

Rating Action: Japan Prime Realty Investment Corporation

MOODY'S REVIEWS JAPAN PRIME REALTY'S A3 RATINGS FOR POSSIBLE UPGRADE

Tokyo, July 25, 2006 -- Moody's Investors Service has placed on review for possible upgrade its A3 issuer rating and senior unsecured long-term debt rating of Japan Prime Realty Investment Corporation (JPR).

The rating action reflects Moody's view that [1] JPR's portfolio has grown diversified in terms of volume accordingly with its external growth, [2] the company has also improved tenant diversity, and [3] during the growth phase, it has maintained its conservative financial policy in its efforts to de-leverage through public offerings.

Since JPR was listed in June 2002, it has achieved a leading position in the Japanese Real Estate Investment Trust (J-REIT) market. As of end-December 2005, its portfolio had reached about JPY 202.7 billion based on purchase price, with 42 properties. Accordingly, the portfolio has grown more diversified, with the top five properties making up 32% of the portfolio, compared to 45% in January 2004, when Moody's initially rated JPR. The number of tenants leasing the company's properties increased to 441 from 347, with the three largest decreasing their combined share of the portfolio's total rents to 19% from 30% in terms of rent revenue. Consequently, the stability of cash flow from the portfolio has improved.

As per its financial policy, JPR has conservatively controlled its leverage through two public offerings. In its efforts to improve financial flexibility, the company has been successful in issuing public bonds and converting secured debts to unsecured, in addition to extending terms of debts and diversifying their maturities.

Moody's anticipates that JPR will maintain a sustainable growth strategy, but that it will not be bound by any specific pace of growth, and that it will pay increasing attention to improving portfolio quality. Moody's also expects it to maintain its conservative financial policy and reasonable financial flexibility. In its review, Moody's will focus on analyzing what kind of portfolio and financial strategy JPR will adopt from a mid-to-long term perspective.

Japan Prime Realty Investment Corporation is a listed Japanese Real Estate Investment Trust that focuses on investing and managing office buildings and retail properties. Tokyo Realty Investment Management, Inc. (TRIM) is the asset management company, specially established for JPR and sponsored by Tokyo Tatemono Co. Ltd. (not rated, holds 26% of TRIM), Meiji Yasuda Life Insurance Company (A3, 24%), Taisei Corporation (Baa2, 20%), Yasuda Real Estate Co., Ltd. (not rated, 20%) and Sampo Japan Insurance Inc. (Aa3, 10%).

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