



NEWS RELEASE

No.2009-C-159
Feb 19, 2009

R&I Downgrades to (BBB-), Retains on Monitor: NCI

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

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

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

Long-term Issue Rating

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

RATIONALE:

Nippon Commercial Investment Corp. (NCI) is a complex-type REIT investing in both office buildings and commercial properties and its main sponsor is Pacific Holdings, Inc. (Issuer Rating: CCC+, currently on Rating Monitor with direction uncertain). The downgrading of NCI reflects the possibility that NCI's fund procurement will be negatively affected since the company is still aiming for integrated reconstruction with its main sponsor whose creditworthiness has seriously been damaged.

Pacific Holdings, which currently has excess debt, infringed the financial covenants on loans and received an auditor's disclaimer of opinion under the Corporate Law for the year ending in November 2008. Although the company appears to be continuing discussion regarding the paid-in capital from a Chinese real estate firm through Chuhaku Japan Inc. for its preferred stocks, etc., it has yet to be determined whether the paid-in capital will be received, and if so, when and how much it will be.

Under such circumstances, NCI still seeks integrated reconstruction with its sponsors. Although REIT is independent of its sponsors, sponsors are closely related to the operations of REIT. Therefore, the creditworthiness of sponsors may affect REIT's operations, particularly its funding. At present, NCI can expect continued support from its main financing banks. However, there is a possibility that the future situations of its sponsors will greatly influence the banks' willingness to provide loans. NCI will make loan repayment of more than 60 billion yen during 2009 as its debts of 16.5 billion yen and 43.7 billion yen will become due in March and September 2009 respectively. Furthermore, debts totaling nearly 60 billion yen will also become due in 2010, including its 10 billion yen bonds.

In light of the above factors, R&I has downgraded NCI's Issuer Rating to BBB- and maintained it on the Rating Monitor with a view to downgrading. Following the downgrading of the Issuer Rating, the Long-term Issue Rating has also been downgraded to BB+, a notch lower than the Issuer Rating, reflecting its subordinated status to NCI's secured borrowings.

R&I RATINGS:

ISSUER: Nippon Commercial Investment Corp. (Sec. Code: 3229)
ISSUER RATING: (BBB-); Downgraded from (BBB+)
Remains 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

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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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NEWS RELEASE

Unsec. Str. Bonds No. 2

Apr 13, 2007

Apr 13, 2012

Yen 17,000

R&I RATING:

(BB+); Downgraded from (BBB+)

Remains on the Rating Monitor with a view to downgrading

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.

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