



Translation of Japanese Original

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To All Concerned Parties

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**Notice Concerning Earnings Forecasts for the Fiscal Period Ending August 31, 2016
(Final Fiscal Period) and Forecast for Cash Distribution on Merger**

As announced in “Notice Concerning Execution of Merger Agreement by and between Nomura Real Estate Master Fund, Inc. and Top REIT, Inc.” on May 26, 2016 (including the “Notice Concerning Execution of Amendment Agreement to Merger Agreement by and between Nomura Real Estate Master Fund, Inc. and Top REIT, Inc.” dated June 23, 2016), Top REIT, Inc. (“TOP”) intends to implement an absorption-type merger, with Nomura Real Estate Master Fund, Inc. (“NMF”) as the surviving corporation, TOP as the absorbed corporation, and an effective date being September 1, 2016 (the “Merger”), and TOP hereby announces the following details regarding its forecasts for the fiscal period ending August 31, 2016 (from May 1, 2016 to August 31, 2016) (which will be its final fiscal period) and forecasted cash distributions on merger to be paid instead of cash distributions for the final fiscal period.

1. Earnings Forecasts for the fiscal period ending August 31, 2016 (final fiscal period) (four-month period) and forecasted cash distributions on merger

Operating Revenue	Operating Income	Ordinary Income	Net Income	Cash Distribution on Merger per Unit
Millions of yen 3,598	Millions of yen 1,578	Millions of yen 1,062	Millions of yen 1,061	Yen 5,950

Reference: Earnings Forecasts for the 21st Fiscal Period (from May 1, 2016 to October 31, 2016) (as announced in “Summary of Earnings Results for the Twentieth Fiscal Period (From November 1, 2015 to April 30, 2016)” dated June 23, 2016)

Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividend per Unit	Dividend in Excess of Earning per Unit
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
5,324	2,263	1,824	1,823	9,900	0

Notes:

- (1) The period in question for the earnings forecast is the four-month period from May 1, 2016 to August 31, 2016.
- (2) The earnings forecasts represented above are the current estimated figures calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, and cash distribution on merger per unit may vary due to progress with procedures related to the Merger, changes in circumstances related to TOP, and the like. The forecasts should not be construed as a guarantee of the amount of cash distribution on Merger.
- (3) A precondition of the Merger being effected is the prior completion of the purchase and sale of the properties for which purchase and sale agreements had been executed prior to or on the execution date (inclusive) of the agreement for the Merger. Therefore, these earnings forecasts are based on the assumption that the disposition of the Kojima×Bic Camera Kashiwa Store announced by TOP in the “Notice concerning Disposition of Trust Beneficiary Interest in Real Estate in Japan (Kojima×Bic Camera Kashiwa Store)” dated May 26, 2016 will be completed on or before the day prior to the effective date of the Merger.
- (4) Instead of cash distributions for TOP’s final fiscal period, post-Merger NMF will, based on the amount of distributable profit of TOP, make a cash distribution on Merger to the unitholders listed or recorded on the final unitholders register of TOP as of the day immediately prior to the effective date of the Merger (excluding the unitholders of TOP who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended)) (the “Allotted Unitholders”), in an amount equivalent to the cash distributions for the final fiscal period (the payment will be the amount of distributable profit of TOP as of the day immediately prior to the effective date of the Merger divided by the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Unitholders from (b) the number of investment units issued and outstanding of TOP, as of the day immediately prior to the effective date of the Merger (such calculated amount being rounded down to the nearest whole yen)). As a result, the amount of cash distribution on Merger will vary depending on the status of exercise of appraisal rights of investment units. Because that status of exercise cannot be confirmed at present, the forecasted figures above are based on the assumption that appraisal rights of investment units are not exercised.

2. Reason for Announcement

The earnings forecasts stated under “Reference” above do not take into account that the Merger will be effected and are provided only for the purpose of reference from the perspective of continuity of disclosure, based on the supposition that neither the Merger nor any transaction or the like related to the Merger takes place. However, at TOP’s general meeting of unitholders held today, resolutions were adopted approving the absorption-type merger agreement and the termination of the asset management agreement as separately announced in “Notice Concerning Resolutions of the General Meeting of Unitholders Regarding Absorption-Type Merger Agreement, Etc.” dated today, so TOP is providing in this notice the

current earnings forecasts for the final fiscal period and forecasted cash distribution on Merger based on the assumption that the Merger will be effected.

For forecasts regarding earnings and distributions per unit for post-Merger NMF, please see “Notice Concerning Forecasts of Financial Results for the Fiscal Period Ending February 28, 2017 following the Merger between Nomura Real Estate Master Fund, Inc., and Top REIT, Inc.” announced by NMF and TOP on May 26, 2016.

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.

*URL of Top REIT’s Internet website: <http://www.top-reit.co.jp/english>

Appendix

Assumptions for Earnings Forecasts for the fiscal period ending August 31, 2016 (final fiscal period) (four-month period) and forecasted cash distribution on Merger

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> Fiscal period ending August 31, 2016: May 1, 2016 - August 31, 2016 (123 days)
Portfolio Assets	<ul style="list-style-type: none"> Of the 20 properties Top REIT owns as of today, it is assumed that portfolio assets will be the 19 properties other than the trust beneficiary interests in real estate for the Kojima×Bic Camera Kashiwa Store, whose disposition is planned for August 25, 2016. The actual circumstances may change depending on the acquisition or disposal of other properties.
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> It is assumed that the number of investment units issued and outstanding will be 176,000 units, which is the number as of today's date, and it is assumed that no change will be made through August 31, 2016.
Interest-Bearing Liabilities	<ul style="list-style-type: none"> The balance of interest-bearing liabilities as of today's date is ¥90,117.5 million.
Operating Revenue	<ul style="list-style-type: none"> For rent revenue from existing properties, Top REIT takes into account the execution of new lease agreements and cancellation of lease agreements that have been finalized and scheduled as of today's date, as well as factors that may cause fluctuations, such as risks associated with rent revision with tenants due for rent revision or contract renewal, in light of recent real estate leasing market conditions.
Operating Expenses	<ul style="list-style-type: none"> With respect to property taxes, city planning taxes and depreciable asset taxes (the "property tax"), of the taxation amount assessed and determined, the amount corresponding to the relevant period is accounted for as expenses related to rent business. Property tax is assumed to be ¥420 million. Depreciation and amortization is assumed to be ¥759 million. Repair expenses for buildings may vary greatly from the forecasted amount due to various reasons, including that emergency repair expenses may possibly arise due to unexpected factors causing building damage and that repair expenses vary largely depending on the fiscal period as they are expenses not accrued periodically. Management operation fees are assumed by considering historical data and the detail of management contracts.
Non-Operating Expenses	<ul style="list-style-type: none"> Non-operating expenses are assumed to be ¥518 million, of which interest expenses on loans (including related expenses) are expected to be ¥257 million and investment unit issuance expenses are expected to be ¥6 million after lump-sum amortization of the remaining amount. Expenses related to the Merger (other non-operating expenses) are expected to be ¥253 million.
Cash Distribution on Merger per Unit	<ul style="list-style-type: none"> Cash distributions on Merger (cash distribution on Merger per unit) will be paid instead of cash distributions for the fiscal period ending August 31, 2016 (the final fiscal period) and are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation. It is assumed that the amount remaining after deducting the partial reversal of the reserve for temporary difference adjustments from net income for the fiscal period ending August 31, 2016 will almost be fully distributed as dividends.
Other	<ul style="list-style-type: none"> It is assumed that there will be no changes in legislation, taxation, accounting standards, listing regulations of Tokyo Stock Exchange, and 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.