



26th

Report on Operating and Management Results

Twenty-Sixth Fiscal Period
Semi-Annual Report

July 1, 2014 – December 31, 2014



Japan Prime Realty Investment Corporation



Japan Prime Realty Investment Corporation

Japan Prime Realty Investment Corporation (JPR) is a J-REIT having one of the largest asset holdings in Japan with a combined portfolio that is focused on office properties in Tokyo* and complemented by urban retail properties.

Since its listing in 2002, JPR has steadily expanded its asset size while maintaining stable cash distributions. Going forward, JPR will endeavor to further improve the quality of its portfolio and manage its assets so that steady growth and enhancement of unitholder value is secured as it moves ahead.

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

Features of JPR

1. Proven track record in achieving steady growth and stable management since listing
2. High-quality portfolio of assets centering on office properties in Tokyo
3. Stable financial operations
4. Strong support from five sponsor companies including Tokyo Tatemono Co., Ltd.

Cash Distribution per Unit

Determined cash distribution (for the 26th fiscal period)

¥6,351

(Distribution starting on March 10, 2015)

Assets Held

¥405.5 billion

(End of 26th fiscal period)

Properties Owned

62 properties

(End of 26th fiscal period)

Occupancy Rate at End of Period

97.0%

(End of 26th fiscal period)



Oval Court Ohsaki Mark West

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Message to Our Unitholders



(From left to right) Masato Denawa, Hirohito Kaneko and Sosuke Yasuda

Japan Prime Realty
Investment Corporation

Hirohito Kaneko
Executive Officer

Sosuke Yasuda
Supervising Officer

Masato Denawa
Supervising Officer

Dear Investors,

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

Having settled the 26th fiscal period (July 1, 2014 – December 31, 2014) at the end of December 31, 2014, we renew our heartfelt appreciation for your advocacy and encouragement.

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

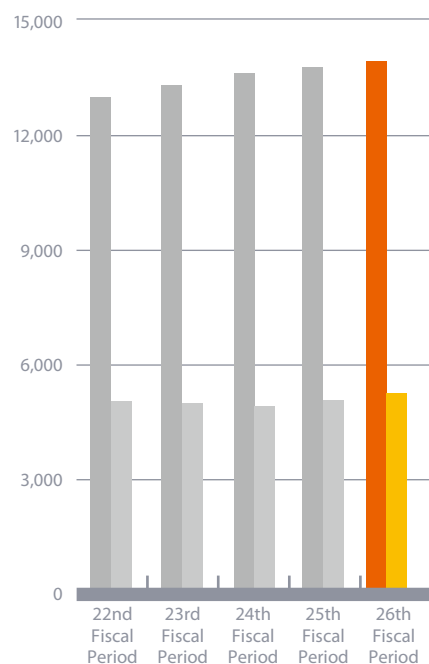
We ask for your continued understanding and support of our operations.

1. Operating Performance Topics

(All amounts in millions of yen unless otherwise stated)

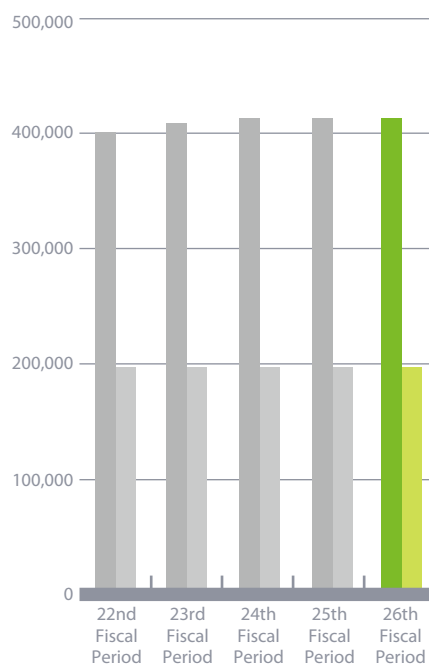
	22nd Fiscal Period ended December 2012	23rd Fiscal Period ended June 2013	24th Fiscal Period ended December 2013	25th Fiscal Period ended June 2014	26th Fiscal Period ended December 2014
Operating revenues	12,963	13,278	13,591	13,734	13,902
Ordinary income	5,026	4,975	4,899	5,073	5,239
Net income	5,025	4,974	4,954	5,072	5,238
Total cash distributions	5,026	4,975	4,954	5,073	5,239
Total assets	401,984	409,715	413,974	414,104	414,091
Total unitholders' equity	197,168	197,116	197,095	197,213	197,378
Equity ratio (%)	49.0	48.1	47.6	47.6	47.7
Unitholders' equity per unit (yen)	238,992	238,929	238,903	239,046	239,246
Cash distribution per unit (yen)	6,093	6,031	6,006	6,150	6,351

Operating Revenues and Net Income



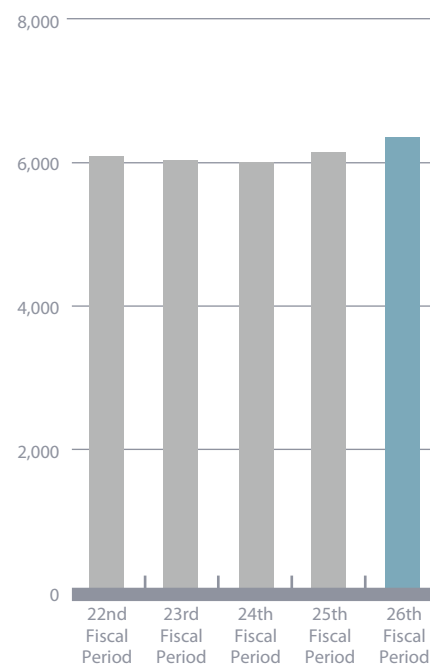
■ Operating Revenues (million yen)
■ Net Income (million yen)

Total Assets and Total Unitholders' Equity



■ Total Assets (million yen)
■ Total Unitholders' Equity (million yen)

Cash Distribution per Unit



■ Cash Distribution (yen)

2. Message from Asset Manager



Satoshi Okubo

President and Chief Executive Officer (CEO)
Tokyo Realty Investment Management, Inc.
(the Asset Manager of JPR)

Career Highlights

- 2010: Took office as President and CEO of Tokyo Realty Investment Management, Inc.
- 2005: Appointed Director and Head of Kansai Branch Office, Tokyo Tatemono
- 1998: Appointed General Manager of Residential Management Department, Tokyo Tatemono
- 1977: Joined Tokyo Tatemono Co., Ltd.

Revenues and profits have increased period-on-period for two consecutive fiscal periods, and distribution per unit for the 26th fiscal period has significantly surpassed the previous period's results.

With the office property leasing market expected to show a full-on recovery, we will aim to achieve further growth of JPR.

I would like to extend my heartfelt gratitude to you, our unitholders, for the support you have extended to Japan Prime Realty Investment Corporation (JPR).

In the 26th fiscal period that ended December 2014, an increase in rent revenues from existing properties and a reduction in financing costs, among other factors, enabled the distribution per unit of JPR to reach 6,351 yen, surpassing the results achieved for the previous fiscal period.

Let me give you an overview of the management results for the 25th fiscal period and the future outlook of JPR.

Q1: Could you tell us about cash distributions for the 26th fiscal period ended December 2014?

A1: Distribution per unit has reached 6,351 yen, up 3.3% compared with the previous fiscal period.

Distribution per unit has increased primarily due to a rise in rent revenue from existing properties. With the office property leasing market heading for recovery, our endeavors to raise new contract unit rents and initiatives on contract renewals with upward revisions of rents, etc. have borne fruit.

Q2: What are the reasons behind the increase in rent revenue?

A2: Performance of the portfolio has improved both in terms of occupancy and rents.

The office property leasing market has seen the supply and demand balance increasingly improve primarily in the Tokyo area.

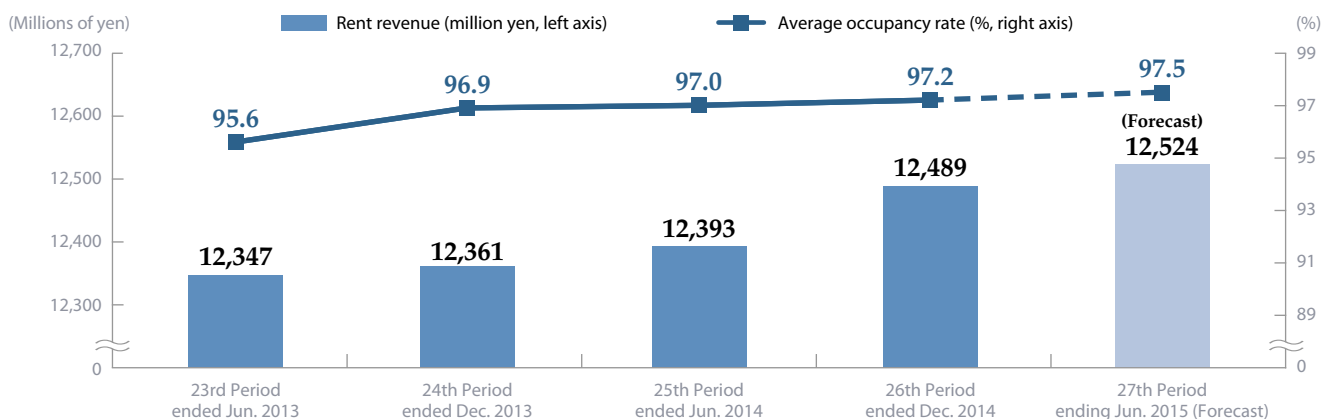
Leasing (invitation of tenants) for JPR's properties has also made good progress. This has been seen not only at office properties in Tokyo but also office properties in regional cities as well as strongly at urban retail properties, raising the average occupancy rate of the entire portfolio to 97.2%.

Moreover, the average unit rent of the entire portfolio has increased for two consecutive fiscal periods thanks to a rise in new contract rents and an increase in the number of contract renewals with upward revision of rents. Indicating that our endeavors to improve tenant satisfaction have been effective.

The performance of the portfolio has improved both in terms of occupancy and rents, resulting in an increase in rent revenue.

Furthermore, as revenue continues to stay on an upward trend after entering the 27th fiscal period ending June 2015, we expect rent revenue to increase even further.

Changes in Rent Revenue and Average Occupancy Rate



(Note 1) Rent revenue represents revenue from existing properties as of the 23rd fiscal period ended June 2013.

(Note 2) The rent revenue and average occupancy rate for the 27th fiscal period have been calculated based on confirmed contracts.

Q3: What do you perceive to be the strengths of your operations in maintaining competitiveness?

A3: We have established a team of technical experts that is rare in the REIT industry.

In order to strategically manage a large-scale portfolio of properties, we need to conduct not only repairs and maintenance but also value enhancement work to essentially improve the functions of the buildings.

Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, has a well-established “asset engineering group,” an internal organization comprised of experienced technical experts, which strategically conduct the following operations.

- (1) Value enhancement work (to improve functions and invite tenants)
- (2) Promotion of energy efficiency and other environmental friendliness initiatives
- (3) Responses to business continuity plans (BCPs) (to cope with disasters, accidents and other contingencies)
- (4) Cost control for repair and maintenance work and other operations

Q4: Can you explain your policy regarding property acquisitions going forward?

A4: We will continue to firmly maintain the stance of vigorously selective investments amid the for-sale real estate market becoming overheated.

The for-sale real estate market is becoming increasingly overheated due to monetary easing and other factors, driving up property prices. We forecast that such an environment will continue for some time ahead, and intend to firmly maintain the stance of vigorously selective investments with a focus on negotiated transactions.

JPR has diverse acquisition channels, including the sponsor support, proprietary information channels and utilization of preferential negotiation rights. In the 26th fiscal period, JPR made the additional acquisition of Shibadaimon Center Building without being involved in excessive competition as a result of our utilizing the preferential negotiation rights for the property.



Q5: Can you tell us about the refinancing conducted in the 26th fiscal period?

A5: We worked on further stabilizing the financial base.

The fund procurement environment has remained favorable, with interest rates staying at historically low levels. Given such an environment, we endeavored to further reduce financing costs as well as lengthen the maturity of debts and increase the ratio of fixed interest rate debts.

Comparison Before and After Refinancing in the 26th Fiscal Period

	Amount of borrowings and bond issuance	Average maturity	Average interest rate
Before refinancing	13.0 billion yen	7.2 years	1.80%
After refinancing	13.0 billion yen	8.7 years	0.87%

+ 1.6 years - 0.93%

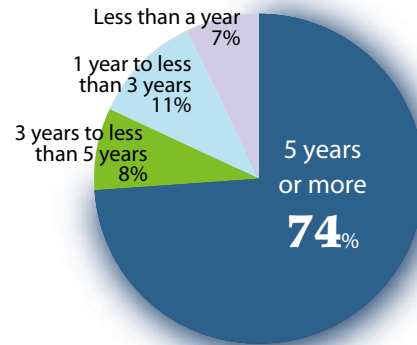
Q6: How long do unitholders generally hold JPR’s investment units?

A6: Over 70% of the unitholders hold investment units for 5 years or longer.

We believe a relatively large number of unitholders hold investment units over a long term, with the ratio of those holding 5 years or longer being over 70%.

The number of individual unitholders who take advantage of NISA, Japan’s new tax exemption program for small investments, has increased since last year. Moreover, the Government Pension Investment Fund (GPIF), one of the largest pension funds in the world, has added J-REITs to its investment portfolio. As these suggest, we think the base of investors who take the stance of long-term holding will further increase going forward.

Ratio of Holding Periods by JPR’s Unitholders (End of the 26th Period)



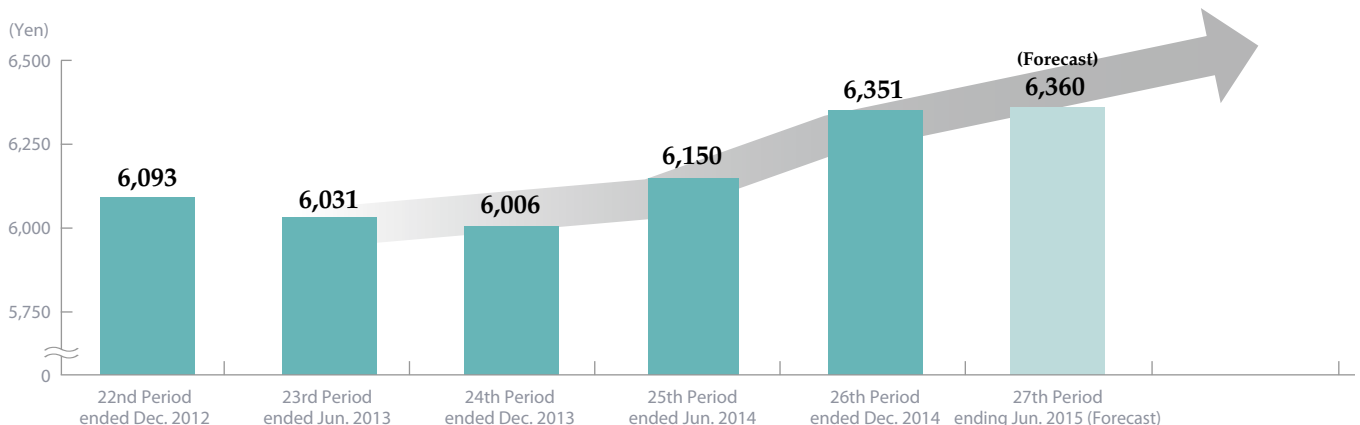
Q7: What is your management target going forward?

A7: We aim to achieve steady growth of distribution per unit, setting 6,500 yen as the next target.

JPR has achieved “distribution per unit of 6,000 yen,” the normal operation target, for six consecutive fiscal periods. With the office property leasing market on track to recovery, rent revenue from the existing portfolio has increased quickly. As such, we understand that JPR has entered a new phase.

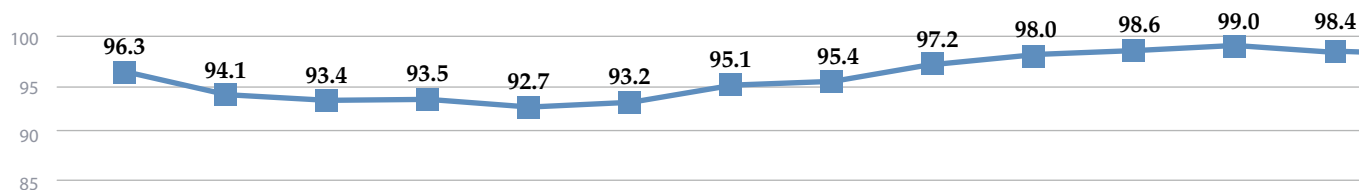
We have set a benchmark of “distribution per unit of 6,500 yen” as the next target, and will continue working to achieve steady growth of cash distributions.

Changes in Distribution per Unit

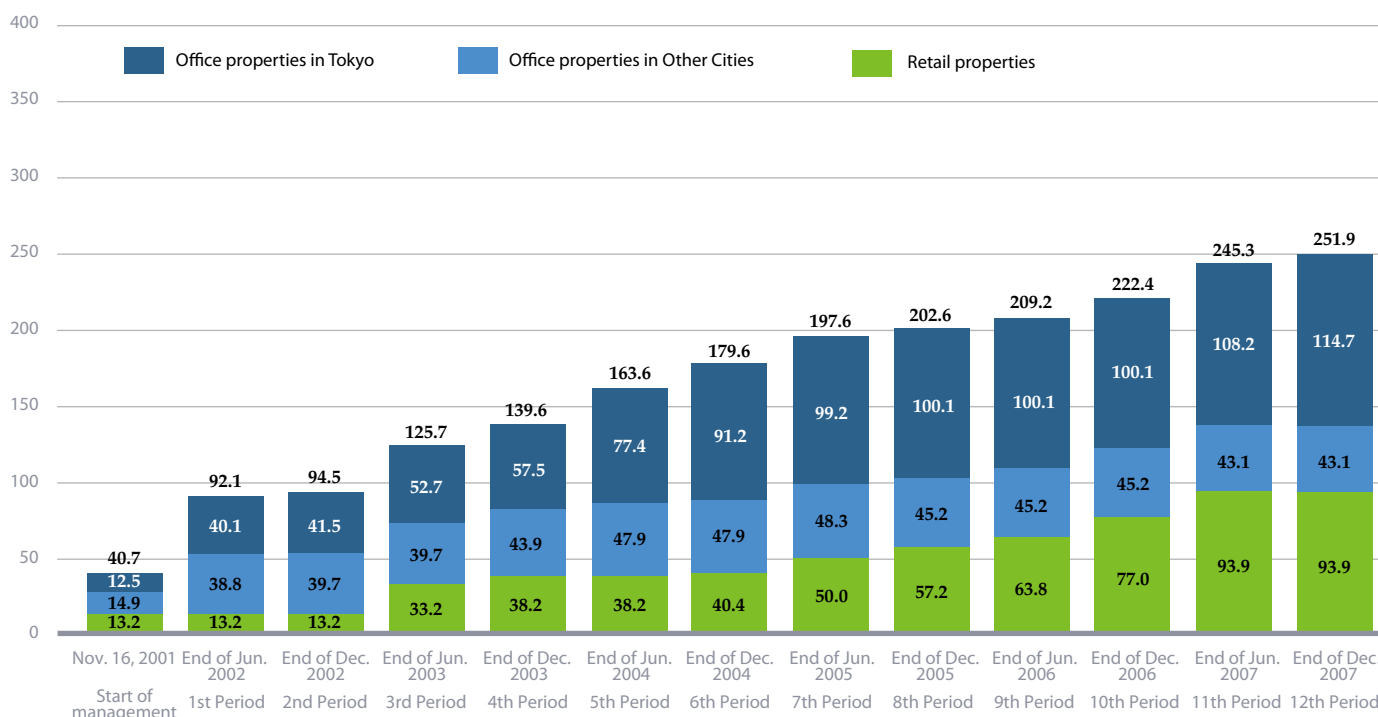


1. Portfolio Growth

Occupancy Rate at End of Period (%)

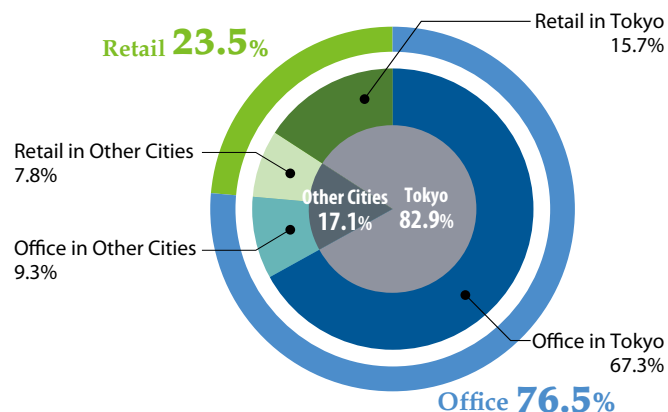


Asset Size, etc. and Results of Distributions per Unit (billions of yen)



Number of properties	13	25	27	30	32	38	42	42	42	44	46	48	49
Total number of tenants	133	281	311	324	357	437	496	459	441	462	479	491	517
Leasable floor space (m ²)	94,935	162,739	168,987	201,808	218,734	256,329	273,330	281,408	308,205	315,156	337,382	361,574	373,609
Distribution per unit (yen)	-	2,545	6,912	6,873	5,738	6,081	6,671	6,370	6,411	6,509	6,873	6,996	6,671

Property Diversification



Portfolio Management Standards

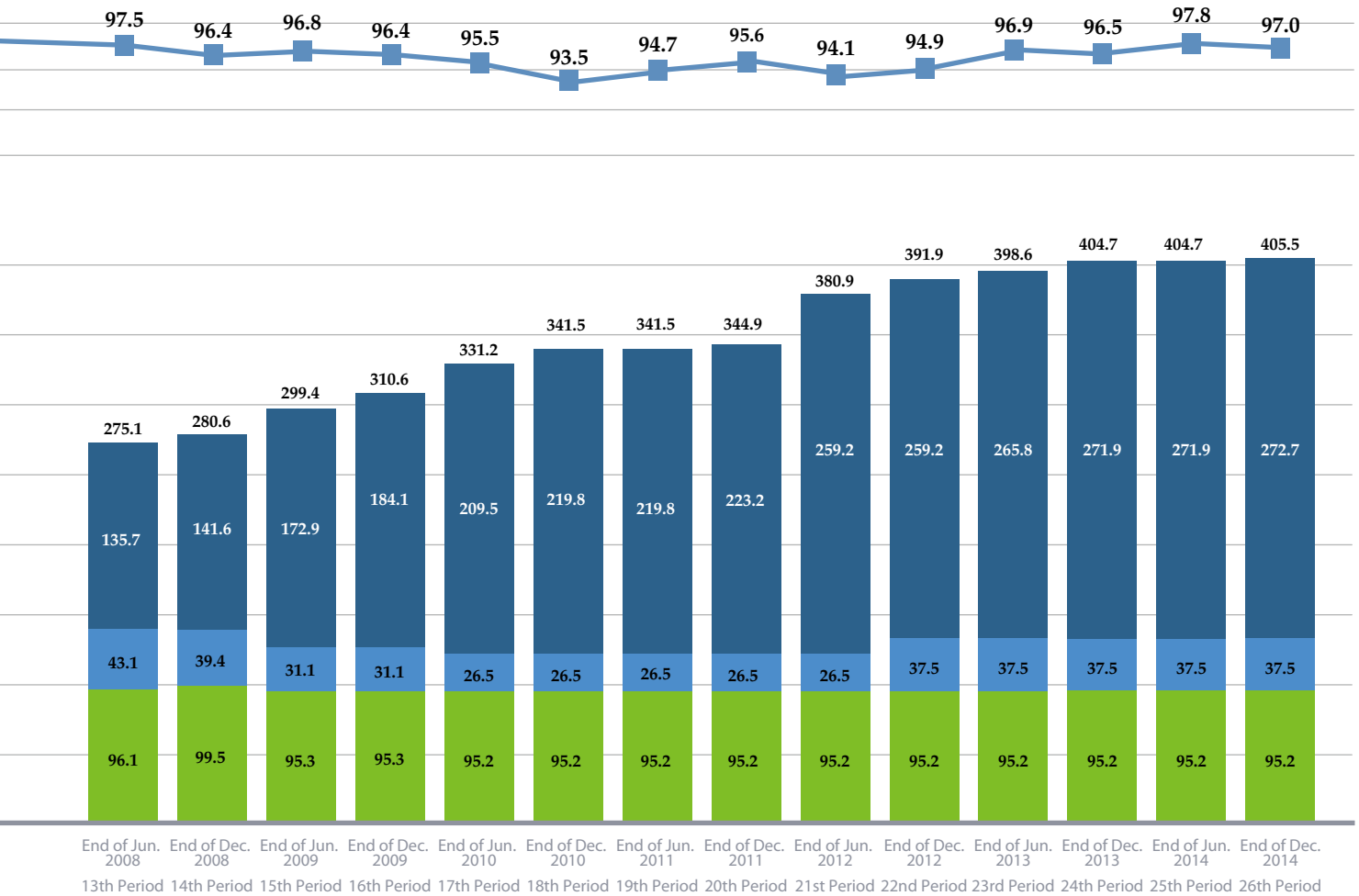
Target investment ratio by area

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

Target investment ratio by asset class

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

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



End of Jun. 2008, End of Dec. 2008, End of Jun. 2009, End of Dec. 2009, End of Jun. 2010, End of Dec. 2010, End of Jun. 2011, End of Dec. 2011, End of Jun. 2012, End of Dec. 2012, End of Jun. 2013, End of Dec. 2013, End of Jun. 2014, End of Dec. 2014
 13th Period, 14th Period, 15th Period, 16th Period, 17th Period, 18th Period, 19th Period, 20th Period, 21st Period, 22nd Period, 23rd Period, 24th Period, 25th Period, 26th Period

50	52	51	53	55	56	56	57	58	59	60	62	62	62
537	499	476	476	460	479	493	501	502	534	564	610	628	632
383,491	383,215	393,532	400,751	410,326	420,544	421,371	423,311	434,340	450,943	460,452	467,207	467,175	468,232
7,122	7,092	3,731	6,933	6,770	5,680	5,611	5,876	6,430	6,093	6,031	6,006	6,150	6,351

(Note 1) The asset size represents the aggregate acquisition price of the respective properties in JPR's portfolio as of the relevant date, rounded off to the nearest 100 million yen.
 (Note 2) The number of tenants at end of period is counted as follows: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.
 (Note 3) For Shinjuku Square Tower, each compartmentalized owner leases respective exclusive space to Tokyo Tatemono Co., Ltd. in a lump sum, and Tokyo Tatemono subleases the space to sublessees. Accordingly, the leasable floor space of the building is calculated by multiplying the total contracted space of offices, shops and warehouses that are leased by Tokyo Tatemono and can be sublet, by JPR's rent distribution rate (39.70457% through June 30, 2008 and 40.31465% since the 14th fiscal period in accordance with the additional acquisition in September 2008), while the leased floor space for calculating the occupancy rate is calculated by multiplying the floor space sublet to sublessees by the rent distribution rate. Both figures are rounded to the second decimal place.
 In addition, the number of the sublessees is deemed to be the number of tenants for the building.
 (Note 4) The tenants of Shinjuku Center Bldg., the residential section of Science Plaza – Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessee. Accordingly, the total leasable floor space and the occupancy rate of these buildings indicate those for the sublessees of the tenants, and the number of the sublessees is deemed as the number of their tenants.
 (Note 5) When the contracted floor space and the floor space for calculating rents differ, the latter was treated as the leased floor space through the 10th fiscal period. Since the 11th fiscal period, however, the contracted floor space has been used as the leased floor space.
 (Note 6) The occupancy rate at end of period has been rounded to the first decimal place.
 (Note 7) The total leasable floor space has been rounded off to the nearest integer.

2. Investment Strategy

JPR is resolved to continuously work on investment focused on office properties in Tokyo in order to enhance its growth potential over the long term, while conducting vigorously selective investment in retail properties as well as office properties in regional cities that are expected to generate relatively high yields.

Focused investment in office properties in Tokyo

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

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

Vigorously selective investment in retail properties as well as office properties in regional cities

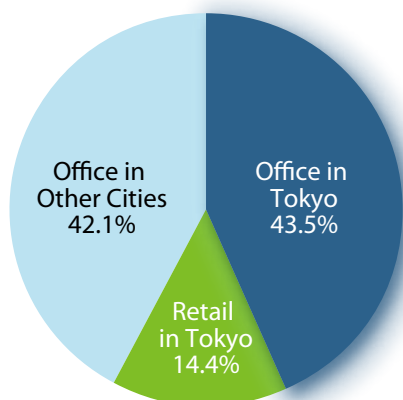
For retail properties as well as office properties in regional cities, which allow JPR to expect higher yields, work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level

Retail properties as well as office properties in regional cities tend to have relatively higher yields than office properties in Tokyo, although there are some properties that are somewhat less stable in terms of earnings subject to the market situation. While securing growth potential by making focused investment in office properties in Tokyo, JPR will make vigorously selective investment in urban retail properties with long-term, fixed-rent contracts and in large office properties in regional cities having a high competitive advantage in the areas, in order to complement the stability of earnings from the entire portfolio.

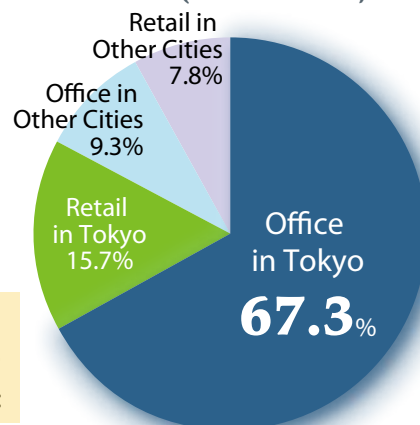
Changes in Investment Ratios by Asset Class and Area

Over the last five years, JPR made investments in 11 office properties in Tokyo totaling 88.6 billion yen (acquisition price), enhancing the quality of its portfolio.

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



End of 26th Fiscal Period (December 31, 2014)



Increase in investment ratio of office properties in Tokyo through focused investment:

+23.8%

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

Portfolio Management Standards of JPR

Target investment ratio by area

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

Target investment ratio by asset class

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

In the for-sale real estate market, transactions of blue-chip properties have been rather limited. Given the situation, JPR will work to invest in blue-chip properties by fully implementing various acquisition strategies based on its high sourcing abilities while utilizing sponsor support.

Utilization of sponsor support from the Fuyo Group companies including Tokyo Tatemono

Supply of blue-chip properties among office properties in Tokyo is still inadequate in the for-sale real estate market, and their acquisition opportunities are rather limited. JPR will take advantage of support from Tokyo Tatemono Co., Ltd. and other sponsors to secure opportunities to invest in blue-chip properties at reasonable price levels without being exposed to excessive competition in the market.



Investment strategies based on diversified property acquisition methods and high sourcing abilities

To acquire properties from third parties other than the sponsors, JPR exercises its high sourcing abilities and takes advantage of various information channels to make access to wide-ranging property information. For properties with co-ownership or compartmentalized ownership, JPR implements various methods to acquire properties, including acquisition of additional equity by utilizing preferential negotiation rights.

Cases in which JPR Acquired Properties by Utilizing Sponsor Support

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

<Sponsors>

The Otemachi Tower
(Land with Leasehold Interest)

The Otemachi Tower (Land with Leasehold Interest) was acquired from an SPC in which Tokyo Tatemono and Taisei Corporation had equity interests.

Yakuin Business Garden

Yakuin Business Garden was acquired from an SPC in which Tokyo Tatemono has equity interests.

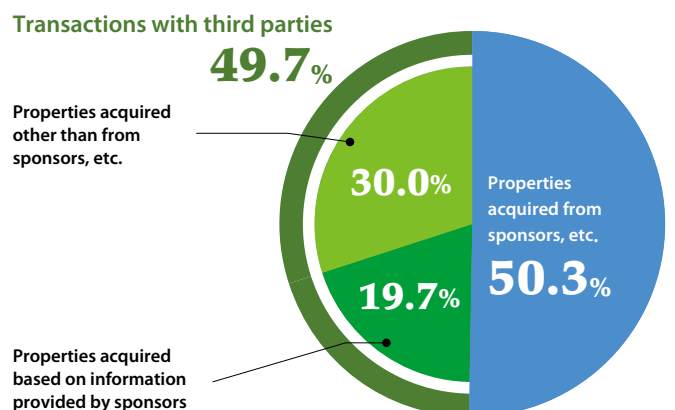
Japan Prime Realty Investment Corporation
(securities code: 8955)

Property Acquisition Results by Channel

At JPR, the ratio of properties acquired from its sponsors, etc.^(Notes) and that of properties acquired from third parties (total of properties acquired based on the information provided by the sponsors and those acquired other than from the sponsors, etc.) are almost equal, standing at 50.3% for the former and 49.7% for the latter (on an acquisition price basis).

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

(Note) Sponsors, etc. represent the five sponsor companies of JPR, their affiliate companies and special purpose companies (SPCs) in which the sponsors have made equity investment.



3. Operational Strategy

JPR endeavors to implement its leasing strategies focused on maintaining and increasing the occupancy rate, with an aim to keep revenues from the portfolio stable in a continuous manner.

Organizational reinforcement of leasing activities

Tokyo Realty Investment Management, Inc. (TRIM) has established a group that supervises leasing, which implements leasing strategies that are based on property characteristics. Endeavors are being exerted to enhance the leasing framework by not only reinforcing coordination with property management companies but also receiving support on leasing and obtaining market information from major brokerage firms, so that JPR can provide lease terms and conditions that take into account the market conditions, accelerate decision-making and take other measures to strengthen leasing.

Maintenance and improvement of tenant satisfaction

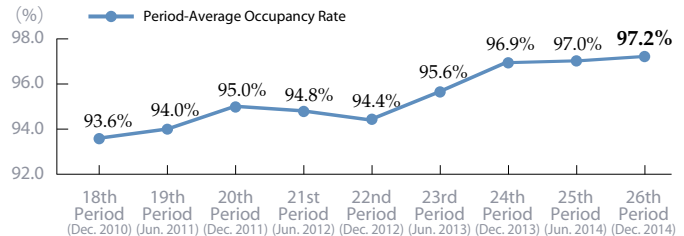
TRIM periodically conducts questionnaire surveys to tenants, and works to improve tenant satisfaction by grasping comments, requests and other feedback from tenants and promptly responding. By doing so, TRIM aims to prevent move-outs of existing tenants and encourage them to expand office spaces in the same buildings or the upward revision of rents, so as to secure stable earnings of JPR over the medium to long term.

Strategic value enhancement works

TRIM has established a group dedicated to construction management, environmental friendliness and other matters, reinforcing its endeavors on the promotion of higher energy efficiency, responses to business continuity plans and environmental awareness and other initiatives that are strongly requested by society. In addition, while working to enhance NOI and tenant satisfaction, TRIM strategically conducts value enhancement work that should strengthen competitive advantages of properties as well as help attract tenants.

Changes in Occupancy Rate

Endeavors to reinforce leasing activities and enhance tenant satisfaction successfully generated results, with the period-average occupancy continuing to rise since the 23rd fiscal period and standing at a high level of 97.2% in the 26th fiscal period.



Examples of Renewal Works

An example of work conducted in the 26th fiscal period includes replacement of the centrally-controlled air conditioning system with the individually-controlled air conditioning system at Shin-Kojimachi Bldg., which improved the ability for individually control air conditioning and helped enhance tenant satisfaction.

Replacement of Air Conditioning System at Shin-Kojimachi Bldg. (From Centrally-Controlled to Individually-Controlled Air Conditioning System)

Removed the cooling tower (left photo) for the centrally-controlled air conditioning, and installed the outdoor unit (right photo) for the individually-controlled air conditioning on the same place

Before



After



4. Financial Strategy

JPR is engaged in conducting financial operations in a stable and sound manner, such as working to lengthen the average maturity of debts while maintaining the ratio of long-term, fixed interest rate debts as well as conservatively controlling the ratio of interest-bearing debts (LTV).

LTV	JPR is engaged in conservative financial operations, setting the ceiling of LTV at 55% as a rule and working to control the ratio at 50% or lower in practice.
46.4%	
Ratio of long-term, fixed interest rate debts	JPR keeps a high ratio of long-term, fixed interest rate debts under the basic policy of procuring funds through long-term, fixed interest rate debts, with an eye on reducing risks of rising interest rates.
98.2%	
Average interest rate	JPR endeavors to reduce financing costs, taking advantage of the favorable fund procurement environment to the utmost.
1.16%	
Average maturity	JPR works to lengthen the average maturity of debts under the basic policy of procuring funds with longer borrowing periods, while remaining attentive to the diversification of repayment and redemption dates.
3.9 years	

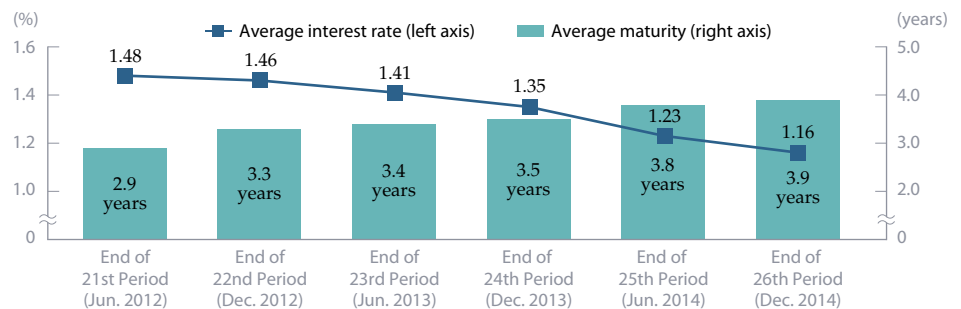
Status of Corporate Credit Ratings Assigned to JPR (End of 26th Fiscal Period)

JPR maintains high, AA-rank credit ratings, with recognition given to its stable and sound financial operations.

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

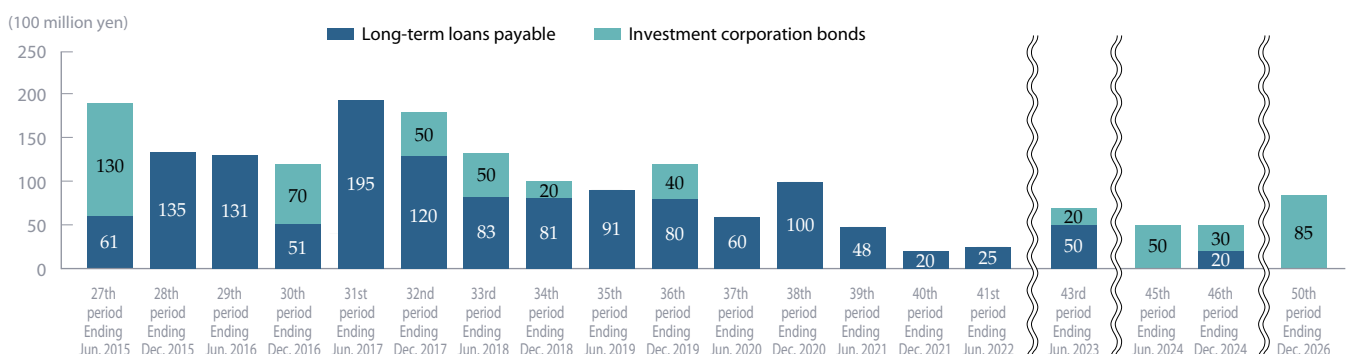
Changes in Average Interest Rate and Average Maturity

JPR endeavors to reduce financing costs and keep financial stability by lowering the average interest rate and lengthening the average maturity.



Diversification of Repayment Dates of Interest-Bearing Debts

JPR works to mitigate refinance risks by establishing a commitment line totaling 28 billion yen while having repayment dates of debts more diversified.



5. Initiatives on Governance

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

Highly Independent Board Composition

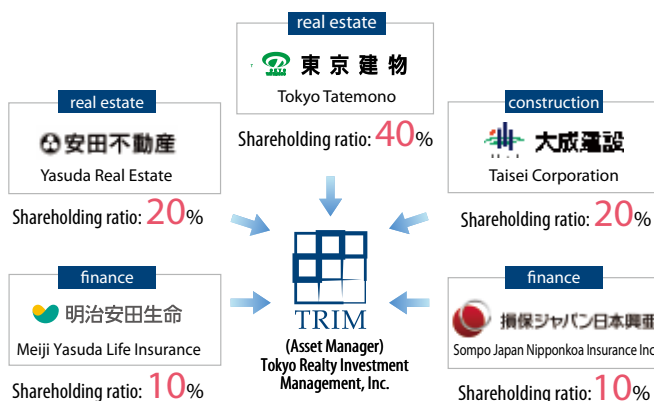
- At JPR, the executive officer as well as the supervising officers have no concurrent assignment as officer of TRIM so as to firmly secure the independence of JPR, the investment corporation.
- The JPR officers comprise attorneys and a certified public accountant with various experiences and high expertise,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

Members of the Board of JPR	
Executive Officer:	Hirohito Kaneko (attorney)
Supervising Officer:	Sosuke Yasuda (certified public accountant)
Supervising Officer:	Masato Denawa (attorney)

Diversified Shareholder Composition and Reinforced Independence

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

Shareholder Composition of TRIM



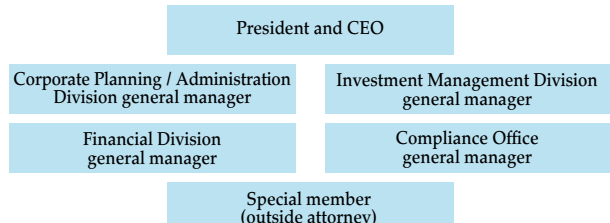
Decision Making Based on Stringent Processes

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

Stringent Decision-Making Process (for property acquisitions)



Members of the Compliance Committee of TRIM



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

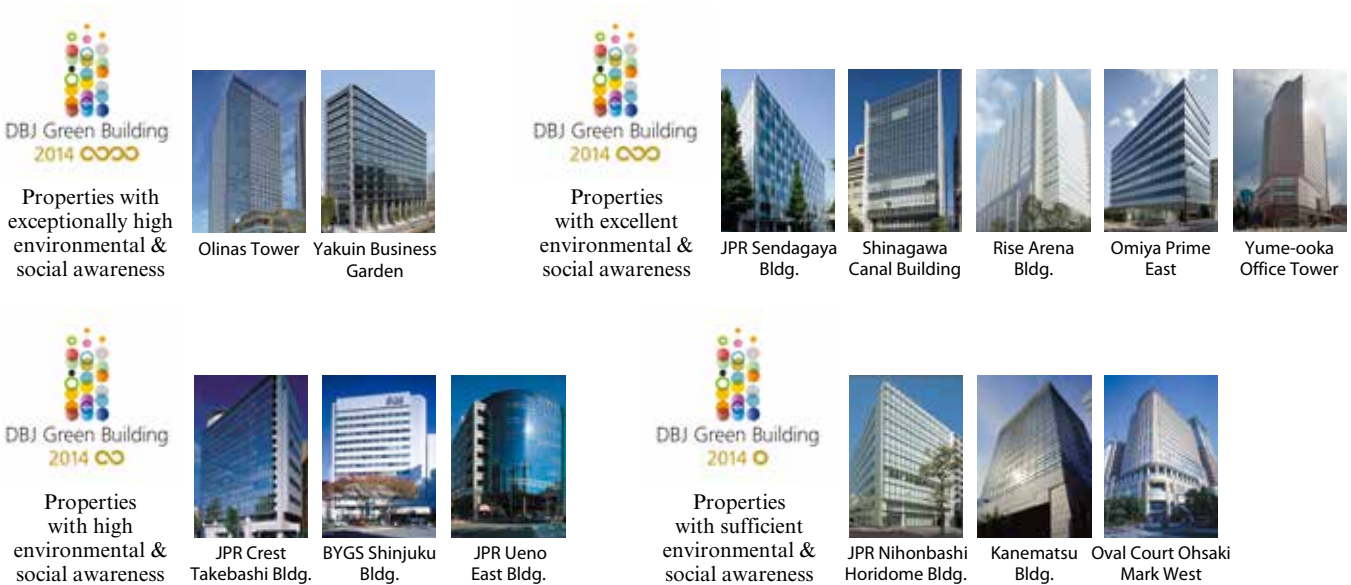
6. Initiatives on Environmental Friendliness

From early on, JPR has implemented various initiatives on environmental friendliness.

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

Acquisition of DBJ Green Building Certification

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



DBJ Green Building Certification

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

Continuous Participation in GRESB Survey

- JPR has participated in the GRESB Survey, which analyzes and evaluates environmental considerations and sustainability, since 2011. In the survey conducted in 2014, JPR was designated as “Green Star,” the highest ranking of the four evaluation categories.
- JPR believes that its endeavors have been recognized as a result of having diligently worked to reduce energy consumption by establishing a consistent system among all business partners involved in building operations, from the Asset Manager to property managers and building maintenance companies, under a clear environmental policy as well as asking for cooperation with tenants.



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

Taking Advantage of Environmental Friendliness Know-How of Sponsors

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

7. Overview of Portfolio Properties

List of Properties (62 Properties for the Entire Portfolio)

Central Tokyo (30 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 27, 2001	¥16,276	4.0	8,011.75	3.9
	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 27, 2001	2,874	0.7	2,291.13	5.8
	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 16, 2001	2,100	0.5	2,804.56	3.7
	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 16, 2001	1,670	0.4	3,317.48	4.4
				Nov. 21, 2002	550	0.1		
				Nov. 12, 2004	200	0.0		
				Total	2,420	0.6		
	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 21, 2002	4,000	1.0	3,265.34	7.8
	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 28, 2003	11,200	2.8	14,468.38	6.8
	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 23, 2003	2,920	0.7	4,243.58	7.3
				Oct. 15, 2003	1,800	0.4		
	A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	Apr. 15, 2005	1,120	0.3	1,937.40	5.2
				Total	2,920	0.7		
	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 28, 2004	5,100	1.3	4,224.32	4.9
	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 1, 2004	3,500	0.9	4,088.44	3.5
	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2, 2004	10,000	2.5	10,982.03	1.3
				Sep. 26, 2008	180	0.0	168.75	
				Total	10,180	2.5	11,150.78	
	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 9, 2004	2,900	0.7	15,216.93	3.1
				Apr. 12, 2005	8,921	2.2		
				Jul. 13, 2010	3,300	0.8		
				Total	15,121	3.7		
	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 26, 2004	710	0.2	1,253.39	4.7
	A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Mar. 27, 2008	21,000	5.2	8,863.98	1.3
	A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 14, 2008	3,760	0.9	3,405.73	6.0
	A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 19, 2008	1,870	0.5	1,700.57	5.3
A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2, 2009	2,800	0.7	2,488.36	7.7	
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 25, 2009	8,400	2.1	4,760.09	6.8	
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 12, 2010	5,250	1.3	3,551.01	6.7	
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Mar. 31, 2010	5,100	1.3	5,299.89	5.0	
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 31, 2010	15,050	3.7	6,177.74	2.6	
A-22	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 29, 2011	3,400	0.8	1,899.27	4.5	
A-23	The Otemachi Tower (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	Mar. 13, 2012	36,000	8.9	11,034.78	—	
A-24	Science Plaza – Yonbancho Plaza	Chiyoda-ku, Tokyo	Dec. 6, 2013	2,660	0.7	3,325.27	3.1	
A-25	Shibadaimon Center Building	Minato-ku, Tokyo	Dec. 6, 2013	3,420	0.8	5,401.46	5.6	
			Jul. 30, 2013	800	0.2			
			Total	4,220	1.0			
Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 30, 2003	12,000	3.0	8,076.85	5.8
	A-2	JPR Daikanyama	Shibuya-ku, Tokyo	Oct. 5, 2004	2,160	0.5	651.29	12.5
	A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 24, 2006	4,275	1.1	1,027.33	5.4
	A-4	Shinjuku Sanchoe East Bldg.	Shinjuku-ku, Tokyo	Mar. 14, 2007	540	0.1	2,347.81	1.6
				Apr. 24, 2008	2,200	0.5		
A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 27, 2008	3,400	0.8	1,101.92	3.0	
Subtotal					¥213,406	52.6	147,386.83	—

(Note 1) The table above shows properties owned by JPR as of December 31, 2014.

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

Greater Tokyo (17 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	B-1	Arca East	Sumida-ku, Tokyo	Nov. 16, 2001	¥5,880	1.4	7,022.76	3.2
	B-2	JPR Chiba Bldg.	Chiba, Chiba	Dec. 13, 2001	2,350	0.6	5,536.82	3.9
	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 16, 2001	2,927	0.7	6,066.53	6.7
	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 25, 2002	920	0.2	5,284.75	10.5
				Mar. 28, 2013	570	0.1		
				Total	1,490	0.4		
	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 13, 2004	8,100	2.0	15,420.09	6.8
	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 1, 2004	3,250	0.8	6,490.05	3.9
	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Sep. 30, 2005	888	0.2	4,683.40	4.1
				Feb. 28, 2007	2,300	0.6		
				Total	3,188	0.8		
	B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 22, 2007	5,831	1.4	6,023.39	1.3
	B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 10, 2007	6,510	1.6	12,013.95	3.4
B-11	Olinas Tower	Sumida-ku, Tokyo	Jun. 29, 2009	31,300	7.7	23,987.40	2.4	
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 27, 2010	7,000	1.7	6,494.09	5.2	
B-13	Omiya Prime East	Saitama, Saitama	Mar. 22, 2013	6,090	1.5	6,871.45	2.4	
Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 16, 2001	10,200	2.5	31,121.71	3.5
	B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 31, 2006	2,100	0.5	5,963.00	8.1
	B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 28, 2006	7,260	1.8	19,740.95	4.5
	B-5	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 19, 2007	4,335	1.1	14,960.69	7.1
	B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 12, 2007	15,080	3.7	12,116.35	5.9
	Subtotal					¥122,891	30.3	189,797.38

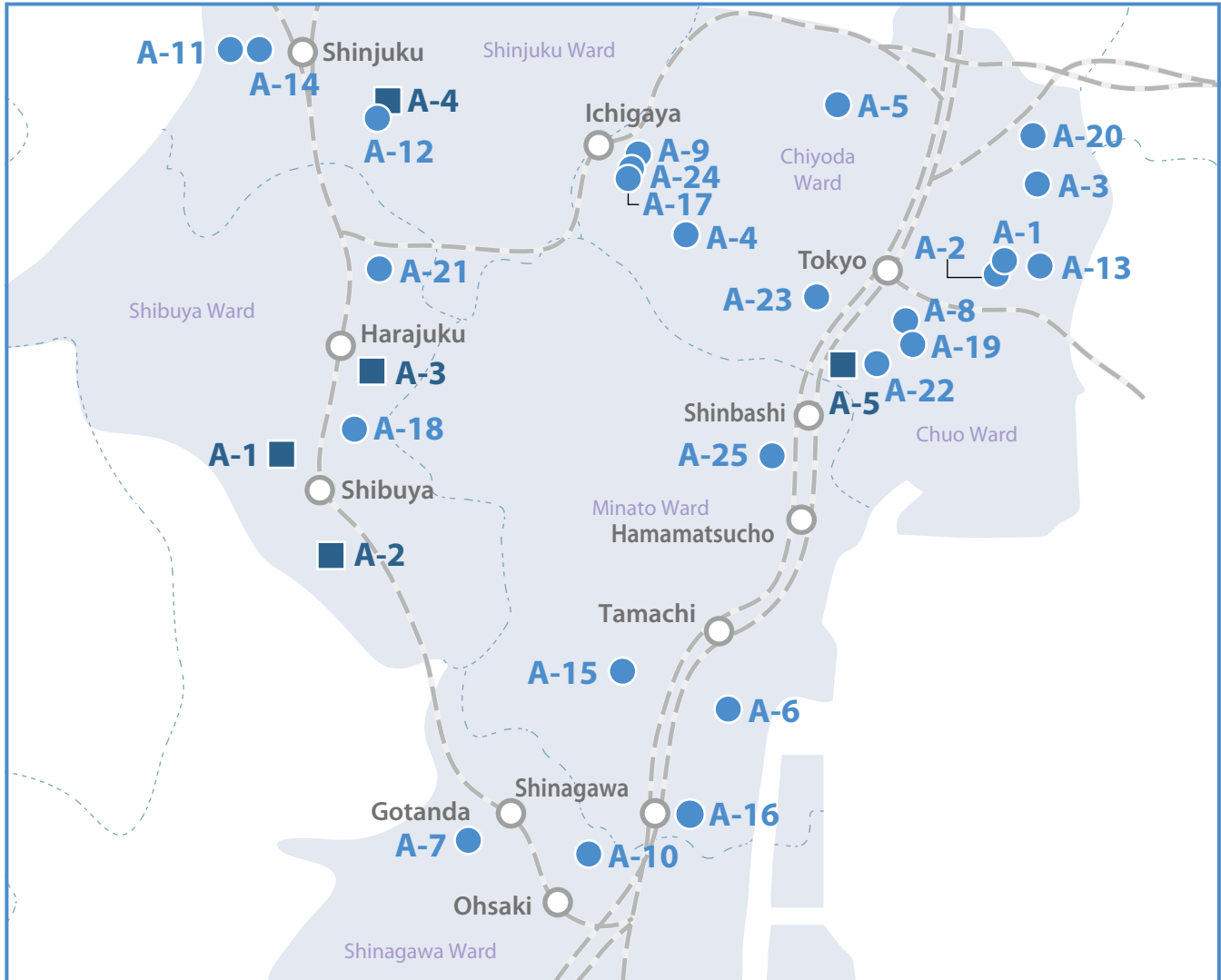
Other Cities (15 Properties)

	Property Number	Property Name	Location	Acquisition Date	Acquisition Price (in millions)	Percentage of Portfolio Acquisition Price (%)	Leasable Floor Space (m ²)	PML (%)
Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 16, 2001	¥2,140	0.5	5,326.88	1.7
	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 16, 2001	4,150	1.0	7,163.07	4.3
	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 16, 2001	2,900	0.7	6,568.43	0.5
	C-9	JPR Naha Bldg.	Naha, Okinawa	Nov. 16, 2001	1,560	0.4	3,946.36	5.7
	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 26, 2002	3,150	0.8	7,129.14	2.0
	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 26, 2002	1,670	0.4	4,875.12	10.6
	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 21, 2002	2,810	0.7	3,257.73	1.6
	C-17	JPR Dojima Bldg.	Osaka, Osaka	Jan. 23, 2004	2,140	0.5	3,930.71	5.0
	C-18	JPR Hakata-chuo Bldg.	Fukuoka, Fukuoka	Jun. 11, 2004	1,920	0.5	3,290.42	0.8
	C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Mar. 22, 2005	4,137	1.0	7,086.37	6.3
	C-20	Yakuin Business Garden	Fukuoka, Fukuoka	Aug. 8, 2012	10,996	2.7	16,654.33	1.6
Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	May 15, 2003	8,000	2.0	18,586.97	4.3
				Jul. 16, 2003	5,000	1.2		
				Total	13,000	3.2		
	C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 30, 2005	5,430	1.3	5,303.98	11.5
C-4	Housing Design Center Kobe	Kobe, Hyogo	Sep. 28, 2005	7,220	1.8	35,444.13	7.2	
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 30, 2006	6,000	1.5	2,484.39	8.4	
Subtotal					¥69,223	17.1	131,047.03	—
Total					¥405,520	100.0	468,232.24	2.0

(Note 3) The PML indicates the figures stated in the Portfolio Earthquake PML Valuation Report prepared by Sompo Japan Nipponkoa Risk Management Inc., rounded off to the second decimal place. Furthermore, as the company revised its evaluation method to analyze the risk of earthquakes in October 2014, the indicated figures have also been revised accordingly.

Portfolio Map

A Central Tokyo



Office

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

- A-14 Shinjuku Center Bldg.
- A-15 Minami Azabu Bldg.
- A-16 Shinagawa Canal Bldg.
- A-17 Rokubancho Bldg.
- A-18 JPR Harajuku Bldg.
- A-19 Tokyo Tatemono Kyobashi Bldg.
- A-20 JPR Nihonbashi-horidome Bldg.
- A-21 JPR Sendagaya Bldg.
- A-22 Ginza Sanwa Bldg.
- A-23 The Otemachi Tower (Land with Leasehold Interest)
- A-24 Science Plaza – Yonbancho Plaza
- A-25 Shibadaimon Center Building

Retail

- A-1 JPR Shibuya Tower Records Bldg.
- A-2 JPR Daikanyama
- A-3 JPR Jingumae 432
- A-4 Shinjuku Sanchoe East Bldg.
- A-5 Yurakucho Ekimae Bldg. (Yurakucho Itocia)

A Central Tokyo

Chiyoda Ward Minato Ward Shinagawa Ward
Chuo Ward Shinjuku Ward Shibuya Ward

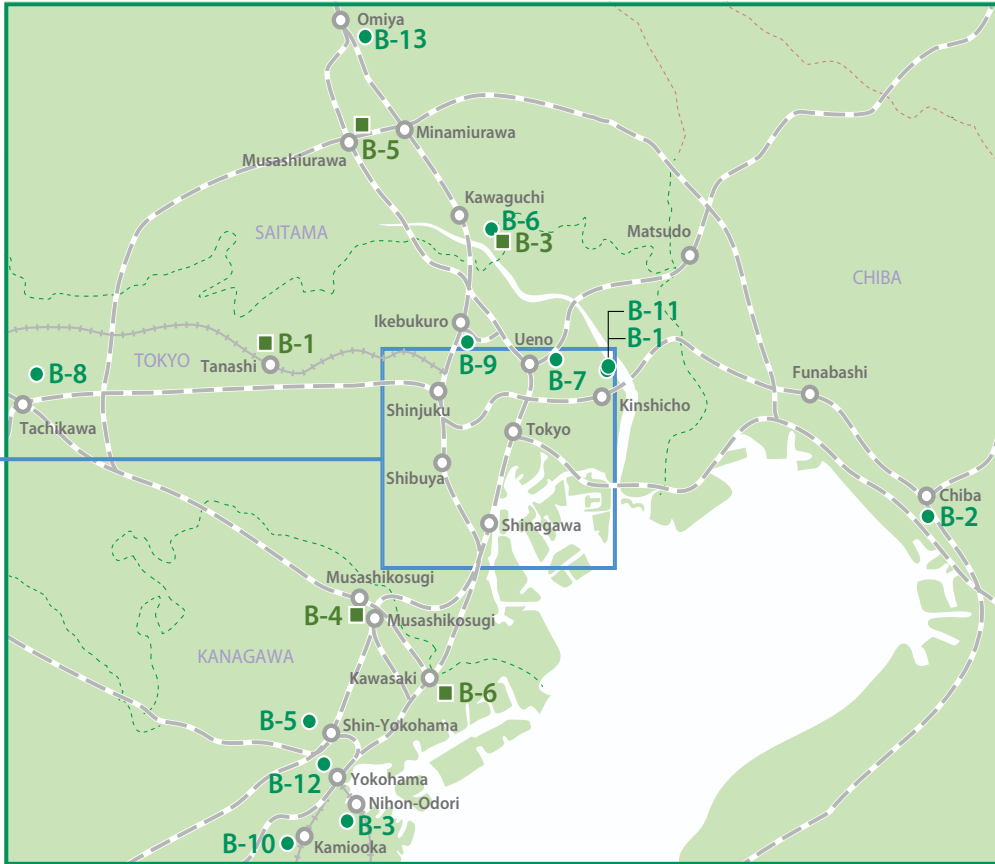
B Greater Tokyo

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

C Other Cities

All other areas in Japan

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



Office

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

Retail

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

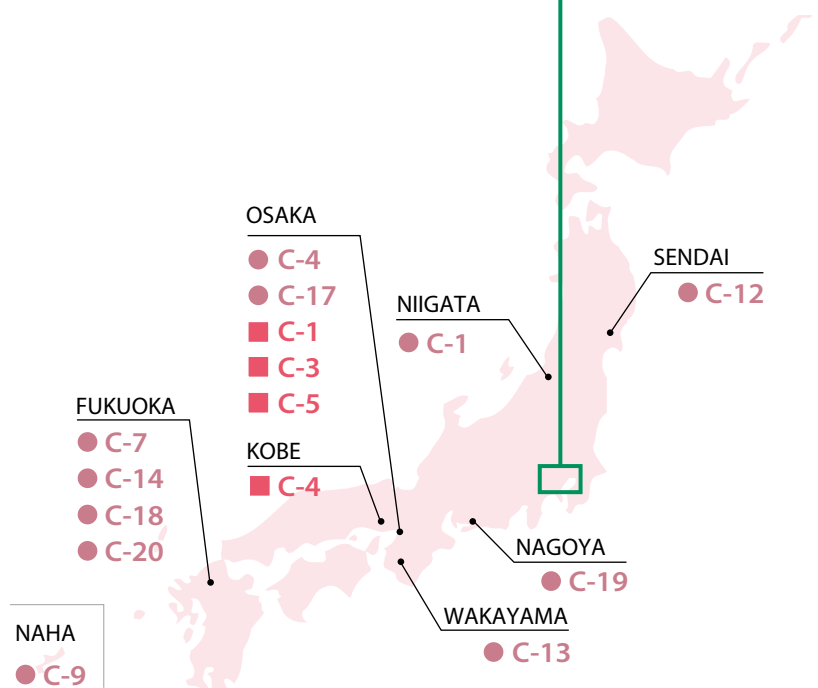
C Other Cities

Office

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

Retail

- C-1 JPR Umeda Loft Bldg.
- C-3 Benetton Shinsaibashi Bldg.
- C-4 Housing Design Center Kobe
- C-5 JPR Chayamachi Bldg.



Property Acquired in the 26th Fiscal Period

A-25 Shibadaimon Center Building (additional ownership)



(Note) The NOI yield of the property has been calculated by dividing the assumed income for 12 months based on the rent level, the occupancy rate and other factors upon acquisition, by the acquisition price.

JPR successfully achieved acquisition of additional ownership in an existing property it owns, securely seizing the opportunity in the real estate market becoming increasingly overheated.

1. Property Overview

Location	1-10-11 Shibadaimon, Minato-ku, Tokyo
Completion	July 1993
Structure/Floors	S, SRC/flat roof B1/10F
Total site area	1,915.50 m ²
Total floor space	11,419.93 m ²
Property manager	Yasuda Real Estate Co., Ltd.

2. Transaction Summary

Seller	Individual
Acquisition price	¥800 million
Appraisal value	846 million yen (as of July 1, 2014)
Acquisition date	July 30, 2014

3. Assumed Income

NOI yield	4.7 %
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Portfolio Properties

Central Tokyo

Office

Retail

A-1 Kanematsu Bldg. Chuo Ward, Tokyo



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



A-2 Kanematsu Bldg. Annex Chuo Ward, Tokyo



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

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



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

Portfolio Properties

Central Tokyo

Office Retail

A-4 Shin-Kojimachi Bldg.

Chiyoda Ward, Tokyo



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

A-6 MS Shibaura Bldg.

Minato Ward, Tokyo



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

A-5 JPR Crest Takebashi Bldg.

Chiyoda Ward, Tokyo



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

A-7 Gotanda First Bldg.

Shinagawa Ward, Tokyo



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

A-8 Fukuoka Bldg.

Chuo Ward, Tokyo



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

A-9 JPR Ichigaya Bldg.

Chiyoda Ward, Tokyo



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

A-10 Oval Court Ohsaki Mark West

Shinagawa Ward, Tokyo



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

Portfolio Properties

Central Tokyo Office Retail

A-11 Shinjuku Square Tower Shinjuku Ward, Tokyo



Acquisition Price	¥10,180 million	Structure/Floors	S/RC/SRC B4/30F
Site Area	8,409.52 m ² (entire redevelopment project)	Completed	October 1994
Total Floor Space	78,796.00 m ² (entire redevelopment project)	Property Manager	Tokyo Tatemono Co., Ltd.

A-12 BYGS Shinjuku Bldg. Shinjuku Ward, Tokyo



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

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



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

A-14 Shinjuku Center Bldg. Shinjuku Ward, Tokyo



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

A-15 Minami Azabu Bldg. Minato Ward, Tokyo



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

Central Tokyo **Office** **Retail**

A-16 **Shinagawa Canal Bldg.**
Minato Ward, Tokyo



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



A-18 **JPR Harajuku Bldg.**
Shibuya Ward, Tokyo



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

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



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

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



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

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



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



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



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



Portfolio Properties

Central Tokyo Office Retail

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



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

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



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

A-25 **Shibadaimon Center Building** Minato Ward, Tokyo



Acquisition Price	¥3,420 million
Site Area	1,915.50 m ²
Total Floor Space	11,419.93 m ²
Structure/Floors	S/SRC B1/10F
Completed	July 1993
Property Manager	Yasuda Real Estate Co., Ltd.

A-2 **JPR Daikanyama** Shibuya Ward, Tokyo



Acquisition Price	¥2,160 million
Site Area	277.12 m ²
Total Floor Space	668.09 m ²
Structure/Floors	RC B2/2F
Completed	July 2002
Property Manager	Jones Lang LaSalle K.K.

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



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

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


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



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

Central Tokyo Office Retail / Greater Tokyo Office Retail

A-3 JPR Jingumae 432
Shibuya Ward, Tokyo



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

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



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

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



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

B-1 Arca East
Sumida Ward, Tokyo




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

B-2 JPR Chiba Bldg.
Chiba City, Chiba



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

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



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

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



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

Portfolio Properties

Greater Tokyo Office Retail

B-6 Kawaguchi Center Bldg.

Kawaguchi City, Saitama



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

B-7 JPR Ueno East Bldg.

Taito Ward, Tokyo



Acquisition Price	¥3,250 million
Site Area	1,242.97 m ²
Total Floor Space	8,490.44 m ²
Structure/Floors	S/SRC B1/8F
Completed	October 1992
Property Manager	Yasuda Real Estate Co., Ltd.



B-8 Tachikawa Business Center Bldg.

Tachikawa City, Tokyo



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

B-9 Rise Arena Bldg.

Toshima Ward, Tokyo



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

*The commercial tower portion has 2 basement floors and 15 floors above ground.



B-10 Yume-ooka Office Tower

Yokohama City, Kanagawa



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



B-11 Olinas Tower

Sumida Ward, Tokyo



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



B-12 Tokyo Tatemono Yokohama Bldg.

Yokohama City, Kanagawa



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

*The office building has 31 floors above ground and 2 floors underground.

Greater Tokyo **Office** **Retail**

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



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

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



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

B-3 **Cupo-la Main Bldg.**
Kawaguchi City, Saitama



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

B-4 **JPR Musashikosugi Bldg.**
Kawasaki City, Kanagawa



Acquisition Price	¥7,260 million
Site Area	4,761.62 m ²
Total Floor Space	18,394.32 m ²
Structure/Floors	SRC/RC/S B1/6F
Completed	March 1983
Property Manager	Tokyo Tatemono Co., Ltd.

B-6 **Kawasaki Dice Bldg.**
Kawasaki City, Kanagawa



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

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



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

Portfolio Properties

Other Cities Office Retail

C-1 Niigata Ekinan Center Bldg.

Niigata City, Niigata



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

C-4 Tokyo Tatemono Honmachi Bldg.

Osaka City, Osaka



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

C-7 JPR Hakata Bldg.

Fukuoka City, Fukuoka



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

C-9 JPR Naha Bldg.

Naha City, Okinawa



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

C-12 Sompo Japan Sendai Bldg.

Sendai City, Miyagi



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

C-13 Sompo Japan Wakayama Bldg.

Wakayama City, Wakayama



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

C-14 Tenjin 121 Bldg.

Fukuoka City, Fukuoka



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

C-17 JPR Dojima Bldg.

Osaka City, Osaka



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

Other Cities Office Retail**C-18** JPR Hakata-Chuo Bldg.

Fukuoka City, Fukuoka



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

C-20 Yakuin Business Garden

Fukuoka City, Fukuoka



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

C-19 JPR Nagoya Fushimi Bldg.

Nagoya City, Aichi



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

C-1 JPR Umeda Loft Bldg.

Osaka City, Osaka



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

C-3 Benetton Shinsaibashi Bldg.

Osaka City, Osaka



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

C-4 Housing Design Center Kobe

Kobe City, Hyogo



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

C-5 JPR Chayamachi Bldg.

Osaka City, Osaka



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

8. Structure and History of JPR

The Objective and Basic Characteristics of JPR

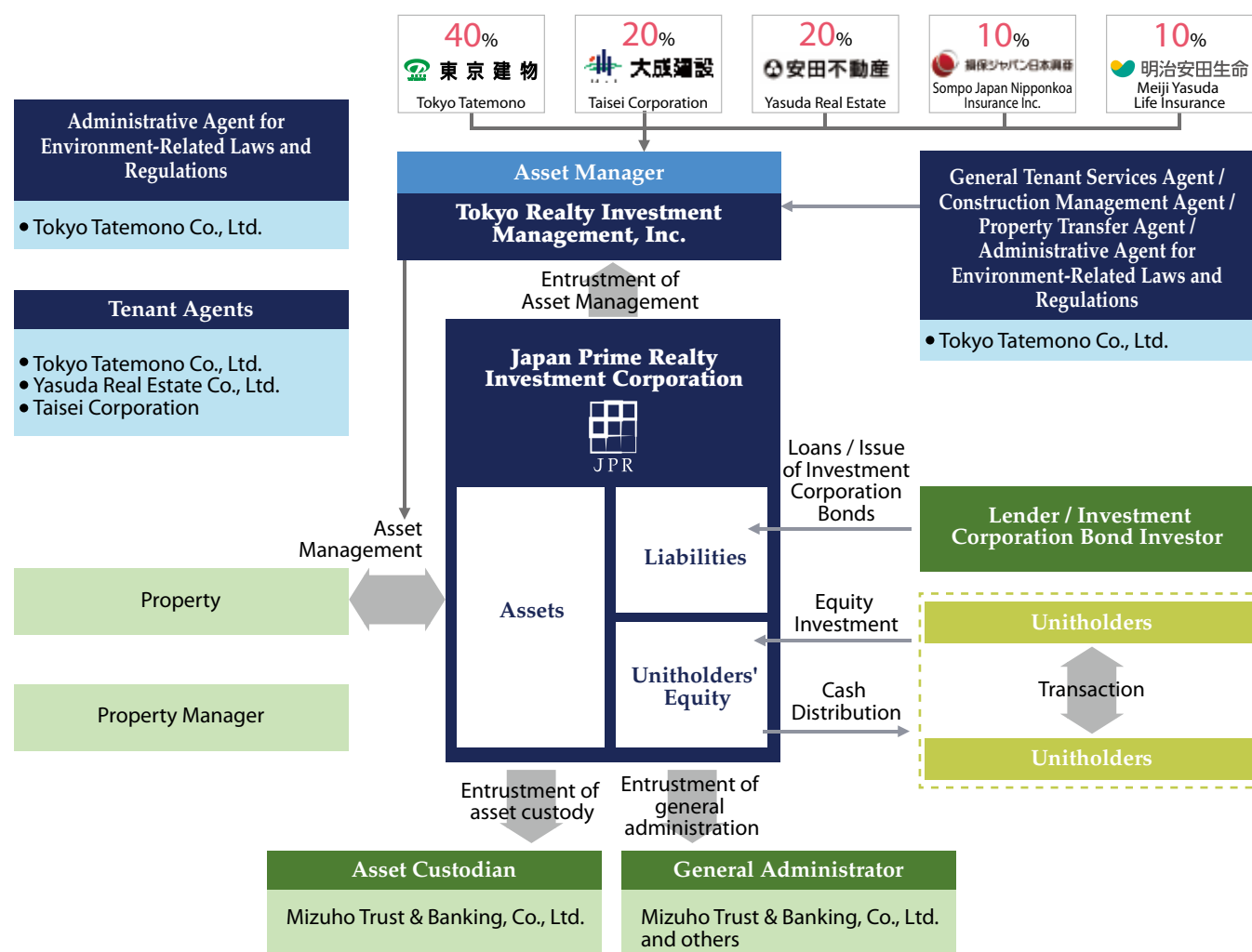
With the fundamental concept of “investment in urban commercial real estate,” JPR shall invest primarily in real estate, which comprises superior urban office buildings (urban commercial facilities), retail properties found in thriving commercial areas, multi-use facilities and the land on which they are located as well as in asset-backed securities that have such real estate as their primary investments.

In addition, in light of the returns and risks of these investment targets, JPR shall make it a basic policy to invest not only in Tokyo, but also strive to diversify into other regional cities so as to maximize the advantages of portfolio management.

Corporate History

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

Structure of JPR



9. Overview of Asset Manager

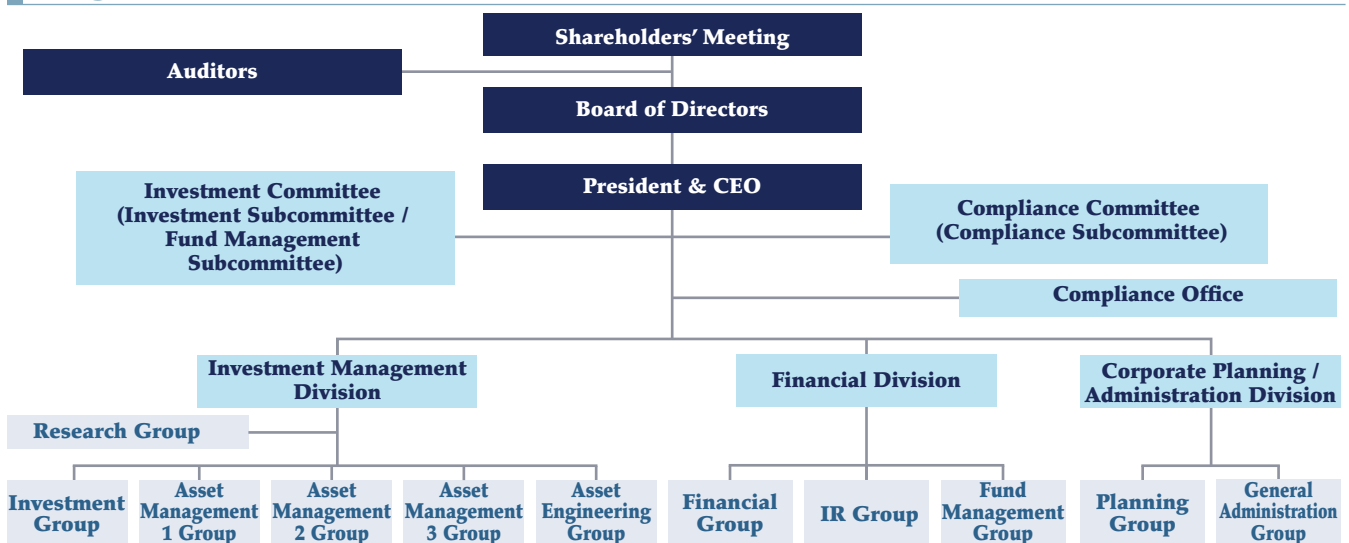
Overview

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Business Description	Asset management for investment corporation
Capitalization	¥350 million
Shareholder Composition (Note 1)	Tokyo Tatemono Co., Ltd. (40%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) Sompo Japan Nipponkoa Insurance Inc. (10%) Meiji Yasuda Life Insurance Company (10%)
Corporate History	
April 28, 2000	Established
October 13, 2000	Obtained license as real estate transaction agent (currently: No. (3) 79025 licensed by Governor of Tokyo)
March 16, 2001	Obtained license as discretionary transaction agent under the Building Lots and Building Transactions Business Act (Approval Number: No. 3)
June 20, 2001	Obtained license as asset management agent for investment corporation under the Act on Investment Trusts and Investment Corporations (Approval Number: No. 7 licensed by the Prime Minister)
September 30, 2007	Registered for financial instruments exchange business (investment management business) (Registration Number: No.362 (Kinsho) Head of Kanto Local Finance Bureau) (Note 2)
November 28, 2007	Applied for registration and submitted application form for financial instruments exchange business

(Note 1) The percentage represents the ratio of the number of respective shares with voting rights to the total number of shares with voting rights.

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

Organization Chart



Decision-Making Institutions for Investment Management

TRIM has established the Investment Committee as the institution to make investment management decisions, as well as the Investment Subcommittee (including the Due Diligence Subcommittee) and the Fund Management Subcommittee as subsidiary bodies of the Committee. These committees comprise the President and CEO, Investment Management Division General Manager, Financial Division General Manager, and Corporate Planning / Administration Division General Manager. The Compliance Office General Manager also participates in these committees to enhance confirmation in terms of legal compliance.

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

1. Overview of Asset Management

(1) Changes in Operating Results and Other Management Data

	Fiscal Period	Unit	22nd Fiscal Period (Jul. 1, 2012 - Dec. 31, 2012)	23rd Fiscal Period (Jan. 1, 2013 - Jun. 30, 2013)	24th Fiscal Period (Jul. 1, 2013 - Dec. 31, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)
Operating Performance	Operating Revenue	Million yen	12,963	13,278	13,591	13,734	13,902
	Rent revenue – real estate	Million yen	12,963	13,278	13,591	13,734	13,902
	Operating Expenses	Million yen	6,198	6,893	7,223	7,308	7,425
	Expenses related to rent business	Million yen	5,519	6,208	6,534	6,599	6,733
	Operating Income	Million yen	6,765	6,385	6,368	6,425	6,477
	Ordinary Income	Million yen	5,026	4,975	4,899	5,073	5,239
Net Income	Million yen	5,025	4,974	4,954	5,072	5,238	
Assets, etc.	Total Assets	Million yen	401,984	409,715	413,974	414,104	414,091
	(Period-on-period variation)	%	(+1.5)	(+1.9)	(+1.0)	(+0.0)	(-0.0)
	Interest-bearing Debt	Million yen	180,557	187,158	191,759	191,190	191,024
	Total Unitholders Equity	Million yen	197,168	197,116	197,095	197,213	197,378
	(Period-on-period variation)	%	(+12.0)	(-0.0)	(-0.0)	(+0.1)	(+0.1)
Unitholders' Capital	Million yen	192,044	192,044	192,044	192,044	192,044	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	5,026	4,975	4,954	5,073	5,239
	Dividend payout ratio	%	100.0	100.0	100.0	100.0	100.0
	Number of Units Outstanding	Units	825,000	825,000	825,000	825,000	825,000
	Total Unitholders' Equity per unit	Yen	238,992	238,929	238,903	239,046	239,246
	Cash Distribution per Unit	Yen	6,093	6,031	6,006	6,150	6,351
	Distribution amount	Yen	6,093	6,031	6,006	6,150	6,351
	Exceeding profit distribution amount	Yen	—	—	—	—	—
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.3	1.2	1.2	1.2	1.3
	Annualized (Note 10)	%	2.5	2.5	2.4	2.5	2.5
	Net Income on Total Unitholders' Equity (Note 2)	%	2.7	2.5	2.5	2.6	2.7
	Annualized (Note 10)	%	5.3	5.1	5.0	5.2	5.3
	Total unitholders' equity at beginning of period	Million yen	176,035	197,168	197,116	197,095	197,213
	Unitholders' Equity Ratio at End of Period (Note 3)	%	49.0	48.1	47.6	47.6	47.7
	(Period-on-period variation)		(+4.6)	(-0.9)	(-0.5)	(+0.0)	(+0.0)
	Interest-bearing Debt to Total Assets at End of Period (Note 4)	%	44.9	45.7	46.3	46.2	46.1
	DSCR (Note 5)	Times	6.0	6.3	6.1	6.5	7.2
	Net income before interest and amortization (Note 6)	Million yen	8,226	8,163	8,149	8,167	8,223
	Interest expenses	Million yen	1,368	1,304	1,325	1,259	1,142
	NOI from Leasing (Note 7)	Million yen	9,275	8,953	8,925	8,968	9,010
	Annualized NOI yield (Notes 9 and 10)	%	4.7	4.5	4.4	4.5	4.4
	NCF from Leasing (Note 8)	Million yen	8,595	8,359	8,080	8,287	8,303
	Annualized NCF yield (Notes 9 and 10)	%	4.4	4.2	4.0	4.1	4.1
Reference Information	Investment Properties Owned (Note 11)		59	60	62	62	62
	Number of Tenants		534	564	610	628	632
	Total Leasable Floor Space	m ²	450,943.43	460,452.47	467,207.05	467,175.54	468,232.24
	Occupancy Rate	%	94.9	96.9	96.5	97.8	97.0

(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 debt / 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) Net income - gain on sale of real estate + loss on sale of real estate + loss on sale of investment securities + extraordinary loss + interest expenses (including interest expenses on investment corporation bonds) + depreciation

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

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / property acquisition price (22nd fiscal period: ¥391.98 billion, 23rd fiscal period: ¥398.64 billion, 24th fiscal period: ¥404.72 billion, 25th fiscal period: ¥404.72 billion and 26th fiscal period: ¥405.52 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: 22nd fiscal period: 184 days, 23rd fiscal period: 181 days, 24th fiscal period: 184 days, 25th fiscal period: 181 days and 26th fiscal period: 184 days.

(Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shibadaimon Center Bldg., Shinjuku Sanhome East Bldg., Shinyokohama 2nd Center Bldg., Tachikawa Business Center Bldg. and JPR Umeda Loft Bldg. were acquired at multiple times but are calculated as one property.

(Note 12) Total leasable floor space in this table indicates the contracted area.

(Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded off to the first decimal place).

(2) 26th 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. Subsequently, JPR conducted five public offerings and other equity financing measures, with the number of investment units issued and outstanding totaling 825,000 units at present. 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 26th fiscal period, the Japanese economy showed a slight slowdown as consumer spending failed to pick up the pace of recovery and private capital investment grew slower than what was assumed. Nevertheless, there were continued expectations for economic recovery coming ahead thanks to the additional monetary easing implemented by the Bank of Japan and the postponement of the additional hike in the consumption tax rate, among other factors.

The Office Property Leasing Market

The supply and demand balance in the office property leasing market of the 23 wards of Tokyo further improved due to expansion in new demand for such positive development as setting up new offices, expanding the office spaces and moving to better locations. Given this situation, the upward trend of the rent levels for new contracts has been strengthened for Class S and Class A buildings, and the positive impact is increasingly spreading through the entire market including Class B buildings, such as the rent-free periods granted to new tenants being reduced.

The Retail Property Leasing Market

There had been concerns about negative impacts of the consumption tax increase particularly on retail properties. However, such impacts that had been worried about were hardly found for urban retail properties in which JPR targets to invest, as tenant's needs to open stores remained strong. The vacancies in urban retail properties in good locations, such as Ginza and Omotesando, have almost vanished, with rents having taken an upward turn and increasing.

The For-Sale Real Estate Market

The transaction volume expanded, including deals of large-scale projects, as initial public offerings and public offerings by REITs took place one after another against the backdrop of a favorable fund procurement environment. However, with a distinct trend of acquisitions of properties by REITs being made from their sponsors, the supply and demand situation in the for-sale real estate market is becoming increasingly tighter, mainly for quality properties. Moreover, transactions in the market include increasingly notable property acquisitions by foreign investors as well as private placement REITs. Because of the decreased cap rates, combined with expectations for recovery of rental revenues, the transaction price of real estate is being formed at an even higher level, and there is an expanding tendency to invest in projects located in regional cities.

3) Portfolio Management Status

New Property Acquisitions

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

During the 26th fiscal period, JPR acquired Shibadaimon Center Building (additional acquisition) at the acquisition price of 800 million yen. As a result, the balance of assets under management totaled 62 properties, or 405.5 billion yen on an acquisition price basis, as of the end of December 2014, with the total leasable floor space standing at 468,232m² and the number of tenants reaching 632.

Operational Management of Portfolio

In the office property leasing market in the 26th fiscal period, the vacancy rate showed a downward trend, given a more advanced improvement in the supply and demand balance in Tokyo and other areas. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by keeping close cooperation with property management companies and brokers, with an aim of enhancing earnings from the entire portfolio and improving

occupancy rates. As a result, JPR successfully kept the occupancy rate at a high level, which stood at 97.0% at the end of the fiscal period.

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

In addition, JPR is continuously working to obtain environmental certifications (the DBJ Green Building Certification^{*1} and the recognition by GRESB^{*2}). In the 26th fiscal period, JPR additionally received the DBJ Green Building Certification for four properties in its portfolio, and was designated as "Green Star," the highest ranking, in the GRESB survey conducted in 2014. As these achievements show, JPR is proactively engaged in environmental friendliness.

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

*2 GRESB, which stands for Global Real Estate Sustainability Benchmark, is a benchmark system for analyzing and evaluating sustainability of real estate companies, REITs and real estate private placement funds, in terms of environmental friendliness and social nature. It is based on surveys conducted by a group of the same name composed of more than 20 organizations worldwide such as European pension asset managers.

Fund Procurement

JPR is engaged in conservative financial operations, setting the ceiling of the interest-bearing debt ratio (hereafter the "LTV") (Note 1) at 55% as a rule and working to control the ratio largely at 50% or lower in practice.

In debt financing, JPR continued to maintain financial stability by conducting bank borrowings at long-term fixed interest rates with an eye on reducing risks of rising interest rates while remaining attentive to the diversification of repayment dates, etc.

JPR established a commitment line with credit limit of 28 billion yen in order to reduce refinancing risks and secure stable fund procurement.

In the 26th fiscal period, JPR procured funds of 23.0 billion yen in total, including refinancing of loans and investment corporation bonds upon maturity. As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 136.5 billion yen, with investment corporation bonds of 54.5 billion yen.

As of the end of the 26th fiscal period, JPR had LTV of 46.4%, long-term and fixed interest-bearing debt ratio (Note 2) of 98.2%, average interest rate (Note 3) of 1.16%, and average maturity (Note 4) of 3.9 years. Furthermore, the current portion of long-term interest-bearing debt was 32.7 billion yen.

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

Details of Corporate Credit Ratings as of December 31, 2014

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

(Note 1) LTV: (borrowings + investment corporation bonds) / total value of assets

Total value of assets is calculated by adding or subtracting the difference between the appraisal value at end of period and the book value at end of period of the specified assets owned by JPR to the total assets.

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

(Note 3) Average interest rate is arrived at by calculating a weighted average of interest rates for all interest-bearing debt as of the end of the 26th fiscal period based on the balance of each interest-bearing debt.

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 26th fiscal period to the repayment deadlines for all interest-bearing debt based on the balance of each interest-bearing debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted since inception through the 26th fiscal period.

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

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

(4) Cash Distributions

With regard to the cash distributions, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 25th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. As a result, the cash distribution per unit came to 6,351 yen for the 26th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		22nd Fiscal Period (Jul. 1, 2012 - Dec. 31, 2012)	23rd Fiscal Period (Jan. 1, 2013 - Jun. 30, 2013)	24th Fiscal Period (Jul. 1, 2013 - Dec. 30, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 31, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)
Unappropriated Retained Earnings at End of Period		5,050,424	4,998,468	4,976,931	5,094,946	5,259,866
Internal Reserves		23,699	22,893	21,981	21,196	20,291
Total Cash Distributions		5,026,725	4,975,575	4,954,950	5,073,750	5,239,575
(Cash Distribution per Unit)		(6,093 yen)	(6,031 yen)	(6,006 yen)	(6,150 yen)	(6,351 yen)
Breakdown	Total Cash Distributions from Net Income	5,026,725	4,975,575	4,954,950	5,073,750	5,239,575
	(Cash distribution from net income per unit)	(6,093 yen)	(6,031 yen)	(6,006 yen)	(6,150 yen)	(6,351 yen)
	Repayment of Paid-in Capital	—	—	—	—	—
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

(5) Future Management Policies and Vital Issues

As for the prospects of the Japanese economy, it is anticipated that private capital investment will increase in line with the recovery of corporate performances, while the current drop in crude oil prices will presumably make a positive contribution domestically. With the employment environment staying solid, consumer spending is also likely to grow again in a virtuous circle of the economy if personal income continues to improve. On the other hand, disturbance in the overseas economies including the trends of emerging and resource-rich countries will remain to be a cause for concern.

In the office property leasing market, the market situation in general is likely to show a further recovery amid continued improvement in the supply and demand condition, while polarization by property will keep progressing. In this regard, JPR believes it will be able to fully enjoy the positive impact of the market recovery as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services. In addition, when conducting real estate transactions in the market where polarization of earnings by property is anticipated to further advance, it will become even more important to discern the growth potential of earnings of respective properties. Considering the situation in which cap rates are decreasing in an environment where long-term interest rates are falling even further due to additional monetary easing, it is required to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

1) Acquisition of New Properties and Asset Replacement

JPR will continue to make investment focused on the Tokyo office properties, with an aim to improve the quality of its portfolio and enhance its growth potential in the recovery cycle of the market. Real estate transactions are expanding, as a decrease in purchase cap rate and expected cap rate levels has been observed in the transaction market along with the recovery in the office property leasing market conditions, and we believe property supply to the transaction market will increase going forward. As for retail properties as well as office properties in regional cities, which allow us to expect higher yields than the Tokyo office properties, JPR will work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level in order to complement the stability of earnings from the entire portfolio. JPR will strive to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence in considering properties.

JPR will continue to make investment decisions after a proactive collection of information through such sources as sponsors of the Asset Manager, accurately grasping market trends and carefully researching investment value, including the future potential of candidate properties.

Moreover, JPR will continue to investigate asset replacement, centering on properties that do not allow us to expect sustainable growth in the future or those that may be sold under favorable terms and conditions.

2) Management of Portfolio

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

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

(6) Fund Procurement

JPR's fundamental policy for fund procurement calls for an efficient combination of long-term steady fund procurement and short-term fund procurement that emphasizes dynamism. In line with this policy, JPR will procure funds through unsecured and unguaranteed bank borrowings as well as the issuance of investment corporation bonds. JPR will continue to focus on the diversification of fund procurement means and consistently strive to diversify maturities.

(7) Information Disclosure

JPR has positioned the proactive voluntary disclosure of information as one of its key management policies and will voluntarily disclose information believed to be essential to investment decisions concerning JPR, along with the timely disclosure of items to the Tokyo Stock Exchange. JPR is proactively employing its website (http://www.jpr-reit.co.jp/jpr_e/) as well as its specified website for retail investors (<http://www.jpr-reit.co.jp/kojin/index.html> (Japanese only)) as a vital means for implementing voluntary disclosure, and JPR has promptly disclosed performance information and has provided videos on its primary properties using this site. We are committed to further enriching our information disclosure activities.

(8) Significant Subsequent Events

No relevant items.

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	22nd Fiscal Period as of December 31, 2012	23rd Fiscal Period as of June 30, 2013	24th Fiscal Period as of December 31, 2013	25th Fiscal Period as of June 30, 2014	26th Fiscal Period as of December 31, 2014
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	825,000	825,000	825,000	825,000	825,000
Unitholders' capital (millions of yen)	192,044	192,044	192,044	192,044	192,044
Total number of unitholders	14,525	13,965	12,877	12,425	11,836

(2) Matters Related to Investment Units (Primary Investors)

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 26th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	180,845	21.92
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	61,582	7.46
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z Building, 1-8-12 Harumi, Chuo-ku, Tokyo	49,105	5.95
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	31,777	3.85
Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	29,300	3.55
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	3.03
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.90
State Street Bank West Client Treaty (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U.S.A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	15,129	1.83
State Street Bank and Trust Company 505223 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	P. O. Box 351 Boston Massachusetts 02101 U. S. A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	12,998	1.57
State Street Bank West Pension Fund Clients Exempt (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171 U. S. A. (4-16-13 Tsukishima, Chuo-ku, Tokyo)	11,812	1.43
Total		441,548	53.52

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 26th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 26th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Sosuke Yasuda	Advisor, Gyosei Audit Corporation Group representative partner, GYOSEI Certified Public Tax & Accountants' Co. Outside Auditor, MS&AD Insurance Group Holdings	4,200	—
	Masato Denawa	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	19,400	—

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

(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements and fees regarding preparation of comfort letters for issuance of investment corporation bonds.

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

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

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 26th fiscal period are as follows.

Outsourcing Category	Name
Asset management company	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	25th Fiscal Period (as of June 30, 2014)		26th Fiscal Period (as of December 31, 2014)	
		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	79,506,311	19.2	79,435,093	19.2
	Greater Tokyo	61,416,499	14.8	58,865,744	14.2
	Other Cities	21,724,252	5.2	21,546,427	5.2
Real estate in trust	Central Tokyo	132,687,363	32.0	133,519,662	32.2
	Greater Tokyo	50,751,325	12.3	52,555,983	12.7
	Other Cities	43,915,711	10.6	43,801,624	10.6
Deposits and other assets	—	24,103,193 (—)	5.8 (—)	24,367,034 (—)	5.9 (—)
Total assets	—	414,104,657 (390,001,463)	100.0 (94.2)	414,091,570 (389,724,535)	100.0 (94.1)

(Note 1) Assets owned by JPR are based on the amounts appropriated on the balance sheet 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 26th 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	11.9	Office
Olinas Tower	28,837,076	23,987.40	22,941.07	95.6	7.1	Office
Shinjuku Center Bldg.	22,165,082	8,863.98	8,489.82	95.8	3.4	Office
BYGS Shinjuku Bldg.	15,618,751	15,216.93	15,134.94	99.5	3.8	Office
JPR Sendagaya Bldg.	15,100,589	6,177.74	6,177.74	100.0	2.1	Office
Kanematsu Bldg.	14,683,598	8,011.75	7,208.37	90.0	2.4	Office
Kawasaki Dice Bldg.	14,057,508	12,116.35	11,579.18	95.6	2.9	Retail
JPR Umeda Loft Bldg.	12,459,775	18,586.97	18,586.97	100.0	2.8	Retail
JPR Shibuya Tower Records Bldg.	11,583,167	8,076.85	8,076.85	100.0	2.5	Retail
MS Shibaura Bldg.	11,126,221	14,468.38	10,546.98	72.9	2.1	Office
Total	184,020,031	126,541.13	119,776.70	94.7	40.9	

(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. and Kawasaki Dice Bldg. 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-lessee 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 26th fiscal period (December 31, 2014).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2014 (thousands of yen)	Appraisal Value as of December 31, 2014 (thousands of yen) (Note)	
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,683,598	12,100,000	
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,423,266	2,240,000	
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	1,959,327	2,340,000	
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,437,925	2,940,000	
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,344,998	2,840,000	
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	11,126,221	11,000,000	
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,654,223	2,020,000	
		Fukuoka Bldg.	8-7 Yaesu 2-chome, Chuo-ku, Tokyo	Beneficiary interest	3,013,776	2,860,000	
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,253,301	4,700,000	
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,995,706	4,540,000	
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	8,683,700	7,492,000	
		Shinjuku Square Tower (additional acquisition in 14th period)		Real estate	176,245		
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,618,751	13,900,000	
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	609,301	825,000	
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,165,082	13,100,000	
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,897,366	2,500,000	
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,782,289	1,770,000	
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,872,159	3,200,000	
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,746,317	7,330,000	
		Tokyo Tatemono Kyobashi Bldg.	6-18 Kyobashi 3-chome, Chuo-ku, Tokyo	Real estate	5,352,375	5,560,000	
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,963,583	6,160,000	
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	15,100,589	11,100,000	
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,634,492	3,450,000	
	Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	39,800,000		
	Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,690,094	2,930,000		
	Shibadai Center Bldg.	1-10-11 Shibadai, Minato-ku, Tokyo	Beneficiary interest	4,246,999	4,840,000		
	Retail	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,583,167	13,200,000	
		JPR Daikanyama	20-5 Daikanyamacho, Shibuya-ku, Tokyo	Real estate	2,189,551	1,540,000	
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,325,194	3,600,000	
		Shinjuku Sanchome East Bldg.	1-25, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,684,251	2,620,000	
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,352,636	2,860,000	
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,454,074	6,220,000
			JPR Chiba Bldg.	1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,330,486	1,690,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,588,606	2,380,000	
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,468,784	1,620,000	
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,086,064	7,390,000	
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	3,046,276	4,320,000	
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Real estate	2,938,558	3,030,000	
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	5,449,359	6,990,000	
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,634,495	5,700,000	
Olinas Tower			1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	28,837,076	33,800,000	
Tokyo Tatemono Yokohama Bldg.			5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	6,925,517	7,280,000	
Omiya Prime East			1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	6,137,326	6,590,000	
Retail			Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,576,156	12,900,000
Cupo-la Main Bldg.		1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,819,337	2,620,000		

III. Asset Management Report

Area	Type	Property Name	Location	Form of Ownership	Book Value as of December 31, 2014 (thousands of yen)	Appraisal Value as of December 31, 2014 (thousands of yen) (Note)
Greater Tokyo	Retail	JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,153,682	5,410,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,918,414	4,100,000
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	14,057,508	15,000,000
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,727,215	2,300,000
		Tokyo Tatemono Honmachi Bldg.	4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,146,323	3,250,000
		JPR Hakata Bldg.	4-4 Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	3,079,654	2,700,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,379,400	1,350,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,253,139	3,400,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,422,959	1,600,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	2,196,200	2,180,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,171,722	2,160,000
		JPR Hakata-chuo Bldg.	6-12 Hakataeki-mae 2-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	1,842,929	1,680,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	4,051,110	2,880,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	11,044,154	12,000,000
		JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,459,775	13,700,000
	Retail	Benetton Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,144,673	4,450,000
		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,451,162	6,660,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	5,977,629	4,990,000
		Total				389,724,535

(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	25th Fiscal Period (from Jan. 1, 2014 to Jun. 30, 2014)				26th Fiscal Period (from Jul. 1, 2014 to Dec. 31, 2014)			
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	Kanematsu Bldg.	9	100.0	353,349	2.6	8	90.0	329,762	2.4
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	4	100.0	88,117	0.6	4	100.0	89,153	0.6
		Shin-Kojimachi Bldg.	14	91.7	100,233	0.7	15	94.2	96,989	0.7
		JPR Crest Takebashi Bldg.	6	100.0	55,956	0.4	6	100.0	93,053	0.7
		MS Shibaura Bldg.	8	100.0	410,238	3.0	7	72.9	330,889	2.4
		Gotanda First Bldg.	2	100.0	131,533	1.0	2	100.0	133,085	1.0
		Fukuoka Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ichigaya Bldg.	10	100.0	156,332	1.1	9	88.2	161,786	1.2
		Oval Court Ohsaki Mark West	3	100.0	179,886	1.3	3	100.0	180,777	1.3
		Shinjuku Square Tower	25	97.4	193,278	1.4	24	93.9	194,868	1.4
		Shinjuku Square Tower (additional acquisition in 14th period)		97.4	2,969	0.0		93.9	2,994	0.0
		BYGS Shinjuku Bldg.	25	98.8	513,661	3.7	25	99.5	549,039	3.9
		Across Shinkawa Bldg. Annex	4	100.0	32,665	0.2	4	100.0	35,739	0.3
		Shinjuku Center Bldg.	30	94.9	456,379	3.3	32	95.8	455,631	3.3
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	5	100.0	62,033	0.5	4	85.2	64,888	0.5
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	9	100.0	223,848	1.6	9	100.0	299,693	1.7
Tokyo Tatemono Kyobashi Bldg.	5	56.9	106,549	0.8	7	78.8	140,787	1.0		
JPR Nihonbashi-horidome Bldg.	6	100.0	185,901	1.4	6	100.0	191,390	1.4		

Area	Type	Property Name	25th Fiscal Period (from Jan. 1, 2014 to Jun. 30, 2014)				26th Fiscal Period (from Jul. 1, 2014 to Dec. 31, 2014)			
			Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)
Central Tokyo	Office	JPR Sendagaya Bldg.	6	100.0	232,531	1.7	6	100.0	268,966	1.9
		Ginza Sanwa Bldg.	8	100.0	116,800	0.9	8	100.0	115,471	0.8
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,499,750	10.9	2	100.0	1,530,000	11.0
		Science Plaza-Yonbancho Plaza	24	96.6	117,464	0.9	19	86.4	113,608	0.8
		Shibadaimon Center Bldg.	7	100.0	135,801	1.0	9	100.0	162,510	1.2
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Daikanyama	4	100.0	33,759	0.2	4	100.0	34,016	0.2
		JPR Jingumae 432	5	63.7	56,691	0.4	6	86.6	49,736	0.4
		Shinjuku Sanhome East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Greater Tokyo	Office	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Arca East	5	93.1	253,455	1.8	5	93.1	258,436	1.9
		JPR Chiba Bldg.	37	97.2	130,961	1.0	37	95.6	132,504	1.0
		JPR Yokohama Nihon Odori Bldg.	13	100.0	130,085	0.9	13	100.0	130,945	0.9
		Shinyokohama 2nd Center Bldg.	16	91.4	95,311	0.7	19	96.9	96,146	0.7
		Kawaguchi Center Bldg.	44	96.8	385,080	2.8	43	96.7	395,026	2.8
		JPR Ueno East Bldg.	8	100.0	178,099	1.3	8	100.0	181,247	1.3
		Tachikawa Business Center Bldg.	19	100.0	53,759	0.4	19	98.1	150,000	1.1
		Tachikawa Business Center Bldg. (additional acquisition in 11th period)		100.0	90,789	0.7				
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yume-ooka Office Tower	35	91.2	321,427	2.3	35	91.2	315,797	2.3
		Olinas Tower	10	94.2	1,013,414	7.4	11	95.6	997,732	7.2
		Tokyo Tatemono Yokohama Bldg.	14	100.0	303,798	2.2	14	100.0	295,254	2.1
		Omiya Prime East	4	100.0	265,914	1.9	4	100.0	264,917	1.9
	Retail	Tanashi ASTA	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	128,573	0.9	3	100.0	126,996	0.9
		Kawasaki Dice Bldg.	28	97.5	485,210	3.5	27	95.6	483,257	3.5
Other Cities	Office	Niigata Ekinan Center Bldg.	8	100.0	128,193	0.9	8	100.0	128,324	0.9
		Tokyo Tatemono Honmachi Bldg.	10	94.0	155,692	1.1	10	94.0	155,840	1.1
		JPR Hakata Bldg.	37	85.3	109,828	0.8	40	96.7	129,347	0.9
		JPR Naha Bldg.	22	100.0	85,957	0.6	22	100.0	91,601	0.7
		Sompo Japan Sendai Bldg.	13	95.3	179,545	1.3	13	95.3	180,099	1.3
		Sompo Japan Wakayama Bldg.	12	98.3	111,354	0.8	12	98.3	112,364	0.8
		Tenjin 121 Bldg.	16	100.0	97,916	0.7	16	100.0	99,194	0.7
		JPR Dojima Bldg.	8	100.0	112,408	0.8	8	100.0	114,423	0.8
		JPR Hakata-chuo Bldg.	6	100.0	75,059	0.5	6	100.0	78,520	0.6
		JPR Nagoya Fushimi Bldg.	3	89.7	130,268	0.9	3	88.8	131,144	0.9
		Yakuin Business Garden	16	98.7	437,778	3.2	17	99.9	437,735	3.1
	Retail	JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Benetton Shinsaibashi 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.		6	100.0	138,447	1.0	6	100.0	141,162	1.0	
Total			628	97.8	13,734,191	100.0	632	97.0	13,902,843	100.0

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

The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Rise Arena Bldg. and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants.

(Note 2) JPR does not disclose the rental revenues of the properties throughout the period and their ratio to total rental revenues due to inevitable reasons.

(4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been entered under (3) Itemized Portfolio Assets above.

There is no incorporation of main specific assets which are main investment targets of JPR other than those listed under (3) above as of the end of the 26th fiscal period.

4. Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 26th Fiscal Period	Amount Already Paid
JPR Umeda Loft Bldg.	Osaka City, Osaka	Renewal of heat sources for air conditioning units	Oct. 2014 ~ Mar. 2015	171	—	—
Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	2nd phase of replacement of air conditioning units	Jan. 2015 ~ Jun. 2015	103	—	—
Kanematsu Bldg.	Chuo Ward, Tokyo	1st phase of renewal of through-the-wall air conditioning units	Jan. 2015 ~ Jun. 2015	65	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	4th phase of replacement of substation facilities	Jan. 2015 ~ Mar. 2015	48	—	—
JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Replacement of security systems	Jan. 2015 ~ Apr. 2015	46	—	—

(2) Capital Expenditures during the 26th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 26th fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 455 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
MS Shibaura Bldg.	Minato Ward, Tokyo	Replacement of air conditioning equipment on the 5th and 7th floors	Jul. 2014 ~ Sep. 2014	168
Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	2nd phase of replacement of air conditioning units	Jul. 2014 ~ Dec. 2014	73
Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1st phase of replacement of air conditioning units	Oct. 2014 ~ Dec. 2014	53
Fukuoka Bldg.	Chuo Ward, Tokyo	5th phase of replacement of air conditioning units	Jul. 2014 ~ Sep. 2014	44
MS Shibaura Bldg.	Minato Ward, Tokyo	Installation of office automation floors and carpet tiles	Jul. 2014 ~ Aug. 2014	38
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		327
Total				706

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

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

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

(Millions of yen)

Operation Period	22nd Fiscal Period (Jul. 1, 2012 - Dec. 31, 2012)	23rd Fiscal Period (Jan. 1, 2013 - Jun. 30, 2013)	24th Fiscal Period (Jul. 1, 2013 - Dec. 31, 2013)	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)
Balance of deposits at beginning of current period	799	810	816	805	925
Deposits during the period	376	376	565	591	378
Amounts used from deposits during the period	365	370	576	471	426
Deposits carried forward to the next period	810	816	805	925	877

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	25th Fiscal Period (Jan. 1, 2014 - Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 - Dec. 31, 2014)
(a) Asset Management Fees (Note)	478,665	485,787
Fixed compensation	75,000	75,000
Incentive-based compensation 1	246,707	248,702
Incentive-based compensation 2	156,957	162,084
(b) Administrative Service and Custodian Fees	79,487	78,417
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	35,674	32,150
(e) Other Expenses	108,811	89,007
Total	709,239	691,962

(Note) Aside from the amounts of the asset management fees entered above, a total of 2,000 thousand yen for the 26th fiscal period has been paid for asset management of the acquired properties and has been included in the book value of each property.

(2) Status of Loans Payable

As of December 31, 2014 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2014 (millions of yen)	Balance as of Dec. 31, 2014 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	The Norinchukin Bank	Dec. 5, 2013	1,000	—	0.395	Dec. 5, 2014	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	The Hachijuni Bank, Ltd.	Sep. 24, 2013	1,000	—	0.460	Sep. 24, 2014			
	Total		2,000	—					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Feb. 4, 2011	5,000	5,000	1.414	Feb. 4, 2016	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
		Mar. 30, 2012	7,000	7,000	1.093	Mar. 30, 2017			
		Dec. 5, 2012	2,000	2,000	1.027	Dec. 5, 2019			
		Nov. 27, 2013	3,000	3,000	0.970	Nov. 27, 2020			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2014	5,000	5,000	1.178	Jun. 27, 2023	Principal lump sum repayment on maturity		
		Mar. 25, 2011	5,000	5,000	1.198	Mar. 25, 2016			
		Aug. 8, 2012	1,000	1,000	1.178	Aug. 8, 2019			
		Aug. 8, 2012	1,000	1,000	0.948	Aug. 8, 2017			
	Sumitomo Mitsui Banking Corporation	Sep. 5, 2012	3,000	3,000	0.919	Sep. 5, 2017	Principal lump sum repayment on maturity		
		Dec. 5, 2012	1,000	1,000	1.027	Dec. 5, 2019			
		Nov. 27, 2013	3,000	3,000	0.970	Nov. 27, 2020			
		Jun. 27, 2014	4,000	4,000	0.889	Jun. 25, 2021			
	Aozora Bank, Ltd.	Mar. 30, 2012	6,400	6,400	1.093	Mar. 30, 2017	Principal lump sum repayment on maturity		
		Dec. 5, 2012	1,000	1,000	1.027	Dec. 5, 2019			
		Jun. 27, 2013	3,000	3,000	1.265	Jun. 26, 2020			
		Jun. 27, 2014	2,500	2,500	1.033	Jun. 27, 2022			
	Shinsei Bank, Ltd.	Jul. 3, 2012	900	900	0.994	Jul. 3, 2017	Principal lump sum repayment on maturity		
		Aug. 8, 2012	2,000	2,000	1.178	Aug. 8, 2019			
		Aug. 27, 2012	2,000	2,000	0.985	Aug. 25, 2017			
		Aug. 30, 2012	2,000	2,000	1.146	Aug. 30, 2018			
	Mizuho Trust & Banking Co., Ltd.	Sep. 30, 2013	1,000	1,000	1.069	Sep. 24, 2020	Principal lump sum repayment on maturity		
		Apr. 5, 2012	5,000	5,000	1.397	Apr. 5, 2019			
		Sep. 24, 2013	2,000	2,000	1.076	Sep. 24, 2020			
		Dec. 5, 2014	—	2,000	1.134	Dec. 5, 2024			
	Mitsubishi UFJ Trust and Banking Corporation	Mar. 30, 2012	4,000	4,000	1.093	Mar. 30, 2017	Principal lump sum repayment on maturity		
		Feb. 4, 2013	3,000	3,000	1.076	Feb. 4, 2020			
		Aug. 29, 2011	5,000	5,000	1.184	Aug. 29, 2017			
Development Bank of Japan Inc.	Aug. 29, 2011	1,000	1,000	0.924	Aug. 31, 2015	(Note 4)			
	Jun. 27, 2012	1,000	1,000	0.843	Jun. 26, 2015				
	Jun. 26, 2009	3,000	2,900	3.190	Jun. 27, 2019				
The Bank of Fukuoka, Ltd.	Jun. 27, 2013	820	820	1.449	Jun. 25, 2021	Principal lump sum repayment on maturity			
	Dec. 5, 2013	2,000	2,000	1.188	Dec. 3, 2021				
	Jul. 7, 2011	2,000	2,000	1.170	Jul. 7, 2016				
Sampo Japan Nipponkoa Insurance Inc. (Note 10)	Apr. 11, 2012	2,000	2,000	0.902	Oct. 9, 2015	Principal lump sum repayment on maturity			
	Sep. 24, 2013	1,000	1,000	0.911	Sep. 24, 2019				
	Apr. 11, 2012	2,000	2,000	0.981	Oct. 11, 2016				
Meiji Yasuda Life Insurance Company	Jun. 27, 2012	2,000	2,000	0.874	Dec. 25, 2015	(Note 5)			
	Jun. 21, 2011	3,670	3,604	1.800	Jun. 21, 2018				

Category	Lender	Drawdown Date	Balance as of Jul. 1, 2014 (millions of yen)	Balance as of Dec. 31, 2014 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	ORIX Bank Corporation	Feb. 4, 2013	1,000	1,000	0.786	Feb. 5, 2018	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
		Nov. 27, 2013	2,000	2,000	0.762	May 27, 2019			
	Shinkin Central Bank	Dec. 5, 2013	3,000	3,000	0.689	Dec. 5, 2018			
	The Shinkumi Federation Bank	Feb. 4, 2013	3,000	3,000	0.786	Feb. 5, 2018			
	Taiyo Life Insurance Company	Sep. 24, 2010	1,000	1,000	1.275	Sep. 24, 2015			
		Jun. 4, 2013	1,000	1,000	0.949	Jun. 4, 2018			
		Dec. 27, 2013	1,000	1,000	1.011	Dec. 25, 2020			
	The Chugoku Bank, Ltd.	Apr. 11, 2012	2,000	2,000	0.902	Oct. 9, 2015			
		Sep. 24, 2013	1,000	1,000	0.758	Sep. 25, 2018			
	The Nishi-Nippon City Bank, Ltd.	May 27, 2011	3,000	3,000	1.149	May 27, 2016			
	Sumitomo Life Insurance Company	Jun. 4, 2008	2,000	2,000	2.257	Jun. 4, 2015			
	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	Mar. 26, 2008	2,000	2,000	1.725	Mar. 26, 2015			
	Daido Life Insurance Company	Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015			
		Dec. 27, 2013	1,000	1,000	0.710	Dec. 27, 2018			
	The Hachijuni Bank, Ltd.	Apr. 11, 2012	1,000	1,000	0.902	Oct. 9, 2015			
		Sep. 24, 2014	—	1,000	0.424	Sep. 26, 2016			
	Resona Bank, Limited	Mar. 30, 2012	2,000	2,000	1.093	Mar. 30, 2017			
	The Iyo Bank, Ltd.	Apr. 11, 2012	1,000	1,000	0.902	Oct. 9, 2015			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2013	1,000	1,000	0.710	Dec. 27, 2018			
	The Tokyo Tomin Bank, Limited (Note 6)	Mar. 30, 2012	1,000	1,000	0.626	Sep. 30, 2015			
The Norinchukin Bank	Dec. 5, 2014	—	1,000	0.440	Dec. 5, 2017				
The Bank of Yokohama, Ltd. (Note 6)	Mar. 30, 2012	1,000	1,000	0.626	Sep. 30, 2015				
The Minato Bank, Ltd. (Note 6)	Mar. 30, 2012	800	800	0.626	Sep. 30, 2015				
The Yamaguchi Bank, Ltd. (Note 6)	Mar. 30, 2012	500	500	0.626	Sep. 30, 2015				
The Chiba Kogyo Bank, Ltd. (Note 6)	Mar. 30, 2012	100	100	0.626	Sep. 30, 2015				
	Total		132,690	136,524					

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

(Note 2) Short-term loans payable are floating-rate loans payable. Long-term loans payable are fixed-rate loans payable, except those in a syndicated loan (Note 6).

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

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

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

(Note 6) The loans are with floating interest rates.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of December 31, 2014 are as follows.

Name	Issue Date	Balance as of Jul. 1, 2014 (millions of yen)	Balance as of Dec. 31, 2014 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Sixth Series of Investment Corporation Bonds	Nov. 4, 2004	5,000	—	2.000	Nov. 4, 2014	Bullet repayment	(Note 1)	(Note 2)
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026			
Ninth Series of Investment Corporation Bonds	Jul. 23, 2007	6,000	—	2.100	Jul. 23, 2014			
Eleventh Series of Investment Corporation Bonds	Mar. 12, 2010	6,000	6,000	1.680	Mar. 12, 2015			
Twelfth Series of Investment Corporation Bonds	May 21, 2010	7,000	7,000	1.270	May 21, 2015			
Thirteenth Series of Investment Corporation Bonds	Oct. 25, 2011	7,000	7,000	0.950	Oct. 25, 2016			
Fourteenth Series of Investment Corporation Bonds	Oct. 25, 2011	2,000	2,000	1.340	Oct. 25, 2018			
Fifteenth Series of Investment Corporation Bonds	Nov. 22, 2012	5,000	5,000	0.680	Nov. 22, 2017			
Sixteenth Series of Investment Corporation Bonds	Nov. 22, 2012	2,000	2,000	1.030	Nov. 22, 2019			
Seventeenth Series of Investment Corporation Bonds	May 31, 2013	5,000	5,000	0.650	May 31, 2018			
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	2,000	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twentieth Series of Investment Corporation Bonds	Jul. 22, 2014	—	2,000	0.303	Jul. 22, 2019			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	—	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	—	3,000	0.831	Dec. 4, 2024			
Total		56,500	54,500					(Note 3)

(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 investment corporation bonds and limitations on resale among qualified institutional investors.

(Note 3) 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 26th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (thousands of yen) (Note 1)	Sale Date	Sale Price (A) (Note 1)	Book Value (B) (thousands of yen)	Difference (C) (A) – (B) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C) – (D) (thousands of yen)
Real estate (Note 2)	Shibadaimon Center Bldg.	Jul. 30, 2014	800,000	-	-	-	-	-	-
	Total	-	800,000	-	-	-	-	-	-

(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) JPR already owns beneficiary interest in part of the property as trust property. JPR executed an additional trust agreement with the trustee as of July 30, 2014 for the additionally acquired portion and added the portion to the said trust property, so that JPR currently owns trust beneficiary interest in the both portions.

(2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 26th fiscal period.

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

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Real Estate Appraisal Value (Note 2) (thousands of yen)	Real Estate Appraiser	Appraisal Date
Acquisition	Real estate (Note 3)	Shibadaimon Center Bldg.	July 30, 2014	800,000	846,000	Japan Real Estate Institute	July 1, 2014

(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) JPR already owns beneficiary interest in part of the property as trust property. JPR executed an additional trust agreement with the trustee as of July 30, 2014 for the additionally acquired portion and added the portion to the said trust property, so that JPR currently owns trust beneficiary interest in the both portions.

(4) Transactions with Interested Parties and Major Shareholders

1) Transaction Status

No transaction of specified assets or other deals with interested parties and major shareholders were conducted during the 26th fiscal period.

2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Property Brokerage Fees	10,000	Yasuda Real Estate Co., Ltd.	10,000	100.0%
Management Fees (Note 2)	248,111	Tokyo Tatemono Co., Ltd.	211,824	85.4%
		Yasuda Real Estate Co., Ltd.	14,647	5.9%
		Taisei-Yuraku Real Estate Co., Ltd.	3,279	1.3%
Outsourcing Fees	530,743	Tokyo Tatemono Co., Ltd.	412,787	77.8%
		Yasuda Real Estate Co., Ltd.	37,361	7.0%
Tenant Brokerage Fees	25,179	Tokyo Tatemono Co., Ltd.	1,563	6.2%
		Yasuda Real Estate Co., Ltd.	1,254	5.0%
Advertising Cost of the Company	4,713	E-State Online Co., Ltd.	163	3.5%

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 16,201 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 26th fiscal period.

Tokyo Tatemono Co., Ltd.	529,290 thousand yen
Yasuda Real Estate Co., Ltd.	33,628 thousand yen
Tokyo Real Estate Management Co., Ltd.	344,136 thousand yen
Shinjuku Center Building Management Co., Ltd.	41,948 thousand yen
Taisei-Yuraku Real Estate Co., Ltd.	114 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

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 (%)
17th Fiscal Period (Jan. 1, 2010 – Jun. 30, 2010)	100	20	0.0
18th Fiscal Period (Jul. 1, 2010 – Dec. 31, 2010)	100	20	0.0
19th Fiscal Period (Jan. 1, 2011 – Jun. 30, 2011)	100	20	0.0
20th Fiscal Period (Jul. 1, 2011 – Dec. 31, 2011)	100	20	0.0
21st Fiscal Period (Jan. 1, 2012 – Jun. 30, 2012)	100	20	0.0
22nd Fiscal Period (Jul. 1, 2012 – Dec. 31, 2012)	100	20	0.0
23rd Fiscal Period (Jan. 1, 2013 – Jun. 30, 2013)	100	20	0.0
24th Fiscal Period (Jul. 1, 2013 – Dec. 31, 2013)	100	20	0.0
25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	100	20	0.0
26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)	100	20	0.0

(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 26th fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
July 3, 2014	Consignment of administrative services concerning the issuance of the Twentieth Series and the Twenty-first Series of Unsecured Investment Corporation Bonds (Note)	JPR consigned the administrative services related to the issuance of the Twentieth and the Twenty-first Series of Unsecured Investment Corporation Bonds to SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and Mizuho Bank, Ltd. based on the decision by the executive director to issue the Bonds.
November 14, 2014	Consignment of administrative services concerning issuance of the Twenty-second Unsecured Investment Corporation Bonds (Note)	JPR consigned the administrative services related to the issuance of the Twenty-second Series of Unsecured Investment Corporation Bonds to Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co., Ltd. and Mizuho Bank, Ltd. based on the decision by the executive director to issue the Bonds.

(Note) A comprehensive resolution on the issuance of the Investment Corporation Bonds was approved at JPR's Board of Directors meeting held on April 24, 2014. On this approval, JPR issued the Twenties and the Twenty-first Series of Unsecured Investment Corporation Bonds on July 22, 2014 and the Twenty-second Unsecured Investment Corporation Bonds on December 4, 2014, respectively.

(2) Other

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

(1) Balance Sheets

(Thousands of yen)

	End of 25th Fiscal Period (Jun. 30, 2014)	End of 26th Fiscal Period (Dec. 31, 2014)
Assets		
Current assets		
Cash and deposits	11,557,849	12,117,339
Cash and deposits in trust	11,517,632	11,227,028
Operating accounts receivable	336,831	260,988
Prepaid expenses	140,576	174,781
Other	9,509	6,743
Total current assets	23,562,400	23,786,880
Noncurrent assets		
Property, plant and equipment		
Buildings	57,363,236	56,652,548
Accumulated depreciation	(10,567,703)	(11,121,439)
Buildings, net	*1 46,795,533	*1 45,531,108
Buildings in trust	83,036,800	84,667,091
Accumulated depreciation	(24,402,931)	(25,618,333)
Buildings in trust, net	58,633,868	59,048,758
Structures	45,366	45,661
Accumulated depreciation	(12,774)	(14,089)
Structures, net	32,591	31,571
Structures in trust	120,534	120,534
Accumulated depreciation	(61,138)	(65,156)
Structures in trust, net	59,395	55,378
Machinery and equipment	725,345	726,204
Accumulated depreciation	(333,349)	(341,835)
Machinery and equipment, net	*1 391,995	*1 384,368
Machinery and equipment in trust	1,583,846	1,605,767
Accumulated depreciation	(1,118,278)	(1,168,396)
Machinery and equipment in trust, net	465,568	437,370
Tools, furniture and fixtures	50,301	54,610
Accumulated depreciation	(28,524)	(29,761)
Tools, furniture and fixtures, net	21,777	24,848
Tools, furniture and fixtures in trust	156,607	159,172
Accumulated depreciation	(95,353)	(101,991)
Tools, furniture and fixtures in trust, net	61,254	57,181
Land	*1 110,601,033	*1 109,041,559
Land in trust	168,132,889	170,276,140
Construction in progress	9,527	39,223
Construction in progress in trust	-	1,063
Total property, plant and equipment	385,205,434	384,928,571
Intangible assets		
Leasehold right	4,794,109	4,794,109
Other	3,585	3,020
Total intangible assets	4,797,695	4,797,130
Investments and other assets		
Lease and guarantee deposits	53,953	96,205
Long-term prepaid expenses	296,996	248,976
Total investments and other assets	350,950	345,181
Total noncurrent assets	390,354,080	390,070,883
Deferred assets		
Investment corporation bond issuance costs	188,176	233,806
Total deferred assets	188,176	233,806
Total assets	414,104,657	414,091,570

(Thousands of yen)

	End of 25th Fiscal Period (Jun. 30, 2014)	End of 26th Fiscal Period (Dec. 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	1,871,405	2,137,918
Short-term loans payable	2,000,000	-
Current portion of long-term loans payable	6,332,000	19,732,000
Current portion of investment corporation bonds	24,000,000	13,000,000
Accounts payable-other	589,177	572,670
Accrued expenses	184,085	150,603
Income taxes payable	605	605
Accrued consumption taxes	309,112	261,634
Advances received	2,613,999	2,565,259
Total current liabilities	37,900,385	38,420,691
Noncurrent liabilities		
Investment corporation bonds	32,500,000	41,500,000
Long-term loans payable	126,358,000	116,792,000
Tenant leasehold and security deposits	*1 7,624,960	*1 7,364,647
Tenant leasehold and security deposits in trust	12,508,179	12,636,178
Total noncurrent liabilities	178,991,139	178,292,826
Total liabilities	216,891,525	216,713,518
Net assets		
Unitholders' equity		
Unitholders' capital	192,044,238	192,044,238
Surplus		
Voluntary reserve		
Reserve for reduction entry	73,946	73,946
Total voluntary reserve	73,946	73,946
Unappropriated retained earnings (undisposed losses)	5,094,946	5,259,866
Total surplus	5,168,893	5,333,813
Total unitholders' equity	197,213,131	197,378,051
Total net assets	*3 197,213,131	*3 197,378,051
Total liabilities and net assets	414,104,657	414,091,570

(2) Statements of Income and Retained Earnings

(Thousands of yen)

	25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)
Operating revenue		
Rent revenue-real estate	*1 13,734,191	*1 13,902,843
Total operating revenue	13,734,191	13,902,843
Operating expenses		
Expenses related to rent business	*1 6,599,484	*1 6,733,535
Asset management fee	478,665	485,787
Administrative service and asset custody fees	79,487	78,417
Directors' compensation	6,600	6,600
Trust fees	35,674	32,150
Other operating expenses	108,811	89,007
Total operating expenses	7,308,723	7,425,498
Operating income	6,425,467	6,477,345
Non-operating income		
Interest income	2,183	2,191
Income on settlement of management association accounts	40,831	4,724
Other	4,669	5,055
Total non-operating income	47,684	11,971
Non-operating expenses		
Interest expenses	847,872	778,903
Borrowing expenses	110,556	76,431
Interest expenses on investment corporation bonds	411,606	363,968
Amortization of investment corporation bond issuance costs	28,409	29,815
Other	1,136	922
Total non-operating expenses	1,399,581	1,250,041
Ordinary income	5,073,570	5,239,275
Income before income taxes	5,073,570	5,239,275
Income taxes-current	605	605
Total income taxes	605	605
Net income	5,072,965	5,238,670
Retained earnings brought forward	21,981	21,196
Unappropriated retained earnings (undisposed losses)	5,094,946	5,259,866

(3) Statements of Changes in Unitholders' Equity

(Thousands of yen)

	25th Fiscal Period (Jan. 1, 2014 – Jun. 30, 2014)	26th Fiscal Period (Jul. 1, 2014 – Dec. 31, 2014)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	192,044,238	192,044,238
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	192,044,238	192,044,238
Surplus		
Voluntary reserve		
Balance at beginning of current period	73,946	73,946
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	73,946	73,946
Unappropriated retained earnings (undisposed losses)		
Balance at beginning of current period	4,976,931	5,094,946
Changes of items during the period		
Dividends from surplus	(4,954,950)	(5,073,750)
Net income	5,072,965	5,238,670
Total changes of items during the period	118,015	164,920
Balance at end of current period	5,094,946	5,259,866
Total surplus		
Balance at beginning of current period	5,050,878	5,168,893
Changes of items during the period		
Total changes of items during the period	118,015	164,920
Balance at end of current period	5,168,893	5,333,813
Total unitholders' equity		
Balance at the beginning of current period	197,095,116	197,213,131
Changes of items during the period		
Total changes of items during the period	118,015	164,920
Balance at end of current period	197,213,131	197,378,051
Total net assets		
Balance at beginning of current period	197,095,116	197,213,131
Changes of items during the period		
Total changes of items during the period	118,015	164,920
Balance at end of current period	197,213,131	197,378,051

(4) Statements of Cash Distributions

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
I. Unappropriated retained earnings	5,094,946,448 yen	5,259,866,639 yen
II. Distribution amount (Distribution amount per unit)	5,073,750,000 yen (6,150 yen)	5,239,575,000 yen (6,351 yen)
III. Retained earnings carried forward	21,196,448 yen	20,291,639 yen
Method for calculating distribution amount	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 5,073,750,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (825,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.	Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, JPR decided to pay out distributions of earnings of 5,239,575,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (825,000 units) in an amount not in excess of unappropriated retained earnings while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.

(5) Statements of Cash Flows

	(Thousands of yen)	
	25th Fiscal Period	26th Fiscal Period
	(January 1, 2014 – June 30, 2014)	(July 1, 2014 – December 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	5,073,570	5,239,275
Depreciation and amortization	1,834,573	1,841,516
Amortization of investment corporation bond issuance costs	28,409	29,815
Interest income	(2,183)	(2,191)
Interest expenses	1,259,478	1,142,872
Decrease (increase) in operating accounts receivable	(65,696)	75,843
Decrease (increase) in prepaid expenses	48,616	(34,205)
Increase (decrease) in operating accounts payable	151,017	211,110
Increase (decrease) in accounts payable-other	(922)	4,584
Increase (decrease) in accrued consumption taxes	134,962	(47,477)
Increase (decrease) in advances received	167,781	(48,740)
Other, net	90,066	44,499
Subtotal	8,719,673	8,456,902
Interest income received	2,183	2,191
Interest expenses paid	(1,289,939)	(1,176,354)
Income taxes (paid) refund	(625)	(606)
Net cash provided by (used in) operating activities	7,431,292	7,282,132
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(237,814)	(187,215)
Purchase of property, plant and equipment in trust	(353,419)	(1,321,470)
Payment of tenant leasehold and security deposits	(2,067)	(42,251)
Repayments of tenant leasehold and security deposits	(51,612)	(261,689)
Proceeds from tenant leasehold and security deposits	208,409	125,187
Repayments of tenant leasehold and security deposits in trust	(241,336)	(390,772)
Proceeds from tenant leasehold and security deposits in trust	246,435	375,367
Net cash provided by (used in) investing activities	(431,404)	(1,702,844)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	10,000,000
Repayment of short-term loans payable	—	(12,000,000)
Proceeds from long-term loans payable	11,500,000	4,000,000
Repayment of long-term loans payable	(12,069,000)	(166,000)
Proceeds from issuance of investment corporation bonds	4,961,866	8,929,218
Redemption payment of investment corporation bonds	(5,000,000)	(11,000,000)
Dividends paid	(4,955,077)	(5,073,621)
Net cash provided by (used in) financing activities	(5,562,210)	(5,310,403)
Net changes in cash and cash equivalents	1,437,676	268,885
Cash and cash equivalents at beginning of current period	21,637,805	23,075,482
Cash and cash equivalents at end of current period	23,075,482	23,344,367

(6) Notes to Financial Statements

(Basis of Presenting Financial Statements)

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

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

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

(Significant Accounting Policies)

- | | |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Depreciation Method for Property and Equipment | <p>(1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:</p> <ul style="list-style-type: none"> Buildings 3 - 65 years Structures 10 - 35 years Machinery and equipment 3 - 17 years Tools, furniture and fixtures 3 - 20 years <p>Assets with acquisition prices of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act.</p> <p>(2) Intangible Assets
Intangible assets are amortized utilizing the straight-line method.</p> <p>(3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized utilizing the straight-line method.</p> |
| 2. Accounting for Deferred Assets | <p>Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> |
| 3. Standards for Recording Revenues and Expenses | <p>Accounting Treatment of Taxes on Property and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes, JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 0 yen and 2,247 thousand yen for the fiscal periods ended June 30, 2014 and December 31, 2014, respectively.</p> |
| 4. Scope of Cash and Cash Equivalents in the Statements of Cash Flows | <p>Cash and cash equivalents in the Statements of Cash Flows include the following</p> <ul style="list-style-type: none"> (1) Cash on hand and cash in trust (2) Deposits placed with banks and deposits in trust that can be withdrawn at any time (3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date. |
| 5. Other Significant Items Fundamental to Preparing the Financial Statements | <p>(1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust
Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income and retained earnings.
Furthermore, the following material accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.</p> <ul style="list-style-type: none"> 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 <p>(2) Accounting for Consumption Taxes
National and local consumption taxes are accounted with the consumption taxes excluded.</p> |

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

Assets pledged as collateral are as follows:

	(Thousands of yen)	
	End of 25th Fiscal Period (as of June 30, 2014)	End of 26th Fiscal Period (as of December 31, 2014)
Buildings (net)	118,902	117,033
Machinery and equipment (net)	3,253	3,081
Land	399,183	399,183
Total	521,339	519,299

Secured liabilities are as follows:

	(Thousands of yen)	
	End of 25th Fiscal Period (as of June 30, 2014)	End of 26th Fiscal Period (as of December 31, 2014)
Tenant leasehold and security deposits	15,536	15,536
Total	15,536	15,536

2. Balance of Unused Commitment Line

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

	(Thousands of yen)	
	End of 25th Fiscal Period (as of June 30, 2014)	End of 26th Fiscal Period (as of December 31, 2014)
Credit limit	28,000,000	28,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	28,000,000	28,000,000

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

	(Thousands of yen)	
	End of 25th Fiscal Period (as of June 30, 2014)	End of 26th Fiscal Period (as of December 31, 2014)
	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)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	9,196,674	9,306,026
Land rents	1,499,750	1,530,000
Common charges	1,866,927	1,838,471
Parking revenues	255,983	257,212
Advertising expenses	59,318	60,179
Antenna use fees	18,084	18,139
Other	34,992	33,804
Subtotal	12,931,730	13,043,834
Other rental revenues		
Incidental income	715,023	810,460
Time-based parking revenues	5,159	5,184
Cancellation charges	23,686	15,366
Income equivalent to expenses for restoration to original condition	24,841	6,780
Other miscellaneous income	33,749	21,217
Subtotal	802,461	859,008
Total rent revenue-real estate	13,734,191	13,902,843
B. Expenses Related to Rent Business		
Outsourcing expenses	524,536	529,363
Utilities expenses	860,650	983,434
Property and other taxes	1,990,821	1,985,098
Casualty insurance	27,210	27,645
Repairs and maintenance	444,215	445,005
Property management fees	227,181	231,909
Management association accounts	562,213	556,026
Depreciation	1,834,057	1,841,016
Other	128,596	134,034
Total expenses related to rent business	6,599,484	6,733,535
C. Profits		
(A-B)	7,134,706	7,169,307

(Notes to Statements of Changes in Unitholders' Equity)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
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	825,000 units	825,000 units

(Notes to Statements of Cash Flows)

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

(Thousands of yen)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Cash and deposits	11,557,849	12,117,339
Cash and deposits in trust	11,517,632	11,227,028
Cash and cash equivalents	23,075,482	23,344,367

(Leases)

Future lease revenues under non-cancelable operating leases

(Thousands of yen)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Due within one year	6,141,257	5,543,892
Due after one year	19,871,937	18,230,589
Total	26,013,195	23,774,481

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

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

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

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

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

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

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

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

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

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

The following are the carrying values and estimated fair values as of June 30, 2014 of financial instruments, and the difference

between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	11,557,849	11,557,849	—
(2) Cash and deposits in trust	11,517,632	11,517,632	—
(3) Short-term loans payable	(2,000,000)	(2,000,000)	—
(4) Current portion of long-term loans payable	(6,332,000)	(6,409,432)	77,432
(5) Current portion of investment corporation bonds	(24,000,000)	(24,231,152)	231,152
(6) Investment corporation bonds	(32,500,000)	(33,577,888)	1,077,888
(7) Long-term loans payable	(126,358,000)	(128,680,083)	2,322,083

The following are the carrying values and estimated fair values as of December 31, 2014 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
(1) Cash and deposits	12,117,339	12,117,339	—
(2) Cash and deposits in trust	11,227,028	11,227,028	—
(3) Short-term loans payable	—	—	—
(4) Current portion of long-term loans payable	(19,732,000)	(19,818,454)	86,454
(5) Current portion of investment corporation bonds	(13,000,000)	(13,046,800)	46,800
(6) Investment corporation bonds	(41,500,000)	(42,938,833)	1,438,833
(7) Long-term loans payable	(116,792,000)	(119,165,205)	2,373,205

(Note 1) Liabilities are shown in parentheses.

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

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

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

(3) Short-term loans payable

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

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

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

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

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

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

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

(Thousands of yen)

Category	End of 25th Fiscal Period (as of June 30, 2014)	End of 26th Fiscal Period (as of December 31, 2014)
Tenant leasehold and security deposits	7,624,960	7,364,647
Tenant leasehold and security deposits in trust	12,508,179	12,636,178

(Note 4) Scheduled redemption of monetary claims to be due after the account closing date of the 25th fiscal period (June 30, 2014)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	11,557,849	—	—	—	—	—
Cash and deposits in trust	11,517,632	—	—	—	—	—

Scheduled redemption of monetary claims to be due after the account closing date of the 26th fiscal period (December 31, 2014)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	12,117,339	—	—	—	—	—
Cash and deposits in trust	11,227,028	—	—	—	—	—

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 25th fiscal period (June 30, 2014)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	2,000,000	—	—	—	—	—
Investment corporation bonds	24,000,000	—	7,000,000	10,000,000	2,000,000	13,500,000
Long-term loans payable	6,332,000	26,732,000	23,732,000	20,374,000	17,200,000	38,320,000

Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the account closing date of the 26th fiscal period (December 31, 2014)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	—	—	—	—	—	—
Investment corporation bonds	13,000,000	7,000,000	5,000,000	7,000,000	4,000,000	18,500,000
Long-term loans payable	19,732,000	18,332,000	32,632,000	16,408,000	17,100,000	32,320,000

(Securities)

25th fiscal period (as of June 30, 2014)

Not applicable

26th fiscal period (as of December 31, 2014)

Not applicable

(Derivative Transactions)

25th fiscal period (as of June 30, 2014)

Not applicable as JPR conducted no derivative transactions

26th fiscal period (as of December 31, 2014)

Not applicable as JPR conducted no derivative transactions

(Retirement Benefits)

25th fiscal period (as of June 30, 2014)

Not applicable as JPR does not have any retirement benefit system

26th fiscal period (as of December 31, 2014)

Not applicable as JPR does not have any retirement benefit system

(Tax Effect Accounting)

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

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Effective statutory tax rate	36.59%	34.16%
(Adjustment)		
Deductible cash distributions	(36.59%)	(34.16%)
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable as JPR does not have any affiliated companies

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable

2. Subsidiaries

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable

3. Sister Companies

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable

4. Directors and Major Individual Unitholders

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable

(Asset Retirement Obligations)

25th fiscal period (January 1, 2014 – June 30, 2014)

Not applicable

26th fiscal period (July 1, 2014 – December 31, 2014)

Not applicable

(Segment Information)

[Segment Information]

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

[Related Information]

25th fiscal period (January 1, 2014 – June 30, 2014)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

26th fiscal period (July 1, 2014 – December 31, 2014)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Tangible Fixed Assets

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

3. Information about Major Customers

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

(Investment and Rental Properties)

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

(Thousands of yen)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	391,225,225	390,001,463
Amount of Increase (Decrease) during the Period	(1,223,761)	(276,927)
Balance at End of Current Period	390,001,463	389,724,535
Estimated Fair Value at End of Period	379,917,000	387,697,000

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

(Note 2) Of the amount of increase (decrease) during the periods for investment and rental properties, the amount of decrease for the 25th fiscal period is primarily attributable to depreciation (1,834,057 thousand yen). The amount of increase for the 26th fiscal period is primarily attributable to additional acquisition of Shibadaimon Center Bldg. (826,787 thousand yen), and the amount of decrease for the period is primarily attributable to depreciation (1,841,016 thousand yen).

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

The income (loss) in the 25th and 26th fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

(Per Unit Information)

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Total net assets per unit	239,046 yen	239,246 yen
Net income per unit	6, 149 yen	6, 349 yen

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

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

	25th Fiscal Period (January 1, 2014 – June 30, 2014)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
Net income (thousands of yen)	5,072,965	5,238,670
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	5,072,965	5,238,670
Average number of units during the fiscal period	825,000 units	825,000 units

(Subsequent Events)

Not applicable

(7) Detailed Schedules

1) Schedule of securities

Not applicable

2) Status of contract amounts, etc. and estimated fair value of derivative transactions and forward exchange transactions

Not applicable

3) Schedule of assets related to real estate

Asset Type	Balance as of July 1, 2014 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2014 (thousands of yen)	Accumulated Depreciation		Net Balance as of December 31, 2014 (thousands of yen)	Remarks
					Or Accumulated Amortization (thousands of yen)	Depreciation during the Period (thousands of yen)		
Current Assets	—	—	—	—	—	—	—	
Noncurrent Assets (Property, plant and equipment)								
Buildings	57,363,236	129,172	839,861	56,652,548	11,121,439	782,738	45,531,108	
Structures	45,366	295	-	45,661	14,089	1,315	31,571	
Machinery and equipment	725,345	15,038	14,179	726,204	341,835	19,080	384,368	
Tools, furniture and fixtures	50,301	5,398	1,089	54,610	29,761	2,066	24,848	
Land	110,601,033	-	1,559,474	109,041,559	-	-	109,041,559	
Construction in progress	9,527	29,695	-	39,223	-	-	39,223	
Subtotal	168,794,810	179,600	2,414,605	166,559,806	11,507,126	805,201	155,052,679	
(Beneficiary interests in trust)								
Buildings in trust	83,036,800	1,630,290	-	84,667,091	25,618,333	986,398	59,048,758	
Structures in trust	120,534	-	-	120,534	65,156	4,017	55,378	
Machinery and equipment in trust	1,583,846	21,921	-	1,605,767	1,168,396	39,524	437,370	
Tools, furniture and fixtures in trust	156,607	2,565	-	159,172	101,991	5,809	57,181	
Land in trust	168,132,889	2,143,251	-	170,276,140	-	-	170,276,140	
Construction in progress in trust	-	1,113	50	1,063	-	-	1,063	
Subtotal	253,030,677	3,799,142	50	256,829,770	26,953,878	1,035,750	229,875,892	
Total	421,825,488	3,978,743	2,414,655	423,389,576	38,461,004	1,840,951	384,928,571	
Intangible Assets								
Leasehold rights	4,794,109	—	—	4,794,109	-	-	4,794,109	
Other	7,602	—	—	7,602	4,581	565	3,020	
Total	4,801,712	-	-	4,801,712	4,581	565	4,797,130	

(Note 1) The "Increase during the Period" is due to property acquisition and construction works, etc. For buildings in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust, the increase includes the transfer from real estate to beneficiary interests in trust as a result of executing an additional trust agreement.

(Note 2) The "Decrease during the Period" in construction in progress in trust is due to the transfer to relevant accounts as a result of construction completion. For buildings, machinery and equipment, tools, furniture and fixtures and land, the decrease is due to the transfer from real estate to beneficiary interests in trust as a result of executing an additional trust agreement.

4) Schedule of other specified assets

Not applicable

5) Schedule of investment corporation bonds

Name	Issue Date	Balance as of July 1, 2014 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of December 31, 2014 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Remarks
Sixth Series of Investment Corporation Bonds (Note 1)	Nov. 4, 2004	5,000,000	5,000,000	—	2.000	Nov. 4, 2014	Purchase of properties and repayment of loans	Unsecured
Seventh Series of Investment Corporation Bonds (Note 2)	Dec. 14, 2006	4,500,000	—	4,500,000	2.900	Dec. 14, 2026	Repayment of loans	
Ninth Series of Investment Corporation Bonds (Note 2)	Jul. 23, 2007	6,000,000	6,000,000	—	2.100	Jul. 23, 2014		
Eleventh Series of Investment Corporation Bonds (Note 2)	Mar. 12, 2010	6,000,000	—	6,000,000	1.680	Mar. 12, 2015		
Twelfth Series of Investment Corporation Bonds (Note 2)	May 21, 2010	7,000,000	—	7,000,000	1.270	May 21, 2015	Purchase of properties	
Thirteenth Series of Investment Corporation Bonds (Note 2)	Oct. 25, 2011	7,000,000	—	7,000,000	0.950	Oct. 25, 2016	Redemption of investment corporation bonds and repayment of loans	
Fourteenth Series of Investment Corporation Bonds (Note 2)	Oct. 25, 2011	2,000,000	—	2,000,000	1.340	Oct. 25, 2018		
Fifteenth Series of Investment Corporation Bonds (Note 2)	Nov. 22, 2012	5,000,000	—	5,000,000	0.680	Nov. 22, 2017	Repayment of loans	
Sixteenth Series of Investment Corporation Bonds (Note 2)	Nov. 22, 2012	2,000,000	—	2,000,000	1.030	Nov. 22, 2019		
Seventeenth Series of Investment Corporation Bonds (Note 2)	May 31, 2013	5,000,000	—	5,000,000	0.650	May 31, 2018		
Eighteenth Series of Investment Corporation Bonds (Note 2)	May 31, 2013	2,000,000	—	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 2)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024	Redemption of investment corporation bonds	
Twentieth Series of Investment Corporation Bonds (Note 2)	Jul. 22, 2014	—	—	2,000,000	0.303	Jul. 22, 2019		
Twenty-first Series of Investment Corporation Bonds (Note 2)	Jul. 22, 2014	—	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 2)	Dec. 4, 2014	—	—	3,000,000	0.831	Dec. 4, 2024	Repayment of loans	
Total		56,500,000	11,000,000	54,500,000				

(Note 1) These investment corporation bonds are equipped with the same rank rider limited among investment corporation bonds and limitations on resale among qualified institutional investors.

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

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	13,000,000	7,000,000	5,000,000	7,000,000	4,000,000

6) Schedule of Loans Payable

Lender	Balance as of July 1, 2014 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2014 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-term loans payable								
Shinsei Bank, Ltd.	—	5,000,000	5,000,000	—	0.340%	Nov. 28, 2014	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Shinsei Bank, Ltd.	—	5,000,000	5,000,000	—	0.310%	Dec. 5, 2014		
The Norinchukin Bank	1,000,000	—	1,000,000	—	0.395%	Dec. 5, 2014		
The Hachijuni Bank	1,000,000	—	1,000,000	—	0.460%	Sep. 24, 2014		
Total	2,000,000	10,000,000	12,000,000	—				

Lender	Balance as of July 1, 2014 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2014 (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	1.414%	Feb. 4, 2016	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Mizuho Bank Ltd.	7,000,000	-	-	7,000,000	1.093%	Mar. 30, 2017		
Mizuho Bank Ltd.	2,000,000	-	-	2,000,000	1.027%	Dec. 5, 2019		
Mizuho Bank Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
Mizuho Bank Ltd.	5,000,000	-	-	5,000,000	1.178%	Jun. 27, 2023		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000,000	-	-	5,000,000	1.198%	Mar. 25, 2016		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.178%	Aug. 8, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	0.948%	Aug. 8, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.919%	Sep. 5, 2017		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	-	-	3,000,000	0.970%	Nov. 27, 2020		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000,000	-	-	4,000,000	0.889%	Jun. 25, 2021		
Sumitomo Mitsui Banking Corporation	6,400,000	-	-	6,400,000	1.093%	Mar. 30, 2017		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.027%	Dec. 5, 2019		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.265%	Jun. 26, 2020		
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	1.033%	Jun. 27, 2022		
Aozora Bank Ltd.	900,000	-	-	900,000	0.994%	Jul. 3, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.178%	Aug. 8, 2019		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	0.985%	Aug. 25, 2017		
Aozora Bank Ltd.	2,000,000	-	-	2,000,000	1.146%	Aug. 30, 2018		
Aozora Bank Ltd.	1,000,000	-	-	1,000,000	1.069%	Sep. 24, 2020		
Shinsei Bank, Ltd.	5,000,000	-	-	5,000,000	1.397%	Apr. 5, 2019		
Shinsei Bank, Ltd.	2,000,000	-	-	2,000,000	1.076%	Sep. 24, 2020		
Shinsei Bank, Ltd.	-	2,000,000	-	2,000,000	1.134%	Dec. 5, 2024		
Mizuho Trust & Banking Co., Ltd.	4,000,000	-	-	4,000,000	1.093%	Mar. 30, 2017		
Mizuho Trust & Banking Co., Ltd.	3,000,000	-	-	3,000,000	1.076%	Feb. 4, 2020		
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	-	-	5,000,000	1.184%	Aug. 29, 2017		
Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	0.924%	Aug. 31, 2015		
Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	0.843%	Jun. 26, 2015		

IV. Financial Statements

	Balance as of July 1, 2014 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of December 31, 2014 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Development Bank of Japan, Inc.	3,000,000	-	100,000	2,900,000	3.190%	(Note 5)		
Development Bank of Japan, Inc.	820,000	-	-	820,000	1.449%	Jun. 25, 2021		
Development Bank of Japan, Inc.	2,000,000	-	-	2,000,000	1.188%	Dec. 3, 2021		
The Bank of Fukuoka	2,000,000	-	-	2,000,000	1.170%	Jul. 7, 2016		
The Bank of Fukuoka	2,000,000	-	-	2,000,000	0.902%	Oct. 9, 2015		
The Bank of Fukuoka	1,000,000	-	-	1,000,000	0.911%	Sep. 24, 2019		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	-	2,000,000	0.981%	Oct. 11, 2016		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	-	-	2,000,000	0.874%	Dec. 25, 2015		
Meiji Yasuda Life Insurance Company	3,670,000	-	66,000	3,604,000	1.800%	(Note 6)		
ORIX Bank Corporation	1,000,000	-	-	1,000,000	0.786%	Feb. 5, 2018		
ORIX Bank Corporation	2,000,000	-	-	2,000,000	0.762%	May 27, 2019		
Shinkin Central Bank	3,000,000	-	-	3,000,000	0.689%	Dec. 5, 2018		
The Shinkumi Federation Bank	3,000,000	-	-	3,000,000	0.786%	Feb. 5, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	1.275%	Sep. 24, 2015		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	0.949%	Jun. 4, 2018		
Taiyo Life Insurance Company	1,000,000	-	-	1,000,000	1.011%	Dec. 25, 2020		
Chugoku Bank	2,000,000	-	-	2,000,000	0.902%	Oct. 9, 2015		Unsecured/ Unguaranteed/ Non-Subordinated
Chugoku Bank	1,000,000	-	-	1,000,000	0.758%	Sep. 25, 2018	(Note 4)	
The Nishi-Nippon City Bank, Ltd.	3,000,000	-	-	3,000,000	1.149%	May 27, 2016		
Sumitomo Life Insurance Company	2,000,000	-	-	2,000,000	2.257%	Jun. 4, 2015		
Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	2,000,000	-	-	2,000,000	1.725%	Mar. 26, 2015		
Daido Life Insurance Company	1,000,000	-	-	1,000,000	1.666%	Feb. 5, 2015		
Daido Life Insurance Company	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
The Hachijuni Bank	1,000,000	-	-	1,000,000	0.902%	Oct. 9, 2015		
The Hachijuni Bank	-	1,000,000	-	1,000,000	0.424%	Sep. 26, 2016		
Resona Bank, Ltd.	2,000,000	-	-	2,000,000	1.093%	Mar. 30, 2017		
The Iyo Bank, Ltd.	1,000,000	-	-	1,000,000	0.902%	Oct. 9, 2015		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.710%	Dec. 27, 2018		
The Tokyo Tomin Bank Limited (Note 7)	1,000,000	-	-	1,000,000	0.626%	Sep. 30, 2015		
The Norinchukin Bank	-	1,000,000	-	1,000,000	0.440%	Dec. 5, 2017		
The Bank of Yokohama, Ltd. (Note 7)	1,000,000	-	-	1,000,000	0.626%	Sep. 30, 2015		
The Minato Bank, Ltd. (Note 7)	800,000	-	-	800,000	0.626%	Sep. 30, 2015		
The Yamaguchi Bank, Ltd. (Note 7)	500,000	-	-	500,000	0.626%	Sep. 30, 2015		
The Chiba Kogyo Bank, Ltd. (Note 7)	100,000	-	-	100,000	0.626%	Sep. 30, 2015		
Total	132,690,000	4,000,000	166,000	136,524,000				

(Note 1) Amounts of long-term loans payable to be repaid within five years after the date of the balance sheet are as follows.

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Long-term loans payable	19,732,000	18,332,000	32,632,000	16,408,000	17,100,000

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

(Note 3) Short-term loans payable are floating-rate loans payable. Long-term loans payable are fixed-rate loans payable, except those that fall under the category of Note 7.

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

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

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

(Note 7) The loans are with floating interest rates.

(8) Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation, which comprise the balance sheet as at December 31, 2014, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation as at December 31, 2014 and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

March 24, 2015

Tokyo, Japan

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

25th Fiscal Period (January 1, 2014 – June 30, 2014) (Reference)	26th Fiscal Period (July 1, 2014 – December 31, 2014)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

25th fiscal period (January 1, 2014 – June 30, 2014)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Long-term loans payable	7,000,000
				Interest expenses	37,687	Accrued expenses	624

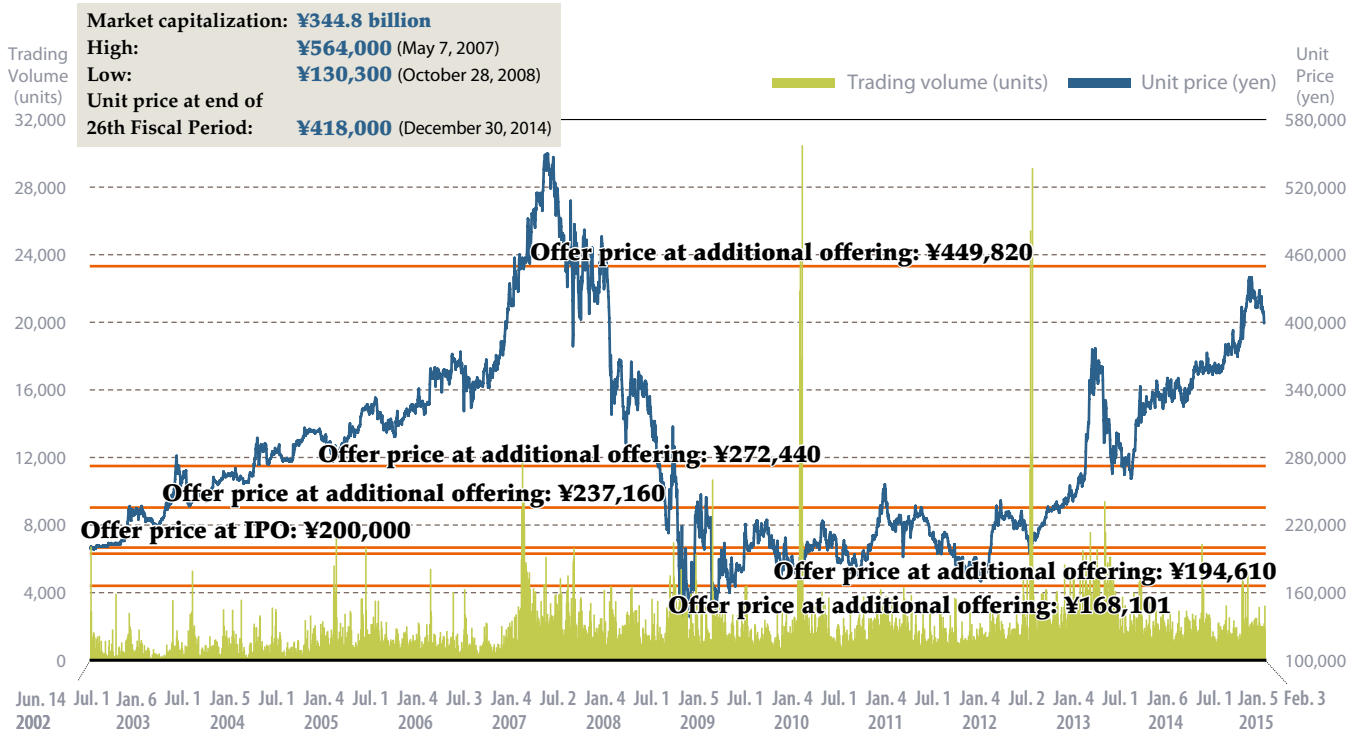
(Note) Transaction terms are determined based on prevailing market conditions.

26th fiscal period (July 1, 2014 – December 31, 2014)

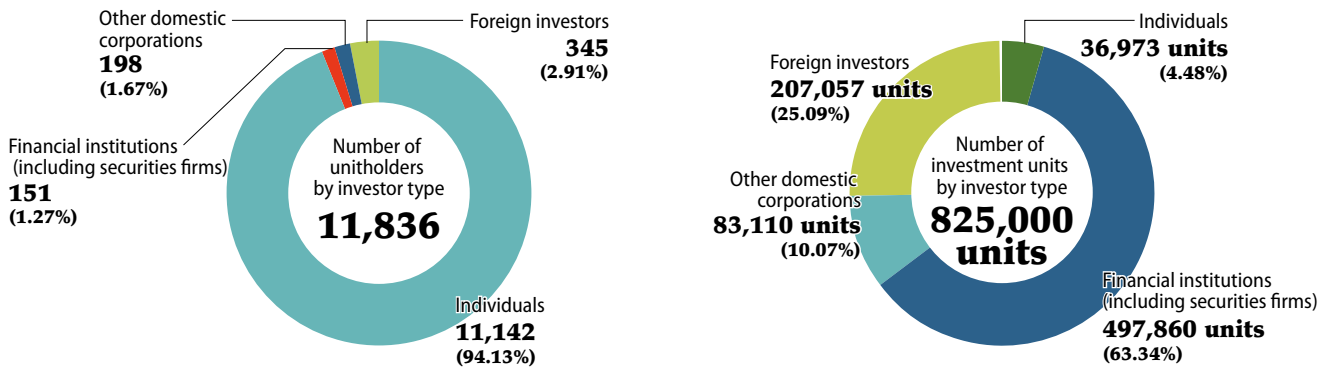
Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Long-term loans payable	7,000,000
				Interest expenses	38,312	Accrued expenses	1,041

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

Status of Investment Unit Price (as of December 31, 2014)

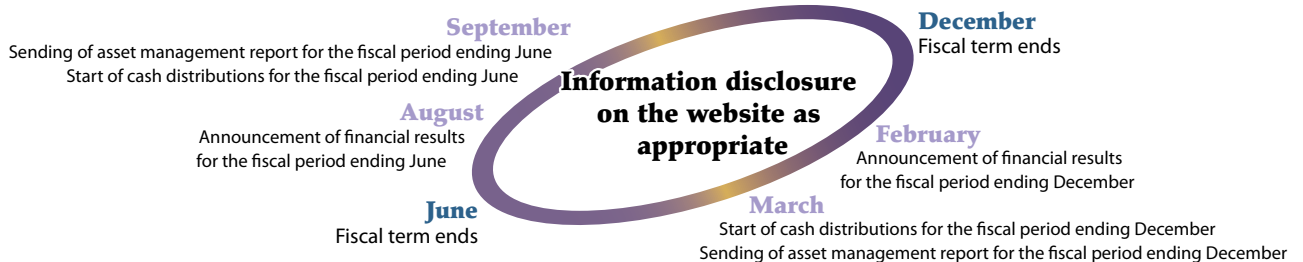


Breakdown of Unitholders (as of December 31, 2014)



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

Annual Schedule (Provisional)



Notice Concerning Withholding Tax Rate on Dividends of Listed Stocks, Etc.

Please be informed that the concessionary tax rate imposed on dividends and distributions of listed stocks, etc. was abolished as of December 31, 2013, and the ordinary tax rate is applicable for dividends and distributions of listed stocks, etc. to be paid on or after January 1, 2014. For reference, the special income tax for reconstruction is applied for dividends and distributions for the 25-year period from January 1, 2013 through December 31, 2037 at the rate of 2.1% on the applicable income tax liability.

The withholding tax rates on dividends and distributions of listed stocks, etc. to be paid on or after January 1, 2014 are as follows.

	From January 1, 2014 to December 31, 2037	From January 1, 2038 and thereafter
Income tax	15%	15%
Special income tax for reconstruction	0.315%	—
Resident tax	5%	5%
Total	20.315%	20%

- Resident tax is not levied on corporations.
- This notice is meant to provide general information regarding taxation on dividends and distributions of listed stocks, etc., and there may be cases in which the content of this notice is not applicable. For details, please inquire at the nearest tax office, with a tax accountant or other specialist.
- This notice has been prepared based on the information available as of January 2015.

Notes for Investors

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

Procedures for Change of Address

For filing or inquiring about a change of address, please contact your securities company with whom you have an account.

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

Cash Distributions

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

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

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