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May 27, 2015



For Immediate Release
To Whom It May Concern

Nomura Real Estate Master Fund, Inc.

Securities Code: 3285
Satoshi Yanagita, Executive Director

Nomura Real Estate Office Fund, Inc.

Securities Code: 8959
Yoshiyuki Ito, Executive Director

Nomura Real Estate Residential Fund, Inc.

Securities Code: 3240
Shozo Matsumura, Executive Director

Asset Management Company:
Nomura Real Estate Asset Management Co., Ltd.
Norio Ambe, President & Chief Executive Officer

Inquiries:
Motomi Uki
General Manager, NMF Investment Management
Director
TEL. +81-3-3365-8767 nmf3285@nomura-re.co.jp

Shoji Yoshihara
General Manager, NOF Investment Management
Director
TEL. +81-3-3365-0507 nreof8959@nomura-re.co.jp

Tetsuya Ohira
General Manager, NRF Investment Management
TEL. +81-3-3365-7729 nrf3240@nomura-re.co.jp

Notice Concerning Execution of Merger Agreement
by and among Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc.
and Nomura Real Estate Residential Fund, Inc.

We hereby announce that Nomura Real Estate Master Fund, Inc. (“NMF”), Nomura Real Estate Office Fund, Inc. (“NOF”) and Nomura Real Estate Residential Fund, Inc. (“NRF”; and NMF, NOF and NRF are individually referred to as the “Consolidated Investment Corporation” hereinafter) respectively have determined at each of the board of directors meetings held today, to implement a consolidation-type merger (the “Merger”) as mentioned below, whereby October 1, 2015 is set as the date of incorporation of investment corporation (the “New Investment Corporation) incorporated through the consolidation-type merger, and that we have entered into a merger agreement (the “Merger Agreement”) dated today.

1. Purpose of Merger

The Japanese economy has been exhibiting a continuous period of modest recovery following the bottoming out of domestic demand that had been weak since the increase in the consumption tax rate in April 2014. In addition, we observe improvement in business results by corporations and increase in capital expenditure, due to devalued yen and higher stock price as the result of additional monetary easing implemented by the Bank of Japan, as well as extension of another increase in the consumption tax rate and price decline prompted by decrease in oil price. The overall Japanese economy is expected to continuously show the recovery trend as the labor and income environments are improving steadily and the anticipated underlying support by personal consumption.

Under these circumstances, J-REIT market has been growing due to various factors such as the decision by the Bank of Japan to launch additional monetary easing in October 2014 and purchase more J-REIT units, inflow of the funds to J-REIT market as the Government Pension Investment Fund, the largest pension management operator in Japan, reformed its investment policies, and the increase in number of investment trusts investing in J-REIT and expansion of the private investment, stimulated by prolonged low interest rate policies and introduction of NISA (tax exemption scheme for small investment).

Established 13 years ago, the J-REIT market has market size that reached over JPY 10 trillion based on the aggregate market price with 51 listed J-REITs. The asset types which J-REITs invest in have expanded and diversified from their initial focus on office buildings, to retail facilities, residential facilities, logistics facilities, hotels, factories, infrastructure facilities and health care facilities. We expect that J-REIT market will further develop and contribute more to the Japanese society.

NMF, NOF and NRF each entrusts its asset management to Nomura Real Estate Asset Management Co., Ltd. (“NREAM”) and is provided support by Nomura Real Estate Holdings, Inc. and its group companies (the “Nomura Real Estate Group”) and have established stable track records.

NMF is a complex type J-REIT, investing in logistics facilities and retail facilities. NMF investment units were listed on the REIT section of the Tokyo Stock Exchange, Inc. (“TSE”) in June 2013 with its initial portfolio of 54 properties (the total acquisition price of JPY 227.6 billion) and it has a track record of four fiscal periods. NMF invests in properties that are primarily located in Greater Tokyo, which is supported by solid demand, establishing a well-balanced portfolio consisting of logistics facilities and retail properties which form an essential part of the economic and industrial activities. During the approximately two-year period after its listing, NMF expanded its portfolio to 56 properties, with the total (anticipated) acquisition price of JPY 265.5 billion (including an anticipated acquisition scheduled on July 1, 2015 and excluding an anticipated disposition scheduled in September 1, 2015).

NOF is a specialized type J-REIT, investing in office buildings. NOF investment units were listed on the REIT section of the TSE in December 2003 with its initial portfolio of 12 properties (the total acquisition price of JPY 104.2 billion) and it has a track record of 22 fiscal periods. To secure stable mid- to long-term income, NOF invests in competitive properties with favorable location and high basic building functionality. After its listing, NOF expanded its portfolio to 55 properties (the total acquisition price of JPY 414.4 billion) through property acquisitions with five times public offerings and other funding methods.

NRF is a specialized type J-REIT, investing in residential facilities. NRF investment units were listed on the REIT section of the TSE in February 2007 with its initial portfolio of 89 properties (the total acquisition price of JPY 69.5 billion) and it has a track record of 16 fiscal periods. NRF has established stable portfolio over the mid- to long-term by selective acquisitions of properties targeted to those with strong demand from tenants, and execution of portfolio replacement strategy to improve the portfolio quality. During more than eight-year period after its listing, NRF expanded its portfolio to 146 properties (the total acquisition price of JPY 162.2 billion) (excluding anticipated dispositions scheduled on May 29, 2015 and June 1, 2015) through property acquisitions with four times public offerings and other funding methods.

As mentioned above, NMF, NOF and NRF managed their respective portfolio, each leveraging its own characteristics, to secure stable mid- to long-term income and steadily increase the portfolio size; however, in recent years, we are facing change in business environment such as intensified acquisition competitions caused by emerging new players to real estate market, polarization of size in J-REITs, and diversification of investment asset types of J-REITs.

Confronting such change in business environment, NMF, NOF and NRF have respectively considered measures to maximize sustainable growth of unitholders’ value and have shared a common view that we will need to

expand our asset size, diversify portfolio and strengthen the stability of financing basis in order to strengthen capacity for future growth. With such mutual recognition, NMF proposed a merger to NOF and NRF in February 17, 2015 as a measure to improve NMF, NOF and NRF's unitholder value and have discussed and considered the merger. NMF, NOF and NRF have reached a common view that the Merger is the best way to improve our respective unitholders' value, through becoming a top-class domestic diversified type J-REIT with the asset size of more than JPY 900 billion, with increased asset size and diversified investment types of assets that will contribute to expand acquisition opportunities, stabilize of portfolio, enhance of risk tolerance, gain competitive strength for asset acquisitions and stabilize finance basis. In addition, NMF, NOF and NRF believe that we can achieve both growth and stability in managing the portfolio by making the best use of NREAM's abundant and professional expertise accumulated through management of NMF, NOF and NRF and effectively leveraging wide-range know-hows and brands held by Nomura Real Estate Group, one of the major comprehensive real estate developers in Japan. Therefore, NMF, NOF and NRF entered into the Merger Agreement today.

In particular, the following demonstrates our concept of the Merger:

i) Pursue sustainable growth by transforming from "Specialized type J-REIT" to "Diversified type J-REIT"

By transformation into a diversified type J-REIT as a result of the Merger, it will be possible for us not only to pursue both stable profitability and growth at the same time through diversification of asset types and aim to achieve a J-REIT of middle-risk and middle-return, but also to bring us continuous and stable growth of portfolio by captivating optimal timing of investment opportunities which differ according to asset types and expand acquisitions opportunities through diversification of investment asset types.

ii) Strengthen stability and enhance growth strategy through benefit of a large scale REIT

We believe changing into a large scale REIT as a result of the Merger will dramatically enhance the portfolio stability through expansion of asset size, and we can actively implement measures to improve our portfolio value such as disposition and reconstruction of our existing properties, as well as enhance the stability of our finance basis.

iii) Accelerating mutual growth with Nomura Real Estate Group by establishing "Leasing Business Value Chain"

To fully leverage enhancement of future growth capability of the New Investment Corporation through transformation into a "diversified type J-REIT" and becoming a "large scale J-REIT", NREAM entered into a basic agreement with respect to leasing value chain with Nomura Real Estate Development Co., Ltd. ("NRE"), Nomura Real Estate Partners Co., Ltd. and GEO-AKAMATSU Co., LTD. today. Pursuant to such agreement, in addition to the existing support for external growth through "property pipeline" by way of provision of real estate related information from Nomura Real Estate Group companies, the parties above will establish an interactive "management pipeline" among Nomura Real Estate Group companies. Through such "management pipeline", we can mutually share information and know-hows on leasing properties, collaborate in addressing and implementing necessary measures to create and promote value such as enhancement of brand value and profitability of managing assets both in hardware and software aspects, aiming to strengthen the brands for sponsor developed properties such as "PMO", "PROUD FLAT", "GEMS" and "Landport" and improve the value of properties owned by the New Investment Corporation. We believe these measures will create an amicable cycle of mutual growth between the New Investment Corporation and Nomura Real Estate Group companies and thereby contribute to the growth of unitholders' value.

After the Merger, the New Investment Corporation, with the above-mentioned concepts of the Merger in mind, aims to secure stable mid- to long-term income and maximize unitholders' value through steadily increasing the portfolio size. In addition, we expect, as a positive effect of the Merger, market price of investment units could be more stabilized due to increase in cash distribution through external and internal growth and improved liquidity of investment units.

As described in the press release "Notice concerning acquisition of assets" announced today, as the first measure of the "Leasing Business Value Chain", the New Investment Corporation will acquire seven properties consisting of retail facilities, office buildings and residential facilities from NRE subject to the Merger coming into effect and other relevant conditions, through which we intend to improve the portfolio quality and maximize unitholders' value.

Due to transformation into a diversified type J-REIT as a result of the Merger, the Articles of Incorporation of

the New Investment Corporation will provide that main uses of real estate (including surface rights and leaseholds of real estate) or underlying real estate it invests in shall not be limited, and will include uses of logistics facilities, retail facilities, office building, residential facilities and other various uses.

In addition, it is expected that goodwill will be generated as a result of the Merger, but the issue in relation with the imposition of the corporation and other taxes due to discrepancy in accounting and tax treatments in connection with amortization costs of goodwill was resolved by the tax reform in tax year 2015, and it is also one of the factors that led to execution of the Merger Agreement.

2. Outline of the Merger

(1) Schedule of the Merger

Board of directors meeting for approval of the Merger Agreement	May 27, 2015
Execution date of the Merger Agreement	May 27, 2015
Date of public notice of record date for general meeting of unitholders (NMF/NRF)	May 28, 2015 (planned) (Note 1)
Record date for general meeting of unitholders (NMF/NRF)	June 12, 2015 (planned) (Note 1)
Date of holding of general meeting of unitholders (NMF/NOF)	July 30, 2015 (planned)
Date of holding of general meeting of unitholders (NRF)	July 31, 2015 (planned)
Date of delisting	September 28, 2015 (planned) (Note 2)
Date of incorporation of the New Investment Corporation	October 1, 2015 (planned)
Date of commercial registration of the New Investment Corporation	October 1, 2015 (planned)
Date of registration of the New Investment Corporation	October 1, 2015 (planned)
Date of listing of the New Investment Corporation	October 2, 2015 (planned) (Note 2)

(Note 1) As announced by the public notice as of April 13, 2015 by NOF concerning the holding of the general meeting of unitholders and establishment of the record date, the record date to determine the unitholders who are qualified to exercise their voting rights at the general meeting of the unitholders scheduled to be held on July 30, 2015 was established to be April 30, 2015, for NOF, and NOF plans to submit the proposal of the Merger Agreement for approval at the above-mentioned general meeting of unitholders in addition to the proposal regarding the appointment of directors and others thereat.

(Note 2) Investment units of each of the Consolidated Investment Corporation are scheduled to be delisted as of September 28, 2015. Investment units of the New Investment Corporation are scheduled to be listed as of October 2, 2015, after listing on the TSE is approved as technical listing, and thus expected to ensure ongoing trading opportunities. The schedule above is based on the assumption that the registration of the New Investment Corporation is completed on October 1, 2015. If the date of registration is changed, the date of listing will be changed accordingly.

(2) Format of the Merger

The Merger will be implemented through a “consolidation-type merger” (*shinsetsu gappei*) method under which each Consolidated Investment Corporation is set as a corporation consolidated through the consolidation-type merger and each Consolidated Investment Corporation is to be dissolved through the Merger.

(3) Ratio of Allotment under the Merger

(i) Allotment of Investment Units

	New Investment Corporation (corporation incorporated through the consolidation-type merger)	NMF (corporation consolidated through the consolidation-type merger)	NOF (corporation consolidated through the consolidation-type merger)	NRF (corporation consolidated through the consolidation-type merger)
Ratio of Allotment	1	1	3.60	4.45

(*1) Number of investment units of the New Investment Corporation to be issued as a result of merger: 3,722,010 units (planned)

(*2) 3.60 New Investment Corporation units will be allotted to NOF unitholders per one NOF unit and 4.45 New Investment Corporation units will be allotted to NRF unitholders per one NRF unit. Therefore there will be fraction of one investment unit to be attributed to unitholders. We will, pursuant to the relevant laws, dispose of such fraction through market transactions and distribute the proceeds from the unit sales to holders such fraction will be attribute in proportion to the total number of fraction of investment units each unitholder has.

(ii) Cash Distribution on Merger

Instead of cash distributions for each Consolidated Investment Corporation's final fiscal period ending on September 30, 2015 (in the case of NMF; the period from September 1, 2015 to September 30, 2015; in the case of NOF, the period from May 1, 2015 to September 30, 2015; and in the case of NRF, the period from June 1, 2015 to September 30, 2015), the New Investment Corporation will make a cash distribution on merger to the unitholders listed or recorded on the final unitholders register of each of the Consolidated Investment Corporations as of the day immediately prior to the date of incorporation of the New Investment Corporation (excluding each Consolidated Investment Corporation and the dissenting unitholders of each Consolidated Investment Corporation who demand for repurchase of investment units pursuant to Article 149-3 of the Act on Investment Trusts and Investment Corporations (Law No. 198 of 1951, as amended; the "Investment Trust Act") (the "Allotted Investors"), in an amount equivalent to the cash distributions for the final fiscal period based on each Consolidated Investment Corporation's distributable profit (the payment on merger will be (i) the amount of distributable profit of each Consolidated Investment Corporation as of the day immediately prior to the date of incorporation of the New Investment Corporation divided by (ii) the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Investors of each Consolidated Investment Corporation from (b) the number of investment units issued and outstanding of each of such Consolidated Investment Corporation, as of the day immediately prior to the date of incorporation of the New Investment Corporation (amounts less than one yen are rounded down)). The details will be announced once they are determined.

Concerning the distribution of NMF for the fiscal period ending on August 31, 2015 (the period from March 1, 2015 to August 31, 2015), the distribution is scheduled to be made to the investors and the registered pledgees of investment units listed or recorded on the final unitholders register of NMF as of August 31, 2015, after the approval on the statements for such cash distribution for the fiscal period that is scheduled to be obtained at NMF by the date of incorporation of the New Investment Corporation. The payment of such distribution will be made after the incorporation of the New Investment Corporation through the Merger.

(4) Major Conditions Precedent for the Merger

The Merger will be implemented on the basis that all of the following conditions as well as the other conditions set forth in the Merger Agreement are fully fulfilled as of the date of incorporation of the New Investment Corporation and if any of such conditions are unfulfilled or if it is proven that any of such conditions will not be fulfilled, each Consolidated Investment Corporation may terminate the Merger Agreement prior to the date of incorporation by giving a written notice to the other parties thereunder.

- It is confirmed in terms and manner reasonably satisfactory to each Consolidated Investment Corporation that the filing of a registration statement on Form F-4 is not required under the U.S. securities laws.
- Approvals at the general meeting of unitholders of each Consolidated Investment Corporation as well as other procedures pursuant to applicable laws and regulations and the internal rules of such Consolidated Investment Corporation, and the acquisition of permits and approvals that are required in relation to the Merger or in order to implement the matter contemplated in connection with the Merger, have been completed.
- Prior consent has been obtained from all of the financial institutions that have been providing loans to

each Consolidated Investment Corporation, regarding the implementation of the Merger and the terms and conditions for the lending on and after the date of incorporation of the New Investment Corporation (including the countermeasures for the prevention of the occurrence of breaches of financial covenants, breaches of provisions and events of default under the loan agreements), and such consent has not been withdrawn by any of such financial institutions.

3. Basis of Determination for the Merger Ratio and Related Items

(1) Basis of Determination

For the purpose of determining the merger ratio to be adopted in the Merger, in view of ensuring fairness, each Consolidated Investment Corporation appointed a financial advisor for the Merger and requested each financial advisor to perform a financial analysis of the merger ratio. NMF appointed Nomura Securities Co., Ltd. (hereafter, “Nomura Securities”), NOF appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (hereafter, “Mitsubishi UFJ Morgan Stanley Securities”) and NRF appointed SMBC Nikko Securities Inc. (hereafter, “SMBC Nikko Securities”).

Nomura Securities performed a financial analysis of the merger ratio for each of NMF, NOF and NRF, adopting (i) the average market investment unit price analysis, as investment units of each Consolidated Investment Corporation are respectively listed on the TSE and market investment unit price is available, (ii) the comparable similar investment corporation analysis, as each Consolidated Investment Corporation has several comparable listed investment corporations and the investment unit value may be analogically inferred by the comparable similar investment corporation analysis, (iii) the discounted cash flow analysis (hereafter “DCF Analysis”) in order to reflect the future performance of business activity in the financial analysis, and (iv) the adjusted net asset value approach in order to reflect the effect on the market value and exchangeability into cash. A summary of the financial analysis performed by Nomura Securities is as follows. Each of the following ranges for the merger ratio shows the range in the number of investment units of the New Investment Corporation allotted for one investment unit of NOF or NRF, as the case may be, where one investment unit of the New Investment Corporation is allotted for one investment unit of NMF.

Financial Analysis Approach	NOF	NRF
Average market unit price analysis	3.68~3.86	4.46~4.57
Comparable similar investment corporation analysis	3.28~4.11	3.76~4.91
DCF Analysis	3.46~4.94	4.40~4.56
Adjusted net asset value approach	3.79	4.11

Concerning the average market unit price analysis, the financial analysis date is set as of May 26, 2015 and closing prices for the financial analysis date, and the averages of closing prices for the one-week, one-month, three-month and six-month periods up to the financial analysis date were employed. Please refer to (Note 1) at the end of this press release for more detailed information regarding the assumptions and disclaimers for the analysis of Nomura Securities. In the future profit plan of each Consolidated Investment Corporation which Nomura Securities referred to as the basis for the DCF Analysis, there is no fiscal period in which a considerable increase or decrease in profits is expected.

Mitsubishi UFJ Morgan Stanley Securities conducted its analysis of the merger ratio for each of NMF, NOF and NRF, comprehensively taking into consideration the analysis results based on (i) the investment unit price analysis as a method of analysis based on the investment unit price formed in the securities market, as investment units of each Consolidated Investment Corporation are listed on the TSE, (ii) the comparable similar investment corporation analysis as a method of analysis based on the investment unit value of other listed investment corporations conducting similar business with each Consolidated Investment Corporation, (iii) the dividend discount model as a method of analysis of investment unit value based on dividends which unitholders of each Consolidated Investment Corporation are expected to receive in the future, (iv) the DCF

Analysis as a primary method of analysis of investment unit value based on mid-to-long term future business activities of each Consolidated Investment Corporation, and (v) the adjusted net asset value approach as a method of static analysis of investment unit value, which reflects the market value of assets held by each Consolidated Investment Corporation. A summary of the analysis performed by Mitsubishi UFJ Morgan Stanley Securities is as follows. Each of the following ranges for the merger ratio shows the range in the number of investment units of the New Investment Corporation allotted for one investment unit of NOF or NRF, as the case may be, where one investment unit of the New Investment Corporation is allotted for one investment unit of NMF.

Financial Analysis Approach	NOF	NRF
Investment unit price analysis	3.15~4.25	4.09~5.22
Comparable similar investment corporation analysis	3.49~4.29	4.09~5.00
Dividend discount model	4.07~4.26	4.75~4.79
DCF Analysis	3.46~3.92	4.48~4.76
Net asset value approach	3.78	4.09

Concerning the investment unit price analysis, taking into account the recent market trading trends of the investment units of each Consolidated Investment Corporation, the financial analysis date is set as of May 26, 2015 and merger ratio is analyzed based on the closing prices for one-month, three-month, six-month and twelve-month periods up to the financial analysis date. Please refer to (Note 2) at the end of this press release for more detailed information regarding the assumptions and disclaimers for the analyses of Mitsubishi UFJ Morgan Stanley Securities. In the future earnings plan of each Consolidated Investment Corporation which Mitsubishi UFJ Morgan Stanley Securities referred to as the basis for the DCF Analysis, there is no fiscal period in which a considerable increase or decrease in profits is expected.

SMBC Nikko Securities conducted its analysis of the merger ratio for each of NMF, NOF and NRF, in order to multilaterally analyze investment units of each Consolidated Investment Corporation, by adopting (i) the investment unit price analysis for the purpose of reflecting the securities market prices into the financial analysis, as investment units of each Consolidated Investment Corporation are listed on the TSE, (ii) the dividend discount model analysis (“DDM Analysis”) for the purpose of reflecting theoretical dividends which unitholders of each Consolidated Investment Corporation would receive in the future, and (iii) the adjusted net asset value approach for the purpose of reflecting unrealized gains and losses of real estate held by each Consolidated Investment Corporation into the financial analysis. A summary of the analysis performed by SMBC Nikko Securities is as follows. Each of the following ranges for the merger ratio shows the range in the number of investment units of the New Investment Corporation allotted for one investment unit of NOF or NRF, as the case may be, where one investment unit of the New Investment Corporation is allotted for one investment unit of NMF.

Financial Analysis Approach	NOF	NRF
Market investment unit price analysis	3.68~3.86	4.52~4.57
DDM Analysis	2.65~4.28	3.06~4.89
Adjusted net asset value approach	3.92	4.21

Taking into account the recent market trading trends of the investment units of each Consolidated Investment Corporation, the financial analysis date is set as of May 26, 2015 and the averages of closing prices for one-month and three-month periods up to the financial analysis date were employed.

Analysis of the merger ratio by SMBC Nikko Securities is based on certain other assumptions other than the above. Please refer to (Note 3) at the end of this press release for more detailed information regarding the assumptions and disclaimers for the analysis. In the future distribution plan of each Consolidated Investment Corporation which SMBC Nikko Securities referred to as the basis for the DDM Analysis, there is no fiscal period in which a considerable increase or decrease is expected.

(2) Factual Background to the Determination

After comprehensively taking into account the financial results, status of assets and liabilities, future prospects of the business, synergies to be created by the Merger and the results of the financial analysis conducted by the financial advisors for each Consolidated Investment Corporation and discussing and negotiating meticulously, each Consolidated Investment Corporation executed the Merger Agreement, as they determined the above mentioned merger ratio to be appropriate.

(3) Relationship with the Financial Advisors

None of Nomura Securities, Mitsubishi UFJ Morgan Stanley Securities or SMBC Nikko Securities falls under the definition of an “Affiliated Party” of NMF, NOF or NRF as set forth in Article 67, Paragraph 4 of the Ordinance Regarding Calculation of the Investment Corporation (Cabinet Ordinance No. 47 of 2006, as amended) and has no significant interest to note in connection with the Merger.

(4) Prospect of Delisting and Reasons Thereof

As outlined in 2. (2) above, it is expected that each Consolidated Investment Corporation will dissolve and the investment units issued by each Consolidated Investment Corporation will be delisted on September 28, 2015, which is three business days prior to the date of incorporation of the New Investment Corporation, in accordance with the Criteria for Delisting set forth by TSE. Upon the Merger, the unitholders of each Consolidated Investment Corporation will be allotted new New Investment Corporation investment units in proportion to the number of investment units they hold and thereby own New Investment Corporation investment units.

(5) Measures to Secure Fairness

(i) Measures to Secure Fairness in the Course of Considering Pros and Cons of Merger and Merger Ratio

Each Consolidated Investment Corporation entrusts its asset management business to NREAM as the asset management company. NREAM appoints different persons responsible for asset management (NMF asset management manager, NOF asset management manager and NRF asset management manager) and separately organizes the department in charge of asset management (NMF asset management department, NOF asset management department and NRF asset management department) for each Consolidated Investment Corporation, and structures a thorough information-blocking system by establishing appropriate information barriers between the asset management departments. In addition, in the course of considering the Merger, NREAM has established and implemented the flow of information such that, in the event that information delivery is necessary between the asset management departments, such information shall be delivered through the above financial advisors separately appointed by each Consolidated Investment Corporation, for the purpose to prevent each asset management department from contacting the others directly.

Each asset management department have, in the course of considering the Merger, timely reported the matters to be considered to the board of directors of each Consolidated Investment Corporation, which is constituted by one executive director and two supervisory directors, whose independence from an asset management company has been ensured under the Investment Trust Act. Further, important matters to be considered are deliberated and approved by the board of directors of each Consolidated Investment Corporation.

Furthermore, as the executive director of each Consolidated Investment Corporation serves concurrently as an officer or employee of NREAM or its affiliates, and has special interests in NREAM; therefore, the executive director of each Consolidated Investment Corporation did not participate in the resolution of the approval of the Merger Agreement at the meeting of board of directors of each Consolidated Investment Corporation.

NREAM will, in accordance with the Articles of Incorporation of the New Investment Corporation and the asset management agreement between NREAM and the New Investment Corporation, receive an acquisition fee regarding assets to be succeeded from each Consolidated Investment Corporation by the Merger and a management fee concerning asset management after the incorporation of the New Investment Corporation; however, neither amount of such fees will not be affected by the merger ratio of the Merger.

Furthermore, NMF, NOF and NRF have appointed Nagashima Ohno & Tsunematsu, City-Yuwa Partners and Kataoka & Kobayashi, respectively, as legal advisors for the Merger, and have received advice on

matters including the procedures for the Merger, the method and procedures for making decisions.

(ii) Measures to Secure Fairness in Determination of Merger Ratio

In addition to measure (i) above, as described in items (1) through (3) above, each Consolidated Investment Corporation requested their respective financial advisors to conduct a financial analysis regarding the merger ratio. In determining the appropriate merger ratio, each Consolidated Investment Corporation considered various factors including the financial analyses conducted by their respective financial advisors.

In order to ensure the fairness of the Merger, NMF has retained Nomura Securities, which is an independent third party financial advisor, for its unitholders, and obtained a report of merger ratio analysis, in which analyses of allotment of units in the Merger were conducted from a financial viewpoint under certain assumptions. Given the above, the board of directors of NMF has determined that measures for ensuring the fairness of the Merger were adequately implemented.

In order to ensure the fairness of the Merger, NOF has retained Mitsubishi UFJ Morgan Stanley Securities, which is an independent third party financial advisor, for its unitholders, and obtained a report of merger ratio analysis, in which analyses of allotment of units in the Merger were conducted from a financial viewpoint under certain assumptions. Given the above, the board of directors of NOF has determined that measures for ensuring the fairness of the Merger were adequately implemented.

In order to ensure the fairness of the Merger, NRF has retained SMBC Nikko Securities, which is an independent third party financial advisor, for its unitholders, and obtained a report of merger ratio analysis, in which analyses of allotment of units in the Merger were conducted from a financial viewpoint under certain assumptions. Given the above, the board of directors of NRF has determined that measures for ensuring the fairness of the Merger were adequately implemented.

It is to be noted that none of the Consolidated Investment Corporations obtained a fairness opinion from the relevant financial advisor to the effect that the merger ratio is financially suitable for each unitholder of each Consolidated Investment Corporation.

4. Overview of Parties Involved in the Merger

	Consolidated Investment Corporation	Consolidated Investment Corporation	Consolidated Investment Corporation
(1) Name	Nomura Real Estate Master Fund, Inc.	Nomura Real Estate Office Fund, Inc.	Nomura Real Estate Residential Fund, Inc.
(2) Location	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo		
(3) Name of Executive Director	Satoshi Yanagita	Yoshiyuki Ito	Shozo Matsumura
(4) Unitholders' Capital	161,120 million yen	211,430 million yen	73,231 million yen
(5) Date of Incorporation	January 31, 2013	August 7, 2003	August 3, 2006
(6) Total Number of Investment Units Issued and Outstanding	1,665,260 units	372,553 units	160,800 units
(7) End of Fiscal Periods	February and August	April and October	May and November
(8) Main Assets under Management	Real estate, and real estate trust beneficiary interest	Real estate, and real estate trust beneficiary interest	Real estate, and real estate trust beneficiary interest
(9) Main Financing Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Ltd. Development Bank of Japan Inc.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Ltd. Mizuho Bank, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation Development Bank of Japan Inc. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Ltd.

(10) Major Unitholders and their Unitholdings ratios	Japan Trustee Services Bank, Ltd. (trust account) 20.23%	Japan Trustee Services Bank, Ltd. (trust account) 21.40%	Japan Trustee Services Bank, Ltd. (trust account) 29.23%
	The Master Trust Bank of Japan, Ltd. (trust account) 8.64%	Trust & Custody Services Bank, Ltd. (securities investment trust account) 5.60%	Nomura Real Estate Development Co., Ltd. 9.48%
	Trust & Custody Services Bank, Ltd. (securities investment trust account) 7.18%	The Master Trust Bank of Japan, Ltd. (trust account) 4.78%	Trust & Custody Services Bank, Ltd. (securities investment trust account) 4.12%
	Nomura Real Estate Development Co., Ltd. 5.27%	The Nomura Trust and Banking Co., Ltd. (investment trust account) 4.12%	The Nomura Trust and Banking Co., Ltd. (investment trust account) 3.64%
	NOMURA BANK (LUXEMBOURG) S.A. 4.65%	Nomura Real Estate Development Co., Ltd. 4.10%	The Master Trust Bank of Japan, Ltd. (trust account) 3.54%
(11) Name of Asset Management Company	Nomura Real Estate Asset Management Co., Ltd.		
(12) Location of Asset Management Company	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo		
(13) Name and Post of Representative of Asset Management Company	Norio Ambe President & CEO		
(14) Relationship Among Parties Involved			
Capital Ties	There are no capital ties requiring special mention between each Consolidated Investment Corporation. The Asset Management Company of each Consolidated Investment Corporation is NREAM.		
Personnel Ties	There are no personnel ties requiring mention between each Consolidated Investment Corporation. The Asset Management Company of each Consolidated Investment Corporation is NREAM.		
Business Ties	There are no business ties requiring mention between each Consolidated Investment Corporation. The Asset Management Company of each Consolidated Investment Corporation is NREAM.		
Status of Classification as Related Party	Each Consolidated Investment Corporation is not a related party of other Consolidated Investment Corporations; however, NREAM, which is the Asset Management Company of each Consolidated Investment Corporation, is a related party of other Consolidated Investment Corporations.		

(15) Management and Other Performance in Most Recent Three Fiscal Periods

I. NMF (Unit: million yen, unless otherwise stated)

Fiscal Period Ended	February 2014	August 2014	February 2015
Operating Revenue	9,176	9,468	10,066
Operating Income	5,348	4,638	4,750
Ordinary Income	4,861	4,081	4,146
Net Income	4,860	4,079	4,145
Net Income per Unit (yen)	2,918	2,450	2,489
Dividend per Unit (yen)	2,919	2,450	2,490
Net Assets per Unit (yen)	99,673	99,204	99,244
Net Assets	165,982	165,201	165,267
Total Assets	261,582	257,040	276,539

II. NOF (Unit: million yen, unless otherwise stated)

Fiscal Period Ended	October 2013	April 2014	October 2014
Operating Revenue	12,378	12,260	13,105
Operating Income	5,127	5,105	5,441
Ordinary Income	3,636	3,630	3,942
Net Income	3,635	3,630	3,941
Net Income per Unit (yen)	10,413	9,743	10,579
Dividend per Unit (yen)	10,000	10,000	10,579
Net Assets per Unit (yen)	578,188	577,931	578,510
Net Assets	215,405	215,310	215,525
Total Assets	404,207	434,715	435,644

III. NRF (Unit: million yen, unless otherwise stated)

Fiscal Period Ended	November 2013	May 2014	November 2014
Operating Revenue	5,406	5,594	5,480
Operating Income	2,558	2,513	2,423
Ordinary Income	1,966	1,956	1,878
Net Income	1,965	1,955	1,877
Net Income per Unit (yen)	12,591	12,161	11,674
Dividend per Unit (yen)	12,221	12,161	11,600
Net Assets per Unit (yen)	467,887	467,827	467,340
Net Assets	75,236	75,226	75,148
Total Assets	168,019	167,940	164,852

5. Post-Merger Status

(1) Status of New Investment Corporation

New Investment Corporation	
(1) Name	Nomura Real Estate Master Fund, Inc.
(2) Location	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3) Name of Executive Director	Satoshi Yanagita
(4) Unitholders' Capital	TBD (yet to be determined at this stage)
(5) End of Fiscal Periods	February and August (Note)
(6) Net Assets	TBD (yet to be determined at this stage)
(7) Total Assets	TBD (yet to be determined at this stage)
(8) Name of Asset Management Company	Nomura Real Estate Asset Management Co., Ltd.
(9) Location of Asset Management Company	8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(10) Name and Post of Representative of Asset Management Company	Norio Ambe

(Note) The first fiscal period will be from October 1, 2015 to February 29, 2016.

(2) Major Unitholders and their Unitholding Ratios Before and After Merger

Before Merger		
NMF (as of February 28, 2015)	NOF (as of October 31, 2014)	NRF (as of November 30, 2014)
Japan Trustee Services Bank, Ltd. (trust account) 20.23%	Japan Trustee Services Bank, Ltd. (trust account) 21.40%	Japan Trustee Services Bank, Ltd. (trust account) 29.23%

The Master Trust Bank of Japan, Ltd. (trust account) 8.64%	Trust & Custody Services Bank, Ltd. (securities investment trust account) 5.60%	Nomura Real Estate Development Co., Ltd. 9.48%
Trust & Custody Services Bank, Ltd. (securities investment trust account) 7.18%	The Master Trust Bank of Japan, Ltd. (trust account) 4.78%	Trust & Custody Services Bank, Ltd. (securities investment trust account) 4.12%
Nomura Real Estate Development Co., Ltd. 5.27%	The Nomura Trust and Banking Co., Ltd. (investment trust account) 4.12%	The Nomura Trust and Banking Co., Ltd. (investment trust account) 3.64%
NOMURA BANK (LUXEMBOURG) S.A. 4.65%	Nomura Real Estate Development Co., Ltd. 4.10%	The Master Trust Bank of Japan, Ltd. (trust account) 3.54%
The Nomura Trust and Banking Co., Ltd. (investment trust account) 4.14%	CBLDN - STICHTING PGGM DEPOSITARY - LISTED REAL ESTATE PF FUND 4.03%	Japan Trustee Services Bank, Ltd., standing proxy of THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED 2.00%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) 1.42%	Nomura Securities Co., Ltd. 2.20%	Trust & Custody Services Bank, Ltd. (cash in trust taxable account) 1.87%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. 1.24%	Incorporated educational institution Kawasaki Gakuen 1.88%	The Master Trust Bank of Japan, Ltd., standing proxy of the Jyoy Bank, Ltd. 1.56%
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 1.02%	State Street Bank and Trust Company 1.64%	Trust & Custody Services Bank, Ltd., standing proxy of the Fukui Bank, Ltd. 1.19%
THE BANK OF NEW YORK MELLON SA/NV 10 1.02%	State Street Bank and Trust Company 505223 1.36%	The Ashikaga Bank, Ltd. 1.06%

After Merger (simple sum after taking into account the merger ratio)	
Japan Trustee Services Bank, Ltd. (trust account)	22.38%
The Master Trust Bank of Japan, Ltd. (trust account)	6.27%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	6.01%
Nomura Real Estate Development Co., Ltd.	5.66%
The Nomura Trust and Banking Co., Ltd. (investment trust account)	4.03%
NOMURA BANK (LUXEMBOURG) S.A.	2.08%
CBLDN - STICHTING PGGM DEPOSITARY - LISTED REAL ESTATE PF FUND	1.45%
Nomura Securities Co., Ltd.	0.81%
Trust & Custody Services Bank, Ltd. (cash in trust taxable account)	0.79%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.74%

(Note) The major unitholders and their unitholding ratios after the Merger are calculated based on the investment units assuming it will be allotted in accordance with “2. Outline of the Merger; (3) Ratio of Allotment under the Merger” above on the premise of the major unitholders’ unitholding ratios before the Merger above.

(3) Asset Management Agreement

The New Investment Corporation is scheduled to succeed the asset management agreement currently entered into by and between NMF and NREAM and to keep it effective after making partial amendment thereof. Consequently, the asset management agreements which NOF and NRF respectively have entered into with NREAM are scheduled to be terminated on the date of incorporation of the New Investment Corporation on the condition that the New Investment Corporation is incorporated as a result of the Merger, upon obtaining approval of the general meeting of unitholders of NOF and NRF.

(4) Investment Policy

With the merger of NMF that invests in logistics facilities/retail facilities, NOF that invests in office buildings and NRF that invests in residential facilities, a new investment policy as a diversified type REIT is scheduled to be set based on NMF's investment policy. Please refer to "1. Purpose of Merger" for the outline.

(5) Agreement with Sponsors, Etc.

The basic letter of agreement for the provision of real estate and other information entered into by and between NREAM and NRE with respect to the property information that fall within NMF's investment scope will continue to be effective after the Merger, upon partial amendment in connection with the expansion of investment scope, and the robust support structure by NRE will be maintained in the future. Accordingly, the basic letter of agreement for the provision of real estate and other information which NREAM has entered into with NRE and Nomura Real Estate Urban Net Co., Ltd. with respect to the property information that fall within the investment scope of NOF and NRF is scheduled to be terminated on the date of incorporation of the New Investment Corporation on the condition that the New Investment Corporation is incorporated as a result of the Merger.

As of May 27, 2015, NRE, Nomura Real Estate Partners CO., LTD. and GEO AKAMATSU CO., LTD. have entered into a basic agreement with respect to leasing value chain with NREAM. This Agreement allows establishing an interactive "management pipeline" in addition to the current "property pipeline" between the New Investment Corporation and Nomura Real Estate Group companies, therefore, it actively promotes the strengthening of the branded properties such as "PMO," "PROUD FLAT," "GEMS" and "Landport," and the improvement of the value of properties owned by the New Investment Corporation. Please refer to "1. Purpose of Merger" for the outline.

6. Overview of Accounting

The Merger constitutes an acquisition as provided in the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21; revised on September 13, 2013) and is premised on the purchase method being applied, whereby NMF is the corporation acquiring, and NOF and NRF are the corporations to be acquired. Furthermore, goodwill is expected to result from the Merger, and the amount is provisionally estimated to be JPY 80,116 million yen at this stage.

In addition, goodwill will be recorded as assets and be regularly amortized through the fixed amount method for twenty years. The amortization costs will vary for accounting and tax treatment (account and tax discrepancy) and will be a cause for the imposition of taxation such as corporation tax; however, following the tax reform in tax year 2015, the New Investment Corporation will avoid such taxation through the distribution of cash in excess of profit for the purpose of tax reduction throughout the amortization period of goodwill.

7. Future Outlook

For the forecasts of the management performance for the first fiscal period ending February 2016 (from October 1, 2015 to February 29, 2016) and the second fiscal period ending August 2016 (from March 1, 2016 to August 31, 2016) of the New Investment Corporation, please refer to the press release of today, "Notice concerning the forecast of the management performance for the fiscal period ending February 2016 and the fiscal period ending August 2016 of Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc. after the Merger."

In addition, the impact of the execution of the Merger Agreement on the management performance for NMF's fiscal period ending August 2015 (from March 1, 2015 to August 31, 2015), NOF's fiscal period ending October 2015 (from May 1, 2014 to October 31, 2015) and NRF's fiscal period ending May 2015 (from

December 1, 2014 to May 31, 2015) is expected to be minimal. Thus, no changes have been made to such management performance forecasts.

The forecasts for management performance for the deemed calculation period of each Consolidated Investment Corporation ending one day prior to the incorporation date of New Investment Corporation and the payments on merger have not been decided at this stage, and will be announced upon determination.

(Note 1)

Nomura Securities has generally used information provided by each Consolidated Investment Corporation and publicly available information, in order to conduct the merger ratio analysis. Nomura Securities has not conducted any independent verification on the accuracy or completeness of the materials and information, but rather has assumed that all such materials and information are accurate and complete. In addition, Nomura Securities has not made any independent valuation, appraisal or assessment of the assets or liabilities (including the off-balance-sheet assets and liabilities, or any other contingent liabilities) of each Consolidated Investment Corporation. Nomura Securities has not appointed any third-party institution for any such valuation or appraisal. Further, Nomura Securities has assumed that the financial projections (including profit plan and other information) provided by each Consolidated Investment Corporation have been prepared in a reasonable manner on the basis of the best estimates and judgment currently available by the management of the respective Consolidated Investment Corporations.

(Note 2)

In analyzing the above merger ratio, Mitsubishi UFJ Morgan Stanley relied on the information that was publicly available or provided by each Consolidated Investment Corporation, assuming that such information was accurate and complete without independent verification of the accuracy or completeness of such information. Also, Mitsubishi UFJ Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities (including off-balance-sheet assets or liabilities, or any other contingent liabilities) of each Consolidated Investment Corporation, nor did Mitsubishi UFJ Morgan Stanley request a third-party institution for any such valuation or appraisal. Furthermore, with respect to the financial forecasts of each Consolidated Investment Corporation, Mitsubishi UFJ Morgan Stanley assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of each Consolidated Investment Corporation. The analysis of the above merger ratio by Mitsubishi UFJ Morgan Stanley was based on the above information that was available as of May 26, 2015.

Mitsubishi UFJ Morgan Stanley has prepared its analysis solely for the board of NOF for the purpose of consideration of the Merger and should not be definitively relied upon or used for any other purpose or by any third party. In addition, Mitsubishi UFJ Morgan Stanley will not provide any opinion or recommendation on voting by any of the unitholders of NMF, NOF or NRF with respect to the Merger or any other proposed transaction.

(Note 3)

SMBC Nikko Securities, in preparing its report of merger ratio analysis, has assumed that all of materials and information used as the basis for the report are accurate and complete, and did not independently verify their accurateness and completeness and shall not incur any obligation or responsibility thereof. In addition, SMBC Nikko Securities has neither independently evaluated, examined or appraised assets or liabilities of NMF, NOF and NRF, nor made a request for valuation, examination or appraisal to a third-party institution. In the case where there is any problem in the accurateness and completeness of such materials and information, the financial analysis result may be substantially different. Furthermore, SMBC Nikko Securities has assumed that there exist no claims or liabilities incurred by undisclosed litigation, dispute, environment, taxation or other matters or any other incidental obligations or off-balance-sheet liabilities, or other material facts that may have material effects on the its report of merger ratio analysis, in connection with NMF, NOF and NRF. SMBC Nikko Securities has assumed that the business plans and financial forecasts provided by NMF, NOF and NRF were prepared in accordance with reasonable and adequate procedures employed by NMF, NOF and NRF based on the best forecasts and judgment available as of the financial analysis date. In addition, with respect to its report on merger ratio analysis, SMBC Nikko Securities conducted in some cases its analysis founded on certain assumptions based on materials and information provided to it; however, its analysis was based on the premise that such materials and information provided and such assumptions were accurate and reasonable. SMBC Nikko Securities did not independently verify the accurateness, validity or feasibility of such assumptions and shall not incur any obligation or responsibility for such verification.

The financial analysis results of SMBC Nikko Securities have been provided by SMBC Nikko Securities to NRF in response to the request of NRF, for the sole purpose of assisting the board of directors of NRF to determine the merger ratio, and such financial analysis results are not for the purpose of expressing SMBC Nikko Securities' opinion on the merger ratio.