Summary of Results Briefing for the Fiscal Period Ended December 31, 2021

Let us now begin the results briefing for the Japan Prime Realty Investment Corporation's 40th fiscal period ended December 2021.
My name is Yoshihiro Jozaki and I am the President and CEO of Tokyo Realty Investment Management, Inc., the asset management company.

First, please look at page 5.
I would like to give you a summary of the public stock offering completed at the beginning of the year. We resolved on January 4 to conduct a domestic offering, and we issued 38,928 investment units, raising funds of 13.8 billion yen.
This offering was implemented alongside the acquisition of three properties and the transfer of two properties, which were carried out as part of strategic asset replacement. More specifically, we acquired a co-ownership interest in Grand Front Osaka, a large complex directly linked to Osaka Station, Tokyo Tatemono Higashi-Shibuya Building, which is a prime office building in central Tokyo, and additional ownership of Rise Arena Building. At the same time, we also decided to transfer ownership of JPR Umeda Loft Building and Tokyo Tatemono Honmachi Building due to concerns over future decline in profitability due to aging and other factors, in an attempt to improve the quality of the portfolio.
Furthermore, by splitting up our ownership of JPR Umeda Loft Building and transferring these ownership interests separately, we will return the gain on transfer to unitholders over three periods. We plan to hold part of the gain on transfer in reserve as retained earnings, in a bid to balance returns to unitholders with the stabilization of future distributions.
LTV, which rose to 41.7% following the property acquisitions, fell to 40.0% as a result of the offering. We will use the increased acquisition capacity arising from the offering as a stepping stone to sustainable growth in the future.

Now, please look at page 7.
I will now give a summary of the financial results.
This slide shows the summary of financial results for the 40th fiscal period ended December 2021 and operating forecasts.
Please look at the column highlighted in blue.

Operating revenue was 18,253 million yen, operating income was 8,626 million yen, and net income was 7,892 million yen. Distribution per unit came to 7,550 yen, as initially forecast.

Next, please look at the columns highlighted in red, which show forecasts for the June '22 period and the December '22 period.
Our forecasts for the June '22 period are as follows:
operating revenue of 18,167 billion yen; operating profit of 9,247 million yen; and net income of 8,528 million yen. In short, we forecast lower revenue and higher income. We expect that distributions per unit will be a record-equalling 7,750 yen.
In the December '22 period, we expect both revenue and income to increase from the June '22 period, as shown on the slide, and our forecast for distributions per unit is 7,750 yen, the same as for the June '22 period.
I will now explain the factors for fluctuation in distribution per unit shown on page 8.

In the December '21 period, EPU fell to 7,297 yen, reflecting factors such as the impact of move-outs of large tenants, the absence of cancellation penalty income recorded the previous period, and an increase in utilities expenses. However, DPU was 7,550 yen as initially forecast, due to the capitalization of the gain on transfer of JPR Umeda Loft Building. In addition, we held the equivalent of 687 yen of the gain on transfer of property of 1,058 yen in reserve as retained earnings.

In the June '22 period, EPU is expected to recover to 7,320 yen, thanks to the effects of asset replacement equivalent to 346 yen, in addition to internal growth driven mainly by progress with leasing activities to find tenants for large spaces at Rise Arena Building and other properties. Furthermore, DPU is expected to reach 7,750 yen, primarily owing to the recording of a gain on transfer of property, as in the December '21 period. Again, in the current fiscal period, we plan to hold the equivalent of 802 yen of the gain on transfer of property of 1,339 yen in reserve as retained earnings.

Similarly, in the December '22 period, EPU will increase to 7,350 yen due to internal growth driven by steady progress with leasing activities. As in the preceding period, DPU is expected to amount to 7,750 yen chiefly owing to the recording of a gain on transfer of property. Again, we plan to hold the equivalent of 853 yen of the gain on transfer of 1,345 yen in reserve as retained earnings, in an effort to further stabilize DPU in the future.

Look at page 10.
I would now like to talk about JPR's growth strategy.
The bottom part of the slide shows the three basic strengths of JPR's operational framework.
These are, starting from the left, a diversified robust portfolio focused on favorably located office properties in Tokyo;

a high level of operational capability through collaboration with Tokyo Tatemono, which is the main sponsor; and
a commitment to sustainability.
As the pace of internal growth driven by upward rent revision becomes more modest, we intend to leverage these strengths and aim for improvement in unitholder value through continued growth in distributions and NAV, driven by the acceleration of external growth, effective asset replacement, and the strategic use of gain on transfer of property and retained earnings.

Look at page 11.
I will now discuss our DPU strategy.
Our aim is to achieve our previously indicated medium-term target of 7,800 yen through early recovery of occupancy and new property acquisitions.
The right side of the slide shows a simulation for the medium-term target. Every 1% increase in rents and occupancy rates and every 10 billion yen in property acquisitions represents a boost of around 150 yen to DPU respectively, and we believe that these are perfectly achievable levels.
Our policy is to use our ample retained earnings as a cushion to bolster DPU until the market recovers. It will be difficult to maintain DPU for the June '23 period at the 7,700 yen level, considering the absence of gain on transfer of real estate and the fact that EPU excluding temporary factors is still on a recovery path. Nonetheless, we intend to once again set the previously stated floor of a level above 7,550 yen.

Look at page 12.
This page gives a summary of the operational status.
I am going to explain each strategy in more detail later in this presentation and so, for now, I would like to explain our views on the office market.
Please look at out business environment perception for our internal growth strategy.
Currently, the rise in the vacancy rate in the Tokyo office market has come to a halt. However, we feel that, since October last year when the state of emergency was lifted, the tide is turning, with JPR also making progress finding tenants for large spaces at Rise Arena Building and other properties. Whilst we must continue to monitor developments such as the spread of the Omicron variant, rising energy prices and interest rate trends, we believe that the office market has bottomed out and is starting to recover.

Look at page 13.
I would now once again like to explain the features of JPR's portfolio.
JPR has built a diversified, robust portfolio, with a focus on excellently located office buildings in

Tokyo.
In 2023, large supply of class S office buildings concentrated on Minato Ward is planned but in our portfolio, class S buildings account for a share of 6.1%. Also in terms of rent zone, properties in the rent zone 15 to less than 20 thousand yen per tsubo, which are in highest demand, account for 73.1% of the portfolio. Similarly, in terms of area, given that Minato Ward accounts for a 4.3% share of our portfolio, we believe that we are unlikely to be directly impacted by the large supply.
Moreover, with over 70% of JPR's portfolio no more than a 3-minute walk from the nearest station and over 90% no more than a 5-minute walk from the nearest station, the majority of our properties are highly convenient properties in close proximity to a station.
Leveraging the competitive advantage afforded by this kind of portfolio and the high level of operational capability we have built up to date, we intend to achieve sustainable growth.

Look at page 14.
From here, I will explain the operational status.
First, I will discuss the occupancy status. Please look at the graph, "Occupancy rate" in the upper left. In the December '21 period, the occupancy rate based on concluded contracts fell to 96.9% due to the impact of large tenant move-outs. However, in the June '22 period, we expect the occupancy rate based on concluded contracts to recover to 97.5%, thanks to progress with leasing activities especially for large areas. The occupancy rate based on generated rents is expected to start rising slightly later than the occupancy rate based on concluded contracts, reflecting free-rent periods. We will continue working to fill vacancies, focusing on leasing activities to find tenants mainly for the properties listed on the next page.

Please look at page 15.
I will now explain "properties requiring priority action" which will be a focus on leasing activities.

Progress was made on leasing activities for Shinjuku Square Tower, with the occupancy rate rising from 89% last November to 94.6% in February. However, the move-out of a large tenant announced previously has been pushed back and contract will now be cancelled in June this year. Accordingly, the occupancy rate in June is expected to fall to 91.9%. The building is highly rated as a high-grade, cost-efficient office building, despite being a slight distance from the station, and we will seek to fill the space quickly.

The occupancy rate of Olinas Tower will drop to 78% with the moveout of a large tenant at the end of March this year. The tenant in question wanted to rent a larger space within the building but we were unable to accept the request as the desired space was fully occupied and the tenant decided to move out to another area. The property is very popular as a landmark property in the Koto area and we currently expect to fill around 70% of the space due to be vacated, bringing the occupancy rate back up to 92.5%.

Omiya Prime East in the middle section of the slide is currently fully occupied. However, a tenant occupying 5 floors with a total area of 1,200 tsubo plans to move out in April this year to relocate to a newly built building in the neighboring area. Given that this property is a relatively new building close to Omiya Station where the supply-demand balance is tight, we have already received multiple applications from prospective tenants and have currently concluded a contract for two of the floors.

Gotanda First Building is also currently fully occupied. However, an IT company, which has repeatedly increased its office space within the building, now plans to relocate to a larger office space in a building in the neighboring area, although the date of the move-out has yet to be determined. This property is in an excellent location close to a station and the rent is also set at the level of 15 thousand yen per tsubo, a level at which properties are currently moving quickly. On this basis, we believe it is possible to fill the space quickly.

BYGs Shinjuku Building in the bottom section of the slide is in a highly competitive location, directly connected to Shinjuku-sanchome Station. We renovated the common areas such as the entrances to further strengthen the competitiveness of the property. The occupancy rate is set to fall to 87.7% due to multiple tenant moveouts before April. However, four new tenants are due to move in, pushing the occupancy rate up to 98.4% by June. The renovation work has been well received by prospective tenants and good progress has been made with leasing activities.

JPR Ginza Namiki-dori Building at the bottom right of the slide is a commercial building on Namiki-dori, which is home to many luxury brands. A tenant occupying the first, second and third floors moved out in November last year but we succeeded in attracting a high-end tenant without almost no downtime.

Look at page 16.
I will now update you on leasing activities for Rise Arena Building.

A tenant leasing all floors moved out at the end of January '21 and, after 52.7% of the vacant space had been filled, leasing activities proceeded slower than initially anticipated under the impact of the repeated declaration of emergencies. However, from last October when the state of emergency was lifted, we began to receive many inquiries from prospective major tenants and the pace of leasing activities suddenly increased. The occupancy rate based on contracts concluded as of the end of February this year has reached 83%, and, if we include applications, the end of leasing activities is already in sight. On filling the vacant space, we have also realized a reduction in move-out risk by turning the property into a multi-tenant building.

Furthermore, given that even under a state of emergency, prospective tenants were continuously appearing, we anticipate improvement in the occupancy rate when the COVID pandemic comes to an end and economic activity fully resumes and we acquired additional ownership in October last year.

Now, please look at page 17.
This slide shows "Monthly rent revision increase/decrease." In the December '21 period, revisions (existing tenant and tenant replacement) resulted in an increase on a net basis.
Next, look at "Rate of increase/decrease on rent revision/tenant replacement" in the the top right-hand corner of the slide. Regarding tenants with contracts up for renewal in the December '21 period, upward revision was achieved in only around 20% of cases, and most other tenants renewed their contract with the rent unchanged.

Now, take a look at page 18.
I will explain retail properties.
We provided business continuity support to tenants which were severely impacted by the pandemic, including the declaration of emergencies, taking into consideration the impact on future performance and other factors. As shown in the chart in the top left-hand corner of the slide, in the December '21 period, as in preceding periods, we implemented temporary rent reductions for some tenants. However, the amount of temporary rent reductions was lower than initially anticipated, totaling 47 million yen. Furthermore, restaurants account for around 3% of all retail properties and our support for tenants affected by decreased sales from a comparatively early stage and other efforts paid off, and the occupancy rate remained at the high level of 99.5%. Recently, many prefectures are subject to priority measures designed to prevent the spread of COVID-19 and there is concern over the impact on retail properties especially restaurants. However, we believe that the impact on business results will remain limited.

Look at page 19.
I will explain our external growth strategy.
The pace of expansion in JPR's asset size has accelerated in recent years, due to the Medium-Term Business Plan of Tokyo Tatemono, which is the main sponsor.
Tokyo Tatemono's Medium-Term Business Plan for fiscal years 2020 through 2024 sets out the

intention to strengthen fund business and expand the sale of properties to investors.
In actual fact, the value of JPR's assets has grown 48.8 billion yen since 2020, increasing at a much faster rate than before.

Next, I would like to tell you about our newly acquired properties.
Please take a look at page 20.
Grand Front Osaka is a large-scale commercial complex composed mainly of offices, retail outlets and a hotel. We acquired a co-ownership interest equivalent to 4.9% from Tokyo Tatemono, which is the main sponsor, in December last year.
The property is a rare property that is directly connected to JR Osaka Station and boasts the largest- and highest-level office specifications in the Kansai region.
The acquisition price was 21.3 billion yen in total, and NOI yield and after-depreciation yield are as shown in the bottom left-hand corner of the slide respectively. Given that, in the case of office tenants, there is a fairly large rent gap, we believe there is plenty of upside potential.

Please take a look at page 21.
Tokyo Tatemono Higashi-Shibuya Building is an office business in the Shibuya area, which is currently being redeveloped. We also acquired this property from Tokyo Tatemono in January. NOI yield is 4.4% After-depreciation yield is 3.8%
A 7-minute walk from Shibuya Station, the property faces Meiji-dori Avenue and enjoys extremely high visibility.
Shibuya is an area with strong demand especially among IT companies and, as shown in the pie chart in the bottom right-hand corner of the slide, the level of new supply between 2021 and 2023 will be extremely low, accounting for 1.8% of total new supply (all 23 Wards). Recently, the vacancy rate in Shibuya Ward is also on the recovery track, and we believe that Shibuya is an area where the supply-demand balance will remain comparatively favorable moving forward.

Look at page 22.
This page summarizes the properties we have recently acquired. We have acquired properties in a balanced fashion with a focus on offices in Tokyo using the sponsor pipeline in the past few years, and we have also replaced assets to improve the quality of our portfolio.
As shown in the bottom right-hand corner of the slide, we transferred Tokyo Tatemono Honmachi Building, which is the oldest property in the portfolio, in December last year. We also split up JPR Umeda Loft Building for transfer over three periods at a price which was 25% above the appraisal value.
Property transfers are carried out on the assumption of asset replacement, in principle. However, we

strive to select properties based upon consideration of individual circumstances including building age and future profitability.

Please turn to page 23.
The Tokyo Tatemono pipeline consists mainly of two kinds of properties: properties reclassified as real estate for sale from noncurrent assets for long-term ownership, and properties for sale developed as property for investors.
JPR has acquired from among the properties reclassified from non-current assets in Tokyo Tatemono's pipeline the properties shown in the top left-hand corner of the slide, including recently acquired Grand Front Osaka and Tokyo Tatemono Higashi-Shibuya Building, and from among the properties developed for investors, we have also acquired two properties in the FUNDES series shown in the bottom left-hand corner of the slide.
JPR will continue utilizing the sponsor pipeline to actively acquire properties in the future and also intends to push ahead with asset replacement in parallel, aiming to improve the quality of our portfolio and realize unrealized gains.

Look at page 24.
In terms of finances, we continue to manage them conservatively.
Look at "Debt procurement results in the Dec. '21 fiscal period" in the upper left.
The average maturity is 8.8 years, and the average debt interest rate is 0.52%. This suggests that we have succeeded in satisfying both the prolonging of repayment dates and the reduction of debt costs.

In addition, JCR newly acquired a credit rating of AA from JCR in November 2021. We are also highly rated by other credit rating agencies.

Look at the change in LTV in the lower right.
LTV after the initiatives including the public offering was 40.0%, whilst the debts acquisition capacity calculated based on an LTV of 45% is 46.0 billion yen. Since we also have plenty of free cash flow, the financial capacity necessary for external growth has been duly secured.

Lastly, I will explain our initiatives for sustainability.
Look at page 26.
This slide summarizes our initiatives to date.
In recent years, sustainability initiatives have become increasingly important in face of extreme weather and increasingly serious disasters. JPR and TRIM were among the first in the industry to launch sustainability initiatives and have stepped up the pace of such initiatives considerably over the

past few years. With sustainability positioned as a priority both internally and externally, we will continue actively implementing sustainability initiatives.

Look at page 27.
JPR and TRIM are actively committed to multiple initiatives and expressed their support for the TCFD in May 2020 after conducting a risk analysis on climate change. We have received high praise from external evaluation organizations for our steady implementation of such initiatives and acquired the “5 Stars” ranking, the highest in the GRESB Real Estate Assessment, for the third consecutive year. We also achieved inclusion in the MSCI Japan ESG Select Leaders Index of MSCI Inc. in May last year.

Look at page 28.
I would now like to explain our environmental initiatives.
As shown in the top left-hand corner of the slide, we previously set a 2030 target for the reduction of CO_2 emissions of 30% compared to the level in 2017 and reduced them 18.8% in 2020. We are steadily implementing initiatives, including switching to 100% renewable energy contracts at 22 wholly owned properties from January this year, and we are eyeing the possibility of achieving the target ahead of schedule some time soon.
Meanwhile, last year, we set a new target of net zero CO_2 emissions by 2050. This is by no means an easy target but we intend to aim to achieve it by implementing effective methods based on a regular assessment of reduction measures.

Look at page 29.
As shown, in the top left-hand corner of the slide, we set an environmental certification acquisition coverage rate of 80% or more as a 2030 target and we expect to achieve this ahead of schedule this year. Moving forward, we will create a portfolio with even higher environmental performance, whilst striving for higher levels of certification.

In addition, as described in the bottom left-hand corner of the slide, we plan to introduce a waste management system using electronic manifests at 12 properties this fiscal year. We will accurately manage waste data and seek to reduce the volume of waste generated.

Look at page 30.
I would now like to explain our social initiatives.
JPR and TRIM are implementing initiatives to promote respect for human rights and supply chain management. In July last year, we enacted a Human Rights Policy based on the Guiding Principles on

Business and Human Rights, and we also enacted Sustainable Procurement Standards for the purpose of implementing initiatives across the entire supply chain.

In addition, last year, we also completed our first issuance of Sustainability Bonds and our third issuance of Green Bonds. As awareness of sustainability increase, we will continue to consider and implement diverse fundraising methods.

Look at page 31.
I will now move on to corporate governance.
This slide shows the sustainability promotion framework of JPR and TRIM. From January this year, we welcomed an Outside Advisor to the Sustainability Committee, to increase expertise and bring an objective viewpoint to bear on our initiatives. Furthermore, as shown on the right side of the slide, JPR also elected a Supervising Officer who has extensive knowledge of sustainability to strengthen the corporate governance framework.

That concludes my presentation.

Although the impact of the Omicron variant needs to be monitored, we sense that the tide is turning, with JPR also making steady progress with leasing activities recently. We will continue aiming for early achievement of our medium-term DPU target of 7,800 yen by improving occupancy rates through even stronger leasing activities and by accelerating external growth by using the sponsor pipeline, while seeking stabilization of distributions by using retained earnings to bolster them.

We hope that we can count on your continued support in the future.