STANDARD & POOR'S

Press Release

Structured Finance Ratings & Research

For immediate release

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S&P Assigns 'A-' Rating To JPR's Proposed ¥4.5 Billion Senior Unsecured Bonds

Tokyo, Dec. 27, 2006 – Standard & Poor's Ratings Services today assigned its 'A-' rating to Japan Prime Realty Investment Corp.'s (JPR) proposed ¥4.5 billion seventh senior unsecured bonds due December 2026. At the same time, Standard & Poor's affirmed its 'A-' long-term and 'A-2' short-term corporate credit ratings on JPR. The outlook on the long-term rating is stable.

Standard & Poor's also affirmed its ratings on JPR's outstanding bonds: the ¥10 billion first senior unsecured bonds due February 2008; the ¥7 billion second senior unsecured bonds due February 2010; the ¥5 billion third senior unsecured bonds due February 2014; the ¥10 billion fourth senior unsecured bonds due November 2009; the ¥5 billion fifth senior unsecured bonds due November 2011; and the ¥5 billion sixth senior unsecured bonds due November 2014.

The ratings reflect JPR's relatively strong business position and its sound financial profile, as well as the highly conservative structure of Japanese real estate investment trust (J-REITs). JPR is ranked in the top tier of J-REITs, given its high-quality portfolio of office and retail properties, and the strong real estate expertise of its sponsors. The company has a relatively conservative capital structure, relatively high profitability, and good financial flexibility.

At the end of the company's ninth six-month fiscal period (ended June 30, 2006), JPR had a portfolio of 34 office buildings and 10 retail properties nationwide, which had a total acquisition value of about ¥209.2 billion. In addition, the company acquired Chayamachi Grande Bldg. (Kita ward, Osaka city) for ¥6 billion in August 2006, and JPR Musashikosugi Bldg. (Nakahara ward, Kawasaki city, Kanagawa Prefecture) for ¥7.26 billion in September 2006. In March 2007, JPR plans to acquire condominium ownership of the Rise Arena Bldg., which forms part of the Higashi-Ikebukuro 4-chome Redevelopment Project. JPR's current asset size based on acquisition price is about ¥222.5 billion. The company is aiming to expand this to ¥300 billion at a steady pace, although it has not specified a target date for this expansion. Tenant concentration is on a declining trend, with rent from top tenant Seiyu Ltd. (NR) accounting for about 9% of total rent at the end of June 2006, down significantly from about 18.2% as of June 30, 2002.

JPR's leverage may increase temporarily as a result of new property acquisitions. However, Standard & Poor's expects JPR to maintain its debt-to-capital ratio at a reasonable level between 35% and 50% through timely equity issues, given that the company has successfully conducted two equity issues since listing on the Tokyo Stock Exchange.

The outlook on the long-term rating remains stable, reflecting expectations that JPR will continue to record stable profits, underpinned by its high-quality assets. With the support of its sponsor, JPR is expected to maintain a solid financial profile by securing adequate liquidity as its portfolio grows.

A Japanese-language version of this media release is available on Standard & Poor's Research Online at www.researchonline.jp, or via CreditWire Japan on Bloomberg Professional at SPCJ <GO>.

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