



English Translation

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September 24, 2008

To All Concerned Parties

REIT Issuer :
re-plus residential investment inc.
Toranomom Towers Office
4-1-28 Toranomom, Minato-ku,
Tokyo 105-0001
Takao Sakuma, Executive Director
(Securities Code : 8986)
Asset Management Company: re-plus REIT management inc.
Ichiro Okamura, President and Chief Executive Officer
Inquiries: Aki Sadahiro, Manager
Tel: +81-3-5425-5600

Notice Concerning Petition for Start Bankruptcy Proceedings Filed by Sponsor Company

re-plus residential investment inc. (the “Investment Corporation”) announces that re-plus inc. (“Re-plus”), the sponsor company of the Investment Corporation and the parent company of re-plus REIT management inc. (the “Asset Management Company”), which carries out asset management for the Investment Corporation, resolved at a meeting of its Board of Directors held on September 24, 2008 to file for a petition for start bankruptcy proceedings (to “file for bankruptcy”). On the same day, Re-plus filed for bankruptcy at the Tokyo District Court, and the court resolved to initiate bankruptcy proceedings.

As stated in the “Notice Concerning Potential Impact of the Notes on the Premise of a Going Concern of the Sponsor Company” announced today, the premise of a going concern would have no major impact on the Investment Corporation and the Asset Management Company, and both companies plan to continue conducting business as per usual. We believe that the current listing of the Investment Corporation’s investment units on the Tokyo Stock Exchange will be maintained. For the outlook for the Investment Corporation and the Asset Management Company with respect to this matter, please refer to 2. on the following page.

(Notes)

1. Relationship Between Re-plus and the Investment Corporation, and Between Re-plus and the Asset Management Company

(1) Relationship between Re-plus and the Investment Corporation

a. Capital relationship

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Number of investment units held: 3,500 (as of September 24, 2008)

In addition, re-plus investments inc., a subsidiary of Re-plus holds 2,000 investment units and the Asset Management Company holds 1,000 units.

b. Personnel relationship

None

c. Transaction relationship

Based on the sponsor support agreement, the Investment Corporation receives the following support from the Sponsor Company:

- [1] Provision of data concerning the investment qualified properties
- [2] Preferred sale of the investment qualified properties to the Investment Corporation
- [3] Temporary ownership of properties which the Investment Corporation plans to acquire
- [4] Dispatch of personnel who are required by the Asset Management Company to carry out asset management for the Investment Corporation

(2) Relationship between Re-plus and the Asset Management Company

a. Capital relationship

Number of shares held: 3,300 (55% of outstanding shares)

If Re-plus has filed for bankruptcy, the shares held by Re-plus are expected to be transferred to AppleRingo Holdings B.V., currently the second largest shareholder of the Asset Management Company with 2,100 shares (35% of outstanding shares), or to an AppleRingo affiliate, following consultation with the group of banks with which the Investment Corporation holds loans. This would make the Master Company Group (defined below) the largest shareholder of the Asset Management Company, holding the majority of the outstanding shares.

b. Personnel relationship

Two directors, one part-time auditor, and nineteen employees are seconded from re-plus to the Asset Management Company.

c. Transaction relationship

Same as (1) above

2. Short-Term Outlook for the Investment Corporation and the Asset Management Company

(1) The Investment Corporation

Re-plus is the sponsor company of the Investment Corporation, and plays an important role in supporting its growth based on the sponsor support agreement, such as providing data concerning the investment qualified properties. As this support can no longer be expected since Re-plus has filed for bankruptcy, we are of the opinion that the Investment Corporation's portfolio growth strategy will be affected to a certain extent. However, judging from the current market situation, opportunities to acquire new properties are in fact quite limited. Moreover, a

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working environment has been developed for business cooperation between the Investment Corporation and the Master Company Group. For this reason, we believe that there are no concerns with respect to the survival and growth of the Investment Corporation.

(Notes)

The Master Company means OCM Netherlands Opportunities Coöperatief U.A., an investment vehicle, to which Oaktree Capital Management, L.P. gives investment advice. The Master Company Group means the Master Company and direct or indirect subsidiaries wholly owned by the Master Company, such as AppleRingo Holdings B.V., the largest unitholder of the Investment Corporation, is one of the Master Company Group.

In addition, as stated in the “Notice Concerning Potential Impact of the Premise of a Going Concern of the Sponsor Company” announced on September 24, 2008, the assets of the Investment Corporation will not be affected by Re-plus filing for bankruptcy. This is because the Investment Corporation’s assets are held separately from those of Re-plus, since the asset custodian, which is a third party, manages the Investment Corporation’s assets pursuant to laws and regulations. Moreover, there are currently no serious income issues. As of September 24, 2008, for example, the Investment Corporation holds in cash and deposits the 12.2 billion yen payment for new investment units by way of a third party allotment in August 2008.

Also, with respect to the Investment Corporation’s borrowings, the loan agreements do not have an immediate acceleration clause applicable in the case of Re-plus, the sponsor company, filing for bankruptcy.

However, the Investment Corporation has introduced the rentGo guarantee service, a service provided by Re-plus at 111 out of the 131 properties under management as of September 24, 2008. This represents about 60% of all tenants. Due to Re-plus filing for bankruptcy, the rentGo guarantee service may be discontinued, depending on the new selected sponsor company of Re-plus. In the absence of the service, the Investment Corporation is expected to be affected by issues such as problems with the administrative processes for collecting overdue rent payments from tenants, as well as a decrease in collection rate of overdue rent payments. Despite this, the Investment Corporation plans to respond to this situation appropriately in close collaboration with property management companies.

Although Re-plus and its subsidiaries hold 3.9% of the outstanding investment units (6,500 units) of the Investment Corporation, we are of the opinion that there will be no major issues with respect to the Investment Corporation’s capital, judging from their investment unit holding ratio.

(2) The Asset Management Company

Re-plus owns 55% of the outstanding shares of the Asset Management Company and is therefore its parent company. All full time directors and employees of the Asset Management Company are seconded from Re-plus

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under the sponsor support agreement. With respect to business operations, on the other hand, the two companies respect each other's management philosophies, and carry out independent management. In other words, the Asset Management Company has maintained strict standards for its dealings with Re-plus and Re-plus group companies in compliance with internal rule on dealings with interested parties to fulfill its duties of loyalty and prudent person rule toward the Investment Corporation as a financial instrument firm which carries out asset management for the Investment Corporation .

With respect to the financial situation of the Asset Management Company, as stated in the "Notice Concerning Potential Impact of the Notes on the Premise of a Going Concern of the Sponsor Company" announced on September 24, 2008, on May 30, 2008 the Asset Management Company received from KPMG AZSA & Co. an unqualified audit report without additional notes on the premise of a going concern on the financial report and the supplementary statement as of the end of the fourth fiscal period commencing April 1, 2007 and ending March 31, 2008. Moreover, the Asset Management Company holds sufficient assets stipulated in applicable laws and regulations. The Asset Management Company has not extended any loans to Re-plus and Re-plus group companies, nor does it have any borrowings from any of them.

The Asset Management Company plans to continue business as the asset management company for the Investment Corporation.

As stated in 1 (2) a. above, some of the shares in the Asset Management Company held by Re-plus are expected to be transferred to AppleRingo Holdings B.V. or one of its affiliates, following consultation with the group of banks with which the Investment Corporation holds loans. This will result in the Master Company Group holding the majority of the outstanding shares of the Asset Management Company. In the future, the Asset Management Company plans to conduct stable asset management operations with the backing of the creditworthiness and fund raising capacity of the Master Company Group.

3. Impact on the Tender Offer for Investment Units of the Investment Corporation

A tender offer for investment units of the Investment Corporation has been conducted by AppleRingo Holdings B.V. since August 29, 2008. Since Re-plus filing for bankruptcy does not qualify as grounds for the withdrawal of the tender offer as stipulated in Article 27, Paragraph 11 of the Financial Instruments and Exchange Law, we are of the opinion that the tender offer will proceed as is now. For details of the tender offer, please refer to "Notice Concerning Tentative Opinion Regarding Tender Offer for Investment Units of re-plus residential investment inc. by AppleRingo Holdings B.V.," on August 12, 2008, and "Notice Concerning Opinion Regarding Tender Offer for Investment Units of re-plus residential investment inc. by AppleRingo Holdings B.V.," on August 28, 2008.

We will announce any specific facts arising with respect to the treatment of the Investment Corporation's investment units and the Asset Management Company's business operations, as a result of the sponsor company filing for bankruptcy.

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(Reference data)

1. Overview of the sponsor company

(1) Company name

re-plus inc. (Securities code: TSE Mothers 8936)

(2) Head office location

Toranomon Towers Office, 4-1-28 Toranomon, Minato-ku, Tokyo, 105-0001, Japan

(3) Date of establishment

September 3, 2002

(4) Representative

Hirofumi Kang - Representative Director, CEO

(5) Main offices

Head office, Shinjuku office, Sapporo branch, Sendai branch, Yokohama branch, Saitama branch, Chiba branch, Nagano branch, Shizuoka branch, Nagoya branch, Kyoto branch, Osaka branch, Okayama branch, Hiroshima branch, Takamatsu branch, Matsuyama branch, Kitakyushu branch, Fukuoka branch, Kumamoto branch, Okinawa branch

(6) Main businesses

- * Provision of a rent guarantee system for late rent payments
- * Asset Management of real estate investment funds
- * Provision of financial services related to the above

(7) Paid-in Capital

3,869,655,000 yen (as of August 31, 2008)

(8) Number of Employees

996 (as of August 31, 2008 including subsidiaries)

2. Backgrounds of Re-plus filing for bankruptcy (Excerpt from disclosure by Re-plus)

Since its establishment in September 2002, Re-plus along with its group companies, sought to expand its business by focusing on providing a rent guarantee system for late rent payments for rental housing (the rentGo guarantee service), small-amount and short-term insurance, asset management of privately-offered real estate investment funds, and a REIT business (operations of a real estate investment corporation).

Among these businesses, Re-plus actively expanded its business involving asset management for privately-offered real estate investment funds. In 2006, Re-plus organized number of large-scale real estate investment arrangements, including arrangements for investment in China. As a result, the outstanding assets managed under SPC whose assets are managed by Re-plus subsidiaries had reached around 382 billion yen as of December 31, 2007. There were no major issues with the ability of Re-plus to raise funds, as the company

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expanded its organization and was able to procure the necessary equity in order to carry out its real estate investment arrangements.

However, the subprime crisis originating in the United States caused a global credit crunch, which in turn upset the Japanese capital market. As turbulence spread throughout the market, fund raising grew increasingly difficult for re-plus. Fund activities became sluggish, and the fee income received by Re-plus decreased considerably as real estate fluidity declined rapidly and capital markets, especially the REIT market, experienced large-scale upheaval. Moreover, capital investment for the rentGo guarantee service had been covered by securitizing claimable future assets, but according to security underwriting firms, sales of the securitized products became unfeasible due to the negative effects of the turmoil in the securitization market. In turn, this left Re-plus in the position of being unable to raise funds but obligated to make repayments. As a result, it became difficult to get loans for capital investments to build infrastructure.

Since February 2008, fund raising has become increasingly difficult for Re-plus, which in turn caused the company's cash position to deteriorate rapidly. As a result, Re-plus was left in a position of constantly being short of operating funds.

Under these circumstances, Re-plus managed to maintain its cash position and continue operating. Triggered by a delay in payment for the disbursement of overdue rent in the rentGo business in June 2008, however, prospects for the cash schedule grew dim. In September 2008, Re-plus was unable to secure operating funds, which rendered the company insolvent. At this point, Re-plus decided to relinquish its plans to continue its business, and filed for bankruptcy.

3. Total Amount of Debt (as of September 24, 2008)

re-plus 32,570,570,992 yen

URL : <http://www.re-plus-ri.co.jp/>

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