



NEWS RELEASE

No.2008-C-955
Oct 31, 2008

R&I Downgrades 7 REITs after Urgent Review of REITs

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

SEC. CODE	COMPANY NAME
8962	Nippon Residential Investment Corp.
8966	CRESCENDO Investment Corp.
8973	Joint Reit Investment Corp.
3229	Nippon Commercial Investment Corp.
8970	Japan Single-residence REIT Inc.
8980	LCP Investment Corp.
8983	Creed Office Investment Corp.

* Please refer below for rated bonds, etc.

RATIONALE:

Following the first-ever failure of a J-REIT, New City Residence Investment Corp. on October 9, R&I has conducted an urgent review of the REITs subject for rating. The review is for 14 REITs including all the REITs currently with A or A- ratings, and Nippon Residential Investment Corp. Primary focus was placed on refinancing risk.

J-REITs do not undertake highly risky real estate development business, and specialize in steady real estate leasing. Performance of the properties held is generally solid and debt ratio at most will remain in the 50% level. However, given the worsening lending environment to real estate industry, refinancing risk mainly among REITs whose creditworthiness of sponsors is not high is increasing. Although the failed NCR was under a special circumstance where it had committed to purchase large amount of properties worth 27.7 billion yen, it is undeniable that lending environment to the real estate sector may further tighten.

R&I has reviewed refinancing risk mainly based on the following items: 1) creditworthiness of a sponsor, 2) current ratio of debt, 3) business ties with main financial institutions (mega banks and trust banks), 4) dependency on short-term debt and its absolute amount, and 5) salability of the properties held.

After reviewing the 14 REITs, R&I has downgraded the following 7 REITs by 1 to 3 notches, out of which Nippon Residential Investment Corp. and Nippon Commercial Investment Corp whose sponsors were changed and have large absolute debt were downgraded and also placed on the Rating Monitor with a view to downgrading. R&I has placed the Rating Outlook of the remaining 5 REITs as Negative. As for re-plus residential investment inc. whose sponsor was changed, R&I continues to place the rating on the Rating Monitor since it plans to change its sponsor. Although no additional urgent review will be made, R&I will follow the financing trends of REITs including those whose ratings were not changed as severe environment is likely to prevail. R&I will review the ratings where necessary.

EVALUATION OF INDIVIDUAL COMPANIES

*** Nippon Residential Investment Corp.**

The largest REIT specialized in rental housing whose main sponsor is Pacific Holdings, Inc. It has been procuring long-term unsecured funds from major financial institutions in Japan with relatively diversified repayment dates. However, under the increasingly worsening financing environment, it has to repay loan of 28.1 billion yen in total and is scheduled to purchase property worth approximately 11.7 billion yen by February 2009. The downgrade of Pacific Holdings, Inc. is also expected to affect the lending environment. In addition, salability of housing property has recently declined significantly.

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Ratings are statements of R&I's opinion shown in certain symbols regarding an Issuer's general capacity (credit quality) to repay its financial obligation and individual debts (bonds and loans, etc.) and it is not a statement of recommendations to buy, hold, or sell any securities. Information has been obtained by R&I from sources believed to be reliable, however, its accuracy, adequacy, or completeness is not guaranteed. Therefore, R&I is not responsible for any errors or omissions or the result obtained from the use of the rating. As a general rule, R&I provides the rating services for a rating fee paid by the Issuer.

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Considering the above, R&I has downgraded the Issuer Rating to BBB+ and placed on the Rating Monitor with a view to downgrading.

*** CRESCENDO Investment Corp.**

A complex-type REIT which mainly invests in small and medium-sized office buildings and rental housing in Tokyo area. It has formed business alliance with its major investor, Morgan Stanley Group. Debt ratio is at 40% level and all debts are on unsecured and long-term basis, and there is no need of refinancing until October 2009. However, large proportion of funds is raised through investment corporation bonds and it has no business ties with megabanks and trust banks, which is a concern. Moreover, salability of small and medium sized office buildings and housing property has recently declined significantly.

Considering the above, R&I has downgraded the Issuer Rating to A- and placed the Rating Outlook as Negative.

*** Joint Reit Investment Corp.**

A complex-type REIT investing in both rental housing and commercial properties which is solely sponsored by Joint Corporation Group. It has procured relatively sound financing from major financial institutions in Japan, and the repayment date is diversified to some extent. However, under the increasingly worsening financing environment, it plans to purchase property worth approximately 4 billion yen by February 2009. Its sponsor is a newly established real estate company, which is also expected to affect the lending environment. In addition, salability of housing property and suburban-type commercial facilities has recently declined significantly.

Considering the above, R&I has downgraded the Issuer Rating to A- and placed the Rating Outlook as Negative.

*** Nippon Commercial Investment Corp.**

A complex-type REIT investing in both office buildings and commercial properties and is solely sponsored by Pacific Holdings, Inc. It has procured relatively sound financing from major financial institutions in Japan. However, absolute debt amount which needs to be repaid in the near term is significant under the increasingly worsening financing environment, and the downgrade of Pacific Holdings, Inc. is also expected to affect the lending environment.

Considering the above, R&I has downgraded the Issuer Rating to A- and placed on the Rating Monitor with a view to downgrading.

*** Japan Single-residence REIT Inc.**

A REIT investing in rental housing for singles whose sponsors include Invoice RM Inc. It does not have a definite main bank and has little business ties with mega banks and trust banks. Ratio of short-term debt is high and salability of housing property has recently declined significantly.

Considering the above, R&I has downgraded the Issuer Rating to BBB and placed the Rating Outlook as Negative.

*** LCP Investment Corp.**

A comprehensive-type REIT sponsored by various firms including the U.S LCP Group LP. It focuses on rental housing but also invests in office buildings. It has formed business alliance with its major investor, GE Real Estate. It does not have a definite main bank and has little business ties with mega banks and trust banks. Ratios of interest-bearing debt and short-term debt are slightly high, and salability of housing property has recently declined significantly.

Considering the above, R&I has downgraded the Issuer Rating to BBB and placed the Rating Outlook as Negative.

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* Creed Office Investment Corp.

A REIT specialized in small and medium-sized office buildings whose principal sponsor is Creed Group. It mainly procures financing from a non-Japanese lender and has little business ties with mega banks and trust banks. Its main sponsor is a newly established real estate company, which is also expected to affect the lending environment.

Considering the above, R&I has downgraded the Issuer Rating to BBB and placed the Rating Outlook as Negative.

R&I RATINGS:

ISSUER: Nippon Residential Investment Corp. (Sec. Code: 8962)
ISSUER RATING: (BBB+) (Downgraded from A+)
Placed on the Rating Monitor with a view to downgrading

ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 100,000 million (Shelf Amount)
Issue Period: Two years from Apr 21, 2007

R&I RATING: (BBB+) (Downgraded from A+)
Placed on the Rating Monitor with a view to downgrading

LONG-TERM ISSUE RATING:

Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 4	Feb 20, 2006 Feb 18, 2011	Yen 15,000
Unsec. Str. Bonds No. 6	Oct 25, 2006 Oct 23, 2009	Yen 12,000
Unsec. Str. Bonds No. 7	Feb 09, 2007 Feb 29, 2012	Yen 12,000
Unsec. Str. Bonds No. 8	Sep 13, 2007 Sep 11, 2009	Yen 6,000
Unsec. Str. Bonds No. 9	Sep 13, 2007 Sep 13, 2011	Yen 10,000
Unsec. Str. Bonds No. 10	Sep 13, 2007 Sep 13, 2012	Yen 5,000

R&I RATING: (BBB+) (Downgraded from A+)
Placed on the Rating Monitor with a view to downgrading

ISSUER: CRESCENDO Investment Corp. (Sec. Code: 8966)

ISSUER RATING: A- (Downgraded from A)

RATING OUTLOOK: Negative

ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 100,000 million (Shelf Amount)
Issue Period: Two years from Sep 18, 2007

R&I RATING: A- (Downgraded from A)

LONG-TERM ISSUE RATING:

Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Oct 31, 2007 Oct 30, 2009	Yen 20,000
Unsec. Str. Bonds No. 2	Oct 31, 2007 Oct 31, 2012	Yen 10,000

R&I RATING: A- (Downgraded from A)

ISSUER: Joint Reit Investment Corp. (Sec. Code: 8973)

ISSUER RATING: A- (Downgraded from A)

RATING OUTLOOK: Negative

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ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 100,000 million (Shelf Amount)
Issue Period: Two years from Feb 15, 2008

R&I RATING: A- (Downgraded from A)

LONG-TERM ISSUE RATING:

	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Mar 13, 2007	Mar 12, 2010	Yen 5,000
Unsec. Str. Bonds No. 2	Mar 13, 2007	Mar 13, 2012	Yen 5,000

R&I RATING: A- (Downgraded from A)

ISSUER: Nippon Commercial Investment Corp. (Sec. Code: 3229)

ISSUER RATING: (A-) (Downgraded from A)

Placed on the Rating Monitor with a view to downgrading

LONG-TERM ISSUE RATING:

	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Apr 13, 2007	Apr 13, 2010	Yen 10,000
Unsec. Str. Bonds No. 2	Apr 13, 2007	Apr 13, 2012	Yen 17,000

R&I RATING: (A-) (Downgraded from A)

Placed on the Rating Monitor with a view to downgrading

ISSUER: Japan Single-residence REIT Inc. (Sec. Code: 8970)

ISSUER RATING: BBB (Downgraded from A-)

RATING OUTLOOK: Negative

ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 50,000 million (Shelf Amount)
Issue Period: Two years from Dec 26, 2007

R&I RATING: BBB (Downgraded from A-)

ISSUER: LCP Investment Corp. (Sec. Code: 8980)

ISSUER RATING: BBB (Downgraded from A-)

RATING OUTLOOK: Negative

ISSUER: Creed Office Investment Corp. (Sec. Code: 8983)

ISSUER RATING: BBB (Downgraded from A-)

RATING OUTLOOK: Negative

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 Issuer Rating.