



Translation of Japanese Original

April 24, 2013

To All Concerned Parties

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 (Securities Code: 8982)

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Notice of Acquisition of Trust Beneficiary Interest in Real Estate in Japan
(MEL Building)

Top REIT, Inc. (“Top REIT”) hereby announces that it today decided today to acquire a trust beneficiary interest in real estate in Japan (hereinafter, the “Beneficiary Interest in Trust”), as described below.

1. Overview of Acquisition

① Type of Title	Ownership of trust beneficiary interest in real estate in Japan
② Name of Property	MEL Building
③ Trustee	Mitsubishi UFJ Trust and Banking Corporation (Note1)
④ Term of Trust Agreement	From August 4, 2005 to October 31, 2022 (Note1)
⑤ Anticipated Acquisition Price	1,210,000,000 yen (Note2)
⑥ Date of Sales Agreement	April 24, 2013
⑦ Anticipated Acquisition Date	April 30, 2013
⑧ Seller	Godo Kaisha Hirosejisyo
⑨ Source of Funding	Borrowings (to be scheduled) (Note3)
⑩ Method of Settlement	Lump-sum payment on the acquisition date

(Note1) The information on the Trustee and the Term of Trust Agreement are based on the real estate trust agreement that was executed between Godo Kaisha Hirosejisyo, the seller, and Mitsubishi UFJ Trust and Banking Corporation, the trustee as of today. Top REIT plans to have the trust asset of the Beneficiary Interest in Trust left in trust by Mitsubishi UFJ Trust and Banking Corporation after acquiring the Beneficiary Interest in Trust.

(Note2) The anticipated acquisition price is the price for sale to be specified in the sales agreement (excluding consumption tax and equivalents), which does not include acquisition expenses, real property tax, city planning tax, etc.

(Note3) For the overview of borrowing, please refer to the press release “Notice Concerning Borrowing” dated April 24, 2013.

2. Reason for Acquisition

This property is being acquired in accordance with the investment policy of Top REIT, as stipulated in its Articles of Incorporation. In making the decision on this acquisition, Top REIT particularly recognized the high potential of the property’s location as a retail area and the fact that it is an urban retail facility that is expected to attract many customers and tenants befitting for the area. Details are indicated in the following table.

Features of the Location	<ul style="list-style-type: none"> The Property is located in an area with a concentration of retail shops and facilities in Sendai City, and is approximately a 13-minute walk from Sendai Station on the JR Tohoku Main Line and approximately a 2-minute walk from Hirose-Dori Station on the Sendai City Subway Nanboku Line. The area where the property is located has high potential as a commercial district, as it is located to the north of the Clisroad, one of the shopping streets having the largest volume of pedestrians in central Sendai, and has a concentration of tenant shops centering on men’s fashion, including street casual fashion.
Building	<ul style="list-style-type: none"> The property is an urban retail facility recognized as a representative property in an area having a concentration of leading-edge fashion brands in Sendai, and has tenants comprising popular sweets and cafe shops, select second-hand clothing shops and casual brand shops, etc, which is expected to attract many customers. The property has specifications that are highly versatile, as the floors can be divided to sections of around 30 to 50 tsubos each, which is the size highly needed for shops to be opened in this area. Although the building of the Property is 33 years old, it underwent seismic retrofitting and full-scale remodeling of facilities (electric facilities, air-conditioning systems, water supply and drainage facilities and disaster prevention equipment) in 2005, securing the level of facilities that should satisfy requirements from tenants.

3. Description of the Asset being Acquired

Description of the Property (Trust Beneficiary Interest in Real Estate)

Address	(Registered Address) 2-7-9 Chuo, Aoba Ward, Sendai City, Miyagi (Residential Building Address) 2-7-28 Chuo, Aoba Ward, Sendai City, Miyagi	
Access	<ul style="list-style-type: none"> Approximately a 13-minute walk from Sendai Station on the JR Tohoku Main Line Approximately a 2-minute walk from Hirose-Dori Station on the Sendai City Subway Nanboku Line 	
Usage	Retail	
Structure/Floors	Reinforced concrete structure with a flat roof, 3 floors above ground	
Area	Land	895.66m ²
	Building	1,756.32m ² (total floor area)
Type of Title	Land	Ownership
	Building	Ownership
Completion Date	January 1980 (extended in July 2005)	
Architect	Initial construction: Shimizu Corporation Sendai Branch Extension: Mikio Hashimoto Architect & Associates	
Constructor	Initial construction: Shimizu Corporation Sendai Branch Extension: Maeda Corporation Tohoku Branch	
Construction Confirmation	Initial construction: Construction Inspector (Sendai City) Extension: Sendai Urban Arrangement Center Co. Ltd.	

Total Leasable Area	1,580.70m ²
Total Leased Area	1,580.70m ² (as the end of March, 2013)
Occupancy Rate	100% (as the end of March, 2013)
Number of End Tenants	6 (as the end of March, 2013)
Master Lessee and Property Manager (To be scheduled)	Xymax Cube Corporation (Note1)
Monthly Rent	8,584 thousand yen (Note2)
Deposits and Guarantees	64,728 thousand yen (Note3)
Anticipated Acquisition Price	1,210,000 thousand yen
Appraisal Value (Appraisal Institution / Appraisal Date)	1,260,000 thousand yen (Daiwa Real Estate Appraisal Co., Ltd. : dated April 1, 2013) (Please refer to Appendix 1 for an overview of the appraisal.)
PML Value (Earthquake)	3.8% (based on the earthquake risk evaluation reports(detail) as of April 5, 2013 issued by Engineering & Risk Service Corporation and Oyo RMS Corporation)
Collateral (Y/N)	No
Remarks	<p>① The building was extended in July 2005, with its intended purpose changed (previously meant for office use).</p> <p>② The building was designed and constructed in accordance with the former Building Standard Act Enforcement Order (with former earthquake resistance standards), but earthquake-proof reinforcement construction work was undertaken in May 2005 in compliance with the Act for Promotion of the Earthquake Proof Retrofit of Buildings.</p> <p>③ The building underwent full-scale remodeling in July 2005 for its electric facilities, air-conditioning systems, water supply and drainage facilities and disaster prevention equipment.</p>

* The Address (excluding the Residential Building Address), Usage, Structure and Floors, Area (total floor area) and Completion date are based on the descriptions in the real estate registry.

(Note1) As of today, a pass-through master lease and property management agreement has been executed among Mitsubishi UFJ Trust and Banking Corporation, Xymax Cube Corporation and the seller (beneficiary). Top REIT will continue to consign the pass-through master lease and property management services to Xymax Cube Corporation after acquiring the Beneficiary Interest in Trust.

(Note2) Monthly rent revenue indicates the amount based on the lease agreements with the end tenants as of the end of March 2013. Furthermore, the amount includes common area charges but excludes income from bicycle parking lots, utilities and other sources.

(Note3) Deposits and Guarantees indicate the amount based on the descriptions in the lease agreements with end tenants as of the end of March 2013. Furthermore, the amount does not include deposits from bicycle parking lots, etc.

4. Overview of the Seller

(1) Corporate Name	Godo Kaisha Hirosejisyo
(2) Address	3-1-1, Marunouchi, Chiyoda Ward, Tokyo
(3) Representative	Representative partner: Ippanshadanhojin FB Holding Operational executor: Hisayoshi Kitagawa
(4) Principal Business	<ul style="list-style-type: none"> • Acquisition, ownership, disposition, lease and management of real estate • Acquisition, ownership and disposition of trust beneficiary interest in real estate • Other businesses incidental or related to each of the above
(5) Capital	100 thousand yen
(6) Establishment Date	October 10, 2012
(7) Relationship with Top REIT and/or Top REIT Asset Management Company Co., Ltd. (TRAM)	
Capital Relationship	There is no capital relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special capital relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Personnel Relationship	There is no personnel relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special personnel relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Business Relationship	There is no business relationship between the seller and Top REIT and/or TRAM that must be disclosed. In addition, there is no special business relationship between the related parties or affiliates of the seller and related parties or affiliates of Top REIT and/or TRAM.
Status as Related Parties	The seller does not fall under the definition of related parties of Top REIT and/or TRAM. The related parties of the seller and its affiliates also do not fall under the definition of related parties of Top REIT and/or TRAM.

5. Status of the Seller

The Property has not been acquired from any party that has a special interest relationship with Top REIT and/or TRAM.

6. Transactions with Interested Parties

The following transaction with interested parties has been discussed and resolved at meetings of TRAM's Risk and Compliance Committee and Investment and Management Committee in compliance with TRAM's internal rules on "Transactions with Interested Parties."

Brokerage of the Beneficiary Interest in Trust	In acquiring the Beneficiary Interest in Trust, Top REIT will appoint Sumitomo Mitsui Trust Bank, Limited. (hereinafter, Sumitomo Mitsui Trust Bank) as a broker in the beneficiary interest in trust and pay a brokerage fee to Sumitomo Mitsui Trust Bank.
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7. Overview of Brokerage

(1) Overview of Broker

① Broker	Sumitomo Mitsui Trust Bank, Limited.
② Address	1-4-1, Marunouchi, Chiyoda Ward, Tokyo
③ Representative	Hitoshi Tsunekage, President
④ Principal Business	Financing
⑤ Paid-in Capital	342,037 million yen (as of April 1, 2013)
⑥ Establishment Date	July 1925

⑦ Relationship with Top REIT and TRAM	Sumitomo Mitsui Trust Bank, Limited is the parent company (with a shareholding ratio of 69%) of Top REIT Asset Management Co., Ltd. (TRAM), the asset management company to which Top REIT entrusts asset management, and falls under the definition of an interested person as defined in the Investment Trust and Investment Corporation Law.
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(2) Breakdown and Amount of Commission

Commission	10,000,000 yen (excluding consumption tax)
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8. Acquisition Schedule

Date of Decision on Acquisition	April 24, 2013
Date of Sales Agreement	April 24, 2013
Date of Payment	April 30, 2013 (to be scheduled)
Date of Delivery	April 30, 2013 (to be scheduled)

9. Forecast on Business Results

Since the impact of the acquisition of the Beneficiary Interest in Trust on the business results for the fiscal period ending April 2013 (the Fourteenth Fiscal Period: from November 1, 2012 to April 30, 2013) is minimal, the forecast on operating results for the said fiscal periods shall not be revised from the forecasts announced in the Summary of Earnings Results (Kessan Tanshin) dated December 14, 2012, for the Thirteenth Fiscal Period ended October 31, 2012.

Regarding the impact of this acquisition on the business results for the fiscal period ending October 2013 (the Fifteenth Fiscal Period: from May 1, 2013 to October 31, 2013), please refer to the press release “Notice of Revised Forecast on Business Result and Dividend for the Fifteenth Fiscal Period Ending October 31, 2013” separately announced today.

<Attachments>

Appendix 1	Overview of Property Appraisal Statement and Engineering Report
Appendix 2	Assumed Income and Expenditure of the Property
Appendix 3	Exterior Photographs, Location Map and Detail Map of the Property
Appendix 4	Portfolio of Top REIT after Acquisition of the Property

* Top REIT’s Internet website address 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 1: Overview of Property Appraisal Statement and Engineering Report

Overview of Property Appraisal Statement

Appraisal Institution	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	April 1, 2013
Appraisal Value	1,260,000 thousand yen
Capitalized Value through Direct Capitalization Method	1,260,000 thousand yen
Net Operating Income (NOI)	79,796 thousand yen
Net Cash Flow (NCF)	78,075 thousand yen
Cap Rate	6.2%
Capitalized Value through Discounted Cash Flow (DCF) Method	1,260,000 thousand yen
Discount Rate	6.2%
Terminal Cap Rate	6.6%
Indicated Value by Cost Approach	622,000 thousand yen
Ratio of Land	80.3%
Ratio of Building	19.7%
Characteristics	
<p>The Property is considered to have a certain level of competitiveness in the rental market of the relevant area from the following perspectives, as it should be able to satisfy the demand for opening shops in the area in terms of location conditions including the distance from the station, building grade, building age and other factors.</p> <ul style="list-style-type: none"> • The Property is approximately a 2-minute walk from Hirose-Dori Station on the Sendai City Subway Nanboku Line and located behind the Clisroad shopping street. The neighboring area has formed a unique market specially focusing on fashion, with lines of shops selling apparel products targeting young people in their teens and twenties. As such, apparel and other retailers maintain relatively strong willingness to open shops in this area. • Although approximately 33 years have passed since the building was completed, the Property underwent extension and remodeling in 2005, with its facilities renewed on a full scale. 	

Overview of Engineering Report

Building Condition Investigation	
Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of Investigation	April 2013
Short-term Repair Expenses	0 thousand yen
Long-term Repair Expenses	3,497 thousand yen
Investigation of Building Earthquake Risk	
Investigator	Engineering & Risk Service Corporation Oyo RMS Corporation
Date of Investigation	April 2013
PML	3.8%
Reproduction Cost	291,600 thousand yen
Remarks	
With respect to the Property's land, Top REIT was informed that "it is assessed that the investigated site has a low possibility of having soil contamination."	

* Short-term repair expenses indicate the sum of emergency repair expenses and expenses for repairs that have to be carried out within one year based on the Engineering Report.

* Long-term repair expenses indicate the yearly average amount of the forecasted long-term repair expenses for the 20 years hereafter based on the Engineering Report, with the figure rounded to nearest one thousand yen.

Results of Asbestos Investigation

Investigator	Earth-Appraisal Co., Ltd.
Date of Investigation	April 2013
Results of Investigation	Top REIT has received an investigation report stating that “it has been confirmed spray materials were used for the exterior curtain walls on the 2nd and 3rd floors of the existing building and for the ceiling slabs of stairway on the 3rd floor of the existing building of the Property, but no asbestos has been detected through analyses of samples collected from them.”

Appendix 2: Assumed Income and Expenditure of the Property

Assumed rental revenue (annual)	115,714 thousand yen
Assumed rental expenses (annual)	23,730 thousand yen
Assumed NOI (annual)	91,984 thousand yen

Pre-conditions of Assumed Income and Expenditure

For the figures in the above table, the assumed rental revenue and the assumed rental expenses respectively represent the operating revenues and the operating expenses of the Property for the initial year, calculated by the DCF method described in the real estate appraisal report prepared upon the acquisition, and the difference between the two is entered as the assumed NOI. (These figures are not forecast figures for the next fiscal period.)

Appendix 3: Exterior Photographs and Location Map of the Property

(1) Exterior Photographs



(2) Location Map



(3) Detail Map



Appendix 4: Portfolio of Top REIT after Acquisition of the Property

Asset Class	Area	Property Name	(Anticipated) 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	17.8
		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	5,770	3.1
		Shinkawa Chuo Building	5,610	3.0
		Kanda Park Plaza	5,156	2.8
	Tokyo Metropolitan Area	Faret East Building	2,091	1.1
Subtotal (9 properties)			135,937	73.3
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
Residential Properties	Central Tokyo	TOP Residence Nihonbashi Kayabacho	2,400	1.3
	Tokyo Metropolitan Area	Fukasawa House Tower H&I	10,635	5.7
		Ecology Toyosu Procentry	5,160	2.8
		Impress Musashi-Koganei	1,223	0.7
	Subtotal (5 properties)			20,583
Others	Central Tokyo	OAK PLAZA	2,590	1.4
	Subtotal (1 property)			2,590
Total 19 properties			185,555	100.0

(Note1) The (anticipated) acquisition price indicates the transaction price (pre-tax price) described in the real estate sales agreement or the trust beneficiary interest transfer agreement concluded upon acquiring each of the properties, including properties planned for acquisition.

(Note2) The investment breakdown indicates the ratio of each property and each asset class to the total (anticipated) acquisition price, and is rounded to the first decimal place.