



TOP REIT, Inc.

Translation of Japanese Original

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To All Concerned Parties

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**[Delayed] Notice of Revised Forecast on Business Result for the Sixteenth Fiscal Period
Ending April 30, 2014 and Forecast on Business Result for the Seventeenth Fiscal Period
Ending October 31, 2014**

Top REIT, Inc. (“Top REIT”) announces the revision of its forecast on business result and dividend per unit for the Sixteenth Fiscal Period ending April 30, 2014, which was announced in the Summary of Earnings Results for the Fourteenth Fiscal Period ended April 30, 2013 (Kessan Tanshin) dated June 13, 2013, as described below.

Also, the forecast on business result for the Seventeenth Fiscal Period Ending October 31, 2014 is as described below.

1. Revision of forecast on business result and dividend per unit for the Sixteenth Fiscal Period ending April 30, 2014 (from November 1, 2013 to April 30, 2014)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Dividend per Unit (Yen) (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	5,088	2,105	1,504	1,503	9,700	—
Revised Forecast (B)	5,557	2,419	1,787	1,786	10,150	—
Net Change (C) = (B) – (A)	469	314	282	282	450	—
Percentage Change (C/A X 100)	9.2%	14.9%	18.8%	18.8%	4.6%	—

(Note1) The assumed number of units outstanding as of the end of the 16th Fiscal Period: 176,000 units; Previous forecast’s assumed number of units outstanding as of the end of the 16th Fiscal Period: 155,000 units

(Note2) Figures have been rounded down to the nearest yen.

<Note> This document is a press release intended for the general public regarding Top REIT’s revised forecast on business result for the Sixteenth Fiscal Period ending April 30, 2014 and forecast on business results for the Seventeenth Fiscal Period ending October 31, 2014 and is not intended as an investment solicitation. We caution all readers to refer to Top REIT’s prospectus and notice of amendments thereto (if any) and to undertake investment decisions based on their own judgment and bearing their own responsibility.

2. Forecast on business result for the Seventeenth Fiscal Period ending October 31, 2014 (from May 1, 2014 to October 31, 2014)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Dividend per Unit (Yen) (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit (Yen)
Forecast	5,698	2,430	1,796	1,795	10,200	—

(Note1) The assumed number of units outstanding as of the end of the Seventeenth Fiscal Period: 176,000 units

(Note2) Figures have been rounded down to the nearest yen.

3. Reason for revision and disclosure

With regard to the forecast on business result and dividend per unit for the Sixteenth Fiscal Period ending April 30, 2014 which was announced in the Summary of Earnings Results for the Fourteenth Fiscal Period (from November 1, 2012 to April 30, 2013) dated June 13, 2013, Top REIT has decided to revise figures upward as indicated above since the preconditions for the calculation of forecast has changed due to the following factors, etc. Top REIT also announces the forecast on business result and dividend per unit for the Seventeenth Fiscal Period ending October 31, 2014.

Meanwhile, no changes are made to the forecast of business result and dividend per unit for the Fifteenth Fiscal Period ended October 31, 2013.

- 1) The resolution of issuance of new investment units and secondary offering as described in the press release, “[Delayed] Notice of Issuance of New Investment Units and Secondary Offering” separately announced today.
- 2) The decision to acquire three properties (Ginza Oji Building, Shinjuku EAST Building and Kojima×Bic Camera Kashiwa Store) as described in the press release “[Delayed] Notice of Acquisition of Trust Beneficiary Interest in Real Estate in Japan” separately announced today.
- 3) The plan to conduct a new borrowing with an upper limit of ¥5,000 million on November 28, 2013 to be used as part of the funds to acquire the three assets scheduled to be acquired indicated in 2) above.

(Reference) Status of loans and corporate bonds following the borrowing in 3) above

	Balance prior to above loan	Balance after above loan	Difference
Short-term loans	—	5,000	+ 5,000
Long-term loans	87,497	87,497	—
Total loans	87,497	92,497	+ 5,000
Bonds	8,500	8,500	—
Total interest-bearing liabilities	95,997	100,997	+ 5,000

- 4) The review of real estate rent revenue, rent business expenses, etc. of existing properties including Harumi Island Triton Square Office Tower Y for which Top REIT has been focusing on finding successor tenants.

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(Reference) Status of successor tenants after tenant departure at Harumi Island Triton Square Office Tower Y

(1) Total Leasable Area: 23,170.40m² (Note 1)

(2) Leasing Area: 13,751.36m² (Note 2)

(3) Trends and forecasts of occupancy rate of Harumi Island Triton Square Office Tower Y
(including existing tenants)

	End of Jan.2013	End of Feb.2013	End of Mar.2013	End of Apr.2013	End of May.2013	End of Jun.2013	End of Jul.2013	End of Aug.2013	End of Sep.2013
Occupancy Rate	100%	66.7%	49.9%	41.8%	41.8%	62.5%	62.5%	62.5%	68.9%
Total Leased Area	23,219.46 m ²	15,483.10 m ²	11,596.68 m ²	9,682.86 m ²	9,682.86 m ²	14,490.11 m ²	14,490.11 m ²	14,490.11 m ²	15,954.62 m ²

	End of Oct.2013	End of Nov.2013	End of Dec.2013	End of Jan.2014	End of Feb.2014	End of Mar.2014	End of Apr.2014	End of May.2014	End of Jun.2014
Occupancy Rate (Note 3)	68.9%	68.9%	77.1%	79.1%	79.1%	79.1%	79.1%	83.1%	83.1%
Total Leased Area	15,954.62 m ²	15,954.62 m ²	17,868.44 m ²	18,317.75 m ²	18,317.75 m ²	18,317.75 m ²	18,317.75 m ²	19,251.96 m ²	19,251.96 m ²

(Note 1) The leasable area of the property has been reduced due to restoration work conducted after the departure of the previous tenant. Regarding the total leasable area, which is the base for calculating the occupancy rate, the figure used until March 31, 2013 is 23,219.46m² while the reduced figure, 23,170.40m² is used for April 30, 2013 and after.

(Note 2) Leasing area is sought by subtracting the decrease of the total leasable area as in (Note 1) from the area of cancellation of lease agreements by major tenants and others between January and March 2013.

(Note 3) Occupancy rate after the end of December 2013 is the assumption based on the lease application forms (documents expressing the intention to move in) Top REIT has received from lessees as of today and assumes that there is no change in occupancy rate since July 2014.

Note

Forecast figures for the Sixteenth Fiscal Period Ending April 30, 2014 and the Seventeenth Fiscal Period Ending October 31, 2014 are current calculations based on the attached assumption. Actual operating revenue, operating income, ordinary income, net income or dividend per unit may change significantly as a result of fluctuation of rent income, change in management environment such as the need for unexpected repairs, fluctuation of interest rates, the number of new investment units to be issued and purchase price to be actually determined, etc. along with acquisition and disposal of real estate, etc., change in lessees, etc. Regarding the assumption for forecasts, please refer to the “Assumptions for Forecasts of Business Result for the Sixteenth Fiscal Period Ending April 30, 2014 and the Seventeenth Fiscal Period Ending October 31, 2014” (Reference 1).

* Top REIT’s internet website address is <http://www.top-reit.co.jp/english/>

DISCLAIMER:

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

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(Reference 1)

Assumptions for Forecasts of Business Result for the Sixteenth Fiscal Period Ending April 30, 2014 and the Seventeenth Fiscal Period Ending October 31, 2014

Item	Assumptions						
Management Period	<ul style="list-style-type: none"> • Sixteenth Fiscal Period: November 1, 2013 to April 30, 2014 (181 days) • Seventeenth Fiscal Period: May 1, 2014 to October 31, 2014 (184 days) 						
Portfolio Assets	<ul style="list-style-type: none"> • It is assumed that the portfolio is comprised of 22 properties with the addition of the following three assets to be acquired to the 19 properties Top REIT owns as of October 31, 2013. It is also assumed that there is no other transfer (acquisition of new properties and sale of existing properties, etc.) of properties until the end of the Seventeenth Fiscal Period (October 31, 2014). For details of the assets to be acquired please see the press release “[Delayed] Notice concerning Acquisition of Trust Beneficiary Interest in Real Estate in Japan” separately announced today. <p>< Assets Scheduled for Acquisition ></p> <table border="1"> <thead> <tr> <th>Name of assets</th> <th>Scheduled acquisition date</th> </tr> </thead> <tbody> <tr> <td>Ginza Oji Building</td> <td rowspan="3">November 28, 2013</td> </tr> <tr> <td>Shinjuku EAST Building</td> </tr> <tr> <td>Kojima×Bic Camera Kashiwa Store</td> </tr> </tbody> </table>	Name of assets	Scheduled acquisition date	Ginza Oji Building	November 28, 2013	Shinjuku EAST Building	Kojima×Bic Camera Kashiwa Store
Name of assets	Scheduled acquisition date						
Ginza Oji Building	November 28, 2013						
Shinjuku EAST Building							
Kojima×Bic Camera Kashiwa Store							
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • It is assumed that in addition to the 155,000 units issued as of today, a total of 21,000 units will be newly issued through the public offering (20,000 units) and secondary offering through over-allotment (1,000 units) in accordance with the resolution at the board of directors meeting held today and that there will therefore be a total of 176,000 units. • It is assumed that 1,000 units, the upper limit of the additional investment units to be issued through third-party allotment, will be issued entirely. <p>For details of the issuance of new investment units and secondary offering please see the press release “[Delayed] Notice of Issuance of New Investment Units and Secondary Offering” separately announced today.</p>						
Interest-Bearing Liabilities	<ul style="list-style-type: none"> • It is assumed that the total balance of interest-bearing liabilities is ¥95,997 million, as of October 31, 2013. • It is assumed that ¥5,000 million will be newly borrowed on November 28, 2013, with the due date of April 30, 2014, to be used as part of the funds to acquire the assets to be acquired indicated in “Portfolio Assets” above. It is also assumed that the above borrowing will be fully repaid and refinanced to a long-term borrowing on the end of March, 2014. • It is assumed that the ¥4,000 million loans payable due for repayment on June 30, 2014 will be fully refinanced. Moreover, it is assumed that the ¥67 million in long-term loans payable will be entirely repaid with cash on hand on December 30, 2013 and June 30, 2014 as agreed upon. 						
Operating Revenue	<ul style="list-style-type: none"> • It is assumed operating revenues from 22 properties, including the three assets to be acquired in addition to 19 existing properties. • As for real estate rent revenue related to existing properties, Top RIET takes into consideration execution of new lease agreements and cancellation of lease agreements that have been finalized or are scheduled as of today, along with current real estate leasing market conditions, as well as factors that may cause fluctuations in such aspects as risks associated with rent revision due to fluctuations in rent of tenants reaching their rent revision period or contract renewal period. • As for Harumi Island Triton Square Office Tower Y, in addition to the status of lease agreements as described in “Summary of Earnings Results for the Fourteenth Fiscal Period ended April 30, 2013 (Kessan Tanshin)” dated June 13, 2013, revenue is expected for leasable spaces for which execution of new lease agreements are scheduled as of today based on the lease application forms Top REIT has received 						

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	<p>from lessees.</p> <ul style="list-style-type: none"> The real estate rent revenue of assets to be acquired are calculated upon consideration of their performance up until the end of August 2013 and information, such as from the lease agreements scheduled to be concluded, on expected figures up until the scheduled acquisition date.
Operating expenses	<ul style="list-style-type: none"> Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. on real estate, etc. it owns, as expenses related to the rent business in the amount corresponding to the management period out of the assessed and determined taxation amount. In addition, as for the acquisition of real estate or beneficiary interests in trust in real estate, the adjustments equivalent to property tax for the acquired fiscal year paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period. Accordingly, Top REIT will record the relevant determined taxation amount in 2014 and after as rent business expenses going forward with regard to property tax, etc. of the three assets to be acquired during 2013. The amount equivalent to property tax is assumed to be ¥9 million, which is included in acquisition costs of assets to be acquired. It is assumed that the amount of property tax, etc. will be ¥615 million for the Sixteenth Fiscal Period and ¥638 million for the Seventeenth Fiscal Period. It is assumed that the depreciation and amortization will be ¥1,207 million for the Sixteenth Fiscal Period and ¥1,220 million for the Seventeenth Fiscal Period. Repair expenses for buildings, etc. may vary significantly from the forecasted amount due to various factors. For example, emergency repair expenses may possibly arise from building damage, etc. due to unexpected factors. Another reason is that repair expenses do not accrue periodically and, rather, the variation in the amount is large depending on the fiscal period. Management operation fees are assumed by reflecting historical data, among other factors.
Non-Operating Expenses	<ul style="list-style-type: none"> Expenses of ¥40 million are expected for the issuance of new investment units and secondary offering resolved at Top REIT's board of directors' meeting held today. It is assumed that these costs will be amortized over three years with the straight-line method. It is assumed that non-operating expenses will be ¥632 million for the Sixteenth Fiscal Period and ¥634 million for the Seventeenth Fiscal Period. Of these, interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥620 million for the Sixteenth Fiscal Period and ¥623 million for the Seventeenth Fiscal Period.
Dividend per Unit (Not Including Dividend in Excess of Earnings)	<ul style="list-style-type: none"> Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation. It is assumed that all net income will be distributed (excluding fractions) in entirety in the Sixteenth Fiscal Period and Seventeenth Fiscal Period. It is assumed that, with regard to the ¥78 million that was internally reserved, Top REIT will not reverse the amount of internal reserves for the Sixteenth Fiscal Period and Seventeenth Fiscal Period.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> It is assumed that there will be no changes in legislation, taxation, accounting standards, Tokyo Stock Exchange's listing regulations, rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts. It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.

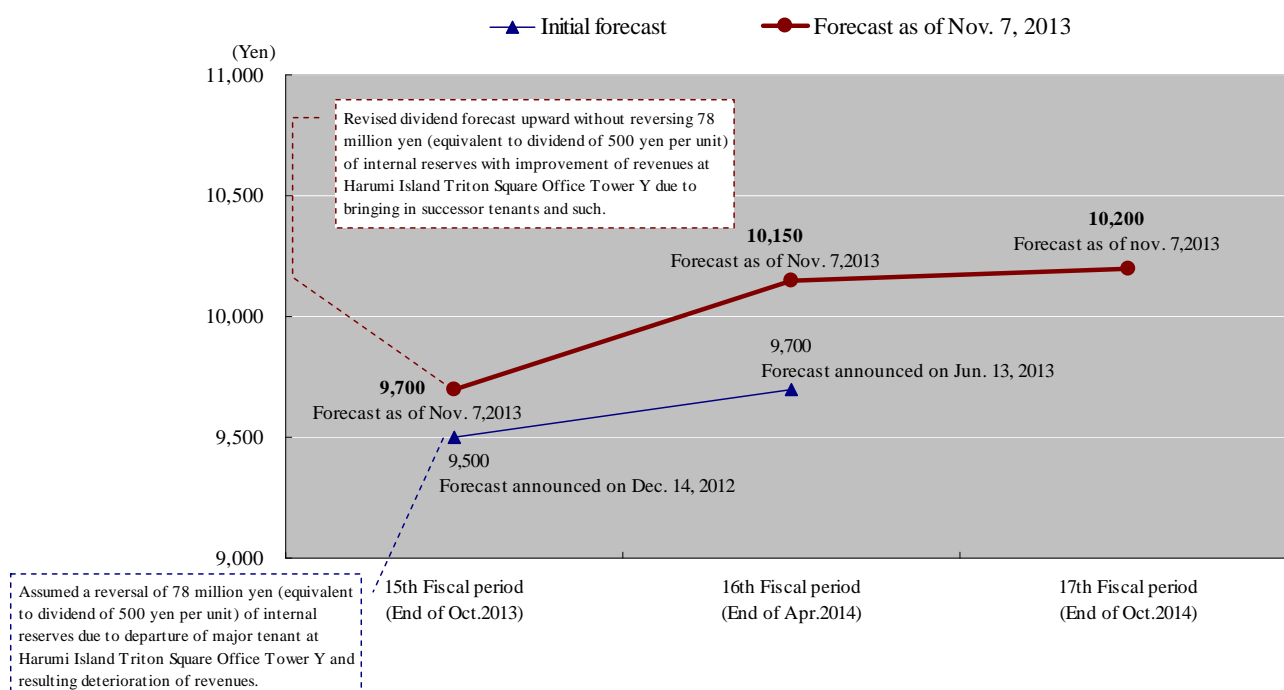
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(Reference 2)

Change in Dividend per Unit

The dividend per unit for the Fifteenth Fiscal Period is expected to decrease due to factors such as the departure of a major tenant at Harumi Island Triton Square Office Tower Y. However, dividend per unit for the Sixteenth Fiscal Period and Seventeenth Fiscal Period are both expected to increase period-to-period with the Fifteenth Fiscal Period as the bottom as a result of the scheduled acquisition of three assets and improvements in the occupancy rate of Harumi Island Triton Square Office Tower Y as in “Reference 1” above, as well as the contribution of thorough inspection of costs of repair work, review of compensations, elimination and reduction of costs due to change in power company, etc.

Top REIT will continue to endeavor to maintain and increase dividends through external growth utilizing the sponsor pipeline and strengthening of the existing portfolio.



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