



# NEWS RELEASE

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## R&I Upgrades to AA-, Stable: JPR Investment Corp.

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

**ISSUER:** Japan Prime Realty Investment Corp. (Sec. Code: 8955)  
Issuer Rating

**R&I RATING: AA- (Upgraded from A+)**  
RATING OUTLOOK: Stable

### **RATIONALE:**

A real estate investment trust (J-REIT) listed on the Tokyo Stock Exchange since June 2002, Japan Prime Realty Investment Corp. (JPR) invests in office buildings and commercial facilities in the Tokyo area and major regional metropolitan areas. JPR's sponsors are Tokyo Tatemono, Meiji Yasuda Life Insurance, Yasuda Real Estate, Taisei Corporation, and Sampo Japan Insurance.

The main reasons for the upgrade on this occasion are three: (1) improvement in the trust's portfolio quality and diversification through ongoing acquisition of properties, (2) JPR's competitive edge resulting from asset scale as one of the top J-REIT's in the industry, and (3) a conservative debt level and a stable funding base.

Taking advantage of its strong relationship with its main sponsors, Tokyo Tatemono and Taisei Corporation, and the network it has established through its own business dealings, JPR has been building a high-quality portfolio comprised largely of office buildings and urban commercial facilities in superior locations. At the same time, it has made progress in portfolio diversification by lowering the level of concentration of its five top tenants to 28.9% and largest tenant concentration risk to 8.6% on a rent ratio basis (as of December 31, 2006).

With asset scale topping 200 billion yen, JPR holds a position among the top-ranking 41 J-REITs and, as such, can be expected to reap various benefits such as portfolio diversification, efficiency in fund management, and establishment of a superior edge in debt and capital procurement.

The debt ratio (debt divided by the total amount of debt and capital subscription) has been maintained on the whole at a conservative target level of 35 to 50% during the process of asset expansion through three capital increases, and JPR has no plans to change this policy. Furthermore, a premium capital increase (a capital increase in the issue price above the net asset amount per share) has resulted in boosting per share distribution which investors pay attention to.

The trust's debts consist mainly of long-term, fixed interest loans, and the average remaining number of years on long-term debt as of the end of December 2006 was approximately five years. There has also been progress in diversifying lenders and lending methods and in spreading repayment dates. A commitment line of 20 billion yen in total has also been put in place.

The Rating Outlook is Stable. The trust has previously stated its commitment to a target asset scale of 300 billion yen and its recent large-scale capital increase has created leeway for further acquisition, making it possible to achieve its goal even without a further capital increase. The trust plans to promote steady growth as it has to date by strengthening cooperation with its sponsors and increasing efforts in development projects as it pays attention to profitability.

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## R&I RATINGS:

ISSUER: Japan Prime Realty Investment Corp. (Sec. Code: 8955)  
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RATING OUTLOOK: Stable

LONG-TERM ISSUE RATING:	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

## R&I RATING: AA- (Upgraded from A+)

Issuer Rating is R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and it will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.