



*32<sup>nd</sup>*

Kanematsu Bldg.

**Report on Operating and Management Results**  
**Thirty-Second Fiscal Period Semi-Annual Report**  
July 1, 2017 – December 31, 2017

**Japan Prime Realty Investment Corporation**



## Determined Cash Distribution

The 32nd fiscal period ended December 2017

¥7,223

## Forecast Cash Distribution (reference)

The 33rd fiscal period ending June 2018

¥7,220

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## JPR at a Glance

Japan Prime Realty Investment Corporation (JPR) is a J-REIT with a large-scale combined portfolio that is focused on office properties in Tokyo<sup>(Note)</sup>. It aims to achieve stable growth of cash distributions, building on the quality of its properties and solid management operations.

(Note) "Office properties in Tokyo" represent office properties located in Central Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards) and Greater Tokyo (all other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures) (the same applies throughout this report).

## Portfolio

JPR has built a large-scale combined portfolio of assets under the basic policy of making investments focused on office properties in Tokyo.

### No. of Properties and Size

**62** properties      **435.0** billion yen

### Investment Ratio by Area

Tokyo: **84.5%**      Other Cities: **15.5%**

### Investment Ratio by Asset Class

Office: **76.8%**      Retail: **23.2%**

## Financial Base

JPR has constructed a financial base under the basic policy of conservatively controlling LTV and utilizing long-term, fixed interest rate debts.

### Ratio of interest-bearing debts to total assets (LTV)

**40.6%**

### Ratio of Long-Term, Fixed Interest Rate Debts

**100.0%**

### Issuer Rating

**AA-** (R&I)      **A** (S&P)

## Sponsors

JPR makes the best of the comprehensive capabilities in the real estate, construction and finance areas of the five sponsors led by Tokyo Tatemono together with Yasuda Real Estate, Taisei Corporation, Sompo Japan Nipponkoa Insurance and Meiji Yasuda Life Insurance.

### Aggregate Value of Properties Acquired from and Based on Information Provided by Sponsors, etc.

**343.3** billion yen

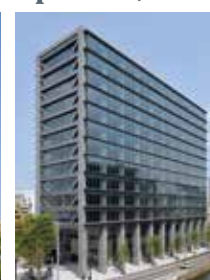
### Major Properties Acquired from Sponsors, etc.



The Otemachi Tower  
(Land with Leasehold Interest)



Olinas Tower



Yakuin Business Garden

(Note) Aggregate value of properties acquired from and based on information provided by sponsors, etc. refers to the aggregate acquisition price of real estate, etc. JPR has acquired since its listing either from the sponsors, etc. or based on the information provided by the sponsors, etc., and includes the properties already sold. Sponsors, etc. represent the five sponsor companies of JPR, their affiliate companies and special purpose companies (SPCs) in which the sponsors have made equity investment (the same applies throughout this report).

## Message to Our Unitholders



Dear Unitholders,

We at Japan Prime Realty Investment Corporation (JPR) would like to express our sincere gratitude for the continued loyal patronage you have extended to us.

Having settled the 32nd fiscal period (July1, 2017 –December 31, 2017) at the end of December 2017, we renew our cordial appreciation for your patronage and support.

Going forward, JPR will continue working with Tokyo Realty Investment Management, Inc. (TRIM), to which we entrust asset management, to realize our stable growth over the medium to long term while taking into account the governance of JPR as an investment corporation.

We ask you, our unitholders, to extend us continued support of our operations.

## Financial Results of the 32nd Fiscal Period Ended December 2017

- **Cash distribution per unit: ¥7,223**  
(up ¥10 period-on-period)
- Achieved a period-on-period increase in cash distributions for **the eighth straight fiscal periods**
- **Forecast distribution per unit for the next fiscal period: ¥7,220**  
(33rd fiscal period ending June 2018)

For the 32nd fiscal period, JPR continued to generate good financial results thanks to an increase in revenues from Tokyo Square Garden, which we acquired in the 31st fiscal period, operating for the entire fiscal period, as well as a progress made in upward revision of rents upon contract renewal, among other factors.

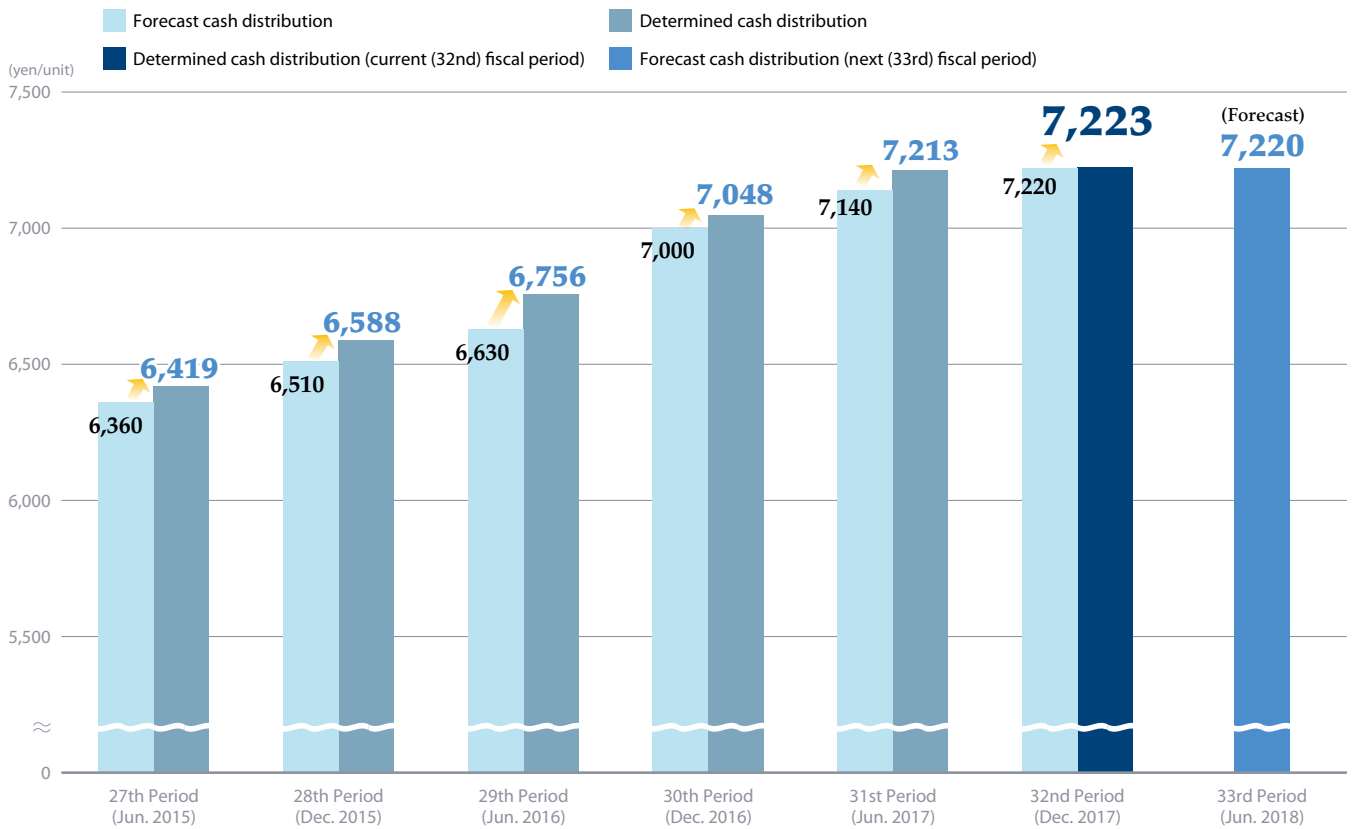
Distribution per unit came to 7,223 yen, marking the eighth straight fiscal period with a period-on-period increase.

For the 33rd fiscal period ending June 2018, distribution per unit is forecast to be 7,220 yen, almost the same level as for the 32nd fiscal period, despite a projected increase in property taxes and city planning taxes and other expenses.



## Account Highlights

### Distribution per Unit



### Operating Results

	27th Period ended Jun. 2015	28th Period ended Dec. 2015	29th Period ended Jun. 2016	30th Period ended Dec. 2016	31st Period ended Jun. 2017	32nd Period ended Dec. 2017
Operating revenue (million yen)	14,251	14,105	14,246	15,105	15,118	<b>15,141</b>
Ordinary income (million yen)	5,566	5,746	5,897	6,153	6,868	<b>6,666</b>
Net income (million yen)	5,603	5,749	5,896	6,152	6,867	<b>6,665</b>
Unitholders' equity per unit (yen)	247,529	247,696	247,862	248,154	258,516	<b>258,525</b>

# Internal Growth Strategy

JPR has achieved internal growth through an increase in rents while maintaining the occupancy rate at a high level, with its measures including flexible use of target rents proving effective.

## Major Reinforcement Strategies

### 1. Flexibly use target rents

JPR conducts leasing by setting target rents, to be used upon concluding new contracts or renewing existing contracts for respective properties, for each fiscal period in accordance with the market trends.

### 2. Reinforce investments for value enhancement

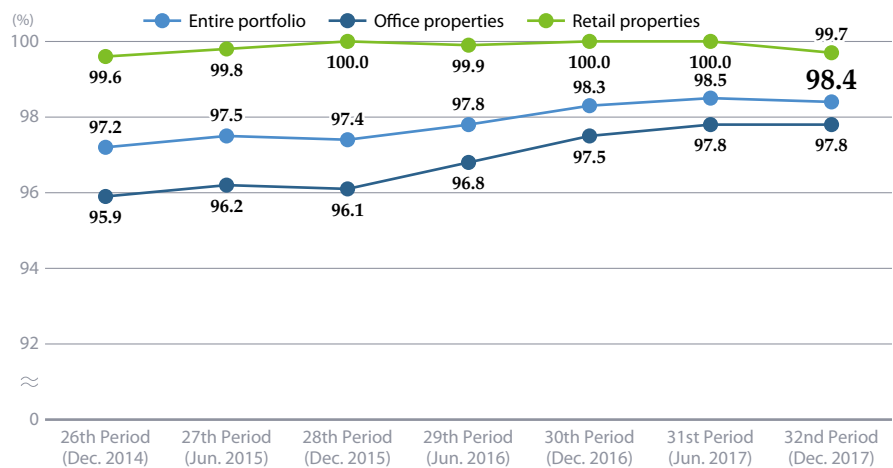
JPR works to raise rents for new contracts and reinforce property competitiveness by investing in interior fittings and facilities, etc. that meet tenant needs.

### 3. Continuously enhance tenant satisfaction

Deliberately responding to tenants and creating safe and secured environments are important initiatives that positively affect rent negotiations as well as help prevent contract cancellations from happening.

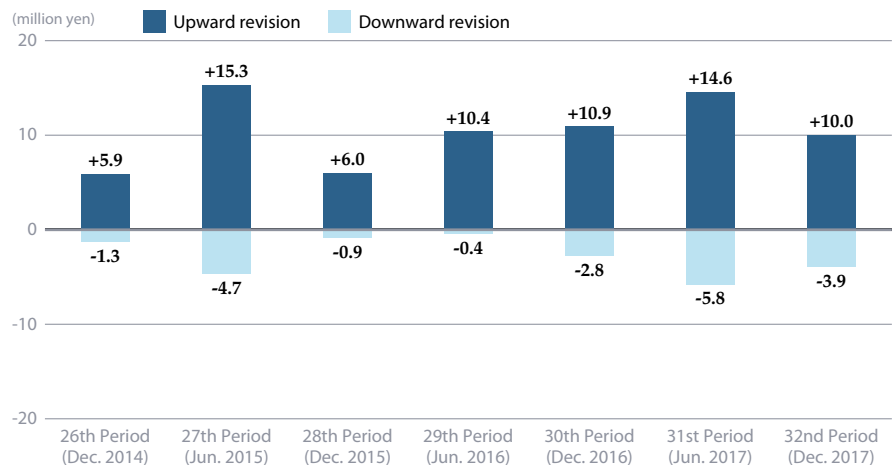
## Average Occupancy Rate

The average occupancy rate of the portfolio (period average of occupancy rates at end of months) has remained at a high level.



## Changes in Revised Amount of Monthly Rent, Etc.

By amount, upward revision of rents has continued to surpass downward revision since the 26th fiscal period ended December 2014.



## External Growth Strategy

JPR is resolved to continuously work on investments focused on office properties in Tokyo in order to enhance its growth potential over the long term, while conducting vigorously selective investments in retail properties as well as office properties in regional cities to enhance the stability of earnings.

### Basic Strategy

#### 1. Focused investments in office properties in Tokyo

Improve the quality of the portfolio by making investments focused on office properties in Tokyo that are expected to contribute to long-term growth

Compared with other regional cities, Tokyo allows expectations for more stable occupancy and higher rent levels. Looking ahead, JPR will continue to make investments focused on office properties in Tokyo, with an aim to further improve the quality of its portfolio and enhance its growth potential over a long term.

#### 2. Vigorously selective investments in retail properties as well as office properties in regional cities

For retail properties as well as office properties in regional cities, work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level

While securing growth potential by making focused investments in office properties in Tokyo, JPR will make vigorously selective investments in urban retail properties with long-term, fixed-rent contracts and in large office properties in regional cities having a high competitive advantage in the areas, in order to complement the stability of earnings from the entire portfolio.

### Cases in which JPR Acquired Properties by Utilizing Sponsor Support

JPR has displayed its strength of having sponsors comprised of real estate developers, a general contractor and financial institutions in acquiring blue-chip properties.

< Sponsors >



The Otemachi Tower  
(Land with Leasehold Interest)



The Otemachi Tower (Land with Leasehold Interest) was acquired from an SPC in which Tokyo Tatemono and Taisei Corporation have equity interests.

FUNDES Suidobashi



FUNDES Suidobashi was acquired from Tokyo Tatemono.



Japan Prime Realty  
Investment Corporation  
(securities code: 8955)

#### Property Acquisition Results by Channel

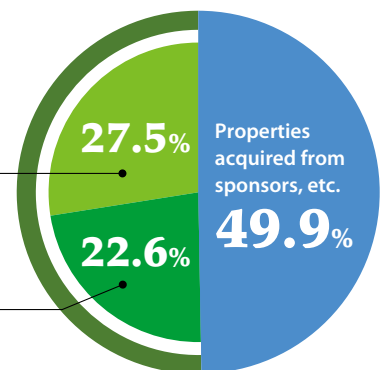
At JPR, the ratio of properties acquired from its sponsors, etc. and that of properties acquired from third parties (total of properties acquired based on the information provided by the sponsors and those acquired other than from the sponsors, etc.) are almost equal, standing at 49.9% for the former and 50.1% for the latter (on an acquisition price basis).

JPR will work to increase property acquisition opportunities and conduct vigorously selective investments in blue-chip properties by building sourcing abilities on its own instead of depending solely on sponsor support.

Transactions with  
third parties  
**50.1%**

Properties acquired  
other than from  
sponsors, etc.

Properties acquired  
based on information  
provided by sponsors



# Financial Strategy

By controlling the ratio of interest-bearing debts in a conservative manner and making further endeavors to lengthen the maturity of procured debts and diversify repayment dates, JPR has maintained a stable and strong financial base that should allow it to respond to future changes in the financial environment.

## Financial Status

JPR has maintained its conservative leverage control policy, in which it targets to keep the ratio of interest-bearing debts to total assets largely at up to 50%, and secured a stable fund procurement base with the ratio of long-term, fixed interest rate debts at 95% or more.

### Major Financial Indicators (at end of the 32nd fiscal period)

Ratio of interest-bearing debts to total assets (LTV)	<b>40.6%</b>
Ratio of long-term, fixed interest rate debts	<b>100.0%</b>

### Status of Corporate Credit Ratings Assigned to JPR

R&I (Rating and Investment Information, Inc.)	<b>AA-</b> (Stable)
S & P (Standard & Poor's Ratings Japan K.K.)	Long-term: <b>A</b> (Stable)      Short-term: <b>A-1</b>

## Financing Status for the 32nd Fiscal Period

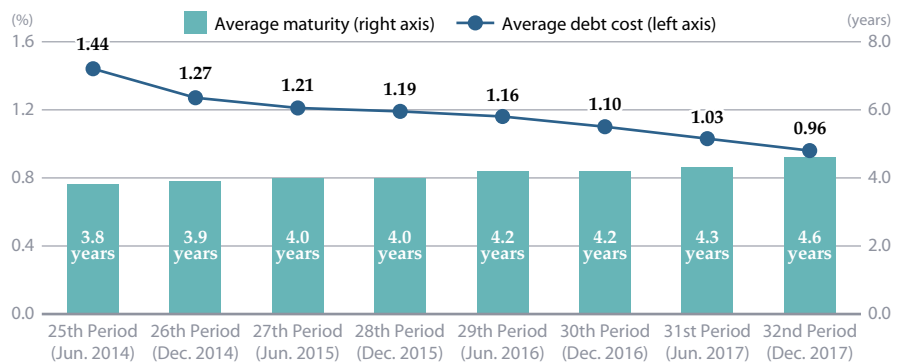
JPR has successfully reduced debt cost while placing more emphasis on lengthening the maturity of procured debts and diversifying the repayment dates.

### Comparison of Debts Matured and New Debts Procured in the 32nd Period

Average maturity	<b>5.2 years</b> ➔ <b>7.9 years</b> (up 2.7 years)
Average debt cost	<b>0.91%</b> ➔ <b>0.61%</b> (down 0.31%)

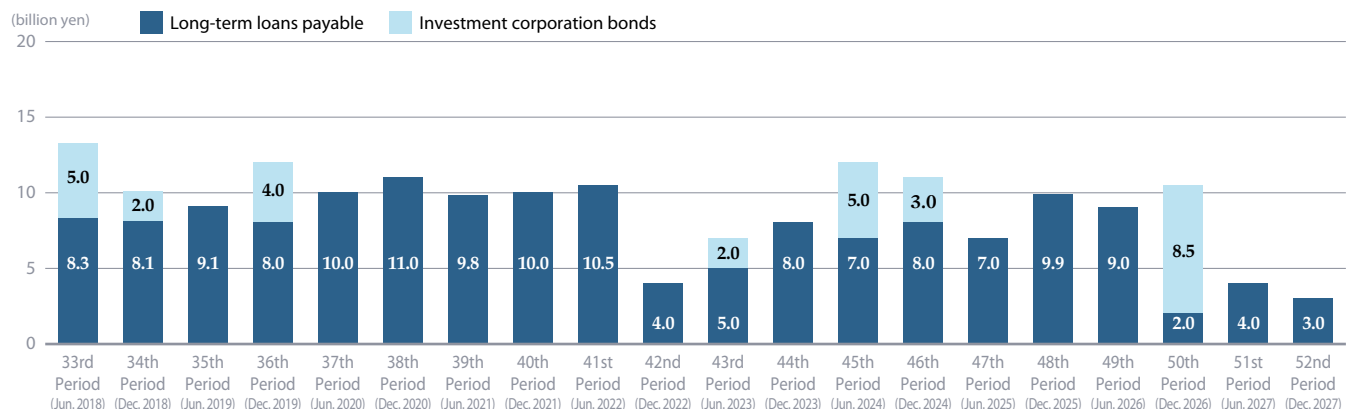
### Average Maturity of the Entire Interest-Bearing Debts and Average Debt Cost

JPR has worked to reduce financing costs and stabilize financial operations by lowering the average debt costs and lengthening the average maturity.



## Diversification of Repayment Dates for Interest-Bearing Debts

JPR has endeavored to mitigate refinance risks by diversifying repayment dates while establishing a commitment line with a credit limit of 24 billion yen.





## Initiatives on Governance

In the belief that it is essential to secure sound and efficient operations of JPR in order to realize its continuous growth, consistent efforts have been made to reinforce and sustain corporate governance of JPR and TRIM, the Asset Manager.

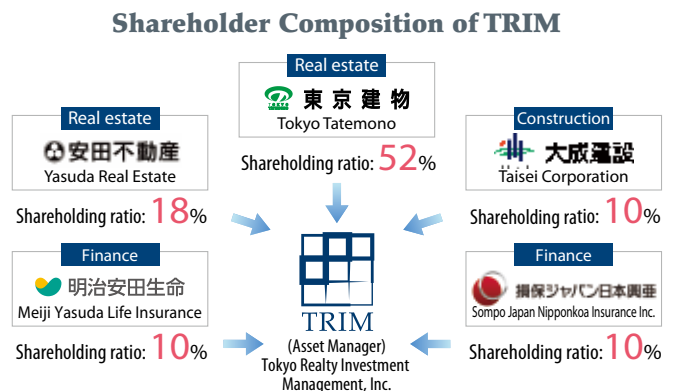
### Board Composition that Secures Governance

- At JPR, the Executive Officer has no concurrent assignment as director of TRIM in consideration of securing the independence of the investment corporation.
- The JPR officers have sufficient experience in practical operations and have a thorough knowledge of the REIT industry. The Supervising Officers are an attorney and a public accountant, securing the effectiveness of their monitoring function on the business operations of the investment corporation.

Member of the Board of JPR	
Executive Officer:	Satoshi Okubo
Supervising Officer:	Masato Denawa (attorney)
Supervising Officer:	Nobuhisa Kusanagi (certified public accountant)

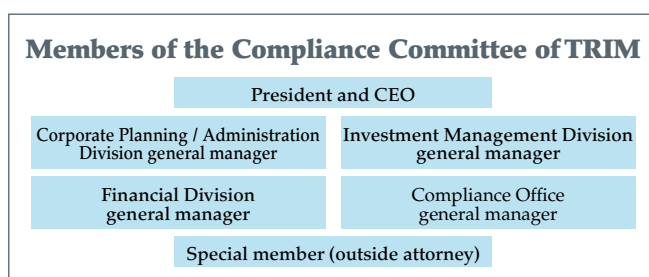
### Merits of Having Diversified Sponsors and Monitoring of Operations

- The five sponsors that are active in the respective areas provide properties, human resources, information and other support by taking advantage of their respective strengths.
- Each sponsor exercises its monitoring function, from a variety of perspectives, on the business operations of the investment corporation.
- The Compliance Office general manager that is the head of the department in charge of internal control at TRIM is not seconded from any of the sponsor companies.



### Decision Making Based on Stringent Processes

- Upon making decisions on property acquisitions, asset management and other issues, TRIM conducts stringent screening and takes other procedures from various perspectives through designated committees and other institutions.
- In particular, material transaction matters conducted with the sponsors, etc. are screened and verified by the Compliance Committee as to their adequacy and rationality. The Committee employs a unanimous vote for approvals in principle.
- An outside attorney has been appointed as a special member of the Compliance Committee.



### Stringent Decision-Making Process (for property acquisitions)



In addition to the processes indicated in the above chart, there may be cases where approval by the Board of Directors and consent by JPR are required as designated in the Act on Investment Trusts and Investment Corporations.

# Initiatives on Sustainability

For JPR to grow stably over the medium to long term, it is essential to address such social requirements as considerations to the environment, society and governance. JPR will continue its endeavors to enhance sustainability, centering on its initiatives for environmental friendliness, etc.

## Initiatives on Environmental Friendliness

Recognizing the importance of addressing environmental issues in the real estate investment management business, JPR strives to reduce its environmental footprint by upgrading facilities and improving operation at the properties it owns.

### 1. Investing in eco-friendly properties

Prior to finalizing an agreement to purchase real estate, an inspection is always conducted by an expert to verify legal compliance. JPR also conducts an inspection in advance to check for the presence of soil contamination or specified hazardous substances such as asbestos, in order to identify and avoid properties which are a risk in terms of their impact on the natural environment.

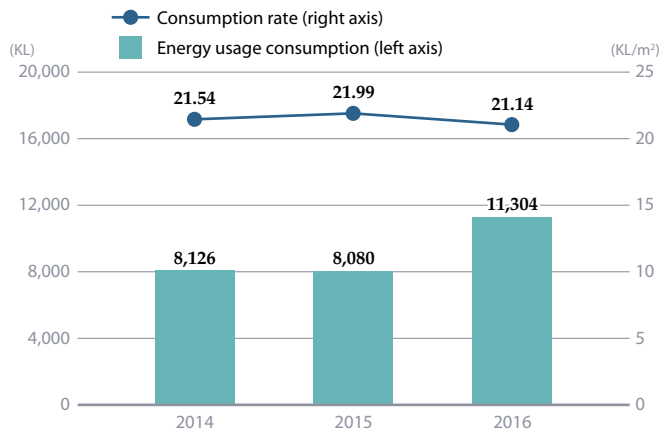
### 2. Managing energy-saving and reducing CO<sub>2</sub> emissions

At JPR, social responsibility towards climate change is increasing with the expansion of asset size. Therefore, JPR is taking steps to upgrade to more energy-efficient equipment and improve the operation of facilities while also organizing activities to educate tenants.

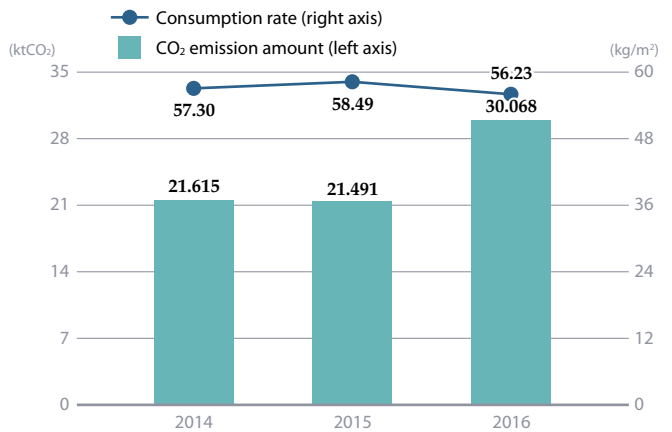
### 3. Environment-related data

In addition to pursuing environmental and energy-saving measures, JPR periodically measures greenhouse gas emissions and publicizes the obtained data.

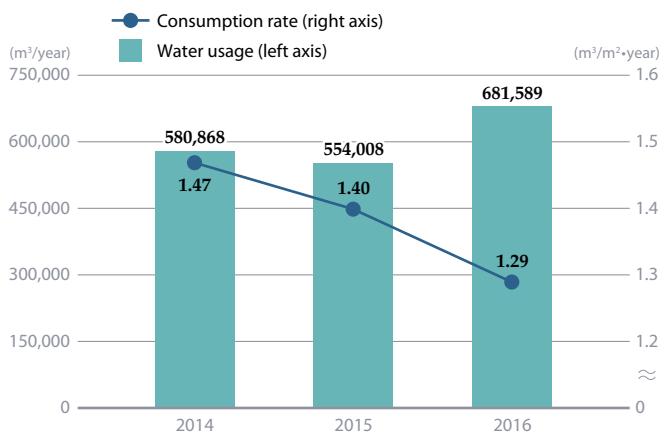
**Changes in Energy Usage Amount and Consumption Rate**



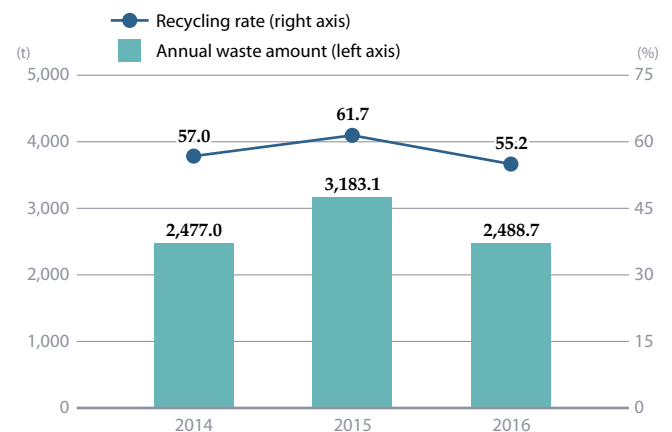
**Changes in CO<sub>2</sub> Emission and Consumption Rate**



**Water Usage Consumption Over Time**



**Waste and Recycling Rate Over Time**



## Recognition by Third Parties

### ■ Designated as “Green Star,” the Highest Ranking in GRESB Survey, for Four Consecutive Years

The 2017 GRESB survey acknowledged JPR’s superiority both in the “Management & Policy” and “Implementation & Measurement” dimensions, and designated JPR as “Green Star,” the highest ranking, for the fourth consecutive year.

GRESB, which stands for Global Real Estate Sustainability Benchmark, is a benchmark system for analyzing and evaluating sustainability in terms of environmental friendliness and social nature. It is based on surveys conducted by a private sector group established primarily by major pension funds in Europe.



### ■ Acquisition of DBJ Green Building Certification

Tokyo Square Garden was granted a 5-star assessment in July 2017, making the total number of JPR properties that have obtained the DBJ Green Building Certification to 17.

The DBJ Green Building Certification is a certification system established by Development Bank of Japan Inc., designed to support real estate properties that feature environmental and social awareness (“Green Buildings”). The system assesses and certifies real estate properties that meet the social and economic requirements, based on comprehensive evaluations including responses to a variety of stakeholders, such as considerations to disaster prevention and care for the communities, on top of their environmental performances.

Properties with the best class environmental & social awareness



Tokyo Square Garden

### ■ Granted Award of Excellence from the Kanto district’s Electricity Use Rationalization Committee (Kawasaki Dice Bldg.)

The Electricity Use Rationalization Committee is an industry group conducting activities related to popularization, promotion and public relations, etc. of effective use of electricity and comprehensive energy conservation.

Kawasaki Dice Bldg. received the award of excellence with recognitions given to the following initiatives:

- Making the best use of the peak-cut hour discount agreement
- Promoting energy saving by replacing lighting equipment with LED lamps
- Reducing costs by lowering the unit cost of power rates



Kawasaki Dice Bldg.



# Portfolio Status

## Portfolio Management Standards

Upon listing, JPR had portfolio management standards that set a target investment ratio by area of roughly 60% for Tokyo versus 40% for Other Cities and a target investment ratio by asset class of roughly 80% for office properties versus 20% for retail properties. In the 16th fiscal period ended December 2009, however, JPR changed the standards as follows with a policy of focusing investments in office properties in Tokyo.

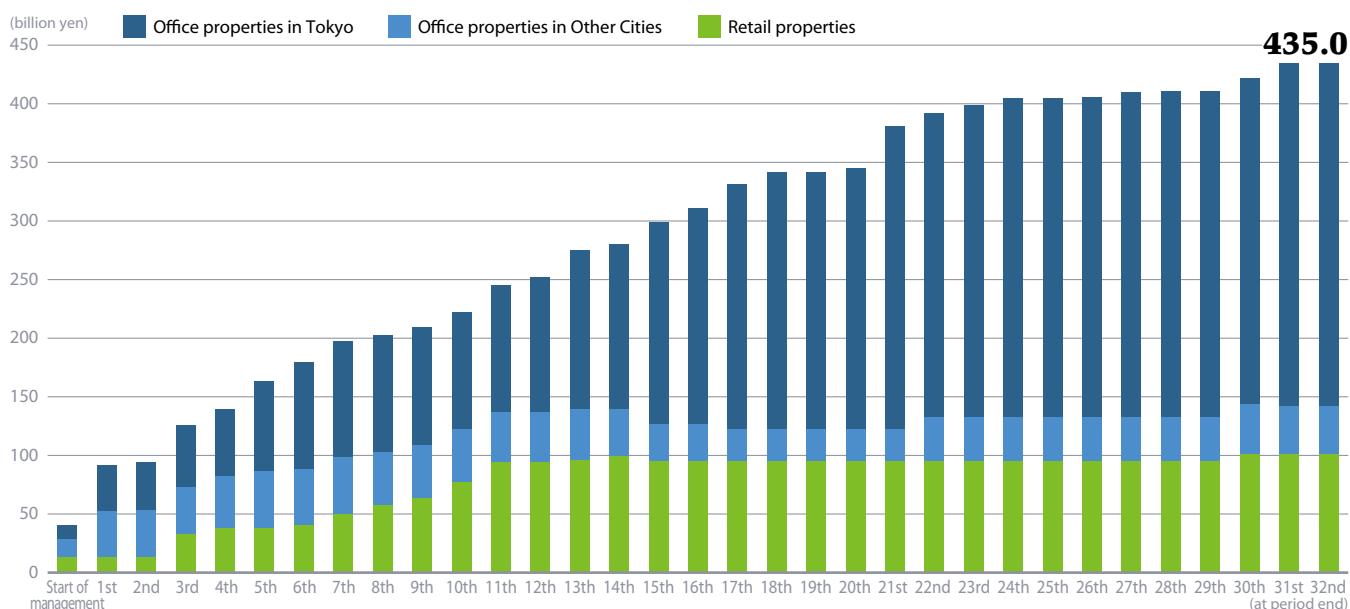
### Target investment ratio by area

**Tokyo: 80 - 90%**  
**Other Cities: 20 - 10%**

### Target investment ratio by asset class

**Office: 70 - 90%**  
**Retail: 30 - 10%**

## Asset Size Expansion Trends



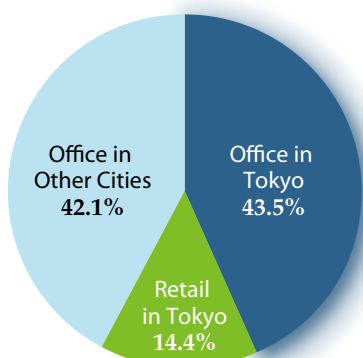
(Note) The asset size represents the aggregate acquisition price of the respective properties in JPR's portfolio as of the relevant date, rounded off to the nearest 100 million yen.

## Changes in Investment Ratios by Area and by Asset Class

As a result of focused investments in office properties in Tokyo, the investment ratio of office properties in Tokyo stood at 67.4% as of the end of the 32nd fiscal period, up 23.9% compared with the 43.5% as of the end of the 1st fiscal period.

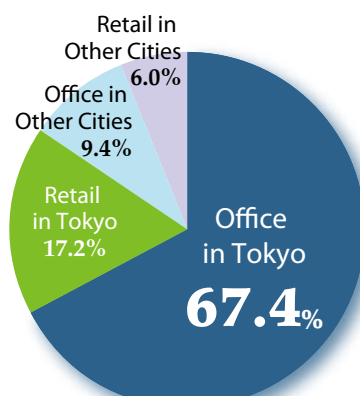
### End of 1st Fiscal Period (June 30, 2002)

### End of 32nd Fiscal Period (December 31, 2017)



Increase in the investment ratio of office properties in Tokyo through focused investments

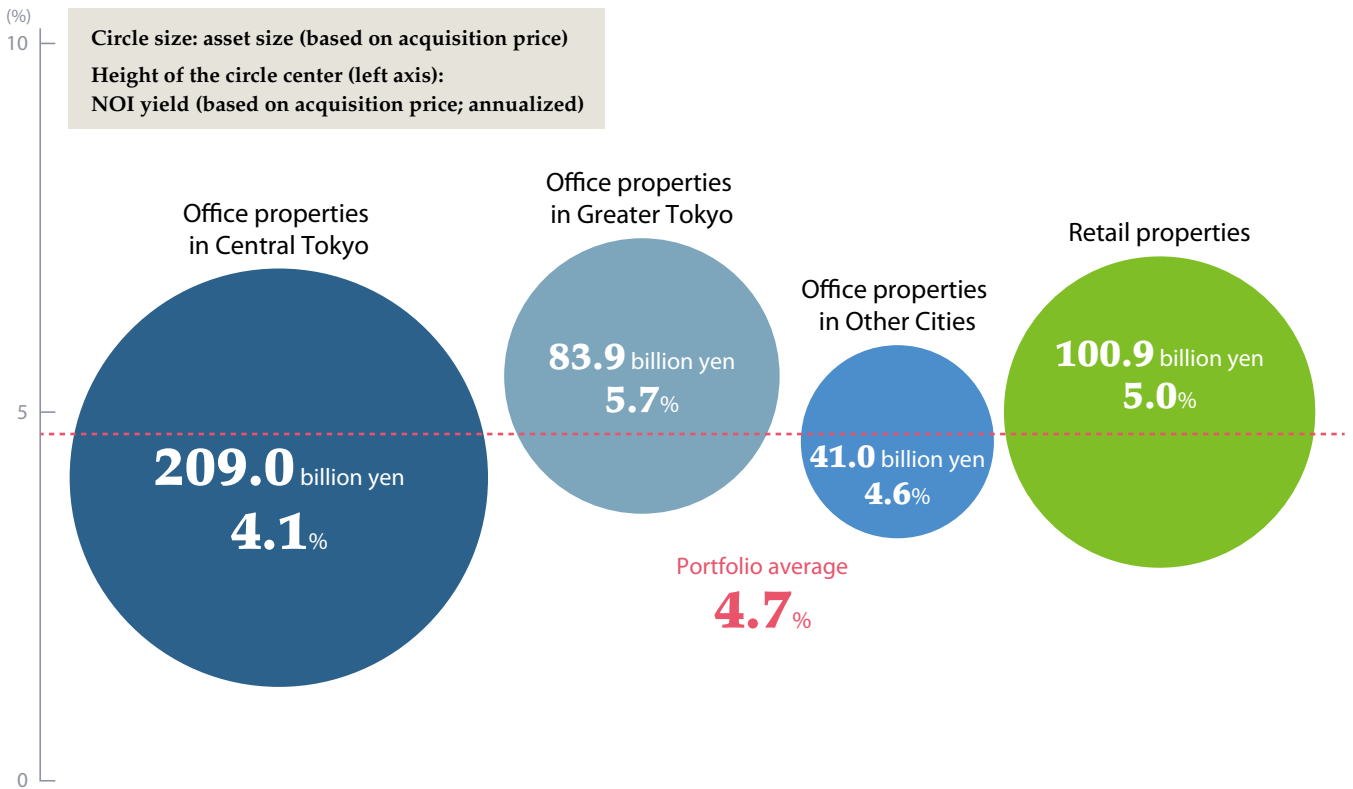
**+23.9%**



(Note) The figures in the graphs show the investment ratios, which represent the ratios of the total acquisition price of properties in respective categories to the total acquisition price of the entire portfolio, rounded to the first decimal place.

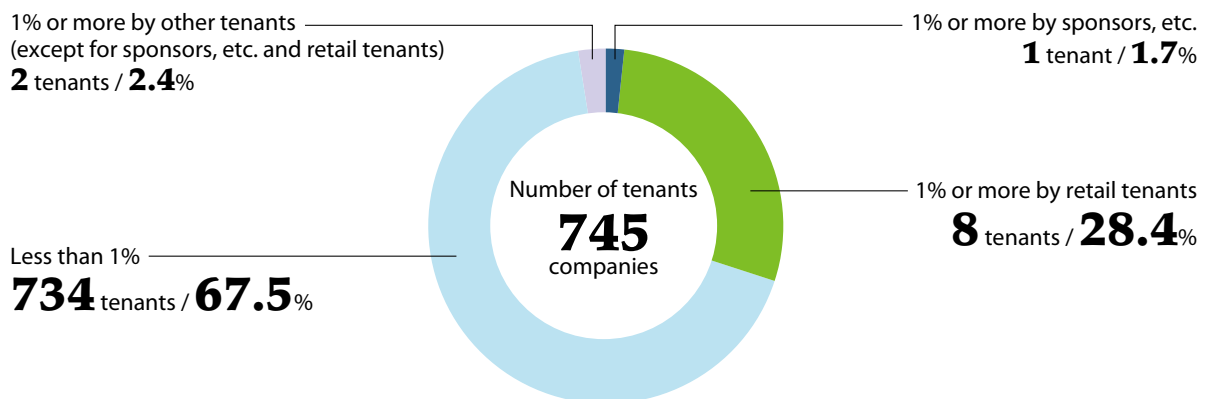
JPR has built a portfolio that enjoys the utmost advantages of diversified investments, including the growth potential of office properties located in Central Tokyo, the stability of urban retail properties with long-term lease agreements, etc., and the profitability of office properties in Greater Tokyo and Other Cities.

### Status of Diversified Investments (asset size by area/asset class and NOI yields)



### Status of Tenant Diversification (ratio of tenant occupancy of 1% or more)

If the ratio of occupancy (ratio of occupied floor space in the portfolio) by a single tenant is low, it reduces the risk of lower revenue when the tenant cancels a contract in the future. JPR keeps the ratio low to enhance the stability of revenue.



(Note) Ratio of occupancy = Leased space of each tenant / total leasable space

The number of tenants indicates the number of sublessees, which shows the diversification status in effect, when the tenant subleases the relevant property to sublessees (end tenants), etc. and the leasing terms and conditions vary in accordance with the situation of leasing. When a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.

# Overview of Portfolio Properties

## List of Properties (62 Properties for the Entire Portfolio)

### Central Tokyo (31 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 27, 2001	¥16,276	3.7	7,994.02	3.9
	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 27, 2001	2,874	0.7	2,291.13	5.8
	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 16, 2001	2,100	0.5	2,804.56	3.7
	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 16, 2001	1,670	0.4	3,319.37	4.4
				Nov. 21, 2002	550	0.1		
				Nov. 12, 2004	200	0.0		
				Total	2,420	0.6		
	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 21, 2002	4,000	0.9	3,265.34	7.8
	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 28, 2003	11,200	2.6	14,468.38	6.8
	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 23, 2003	2,920	0.7	4,241.22	7.3
	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 28, 2004	5,100	1.2	4,235.05	4.9
	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 1, 2004	3,500	0.8	4,088.44	3.5
	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2, 2004	10,000	2.3	19,284.71	1.3
				Sep. 26, 2008	180	0.0		
				Mar. 25, 2015	4,000	0.9		
				Oct. 21, 2015	786	0.2		
	Total	14,966	3.4					
	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 9, 2004	2,900	0.7	15,227.80	3.1
				Apr. 12, 2005	8,921	2.1		
				Jul. 13, 2010	3,300	0.8		
				Total	15,121	3.5		
	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 26, 2004	710	0.2	1,253.39	4.7
	A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Mar. 27, 2008	21,000	4.8	8,863.98	1.3
	A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 14, 2008	3,760	0.9	3,405.73	6.0
	A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 19, 2008	1,870	0.4	1,700.57	5.3
	A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2, 2009	2,800	0.6	2,488.36	7.7
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 25, 2009	8,400	1.9	4,763.38	6.8	
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 12, 2010	5,250	1.2	3,551.01	6.7	
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Mar. 31, 2010	5,100	1.2	5,299.89	5.0	
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 31, 2010	15,050	3.5	6,177.74	2.6	
A-22	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 29, 2011	3,400	0.8	1,896.69	4.5	
A-23	The Otemachi Tower (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	Mar. 13, 2012	36,000	8.3	11,034.78	—	
A-24	Science Plaza – Yonbancho Plaza	Chiyoda-ku, Tokyo	Dec. 6, 2013	2,660	0.6	3,325.29	3.1	
A-25	Shibadaimon Center Bldg.	Minato-ku, Tokyo	Dec. 6, 2013	3,420	0.8	5,401.46	5.6	
			Jul. 30, 2014	800	0.2			
			Total	4,220	1.0			
A-26	Tokyo Square Garden	Chuo-ku, Tokyo	Feb. 1, 2017	9,200	2.1	5,985.62	2.6	
			Apr. 4, 2017	9,200	2.1			
			Total	18,400	4.2			
Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 30, 2003	12,000	2.8	8,076.85	5.8
	A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 24, 2006	4,275	1.0	1,027.33	5.4
	A-4	Shinjuku Sanchoe East Bldg.	Shinjuku-ku, Tokyo	Mar. 14, 2007	540	0.1	2,347.81	1.6
				Apr. 24, 2008	2,200	0.5		
				Total	2,740	0.6		
	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 27, 2008	3,400	0.8	1,101.92	3.0
	A-6	GINZA GATES	Chuo-ku, Tokyo	Dec. 15, 2016	10,100	2.3	1,665.79	6.8
A-7	FUNDES Suidobashi	Chiyoda-ku, Tokyo	Dec. 15, 2016	3,250	0.7	1,367.56	6.5	
Subtotal					¥244,862	56.3	161,955.17	—



## Greater Tokyo (17 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	B-1	Arca East	Sumida-ku, Tokyo	Nov. 16, 2001	¥5,880	1.4	7,022.76	3.2
	B-2	JPR Chiba Bldg.	Chiba, Chiba	Dec. 13, 2001	2,350	0.5	5,536.18	3.9
	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 16, 2001	2,927	0.7	6,079.74	6.7
	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 25, 2002	920	0.2	5,284.75	10.5
				Mar. 28, 2013	570	0.1		
				Total	1,490	0.3		
	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 13, 2004	8,100	1.9	15,503.27	6.8
	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 1, 2004	3,250	0.7	6,476.53	3.9
				Sep. 30, 2005	888	0.2		
	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Feb. 28, 2007	2,300	0.5	4,670.27	4.1
				Total	3,188	0.7		
	B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 22, 2007	5,831	1.3	6,023.39	1.3
	B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 10, 2007	6,510	1.5	12,000.08	3.4
B-11	Olinas Tower	Sumida-ku, Tokyo	Jun. 29, 2009	31,300	7.2	23,987.40	2.4	
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 27, 2010	7,000	1.6	6,494.09	5.2	
B-13	Omiya Prime East	Saitama, Saitama	Mar. 22, 2013	6,090	1.4	6,871.45	2.4	
Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 16, 2001	10,200	2.3	31,121.71	3.5
	B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 31, 2006	2,100	0.5	5,963.00	8.1
	B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 28, 2006	7,254	1.7	19,740.95	4.5
	B-5	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 19, 2007	4,335	1.0	14,960.69	7.1
	B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 12, 2007	15,080	3.5	12,116.35	5.9
Subtotal					¥122,885	28.2	189,852.61	—

## Other Cities (14 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 16, 2001	¥2,140	0.5	5,327.50	1.7
	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 16, 2001	4,150	1.0	7,136.30	4.3
	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 16, 2001	2,900	0.7	6,570.48	0.5
	C-9	JPR Naha Bldg.	Naha, Okinawa	Nov. 16, 2001	1,560	0.4	3,945.83	5.7
	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 26, 2002	3,150	0.7	7,129.14	2.0
	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 26, 2002	1,670	0.4	4,876.71	10.6
	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 21, 2002	2,810	0.6	3,257.73	1.6
	C-17	JPR Dojima Bldg.	Osaka, Osaka	Jan. 23, 2004	2,140	0.5	3,918.15	5.0
	C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Mar. 22, 2005	4,137	1.0	7,086.37	6.3
	C-20	Yakuin Business Garden	Fukuoka, Fukuoka	Aug. 8, 2012	10,996	2.5	16,654.33	1.6
	C-21	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 30, 2005	5,430	1.2	3,949.41	11.5
Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	May 15, 2003	8,000	1.8	18,586.97	4.3
				Jul. 16, 2003	5,000	1.1		
				Total	13,000	3.0		
C-4	Housing Design Center Kobe	Kobe, Hyogo	Sep. 28, 2005	7,220	1.7	35,444.13	7.2	
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 30, 2006	6,000	1.4	2,478.42	8.4	
Subtotal					¥67,303	15.5	126,361.47	—
Total					¥435,050	100.0	478,169.25	2.0

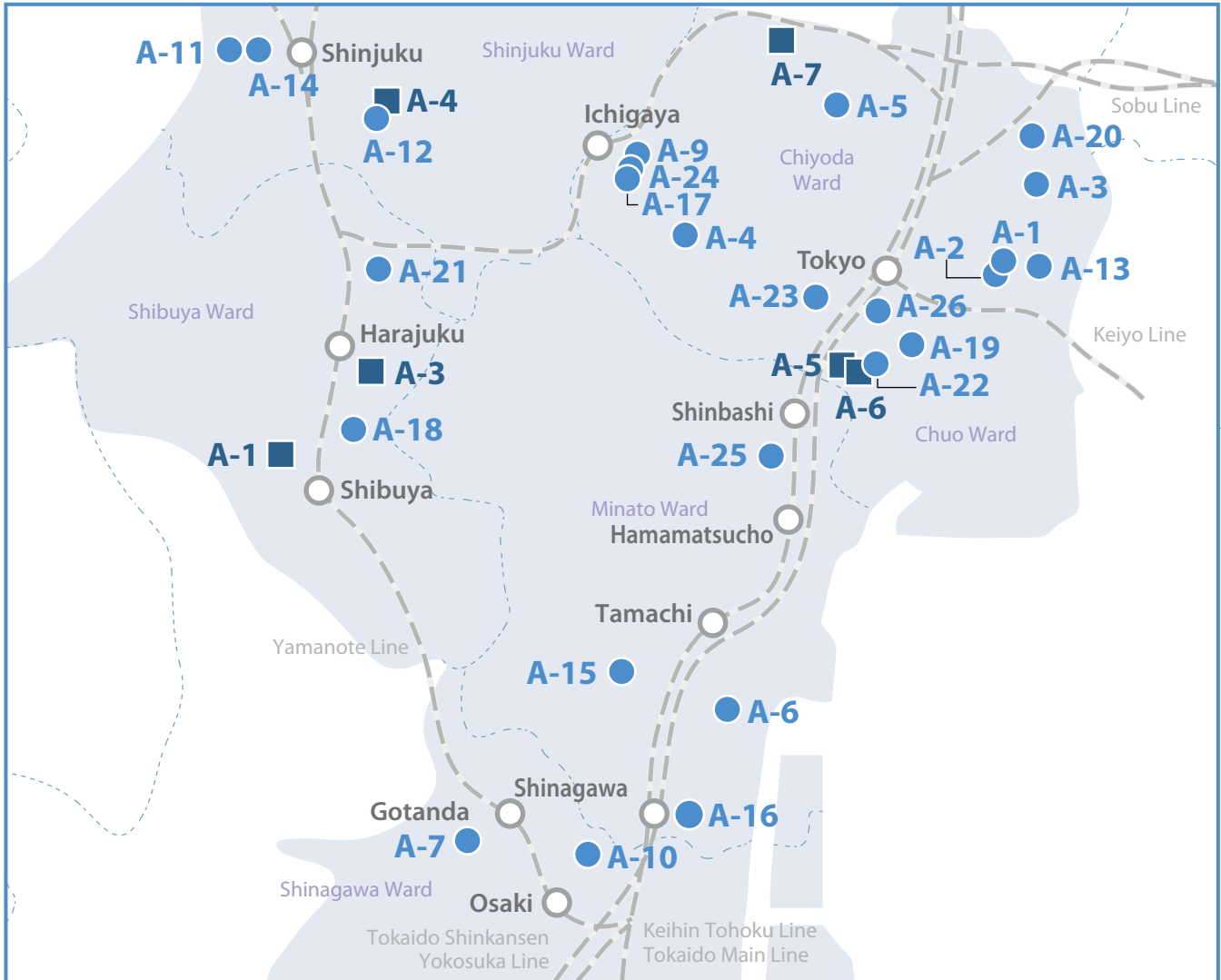
(Note 1) The table above shows properties owned by JPR as of December 31, 2017.

(Note 2) The leasable floor space indicates only the portions owned by JPR. For co-owned properties, the figure indicates the portions corresponding to the equity interest held by JPR.

(Note 3) The PML indicates the figures stated in the Portfolio Earthquake PML Valuation Report prepared by Sompo Japan Nipponkoa Risk Management Inc., rounded off to the first decimal place.

# Portfolio Map

## A Central Tokyo



### Office

- A-1 Kanematsu Bldg.
- A-2 Kanematsu Bldg. Annex
- A-3 JPR Ningyo-cho Bldg.
- A-4 Shin-Kojimachi Bldg.
- A-5 JPR Crest Takebashi Bldg.
- A-6 MS Shibaura Bldg.
- A-7 Gotanda First Bldg.
- A-8 Fukuoka Bldg.
- A-9 JPR Ichigaya Bldg.
- A-10 Oval Court Ohsaki Mark West
- A-11 Shinjuku Square Tower
- A-12 BYGS Shinjuku Bldg.
- A-13 Across Shinkawa Bldg. Annex
- A-14 Shinjuku Center Bldg.
- A-15 Minami Azabu Bldg.

- A-16 Shinagawa Canal Bldg.
- A-17 Rokubancho Bldg.
- A-18 JPR Harajuku Bldg.
- A-19 Tokyo Tatemono Kyobashi Bldg.
- A-20 JPR Nihonbashi-horidome Bldg.
- A-21 JPR Sendagaya Bldg.
- A-22 Ginza Sanwa Bldg.
- A-23 The Otemachi Tower (Land with Leasehold Interest)
- A-24 Science Plaza – Yonbancho Plaza
- A-25 Shibadaimon Center Bldg.
- A-26 Tokyo Square Garden

### Retail

- A-1 JPR Shibuya Tower Records Bldg.
- A-3 JPR Jingumae 432
- A-4 Shinjuku Sanchome East Bldg.
- A-5 Yurakucho Ekimae Bldg. (Yurakucho Itocia)
- A-6 GINZA GATES
- A-7 FUNDES Suidobashi

## A Central Tokyo

Chiyoda Ward    Minato Ward    Shinagawa Ward  
Chuo Ward    Shinjuku Ward    Shibuya Ward

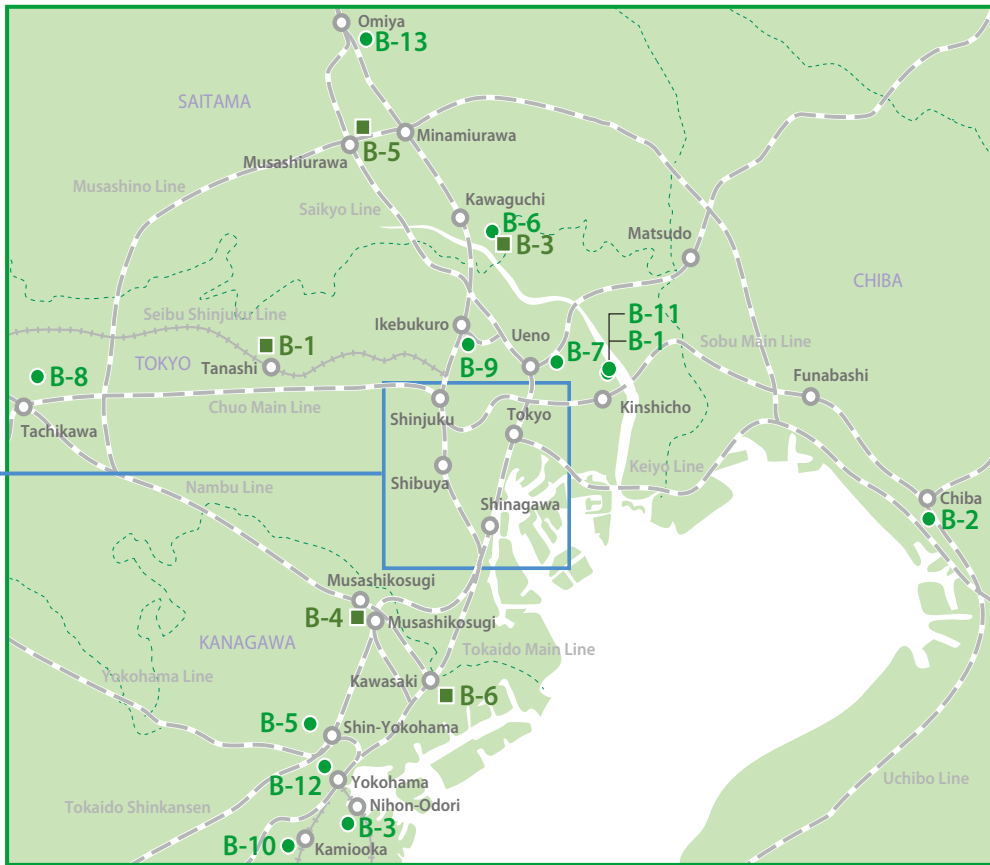
## B Greater Tokyo

All other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures

## C Other Cities

All other areas in Japan

## B Greater Tokyo (all other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures)



### Office

- B-1 Arca East
- B-2 JPR Chiba Bldg.
- B-3 JPR Yokohama Nihon Odori Bldg.
- B-5 Shinyokohama 2nd Center Bldg.
- B-6 Kawaguchi Center Bldg.
- B-7 JPR Ueno East Bldg.
- B-8 Tachikawa Business Center Bldg.
- B-9 Rise Arena Bldg.
- B-10 Yume-ooka Office Tower
- B-11 Olinas Tower
- B-12 Tokyo Tatemono Yokohama Bldg.
- B-13 Omiya Prime East

### Retail

- B-1 Tanashi ASTA
- B-3 Cupo-la Main Bldg.
- B-4 JPR Musashikosugi Bldg.
- B-5 Musashiurawa Shopping Square
- B-6 Kawasaki Dice Bldg.

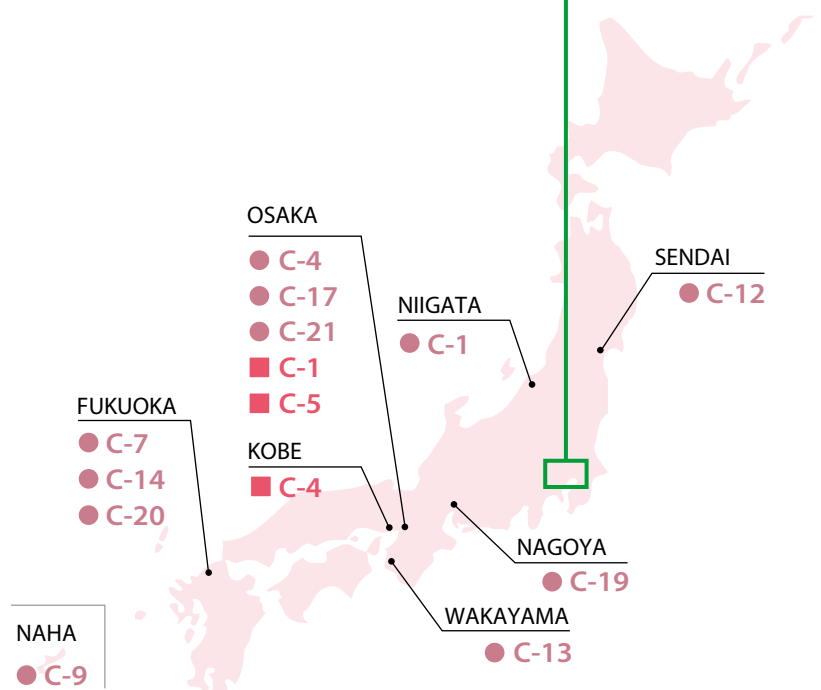
## C Other Cities

### Office

- C-1 Niigata Ekinan Center Bldg.
- C-4 Tokyo Tatemono Honmachi Bldg.
- C-7 JPR Hakata Bldg.
- C-9 JPR Naha Bldg.
- C-12 Sompo Japan Sendai Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-14 Tenjin 121 Bldg.
- C-17 JPR Dojima Bldg.
- C-19 JPR Nagoya Fushimi Bldg.
- C-20 Yakuin Business Garden
- C-21 Benetton Shinsaibashi Bldg.

### Retail

- C-1 JPR Umeda Loft Bldg.
- C-4 Housing Design Center Kobe
- C-5 JPR Chayamachi Bldg.





# Portfolio Properties

## Central Tokyo

Office

Retail

### A-1 Kanematsu Bldg.

Chuo Ward, Tokyo



Acquisition Price	¥16,276 million	Structure/Floors	S/RC/SRC B2/13F
Site Area	1,751.13 m <sup>2</sup>	Completed	February 1993
Total Floor Space	14,995.09 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

### A-2 Kanematsu Bldg. Annex

Chuo Ward, Tokyo



Acquisition Price	¥2,874 million
Site Area	679.06 m <sup>2</sup>
Total Floor Space	4,351.46 m <sup>2</sup>
Structure/Floors	SRC B1/8F
Completed	February 1993
Property Manager	Tokyo Tatemono Co., Ltd.

### A-3 JPR Ningyo-cho Bldg.

Chuo Ward, Tokyo



Acquisition Price	¥2,100 million
Site Area	550.06 m <sup>2</sup>
Total Floor Space	4,117.70 m <sup>2</sup>
Structure/Floors	SRC/RC B1/8F
Completed	December 1989
Property Manager	Tokyo Tatemono Co., Ltd.

### A-4 Shin-Kojimachi Bldg.

Chiyoda Ward, Tokyo



Acquisition Price	¥2,420 million
Site Area	657.80 m <sup>2</sup>
Total Floor Space	5,152.98 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	October 1984
Property Manager	Tokyo Tatemono Co., Ltd.

### A-5 JPR Crest Takebashi Bldg.

Chiyoda Ward, Tokyo



Acquisition Price	¥4,000 million
Site Area	636.90 m <sup>2</sup>
Total Floor Space	4,790.68 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	September 1999
Property Manager	Tokyo Tatemono Co., Ltd.

### A-6 MS Shibaura Bldg.

Minato Ward, Tokyo



Acquisition Price	¥11,200 million	Structure/Floors	SRC/RC/S B2/13F
Site Area	8,992.18 m <sup>2</sup>	Completed	February 1988
Total Floor Space	31,020.21 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

Central Tokyo Office Retail

**A-7** **Gotanda First Bldg.**  
Shinagawa Ward, Tokyo



Acquisition Price	¥2,920 million
Site Area	1,551.19 m <sup>2</sup>
Total Floor Space	10,553.34 m <sup>2</sup>
Structure/Floors	SRC/RC B2/11F
Completed	July 1989
Property Manager	Tokyo Tatemono Co., Ltd.

**A-9** **JPR Ichigaya Bldg.**  
Chiyoda Ward, Tokyo



Acquisition Price	¥5,100 million
Site Area	1,058.04 m <sup>2</sup>
Total Floor Space	5,888.82 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	March 1989
Property Manager	Tokyo Tatemono Co., Ltd.

**A-11** **Shinjuku Square Tower**  
Shinjuku Ward, Tokyo



Acquisition Price	¥14,966 million	Structure/Floors	S/RC/SRC B4/30F
Site Area	8,409.52 m <sup>2</sup> (entire redevelopment project)	Completed	October 1994
Total Floor Space	78,796.00 m <sup>2</sup> (entire redevelopment project)	Property Manager	Tokyo Tatemono Co., Ltd.

**A-10** **Oval Court Ohsaki Mark West**  
Shinagawa Ward, Tokyo



Acquisition Price	¥3,500 million	Structure/Floors	S/SRC B2/17F
Site Area	4,006.00 m <sup>2</sup>	Completed	June 2001
Total Floor Space	28,575.80 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**A-12** **BYGS Shinjuku Bldg.**  
Shinjuku Ward, Tokyo



Acquisition Price	¥15,121 million	Structure/Floors	SRC B2/14F
Site Area	3,522.46 m <sup>2</sup>	Completed	April 1985
Total Floor Space	25,733.10 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.



## Portfolio Properties

### Central Tokyo Office Retail

#### A-13 Across Shinkawa Bldg. Annex Chuo Ward, Tokyo



Acquisition Price	¥710 million
Site Area	858.48 m <sup>2</sup>
Total Floor Space	5,535.90 m <sup>2</sup>
Structure/Floors	S/SRC B2/10F
Completed	June 1994
Property Manager	Tokyo Tatemono Co., Ltd.

#### A-15 Minami Azabu Bldg. Minato Ward, Tokyo



Acquisition Price	¥3,760 million
Site Area	778.09 m <sup>2</sup>
Total Floor Space	4,570.63 m <sup>2</sup>
Structure/Floors	S 9F
Completed	June 1992
Property Manager	Tokyo Tatemono Co., Ltd.



#### A-14 Shinjuku Center Bldg. Shinjuku Ward, Tokyo



Acquisition Price	¥21,000 million	Structure/Floors	SRC/RC/S B5/54F
Site Area	14,917.11 m <sup>2</sup>	Completed	October 1979
Total Floor Space	176,607.89 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

#### A-16 Shinagawa Canal Bldg. Minato Ward, Tokyo



Acquisition Price	¥1,870 million
Site Area	828.82 m <sup>2</sup>
Total Floor Space	5,216.21 m <sup>2</sup>
Structure/Floors	S B1/8F
Completed	July 2008
Property Manager	Tokyo Tatemono Co., Ltd.



#### A-18 JPR Harajuku Bldg. Shibuya Ward, Tokyo



Acquisition Price	¥8,400 million	Structure/Floors	SRC B1/9F
Site Area	1,205.07 m <sup>2</sup>	Completed	March 1989
Total Floor Space	6,466.94 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

#### A-17 Rokubancho Bldg. Chiyoda Ward, Tokyo



Acquisition Price	¥2,800 million
Site Area	716.95 m <sup>2</sup>
Total Floor Space	4,205.09 m <sup>2</sup>
Structure/Floors	SRC B3/7F
Completed	October 1991
Property Manager	Tokyo Tatemono Co., Ltd.

Central Tokyo Office Retail

**A-19** **Tokyo Tatemono Kyobashi Bldg.**  
Chuo Ward, Tokyo



Acquisition Price	¥5,250 million
Site Area	547.10 m <sup>2</sup>
Total Floor Space	4,419.79 m <sup>2</sup>
Structure/Floors	SRC/S B1/10F
Completed	January 1981
Property Manager	Tokyo Tatemono Co., Ltd.

**A-20** **JPR Nihonbashi-horidome Bldg.**  
Chuo Ward, Tokyo



Acquisition Price	¥5,100 million
Site Area	937.59 m <sup>2</sup>
Total Floor Space	7,190.82 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	June 2002
Property Manager	Tokyo Tatemono Co., Ltd.

**A-22** **Ginza Sanwa Bldg.**  
Chuo Ward, Tokyo



Acquisition Price	¥3,400 million	Structure/Floors	SRC B2/9F
Site Area	1,119.27 m <sup>2</sup>	Completed	October 1982
Total Floor Space	8,851.00 m <sup>2</sup>	Property Manager	Mitsubishi Jisho Property Management Co., Ltd.

**A-21** **JPR Sendagaya Bldg.**  
Shibuya Ward, Tokyo



Acquisition Price	¥15,050 million	Structure/Floors	S 8F
Site Area	2,217.49 m <sup>2</sup>	Completed	May 2009
Total Floor Space	7,683.19 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**A-23** **The Otemachi Tower (Land with Leasehold Interest)**  
Chiyoda Ward, Tokyo



Acquisition Price	¥36,000 million	Structure/Floors	—
Site Area	11,034.78 m <sup>2</sup>	Completed	—
Total Floor Space	—	Property Manager	— (Note)

(Note) Since the property consists of land with leasehold interest only, no property management company has been appointed.



## Portfolio Properties

### Central Tokyo

Office

Retail

#### A-25 Shibadaimon Center Bldg. Minato Ward, Tokyo



Acquisition Price	¥4,220 million	Structure/Floors	S/SRC B1/10F
Site Area	1,915.50 m <sup>2</sup>	Completed	July 1993
Total Floor Space	11,419.93 m <sup>2</sup>	Property Manager	Nomura Real Estate Partners Co., Ltd.

#### A-26 Tokyo Square Garden Chuo Ward, Tokyo



Acquisition Price	¥18,400 million	Structure/Floors	S/SRC B4/24F
Site Area	8,124.72 m <sup>2</sup>	Completed	February 2013
Total Floor Space	112,645.83 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd. The Dai-ichi Building Co., Ltd.

#### A-24 Science Plaza - Yonbancho Plaza Chiyoda Ward, Tokyo



Acquisition Price	¥2,660 million
Site Area	5,289.01 m <sup>2</sup>
Total Floor Space	24,560.36 m <sup>2</sup>
Structure/Floors	S/SRC/RC B2/12F
Completed	February 1995
Property Manager	Nomura Real Estate Partners Co., Ltd.

#### A-3 JPR Jingumae 432 Shibuya Ward, Tokyo



Acquisition Price	¥4,275 million
Site Area	198.10 m <sup>2</sup>
Total Floor Space	1,066.81 m <sup>2</sup>
Structure/Floors	S/SRC B1/7F
Completed	February 2006
Property Manager	Jones Lang LaSalle K.K.

#### A-1 JPR Shibuya Tower Records Bldg. Shibuya Ward, Tokyo



Acquisition Price	¥12,000 million	Structure/Floors	SRC/S B3/8F
Site Area	1,010.47 m <sup>2</sup>	Completed	February 1992
Total Floor Space	8,449.56 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

Central Tokyo Office Retail / Greater Tokyo Office Retail

**A-4** **Shinjuku Sanchome East Bldg.**  
Shinjuku Ward, Tokyo



Acquisition Price	¥2,740 million	Structure/Floors	S/SRC/RC B3/14F
Site Area	2,578.69 m <sup>2</sup>	Completed	January 2007
Total Floor Space	24,617.65 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**A-5** **Yurakucho Ekimae Bldg. (Yurakucho Itocia)**  
Chiyoda Ward, Tokyo



Acquisition Price	¥3,400 million	Structure/Floors	S/SRC B4/20F
Site Area	6,808.12 m <sup>2</sup>	Completed	October 2007
Total Floor Space	71,957.65 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**A-6** **GINZA GATES**  
Chuo Ward, Tokyo



Acquisition Price	¥10,100 million	Structure/Floors	S 11F
Site Area	230.11 m <sup>2</sup>	Completed	June 2008
Total Floor Space	1,821.67 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**A-7** **FUNDES Suidobashi**  
Chiyoda Ward, Tokyo



Acquisition Price	¥3,250 million
Site Area	281.59 m <sup>2</sup>
Total Floor Space	1,477.91 m <sup>2</sup>
Structure/Floors	S 9F
Completed	July 2015
Property Manager	Prime Place Co., Ltd.

**B-2** **JPR Chiba Bldg.**  
Chiba City, Chiba



Acquisition Price	¥2,350 million
Site Area	1,382.35 m <sup>2</sup>
Total Floor Space	9,072.57 m <sup>2</sup>
Structure/Floors	S/SRC B1/13F
Completed	January 1991
Property Manager	Taisei-Yuraku Real Estate Co., Ltd.



# Portfolio Properties

## Greater Tokyo

Office

Retail

**B-1**

### Arca East

Sumida Ward, Tokyo



Acquisition Price	¥5,880 million	Structure/Floors	S/SRC B3/19F
Site Area	3,755.01 m <sup>2</sup>	Completed	March 1997
Total Floor Space	34,281.86 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**B-3**

### JPR Yokohama Nihon Odori Bldg.

Yokohama City, Kanagawa



Acquisition Price	¥2,927 million
Site Area	1,100.59 m <sup>2</sup>
Total Floor Space	9,146.52 m <sup>2</sup>
Structure/Floors	SRC B1/11F
Completed	October 1989
Property Manager	Tokyo Tatemono Co., Ltd.

**B-5**

### Shinyokohama 2nd Center Bldg.

Yokohama City, Kanagawa



Acquisition Price	¥1,490 million	Structure/Floors	S/SRC B2/12F
Site Area	841.71 m <sup>2</sup>	Completed	August 1991
Total Floor Space	7,781.93 m <sup>2</sup>	Property Manager	Nomura Real Estate Partners Co., Ltd.

**B-6**

### Kawaguchi Center Bldg.

Kawaguchi City, Saitama



Acquisition Price	¥8,100 million	Structure/Floors	S/SRC B2/15F
Site Area	4,524.61 m <sup>2</sup>	Completed	February 1994
Total Floor Space	28,420.85 m <sup>2</sup>	Property Manager	Nomura Real Estate Partners Co., Ltd.

**B-8**

### Tachikawa Business Center Bldg.

Tachikawa City, Tokyo



Acquisition Price	¥3,188 million
Site Area	2,047.22 m <sup>2</sup>
Total Floor Space	14,706.36 m <sup>2</sup>
Structure/Floors	S/SRC B1/12F
Completed	December 1994
Property Manager	Tokyo Tatemono Co., Ltd.

Greater Tokyo Office Retail**B-7** JPR Ueno East Bldg.  
Taito Ward, Tokyo

Acquisition Price	¥3,250 million	Structure/Floors	S/SRC B1/8F
Site Area	1,242.97 m <sup>2</sup>	Completed	October 1992
Total Floor Space	8,490.44 m <sup>2</sup>	Property Manager	Jones Lang LaSalle K.K.

**B-9** Rise Arena Bldg.  
Toshima Ward, Tokyo

Acquisition Price	¥5,831 million	Structure/Floors	RC/SRC/S B3/42F (Note)
Site Area	9,377.28 m <sup>2</sup> (entire redevelopment project)	Completed	January 2007
Total Floor Space	91,280.94 m <sup>2</sup> (including residential tower)	Property Manager	Taisei-Yuraku Real Estate Co., Ltd.

(Note) The commercial tower portion has 2 basement floors and 15 floors above ground.

**B-10** Yume-ooka Office Tower  
Yokohama City, Kanagawa

Acquisition Price	¥6,510 million	Structure/Floors	S/SRC/RC B3/27F
Site Area	12,011.00 m <sup>2</sup>	Completed	March 1997
Total Floor Space	185,974.87 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**B-11** Olinas Tower  
Sumida Ward, Tokyo

Acquisition Price	¥31,300 million	Structure/Floors	SRC/RC/S B2/45F (Note)
Site Area	27,335.29 m <sup>2</sup> (entire site area)	Completed	February 2006
Total Floor Space	257,842.41 m <sup>2</sup> (includes commercial tower and residential tower)	Property Manager	Tokyo Tatemono Co., Ltd.

(Note) The office building has 31 floors above ground and 2 floors underground.



## Portfolio Properties

### Greater Tokyo

Office

Retail

#### B-12 Tokyo Tatemono Yokohama Bldg. Yokohama City, Kanagawa



Acquisition Price	¥7,000 million	Structure/Floors	SRC B1/9F
Site Area	1,110.28 m <sup>2</sup>	Completed	May 1981
Total Floor Space	8,772.51 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

#### B-13 Omiya Prime East Saitama City, Saitama



Acquisition Price	¥6,090 million	Structure/Floors	S 9F
Site Area	2,268.09 m <sup>2</sup>	Completed	February 2009
Total Floor Space	9,203.98 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

#### B-1 Tanashi ASTA Nishitokyo City, Tokyo



Acquisition Price	¥10,200 million	Structure/Floors	SRC B2/17F
Site Area	12,326.30 m <sup>2</sup>	Completed	February 1995
Total Floor Space	80,675.27 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

#### B-3 Cupo-la Main Bldg. Kawaguchi City, Saitama



Acquisition Price	¥2,100 million	Structure/Floors	S/RC/SRC B2/10F
Site Area	15,008.28 m <sup>2</sup> (entire redevelopment project)	Completed	January 2006
Total Floor Space	48,321.96 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

Greater Tokyo Office Retail / Other Cities Office Retail

**B-4 JPR Musashikosugi Bldg.**  
Kawasaki City, Kanagawa



Acquisition Price	¥7,254 million	Structure/Floors	SRC/RC/S B1/6F
Site Area	4,757.09 m <sup>2</sup>	Completed	March 1983
Total Floor Space	18,394.32 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**B-5 Musashirawa Shopping Square**  
Saitama City, Saitama



Acquisition Price	¥4,335 million
Site Area	8,317.99 m <sup>2</sup>
Total Floor Space	28,930.36 m <sup>2</sup>
Structure/Floors	S B1/4F
Completed	October 2005
Property Manager	Geo-Akamatsu Co., Ltd. Tokyo Tatemono Co., Ltd.

**B-6 Kawasaki Dice Bldg.**  
Kawasaki City, Kanagawa



Acquisition Price	¥15,080 million	Structure/Floors	S/SRC/RC B2/11F
Site Area	4,475.45 m <sup>2</sup>	Completed	August 2003
Total Floor Space	36,902.01 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

**C-1 Niigata Ekinan Center Bldg.**  
Niigata City, Niigata



Acquisition Price	¥2,140 million	Structure/Floors	S/SRC B1/10F
Site Area	2,706.99 m <sup>2</sup>	Completed	March 1996
Total Floor Space	19,950.42 m <sup>2</sup>	Property Manager	Jones Lang LaSalle K.K.

**C-4 Tokyo Tatemono Honmachi Bldg.**  
Osaka City, Osaka



Acquisition Price	¥4,150 million
Site Area	1,432.64 m <sup>2</sup>
Total Floor Space	14,619.52 m <sup>2</sup>
Structure/Floors	SRC B3/9F
Completed	February 1970
Property Manager	Tokyo Tatemono Co., Ltd.



## Portfolio Properties

### Other Cities Office Retail

#### C-7 JPR Hakata Bldg.

Fukuoka City, Fukuoka



Acquisition Price	¥2,900 million
Site Area	1,214.63 m <sup>2</sup>
Total Floor Space	9,828.73 m <sup>2</sup>
Structure/Floors	S/SRC B1/12F
Completed	June 1985
	expansion in November 2003
Property Manager	Tokyo Tatemono Co., Ltd.

#### C-9 JPR Naha Bldg.

Naha City, Okinawa



Acquisition Price	¥1,560 million
Site Area	959.87 m <sup>2</sup>
Total Floor Space	5,780.71 m <sup>2</sup>
Structure/Floors	SRC/S 12F
Completed	October 1991
Property Manager	Tokyo Tatemono Co., Ltd.



#### C-12 Sampo Japan Sendai Bldg.

Sendai City, Miyagi



Acquisition Price	¥3,150 million
Site Area	1,895.67 m <sup>2</sup>
Total Floor Space	10,783.52 m <sup>2</sup>
Structure/Floors	SRC B1/12F
Completed	December 1997
Property Manager	Tokyo Tatemono Co., Ltd.

#### C-13 Sampo Japan Wakayama Bldg.

Wakayama City, Wakayama



Acquisition Price	¥1,670 million
Site Area	1,128.45 m <sup>2</sup>
Total Floor Space	6,715.07 m <sup>2</sup>
Structure/Floors	S 9F
Completed	July 1996
Property Manager	Tokyo Tatemono Co., Ltd.

#### C-14 Tenjin 121 Bldg.

Fukuoka City, Fukuoka



Acquisition Price	¥2,810 million
Site Area	1,164.39 m <sup>2</sup>
Total Floor Space	8,690.95 m <sup>2</sup>
Structure/Floors	S/SRC 13F
Completed	July 2000
Property Manager	Tokyo Tatemono Co., Ltd.

#### C-20 Yakuin Business Garden

Fukuoka City, Fukuoka



Acquisition Price	¥10,996 million	Structure/Floors	SRC 14F
Site Area	4,348.43 m <sup>2</sup>	Completed	January 2009
Total Floor Space	22,286.35 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.



#### C-17 JPR Dojima Bldg.

Osaka City, Osaka



Acquisition Price	¥2,140 million
Site Area	668.11 m <sup>2</sup>
Total Floor Space	5,696.01 m <sup>2</sup>
Structure/Floors	SRC B2/9F
Completed	October 1993
Property Manager	Tokyo Tatemono Co., Ltd.

## Other Cities

Office

Retail

C-19

**JPR Nagoya Fushimi Bldg.**

Nagoya City, Aichi



Acquisition Price	¥4,137 million
Site Area	1,610.38 m <sup>2</sup>
Total Floor Space	10,201.44 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	March 1991
Property Manager	Tokyo Tatemono Co., Ltd.

C-21

**Benetton Shinsaibashi Bldg.**

Osaka City, Osaka



Acquisition Price	¥5,430 million
Site Area	609.31 m <sup>2</sup>
Total Floor Space	5,303.98 m <sup>2</sup>
Structure/Floors	S B2/10F
Completed	February 2003 expansion in January 2005
Property Manager	Tokyo Tatemono Co., Ltd.

C-4

**Housing Design Center Kobe**

Kobe City, Hyogo



Acquisition Price	¥7,220 million	Structure/Floors	SRC/S B2/11F
Site Area	3,994.47 m <sup>2</sup>	Completed	June 1994
Total Floor Space	33,877.71 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

C-1

**JPR Umeda Loft Bldg.**

Osaka City, Osaka



Acquisition Price	¥13,000 million	Structure/Floors	SRC B1/8F
Site Area	3,518.68 m <sup>2</sup>	Completed	April 1990
Total Floor Space	17,897.56 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.

C-5

**JPR Chayamachi Bldg.**

Osaka City, Osaka



Acquisition Price	¥6,000 million	Structure/Floors	S/SRC 9F
Site Area	592.45 m <sup>2</sup>	Completed	June 1994
Total Floor Space	3,219.36 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.



# Structure and History of JPR

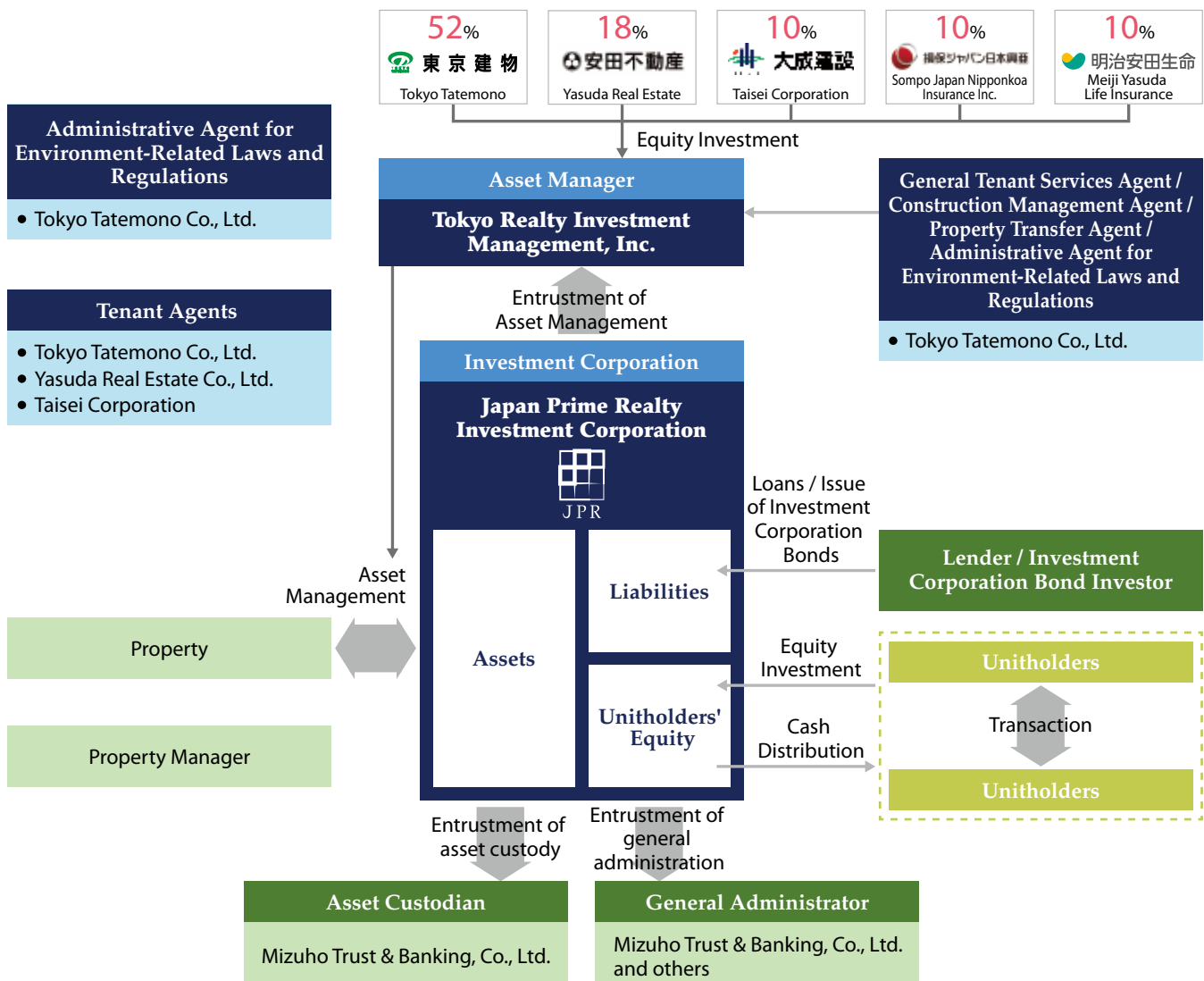
## The Objective and Basic Characteristics of JPR

With the fundamental concept of “investment in urban commercial real estate,” JPR shall invest primarily in real estate, which comprises superior urban office buildings (urban commercial facilities), retail properties found in thriving commercial areas, multi-use facilities and the land on which they are located as well as in asset-backed securities that have such real estate as their primary investments. In addition, in light of the returns and risks of these investment targets, JPR shall make it a basic policy to invest not only in Tokyo, but also strive to diversify into other regional cities so as to maximize the advantages of portfolio management.

## Corporate History

Date	Description
September 6, 2001	The founder (Tokyo Realty Investment Management, Inc.) filed for establishment of the investment corporation under Article 69-1 of the Act on Investment Trusts and Investment Corporations (Investment Trusts Act)
September 14, 2001	Japan Prime Realty Investment Corporation was registered and established under Article 166 of the Investment Trusts Act
November 16, 2001	Started asset management (acquisition of real estate beneficiary interests in trust for 13 underlying trust assets comprising 11 office properties and 2 retail properties) (¥40,730 million in total)
January 22, 2002	Investment unit split (2.5 units for 1 existing unit) pursuant to Article 87 of the Investment Trusts Act
June 14, 2002	Listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange and started trading

## Structure of JPR



## Overview of Asset Manager

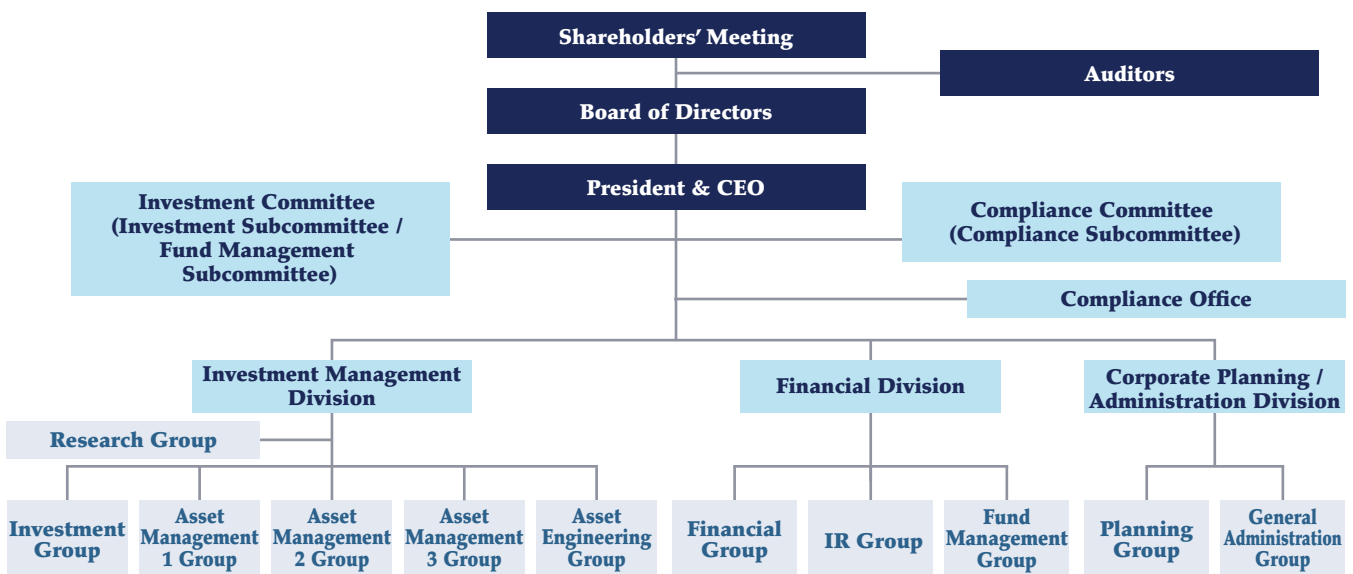
### Overview

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Business Description	Asset management for investment corporations
Capitalization	¥350 million
Shareholder Composition <sup>(Note 1)</sup>	Tokyo Tatemono Co., Ltd. (52%) Yasuda Real Estate Co., Ltd. (18%) Taisei Corporation (10%) Sompo Japan Nipponkoa Insurance Inc. (10%) Meiji Yasuda Life Insurance Company (10%)
<b>Corporate History</b>	
April 28, 2000	Established
October 13, 2000	Obtained license as real estate transaction agent (currently: No. (3) 79025 licensed by Governor of Tokyo)
March 16, 2001	Obtained license as discretionary transaction agent under the Building Lots and Building Transactions Business Act (Approval Number: No. 3)
June 20, 2001	Obtained license as asset management agent for investment corporation under the Act on Investment Trusts and Investment Corporations (Approval Number: No. 7 licensed by the Prime Minister)
September 30, 2007	Registered for financial instruments exchange business (investment management business) (Registration Number: No.362 (Kinsho) Head of Kanto Local Finance Bureau) <sup>(Note 2)</sup>
November 28, 2007	Applied for registration and submitted application form for financial instruments exchange business

(Note 1) The percentage represents the ratio of the number of respective shares with voting rights to the total number of shares with voting rights.

(Note 2) Tokyo Realty Investment Management, Inc. was deemed to have been registered as investment management business, applicable to the Supplementary Provisions Article 159-1 of the Act for Partial Revision of the Securities and Exchange Act, etc. (Act No. 65 of 2006)

### Organization Chart



### Decision-Making Institutions for Investment Management

TRIM has established the Investment Committee as the institution to make investment management decisions, as well as the Investment Subcommittee (including the Due Diligence Subcommittee) and the Fund Management Subcommittee as subsidiary bodies of the Committee. These committees are comprised of the President and CEO, Investment Management Division General Manager, Financial Division General Manager, and Corporate Planning / Administration Division General Manager. The Compliance Office General Manager also participates in these committees to enhance confirmation in terms of legal compliance. Matters concerning the targets and policies of investment management are decided by the Board of Directors, and matters concerning planning and implementation of asset management are decided by the Investment Committee.

Matters concerning acquisition, disposition or management of individual properties are decided by the Investment Subcommittee or the Fund Management Subcommittee, respectively. Moreover, the Board of Directors has final decision-making authority for acquisitions and dispositions of individual assets having over a certain amount of value.

# 1. Overview of Asset Management

## (1) Changes in Operating Results and Other Management Data

	Fiscal Period	Unit	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)	
Operating Performance	Operating Revenue	Million yen	14,105	14,246	15,105	15,118	15,141	
	Rent revenue – real estate	Million yen	14,105	14,246	15,105	14,907	15,141	
	Gain on sale of real estate	Million yen	–	–	0	210	–	
	Operating Expenses	Million yen	7,273	7,372	7,944	7,370	7,572	
	Expenses related to rent business	Million yen	6,553	6,658	6,898	6,599	6,810	
	Loss on sale of real estate	Million yen	–	–	300	–	–	
	Operating Income	Million yen	6,831	6,874	7,161	7,747	7,569	
	Ordinary Income	Million yen	5,746	5,897	6,153	6,868	6,666	
	Net Income	Million yen	5,749	5,896	6,152	6,867	6,665	
Assets, etc.	Total Assets	Million yen	418,739	418,738	432,307	446,068	446,487	
	(Period-on-period variation)	%	(-0.0)	(-0.0)	(+3.2)	(+3.2)	(+0.1)	
	Interest-bearing Debts	Million yen	176,292	176,126	188,960	181,394	181,228	
	Total Unitholders Equity	Million yen	216,238	216,384	216,639	238,611	238,619	
	(Period-on-period variation)	%	(+0.1)	(+0.1)	(+0.1)	(+10.1)	(+0.0)	
	Unitholders' Capital	Million yen	210,395	210,395	210,395	231,653	231,653	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	5,751	5,897	6,152	6,657	6,666	
	Dividend payout ratio	%	100.0	100.0	100.0	96.9	100.0	
	Number of Units Outstanding	Units	873,000	873,000	873,000	923,000	923,000	
	Total Unitholders' Equity per unit	Yen	247,696	247,862	248,154	258,516	258,525	
	Cash Distribution per Unit	Yen	6,588	6,756	7,048	7,213	7,223	
	Distribution amount	Yen	6,588	6,756	7,048	7,213	7,223	
	Exceeding profit distribution amount	Yen	–	–	–	–	–	
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.4	1.4	1.4	1.6	1.5	
	Annualized (Note 10)	%	2.7	2.8	2.9	3.2	3.0	
	Net Income on Total Unitholders' Equity (Note 2)	%	2.7	2.7	2.8	3.0	2.8	
	Annualized (Note 10)	%	5.3	5.5	5.6	6.1	5.5	
	Total unitholders' equity at beginning of period	Million yen	216,092	216,238	216,384	216,639	238,611	
	Unitholders' Equity Ratio at End of Period (Note 3)	%	51.6	51.7	50.1	53.5	53.4	
	(Period-on-period variation)		(+0.0)	(+0.0)	(-1.6)	(+3.4)	(-0.0)	
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	42.1	42.1	43.7	40.7	40.6	
	DSCR (Note 5)	Times	8.7	9.1	9.9	10.7	11.2	
	Net income before interest and amortization (Note 6)	Million yen	8,619	8,738	9,269	9,452	9,430	
	Interest expenses	Million yen	994	955	931	887	842	
	NOI from Leasing (Note 7)	Million yen	9,427	9,473	10,090	10,216	10,252	
	Annualized NOI yield (Notes 9 and 10)	%	4.6	4.6	4.7	4.7	4.7	
	NCF from Leasing (Note 8)	Million yen	8,581	8,701	9,366	9,652	9,627	
	Annualized NCF yield (Notes 9 and 10)	%	4.1	4.3	4.4	4.4	4.4	
	Reference Information	Investment Properties Owned (Note 11)		62	62	63	62	62
		Number of Tenants		650	661	679	730	745
Total Leasable Floor Space		m <sup>2</sup>	476,352.67	476,345.81	477,249.40	477,972.54	478,169.25	
Occupancy Rate		%	97.4	98.1	98.6	98.0	98.5	

(Note 1) Ordinary income / (total assets at beginning of period + total assets at end of period) / 2

(Note 2) Net income / (total unitholders' equity at beginning of period + total unitholders' equity at end of period) / 2

(Note 3) Total unitholders' equity at end of period / total assets at end of period x 100

(Note 4) Interest-bearing debts / total assets at end of period x 100

(Note 5) Net income before interest and amortization / interest expenses (including interest expenses on investment corporation bonds)

(Note 6) Income before income taxes - gain on sale of real estate + loss on sale of real estate + loss on sale of investment securities + extraordinary loss + interest expenses (including interest expenses on investment corporation bonds) + depreciation

(Note 7) (Real estate rental revenues - real estate rental expenses) + depreciation

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / property acquisition price (28th fiscal period: ¥410.30 billion, 29th fiscal period: ¥410.30 billion, 30th fiscal period: ¥423.65 billion, 31st fiscal period: ¥439.89 billion and 32nd fiscal period: ¥435.05 billion)  
Annualized NCF from leasing / property acquisition price

(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 28th fiscal period: 184 days, 29th fiscal period: 182 days, 30th fiscal period: 184 days, 31st fiscal period: 181 days and 32nd fiscal period: 184 days.

(Note 11) Properties acquired at multiple times are calculated as one property.

(Note 12) Total leasable floor space in this table indicates the contracted area.

(Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded down to the first decimal place).

## (2) 32nd Fiscal Period Asset Management

### 1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 923,000 units as of today. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc. (hereafter, the Asset Manager), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

### 2) Management Environment

In the 32nd fiscal period, the Japanese economy remained on track for a moderate recovery, as improvements in corporate earnings led to an increase in capital investment while consumer spending showed a pickup under the solid employment and income environment. The overseas economy also continued to stay on a mild recovery path, with concerns about political and economic risk factors somewhat fading during the six months, although such risks do exist nonetheless.

#### The Office Property Leasing Market

The supply and demand conditions in the office property leasing market of the 23 wards of Tokyo remained tight as new demand for such positive development as setting up new offices, expanding the office spaces and moving to better locations continued to be strong. The upward trend of the rent levels for new contracts also continued, although at a moderate pace.

#### The Retail Property Leasing Market

The need of tenants to open stores remained strong for urban retail properties in which JPR targets for investment. Consumption by inbound foreign tourists also showed robust results, and the leasing market for urban retail properties remains in good shape in good locations, such as Ginza, Omotesando and Shinsaibashi.

#### The For-Sale Real Estate Market

In the for-sale real estate market, investors remain highly willing to purchase properties while blue-chip properties are in short supply. With low-yield transactions continuing to prevail, the acquisition environment remains harsh. Accordingly, investors continue to look for ways to effectively acquire properties, such as diversifying the target assets for investment and conducting asset replacement.

### 3) Portfolio Management Status

#### New Property Acquisitions

JPR investigates possible investments mainly in office properties in the Tokyo area, plus retail properties and office properties in regional cities, with the primary aim of improving the quality of the portfolio and achieving stable growth of its earnings while paying attention to balancing diversification of the portfolio, both in terms of location and asset type.

During the 32nd fiscal period, JPR investigated possible investments primarily in office properties in the Tokyo area, but no acquisition was closed and completed. As of the end of December 2017, the balance of JPR's assets under management totaled 62 properties, or 435.0 billion yen on an acquisition price basis, with the total leasable floor space standing at 478,169m<sup>2</sup> and the number of tenants reaching 745.



## Operational Management of Portfolio

In the office property leasing market in the 32nd fiscal period, the vacancy rate stayed at a low level, given a more advanced improvement in the supply and demand balance in Tokyo and other areas. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by keeping close cooperation with property management companies and brokers, with an aim of enhancing earnings from the entire portfolio and improving its occupancy rate. As a result of these efforts, the occupancy rate at the end of the 32nd fiscal period increased 0.5 points period-on-period to 98.5%.

In terms of property management, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR continued to proactively implement value enhancement works based on tenant needs with the aim to create spaces where the workers feel comfortable. As an endeavor to implement energy-saving measures, JPR conducted renovations of air-conditioning systems and replaced lighting equipment in common areas with LED lamps, which are expected to be effective for achieving this objective, at its multiple properties.

With regard to initiatives on environmental issues, JPR has continuously obtained the DBJ Green Building Certification<sup>\*1</sup>. With its three buildings newly certified in the 32nd fiscal period, JPR has acquired the Certification for 17 of the buildings it owns as of December 31, 2017. Moreover, in the GRESB<sup>\*2</sup> Real Estate Assessment (the survey conducted in 2017), JPR was designated as "Green Star," marking the fourth consecutive year of recognition with the highest ranking in the survey. JPR was also granted a higher rank of "4 Stars" in the GRESB Rating (five-level rating with the highest being "5 Stars"), which makes relative assessment based on total scores, for two consecutive years.

\*1 The DBJ Green Building Certification is a certification system by Development Bank of Japan Inc., designed to select superior real estate that meets the demand of the times, with a purpose of promoting properties that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the various social requirements surrounding real estate from stakeholders ("Green Buildings").

\*2 GRESB, which stands for Global Real Estate Sustainability Benchmark, is a benchmark system for analyzing and evaluating sustainability of real estate companies, REITs and real estate private placement funds, in terms of environmental friendliness and social nature. It is based on surveys conducted by a group of the same name composed of more than 60 organizations worldwide such as European pension asset managers.

## Fund Procurement

JPR is engaged in debt financing with more emphasis placed on lengthening the debt maturity and diversifying repayment dates, in an effort to make its financial base more solid and stronger against the backdrop of the favorable fund procurement environment and low interest rates. In the 32nd fiscal period, JPR borrowed 17.9 billion yen to fund the refinance of interest-bearing debts that matured during the fiscal period. The average maturity of and the average interest on the new interest-bearing debts stood at 7.9 years and 0.61%, respectively, in contrast to 5.2 years and 0.91% for the relevant interest-bearing debts before refinancing.

As of the end of the 32nd fiscal period, the balance of interest-bearing debts totaled 181.2 billion yen, with balance of borrowings of 151.7 billion yen and balance of investment corporation bonds of 29.5 billion yen. The ratio of interest-bearing debt to total assets (Note 1) was 40.6%, long-term and fixed interest-bearing debt ratio (Note 2) was 100.0%, average debt cost (Note 3) was 0.96% and average maturity (Note 4) was 4.6 years as of the end of the fiscal period.

Moreover, JPR established a commitment line with a credit limit of 24 billion yen with six financial institutions.

The following represents the issuer ratings for JPR as of the end of this fiscal period.

### Details of Corporate Credit Ratings as of December 31, 2017

Credit Rating Agency	Corporate Credit Rating
Rating and Investment Information, Inc.	AA- (Stable)
Standard & Poor's Ratings Japan K.K.	Long-term: A (Stable)
	Short-term: A-1

(Note 1) Ratio of interest-bearing debts to total assets: (balance of borrowings + balance of investment corporation bonds) / total assets

(Note 2) Long-term and fixed interest-bearing debt ratio: long-term, fixed-interest interest-bearing debts / total interest-bearing debts

(Note 3) Average debt cost: sum total of interest expenses, interest expenses on investment corporation bonds, borrowing expenses (excluding expenses for early repayment of borrowings and for commitment line agreements), amortization of investment corporation bond issuance costs and investment corporation bond management expenses, divided by the number of business days for each fiscal period and annualized by multiplying by 365 days / average balance of borrowings and investment corporation bonds for each fiscal period

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 32nd fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

### (3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted in the last five years.

Date	Event	Number of Units Outstanding		Unitholders' Capital (millions of yen)		Remarks
		Variation	Balance	Variation	Balance	
June 16, 2015	Additional public offering	45,700	870,700	17,472	209,516	(Note 1)
June 24, 2015	Third-party allotment	2,300	873,000	879	210,395	(Note 2)
January 24, 2017	Additional public offering	47,600	920,600	20,237	230,632	(Note 3)
February 14, 2017	Third-party allotment	2,400	923,000	1,020	231,653	(Note 4)

(Note 1) New investment units were issued through a public offering at 394,875 yen per unit (underwriting price of 382,320 yen per unit) to repay debts, etc.

(Note 2) New investment units were issued through a third-party allotment at 382,320 yen per unit to repay debts, etc.

(Note 3) New investment units were issued through a public offering at 439,040 yen per unit (underwriting price of 425,152 yen per unit) to fund acquisition of new specific assets and partly repay debts.

(Note 4) New investment units were issued through a third-party allotment at 425,452 yen per unit to fund acquisition of new specific assets and partly repay debts.

### (4) Cash Distributions

With regard to the cash distributions of the 32nd fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 31st fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. As a result, the cash distribution per unit came to 7,223 yen for the 32nd fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
Unappropriated Retained Earnings at End of Period		5,769,258	5,914,654	6,169,462	6,883,962	6,681,774
Internal Reserves		17,934	16,666	16,558	226,363	14,945
Total Cash Distributions		5,751,324	5,897,988	6,152,904	6,657,599	6,666,829
(Cash Distribution per Unit)		(6,588 yen)	(6,756 yen)	(7,048 yen)	(7,213 yen)	(7,223 yen)
Breakdown	Total Cash Distributions from Net Income	5,751,324	5,897,988	6,152,904	6,657,599	6,666,829
	(Cash distribution from net income per unit)	(6,588 yen)	(6,756 yen)	(7,048 yen)	(7,213 yen)	(7,223 yen)
	Repayment of Paid-in Capital	—	—	—	—	—
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions from the reserve for temporary difference adjustments (Of the repayment of paid-in capital per unit, distribution per unit from the reserve for temporary difference adjustments)		—	—	—	—	—
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes (Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes (Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		—	—	—	—	—
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes (Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

### (5) Future Management Policies and Vital Issues

Looking ahead, the Japanese economy is anticipated to recover moderately, given continued improvements in the employment and income environments and supported by the effects of various policies. However, attention should be paid to the uncertainty in overseas economies and the impacts of fluctuations in the financial and capital markets.

In the office property leasing market, new supply in the 23 wards of Tokyo is expected to increase in 2018 through 2020. However, if the economy remains brisk as it is now, the market situation in general is likely to stay in good shape. In this regard, JPR believes it will be able to fully enjoy the positive impact of the good market situation as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services. When conducting real estate transactions in the for-sale real estate market that continues to appear overheated, it will become even more important to discern the growth potential in earnings of respective properties. Considering the situation in which cap rates are decreasing in a low interest rate environment, it is required to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

## 1) Acquisition of New Properties and Asset Replacement

JPR will continue to make investment focused on Tokyo office properties, with an aim to improve the quality of its portfolio and enhance its growth potential and stability over the long term. Given the briskness in the office property leasing market, the for-sale real estate market sees a decrease in purchase cap rate and expected cap rate levels. Moreover, with properties remaining in short supply, there are deals that were closed at prices that have factored in lower cap rates and rent increases. Accordingly, JPR will fully investigate the growth potential of such properties when acquiring them. As for retail properties as well as office properties in regional cities, JPR will work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level in order to complement the stability of earnings from the entire portfolio. JPR will strive to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence in considering properties.

Moreover, JPR will continue to make investment decisions after a proactive collection of information through such sources as sponsors of the Asset Manager (Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation, Sampo Japan Nipponkoa Insurance Inc. and Meiji Yasuda Life Insurance Company), accurately following market trends and carefully researching investment value, including the future potential of candidate properties.

Furthermore, JPR will also investigate asset replacement in a prudent manner, while taking into consideration the timing of implementation, in order to improve the quality of its portfolio and enhance its growth potential over the long term.

## 2) Management of Portfolio

JPR will aim to secure stable earnings over a medium to long term by working to prevent move-outs of existing tenants, encourage them to expand office spaces in the same buildings and renew contracts with upward revision of rents through endeavors to enhance tenant satisfaction, while continuously inviting new tenants through strategic leasing activities. Specifically, JPR will conduct management and operations based on the following policies:

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions on the assumption of the leasing market showing a recovery trend, and accelerate decision making
- Conduct strategic value enhancement works with intent to improve property earnings and increase tenant satisfaction
- Reinforce promotion of energy efficiency as well as responses to business continuity plans and environmental friendliness that command high social request
- Conduct renovations to enhance energy-saving performance of the properties by utilizing the government's subsidy programs

## 3) Fund Procurement

In accordance with its basic policy of implementing conservative financial operations that focus on stability, JPR will remain engaged in conservative leverage control, targeting to basically keep the ratio of interest-bearing debts to total assets at up to 50%. In debt financing, JPR will endeavor to further lengthen the maturity with a focus on stability in an effort to diversify the repayment dates and reduce the repayment amount for each fiscal period, with an eye on reducing refinancing risks that may arise in accordance with future changes in the financial environment. Moreover, JPR intends to work on fund procurement through issuance of investment corporation bonds as it aims to diversify fund procurement means and sources.

## (6) Information Disclosure

Positioning the proactive voluntary disclosure of information as one of its key management policies, JPR voluntarily discloses information believed to be useful to investment decisions, along with the information disclosure required by the Tokyo Stock Exchange and set forth by laws and regulations, etc. As a means for implementing voluntary disclosure, JPR is proactively employing its website (<http://www.jpr-reit.co.jp/en/>) to provide expanded information including monthly occupancy rates of all properties in the portfolio and historical data, as well as offer information for retail investors and deliver video presentation on financial results sessions for securities analysts.

## (7) Significant Subsequent Events

Not applicable



## 2. Overview of the Investment Corporation

### (1) Unitholders' Capital

	28th Fiscal Period as of December 31, 2015	29th Fiscal Period as of June 30, 2016	30th Fiscal Period as of December 31, 2016	31st Fiscal Period as of June 30, 2017	32nd Fiscal Period as of December 31, 2017
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	873,000	873,000	873,000	923,000	923,000
Unitholders' capital (millions of yen)	210,395	210,395	210,395	231,653	231,653
Total number of unitholders	13,264	11,786	11,177	12,535	12,196

### (2) Matters Related to Investment Units (Primary Investors)

The following table shows the ten largest investors according to the percentage of their owned investment units to the total number of investment units outstanding as of the end of the 32nd fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	228,332	24.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	94,619	10.25
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	39,607	4.29
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 1-8-12 Harumi, Chuo-ku, Tokyo	30,274	3.27
Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	29,300	3.17
State Street Bank West Client Treaty 505234 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	25,815	2.79
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.70
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.60
State Street Bank West Pension Fund Clients Exempt 505233 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	18,700	2.02
DFA International Real Estate Securities Portfolio (Standing Proxy: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	6300 Bee Cave Road, Building One, Austin, TX 78746, U.S.A. (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	11,306	1.22
Total		526,953	57.09

(Note) Percentage of total units outstanding is rounded down to the second decimal place.

### (3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 32nd fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 32nd Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Satoshi Okubo (Note 3)	Director, Tokyo Realty Investment Management, Inc.	2,400	1
	Hirohito Kaneko (Note 3)	Representative Counsel, Hirohito Kaneko Law Office		—
Supervising Officers (Note 1)	Masato Denawa	Partner Attorney, Spring Partners	4,200	—
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co.		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	13,000	—

(Note 1) Supervising officers may be directors of corporations other than those indicated above, but have no conflict of interest with JPR at those and the above positions.

(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements and fees regarding preparation of comfort letters for additional issuance of new investment units.

(Note 3) Satoshi Okubo was newly appointed as Executive Officer at the Eleventh General Meeting of Unitholders of JPR held on September 5, 2017, and took office on September 15, 2017. Meanwhile, Hirohito Kaneko left office of Executive Officer on September 14, 2017 upon the expiration of his term of office.

#### B. Policy on Dismissing and Deciding Not to Reappoint the Independent Auditor

The dismissal of independent auditors shall be considered in accordance with the designations of the Investment Trusts Act. The decision to not reappoint the auditor shall be studied at JPR's Board of Directors Meetings following comprehensive consideration of circumstances including audit quality, audit fee and other various conditions.

#### C. Matters Regarding the Party That Was Subject to Business Suspension Order in the Past Two Years

On December 22, 2015, the Financial Services Agency of Japan issued a three month (January 1, 2016 to March 31, 2016) business suspension order to Ernst & Young ShinNihon LLC, the independent auditor of JPR, under which it was prevented from taking on any new business contracts. JPR comprehensively investigated the quality control of audits by Ernst & Young ShinNihon, independence of its audit team, progress in implementing the business improvement plan and other factors, and confirmed that audits of JPR by the firm are conducted appropriately. Accordingly, its audit agreement with Ernst & Young ShinNihon remains effective.

### (4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 32nd fiscal period are as follows.

Outsourcing Category	Name
Asset manager	Tokyo Realty Investment Management, Inc.
Asset custodian	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration, etc. concerning unitholders' list, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration concerning investment corporation bonds)	Mizuho Bank, Ltd.

## 3. Status of JPR's Assets Under Management

### (1) JPR's Asset Structure

Asset Type	Area	31st Fiscal Period (as of June 30, 2017)		32nd Fiscal Period (as of December 31, 2017)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Central Tokyo	86,697,991	19.4	86,628,083	19.4
	Greater Tokyo	57,134,364	12.8	56,833,457	12.7
	Other Cities	20,714,393	4.6	20,547,431	4.6
Real estate in trust	Central Tokyo	156,942,899	35.2	156,567,864	35.1
	Greater Tokyo	50,791,875	11.4	50,510,178	11.3
	Other Cities	41,601,149	9.3	41,499,218	9.3
Deposits and other assets	—	32,185,653 (—)	7.2 (—)	33,901,281 (—)	7.6 (—)
Total assets	—	446,068,327 (413,882,673)	100.0 (92.8)	446,487,515 (412,586,234)	100.0 (92.4)

(Note 1) Assets owned by JPR are based on the amounts appropriated on the balance sheets as of the end of the fiscal periods (book values after depreciation for real estate and real estate in trust).

(Note 2) Figures in parenthesis are portions that practically fall on real estate owned in the object assets.

### (2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 32nd fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m <sup>2</sup> )	Leased Floor Space (m <sup>2</sup> )	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Otemachi Tower (Land with Leasehold Interest)	38,388,259	11,034.78	11,034.78	100.0	11.3	Office
Olinas Tower	27,560,889	23,987.40	23,987.40	100.0	6.7	Office
Shinjuku Center Bldg.	22,179,264	8,863.98	8,545.59	96.4	3.3	Office
Tokyo Square Garden	18,658,320	5,985.62	5,985.62	100.0	2.8	Office
BYGS Shinjuku Bldg.	15,447,919	15,227.80	15,145.81	99.5	3.8	Office
JPR Sendagaya Bldg.	14,891,257	6,177.74	6,177.74	100.0	2.0	Office
Kanematsu Bldg.	14,642,330	7,994.02	7,994.02	100.0	2.5	Office
Kawasaki Dice Bldg.	13,436,801	12,116.35	12,116.35	100.0	2.8	Retail
Shinjuku Square Tower	13,379,242	19,284.71	19,261.84	99.9	2.7	Office
JPR Umeda Loft Bldg.	12,423,055	18,586.97	18,586.97	100.0	2.4	Retail
Total	191,007,339	129,259.37	128,836.12	99.7	40.3	

(Note 1) Rate of monthly contracted rent at end of period is the rate arrived at by dividing the monthly contracted rent at end of period for each property by the total rents for all properties.

(Note 2) The tenants of Shinjuku Center Bldg., Tokyo Square Garden, Kawasaki Dice Bldg. and Shinjuku Square Tower have sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the leasable floor space, leased floor space and occupancy rate entered for each of these buildings are the figures concerning the sub-lessees of the tenant.



## (3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 32nd fiscal period (December 31, 2017).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2017 (thousands of yen)	Appraisal Value as of December 31, 2017 (thousands of yen) (Note 1)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,642,330	13,800,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,437,720	2,520,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	1,959,773	2,710,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,454,013	3,310,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,265,078	3,330,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	11,005,147	11,700,000
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,958,974	2,780,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,205,250	5,210,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,844,731	4,940,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	13,379,242	14,400,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,447,919	19,000,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	600,301	890,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,179,264	15,800,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,838,824	2,840,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,728,932	1,870,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,836,912	3,410,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,698,556	9,140,000
		Tokyo Tatemono Kyobashi Bldg.	6-18 Kyobashi 3-chome, Chuo-ku, Tokyo	Real estate	5,311,083	5,720,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,753,511	6,720,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,891,257	11,800,000
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,715,191	4,060,000
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	47,700,000
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,694,637	3,290,000
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,184,694	6,390,000
		Tokyo Square Garden	1-1 Kyobashi 1-chome, Chuo-ku, Tokyo	Beneficiary interest	18,658,320	20,400,000
		Retail	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,508,466
	JPR Jingumae 432		32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,286,062	4,100,000
	Shinjuku Sanchoe East Bldg.		1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,618,044	2,820,000
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)		7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,315,353	3,140,000
	GINZA GATES		5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,144,997	10,800,000
	FUNDES Suidobashi		20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo (Note 2)	Beneficiary interest	3,243,092	3,570,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,294,939
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,232,734	1,680,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,464,590	2,340,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,425,911	1,750,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	6,941,374	8,980,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,947,358	4,500,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,871,089	3,810,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	5,285,692	8,500,000
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,447,258	6,510,000

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2017 (thousands of yen)	Appraisal Value as of December 31, 2017 (thousands of yen) (Note 1)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	27,560,889	36,800,000
		Tokyo Tatemono Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	6,850,973	8,260,000
		Omiya Prime East	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,837,422	8,380,000
	Retail	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,306,941	12,500,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,713,512	2,800,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,027,771	5,740,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,698,374	4,290,000
Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	13,436,801	16,500,000		
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,628,134	2,230,000
		Tokyo Tatemono Honmachi Bldg.	4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,036,583	3,470,000
		JPR Hakata Bldg.	4-4 Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	2,935,440	3,400,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,325,782	1,720,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,442,218	3,950,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,324,856	1,590,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	2,079,142	2,930,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,171,405	3,000,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,876,818	2,890,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	10,494,923	16,200,000
	Benetton Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,093,167	4,240,000	
	Retail	JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,423,055	13,900,000
		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,175,689	7,260,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	6,039,432	7,120,000
Total					412,586,234	476,050,000

(Note 1) The appraisal values at end of period are either appraisal values or survey values by real estate appraisers, based on the Cabinet Office Order on "Regulations on calculations of investment corporations."

(Note 2) The location of FUNDES Suidobashi is based on the latest indication after the name of the town was changed as of January 1, 2018.

The following table provides changes in rental business results for each of JPR's real estate properties and beneficiary interests in real estate.

Area	Type	Property Name	31st Fiscal Period (from Jan. 1, 2017 to Jun. 30, 2017)				32nd Fiscal Period (from Jul. 1, 2017 to Dec. 31, 2017)			
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	10	100.0	378,984	2.5	10	100.0	383,090	2.5
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	4	100.0	90,933	0.6	4	100.0	92,439	0.6
		Shin-Kojimachi Bldg.	17	100.0	104,567	0.7	17	100.0	108,215	0.7
		JPR Crest Takebashi Bldg.	6	100.0	107,320	0.7	6	100.0	108,546	0.7
		MS Shibaura Bldg.	10	100.0	416,318	2.8	10	100.0	438,531	2.9
		Gotanda First Bldg.	4	100.0	124,745	0.8	4	100.0	146,182	1.0
		Fukuoka Bldg. (Note 3)	—	—	(Note 2)	(Note 2)	—	—	—	—
		JPR Ichigaya Bldg.	9	93.1	155,862	1.0	10	100.0	161,232	1.1
		Oval Court Ohsaki Mark West	2	100.0	182,083	1.2	2	100.0	185,831	1.2
		Shinjuku Square Tower	25	99.9	362,274	2.4	25	99.9	374,986	2.5
		BYGS Shinjuku Bldg.	25	99.5	549,619	3.7	25	99.5	585,375	3.9
		Across Shinkawa Bldg. Annex	4	100.0	36,738	0.2	4	100.0	37,092	0.2
		Shinjuku Center Bldg.	33	94.1	482,313	3.2	32	96.4	494,208	3.3
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	5	100.0	58,998	0.4	5	100.0	63,247	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
JPR Harajuku Bldg.	9	100.0	250,025	1.7	9	100.0	252,577	1.7		
Tokyo Tatemono Kyobashi Bldg.	9	100.0	192,598	1.3	9	100.0	209,130	1.4		
JPR Nihonbashi-horidome Bldg.	5	88.1	170,944	1.1	6	100.0	172,781	1.1		
JPR Sendagaya Bldg.	6	100.0	275,103	1.8	6	100.0	277,671	1.8		
Ginza Sanwa Bldg.	9	100.0	117,432	0.8	9	100.0	119,746	0.8		
Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,580,750	10.6	2	100.0	1,580,499	10.4		
Science Plaza-Yonbancho Plaza	23	95.8	112,877	0.8	25	100.0	116,241	0.8		
Shibadaimon Center Bldg.	9	100.0	177,001	1.2	9	100.0	181,937	1.2		
Tokyo Square Garden	57	100.0	214,856	1.4	57	100.0	384,049	2.5		
JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
JPR Jingumae 432	6	86.6	83,560	0.6	6	86.6	82,570	0.5		
Shinjuku Sanchoe East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
GINZA GATES	7	100.0	205,360	1.4	8	91.3	214,026	1.4		
FUNDES Suidobashi	6	100.0	92,990	0.6	6	100.0	96,156	0.6		
Greater Tokyo	Office	Arca East	6	100.0	263,156	1.8	5	93.1	254,146	1.7
		JPR Chiba Bldg.	36	92.2	127,133	0.9	39	98.2	133,117	0.9
		JPR Yokohama Nihon Odori Bldg.	13	94.8	117,923	0.8	16	100.0	127,381	0.8
		Shinyokohama 2nd Center Bldg.	21	98.1	100,344	0.7	22	100.0	104,203	0.7
		Kawaguchi Center Bldg.	44	98.7	412,939	2.8	44	96.2	419,738	2.8
		JPR Ueno East Bldg.	9	100.0	179,162	1.2	9	100.0	181,432	1.2
		Tachikawa Business Center Bldg.	20	100.0	149,765	1.0	20	100.0	150,309	1.0
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yume-ooka Office Tower	38	98.9	330,101	2.2	38	98.9	327,759	2.2
		Olinas Tower	15	100.0	1,007,903	6.8	15	100.0	1,017,519	6.7
		Tokyo Tatemono Yokohama Bldg.	14	100.0	294,877	2.0	14	100.0	299,221	2.0
		Omiya Prime East	4	100.0	264,538	1.8	4	100.0	266,825	1.8
		Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	126,996	0.9	3	100.0	126,996	0.8
		Kawasaki Dice Bldg.	29	100.0	494,602	3.3	29	100.0	501,007	3.3
Other Cities	Office	Niigata Ekinan Center Bldg.	7	94.6	121,293	0.8	9	98.5	120,096	0.8
		Tokyo Tatemono Honmachi Bldg.	6	60.0	142,520	1.0	7	60.7	105,260	0.7
		JPR Hakata Bldg.	44	99.8	149,275	1.0	44	100.0	154,043	1.0
		JPR Naha Bldg.	20	100.0	95,780	0.6	19	100.0	100,975	0.7
		Sompo Japan Sendai Bldg.	15	100.0	187,198	1.3	15	100.0	188,036	1.2
		Sompo Japan Wakayama Bldg.	14	100.0	109,329	0.7	14	96.6	107,460	0.7
		Tenjin 121 Bldg.	15	91.4	98,009	0.7	16	100.0	105,690	0.7
		JPR Dojima Bldg.	9	70.2	88,156	0.6	12	100.0	107,438	0.7
		JPR Hakata-chuo Bldg. (Note 3)	—	—	46,835	0.3	—	—	—	—
		JPR Nagoya Fushimi Bldg.	3	95.0	137,249	0.9	4	99.5	139,873	0.9
		Yakuin Business Garden	17	99.3	456,513	3.1	17	99.3	470,407	3.1
		Benetton Shinsaibashi Bldg.	8	63.4	133,421	0.9	7	54.5	71,126	0.5
		JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
JPR Chayamachi Bldg.	6	100.0	160,464	1.1	5	100.0	170,781	1.1		
Total			730	98.0	14,907,434	100.0	745	98.5	15,141,927	100.0



- (Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Rise Arena Bldg. and Kawasaki Dice Bldg.: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.  
The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants.
- (Note 2) JPR does not disclose the rental revenues of the properties throughout the period and their ratio to total rental revenues due to inevitable reasons, as no consent to disclosure has been obtained from the tenants or co-owners.
- (Note 3) JPR sold Fukuoka Bldg. and JPR Hakata-chuo Bldg. as of April 14, 2017.

#### **(4) Status of Other Assets**

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above.  
There were no additional major assets that are main investment targets of JPR other than those listed under (3) above as of the end of the 32nd fiscal period.

## 4. Capital Expenditures of Owned Real Estate

### (1) Planned Capital Expenditures

The following are major items of capital expenditures for currently planned renovations, etc. for JPR-owned real estate and entrusted real estate regarding beneficiary interests in real estate. Furthermore, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 32nd Fiscal Period	Amount Already Paid
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	2nd through 6th phases of replacement of air conditioning units	Jan. 2018~Mar. 2020	699	—	1
Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Renovation work on 1st basement floor and 1st through 3rd floors	Dec. 2017~Apr. 2018	133	—	—
Olinas Tower	Sumida Ward, Tokyo	3rd phase of replacement of lighting equipment with LED lamps on 6th through 9th floors	Jan. 2018~Mar. 2018	62	—	—
Tokyo Tatemono Yokohama Bldg.	Yokohama City, Kanagawa	Reinforcement of elevators	Jan. 2018~Jun. 2018	60	—	—
JPR Naha Bldg.	Naha City, Okinawa	Replacement of power receiving and transforming facilities	Jan. 2018~Jan. 2018	51	—	—

### (2) Capital Expenditures during the 32nd Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 32nd fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 336 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1st phase of replacement of air conditioning units	Jun. 2017~Dec. 2017	96
Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Replacement of air conditioning units on 1st basement floor and 1st through 3rd floors	Jul. 2017~Aug. 2017	79
Olinas Tower	Sumida Ward, Tokyo	2nd phase of replacement of lighting equipment with LED lamps on 4th through 17th floors	Jul. 2017~Oct. 2017	66
GINZA GATES	Chuo Ward, Tokyo	Replacement of interior fittings on the 11th floor	Sep. 2017~Nov. 2017	15
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Replacement of major components for rooftop total heat exchangers	Dec. 2017~Dec. 2017	14
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		352
Total				624

(Note) Expenditures for repair and maintenance included 7 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

### (3) Amounts Reserved for Long-Term Repairs and Maintenance Plans

JPR has deposited the following amounts from the redundant cash flow (including one accompanying internal reserve of profits) such as depreciation in order to conduct large-scale repairs and maintenance work, based on medium- to long-term repairs and maintenance plans for individual properties.

(Millions of yen)

Operation Period	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
Balance of deposits at beginning of current period	934	940	936	931	1,075
Deposits during the period	276	494	393	479	422
Amounts used from deposits during the period	270	498	398	335	319
Deposits carried forward to the next period	940	936	931	1,075	1,178

## 5. Expenses and Liabilities

### (1) Details of Expenses Related to Management

(Thousands of yen)

Item	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
(a) Asset Management Fees (Note)	552,616	548,466
Fixed compensation	75,000	75,000
Incentive-based compensation 1	265,043	267,233
Incentive-based compensation 2	212,572	206,232
(b) Administrative Service and Custodian Fees	77,793	80,729
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	31,023	25,511
(e) Other Expenses	102,953	100,474
Total	770,987	761,782

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (31st period: 46,000 thousand yen) have been paid and included in the book value of each property.

### (2) Status of Loans Payable

As of December 31, 2017 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2017 (millions of yen)	Balance as of Dec. 31, 2017 (millions of yen)	Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Long-Term Loans Payable	Mizuho Bank Ltd.	Dec. 5, 2012	2,000	2,000	1.027	Dec. 5, 2019	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed	
	Mizuho Bank Ltd.	Nov. 27, 2013	3,000	3,000	0.970	Nov. 27, 2020				
	Mizuho Bank Ltd.	Jun. 27, 2014	5,000	5,000	1.178	Jun. 27, 2023				
	Mizuho Bank Ltd.	Mar. 11, 2015	2,000	2,000	1.011	Mar. 11, 2024				
	Mizuho Bank Ltd.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025				
	Mizuho Bank Ltd.	Feb. 4, 2016	5,000	5,000	0.804	Feb. 4, 2026				
	Mizuho Bank Ltd.	Mar. 30, 2017	3,000	3,000	0.351	Mar. 30, 2021				
	Mizuho Bank Ltd.	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022				
	Mizuho Bank Ltd.	Nov. 21, 2017	—	1,000	0.795	Nov. 19, 2027				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	1.178	Aug. 8, 2019				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	—	0.948	Aug. 8, 2017				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 5, 2012	3,000	—	0.919	Sept. 5, 2017				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 5, 2012	1,000	1,000	1.027	Dec. 5, 2019				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nov. 27, 2013	3,000	3,000	0.970	Nov. 27, 2020				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2014	4,000	4,000	0.889	Jun. 25, 2021				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 25, 2016	5,000	5,000	0.510	Mar. 25, 2024				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2017	—	1,000	0.638	Aug. 8, 2025				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 5, 2017	—	3,000	0.593	Sept. 5, 2025				
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2012	1,000	1,000	1.027	Dec. 5, 2019				
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2013	3,000	3,000	1.265	Jun. 26, 2020				
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033	Jun. 27, 2022				
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	2,000	2,000	0.351	Mar. 30, 2021				
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022				
	Development Bank of Japan, Inc.	Jun. 26, 2009	2,400	2,300	3.190	Jun. 27, 2019				(Note 4)
	Development Bank of Japan, Inc.	Jun. 27, 2013	820	820	1.449	Jun. 25, 2021				Principal lump sum repayment on maturity
	Development Bank of Japan, Inc.	Dec. 5, 2013	2,000	2,000	1.188	Dec. 3, 2021				
	Development Bank of Japan, Inc.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025				
	Development Bank of Japan, Inc.	Dec. 15, 2016	3,000	3,000	0.843	Jun. 14, 2027				
Development Bank of Japan, Inc.	Nov. 21, 2017	—	1,000	0.795	Nov. 19, 2027					
Shinsei Bank, Ltd.	Apr. 5, 2012	5,000	5,000	1.397	Apr. 5, 2019					
Shinsei Bank, Ltd.	Sept. 24, 2013	2,000	2,000	1.076	Sept. 24, 2020					



Category	Lender	Drawdown Date	Balance as of Jul. 1, 2017 (millions of yen)	Balance as of Dec. 31, 2017 (millions of yen)	Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Shinsei Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	5,000	—	1.184	Aug. 29, 2017			
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 31, 2015	1,000	1,000	0.873	Aug. 31, 2023			
	Mitsubishi UFJ Trust and Banking Corporation	Dec. 15, 2016	2,000	2,000	0.633	Dec. 13, 2024			
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2017	—	5,000	0.600	Aug. 29, 2025			
	Aozora Bank Ltd.	Jul. 3, 2012	900	—	0.994	Jul. 3, 2017			
	Aozora Bank Ltd.	Aug. 8, 2012	2,000	2,000	1.178	Aug. 8, 2019			
	Aozora Bank Ltd.	Aug. 27, 2012	2,000	—	0.985	Aug. 25, 2017			
	Aozora Bank Ltd.	Aug. 30, 2012	2,000	2,000	1.146	Aug. 30, 2018			
	Aozora Bank Ltd.	Sept. 30, 2013	1,000	1,000	1.069	Sept. 24, 2020			
	Aozora Bank Ltd.	Jul. 3, 2017	—	900	0.625	Jul. 3, 2025			
	Aozora Bank Ltd.	Aug. 25, 2017	—	1,000	0.534	Aug. 23, 2024			
	Aozora Bank Ltd.	Aug. 25, 2017	—	1,000	0.574	Feb. 25, 2025			
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2013	3,000	3,000	1.076	Feb. 4, 2020			
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2017	4,000	4,000	0.309	Mar. 30, 2020			
	Shinkin Central Bank	Dec. 5, 2013	3,000	3,000	0.689	Dec. 5, 2018			
	Shinkin Central Bank	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	The Bank of Fukuoka	Sept. 24, 2013	1,000	1,000	0.911	Sept. 24, 2019			
	The Bank of Fukuoka	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Bank of Fukuoka	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2011	3,274	3,208	1.800	Jun. 21, 2018	(Note 5)		
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025	Principal lump sum repayment on maturity		
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026			
	The Nishi-Nippon City Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.388	Dec. 14, 2021			
	ORIX Bank Corporation	Feb. 4, 2013	1,000	1,000	0.786	Feb. 5, 2018			
	ORIX Bank Corporation	Nov. 27, 2013	2,000	2,000	0.762	May 27, 2019			
	The Shinkumi Federation Bank	Feb. 4, 2013	3,000	3,000	0.786	Feb. 5, 2018			
	Taiyo Life Insurance Company	Jun. 4, 2013	1,000	1,000	0.949	Jun. 4, 2018			
	Taiyo Life Insurance Company	Dec. 27, 2013	1,000	1,000	1.011	Dec. 25, 2020			
	Taiyo Life Insurance Company	Sept. 24, 2015	1,000	1,000	0.969	Sept. 24, 2024			
	Chugoku Bank	Sept. 24, 2013	1,000	1,000	0.758	Sept. 25, 2018			
	Chugoku Bank	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Norinchukin Bank	Dec. 5, 2014	1,000	—	0.440	Dec. 5, 2017			
	The Norinchukin Bank	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	The Norinchukin Bank	Dec. 5, 2017	—	1,000	0.604	Jun. 5, 2025			
	Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024			
	National Mutual Insurance Federation of Agricultural Cooperatives	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	Sompo Japan Nipponkoa Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759	Dec. 25, 2023			
	The Hachijuni Bank	Oct. 9, 2015	1,000	1,000	0.489	Oct. 9, 2020			
	The Hachijuni Bank	Sept. 26, 2016	1,000	1,000	0.209	Sept. 24, 2021			
	Resona Bank, Ltd.	Mar. 30, 2017	2,000	2,000	0.438	Sept. 30, 2022			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816	Oct. 6, 2023			
	The Daishi Bank, Ltd.	Nov. 21, 2017	—	1,000	0.396	Nov. 21, 2022			
	Daido Life Insurance Company	Dec. 27, 2013	1,000	1,000	0.710	Dec. 27, 2018			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2013	1,000	1,000	0.710	Dec. 27, 2018			
The Hiroshima Bank, Ltd.	Nov. 21, 2017	—	1,000	0.396	Nov. 21, 2022				
Sumitomo Mitsui Trust Bank Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026				
The Yamaguchi Bank, Ltd.	Nov. 21, 2017	—	1,000	0.795	Nov. 19, 2027				
	<b>Total</b>		146,894	151,728					

(Note 1) The interest rates are rounded to the third decimal place. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

(Note 2) Long-term loans payable are fixed-rate loans payable.

(Note 3) Funds are used for purchasing real estate or real estate beneficiary interests in trust (including accompanying expenses), repaying loans payable and redemption of investment corporation bonds.

(Note 4) The loans payable are subject to repayment of 100 million yen on December 27, 2009 and thereafter on the 27th day of every 6 months. In addition, repayment of 2,100 million yen will be made on maturity date June 27, 2019.

(Note 5) The loans payable are subject to repayment of 66 million yen on June 27, 2012 and thereafter on the 27th day of every 6 months. In addition, repayment of 3,208 million yen will be made on maturity date June 21, 2018.

### (3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2017 are as follows.

Name	Issue Date	Balance as of Jul. 1, 2017 (millions of yen)	Balance as of Dec. 31, 2017 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
Fourteenth Series of Investment Corporation Bonds	Oct. 25, 2011	2,000	2,000	1.340	Oct. 25, 2018			
Fifteenth Series of Investment Corporation Bonds	Nov. 22, 2012	5,000	—	0.680	Nov. 22, 2017			
Sixteenth Series of Investment Corporation Bonds	Nov. 22, 2012	2,000	2,000	1.030	Nov. 22, 2019			
Seventeenth Series of Investment Corporation Bonds	May 31, 2013	5,000	5,000	0.650	May 31, 2018			
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	2,000	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twentieth Series of Investment Corporation Bonds	Jul. 22, 2014	2,000	2,000	0.303	Jul. 22, 2019			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Total		34,500	29,500					

(Note 1) Funds are used for purchasing real estate or real estate beneficiary interests in trust (including accompanying expenses), repaying loans payable and redemption of investment corporation bonds.

(Note 2) These investment corporation bonds are equipped with the same rank rider limited among certain investment corporation bonds.

### (4) Subscription Rights to Shares

Not applicable

## 6. Acquisitions and Sales during the 32nd Fiscal Period

### (1) Acquisition and Sale of Real Estate and Asset-Backed Securities, etc.

Not applicable

### (2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 32nd fiscal period.

### (3) Survey on Values of Specified Assets, etc.

Not applicable

### (4) Transactions with Interested Parties and Major Shareholders

#### 1) Transaction Status

No transaction of special assets or other deals with interested parties and major shareholders were conducted during the 32nd fiscal period.

#### 2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	282,359	Tokyo Tatemono Co., Ltd.	240,200	85.1%
		Prime Place Co., Ltd.	2,910	1.0%
Outsourcing Fees	599,723	Tokyo Tatemono Co., Ltd.	463,498	77.3%
		Prime Place Co., Ltd.	4,502	0.8%
Tenant Brokerage Fees	29,249	Tokyo Tatemono Co., Ltd.	4,338	14.8%

(Note 1) Interested parties and major shareholders refer to the interested parties of the asset management company who has concluded an asset management agreement with JPR and is regulated as designated in Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and article 26-1-27 of the regulation on management reports in regard to investment trusts and investment corporations of The Investment Trusts Association, Japan.

(Note 2) The management fees indicated in the above table include construction management fees (total of 14,277 thousand yen) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties who are interested parties or major shareholders during the 32nd fiscal period.

Tokyo Tatemono Co., Ltd.	446,741 thousand yen
Prime Place Co., Ltd.	112 thousand yen
Tokyo Real Estate Management Co., Ltd.	80,800 thousand yen
Shinjuku Center Building Management Co., Ltd.	28,418 thousand yen

### (5) Transactions with the Asset Management Company regarding Concurrent Work Conducted by the Asset Management Company

Tokyo Realty Investment Management, Inc., the asset management company of JPR, does not concurrently conduct any of the class 1 financial instruments transaction business, class 2 financial instruments transaction business, land and building transaction business, or real estate syndication business, and has no such transactions with JPR.

## **7. Overview of Accounting**

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### **(1) Assets, Liabilities, Principal, and Profits and Loss**

Please refer to the Balance Sheets, Statements of Income and Retained Earnings, Statements of Unitholders' Equity and Notes to Financial Statements as well as Distribution Information on later pages of this report.

### **(2) Changes in Calculation Method of Depreciation**

No change has been made.

### **(3) Changes in Valuation Method of Real Estate**

No change has been made.



## 8. Overview of Self-Managed Investment Trust Beneficiary

### (1) Acquisition

Tokyo Realty Investment Management, Inc., the asset management company of JPR, acquired and holds JPR's investment units as indicated below.

Acquisition Date	Number of Units Acquired	Number of Units Disposed	Number of Units Held
September 14, 2001	40	—	40
January 22, 2002 (Note)	60	—	100
Accumulated Total	100	—	100

(Note) The acquisition was due to the investment unit split (2.5 units for one existing unit).

### (2) Units Held

	Number of Units Held at End of Period	Total Investment at End of Period (Note) (millions of yen)	Ratio to Total Units Issued and Outstanding (%)
23rd Fiscal Period (Jan. 1, 2013 – Jun. 30, 2013)	100	20	0.0
24th Fiscal Period (Jul. 1, 2013 – Dec. 31, 2013)	100	20	0.0
25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	100	20	0.0
26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)	100	20	0.0
27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	100	20	0.0
28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)	100	20	0.0
29th Fiscal Period (Jan. 1, 2016 – Jun. 30, 2016)	100	20	0.0
30th Fiscal Period (Jul. 1, 2016 – Dec. 31, 2016)	100	20	0.0
31st Fiscal Period (Jan. 1, 2017 – Jun. 30, 2017)	100	20	0.0
32nd Fiscal Period (Jul. 1, 2017 – Dec. 31, 2017)	100	20	0.0

(Note) Total investment at end of period represents the acquisition price.

## 9. Disclosure on Corporation Owning Foreign Real Estate

Not applicable

## 10. Disclosure on Real Estate Owned by Corporation Owning Foreign Real

Not applicable

## 11. Other

### (1) Notice

#### 1) General Meeting of Unitholders

The Eleventh General Meeting of Unitholders of JPR was held on September 5, 2017.

Items approved at the General Meeting of Unitholders are summarized below.

Agenda	Overview
Partial amendments to the Articles of Incorporation	<p>Amendments were made to the following items of the Articles of Incorporation.</p> <p>(1) (Article 30-1)</p> <p>With regard to the definition of income related to the total distribution amount for unitholders, amendments to the Articles of Incorporation were made in order to ensure consistency with the relevant contents of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including all subsequent amendments)</p> <p>(2) (Article 30-2)</p> <p>With regard to the issue of inconsistency between profits for accounting purposes and tax purposes at an investment corporation, amendments to the Articles of Incorporation were made to clearly stipulate that JPR may accumulate, retain or otherwise treat long-term repair reserves, payment reserves, distribution reserves and other similar reserves and allowances that are recognized to be necessary for maintenance of or increasing the value of assets, in accordance with the revisions to the Ordinance on Accountings of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006, including all subsequent amendments) and the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including all subsequent amendments), etc. (Article 30-2 the current Articles of Incorporation).</p>
Appointment of one Executive Officer	Satoshi Okubo was appointed as Executive Officer.
Appointment of one Substitute Executive Officer	Yoshihiro Jozaki was appointed as Substitute Executive Officer.
Appointment of two Supervising Officers	Masato Denawa and Nobuhisa Kusanagi were appointed as Supervising Officers.
Appointment of one Substitute Supervising Officer	Akihiro Kawaguchi was appointed as Substitute Supervising Officer.

#### 2) Board of Directors of JPR

There are no major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting in the 32nd fiscal period.

### (2) Other

Unless otherwise stated, monetary amounts are rounded down and percentage figures are rounded off to the nearest specified unit in this asset management report.

## (1) Balance Sheets

	(Thousands of yen)	
	End of 31st Fiscal Period (Jun. 30, 2017)	End of 32nd Fiscal Period (Dec. 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	18,984,868	20,773,083
Cash and deposits in trust	12,108,948	12,091,281
Operating accounts receivable	376,472	247,515
Prepaid expenses	121,120	147,209
Other	8,407	6,755
Total current assets	31,599,817	33,265,845
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings	57,592,652	57,873,121
Accumulated depreciation	(15,005,148)	(15,814,180)
Buildings, net	*1 42,587,503	*1 42,058,940
Buildings in trust	90,040,896	90,360,680
Accumulated depreciation	(30,248,556)	(31,297,094)
Buildings in trust, net	59,792,339	59,063,585
Structures	49,920	50,400
Accumulated depreciation	(19,449)	(20,751)
Structures, net	30,471	29,649
Structures in trust	125,868	125,868
Accumulated depreciation	(74,446)	(77,356)
Structures in trust, net	51,421	48,512
Machinery and equipment	754,459	757,836
Accumulated depreciation	(439,262)	(459,233)
Machinery and equipment, net	*1 315,197	*1 298,603
Machinery and equipment in trust	1,711,632	1,714,794
Accumulated depreciation	(1,305,431)	(1,333,447)
Machinery and equipment in trust, net	406,201	381,347
Tools, furniture and fixtures	75,824	87,998
Accumulated depreciation	(42,528)	(46,364)
Tools, furniture and fixtures, net	33,295	41,634
Tools, furniture and fixtures in trust	196,046	201,347
Accumulated depreciation	(128,589)	(136,128)
Tools, furniture and fixtures in trust, net	67,456	65,218
Land	*1 106,890,048	*1 106,890,048
Land in trust	189,014,043	189,014,043
Construction in progress	366	248
Construction in progress in trust	3,315	3,454
Total property, plant and equipment	399,191,661	397,895,287
Intangible assets		
Leasehold right	14,689,483	14,689,483
Other	1,528	1,463
Total intangible assets	14,691,012	14,690,947
Investments and other assets		
Lease and guarantee deposits	347,227	396,485
Long-term prepaid expenses	60,679	92,819
Total investments and other assets	407,906	489,304
Total noncurrent assets	414,290,580	413,075,539
<b>Deferred assets</b>		
Investment corporation bond issuance costs	126,003	109,194
Investment unit issuance expenses	51,925	36,936
Total deferred assets	177,929	146,131
<b>Total assets</b>	446,068,327	446,487,515

	(Thousands of yen)	
	End of 31st Fiscal Period (Jun. 30, 2017)	End of 32nd Fiscal Period (Dec. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	1,853,498	1,805,561
Current portion of long-term loans payable	21,374,000	16,408,000
Current portion of investment corporation bonds	10,000,000	7,000,000
Accounts payable-other	673,408	629,439
Accrued expenses	81,184	81,817
Income taxes payable	605	605
Accrued consumption taxes	163,333	367,493
Advances received	2,733,053	2,709,394
Other	—	224
<b>Total current liabilities</b>	<b>36,879,083</b>	<b>29,002,536</b>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	24,500,000	22,500,000
Long-term loans payable	125,520,000	135,320,000
Tenant leasehold and security deposits	*1 7,756,073	*1 8,031,699
Tenant leasehold and security deposits in trust	12,802,062	13,013,950
<b>Total noncurrent liabilities</b>	<b>170,578,136</b>	<b>178,865,649</b>
<b>Total liabilities</b>	<b>207,457,219</b>	<b>207,868,185</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	231,653,198	231,653,198
Surplus		
Voluntary reserve		
Reserve for reduction entry	73,946	284,356
Total voluntary reserve	73,946	284,356
Unappropriated retained earnings (undisposed loss)	6,883,962	6,681,774
Total surplus	6,957,909	6,966,131
Total unitholders' equity	238,611,107	238,619,329
<b>Total net assets</b>	<b>*3 238,611,107</b>	<b>*3 238,619,329</b>
<b>Total liabilities and net assets</b>	<b>446,068,327</b>	<b>446,487,515</b>



## (2) Statements of Income and Retained Earnings

(Thousands of yen)

	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)		32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)	
<b>Operating revenue</b>				
Rent revenue-real estate	*1	14,907,434	*1	15,141,927
Gain on sale of real estate	*2	210,738		—
<b>Total operating revenue</b>		15,118,172		15,141,927
<b>Operating expenses</b>				
Expenses related to rent business	*1	6,599,215	*1	6,810,823
Asset management fee		552,616		548,466
Administrative service and asset custody fees		77,793		80,729
Directors' compensation		6,600		6,600
Trust fees		31,023		25,511
Other operating expenses		102,953		100,474
<b>Total operating expenses</b>		7,370,203		7,572,605
<b>Operating income</b>		7,747,969		7,569,322
<b>Non-operating income</b>				
Interest income		161		167
Income on settlement of management association accounts		88,589		3,996
Other		7,776		3,936
<b>Total non-operating income</b>		96,527		8,100
<b>Non-operating expenses</b>				
Interest expenses		682,409		640,024
Borrowing expenses		44,127		35,927
Interest expenses on investment corporation bonds		204,596		202,950
Amortization of investment corporation bond issuance costs		17,218		16,808
Amortization of investment unit issuance expenses		14,892		14,989
Other		13,242		296
<b>Total non-operating expenses</b>		976,487		910,996
<b>Ordinary income</b>		6,868,008		6,666,426
<b>Income before income taxes</b>		6,868,008		6,666,426
<b>Income taxes-current</b>		605		605
<b>Total income taxes</b>		605		605
<b>Net income</b>		6,867,403		6,665,821
<b>Retained earnings brought forward</b>		16,558		15,953
<b>Unappropriated retained earnings (undisposed loss)</b>		6,883,962		6,681,774

**(3) Statements of Changes in Unitholders' Equity**

(Thousands of yen)

	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
<b>Unitholders' equity</b>		
<b>Unitholders' capital</b>		
Balance at beginning of current period	210,395,598	231,653,198
Changes of items during the period		
Issuance of new investment units	21,257,600	—
Total changes of items during the period	21,257,600	—
Balance at end of current period	231,653,198	231,653,198
<b>Surplus</b>		
<b>Voluntary reserve</b>		
Balance at beginning of current period	73,946	73,946
Changes of items during the period		
Provision of reserve for reduction entry	—	210,409
Total changes of items during the period	—	210,409
Balance at end of current period	73,946	284,356
<b>Unappropriated retained earnings (undisposed loss)</b>		
Balance at beginning of current period	6,169,462	6,883,962
Changes of items during the period		
Provision of reserve for reduction entry	—	(210,409)
Dividends from surplus	(6,152,904)	(6,657,599)
Net income	6,867,403	6,665,821
Total changes of items during the period	714,499	(202,187)
Balance at end of current period	6,883,962	6,681,774
<b>Total surplus</b>		
Balance at beginning of current period	6,243,409	6,957,909
Changes of items during the period		
Total changes of items during the period	714,499	8,222
Balance at end of current period	6,957,909	6,966,131
<b>Total unitholders' equity</b>		
Balance at the beginning of current period	216,639,008	238,611,107
Changes of items during the period		
Total changes of items during the period	21,972,099	8,222
Balance at end of current period	238,611,107	238,619,329
<b>Total net assets</b>		
Balance at beginning of current period	216,639,008	238,611,107
Changes of items during the period		
Total changes of items during the period	21,972,099	8,222
<b>Balance at end of current period</b>	<b>238,611,107</b>	<b>238,619,329</b>

## (4) Statements of Cash Distributions

	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
I. Unappropriated retained earnings	6,883,962,296 yen	6,681,774,937 yen
II. Distribution amount (Distribution amount per unit)	6,657,599,000 yen (7,213 yen)	6,666,829,000 yen (7,223 yen)
III. Voluntary reserve Provision of reserve for reduction entry	210,409,484 yen	—
IV. Retained earnings carried forward	15,953,812 yen	14,945,937 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 6,657,599,000 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (923,000 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation, to the extent of minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 6,666,829,000 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (923,000 units) in an amount not in excess of unappropriated retained earnings and to the extent of minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.

**(5) Statements of Cash Flows**

(Thousands of yen)

	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	32nd Fiscal Period (Jul. 1, 2017 - Dec. 31, 2017)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	6,868,008	6,666,426
Depreciation and amortization	1,907,957	1,921,209
Amortization of investment corporation bond issuance costs	17,218	16,808
Amortization of investment unit issuance expenses	14,892	14,989
Interest income	(161)	(167)
Interest expenses	887,006	842,974
Decrease (increase) in operating accounts receivable	(57,196)	128,957
Decrease (increase) in prepaid expenses	36,447	(26,088)
Increase (decrease) in operating accounts payable	(394,719)	25,795
Increase (decrease) in accounts payable-other	7,613	(44,559)
Increase (decrease) in accrued consumption taxes	(54,536)	204,159
Increase (decrease) in advances received	49,777	(23,658)
Decrease in property, plant and equipment in trust	4,787,861	—
Other, net	(260,933)	(86,133)
Subtotal	13,809,236	9,640,714
Interest income received	161	167
Interest expenses paid	(894,320)	(842,341)
Income taxes (paid) refund	(593)	(605)
Net cash provided by (used in) operating activities	12,914,482	8,797,934
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(243,199)	(355,283)
Purchase of property, plant and equipment in trust	(19,277,371)	(343,219)
Payments of lease and guarantee deposits	(49,257)	(49,257)
Repayments of tenant leasehold and security deposits	(86,515)	(19,368)
Proceeds from tenant leasehold and security deposits	169,740	305,489
Repayments of tenant leasehold and security deposits in trust	(115,575)	(211,578)
Proceeds from tenant leasehold and security deposits in trust	314,145	468,011
Net cash provided by (used in) investing activities	(19,288,034)	(205,206)
<b>Net cash provided by (used in) financing activities</b>		
Repayment of short-term loans payable	(7,000,000)	—
Proceeds from long-term loans payable	19,000,000	17,900,000
Repayment of long-term loans payable	(19,566,000)	(13,066,000)
Redemption of investment corporation bonds	—	(5,000,000)
Proceeds from issuance of investment units	21,212,859	—
Dividends paid	(6,151,791)	(6,656,178)
Net cash provided by (used in) financing activities	7,495,067	(6,822,178)
<b>Net changes in cash and cash equivalents</b>	1,121,516	1,770,548
<b>Cash and cash equivalents at beginning of current period</b>	29,972,299	31,093,816
<b>Cash and cash equivalents at end of current period</b>	*1 31,093,816	*1 32,864,364



## (6) Notes to Financial Statements

### (Basis of Presenting Financial Statements)

Japan Prime Realty Investment Corporation (JPR) maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Financial Instruments and Exchange Act of Japan, the Act on Investment Trusts and Investment Corporations (ITA), the Companies Act and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the audited financial statements of JPR, which were prepared in accordance with Japanese GAAP and filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information.

JPR's accounting periods end at the end of June and December.

### (Significant Accounting Policies)

- |   |   |
|---|---|
| 1 Depreciation/Amortization<br>Method for Long-lived Assets                             | <p>(1) Property and Equipment (including entrusted properties)<br/>Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:<br/>Buildings ..... 3 - 65 years<br/>Structures ..... 10 - 35 years<br/>Machinery and equipment ..... 3 - 17 years<br/>Tools, furniture and fixtures ..... 3 - 20 years<br/>Assets with purchase costs of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.</p> <p>(2) Intangible Assets<br/>Intangible assets are amortized utilizing the straight-line method.</p> <p>(3) Long-term Prepaid Expenses<br/>Long-term prepaid expenses are amortized utilizing the straight-line method.</p>  |
| 2. Accounting for Deferred Assets   | <p>(1) Investment Corporation Bond Issuance Costs<br/>Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance expenses<br/>Investment unit issuance expenses are amortized utilizing the straight-line method over three years.</p>  |
| 3. Standards for Recording<br>Revenues and Expenses                                     | <p>Accounting Treatment of Taxes on Property and Equipment<br/>In connection with property taxes, city planning taxes and depreciated asset taxes (the "property taxes"), JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business.<br/>Furthermore, JPR capitalized an amount equivalent to the property taxes paid to the sellers during the first fiscal period as a part of the acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 70,461 thousand yen for the fiscal period ended June 30, 2017 and were null for the fiscal period ended December 31, 2017.</p>   |
| 4. Scope of Cash and Cash<br>Equivalents in the Statements of<br>Cash Flows             | <p>Cash and cash equivalents in the Statements of Cash Flows include the following items</p> <p>(1) Cash on hand and cash in trust<br/>(2) Deposits placed with banks and deposits in trust that can be withdrawn at any time<br/>(3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date.</p>   |
| 5. Other Significant Items<br>Fundamental to the Preparation of<br>Financial Statements | <p>(1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust<br/>Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income and retained earnings.<br/>Furthermore, the following material accounts are separately presented in the balance sheets for properties in trust recorded in relevant accounts.<br/>a. Cash and deposits in trust<br/>b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust<br/>c. Tenant leasehold and security deposits in trust</p> <p>(2) Accounting for Consumption Taxes<br/>Revenues and expenses in the Statements of Income and Retained Earnings do not include consumption taxes.</p> |

**(Notes to Balance Sheets)****\*1. Assets Pledged as Collateral and Secured Liabilities**

Assets pledged as collateral are as follows:

(Thousands of yen)

	End of 31st Fiscal Period (as of June 30, 2017)	End of 32nd Fiscal Period (as of December 31, 2017)
Buildings (net)	107,690	105,821
Machinery and equipment (net)	2,226	2,054
Land	399,183	399,183
Total	509,100	507,060

Secured liabilities are as follows:

(Thousands of yen)

	End of 31st Fiscal Period (as of June 30, 2017)	End of 32nd Fiscal Period (as of December 31, 2017)
Tenant leasehold and security deposits	15,536	15,536
Total	15,536	15,536

**2. Balance of Unused Commitment Line**

JPR has executed a commitment line agreement with its principal banks primarily to minimize refinancing risks and enhance financial stability.

(Thousands of yen)

	End of 31st Fiscal Period (as of June 30, 2017)	End of 32nd Fiscal Period (as of December 31, 2017)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

**\*3. Minimum Total Unitholders' Equity Designated in Article 67- 4 in the Act on Investment Trusts and Investment Corporations**

(Thousands of yen)

End of 31st Fiscal Period (as of June 30, 2017)	End of 32nd Fiscal Period (as of December 31, 2017)
50,000	50,000

**(Notes to Statements of Income and Retained Earnings)****\*1. Breakdown of Rent Revenue-Real Estate and Expenses Related to Rent Business**

(Thousands of yen)

	31st Fiscal Period (January 1, 2017 – June 30, 2017)	32nd Fiscal Period (July 1, 2017 – December 31, 2017)
<b>A. Rent Revenue-Real Estate</b>		
Rent Revenue		
Rents	10,460,232	10,613,685
Land rents	1,580,750	1,580,499
Common charges	1,689,075	1,661,544
Parking fees	263,619	264,972
Advertising fees	66,615	70,578
Antenna usage fees	21,715	22,477
Other	41,445	40,767
Subtotal	14,123,453	14,254,525
Other rental revenues		
Incidental rent income	682,401	788,587
Time-based parking fees	6,738	7,843
Cancellation charges	31,569	35,495
Income equivalent to expenses for restoration to original condition	35,118	29,850
Other miscellaneous income	28,152	25,624
Subtotal	783,980	887,402
Total rent revenue-real estate	14,907,434	15,141,927
<b>B. Expenses Related to Rent Business</b>		
Outsourcing expenses	575,903	598,343
Utilities expenses	770,789	878,829
Property and other taxes	2,061,610	2,044,170
Casualty insurance	25,944	25,895
Repairs and maintenance	246,252	329,320
Property management fees	259,656	268,081
Management association accounts	578,579	584,603
Depreciation	1,907,957	1,921,209
Other	172,521	160,368
Total expenses related to rent business	6,599,215	6,810,823
<b>C. Profits for Rent Business</b>		
(A-B)	8,308,218	8,331,104

## \*2. Breakdown of Gain on Sale of Real Estate

(Thousands of yen)

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Fukuoka Bldg.		
Proceeds from sale of real estate	3,100,000	—
Cost of sale of real estate	2,984,311	—
Other expenses related to sale	700	—
Gain on sale of real estate	114,988	—
JPR Hakata-chuo Bldg.		
Proceeds from sale of real estate	1,900,000	—
Cost of sale of real estate	1,803,549	—
Other expenses related to sale	700	—
Gain on sale of real estate	95,750	—

## (Notes to Statements of Changes in Unitholders' Equity)

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	923,000 units	923,000 units

## (Notes to Statements of Cash Flows)

## \*1. Reconciliation of the Amounts of the Cash and Cash Equivalents at End of Period in the Statements of Cash Flows with the Amounts of the Corresponding Accounts on the Balance Sheets

(Thousands of yen)

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Cash and deposits	18,984,868	20,773,083
Cash and deposits in trust	12,108,948	12,091,281
Cash and cash equivalents	31,093,816	32,864,364



**(Leases)**

Future minimum lease payments to be received under non-cancelable operating leases

(Thousands of yen)

	31st Fiscal Period (Jan 1, 2017 – Jun. 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Due within one year	6,404,275	6,079,300
Due after one year	14,758,222	12,497,857
Total	21,162,497	18,577,158

**(Financial Instruments)**

## 1. Matters Concerning Status of Financial Instruments

## (1) Policy on Handling Financial Instruments

In an aim to proactively expand asset size and maintain stable cash distributions to unitholders, JPR adopts the asset management policy of paying heed to efficiently combining the procurement of long-term funds that are stable and the procurement of short-term funds that emphasize flexibility.

There may be cases where JPR will engage in derivative transactions, but such will be limited to hedging for interest rate fluctuation risk and other hedging purposes. Please note that JPR is not engaged in derivative transactions at present.

## (2) Description of Financial Instruments and Associated Risks, and Risk Management Structure

Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, strives for risk management by complying with the JPR Asset Management Guidelines and other rules and regulations. The following outlines the description of individual financial instruments and the associated risks, and the risk management.

Deposits are exposed to risks of bankruptcy of the financial institutions holding the deposits and other credit risks, but the risks are managed through such measures as setting a minimum credit rating for the financial institutions holding the deposits.

Loans payable and investment corporation bonds are exposed to liquidity risks at the time of repayment/redemption, but the liquidity risks are managed through such measures as procuring funds from the capital market by increasing capital, executing a commitment line agreement with the main lending financial institutions, and also having statements of cash receipts and disbursements prepared by the financial division.

## (3) Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain assumptions are used in calculating those values and there may be cases where the values will vary when different assumptions are used.

## 2. Matters Concerning Fair Value, etc. of Financial Instruments

The following are the carrying values and fair values as of June 30, 2017 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)			
	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	18,984,868	18,984,868	—
(2) Cash and deposits in trust	12,108,948	12,108,948	—
(3) Current portion of long-term loans payable	(21,374,000)	(21,465,283)	91,283
(4) Current portion of investment corporation bonds	(10,000,000)	(10,033,000)	33,000
(5) Investment corporation bonds	(24,500,000)	(26,123,941)	1,623,941
(6) Long-term loans payable	(125,520,000)	(127,268,518)	1,748,518

The following are the carrying values and fair values as of December 31, 2017 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to Note 3)

(Thousands of yen)			
	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	20,773,083	20,773,083	—
(2) Cash and deposits in trust	12,091,281	12,091,281	—
(3) Current portion of long-term loans payable	(16,408,000)	(16,481,773)	73,773
(4) Current portion of investment corporation bonds	(7,000,000)	(7,030,800)	30,800
(5) Investment corporation bonds	(22,500,000)	(24,046,017)	1,546,017
(6) Long-term loans payable	(135,320,000)	(136,959,541)	1,639,541

(Note 1) Liabilities are shown in parentheses.

(Note 2) Method of calculation of fair value of financial instruments

(1) Cash and deposits, and (2) Cash and deposits in trust

As these financial instruments are settled within a short period of time, the fair value is approximately the same as the carrying value and is thus stated at that carrying value.

(3) Current portion of long-term loans payable, and (6) Long-term loans payable

The fair value of these financial instruments is calculated based on the discounted cash flow method under which the total amount of principal and interests are discounted by the rate assumed as being applicable in the event of a new drawdown whose term is corresponding to the remaining loan term.

(4) Current portion of investment corporation bonds, and (5) Investment corporation bonds

Of the fair value of these financial instruments, those with market price are calculated based on market price and those with no market price are calculated in accordance with (3) and (6) above.

(Note 3) Financial instruments for which discerning of fair value is recognized to be extremely difficult.

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of lease rental properties are not subject to disclosure of fair value because reasonable estimation of cash flows is recognized to be extremely difficult since there is no market price and also since it is difficult to calculate the actual deposit period from when lessees move in to when they move out. The following is the carrying value of tenant leasehold and security deposits, and tenant leasehold and security deposits in trust.

(Thousands of yen)		
Category	End of 31st Fiscal Period (as of June 30, 2017)	End of 32nd Fiscal Period (as of December 31, 2017)
Tenant leasehold and security deposits	7,756,073	8,031,699
Tenant leasehold and security deposits in trust	12,802,062	13,013,950

(Note 4) Scheduled redemption of monetary claims to be due subsequent to the 31st fiscal period end (July 30, 2017)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	18,984,868	—	—	—	—	—
Cash and deposits in trust	12,108,948	—	—	—	—	—

Scheduled redemption of monetary claims to be due subsequent to the 32nd fiscal period end (December 31, 2017)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	20,773,083	—	—	—	—	—
Cash and deposits in trust	12,091,281	—	—	—	—	—

(Note 5) Amount of repayment or redemption of investment corporation bonds and long-term loans payable scheduled to be due subsequent to the 31st fiscal period end (June 30, 2017)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	10,000,000	2,000,000	4,000,000	—	—	18,500,000
Long-term loans payable	21,374,000	17,200,000	18,000,000	20,820,000	20,500,000	49,000,000

Amount of repayment or redemption of investment corporation bonds and long-term loans payable scheduled to be due subsequent to the 32nd fiscal period end (December 31, 2017)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	7,000,000	4,000,000	—	—	—	18,500,000
Long-term loans payable	16,408,000	17,100,000	21,000,000	19,820,000	14,500,000	62,900,000

**(Securities)**

31st fiscal period (as of June 30, 2017)

Not applicable

32nd fiscal period (as of December 31, 2017)

Not applicable

**(Derivative Transactions)**

31st fiscal period (as of June 30, 2017)

Not applicable as JPR entered into no derivative transactions

32nd fiscal period (as of December 31, 2017)

Not applicable as JPR entered into no derivative transactions

**(Retirement Benefits)**

31st fiscal period (as of June 30, 2017)

Not applicable as JPR does not have any retirement benefit plans

32nd fiscal period (as of December 31, 2017)

Not applicable as JPR does not have any retirement benefit plans

**(Tax Effect Accounting)**

1. Breakdown of Main Items that Caused Differences between the Effective Statutory Tax Rate and the Effective Tax Rate after Applying Tax Effect Accounting

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Effective statutory tax rate	31.74%	31.74%
(Adjustment)		
Deductible cash distributions	(30.77%)	(31.74%)
Other	(0.96%)	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

**(Equity Method Income and Retained Earnings)**

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable as JPR does not have any affiliated companies

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable as JPR does not have any affiliated companies

**(Transactions with Related Parties)**

1. Parent Company and Major Corporation Unitholders

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable

2. Subsidiaries

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable

3. Sister Companies

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable

4. Directors and Major Individual Unitholders

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable

**(Asset Retirement Obligations)**

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

32nd fiscal period (July 1, 2017 – December 31, 2017)

Not applicable

**(Segment Information)**

[Segment Information]

Disclosure is omitted as JPR is comprised of a single operating segment engaged in the property rental business.

[Related Information]

31st fiscal period (January 1, 2017 – June 30, 2017)

1. Information about Products and Services

Disclosure is omitted as sales to external customers for the single product and service segment is in excess of 90% of operating revenue on the Statements of Income and Retained Earnings.

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from domestic external customers are in excess of 90% of total revenues on the Statements of Income and Retained Earnings.

(2) Tangible Fixed Assets

Disclosure is omitted as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets on the Balance Sheets.

3. Information about Major Customers

Disclosure is omitted as sales to any single external customer accounts for less than 10% of the operating revenue on the Statements of Income and Retained Earnings.

32nd fiscal period (July 1, 2017 – December 31, 2017)

1. Information about Products and Services

Disclosure is omitted as sales to external customers for the single product and service unit or category is in excess of 90% of operating revenue on the Statements of Income and Retained Earnings.

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from domestic external customers are in excess of 90% of total revenues on the Statements of Income and Retained Earnings.

(2) Tangible Fixed Assets

Disclosure is omitted as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets on the Balance Sheets.

3. Information about Major Customers

Disclosure is omitted as sales to any single external customer accounts for less than 10% of the operating revenue on the Statements of Income and Retained Earnings



**(Investment and Rental Properties)**

JPR owns office properties (urban commercial facilities) and retail properties for leasing in Tokyo and other regions. The following is the carrying value on the balance sheets, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Thousands of yen)

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	401,294,854	413,882,673
Amount of Increase (Decrease) during the Period	12,587,819	(1,296,439)
Balance at End of Current Period	413,882,673	412,586,234
Fair Value at End of Period	464,545,000	476,050,000

(Note 1) The carrying value on the balance sheets is the cost of acquisition less accumulated depreciation.

(Note 2) Of the amount of increase (decrease), the amount of increase for the 31st fiscal period is primarily attributable to the purchase of Tokyo Square Garden (18,729,734 thousand yen), and the amount of decrease is primarily attributable to the sale of Fukuoka Bldg. (2,984,311 thousand yen), the sale of JPR Hakata-chuo Bldg. (1,803,549 thousand yen) and depreciation (1,907,957 thousand yen). Of the amount of increase (decrease) for the 32nd fiscal period, the amount of decrease is primarily attributable to depreciation (1,921,209 thousand yen).

(Note 3) The fair value at end of the current period is the appraisal value or survey value as appraised by an outside real estate appraiser.

The income (loss) in the 31st and 32nd fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

**(Per Unit Information)**

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Total net assets per unit	258,516 yen	258,525 yen
Net income per unit	7,494 yen	7,221 yen

(Note 1) Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during the current fiscal period. Diluted net income per unit has not been presented since no subscription rights to shares are outstanding.

(Note 2) Net income per unit was calculated based on the following data:

	31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
Net income (thousands of yen)	6,867,403	6,665,821
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	6,867,403	6,665,821
Average number of units during the fiscal period	916,367 units	923,300 units

**(Subsequent Events)**

Not applicable

## (7) Detailed Schedules

## 1) Schedule of Securities

Not applicable

## 2) Status of Contract Amounts, etc. and Fair Value of Derivative Transactions and Forward Exchange Transactions

Not applicable

## 3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of July 1, 2017 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2017 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2017 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	-	-	-	-	-	-	-	
Noncurrent Assets (Property, plant and equipment)								
Buildings	57,592,652	280,469	—	57,873,121	15,814,180	809,031	42,058,940	
Structures	49,920	480	—	50,400	20,751	1,301	29,649	
Machinery and equipment	754,459	3,377	—	757,836	459,233	19,971	298,603	
Tools, furniture and fixtures	75,824	12,174	—	87,998	46,364	3,836	41,634	
Land	106,890,048	—	—	106,890,048	—	—	106,890,048	
Construction in progress	366	330	448	248	—	—	248	
Subtotal	165,363,272	296,831	448	165,659,655	16,340,530	834,141	149,319,125	
(Beneficiary interests in trust)								
Buildings in trust	90,040,896	319,783	—	90,360,680	31,297,094	1,048,538	59,063,585	
Structures in trust	125,868	—	—	125,868	77,356	2,909	48,512	
Machinery and equipment in trust	1,711,632	3,162	—	1,714,794	1,333,447	28,016	381,347	
Tools, furniture and fixtures in trust	196,046	5,301	—	201,347	136,128	7,538	65,218	
Land in trust	189,014,043	—	—	189,014,043	—	—	189,014,043	
Construction in progress in trust	3,315	2,270	2,131	3,454	—	—	3,454	
Subtotal	281,091,801	330,518	2,131	281,420,189	32,844,027	1,087,003	248,576,162	
Total	446,455,074	627,349	2,579	447,079,844	49,184,557	1,921,144	397,895,287	
Intangible Assets								
Leasehold right	14,689,483	—	—	14,689,483	—	—	14,689,483	
Other	2,602	—	—	2,602	1,139	65	1,463	
Total	14,692,086	—	—	14,692,086	1,139	65	14,690,947	

(Note 1) The "Increase during the Period" is due to construction works, etc.

(Note 2) The "Decrease during the Period" is due to the transfer to relevant accounts as a result of construction completion for construction in progress and construction in progress in trust.

## 4) Schedule of Other Specified Assets

Not applicable

## 5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of July 1, 2017 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2017 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Remarks
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	—	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Fourteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	2,000,000	—	2,000,000	1.340	Oct. 25, 2018		
Fifteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	5,000,000	5,000,000	—	0.680	Nov. 22, 2017		
Sixteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	2,000,000	—	2,000,000	1.030	Nov. 22, 2019		
Seventeenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	5,000,000	—	5,000,000	0.650	May 31, 2018		
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	—	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024		
Twentieth Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	2,000,000	—	2,000,000	0.303	Jul. 22, 2019		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	—	3,000,000	0.831	Dec. 4, 2024		
Total		34,500,000	5,000,000	29,500,000				

(Note 1) These investment corporation bonds are equipped with the same rank rider limited among certain investment corporation bonds

(Note 2) Funds are used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying loans payable and redeeming investment corporation bonds, etc.

(Note 3) Amounts of investment corporation bonds to be redeemed within five years after the date of the balance sheets are as follows.

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	7,000,000	4,000,000	-	-	-

## 6) Schedule of Loans Payable

Lender	Balance as of July 1, 2017 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2017 (thousands of yen)	Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Long-Term Loans Payable (Note 1)</b>								
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.027%	Dec. 5, 2019		
Mizuho Bank Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
Mizuho Bank Ltd.	3,000,000	-	-	3,000,000	0.351%	Mar. 30, 2021		
Mizuho Bank Ltd.	4,000,000	-	-	4,000,000	0.400%	Mar. 30, 2022		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	1.178%	Jun. 27, 2023		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	0.804%	Feb. 4, 2026		
Mizuho Bank Ltd.	-	1,000,000	-	1,000,000	0.795%	Nov. 19, 2027		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	1,000,000	-	0.948%	Aug. 8, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	3,000,000	-	0.919%	Sept. 5, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.178%	Aug. 8, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000,000	-	-	4,000,000	0.889%	Jun. 25, 2021		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000,000	-	-	5,000,000	0.510%	Mar. 25, 2024		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,000,000	-	1,000,000	0.638%	Aug. 8, 2025		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	3,000,000	-	3,000,000	0.593%	Sept. 5, 2025		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.265%	Jun. 26, 2020		
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.351%	Mar. 30, 2021		
Sumitomo Mitsui Banking Corporation	4,000,000	-	-	4,000,000	0.400%	Mar. 30, 2022		
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.033%	Jun. 27, 2022		
Development Bank of Japan, Inc.	2,400,000	-	100,000	2,300,000	3.190%	(Note 5)	(Note 4)	Unsecured/ Unguaranteed/
Development Bank of Japan, Inc.	820,000	-	-	820,000	1.449%	Jun. 25, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.188%	Dec. 3, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan, Inc.	3,000,000	-	-	3,000,000	0.843%	Jun. 14, 2027		
Development Bank of Japan, Inc.	-	1,000,000	-	1,000,000	0.795%	Nov. 19, 2027		
Shinsei Bank, Ltd.	5,000,000	-	-	5,000,000	1.397%	Apr. 5, 2019		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.076%	Sept. 24, 2020		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	1,000,000	-	-	1,000,000	0.843%	Jun. 14, 2027		
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	-	5,000,000	-	1.184%	Aug. 29, 2017		
Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	0.873%	Aug. 31, 2023		
Mitsubishi UFJ Trust and Banking Corporation	2,000,000	-	-	2,000,000	0.633%	Dec. 13, 2024		
Mitsubishi UFJ Trust and Banking Corporation	-	5,000,000	-	5,000,000	0.600%	Aug. 29, 2025		
Aozora Bank Ltd.	900,000	-	900,000	-	0.994%	Jul. 3, 2017		
Aozora Bank Ltd.	2,000,000	-	2,000,000	-	0.985%	Aug. 25, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.146%	Aug. 30, 2018		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.178%	Aug. 8, 2019		
Aozora Bank Ltd.	1,000,000	-	-	1,000,000	1.069%	Sept. 24, 2020		
Aozora Bank Ltd.	-	1,000,000	-	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank Ltd.	-	1,000,000	-	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank Ltd.	-	900,000	-	900,000	0.625%	Jul. 3, 2025		

	Balance as of January 1, 2017 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Long-Term Loans Payable (Note 1)</b>								
Mizuho Trust & Banking Co., Ltd.	3,000,000	-	-	3,000,000	1.076%	Feb. 4, 2020		
Mizuho Trust & Banking Co., Ltd.	4,000,000	-	-	4,000,000	0.309%	Mar. 30, 2017		
Shinkin Central Bank	3,000,000	-	-	3,000,000	0.689%	Dec. 5, 2018		
Shinkin Central Bank	2,000,000	-	-	2,000,000	0.388%	Dec. 14, 2021		
The Bank of Fukuoka	1,000,000	-	-	1,000,000	0.911%	Sept. 24, 2019		
The Bank of Fukuoka	2,000,000	-	-	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka	2,000,000	-	-	2,000,000	0.480%	Jul. 7, 2026		
Meiji Yasuda Life Insurance Company	3,274,000	-	66,000	3,208,000	1.800%	(Note 6)		
Meiji Yasuda Life Insurance Company	1,000,000	-	-	1,000,000	1.042%	Feb. 5, 2025		
The Nishi-Nippon City Bank, Ltd.	1,000,000	-	-	1,000,000	0.388%	Dec. 14, 2021		
The Nishi-Nippon City Bank, Ltd.	3,000,000	-	-	3,000,000	0.646%	May 27, 2026		
ORIX Bank Corporation	1,000,000	-	-	1,000,000	0.786%	Feb. 5, 2018		
ORIX Bank Corporation	2,000,000	-	-	2,000,000	0.762%	May 27, 2019		
The Shinkumi Federation Bank	3,000,000	-	-	3,000,000	0.786%	Feb. 5, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.949%	Jun. 4, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	1.011%	Dec. 25, 2020		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.969%	Sept. 24, 2024		
Chugoku Bank	1,000,000	-	-	1,000,000	0.758%	Sept. 25, 2018	(Note 4)	Unsecured/ Unguaranteed/
Chugoku Bank	2,000,000	-	-	2,000,000	0.816%	Oct. 6, 2023		
The Norinchukin Bank	1,000,000	-	1,000,000	-	0.440%	Dec. 5, 2017		
The Norinchukin Bank	2,000,000	-	-	2,000,000	0.388%	Dec. 14, 2021		
The Norinchukin Bank	-	1,000,000	-	1,000,000	0.604%	Jun. 5, 2025		
Sumitomo Life Insurance Company	2,000,000	-	-	2,000,000	0.453%	Oct. 11, 2024		
National Mutual Insurance Federation of Agricultural Cooperatives	2,000,000	-	-	2,000,000	0.388%	Dec. 14, 2021		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	-	2,000,000	0.759%	Dec. 25, 2023		
The Hachijuni Bank	1,000,000	-	-	1,000,000	0.489%	Oct. 9, 2020		
The Hachijuni Bank	1,000,000	-	-	1,000,000	0.209%	Sept. 24, 2021		
Resona Bank, Ltd.	2,000,000	-	-	2,000,000	0.438%	Sept. 30, 2022		
The Iyo Bank, Ltd.	1,000,000	-	-	1,000,000	0.816%	Oct. 6, 2023		
The Daishi Bank, Ltd.	-	1,000,000	-	1,000,000	0.396%	Nov. 21, 2022		
Daido Life Insurance Company	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
The Hiroshima Bank, Ltd.	-	1,000,000	-	1,000,000	0.396%	Nov. 21, 2022		
Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.691%	Mar. 25, 2026		
The Yamaguchi Bank, Ltd.	-	1,000,000	-	1,000,000	0.795%	Nov. 19, 2027		
<b>Total</b>	<b>146,894,000</b>	<b>17,900,000</b>	<b>13,066,000</b>	<b>151,728,000</b>				

(Note 1) Amounts of long-term loans payable to be repaid within five years after the date of the balance sheets are as follows.

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Long-term loans payable	16,408,000	17,100,000	21,000,000	19,820,000	14,500,000

(Note 2) The interest rates are rounded to the third decimal place. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

(Note 3) Long-term loans payable are fixed-rate loans payable.

(Note 4) Funds are used for purchasing real estate or real estate beneficiary interests in trust (including accompanying expenses), repaying loans payable and redemption of investment corporation bonds, etc.

(Note 5) The loans payable are subject to repayment of 100 million yen on December 27, 2009 and thereafter every 6 months. In addition, repayment of 2,100 million yen will be made on the maturity date of June 27, 2019.

(Note 6) The loans payable are subject to repayment of 66 million yen on June 27, 2012 and thereafter every 6 months. In addition, repayment of 3,208 million yen will be made on the maturity date of June 21, 2018.



## (8) Independent Auditor's Report



Ernst & Young ShinNihon LLC  
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Tokyo 100-0011, Japan

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www.shinnihon.or.jp

### Independent Auditor's Report

The Board of Directors  
Japan Prime Realty Investment Corporation

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation, which comprise the balance sheet as at December 31, 2017, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation as at December 31, 2017 and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

March 22, 2018  
Tokyo, Japan

**(9) Other Notes (Information only)****(Property and Equipment Leased to JPR)**

31st Fiscal Period (January 1, 2017 - June 30, 2017)	32nd Fiscal Period (July 1, 2017 - December 31, 2017)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

**(Transactions with Interested Parties)**

31st fiscal period (January 1, 2017 - June 30, 2017)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.17%	Sale of beneficiary interest in real estate	5,000,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Repayment of long-term loans payable	4,000,000	Current portion of long-term loans payable	—
				Borrowing of long-term loans payable	4,000,000	Long-term loans payable	7,000,000
				Interest expenses	29,783	Accrued expenses	366

(Note) Transaction terms are determined based on prevailing market conditions.

32nd fiscal period (July 1, 2017 – December 31, 2017)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Repayment of long-term loans payable	—	Current portion of long-term loans payable	—
				Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	22,503	Accrued expenses	489

(Note) Transaction terms are determined based on prevailing market conditions.

## Status of Investment Unit Price (as of December 31, 2017)

Market capitalization: **¥330.4 billion**

High: **¥564,000** (May 7, 2007)

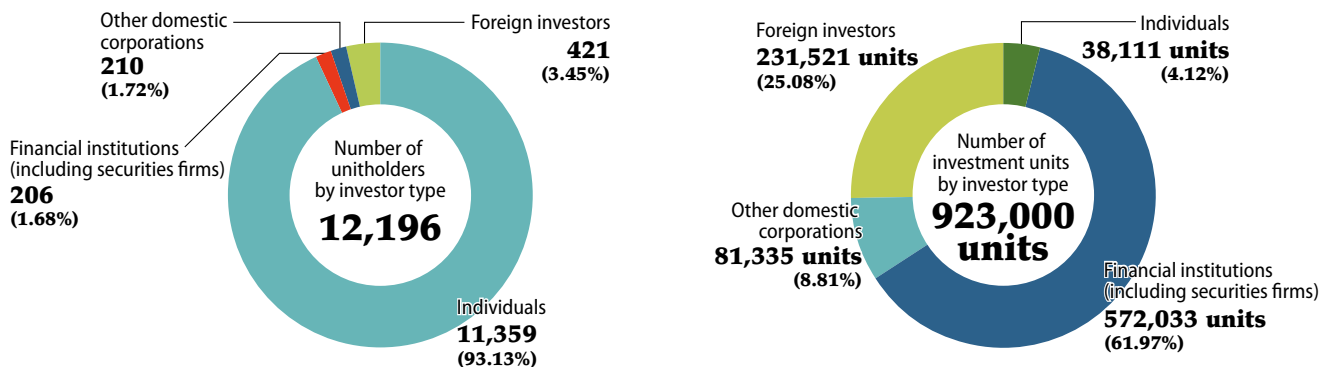
Unit price at end of 32nd Fiscal Period: **¥358,000**

Low: **¥130,300** (October 28, 2008)



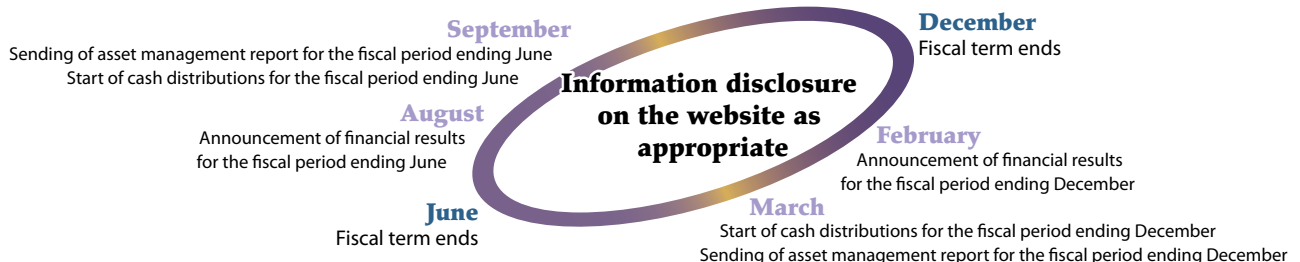
(Note) Unit prices are based on closing prices.

## Breakdown of Unitholders (as of December 31, 2017)



(Note) The composition ratio is rounded down to the second decimal place.

## Annual Schedule (provisional)





# Introduction to the JPR Website

<http://www.jpr-reit.co.jp/en/>

8955



(Securities Code)

JPR endeavors to conduct IR activities and information provision by offering a variety of contents on its website in order to secure timely disclosure of information to investors and help them gain a better understanding of JPR.

## Point 1 Digest of Financial Results

A digest version movie of the analyst meeting is provided to present JPR's latest financial results, asset management status, future growth strategies and other matters.



## Point 2 Briefing Sessions and Events

A variety of latest information is delivered, including notices of briefing sessions and events for retail investors, JPR's latest asset management status and other issues.

## Point 3 Property Overview

Detailed explanations of JPR's properties are provided, including their features, specifications and revenues and expenses. The access routes to respective properties from the nearest stations can be searched by smartphone. We advise you to use this function when you wish to visit the properties.



### IR Mail Delivery Service

The IR Mail Delivery Service provides information on JPR in a timely manner to registered persons. If you wish to be registered, please click this icon to apply.



## Notes for Investors

<b>Fiscal Period Ends</b>	June 30 and December 31 of each year
<b>General Meeting of Unitholders</b>	At least once every two years
<b>Base Date of General Meeting of Unitholders</b>	The date designated pursuant to JPR's Articles of Incorporation
<b>Cash Distribution Payment Eligibility</b>	Unitholders of record as of June 30 and December 31 of each year
<b>Transfer Agent</b>	Mizuho Trust & Banking Co., Ltd. 2-1 Yaesu 1-chome, Chuo-ku, Tokyo
<b>Location of Records</b>	Main Branch, Stock Transfer Agency Division Mizuho Trust & Banking Co., Ltd. 2-1 Yaesu 1-chome, Chuo-ku, Tokyo
<b>Mailing Address</b>	Stock Transfer Agency Division Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507
<b>Contact by Phone</b>	0120-288-324 (toll-free only in Japan)
<b>Listing</b>	Tokyo Stock Exchange (Securities Code: 8955)

### Procedures for Change of Address

For filing or inquiring about a change of address, please contact your securities company with whom you have an account. For unitholders who have not utilized Japan Securities Depository Center, Inc. before the dematerialization of stock certificates, accounts (special accounts) have been opened at Mizuho Trust & Banking Co., Ltd., JPR's transfer agent. For filing or inquiring about a change of address and other matters with regard to your special account, please direct them to the contact number indicated above.

### Cash Distributions

Cash distributions can be collected by bringing the "unitholder dividend receipt" to the nearest Japan Post Bank main or branch office, sub-branch office or post office (bank agent) in Japan. If the collection period has elapsed, please make your collection by designating the collection method on the back of the "unitholder dividend receipt" and mailing it to Mizuho Trust & Banking's Stock Transfer Agency Division. Cash distributions can also be collected at the main or branch offices of Mizuho Trust & Banking (excluding the Trust Lounge) and Mizuho Bank, Ltd.

If you wish to designate a transfer of cash distributions to a bank, etc., please contact your securities company (if you have an account with the company) or Mizuho Trust & Banking (if a special account has been opened), as in the case of changing the address, etc. above.

(Note) According to the provisions of JPR's Articles of Incorporation, cash distributions will become irretrievable if they remain unclaimed for three full years from the date on which payment commenced. We advise that cash distributions be received as soon as possible.