

December 19, 2013

## Summary of Earnings Results for the Fifteenth Fiscal Period (From May 1, 2013 to October 31, 2013)

Top REIT, Inc. (listed on the Tokyo Stock Exchange with securities code 8982) hereby announces its earnings results for the fiscal period ended October 31, 2013 (fifteenth fiscal period).

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

Fifteenth Fiscal Period: From May 1, 2013 to October 31, 2013

Fourteenth Fiscal Period: From November 1, 2012 to April 30, 2013

#### (1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Fifteenth Fiscal Period	¥5,154mn	(11.8%)	¥2,172mn	(11.2%)	¥1,580mn	(13.3%)
Fourteenth Fiscal Period	¥5,844mn	3.7%	¥2,447mn	(9.3%)	¥1,823mn	(8.9%)

	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
Fifteenth Fiscal Period	¥1,579mn	(13.3%)	¥10,191	1.9%	0.8%	30.7%
Fourteenth Fiscal Period	¥1,822mn	(8.9%)	¥11,759	2.2%	1.0%	31.2%

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

#### (2) Dividends

	Dividend per Unit (excluding dividend in excess of earnings)	Total Amount of Dividends	Dividend in Excess of Earnings per Unit	Total Amount of Dividends in Excess of Earnings	Dividend Payout Ratio	Ratio of Dividends to Net Assets
Fifteenth Fiscal Period	¥10,191	¥1,579mn	¥0	¥-mn	100.0%	1.9%
Fourteenth Fiscal Period	¥11,759	¥1,822mn	¥0	¥-mn	100.0%	2.2%

#### (3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
Fifteenth Fiscal Period	¥186,169mn	¥83,871mn	45.1%	¥541,105
Fourteenth Fiscal Period	¥187,003mn	¥84,127mn	45.0%	¥542,758

(Note) Net assets per unit is rounded 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
Fifteenth Fiscal Period	¥2,735mn	(¥703mn)	(¥1,890mn)	¥4,842mn
Fourteenth Fiscal Period	¥2,470mn	(¥1,775mn)	(¥2,838mn)	¥4,700mn

## 2. Earnings Forecast Results for the Sixteenth Fiscal Period

Sixteenth Fiscal Period : From November 1, 2013 to April 30, 2014

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
Sixteenth Fiscal Period	¥5,586mn	8.4%	¥2,466mn	13.5%	¥1,840mn	16.4%

  

	Net Income	Period-on-Period Change	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Sixteenth Fiscal Period	¥1,839mn	16.4%	¥10,450	¥0

(Reference) Estimated net income per unit for the sixteenth fiscal period: ¥10,450

## 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) Number of Investment Units Issued and Outstanding

- a. Number of investment units (including own investment units) issued and outstanding at end of fiscal period
  - Fifteenth Fiscal Period: 155,000 units
  - Fourteenth Fiscal Period: 155,000 units
- b. Number of own investment units issued and outstanding at end of fiscal period
  - Fifteenth Fiscal Period: 0 units
  - Fourteenth Fiscal Period: 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 December 19, 2013, 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

### 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 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.

### 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 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. 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 as of 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

## 7. Outlook for the Sixteenth and Seventeenth Fiscal Periods

The earnings forecasts for the sixteenth fiscal period (from November 1, 2013 to April 30, 2014) and the seventeenth fiscal period (from May 1, 2014 to October 31, 2014) are as follows:

Please refer to the page 9 for the preconditions of earnings forecasts. Top REIT has announced the revision of its earnings forecasts in the “Notice concerning Revision of Forecast on Business Result and Dividend for the Fifteenth Fiscal Period (ended Oct.31, 2013), the Sixteenth Fiscal Period (ending Apr.30, 2014) and the Seventeenth Fiscal Period (ending Oct.31, 2014)” dated December 16, 2014. Major factor for this revision is 1) to 3) mentioned below.

1) Increase in rent revenue from existing properties, including Harumi Island Triton Square Office Tower Y, due to execution of lease agreement with new tenants and the revised rent with existing tenants, etc.

2) Decrease in operating and non-operating expenses resulting from the revision of property-related taxes and dues, repair expenses and interest expenses and so on.

3) Revision of financial assumption from estimated loan amount to actual loan amount (¥4,500 million) used as part of the funds to acquire three assets.

Fiscal Period [period of asset management]	Sixteenth Fiscal Period [ 181 days]	Seventeenth Fiscal Period [ 184days]
Operating Revenue	¥5,586mn	¥5,729mn
Operating Income	¥2,466mn	¥2,481mn
Ordinary Income	¥1,840mn	¥1,849mn
Net Income	¥1,839mn	¥1,848mn
Dividend per Unit (excluding dividend in excess of earnings)	¥10,450 (Note 2)	¥10,500 (Note 2)
Dividend in Excess of Earnings per Unit	¥0	¥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. Moreover, the forecasts should not be construed as a guarantee of the dividend amount.

(Note 2) With regard to the ¥78 million of internal reserves, Top REIT will not reverse all or part of the internal reserves for dividend of the sixteenth and seventeenth fiscal period.



**Preconditions for Forecast of Earnings Results for the Sixteenth Fiscal Period (from November 1, 2013 to April 30, 2014) and the Seventeenth Fiscal Period (from May 1, 2014 to October 31, 2014)**

Item	Preconditions and Assumptions							
Management Period	<ul style="list-style-type: none"> <li>Sixteenth fiscal period: November 1, 2013 – April 30, 2014 (181 days)</li> <li>Seventeenth fiscal period: May 1, 2014 – October 31, 2014 (184 days)</li> </ul>							
Portfolio Assets	<ul style="list-style-type: none"> <li>It is assumed that the portfolio is comprised of 22 properties with the addition of the following three assets acquired on November 28, 2013 to 19 properties Top REIT owns as of the end of October, 2013. It is also assumed that there is no other transfer (acquisition of new properties or sale of existing properties, etc.) of properties until the end of Seventeenth Fiscal Period.</li> <li>&lt;Acquired assets&gt; <table border="1" data-bbox="451 527 1243 716"> <thead> <tr> <th data-bbox="451 527 846 562">Name of Property</th> <th data-bbox="846 527 1243 562">Acquisition Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 562 846 598">Ginza Oji Building</td> <td data-bbox="846 562 1243 716" rowspan="4">November 28, 2013</td> </tr> <tr> <td data-bbox="451 598 846 634">Shinjuku EAST Building</td> </tr> <tr> <td data-bbox="451 634 846 669">Kojima×Bic Camera</td> </tr> <tr> <td data-bbox="451 669 846 716">Kashiwa Store</td> </tr> </tbody> </table> </li> </ul>	Name of Property	Acquisition Date	Ginza Oji Building	November 28, 2013	Shinjuku EAST Building	Kojima×Bic Camera	Kashiwa Store
Name of Property	Acquisition Date							
Ginza Oji Building	November 28, 2013							
Shinjuku EAST Building								
Kojima×Bic Camera								
Kashiwa Store								
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>The number of investment units issued and outstanding is based on the number as of December 19, 2013, which is 176,000 units, and assumes that no issuance of new investment units will be made through October 31, 2014.</li> </ul>							
Interest-Bearing Liabilities	<ul style="list-style-type: none"> <li>It is assumed that the total balance of interest-bearing liabilities is ¥100,497 million with the addition of ¥4,500 million of loan used as part of the funds to acquire three assets mentioned above to ¥95,997 million as of October 31, 2013. It is also assumed that the above loan will be fully repaid before maturity and refinanced to a long-term borrowing at the end of March, 2014.</li> <li>For the sixteenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid on December 30, 2013 as agreed upon.</li> <li>For the seventeenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid on June 30, 2014 as agreed upon.</li> </ul>							
Operating Revenue	<ul style="list-style-type: none"> <li>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, 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.</li> </ul>							
Operating Expenses	<ul style="list-style-type: none"> <li>Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. on real estate, etc. it owns, as expenses related to the rent business in the amount corresponding to the management period out of the assessed and determined taxation amount. In addition, as for the acquisition of real estate or beneficiary interests in trust in real estate, the adjustments equivalent to property tax for the acquired fiscal year paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period.</li> <li>Accordingly, Top REIT will record the relevant determined taxation amount as rent business expenses from 2014 onward with regard to property tax, etc. of the three assets acquired on November 28, 2013. The amount equivalent to property taxes which is included in acquisition costs is assumed to be ¥9 million.</li> <li>It is assumed that the amount of property tax, etc. will be ¥580 million for the sixteenth fiscal period and ¥638 million for the seventeenth fiscal period.</li> <li>It is assumed that the depreciation and amortization will be ¥1,200 million for the sixteenth fiscal period and ¥1,210 million for the seventeenth fiscal period.</li> <li>Repair expenses for buildings, etc. may vary greatly from the forecasted amount due to various reasons. For example, emergency repair expenses may possibly arise due to</li> </ul>							

	<p>unexpected factors causing building damage, etc. Another reason is that repair expenses are expenses that are not accrued periodically and, rather, the variation in the amount largely depends on the fiscal period.</p> <ul style="list-style-type: none"> <li>• Management operation fees are assumed by considering historical data and the detail of management contracts, as well as revision of related fees.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Expenses for the issuance of new investment units and secondary offering resolved on November 7, 2013 are estimated to be ¥40 million. It is assumed that these costs will be amortized over three years with the straight-line method.</li> <li>• It is assumed that non-operating expenses for the sixteenth fiscal period will be ¥626 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥613 million.</li> <li>• It is assumed that non-operating expenses for the seventeenth fiscal period will be ¥633 million, of which interest on loans and interest expenses on investment corporation bonds (including related expenses) will be ¥620 million.</li> </ul>
Dividend per Unit	<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 net income will be fully distributed as dividend (excluding fractions) in the Sixteenth Fiscal Period and the Seventeenth fiscal Period.</li> <li>• Top REIT will not reverse the amount of internal reserves for the sixteenth and seventeenth fiscal period.</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, Tokyo Stock Exchange's listing regulations, rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts.</li> <li>• It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.</li> </ul>

## 8. Financial Statements

### (1) Balance Sheets

(Unit: thousand yen)

	Fourteenth Fiscal Period (as of April 30, 2013)	Fifteenth Fiscal Period (as of October 31, 2013)
<b>Assets</b>		
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 (as of April 30, 2013)	Fifteenth Fiscal Period (as of October 31, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>1,524,405</b>	<b>5,413,630</b>
<b>Noncurrent liabilities</b>		
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
<b>Total noncurrent liabilities</b>	<b>101,351,746</b>	<b>96,884,297</b>
<b>Total liabilities</b>	<b>102,876,152</b>	<b>102,297,927</b>
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	82,260,100	82,260,100
<b>Surplus</b>		
Voluntary retained earnings		
Reserve for reduction entry	49,958	49,958
<b>Total Voluntary retained earnings</b>	<b>49,958</b>	<b>49,958</b>
Unappropriated retained earnings (undisposed loss)	1,822,649	1,579,617
<b>Total surplus</b>	<b>1,872,608</b>	<b>1,629,576</b>
<b>Total unitholders' equity</b>	<b>84,132,708</b>	<b>83,889,676</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(5,177)	(18,376)
<b>Total valuation and translation adjustments</b>	<b>(5,177)</b>	<b>(18,376)</b>
<b>Total net assets</b>	<b>84,127,531</b>	<b>83,871,299</b>
<b>Total liabilities and net assets</b>	<b>187,003,684</b>	<b>186,169,227</b>

**(2) Statements of Income**

(Unit: thousand yen)

	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)	Fifteenth Fiscal Period (May 1, 2013 – 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 costs	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

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

(Unit: thousand yen)

	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)	Fifteenth Fiscal Period (May 1, 2013 – October 31, 2013)
<b>Unitholders' equity</b>		
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

#### (4) Statements of Cash Dividend Distributions

	For the period from November 1, 2012 to April 30, 2013	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	1,822,645,000	1,579,605,000
(Dividend per unit)	(11,759)	(10,191)
III. Retained earnings brought forward	4,910	12,747

(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 Act." 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 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 Act." 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 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.

**(5) Statements of Cash Flows**

(Unit: thousand yen)

	Fourteenth Fiscal Period (November 1, 2012 – April 30, 2013)	Fifteenth Fiscal Period (May 1, 2013 – 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



## 9. Portfolio Data

As of October 31, 2013

Asset Class	Area	Property Name	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Investment Breakdown (Note) (%)
Office Building	Central Tokyo	NEC Head Office Building	41,950	50,100	29.4
		Harumi Island Triton Square Office Tower Y	33,000	29,500	17.3
		Akasaka Oji Building	9,660	8,540	5.0
		Kanda Park Plaza	5,156	4,910	2.9
		Shiba-Koen Building	5,770	3,540	2.1
		Harumi Island Triton Square Office Tower Z	20,000	12,600	7.4
		Kanda Nishiki-cho 3-chome Building	12,700	14,200	8.3
		Shinkawa Chuo Building	5,610	5,790	3.4
	Tokyo Metropolitan Area	Faret East Building	2,091	2,450	1.4
Subtotal (9 properties)			135,937	131,630	77.2
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	8,330	4.9
		Ito-Yokado Higashi-Narashino Store	8,900	5,620	3.3
		Musashiurawa Shopping Square	4,335	3,880	2.3
	Other Major Cities	MEL Building	1,210	1,280	0.8
Subtotal (4 properties)			26,445	19,110	11.2
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,580	1.5
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,120	4.2
		Ecology Toyosu Procentury	5,160	5,080	3.0
		Impress Musashi-Koganei	1,223	1,270	0.7
		Top Residence Yoga	1,165	1,180	0.7
Subtotal (5 properties)			20,583	17,230	10.1
Other Property	Central Tokyo	OAK PLAZA	2,590	2,500	1.5
	Subtotal (1 property)		2,590	2,500	1.5
Total (19 properties)			185,555	170,470	100.0

(Note) The investment breakdown is the ratio of the appraisal value at end of period for the applicable property or the applicable asset class to the sum total of the appraisal value at end of period for all properties in the portfolio and is rounded to the first decimal place.

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

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