

**Translation of Japanese Original**

May 26, 2016

**To All Concerned Parties**

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 (Securities Code: 8982)

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**Notice concerning Disposition of Trust Beneficiary Interest in Real Estate in Japan**  
**(Kojima × Bic Camera Kashiwa Store)**

Top REIT Asset Management Co., Ltd. (“TRAM”), which is the asset management company of Top REIT Inc. (“Top REIT”), hereby announces that it has decided today to dispose of trust beneficiary interests in real estate in Japan (hereinafter, the “Beneficiary Interests in Trust”) for Kojima × Bic Camera Kashiwa Store (the “Property”), as described below.

**1. Overview of Disposition**

Name of Property	Kojima×Bic Camera Kashiwa Store
Property Type to be Disposed	Trust beneficiary interests in real estate in Japan
Sales Agreement Date	May 26, 2016
Planned Disposition Date	August 25, 2016
Purchaser	Undisclosed (Note 1)
Planned Disposition Price (Note 2)	JPY 4,430 million
Assumed Book Value (as of the end of April, 2016)	JPY 4,610 million
Difference between Planned Disposition Price and Book Value (Note 3)	▲JPY 180 million

(Note 1) The information is undisclosed since we were not able to obtain consent from the purchaser with respect to disclosure.

(Note 2) 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 3) The amounts indicate the value calculated by subtracting the above Assumed Book Value from the planned Disposition Price, and may differ from the actual amounts.

## 2. Reason for Disposition

Because sixteen years have passed since the completion of the buildings that constitute the Property, and their facilities are expected to require considerable renewal and repairs, etc., TRAM re-examined the repair and renewal plan, and in doing so it identified that reinforcement work is required for part of the buildings in addition to the repair and renewal work. Based on this, TRAM carried out examinations regarding portfolio risks such as payment of construction costs and other expenses that may arise in the future in relation to the Property, and regarding the possibility and impacts of disposition of the Property, among other matters. As a result of such examinations, TRAM concluded that disposition of the Beneficiary Interests in Trust at this moment—in which the real estate transaction market is exhibiting high levels of activity—will prevent future risks from manifesting and contribute to the profits of Top REIT, and hence we decided on such disposition. The planned disposition price has been decided based on the appraisal value and by taking into account the projected amount currently assumed to be required for the reinforcement work and other works, among other factors.

Top REIT intends to deposit the proceeds from the disposition of the Beneficiary Interests in Trust at financial institutions as cash reserves.

## 3. Description of the Asset being Disposed

Property Name		Kojima×Bic Camera Kashiwa Store				
Property Type to be Disposed		Trust beneficiary interest in real estate in Japan				
Trustee		Sumitomo Mitsui Trust Bank, Limited				
Address (Residential Building Address)		Building A: 1-10 Oyamadai, Kashiwa-shi, Chiba Building B: 1-29 Oyamadai, Kashiwa-shi, Chiba				
Usage		Retail				
Structure/Floors		Building A: Steel-framed structure with a flat roof, 4 floors above ground Building B: Steel-framed structure with a flat roof, 3 floors above ground				
Area	Land	19,053.98m <sup>2</sup>				
	Building	Building A: 10,090.80 m <sup>2</sup> (total floor area) Building B: 10,346.56 m <sup>2</sup> (total floor area)				
Type of Title	Land	Ownership				
	Building	Ownership				
Completion Date		September 2000				
Usage of Area		Quasi-residential districts, Category 2 residential districts				
Acquisition Date		November 28, 2013				
Acquisition Price		JPY 4,500 million				
Appraisal Value	Appraisal Value	JPY 4,940 million				
	Date of Appraisal	April 30, 2016				
	Appraiser	Japan Real Estate Institute				
Tenant Details	Number of Tenants	1 (Note 1)				
	Rent Revenue	Undisclosed (Note 2)				
	Leasehold/ Security Deposit	Undisclosed (Note 2)				
	Occupancy Rate	End of December 2015	End of January 2016	End of February 2016	End of March 2016	End of April 2016

		100%	100%	100%	100%	100%
	Total Leased Floor Area	Building A: 10,090.80 m <sup>2</sup> Building B: 10,346.56 m <sup>2</sup>				
	Total Leaseable Floor Area	Building A: 10,090.80 m <sup>2</sup> Building B: 10,346.56 m <sup>2</sup>				

\* The Usage, Structure and Floors, Area and Completion Date are based on the descriptions in the real estate registry.

(Note 1) While the buildings have been leased in their entirety to Kojima Co., Ltd., Kojima Co., Ltd. has subleased Building A to two companies, and Building B to three companies.

(Note 2) The rent revenue and the leasehold/security deposit of the property are not disclosed since we were not able to obtain consent from the tenants.

#### 4. Overview of the Purchaser

The information of the purchaser is undisclosed since we were not able to obtain consent from the purchaser with respect to disclosure. The purchaser is a company in Japan and does not hold investment units of Top REIT as of April 30, 2016. As of today, there is no special capital, personnel or business relationship between Top REIT and TRAM, and the purchaser, and the purchaser is not a related party of Top REIT or TRAM.

#### 5. Overview of Brokerage

None applicable

#### 6. Transactions with Interested Parties

Transactions with an interested party stipulated by TRAM will be conducted with the disposition of the beneficiary interest in trust. In order to thoroughly verify the terms and other factors of the transaction, the transaction has been discussed and resolved at meetings of TRAM's Risk and Compliance Committee, Investment and Management Committee and the Board of Directors in compliance with TRAM's internal rules on "Transactions with Interested Parties."

Consent to the disposition of a beneficiary interest in trust for real estate management and disposal	In disposing the beneficiary interest in trust, Top REIT will pay Sumitomo Mitsui Trust Bank, Limited, the trustee, 500 thousand yen (excluding consumption tax and equivalents) as the beneficiary fees for the disposition.
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#### 7. Method of Settlement

Lump-sum payment on the disposition date (Planned)

#### 8. Schedule of Disposition

Decision-making Date	May 26, 2016
Sales Agreement Date	May 26, 2016
Payment Date	August 25, 2016 (Planned)
Transfer Date of Trust Beneficiary Interests (Disposition Date)	August 25, 2016 (Planned)

#### 9. Forecast on Business Results

Upon the disposition of the Beneficiary Interests in Trust, the disposition price is expected to be lower than the assumed book value. Although the planned disposition date of the Beneficiary Interests in Trust is August 25, 2016 and falls within the Twenty-first Fiscal Period ending October 2016 (May 1, 2016 to October 31, 2016) of Top REIT, impairment losses associated with disposition of the Beneficiary Interests in Trust will, for accounting purposes, be recorded in respect of the Twentieth Fiscal Period ended April 2016 (November 1, 2015 to April 30, 2016) according to the decision on the disposition made as of today. Although the amount of impairment losses to be recorded is at the present expected to be 181 million yen, the effects of the disposition on dividend per unit for the Fiscal Period ended April 2016 described in the press release "Summary of Earnings Results for the Nineteenth Fiscal Period (From May 1, 2015 to October 31, 2015)" are minimal due to greater than expected reductions of rental expenditure and non-operating expenses for the year ended April 2016 and the scheduled partial reversal of internal reserves, among other reasons, the earnings forecasts remain unchanged.

Despite the decrease in the revenue and expense of the Beneficiary Interests in Trust for a period of two months

or more for the Twenty-first Fiscal Period ending October 2016 (May 1, 2016 to October 31, 2016), the effects on the earnings forecast are minimal.

As described in the press release “Notice Concerning Execution of Merger Agreement by and between Nomura Real Estate Master Fund, Inc. and Top REIT, Inc.” separately disclosed today by Top REIT and Nomura Real Estate Master Fund, Inc. (“NMF”), Top REIT has executed with NMF a merger agreement whereby NMF will be a surviving company in absorption-type merger and Top REIT will be a dissolving company in absorption-type merger. The effective date of the merger will be September 1, 2016, and the fiscal period of Top REIT immediately prior to the effective date will be from May 1, 2016 to August 31, 2016.

#### 10. Summary of real estate appraisal

Appraisal Value	JPY 4,940,000,000
Appraiser	Japan Real Estate Institute
Date of Appraisal	April 30, 2016

(Unit: Thousands of yen)

Item	Content	Basis
Value based on income method	4,940,000	Estimate by combining the income value calculated by using direct capitalization method and the income value calculated by using discounted cash flow method, both of which are considered to have the same level of canonicity.
Value based on direct capitalization method	4,960,000	
Operating revenue	315,320	
Potential gross revenue	315,320	Recording the rental revenue based on the current rent terms and the rate for the site on which the utility pole is installed, by taking into account the rent terms and the tenants' ability to pay rents.
Loss from vacancy	0	Losses from vacancies, etc. are not recorded by taking into account the status of the lessee, the competitiveness as commercial facilities and other factors.
Operating expense	45,316	
Maintenance	0	Not recorded because the lessee is to perform daily maintenance and operation.
Utility cost	0	Not recorded because the lessee bears the expenses.
Repair	1,475	Recorded by taking into account the future maintenance and operation plan, the level of expenses for similar real estates and the annual average amounts of renewal and repairs in the relevant engineering report and other factors, by reference to the actual results of the previous fiscal year
Property management fee	2,400	Recorded by taking into account the rate of fees for similar real estates, the individualities of the subject real estate and other factors, by reference to the fee amounts, etc. under the current terms and conditions
Advertisement and other leasing cost	0	The expenses, etc. necessary for brokerage services and marketing, etc. to be conducted upon the advertisement for new tenants are not recorded because the real estate is leased in its entirety for a

			long-term contract period.
	Tax	40,985	Recorded in accordance with documents related to taxes and other public charges.
	Insurance	456	Recorded by taking into account premiums under insurance contracts and insurance rates of similar buildings, etc.
	Other cost	0	There are no expenses to be recorded in particular.
	Net operating income (NOI)	270,004	
	Investment income of lump sum	6,306	Assessed based on an investment yield of 2.0%.
	Capital expenditure	3,613	Assuming that a projected amount of expenditure will be set aside averagely every fiscal period, and assessed by taking into account the level of capital expenditure for similar real estates, the age of the building and the annual average amount of repair and renewal costs in the relevant engineering report, etc.
	Net cash flow (NCF)	272,697	
	Cap rate	5.5%	Assessed based on a real-estate investment yield considered to have the lowest investment risk, by adjusting it with the spreads arising from store competitiveness, rent terms and other conditions for the subject real estate and by comprehensively taking into account any future uncertainties and yields from similar real estate deals, etc.
	Value based on discounted cash flow method	4,910,000	
	Discount rate	5.2%	Assessed by comprehensively taking into account the individualities of the subject real estate and other factors, by reference to yields from similar real estate deals, etc.
	Terminal cap rate	5.7%	Assessed by comprehensively taking into account future trends of investment yield, risks of the subject real estate as an investment target, standard projections of the future economic growth rate, trends of real estate prices and rent and other factors, by reference to yields from similar real estate deals, etc.
	Value based on cost method	4,170,000	—
	Proportion of land	78.4%	—
	Proportion of building	21.6%	—
Items applied to adjustments in approaches to the value and the determination of the appraisal value		—	

<Attachments>

Appendix Portfolio of Top REIT after Disposition of the Beneficiary Interests in Trust

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

**DISCLAIMER:**

Top REIT, Inc. makes no assurance or warranty with respect to the completeness or accuracy of this English translation. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail. For complete and accurate information, please refer to the Japanese original.

## Appendix Portfolio of Top REIT after Disposition of the Beneficiary Interests in Trust

Asset Class	Area	Property Name	Acquisition Price (million yen) (Note 1)	Investment Breakdown (%) (Note 2)
Office Buildings	Central Tokyo	NEC Head Office Building	41,950	22.6
		Harumi Island Triton Square Office Tower Y	33,000	17.7
		Harumi Island Triton Square Office Tower Z	20,000	10.8
		Kanda Nishiki-cho 3-chome Building	12,700	6.8
		Akasaka Oji Building	9,660	5.2
		Shiba-Koen Building	6,145	3.3
		Shinjuku EAST Building	5,800	3.1
		Shinkawa Chuo Building	5,610	3.0
		Ginza Oji Building	2,000	1.1
	Tokyo Metropolitan Area	Faret East Building	2,091	1.1
Subtotal (10 properties)			138,956	74.7
Retail Properties	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	6.5
		Ito-Yokado Higashi-Narashino Store	8,900	4.8
		Musashiurawa Shopping Square	4,335	2.3
	Other Major Cities	MEL Building	1,210	0.7
Subtotal (4 properties)			26,445	14.2
Residential Properties	Central Tokyo	TOP Residence Nihonbashi Kayabacho	2,400	1.3
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	5.7
		Ecology Toyosu Procentury	5,160	2.8
		Impress Musashi-Koganei	1,223	0.7
		TOP Residence Yoga	1,165	0.6
Subtotal (5 properties)			20,583	11.1
Total (19 properties)			185,984	100.0

(Note 1) The acquisition price indicates the transaction price (excluding consumption tax) described in the real estate sales agreement or the sales agreement for trust beneficiary interests in real estate concluded upon acquiring each of the properties.

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