

TOP REIT

BUSINESS REPORT FOR THE 5TH FISCAL PERIOD

(May 1, 2008 – October 31, 2008)

**PURSUING
DEFENSIVE STABILITY**
IN AN UNSTABLE GLOBAL MARKET



TOP REIT, Inc.

5TH FISCAL PERIOD PERFORMANCE HIGHLIGHTS

CATEGORY	5TH FISCAL PERIOD PERFORMANCE	5TH FISCAL PERIOD FORECAST (ANNOUNCED ON JUNE 13, 2008)	4TH FISCAL PERIOD PERFORMANCE
PERIOD OF ASSET MANAGEMENT	184 days	184 days	182 days
OPERATING INCOME	¥ 2,651 million	¥ 2,622 million	¥ 2,353 million
ORDINARY INCOME	¥ 1,994 million	¥ 1,938 million	¥ 1,842 million
NET INCOME	¥ 1,993 million	¥ 1,937 million	¥ 1,841 million
NUMBER OF INVESTMENT UNITS	155,000 units	155,000 units	155,000 units
DIVIDEND PER UNIT	¥ 12,863	¥ 12,500	¥ 11,884
PORTFOLIO SIZE	14 properties	14 properties	13 properties
APPRAISED VALUE OF PORTFOLIO	¥ 189,441 million	—	¥ 188,035 million

Key Differences between Forecast and Performance

Operating income was ¥29 million higher

- ❖ Cost reductions were achieved through efficient maintenance and repairs and rigorous expense negotiations
- ❖ Costs were reduced through effective use of general management costs and negotiations over those expenses

Ordinary income rose ¥56 million over forecast

- ❖ Reduced payments on borrowings by partially repaying short-term loans in advance
- ❖ Eliminated interest burden on security deposit for Ito-Yokado Higashi-Narashino Store through an early lump sum payment

ACHIEVEMENTS DURING FIFTH FISCAL PERIOD

External Growth: Acquired 1 residential property for ¥5,160 million

- ❖ Ecology Toyosu Procentury acquired for ¥5,160 million, raising the portfolio size to ¥162,347 million

Internal Growth: Revised rents upward on 8 of 12 lease renewals

- ❖ Took advantage of lease renewals to successfully raise rents at Akasaka Oji Building, Kanda Park Plaza and other properties for about ¥18 million in new income per fiscal period
- ❖ Renewed lease for Sagamihara Shopping Center at same level

Financial Strategy: Reduced interest burden through effective use of cash reserves

- ❖ Repaid ¥1,000 million of borrowings in advance
- ❖ Early repayment of ¥1,150 million security deposit to Ito-Yokado for its Ito-Yokado Higashi-Narashino Store

Dividend: TOP REIT is paying a dividend of ¥12,863 for the Fifth Fiscal Period

- ❖ This increase of ¥979 was achieved through additional revenues from 3 properties acquired during the Fourth Fiscal Period and Ecology Toyosu Procentury

Speaking to You

LETTER FROM THE PRESIDENT



PURSUING DEFENSIVE STABILITY IN AN UNSTABLE GLOBAL MARKET

I am pleased to be able to provide an overview on the management performance of TOP REIT, Inc. (TOP REIT) for its Fifth Fiscal Period (May 1, 2008 - October 31, 2008) and an update on developments and strategies pertaining to it.

Amid the murmurings of a worldwide recession, a heightened sense of responsibility for prudent management grew among us, and we have recommitted ourselves to realizing the interests of unitholders.

The Japanese economy has secured an integral role within the ever continuing rapid globalization of the global economy. This has made it impossible to isolate the Japanese economy from global

trends. The subprime loan problem that surfaced in the summer of 2007 generated widespread financial turmoil, even leading to bankruptcies of major U.S. investment banks. Its impact has also reached many Japanese financial institutions and companies, once again leading to an increase in the number of bankruptcies in Japan. J-REITs are no exception and cannot escape the harsh realities of this financial crisis. The industry has seen the sponsor of a J-REIT go bankrupt and an investment corporation file for civil rehabilitation. Given the impact of the recession, the credit crunch and other factors, it is anticipated that the J-REIT industry will continue to face difficulties, including changes in sponsor companies, drops in occupancy rates of owned assets, decreases in rents and the withdrawal of major tenants. Under such

severe circumstances, TOP REIT Asset Management, to which TOP REIT entrusts the management of its assets, will work to fully realize “defensive stability” by conducting prudent asset management that strengthens the trust of unitholders and by achieving solid results.

TOP REIT ENJOYS THE FULL SUPPORT OF FINANCIAL INSTITUTIONS

The impact of the difficult circumstances has been keenly apparent in financing, with the interest spreads on loans from financial institutions to various REITs growing and some REITs having difficulty obtaining refinancing. In terms of financing, therefore, it is vital for us to minimize financing costs. Since listing, TOP REIT has been blessed with strong support from Sumitomo Trust & Banking,

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one of its sponsors, as well as the three mega banks and two other trust banks. Moreover, Development Bank of Japan and Dai-ichi Mutual Life Insurance began to provide their support in June 2007. TOP REIT will continue to maintain this bank support structure as its core strategy. The fact that Sumitomo Trust & Banking serves as a sponsor not only provides TOP REIT with a major strength, but also represents a unique characteristic of the investment corporation.

Furthermore, the other two sponsors, which are well-known and boast strong credit, constitute another strength of TOP REIT. The sponsors serve as property pipelines, help to formulate strategies, supply qualified human resources and provide a variety of other support. Nippon Steel City Produce belongs to the Nippon Steel Group and conducts development of office, retail and residential properties.

The properties it develops include those we would like to incorporate into TOP REIT's future portfolio. The other sponsor, Oji Real Estate, is a member of the Oji Paper Group and is mainly engaged in office buildings and residential properties as a comprehensive developer. Some of its properties also appear appropriate for inclusion in TOP REIT's portfolio. We expect the two sponsors to provide TOP REIT with some excellent properties in the future.

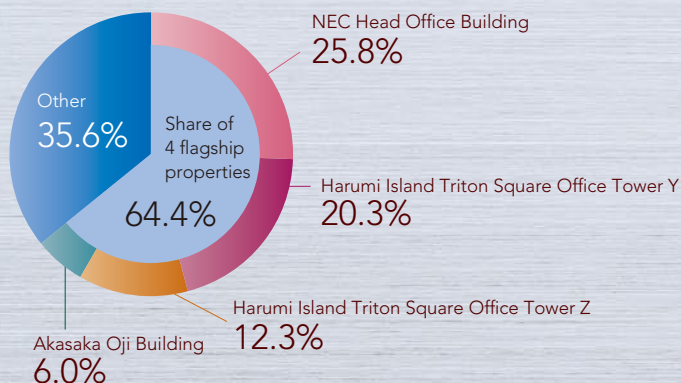
TOP REIT Portfolio Features "Stable Revenues" and "Financial Stability"

- ❖ Boasting Large-scale Flagship Properties; Reduced Risk of Revenue Fluctuations through Long-term Lease Contracts at Fixed Rents with Major Tenants
- ❖ Financial Stability through Robust Bank Support

DEFENSIVE STABILITY ACHIEVED THROUGH STABLE REVENUES AND FINANCIAL SUPPORT

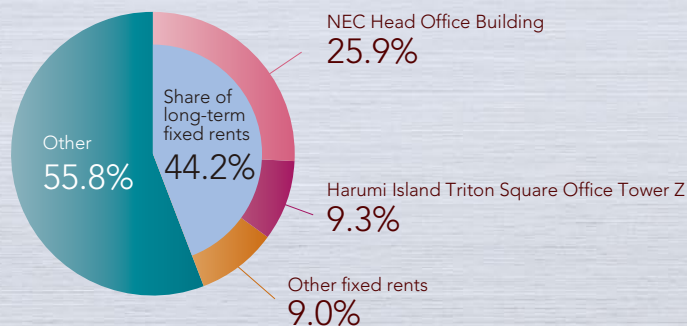
A further strength of TOP REIT lies in its stable revenues and financial stability. Its large-scale flagship properties – the NEC Head Office Building, Harumi Island Triton Square Office Towers Y and Z and the Akasaka Oji Building – occupy 64.4% of its portfolio, and they house headquarters of major corporations such as NEC Corporation (head office), Sumitomo Metal Industries (Tokyo head office), Japan Trustee Services Bank (head office) and Sony Computer Entertainment. Moreover, stable revenues are ensured by the high proportion of properties producing fixed rents through long-term lease contracts concluded with tenants at the time of acquisition (such as the NEC Head Office Building, the Harumi Island Triton Square Office Tower Z and

Breakdown of Flagship Properties in Portfolio



*The above graph is based on acquisition prices.

Breakdown of Fixed Rents in Portfolio



*The above graph shows the share of rents that became fixed upon acquisition of the property and renewal of rent agreements.

Top REIT's Strong Team of Lenders

- ❖ The Sumitomo Trust and Banking, Co., Ltd.
- ❖ Mizuho Corporate Bank, Ltd.
- ❖ Sumitomo-Mitsui Banking Corporation
- ❖ The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- ❖ The Chuo Mitsui Trust and Banking Company, Limited
- ❖ Mitsubishi UFJ Trust and Banking Corporation
- ❖ Development Bank of Japan Inc.
- ❖ The Dai-ichi Mutual Life Insurance Company

Musashiurawa Shopping Square), as well as Ito-Yokado Higashi-Narashino Store whose rent was fixed at the time of lease renewal. Combined, the rents from these properties comprise approximately 44.0% of the total rents for the entire portfolio. We have also successfully maintained the advantageous position of TOP REIT in financing through the strong bank support structure comprised of Sumitomo Trust & Banking, one of the sponsors, and other powerful financial institutions, as well as the sponsorship of companies that are members of the highly renowned Nippon Steel and Oji Paper Groups. TOP REIT has constructed an extremely stable financial foundation, presently having a 76.0% ratio of fixed-rate interest borrowings and an 88.7% ratio of long-term borrowings to overall borrowings. We will continue to stably operate TOP REIT by maintaining the ratio of long-term borrowings at around 70~80%. The stability in revenues and financial operations has been highly regarded by financial institutions and rating agencies. Under the circumstances of the financial and real estate markets, which are expected to become more difficult, we are confident that the stable revenues and financial stability that

comprise the defensive stability of TOP REIT will again be highly evaluated.

PROPERTY WITH HIGH 97~98% OCCUPANCY ACQUIRED BY EFFECTIVELY UTILIZING FUNDS

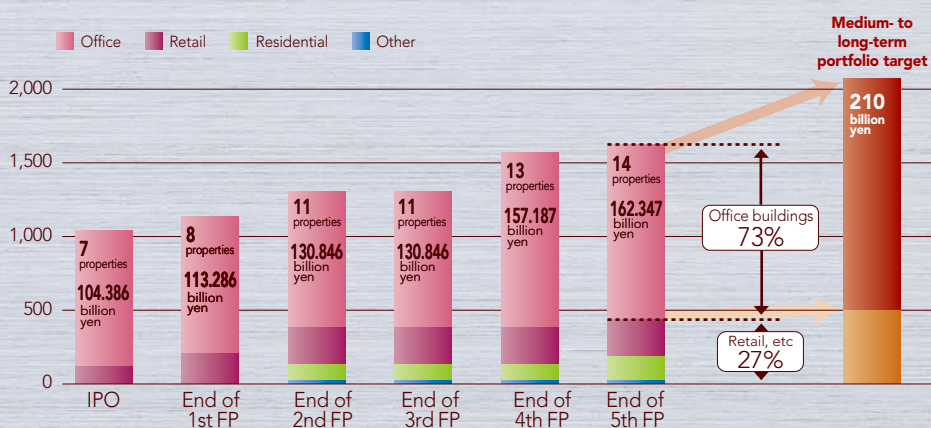
Acquired in the Fifth Fiscal Period, **Ecology Toyosu Procentury** is an attractive residential property in an excellent location. Toyosu is a highly promising area with office buildings being developed by such companies as Mitsubishi Estate and Dai-ichi Mutual Life Insurance. The property is a four-minute walk from Toyosu Station, which provides direct access to Ginza, Yurakucho and other central parts of Tokyo by subway. Moreover, a major advantage of the property is that about half of its units are leased to corporate customers. We intend to manage this property as a stable revenue source by further increasing contracts with corporate customers, as the Toyosu area is expected to see increased office space due to office developments that are coming online there. The property is also environmentally-friendly as a condominium that is equipped with energy-saving exterior thermal insulation. TOP REIT acquired the property through its

robust property pipeline, with Sumitomo Trust & Banking serving as the broker. The acquisition was made without taking out any new loans; we effectively used cash reserves as well as security deposits deposited from tenants at other properties where Sumitomo Trust & Banking is the trustee. As a result of discussions with the trustee, TOP REIT was able to use the cash reserves obtained through the release of the deposits. The property has also maintained a robust occupancy level of approximately 97~98% upon acquisition.

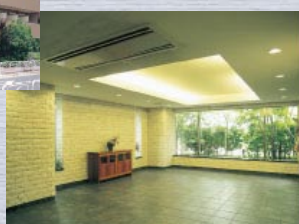
AIMING FOR A ¥210 BILLION PORTFOLIO BY CAREFULLY SELECTING ¥10 BILLION PROPERTIES

TOP REIT has set its targeted portfolio size over the medium to long term to be about ¥210 billion. This will reduce the percentage of the NEC Head Office Building to less than 20% of the entire portfolio; thus mitigating risks associated with over concentration on certain properties. Looking ahead, the balance of supply and demand in the real estate market is expected to change as operating companies and real estate investment funds are increasingly pressed to sell

History of Portfolio Development



Ecology Toyosu Procentury



their properties due to concerns over the recession, the impact of the credit crunch and other negative factors, which will in turn lead to downward pressure on property prices. TOP REIT views this situation as an opportunity to acquire excellent assets. Presently, TOP REIT's borrowings total ¥82 billion, with a loan-to-value (LTV) ratio of 47.3% against total assets. This means that, since TOP REIT has set an operational LTV ceiling of at around 50%, there is capacity to additionally borrow approximately ¥10 billion. Currently, we are carefully searching for properties valued at around ¥10 billion as candidates for acquisition. Our focus is on office buildings in central Tokyo due to consideration of tenants and the supply-demand balance.

Internal growth is another key focus in a tight economy and our internal growth measures include cost reduction, effective use of space and rent negotiations. Of these, we are currently placing special emphasis on negotiating upward revisions to rents. Although some people view that rents have already peaked, we will continue to negotiate for rental increases while striving to maintain good relations with tenants. Rent negotiations at some of the large-scale properties are drawing near,

and though some difficulties are expected under the current severe environment, we will continue to negotiate in an effort to raise rents closer to market levels.

REFUND OF SECURITY DEPOSIT TO POSITIVELY IMPACT DIVIDENDS

We have kept you informed concerning TOP REIT's negotiations with Ito-Yokado. In February 2007, Ito-Yokado notified us of their early cancellation of the lease contract for the Ito-Yokado Higashi-Narashino Store, but an agreement was reached in August 2007 in which Ito-Yokado agreed to continue as a tenant with some deduction in rent. Furthermore, TOP REIT continued to negotiate with Ito-Yokado concerning the early refund of the security deposit for the store while bearing 2% interest per year.

On the other hand, the rent at Sagamihara Shopping Center, at which Ito-Yokado is also a tenant, came up for revision. We conducted negotiations to increase the rent but were not successful, partly due to the drop in general consumption since spring 2007.

However, we successfully reached an agreement with Ito-Yokado to leave the

rent at Sagamihara Shopping Center unchanged despite conspicuous drops in sales throughout the retail industry, but to also allow TOP REIT to refund the security deposit on the Ito-Yokado Higashi-Narashino Store in a lump sum ahead of schedule. This arrangement enables TOP REIT to reduce its interest burden by about ¥75 million and positively impacts the dividends paid to investors.

Finally, we have decided to pay a dividend of ¥12,863 per unit for the Fifth Fiscal Period, surpassing the forecast value (¥12,500) announced with the result of the Fourth Fiscal Period. We also anticipate delivering this level of dividends for the Sixth Fiscal Period. We thank you for your continued support and understanding as we continue to manage TOP REIT in the best interests of our unitholders.

Nobuhito Endo

Executive Officer
TOP REIT, Inc.

President and Representative Director
TOP REIT Asset Management Co., Ltd.



Ito-Yokado Higashi-Narashino Store

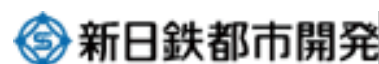


Sagamihara Shopping Center

KEYS TO ACHIEVING PRODUCT GROWTH TODAY

TOP REIT is able to apply the skills of its asset management staff at Top REIT Asset Management, Inc. (TRAM) to achieving prudent growth that enables defensive stability. It is additionally, however, the prowess of its three sponsors and the collaborative agreements with them that provide TOP REIT with robust property pipelines, warehousing, property management and other vital value-add management services. The three sponsors are Nippon Steel City Produce, Inc., Oji Real Estate Co., Ltd. and The Sumitomo Trust & Banking Co., Ltd.

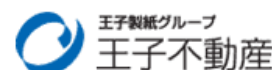
NIPPON STEEL CITY PRODUCE [NIPPON STEEL GROUP]



Nippon Steel City Produce (NSCP) is a vital member of the Nippon Steel Group, Japan's largest steel producer. The Nippon Steel Group has 323 consolidated subsidiaries and affiliates as of March 2008, and NSCP's role in the group includes the revitalization of real estate properties, the redevelopment of vast sites owned by the company and in urbanized areas and the development of business such as condominium sales to restore property values.

NSCP has been a key player in the recently completed landmark PFI project Kasumigaseki Commongate and the ongoing Osaka Kita Yard project. NSCP also developed ROCMON, a new multi-use Roppongi destination. NSCP provides TOP REIT with key staff and real estate solutions expertise among other services.

OJI REAL ESTATE [OJI PAPER GROUP]



Oji Real Estate (ORE) is a member of the Oji Paper Group, Japan's largest paper manufacturing company with 304 consolidated subsidiaries and affiliates as of March 2008. ORE takes the central role in developing idle land and providing real estate solutions for land owned by the Oji Paper Group, the largest corporate land owner by area in Japan. The company is active in developing the Maison Verte series of condominiums along with providing property management and leasing for offices, residences and retail properties throughout Japan. ORE, which dispatched expert staff to TOP REIT, boasts strengths in asset management, property management and other services.

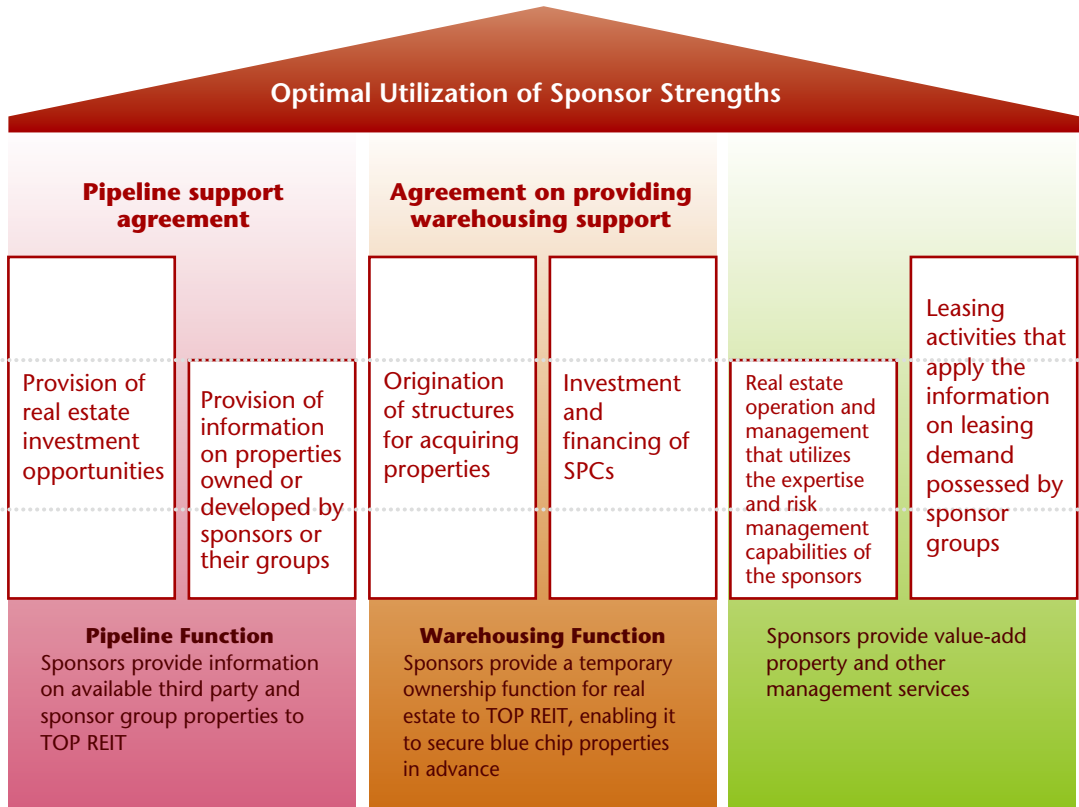
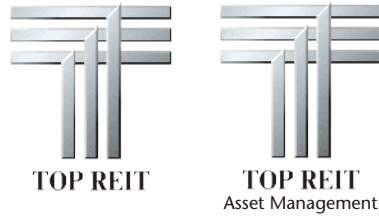
THE SUMITOMO TRUST & BANKING CO., LTD.



The Sumitomo Trust & Banking Co., Ltd. (STB) is well-known for its exemplary combination of banking, trust and real estate services. The Group provides wholesale and retail banking with a special business focus on real estate and pensions and has 44 consolidated subsidiaries and affiliates. The bank boasts a BIS Capital Adequacy Ratio of 11.42% as of September 2008 and enjoys an A+ rating for long-term debt and deposits as of November 20, 2008. The company provides talented staff and expansive real estate services including everything from trust services to investment and solutions consulting, brokering, REIT administrative services, appraisal services, asset management and real estate financing.

ROBUST SUPPORT OF TOP REIT

The following chart outlines the robust support provided by the three sponsors to TOP REIT and Top REIT Asset Management.



EXTERNAL GROWTH

PRUDENTLY GROWING IN A DIFFICULT ENVIRONMENT

TOP REIT has achieved stable, yet prudent growth as it aims to be a diversified REIT centered on office buildings in Central Tokyo with a medium- to long-term perspective.

PROPERTY TYPE	CHARACTERISTICS	PRESENT INVESTMENT POLICY	TARGET
Office	Growth asset	Proactive investment ❖ Proactively consider properties primarily in Central Tokyo	Location Focused: ❖ Mainly central six wards of Tokyo Importance placed on leasing competitiveness: ❖ 100 tsubos plus per floor ❖ Good quality specs
Retail	Growth asset Stable asset	❖ Careful selection and consideration of primarily multi-use properties	Focus on areas appealing to tenants: ❖ Properties around terminal stations and multiple tenant properties ❖ Focus on concentrated retail areas and steady trade areas
Residential	Stable asset	❖ Consider properties primarily in Tokyo	Emphasis on convenience: ❖ Proximity to the closest station and Central Tokyo ❖ Lifestyle convenience and living environment

Investment share
75%

Investment target
157.5 billion yen

Investment share
25%

Investment target
52.5 billion yen

5TH FISCAL PERIOD ACQUISITION

ECOLOGY TOYOSU PROCENTURY



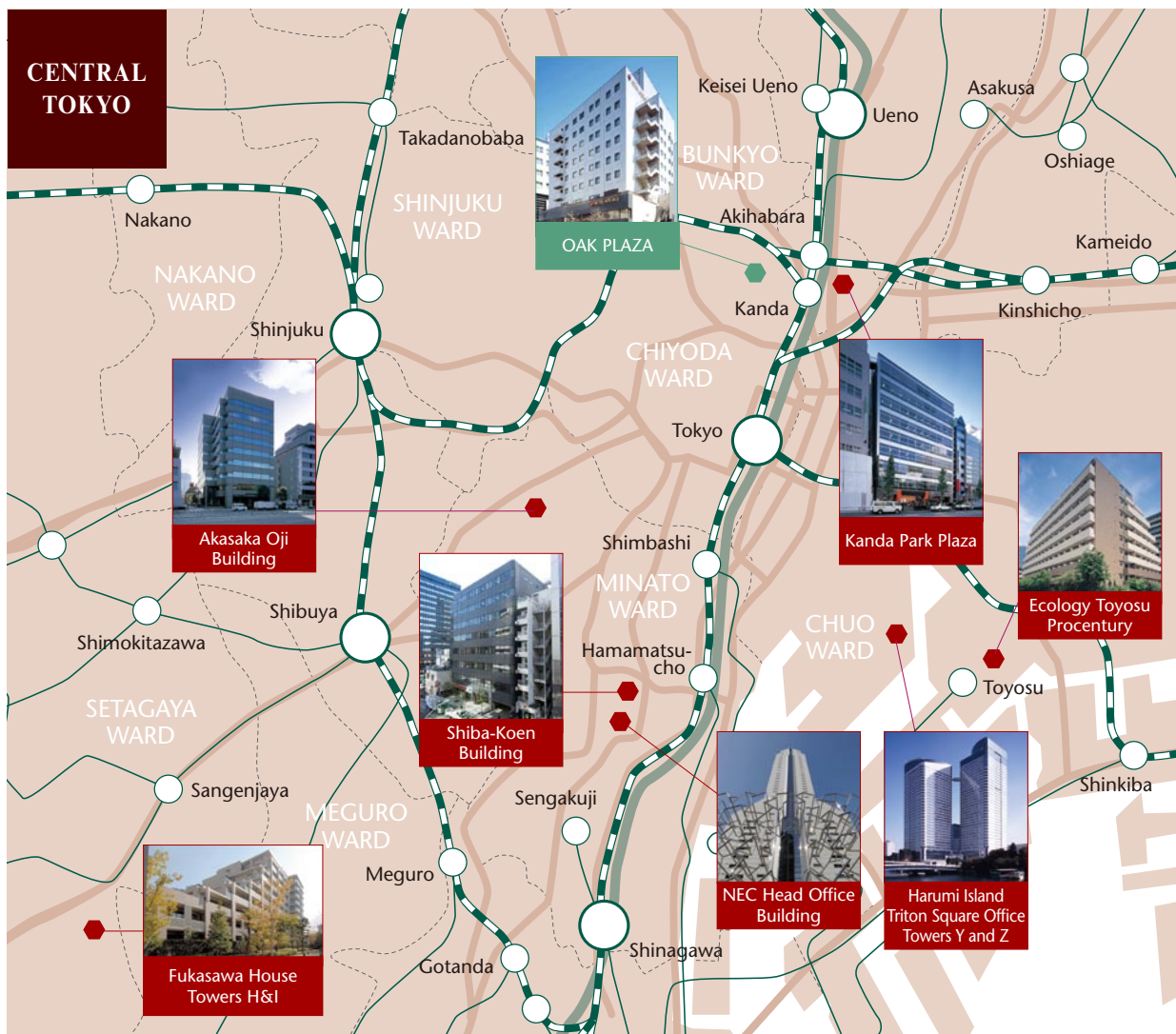
- ❖ TOP REIT acquired this residential property in Koto Ward, Tokyo for 5.16 billion yen.
- ❖ The property is a 4-minute walk from Toyosu Station on the Yurakucho Subway Line, only 10 minutes from Central Tokyo.
- ❖ The property is in a growing area and roughly half of the leases are corporate leases.

Address 8-8-4 Toyosu, Koto Ward, Tokyo

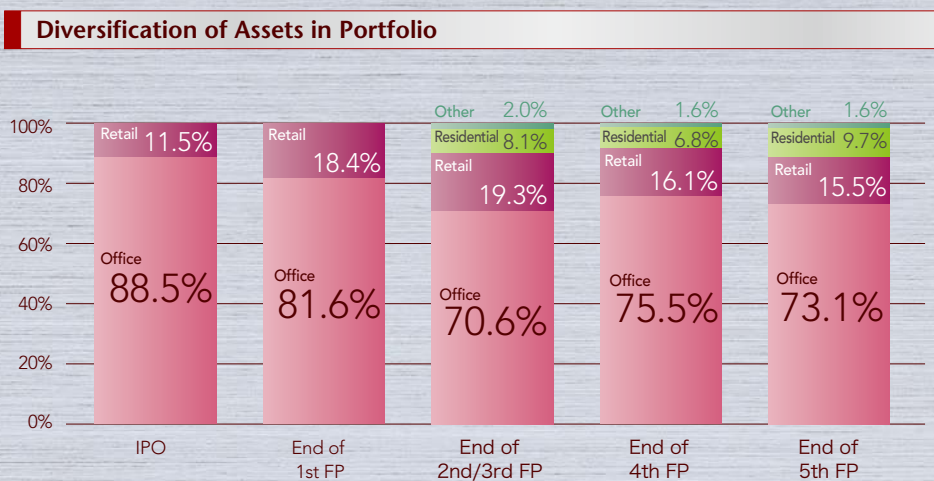
Units 224 units, ranging in size from studios to 2-bedroom units

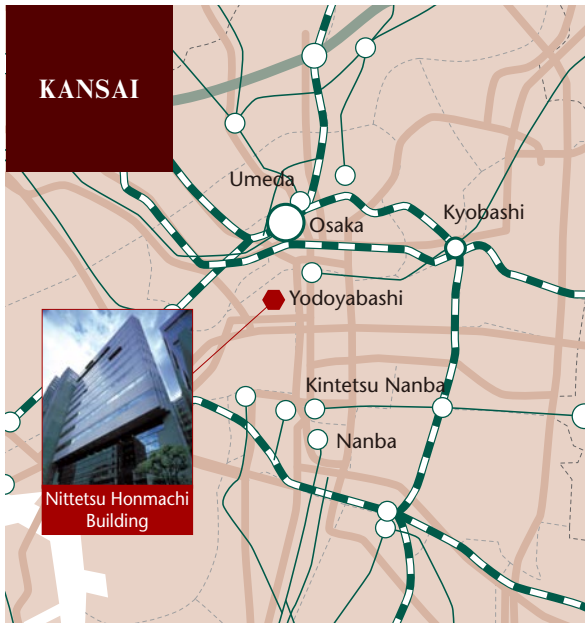
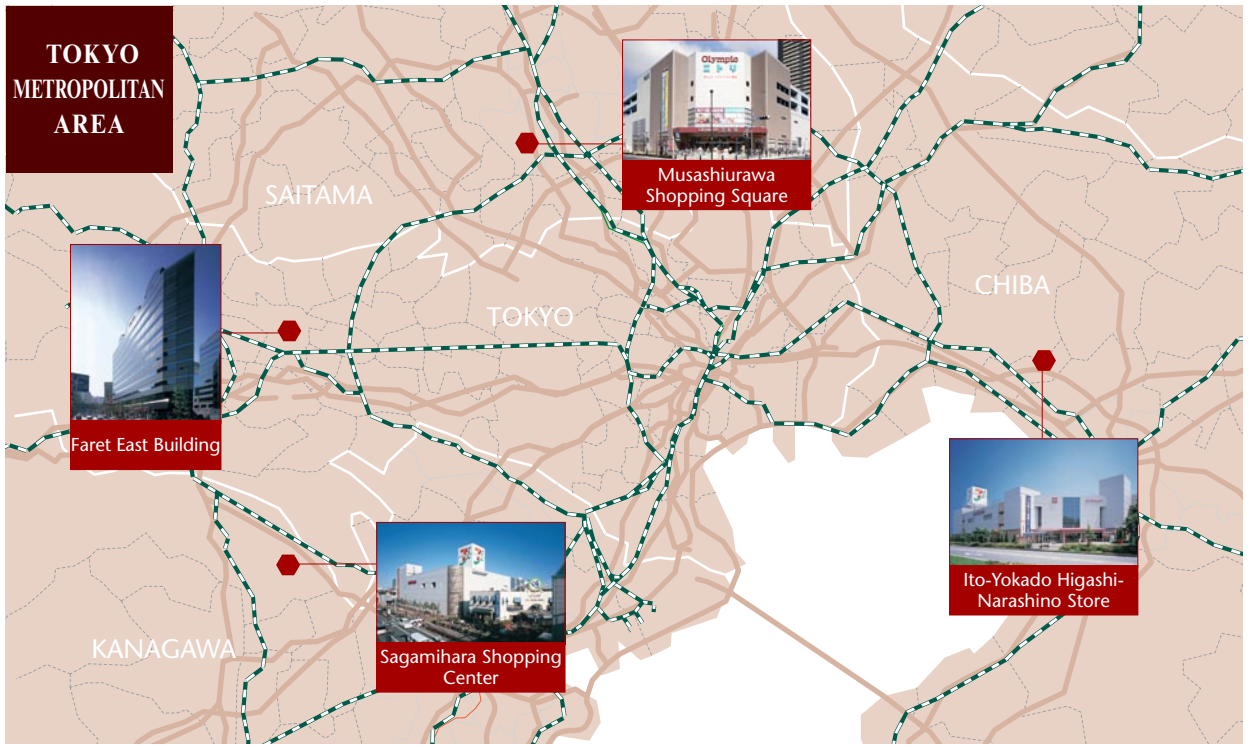
Floors 1 basement floor, 9 floors above ground

Completed January 2005

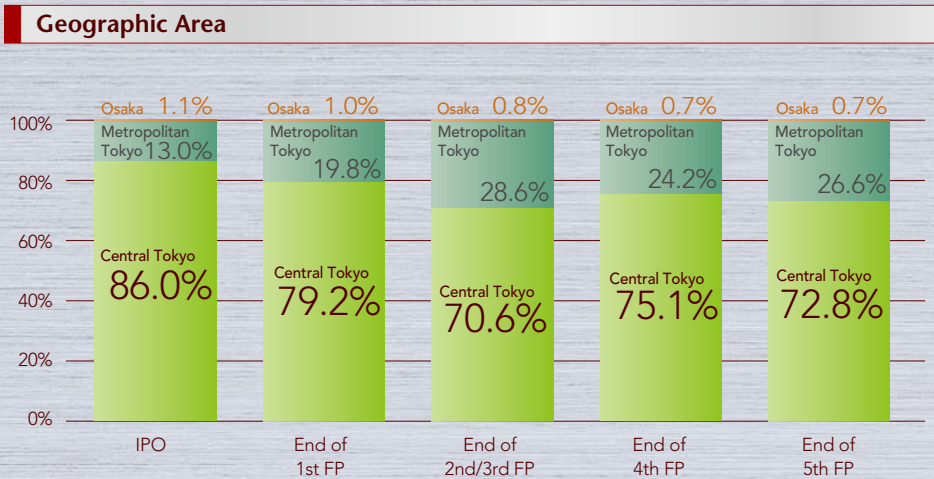


Top REIT boasts a diversified portfolio built around Central Tokyo office properties





Total acquisitions	¥162,347 million
Appraised value (as of 10/31/08)	¥189,441 million
Properties	14
Rentable area	283,622.23m²
PML	2.3%



PORTFOLIO LIST

The diversified portfolio of Top REIT largely comprises properties in the Central Tokyo Area.

A Portfolio Data

72.8% of the portfolio is comprised of office buildings in Central Tokyo – the geographic driver of the Japanese economy

ASSET CLASS	AREA	PROPERTY NAME	ACQUISITION VALUE (million yen)	APPRAISED VALUE AT END OF PERIOD (million yen)	INVESTMENT BREAKDOWN (%)
OFFICE	Central Tokyo	NEC Head Office Building	41,950	55,000	25.8
		Harumi Island Triton Square Office Tower Y	33,000	44,300	20.3
		Akasaka Oji Building	9,660	15,800	6.0
		Kanda Park Plaza	5,156	5,651	3.2
		Shiba-Koen Building	5,770	5,270	3.6
		Harumi Island Triton Square Office Tower Z	20,000	19,600	12.3
	Tokyo Metropolitan Area	Faret East Building	2,091	3,300	1.3
	Kansai Area	Nittetsu Honmachi Building	1,100	1,800	0.7
Subtotal (8 properties)			118,727	150,721	73.1
RETAIL	Tokyo Metropolitan Area	Sagamihara Shopping Center	12,000	11,900	7.4
		Ito-Yokado Higashi-Narashino Store	8,900	5,542	5.5
		Musashiurawa Shopping Square	4,335	4,190	2.7
	Subtotal (3 properties)			25,235	21,632
RESIDENTIAL	Tokyo Metropolitan Area	Fukasawa House Towers H & I	10,635	9,410	6.6
		Ecology Toyosu Procentury	5,160	5,070	3.2
	Subtotal (2 properties)			15,795	14,480
OTHER	Central Tokyo	OAK PLAZA	2,590	2,608	1.6
	Subtotal (1 property)			2,590	2,608
TOTAL			162,347	189,441	100.0

Note: Investment Breakdown indicates the proportion of each property's acquisition value to the total acquisition value of all properties.

INTERNAL GROWTH DILIGENT EFFORTS AND CLEAR STRATEGIES LEAD TO CONSISTENT PERFORMANCE

TOP REIT believes that the securing of long-term earnings is the key to delivering steady revenues to its investors. TOP REIT achieves this by concluding long-term leases with its exemplary tenants and by introducing fixed rents, thus avoiding the risk of rents falling. Presently, fixed, long-term rents account for 52.2% of the total portfolio, but this will grow to 73.6% when Harumi Island Triton Square Office Tower Y contracts are added in the Sixth Fiscal Period.

[ITO-YOKADO]

OVERCOMING ADVERSITY TO BUILD A STRONG RELATIONSHIP

TOP REIT also believes in constructing strong relations with blue chip tenants. These include NEC (25.6% of the portfolio), Nippon Steel City Produce (5.0%), Sumitomo Metal Industries (4.2%) and Obayashi Corporation (3.9%). Ito-Yokado actually serves as a tenant on 39.7% of the portfolio, making it the largest tenant. Thus, maintaining this relationship is vitally important for TOP-REIT.

In February 2007, Ito-Yokado notified TOP REIT that it wanted to terminate the lease on its Higashi-Narashino Store early. TOP REIT immediately began negotiations to avoid this and in August of the same year Ito-Yokado rescinded the termination request,

agreed to a fixed rent until the end of its lease that was in fact a reduction in rent but also agreed to introduce a sales-based rent on top of the fixed rent in the future. Having overcome this difficulty, TOP REIT set about to arrange for the early repayment of the security deposit it had received from Ito-Yokado that it was repaying on a payment schedule with an interest rate of 2% per annum. TOP REIT proposed early repayment to avoid the interest payments but Ito-Yokado initially refused. Fortunately for TOP-REIT, negotiations on the rent at the Sagami-hara Shopping Center had commenced. Ito-Yokado was objecting to an increase in rents due to the slump in consumption they had been experiencing since early 2008. TOP REIT responded by proposing that the rents remain at present levels in exchange for the early lump sum

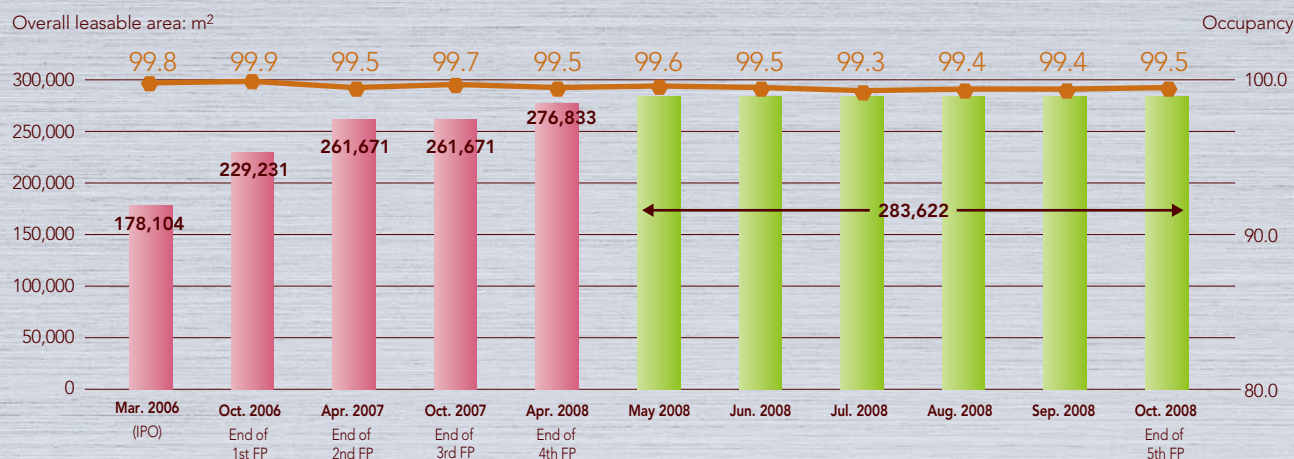
repayment of security deposit for the Higashi-Narashino Store. This was agreed to and about 75 million yen in interest payments over the next six years were avoided. Thus, TOP REIT was able to solidify the relationship with Ito-Yokado while securing stronger returns for TOP REIT's investors.

IMPROVING TENANT SATISFACION BY PRIORITIZING THE TENANT

- ❖ Discerning tenant needs and reflecting them in property management maintains and raises asset value.
- ❖ Steady, long-term revenues are secured by building good relationships with exemplary tenants.

History of Occupancy (Overall Portfolio)

TOP-REIT has delivered high occupancies steadily since listing



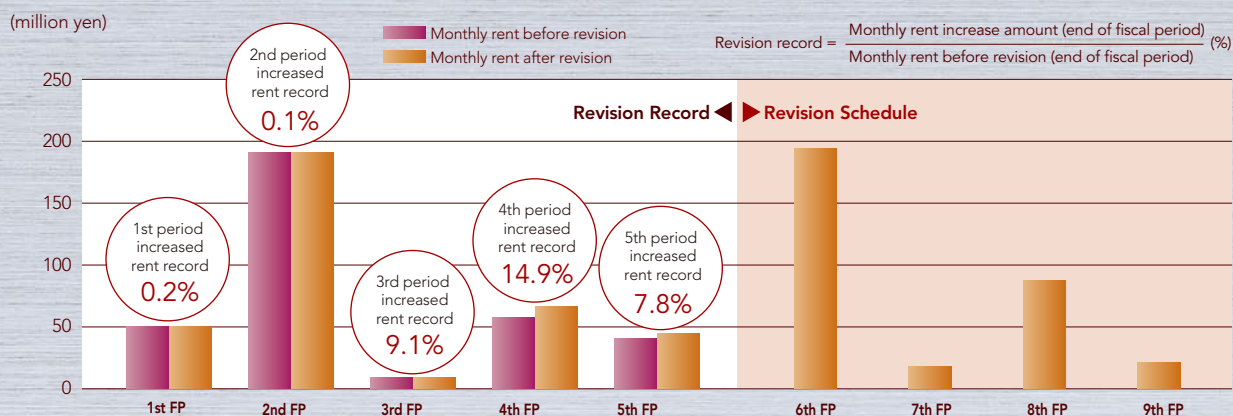
RESIDENTIAL & RETAIL STRATEGIES

Residential Strategy

- ❖ TOP REIT will continue to negotiate for rent increases with new tenants when previous tenants leave. In the case of Fukasawa House H & I Towers, TOP REIT has successfully raised rent on average by 3.1%, 1.2%, 1.6% and 0.5% respectively during the 2nd, 3rd, 4th and 5th Fiscal Periods.
- ❖ TOP REIT is also dedicated to maintaining earnings with high occupancy, achieving 93.0% at Fukasawa House H & I Towers and 97.4% at Ecology Toyosu Procentury at the end of the 5th Fiscal Period.

Office: Rent Revision Record (as of end of 5th Fiscal Period)/Revision Schedule (million yen)

TOP REIT is proactively negotiating rents upon lease renewals to bring them up to market levels



5th Fiscal Period Record

- ❖ Rent negotiations were held with 12 tenants during the 5th Fiscal Period and 8 agreed to an increase (4 agreed to present levels)
- ❖ Achieved an increase in rent of 18 million yen per fiscal period
- ❖ Rent Revisions in 6th Fiscal Period: TOP REIT is presently negotiating with tenants of Harumi Island Triton Square Office Tower Y concerning rent revisions

FINANCIAL STRATEGY

A CONSERVATIVE STRATEGY THAT ENABLES PRUDENT YET DYNAMIC MEASURES

TOP REIT is committed to a conservative financial strategy that delivers flexibility and dynamism to our acquisition and management strategy. Efforts to ensure a flexible, dynamic financial platform include steps to lessen the negative impact from floating interest rates, spreading of debt maturities, conservative LTV levels and the constructing of robust bank support. The market has recognized the positive impact of these measures to grant TOP REIT issuer ratings of A2 (stable)* and AA- (stable) respectively by Moody's Investors Service and Rating and Investment Information.

Sound Financial Policy

- ❖ Committed to risk-averse financial operations
- ❖ Divergent debt maturities
- ❖ Mitigating measures against future interest rate fluctuations
- ❖ Multiple financing channels
- ❖ Solid relationships with prominent lenders

The potential impact of changes in interest rates has been reduced through a strategy focused on securing long-term debt and fixing the interest rates on loans.

Another key element of the TOP REIT strategy is maintaining a conservative

LTV. This is instrumental in providing for the dynamic and flexible financial platform and has lead to a ¥10 billion capacity for borrowing additional funds even in today's climate.

All of the charts below are made possible by exemplary bank support as shown in the table on the next page.

MAINTAINING A CONSERVATIVE LEVERAGE RATIO

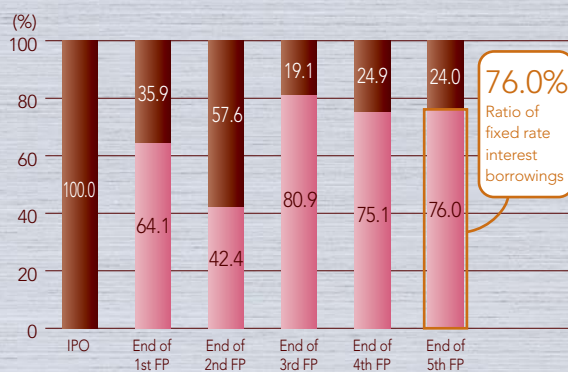
TOP REIT consistently maintains an LTV at a conservative 40-50% to ensure financing capabilities for forthcoming acquisitions despite the stipulated 60% LTV policy.

*Moody's Investors Service announced on January 15, 2009, that the issuer ratings of twelve J-REITs, including Top REIT's A2 issuer rating, are being reviewed for possible downgrading.

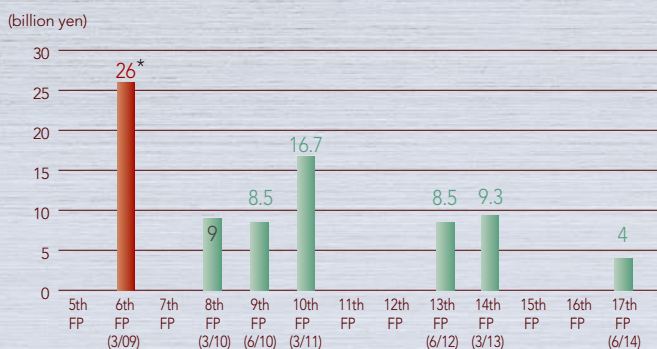
Ratio of Long-term Debt



Ratio of Fixed Interest Debt

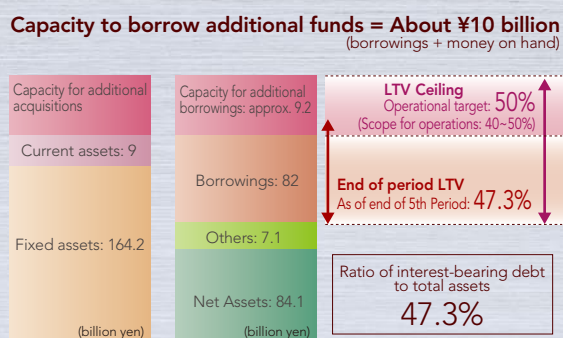


Spreading Out the Debt Maturity Schedule



*TOP REIT is currently negotiating the refinancing of the 26 billion yen in debt maturing in the 6th Fiscal Period with lenders (as of February 25, 2009).

Capacity of Additional Borrowings and Acquisitions



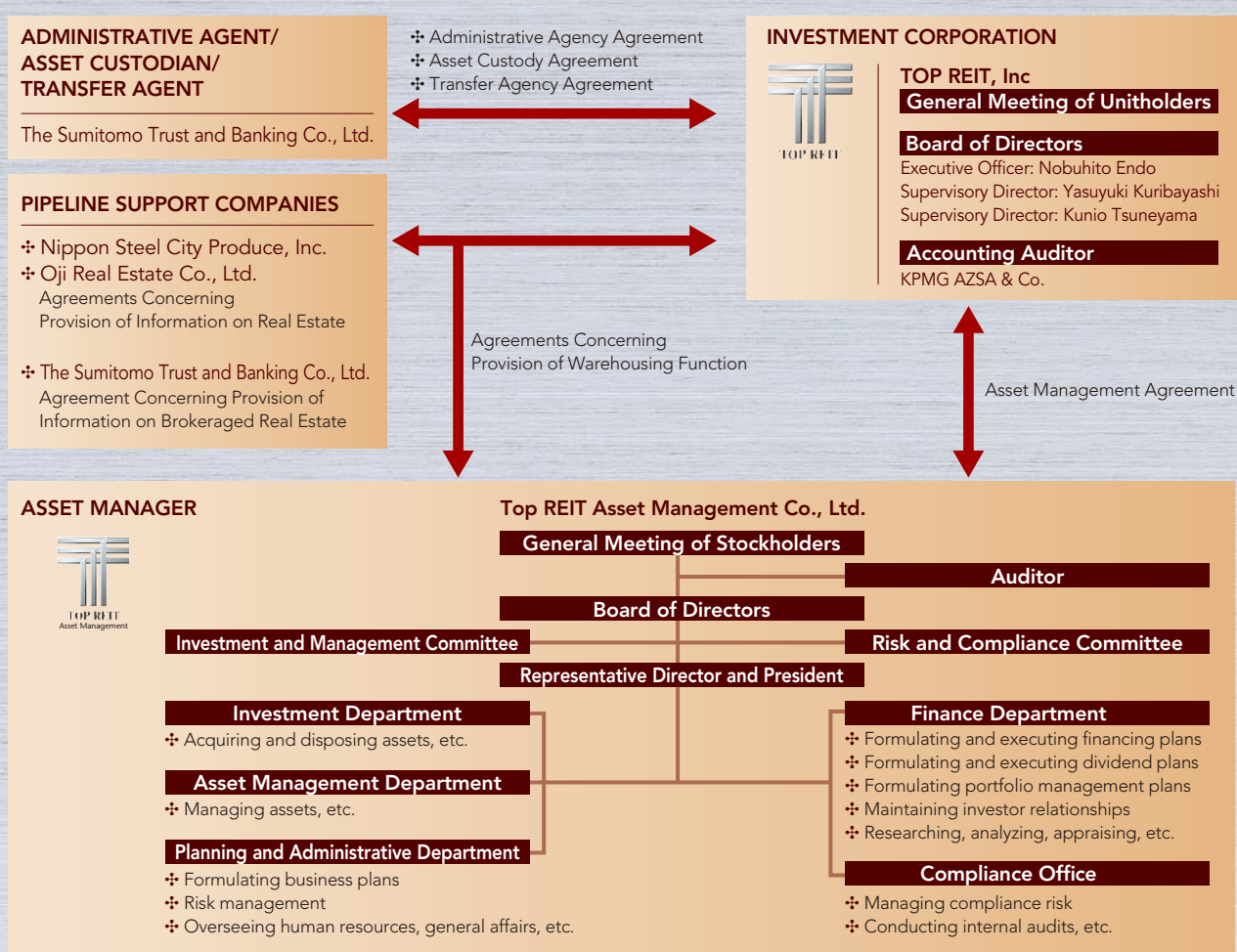
Debt Composition as of October 31, 2008

		LENDER	TERM-END BALANCE (BILLION YEN)	INTEREST RATE (END OF 10/08)	DATE OF BORROWING	DATE OF MATURITY	REMAINING PERIOD (DURATION)	COLLATERAL
SHORT-TERM DEBT		Sumitomo Trust	6.7	1.15% (Floating)	March 19, 2008	March 18, 2009	5 Months	Unsecured
		Sumitomo Trust Mizuho CB SMBC Tokyo Mitsubishi UFJ Mitsubishi UFJ Trust	2.6	1.15% (Floating)	March 27, 2008	March 27, 2009	5 Months	Unsecured
		Subtotal	9.3	1.15% (Avg.)			5 Months (Avg.)	
LONG-TERM DEBT DUE WITHIN ONE YEAR	TERM LOAN 1	Sumitomo Trust Mizuho CB SMBC	5.2	1.20% (Floating)	March 3, 2006	March 3, 2009	4 Months	Unsecured
		Tokyo Mitsubishi UFJ Chuo Mitsui Trust	5.5	1.39% (Fixed)				
		Mitsubishi UFJ Trust	6.0					
		Subtotal	16.7					
LONG-TERM DEBT	TERM LOAN 2	Same as Term Loan 1	5.2	1.30% (Floating)	March 3, 2006	March 3, 2011	2 Years & 4 Months	Unsecured
			5.5	1.92% (Fixed)				
			6.0					
		Subtotal	16.7					
	TERM LOAN 3	Same as Term Loan 1	8.5	1.60% (Fixed)	June 29, 2007	June 30, 2010	1 Year & 8 Months	Unsecured
		Subtotal	8.5					
	TERM LOAN 4	Sumitomo Trust Mizuho CB SMBC Tokyo Mitsubishi UFJ Chuo Mitsui Trust Mitsubishi UFJ Trust	8.5	1.95% (Fixed)	June 29, 2007	June 29, 2012	3 Years & 8 Months	Unsecured
		Subtotal	8.5					
	TERM LOAN 5	Sumitomo Trust Development Bank of Japan Dai-ichi Mutual Life	2.0	2.27% (Fixed)	June 29, 2007	June 30, 2014	5 Years & 8 Months	Unsecured
			1.0	2.40% (Fixed)				
			1.0	2.40% (Fixed)				
		Subtotal	4.0					
	TERM LOAN 6	Sumitomo Trust Mizuho CB SMBC Tokyo Mitsubishi UFJ Mitsubishi UFJ Trust	9.0	1.21% (Fixed)	March 27, 2008	March 26, 2010	1 Year & 5 Months	Unsecured
		Subtotal	9.0					
TERM LOAN 7	Sumitomo Trust Mizuho CB SMBC Tokyo Mitsubishi UFJ Mitsubishi UFJ Trust	6.3	1.48% (Fixed)	March 27, 2008	March 27, 2013	4 Years & 5 Months	Unsecured	
		3.0	1.53% (Fixed)					
	Subtotal	9.3						
LONG-TERM DEBT TOTAL			72.7	1.59% (Avg.)				
TOTAL			82.0	1.54% (Avg.)			2 Years & 1 Month (Avg.)	

Note: Interest rates are rounded to the second decimal point and the remaining periods are rounded to a whole number.
The averages for interest rates and remaining periods are weighted averages using balances as of the end of the fiscal period.

TOP REIT ASSET MANAGEMENT, INC. – THE ASSET MANAGER

As is well known, the J-REIT structure differs from the U.S. REIT structure in that the REIT is not internally managed, but is rather an “unmanned” entity that holds assets and is externally managed by an asset manager. The asset manager in most cases is solely responsible for managing said J-REIT. The asset manager of TOP REIT is Top REIT Asset Management, Inc. (TRAM). TRAM is primarily staffed and led by a team of experts and skilled staff seconded by its three sponsors introduced on pages 6 and 7 of this Business Report, representing another example of their broad support of TOP REIT itself. The organizational structure of TOP REIT and TRAM and its provision of external management services are presented in the chart below.



Led by Skilled Staff

The team at TRAM is staffed by skilled employees with broad industry knowledge as evidenced by in the number of certified individuals on staff. The following is a simple list of the certified staff either seconded to or employed by TRAM.

REAL ESTATE AGENTS	19	REAL ESTATE APPRAISERS	3	FIRST CLASS ARCHITECT	1
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Strategic Initiatives

<http://www.top-reit.co.jp/english/strategic/index.html>

About TOP REIT

<http://www.top-reit.co.jp/english/about/index.html>



IR Schedule

2009

APRIL

End of 6th Fiscal Period

MAY

JUNE

Announce performance of 6th Fiscal Period

JULY

Payment of dividend for 6th Fiscal Period

AUGUST

SEPTEMBER

OCTOBER

End of 7th Fiscal Period

NOVEMBER

DECEMBER

Announce performance of 7th Fiscal Period

2010

JANUARY

Payment of dividend for 7th Fiscal Period

FEBRUARY

MARCH

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.