



## **Moody's upgrades Japan Prime Realty to A2 from A3; outlook stable**

Tokyo, November 17, 2006 -- Moody's Investors Service has upgraded the issuer rating and senior unsecured long-term debt rating of Japan Prime Realty Investment Corporation (JPR) to A2 from A3. The upgrade 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. This concludes the review initiated on July 25, 2006. The outlook is stable.

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-June 2006, its portfolio had reached about JPY 209.2 billion based on purchase price, with 44 properties. Accordingly, the portfolio has grown more diversified, with the top five properties making up 31% 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 462 from 347, with the three largest decreasing their combined share of the portfolio's total rents to 18% 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. Moody's has taken into account in the rating action that JPR's solid portfolio and financial strategy will contribute to strengthening and stabilizing its cash flow.

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 Sompo Japan Insurance Inc. (Aa3, 10%).

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