



Forty-Fourth Fiscal Period Semi-Annual Report

July 1, 2023 – December 31, 2023

Japan Prime Realty Investment Corporation

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

Also, we would like to pray for the repose of the souls of those who lost their lives in the 2024 Noto Peninsula Earthquake, and extend our deepest sympathies to the people affected by the disaster.

Having settled the 44th fiscal period (July 1, 2023 – December 31, 2023), we would like to report on the performance results.

Although there were concerns about the impact of the completion of many large-scale office buildings last year, there was a recovery in office demand against the backdrop of the increase in attendance rate resulting from the normalization of socio-economic activities as well as strong corporate performance, and the vacancy rate in Tokyo declined moderately.

Under such circumstances, JPR continues to conduct stable operation, and the average occupancy rate for the 44th fiscal period was 98.4% (+0.8% from the previous fiscal period). Distribution per unit was 7,600 yen, the same amount as the initial forecast. In the next fiscal period onwards, JPR plans to secure a certain level of operational results by achieving stable operation and acquiring new properties as well as utilizing gain on sale resulting from strategic asset replacements and abundant internal reserves.

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

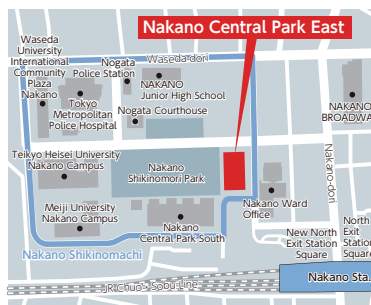
We ask you, our unitholders, to extend us continued support of our operations.

Portfolio Management Status

Item	43rd Period ended Jun. 2023 Results	44th Period ended Dec. 2023 Results	Change		
			Change	Rate of change	
Operating revenue (million yen)	18,173	17,411	-762	-4.2%	Operating revenue decreased due to the absence of gain on sale of properties recorded in the previous fiscal year (881 million yen).
Profit from leasing business (million yen)	8,981	9,096	115	1.3%	Profit from leasing business increased due to the progress in leasing and improvement of utilities income and expenses.
Operating income (million yen)	8,859	8,151	-707	-8.0%	
Ordinary income (million yen)	8,099	7,357	-741	-9.2%	Due to the increase in profit from leasing business, net income increased by 97 million yen compared with the initial forecast (7,259 million yen).
Net income (million yen)	8,098	7,356	-741	-9.2%	
Distribution per unit (yen)	7,600	7,600	0	0.0%	Distribution per unit came to 7,600 yen (unchanged from the previous fiscal period), the same amount as the initial forecast.

▶ Nakano Central Park East (acquired on March 1, 2024)

The property is a high-spec building with a seismic isolation structure which is a five-minute walk from Nakano Station on the JR and Tokyo Metro lines and developed together with “Nakano Central Park South” by Tokyo Tatemono, the sponsor. A new station building of Nakano Station is scheduled to be completed in 2026, and convenience is expected to further improve as a new ticket gate will be established and a pedestrian deck will be developed on the north side of the station.



Acquisition price	28,800 million yen
Appraisal value	30,100 million yen
Total leasable floor space	13,523.68 m ²
Building age	12 years
NOI yield	3.2%
Occupancy rate	92.8%

Initiatives on Sustainability

Topic

Received the “Good Action Award Governance Category” in ARES ESG AWARD 2023 for J-REITs, which was established by the Association for Real Estate Securitization.



[Details of Award]

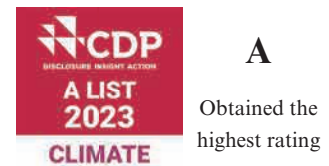
We were awarded for inviting external experts to the Sustainability Committee, Investment Committee, Risk Management Committee and Compliance Committee. We were evaluated for making such effort at multiple committees, while it is not easy to select appropriate candidates who can understand J-REITs and give advice.

Recognition by External Bodies

GRESB Real Estate Assessment



CDP Climate Change Program



MSCI ESG Rating^(Note)



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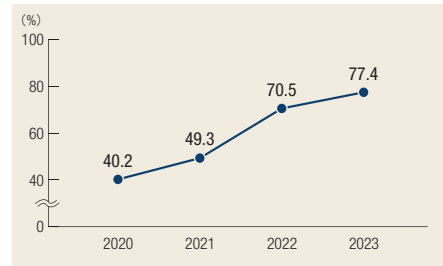
Environment

• Review of the target of environmental certification acquisition rate

We expect to achieve the 2030 target of “environmental certification acquisition rate of 80% or more (4-star/“A” rating or higher)” ahead of schedule, and have reviewed the 2030 target and set a new target for 2050.

Before change	After change
2030 target Certification acquisition rate of 80% or more (4-star/“A” rating or higher)	2030 target Certification acquisition rate of 90% or more 2050 target Certification acquisition rate of 100% (4-star/“A” rating or higher)

▶ Ratio of properties with environmental certifications



Social

- We are promoting the improvement of recycling rates by conducting trainings based on the theme of “waste” for property managers (PM) and local building managers (BM).

• Initiatives for TRIM’s employees

The following diversity-related trainings were held three times in fiscal 2023 to improve literacy.

- Diversity training (all employees including officers)
- Career design training (female employees)
- Diversity management training (officers/managers)



PM/BM training



Diversity management training

Governance

- We are promoting communication with investors by conducting IR focused on sustainability.
- Implementation status of compliance trainings in fiscal 2023

Focus themes: Interested party transactions, legal compliance, etc.
/Number of trainings held: 10

For details on our sustainability initiatives, please visit our website.



<https://www.jpr-reit.co.jp/en/sustainability/index.html>

1. Overview of Asset Management

(1) Trends in Operating Results and Other Management Data

	Fiscal Period	Unit	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 - Dec. 31, 2023)
Operating Performance	Operating Revenue	Million yen	18,253	18,357	18,739	18,173	17,411
	Rent revenue – real estate	Million yen	16,382	17,019	17,392	17,291	17,411
	Gain on sale of real estate	Million yen	1,870	1,338	1,347	881	–
	Operating Expenses	Million yen	9,626	9,014	9,466	9,314	9,259
	Expenses related to rent business	Million yen	7,731	7,946	8,199	8,310	8,315
	Operating Income	Million yen	8,626	9,343	9,273	8,859	8,151
	Ordinary Income	Million yen	7,893	8,607	8,469	8,099	7,357
Net Income	Million yen	7,892	8,607	8,469	8,098	7,356	
Financial Position	Total Assets	Million yen	495,615	507,005	507,655	510,069	510,802
	(Period-on-period variation)	%	(+2.3)	(+2.3)	(+0.1)	(+0.5)	(+0.1)
	Interest-bearing Debts	Million yen	206,900	202,900	202,900	205,400	205,400
	Total Unitholders' Equity	Million yen	257,649	272,912	273,603	273,974	273,752
	(Period-on-period variation)	%	(+0.2)	(+5.9)	(+0.3)	(+0.1)	(-0.1)
Cash Distribution per Unit, etc.	Unitholders' Capital	Million yen	247,860	261,751	261,751	261,751	261,751
	Total Cash Distributions	Million yen	7,234	7,777	7,728	7,578	7,578
	Dividend payout ratio	%	91.6	90.3	91.2	93.5	103.0
	Number of Units Outstanding	Units	958,250	997,178	997,178	997,178	997,178
	Total Unitholders' Equity per Unit	Yen	268,875	273,684	274,378	274,749	274,527
	Cash Distribution per Unit	Yen	7,550	7,800	7,750	7,600	7,600
	Distribution amount	Yen	7,550	7,800	7,750	7,600	7,600
Financial Indices	Exceeding profit distribution amount	Yen	–	–	–	–	–
	Ordinary Income on Total Assets (Note 1)	%	1.6	1.7	1.7	1.6	1.4
	Annualized (Note 10)	%	3.2	3.5	3.3	3.2	2.9
	Net Income on Total Unitholders' Equity (Note 2)	%	3.1	3.2	3.1	3.0	2.7
	Annualized (Note 10)	%	6.1	6.5	6.1	6.0	5.3
	Total unitholders' equity at beginning of period	Million yen	257,093	257,649	272,912	273,603	273,974
	Unitholders' Equity Ratio at End of Period (Note 3)	%	52.0	53.8	53.9	53.7	53.6
	(Period-on-period variation)	pt	(-1.1)	(+1.8)	(+0.1)	(-0.2)	(-0.1)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	41.7	40.0	40.0	40.3	40.2
	DSCR (Note 5)	Times	13.8	14.1	13.8	13.8	13.9
	Net income before interest and amortization (Note 6)	Million yen	9,708	10,026	10,120	9,984	10,143
	Interest expenses	Million yen	701	710	731	722	728
	NOI from Leasing (Note 7)	Million yen	10,779	11,118	11,248	11,025	11,153
	Annualized NOI yield (Notes 9 and 10)	%	4.3	4.5	4.5	4.4	4.5
NCF from Leasing (Note 8)	Million yen	9,177	9,737	9,745	9,571	9,125	
Annualized NCF yield (Notes 9 and 10)	%	3.7	4.0	3.9	3.9	3.6	
Reference Information	Investment Properties Owned (Note 11)		66	67	65	67	67
	Number of Tenants		1,134	1,171	1,180	1,224	1,236
	Total Leasable Floor Space (Note 12)	m ²	500,628.05	502,889.81	494,503.72	497,600.56	497,252.42
	Occupancy Rate	%	97.3	97.5	97.6	98.1	98.7

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

- (Note 9) Annualized NOI from leasing / property acquisition price (40th fiscal period: ¥494.23 billion, 41st fiscal period: ¥496.18 billion, 42nd fiscal period: ¥495.60 billion, 43rd fiscal period: ¥501.04 billion and 44th fiscal period: ¥497.04 billion)
Annualized NCF from leasing / property acquisition price
- (Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 40th fiscal period: 184 days, 41st fiscal period: 181 days, 42nd fiscal period: 184 days, 43rd fiscal period: 181 days and 44th fiscal period: 184 days
- (Note 11) Properties acquired at multiple times are calculated as one property.
- (Note 12) Total leasable floor space in this table indicates the contracted area.
- (Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded down to the first decimal place).

(2) 44th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 997,178 units as of the end of the 44th fiscal period (December 31, 2023). JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc. (hereafter, the Asset Manager), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

2) Management Environment

During the 44th fiscal period, the Japanese economy remained strong against the backdrop of the increase in domestic demand despite a slight weakness in overseas economies. On the demand side, consumer spending stayed on a solid note despite rising general prices, and capital investment also showed a recovery trend. In terms of supply, although the recovery of overseas demand is sluggish, domestic production activities are showing a steady movement. Moreover, corporate earnings demonstrated recovery both in manufacturing industries and the non-manufacturing sector. However, labor shortage is intensifying in a wide range of industries, raising concerns about the impact on the entire economy.

The Office Property Leasing Market

In the office property leasing market, the needs of tenants to relocate for expansion and expand office spaces in the same buildings are gradually recovering due to strong corporate performance and the increasing attendance rate, and the vacancy rate in central Tokyo is declining moderately. There are also some areas where average rent turned to rise. Similar trends are observed in Greater Tokyo and other cities.

The Retail Property Leasing Market

At urban retail properties which JPR targets for investment, although the impact of rising costs, which are caused by rising general prices, and labor shortages was seen in some areas, sales are on a recovery trend with an increase in the number of customers visiting stores due to the recovery in the flow of people and the increase in demand from inbound foreign tourists.

The For-Sale Real Estate Market

Active real estate transactions continue to take place in Japan against the backdrop of relatively low interest rates among other factors. Close attention must continuously be paid, however, to how interest rate trends and the foreign exchange market may affect the market conditions going forward. For office properties that are major targets of JPR for investment, blue-chip properties are in short supply while investors still show a strong appetite to acquire them. Thus, with low yield transactions continuing to prevail, the acquisition environment remains harsh. Accordingly, investors continue to look for ways to effectively acquire properties, such as by diversifying the target assets for investment and conducting asset replacement.

In addition, amid the ongoing normalization of socio-economic activities, domestic demand centered on consumer spending as well as demand from inbound foreign tourists are on a recovery trend, and transactions of hotels for which investors have shown a cautious attitude are also becoming active.

3) Portfolio Management Status

Acquisition of New Properties and Asset Replacement

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

During the 44th fiscal period, JPR investigated possible investments primarily in office properties in the Tokyo area, but no acquisition was closed and completed. As of the end of December 2023, the balance of JPR's assets under management totaled 67 properties, or 497.0 billion yen on an acquisition price basis, with the total leasable floor space standing at 497,252 m² and the number of tenants at 1,236.

Operational Management of Portfolio

In the office property leasing market in the 44th fiscal period, vacancy rate is declining moderately due to the increasing trend of positive tenant needs such as the relocation for expansion and the expansion of office spaces in the same buildings, as mentioned in Management Environment above. Nevertheless, the situation demands that close attention be continuously paid. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by maintaining close cooperation with property management companies and brokers, with an aim to secure stable earnings across the entire portfolio as well as its occupancy rate. As a result of these efforts, the occupancy rate at the end of the 44th fiscal period was kept at a high level, as it rose 0.6 percentage points period-on-period to 98.7%.

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

On top of this, JPR is engaged in a variety of environmental initiatives. In terms of construction work, JPR conducted replacement of lighting equipment with LED lamps, replacement of air conditioning units, replacement of power-receiving and transforming facilities, renewal of elevators and replacement of toilets, etc., which are expected to be effective for CO₂ emissions-reduction efforts, at its multiple properties.

JPR also continues its endeavors to obtain environmental certifications. As of December 31, 2023, JPR has acquired DBJ Green Building Certification*¹ for 14 properties in total (including one newly certified property). JPR has also obtained CASBEE for Building Certification*² for 42 properties in total (including one newly certified property), and BELS*³ certification for 4 properties in total (including one newly certified property) (including one property certified as ZEB Oriented (a ZEB*⁴ certification type designated as ZEB Oriented*⁵)). On top of these certifications JPR acquired, its endeavors on environmental issues were so acknowledged that it was designated as “Green Star” in the GRESB*⁶ Real Estate Assessment for 2023, marking the tenth consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of “5 Stars” in the rating, which makes relative assessment based on total scores, for five consecutive years.

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

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

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

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

*5 ZEB Oriented refers to special use buildings with a total floor space of 10,000 m² or more that have adopted measures to achieve energy conservation and reduced primary energy consumption by at least 40% from the standards set in the Act on the Improvement of Energy Consumption Performance of Buildings.

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

Fund Procurement

JPR focuses its endeavors on debt financing with an emphasis placed on lengthening debt maturity and diversifying repayment dates, in an effort to make its financial base more solid and stronger. JPR borrowed 18.5 billion yen in the 44th fiscal period to fund the refinancing of interest-bearing debts (excluding short-term debts) it repaid during the same fiscal period.

As of the end of the 44th fiscal period, the balance of interest-bearing debts totaled 205.4 billion yen, with a balance of borrowings of 169.5 billion yen and a balance of investment corporation bonds of 35.9 billion yen. The ratio of interest-bearing debt to total assets (LTV) (Note 1) was 40.2%, long-term and fixed interest-bearing debt ratio (Note 2) was 100.0%, average debt cost (Note 3) was 0.76% and average maturity (Note 4) was 4.5 years as of the end of the fiscal period.

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

The following represents the issuer ratings for JPR as of the end of the 44th fiscal period.

Details of Corporate Credit Ratings as of December 31, 2023

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

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

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

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

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 44th fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

(3) Additional Offerings, Etc.

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

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

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

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

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

(4) Cash Distributions

With regard to the cash distributions of the 44th fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 43rd fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. In addition, for the 44th fiscal period, JPR decided to reverse part of reserve for reduction entry (221 million yen) internally reserved pursuant to the Special Provisions for Taxation in Cases of Repurchase of Specified Assets (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,600 yen for the 44th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 - Dec. 31, 2023)
Unappropriated Retained Earnings at End of Period		7,901,374	8,614,933	8,476,171	8,104,860	7,362,400
Internal Reserves		666,586	836,945	821,989	526,307	4,857
Total Cash Distributions		7,234,787	7,777,988	7,728,129	7,578,552	7,578,552
(Cash Distribution per Unit)		(7,550 yen)	(7,800 yen)	(7,750 yen)	(7,600 yen)	(7,600 yen)
Breakdown	Total Cash Distributions from Net Income	7,234,787	7,777,988	7,728,129	7,578,552	7,578,552
	(Cash distribution from net income per unit)	(7,550 yen)	(7,800 yen)	(7,750 yen)	(7,600 yen)	(7,600 yen)
	Repayment of Paid-in Capital	-	-	-	-	-
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions from the reserve for temporary difference adjustments		-	-	-	-	-
(Of the repayment of paid-in capital per unit, distribution per unit from the reserve for temporary difference adjustments)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes		-	-	-	-	-
(Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

(5) Future Management Policies and Critical Issues

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

In the office property leasing market, needs for relocation and office space expansion in the same buildings are returning, and a gradual recovery from the bottom is anticipated. Under these circumstances, JPR is resolved to continue its endeavors to enhance the competitiveness of its owned properties, as it focuses on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services.

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

1) Acquisition of New Properties and Asset Replacement

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

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

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

2) Management of Portfolio

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

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions in consideration of the current leasing market situations and promote rapid decision making
- Conduct strategic value enhancement works with the intent to improve property earnings and increase tenant satisfaction
- Reinforce responses to business continuity plans and environmental friendliness that command high social demand

3) Fund Procurement

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

(6) Information Disclosure

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

(7) Significant Subsequent Events

Not applicable

<Reference Information>

Property Acquisition

JPR concluded a sale and purchase agreement regarding the following property on February 16, 2024.

<Nakano Central Park East>

Property overview

Location:	10-1 Nakano 4-chome, Nakano-ku, Tokyo (residential address)
Type of ownership:	Land: Ownership (co-ownership: 53.0% co-ownership interest) Building: Ownership (co-ownership: 53.0% co-ownership interest)
Site area:	6,045.05 m ² (equivalent to co-ownership interest: 3,203.88 m ²)
Total floor space:	37,870.65 m ² (equivalent to co-ownership interest: 20,071.44 m ²)
Structure/floors:	S, RC with flat roof, B2/10F
Completed:	March 2012
Number of tenants:	14
Total leasable floor space:	13,523.68 m ²
Total leased floor space:	12,555.41 m ²
Occupancy rate:	92.8%

(Note) As a pass-through master lease agreement has been concluded between the trustee and Tokyo Tatemono Co., Ltd. (the master lessee), "Number of tenants" indicates the number of sublessees subleased by the master lessee at the time of concluding the sale and purchase agreement. "Total leasable floor space" and "Total leased floor space" are based on the figures equivalent to co-ownership interest that JPR plans to acquire at the time of concluding the sale and purchase agreement, out of the space leased by the master lessee to the sublessees.

Transaction terms and conditions

Purchase price:	28,800 million yen
Asset type:	Beneficiary interests
Contract date:	February 16, 2024
Acquisition date:	March 1, 2024 (scheduled)

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	40th Fiscal Period as of December 31, 2021	41st Fiscal Period as of June 30, 2022	42nd Fiscal Period as of December 31, 2022	43rd Fiscal Period as of June 30, 2023	44th Fiscal Period as of December 31, 2023
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	958,250	997,178	997,178	997,178	997,178
Unitholders' capital (millions of yen)	247,860	261,751	261,751	261,751	261,751
Total number of unitholders	10,229	10,506	10,435	10,554	10,340

(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 44th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	312,629	31.35
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	149,591	15.00
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	47,678	4.78
Tokyo Tatemono Co., Ltd.	1-4-16 Yaesu, Chuo-ku, Tokyo	29,300	2.93
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.50
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.40
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Congress Street, Suite 1, Boston, Massachusetts (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	17,958	1.80
State Street Bank West Client - Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, Massachusetts 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	13,903	1.39
JP MORGAN CHASE BANK 385781 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,606	1.26
State Street Bank and Trust Company 505103 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts 02101, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,511	1.25
Total		645,176	64.70

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditor as of the end of the 44th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 44th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Yoshihiro Jozaki	President and Chief Executive Officer, Tokyo Realty Investment Management, Inc.	– (Note 1)	–
Supervising Officers (Note 2)	Masato Denawa	Partner Attorney, Spring Partners	6,300	–
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co. Representative, Nobuhisa Kusanagi Certified Public Accountant Office		–
	Konomi Ikebe	Grand Fellow, The Chiba University Graduate School of Horticulture		–
Independent Auditor	EY ShinNihon LLC	–	14,700 (Note 3)	–

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

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

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

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

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

(4) Matters Concerning Directors and Officers Liability Insurance Agreement

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

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

(5) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 44th 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	43rd Fiscal Period (as of June 30, 2023)		44th Fiscal Period (as of December 31, 2023)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Central Tokyo	111,765,234	21.9	111,749,209	21.9
	Greater Tokyo	67,088,046	13.2	67,256,482	13.2
	Other Cities	25,699,043	5.0	25,740,031	5.0
Real estate in trust	Central Tokyo	155,480,973	30.5	155,405,135	30.4
	Greater Tokyo	60,994,630	12.0	60,918,449	11.9
	Other Cities	47,339,964	9.3	47,295,120	9.3
Deposits and other assets	–	41,701,788 (–)	8.2 (–)	42,438,113 (–)	8.3 (–)
Total assets	–	510,069,681 (468,367,893)	100.0 (91.8)	510,802,543 (468,364,429)	100.0 (91.7)

(Note 1) Total 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 44th 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	11.2	Office
Olinas Tower	25,469,538	23,987.40	23,243.06	96.9	5.6	Office
Shinjuku Center Bldg.	24,160,125	10,417.25	10,058.67	96.6	3.7	Office
Tokyo Square Garden	18,199,984	5,971.69	5,889.04	98.6	2.5	Office
BYGS Shinjuku Bldg.	15,418,467	15,222.80	15,188.12	99.8	3.6	Office
JPR Sendagaya Bldg.	14,650,324	6,177.74	6,177.74	100.0	1.8	Office
Kanematsu Bldg.	14,630,318	8,090.74	7,689.05	95.0	2.3	Office
Sencity Bldg.	14,005,144	13,271.26	12,120.12	91.3	2.5	Office
Kawasaki Dice Bldg.	12,794,610	12,113.10	11,920.13	98.4	1.9	Retail, etc.
Shinjuku Square Tower	12,728,879	19,266.47	18,968.36	98.5	2.7	Office
Total	190,445,653	125,553.23	122,289.07	97.4	37.7	

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

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

(3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 44th fiscal period (December 31, 2023).

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2023 (thousands of yen)	Appraisal Value as of December 31, 2023 (thousands of yen) (Note 1)	
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,630,318	14,300,000	
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,351,805	2,970,000	
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,075,613	3,230,000	
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,408,509	4,300,000	
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,777,655	14,400,000	
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,195,821	4,830,000	
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,676,233	5,270,000	
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,728,879	15,500,000	
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,418,467	19,400,000	
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	604,044	806,000	
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	24,160,125	21,200,000	
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,760,463	3,420,000	
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,851,929	2,140,000	
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,893,318	3,730,000	
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,886,218	10,100,000	
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,867,836	6,950,000	
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,650,324	11,900,000	
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,677,343	3,880,000	
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	56,700,000	
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,745,359	3,470,000	
		Shibadai Center Bldg.	10-11 Shibadai 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,165,250	6,530,000	
		Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,199,984	22,200,000	
		JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,829,913	6,230,000	
		Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,441,906	13,000,000	
		Tokyo Tatemono Higashi Shibuya Bldg.	26-20 Higashi 1-chome, Shibuya-ku, Tokyo	Real estate	11,591,184	12,200,000	
		Ochanomizu Sola City	6-1 Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo and others	Beneficiary interest	6,512,905	7,040,000	
		Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,407,343	15,300,000
			JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,252,866	4,100,000
			Shinjuku Sanchoe East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,497,188	2,360,000
			Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,246,125	3,490,000
			JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,126,875	11,100,000
			FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,134,274	3,470,000
		Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,184,547
JPR Chiba Bldg.	1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba			Beneficiary interest	2,127,818	1,910,000	
JPR Yokohama Nihon Odori Bldg.	17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa			Beneficiary interest	2,298,192	2,460,000	
Shinyokohama 2nd Center Bldg.	19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa			Beneficiary interest	1,407,757	2,620,000	
Kawaguchi Center Bldg.	1-8 Honcho 4-chome, Kawaguchi, Saitama			Beneficiary interest	7,168,325	11,800,000	
JPR Ueno East Bldg.	3-5 Matsugaya 1-chome, Taito-ku, Tokyo			Real estate	2,813,210	5,870,000	
Tachikawa Business Center Bldg.	38-5 Akebonocho 2-chome, Tachikawa, Tokyo			Beneficiary interest	2,867,434	4,680,000	
Rise Arena Bldg.	5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo			Beneficiary interest	12,297,768	18,500,000	
Yume-ooka Office Tower	6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa			Real estate	4,996,211	7,400,000	

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2023 (thousands of yen)	Appraisal Value as of December 31, 2023 (thousands of yen) (Note 1)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,469,538	40,900,000
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,675,243	10,100,000
		JPR Omiya Bldg.	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,526,664	11,100,000
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba	Real estate	14,005,144	15,700,000
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	6,819,850	11,100,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,530,745	3,070,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,070,809	5,340,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Minami-ku, Saitama, Saitama	Beneficiary interest	3,425,480	4,350,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki-ku, Kawasaki, Kanagawa	Beneficiary interest	12,794,610	12,600,000
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,695,578	4,090,000
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,491,568	2,160,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,636,550	2,410,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,301,570	4,110,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,296,711	1,550,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	1,954,353	4,080,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,098,293	3,980,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,791,572	3,510,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	9,895,912	24,400,000
		JPR Shinsaibashi Bldg.	2-11 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,338,086	4,770,000
		JPR Shinsaibashi West	11-28 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	3,945,054	4,780,000
		GRAND FRONT OSAKA (Umekita Plaza and South Building)	4-1 Ofuka-cho, Kita-ku, Osaka, Osaka 4-20 Ofuka-cho, Kita-ku, Osaka, Osaka (South Building)	Beneficiary interest	11,788,303	12,300,000
		GRAND FRONT OSAKA (North Building)	3-1 Ofuka-cho, Kita-ku, Osaka, Osaka	Beneficiary interest	9,496,102	10,100,000
	JPR Dojima West (Note 2)	3-5 Dojima 2-chome, Kita-ku, Osaka, Osaka	Real estate	2,534,103	2,800,000	
	Retail, etc.	Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,170,485	7,330,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,948,525	8,410,000
		FUNDES Tenjin Nishidori	3-21 Tenjin 2-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	3,347,958	3,690,000
Total					468,364,429	596,266,000

(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 property was renamed from Osaka Dojima Bldg. to JPR Dojima West on January 1, 2024. The same applies hereinafter.

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	43rd Fiscal Period (from Jan. 1, 2023 to Jun. 30, 2023)				44th Fiscal Period (from Jul. 1, 2023 to Dec. 31, 2023)			
			Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	11	95.0	378,196	2.2	11	95.0	380,786	2.2
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	5	100.0	92,808	0.5	5	100.0	97,250	0.6
		Shin-Kojimachi Bldg.	19	97.0	109,517	0.6	20	100.0	114,036	0.7
		JPR Crest Takebashi Bldg. (Note 3)	—	—	65,169	0.4	—	—	—	—
		MS Shibaura Bldg.	10	100.0	486,590	2.8	10	100.0	496,824	2.9
		JPR Ichigaya Bldg.	8	84.0	140,581	0.8	9	100.0	146,048	0.8
		Oval Court Ohsaki Mark West	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinjuku Square Tower	28	96.7	406,120	2.3	29	98.5	406,119	2.3
		BYGS Shinjuku Bldg.	23	98.3	626,041	3.6	23	99.8	623,315	3.6
		Across Shinkawa Bldg. Annex	4	100.0	39,213	0.2	4	100.0	38,668	0.2
		Shinjuku Center Bldg.	26	96.4	619,022	3.6	26	96.6	626,767	3.6
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	6	100.0	74,540	0.4	6	100.0	74,091	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	10	77.1	221,919	1.3	11	88.6	207,967	1.2
		JPR Nihonbashi-horidome Bldg.	5	100.0	195,888	1.1	5	100.0	193,870	1.1
		JPR Sendagaya Bldg.	6	100.0	314,150	1.8	6	100.0	310,189	1.8
		Ginza Sanwa Bldg.	9	100.0	121,292	0.7	9	100.0	121,791	0.7
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,801,750	10.4	2	100.0	1,801,499	10.3
	Science Plaza-Yonbancho Plaza	24	98.3	118,256	0.7	24	97.5	117,871	0.7	
	Shibadaiimon Center Bldg.	9	100.0	185,416	1.1	9	100.0	191,916	1.1	
	Tokyo Square Garden	50	99.3	378,794	2.2	51	98.6	351,455	2.0	
	JPR Kojimachi Bldg.	8	100.0	136,349	0.8	8	100.0	141,527	0.8	
	Otemachi Financial City North Tower	9	99.9	293,244	1.7	9	99.9	291,255	1.7	
	Tokyo Tatemono Higashi Shibuya Bldg.	16	100.0	328,957	1.9	15	100.0	338,159	1.9	
	Ochanomizu Sola City	22	99.0	(Note 2)	(Note 2)	23	99.1	(Note 2)	(Note 2)	
	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Jingumae 432	6	77.1	79,685	0.5	6	77.1	57,065	0.3	
	Shinjuku Sanchoe East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Ginza Namiki-dori Bldg.	9	100.0	202,343	1.2	9	100.0	201,405	1.2	
FUNDES Suidobashi	5	87.2	78,078	0.5	5	87.2	79,184	0.5		
Greater Tokyo	Office	Arca East	7	100.0	272,718	1.6	7	100.0	273,214	1.6
		JPR Chiba Bldg.	43	100.0	142,347	0.8	42	98.4	155,451	0.9
		JPR Yokohama Nihon Odori Bldg.	19	100.0	136,375	0.8	19	100.0	139,703	0.8
		Shinyokohama 2nd Center Bldg.	24	100.0	123,336	0.7	23	91.0	121,844	0.7
		Kawaguchi Center Bldg.	40	97.6	486,053	2.8	40	100.0	478,700	2.7
		JPR Ueno East Bldg.	10	100.0	185,437	1.1	10	100.0	185,844	1.1
		Tachikawa Business Center Bldg.	22	98.0	146,939	0.8	23	100.0	152,406	0.9
		Rise Arena Bldg.	8	100.0	490,314	2.8	8	100.0	490,632	2.8
		Yume-ooka Office Tower	44	100.0	354,035	2.0	44	100.0	354,389	2.0
		Olinas Tower	20	94.0	914,825	5.3	22	96.9	944,248	5.4
	JPR Yokohama Bldg.	20	83.8	320,581	1.9	21	100.0	280,270	1.6	
	JPR Omiya Bldg.	11	100.0	216,930	1.3	11	100.0	256,247	1.5	
	Sencity Bldg.	71	93.9	496,316	2.9	73	91.3	594,106	3.4	
	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	Musashiurawa Shopping Square	3	100.0	127,041	0.7	3	100.0	127,041	0.7	
	Kawasaki Dice Bldg.	29	98.4	488,155	2.8	29	98.4	454,670	2.6	
FUNDES Ueno	10	100.0	127,324	0.7	10	100.0	129,649	0.7		
Other Cities	Office	Niigata Ekinan Center Bldg.	11	100.0	128,157	0.7	11	94.5	115,711	0.7
		JPR Naha Bldg.	23	100.0	118,121	0.7	23	100.0	122,056	0.7
		Sompo Japan Sendai Bldg.	15	99.7	202,755	1.2	16	98.2	184,150	1.1
		Sompo Japan Wakayama Bldg.	18	99.8	111,144	0.6	18	99.8	109,979	0.6
		Tenjin 121 Bldg.	15	78.4	107,101	0.6	16	100.0	103,345	0.6
		JPR Dojima Bldg.	12	100.0	138,449	0.8	12	100.0	128,698	0.7
		JPR Nagoya Fushimi Bldg.	6	99.8	158,467	0.9	6	99.8	155,425	0.9
		Yakuin Business Garden	16	99.9	619,189	3.6	16	99.9	618,191	3.6
		JPR Shinsaibashi Bldg.	8	100.0	130,830	0.8	7	93.9	130,278	0.7
		JPR Shinsaibashi West	13	99.9	146,713	0.8	13	99.9	153,303	0.9
		GRAND FRONT OSAKA (Umekita Plaza and South Building)	247	93.9	(Note 2)	(Note 2)	249	93.6	(Note 2)	(Note 2)
		GRAND FRONT OSAKA (North Building)	97	98.0	(Note 2)	(Note 2)	98	98.2	(Note 2)	(Note 2)
		JPR Dojima West	10	100.0	74,812	0.4	9	83.2	86,789	0.5
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Chayamachi Bldg.	5	100.0	179,883	1.0	5	100.0	179,505	1.0
FUNDES Tenjin Nishidori	6	100.0	58,539	0.3	6	100.0	75,434	0.4		
Total			1,224	98.1	17,291,965	100.0	1,236	98.7	17,411,577	100.0

- (Note 1) The number of tenants at end of period is counted as follows: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.
The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, Ochanomizu Sola City, Rise Arena Bldg., Sencity Bldg., Kawasaki Dice Bldg., GRAND FRONT OSAKA (Umekita Plaza and South Building) and part of GRAND FRONT OSAKA (North Building) have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants (for GRAND FRONT OSAKA (North Building), some portions employ fixed master lease or direct lease, but the figure indicates the number of end tenants, including those of such portions.)
- (Note 2) JPR does not disclose the rental revenues throughout period of the properties and their ratio to total rental revenues due to inevitable reasons, as no consent to disclosure has been obtained from the tenants or co-owners.
- (Note 3) JPR sold JPR Crest Takebashi Bldg. on April 12, 2023.

(4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above. There were no additional major specified assets that are main investment targets of JPR other than those listed under (3) above and those indicated below as of the end of the 44th fiscal period.

1) Stock

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

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

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

2) Other securities

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

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

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

3) Other assets

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

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

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

4. Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

The following are major items of capital expenditures for renovation works, etc. planned as of the end of the 44th fiscal period for JPR-owned real estate and entrusted real estate regarding beneficiary interests in real estate. Furthermore, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned Amount (millions of yen)		
				Total Value	Payment during the 44th Fiscal Period	Amount Already Paid
MS Shibaura Bldg.	Minato-ku, Tokyo	First phase of replacement of air conditioning units and replacement of lighting equipment with LED lamps	Jan. 2024–Jun. 2024	356	–	–
Kawaguchi Center Bldg.	Kawaguchi, Saitama	Second phase of replacement of toilets	Jul. 2023–Jun. 2024	107	–	–
JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	First phase of replacement of air conditioning units	Mar. 2024–May 2024	86	–	–
Housing Design Center Kobe	Kobe, Hyogo	Fourth phase of replacement of toilets	Jan. 2024–Jun. 2024	81	–	–
JPR Dojima West	Osaka, Osaka	First phase of replacement of toilets	Dec. 2023–Jun. 2024	73	–	–
Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Reinforcement of elevators	Apr. 2024–May 2024	69	–	–
Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	Reinforcement of elevators (No. 3)	Oct. 2023–Feb. 2024	61	–	–
JPR Ueno East Bldg.	Taito-ku, Tokyo	First phase of reinforcement of elevators	May 2024–Jun. 2024	51	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Second phase of replacement of piping equipment	Jan. 2024–Jun. 2024	48	–	–
Kawaguchi Center Bldg.	Kawaguchi, Saitama	Second phase of replacement of lighting equipment with LED lamps	Jan. 2024–Jun. 2024	43	–	–
Yakuin Business Garden	Fukuoka, Fukuoka	Replacement of lighting equipment with LED lamps	Feb. 2024–Apr. 2024	41	–	–
JPR Shinsaibashi West	Osaka, Osaka	Replacement of water receiving tanks and elevated water tanks	Mar. 2024–Jun. 2024	40	–	–
Sencity Bldg.	Chiba, Chiba	Restoration to original condition	Jan. 2024–Mar. 2024	38	–	–
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators (West No. 28)	Mar. 2024–Jun. 2024	37	–	–
Arca East	Sumida-ku, Tokyo	Renovation of common areas	Apr. 2023–Mar. 2024	35	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Replacement of sprinkler equipment	Feb. 2024–Jun. 2024	31	–	–
Arca East	Sumida-ku, Tokyo	Replacement of toilets	Oct. 2023–Mar. 2024	30	–	–

(2) Capital Expenditures during the 44th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 44th fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas with the aim of attracting new tenants, among other works. In addition, aside from these constructions, JPR conducted construction of 592 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (partitioning, etc.)	Oct. 2023–Dec. 2023	171
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (furniture and ceiling, etc.)	Aug. 2023–Dec. 2023	99
Housing Design Center Kobe	Kobe, Hyogo	Third phase of replacement of toilets	Jul. 2023–Dec. 2023	92
Kawaguchi Center Bldg.	Kawaguchi, Saitama	First phase of replacement of toilets	Jul. 2023–Dec. 2023	92
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	First phase of renewal of air handling units on standard floors	Jul. 2023–Dec. 2023	81
JPR Shinsaibashi Bldg.	Osaka, Osaka	Repair of exterior walls (east and south sides)	Mar. 2023–Dec. 2023	65

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
JPR Yokohama Bldg.	Yokohama, Kanagawa	Replacement of interior fittings on the 8th and 9th floors (office automation facilities, walls, etc.)	Aug. 2023–Dec. 2023	58
MS Shibaura Bldg.	Minato-ku, Tokyo	Third phase of reinforcement of elevators	Jun. 2023–Sep. 2023	46
Olinas Tower	Sumida-ku, Tokyo	Replacement of security systems	Feb. 2023–Nov. 2023	45
Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Second phase of replacement of toilets	Apr. 2023–Sep. 2023	45
Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	Reinforcement of elevators (No.2)	Jul. 2023–Oct. 2023	41
MS Shibaura Bldg.	Minato-ku, Tokyo	Renovation of common areas	Oct. 2023–Dec. 2023	39
JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Repair of exterior walls	May 2023–Nov. 2023	38
Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Repair of exterior walls	Sep. 2023–Dec. 2023	36
JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Reinforcement of elevators	Jun. 2023–Jul. 2023	33
Other Capital Expenditures		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		1,040
		Total		2,027

(Note) Expenditures for repair and maintenance included 13 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

Operation Period	(Millions of yen)				
	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 - Dec. 31, 2023)
Balance of deposits at beginning of current period	1,506	1,610	1,758	1,729	1,758
Deposits during the period	1,008	802	1,024	927	1,433
Amounts used from deposits during the period	904	654	1,053	898	1,411
Deposits carried forward to the next period	1,610	1,758	1,729	1,758	1,780

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	43rd Fiscal Period (Jan. 1, 2023 - Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 - Dec. 31, 2023)
(a) Asset Management Fees (Note)	758,548	709,507
Management fee 1	244,392	248,522
Management fee 2	207,942	209,089
Management fee 3	306,213	251,895
(b) Administrative Service and Asset Custody Fees	84,487	85,381
(c) Directors' Compensation	6,300	6,300
(d) Trust Fees	15,845	15,488
(e) Other Operating Expenses	138,111	127,893
Total	1,003,292	944,571

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

(2) Status of Loans Payable

As of December 31, 2023 JPR has the following loans payable.

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

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2023 (millions of yen)	Balance as of Dec. 31, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	MUFG Bank, Ltd. (Green Loan)	Aug. 31, 2023	—	1,000	1.116	Aug. 29, 2031	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2019	1,000	—	0.245	Dec. 5, 2023			
	Sumitomo Mitsui Banking Corporation	Jun. 26, 2020	3,000	3,000	0.300	Jun. 26, 2025			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2021	2,000	2,000	0.450	Mar. 30, 2028			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,500	2,500	0.675	Mar. 30, 2032			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.600	Mar. 28, 2031			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.525	Mar. 29, 2030			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2022	2,500	2,500	0.698	Jun. 27, 2029			
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2023	—	1,000	1.368	Jun. 3, 2033			
	Development Bank of Japan, Inc.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Development Bank of Japan, Inc.	Dec. 15, 2016	3,000	3,000	0.843	Jun. 14, 2027			
	Development Bank of Japan, Inc.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Development Bank of Japan, Inc.	Jun. 27, 2019	2,100	2,100	0.572	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Jun. 25, 2021	800	800	0.600	Jun. 25, 2030			
	Development Bank of Japan, Inc.	Dec. 3, 2021	2,000	2,000	0.600	Dec. 3, 2030			
	SBI Shinsei Bank, Limited	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	SBI Shinsei Bank, Limited	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	SBI Shinsei Bank, Limited	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	SBI Shinsei Bank, Limited	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	SBI Shinsei Bank, Limited	Sep. 24, 2020	1,000	1,000	0.525	Sep. 25, 2028			
	Shinkin Central Bank	Dec. 5, 2018	3,000	3,000	0.663	Jun. 4, 2027			
	Shinkin Central Bank	Jun. 27, 2019	2,000	2,000	0.447	Dec. 27, 2027			
	Shinkin Central Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	The Norinchukin Bank	Dec. 5, 2017	1,000	1,000	0.604	Jun. 5, 2025			
	The Norinchukin Bank	Jun. 27, 2019	2,000	2,000	0.405	Jun. 25, 2027			
	The Norinchukin Bank	Dec. 24, 2020	2,000	2,000	0.525	Dec. 25, 2028			
	The Norinchukin Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2020	3,000	3,000	0.586	Feb. 4, 2030			
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2020	2,000	2,000	0.606	Mar. 29, 2030			
	Mizuho Trust & Banking Co., Ltd.	Dec. 24, 2020	2,000	2,000	0.675	Dec. 24, 2030			
	Aozora Bank, Ltd.	Jul. 3, 2017	900	900	0.625	Jul. 3, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.534	Aug. 23, 2024			
	Aozora Bank, Ltd.	Aug. 30, 2018	2,000	2,000	0.553	Feb. 25, 2025			
	Aozora Bank, Ltd.	Sep. 24, 2020	500	500	0.525	Sep. 25, 2028			
	Aozora Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.525	Apr. 5, 2030			
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	—	0.816	Oct. 6, 2023			
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	The Bank of Fukuoka, Ltd.	Sep. 24, 2019	1,000	1,000	0.554	Sep. 21, 2029			
	The Bank of Fukuoka, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Bank of Fukuoka, Ltd. (Green Loan)	Oct. 6, 2023	—	2,000	1.183	Oct. 6, 2031			
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2018	3,200	3,200	0.813	Jun. 21, 2028			
Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024				
Sumitomo Life Insurance Company	Jul. 22, 2019	1,000	1,000	0.583	Jul. 20, 2029				
Sumitomo Life Insurance Company	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2023 (millions of yen)	Balance as of Dec. 31, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	The Shinkumi Federation Bank	Aug. 5, 2022	4,000	4,000	0.358	Aug. 5, 2027	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	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. 14, 2021	1,000	1,000	0.525	Dec. 14, 2029			
	Taiyo Life Insurance Company	Sep. 24, 2015	1,000	1,000	0.969	Sep. 24, 2024			
	Taiyo Life Insurance Company	Jun. 4, 2018	1,000	1,000	0.811	Jun. 5, 2028			
	Taiyo Life Insurance Company	Dec. 25, 2020	1,000	1,000	0.675	Dec. 24, 2030			
	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	—	0.816	Oct. 6, 2023			
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Chugoku Bank, Ltd. (Green Loan)	Oct. 6, 2023	—	2,000	1.258	Oct. 6, 2031			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Yamaguchi Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	—	0.816	Oct. 6, 2023			
	The Iyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Iyo Bank, Ltd. (Green Loan)	Oct. 6, 2023	—	1,000	1.301	Oct. 6, 2031			
	The Kiyoo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyoo Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	Sompo Japan Insurance Inc.	Dec. 25, 2015	2,000	—	0.759	Dec. 25, 2023			
	Sompo Japan Insurance Inc. (Green Loan)	Dec. 25, 2023	—	2,000	0.803	Jun. 25, 2029			
	Nippon Life Insurance Company	Nov. 22, 2019	2,000	—	0.225	Nov. 22, 2023			
	Nippon Life Insurance Company (Green Loan)	Nov. 22, 2023	—	2,000	0.906	Apr. 20, 2029			
	The Hachijuni Bank, Ltd.	Oct. 9, 2020	1,000	1,000	0.300	Oct. 9, 2025			
	The Hachijuni Bank, Ltd.	Sep. 24, 2021	1,000	1,000	0.310	Sep. 24, 2026			
	The Yamagata Bank, Ltd. (Sustainability Loan)	Jul. 5, 2023	—	1,000	0.781	Jul. 4, 2031			
	The Yamagata Bank, Ltd. (Sustainability Loan)	Jul. 5, 2023	—	1,000	0.491	Jul. 5, 2028			
	The Yamanashi Chuo Bank, Ltd.	Apr. 30, 2021	1,000	1,000	0.600	Apr. 30, 2030			
	The Yamanashi Chuo Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.600	Apr. 5, 2032			
	Resona Bank, Limited	Sep. 30, 2022	2,000	2,000	0.888	Sep. 30, 2031			
	The Ashikaga Bank, Ltd. (Green Loan)	Jul. 5, 2023	—	1,000	0.471	Jul. 5, 2028			
	Kansai Mirai Bank, Limited	Mar. 30, 2022	1,000	1,000	0.600	Mar. 30, 2032			
	Bank of Kyoto, Ltd.	Mar. 30, 2022	500	500	0.600	Mar. 30, 2032			
	Bank of Kyoto, Ltd. (Sustainability Loan)	Jul. 5, 2023	—	500	0.441	Jul. 5, 2028			
	The Gunma Bank, Ltd. (Green Loan)	Jul. 5, 2023	—	1,000	0.680	Jul. 5, 2030			
	The Keiyo Bank, Ltd. (Green Loan)	Jul. 5, 2023	—	1,000	0.491	Jul. 5, 2028			
	The 77 Bank, Ltd.	May 31, 2023	1,000	1,000	0.543	Nov. 30, 2028			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2022	1,000	1,000	0.566	Nov. 21, 2028			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	—	0.316	Dec. 25, 2023			
	Daido Life Insurance Company (Green Loan)	Dec. 25, 2023	—	1,000	0.991	Dec. 25, 2030			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	—	0.449	Oct. 25, 2023			
	The Chiba Bank, Ltd. (Green Loan)	Oct. 25, 2023	—	1,000	0.853	Oct. 25, 2028			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Jun. 27, 2023	1,000	1,000	0.443	Dec. 27, 2027			

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2023 (millions of yen)	Balance as of Dec. 31, 2023 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	The Hyakugo Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.582	Apr. 25, 2025	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	The Hiroshima Bank, Ltd.	Nov. 21, 2022	1,000	1,000	0.566	Nov. 21, 2028			
	Mitsui Sumitomo Insurance Company, Limited	Oct. 4, 2019	1,000	1,000	0.310	Oct. 2, 2026			
	Sumitomo Mitsui Trust Bank, Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026			
	Total		164,000	169,500					

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

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

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

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2023 are as follows.

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

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

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

(4) Subscription Rights to Shares

Not applicable

6. Acquisitions and Sales during the 43rd Fiscal Period

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

JPR made no acquisition or sale of real estate and asset-backed securities in the 44th fiscal period.

(2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 44th fiscal period.

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

JPR conducted no survey on values of specified assets, etc. in the 44th fiscal period.

(4) Transactions with Interested Parties and Major Shareholders

1) Transaction Status

No transaction of special assets or other deals with interested parties and major shareholders were conducted during the 44th fiscal period.

2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Property Management Fees (Note 2)	360,120	Tokyo Tatemono Co., Ltd.	241,032	66.9%
		Prime Place Co., Ltd.	23,244	6.5%
Outsourcing Expenses	711,594	Tokyo Tatemono Co., Ltd.	441,686	62.1%
		Prime Place Co., Ltd.	13,202	1.9%
Tenant Brokerage Fees	58,922	Tokyo Tatemono Co., Ltd.	22,012	37.4%
		Prime Place Co., Ltd.	3,098	5.3%

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

(Note 2) The property management fees indicated in the above table include construction management fees (total of 44,872 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 44th fiscal period.

Tokyo Tatemono Co., Ltd.	817,000 thousand yen
Prime Place Co., Ltd.	65,471 thousand yen
Tokyo Real Estate Management Co., Ltd.	387,015 thousand yen
Shinjuku Center Building Management Co., Ltd.	114,036 thousand yen

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

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

7. Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

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

No change has been made.

8. Overview of Self-Managed Investment Trust Beneficiary Certificates

(1) Acquisition

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

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

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

(2) Units Held

	Number of Units Held at End of Period	Total Investment at End of Period (Note) (millions of yen)	Ratio to Total Units Issued and Outstanding (%)
35th Fiscal Period (Jan. 1, 2019 – Jun. 30, 2019)	100	20	0.0
36th Fiscal Period (Jul. 1, 2019 – Dec. 31, 2019)	100	20	0.0
37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	100	20	0.0
38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	100	20	0.0
39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	100	20	0.0
40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	100	20	0.0
41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	100	20	0.0
42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	100	20	0.0
43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	100	20	0.0
44th Fiscal Period (Jul. 1, 2023 – Dec. 31, 2023)	100	20	0.0

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

9. Disclosure on Corporation Owning Foreign Real Estate

Not applicable

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

Not applicable

11. Other

(1) Notice

- 1) General Meeting of Unitholders
The Fourteenth General Meeting of Unitholders of JPR was held on September 5, 2023.
Items approved at the General Meeting of Unitholders are summarized below.

Agenda	Overview
Partial amendments to the Articles of Incorporation	<p>Amendments were made to the following items of the Articles of Incorporation.</p> <p>(1) Addition of a provision to the effect that, with regard to the information that is the content of reference materials for the General Meeting of Unitholders, etc., all or part of the matters permitted by the Cabinet Office Ordinance among those for which electronic provision measures are taken may not be stated in the document delivered to unitholders who have requested delivery of the document in paper format.</p> <p>(2) Necessary changes to enable electronic signature of the minutes of JPR's Board of Directors.</p> <p>(3) Necessary changes on asset valuation method.</p> <p>(4) In light of the change in the environment surrounding the real estate market regarding the asset management fees for the Asset Manager, performance-linked fees based on gain on sale will be adopted by (i) linking part of "Management Fee 1 (Asset-linked fee)" to an evaluation of sustainability indicators in addition to portfolio asset size, (ii) further increasing the linkage with income related to the rent business, which are recurring income, by excluding gains/losses on sale of assets from the basic distributable amount for "Management Fee 3 (Distribution-linked fee)" and (iii) changing the conventional fee based on the sales price for "Management Fee 5 (Disposition fee)", for the purpose of enhancing the linkage with the interests of unitholders. In addition, for (iv) "Management Fee 4 (Acquisition Fee)", the percentage will be changed for acquisition prices, provided that the existing percentage will be used for acquisition from related parties.</p> <p>(5) In order to ensure that the amendments to the Articles of Incorporation relating to (4) above shall apply to asset management fees arising on or after January 1, 2024, as well as to take transitional measures on the calculation of Management Fee 3, supplementary provisions will be established to these effects.</p> <p>(6) Necessary changes in connection with the introduction of the new NISA.</p>
Appointment of one Executive Officer	Yoshihiro Josaki was appointed as Executive Officer.
Appointment of one Substitute Executive Officer	Yoshinaga Nomura was appointed as Substitute Executive Officer.
Appointment of three Supervising Officers	Masato Denawa, Nobuhisa Kusanagi and Konomi Ikebe were appointed as Supervising Officers.

- 2) JPR's Board of Directors
Major issues related to the execution and amendment, etc. of agreements approved at JPR's Board of Directors meeting in the 44th fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
August 17, 2023	Conclusion of memorandum concerning amendments to the asset management agreement	Reviews were made to necessary provisions of the asset management agreement, subject to the approval of the proposed amendments to the Articles of Incorporation at the Fourteenth General Meeting of Unitholders of JPR held on September 5, 2023.

(2) Other

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

(1) Balance Sheet

	(Thousands of yen)	
	End of 43rd Fiscal Period (Jun. 30, 2023)	End of 44th Fiscal Period (Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	27,056,051	27,775,890
Cash and deposits in trust	12,285,353	12,036,819
Operating accounts receivable	585,133	718,302
Prepaid expenses	126,086	134,389
Consumption taxes receivable	13,604	—
Other	21,670	27,683
Total current assets	40,087,899	40,693,085
Noncurrent assets		
Property, plant and equipment		
Buildings	71,054,645	72,115,994
Accumulated depreciation	(24,692,241)	(25,598,975)
Buildings, net	46,362,404	46,517,018
Buildings in trust	96,131,588	96,995,953
Accumulated depreciation	(38,728,727)	(39,806,726)
Buildings in trust, net	57,402,861	57,189,227
Structures	94,381	95,110
Accumulated depreciation	(41,434)	(43,915)
Structures, net	52,946	51,194
Structures in trust	130,848	134,190
Accumulated depreciation	(82,311)	(84,615)
Structures in trust, net	48,537	49,575
Machinery and equipment	851,609	885,153
Accumulated depreciation	(599,522)	(616,794)
Machinery and equipment, net	252,087	268,358
Machinery and equipment in trust	1,938,100	1,977,455
Accumulated depreciation	(1,504,418)	(1,531,114)
Machinery and equipment in trust, net	433,681	446,340
Tools, furniture and fixtures	243,571	265,851
Accumulated depreciation	(129,699)	(142,234)
Tools, furniture and fixtures, net	113,871	123,617
Tools, furniture and fixtures in trust	311,209	326,128
Accumulated depreciation	(208,610)	(219,578)
Tools, furniture and fixtures in trust, net	102,598	106,550
Land	*1 145,954,517	*1 145,964,796
Land in trust	205,823,796	205,823,796
Construction in progress	14,508	18,768
Construction in progress in trust	3,750	2,899
Total property, plant and equipment	456,565,560	456,562,143
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	14,817	12,947
Total intangible assets	11,816,648	11,814,778
Investments and other assets		
Investment securities	88,860	88,860
Lease and guarantee deposits	808,280	826,369
Long-term prepaid expenses	528,440	664,508
Other	710	710
Total investments and other assets	1,426,290	1,580,448
Total noncurrent assets	469,808,500	469,957,370
Deferred assets		
Investment corporation bond issuance costs	150,911	136,975
Investment unit issuance expenses	22,371	15,111
Total deferred assets	173,282	152,086
Total assets	510,069,681	510,802,543

(Thousands of yen)

	End of 43rd Fiscal Period (Jun. 30, 2023)	End of 44th Fiscal Period (Dec. 31, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	2,658,042	3,292,699
Short-term loans payable	5,500,000	—
Current portion of investment corporation bonds	5,000,000	8,000,000
Current portion of long-term loans payable	20,000,000	15,000,000
Accounts payable-other	978,420	921,549
Accrued expenses	84,966	89,582
Income taxes payable	605	605
Accrued consumption taxes	182,161	365,825
Advances received	2,808,557	2,839,663
Other	2,138	1,466
Total current liabilities	37,214,891	30,511,391
Noncurrent liabilities		
Investment corporation bonds	30,900,000	27,900,000
Long-term loans payable	144,000,000	154,500,000
Tenant leasehold and security deposits	10,641,493	10,595,861
Tenant leasehold and security deposits in trust	13,338,894	13,542,543
Total noncurrent liabilities	198,880,387	206,538,404
Total liabilities	236,095,279	237,049,796
Net assets		
Unitholders' equity		
Unitholders' capital	261,751,240	261,751,240
Surplus		
Voluntary reserve		
Reserve for reduction entry	4,118,301	4,639,105
Total voluntary reserve	4,118,301	4,639,105
Unappropriated retained earnings	8,104,860	7,362,400
Total surplus	12,223,161	12,001,505
Total unitholders' equity	273,974,402	273,752,746
Total net assets	*3 273,974,402	*3 273,752,746
Total liabilities and net assets	510,069,681	510,802,543

(2) Statement of Income and Retained Earnings

	(Thousands of yen)			
	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)		44th Fiscal Period (Jul. 1, 2023 – Dec. 31, 2023)	
Operating revenue				
Rent revenue-real estate	*1	17,291,965	*1	17,411,577
Gain on sale of real estate	*2	881,854		—
Total operating revenue		18,173,819		17,411,577
Operating expenses				
Expenses related to rent business	*1	8,310,963	*1	8,315,290
Asset management fee		758,548		709,507
Administrative service and asset custody fees		84,487		85,381
Directors' compensation		6,300		6,300
Trust fees		15,845		15,488
Other operating expenses		138,111		127,893
Total operating expenses		9,314,256		9,259,861
Operating income		8,859,563		8,151,716
Non-operating income				
Interest income		193		190
Income on settlement of management association accounts		34,071		3,930
Insurance income		2,333		5,769
Other		800		3,475
Total non-operating income		37,399		13,365
Non-operating expenses				
Interest expenses		525,041		541,234
Borrowing expenses		50,494		57,576
Interest expenses on investment corporation bonds		197,730		187,303
Amortization of investment corporation bond issuance costs		14,518		13,935
Amortization of investment unit issuance expenses		9,490		7,259
Other		434		269
Total non-operating expenses		797,710		807,579
Ordinary income		8,099,253		7,357,502
Income before income taxes		8,099,253		7,357,502
Income taxes-current		605		605
Total income taxes		605		605
Net income		8,098,648		7,356,897
Retained earnings brought forward		6,212		5,503
Unappropriated retained earnings		8,104,860		7,362,400

(3) Statement of Changes in Unitholders' Equity

	(Thousands of yen)	
	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 – Dec. 31, 2023)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	261,751,240	261,751,240
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	261,751,240	261,751,240
Surplus		
Voluntary reserve		
Balance at beginning of current period	3,376,470	4,118,301
Changes of items during the period		
Provision of reserve for reduction entry	815,777	520,804
Reversal of reserve for reduction entry	(73,946)	
Total changes of items during the period	741,830	520,804
Balance at end of current period	4,118,301	4,639,105
Unappropriated retained earnings		
Balance at beginning of current period	8,476,171	8,104,860
Changes of items during the period		
Provision of reserve for reduction entry	(815,777)	(520,804)
Reversal of reserve for reduction entry	73,946	
Dividends from surplus	(7,728,129)	(7,578,552)
Net income	8,098,648	7,356,897
Total changes of items during the period	(371,311)	(742,460)
Balance at end of current period	8,104,860	7,362,400
Total surplus		
Balance at beginning of current period	11,852,642	12,223,161
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry	—	
Dividends from surplus	(7,728,129)	(7,578,552)
Net income	8,098,648	7,356,897
Total changes of items during the period	370,518	(221,655)
Balance at end of current period	12,223,161	12,001,505
Total unitholders' equity		
Balance at beginning of current period	273,603,883	273,974,402
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry	—	
Dividends from surplus	(7,728,129)	(7,578,552)
Net income	8,098,648	7,356,897
Total changes of items during the period	370,518	(221,655)
Balance at end of current period	273,974,402	273,752,746
Total net assets		
Balance at beginning of current period	273,603,883	273,974,402
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry	—	
Dividends from surplus	(7,728,129)	(7,578,552)
Net income	8,098,648	7,356,897
Total changes of items during the period	370,518	(221,655)
Balance at end of current period	273,974,402	273,752,746

(4) Statement of Cash Distributions

	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 – Dec. 31, 2023)
I. Unappropriated retained earnings	8,104,860,437 yen	7,362,400,362 yen
II. Reversal of voluntary reserve		
Reversal of reserve for reduction entry	—	221,010,037 yen
III. Distribution amount	7,578,552,800 yen	7,578,552,800 yen
(Distribution amount per unit)	(7,600 yen)	(7,600 yen)
IV. Voluntary reserve		
Provision of reserve for reduction entry	520,804,313 yen	—
V. Retained earnings carried forward	5,503,324 yen	4,857,599 yen
Method for calculating distribution amount	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,578,552,800 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units), from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,578,552,800 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units), from the balance of unappropriated retained earnings after adding the reversal of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>

(5) Statement of Cash Flows

	(Thousands of yen)	
	43rd Fiscal Period (Jan. 1, 2023 – Jun. 30, 2023)	44th Fiscal Period (Jul. 1, 2023 – Dec. 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	8,099,253	7,357,502
Depreciation and amortization	2,046,014	2,058,858
Amortization of investment corporation bond issuance costs	14,518	13,935
Amortization of investment unit issuance expenses	9,490	7,259
Interest income	(193)	(190)
Interest expenses	722,772	728,538
Decrease (increase) in operating accounts receivable	(1,643)	(133,169)
Decrease (increase) in consumption taxes receivable	(13,604)	13,604
Decrease (increase) in prepaid expenses	6,274	(8,303)
Increase (decrease) in operating accounts payable	102,426	(33,261)
Increase (decrease) in accounts payable-other	(104,943)	(56,739)
Increase (decrease) in accrued consumption taxes	(316,877)	183,664
Increase (decrease) in advances received	(12,500)	31,106
Decrease in property, plant and equipment in trust due to sale	3,265,600	–
Other, net	(31,163)	(149,798)
Subtotal	13,785,422	10,013,007
Interest income received	193	190
Interest expenses paid	(728,366)	(723,922)
Income taxes (paid) refund	(607)	(604)
Net cash provided by (used in) operating activities	13,056,642	9,288,670
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,968,920)	(681,284)
Purchase of property, plant and equipment in trust	(7,399,017)	(704,368)
Purchase of intangible assets	(13,909)	–
Payments of lease and guarantee deposits	(5,790)	(18,089)
Repayments of tenant leasehold and security deposits	(169,936)	(217,838)
Proceeds from tenant leasehold and security deposits	625,641	178,421
Repayments of tenant leasehold and security deposits in trust	(636,540)	(145,181)
Proceeds from tenant leasehold and security deposits in trust	573,633	348,830
Net cash provided by (used in) investing activities	(13,994,840)	(1,239,510)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	5,500,000	–
Repayment of short-term loans payable	–	(5,500,000)
Proceeds from long-term loans payable	7,000,000	18,500,000
Repayment of long-term loans payable	(8,000,000)	(13,000,000)
Redemption of investment corporation bonds	(2,000,000)	–
Dividends paid	(7,726,854)	(7,577,854)
Net cash provided by (used in) financing activities	(5,226,854)	(7,577,854)
Net increase (decrease) in cash and cash equivalents	(6,165,052)	471,304
Cash and cash equivalents at beginning of current period	45,506,457	39,341,405
Cash and cash equivalents at end of current period	*1 39,341,405	*1 39,812,709

(6) Notes to Financial Statements

(Basis of Presenting Financial Statements)

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

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

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

(Significant Accounting Policies)

1. Standards and Method for Asset Valuation
 - Investment securities
 - Other securities
 - Stocks and other securities with no market prices
 - Stocks and other securities with no market prices are stated at cost being determined by the moving average method.
2. Depreciation/Amortization Method for Noncurrent Assets
 - (1) Property and Equipment (including entrusted properties)

Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:

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

Assets with purchase costs of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.
 - (2) Intangible Assets

Intangible assets are amortized utilizing the straight-line method.
 - (3) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized utilizing the straight-line method.
3. Accounting for Deferred Assets
 - (1) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.
 - (2) Investment Unit Issuance Expenses

Investment unit issuance expenses are amortized utilizing the straight-line method over three years.
4. Standards for Recognition of Revenues and Expenses
 - (1) Revenue Recognition

The details of main performance obligations concerning revenue generated from contracts with customers of JPR and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.

 - a. Sale of real estate

For the proceeds from sale of real estate, JPR recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of JPR fulfilling its delivery obligations stipulated in the transaction contract of the real estate.
 - b. Utilities income

JPR recognizes utilities income upon the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that JPR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.
 - (2) Accounting Treatment of Taxes on Property and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes (the "property taxes"), JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business.

Furthermore, JPR capitalized an amount equivalent to the property taxes paid to the sellers during the first fiscal period as a part of the purchase cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 38,073 thousand yen for the fiscal period ended June 30, 2023 and were nil for the fiscal period ended December 31, 2023.
5. Scope of Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the Statement of Cash Flows include the following items:

 - (1) Cash on hand and cash in trust
 - (2) Deposits placed with banks and deposits in trust that can be withdrawn at any time
 - (3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date.
6. Other Significant Items Fundamental to the Preparation of Financial Statements

Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust

Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the Balance Sheet and Statement of Income and Retained Earnings.

Furthermore, the following material accounts are separately presented in the Balance Sheet for properties in trust recorded in relevant accounts.

 - a. Cash and deposits in trust
 - b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
 - c. Tenant leasehold and security deposits in trust

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

(Thousands of yen)

	End of 43rd Fiscal Period (as of June 30, 2023)	End of 44th Fiscal Period (as of December 31, 2023)
Land	1,537,018	1,537,018
Total	1,537,018	1,537,018

2. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 43rd Fiscal Period (as of June 30, 2023)	End of 44th Fiscal Period (as of December 31, 2023)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

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

(Thousands of yen)

	End of 43rd Fiscal Period (as of June 30, 2023)	End of 44th Fiscal Period (as of December 31, 2023)
	50,000	50,000

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

(Thousands of yen)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	12,680,008	12,770,417
Land rents	1,801,750	1,801,499
Common charges	1,268,237	1,249,752
Parking fees	284,154	279,989
Advertising fees	38,289	38,108
Antenna usage fees	28,625	29,418
Other	45,221	47,210
Subtotal	16,146,287	16,216,396
Other rental revenues		
Incidental rent income	1,001,894	988,962
Time-based parking fees	14,588	15,262
Cancellation charges	17,496	10,311
Income equivalent to expenses for restoration to original condition	59,489	128,555
Other miscellaneous income	52,209	52,089
Subtotal	1,145,678	1,195,181
Total rent revenue-real estate	17,291,965	17,411,577
B. Expenses Related to Rent Business		
Outsourcing expenses	707,113	711,594
Utilities expenses	1,285,235	1,150,651
Property and other taxes	2,594,259	2,581,530
Casualty insurance	29,754	30,571
Repairs and maintenance	433,688	578,966
Property management fees	312,682	315,248
Management association accounts	637,968	640,700
Depreciation	2,044,640	2,057,035
Other	265,620	248,990
Total expenses related to rent business	8,310,963	8,315,290
C. Profits for Rent Business		
(A-B)	8,981,002	9,096,287

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

(Thousands of yen)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
JPR Crest Takebashi Bldg.		
Proceeds from sale of real estate	4,169,000	—
Cost of sale of real estate	3,265,600	—
Other expenses related to sale	21,545	—
Gain on sale of real estate	881,854	—

(Notes to Statement of Changes in Unitholders' Equity)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	997,178 units	997,178 units

(Notes to Statement of Cash Flows)

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

(Thousands of yen)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Cash and deposits	27,056,051	27,775,890
Cash and deposits in trust	12,285,353	12,036,819
Cash and cash equivalents	39,341,405	39,812,709

(Leases)

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

(Thousands of yen)

	43rd Fiscal Period (as of June 30, 2023)	44th Fiscal Period (as of December 31, 2023)
Due within one year	6,253,882	6,330,567
Due after one year	16,393,094	17,167,579
Total	22,646,976	23,498,147

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

(Thousands of yen)

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

The following are the book values and fair values as of December 31, 2023 of financial instruments, and the difference between these amounts. Furthermore, notes on “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are omitted as these are settled with cash and within a short period of time and thus the book value approximates the fair value. Notes on “Investment securities,” “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Book Value (Note 1)	Fair Value (Note 1)	Difference
(1) Current portion of investment corporation bonds	(8,000,000)	(8,043,907)	43,907
(2) Current portion of long-term loans payable	(15,000,000)	(15,039,926)	39,926
(3) Investment corporation bonds	(27,900,000)	(27,513,692)	-386,307
(4) Long-term loans payable	(154,500,000)	(153,099,478)	-1,400,521

(Note 1) Liabilities are shown in parentheses.

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

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

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

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

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

(Note 3) Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 43rd Fiscal Period end (June 30, 2023)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	5,000,000	3,000,000	—	8,500,000	3,000,000	16,400,000
Long-term loans payable	20,000,000	21,000,000	20,900,000	15,000,000	20,200,000	66,900,000

Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 44th Fiscal Period end (December 31, 2023)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	8,000,000	—	8,500,000	—	3,000,000	16,400,000
Long-term loans payable	15,000,000	23,900,000	14,000,000	21,000,000	23,200,000	72,400,000

(Securities)

43rd Fiscal Period (as of June 30, 2023)

Not applicable

44th Fiscal Period (as of December 31, 2023)

Not applicable

(Derivative Transactions)

43rd Fiscal Period (as of June 30, 2023)

Not applicable as JPR entered into no derivative transactions

44th Fiscal Period (as of December 31, 2023)

Not applicable as JPR entered into no derivative transactions

(Retirement Benefits)

43rd Fiscal Period (as of June 30, 2023)

Not applicable as JPR does not have any retirement benefit plans

44th Fiscal Period (as of December 31, 2023)

Not applicable as JPR does not have any retirement benefit plans

(Tax Effect Accounting)

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

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(29.44%)	(32.41%)
Other	(2.01%)	0.96%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable as JPR does not have any affiliated companies

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable

2. Affiliated Companies

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable

3. Sister Companies

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable

4. Directors and Major Individual Unitholders

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable

(Asset Retirement Obligations)

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Not applicable

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Not applicable

(Segment Information)

[Segment Information]

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

[Related Information]

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

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

3. Information about Major Customers

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

44th Fiscal Period (July 1, 2023 – December 31, 2023)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

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

3. Information about Major Customers

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

(Investment and Rental Properties)

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

(Thousands of yen)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Book value on the Balance Sheet		
Balance at beginning of period	459,781,704	468,367,893
Amount of increase (decrease) during the period	8,586,188	(3,463)
Balance at end of current period	468,367,893	468,364,429
Fair value at end of period	592,098,000	596,266,000

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

(Note 2) For the 43rd Fiscal Period, the amount of increase is primarily attributable to the acquisition of JPR Dojima West (2,510,474 thousand yen), the acquisition of FUNDES Tenjin Nishidori (3,355,432 thousand yen) and the acquisition of Ochanomizu Sola City (6,538,208 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Crest Takebashi Bldg. (3,265,600 thousand yen) and depreciation (2,044,640 thousand yen). For the 44th Fiscal Period, the amount of decrease is primarily attributable to depreciation (2,057,035 thousand yen).

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

The income (loss) in the 43rd and 44th Fiscal Periods for investment and rental properties is as presented in the “Notes to Statement of Income and Retained Earnings.”

(Revenue Recognition)

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

Breakdown information on revenue from contracts with customers

(Thousands of yen)

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

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

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

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

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers (Note 2)
Sale of real estate	—	—
Utilities income (Note 3)	988,962	988,962
Others	—	16,422,615
Total	988,962	17,411,577

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

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

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

(Per Unit Information)

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Total net assets per unit	274,749 yen	274,527 yen
Net income per unit	8,121 yen	7,377 yen

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

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

	43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
Net income (thousands of yen)	8,098,648	7,356,897
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	8,098,648	7,356,897
Average number of units during the fiscal period	997,178 units	997,178 units

(Subsequent Events)

Not applicable.

(7) Detailed Schedules

1) Schedule of Securities

a. Stock

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

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

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

b. Other securities

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

(Note) The appraisal value indicates the book value.

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

Not applicable

3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of July 1, 2023 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2023 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2023 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	—	—	—	—	—	—	—	
Property, plant and equipment (Real estate)								
Buildings	71,054,645	1,061,348	—	72,115,994	25,598,975	906,733	46,517,018	
Structures	94,381	728	—	95,110	43,915	2,481	51,194	
Machinery and equipment	851,609	33,543	—	885,153	616,794	17,272	268,358	
Tools, furniture and fixtures	243,571	22,280	—	265,851	142,234	12,534	123,617	
Land	145,954,517	10,279	—	145,964,796	—	—	145,964,796	
Construction in progress	14,508	6,195	1,935	18,768	—	—	18,768	
Subtotal	218,213,234	1,134,376	1,935	219,345,674	26,401,920	939,022	192,943,754	
(Beneficiary interests in trust)								
Buildings in trust	96,131,588	864,365	—	96,995,953	39,806,726	1,077,999	57,189,227	
Structures in trust	130,848	3,342	—	134,190	84,615	2,304	49,575	
Machinery and equipment in trust	1,938,100	39,354	—	1,977,455	1,531,114	26,695	446,340	
Tools, furniture and fixtures in trust	311,209	14,919	—	326,128	219,578	10,967	106,550	
Land in trust	205,823,796	—	—	205,823,796	—	—	205,823,796	
Construction in progress in trust	3,750	479	1,330	2,899	—	—	2,899	
Subtotal	304,339,293	922,460	1,330	305,260,424	41,642,034	1,117,966	263,618,389	
Total	522,552,527	2,056,837	3,265	524,606,098	68,043,955	2,056,988	456,562,143	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	20,089	—	—	20,089	7,142	1,870	12,947	
Total	11,821,920	—	—	11,821,920	7,142	1,870	11,814,778	

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

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

4) Schedule of Other Specified Assets

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

(Note) The appraisal value indicates the book value.

5) Schedule of Investment Corporation Bonds

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

(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	8,000,000	—	8,500,000	—	3,000,000

6) Schedule of Loans Payable

Lender	Balance as of July 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-Term Loans Payable								
Mizuho Bank Ltd.	2,500,000	—	2,500,000	—	0.145%	Jul. 5, 2023	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank Ltd.	3,000,000	—	3,000,000	—	0.145%	Jul. 5, 2023		
Total	5,500,000	—	5,500,000	—				

Lender	Balance as of July 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.011%	Mar. 11, 2024	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank, Ltd.	5,000,000	—	—	5,000,000	0.804%	Feb. 4, 2026		
Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.646%	Dec. 5, 2029		
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	0.675%	Mar. 31, 2031		
Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Green Loan)	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Sustainability Loan)	600,000	—	—	600,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Green Loan)	2,000,000	—	—	2,000,000	0.533%	Dec. 27, 2028		
Mizuho Bank, Ltd. (Green Loan)	2,000,000	—	—	2,000,000	0.401%	Jun. 25, 2027		
Mizuho Bank, Ltd. (Green Loan)	1,000,000	—	—	1,000,000	0.948%	Jun. 27, 2033		
MUFG Bank, Ltd.	1,000,000	—	1,000,000	—	0.873%	Aug. 31, 2023		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.638%	Aug. 8, 2025		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.600%	Aug. 29, 2025		
MUFG Bank, Ltd.	3,000,000	—	—	3,000,000	0.593%	Sep. 5, 2025		
MUFG Bank, Ltd.	4,000,000	—	—	4,000,000	0.450%	Jun. 23, 2028		
MUFG Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	1.116%	Aug. 29, 2031		
Sumitomo Mitsui Banking Corporation	1,000,000	—	1,000,000	—	0.245%	Dec. 5, 2023		
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.300%	Jun. 26, 2025		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.450%	Mar. 30, 2028		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.675%	Mar. 30, 2032		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.600%	Mar. 28, 2031		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.525%	Mar. 29, 2030		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.698%	Jun. 27, 2029		
Sumitomo Mitsui Banking Corporation	—	1,000,000	—	1,000,000	1.368%	Jun. 3, 2033		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan Inc.	3,000,000	—	—	3,000,000	0.843%	Jun. 14, 2027		
Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Development Bank of Japan Inc.	2,100,000	—	—	2,100,000	0.572%	Jun. 27, 2029		
Development Bank of Japan Inc.	800,000	—	—	800,000	0.600%	Jun. 25, 2030		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	0.600%	Dec. 3, 2030		
SBI Shinsei Bank, Limited	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
SBI Shinsei Bank, Limited	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.525%	Sep. 25, 2028		
Shinkin Central Bank	3,000,000	—	—	3,000,000	0.663%	Jun. 4, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.447%	Dec. 27, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.604%	Jun. 5, 2025		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.405%	Jun. 25, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		

Lender	Balance as of July 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2023 (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.	3,000,000	—	—	3,000,000	0.586%	Feb. 4, 2030	(Note 4)	Unsecured/ Unguaranteed
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.606%	Mar. 29, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.675%	Dec. 24, 2030		
Aozora Bank, Ltd.	900,000	—	—	900,000	0.625%	Jul. 3, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank, Ltd.	2,000,000	—	—	2,000,000	0.553%	Feb. 25, 2025		
Aozora Bank, Ltd.	500,000	—	—	500,000	0.525%	Sep. 25, 2028		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Apr. 5, 2030		
The Bank of Fukuoka, Ltd.	2,000,000	—	2,000,000	—	0.816%	Oct. 6, 2023		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.554%	Sep. 21, 2029		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Bank of Fukuoka, Ltd. (Green Loan)	—	2,000,000	—	2,000,000	1.183%	Oct. 6, 2031		
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025		
Meiji Yasuda Life Insurance Company	3,200,000	—	—	3,200,000	0.813%	Jun. 21, 2028		
Sumitomo Life Insurance Company	2,000,000	—	—	2,000,000	0.453%	Oct. 11, 2024		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.583%	Jul. 20, 2029		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Shinkumi Federation Bank	4,000,000	—	—	4,000,000	0.358%	Aug. 5, 2027		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Dec. 14, 2029		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.969%	Sep. 24, 2024		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.811%	Jun. 5, 2028		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.675%	Dec. 24, 2030		
The Chugoku Bank, Ltd.	2,000,000	—	2,000,000	—	0.816%	Oct. 6, 2023		
The Chugoku Bank, Ltd.	1,000,000	—	—	1,000,000	0.661%	Mar. 25, 2026		
The Chugoku Bank, Ltd. (Green Loan)	—	2,000,000	—	2,000,000	1.258%	Oct. 6, 2031		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
The Iyo Bank, Ltd.	1,000,000	—	1,000,000	—	0.816%	Oct. 6, 2023		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Iyo Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	1.301%	Oct. 6, 2031		
The Kiyō Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyō Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Sompo Japan Insurance Inc.	2,000,000	—	2,000,000	—	0.759%	Dec. 25, 2023		
Sompo Japan Insurance Inc. (Green Loan)	—	2,000,000	—	2,000,000	0.803%	Jun. 25, 2029		
Nippon Life Insurance Company	2,000,000	—	2,000,000	—	0.225%	Nov. 22, 2023		
Nippon Life Insurance Company (Green Loan)	—	2,000,000	—	2,000,000	0.906%	Apr. 20, 2029		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.300%	Oct. 9, 2025		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.310%	Sep. 24, 2026		
The Yamagata Bank, Ltd. (Sustainability Loan)	—	1,000,000	—	1,000,000	0.781%	Jul. 4, 2031		
The Yamagata Bank, Ltd. (Sustainability Loan)	—	1,000,000	—	1,000,000	0.491%	Jul. 5, 2028		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 30, 2030		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 5, 2032		
Resona Bank, Limited	2,000,000	—	—	2,000,000	0.888%	Sep. 30, 2031		
The Ashikaga Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	0.471%	Jul. 5, 2028		
Kansai Mirai Bank, Limited	1,000,000	—	—	1,000,000	0.600%	Mar. 30, 2032		
Bank of Kyoto, Ltd.	500,000	—	—	500,000	0.600%	Mar. 30, 2032		
Bank of Kyoto, Ltd. (Sustainability Loan)	—	500,000	—	500,000	0.441%	Jul. 5, 2028		

Lender	Balance as of July 1, 2023 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2023 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
The Gunma Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	0.680%	Jul. 5, 2030	(Note 4)	Unsecured/ Unguaranteed
The Keiyo Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	0.491%	Jul. 5, 2028		
The 77 Bank, Ltd.	1,000,000	—	—	1,000,000	0.543%	Nov. 30, 2028		
Daishi Hokuetsu Bank, Ltd.	1,000,000	—	—	1,000,000	0.566%	Nov. 21, 2028		
Daido Life Insurance Company	1,000,000	—	1,000,000	—	0.316%	Dec. 25, 2023		
Daido Life Insurance Company (Green Loan)	—	1,000,000	—	1,000,000	0.991%	Dec. 25, 2030		
The Chiba Bank, Ltd.	1,000,000	—	1,000,000	—	0.449%	Oct. 25, 2023		
The Chiba Bank, Ltd. (Green Loan)	—	1,000,000	—	1,000,000	0.853%	Oct. 25, 2028		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.443%	Dec. 27, 2027		
The Hyakugo Bank, Ltd.	1,000,000	—	—	1,000,000	0.582%	Apr. 25, 2025		
The Hiroshima Bank, Ltd.	1,000,000	—	—	1,000,000	0.566%	Nov. 21, 2028		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.310%	Oct. 2, 2026		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		
Total	164,000,000	18,500,000	13,000,000	169,500,000				

(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	15,000,000	23,900,000	14,000,000	21,000,000	23,200,000

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

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

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

(8) Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation (the Company), which comprise the balance sheet as at December 31, 2023, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions, and cash flows for the six-month period then ended and notes to financial statements, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Supervising Officer for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Fee-related Information

The fees for the audits of the financial statements of Japan Prime Realty Investment Corporation and other services provided by us and other EY member firms for the year ended December 31, 2023 are 14 million yen and 5 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

March 22, 2024

向出 勇治

Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

海上 大介

Daisuke Unagami
Designated Engagement Partner
Certified Public Accountant

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

43rd Fiscal Period (January 1, 2023 – June 30, 2023)	44th Fiscal Period (July 1, 2023 – December 31, 2023)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

43rd Fiscal Period (January 1, 2023 – June 30, 2023)

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

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

44th Fiscal Period (July 1, 2023 – December 31, 2023)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,777	Accrued expenses	473

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