

June 14, 2012

## Summary of Earnings Results for the Twelfth Fiscal Period (From November 1, 2011 to April 30, 2012)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982) hereby announces its earnings results for the fiscal period ended April 30, 2012 (twelfth fiscal period).

### 1. Earnings Results for the Twelfth Fiscal Period

Twelfth Fiscal Period: From November 1, 2011 to April 30, 2012

Eleventh Fiscal Period: From May 1, 2011 to October 31, 2011

#### (1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Twelfth Fiscal Period	¥5,693mn	(2.1%)	¥2,772mn	(0.3%)	¥2,029mn	2.1%
Eleventh Fiscal Period	¥5,812mn	(2.6%)	¥2,779mn	(6.5%)	¥1,986mn	(9.5%)

	Net Income	Period-on-Period Change	Net Income per Unit	Ratio of Net Income to Unitholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Operating Revenue
Twelfth Fiscal Period	¥1,999mn	0.7%	¥12,899	2.4%	1.1%	35.6%
Eleventh Fiscal Period	¥1,985mn	(8.0%)	¥12,809	2.4%	1.1%	34.2%

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

#### (2) Dividends

	Dividend per Unit (excluding dividend in excess of earnings)	Total Amount of Dividends	Dividend in Excess of Earnings per Unit	Total Amount of Dividends in Excess of Earnings	Dividend Payout Ratio	Ratio of Dividends to Net Assets
Twelfth Fiscal Period	¥12,577	¥1,949mn	¥0	¥-mn	97.5%	2.3%
Eleventh Fiscal Period	¥12,809	¥1,985mn	¥0	¥-mn	100.0%	2.4%

(Note) As a part of unappropriated retained earnings has been allocated as internal reserve (¥49 million) for the twelfth fiscal period, total amount of dividends is not equal with the amount of net income.

#### (3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
Twelfth Fiscal Period	¥188,407mn	¥84,259mn	44.7%	¥543,610
Eleventh Fiscal Period	¥185,459mn	¥84,245mn	45.4%	¥543,520

(Note) Net assets per unit is rounded to the nearest yen.

#### (4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Twelfth Fiscal Period	¥3,521mn	(¥8,418mn)	¥947mn	¥5,968mn
Eleventh Fiscal Period	¥3,066mn	(¥3,372mn)	(¥2,225mn)	¥9,917mn

## 2. Forecast of Earnings Results for the Thirteenth Fiscal Period

Thirteenth Fiscal Period: From May 1, 2012 to October 31, 2012

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Thirteenth Fiscal Period	¥5,621mn	(1.3%)	¥2,631mn	(5.1%)	¥1,923mn	(5.2%)

	Net Income	Period-on-Period Change	Dividend per Unit (Note) (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Thirteenth Fiscal Period	¥1,922mn	(3.9%)	¥12,400	¥0

(Reference) Estimated net income per unit for the thirteenth fiscal period: ¥12,400

## 3. Others

### (1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements of Revisions

- a. Changes in accounting policies due to amended accounting standards: No
- b. Changes in accounting policies due to other factors from a. above: No
- c. Changes in accounting estimates: No
- d. Restatements of revisions: No

### (2) Number of Investment Units Issued and Outstanding

- a. Number of investment units (including own investment units) issued and outstanding at end of fiscal period
  - Twelfth Fiscal Period: 155,000 units
  - Eleventh Fiscal Period: 155,000 units
- b. Number of own investment units issued and outstanding at end of fiscal period
  - Twelfth Fiscal Period: 0 units
  - Eleventh Fiscal Period: 0 units

#### \*Statement on Implementation Status of Audit Procedure

This Summary of Earnings Results (“Kessan Tanshin” in Japanese) report is outside the scope of the auditing procedure under the Financial Instruments and Exchange Law. As of the publication of this report, no auditing procedure under the Financial Instruments and Exchange Law has been completed for the earnings results.

#### \*Explanation on the Appropriate Use of Earnings Results Forecasts, and Other Matters of Special Note

The earnings results forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Top REIT. Accordingly, the actual results may differ materially due to a variety of factors. Moreover, the forecasts should not be construed as a guarantee of the dividend amount.

This summary of earnings results is translated from the Japanese “Kessan Tanshin” report, dated June 14, 2012, which is prepared in accordance with generally accepted accounting principles in Japan and Japanese law.

Unless otherwise stated, fractions less than the specified unit are rounded down to the nearest specified unit for monetary amounts and rounded to the nearest specified unit for percentage figures.

## 4. Asset Management Performance

### A. Brief Background of Top REIT

Top REIT, Inc. (Top REIT) was founded on November 2, 2005 based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) with Top REIT Asset Management Co., Ltd. (Asset Manager) as the incorporator, and listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (TSE) (Securities Code: 8982) on March 1, 2006 with the number of investment units issued and outstanding totaling 145,500 units. Later, Top REIT issued additional investment units (9,500 units) through a third-party allotment on March 23, 2006. As of the end of the twelfth fiscal period (April 30, 2012), the total number of investment units issued and outstanding stands at 155,000 units.

Top REIT works to conduct management with the aim of maximizing the investment value for its unitholders by securing stable revenues over the medium to long term and achieving steady growth of its portfolio. To do so, Top REIT focuses on the two strategies of “skilled management of a diversified portfolio” and “optimal application of the sponsors’ strengths.” As of the end of the twelfth fiscal period, its portfolio consists of 18 properties with a total acquisition value of ¥184,345 million.

### B. Investment Environment and Management Performance

#### <Investment Environment>

##### (a) Economy in General

The Japanese economy generally continued to be in severe circumstances, with corporate earnings worsening due to the impact of the European debt problem, stagnant overseas economies and the rapid appreciation of the yen, although there were signs of production activities and personal consumption recovering from the drop after the Great East Japan Earthquake. Entering 2012, however, the economy has been gradually recovering, supported by the correction in the strong yen and the post-quake reconstruction demand becoming full-fledged, and is now expected to achieve a moderate recovery going forward.

Nevertheless, the business sentiment is likely to remain unpredictable under the situation in which concerns about further downside risks of the Japanese economy not being wiped out due to the impact of the instability in overseas economies, including the European debt problem that has not yet shown any signs of calming.

##### (b) Real Estate Leasing Market

###### [Office Buildings]

After having hovered at a high level, the vacancy rate in the office building leasing market in central Tokyo started to show signs of improvement due to comparatively inexpensive rents and the earthquake-induced demand for large-scale quality buildings boasting high earthquake resistance performance or those equipped with emergency power systems, etc. However, the vacancy rate still remains high, with the large volume of supply of new buildings in the first half of this year causing to surface the problem of after-relocation vacancy. Moreover, rent levels have remained on the downside, though the range of decrease in rent levels is gradually decelerating, as companies continue to reduce costs due to the unpredictability of corporate earnings and the competition of soliciting tenants is intensifying. Recovery in the rent levels is thus likely to require a substantial amount of time.

###### [Retail Properties]

The decrease in new supply of large-scale retail properties has helped to improve the supply and demand balance, and consumer confidence which had dropped after the earthquake is gradually recovering. Personal consumption has continued to steadily reflect seasonal factors and political measures. Under such circumstances, large retailers have implemented structural reform of their stores and focused on reforming sales space by utilizing specialty stores inside and outside of their groups, as well as working to develop

private brand products and strengthening sales efforts, in order to improve earnings. On the other hand, the population decline and other factors are expected to cause the domestic retail market to shrink in size and further intensify competition among retailers. As such, future trends of major retailers need to be closely monitored.

#### [Residential Properties]

In the rental residential properties market in central Tokyo and surrounding metropolitan areas, the number of households has shown an upward trend due to population influx from other areas and the increase of households comprising singles or married couples alone. In this situation, the number of households living in condominiums has increased due to the prevailing preference of focusing on convenience of living and proximity to central Tokyo. On the supply side, meanwhile, since the number of housing starts has remained at a low level, the supply and demand conditions in the residence leasing market in central Tokyo and surrounding metropolitan areas are relatively favorable. In addition, while such condominiums as those primarily comprising highly convenient studio units have secured relatively steady occupancy rates and stable rent levels, the rent levels of properties in high rent zones, such as those for foreign business people, have continued to be adjusted.

#### (c) Real Estate Transaction Market

J-REITs have continued to implement capital increase through public offerings, and financial institutions have maintained positive lending attitude, keeping the financing environment comparatively favorable. Under these conditions, such players as J-REITs and private placement funds show strong willingness to invest in real estate, creating a trend of gradual recovery in the number of transactions from the drop after the earthquake. Buyers continue to have severe price perspectives, however, reflecting the current status of the real estate leasing market, while sellers expect the economy and the real estate market conditions to recover as well as enjoy the favorable financing environment. This has not allowed the gap in the price perspective between sellers and buyers to narrow, and the supply and demand situation of blue-chip properties, etc. has remained tight. Accordingly, the recovery in the real estate transaction market is only limited.

### <Asset Management Performance >

#### (a) Acquisition and Disposition of Assets

Top REIT began the twelfth fiscal period with 17 properties (total acquisition value: ¥177,435 million) and, with an aim to acquire highly competitive and highly profitable properties, investigated possible acquisition of properties based on information collected and carefully selected with a focus on excellent office buildings located in central Tokyo and residential properties located in central Tokyo and Tokyo metropolitan areas through not only the “optimal application of sponsors’ strengths,” but also utilizing established information channels. As a result, Top REIT acquired Shinkawa Chuo Building (acquisition value: ¥5,610 million) located in Chuo Ward, Tokyo, on March 30, 2012. Moreover, in order to enhance the stability of its portfolio, Top REIT conducted asset replacement – the first such arrangement of its own – by disposing Nittetsu Honmachi Building (transfer value: ¥1,300 million), the sole property it owned in the Osaka area, to a third party on November 25, 2011 and newly acquiring Top Residence Nihonbashi Kayabacho (acquisition value: ¥2,400 million), located in Chuo Ward, Tokyo, on February 1, 2012.

Top Residence Nihonbashi Kayabacho may be expected to have stable occupancy and earnings.

Thus, the number of properties owned by Top REIT expanded to 18 properties (total acquisition value: ¥184,345 million) as of the end of the twelfth fiscal period.

#### (b) Management and Maintenance of Portfolio Assets

The basic asset management strategy of Top REIT centers on sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the “Tenants First” policy) and

keeping operational management costs at an appropriate level. Top REIT strived to improve tenant satisfaction by sustaining relationships of trust with tenants and discerning tenant needs via property management companies in order to maintain and improve high occupancy rates. In particular, Top REIT placed top priority on soliciting successor tenants to Akasaka Oji Building and focused on tenant solicitation activities during the fiscal period. Despite the severe real estate leasing market conditions, such activities successfully led to conclusion of lease agreements with new successor tenants. As of the end of the twelfth fiscal period, there is only one floor left vacant in the property, and Top REIT is now almost certain about its lease-up. As a result of such undertakings, the period-end occupancy rate of Top REIT's entire portfolio increased to 98.5% from the 97.3% at the end of the eleventh fiscal period.

Regarding maintenance, Top REIT followed up on ensuring that it had an appropriate grasp of the operational management conditions and steady implementation of asset management plans for each property. Top REIT also carried out renewal construction and repair work that contribute to enhancing the competitiveness of properties and maintaining and improving the functionality of properties based on asset management plans, took steps to keep relevant costs at an appropriate level, as well as conducted efficient management of resources.

### C. Procurement of Funds

Top REIT procures funds by adopting a financial policy that is based on stable financial management. In the twelfth fiscal period, ¥19,040 million in borrowings due for repayment on November 30, 2011, and Top REIT refinanced it by long-term loans (repayment date: November 30, 2016) on the same date in order to extend the remaining period of interest-bearing liabilities. Top REIT also repaid ¥67 million in the long-term loans payable as agreed upon using cash on hand on December 30, 2011. Moreover, on March 30, 2012, Top REIT newly procured ¥3,000 million through long-term loans payable (repayment date: October 31, 2016) in order to partly fund the acquisition of Shinkawa Chuo Building.

As a result, at the end of the twelfth fiscal period, the total amount of interest-bearing liabilities stands at ¥96,970 million (¥88,470 million in long-term loans (including the current portion) and ¥8,500 million in investment corporation bonds), and the ratio of interest-bearing liabilities to total assets is 51.5%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) is 100%, while interest-bearing liabilities with fixed interest rates occupy 51.5%.

The credit ratings of Top REIT as of April 30, 2012 are as follows:

Credit rating agency	Rating [Outlook]
Moody's Japan K.K. (Moody's)	Issuer rating: A3 [Negative] Senior unsecured long-term rating (No 1 Unsecured Investment Corporation Bonds): A3 [Negative]
Rating and Investment Information, Inc. (R&I)	Issuer rating: AA- [Stable] Unsecured investment corporation bond rating: AA-

Note: Moody's Japan K.K. downgraded the issuer rating and the senior unsecured long-term rating of Top REIT to Baa1 [rating outlook: Negative] as of May 9, 2012.

Moreover, Top REIT conducted shelf registration for investment corporation bonds, as indicated below, in order to secure flexible procurement of long-term funds.

#### [Overview of shelf registration]

Object of shelf registration	Amount to be issued	Scheduled period of issue
Investment corporation bonds (excluding short-term corporation bonds)	¥100,000 million	From May 20, 2012 to May 19, 2014

## **D. Business Results and Dividends**

As a result of the asset management and operations described above, Top REIT recorded the asset management performance during the twelfth fiscal period of ¥5,693 million in operating revenue, ¥2,772 million in operating income and ¥2,029 million in ordinary income after deducting expenses concerning borrowings, etc. and net income was ¥1,999 million.

As for dividends, Top REIT has the aim of having an amount equivalent to profit dividends deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation [Act No. 26 of 1957, as amended; hereinafter, the “Special Taxation Measures Act”]). Moreover, in order to reinforce its financial standings, Top REIT applied for the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (Special Taxation Measures Act, Article 66-2) to reserve part of its unappropriated retained earnings as reserve for reduction entry, and decided to distribute nearly all of the unappropriated retained earnings (excluding fractions of the dividend per investment unit that are less than ¥1) after deducting the said reserve for reduction entry. Consequently, Top REIT declared a dividend per investment unit of ¥12,577.

## **5. Management Policy and Future Issues**

### **(a) Management Strategy for Existing Properties**

Top REIT will continue to follow its basic asset management strategy that centers on sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the “Tenants First” policy) and keeping operational management costs at an appropriate level. Under this strategy, Top REIT will focus on sustaining relationships of trust with tenants and leasing vacant spaces, etc. and striving to maintain stable occupancy rates over the medium to long term. Furthermore, Top REIT will also work to ensure an appropriate perception of the operational management conditions for each property while steadily implementing such measures as to sustain and improve revenues and keep operational management costs at an appropriate level. In addition, Top REIT will carry out systematic repair work and such to enhance the competitiveness of properties and to maintain and improve the functionality of properties, in an aim to secure stable revenues over the medium to long term.

### **(b) Investment Strategy for New Properties**

Top REIT aims to increase its dividends over the medium to long term by realizing external growth through acquisitions of new properties. Along with continuing to further utilize pipeline support functions from sponsor companies and utilizing various cultivated information channels, Top REIT will collect information on new properties from a wide range of sources. Based on this information, Top REIT will consider investment targets centering on highly competitive office buildings in central Tokyo including residential properties that are expected to have stable occupancy among office buildings, retail properties, residential properties and other asset classes. By doing so, Top REIT aims to expand the portfolio size while improving its quality.

Furthermore, Top REIT makes it a management policy to keep the ratio of the investment amount per property at less than 20% of the entire portfolio as a target over the medium to long term. For reference, the acquisition value of the NEC Head Office Building accounts for 22.8% of the total acquisition value of Top REIT’s properties as of the end of the twelfth fiscal period. Going forward, Top REIT will work to reduce the risk of concentration on specific properties by steadily advancing further external growth.

(c) Financial Strategy

Top REIT will continue to implement diversified and flexible fund procurement operations in preparation or acquisition of new properties and refinancing of existing loans, etc. While securing mobility and flexibility in fund procurement, Top REIT will work to reduce the risk involved in fund procurement by extending borrowing periods and spreading out the repayment dates. At the same time, Top REIT will manage the risk of interest rate fluctuations by taking into account the balance of borrowings at floating and fixed interest rates, as it discerns the interest rate trends. Moreover, financial soundness will be maintained by keeping the leverage at an appropriate level.

(d) Compliance and Risk Management, etc.

In addition to the supervision of the Executive Officer by Supervisory Directors at the Board of Directors meetings and other occasions, Top REIT will continue its direction and supervision on the Asset Manager so that it can conduct management operations with full care given to market risks, including rent decreases, and credit risks as well as with a focus on the protection of unitholders' interests in conducting transactions with interested parties and on other compliance issues.

## 6. Significant Subsequent Events

There is non applicable.

## 7. Outlook for the Thirteenth and Fourteenth Fiscal Periods

The earnings results forecasts for the thirteenth fiscal period (from May 1, 2012 to October 31, 2012,) and the fourteenth fiscal period (from November 1, 2012 to April 30, 2013) are as follows:

Fiscal Period [period of asset management]	Thirteenth Fiscal Period [184 days]	fourteenth Fiscal Period [ 181days]
Operating Revenue	¥5,621mn	¥5,670Mn
Operating Income	¥2,631mn	¥2,663Mn
Ordinary Income	¥1,923mn	¥2,016Mn
Net Income	¥1,922mn	¥2,015Mn
Dividend per Unit (excluding dividend in excess of earnings)	¥12,400	¥13,000
Dividend in Excess of Earnings per Unit	¥0	¥0

(Note) The earnings results forecasts represented above are the current estimated figures calculated based on certain assumptions. Accordingly, the actual operating revenue, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may vary due to changes in the circumstances. Moreover, the forecasts should not be construed as a guarantee of the dividend amount.

**Preconditions for Forecast of Earnings Results for the Thirteenth Fiscal Period (from May 1, 2012 to October 31, 2012) and the Fourteenth Fiscal Period (from November 1, 2012 to April 30, 2013)**

Item	Preconditions and Assumptions
Management Period	<ul style="list-style-type: none"> <li>• Thirteenth fiscal period: May 1, 2012 – October 31, 2012 (184 days)</li> <li>• Fourteenth fiscal period: November 1, 2012 – April 30, 2013 (181days)</li> </ul>
Portfolio Assets	The forecast is based on 18 properties Top REIT owns as of June 14, 2012. The actual circumstances may change depending on the acquisition or disposal of other properties.
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding is based on the number as of April 30, 2012, which is 155,000 units, and assumes that no issuance of new investment units will be made through to April 30, 2013.</li> </ul>
Interest-Bearing Liabilities	<ul style="list-style-type: none"> <li>• It is assumed that the total amount of interest-bearing liabilities is ¥96,970 million, which is the amount as of April 30, 2012.</li> <li>• For the thirteenth fiscal period, it is assumed that the ¥17,500 million loans payable due for repayment on June 29, 2012 will be fully refinanced. Moreover, it is assumed that the ¥67 million in long-term loans payable will be repaid on June 29, 2012 as agreed upon.</li> <li>• For the fourteenth fiscal period, it is assumed that the ¥9,800 million loans payable due for repayment on November 30, 2012 and the ¥9,300 million loans payable due for March 27, 2013 will be fully refinanced. Moreover, it is assumed that the ¥67 million in long-term loans payable will be repaid on December 28, 2012 as agreed upon.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• For real estate rent revenue related to existing properties, Top REIT takes into consideration execution of new agreements, early termination of agreements, etc. that have been finalized as of June 14, 2012, along with current real estate leasing market conditions, and also takes into account factors that may cause fluctuations in such aspects as risks of reductions in revenue due to decreased amounts of rent of tenants when they reach their rent revision period hereafter.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. on real estate, etc. it owns, as expenses related to the rent business in the amount corresponding to the management period out of the assessed and determined taxation amount. In addition, as for the acquisition of real estate or beneficiary interests in trust in real estate, the adjustments equivalent to property tax for the acquired fiscal year paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period.</li> <li>• It is assumed that the amount of property tax, etc. will be ¥596 million for the thirteenth fiscal period and ¥ 597 million for the fourteenth fiscal period.</li> <li>• It is assumed that the depreciation and amortization will be ¥1,116 million for the thirteenth fiscal period and ¥1,121 million for the fourteenth fiscal period.</li> <li>• Repair expenses for buildings, etc. may vary greatly from the forecasted amount due to various reasons. For example, emergency repair expenses may possibly arise due to unexpected factors causing building damage, etc. Another reason is that repair expenses are expenses that do not accrue periodically and, rather, the variation in the amount is large depending on the fiscal period.</li> <li>• Management operation fees are assumed by reflecting historical data, among other factors.</li> </ul>



Non-Operating Expenses	<ul style="list-style-type: none"> <li>• It is assumed that non-operating expenses for the thirteenth fiscal period will be ¥709 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥704 million.</li> <li>• It is assumed that non-operating expenses for the fourteenth fiscal period will be ¥649 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥ 644 million.</li> </ul>
Dividend per Unit	<ul style="list-style-type: none"> <li>• Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation.</li> <li>• It is assumed that, with regard to the ¥78 million (reserve for reduction entry and accompanying income taxes adjustment) that was internally reserved in the twelfth fiscal period from gain on transfer of land for Nittetsu Honmachi Building, which was transferred as of November 25, 2011, by applying for the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (as stipulated in the Special Taxation Measures Act, Article 66-2) with an aim to reinforce Top REIT's financial standings, Top REIT will not reverse the amount of internal reserves for the thirteenth and fourteenth fiscal period.</li> </ul>
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• It is assumed that there will be no changes in legislation, taxation, accounting standards, Tokyo Stock Exchange's listing regulations, rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts.</li> <li>• It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.</li> </ul>

## 8. Financial Statements

### (1) Balance Sheets

(Unit: thousand yen)

	Eleventh Fiscal Period (as of October 31, 2011)	Twelfth Fiscal Period (as of April 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	5,405,178	1,669,299
Cash and deposits in trust	4,512,649	4,299,045
Operating accounts receivable	27,275	30,250
Prepaid expenses	236,504	234,094
Deferred tax assets	21	16
Income taxes receivable	319	150
Consumption taxes receivable	—	608
Other	1,845	1,845
Total current assets	10,183,794	6,235,311
Noncurrent assets		
Property, plant and equipment		
Buildings	1,143,383	1,145,185
Accumulated depreciation	(145,279)	(161,620)
Buildings, net	998,103	983,564
Structures	4,452	4,452
Accumulated depreciation	(2,732)	(2,867)
Structures, net	1,719	1,584
Machinery and equipment	11,436	17,235
Accumulated depreciation	(9,493)	(9,825)
Machinery and equipment, net	1,943	7,410
Tools, furniture and fixtures	1,370	2,522
Accumulated depreciation	(683)	(846)
Tools, furniture and fixtures, net	686	1,676
Land	4,888,525	4,888,525
Buildings in trust	59,611,048	61,867,568
Accumulated depreciation	(10,964,364)	(11,762,594)
Buildings in trust, net	48,646,683	50,104,973
Structures in trust	699,737	696,187
Accumulated depreciation	(219,949)	(238,906)
Structures in trust, net	479,788	457,281
Machinery and equipment in trust	242,090	232,455
Accumulated depreciation	(92,931)	(92,043)
Machinery and equipment in trust, net	149,159	140,412
Tools, furniture and fixtures in trust	227,793	237,583
Accumulated depreciation	(92,531)	(98,037)
Tools, furniture and fixtures in trust, net	135,261	139,546
Land in trust	119,440,939	124,678,411
Total property, plant and equipment	174,742,811	181,403,387
Intangible assets		
Assets in trust and other intangible assets	2,343	2,096
Other	170	148
Total intangible assets	2,513	2,245
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	304,061	537,134
Other	176,125	184,406
Total investments and other assets	490,187	731,541
Total noncurrent assets	175,235,512	182,137,174
Deferred assets		
Investment corporation bond issuance costs	40,420	34,908
Total deferred assets	40,420	34,908
Total assets	185,459,727	188,407,394

(Unit: thousand yen)

	Eleventh Fiscal Period (as of October 31, 2011)	Twelfth Fiscal Period (as of April 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	163,924	225,911
Short-term loans payable	—	—
Current portion of long-term loans payable	36,675,000	36,735,000
Accounts payable – other	254,070	233,949
Accrued expenses	261,532	221,849
Income taxes payable	512	566
Accrued consumption taxes	63,072	—
Advances received	941,986	804,500
Derivatives liabilities	—	—
Provision for loss on disaster	747	—
Other	3,647	3,877
Total current liabilities	38,364,493	38,225,655
Noncurrent liabilities		
Investment corporation bond	8,500,000	8,500,000
Long-term loans payable	48,862,500	51,735,000
Tenant leasehold and security deposits	144,487	144,487
Tenant leasehold and security deposits in trust	5,342,641	5,513,903
Deferred tax liabilities	—	28,827
Long-term advances received	35	—
Total noncurrent liabilities	62,849,665	65,922,219
Total liabilities	101,214,158	104,147,874
<b>Net Assets</b>		
Unitholders' equity		
Unitholders' capital	82,260,100	82,260,100
Surplus		
Unappropriated retained earnings (undisposed loss)	1,985,468	1,999,419
Total surplus	1,985,468	1,999,419
Total unitholders' equity	84,245,568	84,259,519
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	—
Total valuation and translation adjustments	—	—
Total net assets	84,245,568	84,259,519
Total liabilities and net assets	185,459,727	188,407,394

**(2) Statements of Income**

(Unit: thousand yen)

	Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)
Operating revenue		
Rent revenue – real estate	5,661,876	5,420,035
Other lease business revenue	150,602	17,265
Gain on sales of real estate properties	—	256,002
Total operating revenue	5,812,479	5,693,303
Operating expenses		
Expenses related to rent business	2,479,757	2,383,013
Asset management fee	424,168	409,169
Asset custody fee	8,358	8,348
Administrative service fees	63,912	63,199
Directors' compensations	6,600	6,300
Audit fee	10,000	10,000
Other operating expenses	40,204	41,222
Total operating expenses	3,033,001	2,921,252
Operating income	2,779,477	2,772,050
Non-operating income		
Interest income	3,894	2,880
Reversal of dividends payable	686	800
Insurance income	2,195	—
Reversal of provision for loss on disaster	1,672	391
Other	—	119
Total non-operating income	8,448	4,192
Non-operating expenses		
Interest expenses	613,254	553,431
Interest expense on investment corporation bonds	42,870	42,267
Amortization of investment corporation bond issuance costs	5,511	5,511
Borrowing related expenses	136,618	140,627
Other	3,170	5,262
Total non-operating expenses	801,426	747,101
Ordinary income	1,986,499	2,029,141
Extraordinary income		
Refunded Property taxes	—	—
Total extraordinary income	—	—
Extraordinary loss		
Provision for loss on disaster	—	—
Total extraordinary loss	—	—
Income before income taxes	1,986,499	2,029,141
Income taxes – current	1,041	962
Income taxes – deferred	(2)	28,833
Total income taxes	1,039	29,795
Net income	1,985,460	1,999,346
Retained earnings brought forward	8	73
Unappropriated retained earnings (undisposed loss)	1,985,468	1,999,419

**(3) Statements of Changes in Net Assets (Unitholders' Equity)**

(Unit: Thousand yen)

	Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of the period	82,260,100	82,260,100
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	82,260,100	82,260,100
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	2,157,918	1,985,468
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	1,985,468	1,999,419
Total surplus		
Balance at the beginning of the period	2,157,918	1,985,468
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	1,985,468	1,999,419
Total unitholders' equity		
Balance at the beginning of the period	84,418,018	84,245,568
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	84,245,568	84,259,519
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the beginning of the period	—	—
Changes of items during the period		
Changes of items other than unitholders' equity (net)	—	—
Total changes of items during the period	—	—
Balance at the end of current period	—	—
Total valuation and translation adjustments		
Balance at the beginning of the period	—	—
Changes of items during the period		
Changes of items other than unitholders' equity (net)	—	—
Total changes of items during the period	—	—
Balance at the end of current period	—	—
Total net assets		
Balance at the beginning of the period	84,418,018	84,245,568
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Changes of items other than unitholders' equity (net)	—	—
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	84,245,568	84,259,519

#### (4) Statements of Cash Dividend Distributions

	For the period from May 1, 2011 to October 31, 2011	For the period from November 1, 2011 to April 30, 2012
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	1,985,468,894	1,999,419,960
II. Total Amount of Dividends (Dividend per unit)	1,985,395,000 (12,809)	1,949,435,000 (12,577)
III. Voluntary retained earnings		
Provision of reserve for reduction entry	—	49,958,494
III. Retained earnings brought forward	73,894	26,466

Note 1: In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Act.” Based on these policies, Top REIT decided on a total distribution of ¥1,985,395,000 as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (155,000 units) is multiplied by an integer, within the limit of unappropriated retained earnings for the fiscal period. Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

Note 2: In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Act.” Based on these policies, Top REIT decided on a total distribution of ¥1,949,435,000 as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (155,000 units) is multiplied by an integer, within the limit of the balance of unappropriated retained earnings after deducting the reserve for reduction entry, which was reserved pursuant to Article 66-2 of the Special Taxation Measures Act, for the fiscal period. Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

**(5) Statements of Cash Flows**

(Unit: thousand yen)

	Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	1,986,499	2,029,141
Depreciation and amortization	1,060,958	1,072,349
Amortization of deferred organization expenses	—	—
Amortization of right of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Interest income and interest on securities	(3,894)	(2,880)
Interest expenses	656,125	595,699
Reversal of provision for loss on disaster	(1,672)	(391)
Provision for loss on disaster	—	—
Decrease (increase) in operating accounts receivable	831	(2,975)
Decrease (increase) in consumption taxes receivable	—	(608)
Decrease (increase) in income taxes receivable	(51)	168
Decrease (increase) in consumption taxes receivable	—	—
Decrease (increase) in prepaid expenses	22,560	2,410
Decrease (increase) in other current assets	—	1,001,145
Increase (decrease) in operating accounts payable	(60,823)	7,256
Increase (decrease) in accounts payable – other	(16,847)	(11,901)
Increase (decrease) in accrued consumption taxes	13,214	(63,072)
Increase (decrease) in advances received	73,725	(137,486)
Decrease (increase) in long-term prepaid expenses	85,486	(233,072)
Other, net	(85,204)	(106,072)
Subtotal	3,736,441	4,155,244
Interest income received	4,396	2,880
Interest expenses paid	(648,830)	(635,382)
Payment for Loss on disaster	(24,323)	(355)
Income taxes paid	(1,057)	(908)
Net cash provided by (used in) operating activities	3,066,626	3,521,477
Net cash provided by (used in) investing activities		
Payments into time deposits	—	—
Proceeds from withdrawal of time deposits	—	—
Purchase of property, plant and equipment	(26,283)	(3,190)
Purchase of property, plant and equipment in trust	(2,692,868)	(8,586,136)
Purchase of intangible assets in trust	(2,466)	—
Repayments of tenant leasehold and security deposits	—	—
Proceeds from tenant leasehold and security deposits in trust	70,026	468,502
Repayments of tenant leasehold and security deposits in trust	(720,768)	(297,240)
Net cash provided by (used in) investing activities	(3,372,360)	(8,418,065)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	—
Decrease in short-term loans payable	—	—
Proceeds from long-term loans payable	—	22,040,000
Repayment of long-term loans payable	(67,500)	(19,107,500)
Dividends paid	(2,157,910)	(1,985,395)
Net cash provided by (used in) financing activities	(2,225,410)	947,105
Net increase (decrease) in cash and cash equivalents	(2,531,143)	(3,949,482)
Cash and cash equivalents at beginning of period	12,448,972	9,917,828
Cash and cash equivalents at end of period	9,917,828	5,968,345

## 9. Portfolio Data

As of April 30, 2012

Asset Class	Area	Property Name	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Investment Breakdown (Note 1) (%)
Office Building	Central Tokyo	NEC Head Office Building	41,950	49,450	27.6
		Harumi Island Triton Square Office Tower Y	33,000	36,400	20.3
		Akasaka Oji Building	9,660	9,080	5.1
		Kanda Park Plaza	5,156	4,930	2.8
		Shiba-Koen Building	5,770	3,420	1.9
		Harumi Island Triton Square Office Tower Z	20,000	14,300	8.0
		Kanda Nishiki-cho 3-chome Building	12,700	14,100	7.9
		Shinkawa Chuo Building	5,610	5,790	3.2
	Tokyo Metropolitan Area	Faret East Building	2,091	2,390	1.3
Subtotal (9 properties)			135,937	139,860	78.1
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	10,400	5.8
		Ito-Yokado Higashi-Narashino Store	8,900	5,620	3.1
		Musashiurawa Shopping Square	4,335	3,860	2.2
	Subtotal (3 properties)			25,235	19,880
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,550	1.4
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	6,950	3.9
		Ecology Toyosu Procentury	5,160	4,880	2.7
		Impress Musashi-Koganei	1,223	1,280	0.7
		Top Residence Yoga	1,165	1,150	0.6
Subtotal (5 properties)			20,583	16,810	9.4
Other Property	Central Tokyo	OAK PLAZA	2,590	2,450	1.4
	Subtotal (1 property)			2,590	2,450
Total (18 properties)			184,345	179,000	100.0

(Note 1) The investment breakdown is the ratio of the appraisal value at end of period for the applicable property or the applicable asset class to the sum total of the appraisal value at end of period for all properties in the portfolio and is rounded to the first decimal place.



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)

Takashi Mizuno, Director, General Manager, Finance 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)

#### DISCLAIMER:

Top REIT, Inc. makes no assurance or warranty with respect to the completeness or accuracy of this English translation. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail. For complete and accurate information, please refer to the Japanese original.