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## Japan Prime Realty Investment's Series 15 And 16 Unsecured Bonds Assigned 'A' Ratings

**Primary Credit Analyst:**

Yumi Oikawa, Tokyo (81) 3-4550-8775; yumi\_oikawa@standardandpoors.com

**Secondary Contact:**

Roko Izawa, Tokyo (81) 3-4550-8674; roko\_izawa@standardandpoors.com

TOKYO (Standard & Poor's) Nov. 13, 2012--Standard & Poor's Ratings Services today said that it has assigned 'A' ratings to Japan Prime Realty Investment Corp.'s (JPR; A/Stable/A-1) proposed ¥5.0 billion series 15 unsecured bond (coupon rate: 0.68%), due Nov. 22, 2017, and to its proposed ¥2.0 billion series 16 unsecured bond (coupon rate: 1.03%), due Nov. 22, 2019. Our ratings on the proposed series 15 and 16 bonds reflect JPR's relatively strong business position in the Japanese REIT (J-REIT) market and its relatively conservative financial profile.

Our ratings on JPR reflect its relatively strong business position in the J-REIT market, backed by the real estate management and development capabilities of its sponsors; its well-diversified and high-quality property portfolio; and its sufficient liquidity on hand and financial flexibility. On the other hand, we see risk factors that may constrain JPR's credit quality: (1) its profitability and interest coverage indicators remain weak, because Japan's office leasing market remains subdued and occupancy rates in JPR's portfolio have been slightly lower than past levels; (2) the J-REIT has a degree of unrealized losses in its portfolio, indicating that its financial buffer has weakened; and (3) it holds a relatively low proportion of properties under fee simple (full) ownership. Nevertheless, considering the high quality of JPR's property portfolio, we believe that the J-REIT will continue to generate generally stable cash flows. Conversely, continued weakness in the office leasing market and JPR's slightly lower occupancy rates may, in our view, delay a recovery in JPR's profits and financial standing in the near term.

*Japan Prime Realty Investment's Series 15 And 16 Unsecured Bonds Assigned 'A' Ratings*

JPR has secured a leading position in the J-REIT market, backed by the real estate management and development capabilities of its sponsors, including Tokyo Tatemono Co. Ltd. (not rated), Taisei Corp. (not rated), and Meiji Yasuda Life Insurance Co. (A/Stable/A-1). As of Sept. 30, 2012, the J-REIT owned a portfolio of 45 office buildings, one of which includes a fixed-term leasehold for commercial use ("sokochi"), and 14 retail properties throughout Japan. The total acquisition value of these properties is about ¥392.0 billion.

RELATED CRITERIA AND RESEARCH

"Key Credit Factors: Global Criteria For Rating Real Estate Companies," June 21, 2011

"2008 Corporate Criteria: Analytical Methodology," April 15, 2008

"Rating Policy For Japanese Real Estate Investment Trusts," May 9, 2001

RATINGS ASSIGNED

Japan Prime Realty Investment Corp.

Issue	Rating
Series 15, ¥5 bil. 0.68% bonds due Nov. 22, 2017	A
Series 16, ¥2 bil. 1.03% bonds due Nov. 22, 2019	A

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