

June 13, 2013

Summary of Earnings Results for the Fourteenth Fiscal Period (From November 1, 2012 to April 30, 2013)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982) hereby announces its earnings results for the fiscal period ended April 30, 2013 (fourteenth fiscal period).

1. Earnings Results for the Fourteenth Fiscal Period

Fourteenth Fiscal Period: From November 1, 2012 to April 30, 2013

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

(1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Fourteenth Fiscal Period	¥5,844mn	3.7%	¥2,447mn	(9.3%)	¥1,823mn	(8.9%)
Thirteenth Fiscal Period	¥5,636mn	(1.0%)	¥2,697mn	(2.7%)	¥2,002mn	(1.3%)

	Net Income	Period-on-Period Change	Net Income per Unit	Ratio of Net Income to Unitholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Operating Revenue
Fourteenth Fiscal Period	¥1,822mn	(8.9%)	¥11,759	2.2%	1.0%	31.2%
Thirteenth Fiscal Period	¥2,001mn	0.1%	¥12,912	2.4%	1.1%	35.5%

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

(2) Dividends

	Dividend per Unit (excluding dividend in excess of earnings)	Total Amount of Dividends	Dividend in Excess of Earnings per Unit	Total Amount of Dividends in Excess of Earnings	Dividend Payout Ratio	Ratio of Dividends to Net Assets
Fourteenth Fiscal Period	¥11,759	¥1,822mn	¥0	¥-mn	100.0%	2.2%
Thirteenth Fiscal Period	¥12,912	¥2,001mn	¥0	¥-mn	100.0%	2.4%

(3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
Fourteenth Fiscal Period	¥187,003mn	¥84,127mn	45.0%	¥542,758
Thirteenth Fiscal Period	¥188,440mn	¥84,304mn	44.7%	¥543,900

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

(4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Fourteenth Fiscal Period	¥2,470mn	(¥1,775mn)	(¥2,838mn)	¥4,700mn
Thirteenth Fiscal Period	¥3,187mn	(¥293mn)	(¥2,016mn)	¥6,845mn

2. Forecast of Earnings Results for the Fifteenth Fiscal Period

Fifteenth Fiscal Period : From May 1, 2013 to October 31, 2013

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Fifteenth Fiscal Period	¥5,125mn	(12.3%)	¥2,112mn	(13.7%)	¥1,504mn	(17.5%)

	Net Income	Period-on-Period Change	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Fifteenth Fiscal Period	¥1,503mn	(17.5%)	¥9,700	¥0

(Reference) Estimated net income per unit for the fifteenth fiscal period: ¥9,700

3. Others

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

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

(2) Number of Investment Units Issued and Outstanding

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

* Statement on Implementation Status of Audit Procedure

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

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

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

This summary of earnings results is translated from the Japanese “Kessan Tanshin” report, dated June 13, 2013, which is prepared in accordance with generally accepted accounting principles in Japan and Japanese law.

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

4. Asset Management Performance

A. Brief Background of Top REIT

Top REIT, Inc. (Top REIT) was founded on November 2, 2005 based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) with Top REIT Asset Management Co., Ltd. (Asset Manager) as the incorporator, and listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (TSE) (Securities Code: 8982) on March 1, 2006 with the number of investment units issued and outstanding totaling 145,500 units. Later, Top REIT issued additional investment units (9,500 units) through a third-party allotment on March 23, 2006. As of the end of the fourteenth fiscal period (April 30, 2013), the total number of investment units issued and outstanding stands at 155,000 units.

Top REIT works to conduct management with the aim of maximizing the investment value for its unitholders by securing stable revenues over the medium to long term and achieving steady growth of its portfolio. To do so, Top REIT focuses on the two strategies of “skilled management of a diversified portfolio” and “optimal application of the sponsors’ strengths.” As of the end of the fourteenth fiscal period, its portfolio consists of 19 properties with a total acquisition value of ¥185,555 million.

B. Investment Environment and Management Performance

<Investment Environment>

(a)Economy in General

The Japanese economy turned to positive growth from the third quarter of fiscal 2012 due in part to the export industry improving as a result of correction of the appreciation of the yen and rise in stock prices since inauguration of a new administration at the end of 2012, and such has heightened expectations for economic recovery. However, with a strong aspect of expectations preceding progress, the correction of the appreciation of the yen and high stock prices have yet to lead to increase in new capital investment and employment, increase in wages or other definite corporate movements, but rather have had limited impact on the real economy. Furthermore, the financial market is showing signs of instability, such as wild fluctuations in long-term interest rates due to the Bank of Japan’s massive purchases of Japanese government bonds and abolition of maturity limits for purchases and the market entering a correction phase of rapid movements toward depreciation of the yen and high stock prices. Consequently, the Japanese government’s implementation of a growth strategy for stimulation of the economy and promotion of financial soundness and the movements toward withdrawal from monetary easing in the U.S. are being watched. While facing the risk of fluctuations in long-term interest rates, the prospects are further improvement in the export environment through pickup in the overseas economy and depreciation of the yen, as well as increase in public investment with the full-scale implementation of emergency economic measures. In addition, last-minute surge in demand for housing and other consumer durables prior to the consumption tax hike is also likely to generate through the second half of the fiscal year. These lead to expectations for moderate economic recovery.

(b)Real Estate Leasing Market

[Office Buildings]

With expectations for economic growth increasing, some companies showed movement to lease more floor area within the same property upon a review of the offices that were strongly undersized from having largely reduced space in the wake of the Lehman Shock. In addition, relocations from old buildings and loss of old buildings since the Great East Japan Earthquake kept supply down. The vacancy rate of office buildings in central Tokyo thus trends toward moderate improvement. On the other hand, the rent level in central Tokyo showed signs of bottoming or having bottomed out for some large-scale office buildings that are relatively new and have high specifications. However, with many office buildings forced to continue rent adjustment owing to tenant relocations causing increase in vacancies and other reasons, an overall sense of bottoming out is yet to be seen. Only slowly after full-fledged recovery of corporate earnings is it reflected in office building rent as hitting bottom or recovering further and so is thought to take some time yet.

[Retail Properties]

Fiscal 2012 retail store sales value increased year-on-year for the first time in two years. This was mainly attributable to increase in motor vehicles retail sales and increase in food and beverages retail sales due in part to brisk convenience store sales, which were from the effects of the eco-car subsidy program, on the rebound of the impact of the Great East Japan Earthquake, etc. Currently, too, the asset effect, such as high stock prices, have led to consumer confidence being on a trend of improvement and strong movement being found in high-price goods and consumer durables mainly among the wealthy. In the medium to long term, however, large growth of the domestic retail market is thought to be unlikely in light of decrease in the population and other factors. Under such circumstances, major retailers are forecast to accelerate mergers and business alliances in view of strengthening the management base to survive the competition that is intensifying not only with other companies within the same industry but also online operators that are leading the ever-growing e-commerce market. This calls for a close watch of future trends.

[Residential Properties]

New supply in 2013 will be slightly more than 2012 when there was the impact of the Great East Japan Earthquake, but will be limited to supply in highly convenient locations and thus is expected to remain at a low level. On the other hand, while decrease in the young, a high proportion of which reside in rental properties, will serve as a downward pressure, demand is forecast to gradually increase due to such factors as population influx to large cities, division of households and decrease in the capacity to acquire for-sale housing. Therefore, supply-demand balance in major cities is generally forecast to continue to remain unchanged and rent is forecast to also remain stable.

(c) Real Estate Transaction Market

The number of transactions overall is on the rise because, while information on transaction properties available for sale are in short supply, there was a series of cases of acquisition of a large number of properties resulting from new listing or capital increase through public offering by J-REITs backed by a favorable financing environment, as well as high-price sales transactions of large-scale office buildings owned by major manufacturers. Acquisition of real estate by J-REITs is forecast to continue to increase, but there will be no large increase in sale properties distributed to the real estate market because buyers are assumed to remain selective and movement to sell quickly will become limited with easing of the financial environment. As a result, the supply-demand situation is forecast to still remain tight.

<Asset Management Performance >

(a) Acquisition and Disposition of Assets

Top REIT began the fourteenth fiscal period with 18 properties (total acquisition value: ¥184,345 million). With an aim to acquire highly-competitive and highly-profitable properties, Top REIT considered possible acquisition of properties through not only the “optimal application of the sponsors’ strengths” but also by utilizing established information channels to collect and carefully select from property sale information, with excellent office buildings located in central Tokyo at the core, as well as other asset classes, by drawing on the characteristics of being a diversified REIT. By doing so, Top REIT acquired MEL Building, an urban retail property located in Sendai City, Miyagi Prefecture for ¥1,210 million. Thus, the number of properties owned by Top REIT expanded to 19 properties (total acquisition value: ¥185,555 million) as of the end of the fourteenth fiscal period.

(b) Management and Maintenance of Portfolio Assets

The basic asset management strategy of Top REIT centers on sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the “Tenants First” policy) and keeping operational management costs at an appropriate level. Top REIT strived to improve tenant satisfaction by sustaining relationships of trust with tenants and discerning tenant needs via property management companies in order to maintain and improve high occupancy rates.

Particularly in the fourteenth fiscal period, positioning solicitation of successor tenants to Harumi Island Triton Square Office Tower Y as a top priority issue, Top REIT focused on tenant solicitation activities. Despite conducting solicitation activities under still harsh real estate leasing market conditions, certain

results managed to be achieved, such as executing lease agreements for about 1,534 tsuchos with three tenants, including those contracting to lease more floor area within the same property, and the occupancy rate, which was 41.8% after the exit of the major tenant, also being expected to improve to 62.5% at the end of June 2013. In addition, at Faret East Building, execution of a lease agreement for the about 180 tsuchos that had been vacant resulted in full occupancy from May 1, 2013. Top REIT is continuously focusing on successor tenant solicitation and leasing activities.

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

C. Procurement of Funds

Top REIT procures funds by adopting a financial policy that is based on stable financial management. In the fourteenth fiscal period, ¥9,800 million in long-term loans payable due for repayment on November 30, 2012 was refinanced with ¥7,000 million in long-term loans payable (loan period: 2 years and 10 months, repayment date: September 30, 2015) and ¥2,800 million in short-term loans payable (loan period: 4 months, repayment date: March 27, 2013) on the same date.

Of the ¥9,300 million long-term loan payable due for repayment on March 27, 2013, and the ¥2,800 million short-term loan payable, totaling ¥12,100 million, a part of principal (¥2,000 million) was repaid using cash on hand and ¥10,100 million was refinanced with ¥4,670 million in long-term loans payable (loan period: 5 years, repayment date: March 27, 2018) , ¥2,355 million in long-term loans payable (loan period: 5 years, repayment date: March 27, 2018) , and the ¥3,075 million in long-term loans payable (loan period: 2 years and 6 months, repayment date: September 30, 2015) on the same date in order to extend the remaining period of interest-bearing liabilities, and to spread out repayment dates.

Moreover, on April 30, 2013, Top REIT newly procured ¥1,230 million through long-term loans payable (loan period: 5 years, repayment date: April 30, 2018) in order to fund the acquisition of MEL Building.

Top REIT also repaid ¥67 million of the long-term loans payable as agreed using cash on hand on December 28, 2012.

As a result, at the end of the fourteenth fiscal period, the total amount of interest-bearing liabilities stands at 96,065 million (¥87,565 million in long-term loans (including the current portion) and ¥8,500 million in investment corporation bonds), and the ratio of interest-bearing liabilities to total assets is 51.4%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) is 100%, while interest-bearing liabilities with fixed interest rates account for 44.1%.

The credit ratings of Top REIT as of April 30, 2013 are as follows:

Credit Rating Agency	Rating [Outlook]
Moody's Japan K.K. (Moody's)	Issuer rating: Baa1 [Negative] Senior unsecured long-term rating (No. 1 Unsecured Investment Corporation Bonds): Baa1 [Negative]
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ [Stable] Unsecured investment corporation bond rating (No. 1 Unsecured Investment Corporation Bonds): A+

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

[Overview of Shelf Registration]

Object of Shelf Registration	Amount to be Issued	Scheduled Period of Issue
Investment corporation bonds (excluding short-term corporation bonds)	¥100,000 million	From May 20, 2012 to May 19, 2014

D. Business Results and Dividends

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the fourteenth fiscal period of ¥5,844 million in operating revenue, ¥2,447 million in operating income and ¥1,823 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥1,822 million.

As for dividends, with the aim of having an amount equivalent to profit dividends deducted as expenses based on the application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation [Act No. 26 of 1957, as amended; hereinafter, the “Special Taxation Measures Act”]), Top REIT decided that the entire amount of unappropriated retained earnings of the fourteenth fiscal period, excluding fractions of the dividend per investment unit that are less than ¥1, would be paid out. Consequently, Top REIT declared a dividend per investment unit of ¥11,759.

5. Management Policy and Future Issues

(a) Management Strategy for Existing Properties

Top REIT will continue to follow its basic asset management strategy that centers on sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the “Tenants First” policy) and keeping operational management costs at an appropriate level. Under this strategy, Top REIT will focus on sustaining relationships of trust with tenants, leasing vacant spaces and such, as well as striving to maintain stable occupancy rates over the medium to long term.

Continuously positioning the successor tenant solicitation activities at Harumi Island Triton Square Office Tower Y as a top priority issue, Top REIT will focus on solicitation activities in order to solidify the prospects of a successor tenant as early as possible by selecting from broad-ranging and highly-potential candidates while continuing to approach candidates that are currently considering tenancy.

Furthermore, Top REIT will also work to ensure an appropriate perception of the operational management conditions for each property while steadily implementing such measures as to sustain and improve revenues and keep operational management costs at an appropriate level. In addition, Top REIT will carry out systematic repair work and such to enhance the competitiveness of properties and to maintain and improve the functionality of properties, in an aim to secure stable revenues over the medium to long term.

(b) Investment Strategy for New Properties

Top REIT aims to increase its dividends over the medium to long term by realizing external growth through 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. For reference, the acquisition value of the NEC Head Office Building accounts for 22.6% of the total acquisition value of Top REIT’s properties as of the end of the fourteenth fiscal period. Going forward, Top REIT will work to reduce the risk of concentration on specific properties by steadily advancing further external growth.

(c) Financial Strategy

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

(d) Compliance and Risk Management, etc.

In addition to the supervision of the Executive Officer by Supervisory Directors at the Board of Directors meetings and other occasions, Top REIT will continue its direction and supervision on the Asset Manager 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 23, 2013 to convene the fifth General Meeting of Unitholders, scheduled for July 25, 2013.

7. Outlook for the Fifteenth and Sixteenth Fiscal Periods

The earnings results forecasts for the fifteenth fiscal period (from May 1, 2013 to October 31, 2013) and the sixteenth fiscal period (from November 1, 2013 to April 30, 2014) are as follows:

Furthermore, the following are expected as the main factors of decrease from the earning results of the fourteenth fiscal period (Note 2).

(Decrease in operating income)

- ① The decrease in operating income is attributable to move out of major tenants at Harumi Island Triton Square Office Tower Y such as Nippon Steel & Sumitomo Metal Corporation, and vacancies thus being assumed for some of the leasable spaces after the tenants moved out.
- ② The decrease in operating income is attributable to rent decrease concerning the tenants subject to rent revision in the fourteenth fiscal period, which accounted for 24.2% of tenants (Note 3), impacting the entire fiscal period. In addition, tenants reaching their rent revision or contract renewal period in the fifteenth fiscal period account for 11.1% (Note 4), the main property being Sagamihara Shopping Center. The decrease in operating income is attributable to taking into consideration current real estate leasing market conditions and also taking into account factors that may cause fluctuations in such aspects as risks of reductions in revenue due to decreased amounts of rent of tenants.

Fiscal Period [period of asset management]	Fifteenth Fiscal Period [184 days]	Sixteenth Fiscal Period [181 days]
Operating Revenue	¥5,125mn	¥5,088mn
Operating Income	¥2,112mn	¥2,105mn
Ordinary Income	¥1,504mn	¥1,504mn
Net Income	¥1,503mn	¥1,503mn
Dividend per Unit (excluding dividend in excess of earnings)	¥9,700 (Note 5)	¥9,700 (Note 5)
Dividend in Excess of Earnings per Unit	¥0	¥0

(Note 1) The earnings results forecasts represented above are the current estimated figures calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may vary due to changes in the circumstances. Moreover, the forecasts should not be construed as a guarantee of the dividend amount.

(Note 2) It is assumed that the ¥451 million as income equivalent to expenses for restoring the property to its original state in accordance with the relocation of a major tenant from Harumi Island Triton Square Office Tower Y is recorded as operating income, and the same amount is recorded as operating expenses

(Note 3) The ratio of tenants reaching their rent revision period is the monthly rent (including common service fees) before rent revision of tenants reaching their rent revision period in the respective fiscal period expressed as a percentage of the monthly rent (including common service fees) received from all tenants in October 2012, and is rounded to the first decimal place.

(Note 4) The ratio of tenants reaching their rent revision period is the monthly rent (including common service fees) before rent revision of tenants reaching their rent revision period in the respective fiscal period expressed as a percentage of the monthly rent (including common service fees) received from all tenants in April 2013, and is rounded to the first decimal place.

(Note 5) For the dividend per unit of the fifteenth and sixteenth fiscal period, it is assumed that, with regard to the ¥49 million reserved for reduction entry, Top REIT will not reverse the amount of internal reserves for the fifteenth and sixteenth fiscal period.

Preconditions for Forecast of Earnings Results for the Fifteenth Fiscal Period (from May 1, 2013 to October 31, 2013) and the Sixteenth Fiscal Period (from November 1, 2013 to April 30, 2014)

Item	Preconditions and Assumptions
Management Period	<ul style="list-style-type: none"> • Fifteenth fiscal period: May 1, 2013 – October 31, 2013 (184 days) • Sixteenth fiscal period: November 1, 2013 – April 30, 2014 (181 days)
Portfolio Assets	<ul style="list-style-type: none"> • The forecast is based on 19 properties Top REIT owns as of June 13, 2013. The actual circumstances may change depending on the acquisition or disposal of other properties.
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • The number of investment units issued and outstanding is based on the number as of April 30, 2013, which is 155,000 units, and assumes that no issuance of new investment units will be made through April 30, 2014.
Interest-Bearing Liabilities	<ul style="list-style-type: none"> • It is assumed that the total amount of interest-bearing liabilities is ¥96,065 million, which is the amount as of April 30, 2013. • For the fifteenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid on June 28, 2013 as agreed upon. • For the sixteenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid on December 30, 2013 as agreed upon.
Operating Revenue	<ul style="list-style-type: none"> • For real estate rent revenue related to existing properties, Top REIT takes into consideration execution of new lease agreements and cancellation of lease agreements that have been finalized or are scheduled as of June 13, 2013, along with current real estate leasing market conditions, as well as factors that may cause fluctuations in such aspects as risks associated with rent revision due to fluctuations in rent of tenants reaching their rent revision period or contract renewal period. • For Harumi Island Triton Square Office Tower Y, revenue is expected for leased space as described in the press release “Notice Concerning Conclusion of Lease Agreement with New Tenant” dated April 24, 2013, as well as for leasable spaces for which execution of new lease agreements are scheduled as of June 13, 2013. Furthermore, it is assumed the occupancy rate of the property on the last day of May 2013 is 41.8%, from June 1 to the last day of August 2013 is 62.5% and from September 2013 is 68.9%.
Operating Expenses	<ul style="list-style-type: none"> • Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. on real estate, etc. it owns, as expenses related to the rent business in the amount corresponding to the management period out of the assessed and determined taxation amount. In addition, as for the acquisition of real estate or beneficiary interests in trust in real estate, the adjustments equivalent to property tax for the acquired fiscal year paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period. • It is assumed that the amount of property tax, etc. will be ¥583 million for the fifteenth fiscal period and ¥582 million for the sixteenth fiscal period. • It is assumed that the depreciation and amortization will be ¥1,115 million for the fifteenth fiscal period and ¥1,116 million for the sixteenth fiscal period. • Repair expenses for buildings, etc. may vary greatly from the forecasted amount due to various reasons. For example, emergency repair expenses may possibly arise due to unexpected factors causing building damage, etc. Another reason is that repair expenses are expenses that are not accrued periodically and, rather, the variation in the amount largely depends on the fiscal period. • Management operation fees are assumed by reflecting historical data, among other factors.
Non-Operating Expenses	<ul style="list-style-type: none"> • It is assumed that non-operating expenses for the fifteenth fiscal period will be ¥608 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥604 million. • It is assumed that non-operating expenses for the sixteenth fiscal period will be ¥600 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥597 million.

Dividend per Unit	<ul style="list-style-type: none"> • Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation. • It is assumed that, with regard to the ¥49 million reserved for reduction entry that was internally reserved in the twelfth fiscal period from gain on transfer of land for Nittetsu Honmachi Building that was transferred as of November 25, 2011 by applying the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (as stipulated in the Special Taxation Measures Act, Article 66-2), Top REIT will not reverse the amount of internal reserves for the fifteenth and sixteenth fiscal period.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> • Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • It is assumed that there will be no changes in legislation, taxation, accounting standards, Tokyo Stock Exchange's listing regulations, rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts. • It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.

8. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	Thirteenth Fiscal Period (as of October 31, 2012)	Fourteenth Fiscal Period (as of April 30, 2013)
Assets		
Current assets		
Cash and deposits	2,306,624	520,404
Cash and deposits in trust	4,538,595	4,180,585
Operating accounts receivable	35,841	27,442
Prepaid expenses	261,404	317,249
Deferred tax assets	16	16
Other	1,830	1,830
Total current assets	7,144,313	5,047,529
Noncurrent assets		
Property, plant and equipment		
Buildings	1,148,529	1,150,996
Accumulated depreciation	(177,991)	(194,278)
Buildings, net	970,537	956,718
Structures	4,760	5,559
Accumulated depreciation	(3,012)	(3,153)
Structures, net	1,748	2,406
Machinery and equipment	17,235	17,235
Accumulated depreciation	(10,398)	(10,927)
Machinery and equipment, net	6,837	6,308
Tools, furniture and fixtures	4,058	5,013
Accumulated depreciation	(1,028)	(1,341)
Tools, furniture and fixtures, net	3,029	3,671
Land	4,888,525	4,888,525
Buildings in trust	61,987,617	62,648,114
Accumulated depreciation	(12,813,533)	(13,869,346)
Buildings in trust, net	49,174,083	48,778,767
Structures in trust	697,367	697,808
Accumulated depreciation	(259,630)	(280,312)
Structures in trust, net	437,737	417,496
Machinery and equipment in trust	237,480	255,258
Accumulated depreciation	(105,241)	(118,488)
Machinery and equipment in trust, net	132,238	136,770
Tools, furniture and fixtures in trust	246,048	250,945
Accumulated depreciation	(111,964)	(126,500)
Tools, furniture and fixtures in trust, net	134,083	124,444
Land in trust	124,695,656	125,686,918
Total property, plant and equipment	180,444,479	181,002,027
Intangible assets		
Other intangible assets in trust	1,850	1,603
Other	127	106
Total intangible assets	1,977	1,709
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	613,286	706,676
Other	197,185	211,855
Total investments and other assets	820,471	928,531
Total noncurrent assets	181,266,928	181,932,269
Deferred assets		
Investment corporation bond issuance costs	29,396	23,884
Total deferred assets	29,396	23,884
Total assets	188,440,638	187,003,684

(Unit: thousand yen)

	Thirteenth Fiscal Period (as of October 31, 2012)	Fourteenth Fiscal Period (as of April 30, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	80,127	259,047
Current portion of long-term loans payable	19,235,000	135,000
Accounts payable – other	252,992	247,216
Accrued expenses	174,072	130,623
Income taxes payable	688	702
Accrued consumption taxes	102,725	20,742
Advances received	945,950	726,380
Other	2,785	4,693
Total current liabilities	20,794,342	1,524,405
Noncurrent liabilities		
Investment corporation bond	8,500,000	8,500,000
Long-term loans payable	69,167,500	87,430,000
Tenant leasehold and security deposits	125,901	101,016
Tenant leasehold and security deposits in trust	5,512,599	5,286,521
Deferred tax liabilities	25,243	26,141
Long-term advances received	–	166
Derivatives liabilities	10,525	7,901
Total noncurrent liabilities	83,341,769	101,351,746
Total liabilities	104,136,112	102,876,152
Net Assets		
Unitholders' equity		
Unitholders' capital	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	49,958	49,958
Total Voluntary retained earnings	49,958	49,958
Unappropriated retained earnings (undisposed loss)	2,001,377	1,822,649
Total surplus	2,051,336	1,872,608
Total unitholders' equity	84,311,436	84,132,708
Valuation and translation adjustments		
Deferred gains or losses on hedges	(6,909)	(5,177)
Total valuation and translation adjustments	(6,909)	(5,177)
Total net assets	84,304,526	84,127,531
Total liabilities and net assets	188,440,638	187,003,684

(2) Statements of Income

(Unit: thousand yen)

	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)
Operating revenue		
Rent revenue – real estate	5,605,257	5,370,000
Other lease business revenue	30,966	474,649
Total operating revenue	5,636,223	5,844,649
Operating expenses		
Expenses related to rent business	2,384,258	2,848,597
Asset management fee	430,000	416,586
Asset custody fee	8,464	8,443
Administrative service fees	63,979	64,413
Directors' compensations	6,300	6,300
Audit fee	10,000	10,000
Other operating expenses	36,195	42,779
Total operating expenses	2,939,198	3,397,120
Operating income	2,697,025	2,447,529
Non-operating income		
Interest income	1,448	1,346
Reversal of dividends payable	606	1,093
Insurance income	774	234
Other	198	798
Total non-operating income	3,027	3,472
Non-operating expenses		
Interest expenses	503,691	438,278
Interest expense on investment corporation bonds	42,827	42,034
Amortization of investment corporation bond issuance costs	5,511	5,511
Borrowing related expenses	141,551	136,221
Other	4,171	5,377
Total non-operating expenses	697,753	627,423
Ordinary income	2,002,299	1,823,578
Income before income taxes	2,002,299	1,823,578
Income taxes – current	949	945
Income taxes – deferred	(0)	0
Total income taxes	948	946
Net income	2,001,351	1,822,632
Retained earnings brought forward	26	17
Unappropriated retained earnings (undisposed loss)	2,001,377	1,822,649

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

(Unit: thousand yen)

	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of the period	82,260,100	82,260,100
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry		
Balance at the beginning of the period	—	49,958
Changes of items during the period		
Provision of reserve for reduction entry	49,958	—
Total changes of items during the period	49,958	—
Balance at the end of current period	49,958	49,958
Total Voluntary retained earnings		
Balance at the beginning of the period	—	49,958
Changes of items during the period		
Provision of reserve for reduction entry	49,958	—
Total changes of items during the period	49,958	—
Balance at the end of current period	49,958	49,958
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	1,999,419	2,001,377
Changes of items during the period		
Provision of reserve for reduction entry	(49,958)	—
Dividends from surplus	(1,949,435)	(2,001,360)
Net income	2,001,351	1,822,632
Total changes of items during the period	1,957	(178,727)
Balance at the end of current period	2,001,377	1,822,649
Total surplus		
Balance at the beginning of the period	1,999,419	2,051,336
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(1,949,435)	(2,001,360)
Net income	2,001,351	1,822,632
Total changes of items during the period	51,916	(178,727)
Balance at the end of current period	2,051,336	1,872,608
Total unitholders' equity		
Balance at the beginning of the period	84,259,519	84,311,436
Changes of items during the period		
Dividends from surplus	(1,949,435)	(2,001,360)
Net income	2,001,351	1,822,632
Total changes of items during the period	51,916	(178,727)
Balance at the end of current period	84,311,436	84,132,708
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the beginning of the period	—	(6,909)
Changes of items during the period		
Net changes of items other than owners' equity (net)	(6,909)	1,732
Total changes of items during the period	(6,909)	1,732

Balance at the end of current period	(6,909)	(5,177)
Total valuation and translation adjustments		
Balance at the beginning of current period	—	(6,909)
Changes of items during the period		
Net changes of items other than owners' equity (net)	(6,909)	1,732
Total changes of items during the period	(6,909)	1,732
Balance at the end of current period	(6,909)	(5,177)
Total net assets		
Balance at the beginning of the period	84,259,519	84,304,526
Changes of items during the period		
Dividends from surplus	(1,949,435)	(2,001,360)
Net income	2,001,351	1,822,632
Net changes of items other than owners' equity (net)	(6,909)	1,732
Total changes of items during the period	45,006	(176,995)
Balance at the end of current period	84,304,526	84,127,531

(4) Statements of Cash Dividend Distributions

	For the period from May 1, 2012 to October 31, 2012	For the period from November 1, 2012 to April 30, 2013
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	2,001,377,610	1,822,649,910
II. Total Amount of Dividends	2,001,360,000	1,822,645,000
(Dividend per unit)	(12,912)	(11,759)
III. Retained earnings brought forward	17,610	4,910

(Note1) In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Act.” Based on these policies, Top REIT decided on a total distribution of 2,001,360,000 yen as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (155,000 units) is multiplied by an integer, within the limit of unappropriated retained earnings for the fiscal period.
Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

(Note2) In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Act.” Based on these policies, Top REIT decided on a total distribution of 1,822,645,000 yen as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (155,000 units) is multiplied by an integer, within the limit of unappropriated retained earnings for the fiscal period.
Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

(5) Statements of Cash Flows

(Unit: thousand yen)

	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	2,002,299	1,823,578
Depreciation and amortization	1,116,306	1,121,794
Amortization of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Interest income and interest on securities	(1,448)	(1,346)
Interest expenses	546,518	480,312
Decrease (increase) in operating accounts receivable	(5,590)	8,398
Decrease (increase) in consumption taxes refund receivable	608	–
Decrease (increase) in income taxes receivable	150	–
Decrease (increase) in prepaid expenses	(27,309)	(55,845)
Increase (decrease) in operating accounts payable	(14,939)	32,816
Increase (decrease) in accounts payable – other	14,526	(7,612)
Increase (decrease) in accrued consumption taxes	102,725	(81,983)
Increase (decrease) in advances received	141,449	(219,570)
Decrease (increase) in long-term prepaid expenses	(76,152)	(93,389)
Other, net	(23,270)	(19,154)
Subtotal	3,781,407	2,993,532
Interest income received	1,448	1,346
Interest expenses paid	(594,264)	(523,755)
Income taxes paid	(826)	(931)
Net cash provided by (used in) operating activities	3,187,764	2,470,191
Net cash provided by (used in) investing activities		
Payments into time deposits	(70,500)	(192,000)
Proceeds from withdrawal of time deposits	70,500	192,000
Purchase of property, plant and equipment	(10,058)	(4,642)
Purchase of property, plant and equipment in trust	(264,006)	(1,519,956)
Repayments of tenant leasehold and security deposits	(18,586)	(24,885)
Proceeds from tenant leasehold and security deposits in trust	66,667	251,829
Repayments of tenant leasehold and security deposits in trust	(67,971)	(477,907)
Net cash provided by (used in) investing activities	(293,955)	(1,775,561)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	–	2,800,000
Decrease in short-term loans payable	–	(2,800,000)
Proceeds from long-term loans payable	17,500,000	18,330,000
Repayment of long-term loans payable	(17,567,500)	(19,167,500)
Dividends paid	(1,949,435)	(2,001,360)
Net cash provided by (used in) financing activities	(2,016,935)	(2,838,860)
Net increase (decrease) in cash and cash equivalents	876,874	(2,144,229)
Cash and cash equivalents at beginning of period	5,968,345	6,845,219
Cash and cash equivalents at end of period	6,845,219	4,700,990

9. Portfolio Data

As of April 30, 2013

Asset Class	Area	Property Name	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Investment Breakdown (Note) (%)
Office Building	Central Tokyo	NEC Head Office Building	41,950	49,500	28.7
		Harumi Island Triton Square Office Tower Y	33,000	30,800	17.9
		Akasaka Oji Building	9,660	8,060	4.7
		Kanda Park Plaza	5,156	4,910	2.9
		Shiba-Koen Building	5,770	3,470	2.0
		Harumi Island Triton Square Office Tower Z	20,000	12,600	7.3
		Kanda Nishiki-cho 3-chome Building	12,700	14,100	8.2
		Shinkawa Chuo Building	5,610	5,780	3.4
	Tokyo Metropolitan Area	Faret East Building	2,091	2,410	1.4
Subtotal (9 properties)			135,937	131,630	76.4
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	10,500	6.1
		Ito-Yokado Higashi-Narashino Store	8,900	5,620	3.3
		Musashiurawa Shopping Square	4,335	3,880	2.3
	Other Major Cities	MEL Building	1,210	1,260	0.7
Subtotal (4 properties)			26,445	21,260	12.3
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,580	1.5
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,030	4.1
		Ecology Toyosu Procentury	5,160	4,980	2.9
		Impress Musashi-Koganei	1,223	1,260	0.7
		Top Residence Yoga	1,165	1,170	0.7
Subtotal (5 properties)			20,583	17,020	9.9
Other Property	Central Tokyo	OAK PLAZA	2,590	2,450	1.4
	Subtotal (1 property)		2,590	2,450	1.4
Total (19 properties)			185,555	172,360	100.0

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

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

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