[For Translation Purposes Only]

December 20, 2016

Nomura Real Estate Master Fund, Inc.
Securities Code: 3462
Satoshi Yanagita, Executive Director

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

Inquiries:
Ken Okada
Director and Managing Executive Officer
TEL. +81-3-3365-8767 nmf3462@nomura-re.co.jp

Notice Concerning the Appraisal Values of Succeeded Assets and the Amount of Goodwill Accrued upon the Merger

Nomura Real Estate Master Fund, Inc. ("Nomura Master Fund" or the "Fund") announced the newly determined appraisal values of real estate related to the beneficiary interests of real estate trusts succeeded from TOP REIT, Inc. (the succeeded assets), which, effective September 1, 2016, were assimilated through the absorption-type merger of Nomura Master Fund and TOP REIT, Inc. Details are provided below.

In addition, the goodwill generated by the absorption-type merger has largely been determined and is listed below.

1. Appraisal Value

No. (Note 1)	Name	Acquisition Price (millions of yen) (Note 2)	Appraisal Value (millions of yen)	The effective date of value	Appraiser
Of-T-044	NEC Head Office Building	44,100	44,100	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Of-T-045	Harumi Island Triton Square Office Tower Y	18,200	18,200	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Of-T-046	Akasaka Oji Building	10,400	10,400	April 1, 2016	Japan Real Estate Institute
Of-T-047	Kanda Nishiki-cho 3-chome Building	8,330	8,330	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Of-T-048	Harumi Island Triton Square Office Tower Z	8,180	8,180	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Of-T-049	Shinkawa Chuo Building	6,070	6,070	April 1, 2016	Japan Real Estate Institute

No. (Note 1)	Name	Acquisition Price (millions of yen) (Note 2)	Appraisal Value (millions of yen)	The effective date of value	Appraiser
Of-T-050	Shinjuku EAST Building	5,710	5,710	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Of-T-051	Shiba-Koen Building	3,620	3,620	April 1, 2016	Japan Real Estate Institute
Of-T-052	Ginza Oji Building	1,850	1,850	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Of-T-053	Faret East Building	1,850	1,850	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Rt-T-033	Sagamihara Shopping Center	6,840	6,840	April 1, 2016	Japan Real Estate Institute
Rt-T-034	Musashiurawa Shopping Square	2,720	2,720	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Rt-T-035	Ito-Yokado Higashi-Narashino Store	649	649	August 31, 2016	Japan Valuers Co., Ltd.
Rt-S-008	MEL Building	1,060	1,060	April 1, 2016	Japan Real Estate Institute
Rs-T-116	Fukasawa House Towers H&I	7,140	7,140	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Rs-T-117	PRIME URBAN Toyosu	5,290	5,290	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Rs-T-118	PRIME URBAN Nihonbashi Kayabacho	2,850	2,850	April 1, 2016	Daiwa Real Estate Appraisal Co., Ltd.
Rs-T-119	PRIME URBAN Yoga II	1,320	1,320	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
Rs-T-120	PRIME URBAN Musashi-Koganei II	1,310	1,310	March 31, 2016	The Tanizawa Sogo Appraisal Co., Ltd.
		137,489	137,489	-	

(Note 1) The property numbers listed are those of Nomura Master Fund.

(Note 2) Under the purchase method of accounting, the appraisal value of the real estate acquired by the Fund is equivalent to the total value of the succeeded assets. Therefore, the acquisition price listed in the chart above is the same as the appraisal value of the real estate.

(Note 3) The Appraisal Values are rounded down to the nearest million yen.

2. The amount of the goodwill accrued upon the absorption type merger

Goodwill (note 1) accrued upon the absorption-type merger will be accounted for as an asset and amortized using the straight-line method over 20 years on a regular basis pursuant to accounting standards concerning business combinations (ASBJ Statement No. 21, as amended on September 13, 2013). At present, the amount of goodwill accounted for has been calculated at ¥27,014 million (note 2), and the Fund expects amortization expenses related to goodwill to reach ¥675 million from the 3rd fiscal period (ending February 28, 2017) onward.

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).

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 (NMF) exceeds the current net asset value at the time of the merger of an acquiree for accounting purpose (TOP), such deference between those figures.

(Note 2) The figures indicated are unaudited figures.

(Note 3) Moreover, as of the end of the 2nd fiscal period (ended August 31, 2016), Nomura Master Fund has recorded ¥74,305 million in goodwill accrued upon the consolidation-type merger of the former Nomura Real Estate Master Fund, Inc.; Nomura Real Estate Office Fund, Inc.; and Nomura Real Estate Residential Fund, Inc.; with an effective date of October 1, 2015. The amortization expenses related to said goodwill is expected to be ¥1,946 million per fiscal period.

3. Forecast of Future Management Performance

The impact of this matter on the management performance for 3rd fiscal period (from September 1, 2016 to February 28, 2017) is expected to be minimal. Thus, no changes have been made to management performance forecasts.

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