



NEWS RELEASE

No.2009-C-233
Mar 11, 2009

R&I Downgrades to (BB), Retains on Monitor: NRI

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

ISSUER: Nippon Residential Investment Corp. (Sec. Code: 8962)
Issuer Rating

R&I RATING: (BB); Downgraded from (BB+)
Remains on the Rating Monitor with a view to downgrading

Long-term Issue Rating

R&I RATING: (BB-); Downgraded from (BB)
Remains on the Rating Monitor with a view to downgrading

RATIONALE:

Pacific Holdings, Inc., the sponsor of Nippon Residential Investment Corp. (NRI) announced on March 10 that it had filed for bankruptcy protection.

Although the REIT exists independent of its sponsor, its management is closely linked with the sponsor. Consequently, the sponsor's bankruptcy may impact the management of the REIT, especially fund procurement. NRI intends to repay loans totaling 28.0 billion yen during June-August, and on bonds totaling 18 billion yen in September and October 2009.

It is anticipated that NRI will seek new sponsors. However, there are uncertainties whether it can find sponsors with high creditworthiness quickly in the current financial environment.

In light of the above, R&I has downgraded the Issuer Rating to BB and has maintained NRI on the Rating Monitor with a view to downgrading. The Long-term Issue Rating has been assigned a rating of BB-, a notch lower than the Issuer Rating, reflecting its subordinated status against the secured loans.

R&I RATINGS:

ISSUER: Nippon Residential Investment Corp. (Sec. Code: 8962)
ISSUER RATING: (BB); Downgraded from (BB+)
Remains 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: (BB-); Downgraded from (BB)
Remains 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: (BB-); Downgraded from (BB)
Remains on the Rating Monitor with a view to downgrading

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Issuer Rating is an 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.