

December 14, 2012

Summary of Earnings Results for the Thirteenth Fiscal Period (From May 1, 2012 to October 31, 2012)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982) hereby announces its earnings results for the fiscal period ended October 31, 2012 (thirteenth fiscal period).

1. Earnings Results for the Thirteenth Fiscal Period

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

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

(1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Thirteenth Fiscal Period	¥5,636mn	(1.0%)	¥2,697mn	(2.7%)	¥2,002mn	(1.3%)
Twelfth Fiscal Period	¥5,693mn	(2.1%)	¥2,772mn	(0.3%)	¥2,029mn	2.1%

	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
Thirteenth Fiscal Period	¥2,001mn	0.1%	¥12,912	2.4%	1.1%	35.5%
Twelfth Fiscal Period	¥1,999mn	0.7%	¥12,899	2.4%	1.1%	35.6%

(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
Thirteenth Fiscal Period	¥12,912	¥2,001mn	¥0	¥-mn	100.0%	2.4%
Twelfth Fiscal Period	¥12,577	¥1,949mn	¥0	¥-mn	97.5%	2.3%

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

(3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
Thirteenth Fiscal Period	¥188,440mn	¥84,304mn	44.7%	¥543,900
Twelfth Fiscal Period	¥188,407mn	¥84,259mn	44.7%	¥543,610

(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
Thirteenth Fiscal Period	¥3,187mn	(¥293mn)	(¥2,016mn)	¥6,845mn
Twelfth Fiscal Period	¥3,521mn	(¥8,418mn)	¥947mn	¥5,968mn

2. Forecast of Earnings Results for the Fourteenth Fiscal Period

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

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Fourteenth Fiscal Period	¥5,828mn (Note1)	3.4%	¥2,407mn	(10.7%)	¥1,783mn	(10.9%)

	Net Income	Period-on-Period Change	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Fourteenth Fiscal Period	¥1,782mn	(10.9%)	¥11,500	¥0

(Reference) Estimated net income per unit for the fourteenth fiscal period: ¥11,500

(Note1) It is assumed that the amount of ¥451 million will be accrued in the fourteenth fiscal period 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.

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
 - Thirteenth Fiscal Period: 155,000 units
 - Twelfth Fiscal Period: 155,000 units
- b. Number of own investment units issued and outstanding at end of fiscal period
 - Thirteenth Fiscal Period: 0 units
 - Twelfth 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 December 14, 2012, which is prepared in accordance with generally accepted accounting principles in Japan and Japanese law.

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

4. Asset Management Performance

A. Brief Background of Top REIT

Top REIT, Inc. (Top REIT) was founded on November 2, 2005 based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) with Top REIT Asset Management Co., Ltd. (Asset Manager) as the incorporator, and listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (TSE) (Securities Code: 8982) on March 1, 2006 with the number of investment units issued and outstanding totaling 145,500 units. Later, Top REIT issued additional investment units (9,500 units) through a third-party allotment on March 23, 2006. As of the end of the thirteenth fiscal period (October 31, 2012), the total number of investment units issued and outstanding stands at 155,000 units.

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

B. Investment Environment and Management Performance

<Investment Environment>

(a) Economy in General

The Japanese economy generally continued to be weak during the fiscal period due to the following factors. Domestic demand maintained underlying strength with public investment and housing investment on a recovery trend due to expansion of post-quake reconstruction demand. Meanwhile, steady personal consumption was settling down because of the end of eco-car subsidies and other factors, and exports and production moved downward due to concerns over the European debt problem and slowdown in the U.S. and Chinese economies, as well as the prolonged appreciation of the yen associated with these, and other factors.

The prospects of the Japanese economy are expected to gradually recover with the continued steady domestic reconstruction demand, as well as overseas economic recovery and easing of the pressures on the appreciation of the yen. However, recovery of the Japanese economy is likely to remain unpredictable with downward swing risks due to the still high uncertainty over the European debt problem, further downward swings in the global economy, fluctuations in the financial and capital markets, as well as future trends in Japan-China relations.

(b) Real Estate Leasing Market

[Office Buildings]

With respect to the office building leasing market in central Tokyo, the vacancy rate was hovering at a high level with the demand for quality large-scale newly built buildings expanding due to undervalued rent levels, and their being equipped with high earthquake resistance performance, emergency power systems and such, as well as relocation movements of tenants was appearing among office buildings due to cost reductions at tenant firms and consolidation as a result of corporate reorganization, etc. However, the large volume supply of newly built office buildings in the first half of this year caused an imbalance in the supply-demand and an after-relocation vacancy problem. Going forward, the vacancy rate has been showing signs of gradual improvement due to the decrease in the supply of new office buildings in the year from the second half of this year, but full-fledged recovery is expected to require a little more time. Recovery in the rent level, which is said to recover as the vacancy rate improves, will likely require a substantial amount of time due in part to the uncertainty in the outlook of corporate earnings, as the bottoming out of rent levels will not be confirmed until recovery of corporate earnings.

[Retail Properties]

According to the Ministry of Economy, Trade and Industry's Current Survey of Commerce, despite a temporary drop immediately after the earthquake in 2011, overall retail store sales headed for a gradual recovery. Personal consumption remained steady, backed not only by the recovery in sales of necessities due to post-earthquake demand, but also the steady consumption of elderly households. However, heightened economic uncertainty caused the current state to show a downturn in consumer confidence. On the other hand, major retailers also focused on selling private brands, along with striving to improve business profitability by pursuing the closure of unprofitable stores and cost reductions.

[Residential Properties]

With respect to the residential property leasing market in central Tokyo and Tokyo Metropolitan Area, the number of households continued to increase due to the population influx from other areas and increase of one-person and married-couple households, demand for rental residential properties is expected to remain stable for the time being. Meanwhile, on the supply side, since the number of housing starts has remained at a low level, the supply-demand conditions are expected to continue to be relatively favorable. In addition, while residential properties such as those primarily comprised of highly-convenient studio units maintain a relatively steady occupancy rate and stable rent level, rent level adjustment continues to be underway in residential properties for foreigners and other high-rent properties.

(c) Real Estate Transaction Market

Backed by the stable lending attitude of financial institutions, along with fund inflow to the J-REIT market continuing with the recovery of the TSE REIT Index, the favorable financing environment continues. Under such circumstances, the capital increase through public offering and new listings of J-REITs are on the rise, resulting in an increase in the real estate transaction amount. However, buyers continue to maintain harsh price perspectives reflecting the current status of the real estate leasing market, while sellers continue to hold a bullish position in light of expectations of an economic and real estate market conditions recovery as well as the favorable financing environment. As a result, with the gap in the price perspective between sellers and buyers not narrowing, the supply-demand situation of blue-chip properties, etc. remains tight and the number of transactions continues to be limited.

<Asset Management Performance >

(a) Acquisition and Disposition of Assets

Top REIT began the thirteenth fiscal period with 18 properties (total acquisition value: ¥184,345 million) and, with an aim to acquire highly competitive and highly profitable properties, investigated possible acquisition of properties based on property sale information collected and carefully selected with a focus on excellent office buildings located in central Tokyo and residential properties located in central Tokyo and Tokyo metropolitan area through not only the "optimal application of sponsors' strengths," but also utilizing established information channels, but none led to a decision to acquire properties. Thus, the number of properties owned by Top REIT remained unchanged from the twelfth fiscal period at 18 properties (total acquisition value: ¥184,345 million) as of the end of the thirteenth fiscal period.

(b) Management and Maintenance of Portfolio Assets

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

In the thirteenth fiscal period, successful solicitation of successor tenants to Akasaka Oji Building has solidified the prospects of its leasable office space being fully occupied, except for a part of the underground storage. In addition, Top REIT managed to maintain a high occupancy rate throughout the period for residential properties, with the average occupancy rate during the thirteenth fiscal period at 95.6%. As a result of such undertakings, the occupancy rate of Top REIT's entire portfolio recovered from

the 98.5% at the end of the twelfth fiscal period to 99.2%. Furthermore, as lease agreement termination notices with termination dates of January 31, February 28 and March 31 of 2013 were received from Sumitomo Metal Industries, Ltd. (currently Nippon Steel & Sumitomo Metal Corporation), a tenant of Harumi Island Triton Square Office Tower Y, on July 23 and September 28, 2012, Top REIT is currently 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 thirteenth fiscal period, ¥17,500 million in borrowings was due for repayment on June 29, 2012, and Top REIT refinanced with long-term loans (repayment date: June 30, 2017) on the same date in order to extend the remaining period of interest-bearing liabilities, and fixed the interest rate for ¥8,500 million of the ¥17,500 million through an interest rate swap transaction. Top REIT also repaid ¥67 million of the long-term loans payable as agreed using cash on hand on June 29, 2012.

As a result, at the end of the thirteenth fiscal period, the total amount of interest-bearing liabilities stands at ¥96,902 million (¥88,402 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 50.9%.

Furthermore, ¥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. This changed the ratio of long-term interest-bearing liabilities to 97.1%.

The credit ratings of Top REIT as of October 31, 2012 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+

Note: Rating and Investment Information, Inc. downgraded the issuer rating and the Unsecured investment corporation bond rating (No 1 Unsecured Investment Corporation Bonds) of Top REIT to A+ [rating outlook: Stable] as of October 10, 2012.

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

[Overview of Shelf Registration]

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

D. Business Results and Dividends

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the thirteenth fiscal period of ¥5,636 million in operating revenue, ¥2,697 million in operating income and ¥2,002 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥2,001 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 thirteenth 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 ¥12,912.

E. Change of Shareholder of the Asset Manager

All shares of the Asset Manager held by Nippon Steel City Produce, Inc. (currently Nippon Steel Kowa Real Estate Co., Ltd.) were transferred to Sumitomo Mitsui Trust Bank, Limited (“Sumitomo Mitsui Trust Bank”) as of September 28, 2012.

Nippon Steel Kowa Real Estate Co., Ltd. will no longer be a shareholder of the Asset Manager, sponsor of Top REIT nor a pipeline support company due to this change in shareholder position.

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.

Positioning the successor tenant solicitation activities associated with the tenant exit 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 acquisitions of new properties. Along with continuing to further utilize pipeline support functions from sponsor companies and utilizing various cultivated information channels, Top REIT will collect information on new properties from a wide range of sources. Based on this information, Top REIT will consider investment targets centering on highly competitive office buildings in central Tokyo including residential properties that are expected to have stable occupancy. By doing so, Top REIT aims to expand the portfolio size while improving its quality.

Furthermore, Top REIT makes it a management policy to keep the ratio of the investment amount per property at less than 20% of the entire portfolio as a target over the medium to long term. For reference, the acquisition value of the NEC Head Office Building accounts for 22.8% of the total acquisition value of Top REIT's properties as of the end of the thirteenth 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.

7. Outlook for the Fourteenth and Fifteenth Fiscal Periods

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

Furthermore, the following are expected as the main factors of decrease from the earning results of the thirteenth fiscal period.

(Decrease in operating income)

- ① The decrease in operating income is attributable to lease agreement termination notices with January 31, February 28 and March 31 of 2013 as termination dates being received from Sumitomo Metal Industries, Ltd. (currently Nippon Steel & Sumitomo Metal Corporation), a major tenant of Harumi Island Triton Square Office Tower Y, and vacancies being assumed for after the termination dates.
- ② Tenants reaching their rent revision period in the fourteenth fiscal period account for 24.2% (Note 2), the main properties being Harumi Island Triton Square Office Tower Y in part and Z, as well as Kanda Nishiki-cho 3-chome Building. In addition, tenants reaching their rent revision period in the fifteenth fiscal period account for 9.7% (Note 2), 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]	Fourteenth Fiscal Period [181 days]	Fifteenth Fiscal Period [184 days]
Operating Revenue	¥5,828mn (Note3)	¥4,935mn
Operating Income	¥2,407mn	¥1,990mn
Ordinary Income	¥1,783mn	¥1,394mn
Net Income	¥1,782mn	¥1,422mn
Dividend per Unit (excluding dividend in excess of earnings)	¥11,500	¥9,500 (Note 4)
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) 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 3) 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 will be recorded as operating income, and the same amount will be recorded as operating expenses
- (Note 4) For the dividend per unit of the fifteenth fiscal period, it is assumed that Top REIT will reverse the all of the reserve for reduction entry of ¥49 million. In addition, the deferred tax liability will decrease in tandem with the amount allocated for dividends from the reversal of the reserve for reduction entry; the applicable amount of decrease will be a contributing factor to a rise in net income (income taxes deferred).

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

Item	Preconditions and Assumptions
Management Period	<ul style="list-style-type: none"> • Fourteenth fiscal period: November 1, 2012 – April 30, 2013 (181 days) • Fifteenth fiscal period: May 1, 2013 – October 31, 2013 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> • The forecast is based on 18 properties Top REIT owns as of December 14, 2012. The actual circumstances may change depending on the acquisition or disposal of other properties.
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • The number of investment units issued and outstanding is based on the number as of October 31, 2012, which is 155,000 units, and assumes that no issuance of new investment units will be made through October 31, 2013.
Interest-Bearing Liabilities	<ul style="list-style-type: none"> • It is assumed that the total amount of interest-bearing liabilities is ¥96,902 million, which is the amount as of October 31, 2012. • For the fourteenth fiscal period, the ¥9,800 million loan payable due for repayment on November 30, 2012 was fully refinanced 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, it is assumed that a part of the principal (¥2,000 million) will be repaid using cash on hand and ¥10,100 million will be refinanced. Moreover, it is assumed that the ¥67 million in long-term loans payable will be repaid on December 28, 2012 as agreed upon. • 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.
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 agreements, early termination of agreements, etc. that have been finalized as of December 14, 2012, along with current real estate leasing market conditions, and also takes into account factors that may cause fluctuations in such aspects as risks of reductions in revenue due to decreased amounts of rent of tenants when they reach their rent revision period hereafter. • For Harumi Island Triton Square Office Tower Y, it is assumed that the spaces subject to lease agreement termination and not executed newly lease agreement with successor tenants finalized as of Dec. 14, 2012 will be vacant. • It is assumed that the amount of ¥451 million will be accrued in the fourteenth fiscal period 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.
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 ¥564 million for the fourteenth fiscal period and ¥580 million for the fifteenth fiscal period. • It is assumed that the depreciation and amortization will be ¥1,121 million for the fourteenth fiscal period and ¥1,108 million for the fifteenth 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. • It is assumed that the amount of ¥451 million will be accrued in the fourteenth fiscal period as 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. • 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 fourteenth fiscal period will be ¥624 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥617 million. • It is assumed that non-operating expenses for the fifteenth fiscal period will be ¥596 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥592 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 reverse the total amount of internal reserves for the fifteenth 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)

	Twelfth Fiscal Period (as of April 30, 2012)	Thirteenth Fiscal Period (as of October 31, 2012)
Assets		
Current assets		
Cash and deposits	1,669,299	2,306,624
Cash and deposits in trust	4,299,045	4,538,595
Operating accounts receivable	30,250	35,841
Prepaid expenses	234,094	261,404
Deferred tax assets	16	16
Income taxes receivable	150	—
Consumption taxes receivable	608	—
Other	1,845	1,830
Total current assets	6,235,311	7,144,313
Noncurrent assets		
Property, plant and equipment		
Buildings	1,145,185	1,148,529
Accumulated depreciation	(161,620)	(177,991)
Buildings, net	983,564	970,537
Structures	4,452	4,760
Accumulated depreciation	(2,867)	(3,012)
Structures, net	1,584	1,748
Machinery and equipment	17,235	17,235
Accumulated depreciation	(9,825)	(10,398)
Machinery and equipment, net	7,410	6,837
Tools, furniture and fixtures	2,522	4,058
Accumulated depreciation	(846)	(1,028)
Tools, furniture and fixtures, net	1,676	3,029
Land	4,888,525	4,888,525
Buildings in trust	61,867,568	61,987,617
Accumulated depreciation	(11,762,594)	(12,813,533)
Buildings in trust, net	50,104,973	49,174,083
Structures in trust	696,187	697,367
Accumulated depreciation	(238,906)	(259,630)
Structures in trust, net	457,281	437,737
Machinery and equipment in trust	232,455	237,480
Accumulated depreciation	(92,043)	(105,241)
Machinery and equipment in trust, net	140,412	132,238
Tools, furniture and fixtures in trust	237,583	246,048
Accumulated depreciation	(98,037)	(111,964)
Tools, furniture and fixtures in trust, net	139,546	134,083
Land in trust	124,678,411	124,695,656
Total property, plant and equipment	181,403,387	180,444,479
Intangible assets		
Other intangible assets in trust	2,096	1,850
Other	148	127
Total intangible assets	2,245	1,977
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	537,134	613,286
Other	184,406	197,185
Total investments and other assets	731,541	820,471
Total noncurrent assets	182,137,174	181,266,928
Deferred assets		
Investment corporation bond issuance costs	34,908	29,396
Total deferred assets	34,908	29,396
Total assets	188,407,394	188,440,638

(Unit: thousand yen)

	Twelfth Fiscal Period (as of April 30, 2012)	Thirteenth Fiscal Period (as of October 31, 2012)
Liabilities		
Current liabilities		
Operating accounts payable	225,911	80,127
Current portion of long-term loans payable	36,735,000	19,235,000
Accounts payable – other	233,949	252,992
Accrued expenses	221,849	174,072
Income taxes payable	566	688
Accrued consumption taxes	—	102,725
Advances received	804,500	945,950
Other	3,877	2,785
Total current liabilities	38,225,655	20,794,342
Noncurrent liabilities		
Investment corporation bond	8,500,000	8,500,000
Long-term loans payable	51,735,000	69,167,500
Tenant leasehold and security deposits	144,487	125,901
Tenant leasehold and security deposits in trust	5,513,903	5,512,599
Deferred tax liabilities	28,827	25,243
Derivatives liabilities	—	10,525
Total noncurrent liabilities	65,922,219	83,341,769
Total liabilities	104,147,874	104,136,112
Net Assets		
Unitholders' equity		
Unitholders' capital	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	—	49,958
Total Voluntary retained earnings	—	49,958
Unappropriated retained earnings (undisposed loss)	1,999,419	2,001,377
Total surplus	1,999,419	2,051,336
Total unitholders' equity	84,259,519	84,311,436
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	(6,909)
Total valuation and translation adjustments	—	(6,909)
Total net assets	84,259,519	84,304,526
Total liabilities and net assets	188,407,394	188,440,638

(2) Statements of Income

(Unit: thousand yen)

	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)
Operating revenue		
Rent revenue – real estate	5,420,035	5,605,257
Other lease business revenue	17,265	30,966
Gain on sales of real estate properties	256,002	–
Total operating revenue	5,693,303	5,636,223
Operating expenses		
Expenses related to rent business	2,383,013	2,384,258
Asset management fee	409,169	430,000
Asset custody fee	8,348	8,464
Administrative service fees	63,199	63,979
Directors' compensations	6,300	6,300
Audit fee	10,000	10,000
Other operating expenses	41,222	36,195
Total operating expenses	2,921,252	2,939,198
Operating income	2,772,050	2,697,025
Non-operating income		
Interest income	2,880	1,448
Reversal of dividends payable	800	606
Insurance income	–	774
Reversal of provision for loss on disaster	391	–
Other	119	198
Total non-operating income	4,192	3,027
Non-operating expenses		
Interest expenses	553,431	503,691
Interest expense on investment corporation bonds	42,267	42,827
Amortization of investment corporation bond issuance costs	5,511	5,511
Borrowing related expenses	140,627	141,551
Other	5,262	4,171
Total non-operating expenses	747,101	697,753
Ordinary income	2,029,141	2,002,299
Income before income taxes	2,029,141	2,002,299
Income taxes – current	962	949
Income taxes – deferred	28,833	(0)
Total income taxes	29,795	948
Net income	1,999,346	2,001,351
Retained earnings brought forward	73	26
Unappropriated retained earnings (undisposed loss)	1,999,419	2,001,377

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

(Unit: thousand yen)

	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of the period	82,260,100	82,260,100
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry		
Balance at the beginning of the period	—	—
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
Total Voluntary retained earnings		
Balance at the beginning of the period	—	—
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
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	1,985,468	1,999,419
Changes of items during the period		
Provision of reserve for reduction entry	—	(49,958)
Dividends from surplus	(1,985,395)	(1,949,435)
Net income	1,999,346	2,001,351
Total changes of items during the period	13,951	1,957
Balance at the end of current period	1,999,419	2,001,377
Total surplus		
Balance at the beginning of the period	1,985,468	1,999,419
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(1,985,395)	(1,949,435)
Net income	1,999,346	2,001,351
Total changes of items during the period	13,951	51,916
Balance at the end of current period	1,999,419	2,051,336
Total unitholders' equity		
Balance at the beginning of the period	84,245,568	84,259,519
Changes of items during the period		
Dividends from surplus	(1,985,395)	(1,949,435)
Net income	1,999,346	2,001,351
Total changes of items during the period	13,951	51,916
Balance at the end of current period	84,259,519	84,311,436
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the beginning of the period	—	—
Changes of items during the period		
Changes of items other than unitholders' equity (net)	—	(6,909)
Total changes of items during the period	—	(6,909)

Balance at the end of current period	—	(6,909)
Total valuation and translation adjustments		
Balance at the beginning of the period	—	—
Changes of items during the period		
Changes of items other than unitholders' equity (net)	—	(6,909)
Total changes of items during the period	—	(6,909)
Balance at the end of current period	—	(6,909)
Total net assets		
Balance at the beginning of the period	84,245,568	84,259,519
Changes of items during the period		
Dividends from surplus	(1,985,395)	(1,949,435)
Net income	1,999,346	2,001,351
Changes of items other than unitholders' equity (net)	—	(6,909)
Total changes of items during the period	13,951	45,006
Balance at the end of current period	84,259,519	84,304,526

(4) Statements of Cash Dividend Distributions

	For the period from November 1, 2011 to April 30, 2012	For the period from May 1, 2012 to October 31, 2012
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	1,999,419,960	2,001,377,610
II. Total Amount of Dividends (Dividend per unit)	1,949,435,000 (12,577)	2,001,360,000 (12,912)
III. Voluntary retained earnings		
Provision of reserve for reduction entry	49,958,494	—
IV. Retained earnings brought forward	26,466	17,610

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

Note 2: In accordance with the "cash distribution policy" stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that "Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Act." Based on these policies, Top REIT decided on a total distribution of 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.

(5) Statements of Cash Flows

(Unit: thousand yen)

	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)	Thirteenth Fiscal Period (May 1, 2012 – October 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	2,029,141	2,002,299
Depreciation and amortization	1,072,349	1,116,306
Amortization of right of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Interest income and interest on securities	(2,880)	(1,448)
Interest expenses	595,699	546,518
Reversal of provision for loss on disaster	(391)	—
Decrease (increase) in operating accounts receivable	(2,975)	(5,590)
Decrease (increase) in consumption taxes receivable	(608)	608
Decrease (increase) in income taxes receivable	168	150
Decrease (increase) in prepaid expenses	2,410	(27,309)
Decrease due to sale of property plant and equipment in trust	1,001,145	—
Increase (decrease) in operating accounts payable	7,256	(14,939)
Increase (decrease) in accounts payable – other	(11,901)	14,526
Increase (decrease) in accrued consumption taxes	(63,072)	102,725
Increase (decrease) in advances received	(137,486)	141,449
Decrease (increase) in long-term prepaid expenses	(233,072)	(76,152)
Other, net	(106,072)	(23,270)
Subtotal	4,155,244	3,781,407
Interest income received	2,880	1,448
Interest expenses paid	(635,382)	(594,264)
Payment for Loss on disaster	(355)	—
Income taxes paid	(908)	(826)
Net cash provided by (used in) operating activities	3,521,477	3,187,764
Net cash provided by (used in) investing activities		
Payments into time deposits	—	(70,500)
Proceeds from withdrawal of time deposits	—	70,500
Purchase of property, plant and equipment	(3,190)	(10,058)
Purchase of property, plant and equipment in trust	(8,586,136)	(264,006)
Repayments of tenant leasehold and security deposits	—	(18,586)
Proceeds from tenant leasehold and security deposits in trust	468,502	66,667
Repayments of tenant leasehold and security deposits in trust	(297,240)	(67,971)
Net cash provided by (used in) investing activities	(8,418,065)	(293,955)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	22,040,000	17,500,000
Repayment of long-term loans payable	(19,107,500)	(17,567,500)
Dividends paid	(1,985,395)	(1,949,435)
Net cash provided by (used in) financing activities	947,105	(2,016,935)
Net increase (decrease) in cash and cash equivalents	(3,949,482)	876,874
Cash and cash equivalents at beginning of period	9,917,828	5,968,345
Cash and cash equivalents at end of period	5,968,345	6,845,219

9. Portfolio Data

As of October 31, 2012

Asset Class	Area	Property Name	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Investment Breakdown (Note 1) (%)
Office Building	Central Tokyo	NEC Head Office Building	41,950	49,450	28.5
		Harumi Island Triton Square Office Tower Y	33,000	32,100	18.5
		Akasaka Oji Building	9,660	7,990	4.6
		Kanda Park Plaza	5,156	4,900	2.8
		Shiba-Koen Building	5,770	3,420	2.0
		Harumi Island Triton Square Office Tower Z	20,000	14,300	8.2
		Kanda Nishiki-cho 3-chome Building	12,700	14,100	8.1
		Shinkawa Chuo Building	5,610	5,790	3.3
	Tokyo Metropolitan Area	Faret East Building	2,091	2,390	1.4
Subtotal (9 properties)			135,937	134,440	77.4
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	10,400	6.0
		Ito-Yokado Higashi-Narashino Store	8,900	5,610	3.2
		Musashiurawa Shopping Square	4,335	3,860	2.2
	Subtotal (3 properties)			25,235	19,870
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,580	1.5
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,060	4.1
		Ecology Toyosu Procentury	5,160	4,970	2.9
		Impress Musashi-Koganei	1,223	1,270	0.7
		Top Residence Yoga	1,165	1,160	0.7
Subtotal (5 properties)			20,583	17,040	9.8
Other Property	Central Tokyo	OAK PLAZA	2,590	2,450	1.4
	Subtotal (1 property)			2,590	2,450
Total (18 properties)			184,345	173,800	100.0

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

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

Contact for inquiries in Japanese:

Top REIT Asset Management Co., Ltd. (Asset Manager)
Shusaku Ohashi, Director, General Manager, Finance Department
+81-3-3243-2181

Contact for inquiries in English:

Top REIT Asset Management Co., Ltd. (Asset Manager)
E-mail address: info-top@top-reit-am.co.jp

DISCLAIMER:

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