	<ul style="list-style-type: none"> <li>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, 2018 (6th Fiscal Period) and the Fiscal Period Ending February 28, 2019 (7th Fiscal Period) is estimated to be ¥2,622 million.</li> <li>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.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>Temporary expenses estimated to be ¥20 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) is expected to be recorded in relation to the issuance of new investment units (the “Issuance”) determined at the board of directors meeting held on February 1, 2018. In addition, interest expenses and other borrowing related expenses are expected to be ¥2,532 million for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and ¥2,490 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period).</li> </ul>
Interest-bearing Liabilities	<ul style="list-style-type: none"> <li>As of the date hereof, the outstanding interest-bearing liabilities of the Fund are ¥486,719 million, consisting of the amount of ¥466,219 million of outstanding borrowings and the amount of ¥20,500 million of investment corporation bonds.</li> <li>The Fund will conduct new borrowings (¥11,000 million) in April 2018, for a part of the funds for the acquisition of the Asset to be Acquired. Regarding the borrowings of ¥37,839 million that will become due and payable by the end of the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and the borrowings of ¥28,417 million that will become due and payable during the Fiscal Period Ending February 28, 2019 (7th Fiscal Period), it is assumed that the Fund will repay ¥21million by using cash on hand in the Fiscal Period Ending February 28, 2018 (5th Fiscal Period) and ¥42 million by using cash on hand in the Fiscal Period Ending August 31, 2018 (6th Fiscal Period)</li> </ul>

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	<p>and in the Fiscal Period Ending February 28, 2019 (7th Fiscal Period) respectively, and refinance the remaining amount through borrowings.</p> <ul style="list-style-type: none"> <li>It is assumed that there will be no changes in the amount of the outstanding interest-bearing liabilities, 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.</li> </ul>
Investment Units	<ul style="list-style-type: none"> <li>It is assumed that, in addition to the 4,183,130 investment units issued and outstanding as of the date hereof, the additional issuance of the investment units through the public offering (132,000 investment units) and the additional issuance of the investment units through the third party allotment (up to 6,670 investment units) totaling 138,670 investment units will all be issued through the Issuance.</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, 2019 (7th Fiscal Period).</li> <li>Net income per unit and distribution per unit are calculated on the basis of 4,321,800 investment units assumed to be issued and outstanding at the end of each fiscal period, including the investment units to be issued this time.</li> </ul>
Distributions per Unit	<ul style="list-style-type: none"> <li>Distribution per unit is calculated in accordance with the Fund's distribution policy outlined in its Articles of Incorporation.</li> <li>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, 2018 (6th Fiscal Period) and the amount to be eliminated of ¥5 million for the Fiscal Period Ending February 28, 2019 (7th Fiscal Period) are reversed from the unappropriated retained earnings in the 6th Fiscal Period and the 7th Fiscal Period, respectively.</li> <li>It is assumed that there will be no change in the deferred loss on the hedge of the interest rate swap in respect of its transactions in the amount of ¥1,524 million ongoing since the Fiscal Period Ending August 31, 2017 (4th Fiscal Period) as the valuation and conversion adjustments, etc. for the Fiscal Period Ending August 31, 2018 (6th Fiscal Period) and the Fiscal Period Ending February 28, 2019 (7th Fiscal Period). 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 per unit in excess of earnings per unit	<ul style="list-style-type: none"> <li>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 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</li> </ul>

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	<p>the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period).</p> <ul style="list-style-type: none"> <li>• The distribution in excess of net earnings per unit for the 6th fiscal period is expected to be ¥609, comprising ¥312 in distributions of ATA and ¥297 in other distributions in excess of net earnings. The distribution in excess of net earnings per unit for the 7th fiscal period is expected to be ¥607, comprising ¥347 in distributions of ATA and ¥260 in other distributions in excess of net earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• It is assumed that there will be no unexpected material changes in general economic conditions and real estate markets.</li> </ul>

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