



## Rating Action: **Moody's assigns A3 to JPR's series 15 and 16 bonds**

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Global Credit Research - 13 Nov 2012

### **JPY100 billion in shelf registration and JPY7 billion of New Debt Securities Rated**

Tokyo, November 13, 2012 -- Moody's Japan K.K. has assigned a (P)A3 rating to Japan Prime Realty Investment Corporation (JPR)'s JPY100 billion domestic shelf registration, which was effective on November 8, 2011.

At the same time, Moody's Japan K.K. has assigned an A3 rating to the domestic bonds issued by JPR, and which are takedowns from the shelf registration. The rating outlook is negative.

The bond issuances are:

- JPY5 billion, Series 15, Senior Unsecured Bond, due 2017
- JPY2 billion, Series 16, Senior Unsecured Bond, due 2019

### RATINGS RATIONALE

JPR's A3 rating reflects stable cash flows from its diversified portfolio, conservative financial management, backed by strong relationships with its lenders and the collaboration with its sponsors.

The rating outlook is negative and reflects its leverage which is still at high level.

Any improvement in the profitability of its portfolio and a decrease in leverage could lead to upward rating pressure.

For instance, if net-debt-to-EBITDA stays below 8.0x, debt-to-gross-asset remains at or around 45%, liquidity coverage is above 100%, the tenor of debt is lengthened, and the maturity of debt is flattened, then JPR's rating could be upgraded.

Factors that could lead to a downgrade include: [1] deterioration in portfolio cash flows, [2] falling real estate prices, and [3] higher financial leverage.

For example, JPR's rating would be downgraded if net-debt-to-EBITDA and debt to-gross-asset remain above 10.0x and 50%, respectively.

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 at [www.moody's.co.jp](http://www.moody's.co.jp).

Japan Prime Realty Investment Corporation is a listed J-REIT that invests in and manages the office buildings and retail properties mainly located in Tokyo area. JPR owns 58 assets amounting to approximately JPY380.9 billion (as of June 2012). Its revenues totaled approximately JPY12.3 billion for the fiscal half-year ended June 2012.

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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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