

## Summary of Earnings Results for the Nineteenth Fiscal Period (From May 1, 2015 to October 31, 2015)

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 October 31, 2015 (Nineteenth fiscal period).

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

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

Eighteenth Fiscal Period (18<sup>th</sup> FP): From November 1, 2014 to April 30, 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	
Oct 31, 2015 (19 <sup>th</sup> FP)	¥5,368	(4.4%)	¥2,210	(10.6%)	¥1,654	(12.6%)
Apr 30, 2015 (18 <sup>th</sup> FP)	¥5,612	(3.1%)	¥2,472	(3.6%)	¥1,891	(3.3%)

	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			
Oct 31, 2015 (19 <sup>th</sup> FP)	¥1,674	(8.6%)	¥9,513	1.8%	0.9%	30.8%
Apr 30, 2015 (18 <sup>th</sup> FP)	¥1,831	(6.3%)	¥10,408	2.0%	1.0%	33.7%

(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 Earning		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		
Oct 31, 2015 (19 <sup>th</sup> FP)	¥9,761	¥1,717	¥0	¥-	102.6%	1.8%
Apr 30, 2015 (18 <sup>th</sup> FP)	¥9,680	¥1,703	¥0	¥-	93.0%	1.8%

(Note 1) Since a part of unappropriated retained earnings (126 million yen) and the correction amount of deferred tax liability (1 million yen) due to the change in corporate tax rate following the tax system revisions in the fiscal year 2015, have been allocated as the reserve for reduction entry, 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 April 30, 2015.

(Note 2) 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.

#### (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
Oct 31, 2015 (19 <sup>th</sup> FP)	¥189,568	¥92,976	49.0%	¥528,278
Apr 30, 2015 (18 <sup>th</sup> FP)	¥189,737	¥92,998	49.0%	¥528,400

(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
Oct 31, 2015 (19 <sup>th</sup> FP)	¥2,715	(¥317)	(¥2,022)	¥6,220
Apr 30, 2015 (18 <sup>th</sup> FP)	¥10,725	(¥1,515)	(¥11,719)	¥5,843

## 2. Earnings Forecasts for the Twentieth Fiscal Period

Twentieth Fiscal Period (20<sup>th</sup> FP): From November 1, 2015 to April 30, 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	
Apr 30, 2016 (20 <sup>th</sup> FP)	¥5,419	1.0%	¥2,264	2.4%	¥1,743	5.4%

	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
Apr 30, 2016 (20 <sup>th</sup> FP)	¥1,742	4.1%	¥9,900	¥0

(Reference) Estimated net income per unit for the 20<sup>th</sup> FP: ¥9,900

## 3. Others

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

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

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

- Number of investment units (including treasury investment units) issued and outstanding at the end of fiscal period
  - As of October 31, 2015 (19<sup>th</sup> FP): 176,000 units
  - As of April 30, 2015 (18<sup>th</sup> FP): 176,000 units
- Number of treasury investment units issued and outstanding at the end of fiscal period
  - As of October 31, 2015 (19<sup>th</sup> FP): 0 units
  - As of April 30, 2015 (18<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 December 16, 2015, 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 Nineteenth 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) 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 19th fiscal period (October 31, 2015), 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 19th 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

In the 19th fiscal period, the Japanese economy was impacted in terms of exports and production by the deceleration of emerging countries, but ongoing government economic policies and Bank of Japan monetary easing measures led to strong corporate performance and corresponding improvement in the employment and income environment continuing. The Japanese economy thus maintained a moderate recovery trend.

While U.S. interest rate trends, resurgence of the European debt problem, China’s growth stagnation, resource-rich countries’ economic trends and other risk factors that may impact the Japanese economy require close monitoring, such factors as anticipated improvement in consumer sentiment associated with companies’ capital investment increase and households’ income increase against the backdrop of depreciation of the yen and high stock prices suggest that the moderate recovery will continue.

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

##### [Office Buildings]

The office leasing market remained steady, as evident by such factors as the vacancy rate continuing to improve in not only Tokyo but also Osaka, Fukuoka and other major office districts, as well as ongoing increase trend in rent, centering on excellent office buildings in central Tokyo. Based on continued assumption of robust office demand buoyed by such factors as improvement in the employment environment and corporate performance, the market as a whole is expected to continue to be on a moderate recovery trend.

##### [Retail Properties]

Personal consumption is showing signs of gradual recovery and is thought to remain steady going forward, backed by improvement in the employment and income environment. On an analysis by business category, strong showings are expected to continue for department stores in central Tokyo, 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 are showing consecutive year-on-year increases in business performance. Among large-scale general supermarkets, on the other hand, are stores struggling with continuing year-on-year decreases in business performance. 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]

Rental residential property construction starts in the Tokyo metropolitan area is forecast to remain at a low level due in part to soaring land acquisition costs and construction costs. With improvement in the employment and income environment and other factors, the trend of population in-migration exceeding out-migration continues in the Tokyo metropolitan area and major urban areas of Japan. As such, the favorable supply-demand environment is expected to continue for highly-competitive rental residential properties that are excellent in terms of location and quality. The rental residential property market is thus thought to see strong showings in both occupancy rate and rent.

#### (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 who anticipate a full-fledged recovery of the Japanese economy and other investors. This has led to ongoing capital inflow into the market continuing. On the other hand, with information on sale of excellent properties being limited, competition over property acquisition is increasingly intensifying and transaction prices are on an upward trend. While the expected cap rate of excellent office buildings in the “Marunouchi/ Otemachi District” have ceased falling in the 3.5% to 4.0% range, there are also survey results that have shown that in other districts the expected cap rates have decreased slightly as before. With investors’ appetite 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 19th fiscal period saw both short-term and long-term interest rates remain at a low level against the backdrop of ongoing monetary easing measures by the Bank of Japan. The purchase of Japanese government bonds by the Bank of Japan in an aim to achieve inflation rate of 2% based on “quantitative and qualitative monetary easing” is 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 19th 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 19th fiscal period, thus Top REIT’s portfolio remains unchanged from the end of previous fiscal year.

#### (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. During the 19th fiscal period, Top REIT continued to focus on tenant solicitation activities for successor tenants of Kanda Nishiki-cho 3-chome Building, which has been a pending issue. As a result, the occupancy rate reached 94.3% at the end of October 2015.

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 19th fiscal period, with regard to one floor of Harumi Island Triton Square Office Tower Y that had been used as a cafeteria for the employees of tenants, Top REIT commenced construction and the first phase construction was completed. As of the date of this document the second phase construction has also begun. The concerned construction is scheduled to be completed during the

fiscal period ending April 2016. In addition, the lease agreement has been already conducted for the leasing space after the completion of the concerned construction.

### C. Funding

Top REIT procures funds under a financial policy based on stable financial management. During the 19th fiscal period, as the funds for the redemption of ¥8,500 million No. 1 Unsecured Investment Corporation Bonds due on June 4, 2015, the same amount was financed using long-term loans. Top REIT worked on spreading out the repayment dates by splitting the concerned long-term loans into ¥4,000 million (repayment date: May 29, 2020) and ¥4,500 million (repayment date: May 31, 2022). Furthermore, regarding the long-term loans of ¥4,251 million that was due on September 30, 2015, ¥4,000 million was refinanced as of the same date with a long-term loan (repayment date: September 30, 2022) and the remaining ¥251 million was repaid using cash on hand. Regarding all of the long-term loans borrowed during the 19th 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 June 30, 2015 as agreed upon.

As a result, at the end of the nineteenth fiscal period, the balance of interest-bearing liabilities amounts to ¥90,279.5 million and the ratio of interest-bearing liabilities to total assets is 47.6%. 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 56.0%.

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 (excluding short-term corporation bonds)	¥100,000 million	From May 20, 2014 to May 19, 2016

The credit rating of Top REIT as of October 31, 2015 is as follows:

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

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

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the 19th fiscal period of ¥5,368 million in operating revenue, ¥2,210 million in operating income and ¥1,654 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥1,674 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 maximum value arrived at when the number of units issued and outstanding (176,000 units) is multiplied by an integer, within the limit of the amount arrived at by adding the ¥43 million reversed from the amount set aside as internal reserves as 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) to the unappropriated retained earnings of the nineteenth fiscal period, would be paid out. Consequently, Top REIT declared a dividend per investment unit of ¥9,761.

### (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

There are none applicable.

## B. Outlook for the 20th and 21st Fiscal Periods

The earnings forecasts for the 20th fiscal period (from November 1, 2015 to April 30, 2016) and 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.

	20th Fiscal Period (From Nov 1, 2015 to Apr 30, 2016)	21st Fiscal Period (From May 1, 2016 to Oct 31, 2016)
Operating Revenue	¥5,419million	¥5,390million
Operating Income	¥2,264million	¥2,230million
Ordinary Income	¥1,743million	¥1,743million
Net Income	¥1,742million	¥1,742million
Dividend per Unit (excluding dividend in excess of earnings)	¥9,900 (Note 2)	¥9,900 (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. The forecasts should not be construed as a guarantee of the dividend amount.

(Note 2) With regard to the dividend per unit of the 20th and the 21st fiscal periods, it is assumed that ¥201 million of internal reserve will not be reversed.



**Assumptions for Earnings Forecasts for the 20th Fiscal Period (from November 1, 2015 to April 30, 2016) and the 21st Fiscal Period (from May 1, 2016 to October 31, 2016)**

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> <li>20th fiscal period: November 1, 2015 - April 30, 2016 (182 days)</li> <li>21st fiscal period: May 1, 2016 - October 31, 2016 (184 days)</li> </ul>
Portfolio Assets	<ul style="list-style-type: none"> <li>It is assumed that portfolio assets will be the 20 properties Top REIT owns as of the date of this document. 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 ¥90,279 million, which is the amount as of October 31, 2015.</li> <li>For the 20th fiscal period, it is assumed that regarding the ¥19,527 million in loans due for repayment on February 29, 2016, ¥27 million will be repaid using cash on hand and the remaining ¥19,500 million will be refinanced. It is also assumed that, of long-term loans, ¥67 million will be repaid on December 30, 2015 as agreed upon.</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> <li>For Harumi Island Triton Square Office Tower Y, the second phase construction of the construction work to convert one floor of it that had been used as a cafeteria for the employees of tenants into office leasing space is scheduled to be completed during the 20th fiscal period. It is assumed that the occupancy rate of the section converted into office leasing space after the work has been completed will stand at 100% after the end of April 2016 onward.</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 ¥611 million for the 20th fiscal period and ¥613 million for the 21st fiscal period.</li> <li>Depreciation and amortization is assumed to be ¥1,181 million for the 20th fiscal period and ¥1,191 million for the 21st fiscal period.</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>For the 20th fiscal period, non-operating expenses are assumed to be ¥522 million, of which interest expenses on loans (including related expenses) are expected to be ¥512 million and amortization of investment unit issuance expenses is expected to be ¥6 million.</li> <li>For the 21st fiscal period, non-operating expenses are assumed to be ¥487 million, of which interest expenses on loans (including related expenses) are expected to be ¥479 million and amortization of investment unit issuance expenses is expected to be ¥6 million.</li> </ul>

<p>Dividend per Unit (excluding dividend in excess of earnings)</p>	<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>• For the 20th and the 21st fiscal periods, it is assumed that net income will be fully distributed as dividends (excluding fractions).</li> <li>• For the 20th and the 21st fiscal periods, it is assumed that ¥201 million of internal reserve will not be reversed.</li> </ul>
<p>Dividend in Excess of Earnings per Unit</p>	<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>
<p>Other</p>	<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 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>

## 5. Financial Statements

### (1) Balance Sheets

(In thousands of yen)

	18th Fiscal Period (as of April 30, 2015)	19th Fiscal Period (as of October 31, 2015)
Assets		
Current assets		
Cash and deposits	2,046,803	2,638,085
Cash and deposits in trust	3,796,885	3,582,056
Operating accounts receivable	218,025	301,141
Prepaid expenses	298,137	296,248
Deferred tax assets	15	12
Other	13	—
Total current assets	6,359,881	6,817,545
Noncurrent assets		
Property, plant and equipment		
Buildings	1,222,605	—
Accumulated depreciation	(258,166)	—
Buildings, net	964,439	—
Structures	5,559	—
Accumulated depreciation	(3,550)	—
Structures, net	2,009	—
Machinery and equipment	20,309	—
Accumulated depreciation	(13,177)	—
Machinery and equipment, net	7,131	—
Tools, furniture and fixtures	6,609	—
Accumulated depreciation	(3,050)	—
Tools, furniture and fixtures, net	3,559	—
Land	5,209,643	—
Buildings in trust	66,198,127	67,891,811
Accumulated depreciation	(17,863,648)	(19,194,019)
Buildings in trust, net	48,334,479	48,697,792
Structures in trust	801,461	807,020
Accumulated depreciation	(353,838)	(375,210)
Structures in trust, net	447,622	431,809
Machinery and equipment in trust	310,592	316,304
Accumulated depreciation	(204,492)	(236,392)
Machinery and equipment in trust, net	106,099	79,911
Tools, furniture and fixtures in trust	303,189	280,255
Accumulated depreciation	(179,472)	(169,747)
Tools, furniture and fixtures in trust, net	123,717	110,508
Land in trust	127,651,793	132,862,108
Construction in progress in trust	—	101
Total property, plant and equipment	182,850,494	182,182,231
Intangible assets		
Leasehold right in trust	7,348	7,348
Other intangible assets in trust	1,650	1,376
Other	21	—
Total intangible assets	9,019	8,724
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	244,946	282,502
Other	241,210	254,532
Total investments and other assets	496,157	547,034
Total noncurrent assets	183,355,671	182,737,990
Deferred assets		
Investment corporation bond issuance costs	1,837	—
Investment unit issuance expenses	20,035	13,357
Total deferred assets	21,873	13,357
Total assets	189,737,426	189,568,893

(In thousands of yen)

	18th Fiscal Period (as of April 30, 2015)	19th Fiscal Period (as of October 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	352,904	530,455
Current portion of Investment corporation bond	8,500,000	—
Current portion of long-term loans payable	23,913,000	22,662,000
Accounts payable – other	231,359	236,463
Accrued expenses	103,139	69,315
Income taxes payable	764	716
Accrued consumption taxes	85,700	26,918
Advances received	704,242	729,644
Other	3,711	1,591
Total current liabilities	33,894,820	24,257,106
<b>Noncurrent liabilities</b>		
Long-term loans payable	58,185,000	67,617,500
Tenant leasehold and security deposits	170,568	—
Tenant leasehold and security deposits in trust	4,373,971	4,631,266
Deferred tax liabilities	72,345	55,287
Derivatives liabilities	42,216	30,766
Total noncurrent liabilities	62,844,102	72,334,820
Total liabilities	96,738,923	96,591,926
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	91,143,100	91,143,100
<b>Surplus</b>		
Voluntary retained earnings		
Reserve for reduction entry	51,880	180,113
Total Voluntary retained earnings	51,880	180,113
Unappropriated retained earnings (undisposed loss)	1,832,069	1,674,520
Total surplus	1,883,949	1,854,633
Total unitholders' equity	93,027,049	92,997,733
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(28,546)	(20,767)
Total valuation and translation adjustments	(28,546)	(20,767)
Total net assets	92,998,503	92,976,966
Total liabilities and net assets	189,737,426	189,568,893

**(2) Statements of Income**

(In thousands of yen)

	18th Fiscal Period (November 1, 2014 – April 30, 2015)	19th Fiscal Period (May 1, 2015 – October 31, 2015)
Operating revenue		
Rent revenue – real estate	5,283,814	5,220,477
Other lease business revenue	31,369	147,738
Gain on sales of real estate properties	297,259	–
Total operating revenue	5,612,443	5,368,215
Operating expenses		
Expenses related to rent business	2,630,481	2,673,458
Asset management fee	341,711	341,201
Asset custody fee	8,622	8,515
Administrative service fees	67,447	66,764
Directors' compensations	6,300	6,300
Audit fee	10,000	12,600
Other operating expenses	75,828	48,665
Total operating expenses	3,140,392	3,157,505
Operating income	2,472,051	2,210,709
Non-operating income		
Interest income	1,025	844
Reversal of dividends payable	611	452
Insurance income	424	–
Total non-operating income	2,061	1,297
Non-operating expenses		
Interest expenses	355,378	377,898
Interest expense on investment corporation bonds	42,034	8,267
Amortization of investment corporation bond issuance costs	5,511	1,837
Borrowing related expenses	170,089	151,582
Amortization of investment unit issuance expenses	6,678	6,678
Other	2,440	11,283
Total non-operating expenses	582,133	557,548
Ordinary income	1,891,979	1,654,459
Income before income taxes	1,891,979	1,654,459
Income taxes – current	944	864
Income taxes – deferred	59,068	(20,768)
Total income taxes	60,013	(19,904)
Net income	1,831,965	1,674,363
Retained earnings brought forward	103	156
Unappropriated retained earnings (undisposed loss)	1,832,069	1,674,520

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

For the period from November 1, 2014 to April 30, 2015 (18th 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	51,873	51,873	1,954,943	2,006,816	93,149,916
Changes of items during the period						
Reserve for reduction entry		7	7	(7)	—	—
Dividends from surplus				(1,954,832)	(1,954,832)	(1,954,832)
Net income				1,831,965	1,831,965	1,831,965
Net changes of items other than unitholders' equity (net)						
Total changes of items during the period	—	7	7	(122,874)	(122,866)	(122,866)
Balance at the end of the period	91,143,100	51,880	51,880	1,832,069	1,883,949	93,027,049

	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	(29,195)	(29,195)	93,120,720
Changes of items during the period			
Reserve for reduction entry			—
Dividends from surplus			(1,954,832)
Net income			1,831,965
Net changes of items other than unitholders' equity (net)	649	649	649
Total changes of items during the period	649	649	(122,216)
Balance at the end of the period	(28,546)	(28,546)	92,998,503

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

#### (4) Statements of Cash Distributions

	18th Fiscal Period from November 1, 2014 to April 30, 2015	19th Fiscal Period from May 1, 2015 to October 31, 2015
	Amount (yen) (Note 1)	Amount (yen) (Note 2)
I. Unappropriated retained earnings	1,832,069,089	1,674,520,004
II. Voluntary retained earnings		
Reversal of reserve for reduction entry	—	43,517,328
III. Total Amount of Dividends	1,703,680,000	1,717,936,000
<Dividend per unit>	<9,680>	<9,761>
IV. Voluntary retained earnings		
Reserve for reduction entry	128,233,041	—
V. Retained earnings brought forward	156,048	101,332

(Note1) In accordance with the “cash distribution policy” stipulated in Article 34 of the Articles of Incorporation, the total amount of dividends is limited to the amount of income. The article also stipulates 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.” Based on these policies, Top REIT decided on a total distribution of 1,703,680,000 yen as distribution of income for the period. 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 unappropriated retained earnings of the 18th fiscal period, after deducting both (1) the amount of deferred tax liabilities adjusted to reflect the change in tax rate, (2) the amount of retained earnings brought forward pursuant to Article 66-2 of the “Special Taxation Measures Act of Japan” which would be transferred to the reserve for reduction entry. 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”, 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.



## (5) Statements of Cash Flows

(In thousands of yen)

	18th Fiscal Period (November 1, 2014 – April 30, 2015)	19th Fiscal Period (May 1, 2015 – October 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	1,891,979	1,654,459
Depreciation and amortization	1,186,513	1,185,199
Amortization of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	1,837
Amortization of investment unit issuance expenses	6,678	6,678
Interest income and interest on securities	(1,025)	(844)
Interest expenses	397,412	386,165
Decrease (increase) in operating accounts receivable	1,382	(83,116)
Decrease (increase) in prepaid expenses	62,617	1,888
Decrease in property, plant and equipment in trust due to disposal	7,734,728	—
Increase (decrease) in operating accounts payable	(5,696)	12,349
Increase (decrease) in accounts payable – other	(25,453)	5,104
Increase (decrease) in accrued consumption taxes	(138,262)	(58,781)
Increase (decrease) in advances received	(97,646)	25,402
Decrease (increase) in long-term prepaid expenses	127,083	(37,556)
Other, net	(16,236)	37,045
Subtotal	11,129,607	3,135,853
Interest income received	1,025	844
Interest expenses paid	(404,780)	(419,945)
Income taxes paid	(851)	(911)
Net cash provided by (used in) operating activities	10,725,000	2,715,840
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(388,632)	(4,739)
Purchase of property, plant and equipment in trust	(245,384)	(399,193)
Proceeds from tenant leasehold and security deposits	43,239	965
Repayments of tenant leasehold and security deposits	(100)	—
Proceeds from tenant leasehold and security deposits in trust	285,796	125,720
Repayments of tenant leasehold and security deposits in trust	(1,210,483)	(39,959)
Net cash provided by (used in) investing activities	(1,515,565)	(317,207)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	12,500,000
Repayment of long-term loans payable	(9,764,500)	(4,318,500)
Redemption of investment corporation bonds	—	(8,500,000)
Dividend paid	(1,954,832)	(1,703,680)
Net cash provided by (used in) financing activities	(11,719,332)	(2,022,180)
Net increase (decrease) in cash and cash equivalents	(2,509,897)	376,452
Cash and cash equivalents at beginning of period	8,353,586	5,843,689
Cash and cash equivalents at end of period	5,843,689	6,220,142

## 6. Portfolio Data

As of October 31, 2015

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	54,500	30.9
		Harumi Island Triton Square Office Tower Y	33,000	27,200	15.4
		Akasaka Oji Building	9,660	9,610	5.4
		Shiba-Koen Building	6,145	4,260	2.4
		Harumi Island Triton Square Office Tower Z	20,000	12,300	7.0
		Kanda Nishiki-cho 3-chome Building	12,700	8,430	4.8
		Shinkawa Chuo Building	5,610	6,310	3.6
		Shinjuku EAST Building	5,800	6,690	3.8
	Ginza Oji Building	2,000	2,160	1.2	
	Tokyo Metropolitan Area	Faret East Building	2,091	2,720	1.5
Subtotal (10 properties)			138,956	134,180	76.0
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	9,070	5.1
		Ito-Yokado Higashi-Narashino Store	8,900	3,990	2.3
		Musashiurawa Shopping Square	4,335	4,140	2.3
		Kojima × Bic Camera Kashiwa Store	4,500	4,930	2.8
	Other Major Cities	MEL Building	1,210	1,340	0.8
Subtotal (5 properties)			30,945	23,470	13.3
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,860	1.6
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,810	4.4
		Ecology Toyosu Procentury	5,160	5,500	3.1
		Impress Musashi-Koganei	1,223	1,370	0.8
		Top Residence Yoga	1,165	1,300	0.7
Subtotal (5 properties)			20,583	18,840	10.7
Total (20 properties)			190,484	176,490	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.

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

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