



Forty-Second Fiscal Period Semi-Annual Report

July 1, 2022 – December 31, 2022

Japan Prime Realty Investment Corporation

Message to Our 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 42nd fiscal period (July 1, 2022 – December 31, 2022), we would like to report on the performance results.

Although the outlook remains uncertain due to the unstable international affairs and the impact of price hike, etc., the vacancy rate in central Tokyo remains generally flat partly due to a certain degree of recovery in demand in the office property leasing market.

Under such circumstances, JPR continues to conduct stable operation, and the average occupancy rate for the 42nd fiscal period was 97.0% (+0.4% compared with the forecast). Distribution per unit remained at a high level of 7,750 yen, and we plan to secure a certain level in the next fiscal period onwards by strategically utilizing gain on sale and internal reserves.

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

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

Portfolio Management Status

Item	41st Period ended Jun. 2022 Results	42nd Period ended Dec. 2022 Results	Change		
			Change	Rate of change	
Operating revenue (million yen)	18,357	18,739	381	2.1%	Operating revenue includes gain on sale of properties.
Profit from leasing business (million yen)	9,072	9,193	120	1.3%	While profit from leasing business was impacted by the rise in utilities expenses, it increased due to an increase in rents and common charges resulting from the elimination of free rent, etc., and an increase in other revenues.
Operating income (million yen)	9,343	9,273	-70	-0.8%	Operating income decreased partly due to the recording of the difference between gain on sale of land and loss on sale of building for Gotanda First Bldg. after the reduction entry following the exchange transaction with Shinjuku Center Bldg.
Ordinary income (million yen)	8,607	8,469	-138	-1.6%	
Net income (million yen)	8,607	8,469	-138	-1.6%	
Distribution per unit (yen)	7,800	7,750	-50	-0.6%	Distribution per unit came to 7,750 yen (down 50 yen from the previous fiscal period), the same amount as the initial forecast. Part of the gain on sale that was recorded in the 42nd fiscal period has been internally reserved for the purpose of stable management and cash distributions in the future.

42nd Fiscal Period Topics

In an attempt to further improve the quality of its portfolio, JPR conducted asset replacement with Tokyo Tatemono, its main sponsor.

Asset replacement

Newly acquired assets (total acquisition price: 9.09 billion yen)



Shinjuku Center Bldg.
(Additional ownership)



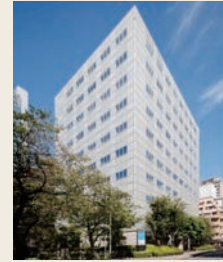
Osaka Dojima Bldg.



FUNDES Tenjin Nishidori



Asset sold



Gotanda First Bldg.

[Effect of asset replacement]

▶ **Asset size**
+6.17 billion yen

▶ **NOI (Note 1)**
+184 million yen/year

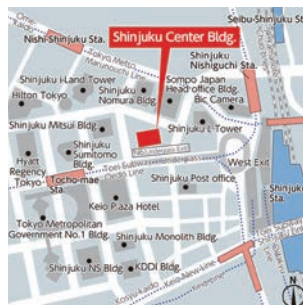
▶ **Building age (Note 2)**
-10.2 years

(Note 1) "NOI" refers to the net operating income stated in the real estate appraisal report.

(Note 2) The figure is obtained by deducting the building age of the property sold from the weighted average building age based on the acquisition price of the properties acquired as of December 31, 2022.

Shinjuku Center Building (additional ownership: equivalent to 1.5% of the entire building)

The property is a highly visible building with 54 floors above ground and located in an area with a concentration of high-rise buildings on the west side of Shinjuku Station. It is conveniently located as it is directly connected by an underground passage to JR Shinjuku Station. It stands on a particularly prime site in an area featuring a concentration of high-rise buildings on the west side of Shinjuku Station and thus is very competitive.



Acquisition date	December 22, 2022
Acquisition price	3,320 million yen
Appraisal value	3,320 million yen
Completion date	October 1979
Total leasable floor space	1,551.45 m ²
NOI yield	3.3%
Yield after depreciation	2.7%
Occupancy rate (as of acquisition date)	94.8%
Seller	Tokyo Tatemono

Osaka Dojima Bldg.

The property has good access to public transportation as it is a five-minute walk from Nishiameda Station on the Osaka Metro Yotsubashi Line and a nine-minute walk from JR Osaka Station. In the nearby area, Tokyo Tatemono, the main sponsor, is undertaking the large-scale redevelopment “ONE DOJIMA PROJECT,” and further development is expected.



Acquisition date	January 11, 2023
Acquisition price	2,460 million yen
Appraisal value	2,700 million yen
Completion date	July 1996
Total leasable floor space	3,074.30 m ²
NOI yield	4.9%
Yield after depreciation	4.3%
Occupancy rate (as of acquisition date)	83.6%
Seller	Tokyo Tatemono

FUNDES Tenjin Nishidori

The property is a compact urban retail facility developed by Tokyo Tatemono, the main sponsor, and was completed in March 2022. It faces Tenjin Nishidori street in Fukuoka Tenjin, which has the largest concentration of retail facilities in Kyushu, and is highly competitive.



Acquisition date	January 11, 2023
Acquisition price	3,310 million yen
Appraisal value	3,590 million yen
Completion date	March 2022
Total leasable floor space	1,054.30 m ²
NOI yield	3.8%
Yield after depreciation	3.3%
Occupancy rate (as of acquisition date)	68.8%
Seller	Tokyo Tatemono

Initiatives on Sustainability

Materialities

JPR and TRIM, the asset management company, have reviewed the materialities due to changes in the external environment, etc.

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

Recognition by External Bodies

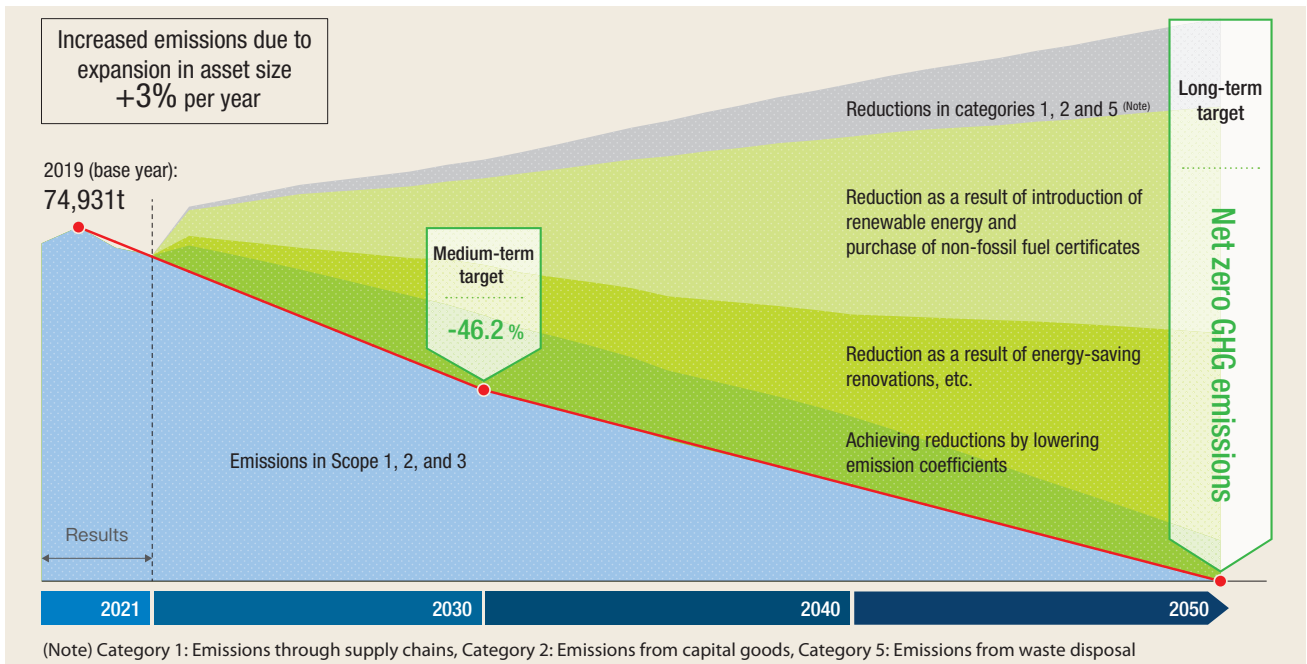
<p>GRESB Real Estate Assessment</p> <p>5 Stars</p> <p>Received “5 Stars” for four consecutive years.</p>	<p>CDP Climate Change Program</p> <p>A-</p> <p>Obtained a higher rank of “A-,” which is the leadership level.</p>	<p>MSCI ESG Rating (Note)</p> <p>A</p> <p>Received “A” rating for three consecutive years.</p>
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(Note) JPR's use of data produced by MSCI ESG Research LLC or its affiliates (“MSCI”) and JPR's use of MSCI logos, trademarks, service marks or index names do not constitute a sponsorship, guarantee, recommendation, or promotion of JPR by MSCI. MSCI's services and data are the property of MSCI or the entity providing such information and are provided “AS IS” without warranty of any kind. MSCI's names and logos are trademarks or service marks of MSCI.

Initiatives on Environmental Friendliness

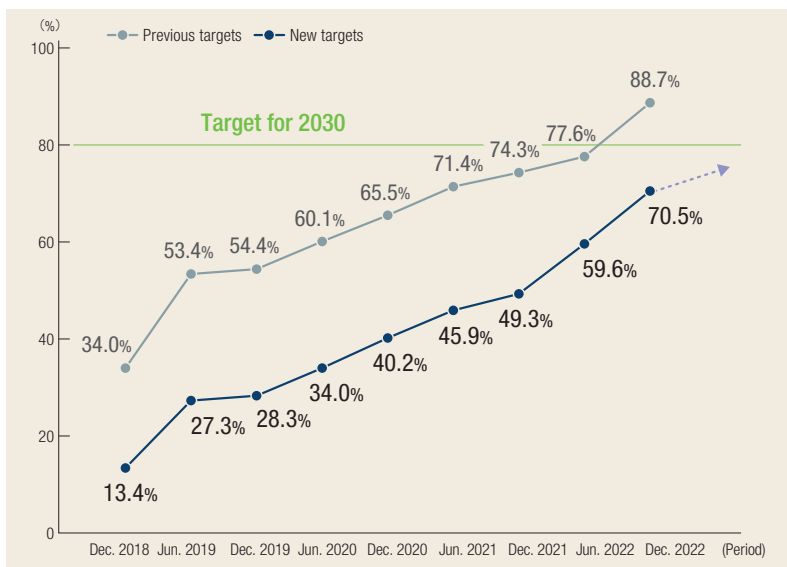
GHG (Greenhouse Gas) Emission Reduction Plan

JPR formulated a new GHG emission reduction plan to achieve net zero emissions by 2050. We filed the plan with the SBTi in November 2022, and set a 46% reduction of total GHG emissions (compared with the 2019 level) as an interim target to be achieved by 2030. Going forward, we aim to achieve net zero emissions by 2050 by implementing various measures.



Status of Acquisition of Environmental Certifications

JPR achieved its previous target of “environmental certification coverage ratio of 80% or higher” in the 42nd fiscal period, and set a new target of “environmental certification coverage ratio of 80% or higher, with 4-star/ A rating or higher.” Going forward, JPR will continue to seek qualitative improvement of environmental performances.



Assessment in CASBEE for Real Estate



S	★★★★★	19 properties
A	★★★★	17 properties
B+	★★★	1 property

DBJ Green Building Certification



★★★★★	1 property
★★★★	4 properties
★★★	8 properties

BELS Certification



★★★★★ (ZEB Oriented)	1 property
★★★	1 property
★★	1 property

Initiatives on Behalf of the Society

Initiatives for Employees at the Asset Manager (TRIM)

We believe that employees are important stakeholders and the improvement of their satisfaction is important for the sustainable growth of JPR and TRIM. TRIM conducts an employee satisfaction survey every year, and the results are reported to the management, and used for feedback to employees and improvement of the internal environment.

Cases of improvements

▶ Introduction of advisor system

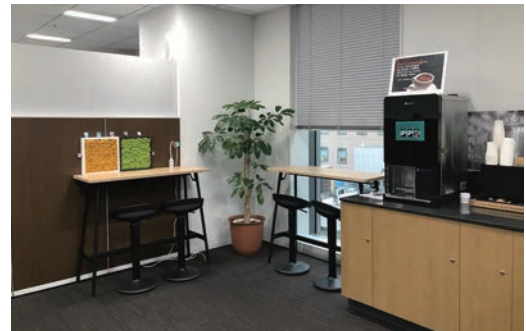
In order to help newly hired employees acquire the skills necessary for work and maintain and improve their motivation, senior employees provide advice on how to proceed with work. TRIM also covers the expenses for lunch and social gatherings, and strives to create a comfortable working environment.

▶ Establishment of a new café space

Established a café space to facilitate communication among officers and employees.

▶ Enhancement of training system

Introduced a new training system and increased the amount of training expenses paid by the company in response to the request for expanding support for skill development.



Initiatives on Governance

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

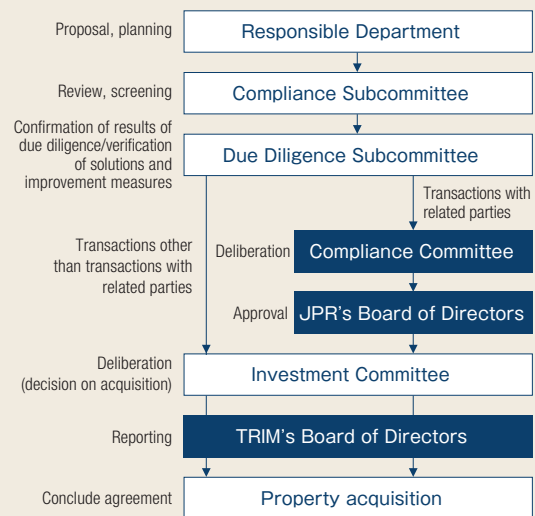
Decision-Making Based on Stringent Processes

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

Invited an External Special Member to the Investment Committee

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

Decision-Making Process (for property acquisitions)



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

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

1. Overview of Asset Management

(1) Trends in Operating Results and Other Management Data

	Fiscal Period	Unit	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)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)
Operating Performance	Operating Revenue	Million yen	17,129	17,305	18,253	18,357	18,739
	Rent revenue – real estate	Million yen	16,714	16,521	16,382	17,019	17,392
	Gain on sale of real estate	Million yen	414	783	1,870	1,338	1,347
	Operating Expenses	Million yen	8,596	8,515	9,626	9,014	9,466
	Expenses related to rent business	Million yen	7,611	7,499	7,731	7,946	8,199
	Operating Income	Million yen	8,533	8,789	8,626	9,343	9,273
	Ordinary Income	Million yen	7,840	8,121	7,893	8,607	8,469
Net Income	Million yen	7,839	8,120	7,892	8,607	8,469	
Financial Position	Total Assets	Million yen	484,573	484,323	495,615	507,005	507,655
	(Period-on-period variation)	%	(+2.4)	(-0.1)	(+2.3)	(+2.3)	(+0.1)
	Interest-bearing Debts	Million yen	196,520	196,500	206,900	202,900	202,900
	Total Unitholders' Equity	Million yen	256,399	257,093	257,649	272,912	273,603
	(Period-on-period variation)	%	(+0.2)	(+0.3)	(+0.2)	(+5.9)	(+0.3)
Unitholders' Capital	Million yen	247,860	247,860	247,860	261,751	261,751	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	7,426	7,337	7,234	7,777	7,728
	Dividend payout ratio	%	94.7	90.3	91.6	90.3	91.2
	Number of Units Outstanding	Units	958,250	958,250	958,250	997,178	997,178
	Total Unitholders' Equity per Unit	Yen	267,570	268,295	268,875	273,684	274,378
	Cash Distribution per Unit	Yen	7,750	7,657	7,550	7,800	7,750
	Exceeding profit distribution amount	Yen	–	–	–	–	–
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.6	1.7	1.6	1.7	1.7
	Annualized (Note 10)	%	3.2	3.4	3.2	3.5	3.3
	Net Income on Total Unitholders' Equity (Note 2)	%	3.1	3.2	3.1	3.2	3.1
	Annualized (Note 10)	%	6.1	6.4	6.1	6.5	6.1
	Total unitholders' equity at beginning of period	Million yen	255,838	256,399	257,093	257,649	272,912
	Unitholders' Equity Ratio at End of Period (Note 3)	%	52.9	53.1	52.0	53.8	53.9
	(Period-on-period variation)	pt	(-1.2)	(+0.2)	(-1.1)	(+1.8)	(+0.1)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	40.6	40.6	41.7	40.0	40.0
	DSCR (Note 5)	Times	14.6	14.6	13.8	14.1	13.8
	Net income before interest and amortization (Note 6)	Million yen	10,208	10,132	9,708	10,026	10,120
	Interest expenses	Million yen	697	694	701	710	731
	NOI from Leasing (Note 7)	Million yen	11,188	11,121	10,779	11,118	11,248
	Annualized NOI yield (Notes 9 and 10)	%	4.7	4.8	4.3	4.5	4.5
NCF from Leasing (Note 8)	Million yen	9,534	9,751	9,177	9,737	9,745	
Annualized NCF yield (Notes 9 and 10)	%	4.0	4.2	3.7	4.0	3.9	
Reference Information	Investment Properties Owned (Note 11)		66	65	66	67	65
	Number of Tenants		857	804	1,134	1,171	1,180
	Total Leasable Floor Space (Note 12)	m ²	501,162.78	496,876.92	500,628.05	502,889.81	494,503.72
	Occupancy Rate	%	99.3	98.1	97.3	97.5	97.6

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

- (Note 9) Annualized NOI from leasing / property acquisition price (38th fiscal period: ¥468.54 billion, 39th fiscal period: ¥467.52 billion, 40th fiscal period: ¥494.23 billion, 41st fiscal period: ¥496.18 billion and 42nd fiscal period: ¥495.60 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: 38th fiscal period: 184 days, 39th fiscal period: 181 days, 40th fiscal period: 184 days, 41st fiscal period: 181 days and 42nd 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) 42nd Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 997,178 units as of the end of the 42nd fiscal period (December 31, 2022). 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 42nd fiscal period, the Japanese economy showed a pickup as progress was made to a certain degree in addressing COVID-19 while at the same time promoting socio-economic activities. On the demand side, a strong note was observed mainly in consumer spending and capital investment. Meanwhile, in terms of supply, partial stagnancy in production activities in China caused disruptions in supply chains, which affected Japan as production stagnated in some areas. Corporate earnings demonstrated recovery both in manufacturing industries and the non-manufacturing sector. However, price indexes in Japan have shown a year-on-year increase against the backdrop of rising commodity prices due to exchange rate fluctuations, causing concerns about how the economy and corporate earnings will be impacted.

The Office Property Leasing Market

In the office property leasing market, the vacancy rate in Central Tokyo had been rising until recently but has started to level off, partly due to socio-economic activities normalizing gradually, and the decrease in average rent has been decelerating. Similar trends are observed in Greater Tokyo and other cities.

The Retail Property Leasing Market

At urban retail properties which JPR targets for investment, sales recovery is underway with an increase in the number of customers visiting stores, given the socio-economic activities normalizing gradually.

The For-Sale Real Estate Market

In the for-sale real estate market, active transactions continued to take place in the 42nd fiscal period against the backdrop of weaker yen and low interest rates, etc. Close attention must be paid, however, on how the foreign exchange market and interest rate trends may affect the market conditions. For office properties that are major targets of JPR for investment, blue-chip properties are in short supply while investors both in and outside Japan still show a strong appetite to acquire them. Thus, with low-yield transactions continuing to prevail, the acquisition environment remains harsh. Accordingly, investors continue to look for ways to effectively acquire properties, such as by diversifying the target assets for investment and conducting asset replacement.

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

3) Portfolio Management Status

Acquisition of New Properties and Asset Replacement

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

During the 42nd fiscal period, JPR conducted an exchange transaction by selling Gotanda First Bldg. (sale price: 4,270 million yen) and acquiring Shinjuku Center Bldg. (additional acquisition of 7% co-ownership interest) (acquisition price: 3,320 million yen) in December 2022. Moreover, in the same month, JPR conducted the third part of the sale of JPR Umeda Loft Bldg. (30% co-ownership, sale price of the relevant ownership interest: 5,250 million yen). As a result of these transactions, the balance of JPR's assets under management totaled 65 properties, or 488.7 billion yen on an acquisition price basis as of the end of December 2022, with the total leasable floor space standing at 494,503 m² and the number of tenants at 1,180.

Operational Management of Portfolio

In the office property leasing market in the 42nd fiscal period, the upward trend in the vacancy rate and the downward trend in rent levels appeared to take a temporary pause, given the impact of COVID-19 being tamed. Nevertheless, the situation demands that close attention be continuously paid. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by maintaining close cooperation with property management companies and brokers, with an aim to secure stable earnings across the entire portfolio as well as its occupancy rate. As a result of these efforts, the occupancy rate at the end of the 42nd fiscal period was kept at a high level, as it rose 0.1 points period-on-period to 97.6%.

In terms of property management, JPR continued to proactively implement value enhancement works based on tenant needs, on the ground of its brand concept A/3S (Amenity/Service, Safety and Save Energy) that has been established with an aim to create spaces where the workers feel satisfaction. As an endeavor to reduce CO₂ emissions, JPR conducted renewal of elevators and escalators 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, 2022, JPR has acquired DBJ Green Building Certification^{*1} for 13 properties in total. JPR has also obtained CASBEE for Building Certification^{*2} for 37 properties in total (including 8 newly certified properties), and BELS^{*3} certification for 3 properties (including one newly certified property (ZEB^{*4} certification type: ZEB Oriented^{*5})). On top of these certifications JPR acquired, its endeavors on environmental issues were so acknowledged that it was designated as “Green Star” in the GRESB^{*6} Real Estate Assessment for 2022, marking the ninth consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of “5 Stars” in the rating, which makes relative assessment based on total scores, for four consecutive years.

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

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

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

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

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

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

Fund Procurement

JPR focuses its endeavors on debt financing with an emphasis placed on lengthening debt maturity and diversifying repayment dates, in an effort to make its financial base more solid and stronger. JPR borrowed 8.0 billion yen in the 42nd fiscal period to fund the refinancing of interest-bearing debts it repaid during the same fiscal period. This led to the average maturity of and the average interest on the new interest-bearing debts at 6.3 years and 0.54%, respectively, in contrast to 4.9 years and 0.41% for the relevant interest-bearing debts before refinancing.

As of the end of the 42nd fiscal period, the balance of interest-bearing debts totaled 202.9 billion yen, with a balance of borrowings of 165.0 billion yen and a balance of investment corporation bonds of 37.9 billion yen. The ratio of interest-bearing debt to total assets (LTV) (Note 1) was 40.0%, long-term and fixed interest-bearing debt ratio (Note 2) was 100.0%, average debt cost (Note 3) was 0.76% and average maturity (Note 4) was 4.7 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 42nd fiscal period.

Details of Corporate Credit Ratings as of December 31, 2022

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

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

(Note 2) Long-term and fixed interest-bearing debt ratio: long-term, fixed-interest 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 42nd fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

(3) Additional Offerings, Etc.

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

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

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

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

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

(4) Cash Distributions

With regard to the cash distributions of the 42nd fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 41st fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. In addition, for the 42nd fiscal period, JPR decided to reverse part of reserve for reduction entry (73 million yen) reserved by applying the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (Article 66-2 of the Act on Special Measures Concerning Taxation), and internally reserve 815 million yen as reserve for reduction entry from the unappropriated retained earnings, pursuant to the Special Provisions for Taxation in Cases of Repurchase of Specified Assets (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,750 yen for the 42nd fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		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)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)
Unappropriated Retained Earnings at End of Period		7,849,585	8,129,659	7,901,374	8,614,933	8,476,171
Internal Reserves		423,148	792,338	666,586	836,945	821,989
Total Cash Distributions		7,426,437	7,337,320	7,234,787	7,777,988	7,728,129
(Cash Distribution per Unit)		(7,750 yen)	(7,657 yen)	(7,550 yen)	(7,800 yen)	(7,750 yen)
Breakdown	Total Cash Distributions from Net Income	7,426,437	7,337,320	7,234,787	7,777,988	7,728,129
	(Cash distribution from net income per unit)	(7,750 yen)	(7,657 yen)	(7,550 yen)	(7,800 yen)	(7,750 yen)
	Repayment of Paid-in Capital	-	-	-	-	-
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions from the reserve for temporary difference adjustments		-	-	-	-	-
(Of the repayment of paid-in capital per unit, distribution per unit from the reserve for temporary difference adjustments)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes		-	-	-	-	-
(Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

(5) Future Management Policies and Critical Issues

Looking ahead, it is anticipated that more progress will be made in addressing COVID-19 while at the same time promoting socio-economic activities. In particular, due to a rise in demand from inbound foreign tourists and consumer spending as well as improvements in the supply chains, etc., the Japanese economy is expected to continue showing a pickup. However, attention should be paid to the impacts of fluctuations in the financial and capital markets associated with rising interest rates in and outside Japan. In addition, JPR will continue to pay close attention to the impact of the COVID-19 infections in Japan and abroad.

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 the increased supply of office buildings in Central Tokyo anticipated for 2023 and 2025. In addition, corporate earnings trends in 2023 and thereafter must also be taken into consideration. Under these circumstances, 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 the changes in the Japanese economy on the leasing market. In consideration of the current situation in which the low-yield environment continues to stay, it is necessary to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

1) Acquisition of New Properties and Asset Replacement

JPR will continue to make investment focused on office properties in the Tokyo area, with an aim to improve the quality of its portfolio and enhance its growth potential and stability over the long term. In the for-sale office property market, the purchase cap rate and expected cap rate levels still stay low, with properties remaining in short supply. Although close attention must be paid to the trends in the leasing market going forward, JPR will fully investigate the stability and growth potential of candidate properties when acquiring them. As for retail properties, etc., JPR will work to invest in strictly selected blue-chip properties that can maintain stable revenues at a certain level in order to complement the stability of earnings of the entire portfolio. 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 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 the Asset Manager (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 the medium to long term by working to prevent move-outs of existing tenants, encourage them to expand office spaces in the same buildings and renew contracts with upward revision of rents through endeavors to enhance tenant satisfaction, while continuously inviting new tenants through strategic leasing activities. Specifically, JPR will conduct management and operations based on the following policies:

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

3) Fund Procurement

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

(6) Information Disclosure

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

(7) Significant Subsequent Events

Property Sale

JPR concluded a sale agreement regarding the following property on February 17, 2023.

< JPR Crest Takebashi Bldg. >

Asset type:	Beneficiary interest
Sale price:	4,169 million yen
Delivery date:	April 12, 2023 (scheduled)
Buyer:	Yasuda Real Estate Co., Ltd.
Impact on operating results:	JPR plans to record approximately 881 million yen in gain on sale of real estate as operating revenue for the 43rd fiscal period (January 1, 2023 – June 30, 2023).

<Reference Information>

Property Acquisition

After the settlement date of the 42nd fiscal period, JPR acquired the following properties.

< Osaka Dojima Bldg. >

Property overview

Location:	3-5 Dojima 2-chome, Kita-ku, Osaka-shi, Osaka (residential address)
Type of ownership:	Land: Ownership (co-ownership: approx. 95.4% co-ownership interest) Building: Sectional ownership
Site area:	938.01 m ² (equivalent to co-ownership interest: 894.91 m ²)
Total floor space:	4,977.52 m ² (exclusive area: 2,947.16 m ²)
Structure/floors:	S, RC with flat roof, B1/7F
Completed:	July 1996
Number of tenants:	8
Total leasable floor space:	3,074.30 m ²
Total leased floor space:	2,571.56 m ²
Occupancy rate:	83.6%

(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:	2,460 million yen
Asset type:	Real estate
Contract date:	December 21, 2022
Acquisition date:	January 11, 2023

< FUNDES Tenjin Nishidori >

Property overview

Location:	3-21 Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka (residential address)
Type of ownership:	Land: Ownership Building: Ownership
Site area:	219.26 m ²
Total floor space:	1,135.67 m ²
Structure/floors:	S with flat roof, 8F
Completed:	March 2022
Number of tenants:	5
Total leasable floor space:	1,054.30 m ²
Total leased floor space:	724.84 m ²
Occupancy rate:	68.8%

(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:	3,310 million yen
Asset type:	Real estate
Contract date	December 21, 2022
Acquisition date:	January 11, 2023

On February 17, 2023, JPR concluded an agreement regarding acquisition of the following property.

< Ochanomizu Sola City >

Property overview

Location:	6-1 Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo and others (lot number)
Type of ownership:	Land: Ownership (co-ownership: 3.4% co-ownership interest) Building: Ownership (co-ownership: 3.4% co-ownership interest)
Site area:	9,681.02 m ² (equivalent to co-ownership interest: 329.15 m ²)
Total floor space:	96,897.25 m ² (equivalent to co-ownership interest: 3,294.51 m ²)
Structure/floors:	S with flat roof, B2/23F
Completed:	February 2013
Number of tenants:	26
Total leasable floor space:	2,235.01 m ²
Total leased floor space:	2,235.01 m ²
Occupancy rate:	100.0%

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

Transaction terms and conditions

Purchase price:	6,490 million yen
Asset type:	Beneficiary interests
Contract date	February 17, 2023
Acquisition date:	April 12, 2023 (scheduled)

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	38th Fiscal Period as of December 31, 2020	39th Fiscal Period as of June 30, 2021	40th Fiscal Period as of December 31, 2021	41st Fiscal Period as of June 30, 2022	42nd Fiscal Period as of December 31, 2022
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	958,250	958,250	958,250	997,178	997,178
Unitholders' capital (millions of yen)	247,860	247,860	247,860	261,751	261,751
Total number of unitholders	10,946	10,531	10,229	10,506	10,435

(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 42nd 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	298,847	29.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	160,045	16.04
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	43,607	4.37
Tokyo Tatemono Co., Ltd.	1-4-16 Yaesu, Chuo-ku, Tokyo	29,300	2.93
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.50
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.40
State Street Bank West Client - Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	13,725	1.37
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)	12,461	1.24
State Street Bank and Trust Company 505103 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. Box 351, Boston, MA 02101, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,143	1.21
The Shinkumi Federation Bank	1-9-5 Kyobashi, Chuo-ku, Tokyo	11,089	1.11
Total		630,217	63.20

(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 42nd fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 42nd Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Yoshihiro Jozaki	President and Chief Executive Officer, Tokyo Realty Investment Management, Inc.	– (Note 1)	–
Supervising Officers (Note 2)	Masato Denawa	Partner Attorney, Spring Partners	6,300	–
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co. Representative, Nobuhisa Kusanagi Certified Public Accountant Office		–
	Konomi Ikebe	Professor at Graduate School of Horticulture, Chiba University		–
Independent Auditor	EY ShinNihon LLC	–	14,700 (Note 3)	–

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

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

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

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

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

(4) Matters Concerning Directors and Officers Liability Insurance Agreement

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

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

(5) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 42nd 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	41st Fiscal Period (as of June 30, 2022)		42nd Fiscal Period (as of December 31, 2022)	
		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	109,961,118	21.7	111,801,978	22.0
	Greater Tokyo	67,499,150	13.3	67,281,625	13.3
	Other Cities	19,644,226	3.9	19,814,414	3.9
Real estate in trust	Central Tokyo	155,493,241	30.7	152,469,216	30.0
	Greater Tokyo	61,453,840	12.1	61,169,274	12.0
	Other Cities	51,077,424	10.1	47,245,195	9.3
Deposits and other assets	–	41,876,811 (–)	8.3 (–)	47,873,742 (–)	9.4 (–)
Total assets	–	507,005,813 (465,129,001)	100.0 (91.7)	507,655,447 (459,781,704)	100.0 (90.6)

(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 42nd 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	11.4	Office
Olinas Tower	25,616,803	23,987.40	21,485.29	89.6	5.4	Office
Shinjuku Center Bldg.	24,129,262	10,417.24	9,875.93	94.8	3.7	Office
Tokyo Square Garden	18,285,670	5,971.69	5,703.97	95.5	2.4	Office
BYGS Shinjuku Bldg.	15,522,570	15,233.17	14,989.60	98.4	3.7	Office
JPR Sendagaya Bldg.	14,680,251	6,177.74	6,177.74	100.0	1.8	Office
Kanematsu Bldg.	14,668,846	8,090.40	8,090.40	100.0	2.5	Office
Sencity Bldg.	13,954,355	13,271.26	12,474.24	94.0	2.6	Office
Kawasaki Dice Bldg.	12,884,022	12,113.10	11,920.13	98.4	2.1	Retail, etc.
Shinjuku Square Tower	12,836,939	19,266.47	17,621.77	91.5	2.6	Office
Total	190,966,982	125,563.25	119,373.85	95.1	38.3	

(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 42nd fiscal period (December 31, 2022).

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2022 (thousands of yen)	Appraisal Value as of December 31, 2022 (thousands of yen) (Note)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,668,846	14,500,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,381,621	3,050,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,098,676	3,110,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,424,950	4,510,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,270,213	3,790,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,734,004	16,300,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,230,550	4,940,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,699,849	5,120,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,836,939	15,300,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,522,570	19,400,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	560,485	805,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	24,129,262	22,300,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,778,724	3,420,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,871,871	2,360,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,891,895	3,720,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,875,177	10,500,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,828,444	6,820,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,680,251	11,900,000
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,669,306	3,770,000
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	54,600,000
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,764,100	3,480,000
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,174,472	6,760,000
		Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,285,670	21,500,000
		JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,835,924	6,290,000
		Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,486,680	13,000,000
		Tokyo Tatemono Higashi Shibuya Bldg.	26-20 Higashi 1-chome, Shibuya-ku, Tokyo	Real estate	11,477,691	12,200,000
	Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,402,082	14,800,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,251,832	4,210,000
		Shinjuku Sanchoe East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,508,519	2,720,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,253,216	3,400,000
		JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,135,578	11,100,000
		FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,153,522	3,440,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,169,957
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,151,347	1,910,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,323,922	2,460,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,388,342	2,630,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,109,981	11,300,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,862,101	5,840,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,857,735	4,630,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Beneficiary interest	12,376,344	18,600,000
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,080,107	7,640,000

Area	Type	Property Name	Location	Type of Ownership	Book Value as of December 31, 2022 (thousands of yen)	Appraisal Value as of December 31, 2022 (thousands of yen) (Note)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,616,803	40,100,000
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,398,121	10,600,000
		JPR Omiya Bldg.	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,564,627	11,200,000
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba	Real estate	13,954,355	15,400,000
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	6,900,842	11,100,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,551,137	3,040,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,093,145	5,320,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Minami-ku, Saitama, Saitama	Beneficiary interest	3,442,148	4,280,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki-ku, Kawasaki, Kanagawa	Beneficiary interest	12,884,022	13,800,000
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,725,852	4,130,000
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,516,506	2,170,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,639,073	2,350,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,235,417	4,120,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,299,625	1,480,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	1,972,782	4,190,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,071,407	4,050,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,766,962	3,480,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	9,997,006	23,700,000
		JPR Shinsaibashi Bldg.	2-11 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,261,671	4,620,000
		JPR Shinsaibashi West	11-28 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	3,953,836	4,900,000
	Retail, etc.	GRAND FRONT OSAKA (Umekita Plaza and South Building)	4-1 Ofuka-cho, Kita-ku, Osaka, Osaka 4-20 Ofuka-cho, Kita-ku, Osaka, Osaka (South Building)	Beneficiary interest	11,811,127	12,300,000
		GRAND FRONT OSAKA (North Building)	3-1 Ofuka-cho, Kita-ku, Osaka, Osaka	Beneficiary interest	9,503,321	10,100,000
		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,050,445	7,330,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,980,424	8,410,000
Total					459,781,704	587,035,000

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

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

Area	Type	Property Name	41st Fiscal Period (from Jan. 1, 2022 to Jun. 30, 2022)				42nd Fiscal Period (from Jul. 1, 2022 to Dec. 31, 2022)			
			Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	12	100.0	405,297	2.4	12	100.0	464,773	2.7
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	5	100.0	94,151	0.6	5	100.0	95,030	0.5
		Shin-Kojimachi Bldg.	17	100.0	130,267	0.8	17	88.1	101,125	0.6
		JPR Crest Takebashi Bldg.	7	89.2	120,445	0.7	7	89.2	114,803	0.7
		MS Shibaura Bldg.	10	100.0	484,887	2.8	10	100.0	496,498	2.9
		Gotanda First Bldg. (Note 3)	2	100.0	142,716	0.8	—	—	253,100	1.5
		JPR Ichigaya Bldg.	9	90.9	142,831	0.8	8	84.0	150,751	0.9
		Oval Court Ohsaki Mark West	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinjuku Square Tower	24	94.6	408,240	2.4	26	91.5	405,573	2.3
		BYGS Shinjuku Bldg.	23	98.4	577,418	3.4	23	98.4	610,851	3.5
		Across Shinkawa Bldg. Annex	4	100.0	34,114	0.2	4	100.0	38,731	0.2
		Shinjuku Center Bldg. (Note 4)	28	97.0	519,334	3.1	26	94.8	550,652	3.2
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	6	100.0	71,680	0.4	6	100.0	75,593	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	10	100.0	294,557	1.7	9	91.7	289,998	1.7
		JPR Nihonbashi-horidome Bldg.	5	100.0	192,776	1.1	5	100.0	195,144	1.1
		JPR Sendagaya Bldg.	6	100.0	303,717	1.8	6	100.0	303,441	1.7
		GINZA Sanwa Bldg.	9	100.0	116,084	0.7	9	100.0	122,736	0.7
	Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,802,000	10.6	2	100.0	1,802,000	10.4	
	Science Plaza-Yonbancho Plaza	24	98.3	117,223	0.7	25	100.0	117,657	0.7	
	Shibadaimon Center Bldg.	9	100.0	189,171	1.1	9	100.0	165,447	1.0	
	Tokyo Square Garden	47	92.4	377,207	2.2	49	95.5	373,660	2.1	
	JPR Kojimachi Bldg.	6	83.2	110,649	0.7	8	100.0	127,877	0.7	
	Otemachi Financial City North Tower	10	100.0	265,822	1.6	9	99.9	284,269	1.6	
	Tokyo Tatemono Higashi Shibuya Bldg.	14	79.6	278,190	1.6	17	100.0	307,659	1.8	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Jingu Mae 432	7	100.0	87,736	0.5	7	100.0	91,213	0.5
		Shinjuku Sanchoe East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ginza Namiki-dori Bldg.	9	100.0	195,419	1.1	9	100.0	202,905	1.2
FUNDES Suidobashi		5	87.2	77,497	0.5	5	87.2	75,655	0.4	
Greater Tokyo	Office	Arca East	7	100.0	268,274	1.6	7	100.0	273,024	1.6
		JPR Chiba Bldg.	40	95.3	133,126	0.8	42	98.5	140,610	0.8
		JPR Yokohama Nihon Odori Bldg.	19	100.0	133,424	0.8	19	100.0	135,258	0.8
		Shinyokohama 2nd Center Bldg.	23	94.3	109,663	0.6	24	100.0	117,598	0.7
		Kawaguchi Center Bldg.	40	100.0	477,209	2.8	40	100.0	487,237	2.8
		JPR Ueno East Bldg.	10	100.0	181,594	1.1	10	100.0	185,978	1.1
		Tachikawa Business Center Bldg.	20	90.8	146,116	0.9	21	93.2	142,486	0.8
		Rise Arena Bldg.	8	100.0	337,054	2.0	8	100.0	433,829	2.5
		Yume-ooka Office Tower	44	100.0	355,522	2.1	43	99.1	353,080	2.0
		Olinas Tower	19	92.5	921,898	5.4	18	89.6	904,822	5.2
		JPR Yokohama Bldg.	21	100.0	290,928	1.7	21	100.0	295,254	1.7
		JPR Omiya Bldg.	5	65.0	239,717	1.4	6	70.6	191,288	1.1
		Senicity Bldg.	70	95.0	486,494	2.9	70	94.0	479,804	2.8
		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	0.7	3	100.0	127,041	0.7
	Kawasaki Dice Bldg.		29	98.4	457,179	2.7	29	98.4	465,702	2.7
	FUNDES Ueno		10	100.0	117,145	0.7	10	100.0	127,726	0.7
	Other Cities	Office	Niigata Ekinan Center Bldg.	11	100.0	126,506	0.7	11	100.0	126,696
JPR Naha Bldg.			20	100.0	113,870	0.7	23	100.0	118,600	0.7
Sompo Japan Sendai Bldg.			15	99.9	199,418	1.2	15	99.9	199,190	1.1
Sompo Japan Wakayama Bldg.			18	99.8	96,059	0.6	18	99.8	109,825	0.6
Tenjin 121 Bldg.			14	87.8	102,930	0.6	14	82.3	107,440	0.6
JPR Dojima Bldg.			12	100.0	138,120	0.8	12	100.0	138,406	0.8
JPR Nagoya Fushimi Bldg.			5	94.1	146,400	0.9	6	99.8	153,730	0.9
Yakuin Business Garden			16	99.9	566,130	3.3	16	99.9	620,763	3.6
JPR Shinsaibashi Bldg.			8	100.0	128,226	0.8	8	100.0	132,541	0.8
JPR Shinsaibashi West			14	99.9	148,858	0.9	13	95.9	152,141	0.9
GRAND FRONT OSAKA (Umekita Plaza and South Building)			243	90.4	(Note 2)	(Note 2)	243	91.4	(Note 2)	(Note 2)
GRAND FRONT OSAKA (North Building)			100	98.6	(Note 2)	(Note 2)	101	98.5	(Note 2)	(Note 2)
Retail, etc.		JPR Umeda Loft Bldg. (Note 5)	1	100.0	(Note 2)	(Note 2)	—	—	(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	177,714	1.0	5	100.0	181,469	1.0
Total			1,171	97.5	17,019,663	100.0	1,180	97.6	17,392,648	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 Gotanda First Bldg. on December 22, 2022 through an exchange transaction.
- (Note 4) For Shinjuku Center Bldg., JPR additionally acquired 7.0% co-ownership interest of the sectionally-owned building (equivalent to 21.5% of the entire building) through an exchange transaction on December 22, 2022.
- (Note 5) For JPR Umeda Loft Bldg., JPR sold its 40.0% co-ownership interest on December 24, 2021 and 30.0% co-ownership interest on June 30, 2022 and sold the remaining 30.0% co-ownership interest on December 23, 2022.

(4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above. There were no additional major specified assets that are main investment targets of JPR other than those listed under (3) above and those indicated below as of the end of the 42nd 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 42nd 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 42nd Fiscal Period	Amount Already Paid
Housing Design Center Kobe	Kobe, Hyogo	Second phase of replacement of toilets	Jan. 2023–Jun. 2023	100	–	–
Sompo Japan Sendai Bldg.	Sendai, Miyagi	Replacement of generators for emergency	Oct. 2022–Mar. 2023	93	–	–
MS Shibaura Bldg.	Minato-ku, Tokyo	Second phase of reinforcement of elevators	Aug. 2022–Mar. 2023	67	–	–
Tokyo Tatemono Higashi Shibuya Bldg.	Shibuya-ku, Tokyo	First phase of reinforcement of elevators	Mar. 2023–Jun. 2023	51	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Replacement of air conditioning units	Apr. 2023–Jun. 2023	49	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Renovation of the entrance hall	Jan. 2023–Jun. 2023	46	–	–
JPR Shinsaibashi Bldg.	Osaka, Osaka	Repair of exterior walls	Jan. 2023–Jun. 2023	46	–	–
Kawaguchi Center Bldg.	Kawaguchi, Saitama	First phase of replacement of lighting equipment with LED lamps	Jun. 2022–Mar. 2023	43	–	–
JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Repair of exterior walls	Jan. 2023–Jun. 2023	40	–	–
Sencity Bldg.	Chiba, Chiba	Replacement of power receiving equipment	Jan. 2023–Mar. 2023	40	–	–
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators (West No. 27)	Jan. 2023–Mar. 2023	35	–	–
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators (West No. 24)	Apr. 2023–Jun. 2023	35	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Fifth phase of replacement of piping equipment	Jan. 2023–Mar. 2023	35	–	–
Housing Design Center Kobe	Kobe, Hyogo	Replacement of escalators	Jan. 2023–Jun. 2023	33	–	–
Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Replacement of air conditioning units	Jan. 2023–Jun. 2023	30	–	–
JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Reinforcement of elevators	Jan. 2023–Jun. 2023	30	–	–
Olinas Tower	Sumida-ku, Tokyo	Renewal of elevator monitor boards	Jan. 2023–Jun. 2023	30	–	–

(2) Capital Expenditures during the 42nd Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 42nd 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 443 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Yakuin Business Garden	Fukuoka, Fukuoka	Repair of exterior walls	May 2022–Dec. 2022	220
JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Replacement of toilets and repair of corridors in common areas	Jun. 2022–Dec. 2022	112
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Fourth phase of replacement of piping equipment	Jul. 2022–Nov. 2022	67
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Replacement of escalators	Oct. 2022–Dec. 2022	65
MS Shibaura Bldg.	Minato-ku, Tokyo	First phase of reinforcement of elevators	Jul. 2021–Aug. 2022	57
JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	Repair of exterior walls	Jul. 2022–Nov. 2022	44
JPR Ueno East Bldg.	Taito-ku, Tokyo	Repair of exterior walls	Jul. 2022–Dec. 2022	43
JPR Shinsaibashi West	Osaka, Osaka	Replacement of elevators (No.1 and No.2)	Jun. 2022–Dec. 2022	40
Housing Design Center Kobe	Kobe, Hyogo	Reinforcement of elevator (No. 3)	Sep. 2022–Dec. 2022	35
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators	Jul. 2022–Oct. 2022	31
Other Capital Expenditures		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		782
Total				1,503

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

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

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

(Millions of yen)

Operation Period	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)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)
Balance of deposits at beginning of current period	1,424	1,421	1,506	1,610	1,758
Deposits during the period	952	859	1,008	802	1,024
Amounts used from deposits during the period	955	774	904	654	1,053
Deposits carried forward to the next period	1,421	1,506	1,610	1,758	1,729

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 - Dec. 31, 2022)
(a) Asset Management Fees (Note)	802,633	792,966
Management fee 1	242,442	246,142
Management fee 2	204,735	208,800
Management fee 3	355,455	338,023
(b) Administrative Service and Asset Custody Fees	83,054	84,648
(c) Directors' Compensation	6,300	6,300
(d) Trust Fees	17,361	15,608
(e) Other Operating Expenses	158,329	156,754
Total	1,067,678	1,056,277

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (41st fiscal period: 56,500 thousand yen, 42nd fiscal period: 16,600 thousand yen) have been paid and included in the book value of each property, and fees for asset management of the sold property (41st fiscal period: 26,250 thousand yen, 42nd fiscal period: 47,600 thousand yen) have been paid and deducted from gain on sale of each property.

(2) Status of Loans Payable

As of December 31, 2022 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2022 (millions of yen)	Balance as of Dec. 31, 2022 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
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.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Mizuho Bank, Ltd.	Dec. 5, 2019	2,000	2,000	0.646	Dec. 5, 2029			
	Mizuho Bank, Ltd.	Mar. 30, 2021	3,000	3,000	0.675	Mar. 31, 2031			
	Mizuho Bank, Ltd.	Mar. 30, 2022	2,400	2,400	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Green Loan)	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Sustainability Loan)	Mar. 30, 2022	600	600	0.675	Mar. 30, 2032			
	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	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			
Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,500	2,500	0.675	Mar. 30, 2032				
Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.600	Mar. 28, 2031				
Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	2,000	2,000	0.525	Mar. 29, 2030				
Sumitomo Mitsui Banking Corporation	Jun. 27, 2022	2,500	2,500	0.698	Jun. 27, 2029				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2022 (millions of yen)	Balance as of Dec. 31, 2022 (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.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Development Bank of Japan, Inc.	Dec. 15, 2016	3,000	3,000	0.843	Jun. 14, 2027			
	Development Bank of Japan, Inc.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Development Bank of Japan, Inc.	Jun. 27, 2019	2,100	2,100	0.572	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Jun. 25, 2021	800	800	0.600	Jun. 25, 2030			
	Development Bank of Japan, Inc.	Dec. 3, 2021	2,000	2,000	0.600	Dec. 3, 2030			
	SBI Shinsei Bank, Limited (Note 4)	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	SBI Shinsei Bank, Limited (Note 4)	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	SBI Shinsei Bank, Limited (Note 4)	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	SBI Shinsei Bank, Limited (Note 4)	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	SBI Shinsei Bank, Limited (Note 4)	Sep. 24, 2020	1,000	1,000	0.525	Sep. 25, 2028			
	Shinkin Central Bank	Dec. 5, 2018	3,000	3,000	0.663	Jun. 4, 2027			
	Shinkin Central Bank	Jun. 27, 2019	2,000	2,000	0.447	Dec. 27, 2027			
	Shinkin Central Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	The Norinchukin Bank	Dec. 5, 2017	1,000	1,000	0.604	Jun. 5, 2025			
	The Norinchukin Bank	Jun. 27, 2019	2,000	2,000	0.405	Jun. 25, 2027			
	The Norinchukin Bank	Dec. 24, 2020	2,000	2,000	0.525	Dec. 25, 2028			
	The Norinchukin Bank	Dec. 14, 2021	2,000	2,000	0.525	Dec. 14, 2029			
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2020	3,000	3,000	0.586	Feb. 4, 2030			
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2020	2,000	2,000	0.606	Mar. 29, 2030			
	Mizuho Trust & Banking Co., Ltd.	Dec. 24, 2020	2,000	2,000	0.675	Dec. 24, 2030			
	Aozora Bank, Ltd.	Jul. 3, 2017	900	900	0.625	Jul. 3, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.534	Aug. 23, 2024			
	Aozora Bank, Ltd.	Aug. 30, 2018	2,000	2,000	0.553	Feb. 25, 2025			
	Aozora Bank, Ltd.	Sep. 24, 2020	500	500	0.525	Sep. 25, 2028			
	Aozora Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.525	Apr. 5, 2030			
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	The Bank of Fukuoka, Ltd.	Sep. 24, 2019	1,000	1,000	0.554	Sep. 21, 2029			
	The Bank of Fukuoka, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2018	3,200	3,200	0.813	Jun. 21, 2028			
	Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024			
	Sumitomo Life Insurance Company	Jul. 22, 2019	1,000	1,000	0.583	Jul. 20, 2029			
	Sumitomo Life Insurance Company	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Shinkumi Federation Bank	Feb. 5, 2018	4,000	—	0.404	Aug. 5, 2022			
	The Shinkumi Federation Bank	Aug. 5, 2022	—	4,000	0.358	Aug. 5, 2027			
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026			
	The Nishi-Nippon City Bank, Ltd.	Dec. 14, 2021	1,000	1,000	0.525	Dec. 14, 2029			
Taiyo Life Insurance Company	Sep. 24, 2015	1,000	1,000	0.969	Sep. 24, 2024				
Taiyo Life Insurance Company	Jun. 4, 2018	1,000	1,000	0.811	Jun. 5, 2028				
Taiyo Life Insurance Company	Dec. 25, 2020	1,000	1,000	0.675	Dec. 24, 2030				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2022 (millions of yen)	Balance as of Dec. 31, 2022 (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 Unguarant
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Yamaguchi Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816	Oct. 6, 2023			
	The Iyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyo Bank, Ltd.	Mar. 30, 2022	1,000	1,000	0.675	Mar. 30, 2032			
	Sompo Japan Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759	Dec. 25, 2023			
	Nippon Life Insurance Company	Nov. 22, 2019	2,000	2,000	0.225	Nov. 22, 2023			
	The Hachijuni Bank, Ltd.	Oct. 9, 2020	1,000	1,000	0.300	Oct. 9, 2025			
	The Hachijuni Bank, Ltd.	Sep. 24, 2021	1,000	1,000	0.310	Sep. 24, 2026			
	The Yamanashi Chuo Bank, Ltd.	Apr. 30, 2021	1,000	1,000	0.600	Apr. 30, 2030			
	The Yamanashi Chuo Bank, Ltd.	Apr. 5, 2022	1,000	1,000	0.600	Apr. 5, 2032			
	Resona Bank, Ltd.	Mar. 30, 2017	2,000	—	0.438	Sep. 30, 2022			
	Resona Bank, Ltd.	Sep. 30, 2022	—	2,000	0.888	Sep. 30, 2031			
	NTT TC Leasing Co., Ltd.	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	Kansai Mirai Bank, Limited	Mar. 30, 2022	1,000	1,000	0.600	Mar. 30, 2032			
	The 77 Bank, Ltd.	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2017	1,000	—	0.396	Nov. 21, 2022			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2022	—	1,000	0.566	Nov. 21, 2028			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	1,000	0.316	Dec. 25, 2023			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.449	Oct. 25, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2018	1,000	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	—	0.396	Nov. 21, 2022			
	The Hiroshima Bank, Ltd.	Nov. 21, 2022	—	1,000	0.566	Nov. 21, 2028			
	Mitsui Sumitomo Insurance Company, Limited	Oct. 4, 2019	1,000	1,000	0.310	Oct. 2, 2026			
	Sumitomo Mitsui Trust Bank Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026			
Bank of Kyoto, Ltd.	Mar. 30, 2022	500	500	0.600	Mar. 30, 2032				
	Total		165,000	165,000					

(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) Long-term loans payable are fixed-rate loans payable.

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

(Note 4) The bank changed its name from Shinsei Bank, Ltd. to SBI Shinsei Bank, Limited as of January 4, 2023.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2022 are as follows.

Name	Issue Date	Balance as of Jul. 1, 2022 (millions of yen)	Balance as of Dec. 31, 2022 (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	1,400	0.420	Dec. 5, 2031			
Twenty-eighth Series of Investment Corporation Bonds (Green Bonds)	Dec. 7, 2021	1,000	1,000	0.670	Dec. 5, 2036			
Total		37,900	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 42nd 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 1)	Book Value (B) (millions of yen)	Difference (C) (A)-(B) (millions of yen)	Sale Expense (D) (millions of yen)	Sale Profit and Loss (C)-(D) (millions of yen)
Real estate	Shinjuku Center Bldg. (additional acquisition) (Note 2)	December 22, 2022	3,320	—	—	—	—	—	—
Beneficiary interest	Gotanda First Bldg. (Note 2)	—	—	December 22, 2022	4,270	2,921	1,348	1,559	(210)
Beneficiary interest	JPR Umeda Loft Bldg. (30.0% co-ownership interest)	—	—	December 23, 2022	5,250	3,718	1,531	184	1,347
	Total	—	3,320	—	9,520	6,639	2,880	1,744	1,136

(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 additional acquisition of Shinjuku Center Bldg. and the sale of Gotanda First Bldg. were conducted through an exchange. For Gotanda First Bldg., the sale expense includes reduction of noncurrent assets amounting to 1,537 million yen, and sale profit and loss indicates the amount of loss on exchange of real estate.

(2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 42nd fiscal period.

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

1) Real estate, etc.

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (millions of yen) (Note 1)	Real Estate Appraisal Value (millions of yen) (Note 2)	Real Estate Appraiser	Appraisal Date
Acquisition	Real estate	Shinjuku Center Bldg. (additional acquisition).	December 22, 2022	3,320	3,320	Japan Real Estate Institute	November 1, 2022
Sale	Beneficiary interest	Gotanda First Bldg.	December 22, 2022	4,270	4,270	Japan Real Estate Institute	November 1, 2022
Sale	Beneficiary interest	JPR Umeda Loft Bldg. (30.0% co-ownership interest)	December 23, 2022	5,250	4,200 (Note 3)	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) The real estate appraisal value of JPR Umeda Loft Bldg. (30.0% co-ownership interest) indicates the value equivalent for 30.0% co-ownership interest of the appraisal value of the entire property as of November 1, 2021.

(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	3,320,000	9,520,000
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	3,320,000 (100.0%)	4,270,000 (44.9%)
Total	3,320,000 (100.0%)	4,270,000 (44.9%)

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	157,500	Tokyo Tatemono Real Estate Sales Co., Ltd.	157,500	100.0%
Property Management Fees (Note 2)	342,599	Tokyo Tatemono Co., Ltd.	229,964	67.1%
		Prime Place Co., Ltd.	21,833	6.4%
Outsourcing Expenses	703,637	Tokyo Tatemono Co., Ltd.	448,418	63.7%
		Prime Place Co., Ltd.	13,115	1.9%
Tenant Brokerage Fees	38,454	Tokyo Tatemono Co., Ltd.	5,347	13.9%

(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 35,668 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 42nd fiscal period.

Tokyo Tatemono Co., Ltd.	679,715 thousand yen
Prime Place Co., Ltd.	37,205 thousand yen
Tokyo Real Estate Management Co., Ltd.	202,920 thousand yen
Shinjuku Center Building Management Co., Ltd.	98,172 thousand yen

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

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

7. Overview of Accounting

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

For assets, liabilities, principal and profits and loss, please refer to the Balance 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 Assets¹¹.

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 (%)
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
41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	100	20	0.0
42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	100	20	0.0

(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

There are no major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting in the 42nd fiscal period.

(2) Other

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

(1) Balance Sheets

	(Thousands of yen)	
	End of 41st Fiscal Period (Jun. 30, 2022)	End of 42nd Fiscal Period (Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	26,708,733	33,127,007
Cash and deposits in trust	12,848,490	12,379,450
Operating accounts receivable	492,985	583,489
Prepaid expenses	127,655	132,360
Other	42,311	39,604
Total current assets	40,220,177	46,261,911
Noncurrent assets		
Property, plant and equipment		
Buildings	68,379,448	69,506,736
Accumulated depreciation	(22,902,238)	(23,785,420)
Buildings, net	45,477,209	45,721,315
Buildings in trust	98,413,791	96,194,049
Accumulated depreciation	(38,619,956)	(38,559,767)
Buildings in trust, net	59,793,834	57,634,282
Structures	88,829	94,101
Accumulated depreciation	(36,612)	(38,968)
Structures, net	52,216	55,133
Structures in trust	127,940	128,272
Accumulated depreciation	(80,917)	(81,897)
Structures in trust, net	47,022	46,374
Machinery and equipment	834,144	834,332
Accumulated depreciation	(565,442)	(582,683)
Machinery and equipment, net	268,702	251,649
Machinery and equipment in trust	2,017,750	1,996,314
Accumulated depreciation	(1,537,147)	(1,544,705)
Machinery and equipment in trust, net	480,602	451,608
Tools, furniture and fixtures	215,516	217,792
Accumulated depreciation	(108,569)	(119,029)
Tools, furniture and fixtures, net	106,946	98,763
Tools, furniture and fixtures in trust	295,521	304,416
Accumulated depreciation	(195,072)	(202,509)
Tools, furniture and fixtures in trust, net	100,448	101,906
Land	139,394,811	*1 140,959,190
Land in trust	207,559,589	202,608,096
Construction in progress	2,583	9,960
Construction in progress in trust	42,610	41,045
Total property, plant and equipment	453,326,577	447,979,326
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	2,970	2,463
Total intangible assets	11,804,801	11,804,294
Investments and other assets		
Investment securities	88,860	88,860
Lease and guarantee deposits	784,089	802,490
Long-term prepaid expenses	554,046	520,563
Other	710	710
Total investments and other assets	1,427,705	1,412,623
Total noncurrent assets	466,559,084	461,196,244
Deferred assets		
Investment corporation bond issuance costs	180,345	165,429
Investment unit issuance expenses	46,206	31,861
Total deferred assets	226,551	197,291
Total assets	507,005,813	507,655,447

(Thousands of yen)

	End of 41st Fiscal Period (Jun. 30, 2022)	End of 42nd Fiscal Period (Dec. 31, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	2,677,555	3,027,125
Current portion of investment corporation bonds	2,000,000	2,000,000
Current portion of long-term loans payable	16,000,000	21,000,000
Accounts payable-other	1,057,202	1,082,817
Accrued expenses	86,586	90,561
Income taxes payable	605	605
Accrued consumption taxes	542,378	499,038
Advances received	2,813,178	2,821,057
Other	1,215	3,274
Total current liabilities	25,178,722	30,524,479
Noncurrent liabilities		
Investment corporation bonds	35,900,000	35,900,000
Long-term loans payable	149,000,000	144,000,000
Tenant leasehold and security deposits	10,081,605	10,185,789
Tenant leasehold and security deposits in trust	13,932,856	13,441,294
Total noncurrent liabilities	208,914,462	203,527,083
Total liabilities	234,093,184	234,051,563
Net assets		
Unitholders' equity		
Unitholders' capital	261,751,240	261,751,240
Surplus		
Voluntary reserve		
Reserve for reduction entry	2,546,454	3,376,470
Total voluntary reserve	2,546,454	3,376,470
Unappropriated retained earnings	8,614,933	8,476,171
Total surplus	11,161,388	11,852,642
Total unitholders' equity	272,912,629	273,603,883
Total net assets	*3 272,912,629	*3 273,603,883
Total liabilities and net assets	507,005,813	507,655,447

(2) Statements of Income and Retained Earnings

	(Thousands of yen)			
	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)		42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)	
Operating revenue				
Rent revenue-real estate	*1	17,019,663	*1	17,392,648
Gain on sale of real estate	*2	1,338,228	*2	1,347,213
Total operating revenue		18,357,892		18,739,862
Operating expenses				
Expenses related to rent business	*1	7,946,916	*1	8,199,445
Loss on exchange of real estate		—	*3	210,929
Asset management fee		802,633		792,966
Administrative service and asset custody fees		83,054		84,648
Directors' compensation		6,300		6,300
Trust fees		17,361		15,608
Other operating expenses		158,329		156,754
Total operating expenses		9,014,594		9,466,653
Operating income		9,343,297		9,273,209
Non-operating income				
Interest income		192		175
Income on settlement of management association accounts		39,536		4,279
Insurance income		1,449		2,979
Other		2,387		1,110
Total non-operating income		43,565		8,544
Non-operating expenses				
Interest expenses		510,215		529,585
Borrowing expenses		38,869		50,670
Interest expenses on investment corporation bonds		200,124		202,105
Amortization of investment corporation bond issuance costs		14,672		14,915
Amortization of investment unit issuance expenses		14,727		14,344
Other		284		284
Total non-operating expenses		778,893		811,905
Ordinary income		8,607,969		8,469,847
Income before income taxes		8,607,969		8,469,847
Income taxes-current		605		605
Total income taxes		605		605
Net income		8,607,364		8,469,242
Retained earnings brought forward		7,569		6,929
Unappropriated retained earnings		8,614,933		8,476,171

(3) Statements of Changes in Unitholders' Equity

(Thousands of yen)

	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	247,860,796	261,751,240
Changes of items during the period		
Issuance of units	13,890,444	
Total changes of items during the period	13,890,444	—
Balance at end of current period	261,751,240	261,751,240
Surplus		
Voluntary reserve		
Balance at beginning of current period	1,887,437	2,546,454
Changes of items during the period		
Provision of reserve for reduction entry	659,017	830,016
Total changes of items during the period	659,017	830,016
Balance at end of current period	2,546,454	3,376,470
Unappropriated retained earnings		
Balance at beginning of current period	7,901,374	8,614,933
Changes of items during the period		
Provision of reserve for reduction entry	(659,017)	(830,016)
Dividends from surplus	(7,234,787)	(7,777,988)
Net income	8,607,364	8,469,242
Total changes of items during the period	713,559	(138,761)
Balance at end of current period	8,614,933	8,476,171
Total surplus		
Balance at beginning of current period	9,788,811	11,161,388
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,234,787)	(7,777,988)
Net income	8,607,364	8,469,242
Total changes of items during the period	1,372,576	691,254
Balance at end of current period	11,161,388	11,852,642
Total unitholders' equity		
Balance at beginning of current period	257,649,607	272,912,629
Changes of items during the period		
Issuance of units	13,890,444	
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,234,787)	(7,777,988)
Net income	8,607,364	8,469,242
Total changes of items during the period	15,263,021	691,254
Balance at end of current period	272,912,629	273,603,883
Total net assets		
Balance at beginning of current period	257,649,607	272,912,629
Changes of items during the period		
Issuance of units	13,890,444	
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,234,787)	(7,777,988)
Net income	8,607,364	8,469,242
Total changes of items during the period	15,263,021	691,254
Balance at end of current period	272,912,629	273,603,883

(4) Statements of Cash Distributions

	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)
I. Unappropriated retained earnings	8,614,933,824 yen	8,476,171,884 yen
II. Reversal of voluntary reserve		
Reversal of reserve for reduction entry	—	73,946,740 yen
III. Distribution amount	7,777,988,400 yen	7,728,129,500 yen
(Distribution amount per unit)	(7,800 yen)	(7,750 yen)
IV. Voluntary reserve		
Provision of reserve for reduction entry	830,016,338 yen	815,777,113 yen
V. Retained earnings carried forward	6,929,086 yen	6,212,011 yen
Method for calculating distribution amount	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,777,988,400 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,728,129,500 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (997,178 units), from the balance of unappropriated retained earnings after adding the reversal of reserve for reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation and deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>

(5) Statements of Cash Flows

(Thousands of yen)

	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	42nd Fiscal Period (Jul. 1, 2022 – Dec. 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	8,607,969	8,469,847
Depreciation and amortization	2,046,347	2,055,734
Difference related to exchange of noncurrent assets	—	1,121,208
Amortization of investment corporation bond issuance costs	14,672	14,915
Amortization of investment unit issuance expenses	14,727	14,344
Interest income	(192)	(175)
Interest expenses	710,339	731,690
Decrease (increase) in operating accounts receivable	(177,953)	(90,504)
Decrease (increase) in consumption taxes receivable	346,039	—
Decrease (increase) in prepaid expenses	5,076	(4,704)
Increase (decrease) in operating accounts payable	(17,856)	79,299
Increase (decrease) in accounts payable-other	(67,972)	(10,899)
Increase (decrease) in accrued consumption taxes	368,920	(43,340)
Increase (decrease) in advances received	(73,131)	7,879
Decrease in property, plant and equipment in trust due to sale	3,727,070	3,718,086
Other, net	(470,497)	(179,814)
Subtotal	15,033,561	15,883,569
Interest income received	192	175
Interest expenses paid	(716,082)	(727,716)
Income taxes (paid) refund	(602)	(602)
Net cash provided by (used in) operating activities	14,317,068	15,155,425
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(11,976,312)	(590,345)
Purchase of property, plant and equipment in trust	(1,125,644)	(648,384)
Purchase of intangible assets	—	(1,081)
Payments of lease and guarantee deposits	(43,836)	(18,400)
Repayments of tenant leasehold and security deposits	(538,677)	(49,788)
Proceeds from tenant leasehold and security deposits	877,788	153,971
Repayments of tenant leasehold and security deposits in trust	(678,824)	(540,221)
Proceeds from tenant leasehold and security deposits in trust	566,303	265,649
Net cash provided by (used in) investing activities	(12,919,203)	(1,428,600)
Net cash provided by (used in) financing activities		
Repayment of short-term loans payable	(12,000,000)	—
Proceeds from long-term loans payable	18,500,000	8,000,000
Repayment of long-term loans payable	(10,500,000)	(8,000,000)
Proceeds from issuance of investment units	13,845,913	—
Dividends paid	(7,233,977)	(7,777,592)
Net cash provided by (used in) financing activities	2,611,935	(7,777,592)
Net increase (decrease) in cash and cash equivalents	4,009,800	5,949,232
Cash and cash equivalents at beginning of current period	35,547,423	39,557,224
Cash and cash equivalents at end of current period	*1 39,557,224	*1 45,506,457

(6) Notes to Financial Statements

(Basis of Presenting Financial Statements)

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

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

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

(Significant Accounting Policies)

- | | |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Standards and Method for Asset Valuation | Investment securities
Other securities
Stocks and other securities with no market prices
Stocks and other securities with no market prices are stated at cost being determined by the moving average method. |
| 2. Depreciation/Amortization Method for Noncurrent Assets | (1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:
Buildings 3 - 65 years
Structures 10 - 35 years
Machinery and equipment 3 - 17 years
Tools, furniture and fixtures 3 - 20 years
Assets with purchase costs of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.
(2) Intangible Assets
Intangible assets are amortized utilizing the straight-line method.
(3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized utilizing the straight-line method. |
| 3. Accounting for Deferred Assets | (1) Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.
(2) Investment Unit Issuance Expenses
Investment unit issuance expenses are amortized utilizing the straight-line method over three years. |
| 4. Standards for Recognition of Revenues and Expenses | (1) Revenue Recognition
The details of main performance obligations concerning revenue generated from contracts with customers of JPR and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.
a. Sale of real estate
For the proceeds from sale of real estate, JPR recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of JPR fulfilling its delivery obligations stipulated in the transaction contract of the real estate.
b. Utilities income
JPR recognizes utilities income upon the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that JPR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.
(2) Accounting Treatment of Taxes on Property and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes (the "property taxes"), JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business.
Furthermore, JPR capitalized an amount equivalent to the property taxes paid to the sellers during the first fiscal period as a part of the purchase cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 56,401 thousand yen for the fiscal period ended June 30, 2022. Taxes on property and equipment capitalized amounted to 613 thousand yen for the fiscal period ended December 31, 2022. |
| 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 | 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 |

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

(Thousands of yen)

	End of 41st Fiscal Period (as of June 30, 2022)	End of 42nd Fiscal Period (as of December 31, 2022)
Land	—	1,537,018
Total	—	1,537,018

2. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 41st Fiscal Period (as of June 30, 2022)	End of 42nd Fiscal Period (as of December 31, 2022)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

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

(Thousands of yen)

End of 41st Fiscal Period (as of June 30, 2022)	End of 42nd Fiscal Period (as of December 31, 2022)
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)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	12,546,684	12,547,291
Land rents	1,802,000	1,802,000
Common charges	1,352,858	1,283,973
Parking fees	278,951	286,561
Advertising fees	36,602	37,152
Antenna usage fees	28,943	29,902
Other	46,012	45,240
Subtotal	16,092,051	16,032,122
Other rental revenues		
Incidental rent income	798,305	1,006,164
Time-based parking fees	14,092	14,192
Cancellation charges	11,173	82,368
Income equivalent to expenses for restoration to original condition	42,263	182,839
Other miscellaneous income	61,777	74,960
Subtotal	927,611	1,360,526
Total rent revenue-real estate	17,019,663	17,392,648
B. Expenses Related to Rent Business		
Outsourcing expenses	699,677	703,637
Utilities expenses	952,258	1,301,145
Property and other taxes	2,523,554	2,507,086
Casualty insurance	29,368	30,028
Repairs and maintenance	469,805	432,326
Property management fees	307,961	306,930
Management association accounts	630,331	643,099
Depreciation	2,045,976	2,055,273
Other	287,982	219,918
Total expenses related to rent business	7,946,916	8,199,445
C. Profits for Rent Business		
(A-B)	9,072,747	9,193,203

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

(Thousands of yen)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
JPR Umeda Loft Bldg. (30.0% co-ownership interest)		
Proceeds from sale of real estate	5,250,000	—
Cost of sale of real estate	3,727,070	—
Other expenses related to sale	184,700	—
Gain on sale of real estate	1,338,228	—
JPR Umeda Loft Bldg. (30.0% co-ownership interest)		
Proceeds from sale of real estate	—	5,250,000
Cost of sale of real estate	—	3,718,086
Other expenses related to sale	—	184,700
Gain on sale of real estate	—	1,347,213

*3. Breakdown of Loss on Exchange of Real Estate

(Thousands of yen)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Gotanda First Bldg.		
Consideration for transfer of real estate	—	4,270,000
Cost of transfer of real estate	—	2,921,061
Other expenses related to transfer	—	22,850
Reduction of noncurrent assets	—	1,537,018
Loss on exchange of real estate	—	210,929

(Notes to Statements of Changes in Unitholders' Equity)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	997,178 units	997,178 units

(Notes to 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)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Cash and deposits	26,708,733	33,127,007
Cash and deposits in trust	12,848,490	12,379,450
Cash and cash equivalents	39,557,224	45,506,457

(Leases)

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

(Thousands of yen)

	41st Fiscal Period (as of June 30, 2022)	42nd Fiscal Period (as of December 31, 2022)
Due within one year	6,118,824	6,035,590
Due after one year	14,579,171	15,749,566
Total	20,697,995	21,785,156

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

The following are the book values and fair values as of June 30, 2022 of financial instruments, and the difference between these amounts. Furthermore, notes on “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are omitted as these are settled with cash and within a short period of time and thus the book value approximates the fair value. Notes on “Investment securities,” “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are also omitted as they lack materiality.

(Thousands of yen)

	Book Value (Note 1)	Fair Value (Note 1)	Difference
(1) Current portion of investment corporation bonds	(2,000,000)	(2,021,000)	21,000
(2) Current portion of long-term loans payable	(16,000,000)	(16,061,296)	61,296
(3) Investment corporation bonds	(35,900,000)	(36,269,932)	369,932
(4) Long-term loans payable	(149,000,000)	(148,909,766)	-90,233

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

(Thousands of yen)

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

(Note 1) Liabilities are shown in parentheses.

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

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

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

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

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

(Note 3) Amount of repayment of long-term loans payable or redemption of investment corporation bonds scheduled to be due subsequent to the 41st fiscal period end (June 30, 2022)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	2,000,000	5,000,000	3,000,000	—	8,500,000	19,400,000
Long-term loans payable	16,000,000	20,000,000	21,000,000	20,900,000	13,000,000	74,100,000

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

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	2,000,000	8,000,000	—	8,500,000	—	19,400,000
Long-term loans payable	21,000,000	15,000,000	23,900,000	14,000,000	18,000,000	73,100,000

(Securities)

41st fiscal period (as of June 30, 2022)

Not applicable

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

Not applicable

(Derivative Transactions)

41st fiscal period (as of June 30, 2022)

Not applicable as JPR entered into no derivative transactions

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

Not applicable as JPR entered into no derivative transactions

(Retirement Benefits)

41st fiscal period (as of June 30, 2022)

Not applicable as JPR does not have any retirement benefit plans

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

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

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(28.43%)	(28.70%)
Other	(3.02%)	(2.75%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

41st fiscal period (January 1, 2022 – June 30, 2022)

Not applicable as JPR does not have any affiliated companies

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

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders
 - 41st fiscal period (January 1, 2022 – June 30, 2022)
Not applicable
 - 42nd fiscal period (July 1, 2022 – December 31, 2022)
Not applicable
2. Affiliated Companies
 - 41st fiscal period (January 1, 2022 – June 30, 2022)
Not applicable
 - 42nd fiscal period (July 1, 2022 – December 31, 2022)
Not applicable
3. Sister Companies
 - 41st fiscal period (January 1, 2022 – June 30, 2022)
Not applicable
 - 42nd fiscal period (July 1, 2022 – December 31, 2022)
Not applicable
4. Directors and Major Individual Unitholders
 - 41st fiscal period (January 1, 2022 – June 30, 2022)
Not applicable
 - 42nd fiscal period (July 1, 2022 – December 31, 2022)
Not applicable

(Asset Retirement Obligations)

- 41st fiscal period (January 1, 2022 – June 30, 2022)
Not applicable
- 42nd fiscal period (July 1, 2022 – December 31, 2022)
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]

41st fiscal period (January 1, 2022 – June 30, 2022)

1. Information about Products and Services

Disclosure is omitted as sales to external customers for the single product and service unit are in excess of 90% of operating revenue on the 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 is 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 account for less than 10% of the operating revenue on the Statements of Income and Retained Earnings.

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

1. Information about Products and Services

Disclosure is omitted as sales to external customers for the single product and service unit are in excess of 90% of operating revenue on the 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 is 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 account 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 book value on the Balance Sheets, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Thousands of yen)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Book Value on the Balance Sheets		
Balance at Beginning of Period	458,014,900	465,129,001
Amount of Increase (Decrease) during the Period	7,114,101	(5,347,296)
Balance at End of Current Period	465,129,001	459,781,704
Fair Value at End of Period	593,184,000	587,035,000

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

(Note 2) For the 41st fiscal period, the amount of increase is primarily attributable to the acquisition of Tokyo Tatemono Higashi Shibuya Bldg. (11,463,589 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Umeda Loft Bldg. (30.0% co-ownership interest) (3,727,070 thousand yen) and depreciation (2,045,976 thousand yen). For the 42nd fiscal period, the amount of increase is primarily attributable to the additional acquisition of Shinjuku Center Bldg. (1,838,124 thousand yen), and the amount of decrease is primarily attributable to the sale of Gotanda First Bldg. (2,921,061 thousand yen), the sale of JPR Umeda Loft Bldg. (30.0% co-ownership interest) (3,718,086 thousand yen) and depreciation (2,055,273 thousand yen).

(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 41st and 42nd fiscal periods for investment and rental properties is as presented in the “Notes to Statements of Income and Retained Earnings.”

(Revenue Recognition)

41st fiscal period (January 1, 2022 – June 30, 2022)

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers (Note 2)
Sale of real estate	5,250,000	1,338,228
Utilities income (Note 3)	798,305	798,305
Others	—	16,221,358
Total	6,048,305	18,357,892

(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.

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

Breakdown information on revenue from contracts with customers

(Thousands of yen)

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

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

(Note 2) As sale of real estate is recorded as gain or loss on sale of real estate, etc. in the 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 in operating revenue while recording loss on sale of real estate in operating expenses, the table above indicates the amount of gain on sale of real estate only.

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

(Per Unit Information)

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Total net assets per unit	273,684 yen	274,378 yen
Net income per unit	8,664 yen	8,493 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:

	41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
Net income (thousands of yen)	8,607,364	8,469,242
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	8,607,364	8,469,242
Average number of units during the fiscal period	993,389 units	997,178 units

(Subsequent Events)*Property Sale*

JPR concluded a sale agreement regarding the following property on February 17, 2023.

< JPR Crest Takebashi Bldg.>

Asset type:	Beneficiary interest
Sale price:	4,169 million yen
Delivery date:	April 12, 2023 (scheduled)
Buyer:	Yasuda Real Estate Co., Ltd.
Impact on operating results:	JPR plans to record approximately 881 million yen in gain on sale of real estate as operating revenue for the 43rd fiscal period (January 1, 2023 – June 30, 2023).

(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, 2022 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2022 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2022 (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	68,379,448	1,127,288	—	69,506,736	23,785,420	883,182	45,721,315	
Structures	88,829	5,272	—	94,101	38,968	2,355	55,133	
Machinery and equipment	834,144	188	—	834,332	582,683	17,240	251,649	
Tools, furniture and fixtures	215,516	2,276	—	217,792	119,029	10,460	98,763	
Land	139,394,811	3,101,396	1,537,018	140,959,190	—	—	140,959,190	
Construction in progress	2,583	8,245	868	9,960	—	—	9,960	
Subtotal	208,915,332	4,244,667	1,537,886	211,622,113	24,526,101	913,238	187,096,012	
(Beneficiary interests in trust)								
Buildings in trust	98,413,791	606,582	2,826,324	96,194,049	38,559,767	1,099,856	57,634,282	
Structures in trust	127,940	2,020	1,688	128,272	81,897	2,136	46,374	
Machinery and equipment in trust	2,017,750	20,426	41,862	1,996,314	1,544,705	29,490	451,608	
Tools, furniture and fixtures in trust	295,521	12,878	3,983	304,416	202,509	10,505	101,906	
Land in trust	207,559,589	—	4,951,492	202,608,096	—	—	202,608,096	
Construction in progress in trust	42,610	450	2,015	41,045	—	—	41,045	
Subtotal	308,457,202	642,358	7,827,365	301,272,194	40,388,880	1,141,988	260,883,314	
Total	517,372,534	4,887,025	9,365,251	512,894,308	64,914,981	2,055,226	447,979,326	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	6,465	—	—	6,465	4,001	507	2,463	
Total	11,808,296	—	—	11,808,296	4,001	507	11,804,294	

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

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

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, 2022 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2022 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Security
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	—	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	—	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	—	3,000,000	0.831	Dec. 4, 2024		
Twenty-third Series of Investment Corporation Bonds (Note 1)	May 31, 2018	3,000,000	—	3,000,000	0.550	May 31, 2028		
Twenty-fourth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Jul. 31, 2019	5,000,000	—	5,000,000	0.570	Jul. 31, 2029		
Twenty-fifth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Nov. 26, 2020	6,000,000	—	6,000,000	0.510	Nov. 26, 2030		
Twenty-sixth Series of Investment Corporation Bonds (Note 1)	Mar. 16, 2021	3,000,000	—	3,000,000	0.760	Mar. 14, 2036		
Twenty-seventh Series of Investment Corporation Bonds (Sustainability Bonds) (Note 1)	Dec. 7, 2021	1,400,000	—	1,400,000	0.420	Dec. 5, 2031		
Twenty-eighth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Dec. 7, 2021	1,000,000	—	1,000,000	0.670	Dec. 5, 2036		
Total		37,900,000	—	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, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2022 (thousands of yen)	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.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.646%	Dec. 5, 2029		
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	0.675%	Mar. 31, 2031		
Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Green Loan)	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Mizuho Bank, Ltd. (Sustainability Loan)	600,000	—	—	600,000	0.675%	Mar. 30, 2032		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.873%	Aug. 31, 2023		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.638%	Aug. 8, 2025		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.600%	Aug. 29, 2025		
MUFG Bank, Ltd.	3,000,000	—	—	3,000,000	0.593%	Sep. 5, 2025		
MUFG Bank, Ltd.	4,000,000	—	—	4,000,000	0.450%	Jun. 23, 2028		
Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.245%	Dec. 5, 2023		
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.300%	Jun. 26, 2025		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.450%	Mar. 30, 2028		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.675%	Mar. 30, 2032		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.600%	Mar. 28, 2031		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.525%	Mar. 29, 2030		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	0.698%	Jun. 27, 2029		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan Inc.	3,000,000	—	—	3,000,000	0.843%	Jun. 14, 2027		
Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Development Bank of Japan Inc.	2,100,000	—	—	2,100,000	0.572%	Jun. 27, 2029		
Development Bank of Japan Inc.	800,000	—	—	800,000	0.600%	Jun. 25, 2030		
Development Bank of Japan Inc.	2,000,000	—	—	2,000,000	0.600%	Dec. 3, 2030		
SBI Shinsei Bank, Limited (Note 5)	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
SBI Shinsei Bank, Limited (Note 5)	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
SBI Shinsei Bank, Limited (Note 5)	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
SBI Shinsei Bank, Limited (Note 5)	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
SBI Shinsei Bank, Limited (Note 5)	1,000,000	—	—	1,000,000	0.525%	Sep. 25, 2028		
Shinkin Central Bank	3,000,000	—	—	3,000,000	0.663%	Jun. 4, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.447%	Dec. 27, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.604%	Jun. 5, 2025		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.405%	Jun. 25, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 14, 2029		
Mizuho Trust & Banking Co., Ltd.	3,000,000	—	—	3,000,000	0.586%	Feb. 4, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.606%	Mar. 29, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.675%	Dec. 24, 2030		
Aozora Bank, Ltd.	900,000	—	—	900,000	0.625%	Jul. 3, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank, Ltd.	2,000,000	—	—	2,000,000	0.553%	Feb. 25, 2025		
Aozora Bank, Ltd.	500,000	—	—	500,000	0.525%	Sep. 25, 2028		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Apr. 5, 2030		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.554%	Sep. 21, 2029		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		

Lender	Balance as of July 1, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2022 (thousands of yen)	Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025	(Note 4)	Unsecured/ Unguaranteed
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 Shinkumi Federation Bank	—	4,000,000	—	4,000,000	0.358%	Aug. 5, 2027		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Dec. 14, 2029		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.969%	Sep. 24, 2024		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.811%	Jun. 5, 2028		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.675%	Dec. 24, 2030		
The Chugoku Bank, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Chugoku Bank, Ltd.	1,000,000	—	—	1,000,000	0.661%	Mar. 25, 2026		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.816%	Oct. 6, 2023		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyoo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyoo Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Mar. 30, 2032		
Sompo Japan Insurance Inc.	2,000,000	—	—	2,000,000	0.759%	Dec. 25, 2023		
Nippon Life Insurance Company	2,000,000	—	—	2,000,000	0.225%	Nov. 22, 2023		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.300%	Oct. 9, 2025		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.310%	Sep. 24, 2026		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 30, 2030		
The Yamanashi Chuo Bank, Ltd.	1,000,000	—	—	1,000,000	0.600%	Apr. 5, 2032		
Resona Bank, Ltd.	2,000,000	—	2,000,000	—	0.438%	Sep. 30, 2022		
Resona Bank, Ltd.	—	2,000,000	—	2,000,000	0.888%	Sep. 30, 2031		
NTT TC Leasing Co., Ltd.	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
Kansai Mirai Bank, Limited	1,000,000	—	—	1,000,000	0.600%	Mar. 30, 2032		
The 77 Bank, Ltd.	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
Daishi Hokuetsu Bank, Ltd.	1,000,000	—	1,000,000	—	0.396%	Nov. 21, 2022		
Daishi Hokuetsu Bank, Ltd.	—	1,000,000	—	1,000,000	0.566%	Nov. 21, 2028		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.316%	Dec. 25, 2023		
The Chiba Bank, Ltd.	1,000,000	—	—	1,000,000	0.449%	Oct. 25, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.299%	Jun. 27, 2023		
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		
The Hiroshima Bank, Ltd.	—	1,000,000	—	1,000,000	0.566%	Nov. 21, 2028		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.310%	Oct. 2, 2026		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		
Bank of Kyoto, Ltd.	500,000	—	—	500,000	0.600%	Mar. 30, 2032		
Total	165,000,000	8,000,000	8,000,000	165,000,000				

(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	21,000,000	15,000,000	23,900,000	14,000,000	18,000,000

(Note 2) The interest rates are rounded to the third decimal place. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

(Note 3) 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) The bank changed its name from Shinsei Bank, Ltd. to SBI Shinsei Bank, Limited as of January 4, 2023.

(8) Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation

Opinion

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation (the Company), which comprise the balance sheets as at December 31, 2022, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions, and cash flows for the six-month period then ended and notes to financial statements, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Supervising Officer for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the Executive Officer with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 23, 2023

向 出 勇 治

Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

海 上 大 介

Daisuke Unagami
Designated Engagement Partner
Certified Public Accountant

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

41st Fiscal Period (January 1, 2022 – June 30, 2022)	42nd Fiscal Period (July 1, 2022 – December 31, 2022)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

41st fiscal period (January 1, 2022 – June 30, 2022)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	2.93%	Purchase of real estate	11,300,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,422	Accrued expenses	355

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

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

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

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