

## Top REIT Announces Summary of Earnings Results for the Fiscal Period Ended April 30, 2008 (From November 1, 2007, to April 30, 2008)

Operating revenue ¥4,817 million—The increased portfolio now comprises 13 properties.

Top REIT, Inc. (TOKYO: 8982) hereby announces its earnings results for the fiscal period ended April 30, 2008 (from November 1, 2007, to April 30, 2008).

This summary of earnings results has been prepared in accordance with generally accepted accounting principles in Japan and Japanese law. Figures are in millions of yen with fractional amounts omitted except as otherwise noted.

### 1. Performance for the Fourth Fiscal Period (From November 1, 2007, to April 30, 2008)

(1) Business Results (in millions of yen with fractional digits omitted, except as otherwise noted)

	Operating Revenue	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Fourth Fiscal Period	4,817	2.2	2,353	4.6	1,842	(0.3)
Third Fiscal Period	4,715	4.2	2,250	(15.0)	1,848	(20.5)

	Net Income	Change (%)	Net Income Per Unit (Yen)	Net Income to Net Assets Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Ordinary Income to Operating Revenue Ratio (%)
Fourth Fiscal Period	1,841	(0.3)	11,884	2.2	1.1	38.3
Third Fiscal Period	1,847	(20.5)	11,921	2.2	1.3	39.2

Note: Net income per unit is rounded to the nearest yen.

(2) Dividend (in millions of yen with fractional digits omitted, except as otherwise noted)

	Dividend per Unit (Yen) (Excluding Dividend in Excess of Earnings)	Total Amount of Dividends	Dividend in Excess of Earnings per Unit (Yen)	Total Amount of Dividends in Excess of Earnings	Dividend Payout Ratio (%)	Dividend to Net Asset Ratio (%)
Fourth Fiscal Period	11,884	1,842	0	—	100.0	2.2
Third Fiscal Period	11,921	1,847	0	—	100.0	2.2

**(3) Financial Position**

(in millions of yen with fractional digits omitted, except as otherwise noted)

	Total Assets	Net Assets	Net Assets to Total Assets (%)	Net Assets per Unit (Yen)
Fourth Fiscal Period	175,226	84,037	48.0	542,175
Third Fiscal Period	145,972	84,019	57.6	542,060

Reference: Net Assets

As of April 30, 2008 ¥84,037 Million

As of October 31, 2007 ¥84,019 Million

Note: Net assets per unit are rounded to the nearest yen.

**(4) Cash Flows**

(in millions of yen with fractional digits omitted, except as otherwise noted)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fourth Fiscal Period	2,231	(27,068)	26,752	14,904
Third Fiscal Period	5,000	(222)	(2,223)	12,989

**2. Forecast of Earnings Results for the Fifth Fiscal Period (From May 1, 2008, to October 31, 2008)**

(in millions of yen with fractional digits omitted, except as otherwise noted)

	Operating Revenue	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)	Dividend per Unit (Yen) (Excluding Dividend in Excess of Earnings)	Dividend in Excess of Earnings per Unit (Yen)
Fifth Fiscal Period	5,597	16.2	2,622	11.5	1,938	5.2	1,937	5.2	12,500	0

Reference: Estimated net income per unit for the fifth fiscal period: ¥12,500

**3. Others****(1) Changes in Accounting Policies**

- a. Changes accompanying revisions in accounting standards, etc. No.
- b. Changes aside from a above No.

**(2) Number of investment units issued**

## a. Number of units issued (including treasury units)

As of April 30, 2008 155,000 units

As of October 31, 2007 155,000 units

## b. Number of treasury units issued

As of April 30, 2008 0 units

As of October 31, 2007 0 units

Explanation related to the appropriate application of the earnings results forecasts and other items

Certain forward-looking statements contained in this document such as business results forecasts are based on reasonable assumptions judged by and information currently available to Top REIT, and the actual results may differ materially due to various factors. Accordingly, Top REIT does not guarantee any forecasted dividend amount.

The information above is translated from the Japanese "Kessan Tanshin" report, dated June 13, 2008. Consequently, discrepancies may exist, and Top REIT, Inc. makes no assurance or warranty with respect to the completeness or accuracy of this English translation. To guarantee complete and accurate information, please refer to the original report in Japanese.

## **A. Main Developments at Top REIT (Since IPO)**

Top REIT, Inc. (hereinafter “Top REIT”) was established on November 2, 2005, in accordance with the Investment Trusts and Investment Corporations Law (Law No. 198 of 1951, as amended, hereinafter “ITL”). On March 1, 2006, Top REIT (Securities Code: 8982) listed with 145,500 total units outstanding on the REIT Section of the Tokyo Stock Exchange (hereinafter “TSE”). Top REIT issued new units (9,500) by private placement on March 23, 2006. The total number of units issued is 155,000 as of April 30, 2008.

Top REIT acquired three office properties (one of which was an additional acquisition to an existing property) in the fourth fiscal period in addition to the eleven properties acquired up until the end of the third fiscal period since the period Top REIT listed on the TSE. As of the end of the fourth fiscal period, Top REIT holds thirteen properties with a total acquisition price of ¥157,187 million.

Top REIT manages its assets with a strategic focus on two areas: (1) the “skilled management of a diversified portfolio,” and (2) the “optimal use of our sponsors’ strengths” in order to maximize unitholder value with stable growth in both income and portfolio assets over the medium to long term.

(Note) Unless otherwise stated, fractions less than a unit are omitted as to amounts or rounded as to ratios.

## **B. Operational Results for the Fourth Fiscal Period**

### **(a) Acquisitions and transfers of assets**

Top REIT began the period under review with eleven properties under management (total acquisition price: ¥130,846 million). Amidst the intensifying competition for the acquisition of excellent properties, Top REIT, while making “optimal use of our sponsors’ strengths,” collected information on many properties with a view to proactively acquire properties, in particular office buildings in central Tokyo. Top REIT acquired the following highly-competitive office buildings in the Tokyo metropolitan area: “Faret East Building Eighth Floor (additional acquisition)” (acquisition price ¥571 million; acquisition date March 18, 2008), “Shiba-Koen Building” (acquisition price ¥5,770 million; acquisition date March 19, 2008), “Harumi Island Triton Square Office Tower Z” (acquisition price ¥20,000 million; acquisition date March 27, 2008). The total of the acquisition price is ¥26,341 million. Of the three properties acquired in the fiscal period under review, one property (Faret East Building) acquisition was an additional acquisition to an existing property of compartmentalized ownership rights (“kubun shoyu-ken”). The other two properties were acquisitions made by utilizing pipeline support functions that Top REIT has with its sponsors.

As a result, the total acquisition price of our assets under management at the end of the fourth fiscal period was ¥157,187 million.

### **(b) Operation and management of portfolio properties**

The basic operational strategy of Top REIT is to maintain and increase profits over the medium to long term by maintaining and improving tenant satisfaction (“Tenant First” Policy) and keeping management costs at appropriate levels.

Top REIT strives to maintain trust with its tenants, understand tenant needs using its property management company (hereinafter “PM company”), and maintain high occupancy levels. As a result of an increase in the floor space for existing tenants and the attraction of new tenants, the occupancy rate of our overall portfolio properties reached 99.5%. In addition, based on the yearly management plans of individual properties, Top REIT revised rents to attract new tenants and wholeheartedly implemented measures to improve earnings through rent increases for existing tenants after grasping the discrepancies in these rents with current market levels.

Regarding management of each property, while carrying out a follow-up role based on ensuring full understanding of operational and management conditions and steadily implementing the property's management plans, Top REIT made efforts to reduce management costs for a portion of our managed assets. Also, based on management plans, Top REIT carried out maintenance and repair works that contributed to the improvement of the competitiveness of properties, and the maintenance and improvement of the property functionality. The company kept costs at appropriate levels for planned maintenance and repair works and reviewed the timing for carrying out these works.

(c) Funds procurement

Top REIT procures funds with a financial policy based on stable financial management. During this period, Top REIT procured a total of ¥6,700 million on March 19, 2008, as funds to acquire "Faret East Building Eighth Floor" and "Shiba-Koen Building," by utilizing short-term credit facility based on a basic loan agreement. Also, on March 27, 2008, Top REIT procured a total of ¥21,900 million as funds to acquire "Harumi Island Triton Square Office Tower Z," from multiple financial institutions, by long-term loan based on the basic agreement and by utilizing short-term credit facility based on a basic loan agreement. As a result, at the end of this fiscal period, our total outstanding loan amounts are ¥83,000 million. The loan/total asset ratio is 47.4%, interest bearing debt/total asset ratio is 48.0%, and the long term loan ratio (including the current portion of long-term loans payable) is 87.6%, and the fixed interest rate ratio at the end of this fiscal period is 75.1%.

The credit ratings of Top REIT as of the date of this report:

Rating agency	Issuer Rating [Outlook]
Moody's Investors Service Inc.	A2 [Stable]
Rating and Investment Information, Inc.	AA- [Stable]

(d) Business results and dividends

As a result of business operations mentioned above, the company posted as operation results this fiscal period operating revenue of ¥4,817 million, operating income of ¥2,353 million, ordinary income of ¥1,842 million, and net income of ¥1,841 million.

As for dividends, Top REIT plans for the amount corresponding to profit dividends to be counted as a tax deductible dividend by applying a "special treatment" of corporate tax (stipulated in Article 67-15 of the Special Taxation Measures Law), and the dividends per unit shall be ¥11,884, distributing the total amount of unappropriated retained earnings for the current period excluding the amounts consisted from the less than one yen per each unit.

### C. Forecasts for Fifth Fiscal Period

(a) Operational strategy of existing properties

The basic operational strategy of Top REIT continues to be "Tenant First" = "Maintenance and Improvement of Tenant Satisfaction," as well as to maintain and improve profits in the medium to long term by keeping management costs at appropriate levels. By strongly focusing our attention on maintaining trust with tenants and securing leases for vacant properties, Top REIT will maintain stable occupancy rates over the medium to long term and negotiate to revise rents to appropriate levels based on an understanding of conditions in commercial areas and current market rents.

While striving to be always fully aware of the operational and management conditions of each property, Top REIT will continue to maintain and improve its revenues while developing effective policies to reduce operational and management costs. In addition, by carrying out planned maintenance and repair works whose purpose is to maintain and improve the functionality of our properties as well as increase their competitiveness, we aim to ensure stable profits in the medium to long term.

(b) Investment strategy of new properties

Top REIT is aiming for medium to long term improvements in dividends, through achieving external growth from the acquisition of new properties. Although the current environment is severe for the acquisition of new and good quality properties, Top REIT continues to utilize even more the pipeline support functions from its sponsor companies as well as: collect information on a wide range of new properties; select from a broad range of new property information concentrating on highly competitive office buildings but including the three areas of office buildings, retail properties and residential properties; and pursue both external growth and quality asset management.

The policy of Top REIT is to restrict investment in a single property to within 20% of the total portfolio value over the medium to long term. As of the end of this fiscal period, by externally growing its portfolio, Top REIT was able to lower the ratio of acquisition value of the NEC head office building to the total acquisition value of its portfolio to 26.7%. We are trying to reduce the concentration of risk in a single, specific property by steadily moving forward with further external growth activities hereafter.

(c) Financial strategy

As for funds for the acquisition of new properties, Top REIT will select from among multiple procurement measures, including making use of agile procurement of short-term loans based on a basic loan agreement with an uncommitted short-term facility and taking into consideration financial market trends.

For further acquisition of new properties, we continue to secure flexible financing arrangements and reduce procurement risks by extending the period of loans and spreading out maturity dates in preparation for the risk of rising interest rates and refinancing. We will maintain financial soundness by keeping an appropriate level of leverage.

(d) Forecast of earning results

The forecast of earnings results for the fifth fiscal period (From May 1, 2008, to October 31, 2008) is as follows.

Operating revenue	¥5,597 million
Ordinary income	¥1,938 million
Net income	¥1,937 million
Dividend per unit	¥12,500
Dividend in excess of earnings per unit	¥0

The forecast of earnings results for the sixth fiscal period (From November 1, 2008, to April 30, 2009) is as follows.

Operating revenue	¥5,618 million
Ordinary income	¥1,954 million
Net income	¥1,953 million
Dividend per unit	¥12,600
Dividend in excess of earnings per unit	¥0

(Note) Forecasts presented above are based on certain assumptions at this moment in time. Actual operating revenue, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ according with changes in circumstances. Top REIT does not guarantee any forecasted dividend amount.

## D. Financial Statements

### (a) Balance Sheet

Accounting Item	Third Fiscal Period (As of October 31, 2007)		Fourth Fiscal Period (As of April 30, 2008)		Change		
	Value (Thousand yen)	(%)	Value (Thousand yen)	(%)	Value (Thousand yen)	(%)	
(Assets)							
I Current Assets							
Cash and deposits	4,745,435		6,054,171		1,308,735		
Cash and deposits held in trust account	8,243,700		8,850,048		606,348		
Tenants receivables	32,847		41,961		9,114		
Prepaid expenses	38,304		63,880		25,576		
Deferred tax assets	21		2,962		2,940		
Corporate tax refund receivable	1,863		3,336		1,473		
Consumption tax refund receivable	-		398,573		398,573		
Other current assets	415		395		(20)		
Total Current Assets	13,062,588	9.0	15,415,329	8.8	2,352,741	18.0	
II Fixed Assets							
1. Investment Properties							
Buildings (Including accompanying facilities)	-		1,104,579				
Accumulated depreciation	-		6,855	1,097,723	1,097,723		
Structures	-		3,630				
Accumulated depreciation	-		144	3,485	3,485		
Machinery and equipment	-		11,436				
Accumulated depreciation	-		507	10,929	10,929		
Tools and furniture	-		506				
Accumulated depreciation	-		21	484	484		
Land	-		-	4,885,146	4,885,146		
Buildings in trust (Including accompanying facilities)	45,681,902		52,920,348				
Accumulated depreciation	2,703,775	42,978,127	3,653,406	49,266,942	6,292,406		
Structures in trust	475,899		629,045				
Accumulated depreciation	56,506	419,393	76,375	552,670	133,277		
Machinery and equipment in trust	112,956		190,814				
Accumulated depreciation	13,554	99,401	20,580	170,234	57,934		
Tools and furniture in trust	34,279		35,965				
Accumulated depreciation	6,786	27,492	10,449	25,516	7,330		
Land in trust		89,174,514		103,572,802	14,398,288		
Total Investment Properties		132,698,929	90.9	159,585,937	91.1	26,887,007	20.3
2. Intangible Assets							
Other intangible assets		340		318	(21)		
Total Intangible Assets		340	0.0	318	0.0	(21)	(6.3)
3. Investment and Other Assets							
Leasehold and security deposits		10,000		10,000	-		
Long-term prepaid expenses		60,099		79,918	19,818		
Deferred tax assets		57,570		39,328	(18,242)		
Other investments		48,707		67,588	18,881		
Total Investment and Other Assets		176,377	0.1	196,835	0.1	20,457	11.6
Total Fixed Assets		132,875,647	91.0	159,783,091	91.2	26,907,443	20.3
III Deferred Assets							
Organization expenses (initial expense)		34,020		28,350	(5,670)		
Total Deferred Assets		34,020	0.0	28,350	0.0	(5,670)	(16.7)
Total Assets		145,972,255	100.0	175,226,770	100.0	29,254,514	20.0

Accounting Item	Period	Third Fiscal Period (As of October 31, 2007)		Fourth Fiscal Period (As of April 30, 2008)		Change	
		Value (Thousand yen)	(%)	Value (Thousand yen)	(%)	Value (Thousand yen)	(%)
<b>(Liabilities)</b>							
<b>I Current Liabilities</b>							
Accounts payable		57,858		158,370		100,512	
Short-term debt		-		10,300,000		10,300,000	
Current portion of long-term loans payable		-		16,700,000		16,700,000	
Other account payable		240,694		308,917		68,223	
Expenses payable		143,390		181,845		38,454	
Income taxes payable		55		42		(12)	
Consumption tax payable		171,120		-		(171,120)	
Rents received in advance		710,169		718,375		8,206	
Derivative debt		-		11,048		11,048	
Other current liabilities		2,044		3,326		1,282	
Total Current Liabilities		1,325,332	0.9	28,381,926	16.2	27,056,593	2,041.5
<b>II Fixed Liabilities</b>							
Long-term debt		54,400,000		56,000,000		1,600,000	
Tenant lease and security deposits		-		169,769		169,769	
Tenant lease and security deposits in trust		6,065,431		6,526,349		460,917	
Derivative debt		162,131		111,639		(50,491)	
Total Fixed Liabilities		60,627,563	41.5	62,807,759	35.8	2,180,195	3.6
Total Liabilities		61,952,895	42.4	91,189,685	52.0	29,236,789	47.2
<b>(Net Assets)</b>							
<b>I Unitholders' Equity</b>							
1. Unitholders' equity		82,260,100	56.3	82,260,100	46.9	-	-
2. Reserves							
Retained earnings at period end		1,847,845		1,842,032		(5,812)	
Total Reserves		1,847,845	1.3	1,842,032	1.1	(5,812)	(0.3)
Total Unitholders' Equity		84,107,945	57.6	84,102,132	48.0	(5,812)	(0.0)
<b>II Adjustments for Valuation, Conversion, etc.</b>							
Deferred hedge losses		(88,585)		(65,047)		23,537	
Total Adjustments for Valuation, Conversion, etc.		(88,585)	(0.0)	(65,047)	(0.0)	23,537	26.6
Total Net Assets		84,019,360	57.6	84,037,085	48.0	17,725	0.0
Total Liabilities and Net Assets		145,972,255	100.0	175,226,770	100.0	29,254,514	20.0

## (b) Income Statement

Accounting Item	Period		Third Fiscal Period (From May 1, 2007 to October 31, 2007)		Fourth Fiscal Period (From November 1, 2007 to April 30, 2008)		Change	
	Value (Thousand yen)		(%)	Value (Thousand yen)		(%)	Value (Thousand yen)	
1. Operating Revenue								
Rental revenue	4,695,566			4,802,941				
Other rental revenue	19,659	4,715,226	100.0	14,425	4,817,366	100.0	102,140	2.2
2. Operating Expenses								
Rental expenses	1,970,563			1,974,314				
Asset management fees	367,691			367,640				
Asset custody fees	6,567			6,993				
Administrative agency fees	55,208			55,964				
Officers remuneration	3,600			3,600				
Audit fee	10,000			10,000				
Other operating expenses	51,381	2,465,012	52.3	45,806	2,464,319	51.2	(693)	(0.0)
Operating Income		2,250,213	47.7		2,353,047	48.8	102,833	4.6
3. Non-Operating Income								
Interest received	16,061			23,123				
Other non-operating income	27,182	43,244	0.9	1,169	24,292	0.5	(18,951)	(43.8)
4. Non-Operating Expenses								
Interest paid	414,765			499,672				
Amortization of funding costs	5,670			5,670				
Other non-operating expenses	24,164	444,599	9.4	29,046	534,389	11.1	89,789	20.2
Ordinary Income		1,848,858	39.2		1,842,951	38.3	(5,907)	(0.3)
Net income before income taxes		1,848,858	39.2		1,842,951	38.3	(5,907)	(0.3)
Corporate residents and business taxes	1,039			1,003				
Corporate tax adjustment	(0)	1,039	0.0	4	1,008	0.0	(30)	(3.0)
Net Income		1,847,819	39.2		1,841,942	38.2	(5,876)	(0.3)
Retained earnings brought forward		26			90		64	
Unappropriated Retained Earnings at the End of Period		1,847,845			1,842,032		(5,812)	

## (c) Statement of Cash Flows

Item	Third Fiscal Period	Fourth Fiscal Period
	(From May 1, 2007 to October 31, 2007)	(From November 1, 2007 to April 30, 2008)
	Value (Thousand yen)	Value (Thousand yen)
<b>I Cash Flows from Operating Activities:</b>		
Net income before income taxes	1,848,858	1,842,951
Depreciation	927,266	987,715
Amortization of organization expenses	5,670	5,670
Amortization of trademark	21	21
Interest received and on securities	(16,061)	(23,123)
Interest paid	414,765	499,672
(Increase)/decrease in tenants receivables	(2,105)	(9,114)
(Increase)/decrease in consumption tax refund	2,052,417	(390,616)
(Increase)/decrease in corporate tax refund receivable	(1,290)	(1,473)
(Increase)/decrease in prepaid expenses	11,686	(25,576)
(Increase)/decrease in other current assets	(415)	38
Increase/ (decrease) in accounts payable	11,260	(7,563)
Increase/(decrease) in other accounts payable	(10,787)	(7,002)
Increase/(decrease) in consumption tax payable	171,248	(171,248)
Increase/(decrease) in rents received in advance	(21,706)	8,206
(Increase)/decrease in long-term prepaid expenses	(22,365)	(19,818)
Other, net	(15,107)	(17,598)
Subtotal	5,353,354	2,671,138
Interest received	16,061	23,104
Interest paid	(367,165)	(461,826)
Income taxed paid	(1,413)	(1,016)
Net cash provided by operating activities	5,000,836	2,231,400
<b>II Cash Flows from Investing Activities:</b>		
Purchase of investment properties	-	(6,003,688)
Purchase of investment properties in trust	(127,364)	(21,697,104)
Proceeds of tenant lease and security deposits	-	171,314
Proceeds of tenant lease and security deposits in trust	33,712	575,926
Payments of tenant lease and security deposits in trust	(128,365)	(115,009)
Net cash flow used in investing activities	(222,016)	(27,068,561)
<b>III Cash Flows from Financing Activities:</b>		
Proceeds from short-term debt	-	10,300,000
Repayments of short-term debt	(20,900,000)	-
Proceeds from long-term debt	21,000,000	18,300,000
Dividend payments	(2,323,760)	(1,847,755)
Net cash provided by (used in) financing activities	(2,223,760)	26,752,245
IV Net change in cash and cash equivalents	2,555,060	1,915,083
V Cash and cash equivalents at beginning of period	10,434,076	12,989,136
VI Cash and cash equivalents at end of period	12,989,136	14,904,219

## About Top REIT

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982) manages a diversified portfolio investing primarily in the three real estate sectors of office, retail and residential properties in Japan. Top REIT strives to build a foundation upon which to stably and steadily expand its portfolio size by aiming to diversify and maximize investment opportunities rather than setting limits on the scope of usage of its investment assets. At the same time, Top REIT believes that while striving for external growth, it is also possible to strive for quality of its portfolio assets by making investment choices based on a careful selection of highly competitive real estate from a wide range of investment targets.

With respect to acquiring, operating and managing portfolio assets, Top REIT strives to steadily and stably achieve growth of its portfolio assets through making maximum use of its: broad network comprising The Sumitomo Trust & Banking Co., Ltd., Nippon Steel City Produce, Inc. (member of the Nippon Steel Group), Oji Real Estate Co., Ltd. (member of the Oji Paper Group) and the trading partner companies belonging to the sponsor companies' groups; real estate development capabilities; agency capabilities; operational and management capabilities; investment management capabilities; and technical capabilities. Moreover, to realize each strategy, Top REIT entrusts the management of these assets to its asset management company (Asset Manager), which was established by gathering from our sponsor companies various professionals from fields such as real estate development, brokerage, property operation and management, and investment management. Top REIT's Asset Manager Top REIT Asset Management Co., Ltd. has inherited know-how and principles concerning real estate and finance that have been accumulated by the sponsor companies over many years and strives to maximize the value for the unitholders of Top REIT.

Top REIT has acquired an A2 rating from Moody's Investors Service, Inc., and an AA- rating from Rating and Investment Information, Inc. (R&I).

For more information, please visit our website <http://www.top-reit.co.jp/english/>

Contact for inquiries in Japanese;

Top REIT Asset Management Co., Ltd. (Asset Manager)

Hiroyuki Hayashi, Director, General Manager, Planning & Administrative Department

+81-3-3243-2181

Contact for inquiries in English:

Top REIT Asset Management Co., Ltd. (Asset Manager)

E-mail address: [info-top@top-reit-am.co.jp](mailto:info-top@top-reit-am.co.jp)