

Sep 12, 2011

## R&I Places on the Rating Monitor With View to Upgrading: BLife Investment Corp.

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

**ISSUER:** BLife Investment Corp.  
**Issuer Rating: (A), With View to Upgrading**

### RATIONALE:

BLife Investment Corp. (BLI, to be renamed Daiwa House Residential Investment Corp.) is a residential REIT, whose main sponsor is Daiwa House Industry Co., Ltd. In April 2010, BLI absorbed and merged with New City Residence Investment Corp. Its asset size, including properties to be acquired, is approximately 210 billion yen.

R&I has placed the rating of BLI on the Rating Monitor partly because the REIT's LTV ratio will fall significantly after the issuance of new investment units through a public offering.

The LTV ratio is expected to drop from approximately 61% to the mid 50% level through a public offering to be implemented in September. This will lower BLI's leverage, which has remained very high since the merger. At the same time, with the execution of the release of collateral and the establishment of a committed line of credit, financial flexibility will be strengthened.

The proceeds from the public offering will be used to newly acquire five properties. BLI will acquire these properties at relatively high yields, and two of them are comparatively new large-sized properties developed by its sponsor. Thanks to the cooperation from the sponsor, its portfolio is growing steadily. The occupancy rate of the property portfolio has been around the 95-96% level, and cash flow has been very stable.

While the rating is on the Rating Monitor, R&I will examine various factors with a focus on the REIT's future financial strategy and funding policy.

The primary rating methodologies applied to this rating are provided at "Basic Methodologies for R&I's Credit Rating" and "Rating Methodology for J-REIT". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

### R&I RATINGS:

**ISSUER:** BLife Investment Corp. (Sec. Code: 8984)  
**Issuer Rating**  
**RATING:** (A), With View to Upgrading

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