



# NEWS RELEASE

No.2008-C-1142  
Dec 15, 2008

## R&I Downgrades to BBB, on Monitor: re-plus residential

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

**ISSUER:** re-plus residential investment inc. (Sec. Code: 8986)  
**Issuer Rating**

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

### **RATIONALE:**

re-plus residential investment inc. (RRI) is a JREIT which invests in rental housing all over Japan. As its main sponsor, re-plus inc failed, R&I placed RRI on the Rating Monitor with a view to downgrading on September 24, given that the failure may affect the REIT operations and the relationship with its main financial institutions.

55% shares re-plus inc. holds in the asset management company were transferred to the second largest shareholder, a fund which is affiliated with a U.S. investment firm, Oaktree Capital Management LP. Its actual main sponsor was changed to Oaktree. The staff members of the asset management company are maintained, and the property management business which was fully outsourced to replus Group is now entrusted to a third party. Occupancy ratio is retained at above 93% and no particular confusion in its investment system is noted after the sponsor change.

On the other hand, under the harsh environment surrounding the real estate finance, improvement in the funding conditions after the sponsor change are not confirmed at this stage. Although nearly half of the paid-in capitals for third party allotment to Oaktree conducted in August are unpaid, RRI will have to repay loans of approximately 9.7 billion yen in February 2009, and approximately 16.1 billion yen in May 2009. Repayment of 4 billion yen JREIT bonds will also become due in November 2009. R&I has therefore downgraded the Issuer Rating to BBB and placed it on the Rating Monitor with a view to downgrading.

R&I will remove RRI from the Rating Monitor and issue a new rating by the end of 2008 after assessing the earnings results for FY2007 and interviewing the asset management company.

### **R&I RATINGS:**

**ISSUER:** re-plus residential investment inc. (Sec. Code: 8986)  
**ISSUER RATING:** (BBB); Downgraded from (A-)  
**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 Nov 07, 2007

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

<b>LONG-TERM ISSUE RATING:</b>	<b>Issue Date</b>	<b>Redemption</b>	<b>Issue Amount (mn)</b>
Unsec. Str. Bonds No. 1	Feb 27, 2007	Feb 26, 2010	Yen 4,100
Unsec. Str. Bonds No. 2	Nov 19, 2007	Nov 19, 2009	Yen 4,000

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

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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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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.