



**TOP REIT**  
(TSE Code: 8982)

**Top REIT, Inc.**

Presentation on  
Business Results for  
the 12th Fiscal Period

November 1, 2011

—

April 30, 2012

June 15, 2012

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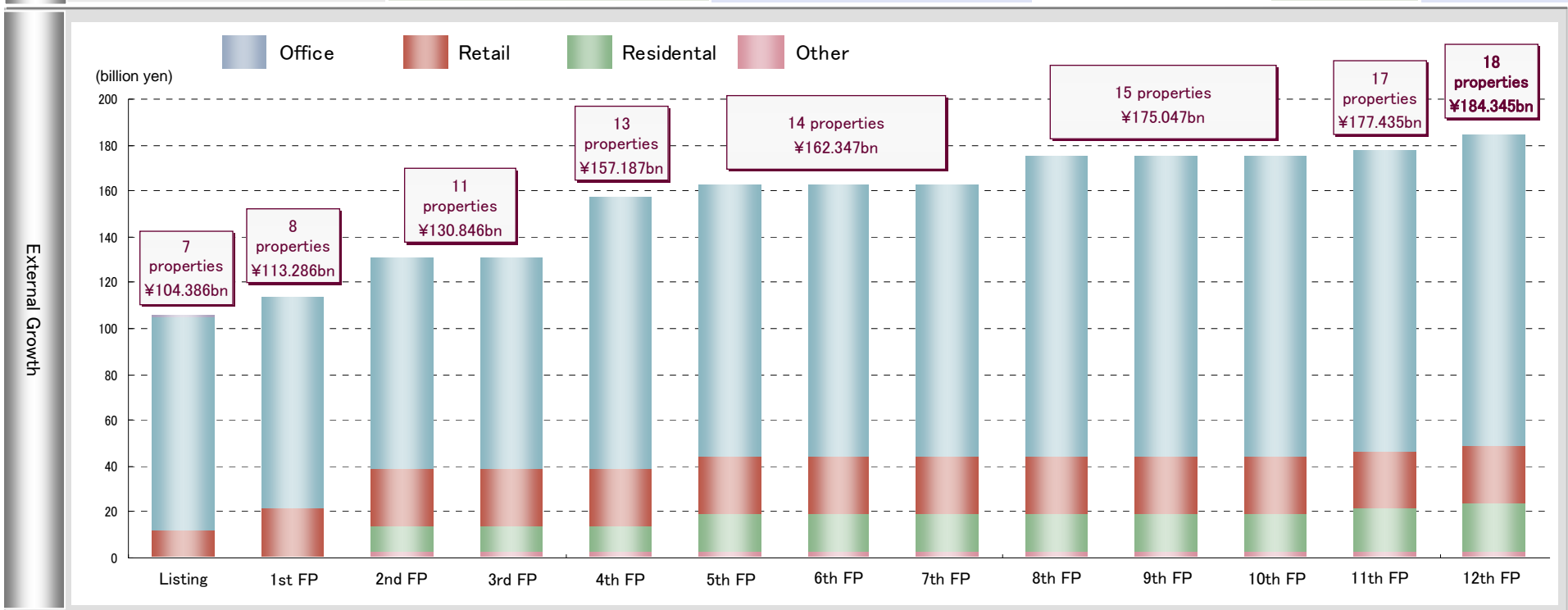
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# TOPICS. Overview since Listing

	1st·2nd·3rd FP			4th·5th·6th FP		7th·8th·9th FP			10th·11th FP		12th FP	13th FP
	Mar. 1, 2006 – Oct. 31, 2007			Nov. 1, 2007 – Apr. 30, 2009		May 1, 2009 – Oct. 31, 2010			Nov. 1, 2010 – Oct. 31, 2011		Nov. 11, 2011 – Apr. 30, 2012	May 1, 2012 – Oct. 31, 2012
Financial Status	IPO: 82.26 bn Offering Price: ¥550,000 per unit			● Jun. 2010 Investment Corporation Bonds Issued								
	1st End of FP Debt ¥35.9bn LTV 28.0%	2nd End of FP Debt ¥54.3bn LTV 37.1%	3rd End of FP Debt ¥54.4bn LTV 37.3%	4th End of FP Debt ¥83.0bn LTV 47.4%	5th End of FP Debt ¥82.0bn LTV 47.3%	6th·7th End of FP Debt ¥81.74bn LTV 47.3%	8th End of FP Debt ¥94.24bn LTV 50.6%	9th End of FP Debt (※) ¥94.17bn LTV 50.5%	10th End of FP Debt (※) ¥94.10bn LTV 50.5%	11th End of FP Debt (※) ¥94.03bn LTV 50.7%	12th End of FP Debt (※) ¥96.97 bn LTV 51.5%	(※) Includes Investment Corporation Bonds
	1st ¥17,609	2nd ¥14,992	3rd ¥11,921	4th ¥11,884	5th ¥12,863	6th ¥13,206	7th ¥12,654	8th ¥13,484	9th ¥14,220	10th ¥13,922	11th ¥12,809	12th ¥12,577



## **I. Overview of Business Results of the Twelfth Fiscal Period (Ended April 30, 2012)**

# I - 1. Highlights of 12th Fiscal Period

## 《 Flawless Management of Existed Properties 》

- ◆ **Leasing Activities of Akasaka Oji Building**
  - Concluded lease agreements on 7 floors during 12th fiscal period with subsequent tenants
  - Vacancy space remaining on 1 floor remaining, but application received from 1 candidate tenant
- ◆ **Improvement of Occupancy Rate**
  - End of 11th FP occupancy rate 97.3% ⇒ End of 12th FP occupancy rate **98.5%** ( **1.2% pt ↑** )
- ◆ **Rent Revision**
  - Agreed within assumed range of rent reduction with 10 tenants in office buildings (approximately 14% of total monthly rents in portfolio) ( **11.4% ↓** )

## 《 Acquisition and Disposition of Assets 》

- ◆ **First Replacement of Assets**
  - November 2011: Disposed the Nittetsu Honmachi Building in Osaka City for ¥1.3 billion ( **capital gains from disposition ¥256 million** )
  - February 2012: Acquired Top Residence Nihonbashi Kayabacho, a residential property located in Central Tokyo for ¥2.4 billion
- ◆ **Acquisition of Office Building located in Central Tokyo**
  - March 2012: Acquired Shinkawa Chuo Building, an office building located in Chuo Ward, Tokyo for ¥5.61 billion

## 《 Financial Strategy 》

- ◆ **November 2011: Refinanced total amount of ¥19.04 billion (long-term loans payable/floating interest rate)**
  - **Refinanced with 5 years long-term loans** ( floating interest rate )
- ◆ **March 2012: Additional Procurement of ¥3 billion for acquisition of new property**
  - **Procured with 4 years and 7 months long-term loan** ( floating interest rate )
  - ⇒ Implemented by syndicated loans with major banks which Top REIT has conducted business since listing
  - 【 Average remaining terms : End of the 11th FP: 2 years → End of the 12th FP: 2 years and 7 months 】**

## 《 Dividend 》

- 【 Decided to Pay Dividend per Unit: ¥12,577 】**
  - Distribute almost total amount remaining after deducting the internally reserved ¥78 million from capital gains (¥256 million) on disposing Nitetsu Honmachi Building (accumulated approx. **¥1,100 per unit**)

# I - 2. Summary of the Twelfth Fiscal Period

Items	12th FP Results November 1, 2011 - April 30, 2012	12th FP Forecast (Announced on December 14, 2011)	Net Change (Results vs. Forecast)		11th FP Results May 1, 2011 - October 31, 2011	Net Change (12th FP Results vs. 11th FP Results)	
Period of asset management (days)	182	182	-	-	184	-	-
Operating revenue	¥5,693mn	¥5,641mn	¥51mn	0.9%	¥5,812mn	(¥119mn)	(2.1%)
Operating income	¥2,772mn	¥2,738mn	¥33mn	1.2%	¥2,779mn	(¥7mn)	(0.3%)
Ordinary income	¥2,029mn	¥1,998mn	¥31mn	1.5%	¥1,986mn	¥42mn	2.1%
Net income	(※)¥1,999mn	¥1,967mn	¥32mn	1.6%	¥1,985mn	¥13mn	0.7%
Number of units issued and outstanding (unit)	155,000	155,000	-	-	155,000	-	-
Dividend per unit (yen)	(※)¥12,577	¥12,400	¥177	1.4%	¥12,809	(¥232)	(1.8%)
Number of properties	18	17	1	-	17	1	-
Appraisal value total	¥179,000mn	-	-	-	¥172,440mn	¥6,560mn	3.8%

(※) Internally reserved approximately ¥78 million in 12th FP (Breakdown: Tax Effective Accounting: ¥28 million, Reduction Reserves: ¥49 million)

## ■ Differences between Forecasts and Actual Results

### Operating Revenue: +¥51mn

- Increased revenues due to acquisition of new property (Shinkawa Chuo Building)
- Increased revenues due to receiving common service fees from subsequent tenants in Akasaka Oji Building
- Increased revenues due to receiving rent, etc. from subsequent tenant in Faret East Building

### Operating Income: +¥33mn

- Increased expenses due to management costs and brokerage fees from soliciting subsequent tenants at Akasaka Oji Building
- Increased expenses due to acquisition of new properties

### Ordinary Income: +¥31mn

- Increased interest expenses due to procurement of funds for new property acquisition

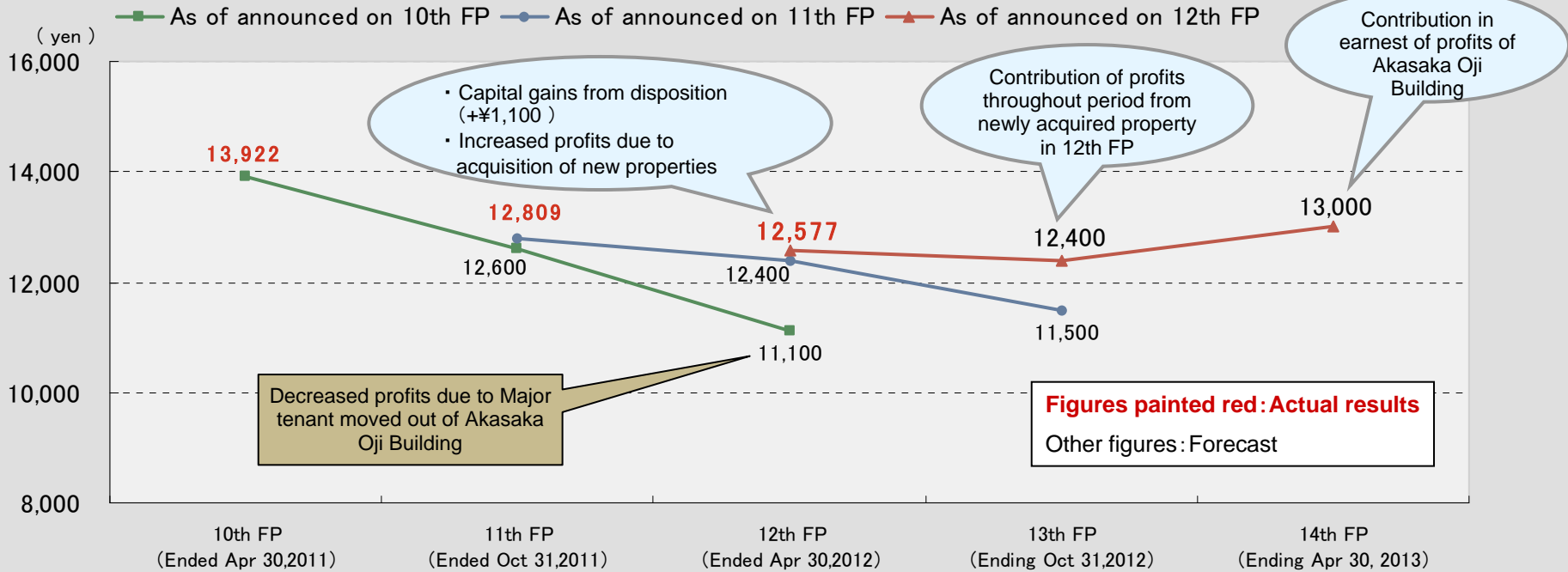
## ■ Other References

Items	12th FP Results	11th FP Results
Number of tenants	40	48
Total rentable floor space	300,294.23m <sup>2</sup>	295,215.03m <sup>2</sup>
Occupancy rate	98.5%	97.3%
Depreciation and amortization	¥1,072mn	¥1,060mn
Capital expenditures	¥442mn	¥234mn
Term-end unit price	¥451,500	¥403,000
Term-end market capitalization	¥69,982mn	¥62,465mn

## **II. The Strategy for Recovery of Dividend Level (the Twelfth Fiscal Period)**

## II - 1. Results of Strategy for Recovery of Dividend Level

### Recovery of Dividend level



#### 《 Major Results in 12th FP 》

- Leasing activities of Akasaka Oji Building expected to bear fruit
- Replacement of properties (capital gains from disposition ¥256 million)
- Acquisition of office building in Central Tokyo



## Leasing of Akasaka Oji Building

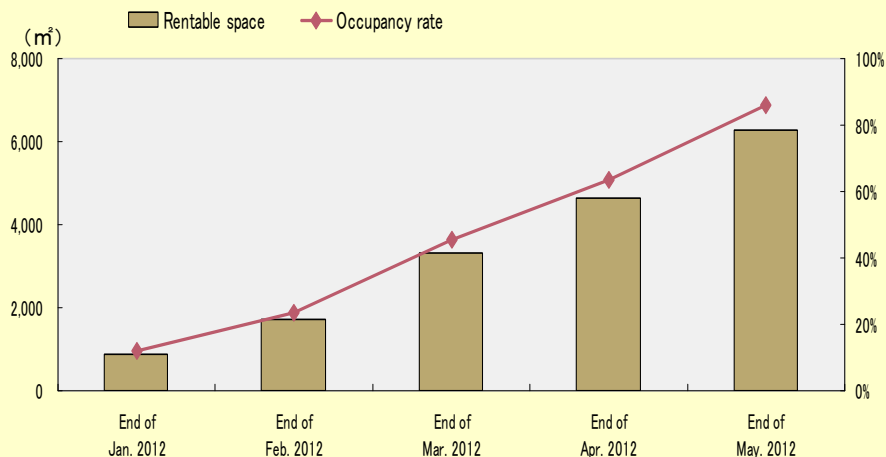
### Current Leasing Condition

Occupancy Rate (End of April 2012)	63.6%
Occupancy Rate (End of May 2012)	(85.8%)
Agreement conclusion	Approx.5,760m <sup>2</sup> / Approx.6,500m <sup>2</sup> (7.5 floors / 8.5 floors)
Number of considerations	3 (Of which, 1 application was received)

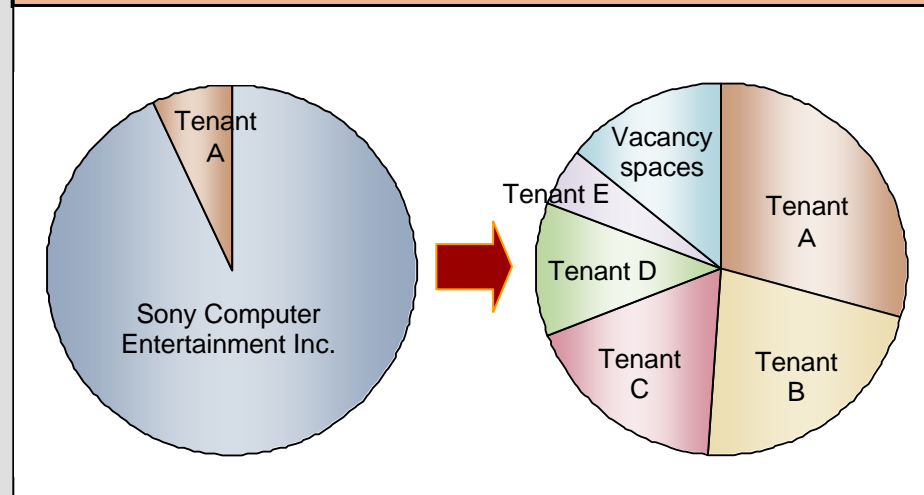
Floors	Rentable Floor Space	Lease start	Status
9F	809.25 m <sup>2</sup>	Mar, 2012	Leased up
8F	809.25 m <sup>2</sup>	Sep, 2011	Existing tenant   Leased up
7F	809.25 m <sup>2</sup>	May, 2012	Leased up
6F	809.25 m <sup>2</sup>	May, 2012	Leased up
5F	809.38 m <sup>2</sup>	Mar, 2012	Leased up
4F	809.38 m <sup>2</sup>	—	Leasing activities under way
3F	854.18 m <sup>2</sup>	Feb, 2012	Leased up
2F	825.58 m <sup>2</sup>	Apr, 2012	Leased up
1F	479.10 m <sup>2</sup>	Apr, 2012	Leased up
B1F	286.53 m <sup>2</sup>		Repository areas partially vacant

Contribute to increasing profits from the 14th FP due to the impact of Free Rent (partial contribution to profits in 13th FP)

### Change of Akasaka Oji Building's Occupancy Rate



### Multiplied Tenants in Akasaka Oji Building



## Property Replacement

**Nittetsu Honmachi Building**  
 ( Determined disposition in 11th FP,  
 and completed in 12th FP)



Replacement

**Top Residence Nihonbashi Kayabacho**  
 ( Decided acquisition in 11th FP,  
 and completed in 12 th FP)



### ● Effect of Replacement ●

- Accrued Capital Gains (¥256 million)
- Reserved internally portions of capital gains (¥78 million) by utilizing the exceptional taxation to reinforce financial standing
- Accumulated the cash dividend in 12th FP (accumulated approx. ¥1,100)
- Secured further stability of portfolio

#### 《Utilize Sponsors' Strengths》

Realized effective disposition **gaining best opportunity** by brokerage of Sumitomo Trust and Banking (present Sumitomo Mitsui Trust Bank)

#### 【 Assumed risk regarding the property 】

**Due to large supply of offices in line with redevelopment of areas around Osaka Station**

- ① Risk of worsening supply-demand balance
- ② Tenants' moving out risk is expanding, vacancy rate is increasing in Honmachi area
- ③ Concentration of rent revisions from 13th to 15th FP, increasing risks of rent reduction

#### 【 Focus upon acquisition 】

- ① **High transport convenience**: About a 3 minute walk from Kayabacho Station on the Tokyo Metro Hibiya Line and about a 4 minute walk from the same station on Tozai Line, further it has good access to Nihonbashi Station that is within walking distance
- ② Expected **steady demand** from business persons due to proximity to the central business districts of Otemachi and marunouchi Areas
- ③ **Construction plans with increased scarcity value** due to construction of studio apartments (less than 40m<sup>2</sup>) limited due to being district planning area of Chuo Ward

### Acquisition of Newly Property

Property	Shinkawa Chuo Building
Address	Sinkawa, Chuo Ward, Tokyo
Acquisition Date	March 30, 2012
Acquisition Price	5.61billion yen
Floor Area	7,981.27m <sup>2</sup>
Structure /Floors	SRC structure with flat roof / 1 basement floors, 9 floors above ground
Completion	July 1987
Type of Title	Ownership



#### 【Focus upon acquisition】

- ①Excellent transit access: Approximately 4 minute walk from the Kayabacho Station on the Tokyo Metro Hibiya Line and Tozai Line and approximately 6 minute walk from the Suitengumae Station on the Tokyo Metro Hanzomon Line
- ②Expected to meet various tenant needs due to proximity to central business districts such as Marunouchi, Otemachi, Yaesu and Nihonbashi
- ③Excellent spaces of more than 200 tsubo on standard floors, and Flexible responses to tenant needs possible thanks to excellent floor efficiency with such features as U-shaped symmetrical column-free spaces
- ④Equipped with standard facilities including office automation-compatible floors and individually-controllable air conditioning systems
- ⑤Enhanced convenience due to having 20 parking spaces on first basement floor

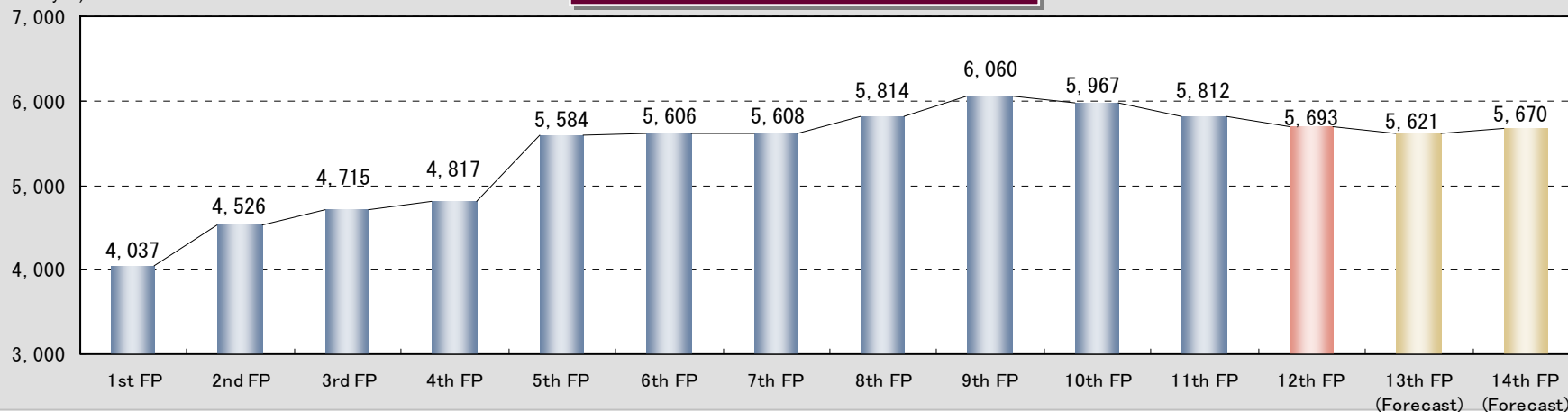
### **III. 13th FP and 14th FP Forecasts**

## Preconditions for Forecast of Earnings Results

	13th FP (Ending of October, 2012)	14th FP (Ending of April, 2013)
<b>Portfolio Assets</b>	Preconditioned on 18 properties held by Top REIT as of June 14, 2012	
<b>Number of Units Issued and Outstanding</b>	155,000 Units	
<b>Interest-Bearing Liabilities</b>	<ul style="list-style-type: none"> <li>As of end of FP: ¥96,902 million (Anticipated repayment of ¥67 million as agreed upon)</li> <li>It is assumed that the ¥17,500 million due for repayment on June 29, 2012 will be fully refinanced.</li> </ul>	<ul style="list-style-type: none"> <li>As of end of FP: ¥96,835 million (Anticipated repayment of ¥67 million as agreed upon)</li> <li>It is assumed that the ¥9,800 million due for repayment on November 30, 2012 and the ¥9,300 million due for repayment on March 27, 2013 will be respectively fully refinanced.</li> </ul>
<b>Tenants for Akasaka Oji Building</b>	It is assumed that revenues come only from lease agreements that have been concluded as of June 14, 2012, covering approximately 1,890 tsubo / 2,200 tsubo ( 8 floors/9 floors and underground repository)	
<b>Rent Revisions</b>	2.5% of total rents (as of the end of 12th FP) are planned for rent revision	25.8% of total rents (as of the end of 12th FP) are planned for rent revision
<b>Operating Expenses</b>	It is assumed that property tax, etc. will be ¥596 million and depreciation and amortization will be ¥1,116 million	It is assumed that property tax, etc. will be ¥597 million and depreciation and amortization will be ¥1,121 million
<b>Non-Operating Expenses</b>	¥709 million (interest on loans, interest expenses on investment corporation bonds and related expenses: ¥704 million)	¥649 million (interest on loans, interest expenses on investment corporation bonds and related expenses: ¥644 million)
<b>Dividend</b>	It is assumed that there is no reversal of internal reserves ( ¥78 million).	

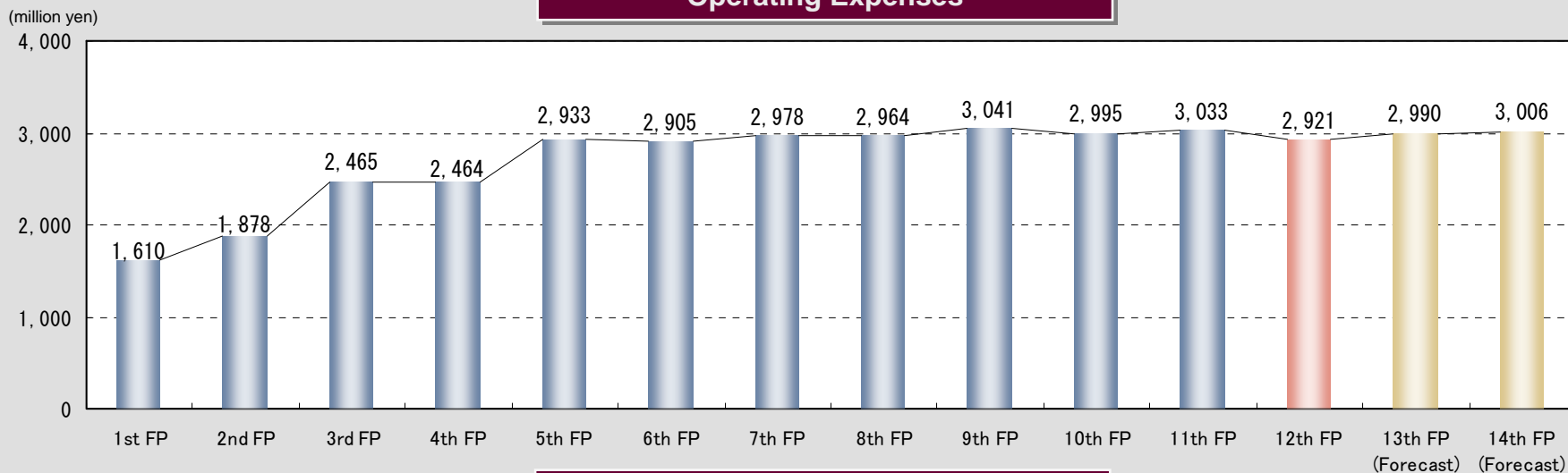
(million yen)

### Operating Revenue

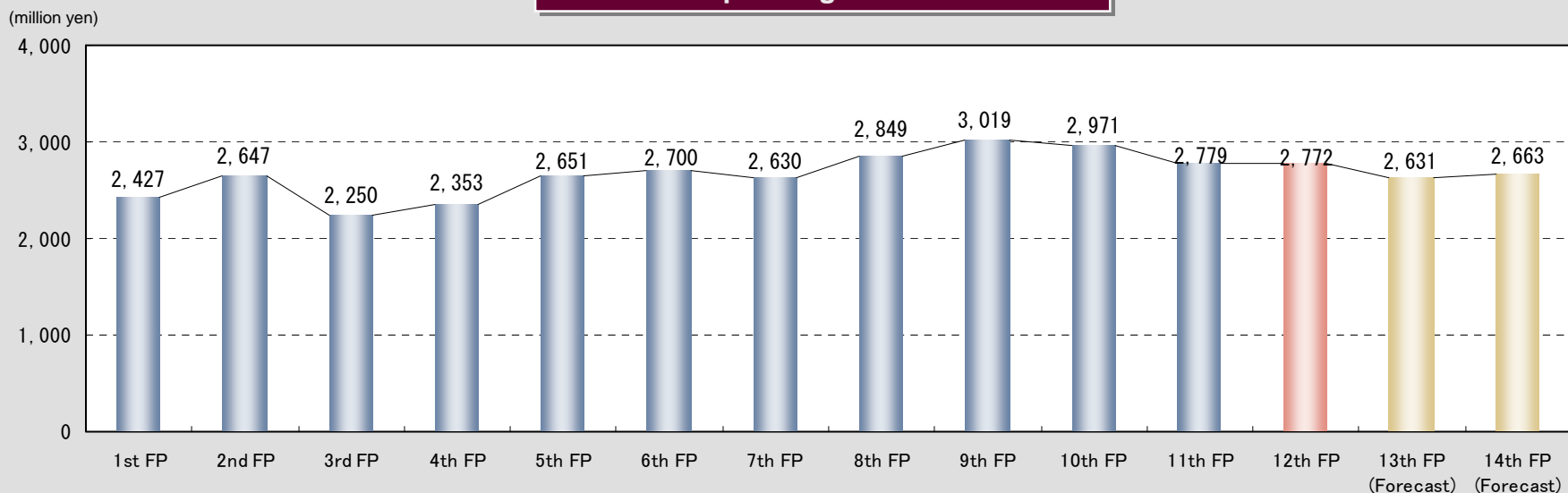


# III - 1. 13<sup>th</sup> FP and 14<sup>th</sup> FP Forecasts

## Operating Expenses



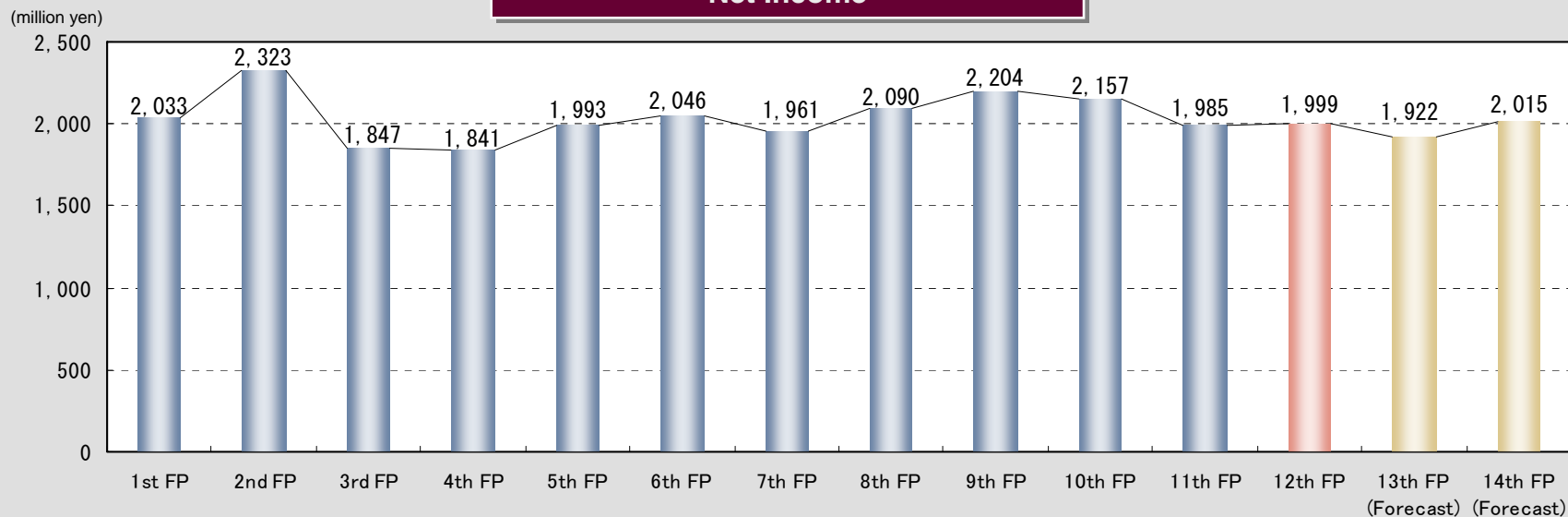
## Operating Income



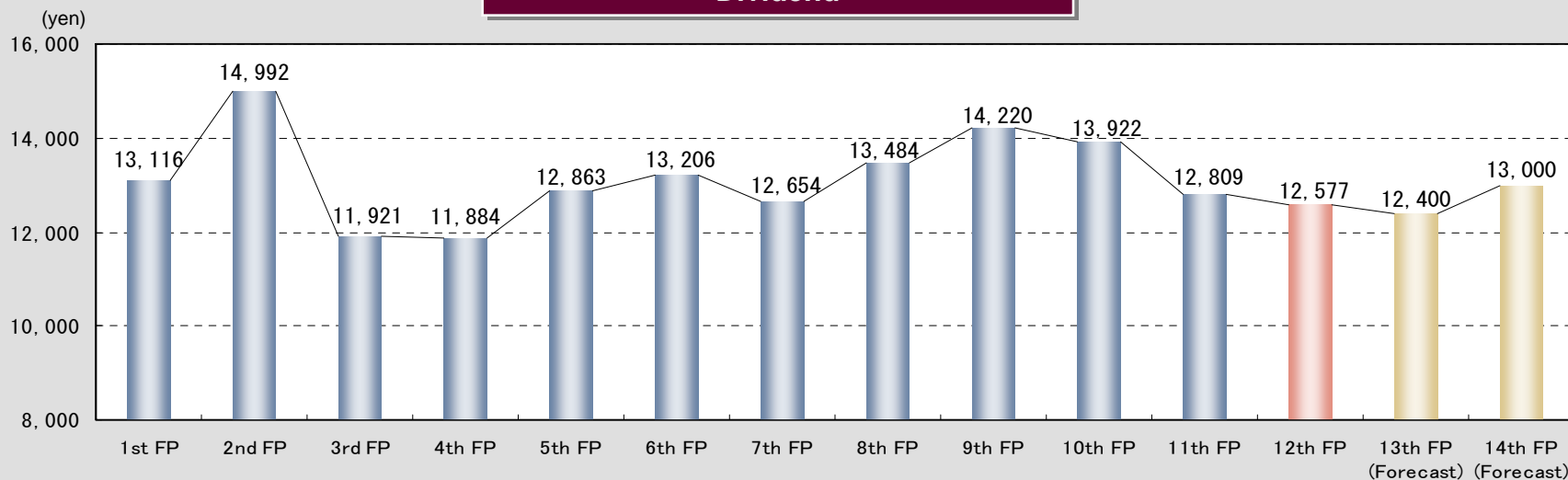
\*The actual number of days in the First Fiscal Period was 245. The above numbers are calculated by the following calculation method: (First Fiscal Period Results / 245 Days) x 365 Days / 2. In addition, the above forecast figures are calculated under certain preconditions as of the date of this material and are subject to change. Moreover, the dividend is not guaranteed.

# III – 1. 13<sup>th</sup> FP and 14<sup>th</sup> FP Forecasts

## Net Income



## Dividend



\*The actual number of days in the First Fiscal Period was 245. The above numbers are calculated by the following calculation method: (First Fiscal Period Results / 245 Days) x 365 Days / 2. In addition, the above forecast figures are calculated under certain preconditions as of the date of this material and are subject to change. Moreover, the dividend is not guaranteed.

## III - 2. Results of Past Periods and Forecasts (Detail)

Item	7th Fiscal Period	8th Fiscal Period	9th Fiscal Period	10th Fiscal Period	11th Fiscal Period	12th Fiscal Period	13th Fiscal Period (Forecast)	14th Fiscal Period (Forecast)
Period of asset management (days)	184	181	184	181	184	182	184	181
Operating revenue	¥5,608mn	¥5,814mn	¥6,060mn	¥5,967mn	¥5,812mn	¥5,693mn	¥5,621mn	¥5,670mn
Operating expenses	¥2,978mn	¥2,964mn	¥3,041mn	¥2,995mn	¥3,033mn	¥2,921mn	¥2,990mn	¥3,006mn
Of which, expenses related to rent business (excluding taxes and dues, and depreciation and amortization)	¥762mn	¥711mn	¥783mn	¥741mn	¥809mn	¥702mn	¥719mn	¥725mn
Of which, taxes and dues	¥561mn	¥567mn	¥586mn	¥586mn	¥609mn	¥608mn	¥596mn	¥597mn
Of which, depreciation and amortization	¥1,105mn	¥1,127mn	¥1,081mn	¥1,086mn	¥1,060mn	¥1,072mn	¥1,116mn	¥1,121mn
Operating income	¥2,630mn	¥2,849mn	¥3,019mn	¥2,971mn	¥2,779mn	¥2,772mn	¥2,631mn	¥2,663mn
Ordinary income	¥1,960mn	¥2,091mn	¥2,204mn	¥2,194mn	¥1,986mn	¥2,029mn	¥1,923mn	¥2,016mn
Net income	¥1,961mn	¥2,090mn	¥2,204mn	¥2,157mn	¥1,985mn	¥1,999mn	¥1,922mn	¥2,015mn
Net operating income from property leasing	¥4,284mn	¥4,535mn	¥4,691mn	¥4,639mn	¥4,393mn	¥4,126mn (Note1)	¥4,304mn	¥4,347mn
FFO	¥3,066mn	¥3,217mn	¥3,286mn	¥3,243mn	¥3,046mn	¥2,815mn	¥3,038mn	¥3,136mn
Number of units issued and outstanding (units)	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Dividend per unit	¥12,654	¥13,484	¥14,220	¥13,922	¥12,809	¥12,577	¥12,400	¥13,000
FFO per unit	¥19,785	¥20,755	¥21,200	¥20,929	¥19,654	¥18,165	¥19,602	¥20,238

Note1: Net operating income from property leasing of 12th Fiscal Period excluded capital gains by disposition of property.

Note2: The forecasts should not be construed as a guarantee of the actual dividends



## **IV. Growth Strategy: Leaping for the Next Stage**

# IV - 1. Market Prospects

## Real Estate Leasing Market

### [Present state]

- ◆ Vacancy rates remain at a high level due to the large supply of office buildings in Central Tokyo in the first half of this year (leading to the generation of after-relocation vacancy and accelerated polarization by building grade)
- ◆ Office rent levels still remain weak, though the range of decrease in rent levels has decelerated
- ◆ Studio and family residences with high convenience continue to show steady performance

### [Future prospects]

- ◆ Supply of office floors in Central Tokyo in 2013 expected to decrease in volume to less than half of the previous fiscal year, and the vacancy rate will be shown a recovering trend, starting in the second half of fiscal 2012
  - ◆ Office rent is expected to hit the bottom due to the post-quake reconstruction demand becoming in earnest and steady corporate earnings.
  - ◆ However, Japanese economic situations and corporate performance is likely to remain unpredictability due to the impact of the yen's appreciation and the European debt problem. Close monitoring when office rents bottom out will be necessary.
- ⇒ Top REIT's strategy  
Continue efforts to further **strengthen relations with tenants**

## Real Estate Transaction Market

### [Present state]

- ◆ Information on high-grade office properties available for sale is limited (repayment of borrowings is primarily being conducted through refinance due to the improved financing environment)
- ◆ Buyers compete over high-grade office buildings available for sale in central Tokyo, which are scarce, and show strong willingness to buy (buyers are primarily REITs, private placement funds and railroad and real estate companies)
- ◆ The market for rental residential property transactions remains steady

### [Future prospects]

- ◆ Will the price of high-grade office properties show an upward trend, given the scarce properties available for sale and strong willingness of REITs and other buyers?
  - ◆ Market for rental residential property transactions will remain steady, but tend to overheat in Central Tokyo and the Tokyo Metropolitan Area
- ⇒ Top REIT's strategy  
Focus acquisitions by gathering information on **high-grade properties** available for sale

## Financial / Capital Market

### [Present state]

- ◆ De facto zero interest rate monetary policy maintained and continued by the Bank of Japan
- ◆ Fund procurement environment is relatively favorable, with financial institutions maintaining positive lending attitude
- ◆ The J-REIT market, which had shown a recovering trend primarily due to the Bank of Japan conducting monetary easing and increasing the purchase amount of and intermittently implementing purchase of J-REIT units, has entered an adjustment phase due to the European debt problem becoming more serious

### [Future prospects]

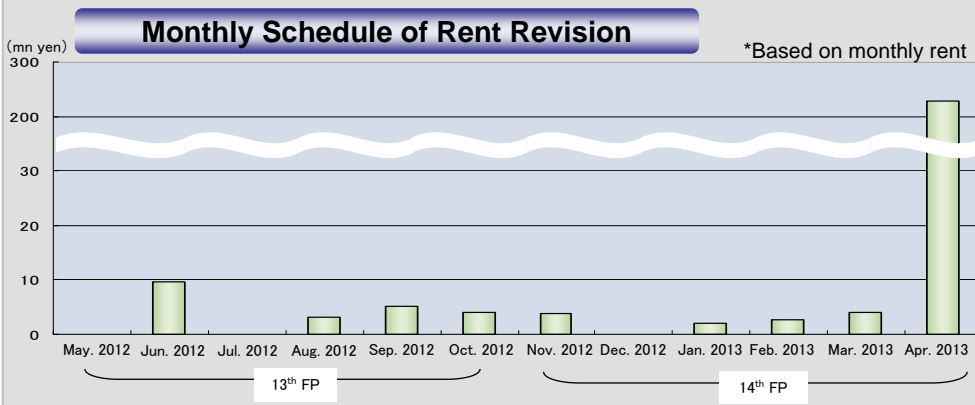
- ◆ Market interest rates will remain stable at low levels for some time
  - ◆ Close monitoring will be continuously required for the European debt problem (impact on the J-REIT market conditions and financial institutions)
- ⇒ Top REIT's strategy
- Strive to implement steadily refinance.
  - While closely monitoring the market environment, select fund procurement measures flexibly.

# IV - 2. The Current Management Policy

## The Current Management Policy

- ◆ **Secure foothold for revenues through flawless management of existing properties**
  - Make effort to lease up vacant spaces including the remaining one floor of Akasaka Oji Building along with implementing measures to prevent tenants from moving out by continuously strengthening tenant relations.
  - Minimize range of decrease in rent revision by conducting persistent negotiations utilizing strong tenants relations with tenants
- ◆ **Stable Financial Management – Strive to refinance –**
  - 12th FP : **¥17.5bn** due for repayment on June 29, 13th FP : **¥9.8bn** due for repayment on November 30, **¥9.3bn** due for repayment on March 27, 2013
- ◆ **Accumulate greater revenues with acquisition of new properties**
  - Acquire superior office properties with excellent location in Central Tokyo and major cities across the country
  - Utilize the sponsor’s strengths (properties owned or brokered by sponsors) as well as various information channels

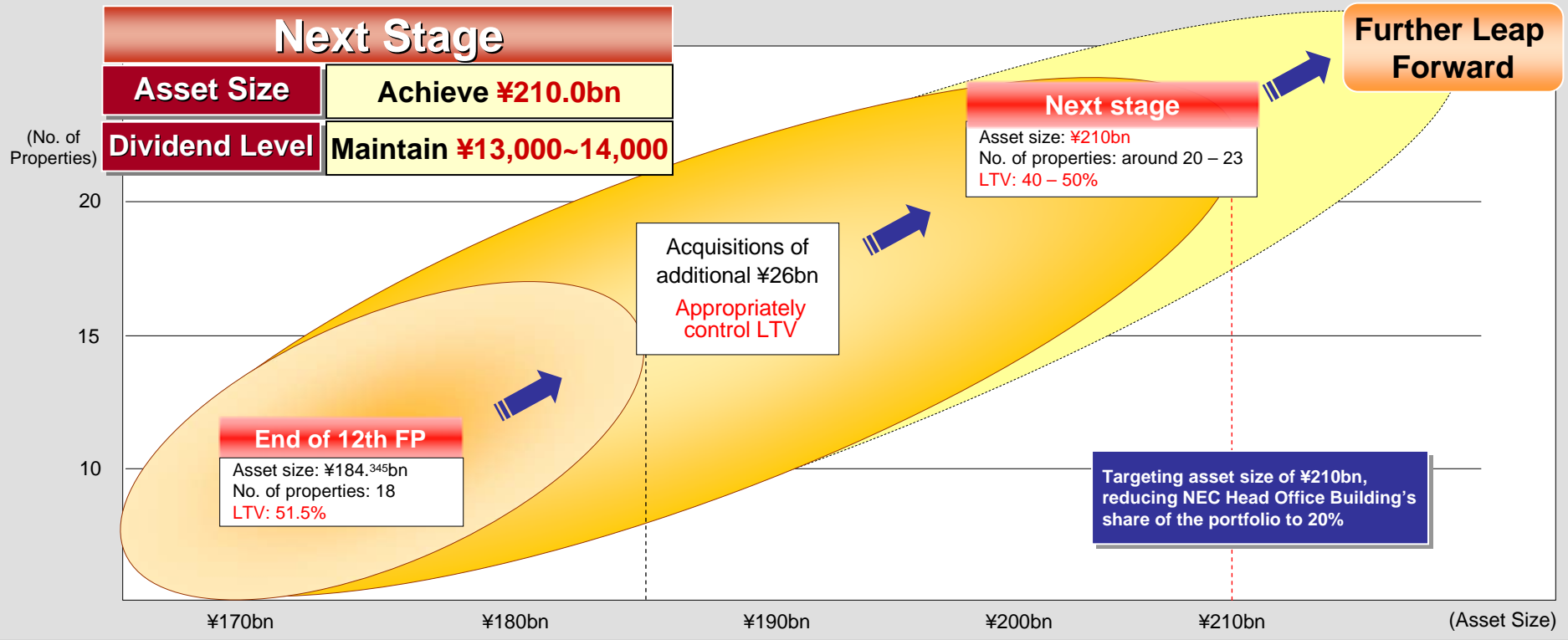
Asset Class	Property acquisition target	Portfolio Share	Stance
Offices	<ul style="list-style-type: none"> <li>◆ Excellent location in Central Tokyo and major cities across the country</li> <li>◆ High-quality specifications</li> <li>◆ Properties with strong competitiveness (ability to attract tenants, stable operations over long term)</li> </ul>	Approx. 75%	◎
Other than offices	<ul style="list-style-type: none"> <li>◆ Focus on residential properties</li> <li>• Located in Central Tokyo, surrounding areas and major cities close to railway stations and with excellent transit access</li> <li>• Stable occupancy rates and rent levels</li> </ul>	Approx. 25%	△



13th FP	Harumi Island Triton Y (parts of tenants)	8 Tenants 2.5% of total rents (as of end of 12th FP)
	Shiba-Koen Building (parts of tenants)	
	Shinkawa chuo Building (parts of tenants)	
	Kanda Park Plaza (parts of tenants)	
	Faret East Building (parts of tenants)	
14th FP	Harumi Island Triton Y (parts of tenants)	14 Tenants 25.8% of total rents (as of end of 12th FP)
	Harumi Island Triton Z	
	Kanda Nishiki-cho 3-chome Building	
	Akasaka Oji Building (parts of tenants)	
	Shiba-Koen Building (parts of tenants)	
	Kanda Park Plaza (parts of tenants)	
Faret East Building (parts of tenants)		

## Continued Implementation of Growth Strategy for the Next Stage

<b>Growth Methods</b>	<ul style="list-style-type: none"> <li>◆ Fully utilize the <b>Top REIT Edge</b></li> <li><b>Sponsor Strength</b></li> <li><b>Superior Portfolio</b></li> <li>◆ Implement growth strategy with an extreme focus on the <b>dividend level (¥13,000~14,000)</b></li> </ul>	<b>Growth Strategy</b>	<ul style="list-style-type: none"> <li>◆ While securing a foothold for revenues, acquire competitive and highly profitable properties</li> <li>◆ Flexibly select fund procurement means according to the market environment                         <ul style="list-style-type: none"> <li>• Bank loans: Flexibly utilize strong bank formation</li> <li>• Investment corporation bonds: Consider in view of market environment, etc.</li> <li>• Capital increases through public offerings: Consider investment unit price levels and property returns, as well as amount of net assets and dividend</li> </ul> </li> <li>◆ Consider M&amp;A and joining of new sponsors</li> </ul>
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## V. Financial Strategies

# V - 1. Financial Strategies: Stable Financial Management

## Financial Policies (Stable Financial Management)

Maintain stable bank formation and secure financial flexibility

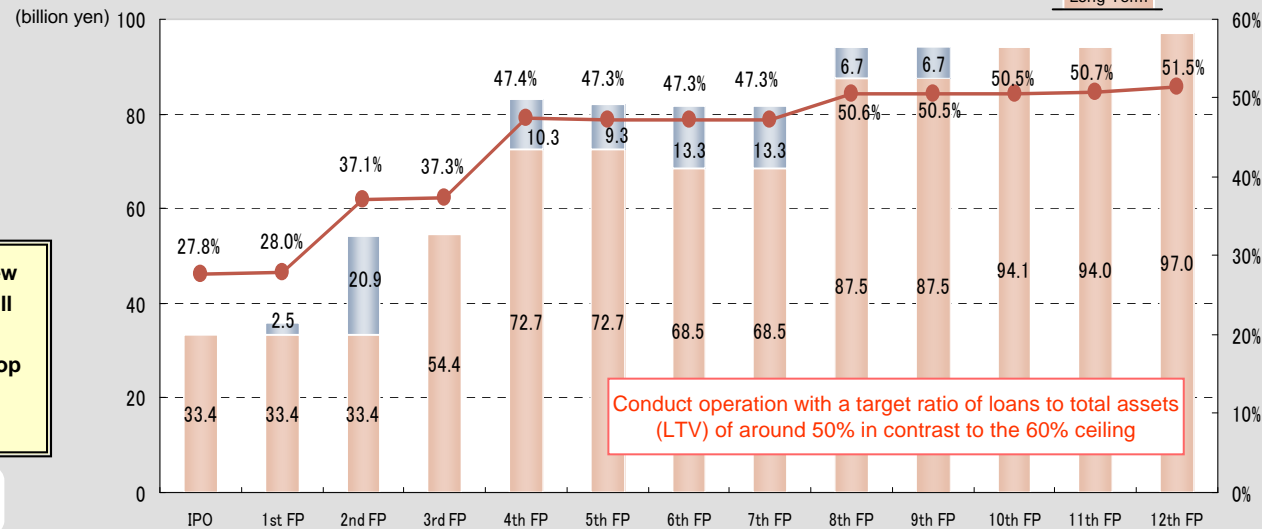
Extend Borrowing Periods and Spread Out Repayment Dates

Manage Risk of Fluctuating Interest Rates

The market interest rate is currently low and stable. In view of the risk of future interest rate fluctuations, Top REIT will in the meantime operate with a ratio of fixed-rate interest borrowings of 50% while enjoying the present benefits. Top REIT will watch for interest rate trends and deliberate on raising the ratio of fixed-rate interest borrowings.

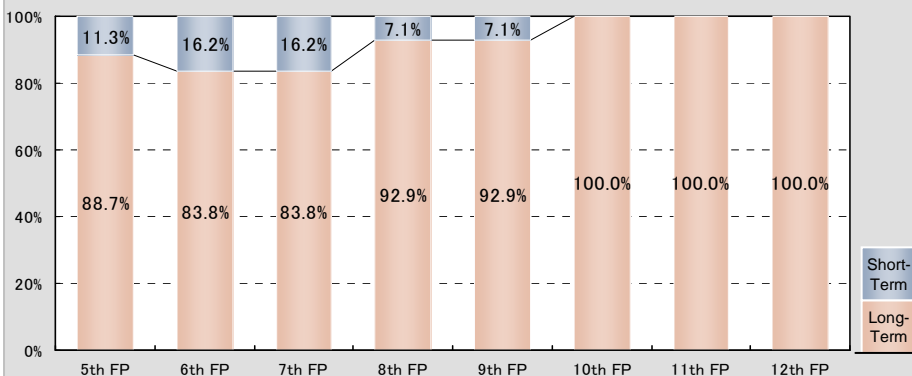
Manage Risk of Fluctuating Interest Rates

### Changes in Fund Procurement Status (Debt)

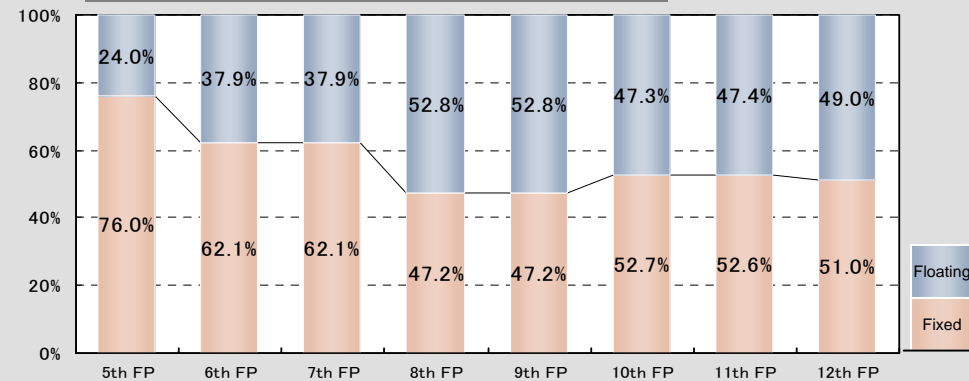


Conduct operation with a target ratio of loans to total assets (LTV) of around 50% in contrast to the 60% ceiling

### Ratio of Long-Term Loans



### Ratio of Loans with Fixed Interest Rates



•Regarding all graphs on this page, figures for the end of the 9th FP and after include ¥8.5 bn of investment corporation bonds.

# V - 2. Financial Strategies: Financial Status / Extending Borrowing Periods

## Refinancing Status and Extending Borrowing Periods

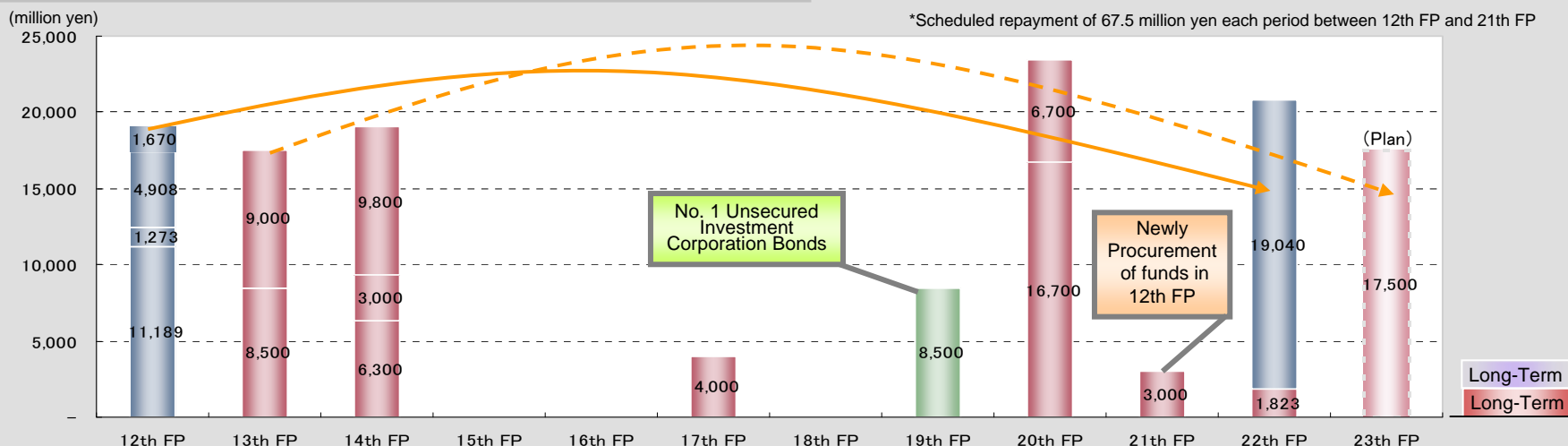
### Refinance for 12th Fiscal Period

- Nov. 2011: Total ¥19.04bn in long-term loans ⇒ Refinanced with long-term loans (floating rate)
- Mar. 2012: Procured additional funds of ¥3bn to acquire new property ⇒ Long-term loans (floating rate)
- Both implemented by syndicated loan with major banks which Top REIT has conducted business since listing
- Will continue to **maintain stable bank formation** and work to **extend remaining periods** of loans

## Remaining Period of Interest-bearing Liabilities

11 <sup>th</sup> FP (as of Oct. 31, 2011)	2 years (avg.)
12 <sup>th</sup> FP after refinancing (as of Nov. 30, 2011)	2 years & 11 months (avg.)
12 <sup>th</sup> FP (as of Apr. 30, 2012)	2 years & 7 months (avg.)

\*Scheduled repayment of 67.5 million yen each period between 12th FP and 21th FP



Outstanding Balance of Interest-bearing Liabilities as of 31 <sup>st</sup> FP	Outstanding Balance of Loans by Lender	12th FP		22th FP	
		Amount	Ratio	Amount	Ratio
	Sumitomo Mitsui Trust Bank, Limited.	¥27,887mn	31.5%	¥1,000mn	1.1%
	Mizuho Corporate Bank, Ltd.	¥16,590mn	18.8%	¥1,000mn	1.1%
	Sumitomo Mitsui Banking Corporation	¥13,074mn	14.8%	¥3,000mn	3.4%
	The Bank of Tokyo Mitsubishi UFJ, Ltd.	¥13,074mn	14.8%	¥1,000mn	1.1%
	Mitsubishi UFJ Trust and Banking Corporation	¥4,415mn	5.0%	¥1,000mn	1.1%
	Development Bank of Japan, Inc.	¥6,430mn	7.3%	-	-
	<b>Subtotal</b>			<b>¥88,470mn</b>	<b>100.0%</b>
	No 1 Unsecured Investment Corporation Bonds			¥8,500mn	-
	<b>Total</b>			<b>¥96,970mn</b>	<b>-</b>

# V - 3. Financial Strategies: Issuer Rating and Loans at End of Twelfth Fiscal Period

## Issuer Rating

Baa1 (Negative)

(※)The Issuer Rating was downgraded to Baa1 from A3 with a negative outlook on May 9, 2012.

AA— (Stable)

Assigned by Moody's Japan K.K.

Assigned by Rating and Investment Information, Inc. (R&I)

Category	Lender	Loan Balance	Interest Rate (end of Apr. 2012)	Loan Execution Date	Repayment Date	Remaining Period	Note
Current Portion of Long-Term Loans	Development Bank of Japan, Inc	¥135mn	2.42% (fixed)	January 13, 2010	November 30, 2016	Scheduled repayment	Unsecured and without guarantee
		¥135mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥8,500mn	1.95% (fixed)	June 29, 2007	June 29, 2012	2 months	Unsecured and without guarantee
		¥8,500mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥9,000mn	1.24% (floating)	March 26, 2010	June 29, 2012	2 months	Unsecured and without guarantee
		¥9,000mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Limited	¥9,800mn	1.24% (floating)	January 13, 2010	November 30, 2012	7 months	Unsecured and without guarantee
		¥9,800mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥6,300mn	1.48% (fixed)	March 27, 2008	March 27, 2013	11 months	Unsecured and without guarantee
		¥6,300mn					
Development Bank of Japan, Inc	¥3,000mn	1.53% (fixed)					
	¥9,300mn						
<b>Subtotal</b>		<b>¥36,735mn</b>	<b>1.47% (avg)</b>			<b>6 months (avg)</b>	
Long-Term Loans	Sumitomo Mitsui Trust Bank, Limited.	¥2,000mn	2.27% (fixed)				
	Development Bank of Japan, Inc	¥1,000mn	2.40% (fixed)	June 29, 2007	June 30, 2014	2 years & 2 months	Unsecured and without guarantee
	Dai-ichi Life Insurance Company Ltd.	¥1,000mn	2.40% (fixed)				
		¥4,000mn					

Category	Lender	Loan Balance	Interest Rate (end of Apr. 2012)	Loan Execution Date	Repayment Date	Remaining Period	Note
Long-Term Loans	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥16,700mn	1.39% (fixed)	March 3, 2011	February 29, 2016	3 years & 10 months	Unsecured and without guarantee
		¥16,700mn					
	Sumitomo Mitsui Trust Bank, Limited. The Bank of Fukuoka, Ltd. The Hiroshima Bank, Ltd. The Yamaguchi Bank, Ltd.	¥6,700mn	0.84% (floating)	March 31, 2011	February 29, 2016	3 years & 10 months	Unsecured and without guarantee
		¥6,700mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥3,000mn	0.66% (floating)	March 30, 2012	October 31, 2016	4 years & 6 months	Unsecured and without guarantee
		¥3,000mn					
	Development Bank of Japan, Inc.	¥2,295mn	2.42% (fixed)	January 13, 2010	November 30, 2016	4 years & 2 months	Unsecured and without guarantee
		¥2,295mn					
	Sumitomo Mitsui Trust Bank, Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	¥19,040mn	0.56% (floating)	November 30, 2011	November 30, 2016	4 years & 7 months	Unsecured and without guarantee
		¥19,040mn					
<b>Subtotal</b>		<b>¥51,735mn</b>	<b>1.09% (avg)</b>			<b>4 years (avg)</b>	
<b>Total Loans</b>		<b>¥88,470mn</b>	<b>1.25% (avg)</b>			<b>2 years &amp; 7 months (avg)</b>	
<b>No 1 Unsecured Investment Corporation Bonds</b>		<b>¥8,500mn</b>	<b>1.00% (fixed)</b>	<b>June 4, 2010</b>	<b>June 4, 2015</b>	<b>3 years &amp; 1 month</b>	<b>Unsecured and without guarantee</b>
<b>Total Interest bearing liabilities</b>		<b>¥96,970mn</b>	<b>1.23% (avg)</b>			<b>2 years &amp; 7 months (avg)</b>	

Note 1: Interest rates are rounded to the second decimal place, and the remaining periods are rounded to a whole number. The averages for interest rates and remaining periods are weighted averages based on the balance at the end of fiscal period.

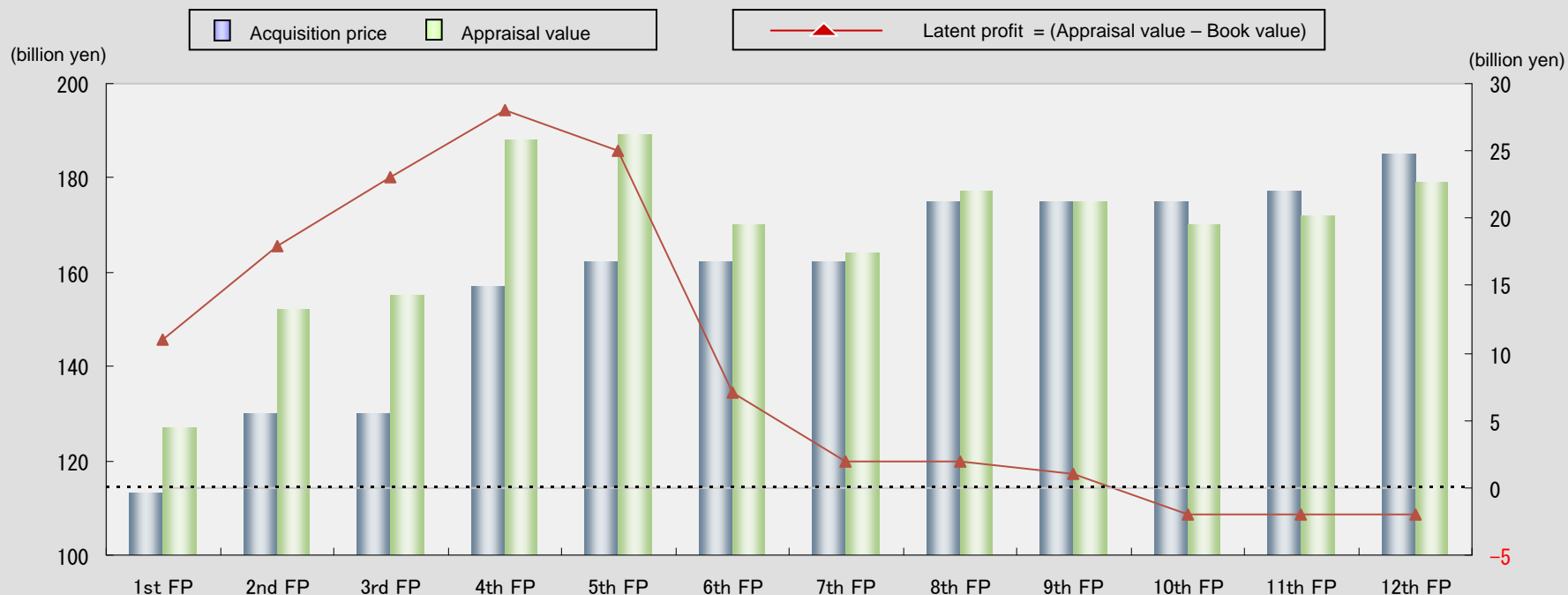
Note 2: The Sumitomo Trust and Banking Co., Ltd merged with The Chuo Mitsui Trust and Banking, Co., Ltd and Chuo Mitsui Asset Trust Banking Company, Limited on April 1, 2012, and changed corporate name to Sumitomo Mitsui Trust Bank, Limited.



## **VI. Management Results at the Twelfth fiscal Period**

# VI - 1. Operating Results: History of Asset Growth

## History of Asset Growth



	End of 1st FP Oct. 2006	End of 2nd FP April. 2007	End of 3rd FP Oct. 2007	End of 4th FP April. 2008	End of 5th FP Oct. 2008	End of 6th FP April. 2009	End of 7th FP Oct. 2009	End of 8th FP April. 2010	End of 9th FP Oct. 2010	End of 10th FP April. 2011	End of 11th FP Oct. 2011	End of 12th FP April. 2012
Acquisition price	¥113,286 bn	¥130,846 bn	¥130,846 bn	¥157,187 bn	¥162,347 bn	¥162,347 bn	¥162,347 bn	¥175,047 bn	¥175,047 bn	¥175,047 bn	¥177,435 bn	¥184,345 bn
Book value	¥116,187 bn	¥133,576 bn	¥132,698 bn	¥159,585 bn	¥163,985 bn	¥163,245 bn	¥162,237 bn	¥174,618 bn	¥173,618 bn	¥172,994 bn	¥174,742 bn	¥181,405 bn
Appraisal value	¥127,442 bn	¥152,468 bn	¥155,923 bn	¥188,035 bn	¥189,441 bn	¥170,870 bn	¥164,948 bn	¥177,146 bn	¥175,351 bn	¥170,670 bn	¥172,440 bn	¥179,000 bn
Unrealized profits and loses	¥11,254 bn	¥18,891 bn	¥23,224 bn	¥28,449 bn	¥25,455 bn	¥7,624 bn	¥2,710 bn	¥2,527 bn	¥1,732 bn	(¥2,324 bn)	(¥2,302 bn)	(¥2,405 bn)

\*Acquisition price and appraisal value details are provided on P26 to P27.

\*Figures less than one million yen have been rounded down for the above-mentioned values. As for latent profits and loses, figures less than one million yen have been rounded down after deducting book value (total) from appraisal value (total).

## VI – 2. Appraisal Value as at End of Period

(million yen)

Asset Class	Area	Property	Acquisition Price	Book Value at End of 12th FP (A)	Appraisal Value at End of 9th FP (Note1)	Appraisal Value at End of 10th FP (Note1)	Appraisal Value at End of 11th FP (B) (Note1)	Appraisal Value at End of 12th FP (C)	Difference Between Appraisal Value and Book Value (C) – (A)	Difference in Appraisal Value from End of 11th FP (C) – (B) (Note2)
Office	Central Tokyo	NEC Head Office Building	41,950	43,000	47,750	47,950	47,500	49,450	6,449	1,950
		Harumi Island Triton Square Office Tower Y	33,000	30,997	39,000	38,700	38,500	36,400	5,402	(2,100)
		Harumi Island Triton Square Office Tower Z	20,000	19,807	15,100	14,300	14,200	14,300	(5,507)	100
		Kanda Nishiki-cho 3-chome Building	12,700	12,785	14,100	14,000	14,000	14,100	1,314	100
		Akasaka Oji Building	9,660	9,834	13,300	9,570	9,560	9,080	(754)	(480)
		Shiba-Koen Building	5,770	5,882	3,410	3,410	3,410	3,420	(2,462)	10
		Shinkawa Chuo Building	5,610	5,773	–	–	–	5,790	16	(Note2) –
		Kanda Park Plaza	5,156	5,092	4,959	4,970	4,930	4,930	(162)	–
	Tokyo Metropolitan Area	Faret East Building	2,091	1,712	2,500	2,430	2,390	2,390	677	–
Subtotal (9 Properties)			135,937	134,887	140,119	135,330	134,490	139,860	4,972	(420)
Retail	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	11,411	10,300	10,300	10,300	10,400	(1,011)	100
		Ito-Yokado Higashi-Narashino Store	8,900	7,994	5,568	5,560	5,560	5,620	(2,374)	60
		Musashirawa Shopping Center	4,335	4,000	3,810	3,810	3,810	3,860	(140)	50
	Subtotal (3 Properties)			25,235	23,406	19,678	19,670	19,670	19,880	(3,526)
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,478	–	–	–	2,550	71	(Note2) –
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	10,307	6,980	6,990	6,960	6,950	(3,357)	(10)
		Ecology Toyosu Procentury	5,160	5,075	4,520	4,590	4,780	4,880	(195)	100
		Impress Musashi-Koganei	1,223	1,307	–	–	1,270	1,280	(27)	10
		Top Residence Yoga	1,165	1,247	–	–	1,170	1,150	(97)	(20)
Subtotal (5 Properties)			20,583	20,415	11,500	11,580	14,180	16,810	(3,605)	80
Other	Central Tokyo	OAK PLAZA	2,590	2,695	2,674	2,660	2,670	2,450	(245)	(220)
	Subtotal (1 Property)			2,590	2,695	2,674	2,660	2,670	2,450	(245)
Total (18 Properties)			184,345	181,405	173,971	169,240	171,010	179,000	(2,405)	(350)

(Note1) In the described above table, the respective appraisal value of ended period from 9th to 11th excluded the Nittetsu Honmachi Building disposed on November 25, 2011.

(Note2) Difference in appraisal value excluded the property acquired in 12th FP.

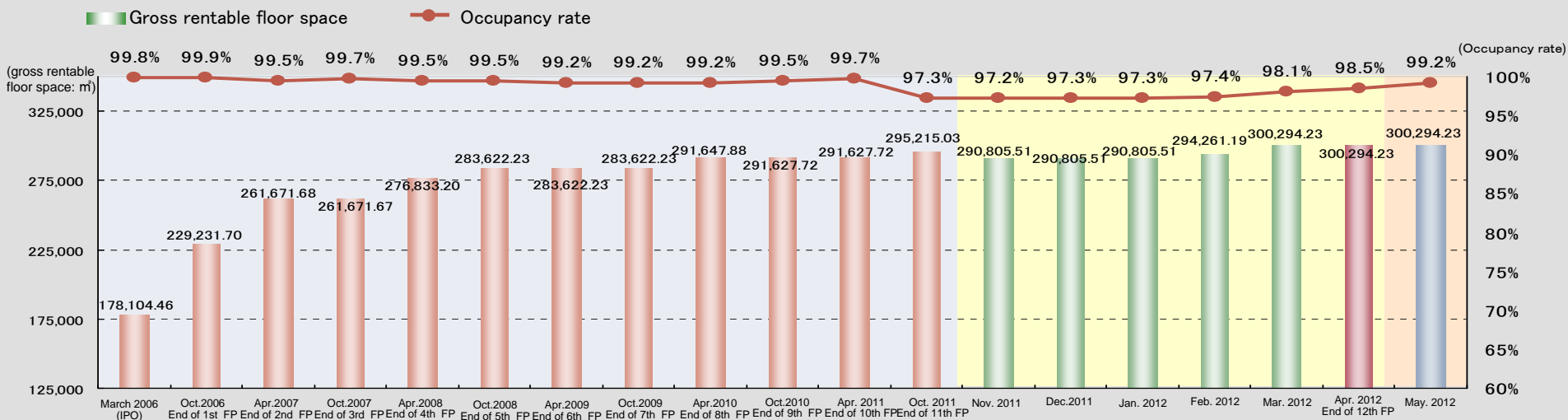
# VI - 3. Appraisal Cap Rate

Property	8th Fiscal Period			9th Fiscal Period			10th Fiscal Period			11th Fiscal Period			12th Fiscal Period		
	Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method	
		Discount Rate	Terminal Cap Rate		Discount Rate	Terminal Cap Rate		Discount Rate	Terminal Cap Rate		Discount Rate	Terminal Cap Rate		Discount Rate	Terminal Cap Rate
NEC Head Office Building	4.3%	3.8% (Next 3 years) 4.3% (afterward)	4.6%	4.3%	3.8% (Next 3 years) 4.3% (afterward)	4.6%	4.3%	3.8% (Next 2 years) 4.3% (afterward)	4.6%	4.3%	3.8% (Next 2 years) 4.3% (afterward)	4.6%	4.2%	3.7% (Next 1 years) 3.9% (2-5years) 4.2% (afterward)	4.5%
Harumi Island Triton Square Office Tower Y	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%
Harumi Island Triton Square Office Tower Z	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%	4.6%	4.3%	4.8%
Kanda Nishiki-cho 3-chome Building	5.2%	4.9%	5.4%	5.2%	4.9%	5.4%	4.9%	4.6%	5.1%	4.9%	4.6%	5.1%	4.9%	4.6%	5.1%
Akasaka Oji Building	4.5%	4.4%	4.8%	4.5%	4.5%	4.8%	4.5%	4.5%	4.8%	4.5%	4.5%	4.8%	4.5%	4.4%	4.7%
Shiba-Koen Building	4.8%	4.6%	4.9%	5.0%	4.8%	5.1%	4.9%	4.7%	5.0%	4.9%	4.7%	5.0%	4.8%	4.6%	5.0%
Shinkawa Chuo Building	-	-	-	-	-	-	-	-	-	-	-	-	4.9%	4.7%	5.1%
Kanda Park Plaza	5.3%	4.8%	5.9%	5.3%	4.8%	5.9%	5.3%	4.8%	5.6%	5.2%	4.7%	5.5%	5.2%	4.7%	5.5%
Faret East Building	5.8%	5.5%	6.0%	5.8%	5.5%	6.0%	5.8%	5.5%	6.0%	5.7%	5.4%	5.9%	5.7%	5.4%	5.9%
Sagamihara Shopping Center	6.0%	5.8%	6.2%	6.0%	5.8%	6.1%	6.0%	5.8%	6.1%	6.0%	5.8%	6.1%	5.9%	5.7%	6.1%
Ito-Yokado Higashi-Narashino Store	6.4%	5.5%	6.9%	6.4%	5.5%	6.9%	6.3%	6.1%	6.6%	6.3%	6.1%	6.6%	6.3%	6.1%	6.6%
Musashiurawa Shopping Square	5.8%	5.5%	6.1%	5.8%	5.5%	6.1%	5.8%	5.5%	6.1%	5.8%	5.5%	6.1%	5.7%	5.4%	6.0%
Top Residence Nihonbashi Kayabacho	-	-	-	-	-	-	-	-	-	-	-	-	5.1%	4.9%	5.3%
Fukasawa House Towers H&I	5.2%	4.9%	5.4%	5.2%	4.9%	5.4%	5.1%	4.8%	5.3%	5.0%	4.7%	5.2%	5.0%	4.7%	5.2%
Ecology Toyosu Procentury	5.5%	5.3%	5.7%	5.5%	5.3%	5.7%	5.4%	5.2%	5.6%	5.2%	5.0%	5.4%	5.2%	5.0%	5.4%
Impress Musashi-Koganei	-	-	-	-	-	-	-	-	-	5.5%	5.3%	5.7%	5.5%	5.3%	5.7%
Top Residence Yoga	-	-	-	-	-	-	-	-	-	5.0%	4.8%	5.2%	5.0%	4.8%	5.2%
OAK PLAZA	4.8%	4.3%	5.4%	4.8%	4.3%	5.4%	5.2%	5.0%	5.5%	5.2%	5.0%	5.5%	5.1%	4.9%	5.4%

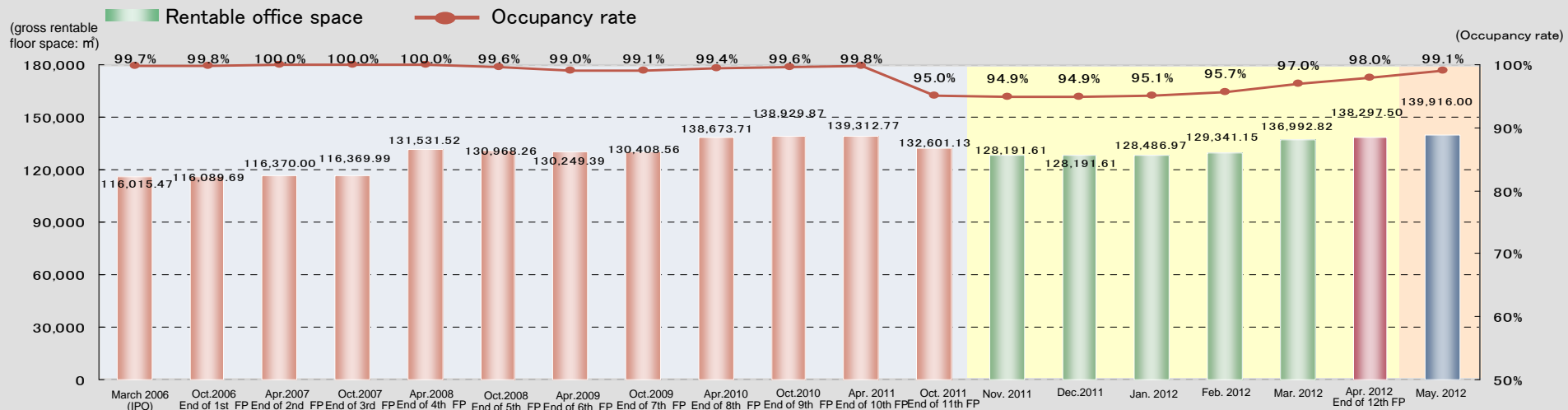
Appraisers	Properties
Tanizawa Sogo Appraisal Co., Ltd.	NEC Head Office Building, Akasaka Oji Building,
Japan Real Estate institute	Harumi Island Triton Square Office Towers Y & Z, Kanda Nishiki-cho 3-chome Building, Kanda Park Plaza, Faret East Building, Ito-Yokado Higashi-Narashino Store, Top Residence Nihonbashi kayabacho, Fukasawa House Towers H&I, Ecology Toyosu Procentury, Impress Musashi-Koganei, Top Residence Yoga ,OAK PLAZA,
DAIWA REAL ESTATE APPRAISAL Corporation	Shiba-Koen Building, Shinkawa chuo Building, Sagamihara Shopping Center, Musashiurawa Shopping Square,

# VI - 4. Operating Results: History of Occupancy Rate

## Occupancy Rate (Portfolio)

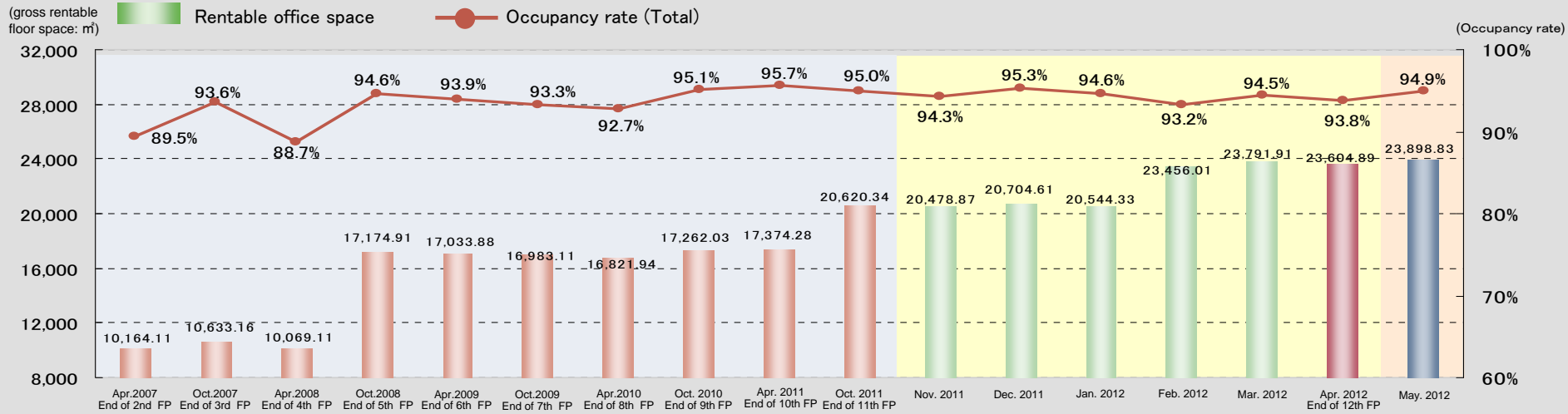


## Occupancy Rate (Office)

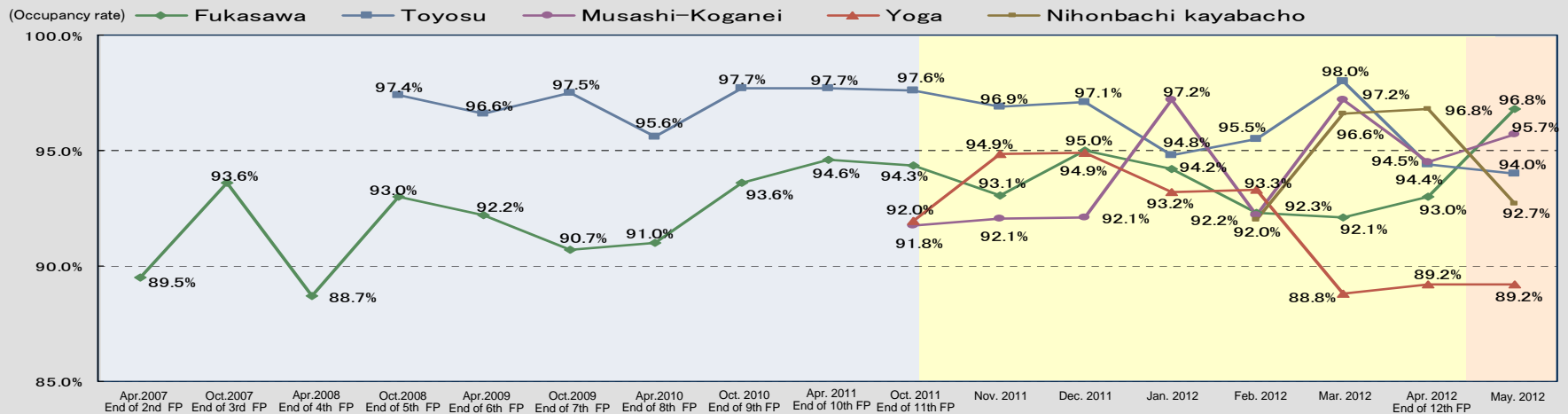


# VI - 4. Operating Results: History of Occupancy Rate

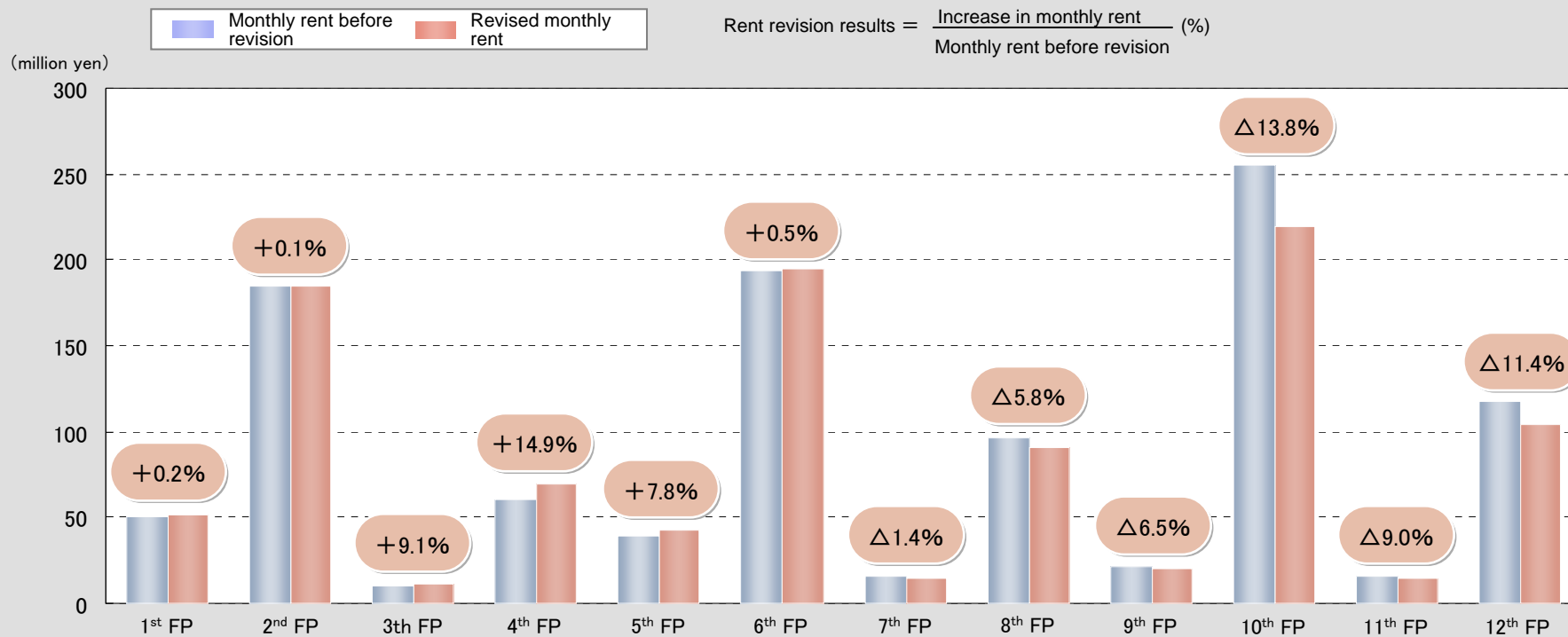
### Occupancy Rate (Total of Residence)



### Occupancy Rate (Each of Residence)



# VI - 5. Operating Results: Rent Revisions (excluding residential)



## ◆ Results of 12th FP Rent Revision ◆

### Agreed within estimated ranges of rent reduction

• Office Buildings 10cases : Unchanged:7 • Decreased:3

■ Total (excluding residential) : 11.4% decrease on average

## **VII. Twelfth Fiscal Period Results (Ended April 30, 2012)**



# VII - 1. Statements of Income (Summary) /Statements of Cash Distributions

## ■ Statements of Income

Account	11th FP May 1, 2011 – October 31, 2011 (184 days)	12th FP November 1, 2011 – April 30, 2012 (182 days)
	Amount	Amount
<b>I. Operating revenue and expenses</b>		
1. Operating revenue	¥5,812mn	¥5,693mn
2. Operating expenses	¥3,033mn	¥2,921mn
Expenses related to rent business	¥2,479mn	¥2,383mn
Asset management fees	¥424mn	¥409mn
Other01	¥129mn	¥129mn
<b>Operating income</b>	<b>¥2,779mn</b>	<b>¥2,772mn</b>
<b>II. Non-operating income and expenses</b>		
1. Non-operating income	¥8mn	¥4mn
Interest income	¥3mn	¥2mn
Other02	¥4mn	¥1mn
2. Non-operating expenses	¥801mn	¥747mn
Interest expenses	¥613mn	¥553mn
Interest expenses on investment corporation bonds	¥42mn	¥42mn
Other03	¥145mn	¥151mn
<b>Ordinary income</b>	<b>¥1,986mn</b>	<b>¥2,029mn</b>
<b>Extraordinary loss</b>	<b>-</b>	<b>-</b>
Income before income taxes	¥1,986mn	¥2,029mn
Income taxes-current	¥1mn	¥0mn
Income taxes-deferred	(¥0mn)	¥28mn
<b>Net income</b>	<b>¥1,985mn</b>	<b>¥1,999mn</b>
<b>Unappropriated retained earnings</b>	<b>¥1,985mn</b>	<b>¥1,999mn</b>

## ■ Statements of Cash Distributions

Account	11th FP May 1, 2011 – October 31, 2011 (184 days)	12th FP November 1, 2011 – April 30, 2012 (182 days)
	Amount	Amount
Unappropriated retained earnings	¥1,985mn	¥1,999mn
Total dividend amount	¥1,985mn	¥1,949mn
<Dividend per unit>	<¥12,809>	<¥12,577>
Provision of reserve for reduction entry	-	¥49mn
Retained earnings carried forward	0	0

### 【Expenses related to rent business】

- Depreciation and amortization:      ¥ 1,072 mn
- Property management expenses:      ¥ 398 mn
- Utilities expenses:                      ¥ 189 mn  
and others

## VII - 2. Balance Sheets (Summary)

Account	11th FP (as of October 31, 2011)	12th FP (as of April 30, 2012)
	Amount	Amount
<b>Assets</b>		
<b>I. Total current assets</b>	¥10,183mn	¥6,235mn
Cash and deposits	¥5,405mn	¥1,669mn
Cash and deposits in trust	¥4,512mn	¥4,299mn
Other	¥265mn	¥266mn
<b>II. Total noncurrent assets</b>	¥175,235mn	¥182,137mn
<b>1. Total property, plant and equipment</b>	¥174,742mn	¥181,403mn
Buildings, etc.	¥1,002mn	¥994mn
Land	¥4,888mn	¥4,888mn
Buildings, etc. in trust	¥49,410mn	¥50,842mn
Land in trust	¥119,440mn	¥124,678mn
<b>2. Total intangible assets</b>	¥2mn	¥2mn
Intangible assets	¥2mn	¥2mn
<b>3. Total investment and other assets</b>	¥490mn	¥731mn
Lease and guarantee deposits	¥10mn	¥10mn
Long-term prepaid expenses	¥304mn	¥537mn
Other	¥176mn	¥184mn
<b>III. Total deferred assets</b>	¥40mn	¥34mn
Investment corporation bond issuance costs	¥40mn	¥34mn
<b>Total assets</b>	<b>¥185,459mn</b>	<b>¥188,407mn</b>

Account	11th FP (as of October 31, 2011)	12th FP (as of April 30, 2012)
	Amount	Amount
<b>Liabilities</b>		
<b>I. Total current liabilities</b>	¥38,364mn	¥38,225mn
Operating accounts payable	¥163mn	¥225mn
Short-term loans payable	–	–
Current portion of long-term loans payable	¥36,675mn	¥36,735mn
Accounts payable — other	¥254mn	¥233mn
Accrued expenses	¥261mn	¥221mn
Accrued consumption taxes	¥63mn	–
Advances received	¥941mn	¥804mn
Derivative liabilities	–	–
Other	¥4mn	¥4mn
<b>II. Total noncurrent liabilities</b>	¥62,849mn	¥65,922mn
Investment Corporation Bond	¥8,500mn	¥8,500mn
Long-term loans payable	¥48,862mn	¥51,735mn
Tenant leasehold and security deposits	¥144mn	¥144mn
Tenant leasehold and security deposits in trust	¥5,342mn	¥5,513mn
Deferred tax liabilities	–	¥28mn
Other noncurrent liabilities	–	–
<b>Total liabilities</b>	<b>¥101,214mn</b>	<b>¥104,147mn</b>
<b>Net assets</b>		
<b>I. Total unitholders' equity</b>	¥84,245mn	¥84,259mn
1. Unitholders' capital	¥82,260mn	¥82,260mn
2. Surplus		
Unappropriated retained earnings	¥1,985mn	¥1,999mn
Total surplus	¥1,985mn	¥1,999mn
<b>II. Total valuation and translation adjustments</b>	–	–
Deferred gains or losses on hedge	–	–
<b>Total net assets</b>	<b>¥84,245mn</b>	<b>¥84,259mn</b>
<b>Total liabilities and net assets</b>	<b>¥185,459mn</b>	<b>¥188,407mn</b>

## VII - 3. Major Financial Indicators

Item	10th Fiscal Period November 1, 2010 – April 30, 2011	11th Fiscal Period May 1, 2011 – October 31, 2011	12th Fiscal Period November 1, 2011 – April 30, 2012	Remark
Period of asset management	181days	184days	182days	
Ratio of interest-bearing liabilities to total assets at end of period(LTV)	50.5%	50.7%	51.5%	Interest-bearing liabilities at end of period / Total assets at end of period
Rental NOI (Net operating income)	¥4,639mn	¥4,393mn	¥4,126mn	Rent revenue – Expenses related to rent business + Depreciation and amortization
[ Included capital gains ]	—	—	[¥4,382mn]	
Rental NOI yield	5.3%	5.0%	4.5%	Rental NOI x 2 / Sum total of the acquisition price of all properties in the portfolio at end of period
[ Included capital gains ]	—	—	[4.8%]	
Funds from Operation (FFO)	¥3,243mn	¥3,046mn	¥2,815mn	Net income + Depreciation and amortization – Gain on sales of real estate properties
FFO per unit	¥20,929	¥19,654	¥18,165	FFO / Number of units issued and outstanding at end of period
Ratio of ordinary income to total assets (return on assets (ROA))	1.2%	1.1%	1.1%	Ordinary income / ((Total assets at beginning of period + Total assets at end of period) / 2) (Note) The figure of 12th FP was included capital gains disposed on November 25, 2011
[Annualized]	[2.4%]	[2.1%]	[2.2%]	
Ratio of net income to unitholders' equity (return on equity (ROE))	2.6%	2.4%	2.4%	Net income / ((Net assets at beginning of period + Net assets at end of period) / 2) (Note) The figure of 12th FP was included capital gains disposed on November 25, 2011
[Annualized]	[5.1%]	[4.7%]	[4.8%]	
Implied Cap Rate	5.6%	5.7%	5.1%	NOI / ( Market capitalization at end of period +Net Debt at end of period (Total liabilities at end of period – Total current assets at end of period)) (Note) The figure of 12th FP was excluded capital gains disposed on November 25, 2011
NAV multiple	0.93	0.76	0.85	Market capitalization at end of period / (Net assets at end of period + (Appraisal value at end of period – Book value at end of period))
Ratio of unitholders' equity to total assets at the end of period	45.3%	45.4%	44.7%	Net assets at end of period / Total assets at end of period

# VII - 4 . Unitholders

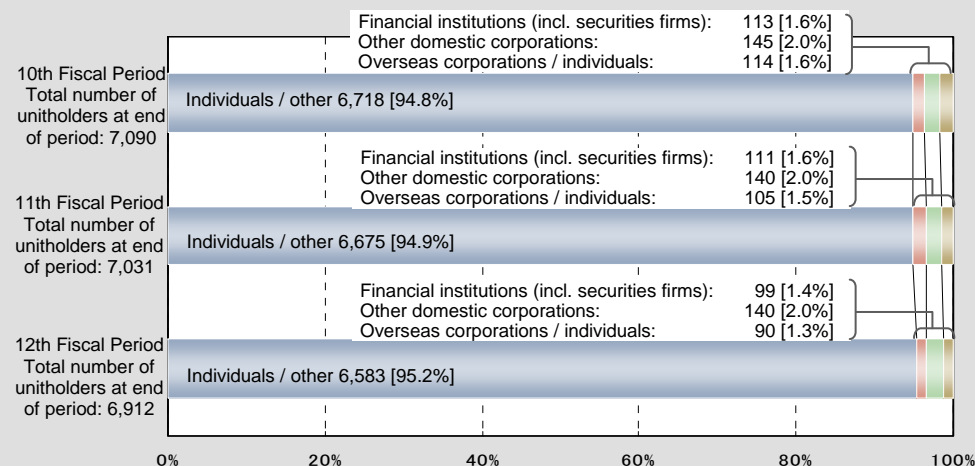
## Unitholdings (as at end of 12th FP)

Category	Number of Units Held		Number of Unitholders	
Individuals / other	21,159	13.7%	6,583	95.2%
Financial institutions (incl. securities firms)	101,359	65.4%	99	1.4%
Other domestic corporations	13,264	8.6%	140	2.0%
Overseas corporations / individuals	19,218	12.4%	90	1.3%
<b>Total</b>	<b>155,000</b>	<b>100.0%</b>	<b>6,912</b>	<b>100.0%</b>

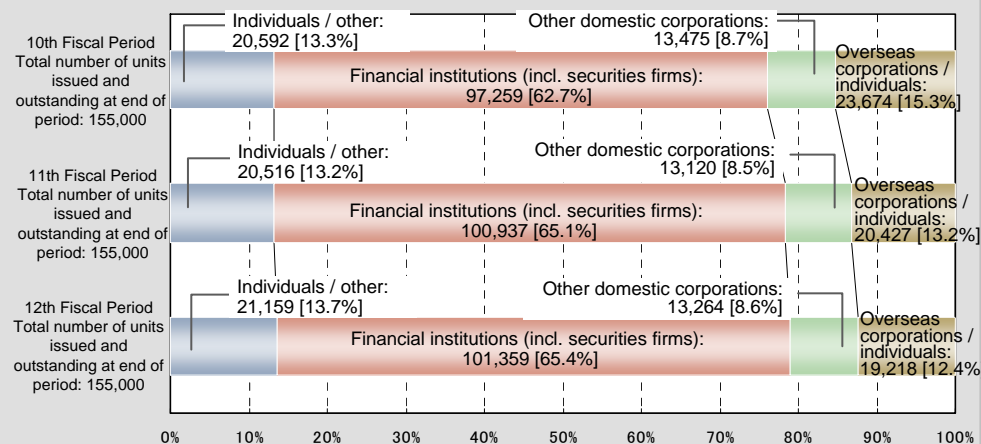
## Top 15 Unitholders (as at end of 12th FP)

Rank	Name	Number of Units Held	Share of Total
1	Japan Trustee Service Bank (trust account)	30,973	19.98
2	Nomura Trust and Banking (investment trust account)	9,962	6.43
3	The Master Trust Bank of Japan (trust account)	6,181	3.99
4	North Pacific Bank, LTD.	6,139	3.96
5	Trust and Custody Services Bank (securities investment trust account)	6,059	3.91
6	The Senshu Ikeda Bank, Ltd	4,540	2.93
7	American Life Insurance Company GA Company JPY	4,000	2.58
8	NOMURA BANK (LUXEMBOURG) S.A.	3,634	2.34
9	The Fuji Fire and Marine Insurance Company, Limited	3,465	2.24
10	Sumitomo Mitsui Trust Bank, Limited	3,176	2.05
11	Nippon Steel City Produce, Inc	3,162	2.04
11	Oji Real Estate Co., Ltd.	3,162	2.04
13	Trust and Custody Services Bank (money trust tax account)	2,884	1.86
14	The Zibraltar life insurance Co., Ltd	1,780	1.15
15	The Minami Nippon Bank, Ltd.	1,550	1.00
	<b>Total</b>	<b>90,667</b>	<b>58.49</b>

## Number of Unitholders



## Number of Units Held



# VII - 5. Unit Price Performance and Volume (Mar 1, 2006 – May 31, 2012)



12th Fiscal Period End Unit Price (based on closing price)	¥451,500 (Apr. 27, 2012)	IPO Price	¥550,000	Mar. 1, 2006
		Historical High since IPO (based on closing price)	¥998,000	Feb. 16, 2007
		Historical Low since IPO (based on closing price)	¥208,000	Oct. 28, 2008

## VIII. Appendix: Portfolio Overview

# VIII - 1. Portfolio Map (as at end of 12th FP)



NEC Head Office Building



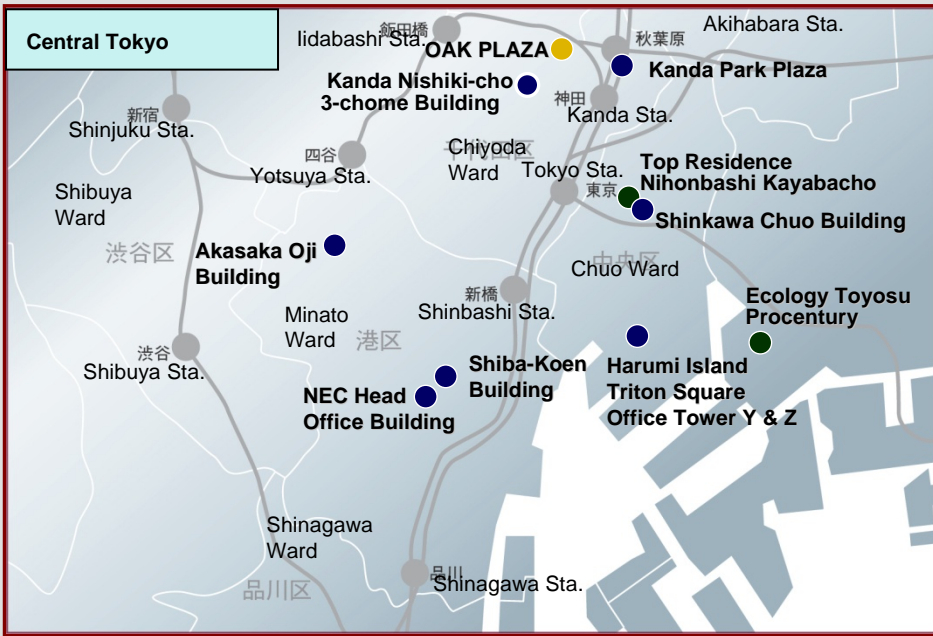
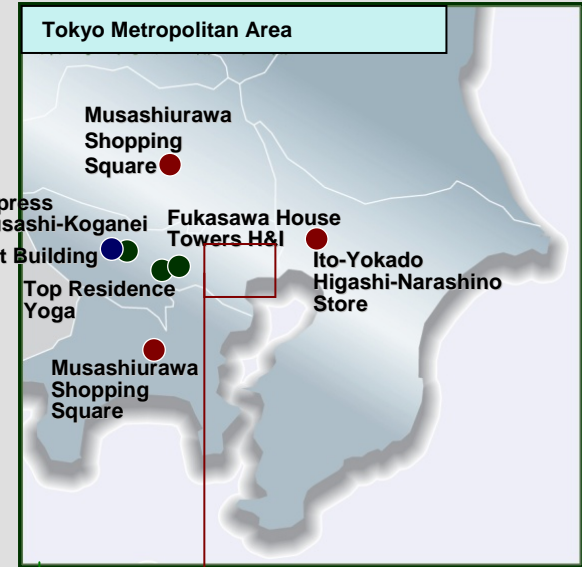
Fukasawa House Towers H&I



Harumi Island Triton Square Office Tower Y&Z



Sagami-hara Shopping Center



Kanda Nishiki-cho 3-chome Building

# VIII - 2. Portfolio Summary (as at end of 12th FP)

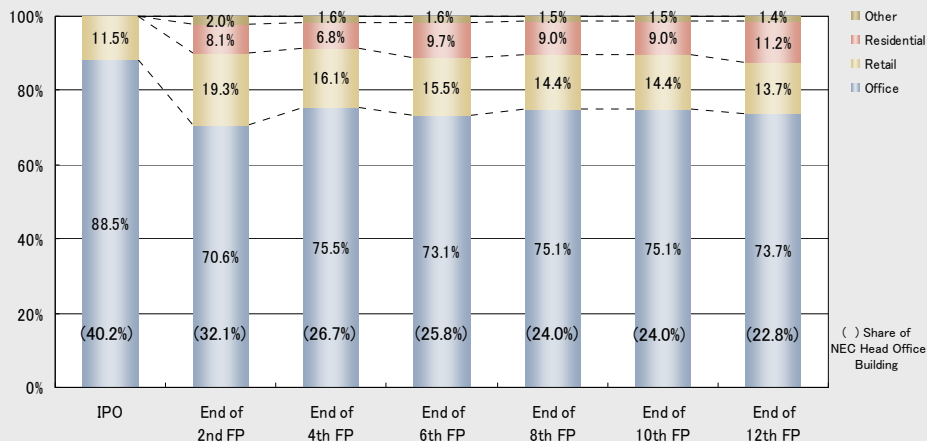
Total Acquisition Price : ¥184.345bn.

Gross Rentable Floor Area : 300,294.23m<sup>2</sup>

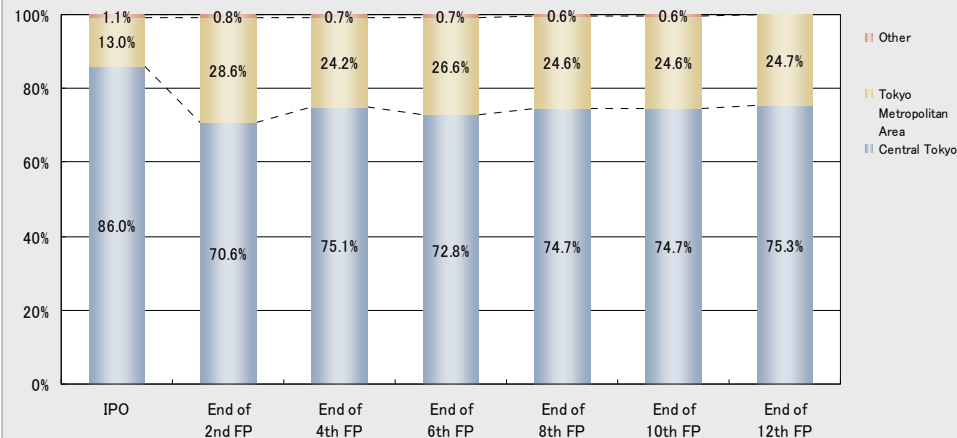
Number of Properties : 18

PML : 2.6%

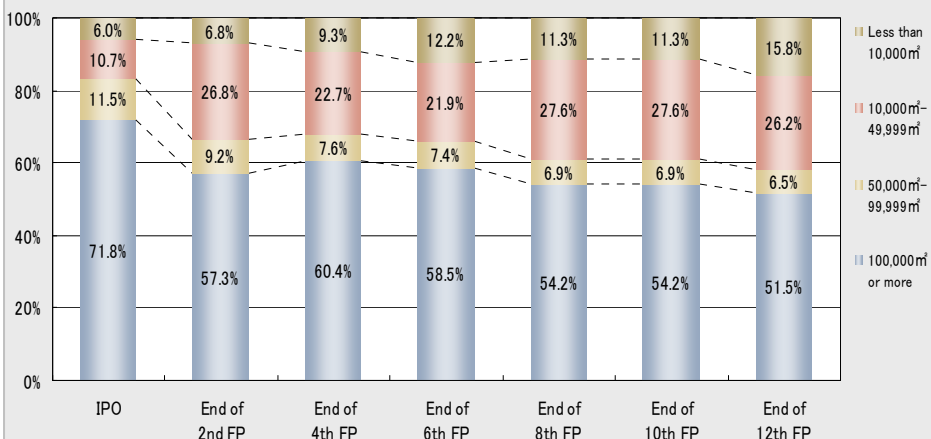
### Asset Class (property type)



### Area

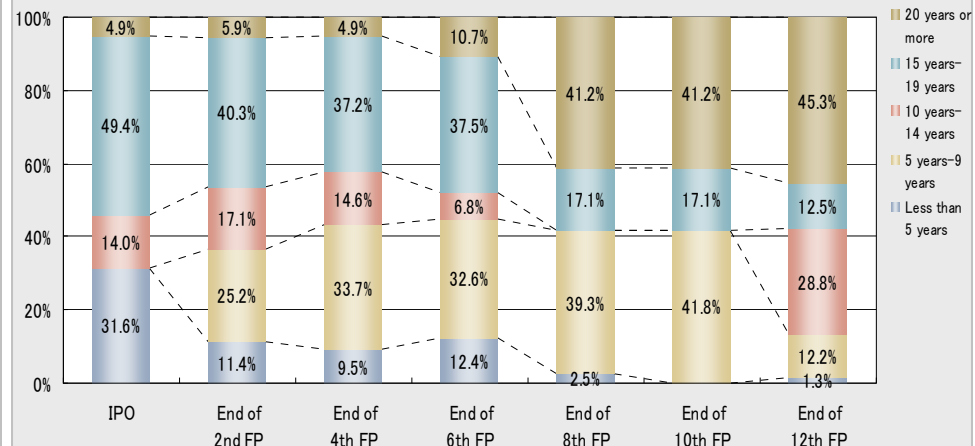


### Scale (based on total floor space)



### Age of Buildings

End of 12<sup>th</sup> FP Average: 18.0 years



※In the above graphs, percentage figures are calculated based on acquisition price and the average is a weighted average based on acquisition price.



# VIII - 3. Portfolio Overview (as at end of 12th FP)

Asset Class	Area	Property	Address	Acquisition Date	Total Floor Space (m <sup>2</sup> )	Rentable Floor Space (m <sup>2</sup> )	Completion Date	Acquisition Price (mm yen)	Portfolio Share (%)	Occupancy Rate (%)	Number of Tenants	PML (%)
Office	Central Tokyo	NEC Head Office Building	Minato Ward, Tokyo	Mar 3, 2006	144,476. <sup>05</sup>	72,238. <sup>03</sup>	Jan. 1990	41,950	22. <sup>8</sup>	100. <sup>0</sup>	1	1.4
		Harumi Island Triton Square Office Tower Y	Chuo Ward, Tokyo	Mar 1, 2006	267,132. <sup>67</sup>	23,219. <sup>46</sup>	Oct. 2001	33,000	17. <sup>9</sup>	100. <sup>0</sup>	7	1.2
		Harumi Island Triton Square Office Tower Z	Chuo Ward, Tokyo	Mar 27, 2008	267,132. <sup>67</sup>	10,914. <sup>20</sup>	Oct. 2001	20,000	10. <sup>8</sup>	100. <sup>0</sup>	1	1.5
		Kanda Nishiki-cho 3-chome Building	Chiyoda Ward, Tokyo	Jan 13, 2010	12,169. <sup>78</sup>	8,025. <sup>65</sup>	Mar. 1973	12,700	6. <sup>9</sup>	100. <sup>0</sup>	1	7.0
		Akasaka Oji Building	Minato Ward, Tokyo	Mar 1, 2006	10,063. <sup>05</sup>	7,301. <sup>15</sup>	Apr. 1989	9,660	5. <sup>2</sup>	63. <sup>6</sup>	4	6.4
		Shiba-Koen Building	Minato Ward, Tokyo	Mar 19, 2008	4,958. <sup>29</sup>	3,060. <sup>43</sup>	May 1991	5,770	3. <sup>1</sup>	92. <sup>7</sup>	2	9.6
		Shinkawa Chuo Building	Chuo Ward, Tokyo	Mar 30, 2012	7,981. <sup>27</sup>	6,032. <sup>24</sup>	July 1987	5,610	3. <sup>0</sup>	100. <sup>0</sup>	1	7.0
		Kanda Park Plaza	Chiyoda Ward, Tokyo	Mar 1, 2006	5,511. <sup>83</sup>	4,537. <sup>66</sup>	Nov. 1959	5,156	2. <sup>8</sup>	100. <sup>0</sup>	10	14.1
	Tokyo Metropolitan Area	Faret East Building	Tachikawa City, Tokyo	Mar 1, 2006	16,206. <sup>34</sup>	5,850. <sup>23</sup>	Dec. 1994	2,091	1.1	100. <sup>0</sup>	1	2.8
Subtotal(9 Properties)					—	141,179. <sup>05</sup>	—	135,937	73.7	98. <sup>0</sup>	28	—
Retail	Tokyo Metropolitan Area	Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	Mar 1, 2006	56,351. <sup>42</sup>	61,763. <sup>28</sup>	Aug. 1993 etc.	12,000	6. <sup>5</sup>	100. <sup>0</sup>	2	3.6
		Ito-Yokado Higashi-Narashino Store	Narashino City, Chiba Pref.	Jun 30, 2006	45,338. <sup>37</sup>	51,098. <sup>42</sup>	Oct. 1994	8,900	4. <sup>8</sup>	100. <sup>0</sup>	1	7.7
		Musashiurawa Shopping Square	Saitama City, Saitama Pref.	Mar 19, 2007	28,930. <sup>36</sup>	14,960. <sup>69</sup>	Oct. 2005	4,335	2.4	100. <sup>0</sup>	3	8.5
	Subtotal(3 Properties)					—	127,822. <sup>39</sup>	—	25,235	13.7	100. <sup>0</sup>	6
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	Chuo Ward, Tokyo	Feb 1, 2012	4,540. <sup>70</sup>	3,455. <sup>68</sup>	Feb. 2004	2,400	1. <sup>3</sup>	96. <sup>8</sup>	1	6.6
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	Setagaya Ward, Tokyo	Dec 8, 2006	12,135. <sup>36</sup>	11,357. <sup>44</sup>	Jun. 2004	10,635	5. <sup>8</sup>	93. <sup>0</sup>	1	1.6
		Ecology Toyosu Procentury	Koto Ward, Tokyo	May 30, 2008	9,630. <sup>96</sup>	6,789. <sup>03</sup>	Jan. 2005	5,160	2. <sup>8</sup>	94. <sup>4</sup>	1	10.6
		Impress Musashi-Koganei	Koganei City, Tokyo	Aug 12, 2011	2,471. <sup>30</sup>	2,056. <sup>41</sup>	Jun. 2008	1,223	0.7	94. <sup>5</sup>	1	6.4
		Top Residence Yoga	Setagaya Ward, Tokyo	Oct 14, 2011	1,894. <sup>35</sup>	1,512. <sup>38</sup>	Feb. 2008	1,165	0.6	89. <sup>2</sup>	1	8.6
Subtotal(5 Properties)					—	25,170. <sup>94</sup>	—	20,583	11.2	93. <sup>8</sup>	5	—
Other	Central Tokyo	OAK PLAZA	Chiyoda Ward, Tokyo	Mar 20, 2007	6,121. <sup>85</sup>	6,121. <sup>85</sup>	Apr. 1985	2,590	1.4	100. <sup>0</sup>	1	7.7
Subtotal(1 Property)					—	6,121. <sup>85</sup>	—	2,590	1.4	100. <sup>0</sup>	1	—
Total(18 Properties)					—	300,294. <sup>23</sup>	—	184,345	100. <sup>0</sup>	98. <sup>5</sup>	40	2.6

# VIII - 4. Operating Income by Property (Twelfth Fiscal Period)

(million yen)

	NEC Head Office Building	Harumi Island Triton Square Office Tower Y	Harumi Island Triton Square Office Tower Z (Note 1)	Kanda Nishiki-cho 3-chome Building (Note 1)	Akasaka Oji Building	Shiba-Koen Building	Shinkawa Chuo Building	Kanda Park Plaza	Faret East Building	Nittetsu Honmachi Building (Note 2)	Sagamihara Shopping Center	Ito-Yokado Higashi-Narashino Store	Musashiurawa Shopping Square	Top Residence Nihonbashi Kayabacho	Fukasawa House Towers H&I	Ecology Toyosu Procentury	Impress Musashi-Koganei	Top Residence Yoga	OAK PLAZA
Operating period (days)	182days	182days	182days	182days	182days	182days	32days	182days	182days	25days	182days	182days	182days	90days	182days	182days	182days	182days	182days
Total revenue from property leasing	1,370	1,294			54	107	34	174	153	13	407	236	129	42	235	159	44	36	94
Rent revenue – real estate	1,370	1,294			54	107	34	174	153	13	407	236	129	42	226	155	42	35	94
Total expenses from property leasing	233	356			94	28	5	41	67	15	59	47	19	6	64	37	8	5	21
Property management expenses	1	166			38	8	2	8	31	1	2	1	1	5	36	19	6	3	0
Taxes and dues	224	95			40	9	–	13	12	7	55	29	15	–	16	8	–	–	14
Utilities expenses	–	80			10	7	0	12	22	2	–	–	–	0	0	1	0	0	–
Repair expenses	4	9			2	3	2	4	0	3	0	14	0	1	8	7	1	1	5
Non-life insurance expenses	1	2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	1	2			2	–	–	2	1	0	1	0	1	0	2	1	0	0	1
NOI (NOI yield)	1,137 [5.4%]	938 [5.7%]	278 [2.8%]	370 [5.8%]	(39) [(0.8%)]	79 [2.7%]	29 [6.0%]	132 [5.2%]	86 [8.2%]	–	348 [5.8%]	188 [4.2%]	110 [5.1%]	35 [6.1%]	171 [3.2%]	121 [4.7%]	36 [5.9%]	31 [5.3%]	73 [5.6%]
Depreciation and amortization	215	245	120	34	32	16	10	13	34	2	54	72	49	13	66	45	17	13	12
Operating income	921	693	158	335	(72)	62	18	119	51	(4)	294	116	60	22	105	76	18	17	60
Capital expenditures	358	9	7	0	–	8	5	–	1	–	30	11	–	0	1	–	–	0	6

- Renewal of refrigerator
- Renewal of air condition facilities
- Renewal of central monitor subsystem, etc

•Renewal of restroom equipments, etc

(Note1) Some figures for Harumi Island Triton Square Office Tower Z and Kanda Nishiki-cho 3-chome Building are not disclosed due to request by the tenants.

(Note2) Disposition of Nittetsu Honmachi Building has been completed on November 25, 2011

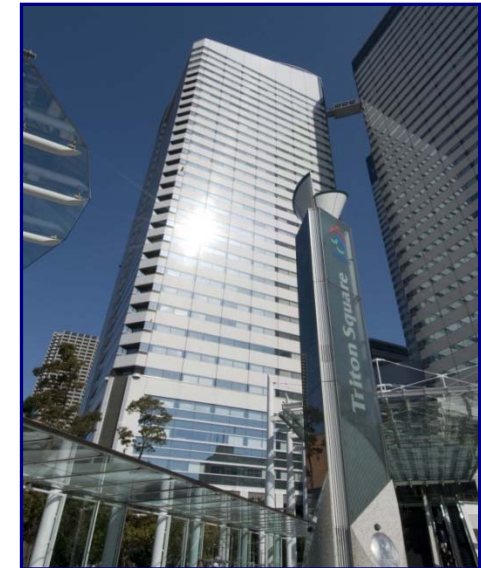
# VIII - 5. Property Details: Office Buildings



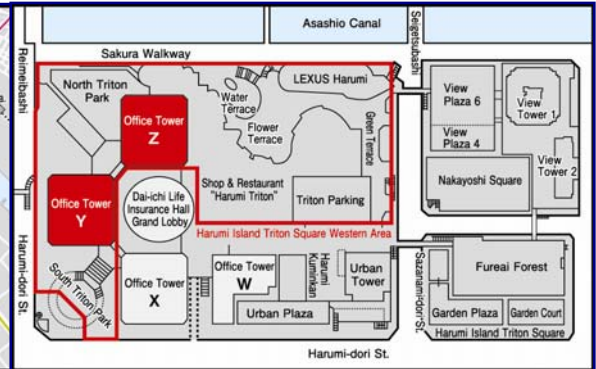
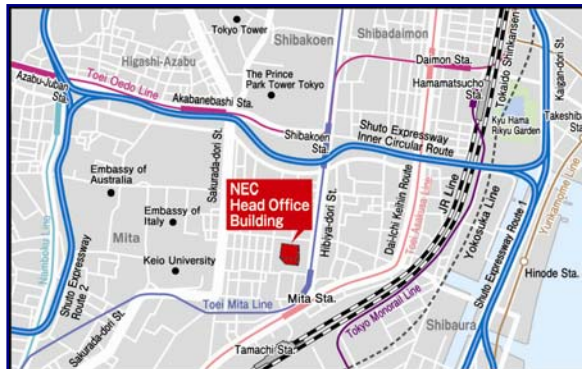
Property	NEC Head Office Building
Address	Shiba, Minato Ward, Tokyo
Floor Area	144,476. <sup>05</sup> m <sup>2</sup>
Completion	January 1990
Title	Co-ownership (50%)
Acquisition Price	41. <sup>95</sup> billion yen



Property	Harumi Island Triton Square Office Tower Y
Address	Harumi, Chuo Ward, Tokyo
Floor Area	267,132. <sup>67</sup> m <sup>2</sup>
Completion	October 2001
Title	Co-ownership (3 <sup>rd</sup> – 15 <sup>th</sup> floors)
Acquisition Price	33 billion yen



Property	Harumi Island Triton Square Office Tower Z
Address	Harumi, Chuo Ward, Tokyo
Floor Area	267,132. <sup>67</sup> m <sup>2</sup>
Completion	October 2001
Title	Co-ownership (a part of the 17 <sup>th</sup> floor and 18 <sup>th</sup> – 22 <sup>nd</sup> floors)
Acquisition Price	20 billion yen



# VIII - 5. Property Details: Office Buildings



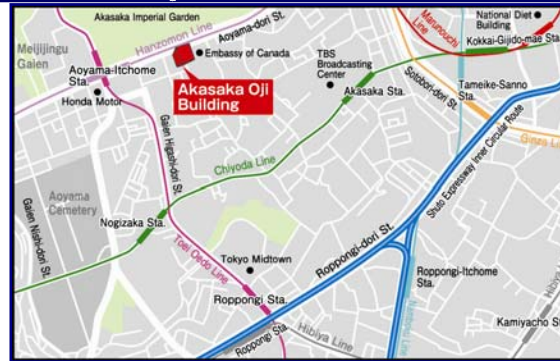
Property	Kanda Nishiki-cho 3-chome Building (formerly called "Sumitomo Corporation Nishiki-cho Building")
Address	Kanda Nishiki-cho, Chiyoda Ward, Tokyo
Floor Area	12,169.78m <sup>2</sup>
Completion	March 1973 (large-scale renovation undertaken in November 2001 and earthquake-resistant reinforcement construction implemented in October 2009)
Title	Ownership
Acquisition Price	12. <sup>7</sup> billion yen



Property	Akasaka Oji Building
Address	Akasaka, Minato Ward, Tokyo
Floor Area	10,063.05m <sup>2</sup>
Completion	April 1989
Title	Ownership
Acquisition Price	9. <sup>66</sup> billion yen



Property	Shiba-Koen Building
Address	Shiba, Minato Ward, Tokyo
Floor Area	4,958.29m <sup>2</sup>
Completion	May 1991
Title	Co-ownership (1 <sup>st</sup> – 7 <sup>th</sup> floors)
Acquisition Price	5. <sup>77</sup> billion yen



# VIII - 5. Property Details: Office Buildings



Property	Shinkawa Chuo Building
Address	Sinkawa, Chuo Ward, Tokyo
Floor Area	7,981.27 m <sup>2</sup>
Completion	July 1987
Title	Ownership
Acquisition Price	5.61 billion yen

Property	Kanda Park Plaza
Address	Kajicho, Chiyoda Ward, Tokyo
Floor Area	5,511.83 m <sup>2</sup>
Completion	November 1959 Repair work to enhance earthquake resistance in 2003
Title	Ownership
Acquisition Price	5.156 billion yen

Property	Faret East Building
Address	Akebonocho, Tachikawa City, Tokyo
Floor Area	16,206.34 m <sup>2</sup>
Completion	December 1994
Title	Co-ownership (2 <sup>nd</sup> – 5 <sup>th</sup> and a part of the 6 <sup>th</sup> and 8 <sup>th</sup> floors)
Acquisition Price	2.091 billion yen



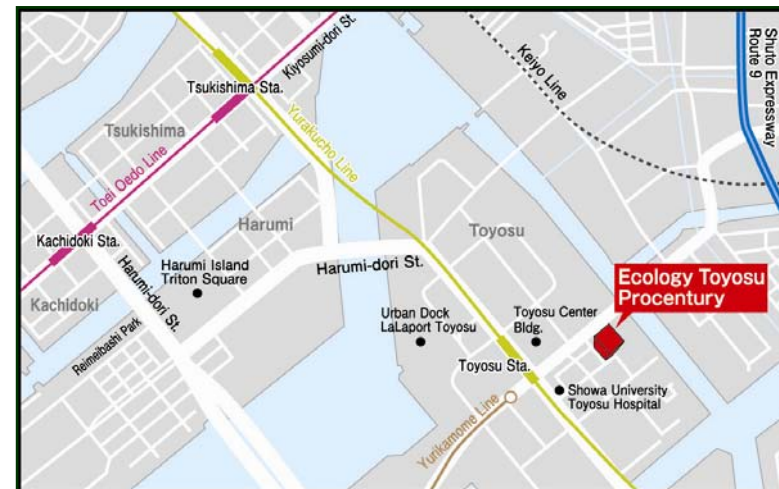
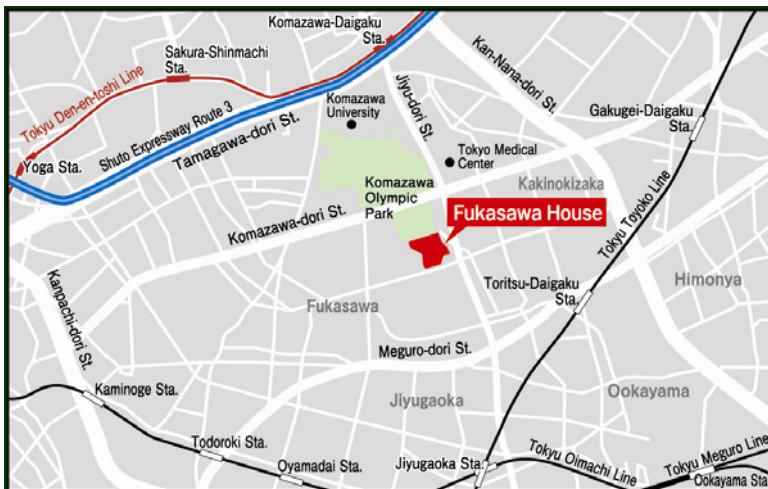
# VIII - 6. Property Details / Residential



Property	Fukasawa Towers H&I
Address	Fukasawa, Setagaya Ward, Tokyo
Floor Area	12,135. <sup>36</sup> m <sup>2</sup>
Completion	June 2004
Title	Co-ownership (H&I)
Acquisition Price	10. <sup>635</sup> billion yen



Ecology Toyosu Procentury	Property
Toyosu, Koto Ward, Tokyo	Address
9,630. <sup>96</sup> m <sup>2</sup>	Floor Area
January 2005	Completion
Ownership	Title
5. <sup>16</sup> billion yen	Acquisition Price



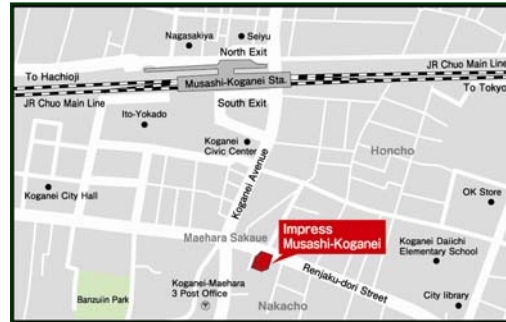
# VIII - 6. Property Details / Residential



Property	Top Residence Nihonbashi Kayabacho
Address	Nihonbashi Kayabacho, Chuo Ward, Tokyo
Floor Area	4,540.70m <sup>2</sup>
Completion	February, 2004
Title	Ownership
Acquisition Price	2.40 billion yen



Property	Impress Musashi-Koganei
Address	Nakamachi, Koganei-shi, Tokyo
Floor Area	2,471.30 m <sup>2</sup>
Completion	June. 2008
Title	Ownership
Acquisition Price	1.2234 billion yen



Property	Top Residence Yoga
Address	Tamagawadai, Setagaya Ward, Tokyo
Floor Area	1,894.35 m <sup>2</sup>
Completion	February. 2008
Title	Ownership
Acquisition Price	1.165 billion yen



# VIII - 7. Property Details: Retail Properties and Other Properties



Property	Sagamihara Shopping Center
Address	Kobuchi, Sagamihara City, Kanagawa Pref.
Floor Area	56,351.42m <sup>2</sup>
Completion	August 1993
Title	Ownership
Acquisition Price	12 billion yen

Property	Ito-Yokado Higashi-Narashino Store
Address	Higashinarashino, Narashino City, Chiba Pref.
Floor Area	45,338.37m <sup>2</sup>
Completion	October 1994
Title	Ownership
Acquisition Price	8.9 billion yen

Property	Musashiuwawa Shopping Square
Address	Bessho, Minami Ward, Saitama City, Saitama Pref.
Floor Area	28,930.36m <sup>2</sup>
Completion	October 2005
Title	Co-ownership (50%)
Acquisition Price	4.335 billion yen

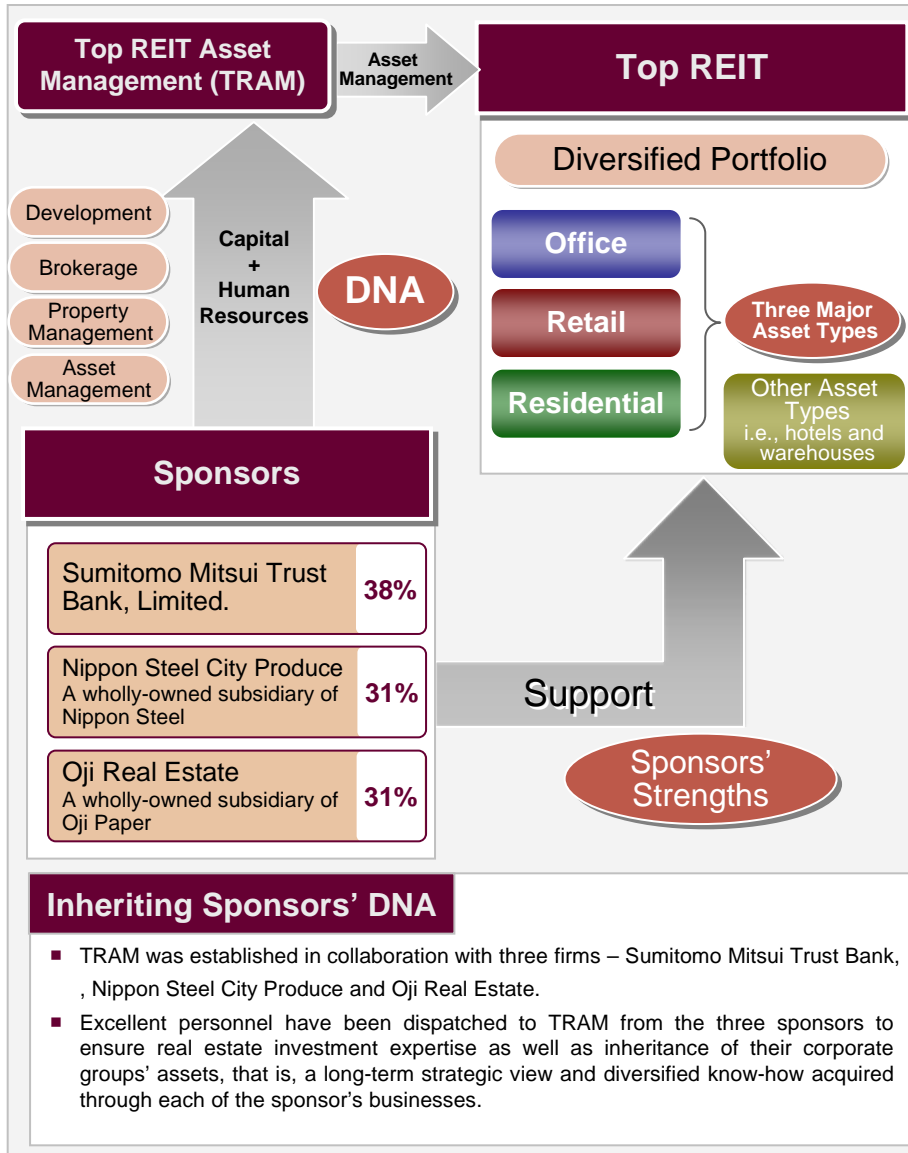
Property	OAK PLAZA
Address	Kanda Awajicho, Chiyoda Ward, Tokyo
Floor Area	6,121.85m <sup>2</sup>
Completion	April 1985 Completion of the conversion in 2007
Title	Ownership
Acquisition Price	2.59 billion yen





## **IX. Appendix: Structure of Related Parties**

# IX - 1. Characteristics of Top REIT and Operational Strategies



## 1. Skilled Management of a Diversified Portfolio

- (1) Pursuit of both external growth and quality of assets managed
- (2) Pursuit of stability and growth potential of profitability through unique asset class
- (3) Strategic application of commissioned reports from a think tank

## 2. Optimal Application of Sponsor Strengths

- (1) Steady external growth through pipeline function
- (2) Agile acquisition of properties through warehousing function
- (3) Achieving internal growth through "management-added benefits"

Ensuring Steady Revenue

Steady Growth of Portfolio

**Maximizing Unitholders' Value**

## Utilizing Sponsor Strengths

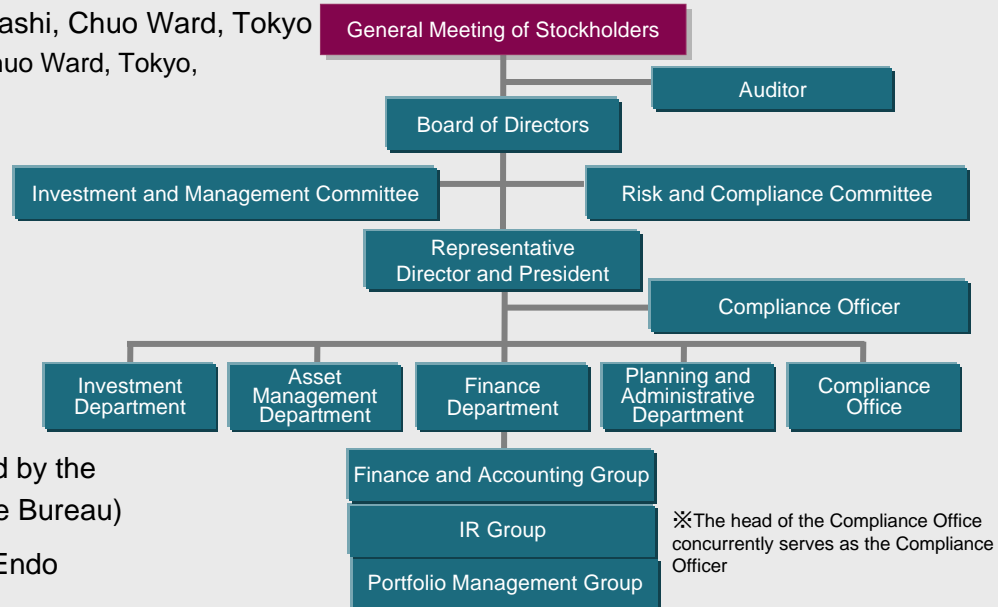
- Sponsor skills shall be utilized to achieve steady growth by applying their real estate development abilities, brokerage networks and management skills, including leasing activities that utilize the leasing demand from sponsors' groups/clients.

Number of group companies (as of March 31, 2012)

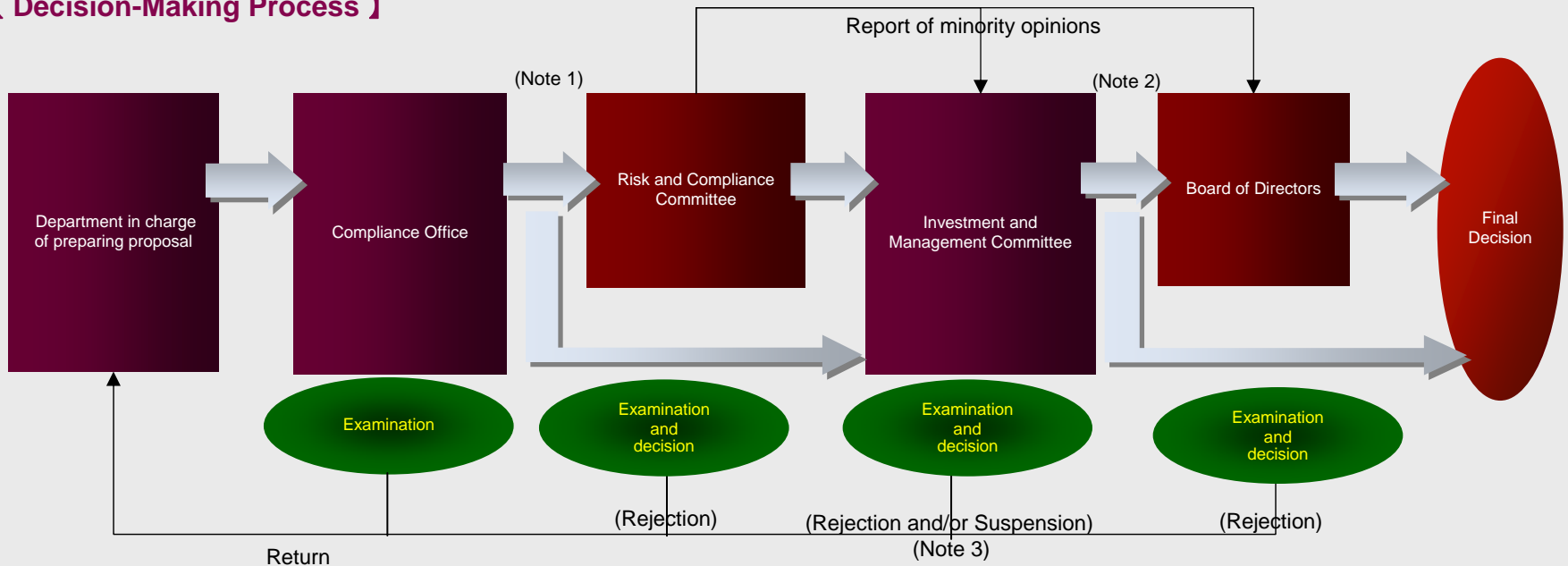
Sumitomo Mitsui Trust Holdings Group	101
Nippon Steel Group	363
Oji Paper Group	344

## IX - 2. Overview of Asset Manager

<b>Name</b>	Top REIT Asset Management Co., Ltd.
<b>Address</b>	Nittetsu Nihonbashi Building 1-13-1 Nihonbashi, Chuo Ward, Tokyo (※) To be planned to relocate to 1-3-7 Yaesu, Chuo Ward, Tokyo, on August 13, 2012.
<b>Established</b>	Oct. 22, 2004
<b>Paid-in Capital</b>	¥300mn
<b>Shareholders</b>	Sumitomo Mitsui Trust Bank, Limited. 38% Nippon Steel City Produce, Inc. 31% Oji Real Estate Co., Ltd. 31%
<b>Business Description</b>	Investment management business (Registered Financial Instruments Business Operator No. 365 (Kinsho), issued by the Director-General of the Kanto Local Finance Bureau)
<b>Directors</b>	President and Representative Director: Nobuhito Endo
<b>Milestones</b>	<p>Dec. 10, 2004: Top REIT Asset Management (TRAM) obtained a license as a real estate agent (The Governor of Tokyo No. (1) 83904)</p> <p>May 10, 2005: TRAM obtained approval for a discretionary agent license for real estate transactions (The Minister of Land, Infrastructure and Transport No. 35)</p> <p>June 28, 2005: TRAM obtained approval as an asset manager for an investment corporation (The Prime Minister No. 47)</p> <p>Nov. 2, 2005: TRAM entered into an Asset Management Agreement with Top REIT, Inc.</p> <p>Sept. 30, 2007: TRAM was deemed a Registered Financial Instruments Business Operator (Investment Management Business), No. 365 (Kinsho), issued by the Director-General of the Kanto Local Finance Bureau</p> <p>Nov. 27, 2007: TRAM formally submitted applications to register as Financial Instruments Business Operator (Investment Management Business)</p> <p>Dec. 10, 2009: TRAM renewed a license as a real estate agent (The Governor of Tokyo No. (2) 83904)</p>



## 【 Decision-Making Process 】



(Note 1) Proposals will be passed to the Risk and Compliance Committee if they fall under either of the following:

- **Material transactions with interested parties** defined in the rules on transactions with interested parties (a **unanimous vote** is required in this case.)
- The head of the Compliance Office **recognizes** the discussion of the issues in the Risk and Compliance Committee to be necessary.

(Note 2) Proposals will be passed to the Board of Directors if they fall under any of the following:

- The price of the proposed acquisition or sale is **over 10 billion yen and over 10%** of Top REIT's total assets.
- **Material transactions with interested parties** defined in the rules on transactions with interested parties
- **Forward commitment transactions**
- **Capital raising plans (final decisions on raising capital shall be made by the Board of Directors of Top REIT.)**

(Note 3) **The head of the Compliance Office** can **suspend discussions and decisions** and return the item to the Department in charge of the proposal if he or she judges that the item has legal problems in the process of discussions or decision making at the Investment and Management Committee.

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