



English Translation  
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residential investment

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August 12, 2008

To All Concerned Parties

REIT Issuer:  
 re-plus residential investment inc.  
 Toranomon Towers Office  
 4-1-28 Toranomon, Minato-ku,  
 Tokyo 105-0001  
 Takao Sakuma, Executive Director  
 (Securities Code : 8986)  
 Asset Management Company:  
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Notice concerning Third-Party Allotment of Investment Units

re-plus residential investment inc. (the “Investment Corporation”) today announced its decision to issue new investment units by way of third-party allotment.

1. Outline of New Investment Unit Issue

- |     |  |   |              |
|-----|--|---|--------------|
| (1) | Number of new investment units issued                  | 70,000 units                              |              |
| (2) | Payment Amount (Issue price) per unit                  | JPY175,000                                |              |
| (3) | Total issue price                                      | JPY12,250,000,000                         |              |
| (4) | Subscription Period                                    | August 20, 2008                           |              |
| (5) | Payment Date   | August 28, 2008                           |              |
| (6) | Allottee and number of units to be allocated           | AppleRingo Holdings B.V.                  | 34,300 units |
|     |  | Ringo Residential Tokutei Mokuteki Kaisha | 28,700 units |
|     |  | Japan Trustee Services Bank, Ltd.         | 7,000 units  |
| (7) | Method of offering or allotment                        | Third-party allotment (“TPA”)             |              |
| (8) | Delivery date for certificates of new investment units | August 29, 2008                           |              |
| (9) | Administrative agent commissioned to offer             | JPMorgan Securities Japan Co., Ltd.       |              |

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new investment units

JPMorgan Securities Japan Co., Ltd. has been commissioned as the administrative agent of this investment unit offering.

- (10) Each of the above items shall be put into effect on the condition that the security registration statement under the Financial Instruments and Exchange Law becomes valid.

## 2. Total Number of Investment Units Issued

Current total number of investment units issued	97,477 units
Increase in investment units following this issue	70,000 units
Total number of investment units following this issue	167,477 units

## 3. Reasons for the Issuance and Use of Proceeds

- (1) Purpose of Offering of Investment Units Issued by way of TPA.

The Investment Corporation has been developing its portfolio from December 2005. Now, its asset size is more than JPY100 billion in terms of total acquisition price. Its diversified portfolio consists of properties classified into three categories (Studio type, Family type and Premium type), and located throughout Japan. The Investment Corporation is taking advantage of re-plus inc. (“Re-plus”), as a sponsor, which is the largest shareholder (90% as of the date of this document) of re-plus REIT management inc.(the “Asset Management Company”).

Re-plus has strength in nation wide network, rent guarantee services, asset management business, renovation and development of properties.

Since the beginning of the operation, the Investment Corporation has achieved stable income from its operation. The occupancy rate of the portfolio at the end of each fiscal period has been in the range of 94.8% to 96.8%. The Investment Corporation and the Asset Management Company have made efforts to expand unitholder’s value by pursuing stable income of the portfolio, steady growth of the asset size and stable income from each property.

On the other hand, in the recent real estate market, the market liquidity for sale has increased and the opportunities to acquire high-quality properties are expected to increase, due to recent tightened lending by Japanese banks and the weakening of foreign banks’ financing ability from their financial damage derived from the sub-prime problem.

Under the circumstance stated above, the Investment Corporation believes that it is necessary to pursue two objectives below in order to strengthen the operation platform to keep investing in nationwide residential properties and distributing long-term stable dividends; (i) strengthen the financial position by lengthening terms of loans, and diversifying the repayment timing through reducing LTV and conducting refinancing, and (ii) expand acquisition capacity to capture better investment opportunities in the current real estate market where more and more acquisition opportunities are expected to increase, and in the rental residential market where demand is still firm. In order to

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pursue those objectives in the best way, the Investment Corporation seeks to strengthen the financial position by increasing capital and improving its operational framework further. After negotiations with multiple candidates, the Investment Corporation considers the Master Company Group (defined below) to be the best partner for the Investment Corporation, and decided to allocate new investment units to the Master Company Group by way of TPA.

Although the repayments of the short-term borrowings are due from November to December, which are later than the current fiscal period, the Investment Corporation considers that it is possible to strengthen the financial position by accelerating the repayment of the short-term borrowings partially with the proceeds from TPA, while there is a grace period. Investment Corporation regards it desirable to settle at an early point under the uncertain circumstance. Ringo Residential Tokutei Mokuteki Kaisha (“Ringo Residential”) and AppleRingo Holdings B.V (AppleRingo Holdings) are wholly owned directly or indirectly by OCM Netherlands Opportunities Coöperatief U.A. (the “Master Company”). Oaktree Capital Management, L.P. (the “Oaktree”), which advise the Master Company, is a premier global alternative and non-traditional investment manager with over US\$54 billion in assets under management. Oaktree emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in distressed debt, high yield and convertible bonds, specialized private equity (including power infrastructure), real estate, emerging market and Japanese securities, and mezzanine finance. Oaktree was founded in 1995 by a group of principals who have worked together since the mid-1980s. Headquartered in Los Angeles, the firm today has over 480 employees in 13 offices worldwide. The Master Company and its direct or indirect subsidiaries (collectively “Master Company Group”) intend to collaborate with Investment Company and pursue sustainable growth of the Investment Corporation.

The Master Company Group decided to subscribe to the TPA and to enter into the other transactions (please refer to “Notice Concerning Formation of Collaboration Scheme with OCM Netherlands Opportunities Coöperatief U.A.” for further details), since they believe the nationwide diversified portfolio of the Investment Corporation to be highly stable, and the operational expertise of Re-plus, the largest shareholder of the Asset Management Company, and its affiliates to be superior for mid-to-long term operation of rental residential assets. The Asset Management Company, Re-plus and the Master Company Group will collaborate in the areas of property acquisition and financings for the growth of the Investment Corporation utilizing their expertise and resources.

Japan Trustee Services Bank, Ltd. (Trust Account), the other allottee, is the largest unitholder of the Investment Corporation as of today. A beneficial investor who subscribes to the new investment units through this TPA through Japan Trustee Services Bank, Ltd. (Trust Account) highly values the Investment Corporation’s capability of generating stable FFO (Note) and the Asset Management Company’s ability of continuing to pursue stable dividends from a mid-long-term perspective and for such reasons has decided to participate in the TPA to continue to support the Investment Corporation from a long term perspective.

The Investment Corporation believes the credibility from the Master Company Group and Japan Trustee Services Bank, Ltd (Trust Account) will contribute to the sustainable growth of unitholders’ value the Investment Corporation pursues. Proceeds from the TPA will be applied to (i) the partial repayment of JPY 15.6 billion short-term loans in advance to the scheduled maturities coming in November and December, (ii) capital expenditure

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for improvement of properties and (iii) acquisition of additional properties. The Investment Corporation plans to refinance the residual amount of the short-term loan after early repayment by long-term loan.

(Note) FFO is cash flow from ordinary operations calculated by the formula below

FFO= Net income + depreciation-other amortization-profit/(loss) from property sale

(2) Issue Price Calculation Method

The issue price is JPY 175,000, which is equivalent to 94.3% of JPY 185,653, the average closing price of investment units of the Investment Corporation announced by the Tokyo Stock Exchange on each trading day for 30 consecutive ordinary traded days from June 30, 2008 to August 11, 2008 and also equivalent to 94.5% of JPY185,200, the closing price on August 11, 2008.

(3) Amount of Funds to be Raised

JPY 12,250,000,000 (approximate net proceeds)

(4) Specific Use of Procured Funds

The proceeds (JPY 12,250,000,000) from the TPA will be used for the repayment of borrowings, capital expenditure for improvement of the properties and acquisition of properties, etc.

(5) Expected Timing of Expenditure of Procured Funds

September 2008

(6) Rationales for Use of Procured Proceeds

By conducting the TPA, the Investment Corporation will be able to repay a part of its borrowings earlier than the scheduled maturities and to secure the financial base, which, the Investment Corporation believes, will allow the Investment Corporation to have capacity to acquire additional properties. Additionally, besides the repayment of borrowings, the proceeds of the TPA will be used for improvement of its existing properties and acquisition of properties in the current real estate market where more and more acquisition opportunities are expected to increase. These uses of proceeds will enable the Investment Corporation to pursue external growth.

Therefore, the Investment Corporation believes that the use of proceeds of this TPA is reasonable since it enables it to improve the financial condition and enables further external growth, which contributes to the Investment Corporation's mid-and-long-term growth and increase the value of the investment units.

(7) Forecasts of operation of the Investment Corporation

Influence upon the forecast of operations of the Investment Corporation is as described in the "Notice concerning Revisions to on Forecast for the Fiscal Period Ending September 2008 (5th Fiscal Period)" announced today.

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#### 4. Outlook on Interest-Bearing Debt Ratio After Issuance

The exact amount used for the repayment of borrowings out of the procured proceeds from the TPA has not yet been determined. The Interest-bearing debt ratio will be 50.8 % after the TPA on the supposition that no early repayment is made.

(Note) Interest-bearing debt ratio=Interest-bearing debt / (Interest-bearing debt + Unitholders' capital)

#### 5. Performance of the Last Three Fiscal Periods and the Status of Equity Financing

##### (1) Performance of the Last Three Fiscal Periods

Fiscal Period	Ended Mar. 2007	Ended Sep. 2007	Ended Mar. 2008
Net income per Unit	¥14,425	¥15,839	¥14,312
Distribution per Unit	¥14,426	¥14,994	¥14,312
Unitholders' Equity per Unit	¥466,079	¥500,141	¥499,365

##### (2) Recent Trends of Investment Unit Price

###### ① Unit Price for the Last Three Fiscal Periods

	Ended Mar. 2007	Ended Sep. 2007	Ended Mar. 2008
Opening Price	¥427,000	¥576,000	¥450,000
High Price	¥666,000	¥582,000	¥442,000
Low Price	¥423,000	¥425,000	¥269,000
Closing Price	¥571,000	¥447,000	¥288,000

(Note) High Price / Low Price means the highest / lowest Closing Price during the period

###### ② Unit Price for the Last Six Months

	February 2008	March	April	May	June	July
Opening Price	¥359,000	¥318,000	¥281,000	¥246,000	¥238,000	¥182,000
High Price	¥357,000	¥316,000	¥293,000	¥250,000	¥241,000	¥192,400
Low Price	¥313,000	¥269,000	¥246,000	¥238,000	¥175,000	¥178,000
Closing Price	¥320,000	¥288,000	¥246,000	¥238,000	¥183,000	¥192,400

###### ③ Unit Price for Recent Day

	As of August 11, 2008
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Opening Price	¥186,600
High Price	¥186,600
Low Price	¥185,000
Closing Price	¥185,200

### (3) Overview of Equity Financing

#### • Third-Party Allotment

Issue Date	August 28, 2008
Amount of funds raised	¥12,250,000,000 (Issue price: ¥175,000)
Current total number of investment units issued	97,477 units
Total number of investment units newly issued	70,000 units
Total number of investment units after the TPA	167,477 units
Allottee	Ringo Residential Tokutei Mokuteki Kaisha AppleRingo Holdings B.V. Japan Trustee Services Bank, Ltd.(Trustee Account)

### (4) Overview of Equity Financing for Last Three Years

#### • Private Offering of Establishment

Issue date	October 7, 2005
Amount of funds raised	¥100,000,000 (Issue price: ¥500,000)
Total number of investment units issued	-
Total number of investment units newly issued	200 units
Allottee	re-plus residential investment inc.
Use of funds	Establishment

#### • Third-Party Allotment (Private Placement)

Issue date	December 13, 2005
Amount of funds raised	¥8,900,000,000 (Issue price: ¥500,000)
Total number of investment units issued	200 units
Total number of investment units newly issued	17,800 units
Allottee	URAGASUMI Co., Ltd. ISOJIMAN Co., Ltd. re-plus inc. re-plus investments inc. re-plus REIT management inc.
Use of funds	Acquisition of specified assets

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Expected Timing of Expenditure	Already appropriated
Current Status of Appropriation	Already appropriated

• Public Offering

Issue date	June 21, 2006
Amount of funds raised	¥18,748,800,000 (Issue Price: ¥432,000)
Total number of investment units issued	18,000 units
Total number of investment units newly issued	43,400 units
Use of funds	Acquisition of specified assets and repayment a portion of existing loans
Expected Timing of Expenditure	Already appropriated
Current Status of Appropriation	Already appropriated

• Public Offering

Issue date	April 26, 2007
Amount of funds raised	¥18,595,161,900 (Issue Price: ¥542,133)
Total number of investment units issued	61,400 units
Total number of investment units newly issued	34,300 units
Use of funds	Acquisition of specified assets and repayment a portion of existing loans
Expected Timing of Expenditure	Already appropriated
Current Status of Appropriation	Already appropriated

• Third-Party Allotment

Issue date	May 24, 2007
Amount of funds raised	¥963,370,341 (Issue Price: ¥542,133)
Total number of investment units issued	95,700 units
Total number of investment units newly issued	1,777 units
Allottee	Mitsubishi UFJ Securities Co., Ltd.
Use of funds	Acquisition of specified assets
Expected Timing of Expenditure	Already appropriated
Current Status of Appropriation	Already appropriated

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## 6. Principal Unitholders and Ratio of Number of Investment Units

### (1) Principal Unitholders prior / after this issue and Ratio of the Number of Investment Units

Unitholder	Prior to the issuance (Note 1)		After the issuance (Note 2)	
	Number of Units	Ratio (%) (Note 3)	Number of Units	Ratio (%) (Note 3)
AppleRingo Holdings B.V.	-	-	34,300	20.4
Ringo Residential Tokutei Mokuteki Kaisha	-	-	28,700	17.1
Japan Trustee Services Bank, Ltd. (Trust Account)	14,198	14.5	21,198	12.6
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	7,397	7.5	7,397	4.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,761	3.8	3,761	2.2
American Life Insurance Company GAL	3,610	3.7	3,610	2.1
re-plus inc	3,500	3.5	3,500	2.0
Trust & Custody Services Bank, Ltd. (Trust Account)	2,948	3.0	2,948	1.7
JPMorgan Chase Bank 380055	2,365	2.4	2,365	1.4
re-plus inversement inc	2,000	2.0	2,000	1.1
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1,953	2.0	1,953	1.1
State Street Bank and Trust Company 505041	1,297	1.3	1,297	0.7
Total	43,029	44.1	113,029	67.4

(Note 1) Numbers and ratio of major unitholders prior to the issuance are based on the register of unitholders as of May 31, 2008

(Note 2) Numbers and ratio of major unitholders after the issuance are calculated from the register of unitholders as of May 31, 2008 and the number of units allocated in this issue. Therefore, the actual ownership of unit holders may be different from the table above.

(Note 3) Ratio of the number of investment units to the total outstanding investment units is rounded down to the hundredth digit

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(2) Tax Conduit Requirement

All the allottees have agreed with the Investment Corporation and the Asset Management Company to use their best efforts not to increase their ownership of Investment Securities in such a manner that would cause the Investment Corporation to fail to satisfy the tax conduit requirement as long as the Investment Securities are listed on Tokyo Stock Exchange.

7. Estimated Impact on the Operation of the Investment Corporation

Please refer to “Notice Concerning Operating Forecast for the Fiscal Period ending September 30, 2008”.

8. Rationale for Issuance Conditions

(1) Basis and policy of calculating the Issue Price (reason for discount, if any)

The issue price is JPY 175,000, which is equivalent to 94.3% of JPY 185,653, the average closing price of regular transactions of investment securities representing investment units of the Investment Corporation announced by the Tokyo Stock Exchange on each trading day for 30 consecutive ordinary traded days from June 30, 2008 to August 11, 2008 and also equivalent to 94.5% of JPY 185,200, the closing price on August 11, 2008.

The discount rate was determined, given the current uncertain condition of J-REIT market where the unit prices are volatile, considering possible risk that investment unit price may decrease between the date of issuance resolution and the payment date, and also that investment unit price may decrease during the period for which it is agreed not to sell, lend or otherwise dispose Investment Units to be acquired by the allottees respectively through the TPA, except for a certain case.

(2) Justification for decrease in dividend per unit caused by the number of units to be issued and dilution

As described in 3. “Reasons for the Issuance and Use of Proceeds”-(6) Rationales for Use of Procured Proceeds above, the Investment Corporation has determined the TPA is the best way to (i) strengthen the financial condition by reducing interest-bearing debt and (ii) lengthen the maturities and diversifying repayment days by refinancing in order to enhance the acquisition capacity under such real estate market condition where acquisition opportunities are expected to increase and the residential rent market conditions to be stable.

The number of new investment units to be issued corresponds to approximately 72% of the total outstanding number of units. While significant dilution will be caused and dividends per unit will considerably decrease due to the TPA, the Investment Corporation believes the TPA is reasonable to the existing unitholders since it contributes to achieving sustainable growth and increasing the corporate value of the Investment Corporation by improving financial condition and strengthen management structure.

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## 9. Reason for Selecting Allottees

### (1) Details of Allottees

① Company name	AppleRingo Holdings B.V.	
② Activities	Equity holding and loan lending to affiliate companies	
③ Date of incorporation	July 17, 2008	
④ Address of head office	Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands	
⑤ Representative	(Co-representative) Director Dec, Szymon Stanislaw Director Braam, Maarten Lodewijk	
⑥ Capital (as of August 12, 2008) (Euro)	18,000	
⑦ Shares outstanding	18,000 shares	
⑧ Fiscal year end	December	
⑨ Number of Officers and Employees	2	
⑩ Major Shareholder and percentage of held shares (as of August 12, 2008)	OCM Netherlands Opportunities Coöperatief U.A. (100%)	
⑪ Relationship to the Investment Corporation	Capital relationship	—
	Business relationship	—
	Personal relationship	—
⑫ Number of investment units allocated	34,300 units	
⑬ Payment amount	¥6,002,500,000	

① Company name	Ringo Residential Tokutei Mokuteki Kaisha	
② Activities	Asset liquidation business based on Asset Liquidation Law	
③ Date of incorporation	July 4, 2008	
④ Address of head office	5-1, Aiko 2-chome, Minato-ku, Tokyo	
⑤ Representative	Director Toshiya Justin Kuroda	
⑥ Capital (as of August 12, 2008)	JPY 100,000	
⑦ Shares outstanding	Tokutei Shusshi 2 units	
⑧ Fiscal year end	June, December	
⑨ Number of Officers and Employees	2	
⑩ Major Shareholder and percentage of held shares (as of August 12, 2008)	AppleRingo Holdings B.V. (100%)	
⑪ Relationship to the Investment Corporation	—	—
	—	—
	—	—
⑫ Number of investment units allocated	28,700 units	
⑬ Payment amount	¥5,022,500,000	

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① Company name	Japan Trustee Services Bank, Ltd. (Trustee Account)	
② Activities	Management of pension asset, trust and banking services related to securities processing	
③ Date of incorporation	June 20, 2000	
④ Address of head office	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	
⑤ Representative	President (Representative Director) Kazuho Oda	
⑥ Capital (as of August 12, 2008)	¥51,000,000,000	
⑦ Shares outstanding	1,020,000 shares	
⑧ Fiscal year end	March	
⑨ Number of Officers and Employees	613	
⑩ Major Shareholder and percentage of held shares (as of August 12, 2008)	Resona Bank Limited (33.33%) The Sumitomo Trust & Banking Co., Ltd. (33.33%) The Chuo Mitsui Trust and Banking Company, Limited (33.33%)	
⑪ Relationship to the Investment Corporation	Capital relationship	As of March 31, 2008, the company had 14,198 units (14.5%)
	Business relationship	—
	Personal relationship	—
⑫ Number of investment units allocated	7,000 units	
⑬ Payment amount	¥1,225,000,000	

(Note 1) The Investment Corporation and the Asset Management Company executed the New Investment Units Subscription Agreement with allottees on August 12, 2008. In the agreement, they agreed that this issuance is subject to conditions that AppleRingo Holdings B.V. has purchased 35% stake in re-plus REIT management inc from re-plus inc.

(Note 2) The number of Investment units the allottee owns is as of March 31, 2008

## (2) Reason for Selecting the allottee

The Master Company Group intends to collaborate with Investment Company and pursue sustainable growth of the Investment Corporation. After negotiation with multiple candidates, the Investment Corporation considered the Master Company Group to be the best partner for the Investment Corporation.

Japan Trustee Services Bank, Ltd. (Trust Account), the other allottee, is the current largest unitholder. It agrees with the Investment Corporation to strengthen the business implementation framework through collaboration with The Master Company Group. The Japan Trustee Services Bank, Ltd. (Trust Account) appreciates the Investment Corporation's capability to generate stable FFO and its investment policy to pursue stable dividends from mid-long-term perspective and has decided to join the capital reinforcement to continue its support from a long term perspective.

The Investment Corporation believes the credibility from Master Company Group and Japan Trustee Services Bank, Ltd (Trust Account) will contribute to the sustainable growth of unitholders' value which the Investment Corporation pursues.

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(3) Holding Policy of the Allottees

Ringo Residential, AppleRingo Holdings and Japan Trustee Services Bank, Ltd. (Trust Account) (collectively, "the Allottees"), shall not sell, lend or otherwise dispose of the (except for being pledged for the purpose of financing necessary for subscription and purchase of the Investment Units) 28,700, 34,300, and 7,000 of Investment Units to be acquired by the Allottees, respectively, during the period from August 28, 2008 (the Payment Date) to and including February 27, 2009 (which is the date six 6 months after the Payment Date), to or for any third party without prior written consent from the Investment Corporation and the Asset Management Company or except for when it is deemed to be necessary in order to satisfy the so called tax conduit on investment corporations as set forth in the provisions of the Special Taxation Measures Law ("Tax Conduit Requirements"). Also, during the period of TOB commenced by AppleRingo Holdings for Investment Units, announced on the same day with the TPA, Japan Trustee Services Bank, Ltd. (Trust Account) shall not sell, lend or otherwise dispose of (except for being pledged for the purpose of financing necessary for subscription and purchase of the Investment Units) Investment Units which investors who subscribe to the TPA through Japan Trustee Services Bank, Ltd. (Trust Account) own as of today, out of Investment units held by Japan Trustee Services Bank, Ltd. (Trust Account)(Note) in total without written prior consent by the Investment Corporation and the Asset Management Company. Provided however, the preceding sentence shall not apply in case where the Investment Corporation or the Asset Management Company unreasonably withholds or refuses to provide such consent or where counter tender offer bid for all the issued Investment Securities without upper limitation is commenced by a party other than AppleRingo Holdings or its affiliated or related entity and the affirmative opinion for the tender offer made by AppleRingo Holdings is withdrawn by the Investment Corporation, the preceding sentence may not apply to 34,300, 28,700 and 7,000 of Investment Units to be acquired by AppleRingo Holdings, Ringo Residential and Japan Trustee Services Bank, Ltd. (Trust Account), respectively, through the third-party allotment, and Investment Units which investors who subscribe to this TPA through Japan Trustee Services Bank, Ltd. (Trust Account) own as of today, out of Investment units held by Japan Trustee Services Bank, Ltd. (Trust Account)(Note). Additionally, the subscribers have agreed to use their best efforts not to increase their ownership of Investments Units in such a manner that would cause the Investment Corporation to fail to satisfy the qualification of the Investment Corporation to satisfy the tax conduit requirements as long as Investment Units are listed on Tokyo Stock Exchange.

(Note) Japan Trustee Services Bank, Ltd. (Trust Account) owns 14,198 Investment units as of March 31, 2008

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

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