[For Translation Purposes Only]

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**For Immediate Release**

To Whom It May Concern

**Nomura Real Estate Master Fund, Inc.**
Securities Code: 3462
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**Notice Concerning Treatment of Goodwill Generated from the Merger**

Nomura Real Estate Master Fund, Inc. ("NMF") was established on October 1, 2015 through a consolidation-type merger (the "Merger") implemented by former Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc.

NMF expects that goodwill (Note 1) would accrue upon the Merger and, pursuant to the Accounting Standards for Business Combinations (Statement No. 21, as amended on September 13, 2013), intends to record the goodwill as assets and amortize it using the straight-line method over 20 years on a regular basis. Currently, the amount of goodwill is provisionally estimated to be ¥76,383 million (Note 2); the goodwill amortization for the fiscal period ending February 29, 2016 (the first fiscal period) is provisionally estimated to be ¥1,591 million, and that for the fiscal period ending August 31, 2016 (the second fiscal period) and thereafter is provisionally estimated to be ¥1,909 million.

The goodwill amortization will cause a difference between accounting profit and income for tax purpose due to the difference between accounting and tax treatment ("Inconsistency between Accounting and Taxation") and may result in the imposition of corporation tax or other tax. However, following the tax reform in 2015, NMF intends to make cash distributions in excess of its profit ("Distributions in Excess of Profit") for the purpose of tax relief during the aforementioned goodwill amortization period (Note 3). Please refer to the attached Exhibit "Distributions in Excess of Profit" for details.

The goodwill amortization is recorded as operating expenses for accounting purpose and, accordingly, NMF's accounting profit will decrease by an amount equivalent to the goodwill amortization during the aforementioned goodwill amortization period. However, such amortization will not cause cash payout, and the amount equivalent to the goodwill amortization will be distributed by way of the Distributions in Excess of Profit, and, therefore, cash distribution to unitholders will not be affected.

(Note 1) "Goodwill" means, if an acquisition price of an acquirer for accounting purpose (the former Nomura Real Estate Master Fund, Inc., in this case) exceeds the current net asset value at the time of the merger of an acquiree for accounting purpose (Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc., in this case), such deference between those figures.

(Note 2) The provitionally estimated amount of goodwill is calculated on the assumption that NMF has succeeded the assets in the amount of ¥559,304 million in total and liabilities in the amount of ¥320,388 million in total of Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc., the acquirees under the Accounting Standards for Business Combinations, and that the acquisition cost of the Merger will be ¥315,299 million (calculated based on the closing price (¥153,300) on September 25, 2015, the last trading day of investment units of former Nomura Real Estate Master Fund, Inc., the acquirer under such accounting standards).

(Note 3) Investment corporations that satisfy prescribed requirements, among other things, paying dividends in the amount exceeding 90% of profit available for distribution, are treated as conduits for tax purpose and are allowed to include profit distributions in deductible expenses in calculating corporation tax. Previously, in the case of the Inconsistency between Accounting and Taxation, even if investment corporations made Distributions in Excess of Profit, such distributions were not included in deductible expenses, since they were allowed to include only distribution of accounting profit in deductible expenses. Accordingly, corporation tax or other tax were imposed on the portion of the Inconsistency between Accounting and Taxation, that is, the amount of income for tax purpose exceeding accounting profit. Under the tax reform in 2015, when investment corporations distribute the amount equivalent tothe amount of the Inconsistency between Accounting and Taxation as the reserve for temporary difference adjustments, such amount has become to be treated as dividends for tax purpose and are accordingly allowed to be included in deductible expenses.

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

(For your reference)　Distributions in Excess of Profit

Distributions in Excess of Profit mean cash distributions in excess of profit, and the two types thereof are as described below.

Distributions in Excess of Profit

| | | |
|---|---|---|
| Category | Distribution of the reserve for temporary difference adjustments | Distribution reducing unitholders' capital for tax purpose |
| Summary | Distribution for the purpose of tax relief regarding the Inconsistency between Accounting and Taxation such as goodwill amortization | Distribution based on depreciation expense, etc. |
| Tax treatment of the distribution | As it is treated as dividends, it is processed as dividend income, etc (Note). | As it is treated as a refund of capital, it is processed as a deemed transfer proceeds (a portion thereof may be treated as a deemed dividend.). |

(Principle)
NMF's Distribution in Excess of Profit

In principle, NMF will make distribution of the reserve for temporary difference adjustments equivalent to the amount of goodwill amortization.　(If the distribution of the reserve for temporary difference adjustments is less than the amount equivalent to the amount of goodwill amortization, the distribution reducing unitholders' capital for tax purpose will be made in parallel.)

(Note)　In principle, accounting treatment of the dividends received will be as follows, in accordance with the category of the holding purpose of the securities; however, please contact your accountants for the details.

Securities held for sale : Treated as a dividend received

Other securities　: Reduction of the book value of securities

< Explanatory diagram of Distributions in Excess of Profits>