



Top REIT, Inc.

Business Report

The 18th Fiscal Period

From November 1, 2014 to April 30, 2015

Financial Highlights

	18TH FISCAL PERIOD PERFORMANCE	19TH FISCAL PERIOD FORECAST	20TH FISCAL PERIOD FORECAST
PERIOD OF ASSET MANAGEMENT	181 days	184 days	182 days
OPERATING REVENUE	¥5,612 million	¥5,391 million	¥5,407 million
OPERATING INCOME	¥2,472 million	¥2,178 million	¥2,242 million
ORDINARY INCOME	¥1,891 million	¥1,626 million	¥1,708 million
NET INCOME	¥1,831 million	¥1,625 million	¥1,707 million
DIVIDEND PER UNIT	¥9,680	¥9,700	¥9,700
NUMBER OF INVESTMENT UNITS	176,000 units	176,000 units	176,000 units
PORTFOLIO SIZE	Until Nov. 12: 22 properties Nov. 13 onward: 20properties	20 properties	20 properties

The forward-looking statements above contain assumptions and actual results may differ due to change in events, conditions or circumstances. These statements should not be considered to guarantee any dividend amounts to be paid. Assumptions of forecasts for the 19th and 20th fiscal periods are as follows:

(1) Portfolio Assets

The forward-looking statements are based on the assumption that portfolio assets will be the 20 properties Top REIT Inc. (“Top REIT”) owns as of the date of this document (June 15, 2015).

(2) Number of Investment Units Outstanding

The forward-looking statements are based on the assumption that the number of investment units issued and outstanding will be 176,000 units, which is the number as of the date of this document, and that no issuance of new investment units will be made through April 30, 2016.

(3) Interest-Bearing Liabilities

The forward-looking statements are based on the assumption that the balance of interest-bearing liabilities is ¥90,598 million, which is the amount as of April 30, 2015.

During the 19th fiscal period, ¥8,500 million of investment corporation bonds due for redemption on June 4, 2015 were financed in the entire amount using long-term loans. It is assumed that the ¥4,251 million in loans due for repayment on September 30, 2015 will be fully refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on June 30, 2015 as agreed upon.

For the 20th fiscal period, it is assumed that ¥19,527 million in loans due for repayment on February 29, 2016 will be fully refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on December 30, 2015 as agreed upon.

(4) Operating Revenue

For rental revenue from existing properties, Top REIT takes into account the execution of new lease agreements and cancellation of lease agreements that have been finalized and scheduled as of the date of this document, as well as such factors that may cause fluctuations as risks associated with rent revision with tenants due for rent revision or contract renewal, in light of recent real estate leasing market conditions.

For Kanda Nishiki-cho 3-chome Building, Top REIT expects revenue for the spaces to be leased for which lease agreements have been executed as of the date of this document. Furthermore, it is assumed that the occupancy rate of the property stands at 76.1% as of the last day of August 2015, 81.0% as of the last day of September 2015, and 94.3% as of the last day of October 2015 onward.

(5) Dividend per Unit

Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation.

For the 19th and 20th fiscal periods, it is assumed that net income will be fully distributed as dividends (excluding fractions).

For the 19th fiscal period, it is assumed that part (approximately ¥82 million) of the internal reserves of reserve for reduction entry, etc. totaling approximately ¥266 million (balance at the end of April 2015) will be reversed and applied to dividends.

Greeting

Thank you for your continued loyal patronage to Top REIT, Inc. (Top REIT).

The Japanese economy showed a sustained recovery trend during the fiscal period under review (18th fiscal period), as illustrated by improved corporate performance and the corresponding improvements in wages and the employment environment, along with lower crude oil prices and stock price increases. However, individual consumers and corporations maintain a prudent stance with regard to purchasing and facility investments, preventing the economy from entering a virtuous cycle. Additionally, looking at global economic conditions, factors including the U.S.' exit strategy from quantitative easing and its impact on emerging countries, and the slowdown in Chinese economic growth are all situations that bear continued close attention.

In the domestic stock market, since last fall the domestic demand-related stocks have shown enhanced performance, contributing to the Nikkei Stock Average surpassing the 20,000 yen mark for the first time in 15 years this April. The scale of the J-REIT market continues to expand with the listing of investment units focused on investments in healthcare facilities such as fee-based nursing homes, reaching an all-time high total market value of 10 trillion yen in November 2014. With the rise in long-term interest rates in February and March of last year, the Tokyo Stock Exchange REIT Index softened to an extent, but has since turned upward trend and calms down recently.

With the interest rates hovering at a low level due to the Bank of Japan's monetary easing policy as well as the improvement of the real estate market, which has played an important role as the backdrop to the sound J-REIT market, the relatively high yield offered by J-REITs has drawn attention. Looking at the real estate leasing market, vacancy rates at office buildings in central Tokyo continue to decline, sparking expectations for improvement in rents and leasing terms. With regard to acquisitions of the property, investment-grade real estate prices remain high due to factors such as the inflow of capital from active investors abroad, and acquisition of new property continues to be challenging. As such, investors are broadening their scope in terms of purpose, area and scale.

Given the prevailing conditions, while maintaining its selective investment approach, Top REIT seized the opportunity to dispose two properties last November. Additionally, as a result of the successful implementation of a pivotal internal growth strategy focusing on properties under ownership announced at the time of the release of our financial results for the previous fiscal period, efforts have continued since the end of the previous fiscal period to attract new tenants to the Kanda Nishiki-cho 3-chome Building. However, its limited contribution to profit during the fiscal period under review was the most significant factor in reduced revenue, and as such Top REIT recorded period-on-period decrease in the financial results for the 18th fiscal period (fiscal period ended April 30, 2015), with operating revenue of 5,612 million yen (down 3.1%), ordinary income of 1,891 million yen (down 3.3%), and net income of 1,831 million yen (down 6.3%). With special provisions for taxation applied to the two disposed properties, we allocated approximately 187 million yen to internal reserve (reserve for reduction entry of land, etc.), resulting in dividend per unit of 9,680 yen, surpassing the forecasted dividend by 4.1%.

Furthermore, with regard to internal reserve, Top REIT's policy is to apply this reserve to improving the quality of assets under management and to ensuring stable dividends, and we intend to continue our endeavors to maximize the investment value of our unitholders. We appreciate your continued support and understanding.

June 15, 2015

Junichi Sahara

Executive Officer
Top REIT, Inc.



Tatsuya Chiba

President and Representative Director
Top REIT Asset Management Co., Ltd.

Change of Representative Director of Asset Management Company



Tatsuya Chiba

President and
Representative Director
Top REIT Asset
Management Co., Ltd.

As announced at the asset management company's board of directors' meeting held on March 16, 2015, I, Tatsuya Chiba, was appointed to the post of Representative Director of Top REIT Asset Management effective as of April 1, 2015. As the head of Top REIT's asset management company, I intend to carry out my duties in such a manner as to satisfy the expectations of our investors and maintain the trust of the market. I would like to express my gratitude to our investors for their continued understanding and support.

Skilled Management of a Diversified Portfolio

- Pursue both external growth and quality of portfolio assets
- Pursue "stability" and "growth potential" of profitability by utilizing characteristic of diversified assets

Maximum Use of Sponsor's Strength

- Steady external growth through pipeline function
- Achieving internal growth through "management-added benefits"

Top REIT's investment policy is to invest "primarily in real estate related assets, and conduct management in pursuit of maximizing investment value for its unitholders by securing stable earnings and steady portfolio growth in the medium to long term," and in line with this policy Top REIT has adopted the two strategies above.

Fundamentally, "Implement Growth Strategy Focusing on Internal Growth" that was indicated at the time of release of our financial results for the 17th fiscal period, has borne fruit during the fiscal period under review. Despite continued challenging conditions in real estate transactions, our stance with regard to the pursuit of enhanced quality of our assets under management remains unchanged, and we intend to continue to exercise prudence in investment and to improve profitability through internal growth.



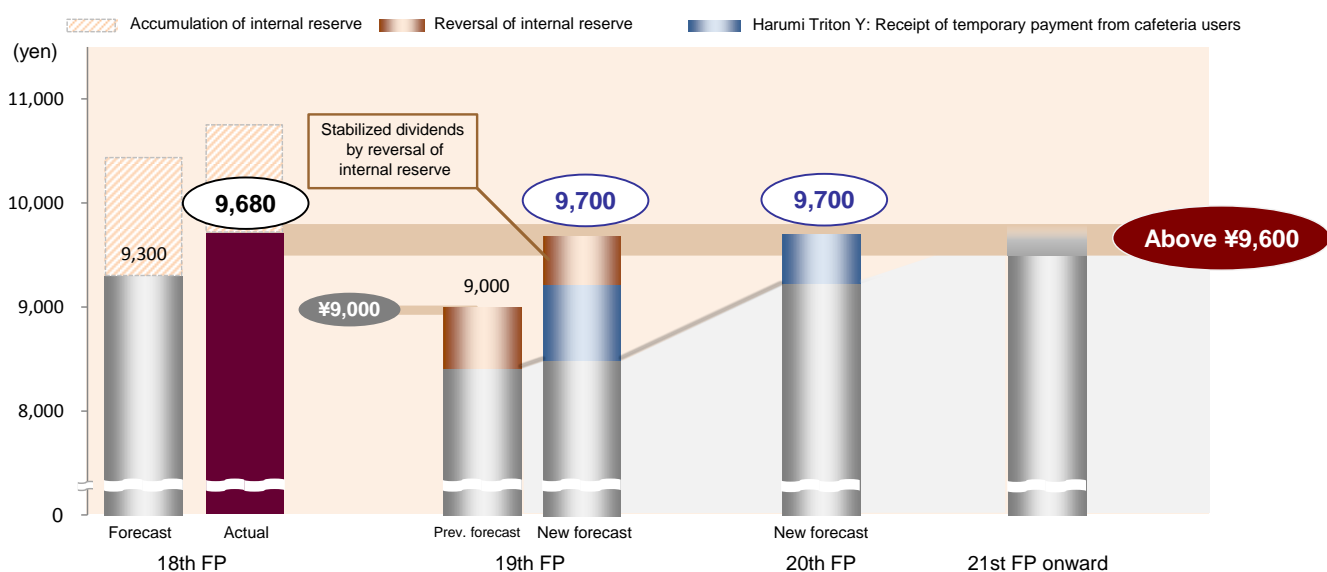
Raising Dividends Level through Implementation of Growth Strategies

Given prevailing conditions and the move-out of major tenants, at the time of the release of our financial results for the 17th fiscal period, we announced measures under the theme, “Implement Growth Strategy Focusing on Internal Growth,” and through the implementation of those measures during the 18th fiscal period we focused on the earliest possible improvement of dividends.

There is a more detailed explanation on the following pages with regard to the progress of the various measures implemented, but as a result of these endeavors dividend per unit (“DPU”), which was forecast to be ¥9,300, increased to 9,680 yen, and we have adjusted our forecast upward for the upcoming 19th fiscal period from ¥9,000 to ¥9,700. This figure also applies to the 20th fiscal period. Additionally, we will draw on internal reserves and apply them to dividends for the 19th fiscal period in accordance with the existing plan.

In the 19th and 20th fiscal periods, increased profits will occur on a temporary basis through conversion of the cafeteria floor of Harumi Island Triton Square Office Tower Y into use for offices, and this is expected to contribute to the increased dividend. Please refer to page 8 for further details.

At the time of release of our financial results for the 17th fiscal period, we indicated our intent not to allow dividends per unit to drop below ¥9,000, and over the course of about six months, the various measures implemented have progressed to the point where a significant increase in dividends can be achieved. In the 21st fiscal period, after the temporary effects of profit factors in the 19th and 20th fiscal periods have disappeared, we believe we will approach the achievement of conditions conducive to maintaining dividends at above ¥9,600. Going forward, we will continue to implement measures toward achieving stable dividends and to increasing dividends.



- 1 Raising stabilized dividends level toward 21st FP**

Above ¥9,600
¥9,000

 - (+) Leasing : Kanda Nishiki-cho bldg.
 - (+) Conversion of cafeteria: Harumi Triton Y
 - (+) Leasing, add. Acquisition: Shiba-Koen bldg.
 - (+) Rent revision: minimizing rent reduction
- 2 19th FP DPU forecast: Up ¥700**

(prev. forecast: ¥9,000 → new forecast: ¥9,700)
- 3 Realizing steady improvement of stabilized DPU**

Aiming further improvement through acquisition of new assets and internal growth

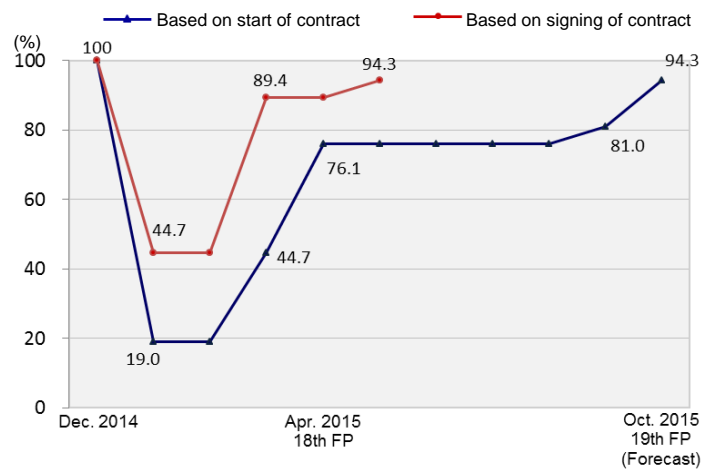
Implementation of Growth Strategy Focusing on “Internal Growth” (1)

Leasing Activities - Kanda Nishiki-cho 3-chome Building



With regard to the Kanda Nishiki-cho 3-chome Building, as a result of efforts to attract new tenants through espousing the convenience of the location, we have succeeded in increasing the occupancy rate to 94.3%, as shown in the chart.

During tenant recruiting activities, our sponsor, Sumitomo Mitsui Trust Bank has provided support as more than half the leasable space has been occupied by companies affiliated with or maintaining close relationships with the sponsor. This, along with improving market conditions, has made it possible for us to fill the vacancies resulting from the exit of previous tenants.



Additionally, with the reduction in vacancy rates due to the improvement in the real estate leasing market, we have shortened the rent-free periods (temporary rent-free periods awarded to new tenants).

We have secured an agreement with a convenience store to lease the first floor, further enhancing the convenience of the property. As a result, remaining leasable space comprises about 45 tsubos on the first floor and about 88 tsubos on the first basement floor. We will continue our efforts to recruit additional tenants and achieve full occupancy.

Floor	Class	Floor Space		In service	
		(m ²)	(Tsubo)		
9F	Office	654.40	197.95	In service	
8F		663.79	200.79		
7F		663.79	200.79		
6F		648.98	196.29		
5F		915.72	276.99		
4F		951.07	287.67		
3F		998.16	301.93		
2F		1,027.68	310.86		
1F		523.75	158.42		Rental start: Sep. 2015 (Plan)
B1F		671.70	203.17		Rental start: Oct. 1, 2015
				Vacancy (approx. 45 tsubos)	
				Vacancy (approx. 88 tsubos)	

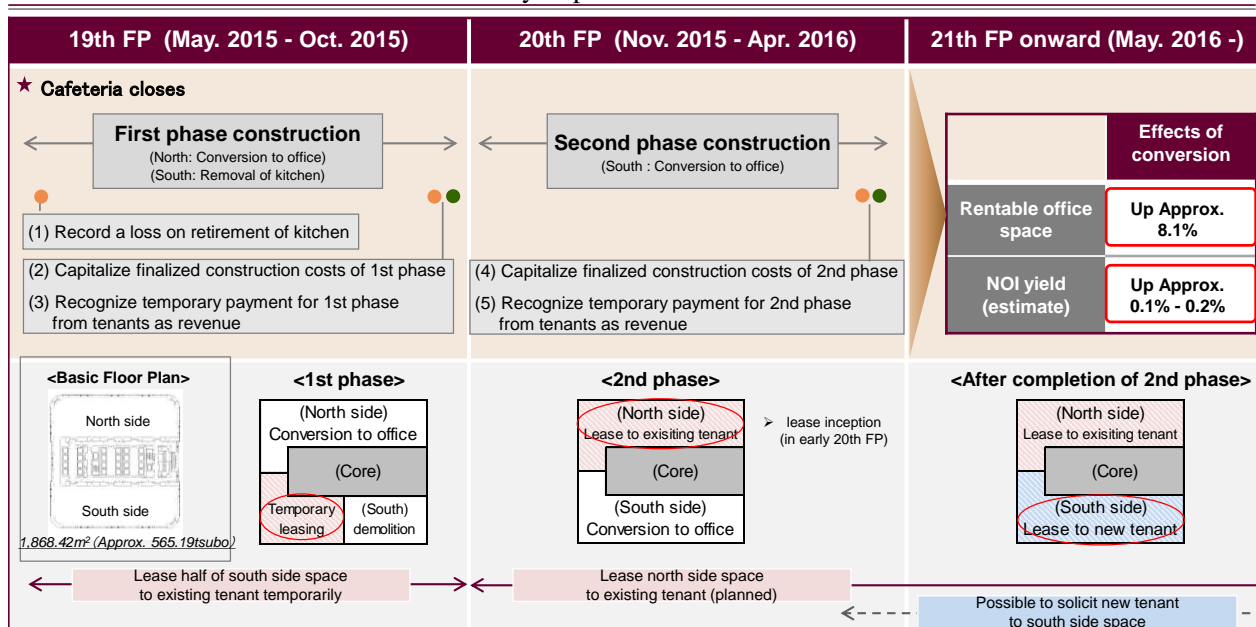
Implementation of Growth Strategy Focusing on “Internal Growth” (2) Enhancement of Asset Value - Conversion of Harumi Island Triton Y

With regard to the conversion of the cafeteria at Harumi Island Triton Square Office Tower Y to office space under consideration as one of our internal growth measures put forth during the 17th fiscal period, following discussions with tenants utilizing the cafeteria, we succeeded in reaching an agreement as anticipated, and construction is already underway. The construction period is expected to continue through the upcoming 19th and 20th fiscal periods, and to be completed by the end of the 20th fiscal period.

Costs associated with the construction are capitalized as assets, and will be expensed as depreciation over the useful lives. Additionally, with regard to cessation of operation of the cafeteria, under normal circumstances we receive a partial payment from the tenants utilizing the cafeteria, and this is scheduled to be recorded as rental revenue during the 19th and 20th fiscal periods.

Through the conversion of the cafeteria into office space, leasable area at the property will be increased by 8.1%, increasing the property’s earning power. Furthermore, concerning the northern half of the area under construction, which is set to be completed during the 19th fiscal period, we have already received an application from an existing tenant to lease the space, and as such this area is expected to begin generating rental revenue in the 20th fiscal period.

Concerning the southern half of the area, which will be available to rent at the beginning of the 21st fiscal period, we will endeavor to secure a new tenant as early as possible to further increase rental revenue.



Construction costs, etc. (estimate)	
1st phase construction	Approx. ¥400m.
2nd phase construction	Approx. ¥150m.
Loss on retirement of assets (19th FP)	Approx. ¥60-70m.

- Plan to receive temporary payment for conversion from cafeteria users in 19th and 20th FP (Recognize payment as revenue on receipt)

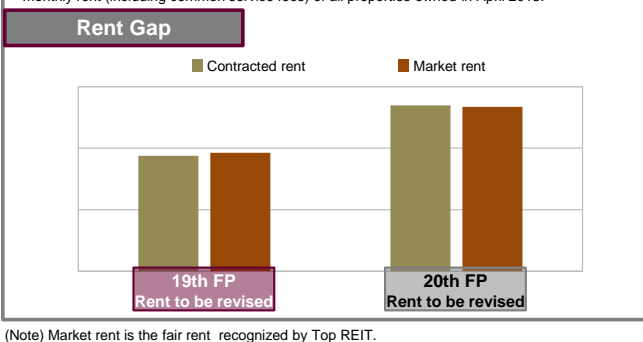
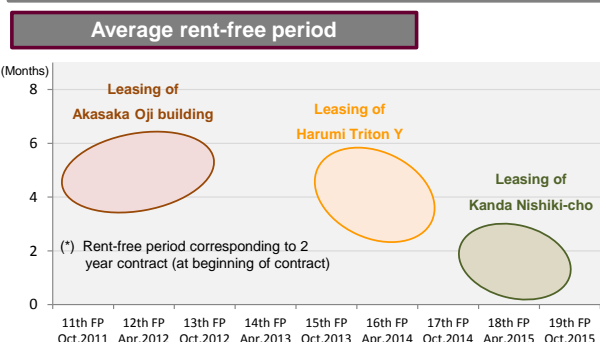
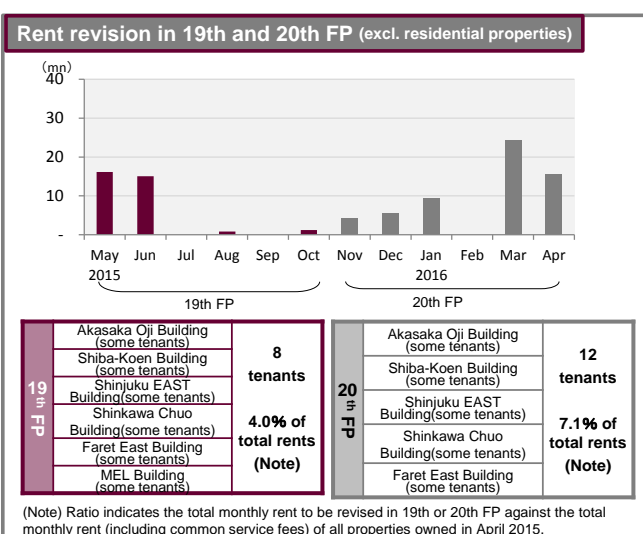
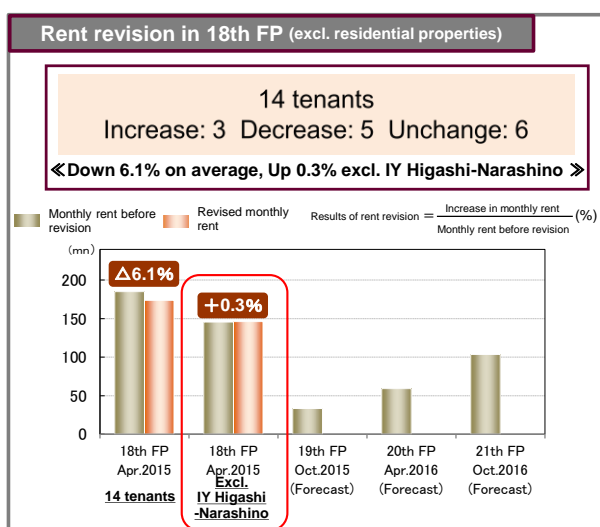
Revenues/ Expenses during construction period	
19th FP	20th FP
(+) Temporary rent revenue (South) (+) Temporary payment from tenant (-) Loss on retirement of kitchen (-) Depreciation of completed construction	(+) Office rental revenue (North) (+) Temporary payment from tenant (-) Depreciation of completed construction

Implementation of Growth Strategy Focusing on “Internal Growth” (3) Enhancement of Asset Value - Appropriate Rent Revision

During the fiscal period under review, we undertook rent revisions (including contract renewal) with 14 tenants who accounted for approximately 21% of the total rental revenues of our portfolio. Among those revisions, there was a reduction in the rent for the Ito-Yokado Higashi-Narashino Store which is the agreement we succeeded in renewing for an additional six years. Concerning Harumi Island Triton Square Office Towers Y and Z, where we undertook rent revision for multiple tenants – including major tenants – in March of this year, we succeeded in renewing agreements at almost the same rent levels. As a result, the average revision to the rent of these 14 tenants was a reduction of 6.1%. Excluding the reduction in rent of the Ito-Yokado Higashi-Narashino Store, the average revision was actually a slight increase of 0.3%.

Top REIT saw major tenants exit the Akasaka Oji Building, Harumi Island Triton Square Office Tower Y and the Kanda Nishiki-cho 3-chome Building. In each case, we initiated concrete tenant recruiting activities. In the past, following the exits of major tenants, tenant recruiting activities required considerable time due to the extremely challenging real estate leasing market environment caused by factors such as the global financial crisis and the Great East Japan Earthquake. However, recent activities to attract tenants to the Kanda Nishiki-cho 3-chome Building have been more successful, and we succeeded in restoring the occupancy rate to over 90% on a contract basis about five months after the exit of a major tenant. We are gradually seeing full-fledged improvement in real estate leasing market conditions, including rents.

Going forward, rent revisions in the 19th fiscal period will be undertaken with eight tenants accounting for 4.0% of total rental revenues from our portfolio, and in the 20th fiscal period, revisions will be undertaken with 12 tenants accounting for 7.1% of total rental revenues. During these periods, we are not scheduled to undertake rent revision with any major tenants. We do not see a significant gap in the contracted rents of the tenants with whom we will undertake rent revision and market rent, and we will negotiate appropriate rent revisions with those tenants based on market standards.



Acquisition and Sale of Properties

During the 18th fiscal period, Top REIT disposed two properties, Kanda Park Plaza and OAK PLAZA, on November 13, 2014. At present, the real estate transaction market is highly competitive, and as such J-REITs are struggling with their external growth activities. However, we identified this as an opportunity to sell, and as such we sold the two properties, both of which were advanced in age. As a result, we recorded gain on sales of real estate properties for the 18th fiscal period of approximately ¥297 million. Special provision for taxation was applied to this amount, and we allocated approximately ¥187 million to internal reserve as reserve for reduction entry of land, with the remaining sum (approximately ¥109 million) allocated to dividends for the 18th fiscal period.

		(In millions of yen)		
	Kanda Park Plaza	OAK PLAZA	TOTAL	
Acquisition Price	¥5,156	¥2,590	¥7,746	
Appraisal Value (Note1)	¥5,080	¥2,660	¥7,740	
Sale Price (A)	¥5,350	¥2,900	¥8,250	
Book Value (B)	¥5,050	¥2,684	¥7,734	
Difference between sale price and book value (A)-(B)	¥299	¥215	¥515	
Cost of sale (C)		¥218		
Gains on sale (A)-(B)-(C)		¥297		
internal reserve (Note2)		¥187		
Dividends to unitholders		¥109		

Note: 1. Appraisal value as of Oct. 31, 2014 (end of 17th FP)
2. Internal reserve pursuant to special taxation measures recognized as reserve for reduction entry

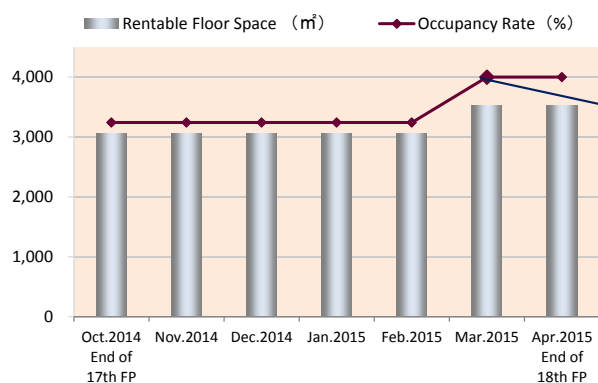
In March, Top REIT acquired the eighth floor of the Shiba-Koen Building, of which we had already owned the first through seventh floors, and we now have exclusive ownership of the property. Through this exclusive ownership, we will look to achieve enhanced efficiency in management and operation, increased asset value, higher investment yield, and enhanced liquidity.

Additionally, we succeeded in attracting a new tenant to lease the fourth floor of the building, which had been vacant for some time, and as of March 1, 2015 achieved and is maintaining full occupancy.



Effect of additional acquisition on appraisal value (100% owned)

Existing portion before additional acquisition (as of Oct. 31, 2014)	¥3,460 million
Additionally acquired portion (as of Feb. 28, 2015)	¥400 million
Whole property at end of 18th FP (as of Apr. 30, 2015)	¥4,110 million



Mar. 1, 2015

Started contract with new tenant for one floor vacancy
Achieved full occupancy

Mar. 30, 2015

Acquired additional portion (8th floor), resulting in 100% owned
Continuing full occupancy

Additionally acquired portion

Increase in rentable office space	463.74 m ²
Acquisition Price (cash on hands)	¥375 million
NOI yield (direct cap rate in appraisal as of Feb. 28, 2015)	5.8%

Reinforcement of Financial Standing

The financial market in the 18th fiscal period saw both short-term and long-term interest rates remain at a low level against the backdrop of ongoing monetary easing measures by the Bank of Japan. Recently, volatility of long-term interest rates is increasing slightly, but the purchase of Japanese government bonds by the Bank of Japan in an aim to achieve an inflation rate of 2% based on “quantitative and qualitative monetary easing” is expected to continue. Therefore, the view is that interest rate levels will remain low in a stable manner for the time being and a financing environment that is favorable for also J-REITs will continue.

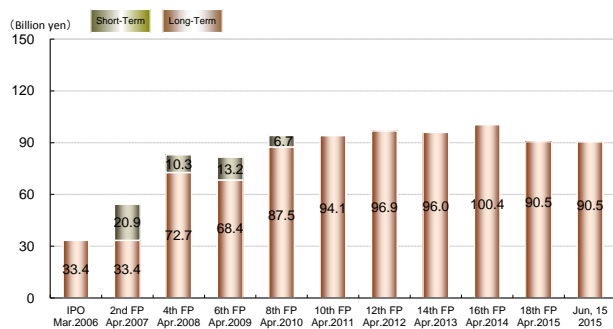
During the fiscal period under review, utilizing the proceeds from the sale of the aforementioned two properties as well as cash on hand, we were able to execute early repayment of borrowings totaling ¥9,697 million on November 28, 2014. As a result, interest-bearing liabilities as of the end of the 18th fiscal period totaled ¥90,598 million, with LTV at 47.7%.

As we entered the 19th fiscal period, the redemption date for ¥8,500 million of investment corporation bonds was approaching. On June 3, 2015, we borrowed an additional ¥8,500 million from banks and applied it on the next day (June 4) to reimbursement. Of the newly borrowed ¥8,500 million, ¥4,000 million has been borrowed for a period of five years, and the remaining ¥4,500 million for a period of seven years. Through the execution of interest-rate swaps on both borrowings, we have attempted to fix the interest rate.

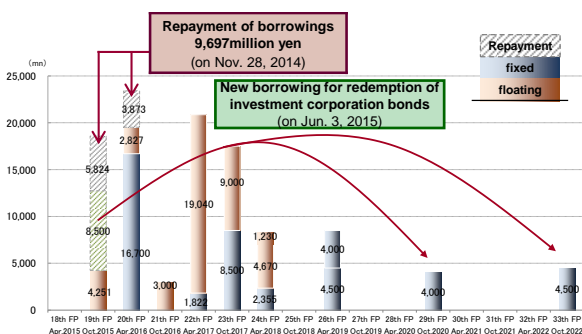
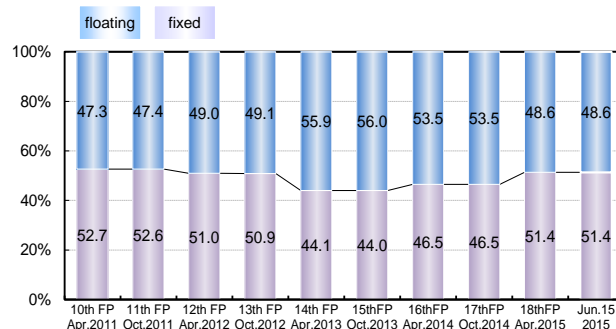
Top REIT, while monitoring market interest rates – particularly while short-term interest rates are low – in order to gain maximum benefit, has operated with a funding ratio of about 50% at fixed interest rates. Going forward, while closely watching market interest rates, we will proceed with refinancing at fixed interest rates, and by increasing the fixed interest rate on interest-bearing liabilities, we will prepare for potential future interest rate hikes. Furthermore, we are also exploring the possibility of diversifying repayment dates for borrowings, leveling repayment amounts and extending loan periods.

During the fiscal period under review, in addition to achieving a reduction in LTV through early repayment of borrowings, we succeeded in bolstering internal reserves, thus fortifying our financial standing. The decrease in LTV has enhanced our borrowing capacity, and given us increased flexibility in terms of the acquisition of new properties. Concerning internal reserves, we believe this will contribute to the stabilization of dividends. In both cases we have upgraded our financial strategy. Top REIT will continue to exercise sound financial management in line with market trends.

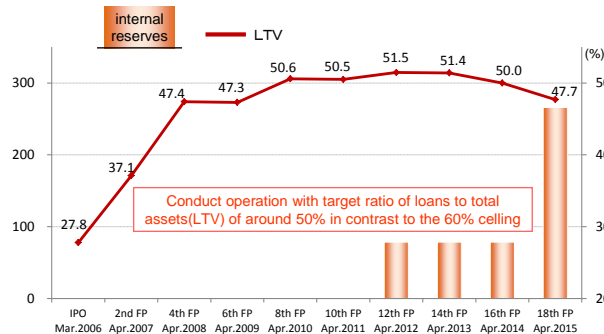
[Change in status of interest-bearing liabilities]



[Ratio of Loans with Fixed Interest Rate]



Borrowed with fixed-interest currently, hedging risk of future interest rate hike
Spread maturities and equalize refinance amount



Prepare for investment opportunity by lowering LTV
Expand financial flexibility by accumulated internal reserve

Property Tour - Visit to Sagamihara Shopping Center -

Sagamihara City, located in Kanagawa Prefecture, boasts a population of over 700,000. It serves as a commuter town for Tokyo, and is the location of the Ito-Yokado Kobuchi Store (Sagamihara Shopping Center). Facing Route 16, one of the capital's inter-regional trunk roads, the store is also situated near Kobuchi Station on the JR Yokohama Line. The shopping center affords superior transportation access via car and train.



A Renovated exterior which gives customers sense of pleasure for shopping

In addition to renovation conducted on the exterior, it has newly contracted 21 specialty shops. It has upgraded its selection from fashion to general merchandise and food and beverage, and now offers a broad range of products and services. A large-scale renovation has been conducted to improve the shopping center's close ties to the area.



Renovation of the design to provide customers with a more enjoyable shopping experience



Point of Renewal

To further enhance convenience, an entrance has been established on a direct line with the train station, and a park for children and an online supermarket building have been established.



Park for children serves as a great place for families to take a break.



Establishment of an online supermarket building connects the retail location with the Internet.



The branches of the MUJI daily goods store, the Akachan Honpo baby and maternity goods store and the Loft daily goods store operated by Seven & I Holdings, have opened. Additionally, in the food court on the first floor, seating has been expanded more than fourfold, to 418 seats.



[1] Overview of Asset Management Operation

1. Operating Results and Financial Position

(In millions of yen, except per unit data or where otherwise indicated)

	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From Nov. 1, 2012 to Apr 30, 2013	From May 1, 2013 to Oct 31, 2013	From Nov. 1, 2013 to Apr 30, 2014	From May 1, 2014 to Oct 31, 2014	From Nov. 1, 2014 to Apr 30, 2015
(1) Operating results					
Operating revenue	¥ 5,844	¥ 5,154	¥ 5,637	¥ 5,792	¥ 5,612
(Revenue related to rental business)	5,844	5,154	5,637	5,792	5,315
Operating expenses	3,397	2,981	3,108	3,229	3,140
(Expenses related to rental business)	2,848	2,438	2,622	2,721	2,630
Operating income	2,447	2,172	2,528	2,563	2,472
Ordinary income	1,823	1,580	1,913	1,955	1,891
Net income	1,822	1,579	1,913	1,954	1,831
(2) Assets, etc. (as of the end of the period)					
Total assets (Period-on-period variation)	187,003 (0.8)%	186,169 (0.4)%	200,802 7.9%	200,551 (0.1)%	189,737 (5.4)%
Interest-bearing liabilities	96,065	95,997	100,430	100,362	90,598
Net assets (Period-on-period variation)	84,127 (0.2) %	83,871 (0.3) %	93,081 11.0%	93,120 0.0%	92,998 (0.1) %
Unitholders' capital	82,260	82,260	91,143	91,143	91,143
(3) Cash distributions					
Total cash distributions	1,822	1,579	1,912	1,954	1,703
Payout ratio (Note2)	100.0%	100.0%	99.9%	100.0%	93.0%
(4) Per unit information					
Number of units outstanding	155,000	155,000	176,000	176,000	176,000
Net assets per unit (Note 3)	542,758	541,105	528,873	529,095	528,400
Dividend per unit	11,759	10,191	10,864	11,107	9,680
(Distribution of earnings per unit)	11,759	10,191	10,864	11,107	9,680
(Distribution in excess of earnings per unit)	—	—	—	—	—
(5) Financial indices					
ROA (Note 4)	1.0% <2.0%>	0.8% <1.7%>	1.0% <2.0%>	1.0% <1.9%>	1.0% <2.0%>
ROE (Note 4)	2.2% <4.4%>	1.9% <3.7%>	2.2% <4.4%>	2.1% <4.2%>	2.0% <4.0%>
Ratio of unitholders' equity to total assets (Period-on-period variation)	45.0% 0.3%	45.1% 0.1%	46.4% 1.3%	46.4% 0.0%	49.0% 2.6%
LTV (Note 4)	51.4%	51.6%	50.0%	50.0%	47.7%
Rental NOI (Note 5)	4,117	3,831	4,207	4,274	3,871
(6) Supplemental information					
Number of properties at the end of the period	19	19	22	22	20
Number of tenants at the end of the period (Note 6)	39	40	49	50	45
Total rentable area at the end of the period	301,825.87 m ²	301,825.87 m ²	331,677.14 m ²	331,709.64 m ²	321,207.26 m ²
Occupancy rate at the end of the period (Note 7)	94.5%	96.7%	98.1%	98.9%	98.9%
Depreciation and amortization	1,121	1,115	1,193	1,202	1,186
Capital expenditures	443	176	511	143	442

Notes:

- Accounting data does not include consumption taxes.
- Since fund procurement through public offering was conducted during the 16th fiscal period and the number of investment units had changed accordingly, the payout ratio for the 16th fiscal period is calculated as follows:
Payout ratio= Total cash distribution (excluding distribution in excess of earnings) / Net income ×100

3. Net assets per unit for the 14th and 15th fiscal periods have been rounded to the nearest yen and net assets per unit for the 16th fiscal period and onward have been rounded down to the nearest yen.
4. The indices above are calculated using the following formulas. Annualized figures indicated in angle brackets are based on the number of days in the relevant period.
ROA = Ordinary income / ((Total assets at beginning of period + Total assets at end of period)/2) × 100
ROE = Net income / ((Net assets at beginning of period + Net assets at end of period)/2) × 100
LTV = Interest bearing liabilities / Total assets
5. Rental NOI (Net operating income) = Rental revenue - Expenses related to rental business + Depreciation and amortization
6. Number of tenants at the end of the period indicates total number of tenants of each property as of the end of the period. In case a master lease agreement is concluded, it is counted as one tenant. In case one tenant rents multiple units, it is counted as one tenant if the units are in the same property and as multiple tenants if the units are in different properties.
7. Occupancy rate at the end of the period = Total leased areas at the end of the period / Total rentable areas at the end of the period
When a pass-through type master lease agreement has been concluded, the area subleased to the end tenants is considered to be the leased area.
8. Unless otherwise mentioned, fractions are rounded off for monetary amounts and rounded for ratios throughout the report.

2. Overview of Asset Management Operation for the 18th Fiscal Period

A. Overview of Top REIT

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. (the “Asset Manager”) as the incorporator. On March 1, 2006, Top REIT was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (Securities Code: 8982) with the number of investment units issued and outstanding totaling 145,500 units. As of the end of the 18th fiscal period (April 30, 2015), the total number of investment units issued and outstanding stood at 176,000 units as a result of the issuance of additional investment units through the third-party allotment (9,500 units) on March 23, 2006, the public offering (20,000 units) on November 25, 2013, and the third-party allotment (1,000 units) on December 13, 2013.

Top REIT manages its portfolio 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 two strategies, “skilled management of a diversified portfolio” and “optimal application of the sponsors’ strengths.” As of the end of the 18th fiscal period, its portfolio consisted of 20 properties with a total acquisition value of ¥190,484 million.

B. Investment Environment and Management Performance

<Investment Environment>

(a)Economy in General

In the 18th fiscal period, the Japanese economy showed some weakness in personal consumption due in part to the prolonging of the repercussions from the rush demand prior to the consumption tax hike in April 2014. However, ongoing economic policies by the Japanese government and monetary easing measures by the Bank of Japan led to strong corporate performance and corresponding improvement in the employment and income environment continuing. The Japanese economy thus maintained a moderate recovery trend. While U.S. interest rate trends, resurgence of the European debt problem, China’s growth stagnation, resource-rich countries’ economic trends and other risk factors that may impact the Japanese economy require close monitoring, such factors as anticipated improvement in consumer sentiment associated with increase in companies’ capital investment and households’ income against the backdrop of depreciation of the yen and high stock prices suggest that the moderate recovery will continue.

(b)Real Estate Leasing Market

[Office Buildings]

The office leasing market remained steady, as evident by such factors as the vacancy rate continuing to trend towards improvement in not only Tokyo but also Osaka, Fukuoka and other major office districts, and the upward turn in rents and shortening rent-free periods, mainly for excellent office buildings in central Tokyo. Based on continued assumption of robust office demand buoyed by such factors as improvement in the employment environment and corporate performance, the market as a whole is expected to continue to be on a moderate recovery trend.

[Retail Properties]

Despite a temporary decline due to decrease in demand on the rebound of the rush demand prior to the consumption tax hike and other factors, personal consumption is showing signs of gradual recovery and is thought to remain steady going forward, backed by improvement in the employment and income environment. On an analysis by business category, strong showings are expected to continue for department stores in Tokyo, which are expected to benefit from growth in consumption driven by inbound tourism, and for food supermarkets and other business categories that target a small trade area, which are showing consecutive year-on-year increases in business performance. Among large-scale general supermarkets, on the other hand, are stores struggling with continuing year-on-year decreases in business performance. In this manner, the state of disparities arising in business performance depending on the characteristics of individual retail properties is thought to continue.

[Residential Properties]

Rental residential property construction starts in the Tokyo metropolitan area is forecast to remain at a low level due in part to soaring land acquisition costs and construction costs. With improvement in the employment and income environment and other factors, the trend of in-migration exceeding out-migration continues in the Tokyo metropolitan area and major urban areas of Japan. As such, the favorable supply-demand environment is expected to continue for highly-competitive rental residential properties that are excellent in terms of location and quality. The rental residential property market is thus thought to see strong showings in both occupancy rate and rent.

(c) Real Estate Transaction Market

In the current real estate transaction market, a positive investment stance is maintained overall, centering on not only J-REITs but also private placement funds, business corporations, overseas investors who anticipate a full-fledged recovery of the Japanese economy and other investors. This has led to ongoing capital inflow into the market continuing. On the other hand, with information on sale of excellent properties being limited, competition over property acquisition is increasingly intensifying and transaction prices are on an upward trend. Investors' expected cap rate is also on a downward trend. Recent survey results show that the expected cap rate of excellent office buildings in the "Marunouchi/Otemachi District" is in the 3.5% to 4.0% range. With investors' appetite for real estate investment remaining strong against the backdrop of a favorable financing environment, the downward trend of investment returns is seen to continue for the time being.

(d) Financial Market

The financial market in the 18th fiscal period saw both short-term and long-term interest rates remain at a low level against the backdrop of ongoing monetary easing measures by the Bank of Japan. Recently, volatility of long-term interest rates is increasing slightly, but the purchase of Japanese government bonds by the Bank of Japan in an aim to achieve an inflation rate of 2% based on "quantitative and qualitative monetary easing" is expected to continue. Therefore, the view is that interest rate levels will remain low in a stable manner for the time being and a financing environment that is favorable for also J-REITs will continue.

<Asset Management Performance >

(a) Acquisition and Sale of Assets

Top REIT began the 18th fiscal period with 22 properties (total acquisition value: ¥197,855 million). With an aim to acquire highly-competitive and highly-profitable properties, Top REIT considered acquisition of properties through not only the "optimal application of the sponsors' strengths" but also by utilizing established information channels and its characteristics as a diversified REIT to collect and carefully select from property sale information, with a focus on excellent office buildings located in central Tokyo at the core, and also considered revision of the existing portfolio. During the 18th fiscal period, Top REIT sold two properties, Kanda Park Plaza (sale price: ¥5,350 million) and OAK PLAZA (sale price: ¥2,900 million), each to third parties on November 13, 2014, and used part of the proceeds from the sale of these two properties to early repayment of existing loans on November 28, 2014. In addition, on March 30, 2015, Top REIT made additional acquisition of compartmentalized ownership in Shiba-Koen Building (acquisition price: ¥375 million), resulting in Top REIT owning the entire property.

As a result, as of the end of the 18th fiscal period, Top REIT has a portfolio consisting of 20 properties (total acquisition value: ¥190,484 million).

(b) Management and Maintenance of Portfolio Assets

The basic asset management strategy of Top REIT is 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 and maintain and improve high occupancy rates while sustaining trusted relationships with tenants and discerning tenant needs via property management companies. During the 18th fiscal period, Top REIT continued to focus on tenant solicitation activities for successor tenants of Kanda Nishiki-cho 3-chome Building, which has been a pending issue. As a result, the occupancy rate reached 76.1% at the end of the 18th fiscal period (end of April 2015), and is expected to further improve to 94.3% at the end of October 2015. Top REIT continues its effort to solicit successor tenants for lease-up.

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. Based on asset management plans, Top REIT also carried out renovation and repairs that contributed to enhancing the competitiveness of properties and maintaining and improving the functionality of properties, and construction that contributed to improving tenant satisfaction. Top REIT also took steps to keep relevant costs at an appropriate level and conducted efficient management of resources. Furthermore, as of the date of this document, with regard to one floor of Harumi Island Triton Square Office Tower Y that had been used as a cafeteria for the employees of tenants, Top REIT commenced construction to convert the floor into office leasing space and is also concurrently working to solicit tenants to move into the concerned leasing space after the construction work is complete.

C. Funding

Top REIT procures funds under a financial policy based on stable financial management. During the 18th fiscal period, with the sale of Kanda Park Plaza and OAK PLAZA on November 13, 2014, Top REIT used the proceeds from the sale and cash on hand to make early repayment totaling ¥9,697 million of certain existing loans on November 28, 2014. Using cash on hand, Top REIT also repaid ¥67.5 million in long-term loans on December 30, 2014 as agreed upon.

As a result, at the end of the 18th fiscal period, the balance of interest-bearing liabilities amounted to ¥90,598 million (¥82,098 million in long-term loans (including the current portion) and ¥8,500 million in investment corporation bonds (including the current portion)), and the ratio of interest-bearing liabilities to total assets was 47.7%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) was 100%, while the ratio of interest-bearing liabilities with fixed interest rates accounted for 51.4%.

Furthermore, after the closing date of the 18th fiscal period, the investment corporation bonds due for redemption on June 4, 2015 were financed in the entire amount using long-term loans. As a result, as of the date of this document, the balance of interest-bearing liabilities amounts to ¥90,598 million (¥90,598 million in long-term loans (including the current portion)).

The credit rating of Top REIT as of April 30, 2015 is as follows:

Credit Rating Agency	Rating [Outlook]
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ Rating outlook:[Negative] Unsecured investment corporation bond rating (No. 1 Unsecured Investment Corporation Bonds): A+

Note: No. 1 Unsecured Investment Corporation Bonds were fully redeemed on June 4, 2015.

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, 2014 to May 19, 2016

D. Earnings Results and Dividends

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the 18th fiscal period of ¥5,612 million in operating revenue, ¥2,472 million in operating income and ¥1,891 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥1,831 million.

As for dividends, investment corporations may deduct the dividend distributions for the tax purpose under the conditions set forth in Article 67-15 of the “Special Taxation Measures Act of Japan” (Act No. 26 of 1957, as amended). Based on this treatment, Top REIT declared a dividend per investment unit of ¥9,680. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, which does not exceed the unappropriated retained earnings for the 18th fiscal period after deducting both (1) the amount of deferred tax liabilities adjusted to reflect the change in tax rate, and (2) the portion of gain on sales of real estate properties set aside as reserve for reduction entry by applying the “Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of the “Special Taxation Measures Act of Japan”).

3. Balance of Paid-in Capital

Change in paid-in capital of Top REIT during the past five years is as follows:

Issue date	Remarks	Units issued and outstanding (units)		Paid-in capital (In millions of yen)		Note
		Increase	Balance	Increase	Balance	
November 25, 2013	Public offering	20,000	175,000	¥ 8,460	¥ 90,720	Note 1
December 13, 2013	Third party allotment	1,000	176,000	423	91,143	Note 2

Notes:

1. New investment units were issued at a price of ¥ 438,750 per unit (issue value of ¥423,000 per unit) through a public offering in order to raise funds for the acquisition of assets.
2. New investment units were issued at a value of ¥ 423,000 per unit through a third party allocation to raise funds for the acquisition of assets, etc.

[Market Price of Investment Units]

The market price of the investment units on the Tokyo Stock Exchange REIT Section during respective fiscal periods is as follows:

	14th fiscal period From Nov. 1, 2012 to Apr. 30, 2013	15th fiscal period From May 1, 2013 to Oct. 31, 2013	16th fiscal period From Nov. 1, 2013 to Apr. 30, 2014	17th fiscal period From May 1, 2014 to Oct. 31, 2014	18th fiscal period From Nov. 1, 2014 to Apr. 30, 2015
High	¥576,000	¥ 519,000	¥ 494,000	¥ 483,000	¥ 539,000
Low	351,000	411,000	437,500	444,000	439,000

4. Cash Distribution

The dividend per unit for the 18th fiscal period is ¥ 9,680. Top REIT expects to distribute almost all the balance of unappropriated retained earnings of the 18th fiscal period after deducting the amount of deferred tax liabilities adjusted to reflect the change in tax rate which would be transferred to the reserve for reduction entry to be eligible for special tax treatments (Article 67-15 of the Act on Special Measures Concerning Taxation) that allows Top REIT to deduct an amount equivalent to distributions of retained earnings as expenses from taxable income.

(In thousands of yen except per unit data)

	14th fiscal period From Nov. 1, 2012 to Apr. 30, 2013	15th fiscal period From May 1, 2013 to Oct. 31, 2013	16th fiscal period From Nov. 1, 2013 to Apr. 30, 2014	17th fiscal period From May 1, 2014 to Oct. 31, 2014	18th fiscal period From Nov. 1, 2014 to Apr. 30, 2015
Unappropriated retained earnings	¥ 1,822,649	¥ 1,579,617	¥ 1,913,997	¥ 1,954,943	¥ 1,832,069
Retained earnings brought forward	4	12	1,933	111	128,389
Total cash distributions <Per unit> (yen)	1,822,645 <11,759>	1,579,605 <10,191>	1,912,064 <10,864>	1,954,832 <11,107>	1,703,680 <9,680>
Distribution of earnings <Per unit> (yen)	1,822,645 <11,759>	1,579,605 <10,191>	1,912,064 <10,864>	1,954,832 <11,107>	1,703,680 <9,680>
Repayment of paid-in capital <Per unit> (yen)	— <—>	— <—>	— <—>	— <—>	— <—>

5. Management Policy and Issues to be Addressed

(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, leasing vacant spaces and such, as well as 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 maintain or increase its dividends over the medium to long term by realizing external growth through acquisition of new properties. Top REIT will continue to not only further utilize pipeline support functions from sponsor companies, but also utilize various established information channels to collect information on new properties based on detailed analysis of market environment of each asset classes, while placing emphasis on primarily highly competitive office buildings. 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. 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 for 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 of fund procurement by extending borrowing periods and dispersing 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 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 are none applicable.

[Reference Information]

Top REIT decided at its Board of Directors meeting held on May 21, 2015 to convene the 6th General Meeting of Unitholders on July 24, 2015.

<New Borrowings>

Top REIT took out loans on June 3, 2015 as shown below. The proceeds from the borrowings were applied for the redemption of No. 1 Unsecured Investment Corporation Bonds on June 4, 2015.

Long-term loan (Term Loan No. 24-(1))

(1) Lenders	Sumitomo Mitsui Trust Bank, Limited Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Limited The Bank of Fukuoka, Ltd.
(2) Amount of borrowing	¥4,000 million
(3) Interest rate	0.430% (fixed by the interest-rate swap agreement until principal repayment date)
(4) Execution date	June 3, 2015
(5) Borrowing method	Borrowing based on the loan agreement concluded on June 1, 2015
(6) Principal repayment date	May 29, 2020
(7) Principal repayment method	Bullet repayment on the principal repayment date
(8) Collateral and guarantee	Unsecured and unguaranteed

Long-term loan (Term Loan No. 24-(2))

(1) Lenders	Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Resona Bank, Limited The Bank of Fukuoka, Ltd.
(2) Amount of borrowing	¥4,500 million
(3) Interest rate	0.825% (fixed by the interest-rate swap agreement until principal repayment date)
(4) Execution date	June 3, 2015
(5) Borrowing method	Borrowing based on the loan agreement concluded on June 1, 2015
(6) Principal repayment date	May 31, 2022
(7) Principal repayment method	Bullet repayment on the principal repayment date
(8) Collateral and guarantee	Unsecured and unguaranteed

[2] Outline of Top REIT

1. Status of Unitholders Capital

	14th fiscal period As of Apr. 30, 2013	15th fiscal period As of Oct. 31, 2013	16th fiscal period As of Apr. 30, 2014	17th fiscal period As of Oct. 31, 2014	18th fiscal period As of Apr. 30, 2015
Number of units authorized (units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued and outstanding (units)	155,000	155,000	176,000	176,000	176,000
Unitholders' capital (In millions of yen)	¥ 82,260	¥ 82,260	¥ 91,143	¥ 91,143	¥ 91,143
Number of unitholders	7,872	7,590	9,163	9,846	8,770

2. Major Unitholders

Major unitholders as of April 30, 2015 are as follows:

Name	Number of units held (units)	Share of units held (%) (Note)
Japan Trustee Services Bank, Ltd. (trust account)	40,482	23.00
The Master Trust Bank of Japan, Ltd. (trust account)	16,492	9.37
Trust & Custody Services Bank, Ltd. (securities investment trust account)	9,808	5.57
The Nomura Trust and Banking Co., Ltd. (investment trust account)	6,106	3.47
Sumitomo Mitsui Trust Bank, Limited	3,176	1.80
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	3,162	1.80
OJI REAL ESTATE CO., LTD.	3,162	1.80
STATE STREET BANK AND TRUST COMPANY 505223	2,563	1.46
The Asahi Fire & Marine Insurance Company, Limited	2,010	1.14
NOMURA BANK (LUXEMBOURG) S.A.	1,932	1.10
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT 505233	1,926	1.09
STATE STREET BANK AND TRUST COMPANY 505001	1,841	1.05
CBNY DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFORIO	1,714	0.97
THE GIBRALTAR LIFE INSURANCE CO., LTD. (J-REIT general account)	1,343	0.76
The Minami-Nippon Bank, Ltd.	1,270	0.72
Total	96,987	55.11

Note: The share of units held is the ratio to the total number of units issued and outstanding. They are each rounded to the second decimal place.

3. Information on Officers and Auditor

A: Names of officers and an auditor as of April 30, 2015 are as follows:

Post	Name	Major additional post	Total amount of fee paid during the current period (In thousands of yen)
Executive Officer	Junichi Sahara (Note1)	Adviser, Sumitomo Mitsui Trust Guarantee Co., Ltd.	¥ 2,700
Supervisory Director	Yasuyuki Kuribayashi (Note1)	Partner Attorney, City-Yuwa Partners (Note2)	1,800
Supervisory Director	Kunio Tsuneyama (Note1)	Managing Partner, Tsuneyama Certified Public Accountants Office Managing Partner, Tsuneyama Sogo Accountants Office Director in Kuroda Electric Co., Ltd. (Note2)	1,800
Accounting Auditor	KPMG AZSA LLC	—	10,000

Notes:

1. There are no investment units of Top REIT held by the Executive Officer or Supervisory Directors in their own name or others' names.
2. Although Supervisory Directors may have additional posts in entities other than those listed above, there is no interest between those companies including those listed above and Top REIT.
3. There was no resignation or dismissal of the Officer, Director or Auditor during the current period.

B: Policy on determination of dismissal and denial of reappointment of accounting auditor
The Board of Directors shall decide after taking various factors into consideration.

4. Information on Asset Manager, Asset Custodian and Administrative Agents

The asset manager, asset custodian and administrative agents of Top REIT as of April 30, 2015 are as follows:

Business	Company name
Asset manager	Top REIT Asset Management Co., Ltd.
Assets custodian	Sumitomo Mitsui Trust Bank, Limited
Administrative agent (running of the organization, accounting matters, etc.)	Sumitomo Mitsui Trust Bank, Limited
Administrative agent (unitholders' register, special accounts)	Sumitomo Mitsui Trust Bank, Limited
Administrative agent (investment corporation bonds)	Sumitomo Mitsui Trust Bank, Limited

【3】 Portfolio Overview

1. Portfolio Summary

Type of asset	Asset class	Area	17th fiscal period As of October 31, 2014		18th fiscal period As of April 30, 2015	
			Amount (In millions of yen) (Note 1)	Percentage of total assets (%) (Note 2)	Amount (In millions of yen) (Note 1)	Percentage of total assets (%) (Note 2)
Real estate	Office building	Central Tokyo	¥ 5,818	2.9	¥ 6,186	3.3
		Subtotal	5,818	2.9	6,186	3.3
Real estate in trust	Office building	Central Tokyo	132,744	66.2	127,266	67.1
		Tokyo Metropolitan Area	1,618	0.8	1,596	0.8
		Subtotal	134,362	67.0	128,863	67.9
	Retail property	Tokyo Metropolitan Area	27,275	13.6	27,167	14.3
		Other Major Cities	1,211	0.6	1,203	0.6
		Subtotal	28,487	14.2	28,370	15.0
	Residential property	Central Tokyo	2,348	1.2	2,322	1.2
		Tokyo Metropolitan Area	17,250	8.6	17,115	9.0
		Subtotal	19,599	9.8	19,438	10.2
	Other	Central Tokyo	2,686	1.3	—	—
		Subtotal	2,686	1.3	—	—
	Subtotal of real estate and real estate in trust			190,955	95.2	182,859
Cash, deposits and other assets			9,596	4.8	6,877	3.6
Total assets (Note 3)			¥ 200,551	100.0	¥ 189,737	100.0
			<190,955>	<95.2>	<182,859>	<96.4>

Notes:

1. Amounts are the book value as of each period end. Real estate and real estate in trust represent the book values after deducting accumulated depreciation. Amounts are rounded down to the nearest million yen.
2. Percentage of total assets shows the ratio of respective assets to total assets and is rounded to the first decimal place.
3. Figures in angle brackets represent the portions of actually owned properties in the object assets.

< Geographical Classification >

Area	Region	Supplementary note
Central Tokyo	Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, Shinjuku-ku and Shinagawa-ku	—
Tokyo Metropolitan Area	Tokyo (excluding Central Tokyo), Kanagawa, Saitama and Chiba Prefectures	—
Kansai	Regional economic zone centering on Osaka	Osaka, Kyoto, Hyogo, Shiga, Nara and Wakayama Prefectures
Chukyo	Regional economic zone centering on Nagoya	Aichi, Gifu and Mie Prefectures
Other Major cities	Cities designated by government ordinance and other major cities (excluding cities belonging to the above classifications)	—

2. Major Properties Owned

The major properties (top ten properties by book value) that Top REIT owns as of April 30, 2015 are as follows:

Property name		Book value (In millions of yen)	Rentable area (Note 1) (m ²)	Leased area (Note 2) (m ²)	Occupancy rate (Note 3) (%)	Share in rental revenue (Note 4) (%)	Primary use
NEC Head Office Building	Trust beneficiary interest	¥ 42,623	72,238.03	72,238.03	100.0	27.1	Office building
Harumi Island Triton Square Office Tower Y	Trust beneficiary interest	29,696	23,170.40	23,125.00	99.8	15.6	Office building
Harumi Island Triton Square Office Tower Z	Trust beneficiary interest	19,114	10,914.20	10,914.20	100.0		Office building
Kanda Nishiki-cho 3-chome Building	Trust beneficiary interest	12,610	7,719.04	5,874.61	76.1		Office building
Sagamihara Shopping Center	Trust beneficiary interest	11,163	61,763.28	61,763.28	100.0	6.3	Retail property
Fukasawa House Towers H&I	Trust beneficiary interest	9,934	11,357.44	10,544.64	92.8	4.5	Residential property
Akasaka Oji Building	Trust beneficiary interest	9,716	7,301.15	7,301.15	100.0	5.1	Office building
Ito-Yokado Higashi-Narashino Store	Trust beneficiary interest	7,661	51,098.42	51,098.42	100.0	3.3	Retail property
Shiba-Koen Building	Real estate	6,186	3,524.17	3,524.17	100.0	1.7	Office building
Shinjuku EAST Building	Trust beneficiary interest	5,721	7,523.04	7,479.09	99.4	4.5	Office building
Total		¥ 154,429	256,609.17	253,862.59	98.9	78.5	

Notes:

1. Rentable area is total rentable area for each asset as of the end of the 18th fiscal period. Furthermore, in the case of co-ownership (including quasi-co-ownership), the stated figure is given by multiplying the rentable area of the whole building by the ratio of co-ownership, and rounded to the second decimal place.
2. Leased area is the area based on lease agreements effective as of the end of the 18th fiscal period. Furthermore, in the case of co-ownership (including quasi-co-ownership), the stated figure is given by multiplying the leased area of the whole building by the ratio of co-ownership, and rounded to the second decimal place. In the case of pass-through type master-lease agreements, the area subleased to end-tenants is calculated as the leased area.
3. Occupancy rate is the figure given by dividing the leased area as of the end of the 18th fiscal period by rentable area, and rounded to the first decimal place.
4. Share in rental revenue is rounded to first decimal place. Share in rental revenue for Harumi Island Triton Square Office Tower Z and Kanda Nishiki-cho 3-chome Building is not disclosed as the consent of the tenants has not been obtained.

3. Details of Assets

(a) Details of Properties

A. The details of properties owned by Top REIT as of April 30, 2015 are as follows

(In millions of yen)

Asset class	Area	Property name	Address	Type of title	Appraisal value (Note)	Book value
Office building	Central Tokyo	NEC Head Office Building	5-7-1 Shiba, Minato-ku, Tokyo	Trust beneficiary interest	¥ 54,500	¥ 42,623
		Harumi Island Triton Square Office Tower Y	1-8-11 Harumi, Chuo-ku, Tokyo	Trust beneficiary interest	27,200	29,696
		Akasaka Oji Building	8-1-22 Akasaka, Minato-ku, Tokyo	Trust beneficiary interest	9,610	9,716
		Shiba-Koen Building	3-5-5 Shiba, Minato-ku, Tokyo	Real estate	4,110	6,186
		Harumi Island Triton Square Office Tower Z	1-8-12 Harumi, Chuo-ku, Tokyo	Trust beneficiary interest	12,300	19,114
		Kanda Nishiki-cho 3-chome Building	3-11-1 Kanda Nishiki-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest	8,310	12,610
		Shinkawa Chuo Building	1-17-24, Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	6,150	5,710
		Shinjuku EAST Building	10-5, Tomihisa-cho, Shinjuku-ku, Tokyo	Trust beneficiary interest	6,550	5,721
		Ginza Oji Building	4-9-8, Ginza, Chuo-ku, Tokyo	Trust beneficiary interest	2,120	2,072
	Tokyo Metropolitan Area	Faret East Building	2-34-7 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	2,630	1,596
Subtotal (10 properties)					133,480	135,050
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	3-13-33 Kobuchi, Minami-ku, Sagamihara-shi, Kanagawa	Trust beneficiary interest	9,080	11,163
		Ito-Yokado Higashi-Narashino Store	7-3-1 Higashi Narashino, Narashino-shi, Chiba	Trust beneficiary interest	3,990	7,661
		Musashiurawa Shopping Square	7-3-1 Bessho, Minami-ku, Saitama-shi, Saitama	Trust beneficiary interest	4,140	3,732
		Kojima × Bic Camera Kashiwa Store	Building A: 1-10, Oyamadai, Kashiwa-shi, Chiba Building B: 1-29, Oyamadai, Kashiwa-shi, Chiba	Trust beneficiary interest	4,930	4,609
	Other Major Cities	MEL Building	2-7-28 Chuo, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,300	1,203
Subtotal (5 properties)					23,440	28,370
Residential property	Central Tokyo	Top Residence Nihonbashi Kayabacho	3-4-1 Nihonbashi Kayabacho, Chuo-ku, Tokyo	Trust beneficiary interest	2,860	2,322
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	2-1-2 Fukasawa, Setagaya-ku, Tokyo	Trust beneficiary interest	7,810	9,934
		Ecology Toyosu Procentury	4-8-8 Toyosu, Koto-ku, Tokyo	Trust beneficiary interest	5,460	4,809
		Impress Musashi-Koganei	4-14-18 Nakamachi, Koganei-shi, Tokyo	Trust beneficiary interest	1,370	1,202
		Top Residence Yoga	1-14-12 Tamagawadai, Setagaya-ku, Tokyo	Trust beneficiary interest	1,300	1,169
Subtotal (5 properties)					18,800	19,438
Total (20 properties)					¥ 175,720	¥ 182,859

Note: Appraisal values are the assessed values based on appraisal reports by real estate appraisers in accordance with the asset evaluation method and standards stipulated in Top REIT's Articles of Incorporation and rules set forth by The Investment Trusts Association, Japan (real estate appraisal reports were prepared by The Tanizawa Sogo Appraisal Co., Ltd.; Japan Real Estate Institute and Daiwa Real Estate Appraisal Co., Ltd.) with April 30, 2015 as the points of evaluation.

B. Operating results by property are as follows:

Asset class		Area	Property name	17th fiscal period From May 1, 2014 to October 31, 2014			18th fiscal period From November 1, 2014 to April 30, 2015			
				Number of tenants (Note1)	Occupancy rate (at end of period) (%)	Rental revenue (In millions of yen) (Note 2)	Share in total rental revenues (%)(Note 3)	Number of tenants (Note1)	Occupancy rate (at end of period) (%)	Rental revenue (In millions of yen) (Note 2)
Office building	Central Tokyo	NEC Head Office Building	1	100.0	¥ 1,439	24.8	1	100.0	¥ 1,439	27.1
		Harumi Island Triton Square Office Tower Y	8	93.6	801	13.8	9	99.8	830	15.6
		Akasaka Oji Building	6	100.0	271	4.7	6	100.0	270	5.1
		Kanda Park Plaza (Note 4)	9	90.2	154	2.7	-	-	10	0.2
		Shiba-Koen Building	2	84.8	74	1.3	2	100.0	88	1.7
		Harumi Island Triton Square Office Tower Z	1	100.0	/	/	1	100.0	/	/
		Kanda Nishiki-cho 3-chome Building	1	100.0	/	/	5	76.1	/	/
		Shinkawa Chuo Building	1	97.6	213	3.7	1	100.0	204	3.8
		Shinjuku EAST Building	4	99.4	242	4.2	4	99.4	240	4.5
		Ginza Oji Building	2	100.0	89	1.5	2	100.0	92	1.7
	Tokyo Metropolitan Area	Faret East Building	1	96.2	152	2.6	1	96.2	147	2.8
Subtotal (11 properties)			36	98.1	4,203	72.6	32	98.5	3,880	73.0
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	2	100.0	332	5.7	2	100.0	332	6.3
		Ito-Yokado Higashi-Narashino Store	1	100.0	236	4.1	1	100.0	177	3.3
		Musashiurawa Shopping Square	3	100.0	126	2.2	3	100.0	126	2.4
		Kojima × Bic Camera Kashiwa Store	1	100.0	/	/	1	100.0	/	/
	Other Major Cities	MEL Building	1	100.0	58	1.0	1	90.9	56	1.1
Subtotal (5 properties)			8	100.0	912	15.8	8	99.9	851	16.0
Residential property	Central Tokyo	Top Residence Nihonbashi Kayabacho	1	99.4	92	1.6	1	97.2	89	1.7
		Tokyo Metropolitan Area	Fukasawa House Towers H&I	1	95.3	241	4.2	1	92.8	238
	Ecology Toyosu Procentury		1	96.6	166	2.9	1	96.0	166	3.1
	Impress Musashi-Koganei		1	94.9	44	0.8	1	95.3	44	0.8
		Top Residence Yoga	1	94.2	38	0.7	1	95.4	38	0.7
Subtotal (5 properties)			5	96.1	582	10.1	5	94.7	577	10.9
Other	Central Tokyo	OAK PLAZA (Note 4)	1	100.0	94	1.6	-	-	6	0.1
		Subtotal (1 property)			1	100.0	94	1.6	-	-
Total (22 properties)			50	98.9	¥ 5,792	100.0	45	98.9	¥ 5,315	100.0

Notes:

1. Number of tenants indicates total number of tenants of each property as of the end of the period. In the case a master lease agreement is concluded, it is counted as one tenant. In the case one tenant rents multiple units, it is counted as one tenant if the units are in the same property and as multiple tenants if the units are in different properties.
2. Rental revenue is rounded down to the nearest million yen. Rental revenue for Harumi Island Triton Square Office Tower

Z, Kanda Nishiki-cho 3-chome Building and Kojima × Bic Camera Kashiwa Store is not disclosed as the consent of the tenants has not been obtained.

3. Share in total rental revenues is rounded to the first decimal place. Share in total rental revenues for Harumi Island Triton Square Office Tower Z, Kanda Nishiki-cho 3-chome Building and Kojima × Bic Camera Kashiwa Store is not disclosed as the consent of the tenants has not been obtained.
4. Kanda Park Plaza and OAK PLAZA were sold to third parties on November 13, 2014.

(b) Details of Investment Securities

There are none applicable.

4. Contracted Amount and Fair Value of Specified Transactions

The contracted amount and fair value of the specified transactions of Top REIT as of April 30, 2015 are as follows:

(In millions of yen)

Segment	Type of transaction	Contract amount (Notes 1, 2)		Fair value (Notes 1, 3)
			Exceeding one year	
Transaction other than market transaction	Interest-rate swap (Fixed-rate payable and floating-rate receivable)	¥ 29,700	¥13,000	¥ (140)
	Total	¥ 29,700	¥13,000	¥ (140)

Notes:

1. The above figures are rounded down to the nearest million yen.
2. Contract amounts of interest-rate swap transactions represent figures based on the notional principal.
3. Fair value is evaluated at the price calculated by the counterparty of the concerned transaction, based on the prevailing market rate.

5. Other Assets

All real estate and trust beneficiary interests in real estate are listed in the table under the “3-(a) Details of Properties.” There were no significant specified assets that are main investment targets of Top REIT other than those listed in the table mentioned above as of April 30, 2015.

6. Assets by Country and Region

There are none applicable.

【4】 Capital Expenditures

1. Scheduled Capital Expenditures

The table below shows the estimated amounts of significant capital expenditures for repair and maintenance of its properties, planned as of April 30, 2015. The estimated amounts shown in the table below include costs that may be recognized as expenses.

Property name	Location	Purpose	Scheduled term for construction or maintenance	Estimated amounts (In millions of yen)		
				Total	Payment during the current period	Total of advance payment
Harumi Island Triton Square Office Tower Y	Chuo-ku, Tokyo	14F restoration work (1st construction period)	From May 2015 to Oct. 2015	¥ 408	¥—	¥—
Kanda Nishiki-cho 3-chome Building	Chiyoda-ku, Tokyo	Joinery work of entrance	From Jun. 2015 to Jul. 2015	13	—	—
		Partition installation (B1F, 6F)	From Sep. 2015 to Oct. 2015	18	—	—
Sagamihara Shopping Center	Sagamihara-shi, Kanagawa	Exterior wall coating	From Jan. 2015 to Jul. 2015	133	—	—

2. Capital Expenditures Made During the 18th Fiscal Period

The following table is an overview of capital expenditures made during the 18th fiscal period. Capital expenditures during the 18th fiscal period amounted to ¥ 442 million and combined with ¥ 84 million in repairs and maintenance costs that are recognized as expenses for the 18th fiscal period, a total of ¥526 million of construction work was implemented.

Property name	Location	Purpose	Scheduled term for construction or maintenance	Capital expenditures (In millions of yen)
NEC Head Office Building	Minato-ku, Tokyo	Renewal of air conditioning facility	From May 2014 to November 2014	¥ 26
		Repair of waterproof function of heat storage tank	From May 2014 to January 2015	14
		Renewal of gondola	From May 2014 to January 2015	26
		Renewal of parts for electrical substation equipment	From May 2014 to January 2015	20
		Renewal of emergency broadcasting equipment	From May 2014 to March 2015	34
		Renewal of monitoring device and wiring	From May 2014 to March 2015	48
		Renewal of ventilating duct	From May 2014 to March 2015	20
		Renewal of cooling machine	From May 2014 to March 2015	44
		Renewal of drainpipe for air conditioning facility	From May 2014 to March 2015	14
Sagamihara Shopping Center	Sagamihara-shi, Kanagawa	Renewal of fire-prevention monitoring equipment, etc.	From October 2014 to April 2015	40
Others		Renewal of function	From October 2014 to April 2015	152
Total				¥ 442

3. Funds Reserved for Long-term Repair and Maintenance Plan

(In millions of yen)

	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From November 1, 2012 to April 30, 2013	From May 1, 2013 to October 31, 2013	From November 1, 2013 to April 30, 2014	From May 1, 2014 to October 31, 2014	From November 1, 2014 to April 30, 2015
Balance of reserved funds at beginning of the period	¥ 410	¥ 375	¥ 414	¥ 385	¥ 486
Amount reserved during the period	197	197	197	282	111
Amount withdrawn from reserved funds during the period	232	158	225	181	202
Amount carried forward	¥ 375	¥ 414	¥ 385	¥ 486	¥ 395

【5】 Expenses and Liabilities

1. Details of Expenses Related to Asset Management

(In millions of yen)

	17th fiscal period From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
(a) Asset management fee (Note)	¥ 369	¥ 341
(b) Asset custody fee and administrative service fees	78	76
(c) Directors' compensations	6	6
(d) Audit fee	10	10
(e) Other expenses	44	75
Total	¥ 508	¥ 509

Note: With regard to the asset management fee in the 18th fiscal period, there were ¥41 million of fees related to the sale of properties (included in the costs of sale) and ¥1 million of fees related to the acquisition of a new property (included in the book value) in addition to the amounts described above.

2. Borrowings

Borrowings from financial institutions as of April 30, 2015 are as follows:

(In millions of yen, unless otherwise stated)

	Lender		Date borrowed	Balance at the beginning of the period	Increase	Decrease	Balance at the end of the period	Average interest rate (%) (Note 1)	Due on	Repayment method	Use of funds	Remarks
Current Portion of Long-term Loans	Term Loan No. 11	Development Bank of Japan Inc.	January 13, 2010	¥ 135	¥ 67	¥ 67	¥ 135	2.42	November 30, 2016	(Note 2)	(Note 3)	Unsecured and unguaranteed
	Term Loan No. 14	Sumitomo Mitsui Trust Bank, Limited	March 3, 2011	-	6,012	-	6,012	1.39 (Note 4)	February 29, 2016	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed
		Mizuho Bank, Ltd.		-	3,841	-	3,841					
		Sumitomo Mitsui Banking Corporation		-	3,006	-	3,006					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	3,006	-	3,006					
		Mitsubishi UFJ Trust and Banking Corporation		-	835	-	835					
	Term Loan No. 15	Sumitomo Mitsui Trust Bank, Limited	March 31, 2011	-	717	-	717	0.69	February 29, 2016	Bullet repayment on repayment date (Note 6)	(Note 7)	Unsecured and unguaranteed
		The Bank of Fukuoka, Ltd.		-	1,266	-	1,266					
		The Hiroshima Bank, Ltd.		-	422	-	422					
		The Yamaguchi Bank, Ltd.		-	422	-	422					
	Term Loan No.19-①	Sumitomo Mitsui Trust Bank, Limited	November 30, 2012	3,000	-	1,734	1,266	0.61	September 30, 2015	Bullet repayment on repayment date (Note 6)	(Note 5)	Unsecured and unguaranteed
		Sumitomo Mitsui Banking Corporation		1,500	-	867	633					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,500	-	867	633					
		Resona Bank, Ltd.		1,000	-	578	422					
	Term Loan No. 20	Mizuho Bank, Ltd.	March 27, 2013	1,800	-	1,041	759	0.61	September 30, 2015	Bullet repayment on repayment date (Note 6)	(Note 8)	Unsecured and unguaranteed
Mitsubishi UFJ Trust and Banking Corporation		1,275		-	737	538						
Subtotal				10,210	19,594	5,891	23,913					
Long-term Loans	Term Loan No.11	Development Bank of Japan Inc.	January 13, 2010	1,957	-	67	1,890	2.42	November 30, 2016	(Note 2)	(Note 3)	Unsecured and unguaranteed
	Term Loan No. 14	Sumitomo Mitsui Trust Bank, Limited	March 3, 2011	6,012	-	6,012	-	1.39 (Note 4)	February 29, 2016	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed
		Mizuho Bank, Ltd.		3,841	-	3,841	-					
		Sumitomo Mitsui Banking Corporation		3,006	-	3,006	-					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,006	-	3,006	-					
		Mitsubishi UFJ Trust and Banking Corporation		835	-	835	-					
	Term Loan No. 15	Sumitomo Mitsui Trust Bank, Limited	March 31, 2011	1,700	-	1,700	-	0.69	February 29, 2016	Bullet repayment on repayment date (Note 6)	(Note 7)	Unsecured and unguaranteed
		The Bank of Fukuoka, Ltd.		3,000	-	3,000	-					
		The Hiroshima Bank, Ltd.		1,000	-	1,000	-					
		The Yamaguchi Bank, Ltd.		1,000	-	1,000	-					
	Term Loan No. 16	Sumitomo Mitsui Trust Bank, Limited	November 30, 2011	6,687	-	-	6,687	0.51	November 30, 2016	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed
		Mizuho Bank, Ltd.		4,440	-	-	4,440					
		Sumitomo Mitsui Banking Corporation		3,474	-	-	3,474					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,474	-	-	3,474					
		Mitsubishi UFJ Trust and Banking Corporation		965	-	-	965					

	Lender	Date borrowed	Balance at the beginning of the period	Increase	Decrease	Balance at the end of the period	Average interest rate (%) (Note 1)	Due on	Repayment method	Use of funds	Remarks	
		Long-term Loans (continued)	Term Loan No. 17	Sumitomo Mitsui Trust Bank, Limited	1,008	-	-	1,008	0.61	October 31, 2016	Bullet repayment on repayment date	(Note 3)
Mizuho Bank, Ltd.	644			-	-	644						
Sumitomo Mitsui Banking Corporation	504			-	-	504						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	504			-	-	504						
	Mitsubishi UFJ Trust and Banking Corporation		340	-	-	340						
Term Loan No. 18	Sumitomo Mitsui Trust Bank, Limited		June 29, 2012	5,660	-	-	5,660	0.70 (Note 9)	June 30, 2017	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.			4,255	-	-	4,255					
	Sumitomo Mitsui Banking Corporation			3,330	-	-	3,330					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.			3,330	-	-	3,330					
	Mitsubishi UFJ Trust and Banking Corporation		925	-	-	925						
Term Loan No. 20	Sumitomo Mitsui Trust Bank, Limited		March 27, 2013	1,428	-	-	1,428	0.73	March 27, 2018	Bullet repayment on repayment date	(Note 8)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.			1,264	-	-	1,264					
	Sumitomo Mitsui Banking Corporation			989	-	-	989					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.			989	-	-	989					
	Development Bank of Japan Inc.			2,355	-	-	2,355	1.08				
Term Loan No. 21	Sumitomo Mitsui Trust Bank, Limited		April 30, 2013	730	-	-	730	0.73	April 30, 2018	Bullet repayment on repayment date	(Note 3)	Unsecured and unguaranteed
	Resona Bank, Ltd.			500	-	-	500					
Term Loan No.23-①	Sumitomo Mitsui Trust Bank, Limited		March 31, 2014	1,400	-	-	1,400	0.82 (Note 4)	March 29, 2019	Bullet repayment on repayment date	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation			1,400	-	-	1,400					
	Mizuho Bank, Ltd.			1,000	-	-	1,000					
	Aozora Bank, Ltd.	500		-	-	500						
	The Bank of Fukuoka, Ltd.	200	-	-	200							
Term Loan No.23-②	Sumitomo Mitsui Trust Bank, Limited	June 30, 2014	1,000	-	-	1,000	0.90	March 29, 2019	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed	
	Aozora Bank, Ltd.		1,000	-	-	1,000						
	The Dai-ichi Life Insurance Company, Limited		1,000	-	-	1,000						
	Sumitomo Mitsui Banking Corporation		400	-	-	400						
	The Bank of Fukuoka, Ltd.		300	-	-	300						
	Mizuho Bank, Ltd.		300	-	-	300						
Subtotal			81,652	-	23,467	58,185						
Total			¥ 91,862	¥ 19,594	¥ 29,359	¥ 82,098						

Notes:

1. Average interest rate is the interest rate of borrowings for the respective loan contracts (weighted by the balance during the period) and rounded to the second decimal place.
2. Repayment of ¥67.5 million has been and will be made at the end of June and December each year starting on June 30, 2010, with the remaining payment of ¥1,822.5 million to be made on November 30, 2016, the final repayment date.
3. The borrowings have been used for the acquisition of trust beneficiary interest in real estate.
4. To avoid interest rate volatility risk, the interest rates are hedged by interest rate swap transactions and the average interest rates show the weighted-average interest rates reflecting the effect of the relevant interest rate swap transactions.
5. The borrowings have been used for the repayment of long-term loans.
6. The partial early repayment of borrowings was made on November 28, 2014.
7. The borrowings have been used for the repayment of short-term loans.
8. The borrowings have been used for the repayment of short-term and long-term loans.
9. To avoid interest rate volatility risk, a portion of the borrowing amounting to ¥8,500 million is hedged by an interest rate swap transaction and the average interest rate shows the weighted-average interest rate reflecting the effect of the relevant interest rate swap transaction.

3. Investment Corporation Bonds

Investment corporation bonds issued and outstanding as of April 30, 2015 are as follows:

(In millions of yen, unless otherwise stated)

Name of Bonds	Issue Date	Balance as of the beginning of the period	Balance as of the end of the period	Interest Rate (%)	Maturity Date	Redemption method	Use of proceeds	Remark
No.1 Unsecured Investment Corporation Bonds (Note)	June 4, 2010	¥ 8,500	¥ 8,500	1.00	June 4, 2015	Bullet payment	Repayment of borrowing	Unsecured and unguaranteed
Total		¥ 8,500	¥ 8,500					

Note: No. 1 Unsecured Investment Corporation Bonds were issued with special pari passu conditions among the specified investment corporation bonds, and were fully redeemed on June 4, 2015.

4. Short-Term Investment Corporation Bonds

There are none applicable.

5. Subscription Rights

There are none applicable.

[6] Transactions during the Period

1. Acquisitions and Sales of Real Estate Properties and Asset Backed Securities

(In millions of yen)

Type of Asset	Property Name	Acquisition		Sale			
		Acquisition Date	Acquisition Price (Note)	Sale Date	Sale Price (Note)	Book Value	Gain/Loss on Sale
Trust Beneficiary Interest in Real Estate	Kanda Park Plaza	-	¥ -	November 13, 2014	¥ 5,350	¥ 5,050	¥ 107
Trust Beneficiary Interest in Real Estate	OAK PLAZA	-	-	November 13, 2014	2,900	2,684	190
Real Estate	Shiba-Koen Building (Additional acquisition)	March 30, 2015	375	-	-	-	-

Note: Acquisition/Sale price is the amount required for transaction of the relevant property indicated in the sales agreement, excluding expenses such as brokerage fees, property and other taxes.

2. Transactions of Others Assets

Other major assets besides real estate properties and asset backed securities stated above consist mostly of bank deposits or bank deposits in trust.

3. Research on Prices of Specified Assets

(1) Real estate properties

(In millions of yen)

Acquisition/Sale	Property Name	Transaction Date	Acquisition/ Sale Price (Note 1)	Appraisal Value (Note 2)	Appraiser	Date of Appraisal
Sale	Kanda Park Plaza	November 13, 2014	¥ 5,350	¥ 5,080	Japan Real Estate Institute	October 31, 2014
Sale	OAK PLAZA	November 13, 2014	2,900	2,660	Japan Real Estate Institute	October 31, 2014
Acquisition	Shiba-Koen Building	March 30, 2015	375	400	Daiwa Real Estate Appraisal Co., Ltd.	February 28, 2015

Notes:

1. Acquisition/Sale price is the amount required for transaction of the relevant property indicated in the sales agreement, excluding expenses such as brokerage fees, property and other taxes.
2. Appraisal value indicated in the above table is based on The Real Estate Appraisal Standards.

(2) Others

There are none applicable.

4. Transaction with Interested Parties

(1) Transactions

There were no transactions of specified assets with interested parties during the 18th fiscal period.

(2) Amounts of Fees Paid, etc.

Fees paid to interested parties during the 18th fiscal period are as follows:

(In thousands of yen unless otherwise stated)

Item	Total amount of fees paid (A)	Transactions with interested parties, etc. and major unitholders		(B) / (A) (%)
		Paid to	Amount (B)	
Property management fees	¥ 432,436	OJI REAL ESTATE CO., LTD.	¥ 35,130	8.1
		Sumitomo Mitsui Trust Bank, Limited	1,250	0.3
		Sumitomo Mitsui Trust Realty Co., Ltd.	986	0.2
Brokerage fees	160,500	Sumitomo Mitsui Trust Bank, Limited	160,500	100.0
Trust compensation	17,490	Sumitomo Mitsui Trust Bank, Limited	14,990	85.7
Asset custody fees	8,622	Sumitomo Mitsui Trust Bank, Limited	8,622	100.0
Administrative service fees	67,447	Sumitomo Mitsui Trust Bank, Limited	67,447	100.0
Other fees paid	11,703	Sumitomo Mitsui Trust Bank, Limited	972	8.3
		OJI REAL ESTATE CO., LTD.	6	0.1
Borrowing related expenses	170,089	Sumitomo Mitsui Trust Bank, Limited	75,112	44.2
Investment unit issuance related expenses	6,678	Sumitomo Mitsui Trust Bank, Limited	100	1.5
Investment corporation bond related expenses	5,574	Sumitomo Mitsui Trust Bank, Limited	623	11.2
Other non-operating expenses	2,377	Sumitomo Mitsui Trust Bank, Limited	342	14.4
Other expenses related to rental business	5,712	OJI REAL ESTATE CO., LTD.	482	8.5

Notes:

- Interested parties means interested parties of the Asset Manager which concluded asset management entrustment contract with Top REIT as prescribed in Article 123 of the Enforcement Order of the Investment Trust and Investment Corporations Law. However, the table above also includes transactions with interested parties as provided in the internal rules of the Asset Manager (including special purpose companies, etc. to which interested parties, etc. have been entrusted with asset management). The parties to which payments were made during the current period were OJI REAL ESTATE, Sumitomo Mitsui Trust Bank, and Sumitomo Mitsui Trust Realty.
- In addition to the fees paid described above, the amount paid for repair and maintenance to interested parties during the 18th fiscal period was ¥70,762 thousand for OJI REAL ESTATE. Furthermore, the concerned payments include construction management fees.

5. Transactions with the Asset Manager Regarding Additional Work Conducted

Top REIT Asset Management Co., Ltd., the asset management company of Top REIT, does not concurrently conduct any type 1 financial instruments business, type 2 financial instruments business, building lots and buildings transaction business, or real estate specified joint enterprise business, and has no such transactions with Top REIT.

【7】 Overview of Accounting

1. Assets, Liabilities, Principal and Profit/Loss

Please refer to the accompanying “II. Balance Sheets,” “III. Statements of Income,” “IV. Statements of Changes in Net assets,” “V. Notes to Financial Statements,” and “VI. Statements of Cash Distributions.”

2. Change in Depreciation Method

There are none applicable.

3. Change in Valuation Methods of Real Estate, etc.

There are none applicable.

4. Investment Trust Beneficiary Certificates of Top REIT

There are none applicable.

5. Overseas Investment Vehicles and Overseas Properties owned by Overseas Investment Vehicles

There are none applicable.

【8】 Others**1. Notice****(1) The 6th General Meeting of Unitholders**

The 6th General Meeting of Unitholders of Top REIT is scheduled to be held on July 24, 2015.

(2) Board of Directors Meeting

Executions or modifications of significant agreements approved by the Board of Directors of Top REIT during the fiscal period are as follows:

Approval date	Agenda	Details
June 15, 2015	Determination of agendas and other matters to be submitted for approval at the 6th General Meeting of Unitholders	The Board of Directors determined the agendas and other matters to be submitted for approval at the 6th General Meeting of Unitholders to be held on July 24, 2015, as follows: First Item : Partial amendments to the Articles of Incorporation Second Item : Appointment of one Executive Officer Third Item : Appointment of two substitute Executive Officers Fourth Item : Appointment of two Supervisory Directors

2. Others

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 ratios.

II. Balance Sheets

	(In thousands of yen)	
	17th Fiscal Period (Reference) As of October 31, 2014	18th Fiscal Period As of April 30, 2015
Assets		
Current assets		
Cash and deposits	¥ 4,427,277	¥ 2,046,803
Cash and deposits in trust	3,926,308	3,796,885
Operating accounts receivable	219,407	218,025
Prepaid expenses	360,754	298,137
Deferred tax assets	17	15
Other	0	13
Total current assets	8,933,766	6,359,881
Non-current assets		
Property and equipment		
Buildings	1,158,083	1,222,605
Accumulated depreciation	(241,752)	(258,166)
Buildings, net	916,330	964,439
Structures	5,559	5,559
Accumulated depreciation	(3,469)	(3,550)
Structures, net	2,089	2,009
Machinery and equipment	20,309	20,309
Accumulated depreciation	(12,582)	(13,177)
Machinery and equipment, net	7,726	7,131
Tools, furniture and fixtures	6,609	6,609
Accumulated depreciation	(2,562)	(3,050)
Tools, furniture and fixtures, net	4,047	3,559
Land	4,888,525	5,209,643
Buildings in trust	(Note 1) 66,838,553	66,198,127
Accumulated depreciation	(17,163,781)	(17,863,648)
Buildings in trust, net	49,674,771	48,334,479
Structures in trust	(Note 1) 802,038	801,461
Accumulated depreciation	(335,874)	(353,838)
Structures in trust, net	466,164	447,622
Machinery and equipment in trust	312,926	310,592
Accumulated depreciation	(182,083)	(204,492)
Machinery and equipment in trust, net	130,843	106,099
Tools, furniture and fixtures in trust	279,398	303,189
Accumulated depreciation	(172,805)	(179,472)
Tools, furniture and fixtures in trust, net	106,593	123,717
Land in trust	(Note 1) 134,748,836	127,651,793
Total property and equipment	190,945,929	182,850,494
Intangible assets		
Leasehold right in trust	7,348	7,348
Other intangible assets in trust	1,924	1,650
Other	42	21
Total intangible assets	9,315	9,019
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	372,029	244,946
Other	246,400	241,210
Total investments and other assets	628,429	496,157
Total non-current assets	191,583,674	183,355,671
Deferred assets		
Investment corporation bond issuance costs	7,349	1,837
Investment unit issuance expenses	26,714	20,035
Total deferred assets	34,063	21,873
Total assets	¥ 200,551,504	¥ 189,737,426

	(In thousands of yen)	
	17th Fiscal Period (Reference) As of October 31, 2014	18th Fiscal Period As of April 30, 2015
Liabilities		
Current liabilities		
Operating accounts payable	¥ 186,273	¥ 352,904
Current portion of investment corporation bonds	8,500,000	8,500,000
Current portion of long-term loans	10,210,000	23,913,000
Accounts payable	256,812	231,359
Accrued expenses	110,509	103,139
Income taxes payable	670	764
Accrued consumption taxes	223,962	85,700
Advances received	801,889	704,242
Other	5,899	3,711
Total current liabilities	20,296,018	33,894,820
Non-current liabilities		
Long-term loans	81,652,500	58,185,000
Tenant leasehold and security deposits	127,429	170,568
Tenant leasehold and security deposits in trust (Note 1)	5,298,658	4,373,971
Deferred tax liabilities	11,764	72,345
Long-term advances received	35	—
Derivatives liabilities	44,377	42,216
Total non-current liabilities	87,134,766	62,844,102
Total liabilities	107,430,784	96,738,923
Net Assets		
Unitholders' equity		
Unitholders' capital	91,143,100	91,143,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	51,873	51,880
Total voluntary retained earnings	51,873	51,880
Unappropriated retained earnings	1,954,943	1,832,069
Total surplus	2,006,816	1,883,949
Total unitholders' equity	93,149,916	93,027,049
Valuation and translation adjustments		
Deferred gains or losses on hedges	(29,195)	(28,546)
Total valuation and translation adjustments	(29,195)	(28,546)
Total net assets (Note 2)	93,120,720	92,998,503
Total liabilities and net assets	¥ 200,551,504	¥ ¥ 189,737,426

III. Statements of Income

		(In thousands of yen)	
		17th Fiscal Period (Reference) From May 1, 2014 to October 31, 2014	18th Fiscal Period From November 1, 2014 to April 30, 2015
Operating revenue			
Rental revenue	(Note 1)	¥ 5,762,641	¥ 5,283,814
Other rental business revenue	(Note 1)	29,981	31,369
Gain on sales of real estate properties	(Note 2)	—	297,259
Total operating revenue		<u>5,792,623</u>	<u>5,612,443</u>
Operating expenses			
Expenses related to rental business	(Note 1)	2,721,218	2,630,481
Asset management fee		369,341	341,711
Asset custody fee		9,009	8,622
Administrative service fees		69,085	67,447
Directors' compensations		6,300	6,300
Audit fee		10,000	10,000
Other operating expenses		44,460	75,828
Total operating expenses		<u>3,229,416</u>	<u>3,140,392</u>
Operating income		<u>2,563,206</u>	<u>2,472,051</u>
Non-operating income			
Interest income		1,579	1,025
Gains on forfeiture of unclaimed dividends		563	611
Insurance income		3,979	424
Other		820	—
Total non-operating income		<u>6,942</u>	<u>2,061</u>
Non-operating expenses			
Interest expenses		402,362	355,378
Interest expense on investment corporation bonds		42,965	42,034
Amortization of investment corporation bond issuance costs		5,511	5,511
Borrowing related expenses		154,614	170,089
Amortization of investment unit issuance expenses		6,678	6,678
Other		2,137	2,440
Total non-operating expenses		<u>614,271</u>	<u>582,133</u>
Ordinary income		<u>1,955,878</u>	<u>1,891,979</u>
Income before income taxes		<u>1,955,878</u>	<u>1,891,979</u>
Income taxes – current		963	944
Income taxes – deferred		(9)	59,068
Total income taxes		<u>954</u>	<u>60,013</u>
Net income		<u>1,954,924</u>	<u>1,831,965</u>
Retained earnings brought forward		19	103
Unappropriated retained earnings		¥ 1,954,943	¥ 1,832,069

IV. Statements of Changes in Net Assets

17th fiscal period from May 1, 2014 to October 31, 2014

(In thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				Total unitholders' equity
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus	
		Reserve for reduction entry	Total voluntary retained earnings			
Balance at the beginning of the period	¥ 91,143,100	¥ 49,958	¥ 49,958	¥ 1,913,997	¥ 1,963,956	¥ 93,107,056
Changes during the period						
Reserve for reduction entry		1,914	1,914	(1,914)	—	—
Dividends from surplus				(1,912,064)	(1,912,064)	(1,912,064)
Net income				1,954,924	1,954,924	1,954,924
Net changes of items other than unitholders' equity (net)						
Total changes during the period	—	1,914	1,914	40,945	42,860	42,860
Balance at the end of the period	¥ 91,143,100	¥ 51,873	¥ 51,873	¥ 1,954,943	¥ 2,006,816	¥ 93,149,916

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	¥ (25,275)	¥ (25,275)	¥ 93,081,780
Changes during the period			
Reserve for reduction entry			—
Dividends from surplus			(1,912,064)
Net income			1,954,924
Net changes of items other than unitholders' equity (net)	(3,920)	(3,920)	(3,920)
Total changes during the period	(3,920)	(3,920)	38,940
Balance at the end of the period	¥ (29,195)	¥ (29,195)	¥ 93,120,720

18th fiscal period from November 1, 2014 to April 30, 2015

(In thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				Total unitholders' equity
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings	Total surplus	
Balance at the beginning of the period	¥ 91,143,100	¥ 51,873	¥ 51,873	¥ 1,954,943	¥ 2,006,816	¥ 93,149,916
Changes during the period						
Reserve for reduction entry		7	7	(7)	—	—
Dividends from surplus				(1,954,832)	(1,954,832)	(1,954,832)
Net income				1,831,965	1,831,965	1,831,965
Net changes of items other than unitholders' equity (net)						
Total changes during the period	—	7	7	(122,874)	(122,866)	(122,866)
Balance at the end of the period	¥ 91,143,100	¥ 51,880	¥ 51,880	¥ 1,832,069	¥ 1,883,949	¥ 93,027,049

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	¥ (29,195)	¥ (29,195)	¥ 93,120,720
Changes during the period			
Reserve for reduction entry			—
Dividends from surplus			(1,954,832)
Net income			1,831,965
Net changes of items other than unitholders' equity (net)	649	649	649
Total changes during the period	649	649	(122,216)
Balance at the end of the period	¥ (28,546)	¥ (28,546)	¥ 92,998,503

V. Notes to Financial Statements

Note 1. Assumptions for Going Concern

17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
There are none applicable.	There are none applicable.

Note 2. Summary of Significant Accounting Policies

Classification	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015																
1. Depreciation and Amortization of Non-current Assets	<p>(1) Property and Equipment (including assets in trust) Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:</p> <table> <tr> <td>Buildings</td> <td>2~59 years</td> </tr> <tr> <td>Structures</td> <td>2~54 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>2~15 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2~12 years</td> </tr> </table> <p>(2) Intangible Assets Intangible Assets are amortized using the straight-line method.</p> <p>(3) Long-term Prepaid Expenses Long-term Prepaid Expenses are amortized using the straight-line method.</p>	Buildings	2~59 years	Structures	2~54 years	Machinery and equipment	2~15 years	Tools, furniture and fixtures	2~12 years	<p>(1) Property and Equipment (including assets in trust) Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:</p> <table> <tr> <td>Buildings</td> <td>2~59 years</td> </tr> <tr> <td>Structures</td> <td>2~54 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>2~15 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2~12 years</td> </tr> </table> <p>(2) Intangible Assets Intangible Assets are amortized using the straight-line method.</p> <p>(3) Long-term Prepaid Expenses Long-term Prepaid Expenses are amortized using the straight-line method.</p>	Buildings	2~59 years	Structures	2~54 years	Machinery and equipment	2~15 years	Tools, furniture and fixtures	2~12 years
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2. Amortization of Deferred Assets	<p>(1) Investment Corporation Bond Issuance Costs Investment Corporation Bond Issuance Costs are amortized using the straight-line method over the maturity period of the bonds.</p> <p>(2) Investment Unit Issuance Expenses Investment Unit Issuance Expenses are amortized using the straight-line method over three years.</p>	<p>(1) Investment Corporation Bond Issuance Costs Investment Corporation Bond Issuance Costs are amortized using the straight-line method over the maturity period of the bonds.</p> <p>(2) Investment Unit Issuance Expenses Investment Unit Issuance Expenses are amortized using the straight-line method over three years.</p>																
3. Taxes on Property and Equipment	<p>With respect to property taxes, city planning taxes and depreciable asset taxes, of the taxation amount assessed and determined, the amount corresponding to the relevant period is accounted for as expenses related to rental business.</p> <p>Of the amounts paid for the acquisitions of real estate or trust beneficiary interests in real estate, the amounts equivalent to property taxes is capitalized as part of the acquisition costs of the relevant property instead of being charged as expenses.</p> <p>There were no capitalized property taxes during the 17th fiscal period.</p>	<p>With respect to property taxes, city planning taxes and depreciable asset taxes, of the taxation amount assessed and determined, the amount corresponding to the relevant period is accounted for as expenses related to rental business.</p> <p>Of the amounts paid for the acquisitions of real estate or trust beneficiary interests in real estate, the amounts equivalent to property taxes is capitalized as part of the acquisition costs of the relevant property instead of being charged as expenses.</p> <p>Capitalized property taxes amounted to ¥ 1,733 thousand during the 18th fiscal period.</p>																

<p>4. Hedge Accounting</p>	<p>(1) Hedge Accounting Approach Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swaps when the requirements for special treatment are fulfilled.</p> <p>(2) Hedging Instruments and Hedged Items Hedging instruments: Interest rate swap transactions Hedged items: Borrowing interest rates</p> <p>(3) Hedging Policy Top REIT enters into derivative transactions to hedge against risks stipulated in the Articles of Incorporation in accordance with the financial policy.</p> <p>(4) Hedge Effectiveness Assessment Hedge effectiveness is assessed by comparing the cumulative change in hedged items and the cumulative change in hedging instruments and then examining the ratio of the amount of change in both.</p>	<p>(1) Hedge Accounting Approach Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swaps when the requirements for special treatment are fulfilled.</p> <p>(2) Hedging Instruments and Hedged Items Hedging instruments: Interest rate swap transactions Hedged items: Borrowing interest rates</p> <p>(3) Hedging Policy Top REIT enters into derivative transactions to hedge against risks stipulated in the Articles of Incorporation in accordance with the financial policy.</p> <p>(4) Hedge Effectiveness Assessment Hedge effectiveness is assessed by comparing the cumulative change in hedged items and the cumulative change in hedging instruments and then examining the ratio of the amount of change in both.</p>
<p>5. Other Significant Items Fundamental to Preparing the Financial Statements</p>	<p>(1) Trust Beneficiary Interests in Real Estate For trust beneficiary interests in real estate, all accounts of assets and liabilities held in trust as well as all income generated and expenses incurred from the trust are recorded in the concerned items accounts on the balance sheet and statement of income.</p> <p>Furthermore, the following significant accounts are separately stated in the balance sheet for properties in trust.</p> <ol style="list-style-type: none"> 1.Cash and Deposits in trust 2.Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, other properties in trust, land in trust, other intangible assets in trust 3.Leasehold right in trust 4.Lease and guarantee deposits in trust 5.Tenant leasehold and security deposits in trust <p>(2) Consumption Taxes Consumption taxes are excluded from transaction amounts. Furthermore, non-deductible consumption taxes related to acquisition of properties are included in the acquisition costs of the respective properties.</p>	<p>(1) Trust Beneficiary Interests in Real Estate For trust beneficiary interests in real estate, all accounts of assets and liabilities held in trust as well as all income generated and expenses incurred from the trust are recorded in the concerned items accounts on the balance sheet and statement of income.</p> <p>Furthermore, the following significant accounts are separately stated in the balance sheet for properties in trust.</p> <ol style="list-style-type: none"> 1.Cash and Deposits in trust 2.Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, other properties in trust, land in trust, other intangible assets in trust 3.Leasehold right in trust 4.Lease and guarantee deposits in trust 5.Tenant leasehold and security deposits in trust <p>(2) Consumption Taxes Consumption taxes are excluded from transaction amounts. Furthermore, non-deductible consumption taxes related to acquisition of properties are included in the acquisition costs of the respective properties.</p>

Note 3. Balance Sheets

17th fiscal period (Reference) As of October 31, 2014	18th fiscal period As of April 30, 2015																																
<p>1. Asset Pledged as Collateral and Secured Liabilities</p> <p>Assets pledged as collateral are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In thousands of yen)</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">¥ 2,215,760</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">70,431</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">8,892,092</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>¥ 11,178,283</u></td> </tr> </table> <p>Secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In thousands of yen)</td> </tr> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">¥ 326,648</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>¥ 326,648</u></td> </tr> </table>		(In thousands of yen)	Buildings in trust	¥ 2,215,760	Structures in trust	70,431	Land in trust	8,892,092	<u>Total</u>	<u>¥ 11,178,283</u>		(In thousands of yen)	Tenant leasehold and security deposits in trust	¥ 326,648	<u>Total</u>	<u>¥ 326,648</u>	<p>1. Asset Pledged as Collateral and Secured Liabilities</p> <p>Assets pledged as collateral are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In thousands of yen)</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">¥ 2,203,777</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">67,771</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">8,892,092</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>¥ 11,163,640</u></td> </tr> </table> <p>Secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(In thousands of yen)</td> </tr> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">¥ 326,648</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>¥ 326,648</u></td> </tr> </table>		(In thousands of yen)	Buildings in trust	¥ 2,203,777	Structures in trust	67,771	Land in trust	8,892,092	<u>Total</u>	<u>¥ 11,163,640</u>		(In thousands of yen)	Tenant leasehold and security deposits in trust	¥ 326,648	<u>Total</u>	<u>¥ 326,648</u>
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<p>2. Minimum total net assets as required by Article 67-4 in the Investment Trust and Investment Corporations Law:</p> <p style="text-align: right;">¥ 50,000 thousand</p>	<p>2. Minimum total net assets as required by Article 67-4 in the Investment Trust and Investment Corporations Law:</p> <p style="text-align: right;">¥ 50,000 thousand</p>																																

Note 4. Statements of Income

1. Breakdown of operating income from real estate rental business

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
	(In thousands of yen)	
A. Revenue related to rental business		
Rental and parking lots revenue	¥ 5,407,387	¥ 4,975,223
Other rental revenue	355,253	308,591
Other rental business revenue	23,242	21,349
Cancellation penalty received	6,739	10,020
Total revenue related to rental business	5,792,623	5,315,184
B. Expenses related to rental business		
Property management fees	436,231	432,436
Utilities expenses	297,115	247,539
Property and other taxes	638,223	630,540
Non-life insurance expenses	11,115	10,546
Repair and maintenance	94,085	84,300
Depreciation and amortization	1,202,801	1,186,513
Other	41,645	38,604
Total expenses related to rental business	2,721,218	2,630,481
C. Operating income from real estate rental business (A – B)	¥ 3,071,404	¥ 2,684,702

2. Breakdown of gain on sales of real estate properties

(In thousands of yen)

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015	
Breakdown of gain on sales of real estate properties	—	Kanda Park Plaza	
		Proceeds from sales of real estate properties	¥ 5,350,000
		Cost of sale of real estate properties	5,050,382
		Other sales related expenses	192,487
		Gain on sale of real estate properties	¥ 107,129
		OAK PLAZA	
		Proceeds from sales of real estate properties	¥ 2,900,000
		Cost of sale of real estate properties	2,684,345
		Other sales related expenses	25,524
		Gain on sale of real estate properties	¥ 190,129

Note 5. Statements of Changes in Net Assets

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	176,000 units	176,000 units

Note 6. Income Taxes

1. Breakdown of deferred tax assets and deferred tax liabilities is as follows:

(Deferred Tax Assets)

(In thousands of yen)

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Current assets		
Enterprise tax payable	¥ 17	¥ 15
Non-current assets		
Deferred gains or losses on hedges	15,140	13,627
Total deferred tax assets	¥ 15,158	¥ 13,642

(Deferred Tax Liabilities)

(In thousands of yen)

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Non-current liabilities		
Reserve for reduction entry	¥ 26,905	¥ 85,972
Total deferred tax liabilities	26,905	85,972
(Net deferred tax liabilities)	¥ 11,747	¥ 72,329

2. The reconciliation of tax rate difference between the statutory tax rate and the effective tax rate

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Effective statutory tax rate	34.16%	34.15%
(Adjustment)		
Deductible cash distributions	(34.14%)	(30.75%)
Other	0.03%	(0.23%)
Effective tax rate after applying tax effect accounting	0.05%	3.17%

3. Adjustment to deferred tax assets and deferred tax liabilities due to the change in tax rate

The Act on Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) was promulgated on March 31, 2015, and the corporate tax rate was changed from fiscal periods starting on or after April 1, 2015. Accordingly, the effective statutory tax rate used to calculate the deferred tax assets and liabilities for temporary differences expected to be settled or realized during fiscal periods which start on or after May 1, 2015 has been changed to 32.31% from 34.15%. This change had little impact on the deferred tax assets and the income taxes-deferred.

Note 7. Leases

There are none applicable.

Note 8. Financial Instruments

Information on financial instruments for the periods ended October 31, 2014 and April 30, 2015 required pursuant to the revised accounting standards are as follows:

1. Status of Financial Instruments

(1) Policies for financial instruments

Top REIT procures necessary funds through bank loans, issuance of investment corporation bonds and issuance of investment units with the aim of contributing to steady growth of assets and stable and efficient performance in accordance with the financial policy stated by the Asset Manager.

For management of surplus funds through financial instruments, investment targets include securities and monetary claims in accordance with the investment limitations stipulated in the Articles of Incorporation. However, as a general rule, the surplus funds are held as bank deposits.

Furthermore, derivative transactions shall be limited to those for the purpose of hedging interest rate fluctuation risk and other risks in accordance with the investment limitations.

(2) Financial Instruments, their Risks and Risk Management System

Top REIT and Top REIT Asset Management, Co., Ltd. (“TRAM”), the asset management company of Top REIT, strive to improve risk management through regular monitoring of the adequacy and effectiveness of risk management systems. Top REIT and TRAM have a structure that monitors various risks regularly and reflects the results of monitoring on the risk management plan and the asset management plans. In addition, Top REIT and TRAM monitor risks through various transactions and reflect the results of monitoring in the decision-making in a timely manner.

For individual financial instruments, their risks and risk management system, Top REIT and TRAM strive for risk management based on the Articles of Incorporation set by the Asset Manager.

① Credit risk concerning deposits and derivative transactions

Deposits, especially time deposits of large amounts used for investment of Top REIT’s surplus funds are exposed to credit risks such as bankruptcy of the depository financial institutions. Top REIT minimizes the risk through such measures as limiting them to short term deposits, setting a standard of credit rating for depository financial institutions to be used and establishing rules for the ceiling amounts of deposit. For derivative transactions, Top REIT limits credit risks by setting a standard of credit rating for financial institutions used in the transaction and putting in place a structure to monitor deals, the fair value of each transaction and credit status of counter parties.

② Market risks concerning loans

Proceeds from loans and investment corporation bonds are used mainly to acquire real estate properties and to refinance existing loans and bonds.

Floating-rate loans are exposed to market risks. Top REIT manages interest-raising risks by fixing interest rates through interest swap transactions and setting a target for fixed-rate interest ratios. In addition, when procuring new loans or refinancing existing loans, Top REIT considers interest-raising risks and the following ways such as diversifying the financial methods and lenders, and dispersing repayment dates to minimize risks. For hedging instruments and hedged items, hedging policy, hedge effectiveness assessment in hedge accounting, please refer to “4. Hedge Accounting” under “Note 2. Summary of Significant Accounting Policies.”

③ Liquidity risks concerning loans and tenant leasehold and security deposits

Loans, investment corporation bonds and tenant leasehold are exposed to liquidity risk at the time of repayment of loans, redemption of investment corporation bonds and return of tenant leaseholds. Top REIT manages these risks by preparing monthly fund management plans. In addition, Top REIT monitors liquidity risks regularly and at the time of various transactions by preparing cash flow schedules which include projections of repayment of loans and tenant leaseholds, distribution of dividends, taking into account a comparative monitoring with liquidity on hand that factors in the liquidity of portfolio properties.

(3) Supplemental Explanation regarding the Fair Value of Financial Instruments

The fair value of financial instruments is based on the observed market price, if available. When there is no observed market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Since various factors are reflected in estimating the fair value, different assumptions and factors could result in a different value. Furthermore, the contractual amounts of derivative transactions stated in “2. Fair Values of Financial Instruments” below do not represent the market risk involved in these derivative transactions.

2. Fair Values of Financial Instruments

17th fiscal period from May 1, 2014 to October 31, 2014 (Reference)

Book value, fair value and differences between the values as of October 31, 2014 are shown in the table below. Financial instruments for which fair value is difficult to estimate are not included in the table (Please refer to Note 2).

(In thousands of yen)

	As of October 31, 2014		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 4,427,277	¥ 4,427,277	¥ —
(2) Cash and deposits in trust	3,926,308	3,926,308	—
Total assets	¥ 8,353,586	¥ 8,353,586	¥—
(3) Current portion of investment corporation bonds	¥ 8,500,000	¥ 8,531,025	¥ 31,025
(4) Current portion of long-term loans	10,210,000	10,211,606	1,606
(5) Long-term loans	81,652,500	81,874,568	222,068
(6) Tenant leasehold and security deposits in trust	1,198,333	1,198,333	—
Total liabilities	¥ 101,560,833	¥ 101,815,533	¥ 254,700
Derivative transactions (*1)			
Derivatives designated as hedging instruments	¥ (44,377)	¥ (44,377)	¥ —
Total derivative transactions	¥ (44,377)	¥ (44,377)	¥ —

(*1) The value of derivative transactions is the net of derivative assets and derivative liabilities, with amounts in parentheses representing the net liability position.

(Note1) Methods to estimate fair value of financial instruments and matters related to derivative transactions

Assets

- (1) Cash and deposits, and
- (2) Cash and deposits in trust

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value. Therefore, the book value is used as the fair value.

Liabilities

- (3) Current portion of investment corporation bonds
- (4) Current portion of long-term loans, and
- (5) Long-term loans

Since floating rate long-term loans reflect market interest rates within a short period of time, the book value is determined to be a reasonable estimate of the fair value. In the case of fixed interest rate loans, the fair value is estimated by discounting the principal and the interest cash flows of the debt at the current rate that is reasonably estimated to be applicable if Top REIT enters into new similar loans.

Furthermore, the fair value of long-term loans that qualify for the special treatment of interest-rate swaps is calculated by discounting the sum of the interest after reflecting the effect of the relevant interest rate swap, and the principal, using reasonable estimates of the rate that would be applicable to similar fixed-rate long-term loans (Please refer to “Derivative Transactions” below).

- (6) Tenant leasehold and security deposits in trust

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value. Therefore, the book value is used as the fair value.

Derivative Transactions

Derivatives designated as hedging instruments

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows:

(In thousands of yen)

Hedge accounting method	Type of derivative transactions	Hedged item	Contract amount		Fair value	Method of calculating the fair value
				More than one year		
Principal treatment method	Interest rate swap Fixed rate payable and floating rate receivable	Long-term loans	¥ 8,500,000	¥ 8,500,000	¥ (44,377)	Based on value provided by counterparty financial institution
Special treatment of interest-rate swaps	Interest rate swap Fixed rate payable and floating rate receivable	Long-term loans	21,200,000	21,200,000	(*2)	—

(*2) Because the transactions based on the special treatment of interest-rate swaps and the hedged long-term loans are treated as one item, the fair value is included under the fair value of long-term loans (refer to Note 1(5)).

(Note 2) Financial instruments of which the fair value is difficult to estimate are as follows:

(In thousands of yen)

Item	Book value
Tenant leasehold and security deposits in trust (*3)	¥ 4,100,325
Total	¥ 4,100,325

(*3) Tenant leasehold and security deposits in trust (excluding (6) above) are not subject to fair value disclosure because they are not marketable, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, which makes a reasonable estimate of future cash flows difficult.

(Note 3) Redemption schedule for monetary claims after the end of the period

(In thousands of yen)

	Due within one year
Cash and deposits	¥ 4,427,277
Cash and deposits in trust	3,926,308
Total	¥ 8,353,586

(Note 4) Repayment schedule for investment corporation bonds and long-term loans after the end of the period
(In thousands of yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥ 8,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans	10,210,000	26,535,000	38,362,500	8,255,000	8,500,000	—
Total	¥ 18,710,000	¥ 26,535,000	¥ 38,362,500	¥ 8,255,000	¥ 8,500,000	¥ —

18th fiscal period from November 1, 2014 to April 30, 2015

Book value, fair value and differences between the values as of April 30, 2015 are shown in the table below. Financial instruments for which fair value is difficult to estimate are not included in the table (Please refer to Note 2).

(In thousands of yen)

	As of April 30, 2015		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 2,046,803	¥ 2,046,803	¥ —
(2) Cash and deposits in trust	3,796,885	3,796,885	—
Total assets	¥ 5,843,689	¥ 5,843,689	¥—
(3) Current portion of investment corporation bonds	¥ 8,500,000	¥ 8,504,675	¥ 4,675
(4) Current portion of long-term loans	23,913,000	23,991,626	78,626
(5) Long-term loans	58,185,000	58,306,844	121,844
(6) Tenant leasehold and security deposits in trust	23,443	23,443	—
Total liabilities	¥ 90,621,443	¥ 90,826,589	¥ 205,145
Derivative transactions (*1)			
Derivatives designated as hedging accounting	¥ (42,216)	¥ (42,216)	¥—
Total derivative transactions	¥ (42,216)	¥ (42,216)	¥ —

(*1) The value of derivative transactions is the net of derivative assets and derivative liabilities, with amounts in parentheses representing the net liability position.

(Note1) Methods to estimate the fair value of financial instruments and matters related to derivative transactions

Assets

- (1) Cash and deposits, and
- (2) Cash and deposits in trust

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value. Therefore, the book value is used as the fair value.

Liabilities

- (3) Current portion of investment corporation bonds

The fair value is a referential figure based on the values published by the financial data provider.

- (4) Current portion of long-term loans, and

- (5) Long-term loans

Since floating rate long-term loans reflect market interest rates within a short period of time, the book value is determined to be a reasonable estimate of the fair value. In the case of fixed interest rate loans, the fair value is estimated by discounting the principal and the interest cash flows of the debt at the current rate that is reasonably estimated to be applicable if Top REIT enters into new similar loans.

Furthermore, the fair value of long-term loans that qualify for the special treatment of interest-rate swaps is calculated by discounting the sum of the interest after reflecting the effect of the relevant interest rate swap, and the principal, using reasonable estimates of the rate that would be applicable to similar fixed-rate long-term loans (Please refer to “Derivative Transactions” below).

- (6) Tenant leasehold and security deposits in trust

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value. Therefore, the book value is used as the fair value.

Derivative Transactions

Derivatives designated as hedging instruments

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows:

(In thousands of yen)

Hedge accounting method	Type of derivative transactions	Hedged item	Contract amount		Fair value	Method of calculating the fair value
				More than one year		
Principal treatment method	Interest rate swap Fixed rate payable and floating rate receivable	Long-term loans	¥ 8,500,000	¥ 8,500,000	¥ (42,216)	Based on value provided by counterparty financial institution
Special treatment of interest-rate swaps	Interest rate swap Fixed rate payable and floating rate receivable	Long-term loans	¥ 21,200,000	¥ 4,500,000	(*2)	—

(*2) Because the transactions based on the special treatment of interest-rate swaps and the hedged long-term loans are treated as one item, the fair value is included under the fair value of long-term loans (refer to Note 1(4), (5)).

(Note 2) Financial instruments of which the fair value is difficult to estimate are as follows:

(In thousands of yen)

Item	Book value
Tenant leasehold and security deposits in trust (*3)	¥ 4,350,528
Total	¥ 4,350,528

(*3) Tenant leasehold and security deposits in trust (excluding (6) above) are not subject to fair value disclosure because they are not marketable, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, which makes a reasonable estimate of future cash flows difficult.

(Note 3) Redemption schedule for monetary claims after the end of the period

(In thousands of yen)

	Due within one year
Cash and deposits	¥ 2,046,803
Cash and deposits in trust	3,796,885
Total	¥ 5,843,689

(Note 4) Repayment schedule for investment corporation bonds and long-term loans after the end of the period

(In thousands of yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥ 8,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans	23,913,000	23,930,000	25,755,000	8,500,000	—	—
Total	¥ 32,413,000	¥ 23,930,000	¥ 25,755,000	¥ 8,500,000	¥ —	¥ —

Note 9. Investment and Rental Properties

Top REIT owns office buildings and other properties for lease in Tokyo and other areas. The following tables show book values, net change in book values during the period and fair values of these investment and rental properties as of the balance sheet dates.

17th fiscal period from May 1, 2014 to October 31, 2014 (Reference)

(In thousands of yen)

Book value			Fair value at the end of the period
Balance at the beginning of the period	Change during the period	Balance at the end of the period	
¥ 192,014,984	¥ (1,059,782)	¥ 190,955,201	¥ 181,500,000

Notes:

1. Summary of corresponding investment and rental properties are presented in “【3】 Portfolio Overview.”
2. Book value represents the acquisition cost less accumulated depreciation and amortization.
3. The increase during the period is primarily attributable to capital expenditures, and the decrease during the period is mainly due to the depreciation and amortization.
4. Fair value at the end of the period is the appraisal value as appraised by an outside real estate appraiser. Meanwhile, the fair values of Kanda Park Plaza and OAK PLAZA are calculated based on the sale prices dated November 13, 2014 (Kanda Park Plaza: ¥ 5,350,000 thousand and OAK PLAZA: ¥ 2,900,000 thousand).

Furthermore, profit and loss from investment and rental properties for the fiscal period ended October 31, 2014 is presented in “Note 4. Statements of Income.”

18th fiscal period from November 1, 2014 to April 30, 2015

(In thousands of yen)

Book value			Fair value at the end of the period
Balance at the beginning of the period	Change during the period	Balance at the end of the period	
¥ 190,955,201	¥ (8,095,709)	¥ 182,859,492	¥ 175,720,000

Notes:

1. Summary of corresponding investment and rental properties are presented in “【3】 Portfolio Overview.”
2. Book value represents the acquisition cost less accumulated depreciation and amortization.
3. The increase during the period is primarily attributable to the additional acquisition of Shiba-Koen building (8th floor, ¥ 384,036 thousand) and capital expenditures, and the decrease during the period is mainly due to the sales of Kanda Park Plaza (¥ 5,050,382 thousand) and OAK PLAZA (¥ 2,684,345 thousand), as well as the depreciation and amortization.
4. Fair value at the end of the period is the appraisal value as appraised by an outside real estate appraiser.

Furthermore, profit and loss from investment and rental properties for the fiscal period ended April 30, 2015 is presented in “Note 4. Statements of Income.”

Note 10. Restrictions of Asset Management Activities

There are none applicable.

Note 11. Transactions with Interested Parties

17th fiscal period from May 1, 2014 to October 31, 2014 (Reference)

(In thousands of yen unless otherwise stated)

Attribution	Company name	Business description or occupation	Ratio of investment units held to total number of investment units (Note 1)	Type of transaction	Amount of transaction (Note 2)	Item in balance sheets	Balance at period end (Note 2)
Interested Party	Japan Trustee Services Bank, Ltd.	Banking	23.35% (Note 3)	Rental revenue, etc. (Note 4)	¥ 503,416	Operating accounts receivable	¥ 6,454
						Advances received	70,205
Interested Party and Assets custodian	Sumitomo Mitsui Trust Bank, Limited	Banking	1.80%	Administrative service fees	69,085	Accounts payable	63,223
				Trust compensation	17,375	Operating accounts payable	—
				Other fees paid	962		
				Property management fees	1,250		
				Other non-operating expenses	342	Long-term prepaid expenses	60
				Borrowing related expenses	65,180	Prepaid expenses	720
						Long-term prepaid expenses	133,377
				Investment unit issuance related expenses	100	Prepaid expenses	108,516
Investment unit issuance expenses	400						
Investment corporation bond related expenses	625	Accounts payable	56				
		Investment corporation bond issuance costs	747				

Notes:

- Ratio of investment units held to total number of investment units is rounded to the second decimal place.
- Consumption taxes are excluded from the amounts of transactions. Consumption taxes are included in the balances at period end, but excluded only for investment unit issuance expenses and investment corporation bond issuance costs. Furthermore, transaction terms are determined based on prevailing market conditions.
- The ratio described above was held to trust accounts.
- The rental revenues, etc. described above include rents and common service revenue as well as related utilities revenue, additional facilities use revenue and parking lots revenue.
- Interested parties means interested parties of the asset manager which concluded asset management entrustment contract with Top REIT as prescribed in Article 123 of the Enforcement Order of the Investment Trust and Investment Corporations Law. However, the table above also includes transactions with interested parties as provided in the internal rules of the Asset Manager (including special purpose companies, etc. to which interested parties, etc. have been entrusted with asset management).

18th fiscal period from November 1, 2014 to April 30, 2015

(In thousands of yen unless otherwise stated)

Attribution	Company name	Business description or occupation	Ratio of investment units held to total number of investment units (Note 1)	Type of transaction	Amount of transaction (Note 2)	Item in balance sheets	Balance at period end (Note 2)
Interested Party	Japan Trustee Services Bank, Ltd.	Banking	23.00% (Note 3)	Rental revenue, etc. (Note 4)	¥ 506,411	Operating accounts receivable	¥ 6,449
						Advances received	70,205
	Sumitomo Mitsui Trust Realty Co., Ltd.	Real Estate	—	Property management fees	986	Operating accounts payable	—
Interested Party and Assets custodian	Sumitomo Mitsui Trust Bank, Limited	Banking	1.80%	Administrative service fees	67,447	Accounts payable	60,731
				Brokerage fees	160,500	Operating accounts payable	—
				Trust compensation	14,990		
				Other fees paid	972		
				Property management fees	1,250		
				Other non-operating expenses	342	Prepaid expenses	420
				Borrowing related expenses	75,112	Long-term prepaid expenses	89,473
						Prepaid expenses	87,695
				Investment unit issuance related expenses	100	Investment unit issuance expenses	300
Investment corporation bond related expenses	623	Accounts payable	55				
		Investment corporation bond issuance costs	186				

Notes:

- Ratio of investment units held to total number of investment units is rounded to the second decimal place.
- Consumption taxes are excluded from the amounts of transactions. Consumption taxes are included in the balances at period end, but excluded only for investment unit issuance expenses and investment corporation bond issuance costs. Furthermore, transaction terms are determined based on prevailing market conditions.
- The ratio described above was held to trust accounts.
- The rental revenues, etc. described above include rents and common service revenue as well as related utilities revenue, additional facilities use revenue and parking lots revenue.
- Interested parties means interested parties of the asset manager which concluded asset management entrustment contract with Top REIT as prescribed in Article 123 of the Enforcement Order of the Investment Trust and Investment Corporations Law. However, the table above also includes transactions with interested parties as provided in the internal rules of the Asset Manager (including special purpose companies, etc. to which interested parties, etc. have been entrusted with asset management).

Note 12. Per Unit Information

17th fiscal period (Reference) From May 1, 2014 to October 31, 2014		18th fiscal period From November 1, 2014 to April 30, 2015	
Net assets per unit	¥ 529,095	Net assets per unit	¥ 528,400
Net income per unit	¥ 11,107	Net income per unit	¥ 10,408
Diluted net income per unit has not been presented since there are no outstanding warrants or convertible bonds.		Diluted net income per unit has not been presented since there are no outstanding warrants or convertible bonds.	

Notes:

- The per unit amounts are rounded down to the nearest yen.
- Net income per unit is calculated by dividing the net income by the weighted average number of investment units over the number of days in the period.
- The basis for the calculation of net income per unit is as follows:

(In thousands of yen unless otherwise stated)

	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Net Income	¥ 1,954,924	¥ 1,831,965
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥ 1,954,924	¥ 1,831,965
Weighted-average number of units during the period	176,000 units	176,000 units

Note 13. Significant Subsequent Events

<p>17th fiscal period (Reference)</p> <p>From May 1, 2014 to October 31, 2014</p>	<p>18th fiscal period</p> <p>From November 1, 2014 to April 30, 2015</p>
<p><Sale of Properties> Top REIT sold two properties subsequent to October 31, 2014 on November 13, 2014 as described below.</p> <p>Kanda Park Plaza (1) Type of Asset: Trust beneficiary interest in real estate in Japan (2) Property Name: Kanda Park Plaza (3) Address (Residential building address): 2-2-2 Kajicho, Chiyoda-ku, Tokyo (4) Sale Price: ¥ 5,350 million (5) Book Value: ¥ 5,052 million (as of October 31, 2014) (6) Gain on sale: Approx. ¥ 109 million (7) Sales Agreement date: November 12, 2014 (8) Delivery Date: November 13, 2014 (9) Purchaser: Undisclosed</p> <p>OAK PLAZA (1) Type of Asset: Trust beneficiary interest in real estate in Japan (2) Property Name: OAK PLAZA (3) Address (Residential building address): 2-10-6 Kanda Awajicho, Chiyoda-ku, Tokyo (4) Sale Price: ¥ 2,900 million (5) Book Value: ¥ 2,686 million (as of October 31, 2014) (6) Gain on sale: Approx. ¥ 191 million (7) Sales Agreement date: November 12, 2014 (8) Delivery Date: November 13, 2014 (9) Purchaser: NIPPON STEEL KOWA REAL ESTATE CO., LTD.</p>	<p>There are none applicable.</p>

VI. Statements of Cash Distributions

Classification	17th fiscal period (Reference) From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	¥ 1,954,943,312	¥ 1,832,069,089
II. Total Amount of Dividends (Dividend per unit)	1,954,832,000 [11,107]	1,703,680,000 [9,680]
III. Voluntary retained earnings Reserve for reduction entry	7,879	128,233,041
IV. Retained earnings brought forward	¥ 103,433	¥ 156,048

Notes:

- 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 an amount in excess of 90% of its distributable profits as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of ¥ 1,954,832,000 as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, which does not exceed the unappropriated retained earnings of the 17th fiscal period after deducting the amount of deferred tax liabilities adjusted to reflect the change in tax rate which would be transferred to the reserve for reduction entry.
Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.
- In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the total amount of dividends is limited to the amount of income. The article also stipulates the policy that “Top REIT shall distribute an amount in excess of 90% of its distributable profits as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of ¥1,703,680,000 as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, which does not exceed the unappropriated retained earnings of the 18th fiscal period after deducting both (1) the amount of deferred tax liabilities adjusted to reflect the change in tax rate, and (2) the amount of retained earnings brought forward pursuant to Article 66-2 of the “Special Taxation Measures Act of Japan ” which would be transferred to the reserve for reduction entry.
Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

VII. Statements of Cash Flows (Reference Information)

(In thousands of yen)

	17th fiscal period From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Cash flows from operating activities		
Income before income taxes	¥ 1,955,878	¥ 1,891,979
Depreciation and amortization	1,202,801	1,186,513
Amortization of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Amortization of investment unit issuance expenses	6,678	6,678
Interest income and interest on securities	(1,579)	(1,025)
Interest expenses	445,328	397,412
Decrease (increase) in operating accounts receivable	(25,992)	1,382
Decrease (increase) of consumption taxes refundable	137,402	—
Decrease (increase) in prepaid expenses	(7,615)	62,617
Decrease in property and equipment in trust due to sale	—	7,734,728
Increase (decrease) in operating accounts payable	15,974	(5,696)
Increase (decrease) in accounts payable	4,086	(25,453)
Increase (decrease) in accrued consumption taxes	223,962	(138,262)
Increase (decrease) in advances received	6,218	(97,646)
Decrease (increase) in long-term prepaid expenses	120,345	127,083
Other, net	(29,376)	(16,236)
Subtotal	4,059,646	11,129,607
Interest income received	1,579	1,025
Interest expenses paid	(466,150)	(404,780)
Income taxes paid	(1,145)	(851)
Net cash provided by operating activities	3,593,929	10,725,000
Cash flows from investing activities		
Purchase of property and equipment	(3,587)	(388,632)
Purchase of property and equipment in trust	(255,766)	(245,384)
Proceeds from tenant leasehold and security deposits	26,413	43,239
Repayments of tenant leasehold and security deposits	—	(100)
Proceeds from tenant leasehold and security deposits in trust	160,435	285,796
Repayments of tenant leasehold and security deposits in trust	(511,732)	(1,210,483)
Net cash used in investing activities	(584,237)	(1,515,565)
Cash flows from financing activities		
Proceeds from long-term loans	4,000,000	—
Repayment of long-term loans	(4,067,500)	(9,764,500)
Payment of dividends	(1,912,064)	(1,954,832)
Net cash used in financing activities	(1,979,564)	(11,719,332)
Net increase (decrease) in cash and cash equivalents	1,030,128	(2,509,897)
Cash and cash equivalents at the beginning of the period	7,323,458	8,353,586
Cash and cash equivalents at the end of the period (Note 1)	¥ 8,353,586	¥ 5,843,689

Note: The statements of cash flows are not audited by any independent auditor.

Note concerning Significant Accounting Policy [Reference Information]

Classification	17th fiscal period From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015
Scope of funds in statements of cash flows	Funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust, deposits placed with banks and deposits in trust that can be withdrawn at any time, and short-term investments that are easily convertible to cash, have a low risk of price fluctuation and mature within three months from the date of purchase.	Funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust, deposits placed with banks and deposits in trust that can be withdrawn at any time, and short-term investments that are easily convertible to cash, have a low risk of price fluctuation and mature within three months from the date of purchase.

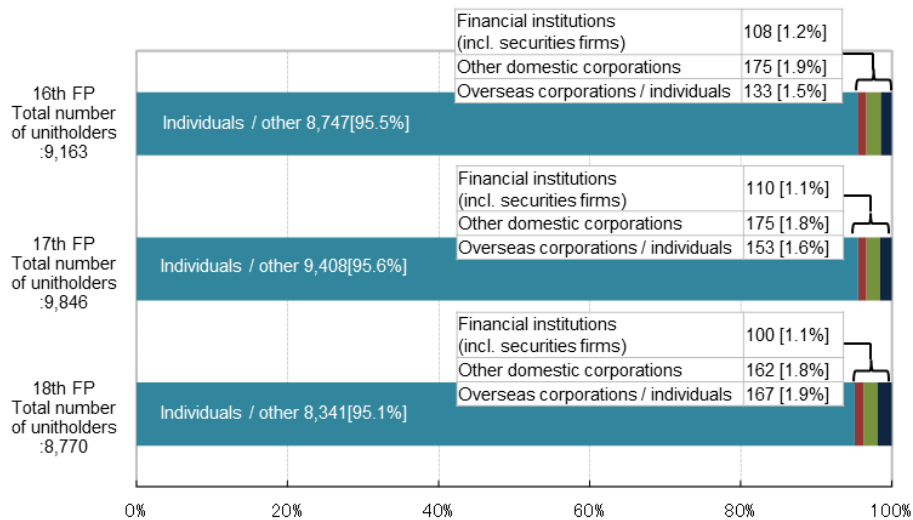
Note concerning Statements of Cash Flows [Reference Information]

17th fiscal period From May 1, 2014 to October 31, 2014	18th fiscal period From November 1, 2014 to April 30, 2015																
<p>*1. Reconciliation of cash and cash equivalents at the end of the period and amount of items presented in the balance sheet is as follows:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(As of October 31, 2014) (In thousands of yen)</td> </tr> <tr> <td>Cash and deposits</td> <td style="text-align: right;">¥ 4,427,277</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">3,926,308</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>¥ 8,353,586</u></td> </tr> </table>		(As of October 31, 2014) (In thousands of yen)	Cash and deposits	¥ 4,427,277	Cash and deposits in trust	3,926,308	Cash and cash equivalents	<u>¥ 8,353,586</u>	<p>*1. Reconciliation of cash and cash equivalents at the end of the period and amount of items presented in the balance sheet is as follows:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(As of April 30, 2015) (In thousands of yen)</td> </tr> <tr> <td>Cash and deposits</td> <td style="text-align: right;">¥ 2,046,803</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">3,796,885</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>¥ 5,843,689</u></td> </tr> </table>		(As of April 30, 2015) (In thousands of yen)	Cash and deposits	¥ 2,046,803	Cash and deposits in trust	3,796,885	Cash and cash equivalents	<u>¥ 5,843,689</u>
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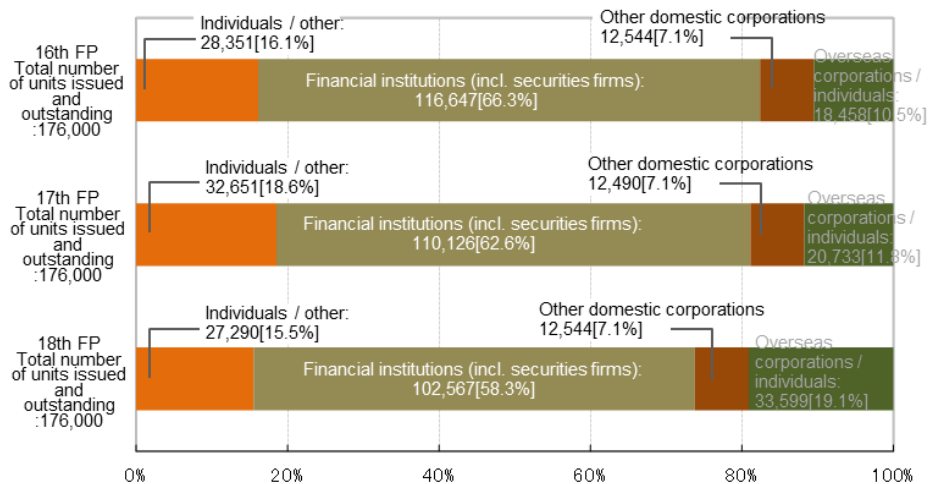
Unit and Unitholders Information



Number of Unitholders



Number of Units Held





Independent Auditor's Report

The Board of Directors
TOP REIT, Inc.

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, the asset investment report (limited to the portion related to accounting), the statement of cash distributions and the supplementary schedules (limited to the portion related to accounting) of TOP REIT, Inc. (a Japanese Real Estate Investment Trust) as at April 30, 2015 and for the six months from November 1, 2014 to April 30, 2015 in accordance with Article 130 of the Act on Investment Trust and Investment Corporations. The portions related to accounting in the asset investment report and the supplementary schedules are those that are included in the asset investment report and the supplementary schedules and that are described in the records of account book of TOP REIT, Inc..

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules in accordance with the Ordinance on Accountings of Investment Corporations, the Certificate of Incorporation and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the asset investment reports, the statements of cash distributions and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of TOP REIT, Inc. for the period, for which the financial statements, the asset investment report, the statement of cash distributions and the supplementary schedules were prepared, in accordance with the Ordinance on Accountings of Investment Corporations, the Certificate of Incorporation and accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Investment Corporation which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

KPMG AZSA LLC

August 21, 2015
Tokyo, Japan