

**June 15, 2015**

## Summary of Earnings Results for the Eighteenth Fiscal Period (From November 1, 2014 to April 30, 2015)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982, hereinafter “Top REIT”) hereby announces its earnings results for the fiscal period ended April 30, 2015 (Eighteenth fiscal period).

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

Eighteenth Fiscal Period (18<sup>th</sup> FP): From November 1, 2014 to April 30, 2015

Seventeenth Fiscal Period (17<sup>th</sup> FP): From May 1, 2014 to October 31, 2014

#### (1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Period ended	Millions of yen		Millions of yen		Millions of yen	
Apr 30, 2015 (18 <sup>th</sup> FP)	¥5,612	(3.1%)	¥2,472	(3.6%)	¥1,891	(3.3%)
Oct 31, 2014 (17 <sup>th</sup> FP)	¥5,792	2.8%	¥2,563	1.4%	¥1,955	2.2%

	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
Period ended	Millions of yen		Yen			
Apr 30, 2015 (18 <sup>th</sup> FP)	¥1,831	(6.3%)	¥10,408	2.0%	1.0%	33.7%
Oct 31, 2014 (17 <sup>th</sup> FP)	¥1,954	2.1%	¥11,107	2.1%	1.0%	33.8%

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

#### (2) Dividends

	Dividend (excluding dividend in excess of earnings)		Dividend in Excess of Earning		Dividend Payout Ratio	Ratio of Dividends to Net Assets
	Per unit	Total	Per unit	Total		
Period ended	Yen	Millions of yen	Yen	Millions of yen		
Apr 30, 2015 (18 <sup>th</sup> FP)	¥9,680	¥1,703	¥0	¥-	93.0%	1.8%
Oct 31, 2014 (17 <sup>th</sup> FP)	¥11,107	¥1,954	¥0	¥-	100.0%	2.1%

(Note) Since a part of unappropriated retained earnings (126 million yen) and the correction amount of deferred tax liability (1 million yen) due to the change in corporate tax rate following the tax system revisions in the fiscal year 2015, have been allocated as the reserve for reduction, there are differences between Net Income and Total Amount of Dividends as well as Dividend per Unit and Net Income per Unit for the Period ended April 30, 2015.

#### (3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
As of	Millions of yen	Millions of yen		Yen
Apr 30, 2015 (18 <sup>th</sup> FP)	¥189,737	¥92,998	49.0%	¥528,400
Oct 31, 2014 (17 <sup>th</sup> FP)	¥200,551	¥93,120	46.4%	¥529,095

(Note) Net assets per unit are rounded down 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
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Apr 30, 2015 (18 <sup>th</sup> FP)	¥10,725	(¥1,515)	(¥11,719)	¥5,843
Oct 31, 2014 (17 <sup>th</sup> FP)	¥3,593	(¥584)	(¥1,979)	¥8,353

## 2. Earnings Forecasts for the Nineteenth Fiscal Period

Nineteenth Fiscal Period (19<sup>th</sup> FP): From May 1, 2015 to October 31, 2015

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Period ending	Millions of yen		Millions of yen		Millions of yen	
Oct 31, 2015 (19 <sup>th</sup> FP)	¥5,391	(3.9%)	¥2,178	(11.9%)	¥1,626	(14.0%)

	Net Income	Period-on-Period Change	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Period ending	Millions of yen		Yen	Yen
Oct 31, 2015 (19 <sup>th</sup> FP)	¥1,625	(11.3%)	¥9,700	¥0

(Reference) Estimated net income per unit for the 19<sup>th</sup> FP: ¥9,233

(Note) With regard to the dividend per Unit, it is assumed that the internal reserve, etc. will be partially reversed. (approximately ¥82 million)

## 3. Others

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

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

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

- Number of investment units (including treasury investment units) issued and outstanding at the end of fiscal period
  - As of April 30, 2015 (18<sup>th</sup> FP): 176,000 units
  - As of October 31, 2014 (17<sup>th</sup> FP): 176,000 units
- Number of treasury investment units issued and outstanding at the end of fiscal period
  - As of April 30, 2015 (18<sup>th</sup> FP): 0 units
  - As of October 31, 2014 (17<sup>th</sup> FP): 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 Act. As of the publication of this report, no auditing procedure under the Financial Instruments and Exchange Act has been completed for the earnings results.

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

The earnings 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 15, 2015, 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

### (1) Operations during the Eighteenth Fiscal Period

#### A. Brief Background of Top REIT

Top REIT was founded on November 2, 2005 based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) with Top REIT Asset Management Co., Ltd. (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. As of the end of the eighteenth fiscal period (April 30, 2015), the total number of investment units issued and outstanding stands at 176,000 units as a result of the issuance of additional investment units through the third-party allotment (9,500 units) on March 23, 2006, the public offering (20,000 units) on November 25, 2013, and the third-party allotment (1,000 units) on December 13, 2013.

Top REIT 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 eighteenth fiscal period, its portfolio consists of 20 properties with a total acquisition value of ¥190,484 million.

#### B. Investment Environment and Asset Management Performance

##### <Investment Environment>

##### (a)Economy in General

In the eighteenth fiscal period, the Japanese economy showed some weakness in personal consumption due in part to the prolonging of the repercussions from the rush demand prior to the consumption tax hike in April 2014, but ongoing government economic policies and Bank of Japan monetary easing measures led to strong corporate performance and corresponding improvement in the employment and income environment continuing. The Japanese economy thus maintained a moderate recovery trend.

While U.S. interest rate trends, resurgence of the European debt problem, China’s growth stagnation, resource-rich countries’ economic trends and other risk factors that may impact the Japanese economy require close monitoring, such factors as anticipated improvement in consumer sentiment associated with companies’ capital investment increase and households’ income increase against the backdrop of depreciation of the yen and high stock prices suggest that the moderate recovery will continue.

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

##### [Office Buildings]

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

##### [Retail Properties]

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

#### [Residential Properties]

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

#### (c) Real Estate Transaction Market

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

#### (d) Financial Market

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

#### <Asset Management Performance >

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

Top REIT began the eighteenth fiscal period with 22 properties (total acquisition value: ¥197,855 million). With an aim to acquire highly-competitive and highly-profitable properties, Top REIT considered 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, and also considered revision of the existing portfolio. During the eighteenth fiscal period, Top REIT transferred two properties, Kanda Park Plaza (disposition price: ¥5,350 million) and OAK PLAZA (disposition price: ¥2,900 million), each to third parties on November 13, 2014, and used part of the proceeds from the disposition of these two properties to early repayment of existing loans on November 28, 2014. In addition, on March 30, 2015, Top REIT made additional acquisition of compartmentalized ownership in Shiba-Koen Building (acquisition price: ¥375 million), resulting in Top REIT owning the entire property.

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

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

The basic asset management strategy of Top REIT is sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the "Tenants First" policy) and keeping operational management costs at an appropriate level. Top REIT strived to improve tenant satisfaction and maintain and improve high occupancy rates while sustaining trusted relationships with tenants and discerning tenant needs via property management companies. During the eighteenth fiscal period, Top REIT continued to focus on tenant solicitation activities for successor tenants of Kanda Nishiki-cho 3-chome Building, which has been a pending issue. As a result, the occupancy rate reached 76.1% at the end of the eighteenth fiscal period (end of April 2015), and is expected to further improve to 94.3% at the end of October 2015. Top REIT continues its effort to solicit successor tenants for lease-up.

Regarding maintenance, Top REIT followed up on ensuring that it had an appropriate grasp of the operational management conditions and steady implementation of asset management plans for each

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

### C. Funding

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

As a result, at the end of the eighteenth fiscal period, the balance of interest-bearing liabilities amounts to ¥90,598 million (¥82,098 million in long-term loans (including the current portion) and ¥8,500 million in investment corporation bonds (including the current portion)), and the ratio of interest-bearing liabilities to total assets is 47.7%. 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 51.4%.

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

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

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

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

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

#### [Overview of Shelf Registration]

Object of Shelf Registration	Amount to be Issued	Scheduled Period of Issue
Investment corporation bonds (excluding short-term corporation bonds)	¥100,000 million	From May 20, 2014 to May 19, 2016

## **D. Earnings Results and Dividends**

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

As for dividends, 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 maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, within the limit of the balance of unappropriated retained earnings of the eighteenth fiscal period after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate and the amount of part of gain on sales of real estate properties set aside as internal reserves as reserve for reduction entry, etc. by applying the “Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of the Special Taxation Measures Act) that were transferred to the reserve for reduction entry, would be paid out. Consequently, Top REIT declared a dividend per investment unit of ¥9,680.

### (2) Outlook for the next fiscal periods

#### **A. Management Policy and Issues to be addressed**

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

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

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

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

Top REIT aims to maintain or increase its dividends over the medium to long term by realizing external growth through acquisition of new properties. Top REIT will continue to not only further utilize pipeline support functions from sponsor companies, but also utilize various established information channels to collect information on new properties based on detailed analysis of market environment of each asset classes, while placing emphasis on primarily highly competitive office buildings. By doing so, Top REIT aims to expand the portfolio size while improving its quality.

Furthermore, Top REIT makes it a management policy to keep the ratio of the investment amount per property at less than 20% of the entire portfolio as a target over the medium to long term. Going forward, Top REIT will work to reduce the risk of concentration on specific properties by steadily advancing further external growth.

##### (c) Financial Strategy

Top REIT will continue to implement diversified and flexible fund procurement operations in preparation for acquisition of new properties and refinancing of existing loans, etc. While securing mobility and flexibility in fund procurement, Top REIT will work to reduce the risk 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.

(e) Significant Subsequent Events

There are none applicable.

[Reference Information]

Top REIT decided at its board of directors meeting held on May 21, 2015 to convene the sixth General Meeting of Unitholders, scheduled for July 24, 2015.

<New Borrowings>

Top REIT has entered into loan agreements on June 1, 2015 as shown below. The proceeds from the borrowings were applied for the redemption of No. 1 Unsecured Investment Corporation Bonds on June 4, 2015.

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

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

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

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

## B. Outlook for the Nineteenth and Twentieth Fiscal Periods

The earnings forecasts for the nineteenth fiscal period (from May 1, 2015 to October 31, 2015) and the twentieth fiscal period (from November 1, 2015 to April 30, 2016) are as follows:

Please refer to the next page for the assumptions of the earnings forecasts.

	Nineteenth Fiscal Period (From May 1, 2015 to Oct 31, 2015)	Twentieth Fiscal Period (From Nov 1, 2015 to Apr 30, 2016)
Operating Revenue	¥5,391million	¥5,407million
Operating Income	¥2,178million	¥2,242million
Ordinary Income	¥1,626million	¥1,708million
Net Income	¥1,625million	¥1,707million
Dividend per Unit (excluding dividend in excess of earnings)	¥9,700 (Note 2)	¥9,700
Dividend in Excess of Earnings per Unit	¥0	¥0

(Note 1) The earnings 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) With regard to the dividend per unit of nineteenth fiscal period, it is assumed that an approximately ¥82 million of internal reserve, etc. will be reversed.



**Assumptions for Earnings Forecasts for the Nineteenth Fiscal Period (from May 1, 2015 to October 31, 2015) and the Twentieth Fiscal Period (from November 1, 2015 to April 30, 2016)**

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> <li>Nineteenth fiscal period (19<sup>th</sup> FP): May 1, 2015 - October 31, 2015 (184 days)</li> <li>Twentieth fiscal period (20<sup>th</sup> FP): November 1, 2015 - April 30, 2016 (182 days)</li> </ul>
Portfolio Assets	<ul style="list-style-type: none"> <li>It is assumed that portfolio assets will be the 20 properties Top REIT owns as of the date of this document. The actual circumstances may change depending on the acquisition or disposal of other properties.</li> </ul>
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>It is assumed that the number of investment units issued and outstanding will be 176,000 units, which is the number as of the date of this document, and it is assumed that no issuance of new investment units will be made through April 30, 2016.</li> </ul>
Interest-Bearing Liabilities	<ul style="list-style-type: none"> <li>It is assumed that the balance of interest-bearing liabilities is ¥90,598 million, which is the amount as of April 30, 2015.</li> <li>For the nineteenth fiscal period, the ¥8,500 million in investment corporation bonds due for redemption on June 4, 2015 were financed in the entire amount using long-term loans. It is assumed that the ¥4,251 million in loans due for repayment on September 30, 2015 will be fully refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on June 30, 2015 as agreed upon.</li> <li>For the twentieth fiscal period, it is assumed that the ¥19,527 million in loans due for repayment on February 29, 2016 will be fully refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on December 30, 2015 as agreed upon.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>For rent revenue from existing properties, Top REIT takes into account the execution of new lease agreements and cancellation of lease agreements that have been finalized and scheduled as of the date of this document, as well as such factors that may cause fluctuations as risks associated with rent revision with tenants due for rent revision or contract renewal, in light of recent real estate leasing market conditions.</li> <li>For Kanda Nishiki-cho 3-chome Building, Top REIT expects revenue for the spaces to be leased for which lease agreements have been executed as of the date of this document. Furthermore, it is assumed that the occupancy rate of the property stands at 76.1% as of the last day of August 2015, 81.0% as of the last day of September 2015, and 94.3% as of the last day of October 2015 onward.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. (the “property tax, 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 trust beneficiary interests in real estate, the adjustments equivalent to property tax, etc. for fiscal year of the acquisition paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period.</li> <li>Property tax, etc. is assumed to be ¥611 million for the nineteenth fiscal period and ¥611 million for the twentieth fiscal period.</li> <li>Depreciation and amortization is assumed to be ¥1,190 million for the nineteenth fiscal period and ¥1,187 million for the twentieth fiscal period.</li> <li>Repair expenses for buildings, etc. may vary greatly from the forecasted amount due to various reasons, including that emergency repair expenses may possibly arise due to unexpected factors causing building damage, etc. and that repair expenses vary largely depending on the fiscal period as they are expenses not accrued periodically.</li> <li>Management operation fees are assumed by considering historical data and the detail of management contracts.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>For the nineteenth fiscal period, non-operating expenses are assumed to be ¥553 million, of which interest expenses on loans and investment corporation bonds (including related expenses) are expected to be ¥544 million and amortization of investment unit issuance expenses is expected to be ¥6 million.</li> <li>For the twentieth fiscal period, non-operating expenses are assumed to be ¥535 million, of which interest expenses on loans (including related expenses) are expected to be ¥526 million and amortization of investment unit issuance expenses is expected to be ¥6 million.</li> </ul>

<p>Dividend per Unit (excluding dividend in excess of earnings)</p>	<ul style="list-style-type: none"> <li>• Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation.</li> <li>• For the nineteenth and twentieth fiscal period, it is assumed that net income will be fully distributed as dividends (excluding fractions).</li> <li>• For the nineteenth fiscal period, it is assumed that part (approximately ¥82 million) of the internal reserves of reserve for reduction entry, etc. totaling approximately ¥266 million (balance at the end of April 2015) will be reversed and applied to dividends.</li> </ul>
<p>Dividend in Excess of Earnings per Unit</p>	<ul style="list-style-type: none"> <li>• Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).</li> </ul>
<p>Other</p>	<ul style="list-style-type: none"> <li>• It is assumed that there will be no changes in legislation, taxation, accounting standards, listing regulations of Tokyo Stock Exchange, rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts.</li> <li>• It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.</li> </ul>

## 5. Financial Statements

### (1) Balance Sheets

(Unit: thousand yen)

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

(Unit: thousand yen)

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

**(2) Statements of Income**

(Unit: thousand yen)

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

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

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

(Unit: thousand yen)

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

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

For the period from November 1, 2014 to April 30, 2015 (18th fiscal period)

(Unit: thousand yen)

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

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

#### (4) Statements of Cash Distributions

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

(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 Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of 1,954,832,000 yen as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, within the limit of the balance of unappropriated retained earnings of the seventeenth fiscal period, after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate which would be transferred to the reserve for reduction entry.

Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.

(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 Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of 1,703,680,000 yen as distribution of income for the period. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, within the limit of the balance of unappropriated retained earnings of the eighteenth fiscal period, after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate and the amount of internal reserve pursuant to Article 66-2 of the Special Taxation Measures Act which would be transferred to the reserve for reduction entry.

Furthermore, Top REIT does not make cash distributions in excess of the profit as stipulated in Article 34-2 of the Articles of Incorporation.



**(5) Statements of Cash Flows**

(Unit: thousand yen)

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

## 6. Portfolio Data

As of the end of April, 2015

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	54,500	31.0
		Harumi Island Triton Square Office Tower Y	33,000	27,200	15.5
		Akasaka Oji Building	9,660	9,610	5.5
		Shiba-Koen Building	6,145	4,110	2.3
		Harumi Island Triton Square Office Tower Z	20,000	12,300	7.0
		Kanda Nishiki-cho 3-chome Building	12,700	8,310	4.7
		Shinkawa Chuo Building	5,610	6,150	3.5
		Shinjuku EAST Building	5,800	6,550	3.7
	Ginza Oji Building	2,000	2,120	1.2	
	Tokyo Metropolitan Area	Faret East Building	2,091	2,630	1.5
Subtotal (10 properties)			138,956	133,480	76.0
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	9,080	5.2
		Ito-Yokado Higashi-Narashino Store	8,900	3,990	2.3
		Musashiurawa Shopping Square	4,335	4,140	2.4
		Kojima × Bic Camera Kashiwa Store	4,500	4,930	2.8
	Other Major Cities	MEL Building	1,210	1,300	0.7
Subtotal (5 properties)			30,945	23,440	13.3
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,860	1.6
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,810	4.4
		Ecology Toyosu Procentury	5,160	5,460	3.1
		Impress Musashi-Koganei	1,223	1,370	0.8
		Top Residence Yoga	1,165	1,300	0.7
Subtotal (5 properties)			20,583	18,800	10.7
Total (20 properties)			190,484	175,720	100.0

(Note 1) The investment breakdown is the ratio of the appraisal value at the end of the period for the applicable property or the applicable asset class to the sum total of the appraisal value at the end of the 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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