

Rating Action: Japan Prime Realty Investment Corporation

Moody's changes ratings outlook of 5 J-REITs to negative

Tokyo, January 15, 2009 -- Moody's Investors Service has changed the outlooks for the ratings of the following J-REITs to negative from stable.

- Nippon Building Fund Inc.; A1 issuer rating and unsecured long-term debt rating
- Japan Logistics Fund, Inc.; A1 issuer rating
- Japan Prime Realty Investment Corporation; A2 issuer rating and unsecured long-term debt rating
- Nomura Real Estate Office Fund, Inc.; A2 issuer rating and unsecured long-term debt rating
- Global One Real Estate Investment Corporation; A3 unsecured long-term debt rating

The outlook change reflects Moody's concerns that 1) J-REITs -- specifically their fund-raising capabilities -- may be significantly affected by the global financial turmoil, 2) the current credit crunch may last for some time, and 3) uncertainty stemming from concerns about recession may stress the asset value of the REITs' portfolio properties and cash flow stability in the future.

Japan's real estate market has been considerably affected by the global credit crunch. REITs have been particularly affected and are facing difficulties raising funds from both financing institutions and the equity market. Financial institutions are growing ever more reluctant to extend loans due to their diminishing capital, leading to widening spreads and shorter loan terms. The REITs are also experiencing severe difficulty issuing bonds due to a shrinking investor base. Many REITs are also having difficulty raising funds from the equity market.

Furthermore, given lenders' growing reluctance to extend loans to the real estate market, real estate prices may decline, for the first time since initiation of the REIT market. Moreover, the recession will also negatively affect the portfolios' occupancy rates and rents. Moody's is concerned that this decline may stress the equity capital of some REITs.

Nevertheless, despite the deterioration in the business environment, Moody's believes that these REITs can reasonably manage the effects on their credit by maintain their solid balance sheets, with a combination of conservative financial policies and strategic portfolio management, for example.

The last rating actions for these REITs follow.

- Nippon Building Fund Inc.: Issuer rating and unsecured long-term debt rating upgraded to A1 from A2 on October 17, 2006
- Japan Logistics Fund, Inc.: A1 issuer rating assigned on September 13, 2006
- Japan Prime Realty Investment Corporation: Issuer rating and unsecured long-term debt rating upgraded to A2 from A3 on November 17, 2006
- Nomura Real Estate Office Fund, Inc.: Issuer rating and unsecured long-term debt rating upgraded to A2 from A3 assigned on November 16, 2006
- Global One Real Estate Investment Corporation: Unsecured long-term A3 debt rating assigned on October 7, 2005

The methodologies used in rating REITs were "Key Ratios for Rating REITs and Other Property Firms" (December 2004) and "Rating Methodology for REITs and Other Commercial Property Firms" (January 2006), which can be found at www.moody.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory.

Moody's Special Report, "Japan Real Estate Investment Trusts: Assessing Debt Credit Quality During Financial Turmoil, December 2008," can be found at www.moodys.com.

Tokyo
Takuji Masuko
VP - Senior Credit Officer
Structured Finance Group
Moody's Japan K.K.
JOURNALISTS: (03) 5408-4110
SUBSCRIBERS: (03) 5408-4100

Tokyo
Tetsuji Takenouchi
Senior Vice President - Team Leader
Structured Finance Group
Moody's Japan K.K.
JOURNALISTS: (03) 5408-4110
SUBSCRIBERS: (03) 5408-4100

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."