

Summary of Earnings Results for the Seventeenth Fiscal Period (From May 1, 2014 to October 31, 2014)

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, 2014 (Seventeenth fiscal period).

1. Earnings Results for the Seventeenth Fiscal Period

Seventeenth Fiscal Period (17th FP): From May 1, 2014 to October 31, 2014

Sixteenth Fiscal Period (16th FP): From November 1, 2013 to April 30, 2014

(1) Business Results

	Operating Revenue	Period-on-Period Change	Operating Income	Period-on-Period Change	Ordinary Income	Period-on-Period Change
	Millions of yen		Millions of yen		Millions of yen	
Period ended Oct 31, 2014 (17 th FP)	¥5,792	2.8%	¥2,563	1.4%	¥1,955	2.2%
Apr 30, 2014 (16 th FP)	¥5,637	9.4%	¥2,528	16.4%	¥1,913	21.0%

	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
	Millions of yen		Yen			
Period ended Oct 31, 2014 (17 th FP)	¥1,954	2.1%	¥11,107	2.1%	1.0%	33.8%
Apr 30, 2014 (16 th FP)	¥1,913	21.2%	¥11,056	2.2%	1.0%	33.9%

(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		
	Yen	Millions of yen	Yen	Millions of yen		
Period ended Oct 31, 2014 (17 th FP)	¥11,107	¥1,954	¥0	¥-	100.0%	2.1%
Apr 30, 2014 (16 th FP)	¥10,864	¥1,912	¥0	¥-	99.9%	2.0%

(Note 1) Since fund procurement through public offering was conducted during the 16th FP and the number of investment units has changed accordingly, Dividend Payout Ratio for the 16th FP is calculated as below

$$\text{Dividend Payout Ratio} = \frac{\text{Total Amount of Dividends (excluding dividend in excess of earnings)}}{\text{Net Income}} \times 100$$

(Note 2) The reason for the difference in Net Income and Total Amount of Dividends for the Period ended April 30 is due to the correction amount (1 million yen) of deferred tax liability from the change in corporate tax rate following the tax system revisions in the fiscal year 2014 was included in the reserve for reduction.

(Note 3) The reason for the difference in Dividend per Unit and Net Income per Unit is due to the impact from the change in corporate tax rate following the tax system revisions in the fiscal year 2014 as mentioned in (Note 2), and that the Net Income per Unit is calculated based on the average number of investment units issued and outstanding during the fiscal period.

(3) Financial Position

	Total Assets	Net Assets	Ratio of Unitholders' Equity to Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen		Yen
As of Oct 31, 2014 (17 th FP)	¥200,551	¥93,120	46.4%	¥529,095
Apr 30, 2014 (16 th FP)	¥200,802	¥93,081	46.4%	¥528,873

(Note) Net assets per unit is 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, 2014 (17 th FP)	¥3,593	(¥584)	(¥1,979)	¥8,353
Apr 30, 2014 (16 th FP)	¥2,976	(¥12,195)	¥11,700	¥7,323

2. Earnings Forecasts for the Eighteenth Fiscal Period

Eighteenth Fiscal Period (18th FP): From November 1, 2014 to April 30, 2015

	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, 2015 (18 th FP)	¥5,600	(3.3%)	¥2,424	(5.4%)	¥1,840	(5.9%)

	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, 2015 (18 th FP)	¥1,839	(5.9%)	¥9,300	¥0

(Reference) Estimated net income per unit for the 18th FP: ¥10,451

(Note) With regard to the Dividend per Unit, it is assumed that an approximately ¥300 million of gains on disposal of assets will be partially reserved as internal reserve, etc. (approximately ¥200 million) and that the rest of gains on disposal of assets will be distributed.

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 end of fiscal period
 - As of October 31, 2014 (17th FP): 176,000 units
 - As of April 30, 2014 (16th FP): 176,000 units
- Number of treasury investment units issued and outstanding at end of fiscal period
 - As of October 31, 2014 (17th FP): 0 units
 - As of April 30, 2014 (16th 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 15, 2014, 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 Seventeenth 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. (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. As of the end of the seventeenth fiscal period (October 31, 2014), the total number of investment units issued and outstanding stands at 176,000 units as a result of the issuance of additional investment units through the public offering (20,000 units) on November 25, 2013 and the third-party allotment (1,000 units) on December 13, 2013.

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 seventeenth fiscal period, its portfolio consists of 22 properties with a total acquisition value of ¥197,855 million.

B. Investment Environment and Asset Management Performance

<Investment Environment>

(a)Economy in General

The Japanese economy for the moment shows weakness, primarily in personal consumption and production, as illustrated by the real GDP for the July – September period unexpectedly marking negative growth under the impact of a decrease in demand in reaction to the hurried purchases ahead of the consumption tax hike in April this year, on top of unseasonable weather and other factors. Nevertheless, the economy has stayed on a modest recovery trend, amid ongoing improvements in corporate earnings as well as in the employment and income environments.

While close attention must continuously be paid to the risk factors that may impact the Japanese business climate, such as downside swings in overseas economies, mainly in the U.S., and the trends of the emerging and resource-rich economies, the Japanese economy is likely to continue to show a mild recovery going forward, partly due to the effects of the additional monetary easing by the Bank of Japan (BOJ) and the government’s various policies proving effective, along with the anticipated pickups in personal consumption and capital investment associated with the postponement of the second consumption tax hike.

(b)Real Estate Leasing Market

[Office Buildings]

The vacancy rate has remained on a downward trend, given that the new supply of office buildings has been kept a low level in recent years, in addition to a notable increase in demand for relocations to expand spaces, etc. associated with a recovery in corporate performance. Rents have also shown a trend of stopping to drop, with even a reversal being seen in some areas. As such, the market is gradually signaling a recovery, including a reduction in rent-free periods, primarily for blue-chip office buildings in central Tokyo.

[Retail Properties]

Despite a temporary drop due to repercussions from the rush demand prior to the consumption tax hike and other factors being observed, personal consumption is anticipated to recover gradually and remain solid going forward, backed by improvements in the employment and income environments. Meanwhile, delays in the recovery of demand are observed in some industries, business types and locations, and retailers continue to face harsh business conditions including the increased competition against online shopping operators. Accordingly, disparities may arise in performance and the ability to bear rent burdens, depending on the economic trends and the characteristics of individual retail properties.

[Residential Properties]

Demand for well-located and quality rental residential properties has remained solid, given the ongoing population inflow into the Tokyo metropolitan area and other major urban areas around Japan. With the construction starts of new residential properties also been kept at a low level, the supply-demand conditions continue to be favorable. Going forward, the rental residential property market is anticipated to see both the occupancy rate and rent levels remain in good shape, primarily for single-person households and small households.

(c) Real Estate Transaction Market

In the current real estate transaction market, not only J-REITs but also private placement funds, industrial corporations and overseas investors who anticipate a full-on recovery of the Japanese economy continue to have a proactive investment attitude, against the backdrop of a favorable fund procurement environment including low interest rates as a result of the monetary easing. This, along with the activities of such core investors as pension funds, has led to ongoing capital inflow into the market. On the other hand, competition over property acquisitions in the real estate transaction market has been increasingly intensified, as information on properties for sale (especially those in central Tokyo and in other good locations) is limited. Since rents as income sources have not yet shown any full-on increase while sales prices of properties are soaring, it is expected that investment returns will continue to stay on a downward trend for some time.

(d) Financial Market

During the fiscal period under review, the financial market saw the BOJ continue its “quantitative and qualitative monetary easing,” which kept both short-term and long-term interest rates at a low level. In addition, the BOJ decided on additional monetary easing measures at its Monetary Policy Meeting held on October 31, 2014. Due to this development, it is anticipated that interest rates will remain low in a stable manner for a certain period of time, and that financial institutions will continue to maintain their proactive lending attitude.

<Asset Management Performance >

(a) Acquisition and Disposition of Assets

Top REIT began the seventeenth fiscal period with 22 properties (total acquisition value: ¥197,855 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. The number of properties owned by Top REIT remained unchanged from the sixteenth fiscal period since Top REIT did not make a decision to acquire properties in the seventeenth fiscal period.

After closing the seventeenth fiscal period, Top REIT executed sales agreements for Kanda Park Plaza and OAK PLAZA as of November 12, 2014, with their disposition being completed on November 13, 2014.

Top REIT used part of the proceeds from the disposition of these properties to repay existing borrowings, making early repayment of certain borrowings on November 28, 2014.

(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 seventeenth fiscal period, Top REIT continued to focus on tenant solicitation activities for successor tenants of Harumi Island Triton Square Office Tower Y. As a result, the occupancy rate reached 93.6% at the end of the seventeenth fiscal period (October 31, 2014), and is expected to further improve to 99.8% in February 2015. On the other hand, a tenant to whom the entire building of Kanda Nishiki-cho 3-chome Building has been leased notified its intention to terminate the lease agreement as of January 2015. Of the spaces to be vacated, new lease

agreements covering 965 tsubos have already been executed as of December 15, 2014, and Top REIT continues its effort to solicit successor tenants for the remaining spaces.

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 renewal construction and repair work that contributed to enhancing the competitiveness of properties, maintaining and improving the functionality of properties, and construction that contributed to improving tenant satisfaction. It also took steps to keep relevant costs at an appropriate level and conducted efficient management of resources. Furthermore, with regard to Harumi Island Triton Square Office Tower Y, Top REIT is investigating implementation of construction works to convert an entire floor, which has been used as cafeteria for the employees of tenants, to office spaces for lease in order to increase the rent revenue.

C. Funding

Top REIT procures funds under a financial policy based on stable financial management. During the seventeenth fiscal period, Top REIT refinanced the ¥4,000 million in long-term loans due for repayment on June 30, 2014 by borrowing ¥4,000 million in long-term loans (repayment date: March 29, 2019) as of the same date. Top REIT also repaid ¥67.5 million in long-term loans as agreed upon on June 30, 2014 by using cash on hand.

As a result, at the end of the seventeenth fiscal period, the balance of interest-bearing liabilities amounts to 100,362 million (¥91,862 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 50.0%. 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 46.5%.

Furthermore, after closing the seventeenth fiscal period, Top REIT disposed Kanda Park Plaza and OAK PLAZA as of November 13, 2014. Top REIT used the proceeds from the disposition and cash on hand to make early repayments totaling ¥9,697 million for certain existing borrowings on November 28, 2014. This resulted in the balance of interest-bearing liabilities amounting to ¥90,665 million (¥82,165 million in long-term loans (including the current portion) and ¥8,500 million in investment corporation bonds) as of the date of the early repayment.

The credit rating of Top REIT as of October 31, 2014 is as follows:

Credit Rating Agency	Rating [Outlook]
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ [Negative] Unsecured investment corporation bond rating (No. 1 Unsecured Investment Corporation Bonds): A+

(Note) R&I changed the rating outlook of Top REIT's issuer rating on August 8, 2014 as described above.

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, 2014 to May 19, 2016

D. Earnings Results and Dividends

As a result of the asset management and operations described above, Top REIT recorded asset management performance during the seventeenth fiscal period of ¥5,792 million in operating revenue, ¥2,563 million in operating income and ¥1,955 million in ordinary income after deducting expenses concerning borrowings, etc., and net income was ¥1,954 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 balance of unappropriated retained earnings of the seventeenth fiscal period and after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate which would be transferred to the reserve for reduction entry, would be paid out. Consequently, Top REIT declared a dividend per investment unit of ¥11,107.

(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 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 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.

(e) Significant Subsequent Events

<Disposition of Properties>

Top REIT disposed of two properties on November 13, 2014 as described below.

(1) Property Type	Trust beneficiary interest in real estate in Japan
(2) Name of Property	Kanda Park Plaza
(3) Address (Residential building address)	2-2-2 Kajicho, Chiyoda-ku, Tokyo
(4) Disposition Price	¥5,350 million
(5) Book Value	¥5,052 million (as of October 31, 2014)
(6) Gains on disposal	Approx. ¥109 million
(7) Sales Agreement date	November 12, 2014
(8) Disposition Date	November 13, 2014
(9) Purchaser	Undisclosed

(1) Property Type	Trust beneficiary interest in real estate in Japan
(2) Name of Property	OAK PLAZA
(3) Address (Residential building address)	2-10-6 Kanda Awajicho, Chiyoda-ku, Tokyo
(4) Disposition Price	¥2,900 million
(5) Book Value	¥2,686 million (as of October 31, 2014)
(6) Gains on disposal	Approx. ¥191 million
(7) Sales Agreement date	November 12, 2014
(8) Disposition Date	November 13, 2014
(9) Purchaser	NIPPON STEEL KOWA REAL ESTATE CO., LTD.

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

[Reference Information]

<Partial Early Repayment of Borrowings>

Top REIT made the partial early repayment of borrowings on November 28, 2014 with the proceeds from the disposition of Kanda Park Plaza and OAK PLAZA, etc. Outline of the partial early repayment of borrowings is described below.

Long-term loan (Term Loan No. 15)

(1) Lender	Sumitomo Mitsui Trust Bank, Limited. The Bank of Fukuoka, Ltd. The Hiroshima Bank, Ltd. The Yamaguchi Bank, Ltd.
(2) Balance of loans before repayment (A)	¥6,700 million
(3) Amount of repayment (B)	¥3,873 million
(4) Balance of loans after repayment (A-B)	¥2,827 million
(5) Date of early repayment	November 28, 2014
(6) Execution date	March 31, 2011
(7) Principal repayment date	February 29, 2016

Long-term loan (Term Loan No. 19-(1))

(1) Lender	Sumitomo Mitsui Trust Bank, Limited. Sumitomo Mitsui Banking Corporation The Bank of Tokyo Mitsubishi UFJ, Ltd. Resona Bank, Limited
(2) Balance of loans before repayment (A)	¥7,000 million
(3) Amount of repayment (B)	¥4,046 million
(4) Balance of loans after repayment (A-B)	¥2,954 million
(5) Date of early repayment	November 28, 2014
(6) Execution date	November 30, 2012
(7) Principal repayment date	September 30, 2015

Long-term loan (Term Loan No. 20-(3))

(1) Lender	Mizuho Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation
(2) Balance of loans before repayment (A)	¥3,075 million
(3) Amount of repayment (B)	¥1,778 million
(4) Balance of loans after repayment (A-B)	¥1,297 million
(5) Date of early repayment	November 28, 2014
(6) Execution date	March 27, 2013
(7) Principal repayment date	September 30, 2015

B. Outlook for the Eighteenth and Nineteenth Fiscal Periods

The earnings forecasts for the eighteenth fiscal period (from November 1, 2014 to April 30, 2015) and the nineteenth fiscal period (from May 1, 2015 to October 31, 2015) are as follows:

Please refer to the next page for the assumptions of earnings forecasts.

	Eighteenth Fiscal Period (From Nov 1, 2014 to Apr 30, 2015)	Nineteenth Fiscal Period (From May 1, 2015 to Oct 31, 2015)
Operating Revenue	¥5,600million	¥5,164million
Operating Income	¥2,424million	¥2,051million
Ordinary Income	¥1,840million	¥1,482million
Net Income	¥1,839million	¥1,481million
Dividend per Unit (excluding dividend in excess of earnings)	¥9,300 (Note 2)	¥9,000 (Note 3)
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 dividends of eighteenth fiscal period, it is assumed that part of the gain on disposal of Kanda Park Plaza and OAK PLAZA will be reserved as internal reserves, etc.

(Note 3) It is assumed that Top REIT will reverse part of the internal reserves for dividend of the nineteenth fiscal period.

Assumptions for Earnings Forecasts for the Eighteenth Fiscal Period (from November 1, 2014 to April 30, 2015) and the Nineteenth Fiscal Period (from May 1, 2015 to October 31, 2015)

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> • Eighteenth fiscal period (18th FP): November 1, 2014 - April 30, 2015 (181 days) • Nineteenth fiscal period (19th FP): May 1, 2015 - October 31, 2015 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> • The forecast is based on 20 properties comprising the 22 properties Top REIT owns as of the end of the seventeenth fiscal period (October 31, 2014) minus the 2 properties disposed as of November 13, 2014. The actual circumstances may change depending on the acquisition or disposal of other properties.
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • The number of investment units issued and outstanding is based on the number as of December 15, 2014, which is 176,000 units, and assumes that no issuance of new investment units will be made through October 31, 2015.
Interest-Bearing Liabilities	<ul style="list-style-type: none"> • It is assumed that the balance of interest-bearing liabilities is ¥100,362 million, which is the amount as of October 31, 2014. • The balance of interest-bearing liabilities as of the date of this document stands at ¥90,665 million, as a result of making early repayment of borrowing for ¥9,697 million on November 28, 2014. • For the eighteenth fiscal period, it is assumed that the ¥67 million in long-term loans payable will be repaid on December 30, 2014 as agreed upon. • For the nineteenth fiscal period, it is assumed that the ¥8,500 million in investment corporation bonds due for redemption on June 4, 2015 and the ¥4,251 million in borrowings due for repayment on September 30, 2015 will be fully refinanced through borrowings or issuance of investment corporation bonds. It is also assumed that the ¥67 million in long-term loans payable will be repaid on June 30, 2015 as agreed upon.
Operating Revenue	<ul style="list-style-type: none"> • 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 December 15, 2014, 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. • For Kanda Nishiki-cho 3-chome Building, the forecast assumes revenue for the spaces to be leased for which lease agreements have been executed or planned to be executed as of December 15, 2014. Furthermore, it is assumed that the occupancy rate of the property stands at 49.7% as of April 30, 2015 and 49.7% as of October 31, 2015. • For the eighteenth fiscal period, the forecast assumes approximately ¥300 million in gains on disposal of properties associated with the disposition of two properties (Kanda Park Plaza and OAK PLAZA).
Operating Expenses	<ul style="list-style-type: none"> • Top REIT adopts a method of treating property, city planning and depreciable asset taxes, etc. (the “property tax, 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, etc. for fiscal year of the acquisition paid to the transferor will be included in acquisition costs, and thus will not be recorded as expenses in the corresponding period. • It is assumed that the amount of property tax, etc. will be ¥637 million for the eighteenth fiscal period and ¥613 million for the nineteenth fiscal period. • It is assumed that the depreciation and amortization will be ¥1,187 million for the eighteenth fiscal period and ¥1,190 million for the nineteenth fiscal period. • Repair expenses for buildings, etc. 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, etc. and that repair expenses vary largely depending on the fiscal period as they are expenses not accrued periodically. • Management operation fees are assumed by considering historical data and the detail of

	<p>management contracts.</p> <ul style="list-style-type: none"> For the eighteenth fiscal period, it is anticipated that ¥35 million will accrue for an increase in taxes and dues (non-deductible consumption tax) in accordance with a decrease in the proportion of taxable sales as a result of property disposition.
Non-Operating Expenses	<ul style="list-style-type: none"> It is assumed that non-operating expenses for the eighteenth fiscal period will be ¥585 million, of which interest expenses on loans and investment corporation bonds (including related expenses) will be ¥576 million. Amortization of investment unit issuance expenses will be ¥6 million. It is assumed that non-operating expenses for the nineteenth fiscal period will be ¥569 million, of which interest expenses on loans investment corporation bonds (including related expenses) will be ¥559 million. Amortization of investment unit issuance expenses will be ¥6 million.
Dividend per Unit (excluding dividend in excess of earnings)	<ul style="list-style-type: none"> Dividends (dividend per unit) are calculated based on the dividend policy stipulated in Top REIT's Articles of Incorporation. For the eighteenth fiscal period, approximately ¥300 million in gains on disposal of properties is forecasted to accrue in association with the disposition of Kanda Park Plaza and OAK PLAZA. Top REIT intends to reserve the gains on disposal of land as internal reserve, etc. (approx. ¥200 million) by applying "The Special Measures on Taxation in Case Land or Other Property is Acquired in Advance in 2009 or 2010" as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation, for the purpose of strengthening its financial standing. The actual amount of the internal reserve may vary, though. For the nineteenth fiscal period, it is assumed that part (approximately ¥100 million) of the reserve for reduction entry totaling approximately ¥280 million (estimated balance as of April 30, 2015) will be reversed and added to net income for dividend. The reserve for reduction entry has accrued as a result of applying to the above-mentioned Special Measures on Taxation with regard to the gains on disposal of the land of Nittetsu Honmachi Building disposed as of November 25, 2011 as well as Kanda Park Plaza and OAK PLAZA that were disposed as of November 13, 2014.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> Top REIT does not currently anticipate dividends in excess of earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> 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. It is assumed that there will be no unpredictable material changes in general economic trends and real estate market conditions, etc.

8. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	Sixteenth Fiscal Period (as of April 30, 2014)	Seventeenth Fiscal Period (as of October 31, 2014)
Assets		
Current assets		
Cash and deposits	3,049,986	4,427,277
Cash and deposits in trust	4,273,472	3,926,308
Operating accounts receivable	193,414	219,407
Prepaid expenses	353,139	360,754
Deferred tax assets	16	17
Consumption taxes receivable	137,402	—
Other	1,830	0
Total current assets	8,009,261	8,933,766
Noncurrent assets		
Property, plant and equipment		
Buildings	1,153,573	1,158,083
Accumulated depreciation	(225,614)	(241,752)
Buildings, net	927,958	916,330
Structures	5,559	5,559
Accumulated depreciation	(3,388)	(3,469)
Structures, net	2,170	2,089
Machinery and equipment	20,309	20,309
Accumulated depreciation	(11,988)	(12,582)
Machinery and equipment, net	8,320	7,726
Tools, furniture and fixtures	5,717	6,609
Accumulated depreciation	(2,137)	(2,562)
Tools, furniture and fixtures, net	3,579	4,047
Land	4,888,525	4,888,525
Buildings in trust	66,712,538	66,838,553
Accumulated depreciation	(16,038,443)	(17,163,781)
Buildings in trust, net	50,674,094	49,674,771
Structures in trust	801,903	802,038
Accumulated depreciation	(317,387)	(335,874)
Structures in trust, net	484,516	466,164
Machinery and equipment in trust	307,426	312,926
Accumulated depreciation	(156,723)	(182,083)
Machinery and equipment in trust, net	150,702	130,843
Tools, furniture and fixtures in trust	273,432	279,398
Accumulated depreciation	(156,700)	(172,805)
Tools, furniture and fixtures in trust, net	116,731	106,593
Land in trust	134,748,836	134,748,836
Total property, plant and equipment	192,005,437	190,945,929
Intangible assets		
Leasehold right in trust	7,348	7,348
Other intangible assets in trust	2,198	1,924
Other	63	42
Total intangible assets	9,610	9,315
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	492,375	372,029
Other	229,164	246,400
Total investments and other assets	731,540	628,429
Total noncurrent assets	192,746,588	191,583,674
Deferred assets		
Investment corporation bond issuance costs	12,861	7,349
Investment unit issuance expenses	33,393	26,714
Total deferred assets	46,254	34,063
Total assets	200,802,104	200,551,504

(Unit: thousand yen)

	Sixteenth Fiscal Period (as of April 30, 2014)	Seventeenth Fiscal Period (as of October 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	296,523	186,273
Current portion of Investment corporation bond	—	8,500,000
Current portion of long-term loans payable	4,135,000	10,210,000
Accounts payable – other	252,726	256,812
Accrued expenses	131,332	110,509
Income taxes payable	853	670
Accrued consumption taxes	—	223,962
Advances received	795,670	801,889
Other	9,937	5,899
Total current liabilities	5,622,044	20,296,018
Noncurrent liabilities		
Investment corporation bond	8,500,000	—
Long-term loans payable	87,795,000	81,652,500
Tenant leasehold and security deposits	101,016	127,429
Tenant leasehold and security deposits in trust	5,649,955	5,298,658
Deferred tax liabilities	13,799	11,764
Long-term advances received	79	35
Derivatives liabilities	38,429	44,377
Total noncurrent liabilities	102,098,279	87,134,766
Total liabilities	107,720,324	107,430,784
Net Assets		
Unitholders' equity		
Unitholders' capital	91,143,100	91,143,100
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	49,958	51,873
Total Voluntary retained earnings	49,958	51,873
Unappropriated retained earnings (undisposed loss)	1,913,997	1,954,943
Total surplus	1,963,956	2,006,816
Total unitholders' equity	93,107,056	93,149,916
Valuation and translation adjustments		
Deferred gains or losses on hedges	(25,275)	(29,195)
Total valuation and translation adjustments	(25,275)	(29,195)
Total net assets	93,081,780	93,120,720
Total liabilities and net assets	200,802,104	200,551,504

(2) Statements of Income

(Unit: thousand yen)

	Sixteenth Fiscal Period (November 1, 2013 – April 30, 2014)	Seventeenth Fiscal Period (May 1, 2014 – October 31, 2014)
Operating revenue		
Rent revenue – real estate	5,590,221	5,762,641
Other lease business revenue	47,135	29,981
Total operating revenue	<u>5,637,356</u>	<u>5,792,623</u>
Operating expenses		
Expenses related to rent business	2,622,805	2,721,218
Asset management fee	354,776	369,341
Asset custody fee	8,898	9,009
Administrative service fees	66,861	69,085
Directors' compensations	6,300	6,300
Audit fee	10,000	10,000
Other operating expenses	38,929	44,460
Total operating expenses	<u>3,108,571</u>	<u>3,229,416</u>
Operating income	<u>2,528,785</u>	<u>2,563,206</u>
Non-operating income		
Interest income	675	1,579
Reversal of dividends payable	1,023	563
Insurance income	191	3,979
Other	—	820
Total non-operating income	<u>1,891</u>	<u>6,942</u>
Non-operating expenses		
Interest expenses	408,933	402,362
Interest expense on investment corporation bonds	42,034	42,965
Amortization of investment corporation bond issuance costs	5,511	5,511
Borrowing related expenses	150,072	154,614
Amortization of investment unit issuance expenses	6,678	6,678
Other	4,415	2,137
Total non-operating expenses	<u>617,646</u>	<u>614,271</u>
Ordinary income	<u>1,913,029</u>	<u>1,955,878</u>
Income before income taxes	<u>1,913,029</u>	<u>1,955,878</u>
Income taxes – current	957	963
Income taxes – deferred	(1,913)	(9)
Total income taxes	<u>(955)</u>	<u>954</u>
Net income	<u>1,913,985</u>	<u>1,954,924</u>
Retained earnings brought forward	12	19
Unappropriated retained earnings (undisposed loss)	1,913,997	1,954,943

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

For the period from November 1, 2013 to April 30, 2014 (16th fiscal period)

(Unit: thousand 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	82,260,100	49,958	49,958	1,579,617	1,629,576	83,889,676
Changes of items during the period						
Issuance of new investment units	8,883,000					8,883,000
Dividends from surplus				(1,579,605)	(1,579,605)	(1,579,605)
Net income				1,913,985	1,913,985	1,913,985
Net changes of items other than unitholders' equity (net)						
Total changes of items during the period	8,883,000	—	—	334,380	334,380	9,217,380
Balance at the end of current period	91,143,100	49,958	49,958	1,913,997	1,963,956	93,107,056

	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	(18,376)	(18,376)	83,871,299
Changes of items during the period			
Issuance of new investment units			8,883,000
Dividends from surplus			(1,579,605)
Net income			1,913,985
Net changes of items other than unitholders' equity (net)	(6,899)	(6,899)	(6,899)
Total changes of items during the period	(6,899)	(6,899)	9,210,480
Balance at the end of current period	(25,275)	(25,275)	93,081,780

For the period from May 1, 2014 to October 31, 2014 (17th fiscal period)

(Unit: thousand 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	49,958	49,958	1,913,997	1,963,956	93,107,056
Changes of items during the period						
Reserve for reduction entry		1,914	1,914	(1,914)	—	—
Dividends from surplus				(1,912,064)	(1,912,064)	(1,912,064)
Net income				1,954,924	1,954,924	1,954,924
Net changes of items other than unitholders' equity (net)						
Total changes of items during the period	—	1,914	1,914	40,945	42,860	42,860
Balance at the end of current period	91,143,100	51,873	51,873	1,954,943	2,006,816	93,149,916

	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	(25,275)	(25,275)	93,081,780
Changes of items during the period			
Reserve for reduction entry			—
Dividends from surplus			(1,912,064)
Net income			1,954,924
Net changes of items other than unitholders' equity (net)	(3,920)	(3,920)	(3,920)
Total changes of items during the period	(3,920)	(3,920)	38,940
Balance at the end of current period	(29,195)	(29,195)	93,120,720

(4) Statements of Cash Distributions

	For the period from November 1, 2013 to April 30, 2014	For the period from May 1, 2014 to October 31, 2014
	Amount(yen) (Note 1)	Amount(yen) (Note 2)
I. Unappropriated retained earnings	1,913,997,778	1,954,943,312
II. Total Amount of Dividends (Dividend per unit)	1,912,064,000 (10,864)	1,954,832,000 (11,107)
III. Voluntary retained earnings Reserve for reduction entry	1,914,510	7,879
IV. Retained earnings brought forward	<u>19,268</u>	<u>103,433</u>

(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 Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of 1,912,064,000 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, within the limit of the balance of unappropriated retained earnings of the sixteenth fiscal period and after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate 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) 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 Act on Special Measures Concerning Taxation.” Based on these policies, Top REIT decided on a total distribution of 1,954,832,000 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, within the limit of the balance of unappropriated retained earnings of the seventeenth fiscal period and after deducting the amount of deferred tax liabilities being corrected due to the change in tax rate 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.

(5) Statements of Cash Flows

(Unit: thousand yen)

	Sixteenth Fiscal Period (November 1, 2013 – April 30, 2014)	Seventeenth Fiscal Period (May 1, 2014 – October 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	1,913,029	1,955,878
Depreciation and amortization	1,193,406	1,202,801
Amortization of trademark	21	21
Amortization of investment corporation bond issuance costs	5,511	5,511
Amortization of investment unit issuance expenses	6,678	6,678
Interest income and interest on securities	(675)	(1,579)
Interest expenses	450,967	445,328
Decrease (increase) in operating accounts receivable	(90,159)	(25,992)
Decrease (increase) in consumption taxes receivable	(137,402)	137,402
Decrease (increase) in prepaid expenses	(24,002)	(7,615)
Increase (decrease) in operating accounts payable	15,641	15,974
Increase (decrease) in accounts payable – other	13,142	4,086
Increase (decrease) in accrued consumption taxes	(61,670)	223,962
Increase (decrease) in advances received	89,828	6,218
Decrease (increase) in long-term prepaid expenses	70,327	120,345
Other, net	(17,394)	(29,376)
Subtotal	3,427,250	4,059,646
Interest income received	675	1,579
Interest expenses paid	(450,954)	(466,150)
Income taxes paid	(963)	(1,145)
Net cash provided by (used in) operating activities	2,976,008	3,593,929
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,951)	(3,587)
Purchase of property, plant and equipment in trust	(12,961,001)	(255,766)
Purchase of property, intangible assets in trust	(8,450)	–
Proceeds from tenant leasehold and security deposits	–	26,413
Proceeds from tenant leasehold and security deposits in trust	1,098,156	160,435
Repayments of tenant leasehold and security deposits in trust	(321,616)	(511,732)
Net cash provided by (used in) investing activities	(12,195,863)	(584,237)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	4,500,000	–
Decrease in short-term loans payable	(4,500,000)	–
Proceeds from long-term loans payable	4,500,000	4,000,000
Repayment of long-term loans payable	(67,500)	(4,067,500)
Proceeds from issuance of investment units	8,883,000	–
Payments for investment unit issuance expenses	(35,317)	–
Dividends paid	(1,579,605)	(1,912,064)
Net cash provided by (used in) financing activities	11,700,577	(1,979,564)
Net increase (decrease) in cash and cash equivalents	2,480,722	1,030,128
Cash and cash equivalents at beginning of period	4,842,736	7,323,458
Cash and cash equivalents at end of period	7,323,458	8,353,586

9. Portfolio Data

As of the end of October, 2014

Asset Class	Area	Property Name	Acquisition Price (million yen)	Appraisal Value at End of Period (million yen)	Investment Breakdown (Note 1) (%)
Office Building	Central Tokyo	NEC Head Office Building	41,950	53,150	29.4
		Harumi Island Triton Square Office Tower Y	33,000	27,100	15.0
		Akasaka Oji Building	9,660	9,420	5.2
		Kanda Park Plaza (Note 2)	5,156	5,080	2.8
		Shiba-Koen Building	5,770	3,460	1.9
		Harumi Island Triton Square Office Tower Z	20,000	12,300	6.8
		Kanda Nishiki-cho 3-chome Building	12,700	9,610	5.3
		Shinkawa Chuo Building	5,610	6,010	3.3
		Shinjuku EAST Building	5,800	6,450	3.6
		Ginza Oji Building	2,000	2,100	1.2
	Tokyo Metropolitan Area	Faret East Building	2,091	2,570	1.4
Subtotal (11 properties)			143,737	137,250	75.8
Retail Property	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	8,820	4.9
		Ito-Yokado Higashi-Narashino Store	8,900	3,990	2.2
		Musashiurawa Shopping Square	4,335	4,010	2.2
		Kojima × Bic Camera Kashiwa Store	4,500	4,890	2.7
	Other Major Cities	MEL Building	1,210	1,300	0.7
Subtotal (5 properties)			30,945	23,010	12.7
Residential Property	Central Tokyo	Top Residence Nihonbashi Kayabacho	2,400	2,750	1.5
	Tokyo Metropolitan Area	Fukasawa House Towers H&I	10,635	7,410	4.1
		Ecology Toyosu Procentury	5,160	5,340	3.0
		Impress Musashi-Koganei	1,223	1,320	0.7
		Top Residence Yoga	1,165	1,250	0.7
Subtotal (5 properties)			20,583	18,070	10.0
Other Property	Central Tokyo	OAK PLAZA (Note 2)	2,590	2,660	1.5
	Subtotal (1 property)			2,590	2,660
Total (22 properties)			197,855	180,990	100.0

(Note 1) 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.

(Note 2) Disposition of Kanda Park Plaza and OAK PLAZA has been completed on November 13, 2014.

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

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