



**TOP REIT**

(TSE Code: 8982)

***Top REIT, Inc.***

Presentation on  
Business Results for the  
Third Fiscal Period

(May 1, 2007 – October 31, 2007)

December 18, 2007

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(Highlights of the First, Second and Third Period Activities)

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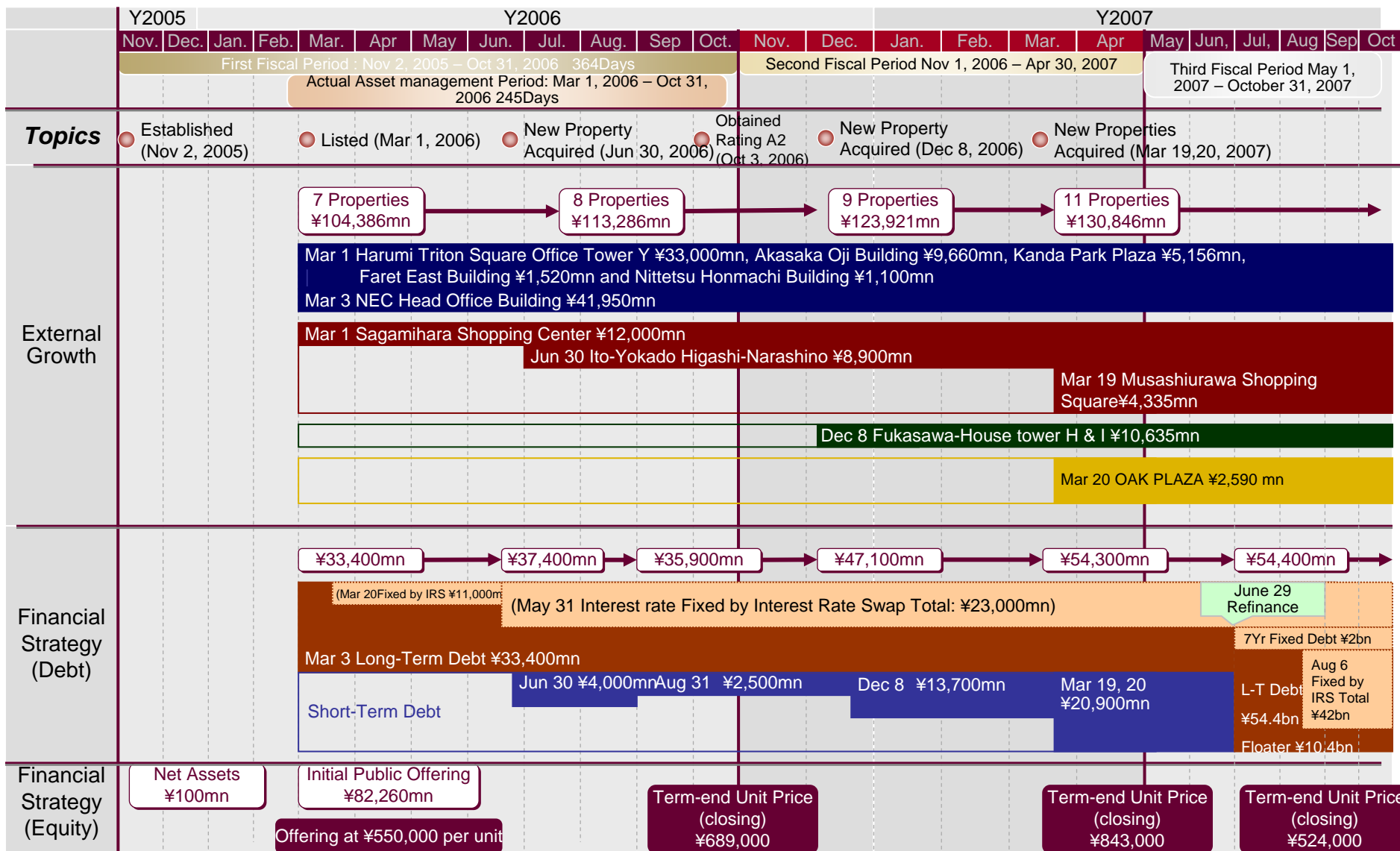
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# Overview Since IPO



## I. Third Fiscal Period Results (Ended October 31, 2007)

## I-1. Results of the Third Fiscal Period (Summary)

(in millions yen, except as otherwise noted)

Items	Third Fiscal Period Results May 1, 2007 – Oct 31, 2007	Third Fiscal Period Forecast (Announced on June 18, 2007)	Net Change (Results vs. Forecast)		Second Fiscal Period Results Nov 1, 2006 – Apr 30, 2007	Net Change (Third Fiscal Period Results vs. Second Fiscal Period Results)	
Period of Asset Management (Days)	184	184	—	—	181	—	—
Operating Revenue	4,715	4,698	17	+ 0.4%	4,526	189	+4.2%
Ordinary Income	1,848	1,644	204	+12.4%	2,324	-475	-20.5%
Net Income	1,847	1,643	204	+12.4%	2,323	-475	-20.5%
Number of Units Issued (Unit)	155,000	155,000	0	—	155,000	0	—
Dividend per Unit (Yen)	¥11,921	¥10,600	¥1,321	+12.4%	¥14,992	-¥3,071	-20.5%
Number of Properties Assumed	11	11	0	—	11	3	—
Appraisal Value Total	155,923	—	—	—	152,468	3,455	+2.2%

### ■ Difference Between Forecast and Actual Results

#### Operating Revenue: ¥17mn

- Operating income exceeded the forecast mainly due to incremental rental revenue such as contract renewal fee income from Fukasawa House .

#### Ordinary Income: ¥204mn

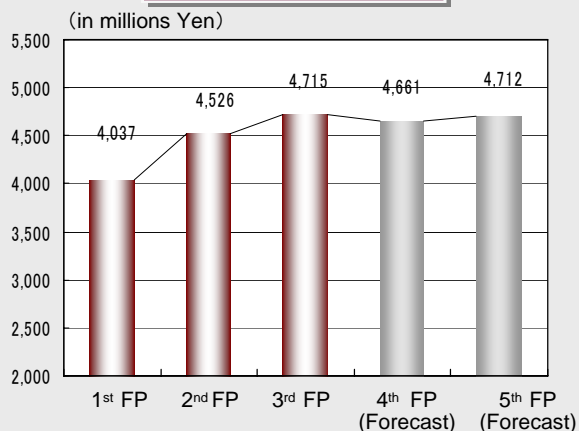
- Actual maintenance cost was less than the previous forecast due to reviewing efficiency of maintenance work and achieving maintenance cost reduction through diligent negotiations.
- Non-operating expenses (mostly “interest paid”) was less than the previous forecast and non-operating income (mostly “interest received”) was more than the previous forecast.
- General administrative expenses such as cost of general unit holder meeting could be minimized due to reviewing efficiency of expenses and negotiations.

### ■ Other References

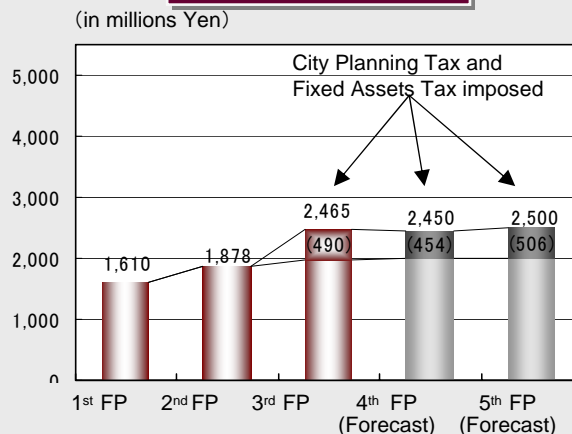
Items	Third Fiscal Period	Second Fiscal Period
Number of Tenants	40	39
Total Rentable Area	261,671.67m <sup>2</sup>	261,671.68m <sup>2</sup>
Occupancy Rate	99.7%	99.5%
Current Depreciation	¥927mn	¥873mn
Current Capital Expenditures	¥49mn	¥80mn
Term-End Unit Price	¥524,000	¥843,000
Term-End Market Capitalization	¥81,220mn	¥130,665mn

## I-2. Results of the Past Periods and Forecasts

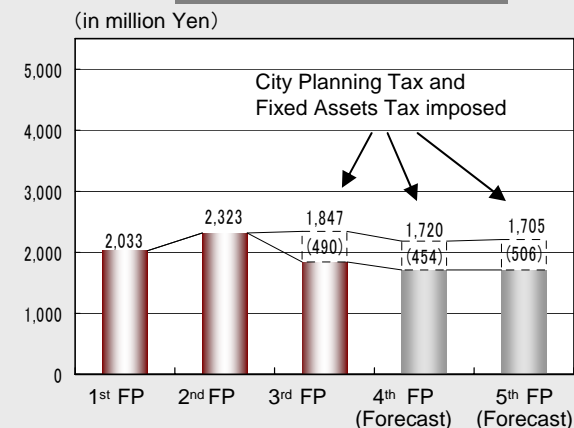
### Operating Revenue



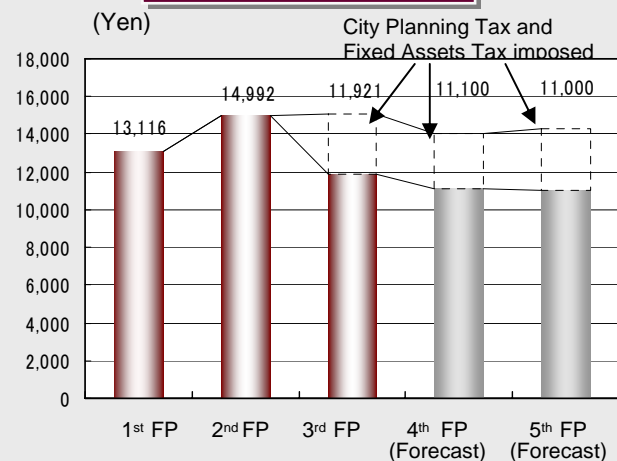
### Operating Expenses



### Net Income



### Dividend per Unit



Items	1st Fiscal Period* (Reference only)	2nd Fiscal Period	3rd Fiscal Period	4th Fiscal Period (Forecasts)	5th Fiscal Period (Forecasts)
Days of Fiscal Period	182.5	181	184	182	184
Operating Revenue	¥4,037mn	¥4,526mn	¥4,715mn	¥4,661mn	¥4,712mn
Operating Expenses	¥1,610mn	¥1,878mn	¥2,465mn	¥2,450mn	¥2,500mn
Tax & Public Due	0	0	¥490mn	¥454mn	¥506mn
Depreciation	¥730mn	¥873mn	¥927mn	¥931mn	¥931mn
Net Income	¥2,033mn	¥2,323mn	¥1,847mn	¥1,720mn	¥1,705mn
Dividend per Unit	¥13,116	¥14,992	¥11,921	¥11,100	¥11,000
FFO per Unit	¥17,827	¥20,625	¥17,903	¥17,100	¥17,000

\*1. Actual days of the 1st fiscal period was 245 Days. The above numbers are calculated by a following calculation method ( (First Fiscal Period Results) / 245 Days x 365 Days / 2 )

### I-3. Unitholders



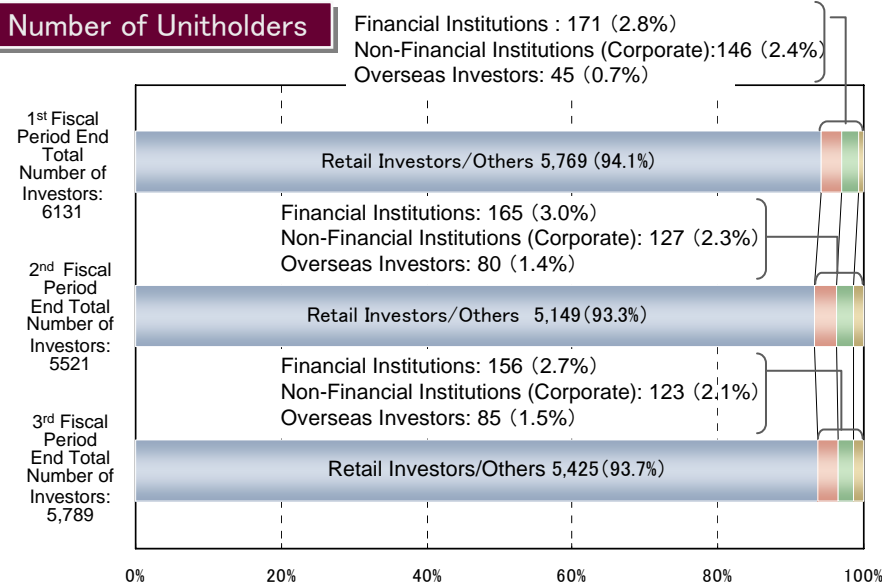
#### Ownership Share by Investor Criteria as of October 31, 2007

Investor Criteria	Number of Units Held		Number of Unitholders	
Retail Investors/Others	15,491	10.0%	5,425	93.7%
Financial Institutions (Incl. Security Firms)	101,512	65.5%	156	2.7%
Non-Financial Institutions (Corporate)	11,304	7.3%	123	2.1%
Overseas Investors	26,693	17.2%	85	1.5%
<b>Total</b>	<b>155,000</b>	<b>100.0%</b>	<b>5,789</b>	<b>100.0%</b>

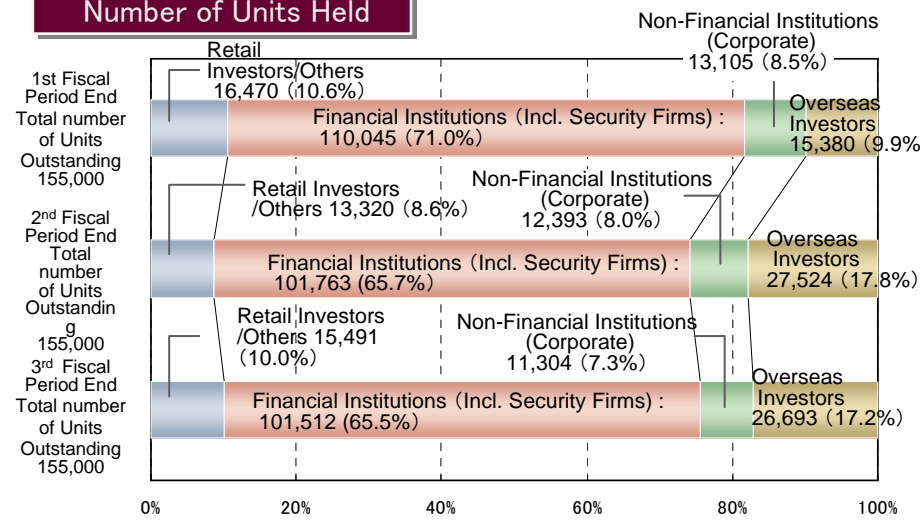
#### Top 15 Unitholders as of October 31, 2007

Rank	Name	Number of Units held	Share (%)
1	Japan Trustee Service Bank, trust account	11,638	7.51
2	NikkoCiti Trust and Banking Corporation, trust account	11,130	7.18
3	The Bank of Ikeda	6,850	4.42
4	The Master Trust Bank of Japan, trust account	6,764	4.36
5	Trust and Custody Services Bank, trust account	6,344	4.09
6	North Pacific Bank	4,469	2.88
7	American Life Insurance Company GAL	3,847	2.48
8	Nomura Trust and Banking, trust account	3,422	2.21
9	Goldman Sachs International	3,383	2.18
10	The Sumitomo Trust & Banking	3,176	2.05
11	Nippon Steel City Produce	3,162	2.04
11	Oji Real Estate	3,162	2.04
13	The Hiroshima Bank	3,060	1.97
14	The Fuji Fire and Marine Insurance	2,416	1.56
15	Sumitomo Mitsui Banking Corporation	2,256	1.46
<b>Total</b>		<b>75,079</b>	<b>48.44</b>

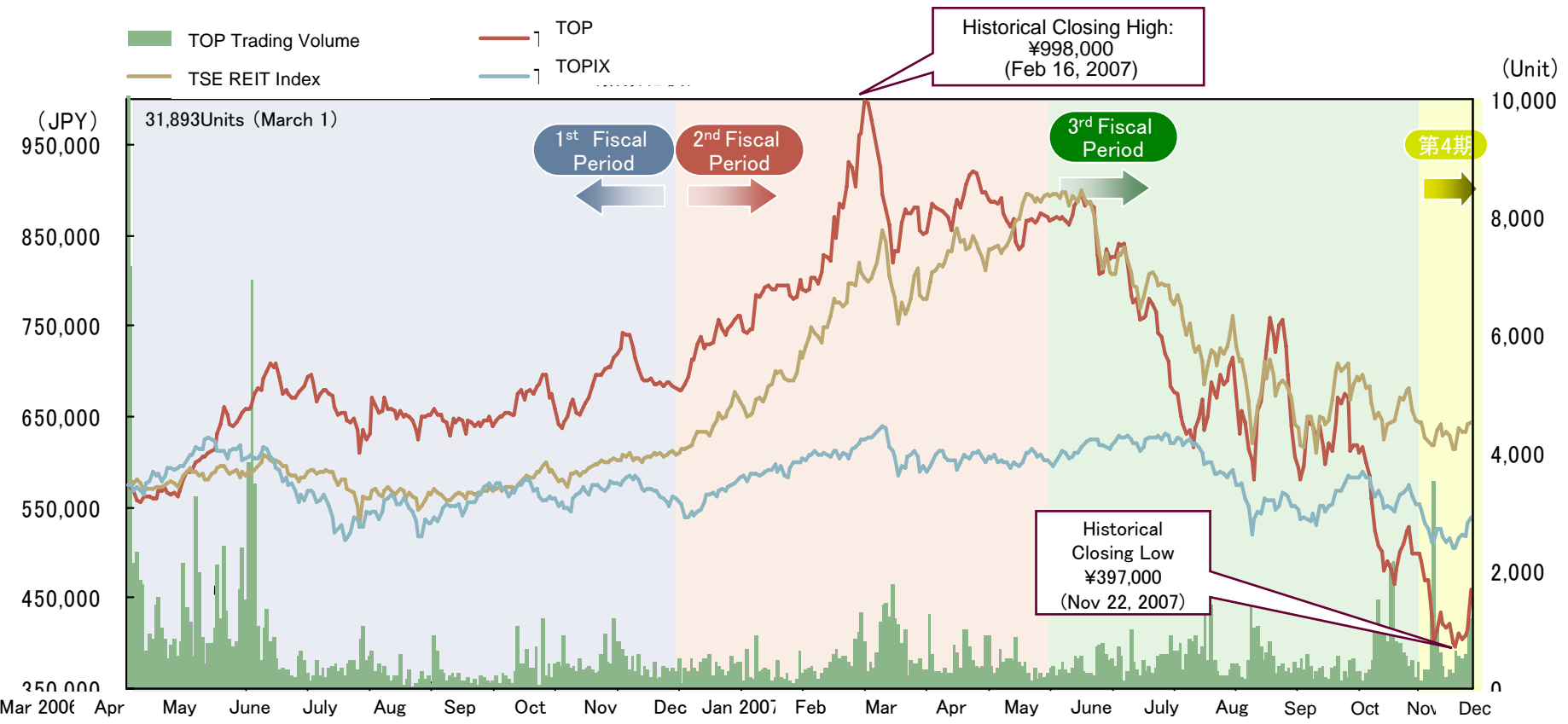
#### Number of Unitholders



#### Number of Units Held



# I-4. Unit Price Performance & Volume (March 1, 2006- November 30, 2007)



3 <sup>rd</sup> Fiscal Period End Unit Price (Closing)	JPY 524,000 (October 31, 2007)	IPO Price	JPY 550,000	Mar 1, 2006
		Historical High since IPO (Closing Price)	JPY 998,000	Feb 16, 2007
		Historical low since IPO (Closing Price)	JPY 397,000	Nov 22, 2007



# I-5. Portfolio Overview – Portfolio Summary

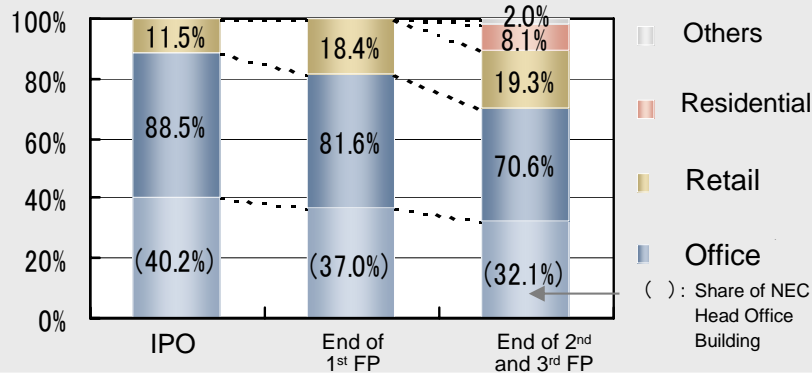
Total Acquisition Price: ¥130.846 billion

Number of Properties: 11

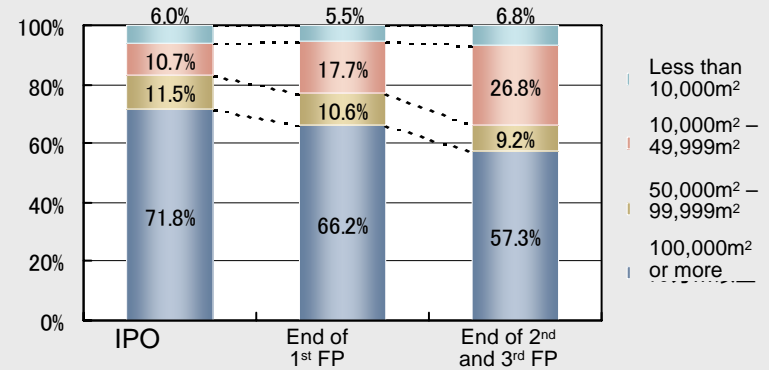
Rentable Area: 261,671.67m<sup>2</sup>

PML: 2.2%

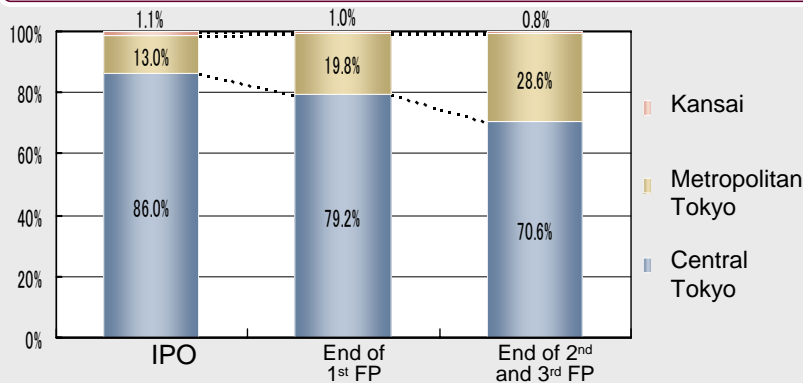
## Asset Class (property type)



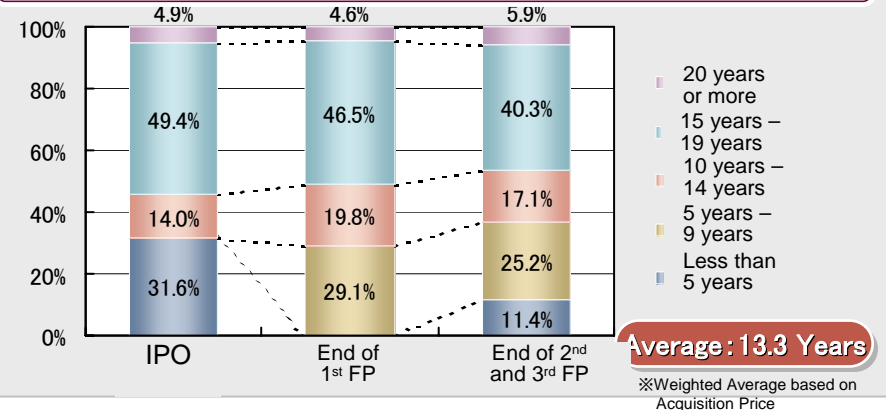
## Scale (on a total floor area basis)



## Area



## Age of Buildings



※Numbers on above graphs are calculated based on Acquisition Price

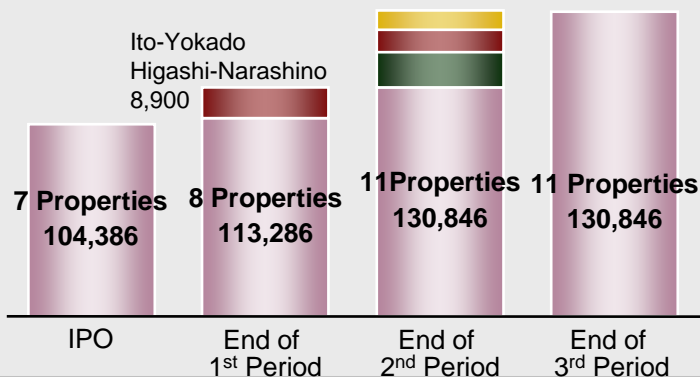
## II. External Growth Strategies

## II-1. External Growth: Past Achievements

### History of Asset Growth

( in millions yen )

OAK PLAZA 2,590  
Musashiurawa Shopping Square 4,335  
Fukasawa House Tower H&I 10,635



### Number of Property Information

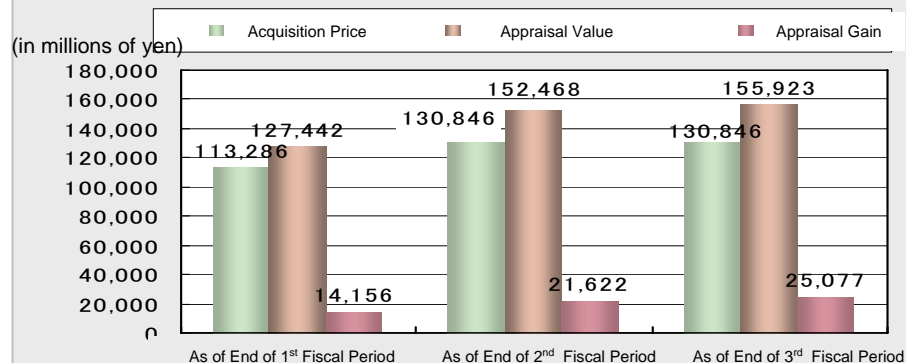
Asset Class	1st Fiscal Period (last 6 months) May 1, 2006 – Oct. 31, 2006		2nd Fiscal Period Nov. 1, 2006 – Apr. 30, 2007		3rd Fiscal Period May 1, 2007 – October 31, 2007	
	From Sponsors	From Non-Sponsors	From Sponsors	From Non-Sponsors	From Sponsors	From Non-Sponsors
Office	24	51	14	25	30	38
Retail	12	14	5	14	15	55
Residence	24	69	8	23	14	3
Other	8	9	2	3	7	9
<b>Total</b>	<b>68</b>	<b>143</b>	<b>29</b>	<b>65</b>	<b>66</b>	<b>105</b>
	211		94		171	

**30 % of Property Information are from sponsors.  
To focus on collecting office property information leads**

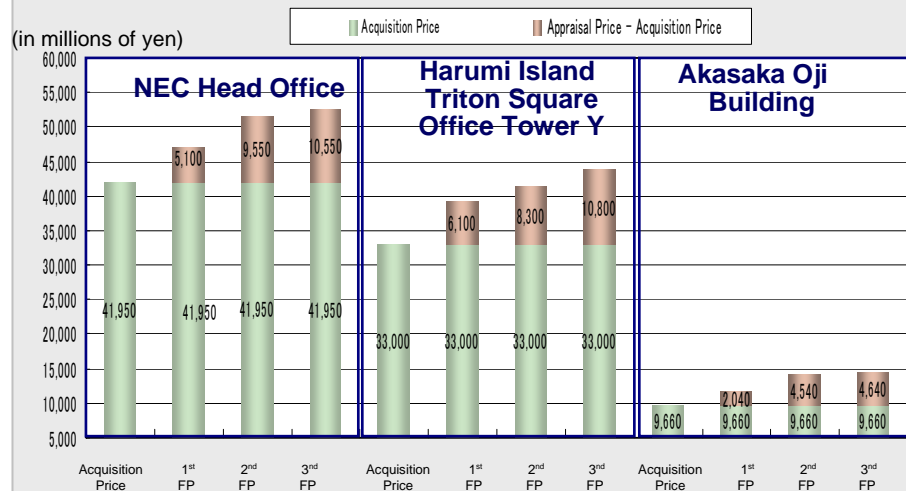
### Appreciation of Asset Values

**Accomplishment of  
“Pursuing both Steady Growth and Quality”**

#### ■ Portfolio overall



#### ■ Appraisal Gain of Three Major Properties in Central Tokyo



# II-2. External Growth: Fully Applying Sponsors' Strengths



**“Sponsors’ Strengths”**  
 have been applied to  
**all acquisitions of Properties**

■ Number of group companies	
Sumitomo Trust Group	42
Nippon Steel Group	326
Oji Paper Group	305

As of March 31, 2007

Properties brokered by sponsors



NEC Head Office



Harumi Island Triton Square Office Tower Y



Fukasawa-House Tower H&I

**The Sumitomo Trust & Banking**

Properties previously owned or developed by sponsor group companies



Faret East Building



Nittetsu Honmachi Building



Akasaka Oji Building



Musashiurawa Shopping Square



OAK PLAZA



Sagamihara Shopping Center



Ito-Yokado Higashi-Narashino

**Nippon Steel City Produce**

**Oji Real Estate**

Structuring Providing Equity



Kanda Park Plaza

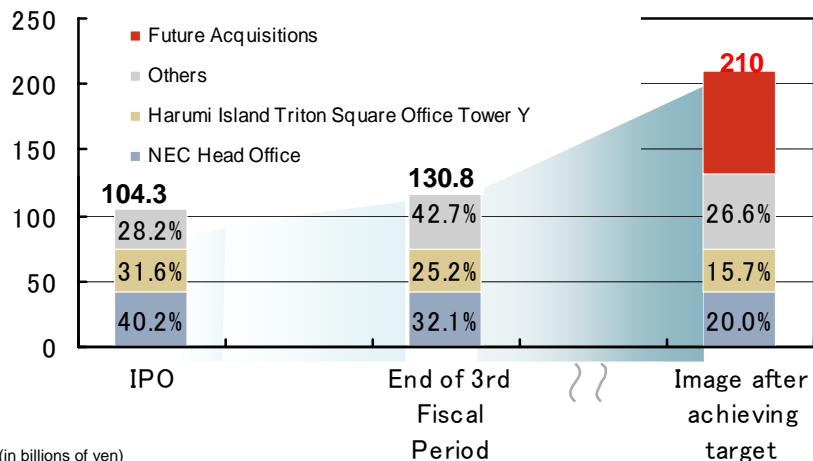
**Warehousing**  
 Agreement on Warehousing

Pipeline (Agreement on Provision of Information & Brokerage Information)

## II-3. External Growth: Strategies

### Medium Term External Growth Target

To reduce investment share to 20% in NEC Head Office Building  
Additional acquisition: about 80 billion yen



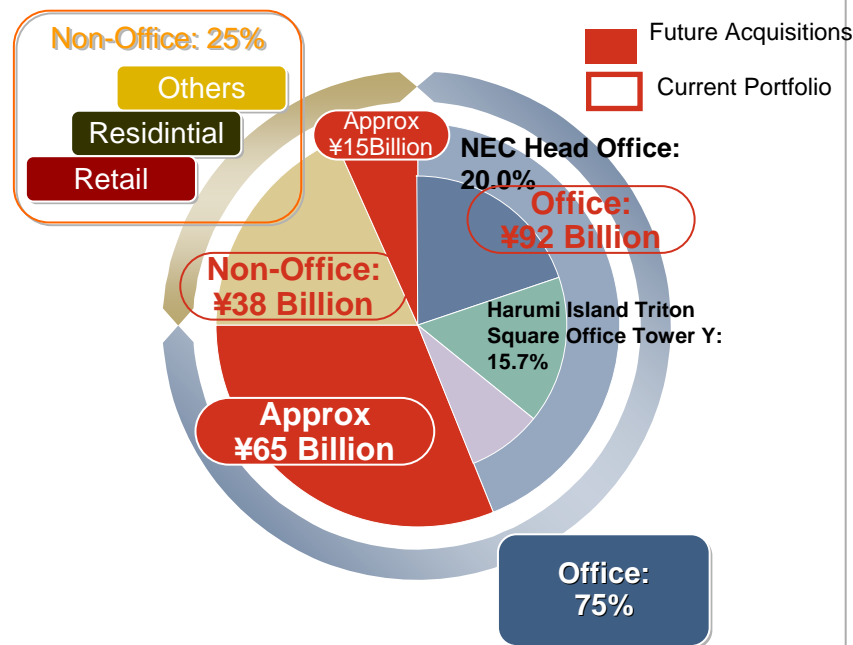
Striving to achieve the growth target by April 2010

### Current Investment Strategies by Asset Class

Asset Class	Policy
Office	Focusing on offices located in <b>central Tokyo</b>
Retail	Focusing on <b>urban retail facilities</b>
Residential	<b>Focusing on location</b> of each property (Considering mainly on sponsor development properties)

### Image of Portfolio Breakdown by Asset Class After Achieving Medium Term External Growth Target ¥210 Billion

Office: 75%, Aggregation of Retail, Residential, Others: 25%



Target LTV range 40-50%

Aiming to achieve dividend growth target : 12,000-13,000 yen/unit

### III. Internal Growth Strategies

# III-1. Internal Growth: Maintaining High Occupancy Rate

## “Tenants First” = Maintaining and Improving Tenant Satisfaction

- Reflecting demand from tenants in facility management plan, thus improving assets quality and value
- Building up good relationship with major tenants will support long-term stable cash flows

### Five Major Tenants

As of October 31, 2007 (3<sup>rd</sup> Fiscal Period End)

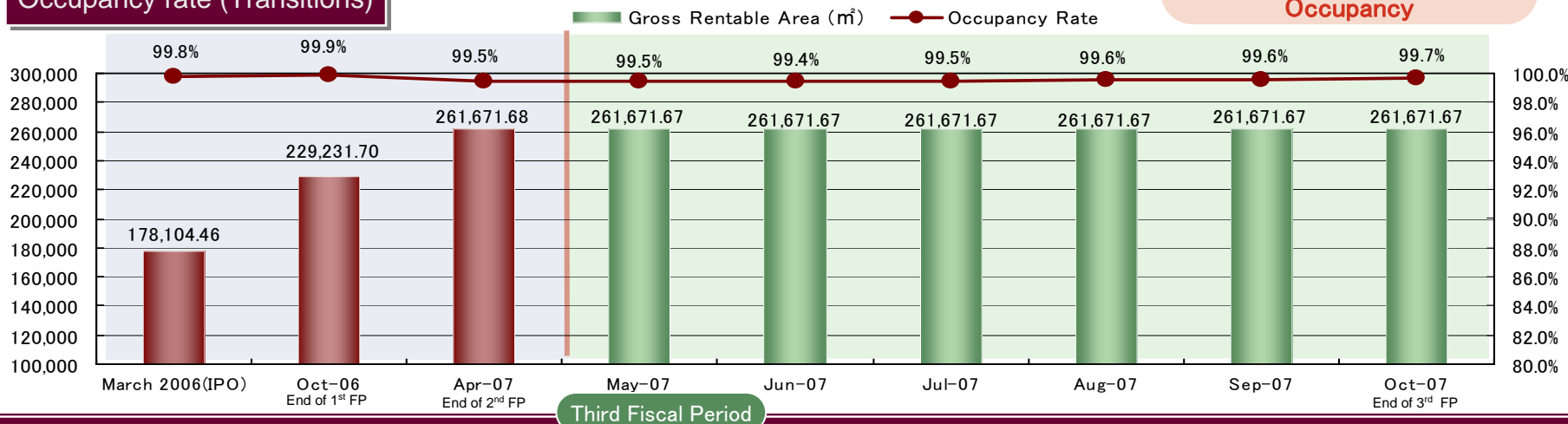
Name of Tenants	Type of Industry	Name of Properties	Rented Area (m <sup>2</sup> )	Share (%)
Ito-Yokado Co., Ltd.	Wholesale/Retail	Sagamihara Shopping Center/ Ito-Yokado Higashi-Narashino	112,089.54	43.0
NEC	Manufacturing	NEC Head Office Building	72,238.03	27.7
Sumitomo Metal Industries	Manufacturing	Harumi Island Triton Square Office Tower Y	11,905.47	4.6
Nippon Steel City Produce	Real Estate	Faret East / OAK PLAZA	10,785.18	4.1
R.A. Asset Management	Real Estate	Fukasawa-House Tower H&I	10633.16	4.1

### Leasing Agreement with Major Tenants

- Leasing agreement with Ito-Yokado  
Long-term leasing agreement for Sagamihara is valid until Aug 10, 2013, and for Higashi-Narashino is valid until Nov 30, 2014.
- Leasing agreement with NEC  
20-years fixed term leasing agreement that runs until Dec 2025 has been signed. A rent will be revised in Dec 2013, Dec 2017 and Dec 2021. (Cancellation option by NEC thereafter under certain conditions)

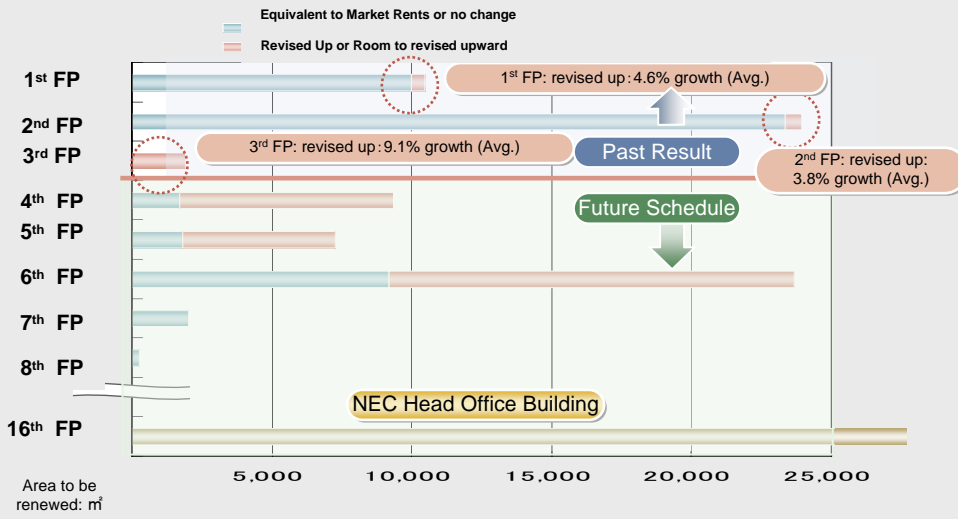
### Occupancy rate (Transitions)

Maintaining Stable and High Occupancy

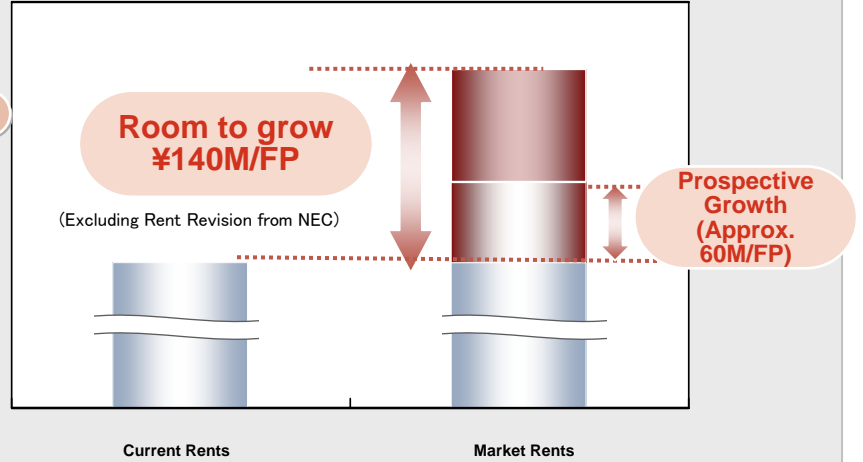


# III-2. Internal Growth: Results from Office Rents Revision / Room for Internal Growth by Revising Rents Upward

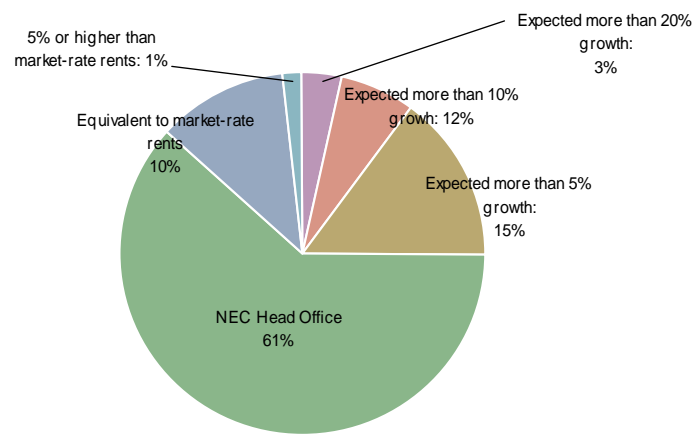
Office: Rent Renewal Results/Schedule of Future Rent Renewal



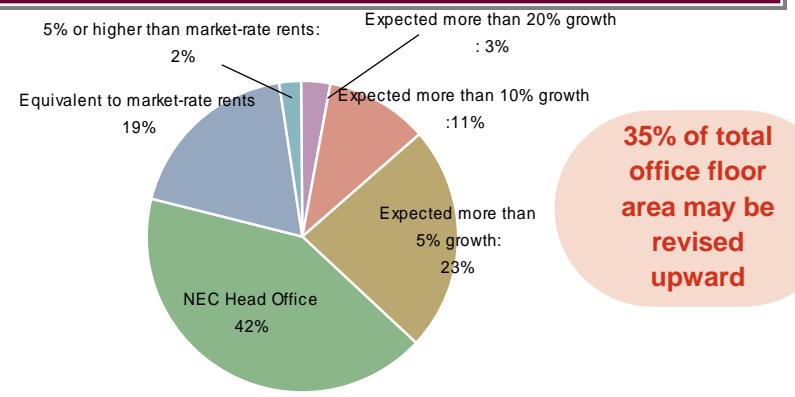
Office: Room for upward rent revision



Ratio of Potential Upward Revision of Rents (by area)



Ratio of Potential Upward Revision of Rents (by rents amount)



**35% of total office floor area may be revised upward**

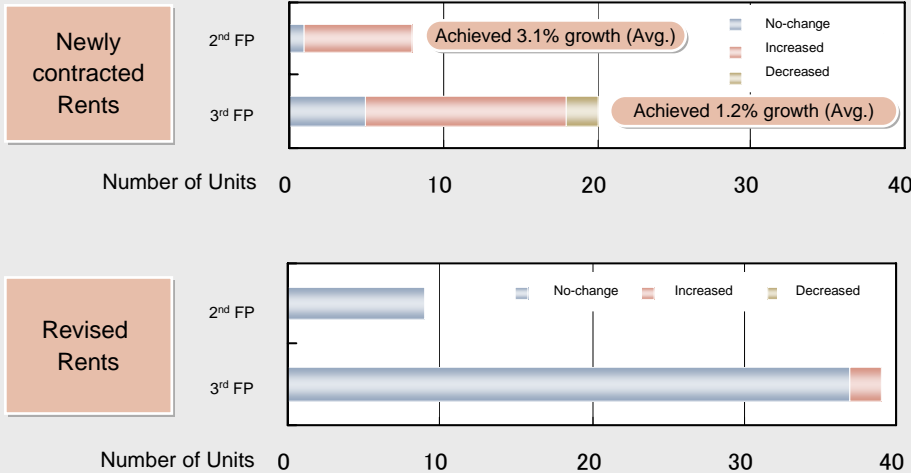
※ Area is considered office rentable area only (excluding space such as storage attached to offices)



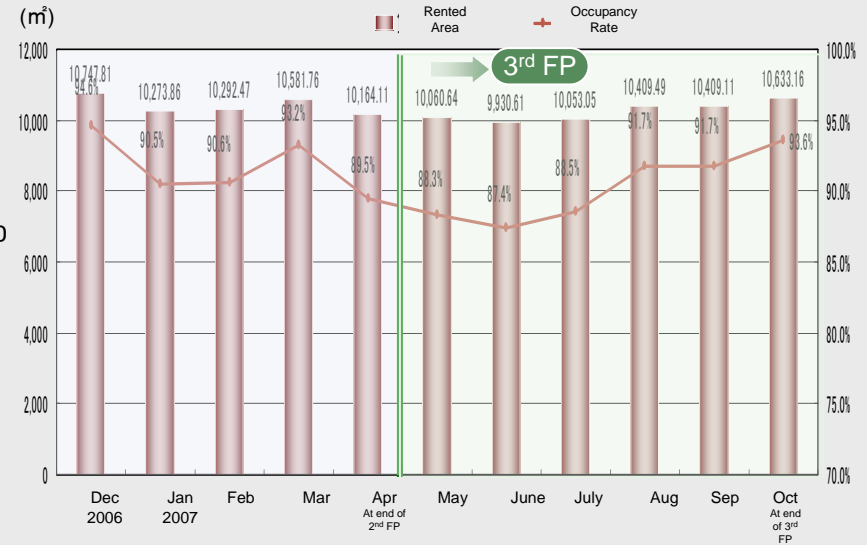
# III-3. Internal Growth: Results from Residential Rents Revision / Room for Internal Growth by Revising Retail Rents Upward



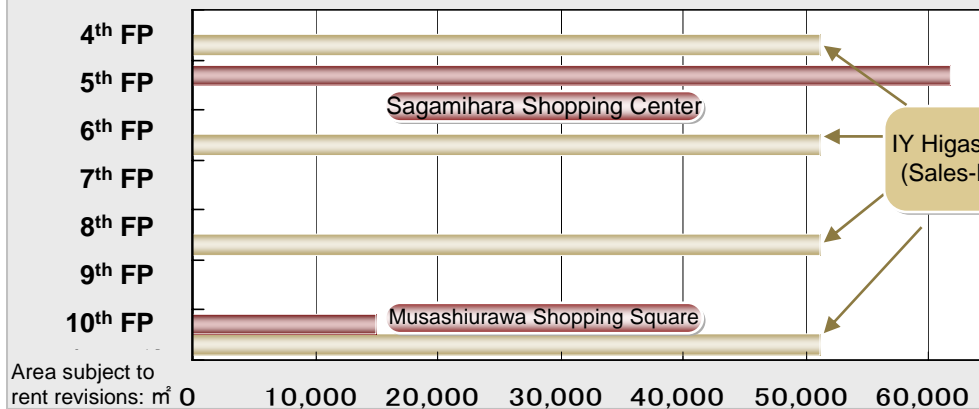
## Residential: Renewal Rents and Newly Contracted Rents



## Residential: Maintaining High Occupancy



## Retail : Schedule of Future Rent Revisions



### Residential

**Newly Contracted Rents:**  
Continuing to achieve increased rents mainly from new tenants

### Retail

**Sagamihara Shopping Center:**  
Commencing negotiation to pursue higher rent based on rising local land value

## IV. Financial Strategies

## IV-1. Credit Rating and Debt Composition as of October 31, 2007

### Issuer Rating

A2 (Stable)

Assigned by MOODY'S Investors Services

		Lender	Term-end Balance (in million Yen)	Interest Rate	Date of Borrowings	Date of Maturity	Remaining Period (Duration)	Repayment Method	Note	
Long Term Debt	Term Loan 1	Sumitomo Trust	5,200	1.19%(Floater)	March 3, 2006	Mar 3, 2009	1 year & 4 Months	Bullet	Unsecured	
		Mizuho CB	5,500	1.39%(Fixed)						
		SMBC								
		Bank of Tokyo Mitsubishi UFJ								
		Chuo Mitsui Trust								
	Mitsubishi UFJ Trust	6,000								
	Sub Total		16,700							
	Term Loan 2	Ditto		5,200	1.29% (Floater)	March 3, 2006	Mar 3, 2011	3 Years & 4 Months	Bullet	Unsecured
				5,500	1.92%(Fixed)					
				6,000						
	Sub Total		16,700							
	Term Loan 3	Ditto		8,500	1.60%(Fixed)	June 29, 2007	June 30, 2010	2 Years & 8 Months	Bullet	Unsecured
			Sub Total		8,500					
	Term Loan 4	Ditto		8,500	1.95%(Fixed)	June 29, 2007	June 29, 2012	4 Years & 8 Months	Bullet	Unsecured
			Sub Total		8,500					
	Term Loan 5	Ditto	Sumitomo Trust	2,000	2.27%(Fixed)	June 29, 2007	June 30, 2014	6 Years & 8 Months	Bullet	Unsecured
			Development Bank of Japan	1,000	2.40%(Fixed)					
			Dai-ichi Life	1,000	2.40%(Fixed)					
			Sub Total		4,000					
	Total			54,400	1.66%(Avg.)			3 Years & 1 Months (Avg.)		

Note: Interest rates are rounded to the second decimal point, and the remaining periods are rounded to a whole number. The averages for interest rates and remaining periods are weighted average figures using month-end balance.

## IV-2. Financial Strategies: Preparation for the Risk of Fluctuating Interest Rates and Spreading Out Maturity Dates

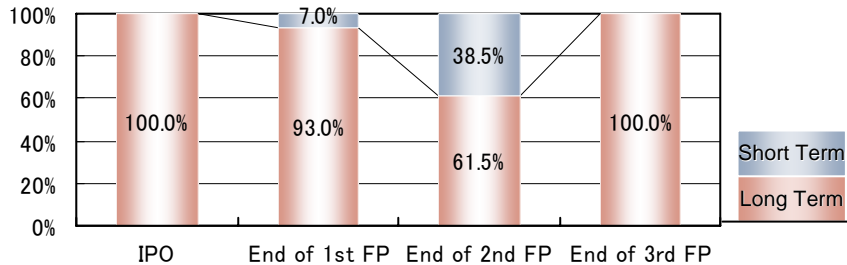
Total borrowings: 54.4 billion yen

Ratio of long-term borrowings: 100%

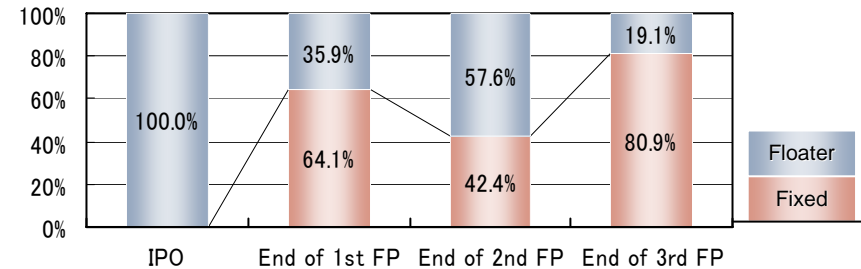
Loan to value (LTV): 37.3%

Ratio of fixed interest borrowings: 80.9%

### Ratio of Long-Term Debt



### Ratio of Fixed Debt

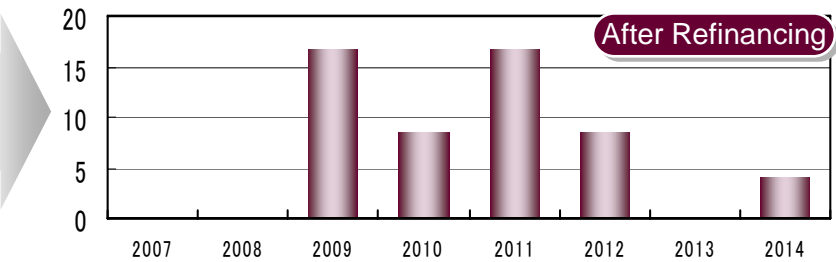
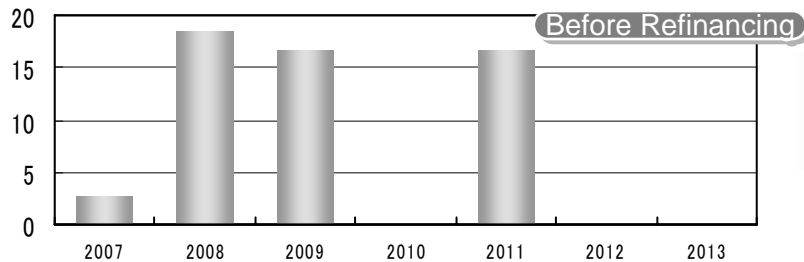


### Actions to Spread Out Debt Maturity Schedule

All short-term debt has been refinanced to long-term debt on July 29, 2007

(in billion yen)

(in billion yen)



Period ending 10/07	Periods ending 4/08 and 10/08	Periods ending 4/09 and 10/09	Periods ending 4/10 and 10/10	Periods ending 4/11 and 10/11	Periods ending 4/12 and 10/12	Periods ending 4/13 and 10/13	Periods ending 4/14 and 10/14	
2.5	18.4	16.7	0.0	16.7	0.0	0.0	0.0	54.3
		3/3/09		3/3/11				

Period ending 10/07	Periods ending 4/08 and 10/08	Periods ending 4/09 and 10/09	Periods ending 4/10 and 10/10	Periods ending 4/11 and 10/11	Periods ending 4/12 and 10/12	Periods ending 4/13 and 10/13	Periods ending 4/14 and 10/14	
0	0	16.7	8.5	16.7	8.5	0.0	4.0	54.4
		03/03/09	06/30/10	03/03/11	06/29/12		06/30/14	

# IV-3. Financial Strategies: Sound Financial Policy

## Sound Financial Policy

Conservative Financial Policy

Spreading Out Debt Maturities

Preparing for Future Interest Rate Fluctuation

Maintaining Multiple Financing Channels

Maintaining Good Relationships with Prominent Lenders to Secure Stable Debt and Additional Borrowing Capability

### Maintaining a Conservative Leverage Ratio

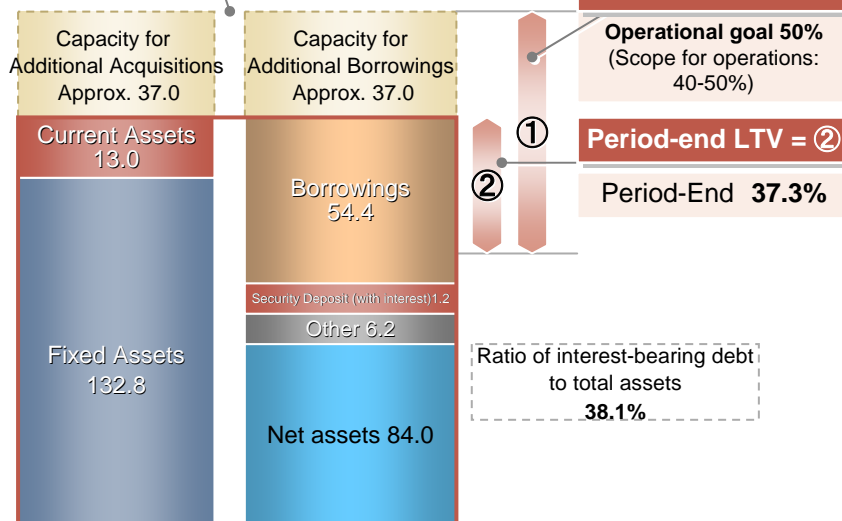
- Consistently maintain LTV at a conservative 40-50% to ensure financing capabilities for forthcoming acquisitions

#### Capacity of Additional Borrowings and Acquisitions

Approx. ¥37 bn

Capacity for additional borrowings

(Unit: Billion Yen)



### Diversification of borrowing period and repayment dates

- The refinancing was executed on June 29, 2007 extending the borrowing periods and spreading out repayment dates. This policy will continue to be followed as a means to improve the stability of financial operations.

### Hedging against the risk of rising interest rates

- The current ratio of fixed interest borrowings is 80.9%.
- Top REIT will closely monitor conditions of short-term and long-term interest rate market and take appropriate action if necessary.

### Building of a stable bank formation

#### Maintaining financial flexibility & capability

- All borrowings have been obtained unsecured and an issuer rating has been obtained.
- Top REIT continues to maintain stable transactions with six banks. Top REIT has been dealt with since time of the IPO. **Development Bank of Japan and Dai-ichi Mutual Life Insurance** has joined as new lenders of a 7-years term loan since June 2007.

## V. Third Fiscal Period Results (Ended October 31, 2007)

# V-1. Income Statement (Summary) / Dividend Statement



## Income Statement

Accounting Item	3 <sup>rd</sup> FP May 1, 2007 – October 31, 2007 (184days)		2 <sup>nd</sup> FP Nov 1, 2006 – April 30, 2007 (181days)	
	Value (in millions yen)	(%)	Value (In million yen)	(%)
<b>I. Operating Revenue and Expenses</b>				
1. Operating Revenue	4,715	100.0	4,526	100.0
2. Operating Expenses	2,465	52.3	1,878	41.5
Rental expenses	1,970		1,388	
Asset management fees	367		367	
Other operating expenses	126		122	
<b>Operating Income</b>	<b>2,250</b>	<b>47.7</b>	<b>2,647</b>	<b>58.5</b>
<b>II Non-Operating Income and Expenses</b>				
1. Non-Operating Income	43	0.9	10	0.2
Interest received	16		7	
Other non-operating income	27		2	
2. Non-Operating Expenses	444	9.4	332	7.3
Interest paid	414		307	
Amortization of funding costs	5		5	
New investment unit issue costs	—		—	
Other non-operating expenses	24		19	
<b>Ordinary Income</b>	<b>1,848</b>	<b>39.2</b>	<b>2,324</b>	<b>51.4</b>
Net income before income taxes	1,848		2,324	
Corporate residents and business taxes	1		1	
Corporate tax adjustment	0		0	
<b>Net Income</b>	<b>1,847</b>	<b>39.2</b>	<b>2,323</b>	<b>51.3</b>
<b>Retained Earnings at the End of Period</b>	<b>1,847</b>		<b>2,323</b>	

## Dividend Statement

Accounting Item	3 <sup>rd</sup> FP May 1, 2007 – October 31, 2007 (184days)		2 <sup>nd</sup> FP Nov 1, 2006 – April 30, 2007 (181days)	
	Value (in millions yen)		Value (in millions yen)	
Retained earnings at end of period	1,847		2,323	
Total Dividend Amount	1,847		2,323	
(Dividend per Unit) (yen)	(11,921)		(14,992)	
Retained earnings carried forward	0		0	

- Contribution of properties acquired in 2<sup>nd</sup> FP Fukasawa House H&I, Musashiurawa Shopping Square and OAK PLAZA for full period
- Reduced rents of Ito-Yokado Higashi-Narashino Store since August 1, 2007

**【Rental expenses】**  
 Depreciation: ¥927mn  
 Management expenses: ¥305mn  
 Utility Cost: ¥166mn and others

## V-2. Balance Sheets (Summary)

Accounting Item	3 <sup>rd</sup> FP Ended October 31, 2007		2 <sup>nd</sup> FP Ended April 30, 2007	
	Value (in millions yen)	(%)	Value (in millions yen)	(%)
<b>Assets</b>				
<b>I Total Current Assets</b>	13,062	9.0	12,571	8.6
Cash and deposits	4,745		593	
Cash and deposits held in trust account	8,243		9,840	
Tenants receivables	32		30	
Consumption tax refund receivable	-		2,055	
Other current assets	40		50	
<b>II Total Fixed Assets</b>	132,875	91.0	133,706	91.4
<b>1. Total Investment Properties, net</b>	132,698	90.9	133,576	91.3
Buildings, etc. in trust	43,524		44,402	
Land in trust	89,174		89,174	
<b>2. Total Intangible Assets</b>	0	0.0	0	0.0
Other intangible assets	0	0.0	0	0.0
<b>3. Total Investment and Other Assets</b>	176	0.1	129	0.1
Leasehold and security deposits	10		10	
Long-term prepaid expenses	60		37	
Deferred tax assets	57		46	
Other investments	48		34	
<b>III Total Deferred Assets</b>	34	0.0	39	0.0
Organization expenses (initial expense)	34		39	
<b>Total Assets</b>	<b>145,972</b>	<b>100.0</b>	<b>146,317</b>	<b>100.0</b>

Accounting Item	3 <sup>rd</sup> FP Ended October 31, 2007		2 <sup>nd</sup> FP Ended April 30, 2007	
	Value (in millions yen)	(%)	Value (in millions yen)	(%)
<b>Liabilities</b>				
<b>I Total Current Liabilities</b>	1,325	0.9	22,103	15.1
Accounts payable	57		95	
Short-term debt	-		20,900	
Other account payable	240		283	
Expenses payable	143		88	
Consumption tax payable	171		-	
Rents received in advance	710		731	
Other current liabilities	2		3	
<b>II Total Fixed Liabilities</b>	60,627	41.5	39,701	27.1
Long-term debt	54,400		33,400	
Tenant Lease and security deposits in trust	6,065		6,160	
Derivative debt	162		141	
<b>Total Liabilities</b>	<b>61,952</b>	<b>42.4</b>	<b>61,805</b>	<b>42.2</b>
<b>Net Assets</b>				
<b>I Total Unitholders' Equity</b>	84,107	57.6	84,583	57.8
1. Unitholders' equity	82,260	56.3	82,260	56.2
2. Reserves				
Retained earnings at period end	1,847		2,323	
Total reserves	1,847	1.3	2,323	1.6
<b>II Adjustments for valuation,   conversion, etc.</b>	△88	△0.0	△71	△0.0
Deferred hedge losses	△88		△71	
<b>Total Net Assets</b>	<b>84,019</b>	<b>57.6</b>	<b>84,511</b>	<b>57.8</b>
<b>Total Liabilities and Net   Assets</b>	<b>145,972</b>	<b>100.0</b>	<b>146,317</b>	<b>100.0</b>

Tenant leasehold and security deposits, etc

Total debts: ¥54,400mn (1)

Of which, interest-bearing debt: ¥1,275mn (2)

(1) + (2) Total interest-bearing debt: ¥55,675mn



## V-3. Major Financial Indicators

	3 <sup>rd</sup> FP Nov 1, 2006 – April 30, 2007	2 <sup>nd</sup> FP Nov 1, 2006 – April 30, 2007	Normalized 1 <sup>st</sup> FP Nov 2, 2005 – Oct 31, 2006	Remarks
Days of Fiscal Period	184 days	181 days	182.5 days	Indicators of First Fiscal Period have been calculated as follows (First Fiscal Period Results) / 245 Days x 365 Days / 2
Ratio of interest-bearing debt to total assets at period end	38.1%	38.0%	29.1%	Interest-bearing debt at period end / total assets at period end
Ratio of debt to total assets at period end (“LTV”)	37.3%	37.1%	28.0%	Total debt at period end / total assets at period end
Rental NOI (Net Operating Income)	¥3,671mn	¥4,010mn	¥3,551mn	Rental revenue – rental expenses + depreciation for the period
Rental NOI yield	5.6%	6.1%	6.3%	Rental NOI (semi-annualized) x 2 / total acquisition price of portfolio at period end
Funds from Operation (FFO)	¥2,775mn	¥3,197mn	¥2,763mn	Net income + depreciation for the period
FFO per unit	¥17,903	¥20,625	¥17,827	FFO/number of outstanding units issued at period end
Return on Assets (ROA)	1.3%	1.7%	1.9%	Ordinary income / (total assets at beginning period (for first fiscal period, total assets as of March 1, 2006) + average total assets at period end) / 2
Annualized	-2.5%	-3.4%	-3.9%	
Return on Equity (ROE)	2.2%	2.7%	2.5%	Net income/(net assets at beginning period (for first fiscal period, net assets as of March 1, 2006) + average net assets at period end) / 2
Annualized	-4.3%	-5.5%	-5.0%	
Unitholders’ Equity to Total Asset Ratio at period end	57.6%	57.8%	66.2%	Unitholders’ equity at period end/total assets at period end

## V-4. Forecast for Fourth and Fifth Fiscal Periods

Items	4 <sup>th</sup> FP Nov 1, 2007 – April 30, 2008 (Forecast)	5 <sup>th</sup> FP May 1, 2008 – October 31, 2008 (Forecast)	3 <sup>rd</sup> FP May 1, 2007 – Oct 31, 2007
Days of Fiscal Period	182 days	184 days	184 days
Operating Revenue	¥4,661mn	¥4,712mn	¥4,715mn
Operating Expenses	¥2,450mn	¥2,500mn	¥2,465mn
Property expenses	¥1,016mn (Tax & Public Due :¥454mn)	¥1,064mn (Tax & Public Due: ¥506mn)	¥1,043mn (Tax & Public Due: ¥490mn)
Depreciation	¥931mn	¥931mn	¥927mn
Operating Income	¥2,211mn	¥2,211mn	¥2,250mn
Ordinary Income	¥1,721mn	¥1,706mn	¥1,848mn
Net Income	¥1,720mn	¥1,705mn	¥1,847mn
Number of Units Issued	155,000 Units	155,000 Units	155,000 Units
Dividend per Unit	¥11,100	¥11,000	¥11,921
NOI (Rental)	¥3,645mn	¥3,648mn	¥3,671mn
FFO	¥2,651mn	¥2,636mn	¥2,775mn
Assumptions	Number of Properties: 11, Number of Units Issued: 155,000 Units Total Debts : ¥54.4Billion Non-Operating Expenses 4 <sup>th</sup> Fiscal Period ¥504mn (of which interest to be paid ¥473mn) 5 <sup>th</sup> Fiscal Period ¥520mn (of which interest to be paid ¥491mn)		Number of Properties: 11

## VI. Portfolio Overview

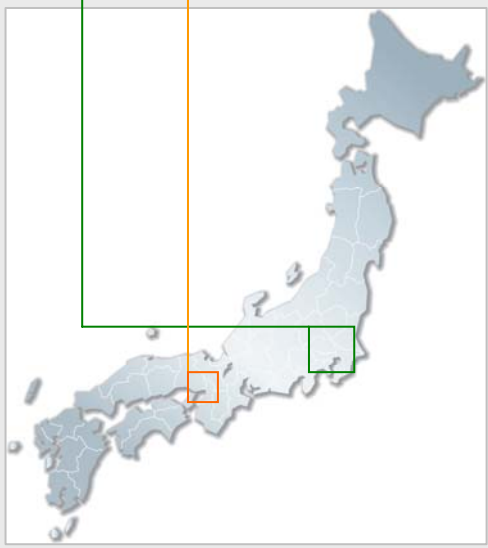
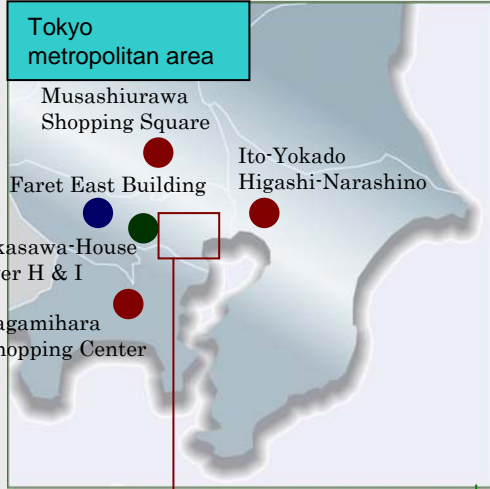
# VI-1. Portfolio Map



Harumi Island Triton Square Office Tower Y



Fukasawa-House tower H & I



Musashiurawa Shopping Square



NEC Head Office Building

## VI-2. Portfolio Overview as of End of Third Fiscal Period

Asset Class	Area	Property	Address	Acquisition Date	Floor Area (m <sup>2</sup> )	Rentable Area (m <sup>2</sup> )	Completion Date	Acquisition Price	Share (%)	Occupancy (%)	No. of Tenants	PML (%)
Office	Central Tokyo	NEC Head Office Building	Minato Ward, Tokyo	March 3, 2006	144,476.05	72,238.03	Jan 1990	¥41,950mn	32.1	100.0	1	1.6
		Harumi Island Triton Square Office Tower Y	Chuo Ward, Tokyo	March 1, 2006	267,132.67	23,239.62	Oct 2001	¥33,000mn	25.2	100.0	7	1.4
		Akasaka Oji Building	Minato Ward, Tokyo	March 1, 2006	10,063.05	7,281.83	Apr 1989	¥9,660mn	7.4	100.0	3	6.3
		Kanda Park Plaza	Chiyoda Ward, Tokyo	March 1, 2006	5,511.83	4,537.66	Nov 1959	¥5,156mn	3.9	100.0	10	14.1
	Tokyo Metropolitan	Faret East Building	Tachikawa, Tokyo	March 1, 2006	16,206.34	4,663.33	Dec 1994	¥1,520mn	1.2	100.0	1	2.9
	Kansai	Nittetsu Honmachi Building	Osaka City, Osaka	March 1, 2006	6,714.09	4,409.52	Jun 1991	¥1,100mn	0.8	100.0	10	8.0
Sub-Total (6 Properties)					—	116,369.99	—	¥92,386mn	70.6	—	32	—
Retail	Tokyo Metropolitan	Sagamihara Shopping Center	Sagamihara, Kanagawa	March 1, 2006	56,351.42	61,763.28	Aug 1993	¥12,000mn	9.2	100.0	2	3.8
		Ito-Yokado Higashi-Narashino	Narashino, Chiba	June 30, 2006	45,338.37	51,098.42	Oct 1994	¥8,900mn	6.8	100.0	1	7.7
		Musashirawa Shopping Square	Saitama City, Saitama	March 19, 2007	28,930.36	14,960.69	Oct 2005	¥4,335mn	3.3	100.0	3	8.5
Sub-Total (3 Properties)					—	127,822.39	—	¥25,235mn	19.3	100.0	6	—
Residential	Tokyo Metropolitan	Fukasawa-House tower H & I	Setagaya Ward, Tokyo	December 8, 2006	12,135.36	11,357.44	June 2004	¥10,635mn	8.1	93.65	1	1.6
		Sub-Total (1 Property)					—	11,357.44	—	¥10,635mn	8.1	93.65
Others	Central Tokyo	OAK PLAZA	Chiyoda Ward, Tokyo	March 20 2007	6,121.85	6,121.85	April 1985	¥2,590mn	2.0	100.0	1	7.7
		Sub-Total (1 Property)					—	6,121.85	—	¥2,590mn	2.0	100.0
Total (11 Properties)					—	261,671.67	—	¥130,846mn	100.0	99.7	40	2.2

## VI-3. Appraisal Values as of End of Third Fiscal Period

(In millions yen)

Asset Class	Area	Property	Book Value	Acquisition Price	Appraisal Price as of Oct 31, 2006		Appraisal Price as of Apr 30, 2007		Appraisal Price as of October 31, 2007	
					Appraisal Price (B)	(B)-(A)	Appraisal Price (C)	(C)-(A)	Appraisal Price (D)	(D)-(A)
Office	Central Tokyo	NEC Head Office Building	43,040	41,950	47,050	5,100	51,500	9,550	52,500	10,550
		Harumi Island Triton Square Office Tower Y	33,139	33,000	39,100	6,100	41,300	8,300	43,800	10,800
		Akasaka Oji Building	9,916	9,660	11,700	2,040	14,200	4,540	14,300	4,640
		Kanda Park Plaza	5,178	5,156	5,202	46	5,260	104	5,513	357
	Tokyo Metropolitan	Faret East Building	1,452	1,520	2,140	620	2,450	930	2,550	1,030
	Kansai	Nittetsu Honmachi Building	1,125	1,100	1,140	40	1,330	230	1,670	570
		<b>Sub-Total (6 Properties)</b>	<b>93,853</b>	<b>92,386</b>	<b>106,332</b>	<b>13,946</b>	<b>116,040</b>	<b>23,654</b>	<b>120,333</b>	<b>27,947</b>
Retail	Tokyo Metropolitan	Sagamihara Shopping Center	11,939	12,000	12,100	100	12,100	100	12,100	100
		Ito-Yokado Higashi-Narashino	8,927	8,900	9,010	110	6,888	-2,012	5,873	-3,027
		Musashiurawa Shopping Square	4,449	4,335	—	—	4,350	15	4,350	15
			<b>Sub-Total (2 Properties)</b>	<b>25,315</b>	<b>25,235</b>	<b>21,110</b>	<b>210</b>	<b>23,338</b>	<b>-1,897</b>	<b>22,323</b>
Residential	Tokyo Metropolitan	Fukasawa-House tower H&I	10,902	10,635	—	—	10,500	-135	10,500	△135
		<b>Sub-total (1 property)</b>	<b>10,902</b>	<b>10,635</b>	<b>—</b>	<b>—</b>	<b>10,500</b>	<b>-135</b>	<b>10,500</b>	<b>-135</b>
Others	Central Tokyo	OAK PLAZA	2,627	2,590	—	—	2,590	0	2,767	177
		<b>Sub-total (1 property)</b>	<b>2,627</b>	<b>2,590</b>	<b>—</b>	<b>—</b>	<b>2,590</b>	<b>0</b>	<b>2,767</b>	<b>177</b>
<b>Total(11Properties)</b>			<b>132,698</b>	<b>130,846</b>	<b>127,442</b>	<b>14,156</b>	<b>152,468</b>	<b>21,632</b>	<b>155,923</b>	<b>25,077</b>

## VI-4. Appraisal Cap

Properties	IPO			First Fiscal Period			Second Fiscal Period			Third Fiscal Period		
	Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method		Direct Capitalization Method: Cap Rate	Discounted Cash Flow Method	
		Discount Rate	Terminal Capitalization Rate		Discount Rate	Terminal Capitalization Rate		Discount Rate	Terminal Capitalization Rate		Discount Rate	Terminal Capitalization Rate
NEC Head Office Building	4.5%	4.2%(Next 7yrs) 4.7% (afterwards)	4.8%	4.1%	3.8%(Next 7yrs) 4.3% (afterwards)	4.4%	4.1%	3.7% (Next 6yrs) 4.2% (afterwards)	4.2%	4.0%	3.5% (next 6yrs) 4.2% (afterwards)	4.2%
Harumi Island Triton Square Office Tower Y	5.3%	5.0%	5.6%	4.6%	4.3%	4.8%	4.4%	4.1%	4.6%	4.3%	4.0%	4.5%
Akasaka Oji Building	4.8%	5.0%	5.1%	4.4%	4.6%	4.7%	4.2%	4.4%	4.5%	4.2%	4.3%	4.5%
Kanda Park Plaza	5.2%	4.8%	5.8%	5.2%	4.8%	5.8%	5.2%	4.8%	5.8%	5.1%	4.7%	5.7%
Faret East Building	6.3%	6.4%	6.6%	5.9%	6.0%	6.2%	5.7%	5.8%	6.0%	5.5%	5.6%	5.8%
Nittetsu Honmachi Building	6.5%	6.5%	6.8%	6.3%	6.3%	6.6%	6.2%	6.2%	6.5%	6.0%	6.2%	6.3%
Sagamihara Shopping Center	5.3%	5.2%	5.5%	5.3%	5.2%	5.5%	5.3%	5.2%	5.5%	5.3%	5.1%	5.5%
Ito-Yokado Higashi-Narashino	—	—	—	6.3%	5.4%	6.8%	6.1%	5.8%	6.6%	6.1%	5.2%	6.6%
Musashiurawa Shopping Square	—	—	—	—	—	—	5.1%	5.0%	5.3%	5.1%	4.8%	5.3%
Fukasawa-House tower H&I	—	—	—	—	—	—	4.3%	4.0%	4.5%	4.3%	4.0%	4.5%
OAK PLAZA	—	—	—	—	—	—	4.8%	4.3%	5.4%	4.7%	4.2%	5.3%

Appraisers in Charge	Properties
Tanizawa Sogo Appraisal Co., Ltd.	NEC Head Office Building, Akasaka Oji Building, Faret East Building, Nittetsu Honmachi Building
Japan Real Estate Institute	Harumi Island Triton Square Office Tower Y, Fukasawa-House tower H&I
Chuo Real Estate Appraisal Co., Ltd	Kanda Park Plaza, Ito-Yokado Higashi-Narashino, OAK PLAZA
DAIWA REAL ESTATE APPRAISAL Corporation.	Sagamihara Shopping Center, Musashiurawa Shopping Square

## VII. Appendix (1) Portfolio Details



# VII-1. Operating Income by Property Basis

(in millions yen)

	NEC Head Office Building	Harumi Island Triton Square Office Tower Y	Akasaka Oji Building	Kanda Park Plaza	Faret East Building	Nittetsu Honmachi Building	Sagamihara Shopping Center	Ito-Yokado Higashi-Narashino	Musashiurawa Shopping Square	Fukasawa-House Tower H&I	OAK PLAZA
Days of Fiscal Period	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days	184 Days
Total Revenue	1,370	1,316	407	186	124	107	408	299	129	270	94
Rental Revenue	1,370	1,316	407	186	124	107	408	299	129	250	94
Property Related Expenses Total	217	361	109	42	60	41	113	39	3	51	2
Property Management Fee	1	167	37	11	26	15	2	1	1	40	0
Taxes and Public Charges	212	90	35	13	9	9	84	31	-	3	-
Utility Costs	-	96	24	12	22	10	-	-	-	0	-
Insurance Fees	1	2	0	0	0	0	1	1	0	0	0
Repair Expenses	-	1	9	2	0	3	23	2	-	4	0
Others	1	2	2	2	1	2	1	2	1	2	1
NOI	1,152	955	297	143	64	65	294	260	125	219	91
Depreciation & Amortization	233	266	31	12	29	25	78	123	50	66	9
Operating Income	919	689	266	131	34	40	216	136	75	152	81
Capital Expenditures	-	-	-	11	0	28	9	-	-	-	-

Property Tax are charged from 3rd Fiscal Period except Musashiurawa and OAK Plaza. Property Tax for these properties will be charged from 5th fiscal period.

Replacing air-conditioning equipments and others

Replacing air-conditioning equipments and others

Replacing disaster prevention equipment

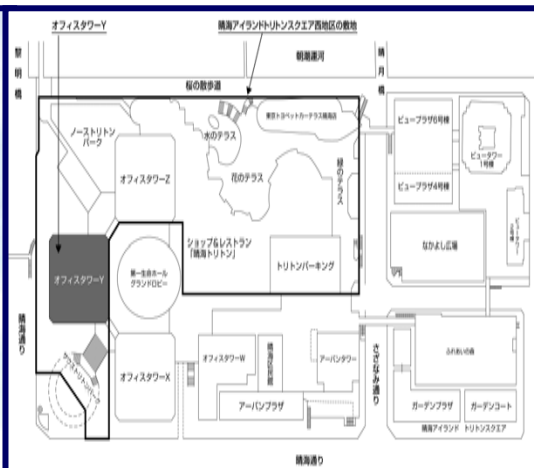
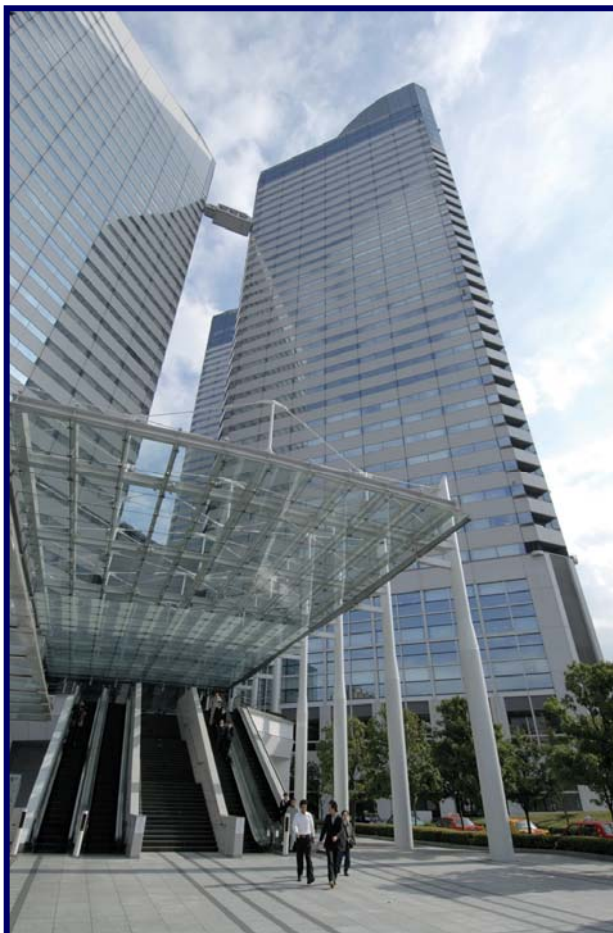
## VII-2-1. NEC Head Office Building



Address	5-7-1 Shiba, Minato-ku, Tokyo
Acquisition Price	41.95 billion yen
Site Area	21,190.14m <sup>2</sup>
Floor Space	144,476.05m <sup>2</sup>
Floors	3 Basement Floors 39 Floors Above Ground
Completion	January 1990
Title	Land, Building: Co-Ownership (50%)

- The building enjoys great transportation convenience with four railway lines usable (JR Yamanote Line, Keihin-Tohoku Line, Toei Subway Mita Line and Toei Asakusa Line) providing good access to Haneda Airport and various places in central Tokyo.
- This property is widely referred to as the NEC Super Tower and is a landmark in Tokyo.
- NEC Corporation has its head office in this building. The area forms a conglomeration of the NEC group affiliates.

## VII-2-2. Harumi Island Triton Square Office Tower Y



Address	1-8-11 Harumi, Chuo-ku, Tokyo
Acquisition Price	33 billion yen
Site Area	39,569.53m <sup>2</sup>
Floor Space	267,132.67m <sup>2</sup>
Floors	4 Basement Floors , 40 Floors Above Ground
Completion	October 2001
Title	Land: Co-ownership (16,884,921/100,000,000) Building: Compartmentalized ownership (3 <sup>rd</sup> – 15 <sup>th</sup> Floor )

- Harumi Island Triton Square is a large multi-use complex completed in 2001 through coordinated redevelopment of the Harumi district of Tokyo, a bayside area. The Square has three skyscraper office buildings as its landmark, retail facilities and a high-rise condominium.
- The property is a 40-story skyscraper that is an intelligent office building built in 2001 and equipped with state-of-the-art specifications/facilities.
- The Tokyo head office of Sumitomo Metal Industries and the head office of Japan Trustee Services Bank are the main tenants.

## VII-2-3. Akasaka Oji Building



Address	8-1-22 Akasaka, Minato-ku, Tokyo
Acquisition Price	9.66 billion yen
Site Area and Floor Space	2,023.72m <sup>2</sup> / 10,063.05m <sup>2</sup>
Floors	1 Basement floor, 9 Floors Above Ground
Completion	April 1989
Title	Ownership



- This building is in an area extending from the Akasaka district of Tokyo, an area home to many hotels and embassies that is also popular among foreign firms, to the Aoyama district, home to fashion, culture and music with many luxury brand shops.
- The building faces Aoyama Dori (avenue) and enjoys great transit convenience as the closest station (Aoyama-itchome Station) has tracks for the Tokyo Metro Subway Ginza and Hanzomon Lines, and for the Toei Subway Oedo Line. Although located in the center of Tokyo, the area is rich in greenery with the Akasaka Imperial Grounds extending along the opposing side of Aoyama Dori.
- The anchor tenant is Sony Computer Entertainment.

## VII-2-4. Office Properties



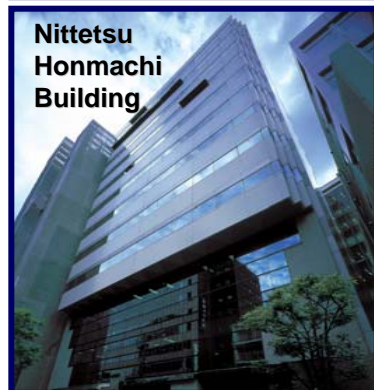
**Kanda  
Park Plaza**

Address	2-2-2 Kajimachi, Chiyoda-ku, Tokyo
Acquisition Price	5.156 billion yen
Site Area and Floor Space	632.98m <sup>2</sup> / 5,511.83m <sup>2</sup>
Floors	1 Basement floor, 9 Floors Above Ground
Completion	November 1959
Title	Ownership



**Faret East Building**

Address	2-34-7 Akebonocho, Tachikawa, Tokyo
Acquisition Price	1.52 billion yen
Site Area and Floor Space	2,350.84m <sup>2</sup> / 16,206.34m <sup>2</sup>
Floors	1 Basement Floor, 12 Floors Above Ground
Completion	December 1994
Title	Land: Co-ownership (44,544,000/100,000,000) Building: Compartmentalized Ownership (2 <sup>nd</sup> – 5 <sup>th</sup> and a part of 6 <sup>th</sup> Floor)



**Nittetsu  
Honmachi  
Building**

Address	1-10-24 Utsubohonmachi, Nishi-ku, Osaka
Acquisition Price	1.1 billion yen
Site Area and Floor Space	852.55m <sup>2</sup> / 6,714.09m <sup>2</sup>
Floors	2 Basement Floor, 12 Floors Above Ground
Completion	June 1991
Title	Ownership



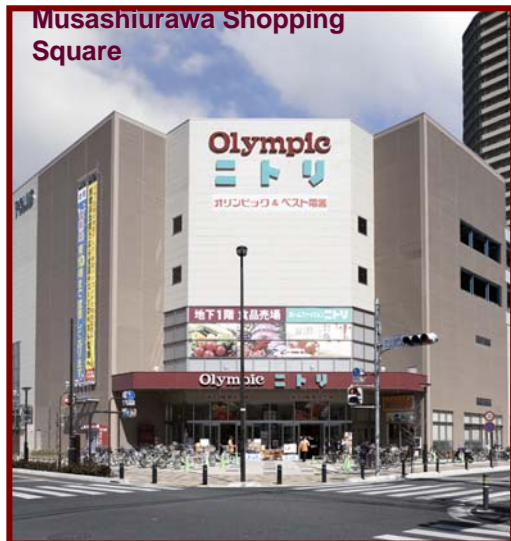
## VII-2-5. Sagamihara Shopping Center



Address	3-13-33 Kobuchi, Sagamihara, Kanagawa
Acquisition Price	12 billion yen
Site Area and Floor Space	30,949. <sup>80</sup> m <sup>2</sup> / 56,351. <sup>42</sup> m <sup>2</sup>
Floors	1 Basement Floor, 4 Floors Above Ground
Completion	August 1993
Title	Ownership

- Located along national highway 16, a lengthy central thoroughfare in the Tokyo metropolitan area, the large shopping center is also near Kobuchi Station on the JR Yokohama Line, enjoying excellent access by road or rail. This commercial area has a population of some 620,000 within a 5km radius and about 1.86 million within a 10km radius. Many shopping centers, home centers and specialty stores are found along national highway 16, including the neighboring Jusco Sagamihara Shopping Center.
- This property has approximately 19,000m<sup>2</sup> in sales space comprised of the directly operated Ito-Yokado and specialty shops, and provides parking for over 1,300 vehicles. The site also features a family restaurant and gardening specialty store.

## VII-2-6. Retail Properties



Address	7-3-1, Bessho, Minamiward, Saitama-city, Saitama
Acquisition Price	4.3 billion yen
Area of Land/Floor Space	8,317.99.m <sup>2</sup> / 28,930.36m <sup>2</sup>
Structure/Floors	Steel structure with flat roof / 1 basement floor, 4 floors above ground
Completion	October 2005
Type of Title	Co-ownership ("kyoyu") of trust beneficiary interests in real estate (Ratio of ownership is 50%)



Address	7-3-1 Higashi Narashino, Narashino, Chiba
Acquisition Price	8.9 billion yen
Site Area and Floor Space	29,854.57m <sup>2</sup> / 45,338.37m <sup>2</sup>
Floors	1 Basement Floor, 4 Floors Above Ground
Completion	October 1994
Title	Ownership



## VII-2-7. Fukasawa-House tower H & I



Address	2-1-2 Fukasawa, Setagaya Ward, Tokyo
Acquisition Price	10.6 billion yen
Site Area and Floor Space	39,840.90m <sup>2</sup> / 12,135.36m <sup>2</sup>
Floors	14 Floors Above Ground
Completion	June 2004
Title	Land: Co-ownership (1,584,269/10,000,000) Building: Compartmentalized ownership

- The surrounding area has a luxurious and spacious streetscape and is one of the most prestigious housing areas in Tokyo. The property is adjacent to Komazawa Park and the site itself has rich greenery providing an excellent residential environment.
- Fukasawa-House is a large housing project that consists of 13 residential tower with 772 units and a retail building within an expansive site. All residences house underground parking. The subject property is the rental housing buildings in the project and has 124 units ranging in size from 2-4 bedroom units with areas of some 75m<sup>2</sup> to 120m<sup>2</sup>. It comes with excellent anti-disaster facilities including an anti-earthquake structure and potable water generation system for emergencies.



## VII-2-8. OAK PLAZA



Address	2-10-6 Kanda Awajicho, Chiyoda-ward, Tokyo
Acquisition Price	2.59billion yen
Area of Land/Floor Space	1,013.49㎡ / 6,121.85㎡
Structure/Floors	SRC structure with a flat roof Floors / 1 basement floor, 10 floors above ground
Completion	Completion April 1985 (Completion Date of the conversion March 2007)
Type of Title	Ownership

- This property is highly accessible as it is only a 3 to 6 minute walk from six stations including the JR Ochanomizu Station, JR Akihabara Station, Tokyo Metro Marunouchi Line Awajicho Station. It boasts a sound location near the prime office areas of Marunouchi and Otemachi around Tokyo Station and the Akihabara area and its IT base. etc.
- Since its completion in 1985, this property was used as a hotel named as Hotel New Kanda and now has been converted to a multi-use building that has, in addition to hotels, offices (service offices and meeting rooms for rent), restaurant and retail shop.

## VII-3. Contents of Memorandum of Understanding

### Withdrawal of Early Termination Notice from Ito-Yokado

- Ito-Yokado withdraws the notice of early termination dated February 22, 2007.
- Top REIT agrees to such withdrawal.

### Agreement on the Rent Revision

**Rent = Fixed Rent (minimum rent) + Sales-Based Rent**

Adopt Sales-based Rent Scheme (Change in method of rent calculation)

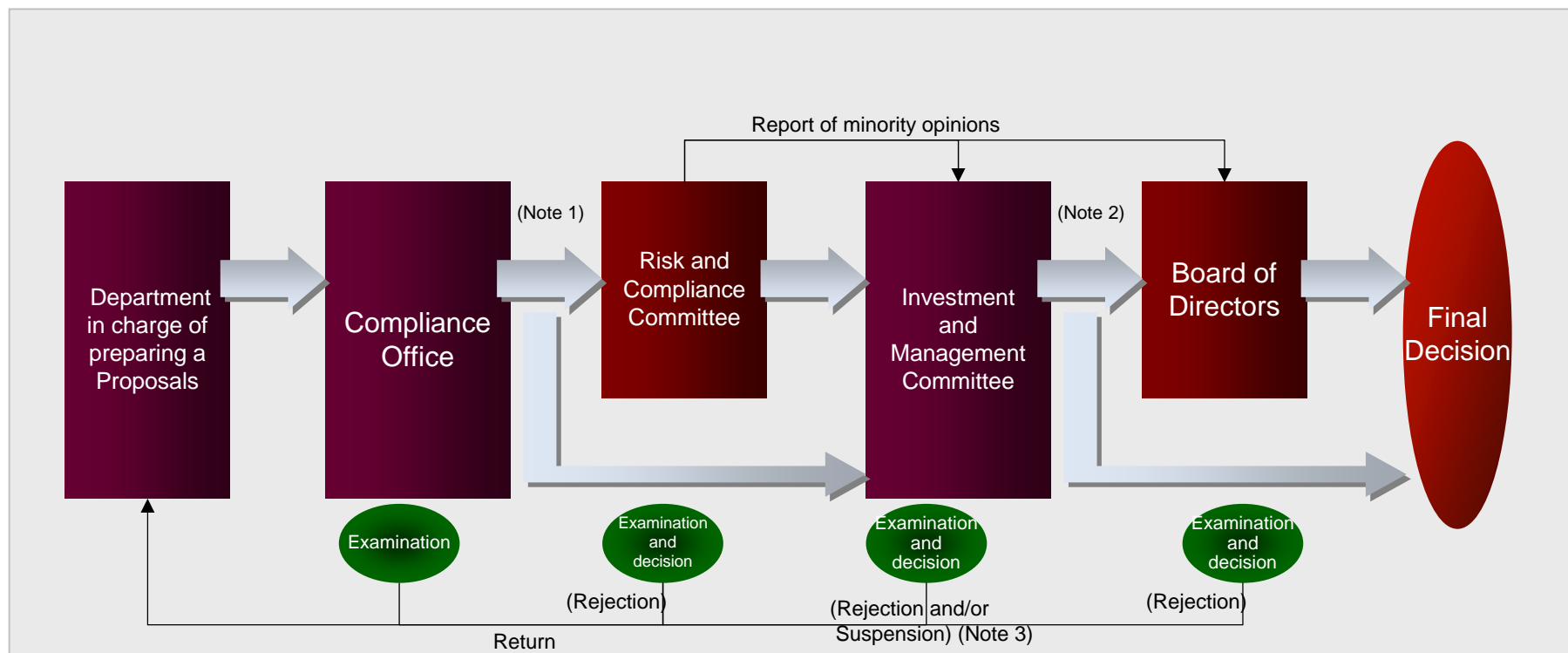
Confirm minimum rent until the maturity of the lease agreement

Agree on Reduction in the fixed rent (Revised on August 1, 2007)  
Share the plan and information to maximize property value (Business plan for the site, the annual results of sales and the number of customers who visited the site)

	Before Revision	After Revision
Fixed Annual Rent	JPY725mn	JPY471mn (revised on August 31, 2007)
Sales-Based Rent	N/A	The sales-based rent is the amount obtained from multiplying the excess over a specific amount of annual sales generated during a period from March to February of the following year from the lots directly operated by Ito-Yokado by a specific rate. The sales-based rent will not accrue before February 2008 and can accrue from March 2008.
Leased Area	51,098.42m <sup>2</sup>	
Deposit and Guarantee	Deposit:JPY1,135mn, Guarantee: JPY1,275mn (as of Oct 31, 2007)	
Maturity of the Lease	November 30, 2014	
Rent Renewal	3-year regular review	Terms and conditions of the rent system including method of calculation of the fixed rent and the sales-based rent shall not change until November 30, 2014, the maturity of the lease agreement.
Prohibition of Early Termination	a. Termination is prohibited for the first thirteen years (until November 30, 2007) regardless of reasons therefore b. Even after the period set forth in a., early termination is prohibited unless continuation of the agreement is impracticable for unavoidable reasons.	
Other Issues	Ito-Yokado should bear utilities costs and routine management expenses.	
	N/A	Top REIT is entitled to request Ito-Yokado to give a reasonable explanation of its business plan for the site rented by it. Ito-Yokado shall submit to Top REIT the annual results of the sales and the number of customers.

## VIII. Appendix (2) Structure of Asset Manager

# VIII-1. Decision Making Process for Acquisition and Disposition of Properties



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

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

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

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

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

## VIII-2. Overview of Asset Manager

**Name** Top REIT Asset Management Co., Ltd.

**Address** Nittetsu Nihonbashi Building  
1-13-1 Nihonbashi, Chuo Ward, Tokyo

**Established** Oct 22, 2004

**Paid-in Capital** ¥300mn

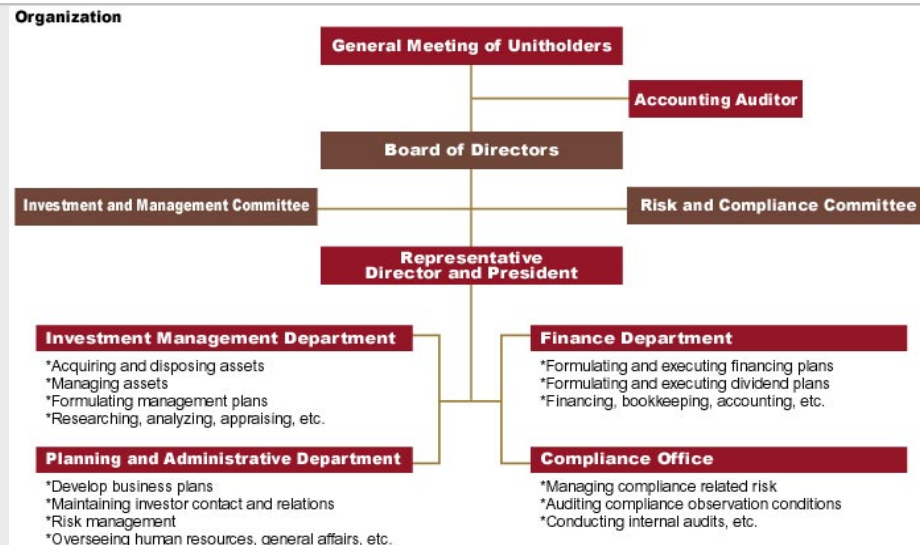
**Shareholders** The Sumitomo Trust & Banking Co., Ltd. 38%  
Nippon Steel City Produce, Inc. 31%  
Oji Real Estate Co., Ltd. 31%

**Business Description** Investment trust manager and asset manager of J-REIT  
Registered Financial Instruments Firm (Asset Management),  
No. 365 (Kinsho), issued by the Director, Kanto Local Finance Bureau

**Directors** President and Representative Director : Nobuhito ENDO

**Milestone**

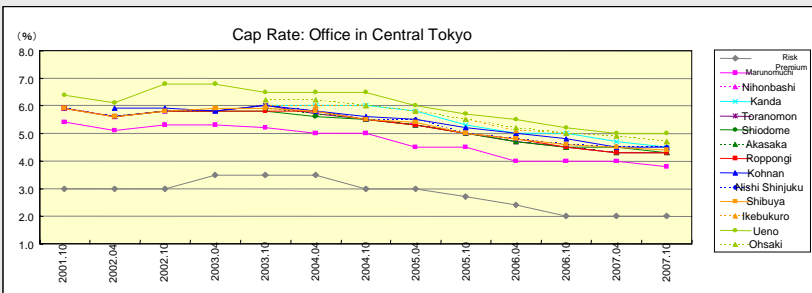
Oct 22, 2004	: Top REIT Asset Management (“TRAM”) established
Dec 10, 2004	: TRAM obtained a license for real estate agent (The Governor’s of Tokyo No. (1) 83904)
May 10, 2005	: TRAM obtained an approval for discretionary agent license for real estate transaction (The Minister of Land, Infrastructure and Transport No. 35)
Jun 28, 2005	: TRAM obtained an approval for asset manager for investment corporation (The Prime Minister No. 47)
Nov 2, 2005	: TRAM entered into the Asset Management Agreement with Top REIT, Inc.
Sep 30, 2007	: Deemed Registered Financial Instruments Firm (Asset Management), No. 365 (Kinsho), issued by the Director, Kanto Local Finance Bureau.
Nov 27, 2007	: Formally submitted applications to register as Financial Instruments Firm



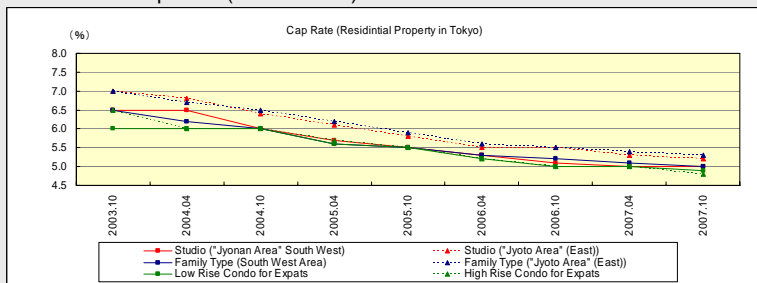
## IX. Appendix (3) Other Reference

# IX-1. Summary of Real Estate Market Indicators

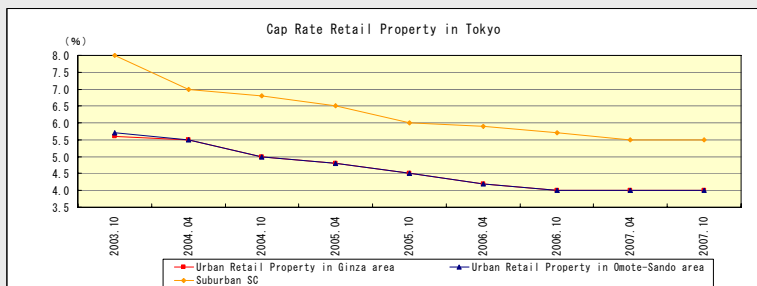
## Real Estate Sales Market



Source: "The Japanese Real Estate Investor Survey" by Japan Real Estate Institute  
Risk Premium: Cap Rate (Marunouchi) -10 Year JGB

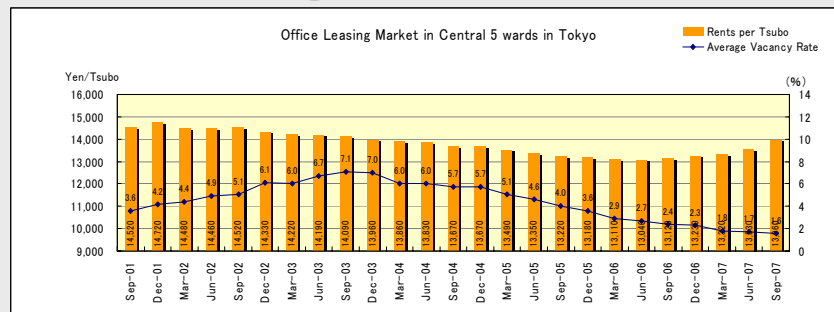


Source: "The Japanese Real Estate Investor Survey" by Japan Real Estate Institute

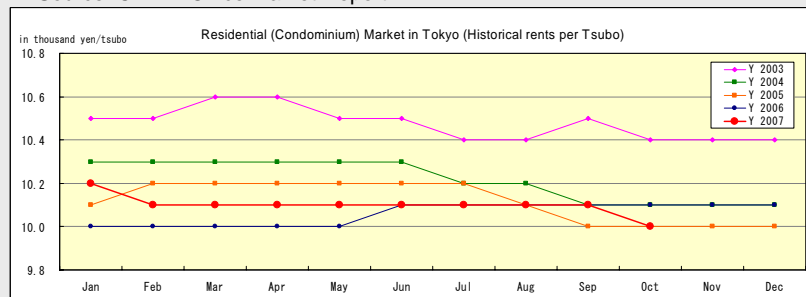


Source: "The Japanese Real Estate Investor Survey" by Japan Real Estate Institute

## Real Estate Leasing Market

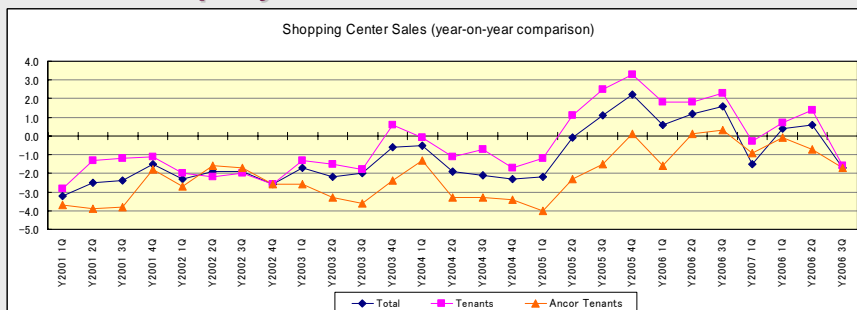


Source: CBRE "Office Market Report"



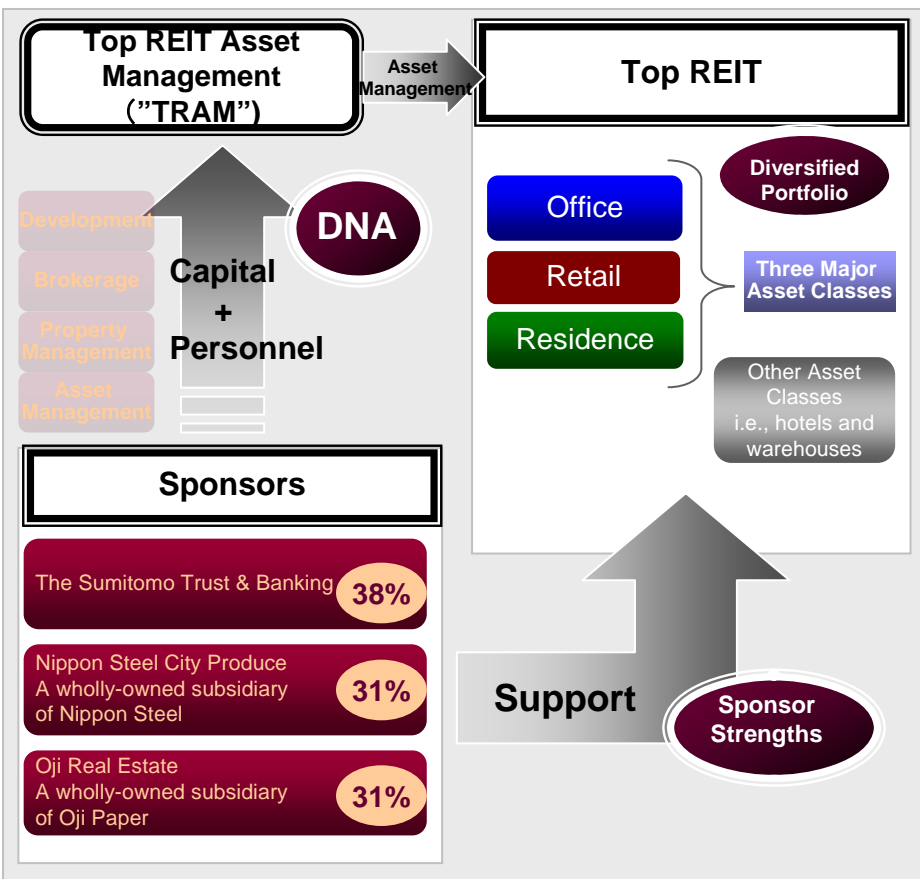
Source: "Rental residential property information "FORRENT Monthly Report" by Recruit

## Retail Property Market



Source: "Annual Sales Statistics of Shopping Centers" by the Japan Council of Shopping Centers

# IX-2. Characteristics of Top REIT



### Inheriting Sponsors' DNA

- Top REIT Asset Management ("TRAM") was established in collaboration with three firms – The Sumitomo Trust & Banking, Nippon Steel City Produce and Oji Real Estate.
- Excellent personnel have been dispatched to TRAM from the three sponsors to ensure real estate investment expertise as well as inheritance of their corporate groups' assets, that is, a long-term strategic view and diversified know-how acquired through each of the sponsor's businesses.

### 1. Skilled Management of a Diversified Portfolio

Pursuing both steady growth and quality through a blue-chip portfolio of excellent properties and prudent management measures firmly founded in real estate expertise

Strategic application of commissioned reports from a think tank

### 2. Optimal Application of Sponsor Strengths

Ensuring steady growth through the pipeline and warehousing functions of sponsors

Applying unique sponsor strengths to secure growth in asset value

Ensuring Steady Income

↓

Steady Growth of Portfolio

## Maximizing Investor Value

### Utilizing Sponsor Strengths

- Sponsor skills shall be utilized to achieve steady growth by applying their real estate development abilities, brokerage networks and management skills, including leasing activities that utilize the leasing demand of our sponsor groups.
- Number of group companies
 

Sumitomo Trust Group	42
Nippon Steel Group	326
Oji Paper Group	305

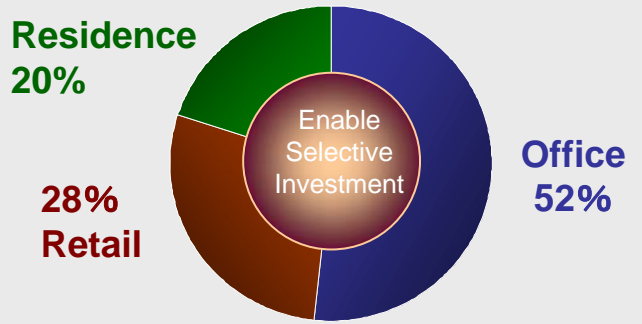


# IX-3. Investment Policy

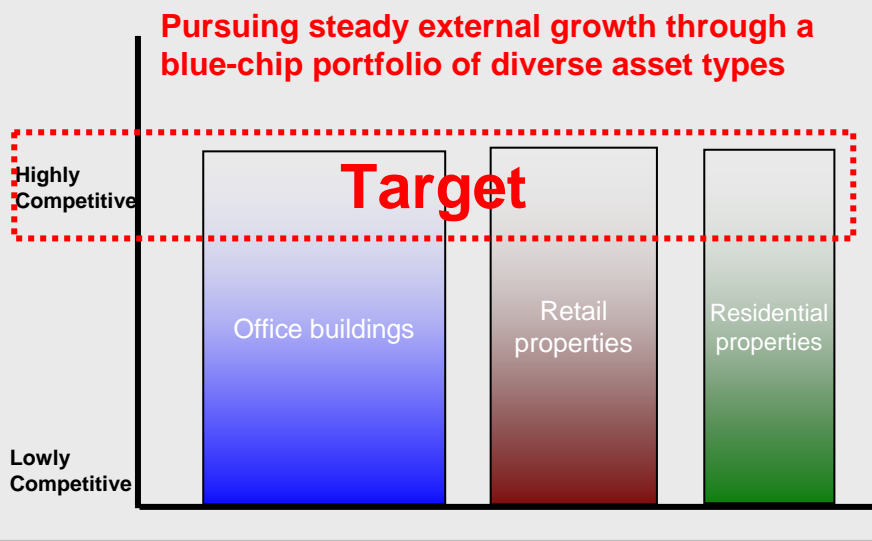
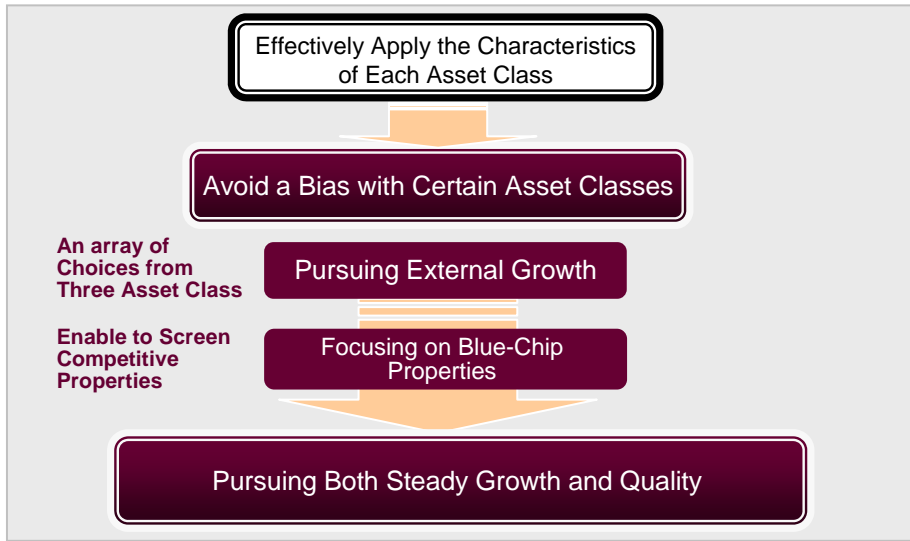
## Diversified Portfolio

Asset Class	Investment Focus	Allocation
Office	<u>Mainly in Central Tokyo</u> Three major metropolitan areas and core regional cities	Less Than 80%
Retail	Three major metropolitan areas and core regional cities	Less Than 50%
Residence	<u>Mainly in Tokyo Metropolitan Area</u> Plus three major metropolitan areas and core regional cities	Less Than 50%
Others	Investment focus will be determined based on characteristics of each asset	Less Than 10%

Estimated Candidate Real Estate Market Nationally :  
 Approx. JPY 54.5 Trillion  
 (Aggregation of three types of properties)



Source: STB Research Institute  
 “Estimated Investment Market Size by Property Type” dated Oct 31, 2005



# IX-4. Internal Growth Policy

## Internal Growth Policy

Striving to maintain and improve revenues over the medium to long-term by maintaining and improving tenant satisfaction (“Tenant First” Policy)

- A. Maintaining and improving of tenant relations results in good relationships with tenants and consequently the maintenance of a high occupancy
- B. The examination of detailed measures to improve earnings by sharing themes and issues with the property manager and developing measures that meet the unique criteria of each property through periodical meetings
- C. Maintaining and securing of quality in property management and appropriate revision of maintenance costs

## Maintain and Improve Earnings Over the Medium to Long-term

### Maintain and improve rent levels

- Revise rents to appropriate levels based on trade area and market rents
- Build and maintain good tenant relations

### Maintenance of high occupancy

- Maintaining and improving of good tenant relations
- Grasp tenant needs



### Improve property competitiveness

- Improve the competitiveness of properties (implementation of schedule-based maintenance and repairs that aim to maintain and improve functions, etc.)

### Establish appropriate management costs

- Review management specifications and achieve appropriate management expenses

### IR Contact

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Investor Relations

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HP: <http://www.top-reit.co.jp/english/>

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