



Top REIT Investment Corporation

12th Business Report

(Semi-Annual Report 12th)

November 1, 2011 – April 30, 2012

I. Letter from the Executive Officer of the Investment Corporation

Dear Investors,

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

In the twelfth fiscal period (November 1, 2011 – April 30, 2012) of Top REIT, the Japanese economy, which had shown signs of production activities, personal consumption and certain other areas recovering from the initial drop caused by the impact of the Great East Japan Earthquake and other factors, experienced a sharp downfall under the impact of rapid appreciation of the yen and the fear of this being prolonged due to the European debt problem and concerns about the slowdown of the U.S. economy. Entering 2012, however, the economy showed movement toward picking up due to expansion of post-quake reconstruction demand and correction of the strong yen under the European debt problem gaining composure and the U.S. economy recovering solidly. Having said this, the course of the economy is unpredictable for the moment, as the European debt problem has come to the fore again.

In the real estate leasing market in Japan, on the other hand, tenants (operating companies and other entities) have become increasingly conscious of further cost reductions as they face more difficulty in securing corporate earnings due to the yen's appreciation trend and intensive price competition with emerging countries. As such, bottoming out in the market is yet to be confirmed.

Under such circumstances, Top REIT conducted acquisitions of new properties in the twelfth fiscal period while making it almost certain to solicit successor tenants to Akasaka Oji Building, the top priority issue for the moment, thanks to the management capability of Top REIT Asset Management Co., Ltd., the asset management company of Top REIT, and through collaboration with sponsor companies. These endeavors have enabled us to anticipate improvement in revenues and profits in the fourteenth fiscal period and after. Moreover, Top REIT conducted asset replacement – the first such arrangement of its own – by disposing an office building, the sole property it owned in the Osaka area, to a third party and newly acquiring a residential property located in central Tokyo.

In terms of performance for the twelfth fiscal period, Top REIT achieved operating revenue of 5,693 million yen (period-on-period decrease of 2.1%) and ordinary income of 2,029 million yen (period-on-period increase of 2.1%), including capital gains on the disposition of the said property. Net income reached 1,999 million yen (period-on-period increase of 0.7%) as a result of internally reserving part of the capital gains on the disposition as reserve for reduction entry, and Top REIT declared a dividend per unit of 12,577 yen for the twelfth fiscal period.

Going forward, the real estate market is expected to stay in a severe condition. Nevertheless, we at Top REIT will remain committed to prudent management of portfolio assets as well as work to steadily expand the asset size. We thank you and ask for your continued support and understanding.



Executive Officer
Top REIT, Inc.
Jumpei Norimatsu

II. Special Feature — On to the NEXT STAGE

Dear Investors,

Thank you very much for your strong support for Top REIT, Inc. (Top REIT) and our activities.

Representing Top REIT Asset Management Co., Ltd. (TRAM), the asset management company, I would like to explain the overview of the performance of Top REIT in its twelfth fiscal period (November 1, 2011 – April 30, 2012) and its management strategy for the future.

The recovery of the Japanese economy came to a standstill due to temporarily stagnant domestic demand after the earthquake and a decrease in exports caused by such factors as the slowdown in overseas economies, rapid appreciation of the yen, the European debt problem and the flood damage in Thailand. Since entering 2012, the economy has been gradually picking up thanks to the correction of the strong yen and the expansion in domestic demand in accordance with post-quake reconstruction demand becoming full-fledged, and is anticipated to show a clear recovery trend going forward. Nevertheless, given concerns about the European debt problem and other worries not being allayed, the situation may remain unpredictable.

As for the real estate leasing market in central Tokyo, the vacancy rate will continue to rise until around summer this year due to the large volume of supply of new office buildings, but is afterward expected to improve at a moderate pace. Meanwhile, though the rate of decrease in

rent levels for office buildings is decelerating, an upturn is likely to require a substantial amount of time as companies are yet to see a full-on recovery in earnings.

As we managed the assets of Top REIT in the twelfth fiscal period under such circumstances, we focused on leasing activities to solicit successor tenants for Akasaka Oji Building, which was the top priority issue in “Implementing the Strategy for Recovery of Dividend Level” aimed at improving the dividend level. As a result, vacant floors in the property were successfully leased up except for one floor as of June 14, 2012 (when Top REIT announced its earnings results). Moreover, for the one floor left vacant, we have already received an application for lease from one of the candidate tenants, and we are now almost certain about the outcome of the solicitation activities for successor tenants.

The following sections explain the management performance of Top REIT in the Twelfth fiscal period and its management strategy for the future.



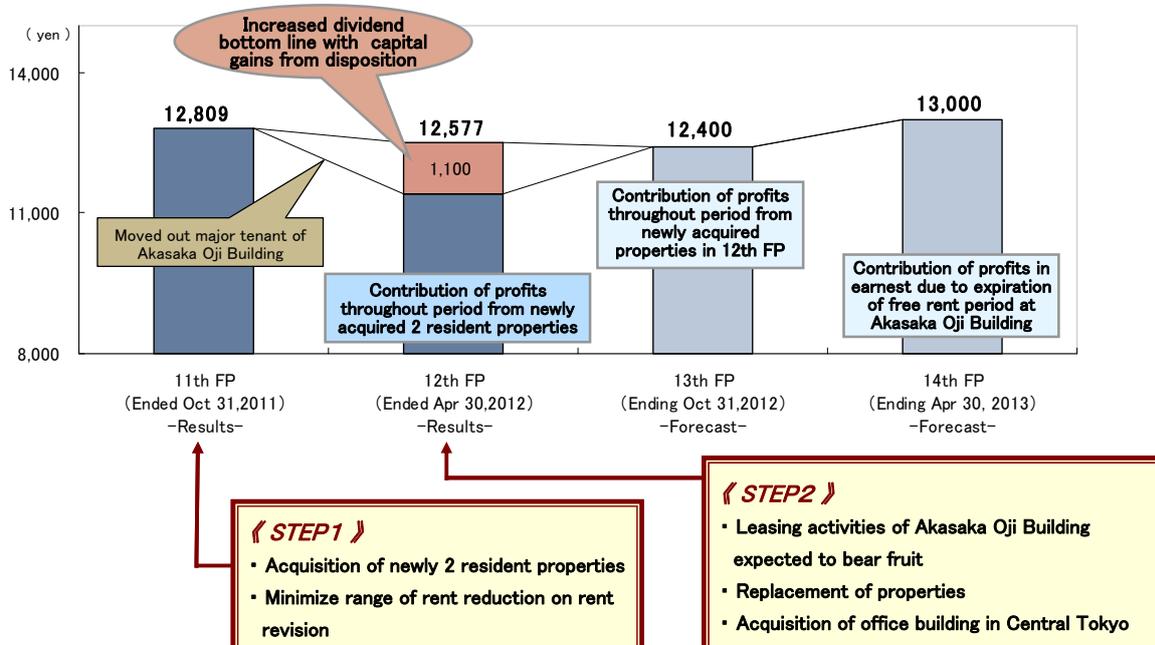
Nobuhito Endo
President and Representative Director

1. Dividend Bottom Line Improves as a Result of Implementing “Strategy for Recovery of Dividend Level” – Earnings Accumulate Steadily

For the previous fiscal period (the eleventh fiscal period ended October 31, 2011) and the current fiscal period (the twelfth fiscal period ended April 30, 2012), Top REIT had to post a period-on-period decrease in dividends because of the impact of such factors as a major tenant of Akasaka Oji Building moving out in September 2011 and major rent revisions in April 2011 resulting in reductions in amount. Under such conditions, the “Strategy for Recovery of Dividend Level” was prepared in the eleventh fiscal period, which was primarily composed of

soliciting successor tenants for Akasaka Oji Building as early as possible and acquiring new properties by utilizing cash on hand. Top REIT and TRAM endeavored to accumulate earnings by steadily implementing this strategy.

As for soliciting successor tenants to Akasaka Oji Building, all five of the tenant companies that concluded lease contracts moved into the property, leaving only one floor vacant as of the announcement of the earnings results for the twelfth fiscal period (June 14, 2012). Furthermore, in terms of acquiring new properties, Top REIT acquired three properties in total, which are residential properties comprised primarily of studio units located in central Tokyo and surrounding areas, in August and October 2011 and in February 2012, while also acquiring an office building in central Tokyo in March 2012. Moreover, Top REIT conducted asset replacement for the first time by disposing Nittetsu Honmachi Building, the sole office building it owned in the Osaka area, and recorded capital gains of 256 million yen for the twelfth fiscal period. In addition, management and maintenance of portfolio assets were conducted prudently and effectively. As a result of these efforts, dividend per unit for the twelfth fiscal period was finalized at 12,577 yen, and the forecast dividend per unit was announced to be 12,400 yen for the thirteenth fiscal period ending October 2012, to be set as the bottom line, and 13,000 yen for the fourteenth fiscal period ending April 2013.



(1) Overview of Recovery Strategy and Its Progress and Performance

The recovery strategy Top REIT and TRAM have promoted since the previous fiscal period consists of the following measures.

- 1) Solicit successor tenants for Akasaka Oji Building
- 2) Prudently manage the portfolio properties and further strengthen tenant relations as a means to defend against further tenant relocations
- 3) Diligently negotiate with tenants on rent revisions
- 4) Acquire new office buildings in central Tokyo and competitive rental apartments with excellent locations

Based on the above recovery strategy, the following actions were taken in the previous fiscal period (the eleventh fiscal period).

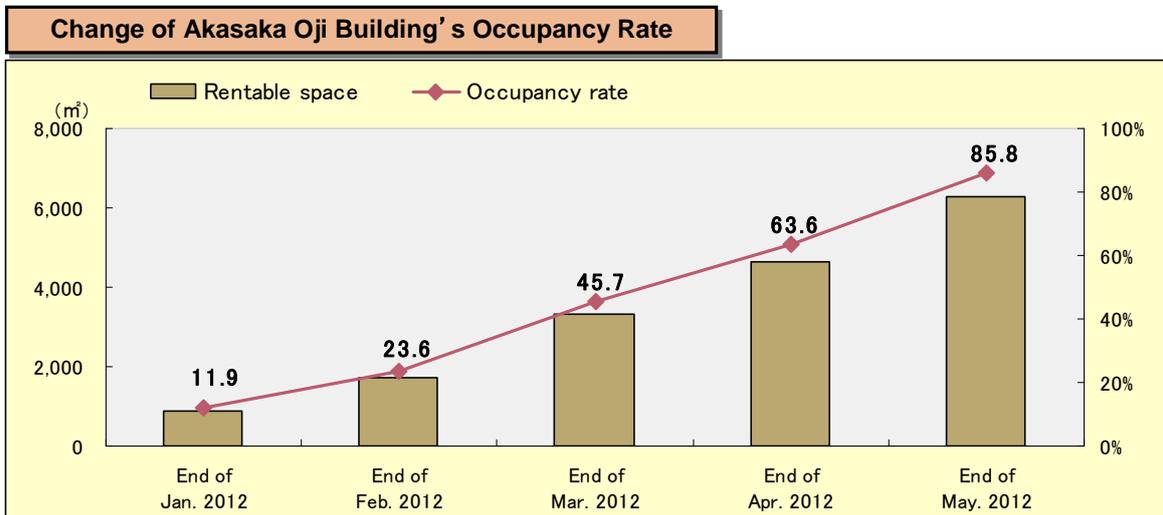
- Top REIT acquired Impress Musashi-Koganei located in Koganei City, Tokyo and TOP Residence Yoga located in Setagaya Ward, Tokyo (total acquisition value: 2.38 billion yen) – two residential properties which, comprised primarily of studio units, offer convenient location and access and are expected to secure stable occupancy and revenues over the medium-to long-term.

- As for rent revisions, diligent negotiations with Ito-Yokado Co. Ltd., the tenant of Sagamihara Shopping Center, resulted in agreement to keep the rent unchanged. This helped the rate of decrease in total rents, for the rent revisions scheduled in the eleventh fiscal period, to be reduced significantly from the planned rate.

(2) Solicitation of Successor Tenants for Akasaka Oji Building – the Top Priority Issue – Becoming Almost Certain to Succeed

Since the formal notice of terminating lease contract from a major tenant of Akasaka Oji Building was received in March 2011, focus has been placed on soliciting successor tenants as a top priority issue for Top REIT and TRAM. Given the Japanese economy becoming increasingly unstable after the Great East Japan Earthquake, the tenant solicitation activities were conducted under severe market conditions, with vacancy rates hovering at a high level even in central Tokyo and rent levels continuing a downward trend despite the contracting rate of decrease. Successor tenants for two and a half floors were determined on the leasing terms and conditions initially assumed. Since then, however, leasing activities made little progress

because of such reasons as heightened consciousness among firms for further cost reductions due to an opaque future outlook, decreased advertising rents at competing properties in neighboring areas, and candidate tenants requiring more time to make final decisions as they investigated multiple properties for their relocation destinations. Considering the opaqueness of future economic conditions and the leasing market situation, Top REIT judged that solicitation of tenants as early as possible should contribute to recover of its earnings, and made concessions on leasing terms and conditions and other requirements to a certain degree. As a result, lease contracts were concluded with successor tenants for seven and a half floors (approximately 1,740 tsubos) out of eight and a half floors (approximately 2,000 tsubos), and the successor tenants have already moved in.



However, requests for so-called “free rent,” meaning no rent will be payable for a period of around six months from the time of moving into the property and only common service fees are levied, remained strong, and granting free rent terms and conditions was unavoidable due to competition with other candidate buildings. Accordingly, revenues from Akasaka Oji Building will be rather limited for the thirteenth fiscal period. However, the property will start to make a full contribution to revenues from the fourteenth fiscal period, when the free rent periods granted to tenants will sequentially expire. Furthermore, some candidates are investigating lease of the one floor that remains vacant, and an application for lease has been received from one of the candidates. Top REIT and TRAM will continue to endeavor to achieve full occupancy of the property as soon as possible.

(3) Top REIT Conducts Its First Asset Replacement

Replacement of assets was conducted in the twelfth fiscal period, the first such arrangement for Top REIT, by disposing Nittetsu Honmachi Building, the sole office building Top REIT owned in the Osaka area, to a third party on November 25, 2011, and newly acquiring Top Residence Nihonbashi Kayabacho, a residential property comprised primarily of studio units located in central Tokyo, on February 1, 2012.

In the areas surrounding Osaka Station, where ongoing redevelopment plans are scheduled to be completed one after another in March 2013, there is a heightening possibility of vacant spaces being generated and the rent levels dropping further due to deterioration in supply-demand balance associated with the resulting large supply of office buildings. Therefore, Nittetsu Honmachi Building, which inherently had these risks, was transferred and replaced with a residential property in central Tokyo, which should be expected for more stable occupancy and earnings. This arrangement has enhanced the stability of Top REIT's portfolio.

Moreover, there were capital gains on the disposition of Nittetsu Honmachi Building of 256 million yen. For the purpose of enhancing Top REIT's financial strategy, it has been decided to implement a reduction entry of part of the capital gains on sale by applying special provisions for taxation. As a result, 78 million yen was internally reserved in the twelfth fiscal period.

(4) Rent Revisions within an Assumed Range

With the domestic economy appearing to be on a recovering trend but lacking momentum and corporate earnings having yet to recover, firms are heightening consciousness for further cost reductions. Under these conditions, negotiations with tenants are becoming more challenging as they continue to request reductions of rent amount upon rent revisions. As such, reductions in amount were anticipated to a certain degree in the rent revisions conducted in the twelfth fiscal period with 10 tenants of office buildings. Nevertheless, diligent negotiations resulted in agreements being reached for rent reductions within the assumed range, with rents remaining flat for seven tenants and being reduced for three tenants.

For the rent revisions in the thirteenth fiscal period as well, negotiations with respective tenants are expected to be severe. However, since there are only eight tenants of office buildings due for rent revisions and the percentage of their rents to the total rents of the portfolio is rather small at 2.5% (as of the end of the twelfth fiscal period), the impact of the rent revisions on the dividend

will be limited even though the rent amount is anticipated to be reduced to a certain degree.

(5) Acquisition of Office Building in Central Tokyo

In the current real estate sales market, the situation in which it is difficult to close contracts is continuing as the volume of information on office buildings for disposal in central Tokyo is low and the gap in the price perspective (level) of properties between sellers and buyers has not been narrowed. In such a situation, while Top REIT acquired three residential properties located in central Tokyo and other areas in 2011 through early 2012, efforts were made to collect information on properties for disposal by utilizing the various information channels that TRAM has built to date, with an aim to acquire office buildings in central Tokyo as raised in the “Strategy for Recovery of Dividend Level.” This led to the acquisition of Shinkawa Chuo Building located in Chuo Ward, Tokyo, on March 30, 2012.

About four minutes’ walk from Kayabacho Station and about six minutes’ walk from Suitengumae Station on the Tokyo Metro lines, the Shinkawa Chuo Building features good traffic convenience and is close to the office areas of Marunouchi, Otemachi, Yaesu and Nihonbashi in central Tokyo, allowing expectations for a variety of needs for office spaces. In addition, the building was sold by a third party and acquired through bidding by only a limited number of companies. We believe that Top REIT was able to obtain the preferential negotiating rights as its bidding price was assessed, before being submitted to the seller, on the assumption that a lease contract is concluded with a master-lease company, in which rents are guaranteed and vacancy is compensated for spaces that were left partially vacant so that rents are collected even for vacant spaces to help improve revenues from the property. Thanks to this arrangement, the occupancy rate of the building stood at 100%, and it was eventually acquired at a price lower than its appraisal value. The property, with a cap rate that significantly surpasses the average cap rate of the entire portfolio, is expected to make contributions to Top REIT’s revenues. Moreover, since the property actually housed eleven tenants as of the end of the twelfth fiscal period, the impact on dividend is arguably dispersed even if there should be any tenant move outs.

2. Top REIT's Management Policy and Strategy Going Forward

As explained above, the steady implementation of the “Strategy for Recovery of Dividend Level” has helped to accumulate earnings for Top REIT, and allowed for a revision of the forecast dividend per unit for the thirteenth fiscal period upward to 12,400 yen, as well as announce the forecast dividend per unit of 13,000 yen for the fourteenth fiscal period when Akasaka Oji Building will make full contribution to revenues after terminating its free rent periods.

Nevertheless, it is likely to require a considerable amount of time for the real estate leasing market to recover and, although the range of rent reductions with respective tenants has been shrinking, Top REIT will be forced to still see negative internal growth. In order to maintain and improve the dividend levels in such an environment, it is essential for Top REIT to achieve external growth by acquiring new properties. Top REIT will continue to implement growth strategy that is “extensively focused on securing the dividend level.”

(1) Projected Performance for the Thirteenth and Fourteenth Fiscal Periods

The following are assumptions on which the projections of performance for the thirteenth and fourteenth fiscal periods are based.

1) Portfolio Assets

The forecast is based on 18 properties owned by Top REIT as of June 14, 2012.

2) Operating Revenue

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 June 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 the tenants of Akasaka Oji Building, the forecast only factors in approximately 1,890 tsubos being leased out of approximately 2,200 tsubos in the property.

3) Interest-Bearing Liabilities

It is assumed that the balance of interest-bearing liabilities will be 96,970 million yen, and that the 17,500 million yen in loans payable due for repayment during the thirteenth fiscal period

(June 29, 2012) will be fully refinanced and the 9,800 million yen and the 9,300 million yen in loans payable due for repayment during the fourteenth fiscal period (November 30, 2012 and March 27, 2013, respectively) will be fully refinanced. Moreover, it is assumed that 67 million yen of long-term loans payable will be paid in each of the thirteenth and fourteenth fiscal periods as agreed upon.

4) Dividends per Unit

It is assumed that, with regard to the 78 million yen that was internally reserved in the twelfth fiscal period from capital gains on the sale of Nittetsu Honmachi Building (256 million yen), which was transferred as of November 25, 2011, by applying “Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010,” Top REIT will not reverse the internal reserves during the thirteenth and fourteenth fiscal periods.

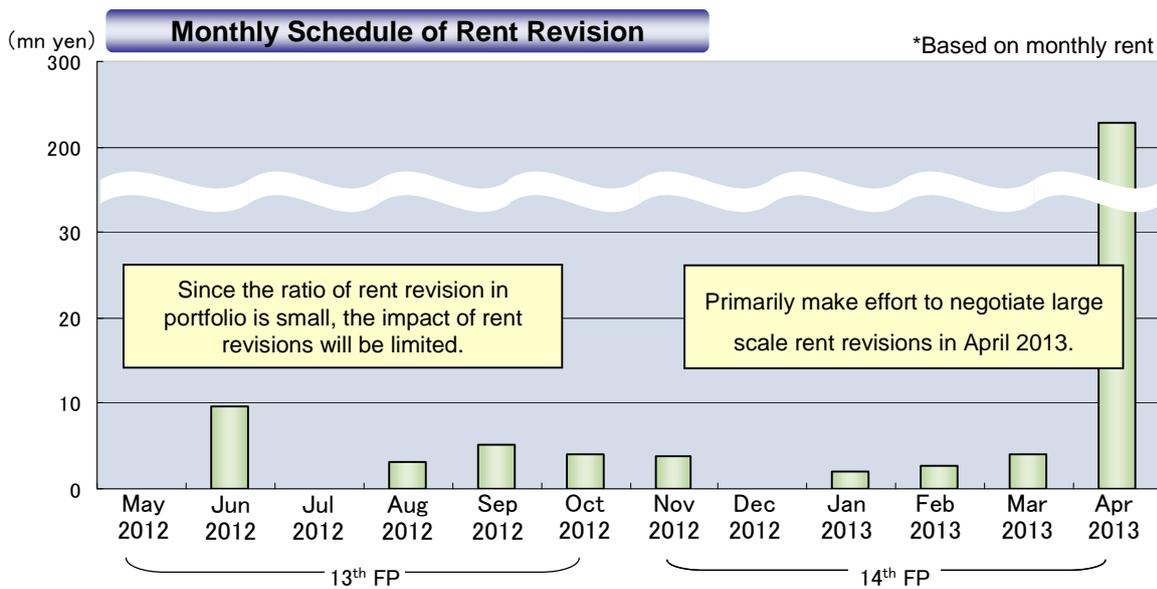
The earnings forecasts in 13 th FP and 14 th FP based on assumptions described above are as following tables.

CATEGORY	12TH FISCAL PERIOD PERFORMANCE	13TH FISCAL PERIOD FORECAST (ANNOUNCED ON June 14, 2012)	14TH FISCAL PERIOD FORECAST (ANNOUNCED ON June 14, 2012)
PERIOD OF ASSETMANAGEMENT	182days	184days	181days
OPERATING REVENUE	¥5,693 million	¥5,621 million	¥5,670 million
OPERATING INCOME	¥2,772 million	¥2,631 million	¥2,663 million
ORDINARY INCOME	¥2,029 million	¥1,923 million	¥2,016 million
NET INCOME	¥1,999 million	¥1,922 million	¥2,015 million
DIVIDEND PER UNIT	¥ 12,577	¥ 12,400	¥ 13,000
NUMBER OF INVESTMENT UNITS	155,000 units	155,000 units	155,000 units
PORTFOLIO SIZE	18 properties	18 properties	18 properties

(2) Responses to Major Rent Revisions Scheduled for March 2013

Top REIT is scheduled to have major rent revisions, which occur regularly every two years, in the fourteenth fiscal period. The major rent revisions becoming due at the end of March 2013 include tenants of Harumi Island Triton Square Office Tower Z and Kanda Nishiki-cho 3-chome Building as well as part of Harumi Island Triton Square Office Tower Y. The monthly rents of the relevant tenants are equivalent to approximately 25% of the total monthly rents, and the rent revisions in the fourteenth fiscal period should have a major impact on the dividends afterward.

As explained above, the recovery of the real estate leasing market in central Tokyo is stunted. It is forecasted that, by March 2013, rent levels in central Tokyo will have not yet recovered although the vacancy rate will get on track to improvement. Given this outlook, the coming rent revisions are also anticipated to be severe. However, TRAM will diligently conduct negotiations with relevant tenants by taking advantage of its tenant relations fostered through daily operations, so that agreements can be reached on rent reductions within the assumed range.



(3) Focus on Solicitation of Successor Tenants for Vacant Spaces

As explained above, we are now almost certain about the achievement of soliciting successor tenants for Akasaka Oji Building, with only one floor left vacant as of the announcement of earning results for the twelfth fiscal period, and the occupancy rate of Top REIT’s office buildings recovering to as high as 99.2% as of the end of May 2012. The vacant spaces in the office buildings that remain in Akasaka Oji Building and Shiba-Koen Building totaled approximately 380 tsubos as of the same date. TRAM will continue to focus on soliciting successor tenants for these vacant spaces, in cooperation with the sponsors and work to coordinate with property management companies in order to realize full occupancy. Moreover, TRAM will work to improve the occupancy rate of residential properties as well to secure stable earnings.

(4) Acquisition of New Properties in View of the Fifteenth Fiscal Period

Transactions of residential properties are relatively stable but tend to overheat, while the acquisition environment of office buildings in central Tokyo continues to be severe. Thus, the real estate transaction market as a whole still remains inactive. Given these conditions, even if the major rent revisions in the fourteenth fiscal period are agreed upon for rent reductions within the assumed range, as explained in the previous section, it will be necessary to accumulate a new set of earnings through new property acquisitions in order to cover the amounts of rent reductions, and to maintain and improve the dividend levels for the fifteenth fiscal period and after.

Top REIT will adopt the growth strategy and the management policy it has implemented to date, and aim to acquire properties that should contribute to enhanced earnings of the entire portfolio by collecting information of properties for disposal, centering on blue-chip office buildings in central Tokyo and residential properties located in central Tokyo and Tokyo metropolitan areas and including office buildings and other properties well located in other major cities.

3. Strategy for the NEXT STAGE

As explained above, efforts were made during the eleventh and the twelfth fiscal periods to recover the dividend levels by covering the decreases in revenues caused by reductions of rent amounts through major rent revisions and the move-out of a major tenant from Akasaka Oji Building. The ongoing “Strategy for Recovery of Dividend Level” is being achieved, as proved by the announcement of the forecast dividend per unit of 13,000 yen for the fourteenth fiscal period.

To achieve the NEXT STAGE (“expand asset size to 210 billion yen” and “maintain a stable dividend level”), additional acquisitions of approximately 26 billion yen will be needed in the future. In the current portfolio, the investment ratio stands at approximately 75% for office buildings and 25% for properties (retail and residential properties, etc.) other than office buildings. In conducting additional acquisitions in the future, Top REIT will work to acquire blue-chip properties that have competitiveness and contribute to enhanced earnings of the entire portfolio, while maintaining the current investment ratios. To do so, TRAM will utilize the information network channel that it has established, as well as the sponsors’ network channels.

As the asset manager for Top REIT, TRAM will continue management with “extensive focus”

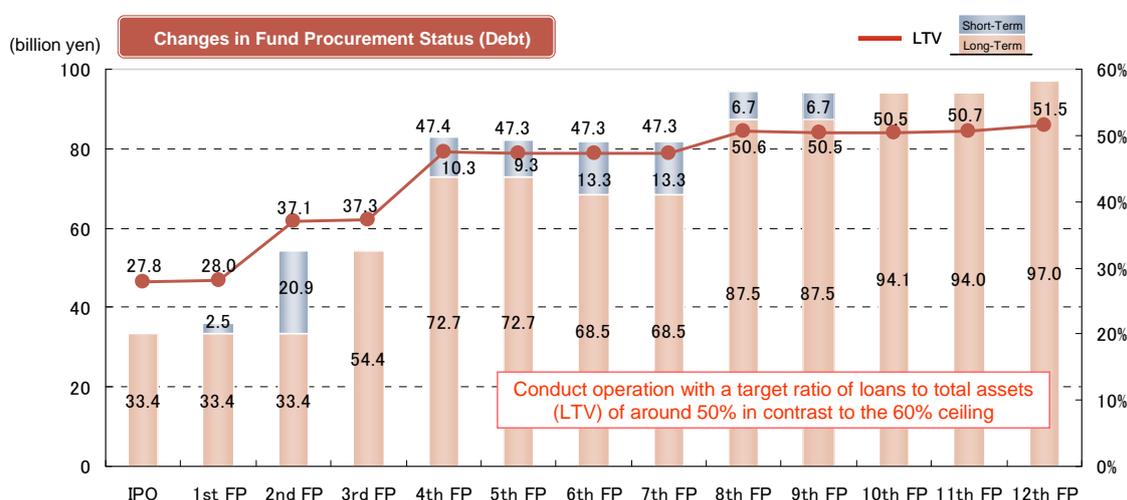
on the dividend level. Top REIT and TRAM are determined to keep striving for prudent management and growth of Top REIT's portfolio, by working to accumulate earnings through acquisitions of new properties, in addition to securing the base earnings through every possible measure to manage and maintain existing properties. Your continued understanding and support is greatly appreciated.

Financial Highlight

Adopting a financial policy that is based on stable financial management, Top REIT has continued to implement prudent and solid financial operations.

In the current fiscal period (the twelfth fiscal period), the market interest rate remained stable at a low level due to the Bank of Japan maintaining and continuing its monetary easing policy, and financial institutions keeping positive lending attitudes. Under such conditions, Top REIT refinanced 19,040 million yen in loans payable that became due for repayment on November 2011, and additionally procured 3,000 million yen in borrowings on March 2012 for the acquisition of a new property. These were conducted with the aim of reducing interest rate costs and extending the average remaining period of interest-bearing liabilities, and implemented as described in (1) and (2) below. As a result, at the end of the twelfth fiscal period, the total remaining amount of interest-bearing liabilities stands at 96,970 million yen, and the ratio of interest-bearing liabilities to total assets (LTV) is 51.5%.

Moreover, after the end of the twelfth fiscal period (April 30, 2012), a total 17.5 billion yen in loans payable became due for repayment at the end of June and Top REIT completed its refinancing as described in (3) below. This further extended the average remaining period of interest-bearing liabilities to three years and four months as of the end of June.



(1) Implemented refinance of 19.04 billion yen in total in long-term loans payable that became due for repayment

- Repayment date: November 30, 2011
- All amounts refinanced to long-term loans payable of five years (floating interest rate)

(2) Implemented additional borrowing of 3 billion yen in association with the acquisition of a new property

- Borrowing date: March 30, 2012
- All amounts borrowed with a loan period of four years and seven months (floating interest rate)

(3) Implemented refinance of 17.5 billion yen in total in long-term loans payable that became due for repayment

- Repayment date: June 29, 2012
- All amounts refinanced to long-term loans payable of five years (fixed interest rate for 8.5 billion yen and floating interest rate for 9.0 billion yen)

In these financing activities, Top REIT fully exerted its strengths, successfully realizing the following achievements.

- **Maintained stable bank formation**

Top REIT implemented borrowings in syndicated loans with three megabanks and major trust banks with which Top REIT has conducted business since listing, maintaining stable relation.

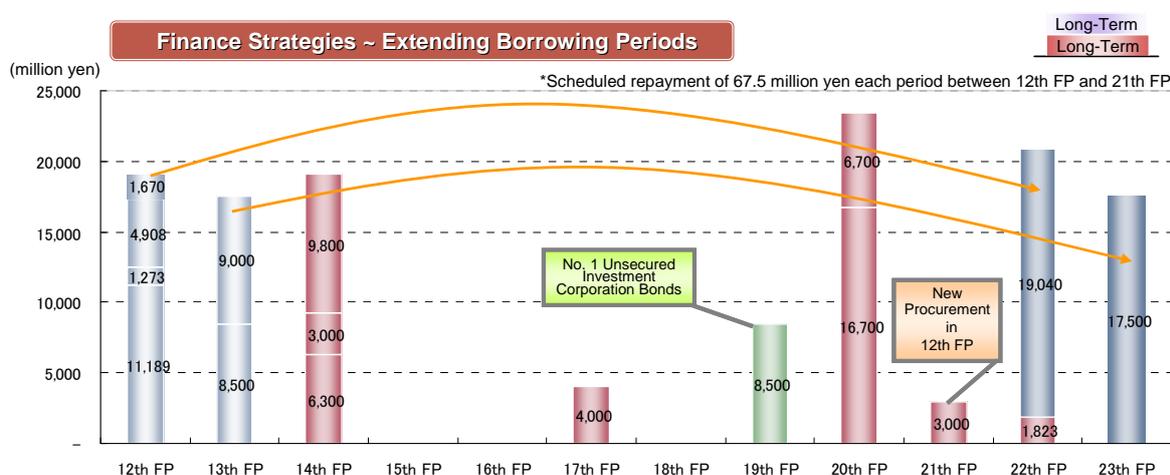
- **Extended average remaining periods of interest-bearing liabilities**

The average remaining period of interest-bearing liabilities was two years as of the end of the eleventh fiscal period (October 31, 2011). In order to extend the remaining period, Top REIT refinanced 19,040 million yen, which became due for repayment on November 2011, by long-term loans payable (with a loan period of five years), resulting in the period becoming two years and eleven months at the end of the same month. In addition, Top REIT additionally borrowed 3,000 million yen for the acquisition of a new property, by long-term loans payable (with a loan period of four years and seven months), resulting in the average remaining period of interest-bearing liabilities becoming two years and seven months at the end of the twelfth fiscal period.

Furthermore, Top REIT also completed refinance of 17,500 million yen, which became due for repayment on June 2012, by long-term loans payable (with a loan period of five years), resulting in the average remaining period becoming three years and four months as of the end of the same month.

- **Reduced financing costs**

The 19,040 million yen due for repayment on November 2011, the 3,000 million yen newly borrowed on March 2012, and 9,000 million yen out of 17,500 million yen due for repayment on June 2012, were procured with floating interest rates. Top REIT worked to reduce financing costs by taking advantage of the current status of the market interest rate remaining stable at a low level while maintaining the ratio of fixed interest rates at around 50%. Going forward, Top REIT will investigate raising the ratio of fixed interest rates while considering factors such as the future trends of the Bank of Japan's monetary policy and the lending attitude of financial institutions as well as paying attention to the timing of interest rates starting to rise.



Future Financial Strategy

In its financial policy, Top REIT has placed the ceiling of the ratio of interest-bearing liabilities to total assets (LTV) at 60%, and targets to set the figure at around 50% in ordinary management. The LTV was 51.5% at the end of the twelfth fiscal period, reaching a relatively high level. Among means to lower the LTV level, capital increase generally comes first.

However, the basic stance of Top REIT in planning and implementing capital increase through public offering of investment units is to make investigations after fully considering the market conditions, cap rates of properties to be newly acquired and other factors, in order to minimize the impact of dilution. As such, the decision is heavily dependent on the market conditions. However, under the situation in which the bottoming out of the real estate market condition is yet to be confirmed and no positive internal growth can be expected, it is essential for Top REIT to accumulate earnings by acquiring new properties in order to maintain and improve its dividends. Therefore, in acquiring new properties in the future, Top REIT will consider the possibility of temporarily raising LTV slightly by borrowing funds from banks, and select financing methods flexibly through discussions with the market, so that Top REIT can keep its prudent and solid financial management.

I. ASSET MANAGEMENT REPORT

[1] Overview of Asset Management Operation

1. Operating Results and Financial Position

Fiscal period		8th	9th	10th	11th	12th
As of/for six months ended		April 30, 2010	October 31, 2010	April 30, 2011	October 31, 2011	April 30, 2012
(1) Operating results						
Operating revenue	mn yen	5,814	6,060	5,967	5,812	5,693
(Of which, rental revenue)	mn yen	5,814	6,060	5,967	5,812	5,437
Operating expenses	mn yen	2,964	3,041	2,995	3,033	2,921
(Of which, expenses related to rental business)	mn yen	2,405	2,451	2,414	2,479	2,383
Operating income	mn yen	2,849	3,019	2,971	2,779	2,772
Ordinary income	mn yen	2,091	2,204	2,194	1,986	2,029
Net income	mn yen	2,090	2,204	2,157	1,985	1,999
(2) Assets, etc. (end of period)						
Total assets	mn yen	186,296	186,459	186,336	185,459	188,407
(Period-on-period variation)	%	(7.8)	(0.1)	(-0.1)	(-0.5)	(1.6)
Interest-bearing liabilities	mn yen	94,240	94,172	94,105	94,037	96,970
Net assets	mn yen	84,289	84,438	84,418	84,245	84,259
(Period-on-period variation)	%	(0.2)	(0.2)	(-0.0)	(-0.2)	(0.0)
Unitholders' capital	mn yen	82,260	82,260	82,260	82,260	82,260
(3) Cash distributions						
Total cash distributions	mn yen	2,090	2,204	2,157	1,985	1,949
Dividend payout ratio	%	100.0	100.0	100.0	100.0	97.5
(4) Per unit information						
Number of units Outstanding	units	155,000	155,000	155,000	155,000	155,000
Net assets per unit (Note 2)	yen	543,805	544,768	544,632	543,520	543,610
Dividend per unit	yen	13,484	14,220	13,922	12,809	12,577
(Earnings distribution per unit)	yen	13,484	14,220	13,922	12,809	12,577
(Distribution in excess of earnings per unit)	yen	—	—	—	—	—
(5) Financial indices						
Ratio of ordinary income to total assets (Note 3)	%	1.2(2.3)	1.2 (2.3)	1.2 (2.4)	1.1 (2.1)	1.1 (2.2)
Ratio of net income to unitholders' equity (Note 3)	%	2.5(5.0)	2.6 (5.2)	2.6 (5.2)	2.4 (4.7)	2.4 (4.8)
Ratio of unitholders' equity to total assets (Period-on-period variation)	%	45.2 (-3.5)	45.3 (0.1)	45.3 (0.0)	45.4 (0.0)	44.7 (-0.7)
LTV	%	50.6	50.5	50.5	50.7	51.5
Rental NOI (Note 4)	mn yen	4,535	4,691	4,639	4,393	4,126
(6) Other referential information						
Number of properties at end of period	cases	15	15	15	17	18
Number of tenants at end of period (Note 5)	cases	44	46	46	48	40
Total rentable area at end of period	m ²	291,647.88	291,627.72	291,627.72	295,215.03	300,294.23
Occupancy rate at end of period (Note 6)	%	99.2	99.5	99.7	97.3	98.5
Depreciation and amortization at end of period	mn yen	1,127	1,081	1,086	1,060	1,072
Capital expenditure at end of period	mn yen	544	83	464	234	442

Note 1: Operating revenue, etc. do not include consumption taxes.

Note 2: Net assets per unit have been rounded to the nearest yen.

Note 3: The indices above are calculated using the following formulas. In addition, annualized figures derived from the management period are indicated in brackets.

Ratio of ordinary income to total assets = Ordinary income / ((Total assets at beginning of period + Total assets at end of period) / 2) × 100

Ratio of net income to unitholders' equity = Net income / ((Net assets at beginning of period + Net assets at end of period) / 2) × 100

Note 4: Rental NOI (Net Operating Income) = Rental revenue - Expenses related to rental business + Depreciation and amortization.

Note 5: Number of tenants at end of period indicates total number of tenants of each property as of the end of period. In the case a master lease agreement is concluded, it is counted as 1 tenant. In the case 1 tenant rents multiple units, it is counted as 1 tenant if the units are in the same property and as multiple tenants if the units are in multiple properties.

Note 6: Occupancy rate at end of period = Total leased floor areas at end of period / Total leasable floor areas at end of period

When a pass-through type master lease agreement has been concluded, the area subleased to the end tenants have been used as the leased floor area.

Note 7: Unless otherwise mentioned in the report, fractions of figures not indicated are rounded off for monetary amounts and rounded for ratios.

2. Overview of Asset Management Operation for the Twelfth Fiscal Period

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 twelfth fiscal period (April 30, 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 unit holders 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 twelfth 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 in severe circumstances, with corporate earnings worsening due to the impact of the European debt problem, stagnant overseas economies and the rapid appreciation of the yen, although there were signs of production activities and personal consumption recovering from the drop after the Great East Japan Earthquake. Entering 2012, however, the economy has been gradually recovering, supported by the correction in the strong yen and the post-quake reconstruction demand becoming full-fledged, and is now expected to achieve a moderate recovery going forward. Nevertheless, the business sentiment is likely to remain unpredictable under the situation in which concerns about further downside risks of the Japanese economy not being wiped out due to the impact of the instability in overseas economies, including the European debt problem that has not yet shown any signs of calming.

(b) Real Estate Leasing Market

[Office Buildings]

After having hovered at a high level, the vacancy rate in the office building leasing market in central Tokyo started to show signs of improvement due to comparatively inexpensive rents and the earthquake-induced demand for large-scale quality buildings boasting high earthquake resistance performance or those equipped with emergency power systems, etc. However, the vacancy rate still remains high, with the large volume of supply of new buildings in the first half of this year causing to surface the problem of after-relocation vacancy. Moreover, rent levels have remained on the downside, though the range of decrease in rent levels is gradually decelerating, as companies continue to reduce costs due to the unpredictability of corporate earnings and the competition of soliciting tenants is intensifying. Recovery in the rent levels is thus likely to require a substantial amount of time.

[Retail Properties]

The decrease in new supply of large-scale retail properties has helped to improve the supply and demand balance, and consumer confidence which had dropped after the earthquake is gradually recovering. Personal consumption has continued to steadily reflect seasonal factors and political measures. Under such circumstances, large retailers have implemented structural reform of their stores and focused on reforming sales space by utilizing specialty stores inside and outside of their groups, as well as working to develop private brand products and strengthening sales efforts, in order to improve earnings. On the other hand, the population decline and other factors are expected to cause the domestic retail market to shrink in size and further intensify competition among retailers. As such, future trends of major retailers need to be closely monitored.

[Residential Properties]

In the rental residential properties market in central Tokyo and surrounding metropolitan areas, the number of households has shown an upward trend due to population influx from other areas and the increase of households comprising singles or married couples alone. In this situation, the number of households living in condominiums has increased due to the prevailing preference of focusing on convenience of living and proximity to central Tokyo. On the supply side, meanwhile, since the number of housing starts has remained at a low level, the supply and demand conditions in the residence leasing market in central Tokyo and surrounding metropolitan areas are relatively favorable. In addition, while such condominiums as those primarily comprising highly convenient studio units have secured relatively steady occupancy rates and stable rent levels, the rent levels of properties in high rent zones, such as those for foreign business people, have continued to be adjusted.

(c) Real Estate Transaction Market

J-REITs have continued to implement capital increase through public offerings, and financial institutions have maintained positive lending attitude, keeping the financing environment comparatively favorable. Under these conditions, such players as J-REITs and private placement funds show strong willingness to invest in real estate, creating a trend of gradual recovery in the number of transactions from the drop after the earthquake. Buyers continue to have severe price perspectives, however, reflecting the current status of the real estate leasing market, while sellers expect the economy and the real estate market conditions to recover as well as enjoy the favorable financing environment. This has not allowed the gap in the price perspective between sellers and buyers to narrow, and the supply and demand situation of blue-chip properties, etc. has remained tight. Accordingly, the recovery in the real estate transaction market is only limited.

<Asset Management Performance >

(a) Acquisition and Disposition of Assets

Top REIT began the twelfth fiscal period with 17 properties (total acquisition value: ¥177,435 million) and, with an aim to acquire highly competitive and highly profitable properties, investigated possible acquisition of properties based on 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 areas through not only the “optimal application of sponsors’ strengths,” but also utilizing established information channels. As a result, Top REIT acquired Shinkawa Chuo Building (acquisition value: ¥5,610 million) located in Chuo Ward, Tokyo, on March 30, 2012. Moreover, in order to enhance the stability of its portfolio, Top REIT conducted asset replacement – the first such arrangement of its own – by disposing Nittetsu Honmachi Building (transfer value: ¥1,300 million), the sole property it owned in the Osaka area, to a third party on November 25, 2011 and newly acquiring Top Residence Nihonbashi Kayabacho (acquisition value: ¥2,400 million), located in Chuo Ward, Tokyo, on February 1, 2012. Top Residence Nihonbashi Kayabacho may be expected to have stable occupancy and earnings. Thus, the number of properties owned by Top REIT expanded to 18 properties (total acquisition value: ¥184,345 million) as of the end of the twelfth 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 particular, Top REIT placed top priority on soliciting successor tenants to Akasaka Oji Building and focused on tenant solicitation activities during the fiscal period. Despite the severe real estate leasing market conditions, such activities successfully led to conclusion of lease agreements with new successor tenants. As of the end of the twelfth fiscal period, there is only one floor left vacant in the property, and Top REIT is now almost certain about its lease-up. As a result of such undertakings, the period-end occupancy rate of Top REIT’s entire portfolio increased to 98.5% from the 97.3% at the end of the eleventh fiscal period.

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, as well as 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 twelfth fiscal period, ¥19,040 million in borrowings due for repayment on November 30, 2011, and Top REIT refinanced it by long-term loans (repayment date: November 30, 2016) on the same date in order to extend the remaining period of interest-bearing liabilities. Top REIT also repaid ¥67 million in the long-term loans payable as agreed upon using cash on hand on December 30, 2011. Moreover, on March 30, 2012, Top REIT newly procured ¥3,000 million through long-term loans payable (repayment date: October 31, 2016) in order to partly fund the acquisition of Shinkawa Chuo Building.

As a result, at the end of the twelfth fiscal period, the total amount of interest-bearing liabilities stands at ¥96,970 million (¥88,470 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 51.5%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) is 100%, while interest-bearing liabilities with fixed interest rates occupy 51.5%.

The credit ratings of Top REIT as of April 30, 2012 are as follows:

Credit rating agency	Rating [Outlook]
Moody's Japan K.K. (Moody's)	Issuer rating: A3 [Negative] Senior unsecured long-term rating (No 1 Unsecured Investment Corporation Bonds): A3 [Negative]
Rating and Investment Information, Inc. (R&I)	Issuer rating: AA- [Stable] Unsecured investment corporation bond rating: AA-

Note: Moody's Japan K.K. downgraded the issuer rating and the senior unsecured long-term rating of Top REIT to Baa1 [rating outlook: Negative] as of May 9, 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 the asset management performance during the twelfth fiscal period of ¥5,693 million in operating revenue, ¥2,772 million in operating income and ¥2,029 million in ordinary income after deducting expenses concerning borrowings, etc. and net income was ¥1,999 million.

As for dividends, Top REIT has the aim of having an amount equivalent to profit dividends deducted as expenses based on 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"]). Moreover, in order to reinforce its financial standings, Top REIT applied for the Special Measures in Case Land or Other Property is Acquired in Advance in 2009

or 2010 (Special Taxation Measures Act, Article 66-2) to reserve part of its unappropriated retained earnings as reserve for reduction entry, and decided to distribute nearly all of the unappropriated retained earnings (excluding fractions of the dividend per investment unit that are less than ¥1) after deducting the said reserve for reduction entry. Consequently, Top REIT declared a dividend per investment unit of ¥12,577.

3. Balance of Paid-in Capital

There was no change in paid-in capital for the 11th fiscal period. The outline of changes in paid-in capital from the establishment of Top REIT to the end of the current fiscal period is as follows:

Issue date	Remarks	Total number of units issued and outstanding (units)		Total paid-in capital (million yen)		Note
		Increase	Balance	Increase	Balance	
November 2, 2005	Incorporation (private)	200	200	100	100	Note 1
February 28, 2006	Public offering	145,300	145,500	77,117	77,217	Note 2
March 23, 2006	Third party allotment	9,500	155,000	5,042	82,260	Note 3

Note 1: Top REIT was established with initial capital of ¥500,000 per unit.

Note 2: New investment units were issued at a price of ¥550,000 per unit (issue value of ¥530,750 per unit) through a public offering in order to raise funds for acquiring new properties.

Note 3: New investment units were issued at a value of ¥530,750 per unit through a third party allocation to raise funds for acquired properties.

Market Price of Investment Units

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

Fiscal period As of the end of fiscal period	8th April, 2010	9th October, 2010	10th April, 2011	11th October, 2011	12th April, 2012
Highest price	494,500yen	489,000yen	567,000yen	490,000yen	484,000yen
Lowest price	358,000yen	388,000yen	410,000yen	384,000yen	333,000yen

4. Cash Distribution

The dividend per unit for the current period was 12,809yen. Top REIT expects to distribute almost all unappropriated retained earnings at the current period end to be eligible for special tax treatments (Special Taxation Measures Law Article 67-15) that allows Top REIT to deduct an amount equivalent to distributions of retained earnings as expenses from taxable income.

Fiscal period As the end of fiscal period	Units	8th April, 2010	9th October, 2010	10th April, 2011	11th October, 2011	12th April, 2012
Unappropriated retained earnings	thousand yen	2,090,112	2,204,126	2,157,918	1,985,468	1,999,419
Internal reserves	thousand yen	92	26	8	73	49,984
Total dividends (Dividend per unit)	thousand yen (yen)	2,090,020 (13,484)	2,204,100 (14,220)	2,157,910 (13,922)	1,985,395 (12,809)	1,949,435 (12,577)
Of which, dividend of accumulated earnings (Per unit)	thousand yen (yen)	2,090,020 (13,484)	2,204,100 (14,220)	2,157,910 (13,922)	1,985,395 (12,809)	1,949,435 (12,577)
Of which, repayment of paid-in capital (Per unit)	thousand yen (yen)	— —	— —	— —	— —	— —

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 and leasing vacant spaces, etc. and 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 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 among office buildings, retail properties, residential properties and other asset classes. 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 twelfth 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 or 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 so 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 is non applicable.

[2] Outline of Top REIT

1. Status of Unitholders' Capital

Fiscal period	8th	9th	10th	11th	12th
As of the end of fiscal period	April, 2010	October, 2010	April, 2011	October, 2011	April, 2012
Number of issuable investment units (units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued and outstanding (units)	155,000	155,000	155,000	155,000	155,000
Unitholders' capital (million yen)	82,260	82,260	82,260	82,260	82,260
Number of unitholders	6,879	6,830	7,090	7,031	6,912

2. Matters Concerning the Investment Units

Major unitholders as of April 30, 2012 were as follows:

Name	Number of units held (units)	Share of total (%) (Note 1)
Japan Trustee Services Bank (trust account)	30,973	19.98
Nomura Trust and Banking (investment trust account)	9,962	6.43
The Master Trust Bank of Japan (trust account)	6,181	3.99
North Pacific Bank, LTD.	6,139	3.96
Trust & Custody Services Bank (securities investment trust account)	6,059	3.91
The Senshu Ikeda Bank, Ltd.	4,540	2.93
American Life Insurance Company GA Company JPY	4,000	2.58
NOMURA BANK (LUXEMBOURG) S.A.	3,634	2.34
The Fuji Fire and Marine Insurance Company, Limited	3,465	2.24
Sumitomo Mitsui Trust Bank, Limited.	3,176	2.05
Nippon Steel City Produce, Inc.	3,162	2.04
Oji Real Estate Co., Ltd.	3,162	2.04
Trust and Custody Services Bank (money trust tax account)	2,884	1.86
The Gibraltar Life Insurance Co., Ltd.	1,780	1.15
The Minami Nippon Bank, Ltd.	1,550	1.00
Total	90,667	58.49

Note: The share of total is calculated by rounding to the second decimal place.

3. Officer and Auditor

A: Name of directors and auditor as of April 30, 2012 were as follows:

Post	Name	Major additional post	Total amount of fee paid during the current period (thousand yen)
Executive Officer	Jumpei Norimatsu (Note 1)	Auditor, Sumitomo Mitsui Trust General Service Co., Ltd. (Note 2)	2,700
Supervisory Director	Yasuyuki Kuribayashi (Note 1)	Partner Attorney, City-Yuwa Partners (Note 3)	1,800
Supervisory Director	Kunio Tsuneyama (Note 1)	Managing Partner, Tsuneyama Certified Public Accountants Office Managing Partner, Tsuneyama Sogo Accountants Office (Note 3)	1,800
Accounting Auditor	KPMG AZSA & Co.	—	10,000

Note 1: There are no investment units of Top REIT held by the Executive Officer or Supervisory Directors in their own name or others' names.

Note 2: The Sumishin Shinko Company Limited merged with CMTB Facilities Company, Limited on April 1, 2012 and CMTB Facilities Company, Limited (surviving company of the absorption-type merger) changed its corporate name to Sumitomo Mitsui Trust General Service Co., Ltd on the same date.

Note 3: Although Supervisory Directors may have additional posts in entities other than those listed above, there is no conflict of interest between those companies including those listed above and Top REIT.

Note 4: There was no resignation or dismissal of the Officer and Auditor during the current period.

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

4. Asset Manager, Asset Custodian and Administrative Agents

Asset manager, etc. as of April 30, 2012 were as follows:

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

【3】 Status of Investment Assets

1. Composition of Assets

Type of assets	Asset class	Area	11th As of October 31, 2011		12th As of April 30, 2012		
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Total amount owned (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	
Real estate	Office buildings	Central Tokyo	5,890	3.2	5,882	3.1	
		Subtotal	5,890	3.2	5,882	3.1	
Real estate in trust	Office buildings	Central Tokyo	121,804	65.7	127,291	67.6	
		Tokyo Metropolitan Area	1,746	0.9	1,712	0.9	
		Kansai	1,003	0.5	—	—	
		Subtotal	124,554	67.1	129,004	68.5	
	Retail facilities	Tokyo Metropolitan Area	23,540	12.7	23,406	12.4	
		Subtotal	23,540	12.7	23,406	12.4	
	Residential	Central Tokyo	—	—	2,478	1.3	
		Tokyo Metropolitan Area	18,057	9.7	17,937	9.6	
		Subtotal	18,057	9.7	20,415	10.9	
	Others	Central Tokyo	2,701	1.5	2,695	1.4	
		Subtotal	2,701	1.5	2,695	1.4	
	Subtotal of real estate and real estate in trust			174,745	94.2	181,405	96.3
	Cash, deposits and other assets			10,714	5.8	7,001	3.7
	Total assets (Note 3)			185,459	100.0	188,407	100.0
			(174,745)	(94.2)	(181,405)	(96.3)	

Note 1: Total amount owned is based on the amounts appropriated on the Balance Sheet at the end of each period. (Real estate and real estate in trust represent the book values after deducting depreciation). Total Amount figures were rounded down to the nearest million yen.

Note 2: (Total amount owned) As a percentage of total assets is rounded to first decimal place.

Note 3: Figures in parenthesis of total assets represent the portions of actually owned properties in the object assets.

< Geographical Classification >

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

2. Major Properties Owned

The principal properties (top ten properties by book value) that Top REIT owns as of April 30, 2012 were as follows:

Property name		Book value (million yen)	Leasable floor space (Note 1) (m ²)	Leased floor space (Note 2) (m ²)	Occupancy rate (Note 3) (%)	Portion of rental revenue (%)	Primary use
NEC Head Office Building	(Trust beneficiary interest)	43,000	72,238.03	72,238.03	100.0	25.2	Office
Harumi Island Triton Square Office Tower Y	(Trust beneficiary interest)	30,997	23,219.46	23,219.46	100.0	23.8	Office
Harumi Island Triton Square Office Tower Z	(Trust beneficiary interest)	19,807	10,914.20	10,914.20	100.0	7.4	Office
Kanda Nishiki-cho 3-chome Building	(Trust beneficiary interest)	12,785	8,025.65	8,025.65	100.0	8.1	Office
Sagamihara Shopping Center	(Trust beneficiary interest)	11,411	61,763.28	61,763.28	100.0	7.5	Retail property
Fukasawa House Towers H&I	(Trust beneficiary interest)	10,307	11,357.44	10,558.90	93.0	4.3	Residential
Akasaka Oji Building	(Trust beneficiary interest)	9,834	7,301.15	4,643.84	63.6	1.0	Office
Ito-Yokado Higashi-Narashino Store	(Trust beneficiary interest)	7,994	51,098.42	51,098.42	100.0	4.3	Retail property
Shiba-Koen Building	(Real estate)	5,882	3,060.43	2,836.19	92.7	2.0	Office
Shinkawa Chuo Building	(Trust beneficiary interest)	5,773	6,032.24	6,032.24	100.0	0.7	Office
Total		157,795	255,010.30	251,330.21	98.6	84.4	

Note 1: Leasable floor space is total leasable space for each asset as of the end of the current period. Furthermore, in the case of co-ownership (including quasi-co-ownership), the stated figure is given by multiplying the leasable floor space of the whole building by the ratio of co-ownership, and rounded to the second decimal place.

Note 2: Leased floor space is floor space based on lease agreements effective as of the end of the current fiscal period. Furthermore, in the case of co-ownership (including quasi-co-ownership), the stated figure is given by multiplying the leased floor space of the whole building by the ratio of co-ownership, and rounded to the second decimal place. In the case of contracting the master-lease agreements as pass-through type, the floor space subleased to end-tenants is calculated as the leased area.

Note 3: Occupancy rate is the figure given by dividing leased floor space as of the end of the current fiscal period by leasable floor space, and rounded to the first decimal place.

3. Details of Portfolio Properties

① Details of Properties

A. The details of properties owned by Top REIT as of April 30, 2012 were as follows:

Asset class	Area	Property name	Address	Type of title	Appraisal value at end of 12th period (million yen) (Note 1)	Book value at end of 12th period (million yen)
Office building	Central Tokyo	NEC Head Office Building	5-7-1 Shiba, Minato Ward, Tokyo	Trust beneficiary interest	49,450	43,000
		Harumi Island Triton Square Office Tower Y	1-8-11 Harumi, Chuo Ward, Tokyo	Trust beneficiary interest	36,400	30,997
		Akasaka Oji Building	8-1-22 Akasaka, Minato Ward, Tokyo	Trust beneficiary interest	9,080	9,834
		Kanda Park Plaza	2-2-2 Kajicho, Chiyoda Ward, Tokyo	Trust beneficiary interest	4,930	5,092
		Shiba-Koen Building	3-5-5 Shiba, Minato Ward, Tokyo	Real estate	3,420	5,882
		Harumi Island Triton Square Office Tower Z	1-8-12 Harumi, Chuo Ward, Tokyo	Trust beneficiary interest	14,300	19,807
		Kanda Nishiki-cho 3-chome Building	3-11-1, Kanda Nishiki-cho, Chiyoda Ward, Tokyo	Trust beneficiary interest	14,100	12,785
		Shinkawa Chuo Building	1-17-24, Shinkawa Chuo Ward, Tokyo	Trust beneficiary interest	5,790	5,773
	Tokyo Metropolitan Area	Faret East Building	2-34-7 Akebonocho, Tachikawa City, Tokyo	Trust beneficiary interest	2,390	1,712
Subtotal (9 Properties)					139,860	134,887
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	3-13-33 Kobuchi, Minami Ward, Sagamihara City, Kanagawa	Trust beneficiary interest	10,400	11,411
		Ito-Yokado Higashi-Narashino Store	7-3-1 Higashi Narashino, Narashino City, Chiba	Trust beneficiary interest	5,620	7,994
		Musashiurawa Shopping Square	7-3-1, Bessho, Minami Ward, Saitama City, Saitama	Trust beneficiary interest	3,860	4,000
Subtotal (3 Properties)					19,880	23,406
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	3-4-1, Nihonbashi Kayabacho, Chuo Ward, Tokyo	Trust beneficiary interest	2,550	2,478
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	2-1-2 Fukasawa, Setagaya Ward, Tokyo	Trust beneficiary interest	6,950	10,307
		Ecology Toyosu Procentury	4-8-8 Toyosu, Koto Ward, Tokyo	Trust beneficiary interest	4,880	5,075
		Impress Musashi-Koganei	4-14-18 Nakamachi Koganei City Tokyo,	Trust beneficiary interest	1,280	1,307
		Top Residence Yoga	1-14-12 Tamagawadai, Setagaya Ward, Tokyo	Trust beneficiary interest	1,150	1,247
Subtotal (5 Properties)					16,810	20,415
Other	Central Tokyo	OAK PLAZA	2-10-6 Kanda Awajicho, Chiyoda Ward, Tokyo	Trust beneficiary interest	2,450	2,695
Subtotal (1 Property)					2,450	2,695
Total (18 Properties)					179,000	181,405

Note 1: For “Appraisal value at end of period,” Top REIT indicates the assessed value based on the appraisal by real estate appraisers following the asset evaluation method and standards stipulated in Top REIT’s Articles of Incorporation and rules of The Investment Trusts Association, Japan (based on real estate appraisal reports prepared by Tanizawa Sogo Appraisal Co, Ltd; Japan Real Estate Institute and Daiwa Real Estate Appraisal Co, Ltd) as of April 30, 2012 as the points of evaluation.

B. Operating results for each fiscal period of each property owned were as follows:

Asset class		Area	Name of property	Eleventh Fiscal Period From May 1, 2011 to October 31, 2011				Twelfth Fiscal Period From November 1, 2011 to April 30, 2012			
				Number of tenants (end of period) (Note1) (case)	Occupancy rate (end of period) (%)	Rent revenue - real estate (for period) (Note 2) (million yen)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (end of period) (Note1) (case)	Occupancy rate (end of period) (%)	Rent revenue - real estate (for period) (Note 2) (million yen)	Ratio of rental revenue to total rental revenues (%)
Office building	Central Tokyo	NEC Head Office Building	1	100.0	1,370	23.6	1	100.0	1,370	25.2	
		Harumi Island Triton Square Office Tower Y	7	100.0	1,296	22.3	7	100.0	1,294	23.8	
		Akasaka Oji Building	2	11.9	460	7.9	4	63.6	54	1.0	
		Kanda Park Plaza	10	100.0	179	3.1	10	100.0	174	3.2	
		Shiba-Koen Building	2	92.7	108	1.8	2	92.7	107	2.0	
		Harumi Island Triton Square Office Tower Z	1	100.0	/	7.0	1	100.0	/	7.4	
		Kanda Nishiki-cho 3-chome Building	1	100.0	/	7.7	1	100.0	/	8.1	
		Shinkawa Chuo Building	—	—	—	—	1	100.0	34	0.7	
	Tokyo Metropolitan Area	Faret East Building	1	95.0	159	2.8	1	100.0	153	2.8	
	Kansai	Nittetsu Honmachi Building (Note 3)	12	100.0	98	1.7	—	—	13	0.3	
Subtotal (10 properties)		37	95.0	4,526	77.9	28	98.0	4,050	74.5		
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	2	100.0	407	7.0	2	100.0	407	7.5	
		Ito-Yokado Higashi-Narashino Store	1	100.0	236	4.1	1	100.0	236	4.3	
		Musashiurawa Shopping Square	3	100.0	129	2.2	3	100.0	129	2.4	
	Subtotal (3 properties)		6	100.0	772	13.3	6	100.0	772	14.2	
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	—	—	—	—	1	96.8	42	0.8	
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	1	94.3	236	4.1	1	93.0	235	4.3	
		Ecology Toyosu Procentury	1	97.6	161	2.8	1	94.4	159	3.0	
		Impress Musashi-Koganei	1	91.8	17	0.3	1	94.5	44	0.8	
		Top Residence Yoga	1	92.0	3	0.0	1	89.2	36	0.7	
Subtotal (5 properties)		4	95.0	418	7.2	5	93.8	519	9.6		

Other	Central Tokyo	OAK PLAZA	1	100.0	94	1.6	1	100.0	94	1.7
	Subtotal (1 property)		1	100.0	94	1.6	1	100.0	94	1.7
Total (19 properties)			48	97.3	5,812	100.0	40	98.5	5,437	100.0

Note 1: Number of tenants indicates total number of tenants of each property as of the end of period. In the case a master lease agreement is concluded, it is counted as 1 tenant. In the case 1 tenant rents multiple units, it is counted as 1 tenant if the units are in the same property and as multiple tenants if the units are in multiple properties.

Note 2: Rent revenue for Harumi Island Triton Square Office Tower Z and Kanda Nishiki-cho 3-chome is not disclosed due to being unable to obtain the consent of the tenants. Moreover, rental revenue of Nittetsu Honmachi Building does not include its capital gains from disposition of the property.

Note 3: This property was disposed to the third party on October 25, 2011.

② Details of Investment Securities

There are none applicable.

4. Contracted Amount and Market Price of Specified Transactions

The contracted amount and market price of the specified transactions of Top REIT as of April 30, 2012 were as follows:

(Million yen)

Segment	Type of transaction	Contract amount (Note 1) (Note 2)		Market price (Note 1) (Note 3)
			Longer than a year	
Transaction other Than market transaction	Interest-rate swap (receiving floating-rate, Paying fixed-rate)	33,500	18,700	(313)
	Total	33,500	18,700	(313)

Note 1: The above figures are rounded down to the nearest million yen.

Note 2: Contract amounts of interest-rate swap transactions represent figures based on the estimated principal.

Note 3: Market price is evaluated at the price calculated by the counterparty of the concerned transaction contract based on the prevailing market rate.

5. Status of Other Assets

All real estate and trust beneficiary interests in real estate are listed in the table under the “3-① Details of Portfolio Properties.” There were no significant specified assets that are main investment targets of Top REIT other than those listed above as of April 30, 2012.

6. Status of Assets by Country and Region

There are none applicable.

【4】 Capital Expenditures for Properties Owned

(1) Schedule of Capital Expenditures

The table below lists the estimated amounts of significant capital expenditures for repair and maintenance work of properties held by Top REIT, planned as of April 30, 2012.

The estimated construction costs shown in the table below include those charged to expenses in accounting.

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated construction cost (million yen)		
				Total	Payment for the period	Total of advance payment
Shinkawa Building	Chuo Ward, Tokyo	Renewal of common spaces	May 2012 to June 2012	30	—	—
OAK PLAZA	Chiyoda Ward, Tokyo	Renewal of external wall and ceiling	June 2012 to October 2012	69	—	—

(2) Capital Expenditures Made During the Period

The following table is an overview of construction work conducted during the fiscal period that fall under the category of capital expenditures for properties held.

Capital expenditures during the fiscal period amounted to ¥442 million and combined with ¥80 million in repairs and maintenance costs that fall under expenses for the fiscal period, a total of ¥523 million of construction work was implemented.

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Capital expenditures (million yen)
NEC Head Office Building	Minato Ward, Tokyo	Construction of snow melting snow device	May 2011 to March 2012	33
		Renewal of Gondola	May 2011 to March 2012	44
		Renewal of lighting System	May 2011 to March 2012	24
		Renewal of high pressure electric equipment	May 2011 to March 2012	13
		Establishment of power board electricity meter	May 2011 to March 2012	14
		Renewal of feed pump	May 2011 to March 2012	11
		Renewal of cooling tower	May 2011 to March 2012	27
		Renewal of heat source pump	May 2011 to January 2012	20
		Renewal of air Condition facility	May 2011 to January 2012	43
		Renewal of Refrigerator	May 2011 to March 2012	46
		Renewal of central monitor system	May 2011 to March 2012	42
		Renewal of ITV equipment	May 2011 to March 2012	17

	Subtotal			337
Sagamihara Shopping Center	Minami Ward, Sagamihara City, Kanagawa	Renewal of restroom Equipment	February 2012 to April 2012	30
Others		Renewal of function	November 2011 to April 2012	74
Total				442

(3) Funds Reserved for the Long-term Repair and Maintenance Plan

(Million yen)

Fiscal period	8th	9th	10th	11th	12th
	From November 1, 2009 to April 30, 2010	From May 1, 2010 to October 31, 2010	From November 1, 2010 to April 30, 2011	From May 1, 2011 to October 31, 2011	From November 1, 2011 to April 30, 2012
Balance of reserved funds at beginning of current period	647	346	530	330	443
Amount reserved during the current period	195	197	197	197	197
Amount used from reserved funds during the current period	496	13	396	84	292
Balance carried forward to the next period	346	530	330	443	347

【5】 Condition of Expenses and Liabilities

(1) Details of Expenses Related to Management

(Million yen)

Fiscal period Item	11th From May 1, 2011 to October 31, 2011	12th From November 1, 2011 to April 30, 2012
(a) Asset management fees (Note)	424	409
(b) Asset custodian fees and administrative service fees	72	71
(c) Directors' compensation	6	6
(d) Audit fees	10	10
(e) Other expenses	40	41
Total	553	538

Note: In addition to the amounts described above, asset management fees consisted of ¥11 million in 11th fiscal period and ¥40 million in 12th fiscal period in association with the acquisition of new properties recorded as book value of the respective properties. Moreover, asset management fees consisted of ¥3 million in 12th fiscal period in association with the disposition of property recorded as capital gains on disposition.

(2) Status of Borrowings

Status of borrowings from respective financial institutions as of April 30, 2012 is as follows.

Category		Date borrowed	Balance at the beginning of the current period (million yen)	Balance at the end of the current period (million yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use of proceeds	Remarks	
Lender										
Current Portion of Long-Term Loans Payable	Term Loan No. 4	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	June 29, 2007	8,500	8,500	1.95	June 29, 2012	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee
	Term Loan No. 7	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 27, 2008	—	6,300	1.48	March 27, 2013	Bullet repayment on repayment date	(Note 3)	Unsecured and without guarantee
		Development Bank of Japan, Inc.		—	3,000	1.53				
	Subtotal			—	9,300					
	Term Loan No. 8	Sumitomo Mitsui Trust Bank Limited. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 3, 2009	11,189	—	1.24	November 30, 2011	Bullet repayment on repayment date	(Note 4)	Unsecured and without guarantee
	Term Loan No. 9	Sumitomo Mitsui Trust Bank Limited. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation	March 27, 2009	1,273	—	1.24	November 30, 2011	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee
	Term Loan No. 10	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 30, 2009	4,908	—	1.24	November 30, 2011	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee
	Term Loan No. 11	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Limited	January 13, 2010	—	9,800	1.24	November 30, 2012	Bullet repayment on repayment date	(Note 3)	Unsecured and without guarantee
		Development Bank of Japan, Inc.	January 13, 2010	135	135	2.42	November 30, 2016	(Note 5)	(Note 3)	Unsecured and without guarantee
	Subtotal			135	9,935					
Term Loan No. 12	Sumitomo Mitsui Trust Bank Limited.	February 26, 2010	1,670	—	1.24	November 30, 2011	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee	
Term Loan No. 13	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 26, 2010	9,000	9,000	1.24	June 29, 2012	Bullet repayment on repayment date	(Note 4)	Unsecured and without guarantee	
Total			36,675	36,735						

Term Loan No. 5	Sumitomo Mitsui Trust Bank Limited.	June 29, 2007	2,000	2,000	2.27	June 30, 2014	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee
	Development Bank of Japan, Inc.		1,000	1,000	2.40				
	The Dai-ichi Life Insurance Co., Ltd.		1,000	1,000	2.40				
Subtotal			4,000	4,000					
Term Loan No. 7	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 27, 2008	6,300	—	1.48	March 27, 2013	Bullet repayment on repayment date	(Note 3)	Unsecured and without guarantee
	Development Bank of Japan, Inc.		3,000	—	1.53				
Subtotal			9,300	—					
Term Loan No. 11	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Limited	January 13, 2010	9,800	—	1.24	November 30, 2012	Bullet repayment on repayment date	(Note 5)	Unsecured and without guarantee
	Development Bank of Japan, Inc.	January 13, 2010	2,4362	2,295	2.42	November 30, 2016	(Note 4)	(Note 5)	Unsecured and without guarantee
Subtotal			12,162	2,295					
Term Loan No. 14	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 3, 2011	16,700	16,700	1.39	February 29, 2016	Bullet repayment on repayment date	(Note 4)	Unsecured and without guarantee
Term Loan No. 15	Sumitomo Mitsui Trust Bank Limited. The Bank of Fukuoka, Ltd. The Hiroshima Bank, Ltd. The Yamaguchi Bank, Ltd.	March 31, 2011	6,700	6,700	0.84	February 29, 2016	Bullet repayment on repayment date	(Note 2)	Unsecured and without guarantee
Term Loan No. 16	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	November 30, 2011	—	19,040	0.56	November 30, 2016	Bullet repayment on repayment date	(Note 4)	Unsecured and without guarantee
Term Loan No. 17	Sumitomo Mitsui Trust Bank Limited. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	March 30, 2012	—	3,000	0.66	October 31, 2016	Bullet repayment on repayment date	(Note 3)	Unsecured and without guarantee
Subtotal			48,862	51,735					
Total			85,537	88,470					

Note 1: The average interest rate is the interest rate of borrowings for the respective loan contracts (weighted by the balance during the period) and rounded to the second decimal place. Furthermore, the average interest rate related to the borrowing hedged by an interest rate swap transaction for the purpose of reducing interest rate fluctuation risk is weighted by considering the effect of the relevant interest rate swap.

Note 2: The use of borrowings is for repayment of short-term loans payable.

Note 3: The use of borrowings is for acquisition of trust beneficiary interest in real estate.

Note 4: The use of borrowings is for repayment of long-term loans payable.

Note 5: Repayment of ¥67.5 million will be made at the end of June and December each year starting on June 30, 2010, with the remaining payment of ¥1,822.5 million to be repaid on November 30, 2016, the final repayment date.

(3) Status of Investment Corporation Bonds

Investment corporation bonds issued and outstanding as of April 30, 2012 are as follows.

Name of Bonds	Issue Date	Balance as of the beginning of the current period (million yen)	Balance as of the end of the current period (million yen)	Interest Rate (%)	Maturity Date	Redemption method	Use of proceeds	Remark
No.1 Unsecured Investment Corporation Bonds (Note)	June 4, 2010	8,500	8,500	1.00	June 4, 2015	Bullet payment	Repayment of borrowing	Unsecured and without guarantee
Total		8,500	8,500					

Note: This bond is equipped with special pari passu conditions among the specified investment corporation bonds.

(4) Status of Short-Term Investment Corporation Bonds

There are none applicable.

【6】 Status of Acquisitions and Dispositions During the Period

(1) Acquisitions and Dispositions of Real Estate, etc. and Asset Backed Securities

Type of Assets	Name of Property	Acquisition			Disposition		
		Acquisition Date	Acquisition Price (million yen) (Note 1)	Disposition Date	Disposition Price (million yen)	Book Value (million yen)	Capital Gain and Loss (million yen)
Trust Beneficiary Interest in Real Estate	Nitetsu Honmachi Building	—	—	November 25, 2011	1,300	1,001	256
Trust Beneficiary Interest in Real Estate	Top Residence Nihonbashi Kayabacho	February 1, 2012	2,400	—	—	—	—
Trust Beneficiary Interest in Real Estate (Note 2)	Shinkawa Chuo Building	March 30, 2012	5,610				

(Note 1) Acquisition Price is the amount (acquisition price indicated in the sales agreement) excluding expenses (such as real estate transaction brokerage fees, real estate tax, etc.) required for transaction of the relevant property.

(Note 2) The property described above were trusted beneficiary interest in real estate at the same acquisition date.

(2) Acquisitions and Dispositions of Others Assets

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

(3) Research on Prices of Specified Assets

Transactions during the current period that require research on prices of specified assets stipulated by Article 201 of the Investment Trusts and Investment Corporations Law are as follows.

① Real estate, etc

Acquisition or Disposition	Name of Properties	Transaction Date	Acquisition Price (million) (Note 1)	Research on Price of Specified Assets (million) (Note 2)	Appraisal Institution	Appraised Date
Disposition	Nitetsu Honmachi Building	November 25, 2011	1,300	1,430	Tanizawa Sogo Appraisal Co, Ltd;	October 31, 2011
Acquisition	Top Residence Nihonbashi Kayabacho	February 1, 2012	2,400	2,550	Japan Real Estate Institute	October 1, 2011
Acquisition	Shinkawa Chuo Building	March 30, 2012	5,610	5,790	Daiwa Real Estate Appraisal Co, Ltd	January 25, 2012

(Note 1) Acquisition Price is the amount (acquisition price indicated in the sales agreement) excluding expenses (such as real estate transaction brokerage fees, real estate tax, etc.) required for transaction of the relevant property.

(Note 2) The amended Article 201 of the Investment Trusts and Investment Corporations Law was enforced on November 24, 2011. In the case of acquisition or disposition of the specified assets (limited to land or building, or rights or assets concerned to these and stipulated by cabinet orders), the real estate appraisals of the concerned specified assets should be conducted by applying "Real Estate Appraisal Standard Section 3: appraisals concerning prices of real estate subject to securitization."

② Others

There are none applicable

(4) Transaction with Interested Parties, etc. and Major Unitholders

① Status of Transaction

There are none applicable.

② Amounts of Fees Paid, etc.

Fees paid to interested parties, etc. and major unitholders during the current period are as follows.

Item	Total amount of fees paid (A) (thousand yen)	Transactions with interested parties, etc. and major unitholders		Ratio against total amount B/A (%)
		Paid to	Amount of payment (B) (thousand yen)	
Property management fees	398,124	Nippon Steel City Produce, Inc.	45,559	11.4
		Oji Real Estate Co., Ltd.	27,576	6.9
		Nippon Steel Community Service Co., Ltd.	7,385	1.9
		Sumitomo Mitsui Trust Bank Limited.	1,250	0.3
Brokerage Fees	154,060	Sumitomo Mitsui Trust Bank Limited.	39,060	25.4
Trust compensation (disposition)	300	Sumitomo Mitsui Trust Bank Limited.	300	100.0
Trust compensation	19,270	Sumitomo Mitsui Trust Bank Limited.	16,524	85.8
Asset custodian fees	8,348	Sumitomo Mitsui Trust Bank Limited.	8,348	100.0
Administrative service fees	63,199	Sumitomo Mitsui Trust Bank Limited.	63,199	100.0
Other fees paid	13,484	Sumitomo Mitsui Trust Bank Limited.	1,374	10.2
		Nippon Steel City Produce, Inc.	39	0.3
		Oji Real Estate Co., Ltd.	5	0.0
Borrowing related expenses	140,627	Sumitomo Mitsui Trust Bank Limited.	48,850	34.7
Investment corporation bond related expenses	5,575	Sumitomo Mitsui Trust Bank Limited.	624	11.2
Other non-operating expenses	5,198	Sumitomo Mitsui Trust Bank Limited.	342	6.6
Other expenses related to rent business	6,081	Oji Real Estate Co., Ltd.	488	8.0

Note 1: Interested parties, etc. and major unitholders means interested parties, etc. of the asset manager which concluded asset

management entrustment contract with Top REIT as prescribed in Article 123 of the Enforcement Order of the Investment Trust and Investment Corporations Law and major unitholders of the asset manager as defined in Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Law (Law No. 25, 1948. including the amendments thereafter). However, the table above also includes transactions with interested parties as provided in the internal rules of the asset manager (including special purpose companies, etc. to which interested parties, etc. have been entrusted with asset management). Please note that the parties to which payments were made during the current period were The Sumitomo Trust and Banking Co., Ltd., Nippon Steel City Produce, Inc., Nippon Steel Community Service Co., Ltd. and Oji Real Estate Co., Ltd.

Note 2: In addition to the fees paid described above, the amounts paid for repair and maintenance work placed with interested parties, etc. during the current period are as follows. Furthermore, the concerned payments include construction management fees.

Oji Real Estate Co., Ltd.:	¥33,305 thousand
Nippon Steel City Produce, Inc.:	¥58,960 thousand

(5) Status of Transactions with the Asset Manager Regarding Additional Work Conducted

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

【7】 Overview of Accounting

(1) Assets, Liabilities, Principal and Profit / Loss

Please refer to accompanying Balance Sheets, Statements of Income and Retained Earnings, Statements of Unitholders' Equity, Notes to Financial Statements and Statements of Cash Dividends.

(2) Change in Depreciation Method

There are none applicable.

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

There are none applicable.

(4) Status of Investment Trust Beneficiary Certificates of Top REIT, etc.

There are none applicable.

【8】 Others

(1) Notice

① Board of Directors

There was no execution or modification of significant agreements approved by the Board of Directors of the Top REIT during the fiscal period.

(2) Others

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

II. Balance Sheets

(Unit: thousand yen)

	Eleventh Fiscal Period (as of October 31, 2011)	Twelfth Fiscal Period (as of April 30, 2012)
Assets		
Current assets		
Cash and deposits	5,405,178	1,669,299
Cash and deposits in trust	4,512,649	4,299,045
Operating accounts receivable	27,275	30,250
Prepaid expenses	236,504	234,094
Deferred tax assets	21	16
Income taxes receivable	319	150
Consumption taxes receivable	—	608
Other	1,845	1,845
Total current assets	10,183,794	6,235,311
Noncurrent assets		
Property, plant and equipment		
Buildings	1,143,383	1,145,185
Accumulated depreciation	(145,279)	(161,620)
Buildings, net	998,103	983,564
Structures	4,452	4,452
Accumulated depreciation	(2,732)	(2,867)
Structures, net	1,719	1,584
Machinery and equipment	11,436	17,235
Accumulated depreciation	(9,493)	(9,825)
Machinery and equipment, net	1,943	7,410
Tools, furniture and fixtures	1,370	2,522
Accumulated depreciation	(683)	(846)
Tools, furniture and fixtures, net	686	1,676
Land	4,888,525	4,888,525
Buildings in trust (Note 4-1)	59,611,048	61,867,568
Accumulated depreciation	(10,964,364)	(11,762,594)
Buildings in trust, net	48,646,683	50,104,973
Structures in trust (Note 4-1)	699,737	696,187
Accumulated depreciation	(219,949)	(238,906)
Structures in trust, net	479,788	457,281
Machinery and equipment in trust	242,090	232,455
Accumulated depreciation	(92,931)	(92,043)
Machinery and equipment in trust, net	149,159	140,412
Tools, furniture and fixtures in trust	227,793	237,583
Accumulated depreciation	(92,531)	(98,037)
Tools, furniture and fixtures in trust, net	135,261	139,546
Land in trust (Note 4-1)	119,440,939	124,678,411
Total property, plant and equipment	174,742,811	181,403,387
Intangible assets		
Assets in trust and other intangible assets	2,343	2,096
Other	170	148
Total intangible assets	2,513	2,245
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	304,061	537,134
Other	176,125	184,406
Total investments and other assets	490,187	731,541
Total noncurrent assets	175,235,512	182,137,174
Deferred assets		
Investment corporation bond issuance costs	40,420	34,908
Total deferred assets	40,420	34,908
Total assets	185,459,727	188,407,394

(Unit: thousand yen)

	Eleventh Fiscal Period (as of October 31, 2011)	Twelfth Fiscal Period (as of April 30, 2012)
Liabilities		
Current liabilities		
Operating accounts payable	163,924	225,911
Short-term loans payable	—	—
Current portion of long-term loans payable	36,675,000	36,735,000
Accounts payable – other	254,070	233,949
Accrued expenses	261,532	221,849
Income taxes payable	512	566
Accrued consumption taxes	63,072	—
Advances received	941,986	804,500
Derivatives liabilities	—	—
Provision for loss on disaster	747	—
Other	3,647	3,877
Total current liabilities	<u>38,364,493</u>	<u>38,225,655</u>
Noncurrent liabilities		
Investment corporation bond	8,500,000	8,500,000
Long-term loans payable	48,862,500	51,735,000
Tenant leasehold and security deposits	144,487	144,487
Tenant leasehold and security deposits in trust (Note 4-1)	5,342,641	5,513,903
Deferred tax liabilities	—	28,827
Long-term advances received	35	—
Total noncurrent liabilities	<u>62,849,665</u>	<u>65,922,219</u>
Total liabilities	<u>101,214,158</u>	<u>104,147,874</u>
Net Assets		
Unitholders' equity		
Unitholders' capital	82,260,100	82,260,100
Surplus		
Unappropriated retained earnings (undisposed loss)	1,985,468	1,999,419
Total surplus	<u>1,985,468</u>	<u>1,999,419</u>
Total unitholders' equity	<u>84,245,568</u>	<u>84,259,519</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	—
Total valuation and translation adjustments	<u>—</u>	<u>—</u>
Total net assets (Note 4-2)	<u>84,245,568</u>	<u>84,259,519</u>
Total liabilities and net assets	<u>185,459,727</u>	<u>188,407,394</u>

III. Statements of Income

(Unit: thousand yen)

		Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)
Operating revenue			
Rent revenue – real estate	(Note 5-1)	5,661,876	5,420,035
Other lease business revenue	(Note 5-1)	150,602	17,265
Gain on sales of real estate properties	(Note 5-2)	—	256,002
Total operating revenue		5,812,479	5,693,303
Operating expenses			
Expenses related to rent business	(Note 5-1)	2,479,757	2,383,013
Asset management fee		424,168	409,169
Asset custody fee		8,358	8,348
Administrative service fees		63,912	63,199
Directors' compensations		6,600	6,300
Audit fee		10,000	10,000
Other operating expenses		40,204	41,222
Total operating expenses		3,033,001	2,921,252
Operating income		2,779,477	2,772,050
Non-operating income			
Interest income		3,894	2,880
Reversal of dividends payable		686	800
Insurance income		2,195	—
Reversal of provision for loss on disaster		1,672	391
Other		—	119
Total non-operating income		8,448	4,192
Non-operating expenses			
Interest expenses		613,254	553,431
Interest expense on investment corporation bonds		42,870	42,267
Amortization of investment corporation bond		5,511	5,511
Borrowing related expenses		136,618	140,627
Other		3,170	5,262
Total non-operating expenses		801,426	747,101
Ordinary income		1,986,499	2,029,141
Extraordinary income			
Refunded Property taxes		—	—
Total extraordinary income		—	—
Extraordinary loss			
Provision for loss on disaster		—	—
Total extraordinary loss		—	—
Income before income taxes		1,986,499	2,029,141
Income taxes – current		1,041	962
Income taxes – deferred		(2)	28,833
Total income taxes		1,039	29,795
Net income		1,985,460	1,999,346
Retained earnings brought forward		8	73
Unappropriated retained earnings (undisposed loss)		1,985,468	1,999,419

IV. Statements of Changes in Net Assets (Unitholders' Equity)

(Unit: Thousand yen)

	Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 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	(Note 6) 82,260,100	82,260,100
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	2,157,918	1,985,468
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	1,985,468	1,999,419
Total surplus		
Balance at the beginning of the period	2,157,918	1,985,468
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	1,985,468	1,999,419
Total unitholders' equity		
Balance at the beginning of the period	84,418,018	84,245,568
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	84,245,568	84,259,519
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)	—	—
Total changes of items during the period	—	—
Balance at the end of current period	—	—
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)	—	—
Total changes of items during the period	—	—
Balance at the end of current period	—	—
Total net assets		
Balance at the beginning of the period	84,418,018	84,245,568
Changes of items during the period		
Dividends from surplus	(2,157,910)	(1,985,395)
Net income	1,985,460	1,999,346
Changes of items other than unitholders' equity (net)	—	—
Total changes of items during the period	(172,449)	13,951
Balance at the end of current period	84,245,568	84,259,519

V. Notes to Financial Statements

Note 1. Premise of the Going Concern

Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
There are none applicable	There are none applicable

Note 2. Significant Accounting Policies

Classification	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 30, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012																
1. Method of Depreciation and Amortization of Property, etc.	<p>(1) Property, Plant and Equipment (including trust assets) Adopts the straight-line method. Further, the estimated useful lives of the major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Building</td> <td style="text-align: right;">2~59 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">2~54 years</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">2~15 years</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures</td> <td style="text-align: right;">2~12 years</td> </tr> </table> <p>(2) Intangible Assets Adopts the straight-line method.</p> <p>(3) Long-Term Prepaid Expenses Adopts the straight-line method.</p>	Building	2~59 years	Structures	2~54 years	Machinery and equipment	2~15 years	Tools, furniture and fixtures	2~12 years	<p>(1) Property, Plant and Equipment (including trust assets) Adopts the straight-line method. Further, the estimated useful lives of the major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Building</td> <td style="text-align: right;">2~59 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">2~54 years</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">2~15 years</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures</td> <td style="text-align: right;">2~12 years</td> </tr> </table> <p>(2) Intangible Assets Adopts the straight-line method.</p> <p>(3) Long-Term Prepaid Expenses Adopts the straight-line method.</p>	Building	2~59 years	Structures	2~54 years	Machinery and equipment	2~15 years	Tools, furniture and fixtures	2~12 years
Building	2~59 years																	
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Building	2~59 years																	
Structures	2~54 years																	
Machinery and equipment	2~15 years																	
Tools, furniture and fixtures	2~12 years																	
2. Treatment Method of Differed Assets	Investment Corporation Bonds Issuance Costs Amortized on the straight-line method over the maturity period of the bonds	Investment Corporation Bonds Issuance Costs Amortized on the straight-line method over the maturity period of the bonds																
3. Standard for Posting of Provision	<p>Provision for Loss on Disaster</p> <p>In order to prepare for payments for restoration expenses for property, plant and equipment damaged in the Great East Japan Earthquake, the amount that is reasonably estimated at the end of the current period is posted.</p>	—																

<p>4. Standard for Posting of Income and Expenses</p>	<p>Method of treatment concerning Taxes on Property and Equipment</p> <p>Top REIT adopts the method of treating property taxes, city planning taxes and depreciable asset taxes, etc. on owned real estate, etc, 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. Furthermore, during the 11th fiscal period, the amount equivalent to the property taxes included as the acquisition costs of real estate totaled 2,226 thousand yen.</p>	<p>Method of treatment concerning Taxes on Property and Equipment</p> <p>Top REIT adopts the method of treating property taxes, city planning taxes and depreciable asset taxes, etc. on owned real estate, etc, 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. Furthermore, during the 12th fiscal period, there was no amount equivalent to the property taxes included as the acquisition costs of real estate that was applicable.</p>
<p>5. Treatment Method for Lease Transaction</p>	<p>(lessee)</p> <p>Among finance lease transactions other than those recognized as being a transfer of ownership of the leased property to the lessee, equipment lease transactions with a commencement date which falls under the fiscal period that starts before April 1, 2008 are treated by accounting methods in accordance with ordinary rent transactions.</p>	<p>(lessee)</p> <p>Among finance lease transactions other than those recognized as being a transfer of ownership of the leased property to the lessee, equipment lease transactions with a commencement date which falls under the fiscal period that starts before April 1, 2008 are treated by accounting methods in accordance with ordinary rent transactions.</p>
<p>6. Method of Hedge Accounting</p>	<p>(1) Method of Hedge Accounting on Deferred Hedge, etc. Deferred hedge accounting is adopted. However, special treatment is adopted for those that meet the requirements for special treatment of interest rate swaps.</p> <p>(2) Hedging Instruments and Hedged Items Hedging instruments: Interest rate swap transactions Hedged items: Borrowing interest rates</p> <p>(3) Hedging Policy Top REIT enters into derivative transactions to hedge against risks stipulated in the Articles of Incorporation in accordance with the financial policy.</p> <p>(4) Method for Assessing the Effectiveness of Hedging The effectiveness of hedging is assessed by comparing the cumulative change in hedged items and the cumulative change in hedging instruments and then examining the ratio of the amount of change in both.</p>	<p>(1) Method of Hedge Accounting on Deferred Hedge, etc. Deferred hedge accounting is adopted. However, special treatment is adopted for those that meet the requirements for special treatment of interest rate swaps.</p> <p>(2) Hedging Instruments and Hedged Items Hedging instruments: Interest rate swap transactions Hedged items: Borrowing interest rates</p> <p>(3) Hedging Policy Top REIT enters into derivative transactions to hedge against risks stipulated in the Articles of Incorporation in accordance with the financial policy.</p> <p>(4) Method for Assessing the Effectiveness of Hedging The effectiveness of hedging is assessed by comparing the cumulative change in hedged items and the cumulative change in hedging instruments and then examining the ratio of the amount of change in both.</p>

7. Other Significant Items Fundamental to Preparing the Financial Statements	<p>(1) Accounting Treatment Method on Trust Beneficiary Interest in Real Estate as Property in Trust</p> <p>For the trust beneficiary interest in owned real estate, all accounts of assets and liabilities held in trust as well as all income generated and expenses incurred from the trust are recorded in the concerned items accounts on the balance sheet and statements of income and retained earnings, respectively.</p> <p>Furthermore, the following significant accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.</p> <ol style="list-style-type: none"> 1.Cash and Deposits in trust 2.Building in trust, Structures in trust, machinery and equipment in trust, Tools, furniture and fixtures in trust, other properties in trust, land in trust, other intangible assets in trust 3.Land leasehold right in trust 4.Lease and guarantee deposits in trust 5.Tenant leasehold and security deposits in trust 	<p>(1) Accounting Treatment Method on Trust Beneficiary Interest in Real Estate as Property in Trust</p> <p>For the trust beneficiary interest in owned real estate, all accounts of assets and liabilities held in trust as well as all income generated and expenses incurred from the trust are recorded in the concerned items accounts on the balance sheet and statements of income and retained earnings, respectively.</p> <p>Furthermore, the following significant accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.</p> <ol style="list-style-type: none"> 1.Cash and Deposits in trust 2.Building in trust, Structures in trust, machinery and equipment in trust, Tools, furniture and fixtures in trust, other properties in trust, land in trust, other intangible assets in trust 3.Land leasehold right in trust 4.Lease and guarantee deposits in trust 5.Tenant leasehold and security deposits in trust
	<p>(2) Accounting Treatment Method of Consumption Taxes</p> <p>National and local consumption taxes are accounted with the consumption taxes excluded. Furthermore, consumption taxes related to acquisition of properties, which has not been deducted, is included in the acquisition costs of the respective properties.</p>	<p>(2) Accounting Treatment Method of Consumption Taxes</p> <p>National and local consumption taxes are accounted with the consumption taxes excluded. Furthermore, consumption taxes related to acquisition of properties, which has not been deducted, is included in the acquisition costs of the respective properties.</p>

Note 3. Additional Information

Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Effective from the changes in accounting and revisions of past errors to be conducted after the beginning of the fiscal period ended October 31, 2011, Top REIT applied the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan (ASBJ) Statement No. 24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).	—

Note 4. Balance Sheet

Eleventh Fiscal Period (Reference) As of October 31, 2011	Twelfth Fiscal Period As of April 30, 2012																								
<p>1. Asset Pledged as Collateral and Secured Liabilities</p> <p>Assets pledged as collateral are as follows.</p> <p>(Thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Building in trust</td> <td style="text-align: right;">2,456,506</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">86,428</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">8,892,092</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>11,435,026</u></td> </tr> </table> <p>Secured liabilities are as follows.</p> <p>(Thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">719,800</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>719,800</u></td> </tr> </table>	Building in trust	2,456,506	Structures in trust	86,428	Land in trust	8,892,092	<u>Total</u>	<u>11,435,026</u>	Tenant leasehold and security deposits in trust	719,800	<u>Total</u>	<u>719,800</u>	<p>1. Asset Pledged as Collateral and Secured Liabilities</p> <p>Assets pledged as collateral are as follows.</p> <p>(Thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Building in trust</td> <td style="text-align: right;">2,435,871</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">83,755</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">8,892,092</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>11,411,719</u></td> </tr> </table> <p>Secured liabilities are as follows.</p> <p>(Thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">719,800</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>719,800</u></td> </tr> </table>	Building in trust	2,435,871	Structures in trust	83,755	Land in trust	8,892,092	<u>Total</u>	<u>11,411,719</u>	Tenant leasehold and security deposits in trust	719,800	<u>Total</u>	<u>719,800</u>
Building in trust	2,456,506																								
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<u>Total</u>	<u>719,800</u>																								
<p>2. Minimum Total Net Asset Designated in Article 67-4 in the Investment Trust and Investment Corporations Law</p> <p style="text-align: right;">50,000 thousand yen</p>	<p>2. Minimum Total Net Asset Designated in Article 67-4 in the Investment Trust and Investment Corporations Law</p> <p style="text-align: right;">50,000 thousand yen</p>																								

Note 5. Statement of Income and Retained Earnings

1. Breakdown of Property Rental Business Revenues and Expenses

(Thousand yen)

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period From November 1, 2011 to April 30, 2012
A. Revenue related to rent business		
Rental and parking revenue	5,304,873	5,097,051
Other lease revenue	357,003	322,984
Other lease business revenue	149,523	15,986
Cancellation penalty received	1,079	1,279
Total revenue related to rent business	5,812,479	5,437,301
B. Expenses related to rent business:		
Property management costs and fees	389,317	398,124
Utilities expenses	208,408	189,024
Property-related taxes and dues	609,130	608,042
Non-life insurance expenses	9,090	9,094
Repair expenses	175,945	80,887
Depreciation and amortization	1,060,958	1,072,349
Other	26,906	25,491
Total expenses related to rent business	2,479,757	2,383,013
C. Revenue and expenses of real estate rent business (A – B)	3,332,721	3,054,287

2. Breakdown of capital gains of the disposition of real estate

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Breakdown of capital gains of the disposition of real estate	—	Capital gains of disposition of Nitetsu Honmachi Building (yen) Revenue of disposition: 1,300,000 Disposition costs: 1,001,145 Other expenses for disposition: 42,852 Capital Gains 256,002

Note 6. Unitholders' Equity

(1) Number of units

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Number of issuable investment units	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	155,000 units	155,000 units

Note 7. Tax Effect Accounting

1. Breakdown of deferred gains or losses by cause
(Deferred Tax Assets)

(Thousand yen)

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Current assets		
Income taxes – current payable	21	16
Total deferred tax assets	21	16
(Net deferred tax assets)	21	16

(Deferred Tax Liabilities)

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Noncurrent liabilities		
Reduction reserves	—	28,827
Total deferred tax liabilities	—	28,827
(Net deferred tax liabilities)	—	28,827

2. Breakdown by main items that caused differences between the effective statutory tax rate and the effective tax rate after applying tax effect accounting.

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Effective statutory tax rate	39.33%	39.33%
(Adjustment)		
Deductible cash distributions	(39.31%)	(37.79%)
Other	0.03%	(0.08%)
Effective tax rate after applying tax effect accounting	0.05%	1.47%

3. Content and Impact of Changes in Income Tax, Etc. if Such Changes Were Made after the Settlement Dates

	Eleventh Fiscal Period (Reference)	Twelfth Fiscal Period
	For the period from May 1, 2011 to October 31, 2011	For the period from November 1, 2011 to April 30, 2012
Content and Impact of Changes in Income Tax, Etc. if Such Changes Were Made after the Settlement Dates	The Act to Partially Revise the Income Tax Act, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Act No. 114 of 2011) and the Act on Special Measures for Securing Necessary Financial Resources to Implement Measures to Rebuild Areas Devastated by the Great East Japan Earthquake (Act No. 117 of 2011) were promulgated on December 2, 2011. In accordance with the promulgation, the effective statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities concerning the temporary differences, etc. expected to be reversed in the accounting periods starting on May 1, 2012 and after will be changed. The change will have no impact on the deferred tax assets and the deferred tax liabilities of Top REIT.	The Act to Partially Revise the Income Tax Act, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Act No. 114 of 2011) and the Act on Special Measures for Securing Necessary Financial Resources to Implement Measures to Rebuild Areas Devastated by the Great East Japan Earthquake (Act No. 117 of 2011) were promulgated on December 2, 2011. In accordance with the promulgation, the effective statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities concerning the temporary differences, etc. expected to be reversed in the accounting periods ending October, 2012 (13 th fiscal period) to April, 2015 (18 th fiscal period) will be changed to 36.59%, and temporary differences expected to be reserved in the accounting periods ending October, 2015 (19 th fiscal period) and after will be changed to 34.16% from the historic 39.33%. Furthermore, the amount of impact from the changed tax rate may be minimal.

Note 8. Leases

1. Finance lease transactions other than those recognized as being a transfer of ownership of the leased property to the lessee

As lessee:

- (1) Amount equivalent to acquisition value, amount equivalent to accumulated depreciation and amortization, and amount equivalent to the balance at the end of the fiscal period for leased properties

(Thousand yen)

	Eleventh Fiscal Period (Reference)			Twelfth Fiscal Period		
	For the period from May 1, 2011 to October 31, 2011			For the period From November 1, 2011 to April 30, 2012		
	Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation and amortization	Amount equivalent to balance at end of period	Amount equivalent to acquisition value	Amount equivalent to accumulated depreciation and amortization	Amount equivalent to balance at end of period
Machinery and equipment	4,950	4,301	648	4,950	4,655	294
Total	4,950	4,301	648	4,950	4,655	294

(Note) The amounts are shown for Top REIT's portion. The amounts are rounded down to the nearest thousand yen.

(2) Amount equivalent to the balance of future lease payments at the end of the fiscal period

(Thousand yen)

	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Due within 1 year	713	326
Due over 1 year	—	—
Total	713	326

(Note) The amounts are shown for Top REIT's portion. The amounts are rounded down to the nearest thousand yen.

(3) Lease fees payable, amount equivalent to depreciation and amortization and amount equivalent to interest expenses

(Thousand yen)

	Eleventh Fiscal Period(Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Lease fees payable	395	395
Amount equivalent to depreciation and amortization	353	353
Amount equivalent to interest expenses	15	8

(Note) The amounts are shown for Top REIT's portion. The amounts are rounded down to the nearest thousand yen.

(4) Method for calculating amount equivalent to depreciation and amortization and amount equivalent to interest expenses

- The amounts are calculated by the straight-line method, with the lease period as the useful life and zero as the residual value.
- The amount equivalent to interest expenses is calculated as the amount of difference in the total amount of lease fees and amount posted as lease assets, with the method for allocation to the respective fiscal periods based on the interest method.

Note 9. Financial Instruments

Effective from the fiscal period ended October 31, 2010, Top REIT adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No.10 revised on March 10, 2010) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 revised on March 10, 2010).

Information on financial instruments for the periods ended October 31, 2011 and April 30, 2012 required pursuant to the revised accounting standards are as follows:

1. Matters Concerning Status of Financial Instruments

(1) Policy for financial instruments

Top REIT procures necessary funds through bank loans, issuance of investment corporation bonds and issuance of investment units, with the aim of contributing to steady growth of assets managed and stable earnings from a mid-and long-term view in accordance with the financial policy stated by the asset manager. Although management of surplus funds by using financial instruments targeting securities, monetary claims, etc. in accordance with the investment limitations stipulated in the Articles of Incorporation, as a general rule, the surplus funds are managed by placing them in deposit.

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

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

Top REIT and Top REIT Asset Management, Co., Ltd. (TRAM), the asset management company of Top REIT, strive for advancing risk management through regular inspection of the adequacy and effectiveness of risk management systems. Top REIT and TRAM adopt the structure that inspects various risks regularly and reflects the results of inspection on the risk management plan and the management plans. In addition, Top REIT and TRAM inspect risks and reflect the results of inspection in the decision-making in a timely manner through various transactions.

Top REIT and TRAM strive for risk management based on the incorporation rules of the asset manager concerning individual financial instruments and their risks, and risk management system.

① Credit risk concerning deposit and derivative transaction

Deposits, especially time deposits of large amounts, are used for investment of Top REIT's surplus funds, these deposits are exposed to credit risk of bankruptcy of the depository financial institutions and others. Top REIT minimizes the risk through such measures as limiting them to short term deposits and setting the standard of credit rating for depository financial institutions and establishing rules for the ceiling amounts of deposit. Derivative transactions are exposed to credit risks of transaction parties, Top REIT limits credit risks by setting the standard of credit rating in transaction financial institutions and putting in place a structure to monitor deals, the amount of estimated values and credit status of transaction partners.

② Market risk concerning loans

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

Loans, especially floating-rate borrowings, are exposed to market risks, Top REIT manages to hedge against interest-raising risk by fixed-rate interests entered into interest swap transactions and setting the target of fixed- rate interest ratios. In addition, when procuring new loans and refinancing, Top REIT inspects interest-raising risks and studies borrowing methods that minimize risks. For the hedging instruments and hedged items, hedging policy, method for assessing the effectiveness of hedging, etc. in hedge accounting, please refer to "6. Methods of Hedge Accounting" under "Note 2. Significant Accounting Policies" above.

③ Liquidity risk concerning borrowings and tenant leasehold used in cash flow, etc

Borrowings, investment corporation bonds and tenant leasehold are exposed to liquidity risk at the time of repayment of borrowing, redemption of investment corporation bonds and return of tenant leaseholds, but Top REIT manages these risks by preparing monthly fund management plans. In addition, Top REIT has established a management system for identifying liquidity risks regularly and at the time of various transactions by calculating the total amount of payments assumed, which is arrived at by taking the total amount of borrowings and tenant leaseholds, etc. that are to become due for repayment in the fiscal period and adding forecast dividends, and conducting a comparative inspection with liquidity on hand that factors in the liquidity of portfolio real estate properties and other assets under management.

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

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in "2. Matters Concerning Estimated Fair Value, etc. of Financial Instruments" below do not represent the market risk involved in these derivative transactions.

2. Matters Concerning Estimated Fair Value, etc. of Financial Instruments

For the period from May 1, 2011 to October 31, 2011 (11th fiscal period) (Reference)

The following table includes the book value, fair value and valuation difference of financial instruments as of April 30, 2011. The financial instruments that are recognized to be extremely difficult to estimate the fair value for are not included in the table. (Please refer to Note 2).

(Thousand yen)

	As of October 31, 2011		
	Book value	Fair value	Difference
(1) Cash and deposits	5,405,178	5,405,178	—
(2) Cash and deposits in trust	4,512,649	4,512,649	—
Total assets	9,917,828	9,917,828	—
(3) Current portion of long-term loans payable	36,675,000	36,676,430	1,430
(4) Investment corporation bond	8,500,000	8,543,350	43,350
(5) Long-term loans payable	48,862,500	49,431,547	569,047
(6) Tenant leasehold and security deposits in trust	99,799	99,799	—
Total liabilities	94,137,299	94,751,127	613,828
Derivative transactions			
Applied hedge accounting	—	—	—
Total derivative transactions	—	—	—

(Note 1) Methods for calculating the fair value of financial instruments and matters related to derivative transactions

Assets

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

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Liabilities

- (3) Current portion of long-term loans payable, and
(5) Long-term loans payable

For long-term loans payable with floating interest rates, the fair value would be almost equal to the book value because such loans reflect the market interest rate in a short-term period and thus are based on the concerned book value.

For fixed-rate long-term loans payable, the fair value is the present value calculated by discounting the sum total amount of its principal and interest payment on a rate reasonably estimated to be applicable to similar long-term loans.

Furthermore, the fair value of long-term loans payable that qualifies for the special treatment of interest-rate swap (refer to Derivative Transactions below) is the present value calculated by the discounted sum total of its principal and interest payments net calculated from the interest-rate swap on a rate reasonably estimated to be applicable to similar fixed-rate long-term loans.

- (4) Investment corporation bonds

The fair value of investment corporation bonds issued by Top REIT is based on reference trading statistics of the Japan Securities Dealers Association.

- (6) Tenant leasehold and security deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Derivative Transactions
Hedge accounting applied

The following are the contract values or values corresponding to the principal amounts as stipulated by contracts for derivative transactions as of date of settlement for each hedge accounting method applied.

(Thousand yen)

Hedge accounting method	Type of derivative transactions	Hedge item	Contract amount		Fair value	Method of calculating the fair value
				More than one year		
Special treatment of interest-rate swaps	Interest rate swap Pay fixed / receive floating	Long-term loans payable	33,500,000	25,000,000	(*1)	

(*1) Since the derivative transactions accounted by special treatment of interest-rate swaps are treated as one transaction together with long-term loans payable which is the hedged item, the fair value is included in the fair value of the long-term loans payable (refer to Note 1(5)).

(Note 2) Financial instruments which are recognized to be extremely difficult to estimate the fair value of are as follows

(Thousand yen)

Item	Carrying value
Tenant leasehold and security deposits in trust (*2)	5,242,841
Total	5,242,841

(*2) Tenant leasehold and security deposits in trust which excluded the above (6) are not subject to fair value disclosure because arriving at the fair value is extremely difficult due to the fact that the contract termination period, which is the repayment date, is difficult to reasonably estimate as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, making a reasonable estimate of future cash flows difficult.

(Note 3) Redemption Schedule amount for Monetary Claims after the end of the period

(Thousand yen)

	Due within one year
Cash and deposits	5,405,178
Cash and deposits in trust	4,512,649
Total	9,917,828

(Note 4) Repayment Schedule amount for Investment Corporation Bonds and Long-Term Loans Payable after the end of the period

(Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four	Due after four to five years	Due after five years
Investment corporation bonds	—	—	—	8,500,000	—	—
Long-term loans payable	36,675,000	19,235,000	4,135,000	135,000	23,535,000	1,822,500
Total	36,675,000	19,235,000	4,135,000	8,635,000	23,535,000	1,822,500

For the period from November 1, 2011 to April 30, 2012 (12th fiscal period)

The following table includes the book value, fair value and valuation difference of financial instruments as of April 30, 2012. The financial instruments that are recognized to be extremely difficult to estimate the fair value are not included in the table. (Please refer to Note 2).

(Thousand yen)

	As of October 31, 2011		
	Book value	Fair value	Difference
(1) Cash and deposits	1,669,299	1,669,299	—
(2) Cash and deposits in trust	4,299,045	4,299,045	—
Total assets	5,968,345	5,968,345	—
(3) Current portion of long-term loans payable	36,735,000	36,763,620	28,620
(4) Investment corporation bond	8,500,000	8,550,150	50,150
(5) Long-term loans payable	51,735,000	52,210,908	475,908
(6) Tenant leasehold and security deposits in trust	37,002	37,002	—
Total liabilities	97,007,002	97,561,681	554,679
Derivative transactions			
Applied hedge accounting	—	—	—
Total derivative transactions	—	—	—

(Note 1) Methods for calculating the fair value of financial instruments and matters related to derivative transactions

Assets

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

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Liabilities

- (3) Current portion of long-term loans payable, and
(5) Long-term loans payable

For long-term loans payable with floating interest rates, the fair value would be almost equal to the book value because such loans reflect the market interest rate in a short-term period and thus are based on the concerned book value.

For fixed-rate long-term loans payable, the fair value is the present value calculated by discounting the sum total amount of its principal and interest payment on a rate reasonably estimated to be applicable to similar long-term loans.

Furthermore, the fair value of long-term loans payable that qualifies for the special treatment of interest-rate swap (refer to Derivative Transactions below) is the present value calculated by the discounted sum total of its principal and interest payments net calculated from the interest-rate swap on a rate reasonably estimated to be applicable to similar fixed-rate long-term loans.

- (4) Investment corporation bonds

The fair value of investment corporation bonds issued by Top REIT is based on reference trading statistics of the Japan Securities Dealers Association.

- (6) Tenant leasehold and security deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Derivative Transactions
Hedge accounting applied

The following are the contract values or values corresponding to the principal amounts as stipulated by contracts for derivative transactions as of date of settlement for each hedge accounting method applied.

(Thousand yen)

Hedge accounting method	Type of derivative transactions	Hedge item	Contract amount		Fair value	Method of calculating the fair value
				More than one year		
Special treatment of interest-rate swaps	Interest rate swap Pay fixed / receive floating	Long-term loans payable	33,500,000	18,700,000	(*1)	

(*1) Since the derivative transactions accounted by special treatment of interest-rate swaps are treated as one transaction together with long-term loans payable which is the hedged item, the fair value is included in the fair value of the said long-term loans payable (refer to Note 1(5)).

(Note 2) Financial instruments which are recognized to be extremely difficult to estimate the fair value of are as follows

(Thousand yen)

Item	Carrying value
Tenant leasehold and security deposits in trust (*2)	5,476,901
Total	5,476,901

(*2) Tenant leasehold and security deposits in trust which excluded the above (6) are not subject to fair value disclosure because arriving at the fair value is extremely difficult due to the fact that the contract termination period, which is the repayment date, is difficult to reasonably estimate as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, making a reasonable estimate of future cash flows difficult.

(Note 3) Redemption Schedule amount for Monetary Claims after the end of the period

(Thousand yen)

	Due within one year
Cash and deposits	1,669,299
Cash and deposits in trust	4,299,045
Total	5,968,345

(Note 4) Repayment Schedule amount for Investment Corporation Bonds and Long-Term Loans Payable after the end of the period

(Thousand yen)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four	Due after four to five years	Due after five years
Investment corporation bonds	—	—	—	8,500,000	—	—
Long-term loans payable	36,735,000	135,000	4,135,000	23,535,000	23,930,000	—
Total	36,735,000	135,000	4,135,000	32,035,000	23,930,000	—

Note 10. Investment and Rental Properties

Top REIT owns in the portfolio certain office buildings (including land), etc. located in Tokyo and other areas which are for lease.

The following table is the amount posted on the balance sheet, amounts of increase (decrease) during the previous period and fair value of these investment and rental properties as of the settlement date.

For the period from May 1, 2011 to October 31, 2011 (11th fiscal period) (Reference)

(Thousand yen)

Book value			Fair value at end of the period
Balance at the beginning of the period	Change during the period	Balance at the end of the period	
172,994,401	1,750,753	174,745,154	172,310,000

(Note 1) Summary of corresponding investment and rental properties are presented in "3-Status of Investment Assets."

(Note 2) Book value represents the acquisition cost less accumulated depreciation and amortization.

(Note 3) Of the amounts of increase (decrease) during the current period for investment and rental properties, the amount of increase is primarily attributable acquisition of Impress Musashi-Koganei (1,323,817 thousand yen) and TOP Residence Yoga (1,251,527 thousand yen), and decrease is mainly due to the depreciation and amortization.

(Note 4) Fair value at the end of the period is the appraisal value as appraised by an outside real estate appraiser. Furthermore, fair value at the end of the period of Nittetsu Honmachi Building is calculated based on the disposal price (1,300,000 thousand yen) in sales agreement on October 28, 2011.

Furthermore, loss and profit concerning investment and rental properties for fiscal period ended October 31, 2011 is presented in "Note 6. Statement of Income and Retained Earnings."

For the period from November 1, 2011 to April 30, 2012 (12th fiscal period)

(Thousand yen)

Book value			Fair value at end of the period
Balance at the beginning of the period	Change during the period	Balance at the end of the period	
174,745,154	6,660,329	181,405,484	179,000,000

(Note 1) Summary of corresponding investment and rental properties are presented in "3-Status of Investment Assets."

(Note 2) Book value represents the acquisition cost less accumulated depreciation and amortization.

(Note 3) Of the amounts of increase (decrease) during the current period for investment and rental properties, the amount of increase is primarily attributable acquisition of Top Residence Nihonbashi Kayabacho (2,491,698 thousand yen) and Shinkawa Chuo Building (5,779,255 thousand yen), and decrease is mainly due to the disposition of Nitetsu Honmachi Building (1,001,145 thousand yen), and the depreciation and amortization.

(Note 4) Fair value at the end of the period is the appraisal value as appraised by an outside real estate appraiser.

Furthermore, loss and profit concerning investment and rental properties for fiscal period ended April 30, 2012 is presented in "Note 5. Statement of Income and Retained Earnings."

Note 11. Transactions with Interested Parties

For the period from May 1, 2011 to October 31, 2011 (11th fiscal period) (Reference)

Attribution	Company name	Business description or occupation	Ratio of investment units held among total number of investment units	Type of transaction	Amount of transaction (thousand yen) (Note)	Item in balance sheets	Balance at period end (thousand yen) (Note)
Assets custodian	The Sumitomo Trust and Banking Co., Ltd.	Banking	2.05%	Administrative service fee	63,912	Accounts payable-other	57,382
				Trust fees	17,750	Operating accounts payable	—
				Other fees paid	1,369		
				Property management expenses	1,250		
				Other operating expenses	729	Accounts payable-other	—
				Other non-operating expenses	342	Long-term prepaid expenses	2,220
						Prepaid expenses	720
				Borrowing related expenses	51,145	Long-term prepaid expenses	103,233
						Prepaid expenses	58,601
				Investment corporation bond related expenses	624	Accounts payable-other	54
Investment corporation bond issuance expenses	4,111						

(Note) Consumption tax, etc. are excluded from the amounts of transactions. Consumption tax, etc. are included in the balances at end period, but excluded only for investment corporation bond issuance costs. Furthermore, transaction terms are determined based on prevailing market conditions.

For the period from November 1, 2011 to April 30, 2012 (12th fiscal period)

Attribution	Company name	Business description or occupation	Ratio of investment units held among total number of investment units	Type of transaction	Amount of transaction (thousand yen) (Note)	Item in balance sheets	Balance at period end (thousand yen) (Note)
Assets custodian	Sumitomo Mitsui Trust Bank Limited.	Banking	2.05%	Administrative service fee	63,199	Accounts payable-other	57,318
				Brokerage fee	39,060	Operating accounts payable	—
				Trust fees (disposition)	300		
				Trust fee	16,524		
				Other fees paid	1,374		
				Property management expenses	1,250		
				Other non-operating expenses	342	Long-term prepaid expenses	1,860
						Prepaid expenses	720
Borrowing	48,850	Long-term	201,363				

				related expenses		prepaid expenses	
						Prepaid expenses	76,730
				Investment corporation bond related expenses	624	Accounts payable-other	54
						Investment corporation bond issuance expenses	3,550

(Note) Consumption tax, etc. are excluded from the amounts of transactions. Consumption tax, etc. are included in the balances at end period, but excluded only for investment corporation bond issuance costs. Furthermore, transaction terms are determined based on prevailing market conditions.

Note 12. Per Unit Information

Eleventh Fiscal Period (Reference)		Twelfth Fiscal Period	
For the period from May 1, 2011 to October 31, 2011		For the period from November 1, 2011 to April 30, 2012	
Net Assets per Unit	543,520 yen	Net Assets per Unit	543,610 yen
Net Income per Unit	12,809 yen	Net Income per Unit	12,899 yen
Diluted net income per unit has not been presented since there are no outstanding warrants or convertible bonds.		Diluted net income per unit has not been presented since there are no outstanding warrants or convertible bonds.	

(Note) The per unit amounts are rounded to the nearest yen.

(Note) Base of calculation of net income per unit is as follows:

	Eleventh Fiscal Period (Reference)	Twelfth Fiscal Period
	For the period from May 1, 2011 to October 31, 2011	For the period from November 1, 2011 to April 30, 2012
Net Income (thousand yen)	1,985,460	1,999,346
Amounts not attributable to ordinary unitholders (thousand yen)	—	—
Net income attributable to ordinary investment unit (thousand yen)	1,985,460	1,999,346
Weighted-average number of units during the period (unit)	155,000	155,000

Note 13. Significant Subsequent Events

<p style="text-align: center;">Eleventh Fiscal Period (Reference)</p> <p style="text-align: center;">For the period from May 1, 2011 to October 31, 2011</p>	<p style="text-align: center;">Twelfth Fiscal Period</p> <p style="text-align: center;">For the period from November 1, 2011 to April 30, 2012</p>
<p>Regarding the Disposition of Assets</p> <p>Top REIT has disposed the owned property described below on November 25, 2011, after the end of the eleventh fiscal period (October 31, 2011). The overview of the disposition of the property is as follows.</p> <p><Overview of Disposition></p> <ul style="list-style-type: none"> (i) Disposed Assets: Trust beneficiary interest in real estate in Japan (ii) Name of Property: Nittetsu Honmachi Building (iii) Address: 1-10-24, Utsubohonmachi, Nishi Ward, Osaka City, Osaka (residential building address) (iv) Disposition Price: ¥1,300 million (v) Book Value: ¥1,003 million (as of October 31, 2011) (vi) Capital Gains: Approximately ¥250 million (vii) Sales Agreement Date: October 28, 2011 (viii) Disposition Date: November 25, 2011 (ix) Purchaser: SK Housing Corporation 	<p>There are none applicable.</p>

VI. Statements of Cash Dividend Distributions

Classification	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	1,985,468,894	1,999,419,960
II. Total Amount of Dividends (Dividend per unit)	1,985,395,000 (12,809)	1,949,435,000 (12,577)
III. Voluntary retained earnings Provision of reserve for reduction entry	—	49,958,494
IV. Retained earnings brought forward	73,894	26,466

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 Law.” Based on these policies, Top REIT decided on a total distribution of 1,985,395,000 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.

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 Law.” Based on these policies, Top REIT decided on a total distribution of 1,949,435,000 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 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.

Disclaimer:

The accompanying English financial information, comprising of balance sheets, statements of retained earnings, statements of changes in unitholders’ capital, notes to financial information and statements of cash dividends, have been translated from the Japanese financial statements of Top REIT prepared in accordance with the Law Concerning Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Law Concerning Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the fiscal period ended October 31, 2011 have been audited by KPMG AZUSA, in accordance with auditing standards generally accepted in Japan. However, this English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of retained earnings, statements of changes in unitholders’ capital, notes to financial information and statements of cash dividends are unaudited.

VII. Statements of Cash Flows (Reference Information)

(Unit: thousand yen)

	Eleventh Fiscal Period (May 1, 2011 – October 31, 2011)	Twelfth Fiscal Period (November 1, 2011 – April 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	1,986,499	2,029,141
Depreciation and amortization	1,060,958	1,072,349
Amortization of deferred organization expenses	—	—
Amortization of right of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Interest income and interest on securities	(3,894)	(2,880)
Interest expenses	656,125	595,699
Reversal of provision for loss on disaster	(1,672)	(391)
Provision for loss on disaster	—	—
Decrease (increase) in operating accounts receivable	831	(2,975)
Decrease (increase) in consumption taxes receivable	—	(608)
Decrease (increase) in income taxes receivable	(51)	168
Decrease (increase) in consumption taxes receivable	—	—
Decrease (increase) in prepaid expenses	22,560	2,410
Decrease (increase) due to sale property plant and equivalents in trust	—	1,001,145
Increase (decrease) in operating accounts payable	(60,823)	7,256
Increase (decrease) in accounts payable – other	(16,847)	(11,901)
Increase (decrease) in accrued consumption taxes	13,214	(63,072)
Increase (decrease) in advances received	73,725	(137,486)
Decrease (increase) in long-term prepaid expenses	85,486	(233,072)
Other, net	(85,204)	(106,072)
Subtotal	3,736,441	4,155,244
Interest income received	4,396	2,880
Interest expenses paid	(648,830)	(635,382)
Payment for Loss on disaster	(24,323)	(355)
Income taxes paid	(1,057)	(908)
Net cash provided by (used in) operating activities	3,066,626	3,521,477
Net cash provided by (used in) investing activities		
Payments into time deposits	—	—
Proceeds from withdrawal of time deposits	—	—
Purchase of property, plant and equipment	(26,283)	(3,190)
Purchase of property, plant and equipment in trust	(2,692,868)	(8,586,136)
Purchase of intangible assets in trust	(2,466)	—
Repayments of tenant leasehold and security deposits	—	—
Proceeds from tenant leasehold and security deposits in trust	70,026	468,502
Repayments of tenant leasehold and security deposits in trust	(720,768)	(297,240)
Net cash provided by (used in) investing activities	(3,372,360)	(8,418,065)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	—
Decrease in short-term loans payable	—	—
Proceeds from long-term loans payable	—	22,040,000
Repayment of long-term loans payable	(67,500)	(19,107,500)
Dividends paid	(2,157,910)	(1,985,395)
Net cash provided by (used in) financing activities	(2,225,410)	947,105
Net increase (decrease) in cash and cash equivalents	(2,531,143)	(3,949,482)
Cash and cash equivalents at beginning of period	12,448,972	9,917,828
Cash and cash equivalents at end of period	(Note) 9,917,828	5,968,345

Note Concerning Significant Accounting Policy [Reference Information]

Classification	Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
Scope of funds in statements of cash flows	Funds (cash and cash equivalents) in statements of cash flows consist of cash on hand and cash in trust, deposits placed with banks and deposits in trust that can be withdrawn at any time, and short-term investments that are highly liquid and easily convertible to cash, have a low risk of price fluctuation and mature within three months from the date of purchase.	Funds (cash and cash equivalents) in statements of cash flows consist of cash on hand and cash in trust, deposits placed with banks and deposits in trust that can be withdrawn at any time, and short-term investments that are highly liquid and easily convertible to cash, have a low risk of price fluctuation and mature within three months from the date of purchase.

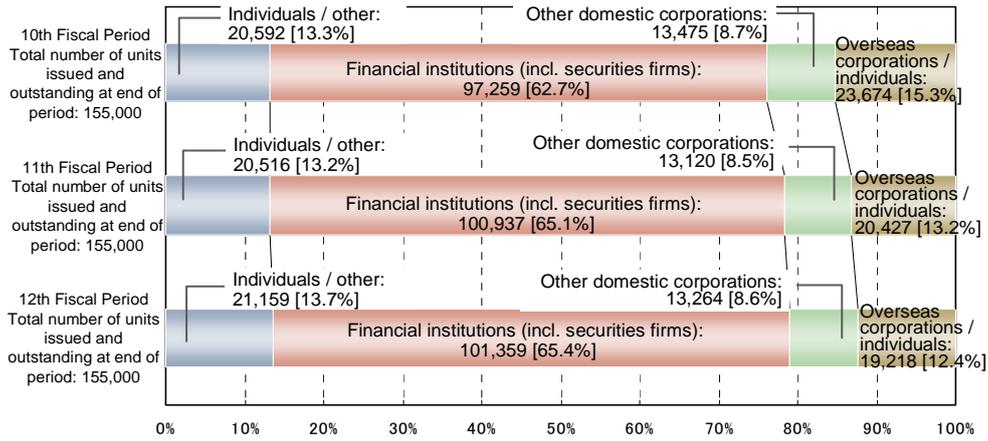
Note Concerning Statements of Cash Flows [Reference Information]

Eleventh Fiscal Period (Reference) For the period from May 1, 2011 to October 31, 2011	Twelfth Fiscal Period For the period from November 1, 2011 to April 30, 2012
*1. Reconciliation of cash and cash equivalents at end of period and amount of items presented in balance sheets (as of October 31, 2011) (Unit: thousand yen)	*1. Reconciliation of cash and cash equivalents at end of period and amount of items presented in balance sheets (as of April 30, 2012) (Unit: thousand yen)
Cash and deposits 5,405,178	Cash and deposits 1,669,299
Cash and deposits in trust 4,512,649	Cash and deposits in trust 4,299,045
Cash and cash equivalents 9,917,828	Cash and cash equivalents 5,968,345

VIII. Stock and Unitholders Information



No. of Units Held



No. of Unitholders

