



# NEWS RELEASE

No.2004-C-573  
Oct 21, 2004

## R&I Assigns A+ Formal: JPR

Rating and Investment Information, Inc. (R&I) has assigned the following rating.

ISSUER: Japan Prime Realty Investment Corp. (Sec. Code: 8955)  
INSTRUMENT NAME: Japan Prime Realty Investment Corporation's  
Forth Series of Unsecured Bonds,  
Fifth Series of Unsecured Bonds,  
and Sixth Series of Unsecured Bonds  
(Limited recourse, ranking pari passu with all other  
unsecured indebtedness)  
(Private placement with transfer restrictions to qualified  
institutional investors)  
ISSUE AMOUNT: Forth Series: Yen 10 billion  
Fifth Series: Yen 5 billion  
Sixth Series: Yen 5 billion  
ISSUE DATE: Nov 04, 2004  
REDEMPTION DATE: Forth Series: Nov 04, 2009  
Fifth Series: Nov 04, 2011  
Sixth Series: Nov 04, 2014

## R&I RATING: A+ (Formal)

TRUSTEE: Mizuho Corporate Bank, Ltd.  
COLLATERAL PROVISION  
RESTRICTION: Limited to investment corporation bonds the issuer has  
already issued domestically or will issue domestically in the  
future (including these investment corporation bond series)  
OTHER FINANCIAL  
COVENANTS: Restrictive financial covenants  
(Maintenance of investment corporation debt ratio, investment  
corporation DSCR and investment corporation secured debt  
ratio)

### **Senior Long-term Credit Rating: A+**

An R&I Senior Long-term Credit Rating is an opinion regarding an issuer's overall capacity to pay its entire financial obligations, without taking into account the degree of recovery of specific obligations.

A Senior Long-term Credit Rating will be assigned to all issuers. Ratings for individual issues may differ from the Senior Long-term Credit Rating depending on the terms and conditions of the issue.

### **RATIONALE:**

Japan Prime Realty Investment Corp. (JPR), a real estate investment trust listed on the Tokyo Stock Exchange in June 2002, is currently Japan's fourth largest J-REIT in terms of asset size. As of October 21, 2004 JPR owned 40 properties with a total acquisition value of 175,819 million yen, and JPR's objective is to expand the portfolio to 300,000 million yen by the end of 2006. JPR invests in office buildings and commercial facilities in the Tokyo metropolitan area and other areas. The corporation's sponsors are Tokyo Tatemono Co., Ltd., Meiji Yasuda Life Insurance Company, Yasuda Real Estate Co., Ltd., Taisei Corporation and Sompo Japan Insurance Inc.

JPR's portfolio is composed of high-quality office buildings and urban-type commercial facilities that have been selected based on a stringent investment policy. The operating and

---

**Rating and Investment Information, Inc.** Nihonbashi 1-chome Bldg., 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan  
Structured Finance Rating Division TEL. 03-3276-3406-3428 FAX. 03-3276-3429 EMAIL [sfdept@r-i.co.jp](mailto:sfdept@r-i.co.jp) Homepage <http://www.r-i.co.jp>

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities. Information has been obtained by R&I from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, R&I or others, R&I does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. As a general rule, R&I provides the rating services for a rating fee paid by the issuer



# NEWS RELEASE

management capabilities of the asset management company supporting the property values are excellent. As demonstrated by the low debt ratio set as an objective, JPR's financial policy is conservative, and strong sponsor support can be anticipated from both a property acquisition and an operation and management perspective.

During the period since January 2004, JPR completed additional investments in a total of eight properties with a total acquisition value of 36,100 million yen. All of the properties are consistent with JPR's investment policy. JPR has maintained overall occupancy rate (gross leasable area base) of the portfolio at approximately 93%, and the occupancy rate for several office properties leaves room for improving. From a financial perspective, total outstanding debt is 89,766 million yen, resulting in a 50.2% LTV ratio. Because of its policy of maintaining the LTV within the upper level of a 35%-50% range, JPR will have to reduce the LTV through a capital increase in the near future. Secured debt of 28,966 million yen accounts for 32.2% of JPR's total debt, so JPR is proceeding with fund raising on an unsecured basis.

JPR plans to allocate the proceeds from these investment corporation bonds mainly to redeem existing short-term borrowings. Specific target values for the investment corporation debt ratio, investment corporation DSCR, and investment corporation secured debt ratio have been set as restrictive financial covenants for the investment corporation bonds. Because of the possibility these indicators will change significantly as JPR proceeds to further expand operating assets, R&I will continue to monitor JPR's performance appropriately.