



Top REIT Investment Corporation
15th Business Report
(Semi-Annual Report 15th)

May 1, 2013 – October 31, 2013

Letter from the Executive Officer of the Investment Corporation

Dear Investors,

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

The Japanese economy, which had shown a trend of improvement with expectations for the policies of the government and the Bank of Japan, stayed on track to recovery. The recovery was led by exports, primarily of automobiles, which continued increasing due to such factors as the strong recovery of the U.S. economy and the positive impact of the weakening yen, and through an increase in capital investment as a result of the improvement in corporate earnings and business confidence. Such an environment supported strong growth in personal consumption of high-end products primarily by high-net-worth individuals thanks to the financial assets effect resulting from the weaker yen and higher stock prices. However, improvement of the income environments is still slow and on top of the rise in energy and foodstuff prices, the scheduled increase in the consumption tax rate and other factors have cooled consumer sentiment. Looking ahead, we believe the economic policies will continue to be effective and the Japanese economy will head for self-sustaining recovery, which is anticipated to help improve the income situation.

Meanwhile, the upward trend in the J-REIT market had appeared to come to a stop in the last summer due to a lack of positive news, but given the stimulating impact of Tokyo being selected to host the 2020 Olympic Games, the TSE REIT Index took an upward turn. More recently, the market has again settled and become more stable. In the context of these moves, J-REITs have continued to eagerly conduct fund procurement by issuing new investment units through public offering since the end of last year, and the acquisition of real estate properties by J-REITs has continued to be active throughout our fifteenth fiscal period (May 1, 2013 – October 31, 2013).

Under these circumstances, the financial results of Top REIT in the fifteenth fiscal period were operating revenue of 5,154 million yen (period-on-period decrease of 11.8%), ordinary income of 1,580 million yen (period-on-period decrease of 13.3%), net income of 1,579 million yen (period-on-period decrease of 13.3%) and dividend per unit of 10,191 yen. Although dividend per unit decreased 13.3% period-on-period due to the move-out of a major tenant from Harumi Island Triton Square Office Tower Y, it surpassed the previous forecast due to measures taken by the asset manager and other factors.

In terms of asset management in the fifteenth fiscal period, Top REIT focused on leasing activities to attract succeeding tenants for Harumi Island Triton Square Office Tower Y as well as on gathering information for new property acquisitions and selecting candidate properties. These efforts led to progress in tenant solicitation and new opportunities to acquire properties and, after entering the sixteenth fiscal period, allowed Top REIT to implement a capital increase through public offering of new investment units for the first time since listing. In association with the capital increase, Top REIT newly acquired two office buildings and a retail property totaling 12.3 billion yen, which increased the asset size to 197.8 billion yen. The figure is now close to the 210.0 billion yen that Top REIT has targeted since listing (the asset size that keeps the ratio of NEC Head Office Building, the flagship property, at 20% or less of the entire portfolio).

Going forward, Top REIT will continue to collaborate with the asset manager and the sponsor companies to seize prime opportunities for external growth, through which we aim to maximize unitholder value. Thank you to our unitholders for your continued support and understanding.



Junichi Sahara
Executive Officer
Top REIT, Inc.

Letter from the President of the Asset Management Company

Dear Investors,

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

On behalf of the asset manager, I would like to explain the overview of the business results of Top REIT for the 15th fiscal period (May 1, 2013 – October 31, 2013), its present status, future asset management strategies and other issues.

In the fifteenth fiscal period, the Japanese economy, which had been on track to recovery driven by expectations, was modestly but steadily headed for full-fledged recovery backed by the strong recovery of the U.S. economy, bottoming-out of the European economy and the expansion in domestic demand. Hereafter, the Japanese economy will continue to recover with exports increasing against the backdrop of the depreciating yen and rising stock prices as well as capital investment resulting from the government's economic measures starting to affect the real economy. On the other hand, there is no denying the uncertainty of the world economy, and close monitoring is required especially for the movements in emerging markets, tapering of monetary easing in the U.S. and the impact of the consumption tax increase and other factors in Japan.

Meanwhile, the J-REIT market, which had been on an upward trend thanks to the purchase of J-REIT investment units by the Bank of Japan and expectations for the effect of the Abenomics, went into an adjustment phase due to concerns for higher interest rates with assumed tapering of monetary easing in the U.S. and other causes. However, the market again took an upward turn, triggered by the selection of Tokyo in September last year to hold the 2020 Olympic Games. Looking ahead, it is expected that demand for office space and the rent levels will recover as a result of further improvement in corporate earnings in addition to Abenomics extending its effect to the real economy more widely and infrastructure investments being undertaken toward the 2020 Olympic Games in Tokyo. For the moment, given a temporary lull in the supply of new buildings and rising expectations for economic growth, tenants are becoming increasingly active in investigating relocations to office buildings with higher specifications as they anticipate an increase in rents. This has caused the vacancy rate of office buildings in central Tokyo to show a downward trend. On the other hand, the outlook is becoming somewhat brighter for rents, which tend to increase lagging behind improvement in the vacancy rate, although it will take more time to realize full-fledged recovery.

Under these circumstances, Top REIT continued to position solicitation of successor tenants to Harumi Island Triton Square Office Tower Y as the top priority issue, while focusing on selecting properties for new acquisitions. Consequently, Top REIT not only made progress in soliciting successor tenants to Harumi Island Triton Square Office Tower Y, but also successfully laid the foundation for acquiring properties in the sixteenth fiscal period. Top REIT was also able to present revised dividend forecast for the sixteenth fiscal period ending April 2014 that surpasses the 9,700 yen per unit as disclosed upon the announcement of the financial results for the fourteenth fiscal period. In addition, Top REIT conducted a capital increase through public offering of new investment units early in the sixteenth fiscal period for the first time since listing against a backdrop of these performances.



Nobuhito Endo
President and Representative Director

Financial Highlights

CATEGORY	15TH FISCAL PERIOD PERFORMANCE	16TH FISCAL PERIOD FORECAST (ANNOUNCED ON December 19, 2013)	17TH FISCAL PERIOD FORECAST (ANNOUNCED ON December 19, 2013)
PERIOD OF ASSETMANAGEMENT	184days	181days	184days
OPERATING REVENUE	¥5,154 million	¥5,586 million	¥5,729million
OPERATING INCOME	¥2,172 million	¥2,466 million	¥2,481million
ORDINARY INCOME	¥1,580 million	¥1,840 million	¥1,849 million
NET INCOME	¥1,579 million	¥1,839 million	¥1,848 million
DIVIDEND PER UNIT	¥10,191	¥10,450	¥10,500
NUMBER OF INVESTMENT UNITS	155,000 units	176,000 units	176,000 units
PORTFOLIO SIZE	19 properties	22 properties	22 properties

Preconditions for 16h Fiscal Period and 17th Fiscal Period Forecasts

(1) Portfolio Assets

The forecast is based on 22 properties Top REIT owns as of December 19, 2013.

(2) Number of Investment Units Outstanding

It is assumed that the number of investment units outstanding is 176,000 units, the number as of December 19, 2013.

(3) Operating Revenue

For real estate rent revenue related to existing properties, Top REIT takes into consideration execution of new lease agreements and cancellation of lease agreements that have been finalized as of December 19, 2013, 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. The occupancy rates of Harumi Island Triton Square Office Tower Y are assumed to be 68.9% as of the end of November and December 2013, 70.8% as of the end of January 2014, and 87.5% from the end of February 2014 onward, respectively.

(4) Interest-Bearing Liabilities

It is assumed that the total amount of interest-bearing liabilities is ¥100,497 million, which is the amount as of December 19, 2013. As to the short-term loan payable of ¥4,500 million borrowed on November 28, 2013, it will be fully repaid before maturity and refinanced to a long-term borrowing at the end of March, 2014 in the sixteenth fiscal period. In the seventeenth fiscal period, it is assumed that the loan payable of ¥4,000 million with the due date of June 30, 2014 will be fully refinanced to a long-term borrowing. For the sixteenth and seventeenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid as agreed upon.

(5) Dividend per Unit

With regard to the internal reserves of 78 million yen, Top REIT will not reverse the amount of internal reserves for the sixteenth and seventeenth fiscal period.

I. ASSET MANAGEMENT REPORT

[1] Overview of Asset Management Operation

1. Operating Results and Financial Position

Fiscal period		11th	12th	13th	14th	15th
As of/for six months ended		October 31, 2011	April 30, 2012	October 31, 2012	April 30, 2013	October 31, 2013
(1) Operating results						
Operating revenue	mn yen	5,812	5,693	5,636	5,844	5,154
(Of which, rental revenue)	mn yen	5,812	5,437	5,636	5,844	5,154
Operating expenses	mn yen	3,033	2,921	2,939	3,397	2,981
(Of which, expenses related to rental business)	mn yen	2,479	2,383	2,384	2,848	2,438
Operating income	mn yen	2,779	2,772	2,697	2,447	2,172
Ordinary income	mn yen	1,986	2,029	2,002	1,823	1,580
Net income	mn yen	1,985	1,999	2,001	1,822	1,579
(2) Assets, etc. (end of period)						
Total assets	mn yen	185,459	188,407	188,440	187,003	186,169
(Period-on-period variation)	%	(0.5)	1.6	0.0	(0.8)	(0.4)
Interest-bearing liabilities	mn yen	94,037	96,970	96,902	96,065	95,997
Net assets	mn yen	84,245	84,259	84,304	84,127	83,871
(Period-on-period variation)	%	(0.2)	0.0	0.1	(0.2)	(0.3)
Unitholders' capital	mn yen	82,260	82,260	82,260	82,260	82,260
(3) Cash distributions						
Total cash distributions	mn yen	1,985	1,949	2,001	1,822	1,579
Dividend payout ratio	%	100.0	97.5	100.0	100.0	100.0
(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	543,520	543,610	543,900	542,758	541,105
Dividend per unit	yen	12,809	12,577	12,912	11,759	10,191
(Earnings distribution per unit)	yen	12,809	12,577	12,912	11,759	10,191
(Distribution in excess of earnings per unit)	yen	—	—	—	—	—
(5) Financial indices						
Ratio of ordinary income to total assets (Note 3)	%	1.1<2.1>	1.1<2.2>	1.1<2.1>	1.0<2.0>	0.8<1.7>
Ratio of net income to unitholders' equity (Note 3)	%	2.4<4.7>	2.4<4.8>	2.4<4.7>	2.2<4.4>	1.9<3.7>
Ratio of unitholders' equity to total assets (Period-on-period variation)	%	45.4 0.1	44.7 (0.7)	44.7 0.0	45.0 0.3	45.1 0.1
LTV	%	50.7	51.5	51.4	51.4	51.6
Rental NOI (Note 4)	mn yen	4,393	4,126	4,368	4,117	3,831
(6) Other referential information						
Number of properties at end of period	cases	17	18	18	19	19
Number of tenants at end of period (Note 5)	cases	48	40	42	39	40
Total rentable area at end of period	m ²	295,215.03	300,294.23	300,294.23	301,825.87	301,825.87
Occupancy rate at end of period (Note 6)	%	97.3	98.5	99.2	94.5	96.7
Depreciation and amortization at end of period	mn yen	1,060	1,072	1,116	1,121	1,115
Capital expenditure at end of period	mn yen	234	442	108	443	176

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

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 Fifteenth 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 fifteenth fiscal period (October 31, 2013), 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 unitholders by securing stable revenues over the medium to long term and achieving steady growth of its portfolio. To do so, Top REIT focuses on the two strategies of “skilled management of a diversified portfolio” and “optimal application of the sponsors’ strengths.” As of the end of the fifteenth fiscal period, its portfolio consists of 19 properties with a total acquisition value of ¥185,555 million.

B. Investment Environment and Management Performance

<Investment Environment>

(a) Economy in General

With regard to the Japanese economy, following the new government taking office at the end of 2012, drastic monetary easing and the dynamic public spending package under so called “Abenomics” effectively brought about improvement in corporate performances in association with an increase in government investment as well as an expansion in exports backed by the depreciating yen. The resulting improvement in consumers’ sentiment also kept personal consumption strong.

As a result of the recovery in business sentiment and monetary easing by the Bank of Japan, the J-REIT market saw an increase in property acquisitions, given an improved environment for fund procurement through equity financing, among other factors.

(b) Real Estate Leasing Market

[Office Buildings]

With expectations for economic growth increasing, proactive office demand has generated tenant movement for leasing more floor areas within the same property and relocating for expanded spaces, while considerations for disaster prevention have encouraged movement for relocating to office buildings incorporating anti-disaster measures. Thus the vacancy rate of office buildings in central Tokyo shows a downward trend especially for blue-chip properties. As for the rent levels, though no definite trend for recovery is yet to be seen at present, they are believed to take an upward turn in accordance with a progress in the recovery of the business sentiment and improvement of the employment environment.

[Retail Properties]

According to the Consumer Confidence Survey September 2013 by the Cabinet Office, the consumer confidence index (seasonally adjusted) of general households was 45.4, up 2.4 points month-on-month. Presumably this is a reflection of the fact that recovery in corporate performance and expectations for recovery in employment conditions, etc., under Abenomics has led to better consumer sentiment. Meanwhile, retail companies are working on strategies to address such environmental changes as the anticipated decrease in population on the macro level and the expansion of the E-commerce market on the micro level. Accordingly, demand for retail properties will become more selective.

[Residential Properties]

In the residential properties leasing market, the occupancy rate remains at a high level in the Tokyo metropolitan area, primarily for rental apartments that meet consumer demand, given the population inflow as well as an increase in single-person households and small households. As for rent levels, rents

have remained stable for properties with actual consumer demand and are anticipated to stay strong, while the unit rent for high-rent properties has probably come to stop decreasing.

(c) Real Estate Transaction Market

Property acquisitions by J-REITs became active against the backdrop of the favorable environment for fund procurement through equity financing, driving the real estate transaction market. In addition to fundraising by J-REITs continuing in the future, foreign capital is anticipated to flow in, helping to further activate the real estate transaction market. On the other hand, market prices appear to be somewhat overheated for all property types, which will cause to further strengthen buyers' attitude of being selective for properties.

<Asset Management Performance >

(a) Acquisition and Disposition of Assets

Top REIT began the fifteenth fiscal period with 19 properties (total acquisition value: ¥185,555 million). With an aim to acquire highly-competitive and highly-profitable properties, Top REIT considered possible acquisition of properties through not only the "optimal application of the sponsors' strengths" but also by utilizing established information channels to collect and carefully select from property sale information, with excellent office buildings located in central Tokyo at the core, as well as other asset classes, by drawing on the characteristics of being a diversified REIT.

Furthermore, after the account was settled for the fifteenth fiscal period, Top REIT concluded property sales agreements for three properties (Ginza Oji Building, Shinjuku EAST Building and Kojima×Bic Camera Kashiwa Store) as of November 7, 2013 and completed their acquisition as of November 28, 2013. In order to partly fund the acquisition of these three properties, and also fund the acquisition of specified assets or the repayment of loans in the future, Top REIT resolved the issuance of new investment units through public offering and third-party allotment at its board of directors meetings held on November 7 and November 18, 2013. Payment for the new investment units was completed on November 25 and December 13, 2013, respectively. Moreover, Top REIT conducted new borrowings as of November 28, 2013 to partly fund the acquisition.

(b) Management and Maintenance of Portfolio Assets

The basic asset management strategy of Top REIT is sustaining and increasing revenue over the medium to long term by maintaining and improving tenant satisfaction (the "Tenants First" policy) and keeping operational management costs at an appropriate level. Top REIT strived to improve tenant satisfaction and maintain and improve high occupancy rates while sustaining trusted relationships with tenants and discerning tenant needs via property management companies.

Particularly in the fifteenth fiscal period, positioning solicitation of successor tenants to Harumi Island Triton Square Office Tower Y as a top priority issue, Top REIT focused on tenant solicitation activities. As a result, the occupancy rate increased to 68.9% by the end of October 2013. Top REIT continues to pursue further increase of occupancy rate for portfolio as a whole, including Harumi Island Triton Square Office Tower Y.

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 contributed 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, and conducted efficient management of resources.

C. Procurement of Funds

Top REIT procures funds under a financial policy based on stable financial management. In the fifteenth fiscal period, Top REIT conducted no fund procurement or repayment of borrowings except for agreed-upon repayment, as it had no property acquisitions or no borrowings that became due for repayment during the period.

As a result, at the end of the fifteenth fiscal period, the total amount of interest-bearing liabilities stands at 95,997 million (¥87,497 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 51.6%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) is 100%, while interest-bearing liabilities with fixed interest rates account for 44.0%.

The credit ratings of Top REIT as of October 31, 2013 are as follows:

Credit Rating Agency	Rating [Outlook]
Moody's Japan K.K. (Moody's)	Issuer rating: Baa1 [Negative] Senior unsecured long-term rating (No. 1 Unsecured Investment Corporation Bonds): Baa1 [Negative]
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ [Stable] Unsecured investment corporation bond rating (No. 1 Unsecured Investment Corporation Bonds): A+

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 asset management performance during the fifteenth fiscal period of ¥5,154 million in operating revenue, ¥2,172 million in operating income and ¥1,580 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥1,579 million.

As for dividends, with the aim of having an amount equivalent to profit dividends deducted as expenses based on the application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation [Act No. 26 of 1957, as amended; hereinafter, the "Special Taxation Measures Act"]), Top REIT decided that the entire amount of unappropriated retained earnings of the fifteenth fiscal period, excluding fractions of the dividend per investment unit that are less than ¥1, would be paid out. Consequently, Top REIT declared a dividend per investment unit of ¥10,191.

3. Balance of Paid-in Capital

There was no change in paid-in capital for the fifteenth 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	11th October, 2011	12th April, 2012	13th October, 2012	14th April, 2013	15th October, 2013
Highest price	490,000yen	484,000yen	459,000yen	576,000yen	519,000yen
Lowest price	384,000yen	333,000yen	358,500yen	351,000yen	411,000yen

4. Cash Distribution

The dividend per unit for the current period was 10,191yen. 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	11th October, 2011	12th April, 2012	13th October, 2012	14th April, 2013	15th October, 2013
Unappropriated retained earnings	thousand yen	1,985,468	1,999,419	2,001,377	1,822,649	1,579,617
Internal reserves	thousand yen	73	49,984	17	4	12
Total dividends (Dividend per unit)	thousand yen (yen)	1,985,395 12,809	1,949,435 12,577	2,001,360 12,912	1,822,645 11,759	1,579,605 10,191
Of which, dividend of accumulated earnings (Per unit)	thousand yen (yen)	1,985,395 12,809	1,949,435 12,577	2,001,360 12,912	1,822,645 11,759	1,579,605 10,191
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, leasing vacant spaces and such, as well as striving to maintain stable occupancy rates over the medium to long term.

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

(b) Investment Strategy for New Properties

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

Furthermore, Top REIT makes it a management policy to keep the ratio of the investment amount per property at less than 20% of the entire portfolio as a target over the medium to long term. For reference, the acquisition value of the NEC Head Office Building accounts for 22.6% of the total acquisition value of Top REIT’s properties as of the end of the fifteenth 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 for acquisition of new properties and refinancing of existing loans, etc. While securing mobility and flexibility in fund procurement, Top REIT will work to reduce the risk involved in fund procurement by extending borrowing periods and spreading out the repayment dates. At the same time, Top REIT will manage the risk of interest rate fluctuations by taking into account the balance of borrowings at floating and fixed interest rates, as it discerns the interest rate trends. Moreover, financial soundness will be maintained by keeping the leverage at an appropriate level.

(d) Compliance and Risk Management, etc.

In addition to the supervision of the Executive Officer by Supervisory Directors at the Board of Directors’ meetings and other occasions, Top REIT will continue its direction and supervision on the Asset Manager that it can conduct management operations with full care given to market risks, including rent decreases, and credit risks as well as with a focus on the protection of unitholders’ interests in conducting transactions with interested parties and on other compliance issues.

6. Significant Subsequent Events

Issuance of new investment units

Top REIT resolved the issuance of new investment units, as described below, at its board of directors' meetings held on November 7 and November 18, 2013. Payment was completed on November 25, 2013 for issuance of new investment units through public offering, and on December 13, 2013 for third-party allotment, respectively.

(Issuance of New Investment Units through Public Offering)

Number of investment units to be offered:	20,000 units
Issue price (offer price):	438,750 yen per unit
Total issue price (total offer price):	8,775,000,000 yen
Amount to be paid in (purchase price):	423,000 yen per unit
Total amount to be paid in (total purchase price):	8,460,000,000 yen
Payment date:	November 25, 2013

(Third-Party Allotment)

Number of investment units to be offered:	1,000 units
Amount to be paid in (purchase price):	423,000 yen per unit
Total amount to be paid in (total purchase price):	423,000,000 yen
Payment date:	December 13, 2013
Allottee:	Daiwa Securities, Co. Ltd.

(Use of funds)

Top REIT allocated the proceeds from the public offering to part of the funds for the acquisition of specified assets. The proceeds from the issuance of new investment units by way of third-party allotment will be allocated to funds for the future acquisition of specified assets or for the repayment of loans.

[Reference Information]

① Property acquisition

Top REIT acquired the following properties on November 28, 2013. Overview of the properties is described below.

Name of Property	Asset Type	Acquisition Price (millions of yen) (Note 1)	Address
Ginza Oji Building	Ownership of trust beneficiary interest in real estate in Japan	2,000	Chuo-ku, Tokyo
Shinjuku EAST Building		5,800	Shinjuku-ku, Tokyo
Kojima×Bic Camera Kashiwa Store		4,500	Kashiwa-shi, Chiba
Total		12,300	

(Note 1) "Acquisition Price" of each property is the price for sale specified in the respective sales agreement (excluding consumption tax and equivalents) which does not include acquisition expenses, real property tax, city planning tax, etc.

② New borrowings

Top REIT entered into a loan agreement as described below on November 26, 2013 to partially fund the property acquisition in ① above and related expenses.

Short-term loan (Term Loan No. 22)

Lender	Sumitomo Mitsui Trust Bank, Limited.
Amount of loan	JPY 4,500 million
Interest rate	0.49818% (for the period from November 28, 2013 to December 30, 2013)

Execution date	November 28, 2013
Borrowing method	Borrowing based on the loan agreement concluded on November 26, 2013
Principal repayment date	April 30, 2014
Principal repayment method	Bullet repayment on the principal repayment date
Collateral, etc.	Unsecured and unguaranteed

[2] Outline of Top REIT

1. Status of Unitholders' Capital

Fiscal period As of the end of fiscal period	11th October, 2011	12th April, 2012	13th October, 2012	14th April, 2013	15th October, 2013
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	7,031	6,912	7,823	7,872	7,590

2. Matters Concerning the Investment Units

Major unitholders as of October 31, 2013 were as follows:

Name	Number of units held (units)	Share of total (%) (Note)
Japan Trustee Service Bank (trust account)	45,315	29.24
The Master Trust Bank of Japan (trust account)	8,848	5.71
Trust and Custody Services Bank (securities investment trust account)	8,616	5.56
Nomura Trust and Banking (investment trust account)	5,246	3.38
North Pacific Bank, LTD.	4,024	2.60
THE FUJI FIRE AND MARINE INSURANCE COMPANY,LIMITED	3,465	2.24
Sumitomo Mitsui Trust Bank, Limited.	3,176	2.05
Oji Real Estate Co., Ltd.	3,162	2.04
NIPPON STEEL KOWA REAL ESTATE CO.,LTD.	3,162	2.04
MetLife Alico Life Insurance K.K GA Company JPY	2,075	1.34
The Asahi Fire & Marine Insurance Co., Ltd.	2,010	1.30
NOMURA BANK (LUXEMBOURG) S.A.	1,593	1.03
The Iyo Bank, Ltd.	1,500	0.97
The Gibraltar Life insurance Co., Ltd (general accounts J-REIT account)	1,318	0.85
The Minami Nippon Bank, Ltd.	1,270	0.82
Total	94,780	61.15

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 October 31, 2013 were as follows:

Post	Name	Major additional post	Total amount of fee paid during the current period (thousand yen)
Executive Officer	Junichi Sahara (Note 1) (Note 2)	Adviser, Sumitomo Mitsui Trust Guarantee Co., Ltd.	1,350
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 Non Executive Director in Kuroda Electric Co., Ltd. (Note 3)	1,800
Accounting Auditor	KPMG AZSA LLC	—	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: Junichi Sahara, Executive officer, was elected executive officer in the fifth Unitholders' General Meeting held on July 25, 2013, and served in the post since August 1, 2013. Further, Jumpei Norimatsu resigned from executive officer on July 31, 2013.

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.

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 October 31, 2013 were as follows:

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

【3】 Status of Investment Assets

1. Composition of Assets

Type of assets	Asset class	Area	14th As of April 30, 2013		15th As of October 31, 2013	
			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	5,857	3.1	5,844	3.1
		Subtotal	5,857	3.1	5,844	3.1
Real estate in trust	Office buildings	Central Tokyo	126,390	67.6	125,809	67.6
		Tokyo Metropolitan Area	1,647	0.9	1,624	0.9
		Subtotal	128,037	68.5	127,434	68.5
	Retail facilities	Tokyo Metropolitan Area	23,075	12.3	22,934	12.3
		Other Major Cities	1,234	0.7	1,226	0.7
		Subtotal	24,309	13.0	24,160	13.0
	Residential	Central Tokyo	2,431	1.3	2,403	1.3
		Tokyo Metropolitan Area	17,654	9.4	17,520	9.4
		Subtotal	20,086	10.7	19,923	10.7
		Others	2,712	1.5	2,700	1.5
		Subtotal	2,712	1.5	2,700	1.5
	Subtotal of real estate and real estate in trust			181,003	96.8	180,064
Cash, deposits and other assets			6,000	3.2	6,104	3.3
Total assets (Note 3)			187,003	100.0	186,169	100.0
			<181,003>	<96.8>	<180,064>	<96.7>

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: As a percentage of total assets show the ratio of respective assets to total assets and is rounded to first decimal place.

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

< Geographical Classification >

Area	Region	Supplementary note
Central Tokyo	Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, Shinjuku-ku and Shinagawa-ku	—
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 major properties (top ten properties by book value) that Top REIT owns as of October 31, 2013 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)	42,675	72,238.03	72,238.03	100.0	26.6	Office
Harumi Island Triton Square Office Tower Y	(Trust beneficiary interest)	30,373	23,170.40	15,954.62	68.9	12.8	Office
Harumi Island Triton Square Office Tower Z	(Trust beneficiary interest)	19,457	10,914.20	10,914.20	100.0		Office
Kanda Nishiki-cho 3-chome Building	(Trust beneficiary interest)	12,689	8,025.65	8,025.65	100.0		Office
Sagamihara Shopping Center	(Trust beneficiary interest)	11,261	61,763.28	61,763.28	100.0	7.3	Retail property
Fukasawa House Towers H&I	(Trust beneficiary interest)	10,116	11,357.44	10,411.92	91.7	4.5	Residential
Akasaka Oji Building	(Trust beneficiary interest)	9,760	7,301.15	7,301.15	100.0	5.2	Office
Ito-Yokado Higashi-Narashino Store	(Trust beneficiary interest)	7,814	51,098.42	51,098.42	100.0	4.6	Retail property
Shiba-Koen Building	(Real estate)	5,844	3,060.43	1,908.99	62.4	1.5	Office
Shinkawa Chuo Building	(Trust beneficiary interest)	5,789	6,032.24	6,032.24	100.0	3.9	Office
Total		155,784	254,961.24	245,648.50	96.3	81.8	

Note 1: Leasable floor space is total leasable space for each asset as of the end of the fifteenth fiscal 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 fifteenth 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 fifteenth fiscal period by leasable floor space, and rounded to the first decimal place.

Note 4: Portion of rental revenue is rounded to first decimal place. Portion of rental 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.

3. Details of Portfolio Properties

① Details of Properties

A. The details of properties owned by Top REIT as of October 31, 2013 were as follows

Asset class	Area	Property name	Address	Type of title	Appraisal value at end of 15th period (million yen) (Note)	Book value at end of 15th period (million yen)
Office building	Central Tokyo	NEC Head Office Building	5-7-1 Shiba, Minato-ku, Tokyo	Trust beneficiary interest	50,100	42,675
		Harumi Island Triton Square Office Tower Y	1-8-11 Harumi, Chuo-ku, Tokyo	Trust beneficiary interest	29,500	30,373
		Akasaka Oji Building	8-1-22 Akasaka, Minato-ku, Tokyo	Trust beneficiary interest	8,540	9,760
		Kanda Park Plaza	2-2-2 Kajicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	4,910	5,063
		Shiba-Koen Building	3-5-5 Shiba, Minato-ku, Tokyo	Real estate	3,540	5,844
		Harumi Island Triton Square Office Tower Z	1-8-12 Harumi, Chuo-ku, Tokyo	Trust beneficiary interest	12,600	19,457
		Kanda Nishiki-cho 3-chome Building	3-11-1 Kanda Nishiki-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest	14,200	12,689
		Shinkawa Chuo Building	1-17-24, Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	5,790	5,789
	Tokyo Metropolitan Area	Faret East Building	2-34-7 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	2,450	1,624
Subtotal (9 Properties)					131,630	133,279
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	3-13-33 Kobuchi, Minami-ku, Sagamihara-shi, Kanagawa	Trust beneficiary interest	8,330	11,261
		Ito-Yokado Higashi-Narashino Store	7-3-1 Higashi Narashino, Narashino-shi, Chiba	Trust beneficiary interest	5,620	7,814
		Musashiurawa Shopping Square	7-3-1 Bessho, Minami-ku, Saitama-shi, Saitama	Trust beneficiary interest	3,880	3,857
	Other Major Cities	MEL Building	2-7-28 Chuo, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,280	1,226
Subtotal (4 Properties)					19,110	24,160
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	3-4-1 Nihonbashi Kayabacho, Chuo-ku, Tokyo	Trust beneficiary interest	2,580	2,403
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	2-1-2 Fukasawa, Setagaya-ku, Tokyo	Trust beneficiary interest	7,120	10,116
		Ecology Toyosu Procentury	4-8-8 Toyosu, Koto-ku, Tokyo	Trust beneficiary interest	5,080	4,940
		Impress Musashi-Koganei	4-14-18 Nakamachi, Koganei City, Tokyo	Trust beneficiary interest	1,270	1,254
		Top Residence Yoga	1-14-12 Tamagawadai, Setagaya-ku, Tokyo	Trust beneficiary interest	1,180	1,207
Subtotal (5 Properties)					17,230	19,923
Other	Central Tokyo	OAK PLAZA	2-10-6 Kanda Awajicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,500	2,700
	Subtotal (1 Property)					2,500
Total (19 Properties)					170,470	180,064

Note: 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 October 31, 2013 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	14th Fiscal Period From November 1, 2012 to April 30, 2013				15th Fiscal Period From May 1, 2013 to October 31, 2013			
			Number of tenants (end of period) (case) (Note1)	Occupancy rate (end of period) (%)	Rent revenue - real estate (for period) (million yen) (Note 2)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (end of period) (case) (Note1)	Occupancy rate (end of period) (%)	Rent revenue - real estate (for period) (million yen) (Note 2)	Ratio of rental revenue to total rental revenues (%)
Office building	Central Tokyo	NEC Head Office Building	1	100.0	1,370	23.5	1	100.0	1,370	26.6
		Harumi Island Triton Square Office Tower Y	3	41.8	1,372	23.5	5	68.9	659	12.8
		Akasaka Oji Building	6	98.8	239	4.1	6	100.0	268	5.2
		Kanda Park Plaza	10	100.0	173	3.0	9	94.2	177	3.4
		Shiba-Koen Building	2	62.4	87	1.5	2	62.4	78	1.5
		Harumi Island Triton Square Office Tower Z	1	100.0	/	/	1	100.0	/	/
		Kanda Nishiki-cho 3-chome Building	1	100.0	/	/	1	100.0	/	/
		Shinkawa Chuo Building	1	100.0	199	3.4	1	100.0	201	3.9
	Tokyo Metropolitan Area	Faret East Building	1	89.6	139	2.4	1	100.0	144	2.8
Subtotal (9 properties)			26	89.1	4,400	75.3	27	93.9	3,693	71.7
Retail property	Tokyo Metropolitan Area	Sagamihara Shopping Center	2	100.0	407	7.0	2	100.0	374	7.3
		Ito-Yokado Higashi-Narashino Store	1	100.0	236	4.0	1	100.0	236	4.6
		Musashiurawa Shopping Square	3	100.0	129	2.2	3	100.0	129	2.5
	Other Major Cities	MEL Building	1	100.0	0	0.0	1	100.0	58	1.1
Subtotal (4 properties)			7	100.0	773	13.2	7	100.0	798	15.5
Residential	Central Tokyo	Top Residence Nihonbashi Kayabacho	1	95.2	88	1.5	1	96.3	89	1.7
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	1	97.3	238	4.1	1	91.7	234	4.5
		Ecology Toyosu Procentury	1	92.5	167	2.9	1	97.1	162	3.1
		Impress Musashi-Koganei	1	90.5	44	0.8	1	97.0	43	0.8
		Top Residence Yoga	1	94.7	37	0.6	1	92.6	37	0.7
Subtotal (5 properties)			5	95.0	576	9.9	5	94.3	567	11.0
Other	Central Tokyo	OAK PLAZA	1	100.0	94	1.6	1	100.0	94	1.8
	Subtotal (1 property)			1	100.0	94	1.6	1	100.0	94
Total (19 properties)			39	94.5	5,844	100.0	40	96.7	5,154	100.0

Note1: 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.

Note 3: Ratio of rental revenue to total rental revenues is rounded to first decimal place. Ratio of rental revenue to total rental revenues 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.

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 October 31, 2013 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)	27,200	25,200	(214)
	Total	27,200	25,200	(214)

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 October 31, 2013.

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 October 31, 2013. 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
NEC Head Office Building	Minato-ku, Tokyo	Renewal of gondola	May 2013 to January 2014	74	—	—
		Renewal of lighting System	May 2013 to January 2014	17	—	—
		Renewal of automatic fire alarm system	May 2013 to March 2014	47	—	—
		Renewal of plumbing equipment	May 2013 to March 2014	20	—	—
		Renewal of equipment for reuse of waste water	May 2013 to March 2014	28	—	—
		Renewal of air Condition facility	May 2013 to November 2013	22	—	—
		Renewal of air conditioning duct	May 2013 to March 2014	15	—	—
		Renewal of monitoring device	May 2013 to March 2014	46	—	—
		Renewal of moving roof	May 2013 to March 2014	34	—	—
Akasaka Oji Building	Minato-ku, Tokyo	Renewal of waterproof equipment	November 2013 to December 2013	14	—	—
Faret East Building	Tachikawa City, Tokyo	Renewal of external wall and ceiling	August 2013 to November 2013	30	—	—
		Renewal of security equipment	February 2014 to March 2014	11	—	—
Harumi Island Triton Square Office Tower Z	Chuo-ku, Tokyo	Renewal of carpet	December 2013	11	—	—
Sagamihara Shopping Center	Sagamihara City, Kanagawa	Renewal of air Condition facility	March 2014	20	—	—

(2) Capital Expenditures Made During the Period

The following table is an overview of construction work conducted during the fifteenth fiscal period that fall under the category of capital expenditures for properties held. Capital expenditures during the fifteenth fiscal period amounted to ¥176 million and combined with ¥75 million in repairs and maintenance costs that fall under expenses for the fifteenth fiscal period, a total of ¥252 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-ku, Tokyo	Renewal of automatic fire alarm system	May 2013 to September 2013	12
Harumi Island Triton Square Office Tower Y	Chuo-ku, Tokyo	Renewal of common spaces	March 2013 to May 2013	50
		Renewal of drain piping	June 2013	17
Akasaka Oji Building	Minato-ku, Tokyo	Renewal of ventilation equipment and air blowers	August 2013 to September 2013	14
Shinkawa Chuo Building	Chuo-ku, Tokyo	Renewal of common restrooms	August 2013 to October 2013	19
Others		Renewal of function	May 2013 to October 2013	62
Total				176

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

(Million yen)

Fiscal period	11th	12th	13th	14th	15th
	From May 1, 2011 to October 31, 2011	From November 1, 2011 to April 30, 2012	From May 1, 2012 to October 31, 2012	From November 1, 2012 to April 30, 2013	From May 1, 2013 to October 31, 2013
Balance of reserved funds at beginning of current period	330	443	347	410	375
Amount reserved during the current period	197	197	197	197	197
Amount used from reserved funds during the current period	84	292	133	232	158
Balance carried forward to the next period	443	347	410	375	414

【5】 Condition of Expenses and Liabilities

(1) Details of Expenses Related to Management

(Million yen)

Item	Fiscal Period	14th	15th
		From November 1, 2012 to April 30, 2013	From May 1, 2013 to October 31, 2013
(a) Asset management fees (Note)		416	406
(b) Asset custodian fees and administrative service fees		72	73
(c) Directors' compensation		6	6
(d) Audit fees		10	10
(e) Other expenses		42	46
Total		548	542

Note: In addition to the amounts described above, asset management fees consisted of ¥6 million in 14th fiscal period in association with the acquisition of new properties recorded as book value of the respective properties.

(2) Status of Borrowings

Status of borrowings from respective financial institutions as of October 31, 2013 is as follows.

	Lender		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
Current Portion of Long-Term Loans Payable	Term Loan No. 5	Sumitomo Mitsui Trust Bank, Limited.	June 29, 2007	—	2,000	2.27 (Note2)	June 30, 2014	Bullet repayment on repayment date	(Note 3)	Unsecured and unguaranteed
		Development Bank of Japan, Inc.		—	1,000	2.40				
		The Dai-ichi Life Insurance Co., Ltd.		—	1,000	2.40				
	Term Loan No. 11	Development Bank of Japan, Inc.	January 13, 2010	135	135	2.42	November 30, 2016	(Note 4)	(Note 5)	Unsecured and unguaranteed
Subtotal				135	4,135					
Long Term Loans Payable	Term Loan No. 5	Sumitomo Mitsui Trust Bank, Limited.	June 29, 2007	2,000	—	—	—	—	—	Unsecured and unguaranteed
		Development Bank of Japan, Inc.		1,000	—	—				
		The Dai-ichi Life Insurance Co., Ltd.		1,000	—	—				
	Term Loan No.11	Development Bank of Japan, Inc.	January 13, 2010	2,160	2,092	2.42	November 30, 2016	(Note 4)	(Note 5)	Unsecured and unguaranteed
	Term Loan No. 14	Sumitomo Mitsui Trust Bank, Limited.	March 3, 2011	6,012	6,012	1.39 (Note2)	February 29, 2016	Bullet repayment on repayment date	(Note 6)	Unsecured and unguaranteed
		Mizuho Bank, Ltd.		3,841	3,841					
		Sumitomo Mitsui Banking Corporation		3,006	3,006					
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,006	3,006					
	Term Loan No. 15	Mitsubishi UFJ Trust and Banking Corporation	March 31, 2011	835	835	0.74	February 29, 2016	Bullet repayment on repayment date	(Note 3)	Unsecured and unguaranteed
		Sumitomo Mitsui Trust Bank, Limited.		1,700	1,700					
The Bank of Fukuoka, Ltd.		3,000		3,000						
Term Loan No. 16	The Hiroshima Bank, Ltd.	November 30, 2011	1,000	1,000	0.53	November 30, 2016	Bullet repayment on repayment date	(Note 6)	Unsecured and unguaranteed	
	The Yamaguchi Bank, Ltd.		1,000	1,000						
	Sumitomo Mitsui Trust Bank, Limited.		6,687	6,687						
	Mizuho Bank, Ltd.		4,440	4,440						
Term Loan No. 17	Sumitomo Mitsui Banking Corporation	March 30, 2012	3,474	3,474	0.63	October 31, 2016	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,474	3,474						
	Mitsubishi UFJ Trust and Banking Corporation		965	965						
	Sumitomo Mitsui Trust Bank, Limited.		1,008	1,008						
	Mizuho Bank, Ltd.		644	644						

Long Term Loans Payable	Term Loan No. 18	Sumitomo Trust Bank, Limited.		5,660	5,660					
		Mizuho Bank, Ltd.		4,255	4,255					
		Sumitomo Banking Corporation	June 29, 2012	3,330	3,330	0.71 (Note7)	June 30, 2017	Bullet repayment on repayment date	(Note 6)	Unsecured and unguaranteed
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,330	3,330					
	Term Loan No. 19-①	Mitsubishi UFJ Trust and Banking Corporation		925	925					
		Sumitomo Trust Bank, Limited.		3,000	3,000					
		Sumitomo Banking Corporation	November 30, 2012	1,500	1,500	0.63	September 30, 2015	Bullet repayment on repayment date	(Note 6)	Unsecured and unguaranteed
	Term Loan No. 20	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,500	1,500					
		Resona Bank, Limited		1,000	1,000					
		Sumitomo Trust Bank, Limited.		1,428	1,428					
Mizuho Bank, Ltd.			1,264	1,264						
Sumitomo Banking Corporation		May 27, 2013	989	989	0.75	March 27, 2018	Bullet repayment on repayment date	(Note5)	Unsecured and unguaranteed	
Development Bank of Japan, Inc.		2,355	2,355	1.08						
	Mizuho Bank, Ltd.		1,800	1,800						
Mitsubishi UFJ Trust and Banking Corporation		1,275	1,275	0.63	September 30, 2015					
Term Loan No. 21	Sumitomo Trust Bank, Limited.		730	730						
	Resona Bank, Limited	April 30, 2013	500	500	0.75	April 30, 2018	Bullet repayment on repayment date	(Note 5)	Unsecured and unguaranteed	
Subtotal				87,430	83,362					
Total				87,565	87,497					

- Note1: 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.
- Note2: The borrowings are hedged by interest rate swap transactions and the average interest rates show the weighted-average interest rates adjusting the effect of interest rate swap transactions.
- Note3: The use of borrowings is for repayment of short-term loans payable.
- Note4: 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.
- Note5: The use of borrowings is for acquisition of trust beneficiary interest in real estate.
- Note6: The use of borrowings is for repayment of long-term loans payable.
- Note7: A portion of borrowing amounting to ¥8,500 million is hedged by interest rate swap transaction and the average interest rate shows the weighted-average interest rate adjusting the effect of interest rate swap transaction.
- Note8: The use of borrowings is for repayment of short-term and long-term loans payable.

(3) Status of Investment Corporation Bonds

Investment corporation bonds issued and outstanding as of October 31, 2013 are as follows.

Name of Bonds	Issue Date	Balance as of the beginning of the 15th fiscal period (million yen)	Balance as of the end of the 15th fiscal 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 unguaranteed
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

There are none applicable.

(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

There are none applicable.

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 15th fiscal 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	388,378	Oji Real Estate Co., Ltd.	24,491	6.3
		Sumitomo Mitsui Trust Bank, Limited.	1,250	0.3
Trust compensation	17,626	Sumitomo Mitsui Trust Bank, Limited.	15,125	85.8
Asset custodian fees	8,385	Sumitomo Mitsui Trust Bank, Limited.	8,385	100.0
Administrative service fees	64,806	Sumitomo Mitsui Trust Bank, Limited.	64,806	100.0
Other fees paid	20,906	Sumitomo Mitsui Trust Bank, Limited.	1,102	5.3
		Oji Real Estate Co., Ltd.	8	0.0
Borrowing related expenses	143,961	Sumitomo Mitsui Trust Bank, Limited.	59,833	41.6
Investment corporation bond related expenses	5,576	Sumitomo Mitsui Trust Bank, Limited.	625	11.2
Other operating expenses	2,268	Sumitomo Mitsui Trust Bank, Limited.	848	37.4
Other non-operating expenses	4,574	Sumitomo Mitsui Trust Bank, Limited.	342	7.5
Other expenses related to rent business	5,620	Oji Real Estate Co., Ltd.	488	8.7

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 Act (Act 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 Sumitomo Mitsui Trust Bank, Limited. 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 15th fiscal period are Oji Real Estate Co., Ltd. of ¥32,666 thousand. Furthermore, the concerned payments include construction management fees.

(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 business, type 2 financial instruments business, building lots and buildings transaction business, or real estate specified joint enterprise business, and has no such transactions with Top REIT.

【7】 Overview of Accounting

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

Please refer to accompanying “ II .Balance Sheets” , “ III .Statements of Income” , “ IV .Statements of Changes in Net assets(Unitholders’ Equity)” , “ V .Notes to Financial Statements” and “ VI .Statements of Cash Dividends Distributions” .

(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 General Meeting of Unitholders

The Fifth General Meeting of Unitholders of Top REIT was held on July 25, 2013. Agenda items approved by general meeting of unitholders are as follows:

Agenda item		Summary
First Item	Partial amendments to the Articles of Incorporation	This item was approved in accordance with the original proposal.
Second Item	Appointment of 1 Executive Officer	This item was approved in accordance with the original proposal and Junichi Sahara was elected as executive officer with 2-year term from August 1, 2013.
Third Item	Appointment of 2 substitute Executive Officers	This item was approved in accordance with the original proposal, and Nobuhito Endo and Shusaku Ohashi were elected as substitute executive officers.
Fourth Item	Appointment of 2 Supervisory Directors	This item was approved in accordance with the original proposal, and Yasuyuki Kuribayashi and Kunio Tsuneyama were elected as supervisory directors with 2-year term from August 1, 2013.

② Board of Directors

There was no execution or modification of significant agreements approved by the Board of Directors of the Top REIT during the fifteenth 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)	
	Fourteenth Fiscal Period (Reference) (as of April 30, 2013)	Fifteenth Fiscal Period (as of October 31, 2013)
Assets		
Current assets		
Cash and deposits	520,404	903,314
Cash and deposits in trust	4,180,585	3,939,421
Operating accounts receivable	27,442	103,255
Prepaid expenses	317,249	329,136
Deferred tax assets	16	17
Other	1,830	6,586
Total current assets	5,047,529	5,281,731
Noncurrent assets		
Property, plant and equipment		
Buildings	1,150,996	1,150,996
Accumulated depreciation	(194,278)	(210,309)
Buildings, net	956,718	940,687
Structures	5,559	5,559
Accumulated depreciation	(3,153)	(3,280)
Structures, net	2,406	2,278
Machinery and equipment	17,235	20,309
Accumulated depreciation	(10,927)	(11,393)
Machinery and equipment, net	6,308	8,915
Tools, furniture and fixtures	5,013	5,717
Accumulated depreciation	(1,341)	(1,724)
Tools, furniture and fixtures, net	3,671	3,992
Land	4,888,525	4,888,525
Buildings in trust	62,648,114	62,810,594
Accumulated depreciation	(13,869,346)	(14,921,677)
Buildings in trust, net	48,778,767	47,888,916
Structures in trust	697,808	697,890
Accumulated depreciation	(280,312)	(298,860)
Structures in trust, net	417,496	399,030
Machinery and equipment in trust	255,258	256,518
Accumulated depreciation	(118,488)	(131,514)
Machinery and equipment in trust, net	136,770	125,003
Tools, furniture and fixtures in trust	250,945	260,147
Accumulated depreciation	(126,500)	(141,218)
Tools, furniture and fixtures in trust, net	124,444	118,928
Land in trust	125,686,918	125,686,918
Total property, plant and equipment	181,002,027	180,063,196
Intangible assets		
Other intangible assets in trust	1,603	1,356
Other	106	85
Total intangible assets	1,709	1,441
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	706,676	562,703
Other	211,855	231,780
Total investments and other assets	928,531	804,484
Total noncurrent assets	181,932,269	180,869,122
Deferred assets		
Investment corporation bond issuance costs	23,884	18,372
Total deferred assets	23,884	18,372
Total assets	187,003,684	186,169,227

	(Unit: thousand yen)	
	Fourteenth Fiscal Period (Reference) (as of April 30, 2013)	Fifteenth Fiscal Period (as of October 31, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	259,047	136,532
Current portion of long-term loans payable	135,000	4,135,000
Accounts payable – other	247,216	239,584
Accrued expenses	130,623	131,320
Income taxes payable	702	859
Accrued consumption taxes	20,742	61,670
Advances received	726,380	705,842
Other	4,693	2,821
Total current liabilities	1,524,405	5,413,630
Noncurrent liabilities		
Investment corporation bond	8,500,000	8,500,000
Long-term loans payable	87,430,000	83,362,500
Tenant leasehold and security deposits	101,016	101,016
Tenant leasehold and security deposits in trust	5,286,521	4,873,415
Deferred tax liabilities	26,141	19,293
Long-term advances received	166	122
Derivatives liabilities	7,901	27,949
Total noncurrent liabilities	101,351,746	96,884,297
Total liabilities	102,876,152	102,297,927
Net Assets		
Unitholders' equity		
Unitholders' capital	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	49,958	49,958
Total Voluntary retained earnings	49,958	49,958
Unappropriated retained earnings (undisposed loss)	1,822,649	1,579,617
Total surplus	1,872,608	1,629,576
Total unitholders' equity	84,132,708	83,889,676
Valuation and translation adjustments		
Deferred gains or losses on hedges	(5,177)	(18,376)
Total valuation and translation adjustments	(5,177)	(18,376)
Total net assets	84,127,531	83,871,299
Total liabilities and net assets	187,003,684	186,169,227

III. Statements of Income

	(Unit: thousand yen)	
	Fourteenth Fiscal Period (Reference) (From November 1, 2012 to April 30, 2013)	Fifteenth Fiscal Period (From May 1, 2013 to October 31, 2013)
Operating revenue		
Rent revenue – real estate	5,370,000	5,125,553
Other lease business revenue	474,649	28,748
Total operating revenue	5,844,649	5,154,302
Operating expenses		
Expenses related to rent business	2,848,597	2,438,852
Asset management fee	416,586	406,366
Asset custody fee	8,443	8,385
Administrative service fees	64,413	64,806
Directors' compensations	6,300	6,300
Audit fee	10,000	10,000
Other operating expenses	42,779	46,940
Total operating expenses	3,397,120	2,981,651
Operating income	2,447,529	2,172,650
Non-operating income		
Interest income	1,346	641
Reversal of dividends payable	1,093	825
Insurance income	234	10,304
Other	798	71
Total non-operating income	3,472	11,842
Non-operating expenses		
Interest expenses	438,278	406,843
Interest expense on investment corporation bonds	42,034	42,965
Amortization of investment corporation bond issuance	5,511	5,511
Borrowing related expenses	136,221	143,961
Other	5,377	4,639
Total non-operating expenses	627,423	603,922
Ordinary income	1,823,578	1,580,570
Income before income taxes	1,823,578	1,580,570
Income taxes – current	945	958
Income taxes – deferred	0	(0)
Total income taxes	946	957
Net income	1,822,632	1,579,612
Retained earnings brought forward	17	4
Unappropriated retained earnings (undisposed loss)	1,822,649	1,579,617

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

	(Unit: thousand yen)	
	Fourteenth Fiscal Period (Reference) (From November 1, 2012 to April 30, 2013)	Fifteenth Fiscal Period (From May 1, 2013 to October 31, 2013)
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	82,260,100	82,260,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry		
Balance at the beginning of the period	49,958	49,958
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	49,958	49,958
Total Voluntary retained earnings		
Balance at the beginning of the period	49,958	49,958
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	49,958	49,958
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of the period	2,001,377	1,822,649
Changes of items during the period		
Dividends from surplus	(2,001,360)	(1,822,645)
Net income	1,822,632	1,579,612
Total changes of items during the period	(178,727)	(243,032)
Balance at the end of current period	1,822,649	1,579,617
Total surplus		
Balance at the beginning of the period	2,051,336	1,872,608
Changes of items during the period		
Dividends from surplus	(2,001,360)	(1,822,645)
Net income	1,822,632	1,579,612
Total changes of items during the period	(178,727)	(243,032)
Balance at the end of current period	1,872,608	1,629,576
Total unitholders' equity		
Balance at the beginning of the period	84,311,436	84,132,708
Changes of items during the period		
Dividends from surplus	(2,001,360)	(1,822,645)
Net income	1,822,632	1,579,612
Total changes of items during the period	(178,727)	(243,032)
Balance at the end of current period	84,132,708	83,889,676
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the beginning of the period	(6,909)	(5,177)
Changes of items during the period		
Net changes of items other than unitholders' equity (net)	1,732	(13,199)
Total changes of items during the period	1,732	(13,199)
Balance at the end of current period	(5,177)	(18,376)
Total valuation and translation adjustments		
Balance at the beginning of current period	(6,909)	(5,177)
Changes of items during the period		
Net changes of items other than unitholders' equity (net)	1,732	(13,199)

Total changes of items during the period	1,732	(13,199)
Balance at the end of current period	(5,177)	(18,376)
Total net assets		
Balance at the beginning of the period	84,304,526	84,127,531
Changes of items during the period		
Dividends from surplus	(2,001,360)	(1,822,645)
Net income	1,822,632	1,579,612
Net changes of items other than unitholders' equity (net)	1,732	(13,199)
Total changes of items during the period	(176,995)	(256,231)
Balance at the end of current period	84,127,531	83,871,299

V. Notes to Financial Statements

Note 1. Premise of the Going Concern

Fourteenth Fiscal Period (Reference) For the period from November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period from May 1, 2013 to October 31, 2013
There are none applicable	There are none applicable

Note 2. Significant Accounting Policies

Classification	Fourteenth Fiscal Period(Reference) For the period from November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period from May 1, 2013 to October 31, 2013																
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> <tr> <td>Building</td> <td>2~59 years</td> </tr> <tr> <td>Structures</td> <td>2~54 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>3~15 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>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	3~15 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> <tr> <td>Building</td> <td>2~59 years</td> </tr> <tr> <td>Structures</td> <td>2~54 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>3~15 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>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	3~15 years	Tools, furniture and fixtures	2~12 years
Building	2~59 years																	
Structures	2~54 years																	
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Building	2~59 years																	
Structures	2~54 years																	
Machinery and equipment	3~15 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																

<p>3. 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.</p> <p>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 14th fiscal period, the amount equivalent to the property taxes included as the acquisition costs of real estate totaled 4,143 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.</p> <p>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 15th fiscal period, there was no amount equivalent to the property taxes included as the acquisition costs of real estate.</p>
<p>4. 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>

<p>5. Other Significant Items Fundamental to Preparing the Financial Statements</p>	<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>(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>
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Note 3. Balance Sheet

Fourteenth Fiscal Period(Reference) As of April 30, 2013	Fifteenth Fiscal Period As of October 31, 2013																																
<p>1. Asset Pledged as Collateral and Secured Liabilities</p> <p>Assets pledged as collateral are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Thousand yen)</td> </tr> <tr> <td>Building in trust</td> <td style="text-align: right;">2,335,576</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">78,410</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>11,306,078</u></td> </tr> </table> <p>Secured liabilities are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Thousand yen)</td> </tr> <tr> <td>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>		(Thousand yen)	Building in trust	2,335,576	Structures in trust	78,410	Land in trust	8,892,092	<u>Total</u>	<u>11,306,078</u>		(Thousand yen)	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> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Thousand yen)</td> </tr> <tr> <td>Building in trust</td> <td style="text-align: right;">2,293,491</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">75,750</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>11,261,334</u></td> </tr> </table> <p>Secured liabilities are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Thousand yen)</td> </tr> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">326,648</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>326,648</u></td> </tr> </table>		(Thousand yen)	Building in trust	2,293,491	Structures in trust	75,750	Land in trust	8,892,092	<u>Total</u>	<u>11,261,334</u>		(Thousand yen)	Tenant leasehold and security deposits in trust	326,648	<u>Total</u>	<u>326,648</u>
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Building in trust	2,293,491																																
Structures in trust	75,750																																
Land in trust	8,892,092																																
<u>Total</u>	<u>11,261,334</u>																																
	(Thousand yen)																																
Tenant leasehold and security deposits in trust	326,648																																
<u>Total</u>	<u>326,648</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 4. Statement of Income and Retained Earnings

	Fourteenth Fiscal Period (Reference) For the period From November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period From May 1, 2013 to October 31, 2013
(Thousand yen)		
A. Revenue related to rent business		
Rental and parking revenue	5,107,387	4,824,773
Other lease revenue	262,613	300,780
Other lease business revenue	472,947	23,107
Cancellation penalty received	1,701	5,640
Total revenue related to rent business	5,844,649	5,154,302
B. Expenses related to rent business:		
Property management costs and fees	400,198	388,378
Utilities expenses	207,102	244,453
Property-related taxes and dues	564,682	581,017
Non-life insurance expenses	9,446	10,225
Repair expenses	522,669	75,513
Depreciation and amortization	1,121,794	1,115,879
Other	22,704	23,385
Total expenses related to rent business	2,848,597	2,438,852
C. Revenue and expenses of real estate rent business (A – B)	2,996,051	2,715,449

Note 5. Unitholders' Equity

	Fourteenth Fiscal Period (Reference) For the period From November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period From May 1, 2013 to October 30, 2013
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 6. Tax Effect Accounting

1. Breakdown of deferred gains or losses by cause

(Deferred Tax Assets)

(Thousand yen)

	Fourteenth Fiscal Period (Reference) For the period From November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period From May 1, 2013 to October 31, 2013
Current assets		
Income taxes – current payable	16	17
Noncurrent assets		
Deferred gains or losses on hedges	2,686	9,534
Total deferred tax assets	2,702	9,551

(Deferred Tax Liabilities)

(Thousand yen)

	Fourteenth Fiscal Period (Reference) For the period From November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period From May 1, 2013 to October 31, 2013
Noncurrent liabilities		
Reserve for reduction entry	28,827	28,827
Total deferred tax liabilities	28,827	28,827
(Net deferred tax liabilities)	26,125	19,276

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

	Fourteenth Fiscal Period (Reference) For the period From November 1, 2012 to April 30, 2013	Fourteenth Fiscal Period (Reference) For the period From May 1, 2013 to October 30, 2013
Effective statutory tax rate	36.59%	36.59%
(Adjustment)		
Deductible cash distributions	(36.57%)	(36.57%)
Other	0.03%	0.04%
Effective tax rate after applying tax effect accounting	0.05%	0.06%

Note 7. Leases

There are none applicable.

Note 8. Financial Instruments

Information on financial instruments for the periods ended April 30, 2013 and October 31, 2013 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 "4. 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 November 1, 2012 to April 30, 2013 (14th fiscal period) (Reference)

The following table includes the book value, fair value and valuation difference of financial instruments as of April 30, 2013. 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 April 30, 2013		
	Book value	Fair value	Difference
(1) Cash and deposits	520,404	520,404	—
(2) Cash and deposits in trust	4,180,585	4,180,585	—
Total assets	4,700,990	4,700,990	—
(3) Current portion of long-term loans payable	135,000	136,524	1,524
(4) Investment corporation bond	8,500,000	8,562,050	62,050
(5) Long-term loans payable	87,430,000	87,925,986	495,986
(6) Tenant leasehold and security deposits in trust	75,870	75,870	—
Total liabilities	96,140,870	96,700,431	559,560
Derivative transactions (*1)			
Applied hedge accounting	(7,901)	(7,901)	—
Total derivative transactions	(7,901)	(7,901)	—

(*1): The value of assets and liabilities arising from derivative transactions is shown in net value, with amount in parentheses representing the net liability position.

(Note1) 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		
Principal treatment method	Interest rate swap Pay fixed / receive floating	Long-term loans payable	8,500,000	8,500,000	(7,901)	Calculated on value provided by counterparty financial institution
Special treatment of interest-rate swaps	Interest rate swap Pay fixed / receive floating	Long-term loans payable	18,700,000	18,700,000	(*2)	—

(*2) 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 (*3)	5,210,650
Total	5,210,650

(*3) 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	520,404
Cash and deposits in trust	4,180,585
Total	4,700,990

(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 years	Due after four to five years	Due after five years
Investment corporation bonds	—	—	8,500,000	—	—	—
Long-term loans payable	135,000	4,135,000	33,610,000	23,930,000	25,755,000	—
Total	135,000	4,135,000	42,110,000	23,930,000	25,755,000	—

For the period from May 1, 2013 to October 31, 2013 (15th fiscal period)

The following table includes the book value, fair value and valuation difference of financial instruments as of October 31, 2013. 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, 2013		
	Book value	Fair value	Difference
(1) Cash and deposits	903,314	903,314	—
(2) Cash and deposits in trust	3,939,421	3,939,421	—
Total assets	4,842,736	4,842,736	—
(3) Current portion of long-term loans payable	4,135,000	4,177,692	42,692
(4) Investment corporation bond	8,500,000	8,557,545	57,545
(5) Long-term loans payable	83,362,500	83,630,591	268,091
(6) Tenant leasehold and security deposits in trust	781,889	781,889	—
Total liabilities	96,779,389	97,147,717	368,328
Derivative transactions (*1)			
Applied hedge accounting	(27,949)	(27,949)	—
Total derivative transactions	(27,949)	(27,949)	—

(*1): The value of assets and liabilities arising from derivative transactions is shown in net value, with amount in parentheses representing the net liability position.

(Note1) 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 referential figure disclosed by the financial data provider.

- (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		
Principal treatment method	Interest rate swap Pay fixed / receive floating	Long-term loans payable	8,500,000	8,500,000	(27,949)	Calculated on value provided by counterparty financial institution
Special treatment of interest-rate swaps	Interest rate swap Pay fixed / receive floating	Long-term loans payable	18,700,000	16,700,000	(*2)	—

(*2) 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 (*3)	4,091,526
Total	4,091,526

(*3) 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	903,314
Cash and deposits in trust	3,939,421
Total	4,842,736

(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 years	Due after four to five years	Due after five years
Investment corporation bonds	—	8,500,000	—	—	—	—
Long-term loans payable	4,135,000	10,210,000	26,535,000	38,362,500	8,255,000	—
Total	4,135,000	18,710,000	26,535,000	38,362,500	8,255,000	—

Note 9. 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 November 1, 2012 to April 30, 2013 (14th 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	
180,446,329	557,301	181,003,631	172,360,000

(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 MEL Building (1,235,619 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, loss and profit concerning investment and rental properties for fiscal period ended April 30, 2013 is presented in "Note 4. Statement of Income and Retained Earnings."

For the period from May 1, 2013 to October 31, 2013 (15th 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	
181,003,631	(939,077)	180,064,553	170,470,000

(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 to capital expenditures, 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, loss and profit concerning investment and rental properties for fiscal period ended October 31, 2013 is presented in "Note 4. Statement of Income and Retained Earnings."

Note 10. Transactions with Interested Parties

For the period from November 1, 2012 to April 30, 2013 (14th fiscal period) (Reference)

Attribution	Company name	Business description or occupation	Ratio of investment units held among total number of investment units (Note 1)	Type of transaction	Amount of transaction (thousand yen) (Note 2)	Item in balance sheets	Balance at period end (thousand yen) (Note 2)
Interested Party	Japan Trustee Services Bank, Ltd.	Banking	25.15% (Note 3)	Rent revenue, etc (Note 4)	531,391	Operating accounts receivable	6,936
						Advances received	68,255
Interested Party and Assets custodian	Sumitomo Mitsui Trust Bank, Limited.	Banking	2.04%	Administrative service fee	64,413	Accounts payable-other	57,921
				Brokerage fee	10,000	Operating accounts payable	—
				Trust fee	15,125		
				Other fees paid	1,429		
				Property management expenses	1,250		
				Other non-operating expenses	342	Long-term prepaid expenses	1,140
						Prepaid expenses	720
				Borrowing related expenses	56,662	Long-term prepaid expenses	227,315
						Prepaid expenses	96,251
				Investment corporation bond related expenses	623	Accounts payable-other	53
		Investment corporation bond issuance expenses	2,429				

(Note 1): Ratio of investment units held is rounded down to the second decimal place.

(Note 2): 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 3): The described above ratio was held to trust accounts. The ratio is rounded down to the second decimal place.

(Note 4): The described above rent revenues, etc. include rents and common service revenue as well as related utilities revenue, additional facilities use revenue and parking revenue.

For the period from May 1, 2013 to October 31, 2013 (15th fiscal period)

Attribution	Company name	Business description or occupation	Ratio of investment units held among total number of investment units (Note 1)	Type of transaction	Amount of transaction (thousand yen) (Note 2)	Item in balance sheets	Balance at period end (thousand yen) (Note 2)
Interested Party	Japan Trustee Services Bank, Ltd.	Banking	29.24% (Note 3)	Rent revenue, etc (Note 4)	512,902	Operating accounts receivable	6,722
						Advances received	68,255
Interested Party and Assets custodian	Sumitomo Mitsui Trust Bank, Limited.	Banking	2.05%	Administrative service fee	64,806	Accounts payable-other	57,554
				Trust fee	15,125	Operating accounts payable	—
				Other fees paid	1,102		
				Property management expenses	1,250		
				Other operating expenses	848	Accounts payable-other	—
				Other non-operating expenses	342	Long-term prepaid expenses	780
						Prepaid expenses	720
				Borrowing related expenses	59,833	Long-term prepaid expenses	179,536
						Prepaid expenses	95,905
				Investment corporation bond related expenses	625	Accounts payable-other	54
Investment corporation bond issuance expenses	1,868						

(Note 1): Ratio of investment units held is rounded down to the second decimal place.

(Note 2) 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 3) The described above ratio was held to trust accounts.

(Note 4) The described above rent revenues, etc. include rents and common service revenue as well as related utilities revenue, additional facilities use revenue and parking revenue.

Note 11. Per Unit Information

Fourteenth Fiscal Period (Reference) For the period from November 1, 2012 to April 30, 2013		Fifteenth Fiscal Period For the period from May 1, 2013 to October 30, 2013	
Net Assets per Unit	542,758 yen	Net Assets per Unit	541,105yen
Net Income per Unit	11,759 yen	Net Income per Unit	10,191yen
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:

	Fourteenth Fiscal Period (Reference) For the period from November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period from May 1, 2013 to October 30, 2013
Net Income (thousand yen)	1,822,632	1,579,612
Amounts not attributable to ordinary unitholders (thousand yen)	—	—
Net income attributable to ordinary investment unit (thousand yen)	1,822,632	1,579,612
Weighted-average number of units during the period (unit)	155,000	155,000

Note 12. Significant Subsequent Events

<p style="text-align: center;">Fourteenth Fiscal Period (Reference)</p> <p style="text-align: center;">For the period from November 1, 2012 to April 30, 2013</p>	<p style="text-align: center;">Fifteenth Fiscal Period</p> <p style="text-align: center;">For the period from May 1, 2012 to October 1 30, 2013</p>																						
<p>There are none applicable.</p>	<p>Issuance of new investment units Top REIT resolved on issuance of new investment units, as described below, at its board of directors meetings held on November 7 and November 18, 2013. Payment was completed on November 25, 2013 for issuance of new investment units through public offering, and on December 13, 2013 for third-party allotment, respectively.</p> <p>(Issuance of New Investment Units through Public Offering)</p> <table border="0"> <tr> <td>Number of investment units to be offered:</td> <td style="text-align: right;">20,000 units</td> </tr> <tr> <td>Issue price (offer price):</td> <td style="text-align: right;">438,750 yen per unit</td> </tr> <tr> <td>Total issue price (total offer price):</td> <td style="text-align: right;">8,775,000,000 yen</td> </tr> <tr> <td>Amount to be paid in (purchase price):</td> <td style="text-align: right;">423,000 yen per unit</td> </tr> <tr> <td>Total amount to be paid in (total purchase price):</td> <td style="text-align: right;">8,460,000,000 yen</td> </tr> <tr> <td>Payment date:</td> <td style="text-align: right;">November 25, 2013</td> </tr> </table> <p>(Third-Party Allotment)</p> <table border="0"> <tr> <td>Number of investment units to be offered:</td> <td style="text-align: right;">1,000 units</td> </tr> <tr> <td>Amount to be paid in (purchase price):</td> <td style="text-align: right;">423,000 yen per unit</td> </tr> <tr> <td>Total amount to be paid in (total purchase price):</td> <td style="text-align: right;">423,000,000 yen</td> </tr> <tr> <td>Payment date:</td> <td style="text-align: right;">December 13, 2013</td> </tr> <tr> <td>Allottee:</td> <td style="text-align: right;">Daiwa Securities, Co. Ltd.</td> </tr> </table> <p>(Use of funds)</p> <p>Top REIT allocated the proceeds from the public offering to part of the funds for the acquisition of specified assets. The proceeds from the issuance of new investment units by way of third-party allotment will be allocated to funds for the future acquisition of specified assets or for the repayment of loans.</p>	Number of investment units to be offered:	20,000 units	Issue price (offer price):	438,750 yen per unit	Total issue price (total offer price):	8,775,000,000 yen	Amount to be paid in (purchase price):	423,000 yen per unit	Total amount to be paid in (total purchase price):	8,460,000,000 yen	Payment date:	November 25, 2013	Number of investment units to be offered:	1,000 units	Amount to be paid in (purchase price):	423,000 yen per unit	Total amount to be paid in (total purchase price):	423,000,000 yen	Payment date:	December 13, 2013	Allottee:	Daiwa Securities, Co. Ltd.
Number of investment units to be offered:	20,000 units																						
Issue price (offer price):	438,750 yen per unit																						
Total issue price (total offer price):	8,775,000,000 yen																						
Amount to be paid in (purchase price):	423,000 yen per unit																						
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Payment date:	November 25, 2013																						
Number of investment units to be offered:	1,000 units																						
Amount to be paid in (purchase price):	423,000 yen per unit																						
Total amount to be paid in (total purchase price):	423,000,000 yen																						
Payment date:	December 13, 2013																						
Allottee:	Daiwa Securities, Co. Ltd.																						

VI. Statements of Cash Dividend Distributions

Classification	Fourteenth Fiscal Period (Reference) For the period from November 1, 2012 to April 30, 2013	Fifteenth Fiscal Period For the period from May 1, 2013 to October 31, 2013
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	1,822,649,910	1,579,617,747
II. Total Amount of Dividends (Dividend per unit)	1,822,645,000 (11,759)	1,579,605,000 (10,191)
III. Retained earnings brought forward	<u>4,910</u>	<u>12,747</u>

Note1: In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Law.” Based on these policies, Top REIT decided on a total distribution of 1,822,645,000 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 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.

Note2: In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the amounts of dividends are limited to the amounts of income. The article also stipulates the policy that “Top REIT shall distribute amount in excess of the amount equivalent to 90% of its distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Law.” Based on these policies, Top REIT decided on a total distribution of 1,579,605,000 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 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.

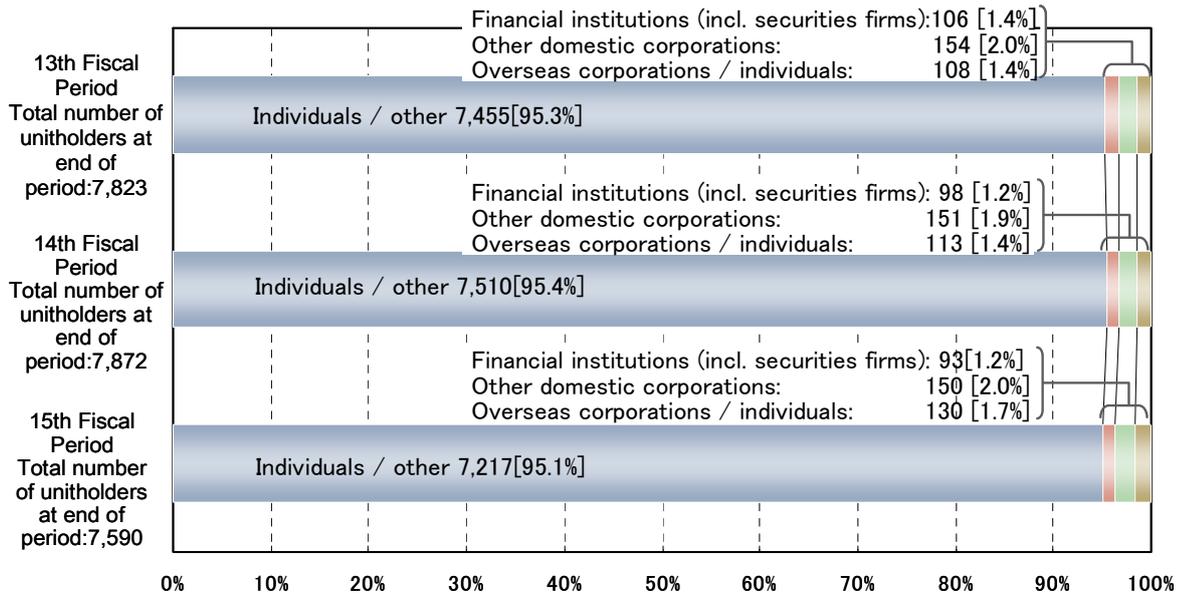
Under Article 130 of the Law Concerning Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the fiscal period ended October 31, 2013 have been audited by KPMG AZSA, in accordance with auditing standards generally accepted in Japan. However, this English translation 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)

	Fourteenth Fiscal Period (From November 1, 2012 to April 30, 2013)	Fifteenth Fiscal Period (From May 1, 2013 – to October 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	1,823,578	1,580,570
Depreciation and amortization	1,121,794	1,115,879
Amortization of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Interest income and interest on securities	(1,346)	(641)
Interest expenses	480,312	449,809
Decrease (increase) in operating accounts receivable	8,398	(75,812)
Decrease (increase) in prepaid expenses	(55,845)	(11,887)
Increase (decrease) in operating accounts payable	32,816	(9,835)
Increase (decrease) in accounts payable – other	(7,612)	(1,280)
Increase (decrease) in accrued consumption taxes	(81,983)	40,927
Increase (decrease) in advances received	(219,570)	(20,537)
Decrease (increase) in long-term prepaid expenses	(93,389)	143,973
Other, net	(19,154)	(31,711)
Subtotal	2,993,532	3,184,987
Interest income received	1,346	641
Interest expenses paid	(523,755)	(449,111)
Income taxes paid	(931)	(801)
Net cash provided by (used in) operating activities	2,470,191	2,735,714
Net cash provided by (used in) investing activities		
Payments into time deposits	(192,000)	–
Proceeds from withdrawal of time deposits	192,000	–
Purchase of property, plant and equipment	(4,642)	(549)
Purchase of property, plant and equipment in trust	(1,519,956)	(290,168)
Repayments of tenant leasehold and security deposits	(24,885)	–
Proceeds from tenant leasehold and security deposits in trust	251,829	95,109
Repayments of tenant leasehold and security deposits in trust	(477,907)	(508,214)
Net cash provided by (used in) investing activities	(1,775,561)	(703,823)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,800,000	–
Decrease in short-term loans payable	(2,800,000)	–
Proceeds from long-term loans payable	18,330,000	–
Repayment of long-term loans payable	(19,167,500)	(67,500)
Dividends paid	(2,001,360)	(1,822,645)
Net cash provided by (used in) financing activities	(2,838,860)	(1,890,145)
Net increase (decrease) in cash and cash equivalents	(2,144,229)	141,745
Cash and cash equivalents at beginning of period	6,845,219	4,700,990
Cash and cash equivalents at end of period	4,700,990	4,842,736

No. of Units Held



No. of Unitholders

