



Thirty-Ninth Fiscal Period Semi-Annual Report

January 1, 2021 – June 30, 2021

Japan Prime Realty Investment Corporation

Message to Our Unitholders

Dear Unitholders,

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

We also express our deepest condolences to those who have passed away because of the novel coronavirus (COVID-19) infection, and extend our heartfelt sympathies to those who have been stricken with the virus.

Having settled the 39th fiscal period (January 1, 2021 – June 30, 2021), we would like to report on the performance results.

Faced with the situation in which the government repeatedly declared states of emergency since last year, the office market has remained on a somewhat sluggish tone for some time. At JPR, while steady progress has been made in newly leasing office properties with relatively small floor spaces, it is taking time to fill vacancies of those with larger floor spaces.

Under such circumstances, JPR posted a period-on-period decrease of 81 million yen in profits for rent business, impacted by such factors as contract cancellations by large tenants and grants of temporary rent reductions in accordance with the repeated declarations of states of emergency by the Japanese government, despite contributions of a property acquired in the previous fiscal period operating throughout the 39th fiscal period. However, as both rents and occupancy rates generally remained higher than what were assumed, JPR achieved distribution per unit of 7,657 yen, securely keeping it at a higher level than the initial forecast.

For the 40th fiscal period ending December 2021 and thereafter, we are likely to see various impacts triggered by COVID-19. To overcome these hardships, we are resolved to accurately respond to social changes and endeavor achieving appropriate asset management to grasp new opportunities for growth.

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

Operating Results

		38th Period ended	39th Period ended	Change		
		Dec. 2020 Results	Jun. 2021 Results	Change	Rate of change	
Operating revenue	(million yen)	17,129	17,305	+175	+1.0%	TOPIC 1 Operating revenue includes gain on sale of JPR Hakata Bldg. (65.0% co-ownership interest) amounting to 783 million yen.
Profits for rent business	(million yen)	9,103	9,021	-81	-0.9%	
Operating income	(million yen)	8,533	8,789	+256	+3.0%	TOPIC 2 Decreased period-on-period by 81 million yen, impacted by cancellations by large tenants and temporary rent reductions in accordance with the government's repeated declarations of states of emergency, despite contributions by full-period operations of the property acquired in the 38th fiscal period.
Ordinary income	(million yen)	7,840	8,121	+280	+3.6%	
Net income	(million yen)	7,839	8,120	+280	+3.6%	TOPIC 3 Gain on sale of JPR Hakata Bldg. has been internally reserved as reserve for reduction entry for the purpose of securing stable management and distributions in the future.
Distribution per unit	(yen)	7,750	7,657	-93	-1.2%	

JPR's Responses in Accordance with the Spread of COVID-19

In the 39th fiscal period, tenants serving people's daily lives, including food supermarkets that adapted to the consumption trends under the COVID-19 pandemic, performed well. In contrast, restaurant and eatery tenants who were requested to shorten business hours and suspend serving alcohol are continuing to face decreasing sales. JPR is providing such retail tenants who have suffered sales declines and other impacts with financial support for business continuity and operational support through sales promotion, comprehensively considering the requests from relevant government agencies and the impact on its future asset management.

Looking ahead, JPR anticipates temporary rent reductions to a certain degree in accordance with the request for shorter business hours, but expects that the performance of such tenants will steadily recover thanks to a rebound in demand along with the progress in vaccinations.

Status of Temporary Rent Reductions (Retail Tenants)

	38th Period (Dec. 2020)	39th Period (Jun. 2021)	40th Period (Dec. 2021) (forecast)
▶ No. of cases for rent reductions	41	39	Undetermined yet
▶ Amount of reductions	45 million yen	67 million yen	68 million yen

39th Fiscal Period Topics

Value Enhancement Works for Enhancing Tenant Satisfaction and Reinforcing Competitiveness

JPR believes that providing tenants with comfortable spaces should lead to increased tenant satisfaction and help enhance its earnings and the value of its assets. Accordingly, JPR periodically conducts tenant satisfaction surveys to grasp tenants' needs and, based on the results, promotes effective value enhancement works

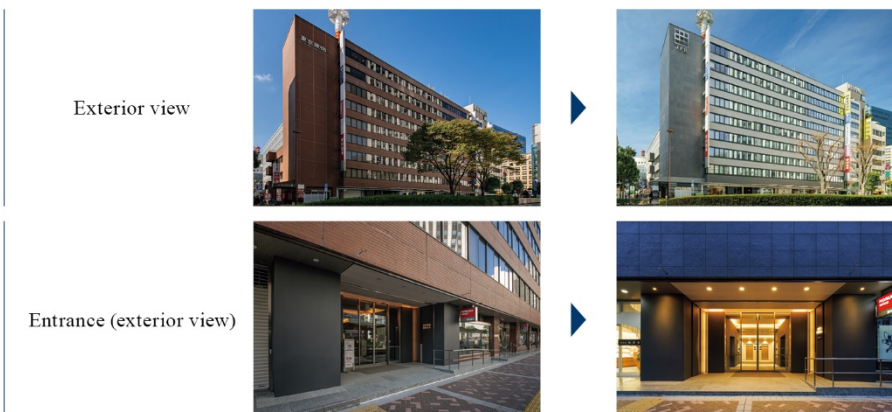
Case 1: JPR Harajuku Bldg.

• Implemented refurbishment of the entrance and elevator halls, which was favorably received by the tenants.



Case 2: JPR Yokohama Bldg.

• Implemented entire refurbishment of the aging building to help maintain and enhance JPR's brand image.



Sale of JPR Hakata Bldg.

JPR sold its 65.0% co-ownership interest in JPR Hakata Bldg. to Tokyo Tatemono, the main sponsor.

Location	Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Sale ① (35.0%)		Sale ② (65.0%)	
	Sale Date		December 24, 2020	March 29, 2021	
Buyer	Tokyo Tatemono Co., Ltd.	Sale Price	¥1,435 million	¥2,665 million	
Completed	June 1985	Gain on Sale	¥414 million	¥783 million	



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, including its initiatives for environmental friendliness.

Materialities and SDGs

Based on the corporate philosophy, JPR and the Asset Manager (TRIM) have identified important agendas (materialities) they should work on, as described below, and also established strategies and goals for 2030. JPR and TRIM will promote their initiatives for attaining the goals in an endeavor to contribute to the Sustainable Development Goals (SDGs).

Materialities	Goals for 2030, etc.	SDGs
Portfolio greening	Ratio of properties with green certifications at 80% or more Improving the ratio of properties with ratings better than standard evaluations	 
Addressing climate change	Achieve net zero CO ₂ emissions by 2050 Reduce CO ₂ emissions intensity by 30% (compared with the 2017 level) Reduce water use intensity by 10% Build an industry-leading, strong structure to manage climate change risks Expand green lease agreements	    
Improving tenant satisfaction through safety, security and comfort	Improve tenant satisfaction in comprehensive aspects including safety, security and comfort	 
Creating an encouraging and rewarding workplace environment	Foster professionals who serve to bolster corporate growth Enhance operational efficiency and improve operational processes Secure physical and mental health and achieve work-life balance Provide an environment where each person can fully exert his or her abilities	   
Sophisticating corporate governance	Ensure information disclosure at a level among the highest in the industry Proactively discuss with investors Promote discussions with individual investors Obtain ESG assessments that are among the highest in the industry Maintain a strong corporate governance system Secure a risk management structure that is among the strongest in the industry	

JPR Included in the MSCI Japan ESG Select Leaders Index

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

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

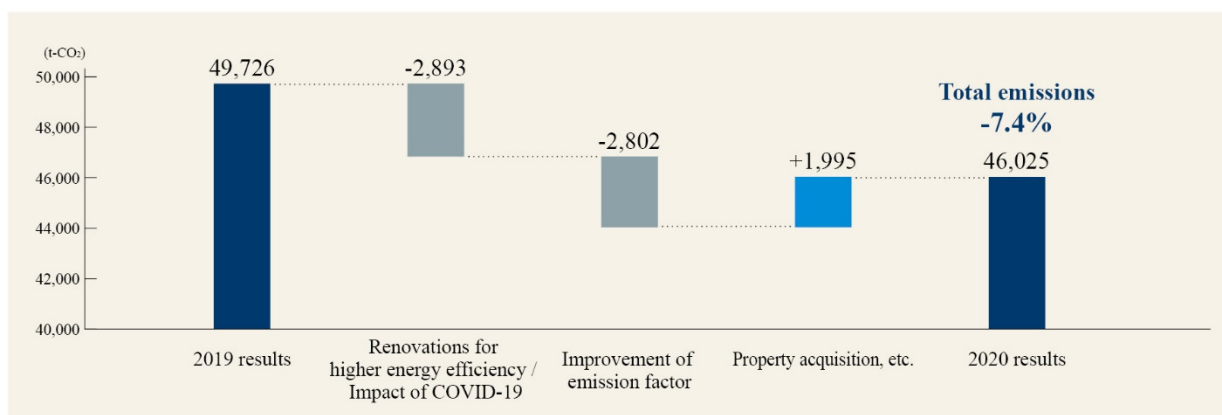
*The inclusion of JPR in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names in notices thereof, do not constitute a sponsorship, endorsement or promotion of JPR by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index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

Initiatives on Environmental Friendliness

Recognizing the importance of addressing environmental issues for real estate investment management, JPR strives to reduce its environmental footprint by upgrading facilities and improving operation at the properties it owns. It also endeavors to conduct eco-friendly management by giving consideration to the comfort of facility users and biodiversity.

Reduction of CO₂ Emissions

With regard to the CO₂ emissions in 2020, JPR achieved a reduction of 7.4% annually by working to improve the CO₂ emission factor through switching power suppliers as well as promoting renovations to enhance energy efficiency, such as replacement of lighting equipment with LED lamps.



Results and Strategy of Reducing CO₂ Emissions

JPR is endeavoring on reduction of emissions, aiming to achieve its goal for 2030 (reducing 30% of its CO₂ emission intensity). JPR is taking on a strategic approach toward the goal by periodically reviewing its feasible measures for emission reduction and looking to more effective measures.



Announcement of Support for TCFD

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



Initiatives on Social Awareness

JPR and TRIM, the Asset Manager, have relationships with a variety of stakeholders that include, on top of the unitholders, the lenders, tenants, local communities, property management companies and the employees of TRIM. We are resolved to conduct business with a strong sense of integrity and responsibility, in order to build a good relationship with the stakeholders over a long term.

Tenant Satisfaction Surveys

Realizing better customer satisfaction of tenants is an important theme for stabilizing cash distributions, as it leads to stable occupancy over a long term and reduced risks of contract cancellation by tenants. In order to check the level of satisfaction for respective buildings, TRIM regularly conducts questionnaires for the tenants. Based on the survey results, TRIM works to address the tenant requests as promptly as possible.



(Note) No survey was conducted in 2020 due to the influence of COVID-19.

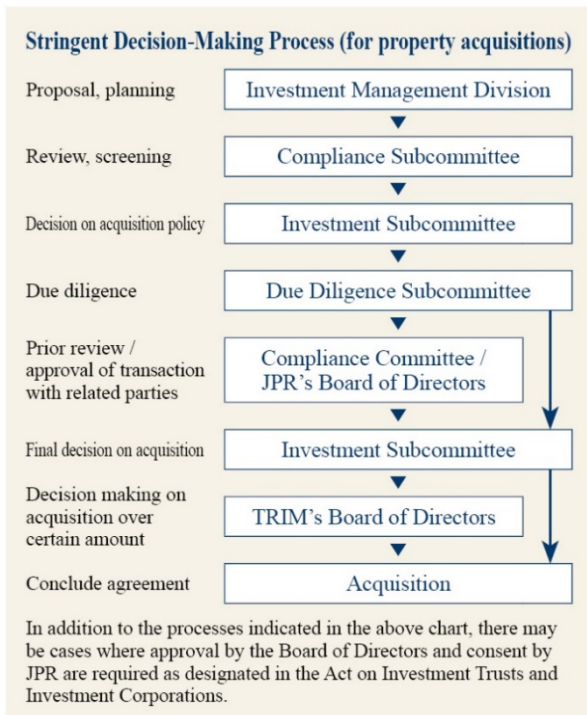
Initiatives on Governance

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

Decision Making Based on Stringent Processes

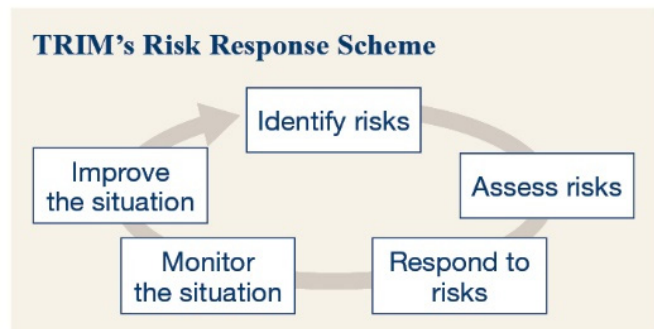
- Upon making decisions on property acquisitions, asset management and other issues, TRIM conducts stringent screening and takes other procedures from various perspectives through designated committees and other institutions.
- In particular, material transaction matters conducted with the sponsors, 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.





Risk Management

- JPR and TRIM have established an effective risk management system, and endeavor to avoid occurrence of risks related to investment management and address risks in case they occur.
- In order to enhance and reinforce risk management activities, JPR and TRIM continuously work to identify, assess and respond to risks and monitor and improve the situation.
- In conducting information management, TRIM implements safety measures against various threats and has prepared contingency plans to prepare for failures, etc.



Recognition by External Bodies

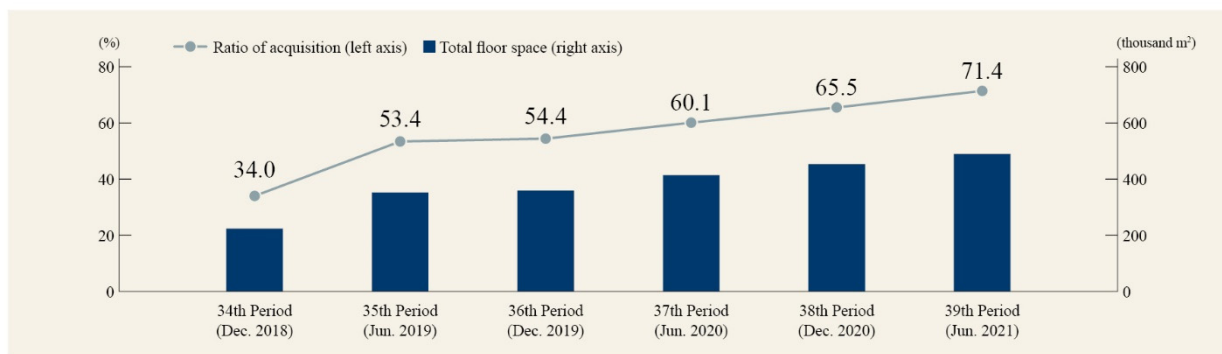
JPR is endeavoring to enhance energy use efficiency and safety and convenience of users from the perspective of environmental awareness that is increasingly heightened socially. As part of such endeavors, JPR is promoting acquisition of certifications and recognitions from external assessment bodies in order to objectively monitor the environmental performance of its owned properties.

Status of Acquisition of Environmental Certifications

As part of the measures to enhance the quality of its portfolio, JPR works to obtain sustainability certifications.

JPR is promoting the building of a portfolio that has a smaller environmental footprint and higher sustainability, aiming to achieve its goal of 80% for the ratio of properties having acquired environmental certifications by 2030.

Trends in the Ratio of Properties with Environmental Certifications and Their Total Floor Spaces



Assessment in CASBEE for Building Certification



- ★★★★★ 11 properties
- ★★★★ 10 properties
- ★★★ 1 property

CASBEE, which stands for Comprehensive Assessment System for Built Environment Efficiency, is a system for comprehensively assessing the environmental performance of buildings. Efforts to develop and popularize the system in Japan are being made under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism. The system comprehensively assesses the environmental quality of buildings, including indoor comfort and consideration for the landscape, on top of the aspect of environmental consideration such as energy saving and the use of materials and equipment with a lower environmental burden.

DBJ Green Building Certification



- ★★★★★ 2 properties
- ★★★★ 3 properties
- ★★★ 7 properties
- ★★ 2 properties

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

BELS Certification



- ★★★ 1 property
- ★★ 1 property

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

Third-party organizations assess energy-saving performance, etc. based on a variety of measurement criteria, indicating the results by the number of stars (★ to ★★★★★).

Acquisition of GRESB Real Estate Assessment



GRESB is a benchmarking assessment to measure ESG awareness of real estate companies and funds, as well as the name of organization which runs the assessment system. Of the survey subjects, GRESB Real Estate Assessment covers real estate companies and funds that are mainly engaged in managing existing properties.

JPR was designated as “Green Star” for the seventh consecutive year in the 2020 GRESB Real Estate Assessment. JPR was also granted the highest rank of “5 Stars” in the GRESB Rating, which makes relative assessments in five ranks based on total scores, for the second consecutive year.

1. Overview of Asset Management

(1) Changes in Operating Results and Other Management Data

	Fiscal Period	Unit	35th Fiscal Period (Jan. 1, 2019 - Jun. 30, 2019)	36th Fiscal Period (Jul. 1, 2019 - Dec. 31, 2019)	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)
Operating Performance	Operating Revenue	Million yen	16,101	16,005	16,363	17,129	17,305
	Rent revenue – real estate	Million yen	15,695	16,005	16,363	16,714	16,521
	Gain on sale of real estate	Million yen	405	–	–	414	783
	Operating Expenses	Million yen	8,147	8,320	8,350	8,596	8,515
	Expenses related to rent business	Million yen	7,349	7,538	7,436	7,611	7,499
	Operating Income	Million yen	7,954	7,684	8,013	8,533	8,789
	Ordinary Income	Million yen	7,216	6,915	7,277	7,840	8,121
	Net Income	Million yen	7,216	6,914	7,276	7,839	8,120
Assets, etc.	Total Assets	Million yen	452,366	453,467	473,186	484,573	484,323
	(Period-on-period variation)	%	(+1.2)	(+0.2)	(+4.3)	(+2.4)	(-0.1)
	Interest-bearing Debts	Million yen	185,020	185,020	187,020	196,520	196,500
	Total Unitholders Equity	Million yen	239,166	239,269	255,838	256,399	257,093
	(Period-on-period variation)	%	(+0.2)	(+0.0)	(+6.9)	(+0.2)	(+0.3)
	Unitholders' Capital	Million yen	231,653	231,653	247,860	247,860	247,860
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	6,811	6,916	7,277	7,426	7,337
	Dividend payout ratio	%	94.3	100.0	100.0	94.7	90.3
	Number of Units Outstanding	Units	923,000	923,000	958,250	958,250	958,250
	Total Unitholders' Equity per unit	Yen	259,118	259,230	266,984	267,570	268,295
	Cash Distribution per Unit	Yen	7,380	7,493	7,595	7,750	7,657
	Distribution amount	Yen	7,380	7,493	7,595	7,750	7,657
	Exceeding profit distribution amount	Yen	–	–	–	–	–
Financial Indices	Ordinary Income on Total Assets (Note 1)	%	1.6	1.5	1.6	1.6	1.7
	Annualized (Note 10)	%	3.2	3.0	3.2	3.2	3.4
	Net Income on Total Unitholders' Equity (Note 2)	%	3.0	2.9	2.9	3.1	3.2
	Annualized (Note 10)	%	6.1	5.7	5.9	6.1	6.4
	Total unitholders' equity at beginning of period	Million yen	238,712	239,166	239,269	255,838	256,399
	Unitholders' Equity Ratio at End of Period (Note 3)	%	52.9	52.8	54.1	52.9	53.1
	(Period-on-period variation)		(-0.5)	(-0.1)	(+1.3)	(-1.2)	(+0.2)
	Interest-bearing Debts to Total Assets at End of Period (Note 4)	%	40.9	40.8	39.5	40.6	40.6
	DSCR (Note 5)	Times	12.5	13.2	14.1	14.6	14.6
	Net income before interest and amortization (Note 6)	Million yen	9,536	9,620	10,015	10,208	10,132
	Interest expenses	Million yen	760	731	710	697	694
	NOI from Leasing (Note 7)	Million yen	10,311	10,441	10,954	11,188	11,121
	Annualized NOI yield (Notes 9 and 10)	%	4.7	4.7	4.8	4.7	4.8
	NCF from Leasing (Note 8)	Million yen	8,986	8,858	9,574	9,534	9,751
	Annualized NCF yield (Notes 9 and 10)	%	4.1	4.0	4.2	4.0	4.2
Reference Information	Investment Properties Owned (Note 11)		63	63	65	66	65
	Number of Tenants		757	760	851	857	804
	Total Leasable Floor Space (Note 12)	m ²	480,277.86	480,284.17	499,269.77	501,162.78	496,876.92
	Occupancy Rate	%	98.6	99.6	99.7	99.3	98.1

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

- (Note 9) Annualized NOI from leasing / property acquisition price (35th fiscal period: ¥444.77 billion, 36th fiscal period: ¥439.52 billion, 37th fiscal period: ¥457.14 billion, 38th fiscal period: ¥468.54 billion and 39th fiscal period: ¥467.52 billion)
Annualized NCF from leasing / property acquisition price
- (Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 35th fiscal period: 181 days, 36th fiscal period: 184 days, 37th fiscal period: 182 days, 38th fiscal period: 184 days and 39th fiscal period: 181 days.
- (Note 11) Properties acquired at multiple times are calculated as one property.
- (Note 12) Total leasable floor space in this table indicates the contracted area.
- (Note 13) Any ratio indicated on financial indices is rounded to the first decimal place (except for the dividend payout ratio, which is rounded down to the first decimal place).

(2) 39th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Act on Investment Trusts and Investment Corporations (hereafter, the Investment Trusts Act), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. With the subsequently implemented public offerings and other capital raising measures by JPR, the number of investment units issued and outstanding totals 958,250 units as of the end of the 39th fiscal period (June 30, 2021). JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, Inc. (hereafter, the Asset Manager), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

2) Management Environment

During the 39th fiscal period, the Japanese economy remained in a severe situation due to the impact of COVID-19. Some areas showed a pickup, however, as exports increased moderately and production was on a recovery path. Corporate earnings demonstrated recovery, mainly within manufacturing industries, although weakness was observed in some industries. Overseas economies also continued to show pickup amid a severe situation. In spite of these developments, however, with the number of COVID-19 cases showing signs of re-expansion both in and outside Japan toward the end of the fiscal period under review, there are concerns about the negative impact on the economy.

The Office Property Leasing Market

In the office property leasing market, the vacancy rate increased and rent levels were on a downward trend, primarily in Central Tokyo, under the impact of COVID-19.

The Retail Property Leasing Market

Although a pickup was seen temporarily at urban retail properties which JPR targets for investment, it is our concern that restaurants and eateries will be negatively impacted by the state-of-emergency declarations and focused anti-infection measures against COVID-19 issued by the government for Tokyo and several other prefectures in the 39th fiscal period.

The For-Sale Real Estate Market

In the for-sale real estate market, active transactions continued to take place against the backdrop of recovery in stock prices and low interest rates, etc. Investors have maintained a cautious attitude, however, for hotels and urban retail properties that have been hard hit by COVID-19. For office properties, on the other hand, blue-chip properties in which JPR targets for investment are in short supply while investors both in and outside Japan still show a strong appetite to acquire them. Thus, with low-yield transactions continuing to prevail, the acquisition environment remains harsh. Accordingly, investors continue to look for ways to effectively acquire properties, such as by diversifying the target assets for investment and conducting asset replacement.

3) Portfolio Management Status

Acquisition of New Properties and Asset Replacement

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

During the 39th fiscal period, JPR investigated possible investments primarily in office properties in the Tokyo area, but no acquisition was closed and completed. As JPR sold the remaining 65% ownership interest in JPR Hakata Bldg. (sale price of the relevant ownership interest: 2,660 million yen) in March 2021, the balance of JPR's assets under management totaled 65 properties, or 465.6 billion yen on an acquisition price basis as of the end of June 2021, with the total leasable floor space standing at 496,876 m² and the number of tenants at 804.

Operational Management of Portfolio

In the office property leasing market in the 39th fiscal period, the vacancy rate increased and rent levels were on a downward trend under the impact of COVID-19, as stated above in Management Environment, and close attention must be paid. Under such circumstances, JPR endeavored to attract new tenants through strategic leasing activities and enhance the satisfaction of existing tenants by maintaining close cooperation with property management companies and brokers, with an aim to secure stable earnings across the entire portfolio as well as its occupancy rate. As a result of these efforts, the occupancy rate at the end of the 39th fiscal period was kept at a high level, although it decreased 1.2 points period-on-period to 98.1%.

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

Moreover, as its initiatives on environmental issues, JPR has continuously obtained environmental certifications. As of June 30, 2021, JPR has acquired DBJ Green Building Certification^{*1} for 14 properties and CASBEE for Building Certification^{*2} for 22 properties (including six newly certified properties). In addition, JPR has acquired BELS^{*3} certification for two of its properties including one newly certified property. On top of these certifications JPR acquired, its endeavors on environmental issues were so acknowledged that it was designated as "Green Star" in the GRESB^{*4} Real Estate Assessment for 2020, marking the seventh consecutive year of recognition with the highest ranking in the survey. JPR has also been granted the highest rank of "5 Stars" in the GRESB Rating, which makes relative assessment based on total scores, for two consecutive years.

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

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

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

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

Fund Procurement

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

JPR borrowed 13.8 billion yen to fund the refinancing of interest-bearing debts it repaid during the 39th fiscal period. The average maturity of and the average interest on the new interest-bearing debts stood at 9.7 years and 0.59%, respectively, in contrast to 5.6 years and 0.66% for the relevant interest-bearing debts before refinancing (excluding short-term debts).

As of the end of the 39th fiscal period, the balance of interest-bearing debts totaled 196.5 billion yen, with a balance of borrowings of 161.0 billion yen and a balance of investment corporation bonds of 35.5 billion yen. The ratio of interest-bearing debt to total assets (Note 1) was 40.6%, long-term and fixed interest-bearing debt ratio (Note 2) was 99.0%, average debt cost (Note 3) was 0.73% and average maturity (Note 4) was 4.8 years as of the end of the fiscal period.

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

The following represents the issuer ratings for JPR as of the end of the 39th fiscal period.

Details of Corporate Credit Ratings as of June 30, 2021

Credit Rating Agency	Corporate Credit Rating
Rating and Investment Information, Inc.	AA- (Stable)
S & P Global Ratings Japan Inc.	Long-term: A (Stable) Short-term: A-1

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

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

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

(Note 4) Average maturity is arrived at by calculating a weighted average of maturities from the end of the 39th fiscal period to the repayment deadlines for all interest-bearing debts based on the balance of each interest-bearing debt.

(3) Additional Offerings, etc.

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

Date	Event	Number of Units Outstanding		Unitholders' Capital (millions of yen)		Remarks
		Variation	Balance	Variation	Balance	
January 24, 2017	Additional public offering	47,600	920,600	20,237	230,632	(Note 1)
February 14, 2017	Third-party allotment	2,400	923,000	1,020	231,653	(Note 2)
March 3, 2020	Additional public offering	35,250	958,250	16,207	247,860	(Note 3)

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

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

(Note 3) New investment units were issued through a public offering at 474,810 yen per unit (underwriting price of 459,790 yen per unit) to fund acquisition of new specified assets and partly repay debt.

(4) Cash Distributions

With regard to the cash distributions of the 39th fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 38th fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of corporate income tax, etc. JPR also decided to internally reserve 783 million yen as reserve for reduction entry from the unappropriated retained earnings, in application of the Special Provisions for Taxation in Cases of Repurchase of Specified Assets (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 7,657 yen for the 39th fiscal period.

(Thousands of yen unless otherwise indicated)

Fiscal Period	35th Fiscal Period	36th Fiscal Period	37th Fiscal Period	38th Fiscal Period	39th Fiscal Period	
	(Jan. 1, 2019 - Jun. 30, 2019)	(Jul. 1, 2019 - Dec. 31, 2019)	(Jan. 1, 2020 - Jun. 30, 2020)	(Jul. 1, 2020 - Dec. 31, 2020)	(Jan. 1, 2021 - Jun. 30, 2021)	
Unappropriated Retained Earnings at End of Period	7,229,214	6,926,967	7,287,774	7,849,585	8,129,659	
Internal Reserves	417,474	10,928	9,865	423,148	792,338	
Total Cash Distributions	6,811,740	6,916,039	7,277,908	7,426,437	7,337,320	
(Cash Distribution per Unit)	(7,380 yen)	(7,493 yen)	(7,595 yen)	(7,750 yen)	(7,657 yen)	
Breakdown	Total Cash Distributions from Net Income	6,811,740	6,916,039	7,277,908	7,426,437	7,337,320
	(Cash distribution from net income per unit)	(7,380 yen)	(7,493 yen)	(7,595 yen)	(7,750 yen)	(7,657 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, with measures to prevent the spread of COVID-19 implemented and vaccination promoted, the Japanese economy is expected to continue showing a pickup, supported by the effects of various policies and improvements in overseas economies. However, attention should be paid to the trends of COVID-19, including the repeated declaration of a state of emergency by the Japanese government, and the impacts of fluctuations in the financial and capital markets, among other factors.

The office property leasing market is anticipated to hit the bottom slightly after the pickup in the economy. Close attention must be paid, however, to the impact of mass supply of office buildings projected for 2023. In this regard, JPR is resolved to continue its endeavors to enhance the competitiveness of its owned properties, as it has focused on improving tenant satisfaction through proactive implementation of value enhancement works and provision of elaborate management services.

In the for-sale real estate market, it has become even more important to discern the growth potential in earnings of respective properties, while continuously taking into account the impact of COVID-19 on the leasing market. Moreover, given the current situation in which the low-interest-rate and low-yield environment is maintained, it is necessary to firmly keep the attitude of vigorously selective investment for implementing real estate investment that assumes possession of properties over the medium to long term.

1) Acquisition of New Properties and Asset Replacement

JPR will continue to make investment focused on office properties in the Tokyo area, with an aim to improve the quality of its portfolio and enhance its growth potential and stability over the long term. In the for-sale office property market, the purchase cap rate and expected cap rate levels still stay low, with properties remaining in short supply. Going forward, although close attention must continuously be paid to the impact of COVID-19, etc., JPR will fully investigate the stability and growth potential of candidate properties when acquiring them. As for retail properties, etc., JPR will work to invest in strictly selected blue-chip properties that can maintain stable revenues at a certain level in order to complement the stability of earnings of the entire portfolio. In doing so, JPR will have to be more prudent in investigating, paying close attention to the sales trends, etc. of such properties under the influence of the spread of COVID-19. JPR will continue its endeavors to acquire new properties under reasonable terms by negotiating prices based on detailed market studies and property due diligence.

Moreover, JPR will continue to make investment decisions after a proactive collection of information through such sources as sponsors of TRIM (Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation and Meiji Yasuda Life Insurance Company), accurately following market trends and carefully researching investment value, including the future potential of candidate properties.

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

2) Management of Portfolio

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

- Strengthen coordination with property management companies and respective tenant brokers
- Propose leasing terms and conditions in consideration of the current leasing market situations and promote rapid decision making
- Conduct strategic value enhancement works with the intent to improve property earnings and increase tenant satisfaction
- Reinforce 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 information including monthly occupancy rates of all properties in the portfolio and historical data, offer expanded information on sustainability and deliver video presentation on financial results sessions for securities analysts.

(7) Significant Subsequent Events

Not applicable

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	35th Fiscal Period as of June 30, 2019	36th Fiscal Period as of December 31, 2019	37th Fiscal Period as of June 30, 2020	38th Fiscal Period as of December 31, 2020	39th Fiscal Period as of June 30, 2021
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	923,000	923,000	958,250	958,250	958,250
Unitholders' capital (millions of yen)	231,653	231,653	247,860	247,860	247,860
Total number of unitholders	10,376	9,841	11,085	10,946	10,531

(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 39th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	244,685	25.53
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	160,193	16.71
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	37,472	3.91
Tokyo Tatemono Co., Ltd.	1-4-16 Yaesu, Chuo-ku, Tokyo	29,300	3.05
Kawasaki Gakuen	577 Matsushima, Kurashiki-shi, Okayama	25,000	2.60
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	24,478	2.55
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	24,000	2.50
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	14,350	1.49
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston, MA 02111, U.S.A. (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	13,398	1.39
Custody Bank of Japan, Ltd. (Trust Account 7)	1-8-12 Harumi, Chuo-ku, Tokyo	12,602	1.31
Total		585,478	61.09

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 39th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 39th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Yoshihiro Jozaki	President and Chief Executive Officer, Tokyo Realty Investment Management, Inc.	– (Note 1)	–
	Masato Denawa	Partner Attorney, Spring Partners		–
Supervising Officers (Note 2)	Nobuhisa Kusanagi	Group Representative Partner of GYOSEI Certified Public Tax & Accountants' Co.	4,200	–
		Representative, Nobuhisa Kusanagi Certified Public Accountant Office		
Independent Auditor	EY ShinNihon LLC	–	16,500 (Note 3)	–

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

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

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

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

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

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 39th 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	38th Fiscal Period (as of December 31, 2020)		39th Fiscal Period (as of June 30, 2021)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Central Tokyo	98,288,046	20.3	98,365,928	20.3
	Greater Tokyo	73,476,558	15.2	73,195,537	15.1
	Other Cities	19,900,135	4.1	19,853,821	4.1
Real estate in trust	Central Tokyo	155,950,245	32.2	155,764,625	32.2
	Greater Tokyo	49,471,060	10.2	49,248,446	10.2
	Other Cities	44,672,408	9.2	42,794,155	8.8
Deposits and other assets	–	42,815,071 (–)	8.8 (–)	45,101,021 (–)	9.3 (–)
Total assets	–	484,573,526 (441,758,455)	100.0 (91.2)	484,323,538 (439,222,516)	100.0 (90.7)

(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 39th 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	11.7	Office
Olinas Tower	25,998,984	23,987.40	23,987.40	100.0	6.2	Office
Shinjuku Center Bldg.	22,110,049	8,865.71	8,369.66	94.4	3.2	Office
Tokyo Square Garden	18,393,443	5,971.73	5,462.42	91.5	2.4	Office
BYGS Shinjuku Bldg.	15,382,383	15,227.80	14,755.85	96.9	3.7	Office
JPR Sendagaya Bldg.	14,706,856	6,177.74	6,177.74	100.0	1.8	Office
Kanematsu Bldg.	14,611,840	8,090.42	8,090.42	100.0	2.6	Office
Sencity Bldg.	13,983,597	13,271.20	13,006.12	98.0	2.9	Office
Shinjuku Square Tower	12,996,916	19,266.38	19,266.38	100.0	2.9	Office
Kawasaki Dice Bldg.	12,950,550	12,087.59	11,820.68	97.8	2.5	Retail, etc.
Total	189,522,881	123,980.75	121,971.45	98.4	39.8	

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

(Note 2) The tenants of Shinjuku Center Bldg., Tokyo Square Garden, Sencity Bldg., Shinjuku Square Tower and Kawasaki Dice Bldg. have sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the leasable floor space, leased floor space and occupancy rate entered for each of these buildings are the figures concerning the sub-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 39th fiscal period (June 30, 2021).

Area	Type	Property Name	Location	Form of Ownership	Book Value as of June 30, 2021 (thousands of yen)	Appraisal Value as of June 30, 2021 (thousands of yen) (Note)
Central Tokyo	Office	Kanematsu Bldg.	14-1 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	14,611,840	14,800,000
		Kanematsu Bldg. Annex	17-5 Kyobashi 2-chome, Chuo-ku, Tokyo	Beneficiary interest	2,405,746	3,520,000
		JPR Ningyo-cho Bldg.	17-4 Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	2,126,464	2,930,000
		Shin-Kojimachi Bldg.	3-3 Kojimachi 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	2,412,566	4,270,000
		JPR Crest Takebashi Bldg.	21-4, etc., Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,205,197	3,790,000
		MS Shibaura Bldg.	13-23 Shibaura 4-chome, Minato-ku, Tokyo	Beneficiary interest	10,797,889	15,300,000
		Gotanda First Bldg.	8-1 Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,978,794	4,180,000
		JPR Ichigaya Bldg.	7-15 Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	Beneficiary interest	5,277,647	4,850,000
		Oval Court Ohsaki Mark West	17-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	Beneficiary interest	2,740,561	5,050,000
		Shinjuku Square Tower	22-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	Beneficiary interest	12,996,916	14,800,000
		BYGS Shinjuku Bldg.	19-1 Shinjuku 2-chome, Shinjuku-ku, Tokyo	Real estate	15,382,383	20,100,000
		Across Shinkawa Bldg. Annex	16-14 Shinkawa 1-chome, Chuo-ku, Tokyo	Real estate	577,513	781,000
		Shinjuku Center Bldg.	25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	Real estate	22,110,049	18,100,000
		Minami Azabu Bldg.	12-3 Minami-Azabu 2-chome, Minato-ku, Tokyo	Real estate	3,808,240	3,170,000
		Shinagawa Canal Bldg.	12-33 Konan 2-chome, Minato-ku, Tokyo	Real estate	1,889,748	2,360,000
		Rokubancho Bldg.	2-9, etc., Rokubancho, Chiyoda-ku, Tokyo	Real estate	2,890,833	3,500,000
		JPR Harajuku Bldg.	17-11 Jingumae 6-chome, Shibuya-ku, Tokyo	Beneficiary interest	8,768,546	10,500,000
		JPR Nihonbashi-horidome Bldg.	11-12 Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	Beneficiary interest	4,850,075	6,810,000
		JPR Sendagaya Bldg.	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo	Real estate	14,706,856	11,900,000
		Ginza Sanwa Bldg.	6-1 Ginza 4-chome, Chuo-ku, Tokyo	Real estate	3,678,612	3,750,000
		Otemachi Tower (Land with Leasehold Interest)	6-6, etc., Otemachi 1-chome, Chiyoda-ku, Tokyo	Beneficiary interest	38,388,259	52,500,000
		Science Plaza-Yonbancho Plaza	9-6, etc., Yonbancho, Chiyoda-ku, Tokyo	Beneficiary interest	2,777,633	3,320,000
		Shibadaimon Center Bldg.	10-11 Shibadaimon 1-chome, Minato-ku, Tokyo	Beneficiary interest	4,165,548	6,290,000
		Tokyo Square Garden	1-1 Kyobashi 3-chome, Chuo-ku, Tokyo	Beneficiary interest	18,393,443	21,400,000
		JPR Kojimachi Bldg.	6-1 Kojimachi 5-chome, Chiyoda-ku, Tokyo	Real estate	5,809,932	6,440,000
		Otemachi Financial City North Tower	9-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	Real estate	11,555,675	12,100,000
	Retail, etc.	JPR Shibuya Tower Records Bldg.	22-14 Jinnan 1-chome, Shibuya-ku, Tokyo	Beneficiary interest	11,418,103	14,100,000
		JPR Jingumae 432	32-13 Jingumae 4-chome, Shibuya-ku, Tokyo	Beneficiary interest	4,266,200	4,270,000
		Shinjuku Sanchoe East Bldg.	1-26, Shinjuku 3-chome, Shinjuku-ku, Tokyo	Real estate	2,540,802	2,700,000
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	7-1 Yurakucho 2-chome, Chiyoda-ku, Tokyo	Real estate	3,271,857	3,330,000
		JPR Ginza Namiki-dori Bldg.	5-14 Ginza 5-chome, Chuo-ku, Tokyo	Real estate	10,143,423	11,100,000
		FUNDES Suidobashi	20-8 Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	Beneficiary interest	3,183,192	3,480,000
	Greater Tokyo	Office	Arca East	2-1 Kinshi 3-chome, Sumida-ku, Tokyo	Beneficiary interest	4,178,862
JPR Chiba Bldg.			1-7, etc., Shinmachi, Chuo-ku, Chiba, Chiba	Beneficiary interest	2,214,461	1,830,000
JPR Yokohama Nihon Odori Bldg.			17 Nihon-Odori, Naka-ku, Yokohama, Kanagawa	Beneficiary interest	2,347,194	2,350,000
Shinyokohama 2nd Center Bldg.			19-5, etc., Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	Beneficiary interest	1,399,106	2,380,000
Kawaguchi Center Bldg.			1-8 Honcho 4-chome, Kawaguchi, Saitama	Beneficiary interest	7,223,734	10,300,000
JPR Ueno East Bldg.			3-5 Matsugaya 1-chome, Taito-ku, Tokyo	Real estate	2,880,709	5,520,000
Tachikawa Business Center Bldg.			38-5 Akebonocho 2-chome, Tachikawa, Tokyo	Beneficiary interest	2,889,106	4,650,000
Rise Arena Bldg.			5-2 Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	Real estate	5,166,015	9,900,000
Yume-ooka Office Tower			6-1 Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	Real estate	5,194,500	7,250,000

Area	Type	Property Name	Location	Form of Ownership	Book Value as of June 30, 2021 (thousands of yen)	Appraisal Value as of June 30, 2021 (thousands of yen) (Note)	
Greater Tokyo	Office	Olinas Tower	1-3 Taihei 4-chome, Sumida-ku, Tokyo	Real estate	25,998,984	39,600,000	
		JPR Yokohama Bldg.	5-10 Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	Real estate	7,479,530	9,930,000	
		Omiya Prime East	1-1, etc., Shimocho 2-chome, Omiya-ku, Saitama, Saitama	Beneficiary interest	5,550,232	9,680,000	
		Sencity Bldg.	1000, etc., Shinmachi, Chuo-ku, Chiba-shi, Chiba,	Real estate	13,983,597	14,600,000	
	Retail, etc.	Tanashi ASTA	1-1 Tanashicho 2-chome, Nishitokyo, Tokyo	Beneficiary interest	7,022,330	11,000,000	
		Cupo-la Main Bldg.	1-1 Kawaguchi 1-chome, Kawaguchi, Saitama	Real estate	1,590,545	2,890,000	
		JPR Musashikosugi Bldg.	420-1, etc., Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	Real estate	7,134,694	5,500,000	
		Musashiurawa Shopping Square	3-1 Bessho 7-chome, Saitama, Saitama	Beneficiary interest	3,472,867	4,290,000	
		Kawasaki Dice Bldg.	8-3, etc., Ekimae-Honcho, Kawasaki, Kanagawa	Beneficiary interest	12,950,550	15,700,000	
		FUNDES Ueno	2-4 Ueno 7-chome, Taito-ku, Tokyo	Real estate	3,766,959	4,000,000	
		Other Cities	Office	Niigata Ekinan Center Bldg.	24 Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	Beneficiary interest	1,566,731
	Tokyo Tatemono Honmachi Bldg.			4-8 Honmachi 3-chome, Chuo-ku, Osaka, Osaka	Beneficiary interest	4,419,548	3,580,000
	JPR Naha Bldg.			1-19 Matsuyama 1-chome, Naha, Okinawa	Beneficiary interest	1,649,687	2,180,000
Sompo Japan Sendai Bldg.	7-35 Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi			Beneficiary interest	2,290,635	4,730,000	
Sompo Japan Wakayama Bldg.	31-1, etc., Misonocho 3-chome, Wakayama, Wakayama			Beneficiary interest	1,326,068	1,640,000	
Tenjin 121 Bldg.	3-38 Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka			Beneficiary interest	1,997,449	3,730,000	
JPR Dojima Bldg.	1-23 Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka			Beneficiary interest	2,107,939	3,580,000	
JPR Nagoya Fushimi Bldg.	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi			Real estate	3,814,163	3,420,000	
Yakuin Business Garden	1-1 Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka			Real estate	9,956,068	21,400,000	
JPR Shinsaibashi Bldg.	2-11 Minami-Senba 4-chome, Chuo-ku, Osaka, Osaka			Beneficiary interest	5,162,318	4,660,000	
JPR Shinsaibashi West	11-28 Minamisemba 4 chome, Chuo-ku, Osaka		Beneficiary interest	3,804,106	4,360,000		
Retail, etc.	JPR Umeda Loft Bldg.		16-7 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	12,458,018	14,000,000	
	Housing Design Center Kobe		2-2 Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	Real estate	6,083,589	7,590,000	
	JPR Chayamachi Bldg.	2-19 Chayamachi, Kita-ku, Osaka, Osaka	Beneficiary interest	6,011,651	8,410,000		
		Total			439,222,516	549,331,000	

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

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

Area	Type	Property Name	38th Fiscal Period (from Jul. 1, 2020 to Dec. 31, 2020)				39th Fiscal Period (from Jan. 1, 2021 to Jun. 30, 2021)				
			Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at Period End (Note 1)	Occupancy Rate at Period End (%)	Rental Revenues throughout Period (thousands of yen)	Ratio to Total Rental Revenues (%)	
Central Tokyo	Office	Kanematsu Bldg.	11	100.0	404,014	2.4	11	100.0	437,002	2.6	
		Kanematsu Bldg. Annex	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Ningyo-cho Bldg.	5	100.0	94,479	0.6	5	100.0	88,909	0.5	
		Shin-Kojimachi Bldg.	17	100.0	118,937	0.7	15	85.3	113,402	0.7	
		JPR Crest Takebashi Bldg.	8	100.0	127,538	0.8	8	100.0	121,209	0.7	
		MS Shibaura Bldg.	10	100.0	488,434	2.9	10	100.0	492,725	3.0	
		Gotanda First Bldg.	2	100.0	134,832	0.8	2	100.0	134,336	0.8	
		JPR Ichigaya Bldg.	10	100.0	157,568	0.9	10	100.0	159,370	1.0	
		Oval Court Ohsaki Mark West	2	100.0	204,464	1.2	1	100.0	211,320	1.3	
		Shinjuku Square Tower	22	97.5	432,789	2.6	22	100.0	418,399	2.5	
		BYGS Shinjuku Bldg.	22	98.3	624,120	3.7	22	96.9	619,632	3.8	
		Across Shinkawa Bldg. Annex	4	100.0	37,214	0.2	2	77.1	35,892	0.2	
		Shinjuku Center Bldg.	36	98.0	536,263	3.2	33	94.4	533,196	3.2	
		Minami Azabu Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		Shinagawa Canal Bldg.	6	100.0	74,225	0.4	5	90.8	72,031	0.4	
		Rokubancho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Harajuku Bldg.	9	100.0	307,999	1.8	9	88.5	291,417	1.8	
		JPR Nihonbashi-horidome Bldg.	5	100.0	190,859	1.1	5	100.0	192,084	1.2	
		JPR Sendagaya Bldg.	6	100.0	271,080	1.6	6	100.0	281,202	1.7	
		Ginza Sanwa Bldg.	8	92.0	109,691	0.7	9	100.0	103,506	0.6	
		Otemachi Tower (Land with Leasehold Interest)	2	100.0	1,793,000	10.7	2	100.0	1,797,500	10.9	
		Science Plaza-Yonbancho Plaza	25	100.0	116,731	0.7	24	98.3	117,214	0.7	
		Shibadaimon Center Bldg.	8	84.3	186,315	1.1	9	100.0	163,054	1.0	
		Tokyo Square Garden	46	100.0	396,152	2.4	46	91.5	396,905	2.4	
		JPR Kojimachi Bldg.	6	100.0	154,583	0.9	6	100.0	168,610	1.0	
		Otemachi Financial City North Tower	9	97.5	17,960	0.1	10	100.0	234,304	1.4	
Retail, etc.	JPR Shibuya Tower Records Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
	JPR Jingumae 432	7	100.0	87,086	0.5	7	100.0	81,998	0.5		
	Shinjuku Sanhome East Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)		
	JPR Ginza Namiki-dori Bldg.	9	100.0	210,970	1.3	9	100.0	207,809	1.3		
Greater Tokyo	Office	FUNDES Suidobashi	5	87.2	87,803	0.5	5	87.2	66,401	0.4	
		Arca East	6	100.0	272,083	1.6	6	100.0	267,818	1.6	
		JPR Chiba Bldg.	39	97.6	139,250	0.8	39	97.6	135,722	0.8	
		JPR Yokohama Nihon Odori Bldg.	19	100.0	131,099	0.8	18	98.8	131,371	0.8	
		Shinyokohama 2nd Center Bldg.	20	96.9	109,683	0.7	21	98.1	105,123	0.6	
		Kawaguchi Center Bldg.	44	100.0	472,480	2.8	42	99.2	473,313	2.9	
		JPR Ueno East Bldg.	10	100.0	182,630	1.1	10	100.0	175,784	1.1	
		Tachikawa Business Center Bldg.	23	100.0	154,558	0.9	22	97.6	146,572	0.9	
		Rise Arena Bldg.	1	100.0	(Note 2)	(Note 2)	4	52.7	73,736	0.4	
		Yume-ooka Office Tower	43	100.0	352,492	2.1	43	100.0	344,625	2.1	
		Olinas Tower	16	100.0	1,029,571	6.2	16	100.0	1,015,292	6.1	
		JPR Yokohama Bldg.	21	98.7	294,517	1.8	22	100.0	293,080	1.8	
		Omiya Prime East	4	100.0	293,872	1.8	4	100.0	291,306	1.8	
		Sencity Bldg.	72	100.0	516,454	3.1	72	98.0	573,576	3.5	
		Retail, etc.	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	127,041	0.8	3	100.0	127,041	0.8	
	Kawasaki Dice Bldg.		31	100.0	511,164	3.1	27	97.8	479,043	2.9	
	Other Cities	Office	FUNDES Ueno	10	100.0	119,213	0.7	10	100.0	104,239	0.6
			Niigata Ekinan Center Bldg.	10	100.0	123,857	0.7	10	98.5	123,924	0.8
			Tokyo Tatemono Honmachi Bldg.	8	94.3	153,332	0.9	7	94.3	153,725	0.9
			JPR Hakata Bldg. (Note 3)	41	98.9	173,319	1.0	—	—	55,006	0.3
			JPR Naha Bldg.	20	97.9	112,129	0.7	20	100.0	110,949	0.7
			Sompo Japan Sendai Bldg.	15	99.7	193,190	1.2	15	99.9	196,454	1.2
			Sompo Japan Wakayama Bldg.	17	100.0	108,818	0.7	17	95.0	105,351	0.6
Tenjin 121 Bldg.			15	100.0	124,999	0.7	14	98.2	122,330	0.7	
JPR Dojima Bldg.			11	92.1	125,481	0.8	11	92.1	125,287	0.8	
JPR Nagoya Fushimi Bldg.			5	99.5	154,214	0.9	5	99.5	156,009	0.9	
Yakuin Business Garden			15	99.9	581,125	3.5	15	92.1	576,157	3.5	
JPR Shinsaibashi Bldg.			9	100.0	131,809	0.8	9	100.0	128,636	0.8	
JPR Shinsaibashi West			13	99.9	138,004	0.8	13	99.9	143,621	0.9	
Retail, etc.			JPR Umeda Loft Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
		JPR Chayamachi Bldg.	5	100.0	181,311	1.1	5	100.0	177,888	1.1	
		Total	857	99.3	16,714,986	100.0	804	98.1	16,521,229	100.0	

- (Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, Rise Arena Bldg., Sencity Bldg. and Kawasaki Dice Bldg.: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural. The tenants of Shinjuku Square Tower, Shinjuku Center Bldg., the residential section of Science Plaza-Yonbancho Plaza, Tokyo Square Garden, Otemachi Financial City North Tower, Rise Arena Bldg., Sencity Bldg. 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 throughout period of the properties and their ratio to total rental revenues due to inevitable reasons, as no consent to disclosure has been obtained from the tenants or co-owners.
- (Note 3) For JPR Hakata Bldg., JPR sold its 35.0% co-ownership interest on December 24, 2020, and sold the remaining 65.0% co-ownership interest on March 29, 2021.

(4) Status of Other Assets

Beneficiary interests with real estate as major entrusted properties have been included in (3) Itemized Portfolio Assets above. There were no additional major assets that are main investment targets of JPR other than those listed under (3) above as of the end of the 39th fiscal period.

4. Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

The following are major items of capital expenditures for renovation works, etc. planned as of the end of the 39th fiscal period for JPR-owned real estate and entrusted real estate regarding beneficiary interests in real estate. Furthermore, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 39th Fiscal Period	Amount Already Paid
Kanematsu Bldg.	Chuo-ku, Tokyo	2nd phase of replacement of toilets on standard floors and corridors and ceilings in common areas	Apr. 2021–Dec. 2021	131	–	–
JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Replacement of air-conditioning units	Apr. 2021–Dec. 2021	107	–	–
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	2nd phase of repair of common areas on 2nd basement floor through 1st floor	Jul. 2021–Oct. 2021	101	–	–
JPR Shinsaibashi West	Osaka, Osaka	2nd phase of replacement of toilets	Jul. 2021–Dec. 2021	100	–	–
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	3rd phase of reinforcement of elevators	Jun. 2021–Dec. 2021	82	–	–
JPR Shinsaibashi Bldg.	Osaka, Osaka	1st through 2nd phases of replacement of air-conditioning units	Oct. 2021–May 2022	81	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	1st through 2nd phases of replacement of automatic control boards for air-conditioning units	Jul. 2021–Jun. 2022	69	–	–
Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Replacement of air-conditioning units	Nov. 2021–Dec. 2021	68	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Replacement of piping equipment	Jun. 2021–Nov. 2021	63	–	–
JPR Umeda Loft Bldg.	Osaka, Osaka	Repair of exterior walls	Jul. 2021–Oct. 2021	51	–	–
Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Shift of canteen areas to office specifications	Jul. 2021–Dec. 2021	35	–	–
Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	2nd phase of shift to variable air-volume systems on the 5th and 8th floors	Sep. 2021–Nov. 2021	32	–	–
Gotanda First Bldg.	Shinagawa-ku, Tokyo	Replacement of power-receiving and transforming facilities	Nov. 2021–Nov. 2021	30	–	–

(2) Capital Expenditures during the 39th Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 39th fiscal period. Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas with the aim of attracting new tenants, among other works. In addition, aside from these constructions, JPR conducted construction of 516 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Kanematsu Bldg.	Chuo-ku, Tokyo	1st phase of replacement of toilets on standard floors and corridors and ceilings in common areas	Oct. 2020–Mar. 2021	92
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	1st phase of repair of common areas on 2nd basement floor through 1st floor	May 2021–Jun. 2021	81
Sencity Bldg.	Chiba, Chiba	Replacement of toilets in the West Building	Jun. 2020–Mar. 2021	70
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	2nd phase of reinforcement of elevators	Oct. 2020–Feb. 2021	64
Rise Arena Bldg.	Toshima-ku, Tokyo	Replacement of lighting equipment with LED lamps on 1st floor and 6th through 14th floors	Jul. 2020–Jan. 2021	50
JPR Chiba Bldg.	Chiba, Chiba	2nd phase of reinforcement of elevators	Dec. 2020–Feb. 2021	48
Yakuin Business Garden	Fukuoka, Fukuoka	Replacement of lighting equipment with LED lamps on 2nd through 14th floors	May 2021–Jun. 2021	43
JPR Yokohama Bldg.	Yokohama, Kanagawa	Repair of exterior walls and work on exterior signboards	Nov. 2020–Feb. 2021	41
Other Properties		Replacement of air-conditioning units, repair of common areas, replacement of lighting equipment with LED lamps, etc.		876
Total				1,370

(Note) Expenditures for repair and maintenance included 12 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

(Millions of yen)

Operation Period	35th Fiscal Period (Jan. 1, 2019 - Jun. 30, 2019)	36th Fiscal Period (Jul. 1, 2019 - Dec. 31, 2019)	37th Fiscal Period (Jan. 1, 2020 - Jun. 30, 2020)	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)
Balance of deposits at beginning of current period	1,222	1,319	1,310	1,424	1,421
Deposits during the period	1,038	997	939	952	859
Amounts used from deposits during the period	941	1,006	825	955	774
Deposits carried forward to the next period	1,319	1,310	1,424	1,421	1,506

5. Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)
(a) Asset Management Fees (Note)	768,216	788,824
Management fee 1	228,570	233,763
Management fee 2	201,124	199,108
Management fee 3	338,521	355,952
(b) Administrative Service and Custodian Fees	82,325	83,053
(c) Directors' Fee	4,200	4,200
(d) Trust Fees	21,776	20,946
(e) Other Expenses	108,676	119,022
Total	985,194	1,016,046

(Note) Aside from the amounts of the asset management fees entered above, fees for asset management of the acquired properties (38th fiscal period: 57,000 thousand yen) have been paid and included in the book value of each property, and fees for asset management of the sold property (38th fiscal period: 7,175 thousand yen, 39th fiscal period: 13,325 thousand yen) have been paid and deducted from gain on sale of each property.

(2) Status of Loans Payable

As of June 30, 2021 JPR has the following loans payable.

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2021 (millions of yen)	Balance as of Jun. 30, 2021 (millions of yen)	Average interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Loans Payable	Mizuho Bank Ltd. (Note 4)	Dec. 24, 2020	6,000	2,000	0.179	Jul.5, 2021	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Total		6,000	2,000					
Long-Term Loans Payable	Mizuho Bank Ltd.	Jun. 27, 2014	5,000	5,000	1.178	Jun. 27, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank Ltd.	Mar. 11, 2015	2,000	2,000	1.011	Mar. 11, 2024			
	Mizuho Bank Ltd.	Mar. 24, 2015	2,000	2,000	1.056	Mar. 24, 2025			
	Mizuho Bank Ltd.	Feb. 4, 2016	5,000	5,000	0.804	Feb. 4, 2026			
	Mizuho Bank Ltd.	Mar. 30, 2017	3,000	—	0.351	Mar. 30, 2021			
	Mizuho Bank Ltd.	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022			
	Mizuho Bank Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Mizuho Bank Ltd.	Dec. 5, 2019	2,000	2,000	0.646	Dec. 5, 2029			
	Mizuho Bank Ltd.	Mar. 30, 2021	—	3,000	0.675	Mar. 30, 2031			
	MUFG Bank, Ltd.	Jun. 27, 2014	4,000	—	0.889	Jun. 25, 2021			
	MUFG Bank, Ltd.	Aug. 31, 2015	1,000	1,000	0.873	Aug. 31, 2023			
	MUFG Bank, Ltd.	Mar. 25, 2016	5,000	5,000	0.510	Mar. 25, 2024			
	MUFG Bank, Ltd.	Dec. 15, 2016	2,000	2,000	0.633	Dec. 13, 2024			
	MUFG Bank, Ltd.	Aug. 8, 2017	1,000	1,000	0.638	Aug. 8, 2025			
	MUFG Bank, Ltd.	Aug. 29, 2017	5,000	5,000	0.600	Aug. 29, 2025			
	MUFG Bank, Ltd.	Sep. 5, 2017	3,000	3,000	0.593	Sep. 5, 2025			
	MUFG Bank, Ltd.	Jun. 25, 2021	—	4,000	0.450	Jun. 23, 2028			
	Sumitomo Mitsui Banking Corporation	Jun. 27, 2014	2,500	2,500	1.033	Jun. 27, 2022			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	2,000	—	0.351	Mar. 30, 2021			
	Sumitomo Mitsui Banking Corporation	Mar. 30, 2017	4,000	4,000	0.400	Mar. 30, 2022			
Sumitomo Mitsui Banking Corporation	Dec. 5, 2019	1,000	1,000	0.245	Dec. 5, 2023				
Sumitomo Mitsui Banking Corporation	Jun. 26, 2020	3,000	3,000	0.300	Jun. 26, 2025				
Sumitomo Mitsui Banking Corporation	Mar. 30, 2021	—	2,000	0.450	Mar. 30, 2028				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2021 (millions of yen)	Balance as of Jun. 30, 2021 (millions of yen)	Average interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	Development Bank of Japan, Inc.	Jun. 27, 2013	820	—	1.449	Jun. 25, 2021	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	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			
	Development Bank of Japan, Inc.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	Development Bank of Japan, Inc.	Jun. 27, 2019	2,100	2,100	0.572	Jun. 27, 2029			
	Development Bank of Japan, Inc.	Jun. 25, 2021	—	800	0.600	Jun. 25, 2030			
	Shinsei Bank, Ltd.	Dec. 5, 2014	2,000	2,000	1.134	Dec. 5, 2024			
	Shinsei Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.843	Jun. 14, 2027			
	Shinsei Bank, Ltd.	Apr. 5, 2019	5,000	5,000	0.673	Apr. 5, 2029			
	Shinsei Bank, Ltd.	Sep. 24, 2020	1,000	1,000	0.525	Sep. 25, 2028			
	Shinsei Bank, Ltd.	Sep. 24, 2020	1,000	1,000	0.675	Sep. 24, 2030			
	Shinkin Central Bank	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	Shinkin Central Bank	Dec. 5, 2018	3,000	3,000	0.663	Jun. 4, 2027			
	Shinkin Central Bank	Jun. 27, 2019	2,000	2,000	0.447	Dec. 27, 2027			
	The Norinchukin Bank	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	The Norinchukin Bank	Dec. 5, 2017	1,000	1,000	0.604	Jun. 5, 2025			
	The Norinchukin Bank	Jun. 27, 2019	2,000	2,000	0.405	Jun. 25, 2027			
	The Norinchukin Bank	Dec. 24, 2020	2,000	2,000	0.525	Dec. 25, 2028			
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2020	3,000	3,000	0.586	Feb. 4, 2030			
	Mizuho Trust & Banking Co., Ltd.	Mar. 30, 2020	2,000	2,000	0.606	Mar. 29, 2030			
	Mizuho Trust & Banking Co., Ltd.	Dec. 24, 2020	2,000	2,000	0.675	Dec. 24, 2030			
	The Bank of Fukuoka, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023			
	The Bank of Fukuoka, Ltd.	Jul. 7, 2016	2,000	2,000	0.480	Jul. 7, 2026			
	The Bank of Fukuoka, Ltd.	Sep. 24, 2019	1,000	1,000	0.554	Sep. 21, 2029			
	The Bank of Fukuoka, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Aozora Bank Ltd.	Jul. 3, 2017	900	900	0.625	Jul. 3, 2025			
	Aozora Bank Ltd.	Aug. 25, 2017	1,000	1,000	0.534	Aug. 23, 2024			
	Aozora Bank Ltd.	Aug. 25, 2017	1,000	1,000	0.574	Feb. 25, 2025			
	Aozora Bank Ltd.	Aug. 30, 2018	2,000	2,000	0.553	Feb. 25, 2025			
	Aozora Bank Ltd.	Sep. 24, 2020	500	500	0.525	Sep. 25, 2028			
	Meiji Yasuda Life Insurance Company	Feb. 5, 2015	1,000	1,000	1.042	Feb. 5, 2025			
	Meiji Yasuda Life Insurance Company	Jun. 21, 2018	3,200	3,200	0.813	Jun. 21, 2028			
	Sumitomo Life Insurance Company	Oct. 11, 2016	2,000	2,000	0.453	Oct. 11, 2024			
	Sumitomo Life Insurance Company	Jul. 22, 2019	1,000	1,000	0.583	Jul. 20, 2029			
	Sumitomo Life Insurance Company	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The Shinkumi Federation Bank	Feb. 5, 2018	4,000	4,000	0.404	Aug. 5, 2022			
	The Nishi-Nippon City Bank, Ltd.	May 27, 2016	3,000	3,000	0.646	May 27, 2026			
	The Nishi-Nippon City Bank, Ltd.	Dec. 15, 2016	1,000	1,000	0.388	Dec. 14, 2021			
	Taiyo Life Insurance Company	Sep. 24, 2015	1,000	1,000	0.969	Sep. 24, 2024			
Taiyo Life Insurance Company	Jun. 4, 2018	1,000	1,000	0.811	Jun. 5, 2028				
Taiyo Life Insurance Company	Dec. 25, 2020	1,000	1,000	0.675	Dec. 24, 2030				

Category	Lender	Drawdown Date	Balance as of Jan. 1, 2021 (millions of yen)	Balance as of Jun. 30, 2021 (millions of yen)	Average interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Loans Payable	The Chugoku Bank, Ltd.	Oct. 9, 2015	2,000	2,000	0.816	Oct. 6, 2023	Principal lump sum repayment on maturity	(Note 3)	Unsecured/Unguaranteed
	The Chugoku Bank, Ltd.	Sep. 25, 2018	1,000	1,000	0.661	Mar. 25, 2026			
	The Iyo Bank, Ltd.	Oct. 9, 2015	1,000	1,000	0.816	Oct. 6, 2023			
	The Iyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	National Mutual Insurance Federation of Agricultural Cooperatives	Dec. 15, 2016	2,000	2,000	0.388	Dec. 14, 2021			
	Sompo Japan Insurance Inc.	Dec. 25, 2015	2,000	2,000	0.759	Dec. 25, 2023			
	Nippon Life Insurance Company	Nov. 22, 2019	2,000	2,000	0.225	Nov. 22, 2023			
	The Hachijuni Bank, Ltd.	Sep. 26, 2016	1,000	1,000	0.209	Sep. 24, 2021			
	The Hachijuni Bank, Ltd.	Oct. 9, 2020	1,000	1,000	0.300	Oct. 9, 2025			
	The Yamaguchi Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.795	Nov. 19, 2027			
	The Yamaguchi Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	Resona Bank, Ltd.	Mar. 30, 2017	2,000	2,000	0.438	Sep. 30, 2022			
	NTT FINANCE CORPORATION	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	The Kiyo Bank, Ltd.	Jan. 30, 2020	1,000	1,000	0.598	Jan. 30, 2030			
	The 77 Bank, Ltd.	May 31, 2018	1,000	1,000	0.408	May 31, 2023			
	Daishi Hokuetsu Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.396	Nov. 21, 2022			
	Daido Life Insurance Company	Dec. 27, 2018	1,000	1,000	0.316	Dec. 25, 2023			
	The Chiba Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.449	Oct. 25, 2023			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Dec. 27, 2018	1,000	1,000	0.299	Jun. 27, 2023			
	The Hyakugo Bank, Ltd.	Oct. 25, 2018	1,000	1,000	0.582	Apr. 25, 2025			
	The Hiroshima Bank, Ltd.	Nov. 21, 2017	1,000	1,000	0.396	Nov. 21, 2022			
Mitsui Sumitomo Insurance Company, Limited	Oct. 4, 2019	1,000	1,000	0.310	Oct. 2, 2026				
Sumitomo Mitsui Trust Bank Limited	Mar. 25, 2016	1,000	1,000	0.691	Mar. 25, 2026				
The Yamanashi Chuo Bank, Ltd.	Apr. 30, 2021	—	1,000	0.600	Apr. 30, 2030				
	Total		158,020	159,000					

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

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

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

(Note 4) Of the 6,000 million yen in short-term loans payable that was borrowed on December 24, 2020 from Mizuho Bank, Ltd., JPR made early repayment of 3,000 million yen on March 16, 2021 and 1,000 million yen April 30, 2021.

(3) Investment Corporation Bonds

Details of JPR's investment corporation bonds outstanding as of June 30, 2021 are as follows.

Name	Issue Date	Balance as of Jan. 1, 2021 (millions of yen)	Balance as of Jun. 30, 2021 (millions of yen)	Coupon Rate (%)	Maturity Date	Redemption Method	Use	Remarks
Seventh Series of Investment Corporation Bonds	Dec. 14, 2006	4,500	4,500	2.900	Dec. 14, 2026	Bullet repayment	(Note 1)	(Note 2)
Eighteenth Series of Investment Corporation Bonds	May 31, 2013	2,000	2,000	1.460	May 31, 2023			
Nineteenth Series of Investment Corporation Bonds	Feb. 5, 2014	5,000	5,000	1.110	Feb. 5, 2024			
Twenty-first Series of Investment Corporation Bonds	Jul. 22, 2014	4,000	4,000	1.278	Jul. 22, 2026			
Twenty-second Series of Investment Corporation Bonds	Dec. 4, 2014	3,000	3,000	0.831	Dec. 4, 2024			
Twenty-third Series of Investment Corporation Bonds	May 31, 2018	3,000	3,000	0.550	May 31, 2028			
Twenty-fourth Series of Investment Corporation Bonds (Green Bonds)	Jul. 31, 2019	5,000	5,000	0.570	Jul. 31, 2029			
Twenty-fifth Series of Investment Corporation Bonds (Green Bonds)	Nov. 26, 2020	6,000	6,000	0.510	Nov. 26, 2030			
Twenty-sixth Series of Investment Corporation Bonds	Mar. 16, 2021	—	3,000	0.760	Mar. 14, 2036			
Total		32,500	35,500					

(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 39th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquisition Date	Acquisition Price (millions of yen) (Note)	Sale Date	Sale Price (A) (millions of yen) (Note)	Book Value (B) (millions of yen) (Note)	Difference (C) (A)-(B) (millions of yen)	Sale Expense (D) (millions of yen)	Sale Profit and Loss (C)-(D) (millions of yen)
Beneficiary interest	JPR Hakata Bldg. (65.0% co-ownership interest)	—	—	March 29, 2021	2,665	1,866	798	14	783
	Total	—	—	—	2,665	1,866	798	14	783

(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 39th fiscal period.

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

Acquisition or Sale	Type of Asset	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (millions of yen)	Real Estate Appraisal Value (Note 2) (millions of yen)	Real Estate Appraiser	Appraisal Date
Sale	Beneficiary interest	JPR Hakata Bldg. (65.0% co-ownership interest)	March 29, 2021	2,665	2,574 (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	November 30, 2020

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

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

(Note 3) The real estate appraisal value of JPR Hakata Bldg. (65.0% co-ownership interest) indicates the value equivalent for 65.0% co-ownership interest of the appraisal value of the entire property as of November 30, 2020.

(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	—	2,665,000

Breakdown of transactions with interested parties

Tokyo Tatemono Co., Ltd.	—	(—%)	2,665,000	(100.0%)
Total	—	(—%)	2,665,000	(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)	
		Management Fees (Note 2)	334,928	Tokyo Tatemono Co., Ltd.
		Prime Place Co., Ltd.	22,515	6.7%
Outsourcing Fees	630,769	Tokyo Tatemono Co., Ltd.	438,992	69.6%
		Prime Place Co., Ltd.	14,375	2.3%
Tenant Brokerage Fees	51,446	Tokyo Tatemono Co., Ltd.	17,566	34.1%
		Prime Place Co., Ltd.	2,642	5.1%

(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 32,402 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 39th fiscal period.

Tokyo Tatemono Co., Ltd.	563,119 thousand yen
Prime Place Co., Ltd.	41,570 thousand yen
Tokyo Real Estate Management Co., Ltd.	209,507 thousand yen
Shinjuku Center Building Management Co., Ltd.	35,255 thousand yen

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

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

7. Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate and Infrastructure Assets

No change has been made.

8. Overview of Self-Managed Investment Trust Beneficiary

(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 (%)
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
32nd Fiscal Period (Jul. 1, 2017 – Dec. 31, 2017)	100	20	0.0
33rd Fiscal Period (Jan. 1, 2018 – Jun. 30, 2018)	100	20	0.0
34th Fiscal Period (Jul. 1, 2018 – Dec. 31, 2018)	100	20	0.0
35th Fiscal Period (Jan. 1, 2019 – Jun. 30, 2019)	100	20	0.0
36th Fiscal Period (Jul. 1, 2019 – Dec. 31, 2019)	100	20	0.0
37th Fiscal Period (Jan. 1, 2020 – Jun. 30, 2020)	100	20	0.0
38th Fiscal Period (Jul. 1, 2020 – Dec. 31, 2020)	100	20	0.0
39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)	100	20	0.0

(Note) Total investment at end of period represents the acquisition price.

9. Disclosure on Corporation Owning Foreign Real Estate

Not applicable

10. Disclosure on Real Estate Owned by Corporation Owning Foreign Real Estate

Not applicable

11. Other

(1) Notice

Major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting in the 39th fiscal period include the following:

Date of Board of Directors Meeting	Approved Item	Overview
March 1, 2021	Consignment of administrative services concerning the issuance of the Twenty-Sixth Series of Unsecured Investment Corporation Bonds (Note)	JPR consigned the administrative services related to the issuance of the Twenty-Sixth Series of Unsecured Investment Corporation Bonds to Mizuho Securities Co., Ltd. and Mizuho Bank, Ltd., on the condition that the Executive Officer should decide to issue the relevant Bonds.

(Note) The Board of Directors' meeting held on April 23, 2020 passed the comprehensive resolution on the issuance of the relevant investment corporation bonds. Based on this, JPR issued the Twenty-Sixth Series of Unsecured Investment Corporation Bonds on March 16, 2021.

(2) Other

Unless otherwise stated, monetary amounts are rounded down and percentage figures are rounded off to the nearest specified unit in this Report on Operating and Management Results.

(1) Balance Sheets

(Thousands of yen)

	End of 38th Fiscal Period (Dec. 31, 2020)	End of 39th Fiscal Period (Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	28,598,680	30,996,393
Cash and deposits in trust	12,797,488	12,606,208
Operating accounts receivable	271,574	271,418
Prepaid expenses	130,517	129,757
Other	15,050	13,365
Total current assets	41,813,311	44,017,144
Noncurrent assets		
Property, plant and equipment		
Buildings	66,826,208	67,563,186
Accumulated depreciation	(20,760,217)	(21,751,330)
Buildings, net	46,065,991	45,811,855
Buildings in trust	95,206,152	94,393,778
Accumulated depreciation	(37,264,443)	(37,637,077)
Buildings in trust, net	57,941,709	56,756,701
Structures	73,557	77,603
Accumulated depreciation	(30,266)	(32,353)
Structures, net	43,291	45,250
Structures in trust	135,419	134,930
Accumulated depreciation	(82,417)	(82,306)
Structures in trust, net	53,001	52,623
Machinery and equipment	909,004	909,004
Accumulated depreciation	(589,358)	(614,208)
Machinery and equipment, net	319,646	294,796
Machinery and equipment in trust	1,932,022	1,938,236
Accumulated depreciation	(1,476,358)	(1,471,289)
Machinery and equipment in trust, net	455,663	466,946
Tools, furniture and fixtures	170,010	178,884
Accumulated depreciation	(79,189)	(88,622)
Tools, furniture and fixtures, net	90,821	90,262
Tools, furniture and fixtures in trust	279,430	289,486
Accumulated depreciation	(184,639)	(189,451)
Tools, furniture and fixtures in trust, net	94,790	100,034
Land	133,341,887	133,370,201
Land in trust	191,547,397	190,413,992
Construction in progress	1,019	858
Construction in progress in trust	330	16,153
Total property, plant and equipment	429,955,550	427,419,677
Intangible assets		
Leasehold right	11,801,831	11,801,831
Other	3,446	3,028
Total intangible assets	11,805,277	11,804,859
Investments and other assets		
Lease and guarantee deposits	649,549	689,298
Long-term prepaid expenses	166,235	197,510
Total investments and other assets	815,784	886,809
Total noncurrent assets	442,576,613	440,111,346
Deferred assets		
Investment corporation bond issuance costs	153,146	171,560
Investment unit issuance expenses	30,456	23,487
Total deferred assets	183,602	195,047
Total assets	484,573,526	484,323,538

(Thousands of yen)

	End of 38th Fiscal Period (Dec. 31, 2020)	End of 39th Fiscal Period (Jun. 30, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	2,931,209	2,459,629
Short-term loans payable	6,000,000	2,000,000
Current portion of long-term loans payable	19,820,000	20,500,000
Accounts payable-other	1,048,185	1,001,109
Accrued expenses	88,281	91,137
Income taxes payable	605	605
Accrued consumption taxes	501,994	478,592
Advances received	2,977,266	2,995,945
Other	302	246
Total current liabilities	33,367,843	29,527,265
Noncurrent liabilities		
Investment corporation bonds	32,500,000	35,500,000
Long-term loans payable	138,200,000	138,500,000
Tenant leasehold and security deposits	10,100,242	9,973,833
Tenant leasehold and security deposits in trust	14,005,614	13,728,489
Total noncurrent liabilities	194,805,857	197,702,323
Total liabilities	228,173,700	227,229,588
Net assets		
Unitholders' equity		
Unitholders' capital	247,860,796	247,860,796
Surplus		
Voluntary reserve		
Reserve for reduction entry	689,444	1,103,494
Total voluntary reserve	689,444	1,103,494
Unappropriated retained earnings (undisposed loss)	7,849,585	8,129,659
Total surplus	8,539,029	9,233,153
Total unitholders' equity	256,399,826	257,093,950
Total net assets	*2 256,399,826	*2 257,093,950
Total liabilities and net assets	484,573,526	484,323,538

(2) Statements of Income and Retained Earnings

(Thousands of yen)

	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)		39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)	
Operating revenue				
Rent revenue-real estate	*1	16,714,986	*1	16,521,229
Gain on sale of real estate	*2	414,931	*2	783,966
Total operating revenue		17,129,917		17,305,196
Operating expenses				
Expenses related to rent business	*1	7,611,662	*1	7,499,692
Asset management fee		768,216		788,824
Administrative service and asset custody fees		82,325		83,053
Directors' compensation		4,200		4,200
Trust fees		21,776		20,946
Other operating expenses		108,676		119,022
Total operating expenses		8,596,857		8,515,738
Operating income		8,533,060		8,789,457
Non-operating income				
Interest income		200		207
Income on settlement of management association accounts		40,720		66,067
Insurance income		4,444		4,829
Other		1,433		1,237
Total non-operating income		46,799		72,342
Non-operating expenses				
Interest expenses		525,756		505,779
Borrowing expenses		24,143		25,081
Interest expenses on investment corporation bonds		171,817		189,149
Amortization of investment corporation bond issuance costs		10,533		13,395
Amortization of investment unit issuance expenses		7,084		6,969
Other		198		258
Total non-operating expenses		739,534		740,633
Ordinary income		7,840,325		8,121,166
Income before income taxes		7,840,325		8,121,166
Income taxes-current		605		605
Total income taxes		605		605
Net income		7,839,720		8,120,561
Retained earnings brought forward		9,865		9,097
Unappropriated retained earnings (undisposed loss)		7,849,585		8,129,659

(3) Statements of Changes in Unitholders' Equity

(Thousands of yen)

	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	247,860,796	247,860,796
Changes of items during the period		
Issuance of units		
Total changes of items during the period	—	—
Balance at end of current period	247,860,796	247,860,796
Surplus		
Voluntary reserve		
Balance at beginning of current period	689,444	689,444
Changes of items during the period		
Provision of reserve for reduction entry		414,050
Total changes of items during the period	—	414,050
Balance at end of current period	689,444	1,103,494
Unappropriated retained earnings (undisposed loss)		
Balance at beginning of current period	7,287,774	7,849,585
Changes of items during the period		
Provision of reserve for reduction entry		(414,050)
Dividends from surplus	(7,277,908)	(7,426,437)
Net income	7,839,720	8,120,561
Total changes of items during the period	561,811	280,073
Balance at end of current period	7,849,585	8,129,659
Total surplus		
Balance at beginning of current period	7,977,218	8,539,029
Changes of items during the period		
Provision of reserve for reduction entry		—
Dividends from surplus	(7,277,908)	(7,426,437)
Net income	7,839,720	8,120,561
Total changes of items during the period	561,811	694,124
Balance at end of current period	8,539,029	9,233,153
Total unitholders' equity		
Balance at the beginning of current period	255,838,014	256,399,826
Changes of items during the period		
Provision of reserve for reduction entry		—
Dividends from surplus	(7,277,908)	(7,426,437)
Net income	7,839,720	8,120,561
Total changes of items during the period	561,811	694,124
Balance at end of current period	256,399,826	257,093,950
Total net assets		
Balance at beginning of current period	255,838,014	256,399,826
Changes of items during the period		
Provision of reserve for reduction entry		—
Dividends from surplus	(7,277,908)	(7,426,437)
Net income	7,839,720	8,120,561
Total changes of items during the period	561,811	694,124
Balance at end of current period	256,399,826	257,093,950

(4) Statements of Cash Distributions

	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 – Jun. 30, 2021)
I. Unappropriated retained earnings	7,849,585,585 yen	8,129,659,190 yen
II. Distribution amount (Distribution amount per unit)	7,426,437,500 yen (7,750 yen)	7,337,320,250 yen (7,657 yen)
III. Voluntary reserve Provision of reserve for reduction entry	414,050,403 yen	783,942,395 yen
IV. Retained earnings carried forward	9,097,682 yen	8,396,545 yen
Method for calculating distribution amount	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,426,437,500 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (958,250 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>	<p>Pursuant to the policy on cash distributions provided in Article 30 (2) of the Articles of Incorporation of JPR, the distribution amount shall be in excess of an amount equivalent to 90% of the “distributable income amount” as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Under such policy, JPR decided to pay out distributions of earnings of 7,337,320,250 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (958,250 units) from the balance of unappropriated retained earnings after deducting the provision of reserve for reduction entry pursuant to Article 65-7 of the Act on Special Measures Concerning Taxation, while minimizing the burden to unitholders incurred by accrual of corporate income tax, etc. Furthermore, JPR shall not distribute cash in excess of earnings as stipulated in Article 30 (4) of the Articles of Incorporation.</p>

(5) Statements of Cash Flows

(Thousands of yen)

	38th Fiscal Period (Jul. 1, 2020 - Dec. 31, 2020)	39th Fiscal Period (Jan. 1, 2021 - Jun. 30, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes	7,840,325	8,121,166
Depreciation and amortization	2,085,621	2,100,584
Amortization of investment corporation bond issuance costs	10,533	13,395
Amortization of investment unit issuance expenses	7,084	6,969
Interest income	(200)	(207)
Interest expenses	697,573	694,928
Decrease (increase) in operating accounts receivable	17,580	155
Decrease (increase) in consumption taxes receivable	172,716	—
Decrease (increase) in prepaid expenses	11,519	760
Increase (decrease) in operating accounts payable	(84,519)	(68,528)
Increase (decrease) in accounts payable-other	138,359	(47,094)
Increase (decrease) in accrued consumption taxes	365,911	(23,402)
Increase (decrease) in advances received	(71,113)	18,679
Decrease in property, plant and equipment in trust due to sale	1,011,451	1,866,664
Other, net	(111,233)	(141,080)
Subtotal	12,091,609	12,542,989
Interest income received	200	207
Interest expenses paid	(688,713)	(692,072)
Income taxes (paid) refund	(605)	(606)
Net cash provided by (used in) operating activities	11,402,490	11,850,518
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(12,025,561)	(988,767)
Purchase of property, plant and equipment in trust	(1,002,768)	(845,241)
Purchase of intangible assets	(285)	—
Payments of lease and guarantee deposits	(37,332)	(39,749)
Repayments of tenant leasehold and security deposits	(192,083)	(476,047)
Proceeds from tenant leasehold and security deposits	913,992	351,409
Repayments of tenant leasehold and security deposits in trust	(147,585)	(539,969)
Proceeds from tenant leasehold and security deposits in trust	206,253	371,336
Net cash provided by (used in) investing activities	(12,285,370)	(2,167,027)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	6,000,000	—
Repayment of short-term loans payable	—	(4,000,000)
Proceeds from long-term loans payable	8,500,000	10,800,000
Repayment of long-term loans payable	(11,000,000)	(9,820,000)
Proceeds from issuance of investment corporation bonds	5,955,843	2,968,190
Dividends paid	(7,277,262)	(7,425,248)
Net cash provided by (used in) financing activities	2,178,580	(7,477,057)
Net changes in cash and cash equivalents	1,295,701	2,206,433
Cash and cash equivalents at beginning of current period	40,100,467	41,396,168
Cash and cash equivalents at end of current period	*1 41,396,168	*1 43,602,602

(6) Notes to Financial Statements

(Basis of Presenting Financial Statements)

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

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

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

(Significant Accounting Policies)

- | | |
|---|--|
| 1. Depreciation/Amortization
Method for Long-lived Assets | (1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:
Buildings 3 - 65 years
Structures 10 - 35 years
Machinery and equipment 3 - 17 years
Tools, furniture and fixtures 3 - 20 years
Assets with purchase costs of 100,000 yen or more but less than 200,000 yen are depreciated over three years based on the Corporation Tax Act. |
| | (2) Intangible Assets
Intangible assets are amortized utilizing the straight-line method. |
| | (3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized utilizing the straight-line method. |
| 2. Accounting for Deferred Assets | (1) Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods. |
| | (2) Investment unit issuance expenses
Investment unit issuance expenses are amortized utilizing the straight-line method over three years. |
| 3. Standards for Recording
Revenues and Expenses | Accounting Treatment of Taxes on Property and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes (the "property taxes"), JPR uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to rent business.
Furthermore, JPR capitalized an amount equivalent to the property taxes paid to the sellers during the first fiscal period as a part of the purchase cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 1,466 thousand yen for the fiscal period ended December 31, 2020 and were nil for the fiscal period ended June 30, 2021. |
| 4. Scope of Cash and Cash
Equivalents in the Statements of
Cash Flows | Cash and cash equivalents in the Statements of Cash Flows include the following items
(1) Cash on hand and cash in trust
(2) Deposits placed with banks and deposits in trust that can be withdrawn at any time
(3) Short-term investments that are readily convertible to cash and have insignificant risk of price fluctuations and have original maturities of three months or less from the acquisition date. |
| 5. Other Significant Items
Fundamental to the Preparation of
Financial Statements | (1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust
Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income and retained earnings.
Furthermore, the following material accounts are separately presented in the balance sheets for properties in trust recorded in relevant accounts.
a. Cash and deposits in trust
b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
c. Tenant leasehold and security deposits in trust
(2) Accounting for Consumption Taxes
Revenues and expenses in the Statements of Income and Retained Earnings do not include consumption taxes. |

(Notes to Accounting Standards Not Yet Adopted)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 (revised 2020) issued by the Accounting Standards Board of Japan (ASBJ) on March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 (revised 2020) issued by ASBJ on March 26, 2021)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 (revised 2020) issued by ASBJ on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition, and issued it as Revenue from Contracts with Customers (IFRS 15 issued by IASB and Topic 606 issued by FASB) in May 2014. The IFRS 15 is applicable for accounting periods beginning on January 1, 2018 and thereafter, and the Topic 606 is applicable for accounting periods beginning after December 15, 2017. In accordance with this, the ASBJ has developed a comprehensive accounting standard for revenue recognition and issued it together with its implementation guidance.

In developing the accounting standard for revenue recognition, the ASBJ made it a basic policy to adopt the basic principles of the IFRS 15 as a starting point. By doing so, the ASBJ established the accounting standard from the viewpoint of comparability, which is a benefit for securing consistency with the IFRS 15, between financial statements based on the Japanese GAAP and those based on other accounting standards. Alternative treatments are also to be added, to the extent that they do not harm the comparability, in cases where there are items to be considered in the actual practices conducted in Japan to date.

(2) Scheduled date of adoption

JPR will adopt the Accounting Standard, etc. from the beginning of the fiscal period ending December 31, 2021.

(3) Impact of adoption of the accounting standard and implementation guidance

The amount of impact on the financial statements by the adoption of the Accounting Standard and Implementation Guidance for Revenue Recognition, etc. is being assessed at present.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued by ASBJ on July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10 (revised 2019) issued by ASBJ on July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued by ASBJ on June 17, 2021)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 (revised 2020) issued by ASBJ on March 31, 2020)

(1) Overview

IASB and FASB have established detailed guidance for fair value measurement (IFRS 13 “Fair Value Measurement” under the International Financial Reporting Standards and Topic 820 “Fair Value Measurement” of the Accounting Standards Codification under the U.S. accounting standards) containing almost the same content. In light of this, the ASBJ worked to secure consistency of the Japanese accounting standards with the international accounting standards, mainly in terms of the guidance on and disclosure of the fair value of financial instruments, and announced the Accounting Standard for Fair Value Measurement, etc.

The basic policy of ASBJ for the development of the Accounting Standard for Fair Value Measurement was to adopt all provisions of the IFRS 13 as a rule by using a unified calculation method, from the viewpoint of improving the comparability between the financial statements of the Japanese and foreign companies. Moreover, in consideration of the practices conducted in Japan to date, ASBJ determined to establish other treatments for individual items, to the extent that they do not greatly harm the comparability between the financial statements.

(2) Scheduled date of adoption

JPR will adopt the Accounting Standards, etc. from the beginning of the fiscal period ending December 31, 2021.

(3) Impact of adoption of the accounting standard and implementation guidance

The amount of impact on the financial statements by the adoption of the Accounting Standard and Implementation Guidance for Fair Value Measurement, etc. is being assessed at present.

(Notes to Balance Sheets)

1. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 38th Fiscal Period (as of December 31, 2020)	End of 39th Fiscal Period (as of June 30, 2021)
Credit limit	24,000,000	24,000,000
Outstanding debts at end of period	—	—
Unused commitment line at end of period	24,000,000	24,000,000

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

(Thousands of yen)

	End of 38th Fiscal Period (as of December 31, 2020)	End of 39th Fiscal Period (as of June 30, 2021)
	50,000	50,000

(Notes to Statements of Income and Retained Earnings)

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

(Thousands of yen)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	12,097,265	11,984,455
Land rents	1,793,000	1,797,500
Common charges	1,519,164	1,446,921
Parking fees	270,903	261,871
Advertising fees	38,051	37,419
Antenna usage fees	28,626	28,729
Other	41,304	44,384
Subtotal	15,788,315	15,601,282
Other rental revenues		
Incidental rent income	833,557	676,975
Time-based parking fees	8,730	8,855
Cancellation charges	15,300	66,725
Income equivalent to expenses for restoration to original condition	37,722	133,597
Other miscellaneous income	31,359	33,792
Subtotal	926,670	919,947
Total rent revenue-real estate	16,714,986	16,521,229
B. Expenses Related to Rent Business		
Outsourcing expenses	630,247	630,769
Utilities expenses	841,010	714,170
Property and other taxes	2,387,806	2,436,042
Casualty insurance	26,863	26,796
Repairs and maintenance	558,378	504,151
Property management fees	306,147	302,526
Management association accounts	585,595	588,158
Depreciation	2,085,275	2,100,231
Other	190,339	196,844
Total expenses related to rent business	7,611,662	7,499,692
C. Profits for Rent Business (A-B)	9,103,323	9,021,537

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

(Thousands of yen)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
JPR Hakata Bldg. (35.0% co-ownership interest)		
Proceeds from sale of real estate	1,435,000	—
Cost of sale of real estate	1,011,451	—
Other expenses related to sale	8,617	—
Gain on sale of real estate	414,931	—
JPR Hakata Bldg. (65.0% co-ownership interest)		
Proceeds from sale of real estate	—	2,665,000
Cost of sale of real estate	—	1,866,664
Other expenses related to sale	—	14,368
Gain on sale of real estate	—	783,966

(Notes to Statements of Changes in Unitholders' Equity)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Total number of authorized units and number of units outstanding		
Total number of authorized units	5,000,000 units	5,000,000 units
Number of units outstanding	958,250 units	958,250 units

(Notes to Statements of Cash Flows)

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

(Thousands of yen)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Cash and deposits	28,598,680	30,996,393
Cash and deposits in trust	12,797,488	12,606,208
Cash and cash equivalents	41,396,168	43,602,602

(Leases)

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

(Thousands of yen)

	38th Fiscal Period (as of December 31, 2020)	39th Fiscal Period (as of June 30, 2021)
Due within one year	6,117,669	6,058,160
Due after one year	11,016,658	11,002,567
Total	17,134,327	17,060,727

(Financial Instruments)

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

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

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

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

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

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

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

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

The 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 are used in calculating those values and there may be cases where the values will vary when different assumptions are used.

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

The following are the carrying values and fair values as of December 31, 2020 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of 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	28,598,680	28,598,680	—
(2) Cash and deposits in trust	12,797,488	12,797,488	—
(3) Short-term loans payable	(6,000,000)	(6,000,000)	—
(4) Current portion of long-term loans payable	(19,820,000)	(19,879,337)	59,337
(5) Investment corporation bonds	(32,500,000)	(33,484,337)	984,337
(6) Long-term loans payable	(138,200,000)	(139,821,962)	1,621,962

The following are the carrying values and fair values as of June 30, 2021 of financial instruments, and the difference between these amounts. Please note that the following table does not include those for which discerning of 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	30,996,393	30,996,393	—
(2) Cash and deposits in trust	12,606,208	12,606,208	—
(3) Short-term loans payable	(2,000,000)	(2,000,000)	—
(4) Current portion of long-term loans payable	(20,500,000)	(20,554,180)	54,180
(5) Investment corporation bonds	(35,500,000)	(36,431,425)	931,425
(6) Long-term loans payable	(138,500,000)	(140,013,949)	1,513,949

(Note 1) Liabilities are shown in parentheses.

(Note 2) Method of calculation of 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 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 (6) Long-term loans payable

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

(5) Investment corporation bonds

Of the fair value of these financial instruments, those with market price are measured based on market price and those with no market price are calculated in accordance with (4) and (6) above.

(Note 3) Financial instruments for which discerning of 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 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 estimate the actual lease term. 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 38th Fiscal Period (as of December 31, 2020)	End of 39th Fiscal Period (as of June 30, 2021)
Tenant leasehold and security deposits	10,100,242	9,973,833
Tenant leasehold and security deposits in trust	14,005,614	13,728,489

(Note 4) Scheduled redemption of monetary claims to be due subsequent to the 38th fiscal period end (December 31, 2020)

(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	28,598,680	—	—	—	—	—
Cash and deposits in trust	12,797,488	—	—	—	—	—

Scheduled redemption of monetary claims to be due subsequent to the 39th fiscal period end (June 30, 2021)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash and deposits	30,996,393	—	—	—	—	—
Cash and deposits in trust	12,606,208	—	—	—	—	—

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due subsequent to the 38th fiscal period end (December 31, 2020)

(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	6,000,000	—	—	—	—	—
Investment corporation bonds	—	—	2,000,000	8,000,000	—	22,500,000
Long-term loans payable	19,820,000	18,500,000	21,000,000	15,000,000	23,900,000	59,800,000

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

(Thousands of yen)

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

(Securities)

38th fiscal period (as of December 31, 2020)

Not applicable

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

Not applicable

(Derivative Transactions)

38th fiscal period (as of December 31, 2020)

Not applicable as JPR entered into no derivative transactions

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

Not applicable as JPR entered into no derivative transactions

(Retirement Benefits)

38th fiscal period (as of December 31, 2020)

Not applicable as JPR does not have any retirement benefit plans

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

Not applicable as JPR does not have any retirement benefit plans

(Tax Effect Accounting)

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

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Deductible cash distributions	(29.80%)	(28.42%)
Other	(1.65%)	(3.03%)
Effective tax rate after applying tax effect accounting	0.01%	0.01%

(Equity Method Income and Retained Earnings)

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable as JPR does not have any affiliated companies

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

Not applicable as JPR does not have any affiliated companies

(Transactions with Related Parties)

1. Parent Company and Major Corporation Unitholders

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable

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

Not applicable

2. Affiliated Companies

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable

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

Not applicable

3. Sister Companies

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable

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

Not applicable

4. Directors and Major Individual Unitholders

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable

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

Not applicable

(Asset Retirement Obligations)

38th fiscal period (July 1, 2020 – December 31, 2020)

Not applicable

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

Not applicable

(Segment Information)

[Segment Information]

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

[Related Information]

38th fiscal period (July 1, 2020 – December 31, 2020)

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

Disclosure is omitted as the amount of JPR's property, plant and equipment located in Japan are in excess of 90% of total property, plant and equipment on the Balance Sheets.

3. Information about Major Customers

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

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

1. Information about Products and Services

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

2. Information about Geographic Areas

(1) Revenues from Overseas Customers

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

(2) Property, plant and equipment

Disclosure is omitted as the amount of JPR's property, plant and equipment located in Japan are in excess of 90% of total property, plant and equipment on the Balance Sheets.

3. Information about Major Customers

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

(Investment and Rental Properties)

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

(Thousands of yen)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Carrying Value on the Balance Sheets		
Balance at Beginning of Period	431,625,198	441,758,455
Amount of Increase (Decrease) during the Period	10,133,256	(2,535,938)
Balance at End of Current Period	441,758,455	439,222,516
Fair Value at End of Period	549,949,000	549,331,000

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

(Note 2) For the 38th fiscal period, the amount of increase is primarily attributable to the acquisition of Otemachi Financial City North Tower (11,541,078 thousand yen), and the amount of decrease is primarily attributable to the sale of JPR Hakata Bldg. (35.0% co-ownership interest) (1,011,451 thousand yen) and depreciation (2,085,275 thousand yen). For the 39th fiscal period, the amount of decrease is primarily attributable to the sale of JPR Hakata Bldg. (65.0% co-ownership interest) (1,866,664 thousand yen) and depreciation (2,100,231 thousand yen).

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

The income (loss) in the 38th and 39th fiscal periods for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

(Per Unit Information)

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Total net assets per unit	267,570 yen	268,295 yen
Net income per unit	8,181 yen	8,474 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:

	38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
Net income (thousands of yen)	7,839,720	8,120,561
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	7,839,720	8,120,561
Average number of units during the fiscal period	958,250 units	958,250 units

(Subsequent Events)

Not applicable.

(7) Detailed Schedules

1) Schedule of Securities

Not applicable

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

Not applicable

3) Schedule of Assets Related to Real Estate

Asset Type	Balance as of January 1, 2021 (thousands of yen)	Increase during the Period (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2021 (thousands of yen)	Accumulated Depreciation		Net Balance as of June 30, 2021 (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	66,826,208	736,977	—	67,563,186	21,751,330	991,112	45,811,855	
Structures	73,557	4,046	—	77,603	32,353	2,086	45,250	
Machinery and equipment	909,004	—	—	909,004	614,208	24,850	294,796	
Tools, furniture and fixtures	170,010	8,873	—	178,884	88,622	9,432	90,262	
Land	133,341,887	28,313	—	133,370,201	—	—	133,370,201	
Construction in progress	1,019	601	762	858	—	—	858	
Subtotal	201,321,689	778,812	762	202,099,738	22,486,514	1,027,483	179,613,224	
(Beneficiary interests in trust)								
Buildings in trust	95,206,152	565,825	1,378,199	94,393,778	37,637,077	1,032,103	56,756,701	
Structures in trust	135,419	4,204	4,693	134,930	82,306	2,700	52,623	
Machinery and equipment in trust	1,932,022	49,867	43,653	1,938,236	1,471,289	27,392	466,946	
Tools, furniture and fixtures in trust	279,430	17,187	7,131	289,486	189,451	10,486	100,034	
Land in trust	191,547,397	—	1,133,404	190,413,992	—	—	190,413,992	
Construction in progress in trust	330	16,153	330	16,153	—	—	16,153	
Subtotal	289,100,752	653,238	2,567,412	287,186,578	39,380,125	1,072,683	247,806,452	
Total	490,422,442	1,432,050	2,568,175	489,286,317	61,866,640	2,100,166	427,419,677	
Intangible Assets								
Leasehold right	11,801,831	—	—	11,801,831	—	—	11,801,831	
Other	6,134	—	—	6,134	3,105	418	3,028	
Total	11,807,965	—	—	11,807,965	3,105	418	11,804,859	

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

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

4) Schedule of Other Specified Assets

Not applicable

5) Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of January 1, 2021 (thousands of yen)	Decrease during the Period (thousands of yen)	Balance as of June 30, 2021 (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
Eighteenth Series of Investment Corporation Bonds (Note 1)	May 31, 2013	2,000,000	—	2,000,000	1.460	May 31, 2023		
Nineteenth Series of Investment Corporation Bonds (Note 1)	Feb. 5, 2014	5,000,000	—	5,000,000	1.110	Feb. 5, 2024		
Twenty-first Series of Investment Corporation Bonds (Note 1)	Jul. 22, 2014	4,000,000	—	4,000,000	1.278	Jul. 22, 2026		
Twenty-second Series of Investment Corporation Bonds (Note 1)	Dec. 4, 2014	3,000,000	—	3,000,000	0.831	Dec. 4, 2024		
Twenty-third Series of Investment Corporation Bonds (Note 1)	May 31, 2018	3,000,000	—	3,000,000	0.550	May 31, 2028		
Twenty-fourth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Jul. 31, 2019	5,000,000	—	5,000,000	0.570	Jul. 31, 2029		
Twenty-fifth Series of Investment Corporation Bonds (Green Bonds) (Note 1)	Nov. 26, 2020	6,000,000	—	6,000,000	0.510	Nov. 26, 2030		
Twenty-sixth Series of Investment Corporation Bonds (Note 1)	Mar. 16, 2021	—	—	3,000,000	0.760	Mar. 14, 2036		
Total		32,500,000	—	35,500,000				

(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 sheets are as follows.

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Investment corporation bonds	—	2,000,000	5,000,000	3,000,000	—

6) Schedule of Loans Payable

Lender	Balance as of January 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Short-Term Loans Payable								
Mizuho Bank Ltd. (Note 5)	6,000,000	—	4,000,000	2,000,000	0.179%	Jul.5, 2021	(Note 4)	Unsecured/ Unguaranteed
Total	6,000,000	—	4,000,000	2,000,000				

Lender	Balance as of January 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
Mizuho Bank Ltd.	3,000,000	—	3,000,000	—	0.351%	Mar. 30, 2021	(Note 4)	Unsecured/ Unguaranteed
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		
Mizuho Bank Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Mizuho Bank Ltd.	2,000,000	—	—	2,000,000	0.646%	Dec. 5, 2029		
Mizuho Bank Ltd.	—	3,000,000	—	3,000,000	0.675%	Mar. 31, 2031		
MUFG Bank, Ltd.	4,000,000	—	4,000,000	—	0.889%	Jun. 25, 2021		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.873%	Aug. 31, 2023		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.510%	Mar. 25, 2024		
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	0.633%	Dec. 13, 2024		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.638%	Aug. 8, 2025		
MUFG Bank, Ltd.	5,000,000	—	—	5,000,000	0.600%	Aug. 29, 2025		
MUFG Bank, Ltd.	3,000,000	—	—	3,000,000	0.593%	Sep. 5, 2025		
MUFG Bank, Ltd.	—	4,000,000	—	4,000,000	0.450%	Jun. 23, 2028		
Sumitomo Mitsui Banking Corporation	2,000,000	—	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		
Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.245%	Dec. 5, 2023		
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.300%	Jun. 26, 2025		
Sumitomo Mitsui Banking Corporation	—	2,000,000	—	2,000,000	0.450%	Mar. 30, 2028		
Development Bank of Japan, Inc.	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		
Development Bank of Japan, Inc.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
Development Bank of Japan, Inc.	2,100,000	—	—	2,100,000	0.572%	Jun. 27, 2029		
Development Bank of Japan, Inc.	—	800,000	—	800,000	0.600%	Jun. 25, 2030		
Shinsei Bank, Ltd.	2,000,000	—	—	2,000,000	1.134%	Dec. 5, 2024		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.843%	Jun. 14, 2027		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.525%	Sep. 25, 2028		
Shinsei Bank, Ltd.	5,000,000	—	—	5,000,000	0.673%	Apr. 5, 2029		
Shinsei Bank, Ltd.	1,000,000	—	—	1,000,000	0.675%	Sep. 24, 2030		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
Shinkin Central Bank	3,000,000	—	—	3,000,000	0.663%	Jun. 4, 2027		
Shinkin Central Bank	2,000,000	—	—	2,000,000	0.447%	Dec. 27, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
The Norinchukin Bank	1,000,000	—	—	1,000,000	0.604%	Jun. 5, 2025		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.405%	Jun. 25, 2027		
The Norinchukin Bank	2,000,000	—	—	2,000,000	0.525%	Dec. 25, 2028		
Mizuho Trust & Banking Co., Ltd.	3,000,000	—	—	3,000,000	0.586%	Feb. 4, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.606%	Mar. 29, 2030		
Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.675%	Dec. 24, 2030		

Lender	Balance as of January 1, 2021 (thousands of yen)	Increase during Current Period (thousands of yen)	Decrease during Current Period (thousands of yen)	Balance as of June 30, 2021 (thousands of yen)	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Use	Remarks
Long-Term Loans Payable (Note 1)								
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023	(Note 4)	Unsecured/ Unguaranteed
The Bank of Fukuoka, Ltd.	2,000,000	—	—	2,000,000	0.480%	Jul. 7, 2026		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.554%	Sep. 21, 2029		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
Aozora Bank Ltd.	1,000,000	—	—	1,000,000	0.534%	Aug. 23, 2024		
Aozora Bank Ltd.	2,000,000	—	—	2,000,000	0.553%	Feb. 25, 2025		
Aozora Bank Ltd.	1,000,000	—	—	1,000,000	0.574%	Feb. 25, 2025		
Aozora Bank Ltd.	900,000	—	—	900,000	0.625%	Jul. 3, 2025		
Aozora Bank Ltd.	500,000	—	—	500,000	0.525%	Sep. 25, 2028		
Meiji Yasuda Life Insurance Company	1,000,000	—	—	1,000,000	1.042%	Feb. 5, 2025		
Meiji Yasuda Life Insurance Company	3,200,000	—	—	3,200,000	0.813%	Jun. 21, 2028		
Sumitomo Life Insurance Company	2,000,000	—	—	2,000,000	0.453%	Oct. 11, 2024		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.583%	Jul. 20, 2029		
Sumitomo Life Insurance Company	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The Shinkumi Federation Bank	4,000,000	—	—	4,000,000	0.404%	Aug. 5, 2022		
The Nishi-Nippon City Bank, Ltd.	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		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.969%	Sep. 24, 2024		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.811%	Jun. 5, 2028		
Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	0.675%	Dec. 24, 2030		
The Chugoku Bank, Ltd.	2,000,000	—	—	2,000,000	0.816%	Oct. 6, 2023		
The Chugoku Bank, Ltd.	1,000,000	—	—	1,000,000	0.661%	Mar. 25, 2026		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.816%	Oct. 6, 2023		
The Iyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
National Mutual Insurance Federation of Agricultural Cooperatives	2,000,000	—	—	2,000,000	0.388%	Dec. 14, 2021		
Sompo Japan Insurance Inc.	2,000,000	—	—	2,000,000	0.759%	Dec. 25, 2023		
Nippon Life Insurance Company	2,000,000	—	—	2,000,000	0.225%	Nov. 22, 2023		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.209%	Sep. 24, 2021		
The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000	0.300%	Oct. 9, 2025		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.795%	Nov. 19, 2027		
The Yamaguchi Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
Resona Bank, Ltd.	2,000,000	—	—	2,000,000	0.438%	Sep. 30, 2022		
NTT FINANCE CORPORATION	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
The Kiyo Bank, Ltd.	1,000,000	—	—	1,000,000	0.598%	Jan. 30, 2030		
The 77 Bank, Ltd.	1,000,000	—	—	1,000,000	0.408%	May 31, 2023		
Daido Life Insurance Company	1,000,000	—	—	1,000,000	0.316%	Dec. 25, 2023		
Daishi Hokuetsu Bank, Ltd.	1,000,000	—	—	1,000,000	0.396%	Nov. 21, 2022		
The Chiba Bank, Ltd.	1,000,000	—	—	1,000,000	0.449%	Oct. 25, 2023		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.299%	Jun. 27, 2023		
The Hyakugo Bank, Ltd.	1,000,000	—	—	1,000,000	0.582%	Apr. 25, 2025		
The Hiroshima Bank, Ltd.	1,000,000	—	—	1,000,000	0.396%	Nov. 21, 2022		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.310%	Oct. 2, 2026		
Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.691%	Mar. 25, 2026		
The Yamanashi Chuo Bank, Ltd.	—	1,000,000	—	1,000,000	0.600%	Apr. 30, 2030		
Total	158,020,000	10,800,000	9,820,000	159,000,000				

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

	Due in One Year or Less (thousands of yen)	Due after One Year through Two Years (thousands of yen)	Due after Two Years through Three Years (thousands of yen)	Due after Three Years through Four Years (thousands of yen)	Due after Four Years through Five Years (thousands of yen)
Long-term loans payable	20,500,000	16,000,000	20,000,000	21,000,000	20,900,000

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

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

- (Note 4) Funds are used for purchasing real estate or real estate beneficiary interests in trust (including accompanying expenses), repaying loans payable and redemption of investment corporation bonds, etc.
- (Note 5) Of the 6,000 million yen in short-term loans payable that was borrowed on December 24, 2020 from Mizuho Bank, Ltd., JPR made early repayment of 3,000 million yen on March 16, 2021 and 1,000 million yen on April 30, 2021.

(8) Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation..

Opinion

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation,(the Company), which comprise the balance sheets as at June 30, 2021, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and Supervising Officer for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

September 22, 2021

小島 亘司

Koji Ojima
Designated Engagement Partner
Certified Public Accountant

安部 里史

Satoshi Abe
Designated Engagement Partner
Certified Public Accountant

(9) Other Notes (Information only)

(Property and Equipment Leased to JPR)

38th Fiscal Period (July 1, 2020 – December 31, 2020)	39th Fiscal Period (January 1, 2021 – June 30, 2021)
No property and equipment was leased to JPR	No property and equipment was leased to JPR

(Transactions with Interested Parties)

38th fiscal period (July 1, 2020 – December 31, 2020)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.05%	Purchase of real estate	11,400,000	—	—
				Sale of real estate beneficiary interest	1,435,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	2,000,000	Long-term loans payable	7,000,000
				Interest expenses	15,230	Accrued expenses	747

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

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

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Interested party	Tokyo Tatemono Co., Ltd.	Real estate business	3.05%	Sale of real estate beneficiary interest	2,665,000	—	—
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Borrowing of long-term loans payable	—	Long-term loans payable	7,000,000
				Interest expenses	21,422	Accrued expenses	591

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