



Rating Action: **Moody's assigns A2 to JPR's series 13 and 14 bonds**

Global Credit Research - 18 Oct 2011

JPY 9 billion of debt securities affected

Tokyo, October 18, 2011 -- Moody's Japan K.K. has assigned A2 unsecured senior debt ratings to the Series 13 (JPY 7 billion, due 2016) and Series 14 (JPY 2 billion, due 2018) Japan domestic bonds issued by Japan Prime Realty Investment Corporation (JPR).

These are a takedown from JPR's JPY 100 billion domestic shelf registration of October 2009, which is rated (P) A2.

The rating outlook is negative.

RATING RATIONALE

The ratings reflect : [1] JPR's highly diversified property portfolio allows for stability of cash flow, [2] JPR enjoys competitive advantages in the operation and management of the property portfolio through collaboration with sponsors, and [3] JPR will maintain its conservative financial policy and strong financial standing.

The decrease in financial leverage, improvement in the profitability of its portfolio, and lengthening of debt maturities could lead to an upgrade.

On the other hand, a deterioration in cash flows from the portfolio, falling real estate prices, and increased financial leverage could lead to a downgrade.

The principal methodology used in this rating was "Global Rating Methodology for REITs and Other Commercial Property Firms" published on October 1, 2010, and available on www.moody's.co.jp.

Japan Prime Realty Investment Corporation (JPR) is a listed J-REIT that invests in and manages the office buildings and retail properties mainly located in Tokyo area. JPR owns 56 assets amounting to approximately JPY 341.6 billion (as of July 2011). Its revenues totaled approximately JPY 11.5 billion for the fiscal half-year ended June 2011.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's information.

Measures taken to ensure the quality of this information include use of public information, reviews by a third party and verification by the lead analyst.

Moody's considers the quality of information available on the issuer or obligations satisfactory for the purposes of assigning a credit rating.

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Takahiro Okubo
Vice President - Senior Analyst
Structured Finance Group
Moody's Japan K.K.
Atago Green Hills Mori Tower 20fl
2-5-1 Atago, Minato-ku
Tokyo 105-6220
Japan
JOURNALISTS: (03) 5408-4110
SUBSCRIBERS: (03) 5408-4100

Koji Kumamaru
MD - Structured Finance
Structured Finance Group
JOURNALISTS: (03) 5408-4110
SUBSCRIBERS: (03) 5408-4100

Releasing Office:
Moody's Japan K.K.
Atago Green Hills Mori Tower 20fl
2-5-1 Atago, Minato-ku
Tokyo 105-6220
Japan
JOURNALISTS: (03) 5408-4110
SUBSCRIBERS: (03) 5408-4100



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