

Translation

**Japan Prime Realty Investment Corporation**  
**Financial Report for the 32nd Fiscal Period Results (July 1, 2017 – December 31, 2017)**

February 14, 2018

REIT Securities Issuer: Japan Prime Realty Investment Corporation      Listing: Tokyo Stock Exchange  
 Securities Code: 8955      URL: <http://www.jpr-reit.co.jp/>  
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 Asset Management Company: Tokyo Realty Investment Management, Inc.  
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 Scheduled date of submission of securities report: March 26, 2018  
 Scheduled date of commencement of distribution payout: March 9, 2018  
 Preparation of supplementary explanatory materials on financial results: Yes / No  
 Holding of briefing session on financial results: Yes / No (for analysts and institutional investors)

**1. Financial Results for the 32nd Fiscal Period (July 1, 2017 – December 31, 2017)**

[Amounts are rounded down to the nearest million yen, except for per unit figures.]

**(1) Operating Results**

[% figures represent the increase (decrease) compared with the previous fiscal period]

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
For the six months ended December 31, 2017	15,141	0.2	7,569	(2.3)	6,666	(2.9)	6,665	(2.9)
June 30, 2017	15,118	0.1	7,747	8.2	6,868	11.6	6,867	11.6

	Net Income per Unit (EPU)	Net Income / Net Assets	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	yen	%	%	%
For the six months ended December 31, 2017	7,221	2.8	1.5	44.0
June 30, 2017	7,494	3.0	1.6	45.4

**(2) Distributions**

	Distribution per Unit (DPU) [excluding exceeding profit distribution amount]	Distribution Amount	Exceeding Profit Distribution per Unit	Exceeding Profit Distribution Amount	Dividend Payout Ratio	Distribution / Net Assets
	yen	million yen	yen	million yen	%	%
For the six months ended December 31, 2017	7,223	6,666	0	0	100.0	2.8
June 30, 2017	7,213	6,657	0	0	96.9	2.8

(Note 1) Dividend payout ratio is rounded down to the first decimal place.

(Note 2) Dividend payout ratio for the six months ended June 30, 2017 is calculated by using the following formula, as JPR issued new investment units in the fiscal period:

$$\text{Dividend payout ratio} = \text{Distribution amount} / \text{Net income} \times 100$$

(Note 3) The difference between the distribution amount and net income for the six months ended June 30, 2017 is attributable to the fact that part of the retained earnings (210 million yen) was internally reserved as reserve for reduction entry.

**(3) Financial Position**

	Total Assets	Net Assets	Net Assets / Total Assets	Net Asset Per Unit
	million yen	million yen	%	yen
As of December 31, 2017	446,487	238,619	53.4	258,525
June 30, 2017	446,068	238,611	53.5	258,516

## (4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
For the six months ended	million yen	million yen	million yen	million yen
December 31, 2017	8,797	(205)	(6,822)	32,864
June 30, 2017	12,914	(19,288)	7,495	31,093

## 2. Forecasts for the 33rd Fiscal Period Ending June 30, 2018

	Operating Revenues		Operating Income		Ordinary Income		Net Income		DPU [excluding exceeding profit distribution per unit]	Exceeding Profit Distribution Per Unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
33rd Fiscal Period Ending June 30, 2018	15,085	(0.4)	7,327	(3.2)	6,664	(0.0)	6,664	(0.0)	7,220	0

(Reference) Estimated net income per unit for the 33rd fiscal period ending June 30, 2018: 7,220 yen

## 3. Other

## (1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

- |                                                                                           |      |
|-------------------------------------------------------------------------------------------|------|
| (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: | None |
| (b) Changes in accounting policies other than in (a):                                     | None |
| (c) Changes in accounting estimates:                                                      | None |
| (d) Retrospective restatement:                                                            | None |

## (2) Number of Investment Units Issued and Outstanding

## (a) Number of investment units (including treasury units) issued and outstanding at end of period

As of December 31, 2017: 923,000 units As of June 30, 2017: 923,000 units

## (b) Number of treasury units at end of period

As of December 31, 2017: 0 units As of June 30, 2017: 0 units

(Note) With regard to the number of investment units, which serves as the basis for calculating net income per unit, please refer to "Per Unit Information," on page 21.

## \* Presentation of the status of implementation of audit procedures

At the time of disclosure of this report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

## \* Explanation of the appropriate use of the forecast for management status, and other matters of special note

The forecasts for the 33rd fiscal period ending June 30, 2018 is calculated as of February 14, 2018 based on the assumptions described on page 7 of this report. Accordingly, actual operating revenues, operating income, ordinary income, net income, DPU and exceeding profit distribution per unit may differ from the forecasts. Moreover, the forecasts should not be construed as a guarantee of the distribution amount.

This is an English-language translation of original Japanese announcement on our website released on February 14, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

## 1. Affiliated Juridical Persons of the Investment Corporation

### Structure of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent securities report (yuka shoken hokokusho) (submitted on September 26, 2017).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” set out in the most recent securities report (submitted on September 26, 2017).

### (2) Management Status

#### 1) Overview of Fiscal Period under Review

##### a) Milestones of JPR

JPR was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 923,000 units as of the end of the 32nd fiscal period (December 31, 2017). JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc., through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

##### b) Management Environment

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

#### *The Office Property Leasing Market*

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

#### *The Retail Property Leasing Market*

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

#### *The For-Sale Real Estate Market*

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

##### c) Portfolio Management Status

#### *New Property Acquisitions*

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

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

### Operational Management of Portfolio

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

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

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

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

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

### Fund Procurement

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

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

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

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

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

Credit Rating Agency	Corporate Credit Rating (outlook)
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 debt 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 debt / total interest-bearing debt

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

bonds for each fiscal period

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

#### d) Operating Results and Cash Distributions

As a result of the aforementioned management performance, JPR posted operating revenues of 15,141 million yen, ordinary income of 6,666 million yen and net income of 6,665 million yen for its 32nd fiscal period ended December 31, 2017. With regard to the cash distributions, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 31st fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. As a result, the cash distribution per unit came to 7,223 yen for the 32nd fiscal period.

### 2) Forecast for the Next Fiscal Period

#### a) Outlook for Management Status

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

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

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

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

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

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

#### ii) 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 a favorable leasing market and promote

rapid decision making

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

### iii) 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 debt 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.

### iv) Information Disclosure

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

### v) Significant Subsequent Events

There are no material subsequent events for this fiscal period.

### b) Outlook for Management Status (Operating Results)

JPR expects the following management status in the 33rd fiscal period (from January 1, 2018 to June 30, 2018).

		33rd Fiscal Period
Operating revenues		15,085 million yen
Operating income		7,327 million yen
Ordinary income		6,664 million yen
Net income		6,664 million yen
Distribution per unit		7,220 yen
	Exceeding profit distribution per unit	0 yen

For the assumptions underlying this outlook for management status, please refer to "Assumptions for the 33rd fiscal period (from January 1, 2018 to June 30, 2018)" shown below.

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenues, operating income, ordinary income, net income, distribution per unit and exceeding profit distribution per unit may vary due to changes in the circumstances. Moreover, the forecast above should not be construed as a guarantee of the distribution amount.

## Assumptions for the 33rd fiscal period (from January 1, 2018 to June 30, 2018)

Item	Assumptions
Period	January 1, 2018 to June 30, 2018 (investment period: 181 days)
Property Portfolio	<ul style="list-style-type: none"> <li>The number of properties is assumed to be 62 properties owned by JPR as of February 14, 2018. Moreover, the assumed period-average occupancy rate at end of month is 97.9% for the 33rd fiscal period.</li> <li>In practice, this assumption may vary due to such events as acquisition of additional properties or sale of existing properties.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>Real estate rental revenues are calculated on the basis of the lease contracts effective as of the end of December 31, 2017, with consideration given to the market environment, competitiveness of the properties, status of negotiations with tenants and other factors.</li> <li>For operating revenues, JPR assumes rents will be paid on time and that no tenants will fail or decline to pay rents.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>Among rental expenses, which are the principal operating expenses, outsourcing expenses and other expenses excluding depreciation are calculated based on historical data, reflecting variable factors of expenses and considering the information as of December 31, 2017. Outsourcing expenses are assumed to be 591 million yen.</li> <li>For property taxes and city planning taxes, the amount attributed to the relevant fiscal period is calculated out of the levied tax amount, and is assumed to be 2,209 million yen. In general practice, the property taxes and city planning taxes levied on properties acquired are settled after prorating for the period with the previous owner at the time of acquisition, but JPR includes the amount equivalent to such settlement in the acquisition costs for the property.</li> <li>For expenditures for the repair and maintenance of buildings, the amount expected to be required in the relevant fiscal period has been recorded. However, the expenditures for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise due to damage to the building caused by unexpected factors, etc., and because the variance in amounts generally tends to grow from year to year and repair expenses do not arise regularly.</li> <li>Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditures. Depreciation is assumed to be 1,947 million yen.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>As for major non-operating expenses, JPR assumes 862 million yen for interest paid, fees related to loan arrangement, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs, etc.</li> </ul>
Non-Operating Income	<ul style="list-style-type: none"> <li>As for major non-operating income, JPR assumes income on settlement of management association accounts to be 212 million yen.</li> </ul>
Interest-Bearing Debt Ratio	<ul style="list-style-type: none"> <li>The ratio of interest-bearing debt to total assets as of February 14, 2018 stands at 40.6%, with interest-bearing debts of 181,228 million yen (comprised of 151,728 million yen in long-term loans payable and 29,500 million yen in investment corporation bonds).</li> <li>It is assumed that all borrowings for which repayment will arrive during the 33rd fiscal period will be refinanced, except for scheduled repayment of 100 million yen for the fiscal period.</li> <li>It is assumed that funds for redemption of investment corporation bonds whose redemption date will arrive during the relevant fiscal periods will be secured through debt or issuance of investment corporation bonds.</li> <li>Due to the above, the ratio of interest-bearing debt to total assets is expected to be 40.6% at the end of the 33rd fiscal period.</li> <li>The following formula is used in calculating the ratio of interest-bearing debt to total assets in this table.  <math display="block">\text{Ratio of interest-bearing debt to total assets} = \frac{\text{Expected total interest-bearing debt}}{\text{Expected total assets}} \times 100</math> </li> </ul>
Total Units Outstanding	<ul style="list-style-type: none"> <li>The total number of investment units issued and outstanding is 923,000 units as of February 14, 2018, and it is assumed that no additional investment units will be issued.</li> </ul>
Distribution Per Unit	<ul style="list-style-type: none"> <li>For distribution per unit, it is assumed that all revenues will be distributed based on the distribution methods provided in the Articles of Incorporation.</li> <li>There is the possibility that the distribution per unit may vary due to various factors including variation of rental revenue due to transfer of assets under management and tenants moving out, and unpredicted repairs and maintenance.</li> </ul>
Exceeding Profit Distribution Per Unit	<ul style="list-style-type: none"> <li>Distribution exceeding the profit (exceeding profit distribution per unit) is currently not assumed.</li> </ul>
Others	<ul style="list-style-type: none"> <li>It is assumed that there will be no changes in legislation, taxation, accounting standards, regulations applying to publicly listed companies, rules and requirements imposed by the Investment Trusts Association, Japan that will impact the aforementioned forecast.</li> <li>It is also assumed that there will be no unexpected material changes in general economic and real estate market conditions.</li> </ul>

## (3) Investment Risks

The description is omitted as there are no significant changes from the “Investment risks” disclosed in the latest “Securities Registration Statement” (submitted on September 26, 2017).

## 3. Financial Statements

## (1) Balance Sheets

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

(Thousands of Yen)

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

## (2) Statements of Income and Retained Earnings

(Thousands of Yen)

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

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

(Thousands of Yen)

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

## (4) Statements of Cash Distributions

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

## (5) Statements of Cash Flows

(Thousands of Yen)

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

## (6) Notes to the Going Concern Assumption

No relevant items.

## (7) Notes to Significant Accounting Policies

The disclosure is omitted as there are no significant changes from the descriptions in the latest securities report (submitted on September 26, 2017).

## (8) Notes to Financial Statements

**Notes to Balance Sheets**

## 1. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral are as follows:

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

Secured liabilities are as follows:

	(Thousands of yen)	
	<b>End of 31st Fiscal Period</b>	<b>End of 32nd Fiscal Period</b>
	<b>(as of June 30, 2017)</b>	<b>(as of December 31, 2017)</b>
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)	
	<b>End of 31st Fiscal Period</b>	<b>End of 32nd Fiscal Period</b>
	<b>(as of June 30, 2017)</b>	<b>(as of December 31, 2017)</b>
Credit limit	¥24,000,000	¥24,000,000
Outstanding debts at end of period	-	-
Unused commitment line at end of period	¥24,000,000	¥24,000,000

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

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

## 2. Breakdown of Gain/Loss on Sale of Real Estate

31st fiscal period (January 1, 2017 – June 30, 2017)	(Thousands of yen)
Fukuoka Bldg.	
Proceeds from sale of real estate	¥3,100,000
Cost of sale of real estate	2,984,311
Other expenses related to sale	700
Gain on sale of real estate	114,988
JPR Hakata-chuo Bldg.	
Proceeds from sale of real estate	¥1,900,000
Cost of sale of real estate	1,803,549
Other expenses related to sale	700
Gain on sale of real estate	95,750

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

No relevant items.

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

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

## Financial Instruments

### 1. Matters Concerning Status of Financial Instruments

#### (1) Policy for 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 includes 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, 2017, and the difference between these amounts. Please note the following tables do 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	¥18,984,868	¥18,984,868	¥—
2) Cash and deposits in trust	12,108,948	12,108,948	—
3) Current portion of long-term loans payable	(21,374,000)	(21,465,283)	91,283
4) Current portion of investment corporation bonds	(10,000,000)	(10,033,000)	33,000
5) Investment corporation bonds	(24,500,000)	(26,123,941)	1,623,941
6) Long-term loans payable	(¥125,520,000)	(¥127,268,518)	¥1,748,518

The following are the carrying values and estimated fair values as of December 31, 2017, and the difference between these amounts. Please note that the following tables do 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	¥20,773,083	¥20,773,083	¥-
2) Cash and deposits in trust	12,091,281	12,091,281	-
3) Current portion of long-term loans payable	(16,408,000)	(16,481,773)	73,773
4) Current portion of investment corporation bonds	(7,000,000)	(7,030,800)	30,800
5) Investment corporation bonds	(22,500,000)	(24,046,017)	1,546,017
6) Long-term loans payable	(¥135,320,000)	(¥136,959,541)	¥1,639,541

(Note 1) Items stated under 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) Current portion of long-term loans payable and (6) Long-term loans payable

The estimated fair value of these financial instruments 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.

(4) Current portion of investment corporation bonds, and (5) 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 the carrying value of tenant leasehold and security deposits in trust.

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

(Note 4) Scheduled redemption of monetary claims as of June 30, 2017 and December 31, 2017

End of 31st Fiscal Period (as of June 30, 2017)

	(Thousands of yen)					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	¥18,984,868	¥-	¥-	¥-	¥-	¥-
Cash and deposits in trust	¥12,108,948	¥-	¥-	¥-	¥-	¥-

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

	(Thousands of yen)					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	¥20,773,083	¥-	¥-	¥-	¥-	¥-
Cash and deposits in trust	¥12,091,281	¥-	¥-	¥-	¥-	¥-

(Note 5) Scheduled redemption and repayment of investment corporation bonds and long-term loans payable as of June 30, 2017 and December 31, 2017

End of 31st Fiscal Period (as of June 30, 2017)

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

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

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

### Investment and Rental Properties

JPR owns office properties (urban commercial facilities), retail properties and complex 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)	
	31st Fiscal Period (January 1, 2017 – June 30, 2017)	32nd Fiscal Period (July 1, 2017 – December 31, 2017)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	¥401,294,854	¥413,882,673
Amount of Increase (Decrease) during the Period	¥12,587,819	(¥1,296,439)
Balance at End of Period	¥413,882,673	¥412,586,234
Estimated Fair Value at End of Period	¥464,545,000	¥476,050,000

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

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

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

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

**Per Unit Information**

(Yen)

	<b>31st Fiscal Period</b> <b>(January 1, 2017 – June 30, 2017)</b>	<b>32nd Fiscal Period</b> <b>(July 1, 2017 – December 31, 2017)</b>
Total net assets per unit	¥258,516	¥258,525
Net income per unit	¥7,494	¥7,221

(Note 1) Net income per unit is calculated 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 warrants and convertible bonds are outstanding.

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

(Thousands of yen)

	<b>31st Fiscal Period</b> <b>(January 1, 2017 – June 30, 2017)</b>	<b>32nd Fiscal Period</b> <b>(July 1, 2017 – December 31, 2017)</b>
Net income	¥6,867,403	¥6,665,821
Amounts not attributable to ordinary unitholders	–	–
Net income attributable to ordinary investment units	¥6,867,403	¥6,665,821
Average number of units	916,367 units	923,000 units

**Subsequent Events**

There are no material subsequent events for this fiscal period.

**Omission of Disclosure**

JPR omits the disclosure of notes to statements of cash flows, lease transactions, securities, derivative transactions, transactions with affiliated parties, tax effect accounting, retirement benefits, asset retirement obligations and segment information, etc. as it does not find substantial need for disclosure in the Fiscal Period Results report.

**(9) Changes in Investment Units Issued and Outstanding**

There was no change in the number of units outstanding and unitholders' capital in the 32nd fiscal period. The changes in the number of units outstanding and unitholders' capital in the last five years are summarized as follows.

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

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

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

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

(Note 4) New investment units were issued through a third-party allotment at 425,152 yen per unit to fund acquisition of new specified assets and partly repay debt.

**4. Change of Directors**

Change of directors is disclosed, as needed, when details of disclosure are finalized.

## 5. Reference Information

### (1) JPR's Asset Structure

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

(Note 1) Total assets owned are based on the amounts appropriated on the balance sheets as of the settlement date (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.

(Note 3) As for the category of investment area, please refer to (2) Investment Assets 1) Overview of Investment Assets below.

### (2) Investment Assets

#### 1) Overview of Investment Assets

The overview of the real estate and real estate in trust regarding trust beneficiary interests in real estate in which JPR invests are as follows. All of the real estate and trust beneficiary interests in real estate are shown in the table below.

Descriptions in the table below are based on the following policies.

- The table below indicates the properties JPR owned as of the end of the 32nd fiscal period.
- JPR defines the categories of investment areas as designated below.

Category	Investment Area
Central Tokyo	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards
Greater Tokyo	All other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures
Other Cities	All other areas in Japan

- “Location,” “Site Area,” “Total Floor Space,” “Structure/Floors” and “Completed” are based on data recorded in the real estate registry.
- “Site Area” and “Total Floor Space” indicate the areas of the entire building sites and the entire buildings, respectively, including the portions owned by other sectional owners, etc. except for the following properties:

MS Shibaura Bldg.: The site area includes land of the Trinity Shibaura, which was developed together with the property.

Shinjuku Square Tower: The site area and the total floor space are for the entire redevelopment area.

Rise Arena Bldg.: The site area is for the entire redevelopment area including the residential building, and the total floor space includes the space of the residential building.

Olinas Tower: The site area and the total floor space are for the entire property including the retail and residential buildings.

Cupo-la Main Bldg.: The site area is for the entire redevelopment area.

- The abbreviations in the “Structure/Floors” represent the following phrases, respectively.

S: Steel-framed,      RC: Reinforced concrete,      SRC: Steel-framed reinforced concrete

Area	Type	Property Name	Location	Site Area (m <sup>2</sup> )	Total Floor Space (m <sup>2</sup> )	Structure/ Floors	Completed
Central Tokyo	Office	Kanematsu Bldg.	Kyobashi 2-chome, Chuo-ku, Tokyo	1,751.13	14,995.09	S, RC, SRC B2/13F	Feb. 1993
		Kanematsu Bldg. Annex	Kyobashi 2-chome, Chuo-ku, Tokyo	679.06	4,351.46	SRC B1/8F	Feb. 1993
		JPR Ningyo-cho Bldg.	Ningyocho 1-chome, Chuo-ku, Tokyo	550.06	4,117.70	SRC, RC B1/8F	Dec. 1989
		Shin-Kojimachi Bldg.	Kojimachi 4-chome, Chiyoda-ku, Tokyo	657.80	5,152.98	SRC B1/9F	Oct. 1984
		JPR Crest Takebashi Bldg.	Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	636.90	4,790.68	SRC B1/9F	Sep. 1999
		MS Shibaura Bldg.	Shibaura 4-chome Minato-ku, Tokyo	8,992.18	31,020.21	SRC, RC, S B2/13F	Feb. 1988
		Gotanda First Bldg.	Nishi-Gotanda 2-chome, Shinagawa- ku, Tokyo	1,551.19	10,553.34	SRC, RC B2/11F	Jul. 1989
		JPR Ichigaya Bldg.	Kudan-Minami 4-chome, Chiyoda- ku, Tokyo	1,058.04	5,888.82	SRC B1/9F	Mar. 1989
		Oval Court Osaki Mark West	Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	4,006.00	28,575.80	S, SRC B2/17F	Jun. 2001
		Shinjuku Square Tower	Nishi-Shinjuku 6-chome, Shinjuku- ku, Tokyo	8,409.52	78,796.00	S, RC, SRC B4/30F	Oct. 1994
		BYGS Shinjuku Bldg.	Shinjuku 2-chome, Shinjuku-ku, Tokyo	3,522.46	25,733.10	SRC B2/14F	Apr. 1985
		Across Shinkawa Bldg. Annex	Shinkawa 1-chome, Chuo-ku, Tokyo	858.48	5,535.90	S, SRC B2/10F	Jun. 1994
		Shinjuku Center Bldg.	Nishi-Shinjuku 1-chome, Shinjuku- ku, Tokyo	14,917.11	176,607.89	SRC, RC, S B5/54F	Oct. 1979
		Minami Azabu Bldg.	Minami-Azabu 2-chome, Minato-ku, Tokyo	778.09	4,570.63	S 9F	Jun. 1992
		Shinagawa Canal Bldg.	Konan 2-chome, Minato-ku, Tokyo	828.82	5,216.21	S B1/8F	Jul. 2008
		Rokubancho Bldg.	Rokubancho, Chiyoda-ku, Tokyo	716.95	4,205.09	SRC B3/7F	Oct. 1991
		JPR Harajuku Bldg.	Jingumae 6-chome, Shibuya-ku, Tokyo	1,205.07	6,466.94	SRC B1/9F	Mar. 1989
		Tokyo Tatemono Kyobashi Bldg.	Kyobashi 3-chome, Chuo-ku, Tokyo	547.10	4,419.79	SRC, S B1/10F	Jan. 1981
		JPR Nihonbashi- horidome Bldg.	Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	937.59	7,190.82	SRC B1/9F	Jun. 2002
		JPR Sendagaya Bldg.	Sendagaya 4-chome, Shibuya-ku, Tokyo	2,217.49	7,683.19	S 8F	May 2009
		Ginza Sanwa Bldg.	Ginza 4-chome, Chuo-ku, Tokyo	1,119.27	8,851.00	SRC B2/9F	Oct. 1982
		Otemachi Tower (Land with Leasehold Interest)	Otemachi 1-chome, Chiyoda-ku, Tokyo	11,034.78	—	—	—
		Science Plaza- Yonbancho Plaza	Yonbancho, Chiyoda-ku, Tokyo	5,289.01	24,560.36	S, RC, SRC B2/12F	Feb. 1995
		Shibadaimon Center Bldg.	Shibadaimon 1-chome, Minato-ku, Tokyo	1,915.50	11,419.93	S, SRC B1/10F	Jul. 1993
	Tokyo Square Garden	Kyobashi 3-chome, Chuo-ku, Tokyo	8,124.72	112,645.83	S, SRC B4/24F	Feb. 2013	
	Retail	JPR Shibuya Tower Records Bldg.	Jinnan 1-chome, Shibuya-ku, Tokyo	1,010.47	8,449.56	SRC, S B3/8F	Feb. 1992
		JPR Jingumae 432	Jingumae 4-chome, Shibuya-ku, Tokyo	198.10	1,066.81	S, SRC B1/7F	Feb. 2006
		Shinjuku Sanhome East Bldg.	Shinjuku 3-chome, Shinjuku-ku, Tokyo	2,578.69	24,617.65	S, SRC, RC B3/14F	Jan. 2007
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Yurakucho 2-chome, Chiyoda-ku, Tokyo	6,808.12	71,957.65	S, SRC B4/20F	Oct. 2007
		GINZA GATES	Ginza 5-chome, Chuo-ku, Tokyo	230.11	1,821.67	S 11F	Jun. 2008
FUNDES Suidobashi (Note)		Kanda Misakicho 2-chome, Chiyoda- ku, Tokyo	281.59	1,477.91	S 9F	Jul. 2015	

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

Area	Type	Property Name	Location	Site Area (m <sup>2</sup> )	Total Floor Space (m <sup>2</sup> )	Structure/ Floors	Completed
Greater Tokyo	Office	Arca East	Kinshi 3-chome, Sumida-ku, Tokyo	3,755.01	34,281.86	S, SRC B3/19F	Mar. 1997
		JPR Chiba Bldg.	Shinmachi, Chuo-ku, Chiba, Chiba	1,382.35	9,072.57	S, SRC B1/13F	Jan. 1991
		JPR Yokohama Nihon Odori Bldg.	Nihon-Odori, Naka-ku, Yokohama, Kanagawa	1,100.59	9,146.52	SRC B1/11F	Oct. 1989
		Shinyokohama 2nd Center Bldg.	Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	841.71	7,781.93	S, SRC B2/12F	Aug. 1991
		Kawaguchi Center Bldg.	Honcho 4-chome, Kawaguchi, Saitama	4,524.61	28,420.85	S, SRC B2/15F	Feb. 1994
		JPR Ueno East Bldg.	Matsugaya 1-chome, Taito-ku, Tokyo	1,242.97	8,490.44	S, SRC B1/8F	Oct. 1992
		Tachikawa Business Center Bldg.	Akebonocho 2-chome, Tachikawa, Tokyo	2,047.22	14,706.36	S, SRC B1/12F	Dec. 1994
		Rise Arena Bldg.	Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	9,377.28	91,280.94	RC, SRC, S B3/42F	Jan. 2007
		Yume-ooka Office Tower	Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	12,011.00	185,974.87	S, SRC, RC B3/27F	Mar. 1997
		Olinas Tower	Taihei 4-chome, Sumida-ku, Tokyo	27,335.29	257,842.41	SRC, RC, S B2/45F	Feb. 2006
		Tokyo Tatemono Yokohama Bldg.	Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	1,110.28	8,772.51	SRC B1/9F	May 1981
		Omiya Prime East	Shimocho 2-chome, Omiya-ku, Saitama, Saitama	2,268.09	9,203.98	S 9F	Feb. 2009
	Retail	Tanashi ASTA	Tanashicho 2-chome, Nishitokyo, Tokyo	12,326.30	80,675.27	SRC B2/17F	Feb. 1995
		Cupo-la Main Bldg.	Kawaguchi 1-chome, Kawaguchi, Saitama	15,008.28	48,321.96	S, RC, SRC B2/10F	Jan. 2006
		JPR Musashikosugi Bldg.	Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	4,757.09	18,394.32	SRC, RC, S B1/6F	Mar. 1983
Musashiurawa Shopping Square		Bessho 7-chome, Minami-ku, Saitama, Saitama	8,317.99	28,930.36	S B1/4F	Oct. 2005	
Kawasaki Dice Bldg.		Ekimae-Honcho, Kawasaki-ku, Kawasaki, Kanagawa	4,475.45	36,902.01	S, SRC, RC B2/11F	Aug. 2003	
Other Cities	Office	Niigata Ekinan Center Bldg.	Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	2,706.99	19,950.42	S, SRC B1/10F	Mar. 1996
		Tokyo Tatemono Honmachi Bldg.	Honmachi 3-chome, Chuo-ku, Osaka, Osaka	1,432.64	14,619.52	SRC B3/9F	Feb. 1970
		JPR Hakata Bldg.	Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	1,214.63	9,828.73	(Office) S, RC B1/12F (Parking) S 1F	(Office) Jun. 1985 (Parking) Nov. 2003 Expanded
		JPR Naha Bldg.	Matsuyama 1-chome, Naha, Okinawa	959.87	5,780.71	SRC, S 12F	Oct. 1991
		Sompo Japan Sendai Bldg.	Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	1,895.67	10,783.52	SRC B1/12F	Dec. 1997
		Sompo Japan Wakayama Bldg.	Misonocho 3-chome, Wakayama, Wakayama	1,128.45	6,715.07	S 9F	Jul. 1996
		Tenjin 121 Bldg.	Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	1,164.39	8,690.95	S, SRC 13F	Jul. 2000
		JPR Dojima Bldg.	Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	668.11	5,696.01	SRC B2/9F	Oct. 1993
		JPR Nagoya Fushimi Bldg.	Sakae 1-chome, Naka-ku, Nagoya, Aichi	1,610.38	10,201.44	SRC B1/9F	Mar. 1991
		Yakuin Business Garden	Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	4,348.43	22,286.35	SRC 14F	Jan. 2009
	Benetton Shinsaibashi Bldg.	Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	609.31	5,303.98	S B2/10F	Feb. 2003 Jan. 2005 Expanded	
	Retail	JPR Umeda Loft Bldg.	Chayamachi, Kita-ku, Osaka, Osaka	3,518.68	17,897.56	SRC B1/8F	Apr. 1990
		Housing Design Center Kobe	Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	3,994.47	33,877.71	SRC, S B2/11F	Jun. 1994
JPR Chayamachi Bldg.		Chayamachi, Kita-ku, Osaka, Osaka	592.45	3,219.36	S, SRC 9F	Jun. 1994	

## 2) Price and Investment Ratio

- “Acquisition Price” is the deal price (rounded down to the nearest million yen) described in the real estate transaction contracts or trust beneficiary interest transfer contracts, and does not include expenses related to acquisitions of the relevant properties and consumption taxes. Furthermore, the total amount is also rounded down to the nearest million yen after summing up respective acquisition prices including fractions.
- For “Appraisal Value at End of Period,” JPR adopts the assessed value in the real estate appraisal reports or the survey value in the real estate price survey reports, prepared by the real estate appraisers indicated below, based on the asset evaluation method designated by JPR and the rules of The Investment Trusts Association, Japan. The adopted appraisal value has been rounded down to the nearest million yen.

Japan Real Estate Institute	JPR Ningyo-cho Bldg., Shin-Kojimachi Bldg., MS Shibaura Bldg., Gotanda First Bldg., Shinjuku Center Bldg., Minami Azabu Bldg., Shinagawa Canal Bldg., Rokubancho Bldg., Tokyo Tatemono Kyobashi Bldg., Science Plaza-Yonbancho Plaza, Shibadaimon Center Bldg., JPR Shibuya Tower Records Bldg., Shinjuku Sanhome East Bldg., Yurakucho Ekimae Bldg. (Yurakucho Itocia), FUNDES Suidobashi, Arca East, Shinyokohama 2nd Center Bldg., Kawaguchi Center Bldg., JPR Ueno East Bldg., Tachikawa Business Center Bldg., Yume-ooka Office Tower, Olinas Tower, Tokyo Tatemono Yokohama Bldg., Omiya Prime East, Cupo-la Main Bldg., Tokyo Tatemono Honmachi Bldg., Sampo Japan Sendai Bldg., Sampo Japan Wakayama Bldg., Tenjin 121 Bldg., JPR Dojima Bldg., Yakuin Business Garden
Tanizawa Sogo Appraisal Co., Ltd.	JPR Jingumae 432, Kawasaki Dice Bldg., Niigata Ekinan Center Bldg., JPR Hakata Bldg., JPR Naha Bldg.
CBRE KK	Rise Arena Bldg., JPR Nagoya Fushimi Bldg., Benetton Shinsaibashi Bldg., Housing Design Center Kobe, JPR Chayamachi Bldg.
Daiwa Real Estate Appraisal Co., Ltd.	Kanematsu Bldg., Kanematsu Bldg. Annex, JPR Crest Takebashi Bldg., JPR Ichigaya Bldg., Oval Court Ohsaki Mark West, BYGS Shinjuku Bldg., Across Shinkawa Bldg. Annex, Otemachi Tower (Land with Leasehold Interest), Tokyo Square Garden, JPR Chiba Bldg., JPR Yokohama Nihon Odori Bldg., Tanashi ASTA
Japan Valuers Co., Ltd.	Shinjuku Square Tower, JPR Harajuku Bldg., JPR Nihonbashi-horidome Bldg., JPR Sendagaya Bldg., Ginza Sanwa Bldg., GINZA GATES, JPR Musashikosugi Bldg., Musashiurawa Shopping Square, JPR Umeda Loft Bldg.

- The “Investment Ratio” in terms of the “Acquisition Price” and the “Appraisal Value at End of Period” represents the ratio of the Acquisition Price and the Appraisal Value at End of Period of respective properties, including fractions not indicated herein, to the total amounts of the Acquisition Price or the Appraisal Value at End of Period of the properties owned by JPR at end of the 32nd fiscal period, indicated in a percentage rounded to the first decimal place.

Area	Type	Property Name	Acquisition Date	Acquisition Price		Appraisal Value at End of Period	
				Price (million yen)	Investment Ratio (%)	Appraisal Value (million yen)	Investment Ratio (%)
Central Tokyo	Office	Kanematsu Bldg.	Dec. 27, 2001	16,276	3.7	13,800	2.9
		Kanematsu Bldg. Annex	Dec. 27, 2001	2,874	0.7	2,520	0.5
		JPR Ningyo-cho Bldg.	Nov. 16, 2001	2,100	0.5	2,710	0.6
		Shin-Kojimachi Bldg.	Nov. 16, 2001	1,670	0.6	3,310	0.7
			Nov. 21, 2002	550			
			Nov. 12, 2004	200			
		JPR Crest Takebashi Bldg.	Jun. 21, 2002	4,000	0.9	3,330	0.7
		MS Shibaura Bldg.	Mar. 28, 2003	11,200	2.6	11,700	2.5
		Gotanda First Bldg.	Jul. 23, 2003	2,920	0.7	2,780	0.6
		JPR Ichigaya Bldg.	May 28, 2004	5,100	1.2	5,210	1.1
		Oval Court Ohsaki Mark West	Jun. 1, 2004	3,500	0.8	4,940	1.0
		Shinjuku Square Tower	Jul. 2, 2004	10,000	3.4	14,400	3.0
			Sep. 26, 2008	180			
			Mar. 25, 2015	4,000			
			Oct. 21, 2015	786			
		BYGS Shinjuku Bldg.	Nov. 9, 2004	2,900	3.5	19,000	4.0
			Apr. 12, 2005	8,921			
			Jul. 13, 2010	3,300			
		Across Shinkawa Bldg. Annex	Nov. 26, 2004	710	0.2	890	0.2
		Shinjuku Center Bldg.	Mar. 27, 2008	21,000	4.8	15,800	3.3
		Minami Azabu Bldg.	Jul. 14, 2008	3,760	0.9	2,840	0.6
		Shinagawa Canal Bldg.	Dec. 19, 2008	1,870	0.4	1,870	0.4
		Rokubancho Bldg.	Dec. 2, 2009	2,800	0.6	3,410	0.7
		JPR Harajuku Bldg.	Dec. 25, 2009	8,400	1.9	9,140	1.9
		Tokyo Tatemono Kyobashi Bldg.	Feb. 12, 2010	5,250	1.2	5,720	1.2
		JPR Nihonbashi-horidome Bldg.	Mar. 31, 2010	5,100	1.2	6,720	1.4
		JPR Sendagaya Bldg.	May 31, 2010	15,050	3.5	11,800	2.5
		Ginza Sanwa Bldg.	Aug. 29, 2011	3,400	0.8	4,060	0.9
		Otemachi Tower (Land with Leasehold Interest)	Mar. 13, 2012	36,000	8.3	47,700	10.0
		Science Plaza-Yonbancho Plaza	Dec. 6, 2013	2,660	0.6	3,290	0.7
	Shibadaiimon Center Bldg.	Dec. 6, 2013	3,420	1.0	6,390	1.3	
		Jul. 30, 2014	800				
	Tokyo Square Garden	Feb. 1, 2017	9,200	4.2	20,400	4.3	
Apr. 4, 2017		9,200					
Retail	JPR Shibuya Tower Records Bldg.	Jun. 30, 2003	12,000	2.8	14,400	3.0	
	JPR Jingumae 432	Mar. 24, 2006	4,275	1.0	4,100	0.9	
	Shinjuku Sanhome East Bldg.	Mar. 14, 2007	540	0.6	2,820	0.6	
		Apr. 24, 2008	2,200				
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Aug. 27, 2008	3,400	0.8	3,140	0.7	
	GINZA GATES	Dec. 15, 2016	10,100	2.3	10,800	2.3	
FUNDES Suidobashi	Dec. 15, 2016	3,250	0.7	3,570	0.7		
Subtotal of Central Tokyo				244,862	56.3	262,560	55.2

Area	Type	Property Name	Acquisition Date	Acquisition Price		Appraisal Value at End of Period	
				Price (million yen)	Investment Ratio (%)	Appraisal Value (million yen)	Investment Ratio (%)
Greater Tokyo	Office	Arca East	Nov. 16, 2001	5,880	1.4	6,250	1.3
		JPR Chiba Bldg.	Dec. 13, 2001	2,350	0.5	1,680	0.4
		JPR Yokohama Nihon Odori Bldg.	Nov. 16, 2001	2,927	0.7	2,340	0.5
		Shinyokohama 2nd Center Bldg.	Sep. 25, 2002	920	0.3	1,750	0.4
			Mar. 28, 2013	570			
		Kawaguchi Center Bldg.	Feb. 13, 2004	8,100	1.9	8,980	1.9
		JPR Ueno East Bldg.	Mar. 1, 2004	3,250	0.7	4,500	0.9
		Tachikawa Business Center Bldg.	Sep. 30, 2005	888	0.7	3,810	0.8
			Feb. 28, 2007	2,300			
		Rise Arena Bldg.	Mar. 22, 2007	5,831	1.3	8,500	1.8
		Yume-ooka Office Tower	Jul. 10, 2007	6,510	1.5	6,510	1.4
		Olinas Tower	Jun. 29, 2009	31,300	7.2	36,800	7.7
	Tokyo Tatemono Yokohama Bldg.	Dec. 27, 2010	7,000	1.6	8,260	1.7	
	Omiya Prime East	Mar. 22, 2013	6,090	1.4	8,380	1.8	
	Retail	Tanashi ASTA	Nov. 16, 2001	10,200	2.3	12,500	2.6
		Cupo-la Main Bldg.	Mar. 31, 2006	2,100	0.5	2,800	0.6
		JPR Musashikosugi Bldg.	Sep. 28, 2006	7,254	1.7	5,740	1.2
		Musashiurawa Shopping Square	Mar. 19, 2007	4,335	1.0	4,290	0.9
		Kawasaki Dice Bldg.	Apr. 12, 2007	15,080	3.5	16,500	3.5
Subtotal of Greater Tokyo				122,885	28.2	139,590	29.3
Other Cities	Office	Niigata Ekinan Center Bldg.	Nov. 16, 2001	2,140	0.5	2,230	0.5
		Tokyo Tatemono Honmachi Bldg.	Nov. 16, 2001	4,150	1.0	3,470	0.7
		JPR Hakata Bldg.	Nov. 16, 2001	2,900	0.7	3,400	0.7
		JPR Naha Bldg.	Nov. 16, 2001	1,560	0.4	1,720	0.4
		Sompo Japan Sendai Bldg.	Jun. 26, 2002	3,150	0.7	3,950	0.8
		Sompo Japan Wakayama Bldg.	Jun. 26, 2002	1,670	0.4	1,590	0.3
		Tenjin 121 Bldg.	Jun. 21, 2002	2,810	0.6	2,930	0.6
		JPR Dojima Bldg.	Jan. 23, 2004	2,140	0.5	3,000	0.6
		JPR Nagoya Fushimi Bldg.	Mar. 22, 2005	4,137	1.0	2,890	0.6
		Yakuin Business Garden	Aug. 8, 2012	10,996	2.5	16,200	3.4
		Benetton Shinsaibashi Bldg.	May 30, 2005	5,430	1.2	4,240	0.9
	Retail	JPR Umeda Loft Bldg.	May 15, 2003	8,000	3.0	13,900	2.9
			Jul. 16, 2003	5,000			
		Housing Design Center Kobe	Sep. 28, 2005	7,220	1.7	7,260	1.5
JPR Chayamachi Bldg.	Aug. 30, 2006	6,000	1.4	7,120	1.5		
Subtotal of Other Cities				67,303	15.5	73,900	15.5
Total				435,050	100.0	476,050	100.0

## (3) Major Investment Assets

The following is the investment property with rental revenues exceeding 10% of total rental revenues of the entire portfolio of JPR for the 32nd fiscal period.

## &lt;Property Name: Otemachi Tower (Land with Leasehold Interest)&gt;

Total Number of Tenants	2	
Rental Revenues (Note 1)	1,580,499 thousand yen	
Percentage to Total Rental Revenues (Note 2)	10.4%	
Total Leased Floor Space (Note 3)	11,034.78m <sup>2</sup>	
Total Leasable Floor Space (Note 3)	11,034.78m <sup>2</sup>	
Changes in Occupancy Rate in Last 5 years (Note 2)	December 31, 2017	100.0%
	June 30, 2017	100.0%
	December 31, 2016	100.0%
	June 30, 2016	100.0%
	December 31, 2015	100.0%
	June 30, 2015	100.0%
	December 31, 2014	100.0%
	June 30, 2014	100.0%
	December 31, 2013	100.0%
June 30, 2013	100.0%	

(Note 1) Rental revenues represent the property's operating revenues for the 32nd fiscal period, rounded down to the nearest thousand yen.

(Note 2) The figure has been rounded to the first decimal place.

(Note 3) The total leased floor space and total leasable floor space are those as of the end of the 32nd fiscal period (December 31, 2017).

## (4) Information Concerning Tenants

## 1) Overview of Lease Status by JPR as a Whole

	No. of Properties	Total No. of Tenants	Total Leasable Floor Space	Occupancy Rate
June 30, 2013	60	564	460,452.47m <sup>2</sup>	96.9%
December 31, 2013	62	610	467,207.05m <sup>2</sup>	96.5%
June 30, 2014	62	628	467,175.54m <sup>2</sup>	97.8%
December 31, 2014	62	632	468,232.24m <sup>2</sup>	97.0%
June 30, 2015	62	647	475,007.79m <sup>2</sup>	96.7%
December 31, 2015	62	650	476,352.67m <sup>2</sup>	97.4%
June 30, 2015	62	661	476,345.81m <sup>2</sup>	98.1%
December 31, 2016	63	679	477,249.40m <sup>2</sup>	98.6%
June 30, 2017	62	730	477,972.54m <sup>2</sup>	98.0%
July 31, 2017	62	735	477,972.71m <sup>2</sup>	98.4%
August 31, 2017	62	737	477,987.17m <sup>2</sup>	98.5%
September 31, 2017	62	738	477,988.50m <sup>2</sup>	98.4%
October 10, 2017	62	738	478,071.00m <sup>2</sup>	98.3%
November 30, 2017	62	742	478,176.62m <sup>2</sup>	98.5%
December 31, 2017	62	745	478,169.25m <sup>2</sup>	98.5%

(Note) Occupancy rates have been rounded to the first decimal place.

Furthermore, the following table shows the total number of tenants, total leased floor space and total leasable floor space as of the end of the 32nd fiscal period, as well as the total rental income for the 32nd fiscal period.

Total Number of Tenants	745
Total Leased Floor Space	471,186.47m <sup>2</sup>
Total Leasable Floor Space	478,169.25m <sup>2</sup>
Total Rental Income	15,141,927 thousand yen

## 2) Overview of Lease Status for Respective Properties

Area	Type	Property Name	32nd Fiscal Period (July 1, 2017 – December 31, 2017)					
			Information on Period End Floor Space, Etc.				Rental Revenues	
			Total Leasable Floor Space (m <sup>2</sup> )	Total Leased Floor Space (m <sup>2</sup> )	No. of Tenants (Note 1)	Occupancy Rate (%)	(thousands of yen)	Ratio
Central Tokyo	Office	Kanematsu Bldg.	7,994.02	7,994.02	10	100.0	383,090	2.5
		Kanematsu Bldg. Annex	2,291.13	2,291.13	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	2,804.56	2,804.56	4	100.0	92,439	0.6
		Shin-Kojimachi Bldg.	3,319.37	3,319.37	17	100.0	108,215	0.7
		JPR Crest Takebashi Bldg.	3,265.34	3,265.34	6	100.0	108,546	0.7
		MS Shibaura Bldg.	14,468.38	14,468.38	10	100.0	438,531	2.9
		Gotanda First Bldg.	4,241.22	4,241.22	4	100.0	146,182	1.0
		JPR Ichigaya Bldg.	4,235.05	4,235.05	10	100.0	161,232	1.1
		Oval Court Ohsaki Mark West	4,088.44	4,088.44	2	100.0	185,831	1.2
		Shinjuku Square Tower	19,284.71	19,261.84	25	99.9	374,986	2.5
		BYGS Shinjuku Bldg.	15,227.80	15,145.81	25	99.5	585,375	3.9
		Across Shinkawa Bldg. Annex	1,253.39	1,253.39	4	100.0	37,092	0.2
		Shinjuku Center Bldg.	8,863.98	8,545.59	32	96.4	494,208	3.3
		Minami Azabu Bldg.	3,405.73	3,405.73	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	1,700.57	1,700.57	5	100.0	63,247	0.4
		Rokubancho Bldg.	2,488.36	2,488.36	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	4,763.38	4,763.38	9	100.0	252,577	1.7
		Tokyo Tatemono Kyobashi Bldg.	3,551.01	3,551.01	9	100.0	209,130	1.4
		JPR Nihonbashi-horidome Bldg.	5,299.89	5,299.89	6	100.0	172,781	1.1
		JPR Sendagaya Bldg.	6,177.74	6,177.74	6	100.0	277,671	1.8
		Ginza Sanwa Bldg.	1,896.69	1,896.69	9	100.0	119,746	0.8
		Otemachi Tower (Land with Leasehold Interest)	11,034.78	11,034.78	2	100.0	1,580,499	10.4
		Science Plaza-Yonbancho Plaza	3,325.29	3,325.29	25	100.0	116,241	0.8
		Shibadaimon Center Bldg.	5,401.46	5,401.46	9	100.0	181,937	1.2
	Tokyo Square Garden	5,985.62	5,985.62	57	100.0	384,049	2.5	
	Retail	JPR Shibuya Tower Records Bldg.	8,076.85	8,076.85	1	100.0	(Note 2)	(Note 2)
		JPR Jingumae 432	1,027.33	889.59	6	86.6	82,570	0.5
Shinjuku Sanchome East Bldg.		2,347.81	2,347.81	1	100.0	(Note 2)	(Note 2)	
Yurakucho Ekimae Bldg. (Yurakucho Itocia)		1,101.92	1,101.92	1	100.0	(Note 2)	(Note 2)	
GINZA GATES		1,665.79	1,520.21	8	91.3	214,026	1.4	
FUNDES Suidobashi		1,367.56	1,367.56	6	100.0	96,156	0.6	

Area	Type	Property Name	32nd Fiscal Period (July 1, 2017 – December 31, 2017)					
			Information on Period End Floor Space, Etc.				Rental Revenues	
			Total Leasable Floor Space (m <sup>2</sup> )	Total Leased Floor Space (m <sup>2</sup> )	No. of Tenants (Note 1)	Occupancy Rate (%)	(thousands of yen)	Ratio
Greater Tokyo	Office	Arca East	7,022.76	6,540.64	5	93.1	254,146	1.7
		JPR Chiba Bldg.	5,536.18	5,437.96	39	98.2	133,117	0.9
		JPR Yokohama Nihon Odori Bldg.	6,079.74	6,079.74	16	100.0	127,381	0.8
		Shinyokohama 2nd Center Bldg.	5,284.75	5,284.75	22	100.0	104,203	0.7
		Kawaguchi Center Bldg.	15,503.27	14,920.76	44	96.2	419,738	2.8
		JPR Ueno East Bldg.	6,476.53	6,476.53	9	100.0	181,432	1.2
		Tachikawa Business Center Bldg.	4,670.27	4,670.27	20	100.0	150,309	1.0
		Rise Arena Bldg.	6,023.39	6,023.39	1	100.0	(Note 2)	(Note 2)
		Yume-ooka Office Tower	12,000.08	11,871.03	38	98.9	327,759	2.2
		Olinas Tower	23,987.40	23,987.40	15	100.0	1,017,519	6.7
		Tokyo Tatemono Yokohama Bldg.	6,494.09	6,494.09	14	100.0	299,221	2.0
		Omiya Prime East	6,871.45	6,871.45	4	100.0	266,825	1.8
	Retail	Tanashi ASTA	31,121.71	31,121.71	1	100.0	(Note 2)	(Note 2)
		Cupo-la Main Bldg.	5,963.00	5,963.00	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	19,740.95	19,740.95	1	100.0	(Note 2)	(Note 2)
Musashiurawa Shopping Square		14,960.69	14,960.69	3	100.0	126,996	0.8	
Kawasaki Dice Bldg.		12,116.35	12,116.35	29	100.0	501,007	3.3	
Other Cities	Office	Niigata Ekinan Center Bldg.	5,327.50	5,248.20	9	98.5	120,096	0.8
		Tokyo Tatemono Honmachi Bldg.	7,136.30	4,334.64	7	60.7	105,260	0.7
		JPR Hakata Bldg.	6,570.48	6,570.48	44	100.0	154,043	1.0
		JPR Naha Bldg.	3,945.83	3,945.83	19	100.0	100,975	0.7
		Sompo Japan Sendai Bldg.	7,129.14	7,129.14	15	100.0	188,036	1.2
		Sompo Japan Wakayama Bldg.	4,876.71	4,711.79	14	96.6	107,460	0.7
		Tenjin 121 Bldg.	3,257.73	3,257.73	16	100.0	105,690	0.7
		JPR Dojima Bldg.	3,918.15	3,918.15	12	100.0	107,438	0.7
		JPR Nagoya Fushimi Bldg.	7,086.37	7,054.19	4	99.5	139,873	0.9
		Yakuin Business Garden	16,654.33	16,543.17	17	99.3	470,407	3.1
	Benetton Shinsaibashi Bldg.	3,949.41	2,154.32	7	54.5	71,126	0.5	
	Retail	JPR Umeda Loft Bldg.	18,586.97	18,586.97	1	100.0	(Note 2)	(Note 2)
		Housing Design Center Kobe	35,444.13	35,444.13	1	100.0	(Note 2)	(Note 2)
JPR Chayamachi Bldg.		2,478.42	2,478.42	5	100.0	170,781	1.1	
Total			478,169.25	471,186.47	745	98.5	15,141,927	100.0

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

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

(Note 2) JPR does not disclose the rental revenues and their ratio of the properties due to inevitable reasons, as JPR has not been able to obtain consent from the tenants or co-owners, etc. as to disclosure of rental revenues, etc.

## 3) Ten Largest Tenants

The following table shows the ten largest tenants in terms of leased floor space as of December 31, 2017.

Rank	Tenant	Property Name	Leased Floor Space at End of Period (m <sup>2</sup> )	Percentage to Total Leased Floor Space at End of Period (Note 1)
1	Tokyo Tatemono Co., Ltd	Shinjuku Square Tower Shinjuku Center Bldg. Tokyo Square Garden Olinas Tower Kawasaki Dice Bldg. Tokyo Tatemono Honmachi Bldg.	49,711.05	10.5%
2	ABC Development Corporation	Housing Design Center Kobe	35,444.13	7.5%
3	Seiyu GK	Tanashi ASTA	31,121.71	6.6%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.2%
5	The LOFT Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	3.9%
6	Olympic Group Corporation	Musashiurawa Shopping Square	9,558.51	2.0%
7	Tower Records Japan Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	1.7%
8	Sompo Japan Nipponkoa Insurance Inc.	Kawaguchi Center Bldg. Yume-ooka Office Tower Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	8,058.27	1.7%
9	Y.K. Tokyo Prime Stage	Otemachi Tower (Land with Leasehold Interest)	7,875.50	1.7%
10	Taisei-Yuraku Real Estate Co., Ltd.	Rise Arena Bldg.	6,023.39	1.3%

(Note 1) For co-owned properties, etc., the figure indicates the leased floor space corresponding to the equity interest held by JPR.

(Note 2) The figures have been rounded to the first decimal place. The total leased floor space at end of period in the above table is based on the space corresponding to the equity interest held by JPR (471,835.60m<sup>2</sup>).