



# Forty-Third Fiscal Period Semi-Annual Report

January 1, 2023 – June 30, 2023

Japan Prime Realty Investment Corporation

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

Having settled the 43rd fiscal period (January 1, 2023 – June 30, 2023), we would like to report on the performance results.

Although the impact of the unstable international situation and price hike, etc. continues to be seen at present, the vacancy rate in central Tokyo remains generally flat partly due to the normalization of socio-economic activities and the recovery of demand in the office property leasing market.

Under such circumstances, JPR continues to conduct stable operation with an average occupancy rate for the 43rd fiscal period of 97.6% (+0.3% compared with the forecast), and distribution per unit was 7,600 yen, the same amount as the initial forecast. In the next fiscal period onwards, JPR plans to secure a certain level of distribution by further improving operations and utilizing gain on sale from strategic asset replacements and abundant internal reserves.

Going forward, while continuously paying close attention to the trend of office market and financial environment, we will flexibly respond to changes in the business environment and endeavor achieving appropriate asset management to grasp new opportunities for growth.

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

## Portfolio Management Status

Item	42nd Period ended Dec. 2022 Results	43rd Period ended Jun. 2023 Results	Change		
			Change	Rate of change	
Operating revenue (million yen)	18,739	<b>18,173</b>	-566	-3.0%	Operating revenue includes gain on sale of properties. (42nd fiscal period: 1,347 million yen, 43rd fiscal period: 881 million yen)
Operating income (million yen)	9,273	<b>8,859</b>	-413	-4.5%	Operating income decreased due to the decline in temporary revenues such as gain on sale of properties and income from cancellation penalty.
Ordinary income (million yen)	8,469	<b>8,099</b>	-370	-4.4%	
Net income (million yen)	8,469	<b>8,098</b>	-370	-4.4%	
Distribution per unit (yen)	7,750	<b>7,600</b>	-150	-1.9%	Distribution per unit came to 7,600 yen (down 150 yen from the previous fiscal period), the same amount as the initial forecast.

# 43rd Fiscal Period Topics

## Implementation of Strategic Asset Replacement

In an attempt to further improve the quality of its portfolio, JPR conducted asset replacement from December 2022 to April 2023.

### Asset replacement

Newly acquired assets 15.5 billion yen				Asset sold	
Shinjuku Center Bldg. (Additional ownership) December 2022	Osaka Dojima Bldg. January 2023	FUNDES Tenjin Nishidori January 2023	Ochanomizu Sola City April 2023	Gotanda First Bldg. December 2022	JPR Crest Takebashi Bldg. April 2023

Asset replacement

### [Effect of asset replacement]

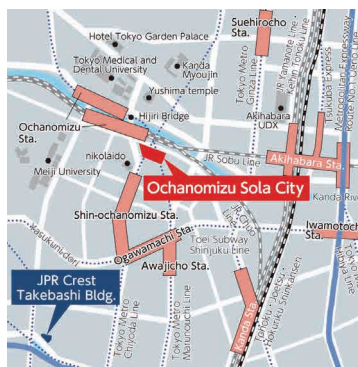
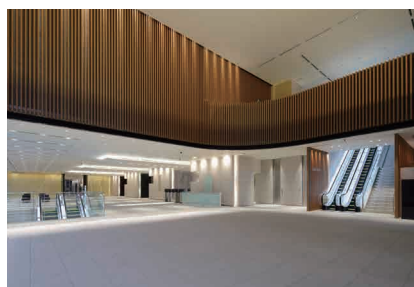
<p>▶ <b>Asset size</b></p> <p><b>+8.66 billion yen</b></p>	<p>▶ <b>NOI (Note 1)</b></p> <p><b>+244 million yen/year</b></p>	<p>▶ <b>Building age (Note 2)</b></p> <p><b>-10.0 years</b></p>
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(Note 1) "NOI" refers to the net operating income stated in the real estate appraisal report.

(Note 2) The figure is obtained by deducting the weighted average building age based on the acquisition price of the properties sold from the weighted average building age based on the acquisition price of the properties acquired.

### ▶ Ochanomizu Sola City (asset acquired in the 43rd fiscal period)

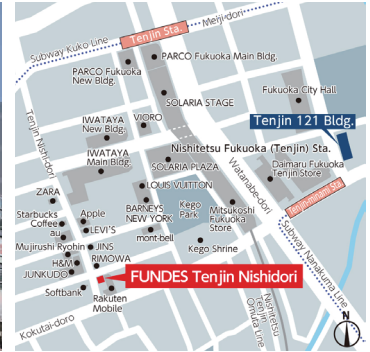
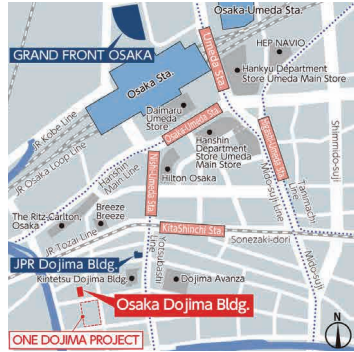
It is a landmark building in the "Ochanomizu" area situated in an excellent location which is directly connected to Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line and a one-minute walk from "Ochanomizu" Station on the JR Chuo-Sobu Line.



Acquisition date	April 12, 2023
Acquisition price	6,490 million yen
Appraisal value	7,170 million yen
Completion date	February 2013
NOI yield	3.3%
Yield after depreciation	2.7%
Occupancy rate	99.0%
Seller	Yasuda Real Estate

▶ **Osaka Dojima Bldg.**  
(asset acquired in the 43rd fiscal period)

▶ **FUNDES Tenjin Nishidori**  
(asset acquired in the 43rd fiscal period)



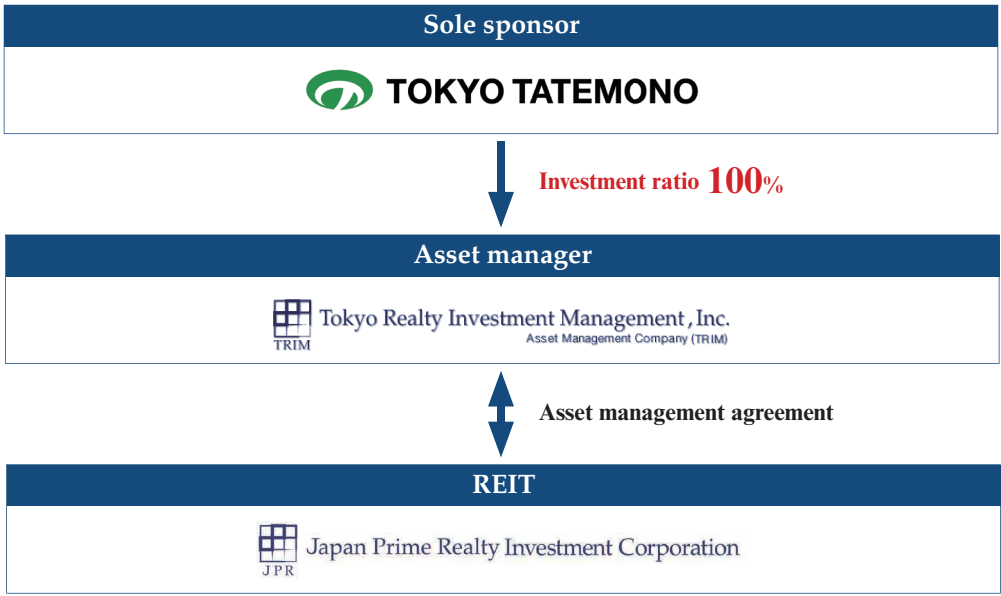
Acquisition date	January 11, 2023
Acquisition price	2,460 million yen
Appraisal value	2,700 million yen
Completion date	July 1996
NOI yield	4.9%
Yield after depreciation	4.3%
Occupancy rate	100.0%
Seller	Tokyo Tatemono

Acquisition date	January 11, 2023
Acquisition price	3,310 million yen
Appraisal value	3,590 million yen
Completion date	March 2022
NOI yield	3.8%
Yield after depreciation	3.3%
Occupancy rate	100.0%
Seller	Tokyo Tatemono

**Strengthening of Tokyo Tatemono's Sponsorship**

TRIM, the asset management company of JPR, became a wholly owned subsidiary of Tokyo Tatemono on April 26, 2023. JPR intends to further enhance unitholder value by further strengthening cooperation with Tokyo Tatemono, which became the sole sponsor.

▶ Management structure after the structural change of sponsor



# Initiatives on Sustainability

## Materialities

JPR and TRIM, the asset management company, are promoting initiatives on sustainability by setting items on risks and opportunities of materialities and contribution to SDGs.

Materialities	Policy	SDGs
Action on climate change	<ul style="list-style-type: none"> <li>Promote the acquisition of environmental certifications</li> <li>Reduce GHG emissions</li> <li>Efficient use of water resources</li> <li>Strengthen management of climate change risks</li> <li>Work with tenants to address climate change</li> </ul>	
Improving tenant satisfaction with safety, security and comfort	<ul style="list-style-type: none"> <li>Improve satisfaction by providing tangible and intangible services to ensure safety, security and comfort</li> </ul>	
Creating a rewarding workplace environment	<ul style="list-style-type: none"> <li>Strengthen human resources through training and self-development support</li> <li>Build a highly efficient operational structure</li> <li>Maintain and improve physical and mental health</li> <li>Create a rewarding workplace environment</li> <li>Promote diversity and inclusion</li> </ul>	
Strengthening corporate governance	<ul style="list-style-type: none"> <li>Implement transparent management through active IR</li> <li>Improve the comprehensive strength of the sustainability promotion system</li> <li>Respect for human rights</li> <li>Ensure a strong corporate governance system</li> <li>Reinforce the risk management structure</li> </ul>	

## Recognition by External Bodies/Initiatives

<p><b>GRESB Real Estate Assessment</b></p> <p><b>Four consecutive years</b> <b>5 Stars</b></p> <p>G R E S B ★★★★★ 2022</p>	<p><b>CDP Climate Change Program</b></p> <p><b>A-</b></p>	<p><b>MSCI ESG Rating (Note)</b></p> <p><b>MSCI ESG RATINGS</b></p> <p>CCC B BB BBB A AA AAA</p>
<p><b>MSCI Japan ESG Select Leaders Index (Note)</b></p> <p>2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p> <p><b>Included in the index for three consecutive years</b> (Since May 2021)</p>	<p><b>PRI (Principles for Responsible Investment)</b></p> <p>Signatory of:</p> <p>Principles for Responsible Investment</p>	<p><b>United Nations Global Compact</b></p> <p>WE SUPPORT</p> <p>Participated as Tokyo Tatemono Group</p>

(Note) JPR's use of data produced by MSCI ESG Research LLC or its affiliates ("MSCI") and JPR's use of MSCI logos, trademarks, service marks or index names do not constitute a sponsorship, guarantee, recommendation, or promotion of JPR by MSCI. MSCI's services and data are the property of MSCI or the entity providing such information and are provided "AS IS" without warranty of any kind. MSCI's names and logos are trademarks or service marks of MSCI.



## Initiatives on Environmental Friendliness

### Acquired Certification from Science Based Targets Initiative (SBTi)

JPR recognizes that climate change has a significant impact on its business, and has set greenhouse gas (GHG) emission reduction targets to achieve net zero. This time, JPR became the third J-REIT to acquire the SBT certification as a company with net zero standard certified by SBTi.



SBTi supports the setting of emission reduction targets based on scientific grounds and certifies them for companies to achieve the target of limiting the rise in global average temperature caused by climate change to 1.5°C.

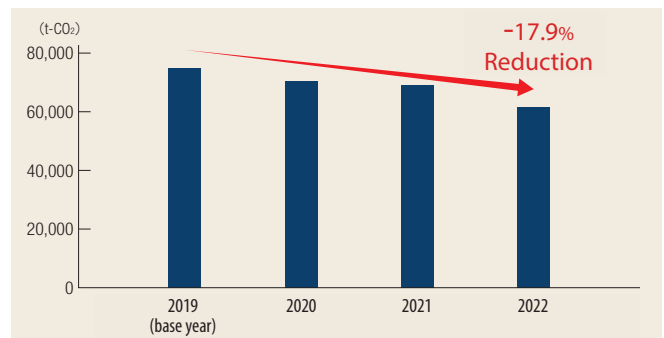
Furthermore, JPR and TRIM have set a target with an expanded scope of reducing total GHG emissions including Scope 3 by 46.2% (compared to 2019) by 2030.

#### Certified targets

Target year	2030	2050
Base year	2019	2019
Targeted GHG	Scope1+2	Scope1+2+3
Emission reduction target	46%	Net zero

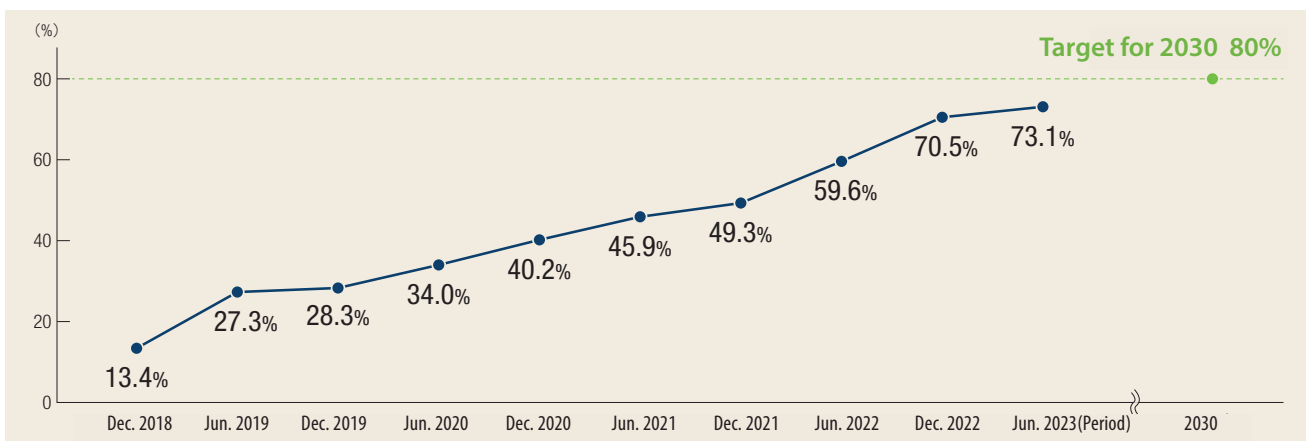
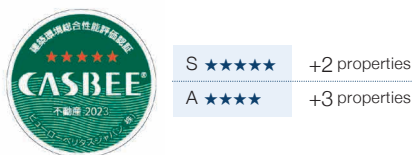
(Note) Certified reduction ratios are rounded off.

#### Results of GHG emissions



### Status of Acquisition of Environmental Certifications

With an aim to achieve the 2030 target of “certification acquisition rate of 80% or more (4-star/“A” rating or higher)”, JPR acquired new certifications of CASBEE for Real Estate for four properties as well as a higher rank for one property whose certification was continuously acquired in the 43rd fiscal period. As a result, the acquisition rate of certifications with 4-star/“A” rating or higher was 73.1%, and JPR is steadily proceeding with the greening of its portfolio.

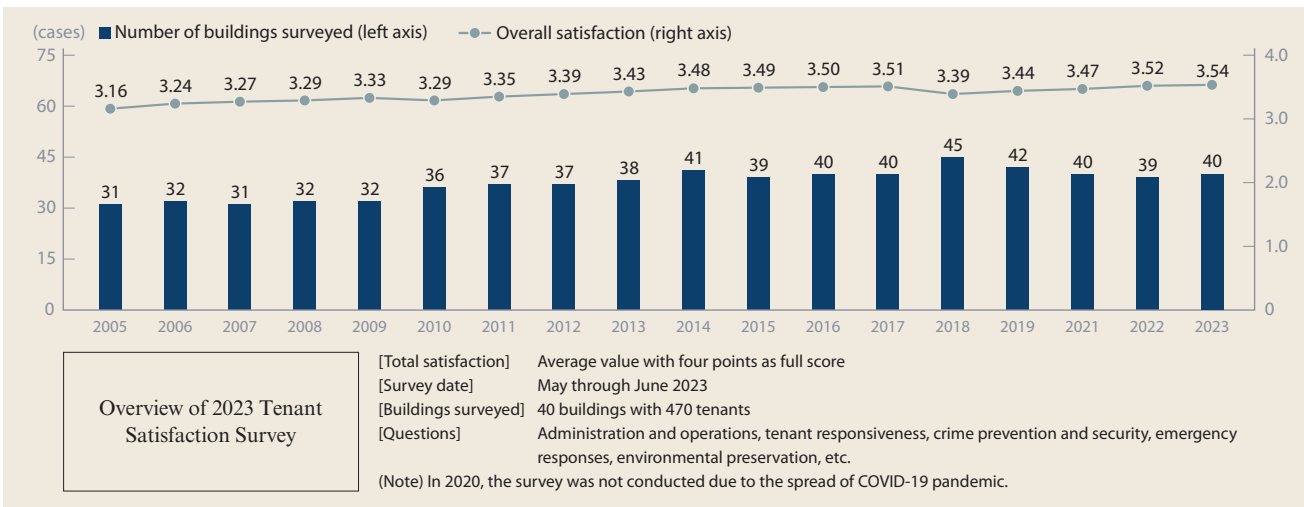


## Initiatives on Behalf of the Society

### Periodic Tenant Satisfaction (CS) Survey

Good relationships with tenants, which are major stakeholders, are extremely important in maintaining high occupancy rates and achieving revenue stability. JPR has been conducting tenant satisfaction surveys from an early stage to share issues with building managers and improve them. As a result, total satisfaction in 2023 reached a record high since the start of the survey.

In addition, JPR has expanded the scope of survey through efforts such as adding new questions on ESG, and is working to further improve satisfaction.



## Initiatives on Governance

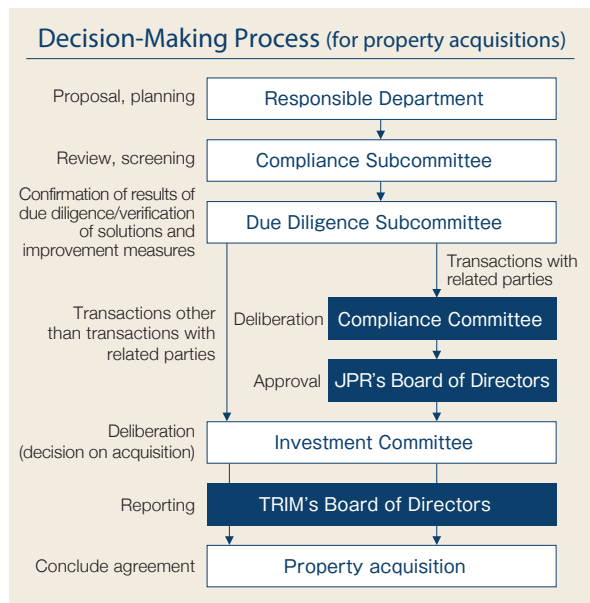
In the belief that it is essential to secure sound and efficient operations of JPR in order to realize its continuous growth, consistent efforts have been made to reinforce and sustain corporate governance of JPR and TRIM, the Asset Manager.

### Decision-Making Based on Stringent Processes

- At TRIM, decisions on matters such as property acquisitions and operations are made based on stringent examination from a wide perspective at meetings of the various committees.
- In particular, with regard to material transactions conducted with the sponsors, etc., their adequacy and rationality are screened and verified by the Compliance Committee and the unanimous approval of all members is required, in principle.
- An outside attorney has been appointed as a special member of the Compliance Committee.

### Invited an External Special Member to the Investment Committee

We invited a special member qualified as a real estate appraiser from outside the company to strengthen the governance system.



(Note 1) In addition to the processes indicated in the above chart, there may be cases where approval by the Board of Directors and consent by JPR are required as designated in the Act on Investment Trusts and Investment Corporations.

(Note 2) The chart shows a general decision-making mechanism, and depending on the nature of the proposed acquisition, the order of the procedure may be partially changed or some meetings, etc. may not be held.

# 1. Overview of Asset Management

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

	Fiscal Period	Unit	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)
Operating Performance	Operating Revenue	Million yen	17,305	18,253	18,357	18,739	18,173
	Rent revenue – real estate	Million yen	16,521	16,382	17,019	17,392	17,291
	Gain on sale of real estate	Million yen	783	1,870	1,338	1,347	881
	Operating Expenses	Million yen	8,515	9,626	9,014	9,466	9,314
	Expenses related to rent business	Million yen	7,499	7,731	7,946	8,199	8,310
	Operating Income	Million yen	8,789	8,626	9,343	9,273	8,859
	Ordinary Income	Million yen	8,121	7,893	8,607	8,469	8,099
Net Income	Million yen	8,120	7,892	8,607	8,469	8,098	
Financial Position	Total Assets	Million yen	484,323	495,615	507,005	507,655	510,069
	(Period-on-period variation)	%	(-0.1)	(+2.3)	(+2.3)	(+0.1)	(+0.5)
	Interest-bearing Debts	Million yen	196,500	206,900	202,900	202,900	205,400
	Total Unitholders' Equity	Million yen	257,093	257,649	272,912	273,603	273,974
	(Period-on-period variation)	%	(+0.3)	(+0.2)	(+5.9)	(+0.3)	(+0.1)
Unitholders' Capital	Million yen	247,860	247,860	261,751	261,751	261,751	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	7,337	7,234	7,777	7,728	7,578
	Dividend payout ratio	%	90.3	91.6	90.3	91.2	93.5
	Number of Units Outstanding	Units	958,250	958,250	997,178	997,178	997,178
	Total Unitholders' Equity per Unit	Yen	268,295	268,875	273,684	274,378	274,749
	Cash Distribution per Unit	Yen	7,657	7,550	7,800	7,750	7,600
	Distribution amount	Yen	7,657	7,550	7,800	7,750	7,600
	Exceeding profit distribution amount	Yen	-	-	-	-	-
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.7	1.6	1.7	1.7	1.6
	Annualized (Note 10)	%	3.4	3.2	3.5	3.3	3.2
	Net Income on Total Unitholders' Equity (Note 2)	%	3.2	3.1	3.2	3.1	3.0
	Annualized (Note 10)	%	6.4	6.1	6.5	6.1	6.0
	Total unitholders' equity at beginning of period	Million yen	256,399	257,093	257,649	272,912	273,603
	Unitholders' Equity Ratio at End of Period (Note 3)	%	53.1	52.0	53.8	53.9	53.7
	(Period-on-period variation)	pt	(+0.2)	(-1.1)	(+1.8)	(+0.1)	(-0.2)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	40.6	41.7	40.0	40.0	40.3
	DSCR (Note 5)	Times	14.6	13.8	14.1	13.8	13.8
	Net income before interest and amortization (Note 6)	Million yen	10,132	9,708	10,026	10,120	9,984
	Interest expenses	Million yen	694	701	710	731	722
	NOI from Leasing (Note 7)	Million yen	11,121	10,779	11,118	11,248	11,025
	Annualized NOI yield (Notes 9 and 10)	%	4.8	4.3	4.5	4.5	4.4
NCF from Leasing (Note 8)	Million yen	9,751	9,177	9,737	9,745	9,571	
Annualized NCF yield (Notes 9 and 10)	%	4.2	3.7	4.0	3.9	3.9	
Reference Information	Investment Properties Owned (Note 11)		65	66	67	65	67
	Number of Tenants		804	1,134	1,171	1,180	1,224
	Total Leasable Floor Space (Note 12)	m <sup>2</sup>	496,876.92	500,628.05	502,889.81	494,503.72	497,600.56
	Occupancy Rate	%	98.1	97.3	97.5	97.6	98.1

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures



- (Note 9) Annualized NOI from leasing / property acquisition price (39th fiscal period: ¥467.52 billion, 40th fiscal period: ¥494.23 billion, 41st fiscal period: ¥496.18 billion, 42nd fiscal period: ¥495.60 billion and 43rd fiscal period: ¥501.04 billion)  
Annualized NCF from leasing / property acquisition price
- (Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 39th fiscal period: 181 days, 40th fiscal period: 184 days, 41st fiscal period: 181 days, 42nd fiscal period: 184 days and 43rd fiscal period: 181 days
- (Note 11) Properties acquired at multiple times are calculated as one property.
- (Note 12) Total leasable floor space in this table indicates the contracted area.
- (Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded down to the first decimal place).

## (2) 43rd Fiscal Period Asset Management

### 1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 997,178 units as of the end of the 43rd fiscal period (June 30, 2023). JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc. (hereafter, the Asset Manager), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

### 2) Management Environment

During the 43rd fiscal period, the Japanese economy remained strong as further progress was made in relaxing activity restrictions against COVID 19. On the demand side, consumer spending stayed on a solid note despite rising general prices, and capital investment also showed strong growth. In terms of supply, the impact of supply chain disruptions originating in China has lessened, and production activities have started to show a recovery movement. Moreover, corporate earnings demonstrated recovery both in manufacturing industries and the non-manufacturing sector. However, real wages, which are nominal wages minus the effect of prices, are kept at a low level, raising concerns about the impact on consumption.

#### The Office Property Leasing Market

In the office property leasing market, although vacancy rates rose slightly in some areas due to an increase in the supply of properties, among other reasons, the vacancy rate in Central Tokyo continued to level off as progress was made in the normalization of socio-economic activities. The decrease in average rent has also been decelerating. Similar trends are observed in Greater Tokyo and other cities.

#### The Retail Property Leasing Market

At urban retail properties which JPR targets for investment, sales are on a recovery trend with an increase in the number of customers visiting stores, given the progress made in relaxing activity restrictions against COVID-19. However, there is a growing gap in performance among retail business categories due to rising costs, which are caused by rising general prices, and labor shortages.

#### The For-Sale Real Estate Market

Active real estate transactions continue to take place in Japan against the backdrop of interest rates remaining low, despite the uptick trend in interest rates globally, and weaker yen, among other factors. Close attention must continuously be paid, however, on how interest rate trends and the foreign exchange market may affect the market conditions going forward. For office properties that are major targets of JPR for investment, blue chip properties are in short supply while investors both in and outside Japan still show a strong appetite to acquire them. Thus, 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 by diversifying the target assets for investment and conducting asset replacement.

As for urban retail properties and hotels for which investors have shown a cautious attitude due to the impact of COVID-19, transactions are visibly taking place.

### 3) Portfolio Management Status

#### Acquisition of New Properties and Asset Replacement

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

During the 43rd fiscal period, JPR acquired Osaka Dojima Bldg. (acquisition price: 2,460 million yen) and FUNDES Tenjin Nishidori (acquisition price: 3,310 million yen) in January 2023. Subsequently, in April, JPR sold JPR Crest Takebashi Bldg. (sale price: 4,169 million yen) and acquired Ochanomizu Sola City (3.4% co-ownership interest, acquisition price: 6,490 million yen). As a result of these transactions, the balance of JPR's assets under management totaled 67 properties, or 497.0 billion yen on an acquisition price basis as of the end of June 2023, with the total leasable floor space standing at 497,600 m<sup>2</sup> and the number of tenants at 1,224.

### Operational Management of Portfolio

In the office property leasing market in the 43rd fiscal period, the upward trend in the vacancy rate and the downward trend in rent levels appeared to take a temporary pause, given further progress made in relaxing activity restrictions against COVID-19, etc., as mentioned in the Management Environment above. Nevertheless, the situation demands that close attention be continuously paid. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by maintaining close cooperation with property management companies and brokers, with an aim to secure stable earnings across the entire portfolio as well as its occupancy rate. As a result of these efforts, the occupancy rate at the end of the 43rd fiscal period was kept at a high level, as it rose 0.5 points period-on-period to 98.1%.

In terms of property management, JPR continued to proactively implement value enhancement works based on tenant needs, on the ground of its brand concept A/3S (Amenity/Service, Safety and Save Energy) that has been established with an aim to create spaces where the workers feel satisfaction.

On top of this, JPR is engaged in a variety of environmental initiatives. In terms of construction work, JPR conducted replacement of lighting equipment with LED lamps, replacement of power-receiving and transforming facilities and renewal of elevators, etc., which are expected to be effective for CO<sub>2</sub> emissions-reduction efforts, at its multiple properties.

JPR also continues its endeavors to obtain environmental certifications. As of June 30, 2023, JPR has acquired DBJ Green Building Certification\*<sup>1</sup> for 13 properties in total. JPR has also obtained CASBEE for Building Certification\*<sup>2</sup> for 41 properties in total (including 5 newly certified properties), and BELS\*<sup>3</sup> certification for 3 properties (including one property certified as ZEB Oriented (a ZEB\*<sup>4</sup> certification type designated as ZEB Oriented\*<sup>5</sup>)). On top of these certifications JPR acquired, its endeavors on environmental issues were so acknowledged that it was designated as “Green Star” in the GRESB\*<sup>6</sup> Real Estate Assessment for 2022, marking the ninth consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of “5 Stars” in the rating, which makes relative assessment based on total scores, for four consecutive years.

\*1 The DBJ Green Building Certification is a certification system to select superior real estate that meets the demand of the times by scoring buildings based on the scoring model originally developed by Development Bank of Japan Inc. Its purpose is to promote properties that are environmentally friendly, equipped to mitigate disasters and prevent crime, as well as meet the social requirements surrounding real estate from various stakeholders (“Green Buildings”).

\*2 CASBEE, which stands for Comprehensive Assessment System for Built Environment Efficiency, is a system for comprehensively assessing the environmental performance of buildings. Efforts to develop and popularize the system in Japan are being carried out under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism.

\*3 BELS is an abbreviation for Building-Housing Energy-efficiency Labeling System. It is a performance labeling system created for the purpose that a third-party organization accurately conducts the evaluation and indication of energy efficiency performance of non-residential buildings in accordance with the Assessment Guidelines on Energy Efficiency Performance of Non-residential Buildings (2013) established by the Ministry of Land, Infrastructure, Transport and Tourism.

\*4 ZEB is an abbreviation of Net Zero Energy Building, and refers to buildings that aim to balance out the annual primary energy they consume to zero, while realizing a comfortable indoor environment.

\*5 ZEB Oriented refers to special use buildings with a total floor space of 10,000 m<sup>2</sup> or more that have adopted measures to achieve energy conservation and reduced primary energy consumption by at least 40% from the standards set in the Act on the Improvement of Energy Consumption Performance of Buildings.

\*6 GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) awareness of real estate companies and funds, as well as the name of the organization which runs the assessment system. It was founded in 2009 primarily by major European pension fund groups. Of the survey subjects, GRESB Real Estate Assessment covers real estate companies and funds that are mainly engaged in managing existing properties.

### Fund Procurement

JPR focuses its endeavors on debt financing with an emphasis placed on lengthening debt maturity and diversifying repayment dates, in an effort to make its financial base more solid and stronger. JPR borrowed 7.0 billion yen in the 43rd fiscal period to fund the refinancing of interest-bearing debts (excluding short-term debts) it repaid during the same fiscal period.

As of the end of the 43rd fiscal period, the balance of interest-bearing debts totaled 205.4 billion yen, with a balance of borrowings of 169.5 billion yen and a balance of investment corporation bonds of 35.9 billion yen. The ratio of interest-bearing debt to total assets (LTV) (Note 1) was 40.3%, long-term and fixed interest-bearing debt ratio (Note 2) was 97.3%, average debt cost (Note 3) was 0.76% and average maturity (Note 4) was 4.4 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 the 43rd fiscal period.

### Details of Corporate Credit Ratings as of June 30, 2023

Credit Rating Agency	Corporate Credit Rating (Outlook)
Japan Credit Rating Agency, Ltd. (JCR)	AA (Stable)
Rating and Investment Information, Inc. (R&I)	AA- (Stable)

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

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

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

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 43rd fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

### (3) Additional Offerings, Etc.

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

Date	Event	Number of Units Outstanding		Unitholders' Capital (millions of yen)		Remarks
		Variation	Balance	Variation	Balance	
March 3, 2020	Additional public offering	35,250	958,250	16,207	247,860	(Note 1)
January 18, 2022	Additional public offering	38,100	996,350	13,594	261,455	(Note 2)
February 16, 2022	Third-party allotment	828	997,178	295	261,751	(Note 3)

(Note 1) New investment units were issued through a public offering at 474,810 yen per unit (underwriting price of 459,790 yen per unit) to fund acquisition of new specified assets and partly repay debts.

(Note 2) New investment units were issued through a public offering at 368,480 yen per unit (underwriting price of 356,824 yen per unit) to fund acquisition of new specified assets and partly repay debt.

(Note 3) New investment units were issued through a third-party allotment at 356,824 yen per unit to partly repay debt.

### (4) Cash Distributions

With regard to the cash distributions of the 43rd fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 42nd 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. In addition, for the 43rd fiscal period, JPR decided to internally reserve 520 million yen as reserve for reduction entry from the unappropriated retained earnings, pursuant to the Special Provisions for Taxation in Cases of Repurchase of Specified Assets (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,600 yen for the 43rd fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)
Unappropriated Retained Earnings at End of Period		8,129,659	7,901,374	8,614,933	8,476,171	8,104,860
Internal Reserves		792,338	666,586	836,945	821,989	526,307
Total Cash Distributions		7,337,320	7,234,787	7,777,988	7,728,129	7,578,552
(Cash Distribution per Unit)		(7,657 yen)	(7,550 yen)	(7,800 yen)	(7,750 yen)	(7,600 yen)
Breakdown	Total Cash Distributions from Net Income	7,337,320	7,234,787	7,777,988	7,728,129	7,578,552
	(Cash distribution from net income per unit)	(7,657 yen)	(7,550 yen)	(7,800 yen)	(7,750 yen)	(7,600 yen)
	Repayment of Paid-in Capital	–	–	–	–	–
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions from the reserve for temporary difference adjustments		–	–	–	–	–
(Of the repayment of paid-in capital per unit, distribution per unit from the reserve for temporary difference adjustments)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes		–	–	–	–	–
(Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

## (5) Future Management Policies and Critical Issues

For the moment, the Japanese economy is expected to keep recovering gradually, given the improving employment and income environments and the effects of various policies. In particular, due to a rise in demand from inbound foreign tourists and consumer spending as well as the growth in capital investment, etc., the Japanese economy is expected to remain solid going forward. However, attention should be paid to the concerns about possible stagnation in overseas economies and the impacts of fluctuations in the financial and capital markets in and outside Japan.

The office property leasing market is anticipated to hit the bottom in an increasing manner, but close attention must be paid to the impact of the increased supply of office buildings in Central Tokyo anticipated for 2023 and 2025. Under these circumstances, JPR is resolved to continue its endeavors to enhance the competitiveness of its owned properties, as it focuses on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services.

In the for-sale real estate market, it has become even more important to discern the growth potential in earnings of respective properties, while continuously taking into account the impact of the changes in the Japanese economy on the leasing market. In consideration of the current situation in which the low-yield environment continues to stay, it is necessary to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

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

JPR will continue to make investment focused on office properties in the Tokyo area, with an aim to improve the quality of its portfolio and enhance its growth potential and stability over the long term. In the for-sale office property market, the purchase cap rate and expected cap rate levels still stay low, with properties remaining in short supply. Although close attention must be paid to the trends in the leasing market going forward, JPR will fully investigate the stability and growth potential of candidate properties when acquiring them. As for retail properties, etc., JPR will work to invest in strictly selected blue-chip properties that can maintain stable revenues at a certain level in order to complement the stability of earnings of the entire portfolio. As it investigates properties, JPR will continue its endeavors to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence.

Moreover, JPR will make investment decisions by proactively collecting information in collaboration with Tokyo Tatemono Co., Ltd., the main sponsor of the Asset Manager, accurately assessing market trends and carefully researching investment value, including the future potential of candidate properties.

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

### 2) Management of Portfolio

JPR will aim to secure stable earnings over the 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 in consideration of the current leasing market situations and promote rapid decision making
- Conduct strategic value enhancement works with the intent to improve property earnings and increase tenant satisfaction
- Reinforce responses to business continuity plans and environmental friendliness that command high social demand

### 3) Fund Procurement

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

## (6) Information Disclosure

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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 (<https://www.jpr-reit.co.jp/en/>) to provide information including monthly occupancy rates of all properties in the portfolio and historical data, offer expanded information on sustainability and deliver video presentation on financial results sessions for securities analysts.

## (7) Significant Subsequent Events

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Not applicable



## 2. Overview of the Investment Corporation

### (1) Unitholders' Capital

	39th Fiscal Period as of June 30, 2021	40th Fiscal Period as of December 31, 2021	41st Fiscal Period as of June 30, 2022	42nd Fiscal Period as of December 31, 2022	43rd Fiscal Period as of June 30, 2023
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	958,250	958,250	997,178	997,178	997,178
Unitholders' capital (millions of yen)	247,860	247,860	261,751	261,751	261,751
Total number of unitholders	10,531	10,229	10,506	10,435	10,554

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

The following table shows the ten largest investors according to the percentage of their owned investment units to the total number of investment units outstanding as of the end of the 43rd fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	312,808	31.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	158,283	15.87
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	46,466	4.65
Tokyo Tatemono Co., Ltd.	1-4-16 Yaesu, Chuo-ku, Tokyo	29,300	2.93
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.50
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.40
State Street Bank West Client - Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	13,806	1.38
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston, MA 02111, U.S.A. (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	13,208	1.32
State Street Bank and Trust Company 505103 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351, Boston, MA 02101, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,043	1.20
The Shinkumi Federation Bank	1-9-5 Kyobashi, Chuo-ku, Tokyo	11,089	1.11
Total		646,003	64.78

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

### (3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditor as of the end of the 43rd fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 43rd Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Yoshihiro Jozaki	President and Chief Executive Officer, Tokyo Realty Investment Management, Inc.	– (Note 1)	–
Supervising Officers (Note 2)	Masato Denawa	Partner Attorney, Spring Partners	6,300	–
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co. Representative, Nobuhisa Kusanagi Certified Public Accountant Office		–
	Konomi Ikebe	Grand Fellow, The Chiba University Graduate School of Horticulture		–
Independent Auditor	EY ShinNihon LLC	–	14,700 (Note 3)	–

(Note 1) Yoshihiro Jozaki, Executive Officer, does not receive any compensation from JPR.

(Note 2) Supervising officers may be directors of corporations other than those indicated above, but have no conflict of interest with JPR at those and the above positions.

(Note 3) The independent auditor fees include fees regarding auditing of JPR's English financial statements.

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

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

### (4) Matters Concerning Directors and Officers Liability Insurance Agreement

JPR has entered into a directors and officers liability insurance agreement as follows.

Scope of the Insured	Overview of Agreement
Executive Officer and all Supervising Officers of JPR	<p>[Overview of insured event covered by the insurance] The agreement covers such losses as compensation payment and dispute costs to be borne by the insured when they receive a claim for compensation for the unjust actions they have taken based on their positions at JPR.</p> <p>[Burden ratio of insurance premium] JPR bears the entire amount of the insurance premium.</p> <p>[Measures to ensure the appropriateness of the execution of duties by directors and officers] The agreement does not protect the actions, etc. which the insured executed while recognizing that it may constitute criminal act or violate the laws and regulations.</p>

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

The asset manager, asset custodian and administrative agents of JPR at the end of the 43rd fiscal period are as follows.

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

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

### (1) JPR's Asset Structure

Asset Type	Area	42nd Fiscal Period (as of December 31, 2022)		43rd Fiscal Period (as of June 30, 2023)	
		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	111,801,978	22.0	111,765,234	21.9
	Greater Tokyo	67,281,625	13.3	67,088,046	13.2
	Other Cities	19,814,414	3.9	25,699,043	5.0
Real estate in trust	Central Tokyo	152,469,216	30.0	155,480,973	30.5
	Greater Tokyo	61,169,274	12.0	60,994,630	12.0
	Other Cities	47,245,195	9.3	47,339,964	9.3
Deposits and other assets	–	47,873,742 (–)	9.4 (–)	41,701,788 (–)	8.2 (–)
Total assets	–	507,655,447 (459,781,704)	100.0 (90.6)	510,069,681 (468,367,893)	100.0 (91.8)

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

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

### (2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 43rd fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m <sup>2</sup> )	Leased Floor Space (m <sup>2</sup> )	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Otemachi Tower (Land with Leasehold Interest)	38,388,259	11,034.78	11,034.78	100.0	11.2	Office
Olinas Tower	25,508,406	23,987.40	22,541.16	94.0	5.5	Office
Shinjuku Center Bldg.	24,114,675	10,417.25	10,042.80	96.4	3.7	Office
Tokyo Square Garden	18,242,646	5,971.69	5,928.51	99.3	2.5	Office
BYGS Shinjuku Bldg.	15,476,647	15,233.17	14,979.23	98.3	3.6	Office
JPR Sendagaya Bldg.	14,660,913	6,177.74	6,177.74	100.0	1.8	Office
Kanematsu Bldg.	14,634,509	8,090.74	7,689.05	95.0	2.3	Office
Sencity Bldg.	13,995,293	13,271.26	12,459.71	93.9	2.6	Office
Kawasaki Dice Bldg.	12,839,462	12,113.10	11,920.13	98.4	2.1	Retail, etc.
Shinjuku Square Tower	12,782,373	19,266.47	18,637.22	96.7	2.7	Office
Total	190,643,186	125,563.60	121,410.33	96.7	38.0	

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

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

### (3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 43rd fiscal period (June 30, 2023).

Area	Type	Property Name	Location	Type of Ownership	Book Value as of June 30, 2023 (thousands of yen)	Appraisal Value as of June 30, 2023 (thousands of yen) (Note)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,634,509	14,100,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,365,907	2,960,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,090,949	3,140,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,415,898	4,300,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,737,604	15,500,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,207,541	4,940,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,689,139	5,180,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,782,373	15,400,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,476,647	19,300,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	565,972	808,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	24,114,675	21,500,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,764,913	3,390,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,859,458	2,320,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,903,460	3,730,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,865,023	10,500,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,821,690	6,850,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,660,913	11,900,000
		GINZA SANWA Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,681,726	3,880,000
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	54,600,000
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,757,746	3,470,000
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,162,656	6,600,000
		Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,242,646	21,400,000
		JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,833,556	6,250,000
		Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,467,282	13,000,000
	Tokyo Tatemono Higashi Shibuya Bldg.	26-20 Higashi 1-chome, Shibuya-ku, Tokyo	Real estate	11,553,378	12,300,000	
	Ochanomizu Sola City	6-1 Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo and others	Beneficiary interest	6,528,653	7,170,000	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,397,882	14,600,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,248,315	4,100,000
		Shinjuku Sanchome East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,502,775	2,370,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,248,810	3,510,000
		JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,131,662	11,100,000
		FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,144,173	3,470,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,183,316
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,125,580	1,910,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,301,986	2,460,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,417,344	2,630,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,111,541	11,400,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,838,432	5,870,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,838,512	4,620,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Beneficiary interest	12,335,828	18,500,000
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,038,064	7,400,000

Area	Type	Property Name	Location	Type of Ownership	Book Value as of June 30, 2023 (thousands of yen)	Appraisal Value as of June 30, 2023 (thousands of yen) (Note)	
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,508,406	40,200,000	
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,371,888	10,100,000	
		JPR Omiya Bldg.	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,553,362	10,700,000	
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba	Real estate	13,995,293	15,700,000	
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	6,860,346	11,100,000	
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,540,941	3,080,000	
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,084,303	5,370,000	
		Musashirawa Shopping Square	3-1 Bessho 7-chome, Minami-ku, Saitama, Saitama	Beneficiary interest	3,427,349	4,300,000	
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki-ku, Kawasaki, Kanagawa	Beneficiary interest	12,839,462	12,800,000	
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,710,715	4,090,000	
	Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,499,834	2,180,000
			JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,631,456	2,370,000
Sompo Japan Sendai Bldg.			7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,301,612	4,140,000	
Sompo Japan Wakayama Bldg.			31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,302,718	1,510,000	
Tenjin 121 Bldg.			3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	1,963,385	4,080,000	
JPR Dojima Bldg.			1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,081,479	4,020,000	
JPR Nagoya Fushimi Bldg.			24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,786,518	3,490,000	
Yakuin Business Garden			1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	9,968,737	23,700,000	
JPR Shinsaibashi Bldg.			2-11 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,287,074	4,700,000	
JPR Shinsaibashi West			11-28 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	3,955,642	4,910,000	
GRAND FRONT OSAKA (Umekita Plaza and South Building)			4-1 Ofuka-cho, Kita-ku, Osaka, Osaka 4-20 Ofuka-cho, Kita-ku, Osaka, Osaka (South Building)	Beneficiary interest	11,822,034	12,300,000	
GRAND FRONT OSAKA (North Building)			3-1 Ofuka-cho, Kita-ku, Osaka, Osaka	Beneficiary interest	9,529,637	10,100,000	
Osaka Dojima Bldg.		3-5 Dojima 2-chome, Kita-ku, Osaka, Osaka	Real estate	2,507,666	2,760,000		
Retail, etc.		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,088,680	7,340,000	
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,965,088	8,390,000	
	FUNDES Tenjin Nishidori	3-21 Tenjin 2-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	3,347,439	3,640,000		
Total					468,367,893	592,098,000	

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



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

Area	Type	Property Name	42nd Fiscal Period (from Jul. 1, 2022 to Dec. 31, 2022)				43rd Fiscal Period (from Jan. 1, 2023 to Jun. 30, 2023)			
			Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	12	100.0	464,773	2.7	11	95.0	378,196	2.2
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	5	100.0	95,030	0.5	5	100.0	92,808	0.5
		Shin-Kojimachi Bldg.	17	88.1	101,125	0.6	19	97.0	109,517	0.6
		JPR Crest Takebashi Bldg. (Note 3)	7	89.2	114,803	0.7	—	—	65,169	0.4
		MS Shibaura Bldg.	10	100.0	496,498	2.9	10	100.0	486,590	2.8
		Gotanda First Bldg. (Note 4)	—	—	253,100	1.5	—	—	—	—
		JPR Ichigaya Bldg.	8	84.0	150,751	0.9	8	84.0	140,581	0.8
		Oval Court Ohsaki Mark West	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinjuku Square Tower	26	91.5	405,573	2.3	28	96.7	406,120	2.3
		BYGS Shinjuku Bldg.	23	98.4	610,851	3.5	23	98.3	626,041	3.6
		Across Shinkawa Bldg. Annex	4	100.0	38,731	0.2	4	100.0	39,213	0.2
		Shinjuku Center Bldg. (Note 5)	26	94.8	550,652	3.2	26	96.4	619,022	3.6
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	6	100.0	75,593	0.4	6	100.0	74,540	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	9	91.7	289,998	1.7	10	77.1	221,919	1.3
		JPR Nihonbashi-horidome Bldg.	5	100.0	195,144	1.1	5	100.0	195,888	1.1
		JPR Sendagaya Bldg.	6	100.0	303,441	1.7	6	100.0	314,150	1.8
		Ginza Sanwa Bldg.	9	100.0	122,736	0.7	9	100.0	121,292	0.7
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,802,000	10.4	2	100.0	1,801,750	10.4
		Science Plaza-Yonbancho Plaza	25	100.0	117,657	0.7	24	98.3	118,256	0.7
		Shibadaiimon Center Bldg.	9	100.0	165,447	1.0	9	100.0	185,416	1.1
	Tokyo Square Garden	49	95.5	373,660	2.1	50	99.3	378,794	2.2	
	JPR Kojimachi Bldg.	8	100.0	127,877	0.7	8	100.0	136,349	0.8	
	Otemachi Financial City North Tower	9	99.9	284,269	1.6	9	99.9	293,244	1.7	
	Tokyo Tatemono Higashi Shibuya Bldg.	17	100.0	307,659	1.8	16	100.0	328,957	1.9	
	Ochanomizu Sola City	—	—	—	—	22	99.0	(Note 2)	(Note 2)	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Jingumae 432	7	100.0	91,213	0.5	6	77.1	79,685	0.5
		Shinjuku Sanchoe East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ginza Namiki-dori Bldg.	9	100.0	202,905	1.2	9	100.0	202,343	1.2
FUNDES Suidobashi		5	87.2	75,655	0.4	5	87.2	78,078	0.5	
Arca East		7	100.0	273,024	1.6	7	100.0	272,718	1.6	
Greater Tokyo	Office	JPR Chiba Bldg.	42	98.5	140,610	0.8	43	100.0	142,347	0.8
		JPR Yokohama Nihon Odori Bldg.	19	100.0	135,258	0.8	19	100.0	136,375	0.8
		Shinyokohama 2nd Center Bldg.	24	100.0	117,598	0.7	24	100.0	123,336	0.7
		Kawaguchi Center Bldg.	40	100.0	487,237	2.8	40	97.6	486,053	2.8
		JPR Ueno East Bldg.	10	100.0	185,978	1.1	10	100.0	185,437	1.1
		Tachikawa Business Center Bldg.	21	93.2	142,486	0.8	22	98.0	146,939	0.8
		Rise Arena Bldg.	8	100.0	433,829	2.5	8	100.0	490,314	2.8
		Yume-ooka Office Tower	43	99.1	353,080	2.0	44	100.0	354,035	2.0
		Olinas Tower	18	89.6	904,822	5.2	20	94.0	914,825	5.3
		JPR Yokohama Bldg.	21	100.0	295,254	1.7	20	83.8	320,581	1.9
	JPR Omiya Bldg.	6	70.6	191,288	1.1	11	100.0	216,930	1.3	
	Sencity Bldg.	70	94.0	479,804	2.8	71	93.9	496,316	2.9	
	Retail, etc.	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	127,041	0.7	3	100.0	127,041	0.7
		Kawasaki Dice Bldg.	29	98.4	465,702	2.7	29	98.4	488,155	2.8
FUNDES Ueno		10	100.0	127,726	0.7	10	100.0	127,324	0.7	
Niigata Ekinan Center Bldg.		11	100.0	126,696	0.7	11	100.0	128,157	0.7	
Other Cities	Office	JPR Naha Bldg.	23	100.0	118,600	0.7	23	100.0	118,121	0.7
		Sompo Japan Sendai Bldg.	15	99.9	199,190	1.1	15	99.7	202,755	1.2
		Sompo Japan Wakayama Bldg.	18	99.8	109,825	0.6	18	99.8	111,144	0.6
		Tenjin 121 Bldg.	14	82.3	107,440	0.6	15	78.4	107,101	0.6
		JPR Dojima Bldg.	12	100.0	138,406	0.8	12	100.0	138,449	0.8
		JPR Nagoya Fushimi Bldg.	6	99.8	153,730	0.9	6	99.8	158,467	0.9
		Yakuin Business Garden	16	99.9	620,763	3.6	16	99.9	619,189	3.6
		JPR Shinsaibashi Bldg.	8	100.0	132,541	0.8	8	100.0	130,830	0.8
		JPR Shinsaibashi West	13	95.9	152,141	0.9	13	99.9	146,713	0.8
		GRAND FRONT OSAKA (Umekita Plaza and South Building)	243	91.4	(Note 2)	(Note 2)	247	93.9	(Note 2)	(Note 2)
		GRAND FRONT OSAKA (North Building)	101	98.5	(Note 2)	(Note 2)	97	98.0	(Note 2)	(Note 2)
		Osaka Dojima Bldg.	—	—	—	—	10	100.0	74,812	0.4

Area	Type	Property Name	42nd Fiscal Period (from Jul. 1, 2022 to Dec. 31, 2022)				43rd Fiscal Period (from Jan. 1, 2023 to Jun. 30, 2023)			
			Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Other Cities	Retail, etc.	JPR Umeda Loft Bldg. (Note 6)	-	-	(Note 2)	(Note 2)	-	-	-	-
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Chayamachi Bldg.	5	100.0	181,469	1.0	5	100.0	179,883	1.0
		FUNDES Tenjin Nishidori	-	-	-	-	6	100.0	58,539	0.3
		<b>Total</b>	<b>1,180</b>	<b>97.6</b>	<b>17,392,648</b>	<b>100.0</b>	<b>1,224</b>	<b>98.1</b>	<b>17,291,965</b>	<b>100.0</b>

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

The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, Ochanomizu Sola City, Rise Arena Bldg., Sencity Bldg., Kawasaki Dice Bldg., GRAND FRONT OSAKA (Umekita Plaza and South Building) and part of GRAND FRONT OSAKA (North Building) 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 (for GRAND FRONT OSAKA (North Building), some portions employ fixed master lease or direct lease, but the figure indicates the number of end tenants, including those of such portions).

(Note 2) JPR does not disclose the rental revenues throughout period of the properties and their ratio to total rental revenues due to inevitable reasons, as no consent to disclosure has been obtained from the tenants or co-owners.

(Note 3) JPR sold JPR Crest Takebashi Bldg. on April 12, 2023.

(Note 4) JPR sold Gotanda First Bldg. on December 22, 2022 through an exchange transaction.

(Note 5) For Shinjuku Center Bldg., JPR additionally acquired 7.0% co-ownership interest of the sectionally-owned building (equivalent to 21.5% of the entire building) through an exchange transaction on December 22, 2022.

(Note 6) For JPR Umeda Loft Bldg., JPR sold its 40.0% co-ownership interest on December 24, 2021 and 30.0% co-ownership interest on June 30, 2022 and sold the remaining 30.0% co-ownership interest on December 23, 2022.

## (4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above. There were no additional major specified assets that are main investment targets of JPR other than those listed under (3) above and those indicated below as of the end of the 43rd fiscal period.

### 1) Stock

Issuer Name	Number of Shares	Acquisition Price (thousands of yen) (Note 1)		Appraisal Value (thousands of yen) (Note 2)		Profit and Loss from Valuation	Remarks
		Unit Price	Amount	Unit Price	Amount		
KMO Corporation	1,666	50	83,740	50	83,740	-	-

(Note 1) The acquisition price indicates the amount that includes the expenses required for the acquisition.

(Note 2) The appraisal value indicates the book value.

### 2) Other securities

Type of Asset	Volume	Book Value (thousands of yen)		Appraisal Value (thousands of yen) (Note 1)		Profit and Loss from Valuation	Remarks
		Unit Price	Amount	Unit Price	Amount		
Claim for refund of funds	1	-	5,120	-	5,120	-	(Note 2)

(Note 1) The appraisal value indicates the book value.

(Note 2) The asset is a claim for refund of funds of Knowledge Capital, a general incorporated association.

### 3) Other assets

Type of Asset	Volume	Book Value (thousands of yen)		Appraisal Value (thousands of yen) (Note 1)		Profit and Loss from Valuation	Remarks
		Unit Price	Amount	Unit Price	Amount		
Claim for refund of funds	1	-	710	-	710	-	(Note 2)

(Note 1) The appraisal value indicates the book value.

(Note 2) The asset is a claim for refund of funds of GRAND FRONT OSAKA TMO, a general incorporated association.

## 4. Capital Expenditures of Owned Real Estate

### (1) Planned Capital Expenditures

The following are major items of capital expenditures for renovation works, etc. planned as of the end of the 43rd fiscal period for JPR-owned real estate and entrusted real estate regarding beneficiary interests in real estate. Furthermore, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned Amount (millions of yen)		
				Total Value	Payment during the 43rd Fiscal Period	Amount Already Paid
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (partitioning, etc.)	Aug. 2023–Dec. 2023	182	–	–
Housing Design Center Kobe	Kobe, Hyogo	Third phase of replacement of toilets	Jul. 2023–Dec. 2023	107	–	–
Kawaguchi Center Bldg.	Kawaguchi, Saitama	First phase of replacement of toilets	Apr. 2023–Dec. 2023	107	–	–
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (furniture and ceiling, etc.)	Aug. 2023–Dec. 2023	94	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	First phase of renewal of air handling units on standard floors	Jul. 2023–Dec. 2023	86	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	First phase of replacement of piping equipment	Jul. 2023–Dec. 2023	77	–	–
JPR Shinsaibashi Bldg.	Osaka, Osaka	Repair of exterior walls	Aug. 2023–Dec. 2023	65	–	–
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (office automation facilities, walls, etc.)	Aug. 2023–Dec. 2023	61	–	–
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Repair of rooftop waterproofing for lower floors	Jul. 2023–Dec. 2023	56	–	–
Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	Reinforcement of elevators (No.2)	Jul. 2023–Oct. 2023	49	–	–
MS Shibaura Bldg.	Minato-ku, Tokyo	Third phase of reinforcement of elevators	Apr. 2023–Dec. 2023	48	–	–
JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Repair of exterior walls	May 2023–Dec. 2023	48	–	–
Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Second phase of replacement of toilets	Apr. 2023–Sep. 2023	47	–	–
Olinas Tower	Sumida-ku, Tokyo	Replacement of security systems	Feb. 2023–Nov. 2023	45	–	–
MS Shibaura Bldg.	Minato-ku, Tokyo	Renovation of common areas	Oct. 2023–Dec. 2023	41	1	1
Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Repair of exterior walls	Aug. 2023–Dec. 2023	40	–	–
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators (West No.25)	Jul. 2023–Dec. 2023	35	–	–
JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Reinforcement of elevators	Jul. 2023–Aug. 2023	33	–	–
JPR Naha Bldg.	Naha, Okinawa	Replacement of water receiving tanks and elevated water tanks	Oct. 2023–Nov. 2023	30	–	–

### (2) Capital Expenditures during the 43rd Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 43rd fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas with the aim of attracting new tenants, among other works. In addition, aside from these constructions, JPR conducted construction of 444 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Housing Design Center Kobe	Kobe, Hyogo	Second phase of replacement of toilets	Jan. 2023–Jun. 2023	87
Sompo Japan Sendai Bldg.	Sendai, Miyagi	Replacement of generators for emergency	Oct. 2022–Mar. 2023	86
MS Shibaura Bldg.	Minato-ku, Tokyo	Second phase of reinforcement of elevators	Aug. 2022–Mar. 2023	65
Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	First phase of reinforcement of elevators	Mar. 2023–Jun. 2023	43
Kawaguchi Center Bldg.	Kawaguchi, Saitama	First phase of replacement of lighting equipment with LED lamps	Jun. 2022–Mar. 2023	43
JPR Shinsaibashi Bldg.	Osaka, Osaka	Repair of exterior walls	Jan. 2023–Jun. 2023	42

Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Fifth phase of replacement of piping equipment	Jan. 2023–Mar. 2023	31
Sencity Bldg.	Chiba, Chiba	Replacement of power receiving equipment	Jan. 2023–Mar. 2023	36
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators (West No. 24)	Apr. 2023–Jun. 2023	30
JPR Omiya Bldg.	Saitama, Saitama	Separation of the 8th floor	Jan. 2023–Mar. 2023	30
Other Capital Expenditures		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		954
Total				1,453

(Note) Expenditures for repair and maintenance included 10 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

Operation Period	(Millions of yen)				
	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)
Balance of deposits at beginning of current period	1,421	1,506	1,610	1,758	1,729
Deposits during the period	859	1,008	802	1,024	927
Amounts used from deposits during the period	774	904	654	1,053	898
Deposits carried forward to the next period	1,506	1,610	1,758	1,729	1,758

## 5. Expenses and Liabilities

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

(Thousands of yen)

Item	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)
(a) Asset Management Fees (Note)	792,966	758,548
Management fee 1	246,142	244,392
Management fee 2	208,800	207,942
Management fee 3	338,023	306,213
(b) Administrative Service and Asset Custody Fees	84,648	84,487
(c) Directors' Compensation	6,300	6,300
(d) Trust Fees	15,608	15,845
(e) Other Operating Expenses	156,754	138,111
Total	1,056,277	1,003,292

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (42nd fiscal period: 16,600 thousand yen, 43rd fiscal period: 61,300 thousand yen) have been paid and included in the book value of each property, and fees for asset management of the sold property (42nd fiscal period: 47,600 thousand yen, 43rd fiscal period: 20,845 thousand yen) have been paid and deducted from gain on sale of each property.

### (2) Status of Loans Payable

As of June 30, 2023 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2023 (millions of yen)	Balance as of Jun. 30, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Mizuho Bank, Ltd.	Apr. 12, 2023	—	2,500	0.153	Jul. 5, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	May 31, 2023	—	3,000	0.145	Jul. 5, 2023			
	Total		—	5,500					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Jun. 27, 2014	5,000	—	1.178	Jun. 27, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	Mar. 11, 2015	2,000	2,000	1.011	Mar. 11, 2024			
	Mizuho Bank, Ltd.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Mizuho Bank, Ltd.	Feb. 4, 2016	5,000	5,000	0.804	Feb. 4, 2026			
	Mizuho Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Mizuho Bank, Ltd.	Dec. 5, 2019	2,000	2,000	0.646	Dec. 5, 2029			
	Mizuho Bank, Ltd.	Mar. 30, 2021	3,000	3,000	0.675	Mar. 31, 2031			
	Mizuho Bank, Ltd.	Mar. 30, 2022	2,400	2,400	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Sustainability Loan)	Mar. 30, 2022	600	600	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Green Loan)	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Green Loan)	Jun. 27, 2023	—	2,000	0.401	Jun. 25, 2027			
	Mizuho Bank, Ltd. (Green Loan)	Jun. 27, 2023	—	2,000	0.533	Dec. 27, 2028			
	Mizuho Bank, Ltd. (Green Loan)	Jun. 27, 2023	—	1,000	0.948	Jun. 27, 2033			
	MUFG Bank, Ltd.	Aug. 31, 2015	1,000	1,000	0.873	Aug. 31, 2023			
	MUFG Bank, Ltd.	Mar. 25, 2016	5,000	5,000	0.510	Mar. 25, 2024			
	MUFG Bank, Ltd.	Dec. 15, 2016	2,000	2,000	0.633	Dec. 13, 2024			
	MUFG Bank, Ltd.	Aug. 8, 2017	1,000	1,000	0.638	Aug. 8, 2025			
	MUFG Bank, Ltd.	Aug. 29, 2017	5,000	5,000	0.600	Aug. 29, 2025			
MUFG Bank, Ltd.	Sep. 5, 2017	3,000	3,000	0.593	Sep. 5, 2025				
MUFG Bank, Ltd.	Jun. 25, 2021	4,000	4,000	0.450	Jun. 23, 2028				



Category	Lender	Drawdown Date	Balance as of Jan. 1, 2023 (millions of yen)	Balance as of Jun. 30, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	Dec. 5, 2019	1,000	1,000	0.245	Dec. 5, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	Jun. 26, 2020	3,000	3,000	0.300	Jun. 26, 2025			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2021	2,000	2,000	0.450	Mar. 30, 2028			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,500	2,500	0.675	Mar. 30, 2032			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.600	Mar. 28, 2031			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.525	Mar. 29, 2030			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2022	2,500	2,500	0.698	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Development Bank of Japan, Inc.	Dec. 15, 2016	3,000	3,000	0.843	Jun. 14, 2027			
	Development Bank of Japan, Inc.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Development Bank of Japan, Inc.	Jun. 27, 2019	2,100	2,100	0.572	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Jun. 25, 2021	800	800	0.600	Jun. 25, 2030			
	Development Bank of Japan, Inc.	Dec. 3, 2021	2,000	2,000	0.600	Dec. 3, 2030			
	SBI Shinsei Bank, Limited	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	SBI Shinsei Bank, Limited	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	SBI Shinsei Bank, Limited	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	SBI Shinsei Bank, Limited	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	SBI Shinsei Bank, Limited	Sep. 24, 2020	1,000	1,000	0.525	Sep. 25, 2028			
	Shinkin Central Bank	Dec. 5, 2018	3,000	3,000	0.663	Jun. 4, 2027			
	Shinkin Central Bank	Jun. 27, 2019	2,000	2,000	0.447	Dec. 27, 2027			
	Shinkin Central Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	The Norinchukin Bank	Dec. 5, 2017	1,000	1,000	0.604	Jun. 5, 2025			
	The Norinchukin Bank	Jun. 27, 2019	2,000	2,000	0.405	Jun. 25, 2027			
	The Norinchukin Bank	Dec. 24, 2020	2,000	2,000	0.525	Dec. 25, 2028			
	The Norinchukin Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2020	3,000	3,000	0.586	Feb. 4, 2030			
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2020	2,000	2,000	0.606	Mar. 29, 2030			
	Mizuho Trust & Banking Co., Ltd.	Dec. 24, 2020	2,000	2,000	0.675	Dec. 24, 2030			
	Aozora Bank, Ltd.	Jul. 3, 2017	900	900	0.625	Jul. 3, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.534	Aug. 23, 2024			
	Aozora Bank, Ltd.	Aug. 30, 2018	2,000	2,000	0.553	Feb. 25, 2025			
	Aozora Bank, Ltd.	Sep. 24, 2020	500	500	0.525	Sep. 25, 2028			
	Aozora Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.525	Apr. 5, 2030			
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	The Bank of Fukuoka, Ltd.	Sep. 24, 2019	1,000	1,000	0.554	Sep. 21, 2029			
	The Bank of Fukuoka, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2018	3,200	3,200	0.813	Jun. 21, 2028			
Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024				
Sumitomo Life Insurance Company	Jul. 22, 2019	1,000	1,000	0.583	Jul. 20, 2029				
Sumitomo Life Insurance Company	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030				
The Shinkumi Federation Bank	Aug. 5, 2022	4,000	4,000	0.358	Aug. 5, 2027				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2023 (millions of yen)	Balance as of Jun. 30, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	The Nishi-Nippon City Bank, Ltd.	Dec. 14, 2021	1,000	1,000	0.525	Dec. 14, 2029			
	Taiyo Life Insurance Company	Sep. 24, 2015	1,000	1,000	0.969	Sep. 24, 2024			
	Taiyo Life Insurance Company	Jun. 4, 2018	1,000	1,000	0.811	Jun. 5, 2028			
	Taiyo Life Insurance Company	Dec. 25, 2020	1,000	1,000	0.675	Dec. 24, 2030			
	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Yamaguchi Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816	Oct. 6, 2023			
	The Iyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyomoto Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyomoto Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	Sompo Japan Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759	Dec. 25, 2023			
	Nippon Life Insurance Company	Nov. 22, 2019	2,000	2,000	0.225	Nov. 22, 2023			
	The Hachijuni Bank, Ltd.	Oct. 9, 2020	1,000	1,000	0.300	Oct. 9, 2025			
	The Hachijuni Bank, Ltd.	Sep. 24, 2021	1,000	1,000	0.310	Sep. 24, 2026			
	The Yamanashi Chuo Bank, Ltd.	Apr. 30, 2021	1,000	1,000	0.600	Apr. 30, 2030			
	The Yamanashi Chuo Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.600	Apr. 5, 2032			
	Resona Bank, Ltd.	Sep. 30, 2022	2,000	2,000	0.888	Sep. 30, 2031			
	NTT TC Leasing Co., Ltd.	May 31, 2018	1,000	—	0.408	May 31, 2023			
	Kansai Mirai Bank, Limited	Mar. 30, 2022	1,000	1,000	0.600	Mar. 30, 2032			
	The 77 Bank, Ltd.	May 31, 2018	1,000	—	0.408	May 31, 2023			
	The 77 Bank, Ltd.	May 31, 2023	—	1,000	0.543	Nov. 30, 2028			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2022	1,000	1,000	0.566	Nov. 21, 2028			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	1,000	0.316	Dec. 25, 2023			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.449	Oct. 25, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2018	1,000	—	0.299	Jun. 27, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Jun. 27, 2023	—	1,000	0.443	Dec. 27, 2027			
	The Hyakugo Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.582	Apr. 25, 2025			
	The Hiroshima Bank, Ltd.	Nov. 21, 2022	1,000	1,000	0.566	Nov. 21, 2028			
	Mitsui Sumitomo Insurance Company, Limited	Oct. 4, 2019	1,000	1,000	0.310	Oct. 2, 2026			
Sumitomo Mitsui Trust Bank Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026				
Bank of Kyoto, Ltd.	Mar. 30, 2022	500	500	0.600	Mar. 30, 2032				
	Total		165,000	164,000					

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

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

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

### (3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of June 30, 2023 are as follows.

Name	Issue Date	Balance as of Jan. 1, 2023 (millions of yen)	Balance as of Jun. 30, 2023 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	—	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Twenty-third Series of Investment Corporation Bonds	May 31, 2018	3,000	3,000	0.550	May 31, 2028			
Twenty-fourth Series of Investment Corporation Bonds (Green Bonds)	Jul. 31, 2019	5,000	5,000	0.570	Jul. 31, 2029			
Twenty-fifth Series of Investment Corporation Bonds (Green Bonds)	Nov. 26, 2020	6,000	6,000	0.510	Nov. 26, 2030			
Twenty-sixth Series of Investment Corporation Bonds	Mar. 16, 2021	3,000	3,000	0.760	Mar. 14, 2036			
Twenty-seventh Series of Investment Corporation Bonds (Sustainability Bonds)	Dec. 7, 2021	1,400	1,400	0.420	Dec. 5, 2031			
Twenty-eighth Series of Investment Corporation Bonds (Green Bonds)	Dec. 7, 2021	1,000	1,000	0.670	Dec. 5, 2036			
<b>Total</b>		<b>37,900</b>	<b>35,900</b>					

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

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

### (4) Subscription Rights to Shares

Not applicable

## 6. Acquisitions and Sales during the 43rd Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (millions of yen) (Note)	Sale Date	Sale Price (A) (millions of yen) (Note)	Book Value (B) (millions of yen)	Difference (C) (A)-(B) (millions of yen)	Sale Expense (D) (millions of yen)	Sale Profit and Loss (C)-(D) (millions of yen)
Real estate	Osaka Dojima Bldg.	January 11, 2023	2,460	—	—	—	—	—	—
Real estate	FUNDES Tenjin Nishidori	January 11, 2023	3,310	—	—	—	—	—	—
Beneficiary interest	Ochanomizu Sola City	April 12, 2023	6,490	—	—	—	—	—	—
Beneficiary interest	JPR Crest Takebashi Bldg.	—	—	April 12, 2023	4,169	3,265	903	21	881
	Total	—	12,260	—	4,169	3,265	903	21	881

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

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

JPR made no acquisition or sale of other assets in the 43rd fiscal period.

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

#### 1) Real estate, etc.

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (millions of yen) (Note 1)	Real Estate Appraisal Value (millions of yen) (Note 2)	Real Estate Appraiser	Appraisal Date
Acquisition	Real estate	Osaka Dojima Bldg.	January 11, 2023	2,460	2,700	Japan Valuers Co., Ltd.	November 1, 2022
Acquisition	Real estate	FUNDES Tenjin Nishidori	January 11, 2023	3,310	3,590	Japan Real Estate Institute	November 1, 2022
Acquisition	Beneficiary interest	Ochanomizu Sola City	April 12, 2023	6,490	7,170	JLL Morii Valuation & Advisory K.K.	December 31, 2022
Sale	Beneficiary interest	JPR Crest Takebashi Bldg.	April 12, 2023	4,169	3,790	Daiwa Real Estate Appraisal Co., Ltd.	December 31, 2022

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

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

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

### 1) Transaction Status

(Thousands of yen)

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total	12,260,000	4,169,000
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	5,770,000 (47.1%)	— (—%)
Total	5,770,000 (47.1%)	— (—%)

### 2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Property Management Fees (Note 2)	345,140	Tokyo Tatemono Co., Ltd.	223,975	64.9%
		Prime Place Co., Ltd.	22,896	6.6%
Outsourcing Expenses	707,113	Tokyo Tatemono Co., Ltd.	444,362	62.8%
		Prime Place Co., Ltd.	14,715	2.1%
Tenant Brokerage Fees	70,214	Tokyo Tatemono Co., Ltd.	18,157	25.9%
		Prime Place Co., Ltd.	1,500	2.1%

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

(Note 2) The property management fees indicated in the above table include construction management fees (total of 32,458 thousand yen) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties who are interested parties or major shareholders during the 43rd fiscal period.

Tokyo Tatemono Co., Ltd.	571,204 thousand yen
Prime Place Co., Ltd.	66,617 thousand yen
Tokyo Real Estate Management Co., Ltd.	306,461 thousand yen
Shinjuku Center Building Management Co., Ltd.	30,355 thousand yen

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

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



## 7. Overview of Accounting

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

For assets, liabilities, principal and profits and loss, please refer to the Balance Sheet, Statement of Income and Retained Earnings, Statement of Unitholders' Equity and Notes to Financial Statements as well as Distribution Information on later pages of this report.

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

No change has been made.

### (3) Changes in Valuation Method of Real Estate and Infrastructure Assets

No change has been made.

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

### (1) Acquisition

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

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

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

### (2) Units Held

	Number of Units Held at End of Period	Total Investment at End of Period (Note) (millions of yen)	Ratio to Total Units Issued and Outstanding (%)
34th Fiscal Period (Jul. 1, 2018 – Dec. 31, 2018)	100	20	0.0
35th Fiscal Period (Jan. 1, 2019 – Jun. 30, 2019)	100	20	0.0
36th Fiscal Period (Jul. 1, 2019 – Dec. 31, 2019)	100	20	0.0
37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	100	20	0.0
38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	100	20	0.0
39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	100	20	0.0
40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	100	20	0.0
41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	100	20	0.0
42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	100	20	0.0
43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	100	20	0.0

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

## 9. Disclosure on Corporation Owning Foreign Real Estate

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Not applicable

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

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Not applicable

## 11. Other

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### (1) Notice

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There are no major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting in the 43rd fiscal period.

### (2) Other

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Unless otherwise stated, monetary amounts are rounded down and percentage figures are rounded off to the nearest specified unit in this Semi-Annual Report.

## (1) Balance Sheet

	(Thousands of yen)	
	End of 42nd Fiscal Period (Dec. 31, 2022)	End of 43rd Fiscal Period (Jun.30 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	33,127,007	27,056,051
Cash and deposits in trust	12,379,450	12,285,353
Operating accounts receivable	583,489	585,133
Prepaid expenses	132,360	126,086
Consumption taxes receivable	—	13,604
Other	39,604	21,670
Total current assets	46,261,911	40,087,899
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings	69,506,736	71,054,645
Accumulated depreciation	(23,785,420)	(24,692,241)
Buildings, net	45,721,315	46,362,404
Buildings in trust	96,194,049	96,131,588
Accumulated depreciation	(38,559,767)	(38,728,727)
Buildings in trust, net	57,634,282	57,402,861
Structures	94,101	94,381
Accumulated depreciation	(38,968)	(41,434)
Structures, net	55,133	52,946
Structures in trust	128,272	130,848
Accumulated depreciation	(81,897)	(82,311)
Structures in trust, net	46,374	48,537
Machinery and equipment	834,332	851,609
Accumulated depreciation	(582,683)	(599,522)
Machinery and equipment, net	251,649	252,087
Machinery and equipment in trust	1,996,314	1,938,100
Accumulated depreciation	(1,544,705)	(1,504,418)
Machinery and equipment in trust, net	451,608	433,681
Tools, furniture and fixtures	217,792	243,571
Accumulated depreciation	(119,029)	(129,699)
Tools, furniture and fixtures, net	98,763	113,871
Tools, furniture and fixtures in trust	304,416	311,209
Accumulated depreciation	(202,509)	(208,610)
Tools, furniture and fixtures in trust, net	101,906	102,598
Land	*1 140,959,190	*1 145,954,517
Land in trust	202,608,096	205,823,796
Construction in progress	9,960	14,508
Construction in progress in trust	41,045	3,750
Total property, plant and equipment	447,979,326	456,565,560
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	2,463	14,817
Total intangible assets	11,804,294	11,816,648
Investments and other assets		
Investment securities	88,860	88,860
Lease and guarantee deposits	802,490	808,280
Long-term prepaid expenses	520,563	528,440
Other	710	710
Total investments and other assets	1,412,623	1,426,290
Total noncurrent assets	461,196,244	469,808,500
<b>Deferred assets</b>		
Investment corporation bond issuance costs	165,429	150,911
Investment unit issuance expenses	31,861	22,371
Total deferred assets	197,291	173,282
<b>Total assets</b>	507,655,447	510,069,681

(Thousands of yen)

	End of 42nd Fiscal Period (Dec. 31, 2022)	End of 43rd Fiscal Period (Jun.30 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	3,027,125	2,658,042
Short-term loans payable	—	5,500,000
Current portion of investment corporation bonds	2,000,000	5,000,000
Current portion of long-term loans payable	21,000,000	20,000,000
Accounts payable-other	1,082,817	978,420
Accrued expenses	90,561	84,966
Income taxes payable	605	605
Accrued consumption taxes	499,038	182,161
Advances received	2,821,057	2,808,557
Other	3,274	2,138
Total current liabilities	30,524,479	37,214,891
<b>Noncurrent liabilities</b>		
Investment corporation bonds	35,900,000	30,900,000
Long-term loans payable	144,000,000	144,000,000
Tenant leasehold and security deposits	10,185,789	10,641,493
Tenant leasehold and security deposits in trust	13,441,294	13,338,894
Total noncurrent liabilities	203,527,083	198,880,387
<b>Total liabilities</b>	234,051,563	236,095,279
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	261,751,240	261,751,240
Surplus		
Voluntary reserve		
Reserve for reduction entry	3,376,470	4,118,301
Total voluntary reserve	3,376,470	4,118,301
Unappropriated retained earnings	8,476,171	8,104,860
Total surplus	11,852,642	12,223,161
Total unitholders' equity	273,603,883	273,974,402
<b>Total net assets</b>	*3 273,603,883	*3 273,974,402
<b>Total liabilities and net assets</b>	507,655,447	510,069,681

## (2) Statement of Income and Retained Earnings

	(Thousands of yen)			
	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)		43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	
<b>Operating revenue</b>				
Rent revenue-real estate	*1	17,392,648	*1	17,291,965
Gain on sale of real estate	*2	1,347,213	*2	881,854
<b>Total operating revenue</b>		18,739,862		18,173,819
<b>Operating expenses</b>				
Expenses related to rent business	*1	8,199,445	*1	8,310,963
Loss on exchange of real estate	*3	210,929		—
Asset management fee		792,966		758,548
Administrative service and asset custody fees		84,648		84,487
Directors' compensation		6,300		6,300
Trust fees		15,608		15,845
Other operating expenses		156,754		138,111
<b>Total operating expenses</b>		9,466,653		9,314,256
<b>Operating income</b>		9,273,209		8,859,563
<b>Non-operating income</b>				
Interest income		175		193
Income on settlement of management association accounts		4,279		34,071
Insurance income		2,979		2,333
Other		1,110		800
<b>Total non-operating income</b>		8,544		37,399
<b>Non-operating expenses</b>				
Interest expenses		529,585		525,041
Borrowing expenses		50,670		50,494
Interest expenses on investment corporation bonds		202,105		197,730
Amortization of investment corporation bond issuance costs		14,915		14,518
Amortization of investment unit issuance expenses		14,344		9,490
Other		284		434
<b>Total non-operating expenses</b>		811,905		797,710
<b>Ordinary income</b>		8,469,847		8,099,253
<b>Income before income taxes</b>		8,469,847		8,099,253
<b>Income taxes-current</b>		605		605
<b>Total income taxes</b>		605		605
<b>Net income</b>		8,469,242		8,098,648
<b>Retained earnings brought forward</b>		6,929		6,212
<b>Unappropriated retained earnings</b>		8,476,171		8,104,860

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

	(Thousands of yen)	
	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)
<b>Unitholders' equity</b>		
<b>Unitholders' capital</b>		
Balance at beginning of current period	261,751,240	261,751,240
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	261,751,240	261,751,240
<b>Surplus</b>		
<b>Voluntary reserve</b>		
Balance at beginning of current period	2,546,454	3,376,470
Changes of items during the period		
Provision of reserve for reduction entry	830,016	815,777
Reversal of reserve for reduction entry		(73,946)
Total changes of items during the period	830,016	741,830
Balance at end of current period	3,376,470	4,118,301
<b>Unappropriated retained earnings</b>		
Balance at beginning of current period	8,614,933	8,476,171
Changes of items during the period		
Provision of reserve for reduction entry	(830,016)	(815,777)
Reversal of reserve for reduction entry		73,946
Dividends from surplus	(7,777,988)	(7,728,129)
Net income	8,469,242	8,098,648
Total changes of items during the period	(138,761)	(371,311)
Balance at end of current period	8,476,171	8,104,860
<b>Total surplus</b>		
Balance at beginning of current period	11,161,388	11,852,642
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry		—
Dividends from surplus	(7,777,988)	(7,728,129)
Net income	8,469,242	8,098,648
Total changes of items during the period	691,254	370,518
Balance at end of current period	11,852,642	12,223,161
<b>Total unitholders' equity</b>		
Balance at beginning of current period	272,912,629	273,603,883
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry		—
Dividends from surplus	(7,777,988)	(7,728,129)
Net income	8,469,242	8,098,648
Total changes of items during the period	691,254	370,518
Balance at end of current period	273,603,883	273,974,402
<b>Total net assets</b>		
Balance at beginning of current period	272,912,629	273,603,883
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry		—
Dividends from surplus	(7,777,988)	(7,728,129)
Net income	8,469,242	8,098,648
Total changes of items during the period	691,254	370,518
Balance at end of current period	273,603,883	273,974,402

#### (4) Statement of Cash Distributions

	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)
I. Unappropriated retained earnings	8,476,171,884 yen	8,104,860,437 yen
II. Reversal of voluntary reserve		
Reversal of reserve for reduction entry	73,946,740 yen	—
III. Distribution amount	7,728,129,500 yen	7,578,552,800 yen
(Distribution amount per unit)	(7,750 yen)	(7,600 yen)
IV. Voluntary reserve		
Provision of reserve for reduction entry	815,777,113 yen	520,804,313 yen
V. Retained earnings carried forward	6,212,011 yen	5,503,324 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. Under such policy, JPR decided to pay out distributions of earnings of 7,728,129,500 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units), from the balance of unappropriated retained earnings after adding the reversal of reserve for reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation and deducting the provision of reserve for reduction entry pursuant to Article 65-7 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. Under such policy, JPR decided to pay out distributions of earnings of 7,578,552,800 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units), from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 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>



## (5) Statement of Cash Flows

	(Thousands of yen)	
	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	8,469,847	8,099,253
Depreciation and amortization	2,055,734	2,046,014
Difference related to exchange of noncurrent assets	1,121,208	–
Amortization of investment corporation bond issuance costs	14,915	14,518
Amortization of investment unit issuance expenses	14,344	9,490
Interest income	(175)	(193)
Interest expenses	731,690	722,772
Decrease (increase) in operating accounts receivable	(90,504)	(1,643)
Decrease (increase) in consumption taxes receivable	–	(13,604)
Decrease (increase) in prepaid expenses	(4,704)	6,274
Increase (decrease) in operating accounts payable	79,299	102,426
Increase (decrease) in accounts payable-other	(10,899)	(104,943)
Increase (decrease) in accrued consumption taxes	(43,340)	(316,877)
Increase (decrease) in advances received	7,879	(12,500)
Decrease in property, plant and equipment in trust due to sale	3,718,086	3,265,600
Other, net	(179,814)	(31,163)
Subtotal	15,883,569	13,785,422
Interest income received	175	193
Interest expenses paid	(727,716)	(728,366)
Income taxes (paid) refund	(602)	(607)
Net cash provided by (used in) operating activities	15,155,425	13,056,642
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(590,345)	(6,968,920)
Purchase of property, plant and equipment in trust	(648,384)	(7,399,017)
Purchase of intangible assets	(1,081)	(13,909)
Payments of lease and guarantee deposits	(18,400)	(5,790)
Repayments of tenant leasehold and security deposits	(49,788)	(169,936)
Proceeds from tenant leasehold and security deposits	153,971	625,641
Repayments of tenant leasehold and security deposits in trust	(540,221)	(636,540)
Proceeds from tenant leasehold and security deposits in trust	265,649	573,633
Net cash provided by (used in) investing activities	(1,428,600)	(13,994,840)
<b>Net cash provided by (used in) financing activities</b>		
Proceeds from short-term loans payable	–	5,500,000
Proceeds from long-term loans payable	8,000,000	7,000,000
Repayment of long-term loans payable	(8,000,000)	(8,000,000)
Redemption of investment corporation bonds	–	(2,000,000)
Dividends paid	(7,777,592)	(7,726,854)
Net cash provided by (used in) financing activities	(7,777,592)	(5,226,854)
<b>Net increase (decrease) in cash and cash equivalents</b>	5,949,232	(6,165,052)
<b>Cash and cash equivalents at beginning of current period</b>	39,557,224	45,506,457
<b>Cash and cash equivalents at end of current period</b>	*1 45,506,457	*1 39,341,405

## (6) Notes to Financial Statements

### (Basis of Presenting Financial Statements)

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

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

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

### (Significant Accounting Policies)

1. Standards and Method for Asset Valuation
  - Investment securities
  - Other securities
    - Stocks and other securities with no market prices
    - Stocks and other securities with no market prices are stated at cost being determined by the moving average method.
2. Depreciation/Amortization Method for Noncurrent Assets
  - (1) Property and Equipment (including entrusted properties)
    - Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:
      - Buildings ..... 3 - 65 years
      - Structures ..... 10 - 35 years
      - Machinery and equipment ..... 3 - 17 years
      - Tools, furniture and fixtures ..... 3 - 20 years
    - Assets with purchase costs of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.
  - (2) Intangible Assets
    - Intangible assets are amortized utilizing the straight-line method.
  - (3) Long-term Prepaid Expenses
    - Long-term prepaid expenses are amortized utilizing the straight-line method.
3. Accounting for Deferred Assets
  - (1) Investment Corporation Bond Issuance Costs
    - Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.
  - (2) Investment Unit Issuance Expenses
    - Investment unit issuance expenses are amortized utilizing the straight-line method over three years.
4. Standards for Recognition of Revenues and Expenses
  - (1) Revenue Recognition
    - The details of main performance obligations concerning revenue generated from contracts with customers of JPR and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.
      - a. Sale of real estate
        - For the proceeds from sale of real estate, JPR recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of JPR fulfilling its delivery obligations stipulated in the transaction contract of the real estate.
      - b. Utilities income
        - JPR recognizes utilities income upon the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that JPR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.
    - (2) Accounting Treatment of Taxes on Property and Equipment
      - In connection with property taxes, city planning taxes and depreciated asset taxes (the "property taxes"), JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business.
      - Furthermore, JPR capitalized an amount equivalent to the property taxes paid to the sellers during the first fiscal period as a part of the purchase cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 613 thousand yen for the fiscal period ended December 31, 2022. Taxes on property and equipment capitalized amounted to 38,073 thousand yen for the fiscal period ended June 30, 2023.
  - 5. Scope of Cash and Cash Equivalents in the Statement of Cash Flows
    - Cash and cash equivalents in the Statement of Cash Flows include the following items:
      - (1) Cash on hand and cash in trust
      - (2) Deposits placed with banks and deposits in trust that can be withdrawn at any time
      - (3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date.
  - 6. Other Significant Items Fundamental to the Preparation of Financial Statements
    - Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust
      - Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the Balance Sheet and Statement of Income and Retained Earnings.
      - Furthermore, the following material accounts are separately presented in the Balance Sheet for properties in trust recorded in relevant accounts.
        - a. Cash and deposits in trust
        - b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
        - c. Tenant leasehold and security deposits in trust

**(Notes to Balance Sheet)****\*1. Reduction Entry of Property, Plant and Equipment Acquired through Exchange**

(Thousands of yen)

	End of 42nd Fiscal Period (as of December 31, 2022)	End of 43rd Fiscal Period (as of June 30, 2023)
Land	1,537,018	1,537,018
Total	1,537,018	1,537,018

**2. Balance of Unused Commitment Line**

JPR has executed a commitment line agreement with its main lending financial institutions primarily to minimize refinancing risks and enhance financial stability.

(Thousands of yen)

	End of 42nd Fiscal Period (as of December 31, 2022)	End of 43rd Fiscal Period (as of June 30, 2023)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

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

(Thousands of yen)

	End of 42nd Fiscal Period (as of December 31, 2022)	End of 43rd Fiscal Period (as of June 30, 2023)
	50,000	50,000

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

(Thousands of yen)

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
<b>A. Rent Revenue-Real Estate</b>		
Rent Revenue		
Rents	12,547,291	12,680,008
Land rents	1,802,000	1,801,750
Common charges	1,283,973	1,268,237
Parking fees	286,561	284,154
Advertising fees	37,152	38,289
Antenna usage fees	29,902	28,625
Other	45,240	45,221
Subtotal	16,032,122	16,146,287
Other rental revenues		
Incidental rent income	1,006,164	1,001,894
Time-based parking fees	14,192	14,588
Cancellation charges	82,368	17,496
Income equivalent to expenses for restoration to original condition	182,839	59,489
Other miscellaneous income	74,960	52,209
Subtotal	1,360,526	1,145,678
Total rent revenue-real estate	17,392,648	17,291,965
<b>B. Expenses Related to Rent Business</b>		
Outsourcing expenses	703,637	707,113
Utilities expenses	1,301,145	1,285,235
Property and other taxes	2,507,086	2,594,259
Casualty insurance	30,028	29,754
Repairs and maintenance	432,326	433,688
Property management fees	306,930	312,682
Management association accounts	643,099	637,968
Depreciation	2,055,273	2,044,640
Other	219,918	265,620
Total expenses related to rent business	8,199,445	8,310,963
<b>C. Profits for Rent Business (A-B)</b>		
	9,193,203	8,981,002

**\*2. Breakdown of Gain on Sale of Real Estate, etc.**

(Thousands of yen)

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
JPR Umeda Loft Bldg. (30.0% co-ownership interest)		
Proceeds from sale of real estate	5,250,000	—
Cost of sale of real estate	3,718,086	—
Other expenses related to sale	184,700	—
Gain on sale of real estate	1,347,213	—
JPR Crest Takebashi Bldg.		
Proceeds from sale of real estate	—	4,169,000
Cost of sale of real estate	—	3,265,600
Other expenses related to sale	—	21,545
Gain on sale of real estate	—	881,854

## \*3. Breakdown of Loss on Exchange of Real Estate

(Thousands of yen)

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Gotanda First Bldg.		
Consideration for transfer of real estate	4,270,000	—
Cost of transfer of real estate	2,921,061	—
Other expenses related to transfer	22,850	—
Reduction of noncurrent assets	1,537,018	—
Loss on exchange of real estate	210,929	—

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

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
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	997,178 units	997,178 units

**(Notes to Statement of Cash Flows)**

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

(Thousands of yen)

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Cash and deposits	33,127,007	27,056,051
Cash and deposits in trust	12,379,450	12,285,353
Cash and cash equivalents	45,506,457	39,341,405

**(Leases)**

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

(Thousands of yen)

	42nd Fiscal Period (as of December 31, 2022)	43rd Fiscal Period (as of June 30, 2023)
Due within one year	6,035,590	6,267,262
Due after one year	15,698,580	16,381,055
Total	21,734,171	22,648,317

**(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 hedging for interest rate fluctuation risk and other hedging purposes. Please note that JPR is not engaged in derivative transactions at present.

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

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

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

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

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

Certain assumptions are used in calculating the fair value of financial instruments, and there can be cases where the values may vary based on different assumptions.

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

The following are the book values and fair values as of December 31, 2022 of financial instruments, and the difference between these amounts. Furthermore, notes on “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are omitted as these are settled with cash and within a short period of time and thus the book value approximates the fair value. Notes on “Investment securities,” “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Book Value (Note 1)	Fair Value (Note 1)	Difference
(1) Current portion of investment corporation bonds	(2,000,000)	(2,009,200)	9,200
(2) Current portion of long-term loans payable	(21,000,000)	(21,063,847)	63,847
(3) Investment corporation bonds	(35,900,000)	(35,526,389)	-373,610
(4) Long-term loans payable	(144,000,000)	(141,695,800)	-2,304,199

The following are the book values and fair values as of June 30, 2023 of financial instruments, and the difference between these amounts. Furthermore, notes on “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are omitted as these are settled with cash and within a short period of time and thus the book value approximates the fair value. Notes on “Investment securities,” “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Book Value (Note 1)	Fair Value (Note 1)	Difference
(1) Current portion of investment corporation bonds	(5,000,000)	(5,051,181)	51,181
(2) Current portion of long-term loans payable	(20,000,000)	(20,045,897)	45,897
(3) Investment corporation bonds	(30,900,000)	(30,832,853)	-67,146
(4) Long-term loans payable	(144,000,000)	(144,141,089)	141,089

(Note 1) Liabilities are shown in parentheses.

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

(1) Current portion of investment corporation bonds and (3) Investment corporation bonds

Of the fair value of these financial instruments, those with market price are measured based on market price and those with no market price are calculated in accordance with (2) and (4) below.

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

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

(Note 3) Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 42nd fiscal period end (December 31, 2022)

(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	2,000,000	8,000,000	—	8,500,000	—	19,400,000
Long-term loans payable	21,000,000	15,000,000	23,900,000	14,000,000	18,000,000	73,100,000

Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 43rd fiscal period end (June 30, 2023)

(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	5,000,000	3,000,000	—	8,500,000	3,000,000	16,400,000
Long-term loans payable	20,000,000	21,000,000	20,900,000	15,000,000	20,200,000	66,900,000

### (Securities)

42nd fiscal period (as of December 31, 2022)

Not applicable

43rd fiscal period (as of June 30, 2023)

Not applicable

### (Derivative Transactions)

42nd fiscal period (as of December 31, 2022)

Not applicable as JPR entered into no derivative transactions

43rd fiscal period (as of June 30, 2023)

Not applicable as JPR entered into no derivative transactions

### (Retirement Benefits)

42nd fiscal period (as of December 31, 2022)

Not applicable as JPR does not have any retirement benefit plans

43rd fiscal period (as of June 30, 2023)

Not applicable as JPR does not have any retirement benefit plans

### (Tax Effect Accounting)

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

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(28.70%)	(29.44%)
Other	(2.75%)	(2.01%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

### (Equity Method Income and Retained Earnings)

42nd fiscal period (July 1, 2022 – December 31, 2022)

Not applicable as JPR does not have any affiliated companies

43rd fiscal period (January 1, 2023 – June 30, 2023)

Not applicable as JPR does not have any affiliated companies



**(Transactions with Related Parties)**

1. Parent Company and Major Corporation Unitholders
  - 42nd fiscal period (July 1, 2022 – December 31, 2022)  
Not applicable
  - 43rd fiscal period (January 1, 2023 – June 30, 2023)  
Not applicable
2. Affiliated Companies
  - 42nd fiscal period (July 1, 2022 – December 31, 2022)  
Not applicable
  - 43rd fiscal period (January 1, 2023 – June 30, 2023)  
Not applicable
3. Sister Companies
  - 42nd fiscal period (July 1, 2022 – December 31, 2022)  
Not applicable
  - 43rd fiscal period (January 1, 2023 – June 30, 2023)  
Not applicable
4. Directors and Major Individual Unitholders
  - 42nd fiscal period (July 1, 2022 – December 31, 2022)  
Not applicable
  - 43rd fiscal period (January 1, 2023 – June 30, 2023)  
Not applicable

**(Asset Retirement Obligations)**

- 42nd fiscal period (July 1, 2022 – December 31, 2022)  
Not applicable
- 43rd fiscal period (January 1, 2023 – June 30, 2023)  
Not applicable

**(Segment Information)**

[Segment Information]

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

[Related Information]

42nd fiscal period (July 1, 2022 – December 31, 2022)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

Disclosure is omitted as the amount of JPR's property, plant and equipment located in Japan is in excess of 90% of total property, plant and equipment on the Balance Sheet.

3. Information about Major Customers

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

43rd fiscal period (January 1, 2023 – June 30, 2023)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

Disclosure is omitted as the amount of JPR's property, plant and equipment located in Japan is in excess of 90% of total property, plant and equipment on the Balance Sheet.

3. Information about Major Customers

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

## (Investment and Rental Properties)

JPR owns office properties (urban commercial facilities), retail properties (urban retail properties) and urban multi-use facilities for leasing in Tokyo and other regions. The following is the book value on the Balance Sheet, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Thousands of yen)

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Book Value on the Balance Sheet		
Balance at Beginning of Period	465,129,001	459,781,704
Amount of Increase (Decrease) during the Period	(5,347,296)	8,586,188
Balance at End of Current Period	459,781,704	468,367,893
Fair Value at End of Period	587,035,000	592,098,000

(Note 1) The book value on the Balance Sheet is the cost of acquisition less accumulated depreciation.

(Note 2) For the 42nd fiscal period, the amount of increase is primarily attributable to the additional acquisition of Shinjuku Center Bldg. (1,838,124 thousand yen), and the amount of decrease is primarily attributable to the sale of Gotanda First Bldg. (2,921,061 thousand yen), the sale of JPR Umeda Loft Bldg. (30.0% co-ownership interest) (3,718,086 thousand yen) and depreciation (2,055,273 thousand yen). For the 43rd fiscal period, the amount of increase is primarily attributable to the acquisition of Osaka Dojima Bldg. (2,510,474 thousand yen), the acquisition of FUNDES Tenjin Nishidori (3,355,432 thousand yen) and the acquisition of Ochanomizu Sola City (6,538,208 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Crest Takebashi Bldg. (3,265,600 thousand yen) and depreciation (2,044,640 thousand yen).

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

The income (loss) in the 42nd and 43rd fiscal periods for investment and rental properties is as presented in the “Notes to Statement of Income and Retained Earnings.”

## (Revenue Recognition)

42nd fiscal period (July 1, 2022 – December 31, 2022)

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers (Note 2)
Sale of real estate	9,520,000	1,347,213
Utilities income (Note 3)	1,006,164	1,006,164
Others	—	16,386,483
Total	10,526,164	18,739,862

(Note 1) Rent revenue subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from “Revenue from contracts with customers” as such revenue is out of the scope of Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

(Note 2) As sale of real estate is recorded as gain or loss on sale of real estate, etc. in the Statement of Income and Retained Earnings, the amount obtained by deducting cost of sale of real estate and other expenses related to sale from proceeds from sale of real estate is indicated for sales to external customers. Furthermore, as JPR records gain on sale of real estate for operating revenue while recording loss on sale of real estate for operating expenses, the table above indicates the amount of gain on sale of real estate only.

(Note 3) Utilities income indicates the amount recorded as revenue upon the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and agreements incidental to it.

43rd fiscal period (January 1, 2023 – June 30, 2023)

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers (Note 2)
Sale of real estate	4,169,000	881,854
Utilities income (Note 3)	1,001,894	1,001,894
Others	—	16,290,071
Total	5,170,894	18,173,819

(Note 1) Rent revenue subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) is excluded from “Revenue from contracts with customers” as such revenue is out of the scope of Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

(Note 2) As sale of real estate is recorded as gain or loss on sale of real estate, etc. in the Statement of Income and Retained Earnings, the amount obtained by deducting cost of sale of real estate and other expenses related to sale from proceeds from sale of real estate is indicated for sales to external customers. Furthermore, as JPR records gain on sale of real estate in operating revenue while recording loss on sale of real estate in operating expenses, the table above indicates the amount of gain on sale of real estate only.

(Note 3) Utilities income indicates the amount recorded as revenue upon the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and agreements incidental to it.

**(Per Unit Information)**

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Total net assets per unit	274,378 yen	274,749 yen
Net income per unit	8,493 yen	8,121 yen

(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 subscription rights to shares are outstanding.

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

	42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
Net income (thousands of yen)	8,469,242	8,098,648
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	8,469,242	8,098,648
Average number of units during the fiscal period	997,178 units	997,178 units

**(Subsequent Events)**

Not applicable.

## (7) Detailed Schedules

### 1) Schedule of Securities

#### a. Stock

Issuer Name	Number of Shares	Acquisition Price (Note 1)		Appraisal Value (Note 2)		Profit and Loss from Valuation (thousands of yen)	Remarks
		Unit Price (thousands of yen)	Amount (thousands of yen)	Unit Price (thousands of yen)	Amount (thousands of yen)		
KMO Corporation	1,666	50	83,740	50	83,740	—	—
Total	1,666	—	83,740	—	83,740	—	—

(Note 1) The acquisition price indicates the amount that includes the expenses required for the acquisition.

(Note 2) The appraisal value indicates the book value.

#### b. Other securities

Type of Asset	Issuer Name	Total Face Value	Book Value (thousands of yen)	Accrued Interest (thousands of yen)	Prepaid interest accrued (thousands of yen)	Appraisal Value (thousands of yen) (Note)	Profit and Loss from Valuation (thousands of yen)	Remarks
Claim for refund of funds	Knowledge Capital, a general incorporated association	—	5,120	—	—	5,120	—	—
Total		—	5,120	—	—	5,120	—	—

(Note) The appraisal value indicates the book value.

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

Not applicable

## 3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of January 1, 2023 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2023 (thousands of yen)	Accumulated Depreciation		Net Balance as of June 30, 2023 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	—	—	—	—	—	—	—	
Property, plant and equipment (Real estate)								
Buildings	69,506,736	1,547,909	—	71,054,645	24,692,241	906,820	46,362,404	
Structures	94,101	280	—	94,381	41,434	2,466	52,946	
Machinery and equipment	834,332	17,276	—	851,609	599,522	16,839	252,087	
Tools, furniture and fixtures	217,792	25,778	—	243,571	129,699	10,670	113,871	
Land	140,959,190	4,995,327	—	145,954,517	—	—	145,954,517	
Construction in progress	9,960	5,586	1,037	14,508	—	—	14,508	
Subtotal	211,622,113	6,592,158	1,037	218,213,234	25,462,898	936,797	192,750,335	
(Beneficiary interests in trust)								
Buildings in trust	96,194,049	1,817,204	1,879,666	96,131,588	38,728,727	1,067,752	57,402,861	
Structures in trust	128,272	4,343	1,767	130,848	82,311	2,180	48,537	
Machinery and equipment in trust	1,996,314	20,839	79,053	1,938,100	1,504,418	27,059	433,681	
Tools, furniture and fixtures in trust	304,416	12,316	5,523	311,209	208,610	10,804	102,598	
Land in trust	202,608,096	5,487,899	2,272,200	205,823,796	—	—	205,823,796	Property acquisition
Construction in progress in trust	41,045	3,750	41,045	3,750	—	—	3,750	
Subtotal	301,272,194	7,346,353	4,279,255	304,339,293	40,524,067	1,107,796	263,815,225	
Total	512,894,308	13,938,512	4,280,292	522,552,527	65,986,966	2,044,593	456,565,560	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	6,465	13,909	285	20,089	5,272	1,420	14,817	
Total	11,808,296	13,909	285	11,821,920	5,272	1,420	11,816,648	

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

(Note 2) The “Decrease during the Period” is due to the transfer to relevant accounts as a result of construction completion for construction in progress and construction in progress in trust, and due to property sale, etc. for buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust.

## 4) Schedule of Other Specified Assets

Type of Asset	Issuer Name	Volume	Book Value		Appraisal Value (Note)		Profit and Loss from Valuation (thousands of yen)	Remarks
			Unit Price (thousands of yen)	Amount (thousands of yen)	Unit Price (thousands of yen)	Amount (thousands of yen)		
Claim for refund of funds	GRAND FRONT OSAKA TMO, a general incorporated association	1	—	710	—	710	—	—
Total		1	—	710	—	710	—	—

(Note) The appraisal value indicates the book value.

## 5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of January 1, 2023 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2023 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Security
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	—	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	2,000,000	—	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	—	3,000,000	0.831	Dec. 4, 2024		
Twenty-third Series of Investment Corporation Bonds (Note 1)	May 31, 2018	3,000,000	—	3,000,000	0.550	May 31, 2028		
Twenty-fourth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Jul. 31, 2019	5,000,000	—	5,000,000	0.570	Jul. 31, 2029		
Twenty-fifth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Nov. 26, 2020	6,000,000	—	6,000,000	0.510	Nov. 26, 2030		
Twenty-sixth Series of Investment Corporation Bonds (Note 1)	Mar. 16, 2021	3,000,000	—	3,000,000	0.760	Mar. 14, 2036		
Twenty-seventh Series of Investment Corporation Bonds (Sustainability Bonds) (Note 1)	Dec. 7, 2021	1,400,000	—	1,400,000	0.420	Dec. 5, 2031		
Twenty-eighth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Dec. 7, 2021	1,000,000	—	1,000,000	0.670	Dec. 5, 2036		
<b>Total</b>		<b>37,900,000</b>	<b>2,000,000</b>	<b>35,900,000</b>				

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

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

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	5,000,000	3,000,000	—	8,500,000	3,000,000

## 6) Schedule of Loans Payable

Lender	Balance as of January 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Short-Term Loans Payable</b>								
Mizuho Bank Ltd.	—	2,500,000	—	2,500,000	0.153%	Jul. 5, 2023	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank Ltd.	—	3,000,000	—	3,000,000	0.145%	Jul. 5, 2023		
Total	—	5,500,000	—	5,500,000				

Lender	Balance as of January 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Long-Term Loans Payable (Note 1)</b>								
Mizuho Bank, Ltd.	5,000,000	—	5,000,000	—	1.178%	Jun. 27, 2023	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank, Ltd.	5,000,000	—	—	5,000,000	0.804%	Feb. 4, 2026		
Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.646%	Dec. 5, 2029		
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	0.675%	Mar. 31, 2031		
Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Green Loan)	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Sustainability Loan)	600,000	—	—	600,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Green Loan)	—	2,000,000	—	2,000,000	0.533%	Dec. 27, 2028		
Mizuho Bank, Ltd. (Green Loan)	—	2,000,000	—	2,000,000	0.401%	Jun. 25, 2027		
Mizuho Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	0.948%	Jun. 27, 2033		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.873%	Aug. 31, 2023		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.638%	Aug. 8, 2025		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.600%	Aug. 29, 2025		
MUFG Bank, Ltd.	3,000,000	—	—	3,000,000	0.593%	Sep. 5, 2025		
MUFG Bank, Ltd.	4,000,000	—	—	4,000,000	0.450%	Jun. 23, 2028		
Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.245%	Dec. 5, 2023		
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.300%	Jun. 26, 2025		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.450%	Mar. 30, 2028		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.675%	Mar. 30, 2032		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.600%	Mar. 28, 2031		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.525%	Mar. 29, 2030		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.698%	Jun. 27, 2029		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan Inc.	3,000,000	—	—	3,000,000	0.843%	Jun. 14, 2027		
Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Development Bank of Japan Inc.	2,100,000	—	—	2,100,000	0.572%	Jun. 27, 2029		
Development Bank of Japan Inc.	800,000	—	—	800,000	0.600%	Jun. 25, 2030		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	0.600%	Dec. 3, 2030		
SBI Shinsei Bank, Limited	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
SBI Shinsei Bank, Limited	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.525%	Sep. 25, 2028		
Shinkin Central Bank	3,000,000	—	—	3,000,000	0.663%	Jun. 4, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.447%	Dec. 27, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.604%	Jun. 5, 2025		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.405%	Jun. 25, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		
Mizuho Trust & Banking Co., Ltd.	3,000,000	—	—	3,000,000	0.586%	Feb. 4, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.606%	Mar. 29, 2030		



Lender	Balance as of January 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
<b>Long-Term Loans Payable (Note 1)</b>								
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.675%	Dec. 24, 2030	(Note 4)	Unsecured/ Unguaranteed
Aozora Bank, Ltd.	900,000	—	—	900,000	0.625%	Jul. 3, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank, Ltd.	2,000,000	—	—	2,000,000	0.553%	Feb. 25, 2025		
Aozora Bank, Ltd.	500,000	—	—	500,000	0.525%	Sep. 25, 2028		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Apr. 5, 2030		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.554%	Sep. 21, 2029		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025		
Meiji Yasuda Life Insurance Company	3,200,000	—	—	3,200,000	0.813%	Jun. 21, 2028		
Sumitomo Life Insurance Company	2,000,000	—	—	2,000,000	0.453%	Oct. 11, 2024		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.583%	Jul. 20, 2029		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Shinkumi Federation Bank	4,000,000	—	—	4,000,000	0.358%	Aug. 5, 2027		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Dec. 14, 2029		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.969%	Sep. 24, 2024		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.811%	Jun. 5, 2028		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.675%	Dec. 24, 2030		
The Chugoku Bank, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Chugoku Bank, Ltd.	1,000,000	—	—	1,000,000	0.661%	Mar. 25, 2026		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.816%	Oct. 6, 2023		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyoo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyoo Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Sompo Japan Insurance Inc.	2,000,000	—	—	2,000,000	0.759%	Dec. 25, 2023		
Nippon Life Insurance Company	2,000,000	—	—	2,000,000	0.225%	Nov. 22, 2023		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.300%	Oct. 9, 2025		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.310%	Sep. 24, 2026		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 30, 2030		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 5, 2032		
Resona Bank, Ltd.	2,000,000	—	—	2,000,000	0.888%	Sep. 30, 2031		
NTT TC Leasing Co., Ltd.	1,000,000	—	1,000,000	—	0.408%	May 31, 2023		
Kansai Mirai Bank, Limited	1,000,000	—	—	1,000,000	0.600%	Mar. 30, 2032		
The 77 Bank, Ltd.	1,000,000	—	1,000,000	—	0.408%	May 31, 2023		
The 77 Bank, Ltd.	—	1,000,000	—	1,000,000	0.543%	Nov. 30, 2028		
Daishi Hokuetsu Bank, Ltd.	1,000,000	—	—	1,000,000	0.566%	Nov. 21, 2028		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.316%	Dec. 25, 2023		
The Chiba Bank, Ltd.	1,000,000	—	—	1,000,000	0.449%	Oct. 25, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	1,000,000	—	0.299%	Jun. 27, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	—	1,000,000	—	1,000,000	0.443%	Dec. 27, 2027		
The Hyakugo Bank, Ltd.	1,000,000	—	—	1,000,000	0.582%	Apr. 25, 2025		
The Hiroshima Bank, Ltd.	1,000,000	—	—	1,000,000	0.566%	Nov. 21, 2028		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.310%	Oct. 2, 2026		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		
Bank of Kyoto, Ltd.	500,000	—	—	500,000	0.600%	Mar. 30, 2032		
<b>Total</b>	<b>165,000,000</b>	<b>7,000,000</b>	<b>8,000,000</b>	<b>164,000,000</b>				

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Long-term loans payable	20,000,000	21,000,000	20,900,000	15,000,000	20,200,000

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

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

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

## (8) Independent Auditor's Report

### Independent Auditor's Report

The Board of Directors  
Japan Prime Realty Investment Corporation

#### **Opinion**

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation (the Company), which comprise the balance sheet as at June 30, 2023, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions, and cash flows for the six-month period then ended and notes to financial statements, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The other information comprises the information included in the Semi-Annual Report that contains audited financial statements but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervising Officer is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Supervising Officer for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervising Officer is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Officer with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**Fee-related information**

The fees paid or payable to us and other EY Member Firms for the audits of the financial statements of Japan Prime Realty Investment Corporation and other non-audit fees charged in the audit period to Japan Prime Realty Investment Corporation are 14 million yen and 4 million yen, respectively.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 22, 2023

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Yuji Mukaide  
Designated Engagement Partner  
Certified Public Accountant

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Daisuke Unagami  
Designated Engagement Partner  
Certified Public Accountant

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

42nd Fiscal Period (July 1, 2022 – December 31, 2022)	43rd Fiscal Period (January 1, 2023 – June 30, 2023)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

**(Transactions with Interested Parties)**

42nd fiscal period (July 1, 2022 – December 31, 2022)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	2.93%	Purchase of real estate	3,320,000	—	—
				Sale of real estate beneficiary interest	4,270,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,777	Accrued expenses	473

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

43rd fiscal period (January 1, 2023 – June 30, 2023)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	2.93%	Purchase of real estate	5,770,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,422	Accrued expenses	355

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