

Translation

Japan Prime Realty Investment Corporation
Financial Report for the 39th Fiscal Period Results (January 1, 2021 - June 30, 2021)

August 16, 2021

REIT Securities Issuer: Japan Prime Realty Investment Corporation Listing: Tokyo Stock Exchange
 Securities Code: 8955 URL: <https://www.jpr-reit.co.jp/>
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 Scheduled date of submission of securities report: September 27, 2021
 Scheduled date of commencement of distribution payout: September 10, 2021
 Preparation of supplementary explanatory materials on financial results: Yes / No
 Holding of briefing session on financial results: Yes / No (for analysts and institutional investors)

1. Financial Results for the 39th Fiscal Period (January 1, 2021 – June 30, 2021)

[Amounts are rounded down to the nearest million yen, except for per unit figures.]

(1) Operating Results

[% figures represent the increase (decrease) compared with the previous fiscal period]

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
For the six months ended June 30, 2021	17,305	1.0	8,789	3.0	8,121	3.6	8,120	3.6
December 31, 2020	17,129	4.7	8,533	6.5	7,840	7.7	7,839	7.7

	Net Income per Unit (EPU)	Net Income / Net Assets	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	yen	%	%	%
For the six months ended June 30, 2021	8,474	3.2	1.7	46.9
December 31, 2020	8,181	3.1	1.6	45.8

(2) Distributions

	Distribution per Unit (DPU) [excluding exceeding profit distribution amount]	Distribution Amount	Exceeding Profit Distribution per Unit	Exceeding Profit Distribution Amount	Dividend Payout Ratio	Distribution / Net Assets
	yen	million yen	yen	million yen	%	%
For the six months ended June 30, 2021	7,657	7,337	–	–	90.3	2.9
December 31, 2020	7,750	7,426	–	–	94.7	2.9

(Note 1) Dividend payout ratio is rounded down to the first decimal place.

(Note 2) The difference between the distribution amount and net income for the six months ended December 31, 2020, is attributable to the fact that part of the unappropriated retained earnings (414 million yen) was internally reserved as reserve for reduction entry.

(Note 3) The difference between the distribution amount and net income for the six months ended June 30, 2021, is attributable to the fact that part of the unappropriated retained earnings (783 million yen) was internally reserved as reserve for reduction entry.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total Assets	Net Asset Per Unit
	million yen	million yen	%	yen
As of June 30, 2021	484,323	257,093	53.1	268,295
December 31, 2020	484,573	256,399	52.9	267,570

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
For the six months ended	million yen	million yen	million yen	million yen
June 30, 2021	11,850	(2,167)	(7,477)	43,602
December 31, 2020	11,402	(12,285)	2,178	41,396

2. Forecasts for the 40th Fiscal Period Ending December 31, 2021 (July 1, 2021 – December 31, 2021) and the 41st Fiscal Period Ending June 30, 2022 (January 1, 2022 – June 30, 2022)

[Amounts are rounded down to the nearest million yen, except for per unit figures.]
[% figures represent the increase (decrease) compared with the previous fiscal period]

	Operating Revenues		Operating Income		Ordinary Income		Net Income		DPU [excluding exceeding profit distribution per unit]	Exceeding Profit Distribution Per Unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
40th Fiscal Period Ending December 31, 2021	16,228	(6.2)	7,713	(12.2)	6,964	(14.2)	6,963	(14.2)	7,550	–
41st Fiscal Period Ending June 30, 2022	16,192	(0.2)	7,806	1.2	7,108	2.1	7,107	2.1	7,550	–

(Reference) Estimated net income per unit (forecast net income / forecast number of investment units at end of period)

40th fiscal period ending December 31, 2021: 7,266 yen

41st fiscal period ending June 30, 2022: 7,417 yen

(Note 1) DPU for the 40th fiscal period ending December 2021 is calculated on the assumption that part of the reserve for reduction entry (272 million yen) will be reversed and distributed.

(Note 2) DPU for the 41st fiscal period ending June 2022 is calculated on the assumption that part of the reserve for reduction entry (127 million yen) will be reversed and distributed.

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

- (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
 (b) Changes in accounting policies other than in (a): None
 (c) Changes in accounting estimates: None
 (d) Retrospective restatement: None

(2) Number of Investment Units Issued and Outstanding

(a) Number of investment units (including treasury units) issued and outstanding at end of period

As of June 30, 2021: 958,250 units As of December 31, 2020: 958,250 units

(b) Number of treasury units at end of period

As of June 30, 2021: 0 units As of December 31, 2020: 0 units

(Note) With regard to the number of investment units, which serves as the basis for calculating net income per unit, please refer to "Per Unit Information," on page 21.

* This financial report is not subject to audit procedures by public accountants or audit corporations.

* Special note

The forecasts for the 40th fiscal period ending December 31, 2021, and the 41st fiscal period ending June 30, 2022, are calculated as of August 16, 2021, based on the assumptions described on pages 8 and 9 of this report. Accordingly, actual operating revenues, operating income, ordinary income, net income, DPU and exceeding profit distribution per unit may differ from the forecasts. Moreover, the forecasts should not be construed as a guarantee of the distribution amount.

This is an English-language translation of original Japanese announcement on our website released on August 16, 2021. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

1. Management Status

1) Overview of Fiscal Period under Review

a) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001, under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section 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. (TRIM), through which JPR aims to maximize unitholder value by efficiently managing the portfolio primarily comprising office properties and retail properties.

b) 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 was on an upward trend 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.

c) 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 was on an upward trend 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 6 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 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 (outlook)
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 debt

(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.

d) Operating Results and Cash Distributions

As a result of the aforementioned management performance, JPR posted operating revenues of 17,305 million yen, ordinary income of 8,121 million yen and net income of 8,120 million yen for its 39th fiscal period ended June 30, 2021. With regard to the cash distributions, 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.

2) Forecast for the Next Fiscal Period

a) Outlook for Management Status

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. Accordingly, close attention must be paid 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.

i) 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 are still low, with properties remaining in short supply. 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 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 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 assessing 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.

ii) Management of Portfolio

JPR will aim to secure stable earnings over the medium to long term by working to prevent move-outs of existing tenants, encourage them to expand office spaces in the same buildings and renew contracts with upward revision of rents through endeavors to enhance tenant satisfaction, while continuously attracting 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 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 demand
- Conduct renovations to enhance energy-saving performance of properties by utilizing government subsidy programs

iii) 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 maintenance of a ratio of interest-bearing debt to total assets of up to 50% in general. In debt financing, JPR will endeavor to further lengthen maturity with a focus on stability in an effort to diversify repayment dates and reduce the repayment amount for each fiscal period, with an eye on reducing refinancing risks that may arise 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.

iv) 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 that set forth by laws and regulations, etc. As a means for implementing voluntary disclosure, JPR is proactively employing its website (<https://www.jpr-reit.co.jp/en/>) to post information including monthly occupancy rates of all properties in the portfolio and historical data as well as offer expanded information on sustainability and deliver video presentations on financial results sessions for securities analysts.

v) Significant Subsequent Events

There are no material subsequent events for this fiscal period.

b) Outlook for Management Status (Operating Results)

JPR expects the following management status in the 40th fiscal period (from July 1, 2021 to December 31, 2021) and the 41st fiscal period (from January 1, 2022 to June 30, 2022).

	40th Fiscal Period	41st Fiscal Period
Operating revenues	16,228 million yen	16,192 million yen
Operating income	7,713 million yen	7,806 million yen
Ordinary income	6,964 million yen	7,108 million yen
Net income	6,963 million yen	7,107 million yen
Distribution per unit	7,550 yen	7,550 yen
Exceeding profit distribution per unit	- yen	- yen

For the assumptions underlying this outlook of management status, please refer to “Assumptions for the 40th Fiscal Period (from July 1, 2021 to December 31, 2021) and the 41st Fiscal Period (from January 1, 2022 to June 30, 2022)” shown below.

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenues, operating income, ordinary income, net income, distribution per unit and exceeding profit distribution per unit may vary due to changes in the circumstances. Moreover, the forecast above should not be construed as a guarantee of the distribution amount.

Assumptions for the 40th Fiscal Period (from July 1, 2021 to December 31, 2021) and
the 41st Fiscal Period (from January 1, 2022 to June 30, 2022)

Item	Assumptions
Period	40th fiscal period: from July 1, 2021 to December 31, 2021 (investment period: 184 days) 41st fiscal period: from January 1, 2022 to June 30, 2022 (investment period: 181 days)
Property Portfolio	<ul style="list-style-type: none"> The number of properties owned by JPR as of August 16, 2021, is assumed to be 65 properties. In practice, this assumption may vary due to such events as acquisition of additional properties or sale of existing properties.
Operating Revenues	<ul style="list-style-type: none"> Real estate rental revenues are calculated on the basis of the lease contracts effective as of June 30, 2021, with consideration given to such factors as the market environment and status of negotiations with tenants, as well as taking into account the impact of certain tenant move-ins and move-outs, among other factors. JPR also assumes that rents will be paid on time and that no tenants will fail or decline to pay rents. Aside from the above, the figures are calculated by factoring in the impact of COVID-19, such as rent reductions, to a certain extent. The assumed period-average occupancy rate at end of month is 96.8% for the 40th fiscal period and 97.5% for the 41st fiscal period.
Operating Expenses	<ul style="list-style-type: none"> Among rental expenses, which are the principal operating expenses, outsourcing expenses and other expenses excluding depreciation are calculated based on historical data, etc., reflecting variable factors of expenses. Outsourcing expenses are assumed to be 628 million yen for the 40th fiscal period and 621 million yen for the 41st fiscal period. For property taxes and city planning taxes, JPR assumes 2,422 million yen for the 40th fiscal period and 2,493 million yen for the 41st fiscal period. In general practice, the property taxes and city planning taxes levied on properties acquired are settled after prorating for the period with the previous owner at the time of acquisition, but JPR includes the amount equivalent to such settlement in the acquisition costs for the properties. For expenditures for the repair and maintenance of buildings, the amount expected to be required in each of the fiscal periods has been recorded. However, the expenditures for repair and maintenance for each of the fiscal periods could differ significantly from the estimated amount, as expenditures may arise due to damage to the building caused by unexpected factors, etc., and because the variance in amounts generally tends to grow from year to year and repair expenses do not arise regularly. Depreciation is calculated using the straight line method, including additional future capital expenditures. Depreciation is assumed to be 2,107 million yen for the 40th fiscal period and 1,986 million yen for the 41st fiscal period. Operating expenses excluding rental expenses other than rental business expenses (asset management fees, administrative service and custodian fees, etc.) are assumed to be 909 million yen for the 40th fiscal period and 921 million yen for the 41st fiscal period.
Non-Operating Income	<ul style="list-style-type: none"> As for major non-operating income, JPR assumes income on settlement of management association accounts to be 2 million yen for the 40th fiscal period and 56 million yen for the 41st fiscal period.
Non-Operating Expenses	<ul style="list-style-type: none"> As for major non-operating expenses, JPR assumes 745 million yen for the 40th fiscal period and 746 million yen for the 41st fiscal period for interest paid, fees related to loan arrangement, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs, etc.
Interest-Bearing Debt Ratio	<ul style="list-style-type: none"> The ratio of interest-bearing debt to total assets as of August 16, 2021, stands at 40.6%, with interest-bearing debts of 196,500 million yen (comprised of 2,000 million yen in short-term loans payable, 159,000 million yen in long-term loans payable and 35,500 million yen in investment corporation bonds). It is assumed that all interest-bearing debt for which repayment (redemption) dates will arrive during the 40th and 41st fiscal periods will be refinanced. The ratio of interest-bearing debt to total assets is assumed to be 40.6% at the end of the 40th fiscal period and 40.6% at the end of the 41st fiscal period. The following formula is used in calculating the ratio of interest-bearing debt to total assets in this table. $\text{Ratio of interest-bearing debt to total assets} = \frac{\text{Expected total interest-bearing debt}}{\text{Expected total assets}} \times 100$
Total Units Outstanding	<ul style="list-style-type: none"> The total number of investment units issued and outstanding is 958,250 units as of August 16, 2021, and it is assumed that no investment units will be issued.

Item	Assumptions
Distribution Per Unit	<ul style="list-style-type: none"> • For distribution per unit, it is assumed that all revenues will be distributed based on the distribution methods provided in the Articles of Incorporation. • As for the distributions for the 40th fiscal period, it is assumed that part (272 million yen) of the reserve for reduction entry will be reversed and distributed. • As for the distributions for the 41st fiscal period, it is assumed that part (127 million yen) of the reserve for reduction entry will be reversed and distributed. • There is the possibility that the distribution per unit may vary due to various factors including variation of rental revenue due to transfer of assets under management and tenants moving out, and unpredicted repairs and maintenance.
Exceeding Profit Distribution Per Unit	<ul style="list-style-type: none"> • Distribution of monies exceeding the profit is currently not assumed.
Others	<ul style="list-style-type: none"> • It is assumed that there will be no changes in legislation, taxation, accounting standards, regulations applying to publicly listed companies, rules and requirements imposed by the Investment Trusts Association, Japan that will impact the aforementioned forecast. • It is also assumed that there will be no unexpected material changes in general economic and real estate market conditions.

2. Financial Statements

(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	256,399,826	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	¥16,714,986	¥16,521,229
Gain on sale of real estate	414,931	783,966
Total operating revenue	17,129,917	17,305,196
Operating expenses		
Expenses related to rent business	7,611,662	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	7,426,437,500 yen	7,337,320,250 yen
(Distribution amount per unit)	(7,750 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. Based on 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. Based on 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	¥41,396,168	¥43,602,602

(6) Notes to the Going Concern Assumption

No relevant items.

(7) Notes to Significant Accounting Policies

The disclosure is omitted as there are no significant changes from the descriptions in the latest securities report (submitted on March 26, 2021).

(8) Notes to Financial Statements

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	End of 39th Fiscal Period
	(as of December 31, 2020)	(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	End of 39th Fiscal Period
	(as of December 31, 2020)	(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/Loss on Sale of Real Estate

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

39th fiscal period (Jan. 1, 2021 – Jun. 30, 2021)	(Thousands of yen)
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

Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

The fair value of financial instruments, aside from values based on market price includes 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 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)	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 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)	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 calculated 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 calculate the actual deposit period from when lessees move in to when they move out. The following is the carrying value of tenant leasehold and security deposits and tenant leasehold and security deposits in trust.

	(Thousands of yen)	
	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 December 31, 2020, and June 30, 2021

End of 38th Fiscal Period (as of 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	¥-	¥-	¥-	¥-	¥-

End of 39th Fiscal Period (as of 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 of short-term loans payable and long-term loans payable or redemption of investment corporation bonds to be due subsequent to December 31, 2020, and June 30, 2021

End of 38th Fiscal Period (as of 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

End of 39th Fiscal Period (as of 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

Investment and Rental Properties

JPR owns office properties (urban commercial facilities), retail properties (urban retail properties) and urban complex properties for leasing in Tokyo and other regions. The following is the carrying value on the balance sheets, amount of increase (decrease) during the period and 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 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 cost of acquisition less accumulated depreciation.

(Note 2) Of the amount of change during 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). Of the amount of change during 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 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

(Yen)

	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	¥268,295
Net income per unit	¥8,181	¥8,474

(Note 1) Net income per unit is calculated by dividing net income by the weighted-average number of units outstanding during the fiscal period.
Diluted net income per unit has not been presented since no warrants and convertible bonds are outstanding.

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

(Thousands of yen)

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

Subsequent Events

There are no material subsequent events for the 39th fiscal period.

Omission of Disclosure

JPR omits the disclosure of notes to statements of cash flows, lease transactions, securities, derivative transactions, transactions with affiliated parties, tax effect accounting, retirement benefits, asset retirement obligations and segment information, etc. as it does not find substantial need for disclosure in the Fiscal Period Results report.

(9) Changes in Investment Units Issued and Outstanding

There was no change in the number of units outstanding and unitholders' capital in the 39th fiscal period. The changes in the number of units outstanding and unitholders' capital in the last five years are summarized as follows.

Date	Event	Number of Units Outstanding		Unitholders' Capital (million 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 specified assets and partly repay debt.

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

(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.

3. Reference Information

(1) JPR's Asset Structure

Asset Type	Category of Investment 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) Total assets owned are based on the amounts appropriated on the balance sheets as of the settlement date (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.

(Note 3) As for the category of investment area, please refer to (2) Investment Assets 1) Overview of Investment Assets below.

(2) Investment Assets

1) Overview of Investment Assets

The overview of the real estate and real estate in trust regarding trust beneficiary interests in real estate in which JPR invests are as follows. All of the real estate and trust beneficiary interests in real estate are shown in the table below.

Descriptions in the table below are based on the following policies.

- The table below indicates the properties JPR owned as of the end of the 39th fiscal period.
- JPR defines the categories of investment areas as designated below.

Category	Investment Area
Central Tokyo	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards
Greater Tokyo	All other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures
Other Cities	All other areas in Japan

- “Location,” “Site Area,” “Total Floor Space,” “Structure/Floors” and “Completed” are based on data recorded in the real estate registry.
- “Site Area” and “Total Floor Space” indicate the areas of the entire building sites and the entire buildings, respectively, including the portions owned by other sectional owners, etc. except for the following properties:

MS Shibaura Bldg.: The site area includes land of the Trinity Shibaura, which was developed together with the property.

Shinjuku Square Tower: The site area and the total floor space are for the entire redevelopment area.

Otemachi Financial City North Tower: The site area and the total floor space include South Tower.

Rise Arena Bldg.: The site area is for the entire redevelopment area including the residential building, and the total floor space includes the space of the residential building.

Olinas Tower: The site area and the total floor space are for the entire property including the retail and residential buildings.

Sencity Bldg.: The site area and the total floor space are for the entire redevelopment area.

Cupo-la Main Bldg.: The site area is for the entire redevelopment area.

- The abbreviations in the “Structure/Floors” represent the following phrases, respectively.

S: Steel-framed, RC: Reinforced concrete, SRC: Steel-framed reinforced concrete

Area	Type	Property Name	Location	Site Area (m ²)	Total Floor Space (m ²)	Structure/ Floors	Completed
Central Tokyo	Office	Kanematsu Bldg.	Kyobashi 2-chome, Chuo-ku, Tokyo	1,751.13	14,995.09	S, RC, SRC B2/13F	Feb. 1993
		Kanematsu Bldg. Annex	Kyobashi 2-chome, Chuo-ku, Tokyo	679.06	4,351.46	SRC B1/8F	Feb. 1993
		JPR Ningyo-cho Bldg.	Nihonbashi Ningyocho 1-chome, Chuo-ku, Tokyo	550.06	4,117.70	SRC, RC B1/8F	Dec. 1989
		Shin-Kojimachi Bldg.	Kojimachi 4-chome, Chiyoda-ku, Tokyo	657.80	5,152.98	SRC B1/9F	Oct. 1984
		JPR Crest Takebashi Bldg.	Kanda-Nishikicho 3-chome, Chiyoda-ku, Tokyo	636.90	4,790.68	SRC B1/9F	Sep. 1999
		MS Shibaura Bldg.	Shibaura 4-chome Minato-ku, Tokyo	8,992.18	31,020.21	SRC, RC, S B2/13F	Feb. 1988
		Gotanda First Bldg.	Nishi-Gotanda 2-chome, Shinagawa-ku, Tokyo	1,551.19	10,553.34	SRC, RC B2/11F	Jul. 1989
		JPR Ichigaya Bldg.	Kudan-Minami 4-chome, Chiyoda-ku, Tokyo	1,058.04	5,888.82	SRC B1/9F	Mar. 1989
		Oval Court Osaki Mark West	Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo	4,006.00	28,575.80	S, SRC B2/17F	Jun. 2001
		Shinjuku Square Tower	Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo	8,409.52	78,796.00	S, RC, SRC B4/30F	Oct. 1994
		BYGS Shinjuku Bldg.	Shinjuku 2-chome, Shinjuku-ku, Tokyo	3,522.46	25,733.10	SRC B2/14F	Apr. 1985
		Across Shinkawa Bldg. Annex	Shinkawa 1-chome, Chuo-ku, Tokyo	858.48	5,535.90	S, SRC B2/10F	Jun. 1994
		Shinjuku Center Bldg.	Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	14,917.11	176,607.89	SRC, RC, S B5/54F	Oct. 1979
		Minami Azabu Bldg.	Minami-Azabu 2-chome, Minato-ku, Tokyo	778.09	4,570.63	S 9F	Jun. 1992
		Shinagawa Canal Bldg.	Konan 2-chome, Minato-ku, Tokyo	828.82	5,216.21	S B1/8F	Jul. 2008
		Rokubancho Bldg.	Rokubancho, Chiyoda-ku, Tokyo	716.95	4,205.09	SRC B3/7F	Oct. 1991
		JPR Harajuku Bldg.	Jingumae 6-chome, Shibuya-ku, Tokyo	1,205.07	6,466.94	SRC B1/9F	Mar. 1989
		JPR Nihonbashi-horidome Bldg.	Nihonbashi-Horidomecho 1-chome, Chuo-ku, Tokyo	937.59	7,190.82	S, RC B1/9F	Jun. 2002
		JPR Sendagaya Bldg.	Sendagaya 4-chome, Shibuya-ku, Tokyo	2,217.49	7,683.19	S 8F	May 2009
		Ginza Sanwa Bldg.	Ginza 4-chome, Chuo-ku, Tokyo	1,119.27	8,851.00	SRC B2/9F	Oct. 1982
		Otemachi Tower (Land with Leasehold Interest)	Otemachi 1-chome, Chiyoda-ku, Tokyo	11,034.78	-	-	-
		Science Plaza-Yonbancho Plaza	Yonbancho, Chiyoda-ku, Tokyo	5,289.01	24,560.36	S, SRC, RC B2/12F	Feb. 1995
		Shibadaiimon Center Bldg.	Shibadaiimon 1-chome, Minato-ku, Tokyo	1,915.50	11,419.93	S, SRC B1/10F	Jul. 1993
		Tokyo Square Garden	Kyobashi 3-chome, Chuo-ku, Tokyo	8,124.72	112,645.83	S, SRC B4/24F	Feb. 2013
	JPR Kojimachi Bldg.	Kojimachi 5-chome, Chiyoda-ku, Tokyo	643.13	4,438.46	S B1/9F	Feb. 1999	
	Otemachi Financial City North Tower	Otemachi 1-chome, Chiyoda-ku, Tokyo	15,838.93	239,769.07	S, SRC B4/35F	Oct. 2012	
	Retail, etc.	JPR Shibuya Tower Records Bldg.	Jinnan 1-chome, Shibuya-ku, Tokyo	1,010.47	8,449.56	SRC, S B3/8F	Feb. 1992
		JPR Jingumae 432	Jingumae 4-chome, Shibuya-ku, Tokyo	198.10	1,066.81	S, SRC B1/7F	Feb. 2006
		Shinjuku Sancho East Bldg.	Shinjuku 3-chome, Shinjuku-ku, Tokyo	2,578.69	24,617.65	S, SRC, RC B3/14F	Jan. 2007
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Yurakucho 2-chome, Chiyoda-ku, Tokyo	6,808.12	71,957.65	S, SRC B4/20F	Oct. 2007
JPR Ginza Namiki-dori Bldg.		Ginza 5-chome, Chuo-ku, Tokyo	230.11	1,821.67	S 11F	Jun. 2008	
FUNDES Suidobashi		Kanda Misakicho 2-chome, Chiyoda-ku, Tokyo	281.59	1,477.91	S 9F	Jul. 2015	

Area	Type	Property Name	Location	Site Area (m ²)	Total Floor Space (m ²)	Structure/ Floors	Completed
Greater Tokyo	Office	Arca East	Kinshi 3-chome, Sumida-ku, Tokyo	3,755.01	34,281.86	S, SRC B3/19F	Mar. 1997
		JPR Chiba Bldg.	Shinmachi, Chuo-ku, Chiba, Chiba	1,382.35	9,072.57	S, SRC B1/13F	Jan. 1991
		JPR Yokohama Nihon Odori Bldg.	Nihon-Odori, Naka-ku, Yokohama, Kanagawa	1,100.59	9,146.52	SRC B1/11F	Oct. 1989
		Shinyokohama 2nd Center Bldg.	Shinyokohama 3-chome, Kohoku-ku, Yokohama, Kanagawa	841.71	7,781.93	S, SRC B2/12F	Aug. 1991
		Kawaguchi Center Bldg.	Honcho 4-chome, Kawaguchi, Saitama	4,524.61	28,420.85	S, SRC B2/15F	Feb. 1994
		JPR Ueno East Bldg.	Matsugaya 1-chome, Taito-ku, Tokyo	1,242.97	8,490.44	S, SRC B1/8F	Oct. 1992
		Tachikawa Business Center Bldg.	Akebonocho 2-chome, Tachikawa, Tokyo	2,047.22	14,706.36	S, SRC B1/12F	Dec. 1994
		Rise Arena Bldg.	Higashi-Ikebukuro 4-chome, Toshima-ku, Tokyo	9,377.28	91,280.94	RC, SRC, S B3/42F	Jan. 2007
		Yume-ooka Office Tower	Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa	12,011.00	185,974.87	S, SRC, RC B3/27F	Mar. 1997
		Olinas Tower	Taihei 4-chome, Sumida-ku, Tokyo	27,335.29	257,842.41	SRC, RC, S B2/45F	Feb. 2006
		JPR Yokohama Bldg. (Note 1)	Kitasaiwai 1-chome, Nishi-ku, Yokohama, Kanagawa	1,110.28	8,772.51	SRC B1/9F	May 1981
		Omiya Prime East	Shimocho 2-chome, Omiya-ku, Saitama, Saitama	2,268.09	9,203.98	S 9F	Feb. 2009
	Sencity Bldg.	Shinmachi, Chuo-ku, Chiba, Chiba	20,054.15	158,663.55	S, SRC B2/23F	Apr. 1993 Aug. 1998 Expanded	
	Retail, etc.	Tanashi ASTA	Tanashicho 2-chome, Nishitokyo, Tokyo	12,326.30	80,675.27	SRC B2/17F	Feb. 1995
		Cupo-la Main Bldg.	Kawaguchi 1-chome, Kawaguchi, Saitama	15,008.28	48,321.96	S, RC, SRC B2/10F	Jan. 2006
		JPR Musashikosugi Bldg.	Kosugimachi 3-chome, Nakahara-ku, Kawasaki, Kanagawa	4,757.09	18,394.32	SRC, RC, S B1/6F	Mar. 1983
		Musashiurawa Shopping Square	Bessho 7-chome, Minami-ku, Saitama, Saitama	8,317.99	28,930.36	S B1/4F	Oct. 2005
Kawasaki Dice Bldg.		Ekimae-Honcho, Kawasaki-ku, Kawasaki, Kanagawa	4,475.45	36,902.01	S, SRC, RC B2/11F	Aug. 2003	
FUNDES Ueno		Ueno 7-chome, Taito-ku, Tokyo	383.74	2,235.60	S B1/10F	Jul. 2017	
Other Cities	Office	Niigata Ekinan Center Bldg.	Yoneyama 1-chome, Chuo-ku, Niigata, Niigata	2,706.99	19,950.42	S, SRC B1/10F	Mar. 1996
		Tokyo Tatemono Honmachi Bldg.	Honmachi 3-chome, Chuo-ku, Osaka, Osaka	1,432.64	14,619.52	SRC B3/9F	Feb. 1970
		JPR Naha Bldg.	Matsuyama 1-chome, Naha, Okinawa	959.87	5,780.71	SRC, S 12F	Oct. 1991
		Sompo Japan Sendai Bldg.	Tsutsujigaoka 3-chome, Miyagino-ku, Sendai, Miyagi	1,895.67	10,783.52	SRC B1/12F	Dec. 1997
		Sompo Japan Wakayama Bldg.	Misonocho 3-chome, Wakayama, Wakayama	1,128.45	6,715.07	S 9F	Jul. 1996
		Tenjin 121 Bldg.	Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka	1,164.39	8,690.95	S, SRC 13F	Jul. 2000
		JPR Dojima Bldg.	Sonezaki-Shinchi 2-chome, Kita-ku, Osaka, Osaka	668.11	5,696.01	SRC B2/9F	Oct. 1993
		JPR Nagoya Fushimi Bldg.	Sakae 1-chome, Naka-ku, Nagoya, Aichi	1,610.38	10,201.44	SRC B1/9F	Mar. 1991
		Yakuin Business Garden	Yakuin 1-chome, Chuo-ku, Fukuoka, Fukuoka	4,486.44	22,286.35	SRC 14F	Jan. 2009
		JPR Shinsaibashi Bldg.	Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	609.31	5,303.98	S B2/10F	Feb. 2003 Jan. 2005 Expanded
	JPR Shinsaibashi West (Note 2)	Minamisemba 4-chome, Chuo-ku, Osaka, Osaka	1,405.74	7,738.47	SRC B1/8F	Sep. 1986 Feb. 2007 Expanded	
	Retail, etc.	JPR Umeda Loft Bldg.	Chayamachi, Kita-ku, Osaka, Osaka	3,518.68	17,897.56	SRC B1/8F	Apr. 1990
		Housing Design Center Kobe	Higashi-Kawasakicho 1-chome, Chuo-ku, Kobe, Hyogo	3,994.47	33,877.71	SRC, S B2/11F	Jun. 1994
JPR Chayamachi Bldg.		Chayamachi, Kita-ku, Osaka, Osaka	592.45	3,219.36	S, SRC 9F	Jun. 1994	

(Note 1) The property was renamed from Tokyo Tatemono Yokohama Bldg. to JPR Yokohama Bldg. as of January 1, 2021.

(Note 2) The property was renamed from Minami Semba Bldg. to JPR Shinsaibashi West as of January 15, 2021.

2) Price and Investment Ratio

- “Acquisition Price” is the deal price (rounded down to the nearest million yen) described in the real estate transaction contracts or trust beneficiary interest transfer contracts, and does not include expenses related to acquisitions of the relevant properties and consumption taxes.
Furthermore, the total amount is also rounded down to the nearest million yen after summing up respective acquisition prices including fractions.
- For “Appraisal Value at End of Period,” JPR adopts the assessed value in the real estate appraisal reports or the survey value in the real estate price survey reports, prepared by the real estate appraisers indicated below, based on the asset evaluation method designated by JPR and the rules of The Investment Trusts Association, Japan. The adopted appraisal value has been rounded down to the nearest million yen.

Japan Real Estate Institute	JPR Ningyo-cho Bldg., Shin-Kojimachi Bldg., MS Shibaura Bldg., Gotanda First Bldg., Shinjuku Center Bldg., Minami Azabu Bldg., Shinagawa Canal Bldg., Rokubancho Bldg., Science Plaza- Yonbancho Plaza, Shibadaimon Center Bldg., JPR Kojimachi Bldg., Otemachi Financial City North Tower, JPR Shibuya Tower Records Bldg., Shinjuku Sanhome East Bldg., Yurakucho Ekimae Bldg. (Yurakucho Itocia), FUNDES Suidobashi, Arca East, Shinyokohama 2nd Center Bldg., Kawaguchi Center Bldg., JPR Ueno East Bldg., Tachikawa Business Center Bldg., Yume-ooka Office Tower, Olinas Tower, JPR Yokohama Bldg., Omiya Prime East, Sencity Bldg., Cupo-la Main Bldg., FUNDES Ueno, Tokyo Tatemono Honmachi Bldg., Sompo Japan Sendai Bldg., Sompo Japan Wakayama Bldg., Tenjin 121 Bldg., JPR Dojima Bldg., Yakuin Business Garden, JPR Shinsaibashi West
Tanizawa Sogo Appraisal Co., Ltd.	JPR Jingumae 432, Kawasaki Dice Bldg., Niigata Ekinan Center Bldg., JPR Naha Bldg.
CBRE KK	Rise Arena Bldg., JPR Nagoya Fushimi Bldg., JPR Shinsaibashi Bldg., Housing Design Center Kobe, JPR Chayamachi Bldg.
Daiwa Real Estate Appraisal Co., Ltd.	Kanematsu Bldg., Kanematsu Bldg. Annex, JPR Crest Takebashi Bldg., JPR Ichigaya Bldg., Oval Court Ohsaki Mark West, BYGS Shinjuku Bldg., Across Shinkawa Bldg. Annex, Otemachi Tower (Land with Leasehold Interest), Tokyo Square Garden, JPR Chiba Bldg., JPR Yokohama Nihon Odori Bldg., Tanashi ASTA
Japan Valuers Co., Ltd.	Shinjuku Square Tower, JPR Harajuku Bldg., JPR Nihonbashi-horidome Bldg., JPR Sendagaya Bldg., Ginza Sanwa Bldg., JPR Ginza Namiki-dori Bldg., JPR Musashikosugi Bldg., Musashiurawa Shopping Square, JPR Umeda Loft Bldg.

- The “Investment Ratio” in terms of the “Acquisition Price” and the “Appraisal Value at End of Period” represents the ratio of the Acquisition Price and the Appraisal Value at End of Period of respective properties, including fractions not indicated herein, to the total amounts of the Acquisition Price or the Appraisal Value at End of Period of the properties owned by JPR at end of the 39th fiscal period, indicated in a percentage rounded to the first decimal place.

Area	Type	Property Name	Acquisition Date	Acquisition Price		Appraisal Value at End of Period	
				Price (million yen)	Investment Ratio (%)	Appraisal Value (million yen)	Investment Ratio (%)
Central Tokyo	Office	Kanematsu Bldg.	Dec. 27, 2001	16,276	3.5	14,800	2.7
		Kanematsu Bldg. Annex	Dec. 27, 2001	2,874	0.6	3,520	0.6
		JPR Ningyo-cho Bldg.	Nov. 16, 2001	2,100	0.5	2,930	0.5
		Shin-Kojimachi Bldg.	Nov. 16, 2001	1,670	0.5	4,270	0.8
			Nov. 21, 2002	550			
			Nov. 12, 2004	200			
		JPR Crest Takebashi Bldg.	Jun. 21, 2002	4,000	0.9	3,790	0.7
		MS Shibaura Bldg.	Mar. 28, 2003	11,200	2.4	15,300	2.8
		Gotanda First Bldg.	Jul. 23, 2003	2,920	0.6	4,180	0.8
		JPR Ichigaya Bldg.	May 28, 2004	5,100	1.1	4,850	0.9
		Oval Court Ohsaki Mark West	Jun. 1, 2004	3,500	0.8	5,050	0.9
		Shinjuku Square Tower	Jul. 2, 2004	10,000	3.2	14,800	2.7
			Sep. 26, 2008	180			
			Mar. 25, 2015	4,000			
			Oct. 21, 2015	786			
		BYGS Shinjuku Bldg.	Nov. 9, 2004	2,900	3.2	20,100	3.7
			Apr. 12, 2005	8,921			
			Jul. 13, 2010	3,300			
		Across Shinkawa Bldg. Annex	Nov. 26, 2004	710	0.2	781	0.1
		Shinjuku Center Bldg.	Mar. 27, 2008	21,000	4.5	18,100	3.3
		Minami Azabu Bldg.	Jul. 14, 2008	3,760	0.8	3,170	0.6
		Shinagawa Canal Bldg.	Dec. 19, 2008	1,870	0.4	2,360	0.4
			Mar. 8, 2019	171			
		Rokubancho Bldg.	Dec. 2, 2009	2,800	0.6	3,500	0.6
		JPR Harajuku Bldg.	Dec. 25, 2009	8,400	1.8	10,500	1.9
		JPR Nihonbashi-horidome Bldg.	Mar. 31, 2010	5,100	1.1	6,810	1.2
		JPR Sendagaya Bldg.	May 31, 2010	15,050	3.2	11,900	2.2
		Ginza Sanwa Bldg.	Aug. 29, 2011	3,400	0.7	3,750	0.7
	Otemachi Tower (Land with Leasehold Interest)	Mar. 13, 2012	36,000	7.7	52,500	9.6	
	Science Plaza-Yonbancho Plaza	Dec. 6, 2013	2,660	0.6	3,320	0.6	
	Shibadaimon Center Bldg.	Dec. 6, 2013	3,420	0.9	6,290	1.1	
		Jul. 30, 2014	800				
	Tokyo Square Garden	Feb. 1, 2017	9,200	4.0	21,400	3.9	
Apr. 4, 2017		9,200					
JPR Kojimachi Bldg.	Jun. 27, 2019	5,750	1.2	6,440	1.2		
Otemachi Financial City North Tower	Dec. 24, 2020	11,400	2.4	12,100	2.2		
Retail, etc.	JPR Shibuya Tower Records Bldg.	Jun. 30, 2003	12,000	2.6	14,100	2.6	
	JPR Jingumae 432	Mar. 24, 2006	4,275	0.9	4,270	0.8	
	Shinjuku Sanhome East Bldg.	Mar. 14, 2007	540	0.6	2,700	0.5	
		Apr. 24, 2008	2,200				
	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Aug. 27, 2008	3,400	0.7	3,330	0.6	
	JPR Ginza Namiki-dori Bldg.	Dec. 15, 2016	10,100	2.2	11,100	2.0	
FUNDES Suidobashi	Dec. 15, 2016	3,250	0.7	3,480	0.6		
Subtotal of Central Tokyo				256,933	55.2	295,491	53.8

Area	Type	Property Name	Acquisition Date	Acquisition Price		Appraisal Value at End of Period	
				Price (million yen)	Investment Ratio (%)	Appraisal Value (million yen)	Investment Ratio (%)
Greater Tokyo	Office	Arca East	Nov. 16, 2001	5,880	1.3	6,930	1.3
		JPR Chiba Bldg.	Dec. 13, 2001	2,350	0.5	1,830	0.3
		JPR Yokohama Nihon Odori Bldg.	Nov. 16, 2001	2,927	0.6	2,350	0.4
		Shinyokohama 2nd Center Bldg.	Sep. 25, 2002	920	0.3	2,380	0.4
			Mar. 28, 2013	570			
		Kawaguchi Center Bldg.	Feb. 13, 2004	8,100	1.7	10,300	1.9
		JPR Ueno East Bldg.	Mar. 1, 2004	3,250	0.7	5,520	1.0
		Tachikawa Business Center Bldg.	Sep. 30, 2005	888	0.7	4,650	0.8
			Feb. 28, 2007	2,300			
		Rise Arena Bldg.	Mar. 22, 2007	5,831	1.3	9,900	1.8
		Yume-ooka Office Tower	Jul. 10, 2007	6,510	1.4	7,250	1.3
		Olinas Tower	Jun. 29, 2009	31,300	6.7	39,600	7.2
		JPR Yokohama Bldg.	Dec. 27, 2010	7,000	1.5	9,930	1.8
	Omiya Prime East	Mar. 22, 2013	6,090	1.3	9,680	1.8	
	Sencity Bldg.	Mar. 27, 2020	13,870	3.0	14,600	2.7	
	Retail, etc.	Tanashi ASTA	Nov. 16, 2001	10,200	2.2	11,000	2.0
		Cupo-la Main Bldg.	Mar. 31, 2006	2,100	0.5	2,890	0.5
		JPR Musashikosugi Bldg.	Sep. 28, 2006	7,254	1.6	5,500	1.0
		Musashiurawa Shopping Square	Mar. 19, 2007	4,335	0.9	4,290	0.8
		Kawasaki Dice Bldg.	Apr. 12, 2007	15,080	3.2	15,700	2.9
FUNDES Ueno		Jun. 27, 2019	3,800	0.8	4,000	0.7	
Subtotal of Greater Tokyo				140,555	30.2	168,300	30.6
Other Cities	Office	Niigata Ekinan Center Bldg.	Nov. 16, 2001	2,140	0.5	2,260	0.4
		Tokyo Tatemono Honmachi Bldg.	Nov. 16, 2001	4,150	0.9	3,580	0.7
		JPR Naha Bldg.	Nov. 16, 2001	1,560	0.3	2,180	0.4
		Sompo Japan Sendai Bldg.	Jun. 26, 2002	3,150	0.7	4,730	0.9
		Sompo Japan Wakayama Bldg.	Jun. 26, 2002	1,670	0.4	1,640	0.3
		Tenjin 121 Bldg.	Jun. 21, 2002	2,810	0.6	3,730	0.7
		JPR Dojima Bldg.	Jan. 23, 2004	2,140	0.5	3,580	0.7
		JPR Nagoya Fushimi Bldg.	Mar. 22, 2005	4,137	0.9	3,420	0.6
		Yakuin Business Garden	Aug. 8, 2012	10,996	2.4	21,400	3.9
		JPR Shinsaibashi Bldg.	May 30, 2005	5,430	1.2	4,660	0.8
		JPR Shinsaibashi West	Jan. 30, 2020	3,750	0.8	4,360	0.8
	Retail, etc.	JPR Umeda Loft Bldg.	May 15, 2003	8,000	2.8	14,000	2.5
			Jul. 16, 2003	5,000			
		Housing Design Center Kobe	Sep. 28, 2005	7,220	1.6	7,590	1.4
JPR Chayamachi Bldg.	Aug. 30, 2006	6,000	1.3	8,410	1.5		
Subtotal of Other Cities				68,153	14.6	85,540	15.6
Total				465,641	100.0	549,331	100.0

(3) Capital Expenditures

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 real estate and real estate in trust regarding trust beneficiary interests in real estate which JPR owns. Furthermore, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned Amount (million yen)		
				Total Value	Payment during the 39th fiscal period	Amount Already Paid
Kanematsu Bldg.	Chuo-ku, Tokyo	Second 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	Second phase of repair of common areas on B2F through 1st floor	Jul. 2021 – Oct. 2021	101	–	–
JPR Shinsaibashi West	Osaka, Osaka	Second phase of replacement of toilets	Jul. 2021 – Dec. 2021	100	–	–
BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Third phase of reinforcement of elevators	Jun. 2021 – Dec. 2021	82	–	–
JPR Shinsaibashi Bldg.	Osaka, Osaka	First through second phases of replacement of air-conditioning units	Oct. 2021 – May 2022	81	–	–
Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	First through second 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	Second 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 real estate in trust 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 (million yen)
Kanematsu Bldg.	Chuo-ku, Tokyo	First 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	First phase of repair of common areas on B2F 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	Second 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	Second 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 capital expenditures		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 construction itself.

(4) Major Investment Assets

The following is the investment property with rental revenues exceeding 10% of total rental revenues of the entire portfolio of JPR for the 39th fiscal period.

<Property Name: Otemachi Tower (Land with Leasehold Interest)>

Total Number of Tenants	2	
Rental Revenues	1,797,500 thousand yen	
Percentage to Total Rental Revenues (Note 1)	10.9%	
Total Leased Floor Space (Note 2)	11,034.78m ²	
Total Leasable Floor Space (Note 2)	11,034.78m ²	
Changes in Occupancy Rate in Last 5 years (Note 1)	June 30, 2021	100.0%
	December 31, 2020	100.0%
	June 30, 2020	100.0%
	December 31, 2019	100.0%
	June 30, 2019	100.0%
	December 31, 2018	100.0%
	June 30, 2018	100.0%
	December 31, 2017	100.0%
	June 30, 2017	100.0%
	December 31, 2016	100.0%

(Note 1) The figure has been rounded to the first decimal place.

(Note 2) The total leased floor space and total leasable floor space are those as of the end of the 39th fiscal period (June 30, 2021).

(5) Information Concerning Tenants

1) Overview of Lease Status by JPR as a Whole

	No. of Properties	Total No. of Tenants	Total Leasable Floor Space	Occupancy Rate
December 31, 2016	63	679	477,249.40 m ²	98.6%
June 30, 2017	62	730	477,972.54 m ²	98.0%
December 31, 2017	62	745	478,169.25 m ²	98.5%
June 30, 2018	62	747	478,117.02 m ²	98.8%
December 31, 2018	62	747	478,088.25 m ²	99.2%
June 30, 2019	63	757	480,277.86 m ²	98.6%
December 31, 2019	63	760	480,284.17 m ²	99.6%
June 30, 2020	65	851	499,269.77 m ²	99.7%
December 31, 2020	66	857	501,162.78 m ²	99.3%
January 31, 2021	66	854	501,164.35 m ²	99.2%
February 28, 2021	66	856	501,164.38 m ²	98.2%
March 31, 2021	65	814	496,886.92 m ²	97.9%
April 30, 2021	65	808	496,886.91 m ²	98.0%
May 31, 2021	65	806	496,895.59 m ²	97.9%
June 30, 2021	65	804	496,876.92 m ²	98.1%

(Note) Occupancy rates have been rounded to the first decimal place.

Furthermore, the following table shows the total number of tenants, total leased floor space and total leasable floor space as of the end of the 39th fiscal period, as well as the total rental income for the 39th fiscal period.

Total Number of Tenants	804
Total Leased Floor Space	487,289.54 m ²
Total Leasable Floor Space	496,876.92 m ²
Total Rental Income	16,521,229 thousand yen

2) Overview of Lease Status for Respective Properties

Area	Type	Property Name	39th Fiscal Period (January 1, 2021 - June 30, 2021)					
			Information on Period End Floor Space, Etc.				Rental Revenues	
			Total Leasable Floor Space (m ²)	Total Leased Floor Space (m ²)	No. of Tenants (Note 1)	Occupancy Rate (%)	(thousands of yen)	Ratio (%)
Central Tokyo	Office	Kanematsu Bldg.	8,090.42	8,090.42	11	100.0	437,002	2.6
		Kanematsu Bldg. Annex	2,291.13	2,291.13	1	100.0	(Note 2)	(Note 2)
		JPR Ningyo-cho Bldg.	2,802.22	2,802.22	5	100.0	88,909	0.5
		Shin-Kojimachi Bldg.	3,319.37	2,831.51	15	85.3	113,402	0.7
		JPR Crest Takebashi Bldg.	3,265.34	3,265.34	8	100.0	121,209	0.7
		MS Shibaura Bldg.	14,468.38	14,468.38	10	100.0	492,725	3.0
		Gotanda First Bldg.	4,241.22	4,241.22	2	100.0	134,336	0.8
		JPR Ichigaya Bldg.	4,240.37	4,240.37	10	100.0	159,370	1.0
		Oval Court Ohsaki Mark West	4,088.44	4,088.44	1	100.0	211,320	1.3
		Shinjuku Square Tower	19,266.38	19,266.38	22	100.0	418,399	2.5
		BYGS Shinjuku Bldg.	15,227.80	14,755.85	22	96.9	619,632	3.8
		Across Shinkawa Bldg. Annex	1,253.39	966.93	2	77.1	35,892	0.2
		Shinjuku Center Bldg.	8,865.71	8,369.66	33	94.4	533,196	3.2
		Minami Azabu Bldg.	3,405.73	3,405.73	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Bldg.	1,870.50	1,698.77	5	90.8	72,031	0.4
		Rokubancho Bldg.	2,488.36	2,488.36	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Bldg.	4,759.80	4,214.73	9	88.5	291,417	1.8
		JPR Nihonbashi-horidome Bldg.	5,299.88	5,299.88	5	100.0	192,084	1.2
		JPR Sendagaya Bldg.	6,177.74	6,177.74	6	100.0	281,202	1.7
		Ginza Sanwa Bldg.	1,896.69	1,896.69	9	100.0	103,506	0.6
		Otemachi Tower (Land with Leasehold Interest)	11,034.78	11,034.78	2	100.0	1,797,500	10.9
		Science Plaza-Yonbancho Plaza	3,325.29	3,268.94	24	98.3	117,214	0.7
		Shibadaimon Center Bldg.	5,401.49	5,401.49	9	100.0	163,054	1.0
		Tokyo Square Garden	5,971.73	5,462.42	46	91.5	396,905	2.4
		JPR Kojimachi Bldg.	3,493.67	3,493.67	6	100.0	168,610	1.0
		Otemachi Financial City North Tower	4,191.96	4,189.99	10	100.0	234,304	1.4
Greater Tokyo	Retail, etc.	JPR Shibuya Tower Records Bldg.	8,076.85	8,076.85	1	100.0	(Note 2)	(Note 2)
		JPR Jingumae 432	1,027.33	1,027.33	7	100.0	81,998	0.5
		Shinjuku Sanchome East Bldg.	2,347.81	2,347.81	1	100.0	(Note 2)	(Note 2)
		Yurakucho Ekimae Bldg. (Yurakucho Itocia)	1,101.92	1,101.92	1	100.0	(Note 2)	(Note 2)
		JPR Ginza Namiki-dori Bldg.	1,665.79	1,665.79	9	100.0	207,809	1.3
		FUNDES Suidobashi	1,367.56	1,192.77	5	87.2	66,401	0.4
Greater Tokyo	Office	Arca East	7,022.76	7,022.76	6	100.0	267,818	1.6
		JPR Chiba Bldg.	5,540.91	5,409.18	39	97.6	135,722	0.8
		JPR Yokohama Nihon Odori Bldg.	6,079.74	6,005.19	18	98.8	131,371	0.8
		Shinyokohama 2nd Center Bldg.	5,284.75	5,186.75	21	98.1	105,123	0.6
		Kawaguchi Center Bldg.	15,503.27	15,377.86	42	99.2	473,313	2.9
		JPR Ueno East Bldg.	6,454.83	6,454.83	10	100.0	175,784	1.1
		Tachikawa Business Center Bldg.	4,588.89	4,478.25	22	97.6	146,572	0.9

Greater Tokyo	Office	Rise Arena Bldg.	6,023.39	3,173.34	4	52.7	73,736	0.4
		Yume-ooka Office Tower	11,998.77	11,998.77	43	100.0	344,625	2.1
		Olinas Tower	23,987.40	23,987.40	16	100.0	1,015,292	6.1
		JPR Yokohama Bldg.	6,493.99	6,493.99	22	100.0	293,080	1.8
		Omiya Prime East	6,871.45	6,871.45	4	100.0	291,306	1.8
		Sencity Bldg.	13,271.20	13,006.12	72	98.0	573,576	3.5
	Retail, etc.	Tanashi ASTA	31,121.71	31,121.71	1	100.0	(Note 2)	(Note 2)
		Cupo-la Main Bldg.	5,963.00	5,963.00	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	19,740.95	19,740.95	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	14,960.69	14,960.69	3	100.0	127,041	0.8
		Kawasaki Dice Bldg.	12,087.59	11,820.68	27	97.8	479,043	2.9
		FUNDES Ueno	1,989.66	1,989.66	10	100.0	104,239	0.6
Other Cities	Office	Niigata Ekinan Center Bldg.	5,327.50	5,248.89	10	98.5	123,924	0.8
		Tokyo Tatemono Honmachi Bldg.	7,142.29	6,734.23	7	94.3	153,725	0.9
		JPR Hakata Bldg. (Note 3)	–	–	–	–	55,006	0.3
		JPR Naha Bldg.	3,945.18	3,945.18	20	100.0	110,949	0.7
		Sompo Japan Sendai Bldg.	7,132.69	7,124.72	15	99.9	196,454	1.2
		Sompo Japan Wakayama Bldg.	4,876.35	4,630.37	17	95.0	105,351	0.6
		Tenjin 121 Bldg.	3,257.07	3,197.39	14	98.2	122,330	0.7
		JPR Dojima Bldg.	3,918.28	3,610.13	11	92.1	125,287	0.8
		JPR Nagoya Fushimi Bldg.	7,086.37	7,054.19	5	99.5	156,009	0.9
		Yakuin Business Garden	16,654.33	15,334.64	15	92.1	576,157	3.5
		JPR Shinsaibashi Bldg.	4,021.63	4,021.63	9	100.0	128,636	0.8
	JPR Shinsaibashi West	5,695.71	5,692.56	13	99.9	143,621	0.8	
	Retail, etc.	JPR Umeda Loft Bldg.	18,586.97	18,586.97	1	100.0	(Note 2)	(Note 2)
Housing Design Center Kobe		35,444.13	35,444.13	1	100.0	(Note 2)	(Note 2)	
JPR Chayamachi Bldg.		2,478.42	2,478.42	5	100.0	177,888	1.1	
Total			496,876.92	487,289.54	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., Residential part 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., Residential part 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 rental revenues and their ratios for properties due to inevitable reasons, as JPR has not been able to obtain consent from tenants or co-owners, etc. regarding disclosure of rental revenues, etc.

(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.

3) Ten Largest Tenants

The following table shows the ten largest tenants in terms of leased floor space as of June 30, 2021.

Rank	Tenant	Property Name	Leased Floor Space at End of Period (m ²) (Note 1)	Percentage to Total Leased Floor Space at End of Period (Note 2)
1	Tokyo Tatemono Co., Ltd	Shinjuku Square Tower Shinjuku Center Bldg. Tokyo Square Garden Olinas Tower Kawasaki Dice Bldg. Tokyo Tatemono Honmachi Bldg.	49,720.99	10.1%
2	ABC Development Corporation	Housing Design Center Kobe	35,444.13	7.2%
3	Seiyu GK	Tanashi ASTA	31,121.71	6.3%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.0%
5	Taisei-Yuraku Real Estate Co., Ltd.	Rise Arena Bldg. Sencity Bldg.	19,534.26	4.0%
6	The LOFT Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	3.8%
7	Olympic Group Corporation	Musashiurawa Shopping Square	9,558.51	1.9%
8	Tower Records Japan Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	1.6%
9	Y.K. Tokyo Prime Stage	Otemachi Tower (Land with Leasehold Interest)	7,875.50	1.6%
10	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg. Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	7,292.20	1.5%

(Note 1) For co-owned properties, etc., the figure indicates the leased floor space corresponding to the ownership interest held by JPR.

(Note 2) The figures have been rounded to the first decimal place. The total leased floor space at end of period in the above table is based on the space corresponding to the ownership interest held by JPR (492,301.12 m²).