NEWS RELEASE

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R&I Affirms A+: JPR Senior L-T Debt

Rating and Investment Information, Inc. (R&I), has affirmed the following ratings.

ISSUER: Japan Prime Realty Investment Corp. (Sec. Code: 8955)
Senior Long-term Credit Rating, Long-term Debt (6 Series)

R&I RATING: A+ (Affirmed)

RATING OUTLOOK: Stable

RATIONALE:

Japan Prime Realty Investment Corp. (JPR), a real estate investment trust listed on the Tokyo Stock Exchange in June 2002. At the end of December, 2004 JPR owned 42 properties with a total acquisition value of 179,629 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.

Offices comprise 78% of its portfolio and urban commercial facilities a further 22%. 45% of the properties are located in six wards of metropolitan Tokyo and a further 21% are located in other city centers outside of the six wards with the remaining 34% in regional areas where investment is relatively significant. While the scale of investment is relatively small, with the average acquisition value per property 4.2 billion yen, the weighted average age at acquisition value is low at 12 years. The office holdings consist mainly of multi-tenant buildings, but it has many commercial facilities which are single-tenant, so segment tenant concentration exists. JPR also has many buildings where ownership is comparted or joint.

R&I's appraisal of JPR's properties is 166.492 billion yen and as of the end of December 2004, LTV (loan to value*1) based on R&I's appraisal was about 51%, while the ICR (interest coverage ratio*2) was about 1.8 times. This was more or less within the range of R&I's estimates and at present these indices are showing significant improvement, thanks to a capital increase in February of this year.

JPR's portfolio consists largely of quality office buildings and urban commercial facilities mainly in the Tokyo metropolitan area. Satisfactory external growth (increase in the fund scale) is contributing to steady progress in diversifying its portfolio and is alleviating to some extent the concentration of top-level tenants.

In 2004, JPR made additional investments of 40 billion yen in 10 buildings, acquiring a number of quality properties which include highly competitive large-scale buildings such as Shinjuku Square Tower and Kawaguchi Center Building. The company has also announced that it is aiming for its holdings to reach 300 billion yen by the end of 2006. In a climate where the prices of superior buildings are rapidly rising, it is vital for JPR to continue to acquire quality buildings at appropriate prices on an ongoing basis.

The occupancy ratio for the office buildings fell below 90% in the first half of 2004, but this situation is recovering. Vacancies which occurred in some of its flagship buildings were also filled at an early stage.

This month JPR is planning to sell three office buildings in Ikebukuro, Fukuoka and Takamatsu respectively. The sale of the Ikebukuro property is in line with strategies to enhance the value of the company properties, while the decision to sell the Fukuoka and Takamatsu

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properties was based on prioritizing holdings in those areas. R&I believes that the sales will contribute to enhancing the quality of JPR's portfolio and improving its overall balance.

The company plans to keep the debt ratio (debt divided by the total amount of debt and total capital contributions) within the range of 35-50%. For the past six periods, JPR has kept the debt ratio within the range of 36-54%, and in February of this year, it reduced it significantly through a capital increase of about 27 billion yen.

In 2004 the company issued a total of 42 billion yen in unsecured straight bonds where long-term fixed rates and unsecured loans were promoted. There has also been improvement in the spread of maturity dates.

The Rating Outlook is Stable. R&I has incorporated in the rating to some extent the increasing diversification of JPR's portfolio and improved tenant spread resulting from external growth. In the process of external growth, it is essential that the company maintains appropriateness in the quality and price of its building acquisitions and controls the target range of the LTV through capital increases at appropriate times.

*1 In the loan to value ratio, debt in the numerator = debt + leasehold deposits – cash and deposits, trust cash and deposits; the appraisal in the denominator = R&I's appraisal.
*2 The ICR in this case was the scale factor of the stable NOI (net operating income, e.g. pre-depreciation leasing income) ratio assessed by R&I on interest payments where the stress interest rate was assumed to be 6%.

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ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Feb 12, 2004	Feb 12, 2008	Yen 10,000
Unsec. Str. Bonds No. 2	Feb 12, 2004	Feb 12, 2010	Yen 7,000
Unsec. Str. Bonds No. 3	Feb 12, 2004	Feb 12, 2014	Yen 5,000
Unsec. Str. Bonds No. 4	Nov 04, 2004	Nov 04, 2009	Yen 10,000
Unsec. Str. Bonds No. 5	Nov 04, 2004	Nov 04, 2011	Yen 5,000
Unsec. Str. Bonds No. 6	Nov 04, 2004	Nov 04, 2014	Yen 5,000

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.

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