



Fortieth Fiscal Period Semi-Annual Report

July 1, 2021–December 31, 2021

Japan Prime Realty Investment Corporation

Message to Our Unitholders

Dear Unitholders,

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

Having settled the 40th fiscal period (July 1, 2021 – December 31, 2021), we would like to report on the performance results.

The office property leasing market had remained on a somewhat stagnant note since 2020 under the impact of the novel coronavirus (COVID-19) infection. However, since October 2021 when the declaration of a state of emergency state was lifted, the number of inquiries for new leasing cases has been increasing. This, together with the normalization of decision-making by companies, allows us to feel that economic activities are recovering.

Under such circumstances, JPR conducted strategic asset replacement in the 40th fiscal period and, by distributing part of the gain on sale of properties to unitholders, secured distribution per unit of 7,550 yen as forecasted without conducting reversal of internal reserves that it initially planned to do.

Going forward, while continuously paying close attention to the impact of COVID-19, we will flexibly respond to changes in social conditions 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.

Operating Results

	39th Period ended Jun. 2021 Results	40th Period ended Dec. 2021 Results	Change		
			Change	Rate of change	
Operating revenue (million yen)	17,305	18,253	+948	+5.5%	TOPIC 1 Operating revenue includes gain on sale of properties (783 million yen for the 39 fiscal period and 1,870 million yen for the 40th fiscal period).
Operating income (million yen)	8,789	8,626	-162	-1.9%	
Ordinary income (million yen)	8,121	7,893	-227	-2.8%	TOPIC 2 Profits for rent business decreased period-on-period due to the impact of COVID-19, etc., but are expected to show a recovery trend in the 41st fiscal period and thereafter. Furthermore, operating expenses for the 40th fiscal period includes loss on sale of properties amounting to 856 million yen.
Net income (million yen)	8,120	7,892	-227	-2.8%	
Distribution per unit (yen)	7,657	7,550	-107	-1.4%	TOPIC 3 Distribution per unit came to 7,550 yen, as forecasted at the beginning of the fiscal period. Part of the gain on sale has been internally reserved for the purpose of stable management and cash distributions in the future.

Interview with Top Management

Yoshihiro Jozaki

Executive Officer, Japan Prime Realty Investment Corporation

President and Chief Executive Officer, Tokyo Realty Investment Management, Inc.

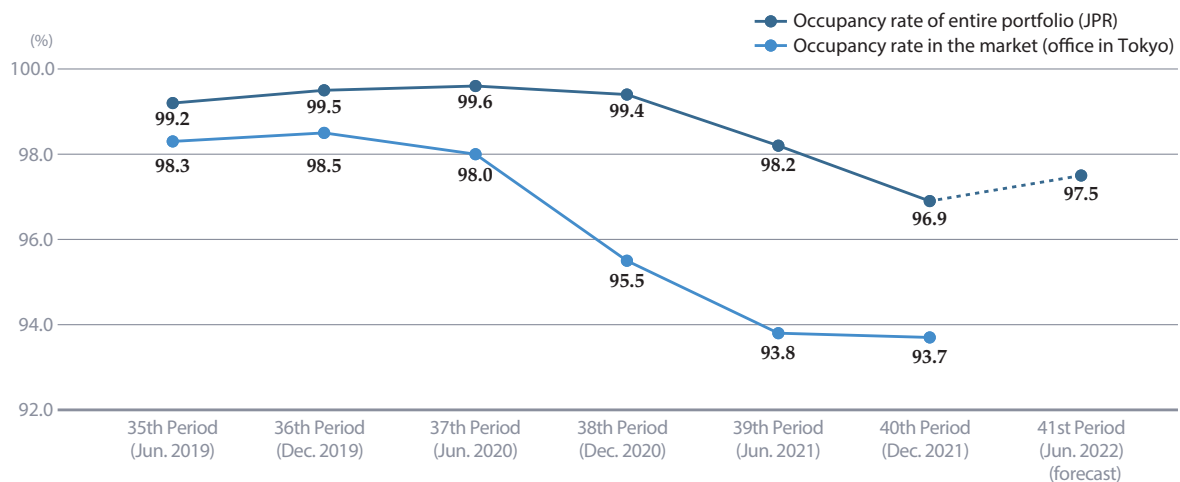
Q1: Could you start by telling us about the situation of the office property leasing market?

In the 40th fiscal period, our properties maintained occupancy at a level higher than the market, with the occupancy rate of the entire portfolio standing at 96.9%.

The office property leasing market has remained on a somewhat stagnant note since 2020 under the impact of COVID-19. But the rising vacancy rate in the business districts of Tokyo is calming down to show signs of bottoming out.

JPR has also seen progress made in the leasing of large-scale sections at such properties as Rise Arena Bldg. since October 2021 when the declaration of a state of emergency was lifted. As such, we feel that office demand is on a track to recovery along with the normalization of economic activities and decision-making by companies.

Changes in Occupancy Rate



(Note 1) "Occupancy rate of the entire portfolio" indicates the period-average figures.

(Note 2) Prepared by the Asset Management Company based on the "Office Report (Tokyo CBDs)" published by Miki Shoji Co., Ltd.

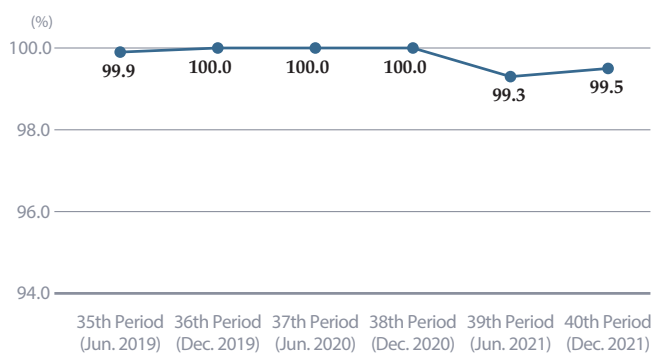
Q2: With regard to the impact of COVID-19, how have your retail properties been affected?

JPR has provided support for business continuity to the tenants who suffered from sales declines caused by the state of emergency declarations, etc., comprehensively considering the requests from relevant government agencies and the impact on its future asset management.

In the 40th fiscal period, we continued to grant temporary rent reductions for certain retail tenants, but the amount of reductions conducted in the fiscal period was no more than 47 million yen, which was smaller than our initial assumption.

Because the ratio of restaurants and eateries in the entire retail properties of JPR is rather small at 3.1%, and helped by the fact that we started providing support at a relatively early stage for the tenants suffering from decreased sales, the occupancy rate of our retail properties is kept at a high level.

Occupancy Rate Trends (retail properties)



Status of Temporary Rent Reductions

	No. of cases	Amount
37th Period (Jun. 2020)	61	94 million yen
38th Period (Dec. 2020)	41	45 million yen
39th Period (Jun. 2021)	35	67 million yen
40th Period (Dec. 2021)	20	47 million yen

Q3: Could you explain the significance of the property replacements conducted in October last year and thereafter, and the public offering conducted in January this year?

Overview of Public Offering

Issuance resolution date	January 4, 2022	After issuance of new investment units	
Number of new units issued	38,928 units	[Unitholders' capital]	
Total purchase price	13.8 billion yen	247.8 billion yen	▶ 261.7 billion yen
		[Number of units outstanding]	
		958,250 units	▶ 997,178 units

There are three points on the significance of a series of initiatives we have taken since October last year.

The first is “acquisition of blue-chip properties and strategic asset replacement by utilizing sponsor pipelines.”

We procured 13.8 billion yen through the ninth public offering to fund the acquisition of GRAND FRONT OSAKA, Tokyo Tatemono Higashi Shibuya Bldg. and additional ownership interest of Rise Arena Bldg. amounting to 39.9 billion yen in total.

Moreover, as part of our strategic asset replacement initiatives, we are selling JPR Umeda Loft Bldg. in stages over three fiscal periods at a price surpassing its appraisal value by 25%, while selling Tokyo Tatemono Honmachi Bldg., which had the oldest building age in our portfolio.

Through these asset replacement transactions, the asset size has expanded to 488.3 billion yen*, with the average building age lowered by 1.3 years*.

The second point is “distribution of gain on sale to unitholders for three straight fiscal periods and enhanced stability of cash distributions by expanding internal reserves.”

By selling JPR Umeda Loft Bldg. in stages, we are distributing the gain on sale to unitholders over three fiscal periods.

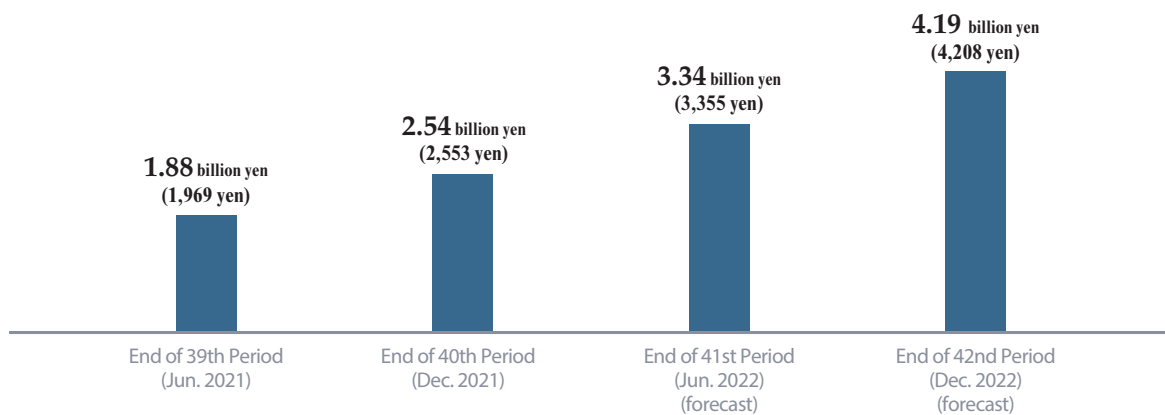
Moreover, by internally reserving part of the gain on sale, the total amount of our internal reserve will be 4.19 billion yen*, or 4,208 yen* per unit. This is a relatively high level among J-REITs, and should lead to enhanced stability of future cash distributions.

The third point is “expansion of debt capacity for future acquisitions by lowering LTV.”

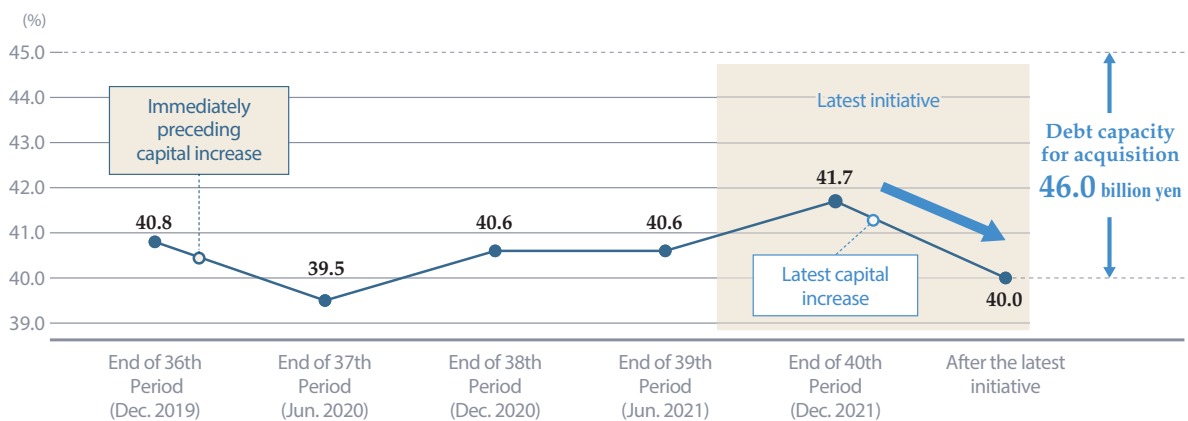
The public offering lowered our LTV (the ratio of interest-bearing debts to total assets) to 40.0%* and expanded our debt capacity for acquisition to 46 billion yen* when the upper limit of LTV is set at 45.0%. With this, we successfully reinforced our foundation for flexible property acquisitions toward the future.

* These figures are estimates at the time when the public offering and a series of property transactions are completed.

Changes in the Balance of Internal Reserves (figures in parenthesis representing internal reserve per unit)



Changes in LTV (controlled at up to 45% as upper limit target)



GRAND FRONT OSAKA



Tokyo Tatemono Higashi Shibuya Bldg.



Rise Arena Bldg.

● Q4: Can you tell us about your future growth strategies and cash distributions?

For the moment, internal growth will have to face a slowdown through revision of rents, etc. Because of this and other factors, we need to shift our focus of growth toward external growth through property acquisitions.

Utilizing the property acquisition capacity that has expanded through the latest public offering as a foothold, we would like to achieve continuous growth going forward while taking advantage of the abundant pipelines centering on Tokyo Tatemono, our main sponsor.

As for cash distributions, we will continue to secure a stable level of returns to our unitholders. As we do so, we will also utilize our internal reserves that have been expanded.

In addition, by conducting additional property acquisitions and increasing the occupancy rate going forward, we will aim to achieve distribution per unit of 7,800 yen, one of our medium-term targets, as soon as possible.

● Q5: What are your sustainability initiatives?

On top of the global spread of COVID-19, extensive natural disasters due to abnormal climate are occurring frequently.

Given such an environment, initiatives on sustainability are increasingly important.

JPR set out a goal of “achieving net zero CO₂ emission by 2050” last August.

While we have steadily conducted works for better energy efficiency, including replacement of air-conditioning units and replacement of lighting equipment with LED lamps since before, we started full-on introduction of 100% renewable energy-based power supply in January 2022. As such, we are further reinforcing our endeavors toward achieving the goal.

We recognize that seriously facing and addressing social issues can lead to creation of new values and business opportunities for our continuous growth. Based on this recognition, we are resolved to make proactive endeavors by positioning initiatives on sustainability as the most important business issue.

Initiatives on Sustainability

Sustainability Policy

JPR is resolved to contribute to the sustainable development of the society and the investment management business through discussion and cooperation with its stakeholders (including investors and tenants), and aims to maximize value for its unitholders. Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, has established the Sustainability Policy that governs its initiatives to enhance sustainability of the society.

1. Initiatives on Behalf of Tenants

Respond to tenants with integrity and responsibility, and endeavor to provide them with new and distinct value as well as enhance their satisfaction.

2. Initiatives on Behalf of the Environment

Aim to reduce environmental footprint through managing the assets JPR owns, in recognition of the importance of addressing environmental issues.

- Promote energy saving and reduction of greenhouse gas emissions.
- Work on effective use of water resources and promote "3Rs" (reuse, reduce and recycle) of waste.
- Strive to proactively disclose information on environmental issues.

3. Initiatives on Behalf of Local Communities

Work to coordinate with local communities through managing the assets JPR owns in the area, in an effort to contribute to enhancing the brand value of the entire area.

4. Initiatives on Behalf of Employees

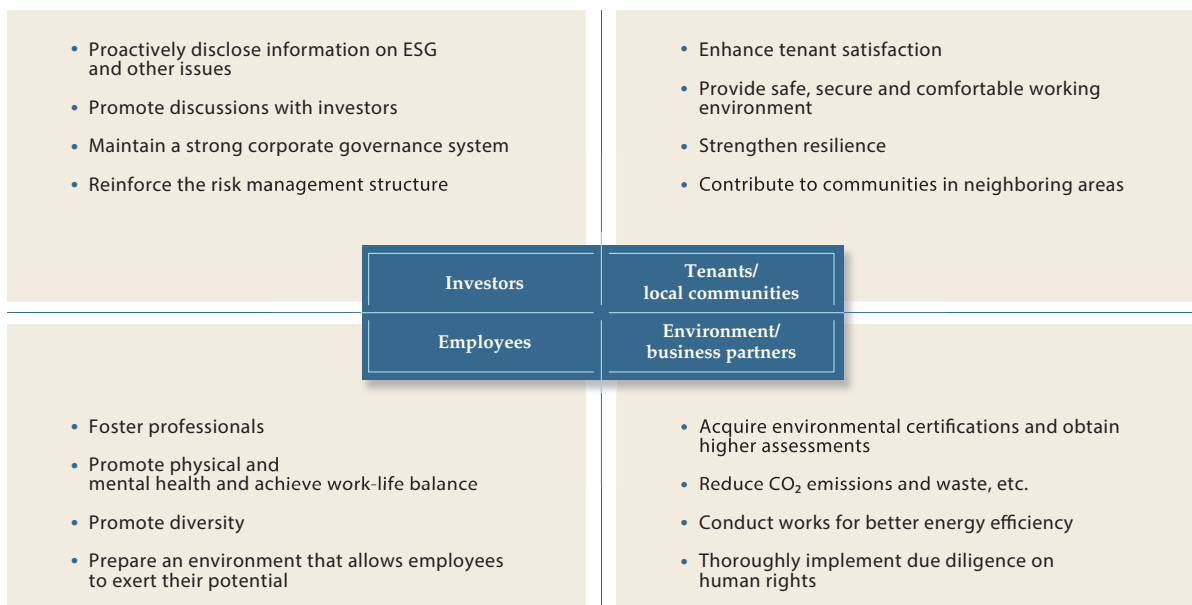
Respect each one of the employees and promote realization of a pleasant work environment by helping them enhance their professional expertise.

5. Initiatives on Behalf of the Society

Abide by laws and regulations as well as rules of the society and, with a high ethical perspective, focus on transparency and objectivity in conducting business.

Initiatives on Behalf of Major Stakeholders

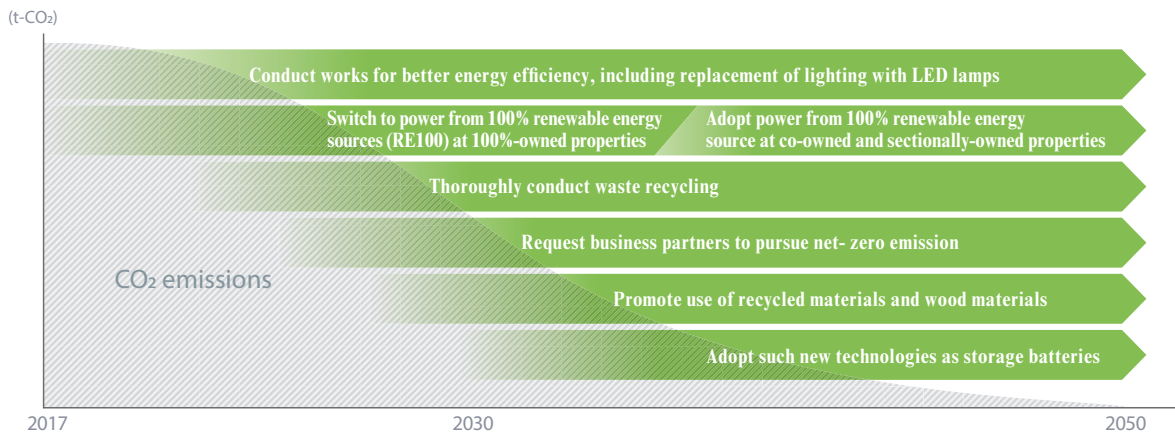
Based on the Sustainability Policy, JPR is proactively implementing initiatives for a variety of its stakeholders. The following chart provides JPR's initiatives for major stakeholders.



Initiatives on Environmental Friendliness

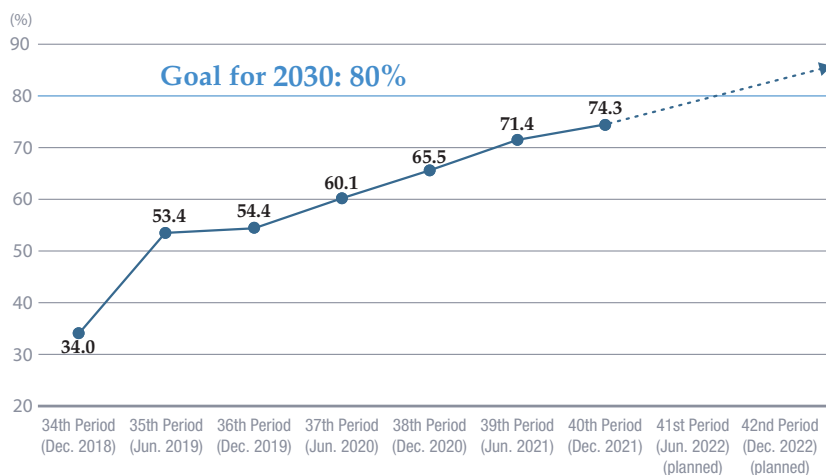
■ Toward Achieving the Goal of Net-Zero CO₂ Emission

Among the first to set up a goal of achieving net-zero CO₂ emission by 2050, JPR is taking various initiatives to reduce emissions. In the endeavor, JPR periodically reviews its feasible measures for emission reduction and is looking for more effective measures. The measures currently underway and to be taken in the future are as follows.



■ Status of Acquisition of Environmental Certifications

As part of the measures to enhance the quality of its portfolio, JPR works to obtain sustainability certifications. JPR expects its goal of “80% for the ratio of properties having acquired environmental certifications by 2030” to be achieved this year ahead of schedule. Going forward, JPR will promote the building of a portfolio that has even higher environmental performance.



Assessment in CASBEE for Building Certification (Note 1)



★★★★★	13 properties
★★★★	14 properties
★★★	1 property

DBJ Green Building Certification (Note 2)



★★★★★	2 properties
★★★★	4 properties
★★★	7 properties
★★	2 properties

BELS Certification (Note 3)



★★★	1 property
★★	1 property

- (Note 1) 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 made under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. The system comprehensively assesses the environmental quality of buildings, including indoor comfort and consideration for the landscape, on top of the aspect of environmental consideration such as energy saving and the use of materials and equipment with a lower environmental burden.
- (Note 2) 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 (DBJ). Its purpose is to promote properties that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the social requirements surrounding real estate from various stakeholders (“Green Buildings”). The assessment results are indicated in five ranks.
- (Note 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 Nonresidential Buildings (2013) established by the Ministry of Land, Infrastructure, Transport and Tourism. Third-party organizations assess energy-saving performance, etc. based on a variety of measurement criteria, indicating the results by the number of stars (★ to ★★★★★).

Recognition by External Bodies and Initiatives

JPR and TRIM were quick to announce participation in external assessment systems and won high recognition by appropriately responding to what have been pointed out. JPR and TRIM also announced support for international initiatives to contribute to addressing such social issues as climate change.

2021 GRESB Real Estate Assessment



GRESB is a benchmarking assessment to measure ESG awareness of real estate companies and funds, as well as the name of organization which runs the assessment system.

JPR was designated as “Green Star” in the GRESB Real Estate Assessment for 2021, marking the eighth consecutive year of recognition with the rank, and was also granted the highest rank of “5 Stars” in the GRESB Rating for three consecutive years.

Inclusion in the MSCI Japan ESG Select Leaders Index ^(Note 4)

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

In May 2021, JPR was included in the MSCI Japan ESG Select Leaders Index provided by MSCI. The Index comprises selected corporations with excellent ESG performance, and has been chosen as one of the indexes for asset management by Japan’s Government Pension Investment Fund (GPIF).

Participation in CDP



CDP is an international non-profit organization representing global institutional investors highly interested in environmental issues, and assesses the environmental initiatives of over 13,000 companies and discloses the assessment results. The assessment is made through questions that cover many items including governance, risk management and business strategies, and is granted in eight ranks. JPR obtained “B” in the 2021 assessment.

Signing of PRI (Principles for Responsible Investment)

Signatory of:



The Principles for Responsible Investment (PRI) is an international network of investors for achieving the six principles. In agreement with PRI, TRIM became a signatory to it in May 2019.

Support for TCFD



In May 2021, TRIM announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board.

(Note 4) The inclusion of JPR in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names in notices thereof, do not constitute a sponsorship, endorsement or promotion of JPR by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

1. Overview of Asset Management

(1) Changes in Operating Results and Other Management Data

	Fiscal Period	Unit	36th Fiscal Period (Jul. 1, 2019 - Dec. 31, 2019)	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)
Operating Performance	Operating Revenue	Million yen	16,005	16,363	17,129	17,305	18,253
	Rent revenue – real estate	Million yen	16,005	16,363	16,714	16,521	16,382
	Gain on sale of real estate	Million yen	–	–	414	783	1,870
	Operating Expenses	Million yen	8,320	8,350	8,596	8,515	9,626
	Expenses related to rent business	Million yen	7,538	7,436	7,611	7,499	7,731
	Operating Income	Million yen	7,684	8,013	8,533	8,789	8,626
	Ordinary Income	Million yen	6,915	7,277	7,840	8,121	7,893
Net Income	Million yen	6,914	7,276	7,839	8,120	7,892	
Assets, etc.	Total Assets	Million yen	453,467	473,186	484,573	484,323	495,615
	(Period-on-period variation)	%	(+0.2)	(+4.3)	(+2.4)	(-0.1)	(+2.3)
	Interest-bearing Debts	Million yen	185,020	187,020	196,520	196,500	206,900
	Total Unitholders' Equity	Million yen	239,269	255,838	256,399	257,093	257,649
	(Period-on-period variation)	%	(+0.0)	(+6.9)	(+0.2)	(+0.3)	(+0.2)
Unitholders' Capital	Million yen	231,653	247,860	247,860	247,860	247,860	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	6,916	7,277	7,426	7,337	7,234
	Dividend payout ratio	%	100.0	100.0	94.7	90.3	91.6
	Number of Units Outstanding	Units	923,000	958,250	958,250	958,250	958,250
	Total Unitholders' Equity per Unit	Yen	259,230	266,984	267,570	268,295	268,875
	Cash Distribution per Unit	Yen	7,493	7,595	7,750	7,657	7,550
	Distribution amount	Yen	7,493	7,595	7,750	7,657	7,550
	Exceeding profit distribution amount	Yen	–	–	–	–	–
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.5	1.6	1.6	1.7	1.6
	Annualized (Note 10)	%	3.0	3.2	3.2	3.4	3.2
	Net Income on Total Unitholders' Equity (Note 2)	%	2.9	2.9	3.1	3.2	3.1
	Annualized (Note 10)	%	5.7	5.9	6.1	6.4	6.1
	Total unitholders' equity at beginning of period	Million yen	239,166	239,269	255,838	256,399	257,093
	Unitholders' Equity Ratio at End of Period (Note 3)	%	52.8	54.1	52.9	53.1	52.0
	(Period-on-period variation)	pt	(-0.1)	(+1.3)	(-1.2)	(+0.2)	(-1.1)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	40.8	39.5	40.6	40.6	41.7
	DSCR (Note 5)	Times	13.2	14.1	14.6	14.6	13.8
	Net income before interest and amortization (Note 6)	Million yen	9,620	10,015	10,208	10,132	9,708
	Interest expenses	Million yen	731	710	697	694	701
	NOI from Leasing (Note 7)	Million yen	10,441	10,954	11,188	11,121	10,779
	Annualized NOI yield (Notes 9 and 10)	%	4.7	4.8	4.7	4.8	4.3
	NCF from Leasing (Note 8)	Million yen	8,858	9,574	9,534	9,751	9,177
	Annualized NCF yield (Notes 9 and 10)	%	4.0	4.2	4.0	4.2	3.7
Reference Information	Investment Properties Owned (Note 11)		63	65	66	65	66
	Number of Tenants		760	851	857	804	1,134
	Total Leasable Floor Space (Note 12)	m ²	480,284.17	499,269.77	501,162.78	496,876.92	500,628.05
	Occupancy Rate	%	99.6	99.7	99.3	98.1	97.3

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

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

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

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

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

(Note 6) Income before income taxes - gain on sale of real estate + loss on sale of real estate + 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 (36th fiscal period: ¥439.52 billion, 37th fiscal period: ¥457.14 billion, 38th fiscal period: ¥468.54 billion, 39th fiscal period: ¥467.52 billion and 40th fiscal period: ¥494.23 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: 36th fiscal period: 184 days, 37th fiscal period: 182 days, 38th fiscal period: 184 days, 39th fiscal period: 181 days and 40th 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) 40th 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 958,250 units as of the end of the 40th fiscal period (December 31, 2021). 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 40th fiscal period, the Japanese economy had remained in a severe situation due to the impact of COVID-19. A pickup trend was observed, however, as economic and social activities recovered increasingly, with progress made in vaccinations to help decrease the number of cases and the state of emergency declarations, etc., which had been issued nationwide against the pandemic, lifted. On the demand side, consumer spending showed a trend for recovery, while in terms of supply, production was recovering after temporary stagnancy due to global shortage of semiconductors, etc. Corporate earnings demonstrated recovery, mainly within manufacturing industries, and the non-manufacturing sector was also on a recovery path after some delay. Overseas economies also continued to show pickup amid a severe situation. In spite of these developments, however, with a new variant of COVID-19 starting to spread both in and outside Japan toward the end of the fiscal period under review, there are concerns about the negative impact on the economy.

The Office Property Leasing Market

In the office property leasing market, the occupancy rate and rent levels showed a downward trend, primarily in Central Tokyo, under the impact of COVID-19. Reflecting the recovery in the domestic economy and corporate earnings, however, the decrease in the occupancy rate is decelerating in the market.

The Retail Property Leasing Market

At urban retail properties which JPR targets for investment, restaurants and eateries were negatively impacted by the state-of-emergency declarations, etc. that had been issued nationwide against COVID-19. Demand is recovering, however, as the state-of-emergency declarations were lifted throughout Japan.

The For-Sale Real Estate Market

In the for-sale real estate market, active transactions continued to take place against the backdrop of low interest rates, etc. Investors keep showing a cautious attitude, however, for hotels and urban retail properties for which the outlook is still uncertain due to the impact of COVID-19. For office properties, on the other hand, blue-chip properties in which JPR targets for investment are in short supply while investors both in and outside Japan still demonstrate 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.

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 40th fiscal period, JPR acquired additional ownership of Rise Arena Bldg. (acquisition price: 7,300 million yen) in October 2021. Moreover, JPR sold 40% ownership interest of JPR Umeda Loft Bldg. (sale price of the relevant ownership interest: 7,000 million yen) and Tokyo Tatemono Honmachi Bldg. (sale price: 3,600 million yen), and acquired GRAND FRONT OSAKA (Umekita Plaza and South Building) (acquisition price: 11,800 million yen) and GRAND FRONT OSAKA (North Building) (acquisition price: 9,500 million yen), all in December 2021. As a result of these transactions, the balance of JPR's assets under management totaled 66 properties, or 484.8 billion yen on an acquisition price basis as of the end of December 2021, with the total leasable floor space standing at 500,628 m² and the number of tenants at 1,134.

Operational Management of Portfolio

In the office property leasing market in the 40th fiscal period, the vacancy rate increased and rent levels were on a downward trend under the impact of COVID-19, as stated above in Management Environment, and close attention must be 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 40th fiscal period was kept at a high level, although it decreased 0.8 points period-on-period to 97.3%.

In terms of property management, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR continued to proactively implement value enhancement works based on tenant needs with an aim to create spaces where the workers feel satisfaction. As an endeavor to reduce CO₂ emissions, JPR conducted renovation of air-conditioning systems and replacement of lighting equipment with LED lamps, which are expected to be effective for the endeavor, at its multiple properties.

Moreover, as its initiatives on environmental issues, JPR has continuously obtained environmental certifications. As of December 31, 2021, JPR has acquired DBJ Green Building Certification*¹ for 15 properties (including one newly certified property) and CASBEE for Building Certification*² for 28 properties (including six newly certified properties). In addition, JPR has acquired BELS*³ certification for two of its properties. 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*⁴ Real Estate Assessment for 2021, marking the eighth consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of "5 Stars" in the GRESB Rating, which makes relative assessment based on total scores, for three 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").

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*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 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 against the backdrop of the favorable fund procurement environment and low interest rates.

JPR borrowed 10.4 billion yen to fund the refinancing of interest-bearing debts it repaid during the 40th fiscal period. The average maturity of and the average interest rate on the new interest-bearing debts (excluding short-term debts) stood at 8.8 years and 0.52%, respectively, in contrast to 5.6 years and 0.53% for the relevant interest-bearing debts before refinancing (excluding short-term debts).

As of the end of the 40th fiscal period, the balance of interest-bearing debts totaled 206.9 billion yen, with a balance of borrowings of 169.0 billion yen and a balance of investment corporation bonds of 37.9 billion yen. The ratio of interest-bearing debts to total assets (LTV) (Note 1) was 41.7%, long-term and fixed interest-bearing debt ratio (Note 2) was 94.2%, average debt cost (Note 3) was 0.73% and average maturity (Note 4) was 4.6 years as of the end of the fiscal period.

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

The following represents the issuer ratings for JPR as of the end of the 40th fiscal period.

Details of Corporate Credit Ratings as of December 31, 2021

Credit Rating Agency	Corporate Credit Rating (Outlook)
Japan Credit Rating Agency, Ltd. (JCR)	AA (Stable)
Rating and Investment Information, Inc. (R&I)	AA- (Stable)
S & P Global Ratings Japan Inc. (S&P)	A (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 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 40th 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	
January 24, 2017	Additional public offering	47,600	920,600	20,237	230,632	(Note 1)
February 14, 2017	Third-party allotment	2,400	923,000	1,020	231,653	(Note 2)
March 3, 2020	Additional public offering	35,250	958,250	16,207	247,860	(Note 3)

(Note 1) New investment units were issued through a public offering at 439,040 yen per unit (underwriting price of 425,152 yen per unit) to fund acquisition of new specific assets and partly repay debts.

(Note 2) New investment units were issued through a third-party allotment at 425,152 yen per unit to fund acquisition of new specific assets and partly repay debts.

(Note 3) 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.

(4) Cash Distributions

With regard to the cash distributions of the 40th fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 39th 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. JPR also decided to internally reserve 659 million yen as reserve for reduction entry from the unappropriated retained earnings, in application of 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 7,550 yen for the 40th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		36th Fiscal Period (Jul. 1, 2019 - Dec. 31, 2019)	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)
Unappropriated Retained Earnings at End of Period		6,926,967	7,287,774	7,849,585	8,129,659	7,901,374
Internal Reserves		10,928	9,865	423,148	792,338	666,586
Total Cash Distributions		6,916,039	7,277,908	7,426,437	7,337,320	7,234,787
(Cash Distribution per Unit)		(7,493 yen)	(7,595 yen)	(7,750 yen)	(7,657 yen)	(7,550 yen)
Breakdown	Total Cash Distributions from Net Income	6,916,039	7,277,908	7,426,437	7,337,320	7,234,787
	(Cash distribution from net income per unit)	(7,493 yen)	(7,595 yen)	(7,750 yen)	(7,657 yen)	(7,550 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 Vital Issues

Looking ahead, the Japanese economy is expected to continue showing a pickup, with domestic demand recovering mainly in consumer spending, restrictions on supply of semiconductors and other products loosening and overseas economies improving, among other factors. However, attention should be paid to the trends of COVID-19 and the impacts of fluctuations in the financial and capital markets, etc.

The office property leasing market is anticipated to hit the bottom in a gradually increasing manner, but close attention must be paid to the impact of mass supply of office buildings projected for 2023. In this regard, JPR is resolved to continue its endeavors to enhance the competitiveness of its owned properties, as it has focused 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 COVID-19 on the leasing market. Moreover, given the current situation in which the low-interest-rate and low-yield environment is maintained, 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. Going forward, although close attention must continuously be paid to the impact of COVID-19, etc., 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. In doing so, JPR will have to be more prudent in investigating, paying close attention to the sales trends, etc. of such properties under the influence of the spread of COVID-19. 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 continue to make investment decisions after a proactive collection of information through such sources as sponsors of TRIM (Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation and Meiji Yasuda Life Insurance Company), accurately following market trends and carefully researching investment value, including the future potential of candidate properties.

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

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions 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 request

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

Issuance of new investment units

JPR resolved at its Board of Directors meetings held on January 4, 2022 and January 12, 2022 to issue new investment units. With the payment completed on January 18, 2022 and February 16, 2022, JPR issued the units under the following terms and conditions. As a result of the issuance, unitholders' capital stands at 261,751,240,772 yen with the number of investment units outstanding totaling 997,178 units as of the date of this document.

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

Number of new investment units issued:	38,100 units
Issue price (offer price):	368,480 yen per unit
Total issue price (total offer price):	14,039,088,000 yen
Paid-in amount (purchase price):	356,824 yen per unit
Total paid-in amount (total purchase price):	13,594,994,400 yen
Payment date:	January 18, 2022

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

Number of new investment units issued:	828 units
Paid-in amount (purchase price):	356,824 yen per unit
Total paid-in amount (total purchase price):	295,450,272 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	February 16, 2022

<Reference Information>

Property Acquisition

After the settlement date of the 40th fiscal period, JPR acquired the following property.

<Tokyo Tatemono Higashi Shibuya Bldg.>

Property overview

Location:	26-20 Higashi 1-chome, Shibuya-ku, Tokyo (residential address)
Type of ownership:	Land: Ownership (co-ownership: 91.4% co-ownership interest), ownership Building: Sectional ownership
Site area:	2,643.15 m ² (equivalent to co-ownership interest: 2,424.20 m ²)
Total floor space:	15,662.20 m ² (equivalent to co-ownership interest: 7,774.77 m ²)
Structure/floors:	S, RC, SRC with flat roof, B3/14F
Completed:	May 1993
Number of tenants:	14
Total leasable floor space:	7,821.01 m ²
Total leased floor space:	7,447.43 m ²
Occupancy rate:	95.2%

(Note) Number of tenants, total leasable floor space, total leased floor space and occupancy rate indicate the figures as of the acquisition date.

Transaction terms and conditions

Purchase price:	11,300 million yen
Asset type:	Real estate
Contract date:	December 23, 2021
Acquisition date:	January 18, 2022

Property Sale

JPR concluded a sale agreement regarding the following property on December 23, 2021.

< JPR Umeda Loft Bldg. (30.0% co-ownership interest)>

Asset type: Beneficiary interest (30.0% co-ownership interest)
Sale price: 5,250 million yen
Delivery date: June 30, 2022 (scheduled)
Buyer: MBS Media Holdings, Inc.
Impact on operating results: JPR plans to record approximately 1,336 million yen in gain on sale of real estate as operating revenue for the 41st fiscal period (January 1, 2022 – June 30, 2022).

< JPR Umeda Loft Bldg. (30.0% co-ownership interest)>

Asset type: Beneficiary interest (30.0% co-ownership interest)
Sale price: 5,250 million yen
Delivery date: December 23, 2022 (scheduled)
Buyer: MBS Media Holdings, Inc.
Impact on operating results: JPR plans to record approximately 1,341 million yen in gain on sale of real estate as operating revenue for the 42nd fiscal period (July 1, 2022 – December 31, 2022).

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	36th Fiscal Period as of December 31, 2019	37th Fiscal Period as of June 30, 2020	38th Fiscal Period as of December 31, 2020	39th Fiscal Period as of June 30, 2021	40th Fiscal Period as of December 31, 2021
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	923,000	958,250	958,250	958,250	958,250
Unitholders' capital (millions of yen)	231,653	247,860	247,860	247,860	247,860
Total number of unitholders	9,841	11,085	10,946	10,531	10,229

(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 40th 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	250,399	26.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	170,867	17.83
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	42,824	4.46
Tokyo Tatemono Co., Ltd.	1-4-16 Yaesu, Chuo-ku, Tokyo	29,300	3.05
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.60
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	24,259	2.53
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.50
State Street Bank West Client - Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,812	1.33
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston, MA 02111, U.S.A. (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	12,122	1.26
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	11,635	1.21
Total		603,218	62.94

(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 Auditors as of the end of the 40th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 40th 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	5,600	–
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co. Representative, Nobuhisa Kusanagi Certified Public Accountant Office		–
	Konomi Ikebe	Professor at Graduate School of Horticulture, Chiba University		–
Independent Auditor	EY ShinNihon LLC	–	16,500 (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 and fees regarding preparation of comfort letters for issuance of investment corporation bonds.

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

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

(4) Matters Concerning Directors and Officers Liability Insurance Agreement

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

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

(5) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 40th 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	39th Fiscal Period (as of June 30, 2021)		40th Fiscal Period (as of December 31, 2021)	
		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	98,365,928	20.3	98,478,170	19.9
	Greater Tokyo	73,195,537	15.1	67,625,678	13.6
	Other Cities	19,853,821	4.1	19,743,902	4.0
Real estate in trust	Central Tokyo	155,764,625	32.2	155,773,488	31.4
	Greater Tokyo	49,248,446	10.2	61,562,431	12.4
	Other Cities	42,794,155	8.8	54,831,227	11.1
Deposits and other assets	–	45,101,021 (–)	9.3 (–)	37,600,580 (–)	7.6 (–)
Total assets	–	484,323,538 (439,222,516)	100.0 (90.7)	495,615,481 (458,014,900)	100.0 (92.4)

(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 40th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Otemachi Tower (Land with Leasehold Interest)	38,388,259	11,034.78	11,034.78	100.0	11.5	Office
Olinas Tower	25,775,774	23,987.40	23,587.49	98.3	6.0	Office
Shinjuku Center Bldg.	22,173,449	8,865.71	8,215.13	92.7	3.1	Office
Tokyo Square Garden	18,363,310	5,971.73	5,462.42	91.5	2.4	Office
BYGS Shinjuku Bldg.	15,519,696	15,227.80	14,553.02	95.6	3.6	Office
Kanematsu Bldg.	14,748,672	8,090.42	7,688.72	95.0	2.4	Office
JPR Sendagaya Bldg.	14,670,336	6,177.74	6,177.74	100.0	1.8	Office
Sencity Bldg.	13,922,191	13,271.20	12,745.57	96.0	2.8	Office
Kawasaki Dice Bldg.	12,973,147	12,113.12	11,920.14	98.4	2.3	Retail, etc.
Shinjuku Square Tower	12,943,866	19,266.38	18,037.05	93.6	2.7	Office
Total	189,478,705	124,006.28	119,422.06	96.3	38.7	

(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 40th fiscal period (December 31, 2021).

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2021 (thousands of yen)	Appraisal Value as of December 31, 2021 (thousands of yen) (Note)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,748,672	14,900,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,404,118	3,410,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,115,468	3,040,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,422,776	4,380,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,281,864	3,790,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,759,110	15,900,000
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,977,806	4,270,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,276,846	4,850,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,725,587	5,110,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,943,866	14,800,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,519,696	19,600,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	572,762	783,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,173,449	19,000,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,795,207	3,330,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,892,680	2,360,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,904,074	3,630,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,763,212	10,500,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,844,241	6,810,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,670,336	11,900,000
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,672,905	3,740,000
	Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	52,500,000	
	Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,772,762	3,410,000	
	Shibadai Center Bldg.	10-11 Shibadai 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,151,818	6,530,000	
	Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,363,310	20,800,000	
	JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,808,193	6,840,000	
	Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,530,783	12,700,000	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,399,873	14,200,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,260,587	4,270,000
		Shinjuku Sanchome East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,529,768	2,720,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,265,644	3,330,000
		JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,142,668	11,100,000
		FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,173,302	3,390,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,155,771
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,196,079	1,830,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,347,800	2,350,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,392,483	2,460,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,180,943	10,600,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,867,489	5,740,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,883,306	4,620,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	12,476,878	17,700,000
Yume-ooka Office Tower	6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,152,685	7,310,000		

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2021 (thousands of yen)	Appraisal Value as of December 31, 2021 (thousands of yen) (Note)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,775,774	40,000,000
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,465,137	10,200,000
		Omiya Prime East	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,516,681	10,400,000
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba	Real estate	13,922,191	14,800,000
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	6,981,834	11,000,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,572,888	2,890,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,117,577	5,500,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,457,504	4,290,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	12,973,147	14,100,000
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,751,932	4,000,000
		Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest
JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa			Beneficiary interest	1,627,989	2,240,000
Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi			Beneficiary interest	2,275,770	4,870,000
Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama			Beneficiary interest	1,315,420	1,640,000
Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka			Beneficiary interest	1,988,069	3,940,000
JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka			Beneficiary interest	2,088,685	3,820,000
JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi			Real estate	3,787,486	3,440,000
Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka			Real estate	9,878,455	22,200,000
JPR Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka			Beneficiary interest	5,202,079	4,700,000
JPR Shinsaibashi West	11-28 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka			Beneficiary interest	3,904,299	4,520,000
GRAND FRONT OSAKA (Umekita Plaza and South Building)	4-1 Ofuka-cho, Kita-ku, Osaka, Osaka (Umekita Plaza) 4-20 Ofuka-cho, Kita-ku, Osaka, Osaka (South Building)			Beneficiary interest	11,858,094	12,300,000
GRAND FRONT OSAKA (North Building)	3-1 Ofuka-cho, Kita-ku, Osaka, Osaka			Beneficiary interest	9,548,914	10,100,000
Retail, etc.	JPR Umeda Loft Bldg.			16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	7,470,565
	Housing Design Center Kobe		2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,077,960	7,290,000
	JPR Chayamachi Bldg.		2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	6,001,353	8,480,000
	Total					458,014,900

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

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

Area	Type	Property Name	39th Fiscal Period (from Jan. 1, 2021 to Jun. 30, 2021)				40th Fiscal Period (from Jul. 1, 2021 to Dec. 31, 2021)			
			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	100.0	437,002	2.6	10	95.0	409,642	2.5
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	5	100.0	88,909	0.5	5	100.0	91,566	0.6
		Shin-Kojimachi Bldg.	15	85.3	113,402	0.7	16	96.7	109,527	0.7
		JPR Crest Takebashi Bldg.	8	100.0	121,209	0.7	8	100.0	119,126	0.7
		MS Shibaura Bldg.	10	100.0	492,725	3.0	10	100.0	493,272	3.0
		Gotanda First Bldg.	2	100.0	134,336	0.8	2	100.0	141,312	0.9
		JPR Ichigaya Bldg.	10	100.0	159,370	1.0	9	90.9	142,976	0.9
		Oval Court Ohsaki Mark West	1	100.0	211,320	1.3	1	100.0	(Note 2)	(Note 2)
		Shinjuku Square Tower	22	100.0	418,399	2.5	23	93.6	421,688	2.6
		BYGS Shinjuku Bldg.	22	96.9	619,632	3.8	22	95.6	607,969	3.7
		Across Shinkawa Bldg. Annex	2	77.1	35,892	0.2	2	77.1	30,207	0.2
		Shinjuku Center Bldg.	33	94.4	533,196	3.2	30	92.7	506,174	3.1
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	5	90.8	72,031	0.4	5	92.3	60,232	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	9	88.5	291,417	1.8	10	100.0	276,198	1.7
		JPR Nihonbashi-horidome Bldg.	5	100.0	192,084	1.2	5	100.0	192,932	1.2
		JPR Sendagaya Bldg.	6	100.0	281,202	1.7	6	100.0	298,501	1.8
		Ginza Sanwa Bldg.	9	100.0	103,506	0.6	9	100.0	110,050	0.7
	Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,797,500	10.9	2	100.0	1,802,000	11.0	
	Science Plaza-Yonbancho Plaza	24	98.3	117,214	0.7	23	95.8	115,548	0.7	
	Shibadaimon Center Bldg.	9	100.0	163,054	1.0	9	100.0	181,516	1.1	
	Tokyo Square Garden	46	91.5	396,905	2.4	47	91.5	356,364	2.2	
	JPR Kojimachi Bldg.	6	100.0	168,610	1.0	5	70.9	123,345	0.8	
	Otemachi Financial City North Tower	10	100.0	234,304	1.4	10	100.0	272,862	1.7	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Jingumae 432	7	100.0	81,998	0.5	7	100.0	85,253	0.5
Shinjuku Sanhome 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	207,809	1.3	8	74.1	187,346	1.1	
FUNDES Suidobashi		5	87.2	66,401	0.4	6	100.0	68,793	0.4	
Greater Tokyo	Office	Arca East	6	100.0	267,818	1.6	7	100.0	264,044	1.6
		JPR Chiba Bldg.	39	97.6	135,722	0.8	40	95.5	138,372	0.8
		JPR Yokohama Nihon Odori Bldg.	18	98.8	131,371	0.8	19	100.0	133,287	0.8
		Shinyokohama 2nd Center Bldg.	21	98.1	105,123	0.6	21	91.4	108,125	0.7
		Kawaguchi Center Bldg.	42	99.2	473,313	2.9	41	100.0	475,303	2.9
		JPR Ueno East Bldg.	10	100.0	175,784	1.1	10	100.0	183,012	1.1
		Tachikawa Business Center Bldg.	22	97.6	146,572	0.9	22	97.6	150,673	0.9
		Rise Arena Bldg.	4	52.7	73,736	0.4	5	64.0	207,232	1.3
		Yume-ooka Office Tower	43	100.0	344,625	2.1	43	100.0	349,340	2.1
		Olinas Tower	16	100.0	1,015,292	6.1	16	98.3	1,017,448	6.2
		JPR Yokohama Bldg.	22	100.0	293,080	1.8	20	98.8	308,421	1.9
		Omiya Prime East	4	100.0	291,306	1.8	4	100.0	295,871	1.8
		Sencity Bldg.	72	98.0	573,576	3.5	71	96.0	499,684	3.1
		Retail, etc.	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(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	0.8	3	100.0	127,041	0.8
	Kawasaki Dice Bldg.		27	97.8	479,043	2.9	28	98.4	449,530	2.7
	FUNDES Ueno		10	100.0	104,239	0.6	10	100.0	111,079	0.7
	Other Cities	Office	Niigata Ekinan Center Bldg.	10	98.5	123,924	0.8	11	100.0	123,266
Tokyo Tatemono Honmachi Bldg. (Note 3)			7	94.3	153,725	0.9	—	—	146,483	0.9
JPR Hakata Bldg. (Note 4)			—	—	55,006	0.3	—	—	—	—
JPR Naha Bldg.			20	100.0	110,949	0.7	20	100.0	115,749	0.7
Sompo Japan Sendai Bldg.			15	99.9	196,454	1.2	15	99.9	197,758	1.2
Sompo Japan Wakayama Bldg.			17	95.0	105,351	0.6	17	83.6	96,889	0.6
Tenjin 121 Bldg.			14	98.2	122,330	0.7	14	98.2	123,079	0.8
JPR Dojima Bldg.			11	92.1	125,287	0.8	12	100.0	132,651	0.8
JPR Nagoya Fushimi Bldg.			5	99.5	156,009	0.9	5	94.1	150,188	0.9
Yakuin Business Garden			15	92.1	576,157	3.5	16	99.9	552,609	3.4
JPR Shinsaibashi Bldg.			9	100.0	128,636	0.8	8	100.0	127,995	0.8
JPR Shinsaibashi West			13	99.9	143,621	0.9	14	99.9	140,432	0.9
GRAND FRONT OSAKA (Umekita Plaza and South Building)	—	—	—	—	239	97.5	(Note 2)	(Note 2)		
GRAND FRONT OSAKA (North Building)	—	—	—	—	97	98.2	(Note 2)	(Note 2)		

Area	Type	Property Name	39th Fiscal Period (from Jan. 1, 2021 to Jun. 30, 2021)				40th Fiscal Period (from Jul. 1, 2021 to Dec. 31, 2021)			
			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 (%)
	Retail, etc.	JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Chayamachi Bldg.	5	100.0	177,888	1.1	5	100.0	179,598	1.1
		Total	804	98.1	16,521,229	100.0	1,134	97.3	16,382,659	100.0

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

The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, 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 Tokyo Tatemono Honmachi Bldg. on December 24, 2021.

(Note 4) For JPR Hakata Bldg., JPR sold its 35.0% co-ownership interest on December 24, 2020, and sold the remaining 65.0% co-ownership interest on March 29, 2021.

(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 40th 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 40th 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 40th Fiscal Period	Amount Already Paid
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Third phase of replacement of piping equipment	Jan. 2022–May 2022	70	–	–
Kawaguchi Center Bldg.	Kawaguchi, Saitama	Repair of exterior walls	Oct. 2021–Mar. 2022	63	–	–
MS Shibaura Bldg.	Minato-ku, Tokyo	First phase of reinforcement of elevators	Jul. 2021–Apr. 2022	62	–	–
JPR Shinsaibashi Bldg.	Osaka, Osaka	Second phase of replacement of air-conditioning units	May 2022–Jun. 2022	61	–	–
Sencity Bldg.	Chiba, Chiba	Replacement of toilets in the west building	Jan. 2022–Mar. 2022	59	–	–
Omiya Prime East	Saitama, Saitama	Beautification of toilets	Mar. 2022–Apr. 2022	49	–	–
JPR Kojimachi Bldg.	Chiyoda-ku, Tokyo	Repair of exterior walls	Jan. 2022–Jun. 2022	47	–	–
Sencity Bldg.	Chiba, Chiba	Replacement of facilities at the third electrical room	Jan. 2022–Mar. 2022	46	–	–
JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Repair of rooftop waterproofing	Apr. 2022–Jun. 2022	35	–	–

(2) Capital Expenditures during the 40th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 40th 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 545 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Kanematsu Bldg.	Chuo-ku, Tokyo	Second phase of replacement of toilets on standard floors and corridors and ceilings in common areas	Mar. 2021–Dec. 2021	128
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Second phase of repair of common areas on B2F through 1st floor	Jul. 2021–Oct. 2021	98
JPR Shinsaibashi West	Osaka, Osaka	Second phase of replacement of toilets	Jul. 2021–Dec. 2021	89
JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Replacement of air-conditioning units	Mar. 2021–Dec. 2021	88
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Third phase of reinforcement of elevators	Feb. 2021–Jul. 2021	68
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Second phase of replacement of piping equipment	Jun. 2021–Nov. 2021	63
Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Replacement of air-conditioning units	Nov. 2021–Dec. 2021	47
JPR Shinsaibashi Bldg.	Osaka, Osaka	First phase of replacement of air-conditioning units	Nov. 2021–Dec. 2021	44
Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Second phase of shift to variable air-volume systems on the 5th and 8th floors	Sep. 2021–Nov. 2021	30
Other Capital Expenditures		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		942
Total				1,601

(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.

(Millions of yen)

Operation Period	36th Fiscal Period (Jul. 1, 2019 - Dec. 31, 2019)	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)
Balance of deposits at beginning of current period	1,319	1,310	1,424	1,421	1,506
Deposits during the period	997	939	952	859	1,008
Amounts used from deposits during the period	1,006	825	955	774	904
Deposits carried forward to the next period	1,310	1,424	1,421	1,506	1,610

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)
(a) Asset Management Fees (Note)	788,824	750,590
Management fee 1	233,763	232,820
Management fee 2	199,108	196,807
Management fee 3	355,952	320,961
(b) Administrative Service and Asset Custody Fees	83,053	82,715
(c) Directors' Compensation	4,200	5,600
(d) Trust Fees	20,946	19,806
(e) Other Operating Expenses	119,022	180,632
Total	1,016,046	1,039,344

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (40th fiscal period: 143,009 thousand yen) have been paid and included in the book value of each property, and fees for asset management of the sold property (39th fiscal period: 13,325 thousand yen, 40th fiscal period: 35,550 thousand yen) have been paid and deducted from gain on sale of each property.

(2) Status of Loans Payable

As of December 31, 2021 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2021 (millions of yen)	Balance as of Dec. 31, 2021 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Mizuho Bank Ltd.	Dec. 24, 2020	2,000	—	0.185	Jul. 5, 2021	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd. (Note 4)	Jul. 5, 2021	—	600	0.158	Jul. 5, 2022			
	Mizuho Bank, Ltd.	Dec. 24, 2021	—	7,400	0.157	Jul. 5, 2022			
	Resona Bank, Ltd. (Note 5)	Oct. 28, 2021	—	1,000	0.157	Jul. 5, 2022			
	Resona Bank, Ltd.	Dec. 24, 2021	—	3,000	0.157	Jul. 5, 2022			
	Total		2,000	12,000					
Long-Term Loans Payable	Mizuho Bank Ltd.	Jun. 27, 2014	5,000	5,000	1.178	Jun. 27, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank Ltd.	Mar. 11, 2015	2,000	2,000	1.011	Mar. 11, 2024			
	Mizuho Bank Ltd.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Mizuho Bank Ltd.	Feb. 4, 2016	5,000	5,000	0.804	Feb. 4, 2026			
	Mizuho Bank Ltd.	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022			
	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. 30, 2031			
	MUFG Bank, Ltd.	Aug. 31, 2015	1,000	1,000	0.873	Aug. 31, 2023			
	MUFG Bank, Ltd.	Mar. 25, 2016	5,000	5,000	0.510	Mar. 25, 2024			
	MUFG Bank, Ltd.	Dec. 15, 2016	2,000	2,000	0.633	Dec. 13, 2024			
	MUFG Bank, Ltd.	Aug. 8, 2017	1,000	1,000	0.638	Aug. 8, 2025			
	MUFG Bank, Ltd.	Aug. 29, 2017	5,000	5,000	0.600	Aug. 29, 2025			
	MUFG Bank, Ltd.	Sep. 5, 2017	3,000	3,000	0.593	Sep. 5, 2025			
	MUFG Bank, Ltd.	Jun. 25, 2021	4,000	4,000	0.450	Jun. 23, 2028			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033	Jun. 27, 2022			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022			
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2019	1,000	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				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2021 (millions of yen)	Balance as of Dec. 31, 2021 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Development Bank of Japan, Inc.	Dec. 5, 2013	2,000	—	1.188	Dec. 3, 2021	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	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	0.600	Dec. 3, 2030			
	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	Shinsei Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	Shinsei Bank, Ltd.	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	Shinsei Bank, Ltd.	Sep. 24, 2020	1,000	1,000	0.525	Sep. 25, 2028			
	Shinsei Bank, Ltd.	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	Shinkin Central Bank	Dec. 15, 2016	2,000	—	0.388	Dec. 14, 2021			
	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	0.525	Dec. 14, 2029			
	The Norinchukin Bank	Dec. 15, 2016	2,000	—	0.388	Dec. 14, 2021			
	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	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			
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	The Bank of Fukuoka, Ltd.	Sep. 24, 2019	1,000	1,000	0.554	Sep. 21, 2029			
	The Bank of Fukuoka, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Aozora Bank Ltd.	Jul. 3, 2017	900	900	0.625	Jul. 3, 2025			
	Aozora Bank Ltd.	Aug. 25, 2017	1,000	1,000	0.534	Aug. 23, 2024			
	Aozora Bank Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	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			
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2018	3,200	3,200	0.813	Jun. 21, 2028			
	Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024			
	Sumitomo Life Insurance Company	Jul. 22, 2019	1,000	1,000	0.583	Jul. 20, 2029			
	Sumitomo Life Insurance Company	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Shinkumi Federation Bank	Feb. 5, 2018	4,000	4,000	0.404	Aug. 5, 2022			
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026			
	The Nishi-Nippon City Bank, Ltd.	Dec. 15, 2016	1,000	—	0.388	Dec. 14, 2021			
The Nishi-Nippon City Bank, Ltd.	Dec. 14, 2021	—	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				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2021 (millions of yen)	Balance as of Dec. 31, 2021 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023	Principal lump sum repayment on maturity (Note 3)		Unsecured/Unguaranteed
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816	Oct. 6, 2023			
	The Iyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Sompo Japan Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759	Dec. 25, 2023			
	Nippon Life Insurance Company	Nov. 22, 2019	2,000	2,000	0.225	Nov. 22, 2023			
	The Hachijuni Bank, Ltd.	Sep. 26, 2016	1,000	—	0.209	Sep. 24, 2021			
	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	0.310	Sep. 24, 2026			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Resona Bank, Ltd.	Mar. 30, 2017	2,000	2,000	0.438	Sep. 30, 2022			
	NTT FINANCE CORPORATION	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	The Kiyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The 77 Bank, Ltd.	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.396	Nov. 21, 2022			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	1,000	0.316	Dec. 25, 2023			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.449	Oct. 25, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2018	1,000	1,000	0.299	Jun. 27, 2023			
	The Hyakugo Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.582	Apr. 25, 2025			
	The Hiroshima Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.396	Nov. 21, 2022			
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				
The Yamanashi Chuo Bank, Ltd.	Apr. 30, 2021	1,000	1,000	0.600	Apr. 30, 2030				
National Mutual Insurance Federation of Agricultural Cooperatives	Dec. 15, 2016	2,000	—	0.388	Dec. 14, 2021				
	Total		159,000	157,000					

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

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

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

(Note 4) Of the 2,000 million yen in short-term loans payable that was borrowed on July 5, 2021 from Mizuho Bank, Ltd., JPR made early repayment of 1,400 million yen on December 7, 2021.

(Note 5) Of the 2,000 million yen in short-term loans payable that was borrowed on October 28, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on December 7, 2021.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2021 are as follows.

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

(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 40th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (millions of yen) (Note 1)	Sale Date	Sale Price (A) (millions of yen) (Note)	Book Value (B) (millions of yen) (Note)	Difference (C) (A)-(B) (millions of yen)	Sale Expense (D) (millions of yen)	Sale Profit and Loss (C)-(D) (millions of yen)
Real estate (Note 2)	Shibadaimon Center Bldg. (Part of land)	October 15, 2021	1	—	—	—	—	—	—
Real estate (Note 2)	Shibadaimon Center Bldg. (Part of land)	—	—	October 15, 2021	110	8	101	3	97
Beneficiary interest	Rise Arena Bldg.	October 28, 2021	7,300	—	—	—	—	—	—
Beneficiary interest	GRAND FRONT OSAKA (Umekita Plaza and South Building)	December 24, 2021	11,800	—	—	—	—	—	—
Beneficiary interest	GRAND FRONT OSAKA (North Building)	December 24, 2021	9,500	—	—	—	—	—	—
Beneficiary interest	Tokyo Tatemono Honmachi Bldg.	—	—	December 24, 2021	3,600	4,445	(845)	10	(856)
Beneficiary interest	JPR Umeda Loft Bldg. (40.0% co-ownership interest)	—	—	December 24, 2021	7,000	4,980	2,019	245	1,773
	Total	—	28,601	—	10,710	9,434	1,275	260	1,014

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

(Note 2) On October 15, 2021, JPR exchanged part of the site (3.52 m²) of the property and part of the adjacent land (3.52 m²) owned by a third party. In the exchange, the land for sale was first subdivided and delivered in kind to JPR from the entrusted property, and then was sold to the said third party. The land JPR acquired was additionally entrusted as entrusted property of Shibadaimon Center Bldg. Accordingly, JPR owns the land it acquired as beneficiary interest as of the end of the 40th fiscal period.

(2) Acquisition and Sale of Other Assets

Type of Asset	Purchase		Sale		Balance at End of Current Period	
	Number of Certificates, etc.	Amount (thousands of yen) (Note)	Number of Certificates, etc.	Amount (thousands of yen)	Number of Certificates, etc.	Amount (thousands of yen) (Note)
Stock	1,666	83,300	—	—	1,666	83,300
Claim for refund of funds	—	5,390	—	—	—	5,390
Total	1,666	88,690	—	—	1,666	88,690

(Note) The purchase amount and the balance at end of current period indicate the transaction price described in the transaction contract.

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

1) Real estate, etc.

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (millions of yen) (Note 1)	Real Estate Appraisal Value (millions of yen) (Note 2)	Real Estate Appraiser	Appraisal Date
Sale	Real estate (Note 3)	Shibadaimon Center Bldg. (Part of land)	October 15, 2021	110	80	Japan Real Estate Institute	September 1, 2021
Acquisition	Real estate (Note 3)	Shibadaimon Center Bldg. (Part of land)	October 15, 2021	1	2	Japan Real Estate Institute	September 1, 2021
Acquisition	Beneficiary interest	Rise Arena Bldg.	October 28, 2021	7,300	7,660	CBRE KK	September 30, 2021
Acquisition	Beneficiary interest	GRAND FRONT OSAKA (Umekita Plaza and South Building)	December 24, 2021	11,800	12,300	JLL Morii Valuation & Advisory K.K.	November 30, 2021
Acquisition	Beneficiary interest	GRAND FRONT OSAKA (North Building)	December 24, 2021	9,500	10,100	JLL Morii Valuation & Advisory K.K.	November 30, 2021
Sale	Beneficiary interest	Tokyo Tatemono Honmachi Bldg.	December 24, 2021	3,600	3,580	Japan Real Estate Institute	November 1, 2021
Sale	Beneficiary interest	JPR Umeda Loft Bldg. (40.0% co-ownership interest)	December 24, 2021	7,000	5,600 (Note 4)	Japan Valuers Co., Ltd.	November 1, 2021

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

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

(Note 3) On October 15, 2021, JPR exchanged part of the site (3.52 m²) of the property and part of the adjacent land (3.52 m²) owned by a third party. In the exchange, the land for sale was first subdivided and delivered in kind to JPR from the entrusted property, and then was sold to the said third party. The land JPR acquired was additionally entrusted as entrusted property of Shibadaimon Center Bldg. Accordingly, JPR owns the land it acquired as beneficiary interest as of the end of the 40th fiscal period.

(Note 4) The real estate appraisal value of JPR Umeda Loft Bldg. (40.0% co-ownership interest) indicates the value equivalent for 40.0% co-ownership interest of the appraisal value of the entire property as of November 1, 2021.

2) Securities

Acquisition or Sale	Transaction Date	Type	Issuer Name	Volume	Transaction Price (millions of yen) (Note 1)	Survey Price of Specified Assets (millions of yen) (Note 2)
Acquisition	December 24, 2021	Stock	KMO Corporation	1,666	83	83
Acquisition	December 24, 2021	Claim for refund of funds	Knowledge Capital, a general incorporated association	—	4	4

(Note 1) The transaction price indicates the amount of the transaction price described in the transaction contract.

(Note 2) For transactions for which price investigations of securities related to specified assets are required pursuant to Paragraph 2, Article 201 of the Investment Trusts Act, Ernst & Young ShinNihon LLC has conducted such investigations based on the Practical Guidelines for Specialized Operations 4400 "Practical Guidelines for Agreed-Upon Procedures" and the Practical Guidelines for Specialized Operations 4460 "Practical Guidelines for Agreed-Upon Procedures Pertaining to Investigation into the Value, etc. of Specified Assets of Investment Trusts and Investment Corporations" publicized by The Japanese Institute of Certified Public Accountants, and JPR has been notified of the results of the investigations on the prices.

3) Transactions of other assets

Acquisition or Sale	Transaction Date	Type	Issuer Name	Transaction Price (millions of yen) (Note 1)	Survey Price of Specified Assets (millions of yen) (Note 2)
Acquisition	December 24, 2021	Claim for refund of funds	GRAND FRONT OSAKA TMO, a general incorporated association	0	0

(Note 1) The transaction price indicates the amount of the transaction price described in the transaction contract.

(Note 2) For transactions for which price investigations of claims for refund of funds related to specified assets are required pursuant to Paragraph 2, Article 201 of the Investment Trusts Act, Ernst & Young ShinNihon LLC has conducted such investigations based on the Practical Guidelines for Specialized Operations 4400 "Practical Guidelines for Agreed-Upon Procedures" and the Practical Guidelines for Specialized Operations 4460 "Practical Guidelines for Agreed-Upon Procedures Pertaining to Investigation into the Value, etc. of Specified Assets of Investment Trusts and Investment Corporations" publicized by The Japanese Institute of Certified Public Accountants, and JPR has been notified of the results of the investigations on the prices.

(4) Transactions with Interested Parties and Major Shareholders

1) Transaction Status

(Thousands of yen)

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total	28,690,590	10,710,000
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	21,388,690 (74.5%)	3,600,000 (33.6%)
Total	21,388,690 (74.5%)	3,600,000 (33.6%)

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 Brokerage Fees	212,200	Tokyo Tatemono Real Estate Sales Co., Ltd.	210,000	99.0%
Property Management Fees (Note 2)	329,746	Tokyo Tatemono Co., Ltd.	237,829	72.1%
		Prime Place Co., Ltd.	21,985	6.7%
Outsourcing Expenses	628,945	Tokyo Tatemono Co., Ltd.	434,180	69.0%
		Prime Place Co., Ltd.	13,375	2.1%
Tenant Brokerage Fees	86,296	Tokyo Tatemono Co., Ltd.	29,181	33.8%
		Prime Place Co., Ltd.	1,163	1.3%

(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 39,767 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 40th fiscal period.

Tokyo Tatemono Co., Ltd.	703,519 thousand yen
Prime Place Co., Ltd.	38,581 thousand yen
Tokyo Real Estate Management Co., Ltd.	290,024 thousand yen
Shinjuku Center Building Management Co., Ltd.	62,003 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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate 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 (%)
31st Fiscal Period (Jan. 1, 2017 – Jun. 30, 2017)	100	20	0.0
32nd Fiscal Period (Jul. 1, 2017 – Dec. 31, 2017)	100	20	0.0
33rd Fiscal Period (Jan. 1, 2018 – Jun. 30, 2018)	100	20	0.0
34th Fiscal Period (Jul. 1, 2018 – Dec. 31, 2018)	100	20	0.0
35th Fiscal Period (Jan. 1, 2019 – Jun. 30, 2019)	100	20	0.0
36th Fiscal Period (Jul. 1, 2019 – Dec. 31, 2019)	100	20	0.0
37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	100	20	0.0
38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	100	20	0.0
39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	100	20	0.0
40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	100	20	0.0

(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 Thirteenth General Meeting of Unitholders of JPR was held on September 7, 2021.

Items approved at the General Meeting of Unitholders are summarized below.

Agenda	Overview
Partial amendments to the Articles of Incorporation	Amendments were made to the following items of the Articles of Incorporation. (1) The provision stipulating that if a unitholder does not attend a general meeting of unitholders and does not exercise his or her voting right, the unitholder shall be deemed as having approved the agenda items submitted to the general meeting of unitholders (so-called a deemed approval system) was reviewed, and amendments were made to halt the application of the “deemed approval” for the important proposals regarding (1) appointment or dismissal of Executive Officers or Supervising Officers; (2) conclusion or cancellation of the asset management agreement by the investment corporation; (3) dissolution; (4) consolidation of investment units; and (5) exemption of liability of the Executive Officers, Supervising Officers or Independent Auditor. (2) With regard to the company to which JPR entrusts its asset management, the name of the asset management company shall be stipulated for affirmation under the Articles of Incorporation. (3) Amendments were made to change expression of calendar years from the Japanese calendar to the Gregorian calendar, except for act numbers. (4) Other than the above, amendments required for necessary adjustment of articles, etc. were made.
Appointment of one Executive Officer	Yoshihiro Jozaki 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.
Appointment of one Substitute Supervising Officer	Akihiro Kawaguchi was appointed as Substitute Supervising Officer.

2) Board of Directors of JPR

Major issues related to the execution and modification, etc. of major agreements approved at JPR’s Board of Directors meeting in the 40th fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
October 22, 2021	Consignment of administrative services concerning the issuance of the Twenty-Seventh Series of Unsecured Investment Corporation Bonds (Note)	JPR consigned the administrative services related to the issuance of the Twenty-Seventh Series of Unsecured Investment Corporation Bonds to Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc. and Mizuho Bank, Ltd., as a condition for the Executive Officer to issue the relevant Bonds.
October 22, 2021	Consignment of administrative services concerning the issuance of the Twenty-Eighth Series of Unsecured Investment Corporation Bonds (Note)	JPR consigned the administrative services related to the issuance of the Twenty-Eighth Series of Unsecured Investment Corporation Bonds to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Bank, Ltd., as a condition for the Executive Officer to issue the relevant Bonds.

(Note) The Board of Directors’ meeting held on April 23, 2021 passed the comprehensive resolution on the issuance of the relevant investment corporation bonds. Based on this, JPR issued the Twenty-Seventh Series of Unsecured Investment Corporation Bonds and the Twenty-Eighth Series of Unsecured Investment Corporation Bonds on December 7, 2021.

(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 Sheets

(Thousands of yen)

	End of 39th Fiscal Period (Jun. 30, 2021)	End of 40th Fiscal Period (Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	30,996,393	22,803,957
Cash and deposits in trust	12,606,208	12,743,466
Operating accounts receivable	271,418	315,031
Prepaid expenses	129,757	132,731
Consumption taxes receivable	—	346,039
Other	13,365	15,989
Total current assets	44,017,144	36,357,215
Noncurrent assets		
Property, plant and equipment		
Buildings	67,563,186	66,302,138
Accumulated depreciation	(21,751,330)	(22,029,896)
Buildings, net	45,811,855	44,272,242
Buildings in trust	94,393,778	98,874,885
Accumulated depreciation	(37,637,077)	(37,976,679)
Buildings in trust, net	56,756,701	60,898,205
Structures	77,603	78,936
Accumulated depreciation	(32,353)	(34,426)
Structures, net	45,250	44,510
Structures in trust	134,930	125,139
Accumulated depreciation	(82,306)	(79,475)
Structures in trust, net	52,623	45,664
Machinery and equipment	909,004	826,696
Accumulated depreciation	(614,208)	(548,197)
Machinery and equipment, net	294,796	278,499
Machinery and equipment in trust	1,938,236	1,980,756
Accumulated depreciation	(1,471,289)	(1,507,805)
Machinery and equipment in trust, net	466,946	472,951
Tools, furniture and fixtures	178,884	186,134
Accumulated depreciation	(88,622)	(98,400)
Tools, furniture and fixtures, net	90,262	87,734
Tools, furniture and fixtures in trust	289,486	279,230
Accumulated depreciation	(189,451)	(185,202)
Tools, furniture and fixtures in trust, net	100,034	94,028
Land	133,370,201	129,361,642
Land in trust	190,413,992	210,654,006
Construction in progress	858	1,077
Construction in progress in trust	16,153	1,865
Total property, plant and equipment	427,419,677	446,212,429
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	3,028	2,307
Total intangible assets	11,804,859	11,804,138
Investments and other assets		
Investment securities	—	88,860
Lease and guarantee deposits	689,298	740,252
Long-term prepaid expenses	197,510	200,454
Other	—	710
Total investments and other assets	886,809	1,030,276
Total noncurrent assets	440,111,346	459,046,844
Deferred assets		
Investment corporation bond issuance costs	171,560	195,018
Investment unit issuance expenses	23,487	16,402
Total deferred assets	195,047	211,420
Total assets	484,323,538	495,615,481

(Thousands of yen)

	End of 39th Fiscal Period (Jun. 30, 2021)	End of 40th Fiscal Period (Dec. 31, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	2,459,629	2,910,219
Short-term loans payable	2,000,000	12,000,000
Current portion of long-term loans payable	20,500,000	18,500,000
Accounts payable-other	1,001,109	1,124,191
Accrued expenses	91,137	92,329
Income taxes payable	605	605
Accrued consumption taxes	478,592	173,458
Advances received	2,995,945	2,886,309
Other	246	24,221
Total current liabilities	29,527,265	37,711,335
Noncurrent liabilities		
Investment corporation bonds	35,500,000	37,900,000
Long-term loans payable	138,500,000	138,500,000
Tenant leasehold and security deposits	9,973,833	9,787,659
Tenant leasehold and security deposits in trust	13,728,489	14,066,877
Total noncurrent liabilities	197,702,323	200,254,537
Total liabilities	227,229,588	237,965,873
Net assets		
Unitholders' equity		
Unitholders' capital	247,860,796	247,860,796
Surplus		
Voluntary reserve		
Reserve for reduction entry	1,103,494	1,887,437
Total voluntary reserve	1,103,494	1,887,437
Unappropriated retained earnings	8,129,659	7,901,374
Total surplus	9,233,153	9,788,811
Total unitholders' equity	257,093,950	257,649,607
Total net assets	*2 257,093,950	*2 257,649,607
Total liabilities and net assets	484,323,538	495,615,481

(2) Statements of Income and Retained Earnings

(Thousands of yen)

	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)		40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	
Operating revenue				
Rent revenue-real estate	*1	16,521,229	*1	16,382,659
Gain on sale of real estate	*2	783,966	*2	1,870,956
Total operating revenue		17,305,196		18,253,616
Operating expenses				
Expenses related to rent business	*1	7,499,692	*1	7,731,428
Loss on sale of real estate		—	*2	856,197
Asset management fee		788,824		750,590
Administrative service and asset custody fees		83,053		82,715
Directors' compensation		4,200		5,600
Trust fees		20,946		19,806
Other operating expenses		119,022		180,632
Total operating expenses		8,515,738		9,626,970
Operating income		8,789,457		8,626,646
Non-operating income				
Interest income		207		208
Income on settlement of management association accounts		66,067		4,350
Insurance income		4,829		12,475
Other		1,237		2,266
Total non-operating income		72,342		19,301
Non-operating expenses				
Interest expenses		505,779		505,001
Borrowing expenses		25,081		28,240
Interest expenses on investment corporation bonds		189,149		196,606
Amortization of investment corporation bond issuance costs		13,395		15,166
Amortization of investment unit issuance expenses		6,969		7,084
Other		258		266
Total non-operating expenses		740,633		752,365
Ordinary income		8,121,166		7,893,582
Income before income taxes		8,121,166		7,893,582
Income taxes-current		605		605
Total income taxes		605		605
Net income		8,120,561		7,892,977
Retained earnings brought forward		9,097		8,396
Unappropriated retained earnings		8,129,659		7,901,374

(3) Statements of Changes in Unitholders' Equity

(Thousands of yen)

	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	247,860,796	247,860,796
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	247,860,796	247,860,796
Surplus		
Voluntary reserve		
Balance at beginning of current period	689,444	1,103,494
Changes of items during the period		
Provision of reserve for reduction entry	414,050	783,942
Total changes of items during the period	414,050	783,942
Balance at end of current period	1,103,494	1,887,437
Unappropriated retained earnings		
Balance at beginning of current period	7,849,585	8,129,659
Changes of items during the period		
Provision of reserve for reduction entry	(414,050)	(783,942)
Dividends from surplus	(7,426,437)	(7,337,320)
Net income	8,120,561	7,892,977
Total changes of items during the period	280,073	(228,284)
Balance at end of current period	8,129,659	7,901,374
Total surplus		
Balance at beginning of current period	8,539,029	9,233,153
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,426,437)	(7,337,320)
Net income	8,120,561	7,892,977
Total changes of items during the period	694,124	555,657
Balance at end of current period	9,233,153	9,788,811
Total unitholders' equity		
Balance at the beginning of current period	256,399,826	257,093,950
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,426,437)	(7,337,320)
Net income	8,120,561	7,892,977
Total changes of items during the period	694,124	555,657
Balance at end of current period	257,093,950	257,649,607
Total net assets		
Balance at beginning of current period	256,399,826	257,093,950
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,426,437)	(7,337,320)
Net income	8,120,561	7,892,977
Total changes of items during the period	694,124	555,657
Balance at end of current period	257,093,950	257,649,607

(4) Statements of Cash Distributions

	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)
I. Unappropriated retained earnings	8,129,659,190 yen	7,901,374,244 yen
II. Distribution amount (Distribution amount per unit)	7,337,320,250 yen (7,657 yen)	7,234,787,500 yen (7,550 yen)
III. Voluntary reserve Provision of reserve for reduction entry	783,942,395 yen	659,017,396 yen
IV. Retained earnings carried forward	8,396,545 yen	7,569,348 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,337,320,250 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (958,250 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.	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 7,234,787,500 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (958,250 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.

(5) Statements of Cash Flows

(Thousands of yen)

	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes	8,121,166	7,893,582
Depreciation and amortization	2,100,584	2,128,201
Amortization of investment corporation bond issuance costs	13,395	15,166
Amortization of investment unit issuance expenses	6,969	7,084
Interest income	(207)	(208)
Interest expenses	694,928	701,608
Decrease (increase) in operating accounts receivable	155	(43,613)
Decrease (increase) in consumption taxes receivable	—	(346,039)
Decrease (increase) in prepaid expenses	760	(2,974)
Increase (decrease) in operating accounts payable	(68,528)	115,463
Increase (decrease) in accounts payable-other	(47,094)	14,414
Increase (decrease) in accrued consumption taxes	(23,402)	(305,133)
Increase (decrease) in advances received	18,679	(109,635)
Decrease in property, plant and equipment in trust due to sale	1,866,664	9,434,509
Decrease in intangible assets in trust due to sale	—	303
Other, net	(141,080)	(7,993)
Subtotal	12,542,989	19,494,737
Interest income received	207	208
Interest expenses paid	(692,072)	(700,416)
Income taxes (paid) refund	(606)	(605)
Net cash provided by (used in) operating activities	11,850,518	18,793,924
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(988,767)	(752,677)
Purchase of property, plant and equipment in trust	(845,241)	(29,160,741)
Purchase of investment securities	—	(88,860)
Payments of lease and guarantee deposits	(39,749)	(50,954)
Repayments of tenant leasehold and security deposits	(476,047)	(279,722)
Proceeds from tenant leasehold and security deposits	351,409	405,874
Repayments of tenant leasehold and security deposits in trust	(539,969)	(781,974)
Proceeds from tenant leasehold and security deposits in trust	371,336	833,127
Other, net	—	(710)
Net cash provided by (used in) investing activities	(2,167,027)	(29,876,637)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	—	14,400,000
Repayment of short-term loans payable	(4,000,000)	(4,400,000)
Proceeds from long-term loans payable	10,800,000	8,000,000
Repayment of long-term loans payable	(9,820,000)	(10,000,000)
Proceeds from issuance of investment corporation bonds	2,968,190	2,364,727
Dividends paid	(7,425,248)	(7,337,192)
Net cash provided by (used in) financing activities	(7,477,057)	3,027,534
Net increase (decrease) in cash and cash equivalents	2,206,433	(8,055,178)
Cash and cash equivalents at beginning of current period	41,396,168	43,602,602
Cash and cash equivalents at end of current period	*1 43,602,602	*1 35,547,423

(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 Long-lived 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 were nil for the fiscal period ended June 30, 2021. Taxes on property and equipment capitalized amounted to 6,431 thousand yen for the fiscal period ended December 31, 2021. |
| 5. Scope of Cash and Cash Equivalents in the Statements of Cash Flows | Cash and cash equivalents in the Statements of Cash Flows include the following 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 | (1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust
Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the Balance Sheets and Statements of Income and Retained Earnings.
Furthermore, the following material accounts are separately presented in the Balance Sheets for properties in trust recorded in relevant accounts.
a. Cash and deposits in trust
b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
c. Tenant leasehold and security deposits in trust
(2) Accounting for Consumption Taxes
Revenues and expenses in the Statements of Income and Retained Earnings do not include consumption taxes. |

(Changes in Accounting Policies)**(1) Adoption of Accounting Standard for Revenue Recognition, Etc.**

JPR has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 (revised 2020), issued on March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 (revised 2021), issued on March 26, 2021) from the beginning of the 40th fiscal period, and decided to recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The impact of this change on the financial statements is minimal.

Furthermore, in accordance with the transitional measures stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the note related to Revenue Recognition for the previous fiscal period is not disclosed.

(2) Adoption of Accounting Standard for Fair Value Measurement, Etc.

JPR has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019), etc. from the beginning of the 40th fiscal period, and decided to apply the new accounting policies set forth by the said Accounting Standard, etc. going forward in accordance with the transitional measures as stipulated in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 (revised 2019), issued on July 4, 2019). The impact of this change on the financial statements is minimal.

Furthermore, pursuant to the provision of Article 2-5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms, and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 61, September 24, 2021), the matters listed in Article 8-6-2, paragraph 1, item 3 of the revised Regulation on Terminology, Forms, and Preparation Methods of Financial Statements are omitted.

(Notes to Balance Sheets)

1. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 39th Fiscal Period (as of June 30, 2021)	End of 40th Fiscal Period (as of December 31, 2021)
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

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

(Thousands of yen)

	End of 39th Fiscal Period (as of June 30, 2021)	End of 40th Fiscal Period (as of December 31, 2021)
	50,000	50,000

(Notes to Statements of Income and Retained Earnings)

*1. Breakdown of Rent Revenue-Real Estate and Expenses Related to Rent Business

(Thousands of yen)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	11,984,455	11,911,724
Land rents	1,797,500	1,802,000
Common charges	1,446,921	1,384,623
Parking fees	261,871	264,921
Advertising fees	37,419	36,937
Antenna usage fees	28,729	29,020
Other	44,384	45,950
Subtotal	15,601,282	15,475,177
Other rental revenues		
Incidental rent income	676,975	787,919
Time-based parking fees	8,855	8,725
Cancellation charges	66,725	10,473
Income equivalent to expenses for restoration to original condition	133,597	56,320
Other miscellaneous income	33,792	44,043
Subtotal	919,947	907,481
Total rent revenue-real estate	16,521,229	16,382,659
B. Expenses Related to Rent Business		
Outsourcing expenses	630,769	628,945
Utilities expenses	714,170	849,905
Property and other taxes	2,436,042	2,422,872
Casualty insurance	26,796	27,256
Repairs and maintenance	504,151	532,237
Property management fees	302,526	289,978
Management association accounts	588,158	612,129
Depreciation	2,100,231	2,127,848
Other	196,844	240,253
Total expenses related to rent business	7,499,692	7,731,428
C. Profits for Rent Business		
(A-B)	9,021,537	8,651,231

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

(Thousands of yen)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
JPR Hakata Bldg. (65.0% co-ownership interest)		
Proceeds from sale of real estate	2,665,000	—
Cost of sale of real estate	1,866,664	—
Other expenses related to sale	14,368	—
Gain on sale of real estate	783,966	—
Part of land of Shibadaimon Center Bldg.		
Proceeds from sale of real estate	—	110,000
Cost of sale of real estate	—	8,838
Other expenses related to sale	—	3,835
Gain on sale of real estate	—	97,325
JPR Umeda Loft Bldg. (40.0% co-ownership interest)		
Proceeds from sale of real estate	—	7,000,000
Cost of sale of real estate	—	4,980,376
Other expenses related to sale	—	245,992
Gain on sale of real estate	—	1,773,631
Tokyo Tatemono Honmachi Bldg.		
Proceeds from sale of real estate	—	3,600,000
Cost of sale of real estate	—	4,445,597
Other expenses related to sale	—	10,600
Gain on sale of real estate	—	856,197

(Notes to Statements of Changes in Unitholders' Equity)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
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	958,250 units	958,250 units

(Notes to Statements of Cash Flows)

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

(Thousands of yen)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
Cash and deposits	30,996,393	22,803,957
Cash and deposits in trust	12,606,208	12,743,466
Cash and cash equivalents	43,602,602	35,547,423

(Leases)

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

(Thousands of yen)

	39th Fiscal Period (as of June 30, 2021)	40th Fiscal Period (as of December 31, 2021)
Due within one year	6,058,160	6,035,459
Due after one year	11,002,567	11,094,928
Total	17,060,727	17,130,388

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

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

There may be cases where JPR will engage in derivative transactions, but such will be limited to 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 carrying values and fair values as of June 30, 2021 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 “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Current portion of long-term loans payable	(20,500,000)	(20,554,180)	54,180
(2) Investment corporation bonds	(35,500,000)	(36,431,425)	931,425
(3) Long-term loans payable	(138,500,000)	(140,013,949)	1,513,949

The following are the carrying values and fair values as of December 31, 2021 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 “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Current portion of long-term loans payable	(18,500,000)	(18,528,074)	28,074
(2) Investment corporation bonds	(37,900,000)	(38,761,615)	861,615
(3) Long-term loans payable	(138,500,000)	(139,821,667)	1,321,667

(Note 1) Liabilities are shown in parentheses.

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

(1) Current portion of long-term loans payable, and (3) 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.

(2) 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 (1) and (3) above.

(Note 3) Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 39th fiscal period end (June 30, 2021)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	—	2,000,000	5,000,000	3,000,000	—	25,500,000
Long-term loans payable	20,500,000	16,000,000	20,000,000	21,000,000	20,900,000	60,600,000

Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 40th fiscal period end (December 31, 2021)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	—	2,000,000	8,000,000	—	8,500,000	19,400,000
Long-term loans payable	18,500,000	21,000,000	15,000,000	23,900,000	14,000,000	64,600,000

(Securities)

39th fiscal period (as of June 30, 2021)

Not applicable

40th fiscal period (as of December 31, 2021)

Not applicable

(Derivative Transactions)

39th fiscal period (as of June 30, 2021)

Not applicable as JPR entered into no derivative transactions

40th fiscal period (as of December 31, 2021)

Not applicable as JPR entered into no derivative transactions

(Retirement Benefits)

39th fiscal period (as of June 30, 2021)

Not applicable as JPR does not have any retirement benefit plans

40th fiscal period (as of December 31, 2021)

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

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(28.42%)	(28.83%)
Other	(3.03%)	(2.62%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable as JPR does not have any affiliated companies

40th fiscal period (July 1, 2021 – December 31, 2021)

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable

40th fiscal period (July 1, 2021 – December 31, 2021)

Not applicable

2. Affiliated Companies

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable

40th fiscal period (July 1, 2021 – December 31, 2021)

Not applicable

3. Sister Companies

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable

40th fiscal period (July 1, 2021 – December 31, 2021)

Not applicable

4. Directors and Major Individual Unitholders

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable

40th fiscal period (July 1, 2021 – December 31, 2021)

Not applicable

(Asset Retirement Obligations)

39th fiscal period (January 1, 2021 – June 30, 2021)

Not applicable

40th fiscal period (July 1, 2021 – December 31, 2021)

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]

39th fiscal period (January 1, 2021 – June 30, 2021)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from domestic external customers are in excess of 90% of total revenues on the Statements 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 are in excess of 90% of total property, plant and equipment on the Balance Sheets.

3. Information about Major Customers

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

40th fiscal period (July 1, 2021 – December 31, 2021)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from domestic external customers are in excess of 90% of total revenues on the Statements 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 are in excess of 90% of total property, plant and equipment on the Balance Sheets.

3. Information about Major Customers

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

(Investment and Rental Properties)

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

(Thousands of yen)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	441,758,455	439,222,516
Amount of Increase (Decrease) during the Period	(2,535,938)	18,792,383
Balance at End of Current Period	439,222,516	458,014,900
Fair Value at End of Period	549,331,000	574,963,000

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

(Note 2) For the 39th fiscal period, the amount of decrease is primarily attributable to the sale of JPR Hakata Bldg. (65.0% co-ownership interest) (1,866,664 thousand yen) and depreciation (2,100,231 thousand yen). For the 40th fiscal period, the amount of increase is primarily attributable to the acquisition of part of land of Shibadaimon Center Bldg. (3,460 thousand yen), the acquisition of additional ownership of Rise Arena Bldg. (7,345,010 thousand yen), the acquisition of GRAND FRONT OSAKA (Umekita Plaza and South Building) (11,864,400 thousand yen) and the acquisition of GRAND FRONT OSAKA (North Building) (9,554,879 thousand yen), and the amount of decrease is primarily attributable to the sale of part of land of Shibadaimon Center Bldg. (8,838 thousand yen), the sale of Tokyo Tatemono Honmachi Bldg. (4,445,597 thousand yen), the sale of JPR Umeda Loft Bldg. (40.0% co-ownership interest) (4,980,376 thousand yen) and depreciation (2,127,848 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 39th and 40th fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

(Revenue Recognition)

40th fiscal period (July 1, 2021 – December 31, 2021)

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	10,710,000	1,870,956
Utilities income (Note 3)	787,919	787,919
Others	—	15,594,740
Total	11,497,919	18,253,616

(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 Statements 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.

(Per Unit Information)

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
Total net assets per unit	268,295 yen	268,875 yen
Net income per unit	8,474 yen	8,236 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:

	39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
Net income (thousands of yen)	8,120,561	7,892,977
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	8,120,561	7,892,977
Average number of units during the fiscal period	958,250 units	958,250 units

(Subsequent Events)*Issuance of new investment units*

JPR resolved at its Board of Directors meetings held on January 4, 2022 and January 12, 2022 to issue new investment units. With the payment completed on January 18, 2022 and February 16, 2022, JPR issued the units under the following terms and conditions. As a result of the issuance, unitholders' capital stands at 261,751,240,772 yen with the number of investment units outstanding totaling 997,178 units as of the date of this document.

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

Number of new investment units issued:	38,100 units
Issue price (offer price):	368,480 yen per unit
Total issue price (total offer price):	14,039,088,000 yen
Paid-in amount (purchase price):	356,824 yen per unit
Total paid-in amount (total purchase price):	13,594,994,400 yen
Payment date:	January 18, 2022

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

Number of new investment units issued:	828 units
Paid-in amount (purchase price):	356,824 yen per unit
Total paid-in amount (total purchase price):	295,450,272 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	February 16, 2022

(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, 2021 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2021 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2021 (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	67,563,186	583,346	1,844,393	66,302,138	22,029,896	992,062	44,272,242	
Structures	77,603	1,333	—	78,936	34,426	2,073	44,510	
Machinery and equipment	909,004	20,772	103,080	826,696	548,197	23,792	278,499	
Tools, furniture and fixtures	178,884	7,250	—	186,134	98,400	9,778	87,734	
Land	133,370,201	—	4,008,558	129,361,642	—	—	129,361,642	
Construction in progress	858	219	—	1,077	—	—	1,077	
Subtotal	202,099,738	612,921	5,956,032	196,756,627	22,710,920	1,027,706	174,045,707	
(Beneficiary interests in trust)								
Buildings in trust	94,393,778	7,857,196	3,376,090	98,874,885	37,976,679	1,058,972	60,898,205	Property acquisition and sale
Structures in trust	134,930	4,758	14,549	125,139	79,475	2,315	45,664	
Machinery and equipment in trust	1,938,236	147,938	105,417	1,980,756	1,507,805	27,788	472,951	
Tools, furniture and fixtures in trust	289,486	7,944	18,199	279,230	185,202	11,001	94,028	
Land in trust	190,413,992	27,694,606	7,454,592	210,654,006	—	—	210,654,006	Property acquisition and sale
Construction in progress in trust	16,153	1,865	16,153	1,865	—	—	1,865	
Subtotal	287,186,578	35,714,310	10,985,004	311,915,884	39,749,162	1,100,077	272,166,722	
Total	489,286,317	36,327,231	16,941,036	508,672,512	62,460,083	2,127,783	446,212,429	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	6,134	—	750	5,384	3,076	418	2,307	
Total	11,807,965	—	750	11,807,215	3,076	418	11,804,138	

(Note 1) The “Increase during the Period” is due to property acquisition and construction works, etc. For buildings in trust, machinery and equipment in trust and land in trust, the increase is partly due to transfer from real estate to beneficiary interests in trust as a result of concluding additional entrustment agreements.

(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 in trust, and due to property sale, etc. for buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and other. For buildings, machinery and equipment and land in trust, the decrease is due to transfer from real estate to beneficiary interests in trust as a result of concluding additional entrustment agreements.

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

(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 Sheets 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	—	2,000,000	8,000,000	—	8,500,000

6) Schedule of Loans Payable

Lender	Balance as of July 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-Term Loans Payable								
Mizuho Bank Ltd.	2,000,000	—	2,000,000	—	0.185%	Jul.5, 2021	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank Ltd. (Note 5)	—	2,000,000	1,400,000	600,000	0.158%	Jul.5, 2022		
Mizuho Bank, Ltd.	—	7,400,000	—	7,400,000	0.157%	Jul.5, 2022		
Resona Bank, Ltd. (Note 6)	—	2,000,000	1,000,000	1,000,000	0.157%	Jul.5, 2022		
Resona Bank, Ltd.	—	3,000,000	—	3,000,000	0.157%	Jul.5, 2022		
Total	2,000,000	14,400,000	4,400,000	12,000,000				

Lender	Balance as of July 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank Ltd.	5,000,000	—	—	5,000,000	1.178%	Jun. 27, 2023	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank Ltd.	2,000,000	—	—	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank Ltd.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank Ltd.	5,000,000	—	—	5,000,000	0.804%	Feb. 4, 2026		
Mizuho Bank Ltd.	4,000,000	—	—	4,000,000	0.400%	Mar. 30, 2022		
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		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.873%	Aug. 31, 2023		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.638%	Aug. 8, 2025		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.600%	Aug. 29, 2025		
MUFG Bank, Ltd.	3,000,000	—	—	3,000,000	0.593%	Sep. 5, 2025		
MUFG Bank, Ltd.	4,000,000	—	—	4,000,000	0.450%	Jun. 23, 2028		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	1.033%	Jun. 27, 2022		
Sumitomo Mitsui Banking Corporation	4,000,000	—	—	4,000,000	0.400%	Mar. 30, 2022		
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		
Development Bank of Japan, Inc.	2,000,000	—	2,000,000	—	1.188%	Dec. 3, 2021		
Development Bank of Japan, Inc.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan, Inc.	3,000,000	—	—	3,000,000	0.843%	Jun. 14, 2027		
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		
Shinsei Bank, Ltd.	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
Shinsei Bank, Ltd.	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Sep. 25, 2028		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
Shinkin Central Bank	2,000,000	—	2,000,000	—	0.388%	Dec. 14, 2021		
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	2,000,000	—	2,000,000	—	0.388%	Dec. 14, 2021		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.604%	Jun. 5, 2025		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.405%	Jun. 25, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028		
The Norinchukin Bank	—	2,000,000	—	2,000,000	0.525%	Dec. 14, 2029		
Mizuho Trust & Banking Co., Ltd.	3,000,000	—	—	3,000,000	0.586%	Feb. 4, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.606%	Mar. 29, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.675%	Dec. 24, 2030		

Lender	Balance as of July 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023	(Note 4)	Unsecured/ Unguaranteed
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		
Aozora Bank Ltd.	900,000	—	—	900,000	0.625%	Jul. 3, 2025		
Aozora Bank Ltd.	1,000,000	—	—	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
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		
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	0.404%	Aug. 5, 2022		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	1,000,000	—	0.388%	Dec. 14, 2021		
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 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		
Sompo Japan Insurance Inc.	2,000,000	—	—	2,000,000	0.759%	Dec. 25, 2023		
Nippon Life Insurance Company	2,000,000	—	—	2,000,000	0.225%	Nov. 22, 2023		
The Hachijuni Bank, Ltd.	1,000,000	—	1,000,000	—	0.209%	Sep. 24, 2021		
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 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		
Resona Bank, Ltd.	2,000,000	—	—	2,000,000	0.438%	Sep. 30, 2022		
NTT FINANCE CORPORATION	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
The Kiyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The 77 Bank, Ltd.	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
Daishi Hokuetsu Bank, Ltd.	1,000,000	—	—	1,000,000	0.396%	Nov. 21, 2022		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.316%	Dec. 25, 2023		
The Chiba Bank, Ltd.	1,000,000	—	—	1,000,000	0.449%	Oct. 25, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.299%	Jun. 27, 2023		
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	0.396%	Nov. 21, 2022		
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		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 30, 2030		
National Mutual Insurance Federation of Agricultural Cooperatives	2,000,000	—	2,000,000	—	0.388%	Dec. 14, 2021		
Total	159,000,000	8,000,000	10,000,000	157,000,000				

(Note 1) Amounts of long-term loans payable to be repaid within five years after the date of the Balance Sheets 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	18,500,000	21,000,000	15,000,000	23,900,000	14,000,000

(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.
- (Note 5) Of the 2,000 million yen in short-term loans payable that was borrowed on July 5, 2021 from Mizuho Bank, Ltd., JPR made early repayment of 1,400 million yen on December 7, 2021.
- (Note 6) Of the 2,000 million yen in short-term loans payable that was borrowed on October 28, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on December 7, 2021.

(8) Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation

Opinion

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation(the Company), which comprise the balance sheets as at December 31, 2021, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, 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.

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, related safeguards.

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 24., 2022

小島 亘司

Koji Ojima
Designated Engagement Partner
Certified Public Accountant

安部 里史

Satoshi Abe
Designated Engagement Partner
Certified Public Accountant

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

39th Fiscal Period (January 1, 2021 – June 30, 2021)	40th Fiscal Period (July 1, 2021 – December 31, 2021)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

39th fiscal period (January 1, 2021 – June 30, 2021)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.05%	Sale of real estate beneficiary interest	2,665,000	—	—
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	591

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

40th fiscal period (July 1, 2021 – December 31, 2021)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.05%	Purchase of real estate beneficiary interest	21,300,000	—	—
				Sale of real estate beneficiary interest	3,600,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,777	Accrued expenses	473

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