

July 29, 2011

Referential Translation

Investment Corporation :
 Top REIT Inc.
 1-13-1 Nihonbashi, Chuo-Ward, Tokyo
 Executive Officer: Hiroaki Amano
 (Securities Code: 8982)

Asset Management Company :
 Top REIT Asset Management Co., Ltd.
 1-13-1 Nihonbashi, Chuo-Ward, Tokyo
 Nobuhito Endo
 President and Representative Director

Inquiries :
 Koji Murata
 Director, General Manager
 Financial Division
 (Phone: +81-(0)3-3243-2181)

**Notice of Acquisition of Real Estate Property in Japan
 (Impress Musashi-Koganei)**

Top REIT, Inc. (“Top REIT”) hereby announces that it today decided to acquire real estate in Japan (hereinafter, the “Property”), as described below.

1. Overview of Acquisition

Type of Title	Real estate in Japan
Name of Property	Impress Musashi-Koganei
Anticipated Acquisition Price	1,223,400,000 yen (Note)
Date of Sales Agreement	July 29, 2011
Anticipated Acquisition Date	August 12, 2011
Seller	Pantheon Real Estate Co., Ltd.
Source of Funding	Cash on hand (To be scheduled)
Method of Settlement	Lump-sum payment on the acquisition date

(Note) The anticipated acquisition price is the price for sale specified in the sales agreement (excluding consumption tax and equivalents) which does not include acquisition expenses, real property tax, city planning tax, etc.

Furthermore, Top REIT plans to execute a trust agreement for real estate management and disposal (hereinafter, the “Trust Agreement”), in which the Property is set as a trust asset, as of the same date after acquiring the Property. The overview of the Trust Agreement is as follows.

Trustee	The Chuo Mitsui Trust and Banking Company, Limited (To be scheduled)
Term of Trust Agreement	August 12, 2011 to August 12, 2021 (To be scheduled)

2. Reason for Acquisition

This property is being acquired in accordance with the investment policy of Top REIT as stipulated in its Articles of Incorporation. In making the investment decision on this acquisition, great emphasis was placed on the distance from the nearest station, good access to the central Tokyo, plentiful convenience facilities for daily life, stable tenant needs and excellent building quality and equipped facilities involving the Property. Details are indicated in the following table.

Features of the Location	<ul style="list-style-type: none"> • The Property features transport convenience, as it is about a 4 minute walk from Musashi-Koganei Station on the JR Chuo Line, from which it takes only approximately 20 minutes to Shinjuku Station, a major terminal station, by train. • The north exit of Musashi-Koganei Station faces an area where Seiyu and other retail facilities are concentrated. In addition, as a result of a redevelopment project completed in around the south exit of the station in 2009, Ito-Yokado and other retail facilities were newly opened and such public facilities as the Civic Interchange Center were established. These offer plentiful convenience facilities for daily life. • The Koganei area, in which the Property is located, has multiple college campuses including Tokyo University of Agriculture and Technology, Hosei University and Asia University, allowing anticipation for needs from university-related individuals and needs from office workers commuting to the central Tokyo.
Building	<ul style="list-style-type: none"> • The Property can meet a variety of needs, as it offers a residential unit type plan comprising primarily 1K for singles but also 2DK for small families. • Completed in June 2008, the property is fairly young, and has strong appeal in terms of building quality and equipped facilities as it is equipped with independent washstands and toilets as well as bathroom dryers for all units.

3. Description of the Asset being Acquired

Description of the Property

Address	(Registered Address) 4-1420-1, Nakamachi, Koganei-shi, Tokyo (Residential Building Address) 4-14-18, Nakamachi, Koganei-shi, Tokyo	
Access	About a 4-minute walk from Musashi-Koganei Station on the JR Chuo Line	
Usage	Apartment and shop	
Structure/Floors	Reinforced concrete structure with a flat roof; 10 floors above ground	
Area	Land	760.85m ²
	Building	2,471.30m ² (total floor area)
Type of Title	Land	Ownership
	Building	Compartmentalized ownership (Note 1)
Completion Date	June 2008	
Architect	Shinya Architects Co., Ltd.	
Contractor	Tobishima Corporation	
Structural Engineer	Tokyo Kochiku Sekkei Office	
Construction Confirmation	Urban Housing Evaluation Center	
Total Number of Units	67 units (66 residential and 1 retail)	

Total Leasable Area	2,056.41m ²
Total Leased Units	63 units (63 residential and 0 retail) (as the end of June , 2011)
Total Leased Area	1,905.97m ² (as the end of June , 2011)
Occupancy Rate	92.7% (residential: 95.3%, retail: 0%, (as the end of June , 2011)
Number of Tenants	One (Note 2)
Anticipated Acquisition Price	1,223,400 thousand yen
Appraisal Value	1,270,000 thousand yen (Japan Real Estate Institute; dated July 1, 2011) (Please refer to Appendix 1 for an overview of the appraisal.)
PML Value (Earthquake)	6.4% (based on the earthquake risk analysis reports dated July 19, 2011 and issued by Engineering & Risk Service Corporation and Oyo RMS Corporation)
Collateralized (Y/N)	No
Property Manager (To be scheduled)	Tokyu Community Corporation (Note 2)
Remarks	The boundary assessment for private- and publicly-owned lands has not been completed for the boundary between the Property and the urban planning road (Koganei Urban Planning Road No. 3.4.3) to the north of the Property.

*The address (excluding the residential building address), usage, structure and floors, area (total floor area) and completion date are based on the descriptions in the registry.

(Note 1) Top REIT plans to acquire the whole compartmentalized ownership of an entire building.

(Note 2) The trustee and Tokyu Community Corporation plan to execute a master lease and property management agreement as of August 12, 2011. The number of tenants is the figure after the master lease and property management agreement is concluded.

4. Overview of the Lease Agreement (overview of the master lease and property management agreement scheduled to be completed)

Tenant	Tokyu Community Corporation
Principal Business	Consigned management, lease, construction and others
Type of Lease Agreement	Standard lease agreement
Term of Lease	August 12, 2011 to March 31, 2013
Leased Area	2,056.41m ²
Total Amount of Annual Rent	81,180,000 yen (Note 1)
Deposit and Guarantee	13,913,000 yen (Note 2)

(Note 1) The total amount of annual rent is obtained by multiplying the monthly rent based on the lease agreement with the end tenants as of the end of June 2011 by 12. Furthermore, this does not include income from parking lots, etc.

(Note 2) The deposit and guarantee are based on the description in the lease agreements with end tenants as of the end of June 2011. Furthermore, this does not include income from parking lots, etc.

*Based on the master lease and property management agreement scheduled for conclusion as of August 12, 2011, the trustee will lease the entire Property to Tokyu Community Corporation, which will sublease it to end tenants as the master lease company (i.e. "pass-through" scheme).

5. Overview of the Seller

Name	Pantheon Real Estate Co., Ltd
Address	1-4-3, Iwamotocho, Chiyoda-Ward, Tokyo
Representative	Hirotoishi Takahashi
Principal Business	Real estate business
Paid-in Capital	30 million yen
Establishment Date	February 2, 1999
Net Assets	Undisclosed since we were not able to obtain consent from the seller with respect to disclosure
Total Assets	Undisclosed since we were not able to obtain consent from the seller with respect to disclosure
Major Shareholders and Shareholding Ratio	Undisclosed since we were not able to obtain consent from the seller with respect to disclosure
Relationship with Top REIT and/or Top REIT Asset Management Company Co., Ltd. (TRAM)	
Capital Relationship	There is no capital relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special capital relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Personnel Relationship	There is no personnel relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special personnel relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Business Relationship	There is no business relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special business relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Status as a Related Party	The seller does not fall under the definition of a related party of Top REIT and/or TRAM. The related parties and affiliates of the seller also do not fall under the definition of a related party of Top REIT and/or TRAM.

(Note) The figures are as of June 30, 2011.

6. Status of the Seller

The Property has not been acquired from any party that has a special interest relationship with Top REIT and/or TRAM.

7. Transactions with Interested Parties

None

8. Overview of Brokerage

1) Overview of Broker

Broker	The Chuo Mitsui Trust and Banking Company, Limited
Address	3-33-1, Shiba, Minato-Ward, Tokyo
Representative	Jun Okuno, President and Representative Director
Principal Business	Banking, trust and financial instruments transactions (restricted to those admitted as registered financial institution businesses)
Paid-in Capital	399.6 billion yen (as of March 31, 2011)
Establishment Date	May 1962
Relationship with Top REIT	The broker does not fall under the definition of a related party

and TRAM	of Top REIT and/or TRAM. The related parties of the broker and its affiliates also do not fall under the definition of a related party of Top REIT and/or TRAM.
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2) Breakdown and Amount of Commission

Commission	Undisclosed since we were not able to obtain consent from the broker with respect to disclosure
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9. Acquisition Schedule

Date of Decision on Acquisition	July 29, 2011
Date of Sales Agreement	July 29, 2011
Date of Payment	August 12, 2011 (To be scheduled)
Date of Delivery	August 12, 2011 (To be scheduled)

10. Forecast on Business Results

Since the impact of the acquisition of the Property on the business results for the fiscal period ending October 2011 (the Eleventh Fiscal Period: from May 1, 2011 to October 31, 2011) and the fiscal period ending April 2012 (the Twelfth Fiscal Period: from November 1, 2011 to April 30, 2012) is minimal, the forecast on operating results for the said fiscal periods shall not be revised from the forecasts announced in the Summary of Earnings Results for the Tenth Fiscal Period (From November 1, 2010 to April 30, 2011) dated June 14, 2011.

<Attachments>

- Appendix 1 Overview of Property Appraisal Statement and Engineering Report
- Appendix 2 Assumed Income and Expenditure of the Property
- Appendix 3 Exterior Photographs and Location Map of the Property
- Appendix 4 Portfolio of Top REIT after Acquisition of the Property

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

Appendix 1 Overview of Property Appraisal Statement and Engineering Report

Overview of Property Appraisal Statement

Appraisal Institution	Japan Real Estate Institute
Appraisal Date	July 1, 2011
Appraisal Value	1,270,000 thousand yen
Capitalized Value through Direct Capitalization Method	1,280,000 thousand yen
Net Operating Income (NOI)	71,624 thousand yen
Net Cash Flow (NCF)	70,181 thousand yen
Cap Rate	5.5%
Capitalized Value through Discounted Cash Flow (DCF) Method	1,260,000 thousand yen
Discount Rate	5.3%
Terminal Cap Rate	5.7%
Indicated Value by Cost Approach	1,180,000 thousand yen
Ratio of Land	43.4%
Ratio of Building	56.6%
Characteristics	
<p>The property is within 5-minute walk from Musashi-Koganei Station, and features good access to retail facilities and other convenience facilities for daily life. Because of these, it enjoys more favored and better location conditions compared with neighboring areas. Moreover, the property, which was built about three years ago, is a rental condominium primarily for singles and satisfies the level consumers demand for similar properties in terms of building quality and equipped facilities. Thus, the property is reasonably competitive in the market compared with similar rental condominiums in the neighborhood.</p>	

Overview of Engineering Report

Building Condition Investigation	
Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	July 2011
Short-term Repair Expenses	0 thousand yen
Long-term Repair Expenses	3,688 thousand yen
Investigation of Building Earthquake Risk	
Investigator	Engineering & Risk Service Corporation Oyo RMS Corporation
Date of Investigation	July 2011
PML	6.4%
Reproduction Cost	547,300 thousand yen
Remarks	
<p>With respect to the property's land, Top REIT was informed that "it is assessed that the investigated site has a low possibility of having soil contamination."</p>	

*Short-term repair expenses indicate the sum of emergency repair expenses and expenses for repairs that have to be carried out within one year based on the Engineering Report.

*Long-term repair expenses indicate the average value of the forecasted long-term repair expenses for the 20 years hereafter based on the Engineering Report, with the figure rounded to nearest one thousand yen.

Overview of Evaluation Report on Earthquake-Resistance Related Items in the Structural Engineering Data

Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	July 2011
Investigation Results	Top REIT was informed that “to the extent of this evaluation, there is no suspect recognized for intentional falsification of structural engineering data by the architect, and it is judged that the architectural design is in principle compliant with the provisions for earthquake resistance in the Building Standard Law, the Order for Enforcement of the Building Standard Law and other regulations.”

Appendix 2 Assumed Income and Expenditure of the Property

Assumed rental revenue (annual)	90,772 thousand yen
Assumed rental expenses (annual)	18,186 thousand yen
Assumed NOI (annual)	72,586 thousand yen

Pre-conditions of Assumed Income and Expenditure

For the figures in the above table, the assumed rental revenue and the assumed rental expenses respectively represent the operating revenues and the operating expenses of the Property for the initial year, calculated by the DCF method described in the real estate appraisal report prepared upon the acquisition, and the difference between the two is entered as the assumed NOI. (These figures are not forecast figures for the next fiscal period.)

Appendix 3 Exterior Photographs and Location Map of the Property
(1) Exterior Photographs



(2) Location Map



Appendix 4 Portfolio of Top REIT after Acquisition of the Property

Portfolio after Acquisition of the Property

Asset Class	Area	Property Name	(Anticipated) Acquisition Price (million yen) (Note 1)	Investment Breakdown (%) (Note 2)
Office Buildings	Central Tokyo	NEC Head Office Building	41,950	23.8
		Harumi Island Triton Square Office Tower Y	33,000	18.7
		Harumi Island Triton Square Office Tower Z	20,000	11.3
		Sumitomo Corporation Nishiki-cho Building	12,700	7.2
		Akasaka Oji Building	9,660	5.5
		Shiba-Koen Building	5,770	3.3
		Kanda Park Plaza	5,156	2.9
	Tokyo Metropolitan Area	Faret East Building	2,091	1.2
	Kansai	Nittetsu Honmachi Building	1,100	0.6
	Subtotal (9 properties)		131,427	74.6
Retail Properties	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	6.8
		Ito-Yokado Higashi-Narashino Store	8,900	5.0
		Musashiurawa Shopping Square	4,335	2.5
	Subtotal (3 properties)		25,235	14.3
Residential Properties	Tokyo Metropolitan Area	Fukasawa House Tower H&I	10,635	6.0
		Ecology Toyosu Procentry	5,160	2.9
		Impress Musashi-Koganei	1,223	0.7
	Subtotal (3 properties)		17,018	9.7
Others	Central Tokyo	OAK PLAZA	2,590	1.5
	Subtotal (1 property)		2,590	1.5
Total	16 properties		176,270	100.0

(Note 1) The (anticipated) acquisition price indicates the transaction price (pre-tax price) described in the real estate sales agreement or the trust beneficiary interest transfer agreement concluded upon acquiring each of the properties, including properties planned for acquisition.

(Note 2) The investment breakdown indicates the ratio of each property and each asset class to the total (anticipated) acquisition price, and is rounded to the first decimal place.