

## Summary of Earnings Results for the Twentieth Fiscal Period (From November 1, 2015 to April 30, 2016)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982, hereinafter “Top REIT”) hereby announces its earnings results for the fiscal period ended April 30, 2016 (Twentieth fiscal period).

### 1. Earnings Results for the Twentieth Fiscal Period

Twentieth Fiscal Period (20<sup>th</sup> FP): From November 1, 2015 to April 30, 2016

Nineteenth Fiscal Period (19<sup>th</sup> FP): From May 1, 2015 to October 31, 2015

#### (1) Business Results

|                                    | Operating Revenue | Period-on-Period Change | Operating Income | Period-on-Period Change | Ordinary Income | Period-on-Period Change |
|------------------------------------|-------------------|-------------------------|------------------|-------------------------|-----------------|-------------------------|
| Period ended                       | Millions of yen   |                         | Millions of yen  |                         | Millions of yen |                         |
| Apr 30, 2016 (20 <sup>th</sup> FP) | ¥5,414            | 0.9 %                   | ¥2,317           | 4.8%                    | ¥1,815          | 9.8%                    |
| Oct 31, 2015 (19 <sup>th</sup> FP) | ¥5,368            | (4.4%)                  | ¥2,210           | (10.6%)                 | ¥1,654          | (12.6%)                 |

|                                    | Net Income      | Period-on-Period Change | Net Income per Unit | Ratio of Net Income to Unitholders' Equity | Ratio of Ordinary Income to Total Assets | Ratio of Ordinary Income to Operating Revenue |
|------------------------------------|-----------------|-------------------------|---------------------|--|--|---|
| Period ended                       | Millions of yen |                         | Yen                 |  |  |   |
| Apr 30, 2016 (20 <sup>th</sup> FP) | (¥3,576)        | –                       | (¥20,318)           | (4.0%)                                     | 1.0%                                     | 33.5 %  |
| Oct 31, 2015 (19 <sup>th</sup> FP) | ¥1,674          | (8.6%)                  | ¥9,513              | 1.8%                                       | 0.9%                                     | 30.8%   |

(Note) Net income per unit is rounded down to the nearest yen.

#### (2) Dividends

|                                    | Dividend (excluding dividend in excess of earnings) |                 | Dividend in Excess of Earnings |                 | Dividend Payout Ratio | Ratio of Dividends to Net Assets |
|------------------------------------|---|-----------------|--------------------------------|-----------------|-----------------------|----------------------------------|
|                                    | Per Unit  | Total           | Per Unit                       | Total           |                       |                                  |
| Period ended                       | Yen   | Millions of yen | Yen                            | Millions of yen |                       |                                  |
| Apr 30, 2016 (20 <sup>th</sup> FP) | ¥0  | ¥–              | ¥11,460                        | ¥2,016          | –                     | –                                |
| Oct 31, 2015 (19 <sup>th</sup> FP) | ¥9,761  | ¥1,717          | ¥0                             | ¥–              | 102.6%                | 1.8%                             |

(Note 1) Since the 43 million yen of reversal of reserve for reduction entry has been added to unappropriated retained earnings for dividends, there are differences between Net Income and Total amount of Dividends as well as Dividend per Unit and Net Income per Unit for the Period ended October 31, 2015.

(Note 2) Dividend in Excess of Earnings (Per Unit) and Dividend in Excess of Earnings (Total) for the Period ended April 30, 2016 are based on the reserve for temporary difference adjustments.

(Note 3) Dividend Payout Ratio and Ratio of Dividends to Net Assets have not been stated for the Period ended April 30, 2016 because there was a net loss per unit in the 20th fiscal period.

#### (3) Financial Position

|                                    | Total Assets    | Net Assets      | Ratio of Unitholders' Equity to Total Assets | Net Assets per Unit |
|------------------------------------|-----------------|-----------------|--|---------------------|
| As of                              | Millions of yen | Millions of yen |  | Yen                 |
| Apr 30, 2016 (20 <sup>th</sup> FP) | ¥183,919        | ¥87,670         | 47.7%  | ¥498,129            |
| Oct 31, 2015 (19 <sup>th</sup> FP) | ¥189,568        | ¥92,976         | 49.0%  | ¥528,278            |

(Note) Net assets per unit are rounded down to the nearest yen.

#### (4) Cash Flows

|                                    | Net Cash Provided by (Used in) Operating Activities | Net Cash Provided by (Used in) Investing Activities | Net Cash Provided by (Used in) Financing Activities | Cash and Cash Equivalents at End of Period |
|------------------------------------|---|---|---|--|
| Period ended                       | Millions of yen                                     | Millions of yen                                     | Millions of yen                                     | Millions of yen                            |
| Apr 30, 2016 (20 <sup>th</sup> FP) | ¥3,005  | (¥876)  | (¥1,812)  | ¥6,536                                     |
| Oct 31, 2015 (19 <sup>th</sup> FP) | ¥2,715  | (¥317)  | (¥2,022)  | ¥6,220                                     |

## 2. Earnings Forecasts for the Twenty first Fiscal Period (Reference) (Note)

Twenty first Fiscal Period (21<sup>st</sup> FP): From May 1, 2016 to October 31, 2016

|                                    | Operating Revenue | Period-on-Period Change | Operating Income | Period-on-Period Change | Ordinary Income | Period-on-Period Change |
|------------------------------------|-------------------|-------------------------|------------------|-------------------------|-----------------|-------------------------|
| Period ending                      | Millions of yen   |                         | Millions of yen  |                         | Millions of yen |                         |
| Oct 31, 2016 (21 <sup>st</sup> FP) | ¥5,324            | (1.6%)                  | ¥2,263           | (2.3%)                  | ¥1,824          | 0.5%                    |

|                                    | Net Income      | Period-on-Period Change | Dividend per Unit (excluding dividend in excess of earnings) | Dividend in Excess of Earnings per Unit |
|------------------------------------|-----------------|-------------------------|--|---|
| Period ending                      | Millions of yen |                         | Yen  | Yen                                     |
| Oct 31, 2016 (21 <sup>st</sup> FP) | ¥1,823          | —                       | ¥9,900   | ¥0                                      |

(Reference) Estimated net income per unit for the 21<sup>st</sup> FP: ¥10,360

With regard to Dividends (Per Unit), it is assumed that the amount remaining after deducting the partial reversal of the reserve for temporary difference adjustments from the estimated net income for the 20th fiscal period will be almost fully distributed as dividends.

(Note) This earnings forecast does not incorporate the execution of the merger with Nomura Real Estate Master Fund Inc. stated in “(e) Significant Subsequent Events” of “(2) Outlook for the next fiscal periods” in “4. Asset Management Performance” below and is only provided as a reference from the perspective of continuity of disclosure. Accordingly, please note that this earnings forecast does not constitute an earnings forecast for Top REIT’s most recent fiscal period that ends the day before the effective date of the merger upon execution of the merger (the deemed business period). Please refer to the “Notice Concerning Forecasts of Financial Results for the Fiscal Period Ending February 28, 2017 following the Merger between Nomura Real Estate Master Fund, Inc., and Top REIT, Inc.” released on May 26, 2016 regarding post-merger earnings forecasts upon execution of the merger.

## 3. Others

### (1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements of Revisions

- a. Changes in accounting policies due to amended accounting standards: No
- b. Changes in accounting policies due to other factors from a. above: No
- c. Changes in accounting estimates: No
- d. Restatements of revisions: No

### (2) Total Number of Investment Units Issued and Outstanding

- a. Total number of investment units (including treasury investment units) issued and outstanding at the end of fiscal period
  - As of April 30, 2016 (20<sup>th</sup> FP): 176,000 units
  - As of October 31, 2015 (19<sup>th</sup> FP): 176,000 units
- b. Number of treasury investment units issued and outstanding at the end of fiscal period
  - As of April 30, 2016 (20<sup>th</sup> FP): 0 units
  - As of October 31, 2015 (19<sup>th</sup> FP): 0 units

#### \* Statement on Implementation Status of Audit Procedure

This Summary of Earnings Results (“*Kessan Tanshin*” in Japanese) report is outside the scope of the auditing procedure under the Financial Instruments and Exchange Act. As of the publication of this report, no auditing procedure under the Financial Instruments and Exchange Act has been completed for the earnings results.

#### \* Explanation on the Appropriate Use of Earnings Forecasts, and Other Matters of Special Note

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Top REIT. Accordingly, the actual results may differ materially due to a variety of factors. Moreover, the forecasts should not be construed as a guarantee of the dividend amount.

This Summary of Earnings Results is translated from the Japanese “*Kessan Tanshin*” report, dated June 23, 2016, which is prepared in accordance with generally accepted accounting principles in Japan and Japanese law.

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.

## 4. Asset Management Performance

### (1) Operations during the Twentieth Fiscal Period

#### A. Brief Background of Top REIT

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; the “Investment Trust Act”) with Top REIT Asset Management Co., Ltd. (the “Asset Manager”) as the incorporator. On March 1, 2006, Top REIT was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (TSE) (Securities Code: 8982) with the number of investment units issued and outstanding totaling 145,500 units. As of the end of the 20th fiscal period (April 30, 2016), the total number of investment units issued and outstanding stood at 176,000 units as a result of the issuance of additional investment units through the third-party allotment (9,500 units) on March 23, 2006, the public offering (20,000 units) on November 25, 2013, and the third-party allotment (1,000 units) on December 13, 2013.

Top REIT manages its portfolio 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, “Skilled management of a diversified portfolio” and “Optimal application of the sponsors’ strengths.” As of the end of the 20th fiscal period, its portfolio consisted of 20 properties with a total acquisition value of ¥190,484 million.

#### B. Investment Environment and Asset Management Performance

##### <Investment Environment>

##### (a)Economy in General

The Japanese economy continues to be sluggish due to the downturn in the global economy, demonstrated by the deceleration of emerging countries in terms of exports and production and an economic slowdown in advanced countries.

While the existence of such an economic environment still demands close monitoring of U.S. interest rate trends, China’s growth stagnation, resource-rich countries’ economic trends and other various global risk factors that may impact the Japanese economy, it is expected that such factors as developments in economic policy and increases in domestic demand backed by the ongoing introduction of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” will bring moderate expansion to the Japanese economy in the future.

##### (b)Real Estate Leasing Market

##### [Office Buildings]

As the vacancy rate continues to improve in not only Tokyo but also Osaka, Fukuoka and other major office districts, completion of construction on many large-scale buildings is scheduled in 2016 and the supply of new offices will expand, so the current vacancy rate shows movement towards a slight increase in central Tokyo. In this environment, the rent level has moderately increased and the office leasing market remains steady. Based on continued assumption of robust office demand buoyed by such factors as increases in personnel or base location consolidation reflecting improvement in corporate performance, the market as a whole is expected to continue to be on a moderate recovery trend.

##### [Retail Properties]

With respect to current personal consumption, consumer sentiment has softened due to economic uncertainty attributable to a slowdown in improvement of the domestic economy and global fluctuations in stock prices and foreign exchange rates. In such an environment, an analysis by business category indicates that strong showings are expected to continue for department stores located in large cities, which are expected to benefit from growth in consumption driven by inbound tourism, and for food supermarkets and other business categories that target a small trade area, which meet the needs of neighboring consumers. On the other hand, large-scale general supermarkets, and particularly their suburban stores, are being forced to struggle, and, in this manner, the state of disparities arising in business performance depending on the characteristics of individual retail properties is thought to continue.

#### [Residential Properties]

The new supply of rental residential property is forecast to remain at a low level due to soaring land acquisition costs and construction costs remaining stuck at a high level. On the other hand, the trend of population in-migration exceeding out-migration continues in the major urban areas of Japan. As such, a favorable supply-demand environment is expected for highly-competitive rental residential properties that are excellent in terms of location and quality. Thus, both occupancy rate and rent will remain steady.

#### (c) Real Estate Transaction Market

In the current real estate transaction market, a positive investment stance is maintained overall, centering on not only J-REITs but also private placement funds, business corporations, overseas investors and other investors. This has led to capital inflow into the market continuing. On the other hand, transaction prices continue to be on an upward trend reflecting the fact that information on sale of excellent properties is limited and that conditions for property acquisition are severe because competition over property acquisition is increasingly intensifying. With investors' appetites for real estate investment remaining strong against the backdrop of a favorable financing environment, the downward trend of investment returns is seen to continue for the time being.

#### (d) Financial Market

The financial market in the 20th fiscal period saw both short-term and long-term interest rates remain at a low level against the backdrop of the introduction of "Quantitative and Qualitative Monetary Easing with a Negative Interest Rate" as well as ongoing monetary easing measures taken by the Bank of Japan so far. The conditions under which these monetary easing measures have been taken are expected to continue. Therefore, the view is that interest rate levels will remain low in a stable manner for the time being and a financing environment that is favorable for also J-REITs will continue.

#### <Asset Management Performance >

##### (a) Acquisition and Disposition of Assets

Top REIT began the 20th fiscal period with 20 properties (total acquisition value: ¥190,484 million). With an aim to acquire highly-competitive and highly-profitable properties, Top REIT considered acquisition of properties through not only the "optimal application of the sponsors' strengths" but also by utilizing established information channels and its characteristics as a diversified REIT to collect and carefully select from property sale information, with a focus on excellent office buildings located in central Tokyo at the core, and also considered revision of the existing portfolio. There was no acquisition and disposition during the 20th fiscal period, thus Top REIT's portfolio remains unchanged from the end of previous fiscal year.

On May 26, 2016, Top REIT decided to dispose of the trust beneficiary interests in real estate for the Kojima × Bic Camera Kashiwa Store (planned disposition date: August 25, 2016) and has executed a sales agreement for that disposition.

##### (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.

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. Based on asset management plans, Top REIT also carried out renovation and repairs that contributed to enhancing the competitiveness of properties and maintaining and improving the functionality of properties, and construction that contributed to improving tenant satisfaction. Top REIT also took steps to keep relevant costs at an appropriate level and conducted efficient management of resources.

Furthermore, during the 20th fiscal period, construction to convert one floor of Harumi Island Triton Square Office Tower Y that had been used as a cafeteria for the employees of tenants into leased office space was completed. As of the date of this Summary, the occupancy rate of the leased space in question is 100%.

In addition, on June 3, 2016, Top REIT received a lease agreement termination notice (termination date: June 4, 2017) from Ito-Yokado Co., Ltd., which is the tenant of Ito-Yokado Higashi-Narashino Store.

## C. Funding

Top REIT procures funds under a financial policy based on stable financial management. During the 20th fiscal period, regarding the long-term loans of ¥19,527 million that were due on February 29, 2016, ¥19,500 million ( (i) amount borrowed: ¥10,000 million, repayment date: February 28, 2023; (ii) amount borrowed: ¥6,700 million, repayment date: August 31, 2023; and (iii) amount borrowed: ¥2,800 million, repayment date: February 26, 2021) was refinanced as of the same date and the remaining ¥27 million was repaid using cash on hand. Regarding all of the long-term loans borrowed during the 20th fiscal period, Top REIT fixed interest rates to be paid for the entire amount of the respective long-term loan through interest-rate swap transactions, thereby hedging against the risk of interest rate fluctuations. Using cash on hand, Top REIT also repaid ¥67.5 million in long-term loans on December 30, 2015 as agreed upon.

As a result, at the end of the twentieth fiscal period, the balance of interest-bearing liabilities amounts to ¥90,185 million and the ratio of interest-bearing liabilities to total assets is 49.0%. Moreover, the ratio of long-term interest-bearing liabilities (including the current portion) is 100.0%, while interest-bearing liabilities with fixed interest rates account for 59.0%.

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<br>(excluding short-term corporation bonds) | ¥100,000 million    | From May 20, 2016 to May 19, 2018 |

The credit rating of Top REIT as of April 30, 2016 is as follows:

| Credit Rating Agency                          | Rating [Outlook]             |
|---|------------------------------|
| Rating and Investment Information, Inc. (R&I) | Issuer rating: A+ [Negative] |

(Note) As of May 26, 2016, Rating and Investment Information, Inc. (R&I) changed its issuer rating for Top REIT to A+ [Stable].

## **D. Earnings Results and Dividends**

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the 20th fiscal period of ¥5,414 million in operating revenue, ¥2,317 million in operating income and ¥1,815 million in ordinary income after deducting expenses concerning borrowings, etc., and net loss was ¥3,576 million.

Top REIT recorded in its extraordinary losses the amount of ¥181 million as an impairment loss during the 20th fiscal period for the trust beneficiary interests in real estate for the Kojima×Bic Camera Kashiwa Store whose disposition was decided by Top REIT on May 26, 2016 and for which a sales agreement has been executed; that amount is equivalent to the expected amount of the loss from the disposition of that store. In addition, with respect to the Ito-Yokado Higashi-Narashino Store, for which a lease agreement termination notice (termination date: June 4, 2017) was received from the tenant, Ito-Yokado Co., Ltd., on June 3, 2016, Top REIT has recorded in its extraordinary losses the amount of ¥5,274 million as an impairment loss, which is the difference between the reappraised value after receipt of the termination notice (reappraisal date: June 3, 2016) and the book value.

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 will distribute dividends of ¥11,460 per unit, as a result of deciding to conduct, as distribution of the reserve for temporary difference adjustments (as defined under Article 2(2)(xxx) of the Ordinance on Accounting of Investment Corporations. The same shall apply hereinafter.), cash distributions in excess of distributable profit of an amount that is the maximum integral multiple of the number of units issued and outstanding (176,000 units) that does not exceed the sum of the following: (a) the undisposed loss for the 20th fiscal period; (b) an amount equivalent to the amount of impaired loss recorded in the 20th fiscal period deducted from the unitholders’ capital, etc.; and (c) the reversal of the total amount (¥136 million) of the internal reserve amount set aside as a reserve for reduction entry by applying the “Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of the Special Taxation Measures Act).

Undisposed loss in the 20th fiscal period fiscal is handled in financial statements for cash distributions by deduction from the unitholder’s capital, etc. in accordance with Article 136(2) of the Investment Trust Act.

### (2) Outlook for the next fiscal periods

#### **A. Management Policy and Issues to be addressed**

##### (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 or 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 highly 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. 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 of fund procurement by extending borrowing periods and dispersing 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.

(e) Significant Subsequent Events

1. Merger with Nomura Real Estate Master Fund, Inc.

Each of Top REIT and Nomura Real Estate Master Fund, Inc. (hereinafter, "NMF") has resolved at its board of directors meeting held on May 26th, 2016 to implement an absorption-type merger, with NMF as the surviving corporation and Top REIT as the absorbed corporation (hereinafter, the "Merger"), with the effective date being September 1, 2016, and both companies have executed a merger agreement with each other (hereinafter, the "Merger Agreement") as of May 26, 2016.

(Purpose of Merger)

Through the Merger, NMF believes that it would be able to obtain a rare opportunity for external growth in the competitive real estate acquisition market and that, in addition, it is expected to obtain an increase in the investment ratio of the properties in upside sectors or located within Tokyo's five central wards, for which future internal growth can be expected. Through the Merger, Top REIT believes that external growth is expected to be promoted in association with the reinforcement of the property pipeline sponsored by Nomura Real Estate Group, which is a general real estate developer, and that, in addition, the significant diversification of the portfolio will be achieved and thereby the improvement of income stability can be expected. As stated above, the Investment Corporations reached the common understanding that the Merger is the best measure to contribute to the growth of unitholders' value in respect of each of NMF and Top REIT and entered into the Merger Agreement.

(Outline of the Merger)

a Schedule of the Merger

|  |                                |
|--|--------------------------------|
| Record date for general meeting of unitholders (Top REIT)    | June 13, 2016                  |
| Date of holding of general meeting of unitholders (Top REIT) | July 28, 2016 (planned)        |
| Date of delisting (Top REIT)                                 | August 29, 2016 (planned)      |
| Effective date of Merger                                     | September 1, 2016 (planned)    |
| Date of corporate registration of Merger                     | Early September 2016 (planned) |

NMF plans to implement the Merger under the Merger Agreement in accordance with the simplified merger procedures based on the provisions of Article 149-7, Paragraph 2 of the Investment Trust Act, without obtaining the approval of a general meeting of unitholders set forth in Paragraph 1 of the same Article.

b Format of the Merger

The Merger will be implemented through an "absorption-type merger" (*kyushu gappei*) method under which NMF is to be the surviving corporation, and Top REIT is to be dissolved through the Merger.

c Merger Ratio

|              | NMF<br>(surviving corporation) | Top REIT<br>(absorbed corporation) |
|--------------|--------------------------------|------------------------------------|
| Merger Ratio | 1                              | 2.62                               |

(Note 1) Number of investment units of NMF to be issued as a result of merger: 461,120 units (planned)

(Note 2) Fractions of less than one unit will be generated for the number of investment units to be allotted to the unitholders of Top REIT through the allotment of 2.62 units of NMF per unit of Top REIT. These fractional units will be sold through a market transaction in accordance with statutory provisions, and the proceeds from the sale will be delivered to the

- (Note 3) unitholders who hold fractions, in proportion to the size of their fractional holding.
- In addition to the above investment units, instead of cash distributions to the unitholders of Top REIT for Top REIT's final fiscal period ending on the day immediately prior to the effective date of the Merger, NMF will, within a reasonable period after the effective date of the Merger, make a cash distribution to the unitholders listed or recorded on the final unitholders register of Top REIT as of the day immediately prior to the effective date of the Merger (excluding the unitholders of Top REIT who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Investment Trust Act) (the "Allotted Unitholders"), in an amount equivalent to the cash distributions for the final fiscal period (the payment will be the amount of distributable profit of Top REIT as of the day immediately prior to the effective date of the Merger divided by the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Unitholders from (b) the number of investment units issued and outstanding of Top REIT, as of the day immediately prior to the effective date of the Merger (such calculated amount being rounded down to the nearest whole yen)). The details will be announced once they are determined.

(Overview of the NMF's fiscal period (ended February 29, 2016))

|                   |                  |
|-------------------|------------------|
| Operating revenue | ¥24,313 million  |
| Net income        | ¥4,048 million   |
| Total assets      | ¥928,297 million |
| Liabilities       | ¥450,695 million |
| Net Assets        | ¥477,601 million |

## 2. Disposal of Assets

Top REIT executed on May 26, 2016 an agreement for the disposal of the assets indicated below.

### Overview of Disposition

|   |  |
|---|--|
| 1. Property Type to be Disposed           | Trust beneficiary interests in real estate in Japan  |
| 2. Name of Property                       | Kojima×Bic Camera Kashiwa Store  |
| 3. Address (Residential Building Address) | Building A: 1-10 Oyamadai, Kashiwa-shi, Chiba<br>Building B: 1-29 Oyamadai, Kashiwa-shi, Chiba |
| 4. Disposition Price (Note 1)             | ¥4,430 million   |
| 5. Assumed Book Value(Note 2)             | ¥4,429 million (as of the end of April, 2016)  |
| 6. Sales Agreement Date                   | May 26, 2016   |
| 7. Planned Disposition Date               | August 25, 2016  |
| 8. Purchaser (Note 3)                     | Undisclosed  |

(Note 1) The planned disposition price is the price for sale planned to be specified in the sales agreement for trust beneficiary interests in real estate (excluding consumption tax and equivalents) which does not include disposition expenses, money of adjustment such as taxes, etc.

(Note 2) The book value after recording of impairment losses related to the execution of the agreement for disposal of these assets has been stated here.

(Note 3) The information is undisclosed since we were not able to obtain consent from the purchaser with respect to disclosure.

(Reference Information)

1. Tenant Withdrawal of Owned Property (Lease Termination)

Top REIT has received on June 3, 2016 a notice of cancellation on a lease contract from a tenant at Ito-Yokado Higashi-Narashino Store, a property in trust for the beneficiary interest in real estate owned by Top REIT.

Overview of the lease contract of the Major Tenant received a notice of cancellation (Note 1)

|  |  |
|--|--|
| 1. Name of Tenant:   | Ito-Yokado Co., Ltd.                         |
| 2. Leased Floor Space:   | 51,098.42m <sup>2</sup>                      |
| 3. Ratio of Total Leased Floor Space of Property(Note 2) :             | 100%   |
| 4. Ratio of Total Leased Floor Space of Top REIT's Portfolio(Note 3) : | 15.9%  |
| 5. Annual Rent:  | ¥330 million                                 |
| 6. Lease and Guarantee Deposits:                                       | ¥165 million                                 |
| 7. Lease Termination Date:   | June 4, 2017                                 |
| 8. Assumed Book Value(Note 4) :  | ¥2,270 million(as of the end of April, 2016) |
| 9. Appraisal Value(Note 5) :   | ¥2,270 million                               |

(Note 1) Figures as of the end of April 2016 are used for floor space and ratio.

(Note 2) Total leased floor space of property: 51,098.42m<sup>2</sup>

(Note 3) Total leased floor space of Top REIT's portfolio: 321,138.31m<sup>2</sup>

(Note 4) The book value after recording of impairment losses related to receipt of the agreement termination notice has been stated here.

(Note 5) The reappraisal value (reappraisal date: June 3, 2016) related to receipt of the agreement termination notice has been stated here.

2. Top REIT has resolved at its board of directors meeting held on May 26, 2016 that Top REIT will hold the 7th general meeting of unitholders of Top REIT on July 28, 2016.

## B. Outlook for the 21st Fiscal Period

The earnings forecasts for the 21st fiscal period (from May 1, 2016 to October 31, 2016) are as follows:  
Please refer to the next page for the assumptions of the earnings forecasts.

|   | 21st Fiscal Period<br>(From May 1, 2016 to Oct 31, 2016) |
|---|--|
| Operating Revenue   | ¥5,324million  |
| Operating Income  | ¥2,263million  |
| Ordinary Income   | ¥1,824million  |
| Net Income  | ¥1,823million  |
| Dividend per Unit<br>(excluding dividend in excess of earnings) | ¥9,900 (Note 2)  |
| Dividend in Excess of Earnings per Unit                         | ¥0   |

- (Note 1) The earnings forecasts represented above are the current estimated figures calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may vary due to changes in the circumstances. The forecasts should not be construed as a guarantee of the dividend amount.
- (Note 2) With regard to the dividend per unit, it is assumed that the amount remaining after deducting the partial reversal of the reserve for temporary difference adjustments from the net income for the 20th fiscal period will be almost fully distributed as dividends.

### Assumptions for Earnings Forecasts for the 21st Fiscal Period (from May 1, 2016 to October 31, 2016)

(Note) This earnings forecast does not incorporate the execution of the merger with Nomura Real Estate Master Fund Inc. stated in “(e) Significant Subsequent Events” of “(2) Outlook for the next fiscal periods” in “4. Asset Management Performance” above and is only provided as a reference from the perspective of continuity of disclosure. Accordingly, please note that the assumptions are based on the premise that the Merger did not occur and that no transactions, etc. related to the Merger occurred, and so it might differ from actual outcomes.

| Item  | Assumptions  |
|---|--|
| Accounting Period   | <ul style="list-style-type: none"> <li>21st fiscal period: May 1, 2016 - October 31, 2016 (184 days)</li> </ul>  |
| Portfolio Assets  | <ul style="list-style-type: none"> <li>Of the 20 properties Top REIT owns as of the date of this Summary, it is assumed that portfolio assets will be the 19 properties other than the trust beneficiary interests in real estate for the Kojima × Bic Camera Kashiwa Store, whose disposition is planned for August 25, 2016. The actual circumstances may change depending on the acquisition or disposal of other properties.</li> </ul>  |
| Number of Investment Units Issued and Outstanding               | <ul style="list-style-type: none"> <li>It is assumed that the number of investment units issued and outstanding will be 176,000 units, which is the number as of the date of this document, and it is assumed that no issuance of new investment units will be made through October 31, 2016.</li> </ul>   |
| Interest-Bearing Liabilities                                    | <ul style="list-style-type: none"> <li>It is assumed that the balance of interest-bearing liabilities is ¥90,185 million, which is the amount as of April 30, 2016.</li> <li>For the 21st fiscal period, it is assumed that the ¥3,000 million in loans due for repayment on October 31, 2016 will be fully refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on June 30, 2016 as agreed upon.</li> </ul>  |
| Operating Revenue   | <ul style="list-style-type: none"> <li>For rent revenue from existing properties, Top REIT takes into account the execution of new lease agreements and cancellation of lease agreements that have been finalized and scheduled as of the date of this document, as well as such factors that may cause fluctuations as risks associated with rent revision with tenants due for rent revision or contract renewal, in light of recent real estate leasing market conditions.</li> </ul>   |
| Operating Expenses  | <ul style="list-style-type: none"> <li>With respect to property taxes, city planning taxes and depreciable asset taxes (the “property tax”), of the taxation amount assessed and determined, the amount corresponding to the relevant period is accounted for as expenses related to rent business. Of the amount paid for the acquisition of real estate or trust beneficiary interests in real estate, the amounts equivalent to the property tax will be capitalized as part of the acquisition costs of the relevant property instead of being charged as expenses.</li> <li>Property tax is assumed to be ¥618 million.</li> <li>Depreciation and amortization is assumed to be ¥1,152 million.</li> <li>Repair expenses for buildings may vary greatly from the forecasted amount due to various reasons, including that emergency repair expenses may possibly arise due to unexpected factors causing building damage and that repair expenses vary largely depending on the fiscal period as they are expenses not accrued periodically.</li> <li>Management operation fees are assumed by considering historical data and the detail of management contracts.</li> </ul> |
| Non-Operating Expenses  | <ul style="list-style-type: none"> <li>Non-operating expenses are assumed to be ¥439 million, of which interest expenses on loans (including related expenses) are expected to be ¥431 million and amortization of investment unit issuance expenses is expected to be ¥6 million.</li> </ul>  |
| Dividend per Unit<br>(excluding dividend in excess of earnings) | <ul style="list-style-type: none"> <li>Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT’s Articles of Incorporation.</li> <li>It is assumed that the amount remaining after deducting the partial reversal of the reserve for temporary difference adjustments from net income for the 20th fiscal period will almost be fully distributed as dividends.</li> </ul>  |
| Dividend in Excess of Earnings per Unit                         | <ul style="list-style-type: none"> <li>Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).</li> </ul>  |
| Other   | <ul style="list-style-type: none"> <li>It is assumed that there will be no changes in legislation, taxation, accounting standards, listing regulations of Tokyo Stock Exchange, rules and requirements imposed by The</li> </ul>   |

|  |   |
|--|---|
|  | <p>Investment Trusts Association, Japan that would impact the aforementioned forecasts.</p> <ul style="list-style-type: none"><li>• It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.</li></ul> |
|--|---|

## 5. Financial Statements

### (1) Balance Sheets

(In thousands of yen)

|   | 19th Fiscal Period<br>(as of October 31, 2015) | 20th Fiscal Period<br>(as of April 30, 2016) |
|---|--|--|
| Assets                                      |  |  |
| Current assets                              |  |  |
| Cash and deposits                           | 2,638,085                                      | 2,918,007                                    |
| Cash and deposits in trust                  | 3,582,056                                      | 3,618,515                                    |
| Operating accounts receivable               | 301,141  | 120,500                                      |
| Prepaid expenses                            | 296,248  | 263,513                                      |
| Deferred tax assets                         | 12   | —  |
| Total current assets                        | 6,817,545                                      | 6,920,536                                    |
| Noncurrent assets                           |  |  |
| Property, plant and equipment               |  |  |
| Buildings in trust                          | 67,891,811                                     | 66,699,933                                   |
| Accumulated depreciation                    | (19,194,019)                                   | (20,332,724)                                 |
| Buildings in trust, net                     | 48,697,792                                     | 46,367,208                                   |
| Structures in trust                         | 807,020  | 772,616                                      |
| Accumulated depreciation                    | (375,210)                                      | (391,893)                                    |
| Structures in trust, net                    | 431,809  | 380,723                                      |
| Machinery and equipment in trust            | 316,304  | 324,281                                      |
| Accumulated depreciation                    | (236,392)                                      | (247,418)                                    |
| Machinery and equipment in trust, net       | 79,911   | 76,862                                       |
| Tools, furniture and fixtures in trust      | 280,255  | 298,458                                      |
| Accumulated depreciation                    | (169,747)                                      | (184,289)                                    |
| Tools, furniture and fixtures in trust, net | 110,508  | 114,169                                      |
| Land in trust                               | 132,862,108                                    | 129,303,017                                  |
| Construction in progress in trust           | 101  | —  |
| Total property, plant and equipment         | 182,182,231                                    | 176,241,981                                  |
| Intangible assets                           |  |  |
| Leasehold right in trust                    | 7,348  | 7,348  |
| Other intangible assets in trust            | 1,376  | 1,101  |
| Total intangible assets                     | 8,724  | 8,449  |
| Investments and other assets                |  |  |
| Lease and guarantee deposits                | 10,000   | 10,000                                       |
| Long-term prepaid expenses                  | 282,502  | 478,347                                      |
| Other                                       | 254,532  | 253,266                                      |
| Total investments and other assets          | 547,034  | 741,614                                      |
| Total noncurrent assets                     | 182,737,990                                    | 176,992,046                                  |
| Deferred assets                             |  |  |
| Investment unit issuance expenses           | 13,357   | 6,678  |
| Total deferred assets                       | 13,357   | 6,678  |
| Total assets                                | 189,568,893                                    | 183,919,261                                  |

(In thousands of yen)

|  | 19th Fiscal Period<br>(as of October 31, 2015) | 20th Fiscal Period<br>(as of April 30, 2016) |
|--|--|--|
| <b>Liabilities</b>                                 |  |  |
| Current liabilities                                |  |  |
| Operating accounts payable                         | 530,455  | 245,517                                      |
| Current portion of long-term loans payable         | 22,662,000                                     | 23,930,000                                   |
| Accounts payable – other                           | 236,463  | 243,948                                      |
| Accrued expenses                                   | 69,315   | 27,011                                       |
| Income taxes payable                               | 716  | 768  |
| Accrued consumption taxes                          | 26,918   | 56,186                                       |
| Advances received                                  | 729,644  | 737,138                                      |
| Other  | 1,591  | 1,233  |
| Total current liabilities                          | 24,257,106                                     | 25,241,804                                   |
| Noncurrent liabilities                             |  |  |
| Long-term loans payable                            | 67,617,500                                     | 66,255,000                                   |
| Tenant leasehold and security deposits in trust    | 4,631,266                                      | 4,718,398                                    |
| Deferred tax liabilities                           | 55,287   | —  |
| Long-term advanced received                        | —  | 166  |
| Derivatives liabilities                            | 30,766   | 33,041                                       |
| Total noncurrent liabilities                       | 72,334,820                                     | 71,006,606                                   |
| Total liabilities                                  | 96,591,926                                     | 96,248,410                                   |
| <b>Net Assets</b>                                  |  |  |
| Unitholders' equity                                |  |  |
| Unitholders' capital                               | 91,143,100                                     | 91,143,100                                   |
| Surplus  |  |  |
| Voluntary retained earnings                        |  |  |
| Reserve for reduction entry                        | 180,113  | 136,596                                      |
| Total Voluntary retained earnings                  | 180,113  | 136,596                                      |
| Unappropriated retained earnings (undisposed loss) | 1,674,520                                      | (3,575,999)                                  |
| Total surplus                                      | 1,854,633                                      | (3,439,403)                                  |
| Total unitholders' equity                          | 92,997,733                                     | 87,703,696                                   |
| Valuation and translation adjustments              |  |  |
| Deferred gains or losses on hedges                 | (20,767)                                       | (32,846)                                     |
| Total valuation and translation adjustments        | (20,767)                                       | (32,846)                                     |
| Total net assets                                   | 92,976,966                                     | 87,670,850                                   |
| Total liabilities and net assets                   | 189,568,893                                    | 183,919,261                                  |



**(2) Statements of Income**

(In thousands of yen)

|  | 19th Fiscal Period<br>(May 1, 2015 –<br>October 31, 2015) | 20th Fiscal Period<br>(November 1, 2015 –<br>April 30, 2016) |
|--|---|--|
| Operating revenue  |   |  |
| Rent revenue – real estate                                 | 5,220,477   | 5,289,206  |
| Other lease business revenue                               | 147,738   | 125,048  |
| Total operating revenue                                    | 5,368,215   | 5,414,255  |
| Operating expenses   |   |  |
| Expenses related to rent business                          | 2,673,458   | 2,615,415  |
| Asset management fee                                       | 341,201   | 347,357  |
| Asset custody fee  | 8,515   | 8,505  |
| Administrative service fees                                | 66,764  | 65,396   |
| Directors' compensations                                   | 6,300   | 6,300  |
| Audit fee  | 12,600  | 11,700   |
| Other operating expenses                                   | 48,665  | 42,270   |
| Total operating expenses                                   | 3,157,505   | 3,096,946  |
| Operating income   | 2,210,709   | 2,317,309  |
| Non-operating income                                       |   |  |
| Interest income  | 844   | 678  |
| Reversal of dividends payable                              | 452   | 475  |
| Settlement of overpaid utilities expenses                  | –   | 5,363  |
| Other  | –   | 30   |
| Total non-operating income                                 | 1,297   | 6,548  |
| Non-operating expenses                                     |   |  |
| Interest expenses  | 377,898   | 348,726  |
| Interest expense on investment corporation bonds           | 8,267   | –  |
| Amortization of investment corporation bond issuance costs | 1,837   | –  |
| Borrowing related expenses                                 | 151,582   | 149,860  |
| Amortization of investment unit issuance expenses          | 6,678   | 6,678  |
| Other  | 11,283  | 2,640  |
| Total non-operating expenses                               | 557,548   | 507,905  |
| Ordinary income  | 1,654,459   | 1,815,952  |
| Extraordinary losses                                       |   |  |
| impairment losses  | –   | 5,456,381  |
| Total extraordinary losses                                 | –   | 5,456,381  |
| Income before income taxes (Loss before income taxes)      | 1,654,459   | (3,640,429)  |
| Income taxes – current                                     | 864   | 859  |
| Income taxes – deferred                                    | (20,768)  | (65,188)   |
| Total income taxes   | (19,904)  | (64,328)   |
| Net income (Net loss)                                      | 1,674,363   | (3,576,100)  |
| Retained earnings brought forward                          | 156   | 101  |
| Unappropriated retained earnings (undisposed loss)         | 1,674,520   | (3,575,999)  |

### (3) Statements of Changes in Net Assets (Unitholders' Equity)

For the period from May 1, 2015 to October 31, 2015 (19th fiscal period)

(In thousands of yen)

|   | Unitholders' equity  |                             |                                   |  |               |                           |
|---|----------------------|-----------------------------|-----------------------------------|--|---------------|---------------------------|
|   | Unitholders' capital | Surplus                     |                                   |  |               | Total unitholders' equity |
|   |                      | Voluntary retained earnings |                                   | Unappropriated retained earnings (undisposed loss) | Total surplus |                           |
|   |                      | Reserve for reduction entry | Total Voluntary retained earnings |  |               |                           |
| Balance at the beginning of the period                    | 91,143,100           | 51,880                      | 51,880                            | 1,832,069  | 1,883,949     | 93,027,049                |
| Changes of items during the period                        |                      |                             |                                   |  |               |                           |
| Reserve for reduction entry                               |                      | 128,233                     | 128,233                           | (128,233)  | —             | —                         |
| Dividends from surplus                                    |                      |                             |                                   | (1,703,680)  | (1,703,680)   | (1,703,680)               |
| Net income  |                      |                             |                                   | 1,674,363  | 1,674,363     | 1,674,363                 |
| Net changes of items other than unitholders' equity (net) |                      |                             |                                   |  |               |                           |
| Total changes of items during the period                  | —                    | 128,233                     | 128,233                           | (157,549)  | (29,316)      | (29,316)                  |
| Balance at the end of the period                          | 91,143,100           | 180,113                     | 180,113                           | 1,674,520  | 1,854,633     | 92,997,733                |

|   | Valuation and translation adjustments |   | Total net assets |
|---|---------------------------------------|---|------------------|
|   | Deferred gains or losses on hedges    | Total valuation and translation adjustments |                  |
| Balance at the beginning of the period                    | (28,546)                              | (28,546)                                    | 92,998,503       |
| Changes of items during the period                        |                                       |   |                  |
| Reserve for reduction entry                               |                                       |   | —                |
| Dividends from surplus                                    |                                       |   | (1,703,680)      |
| Net income  |                                       |   | 1,674,363        |
| Net changes of items other than unitholders' equity (net) | 7,778                                 | 7,778                                       | 7,778            |
| Total changes of items during the period                  | 7,778                                 | 7,778                                       | (21,537)         |
| Balance at the end of the period                          | (20,767)                              | (20,767)                                    | 92,976,966       |

For the period from November 1, 2015 to April 30, 2016 (20th fiscal period)

(In thousands of yen)

|   | Unitholders' equity  |                             |                                   |  |               |                           |
|---|----------------------|-----------------------------|-----------------------------------|--|---------------|---------------------------|
|   | Unitholders' capital | Surplus                     |                                   |  |               | Total unitholders' equity |
|   |                      | Voluntary retained earnings |                                   | Unappropriated retained earnings (undisposed loss) | Total surplus |                           |
|   |                      | Reserve for reduction entry | Total Voluntary retained earnings |  |               |                           |
| Balance at the beginning of the period                    | 91,143,100           | 180,113                     | 180,113                           | 1,674,520  | 1,854,633     | 92,997,733                |
| Changes of items during the period                        |                      |                             |                                   |  |               |                           |
| Reserve for reduction entry                               |                      | (43,517)                    | (43,517)                          | 43,517   | —             | —                         |
| Dividends from surplus                                    |                      |                             |                                   | (1,717,936)  | (1,717,936)   | (1,717,936)               |
| Net loss  |                      |                             |                                   | (3,576,100)  | (3,576,100)   | (3,576,100)               |
| Net changes of items other than unitholders' equity (net) |                      |                             |                                   |  |               |                           |
| Total changes of items during the period                  | —                    | (43,517)                    | (43,517)                          | (5,250,519)  | (5,294,036)   | (5,294,036)               |
| Balance at the end of the period                          | 91,143,100           | 136,596                     | 136,596                           | (3,575,999)  | (3,439,403)   | 87,703,696                |

|   | Valuation and translation adjustments |   | Total net assets |
|---|---------------------------------------|---|------------------|
|   | Deferred gains or losses on hedges    | Total valuation and translation adjustments |                  |
| Balance at the beginning of the period                    | (20,767)                              | (20,767)                                    | 92,976,966       |
| Changes of items during the period                        |                                       |   |                  |
| Reserve for reduction entry                               |                                       |   | —                |
| Dividends from surplus                                    |                                       |   | (1,717,936)      |
| Net loss  |                                       |   | (3,576,100)      |
| Net changes of items other than unitholders' equity (net) | (12,079)                              | (12,079)                                    | (12,079)         |
| Total changes of items during the period                  | (12,079)                              | (12,079)                                    | (5,306,116)      |
| Balance at the end of the period                          | (32,846)                              | (32,846)                                    | 87,670,850       |

#### (4) Statements of Cash Distributions

|  | 19th Fiscal Period<br>from May1, 2015<br>to October 31, 2015 | 20th Fiscal Period<br>from November 1, 2015<br>to April 30, 2016 |
|--|--|--|
|  | Amount (yen)<br>(Note 1)                                     | Amount (yen)<br>(Note 2)   |
| I. Unappropriated retained earnings (undisposed loss)  | 1,674,520,004  | (3,575,999,614)  |
| II. Voluntary retained earnings  |  |  |
| Reversal of reserve for reduction entry  | 43,517,328   | 136,596,596  |
| III. Amount of disposed loss   | —  | 3,439,403,018  |
| Of which, the other deduction from the amount of the unitholders' capital  | —  | 3,439,403,018  |
| IV. Additional amount of dividend in excess of earnings  | —  | 2,016,960,000  |
| Of which, partial reversal of the reserve for temporary difference adjustments   | —  | 2,016,960,000  |
| V. Total Amount of Dividends   | 1,717,936,000  | 2,016,960,000  |
| <Dividend per unit>  | <9,761>  | <11,460>   |
| Of which, distribution of income   | 1,717,936,000  | —  |
| <Of which, distribution of income per unit>  | <9,761>  | <—>  |
| Of which, partial reversal of the reserve for temporary difference adjustments   | —  | 2,016,960,000  |
| <Of which, dividend in excess of earnings per unit (related to partial reversal of the reserve for temporary difference adjustments) > | <—>  | <11,460>   |
| VI. Retained earnings brought forward  | 101,332  | 0  |

(Note1) Based on the policy that “Top REIT shall distribute an amount in excess of 90% of its distributable profits as stipulated in Article 67-15 of the “Act on Special Measures Concerning Taxation”, Top REIT decided on a total distribution of 1,717,936,000 yen as distribution of income for the period in accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation. This is the maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, which does not exceed the sum of the unappropriated retained earnings and the amount of reversal of reserve for reduction entry of the 19th 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) Based on the policy that “Top REIT shall distribute an amount in excess of 90% of its distributable profits as stipulated in Article 67-15 of the “Act on Special Measures Concerning Taxation”, and in accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, Top REIT decided to conduct, as distribution of the reserve for temporary difference adjustments, cash distributions in excess of distributable profit as stipulated in Article 34-2 of the Articles of Incorporation, with a distribution of 2,016,960,000 yen, which is the maximum integral multiple of units issued and outstanding (176,000 units) that does not exceed the sum of the following: (a) the undisposed loss for the 20th fiscal period; (b) an amount equivalent to the amount of impaired loss recorded in the 20th fiscal period deducted from the unitholders' capital, etc.; and (c) the amount of reversal of reserve for reduction entry of the 20th fiscal period.  
Undisposed loss in the 20th fiscal period fiscal is handled by deduction from the unitholder's capital, etc. in accordance with Article 136(2) of the Investment Trust Act.

**(5) Statements of Cash Flows**

(In thousands of yen)

|   | 19th Fiscal Period<br>(May 1, 2015 –<br>October 31, 2015) | 20th Fiscal Period<br>(November 1, 2015 –<br>April 30, 2016) |
|---|---|--|
| Net cash provided by (used in) operating activities           |   |  |
| Income before income taxes (Loss before income taxes)         | 1,654,459   | (3,640,429)  |
| Depreciation and amortization                                 | 1,185,199   | 1,185,229  |
| Amortization of trademark                                     | 21  | —  |
| Amortization of investment corporation bond issuance costs    | 1,837   | —  |
| Amortization of investment unit issuance expenses             | 6,678   | 6,678  |
| Impairment loss   | —   | 5,456,381  |
| Interest income and interest on securities                    | (844)   | (678)  |
| Interest expenses   | 386,165   | 348,726  |
| Decrease (increase) in operating accounts receivable          | (83,116)  | 180,641  |
| Decrease (increase) in prepaid expenses                       | 1,888   | 32,735   |
| Increase (decrease) in operating accounts payable             | 12,349  | (11,850)   |
| Increase (decrease) in accounts payable – other               | 5,104   | 7,484  |
| Increase (decrease) in accrued consumption taxes              | (58,781)  | 29,267   |
| Increase (decrease) in advances received                      | 25,402  | 7,493  |
| Decrease (increase) in long-term prepaid expenses             | (37,556)  | (195,845)  |
| Other, net  | 37,045  | (9,257)  |
| Subtotal  | 3,135,853   | 3,396,577  |
| Interest income received                                      | 844   | 678  |
| Interest expenses paid  | (419,945)   | (390,921)  |
| Income taxes paid   | (911)   | (807)  |
| Net cash provided by (used in) operating activities           | 2,715,840   | 3,005,526  |
| Net cash provided by (used in) investing activities           |   |  |
| Purchase of property, plant and equipment                     | (4,739)   | —  |
| Purchase of property, plant and equipment in trust            | (399,193)   | (963,842)  |
| Proceeds from tenant leasehold and security deposits          | 965   | —  |
| Proceeds from tenant leasehold and security deposits in trust | 125,720   | 121,132  |
| Repayments of tenant leasehold and security deposits in trust | (39,959)  | (34,000)   |
| Net cash provided by (used in) investing activities           | (317,207)   | (876,710)  |
| Net cash provided by (used in) financing activities           |   |  |
| Proceeds from long-term loans payable                         | 12,500,000  | 19,500,000   |
| Repayment of long-term loans payable                          | (4,318,500)   | (19,594,500)   |
| Redemption of investment corporation bonds                    | (8,500,000)   | —  |
| Dividend paid   | (1,703,680)   | (1,717,936)  |
| Net cash provided by (used in) financing activities           | (2,022,180)   | (1,812,436)  |
| Net increase (decrease) in cash and cash equivalents          | 376,452   | 316,380  |
| Cash and cash equivalents at beginning of period              | 5,843,689   | 6,220,142  |
| Cash and cash equivalents at end of period                    | 6,220,142   | 6,536,522  |

## 6. Portfolio Data

As of April 30, 2016

| Asset Class              | Area                    | Property Name                              | Acquisition Price<br>(million yen) | Book Value<br>(million yen) | Appraisal Value at End of Period<br>(million yen) | Investment Breakdown<br>(Note)<br>(%) |
|--------------------------|-------------------------|--|------------------------------------|-----------------------------|---|---------------------------------------|
| Office Building          | Central Tokyo           | NEC Head Office Building                   | 41,950                             | 42,416                      | 55,250  | 31.2                                  |
|                          |                         | Harumi Island Triton Square Office Tower Y | 33,000                             | 29,737                      | 27,200  | 15.4                                  |
|                          |                         | Akasaka Oji Building                       | 9,660                              | 9,666                       | 10,100  | 5.7                                   |
|                          |                         | Shiba-Koen Building                        | 6,145                              | 6,168                       | 4,350   | 2.5                                   |
|                          |                         | Harumi Island Triton Square Office Tower Z | 20,000                             | 18,886                      | 12,300  | 7.0                                   |
|                          |                         | Kanda Nishiki-cho 3-chome Building         | 12,700                             | 12,590                      | 8,600   | 4.9                                   |
|                          |                         | Shinkawa Chuo Building                     | 5,610                              | 5,643                       | 6,330   | 3.6                                   |
|                          |                         | Shinjuku EAST Building                     | 5,800                              | 5,621                       | 6,840   | 3.9                                   |
|                          |                         | Ginza Oji Building                         | 2,000                              | 2,066                       | 2,190   | 1.2                                   |
|                          | Tokyo Metropolitan Area | Faret East Building                        | 2,091                              | 1,554                       | 2,920   | 1.7                                   |
| Subtotal (10 properties) |                         |  | 138,956                            | 134,351                     | 136,080   | 76.9                                  |
| Retail Property          | Tokyo Metropolitan Area | Sagamihara Shopping Center                 | 12,000                             | 11,211                      | 9,240   | 5.2                                   |
|                          |                         | Ito-Yokado Higashi-Narashino Store         | 8,900                              | 2,270                       | 2,270   | 1.3                                   |
|                          |                         | Musashiurawa Shopping Square               | 4,335                              | 3,650                       | 4,140   | 2.3                                   |
|                          |                         | Kojima × Bic Camera Kashiwa Store          | 4,500                              | 4,429                       | 4,430   | 2.5                                   |
|                          | Other Major Cities      | MEL Building                               | 1,210                              | 1,191                       | 1,390   | 0.8                                   |
| Subtotal (5 properties)  |                         |  | 30,945                             | 22,752                      | 21,470  | 12.1                                  |
| Residential Property     | Central Tokyo           | Top Residence Nihonbashi Kayabacho         | 2,400                              | 2,272                       | 2,910   | 1.6                                   |
|                          | Tokyo Metropolitan Area | Fukasawa House Towers H&I                  | 10,635                             | 9,837                       | 8,000   | 4.5                                   |
|                          |                         | Ecology Toyosu Procentury                  | 5,160                              | 4,722                       | 5,690   | 3.2                                   |
|                          |                         | Impress Musashi-Koganei                    | 1,223                              | 1,167                       | 1,390   | 0.8                                   |
|                          |                         | Top Residence Yoga                         | 1,165                              | 1,147                       | 1,330   | 0.8                                   |
| Subtotal (5 properties)  |                         |  | 20,583                             | 19,146                      | 19,320  | 10.9                                  |
| Total (20 properties)    |                         |  | 190,484                            | 176,250                     | 176,870   | 100.0                                 |

(Note) The investment breakdown is the ratio of the appraisal value at the end of the period for the applicable property or the applicable asset class to the sum total of the appraisal value at the end of the period for all properties in the portfolio and is rounded to the first decimal place. The disposition price provided for in the sales agreement dated May 26, 2016 for the Kojima × Bic Camera Kashiwa Store is stated here. In addition, the reappraisal value obtained in relation to receipt from the tenant of the termination notice dated June 3, 2016 for the Ito-Yokado Higashi-Narashino Store (value as of June 3, 2016) is stated here.

For more information, please visit our website <http://www.top-reit.co.jp/english/>

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