

## Report on Operating and Management Results

Twenty-Eighth Fiscal Period  
Semi-Annual Report

July 1, 2015 – December 31, 2015

# 28<sup>th</sup>



# 8955



## Japan Prime Realty Investment Corporation

Japan Prime Realty Investment Corporation (JPR) is a J-REIT having one of the largest asset holdings in Japan with a combined portfolio that is focused on office properties in Tokyo\* and complemented by urban retail properties.

Since its listing in 2002, JPR has steadily expanded its asset size while maintaining stable cash distributions. Going forward, JPR will endeavor to further improve the quality of its portfolio and manage its assets so that steady growth and enhancement of unitholder value is secured as it moves ahead.

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

## Features of JPR

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1. Proven track record in achieving steady growth and stable management since listing
2. High-quality portfolio of assets centering on office properties in Tokyo
3. Stable financial operations
4. Strong support from five sponsor companies including Tokyo Tatemono Co., Ltd.

## Cash Distribution per Unit

Determined cash distribution (for the 28th fiscal period)

**¥6,588**

(Distribution starting on March 10, 2016)

## Assets Held

**¥410.3 billion**

(End of 28th fiscal period)

## Properties Owned

**62 properties**

(End of 28th fiscal period)

## Occupancy Rate at End of Period

**97.4%**

(End of 28th fiscal period)



Yakuin Business Garden

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## Message to Our Unitholders

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(From left to right) Nobuhisa Kusanagi, Hirohito Kaneko and Masato Denawa



Japan Prime Realty  
Investment Corporation

**Hirohito Kaneko**  
Executive Officer

**Masato Denawa**  
Supervising Officer

**Nobuhisa Kusanagi**  
Supervising Officer

Dear Investors,

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

Having settled the 28th fiscal period (July 1, 2015 – December 31, 2015) at the end of December 31, 2015, we renew our heartfelt appreciation for your patronage and support.

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

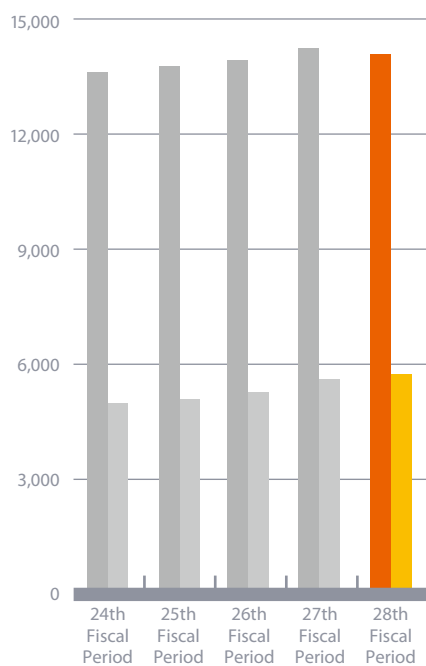
We ask for your continued understanding and support of our operations.

## 1. Operating Performance Topics

(All amounts in millions of yen unless otherwise stated)

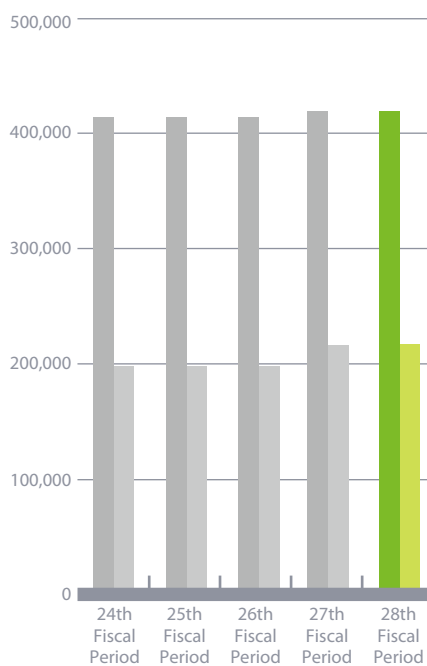
	24th Fiscal Period ended December 2013	25th Fiscal Period ended June 2014	26th Fiscal Period ended December 2014	27th Fiscal Period ended June 2015	28th Fiscal Period ended December 2015
Operating revenues	13,591	13,734	13,902	14,251	<b>14,105</b>
Ordinary income	4,899	5,073	5,239	5,566	<b>5,746</b>
Net income	4,954	5,072	5,238	5,603	<b>5,749</b>
Total cash distributions	4,954	5,073	5,239	5,603	<b>5,751</b>
Total assets	413,974	414,104	414,091	418,778	<b>418,739</b>
Total unitholders' equity	197,095	197,213	197,378	216,092	<b>216,238</b>
Equity ratio (%)	47.6	47.6	47.7	51.6	<b>51.6</b>
Unitholders' equity per unit (yen)	238,903	239,046	239,246	247,529	<b>247,696</b>
Cash distribution per unit (yen)	6,006	6,150	6,351	6,419	<b>6,588</b>

### Operating Revenues and Net Income



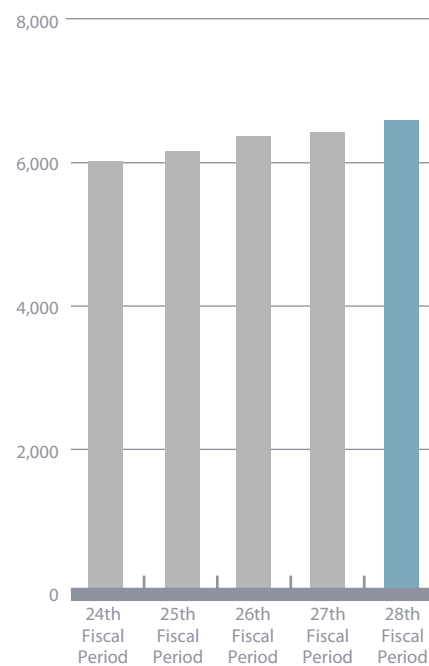
Operating Revenues (million yen)  
Net Income (million yen)

### Total Assets and Total Unitholders' Equity



Total Assets (million yen)  
Total Unitholders' Equity (million yen)

### Cash Distribution per Unit



Cash Distribution (yen)

## 2. Message from Asset Manager



### Satoshi Okubo

President and Chief Executive Officer (CEO)  
Tokyo Realty Investment Management, Inc.  
(TRIM)

### 1 Financial Results of the 28th Fiscal Period Ended December 2015

Japan Prime Realty Investment Corporation (JPR) again achieved generally good financial results for the fiscal period under review. Distribution per unit for the fiscal period came to 6,588 yen, achieving the medium-term target of 6,500 yen, which had been set a year ago, earlier than anticipated.

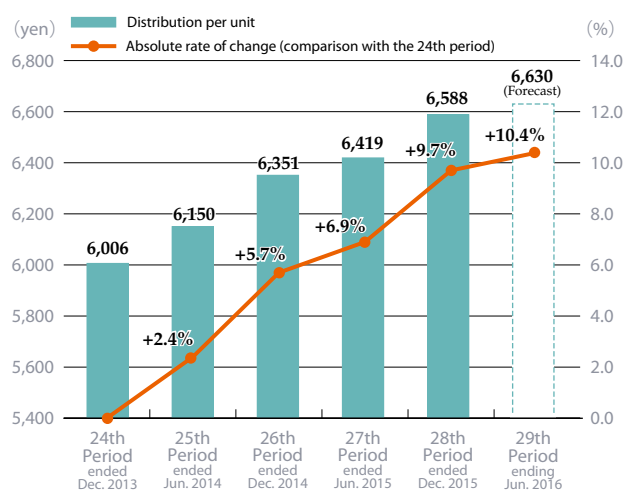
The good performance was attained by solid internal growth of the existing properties. At JPR, rental revenue has shown a period-on-period increase since the 24th fiscal period ended December 2013, when the figure turned from a decrease to an increase. On top of stable occupancy at over 97%, the average unit rent has been on an upward trend.

As for the cancellations that took place in the 28th fiscal period, we worked on the leasing of vacated spaces in an endeavor to contract at high rent levels, with a focus on revenue growth over the medium to long term. As a result, the period-end occupancy rate of the entire portfolio was successfully increased from 96.7% of the previous fiscal period to 97.4%.

In terms of external growth, we have continued our efforts on vigorously selective investments in properties that should help enhance the quality of the portfolio in the face of the market environment where transaction prices are soaring. As for financial operations, we have endeavored to reduce interest expenses to increase cash distributions, while working to reinforce JPR's financial base that should allow it to cope with changes in the financial environment.

For the next fiscal period (the 29th fiscal period ending June 2016), distribution per unit is forecasted to stand at 6,630 yen. We are resolved to exert ourselves to achieve long-term and stable growth of JPR by taking advantage of the high quality of its portfolio and through our management that maximizes the asset value.

#### Changes in Distribution per Unit and Absolute Rate of Change



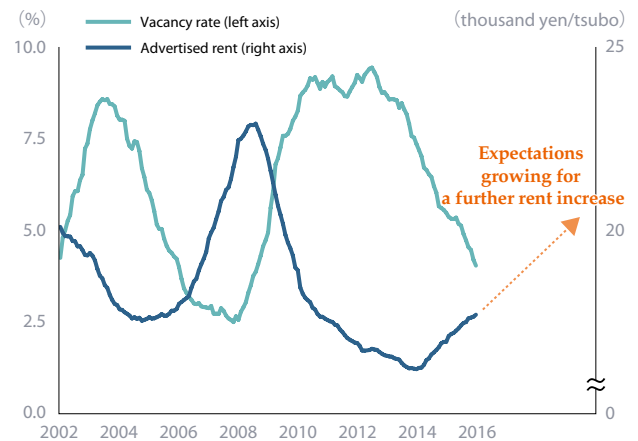
## 2 Successful Raising of Rents Contributed to Increased Cash Distributions

### ■ The Office Property Leasing Market in Tokyo Expected to Show Further Recovery

In the office property leasing market in Tokyo, vacancy rates have decreased and advertised rents have continued to rise against the backdrop of expanding corporate performance. The vacancy rate in Tokyo's business areas has fallen below 5%, a benchmark of the supply and demand balance, indicating that the market has entered a phase in which a full-on increase in rents can be expected. As shown in the graph to the right, the vacancy rate in the said areas fell below 5% in July 2015, further dropping to 4.0% by December. The stock of vacant spaces, which stood at 390,000 tsubos as of that time, may likely fall to the level before the global financial crisis by the end of 2016. As such, the market will appear to be even more of a lender's market going forward, allowing expectations for full-on recovery of the market conditions.

(Note) Prepared by TRIM based on Office Data (Tokyo Business Areas) published by Miki Shoji Co., Ltd.

### Changes in the Vacancy Rate and Advertised Rent in the Tokyo Business Areas



### Occupancy Rate Outlook of Properties Subject to Leasing Strengthening

#### Kanematsu Bldg.

Replacement of air conditioning units

79.8% ▶ 95.0%  
(Beginning of 28th period) (based on contracts)



#### Kanematsu Bldg. Annex

Replacement of air conditioning units  
Installation of office automation floors

0.0% ▶ 100.0%  
(Beginning of 28th period) (based on contracts)



#### Gotanda First Bldg.

Replacement of individually-controlled air conditioning units  
Replacement of ceilings and lighting fixtures

6.9% ▶ 91.4%  
(Beginning of 28th period) (based on application)



### ■ Significant Recovery of Occupancy Rates of Properties Subject to Strengthened Leasing

Amid the office property leasing market recovery, JPR saw steady progress in the leasing of new tenants at the properties indicated to the left, at which cancellations took place in the 27th fiscal period ended June 2015. The occupancy rates of these properties are anticipated to recover significantly in the 28th fiscal period ended December 2015 through the 29th fiscal period ending June 2016.

Because these properties have relatively high levels of competitiveness in the areas, we were able to not only fill the vacancies but also secure rent levels considered to be fairly high in the current market environment. This led to an increase in the average unit rent of the entire portfolio.

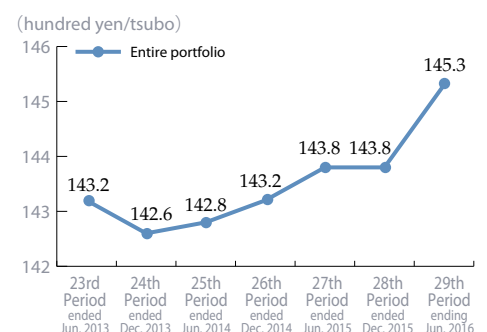
Behind these achievements are our strategic endeavors (value enhancement works). TRIM's Asset Engineering Group, comprised of well-experienced technical experts, work to enhance added value by accurately understanding tenant needs. These endeavors have contributed to enhancing the property competitiveness as well as inviting tenants and increasing the rent levels.

### ■ Increase in Average Unit Rent through Endeavors to Raise Rents

At JPR, the initiatives on raising rents have securely generated an increase in cash distributions. Although the average unit rent largely stayed flat in the 28th fiscal period due to tenant move-outs at properties in relatively high rent zones, the figure is anticipated to increase significantly in the next (29th) fiscal period when tenant replacement will produce positive effects.

Looking ahead, we believe that the new supply of office spaces will continue in Tokyo, causing tenant replacements to occur. However, we will take such tenant replacements as a good opportunity to raise rents, and work to implement leasing with a focus on rent increases over the medium to long term.

### Changes in Average Unit Rent



(Note) Average unit rent has been rounded to the nearest 10 yen.

### 3 Strategy of Vigorously Selective Investments in an Environment with Soaring Prices

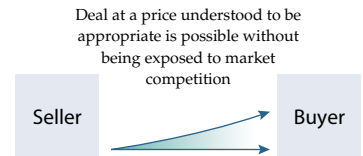
The for-sale real estate market has entered a phase in which real estate prices are rising even further, and some blue-chip office properties in Central Tokyo are traded with investment returns standing at the 3% level.

In order to avoid acquisitions at prices more expensive than the property value, it is increasingly important to utilize available pipelines including those of sponsors. At JPR, endeavors to reinforce pipelines are under way for additionally acquiring co-owned properties, etc., on top of securing information from the sponsors. This is because, in many cases, co-owned properties, etc. provide co-owners with preferential negotiation rights over the co-ownership interests of other right holders and thus we can conduct negotiated deals at a price understood to be appropriate over the medium to long term without being exposed to excessive market competition.

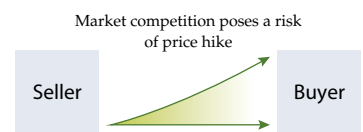
The strong internal growth JPR currently enjoys is bolstered by the high quality of its portfolio. Our policy is to conduct vigorously selective investments in properties that should contribute to the profitability and quality of the portfolio over the medium to long term, without placing priority on short-term earnings.

#### Enhanced Utilization of Preferential Negotiation Rights

##### Acquisition by utilizing preferential negotiation rights








##### Acquisition through bid deal, etc.



#### Achievements in Vigorously Selective Investments

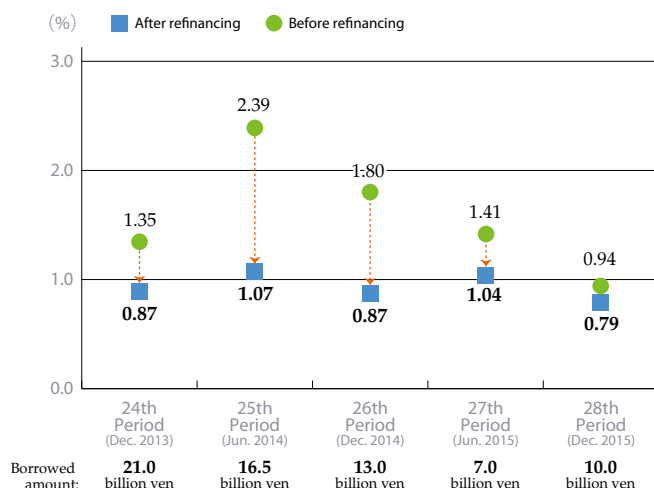
Properties acquired in negotiated deals utilizing preferred negotiation rights, etc. have contributed to improved quality of the portfolio and enhanced earnings.

Average of the properties to the left

NOI yield	6.8%	10.9%	5.7%	5.6%	4.2%	5.8%
Acquired properties	Omiya Prime East 	Shinyokohama 2nd Center Bldg. (additional acquisition in the 23rd period) 	Science Plaza – Yonbancho Plaza 	Shibadaiimon Center Building (initial acquisition in the 24th period and additional acquisition in the 24th period) 	Shinjuku Square Tower (additional acquisitions in the 27th and 28th periods) 	

### 4 Reinforcement of Financial Base over a Medium to Long Term on Top of Reduction in Interest Expenses

#### Reduction of Average Debt Costs through Refinancing



At JPR, interest expenses (average debt costs) have been decreased due to refinancing of debts that mature in each fiscal period, contributing to an increase in cash distributions.

As a result of the refinancing conducted in the 28th fiscal period, the average maturity of the refinanced loans was lengthened from 3.7 years to 7.8 years and the average borrowing interest rate was reduced from 0.94% to 0.79%, compared with the relevant loans before refinancing.

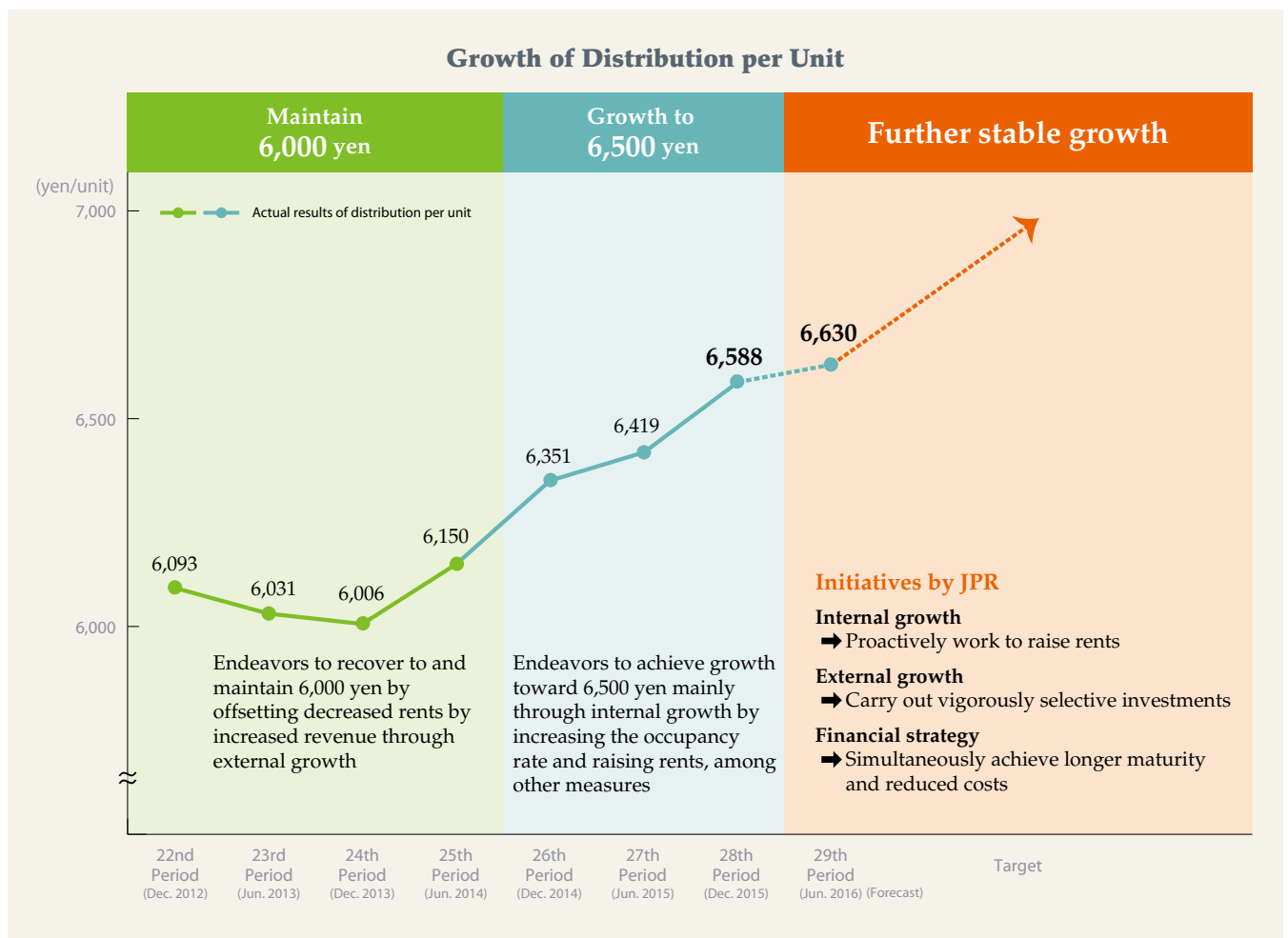
In addition to such reductions in interest expenses, we work to further lengthen the maturity of debts and diversify repayment dates in the face of the favorable financing environment. By doing so, we endeavor to further strengthen the financial base that should allow JPR to withstand financing risks that may arise in the future.



## 5 In Pursuit of Stable Long-Term Growth of Cash Distributions

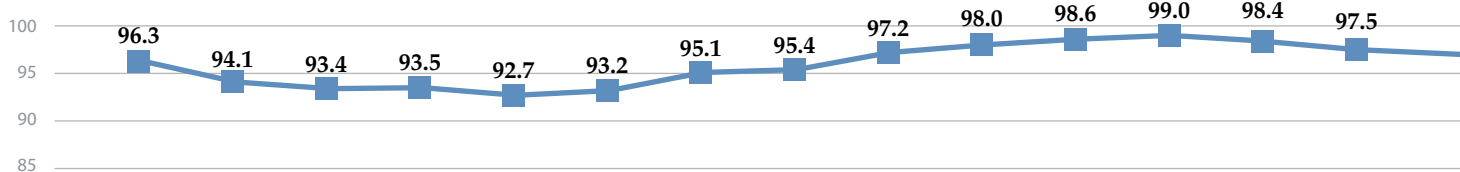
Cash distributions of JPR continued to grow from the phase of “maintaining 6,000 yen per unit under normal operation,” achieving the medium-term target of 6,500 yen in the 28th fiscal period. Going forward, JPR will be entering the higher phase of “stable growth over the long term.”

To secure continuous growth, what matters is to conduct management that should maximize the quality and asset value of the portfolio. Although the office property leasing market is expected to show full-on recovery, we will not place priority on expanding the asset size. Instead, we will securely implement such measures as maintaining high occupancy, raising rents in a steady manner and carrying out vigorously selective investments at appropriate prices. In our view, this approach represents the real management capability.

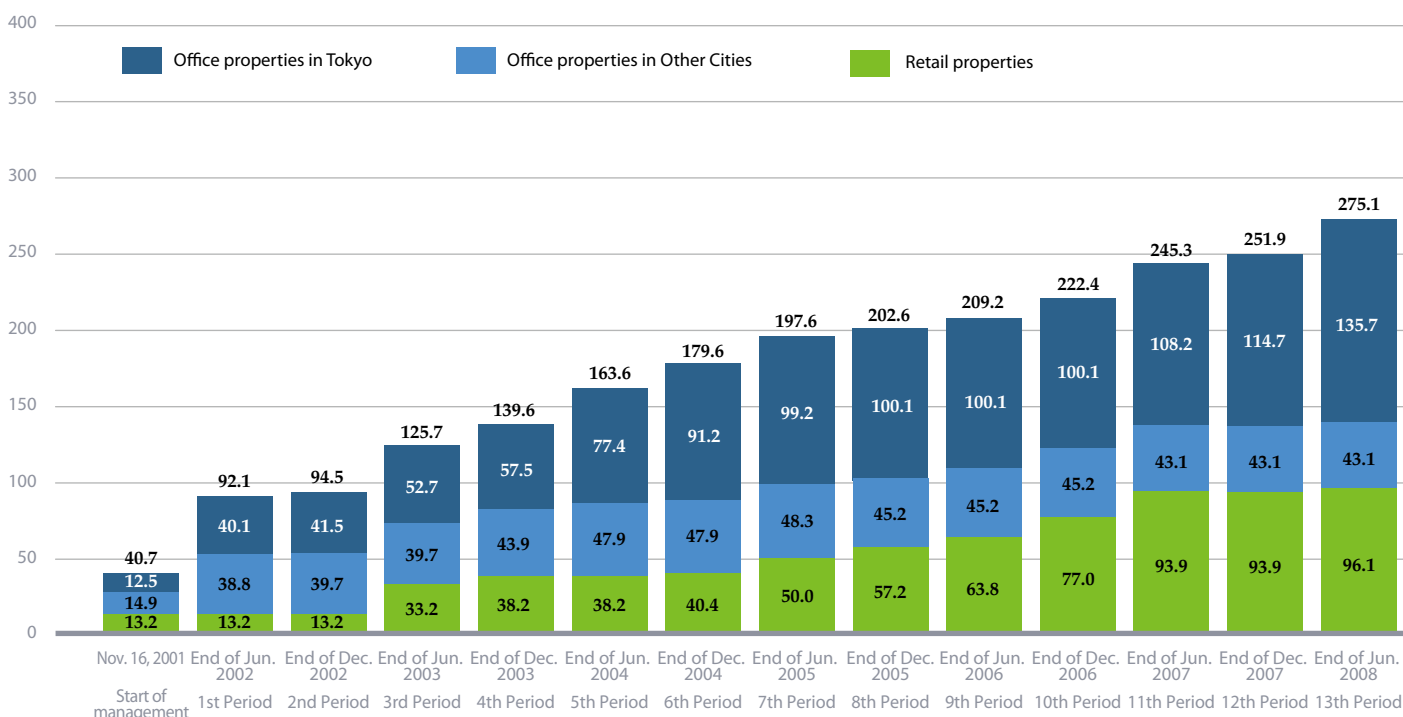


# 1. Portfolio Growth

## Occupancy Rate at End of Period (%)

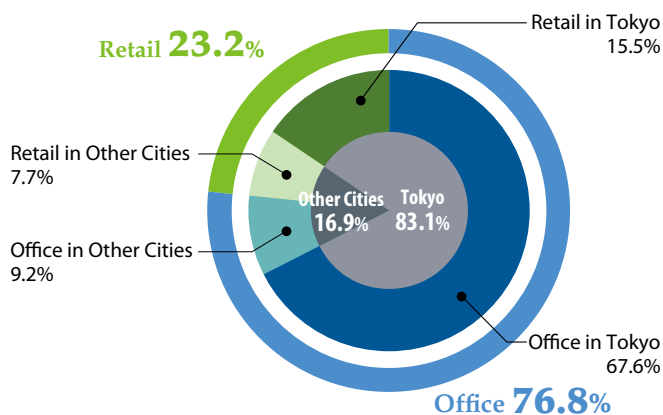


## Asset Size, etc. and Results of Distributions per Unit (billions of yen)



Number of properties	13	25	27	30	32	38	42	42	42	44	46	48	49	50
Total number of tenants	133	281	311	324	357	437	496	459	441	462	479	491	517	537
Leasable floor space (m <sup>2</sup> )	94,935	162,739	168,987	201,808	218,734	256,329	273,330	281,408	308,205	315,156	337,382	361,574	373,609	383,491
Distribution per unit (yen)	-	2,545	6,912	6,873	5,738	6,081	6,671	6,370	6,411	6,509	6,873	6,996	6,671	7,122

## Property Diversification



### Portfolio Management Standards

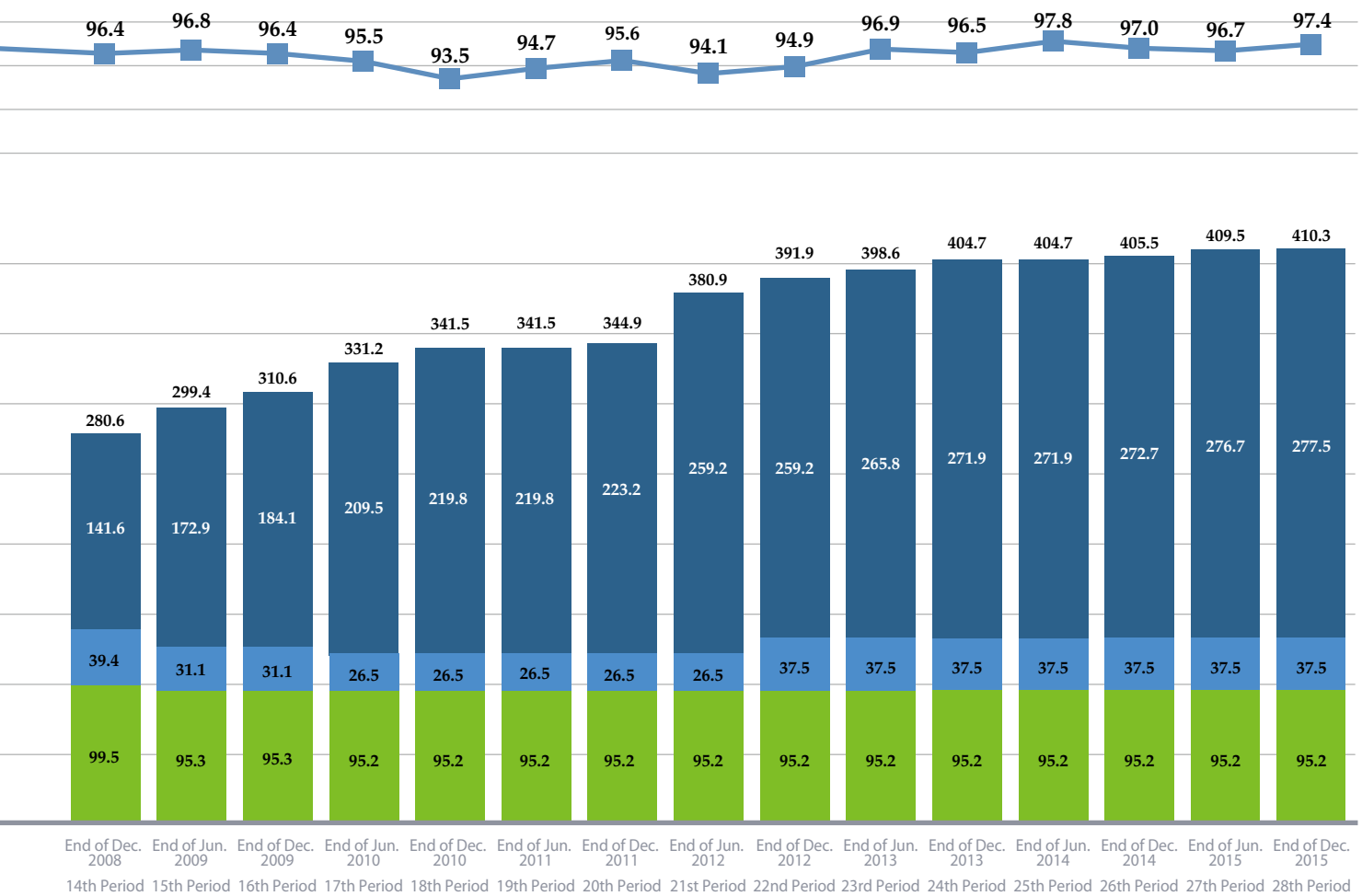
#### Target investment ratio by area

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

#### Target investment ratio by asset class

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

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



End of Dec. 2008, End of Jun. 2009, End of Dec. 2009, End of Jun. 2010, End of Dec. 2010, End of Jun. 2011, End of Dec. 2011, End of Jun. 2012, End of Dec. 2012, End of Jun. 2013, End of Dec. 2013, End of Jun. 2014, End of Dec. 2014, End of Jun. 2015, End of Dec. 2015  
 14th Period, 15th Period, 16th Period, 17th Period, 18th Period, 19th Period, 20th Period, 21st Period, 22nd Period, 23rd Period, 24th Period, 25th Period, 26th Period, 27th Period, 28th Period

52	51	53	55	56	56	57	58	59	60	62	62	62	62	62
499	476	476	460	479	493	501	502	534	564	610	628	632	647	650
383,215	393,532	400,751	410,326	420,544	421,371	423,311	434,340	450,943	460,452	467,207	467,175	468,232	475,007	476,352
7,092	3,731	6,933	6,770	5,680	5,611	5,876	6,430	6,093	6,031	6,006	6,150	6,351	6,419	6,588

(Note 1) The asset size represents the aggregate acquisition price of the respective properties in JPR's portfolio as of the relevant date, rounded off to the nearest 100 million yen.  
 (Note 2) The number of tenants at end of period is counted as follows: 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.  
 (Note 3) For Shinjuku Square Tower, each compartmentalized owner leases respective exclusive space to Tokyo Tatemono Co., Ltd. in a lump sum, and Tokyo Tatemono subleases the space to sublessees. Accordingly, the leasable floor space of the building is calculated by multiplying the total contracted space of offices, shops and warehouses that are leased by Tokyo Tatemono and can be sublet, by JPR's rent distribution rate, while the leased floor space for calculating the occupancy rate is calculated by multiplying the floor space sublet to sublessees by the 1tribution rate. Both figures are rounded to the second decimal place. The rent distribution rate as of the end of the 28th fiscal period was 69.72217%. In addition, the number of sublessees is deemed to be the number of tenants for the building.  
 (Note 4) The tenants of Shinjuku Center Bldg., the residential section of Science Plaza – Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessee. Accordingly, the total leasable floor space and the occupancy rate of these buildings indicate those for the sublessees of the tenants, and the number of the sublessees is deemed as the number of their tenants.  
 (Note 5) When the contracted floor space and the floor space for calculating rents differ, the latter was treated as the leased floor space through the 10th fiscal period. Since the 11th fiscal period, however, the contracted floor space has been used as the leased floor space.  
 (Note 6) The occupancy rate at end of period has been rounded to the first decimal place.  
 (Note 7) The total leasable floor space has been rounded off to the nearest integer.

## 2. Investment Strategy

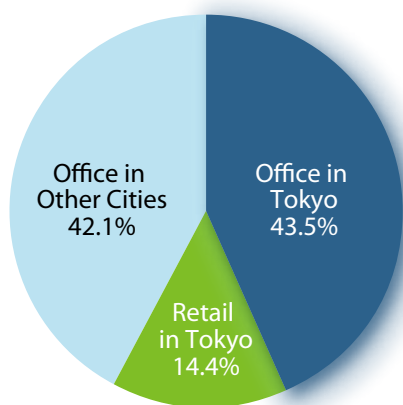
JPR is resolved to continuously work on investments focused on office properties in Tokyo in order to enhance its growth potential over the long term, while conducting vigorously selective investment in retail properties as well as office properties in regional cities that are expected to generate relatively high yields.

<p><b>Focused investment in office properties in Tokyo</b></p>	<p><b>Improve the quality of the portfolio by making investments focused on office properties in Tokyo that are expected to contribute to long-term growth</b></p> <p>Compared with other regional cities, Tokyo allows expectations for more stable occupancy and higher rent levels, and is believed to offer larger rooms for an increase of rents when the leasing market shows a recovery trend. Looking ahead, JPR will continue to make investments focused on office properties in Tokyo, with an aim to further improve the quality of its portfolio and enhance its growth potential in the recovery cycle of the market.</p>
<p><b>Vigorously selective investment in retail properties as well as office properties in regional cities</b></p>	<p><b>For retail properties as well as office properties in regional cities, work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level</b></p> <p>While securing growth potential by making focused investment in office properties in Tokyo, JPR will make vigorously selective investments in urban retail properties with long-term, fixed-rent contracts and in large office properties in regional cities having a high competitive advantage in the areas, in order to complement the stability of earnings from the entire portfolio.</p>

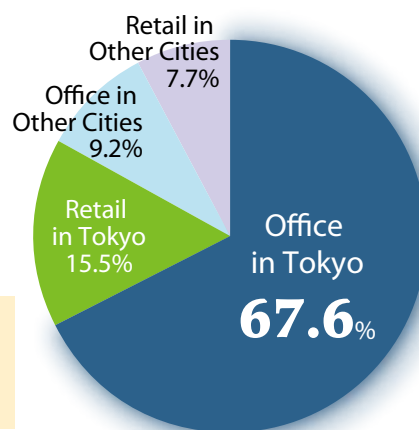
### Changes in Investment Ratios by Asset Class and Area

The investment ratio of office properties in Tokyo at the end of the 28th fiscal period increased by 24.1% from the end of the 1st fiscal period as a result of focused investment in such properties.

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



End of 28th Fiscal Period (December 31, 2015)



Increase in investment ratio of office properties in Tokyo through focused investment:

**+24.1%**

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

### Portfolio Management Standards of JPR

**Target investment ratio by area**

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

**Target investment ratio by asset class**

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

In the for-sale real estate market, transactions of blue-chip properties have been rather limited. Given the situation, JPR will work to invest in blue-chip properties by fully implementing various acquisition strategies based on its high sourcing abilities while utilizing sponsor support.

<b>Utilization of sponsor support from the Fuyo Group companies including Tokyo Tatemono</b>	Supply of blue-chip properties among office properties in Tokyo is inadequate in the for-sale real estate market, and their acquisition opportunities are rather limited. JPR will take advantage of support from Tokyo Tatemono Co., Ltd. and other sponsors to secure opportunities to invest in blue-chip properties at reasonable price levels without being exposed to excessive competition in the market.
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<b>Investment strategies based on diversified property acquisition methods and high sourcing abilities</b>	To acquire properties from third parties other than the sponsors, JPR exercises its high sourcing abilities and takes advantage of various information channels to gain access to wide-ranging property information. For properties with co-ownership or compartmentalized ownership, JPR implements various methods to acquire properties, including acquisition of additional equity by utilizing preferential negotiation rights.
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## Cases in which JPR Acquired Properties by Utilizing Sponsor Support

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

<Sponsors>

  
**東京建物**  
 Tokyo Tatemono

  
**大成建設**  
 Taisei Corporation

  
**安田不動産**  
 Yasuda Real Estate

  
**損保ジャパン日本興亜**  
 Sompo Japan Nipponkoa Insurance Inc.

  
**明治安田生命**  
 Meiji Yasuda Life Insurance

The Otemachi Tower  
(Land with Leasehold Interest)



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

Yakuin Business Garden



Yakuin Business Garden was acquired from an SPC in which Tokyo Tatemono has equity interests.



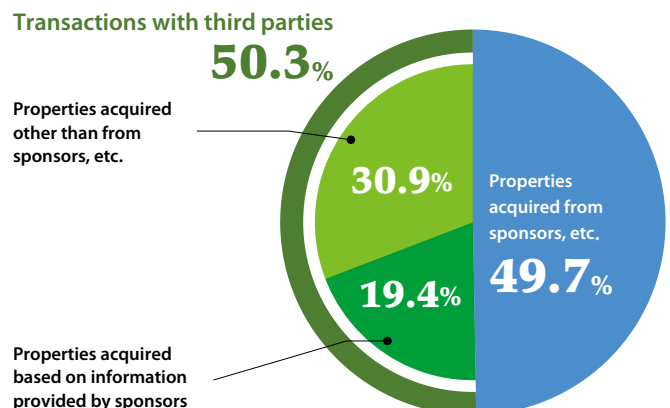
Japan Prime Realty Investment Corporation  
(securities code: 8955)

## Property Acquisition Results by Channel

At JPR, the ratio of properties acquired from its sponsors, etc.<sup>(Note)</sup> and that of properties acquired from third parties (total of properties acquired based on the information provided by the sponsors and those acquired other than from the sponsors, etc.) are almost equal, standing at 49.7% for the former and 50.3% for the latter (on an acquisition price basis).

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

(Note) Sponsors, etc. represent the five sponsor companies of JPR, their affiliate companies and special purpose companies (SPCs) in which the sponsors have made equity investment.



### 3. Operational Strategy

JPR endeavors to implement its leasing strategies focused on maintaining and increasing the occupancy rate, with an aim to keep revenues from the portfolio stable in a continuous manner.

#### Organizational reinforcement of leasing activities

Tokyo Realty Investment Management, Inc. (TRIM) has established a group that supervises leasing, which implements leasing strategies that are based on property characteristics. Endeavors are being exerted to enhance the leasing framework by not only reinforcing coordination with property management companies but also receiving support on leasing and obtaining market information from major brokerage firms, so that JPR can provide lease terms and conditions that take into account the market conditions, accelerate decision-making and take other measures to strengthen leasing.

#### Maintenance and improvement of tenant satisfaction

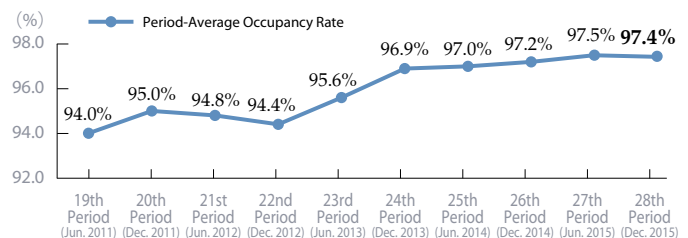
TRIM periodically conducts questionnaire surveys to tenants, and works to improve tenant satisfaction by grasping comments, requests and other feedback from tenants and promptly responding. By doing so, TRIM aims to prevent move-outs of existing tenants and encourage them to expand office spaces in the same buildings or the upward revision of rents, so as to secure stable earnings of JPR over the medium to long term.

#### Strategic value enhancement works

TRIM has established a group dedicated to construction management, environmental friendliness and other matters, reinforcing its endeavors on the promotion of higher energy efficiency, responses to business continuity plans and environmental awareness and other initiatives that are strongly requested by society. In addition, while working to enhance NOI and tenant satisfaction, TRIM strategically conducts value enhancement works that should strengthen competitive advantages of properties as well as help attract tenants.

### Changes in Occupancy Rate

Endeavors to reinforce leasing activities and enhance tenant satisfaction successfully generated results and the period-average occupancy rate remaining at a high level of 97.4%.



### Examples of Renewal Works

JPR has been strategically conducting value enhancement works that should lead to invitation of new tenants and improvement in tenant satisfaction.

Examples of works conducted in the 28th fiscal period include renewal works at Shinjuku Center Bldg. and Kawaguchi Dice Bldg., focusing on refurbishment of interior furnishings at the common areas of each floor.

At Shinjuku Center Bldg., floor carpet tiles were renewed and wall painting was replaced with polyvinyl chloride sheeting to further enhance the high-grade atmosphere. At Kawaguchi Dice Bldg., on the other hand, the common areas of the floors dedicated for restaurants and eateries were renovated, leading to an enhanced ability to attract customers.

Refurbishment of interior furnishings in the common areas at Shinjuku Center Bldg.

Before



After



Refurbishment of interior furnishings in the common areas at Kawasaki Dice Bldg.

Before



After



## 4. Financial Strategy

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

### Financial Status

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

#### [Major Financial Indicators]

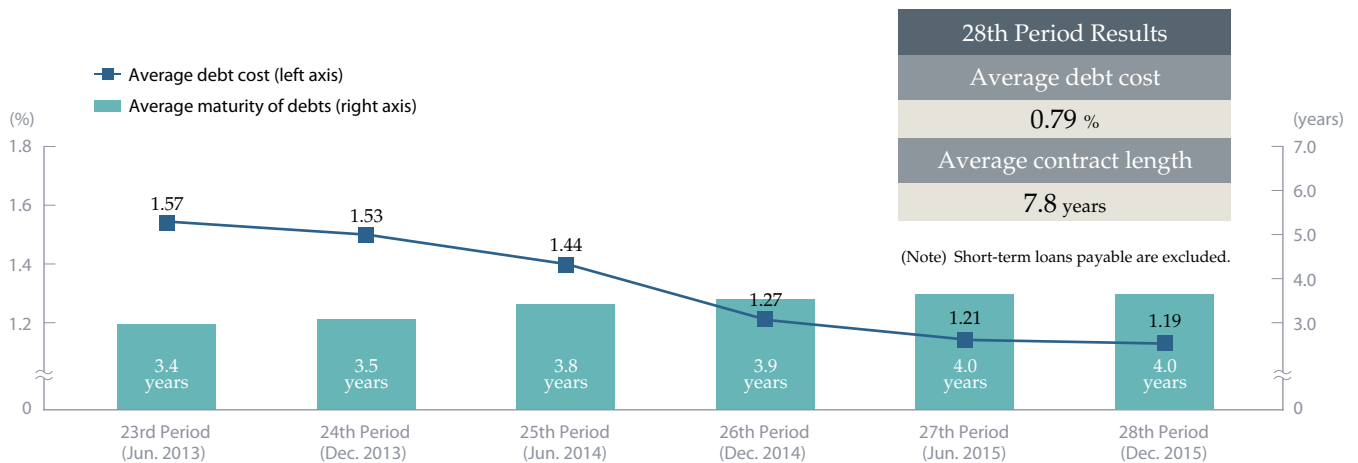
	End of 27th Period (Jun. 30, 2015)	End of 28th Period (Dec. 31, 2015)
Ratio of interest-bearing debts to total assets	<b>42.1%</b>	<b>42.1%</b>
Ratio of long-term, fixed interest rate debts	<b>99.4%</b>	<b>99.4%</b>

#### [Status of Corporate Credit Ratings Assigned to JPR]

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

### Changes in Average Maturity of Debts and Average Debt Cost

JPR is working to lengthen the maturity of debts while reducing the debt cost.



(Note) Average contract length is a weighted average calculated by dividing the contracted periods to the repayment dates of new debts by the balance of the said debts. For the definitions of respective terms and the calculation methods of respective figures, please refer to 1. Overview of Asset Management in III. Asset Management Report.

### Changes in Unrealized Gains

Unrealized gains have increased, with appraisal value increasing in accordance with the recovery of the real estate market conditions.

	End of 27th Period (Jun. 30, 2015)	End of 28th Period (Dec. 31, 2015)	Change
No. of Properties	62	62	-
Appraisal Value	401.9 billion yen	411.4 billion yen	+9.5 billion yen
Book Value at End of Period	392.6 billion yen	392.3 billion yen	-0.2 billion yen
Unrealized Gains	9.3 billion yen	19.1 billion yen	+9.7 billion yen
Ratio of Unrealized Gains	2.4 %	4.9 %	+2.5 % points

(Note) Unrealized gains (losses) represent the amount obtained by subtracting book value at end of period from appraisal value.

## 5. Initiatives on Governance

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

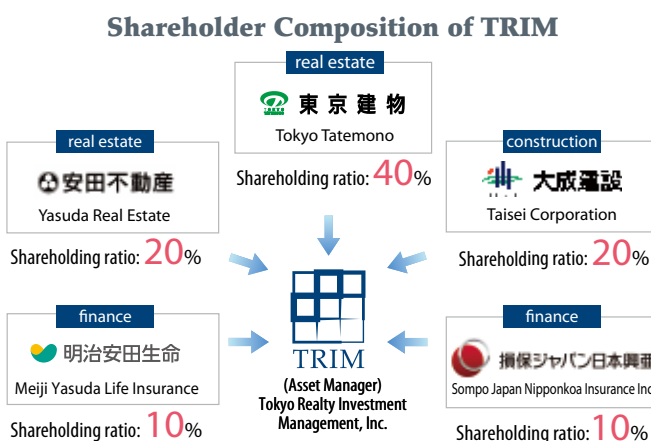
### Highly Independent Board Composition

- At JPR, the executive officer as well as the supervising officers have no concurrent assignment as officer of TRIM so as to firmly secure the independence of JPR, the investment corporation.
- The JPR officers are comprised of attorneys and a certified public accountant with various experience and high expertise, and possess a thorough knowledge of the REIT industry as well.

Members of the Board of JPR	
Executive Officer:	Hirohito Kaneko (attorney)
Supervising Officer:	Masato Denawa (attorney)
Supervising Officer:	Nobuhisa Kusanagi (certified public accountant)

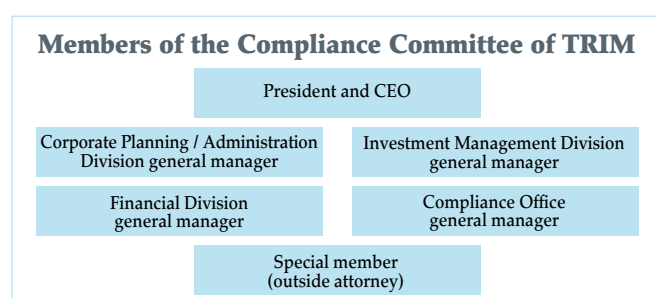
### Diversified Shareholder Composition and Reinforced Independence

- With the sponsors, comprised of five companies, the diversified shareholder composition also contributes to securing the independence of the Asset Manager.
- TRIM President and CEO has assumed office after having his employment was transferred to TRIM, instead of being seconded from the sponsor company to which he belonged.
- The Compliance Office general manager in charge of internal control is a career employee, not seconded from the sponsor company he belonged to.



### Decision Making Based on Stringent Processes

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



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



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



## 6. Initiatives on Environmental Friendliness

From early on, JPR has implemented various initiatives on environmental friendliness.

JPR has proactively worked on effective reduction of energy costs, enhancement of greening in consideration of the urban environment and other measures under the basic concept of “environmentally friendly buildings.” Such endeavors have also been recognized by external organizations.

### Acquisition of DBJ Green Building Certification

- JPR has obtained DBJ Green Building Certification, a system of the Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness, for numerous properties it owns.



#### DBJ Green Building Certification

DBJ awards five levels of certification to office buildings in accordance with the degree of environmental and social awareness they demonstrate.

### Continuous Participation in GRESB Survey

- JPR has participated in the GRESB Survey, which analyzes and evaluates environmental considerations and sustainability, since 2011. In the survey conducted in 2015, JPR was designated as “Green Star,” the highest ranking of the four evaluation categories, and was also selected as Sector Leader (the first rank) in the Diversified (Retail/Office) sector in Asia.
- JPR believes that its endeavors have been recognized as a result of having diligently worked to reduce energy consumption by establishing a consistent system among all business partners involved in building operations, from the Asset Manager to property managers and building maintenance companies, under a clear environmental policy as well as asking for cooperation with tenants.



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

### Taking Advantage of Environmental Friendliness Know-How of Sponsors

- JPR and TRIM have consigned operations related to environmental laws and regulations to Tokyo Tatemono Co., Ltd., one of the sponsors, and established a system early on to receive know-how and advice from Tokyo Tatemono.
- TRIM has reinforced its initiatives on environmental friendliness by allocating dedicated staff to the section in charge of construction planning for the portfolio properties, bolstered by the technological know-how of Taisei Corporation, one of the sponsors.

## 7. Overview of Portfolio Properties

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

#### Central Tokyo (30 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 27, 2001	¥16,276	4.0	8,011.75	3.9
	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 27, 2001	2,874	0.7	2,291.13	5.8
	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 16, 2001	2,100	0.5	2,804.56	3.7
	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 16, 2001	1,670	0.4	3,319.37	4.4
				Nov. 21, 2002	550	0.1		
				Nov. 12, 2004	200	0.0		
				Total	2,420	0.6		
	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 21, 2002	4,000	1.0	3,265.34	7.8
	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 28, 2003	11,200	2.7	14,468.38	6.8
	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 23, 2003	2,920	0.7	4,241.22	7.3
	A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	Oct. 15, 2003	1,800	0.4	1,937.40	5.2
				Apr. 15, 2005	1,120	0.3		
				Total	2,920	0.7		
	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 28, 2004	5,100	1.2	4,235.05	4.9
	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 1, 2004	3,500	0.9	4,088.44	3.5
	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2, 2004	10,000	2.4	19,284.71	1.3
				Sep. 26, 2008	180	0.0		
				Mar. 25, 2015	4,000	1.0		
				Oct. 21, 2015	786	0.2		
	Total	14,966	3.6					
	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 9, 2004	2,900	0.7	15,216.93	3.1
				Apr. 12, 2005	8,921	2.2		
				Jul. 13, 2010	3,300	0.8		
				Total	15,121	3.7		
	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 26, 2004	710	0.2	1,253.39	4.7
	A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Mar. 27, 2008	21,000	5.1	8,863.98	1.3
	A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 14, 2008	3,760	0.9	3,405.73	6.0
	A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 19, 2008	1,870	0.5	1,700.57	5.3
A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2, 2009	2,800	0.7	2,488.36	7.7	
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 25, 2009	8,400	2.0	4,760.09	6.8	
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 12, 2010	5,250	1.3	3,551.01	6.7	
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Mar. 31, 2010	5,100	1.2	5,299.89	5.0	
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 31, 2010	15,050	3.7	6,177.74	2.6	
A-22	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 29, 2011	3,400	0.8	1,899.27	4.5	
A-23	The Otemachi Tower (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	Mar. 13, 2012	36,000	8.8	11,034.78	—	
A-24	Science Plaza – Yonbancho Plaza	Chiyoda-ku, Tokyo	Dec. 6, 2013	2,660	0.6	3,325.27	3.1	
A-25	Shibadaimon Center Building	Minato-ku, Tokyo	Dec. 6, 2013	3,420	0.8	5,401.46	5.6	
			Jul. 30, 2014	800	0.2			
			Total	4,220	1.0			
Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 30, 2003	12,000	2.9	8,076.85	5.8
	A-2	JPR Daikanyama	Shibuya-ku, Tokyo	Oct. 5, 2004	2,160	0.5	651.29	12.5
	A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 24, 2006	4,275	1.0	1,027.33	5.4
				Mar. 14, 2007	540	0.1		
	A-4	Shinjuku Sanchoe East Bldg.	Shinjuku-ku, Tokyo	Apr. 24, 2008	2,200	0.5	2,347.81	1.6
Total				2,740	0.7			
A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 27, 2008	3,400	0.8	1,101.92	3.0	
Subtotal					¥218,192	53.2	155,531.02	—

(Note 1) The table above shows properties owned by JPR as of December 31, 2015.

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

## Greater Tokyo (17 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	B-1	Arca East	Sumida-ku, Tokyo	Nov. 16, 2001	¥5,880	1.4	7,022.76	3.2
	B-2	JPR Chiba Bldg.	Chiba, Chiba	Dec. 13, 2001	2,350	0.6	5,536.17	3.9
	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 16, 2001	2,927	0.7	6,066.53	6.7
	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 25, 2002	920	0.2	5,284.75	10.5
				Mar. 28, 2013	570	0.1		
				Total	1,490	0.4		
	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 13, 2004	8,100	2.0	15,420.09	6.8
	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 1, 2004	3,250	0.8	6,476.53	3.9
	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Sep. 30, 2005	888	0.2	4,683.40	4.1
				Feb. 28, 2007	2,300	0.6		
				Total	3,188	0.8		
	B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 22, 2007	5,831	1.4	6,023.39	1.3
	B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 10, 2007	6,510	1.6	12,002.70	3.4
B-11	Olinas Tower	Sumida-ku, Tokyo	Jun. 29, 2009	31,300	7.6	23,987.40	2.4	
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 27, 2010	7,000	1.7	6,494.09	5.2	
B-13	Omiya Prime East	Saitama, Saitama	Mar. 22, 2013	6,090	1.5	6,871.45	2.4	
Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 16, 2001	10,200	2.5	31,121.71	3.5
	B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 31, 2006	2,100	0.5	5,963.00	8.1
	B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 28, 2006	7,260	1.8	19,740.95	4.5
	B-5	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 19, 2007	4,335	1.1	14,960.69	7.1
	B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 12, 2007	15,080	3.7	12,116.35	5.9
				Subtotal	¥122,891	30.0	189,771.96	—

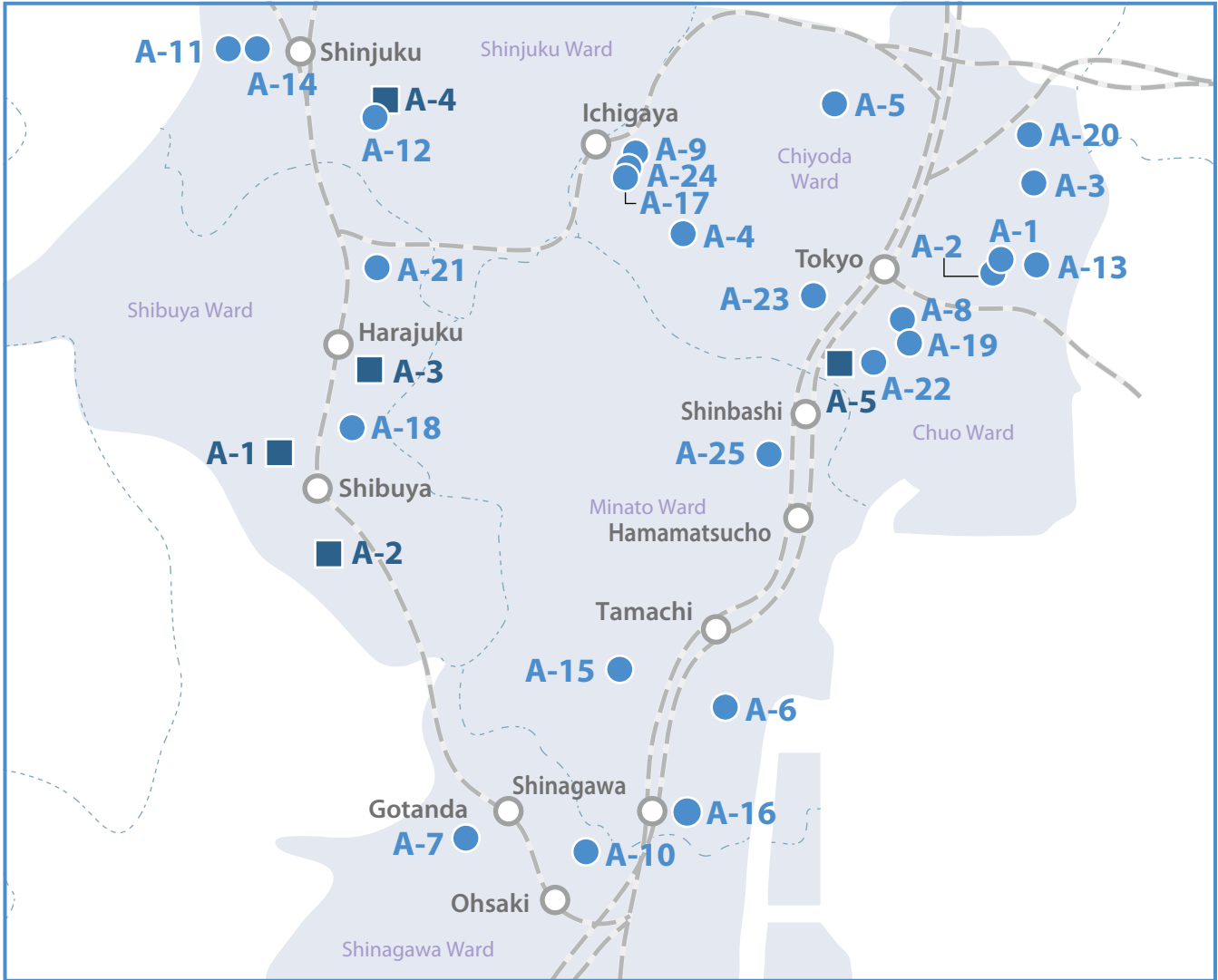
## Other Cities (15 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m <sup>2</sup> )	PML (%)
Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 16, 2001	¥2,140	0.5	5,326.88	1.7
	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 16, 2001	4,150	1.0	7,163.07	4.3
	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 16, 2001	2,900	0.7	6,568.43	0.5
	C-9	JPR Naha Bldg.	Naha, Okinawa	Nov. 16, 2001	1,560	0.4	3,946.36	5.7
	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 26, 2002	3,150	0.8	7,129.14	2.0
	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 26, 2002	1,670	0.4	4,875.38	10.6
	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 21, 2002	2,810	0.7	3,257.73	1.6
	C-17	JPR Dojima Bldg.	Osaka, Osaka	Jan. 23, 2004	2,140	0.5	3,930.71	5.0
	C-18	JPR Hakata-chuo Bldg.	Fukuoka, Fukuoka	Jun. 11, 2004	1,920	0.5	3,290.42	0.8
	C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Mar. 22, 2005	4,137	1.0	7,086.37	6.3
	C-20	Yakuin Business Garden	Fukuoka, Fukuoka	Aug. 8, 2012	10,996	2.7	16,654.33	1.6
Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	May 15, 2003	8,000	2.0	18,586.97	4.3
				Jul. 16, 2003	5,000	1.2		
				Total	13,000	3.2		
	C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 30, 2005	5,430	1.3	5,303.98	11.5
	C-4	Housing Design Center Kobe	Kobe, Hyogo	Sep. 28, 2005	7,220	1.8	35,444.13	7.2
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 30, 2006	6,000	1.5	2,485.79	8.4	
			Subtotal	¥69,223	16.9	131,049.69	—	
			Total	¥410,306	100.0	476,352.67	2.0	

(Note 3) The PML indicates the figures stated in the Portfolio Earthquake PML Valuation Report prepared by Sompo Japan Nipponkoa Risk Management Inc., rounded off to the second decimal place. Furthermore, as the company revised its evaluation method to analyze the risk of earthquakes in October 2014, the indicated figures have also been revised accordingly.

# Portfolio Map

## A Central Tokyo



### Office

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

- A-14 Shinjuku Center Bldg.
- A-15 Minami Azabu Bldg.
- A-16 Shinagawa Canal Bldg.
- A-17 Rokubancho Bldg.
- A-18 JPR Harajuku Bldg.
- A-19 Tokyo Tatemono Kyobashi Bldg.
- A-20 JPR Nihonbashi-horidome Bldg.
- A-21 JPR Sendagaya Bldg.
- A-22 Ginza Sanwa Bldg.
- A-23 The Otemachi Tower (Land with Leasehold Interest)
- A-24 Science Plaza – Yonbancho Plaza
- A-25 Shibadaimon Center Building

### Retail

- A-1 JPR Shibuya Tower Records Bldg.
- A-2 JPR Daikanyama
- A-3 JPR Jingumae 432
- A-4 Shinjuku Sanchome East Bldg.
- A-5 Yurakucho Ekimae Bldg. (Yurakucho Itocia)

### A Central Tokyo

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

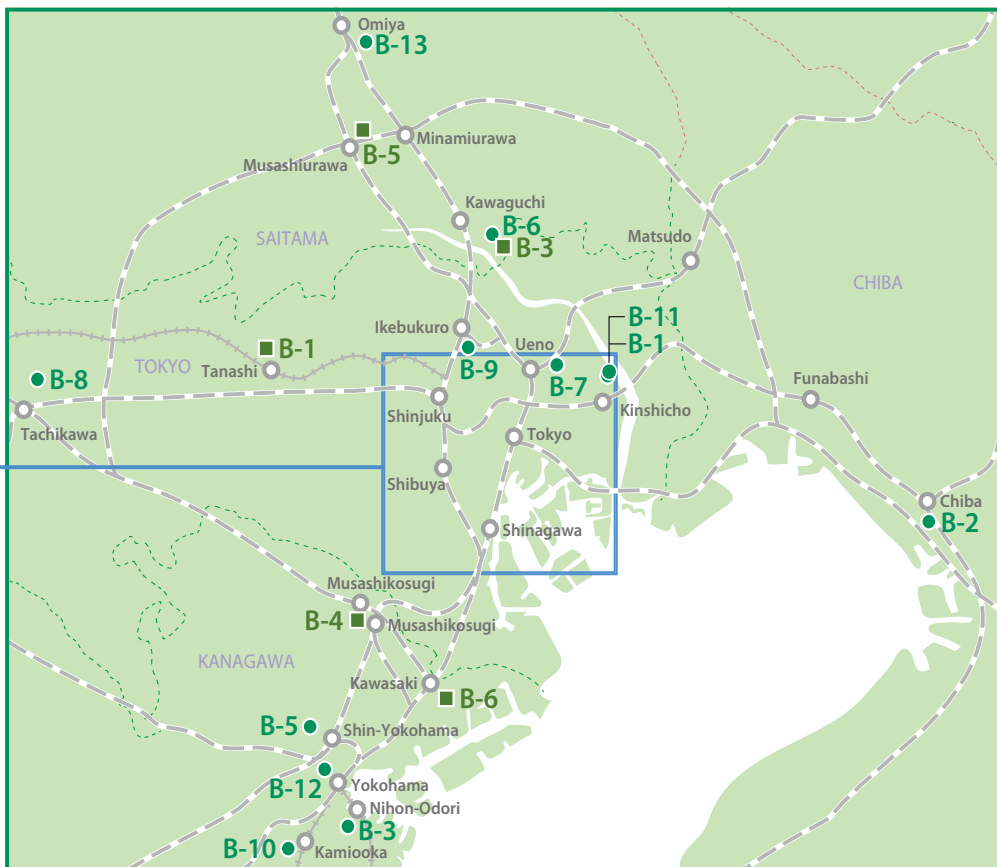
### B Greater Tokyo

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

### C Other Cities

All other areas in Japan

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



### Office

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

### Retail

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

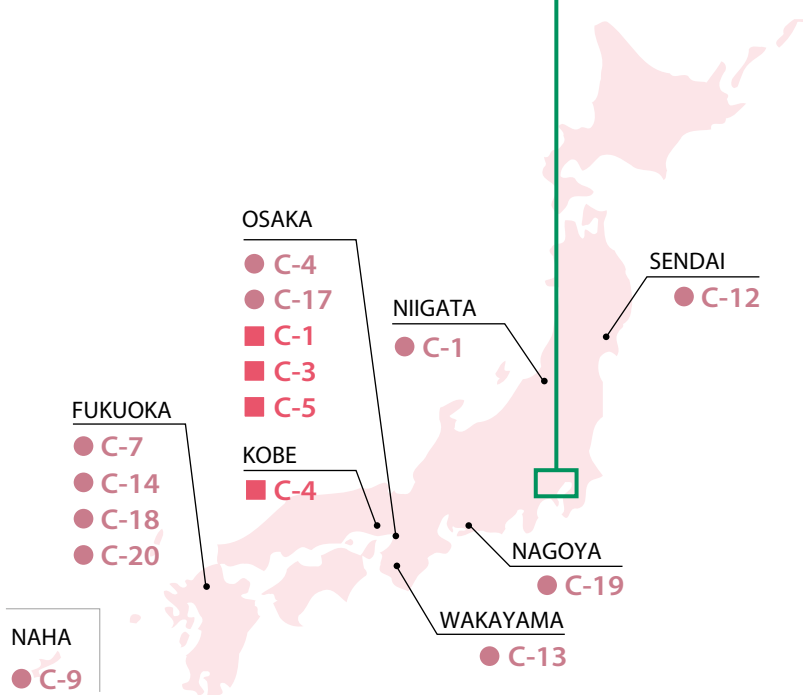
## C Other Cities

### Office

- C-1 Niigata Ekinan Center Bldg.
- C-4 Tokyo Tatemono Honmachi Bldg.
- C-7 JPR Hakata Bldg.
- C-9 JPR Naha Bldg.
- C-12 Sompo Japan Sendai Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-14 Tenjin 121 Bldg.
- C-17 JPR Dojima Bldg.
- C-18 JPR Hakata-chuo Bldg.
- C-19 JPR Nagoya Fushimi Bldg.
- C-20 Yakuin Business Garden

### Retail

- C-1 JPR Umeda Loft Bldg.
- C-3 Benetton Shinsaibashi Bldg.
- C-4 Housing Design Center Kobe
- C-5 JPR Chayamachi Bldg.



## Property Acquired in the 28th Fiscal Period

### A-11 Shinjuku Square Tower (additional ownership)

Shinjuku Ward, Tokyo



JPR realized additional acquisition of a blue-chip office property in central Tokyo by utilizing the preferential negotiation rights among co-owners.

#### 1. Property Overview

Location	22-1 Nishishinjuku 6-chome, Shinjuku-ku, Tokyo
Total Site Area	8,409.52 m <sup>2</sup> (for the entire redevelopment project)
Total Floor Space	78,796.00 m <sup>2</sup> (for the entire redevelopment project)
Structure/Floors	S, RC, SRC B4/30F
Completion	October 1994
Property Manager	Tokyo Tatemono Co., Ltd.

#### 2. Transaction Summary

Seller	Fujita Corporation
Acquisition Price	¥786 million
Appraisal Value	¥921 million (as of October 1, 2015)
Acquisition Date	October 21, 2015

#### 3. Assumed Income

NOI Yield	4.4 %
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(Note) The NOI yield of the property has been calculated by dividing the assumed income for 12 months based on the rent level, the occupancy rate and other factors upon acquisition, by the acquisition price.



A courtyard full of greenery



The entrance with a sense of spaciousness



Common area space with ample room and comfort



An 8 to 9-minute walk from Nishishinjuku Station on the Tokyo Metro Marunouchi Line

A 7 to 8-minute walk from Nishishinjuku 5-chome Station on the Toei Subway Oedo Line

## Portfolio Properties

### Central Tokyo

Office Retail

#### A-1 Kanematsu Bldg.

Chuo Ward, Tokyo



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

#### A-2 Kanematsu Bldg. Annex

Chuo Ward, Tokyo



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

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

Chuo Ward, Tokyo



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

#### A-4 Shin-Kojimachi Bldg.

Chiyoda Ward, Tokyo



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

#### A-5 JPR Crest Takebashi Bldg.

Chiyoda Ward, Tokyo



Acquisition Price	¥4,000 million
Site Area	636.90 m <sup>2</sup>
Total Floor Space	4,790.68 m <sup>2</sup>
Structure/Floors	SRC B1/9F
Completed	September 1999
Property Manager	Tokyo Tatemono Co., Ltd. (Note)
(Note) Changed from Yasuda Real Estate Co., Ltd. as of September 1, 2015	

#### A-6 MS Shibaura Bldg.

Minato Ward, Tokyo



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

## Portfolio Properties

### Central Tokyo

Office

Retail

#### A-7 Gotanda First Bldg.

Shinagawa Ward, Tokyo



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

#### A-8 Fukuoka Bldg.

Chuo Ward, Tokyo



Acquisition Price	¥2,920 million
Site Area	1,302.17 m <sup>2</sup>
Total Floor Space	11,627.74 m <sup>2</sup>
Structure/Floors	SRC B2/10F
Completed	May 1990
Property Manager	Tokyo Tatemono Co., Ltd.

#### A-9 JPR Ichigaya Bldg.

Chiyoda Ward, Tokyo



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

#### A-10 Oval Court Ohsaki Mark West

Shinagawa Ward, Tokyo



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



#### A-11 Shinjuku Square Tower

Shinjuku Ward, Tokyo



Acquisition Price	¥10,180 million
Site Area	8,409.52 m <sup>2</sup> (entire redevelopment project)
Total Floor Space	78,796.00 m <sup>2</sup> (entire redevelopment project)
Structure/Floors	S/RC/SRC B4/30F
Completed	October 1994
Property Manager	Tokyo Tatemono Co., Ltd.

#### A-12 BYGS Shinjuku Bldg.

Shinjuku Ward, Tokyo



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



#### A-13 Across Shinkawa Bldg. Annex

Chuo Ward, Tokyo



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



Central Tokyo Office Retail

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



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

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



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

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



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

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



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

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



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

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



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

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



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

## Portfolio Properties

### Central Tokyo

Office

Retail

#### A-21 JPR Sendagaya Bldg.

Shibuya Ward, Tokyo



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

#### A-22 Ginza Sanwa Bldg.

Chuo Ward, Tokyo



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

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

Chiyoda Ward, Tokyo



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

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

#### A-24 Science Plaza - Yonbancho Plaza

Chiyoda Ward, Tokyo



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

(Note) Changed from Yasuda Real Estate Co., Ltd. as of September 1, 2015

#### A-25 Shibadaimon Center Building

Minato Ward, Tokyo



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

(Note) Changed from Yasuda Real Estate Co., Ltd. as of September 1, 2015

#### A-2 JPR Daikanyama

Shibuya Ward, Tokyo



Acquisition Price	¥2,160 million
Site Area	277.12 m <sup>2</sup>
Total Floor Space	668.09 m <sup>2</sup>
Structure/Floors	RC B2/2F
Completed	July 2002
Property Manager	Jones Lang LaSalle K.K.

Central Tokyo Office Retail / Greater Tokyo Office Retail

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



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

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



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

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



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

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



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

**B-1** Arca East  
Sumida Ward, Tokyo



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

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



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

**B-3** JPR Yokohama Nihon Odori Bldg.  
Yokohama City, Kanagawa



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

## Portfolio Properties

Greater Tokyo Office Retail

### B-5 Shinyokohama 2nd Center Bldg.

Yokohama City, Kanagawa



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

### B-6 Kawaguchi Center Bldg.

Kawaguchi City, Saitama



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

### B-7 JPR Ueno East Bldg.

Taito Ward, Tokyo



Acquisition Price	¥3,250 million
Site Area	1,242.97 m <sup>2</sup>
Total Floor Space	8,490.44 m <sup>2</sup>
Structure/Floors	S/SRC B1/8F
Completed	October 1992
Property Manager	Jones Lang LaSalle K.K. (Note)
(Note) Changed from Yasuda Real Estate Co., Ltd. as of September 1, 2015	



### B-8 Tachikawa Business Center Bldg.

Tachikawa City, Tokyo



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

### B-9 Rise Arena Bldg.

Toshima Ward, Tokyo



Acquisition Price	¥5,831 million
Site Area	9,377.28 m <sup>2</sup> (entire redevelopment project)
Total Floor Space	91,280.94 m <sup>2</sup> (including residential tower)
Structure/Floors	RC/SRC/S B3/42F (Note)
Completed	January 2007
Property Manager	Taisei-Yuraku Real Estate Co., Ltd.
(Note) The commercial tower portion has 2 basement floors and 15 floors above ground.	



### B-11 Olinas Tower

Sumida Ward, Tokyo



Acquisition Price	¥31,300 million	Structure/Floors	SRC/RC/S B2/45F (Note)
Site Area	27,335.29 m <sup>2</sup> (entire site area)	Completed	February 2006
Total Floor Space	257,842.41 m <sup>2</sup>	Property Manager	Tokyo Tatemono Co., Ltd.
(Note) The office building has 31 floors above ground and 2 floors underground.			



### B-10 Yume-ooka Office Tower

Yokohama City, Kanagawa



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



Greater Tokyo **Office** **Retail**

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



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

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



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

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



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

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



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

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



Acquisition Price	¥7,260 million
Site Area	4,761.62 m <sup>2</sup>
Total Floor Space	18,394.32 m <sup>2</sup>
Structure/Floors	SRC/RC/S B1/6F
Completed	March 1983
Property Manager	Tokyo Tatemono Co., Ltd.

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



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

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



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

## Portfolio Properties

Other Cities Office Retail

### C-1 Niigata Ekinan Center Bldg.

Niigata City, Niigata



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

### C-4 Tokyo Tatemono Honmachi Bldg.

Osaka City, Osaka



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

### C-7 JPR Hakata Bldg.

Fukuoka City, Fukuoka



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

### C-9 JPR Naha Bldg.

Naha City, Okinawa



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

### C-12 Sompo Japan Sendai Bldg.

Sendai City, Miyagi



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

### C-13 Sompo Japan Wakayama Bldg.

Wakayama City, Wakayama



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

### C-14 Tenjin 121 Bldg.

Fukuoka City, Fukuoka



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

### C-17 JPR Dojima Bldg.

Osaka City, Osaka



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

Other Cities Office Retail

**C-18** **JPR Hakata-Chuo Bldg.**  
Fukuoka City, Fukuoka



Acquisition Price	¥1,920 million
Site Area	680.63 m <sup>2</sup>
Total Floor Space	3,874.81 m <sup>2</sup>
Structure/Floors	SRC 8F
Completed	February 1993
Property Manager	Tokyo Tatemono Co., Ltd.

**C-19** **JPR Nagoya Fushimi Bldg.**  
Nagoya City, Aichi



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

**C-1** **JPR Umeda Loft Bldg.**  
Osaka City, Osaka



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

**C-20** **Yakuin Business Garden**  
Fukuoka City, Fukuoka




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

**C-3** **Benetton Shinsaibashi Bldg.**  
Osaka City, Osaka



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

**C-4** **Housing Design Center Kobe**  
Kobe City, Hyogo



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

**C-5** **JPR Chayamachi Bldg.**  
Osaka City, Osaka



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

## 8. Structure and History of JPR

### The Objective and Basic Characteristics of JPR

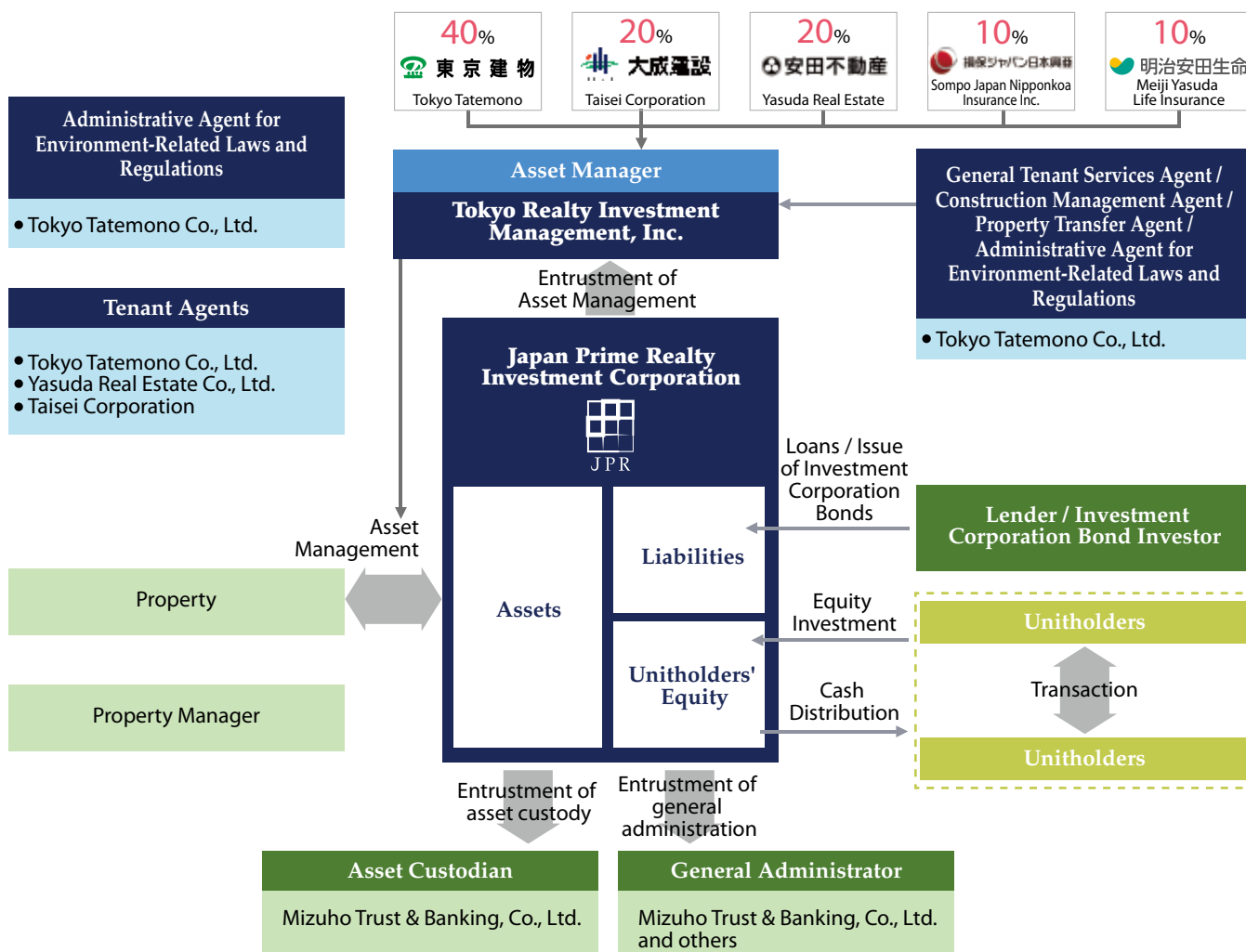
With the fundamental concept of “investment in urban commercial real estate,” JPR shall invest primarily in real estate, which comprises superior urban office buildings (urban commercial facilities), retail properties found in thriving commercial areas, multi-use facilities and the land on which they are located as well as in asset-backed securities that have such real estate as their primary investments.

In addition, in light of the returns and risks of these investment targets, JPR shall make it a basic policy to invest not only in Tokyo, but also strive to diversify into other regional cities so as to maximize the advantages of portfolio management.

### Corporate History

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

### Structure of JPR





## 9. Overview of Asset Manager

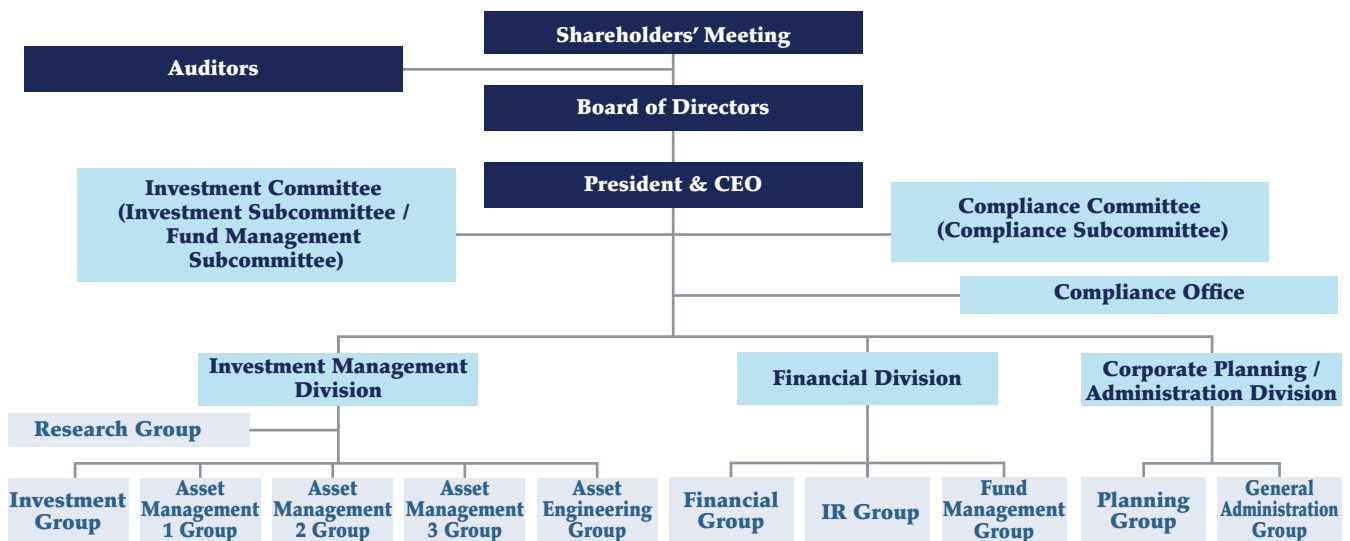
### Overview

<b>Name</b>	Tokyo Realty Investment Management, Inc. (TRIM)
<b>Business Description</b>	Asset management for investment corporations
<b>Capitalization</b>	¥350 million
<b>Shareholder Composition (Note 1)</b>	Tokyo Tatemono Co., Ltd. (40%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) Sompo Japan Nipponkoa Insurance Inc. (10%) Meiji Yasuda Life Insurance Company (10%)
<b>Corporate History</b>	
April 28, 2000	Established
October 13, 2000	Obtained license as real estate transaction agent (currently: No. (3) 79025 licensed by Governor of Tokyo)
March 16, 2001	Obtained license as discretionary transaction agent under the Building Lots and Building Transactions Business Act (Approval Number: No. 3)
June 20, 2001	Obtained license as asset management agent for investment corporation under the Act on Investment Trusts and Investment Corporations (Approval Number: No. 7 licensed by the Prime Minister)
September 30, 2007	Registered for financial instruments exchange business (investment management business) (Registration Number: No.362 (Kinsho) Head of Kanto Local Finance Bureau) (Note 2)
November 28, 2007	Applied for registration and submitted application form for financial instruments exchange business

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

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

### Organization Chart



### Decision-Making Institutions for Investment Management

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

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

# 1. Overview of Asset Management

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

	Fiscal Period	Unit	24th Fiscal Period (Jul. 1, 2013 - Dec. 31, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)
Operating Performance	Operating Revenue	Million yen	13,591	13,734	13,902	14,251	14,105
	Rent revenue – real estate	Million yen	13,591	13,734	13,902	14,251	14,105
	Operating Expenses	Million yen	7,223	7,308	7,425	7,554	7,273
	Expenses related to rent business	Million yen	6,534	6,599	6,733	6,845	6,553
	Operating Income	Million yen	6,368	6,425	6,477	6,697	6,831
	Ordinary Income	Million yen	4,899	5,073	5,239	5,566	5,746
Net Income	Million yen	4,954	5,072	5,238	5,603	5,749	
Assets, etc.	Total Assets	Million yen	413,974	414,104	414,091	418,778	418,739
	(Period-on-period variation)	%	(+1.0)	(+0.0)	(-0.0)	(+1.1)	(-0.0)
	Interest-bearing Debts	Million yen	191,759	191,190	191,024	176,458	176,292
	Total Unitholders Equity	Million yen	197,095	197,213	197,378	216,092	216,238
	(Period-on-period variation)	%	(-0.0)	(+0.1)	(+0.1)	(+9.5)	(+0.1)
Unitholders' Capital	Million yen	192,044	192,044	192,044	210,395	210,395	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	4,954	5,073	5,239	5,603	5,751
	Dividend payout ratio	%	100.0	100.0	100.0	100.0	100.0
	Number of Units Outstanding	Units	825,000	825,000	825,000	873,000	873,000
	Total Unitholders' Equity per unit	Yen	238,903	239,046	239,246	247,529	247,696
	Cash Distribution per Unit	Yen	6,006	6,150	6,351	6,419	6,588
	Distribution amount	Yen	6,006	6,150	6,351	6,419	6,588
Exceeding profit distribution amount	Yen	–	–	–	–	–	
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.2	1.2	1.3	1.3	1.4
	Annualized (Note 10)	%	2.4	2.5	2.5	2.7	2.7
	Net Income on Total Unitholders' Equity (Note 2)	%	2.5	2.6	2.7	2.7	2.7
	Annualized (Note 10)	%	5.0	5.2	5.3	5.5	5.3
	Total unitholders' equity at beginning of period	Million yen	197,116	197,095	197,213	197,378	216,092
	Unitholders' Equity Ratio at End of Period (Note 3)	%	47.6	47.6	47.7	51.6	51.6
	(Period-on-period variation)		(-0.5)	(+0.0)	(+0.0)	(+3.9)	(+0.0)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	46.3	46.2	46.1	42.1	42.1
	DSCR (Note 5)	Times	6.1	6.5	7.2	7.9	8.7
	Net income before interest and amortization (Note 6)	Million yen	8,149	8,167	8,223	8,531	8,619
	Interest expenses	Million yen	1,325	1,259	1,142	1,073	994
	NOI from Leasing (Note 7)	Million yen	8,925	8,968	9,010	9,260	9,427
	Annualized NOI yield (Notes 9 and 10)	%	4.4	4.5	4.4	4.6	4.6
	NCF from Leasing (Note 8)	Million yen	8,080	8,287	8,303	8,599	8,581
	Annualized NCF yield (Notes 9 and 10)	%	4.0	4.1	4.1	4.2	4.1
Reference Information	Investment Properties Owned (Note 11)		62	62	62	62	62
	Number of Tenants		610	628	632	647	650
	Total Leasable Floor Space	m <sup>2</sup>	467,207.05	467,175.54	468,232.24	475,007.79	476,352.67
	Occupancy Rate	%	96.5	97.8	97.0	96.7	97.4

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / property acquisition price (24th fiscal period: ¥404.72 billion, 25th fiscal period: ¥404.72 billion, 26th fiscal period: ¥405.52 billion, 27th fiscal period: ¥409.52 billion and 28th fiscal period: ¥410.30 billion)

Annualized NCF from leasing / property acquisition price

(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 24th fiscal period: 184 days, 25th fiscal period: 181 days, 26th fiscal period: 184 days, 27th fiscal period: 181 days and 28th fiscal period: 184 days.

(Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shibadaimon Center Bldg., Shinjuku Sanchoe East Bldg., Shinyokohama 2nd Center Bldg., Tachikawa Business Center Bldg. and JPR Umeda Loft Bldg. were acquired at multiple times but are calculated as one property.

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

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

## (2) 28th Fiscal Period Asset Management

### 1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. Subsequently, JPR conducted public offerings and other equity financing measures, with the number of investment units issued and outstanding totaling 873,000 units at present. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc. (hereafter, the Asset Manager), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

### 2) Management Environment

Despite having temporarily appeared to level off due to such effects as the slowdown in the Chinese economy, the Japanese economy showed a modest recovery trend during the 28th fiscal period, with corporate earnings remaining strong and the employment environment continuing to improve as well as consumer spending generally staying solidly on course.

#### The Office Property Leasing Market

The supply and demand balance in the office property leasing market of the 23 wards of Tokyo further improved due to the continued demand for such positive developments as setting up new offices, expanding office spaces and moving to better locations. Given this situation, the upward swing of the rent levels for new contracts is increasingly spreading through the entire market.

#### The Retail Property Leasing Market

Tenant's needs to open stores remained strong for urban retail properties in which JPR targets to invest. Rents continued to increase for urban retail properties in good locations, such as Ginza, Omotesando and Shinsaibashi, where consumption by inbound foreign tourists is anticipated.

#### The For-Sale Real Estate Market

Competition over transactions in the market has become more intensified as the market participants become increasingly diversified, including foreign investors, causing property transaction prices to be formed at an even higher level. There has also been an expansion of investments in properties located in regional cities as well as in projects related to inbound demand, such as hotels and urban retail properties. With low-yield transactions continuing to prevail, the acquisition environment remains harsh for players focusing on yields. Accordingly, REITs have somewhat decelerated the pace at which they conduct new listings and expand their asset size by obtaining funds through public offerings.

### 3) Portfolio Management Status

#### New Property Acquisitions

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

During the 28th fiscal period, JPR acquired Shinjuku Square Tower (additional acquisition) at the acquisition price of 786 million yen. As a result, the balance of assets under management totaled 62 properties, or 410.3 billion yen on an acquisition price basis, as of the end of December 2015, with the total leasable floor space standing at 476,352m<sup>2</sup> and the number of tenants reaching 650.

#### Operational Management of Portfolio

In the office property leasing market in the 28th fiscal period, the vacancy rate stayed at a low level, given further improvement in the supply and demand balance in Tokyo and other areas. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by keeping close cooperation with property management companies and brokers, with an aim of enhancing earnings from the entire portfolio and improving occupancy rates. As a result, the occupancy rate increased 0.7 points period-on-period to 97.4% at the end of the 28th fiscal period.

In terms of property management, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR continued to proactively implement value enhancement works based on tenant needs with the aim to create spaces where the

workers feel comfortable. As an endeavor to implement energy-saving measures, JPR conducted renovations of air-conditioning systems and replaced lighting equipment in common areas with LED lamps, which are expected to be effective for achieving this objective, at its multiple properties.

Meanwhile, JPR is continuously working to obtain environmental certificates (the DBJ Green Building Certification\*1 and the recognition by GRESB\*2). In the 28th fiscal period, JPR newly obtained the DBJ Green Building Certification for its JPR Naha Building. In the GRESB survey conducted in 2015, JPR was designated as “Green Star,” marking the second consecutive year of recognition with the highest ranking in the survey. GRESB also selected JPR as Sector Leader (the first rank) in the Diversified (Retail/Office) sector in Asia.

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

\*2 GRESB, which stands for Global Real Estate Sustainability Benchmark, is a benchmark system for analyzing and evaluating sustainability of real estate companies, REITs and real estate private placement funds, in terms of environmental friendliness and social nature. It is based on surveys conducted by a group of the same name composed of more than 50 organizations worldwide such as European pension asset managers.

#### Fund Procurement

JPR is engaged in debt financing with more emphasis placed on the diversification of repayment dates through lengthening the maturities of interest-bearing debts, in an effort to further reinforce its strong and solid financial base against the backdrop of the favorable fund procurement environment and low interest rates. In the 28th fiscal period, JPR borrowed 10.0 billion yen to fund the repayment of 10.1 billion yen in loans that matured during the fiscal period. The average maturity and average debt cost of the refinanced loans stood at 7.8 years and 0.79%, respectively, in contrast to 3.7 years and 0.98%, respectively, for the relevant loans before refinancing, achieving longer maturities and lower debt costs.

As of the end of the 28th fiscal period, the balance of interest-bearing debts totaled 176.2 billion yen, with total outstanding borrowings of 134.7 billion yen and investment corporation bonds of 41.5 billion yen. The ratio of interest-bearing debts to total assets (Note 1) was 42.1%, long-term and fixed interest-bearing debt ratio (Note 2) was 99.4%, average debt cost (Note 3) was 1.19% and average maturity (Note 4) was 4.0 years as of the end of the fiscal period.

Moreover, JPR established a commitment line with a credit limit of 28 billion yen with seven financial institutions.

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

#### Details of Corporate Credit Ratings as of December 31, 2015

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

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

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

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

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 28th fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

### (3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted since inception through the 28th fiscal period.

Date	Event	Number of Units Outstanding		Unitholders' Capital (millions of yen)		Remarks
		Variation	Balance	Variation	Balance	
September 14, 2001	Established by private placement	240	240	120	120	(Note 1)
November 16, 2001	Additional private placement	62,000	62,240	31,000	31,120	(Note 2)
January 22, 2002	Split of investment units	93,360	155,600	—	31,120	(Note 3)
June 14, 2002	Initial public offering	134,000	289,600	25,862	56,982	(Note 4)
July 15, 2003	Additional public offering	134,400	424,000	30,758	87,740	(Note 5)
August 9, 2003	Third-party allotment	6,000	430,000	1,373	89,113	(Note 6)
February 1, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 1, 2005	Third-party allotment	5,000	530,000	1,315	115,431	(Note 8)
February 6, 2007	Additional public offering	90,000	620,000	39,120	154,552	(Note 9)
March 7, 2007	Third-party allotment	5,000	625,000	2,173	156,725	(Note 10)
February 8, 2010	Additional public offering	82,000	707,000	13,315	170,040	(Note 11)
March 12, 2010	Third-party allotment	8,000	715,000	1,299	171,339	(Note 12)
July 30, 2012	Additional public offering	101,420	816,420	19,089	190,429	(Note 13)
August 29, 2012	Third-party allotment	8,580	825,000	1,614	192,044	(Note 14)
June 16, 2015	Additional public offering	45,700	870,700	17,472	209,516	(Note 15)
June 24, 2015	Third-party allotment	2,300	873,000	879	210,395	(Note 16)

(Note 1) JPR was formed by the investment of three companies Tokyo Tatemono Co., Ltd. (100 units), Taisei Corporation (100 units), and Tokyo Realty Investment Management, Inc. (40 units) at 500,000 yen per unit.

(Note 2) An additional offering was made via private placement at 500,000 yen per unit. JPR then acquired 13 beneficiary interests in real estate trust and started management.

(Note 3) A single investment unit was split into 2.5 units.

(Note 4) New investment units were issued through a public offering at 200,000 yen per unit (underwriting price of 193,000 yen per unit) to repay short-term debts, finance the acquisition of new specific assets, etc.

(Note 5) New investment units were issued through a public offering at 237,160 yen per unit (underwriting price of 228,859 yen per unit) to repay short-term debts, acquire new specific assets, etc.

(Note 6) New investment units were issued through a third-party allotment at 228,859 yen per unit to repay short-term debts, acquire new specific assets, etc.

(Note 7) New investment units were issued through a public offering at 272,440 yen per unit (underwriting price of 263,177 yen per unit) to repay short-term debts, acquire new specific assets, etc.

(Note 8) New investment units were issued through a third-party allotment at 263,177 yen per unit to repay short-term debts, acquire new specific assets, etc.

(Note 9) New investment units were issued through a public offering at 449,820 yen per unit (underwriting price of 434,673 yen per unit) to repay debts, acquire new specific assets, etc.

(Note 10) New investment units were issued through a third-party allotment at 434,673 yen per unit to repay debts, acquire new specific assets, etc.

(Note 11) New investment units were issued through a public offering at 168,101 yen per unit (underwriting price of 162,382 yen per unit) to repay short-term debts, redeem investment corporation bonds, acquire new specific assets, etc.

(Note 12) New investment units were issued through a third-party allotment at 162,382 yen per unit to repay short-term debts, redeem investment corporation bonds, acquire new specific assets, etc.

(Note 13) New investment units were issued through a public offering at 194,610 yen per unit (underwriting price of 188,222 yen per unit) to partly fund acquisition of new specific assets and repay debts.

(Note 14) New investment units were issued through a third-party allotment at 188,222 yen per unit to partly fund acquisition of new specific assets and repay debts.

(Note 15) New investment units were issued through a public offering at 394,875 yen per unit (underwriting price of 382,320 yen per unit) to repay debts, etc.

(Note 16) New investment units were issued through a third-party allotment at 382,320 yen per unit to repay debts, etc.

#### (4) Cash Distributions

With regard to the cash distributions, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 27th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. As a result, the cash distribution per unit came to 6,588 yen for the 28th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		24th Fiscal Period (Jul. 1, 2013 - Dec. 31, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)
Unappropriated Retained Earnings at End of Period		4,976,931	5,094,946	5,259,866	5,623,366	5,769,258
Internal Reserves		21,981	21,196	20,291	19,579	17,934
Total Cash Distributions		4,954,950	5,073,750	5,239,575	5,603,787	5,751,324
(Cash Distribution per Unit)		(6,006 yen)	(6,150 yen)	(6,351 yen)	(6,419 yen)	(6,588 yen)
Breakdown	Total Cash Distributions from Net Income	4,954,950	5,073,750	5,239,575	5,603,787	5,751,324
	(Cash distribution from net income per unit)	(6,006 yen)	(6,150 yen)	(6,351 yen)	(6,419 yen)	(6,588 yen)
	Repayment of Paid-in Capital	—	—	—	—	—
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

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

Looking ahead, the Japanese economy is expected to remain on the track of a modest recovery, given strong corporate performance and the continued improvement trends in the employment and income environments. Caution should be taken, however, with regard to the risks that may push the Japanese economy downward, such as downside swings of overseas economies.

In the office property leasing market, new supply in the 23 wards of Tokyo will temporarily increase in the first half of 2016. If, however, the economy remains strong, the market situation in general is likely to show a further recovery amid continued improvement in the supply and demand balance, while polarization by property will keep progressing. In this regard, JPR believes it will be able to fully enjoy the positive impact of the market recovery as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services. Going forward, when conducting real estate transactions in the market where polarization of earnings by property is anticipated to further advance, it will become even more important to discern the growth potential in earnings of respective properties. Considering the situation in which cap rates are decreasing in a low interest rate environment, it is required to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

##### 1) Acquisition of New Properties and Asset Replacement

Going forward, JPR will continue to make investments focused on the Tokyo office properties, with an aim to improve the quality of its portfolio and enhance its growth potential over the long term. Real estate transactions remain brisk, as a decrease in purchase cap rate and expected cap rate levels has been observed in the transaction market along with the recovery in the office property leasing market conditions. For office properties in Tokyo in particular, there are deals closed at prices that have factored in rent increases in accordance with the economic recovery. Accordingly, JPR will fully investigate the growth potential of such properties when acquiring them. As for retail properties as well as office properties in regional cities, JPR will work to invest in strictly selective blue-chip properties that can keep stable revenues at a certain level in order to complement the stability of earnings from the entire portfolio. JPR will strive to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence in considering properties.

Furthermore, JPR will also investigate asset replacement with an aim to improve the quality of its portfolio and enhance the growth potential over the long term, while taking into account the timing of such arrangement.

##### 2) Management of Portfolio

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

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions on the assumption of the leasing market showing a recovery trend, and accelerate decision making

- Conduct strategic value enhancement works with intent to improve property earnings and tenant satisfaction
- Reinforce promotion of energy efficiency as well as responses to business continuity plans and environmental friendliness that command high social request
- Conduct renovations to enhance energy-saving performance of the properties by utilizing the government's subsidy programs

### 3) Fund Procurement

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

## (6) Information Disclosure

Positioning the proactive voluntary disclosure of information as one of its key management policies, JPR voluntarily discloses information believed to be essential to make investment decisions concerning JPR, along with the timely disclosure of items to the Tokyo Stock Exchange. As a vital means for implementing voluntary disclosure, JPR is proactively employing its website (<http://www.jpr-reit.co.jp/en/>) to provide expanded information including monthly occupancy rates of all properties in the portfolio and historical data as well as information for retail investors, among other services. Going forward, we are committed to further enriching the disclosure contents and providing information in a timely manner.

## (7) Significant Subsequent Events

No relevant items.

## 2. Overview of the Investment Corporation

### (1) Unitholders' Capital

	24th Fiscal Period as of December 31, 2013	25th Fiscal Period as of June 30, 2014	26th Fiscal Period as of December 31, 2014	27th Fiscal Period as of June 30, 2015	28th Fiscal Period as of December 31, 2015
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	825,000	825,000	825,000	873,000	873,000
Unitholders' capital (millions of yen)	192,044	192,044	192,044	210,395	210,395
Total number of unitholders	12,877	12,425	11,836	15,689	13,264

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

The following table shows the ten largest investors according to the percentage of their owned investment units to the total number of investment units outstanding as of the end of the 28th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	190,655	21.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	68,416	7.83
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z Building, 1-8-12 Harumi, Chuo-ku, Tokyo	60,501	6.93
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	32,812	3.75
Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	29,300	3.35
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.86
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.74
State Street Bank West Client Treaty (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U.S.A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	18,731	2.14
State Street Bank and Trust Company 505223 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	P.O. Box 351 Boston, Massachusetts 02101, U.S.A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	15,174	1.73
State Street Bank West Pension Fund Clients Exempt 505233 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U. S. A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	14,141	1.61
Total		478,730	54.83

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

### (3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 28th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 28th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Masato Denawa	Partner Attorney, Spring Partners	4,200	—
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co.		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	13,000	—

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

(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements.



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

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

**C. Business Suspension Order to Which the Independent Auditor is Currently Subject****(a) Subject of the order**

Ernst & Young ShinNihon LLC

**(b) Content of the order**

A three month (January 1, 2016 to March 31, 2016) business suspension order that prevents Ernst & Young ShinNihon from taking on any new business contracts

**(c) Reason for the order**

- Seven public certified accountants of Ernst & Young ShinNihon LLC (the "Independent Auditor") had, in negligence of due care, attested the financial statements of Toshiba Corporation for the fiscal years ended March 31, 2010, 2012 and 2013 containing material misstatements as if the statements contained no material misstatements
- The Independent Auditor's operations were deemed to be significantly inappropriate.

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

The asset manager, asset custodian and administrative agents of JPR at the end of the 28th fiscal period are as follows.

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

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

### (1) JPR's Asset Structure

Asset Type	Area	27th Fiscal Period (as of June 30, 2015)		28th Fiscal Period (as of December 31, 2015)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Central Tokyo	79,182,734	18.9	79,046,265	18.9
	Greater Tokyo	58,479,210	14.0	58,113,588	13.9
	Other Cities	21,367,962	5.1	21,222,722	5.1
Real estate in trust	Central Tokyo	137,634,395	32.9	138,627,125	33.1
	Greater Tokyo	52,214,251	12.5	51,840,430	12.4
	Other Cities	43,733,460	10.4	43,495,908	10.4
Deposits and other assets	—	26,166,855 (—)	6.2 (—)	26,393,499 (—)	6.3 (—)
Total assets	—	418,778,869 (392,612,013)	100.0 (93.8)	418,739,540 (392,346,040)	100.0 (93.7)

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

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

### (2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 28th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m <sup>2</sup> )	Leased Floor Space (m <sup>2</sup> )	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Otemachi Tower (Land with Leasehold Interest)	38,388,259	11,034.78	11,034.78	100.0	12.1	Office
Olinas Tower	28,348,287	23,987.40	23,987.40	100.0	7.2	Office
Shinjuku Center Bldg.	22,226,712	8,863.98	8,057.00	90.9	3.3	Office
BYGS Shinjuku Bldg.	15,523,678	15,216.93	15,134.94	99.5	3.8	Office
JPR Sendagaya Bldg.	15,028,061	6,177.74	5,360.16	86.8	1.6	Office
Kanematsu Bldg.	14,724,003	8,011.75	5,583.89	69.7	1.9	Office
Kawasaki Dice Bldg.	13,867,897	12,116.35	12,116.35	100.0	3.0	Retail
Shinjuku Square Tower	13,624,345	19,284.71	19,266.82	99.9	2.7	Office
JPR Umeda Loft Bldg.	12,554,811	18,586.97	18,586.97	100.0	2.8	Retail
JPR Shibuya Tower Records Bldg.	11,546,618	8,076.85	8,076.85	100.0	2.5	Retail
Total	185,832,675	131,357.46	127,205.16	96.8	40.8	

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

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

### (3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 28th fiscal period (December 31, 2015).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2015 thousands of yen	Appraisal Value as of December 31, 2015 thousands of yen (Note)		
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,724,003	12,600,000		
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,408,640	2,430,000		
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,004,259	2,510,000		
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,492,110	3,060,000		
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,316,075	3,040,000		
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	11,032,498	11,400,000		
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	3,034,294	2,470,000		
		Fukuoka Bldg.	8-7 Yaesu 2-chome, Chuo-ku, Tokyo	Beneficiary interest	3,001,131	2,950,000		
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,250,779	4,890,000		
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,935,913	4,600,000		
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	13,624,345	13,300,000		
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,523,678	15,100,000		
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	604,929	841,000		
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,226,712	13,800,000		
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,882,759	2,560,000		
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,763,412	1,820,000		
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,856,069	3,250,000		
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,726,599	7,830,000		
		Tokyo Tatemono Kyobashi Bldg.	6-18 Kyobashi 3-chome, Chuo-ku, Tokyo	Real estate	5,344,726	5,900,000		
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,891,331	6,260,000		
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	15,028,061	11,000,000		
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,629,789	3,550,000		
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	43,700,000		
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,698,417	3,040,000		
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,238,951	5,280,000		
		Retail	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,546,618	13,900,000	
			JPR Daikanyama	20-5 Daikanyamacho, Shibuya-ku, Tokyo	Real estate	2,183,734	1,600,000	
			JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,312,895	3,720,000	
			Shinjuku Sanchome East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,662,182	2,760,000	
			Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,340,208	2,990,000	
		Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,393,492	6,320,000
				JPR Chiba Bldg.	1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,304,644	1,750,000
JPR Yokohama Nihon Odori Bldg.	17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa			Beneficiary interest	2,545,544	2,430,000		
Shinyokohama 2nd Center Bldg.	19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa			Beneficiary interest	1,448,260	1,710,000		
Kawaguchi Center Bldg.	1-8 Honcho 4-chome, Kawaguchi, Saitama			Beneficiary interest	7,004,447	7,680,000		
JPR Ueno East Bldg.	3-5 Matsugaya 1-chome, Taito-ku, Tokyo			Real estate	3,003,786	4,510,000		
Tachikawa Business Center Bldg.	38-5 Akebonocho 2-chome, Tachikawa, Tokyo			Beneficiary interest	2,916,096	3,190,000		
Rise Arena Bldg.	5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo			Real estate	5,394,803	7,490,000		
Yume-ooka Office Tower	6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa			Real estate	5,578,391	5,830,000		
Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo			Real estate	28,348,287	34,900,000		

### III. Asset Management Report

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2015 thousands of yen	Appraisal Value as of December 31, 2015 thousands of yen (Note)
Greater Tokyo	Office	Tokyo Tatemono Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	6,894,340	7,820,000
		Omiya Prime East	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	6,036,219	7,130,000
	Retail	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,479,176	13,100,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,784,062	2,680,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,109,915	5,440,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,844,651	4,170,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	13,867,897	15,100,000
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,692,868	2,360,000
		Tokyo Tatemono Honmachi Bldg.	4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,107,408	3,280,000
		JPR Hakata Bldg.	4-4 Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	3,031,431	2,870,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,355,162	1,420,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,201,067	3,600,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,387,891	1,680,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	2,144,768	2,450,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,147,285	2,370,000
		JPR Hakata-chuo Bldg.	6-12 Hakataeki-mae 2-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	1,823,203	1,730,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,987,879	2,630,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	10,859,446	13,200,000
		Retail	JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,554,811
	Benetton Shinsaibashi Bldg.		2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,091,986	3,960,000
	Housing Design Center Kobe		2-2 Higashi-Kawakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,375,396	6,780,000
	JPR Chayamachi Bldg.		2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,958,024	5,750,000
	Total					392,346,040

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

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

Area	Type	Property Name	27th Fiscal Period (from Jan. 1, 2015 to Jun. 30, 2015)				28 Fiscal Period (from Jul. 1, 2015 to Dec. 31, 2015)			
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	8	79.8	365,389	2.6	7	69.7	295,517	2.1
		Kanematsu Bldg. Annex	0	0.0	(Note 2)	(Note 2)	0	0.0	2,786	0.0
		JPR Ningyo-cho Bldg.	4	100.0	88,693	0.6	4	100.0	89,142	0.6
		Shin-Kojimachi Bldg.	16	100.0	97,432	0.7	16	100.0	104,800	0.7
		JPR Crest Takebashi Bldg.	6	100.0	92,679	0.7	6	100.0	92,715	0.7
		MS Shibaura Bldg.	9	86.4	304,929	2.1	10	100.0	379,395	2.7
		Gotanda First Bldg.	1	0.2	290,738	2.0	3	70.7	16,807	0.1
		Fukuoka Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ichigaya Bldg.	9	88.2	154,584	1.1	10	100.0	135,411	1.0
		Oval Court Ohsaki Mark West	3	100.0	180,114	1.3	2	100.0	172,974	1.2
		Shinjuku Square Tower	24	96.5	237,400	1.7	26	99.9	327,437	2.3
		Shinjuku Square Tower (additional acquisition in 28th period)	-	-	-	-				
		BYGS Shinjuku Bldg.	25	97.8	543,873	3.8	26	99.5	550,377	3.9

Area	Type	Property Name	27th Fiscal Period (from Jan. 1, 2015 to Jun. 30, 2015)				28 Fiscal Period (from Jul. 1, 2015 to Dec. 31, 2015)				
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	
Central Tokyo	Office	Across Shinkawa Bldg. Annex	4	100.0	36,956	0.3	4	100.0	36,892	0.3	
		Shinjuku Center Bldg.	32	96.3	462,978	3.2	31	90.9	474,469	3.4	
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		Shinagawa Canal Bldg.	5	100.0	63,734	0.4	4	66.7	49,576	0.4	
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Harajuku Bldg.	9	100.0	229,489	1.6	9	100.0	233,032	1.7	
		Tokyo Tatemono Kyobashi Bldg.	8	89.0	167,791	1.2	9	100.0	193,404	1.4	
		JPR Nihonbashi-horidome Bldg.	6	100.0	191,355	1.3	6	100.0	194,169	1.4	
		JPR Sendagaya Bldg.	7	100.0	239,651	1.7	6	86.8	226,685	1.6	
		Ginza Sanwa Bldg.	8	100.0	118,784	0.8	8	100.0	121,015	0.9	
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,555,500	10.9	2	100.0	1,581,000	11.2	
		Science Plaza-Yonbancho Plaza	24	95.8	112,258	0.8	24	96.6	113,966	0.8	
		Shibadaimon Center Bldg.	9	100.0	170,762	1.2	9	100.0	177,601	1.3	
		Central Tokyo	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)
JPR Daikanyama	4			100.0	35,098	0.2	4	100.0	35,123	0.2	
JPR Jingumae 432	6			86.6	78,095	0.5	6	89.8	82,255	0.6	
Shinjuku Sanchome East Bldg.	1			100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1			100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
Greater Tokyo	Office	Arca East	6	100.0	267,826	1.9	6	100.0	266,542	1.9	
		JPR Chiba Bldg.	36	93.0	141,552	1.0	37	94.2	127,352	0.9	
		JPR Yokohama Nihon Odori Bldg.	13	100.0	123,483	0.9	12	94.8	127,545	0.9	
		Shinyokohama 2nd Center Bldg.	19	96.9	100,501	0.7	18	91.0	98,700	0.7	
		Kawaguchi Center Bldg.	42	98.5	394,814	2.8	43	99.3	404,224	2.9	
		JPR Ueno East Bldg.	8	93.8	176,988	1.2	8	94.0	171,418	1.2	
		Tachikawa Business Center Bldg.	20	100.0	145,838	1.0	19	92.9	144,293	1.0	
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		Yume-ooka Office Tower	35	92.8	322,539	2.3	35	95.4	317,395	2.3	
		Olinas Tower	13	100.0	993,747	7.0	12	100.0	1,050,755	7.4	
		Tokyo Tatemono Yokohama Bldg.	14	100.0	297,195	2.1	14	100.0	298,383	2.1	
		Omiya Prime East	4	100.0	264,101	1.9	4	100.0	264,889	1.9	
	Greater Tokyo	Retail	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			Musashiurawa Shopping Square	3	100.0	126,996	0.9	3	100.0	126,996	0.9
			Kawasaki Dice Bldg.	29	100.0	481,507	3.4	29	100.0	516,697	3.7
	Other Cities	Office	Niigata Ekinan Center Bldg.	8	100.0	129,180	0.9	8	100.0	127,414	0.9
Tokyo Tatemono Honmachi Bldg.			10	93.3	153,636	1.1	10	93.3	154,014	1.1	
JPR Hakata Bldg.			42	99.8	141,453	1.0	42	99.8	147,669	1.0	
JPR Naha Bldg.			20	97.9	88,347	0.6	21	100.0	90,823	0.6	
Sompo Japan Sendai Bldg.			15	100.0	180,726	1.3	15	100.0	185,856	1.3	
Sompo Japan Wakayama Bldg.			12	98.3	111,385	0.8	13	98.3	111,475	0.8	
Tenjin 121 Bldg.			16	100.0	98,481	0.7	16	100.0	98,590	0.7	
JPR Dojima Bldg.			8	100.0	114,614	0.8	8	100.0	113,961	0.8	
JPR Hakata-chuo Bldg.			6	100.0	80,704	0.6	6	100.0	80,735	0.6	
JPR Nagoya Fushimi Bldg.			3	94.5	131,798	0.9	3	94.5	134,432	1.0	
Yakuin Business Garden		17	99.9	441,269	3.1	17	96.8	446,004	3.2		
Other Cities		Retail	JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			Benetton Shinsaibashi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
			JPR Chayamachi Bldg.	6	100.0	144,181	1.0	6	100.0	159,430	1.1
Total			647	96.7	14,251,821	100.0	650	97.4	14,105,386	100.0	

(Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg.: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.

The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants.

(Note 2) JPR does not disclose the rental revenues of the properties throughout the period and their ratio to total rental revenues due to inevitable reasons.

#### (4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above.

There were no additional major assets that are main investment targets of JPR other than those listed under (3) above as of the end of the 28th fiscal period.

## 4. Capital Expenditures of Owned Real Estate

### (1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 28th Fiscal Period	Amount Already Paid
Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1st phase of replacement of air conditioning units and other construction	May 2016~May 2016	133	—	—
MS Shibaura Bldg.	Minato Ward, Tokyo	Replacement of air conditioning units on the 8th floor	Mar. 2016~Mar. 2016	99	—	—
Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Replacement of air conditioning units and installation of office automation floors	Sept. 2015~Feb. 2016	90	—	—
Kanematsu Bldg.	Chuo Ward, Tokyo	3rd phase of renewal of through-the-wall air conditioning units	Apr. 2016~Jun. 2016	72	—	—
Ginza Sanwa Bldg.	Chuo Ward, Tokyo	1st phase of repair of common areas	Nov. 2015~Jun. 2016	57	—	—
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of disaster prevention monitoring board	Jun. 2016~Jun. 2016	53	—	—
MS Shibaura Bldg.	Minato Ward, Tokyo	Renovation of the entrance hall and replacement of toilets	Mar. 2016~Mar. 2016	38	—	—

### (2) Capital Expenditures during the 28th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 28th fiscal period.

Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 276 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Gotanda First Bldg.	Shinagawa Ward, Tokyo	Replacement of ceilings and air conditioning units	Jun. 2015~Dec. 2015	389
Kanematsu Bldg.	Chuo Ward, Tokyo	2nd phase of renewal of through-the-wall air conditioning units	Jun. 2015~Jul. 2015	76
JPR Ningyocho Bldg.	Chuo Ward, Tokyo	Repair of exterior walls	Sept. 2015~Dec. 2015	65
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		314
Total				846

(Note) Expenditures for repair and maintenance included 5 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

(Millions of yen)

Operation Period	24th Fiscal Period (Jul. 1, 2013 - Dec. 31, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)
Balance of deposits at beginning of current period	816	805	925	877	934
Deposits during the period	565	591	378	473	276
Amounts used from deposits during the period	576	471	426	416	270
Deposits carried forward to the next period	805	925	877	934	940

## 5. Expenses and Liabilities

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

(Thousands of yen)

Item	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)
(a) Asset Management Fees (Note)	503,437	504,632
Fixed compensation	75,000	75,000
Incentive-based compensation 1	255,080	251,738
Incentive-based compensation 2	173,357	177,894
(b) Administrative Service and Custodian Fees	77,388	82,481
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	31,051	31,548
(e) Other Expenses	90,438	95,533
Total	708,916	720,796

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (27th fiscal period: 10,000 thousand yen, 28th fiscal period: 1,965 thousand yen) have been paid and included in the book value of each property.

### (2) Status of Loans Payable

As of December 31, 2015 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2015 (millions of yen)	Balance as of Dec. 31, 2015 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Sumitomo Mitsui Trust Bank, Limited	Mar. 26, 2015	1,000	1,000	0.330%	Mar. 25, 2016	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Total		1,000	1,000					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Feb. 4, 2011	5,000	5,000	1.414%	Feb. 4, 2016	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Mizuho Bank, Ltd.	Mar. 30, 2012	7,000	7,000	1.093%	Mar. 30, 2017			
	Mizuho Bank, Ltd.	Dec. 5, 2012	2,000	2,000	1.027%	Dec. 5, 2019			
	Mizuho Bank, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Mizuho Bank, Ltd.	Jun. 27, 2014	5,000	5,000	1.178%	Jun. 27, 2023			
	Mizuho Bank, Ltd.	Mar. 11, 2015	2,000	2,000	1.011%	Mar. 11, 2024			
	Mizuho Bank, Ltd.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 25, 2011	5,000	5,000	1.198%	Mar. 25, 2016			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	1.178%	Aug. 8, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	0.948%	Aug. 8, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 5, 2012	3,000	3,000	0.919%	Sept. 5, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2014	4,000	4,000	0.889%	Jun. 25, 2021			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2012	6,400	6,400	1.093%	Mar. 30, 2017			
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2013	3,000	3,000	1.265%	Jun. 26, 2020			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033%	Jun. 27, 2022			
	Shinsei Bank, Ltd.	Apr. 5, 2012	5,000	5,000	1.397%	Apr. 5, 2019			
	Shinsei Bank, Ltd.	Sept. 24, 2013	2,000	2,000	1.076%	Sept. 24, 2020			
	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134%	Dec. 5, 2024			
	Aozora Bank, Ltd.	Jul. 3, 2012	900	900	0.994%	Jul. 3, 2017			
Aozora Bank, Ltd.	Aug. 8, 2012	2,000	2,000	1.178%	Aug. 8, 2019				
Aozora Bank, Ltd.	Aug. 27, 2012	2,000	2,000	0.985%	Aug. 25, 2017				
Aozora Bank, Ltd.	Aug. 30, 2012	2,000	2,000	1.146%	Aug. 30, 2018				
Aozora Bank, Ltd.	Sept. 30, 2013	1,000	1,000	1.069%	Sept. 24, 2020				
Development Bank of Japan Inc.	Jun. 26, 2009	2,800	2,700	3.190%	Jun. 27, 2019	(Note 4)			



Category	Lender	Drawdown Date	Balance as of Jul. 1, 2015 (millions of yen)	Balance as of Dec. 31, 2015 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Long-Term Loans Payable	Development Bank of Japan Inc.	Jun. 27, 2013	820	820	1.449%	Jun. 25, 2021	Principal lump sum repayment on maturity			
	Development Bank of Japan Inc.	Dec. 5, 2013	2,000	2,000	1.188%	Dec. 3, 2021				
	Development Bank of Japan Inc.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025				
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2012	4,000	4,000	1.093%	Mar. 30, 2017				
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2013	3,000	3,000	1.076%	Feb. 4, 2020				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	5,000	5,000	1.184%	Aug. 29, 2017				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	1,000	—	0.924%	Aug. 31, 2015				
	Mitsubishi UFJ Trust and Banking Corporation	Aug 31, 2015	—	1,000	0.873%	Aug. 31, 2023				
	The Bank of Fukuoka, Ltd.	Jul. 7, 2011	2,000	2,000	1.170%	Jul. 7, 2016				
	The Bank of Fukuoka, Ltd.	Apr. 11, 2012	2,000	—	0.902%	Oct. 9, 2015				
	The Bank of Fukuoka, Ltd.	Sept. 24, 2013	1,000	1,000	0.911%	Sept. 24, 2019				
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	—	2,000	0.816%	Oct. 6, 2023				
	Meiji Yasuda Life Insurance Company	Jun. 21, 2011	3,538	3,472	1.800%	Jun. 21, 2018				(Note 5)
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042%	Feb. 5, 2025	Principal lump sum repayment on maturity			
	Sompo Japan Nipponkoa Insurance Inc.	Apr. 11, 2012	2,000	2,000	0.981%	Oct. 11, 2016				
	Sompo Japan Nipponkoa Insurance Inc.	Jun. 27, 2012	2,000	—	0.874%	Dec. 25, 2015				
	Sompo Japan Nipponkoa Insurance Inc.	Dec. 25, 2015	—	2,000	0.759%	Dec. 25, 2023				
	ORIX Bank Corporation	Feb. 4, 2013	1,000	1,000	0.786%	Feb. 5, 2018				
	ORIX Bank Corporation	Nov. 27, 2013	2,000	2,000	0.762%	May 27, 2019				
	Shinkin Central Bank	Dec. 5, 2013	3,000	3,000	0.689%	Dec. 5, 2018				
	The Shinkumi Federation Bank	Feb. 4, 2013	3,000	3,000	0.786%	Feb. 5, 2018				
	Taiyo Life Insurance Company	Sept. 24, 2010	1,000	—	1.275%	Sept. 24, 2015				
	Taiyo Life Insurance Company	Jun. 4, 2013	1,000	1,000	0.949%	Jun. 4, 2018				
	Taiyo Life Insurance Company	Dec. 27, 2013	1,000	1,000	1.011%	Dec. 25, 2020				
	Taiyo Life Insurance Company	Sept. 24, 2015	—	1,000	0.969%	Sept. 24, 2024				
	The Chugoku Bank, Ltd.	Apr. 11, 2012	2,000	—	0.902%	Oct. 9, 2015				
	The Chugoku Bank, Ltd.	Sept. 24, 2013	1,000	1,000	0.758%	Sept. 25, 2018				
	The Chugoku Bank, Ltd.	Oct. 9, 2015	—	2,000	0.816%	Oct. 6, 2023				
	The Nishi-Nippon City Bank, Ltd.	May 27, 2011	3,000	3,000	1.149%	May 27, 2016				
	The Hachijuni Bank, Ltd.	Apr. 11, 2012	1,000	—	0.902%	Oct. 9, 2015				
	The Hachijuni Bank, Ltd.	Sept. 24, 2014	1,000	1,000	0.424%	Sept. 26, 2016				
	The Hachijuni Bank, Ltd.	Oct. 9, 2015	—	1,000	0.489%	Oct. 9, 2020				
	Resona Bank, Limited	Mar. 30, 2012	2,000	2,000	1.093%	Mar. 30, 2017				
	The Iyo Bank, Ltd.	Apr. 11, 2012	1,000	—	0.902%	Oct. 9, 2015				
	The Iyo Bank, Ltd.	Oct. 9, 2015	—	1,000	0.816%	Oct. 6, 2023				
	Daido Life Insurance Company	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018				
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018					
The Norinchukin Bank	Dec. 5, 2014	1,000	1,000	0.440%	Dec. 5, 2017					
	Total		133,958	133,792						

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal place. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

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

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

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

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

### (3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2015 are as follows.

Name	Issue Date	Balance as of Jul. 1, 2015 (millions of yen)	Balance as of Dec. 31, 2015 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
Thirteenth Series of Investment Corporation Bonds	Oct. 25, 2011	7,000	7,000	0.950	Oct. 25, 2016			
Fourteenth Series of Investment Corporation Bonds	Oct. 25, 2011	2,000	2,000	1.340	Oct. 25, 2018			
Fifteenth Series of Investment Corporation Bonds	Nov. 22, 2012	5,000	5,000	0.680	Nov. 22, 2017			
Sixteenth Series of Investment Corporation Bonds	Nov. 22, 2012	2,000	2,000	1.030	Nov. 22, 2019			
Seventeenth Series of Investment Corporation Bonds	May 31, 2013	5,000	5,000	0.650	May 31, 2018			
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	2,000	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twentieth Series of Investment Corporation Bonds	Jul. 22, 2014	2,000	2,000	0.303	Jul. 22, 2019			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Total		41,500	41,500					

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

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

### (4) Subscription Rights to Shares

Not applicable

## 6. Acquisitions and Sales during the 28th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (thousands of yen) (Note 1)	Sale Date	Sale Price (A) (Note 1)	Book Value (B) (thousands of yen)	Difference (C) (A) – (B) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C) – (D) (thousands of yen)
Real estate (Note 2)	Shinjuku Square Tower	Oct. 21, 2015	786,000	-	-	-	-	-	-
	Total	-	786,000	-	-	-	-	-	-

(Note 1) Values of “acquisition price” or “sale price” are amounts (transaction price indicated in the transaction contract, etc.) excluding expenses (such as real estate transaction brokerage fees) required for acquisition or sale of the relevant real estate.

(Note 2) JPR already owns trust beneficiary interest A (initial acquisition in the fiscal period ended December 2004) and B (additional acquisition in the fiscal period ended December 2008 and additional acquisition in the fiscal period ended June 2015) in some portions of the above-mentioned property as assets in trust. With regard to the ownership of a portion of the property (the latest additional acquisition), an additional trust agreement was concluded with the trustee on October 21, 2015 to add it to the trust beneficiary interest B (additional acquisition in the fiscal period ended December 2008 and additional acquisition in the fiscal period ended June 2015). Accordingly, JPR currently owns it also as trust beneficiary interest.

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

JPR made no acquisition or sale of other assets in the 28th fiscal period.

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

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Real Estate Appraisal Value (Note 2) (thousands of yen)	Real Estate Appraiser	Appraisal Date
Acquisition	Real estate (Note 3)	Shinjuku Square Tower	Oct. 21, 2015	786,000	921,000	Japan Valuers	Oct. 1, 2015

(Note 1) Values of “acquisition price” or “sale price” are amounts (transaction price indicated in the transaction contract, etc.) excluding expenses (such as real estate transaction brokerage fees) required for acquisition or sale of the relevant real estate.

(Note 2) The appraisal in the table above was conducted by applying to the “Real Estate Appraisal Standards, Specific Thesis Chapter 3: Appraisal on Prices of Real Estate Subject to Securitization.”

(Note 3) JPR already owns trust beneficiary interest A (initial acquisition in the fiscal period ended December 2004) and B (additional acquisition in the fiscal period ended December 2008 and additional acquisition in the fiscal period ended June 2015) in some portions of the above-mentioned property as assets in trust. With regard to the ownership of a portion of the property (the latest additional acquisition), an additional trust agreement was concluded with the trustee on October 21, 2015 to add it to the trust beneficiary interest B (additional acquisition in the fiscal period ended December 2008 and additional acquisition in the fiscal period ended June 2015). Accordingly, JPR currently owns it also as trust beneficiary interest.

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

#### 1) Transaction Status

No transaction of specified assets or other deals with interested parties and major shareholders were conducted during the 28th fiscal period.

#### 2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	243,978	Tokyo Tatemono Co., Ltd.	212,118	86.9%
		Taisei-Yuraku Real Estate Co., Ltd.	3,443	1.4%
Outsourcing Fees	534,864	Tokyo Tatemono Co., Ltd.	424,360	79.3%
Tenant Brokerage Fees	38,716	Tokyo Tatemono Co., Ltd.	13,044	33.7%

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 15,766 thousand yen) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties who are interested parties or major shareholders during the 28th fiscal period.

Tokyo Tatemono Co., Ltd.	366,035 thousand yen
Taisei-Yuraku Real Estate Co., Ltd.	267 thousand yen
Tokyo Real Estate Management Co., Ltd.	439,850 thousand yen
Shinjuku Center Building Management Co., Ltd.	38,579 thousand yen

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

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

## **7. Overview of Accounting**

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

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

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

No change has been made.

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

No change has been made.

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

### (1) Acquisition

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

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

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

### (2) Units Held

	Number of Units Held at End of Period	Total Investment at End of Period (Note) (millions of yen)	Ratio to Total Units Issued and Outstanding (%)
19th Fiscal Period (Jan. 1, 2011 – Jun. 30, 2011)	100	20	0.0
20th Fiscal Period (Jul. 1, 2011 – Dec. 31, 2011)	100	20	0.0
21st Fiscal Period (Jan. 1, 2012 – Jun. 30, 2012)	100	20	0.0
22nd Fiscal Period (Jul. 1, 2012 – Dec. 31, 2012)	100	20	0.0
23rd Fiscal Period (Jan. 1, 2013 – Jun. 30, 2013)	100	20	0.0
24th Fiscal Period (Jul. 1, 2013 – Dec. 31, 2013)	100	20	0.0
25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	100	20	0.0
26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)	100	20	0.0
27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	100	20	0.0
28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)	100	20	0.0

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

## 9. Disclosure on Corporation Owning Foreign Real Estate

Not applicable

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

Not applicable

## 11. Other

### (1) Notice

#### 1) General Meeting of Unitholders

The Tenth General Meeting of Unitholders of JPR was held on September 8, 2015.

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

Agenda	Overview
Partial amendments to the Articles of Incorporation	<p>Amendments were made to the following items of the Articles of Incorporation.</p> <p>(1) In accordance with the revisions to the Enforcement Regulations for the Act on Investment Trusts and Investment Corporations (the “Enforcement Regulations for the Investment Trusts Act”), amendments were made to stipulate that JPR’s purpose is to manage its assets as investments primarily in real estate assets and such (as defined under Article 105-1 of the Enforcement Regulations for the Investment Trusts Act).</p> <p>(2) In accordance with the revisions to the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”), provisions were newly established or deleted as follows:</p> <p>1) New provisions were established to stipulate that a general meeting of unitholders to be held within 25 months after a general meeting of unitholders that was held in accordance with Article 10-1 of the current Articles of Incorporation shall not require a public notice of its convocation.</p> <p>2) New provisions were established to stipulate that the term of office of directors may be extended or shortened to the extent permitted by laws and regulations, pursuant to the resolution of the general meeting of unitholders.</p> <p>3) In accordance with the revisions to the Investment Trusts Act put into force, supplementary provisions concerning the effectuation of such revision were deleted.</p> <p>(3) With regard to the issue of inconsistency between profits for accounting purposes and tax purposes at an investment corporation, amendments were made to stipulate that, in its distribution policies, JPR may make cash distributions in excess of earnings in order to reduce its tax burdens, in accordance with the revisions to the Ordinance on Accounting of Investment Corporations.</p> <p>(4) As renewable energy generation facilities and the rights to operate public facilities, etc. were included in the scope of specified assets due to the revisions to the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, provisions were newly established or amended to reflect the inclusion.</p> <p>(5) As the requirements for an investment corporation to apply for special taxation measures due to the revisions to the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation, relevant provisions were deleted.</p> <p>(6) Other than the above, necessary provisions were established, expressions were changed and clarified, and other corrections were made to the terminology.</p>
Appointment of one Executive Officer	Hirohito Kaneko was appointed as Executive Officer.
Appointment of one Substitute Executive Officer	Satoshi Okubo was appointed as Substitute Executive Officer.
Appointment of two Supervising Officers	Masato Denawa and Nobuhisa Kusanagi were appointed as Supervising Officers.
Appointment of one Substitute Supervising Officer	Masaaki Sugiyama was appointed as Substitute Supervising Officer.

#### 2) Board of Directors of JPR

Major issues related to the execution and modification, etc. of major agreements approved at JPR’s Board of Directors meeting in the 28th fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
August 14, 2015	Conclusion of memorandum concerning amendments to the asset management consignment agreement	Reviews were made to necessary articles of the asset management consignment agreement, subject to the approval of the proposed amendments to the Articles of Incorporation at the Tenth General Meeting of Unitholders of JPR held on September 8, 2015.
December 17, 2015	Conclusion of memorandum on December 17, 2015 concerning the general administration and asset custody entrustment agreement and the special account administration agreement in accordance with the enforcement of the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (“My Number” system)	A memorandum and other documents were concluded with Mizuho Trust & Banking Co., Ltd. concerning the handling of the individual numbers, etc. upon conducting its assignments on cash distributions, income tax and other matters in terms of operations related to the investment units and administration of special accounts, which JPR has entrusted to Mizuho Trust & Banking, in accordance with the enforcement of the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (“My Number” system) on January 1, 2016.

## (2) Other

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

## (1) Balance Sheets

	(Thousands of yen)	
	End of 27th Fiscal Period (Jun. 30, 2015)	End of 28th Fiscal Period (Dec. 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,786,017	13,505,100
Cash and deposits in trust	12,278,621	11,831,284
Operating accounts receivable	332,870	308,075
Prepaid expenses	127,407	162,693
Other	44,967	10,916
<b>Total current assets</b>	<b>25,569,883</b>	<b>25,818,070</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings	56,762,410	56,968,858
Accumulated depreciation	(11,898,708)	(12,686,626)
Buildings, net	*1 44,863,701	*1 44,282,231
Buildings in trust	86,397,314	87,256,990
Accumulated depreciation	(26,625,423)	(27,644,362)
Buildings in trust, net	59,771,891	59,612,627
Structures	51,330	51,728
Accumulated depreciation	(15,414)	(16,782)
Structures, net	35,916	34,946
Structures in trust	119,586	119,876
Accumulated depreciation	(68,497)	(71,656)
Structures in trust, net	51,089	48,219
Machinery and equipment	726,505	726,505
Accumulated depreciation	(361,244)	(380,688)
Machinery and equipment, net	*1 365,261	*1 345,817
Machinery and equipment in trust	1,614,860	1,616,054
Accumulated depreciation	(1,205,616)	(1,241,817)
Machinery and equipment in trust, net	409,244	374,236
Tools, furniture and fixtures	57,922	59,247
Accumulated depreciation	(32,101)	(34,503)
Tools, furniture and fixtures, net	25,820	24,743
Tools, furniture and fixtures in trust	160,667	169,164
Accumulated depreciation	(107,680)	(113,246)
Tools, furniture and fixtures in trust, net	52,987	55,917
Land	*1 108,898,331	*1 108,898,331
Land in trust	173,295,562	173,871,178
Construction in progress	46,308	1,957
<b>Total property, plant and equipment</b>	<b>387,816,114</b>	<b>387,550,206</b>
Intangible assets		
Leasehold right	4,794,109	4,794,109
Other	2,455	1,890
<b>Total intangible assets</b>	<b>4,796,565</b>	<b>4,796,000</b>
Investments and other assets		
Lease and guarantee deposits	145,462	194,720
Long-term prepaid expenses	198,875	158,096
<b>Total investments and other assets</b>	<b>344,337</b>	<b>352,817</b>
<b>Total noncurrent assets</b>	<b>392,957,018</b>	<b>392,699,024</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	207,020	185,149
Investment unit issuance expenses	44,946	37,295
<b>Total deferred assets</b>	<b>251,966</b>	<b>222,445</b>
<b>Total assets</b>	<b>418,778,869</b>	<b>418,739,540</b>



(Thousands of yen)

	End of 27th Fiscal Period (Jun. 30, 2015)	End of 28th Fiscal Period (Dec. 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	2,146,009	2,209,614
Short-term loans payable	1,000,000	1,000,000
Current portion of long-term loans payable	23,332,000	18,332,000
Current portion of investment corporation bonds	—	7,000,000
Accounts payable-other	1,392,268	645,043
Accrued expenses	99,147	108,133
Income taxes payable	605	605
Accrued consumption taxes	179,892	277,127
Advances received	2,616,060	2,609,250
Total current liabilities	30,765,983	32,181,772
<b>Noncurrent liabilities</b>		
Investment corporation bonds	41,500,000	34,500,000
Long-term loans payable	110,626,000	115,460,000
Tenant leasehold and security deposits	*1 7,562,635	*1 7,537,730
Tenant leasehold and security deposits in trust	12,231,338	12,821,233
Total noncurrent liabilities	171,919,974	170,318,963
<b>Total liabilities</b>	<b>202,685,957</b>	<b>202,500,736</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	210,395,598	210,395,598
Surplus		
Voluntary reserve		
Reserve for reduction entry	73,946	73,946
Total voluntary reserve	73,946	73,946
Unappropriated retained earnings (undisposed losses)	5,623,366	5,769,258
Total surplus	5,697,313	5,843,205
Total unitholders' equity	216,092,911	216,238,803
<b>Total net assets</b>	<b>*3 216,092,911</b>	<b>*3 216,238,803</b>
<b>Total liabilities and net assets</b>	<b>418,778,869</b>	<b>418,739,540</b>

## (2) Statements of Income and Retained Earnings

(Thousands of yen)

	27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)
<b>Operating revenue</b>		
Rent revenue-real estate	*1 14,251,821	*1 14,105,386
<b>Total operating revenue</b>	14,251,821	14,105,386
<b>Operating expenses</b>		
Expenses related to rent business	*1 6,845,645	*1 6,553,179
Asset management fee	503,437	504,632
Administrative service and asset custody fees	77,388	82,481
Directors' compensation	6,600	6,600
Trust fees	31,051	31,548
Other operating expenses	90,438	95,533
<b>Total operating expenses</b>	7,554,562	7,273,976
<b>Operating income</b>	6,697,259	6,831,410
<b>Non-operating income</b>		
Interest income	2,256	2,349
Income on settlement of management association accounts	42,062	1,685
Other	6,430	4,033
<b>Total non-operating income</b>	50,749	8,068
<b>Non-operating expenses</b>		
Interest expenses	781,107	754,492
Borrowing expenses	78,032	68,793
Interest expenses on investment corporation bonds	291,995	239,913
Amortization of investment corporation bond issuance costs	26,785	21,871
Amortization of investment unit issuance expenses	623	7,650
Other	3,181	311
<b>Total non-operating expenses</b>	1,181,726	1,093,032
<b>Ordinary income</b>	5,566,282	5,746,446
<b>Extraordinary income</b>		
Subsidy income	37,397	3,837
<b>Total extraordinary income</b>	37,397	3,837
<b>Income before income taxes</b>	5,603,679	5,750,284
<b>Income taxes-current</b>	605	605
<b>Total income taxes</b>	605	605
<b>Net income</b>	5,603,074	5,749,679
<b>Retained earnings brought forward</b>	20,291	19,579
<b>Unappropriated retained earnings (undisposed losses)</b>	5,623,366	5,769,258

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

	(Thousands of yen)	
	27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)
<b>Unitholders' equity</b>		
<b>Unitholders' capital</b>		
Balance at beginning of current period	192,044,238	210,395,598
Changes of items during the period		
Issuance of units	18,351,360	—
Total changes of items during the period	18,351,360	—
Balance at end of current period	210,395,598	210,395,598
<b>Surplus</b>		
Voluntary reserve		
Balance at beginning of current period	73,946	73,946
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	73,946	73,946
Unappropriated retained earnings (undisposed losses)		
Balance at beginning of current period	5,259,866	5,623,366
Changes of items during the period		
Dividends from surplus	(5,239,575)	(5,603,787)
Net income	5,603,074	5,749,679
Total changes of items during the period	363,499	145,892
Balance at end of current period	5,623,366	5,769,258
Total surplus		
Balance at beginning of current period	5,333,813	5,697,313
Changes of items during the period		
Total changes of items during the period	363,499	145,892
Balance at end of current period	5,697,313	5,843,205
<b>Total unitholders' equity</b>		
Balance at the beginning of current period	197,378,051	216,092,911
Changes of items during the period		
Total changes of items during the period	18,714,859	145,892
Balance at end of current period	216,092,911	216,238,803
<b>Total net assets</b>		
Balance at beginning of current period	197,378,051	216,092,911
Changes of items during the period		
Total changes of items during the period	18,714,859	145,892
<b>Balance at end of current period</b>	216,092,911	216,238,803

## (4) Statements of Cash Distributions

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
I. Unappropriated retained earnings	5,623,366,311 yen	5,769,258,606 yen
II. Distribution amount (Distribution amount per unit)	5,603,787,000 yen (6,419 yen)	5,751,324,000 yen (6,588 yen)
III. Retained earnings carried forward	19,579,311 yen	17,934,606 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 5,603,787,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (873,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 5,751,324,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (873,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.

**(5) Statements of Cash Flows**

	(Thousands of yen)	
	27th Fiscal Period	28th Fiscal Period
	(Jan. 1, 2015 – Jun. 30, 2015)	(Jul. 1, 2015 – Dec. 31, 2015)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	5,603,679	5,750,284
Depreciation and amortization	1,854,717	1,875,564
Amortization of investment corporation bond issuance costs	26,785	21,871
Amortization of investment unit issuance expenses	623	7,650
Interest income	(2,256)	(2,349)
Interest expenses	1,073,103	994,406
Decrease (increase) in operating accounts receivable	(71,882)	24,794
Decrease (increase) in prepaid expenses	47,374	(35,286)
Increase (decrease) in operating accounts payable	18,834	(283,603)
Increase (decrease) in accounts payable-other	172,409	(136,511)
Increase (decrease) in accrued consumption taxes	(81,742)	97,234
Increase (decrease) in advances received	50,801	(6,810)
Other, net	(186,454)	40,162
Subtotal	8,505,994	8,347,406
Interest income received	2,256	2,349
Interest expenses paid	(1,124,559)	(985,420)
Income taxes (paid) refund	(618)	(623)
Net cash provided by (used in) operating activities	7,383,073	7,363,711
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(167,304)	(87,534)
Purchase of property, plant and equipment in trust	(4,586,723)	(1,174,178)
Payment of tenant leasehold and security deposits	(49,257)	(49,257)
Repayments of tenant leasehold and security deposits	(102,061)	(119,849)
Proceeds from tenant leasehold and security deposits	311,592	83,383
Repayments of tenant leasehold and security deposits in trust	(48,588)	(693,748)
Proceeds from tenant leasehold and security deposits in trust	433,654	716,213
Net cash provided by (used in) investing activities	(4,208,688)	(1,324,972)
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	15,000,000	–
Repayment of short-term loans payable	(14,000,000)	–
Proceeds from long-term loans payable	7,000,000	10,000,000
Repayment of long-term loans payable	(9,566,000)	(10,166,000)
Redemption payment of investment corporation bonds	(13,000,000)	–
Proceeds from issuance of investment units	18,350,172	–
Dividends paid	(5,238,285)	(5,600,993)
Net cash provided by (used in) financing activities	(1,454,113)	(5,766,993)
<b>Net changes in cash and cash equivalents</b>	1,720,271	271,746
<b>Cash and cash equivalents at beginning of current period</b>	23,344,367	25,064,638
<b>Cash and cash equivalents at end of current period</b>	*1 25,064,638	*1 25,336,385

## (6) Notes to Financial Statements

### (Basis of Presenting Financial Statements)

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

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

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

### (Significant Accounting Policies)

1. Depreciation Method for Property and Equipment
  - (1) Property and Equipment (including entrusted properties)  
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:
 

Buildings .....	3 - 65 years
Structures .....	10 - 35 years
Machinery and equipment .....	3 - 17 years
Tools, furniture and fixtures .....	3 - 20 years

 Assets with acquisition prices of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.
  - (2) Intangible Assets  
Intangible assets are amortized utilizing the straight-line method.
  - (3) Long-term Prepaid Expenses  
Long-term prepaid expenses are amortized utilizing the straight-line method.
2. Accounting for Deferred Assets
  - (1) Investment Corporation Bond Issuance Costs  
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.
  - (2) Investment unit issuance expenses  
Investment unit issuance expenses are amortized utilizing the straight-line method over three years.
3. Standards for Recording Revenues and Expenses
 

Accounting Treatment of Taxes on Property and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 47,294 thousand yen and 2,332 thousand yen for the fiscal periods ended June 30, 2015 and December 31, 2015, respectively.
4. Scope of Cash and Cash Equivalents in the Statements of Cash Flows
 

Cash and cash equivalents in the Statements of Cash Flows include the following

  - (1) Cash on hand and cash in trust
  - (2) Deposits placed with banks and deposits in trust that can be withdrawn at any time
  - (3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date.
5. Other Significant Items Fundamental to Preparing the Financial Statements
  - (1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust  
Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income and retained earnings.  
Furthermore, the following material accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.
    - a. Cash and deposits in trust
    - b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
    - c. Tenant leasehold and security deposits in trust
  - (2) Accounting for Consumption Taxes  
National and local consumption taxes are accounted with the consumption taxes excluded.

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

Assets pledged as collateral are as follows:

(Thousands of yen)

	End of 27th Fiscal Period (as of June 30, 2015)	End of 28th Fiscal Period (as of December 31, 2015)
Buildings (net)	115,165	113,296
Machinery and equipment (net)	2,910	2,739
Land	399,183	399,183
<b>Total</b>	<b>517,259</b>	<b>515,219</b>

Secured liabilities are as follows:

(Thousands of yen)

	End of 27th Fiscal Period (as of June 30, 2015)	End of 28th Fiscal Period (as of December 31, 2015)
Tenant leasehold and security deposits	15,536	15,536
<b>Total</b>	<b>15,536</b>	<b>15,536</b>

**2. Balance of Unused Commitment Line**

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

(Thousands of yen)

	End of 27th Fiscal Period (as of June 30, 2015)	End of 28th Fiscal Period (as of December 31, 2015)
Credit limit	28,000,000	28,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	28,000,000	28,000,000

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

(Thousands of yen)

End of 27th Fiscal Period (as of June 30, 2015)	End of 28th Fiscal Period (as of December 31, 2015)
50,000	50,000

**(Notes to Statements of Income and Retained Earnings)**

## \*1. Breakdown of Rent Revenue-Real Estate and Expenses Related to Rent Business

(Thousands of yen)

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	9,408,080	9,511,054
Land rents	1,555,500	1,581,000
Common charges	1,825,436	1,755,981
Parking revenues	256,880	257,162
Advertising expenses	60,309	61,001
Antenna use fees	19,341	21,022
Other	33,652	36,583
Subtotal	13,159,200	13,223,806
Other rental revenues		
Incidental income	721,270	778,335
Time-based parking revenues	5,244	5,503
Cancellation charges	92,834	37,643
Income equivalent to expenses for restoration to original condition	250,277	36,448
Other miscellaneous income	22,994	23,649
Subtotal	1,092,620	881,579
Total rent revenue-real estate	14,251,821	14,105,386
B. Expenses Related to Rent Business		
Outsourcing expenses	527,575	531,924
Utilities expenses	898,434	876,068
Property and other taxes	2,026,740	2,019,291
Casualty insurance	27,306	28,053
Repairs and maintenance	566,510	270,370
Property management fees	238,809	228,211
Management association accounts	576,345	581,485
Depreciation	1,854,217	1,875,064
Other	129,705	142,709
Total expenses related to rent business	6,845,645	6,553,179
C. Profits		
(A-B)	7,406,176	7,552,207

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

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	873,000 units	873,000 units



**(Notes to Statements of Cash Flows)****\*1. Relationship between the Cash and Cash Equivalents at End of Period in the Statements of Cash Flows and the Amounts of the Corresponding Accounts on the Balance Sheets**

(Thousands of yen)

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Cash and deposits	12,786,017	13,505,100
Cash and deposits in trust	12,278,621	11,831,284
Cash and cash equivalents	25,064,638	25,336,385

**(Leases)**

## Future lease revenues under non-cancelable operating leases

(Thousands of yen)

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Due within one year	7,177,460	7,101,796
Due after one year	22,973,529	19,442,194
Total	30,150,990	26,543,990

**(Financial Instruments)**

## 1. Matters Concerning Status of Financial Instruments

## (1) Policy on Handling Financial Instruments

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

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

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

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

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

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

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

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

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

The following are the carrying values and estimated fair values as of June 30, 2015 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	12,786,017	12,786,017	—
(2) Cash and deposits in trust	12,278,621	12,278,621	—
(3) Short-term loans payable	(1,000,000)	(1,000,000)	—
(4) Current portion of long-term loans payable	(23,332,000)	(23,443,935)	111,935
(5) Current portion of investment corporation bonds	—	—	—
(6) Investment corporation bonds	(41,500,000)	(42,727,038)	1,227,038
(7) Long-term loans payable	(110,626,000)	(112,589,841)	1,963,841

The following are the carrying values and estimated fair values as of December 31, 2015 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	13,505,100	13,505,100	—
(2) Cash and deposits in trust	11,831,284	11,831,284	—
(3) Short-term loans payable	(1,000,000)	(1,000,000)	—
(4) Current portion of long-term loans payable	(18,332,000)	(18,386,891)	54,891
(5) Current portion of investment corporation bonds	(7,000,000)	(7,043,400)	43,400
(6) Investment corporation bonds	(34,500,000)	(36,000,242)	1,500,242
(7) Long-term loans payable	(115,460,000)	(117,806,618)	2,346,618

(Note 1) Liabilities are shown in parentheses.

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

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

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

(3) Short-term loans payable

As these financial instruments are settled within a short period of time and have floating interest rates, the estimated fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of long-term loans payable, and (7) Long-term loans payable

Of the estimated fair value of these financial instruments, the fair value of long-term loans payable with floating interest rates is based on the book value, as it reflects the market interest rate within a short period of time and thus is considered to be nearly equal to the book value. The fair value of long-term loans payable with fixed interest rates is based on the method of calculating by discounting the total amount of principal and interest by the rate assumed as being applicable in the event of a new drawdown corresponding to the remaining loan term.

(5) Current portion of investment corporation bonds, and (6) Investment corporation bonds

Of the estimated fair value of these financial instruments, those with market price are calculated based on market price and those with no market price are calculated according to the fair value of long-term loans payable with fixed interest rates in (4) and (7) above.

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

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

(Thousands of yen)

Category	End of 27th Fiscal Period (as of June 30, 2015)	End of 28th Fiscal Period (as of December 31, 2015)
Tenant leasehold and security deposits	7,562,635	7,537,730
Tenant leasehold and security deposits in trust	12,231,338	12,821,233

(Note 4) Scheduled redemption of monetary claims to be due after the account closing date of the 27th fiscal period (June 30, 2015)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	12,786,017	—	—	—	—	—
Cash and deposits in trust	12,278,621	—	—	—	—	—

Scheduled redemption of monetary claims to be due after the account closing date of the 28th fiscal period (December 31, 2015)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	13,505,100	—	—	—	—	—
Cash and deposits in trust	11,831,284	—	—	—	—	—

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 27th fiscal period (June 30, 2015)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	1,000,000	—	—	—	—	—
Investment corporation bonds	—	7,000,000	10,000,000	2,000,000	4,000,000	18,500,000
Long-term loans payable	23,332,000	24,732,000	21,374,000	17,200,000	14,000,000	33,320,000

Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 28th fiscal period (December 31, 2015)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	1,000,000	—	—	—	—	—
Investment corporation bonds	7,000,000	5,000,000	7,000,000	4,000,000	—	18,500,000
Long-term loans payable	18,332,000	32,632,000	16,408,000	17,100,000	17,000,000	32,320,000

**(Securities)**

27th fiscal period (as of June 30, 2015)

Not applicable

28th fiscal period (as of December 31, 2015)

Not applicable

**(Derivative Transactions)**

27th fiscal period (as of June 30, 2015)

Not applicable as JPR conducted no derivative transactions

28th fiscal period (as of December 31, 2015)

Not applicable as JPR conducted no derivative transactions

**(Retirement Benefits)**

27th fiscal period (as of June 30, 2015)

Not applicable as JPR does not have any retirement benefit system

28th fiscal period (as of December 31, 2015)

Not applicable as JPR does not have any retirement benefit system

**(Tax Effect Accounting)**

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

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Effective statutory tax rate	34.15%	32.31%
(Adjustment)		
Deductible cash distributions	(34.15%)	(32.31%)
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

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

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable as JPR does not have any affiliated companies

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable as JPR does not have any affiliated companies

**(Transactions with Related Parties)**

1. Parent Company and Major Corporation Unitholders

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable

2. Subsidiaries

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable

3. Sister Companies

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable

4. Directors and Major Individual Unitholders

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable

**(Asset Retirement Obligations)**

27th fiscal period (January 1, 2015 – June 30, 2015)

Not applicable

28th fiscal period (July 1, 2015 – December 31, 2015)

Not applicable

**(Segment Information)**

[Segment Information]

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

[Related Information]

27th fiscal period (January 1, 2015 – June 30, 2015)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

28th fiscal period (July 1, 2015 – December 31, 2015)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

**(Investment and Rental Properties)**

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

(Thousands of yen)

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	389,724,535	392,612,013
Amount of Increase (Decrease) during the Period	2,887,478	(265,973)
Balance at End of Current Period	392,612,013	392,346,040
Estimated Fair Value at End of Period	401,948,000	411,481,000

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

(Note 2) Of the amount of increase (decrease) the amount of increase for the 27th fiscal period is primarily attributable to additional acquisition of Shinjuku Square Tower (4,076,809 thousand yen), and the amount of decrease for the period is primarily attributable to depreciation (1,854,217 thousand yen). The amount of increase for the 28th fiscal period is primarily attributable to additional acquisition of Shinjuku Square Tower (807,283 thousand yen), and the amount of decrease for the period is primarily attributable to depreciation (1,875,064 thousand yen).

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

The income (loss) in the 27th and 28th fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

**(Per Unit Information)**

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Total net assets per unit	247,529 yen	247,696 yen
Net income per unit	6,759 yen	6,586 yen

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

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

	27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
Net income (thousands of yen)	5,603,074	5,749,679
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	5,603,074	5,749,679
Average number of units during the fiscal period	828,876 units	873,000 units

**(Subsequent Events)**

Not applicable

**(7) Detailed Schedules**

## 1) Schedule of Securities

Not applicable

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

Not applicable

## 3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of July 1, 2015 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2015 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2015 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	-	-	-	-	-	-	-	
Noncurrent Assets (Property, plant and equipment)								
Buildings	56,762,410	206,448	-	56,968,858	12,686,626	787,918	44,282,231	
Structures	51,330	398	-	51,728	16,782	1,367	34,946	
Machinery and equipment	726,505	-	-	726,505	380,688	19,444	345,817	
Tools, furniture and fixtures	57,922	1,324	-	59,247	34,503	2,401	24,743	
Land	108,898,331	-	-	108,898,331	-	-	108,898,331	
Construction in progress	46,308	-	44,351	1,957	-	-	1,957	
Subtotal	166,542,808	208,171	44,351	166,706,628	13,118,600	811,131	153,588,027	
(Beneficiary interests in trust)								
Buildings in trust	86,397,314	859,675	-	87,256,990	27,644,362	1,018,939	59,612,627	
Structures in trust	119,586	290	-	119,876	71,656	3,159	48,219	
Machinery and equipment in trust	1,614,860	1,193	-	1,616,054	1,241,817	36,201	374,236	
Tools, furniture and fixtures in trust	160,667	8,496	-	169,164	113,246	5,566	55,917	
Land in trust	173,295,562	575,615	-	173,871,178	-	-	173,871,178	
Construction in progress in trust	-	1,197	1,197	-	-	-	-	
Subtotal	261,587,992	1,446,468	1,197	263,033,263	29,071,084	1,063,867	233,962,179	
Total	428,130,801	1,654,639	45,548	429,739,891	42,189,685	1,874,998	387,550,206	
Intangible Assets								
Leasehold rights	4,794,109	-	-	4,794,109	-	-	4,794,109	
Other	7,602	-	-	7,602	5,712	565	1,890	
Total	4,801,712	-	-	4,801,712	5,712	565	4,796,000	

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

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

## 4) Schedule of Other Specified Assets

Not applicable

5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of July 1, 2015 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2015 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Remarks
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	-	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Thirteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	7,000,000	-	7,000,000	0.950	Oct. 25, 2016		
Fourteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	2,000,000	-	2,000,000	1.340	Oct. 25, 2018		
Fifteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	5,000,000	-	5,000,000	0.680	Nov. 22, 2017		
Sixteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	2,000,000	-	2,000,000	1.030	Nov. 22, 2019		
Seventeenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	5,000,000	-	5,000,000	0.650	May 31, 2018		
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	-	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	-	5,000,000	1.110	Feb. 5, 2024		
Twentieth Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	2,000,000	-	2,000,000	0.303	Jul. 22, 2019		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	-	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	-	3,000,000	0.831	Dec. 4, 2024		
Total		41,500,000	-	41,500,000				

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

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

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	7,000,000	5,000,000	7,000,000	4,000,000	-



## 6) Schedule of Loans Payable

Lender	Balance as of July 1, 2015 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2015 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Short-term loans payable</b>								
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.330%	Mar. 25, 2016	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Total	1,000,000	-	-	1,000,000				

Lender	Balance as of July 1, 2015 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2015 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	1.414%	Feb. 4, 2016	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Mizuho Bank Ltd.	7,000,000	-	-	7,000,000	1.093%	Mar. 30, 2017		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.027%	Dec. 5, 2019		
Mizuho Bank Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	1.178%	Jun. 27, 2023		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000,000	-	-	5,000,000	1.198%	Mar. 25, 2016		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.178%	Aug. 8, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.948%	Aug. 8, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.919%	Sept. 5, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000,000	-	-	4,000,000	0.889%	Jun. 25, 2021		
Sumitomo Mitsui Banking Corporation	6,400,000	-	-	6,400,000	1.093%	Mar. 30, 2017		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.265%	Jun. 26, 2020		
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.033%	Jun. 27, 2022		
Shinsei Bank, Ltd.	5,000,000	-	-	5,000,000	1.397%	Apr. 5, 2019		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.076%	Sept. 24, 2020		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.134%	Dec. 5, 2024		
Aozora Bank Ltd.	900,000	-	-	900,000	0.994%	Jul. 3, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.178%	Aug. 8, 2019		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	0.985%	Aug. 25, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.146%	Aug. 30, 2018		
Aozora Bank Ltd.	1,000,000	-	-	1,000,000	1.069%	Sept. 24, 2020		
Development Bank of Japan, Inc.	2,800,000	-	100,000	2,700,000	3.190%	(Note 5)		
Development Bank of Japan, Inc.	820,000	-	-	820,000	1.449%	Jun. 25, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.188%	Dec. 3, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Trust & Banking Co., Ltd.	4,000,000	-	-	4,000,000	1.093%	Mar. 30, 2017		
Mizuho Trust & Banking Co., Ltd.	3,000,000	-	-	3,000,000	1.076%	Feb. 4, 2020		
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	-	-	5,000,000	1.184%	Aug. 29, 2017		
Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	1,000,000	-	0.924%	Aug. 31, 2015		
Mitsubishi UFJ Trust and Banking Corporation	-	1,000,000	-	1,000,000	0.873%	Aug. 31, 2023		

## IV. Financial Statements

	Balance as of July 1, 2015 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2015 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
The Bank of Fukuoka	2,000,000	-	-	2,000,000	1.170%	Jul. 7, 2016		
The Bank of Fukuoka	2,000,000	-	2,000,000	-	0.902%	Oct. 9, 2015		
The Bank of Fukuoka	1,000,000	-	-	1,000,000	0.911%	Sept. 24, 2019		
The Bank of Fukuoka	-	2,000,000	-	2,000,000	0.816%	Oct. 6, 2023		
Meiji Yasuda Life Insurance Company	3,538,000	-	66,000	3,472,000	1.800%	(Note 6)		
Meiji Yasuda Life Insurance Company	1,000,000	-	-	1,000,000	1.042%	Feb. 5, 2025		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	-	2,000,000	0.981%	Oct. 11, 2016		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	2,000,000	-	0.874%	Dec. 25, 2015		
Sompo Japan Nipponkoa Insurance Inc.	-	2,000,000	-	2,000,000	0.759%	Dec. 25, 2023		
ORIX Bank Corporation	1,000,000	-	-	1,000,000	0.786%	Feb. 5, 2018		
ORIX Bank Corporation	2,000,000	-	-	2,000,000	0.762%	May 27, 2019		
Shinkin Central Bank	3,000,000	-	-	3,000,000	0.689%	Dec. 5, 2018		
The Shinkumi Federation Bank	3,000,000	-	-	3,000,000	0.786%	Feb. 5, 2018		
Taiyo Life Insurance Company	1,000,000	-	1,000,000	-	1.275%	Sept. 24, 2015		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.949%	Jun. 4, 2018	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	1.011%	Dec. 25, 2020		
Taiyo Life Insurance Company	-	1,000,000	-	1,000,000	0.969%	Sept. 24, 2024		
Chugoku Bank	2,000,000	-	2,000,000	-	0.902%	Oct. 9, 2015		
Chugoku Bank	1,000,000	-	-	1,000,000	0.758%	Sept. 25, 2018		
Chugoku Bank	-	2,000,000	-	2,000,000	0.816%	Oct. 6, 2023		
The Nishi-Nippon City Bank, Ltd.	3,000,000	-	-	3,000,000	1.149%	May 27, 2016		
The Hachijuni Bank	1,000,000	-	1,000,000	-	0.902%	Oct. 9, 2015		
The Hachijuni Bank	1,000,000	-	-	1,000,000	0.424%	Sept. 26, 2016		
The Hachijuni Bank	-	1,000,000	-	1,000,000	0.489%	Oct. 9, 2020		
Resona Bank, Ltd.	2,000,000	-	-	2,000,000	1.093%	Mar. 30, 2017		
The Iyo Bank, Ltd.	1,000,000	-	1,000,000	-	0.902%	Oct. 9, 2015		
The Iyo Bank, Ltd.	-	1,000,000	-	1,000,000	0.816%	Oct. 6, 2023		
Daido Life Insurance Company	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.440%	Dec. 5, 2017		
<b>Total</b>	<b>133,958,000</b>	<b>10,000,000</b>	<b>10,166,000</b>	<b>133,792,000</b>				

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Long-term loans payable	18,332,000	32,632,000	16,408,000	17,100,000	17,000,000

(Note 2) The average interest rates are weighted-average figures during the period and are rounded to the third decimal place. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

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

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

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

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

## (8) Independent Auditor's Report



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### Independent Auditor's Report

The Board of Directors  
 Japan Prime Realty Investment Corporation

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation, which comprise the balance sheet as at December 31, 2015, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation as at December 31, 2015 and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

March 24, 2016  
 Tokyo, Japan

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

27th Fiscal Period (January 1, 2015 – June 30, 2015)	28th Fiscal Period (July 1, 2015 – December 31, 2015)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

**(Transactions with Interested Parties)**

27th fiscal period (January 1, 2015 – June 30, 2015)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Long-term loans payable	7,000,000
				Interest expenses	37,687	Accrued expenses	832

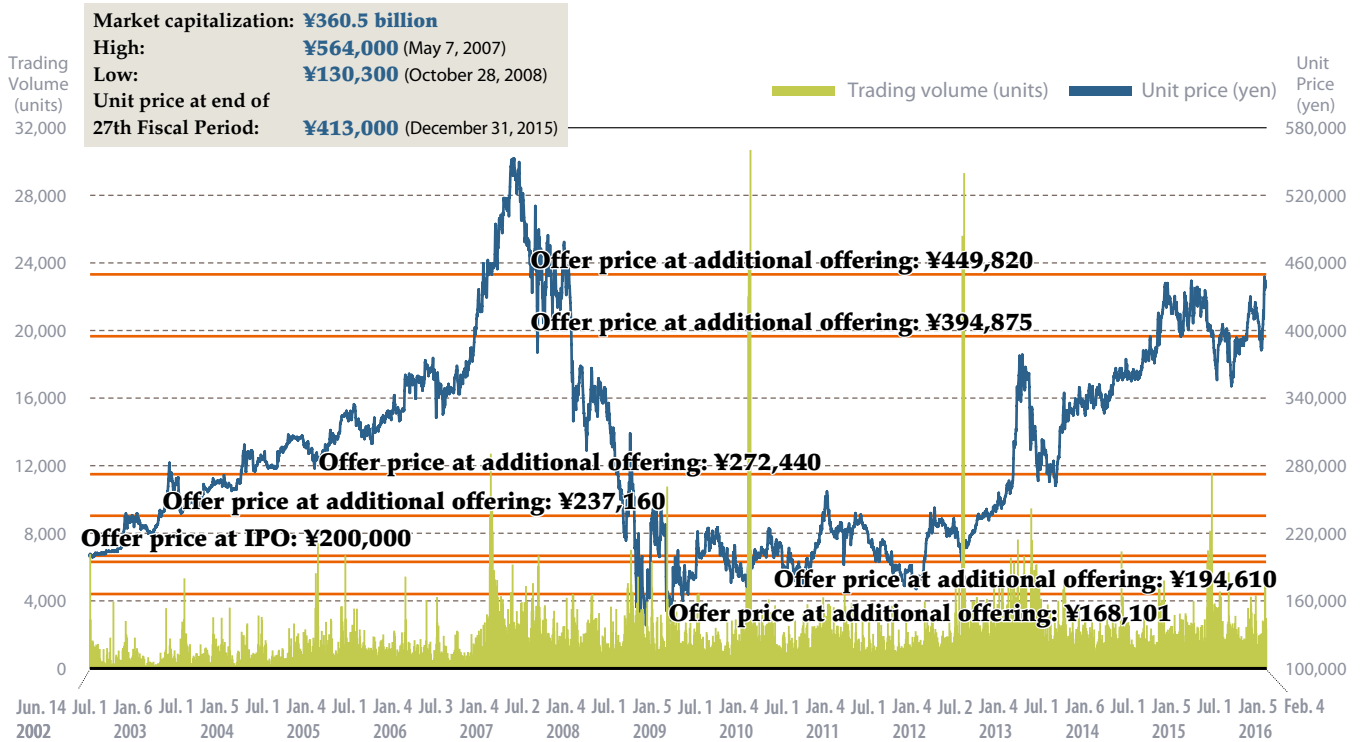
(Note) Transaction terms are determined based on prevailing market conditions.

28th fiscal period (July 1, 2015 – December 31, 2015)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Long-term loans payable	7,000,000
				Interest expenses	38,312	Accrued expenses	1,249

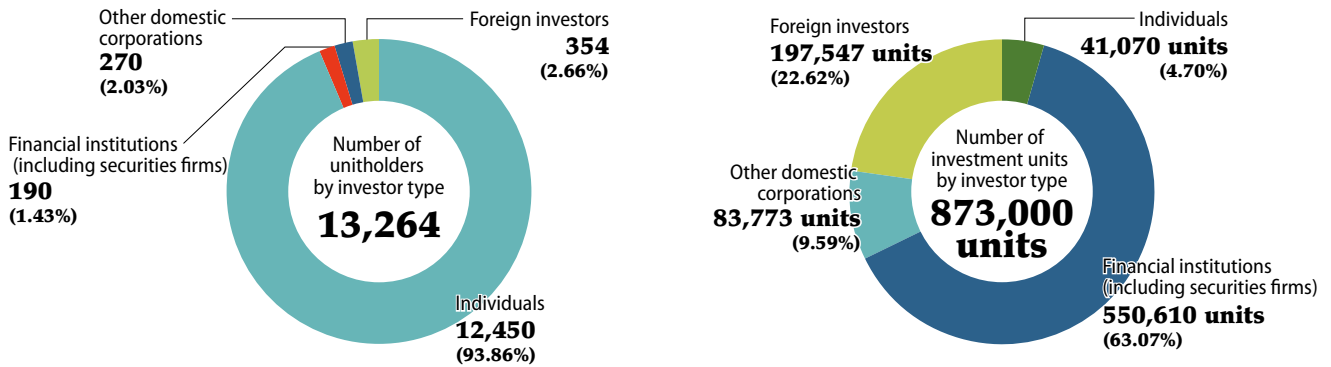
(Note) Transaction terms are determined based on prevailing market conditions.

## Status of Investment Unit Price (as of December 31, 2015)



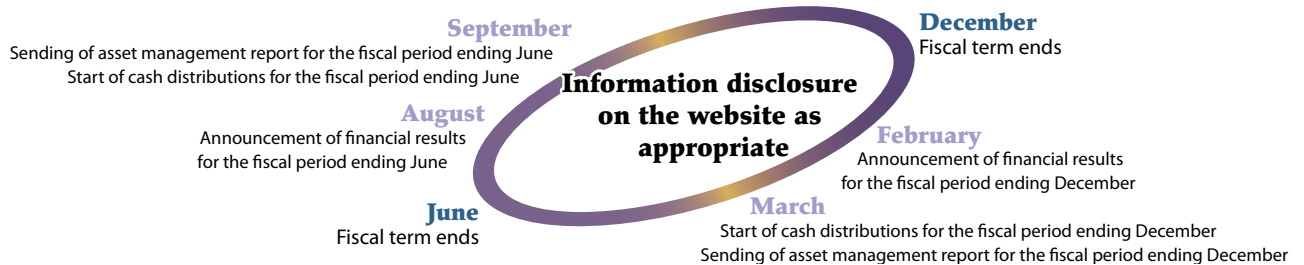
(Note) Unit prices are based on closing prices.

## Breakdown of Unitholders (as of December 31, 2015)



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

## Annual Schedule (provisional)



# Introduction to the JPR Website

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

8955



(securities code)



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

## Point 1 Digest of Financial Results

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

## Point 2 Briefing Sessions and Events

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

## Point 3 Property Overview

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

## IR Mail Delivery Service

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



## Notes for Investors

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

### Procedures for Change of Address

For filing or inquiring about a change of address, please contact your securities company with whom you have an account.

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

### Cash Distributions

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

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

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