



Forty-First Fiscal Period Semi-Annual Report

January 1, 2022 – June 30, 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 41st fiscal period (January 1, 2022 – June 30, 2022), we would like to report on the performance results.

Since October last year when the state of emergency was lifted, a change in the trend, such as the increase in the number of inquiries for new leasing, has been seen in the office property leasing market, and the increase in vacancy rates in central Tokyo which had continued since 2020 has also stopped temporarily and remains generally flat.

Under such circumstances, JPR achieved operational results that exceeded the initial assumption, and the average occupancy rate for the 41st fiscal period was 97.8% (+0.9% from the previous fiscal period and +0.3% compared with the forecast). In addition, JPR realized a record-high distribution per unit of 7,800 yen (+250 yen from the previous fiscal period and +50 yen compared with the forecast).

Going forward, while continuously paying close attention to the impact of COVID-19 and the situation in Ukraine, we will flexibly respond to changes in social conditions and endeavor achieving appropriate asset management to grasp new opportunities for growth.

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

Operating Results

	40th Period ended Dec. 2021 Results	41st Period ended Jun. 2022 Results	Change		
			Change	Rate of change	
Operating revenue (million yen)	18,253	18,357	+104	+0.6%	TOPIC 1 Operating revenue includes gain on sale of properties (1,870 million yen for the 40th fiscal period and 1,338 million yen for the 41st fiscal period).
Operating income (million yen)	8,626	9,343	+716	+8.3%	
Ordinary income (million yen)	7,893	8,607	+714	+9.1%	TOPIC 3 Distribution per unit came to 7,800 yen, the highest amount ever. Part of the gain on sale that was recorded in the 41st fiscal period has been internally reserved for the purpose of stable management and cash distributions in the future.
Net income (million yen)	7,892	8,607	+714	+9.1%	
Distribution per unit (yen)	7,550	7,800	+250	+3.3%	

(Note 1) Forecast distribution is the forecast figures announced upon the announcement of financial results for the fiscal period ended June 2022 (41st fiscal period) on August 16, 2022. Moreover, the forecasts should not be construed as a guarantee of the amount of distribution per unit.

(Note 2) "Tokyo" represents Central Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards) and Greater Tokyo (all other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures), and "Other Cities" represent all other areas in Japan (the same applies throughout this report).

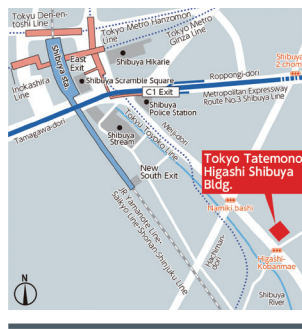
(Note 3) Retail, etc. refers to retail properties and hotels (the same applies throughout this report).

41st Fiscal Period Topics

We acquired additional ownership interest in Rise Arena Bldg. and GRAND FRONT OSAKA last year, and Tokyo Tatemono Higashi Shibuya Bldg. in January this year. The funds for these acquisitions were raised through the 9th public offering in January this year.

Tokyo Tatemono Higashi Shibuya Bldg. (property acquired in the 41st fiscal period)

It is located along Meiji-dori Avenue in the Shibuya area where redevelopment is in progress, and enjoys high prominence. In addition, it is a high-spec office building featuring a high grade and an affluent ambiance as well as having a public space and an indoor drive-in parking lot for 41 vehicles.



Acquisition date	January 18, 2022
Acquisition price	11,300 million yen
Appraisal value	12,100 million yen
Total leasable floor space	7,821.01 m ²
NOI yield	4.4%
Yield after depreciation	3.8%
Occupancy rate (as of acquisition date)	95.2%
Seller	Tokyo Tatemono

Acquisition of Blue-Chip Properties and Strategic Asset Replacement

As part of the strategic asset replacement, we sold “Tokyo Tatemono Honmachi Bldg.” in the previous fiscal period. In addition, we sold part of the ownership interest in “JPR Umeda Loft Bldg.” in the current fiscal period as in the previous fiscal period.

Newly acquired asset 39.9 billion yen



Rise Arena Bldg.
October 2021

GRAND FRONT OSAKA
December 2021

Tokyo Tatemono Higashi
Shibuya Bldg.
January 2022

Asset (to be) sold



JPR Umeda Loft Bldg.
Dec. 2021: Equivalent to 40%
Jun. 2022: Equivalent to 30%
Dec. 2022: Equivalent to 30%

Tokyo Tatemono Honmachi
Bldg. December 2021



Overview of 9th Public Offering

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

Initiatives on Sustainability

Materialities

Materialities	2030 Target
Portfolio greening	<ul style="list-style-type: none"> · Certification acquisition rate of 80% or more (4-star/"A" rating or higher)
Action on climate change	<ul style="list-style-type: none"> · Achieve net zero CO₂ emissions by 2050 · Reduce CO₂ emissions intensity by 30% (compared with the 2017 level) · Reduce water use intensity by 10% (compared with the 2017 level) · Build an industry-leading, strong structure to manage climate change risks · Expand green lease agreements
Improving tenant satisfaction with safety, security and comfort	<ul style="list-style-type: none"> · Improve tenant satisfaction in comprehensive aspects including safety, security and comfort
Creating a rewarding workplace environment	<ul style="list-style-type: none"> · Foster professionals who support corporate growth · Enhance operational efficiency and improve operational processes · Secure physical and mental health and achieve work-life balance · Provide an working environment where each person can fully exert his or her abilities
Strengthening corporate governance	<ul style="list-style-type: none"> · Ensure information disclosure at a level among the highest in the industry · Proactively discuss with investors · Promote discussions with individual investors · Obtain ESG assessments that are among the highest in the industry · Maintain a strong corporate governance system · Secure a risk management structure that is among the strongest in the industry

Recognition by External Bodies and Initiatives

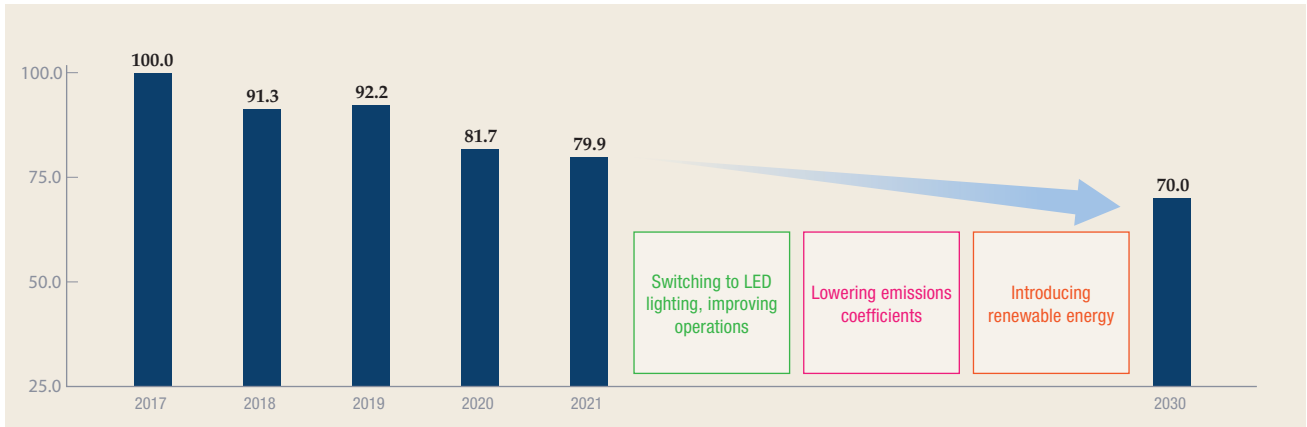
<p>GRESB Real Estate Assessment</p>  <p>5 Stars</p> <p>GRESB ★★★★★ 2021</p>	<p>CDP Climate Change Program</p>  <p>B</p>	<p>MSCI ESG Rating ^(Note)</p>  <p>MSCI ESG RATINGS</p> <p>CCC B BB BBB A AA AAA</p>
<p>Signing of the Principles for Responsible Investment (PRI)</p> <p>Signatory of:</p>  <p>PRI Principles for Responsible Investment</p>	<p>Support for TCFD</p>  <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p>Signing of the Principles for Financial Action for the 21st Century</p>  <p>PFA21 Principles for Financial Action for the 21st Century</p>

(Note) THE USE BY JPR OF ANY MSCI ESG RESEARCH LLC OR ITS RESEARCH ("MSCI") DATA, AND THE USE OF MSCI LOGOS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT MSCI LOGOS A SPONSORS, ENDORAGES, OR PROMOTION OF JPR BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED "AS-IS" AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Initiatives on Environmental Friendliness

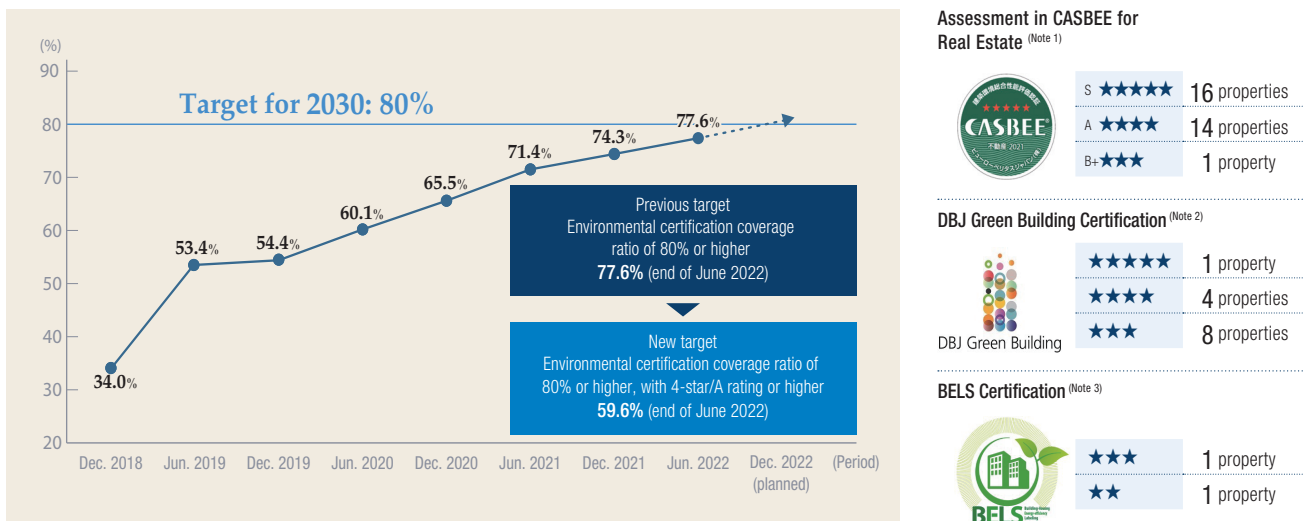
■ Reduction of CO₂ Emissions

JPR has set 30% reduction of CO₂ emissions (compared with the 2017 level; on a intensity basis) as the target for 2030. We are steadily implementing measures to reduce CO₂, and aim to achieve the target at an early stage. In addition, specific strategies for the target of achieving net zero CO₂ emissions by 2050 are scheduled to be formulated in the future.



■ Status of Acquisition of Environmental Certifications

JPR expects its target of “80% or higher for the ratio of properties having acquired environmental certifications (environmental certification coverage ratio) by 2030” to be achieved this year ahead of schedule. We plan to revise the target to a higher standard of "environmental certification coverage ratio of 80% or higher, with 4-star/A rating or higher" in the current fiscal period, and also improve the quality of environmental performance.



(Note 1) CASBEE, which stands for Comprehensive Assessment System for Built Environment Efficiency, is a system for comprehensively assessing the environmental performance of buildings. Efforts to develop and popularize the system in Japan are being made under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism.

(Note 2) The DBJ Green Building Certification is a certification system to select superior real estate that meets the demand of the times by scoring buildings based on the scoring model originally developed by Development Bank of Japan Inc (DBJ). Its purpose is to promote properties that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the social requirements surrounding real estate from various stakeholders (“Green Buildings”).

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

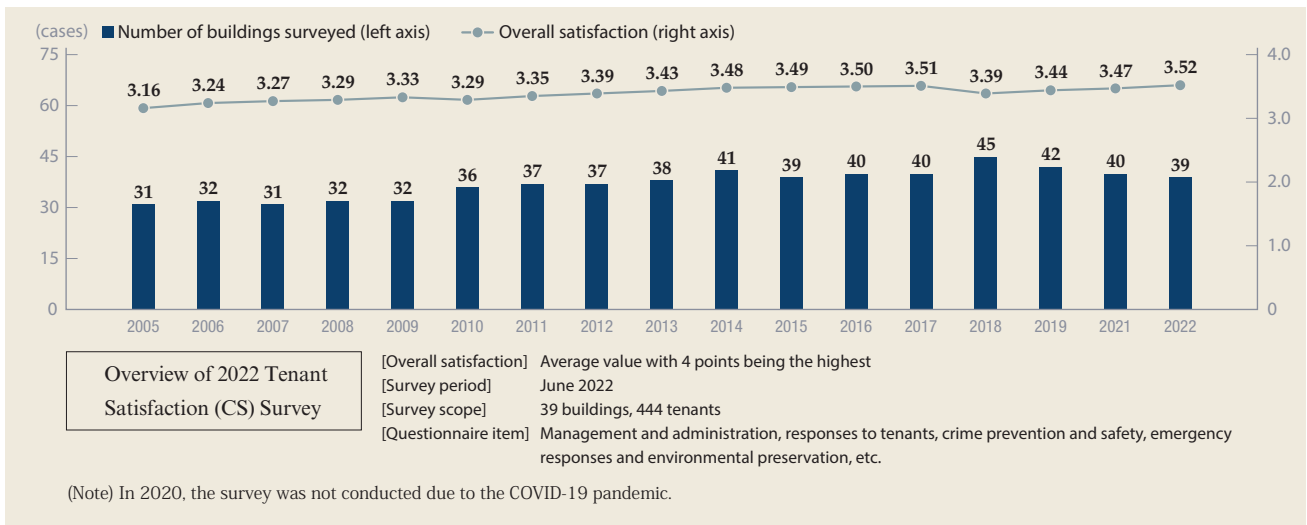
Initiatives on Behalf of the Society

■ Periodic Tenant Satisfaction (CS) Survey and Improvement of Issues

We recognize that tenants are important stakeholders for JPR and Tokyo Realty Investment Management, Inc. (TRIM), its asset management company. Since a good relationship with tenants contributes to the maintenance of high occupancy rates and the stability of revenue, we have been conducting satisfaction surveys since 2005 to enable comfortable use. As for the content of the survey, more than 20 items such as building facilities and service aspects were surveyed, and the results are shared with property managers (PMs) and local building managers to improve services, and used as one of the PM evaluations.

The surveys are consigned to a third-party think tank in order to ensure fair evaluation.

■ Tenant Satisfaction (CS) Survey



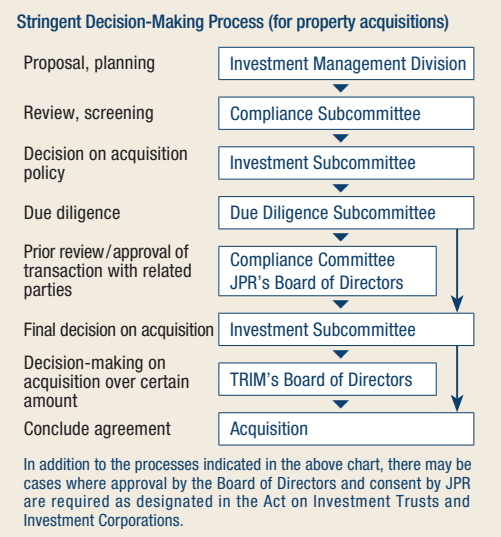
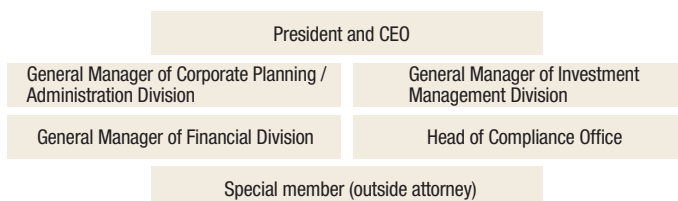
Initiatives on Behalf of Governance

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 management company

■ 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, the adequacy and rationality of transactions of material transaction conducted with the sponsors, etc. 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.

Members of the Compliance Committee of TRIM



1. Overview of Asset Management

(1) Trends in Operating Results and Other Management Data

	Fiscal Period	Unit	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)
Operating Performance	Operating Revenue	Million yen	16,363	17,129	17,305	18,253	18,357
	Rent revenue – real estate	Million yen	16,363	16,714	16,521	16,382	17,019
	Gain on sale of real estate	Million yen	–	414	783	1,870	1,338
	Operating Expenses	Million yen	8,350	8,596	8,515	9,626	9,014
	Expenses related to rent business	Million yen	7,436	7,611	7,499	7,731	7,946
	Operating Income	Million yen	8,013	8,533	8,789	8,626	9,343
	Ordinary Income	Million yen	7,277	7,840	8,121	7,893	8,607
Net Income	Million yen	7,276	7,839	8,120	7,892	8,607	
Financial Position	Total Assets	Million yen	473,186	484,573	484,323	495,615	507,005
	(Period-on-period variation)	%	(+4.3)	(+2.4)	(-0.1)	(+2.3)	(+2.3)
	Interest-bearing Debts	Million yen	187,020	196,520	196,500	206,900	202,900
	Total Unitholders' Equity	Million yen	255,838	256,399	257,093	257,649	272,912
	(Period-on-period variation)	%	(+6.9)	(+0.2)	(+0.3)	(+0.2)	(+5.9)
Unitholders' Capital	Million yen	247,860	247,860	247,860	247,860	261,751	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	7,277	7,426	7,337	7,234	7,777
	Dividend payout ratio	%	100.0	94.7	90.3	91.6	90.3
	Number of Units Outstanding	Units	958,250	958,250	958,250	958,250	997,178
	Total Unitholders' Equity per Unit	Yen	266,984	267,570	268,295	268,875	273,684
	Cash Distribution per Unit	Yen	7,595	7,750	7,657	7,550	7,800
	Distribution amount	Yen	7,595	7,750	7,657	7,550	7,800
	Exceeding profit distribution amount	Yen	–	–	–	–	–
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.6	1.6	1.7	1.6	1.7
	Annualized (Note 10)	%	3.2	3.2	3.4	3.2	3.5
	Net Income on Total Unitholders' Equity (Note 2)	%	2.9	3.1	3.2	3.1	3.2
	Annualized (Note 10)	%	5.9	6.1	6.4	6.1	6.5
	Total unitholders' equity at beginning of period	Million yen	239,269	255,838	256,399	257,093	257,649
	Unitholders' Equity Ratio at End of Period (Note 3)	%	54.1	52.9	53.1	52.0	53.8
	(Period-on-period variation)	pt	(+1.3)	(-1.2)	(+0.2)	(-1.1)	(+1.8)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	39.5	40.6	40.6	41.7	40.0
	DSCR (Note 5)	Times	14.1	14.6	14.6	13.8	14.1
	Net income before interest and amortization (Note 6)	Million yen	10,015	10,208	10,132	9,708	10,026
	Interest expenses	Million yen	710	697	694	701	710
	NOI from Leasing (Note 7)	Million yen	10,954	11,188	11,121	10,779	11,118
	Annualized NOI yield (Notes 9 and 10)	%	4.8	4.7	4.8	4.3	4.5
	NCF from Leasing (Note 8)	Million yen	9,574	9,534	9,751	9,177	9,737
	Annualized NCF yield (Notes 9 and 10)	%	4.2	4.0	4.2	3.7	4.0
Reference Information	Investment Properties Owned (Note 11)		65	66	65	66	67
	Number of Tenants		851	857	804	1,134	1,171
	Total Leasable Floor Space (Note 12)	m ²	499,269.77	501,162.78	496,876.92	500,628.05	502,889.81
	Occupancy Rate	%	99.7	99.3	98.1	97.3	97.5

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

- (Note 9) Annualized NOI from leasing / property acquisition price (37th fiscal period: ¥457.14 billion, 38th fiscal period: ¥468.54 billion, 39th fiscal period: ¥467.52 billion, 40th fiscal period: ¥494.23 billion and 41st fiscal period: ¥496.18 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: 37th fiscal period: 182 days, 38th fiscal period: 184 days, 39th fiscal period: 181 days, 40th fiscal period: 184 days and 41st fiscal period: 181 days.
- (Note 11) Properties acquired at multiple times are calculated as one property.
- (Note 12) Total leasable floor space in this table indicates the contracted area.
- (Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded down to the first decimal place).

(2) 41st 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 41st fiscal period (June 30, 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 41st fiscal period, the Japanese economy showed a pickup as activity restrictions under the spread of COVID-19 were relaxed, among other factors. On the demand side, consumer sentiment improved to show a trend for recovery in consumer spending. Capital investment and housing investment were also on a strong note. In terms of supply, meanwhile, Japan was affected by partial restrictions on production activities imposed in China and continuing global shortage of semiconductors, and saw production stagnated in some areas. Corporate earnings demonstrated recovery in the non-manufacturing sector, following such within manufacturing industries. However, partly affected by the Ukraine situation since the end of February and exchange rate fluctuations, general prices have risen in and outside Japan against the backdrop of rising commodity prices, causing concerns about how the economy and corporate earnings will be impacted. In addition, close attention must be continuously paid to the impact of the spread of COVID-19 infections.

The Office Property Leasing Market

In the office property leasing market, the vacancy rate in Central Tokyo has turned to a leveling trend after continuously showing an upward trend, partly due to the impact of COVID-19 softening, 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 retail stores, given the focused anti-infection measures against COVID-19 issued by the government for Tokyo and several other prefectures lifted in March.

The For-Sale Real Estate Market

In the for-sale real estate market, active transactions continued to take place against the backdrop of weaker yen and low interest rates, etc. 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 41st fiscal period, JPR acquired Tokyo Tatemono Higashi Shibuya Bldg. (acquisition price: 11,300 million yen) in January 2022. Moreover, in June 2022, JPR conducted the second part of the sale of JPR Umeda Loft Bldg. (30% 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 67 properties, or 492.2 billion yen on an acquisition price basis as of the end of June 2022, with the total leasable floor space standing at 502,889 m² and the number of tenants at 1,171.

Operational Management of Portfolio

In the office property leasing market in the 41st 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 41st fiscal period was kept at a high level, as it rose 0.2 points period-on-period to 97.5%.

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 renovation of air-conditioning systems and replacement of lighting equipment with LED lamps, which are expected to be effective for the endeavor, at its multiple properties.

Moreover, as its initiatives on environmental issues, JPR has continuously obtained environmental certifications. As of June 30, 2022, JPR has acquired DBJ Green Building Certification*¹ for 13 properties in total, of which 11 properties have been continuously certified. JPR has also obtained CASBEE for Building Certification*² for 31 properties in total (including 3 newly certified properties), and BELS*³ certification for two of its properties. On top of these certifications JPR acquired, its endeavors on environmental issues were so acknowledged that it was designated as “Green Star” in the GRESB*⁴ Real Estate Assessment for 2021, marking the eighth consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of “5 Stars” in the GRESB Rating, which makes relative assessment based on total scores, for three consecutive years.

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

*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 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

In the 41st fiscal period, JPR additionally issued investment units (refer to (3) Additional Offerings, Etc. below) to procure 13.8 billion yen, which was used to fund the acquisition of a new property and repay borrowings.

On top of this, JPR focuses its endeavors on debt financing with an emphasis placed on lengthening debt maturity and diversifying repayment dates, in an effort to make its financial base more solid and stronger against the backdrop of the favorable fund procurement environment and low interest rates.

JPR borrowed 18.5 billion yen in the 41st 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 9.2 years and 0.64%, respectively, in contrast to 5.7 years and 0.55% for the relevant interest-bearing debts before refinancing (excluding short-term debts).

As of the end of the 41st 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 (Note 1) was 40.0%, long-term and fixed interest-bearing debt ratio (Note 2) was 100.0%, average debt cost (Note 3) was 0.74% and average maturity (Note 4) was 5.0 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 41st fiscal period.

Details of Corporate Credit Ratings as of June 30, 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)
S & P Global Ratings Japan Inc. (S&P)	A (Stable)

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

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

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

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 41st 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 41st fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 40th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. JPR also decided to internally reserve 830 million yen as reserve for reduction entry from the unappropriated retained earnings, in application of the Special Provisions for Taxation in Cases of Repurchase of Specified Assets (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,800 yen for the 41st fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)
Unappropriated Retained Earnings at End of Period		7,287,774	7,849,585	8,129,659	7,901,374	8,614,933
Internal Reserves		9,865	423,148	792,338	666,586	836,945
Total Cash Distributions		7,277,908	7,426,437	7,337,320	7,234,787	7,777,988
(Cash Distribution per Unit)		(7,595 yen)	(7,750 yen)	(7,657 yen)	(7,550 yen)	(7,800 yen)
Breakdown	Total Cash Distributions from Net Income	7,277,908	7,426,437	7,337,320	7,234,787	7,777,988
	(Cash distribution from net income per unit)	(7,595 yen)	(7,750 yen)	(7,657 yen)	(7,550 yen)	(7,800 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, the Japanese economy is expected to continue showing a pickup, with domestic demand recovering mainly in consumer spending and restrictions on supply of semiconductors and other products loosening, among other factors, in light of anticipations for normalization of socio-economic activities making progress to a certain degree while impact of COVID 19 still lingering. However, attention should be paid to general prices rising globally against the backdrop of the Ukraine situation, etc. and the impacts of fluctuations in the financial and capital markets associated with rising interest rates, among other factors. In addition, JPR will continue to pay close attention to the impact of the COVID-19 infections.

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. It must also be taken into consideration that electricity charges are increasing in association with the rise in crude oil and natural gas prices. 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. Moreover, in consideration of the current situation in which the low-interest-rate and low-yield environment is maintained in Japan, 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

Not applicable

<Reference Information>

Property Sale

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

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

Asset type:	Beneficiary interest (30.0% co-ownership interest)
Sale price:	5,250 million yen
Delivery date:	December 23, 2022 (scheduled)
Buyer:	MBS Media Holdings, Inc.
Impact on operating results:	JPR plans to record approximately 1,343 million yen in gain on sale of real estate as operating revenue for the 42nd fiscal period (July 1, 2022 – December 31, 2022).

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	37th Fiscal Period as of June 30, 2020	38th Fiscal Period as of December 31, 2020	39th Fiscal Period as of June 30, 2021	40th Fiscal Period as of December 31, 2021	41st Fiscal Period as of June 30, 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	958,250	997,178
Unitholders' capital (millions of yen)	247,860	247,860	247,860	247,860	261,751
Total number of unitholders	11,085	10,946	10,531	10,229	10,506

(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 41st 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	280,532	28.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	177,014	17.75
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	45,311	4.54
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)	13,226	1.32
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)	12,554	1.25
JP MORGAN CHASE BANK 385781 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	12,136	1.21
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda- ku, Tokyo	11,945	1.19
Total		631,018	63.28

(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 41st fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 41st 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	–	17,300 (Note 3)	–

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

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

(Note 3) The independent auditor fees include fees regarding auditing of JPR's English financial statements and fees regarding preparation of comfort letters for additional issuance of new investment units.

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 41st 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	40th Fiscal Period (as of December 31, 2021)		41st Fiscal Period (as of June 30, 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	98,478,170	19.9	109,961,118	21.7
	Greater Tokyo	67,625,678	13.6	67,499,150	13.3
	Other Cities	19,743,902	4.0	19,644,226	3.9
Real estate in trust	Central Tokyo	155,773,488	31.4	155,493,241	30.7
	Greater Tokyo	61,562,431	12.4	61,453,840	12.1
	Other Cities	54,831,227	11.1	51,077,424	10.1
Deposits and other assets	–	37,600,580 (–)	7.6 (–)	41,876,811 (–)	8.3 (–)
Total assets	–	495,615,481 (458,014,900)	100.0 (92.4)	507,005,813 (465,129,001)	100.0 (91.7)

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

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

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 41st 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	11.3	Office
Olinas Tower	25,703,599	23,987.40	22,196.73	92.5	5.5	Office
Shinjuku Center Bldg.	22,236,487	8,865.77	8,599.86	97.0	3.2	Office
Tokyo Square Garden	18,319,885	5,971.69	5,517.91	92.4	2.3	Office
BYGS Shinjuku Bldg.	15,515,468	15,227.81	14,989.60	98.4	3.6	Office
Kanematsu Bldg.	14,701,048	8,090.40	8,090.40	100.0	2.5	Office
JPR Sendagaya Bldg.	14,646,864	6,177.74	6,177.74	100.0	1.8	Office
Sencity Bldg.	13,995,090	13,271.26	12,601.57	95.0	2.6	Office
Kawasaki Dice Bldg.	12,928,988	12,113.10	11,920.13	98.4	2.3	Retail, etc.
Shinjuku Square Tower	12,891,506	19,266.47	18,218.55	94.6	2.7	Office
Total	189,327,199	124,006.42	119,347.27	96.2	37.8	

(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 41st fiscal period (June 30, 2022).

Area	Type	Property Name	Location	Type of Ownership	Book Value as of June 30, 2022 (thousands of yen)	Appraisal Value as of June 30, 2022 (thousands of yen) (Note)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,701,048	15,300,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,388,853	3,300,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,105,366	3,110,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,418,329	4,510,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,279,686	3,790,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,720,140	16,300,000
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,949,427	4,270,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,253,853	4,940,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,712,690	5,160,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,891,506	14,900,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,515,468	19,400,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	566,556	804,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,236,487	19,500,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,791,713	3,420,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,883,432	2,360,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,893,164	3,730,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,762,167	10,500,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,839,753	6,820,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,646,864	11,900,000
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,673,930	3,730,000
		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	2,776,053	3,480,000
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,154,404	6,660,000
		Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,319,885	21,500,000
		JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,846,454	6,840,000
		Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,513,339	13,000,000
		Tokyo Tatemono Higashi Shibuya Bldg.	26-20 Higashi 1-chome, Shibuya-ku, Tokyo	Real estate	11,475,225	12,100,000
	Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,411,407	14,200,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,256,996	4,260,000
		Shinjuku Sanchoe East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,518,733	2,720,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,259,430	3,360,000
		JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,140,317	11,100,000
		FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,163,412	3,390,000
Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,149,515	6,730,000
		JPR Chiba Bldg.	1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,175,896	1,910,000
		JPR Yokohama Nihon Odori Bldg.	17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,341,252	2,450,000
		Shinyokohama 2nd Center Bldg.	19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,386,756	2,600,000
		Kawaguchi Center Bldg.	1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,176,001	11,100,000
		JPR Ueno East Bldg.	3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,840,449	5,840,000
		Tachikawa Business Center Bldg.	38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,876,682	4,640,000
		Rise Arena Bldg.	5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Beneficiary interest	12,427,884	18,600,000
		Yume-ooka Office Tower	6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,113,782	7,430,000

Area	Type	Property Name	Location	Type of Ownership	Book Value as of June 30, 2022 (thousands of yen)	Appraisal Value as of June 30, 2022 (thousands of yen) (Note)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,703,599	41,300,000
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,433,415	10,400,000
		JPR Omiya Bldg.	1-1, etc., Shimochō 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,588,495	11,000,000
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba	Real estate	13,995,090	15,100,000
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	6,941,338	11,200,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,561,333	2,970,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,110,490	5,500,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,461,027	4,280,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	12,928,988	13,900,000
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,740,990	4,000,000
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,533,237	2,170,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,635,450	2,300,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,253,255	4,960,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,315,958	1,650,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	1,978,700	4,050,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,073,915	3,940,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,781,494	3,480,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	9,821,895	23,000,000
		JPR Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,279,916	4,630,000
		JPR Shinsaibashi West	11-28 Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	3,907,551	4,720,000
		GRAND FRONT OSAKA (Umekita Plaza and South Building)	4-1 Ofuka-cho, Kita-ku, Osaka, Osaka 4-20 Ofuka-cho, Kita-ku, Osaka, Osaka (South Building)	Beneficiary interest	11,837,196	12,300,000
		GRAND FRONT OSAKA (North Building)	3-1 Ofuka-cho, Kita-ku, Osaka, Osaka	Beneficiary interest	9,537,650	10,100,000
	Retail, etc.	JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	3,727,071	4,230,000
		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,040,835	7,310,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,997,520	8,440,000
Total					465,129,001	593,184,000

(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	40th Fiscal Period (from Jul. 1, 2021 to Dec. 31, 2021)				41st Fiscal Period (from Jan. 1, 2022 to Jun. 30, 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.	10	95.0	409,642	2.5	12	100.0	405,297	2.4
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	5	100.0	91,566	0.6	5	100.0	94,151	0.6
		Shin-Kojimachi Bldg.	16	96.7	109,527	0.7	17	100.0	130,267	0.8
		JPR Crest Takebashi Bldg.	8	100.0	119,126	0.7	7	89.2	120,445	0.7
		MS Shibaura Bldg.	10	100.0	493,272	3.0	10	100.0	484,887	2.8
		Gotanda First Bldg.	2	100.0	141,312	0.9	2	100.0	142,716	0.8
		JPR Ichigaya Bldg.	9	90.9	142,976	0.9	9	90.9	142,831	0.8
		Oval Court Ohsaki Mark West	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinjuku Square Tower	23	93.6	421,688	2.6	24	94.6	408,240	2.4
		BYGS Shinjuku Bldg.	22	95.6	607,969	3.7	23	98.4	577,418	3.4
		Across Shinkawa Bldg. Annex	2	77.1	30,207	0.2	4	100.0	34,114	0.2
		Shinjuku Center Bldg.	30	92.7	506,174	3.1	28	97.0	519,334	3.1
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	5	92.3	60,232	0.4	6	100.0	71,680	0.4
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	10	100.0	276,198	1.7	10	100.0	294,557	1.7
		JPR Nihonbashi-horidome Bldg.	5	100.0	192,932	1.2	5	100.0	192,776	1.1
		JPR Sendagaya Bldg.	6	100.0	298,501	1.8	6	100.0	303,717	1.8
		Ginza Sanwa Bldg.	9	100.0	110,050	0.7	9	100.0	116,084	0.7
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,802,000	11.0	2	100.0	1,802,000	10.6
		Science Plaza-Yonbancho Plaza	23	95.8	115,548	0.7	24	98.3	117,223	0.7
		Shibadai Center Bldg.	9	100.0	181,516	1.1	9	100.0	189,171	1.1
		Tokyo Square Garden	47	91.5	356,364	2.2	47	92.4	377,207	2.2
		JPR Kojimachi Bldg.	5	70.9	123,345	0.8	6	83.2	110,649	0.7
		Otemachi Financial City North Tower	10	100.0	272,862	1.7	10	100.0	265,822	1.6
	Tokyo Tatemono Higashi Shibuya Bldg.	—	—	—	—	14	79.6	278,190	1.6	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Jingumae 432	7	100.0	85,253	0.5	7	100.0	87,736	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.	8	74.1	187,346	1.1	9	100.0	195,419	1.1
		FUNDES Suidobashi	6	100.0	68,793	0.4	5	87.2	77,497	0.5
Greater Tokyo	Office	Arca East	7	100.0	264,044	1.6	7	100.0	268,274	1.6
		JPR Chiba Bldg.	40	95.5	138,372	0.8	40	95.3	133,126	0.8
		JPR Yokohama Nihon Odori Bldg.	19	100.0	133,287	0.8	19	100.0	133,424	0.8
		Shinyokohama 2nd Center Bldg.	21	91.4	108,125	0.7	23	94.3	109,663	0.6
		Kawaguchi Center Bldg.	41	100.0	475,303	2.9	40	100.0	477,209	2.8
		JPR Ueno East Bldg.	10	100.0	183,012	1.1	10	100.0	181,594	1.1
		Tachikawa Business Center Bldg.	22	97.6	150,673	0.9	20	90.8	146,116	0.9
		Rise Arena Bldg.	5	64.0	207,232	1.3	8	100.0	337,054	2.0
		Yume-ooka Office Tower	43	100.0	349,340	2.1	44	100.0	355,522	2.1
		Olinas Tower	16	98.3	1,017,448	6.2	19	92.5	921,898	5.4
		JPR Yokohama Bldg.	20	98.8	308,421	1.9	21	100.0	290,928	1.7
		JPR Omiya Bldg.	4	100.0	295,871	1.8	5	65.0	239,717	1.4
		Sencity Bldg.	71	96.0	499,684	3.1	70	95.0	486,494	2.9
		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)
	Musashiuurawa Shopping Square		3	100.0	127,041	0.8	3	100.0	127,041	0.7
	Kawasaki Dice Bldg.		28	98.4	449,530	2.7	29	98.4	457,179	2.7
	FUNDES Ueno		10	100.0	111,079	0.7	10	100.0	117,145	0.7
	Other Cities	Office	Niigata Ekinan Center Bldg.	11	100.0	123,266	0.8	11	100.0	126,506
Tokyo Tatemono Honmachi Bldg. (Note 3)			—	—	146,483	0.9	—	—	—	—
JPR Naha Bldg.			20	100.0	115,749	0.7	20	100.0	113,870	0.7
Sompo Japan Sendai Bldg.			15	99.9	197,758	1.2	15	99.9	199,418	1.2
Sompo Japan Wakayama Bldg.			17	83.6	96,889	0.6	18	99.8	96,059	0.6
Tenjin 121 Bldg.			14	98.2	123,079	0.8	14	87.8	102,930	0.6
JPR Dojima Bldg.			12	100.0	132,651	0.8	12	100.0	138,120	0.8
JPR Nagoya Fushimi Bldg.			5	94.1	150,188	0.9	5	94.1	146,400	0.9
Yakuin Business Garden			16	99.9	552,609	3.4	16	99.9	566,130	3.3
JPR Shinsaibashi Bldg.			8	100.0	127,995	0.8	8	100.0	128,226	0.8
JPR Shinsaibashi West			14	99.9	140,432	0.9	14	99.9	148,858	0.9
GRAND FRONT OSAKA (Umekita Plaza and South Building)			239	97.5	(Note 2)	(Note 2)	243	90.4	(Note 2)	(Note 2)
GRAND FRONT OSAKA (North Building)			97	98.2	(Note 2)	(Note 2)	100	98.6	(Note 2)	(Note 2)
Retail, etc.		JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
	Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Chayamachi Bldg.	5	100.0	179,598	1.1	5	100.0	177,714	1.0	
Total			1,134	97.3	16,382,659	100.0	1,171	97.5	17,019,663	100.0

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

The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, Rise Arena Bldg., Sencity Bldg., Kawasaki Dice Bldg., GRAND FRONT OSAKA (Umekita Plaza and South Building) and part of GRAND FRONT OSAKA (North Building) have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants (for GRAND FRONT OSAKA (North Building), some portions employ fixed master lease or direct lease, but the figure indicates the number of end tenants, including those of such portions.).

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

(Note 3) JPR sold Tokyo Tatemono Honmachi Bldg. on December 24, 2021.

(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 41st 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 41st 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 41st Fiscal Period	Amount Already Paid
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	127	–	–
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	59	–	–
JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	Repair of exterior walls	Jul. 2022–Nov. 2022	51	–	–
JPR Ueno East Bldg.	Taito-ku, Tokyo	Repair of exterior walls	Jul. 2022–Dec. 2022	44	–	–
JPR Shinsaibashi West	Osaka, Osaka	Replacement of elevators (No.1 and No.2)	Jun. 2022–Dec. 2022	43	–	–
Sencity Bldg.	Chiba, Chiba	Reinforcement of elevators	Jul. 2022–Dec. 2022	35	–	–
Housing Design Center Kobe	Kobe, Hyogo	Reinforcement of elevator (No. 3)	Sep. 2022–Dec. 2022	35	–	–
JPR Omiya Bldg.	Saitama, Saitama	Partitioning of tenant sections	Jul. 2022–Dec. 2022	30	–	–

(2) Capital Expenditures during the 41st Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 41st 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 481 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Third phase of replacement of piping equipment	Jan. 2022–May 2022	70
Sencity Bldg.	Chiba, Chiba	Replacement of toilets in the west building	Jan. 2022–Mar. 2022	55
JPR Shinsaibashi Bldg.	Osaka, Osaka	Second phase of replacement of air-conditioning units	Apr. 2022–Jun. 2022	54
JPR Omiya Bldg.	Saitama, Saitama	Beautification of toilets	Apr. 2022–May 2022	53
JPR Kojimachi Bldg.	Chiyoda-ku, Tokyo	Repair of exterior walls	Jan. 2022–Jun. 2022	41
Kawaguchi Center Bldg.	Kawaguchi Center Bldg.	Repair of exterior walls	Oct. 2021–Mar. 2022	41
Sencity Bldg.	Chiba, Chiba	Replacement of facilities at the third electrical room	Jan. 2022–Feb. 2022	40
JPR Shinsaibashi Bldg.	Osaka, Osaka	Repair of exterior walls	Apr. 2022–Jun. 2022	35
JPR Omiya Bldg.	Saitama, Saitama	Replacement of lighting equipment with LED lamps in exclusive areas (5th through 9th floors)	Apr. 2022–Jun. 2022	31
Other Capital Expenditures		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		956
Total				1,381

(Note) Expenditures for repair and maintenance included 11 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	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)
Balance of deposits at beginning of current period	1,310	1,424	1,421	1,506	1,610
Deposits during the period	939	952	859	1,008	802
Amounts used from deposits during the period	825	955	774	904	654
Deposits carried forward to the next period	1,424	1,421	1,506	1,610	1,758

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	40th Fiscal Period (Jul. 1, 2021 - Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 - Jun. 30, 2022)
(a) Asset Management Fees (Note)	750,590	802,633
Management fee 1	232,820	242,442
Management fee 2	196,807	204,735
Management fee 3	320,961	355,455
(b) Administrative Service and Asset Custody Fees	82,715	83,054
(c) Directors' Compensation	5,600	6,300
(d) Trust Fees	19,806	17,361
(e) Other Operating Expenses	180,632	158,329
Total	1,039,344	1,067,678

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (40th fiscal period: 143,009 thousand yen, 41st fiscal period: 56,500 thousand yen) have been paid and included in the book value of each property, and fees for asset management of the sold property (40th fiscal period: 35,550 thousand yen, 41st fiscal period: 26,250 thousand yen) have been paid and deducted from gain on sale of each property.

(2) Status of Loans Payable

As of June 30, 2022 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2022 (millions of yen)	Balance as of Jun. 30, 2022 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-term Loans Payable	Mizuho Bank, Ltd. (Note 4)	Jul. 5, 2021	600	—	0.167	Jul. 5, 2022			
	Mizuho Bank, Ltd. (Note 5)	Dec. 24, 2021	7,400	—	0.166	Jul. 5, 2022			
	Resona Bank, Ltd. (Note 6)	Oct. 28, 2021	1,000	—	0.167	Jul. 5, 2022			
	Resona Bank, Ltd. (Note 7)	Dec. 24, 2021	3,000	—	0.167	Jul. 5, 2022			
	Total		12,000	—					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Jun. 27, 2014	5,000	5,000	1.178	Jun. 27, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	Mar. 11, 2015	2,000	2,000	1.011	Mar. 11, 2024			
	Mizuho Bank, Ltd.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Mizuho Bank, Ltd.	Feb. 4, 2016	5,000	5,000	0.804	Feb. 4, 2026			
	Mizuho Bank, Ltd.	Mar. 30, 2017	4,000	—	0.400	Mar. 30, 2022			
	Mizuho Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Mizuho Bank, Ltd.	Dec. 5, 2019	2,000	2,000	0.646	Dec. 5, 2029			
	Mizuho Bank, Ltd.	Mar. 30, 2021	3,000	3,000	0.675	Mar. 30, 2031			
	Mizuho Bank, Ltd.	Mar. 30, 2022	—	2,400	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Green Loan)	Mar. 30, 2022	—	1,000	0.675	Mar. 30, 2032			
	Mizuho Bank, Ltd. (Sustainability Loan)	Mar. 30, 2022	—	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	Jun. 27, 2014	2,500	—	1.033	Jun. 27, 2022			
Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	4,000	—	0.400	Mar. 30, 2022				
Sumitomo Mitsui Banking Corporation	Dec. 5, 2019	1,000	1,000	0.245	Dec. 5, 2023				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2022 (millions of yen)	Balance as of Jun. 30, 2022 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	Jun. 26, 2020	3,000	3,000	0.300	Jun. 26, 2025	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	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	0.675	Mar. 30, 2032			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	—	2,000	0.600	Mar. 28, 2031			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2022	—	2,000	0.525	Mar. 29, 2030			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2022	—	2,500	0.6975	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Development Bank of Japan, Inc.	Dec. 15, 2016	3,000	3,000	0.843	Jun. 14, 2027			
	Development Bank of Japan, Inc.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Development Bank of Japan, Inc.	Jun. 27, 2019	2,100	2,100	0.572	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Jun. 25, 2021	800	800	0.600	Jun. 25, 2030			
	Development Bank of Japan, Inc.	Dec. 3, 2021	2,000	2,000	0.600	Dec. 3, 2030			
	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	Shinsei Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	Shinsei Bank, Ltd.	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	Shinsei Bank, Ltd.	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	Shinsei Bank, Ltd.	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	0.534	Aug. 23, 2024			
	Aozora Bank, Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	Aozora Bank, Ltd.	Aug. 30, 2018	2,000	2,000	0.553	Feb. 25, 2025			
	Aozora Bank, Ltd.	Sep. 24, 2020	500	500	0.525	Sep. 25, 2028			
	Aozora Bank, Ltd.	Apr. 5, 2022	—	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	4,000	0.404	Aug. 5, 2022				
The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026				
The Nishi-Nippon City Bank, Ltd.	Dec. 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				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2022 (millions of yen)	Balance as of Jun. 30, 2022 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Taiyo Life Insurance Company	Jun. 4, 2018	1,000	1,000	0.811	Jun. 5, 2028	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	Taiyo Life Insurance Company	Dec. 25, 2020	1,000	1,000	0.675	Dec. 24, 2030			
	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Yamaguchi Bank, Ltd.	Mar. 30, 2022	—	1,000	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 Kiyō Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Kiyō Bank, Ltd.	Mar. 30, 2022	—	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	0.600	Apr. 5, 2032			
	Resona Bank, Ltd.	Mar. 30, 2017	2,000	2,000	0.438	Sep. 30, 2022			
	NTT TC Leasing Co., Ltd. (Note 8)	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	Kansai Mirai Bank, Limited	Mar. 30, 2022	—	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	1,000	0.396	Nov. 21, 2022			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	1,000	0.316	Dec. 25, 2023			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.449	Oct. 25, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2018	1,000	1,000	0.299	Jun. 27, 2023			
	The Hyakugo Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.582	Apr. 25, 2025			
	The Hiroshima Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.396	Nov. 21, 2022			
	Mitsui Sumitomo Insurance Company, Limited	Oct. 4, 2019	1,000	1,000	0.310	Oct. 2, 2026			
Sumitomo Mitsui Trust Bank Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026				
Bank of Kyoto, Ltd.	Mar. 30, 2022	—	500	0.600	Mar. 30, 2032				
	Total		157,000	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) Short-term loans payable are floating-rate loans payable. Long-term loans payable are fixed-rate loans payable.

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

(Note 4) Of the 2,000 million yen in short-term loans payable that was borrowed on July 5, 2021 from Mizuho Bank, Ltd., JPR made early repayment of 1,400 million yen on December 7, 2021 and 600 million yen on March 30, 2022.

(Note 5) Of the 7,400 million yen in short-term loans payable that was borrowed on December 24, 2021 from Mizuho Bank, Ltd., JPR made early repayments of 3,000 million yen on January 21, 2022, 1,000 million yen on February 22, 2022 and 3,400 million yen on March 30, 2022.

(Note 6) Of the 2,000 million yen in short-term loans payable that was borrowed on October 28, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on December 7, 2021 and 1,000 million yen March 30, 2022.

(Note 7) Of the 3,000 million yen in short-term loans payable that was borrowed on December 24, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on March 30, 2022 and 2,000 million yen April 5, 2022.

(Note 8) The lender was changed from NTT FINANCE CORPORATION to NTT TC Leasing Co., Ltd. as the former transferred its loan claims to the latter on June 30, 2022.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of June 30, 2022 are as follows.

Name	Issue Date	Balance as of Jan. 1, 2022 (millions of yen)	Balance as of Jun. 30, 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 41st Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (millions of yen) (Note)	Sale Date	Sale Price (A) (millions of yen) (Note)	Book Value (B) (millions of yen)	Difference (C) (A)-(B) (millions of yen)	Sale Expense (D) (millions of yen)	Sale Profit and Loss (C)-(D) (millions of yen)
Real estate	Tokyo Tatemono Higashi Shibuya Bldg.	January 18, 2022	11,300	—	—	—	—	—	—
Beneficiary interest	JPR Umeda Loft Bldg. (30.0% co-ownership interest)	—	—	June 30, 2022	5,250	3,727	1,522	184	1,338
	Total	—	11,300	—	5,250	3,727	1,522	184	1,338

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

(2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 41st 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	Tokyo Tatemono Higashi Shibuya Bldg.	January 18, 2022	11,300	12,100	Tanizawa Sogo Appraisal Co., Ltd.	November 30, 2021
Sale	Beneficiary interest	JPR Umeda Loft Bldg. (30.0% co-ownership interest)	June 30, 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	11,300,000	5,250,000
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	11,300,000 (100.0%)	— (—%)
Total	11,300,000 (100.0%)	— (—%)

2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Property Brokerage Fees	157,500	Tokyo Tatemono Real Estate Sales Co., Ltd.	157,500	100.0%
Property Management Fees (Note 2)	344,660	Tokyo Tatemono Co., Ltd.	229,991	66.7%
		Prime Place Co., Ltd.	22,918	6.6%
Outsourcing Expenses	699,677	Tokyo Tatemono Co., Ltd.	442,290	63.2%
		Prime Place Co., Ltd.	14,378	2.1%
Tenant Brokerage Fees	118,377	Tokyo Tatemono Co., Ltd.	23,859	20.2%
		Prime Place Co., Ltd.	20,500	17.3%

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

(Note 2) The property management fees indicated in the above table include construction management fees (total of 36,388 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 41st fiscal period.

Tokyo Tatemono Co., Ltd.	725,834 thousand yen
Prime Place Co., Ltd.	91,363 thousand yen
Tokyo Real Estate Management Co., Ltd.	165,622 thousand yen
Shinjuku Center Building Management Co., Ltd.	85,082 thousand yen

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

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

7. Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate and Infrastructure 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 (%)
32nd Fiscal Period (Jul. 1, 2017 – Dec. 31, 2017)	100	20	0.0
33rd Fiscal Period (Jan. 1, 2018 – Jun. 30, 2018)	100	20	0.0
34th Fiscal Period (Jul. 1, 2018 – Dec. 31, 2018)	100	20	0.0
35th Fiscal Period (Jan. 1, 2019 – Jun. 30, 2019)	100	20	0.0
36th Fiscal Period (Jul. 1, 2019 – Dec. 31, 2019)	100	20	0.0
37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	100	20	0.0
38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	100	20	0.0
39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	100	20	0.0
40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	100	20	0.0
41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 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

Major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting in the 41st fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
January 12, 2022	Execution of New Investment Units Underwriting Agreement and New Investment Unit Purchase Agreement related to the Greenshoe Option	<p>With regard to the additional issuance of new investment units approved at the Board of Directors meeting held on January 4, 2022, the administrative services related to the offering of these investment units were outsourced to the underwriters (Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co., Ltd., Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.).</p> <p>To tie a greenshoe option to the additional issuance of the investment units, JPR and Tokyo Realty Investment Management, Inc. executed a New Investment Unit Purchase Agreement related to the Greenshoe Option with Mizuho Securities.</p>

(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 40th Fiscal Period (Dec. 31, 2021)	End of 41st Fiscal Period (Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	22,803,957	26,708,733
Cash and deposits in trust	12,743,466	12,848,490
Operating accounts receivable	315,031	492,985
Prepaid expenses	132,731	127,655
Consumption taxes receivable	346,039	—
Other	15,989	42,311
Total current assets	36,357,215	40,220,177
Noncurrent assets		
Property, plant and equipment		
Buildings	66,302,138	68,379,448
Accumulated depreciation	(22,029,896)	(22,902,238)
Buildings, net	44,272,242	45,477,209
Buildings in trust	98,874,885	98,413,791
Accumulated depreciation	(37,976,679)	(38,619,956)
Buildings in trust, net	60,898,205	59,793,834
Structures	78,936	88,829
Accumulated depreciation	(34,426)	(36,612)
Structures, net	44,510	52,216
Structures in trust	125,139	127,940
Accumulated depreciation	(79,475)	(80,917)
Structures in trust, net	45,664	47,022
Machinery and equipment	826,696	834,144
Accumulated depreciation	(548,197)	(565,442)
Machinery and equipment, net	278,499	268,702
Machinery and equipment in trust	1,980,756	2,017,750
Accumulated depreciation	(1,507,805)	(1,537,147)
Machinery and equipment in trust, net	472,951	480,602
Tools, furniture and fixtures	186,134	215,516
Accumulated depreciation	(98,400)	(108,569)
Tools, furniture and fixtures, net	87,734	106,946
Tools, furniture and fixtures in trust	279,230	295,521
Accumulated depreciation	(185,202)	(195,072)
Tools, furniture and fixtures in trust, net	94,028	100,448
Land	129,361,642	139,394,811
Land in trust	210,654,006	207,559,589
Construction in progress	1,077	2,583
Construction in progress in trust	1,865	42,610
Total property, plant and equipment	446,212,429	453,326,577
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	2,307	2,970
Total intangible assets	11,804,138	11,804,801
Investments and other assets		
Investment securities	88,860	88,860
Lease and guarantee deposits	740,252	784,089
Long-term prepaid expenses	200,454	554,046
Other	710	710
Total investments and other assets	1,030,276	1,427,705
Total noncurrent assets	459,046,844	466,559,084
Deferred assets		
Investment corporation bond issuance costs	195,018	180,345
Investment unit issuance expenses	16,402	46,206
Total deferred assets	211,420	226,551
Total assets	495,615,481	507,005,813

(Thousands of yen)

	End of 40th Fiscal Period (Dec. 31, 2021)	End of 41st Fiscal Period (Jun. 30, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	2,910,219	2,677,555
Short-term loans payable	12,000,000	—
Current portion of investment corporation bonds	—	2,000,000
Current portion of long-term loans payable	18,500,000	16,000,000
Accounts payable-other	1,124,191	1,057,202
Accrued expenses	92,329	86,586
Income taxes payable	605	605
Accrued consumption taxes	173,458	542,378
Advances received	2,886,309	2,813,178
Other	24,221	1,215
Total current liabilities	37,711,335	25,178,722
Noncurrent liabilities		
Investment corporation bonds	37,900,000	35,900,000
Long-term loans payable	138,500,000	149,000,000
Tenant leasehold and security deposits	9,787,659	10,081,605
Tenant leasehold and security deposits in trust	14,066,877	13,932,856
Total noncurrent liabilities	200,254,537	208,914,462
Total liabilities	237,965,873	234,093,184
Net assets		
Unitholders' equity		
Unitholders' capital	247,860,796	261,751,240
Surplus		
Voluntary reserve		
Reserve for reduction entry	1,887,437	2,546,454
Total voluntary reserve	1,887,437	2,546,454
Unappropriated retained earnings	7,901,374	8,614,933
Total surplus	9,788,811	11,161,388
Total unitholders' equity	257,649,607	272,912,629
Total net assets	*2 257,649,607	*2 272,912,629
Total liabilities and net assets	495,615,481	507,005,813

(2) Statements of Income and Retained Earnings

	(Thousands of yen)			
	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)		41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)	
Operating revenue				
Rent revenue-real estate	*1	16,382,659	*1	17,019,663
Gain on sale of real estate	*2	1,870,956	*2	1,338,228
Total operating revenue		18,253,616		18,357,892
Operating expenses				
Expenses related to rent business	*1	7,731,428	*1	7,946,916
Loss on sale of real estate	*2	856,197		—
Asset management fee		750,590		802,633
Administrative service and asset custody fees		82,715		83,054
Directors' compensation		5,600		6,300
Trust fees		19,806		17,361
Other operating expenses		180,632		158,329
Total operating expenses		9,626,970		9,014,594
Operating income		8,626,646		9,343,297
Non-operating income				
Interest income		208		192
Income on settlement of management association accounts		4,350		39,536
Insurance income		12,475		1,449
Other		2,266		2,387
Total non-operating income		19,301		43,565
Non-operating expenses				
Interest expenses		505,001		510,215
Borrowing expenses		28,240		38,869
Interest expenses on investment corporation bonds		196,606		200,124
Amortization of investment corporation bond issuance costs		15,166		14,672
Amortization of investment unit issuance expenses		7,084		14,727
Other		266		284
Total non-operating expenses		752,365		778,893
Ordinary income		7,893,582		8,607,969
Income before income taxes		7,893,582		8,607,969
Income taxes-current		605		605
Total income taxes		605		605
Net income		7,892,977		8,607,364
Retained earnings brought forward		8,396		7,569
Unappropriated retained earnings		7,901,374		8,614,933

(3) Statements of Changes in Unitholders' Equity

	(Thousands of yen)	
	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	247,860,796	247,860,796
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	247,860,796	261,751,240
Surplus		
Voluntary reserve		
Balance at beginning of current period	1,103,494	1,887,437
Changes of items during the period		
Provision of reserve for reduction entry	783,942	659,017
Total changes of items during the period	783,942	659,017
Balance at end of current period	1,887,437	2,546,454
Unappropriated retained earnings		
Balance at beginning of current period	8,129,659	7,901,374
Changes of items during the period		
Provision of reserve for reduction entry	(783,942)	(659,017)
Dividends from surplus	(7,337,320)	(7,234,787)
Net income	7,892,977	8,607,364
Total changes of items during the period	(228,284)	713,559
Balance at end of current period	7,901,374	8,614,933
Total surplus		
Balance at beginning of current period	9,233,153	9,788,811
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,337,320)	(7,234,787)
Net income	7,892,977	8,607,364
Total changes of items during the period	555,657	1,372,576
Balance at end of current period	9,788,811	11,161,388
Total unitholders' equity		
Balance at beginning of current period	257,093,950	257,649,607
Changes of items during the period		
Issuance of units		13,890,444
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,337,320)	(7,234,787)
Net income	7,892,977	8,607,364
Total changes of items during the period	555,657	15,263,021
Balance at end of current period	257,649,607	272,912,629
Total net assets		
Balance at beginning of current period	257,093,950	257,649,607
Changes of items during the period		
Issuance of units		13,890,444
Provision of reserve for reduction entry	—	—
Dividends from surplus	(7,337,320)	(7,234,787)
Net income	7,892,977	8,607,364
Total changes of items during the period	555,657	15,263,021
Balance at end of current period	257,649,607	272,912,629

(4) Statements of Cash Distributions

	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)
I. Unappropriated retained earnings	7,901,374,244 yen	8,614,933,824 yen
II. Distribution amount (Distribution amount per unit)	7,234,787,500 yen (7,550 yen)	7,777,988,400 yen (7,800 yen)
III. Voluntary reserve Provision of reserve for reduction entry	659,017,396 yen	830,016,338 yen
IV. Retained earnings carried forward	7,569,348 yen	6,929,086 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,234,787,500 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (958,250 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.	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.

(5) Statements of Cash Flows

	(Thousands of yen)	
	40th Fiscal Period (Jul. 1, 2021 – Dec. 31, 2021)	41st Fiscal Period (Jan. 1, 2022 – Jun. 30, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	7,893,582	8,607,969
Depreciation and amortization	2,128,201	2,046,347
Amortization of investment corporation bond issuance costs	15,166	14,672
Amortization of investment unit issuance expenses	7,084	14,727
Interest income	(208)	(192)
Interest expenses	701,608	710,339
Decrease (increase) in operating accounts receivable	(43,613)	(177,953)
Decrease (increase) in consumption taxes receivable	(346,039)	346,039
Decrease (increase) in prepaid expenses	(2,974)	5,076
Increase (decrease) in operating accounts payable	115,463	(17,856)
Increase (decrease) in accounts payable-other	14,414	(67,972)
Increase (decrease) in accrued consumption taxes	(305,133)	368,920
Increase (decrease) in advances received	(109,635)	(73,131)
Decrease in property, plant and equipment in trust due to sale	9,434,509	3,727,070
Decrease in intangible assets in trust due to sale	303	–
Other, net	(7,993)	(470,497)
Subtotal	19,494,737	15,033,561
Interest income received	208	192
Interest expenses paid	(700,416)	(716,082)
Income taxes (paid) refund	(605)	(602)
Net cash provided by (used in) operating activities	18,793,924	14,317,068
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(752,677)	(11,976,312)
Purchase of property, plant and equipment in trust	(29,160,741)	(1,125,644)
Purchase of investment securities	(88,860)	–
Payments of lease and guarantee deposits	(50,954)	(43,836)
Repayments of tenant leasehold and security deposits	(279,722)	(538,677)
Proceeds from tenant leasehold and security deposits	405,874	877,788
Repayments of tenant leasehold and security deposits in trust	(781,974)	(678,824)
Proceeds from tenant leasehold and security deposits in trust	833,127	566,303
Other, net	(710)	–
Net cash provided by (used in) investing activities	(29,876,637)	(12,919,203)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	14,400,000	–
Repayment of short-term loans payable	(4,400,000)	(12,000,000)
Proceeds from long-term loans payable	8,000,000	18,500,000
Repayment of long-term loans payable	(10,000,000)	(10,500,000)
Proceeds from issuance of investment corporation bonds	2,364,727	–
Proceeds from issuance of investment units	–	13,845,913
Dividends paid	(7,337,192)	(7,233,977)
Net cash provided by (used in) financing activities	3,027,534	2,611,935
Net increase (decrease) in cash and cash equivalents	(8,055,178)	4,009,800
Cash and cash equivalents at beginning of current period	43,602,602	35,547,423
Cash and cash equivalents at end of current period	35,547,423	39,557,224

(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, Plant and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment 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 6,431 thousand yen for the fiscal period ended December 31, 2021. Taxes on property and equipment capitalized amounted to 56,401 thousand yen for the fiscal period ended June 30, 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. 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 40th Fiscal Period (as of December 31, 2021)	End of 41st Fiscal Period (as of June 30, 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

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

(Thousands of yen)

End of 40th Fiscal Period (as of December 31, 2021)	End of 41st Fiscal Period (as of June 30, 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)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	11,911,724	12,546,684
Land rents	1,802,000	1,802,000
Common charges	1,384,623	1,352,858
Parking fees	264,921	278,951
Advertising fees	36,937	36,602
Antenna usage fees	29,020	28,943
Other	45,950	46,012
Subtotal	15,475,177	16,092,051
Other rental revenues		
Incidental rent income	787,919	798,305
Time-based parking fees	8,725	14,092
Cancellation charges	10,473	11,173
Income equivalent to expenses for restoration to original condition	56,320	42,263
Other miscellaneous income	44,043	61,777
Subtotal	907,481	927,611
Total rent revenue-real estate	16,382,659	17,019,663
B. Expenses Related to Rent Business		
Outsourcing expenses	628,945	699,677
Utilities expenses	849,905	952,258
Property and other taxes	2,422,872	2,523,554
Casualty insurance	27,256	29,368
Repairs and maintenance	532,237	469,805
Property management fees	289,978	307,961
Management association accounts	612,129	630,331
Depreciation	2,127,848	2,045,976
Other	240,253	287,982
Total expenses related to rent business	7,731,428	7,946,916
C. Profits for Rent Business		
(A-B)	8,651,231	9,072,747

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

(Thousands of yen)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Part of land of Shibadaimon Center Bldg.		
Proceeds from sale of real estate	110,000	—
Cost of sale of real estate	8,838	—
Other expenses related to sale	3,835	—
Gain on sale of real estate	97,325	—
JPR Umeda Loft Bldg. (40.0% co-ownership interest)		
Proceeds from sale of real estate	7,000,000	—
Cost of sale of real estate	4,980,376	—
Other expenses related to sale	245,992	—
Gain on sale of real estate	1,773,631	—
Tokyo Tatemono Honmachi Bldg.		
Proceeds from sale of real estate	3,600,000	—
Cost of sale of real estate	4,445,597	—
Other expenses related to sale	10,600	—
Loss on sale of real estate	856,197	—
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

(Notes to Statements of Changes in Unitholders' Equity)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 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	958,250 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)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Cash and deposits	22,803,957	26,708,733
Cash and deposits in trust	12,743,466	12,848,490
Cash and cash equivalents	35,547,423	39,557,224

(Leases)

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

(Thousands of yen)

	40th Fiscal Period (as of December 31, 2021)	41st Fiscal Period (as of June 30, 2022)
Due within one year	6,035,459	6,118,824
Due after one year	11,094,928	14,579,171
Total	17,130,388	20,697,995

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

The following are the book values and fair values as of December 31, 2021 of financial instruments, and the difference between these amounts. Furthermore, notes on “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are omitted as these are settled with cash and within a short period of time and thus the book value.

approximates the fair value. Notes on “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) Current portion of long-term loans payable	(18,500,000)	(18,528,074)	28,074
(3) Investment corporation bonds	(37,900,000)	(38,761,615)	861,615
(4) Long-term loans payable	(138,500,000)	(139,821,667)	1,321,667

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

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

(Thousands of yen)

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

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

(Securities)

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

Not applicable

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

Not applicable

(Derivative Transactions)

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

Not applicable as JPR entered into no derivative transactions

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

Not applicable as JPR entered into no derivative transactions

(Retirement Benefits)

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

Not applicable as JPR does not have any retirement benefit plans

41st fiscal period (as of June 30, 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

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(28.83%)	(28.43%)
Other	(2.62%)	(3.02%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

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

Not applicable as JPR does not have any affiliated companies

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

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

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

Not applicable

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

Not applicable

2. Affiliated Companies

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

Not applicable

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

Not applicable

3. Sister Companies

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

Not applicable

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

Not applicable

4. Directors and Major Individual Unitholders

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

Not applicable

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

Not applicable

(Asset Retirement Obligations)

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

Not applicable

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

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

1. Information about Products and Services

Disclosure is omitted as sales to external customers for the single product and service unit 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.

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.

(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)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Book Value on the Balance Sheets		
Balance at Beginning of Period	439,222,516	458,014,900
Amount of Increase (Decrease) during the Period	18,792,383	7,114,101
Balance at End of Current Period	458,014,900	465,129,001
Fair Value at End of Period	574,963,000	593,184,000

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

(Note 2) For the 40th fiscal period, the amount of increase is primarily attributable to the acquisition of part of land of Shibadaimon Center Bldg. (3,460 thousand yen), the acquisition of additional ownership of Rise Arena Bldg. (7,345,010 thousand yen), the acquisition of GRAND FRONT OSAKA (Umekita Plaza and South Building) (11,864,400 thousand yen) and the acquisition of GRAND FRONT OSAKA (North Building) (9,554,879 thousand yen), and the amount of decrease is primarily attributable to the sale of part of land of Shibadaimon Center Bldg. (8,838 thousand yen), the sale of Tokyo Tatemono Honmachi Bldg. (4,445,597 thousand yen), the sale of JPR Umeda Loft Bldg. (40.0% co-ownership interest) (4,980,376 thousand yen) and depreciation (2,127,848 thousand yen). 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).

(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 40th and 41st fiscal periods for investment and rental properties is as presented in the “Notes to Statements of Income and Retained Earnings.”

(Revenue Recognition)

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

Breakdown information on revenue from contracts with customers

(Thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers (Note 2)
Sale of real estate	10,710,000	1,870,956
Utilities income (Note 3)	787,919	787,919
Others	—	15,594,740
Total	11,497,919	18,253,616

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

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

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

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.

(Per Unit Information)

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Total net assets per unit	268,875 yen	273,684 yen
Net income per unit	8,236 yen	8,664 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:

	40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
Net income (thousands of yen)	7,892,977	8,607,364
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	7,892,977	8,607,364
Average number of units during the fiscal period	958,250 units	993,389 units

(Subsequent Events)

Not applicable

(7) Detailed Schedules

1) Schedule of Securities

a. Stock

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

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

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

b. Other securities

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

(Note) The appraisal value indicates the book value.

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

Not applicable

3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of January 1, 2022 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2022 (thousands of yen)	Accumulated Depreciation		Net Balance as of June 30, 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	66,302,138	2,077,309	—	68,379,448	22,902,238	872,342	45,477,209	
Structures	78,936	9,892	—	88,829	36,612	2,186	52,216	
Machinery and equipment	826,696	7,447	—	834,144	565,442	17,244	268,702	
Tools, furniture and fixtures	186,134	29,381	—	215,516	108,569	10,169	106,946	
Land	129,361,642	10,033,168	—	139,394,811	—	—	139,394,811	Property acquisition
Construction in progress	1,077	1,629	123	2,583	—	—	2,583	
Subtotal	196,756,627	12,158,828	123	208,915,332	23,612,863	901,942	185,302,469	
(Beneficiary interests in trust)								
Buildings in trust	98,874,885	628,496	1,089,590	98,413,791	38,619,956	1,101,656	59,793,834	
Structures in trust	125,139	3,872	1,072	127,940	80,917	2,048	47,022	
Machinery and equipment in trust	1,980,756	38,043	1,050	2,017,750	1,537,147	29,420	480,602	
Tools, furniture and fixtures in trust	279,230	17,286	996	295,521	195,072	10,862	100,448	
Land in trust	210,654,006	—	3,094,417	207,559,589	—	—	207,559,589	
Construction in progress in trust	1,865	41,065	320	42,610	—	—	42,610	
Subtotal	311,915,884	728,764	4,187,446	308,457,202	40,433,094	1,143,987	268,024,107	
Total	508,672,512	12,887,592	4,187,570	517,372,534	64,045,957	2,045,930	453,326,577	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	5,384	1,081	—	6,465	3,494	417	2,970	
Total	11,807,215	1,081	—	11,808,296	3,494	417	11,804,801	

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

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

4) Schedule of Other Specified Assets

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

(Note) The appraisal value indicates the book value.

5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of January 1, 2022 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 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	5,000,000	3,000,000	—	8,500,000

6) Schedule of Loans Payable

Lender	Balance as of January 1, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2022 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-Term Loans Payable								
Mizuho Bank, Ltd. (Note 5)	600,000	—	600,000	—	0.167%	Jul. 5, 2022	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank, Ltd. (Note 6)	7,400,000	—	7,400,000	—	0.166%	Jul. 5, 2022		
Resona Bank, Ltd. (Note 7)	1,000,000	—	1,000,000	—	0.167%	Jul. 5, 2022		
Resona Bank, Ltd. (Note 8)	3,000,000	—	3,000,000	—	0.167%	Jul. 5, 2022		
Total	12,000,000	—	12,000,000	—				

Lender	Balance as of January 1, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2022 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank, Ltd.	5,000,000	—	—	5,000,000	1.178%	Jun. 27, 2023	(Note 4)	Unsecured/ Unguaranteed
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank, Ltd.	5,000,000	—	—	5,000,000	0.804%	Feb. 4, 2026		
Mizuho Bank, Ltd.	4,000,000	—	4,000,000	—	0.400%	Mar. 30, 2022		
Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.646%	Dec. 5, 2029		
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	0.675%	Mar. 31, 2031		
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	2,500,000	—	2,500,000	—	1.033%	Jun. 27, 2022		
Sumitomo Mitsui Banking Corporation	4,000,000	—	4,000,000	—	0.400%	Mar. 30, 2022		
Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.245%	Dec. 5, 2023		
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.300%	Jun. 26, 2025		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.450%	Mar. 30, 2028		
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		
Shinsei Bank, Ltd.	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
Shinsei Bank, Ltd.	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
Shinsei Bank, Ltd.	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		

Lender	Balance as of January 1, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2022 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028	(Note 4)	Unsecured/ Unguaranteed
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	0.534%	Aug. 23, 2024		
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank, Ltd.	2,000,000	—	—	2,000,000	0.553%	Feb. 25, 2025		
Aozora Bank, Ltd.	500,000	—	—	500,000	0.525%	Sep. 25, 2028		
Aozora Bank, Ltd.	—	1,000,000	—	1,000,000	0.525%	Apr. 5, 2030		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.554%	Sep. 21, 2029		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025		
Meiji Yasuda Life Insurance Company	3,200,000	—	—	3,200,000	0.813%	Jun. 21, 2028		
Sumitomo Life Insurance Company	2,000,000	—	—	2,000,000	0.453%	Oct. 11, 2024		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.583%	Jul. 20, 2029		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Shinkumi Federation Bank	4,000,000	—	—	4,000,000	0.404%	Aug. 5, 2022		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	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 Kiyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Kiyo 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		
NTT TC Leasing Co., Ltd. (Note 9)	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		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.316%	Dec. 25, 2023		
The Chiba Bank, Ltd.	1,000,000	—	—	1,000,000	0.449%	Oct. 25, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.299%	Jun. 27, 2023		
The Hyakugo Bank, Ltd.	1,000,000	—	—	1,000,000	0.582%	Apr. 25, 2025		
The Hiroshima Bank, Ltd.	1,000,000	—	—	1,000,000	0.396%	Nov. 21, 2022		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.310%	Oct. 2, 2026		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		

Lender	Balance as of January 1, 2022 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2022 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Bank of Kyoto, Ltd.	—	500,000	—	500,000	0.600%	Mar. 30, 2032	(Note 4)	Unsecured/ Unguaranteed
Total	157,000,000	18,500,000	10,500,000	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	16,000,000	20,000,000	21,000,000	20,900,000	13,000,000

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

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

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

(Note 5) Of the 2,000 million yen in short-term loans payable that was borrowed on July 5, 2021 from Mizuho Bank, Ltd., JPR made early repayment of 1,400 million yen on December 7, 2021 and 600 million yen on March 30, 2022.

(Note 6) Of the 7,400 million yen in short-term loans payable that was borrowed on December 24, 2021 from Mizuho Bank, Ltd., JPR made early repayments of 3,000 million yen on January 21, 2022, 1,000 million yen on February 22, 2022 and 3,400 million yen on March 30, 2022.

(Note 7) Of the 2,000 million yen in short-term loans payable that was borrowed on October 28, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on December 7, 2021 and 1,000 million yen March 30, 2022.

(Note 8) Of the 3,000 million yen in short-term loans payable that was borrowed on December 24, 2021 from Resona Bank, Ltd., JPR made early repayment of 1,000 million yen on March 30, 2022 and 2,000 million yen April 5, 2022.

(Note 9) The lender was changed from NTT FINANCE CORPORATION to NTT TC Leasing Co., Ltd. as the former transferred its loan claims to the latter on June 30, 2022.

(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 June 30, 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 June 30, 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

September 21, 2022

小島 亘司

Koji Ojima
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)**

40th Fiscal Period (July 1, 2021 – December 31, 2021)	41st Fiscal Period (January 1, 2022 – June 30, 2022)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

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

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

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

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.