



JPR

8955



# 31st Fiscal Period

JAPAN PRIME REALTY INVESTMENT CORPORATION

Presentation Material

For the 31st Fiscal Period Ended June 2017

August 21, 2017

(Asset Manager)

Tokyo Realty Investment Management, Inc.



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JAPAN PRIME REALTY INVESTMENT CORPORATION

1. Characteristics of JPR



### Overview of JPR

Name	Japan Prime Realty Investment Corporation (abbreviated as JPR)
Securities code	8955
Listing date	June 14, 2002 (14 years since listing)
Operational standard of portfolio (Target investment ratio)	(Ratio by asset class) Office 70~90% / Retail 10~30% (Ratio by area) Tokyo 80~90% / Other cities 10~20%
Asset Manager	Tokyo Realty Investment Management Inc. (abbreviated as TRIM)
Sponsors (shareholding ratio)	Tokyo Tatemono (52%), Yasuda Real Estate (18%) Taisei Corporation (10%) Sompo Japan Nipponkoa Insurance (10%) Meiji Yasuda Life Insurance (10%)

### Characteristics of JPR

#### 1 A track record of stable management for over 15 years

Since listing, JPR has steadily expanded its asset size while enhancing the quality of its portfolio.

Asset size  
(After the asset replacement)

**435.0** bn. yen

#### 2 A portfolio focused on office properties in Tokyo

JPR has established a portfolio that is focused on office properties in Tokyo, which feature growth potential, with urban retail properties and office properties in regional cities to complement profitability.

Ratio by asset  
(After the asset replacement)

(Area) Tokyo **84.5**%  
(Asset class) Office **76.8**%

#### 3 Superiority of a developer-sponsored REIT

JPR has exerted its superiority of a developer-sponsored REIT to acquire properties having excellent location characteristics centering on large-scale development projects.

(planned) acquisition price and ratio of properties from sponsor pipelines  
(After the asset replacement)

**315.4** bn. yen · **72.5**%

#### 4 Continuous internal growth through high occupancy rate and upward revision of rents

The average occupancy rate of the entire portfolio has stayed at 97% or higher since the 26th fiscal period ended December 2014, and upward revision of rents continued to surpass downward revision by value for 6 straight fiscal periods.

Upward revision of rents  
**6 straight fiscal periods**

(Dec. '14 ~ Jun. '17)

#### 5 Establishment of a financial base that is stable over the long term

With a credit rating of AA- (Stable), JPR has established a financial base centering on long-term, fixed-interest rate debts with a focus on stability.

Credit rating

R&I **AA-** (stable)

1. The indicated figures are as of the date of this document. For Asset size, Investment ratios and (Planned) acquisition price and ratio of properties from sponsor pipelines, the indicated figures are those after the Asset Replacement is completed.

2. Properties from sponsor pipelines refer to properties acquired from sponsors, etc. and properties acquired based on information provided by sponsors. Sponsors, etc. represent the five sponsor companies of JPR, their affiliated companies and special purpose companies (SPCs) in which the sponsors have made equity investment. Ratio of properties from sponsor pipelines refers to the ratio of (planned) acquisition price of properties from sponsor pipelines over the total (planned) acquisition price of the entire portfolio.



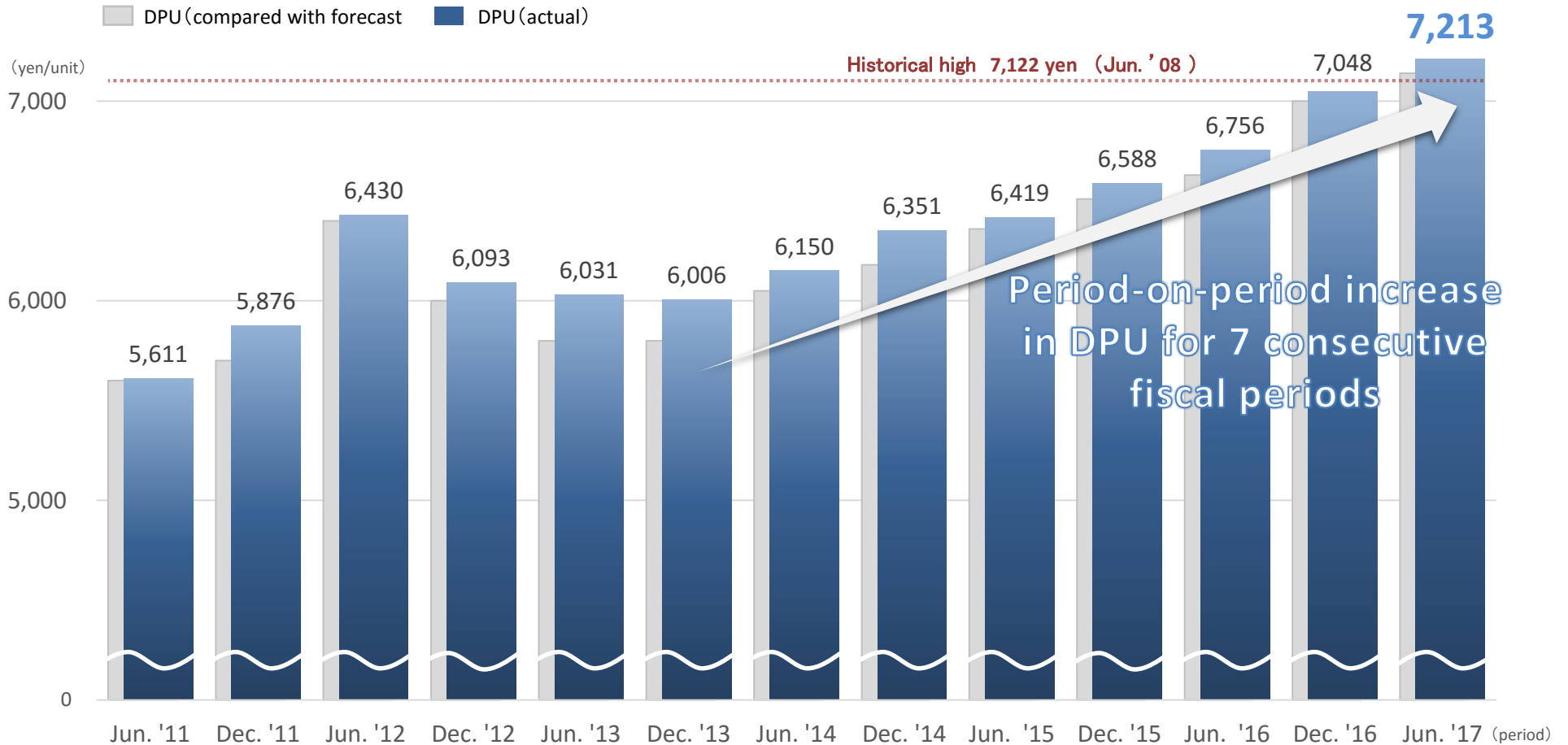
JAPAN PRIME REALTY INVESTMENT CORPORATION

2. Operational Status and Growth Strategy

# Distribution per unit (DPU) came to **7,213** yen, hitting a record high since listing

Compared with forecast at beginning of period **up 73 yen**  
 (Over beginning-of-period forecast: 7,140 yen)

Period-on-period **up 165 yen**



With plans for the 31st fiscal period ended Jun. 2017 in steady progress, JPR continued to achieve stable growth while paying close attention to the impact of changes in the external environment

Placed emphasis on “continuation of contract renewals with upward revision of rents,” “external growth through strengthened coordination with the main sponsor” and “enhancement of financial stability”

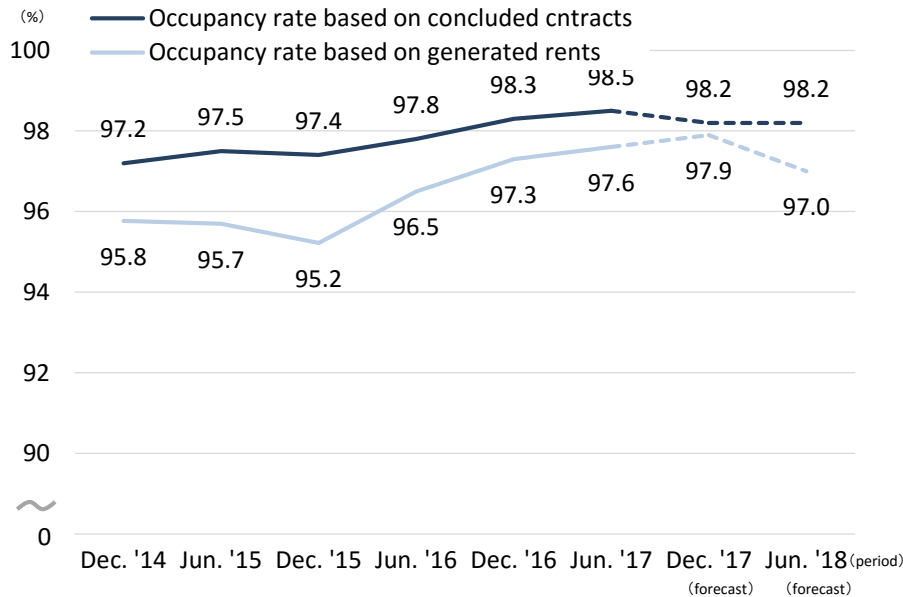
	Internal Growth Strategy	External Growth Strategy	Financial Strategy
Business environment perception	<ul style="list-style-type: none"> <li>Needs to expand office space in the same building and relocate for larger space remain strong, given the strong employment conditions</li> <li>Leasing of large-scale office properties scheduled for completion by 2018 in Central Tokyo appears to be progressing steadily</li> <li>With vacancy rates on a downward trend nationwide, rents are also showing an upward trend</li> </ul>	<ul style="list-style-type: none"> <li>Real estate prices in Central Tokyo have mostly reached the upper limit</li> <li>Properties in regional cities are also hard to acquire at appropriate prices, with their cap rates dropping further</li> <li>The asset management company became a consolidated subsidiary of the main sponsor (Tokyo Tatemono) at the end of 2016</li> </ul>	<ul style="list-style-type: none"> <li>The Bank of Japan (BOJ) continues its monetary easing measures amid global trends of reconsidering monetary easing</li> <li>Long-term yields remain stable under the yield curve control measures by the BOJ</li> <li>Signs of recovery area observed in demand for investment corporation bonds.</li> <li>Caution must be taken as to the future course of monetary policy and yield trends</li> </ul>
Results	<p><u>Progress was made in internal growth mostly as planned.</u></p> <ul style="list-style-type: none"> <li>Occupancy rate based on concluded contracts 98.3% → <b>98.5%</b></li> <li>Upward revision upon contract renewal (monthly rent, net) <b>+8.7</b> million yen</li> <li>Raising of rents upon tenant replacement (monthly rent, net) <b>+3.4</b> million yen</li> </ul>	<p><u>Conducted acquisition of a high-class building in Central Tokyo along with asset replacement by utilizing sponsor pipelines</u></p> <ul style="list-style-type: none"> <li>Acquisition) <ul style="list-style-type: none"> <li>Tokyo Square Garden <b>18.4</b> billion yen</li> </ul> </li> <li>Sale) <ul style="list-style-type: none"> <li>Fukuoka Bldg. <b>3.1</b> billion yen</li> <li>JPR Hakata-chou Bldg. <b>1.9</b> billion yen</li> </ul> </li> </ul>	<p><u>Conducted public offering in January 2017</u></p> <ul style="list-style-type: none"> <li>Total number of units <b>50,000</b> units</li> <li>Total purchase price <b>21,257</b> million yen</li> <li>LTV 43.7% → <b>40.7%</b></li> </ul> <p><u>Further flattened repayment amount of each fiscal period over the long term and reduced debt costs</u></p> <ul style="list-style-type: none"> <li>Average debt cost 1.10% → <b>1.03%</b></li> </ul>
Outlook	<ul style="list-style-type: none"> <li>The impact of mass supply in Central Tokyo in 2018 and thereafter is assumed to be limited, considering the situations of tenant diversification, rent levels and the gap in rents, etc.</li> <li>Contract renewal with upward revision of rents is assumed to proceed steadily, although focus will be made on leasing up tenant cancelations at some buildings as soon as possible</li> </ul>	<ul style="list-style-type: none"> <li><u>Continue vigorously selective investments</u> in office properties in Tokyo and urban retail properties, with a focus on their location and quality.</li> <li>Work to reinforce coordination with the sponsor and focus on acquisitions utilizing it pipelines</li> <li>Debt procurement capacity <ul style="list-style-type: none"> <li>(Maximum LTV of 45%) approx. 35.1 billion yen</li> <li>(Maximum LTV of 50%) approx. 83.2 billion yen</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Focus on refinances with an emphasis on flattening of repayment amount of each fiscal period and lengthening the maturity of debts</li> <li>Find new debt financing providers to expand the scope of available lenders</li> <li>Enhance refinance risk tolerance by expanding liquidity on hand and other measures, in preparation for future changes in the financial environment</li> </ul>



# Occupancy rate remains stable at a high level due to strong demand for office spaces

## Occupancy Rate

- Occupancy rate based on concluded contracts remained at the 98% level and occupancy rate based on generated rents stayed at the 97% level.
- By asset class, occupancy rate remain at the 97% level for office properties and at 100% for retail properties



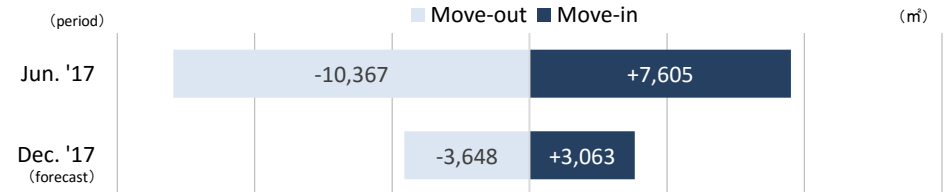
(Occupancy rate based on concluded contracts by asset class / %)

	Dec. '14	Jun. '15	Dec. '15	Jun. '16	Dec. '16	Jun. '17	Dec. '17	Jun. '18
Office	95.9	96.2	96.1	96.8	97.5	97.8	97.6	97.4
Retail	99.6	99.8	100.0	99.9	100.0	100.0	99.7	100.0

1. Occupancy rate based on concluded contracts, occupancy rate based on generated rents and occupancy rate based on concluded contracts by asset class represent period-average figures.  
 2. The figures for the occupancy rate based on concluded contracts and the occupancy rate based on generated rents for the 32nd fiscal period are estimates that reflect consents regarding move-ins and move-outs that will become effective in the fiscal period. The respective figures for the 33rd fiscal period are estimates based on assumptions by JPR regarding move-ins and move-outs becoming effective in the fiscal period.

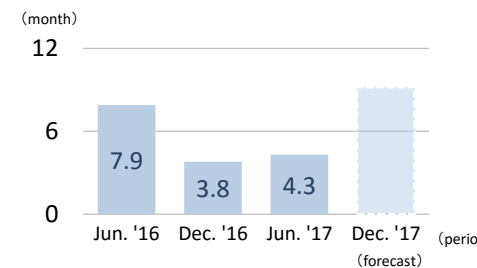
## Move-Ins/Move-Outs and Average of Downtime

- Approx. 60% of the vacancies that arose at JPR properties in the 31st fiscal period have already been either occupied or are under new lease contracts (Move-In/Move-Out Space ▪ Major Move-in and Move-out)

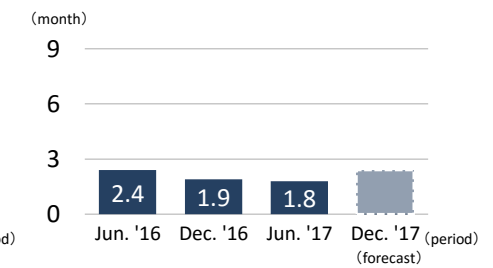


(period)	Major Move-out		Major Move-in	
Jun. '17	MS Shibaura Bldg.	-980m <sup>2</sup>	MS Shibaura Bldg.	+980m <sup>2</sup>
	Tokyo Tatemono Honmachi Bldg.	-2,123m <sup>2</sup>	JPR Sendagaya Bldg.	+817m <sup>2</sup>
	Beneton Shinsaibashi Bldg.	-1,531m <sup>2</sup>	Shinyokohama 2nd Center bldg.	+784m <sup>2</sup>
Dec. '17 (forecast)	Kawaguchi Center Bldg.	-626m <sup>2</sup>	JPR Dojima Bldg.	+1,168m <sup>2</sup>
	JPR Naha Bldg.	-549m <sup>2</sup>		
Jun. '18 (forecast)	Olinas Tower	-3,850m <sup>2</sup>		
	Yakuin Business Garden	-2,909m <sup>2</sup>		
	Tokyo Tatemono Yokohama Bldg.	-1,060m <sup>2</sup>		

(Average downtime)



(Average rent-free period)

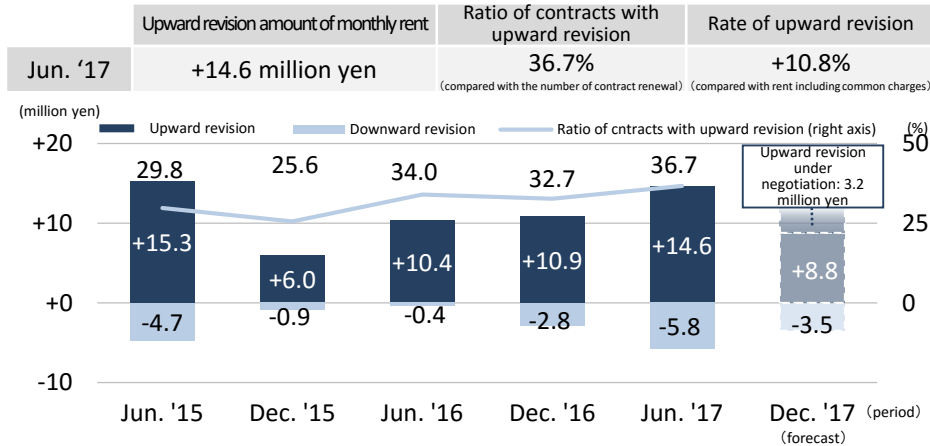


1. Average vacancy period refers to the average period of vacancy between the move-in dates stipulated in the new lease contracts becoming effective in each fiscal period and the move-out days of the previous tenants for the same leased spaces.  
 2. Average rent-free period refers to the average of the rent-free periods agreed upon in new lease contracts becoming effective in each fiscal period.



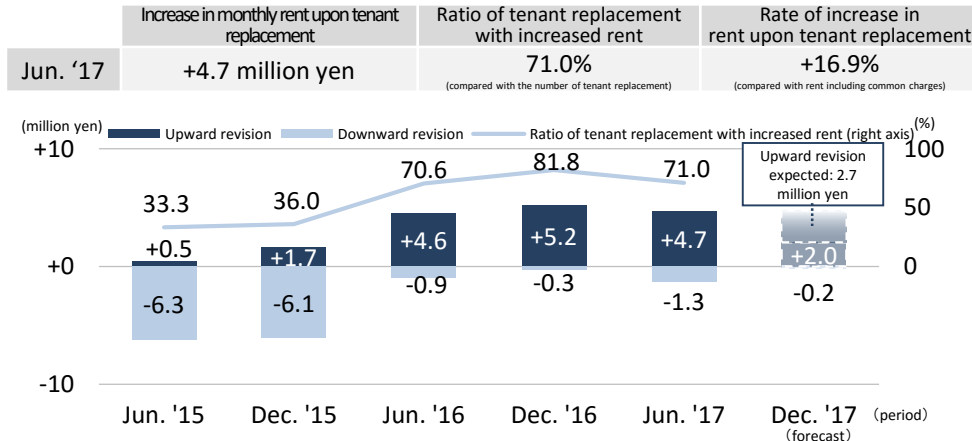
# With upward revision of rents and raising of rents upon tenant replacement remaining at high levels, office rents continued to increase

## Rent Revisions



1. Revised amount of monthly rent indicates the sum total (including common charges) of monthly rent after revision minus monthly rent before revision upon contract renewal with rent revision in each fiscal period. For the revised amount of monthly rent for the 32nd fiscal period, the amount of increase is an estimate based on consents regarding rents becoming effective in the fiscal period, and the amount of decrease is an estimate assumed for the rents becoming effective in the fiscal period.

## Rent upon Tenant Replacement (increase/decrease of rent through tenant replacement)



1. Change amount in monthly rent upon tenant replacement indicates the sum total (including common charges) of monthly rent after tenant replacement minus monthly rent before tenant replacement in each fiscal period. The change amount of monthly rent upon tenant replacement for the 32nd fiscal period is an estimate based on consents regarding move-ins/move-outs and rents becoming effective in the fiscal period.

## Example of value enhancement initiatives (JPR Dojima Bldg.)



### Shifting tenant composition in accordance with location characteristics

- Changed the operation system (including change in building service hours) to assume invitation of shop-type tenants, shifting from the conventional style of mainly inviting office-type tenants, and conducted renovations (common areas, exclusive areas, security and LED lamps)
- Took measures to increase earnings, such as effectively using signboards and other assets for advertisement

### Successfully invited shop-type tenants

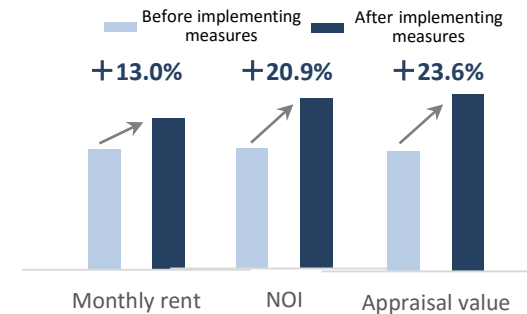
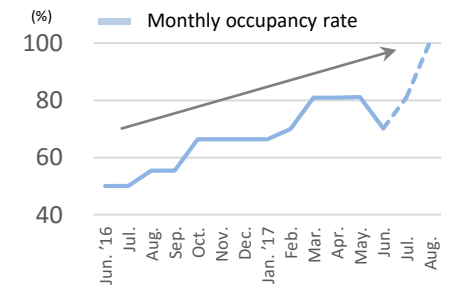
- The ratio of shop-type tenants in office sections (by area) increased after tenant replacement

Floor	Before tenant replacement	After tenant replacement
9	Office-type	Office-type
8	Shop-type	Shop-type
7	Shop-type	Shop-type
6	Shop-type	Shop-type
6	Office-type	Office-type
5	Office-type	Office-type
4	Office-type	Office-type
3	Office-type	Shop-type
2	Office-type	Shop-type
1	Shop-type	Shop-type

Office-type	75%	42%
Shop-type	25%	58%

### Significantly contributed to internal growth

- Full occupancy achieved in August 2017
- Earnings improved sharply, with appraisal value also rising



1. NOI indicates a comparison on the assumption of leased spaces fully occupied and advertisement facilities fully placed with advertisement.

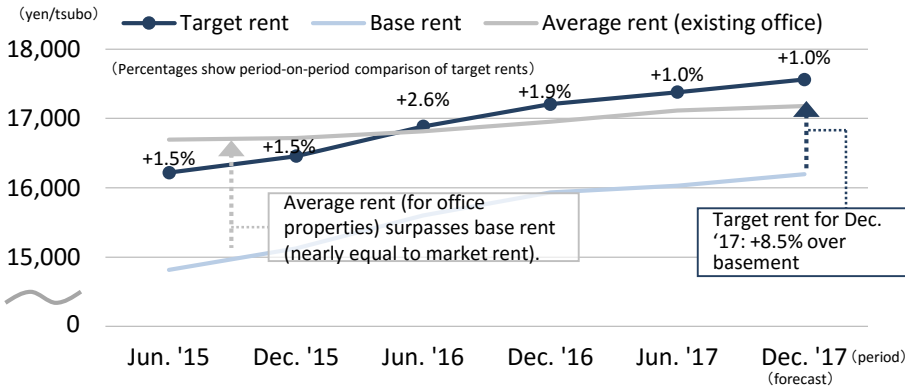
## Continuously raise average rent by strategically utilizing target rent

### Continue endeavors on upward revision of rents for lease contracts with ongoing rents that are lower than the target rents

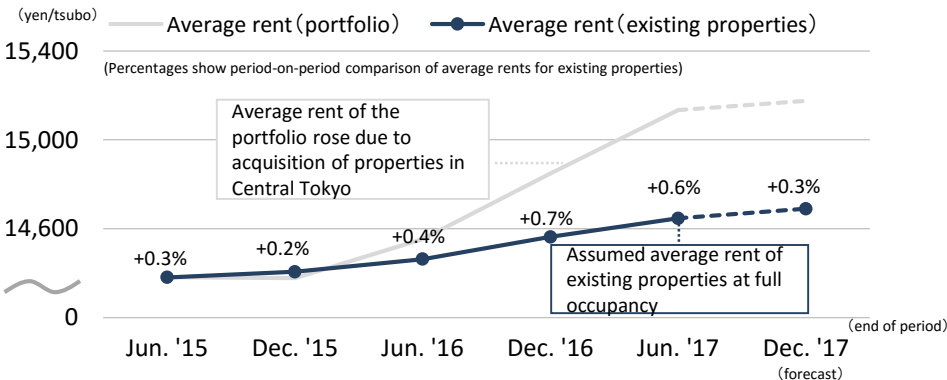
#### Target Rents and Average Rents

##### (Target Rents)

- JPR sets target rents, primarily for office properties, in order to raise rent



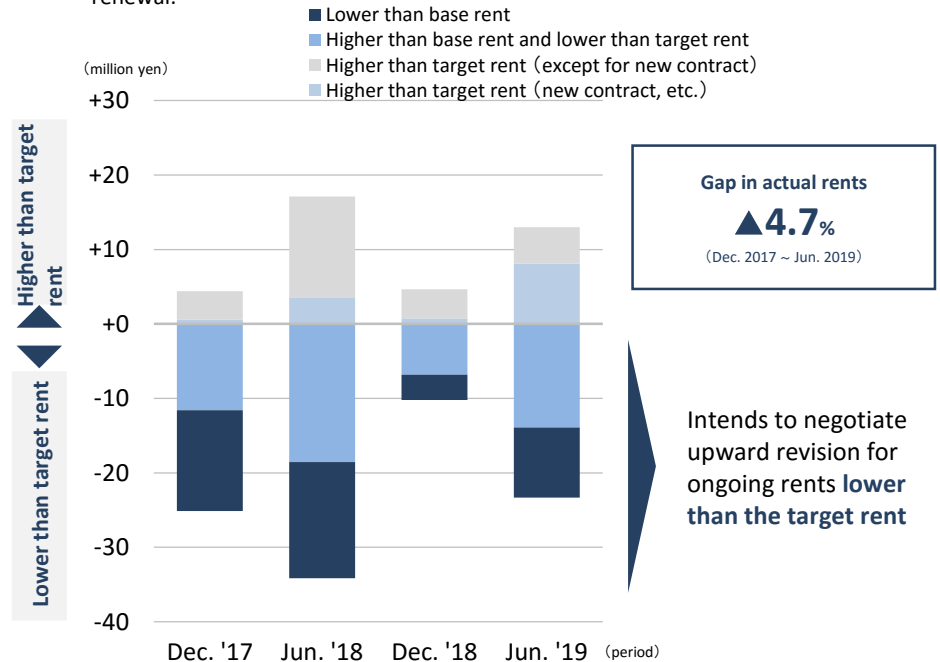
##### (Average Rents)



- Base rent refers to the rent level (the lowest limit) JPR sets for each fiscal period as the base for inviting new tenants and revising rents for existing tenants, primarily for office properties, and are set at roughly the same level as market rent. Target rent is the rent level JPR sets for each fiscal period in order to raise rents. Target rent is used as a guideline in conducting negotiations on rents, and JPR makes it a policy to set the base rate as the lowest limit (target rent  $\geq$  base rent).
- Existing properties represent the properties JPR has continuously owned since the 26th fiscal period (Dec. 2014)

#### Status of Rent Levels by Fiscal Period with Contract Renewal (office properties)

- Although the ongoing rents of office properties JPR owns are at higher levels than market rent (nearly equal to the base rent), JPR will conduct upward revision for ongoing rents that are lower than the target rent.
- Because many of the ongoing rents of lease contracts to be revised in the future are lower than the target rent, JPR intends to negotiate upward revision upon contract renewal.

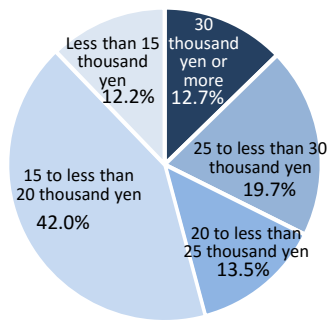


- Status of Rent Levels by Fiscal Period with Contract Renewal (office properties) indicates the compilation of the difference of monthly amount, obtained by subtracting the target rent from the ongoing rent for contracts to be renewed in the 32nd fiscal period ending Dec. 2017 through the 35th fiscal period ending Jun. 2019, for office properties JPR owns. The compilation is classified as "higher than target rent (new contract)" for ongoing rents in new contracts in the last three years higher than the target rent; "higher than target rent (excluding new contract)" for ongoing rents excluding said new contracts higher than the target rent; "lower than target rent and higher than base rate" for ongoing rents lower than the target rent but higher than the base rate, and "lower than target rent" for ongoing rents lower than the target rent.
- Gap in actual rents refers to the ratio obtained by dividing the difference of monthly amount (or, of the difference of monthly amount after deducting the target rent from the ongoing rent for contracts to be renewed in the 32nd fiscal period ending Dec. 2017 through the 35th fiscal period ending Jun. 2019, the difference of monthly amount after deducting the rents higher than the target rent (excluding new contract rents) from the sum total of rents that are lower than the base rent and rents that are lower than the target rent but higher than the base rent) by the monthly rent that serves as the calculation base.

## The impact of mass supply of large-scale buildings in central Tokyo is limited as the ratio of office properties and large tenants at high rent levels is low

### Ratio of JPR Properties by Rent Level

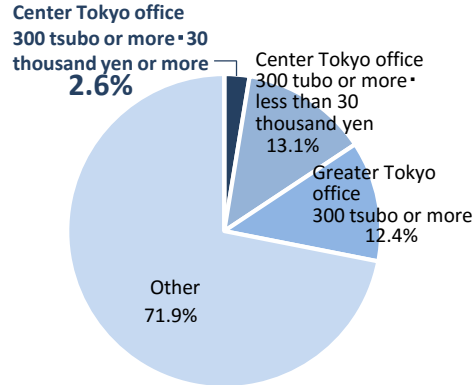
(Ratio of JPR office properties by rent level  
(Central Tokyo and Greater Tokyo))



**With a low ratio of owned properties at high rent levels, few properties compete against large-scale office properties**

- Of the office properties in Central Tokyo and Greater Tokyo, 12.7% of the properties have an average rent per tsubo of at least 30,000 yen (comparison of monthly rent).
  - Of which, the ratio is 4.8% for existing properties excluding Tokyo Square Garden.
1. Ratio of JPR office properties by rent level (Central Tokyo and Greater Tokyo) refers to the ratio of monthly rent, by average unit rent per property, against the total monthly rent of office properties JPR owns in Central Tokyo and Greater Tokyo as of June 30, 2017.

(Ratio of tenants occupying floor space of 300 tsubos or more)



**With a low share of large tenants at high rent levels, the impact of move-outs by large tenants is limited**

- The ratio of tenants occupying floor space of 300 tsubos or more at office properties in Central Tokyo is 15.7%.
  - Of which, the ratio of tenants with an average unit rent of 30,000 yen or more is 2.6%.
  - Of which, the ratio for existing properties excluding Tokyo Square Garden is 1.5%.
1. Ratio of JPR properties with occupied floor space of 300 tsubos or more per tenant refers to the ratio of each leased floor space in the "sum total of leased floor with leased floor space of 300 tsubos or more and with rent of 30,000 yen or more per tsubo at JPR office properties in Central Tokyo," "sum total of leased floor with leased floor space of 300 tsubos or more and with rent of less than 30,000 yen per tsubo in the same category as above," "sum total of leased floor with leased floor space of 300 tsubos or more at JPR office properties in Greater Tokyo" and "Others" against the total leased floor space of properties JPR owns as of Jun. 30, 2017.

### Ratio of JPR Properties by Size and by Area

**The number of JPR's competing properties in Chiyoda and Minato Wards, on which mass supply will be focused, is small**

The area and percentage figures in the table represent the values based on the floor space for lease, with the figure in parenthesis indicating the number of properties.

Size	Tokyo's five central wards	Chiyoda Ward	Chuo Ward	Minato Ward	Shibuya Ward	Shinjuku Ward	Greater Tokyo	Other cities	Entire portfolio
Very large	48,602m <sup>2</sup> (4)		5,985m <sup>2</sup> (1)	14,468m <sup>2</sup> (1)		28,148m <sup>2</sup> (2)	49,033m <sup>2</sup> (4)		97,636m <sup>2</sup> (8)
	15.6%		1.9%	4.7%		9.1%	15.8%		31.4%
Large	31,948m <sup>2</sup> (4)	3,325m <sup>2</sup> (1)	7,994m <sup>2</sup> (1)	5,401m <sup>2</sup> (1)		15,227m <sup>2</sup> (1)	28,114m <sup>2</sup> (4)	43,333m <sup>2</sup> (5)	103,701m <sup>2</sup> (13)
	10.3%	1.1%	2.6%	1.7%		4.9%	9.1%	13.9%	33.4%
Medium-size	46,452m <sup>2</sup> (14)	13,308m <sup>2</sup> (4)	17,096m <sup>2</sup> (6)	5,106m <sup>2</sup> (2)	10,941m <sup>2</sup> (2)		36,729m <sup>2</sup> (6)	26,410m <sup>2</sup> (6)	109,592m <sup>2</sup> (26)
	14.9%	4.3%	5.5%	1.6%	3.5%		11.8%	8.5%	35.2%
Total	127,003m <sup>2</sup> (22)	16,633m <sup>2</sup> (5)	31,076m <sup>2</sup> (8)	24,976m <sup>2</sup> (4)	10,941m <sup>2</sup> (2)	43,376m <sup>2</sup> (3)	114,183m <sup>2</sup> (14)	69,743m <sup>2</sup> (11)	310,930m <sup>2</sup> (47)
	40.8%	5.3%	10.0%	8.0%	3.5%	14.0%	36.7%	22.4%	100.0%

Amount of very large office supply  
(Tokyo's five central wards, 2017-2021)

abt. 1130 thousand m <sup>2</sup>	abt. 410 thousand m <sup>2</sup>	abt. 980 thousand m <sup>2</sup>	abt. 550 thousand m <sup>2</sup>	abt. 170 thousand m <sup>2</sup>
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1. Buildings are classified as "medium-sized," "large" and "very large" in accordance with the total floor space of "3,000m<sup>2</sup> to less than 10,000m<sup>2</sup>," "10,000m<sup>2</sup> to less than 30,000m<sup>2</sup>" and "30,000m<sup>2</sup> or more," respectively.  
 2. Land with leasehold interest, such as The Otemachi Tower, is excluded from the calculation.  
 3. New supply in 2017 and thereafter by floor space is estimated based on the surveys conducted by TRIM.

# JPR's retail properties are situated in prime locations or in areas close to stations and with high commercial potential

The 14 properties comprising the retail portfolio are all located within a 5-minute walk from the nearest station

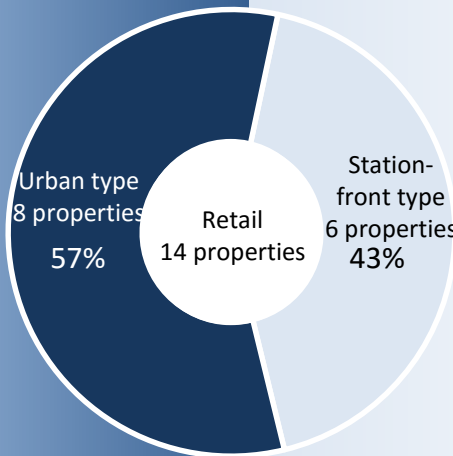
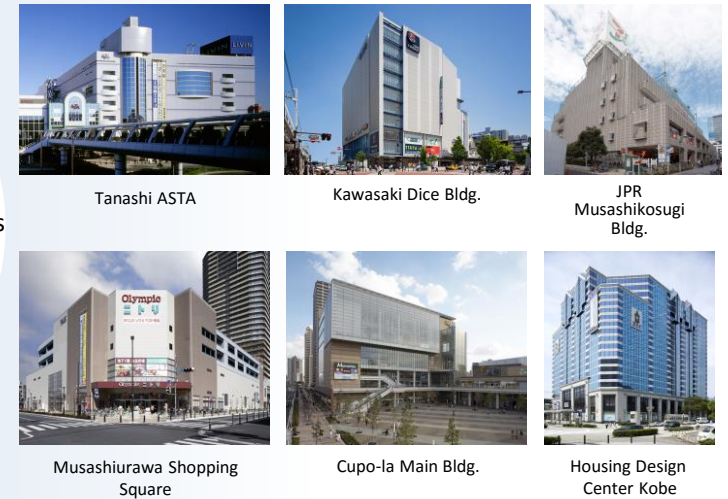
Portfolio breakdown

Type	Urban type	Station-front type
Characteristics	Urban retail properties situated on prime locations in Tokyo and Osaka	Retail properties located in front of stations near Tokyo and in major regional cities
NOI yield	4.1%	6.2%

8 properties / 54.76 billion yen (asset size)



6 properties / 46.18 billion yen (asset size)

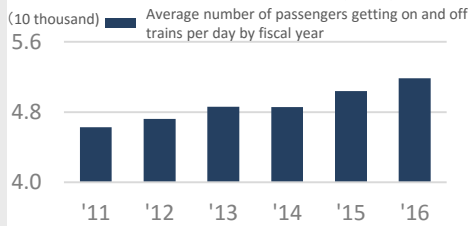


Commercial Potential of Station-Front Type properties

Musashiurawa Shopping Square

Acquisition price and date	4,335 million yen / Mar. 2007
Nearest station	3-minute walk from Musashi Urawa Station on the JR Lines
Total floor space (entire building)	28,930 m <sup>2</sup>
Building ownership ratio	50.0%

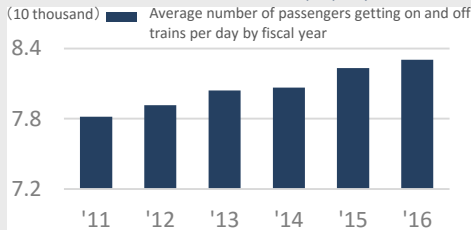
- An area of high growth potential due to continuous condominium development, with an increasing number of passengers getting on and off trains
- A highly competitive property that can serve customers visiting by train or by car, as it is located between the station and National Highway Route 17



Cupo-la Main Bldg.

Acquisition price and date	2,100 million yen / Mar. 2006
Nearest station	1-minute walk from Kawaguchi Station on the JR Lines
Total floor space (entire building)	48,321 m <sup>2</sup>
Building ownership ratio	16.7%

- A property boasting the ability to attract customers, being among the highest in the area, as it is directly connected to Kawaguchi Station with a pedestrian deck
- Features location advantages in attracting customers, with such public facilities as the city's Central Library and Administration Center housed in the property

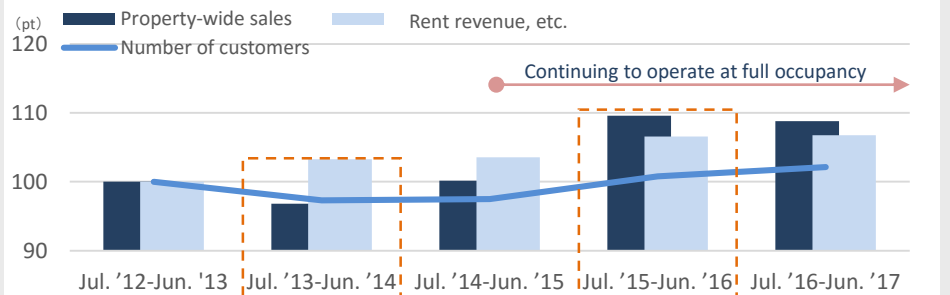


Example of Sales Status and Measures of Station-Front Properties

Kawasaki Dice Bldg.

Acquisition price and date	15,080 million yen / Apr. 2007
Nearest station	1-minute walk from Keikyu Kawasaki Station on the Keikyu Main Lines
Total floor space (entire building)	36,902 m <sup>2</sup>
Building ownership ratio	46.6%

- Successfully increased the property-wide sales, number of customers paying at cash registers and rent revenue by conducting renovations, holding various events and implementing sales promotion measures, etc.
- Income from holding events almost tripled in the Jul. 2014 and thereafter compared to the results for Jul. 2012 through Jun. 2013
- Continuing to operate at full occupancy since May 2015
- Plans to implement environmentally-friendly renovations in November 2018, timed to the property's 15th anniversary



**Renovations (1) Nov. 2013**

Conducted renovations with total construction costs of approx. 160 million yen centering on the external façade, entrance and common area environment on the 1st through 3rd floors, upon celebrating the 10th anniversary since opening

**Renovations (2) Nov. 2015**

Conducted environmentally-friendly renovations for the restaurant floor on the 6th floor, with the intention to improve eatery sales

1. "Average number of passengers getting on and off trains per day by fiscal year" has been prepared by TRIM based on the figures published by the railway company.

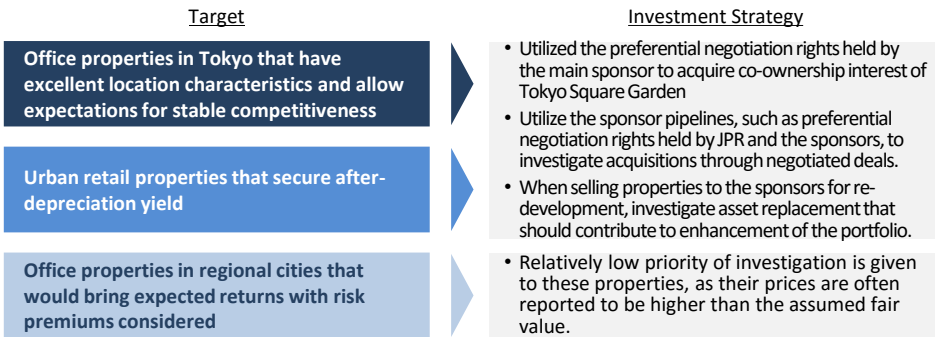
1. "Property-wide sales", "rent-revenue, etc." and the "number of customers paying at cash registers" indicate the changes in index, with the figures for fiscal Jul. 2012- Jun. 2013 set at 100.



# Take advantage of the sponsor pipelines, such as preferential negotiation rights, and opportunities of asset replacement

## Utilized the Preferential Negotiation Rights Held by the Main Sponsor

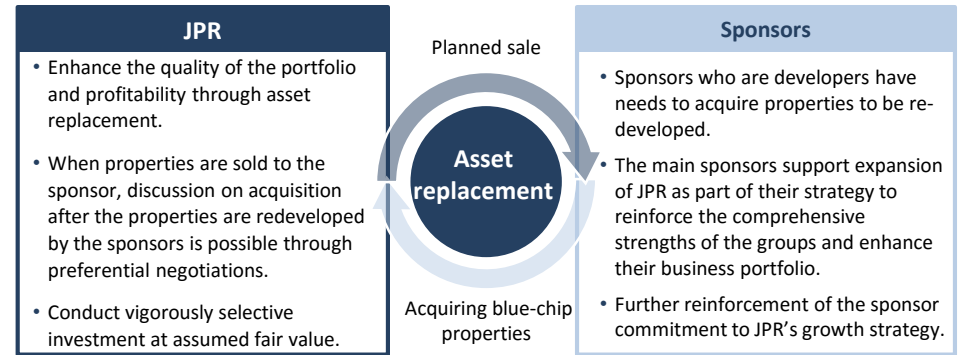
(Investment target)



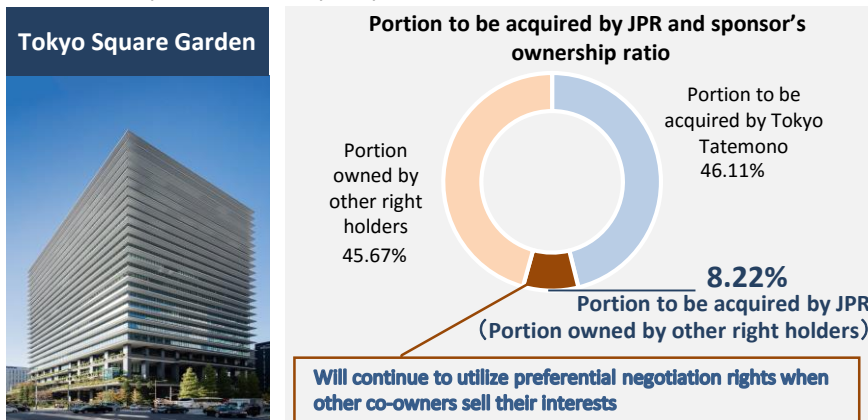
## Continue External Growth by Utilizing Asset Replacement

(Asset replacement policy)

- Aim to build a strong and solid portfolio by systematically promoting asset replacement.



## Acquisition from Other Right Holders by Utilizing Preferential Negotiation Rights (Case for acquisition of Tokyo Square Garden)



(Replaced properties [acquired in 30th (Dec. 2016)])



(Replaced properties [sold in 31st period (Jun. 2017)])



## Urban development business of the main sponsor

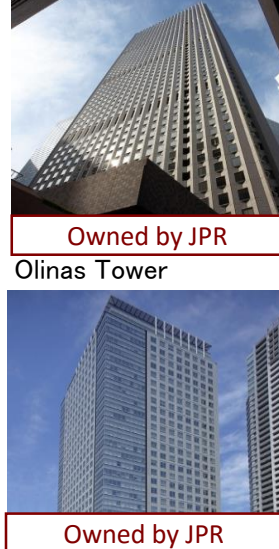
### ■ Examples of development projects by Tokyo Tatemono Co., Ltd.

#### ○ Large-scale redevelopment projects

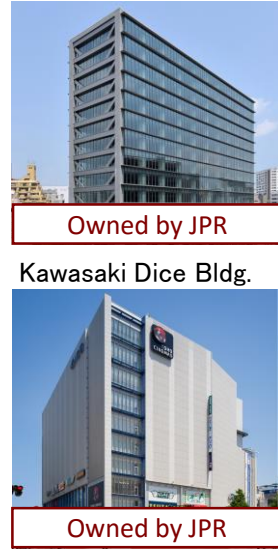
The Otemachi Tower



Shinjuku Center Bldg.



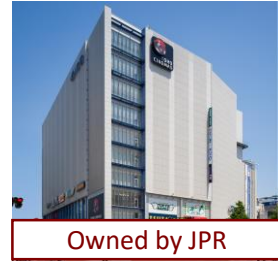
Yakuin Business Garden



Olinas Tower



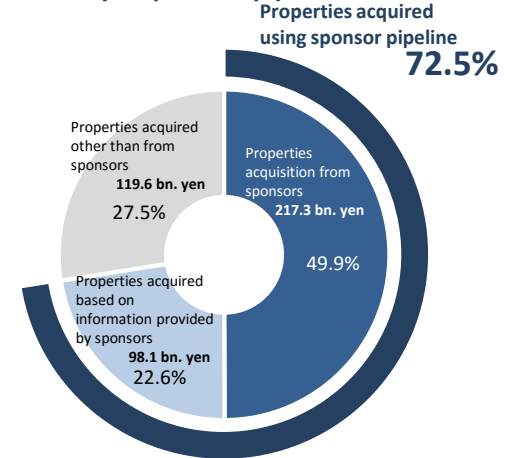
Kawasaki Dice Bldg.



JPR's top 5 properties were either acquired through sponsor pipelines or developed by the main sponsor

	Properties name	Bn. yen
1	The Otemachi Tower (land leasehold interest)	36.0
2	Olinas Tower	31.3
3	Shinjuku Center Bldg.	21.0
4	Tokyo Square Tower	18.4
5	Kanematsu Bldg.	16.2

#### Break down acquisition price by acquisition pipeline



#### ○ FUNDES Series

(Urban compact retail properties)

• FUNDES Suidobashi (opened in Aug. '15)

Owned by JPR

• FUNDES Jinbocho (opened in Nov. '16)

• FUNDES Ueno (opened in Jul. '17)

• Tenjin (planned completion in '18)

• Ginza (planned completion in '19)

• Gotanda (details to be determined)



#### ○ Hotels specialized in overnight stays

- Roppongi (149 guestrooms/ planned to open in Oct. '17)
- Ginza (approx. 200 guestrooms/ completion : 2018 (planned))
- Asakusa (125 guestrooms/ planned to complete in '18)
- Midousuji (309 guestrooms/ completion: 2019 (planned))
- Kyoto (detail to be determined)



Candeo Hotels Tokyo Roppongi

1. For the properties shown in this slide other than those that are already owned by JPR, no specific negotiations for acquisition are underway with Tokyo Tatemono and JPR has no plans to acquire any of them at present.



# Flatten repayment amount for each fiscal period and reduce debt costs

## Financial Indicators and Credit Rating Status

- Reduced average debt cost while extending the average maturity under the procurement policy focused on stability through borrowing long-term, fixed interest rate debt
- LTV lowered by 3 percentage points due to public offering in January 2017, expanding debt procurement capacity

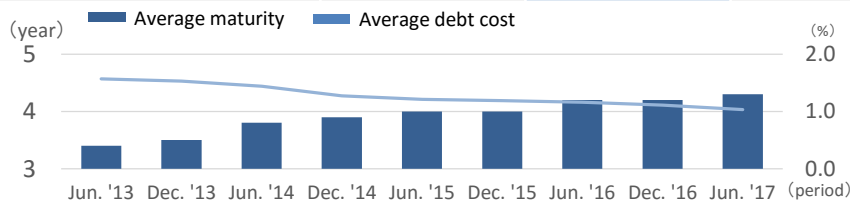
	Dec. 2016	Jun. 2017	Change
<b>(Status of Borrowings by Fiscal Period)</b>			
New debt	18.0 bn. yen	19.0 bn. yen	+1.0 bn. yen
Average maturity (change)	7.4 years (+2.8 years)	4.4 years (-0.6 years)	-3.0 years
Average borrowing interest rate (change)	0.52 % (-0.52 %)	0.37 % (-0.87 %)	-0.15 %

## (Status of entire interest-bearing debts)

Total interest-bearing debts	188.9 bn. yen	181.3 bn. yen	-7.6 bn. yen
Average maturity	4.2 years	4.3 years	+0.1 years
Average debt cost	1.10%	1.03%	-0.07%
Ratio of long-term, fixed interest rate debts	96.3%	100%	+3.7%

## (LTV)

LTV(based on total assets)	43.7%	40.7%	-3.0%
Acquisition capacity (maximum LTV of 50%)	54.3 bn. yen	83.2 bn. yen	+28.9 bn. yen
Acquisition capacity (maximum LTV of 45%)	10.1 bn. yen	35.1 bn. yen	+25.0 bn. yen

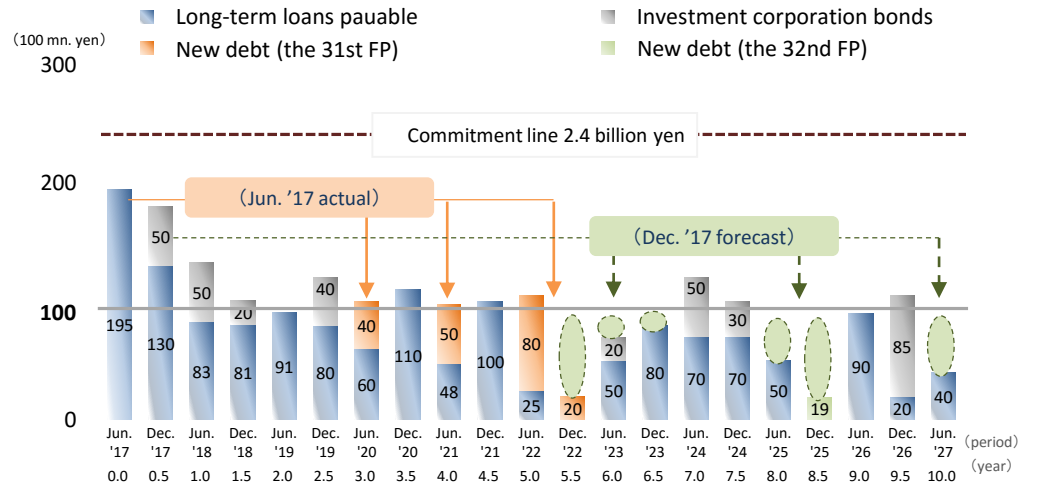


1. New debts, average maturity (change from before refinancing) and average borrowing interest (change from before refinancing) have been calculated by excluding short-term loans payable. Furthermore, JPR made early repayment of 7.0 billion yen in short-term loans, which JPR newly borrowed in the 30th fiscal period, on January 24, 2017.

## Flattening of Repayment Amount for Each Fiscal Period over the Long Term and Debt Cost Reductions

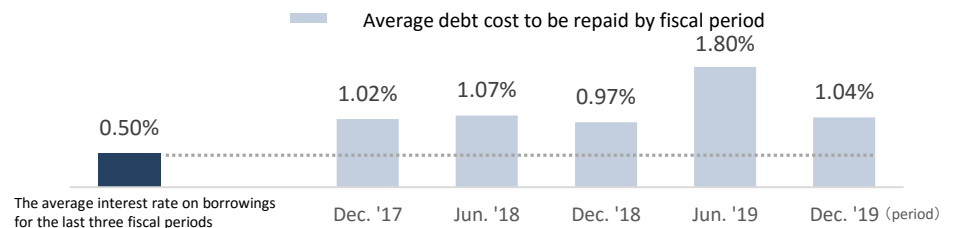
### Term and Debt Cost Reductions

- Flatten repayment amount for each fiscal period at around 10 billion yen as a target in 34th fiscal period ending Dec. 2018 and thereafter  
⇒Secure refinancing risks by setting a commitment line with a credit limit that surpasses the annual repayment amount
- For the 31st fiscal period ended Jun. 2017, flattened repayment amount for each fiscal period and reduced debt costs as planned
- For the 32nd fiscal period ending Dec. 2017, place emphasis on flattening repayment amounts for each fiscal period over the long term, and also aim to reduce debt costs



## (Average debt cost by repayment date for the 32nd fiscal period ending Dec. 2017 and thereafter)

- The average interest rate on borrowings for the last three fiscal periods was lower than the average cost of debt that will mature in the future



The average interest rate on borrowings for the last three fiscal periods

1. The cost indicates the actual interest rate applied to the latest borrowings as a reference figure, and does not mean that it will be applied to future borrowings.  
2. "Average interest rate on borrowings for the last three fiscal periods" indicates the average interest rate on new debt (excluding short-term loans payable) borrowed in the 30th fiscal period ended Dec. 2016 through the 31st fiscal period ended Jun. 2017.



JAPAN PRIME REALTY INVESTMENT CORPORATION

3. Financial Results and Forecasts of Financial Results

## Results of the 31st fiscal period ended of June 2017

**DPU:7,213 yen (up165 yen, or up 2.3%, period-on-period)**

JPR issued new investment units through public offering in January 2017, but will keep stable growth of distribution per unit

JPR internally reserved the gain on sale of real estate regarding in order to secure stable management and distributions in the future

Item		30th Period (Dec.31, 2016)	31st Period (Jun. 30, 2017)	Change
Revenue and profit (million yen)	Operating revenue	15,105	15,118	+12
	(Of which, gain on sale of properties)	(0)	(210)	(+210)
	Operating expenses	7,944	7,370	-574
	(Of which, loss on sale of properties)	(300)	-	(-300)
	Operating income	7,161	7,747	+586
	Non-operating income	7	96	+88
	Non-operating expenses	1,015	976	-38
	Ordinary income	6,153	6,868	+714
	Net income	6,152	6,867	+714
Rserve (million yen)	Transferred from reserve	0	210	+209
DPU (yen)	(per unit)	7,048	7,213	+165
Operating indicators (million yen)	NOI	10,090	10,216	+125
	NOI yield (book value)	5.1%	5.0%	-0.1%pt
	Rental income - real estate	8,206	8,308	+101
	After-depreciation yield (book value)	4.2%	4.1%	-0.1%pt
	Depreciation	1,884	1,907	+23
	Capital expenditures	724	563	-161
	Repairs and maintenance	586	246	-340
	Average occupancy rate	98.3%	98.5%	+0.2%pt
	Period-end occupancy rate	98.6%	98.0%	-0.6%pt
	Number of units outstanding (units)	873,000	923,000	+50,000

### Major Factors of Period-on-Period Changes (JPY mn)

<b>Net income</b>	<b>+714</b>	* Impacts on net income indicated by plus and minus
<b>Rental income</b>	<b>+101</b>	
	Increase in rent revenue (existing properties)	+78
	Contribution in rent revenue (properties acquired in 30th and 31st period)	+459
	Lack of rent revenue (properties sold in 30th and 31st period)	-78
	Decrease in cancellation penalty, etc. and income equivalent to expense for restoration to original condition	-581
	Decrease in incidental income	-84
	Increase in other income	+8
	Decrease in utilities expense	+23
	(Reference) Deterioration in the balance of utilities expenses (incidental income-utilities expense)	-61
	Decrease in repairs and maintenance utilities expenses	+340
	Increase in other expense	-64
<b>Gain or loss on sale of properties</b>	<b>+510</b>	(Lack of loss on sale of properties in 30th period and gain on sale of properties in 31st period)
<b>Nonoperating income</b>	<b>+127</b>	
	Appropriation of settlement on management association accounts (the item is recorded primarily in fiscal periods ending June each year)	+85
	Decrease in interest expense on loans and investment corporation bond	+44
	Other change in non-operating income and extraordinary income or loss	-2

1. With regard to the gain on sale of real estate for the 31st fiscal period, JPR recorded 210 million yen as reserve for reduction entry, applying the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (Article 66-2 of the Act on Special Measures Concerning Taxation).

## Results of the 31st fiscal period ended June 2017

### DPU compared with the forecast at beginning of period: up 73 yen (up 1.0%)

Achieved a period-on-period increase in operating revenue due to continuous growth of rent revenue and recording of non-operating income

Item		31st Period (Forecast)	31st Period (Result)	Change
Revenue and profit (million yen)	Operating revenue	15,106	15,118	+11
	(Of which, gain on sale of properties)	(209)	(210)	(+0)
	Operating expenses	7,366	7,370	+4
	Operating income	7,740	7,747	+7
	Non-operating income	39	96	+56
	Non-operating expenses	978	976	-2
	Ordinary income	6,801	6,868	+66
	Net income	6,800	6,867	+66
Reserve (million yen)	Transferred from reserve	209	210	+0
DPU (yen)	(per unit)	7,140	7,213	+73
Operating indicators (million yen)	NOI	10,224	10,216	-8
	NOI yield (book value)	5.0%	5.0%	-%pt
	Rental income - real estate	8,310	8,308	-2
	After-depreciation yield (book value)	4.1%	4.1%	+0.0%pt
	Depreciation	1,913	1,907	-6
	Capital expenditures	841	563	-278
	Repairs and maintenance	241	246	+4
	Average occupancy rate	98.1%	98.5%	+0.4%pt
	Period-end occupancy rate	97.2%	98.0%	+0.8%pt
Number of units outstanding (units)		923,000	923,000	-

Major Factors of Changes from Forecasts		(JPY mn)
Net income	+66	* Impacts on net income indicated by plus and minus
Rental income	-2	
<u>Increase in rent revenue</u>		+28
<u>Increase in cancellation penalty, etc. and income equivalent to expense for restoration to original condition</u>		+18
Decrease in incidental income		-42
Increase in other income		+5
Increase in utilities expense		-8
<u>(Reference) Deterioration in the balance of utilities (incidental income - utilities expense)</u>		-50
Increase in repairs and maintenance utilities expenses		-4
Decrease in other expense		+0
<b>Nonoperating income</b>	<b>+59</b>	
<u>Increase in settlement on management association accounts</u>		+53
Decrease in interest expense on loans and investment corporation bond		+2
Other change in non-operating and extraordinary income or loss		+3

1. Forecasts of financial results for the 31st fiscal period ended June 2017 are the figures announced on February 14, 2016, based on the following assumptions.  
Investment properties owned: Total 62 properties (assuming a property added by acquisition and two properties reduced by transfer from the properties owned at end of the 31st period),  
average occupancy rate: 98.1%(an estimate that reflect consents regarding move-ins and move-outs that will become effective in the fiscal period)  
LTV (based on total assets): 40.7% (end of 31st period)

## Forecast of the 32nd fiscal period ending December 2017

**DPU: 7,220 yen (up 7 yen, or up 0.1%, from 31st period actual results)**

Rent revenue will continue to increase period-on-period, with newly acquired properties operating for the entire fiscal period

Aim to achieve further growth of distribution per unit by steadily implementing measures designed for the medium-term target

Item		31st Period (Result)	32nd Period (Forecast)	Change
Revenue and profit (million yen)	Operating revenue	15,118	15,073	-45
	(Of which, gain on sale of properties)	(210)	-	(-210)
	Operating expenses	7,370	7,494	+124
	Operating income	7,747	7,578	-169
	Non-operating income	96	4	-92
	Non-operating expenses	976	917	-58
	Ordinary income	6,868	6,664	-203
	Net income	6,867	6,664	-203
Reserve (million yen)	Provision of reserve	210	-	-210
DPU (yen)	(per unit)	7,213	7,220	+7
Operating indicators (million yen)	NOI	10,216	10,271	+55
	NOI yield (book value)	5.0%	4.9%	-0.1%pt
	Rental income - real estate	8,308	8,346	+37
	After-depreciation yield(book value)	4.1%	4.0%	-0.1%pt
	Depreciation	1,907	1,925	+17
	Capital expenditures	563	911	+347
	Repairs and maintenance	246	278	+31
	Average occupancy rate	98.5%	98.2%	-0.3%pt
Period-end occupancy rate	98.0%	97.9%	-0.1%pt	

**Major Factors of Period-on-Period Changes** (JPY mn)  
**Net income** **-203** \* Impacts on net income indicated by plus and minus

<b>Rental income</b>	<b>+37</b>
<u>Increase in rent revenue (existing properties)</u>	<u>+52</u>
<u>Contribution in rent revenue (properties acquired in 31st period)</u>	<u>+169</u>
<u>Lack of rent revenue (properties sold in 31st period)</u>	<u>-93</u>
<u>Decrease in cancellation penalty, etc. and income equivalent to expense for restoration to original condition</u>	<u>-56</u>
Increase in incidental income	+103
Decrease in other income	-9
Increase in utilities expense	-71
Decrease in incidental income	-84
(Reference) Improvement in the balance of utilities expenses (incidental income expenses - utilities expenses)	+71
<u>Increase in repairs and maintenance utilities expenses</u>	<u>-31</u>
<u>Increase in other expenses</u>	<u>-24</u>

**Gain or loss on sale of properties** **-210**  
(Lack of gain on sale of properties in 31st period)

<b>Nonoperating income</b>	<b>-33</b>
<u>Lack of settlement on management association accounts (the item is recorded primarily in fiscal periods ending June each year)</u>	<u>-84</u>
<u>Increase in interest expense on loans and investment corporation bond</u>	<u>+38</u>
Other change in non-operating income and extraordinary income or loss	+12

Number of units outstanding (units)	923,000	923,000	-
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1. Forecasts of financial results for the 32nd fiscal period ended December 2017 based in the following assumption.

Investment properties owned: Total 62 properties (end of the 31st period)

Average occupancy rate: 98.2% (an estimate that reflect consents regarding move-ins and move-outs that will become effective in the fiscal period)

LTV (based on total assets): 40.6% (end of 32nd period)

## Forecast of the 33rd fiscal period ending June 2018

### Rental income – real estate, etc.: -264 million yen (compared with the 32nd period)

Although a period-on-period decrease in rent revenue and an increase in property taxes and city planning taxes are anticipated, JPR expects cash distributions to remain at the 32nd fiscal period level due to recording of non-operating income

Item		32nd Period (Forecast) Dec. 2017	33rd Period (Forecast) Jun. 2018	Change
Revenue and profit (million yen)	Rental revenue-real estate (a)	15,073	14,977	-95
	Expenses related to rent business (b)	6,727	6,896	+169
	Gain on sale of properties	-	-	-
	Loss on sale of properties	-	-	-
	Rental income-real estate, etc.	8,346	8,081	-264
Operating indicators (million yen)	NOI	10,271	10,029	-242
	NOI yield (book value)	4.9%	4.9%	-0.0%pt
	Rental income-real estate (a-b)	8,346	8,081	-264
	After-depreciation yield (book value)	4.0%	4.0%	-0.0%pt
	Depreciation	1,925	1,948	+22
	Capital expenditures	911	1,187	+276
	Repairs and maintenance	278	311	+32
	Average occupancy rate	98.2%	98.2%	-0.0%pt
	Period-end occupancy rate	97.9%	98.1%	+0.2%pt

Major Factors of Period-on-Period Changes		(JPY mn)
Rental income – real estate, etc.	-264	
<b>Rental income</b>	<b>-264</b>	
Decrease in rent revenue		-17
Lack of cancellation penalty, etc. and income equivalent to expense for restoration to original condition		-6
Decrease in incidental income		-71
Decrease in other income		-0
Decrease in utilities expense		+47
<u>(Reference) Deterioration in the balance of utilities expenses (incidental income - utilities expense)</u>		<u>-23</u>
<u>Increase in repairs and maintenance utilities expenses</u>		<u>-32</u>
<u>Increase in property and other taxes</u>		<u>-165</u>
Decrease in other expense		-18
<b>Gain on sale of properties</b>	-	

1. Rental income – real estate, etc. represents income obtained by adding or subtracting gain or loss on sale of real estate to or from rental income – real estate.

2. Forecasts of financial results for the 33rd fiscal period ending June 2018 based in the following assumption.

Investment properties owned: Total 62 properties (end of the 32nd period)

Average occupancy rate: 98.2% (an estimate that reflects consents regarding move-ins and move-outs that will become effective in the fiscal period)

LTV (based on total assets): 40.6% (end of 33rd period)

## Rental income – real estate for the 33rd fiscal period ending June 2018 will decrease by 125 million yen, or down 1.5%, from the 30th fiscal period

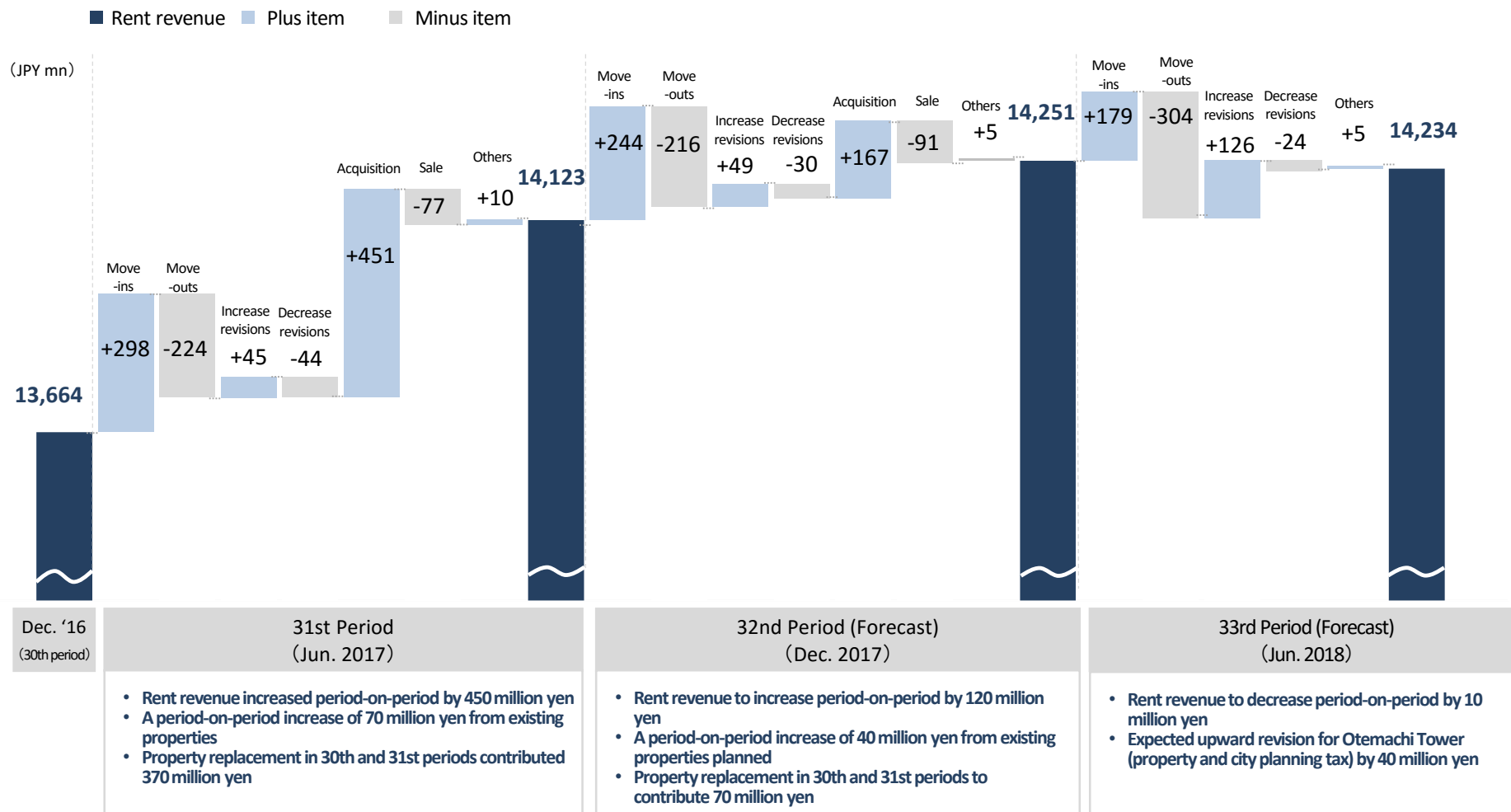
Rental income – real estate is expected to increase by 242 million yen if special factors (decreases in cancellation penalties, etc., income equivalent to expenses for restoration to original condition and repairs and maintenance) are excluded

Item	30th Period (Dec. 31, 2016)	31st Period (Jun. 30, 2017)	32nd Period (Dec. 31, 2017)	33rd Period (Jun. 30, 2018)	33rd Period (compared with 30th Period)	
					Amount of Change	%
Rental revenue - real estate	15,105	14,907	15,073	14,977	-127	-0.8
Rent revenue (fixed income)	13,664	14,123	14,251	14,234	+570	+4.2
Rents and common charges	11,700	12,149	12,271	12,205	+504	+4.3
Land rents	1,581	1,580	1,581	1,624	+43	+2.8
Other fixed income	382	393	398	404	+21	+5.7
Other rental revenue (variable income)	1,441	783	821	743	-697	-48.4
Incidental income	767	682	785	714	-52	-6.9
Cancellation penalty, etc.	398	31	2	4	-394	-99.0
Income equivalent to expenses for restoration to original condition	249	35	8	-	-249	-100.0
Other variable income	25	34	25	24	-0	-3.7
Expenses related to rent business (excluding depreciation)	5,014	4,691	4,801	4,948	-66	-1.3
Outsourcing fees	542	575	600	592	+50	+9.3
Utilities expenses	794	770	842	794	+0	+0.0
Property and other taxes	2,059	2,061	2,044	2,209	+150	+7.3
Insurance premiums	25	25	26	27	+1	+4.6
Repairs and maintenance	586	246	278	311	-275	-47.0
Property management fees	248	259	261	256	+8	+3.3
Management association accounts	591	578	587	561	-30	-5.1
Other expenses related to rent business	166	172	161	195	+29	+17.6
NOI	10,090	10,216	10,271	10,029	-61	-0.6
Depreciation	1,884	1,907	1,925	1,948	+64	+3.4
Expenses related to rent business	6,898	6,599	6,727	6,896	-1	-0.0
Rental income - real estate (a)	8,206	8,308	8,346	8,081	-125	-1.5
Gain or loss on sale of real estate (million yen)						
Gain on sale of real estate (b)	0	210	-	-	-0	-100.0
Loss on sale of real estate (c)	300	-	-	-	-300	-100.0
Rental income - real estate, etc. (million yen, a + b - c)	7,906	8,518	8,346	8,081	+174	+2.2



# Rent revenue in the 33rd fiscal period ending June 2018 to increase by 570 million yen, or up 4.2%, from 30th fiscal period ended December 2016

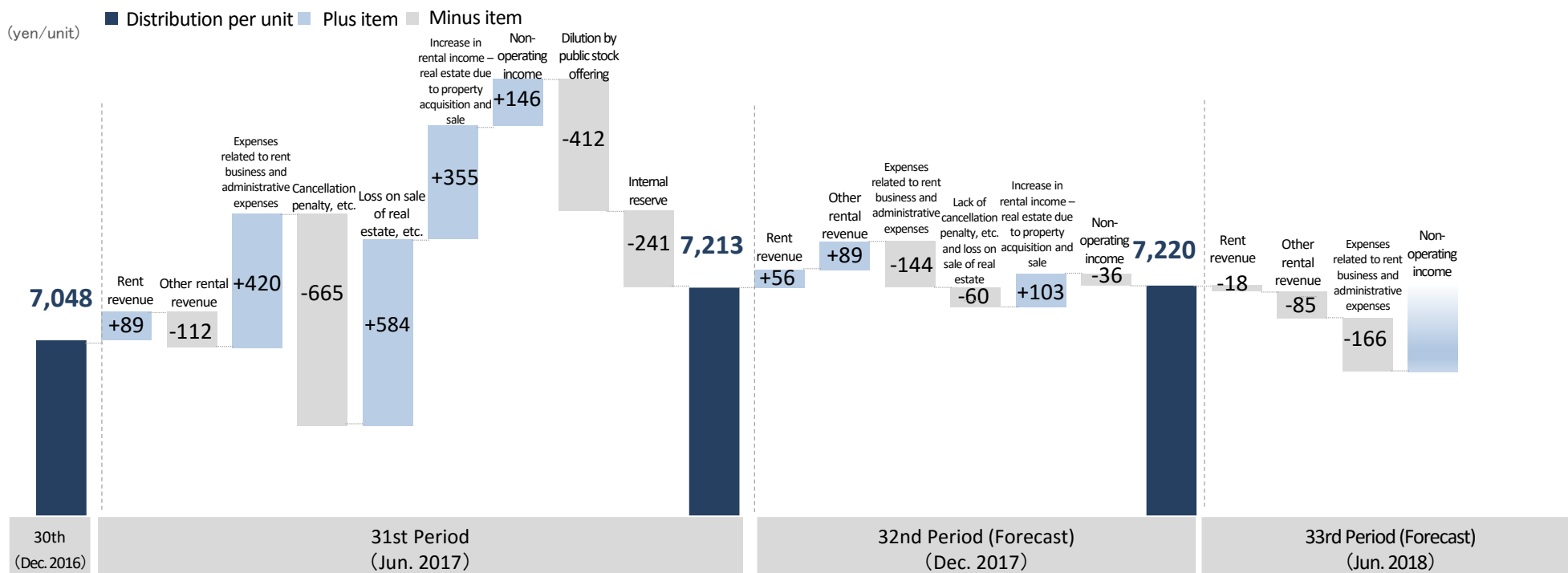
## Rent revenue (factor for period-on-period changes)



1. Rent revenue includes such fixed income as rents, common charges, land rents, parking lot revenues and advertisement charges. Each figure for the 32nd fiscal period is an estimate based on consents regarding move-ins/move-outs and rents becoming effective in the fiscal period. Each figure for the 33rd fiscal period is an estimate based on the assumptions by JPR regarding move-ins and move-outs becoming effective in the fiscal period and regarding rents.

# Distribution per unit for the 32nd fiscal period to increase by 172 yen (up 2.4%, from 30th fiscal period)

## ■ Distribution per Unit (factors for period-on-period changes)



**Lack of cancellation penalty was absorbed by having repairs and maintenance works initially planned for the 31st period implemented in the preceding fiscal period**  
**Income increased period-on-period due to internal growth, external growth and effects of lowered debt cost**

- Decrease in repairs and maintenance +389 yen
- Increase in settlement of management association accounts +97 yen
- Decrease in utilities balance of payments -69 yen
- Decrease in financial costs +50 yen

\* JPR have internal reserve of a part of gain on sale of real estate

**Acquired properties contribute to profit (additional revenue for 6 months)**  
**Distribution per unit will continue to grow stably**

- Lack of settlement of management association accounts -91 yen
- Decrease in financial costs +41 yen
- Increase in utilities balance of payments +33 yen
- Increase in repairs and maintenance expenses -33 yen

**An increase in property taxes and city planning taxes to be absorbed by non-operating income**  
**Distribution per unit will continue to grow stably**

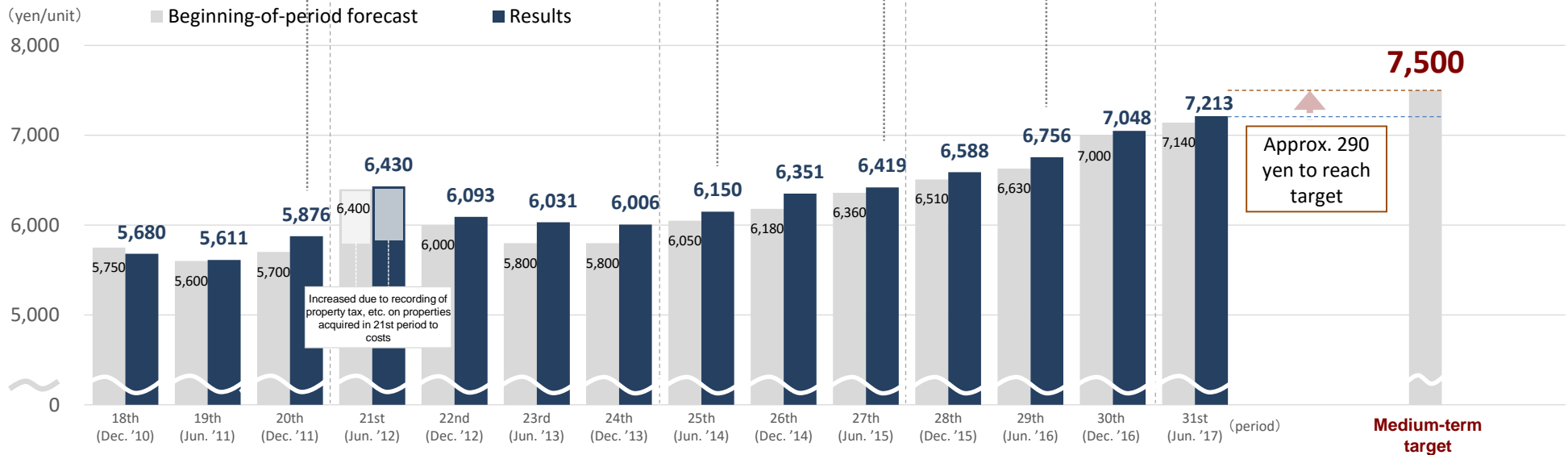
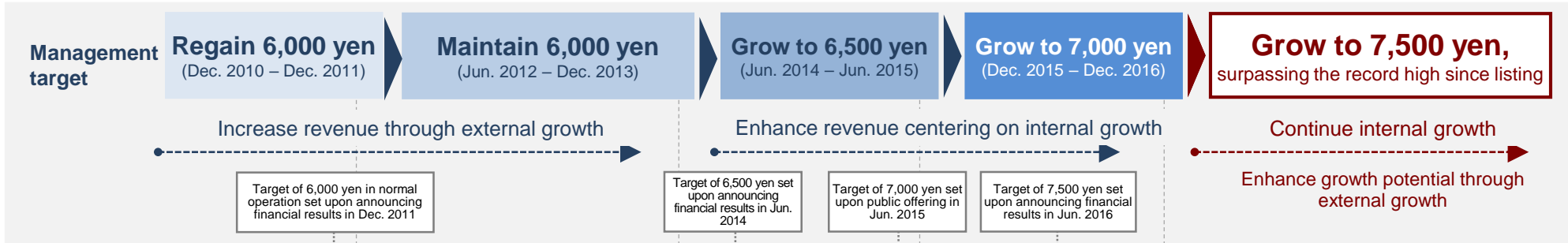
- Increase in property and other tax -171 yen
- Increase in repairs and maintenance expenses -34 yen
- Decrease in utilities balance of payments -24 yen
- Increase in non-operation income

1. Fluctuations in distribution per unit show the amounts obtained by dividing the period-on-period fluctuation amounts of respective periods by the total number of investment units outstanding at period end (31st period: as of end of Dec. 2016).

# Realize Growth by Steadily Achieving Targets

Aim to achieve medium-term target by continuing stable growth centering on internal growth

## Results, Forecast and Medium-Term Target of Distribution per Unit



1. Distribution per unit as medium-term target is a management target set by TRIM, and there is no guarantee that the figure is achieved.

# Growth Scenarios for Achieving Medium-Term Target

Achieve the medium-term target by continuing internal growth, reducing debt costs and realizing external growth

## Simulation for Achieving the Medium-Term Target (contribution amounts to distribution per unit) (Growth Scenario for Distribution per Unit)

**Internal growth strategy**

Amount of increase in rent revenue: **at least 160 yen as a target of 35th** (yen/unit)

(Assumptions for occupancy rate based on generated rents for office properties and rate of increase in rent revenue)

- Occupancy rate based on generated rents for office properties and rate (%): at least 96.5%
- rate of increase in rent revenue (%): at least up 0.4%
- Conservatively set plans while closely monitoring the impact of mass supply of office spaces in Central Tokyo in 2018 and thereafter on the market conditions

Rate of increase in rent revenue (%)	occupancy rate based on generated rents for office properties and rate (%)				
	95.5	96.0	96.5	97.0	97.5
+0.0	-105	-52	0	52	105
+1.0	-5	48	101	154	207
+2.0	96	149	203	256	310
+3.0	196	250	304	358	412

**Financial strategy**

Increase by reducing debt costs **at least 130 yen as a target of 35th** (yen/unit)

(Assumptions of debts costs through future refinancing)

- Average debt cost of repayments over four fiscal periods since the 32nd period: 1.16%
- Average debt amount of repayments: about 52.9 billion yen (until 35th fiscal period ending Jun. 2019)
- Average debt cost with assumed refinancing: 0.5%~0.9%
- Work to flatten repayment amount for each fiscal period while procuring funds focused on long-term debt in consideration of the recent interest rate trends

Debt cost (%)	Dec. '17~Jun. '19				
	Dec. '17	Jun. '18	Dec. '18	Jun. '19	Total
0.90	13	12	4	45	74
0.80	23	20	10	50	103
0.70	32	27	15	54	128
0.60	42	34	21	59	156
0.50	52	41	26	64	183

**External growth strategy**

Amount of increase in rental income – real estate through property acquisitions: **at least 200 yen as a target** (yen/unit)

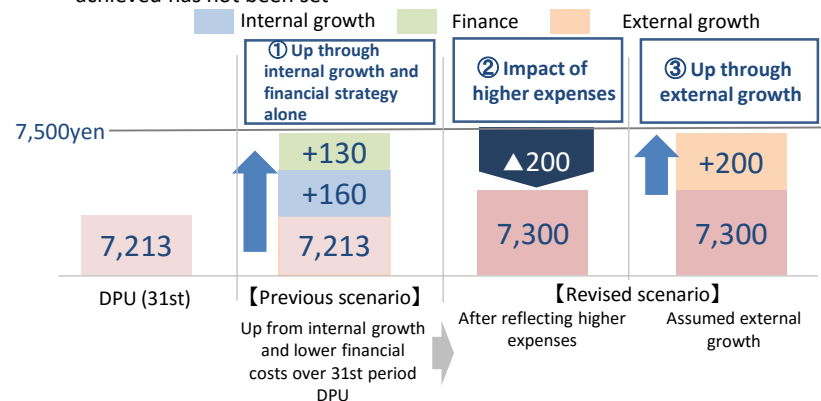
(Assumptions for after-depreciation yield and acquisition price)

- Work to acquire properties that should contribute to earnings from existing portfolio by utilizing preferential negotiation rights and asset replacement, etc.
- Acquisition price: 5.0~15.0 billion yen

\*The estimates in the table to the right do not include fund procurement costs.

Acquisition price (billion Yen)	After-depreciation yield (%)						
	3.2	3.3	3.4	3.5	3.6	3.7	3.8
5.0	87	89	92	95	98	100	103
10.0	173	179	184	190	195	200	206
15.0	260	268	276	284	293	301	309
20.0	347	358	368	379	390	401	412

- Assume to achieve +290 yen for 35th period (reaching 7,500 yen-level in the previous scenario), with internal growth and financial strategy anticipated to progress as previously expected)
- Expect a significant increase in expenses due to revaluation of property and city planning taxes for fiscal 2018, and worsening of the balance of utilities expenses (factors to reduce cash distribution by 200 yen → DPU to fall to 7,300 yen)
- Assume to achieve 7,500 yen through external growth, though in consideration of the current acquisition environment the period by which this target is to be achieved has not been set



- Up from internal growth and lower financial costs over 31st period DPU [Previous scenario]**
  - After reflecting higher expenses**
  - Assumed external growth**
- Assumed scenario (previously indicated scenario) that adds expected growth (from internal growth and financial strategy) through 35th period to the 31st period DPU
  - As the impact of mass supply of office spaces in Central Tokyo in 2018 and afterward is limited, it is assumed that vacancy rate does not surpass 5% and the market rent does not fall
  - It is assumed that long-term interest rate does not rise significantly from the current level
  - Scenario that reflects the newly assumed increase in expenses into the previous scenario
  - Scenario that assumes external growth through property acquisitions on top of the increased expenses

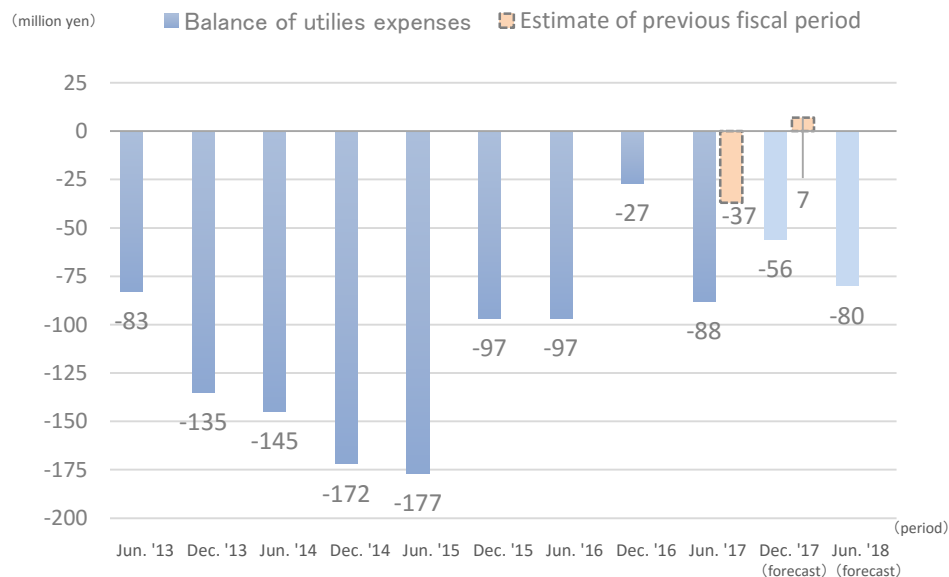
1. Each of these figures is just a target or a plan. There is no guarantee that the figures are achieved. The details of these policies may be changed without prior notice in accordance with the real estate market conditions and the investment environment in the future.  
 2. The contribution amounts to distribution per unit shown in the simulation of internal growth strategy, financial strategy and external growth strategy indicate the figures obtained by dividing the assumed full-period increase amounts based on respective assumptions by the total number of investment units outstanding assumed for the end of the 31st fiscal period.

## Increased payment of property and city planning taxes and revised estimate of balance of utilities expenses will lower DPU for the 35th period by approx. 200 yen

### ■ Estimate Balance of Utilities Expenses

- While endeavors are made to reduce utilities expenses such as replacing lighting with LED lamps, an increase in the fuel cost adjustment for power charges after hitting bottom at end of 2016 and other factors caused JPR to revise the estimate balance of utilities expenses (incidental income – utilities expenses) [Amounts set for normal operation]  
Fiscal period ending June: approx. 80 million yen (equivalent to -87 yen in DPU)  
Fiscal period ending December: Approx. 55 million yen (equivalent to -60 yen in DPU)
- Continue such initiatives as switching power providers and changing power charge invoicing methods as measures to reduce utilities expenses and alleviate the tax burden

Changes in the balance of utilities expenses (estimate)



1. Balance of utilities expenses represents the amount obtained by simply deducting the utilities expenses for each fiscal period from incidental income for the period. Incidental income means revenues mainly from exclusive areas, while utilities expenses accrue mainly for exclusive and common areas, etc. Accordingly, the balance of utilities does not indicate the balance of incidental income and utilities expenses for exclusive areas.

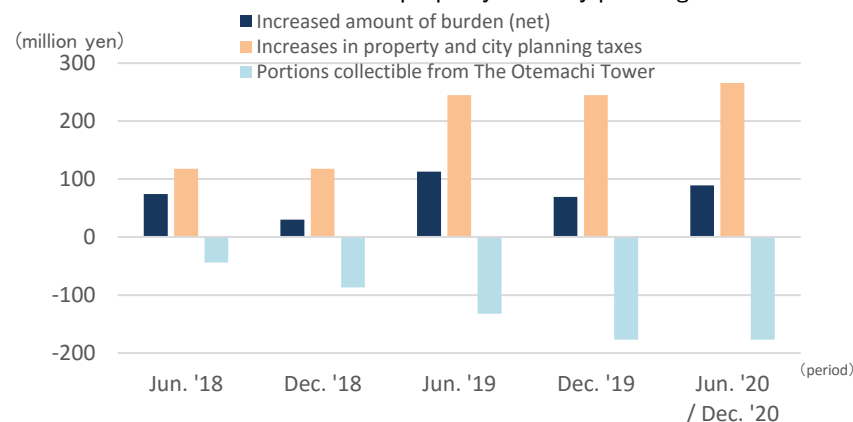
### ■ Significant increase in property and city planning taxes in accordance with their revaluation for fiscal 2018 (estimate)

- Property and city planning taxes will increase gradually for fiscal 2018 through 2020 due to measures to adjust the tax burden
- Tax burden will increase by 113 million yen for the 35th period and 89 million yen for the 37th period and thereafter (compared with the 31st period)
- Property and city planning taxes for The Otemachi Tower (Land with Leasehold Interest) are in principle collectible as rent. Due to the gap from when they are collected, however, JPR's burden will increase by three month portions for the 33rd and 35th periods

Increased burden of property and city planning taxes (compared with the 31st period)

Fiscal year	2018		2019		2020	
	Jun. '18 (33rd)	Dec. '18 (34th)	Jun. '19 (35th)	Dec. '19 (36th)	Jun. '20 (37th)	Dec. '20 (38th)
Fiscal period						
Increased amount of burden (million yen)	74	30	113	69	89	89
Impact on distribution (yen/unit)	▲80	▲33	▲122	▲74	▲96	▲96

Forecast increases in property and city planning taxes



1. Each of the above figures is an estimate calculated by TRIM, and may not necessarily be the same as the actual amount.



JAPAN PRIME REALTY INVESTMENT CORPORATION

4. Appendix

	30th Period (Dec. 2016)	31st Period (Jun. 2017)
NOI	10,090 million yen	10,216 million yen
Operating revenue	7,161 million yen	7,747 million yen
Interest expenses	931 million yen	887 million yen
Net income	6,152 million yen	6,867 million yen
FFO	8,336 million yen	8,577 million yen
Depreciation	1,884 million yen	1,907 million yen
Gain or loss on sale of real estate properties (including loss on retirement of noncurrent assets)	-299 million yen	197 million yen
AFFO	7,612 million yen	8,014 million yen
Capital expenditure	724 million yen	563 million yen
Total cash distributions	6,152 million yen	6,657 million yen
Total assets	432,307 million yen	446,068 million yen
Balance of interest-bearing debts	188,960 million yen	181,394 million yen
Net assets	216,639 million yen	238,611 million yen
Unitholders' capital	210,395 million yen	231,653 million yen
Unrealized gains	36,686 million yen	50,662 million yen
NOI yield (acquisition value)	4.9%	4.8%
NOI yield (book value)	5.1%	5.0%
NOI yield (appraisal value)	4.7%	4.5%
After-depreciation yield (acquisition price)	4.0%	3.9%
After-depreciation yield (book value)	4.2%	4.1%
After-depreciation yield (appraisal value)	3.8%	3.6%
LTV (total assets)	43.7%	40.7%
LTV (unrealized gains and losses)	40.3%	36.5%
LTV (unitholders' capital)	47.3%	43.9%
Number of units outstanding (end of period)	873,000 units	923,000 units
Cash distribution per unit (result)	7,048 yen	7,213 yen
Cash distribution per unit (forecast)	7,140 yen	7,220 yen

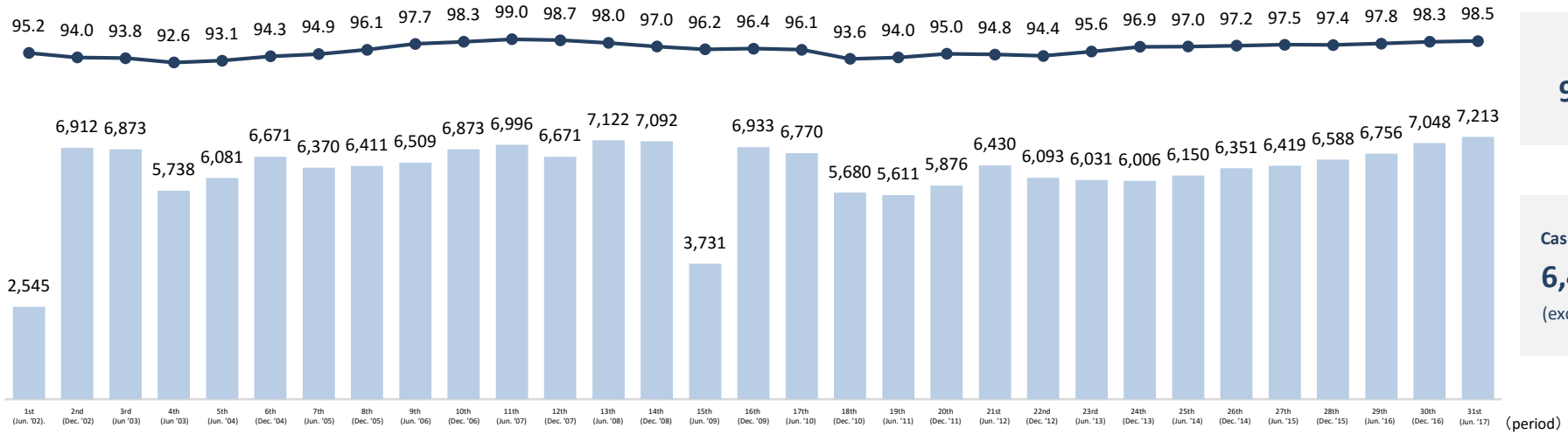
	30th Period (Dec. 2016)	31st Period (Jun. 2017)
EPS	7,047 yen	7,440 yen
FFO per unit	9,549 yen	9,293 yen
Net assets per unit	248,154 yen	258,516 yen
NAV per unit	283,129 yen	306,192 yen
Investment unit price (immediately before the ex-rights date)	465,000 yen	405,000 yen
Market capitalization	405,945 million yen	373,815 million yen
Dividend yield (forecast)	3.0%	3.6%
PBR	1.9 times	1.6 times
NAV multiple	1.6 times	1.3 times
PER	33.0 times	27.2 times
ROE	5.7%	5.8%
FFO multiple	24.3 times	21.8 times
AFFO payout ratio	80.8%	83.1%
Implied cap rate	3.5%	3.8%
DSCR	9.9 times	10.7 times
Interest coverage ratio	7.7 times	8.7 times

1. FFO = Net income + depreciation — gain or loss on sale of real estate properties (including loss on retirement of noncurrent assets)
2. AFFO = FFO — capital expenditure
3. EPS = Net income / number of units outstanding (end of period)
4. NAV per unit = (Net assets + unrealized gains or losses — total cash distributions) / number of units outstanding (end of period)
5. Dividend yield (forecast) = Cash distribution per unit (annualized, forecast for the next fiscal period x 2) / investment unit price
6. PBR (price book-value ratio) = Investment unit price / net assets per unit
7. NAV multiple = Investment unit price / NAV per unit
8. PER (price earnings ratio) = Investment unit price / EPS (annualized, most recent result x 2)
9. ROE (return on equity) = Net income (annualized, most recent result x 2) / net assets
10. FFO multiple = Investment unit price / FFO per unit (annualized, most recent result x 2)
11. AFFO payout ratio = Total cash distributions / AFFO
12. Implied cap rate = NOI (annualized, forecast for the next fiscal period x 2) / (market capitalization + interest-bearing debts — cash and deposits + tenant leasehold and security deposits)
13. DSCR = (Net income + depreciation + interest expenses) / interest expenses
14. Interest coverage ratio = Operating revenue / interest expenses
15. Interest expenses include interest expenses on investment corporation bonds.



### Cash Distribution per Unit and Occupancy Rate

Cash distribution per unit (yen) — Occupancy rate (%)

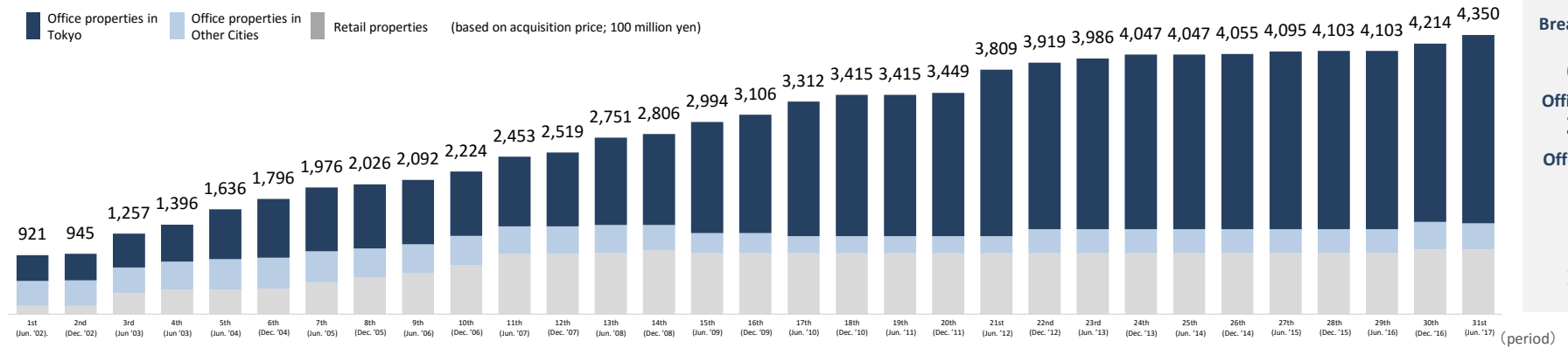


Occupancy rate  
**96.1%** on average

Cash distribution per unit  
**6,400** yen on average  
(excluding the 1st Period)

### Asset Size

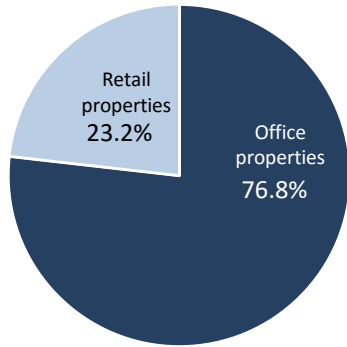
Office properties in Tokyo (dark blue), Office properties in Other Cities (light blue), Retail properties (grey) (based on acquisition price; 100 million yen)



Breakdown by area and by asset class  
(as of June 30, 2017)  
Office properties in Tokyo **293.0** billion yen  
Office properties in Other Cities **41.0** billion yen  
Retail properties **100.9** billion yen

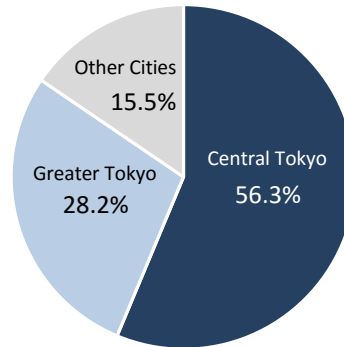
**Ratio by Asset Class**

- Portfolio management standards (target investment ratios): 70 - 90% for office properties / 30 - 10% for retail properties



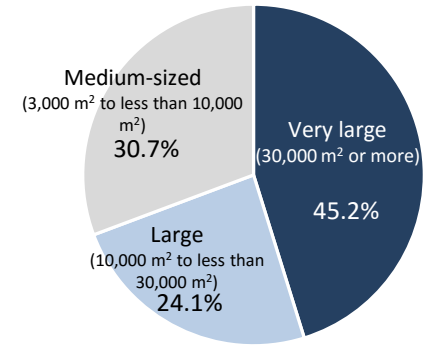
**Ratio by Area**

- Portfolio management standards (target investment ratios): 80 - 90% for Tokyo / 20 - 10% for Other Cities



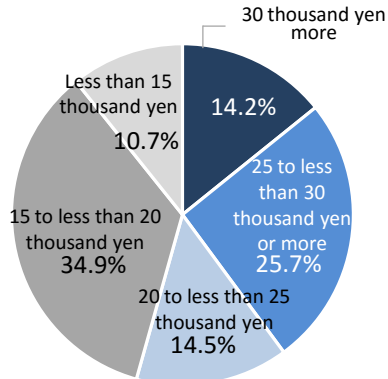
**Ratio by Asset Size (Office Properties)**

- Comprised of medium-sized to very large properties with a focus on quality  
(Small-scale properties with a standard floor of less than 100 tsubos are excluded from investment targets.)



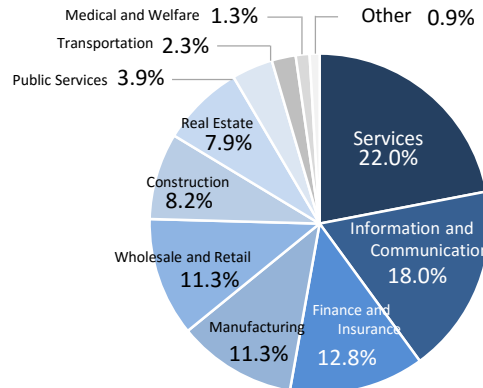
**Ratio by Rent Zone (Office Properties in Tokyo)**

- Diversify the rent zones to diversify the timing at which rents are affected by the market



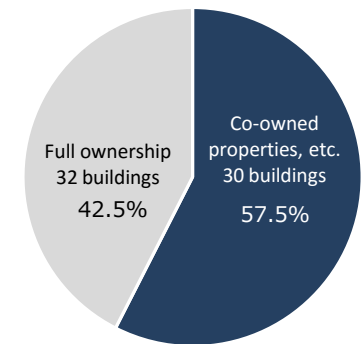
**Ratio by Tenant's Industry (Office Properties)**

- Comprised of tenants mainly in the services, information and communication and manufacturing sectors



**Ratio of Co-Owned Properties, Etc.**

- Obtained preferred negotiation rights for most of the co-owned properties, etc.

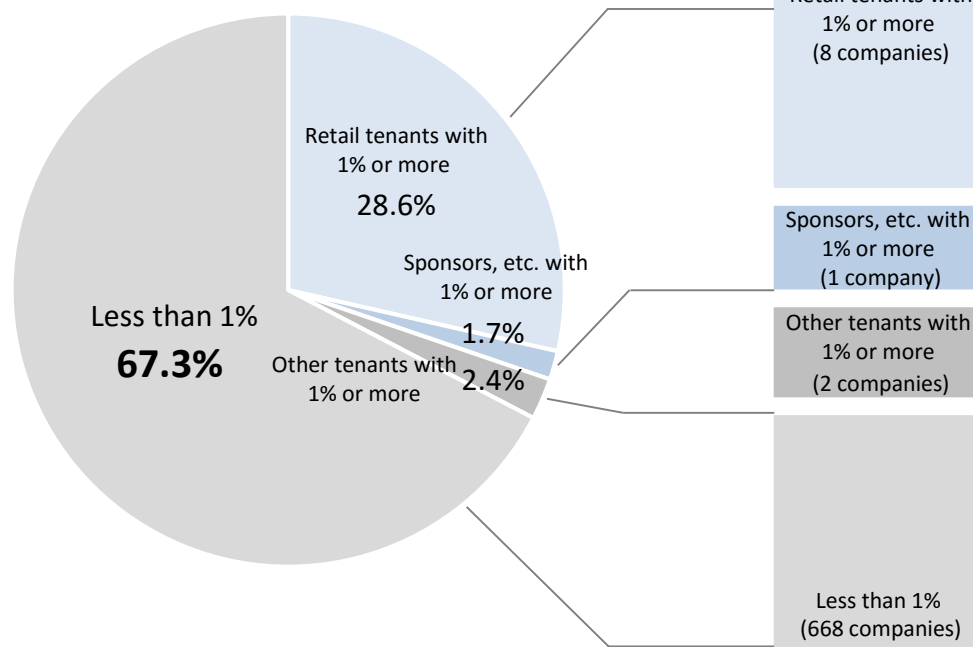


1. Ratio by Size (Office Properties) indicated the ratios based on the acquisition price for the total floor space of an entire office property.  
 2. Ratio by Rent Zone (Office Properties in Tokyo) indicates the ratios of the acquisition price by average unit rent zone (including common charges and assuming occupancy of vacant spaces at the standard rent set forth by JPR) to the total acquisition price of office properties in Tokyo that JPR owns. Furthermore, The Otemachi Tower (Land with Leasehold Interest) is excluded from the calculation as it is a land property.

3. Ratio by Tenant's Industry (Office Properties) = Leased space of each tenant by industry / sum total of leased office space  
 4. Ratio of co-owned properties indicates the based on the acquisition price.

### Ratio of Tenant Occupancy

- The number of office tenants other than the sponsors, etc. with tenant occupancy of 1% or more is only 2 (combined occupancy: 2.4%) (excluding property comprising land with leasehold interest).
- Many of the retail tenants have long-term lease contracts, and the possibility for them to cancel is rather small.



**Except for retail properties with long-term lease contracts, most of the tenants have a tenant occupancy of less than 1% so that the risk of tenant move-outs is mitigated.**

### 20 Largest Tenants (by property; based on end tenants)

Category (No. of tenants)	Tenant	Occupying property	Leased space (m <sup>2</sup> )	Ratio of occupancy (%)
Retail tenants with 1% or more (8 companies)	ABC Development Corporation	Housing Design Center Kobe	35,444.13	7.5
	Seiyu GK	Tanashi ASTA	31,121.71	6.6
	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.2
	The LOFT, Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.0
	Olympic Group Corporation	Musashiurawa Shopping Square	9,558.51	2.0
	Tower Records Japan Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	1.7
	The Maruetsu, Inc.	Cupo-la Main Bldg.	5,963.00	1.3
	Nitori Holdings Co., Ltd.	Musashiurawa Shopping Square	5,285.40	1.1
Sponsors, etc. with 1% or more (1 company)	Tokyo Prime Stage Inc.	The Otemachi Tower (Land with Leasehold Interest)	7,875.50	1.7
Other tenants with 1% or more (2 companies)	Hitachi, Ltd. Infrastructure Systems Company	Rise Arena Bldg.	6,023.39	1.3
	Hitachi Systems, Ltd.	JPR Nagoya Fushimi Bldg.	5,313.36	1.1
Less than 1% (668 companies)	LEVEL-5 Inc.	Yakuin Business Garden	4,579.17	1.0
	Sompo Japan Nipponkoa Inc.	Sompo Japan Sendai Bldg.	4,400.03	0.9
	ATM Japan, Ltd.	Olinas Tower	4,255.56	0.9
	Nihon Suido Consultants Co., Ltd.	Shinjuku Square Tower	4,242.48	0.9
	Canon Imaging Systems Inc.	Niigata Ekinan Center Bldg.	4,078.97	0.9
	Kajima Corporation	Omiya Prime East	4,005.05	0.9
	Mitsubishi Electric Information Systems Corporation	MS Shibaura Bldg.	3,922.74	0.8
	SBS Holdings, Inc.	Olinas Tower	3,850.43	0.8
	Security communication Association (foundation)	Olinas Tower	3,544.12	0.8

1. Ratio of occupancy indicates the figure for each property and is based on end tenants, calculated by using the following formula.  
 Ratio of occupancy = Leased space of each tenant / leasable floor space of the property  
 Leased space of each tenant for properties subleased by the tenant to sublessees is calculated based on the space leased to the sublessees.

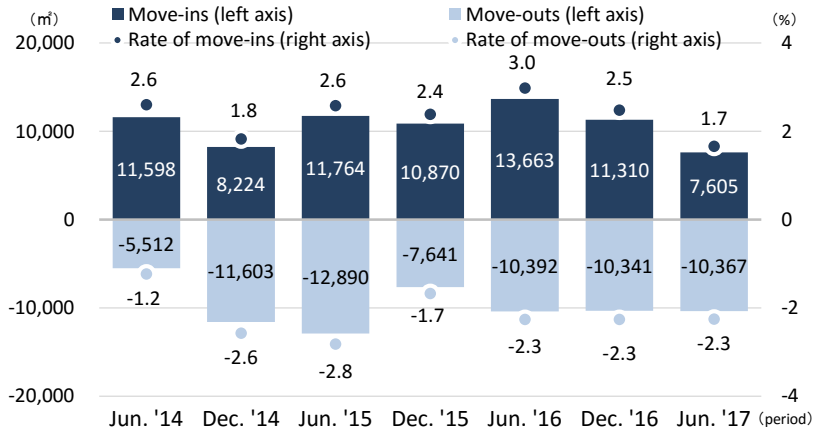
2. For co-owned properties, etc., the leased space in accordance with JPR's ownership interest is indicated.

### Breakdown and Changes in Move-Ins and Move-Outs

(Move-in/move-out spaces by area and asset class: m<sup>2</sup>)

	Move-Ins	Move-Outs	Net Increase /Decrease
Office properties in Central Tokyo	4,000	-3,453	+547
Office properties in Greater Tokyo	1,671	-1,317	+353
Office properties in Other Cities	1,933	-5,458	-3,524
Retail properties	0	-137	-137
<b>Total</b>	<b>7,605</b>	<b>-10,367</b>	<b>-2,761</b>

### (Changes in move-in/move-out spaces and rate of move-ins/move-outs)

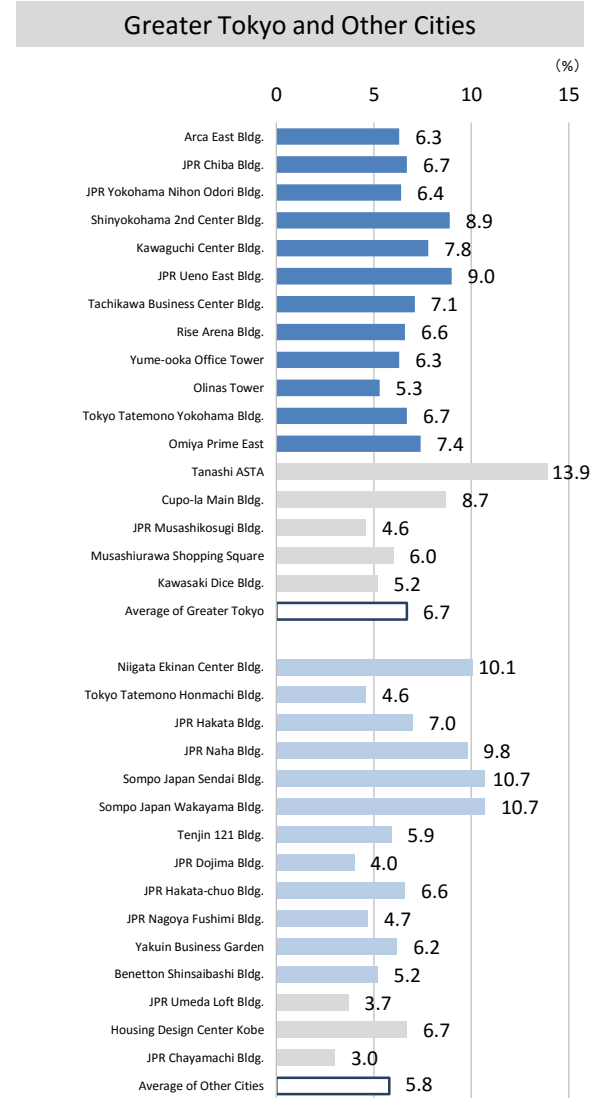
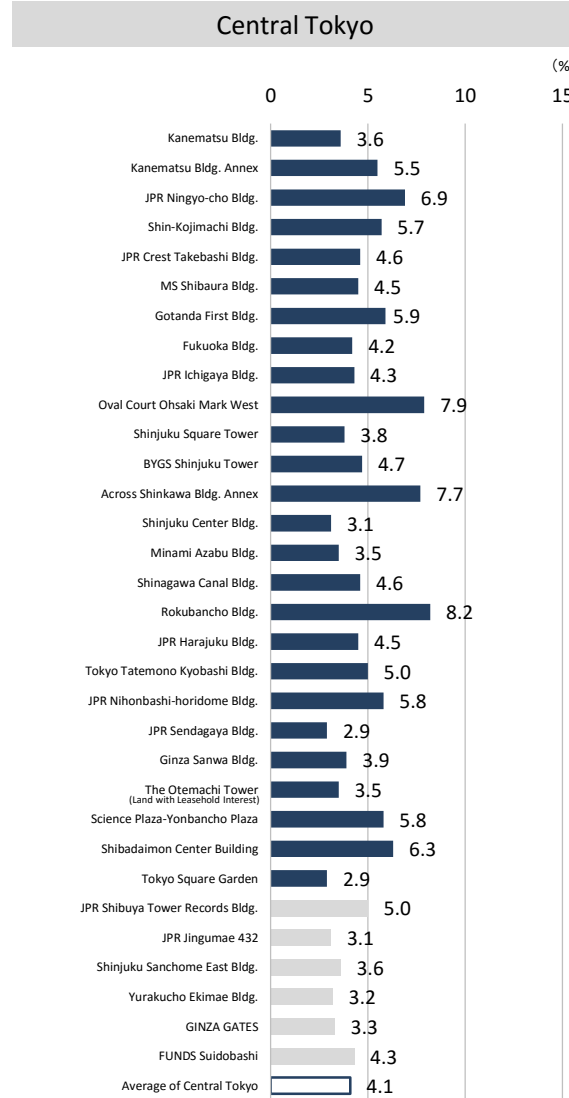
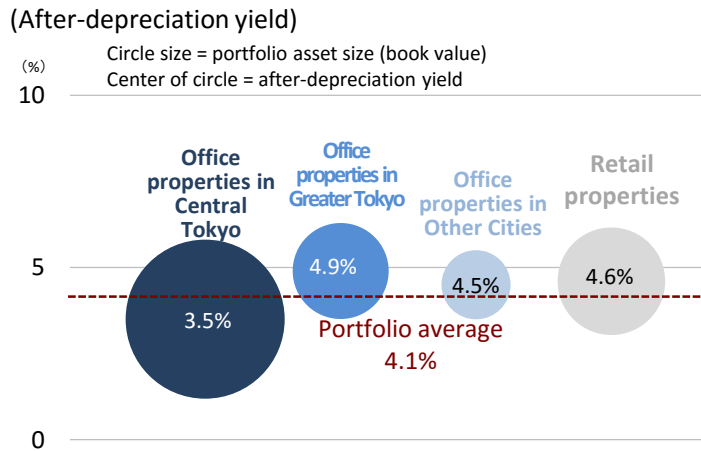
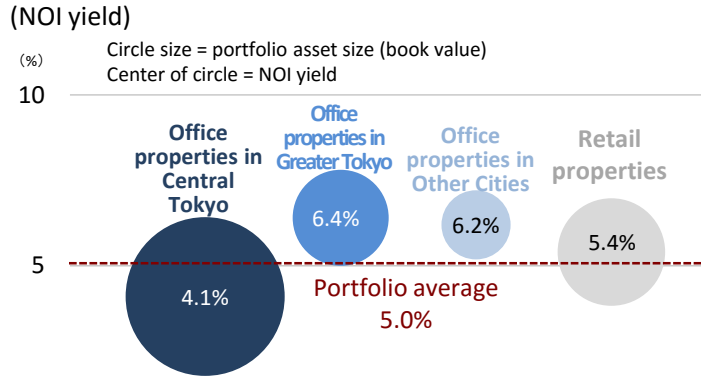


### Move-In/Move-Out Spaces by Property

	Move-ins – move-outs	Move-outs	Move-ins	(m <sup>2</sup> )
Shin-Kojimachi Bldg.	0	-497	497	
MS Shibaura Bldg.	0	-980	980	
JPR Ichigaya Bldg.	-290	-290		
Shinjuku Square Tower	0	-191	191	
BYGS Shinjuku Bldg.	224	-450	675	
Shinagawa Canal Bldg.	171		171	
Tokyo Tatemono Kyobashi Bldg.	388		388	
JPR Sendagaya Bldg.	0	-817	817	
Ginza Sanwa Bldg.	59		59	
Science Plaza – Yonbancho Plaza	-7	-225	217	
JPR Jingumae 432	-137	-137		
JPR Chiba Bldg.	9	-131	141	
Shinyokohama 2nd Center Bldg.	213	-571	784	
Kawaguchi Center Bldg.	-195	-195		
Tachikawa Business Center Bldg.	110	-90	200	
Yume-ooka Office Tower	-129	-244	115	
Olinas Tower	344		344	
Tokyo Tatemono Yokohama Bldg.	0	-84	84	
Niigata Ekinan Center Bldg.	-289	-289		
Tokyo Tatemono Honmachi Bldg.	-2,123	-2,123		
JPR Hakata Bldg.	2	-152	154	
JPR Naha Bldg.	0	-81	81	
Tenjin 121 Bldg.	-224	-279	55	
JPR Dojima Bldg.	139	-431	570	
JPR Hakata-chuo Bldg.	0	-359	359	
Yakuin Business Garden	-101	-210	109	
Beneton Shinsaibashi Bldg.	-928	-1,531	602	

1. Rate of move-ins and move-outs = Move-in and move-out spaces of each fiscal period / total leasable space at the end of the previous fiscal period
2. Move-in/Move-Out Spaces by Property indicates only the properties that had tenant moves (including contract changes, etc.) during the 31st fiscal period ended Jun. 2017.
3. JPR Hakata-chuo Bldg. was sold as of April 14, 2017.

Yields by Area and by Asset Class (based on book value) NOI Yield by Property (based on book value)

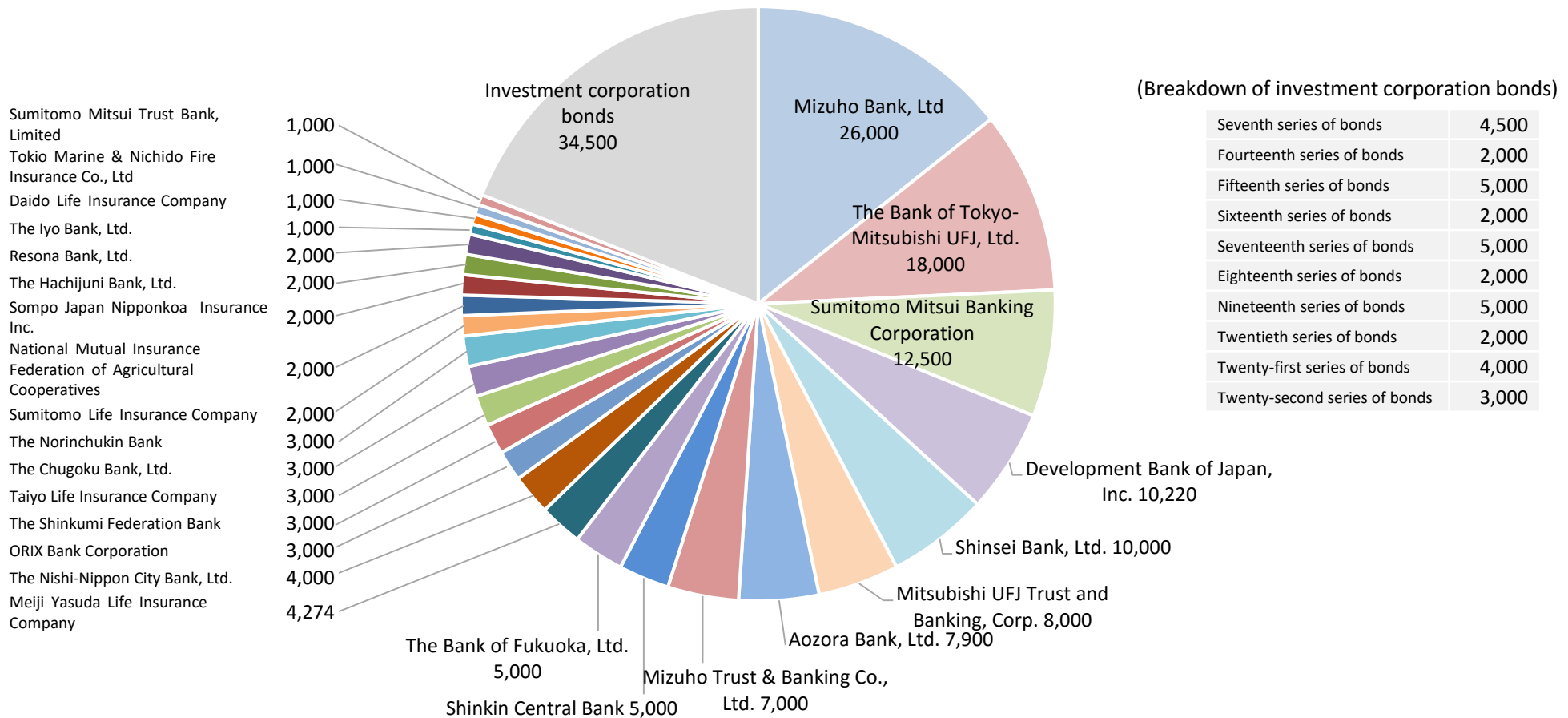


1. JPR sold Fukuoka Bldg. and JPR Hakata-chuo Bldg. as of April 14, 2017.

## Diversifying fund procurement sources with a lender formation comprising 26 financial institutions and through issuance of investment corporation bonds

Interest-bearing debt balance: 181,394 million yen

(JPY)

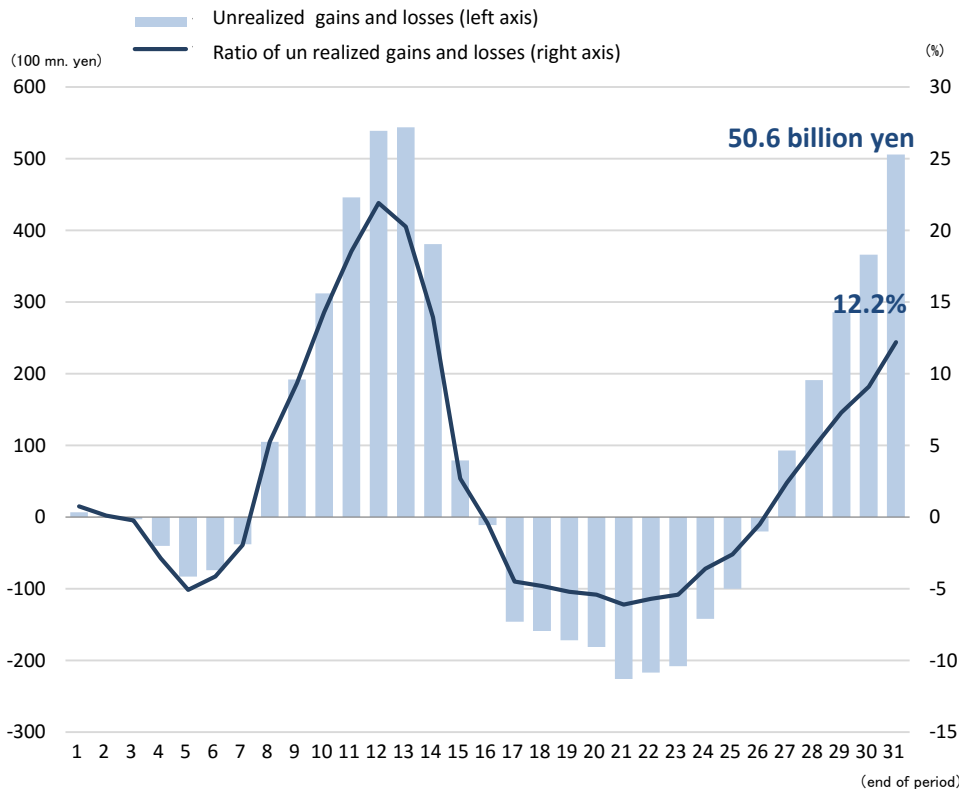


### An Increase in Unrealized Gains

- Unrealized gains expanded to 50.6 billion yen due to an increase in appraisal value and property replacement
- Appraisal value increased for 50 properties with direct cap rate falling for 55 properties (out of 62 properties in total)

Appraisal value	Unrealized gains	Ratio of unrealized gains
464.5 billion yen (up 26.5 billion yen from 30th period)	50.6 billion yen (up 13.9 billion yen from 30th period)	12.2% (up 3.1%pt from 30th period)

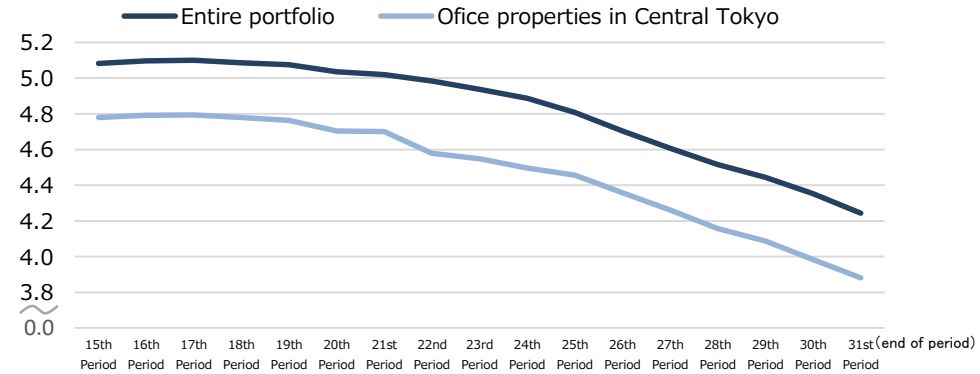
### (Changes in unrealized gains and losses)



### Factors of Change in Appraisal Value

(Changes in direct cap rate)

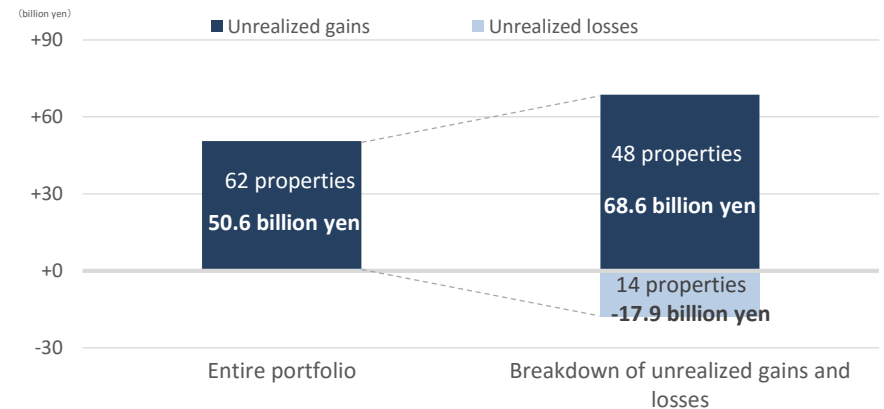
- Decreased by 0.9 percentage points from the 17th period ended June 2010 (4.8%), the peak period for office properties in Central Tokyo



1. The changes in direct cap rate indicate the figures for the 49 properties JPR has owned since the end of June 2009 for the "Entire portfolio," and for the 15 properties JPR owns since the date for "Office properties in Central Tokyo," respectively.

### (Breakdown of unrealized gains and losses)

- Number of properties with unrealized losses decreased by 2 from 16 properties as of the end of the 30th period





## 4. Appendix

## Appraisal Value by Property (as of June 30, 2017)



Property name	Appraisal value (mn yen)	Change (mn yen)	Direct cap (NCF Cap) (%)	Change (% pt)	DCF discount rate (%)	Change (% pt)	DCF terminal cap (%)	Change (% pt)	Book value (mn yen)	Unrealized gain or loss (mn yen)
Kanematsu Bldg.	13,700	+800	3.6	-0.1	3.4	-0.1	3.8	-0.1	14,685	-985
Kanematsu Bldg. Annex	2,630	+40	4.0	-0.1	3.8	-0.1	4.2	-0.1	2,450	+179
JPR Ningyo-cho Bldg.	2,710	+140	4.2	-0.1	4.0	-0.1	4.4	-0.1	1,972	+737
Shin-Kojimachi Bldg.	3,310	+80	4.0	-0.1	3.7	-0.1	4.2	-0.1	2,462	+847
JPR Crest Takebashi Bldg.	3,290	+50	3.9	-0.1	3.7	-0.1	4.1	-0.1	3,273	+16
MS Shibaura Bldg.	11,700	+300	4.3	-0.1	4.0	-0.1	4.5	-0.1	11,059	+640
Gotanda First Bldg.	2,630	+110	4.0	-0.1	3.7	-0.1	4.2	-0.1	2,982	-352
JPR Ichigaya Bldg.	5,080	-	3.8	-0.1	3.6	-0.1	4.0	-0.1	5,210	-130
Oval Court Ohsaki Mark West	4,840	+260	4.0	-0.1	3.8	-0.1	4.2	-0.1	2,860	+1,979
Shinjuku Square Tower	14,400	+600	3.9	-0.1	3.7	-0.1	4.1	-0.1	13,441	+958
BYGS Shinjuku Bldg.	17,800	+1,600	3.8	-0.1	3.6	-0.1	4.0	-0.1	15,462	+2,337
Across Shinkawa Bldg. Annex	875	+14	4.7	-0.1	4.5	-0.1	4.9	-0.1	605	+269
Shinjuku Center Bldg.	15,000	+600	3.6	-0.1	3.3	-0.1	3.8	-0.1	22,171	-7,171
Minami Azabu Bldg.	2,840	+150	4.2	-0.1	4.0	-0.1	4.4	-0.1	3,846	-1,006
Shinagawa Canal Bldg.	1,870	+30	4.2	-0.1	3.9	-0.1	4.4	-0.1	1,737	+132
Rokubancho Bldg.	3,400	+40	5.2	-1.3	4.1	-0.1	4.5	-0.1	2,836	+563
JPR Harajuku Bldg.	8,900	+390	3.9	-0.1	3.7	-0.1	4.1	-0.1	8,711	+188
Tokyo Tatemono Kyobashi Bldg.	5,720	-90	4.2	0.0	3.7	0.0	4.3	0.0	5,321	+398
JPR Nihonbashi-horidome Bldg.	6,720	+240	4.3	-0.1	4.1	-0.1	4.5	-0.1	4,787	+1,932
JPR Sendagaya Bldg.	11,800	+300	3.9	-0.1	3.7	-0.1	4.1	-0.1	14,926	-3,126
Ginza Sanwa Bldg.	4,020	+290	3.3	-0.2	3.1	-0.2	3.5	-0.2	3,707	+312
The Otemachi Tower (Land with Leasehold Interest)	46,000	-	2.9	0.0	2.8	0.0	3.0	0.0	38,388	+7,611
Science Plaza - Yonbancho Plaza	3,290	+230	4.2	0.0	3.8	-0.1	4.4	-0.1	2,697	+592
Shibadaimon Center Bldg.	5,850	+390	3.9	-0.1	3.6	-0.1	4.1	-0.1	4,199	+1,650
JPR Shibuya Tower Records Bldg.	14,100	-	3.6	-0.1	3.4	-0.1	3.8	-0.1	11,514	+2,585
JPR Jingumae 432	4,050	+120	3.2	-0.1	3.3	-0.1	3.4	-0.1	4,292	-242
Shinjuku Sanchoe East Bldg.	2,750	+40	3.7	-0.1	3.2	-0.1	3.9	-0.1	2,629	+120
Yurakucho Ekimae Bldg.	3,060	+120	3.3	-0.3	2.9	-0.1	3.5	-0.1	3,321	-261
Ginza Gates	10,800	-	3.1	0.0	2.8	0.0	3.1	0.0	10,130	+669
FUNDES Suidoubashi	3,470	+90	3.8	-0.1	3.6	-0.1	4.0	-0.1	3,252	+217
Arca East	6,240	+50	4.2	-0.1	3.9	-0.1	4.4	-0.1	4,317	+1,922
JPR Chiba Bldg.	1,660	-180	5.4	-0.1	5.2	-0.1	5.6	-0.1	2,256	-596
JPR Yokohama Nihon Odori Bldg.	2,290	-240	5.0	-0.1	4.8	-0.1	5.2	-0.1	2,487	-197
Shinyokohama 2nd Center Bldg.	1,850	+40	5.0	-0.2	4.8	-0.2	5.2	-0.2	1,441	+408
Kawaguchi Center Bldg.	8,250	+350	5.2	-0.1	4.9	-0.1	5.4	-0.1	6,885	+1,364

Property name	Appraisal value (mn yen)	Change (mn yen)	Direct cap (NCF Cap) (%)	Change (% pt)	DCF discount rate (%)	Change (% pt)	DCF terminal cap (%)	Change (% pt)	Book value (mn yen)	Unrealized gain or loss (mn yen)
JPR Ueno East Bldg.	4,730	+170	4.2	-0.1	4.0	-0.1	4.4	-0.1	2,953	+1,776
Tachikawa Business Center Bldg.	3,510	+190	4.6	-0.2	4.3	-0.2	4.8	-0.2	2,884	+625
Rise Arena Bldg.	7,620	-20	4.2	0.0	3.9	-0.1	4.3	-0.1	5,312	+2,307
Yume-ooka Office Tower	6,250	+280	4.6	-0.1	4.3	-0.1	4.8	-0.1	5,487	+762
Olinas Tower	36,700	+1,100	4.0	-0.1	3.7	-0.1	4.2	-0.1	27,737	+8,962
Tokyo Tatemono Yokohama Bldg.	8,200	+220	4.5	-0.1	4.3	-0.1	4.7	-0.1	6,859	+1,340
Omiya Prime East	7,950	+370	4.7	-0.1	4.5	-0.1	4.9	-0.1	5,887	+2,062
Tanashi ASTA	12,500	-900	5.2	0.0	5.1	0.1	5.4	0.0	7,348	+5,151
Cupo-la Main Bldg.	2,750	+40	5.3	-0.1	5.1	-0.1	5.5	-0.1	1,731	+1,018
JPR Musashikosugi Bldg.	5,670	+140	4.8	-0.1	4.6	-0.1	5.0	-0.1	7,052	-1,382
Musashiurawa Shopping Square	4,290	-	5.0	0.0	4.9	0.0	5.2	0.0	3,734	+555
Kawasaki Dice Bldg.	16,200	+700	4.2	-0.1	4.1	-0.1	4.4	-0.1	13,549	+2,650
Niigata Ekinan Center Bldg.	2,210	-180	5.9	-0.1	5.9	-0.1	6.1	-0.1	1,641	+568
Tokyo Tatemono Honmachi Bldg.	3,380	+50	4.9	-0.1	4.6	-0.1	5.1	-0.1	4,057	-677
JPR Hakata Bldg.	3,180	+100	4.6	-0.3	4.5	-0.3	4.8	-0.3	2,944	+235
JPR Naha Bldg.	1,580	+50	5.5	-0.3	5.5	-0.3	5.7	-0.3	1,336	+243
Sompo Japan Sendai Bldg.	3,750	+70	5.3	-0.1	5.1	-0.1	5.6	-0.1	2,467	+1,282
Sompo Japan Wakayama Bldg.	1,710	+10	6.7	-0.1	6.5	-0.1	7.0	-0.1	1,342	+367
Tenjin 121 Bldg.	2,730	+180	4.7	-0.1	4.3	-0.1	4.9	-0.1	2,094	+635
JPR Dojima Bldg.	2,930	+350	4.6	-0.2	4.4	-0.1	4.7	-0.2	2,175	+754
JPR Nagoya Fushimi Bldg.	2,810	+80	5.4	-0.1	4.9	-0.1	5.3	-0.1	3,903	-1,093
Yakuin Business Garden	14,800	+900	4.4	-0.1	4.2	-0.1	4.6	-0.1	10,585	+4,214
Benetton Shinsaibashi Bldg.	4,310	+360	4.0	-0.1	3.7	-0.1	4.1	-0.1	5,042	-732
JPR Umeda Loft Bldg.	13,900	-600	4.2	-0.1	3.9	-0.1	4.4	-0.1	12,458	+1,441
Housing Design Center Kobe	7,120	+190	5.7	-0.1	5.5	-0.1	5.8	-0.1	6,225	+894
JPR Chayamachi Bldg.	6,770	+480	3.7	-0.1	3.4	-0.1	3.8	-0.1	6,040	+729
<b>Total</b>	<b>444,445</b>	<b>+11,284</b>							<b>395,181</b>	<b>+49,263</b>
Central Tokyo	236,605	+6,934							224,939	+11,665
Greater Tokyo	136,660	+2,310							107,926	+28,733
Other Cities	71,180	+2,040							62,315	+8,864
<b>Properties to be acquired in 31st period</b>										
Tokyo Square Garden	20,100	+100	2.8	-0.1	2.6	-0.1	3.0	-0.1	18,701	+1,398
<b>Total (as of 30 Jun. 2017)</b>	<b>464,545</b>	<b>+11,384</b>							<b>413,882</b>	<b>+50,662</b>

1. Direct cap indicates the capitalization rate that serves as the standard for calculating the value estimated by income approach based on the direct capitalization method.
2. DCF discount rate and DCF terminal cap indicate the period income discount rate and the terminal capitalization rate that serve as the standard for calculating the value estimated by income approach based on the discounted cash flow (DCF) method.

3. The period-on-period changes for properties acquired in the 31st fiscal period indicates a comparison with the figures based on the appraisal values upon their acquisition (as of December 15, 2016). Furthermore, Fukuoka Bldg. and JPR Hakata-chou Bldg. that were sold in the 31st fiscal period is excluded from the calculation of the period-on-period change figures.

# Maximize corporate value through endeavors on ESG (Environment, Social, Governance) awareness

## Sustainability Policy

TRIM, the asset management company of JPR, has established the "Sustainability Policy" as part of its endeavors to enhance sustainability.

Based on its corporate philosophy of working with integrity and commitment to responsibilities, TRIM is resolved to contribute to the sustainable development of society and the investment management business through discussion and cooperation with its stakeholders (including investors and tenants), while aiming to maximize value for JPR's unitholders.

### 1. Initiatives on Behalf of Tenants

We will work with integrity and responsibility in responding to tenants, and endeavor to provide them with new and distinct values as well as enhancing their satisfaction.

### 2. Initiatives on Behalf of the Environment

Recognizing the importance of addressing environmental issues, we will aim to reduce environmental load through managing the assets owned by JPR.

- We will promote energy saving and reduction of greenhouse gas emissions.
- We will endeavor for effective use of water resources and work on the "3Rs" (reuse, reduce and recycle) of waste.
- We will strive to proactively disclose information on environmental issues.

### 3. Initiatives on Behalf of Local Communities

We will work to coordinate with local communities through managing the assets owned by JPR, in an effort to contribute to enhancing the brand value of the entire area in which such assets are located.

### 4. Initiatives on Behalf of the Society

We will respect each one of our employees to realize an employee-friendly workplace, helping them to enhance abilities in their specialties.

### 5. Initiatives on Behalf of the Society

We will abide by laws and regulations as well as the rules of society, and conduct business operations with a focus on transparency and objectivity while holding on to our high moral standards.

## Governance

### JPR's corporate governance

In the belief that it is essential to secure sound and efficient operations of JPR to realize continuous growth, efforts are made to reinforce and sustain governance.

#### • Decision-making institutions at JPR

JPR's decision-making institutions are comprised of the general meeting of unitholders, which is composed of its unitholders, an Executive Officer, two Supervising Officers, Board of Directors and Independent Auditor.

#### • Composition of JPR officers

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 functions on the business operations of the investment corporation.

#### • Appointment criteria of JPR officers

JPR officers are appointed on the condition that they have no cause of disqualification as set forth in the Act on Investment Trusts and Investment Corporations, etc. Furthermore, each JPR officer is to be elected by resolution at the general meeting of unitholders of JPR.

#### • Remuneration for officers

The upper limit of the remuneration for the Executive Officer and Supervising Officers is set out in JPR's Articles of Incorporation, and the amount of the remuneration shall be determined by the Board of Directors (up to 500,000 yen per month for the Executive Officer and up to 400,000 yen per month for each of the Supervising Officers).

## Social

### Initiatives on Behalf of Local Communities

Endeavor to communicate with local communities, and work to achieve development deeply rooted in relevant areas, such as providing owned properties as the venue of local exchanges.

Example: Growing sweet potatoes on the roof of Oval Court Ohsaki Mark West



While promoting greenery on the roof, residents and nursery school pupils are invited to harvesting ceremonies to hold dining parties.

### Securing BCP

Conducted an earthquake disaster drill to speed up collection of information on property damages, assuming an earthquake that directly hits the Greater Tokyo area



# Reinforcing Continuous Improvement Initiatives on Environmental Issues

## Results of controlling and emitting greenhouse gases

### Situation of greenhouse gas emissions at JPR

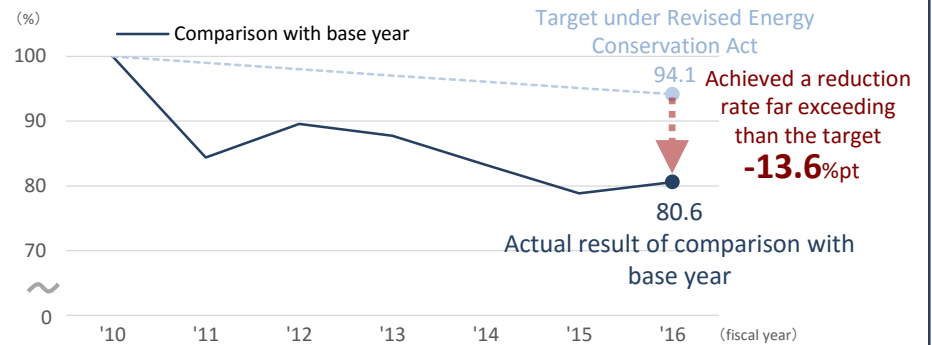
Work to reduce emissions per square meter while endeavoring to enhance the portfolio data coverage ratio

	2014	2015	2016
Power consumption (kwh/m <sup>2</sup> )	151.86	155.05	143.04
Portfolio data coverage ratio	72.8%	70.9%	98.1%
Gas consumption (m <sup>3</sup> /m <sup>2</sup> )	4.41	4.54	4.69
Portfolio data coverage ratio	30.7%	30.9%	47.3%
Water consumption (m <sup>3</sup> /m <sup>2</sup> )	1.47	1.40	1.29
Portfolio data coverage ratio	76.2%	76.5%	96.8%
<b>CO<sub>2</sub> emissions (tCO<sub>2</sub>/m<sup>2</sup>)</b>	<b>57.30</b>	<b>58.49</b>	<b>56.23</b>

## Energy Consumption

### Reduction of Energy Consumption (Revised Energy Conservation Act)

Achieved a reduction rate far exceeding the target



## Environment Certification

### GRESB

JPR has obtained “Green Star,” the highest ranking, for three consecutive years



### DBJ Green Building

Properties that newly obtained certification in July 2017



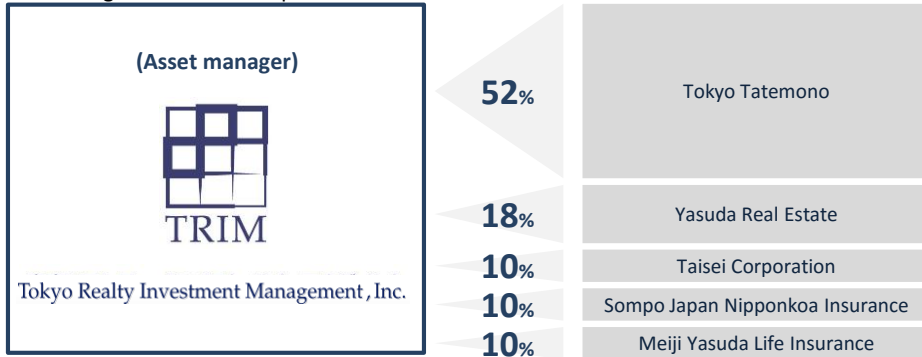
JPR has obtained certification for 17 properties in total



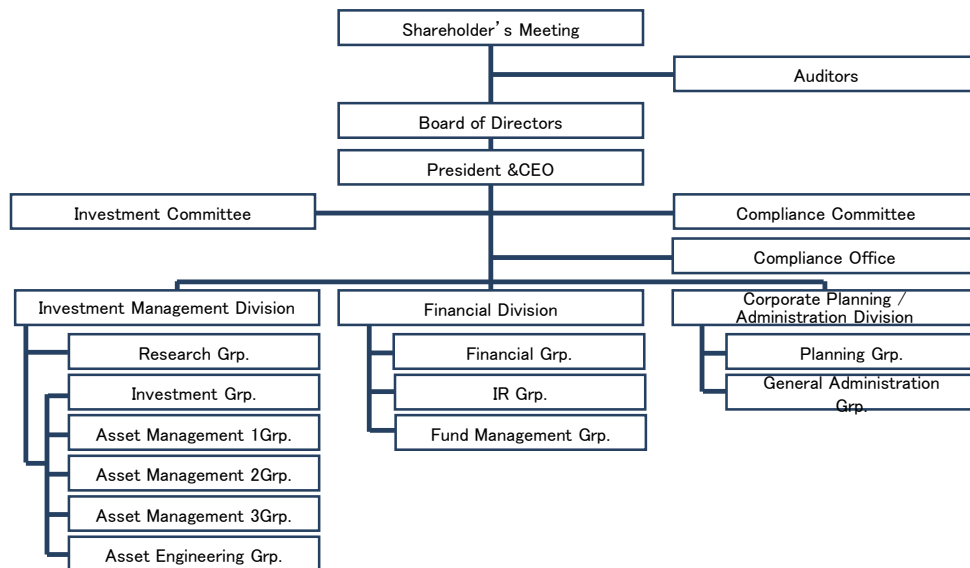
1. The target figure (94.1%) under the Revised Energy Conservation Act represents the reduction rate against the base year in 6 years with an annual reduction of 1% year-on-year. The per-unit rate of change for the 6 fiscal years is 99.0% on average.

### Asset Manager and Sponsor

- The shareholding ratio of Tokyo Tatemono in TRIM increased from 40% to 52% as of December 22, 2016.
- The increase is part of Tokyo Tatemono’s strategy to further reinforce its comprehensive strengths and business portfolio.

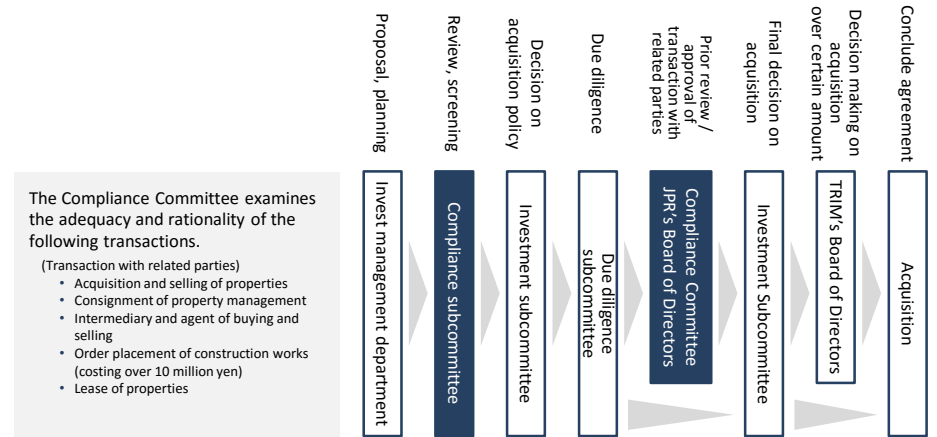


### Organization Chart



### Decision-Making Process for Property Acquisitions

- An outside attorney is appointed as a special member of the Compliance Committee and examines and verifies the adequacy and rationality of transactions at the Committee.
- Upon implementing the approved transactions, approval by JPR’s board of directors, comprising directors who are independent from the shareholders of TRIM, must be obtained in advance.



Decision Making Based on Stringent Processes

### Remuneration System of the Asset Manager

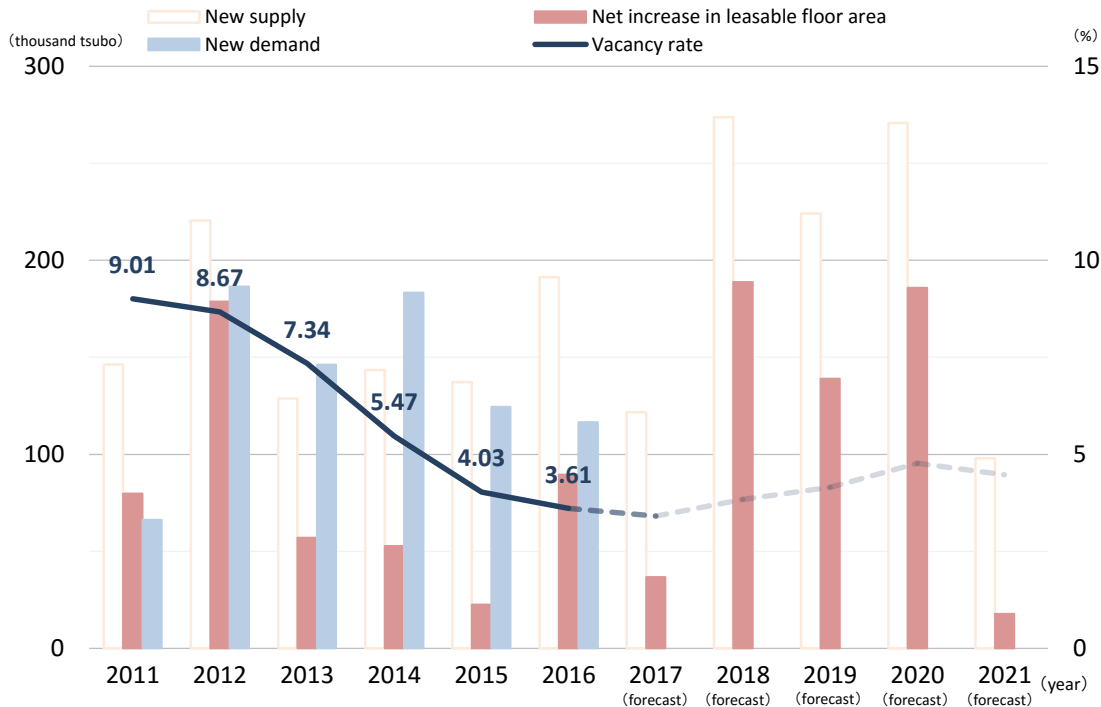
- Employing a management fee system that matches unitholder’s interests and benefits of the asset management company

Item	Calculation of Compensation	Results of Remuneration (31st Period)	Share
Fixed fee	12.5 million yen per month	75 million yen	12.5%
Incentive Fee 1	2% of JPR’s total revenue (1.5% for 8 billion yen or higher)	265 million yen	44.3%
Incentive Fee 2	3% of JPR’s income before income taxes (income before income taxes before deducting Incentive Fee 2)	212 million yen	35.5%
Incentive Fee 3	0.25% of the acquisition price upon new acquisition	46 million yen	7.7%

# Net Increase in Leasable Floor Area, Strong Demand and Impact on Vacancy Rate

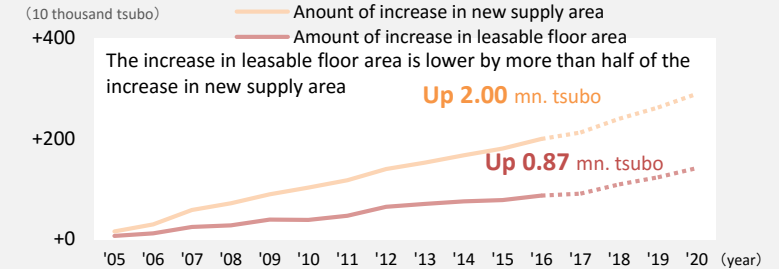
## Changes in New Supply/Demand Area, Leasable Floor Area and Vacancy Rate (Tokyo CBDs)

- Net increase in leasable floor area (in stock) over the new supply area is small.
- New demand has remained strong, surpassing the increase in leasable floor area by volume
- Employed population is on an upward trend, leading new demand. Increase in labor participation ratio, primarily by females and elderly people, is promoted by political initiatives and is likely to continue over the medium term.

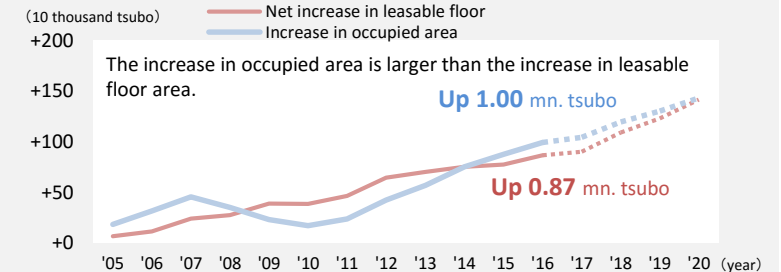


1. Actual results of the vacancy rate, leasable floor area and occupied area through December 2016 are based on the Office Report (Tokyo CBDs) by Miki Shoji Co., Ltd. New supply, new demand and loss areas as well as the leasable floor area and vacancy rate in 2017 and thereafter have been estimated based on surveys and simulations conducted by TRIM.  
 2. As an assumption for the simulation, the new supply area uses an estimate obtained by applying a certain multiplying factor to the average of the past results. The lost area is based on the average of the past results as assumption.  
 3. The employed population was prepared by TRIM based on the Labor Force Survey, the Ministry of Internal Affairs and Communications.

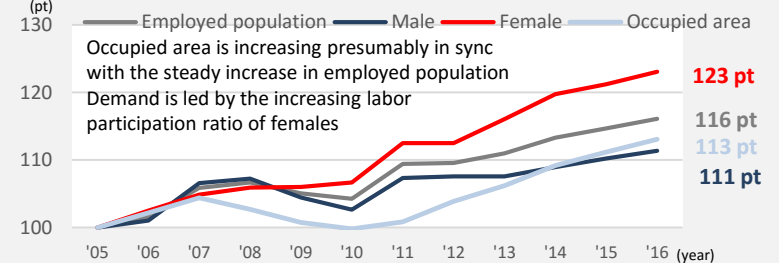
### Comparison of increases in new supply area and leasable floor area



### Comparison of increases in leasable floor area and occupied area



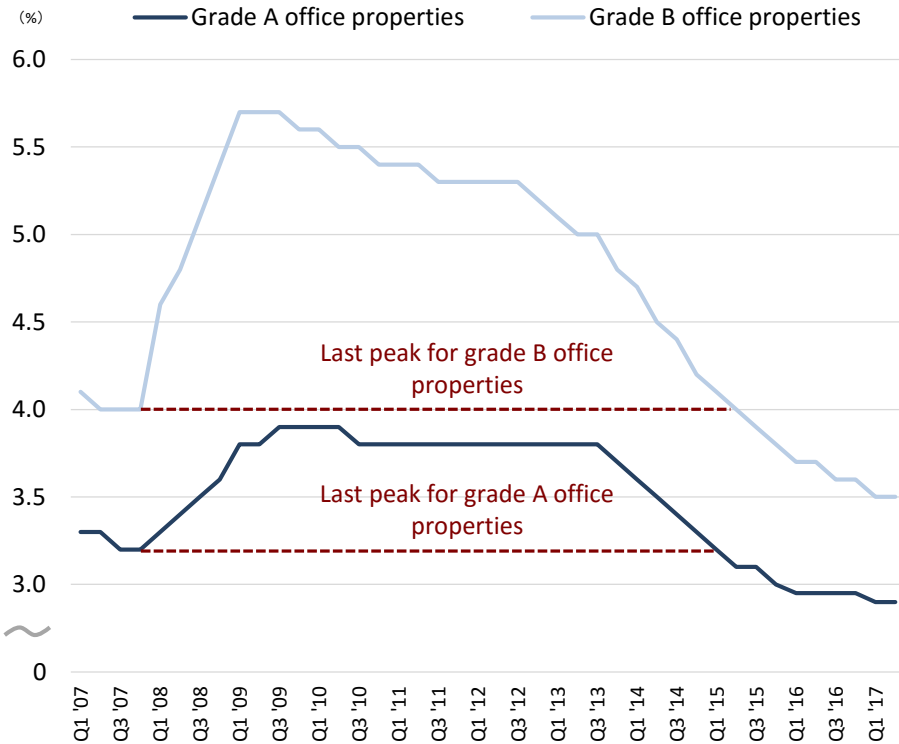
### Comparison of employed population and occupied area ('05=100pt)



# Cap Rate of Tokyo Office Properties Continues to Drop

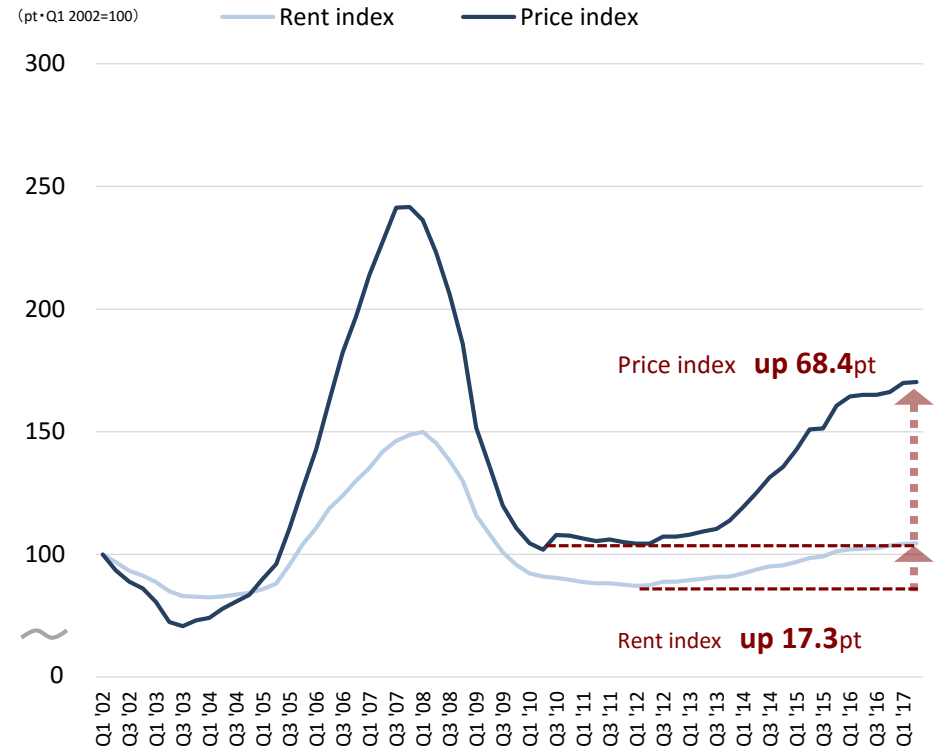
## ■ Cap Rates of Office Properties in Tokyo

- Cap rate dropped in 2016 to 2017  
Grade A office properties: 2.90% (year on year: minus 0.05% pt), grade B office properties 3.50% (year on year minus 0.20 pt)
- Cap rate fell below the peak in 2007 and continues to drop further.



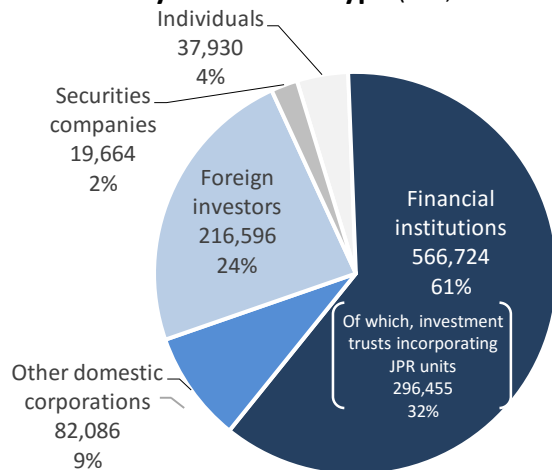
## ■ Correlation between Price and Rent of Grade A Office Properties in Tokyo

- Rent increased 17.3 points from the bottom in 2012 while price rose 68.1 points from 2010 by index

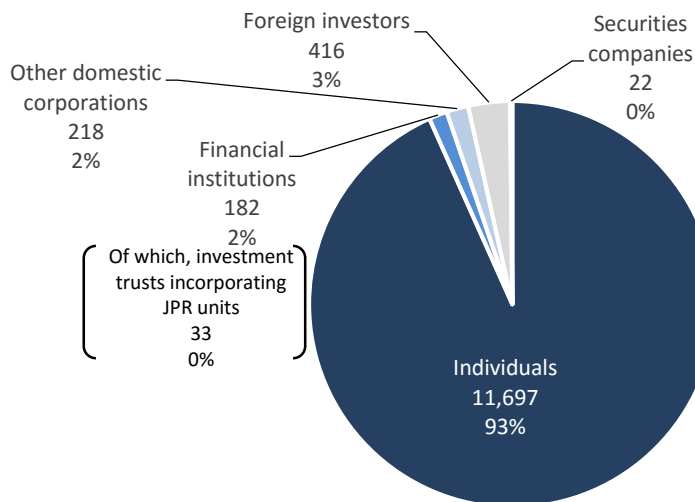


1. Prepared by TRIM based on reports publicized by Jones Lang LaSalle K.K.

#### Number of Units by Unitholder Type (923,000 units in total)



#### Number of Unitholders by Unitholder Type (12,535 unitholders in total)

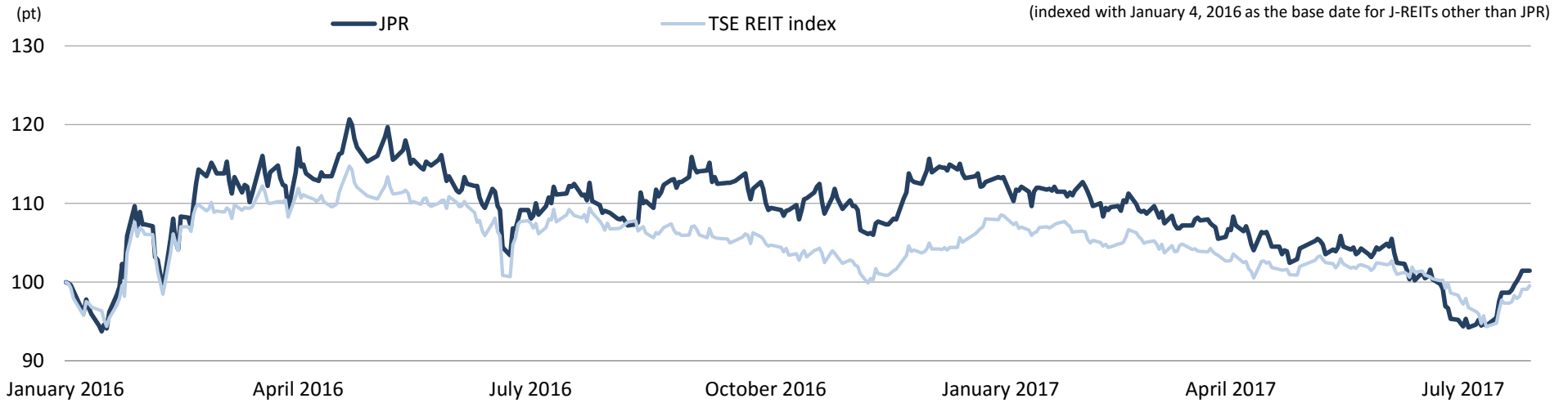


#### Top Unitholders

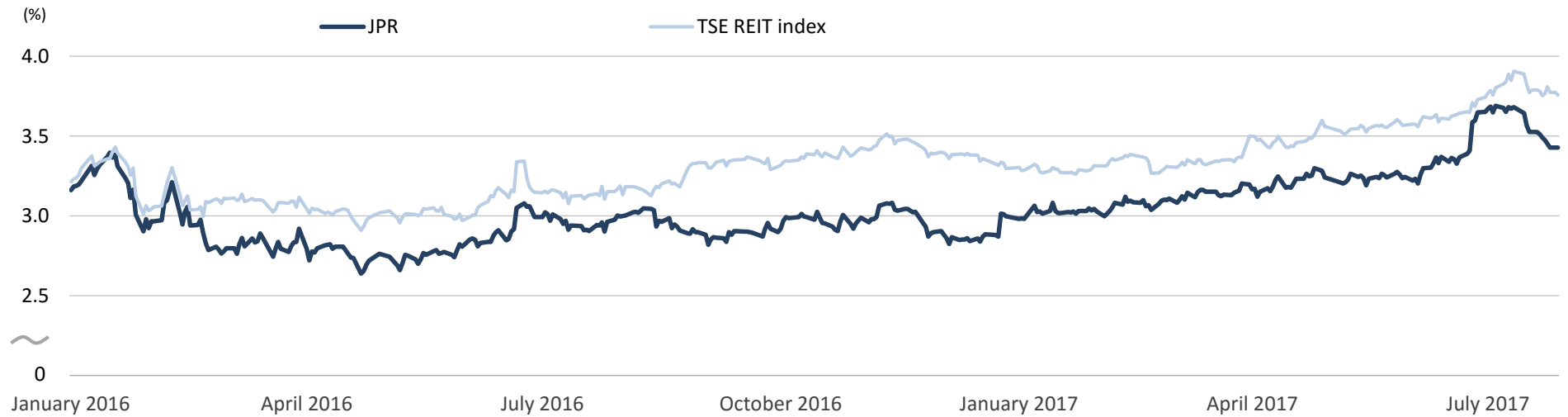
Unitholder	No. of units	Share (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	225,911	24.5
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	67,906	7.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,131	7.2
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	37,355	4.0
Tokyo Tatemono Co., Ltd.	29,300	3.2
Kawasaki Gakuen	25,000	2.7
Meiji Yasuda Life Insurance Company	24,000	2.6
State Street Bank West Client Treaty 505234	23,033	2.5
State Street Bank West Pension Fund Clients Exempt 505233	18,014	2.0
State Street Bank and Trust Company 505223	13,154	1.4
<b>Total</b>	<b>529,804</b>	<b>57.4</b>



■ Changes in JPR Unit Price



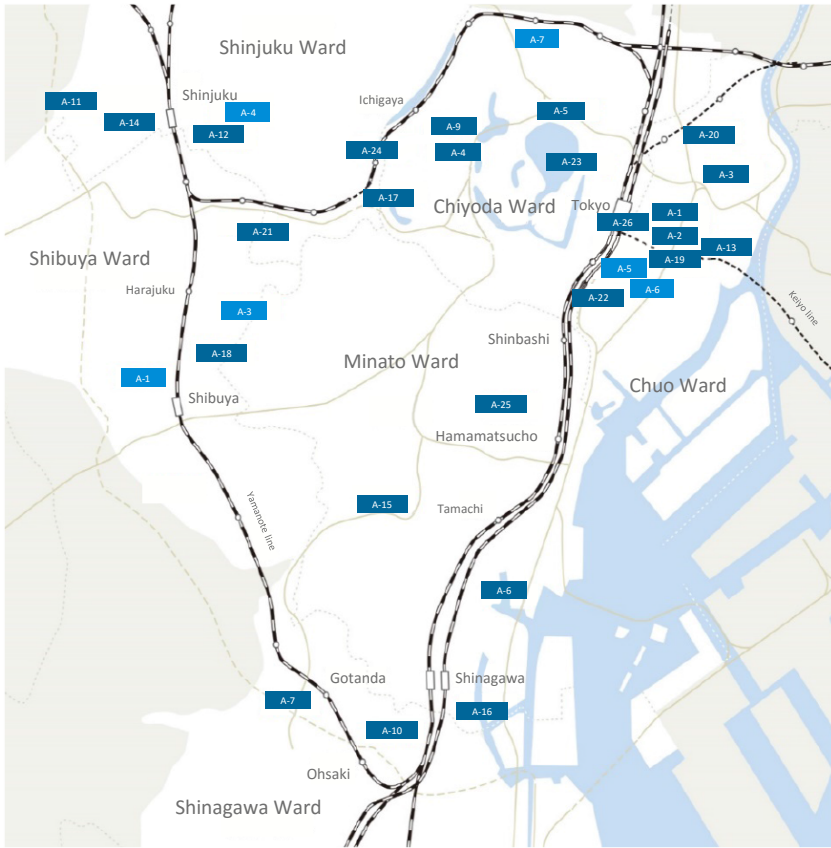
■ Changes in JPR Dividend Yield



1. Prepared by TRIM based on Bloomberg data.

### Central Tokyo

Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards



A-1	Kanematsu Bldg.	A-13	Across Shinkawa Bldg. Annex	A-24	Science Plaza - Yonbancho Plaza
A-2	Kanematsu Bldg. Annex	A-14	Shinjuku Center Building	A-25	Shibadaimon Center Bldg.
A-3	JPR Ningyo-cho Bldg.	A-15	Minami Azabu Bldg.	A-1	JPR Shibuya Tower Records Bldg.
A-4	Shin-Kojimachi Bldg.	A-16	Shinagawa Canal Bldg.	A-3	JPR Jingumae 432
A-5	JPR Crest Takebashi Bldg.	A-17	Rokubancho Building	A-4	Shinjuku Sanhome East Bldg.
A-6	MS Shibaura Bldg.	A-18	JPR Harajuku Bldg.	A-5	Yurakucho Ekimae Building (Yurakucho Itocia)
A-7	Gotanda First Bldg.	A-19	Tokyo Tatemono Kyobashi Building	A-6	GINZA GATES
A-9	JPR Ichigaya Bldg.	A-20	JPR Nihonbashi-horidome Building	A-7	FUNDES Suidobashi
A-10	Oval Court Ohsaki Mark West	A-21	JPR Sendagaya Bldg.	Acquired in 31st	
A-11	Shinjuku Square Tower	A-22	Ginza Sanwa Bldg.	A-26	Tokyo Square Garden
A-12	BYGS Shinjuku Bldg.	A-23	The Otemachi Tower (Land with Leasehold Interest)		

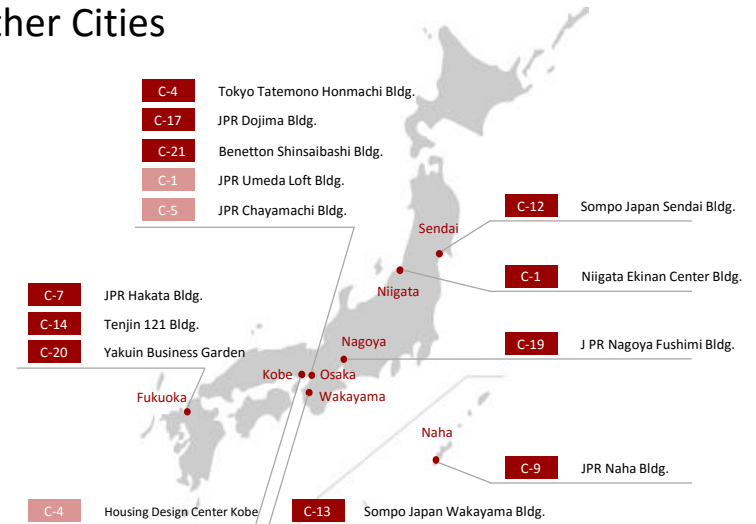
### Greater Tokyo

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



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 Building
B-13	Omiya Prime East
B-1	Tanashi ASTA
B-3	Cupo-la Main Bldg.
B-4	JPR Musashikosugi Bldg.
B-5	Musashirawa Shopping Square
B-6	Kawasaki Dice Bldg.

### Other Cities



A-1 Kanematsu Bldg.



- ① Chuo-ku
- ② S・RC・SRC B2/13F
- ③ Feb. 1993
- ④ 14,995m<sup>2</sup>
- ⑤ 11,906m<sup>2</sup>
- ⑥ 79.4%
- ⑦ Dec. 2001
- ⑧ 16,276 mn yen

A-2 Kanematsu Bldg. Annex



- ① Chuo-ku
- ② SRC B1/8F
- ③ Feb. 1993
- ④ 4,351m<sup>2</sup>
- ⑤ 3,455m<sup>2</sup>
- ⑥ 79.4%
- ⑦ Dec. 2001
- ⑧ 2,874 mn yen

A-3 JPR Ningyo-cho Bldg.



- ① Chuo-ku
- ② SRC・RC B1/8F
- ③ Dec. 1989
- ④ 4,117m<sup>2</sup>
- ⑤ 4,117m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Nov. 2001
- ⑧ 2,100 mn yen

A-4 Shin-Kojimachi Bldg.



- ① Chiyoda-ku
- ② SRC B1/9F
- ③ Oct. 1984
- ④ 5,152m<sup>2</sup>
- ⑤ 3,258m<sup>2</sup>
- ⑥ 77.2%(87.4%)
- ⑦ Nov. 2001 etc.
- ⑧ 2,420 mn yen

A-23 The Otemachi Tower (Land with Leasehold Interest)



- ① Chiyoda-ku
- ② -
- ③ Apr. 2014
- ④ 11,034m<sup>2</sup> (ground area)
- ⑤ 11,034m<sup>2</sup> (ground area)
- ⑥ 100%
- ⑦ Mar. 2012
- ⑧ 36,000 mn yen

A-5 JPR Crest Takebashi Bldg.



- ① Chiyoda-ku
- ② SRC B1/9F
- ③ Sep. 1999
- ④ 4,790m<sup>2</sup>
- ⑤ 4,790m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jun. 2002
- ⑧ 4,000 mn yen

A-6 MS Shibaura Bldg.



- ① Minato-ku
- ② SRC・RC・S B2/13F
- ③ Feb. 1988
- ④ 31,020m<sup>2</sup>
- ⑤ 15,439m<sup>2</sup>
- ⑥ 58.0%
- ⑦ Mar. 2003
- ⑧ 11,200 mn yen

A-7 Gotanda First Bldg.



- ① Shinagawa-ku
- ② SRC・RC B2/11F
- ③ Jul. 1989
- ④ 10,553m<sup>2</sup>
- ⑤ 4,035m<sup>2</sup>
- ⑥ 59.6%
- ⑦ Jul. 2003
- ⑧ 2,920 mn yen

A-9 JPR Ichigaya Bldg.



- ① Chiyoda-ku
- ② SRC B1/9F
- ③ Mar. 1989
- ④ 5,888m<sup>2</sup>
- ⑤ 5,888m<sup>2</sup>
- ⑥ 100.0%
- ⑦ May. 2004
- ⑧ 5,100 mn yen

A-14 Shinjuku Center Building



- ① Shinjuku-ku
- ② SRC・RC・S B5/54F
- ③ Oct. 1979
- ④ 176,607m<sup>2</sup>
- ⑤ 8,172m<sup>2</sup>
- ⑥ 8.6%
- ⑦ Mar. 2008
- ⑧ 21,000 mn yen

A-10 Oval Court Ohsaki Mark West



- ① Shinagawa-ku
- ② S・SRC B2/17F
- ③ Jun. 2001
- ④ 28,575m<sup>2</sup>
- ⑤ 4,024m<sup>2</sup>
- ⑥ 23.9%
- ⑦ Jun. 2004
- ⑧ 3,500 mn yen

A-11 Shinjuku Square Tower



- ① Shinjuku-ku
- ② S・RC・SRC B4/30F
- ③ Oct. 1994
- ④ 78,796m<sup>2</sup> (entire redevelopment area)
- ⑤ 18,933m<sup>2</sup>
- ⑥ 67.4%
- ⑦ Jul. 2004 etc.
- ⑧ 14,996 mn yen

A-12 BYGS Shinjuku Bldg.



- ① Shinjuku-ku
- ② SRC B2/14F
- ③ Apr. 1985
- ④ 25,733m<sup>2</sup>
- ⑤ 25,733m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Nov. 2004 etc.
- ⑧ 15,121 mn yen

A-13 Across Shinkawa Bldg. Annex



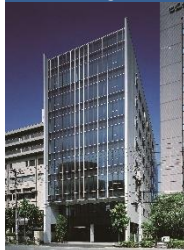
- ① Chuo-ku
- ② S・SRC B2/10F
- ③ Jun. 1994
- ④ 5,535m<sup>2</sup>
- ⑤ 1,233m<sup>2</sup>
- ⑥ 35.5%
- ⑦ Nov. 2004
- ⑧ 710 mn yen

A-15 Minami Azabu Bldg.



- ① Minato-ku
- ② S 9F
- ③ Jun. 1992
- ④ 4,570m<sup>2</sup>
- ⑤ 4,570m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jul. 2008
- ⑧ 3,760 mn yen

A-16 Shinagawa Canal Bldg.



- ① Minato-ku
- ② S B1/8F
- ③ Jul. 2008
- ④ 5,216m<sup>2</sup>
- ⑤ 1,677m<sup>2</sup>
- ⑥ 45.6%
- ⑦ Dec. 2008
- ⑧ 1,870 mn yen

A-17 Rokubancho Building



- ① Chiyoda-ku
- ② SRC B3/7F
- ③ Oct. 1991
- ④ 4,205m<sup>2</sup>
- ⑤ 4,205m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Dec. 2009
- ⑧ 2,800 mn yen


A-18 JPR Harajuku Bldg.



- ① Shibuya-ku
- ② SRC B1/9F
- ③ Mar. 1989
- ④ 6,466m<sup>2</sup>
- ⑤ 4,205m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Dec. 2009
- ⑧ 8,400 mn yen



**A-19 Tokyo Tatemono Kyobashi Building**



- ① Chuo-ku
- ② SRC B1/10F
- ③ Jan. 1981
- ④ 4,419m<sup>2</sup>
- ⑤ 4,419m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Feb. 2010
- ⑧ 5,250 mn yen

**A-20 JPR Nihonbashi-horidome Building**



- ① Chuo-ku
- ② SRC B1/9F
- ③ Jun. 2002
- ④ 7,190m<sup>2</sup>
- ⑤ 7,190m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Mar. 2010
- ⑧ 5,100 mn yen

**A-21 JPR Sendagaya Bldg.**



- ① Shibuya-ku
- ② S 8F
- ③ May. 2009
- ④ 7,683m<sup>2</sup>
- ⑤ 7,683m<sup>2</sup>
- ⑥ 100.0%
- ⑦ May. 2010
- ⑧ 5,050 mn yen

**A-26 Tokyo Square Garden**




- ① Chuo-ku
- ② SRC B4/24F
- ③ Feb. 2013
- ④ 112,645m<sup>2</sup>
- ⑤ 9,256m<sup>2</sup>
- ⑥ 8.22%
- ⑦ Feb. 2017 etc.
- ⑧ 18,400 mn yen

**A-22 Ginza Sanwa Bldg.**



- ① Chuo-ku
- ② SRC B2/9F
- ③ Oct. 1982
- ④ 8,851m<sup>2</sup>
- ⑤ 2,042m<sup>2</sup>
- ⑥ 26.6%
- ⑦ Aug. 2011
- ⑧ 3,400 mn yen

**A-24 Science Plaza - Yonbancho Plaza**



- ① Chiyoda-ku
- ② S·SRC·RC B2/12F
- ③ Feb. 1995
- ④ 24,560m<sup>2</sup>
- ⑤ 3,213m<sup>2</sup>
- ⑥ 22.4%
- ⑦ Dec. 2013
- ⑧ 2,660 mn yen

**A-25 Shibadaimon Center Bldg.**




- ① Minato-ku
- ② S·SRC B1/10F
- ③ Jul. 1993
- ④ 11,419m<sup>2</sup>
- ⑤ 5,285m<sup>2</sup>
- ⑥ 65.4%
- ⑦ Dec. 2013 etc.
- ⑧ 4,220 mn yen

**A-1 JPR Shibuya Tower Records Bldg.**




- ① Shibuya-ku
- ② SRC·S B3/8F
- ③ Feb. 1992
- ④ 8,449m<sup>2</sup>
- ⑤ 8,449m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jun. 2003
- ⑧ 12,000 mn yen

**A-3 JPR Jingumae 432**



- ① Shibuya-ku
- ② S·SRC B1/7F
- ③ Feb. 2006
- ④ 1,066m<sup>2</sup>
- ⑤ 1,066m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Mar. 2006
- ⑧ 4,275 mn yen

**A-4 Shinjuku Sanchoe East Bldg.**



- ① Shinjuku-ku
- ② S·SRC·RC B3/14F
- ③ Jan. 2007
- ④ 24,617m<sup>2</sup>
- ⑤ 2,328m<sup>2</sup>
- ⑥ 12.5%
- ⑦ Mar. 2007 etc.
- ⑧ 2,740 mn yen

**A-6 GINZA GATES**




- ① Chuo-ku
- ② S 11F
- ③ Jun. 2008
- ④ 1,821m<sup>2</sup>
- ⑤ 1,821m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Dec. 2016
- ⑧ 10,100 mn yen

**A-5 Yurakucho Ekimae Building (Yurakucho Itocia)**



- ① Chiyoda-ku
- ② S·SRC B4/20F
- ③ Oct. 2007
- ④ 71,957m<sup>2</sup>
- ⑤ 1,087m<sup>2</sup>
- ⑥ 1.9% (2.1%)
- ⑦ Aug. 2008
- ⑧ 3,400 mn yen

**A-7 FUNDES Suidobashi**



- ① Chiyoda-ku
- ② S 9F
- ③ Jul. 2015
- ④ 1,477m<sup>2</sup>
- ⑤ 1,477m<sup>2</sup>
- ⑥ 100%
- ⑦ Dec. 2016
- ⑧ 3,250 mn yen

B-1 Arca East



- ① Sumida-ku
- ② S-SRC B3/19F
- ③ Mar. 1997
- ④ 34,281m<sup>2</sup>
- ⑤ 6,911m<sup>2</sup>
- ⑥ 38.3%
- ⑦ Nov. 2001
- ⑧ 5,880 mn yen

B-2 JPR Chiba Bldg.



- ① Chiba, Chiba
- ② S-SRC B1/13F
- ③ Jan. 1991
- ④ 9,072m<sup>2</sup>
- ⑤ 9,072m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Dec. 2001
- ⑧ 2,350 mn yen

B-3 JPR Yokohama Nihon Odori Bldg.



- ① Yokohama, Kanagawa
- ② SRC B1/11F
- ③ Oct. 1989
- ④ 9,146m<sup>2</sup>
- ⑤ 9,146m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Nov. 2001
- ⑧ 2,927 mn yen

B-5 Shinyokohama 2nd Center Bldg.



- ① Yokohama, Kanagawa
- ② S-SRC B2/12F
- ③ Aug. 1991
- ④ 7,781m<sup>2</sup>
- ⑤ 7,781m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Sep. 2002 etc.
- ⑧ 1,490 mn yen

B-6 Kawaguchi Center Bldg.



- ① Kawaguchi, Saitama
- ② S-SRC B2/15F
- ③ Feb. 1994
- ④ 28,420m<sup>2</sup>
- ⑤ 15,401m<sup>2</sup>
- ⑥ 86.5%
- ⑦ Feb. 2004
- ⑧ 8,100 mn yen

B-11 Olinas Tower



- ① Sumida-ku
- ② SRC-RC-S B2/45F
- ③ Feb. 2006
- ④ 257,842m<sup>2</sup>
- ⑤ 23,692m<sup>2</sup>
- ⑥ 23.3%
- ⑦ Jun. 2009
- ⑧ 31,300 mn yen

B-7 JPR Ueno East Bldg.



- ① Taito-ku
- ② S-SRC B1/8F
- ③ Oct. 1992
- ④ 8,490m<sup>2</sup>
- ⑤ 8,490m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Mar. 2004
- ⑧ 3,250 mn yen

B-8 Tachikawa Business Center Bldg.



- ① Tachikawa, Tokyo
- ② S-SRC B1/12F
- ③ Dec. 1994
- ④ 14,706m<sup>2</sup>
- ⑤ 4,812m<sup>2</sup>
- ⑥ 47.9%
- ⑦ Sep. 2005 etc.
- ⑧ 3,188 mn yen

B-9 Rise Arena Bldg.



- ① Toshima-ku
- ② RC-SRC-S B3/42F
- ③ Jan. 2007
- ④ 91,280m<sup>2</sup>
- ⑤ 5,972m<sup>2</sup>
- ⑥ 25.2%
- ⑦ Mar. 2007
- ⑧ 5,831 mn yen

B-10 Yume-ooka Office Tower



- ① Yokohama, Kanagawa
- ② S-SRC-RC B3/27F
- ③ Mar. 1997
- ④ 185,976m<sup>2</sup>
- ⑤ 14,196m<sup>2</sup>
- ⑥ 48.8%
- ⑦ Jul. 2007
- ⑧ 6,510 mn yen

B-12 Tokyo Tatemono Yokohama Building



- ① Yokohama, Kanagawa
- ② SRC B1/9F
- ③ May. 1981
- ④ 8,772m<sup>2</sup>
- ⑤ 8,772m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Dec. 2010
- ⑧ 7,000 mn yen

B-13 Omiya Prime East



- ① Saitama, Saitama
- ② S 9F
- ③ Feb. 2009
- ④ 9,203m<sup>2</sup>
- ⑤ 9,203m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Mar. 2013
- ⑧ 6,090 mn yen

B-1 Tanashi ASTA



- ① Nishitokyo, Tokyo
- ② SRC B2/17F
- ③ Feb. 1995
- ④ 80,675m<sup>2</sup>
- ⑤ 20,727m<sup>2</sup>
- ⑥ 43.6% (51.3%)
- ⑦ Nov. 2001
- ⑧ 10,200 mn yen

B-3 Cupo-la Main Bldg.



- ① Kawaguchi, Saitama
- ② S-RC-SRC B2/10F
- ③ Jan. 2006
- ④ 48,321m<sup>2</sup>
- ⑤ 5,870m<sup>2</sup>
- ⑥ 16.7% (19.2%)
- ⑦ Mar. 2006
- ⑧ 2,100 mn yen

B-4 JPR Musashikosugi Bldg.



- ① Kawasaki, Kanagawa
- ② SRC-RC-S B1/6F
- ③ Mar. 1983
- ④ 18,394m<sup>2</sup>
- ⑤ 18,394m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Sep. 2006
- ⑧ 7,254 mn yen

B-5 Musashirawa Shopping Square



- ① Saitama, Saitama
- ② S B1/4F
- ③ Oct. 2005
- ④ 28,930m<sup>2</sup>
- ⑤ 14,465m<sup>2</sup>
- ⑥ 50.0%
- ⑦ Mar. 2007
- ⑧ 4,335 mn yen

B-6 Kawasaki Dice Bldg.



- ① Kawasaki, Kanagawa
- ② S-SRC-RC B2/11F
- ③ Aug. 2003
- ④ 36,902m<sup>2</sup>
- ⑤ 13,925m<sup>2</sup>
- ⑥ 46.6%
- ⑦ Apr. 2007
- ⑧ 15,080 mn yen



C-1 Niigata Ekinan Center Bldg.



- ① Niigata, Niigata
- ② S-SRC B1/10F
- ③ Mar. 1996
- ④ 19,950m<sup>2</sup>
- ⑤ 5,444m<sup>2</sup>
- ⑥ 32.9% (58.0%)
- ⑦ Nov. 2001
- ⑧ 2,140 mn yen

C-4 Tokyo Tatemono Honmachi Bldg.



- ① Osaka, Osaka
- ② SRC B3/9F
- ③ Feb. 1970
- ④ 14,619m<sup>2</sup>
- ⑤ 7,709m<sup>2</sup>
- ⑥ 72.0% (71.0%)
- ⑦ Nov. 2001
- ⑧ 4,150 mn yen

C-7 JPR Hakata Bldg.



- ① Fukuoka, Fukuoka
- ② S-RC B1/12F, S1F
- ③ Jun. 1985
- ④ 9,828m<sup>2</sup>
- ⑤ 9,828m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Nov. 2001
- ⑧ 2,900 mn yen

C-9 JPR Naha Bldg.



- ① Naha, Okinawa
- ② SRC-S 12F
- ③ Oct. 1991
- ④ 5,780m<sup>2</sup>
- ⑤ 5,780m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Nov. 2001
- ⑧ 1,560 mn yen

C-12 Sampo Japan Sendai Bldg.



- ① Sendai, Miyagi
- ② SRC B1/12F
- ③ Dec. 1997
- ④ 10,783m<sup>2</sup>
- ⑤ 10,783m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jun. 2002
- ⑧ 3,150 mn yen

C-13 Sampo Japan Wakayama Bldg.



- ① Wakayama, Wakayama
- ② S 9F
- ③ Jul. 1996
- ④ 6,715m<sup>2</sup>
- ⑤ 6,715m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jun. 2002
- ⑧ 1,670 mn yen

C-14 Tenjin 121 Bldg.



- ① Fukuoka, Fukuoka
- ② S-SRC 13F
- ③ Jul. 2000
- ④ 8,690m<sup>2</sup>
- ⑤ 3,117m<sup>2</sup>
- ⑥ 52.2%
- ⑦ Jun. 2002
- ⑧ 2,810 mn yen

C-17 JPR Dojima Bldg.



- ① Osaka, Osaka
- ② SRC B2/9F
- ③ Oct. 1993
- ④ 5,696m<sup>2</sup>
- ⑤ 5,696m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Jan. 2004
- ⑧ 2,140 mn yen

C-19 JPR Nagoya Fushimi Bldg.



- ① Nagoya, Aichi
- ② SRC B1/9F
- ③ Mar. 1991
- ④ 10,201m<sup>2</sup>
- ⑤ 10,201m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Mar. 2005
- ⑧ 4,137 mn yen

C-20 Yakuin Business Garden



- ① Fukuoka, Fukuoka
- ② SRC 14F
- ③ Jan. 2009
- ④ 22,286m<sup>2</sup>
- ⑤ 22,286m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Aug. 2012
- ⑧ 10,996 mn yen

C-3 Benetton Shinsaibashi Bldg.



- ① Osaka, Osaka
- ② S B2/10F
- ③ Feb. 2003
- ④ 5,303m<sup>2</sup>
- ⑤ 5,303m<sup>2</sup>
- ⑥ 100.0%
- ⑦ May. 2005
- ⑧ 5,430 mn yen

C-1 JPR Umeda Loft Bldg.



- ① Osaka, Osaka
- ② SRC B1/8F
- ③ Apr. 1990
- ④ 17,897m<sup>2</sup>
- ⑤ 17,897m<sup>2</sup>
- ⑥ 100.0%
- ⑦ May. 2003 etc.
- ⑧ 13,000 mn yen

C-4 Housing Design Center Kobe



- ① Kobe, Hyogo
- ② SRC-S B2/11F
- ③ Jun. 1994
- ④ 33,877m<sup>2</sup>
- ⑤ 33,877m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Sep. 2005
- ⑧ 7,220 mn yen

C-5 JPR Chayamachi Bldg.



- ① Osaka, Osaka
- ② S-SRC 9F
- ③ Jun. 1994
- ④ 3,219m<sup>2</sup>
- ⑤ 3,219m<sup>2</sup>
- ⑥ 100.0%
- ⑦ Aug. 2006
- ⑧ 6,000 mn yen





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- The photos used in this material include those of the assets other than what JPR owns or plans to acquire. Please note that for assets indicated as land with leasehold interest, JPR owns only the land and does not own any building on it.
- Unless otherwise noted, the figures indicated in this material are rounded down to the nearest specified unit for monetary amounts and space areas, and rounded off to the nearest specified unit for percentages and other figures. Accordingly, the sum totals of monetary amounts or percentages of respective items may not match the sum totals of actual figures.

### Glossary

#### Acquisition price

The transaction price indicated in the sale and purchase agreement for acquisition of properties (hereafter, the “owned properties”) or properties it plans to acquire (exclusive of expenses related to acquisition, property taxes and consumption taxes, etc.)

#### Total (acquisition price)

The asset size refers to the total amount of the acquisition prices of the owned properties.

#### Investment ratio

The investment ratio refers to the ratio of the acquisition price of relevant properties owned by JPR to the total acquisition price of its portfolio.

#### Occupancy rate / occupancy rate based on concluded contracts

Total leased space / total leasable space

When simply stated as occupancy rate, it represents the occupancy rate based on concluded contracts.

When occupancy rate for each fiscal period is indicated, it represents the average occupancy rate as of the end of each month that belongs to the relevant fiscal period (period average of occupancy rate at end of month). Furthermore, it may be described as “average occupancy rate” in order to distinguish it from “period-end occupancy rate.”

#### Occupancy rate based on generated rents

(Total leased space – total leased space during rent-free and rent-holiday periods) / total leasable space

#### Average unit rent

Total monthly rent / total leased space

Calculated based on the monthly rents (including common charges) indicated in the lease contracts with tenants; for certain properties, the figure includes common charges, etc. received by master lessees without being recorded as JPR’s revenue

#### Number of tenants

The number of tenants counts the parties with whom JPR has concluded lease contracts for the building floors. 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.

#### NOI yield

(Rental revenue - real estate — expenses related to rent business + depreciation) / book value (or acquisition price, depending on the case)  
NOI yield is calculated using the above formula, by dividing the book value (or acquisition price) in the formula by 365 days and multiplying it by the number of business days of the relevant fiscal period.

#### After-depreciation yield

(Rental revenue - real estate — expenses related to rent business) / book value (or acquisition price, depending on the case)

#### Ratio of long-term, fixed interest rate debts

Long-term interest-bearing debts with fixed interests / total interest-bearing debts

#### Average maturity

Weighted average calculated by dividing the remaining periods to the repayment dates and redemption dates of borrowings and investment corporation bonds at the end of each fiscal period by the balance of respective borrowings and investment corporation bonds at the end of each fiscal period

For borrowings with scheduled repayment in installments, the weighted average of the remaining period to the scheduled repayment dates of each installment payment in accordance with the relevant repayment amount

#### Average debt cost

Sum total of interest expenses on borrowings and 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 issuance management expenses, divided by the number of business days for the relevant fiscal period and annualized by multiplying by 365 days / sum total of borrowings and investment corporation bonds

#### LTV

Interest-bearing debts / total assets at end of period (based on total assets)

There are other calculation methods of LTV.

• LTV based on unitholders’ capital) = Interest-bearing debts / (interest-bearing debts + unitholders’ capital)

• LTV (based on valuation) = Interest-bearing debts / (total assets at end of period + unrealized gains or losses from valuation)

Unrealized gains or losses from valuation refer to the difference between appraisal value and book value.

#### NAV per unit

(Unitholders’ value + reserve for reduction entry, etc. + unrealized gains or losses) / number of units outstanding

#### Ratio of unrealized gains or losses

(Appraisal value – book value) / book value

#### Cap rate

Capitalization rate by the direct capitalization method

Direct capitalization method is one of the methods to calculate the value estimated by income approach (a method to estimate the value of the target property by calculating the sum total of present value of the net operating income which the target property is expected to generate in the future), and capitalizes the net operating income of a certain period by using the capitalization rate.

#### Tokyo

“Tokyo” defined by JPR as its investment area collectively refers to “Central Tokyo” and “Greater Tokyo” as defined below, and “Other Cities” refers to other regions.

• Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards

• Greater Tokyo: All other areas of Tokyo Prefecture, and Chiba, Kanagawa and Saitama Prefectures