



30th

GINZA GATES

Report on Operating and Management Results
Thirtieth Fiscal Period Semi-Annual Report
July 1, 2016 – December 31, 2016

Japan Prime Realty Investment Corporation

Determined Cash Distribution

The 30th fiscal period ended December 2016

¥7,048

Forecast Cash Distribution (reference)

The 31st fiscal period ending June 2017

¥7,140

The 32nd fiscal period ending December 2017

¥7,200

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JPR at a Glance

Japan Prime Realty Investment Corporation (JPR) is a J-REIT with a large-scale combined portfolio that is focused on office properties in Tokyo^(Note). It aims to achieve stable growth of cash distributions, building on the quality of its properties and solid management operations.

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

Portfolio

JPR has built a large-scale combined portfolio of assets under the basic policy of making investments focused on office properties in Tokyo.

No. of Properties and Size

63 properties **421.4** billion yen

Investment Ratio by Area

Tokyo: **83.6%** Other Cities: **16.4%**

Investment Ratio by Asset Class

Office: **74.8%** Retail: **25.2%**

Financial Base

JPR has constructed a financial base under the basic policy of conservatively controlling LTV and utilizing long-term, fixed interest rate debts.

LTV

43.7%

Ratio of Long-Term, Fixed Interest Rate Debts

96.3%

Issuer Rating

AA- (R&I) **A** (S&P)

Sponsors

JPR makes the best of the comprehensive capabilities in the real estate, construction and finance areas of the 5 sponsors led by Tokyo Tatemono together with Yasuda Real Estate, Taisei Corporation, Sompo Japan Nipponkoa Insurance and Meiji Yasuda Life Insurance.

Aggregate Value of Properties Acquired from and Based on Information Provided by Sponsors, etc.

324.9 billion yen

Major Properties Acquired from Sponsors, etc.



The Otemachi Tower
(Land with Leasehold Interest)



Olinas Tower



Yurakucho Ekimae Bldg.
(Yurakucho Itocia)

(Note) Aggregate value of properties acquired from and based on information provided by sponsors, etc. refers to the aggregate acquisition price of real estate, etc. JPR has acquired since its listing either from the sponsors, etc. or based on the information provided by the sponsors, etc., and includes the properties already sold. Sponsors, etc. represent the five sponsor companies of JPR, their affiliate companies and special purpose companies (SPCs) in which the sponsors have made equity investment (the same applies throughout this report).

Message to Our Unitholders



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



Japan Prime Realty
Investment Corporation

Hirohito Kaneko
Executive Officer

Nobuhisa Kusanagi
Supervising Officer

Masato Denawa
Supervising Officer

Dear Investors,

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

Having settled the 30th fiscal period (July 1, 2016 – December 31, 2016) at the end of December 2016, we renew our cordial appreciation for your patronage and support.

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

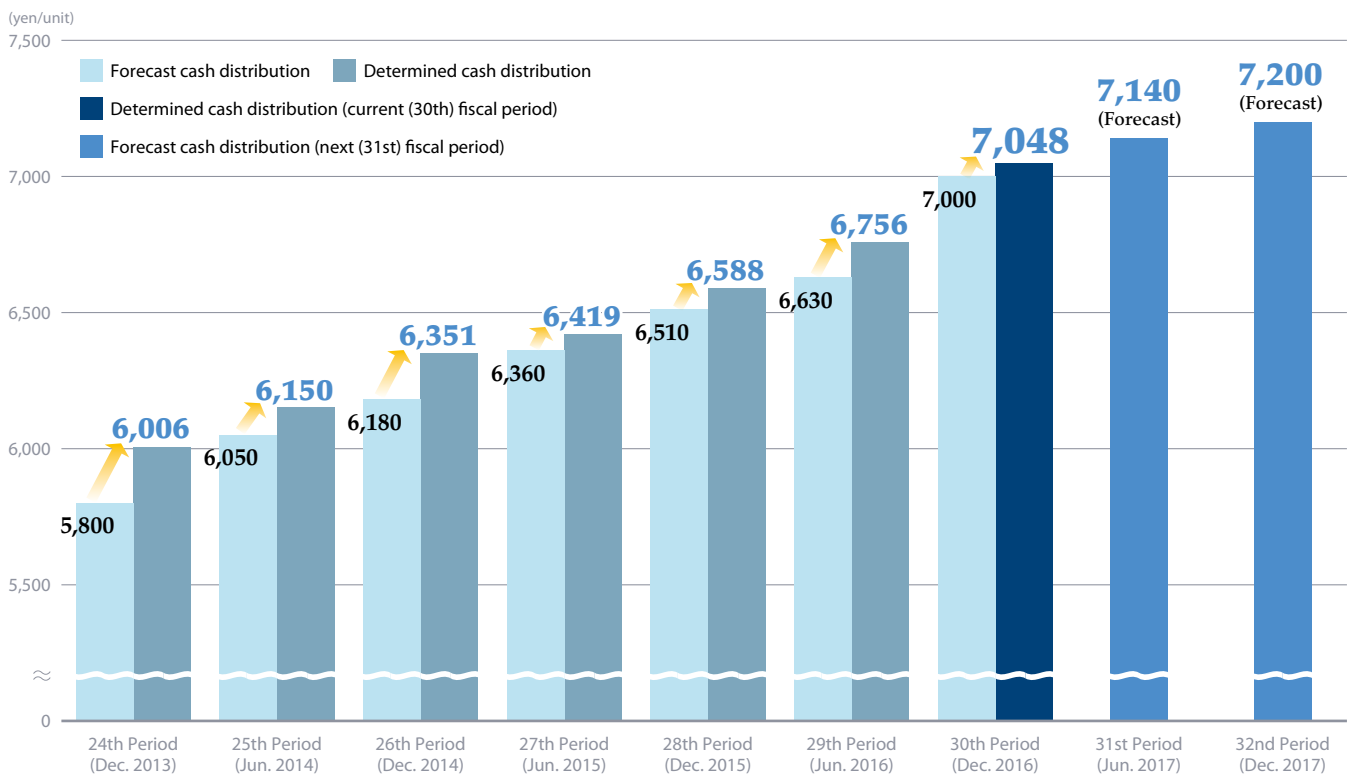
We ask for your continued understanding and support of our operations.

Account Highlights

Distribution per unit for the 30th fiscal period ended December 31, 2016 came to 7,048 yen, marking the sixth straight fiscal period with a period-on-period increase.

The upward trend will continue for the 31st fiscal period ending June 2017 and the 32nd fiscal period ending December 2017, as JPR forecasts distribution per unit of 7,140 yen (31st fiscal period) and 7,200 yen (32nd fiscal period).

Distribution per Unit



Operating Results

	24th Period ended Dec. 2013	25th Period ended Jun. 2014	26th Period ended Dec. 2014	27th Period ended Jun. 2015	28th Period ended Dec. 2015	29th Period ended Jun. 2016	30th Period ended Dec. 2016
Operating revenue (million yen)	13,591	13,734	13,902	14,251	14,105	14,246	15,105
Ordinary income (million yen)	4,899	5,073	5,239	5,566	5,746	5,897	6,153
Net income (million yen)	4,954	5,072	5,238	5,603	5,749	5,896	6,152
Unitholders' equity per unit (yen)	238,903	239,046	239,246	247,529	247,696	247,862	248,154

Message from Asset Manager



Satoshi Okubo

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

I sincerely appreciate the support you have extended to Japan Prime Realty Investment Corporation (JPR). JPR has settled the accounts for its 30th fiscal period, a milestone, in good shape. Let me report on the operating and management results of JPR for the fiscal period, plus the latest property acquisition and issuance of investment units through public offering conducted after entering the 31st fiscal period.

In the 30th fiscal period, steady internal growth allowed JPR to achieve a period-on-period increase in cash distributions for the sixth straight period.

Moreover, decisions were made to acquire three blue-chip properties that were relatively newly built and located in Central Tokyo, amounting to 31.7 billion yen in total, by utilizing the sponsor pipelines.

In addition, we endeavored to further reinforce JPR's portfolio, with issuance of new investment units through public offering in January 2017, establishing a strong and solid base for stable growth.

1 Financial Results of the 30th Fiscal Period Ended December 2016

The 30th fiscal period was another period with good financial results for JPR. Cash distribution per unit came to 7,048 yen, or up 292 yen from the 29th fiscal period, marking the sixth straight period with an increase over the preceding period.

The period-on-period increase was achieved primarily through steady internal growth. A higher occupancy rate based on generated rents, more cases of contract renewal with upward revision of rents, and raising of rents upon tenant replacement contributed to the increase, among other factors.

■ **Cash distribution per unit: ¥7,048**
(up ¥292 period-on-period)

■ Achieved a period-on-period increase in cash distributions for **6 straight periods**

■ **Growth rate: 5.5%**
(annualized figure for the 24th fiscal period and thereafter)

2 Acquisition of Blue-Chip Properties in Central Tokyo

Amid a severe environment for property acquisitions, we made decisions to acquire blue-chip properties that are relatively newly built and located in Central Tokyo (three properties totaling 31.7 billion yen) by utilizing the sponsor pipelines. Looking ahead, JPR will continue vigorously selective investments with a focus on the quality of properties.

■ Tokyo Square Garden

- Acquired a large-scale office property developed by the main sponsor
- Located in the area in front of Tokyo Station, where a transformation into one of the best business districts in Tokyo is under way
- Features high quality and a large size, boasting a floor plate of more than 1,000 tsubos

JPR acquired the property, a blue-chip property that is seldom available on the market, by exerting its strength of having established strong sponsor pipelines.

Acquisition date	February 1, 2017 (50%) / April 4, 2017 (50%) (scheduled)
Acquisition Price	¥18,400 million (planned)
Location	Kyobashi 3-chome, Chuo-ku, Tokyo

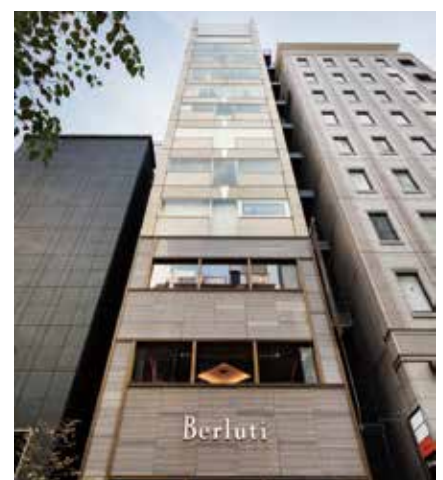


■ GINZA GATES

- Acquired an urban retail property in Namiki-dori street in Ginza, one of the most prominent brand streets in Japan, from the main sponsor.

The impression of the entire building as well as the large size with a floor of 40 to 50 tsubos attracts high demand from brand shops, etc. This allows expectations for rents higher than the market level, making the property attractive for JPR.

Acquisition date	December 15, 2016
Acquisition Price	¥10,100 million
Location	Ginza 5-chome, Chuo-ku, Tokyo



Message from Asset Manager

FUNDES Suidobashi

- Acquired the first property of the FUNDES series, which are urban retail properties developed by the main sponsor.

The property, a concept-oriented retail building, has high scarcity value and is highly competitive as it has a floor space that is a suitable size matching the needs of opening stores.



Acquisition date	December 15, 2016
Acquisition Price	¥3,250 million
Location	Misakicho 2-chome, Chiyoda-ku, Tokyo

3 Issuance of New Investment Units through Public Offering

In association with the acquisition of Tokyo Square Garden, JPR issued new investment units through public offering in an effort to reinforce its financial base.

Date of resolution of issuance	Number of units newly issued	Total offering amount
January 6, 2017	50,000 units	21,257 million yen

*The investment units newly issued consist of 47,600 units via primary offering and 2,400 units through secondary offering with an over-allotment option.

Significances

1. Establish a strong and solid portfolio through focused investments in blue-chip properties

- Acquisition of co-ownership interest in Tokyo Square Garden
Conducted focused investment of 31.7 billion yen (combined with the already-acquired two properties) in an relatively newly built property in Central Tokyo
- Establishment of a strong and solid portfolio through asset replacement
Reinforced the portfolio by selling low-yielding properties or properties generating concerns about their future competitiveness

Ratio of Tokyo in the portfolio	Ratio of large-scale office properties
+1.4 percentage points	+3.1 percentage points
Unrealized gains	Average building age
+3.0 billion yen	-1.3 years

2. Establish a strong and solid financial base by stably controlling LTV

- Continue a flexible investment stance by taking advantage of debt procurement capacity for property acquisitions
- Maintain a strong and solid financial base
Continue stable financial management by controlling LTV at 45% or lower as a target for the moment

LTV	Acquisition capacity (assuming LTV at 45%)
40.8% (-1.3 percentage points)	34.3 billion yen (+12.0 billion yen)

3. Establish a strong and solid base for stable growth by working to increase NAV per unit

- Work to increase NAV per unit and distribution per unit by reducing the impact of dilution
- Expand acquisition capacity and endeavor to further increase cash distributions through new acquisitions (reinforcement of a base for stable growth)

NAV per unit

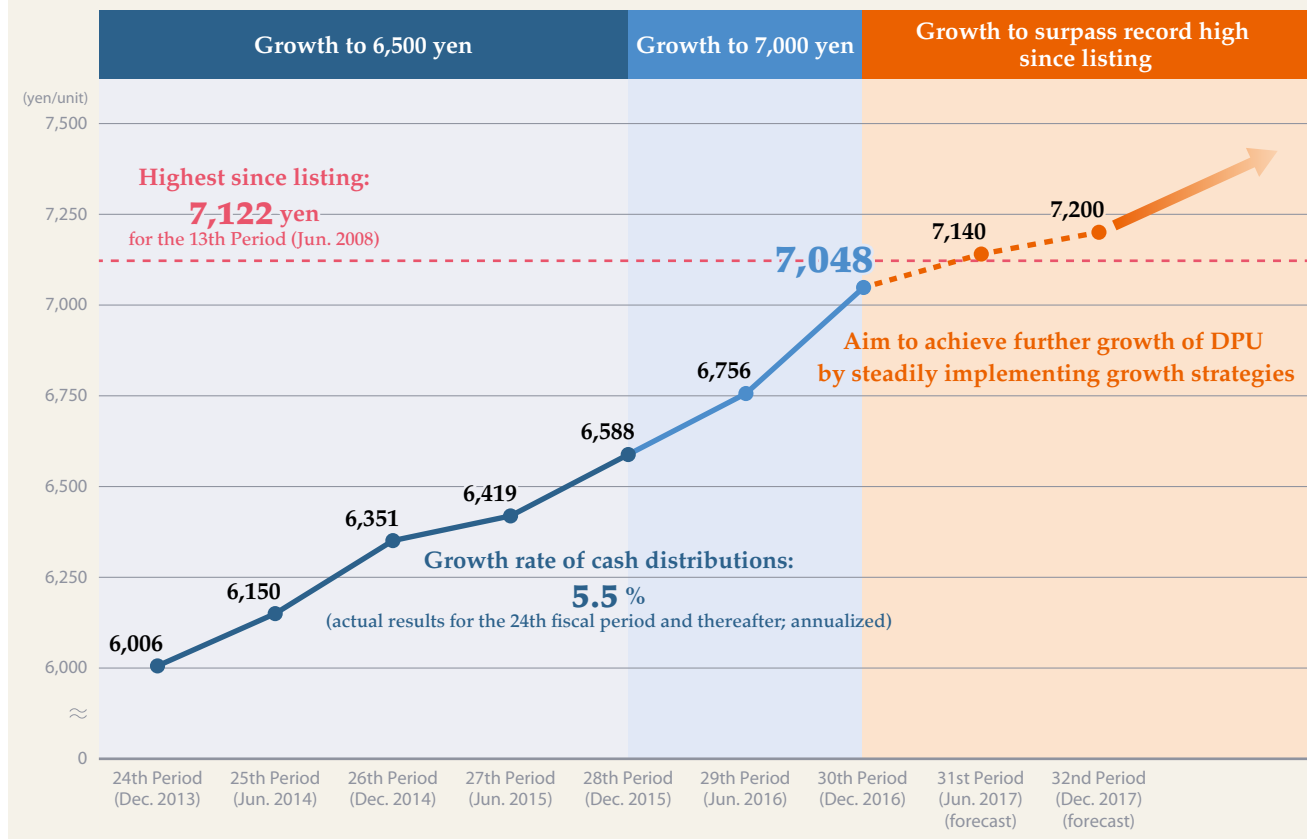
286,099 yen (+12,203 yen)

Distribution per unit (DPU)

Aim to achieve growth of DPU to surpass the record high since listing of JPR

*Figures indicating the effects of the public offering are assumptions made upon preparing the plan.

Actual Results and Forecast of Cash Distribution per Unit



4

Asset Management for the 31st Fiscal Period Ending June 2017 and Thereafter

The office property leasing market continues to see strong new demand for such positive development as expanding office spaces, primarily in the Tokyo area, causing new rents to rise moderately. Given such a situation, JPR forecasts distribution per unit of 7,140 yen for the 31st fiscal period ending June 2017, anticipating to renew the record high since listing (achieved for the 13th fiscal period ended June 2008). For the 32nd fiscal period ending December 2017, DPU is projected to achieve a period-on-period increase for the eighth straight fiscal period, steadily continuing stable growth.

Going forward, JPR will continue its efforts to enhance unitholder value through “continuous growth of cash distributions.”

Forecast cash distribution per unit

31st fiscal period ending June 2017

¥7,140

32nd fiscal period ending December 2017

¥7,200

Internal Growth Strategy

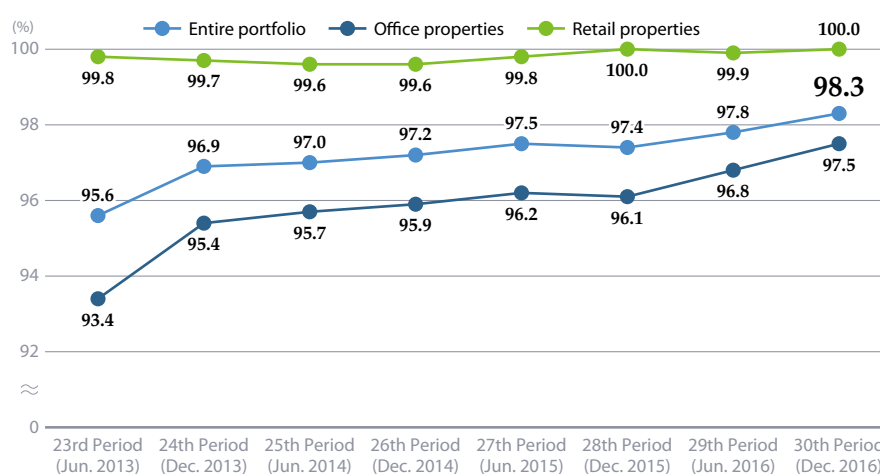
JPR has achieved internal growth through an increase in rents while maintaining the occupancy rate at a high level, with its measures including flexible use of target rents proving effective.

Major Reinforcement Strategies

1. Flexibly use target rents	JPR conducts leasing by setting target rents, to be used upon concluding new contracts or renewing existing contracts for respective properties, for each fiscal period in accordance with the market trends.
2. Reinforce investments for value enhancement	JPR works to raise rents for new contracts and reinforce property competitiveness by investing in interior fittings and facilities, etc. that meet tenant needs.
3. Continuously enhance tenant satisfaction	Deliberately responding to tenants and creating safe and secured environments are important initiatives that positively affect rent negotiations as well as help prevent contract cancellations from happening.
4. Strategically use rent-free Periods	JPR uses rent-free periods strategically, intending to raise rents for new contracts and conduct upward revision of rents upon contract renewal in the future.

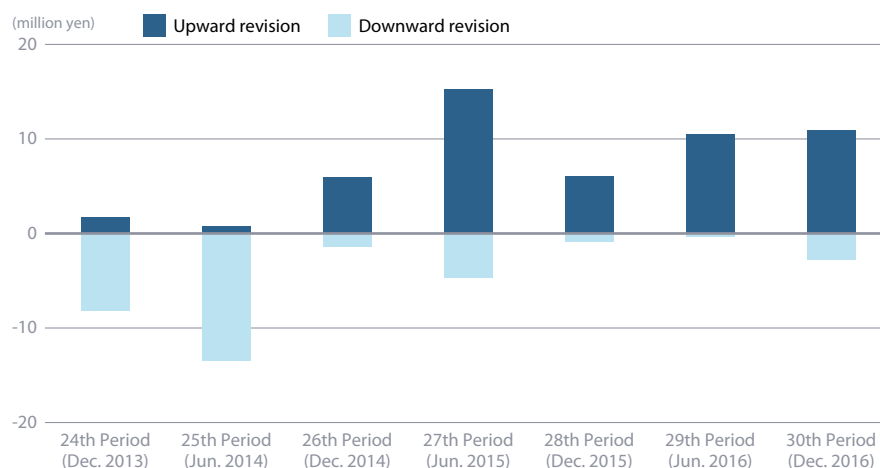
Average Occupancy Rate

The average occupancy rate of the portfolio (period average of occupancy rates at end of months) has remained at a high level of 97% or higher.



Changes in Revised Amount of Monthly Rent, Etc.

By amount, upward revision of rents has continued to surpass downward revision since the 26th fiscal period ended December 2014.



External Growth Strategy

JPR is resolved to continuously work on investments focused on office properties in Tokyo in order to enhance its growth potential over the long term, while conducting vigorously selective investments in retail properties as well as office properties in regional cities to enhance the stability of earnings.

Basic Strategy

1. Focused investments in office properties in Tokyo

Improve the quality of the portfolio by making investments focused on office properties in Tokyo that are expected to contribute to long-term growth

Compared with other regional cities, Tokyo allows expectations for more stable occupancy and higher rent levels, and is believed to offer larger rooms for an increase of rents when the leasing market shows a recovery trend. Looking ahead, JPR will continue to make investments focused on office properties in Tokyo, with an aim to further improve the quality of its portfolio and enhance its growth potential over a long term.

2. Vigorously selective investments in retail properties as well as office properties in regional cities

For retail properties as well as office properties in regional cities, work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level

While securing growth potential by making focused investments in office properties in Tokyo, JPR will make vigorously selective investments in urban retail properties with long-term, fixed-rent contracts and in large office properties in regional cities having a high competitive advantage in the areas, in order to complement the stability of earnings from the entire portfolio.

Cases in which JPR Acquired Properties by Utilizing Sponsor Support

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



Property Acquisition Results by Channel

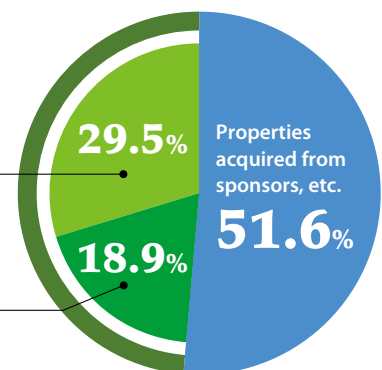
At JPR, the ratio of properties acquired from its sponsors, etc. and that of properties acquired from third parties (total of properties acquired based on the information provided by the sponsors and those acquired other than from the sponsors, etc.) are almost equal, standing at 51.6% for the former and 48.4% for the latter (on an acquisition price basis).

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

Transactions with third parties
48.4%

Properties acquired other than from sponsors, etc.

Properties acquired based on information provided by sponsors



Financial Strategy

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

Financial Status

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

Major Financial Indicators (at end of the 30th fiscal period)

Ratio of interest-bearing debts to total assets	43.7%
Ratio of long-term, fixed interest rate debts	96.3%

Status of Corporate Credit Ratings Assigned to JPR

R&I (Rating and Investment Information, Inc.)	AA- (Stable)
S & P (Standard & Poor's Ratings Japan K.K.)	Long-term: A (Stable) Short-term: A-1

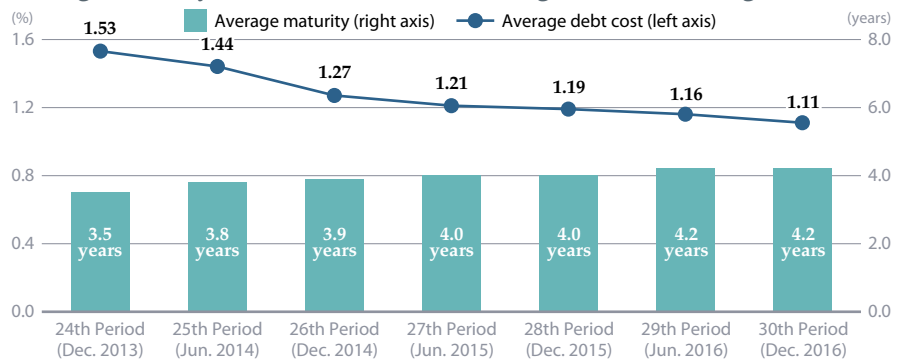
Lengthening Maturity of Debts and Reducing Costs Simultaneously

JPR has successfully reduced debt cost while working to lengthen the maturity of debts.

Refinances in the 30th Fiscal Period (Comparison of debts that matured in the fiscal period and new debts)

Average maturity	4.7 years ➔ 7.4 years (up 2.8 years)
Average debt cost	1.05% ➔ 0.52% (down 0.52%)

Average Maturity of the Entire Interest-Bearing Debts and Average Debt Cost



(Note) New debts borrowed in the refinance conducted in the 30th fiscal period, their average maturity and average debt cost have been calculated by excluding short-term loans payable.

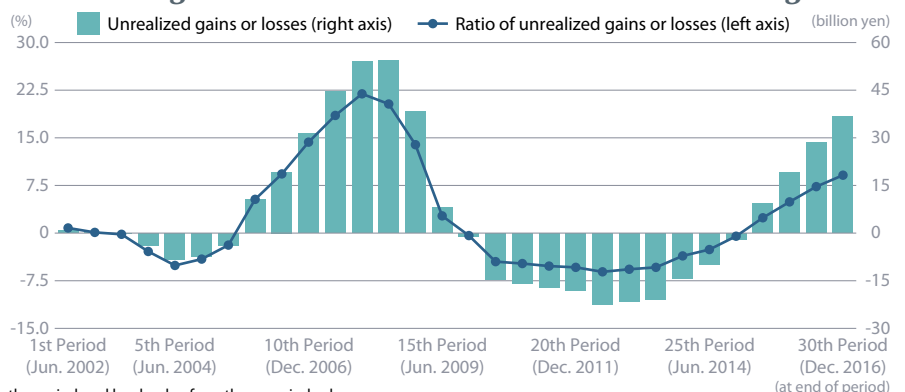
Expansion of Unrealized Gains

JPR's unrealized gains have increased, given higher appraisal values in accordance with the recovery in the real estate market.

Status of Unrealized Gains at the End of the 30th Period

Appraisal value	437.9 billion yen (up 18.1 billion yen period-on-period)
Unrealized gains	36.6 billion yen (up 9.1%) (up 8.0 billion yen period-on-period)

Changes in Unrealized Gains and Losses since Listing



(Note) Unrealized gains refer to the amount obtained by subtracting the period-end book value from the appraisal value.

Initiatives on Governance

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

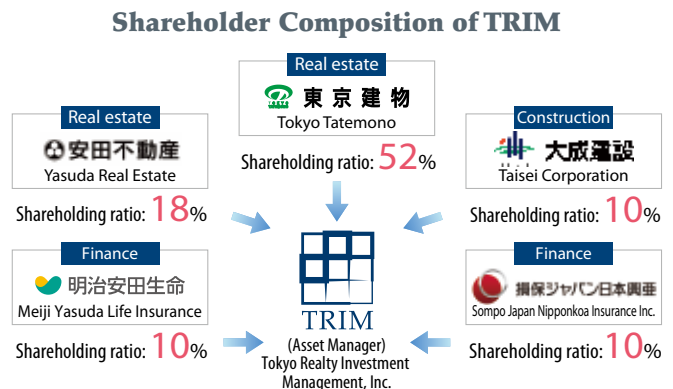
Highly Independent Board Composition

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

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

Diversified Shareholder Composition and Reinforced Independence

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



Decision Making Based on Stringent Processes

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

Members of the Compliance Committee of TRIM

President and CEO	
Corporate Planning / Administration Division general manager	Investment Management Division general manager
Financial Division general manager	Compliance Office general manager
Special member (outside attorney)	

Stringent Decision-Making Process (for property acquisitions)



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

Portfolio Status

Portfolio Management Standards

Upon listing, JPR had portfolio management standards that set a target investment ratio by area of roughly 60% for Tokyo versus 40% for Other Cities and a target investment ratio by asset class of roughly 80% for office properties versus 20% for retail properties. In the 16th fiscal period ended December 2009, however, JPR changed the standards as follows with a policy of focusing investments in office properties in Tokyo.

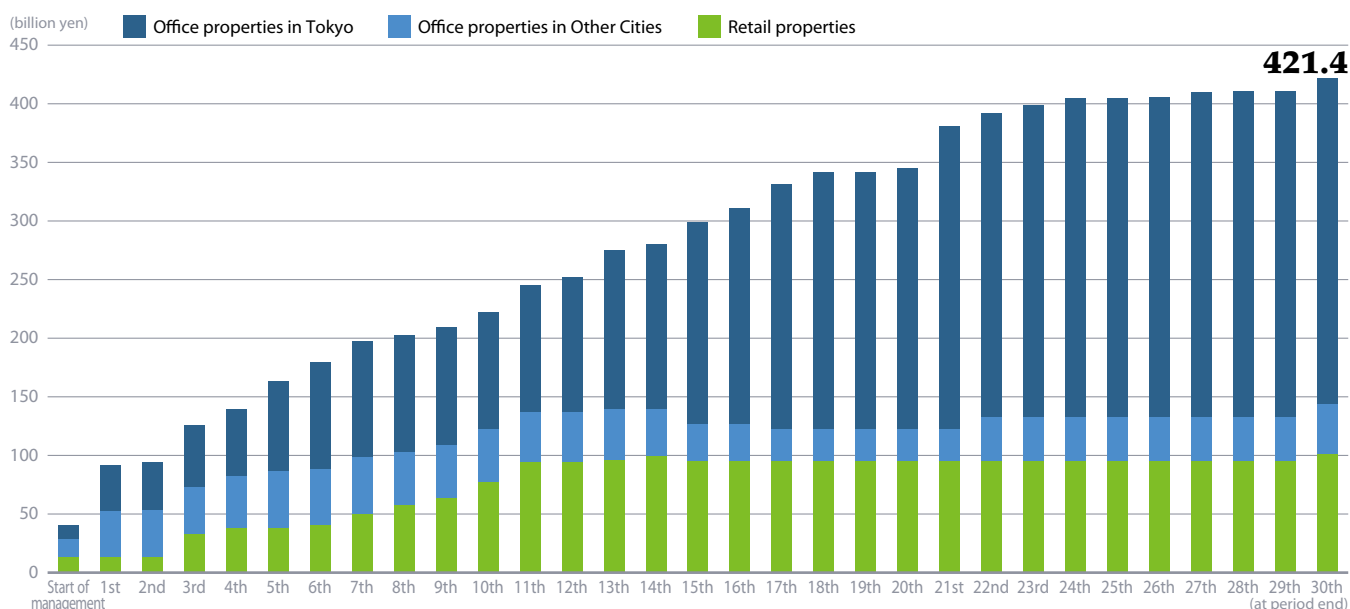
Target investment ratio by area

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

Target investment ratio by asset class

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

Asset Size Expansion Trends



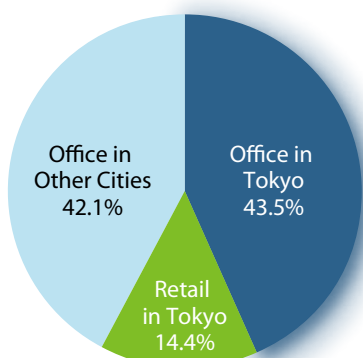
(Note) The asset size represents the aggregate acquisition price of the respective properties in JPR's portfolio as of the relevant date, rounded off to the nearest 100 million yen.

Changes in Investment Ratios by Area and by Asset Class

Focused investments in office properties in Tokyo have resulted in an increase in the investment ratio of office properties in Tokyo as of the end of the 30th fiscal period by 24.1% compared with the end of the 1st fiscal period.

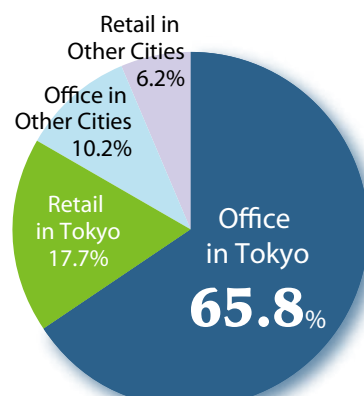
End of 1st Fiscal Period (June 30, 2002)

End of 30th Fiscal Period (December 31, 2016)



Increase in the investment ratio of office properties in Tokyo through focused investments

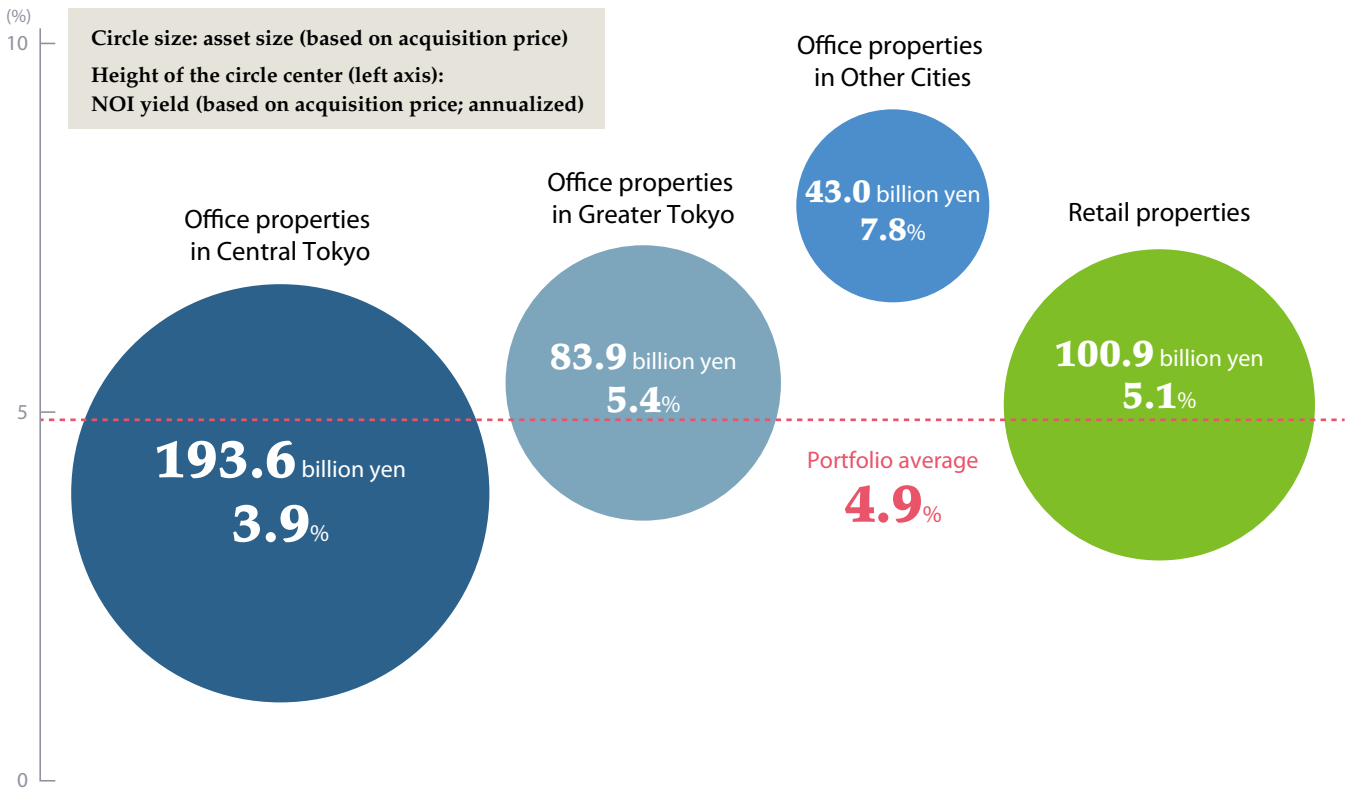
+22.3%



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

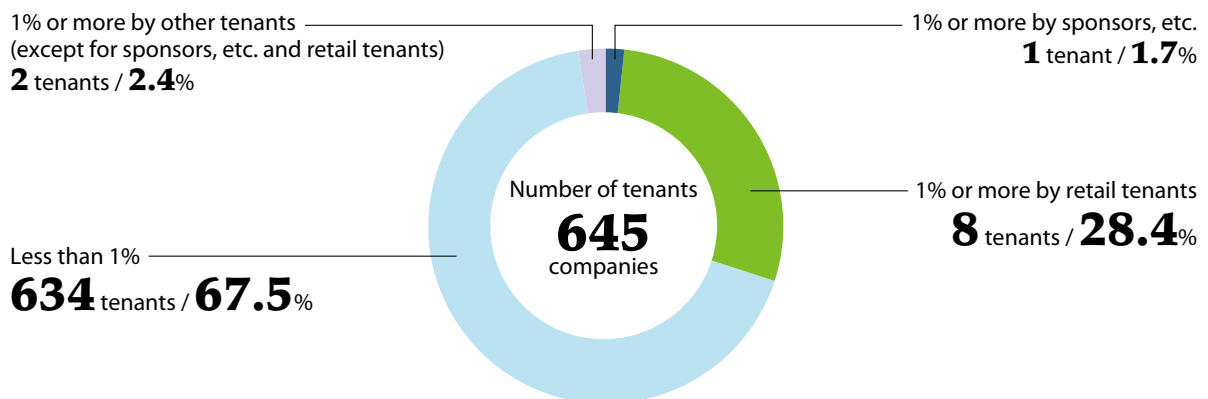
JPR has built a portfolio that enjoys the utmost advantages of diversified investments, including the growth potential of office properties located in Central Tokyo, the stability of urban retail properties with long-term lease agreements, etc., and the profitability of office properties in Greater Tokyo and Other Cities.

Status of Diversified Investments (asset size by area/asset class and NOI yields)



Status of Tenant Diversification (ratio of tenant occupancy of 1% or more)

If the ratio of occupancy (ratio of occupied floor space in the portfolio) by a single tenant is low, it reduces the risk of lower revenue when the tenant cancels a contract in the future. JPR keeps the ratio low to enhance the stability of revenue.



(Note) Ratio of occupancy = Leased space of each tenant / total leasable space
 The number of tenants indicates the number of sublessees, which shows the diversification status in effect, when the tenant subleases the relevant property to sublessees (end tenants), etc. and the leasing terms and conditions vary in accordance with the situation of leasing. 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.

Overview of Portfolio Properties

List of Properties (63 Properties for the Entire Portfolio)

Central Tokyo (31 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 27, 2001	¥16,276	3.9	7,994.02	3.9
	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 27, 2001	2,874	0.7	2,291.13	5.8
	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 16, 2001	2,100	0.5	2,804.56	3.7
	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 16, 2001	1,670	0.4	3,319.37	4.4
				Nov. 21, 2002	550	0.1		
				Nov. 12, 2004	200	0.0		
				Total	2,420	0.6		
	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 21, 2002	4,000	0.9	3,265.34	7.8
	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 28, 2003	11,200	2.7	14,468.38	6.8
	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 23, 2003	2,920	0.7	4,241.22	7.3
	A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	Oct. 15, 2003	1,800	0.4	1,937.40	5.2
				Apr. 15, 2005	1,120	0.3		
				Total	2,920	0.7		
	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 28, 2004	5,100	1.2	4,235.05	4.9
	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 1, 2004	3,500	0.8	4,088.44	3.5
	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2, 2004	10,000	2.4	19,284.71	1.3
				Sep. 26, 2008	180	0.0		
				Mar. 25, 2015	4,000	0.9		
				Oct. 21, 2015	786	0.2		
				Total	14,966	3.6		
	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 9, 2004	2,900	0.7	15,216.94	3.1
				Apr. 12, 2005	8,921	2.1		
				Jul. 13, 2010	3,300	0.8		
				Total	15,121	3.6		
	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 26, 2004	710	0.2	1,253.39	4.7
A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Mar. 27, 2008	21,000	5.0	8,863.98	1.3	
A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 14, 2008	3,760	0.9	3,405.73	6.0	
A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 19, 2008	1,870	0.4	1,700.57	5.3	
A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2, 2009	2,800	0.7	2,488.36	7.7	
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 25, 2009	8,400	2.0	4,763.38	6.8	
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 12, 2010	5,250	1.2	3,551.01	6.7	
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Mar. 31, 2010	5,100	1.2	5,299.89	5.0	
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 31, 2010	15,050	3.6	6,177.74	2.6	
A-22	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 29, 2011	3,400	0.8	1,896.69	4.5	
A-23	The Otemachi Tower (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	Mar. 13, 2012	36,000	8.5	11,034.78	—	
A-24	Science Plaza – Yonbancho Plaza	Chiyoda-ku, Tokyo	Dec. 6, 2013	2,660	0.6	3,325.27	3.1	
A-25	Shibadaimon Center Building	Minato-ku, Tokyo	Dec. 6, 2013	3,420	0.8	5,401.46	5.6	
			Jul. 30, 2014	800	0.2			
			Total	4,220	1.0			
Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 30, 2003	12,000	2.8	8,076.85	5.8
	A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 24, 2006	4,275	1.0	1,027.33	5.4
	A-4	Shinjuku Sanchome East Bldg.	Shinjuku-ku, Tokyo	Mar. 14, 2007	540	0.1	2,347.81	1.6
				Apr. 24, 2008	2,200	0.5		
				Total	2,740	0.7		
	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 27, 2008	3,400	0.8	1,101.92	3.0
	A-6	GINZA GATES	Chuo-ku, Tokyo	Dec. 15, 2016	10,100	2.4	1,666.55	6.8
A-7	FUNDES Suidobashi	Chiyoda-ku, Tokyo	Dec. 15, 2016	3,250	0.8	1,367.56	6.5	
Subtotal					¥229,382	54.4	157,896.83	—

(Note 1) The table above shows properties owned by JPR as of December 31 2016.

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

Greater Tokyo (17 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	B-1	Arca East	Sumida-ku, Tokyo	Nov. 16, 2001	¥5,880	1.4	7,022.76	3.2
	B-2	JPR Chiba Bldg.	Chiba, Chiba	Dec. 13, 2001	2,350	0.6	5,536.18	3.9
	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 16, 2001	2,927	0.7	6,066.53	6.7
	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 25, 2002	920	0.2	5,284.75	10.5
				Mar. 28, 2013	570	0.1		
				Total	1,490	0.4		
	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 13, 2004	8,100	1.9	15,420.07	6.8
	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 1, 2004	3,250	0.8	6,476.53	3.9
				Sep. 30, 2005	888	0.2		
	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Feb. 28, 2007	2,300	0.5	4,683.40	4.1
				Total	3,188	0.8		
	B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 22, 2007	5,831	1.4	6,023.39	1.3
	B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 10, 2007	6,510	1.5	12,000.08	3.4
B-11	Olinas Tower	Sumida-ku, Tokyo	Jun. 29, 2009	31,300	7.4	23,987.40	2.4	
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 27, 2010	7,000	1.7	6,494.09	5.2	
B-13	Omiya Prime East	Saitama, Saitama	Mar. 22, 2013	6,090	1.4	6,871.45	2.4	
Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 16, 2001	10,200	2.4	31,121.71	3.5
	B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 31, 2006	2,100	0.5	5,963.00	8.1
	B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 28, 2006	7,254	1.7	19,740.95	4.5
	B-5	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 19, 2007	4,335	1.0	14,960.69	7.1
	B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 12, 2007	15,080	3.6	12,116.35	5.9
Subtotal					¥122,885	29.2	189,769.33	—

Other Cities (15 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 16, 2001	¥2,140	0.5	5,326.88	1.7
	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 16, 2001	4,150	1.0	7,158.13	4.3
	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 16, 2001	2,900	0.7	6,568.43	0.5
	C-9	JPR Naha Bldg.	Naha, Okinawa	Nov. 16, 2001	1,560	0.4	3,946.36	5.7
	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 26, 2002	3,150	0.7	7,129.14	2.0
	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 26, 2002	1,670	0.4	4,875.38	10.6
	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 21, 2002	2,810	0.7	3,257.73	1.6
	C-17	JPR Dojima Bldg.	Osaka, Osaka	Jan. 23, 2004	2,140	0.5	3,930.71	5.0
	C-18	JPR Hakata-chuo Bldg.	Fukuoka, Fukuoka	Jun. 11, 2004	1,920	0.5	3,290.42	0.8
	C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Mar. 22, 2005	4,137	1.0	7,086.37	6.3
	C-20	Yakuin Business Garden	Fukuoka, Fukuoka	Aug. 8, 2012	10,996	2.6	16,654.33	1.6
Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	May 30, 2005	5,430	1.3	3,842.47	11.5
				May 15, 2003	8,000	1.9		
				Jul. 16, 2003	5,000	1.2		
	Total	13,000	3.1					
C-4	Housing Design Center Kobe	Kobe, Hyogo	Sep. 28, 2005	7,220	1.7	35,444.13	7.2	
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 30, 2006	6,000	1.4	2,485.79	8.4	
Subtotal					¥69,223	16.4	129,583.24	—
Total					¥421,490	100.0	477,249.40	2.0

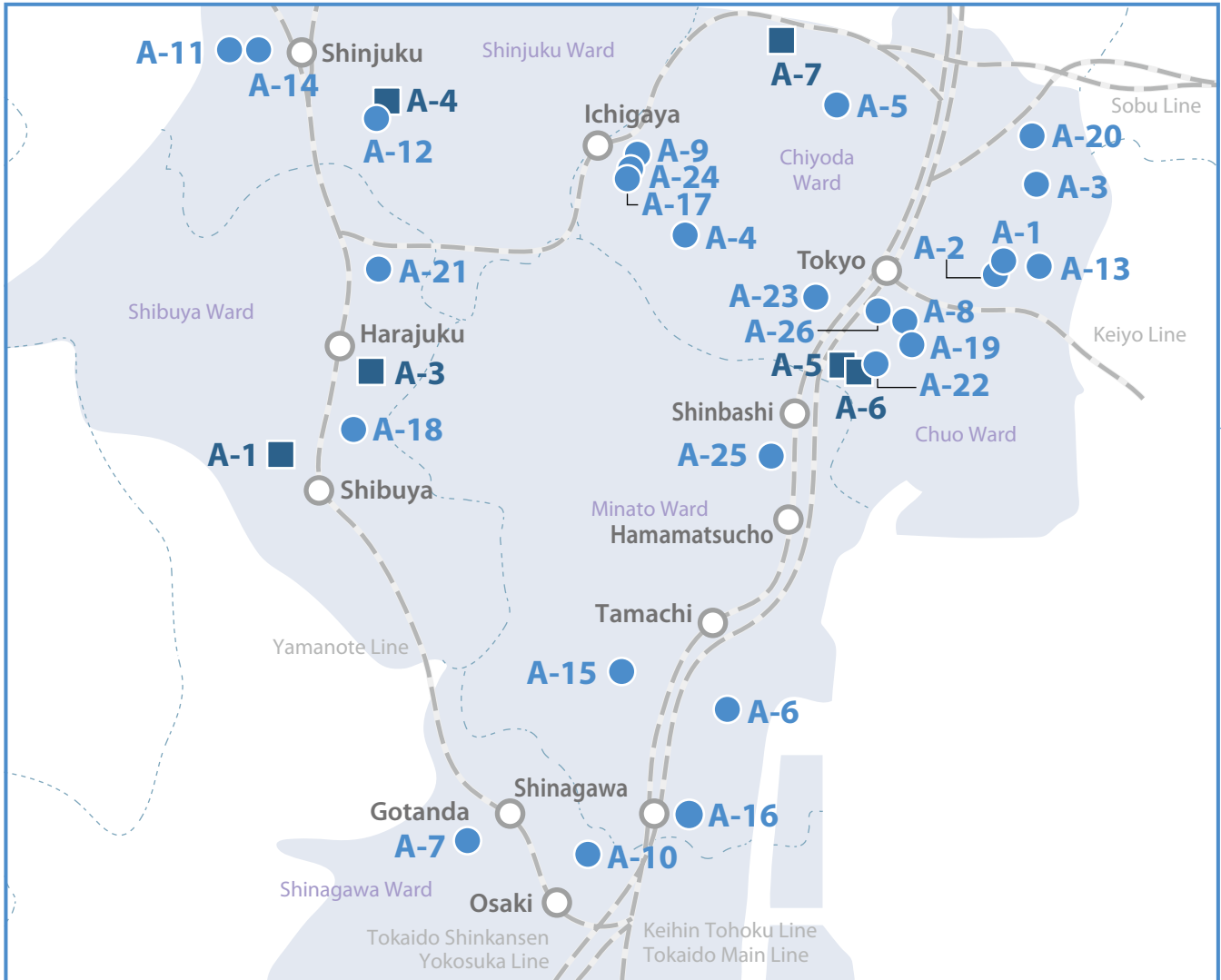
(Note 3) The PML indicates the figures stated in the Portfolio Earthquake PML Valuation Report prepared by Sompo Japan Nipponkoa Risk Management Inc., rounded off to the second decimal place.

(Note 4) The acquisition price for JPR Musashikosugi Bldg. (Retail B-4) does not include the part of the land that was sold in association with a redevelopment project (5 million yen).

(Note 5) The asset class of Benetton Shinsaibashi Bldg. (Office C-21) was converted from "retail" to "office" as of July 30, 2016.

Portfolio Map

A Central Tokyo



Office

- A-1 Kanematsu Bldg.
- A-2 Kanematsu Bldg. Annex
- A-3 JPR Ningyo-cho Bldg.
- A-4 Shin-Kojimachi Bldg.
- A-5 JPR Crest Takebashi Bldg.
- A-6 MS Shibaura Bldg.
- A-7 Gotanda First Bldg.
- A-8 Fukuoka Bldg.
- A-9 JPR Ichigaya Bldg.
- A-10 Oval Court Ohsaki Mark West
- A-11 Shinjuku Square Tower
- A-12 BYGS Shinjuku Bldg.
- A-13 Across Shinkawa Bldg. Annex
- A-14 Shinjuku Center Bldg.
- A-15 Minami Azabu Bldg.

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

Property to be acquired in 31st fiscal period

- A-26 Tokyo Square Garden

Retail

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

Property acquired in 30th fiscal period

- A-6 GINZA GATES
- A-7 FUNDES Suidobashi

A Central Tokyo

Chiyoda Ward
Chuo Ward

Minato Ward
Shinjuku Ward

Shinagawa Ward
Shibuya Ward

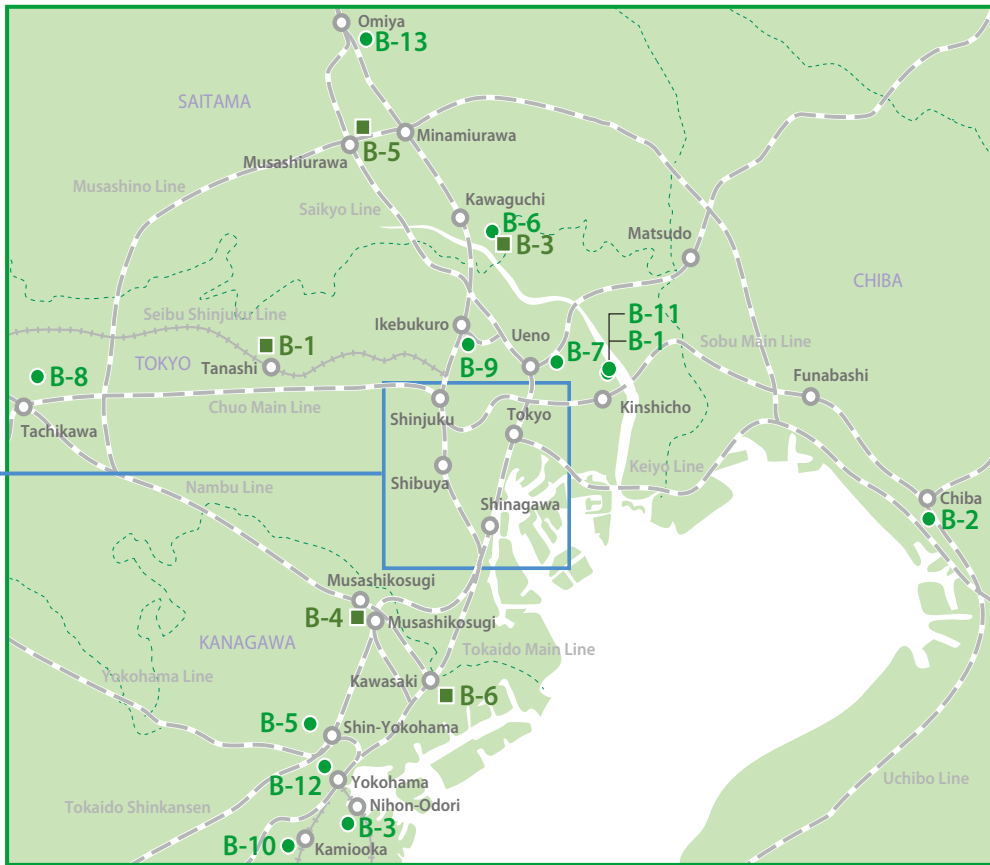
B Greater Tokyo

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

C Other Cities

All other areas in Japan

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



Office

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

Retail

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

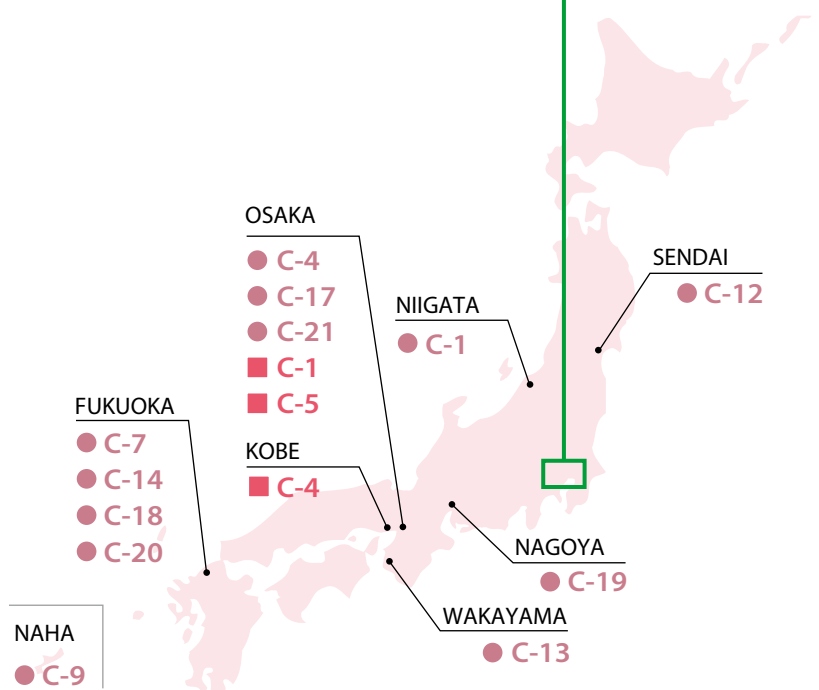
C Other Cities

Office

- C-1 Niigata Ekinan Center Bldg.
- C-4 Tokyo Tatemono Honmachi Bldg.
- C-7 JPR Hakata Bldg.
- C-9 JPR Naha Bldg.
- C-12 Sompo Japan Sendai Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-14 Tenjin 121 Bldg.
- C-17 JPR Dojima Bldg.
- C-18 JPR Hakata-chuo Bldg.
- C-19 JPR Nagoya Fushimi Bldg.
- C-20 Yakuin Business Garden
- C-21 Benetton Shinsaibashi Bldg.

Retail

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

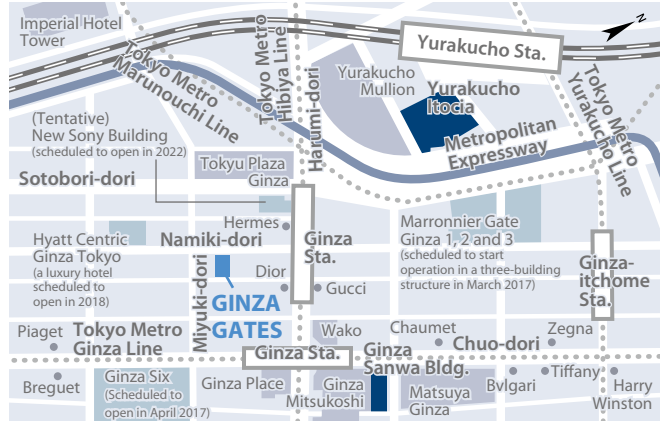


Properties Newly Acquired in 30th Fiscal Period

A-6 GINZA GATES Chuo Ward, Tokyo



JPR acquired an urban retail property along Namiki-dori street in Ginza, one of the most prominent brand streets in Japan, from the main sponsor.



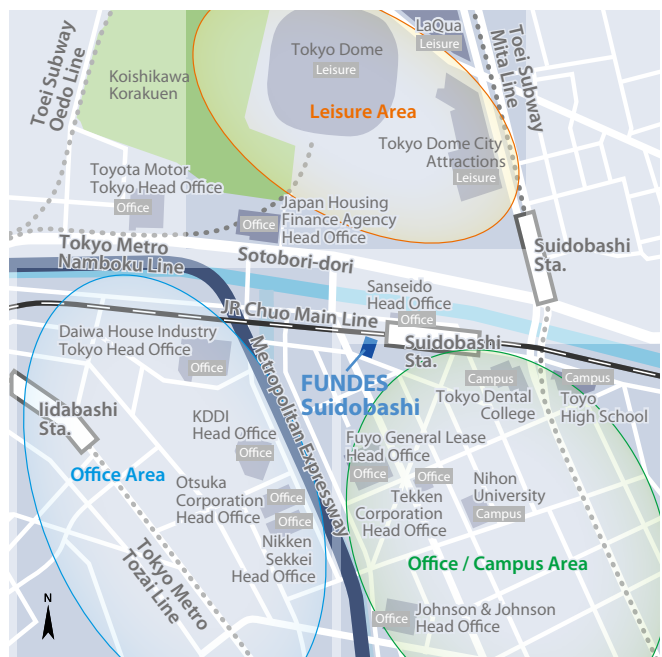
Approximately 2-minute walk from Ginza Station on Tokyo Metro Ginza Line, Hibiya Line and Marunouchi Line

Location	5-14 Ginza 5-chome, Chuo-ku, Tokyo	
Acquisition Price	¥10,100 million	Structure/Floors S 11F
Site Area	230.11 m ²	Completed June 2008
Total Floor Space	1,821.67 m ²	Property Manager Tokyo Tatemono Co., Ltd.

A-7 FUNDES Suidobashi Chiyoda Ward, Tokyo



JPR acquired the first property of the FUNDES series, which are compact urban retail properties developed by the main sponsor.



Approximately a 1-minute walk from Suidobashi Station on the JR Sobu Line and approximately a 5-minute walk from Suidobashi Station on the Toei Subway Mita Line

Location	20-8 Misakicho 2-chome, Chiyoda-ku, Tokyo	
Acquisition Price	¥3,250 million	Structure/Floors S 9F
Site Area	281.59 m ²	Completed July 2015
Total Floor Space	1,477.91 m ²	Property Manager Prime Place Co., Ltd.

Property Newly Acquired in 31st Fiscal Period

A-26

Tokyo Square Garden

Chuo Ward, Tokyo

JPR acquired a large-scale office property developed by the main sponsor. Located in the area in front of Tokyo Station, where a transformation into one of the best business districts in Tokyo is under way, the property features high quality with great appeal, boasting a floor plate of more than 1,000 tsubos



Floor plate with more than 1,000 tsubos and column-free space

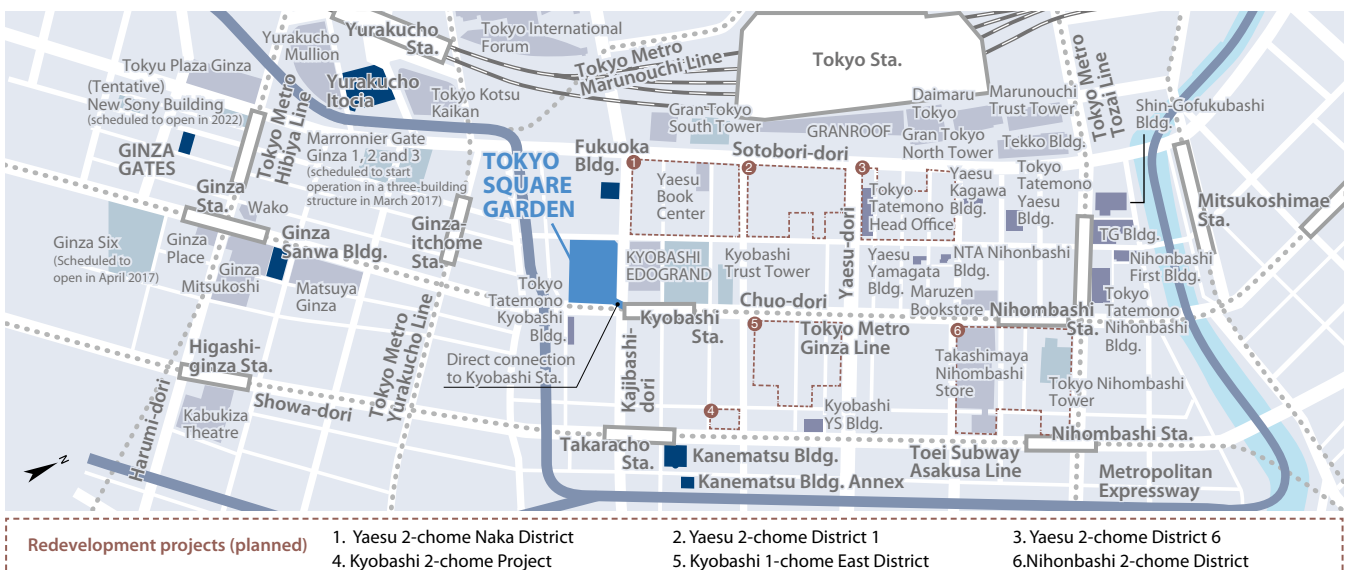


Kyobashi Station Plaza directly connected to Kyobashi Station on the Tokyo Metro Ginza Line



"Kyobashi no Oka" with full of greenery and tree-lined sidewalks

Location	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	
Acquisition Price	¥18,400 million	Structure/Floors S/SRC B4/24F
Site Area	8,124.72 m ²	Completed February 2013
Total Floor Space	112,645.83 m ²	Property Manager Tokyo Tatemono Co., Ltd.



Directly connected to Kyobashi Station on the Tokyo Metro Ginza Line, approximately a seven-minute walk from Tokyo Station on the JR lines, approximately a six-minute walk from Yurakucho Station on JR lines, approximately a 3-minute walk from Ginza 1-chome Station on the Tokyo Metro Yurakucho Line, and approximately a 3-minute walk from Takaramachi Station on the Toei Subway Asakusa Line

Portfolio Properties

Central Tokyo Office Retail

A-1 Kanematsu Bldg. Chuo Ward, Tokyo



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

A-2 Kanematsu Bldg. Annex Chuo Ward, Tokyo



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

A-3 JPR Ningyo-cho Bldg. Chuo Ward, Tokyo



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

A-4 Shin-Kojimachi Bldg. Chiyoda Ward, Tokyo



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

A-5 JPR Crest Takebashi Bldg. Chiyoda Ward, Tokyo



Acquisition Price	¥4,000 million
Site Area	636.90 m ²
Total Floor Space	4,790.68 m ²
Structure/Floors	SRC B1/9F
Completed	September 1999
Property Manager	Tokyo Tatemono Co., Ltd.

A-6 MS Shibaura Bldg. Minato Ward, Tokyo



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

Central Tokyo Office Retail

A-7 Gotanda First Bldg.
Shinagawa Ward, Tokyo



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

A-8 Fukuoka Bldg.
Chuo Ward, Tokyo




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

A-9 JPR Ichigaya Bldg.
Chiyoda Ward, Tokyo



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

A-11 Shinjuku Square Tower
Shinjuku Ward, Tokyo



Acquisition Price	¥14,966 million	Structure/Floors	S/RC/SRC B4/30F
Site Area	8,409.52 m ² (entire redevelopment project)	Completed	October 1994
Total Floor Space	78,796.00 m ² (entire redevelopment project)	Property Manager	Tokyo Tatemono Co., Ltd.

A-10 Oval Court Ohsaki Mark West
Shinagawa Ward, Tokyo




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

A-13 Across Shinkawa Bldg. Annex
Chuo Ward, Tokyo



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

Portfolio Properties

Central Tokyo

Office

Retail

A-12 BYGS Shinjuku Bldg. Shinjuku Ward, Tokyo



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

A-14 Shinjuku Center Bldg. Shinjuku Ward, Tokyo



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

A-15 Minami Azabu Bldg. Minato Ward, Tokyo



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

A-18 JPR Harajuku Bldg. Shibuya Ward, Tokyo



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

A-16 Shinagawa Canal Bldg. Minato Ward, Tokyo



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

Central Tokyo Office Retail

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



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

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



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



A-21 **JPR Sendagaya Bldg.**
Shibuya Ward, Tokyo



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



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



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

A-22 **Ginza Sanwa Bldg.**
Chuo Ward, Tokyo



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

A-24 **Science Plaza - Yonbancho Plaza**
Chiyoda Ward, Tokyo



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

Portfolio Properties

Central Tokyo

Office

Retail

A-23 The Otemachi Tower (Land with Leasehold Interest) Chiyoda Ward, Tokyo



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

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

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



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

A-25 Shibadaimon Center Building Minato Ward, Tokyo



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

A-3 JPR Jingumae 432 Shibuya Ward, Tokyo



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

A-4 Shinjuku Sanhome East Bldg. Shinjuku Ward, Tokyo



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

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



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

Greater Tokyo Office Retail

B-1 Arca East
Sumida Ward, Tokyo



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

B-2 JPR Chiba Bldg.
Chiba City, Chiba



Acquisition Price	¥2,350 million
Site Area	1,382.35 m ²
Total Floor Space	9,072.57 m ²
Structure/Floors	S/SRC B1/13F
Completed	January 1991
Property Manager	Taisei-Yuraku Real Estate Co., Ltd.

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



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

B-5 Shinyokohama 2nd Center Bldg.
Yokohama City, Kanagawa



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

B-7 JPR Ueno East Bldg.
Taito Ward, Tokyo



Acquisition Price	¥3,250 million
Site Area	1,242.97 m ²
Total Floor Space	8,490.44 m ²
Structure/Floors	S/SRC B1/8F
Completed	October 1992
Property Manager	Jones Lang LaSalle K.K.



B-6 Kawaguchi Center Bldg.
Kawaguchi City, Saitama



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

Portfolio Properties

Greater Tokyo

Office

Retail

B-9

Rise Arena Bldg.

Toshima Ward, Tokyo



Acquisition Price	¥5,831 million	Structure/Floors	RC/SRC/S B3/42F (Note)
Site Area	9,377.28 m ² (entire redevelopment project)	Completed	January 2007
Total Floor Space	91,280.94 m ² (including residential tower)	Property Manager	Taisei-Yuraku Real Estate Co., Ltd.

(Note) The commercial tower portion has 2 basement floors and 15 floors above ground.

B-10

Yume-ooka Office Tower

Yokohama City, Kanagawa



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

B-8

Tachikawa Business Center Bldg.

Tachikawa City, Tokyo



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

B-11

Olinas Tower

Sumida Ward, Tokyo



Acquisition Price	¥31,300 million	Structure/Floors	SRC/RC/S B2/45F (Note)
Site Area	27,335.29 m ² (entire site area)	Completed	February 2006
Total Floor Space	257,842.41 m ² (includes commercial tower and residential tower)	Property Manager	Tokyo Tatemono Co., Ltd.

(Note) The office building has 31 floors above ground and 2 floors underground.

B-3

Cupo-la Main Bldg.

Kawaguchi City, Saitama



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

Greater Tokyo Office Retail / Other Cities Office Retail



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



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

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



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

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



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

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



Acquisition Price	¥4,335 million
Site Area	8,317.99 m ²
Total Floor Space	28,930.36 m ²
Structure/Floors	S B1/4F
Completed	October 2005
Property Manager	Geo-Akamatsu Co., Ltd. Tokyo Tatemono Co., Ltd.

(Note) The property manager was changed from Nippon Steel Kowa Real Estate Co., Ltd. as of January 1, 2017.

C-1 **Niigata Ekinan Center Bldg.**
Niigata City, Niigata



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

Portfolio Properties

Greater Tokyo Office Retail / Other Cities Office Retail

B-4 JPR Musashikosugi Bldg. Kawasaki City, Kanagawa



Acquisition Price	¥7,254 million	Structure/Floors	SRC/RC/S B1/6F
Site Area	4,757.09 m ² (Note)	Completed	March 1983
Total Floor Space	18,394.32 m ²	Property Manager	Tokyo Tatemono Co., Ltd.

(Note) Does not include the land sold in association with a redevelopment project.

B-6 Kawasaki Dice Bldg. Kawasaki City, Kanagawa



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

C-4 Tokyo Tatemono Honmachi Bldg. Osaka City, Osaka



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

C-7 JPR Hakata Bldg. Fukuoka City, Fukuoka



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

C-9 JPR Naha Bldg. Naha City, Okinawa



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



Other Cities

Office

Retail

C-12 Sompso Japan Sendai Bldg.

Sendai City, Miyagi



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

C-13 Sompso Japan Wakayama Bldg.

Wakayama City, Wakayama



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

C-14 Tenjin 121 Bldg.

Fukuoka City, Fukuoka



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

C-17 JPR Dojima Bldg.

Osaka City, Osaka



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

C-18 JPR Hakata-Chuo Bldg.

Fukuoka City, Fukuoka



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

C-20 Yakuin Business Garden

Fukuoka City, Fukuoka



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

C-19 JPR Nagoya Fushimi Bldg.

Nagoya City, Aichi



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

Portfolio Properties

Other Cities

Office

Retail

C-21

Benetton Shinsaibashi Bldg.

Osaka City, Osaka



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

C-1

JPR Umeda Loft Bldg.

Osaka City, Osaka



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

C-4

Housing Design Center Kobe

Kobe City, Hyogo



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

C-5

JPR Chayamachi Bldg.

Osaka City, Osaka



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

Initiatives on Environmental Friendliness

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

Acquisition of DBJ Green Building Certification

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

 DBJ Green Building 2015 0000 Properties with exceptionally high environmental & social awareness	 Olinas Tower	 Yakuin Business Garden	 DBJ Green Building 2015 000 Properties with excellent environmental & social awareness	 JPR Sendagaya Bldg.	 Shinagawa Canal Building	 Rise Arena Bldg.	 Omiya Prime East	 Yume-ooka Office Tower
 DBJ Green Building 2015 00 Properties with high environmental & social awareness	 JPR Crest Takebashi Bldg.	 BYGS Shinjuku Bldg.	 JPR Ueno East Bldg.	 JPR Naha Bldg.	 DBJ Green Building 2015 0 Properties with sufficient environmental & social awareness	 JPR Nihonbashi- horidome Bldg.	 Kanematsu Bldg.	 Oval Court Ohsaki Mark West

DBJ Green Building Certification

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

Continuous Participation in GRESB Survey

- JPR has participated in the GRESB Survey, which analyzes and evaluates environmental considerations and sustainability, since 2011. In the survey conducted in 2016, JPR was designated as “Green Star,” marking the third consecutive year of recognition with the highest ranking in the survey. JPR was also granted “4 Stars” in the GRESB Rating (five-level rating with the highest being “5 Stars”), which was newly introduced to make relative assessment based on total scores.
- JPR believes that its endeavors have been recognized as a result of having diligently worked to reduce energy consumption by establishing a consistent system among all business partners involved in building operations, from the asset manager (TRIM) to property managers and building maintenance companies, under a clear environmental policy as well as asking for cooperation with tenants.



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

Taking Advantage of Environmental Friendliness Know-How of Sponsors

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

Structure and History of JPR

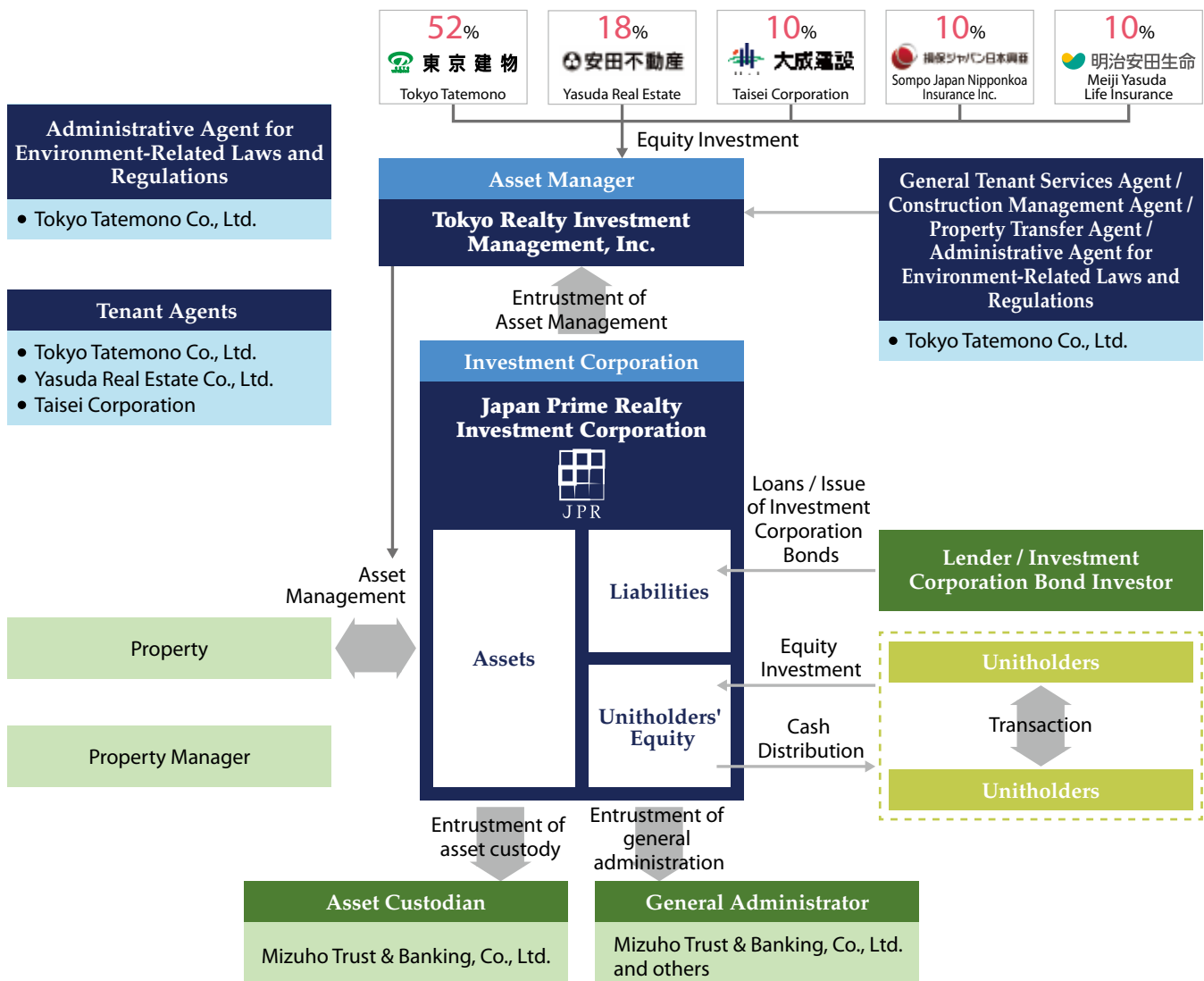
The Objective and Basic Characteristics of JPR

With the fundamental concept of “investment in urban commercial real estate,” JPR shall invest primarily in real estate, which comprises superior urban office buildings (urban commercial facilities), retail properties found in thriving commercial areas, multi-use facilities and the land on which they are located as well as in asset-backed securities that have such real estate as their primary investments. In addition, in light of the returns and risks of these investment targets, JPR shall make it a basic policy to invest not only in Tokyo, but also strive to diversify into other regional cities so as to maximize the advantages of portfolio management.

Corporate History

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

Structure of JPR



Overview of Asset Manager

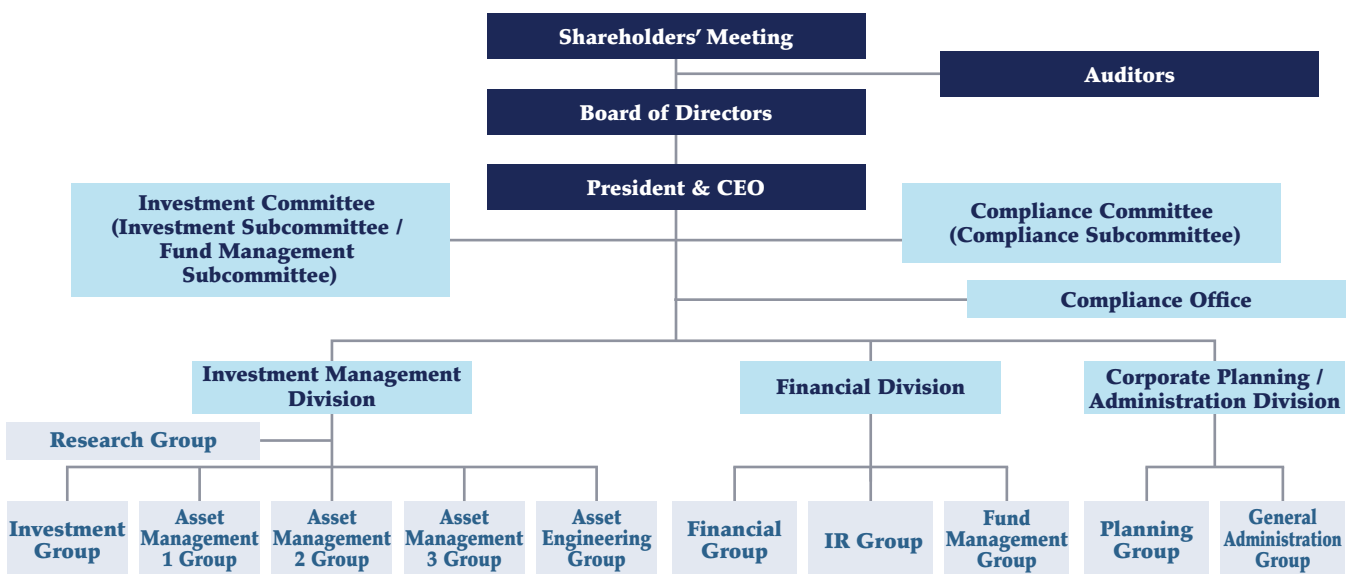
Overview

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Business Description	Asset management for investment corporations
Capitalization	¥350 million
Shareholder Composition ^(Note 1)	Tokyo Tatemono Co., Ltd. (52%) Yasuda Real Estate Co., Ltd. (18%) Taisei Corporation (10%) Sompo Japan Nipponkoa Insurance Inc. (10%) Meiji Yasuda Life Insurance Company (10%)
Corporate History	
April 28, 2000	Established
October 13, 2000	Obtained license as real estate transaction agent (currently: No. (3) 79025 licensed by Governor of Tokyo)
March 16, 2001	Obtained license as discretionary transaction agent under the Building Lots and Building Transactions Business Act (Approval Number: No. 3)
June 20, 2001	Obtained license as asset management agent for investment corporation under the Act on Investment Trusts and Investment Corporations (Approval Number: No. 7 licensed by the Prime Minister)
September 30, 2007	Registered for financial instruments exchange business (investment management business) (Registration Number: No.362 (Kinsho) Head of Kanto Local Finance Bureau) ^(Note 2)
November 28, 2007	Applied for registration and submitted application form for financial instruments exchange business

(Note 1) The percentage represents the ratio of the number of respective shares with voting rights to the total number of shares with voting rights. Furthermore, part of the shares owned by Taisei Corporation and Yasuda Real Estate Co., Ltd. was transferred to Tokyo Tatemono as of December 22, 2016. The ratios of the voting rights before the transfer were 40% for Tokyo Tatemono Co., Ltd., 20% for Taisei Corporation and 20% for Yasuda Real Estate Co., Ltd.

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

Organization Chart



Decision-Making Institutions for Investment Management

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

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

1. Overview of Asset Management

(1) Changes in Operating Results and Other Management Data

	Fiscal Period	Unit	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)
Operating Performance	Operating Revenue	Million yen	13,902	14,251	14,105	14,246	15,105
	Rent revenue – real estate	Million yen	13,902	14,251	14,105	14,246	15,105
	Gain on sale of real estate	Million yen	—	—	—	—	0
	Operating Expenses	Million yen	7,425	7,554	7,273	7,372	7,944
	Expenses related to rent business	Million yen	6,733	6,845	6,553	6,658	6,898
	Loss on sale of real estate	Million yen	—	—	—	—	300
	Operating Income	Million yen	6,477	6,697	6,831	6,874	7,161
	Ordinary Income	Million yen	5,239	5,566	5,746	5,897	6,153
	Net Income	Million yen	5,238	5,603	5,749	5,896	6,152
Assets, etc.	Total Assets	Million yen	414,091	418,778	418,739	418,738	432,307
	(Period-on-period variation)	%	(-0.0)	(+1.1)	(-0.0)	(-0.0)	(+3.2)
	Interest-bearing Debts	Million yen	191,024	176,458	176,292	176,126	188,960
	Total Unitholders Equity	Million yen	197,378	216,092	216,238	216,384	216,639
	(Period-on-period variation)	%	(+0.1)	(+9.5)	(+0.1)	(+0.1)	(+0.1)
	Unitholders' Capital	Million yen	192,044	210,395	210,395	210,395	210,395
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	5,239	5,603	5,751	5,897	6,152
	Dividend payout ratio	%	100.0	100.0	100.0	100.0	100.0
	Number of Units Outstanding	Units	825,000	873,000	873,000	873,000	873,000
	Total Unitholders' Equity per unit	Yen	239,246	247,529	247,696	247,862	248,154
	Cash Distribution per Unit	Yen	6,351	6,419	6,588	6,756	7,048
	Distribution amount	Yen	6,351	6,419	6,588	6,756	7,048
	Exceeding profit distribution amount	Yen	—	—	—	—	—
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.3	1.3	1.4	1.4	1.4
	Annualized (Note 10)	%	2.5	2.7	2.7	2.8	2.9
	Net Income on Total Unitholders' Equity (Note 2)	%	2.7	2.7	2.7	2.7	2.8
	Annualized (Note 10)	%	5.3	5.5	5.3	5.5	5.6
	Total unitholders' equity at beginning of period	Million yen	197,213	197,378	216,092	216,238	216,384
	Unitholders' Equity Ratio at End of Period (Note 3)	%	47.7	51.6	51.6	51.7	50.1
	(Period-on-period variation)		(+0.0)	(+3.9)	(+0.0)	(+0.0)	(-1.6)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	46.1	42.1	42.1	42.1	43.7
	DSCR (Note 5)	Times	7.2	7.9	8.7	9.1	9.9
	Net income before interest and amortization (Note 6)	Million yen	8,223	8,531	8,619	8,738	9,269
	Interest expenses	Million yen	1,142	1,073	994	955	931
	NOI from Leasing (Note 7)	Million yen	9,010	9,260	9,427	9,473	10,090
	Annualized NOI yield (Notes 9 and 10)	%	4.4	4.6	4.6	4.6	4.7
	NCF from Leasing (Note 8)	Million yen	8,303	8,599	8,581	8,701	9,366
	Annualized NCF yield (Notes 9 and 10)	%	4.1	4.2	4.1	4.3	4.4
	Reference Information	Investment Properties Owned (Note 11)		62	62	62	62
Number of Tenants			632	647	650	661	679
Total Leasable Floor Space		m ²	468,232.24	475,007.79	476,352.67	476,345.81	477,249.40
Occupancy Rate		%	97.0	96.7	97.4	98.1	98.6

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

- (Note 9) Annualized NOI from leasing / property acquisition price (26th fiscal period: ¥405.52 billion, 27th fiscal period: ¥409.52 billion, 28th fiscal period: ¥410.30 billion, 29th fiscal period: ¥410.30 billion and 30th fiscal period: ¥423.65 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: 26th fiscal period: 184 days, 27th fiscal period: 181 days, 28th fiscal period: 184 days, 29th fiscal period: 182 days and 30th fiscal period: 184 days.
- (Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shibadaimon Center Bldg., Shinjuku Sanhome East Bldg., Shinyokohama 2nd Center Bldg., Tachikawa Business Center Bldg. and JPR Umeda Loft Bldg. were acquired at multiple times but are calculated as one property.
- (Note 12) Total leasable floor space in this table indicates the contracted area.
- (Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded off to the first decimal place).

(2) 30th 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 873,000 units as of the end of the 30th fiscal period (December 31, 2016). 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

In the 30th fiscal period, the Japanese economy saw consumer spending begin to pick up amid the solid employment and income environments, while overseas economies regained composure. The domestic business conditions remained on a moderate recovery path, although improvements were delayed in capital investment and some other areas. On the other hand, a keen awareness was spread during the six months, like in the previous fiscal period, about the risk factors outside Japan, such as the outcome of the U.S. presidential election as well as the issue of the U.K. leaving the E.U.

The Office Property Leasing Market

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

The Retail Property Leasing Market

The need of tenants to open stores remained strong for urban retail properties in which JPR targets for investment. Despite a temporary standstill being sensed in consumption by inbound foreign tourists, the market has been in good shape for urban retail properties in good locations, such as Ginza, Omotesando and Shinsaibashi.

The For-Sale Real Estate Market

Although investors remain highly willing to purchase properties, transaction volume in the market has shown a decreasing trend, and property transaction prices are steadily being formed at a high level. With low-yield transactions continuing to prevail, the acquisition environment remains harsh for players focusing on yields. Accordingly, they continue to look for ways to effectively acquire properties, such as diversifying the target assets for investment and conducting asset replacement.

3) Portfolio Management Status

Asset Replacement

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

During the 30th fiscal period, JPR sold JPR Daikanyama (sale price: 1,880 million yen) and acquired GINZA GATES (acquisition price: 10,100 million yen) and FUNDES Suidobashi (acquisition price: 3,250 million yen). As a result, the balance of JPR's assets under management totaled 63 properties, or 421.4 billion yen on an acquisition price basis, with the total leasable floor space standing at 477,249m² and the number of tenants reaching 679. Moreover, in the 30th fiscal period, JPR decided to sell Fukuoka Bldg. (planned sale price: 3,100 million yen) and JPR Hakata-chuo Bldg. (planned sale price: 1,900 million yen). Sale of these properties is scheduled for April 14, 2017.

Operational Management of Portfolio

In the office property leasing market in the 30th fiscal period, the vacancy rate stayed at a low level, given a more advanced improvement in the supply and demand balance in Tokyo and other areas. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by keeping close cooperation with property management companies and brokers, with an aim of enhancing earnings from the entire portfolio and improving occupancy rates. As a result, the occupancy rate increased 0.5 points period-on-period to 98.6% at the end of the 30th fiscal period.

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

With regard to initiatives on environmental issues, JPR has continuously obtained the DBJ Green Building Certification*¹, having acquired the Certification for 14 of the buildings it owns as of the end of the 30th fiscal period. Moreover, in the GRESB*² Real Estate Assessment (the survey conducted in 2016), JPR was designated as "Green Star," marking the third consecutive year of recognition with the highest ranking in the survey. JPR was also granted "4 Stars" in the GRESB Rating (five-level rating with the highest being "5 Stars"), which was newly introduced to make relative assessment based on total scores.

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

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

Fund Procurement

JPR is engaged in debt financing with more emphasis placed on lengthening the maturity of interest-bearing debts and diversifying repayment dates, in an effort to make its financial base more solid and stronger against the backdrop of the favorable fund procurement environment and low interest rates. In the 30th fiscal period, JPR borrowed 25.0 billion yen to fund the repayment of interest-bearing debts that matured during the fiscal period (12.0 billion yen) and property acquisitions. The average maturity and average debt cost (Note 1) of the new borrowing stood at 7.4 years (Note 2) and 0.52% (Note 2), respectively, in contrast to 4.7 years and 1.05% for the relevant interest-bearing debts before refinancing, achieving longer maturities and lower debt costs.

As of the end of the 30th fiscal period, the balance of interest-bearing debts totaled 188.9 billion yen, with total outstanding borrowings of 154.4 billion yen and investment corporation bonds of 34.5 billion yen. The ratio of interest-bearing debts to total assets (Note 3) was 43.7%, long-term and fixed interest-bearing debt ratio (Note 4) was 96.3%, average debt cost was 1.11% and average maturity (Note 5) was 4.2 years as of the end of the fiscal period.

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

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

Details of Corporate Credit Ratings as of December 31, 2016

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

(Note 1) 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 2) The calculation of the average maturity and average debt cost of the new borrowing excludes short-term terms payable.

(Note 3) Ratio of interest-bearing debts to total assets: (balance of borrowings + balance of investment corporation bonds) / total assets

(Note 4) Long-term and fixed interest-bearing debt ratio: long-term, fixed-interest interest-bearing debts / total interest-bearing debts

(Note 5) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 30th fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted since inception through the 30th fiscal period.

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

- (Note 1) JPR was formed by the investment of three companies Tokyo Tatemono Co., Ltd. (100 units), Taisei Corporation (100 units), and Tokyo Realty Investment Management, Inc. (40 units) at 500,000 yen per unit.
- (Note 2) An additional offering was made via private placement at 500,000 yen per unit. JPR then acquired 13 beneficiary interests in real estate trust and started management.
- (Note 3) A single investment unit was split into 2.5 units.
- (Note 4) New investment units were issued through a public offering at 200,000 yen per unit (underwriting price of 193,000 yen per unit) to repay short-term debts, finance the acquisition of new specific assets, etc.
- (Note 5) New investment units were issued through a public offering at 237,160 yen per unit (underwriting price of 228,859 yen per unit) to repay short-term debts, acquire new specific assets, etc.
- (Note 6) New investment units were issued through a third-party allotment at 228,859 yen per unit to repay short-term debts, acquire new specific assets, etc.
- (Note 7) New investment units were issued through a public offering at 272,440 yen per unit (underwriting price of 263,177 yen per unit) to repay short-term debts, acquire new specific assets, etc.
- (Note 8) New investment units were issued through a third-party allotment at 263,177 yen per unit to repay short-term debts, acquire new specific assets, etc.
- (Note 9) New investment units were issued through a public offering at 449,820 yen per unit (underwriting price of 434,673 yen per unit) to repay debts, acquire new specific assets, etc.
- (Note 10) New investment units were issued through a third-party allotment at 434,673 yen per unit to repay debts, acquire new specific assets, etc.
- (Note 11) New investment units were issued through a public offering at 168,101 yen per unit (underwriting price of 162,382 yen per unit) to repay short-term debts, redeem investment corporation bonds, acquire new specific assets, etc.
- (Note 12) New investment units were issued through a third-party allotment at 162,382 yen per unit to repay short-term debts, redeem investment corporation bonds, acquire new specific assets, etc.
- (Note 13) New investment units were issued through a public offering at 194,610 yen per unit (underwriting price of 188,222 yen per unit) to partly fund acquisition of new specific assets and repay debts.
- (Note 14) New investment units were issued through a third-party allotment at 188,222 yen per unit to partly fund acquisition of new specific assets and repay debts.
- (Note 15) New investment units were issued through a public offering at 394,875 yen per unit (underwriting price of 382,320 yen per unit) to repay debts, etc.
- (Note 16) New investment units were issued through a third-party allotment at 382,320 yen per unit to repay debts, etc.

(4) Cash Distributions

With regard to the cash distributions, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 29th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. As a result, the cash distribution per unit came to 7,048 yen for the 30th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27h Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29h Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)
Unappropriated Retained Earnings at End of Period		5,259,866	5,623,366	5,769,258	5,914,654	6,169,462
Internal Reserves		20,291	19,579	17,934	16,666	16,558
Total Cash Distributions		5,239,575	5,603,787	5,751,324	5,897,988	6,152,904
(Cash Distribution per Unit)		(6,351 yen)	(6,419 yen)	(6,588 yen)	(6,756 yen)	(7,048 yen)
Breakdown	Total Cash Distributions from Net Income	5,239,575	5,603,787	5,751,324	5,897,988	6,152,904
	(Cash distribution from net income per unit)	(6,351 yen)	(6,419 yen)	(6,588 yen)	(6,756 yen)	(7,048 yen)
	Repayment of Paid-in Capital	—	—	—	—	—
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

(5) Future Management Policies and Vital Issues

Looking ahead, the Japanese economy will presumably stay on a moderate recovery trend, given the solid employment and income environments and bolstered by demand from the government and other public agencies, although caution should continuously be taken with respect to the risks that may push the Japanese economy downward, such as downside swings of overseas economies.

In the office property leasing market, new supply in the 23 wards of Tokyo is projected to remain subdued through 2017. Considering this, and if the economy remains strong, the market situation in general is likely to stay in good shape with the supply and demand condition being tight. In this regard, JPR believes it will be able to fully enjoy the positive impact of the good market situation as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services. When conducting real estate transactions in the for-sale real estate market that continues to appear overheated, it will become even more important to discern the growth potential in earnings of respective properties. Considering the situation in which cap rates are decreasing in a low interest rate environment, it is required to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

1) Acquisition of New Properties and Asset Replacement

Going forward, JPR will continue to make investments focused on the office properties in Tokyo, with an aim to improve the quality of its portfolio and enhance its growth potential over the long term. Given the briskness in the office property leasing market, the transaction market sees a decrease in purchase cap rate and expected cap rate levels. Moreover, with the transaction volume trending to decrease, there are deals closed at prices that have factored in lower cap rates and rent increases. Accordingly, JPR will fully investigate the growth potential of such properties when acquiring them. As for retail properties as well as office properties in regional cities, JPR will work to invest in strictly selective blue-chip properties that can keep stable revenues at a certain level in order to complement the stability of earnings from the entire portfolio. JPR will strive to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence in considering properties. In this regard, JPR made a decision on January 6, 2017 to acquire Tokyo Square Garden (planned acquisition price: 18,400 million yen) in two stages. The first stage of the acquisition was completed on February 1, 2017.

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

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

2) Management of Portfolio

JPR will aim to secure stable earnings over a medium to long term by working to prevent move-outs of existing tenants, encourage them to expand office spaces in the same buildings and renew contracts with upward revision of rents through endeavors to enhance

tenant satisfaction, while continuously inviting new tenants through strategic leasing activities. Specifically, JPR will conduct management and operations based on the following policies:

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions on the assumption of the leasing market showing a recovery trend, and accelerate decision making
- Conduct strategic value enhancement works with intent to improve property earnings and tenant satisfaction
- Reinforce promotion of energy efficiency as well as responses to business continuity plans and environmental friendliness that command high social request
- Conduct renovations to enhance energy-saving performance of the properties by utilizing the government's subsidy programs

3) Fund Procurement

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

(6) Information Disclosure

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

(7) Significant Subsequent Events

Issuance of new investment units

JPR resolved at its Board of Directors meetings held on January 6, 2017 and January 17, 2017 to issue new investment units, as outlined below. With payment completed on January 24, 2017 and February 14, 2017, respectively, JPR issued the units under the following conditions. As a result of the issuance, unitholders' capital stands at 231,653,198,600 yen with the number of investment units outstanding totaling 923,000 units as of the date of this document.

< Issuance of new investment units through public offering (primary offering)>

Number of new investment units issued:	47,600 units
Issue price (offer price):	439,040 yen per unit
Total issue price (total offer price):	20,898,304,000 yen
Paid-in amount (purchase price):	425,152 yen per unit
Total paid-in amount (total purchase price):	20,237,235,200 yen
Payment date:	January 24, 2017

< Issuance of new investment units through third-party allotment>

Number of new investment units issued:	2,400 units
Paid-in amount (purchase price):	425,152 yen per unit
Total paid-in amount (total purchase price):	1,020,364,800 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	February 14, 2017

<Reference Information>

Property Acquisition

After the 30th fiscal period was closed, JPR concluded a purchase agreement for the following property in two stages. The first stage of the acquisition was completed on February 1, 2017.

<Tokyo Square Garden>

Property overview

Location:	3-1-1 Kyobashi, Chuo-ku, Tokyo (residential address)
Type of ownership:	Land: Ownership for part of the site (co-ownership with 12.5% interest) Building: Ownership (co-ownership with 8.2% interest)
Site area:	8,124.72m ² (equivalent to co-ownership interest: 675.95m ²)
Total floor space:	112,645.83m ² (equivalent to co-ownership interest: 9,256.92m ²)
Structure/floors:	S/SRC with flat roof, B4/24F
Completed:	February 2013
Number of tenants:	57 (Note 1)
Total leasable floor space:	5,985.62m ² (Note 2)
Total leased floor space:	5,985.62m ² (Note 2)
Occupancy rate:	100.0% (Note 3)

*Number of tenants, total leasable floor space, total leased space and occupancy rate indicate the figures as of February 1, 2017.

(Note 1) "Number of tenants" indicates the number of sublessees to which Tokyo Tatemono Co., Ltd., the lessee, subleases. All co-owners including the trustee lease the entire floor space of the acquired property to Tokyo Tatemono Co., Ltd. (pass-through type master lease) and Tokyo Tatemono Co., Ltd. subleases the space to sublessees.

(Note 2) "Total leasable floor space" indicates the leasable floor space (equivalent to the co-ownership interest) based on the sublease contracts regarding the offices and retail stores that can be subleased. In addition, "Total leased floor space" indicates the leased floor space (equivalent to the co-ownership interest) subleased to the sublessees.

(Note 3) Occupancy rate indicates the figure concerning the sublessees of the lessee.

Transaction terms and conditions

Purchase price:	18,400 million yen
Asset type:	Beneficiary interest
Contract date:	January 6, 2017
Planned acquisition date:	February 1, 2017 (50%), April 4, 2017 (50%)

*The ratio in parenthesis of "Planned acquisition date" indicates the acquisition ratio to the targeted portion of the acquisition (100%) on each planned acquisition date.

Property Sale

As of December 14, 2016, JPR decided to sell the following assets.

<Fukuoka Bldg.>

Asset type:	Beneficiary interest
Sale price:	3,100 million yen
Contract date:	December 14, 2016
Delivery date:	April 14, 2017
Buyer:	Tokyo Tatemono Co., Ltd.
Impact on income:	JPR plans to record approximately 114 million yen in gain on sale of real estate as operating revenue for the 31st fiscal period (January 1, 2017 - June 30, 2017.)

<JPR Hakata-chuo Bldg.>

Asset type:	Beneficiary interest
Sale price:	1,900 million yen
Contract date:	December 14, 2016
Delivery date:	April 14, 2017
Buyer:	Tokyo Tatemono Co., Ltd.
Impact on income:	JPR plans to record approximately 94 million yen in gain on sale of real estate as operating revenue for the 31st fiscal period (January 1, 2017 - June 30, 2017.)

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	26th Fiscal Period as of December 31, 2014	27th Fiscal Period as of June 30, 2015	28th Fiscal Period as of December 31, 2015	29th Fiscal Period as of June 30, 2016	30th Fiscal Period as of December 31, 2016
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	825,000	873,000	873,000	873,000	873,000
Unitholders' capital (millions of yen)	192,044	210,395	210,395	210,395	210,395
Total number of unitholders	11,836	15,689	13,264	11,786	11,177

(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 30th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	202,295	23.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	81,789	9.36
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z Building, 1-8-12 Harumi, Chuo-ku, Tokyo	64,329	7.36
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	32,259	3.69
Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	29,300	3.35
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.86
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.74
State Street Bank West Client Treaty 505234 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	20,770	2.37
State Street Bank and Trust Company 505233 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U. S. A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	15,491	1.77
State Street Bank and Trust Company 505012 (Standing Proxy: The Hongkong and Shanghai Banking Corporation, Tokyo Branch)	One Lincoln Street, Boston, MA 02111 U.S.A. (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	10,365	1.18
Total		505,598	57.91

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 30th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 30th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Masato Denawa	Partner Attorney, Spring Partners	4,200	—
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co.		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	13,000	—

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

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

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

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

C. Matters Regarding the Party That Was Subject to Business Suspension Order in the Past Two Years

On December 22, 2015, the Financial Services Agency of Japan issued a three month (January 1, 2016 to March 31, 2016) business suspension order to Ernst & Young ShinNihon LLC, the independent auditor of JPR, under which it was prevented from taking on any new business contracts. JPR comprehensively investigated the quality control of audits by Ernst & Young ShinNihon, independence of its audit team, progress in implementing the business improvement plan and other factors, and confirmed that audits of JPR by the firm are conducted appropriately. Accordingly, its audit agreement with Ernst & Young ShinNihon remains effective.

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 30th 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	29th Fiscal Period (as of June 30, 2016)		30th Fiscal Period (as of December 31, 2016)	
		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	78,940,432	18.9	86,848,847	20.1
	Greater Tokyo	57,763,276	13.8	57,384,702	13.3
	Other Cities	21,062,878	5.0	20,888,573	4.8
Real estate in trust	Central Tokyo	138,565,460	33.1	141,524,547	32.7
	Greater Tokyo	51,477,782	12.3	51,154,014	11.8
	Other Cities	43,429,436	10.4	43,494,169	10.1
Deposits and other assets	—	27,499,009 (—)	6.6 (—)	31,012,692 (—)	7.2 (—)
Total assets	—	418,738,276 (391,239,266)	100.0 (93.4)	432,307,546 (401,294,854)	100.0 (92.8)

(Note 1) Assets owned by JPR are based on the amounts appropriated on the balance sheets 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 30th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	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	11.5	Office
Olinas Tower	27,869,981	23,987.40	23,642.97	98.6	6.7	Office
Shinjuku Center Bldg.	22,217,805	8,863.98	8,343.16	94.1	3.3	Office
BYGS Shinjuku Bldg.	15,498,425	15,216.94	14,921.12	98.1	3.7	Office
JPR Sendagaya Bldg.	14,960,086	6,177.74	6,177.74	100.0	1.9	Office
Kanematsu Bldg.	14,732,428	7,994.02	7,994.02	100.0	2.6	Office
Kawasaki Dice Bldg.	13,659,213	12,116.35	12,116.35	100.0	2.8	Retail
Shinjuku Square Tower	13,502,136	19,284.71	19,261.84	99.9	2.6	Office
JPR Umeda Loft Bldg.	12,492,970	18,586.97	18,586.97	100.0	2.6	Retail
JPR Shibuya Tower Records Bldg.	11,529,635	8,076.85	8,076.85	100.0	2.4	Retail
Total	184,850,941	131,339.74	130,155.80	99.1	40.2	

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

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

(3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 30th fiscal period (December 31, 2016).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2016 (thousands of yen)	Appraisal Value as of December 31, 2016 (thousands of yen) (Note 1)	
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,732,428	12,900,000	
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,463,118	2,590,000	
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	1,985,194	2,570,000	
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,471,104	3,230,000	
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,284,492	3,240,000	
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	11,062,067	11,400,000	
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	3,001,383	2,520,000	
		Fukuoka Bldg.	8-7 Yaesu 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,988,515	3,040,000	
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,226,596	5,080,000	
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,876,660	4,580,000	
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	13,502,136	13,800,000	
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,498,425	16,200,000	
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	593,805	861,000	
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,217,805	14,400,000	
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,859,814	2,690,000	
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,746,774	1,840,000	
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,842,552	3,360,000	
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,719,225	8,510,000	
		Tokyo Tatemono Kyobashi Bldg.	6-18 Kyobashi 3-chome, Chuo-ku, Tokyo	Real estate	5,330,693	5,810,000	
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,823,527	6,480,000	
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,960,086	11,500,000	
		GINZA SANWA Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,700,054	3,730,000	
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	46,000,000	
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,693,767	3,060,000	
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,214,735	5,460,000	
		Retail	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,529,635	14,100,000
	JPR Jingumae 432		32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,299,310	3,930,000	
	Shinjuku Sanhome East Bldg.		1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,640,113	2,710,000	
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)		7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,327,781	2,940,000	
	GINZA GATES		5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,130,940	10,800,000	
	FUNDES Suidobashi		20-8 Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,262,389	3,380,000	
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,343,727	6,190,000
			JPR Chiba Bldg.	1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,272,901	1,840,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,502,077	2,530,000	
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,446,746	1,810,000	
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	6,931,171	7,900,000	
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,970,620	4,560,000	
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,899,640	3,320,000	
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	5,340,248	7,640,000	
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,528,169	5,970,000	

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2016 (thousands of yen)	Appraisal Value as of December 31, 2016 (thousands of yen) (Note 1)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	27,869,981	35,600,000
		Tokyo Tatemono Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	6,859,041	7,980,000
		Omiya Prime East	1-1, etc., Shimochō 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,938,210	7,580,000
	Retail	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,389,437	13,400,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,748,787	2,710,000
		JPR Musashikosugi Bldg. (Note 2)	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,067,853	5,530,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,770,887	4,290,000
Other Cities	Office	Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	13,659,213	15,500,000
		Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,658,521	2,390,000
		Tokyo Tatemono Honmachi Bldg.	4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,087,005	3,330,000
		JPR Hakata Bldg.	4-4 Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	2,975,644	3,080,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,338,823	1,530,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,487,680	3,680,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,356,338	1,700,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	2,109,034	2,550,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,176,710	2,580,000
		JPR Hakata-chuo Bldg.	6-12 Hakataeki-mae 2-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	1,805,422	1,780,000
	JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,935,590	2,730,000	
	Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	10,675,373	13,900,000	
	Benetton Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,064,015	3,950,000	
	Retail	JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,492,970	14,500,000
Housing Design Center Kobe		2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,277,608	6,930,000	
JPR Chayamachi Bldg.		2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,942,003	6,290,000	
Total					401,294,854	437,981,000

(Note 1) 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."

(Note 2) The book value and the appraisal value at end of period for JPR Musashikosugi Bldg. do not include the part of the land that was sold in association with a redevelopment project.

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	29th Fiscal Period (from Jan. 1, 2016 to Jun. 30, 2016)				30th Fiscal Period (from Jul. 1, 2016 to Dec. 31, 2016)			
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	9	100.0	302,752	2.1	10	100.0	362,644	2.4
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	4	100.0	90,510	0.6	4	100.0	91,412	0.6
		Shin-Kojimachi Bldg.	16	100.0	106,418	0.7	17	100.0	106,425	0.7
		JPR Crest Takebashi Bldg.	6	100.0	90,780	0.6	6	100.0	96,294	0.6
		MS Shibaura Bldg.	9	86.4	415,334	2.9	10	100.0	385,124	2.5
		Gotanda First Bldg.	3	91.4	104,999	0.7	4	100.0	119,238	0.8
		Fukuoka Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ichigaya Bldg.	10	100.0	158,310	1.1	10	100.0	162,875	1.1
		Oval Court Ohsaki Mark West	2	100.0	181,394	1.3	2	100.0	182,623	1.2
		Shinjuku Square Tower	26	100.0	355,590	2.5	25	99.9	355,378	2.4

Area	Type	Property Name	29th Fiscal Period (from Jan. 1, 2016 to Jun. 30, 2016)				30th Fiscal Period (from Jul. 1, 2016 to Dec. 31, 2016)				
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	
Central Tokyo	Office	BYGS Shinjuku Bldg.	26	99.5	551,720	3.9	25	98.1	557,197	3.7	
		Across Shinkawa Bldg. Annex	4	100.0	36,784	0.3	4	100.0	37,258	0.2	
		Shinjuku Center Bldg.	33	94.2	463,549	3.3	33	94.1	490,412	3.2	
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		Shinagawa Canal Bldg.	4	89.9	44,620	0.3	4	89.9	49,070	0.3	
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Harajuku Bldg.	9	100.0	234,494	1.6	9	100.0	249,654	1.7	
		Tokyo Tatemono Kyobashi Bldg.	9	100.0	204,818	1.4	8	89.1	213,657	1.4	
		JPR Nihonbashi-horidome Bldg.	6	100.0	191,948	1.3	5	88.1	181,866	1.2	
		JPR Sendagaya Bldg.	6	100.0	239,667	1.7	6	100.0	262,649	1.7	
		GINZA Sanwa Bldg.	7	94.8	118,094	0.8	8	96.8	114,101	0.8	
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,581,000	11.1	2	100.0	1,581,000	10.5	
		Science Plaza-Yonbancho Plaza	25	97.5	115,123	0.8	24	96.0	112,799	0.7	
	Shibadai Center Bldg.	9	100.0	175,930	1.2	9	100.0	179,301	1.2		
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Daikanyama (Note 3)	4	100.0	40,494	0.3	—	—	10,331	0.1	
		JPR Jingumae 432	6	89.8	83,403	0.6	7	100.0	83,892	0.6	
Shinjuku Sanchome East Bldg.		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
Yurakucho Ekimae Bldg. (Yurakucho Itocia)		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
GINZA GATES		—	—	—	—	7	100.0	19,055	0.1		
FUNDES Suidobashi		—	—	—	—	6	100.0	9,027	0.1		
Greater Tokyo	Office	Arca East	5	85.3	233,165	1.6	6	100.0	239,555	1.6	
		JPR Chiba Bldg.	36	92.0	127,242	0.9	36	92.0	125,824	0.8	
		JPR Yokohama Nihon Odori Bldg.	12	94.8	116,495	0.8	12	94.8	122,327	0.8	
		Shinyokohama 2nd Center Bldg.	21	96.0	98,759	0.7	20	94.1	101,164	0.7	
		Kawaguchi Center Bldg.	44	100.0	409,317	2.9	44	100.0	413,945	2.7	
		JPR Ueno East Bldg.	9	100.0	171,997	1.2	9	100.0	178,228	1.2	
		Tachikawa Business Center Bldg.	19	98.1	148,154	1.0	19	97.6	145,908	1.0	
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		Yume-ooka Office Tower	38	97.5	321,618	2.3	38	100.0	329,459	2.2	
		Olinas Tower	14	98.6	983,545	6.9	14	98.6	1,017,555	6.7	
		Tokyo Tatemono Yokohama Bldg.	14	100.0	294,720	2.1	14	100.0	298,756	2.0	
		Omiya Prime East	4	100.0	264,785	1.9	4	100.0	266,988	1.8	
		Retail	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
	Cupo-la Main Bldg.		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Musashikosugi Bldg.		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	Musashiurawa Shopping Square		3	100.0	126,996	0.9	3	100.0	126,996	0.8	
	Kawasaki Dice Bldg.		29	100.0	495,707	3.5	29	100.0	495,820	3.3	
	Other Cities		Office	Niigata Ekinan Center Bldg.	8	100.0	128,294	0.9	8	100.0	126,160
		Tokyo Tatemono Honmachi Bldg.		8	91.0	150,898	1.1	7	89.5	159,961	1.1
JPR Hakata Bldg.		42		98.7	147,694	1.0	43	99.8	149,576	1.0	
JPR Naha Bldg.		21		100.0	91,622	0.6	21	100.0	96,126	0.6	
Sompo Japan Sendai Bldg.		15		100.0	187,254	1.3	15	100.0	187,274	1.2	
Sompo Japan Wakayama Bldg.		14		100.0	110,735	0.8	14	100.0	112,132	0.7	
Tenjin 121 Bldg.		16		100.0	101,134	0.7	15	98.3	103,678	0.7	
JPR Dojima Bldg.		7		50.1	163,704	1.1	8	66.4	61,017	0.4	
JPR Hakata-chuo Bldg.		6		100.0	80,378	0.6	6	100.0	80,972	0.5	
JPR Nagoya Fushimi Bldg.		3		95.0	135,211	0.9	3	95.0	138,365	0.9	
Yakuin Business Garden		18		99.9	428,397	3.0	18	99.9	473,910	3.1	
Benetton Shinsaibashi Bldg. (Note 4)		—		—	—	—	9	87.6	721,703	4.8	
Retail		JPR Umeda Loft Bldg.		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Benetton Shinsaibashi Bldg. (Note 4)	1	100.0	(Note 2)	(Note 2)	—	—	—	—	
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Chayamachi Bldg.	6	100.0	157,495	1.1	6	100.0	160,595	1.1	
Total			661	98.1	14,246,699	100.0	679	98.6	15,105,172	100.0	

- (Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg.: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural. The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants.
- (Note 2) JPR does not disclose the rental revenues of the properties throughout the period and their ratio to total rental revenues due to inevitable reasons.
- (Note 3) JPR sold JPR Daikanyama as of September 29, 2016.
- (Note 4) The asset class of Benetton Shinsaibashi Bldg. was converted from “retail” to “office” as of July 30, 2016 in accordance with the cancellation of the lease agreement (master lease agreement) with Benetton Japan Co., Ltd.

(4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above. There were no additional major assets that are main investment targets of JPR other than those listed under (3) above as of the end of the 30th fiscal period.

4. Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 30th Fiscal Period	Amount Already Paid
JPR Chayamachi Bldg.	Osaka City, Osaka	Replacement of air conditioning units in common areas on 1st through 8th floors and in exclusive areas on 4th through 9th floors	Nov. 2016~Jun. 2017	137	—	—
Olinas Tower	Sumida Ward, Tokyo	Replacement of lighting equipment with LED lamps in leased offices (6 floors)	Mar. 2017~Jun. 2017	122	—	—
MS Shibaura Bldg.	Minato Ward, Tokyo	Replacement of air conditioning unit on half of 6th floor	Jan. 2017~Jun. 2017	51	—	—
Olinas Tower	Sumida Ward, Tokyo	Replacement of lighting equipment with LED lamps in common areas (14 floors)	Mar. 2017~Jun. 2017	40	—	—
JPR Dojima Bldg.	Osaka City, Osaka	Installation of new roof-top signboards (2 units) and installation of new side signboard (1 unit)	Jan. 2017~Feb. 2017	30	—	—

(2) Capital Expenditures during the 30th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 30th fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 602 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Sompo Japan Sendai Bldg.	Sendai City, Miyagi	2nd phase of replacement of air conditioning units	Jul. 2016–Dec. 2016	176
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Renewal of automatic fire alarm integrated control panel and replacement of security office	Jun. 2016–Dec. 2016	53
Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Replacement of security systems	Oct. 2016–Dec. 2016	42
Kanematsu Bldg.	Chuo Ward, Tokyo	4th phase of renewal of through-the-wall air conditioning units	Aug. 2016–Sept. 2016	32
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		419
Total				724

(Note) Expenditures for repair and maintenance included 15 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

(Millions of yen)

Operation Period	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)
Balance of deposits at beginning of current period	925	877	934	940	936
Deposits during the period	378	473	276	494	393
Amounts used from deposits during the period	426	416	270	498	398
Deposits carried forward to the next period	877	934	940	936	931

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)
(a) Asset Management Fees (Note)	512,078	532,074
Fixed compensation	75,000	75,000
Incentive-based compensation 1	254,635	266,670
Incentive-based compensation 2	182,443	190,403
(b) Administrative Service and Custodian Fees	78,833	77,047
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	31,077	30,723
(e) Other Expenses	85,525	99,262
Total	714,115	745,707

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (30th fiscal period: 33,375 thousand yen) have been paid and included in the book value of each property.

(2) Status of Loans Payable

As of December 31, 2016 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2016 (millions of yen)	Balance as of Dec. 31, 2016 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Mizuho Bank, Ltd.	Oct. 24, 2016	—	7,000	0.230%	Jul 5, 2017	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Total		—	7,000					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Mar. 30, 2012	7,000	7,000	1.093%	Mar. 30, 2017	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Mizuho Bank, Ltd.	Dec. 5, 2012	2,000	2,000	1.027%	Dec. 5, 2019			
	Mizuho Bank, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Mizuho Bank, Ltd.	Jun. 27, 2014	5,000	5,000	1.178%	Jun. 27, 2023			
	Mizuho Bank, Ltd.	Mar. 11, 2015	2,000	2,000	1.011%	Mar. 11, 2024			
	Mizuho Bank, Ltd.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025			
	Mizuho Bank, Ltd.	Feb. 4, 2016	5,000	5,000	0.804%	Feb. 4, 2026			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	1.178%	Aug. 8, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	0.948%	Aug. 8, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 5, 2012	3,000	3,000	0.919%	Sept. 5, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2014	4,000	4,000	0.889%	Jun. 25, 2021			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 25, 2016	5,000	5,000	0.510%	Mar. 25, 2024			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2012	6,400	6,400	1.093%	Mar. 30, 2017			
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2013	3,000	3,000	1.265%	Jun. 26, 2020			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033%	Jun. 27, 2022			
	Development Bank of Japan Inc.	Jun. 26, 2009	2,600	2,500	3.190%	Jun. 27, 2019	(Note 4)		
	Development Bank of Japan Inc.	Jun. 27, 2013	820	820	1.449%	Jun. 25, 2021	Principal lump sum repayment on maturity		
	Development Bank of Japan Inc.	Dec. 5, 2013	2,000	2,000	1.188%	Dec. 3, 2021			
	Development Bank of Japan Inc.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025			
Development Bank of Japan Inc.	Dec. 15, 2016	—	3,000	0.843%	Jun. 14, 2027				
Shinsei Bank, Ltd.	Apr. 5, 2012	5,000	5,000	1.397%	Apr. 5, 2019				
Shinsei Bank, Ltd.	Sept. 24, 2013	2,000	2,000	1.076%	Sept. 24, 2020				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2016 (millions of yen)	Balance as of Dec. 31, 2016 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Long-Term Loans Payable	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134%	Dec. 5, 2024	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated	
	Shinsei Bank, Ltd.	Dec. 15, 2016	—	1,000	0.843%	Jun. 14, 2027				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	5,000	5,000	1.184%	Aug. 29, 2017				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 31, 2015	1,000	1,000	0.873%	Aug. 31, 2023				
	Mitsubishi UFJ Trust and Banking Corporation	Dec. 15, 2016	—	2,000	0.633%	Dec. 13, 2024				
	Aozora Bank, Ltd.	Jul. 3, 2012	900	900	0.994%	Jul. 3, 2017				
	Aozora Bank, Ltd.	Aug. 8, 2012	2,000	2,000	1.178%	Aug. 8, 2019				
	Aozora Bank, Ltd.	Aug. 27, 2012	2,000	2,000	0.985%	Aug. 25, 2017				
	Aozora Bank, Ltd.	Aug. 30, 2012	2,000	2,000	1.146%	Aug. 30, 2018				
	Aozora Bank, Ltd.	Sept. 30, 2013	1,000	1,000	1.069%	Sept. 24, 2020				
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2012	4,000	4,000	1.093%	Mar. 30, 2017				
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2013	3,000	3,000	1.076%	Feb. 4, 2020				
	Shinkin Central Bank	Dec. 5, 2013	3,000	3,000	0.689%	Dec. 5, 2018				
	Shinkin Central Bank	Dec. 15, 2016	—	2,000	0.388%	Dec. 14, 2021				
	The Bank of Fukuoka, Ltd.	Jul. 7, 2011	2,000	—	1.170%	Jul. 7, 2016				
	The Bank of Fukuoka, Ltd.	Sept. 24, 2013	1,000	1,000	0.911%	Sept. 24, 2019				
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816%	Oct. 6, 2023				
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	—	2,000	0.480%	Jul. 7, 2026				
	Meiji Yasuda Life Insurance Company	Jun. 21, 2011	3,406	3,340	1.800%	Jun. 21, 2018				(Note 5)
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042%	Feb. 5, 2025				Principal lump sum repayment on maturity
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646%	May 27, 2026				
	The Nishi-Nippon City Bank, Ltd.	Dec. 15, 2016	—	1,000	0.388%	Dec. 14, 2021				
	ORIX Bank Corporation	Feb. 4, 2013	1,000	1,000	0.786%	Feb. 5, 2018				
	ORIX Bank Corporation	Nov. 27, 2013	2,000	2,000	0.762%	May 27, 2019				
	The Shinkumi Federation Bank	Feb. 4, 2013	3,000	3,000	0.786%	Feb. 5, 2018				
	Taiyo Life Insurance Company	Jun. 4, 2013	1,000	1,000	0.949%	Jun. 4, 2018				
	Taiyo Life Insurance Company	Dec. 27, 2013	1,000	1,000	1.011%	Dec. 25, 2020				
	Taiyo Life Insurance Company	Sept. 24, 2015	1,000	1,000	0.969%	Sept. 24, 2024				
	The Chugoku Bank, Ltd.	Sept. 24, 2013	1,000	1,000	0.758%	Sept. 25, 2018				
	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816%	Oct. 6, 2023				
	The Norinchukin Bank	Dec. 5, 2014	1,000	1,000	0.440%	Dec. 5, 2017				
	The Norinchukin Bank	Dec. 15, 2016	—	2,000	0.388%	Dec. 14, 2021				
	Sumitomo Life Insurance Company	Oct. 11, 2016	—	2,000	0.453%	Oct. 11, 2024				
	National Mutual Insurance Federation of Agricultural Cooperative	Dec. 15, 2016	—	2,000	0.388%	Dec. 14, 2021				
	Sompo Japan Nipponkoa Insurance Inc.	Apr. 11, 2012	2,000	—	0.981%	Oct. 11, 2016				
	Sompo Japan Nipponkoa Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759%	Dec. 25, 2023				
	The Hachijuni Bank, Ltd.	Sept. 24, 2014	1,000	—	0.424%	Sept. 26, 2016				
	The Hachijuni Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.489%	Oct. 9, 2020				
	The Hachijuni Bank, Ltd.	Sept. 26, 2016	—	1,000	0.209%	Sept. 24, 2021				
	Resona Bank, Limited	Mar. 30, 2012	2,000	2,000	1.093%	Mar. 30, 2017				
The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816%	Oct. 6, 2023					
Daido Life Insurance Company	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018					
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018					
Sumitomo Mitsui Trust Bank, Limited	Mar. 25, 2016	1,000	1,000	0.691%	Mar. 25, 2026					
	Total		134,626	147,460						

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

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

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

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

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

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2016 are as follows.

Name	Issue Date	Balance as of Jul. 1, 2016 (millions of yen)	Balance as of Dec. 31, 2016 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
Thirteenth Series of Investment Corporation Bonds	Oct. 25, 2011	7,000	-	0.950	Oct. 25, 2016			
Fourteenth Series of Investment Corporation Bonds	Oct. 25, 2011	2,000	2,000	1.340	Oct. 25, 2018			
Fifteenth Series of Investment Corporation Bonds	Nov. 22, 2012	5,000	5,000	0.680	Nov. 22, 2017			
Sixteenth Series of Investment Corporation Bonds	Nov. 22, 2012	2,000	2,000	1.030	Nov. 22, 2019			
Seventeenth Series of Investment Corporation Bonds	May 31, 2013	5,000	5,000	0.650	May 31, 2018			
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	2,000	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twentieth Series of Investment Corporation Bonds	Jul. 22, 2014	2,000	2,000	0.303	Jul. 22, 2019			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Total		41,500	34,500					

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

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

(4) Subscription Rights to Shares

Not applicable

6. Acquisitions and Sales during the 30th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen) (Note)	Difference (C) (A)-(B) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C)-(D) (thousands of yen)
Real estate	JPR Daikanyama	-	-	September 29, 2016	1,880,000	2,178,967	(298,967)	1,553	(300,521)
Real estate	Part of land of JPR Musashikosugi Bldg.	-	-	October 31, 2016	5,869	5,284	584	-	584
Real estate	GINZA GATES	December 15, 2016	10,100,000	-	-	-	-	-	-
Beneficiary interest	FUNDES Suidobashi	December 15, 2016	3,250,000	-	-	-	-	-	-
	Total	-	13,350,000	-	1,885,869	2,184,252	(298,383)	1,553	(299,936)

(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 30th fiscal period.

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

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Real Estate Appraisal Value (Note 2) (thousands of yen)	Real Estate Appraiser	Appraisal Date
Sale	Real estate	JPR Daikanyama	September 29, 2016	1,880,000	1,600,000	The Tanizawa Sogo Appraisal Co., Ltd.	August 15, 2016
Sale	Real estate	Part of land of JPR Musashikosugi Bldg.	October 31, 2016	5,869	5,660	Japan Valuers Co., Ltd.	September 15, 2016
Acquisition	Real estate	GINZA GATES	December 15, 2016	10,100,000	10,800,000	Japan Valuers Co., Ltd.	November 30, 2016
Acquisition	Beneficiary interest	FUNDES Suidobashi	December 15, 2016	3,250,000	3,380,000	Japan Real Estate Institute	November 30, 2016

(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	13,350,000	1,885,869
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	13,350,000 (100.0%)	— (—%)
Total	13,350,000 (100.0%)	— (—%)

2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	264,702	Tokyo Tatemono Co., Ltd.	226,789	85.7%
		Taisei-Yuraku Real Estate Co., Ltd.	6,418	2.4%
		Prime Place Co., Ltd.	265	0.1%
Outsourcing Fees	543,920	Tokyo Tatemono Co., Ltd.	412,811	75.9%
		Prime Place Co., Ltd.	802	0.1%
Tenant Brokerage Fees	51,241	Tokyo Tatemono Co., Ltd.	20,047	39.1%

(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 management fees indicated in the above table include construction management fees (total of 16,574 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 30th fiscal period.

Tokyo Tatemono Co., Ltd.	804,669 thousand yen
Taisei-Yuraku Real Estate Co., Ltd.	7,320 thousand yen
Tokyo Real Estate Management Co., Ltd.	239,470 thousand yen
Taisei Corporation	36,814 thousand yen
Shinjuku Center Building Management Co., Ltd.	32,293 thousand yen

(Note 4) Taisei Corporation and Yasuda Real Estate Co., Ltd. are no longer categorized as interested parties of JPR, as they transferred part of the shares of Tokyo Realty Investment Management, Inc. they own to Tokyo Tatemono Co, Ltd. as of December 22, 2016.

(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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

8. Overview of Self-Managed Investment Trust Beneficiary

(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 (%)
21st Fiscal Period (Jan. 1, 2012 – Jun. 30, 2012)	100	20	0.0
22nd Fiscal Period (Jul. 1, 2012 – Dec. 31, 2012)	100	20	0.0
23rd Fiscal Period (Jan. 1, 2013 – Jun. 30, 2013)	100	20	0.0
24th Fiscal Period (Jul. 1, 2013 – Dec. 31, 2013)	100	20	0.0
25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	100	20	0.0
26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)	100	20	0.0
27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	100	20	0.0
28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)	100	20	0.0
29th Fiscal Period (Jan. 1, 2016 – Jun. 30, 2016)	100	20	0.0
30th Fiscal Period (Jul. 1, 2016 – Dec. 31, 2016)	100	20	0.0

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

9. Disclosure on Corporation Owning Foreign Real Estate

Not applicable

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

Not applicable

11. Other

(1) Notice

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 30th fiscal period.

(2) Other

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

(1) Balance Sheets

	(Thousands of yen)	
	End of 29th Fiscal Period (Jun. 30, 2016)	End of 30th Fiscal Period (Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	14,277,826	17,896,631
Cash and deposits in trust	12,137,178	12,075,668
Operating accounts receivable	395,640	319,276
Prepaid expenses	122,519	157,568
Other	10,257	9,075
Total current assets	26,943,421	30,458,219
Noncurrent assets		
Property, plant and equipment		
Buildings	57,149,742	57,346,890
Accumulated depreciation	(13,477,853)	(14,201,649)
Buildings, net	*1 43,671,889	*1 43,145,241
Buildings in trust	87,786,352	88,897,226
Accumulated depreciation	(28,675,361)	(29,702,517)
Buildings in trust, net	59,110,990	59,194,709
Structures	51,715	49,920
Accumulated depreciation	(17,671)	(18,152)
Structures, net	34,044	31,767
Structures in trust	119,876	120,517
Accumulated depreciation	(74,494)	(77,245)
Structures in trust, net	45,381	43,272
Machinery and equipment	742,172	748,404
Accumulated depreciation	(399,899)	(419,479)
Machinery and equipment, net	*1 342,273	*1 328,925
Machinery and equipment in trust	1,655,815	1,677,053
Accumulated depreciation	(1,273,279)	(1,301,826)
Machinery and equipment in trust, net	382,535	375,227
Tools, furniture and fixtures	62,401	75,134
Accumulated depreciation	(36,881)	(38,879)
Tools, furniture and fixtures, net	25,519	36,254
Tools, furniture and fixtures in trust	178,038	186,096
Accumulated depreciation	(118,882)	(125,281)
Tools, furniture and fixtures in trust, net	59,156	60,814
Land	*1 108,898,331	*1 106,890,048
Land in trust	173,873,374	176,493,700
Construction in progress in trust	—	8,489
Total property, plant and equipment	386,443,498	386,608,451
Intangible assets		
Leasehold right	4,794,109	14,689,483
Other	1,658	1,593
Total intangible assets	4,795,768	14,691,077
Investments and other assets		
Lease and guarantee deposits	241,612	297,969
Long-term prepaid expenses	120,730	86,527
Total investments and other assets	362,342	384,497
Total noncurrent assets	391,601,608	401,684,026
Deferred assets		
Investment corporation bond issuance costs	163,517	143,222
Investment unit issuance expenses	29,728	22,078
Total deferred assets	193,245	165,300
Total assets	418,738,276	432,307,546

(Thousands of yen)

	End of 29th Fiscal Period (Jun. 30, 2016)	End of 30th Fiscal Period (Dec. 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	2,003,354	2,476,880
Short-term loans payable	—	7,000,000
Current portion of long-term loans payable	24,732,000	32,632,000
Current portion of investment corporation bonds	7,000,000	5,000,000
Accounts payable-other	588,151	665,717
Accrued expenses	94,072	88,498
Income taxes payable	605	605
Accrued consumption taxes	256,744	217,870
Advances received	2,739,606	2,683,275
Total current liabilities	37,414,534	50,764,846
Noncurrent liabilities		
Investment corporation bonds	34,500,000	29,500,000
Long-term loans payable	109,894,000	114,828,000
Tenant leasehold and security deposits	*1 7,686,149	*1 7,672,848
Tenant leasehold and security deposits in trust	12,859,392	12,902,843
Total noncurrent liabilities	164,939,541	164,903,691
Total liabilities	202,354,076	215,668,538
Net assets		
Unitholders' equity		
Unitholders' capital	210,395,598	210,395,598
Surplus		
Voluntary reserve		
Reserve for reduction entry	73,946	73,946
Total voluntary reserve	73,946	73,946
Unappropriated retained earnings (undisposed losses)	5,914,654	6,169,462
Total surplus	5,988,601	6,243,409
Total unitholders' equity	216,384,200	216,639,008
Total net assets	*3 216,384,200	*3 216,639,008
Total liabilities and net assets	418,738,276	432,307,546

(2) Statements of Income and Retained Earnings

(Thousands of yen)

	29th Fiscal Period (Jan. 1, 2016 – Jun. 30, 2016)		30th Fiscal Period (Jul. 1, 2016 – Dec. 31, 2016)	
Operating revenue				
Rent revenue-real estate	*1	14,246,699	*1	15,105,172
Gain on sale of real estate	*2	—	*2	584
Total operating revenue		14,246,699		15,105,757
Operating expenses				
Expenses related to rent business	*1	6,658,243	*1	6,898,364
Loss on sale of real estate	*2	—	*2	300,521
Asset management fee		512,078		532,074
Administrative service and asset custody fees		78,833		77,047
Directors' compensation		6,600		6,600
Trust fees		31,077		30,723
Other operating expenses		85,525		99,262
Total operating expenses		7,372,358		7,944,593
Operating income		6,874,340		7,161,163
Non-operating income				
Interest income		2,497		233
Income on settlement of management association accounts		53,600		3,147
Other		11,909		4,329
Total non-operating income		68,008		7,709
Non-operating expenses				
Interest expenses		718,019		703,974
Borrowing expenses		58,432		55,202
Interest expenses on investment corporation bonds		237,846		227,821
Amortization of investment corporation bond issuance costs		21,632		20,295
Amortization of investment unit issuance expenses		7,567		7,650
Other		1,526		527
Total non-operating expenses		1,045,023		1,015,472
Ordinary income		5,897,325		6,153,400
Income before income taxes		5,897,325		6,153,400
Income taxes-current		605		605
Total income taxes		605		605
Net income		5,896,720		6,152,795
Retained earnings brought forward		17,934		16,666
Unappropriated retained earnings (undisposed losses)		5,914,654		6,169,462

(3) Statements of Changes in Unitholders' Equity

	(Thousands of yen)	
	29th Fiscal Period (Jan. 1, 2016 – Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016– Dec. 31, 2016)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	210,395,598	210,395,598
Changes of items during the period		
Total changes of items during the period	–	–
Balance at end of current period	210,395,598	210,395,598
Surplus		
Voluntary reserve		
Balance at beginning of current period	73,946	73,946
Changes of items during the period		
Total changes of items during the period	–	–
Balance at end of current period	73,946	73,946
Unappropriated retained earnings (undisposed losses)		
Balance at beginning of current period	5,769,258	5,914,654
Changes of items during the period		
Dividends from surplus	(5,751,324)	(5,897,988)
Net income	5,896,720	6,152,795
Total changes of items during the period	145,396	254,807
Balance at end of current period	5,914,654	6,169,462
Total surplus		
Balance at beginning of current period	5,843,205	5,988,601
Changes of items during the period		
Total changes of items during the period	145,396	254,807
Balance at end of current period	5,988,601	6,243,409
Total unitholders' equity		
Balance at the beginning of current period	216,238,803	216,384,200
Changes of items during the period		
Total changes of items during the period	145,396	254,807
Balance at end of current period	216,384,200	216,639,008
Total net assets		
Balance at beginning of current period	216,238,803	216,384,200
Changes of items during the period		
Total changes of items during the period	145,396	254,807
Balance at end of current period	216,384,200	216,639,008

(4) Statements of Cash Distributions

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
I. Unappropriated retained earnings	5,914,654,871 yen	6,169,462,812 yen
II. Distribution amount (Distribution amount per unit)	5,897,988,000 yen (6,756 yen)	6,152,904,000 yen (7,048 yen)
III. Retained earnings carried forward	16,666,871 yen	16,558,812 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 5,897,988,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (873,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 6,152,904,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (873,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.

(5) Statements of Cash Flows

	(Thousands of yen)	
	29th Fiscal Period	30th Fiscal Period
	(Jan. 1, 2016 – Jun. 30, 2016)	(Jul. 1, 2016 – Dec. 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	5,897,325	6,153,400
Depreciation and amortization	1,885,354	1,884,057
Amortization of investment corporation bond issuance costs	21,632	20,295
Amortization of investment unit issuance expenses	7,567	7,650
Interest income	(2,497)	(233)
Interest expenses	955,865	931,796
Decrease (increase) in operating accounts receivable	(87,565)	76,364
Decrease (increase) in prepaid expenses	40,174	(35,049)
Increase (decrease) in operating accounts payable	117,673	258,291
Increase (decrease) in accounts payable-other	(55,736)	77,573
Increase (decrease) in accrued consumption taxes	(20,382)	(38,874)
Increase (decrease) in advances received	130,356	(56,330)
Decrease in property, plant and equipment	–	2,184,252
Other, net	(14,396)	(217,740)
Subtotal	8,875,370	11,245,455
Interest income received	2,497	233
Interest expenses paid	(969,925)	(937,370)
Income taxes (paid) refund	(510)	(258)
Net cash provided by (used in) operating activities	7,907,431	10,308,059
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(265,593)	(392,949)
Purchase of property, plant and equipment in trust	(837,967)	(3,625,015)
Purchase of intangible assets	–	(9,895,373)
Payments of lease and guarantee deposits	(46,891)	(56,357)
Repayments of tenant leasehold and security deposits	(173,750)	(105,669)
Proceeds from tenant leasehold and security deposits	322,168	175,572
Repayments of tenant leasehold and security deposits in trust	(309,784)	(187,965)
Proceeds from tenant leasehold and security deposits in trust	400,221	399,505
Net cash provided by (used in) investing activities	(911,597)	(13,688,253)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	–	7,000,000
Repayment of short-term loans payable	(1,000,000)	–
Proceeds from long-term loans payable	14,000,000	18,000,000
Repayment of long-term loans payable	(13,166,000)	(5,166,000)
Redemption of investment corporation bonds	–	(7,000,000)
Dividends paid	(5,751,214)	(5,896,510)
Net cash provided by (used in) financing activities	(5,917,214)	6,937,489
Net changes in cash and cash equivalents	1,078,619	3,557,295
Cash and cash equivalents at beginning of current period	25,336,385	26,415,004
Cash and cash equivalents at end of current period	*1 26,415,004	*1 29,972,299

(6) Notes to Financial Statements

(Basis of Presenting Financial Statements)

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

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

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

(Significant Accounting Policies)

1. Depreciation Method for Property and Equipment
 - (1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:
Buildings 3 - 65 years
Structures 10 - 35 years
Machinery and equipment 3 - 17 years
Tools, furniture and fixtures 3 - 20 years
Assets with acquisition prices of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.
 - (2) Intangible Assets
Intangible assets are amortized utilizing the straight-line method.
 - (3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized utilizing the straight-line method.
2. Accounting for Deferred Assets
 - (1) Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.
 - (2) Investment unit issuance expenses
Investment unit issuance expenses are amortized utilizing the straight-line method over three years.
3. Standards for Recording Revenues and Expenses
Accounting Treatment of Taxes on Property and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes, JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized were null for the fiscal period ended June 30, 2016 and amounted to 503,317 thousand yen for the fiscal periods ended December 31, 2016.
4. Scope of Cash and Cash Equivalents in the Statements of Cash Flows
Cash and cash equivalents in the Statements of Cash Flows include the following
 - (1) Cash on hand and cash in trust
 - (2) Deposits placed with banks and deposits in trust that can be withdrawn at any time
 - (3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date.
5. Other Significant Items Fundamental to Preparing the Financial Statements
 - (1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust
Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income and retained earnings. Furthermore, the following material accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.
 - a. Cash and deposits in trust
 - b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
 - c. Tenant leasehold and security deposits in trust
 - (2) Accounting for Consumption Taxes
National and local consumption taxes are accounted with the consumption taxes excluded.

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

Assets pledged as collateral are as follows:

(Thousands of yen)

	End of 29th Fiscal Period (as of June 30, 2016)	End of 30th Fiscal Period (as of December 31, 2016)
Buildings (net)	111,427	109,559
Machinery and equipment (net)	2,568	2,397
Land	399,183	399,183
Total	513,179	511,139

Secured liabilities are as follows:

(Thousands of yen)

	End of 29th Fiscal Period (as of June 30, 2016)	End of 30th Fiscal Period (as of December 31, 2016)
Tenant leasehold and security deposits	15,536	15,536
Total	15,536	15,536

2. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 29th Fiscal Period (as of June 30, 2016)	End of 30th Fiscal Period (as of December 31, 2016)
Credit limit	28,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	28,000,000	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 29th Fiscal Period (as of June 30, 2016)	End of 30th Fiscal Period (as of December 31, 2016)
50,000	50,000

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

(Thousands of yen)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	9,731,276	9,982,743
Land rents	1,581,000	1,581,000
Common charges	1,730,426	1,717,771
Parking revenues	257,579	259,307
Advertising expenses	61,413	61,714
Antenna use fees	22,124	21,711
Other	36,210	39,866
Subtotal	13,420,030	13,664,114
Other rental revenues		
Incidental income	668,408	767,084
Time-based parking revenues	5,044	5,771
Cancellation charges	83,396	398,303
Income equivalent to expenses for restoration to original condition	43,386	249,769
Other miscellaneous income	26,433	20,129
Subtotal	826,668	1,441,058
Total rent revenue-real estate	14,246,699	15,105,172
B. Expenses Related to Rent Business		
Outsourcing expenses	530,228	542,555
Utilities expenses	765,744	794,249
Property and other taxes	2,067,746	2,059,250
Casualty insurance	27,362	25,900
Repairs and maintenance	420,046	586,870
Property management fees	240,310	248,127
Management association accounts	580,300	591,197
Depreciation	1,885,187	1,884,057
Other	141,315	166,153
Total expenses related to rent business	6,658,243	6,898,364
C. Profits		
(A-B)	7,588,456	8,206,808

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

(Thousands of yen)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
A Portion of Land of JPR Musashikosugi Bldg.		
Proceeds from sale of real estate	—	5,869
Cost of sale of real estate	—	5,284
Other expenses related to sale	—	—
Gain on sale of real estate	—	584
JPR Daikanyama		
Proceeds from sale of real estate	—	1,880,000
Cost of sale of real estate	—	2,178,967
Other expenses related to sale	—	1,553
Loss on sale of real estate	—	300,521

(Notes to Statements of Changes in Unitholders' Equity)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	873,000 units	873,000 units

(Notes to Statements of Cash Flows)

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

(Thousands of yen)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Cash and deposits	14,277,826	17,896,631
Cash and deposits in trust	12,137,178	12,075,668
Cash and cash equivalents	26,415,004	29,972,299

(Leases)

Future lease revenues under non-cancelable operating leases

(Thousands of yen)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Due within one year	6,766,426	6,452,339
Due after one year	12,618,587	12,859,051
Total	19,385,014	19,311,390

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

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

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

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

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

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

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

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

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

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

The following are the carrying values and estimated fair values as of June 30, 2016 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	14,277,826	14,277,826	—
(2) Cash and deposits in trust	12,137,178	12,137,178	—
(3) Short-term loans payable	—	—	—
(4) Current portion of long-term loans payable	(24,732,000)	(24,887,253)	155,253
(5) Current portion of investment corporation bonds	(7,000,000)	(7,018,900)	18,900
(6) Investment corporation bonds	(34,500,000)	(36,773,623)	2,273,623
(7) Long-term loans payable	(109,894,000)	(113,558,707)	3,664,707

The following are the carrying values and estimated fair values as of December 31, 2016 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	17,896,631	17,896,631	—
(2) Cash and deposits in trust	12,075,668	12,075,668	—
(3) Short-term loans payable	(7,000,000)	(7,000,000)	—
(4) Current portion of long-term loans payable	(32,632,000)	(32,748,950)	116,950
(5) Current portion of investment corporation bonds	(5,000,000)	(5,025,000)	25,000
(6) Investment corporation bonds	(29,500,000)	(31,233,681)	1,733,681
(7) Long-term loans payable	(114,828,000)	(116,946,458)	2,118,458

(Note 1) Liabilities are shown in parentheses.

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

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

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

(3) Short-term loans payable

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

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

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

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

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

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

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

(Thousands of yen)

Category	End of 29th Fiscal Period (as of June 30, 2016)	End of 30th Fiscal Period (as of December 31, 2016)
Tenant leasehold and security deposits	7,686,149	7,672,848
Tenant leasehold and security deposits in trust	12,859,392	12,902,843

(Note 4) Scheduled redemption of monetary claims to be due after the account closing date of the 29th fiscal period (June 30, 2016)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	14,277,826	—	—	—	—	—
Cash and deposits in trust	12,137,178	—	—	—	—	—

Scheduled redemption of monetary claims to be due after the account closing date of the 30th fiscal period (December 31, 2016)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	17,896,631	—	—	—	—	—
Cash and deposits in trust	12,075,668	—	—	—	—	—

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 29th fiscal period (June 30, 2016)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	—	—	—	—	—	—
Investment corporation bonds	7,000,000	10,000,000	2,000,000	4,000,000	—	18,500,000
Long-term loans payable	24,732,000	21,374,000	17,200,000	14,000,000	15,820,000	41,500,000

Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 30th fiscal period (December 31, 2016)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	7,000,000	—	—	—	—	—
Investment corporation bonds	5,000,000	7,000,000	4,000,000	—	—	18,500,000
Long-term loans payable	32,632,000	16,408,000	17,100,000	17,000,000	14,820,000	49,500,000

(Securities)

29th fiscal period (as of June 30, 2016)

Not applicable

30th fiscal period (as of December 31, 2016)

Not applicable

(Derivative Transactions)

29th fiscal period (as of June 30, 2016)

Not applicable as JPR conducted no derivative transactions

30th fiscal period (as of December 31, 2016)

Not applicable as JPR conducted no derivative transactions

(Retirement Benefits)

29th fiscal period (as of June 30, 2016)

Not applicable as JPR does not have any retirement benefit system

30th fiscal period (as of December 31, 2016)

Not applicable as JPR does not have any retirement benefit system

(Tax Effect Accounting)

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

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Effective statutory tax rate	32.31%	31.74%
(Adjustment)		
Deductible cash distributions	(32.31%)	(31.74%)
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable as JPR does not have any affiliated companies

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

2. Subsidiaries

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

3. Sister Companies

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

4. Directors and Major Individual Unitholders

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

(Asset Retirement Obligations)

29th fiscal period (January 1, 2016 – June 30, 2016)

Not applicable

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

(Segment Information)

[Segment Information]

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

[Related Information]

29th fiscal period (January 1, 2016 – June 30, 2016)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

30th fiscal period (July 1, 2016 – December 31, 2016)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

(Investment and Rental Properties)

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

(Thousands of yen)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	392,346,040	391,239,266
Amount of Increase (Decrease) during the Period	(1,106,773)	10,055,587
Balance at End of Current Period	391,239,266	401,294,854
Estimated Fair Value at End of Period	419,881,000	437,981,000

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

(Note 2) Of the amount of increase (decrease), the amount of decrease for the 29th fiscal period is primarily attributable to depreciation (1,885,187 thousand yen). Of the amount of increase (decrease), the amount of increase for the 30th fiscal period is primarily attributable to the purchase of GINZA GATES (10,131,529 thousand yen) and FUNDES Suidobashi (3,263,997 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Daikanyama (2,178,967 thousand yen), the sale of a splay portion of JPR Musashikosugi Bldg. (5,284 thousand yen) and depreciation (1,884,057 thousand yen).

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

The income (loss) in the 29th and 30th fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

(Per Unit Information)

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Total net assets per unit	247,862 yen	248,154 yen
Net income per unit	6,754 yen	7,047 yen

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

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

	29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
Net income (thousands of yen)	5,896,720	6,152,795
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	5,896,720	6,152,795
Average number of units during the fiscal period	873,000 units	873,000 units

(Subsequent Events)**Issuance of new investment units**

JPR resolved at its Board of Directors meetings held on January 6, 2017 and January 17, 2017 to issue new investment units, as outlined below. With payments completed on January 24, 2017 and February 14, 2017, respectively, JPR issued the units under the following conditions. As a result of the issuance, unitholders’ capital stands at 231,653,198,600 yen with the number of investment units outstanding totaling 923,000 units as of the issuance date of these financial statements.

<Issuance of new investment units through public offering (primary offering)>

Number of new investment units issued:	47,600 units
Issue price (offer price):	439,040 yen per unit
Total issue price (total offer price):	20,898,304,000 yen
Paid-in amount (purchase price):	425,152 yen per unit
Total paid-in amount (total purchase price):	20,237,235,200 yen
Payment date:	January 24, 2017

<Issuance of new investment units through third-party allotment>

Number of new investment units issued:	2,400 units
Paid-in amount (purchase price):	425,152 yen per unit
Total paid-in amount (total purchase price):	1,020,364,800 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	February 14, 2017

(7) Detailed Schedules

1) Schedule of Securities

Not applicable

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

Not applicable

3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of July 1, 2016 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2016 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2016 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	-	-	-	-	-	-	-	
Noncurrent Assets (Property, plant and equipment)								
Buildings	57,149,742	441,880	244,732	57,346,890	14,201,649	794,948	43,145,241	Property acquisition and sale
Structures	51,715	384	2,179	49,920	18,152	1,331	31,767	
Machinery and equipment	742,172	6,231	—	748,404	419,479	19,580	328,925	
Tools, furniture and fixtures	62,401	15,076	2,343	75,134	38,879	3,279	36,254	
Land	108,898,331	—	2,008,282	106,890,048	—	—	106,890,048	Property sale
Construction in progress	—	16,972	16,972	—	—	—	—	
Subtotal	166,904,363	480,545	2,274,510	165,110,398	14,678,160	819,140	150,432,238	
(Beneficiary interests in trust)								
Buildings in trust	87,786,352	1,110,874	—	88,897,226	29,702,517	1,027,155	59,194,709	Property acquisition
Structures in trust	119,876	641	—	120,517	77,245	2,750	43,272	
Machinery and equipment in trust	1,655,815	21,237	—	1,677,053	1,301,826	28,546	375,227	
Tools, furniture and fixtures in trust	178,038	8,057	—	186,096	125,281	6,399	60,814	
Land in trust	173,873,374	2,620,325	—	176,493,700	—	—	176,493,700	Property acquisition
Construction in progress in trust	—	8,651	162	8,489	—	—	8,489	
Subtotal	263,613,458	3,769,787	162	267,383,083	31,206,870	1,064,852	236,176,213	
Total	430,517,821	4,250,333	2,274,672	432,493,482	45,885,031	1,883,992	386,608,451	
Intangible Assets								
Leasehold rights	4,794,109	9,895,373	—	14,689,483	—	—	14,689,483	Property acquisition
Other	2,602	—	—	2,602	1,008	65	1,593	
Total	4,796,712	9,895,373	—	14,692,086	1,008	65	14,691,077	

(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 property acquisition and construction completion for construction in progress and construction in progress in trust, and due to property sale, etc. for buildings, structures, tools, furniture and fixtures and land.

4) Schedule of Other Specified Assets
Not applicable

5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of July 1, 2016 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2016 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Remarks
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	-	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Thirteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	7,000,000	7,000,000	-	0.950	Oct. 25, 2016		
Fourteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	2,000,000	-	2,000,000	1.340	Oct. 25, 2018		
Fifteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	5,000,000	-	5,000,000	0.680	Nov. 22, 2017		
Sixteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	2,000,000	-	2,000,000	1.030	Nov. 22, 2019		
Seventeenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	5,000,000	-	5,000,000	0.650	May 31, 2018		
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	-	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	-	5,000,000	1.110	Feb. 5, 2024		
Twentieth Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	2,000,000	-	2,000,000	0.303	Jul. 22, 2019		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	-	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	-	3,000,000	0.831	Dec. 4, 2024		
Total		41,500,000	7,000,000	34,500,000				

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

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

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

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

6) Schedule of Loans Payable

Lender	Balance as of July 1, 2016 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2016 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-term loans payable								
Mizuho Bank Ltd.	-	7,000,000	-	7,000,000	0.230%	July. 5, 2017	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Total	-	7,000,000	-	7,000,000				

Lender	Balance as of July 1, 2016 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2016 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank Ltd.	7,000,000	-	-	7,000,000	1.093%	Mar. 30, 2017	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.027%	Dec. 5, 2019		
Mizuho Bank Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	1.178%	Jun. 27, 2023		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	0.804%	Feb. 4, 2026		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.178%	Aug. 8, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.948%	Aug. 8, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.919%	Sept. 5, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000,000	-	-	4,000,000	0.889%	Jun. 25, 2021		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000,000	-	-	5,000,000	0.510%	Mar. 25, 2024		
Sumitomo Mitsui Banking Corporation	6,400,000	-	-	6,400,000	1.093%	Mar. 30, 2017		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.265%	Jun. 26, 2020		
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.033%	Jun. 27, 2022		
Development Bank of Japan, Inc.	2,600,000	-	100,000	2,500,000	3.190%	(Note 5)		
Development Bank of Japan, Inc.	820,000	-	-	820,000	1.449%	Jun. 25, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.188%	Dec. 3, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan, Inc.	-	3,000,000	-	3,000,000	0.843%	Jun. 14, 2027		
Shinsei Bank, Ltd.	5,000,000	-	-	5,000,000	1.397%	Apr. 5, 2019		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.076%	Sept. 24, 2020		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	-	1,000,000	-	1,000,000	0.843%	Jun. 14, 2027		
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	-	-	5,000,000	1.184%	Aug. 29, 2017		
Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	0.873%	Aug. 31, 2023		
Mitsubishi UFJ Trust and Banking Corporation	-	2,000,000	-	2,000,000	0.633%	Dec. 13, 2024		
Aozora Bank Ltd.	900,000	-	-	900,000	0.994%	Jul. 3, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.178%	Aug. 8, 2019		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	0.985%	Aug. 25, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.146%	Aug. 30, 2018		
Aozora Bank Ltd.	1,000,000	-	-	1,000,000	1.069%	Sept. 24, 2020		

	Balance as of July 1, 2016 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2016 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Trust & Banking Co., Ltd.	4,000,000	-	-	4,000,000	1.093%	Mar. 30, 2017		
Mizuho Trust & Banking Co., Ltd.	3,000,000	-	-	3,000,000	1.076%	Feb. 4, 2020		
Shinkin Central Bank	3,000,000	-	-	3,000,000	0.689%	Dec. 5, 2018		
Shinkin Central Bank	-	2,000,000	-	2,000,000	0.388%	Dec. 14, 2021		
The Bank of Fukuoka	2,000,000	-	2,000,000	-	1.170%	Jul. 7, 2016		
The Bank of Fukuoka	1,000,000	-	-	1,000,000	0.911%	Sept. 24, 2019		
The Bank of Fukuoka	2,000,000	-	-	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka	-	2,000,000	-	2,000,000	0.480%	Jul. 7, 2026		
Meiji Yasuda Life Insurance Company	3,406,000	-	66,000	3,340,000	1.800%	(Note 6)		
Meiji Yasuda Life Insurance Company	1,000,000	-	-	1,000,000	1.042%	Feb. 5, 2025		
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	0.388%	Dec. 14, 2021		
ORIX Bank Corporation	1,000,000	-	-	1,000,000	0.786%	Feb. 5, 2018		
ORIX Bank Corporation	2,000,000	-	-	2,000,000	0.762%	May 27, 2019		
The Shinkumi Federation Bank	3,000,000	-	-	3,000,000	0.786%	Feb. 5, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.949%	Jun. 4, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	1.011%	Dec. 25, 2020		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.969%	Sept. 24, 2024	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Chugoku Bank	1,000,000	-	-	1,000,000	0.758%	Sept. 25, 2018		
Chugoku Bank	2,000,000	-	-	2,000,000	0.816%	Oct. 6, 2023		
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.440%	Dec. 5, 2017		
The Norinchukin Bank	-	2,000,000	-	2,000,000	0.388%	Dec. 14, 2021		
Sumitomo Life Insurance Company	-	2,000,000	-	2,000,000	0.453%	Oct. 11, 2024		
National Mutual Insurance Federation of Agricultural Cooperatives	-	2,000,000	-	2,000,000	0.388%	Dec. 14, 2021		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	2,000,000	-	0.981%	Oct. 11, 2016		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	-	2,000,000	0.759%	Dec. 25, 2023		
The Hachijuni Bank	1,000,000	-	1,000,000	-	0.424%	Sept. 26, 2016		
The Hachijuni Bank	1,000,000	-	-	1,000,000	0.489%	Oct. 9, 2020		
The Hachijuni Bank	-	1,000,000	-	1,000,000	0.209%	Sep. 24, 2021		
Resona Bank, Ltd.	2,000,000	-	-	2,000,000	1.093%	Mar. 30, 2017		
The Iyo Bank, Ltd.	1,000,000	-	-	1,000,000	0.816%	Oct. 6, 2023		
Daido Life Insurance Company	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.691%	Mar. 25, 2026		
Total	134,626,000	18,000,000	5,166,000	147,460,000				

(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	32,632,000	16,408,000	17,100,000	17,000,000	14,820,000

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

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

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

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

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

(8) Independent Auditor's Report

Ernst & Young ShinNihon LLC
 Hibaya Kokusai Bldg.
 2-2-3 Uchisaiwaiicho, Chiyodaku
 Tokyo 100-0011, Japan

Tel: +81 3 3503 1100
 Fax: +81 3 3503 1197
 www.shinnihon.ey.jp

Independent Auditor's Report

The Board of Directors
 Japan Prime Realty Investment Corporation

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation, which comprise the balance sheet as at December 31, 2016, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation as at December 31, 2016 and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

March 23, 2017
 Tokyo, Japan

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

29th Fiscal Period (January 1, 2016 – June 30, 2016)	30th Fiscal Period (July 1, 2016 – December 31, 2016)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

29th fiscal period (January 1, 2016 – June 30, 2016)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Current portion of long-term loans payable	4,000,000
				—	—	Long-term loans payable	3,000,000
				Interest expenses	37,895	Accrued expenses	624

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

30th fiscal period (July 1, 2016 – December 31, 2016)

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	3.35%	Purchase of real estate	10,100,000	—	—
				Purchase of beneficiary interest in real estate	3,250,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Current portion of long-term loans payable	4,000,000
				—	—	Long-term loans payable	3,000,000
				Interest expenses	38,312	Accrued expenses	832

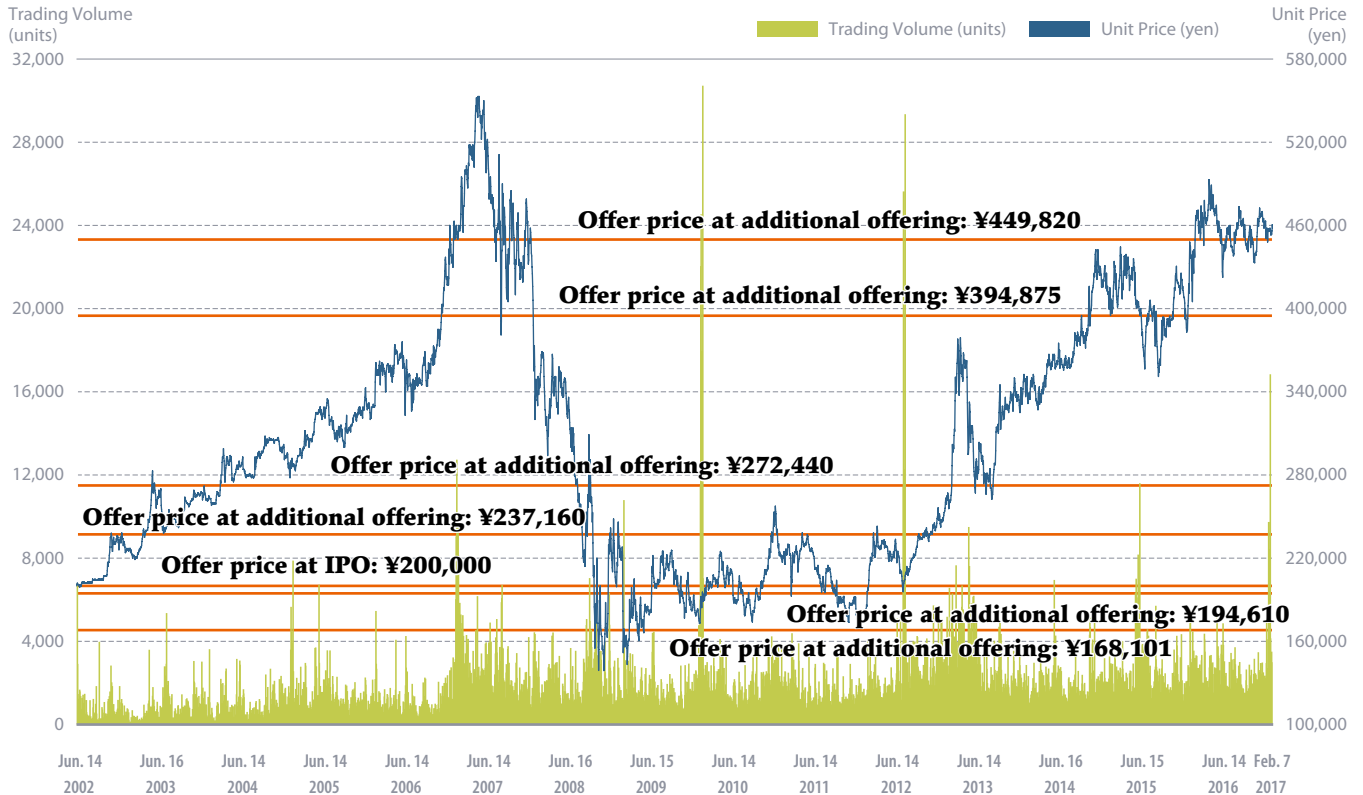
(Note) Transaction terms are determined based on prevailing market conditions.

Status of Investment Unit Price (as of December 31, 2016)

Market capitalization: **¥402.0 billion**

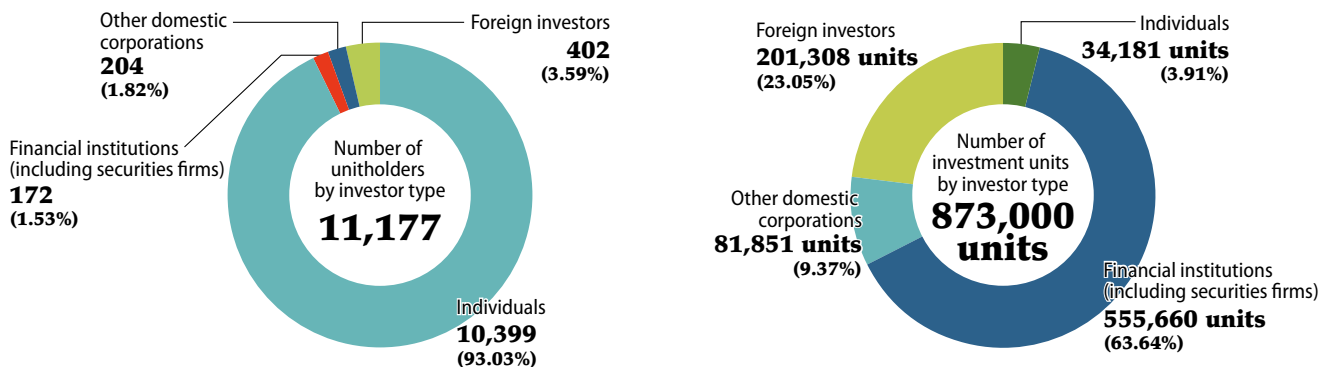
High: **¥564,000** (May 7, 2007)

Unit price at end of 30th Fiscal Period: **¥460,500** (December 31, 2016) Low: **¥130,300** (October 28, 2008)



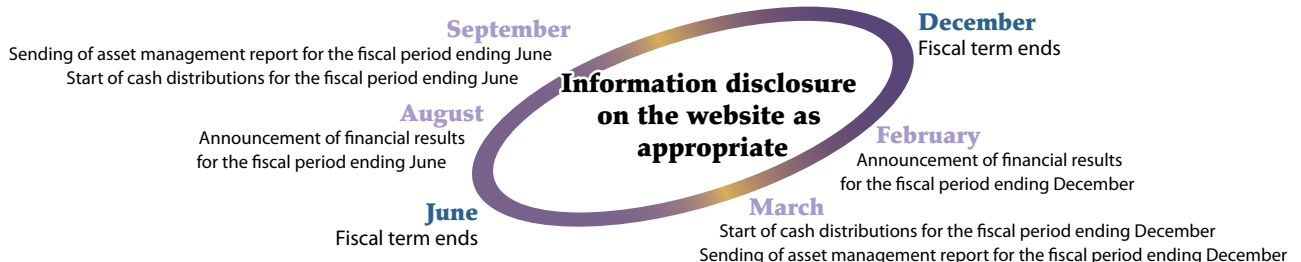
(Note) Unit prices are based on closing prices.

Breakdown of Unitholders (as of December 31, 2016)



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

Annual Schedule (provisional)



Introduction to the JPR Website

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

8955

(Securities Code)



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

Point 1 Digest of Financial Results

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



Point 2 Briefing Sessions and Events

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

Point 3 Property Overview

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



IR Mail Delivery Service

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



Notes for Investors

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

Procedures for Change of Address

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

Cash Distributions

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

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

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