



[For Translation Purposes Only]

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Securities Code: 3462  
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## **Notice of Proposal to Modify the Structure of Asset Management Fees**

Nomura Real Estate Master Fund, Inc. (“NMF”) announced that NMF resolved at the Board of Directors Meeting held today that it will propose, at the 1st General Meeting of Unitholders to be held on May 26, 2017, the partial amendment to its Articles of Incorporation, including amendment to the provision related to the asset management fee structure (the “Modification”) through which NMF pays to its asset management company, Nomura Real Estate Asset Management Co., Ltd. (“NREAM”), for the purpose of establishing an asset management fee structure with more consideration for unitholders’ benefit as compared to the current structure. For details of the proposed amendment, please refer to our press release “Notice Concerning Amendment of the Articles of Incorporation and Election of Directors” dated today.

### **1. Purpose and Outline of the Change**

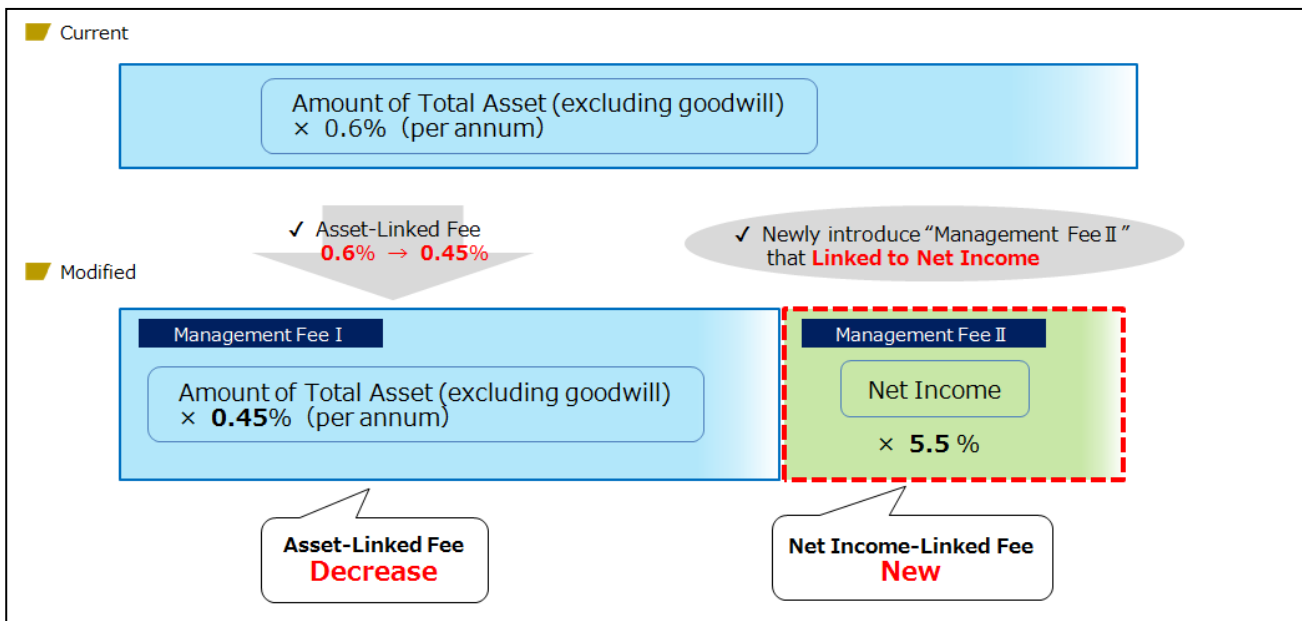
Under the current asset management fee structure, the fee linked to the total assets of NMF (i.e., Management Fee I after the Modification) constitutes the principal portion of the entire fee; however, NMF has explored the possibility of establishing a new asset management fee structure with more consideration for unitholders’ benefit <sup>(Note 1)</sup>.

(Note 1) In addition to the fee mentioned above, the fees related to acquisition and disposal of specified assets are respectively provided for as fees included in the asset management fee; however, the provision concerning such fees will not be amended.

The Modification newly introduces the asset management fee linked to net income <sup>(Note 2)</sup> (i.e., Management Fee II) and decreases the rate of asset management fee linked to total assets. We believe that, by introducing such asset management fee structure linked to net income, the asset management fee structure will enhance the link between the asset management fee and unitholders’ benefit, thereby reflect more consideration for unitholders’ benefits, because it will link the asset management fee with the overall fund management business aiming to growing the NMF’s benefit (including operation of properties and financing), together with the decrease in rate of current asset management fee linked to total assets.

(Note 2) “Net income” means the amount obtained by adding goodwill amortization cost to, and deducting gain on negative goodwill, from income before income taxes calculated in accordance with generally accepted corporate accounting principles in Japan (before deduction of Management Fee II and non-deductible consumption taxes on Management Fee II), and after compensation of loss carried forward (if any).

Following is an illustration showing the outline and image of Management Fee I and Management Fee II after the Modification:



(Note 1) In addition to the fee mentioned above, the fees related to acquisition and disposal of specified assets exist; however, those are not included in the above illustration because they are not subject to the Modification.

(Note 2) The ratio in the amount of Management Fee II compared with the Management Fee I in the illustration above is shown for explanation purposes only, and it does not show the actual ratio.

The level of the total amount of asset management fee calculated based on the current total assets and income level of NMF is expected to slightly decrease through the Modification.

The Modification constitutes the matter to be resolved at the 1st General Meeting of Unitholders of NMF to be held on May 26, 2017, and if the relevant proposal is approved and adopted at the general meeting, the Modification will apply from the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018).

## 2. The Future outlook

The Modification will not impact the forecasts of finance results for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017)

\*<Nomura Real Estate Master Fund, Inc.> URL: <http://www.nre-mf.co.jp/en/>