



31st

Tokyo Square Garden

**Report on Operating and Management Results
Thirty-First Fiscal Period Semi-Annual Report
January 1, 2017 – June 30, 2017**

Japan Prime Realty Investment Corporation

Determined Cash Distribution

The 31st fiscal period ended June 2017

¥7,213

Forecast Cash Distribution (reference)

The 32nd fiscal period ending December 2017

¥7,220

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JPR at a Glance

Japan Prime Realty Investment Corporation (JPR) is a J-REIT with a large-scale combined portfolio that is focused on office properties in Tokyo ^(Note). It aims to achieve stable growth of cash distributions, building on the quality of its properties and solid management operations.

(Note) "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).

Portfolio

JPR has built a large-scale combined portfolio of assets under the basic policy of making investments focused on office properties in Tokyo.

No. of Properties and Size

62 properties **435.0 billion yen**

Investment Ratio by Area

Tokyo: **84.5%** Other Cities: **15.5%**

Investment Ratio by Asset Class

Office: **76.8%** Retail: **23.2%**

Financial Base

JPR has constructed a financial base under the basic policy of conservatively controlling LTV and utilizing long-term, fixed interest rate debts.

LTV

40.7%

Ratio of Long-Term, Fixed Interest Rate Debts

100.0%

Issuer Rating

AA- (R&I) **A** (S&P)

Sponsors

JPR makes the best of the comprehensive capabilities in the real estate, construction and finance areas of the five sponsors led by Tokyo Tatemono together with Yasuda Real Estate, Taisei Corporation, Sompo Japan Nipponkoa Insurance and Meiji Yasuda Life Insurance.

Aggregate Value of Properties Acquired from and Based on Information Provided by Sponsors, etc.

343.3 billion yen

Major Properties Acquired from Sponsors, etc.



The Otemachi Tower
(Land with Leasehold Interest)



Olinas Tower



GINZA GATES

(Note) Aggregate value of properties acquired from and based on information provided by sponsors, etc. refers to the aggregate acquisition price of real estate, etc. JPR has acquired since its listing either from the sponsors, etc. or based on the information provided by the sponsors, etc., and includes the properties already sold. 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 (the same applies throughout this report).

Message to Our Unitholders



(From left to right) Nobuhisa Kusanagi, Hirohito Kaneko and Masato Denawa

*The term of office of Hirohito Kaneko, Executive Officer, will expire on September 14, 2017. In accordance with this, it is planned that Satoshi Okubo will take office as new Executive Officer as of September 15, 2017.



Japan Prime Realty
Investment Corporation

Hirohito Kaneko
Executive Officer

Nobuhisa Kusanagi
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 31st fiscal period (January 1, 2017 – June 30, 2017) at the end of June 2017, we renew our cordial appreciation for your patronage and support.

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.



Profile of New Executive Officer

Satoshi Okubo

Executive Officer

Japan Prime Realty Investment Corporation

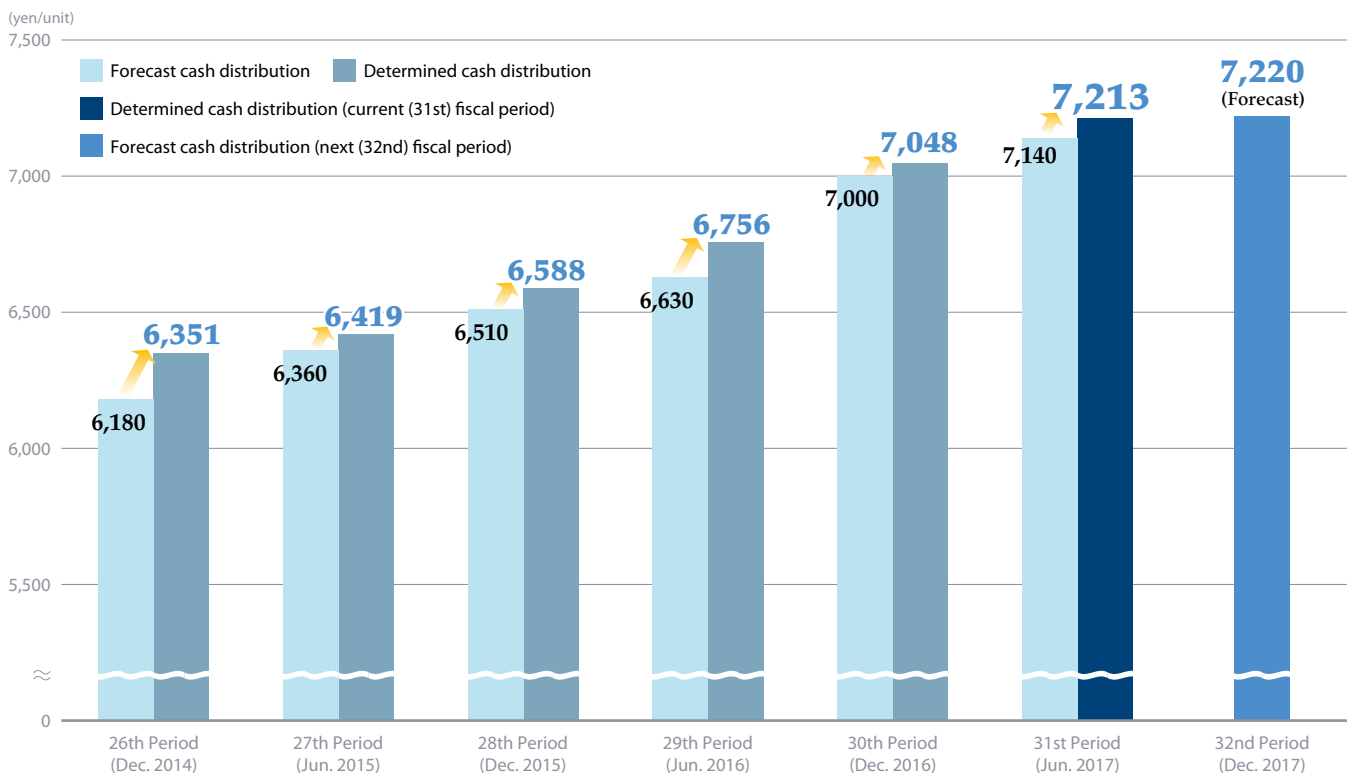
Satoshi Okubo joined Tokyo Tatemono Co., Ltd. in April 1977. After serving as Director and Head of the Osaka Branch Office of Tokyo Tatemono, he took office as President and Chief Executive Officer of Tokyo Realty Investment Management, Inc. (TRIM) in June 2010. He was then appointed Director of TRIM in April 2017. He will take office as Executive Officer of Japan Prime Realty Investment Corporation in September 2017.

Account Highlights

Distribution per unit for the 31st fiscal period ended June 30, 2017 came to 7,213 yen, marking the seventh straight fiscal period with a period-on-period increase.

For the 32nd fiscal period ending December 2017, JPR anticipates another period-on-period increase in distribution per unit, forecasting 7,220 yen.

Distribution per Unit



Operating Results

	26th Period ended Dec. 2014	27th Period ended Jun. 2015	28th Period ended Dec. 2015	29th Period ended Jun. 2016	30th Period ended Dec. 2016	31st Period ended Jun. 2017
Operating revenue (million yen)	13,902	14,251	14,105	14,246	15,105	15,118
Ordinary income (million yen)	5,239	5,566	5,746	5,897	6,153	6,868
Net income (million yen)	5,238	5,603	5,749	5,896	6,152	6,867
Unitholders' equity per unit (yen)	239,246	247,529	247,696	247,862	248,154	258,516

Message from Asset Manager



Yoshihiro Jozaki

President and Chief Executive Officer (CEO)
Tokyo Realty Investment Management, Inc.
(TRIM)

Career Highlights

Yoshihiro Jozaki joined Tokyo Tatemono Co., Ltd. in Jan 1989. After serving as Head of Kyushu Branch, Managing Officer and Head of Kansai Branch, he took office as President and CEO of Tokyo Realty Investment Management, Inc. in Apr. 2017.

On behalf of Tokyo Realty Investment Management, Inc. (TRIM), I would like to express our sincere gratitude for your loyal patronage.

I took office as President and CEO of TRIM as of April 1, 2017.

Japan Prime Realty Investment Corporation (JPR) was listed on the Tokyo Stock Exchange in June 2002 as the country's fifth J-REIT. Since then, JPR has demonstrated proven records of accomplishment of stable management and operations. JPR is now celebrating its 15th anniversary since listing.

In this regard, I sincerely appreciate the support and encouragement you have extended to JPR over the years. Upon reaching this milestone 15th anniversary, we renew our determination to do our utmost to meet your expectations.

For the 31st fiscal period, an increase in revenues due to the acquisition of new properties and stable internal growth enabled JPR to achieve a period-on-period increase in cash distributions for the seventh straight fiscal period, with distribution per unit reaching 7,213 yen, a record high since JPR's listing.

1 Financial Results of the 31st Fiscal Period Ended June 2017

- **Cash distribution per unit: ¥7,213** (up ¥165 period-on-period)
- Achieved a period-on-period increase in cash distributions for **the seventh straight fiscal periods**
- Achieved record-high distribution per unit since listing
- **Forecast distribution per unit for the next fiscal period: ¥7,220** (32nd fiscal period ending December 2017)

For the 31st fiscal period, JPR generated good financial results thanks to an increase in revenues through acquiring three properties in Central Tokyo, as well as internal growth through raising of rents upon tenant replacement and other measures.

Distribution per unit came to 7,213 yen, a record high since listing and up 165 yen from the previous fiscal period, marking the seventh straight fiscal period with a period-on-period increase.

For the 32nd fiscal period ending December 2017, distribution per unit is forecast to be 7,220 yen, marking the eighth straight fiscal period with a period-on-period increase, as continuous endeavors will be made to raise rents, and maintain and enhance occupancy rates amid an overall increase in contract rents due to strong demand for office spaces.

2 Acquisition of Tokyo Square Garden



Acquisition Price	18,400 million yen	Completed	February 2013
Ownership interest	8.22%	Site area	8,124.72 m ²
Acquisition date	February 1, 2017 (50%) April 4, 2017 (50%)	Total floor space	112,645.83 m ²
		Floors	B4/24F

In January 2017, JPR conducted a public offering and used the obtained proceeds to acquire Tokyo Square Garden, a large-scale office building developed by Tokyo Tatemono, the main sponsor.

Located in the area in front of Tokyo Station, where a transformation into one of the best business districts in Tokyo is under way, Tokyo Square Garden is a high-quality property boasting a floor plate of more than 1,000 tsubos and having great appeal.



A floor plate of more than 1,000 tsubos and column-free spaces



Kyobashi Station Plaza that is directly connected to Kyobashi Station on the Tokyo Metro Ginza Line

3 Overview of Public Offering

Date of resolution of issuance	Number of units newly issued	Total offering amount
January 6, 2017	50,000 units	21,257 million yen
After issuance of new investment units		
Unitholders' capital	Number of issued investment units	
210.3 billion yen > 231.6 billion yen	873,000 units > 923,000 units	

*The investment units newly issued consist of 47,600 units via primary offering and 2,400 units through secondary offering with an over-allotment option.

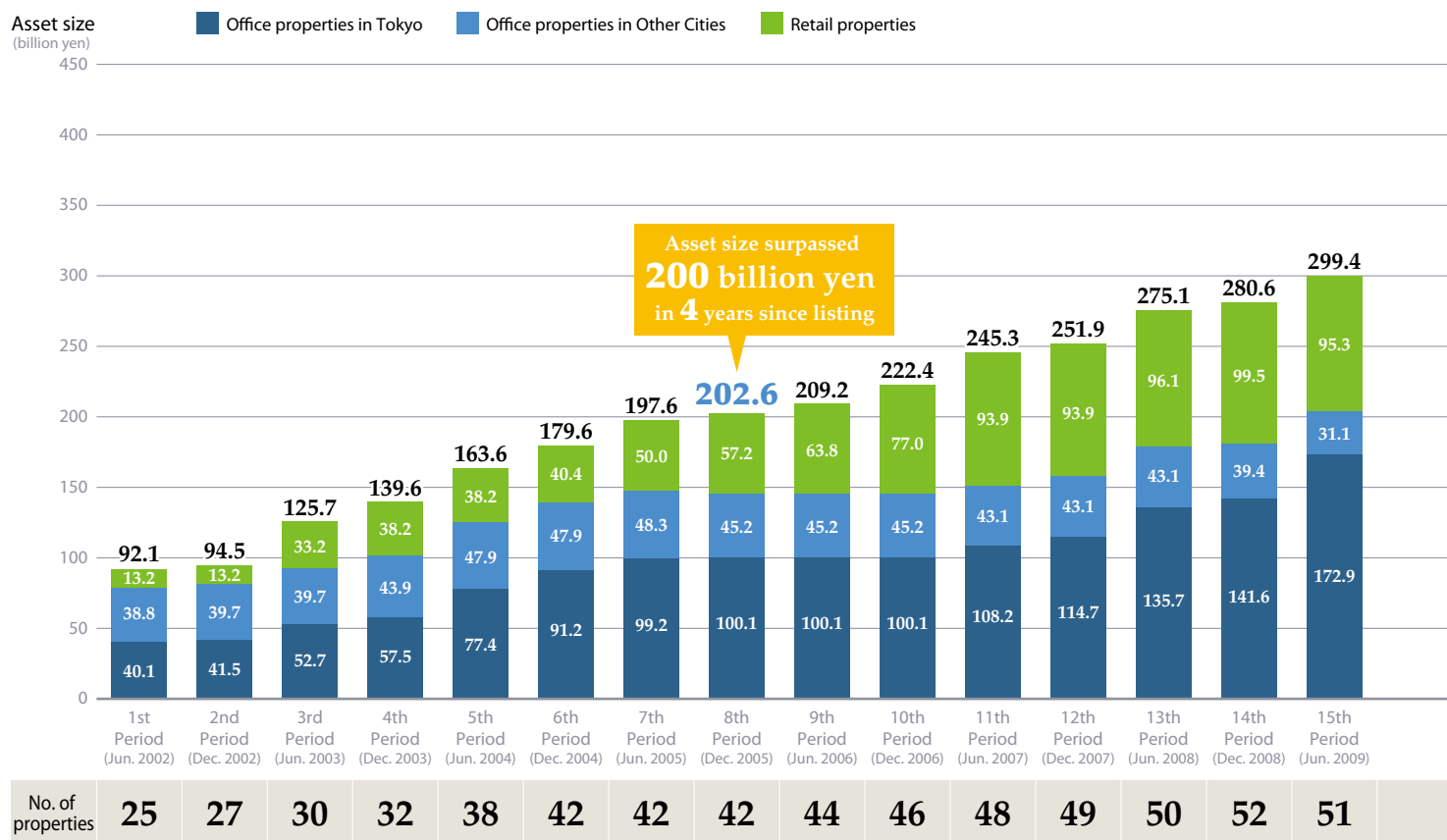
Celebrating the 15th Anniversary since Listing with Thanks to Investors

JPR's 15 Years of Advancement

Listed in May 2002, JPR celebrated its 15th anniversary in the 31st fiscal period.

Since listing, JPR has steadily expanded its asset size while enhancing the quality of its portfolio.

Going forward, JPR will continue its endeavors on vigorously selective investments in a balanced manner, with a focus on office properties in Tokyo, and aim to achieve stable growth of cash distributions.



Portfolio Management Standards

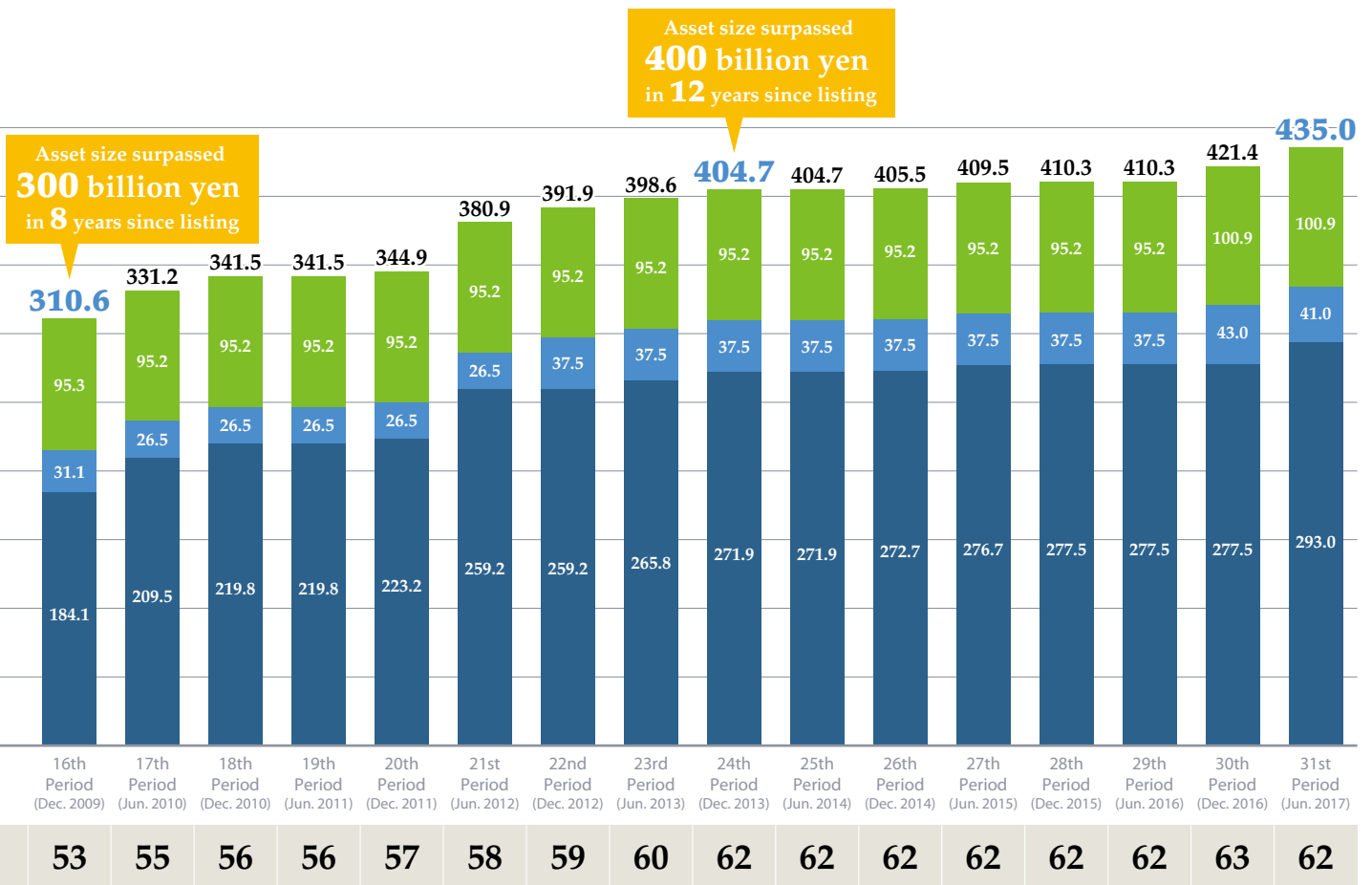
Upon listing, JPR had portfolio management standards that set a target investment ratio by area of roughly 60% for Tokyo versus 40% for Other Cities and a target investment ratio by asset class of roughly 80% for office properties versus 20% for retail properties. In the 16th fiscal period ended December 2009, however, JPR changed the standards as follows with a policy of focusing investments in office properties in Tokyo.

Target investment ratio by area

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

Target investment ratio by asset class

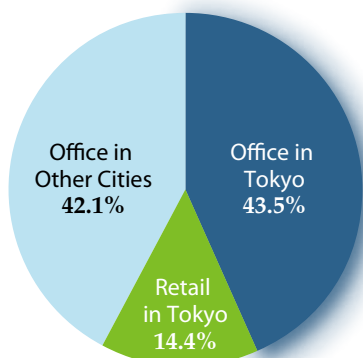
Office: 70 - 90%
Retail: 30 - 10%



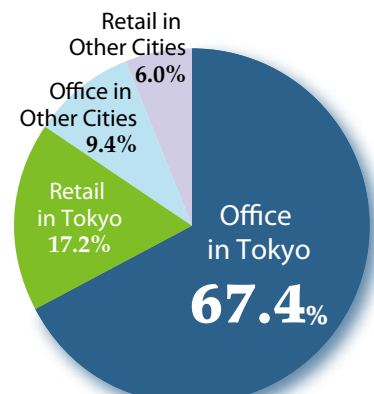
Changes in Investment Ratios by Area and by Asset Class

As a result of focused investments in office properties in Tokyo, the investment ratio of office properties in Tokyo stood at 67.4% as of the end of the 31st fiscal period, up 23.9% compared with the 43.5% as of the end of the 1st fiscal period.

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



End of 31st Fiscal Period (June 30, 2017)



Increase in the investment ratio of office properties in Tokyo through focused investments

+23.9%

Internal Growth Strategy

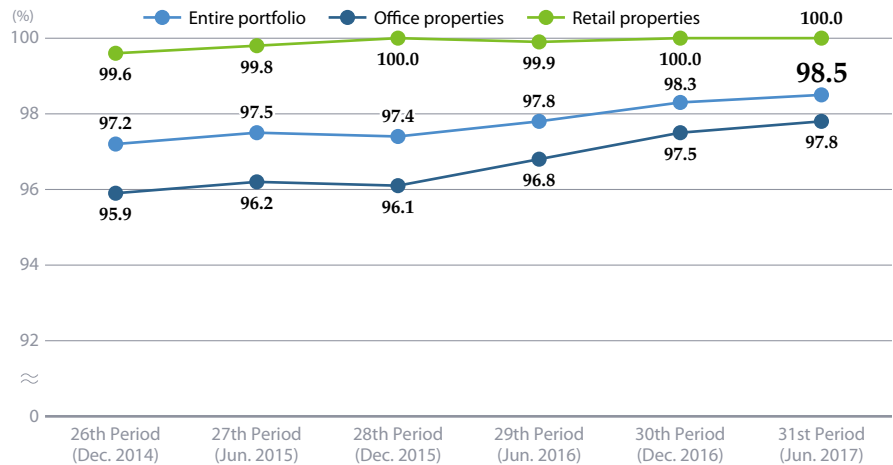
JPR has achieved internal growth through an increase in rents while maintaining the occupancy rate at a high level, with its measures including flexible use of target rents proving effective.

Major Reinforcement Strategies

1. Flexibly use target rents	JPR conducts leasing by setting target rents, to be used upon concluding new contracts or renewing existing contracts for respective properties, for each fiscal period in accordance with the market trends.
2. Reinforce investments for value enhancement	JPR works to raise rents for new contracts and reinforce property competitiveness by investing in interior fittings and facilities, etc. that meet tenant needs.
3. Continuously enhance tenant satisfaction	Deliberately responding to tenants and creating safe and secured environments are important initiatives that positively affect rent negotiations as well as help prevent contract cancellations from happening.
4. Strategically use rent-free periods	JPR uses rent-free periods strategically, intending to raise rents for new contracts and conduct upward revision of rents upon contract renewal in the future.

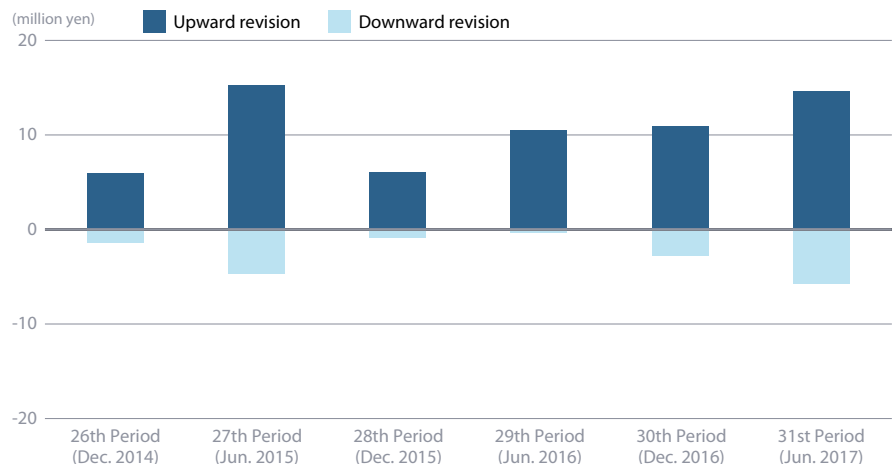
Average Occupancy Rate

The average occupancy rate of the portfolio (period average of occupancy rates at end of months) has remained at a high level, reaching the 98% level.



Changes in Revised Amount of Monthly Rent, Etc.

By amount, upward revision of rents has continued to surpass downward revision since the 26th fiscal period ended December 2014.



External Growth Strategy

JPR is resolved to continuously work on investments focused on office properties in Tokyo in order to enhance its growth potential over the long term, while conducting vigorously selective investments in retail properties as well as office properties in regional cities to enhance the stability of earnings.

Basic Strategy

1. Focused investments in office properties in Tokyo

Improve the quality of the portfolio by making investments 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 increase of rents when the leasing market shows a recovery trend. Looking ahead, JPR will continue to make investments focused on office properties in Tokyo, with an aim to further improve the quality of its portfolio and enhance its growth potential over a long term.

2. Vigorously selective investments in retail properties as well as office properties in regional cities

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

While securing growth potential by making focused investments in office properties in Tokyo, JPR will make vigorously selective investments 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.

Cases in which JPR Acquired Properties by Utilizing Sponsor Support

JPR has displayed its strength of having sponsors comprised of 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 have equity interests.

FUNDES Suidobashi



FUNDES Suidobashi was acquired from Tokyo Tatemono.



Japan Prime Realty
Investment Corporation
(securities code: 8955)

Property Acquisition Results by Channel

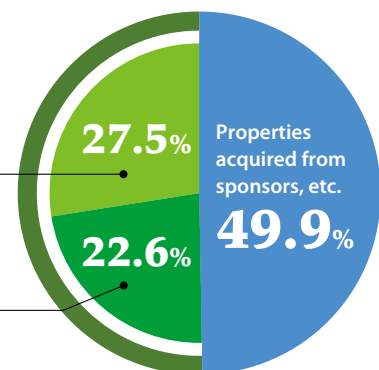
At JPR, the ratio of properties acquired from its sponsors, etc. and that of properties acquired from third parties (total of properties acquired based on the information provided by the sponsors and those acquired other than from the sponsors, etc.) are almost equal, standing at 49.9% for the former and 50.1% for the latter (on an acquisition price basis).

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

Transactions with
third parties
50.1%

Properties acquired
other than from
sponsors, etc.

Properties acquired
based on information
provided by sponsors



Financial Strategy

By controlling the ratio of interest-bearing debts in a conservative manner and making further endeavors to lengthen the maturity of debts and diversify repayment dates, JPR has maintained a stable and strong financial base that should allow it to respond to future changes in the financial environment.

Financial Status

JPR has maintained its conservative leverage control policy, in which it targets to keep the ratio of interest-bearing debts to total assets largely at up to 50%, and secured a stable fund procurement base with the ratio of long-term, fixed interest rate debts at 95% or more.

Major Financial Indicators (at end of the 31st fiscal period)

Ratio of interest-bearing debts to total assets	40.7%
Ratio of long-term, fixed interest rate debts	100.0%

Status of Corporate Credit Ratings Assigned to JPR

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

Financing Status for the 31st Fiscal Period

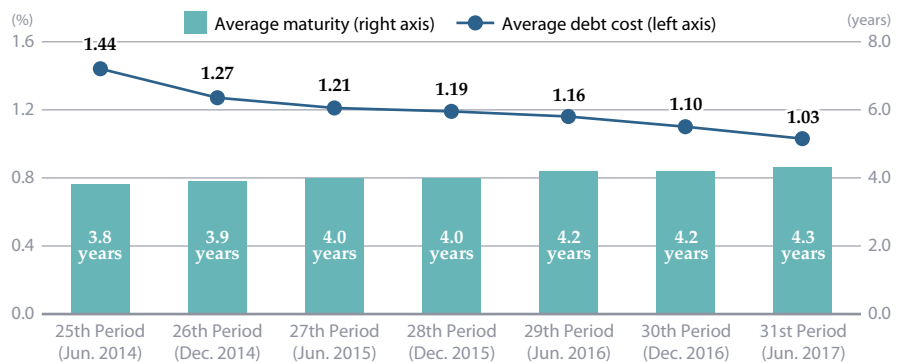
JPR has successfully reduced debt cost while placing more emphasis on lengthening the maturity of interest-bearing debts and diversifying the repayment dates.

Comparison of Debts Matured and New Debts Borrowed in the 31st Period

Average maturity	5.0 years ➔ 4.4 years (down 0.6 years)
Average debt cost	1.24% ➔ 0.37% (down 0.87%)

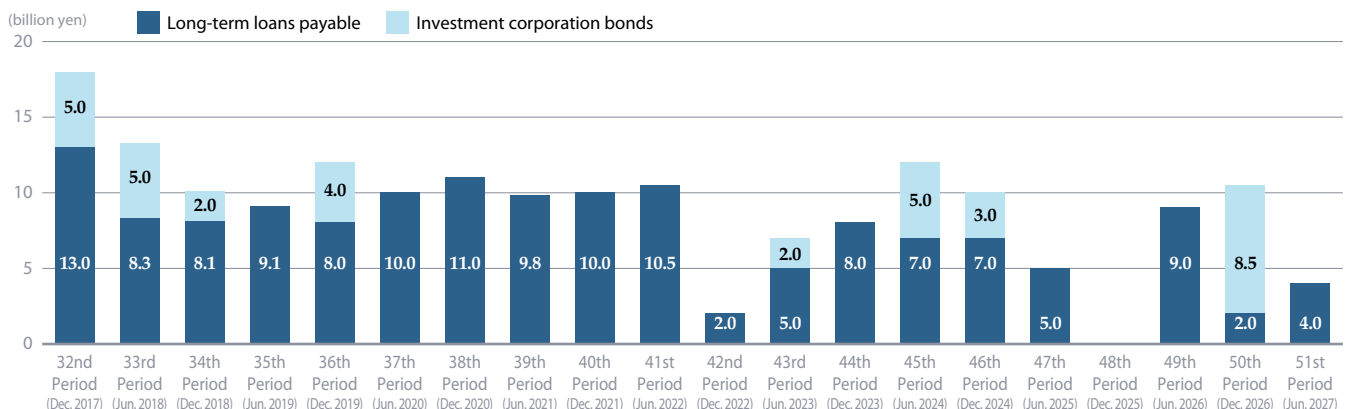
Average Maturity of the Entire Interest-Bearing Debts and Average Debt Cost

JPR has worked to reduce financing costs and stabilize financial operations by lowering the average debt costs and lengthening the average maturity.



Diversification of Repayment Dates for Interest-Bearing Debts

JPR has endeavored to mitigate refinance risks by diversifying repayment dates while establishing a commitment line with a credit limit of 24 billion yen.



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.

Board Composition that Secures Governance

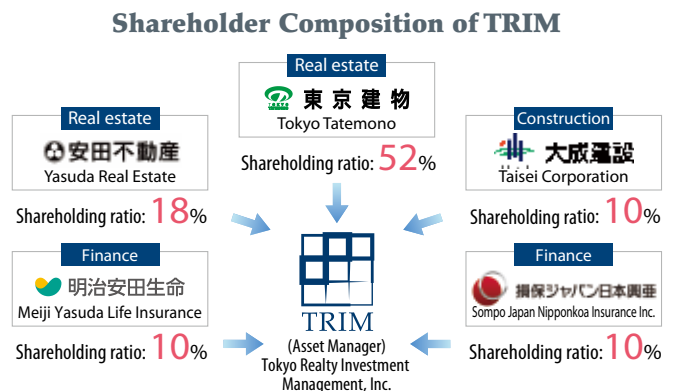
- At JPR, the Executive Officer has no concurrent assignment as director of TRIM in consideration of securing the independence of the investment corporation.
- The JPR officers have sufficient experience in practical operations and have a thorough knowledge of the REIT industry. The Supervising Officers are an attorney and a public accountant, securing the effectiveness of their monitoring function on the business operations of the investment corporation.

Member of the Board of JPR	
Executive Officer:	Hirohito Kaneko (attorney) ^(Note)
Supervising Officer:	Masato Denawa (attorney)
Supervising Officer:	Nobuhisa Kusanagi (certified public accountant)

(Note) The term of office of Hirohito Kaneko, Executive Officer, will expire on September 14, 2017. In accordance with this, it is planned that Satoshi Okubo will take office as new Executive Officer as of September 15, 2017.

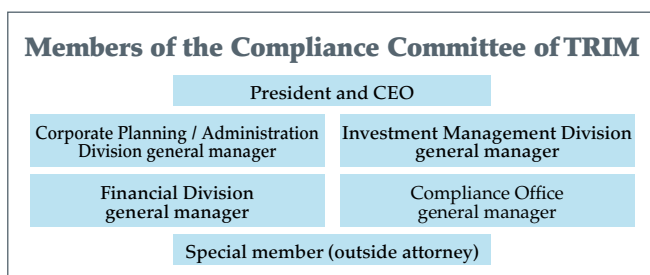
Merits of Having Diversified Sponsors and Monitoring of Operations

- The five sponsors that are active in the respective areas provide properties, human resources, information and other support by taking advantage of their respective strengths.
- Each sponsor exercises its monitoring function, from a variety of perspectives, on the business operations of the investment corporation.
- The Compliance Office general manager that is the head of the department in charge of internal control at TRIM is not seconded from any of the sponsor companies.



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 a 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)



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.

Overview of Portfolio Properties

List of Properties (62 Properties for the Entire Portfolio)

Central Tokyo (31 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	3.7	7,994.02	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	3,319.37	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	0.9	3,265.34	7.8
	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 28, 2003	11,200	2.6	14,468.38	6.8
	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 23, 2003	2,920	0.7	4,241.22	7.3
	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 28, 2004	5,100	1.2	4,235.05	4.9
	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 1, 2004	3,500	0.8	4,088.44	3.5
	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2, 2004	10,000	2.3	19,284.71	1.3
				Sep. 26, 2008	180	0.0		
				Mar. 25, 2015	4,000	0.9		
				Oct. 21, 2015	786	0.2		
	Total	14,966	3.4					
	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 9, 2004	2,900	0.7	15,227.80	3.1
				Apr. 12, 2005	8,921	2.1		
				Jul. 13, 2010	3,300	0.8		
				Total	15,121	3.5		
	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	4.8	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	0.4	1,700.57	5.3
	A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2, 2009	2,800	0.6	2,488.36	7.7
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 25, 2009	8,400	1.9	4,763.38	6.8	
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 12, 2010	5,250	1.2	3,551.01	6.7	
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	Mar. 31, 2010	5,100	1.2	5,299.89	5.0	
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 31, 2010	15,050	3.5	6,177.74	2.6	
A-22	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 29, 2011	3,400	0.8	1,896.69	4.5	
A-23	The Otemachi Tower (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	Mar. 13, 2012	36,000	8.3	11,034.78	—	
A-24	Science Plaza – Yonbancho Plaza	Chiyoda-ku, Tokyo	Dec. 6, 2013	2,660	0.6	3,325.29	3.1	
A-25	Shibadaimon Center Bldg.	Minato-ku, Tokyo	Dec. 6, 2013	3,420	0.8	5,401.46	5.6	
			Jul. 30, 2014	800	0.2			
			Total	4,220	1.0			
A-26	Tokyo Square Garden	Chuo-ku, Tokyo	Feb. 1, 2017	9,200	2.1	5,985.62	2.6	
			Apr. 4, 2017	9,200	2.1			
			Total	18,400	4.2			
Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 30, 2003	12,000	2.8	8,076.85	5.8
	A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 24, 2006	4,275	1.0	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		
				Total	2,740	0.6		
	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 27, 2008	3,400	0.8	1,101.92	3.0
	A-6	GINZA GATES	Chuo-ku, Tokyo	Dec. 15, 2016	10,100	2.3	1,666.55	6.8
A-7	FUNDES Suidobashi	Chiyoda-ku, Tokyo	Dec. 15, 2016	3,250	0.7	1,367.56	6.5	
Subtotal					¥244,862	56.3	161,955.93	—

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	0.5	5,536.18	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	0.3		
	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 13, 2004	8,100	1.9	15,420.07	6.8
	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 1, 2004	3,250	0.7	6,476.53	3.9
				Sep. 30, 2005	888	0.2		
	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Feb. 28, 2007	2,300	0.5	4,670.27	4.1
				Total	3,188	0.7		
	B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 22, 2007	5,831	1.3	6,023.39	1.3
	B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 10, 2007	6,510	1.5	12,000.08	3.4
B-11	Olinas Tower	Sumida-ku, Tokyo	Jun. 29, 2009	31,300	7.2	23,987.40	2.4	
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 27, 2010	7,000	1.6	6,494.09	5.2	
B-13	Omiya Prime East	Saitama, Saitama	Mar. 22, 2013	6,090	1.4	6,871.45	2.4	
Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 16, 2001	10,200	2.3	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	7,254	1.7	19,740.95	4.5
	B-5	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 19, 2007	4,335	1.0	14,960.69	7.1
	B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 12, 2007	15,080	3.5	12,116.35	5.9
Subtotal					¥122,885	28.2	189,756.20	—

Other Cities (14 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	7,136.30	4.3
	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 16, 2001	2,900	0.7	6,570.48	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	0.7	7,129.14	2.0
	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 26, 2002	1,670	0.4	4,875.38	10.6
	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 21, 2002	2,810	0.6	3,257.73	1.6
	C-17	JPR Dojima Bldg.	Osaka, Osaka	Jan. 23, 2004	2,140	0.5	3,917.52	5.0
	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	2.5	16,654.33	1.6
	C-21	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 30, 2005	5,430	1.2	3,843.03	11.5
Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	May 15, 2003	8,000	1.8	18,586.97	4.3
				Jul. 16, 2003	5,000	1.1		
				Total	13,000	3.0		
C-4	Housing Design Center Kobe	Kobe, Hyogo	Sep. 28, 2005	7,220	1.7	35,444.13	7.2	
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 30, 2006	6,000	1.4	2,485.79	8.4	
Subtotal					¥67,303	15.5	126,260.41	—
Total					¥435,050	100.0	477,972.54	2.0

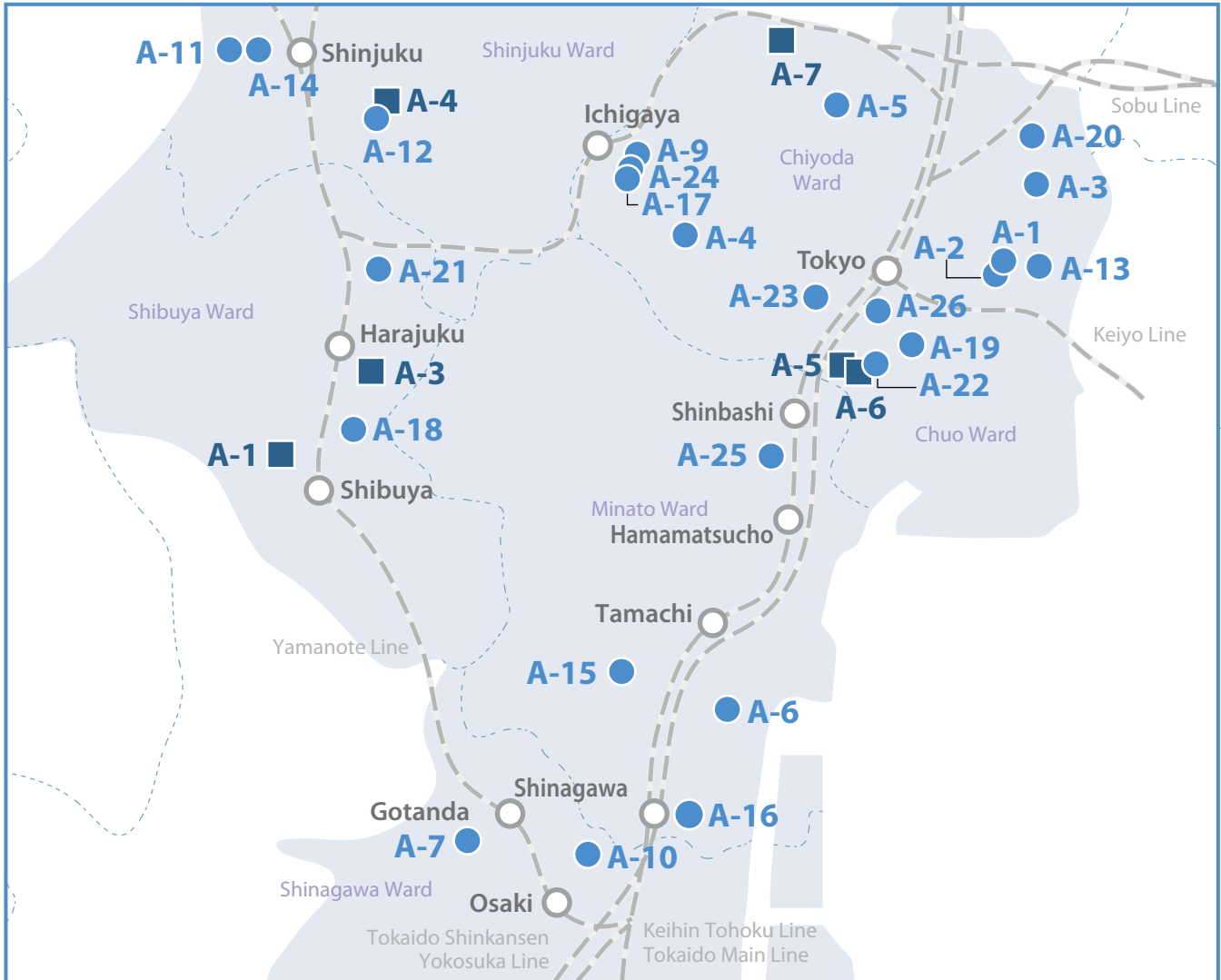
(Note 1) The table above shows properties owned by JPR as of June 30, 2017.

(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.

(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 first decimal place.

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 Bldg.

Property acquired in 31st fiscal period

- A-26 Tokyo Square Garden

Retail

- A-1 JPR Shibuya Tower Records Bldg.
- A-3 JPR Jingumae 432
- A-4 Shinjuku Sanchome East Bldg.
- A-5 Yurakucho Ekimae Bldg.
(Yurakucho Itocia)
- A-6 GINZA GATES
- A-7 FUNDES Suidobashi

A Central Tokyo

Chiyoda Ward
Chuo Ward

Minato Ward
Shinjuku Ward

Shinagawa Ward
Shibuya Ward

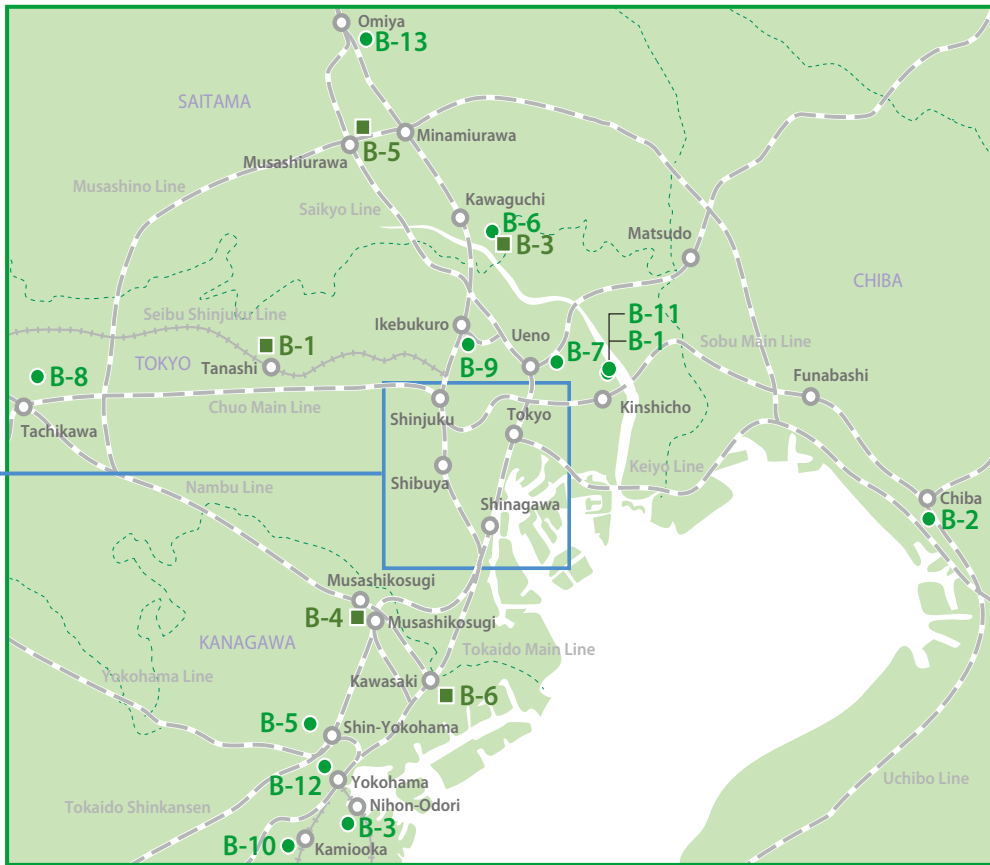
B Greater Tokyo

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.

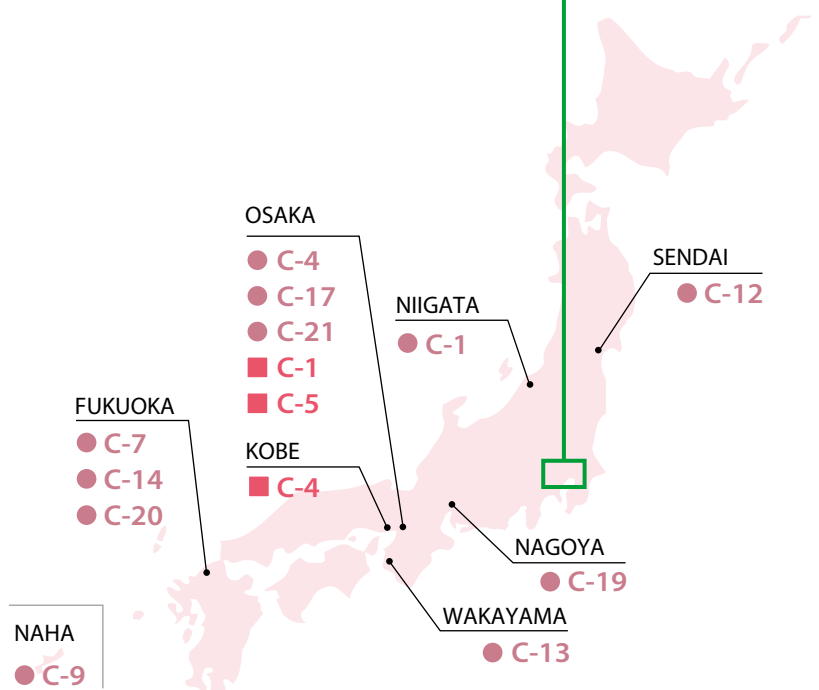
C Other Cities

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-19 JPR Nagoya Fushimi Bldg.
- C-20 Yakuin Business Garden
- C-21 Benetton Shinsaibashi Bldg.

Retail

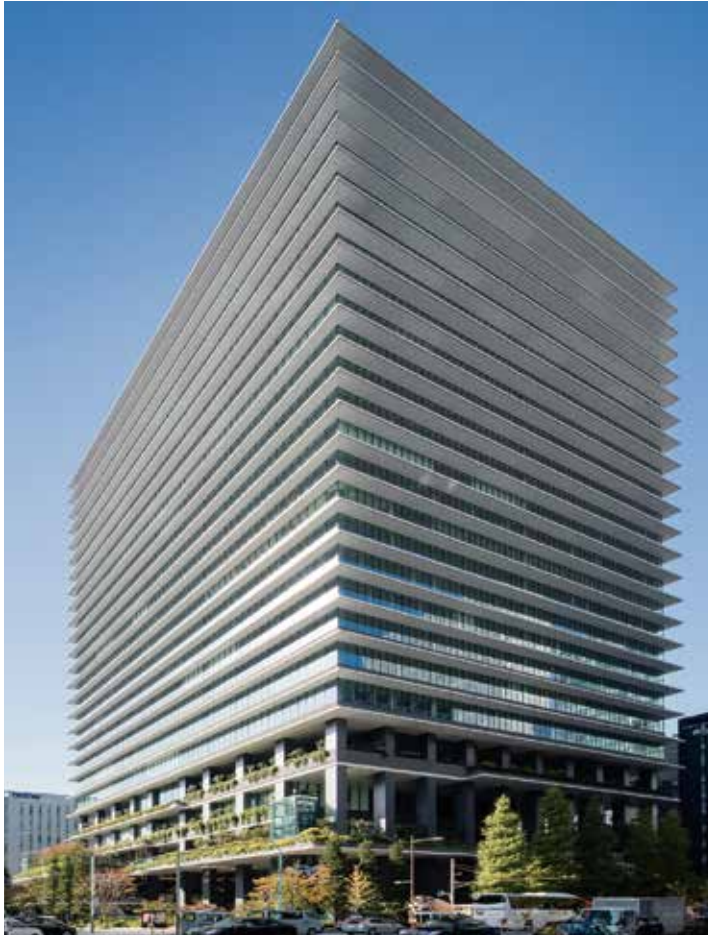
- C-1 JPR Umeda Loft Bldg.
- C-4 Housing Design Center Kobe
- C-5 JPR Chayamachi Bldg.



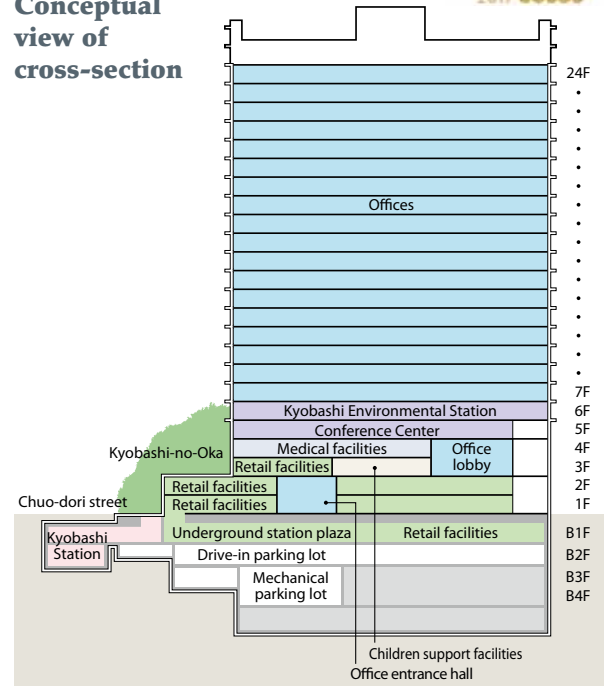
Properties Newly Acquired in the 31st Fiscal Period

Central Tokyo Office Retail

A-26 Tokyo Square Garden Chuo Ward, Tokyo



Conceptual view of cross-section



Location		1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	
Acquisition Price	¥18,400 million	Structure/Floors	S/SRC B4/24F
Site Area	8,124.72 m ²	Completed	February 2013
Total Floor Space	112,645.83 m ²	Property Manager	Tokyo Tatemono Co., Ltd. The Dai-ichi Building Co., Ltd.

Portfolio Properties

Central Tokyo Office Retail

A-1 Kanematsu Bldg. Chuo Ward, Tokyo



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

Portfolio Properties

Central Tokyo

Office

Retail

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.

A-5

JPR Crest Takebashi Bldg.

Chiyoda Ward, Tokyo



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

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	8,992.18 m ²	Completed	February 1988
Total Floor Space	31,020.21 m ²	Property Manager	Tokyo Tatemono Co., Ltd.

A-7

Gotanda First Bldg.

Shinagawa Ward, Tokyo



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

Portfolio Properties

Central Tokyo

Office

Retail

A-9

JPR Ichigaya Bldg.

Chiyoda Ward, Tokyo



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

A-10

Oval Court Ohsaki Mark West

Shinagawa Ward, Tokyo



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



A-11

Shinjuku Square Tower

Shinjuku Ward, Tokyo



Acquisition Price	¥14,966 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.



Central Tokyo Office Retail

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-15 **Minami Azabu Bldg.**
Minato Ward, Tokyo



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

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



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

Portfolio Properties

Central Tokyo

Office

Retail

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-19 Tokyo Tatemono Kyobashi Bldg. Chuo Ward, Tokyo



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

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-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.

Central Tokyo Office Retail

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	— (Note)

(Note) 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.

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	Nomura Real Estate Partners Co., Ltd.

A-25 **Shibadaimon Center Bldg.**
Minato Ward, Tokyo



Acquisition Price	¥4,220 million	Structure/Floors	S/SRC B1/10F
Site Area	1,915.50 m ²	Completed	July 1993
Total Floor Space	11,419.93 m ²	Property Manager	Nomura Real Estate Partners Co., Ltd.

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.

Portfolio Properties

Central Tokyo

Office

Retail

A-4 Shinjuku Sanchome East Bldg.

Shinjuku Ward, Tokyo



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

A-5 Yurakucho Ekimae Bldg. (Yurakucho Itocia)

Chiyoda Ward, Tokyo



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

A-6 GINZA GATES

Chuo Ward, Tokyo



Acquisition Price	¥10,100 million	Structure/Floors	S 11F
Site Area	230.11 m ²	Completed	June 2008
Total Floor Space	1,821.67 m ²	Property Manager	Tokyo Tatemono Co., Ltd.

A-7 FUNDES Suidobashi

Chiyoda Ward, Tokyo



Acquisition Price	¥3,250 million	Structure/Floors	S 9F
Site Area	281.59 m ²	Completed	July 2015
Total Floor Space	1,477.91 m ²	Property Manager	Prime Place Co., Ltd.

Greater Tokyo Office Retail**B-1 Arca East**
Sumida Ward, Tokyo

Acquisition Price	¥5,880 million	Structure/Floors	S/SRC B3/19F
Site Area	3,755.01 m ²	Completed	March 1997
Total Floor Space	34,281.86 m ²	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	Taisei-Yuraku Real Estate 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.

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

Acquisition Price	¥1,490 million
Site Area	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-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	Jones Lang LaSalle K.K.

B-6 Kawaguchi Center Bldg.
Kawaguchi City, Saitama

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

Portfolio Properties

Greater Tokyo Office Retail

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

(Note) 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 (Note)
Site Area	27,335.29 m ² (entire site area)	Completed	February 2006
Total Floor Space	257,842.41 m ² (includes commercial tower and residential tower)	Property Manager	Tokyo Tatemono Co., Ltd.

(Note) The office building has 31 floors above ground and 2 floors underground.

B-12 Tokyo Tatemono Yokohama Bldg.

Yokohama City, Kanagawa



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

Greater Tokyo Office Retail

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



Acquisition Price	¥6,090 million	Structure/Floors	S 9F
Site Area	2,268.09 m ²	Completed	February 2009
Total Floor Space	9,203.98 m ²	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	Structure/Floors	S/RC/SRC B2/10F
Site Area	15,008.28 m ² (entire redevelopment project)	Completed	January 2006
Total Floor Space	48,321.96 m ²	Property Manager	Tokyo Tatemono Co., Ltd.

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



Acquisition Price	¥7,254 million	Structure/Floors	SRC/RC/S B1/6F
Site Area	4,757.09 m ²	Completed	March 1983
Total Floor Space	18,394.32 m ²	Property Manager	Tokyo Tatemono Co., Ltd.

Portfolio Properties

Greater Tokyo Office Retail / Other Cities Office Retail

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	Geo-Akamatsu Co., Ltd. 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.

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	Structure/Floors	SRC B3/9F
Site Area	1,432.64 m ²	Completed	February 1970
Total Floor Space	14,619.52 m ²	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.



Other Cities

Office

Retail

C-12 Sampo 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 Sampo 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.

C-19 JPR Nagoya Fushimi Bldg.

Nagoya City, Aichi



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



Portfolio Properties

Other Cities Office Retail

C-21 Benetton Shinsaibashi Bldg. Osaka City, Osaka



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

C-1 JPR Umeda Loft Bldg. Osaka City, Osaka



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

C-4 Housing Design Center Kobe Kobe City, Hyogo



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

C-5 JPR Chayamachi Bldg. Osaka City, Osaka



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

Initiatives on Sustainability

For JPR to grow stably over the medium to long term, it is essential to address such social requirements as considerations to the environment, society and governance. JPR will continue its endeavors to enhance sustainability, centering on its initiatives for environmental friendliness, etc.

In this regard, TRIM, the asset management company of JPR, has established its “Sustainability Policy” as described below.

Sustainability Policy

Based on its corporate philosophy of working with integrity and commitment to responsibilities, TRIM is resolved to contribute to the sustainable development of society and the investment management business through discussion and cooperation with its stakeholders (including investors and tenants), while aiming to maximize value for JPR’s unitholders.

Initiatives on Behalf of Tenants

We will work with integrity and responsibility in responding to tenants, and endeavor to provide them with new and distinct values as well as enhancing their satisfaction.

Initiatives on Behalf of the Environment

Recognizing the importance of addressing environmental issues, we will aim to reduce the environmental load through managing the assets owned by JPR.

- We will promote energy saving and reduction of greenhouse gas emissions.
- We will endeavor for effective use of water resources and work on the “3Rs” (reuse, reduce and recycle) of waste.
- We will strive to proactively disclose information on environmental issues.

Initiatives on Behalf of Local Communities

We will work to coordinate with local communities through managing the assets owned by JPR, in an effort to contribute to enhancing the brand value of the entire area in which such assets are located.

Initiatives on Behalf of Employees

We will respect each one of our employees to realize an employee-friendly workplace, helping them to enhance abilities in their specialties.

Initiatives on Behalf of the Society

We will abide by laws and regulations as well as the rules of society, and conduct business operations with a focus on transparency and objectivity while holding on to our high moral standards.

Initiatives on Environmental Friendliness

Acquisition of DBJ Green Building Certification

JPR has obtained DBJ Green Building Certification, a system of the Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness, etc., for its properties. With another three properties newly certified in July 2017, JPR has acquired the Certification for 17 properties in its portfolio.

Newly certified properties

 DBJ Green Building 2017 Properties with the best class environmental & social awareness	 Tokyo Square Garden	 DBJ Green Building 2017 Properties with high environmental & social awareness	 Minami Azabu Bldg.	 JPR Chiba Bldg.	 Properties with exceptionally high environmental & social awareness Olinas Tower Yakuin Business Garden
					 Properties with excellent environmental & social awareness JPR Sendagaya Bldg. Shinagawa Canal Bldg. Rise Arena Bldg. Omiya Prime East Yume-ooka Office Tower

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 2016, JPR was designated as “Green Star,” marking the third consecutive year of recognition with the highest ranking in the survey. JPR was also granted “4 Stars” in the GRESB Rating (five-level rating with the highest being “5 Stars”), which was newly introduced to make relative assessment based on total scores. 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 (TRIM) to property managers and building maintenance companies, under a clear environmental policy as well as asking for cooperation of 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.



Structure and History of JPR

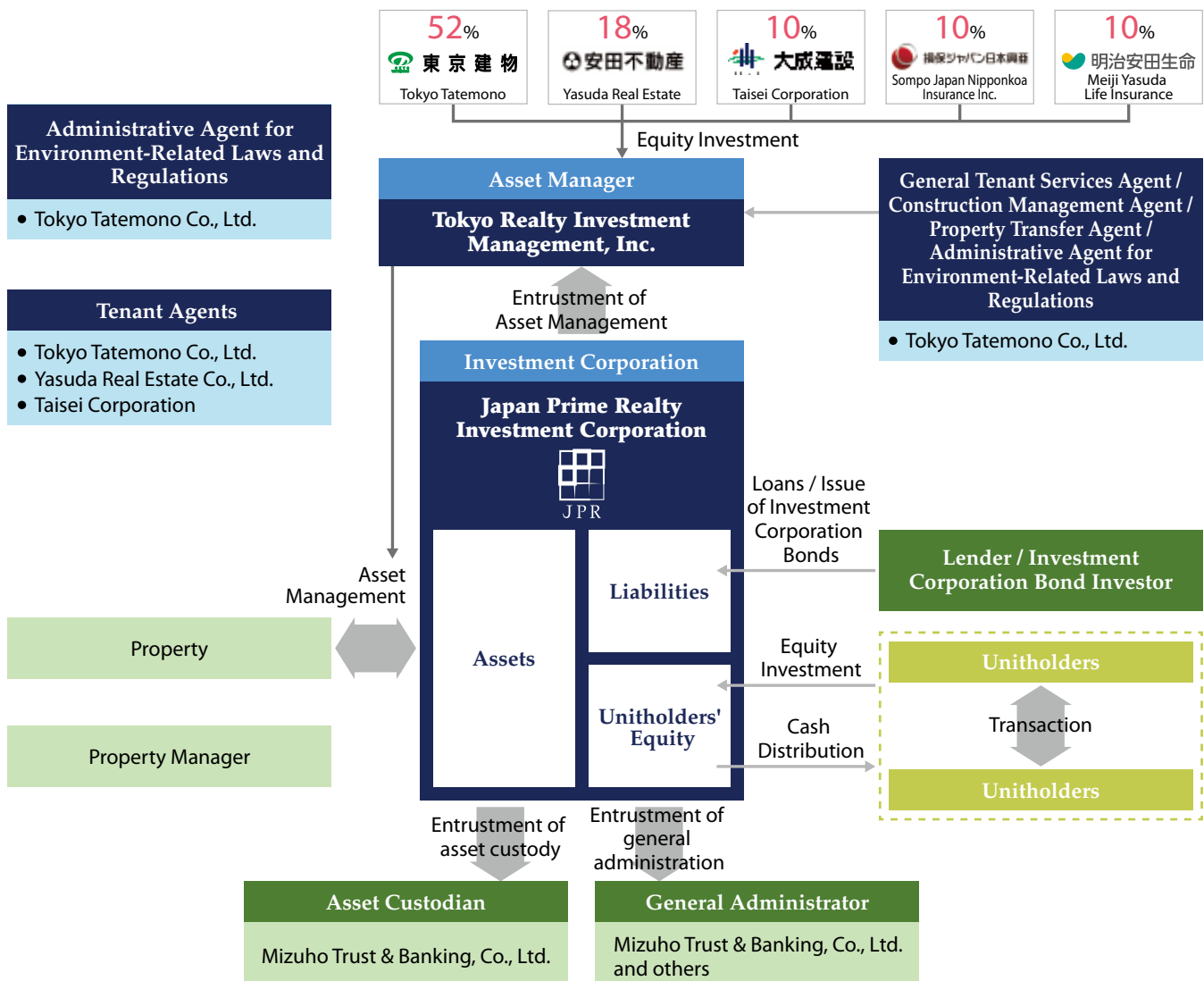
The Objective and Basic Characteristics of JPR

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



Overview of Asset Manager

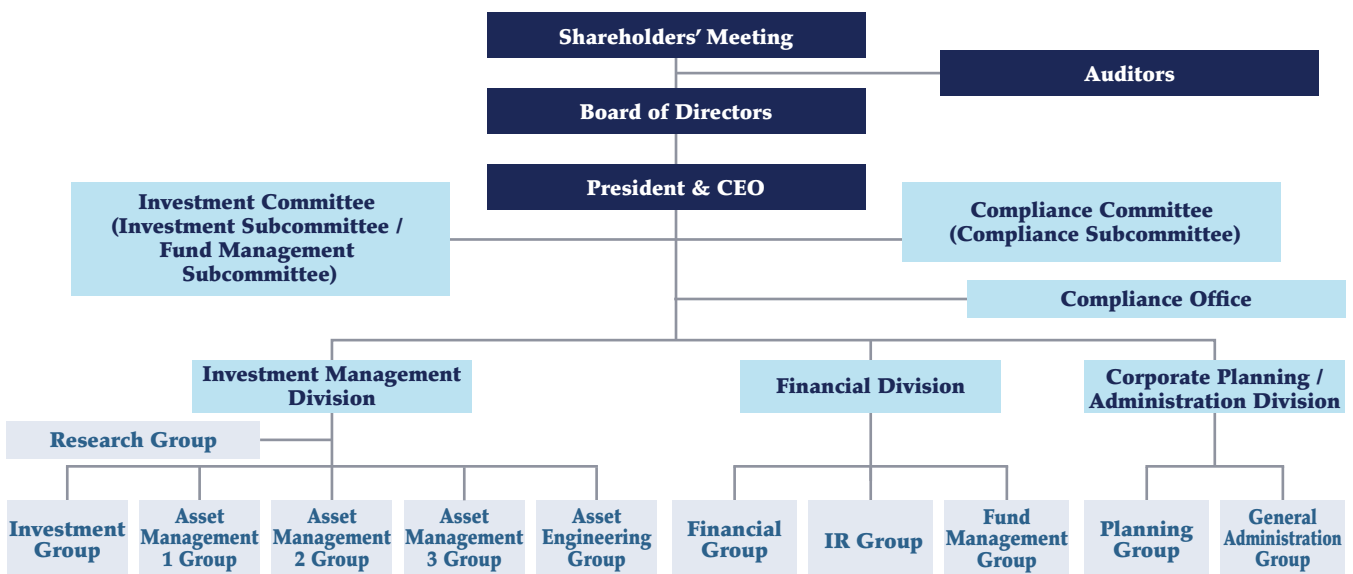
Overview

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Business Description	Asset management for investment corporations
Capitalization	¥350 million
Shareholder Composition ^(Note 1)	Tokyo Tatemono Co., Ltd. (52%) Yasuda Real Estate Co., Ltd. (18%) Taisei Corporation (10%) 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 are comprised of 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 Subcommittee, 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	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	
Operating Performance	Operating Revenue	Million yen	14,251	14,105	14,246	15,105	15,118	
	Rent revenue – real estate	Million yen	14,251	14,105	14,246	15,105	14,907	
	Gain on sale of real estate	Million yen	—	—	—	0	210	
	Operating Expenses	Million yen	7,554	7,273	7,372	7,944	7,370	
	Expenses related to rent business	Million yen	6,845	6,553	6,658	6,898	6,599	
	Loss on sale of real estate	Million yen	—	—	—	300	—	
	Operating Income	Million yen	6,697	6,831	6,874	7,161	7,747	
	Ordinary Income	Million yen	5,566	5,746	5,897	6,153	6,868	
	Net Income	Million yen	5,603	5,749	5,896	6,152	6,867	
Assets, etc.	Total Assets	Million yen	418,778	418,739	418,738	432,307	446,068	
	(Period-on-period variation)	%	(+1.1)	(-0.0)	(-0.0)	(+3.2)	(+3.2)	
	Interest-bearing Debts	Million yen	176,458	176,292	176,126	188,960	181,394	
	Total Unitholders Equity	Million yen	216,092	216,238	216,384	216,639	238,611	
	(Period-on-period variation)	%	(+9.5)	(+0.1)	(+0.1)	(+0.1)	(+10.1)	
	Unitholders' Capital	Million yen	210,395	210,395	210,395	210,395	231,653	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	5,603	5,751	5,897	6,152	6,657	
	Dividend payout ratio	%	100.0	100.0	100.0	100.0	96.9	
	Number of Units Outstanding	Units	873,000	873,000	873,000	873,000	923,000	
	Total Unitholders' Equity per unit	Yen	247,529	247,696	247,862	248,154	258,516	
	Cash Distribution per Unit	Yen	6,419	6,588	6,756	7,048	7,213	
	Distribution amount	Yen	6,419	6,588	6,756	7,048	7,213	
	Exceeding profit distribution amount	Yen	—	—	—	—	—	
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.3	1.4	1.4	1.4	1.6	
	Annualized (Note 10)	%	2.7	2.7	2.8	2.9	3.2	
	Net Income on Total Unitholders' Equity (Note 2)	%	2.7	2.7	2.7	2.8	3.0	
	Annualized (Note 10)	%	5.5	5.3	5.5	5.6	6.1	
	Total unitholders' equity at beginning of period	Million yen	197,378	216,092	216,238	216,384	216,639	
	Unitholders' Equity Ratio at End of Period (Note 3)	%	51.6	51.6	51.7	50.1	53.5	
	(Period-on-period variation)		(+3.9)	(+0.0)	(+0.0)	(-1.6)	(+3.4)	
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	42.1	42.1	42.1	43.7	40.7	
	DSCR (Note 5)	Times	7.9	8.7	9.1	9.9	10.7	
	Net income before interest and amortization (Note 6)	Million yen	8,531	8,619	8,738	9,269	9,452	
	Interest expenses	Million yen	1,073	994	955	931	887	
	NOI from Leasing (Note 7)	Million yen	9,260	9,427	9,473	10,090	10,216	
	Annualized NOI yield (Notes 9 and 10)	%	4.6	4.6	4.6	4.7	4.7	
	NCF from Leasing (Note 8)	Million yen	8,599	8,581	8,701	9,366	9,652	
	Annualized NCF yield (Notes 9 and 10)	%	4.2	4.1	4.3	4.4	4.4	
	Reference Information	Investment Properties Owned (Note 11)		62	62	62	63	62
		Number of Tenants		647	650	661	679	730
Total Leasable Floor Space		m ²	475,007.79	476,352.67	476,345.81	477,249.40	477,972.54	
Occupancy Rate		%	96.7	97.4	98.1	98.6	98.0	

(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 debts / total assets at end of period x 100

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

(Note 6) Income before income taxes - gain on sale of real estate + loss on sale of real estate + loss on 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 (27th fiscal period: ¥409.52 billion, 28th fiscal period: ¥410.30 billion, 29th fiscal period: ¥410.30 billion, 30th fiscal period: ¥423.65 billion and 31st fiscal period: ¥439.89 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: 27th fiscal period: 181 days, 28th fiscal period: 184 days, 29th fiscal period: 182 days, 30th fiscal period: 184 days and 31st fiscal period: 181 days.
- (Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shibadaimon Center Bldg., Tokyo Square Garden, 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) 31st Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 923,000 units as of today. 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

In the 31st fiscal period, the Japanese economy saw exports and production pick up, backed by the modest recovery in overseas economies, and resulting improvements in corporate earnings led to a recovery in capital investment. On top of this, consumer spending also showed a pick up under the solid employment and income environments. As a result, the domestic business conditions remained on a moderate recovery path. On the other hand, a sense of uncertainty about the political and economic situations outside Japan was kept undispersed during the six months.

The Office Property Leasing Market

The supply and demand conditions in the office property leasing market of the 23 wards of Tokyo remained tight as new demand for such positive development as setting up new offices, expanding the office spaces and moving to better locations continued to be strong. The upward trend of the rent levels for new contracts also continued, although at a moderate pace.

The Retail Property Leasing Market

The need of tenants to open stores remained strong for urban retail properties in which JPR targets for investment. Consumption by inbound foreign tourists has also picked up, and the leasing market for urban retail properties remains in good shape in good locations, such as Ginza, Omotesando and Shinsaibashi.

The For-Sale Real Estate Market

In the for-sale real estate market, investors remain highly willing to purchase properties. However, as blue-chip properties are in short supply, especially in central Tokyo, property transaction prices are steadily being formed at a high level. With low-yield transactions continuing to prevail, the acquisition environment remains harsh for players focusing on yields. Accordingly, they continue to look for ways to effectively acquire properties, such as diversifying the target assets for investment and conducting asset replacement.

3) Portfolio Management Status

Asset Replacement

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 of the portfolio and achieving stable growth of its earnings while paying attention to balancing diversification of the portfolio, both in terms of location and asset type.

During the 31st fiscal period, JPR sold Fukuoka Bldg. (sale price: 3,100 million yen) and JPR Hakata-chuo Bldg. (sale price: 1,900 million yen) and acquired Tokyo Square Garden (acquisition price: 18,400 million yen). As a result, the balance of JPR's assets under management totaled 62 properties, or 435.0 billion yen on an acquisition price basis, with the total leasable floor space standing at 477,972m² and the number of tenants reaching 730 as of June 30, 2017.

Operational Management of Portfolio

In the office property leasing market in the 31st fiscal period, the vacancy rate stayed at a low level, 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. Because of contract cancellations at some properties in Other Cities, the occupancy rate of JPR's entire portfolio at the end of the 31st fiscal period decreased 0.6 percentage points period-on-period, but remained high at 98.0%.

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 comfortable. As an endeavor to implement energy-saving measures, JPR conducted renovations of air-conditioning systems and replaced lighting equipment in common areas with LED lamps, which are expected to be effective for achieving this objective, at its multiple properties.

With regard to initiatives on environmental issues, JPR has continuously obtained the DBJ Green Building Certification*¹, having acquired the Certification for 14 of the buildings it owns as of the end of the 31st fiscal period. Moreover, in the GRESB*² Real Estate Assessment (the survey conducted in 2016), JPR was designated as "Green Star," marking the third consecutive year of recognition with the highest ranking in the survey. JPR was also granted "4 Stars" in the GRESB Rating (five-level rating with the highest being "5 Stars"), which was newly introduced to make relative assessment based on total scores.

*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 50 organizations worldwide such as European pension asset managers.

Fund Procurement

In the 31st fiscal period, JPR endeavored to expand its asset size and reinforce its financial base by additionally issuing investment units (please refer to (3) Additional Offerings, etc. below to procure 21.2 billion yen, which was used to acquire a new property and repay borrowings.

JPR remains engaged in debt financing with more emphasis placed on lengthening the maturity of interest-bearing debts and diversifying repayment dates, in an effort to make its financial base more solid and stronger against the backdrop of the favorable fund procurement environment and low interest rates. In the 31st fiscal period, JPR borrowed 19.0 billion yen to fund the repayment of interest-bearing debts that matured during the fiscal period. The average maturity and average debt cost (Note 1) of the new borrowing stood at 4.4 years and 0.37%, respectively, in contrast to 5.0 years and 1.24% for the relevant interest-bearing debts before refinancing.

As of the end of the 31st fiscal period, the balance of interest-bearing debts totaled 181.3 billion yen, with total outstanding borrowings of 146.8 billion yen and investment corporation bonds of 34.5 billion yen. The ratio of interest-bearing debts to total assets (Note 2) was 40.7%, long-term and fixed interest-bearing debt ratio (Note 3) was 100.0%, average debt cost was 1.03% and average maturity (Note 4) was 4.3 years as of the end of the fiscal period.

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

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

Details of Corporate Credit Ratings as of June 30, 2017

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

(Note 2) Ratio of interest-bearing debts to total assets: (balance of borrowings + balance of investment corporation bonds) / total assets

(Note 3) Long-term and fixed interest-bearing debt ratio: long-term, fixed-interest interest-bearing debts / total interest-bearing debts

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 31st fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted since inception through the 31st 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)
June 16, 2015	Additional public offering	45,700	870,700	17,472	209,516	(Note 15)
June 24, 2015	Third-party allotment	2,300	873,000	879	210,395	(Note 16)
January 24, 2017	Additional public offering	47,600	920,600	20,237	230,632	(Note 17)
February 14, 2017	Third-party allotment	2,400	923,000	1,020	231,653	(Note 18)

(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 debts, 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 debts, 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 debts, 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 debts, 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 debts, 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 debts, 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 debts, 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 debts, 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 debts, 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.

(Note 15) New investment units were issued through a public offering at 394,875 yen per unit (underwriting price of 382,320 yen per unit) to repay debts, etc.

(Note 16) New investment units were issued through a third-party allotment at 382,320 yen per unit to repay debts, etc.

(Note 17) New investment units were issued through a public offering at 439,040 yen per unit (underwriting price of 425,152 yen per unit) to fund acquisition of new specific assets and partly repay debts.

(Note 18) New investment units were issued through a third-party allotment at 425,452 yen per unit to fund acquisition of new specific assets and partly repay debts.

(4) Cash Distributions

With regard to the cash distributions of the 31st fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 30th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. In addition, JPR decided to internally reserve 210 million yen out of the retained earnings for the 31st fiscal period as reserve for reduction entry, applying the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 (Article 66-2 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,213 yen for the 31st fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period		27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)
Unappropriated Retained Earnings at End of Period		5,623,366	5,769,258	5,914,654	6,169,462	6,883,962
Internal Reserves		19,579	17,934	16,666	16,558	226,363
Total Cash Distributions		5,603,787	5,751,324	5,897,988	6,152,904	6,657,599
(Cash Distribution per Unit)		(6,419 yen)	(6,588 yen)	(6,756 yen)	(7,048 yen)	(7,213 yen)
Breakdown	Total Cash Distributions from Net Income	5,603,787	5,751,324	5,897,988	6,152,904	6,657,599
	(Cash distribution from net income per unit)	(6,419 yen)	(6,588 yen)	(6,756 yen)	(7,048 yen)	(7,213 yen)
	Repayment of Paid-in Capital	—	—	—	—	—
	(Repayment of paid-in capital per unit)	(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions from the reserve for temporary difference adjustments		—	—	—	—	—
(Of the repayment of paid-in capital per unit, distribution per unit from the reserve for temporary difference adjustments)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)
Of the repayment of paid-in capital, total cash distributions through the reduction in unitholders' capital for tax purposes		—	—	—	—	—
(Of the repayment of paid-in capital per unit, distribution per unit through the reduction in unitholders' capital for tax purposes)		(- yen)	(- yen)	(- yen)	(- yen)	(- yen)

(5) Future Management Policies and Vital Issues

Looking ahead, the Japanese economy is anticipated to recover moderately, given continued improvements in the employment and income environments and supported by the effects of various policies. However, attention should be paid to the uncertainty in overseas economies and the impacts of fluctuations in the financial and capital markets.

In the office property leasing market, new supply in the 23 wards of Tokyo is projected to remain subdued through the end of through 2017. Going forward, if the economy remains brisk as it is now, the market situation in general is likely to stay in good shape with the supply and demand condition being tight. In this regard, JPR believes it will be able to fully enjoy the positive impact of the good market situation as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services. When conducting real estate transactions in the for-sale real estate market that continues to appear overheated, it will become even more important to discern the growth potential in earnings of respective properties. Considering the situation in which cap rates are decreasing in a low interest rate environment, 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 Tokyo office properties, with an aim to improve the quality of its portfolio and enhance its growth potential and stability over the long term. Given the briskness in the office property leasing market, the for-sale real estate market sees a decrease in purchase cap rate and expected cap rate levels. Moreover, with properties remaining in short supply, there are deals that were closed at prices that have factored in lower cap rates and rent increases. Accordingly, JPR will fully investigate the growth potential of such properties when acquiring them. As for retail properties as well as office properties in regional cities, 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.

Moreover, JPR will continue to make investment decisions after a proactive collection of information through such sources as sponsors of the Asset Manager (Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation, Sompo Japan

Nipponkoa Insurance Inc. and Meiji Yasuda Life Insurance Company), accurately following market trends and carefully researching investment value, including the future potential of candidate properties.

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

2) Management of Portfolio

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

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

3) Fund Procurement

In accordance with its basic policy of implementing conservative financial operations that focus on stability, JPR will remain engaged in conservative leverage control, targeting to basically keep the ratio of interest-bearing debts to total assets at up to 50%. In debt financing, JPR will endeavor to further lengthen the maturity with a focus on stability in an effort to diversify the repayment dates and reduce the repayment amount for each fiscal period, with an eye on reducing refinancing risks that may arise in accordance with future changes in the financial environment. Moreover, JPR intends to work on fund procurement through issuance of investment corporation bonds as it aims to diversify fund procurement means and sources.

(6) Information Disclosure

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

(7) Significant Subsequent Events

Not applicable

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	27th Fiscal Period as of June 30, 2015	28th Fiscal Period as of December 31, 2015	29th Fiscal Period as of June 30, 2016	30th Fiscal Period as of December 31, 2016	31st Fiscal Period as of June 30, 2017
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	873,000	873,000	873,000	873,000	923,000
Unitholders' capital (millions of yen)	210,395	210,395	210,395	210,395	231,653
Total number of unitholders	15,689	13,264	11,786	11,177	12,535

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

The following table shows the ten largest investors according to the percentage of their owned investment units to the total number of investment units outstanding as of the end of the 31st 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	225,911	24.47
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z Building, 1-8-12 Harumi, Chuo-ku, Tokyo	67,906	7.35
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	66,131	7.16
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	37,355	4.04
Tokyo Tatemono Co., Ltd.	1-9-9 Yaesu, Chuo-ku, Tokyo	29,300	3.17
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.70
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.60
State Street Bank West Client Treaty 505234 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	23,033	2.49
State Street Bank West Pension Fund Clients Exempt 505233 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	18,014	1.95
State Street Bank and Trust Company 505223 (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	P.O. Box 351 Boston, MA 02101, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	13,154	1.42
Total		529,804	57.40

(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 31st fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 31st 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)	Masato Denawa	Partner Attorney, Spring Partners	4,200	—
	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co.		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	16,600	—

(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 additional issuance of new investment units.

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

The dismissal of independent auditors shall be considered in accordance with the designations of the Investment Trusts Act. The decision 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.

C. Matters Regarding the Party That Was Subject to Business Suspension Order in the Past Two Years

On December 22, 2015, the Financial Services Agency of Japan issued a three month (January 1, 2016 to March 31, 2016) business suspension order to Ernst & Young ShinNihon LLC, the independent auditor of JPR, under which it was prevented from taking on any new business contracts. JPR comprehensively investigated the quality control of audits by Ernst & Young ShinNihon, independence of its audit team, progress in implementing the business improvement plan and other factors, and confirmed that audits of JPR by the firm are conducted appropriately. Accordingly, its audit agreement with Ernst & Young ShinNihon remains effective.

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 31st fiscal period are as follows.

Outsourcing Category	Name
Asset manager	Tokyo Realty Investment Management, Inc.
Asset custodian	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration, etc. concerning unitholders' list, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration concerning investment corporation bonds)	Mizuho Bank, Ltd.

3. Status of JPR's Assets Under Management

(1) JPR's Asset Structure

Asset Type	Area	30th Fiscal Period (as of December 31, 2016)		31st Fiscal Period (as of June 30, 2017)	
		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	86,848,847	20.1	86,697,991	19.4
	Greater Tokyo	57,384,702	13.3	57,134,364	12.8
	Other Cities	20,888,573	4.8	20,714,393	4.6
Real estate in trust	Central Tokyo	141,524,547	32.7	156,942,899	35.2
	Greater Tokyo	51,154,014	11.8	50,791,875	11.4
	Other Cities	43,494,169	10.1	41,601,149	9.3
Deposits and other assets	—	31,012,692 (—)	7.2 (—)	32,185,653 (—)	7.2 (—)
Total assets	—	432,307,546 (401,294,854)	100.0 (92.8)	446,068,327 (413,882,673)	100.0 (92.8)

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

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

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 31st fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Otemachi Tower (Land with Leasehold Interest)	38,388,259	11,034.78	11,034.78	100.0	11.4	Office
Olinas Tower	27,737,040	23,987.40	23,987.40	100.0	6.7	Office
Shinjuku Center Bldg.	22,171,744	8,863.98	8,343.16	94.1	3.3	Office
Tokyo Square Garden	18,701,152	5,985.62	5,985.62	100.0	2.9	Office
BYGS Shinjuku Bldg.	15,462,897	15,227.80	15,145.81	99.5	3.8	Office
JPR Sendagaya Bldg.	14,926,225	6,177.74	6,177.74	100.0	2.0	Office
Kanematsu Bldg.	14,685,270	7,994.02	7,994.02	100.0	2.6	Office
Kawasaki Dice Bldg.	13,549,812	12,116.35	12,116.35	100.0	2.8	Retail
Shinjuku Square Tower	13,441,422	19,284.71	19,261.84	99.9	2.6	Office
JPR Umeda Loft Bldg.	12,458,393	18,586.97	18,586.97	100.0	2.4	Retail
Total	191,522,220	129,259.37	128,633.69	99.5	40.4	

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

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

(3) Itemized Portfolio Assets

The following table provides an overview of the real estate properties and beneficiary interests in real estate owned by JPR as of the end of the 31st fiscal period (June 30, 2017).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of June 30, 2017 (thousands of yen)	Appraisal Value as of June 30, 2017 (thousands of yen) (Note 1)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,685,270	13,700,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,450,520	2,630,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	1,972,134	2,710,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,462,415	3,310,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,273,764	3,290,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	11,059,074	11,700,000
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,982,464	2,630,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,210,199	5,080,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,860,651	4,840,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	13,441,422	14,400,000
		Beneficiary interest	13,441,422	14,400,000		
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,462,897	17,800,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	605,906	875,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,171,744	15,000,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,846,149	2,840,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,737,332	1,870,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,836,616	3,400,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,711,303	8,900,000
		Tokyo Tatemono Kyobashi Bldg.	6-18 Kyobashi 3-chome, Chuo-ku, Tokyo	Real estate	5,321,636	5,720,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,787,517	6,720,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,926,225	11,800,000
	Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,707,879	4,020,000	
	Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	46,000,000	
	Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,697,471	3,290,000	
	Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,199,542	5,850,000	
	Tokyo Square Garden	1-1 Kyobashi 1-chome, Chuo-ku, Tokyo	Beneficiary interest	18,701,152	20,100,000	
	Retail	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,514,127	14,100,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,292,865	4,050,000
		Shinjuku Sanhome East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,629,078	2,750,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,321,567	3,060,000
		GINZA GATES	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,130,956	10,800,000
		FUNDES Suidobashi	20-8 Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,252,741	3,470,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,317,563
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,256,022	1,660,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,487,472	2,290,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,441,444	1,850,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	6,885,813	8,250,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,953,421	4,730,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,884,212	3,510,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	5,312,970	7,620,000
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,487,693	6,250,000

Area	Type	Property Name	Location	Form of Ownership	Book Value as of June 30, 2017 (thousands of yen)	Appraisal Value as of June 30, 2017 (thousands of yen) (Note 1)
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	27,737,040	36,700,000
		Tokyo Tatemono Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	6,859,983	8,200,000
		Omiya Prime East	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,887,337	7,950,000
	Retail	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,348,189	12,500,000
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,731,150	2,750,000
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,052,104	5,670,000
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,734,005	4,290,000
Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	13,549,812	16,200,000		
Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,641,890	2,210,000
		Tokyo Tatemono Honmachi Bldg.	4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,057,167	3,380,000
		JPR Hakata Bldg.	4-4 Hakataeki-mae 1-chome, Hakata-ku, Fukuoka, Fukuoka	Beneficiary interest	2,944,684	3,180,000
		JPR Naha Bldg.	1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,336,277	1,580,000
		Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	Beneficiary interest	2,467,436	3,750,000
		Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama	Beneficiary interest	1,342,983	1,710,000
		Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Beneficiary interest	2,094,088	2,730,000
		JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	Beneficiary interest	2,175,643	2,930,000
		JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi	Real estate	3,903,484	2,810,000
		Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	Real estate	10,585,483	14,800,000
		Benetton Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	5,042,042	4,310,000
	Retail	JPR Umeda Loft Bldg.	16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,458,393	13,900,000
		Housing Design Center Kobe	2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,225,425	7,120,000
		JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	6,040,541	6,770,000
		Total				413,882,673

(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	30th Fiscal Period (from Jul. 1, 2016 to Dec. 31, 2016)				31st Fiscal Period (from Jan. 1, 2017 to Jun. 30, 2017)			
			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.	10	100.0	362,644	2.4	10	100.0	378,984	2.5
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	4	100.0	91,412	0.6	4	100.0	90,933	0.6
		Shin-Kojimachi Bldg.	17	100.0	106,425	0.7	17	100.0	104,567	0.7
		JPR Crest Takebashi Bldg.	6	100.0	96,294	0.6	6	100.0	107,320	0.7
		MS Shibaura Bldg.	10	100.0	385,124	2.5	10	100.0	416,318	2.8
		Gotanda First Bldg.	4	100.0	119,238	0.8	4	100.0	124,745	0.8
		Fukuoka Bldg. (Note 3)	1	100.0	(Note 2)	(Note 2)	—	—	(Note 2)	(Note 2)
		JPR Ichigaya Bldg.	10	100.0	162,875	1.1	9	93.1	155,862	1.0
		Oval Court Ohsaki Mark West	2	100.0	182,623	1.2	2	100.0	182,083	1.2
		Shinjuku Square Tower	25	99.9	355,378	2.4	25	99.9	362,274	2.4
		BYGS Shinjuku Bldg.	25	98.1	557,197	3.7	25	99.5	549,619	3.7
		Across Shinkawa Bldg. Annex	4	100.0	37,258	0.2	4	100.0	36,738	0.2
		Shinjuku Center Bldg.	33	94.1	490,412	3.2	33	94.1	482,313	3.2
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	4	89.9	49,070	0.3	5	100.0	58,998	0.4
Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
JPR Harajuku Bldg.	9	100.0	249,654	1.7	9	100.0	250,025	1.7		
Tokyo Tatemono Kyobashi Bldg.	8	89.1	213,657	1.4	9	100.0	192,598	1.3		

Area	Type	Property Name	30th Fiscal Period (from Jul. 1, 2016 to Dec. 31, 2016)				31st Fiscal Period (from Jan. 1, 2017 to Jun. 30, 2017)			
			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 Nihombashi-horidome Bldg.	5	88.1	181,866	1.2	5	88.1	170,944	1.1
		JPR Sendagaya Bldg.	6	100.0	262,649	1.7	6	100.0	275,103	1.8
		Ginza Sanwa Bldg.	8	96.8	114,101	0.8	9	100.0	117,432	0.8
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,581,000	10.5	2	100.0	1,580,750	10.6
		Science Plaza-Yonbancho Plaza	24	96.0	112,799	0.7	23	95.8	112,877	0.8
		Shibadaimon Center Bldg.	9	100.0	179,301	1.2	9	100.0	177,001	1.2
		Tokyo Square Garden	—	—	—	—	57	100.0	214,856	1.4
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Daikanyama (Note 4)	—	—	10,331	0.1	—	—	—	—
		JPR Jingumae 432	7	100.0	83,892	0.6	6	86.6	83,560	0.6
		Shinjuku Sanchome East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		GINZA GATES	7	100.0	19,055	0.1	7	100.0	205,360	1.4
		FUNDES Suidobashi	6	100.0	9,027	0.1	6	100.0	92,990	0.6
Greater Tokyo	Office	Arca East	6	100.0	239,555	1.6	6	100.0	263,156	1.8
		JPR Chiba Bldg.	36	92.0	125,824	0.8	36	92.2	127,133	0.9
		JPR Yokohama Nihon Odori Bldg.	12	94.8	122,327	0.8	13	94.8	117,923	0.8
		Shinyokohama 2nd Center Bldg.	20	94.1	101,164	0.7	21	98.1	100,344	0.7
		Kawaguchi Center Bldg.	44	100.0	413,945	2.7	44	98.7	412,939	2.8
		JPR Ueno East Bldg.	9	100.0	178,228	1.2	9	100.0	179,162	1.2
		Tachikawa Business Center Bldg.	19	97.6	145,908	1.0	20	100.0	149,765	1.0
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Yume-ooka Office Tower	38	100.0	329,459	2.2	38	98.9	330,101	2.2
		Olinas Tower	14	98.6	1,017,555	6.7	15	100.0	1,007,903	6.8
	Retail	Tokyo Tatemono Yokohama Bldg.	14	100.0	298,756	2.0	14	100.0	294,877	2.0
		Omiya Prime East	4	100.0	266,988	1.8	4	100.0	264,538	1.8
		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	126,996	0.8	3	100.0	126,996	0.9
		Kawasaki Dice Bldg.	29	100.0	495,820	3.3	29	100.0	494,602	3.3
Other Cities	Office	Niigata Ekinan Center Bldg.	8	100.0	126,160	0.8	7	94.6	121,293	0.8
		Tokyo Tatemono Honmachi Bldg.	7	89.5	159,961	1.1	6	60.0	142,520	1.0
		JPR Hakata Bldg.	43	99.8	149,576	1.0	44	99.8	149,275	1.0
		JPR Naha Bldg.	21	100.0	96,126	0.6	20	100.0	95,780	0.6
		Sompo Japan Sendai Bldg.	15	100.0	187,274	1.2	15	100.0	187,198	1.3
		Sompo Japan Wakayama Bldg.	14	100.0	112,132	0.7	14	100.0	109,329	0.7
		Tenjin 121 Bldg.	15	98.3	103,678	0.7	15	91.4	98,009	0.7
		JPR Dojima Bldg.	8	66.4	61,017	0.4	9	70.2	88,156	0.6
		JPR Hakata-chuo Bldg. (Note 3)	6	100.0	80,972	0.5	—	—	46,835	0.3
		JPR Nagoya Fushimi Bldg.	3	95.0	138,365	0.9	3	95.0	137,249	0.9
	Retail	Yakuin Business Garden	18	99.9	473,910	3.1	17	99.3	456,513	3.1
		Benetton Shinsaibashi Bldg.	9	87.6	721,703	4.8	8	63.4	133,421	0.9
		JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Chayamachi Bldg.	6	100.0	160,595	1.1	6	100.0	160,464	1.1
		Total	679	98.6	15,105,172	100.0	730	98.0	14,907,434	100.0

(Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, 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, Tokyo Square Garden, 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.

(Note 3) JPR sold Fukuoka Bldg. and JPR Hakata-chuo Bldg. as of April 14, 2017.

(Note 4) JPR sold JPR Daikanyama as of September 29, 2016.

(4) Status of Other Assets

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

There were no additional major assets that are main investment targets of JPR other than those listed under (3) above as of the end of the 31st 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 31st Fiscal Period	Amount Already Paid
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1st through 4th phases of replacement of air conditioning units	Jun. 2017~Mar. 2020	797	—	1
Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Replacement of air conditioning units on 1st basement floor and 1st through 3rd floors	Jul. 2017~Aug. 2017	91	—	—
Olinas Tower	Sumida Ward, Tokyo	2nd phase of replacement of lighting equipment with LED lamps on 4th through 17th floors	Jul. 2017~Nov. 2017	86	—	—
Olinas Tower	Sumida Ward, Tokyo	Reinforcement of elevators against long-period ground motion	Sept. 2017~Dec. 2017	65	—	—
JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Replacement of fire alarm receivers and smoke prevention and exhausting boards	Sept. 2017~Dec. 2017	36	—	—

(2) Capital Expenditures during the 31st Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 31st 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 251 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Olinas Tower	Sumida Ward, Tokyo	1st phase of replacement of lighting equipment with LED lamps on 4th through 17th floors	Apr. 2017~Jun. 2017	117
JPR Chayamachi Bldg.	Osaka City, Osaka	Replacement of air conditioning units in common areas on 1st through 8th floors and in exclusive areas on 4th through 9th floors	Nov. 2016~Jun. 2017	107
MS Shibaura Bldg.	Minato Ward, Tokyo	Replacement of air conditioning unit on half of 6th floor	Feb. 2017~Apr. 2017	48
Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Repair of exterior walls	Mar. 2017~Jun. 2017	13
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		276
Total				563

(Note) Expenditures for repair and maintenance included 5 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

Operation Period	(Millions of yen)				
	27th Fiscal Period (Jan. 1, 2015 - Jun. 30, 2015)	28th Fiscal Period (Jul. 1, 2015 - Dec. 31, 2015)	29th Fiscal Period (Jan. 1, 2016 - Jun. 30, 2016)	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)
Balance of deposits at beginning of current period	877	934	940	936	931
Deposits during the period	473	276	494	393	479
Amounts used from deposits during the period	416	270	498	398	335
Deposits carried forward to the next period	934	940	936	931	1,075

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)
(a) Asset Management Fees (Note)	532,074	552,616
Fixed compensation	75,000	75,000
Incentive-based compensation 1	266,670	265,043
Incentive-based compensation 2	190,403	212,572
(b) Administrative Service and Custodian Fees	77,047	77,793
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	30,723	31,023
(e) Other Expenses	99,262	102,953
Total	745,707	770,987

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (30th fiscal period: 33,375 thousand yen, 31st period: 46,000 thousand yen) have been paid and included in the book value of each property.

(2) Status of Loans Payable

As of June 30, 2017 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2017 (millions of yen)	Balance as of Jun. 30, 2017 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Mizuho Bank, Ltd. (Note 6)	Oct. 24, 2016	7,000	—	0.230%	Jul 5, 2017	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Total		7,000	—					
Long-Term Loans Payable	Mizuho Bank, Ltd.	Mar. 30, 2012	7,000	—	1.093%	Mar. 30, 2017	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated
	Mizuho Bank, Ltd.	Dec. 5, 2012	2,000	2,000	1.027%	Dec. 5, 2019			
	Mizuho Bank, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Mizuho Bank, Ltd.	Jun. 27, 2014	5,000	5,000	1.178%	Jun. 27, 2023			
	Mizuho Bank, Ltd.	Mar. 11, 2015	2,000	2,000	1.011%	Mar. 11, 2024			
	Mizuho Bank, Ltd.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025			
	Mizuho Bank, Ltd.	Feb. 4, 2016	5,000	5,000	0.804%	Feb. 4, 2026			
	Mizuho Bank, Ltd.	Mar. 30, 2017	—	3,000	0.351%	Mar. 30, 2021			
	Mizuho Bank, Ltd.	Mar. 30, 2017	—	4,000	0.400%	Mar. 30, 2022			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	1.178%	Aug. 8, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 8, 2012	1,000	1,000	0.948%	Aug. 8, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sept. 5, 2012	3,000	3,000	0.919%	Sept. 5, 2017			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nov. 27, 2013	3,000	3,000	0.970%	Nov. 27, 2020			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2014	4,000	4,000	0.889%	Jun. 25, 2021			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 25, 2016	5,000	5,000	0.510%	Mar. 25, 2024			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2012	6,400	—	1.093%	Mar. 30, 2017			
	Sumitomo Mitsui Banking Corporation	Dec. 5, 2012	1,000	1,000	1.027%	Dec. 5, 2019			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2013	3,000	3,000	1.265%	Jun. 26, 2020			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033%	Jun. 27, 2022			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	—	2,000	0.351%	Mar. 30, 2021			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	—	4,000	0.400%	Mar. 30, 2022			
	Development Bank of Japan Inc.	Jun. 26, 2009	2,500	2,400	3.190%	Jun. 27, 2019			
Development Bank of Japan Inc.	Jun. 27, 2013	820	820	1.449%	Jun. 25, 2021	Principal lump sum repayment on maturity			
Development Bank of Japan Inc.	Dec. 5, 2013	2,000	2,000	1.188%	Dec. 3, 2021				
Development Bank of Japan Inc.	Mar. 24, 2015	2,000	2,000	1.056%	Mar. 24, 2025				
Development Bank of Japan Inc.	Dec. 15, 2016	3,000	3,000	0.843%	Jun. 14, 2027				
Shinsei Bank, Ltd.	Apr. 5, 2012	5,000	5,000	1.397%	Apr. 5, 2019				
Shinsei Bank, Ltd.	Sept. 24, 2013	2,000	2,000	1.076%	Sept. 24, 2020				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2017 (millions of yen)	Balance as of Jun. 30, 2017 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Long-Term Loans Payable	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134%	Dec. 5, 2024	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-Subordinated	
	Shinsei Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.843%	Jun. 14, 2027				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	5,000	5,000	1.184%	Aug. 29, 2017				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 31, 2015	1,000	1,000	0.873%	Aug. 31, 2023				
	Mitsubishi UFJ Trust and Banking Corporation	Dec. 15, 2016	2,000	2,000	0.633%	Dec. 13, 2024				
	Aozora Bank, Ltd.	Jul. 3, 2012	900	900	0.994%	Jul. 3, 2017				
	Aozora Bank, Ltd.	Aug. 8, 2012	2,000	2,000	1.178%	Aug. 8, 2019				
	Aozora Bank, Ltd.	Aug. 27, 2012	2,000	2,000	0.985%	Aug. 25, 2017				
	Aozora Bank, Ltd.	Aug. 30, 2012	2,000	2,000	1.146%	Aug. 30, 2018				
	Aozora Bank, Ltd.	Sept. 30, 2013	1,000	1,000	1.069%	Sept. 24, 2020				
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2012	4,000	—	1.093%	Mar. 30, 2017				
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2013	3,000	3,000	1.076%	Feb. 4, 2020				
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2017	—	4,000	0.309%	Mar. 30, 2020				
	Shinkin Central Bank	Dec. 5, 2013	3,000	3,000	0.689%	Dec. 5, 2018				
	Shinkin Central Bank	Dec. 15, 2016	2,000	2,000	0.388%	Dec. 14, 2021				
	The Bank of Fukuoka, Ltd.	Sept. 24, 2013	1,000	1,000	0.911%	Sept. 24, 2019				
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816%	Oct. 6, 2023				
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480%	Jul. 7, 2026				
	Meiji Yasuda Life Insurance Company	Jun. 21, 2011	3,340	3,274	1.800%	Jun. 21, 2018				(Note 5)
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042%	Feb. 5, 2025				Principal lump sum repayment on maturity
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646%	May 27, 2026				
	The Nishi-Nippon City Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.388%	Dec. 14, 2021				
	ORIX Bank Corporation	Feb. 4, 2013	1,000	1,000	0.786%	Feb. 5, 2018				
	ORIX Bank Corporation	Nov. 27, 2013	2,000	2,000	0.762%	May 27, 2019				
	The Shinkumi Federation Bank	Feb. 4, 2013	3,000	3,000	0.786%	Feb. 5, 2018				
	Taiyo Life Insurance Company	Jun. 4, 2013	1,000	1,000	0.949%	Jun. 4, 2018				
	Taiyo Life Insurance Company	Dec. 27, 2013	1,000	1,000	1.011%	Dec. 25, 2020				
	Taiyo Life Insurance Company	Sept. 24, 2015	1,000	1,000	0.969%	Sept. 24, 2024				
	The Chugoku Bank, Ltd.	Sept. 24, 2013	1,000	1,000	0.758%	Sept. 25, 2018				
	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816%	Oct. 6, 2023				
	The Norinchukin Bank	Dec. 5, 2014	1,000	1,000	0.440%	Dec. 5, 2017				
	The Norinchukin Bank	Dec. 15, 2016	2,000	2,000	0.388%	Dec. 14, 2021				
	Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453%	Oct. 11, 2024				
	National Mutual Insurance Federation of Agricultural Cooperative	Dec. 15, 2016	2,000	2,000	0.388%	Dec. 14, 2021				
	Sompo Japan Nipponkoa Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759%	Dec. 25, 2023				
	The Hachijuni Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.489%	Oct. 9, 2020				
	The Hachijuni Bank, Ltd.	Sept. 26, 2016	1,000	1,000	0.209%	Sept. 24, 2021				
	Resona Bank, Limited	Mar. 30, 2012	2,000	—	1.093%	Mar. 30, 2017				
	Resona Bank, Limited	Mar. 30, 2017	—	2,000	0.438%	Sept. 30, 2022				
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816%	Oct. 6, 2023				
	Daido Life Insurance Company	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018				
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2013	1,000	1,000	0.710%	Dec. 27, 2018				
Sumitomo Mitsui Trust Bank, Limited	Mar. 25, 2016	1,000	1,000	0.691%	Mar. 25, 2026					
	Total		147,460	146,894						

(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.

(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 thereafter 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) JPR made early repayment of the 7,000 million yen in short-term loans payable on January 24, 2017, which was borrowed on October 24, 2016 from Mizuho Bank, Ltd.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of June 30, 2017 are as follows.

Name	Issue Date	Balance as of Jan. 1, 2017 (millions of yen)	Balance as of Jun. 30, 2017 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
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	2,000	0.303	Jul. 22, 2019			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Total		34,500	34,500					

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

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

(4) Subscription Rights to Shares

Not applicable

6. Acquisitions and Sales during the 31st 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)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen) (Note)	Difference (C) (A)-(B) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C)-(D) (thousands of yen)
Beneficiary interest	Tokyo Square Garden	February 1, 2017	9,200,000	—	—	—	—	—	—
Beneficiary interest	Tokyo Square Garden	April 4, 2017	9,200,000	—	—	—	—	—	—
Beneficiary interest	Fukuoka Bldg.	—	—	April 14, 2017	3,100,000	2,984,311	115,688	700	114,988
Beneficiary interest	JPR Hakata-chuo Bldg.	—	—	April 14, 2017	1,900,000	1,803,549	96,450	700	95,750
	Total	—	18,400,000	—	5,000,000	4,787,861	212,138	1,400	210,738

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

(2) Acquisition and Sale of Other Assets

JPR made no acquisition or sale of other assets in the 31st fiscal period.

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

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date (Note 1)	Acquisition Price or Sale Price (Note 2) (thousands of yen)	Real Estate Appraisal Value (Note 3) (thousands of yen)	Real Estate Appraiser	Appraisal Date
Acquisition	Beneficiary interest	Tokyo Square Garden	February 1, 2017 (50%) April 4, 2017 (50%)	18,400,000	20,000,000	Daiwa Real Estate Appraisal Co., Ltd.	December 15, 2016
Sale	Beneficiary interest	Fukuoka Bldg.	April 14, 2017	3,100,000	3,040,000	Daiwa Real Estate Appraisal Co., Ltd.	December 1, 2016
Sale	Beneficiary interest	JPR Hakata-chuo Bldg.	April 14, 2017	1,900,000	1,780,000	Japan Real Estate Institute	December 1, 2016

(Note 1) The percentage figures in parenthesis for Transaction Date represent the ratios of portions against the total acquisition (100%) as of the respective transaction dates.

(Note 2) 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 3) 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."

(4) Transactions with Interested Parties and Major Shareholders

1) Transaction Status

(Thousands of yen)

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total	18,400,000	5,000,000
Breakdown of transactions with interested parties		
Tokyo Tatemono Co., Ltd.	— (—%)	5,000,000 (100.0%)
Total	— (—%)	5,000,000 (100.0%)

2) Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties and Major Shareholders		Ratio to Total Amount (B/A)
		Paid Party	Paid Amount (B)	
Property brokerage fees	184,000	Tokyo Tatemono Real Estate Sales Co., Ltd.	184,000	100.0%
Management Fees (Note 2)	272,195	Tokyo Tatemono Co., Ltd.	233,888	85.9%
		Prime Place Co., Ltd.	2,910	1.1%
Outsourcing Fees	577,318	Tokyo Tatemono Co., Ltd.	445,269	77.1%
		Prime Place Co., Ltd.	4,502	0.8%
Tenant Brokerage Fees	33,831	Tokyo Tatemono Co., Ltd.	12,443	36.8%

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 12,692 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 31st fiscal period.

Tokyo Tatemono Co., Ltd.	274,470 thousand yen
Prime Place Co., Ltd.	153 thousand yen
Tokyo Real Estate Management Co., Ltd.	267,600 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

(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 (%)
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
27th Fiscal Period (Jan. 1, 2015 – Jun. 30, 2015)	100	20	0.0
28th Fiscal Period (Jul. 1, 2015 – Dec. 31, 2015)	100	20	0.0
29th Fiscal Period (Jan. 1, 2016 – Jun. 30, 2016)	100	20	0.0
30th Fiscal Period (Jul. 1, 2016 – Dec. 31, 2016)	100	20	0.0
31st Fiscal Period (Jan. 1, 2017 – Jun. 30, 2017)	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

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 31st fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
January 17, 2017	Execution of New Investment Units Underwriting Agreement and New Investment Unit Purchase Agreement related to the Greenshoe Option	With regard to the additional issuance of new investment units approved at the Board of Directors meeting held on January 6, 2017, the administrative services related to the offering of these investment units were outsourced to the underwriters consisting of Mizuho Securities Co., Ltd. and 4 other firms (Note). To tie a greenshoe option to the additional issuance of the investment units, JPR and Tokyo Realty Investment Management, Inc. executed a New Investment Unit Purchase Agreement related to the Greenshoe Option with Mizuho Securities.

(Note) SMBC Nikko Securities Inc., Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(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 30th Fiscal Period (Dec. 31, 2016)		End of 31st Fiscal Period (Jun. 30, 2017)	
Assets				
Current assets				
Cash and deposits		17,896,631		18,984,868
Cash and deposits in trust		12,075,668		12,108,948
Operating accounts receivable		319,276		376,472
Prepaid expenses		157,568		121,120
Other		9,075		8,407
Total current assets		30,458,219		31,599,817
Noncurrent assets				
Property, plant and equipment				
Buildings		57,346,890		57,592,652
Accumulated depreciation		(14,201,649)		(15,005,148)
Buildings, net	*1	43,145,241	*1	42,587,503
Buildings in trust		88,897,226		90,040,896
Accumulated depreciation		(29,702,517)		(30,248,556)
Buildings in trust, net		59,194,709		59,792,339
Structures		49,920		49,920
Accumulated depreciation		(18,152)		(19,449)
Structures, net		31,767		30,471
Structures in trust		120,517		125,868
Accumulated depreciation		(77,245)		(74,446)
Structures in trust, net		43,272		51,421
Machinery and equipment		748,404		754,459
Accumulated depreciation		(419,479)		(439,262)
Machinery and equipment, net	*1	328,925	*1	315,197
Machinery and equipment in trust		1,677,053		1,711,632
Accumulated depreciation		(1,301,826)		(1,305,431)
Machinery and equipment in trust, net		375,227		406,201
Tools, furniture and fixtures		75,134		75,824
Accumulated depreciation		(38,879)		(42,528)
Tools, furniture and fixtures, net		36,254		33,295
Tools, furniture and fixtures in trust		186,096		196,046
Accumulated depreciation		(125,281)		(128,589)
Tools, furniture and fixtures in trust, net		60,814		67,456
Land	*1	106,890,048	*1	106,890,048
Land in trust		176,493,700		189,014,043
Construction in progress		—		366
Construction in progress in trust		8,489		3,315
Total property, plant and equipment		386,608,451		399,191,661
Intangible assets				
Leasehold right		14,689,483		14,689,483
Other		1,593		1,528
Total intangible assets		14,691,077		14,691,012
Investments and other assets				
Lease and guarantee deposits		297,969		347,227
Long-term prepaid expenses		86,527		60,679
Total investments and other assets		384,497		407,906
Total noncurrent assets		401,684,026		414,290,580
Deferred assets				
Investment corporation bond issuance costs		143,222		126,003
Investment unit issuance expenses		22,078		51,925
Total deferred assets		165,300		177,929
Total assets		432,307,546		446,068,327

	(Thousands of yen)	
	End of 30th Fiscal Period (Dec. 31, 2016)	End of 31st Fiscal Period (Jun. 30, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	2,476,880	1,853,498
Short-term loans payable	7,000,000	—
Current portion of long-term loans payable	32,632,000	21,374,000
Current portion of investment corporation bonds	5,000,000	10,000,000
Accounts payable-other	665,717	673,408
Accrued expenses	88,498	81,184
Income taxes payable	605	605
Accrued consumption taxes	217,870	163,333
Advances received	2,683,275	2,733,053
Total current liabilities	50,764,846	36,879,083
Noncurrent liabilities		
Investment corporation bonds	29,500,000	24,500,000
Long-term loans payable	114,828,000	125,520,000
Tenant leasehold and security deposits	*1 7,672,848	*1 7,756,073
Tenant leasehold and security deposits in trust	12,902,843	12,802,062
Total noncurrent liabilities	164,903,691	170,578,136
Total liabilities	215,668,538	207,457,219
Net assets		
Unitholders' equity		
Unitholders' capital	210,395,598	231,653,198
Surplus		
Voluntary reserve		
Reserve for reduction entry	73,946	73,946
Total voluntary reserve	73,946	73,946
Unappropriated retained earnings (undisposed losses)	6,169,462	6,883,962
Total surplus	6,243,409	6,957,909
Total unitholders' equity	216,639,008	238,611,107
Total net assets	*3 216,639,008	*3 238,611,107
Total liabilities and net assets	432,307,546	446,068,327

(2) Statements of Income and Retained Earnings

(Thousands of yen)

	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)		31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)	
Operating revenue				
Rent revenue-real estate	*1	15,105,172	*1	14,907,434
Gain on sale of real estate	*2	584	*2	210,738
Total operating revenue		15,105,757		15,118,172
Operating expenses				
Expenses related to rent business	*1	6,898,364	*1	6,599,215
Loss on sale of real estate	*2	300,521		—
Asset management fee		532,074		552,616
Administrative service and asset custody fees		77,047		77,793
Directors' compensation		6,600		6,600
Trust fees		30,723		31,023
Other operating expenses		99,262		102,953
Total operating expenses		7,944,593		7,370,203
Operating income		7,161,163		7,747,969
Non-operating income				
Interest income		233		161
Income on settlement of management association accounts		3,147		88,589
Other		4,329		7,776
Total non-operating income		7,709		96,527
Non-operating expenses				
Interest expenses		703,974		682,409
Borrowing expenses		55,202		44,127
Interest expenses on investment corporation bonds		227,821		204,596
Amortization of investment corporation bond issuance costs		20,295		17,218
Amortization of investment unit issuance expenses		7,650		14,892
Other		527		13,242
Total non-operating expenses		1,015,472		976,487
Ordinary income		6,153,400		6,868,008
Income before income taxes		6,153,400		6,868,008
Income taxes-current		605		605
Total income taxes		605		605
Net income		6,152,795		6,867,403
Retained earnings brought forward		16,666		16,558
Unappropriated retained earnings (undisposed losses)		6,169,462		6,883,962

(3) Statements of Changes in Unitholders' Equity

(Thousands of yen)

	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	210,395,598	210,395,598
Changes of items during the period		
Issuance of units	—	21,257,600
Total changes of items during the period	—	21,257,600
Balance at end of current period	210,395,598	231,653,198
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	5,914,654	6,169,462
Changes of items during the period		
Dividends from surplus	(5,897,988)	(6,152,904)
Net income	6,152,795	6,867,403
Total changes of items during the period	254,807	714,499
Balance at end of current period	6,169,462	6,883,962
Total surplus		
Balance at beginning of current period	5,988,601	6,243,409
Changes of items during the period		
Total changes of items during the period	254,807	714,499
Balance at end of current period	6,243,409	6,957,909
Total unitholders' equity		
Balance at the beginning of current period	216,384,200	216,639,008
Changes of items during the period		
Total changes of items during the period	254,807	21,972,099
Balance at end of current period	216,639,008	238,611,107
Total net assets		
Balance at beginning of current period	216,384,200	216,639,008
Changes of items during the period		
Total changes of items during the period	254,807	21,972,099
Balance at end of current period	216,639,008	238,611,107

(4) Statements of Cash Distributions

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
I. Unappropriated retained earnings	6,169,462,812 yen	6,883,962,296 yen
II. Distribution amount (Distribution amount per unit)	6,152,904,000 yen (7,048 yen)	6,657,599,000 yen (7,213 yen)
III. Voluntary reserve Provision of reserve for reduction entry	—	210,409,484 yen
IV. Retained earnings carried forward	16,558,812 yen	15,953,812 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 6,152,904,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (873,000 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 6,657,599,000 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (923,000 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation, to the extent of 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)

	30th Fiscal Period (Jul. 1, 2016 - Dec. 31, 2016)	31st Fiscal Period (Jan. 1, 2017 - Jun. 30, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	6,153,400	6,868,008
Depreciation and amortization	1,884,057	1,907,957
Amortization of investment corporation bond issuance costs	20,295	17,218
Amortization of investment unit issuance expenses	7,650	14,892
Interest income	(233)	(161)
Interest expenses	931,796	887,006
Decrease (increase) in operating accounts receivable	76,364	(57,196)
Decrease (increase) in prepaid expenses	(35,049)	36,447
Increase (decrease) in operating accounts payable	258,291	(394,719)
Increase (decrease) in accounts payable-other	77,573	7,613
Increase (decrease) in accrued consumption taxes	(38,874)	(54,536)
Increase (decrease) in advances received	(56,330)	49,777
Decrease in property, plant and equipment	2,184,252	—
Decrease in property, plant and equipment in trust	—	4,787,861
Other, net	(217,740)	(260,933)
Subtotal	11,245,455	13,809,236
Interest income received	233	161
Interest expenses paid	(937,370)	(894,320)
Income taxes (paid) refund	(258)	(593)
Net cash provided by (used in) operating activities	10,308,059	12,914,482
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(392,949)	(243,199)
Purchase of property, plant and equipment in trust	(3,625,015)	(19,277,371)
Purchase of intangible assets	(9,895,373)	—
Payments of lease and guarantee deposits	(56,357)	(49,257)
Repayments of tenant leasehold and security deposits	(105,669)	(86,515)
Proceeds from tenant leasehold and security deposits	175,572	169,740
Repayments of tenant leasehold and security deposits in trust	(187,965)	(115,575)
Proceeds from tenant leasehold and security deposits in trust	399,505	314,145
Net cash provided by (used in) investing activities	(13,688,253)	(19,288,034)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	7,000,000	—
Repayment of short-term loans payable	—	(7,000,000)
Proceeds from long-term loans payable	18,000,000	19,000,000
Repayment of long-term loans payable	(5,166,000)	(19,566,000)
Redemption of investment corporation bonds	(7,000,000)	—
Proceeds from issuance of investment units	—	21,212,859
Dividends paid	(5,896,510)	(6,151,791)
Net cash provided by (used in) financing activities	6,937,489	7,495,067
Net changes in cash and cash equivalents	3,557,295	1,121,516
Cash and cash equivalents at beginning of current period	26,415,004	29,972,299
Cash and cash equivalents at end of current period	*1 29,972,299	*1 31,093,816

(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>(1) Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance expenses
Investment unit issuance expenses are amortized utilizing the straight-line method over three years.</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 amounted to 503,317 thousand yen for the fiscal periods ended December 31, 2016 and amounted to 70,461,229 thousand yen for the fiscal periods ended June 30, 2017.</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
Revenues and expenses in the Statements of Income and Retained Earnings do not include consumption taxes..</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 30th Fiscal Period (as of December 31, 2016)	End of 31st Fiscal Period (as of June 30, 2017)
Buildings (net)	109,559	107,690
Machinery and equipment (net)	2,397	2,226
Land	399,183	399,183
Total	511,139	509,100

Secured liabilities are as follows:

(Thousands of yen)

	End of 30th Fiscal Period (as of December 31, 2016)	End of 31st Fiscal Period (as of June 30, 2017)
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 30th Fiscal Period (as of December 31, 2016)	End of 31st Fiscal Period (as of June 30, 2017)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

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

(Thousands of yen)

End of 30th Fiscal Period (as of December 31, 2016)	End of 31st Fiscal Period (as of June 30, 2017)
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)

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	9,982,743	10,460,232
Land rents	1,581,000	1,580,750
Common charges	1,717,771	1,689,075
Parking revenues	259,307	263,619
Advertising expenses	61,714	66,615
Antenna use fees	21,711	21,715
Other	39,866	41,445
Subtotal	13,664,114	14,123,453
Other rental revenues		
Incidental income	767,084	682,401
Time-based parking revenues	5,771	6,738
Cancellation charges	398,303	31,569
Income equivalent to expenses for restoration to original condition	249,769	35,118
Other miscellaneous income	20,129	28,152
Subtotal	1,441,058	783,980
Total rent revenue-real estate	15,105,172	14,907,434
B. Expenses Related to Rent Business		
Outsourcing expenses	542,555	575,903
Utilities expenses	794,249	770,789
Property and other taxes	2,059,250	2,061,610
Casualty insurance	25,900	25,944
Repairs and maintenance	586,870	246,252
Property management fees	248,127	259,656
Management association accounts	591,197	578,579
Depreciation	1,884,057	1,907,957
Other	166,153	172,521
Total expenses related to rent business	6,898,364	6,599,215
C. Profits		
(A-B)	8,206,808	8,308,218

*2. Breakdown of Gain/Loss on Sale of Real Estate

	(Thousands of yen)	
	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Portion of Land of JPR Musashikosugi Bldg.		
Proceeds from sale of real estate	5,869	—
Cost of sale of real estate	5,284	—
Other expenses related to sale	—	—
Gain on sale of real estate	584	—
JPR Daikanyama		
Proceeds from sale of real estate	1,880,000	—
Cost of sale of real estate	2,178,967	—
Other expenses related to sale	1,553	—
Loss on sale of real estate	300,521	—
Fukuoka Bldg.		
Proceeds from sale of real estate	—	3,100,000
Cost of sale of real estate	—	2,984,311
Other expenses related to sale	—	700
Gain on sale of real estate	—	114,988
JPR Hakata-chuo Bldg.		
Proceeds from sale of real estate	—	1,900,000
Cost of sale of real estate	—	1,803,549
Other expenses related to sale	—	700
Gain on sale of real estate	—	95,750

(Notes to Statements of Changes in Unitholders' Equity)

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
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	873,000 units	923,000 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)	
	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Cash and deposits	17,896,631	18,984,868
Cash and deposits in trust	12,075,668	12,108,948
Cash and cash equivalents	29,972,299	31,093,816

(Leases)

Future lease revenues under non-cancelable operating leases

(Thousands of yen)

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Due within one year	6,452,339	6,404,275
Due after one year	12,859,051	14,758,222
Total	19,311,390	21,162,497

(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 December 31, 2016 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	17,896,631	17,896,631	—
(2) Cash and deposits in trust	12,075,668	12,075,668	—
(3) Short-term loans payable	(7,000,000)	(7,000,000)	—
(4) Current portion of long-term loans payable	(32,632,000)	(32,748,950)	116,950
(5) Current portion of investment corporation bonds	(5,000,000)	(5,025,000)	25,000
(6) Investment corporation bonds	(29,500,000)	(31,233,681)	1,733,681
(7) Long-term loans payable	(114,828,000)	(116,946,458)	2,118,458

The following are the carrying values and estimated fair values as of June 30, 2017 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	18,984,868	18,984,868	—
(2) Cash and deposits in trust	12,108,948	12,108,948	—
(3) Short-term loans payable	—	—	—
(4) Current portion of long-term loans payable	(21,374,000)	(21,465,283)	91,283
(5) Current portion of investment corporation bonds	(10,000,000)	(10,033,000)	33,000
(6) Investment corporation bonds	(24,500,000)	(26,123,941)	1,623,941
(7) Long-term loans payable	(125,520,000)	(127,268,518)	1,748,518

(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 30th Fiscal Period (as of December 31, 2016)	End of 31st Fiscal Period (as of June 30, 2017)
Tenant leasehold and security deposits	7,672,848	7,756,073
Tenant leasehold and security deposits in trust	12,902,843	12,802,062

(Note 4) Scheduled redemption of monetary claims to be due after the account closing date of the 30th fiscal period (December 31, 2016)

(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	17,896,631	—	—	—	—	—
Cash and deposits in trust	12,075,668	—	—	—	—	—

Scheduled redemption of monetary claims to be due after the account closing date of the 31st fiscal period (June 30, 2017)

(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	18,984,868	—	—	—	—	—
Cash and deposits in trust	12,108,948	—	—	—	—	—

(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 30th fiscal period (December 31, 2016)

(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	7,000,000	—	—	—	—	—
Investment corporation bonds	5,000,000	7,000,000	4,000,000	—	—	18,500,000
Long-term loans payable	32,632,000	16,408,000	17,100,000	17,000,000	14,820,000	49,500,000

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 31st fiscal period (June 30, 2017)

(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	10,000,000	2,000,000	4,000,000	—	—	18,500,000
Long-term loans payable	21,374,000	17,200,000	18,000,000	20,820,000	20,500,000	49,000,000

(Securities)

30th fiscal period (as of December 31, 2016)

Not applicable

31st fiscal period (as of June 30, 2017)

Not applicable

(Derivative Transactions)

30th fiscal period (as of December 31, 2016)

Not applicable as JPR conducted no derivative transactions

31st fiscal period (as of June 30, 2017)

Not applicable as JPR conducted no derivative transactions

(Retirement Benefits)

30th fiscal period (as of December 31, 2016)

Not applicable as JPR does not have any retirement benefit system

31st fiscal period (as of June 30, 2017)

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

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Effective statutory tax rate	31.74%	31.74%
(Adjustment)		
Deductible cash distributions	(31.74%)	(30.77%)
Other	0.01%	(0.96%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable as JPR does not have any affiliated companies

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

2. Subsidiaries

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

3. Sister Companies

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

4. Directors and Major Individual Unitholders

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

31st fiscal period (January 1, 2017 – June 30, 2017)

Not applicable

(Asset Retirement Obligations)

30th fiscal period (July 1, 2016 – December 31, 2016)

Not applicable

31st fiscal period (January 1, 2017 – June 30, 2017)

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]

30th fiscal period (July 1, 2016 – December 31, 2016)

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 revenue on the Statements of Income and Retained Earnings.

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from 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 revenue on the Statements of Income and Retained Earnings.

31st fiscal period (January 1, 2017 – June 30, 2017)

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 revenue on the Statements of Income and Retained Earnings.

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

Disclosure is omitted as revenues from 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 revenue 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)

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	391,239,266	401,294,854
Amount of Increase (Decrease) during the Period	10,055,587	12,587,819
Balance at End of Current Period	401,294,854	413,882,673
Estimated Fair Value at End of Period	437,981,000	464,545,000

(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), the amount of increase for the 30th fiscal period is primarily attributable to the purchase of GINZA GATES (10,131,529 thousand yen) and FUNDES Suidobashi (3,263,997 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Daikanyama (2,178,967 thousand yen), the sale of a splay portion of JPR Musashikosugi Bldg. (5,284 thousand yen) and depreciation (1,884,057 thousand yen). Of the amount of increase (decrease), the amount of increase for the 31st fiscal period is primarily attributable to the purchase of Tokyo Square Garden (18,729,734 thousand yen), and the amount of decrease is primarily attributable to the sale of Fukuoka Bldg. (2,984,311 thousand yen), the sale of JPR Hakata-chuo Bldg. (1,803,549 thousand yen) and depreciation (1,907,957 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 30th and 31st fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

(Per Unit Information)

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Total net assets per unit	248,154 yen	258,516 yen
Net income per unit	7,047 yen	7,494 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:

	30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
Net income (thousands of yen)	6,152,795	6,867,403
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	6,152,795	6,867,403
Average number of units during the fiscal period	873,000 units	916,367 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 January 1, 2017 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Accumulated Depreciation		Net Balance as of June 30, 2017 (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	57,346,890	245,761	—	57,592,652	15,005,148	803,499	42,587,503	
Structures	49,920	—	—	49,920	19,449	1,296	30,471	
Machinery and equipment	748,404	6,055	—	754,459	439,262	19,782	315,197	
Tools, furniture and fixtures	75,134	690	—	75,824	42,528	3,649	33,295	
Land	106,890,048	—	—	106,890,048	—	—	106,890,048	
Construction in progress	—	483	116	366	—	—	366	
Subtotal	165,110,398	252,990	116	165,363,272	15,506,388	828,228	149,856,883	
(Beneficiary interests in trust)								
Buildings in trust	88,897,226	2,771,422	1,627,753	90,040,896	30,248,556	1,041,454	59,792,339	Property acquisition and sale
Structures in trust	120,517	13,280	7,930	125,868	74,446	2,847	51,421	
Machinery and equipment in trust	1,677,053	61,225	26,646	1,711,632	1,305,431	28,594	406,201	
Tools, furniture and fixtures in trust	186,096	13,804	3,854	196,046	128,589	6,766	67,456	
Land in trust	176,493,700	16,184,476	3,664,133	189,014,043	—	—	189,014,043	Property acquisition and sale
Construction in progress in trust	8,489	567	5,741	3,315	—	—	3,315	
Subtotal	267,383,083	19,044,777	5,336,059	281,091,801	31,757,023	1,079,663	249,334,778	
Total	432,493,482	19,297,767	5,336,175	446,455,074	47,263,412	1,907,891	399,191,661	
Intangible Assets								
Leasehold rights	14,689,483	—	—	14,689,483	—	—	14,689,483	
Other	2,602	—	—	2,602	1,074	65	1,528	
Total	14,692,086	—	—	14,692,086	1,074	65	14,691,012	

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

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

4) Schedule of Other Specified Assets

Not applicable

5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of January 1, 2017 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Coupon Rate (%)	Maturity Date	Use	Remarks
Seventh Series of Investment Corporation Bonds (Note 1)	Dec. 14, 2006	4,500,000	—	4,500,000	2.900	Dec. 14, 2026	(Note 2)	Unsecured
Fourteenth Series of Investment Corporation Bonds (Note 1)	Oct. 25, 2011	2,000,000	—	2,000,000	1.340	Oct. 25, 2018		
Fifteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	5,000,000	—	5,000,000	0.680	Nov. 22, 2017		
Sixteenth Series of Investment Corporation Bonds (Note 1)	Nov. 22, 2012	2,000,000	—	2,000,000	1.030	Nov. 22, 2019		
Seventeenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	5,000,000	—	5,000,000	0.650	May 31, 2018		
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	—	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024		
Twentieth Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	2,000,000	—	2,000,000	0.303	Jul. 22, 2019		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	—	3,000,000	0.831	Dec. 4, 2024		
Total		34,500,000	—	34,500,000				

(Note 1) These investment corporation bonds are equipped with the same rank rider limited among certain investment corporation bonds

(Note 2) Funds are used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying loans payable and redeeming investment corporation bonds, etc.

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	10,000,000	2,000,000	4,000,000	-	-

6) Schedule of Loans Payable

Lender	Balance as of January 1, 2017 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-term loans payable								
Mizuho Bank Ltd. (Note 7)	7,000,000	—	7,000,000	—	0.230%	July. 5, 2017	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Total	7,000,000	—	7,000,000	—				

Lender	Balance as of January 1, 2017 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
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.	—	3,000,000	—	3,000,000	0.351%	Mar. 30, 2021		
Mizuho Bank Ltd.	—	4,000,000	—	4,000,000	0.400%	Mar. 30, 2022		
Mizuho Bank Ltd.	5,000,000	—	—	5,000,000	1.178%	Jun. 27, 2023		
Mizuho Bank Ltd.	2,000,000	—	—	2,000,000	1.011%	Mar. 11, 2024		
Mizuho Bank Ltd.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Mizuho Bank Ltd.	5,000,000	—	—	5,000,000	0.804%	Feb. 4, 2026		
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%	Sept. 5, 2017		
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	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		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
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	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Sumitomo Mitsui Banking Corporation	—	2,000,000	—	2,000,000	0.351%	Mar. 30, 2021		
Sumitomo Mitsui Banking Corporation	—	4,000,000	—	4,000,000	0.400%	Mar. 30, 2022		
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	2,500,000	1.033%	Jun. 27, 2022		
Development Bank of Japan, Inc.	2,500,000	—	100,000	2,400,000	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		
Development Bank of Japan, Inc.	2,000,000	—	—	2,000,000	1.056%	Mar. 24, 2025		
Development Bank of Japan, Inc.	3,000,000	—	—	3,000,000	0.843%	Jun. 14, 2027		
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%	Sept. 24, 2020		
Shinsei Bank, Ltd.	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
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	0.873%	Aug. 31, 2023		
Mitsubishi UFJ Trust and Banking Corporation	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
Aozora Bank Ltd.	900,000	—	—	900,000	0.994%	Jul. 3, 2017		
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.	2,000,000	—	—	2,000,000	1.178%	Aug. 8, 2019		

	Balance as of January 1, 2017 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2017 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Aozora Bank Ltd.	1,000,000	—	—	1,000,000	1.069%	Sept. 24, 2020		
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		
Mizuho Trust & Banking Co., Ltd.	—	4,000,000	—	4,000,000	0.309%	Mar. 30, 2020		
Shinkin Central Bank	3,000,000	—	—	3,000,000	0.689%	Dec. 5, 2018		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
The Bank of Fukuoka	1,000,000	—	—	1,000,000	0.911%	Sept. 24, 2019		
The Bank of Fukuoka	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Bank of Fukuoka	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
Meiji Yasuda Life Insurance Company	3,340,000	—	66,000	3,274,000	1.800%	(Note 6)		
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000	0.388%	Dec. 14, 2021		
The Nishi-Nippon City Bank, Ltd.	3,000,000	—	—	3,000,000	0.646%	May 27, 2026		
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		
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	0.949%	Jun. 4, 2018		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	1.011%	Dec. 25, 2020	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.969%	Sept. 24, 2024		
Chugoku Bank	1,000,000	—	—	1,000,000	0.758%	Sept. 25, 2018		
Chugoku Bank	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.440%	Dec. 5, 2017		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
Sumitomo Life Insurance Company	2,000,000	—	—	2,000,000	0.453%	Oct. 11, 2024		
National Mutual Insurance Federation of Agricultural Cooperatives	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
Sompo Japan Nipponkoa Insurance Inc.	2,000,000	—	—	2,000,000	0.759%	Dec. 25, 2023		
The Hachijuni Bank	1,000,000	—	—	1,000,000	0.489%	Oct. 9, 2020		
The Hachijuni Bank	1,000,000	—	—	1,000,000	0.209%	Sept. 24, 2021		
Resona Bank, Ltd.	2,000,000	—	2,000,000	—	1.093%	Mar. 30, 2017		
Resona Bank, Ltd.	—	2,000,000	—	2,000,000	0.438%	Sept. 30, 2022		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.816%	Oct. 6, 2023		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.710%	Dec. 27, 2018		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.710%	Dec. 27, 2018		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		
Total	147,460,000	19,000,000	19,566,000	146,894,000				

(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	21,374,000	17,200,000	18,000,000	20,820,000	20,500,000

(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.

(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) JPR made early repayment of the 7,000 million yen in short-term loans payable on January 24, 2017, which was borrowed on October 24, 2016 from Mizuho Bank, Ltd.

(8) Independent Auditor's Report



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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 June 30, 2017, 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 June 30, 2017 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

September 22, 2017
Tokyo, Japan

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

30th Fiscal Period (July 1, 2016 - December 31, 2016)	31st Fiscal Period (January 1, 2017 - June 30, 2017)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

30th fiscal period (July 1, 2016 - December 31, 2016)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.35%	Purchase of real estate	10,100,000	—	—
				Purchase of beneficiary interest in real estate	3,250,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Current portion of long-term loans payable	4,000,000
				—	—	Long-term loans payable	3,000,000
				Interest expenses	38,312	Accrued expenses	832

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

31st fiscal period (January 1, 2017 - June 30, 2017)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.17%	Sale of beneficiary interest in real estate	5,000,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Repayment of long-term loans payable	4,000,000	Current portion of long-term loans payable	—
				Borrowing of long-term loans payable	4,000,000	Long-term loans payable	7,000,000
				Interest expenses	29,783	Accrued expenses	366

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

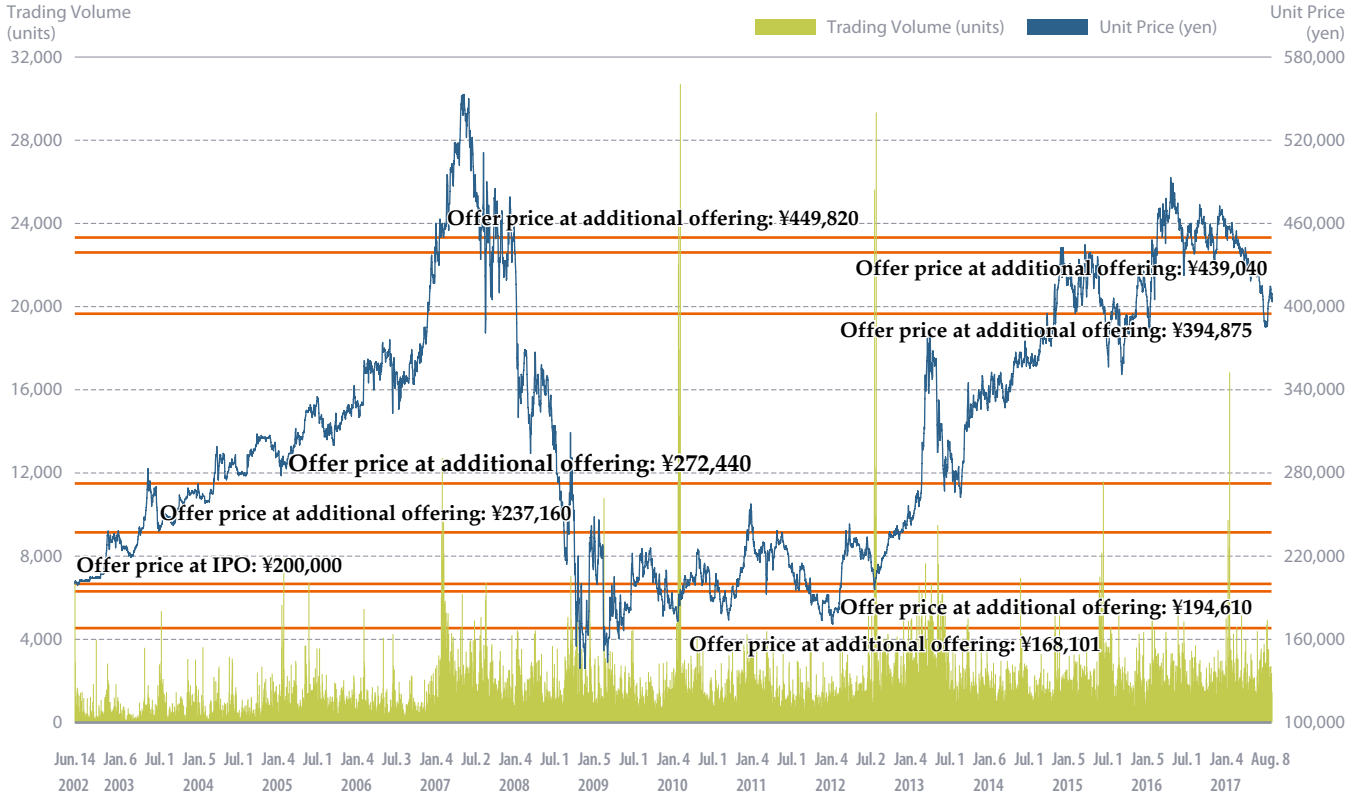
Status of Investment Unit Price (as of June 30, 2017)

Market capitalization: **¥359.5 billion**

High: **¥564,000** (May 7, 2007)

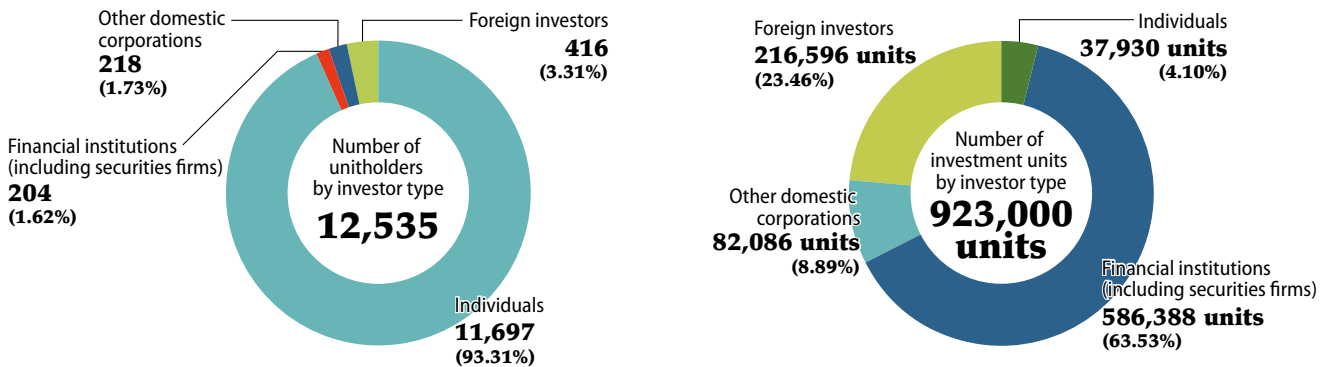
Unit price at end of 31st Fiscal Period: **¥389,500**

Low: **¥130,300** (October 28, 2008)



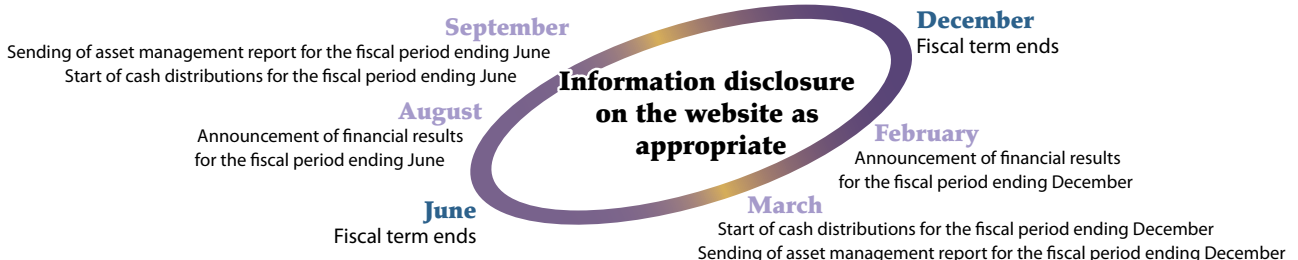
(Note) Unit prices are based on closing prices.

Breakdown of Unitholders (as of June 30, 2017)



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

Annual Schedule (provisional)



Introduction to the JPR Website

<http://www.jpr-reit.co.jp/en/>

8955

(Securities Code)



JPR endeavors to conduct IR activities and information provision by offering a variety of contents on its website in order to secure timely disclosure of information to investors and help them gain a better understanding of JPR.

Point 1 Digest of Financial Results

A digest version movie of the analyst meeting is provided to present JPR's latest financial results, asset management status, future growth strategies and other matters.



Point 2 Briefing Sessions and Events

A variety of latest information is delivered, including notices of briefing sessions and events for retail investors, JPR's latest asset management status and other issues.

Point 3 Property Overview

Detailed explanations of JPR's properties are provided, including their features, specifications and revenues and expenses. The access routes to respective properties from the nearest stations can be searched by smartphone. We advise you to use this function when you wish to visit the properties.



IR Mail Delivery Service

The IR Mail Delivery Service provides information on JPR in a timely manner to registered persons. If you wish to be registered, please click this icon to apply.



Notes for Investors

Fiscal Period Ends	June 30 and December 31 of each year
General Meeting of Unitholders	At least once every two years
Base Date of General Meeting of Unitholders	The date designated pursuant to 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 (toll-free only in Japan)
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.