



For Immediate Release

To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3462

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

Nomura Real Estate Master Fund, Inc. (“NMF” or the “Fund”) announced its decision to revise forecasts of the financial results and distributions for the fiscal periods ending February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) and August 31, 2020 (10th fiscal period: from March 1, 2020 to August 31, 2020) announced on October 15, 2019 in the “Summary of Financial Results (REIT) for the 8th Fiscal Period Ended August 31, 2019”, as described below.

1. Revised forecasts of the financial result for the fiscal period ending February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020)

	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)
Previous forecast (A)	36,712	14,435	11,977	11,976	2,632	616	3,248
Revised Forecast (B)	36,878	14,550	12,031	12,030	2,550	698	3,248
Change (B-A)	166	114	53	53	△82	82	-

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Rate of change ((B-A)/A)	% 0.5	% 0.8	% 0.5	% 0.5	% △3.1	% 13.3	% -
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(Reference)

Anticipated total number of investment units outstanding as of February 29, 2020: 4,715,200 units (4,547,300 units at the time of the previously announced forecast)

Anticipated net income per unit as of February 29, 2020: 2,551 yen

2. Revised forecasts of the financial result for the fiscal period ending August 31, 2020 (10th fiscal period: from March 1, 2020 to August 31, 2020)

	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)
Previous forecast (A)	36,873	14,565	12,141	12,140	2,669	597	3,266
Revised Forecast (B)	38,208	15,390	12,946	12,945	2,744	573	3,317
Change (B-A)	1,334	825	804	804	75	△24	51
Rate of change ((B-A)/A)	% 3.6	% 5.7	% 6.6	% 6.6	% 2.8	% △4.0	% 1.6

(Reference)

Anticipated total number of investment units outstanding as of August 31, 2020: 4,715,200 units (4,547,300 units at the time of the previously announced forecast)

Anticipated net income per unit as of August 31, 2020: 2,745 yen

[Notes]

- 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, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) and August 31, 2020 (10th fiscal period: from March 1, 2020 to August 31, 2020)” as the Exhibit. The actual operating revenues, operating profit, ordinary income, net income, distribution per unit (excluding distribution in excess of net income) and distribution in excess of net income per unit 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 nor distribution in excess of net income stated above.
- The forecasts may be revised if a certain variance from the forecasts mentioned above is expected.
- Amounts less than the stated units are rounded down. The figures displayed as ratio are rounded to the first decimal place. The same shall apply hereinafter.

3. Reasons for revision

Following the decisions of the acquisition of the assets announced on “Notice Concerning Property Acquisition” today and the issuance of new investment units announced on “Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units” today, NMF has revised its forecasts due to the changes in the assumption for

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forecasts of the financial results and distributions for the fiscal periods ending February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) and August 31, 2020 (10th fiscal period: from March 1, 2020 to August 31, 2020) announced in the “Summary of Financial Results (REIT) for the 8th Fiscal Period Ended August 31, 2019” dated October 15, 2019.

Attachment

Reference Material: Effects of the Offering and Relevant Transactions on DPU

*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 February 29, 2020 (9th fiscal period: from September 1, 2019 to February 29, 2020) and
August 31, 2020 (10th fiscal period: from March 1, 2020 to August 31, 2020)**

Item	Assumptions
Period	<ul style="list-style-type: none"> 9th Fiscal Period: September 1, 2019 to February 29, 2020 10th Fiscal Period: March 1, 2020 to August 31, 2020
Assets under Management	<ul style="list-style-type: none"> In addition to properties held by the Fund as of the date hereof (289 properties) (the “Acquired Assets”), it is assumed that the Fund will acquire 9 properties by the end of the Fiscal Period Ending August 31, 2020 (10th Fiscal Period). Regarding the 9 properties to be acquired as announced in the “Notice Concerning Property Acquisition” dated today, it is assumed that, (i) PMO Akihabara Kita, PMO Higashi-Shinbashi, PROUD FLAT Shibuya Tomigaya, PROUD FLAT Miyazakidai and PROUD FLAT Asakusabashi III will be acquired on January 7, 2020; (ii) Landport Higashi-Narashino will be acquired on March 2, 2020; (iii) PROUD FLAT Togoshi-Koen will be acquired on March 10, 2020; and (iv) PMO Hamamatsucho and GEMS Sangenjaya will be acquired on April 2, 2020, respectively (those 9 properties are hereinafter collectively referred to as the “Assets to be Acquired”). The forecasts are based on the assumption that (a) the Assets to be Acquired are respectively acquired on the above-mentioned dates 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 August 31, 2020 (10th 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 seller 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 ¥15,765 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥16,077 million for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period). Regarding property and other taxes, it is estimated that ¥2,969 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥3,080 million for the Fiscal Period Ending August 31, 2020 (10th 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 February 29, 2020 (9th Fiscal Period) and the Fiscal Period Ending August 31, 2020 (10th Fiscal Period). Regarding property management costs (including building management fees and property management fees), it is estimated that ¥2,692 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥2,794 million for the Fiscal

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Item	Assumptions
	<p>Period Ending August 31, 2020 (10th 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. The amount of repair expenses for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) is estimated to be ¥1,674 million and the Fiscal Period Ending August 31, 2020 (10th Fiscal Period) is estimated to be ¥1,469 million. Regarding depreciation, it is estimated that ¥5,135 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥5,341 million for the Fiscal Period Ending August 31, 2020 (10th 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 ¥3,941 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥4,117 million for the Fiscal Period Ending August 31, 2020 (10th 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 February 29, 2020 (9th Fiscal Period) and the Fiscal Period Ending August 31, 2020 (10th 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 ¥61 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) are expected to be recorded in relation to the issuance of new investment units resolved at the board of directors meeting held on December 5, 2019. In addition, interest expenses and other borrowing related expenses are expected to be ¥2,444 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥2,429 million for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period).
Interest-bearing debt	<ul style="list-style-type: none"> As of the date hereof, the outstanding interest-bearing debt of the Fund is ¥510,748 million, consisting of the amount of ¥480,748 million of outstanding borrowings and the amount of ¥30,000 million of outstanding investment corporation bonds. It is assumed that the Fund will conduct new borrowings (¥5,200 million) in the Fiscal Period Ending August 31, 2020 (10th Fiscal Period), for a part of the funds for the acquisition of the Assets to be Acquired. Regarding the borrowings of ¥8,271 million that will become due and payable by the end of the Fiscal Period Ending February 29, 2020 (9th Fiscal Period), and the borrowings of ¥28,442 million and ¥5,000 million

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Item	Assumptions
	<p>of investment corporation bonds that will become due and payable during the Fiscal Period Ending August 31, 2020 (10th Fiscal Period), it is assumed that the Fund will repay ¥21 million by cash on hand in the Fiscal Period Ending February 29, 2020 (9th Fiscal Period), and repay ¥42 million by cash on hand in the Fiscal Period Ending August 31, 2020 (10th Fiscal Period), 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.
Investment Units	<ul style="list-style-type: none"> It is assumed that, in addition to the 4,547,300 investment units issued and outstanding as of the date hereof, the additional issuance of the investment units through the domestic public offering (159,900 investment units) and the additional issuance of the investment units through the third party allotment (up to 8,000 investment units) totaling 167,900 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 August 31, 2020 (10th Fiscal Period). Net income per unit and distribution per unit are calculated on the basis of 4,715,200 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 February 29, 2020 (9th Fiscal Period) and the Fiscal Period Ending August 31, 2020 (10th Fiscal Period) are expected to be affected by (i) a vacancy period and rent-free period due to a major tenant's termination and leasing which is estimated to temporarily decrease the operating revenue in the amount of ¥174 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥73 million for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period), respectively, and (ii) the increase of the number of investment units and other factors of the issuance of new investment units which is estimated to have the impact on the distribution per unit for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period). Therefore, the Fund will make additional distribution of ¥665 million for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) and ¥73 million for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period) in order to stabilize the amount of distribution per unit. The additional distribution is to be distributed as "other distributions in excess of net income." 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 February 29, 2020 (9th Fiscal Period) and the amount to be eliminated of ¥5 million for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period) are reversed from the unappropriated retained earnings in the 9th Fiscal Period and the 10th 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 February 29, 2020 (9th Fiscal Period) and the Fiscal Period Ending August 31, 2020 (10th 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

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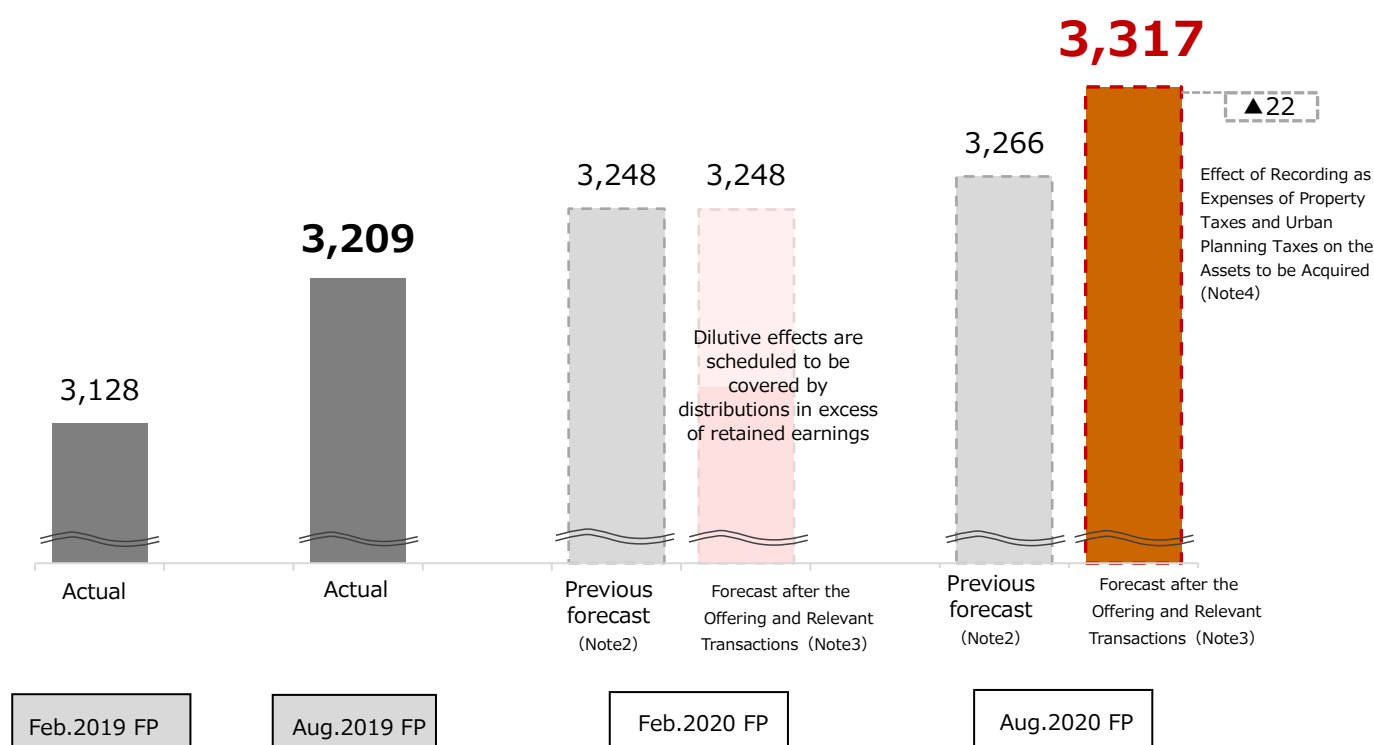
Item	Assumptions
	unforeseen repairs.
Distribution in Excess of Net Income Per Unit	<ul style="list-style-type: none"> The amount of distribution in excess of net income is estimated on the assumption NMF will distribute the amount of valuation and translation adjustments deducted from the total difference 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 the total amount of accumulated depreciation recorded as of the end of the immediately preceding fiscal period). The distribution in excess of net income per unit for the Fiscal Period Ending February 29, 2020 (9th Fiscal Period) is expected to be ¥698, comprising ¥366 in distributions of ATA and ¥332 in other distributions in excess of net income. The distribution in excess of net income per unit for the Fiscal Period Ending August 31, 2020 (10th Fiscal Period) is expected to be ¥573, comprising ¥377 in distributions of ATA and ¥196 in other distributions in excess of net income.
Other	<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 unexpected material changes in general economic conditions and real estate markets.

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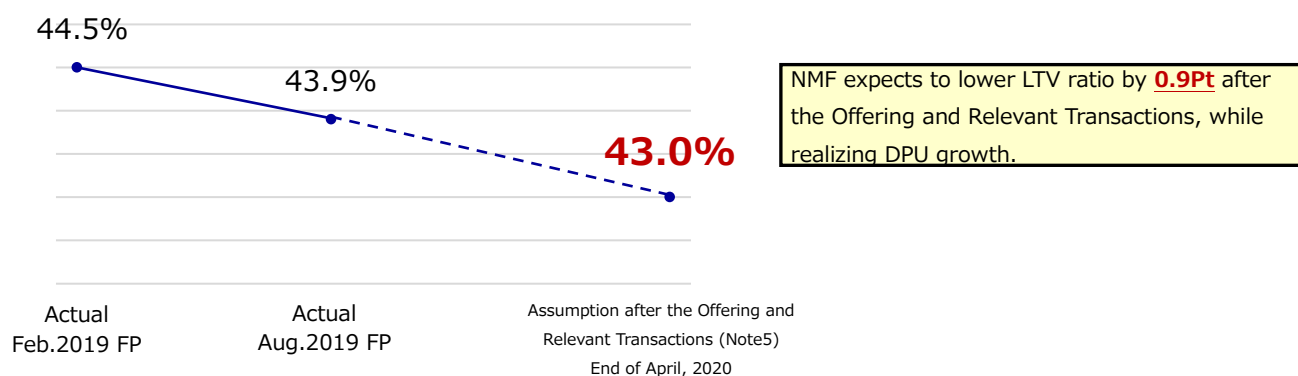


Effects of the Offering and Relevant Transactions ^(Note1) on DPU

(Change in DPU)



(Change in LTV before and after the Offering and Relevant Transactions)



(Note 1) "Offering and Relevant Transactions" means the acquisition of assets announced in the "Notice Concerning Property Acquisition" dated today and the issuance of new investment units announced in the "Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units" dated today. The same shall apply hereinafter.

(Note 2) "Previous Forecast" means the forecasted distribution per unit (including distribution in excess of net income) announced in the "Summary of Financial Results (for the 8th Fiscal Period Ended August 31, 2019)" dated October 15, 2019.

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- (Note 3) “Forecast after the Offering and Relevant Transactions” is forecast as of today, based on the assumptions as set forth in Exhibit of this press release. The actual distribution per unit (excluding distribution in excess of net income) and distribution in excess of net income per unit may differ due to future acquisitions or dispositions of properties, changes in the real estate market and other factors affecting NMF. NMF does not guarantee the amount of cash distribution or distribution in excess of net income by this forecast.
- (Note 4) “Effect of Recording as Expenses of Property Taxes and Urban Planning Taxes on the Assets to be Acquired” is an estimated value obtained by dividing ¥105 million, which is the total estimated amount of expenses assuming that the property taxes and urban planning taxes pertaining to the Assets to be Acquired are recorded as expenses for the full fiscal period, by 4,715,200 units, which is the number of the investment units estimated to be outstanding after the Offering and Relevant Transactions.
- (Note 5) “LTV” means the loan-to-value ratio, more specifically, the ratio of interest-bearing debts to total assets. The estimated LTV after the Offering and Relevant Transactions is an estimate calculated based on the closing price of regular transactions of the investment units of NMF on the Tokyo Stock Exchange as of November 27, 2019 and other related assumptions.

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