

Report of Independent Auditors

To the Board of Directors of
BLife Investment Corporation

We have audited the accompanying balance sheets of BLife Investment Corporation as of May 31, 2009 and November 30, 2009, and the related statements of income and retained earnings, changes in net assets, and cash flows for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLife Investment Corporation at May 31, 2009 and November 30, 2009, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in Note 13, on November 10, 2009, BLife Investment Corporation entered into a merger agreement with New City Residence Investment Corporation, effective on April 1, 2010.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended November 30, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

February 16, 2010

Ernst & Young Shin Nihon LLC

BLife Investment Corporation

Balance Sheets

As of May 31, 2009 and November 30, 2009

	As of May 31, 2009 <i>(Thousands of yen)</i>	As of November 30, 2009 <i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Assets			
Current assets:			
Cash and bank deposits (including trust accounts)	¥ 2,609,307	¥ 2,460,517	\$ 28,343
Rental receivables	42,027	89,772	1,034
Prepaid expenses	94,886	161,887	1,864
Deferred tax assets	204	237	2
Derivative assets	85	—	—
Other current assets	1,459	482	5
Allowance for doubtful accounts	(13,433)	(14,958)	(172)
Total current assets	<u>2,734,536</u>	<u>2,697,940</u>	<u>31,078</u>
Property and equipment:			
Land in trust	29,879,034	29,879,034	344,188
Buildings and structures in trust	22,953,223	22,981,095	264,728
Machinery and equipment in trust	388,293	388,293	4,472
Tools, furniture and fixtures in trust	3,881	3,881	44
Less – accumulated depreciation	(1,524,667)	(1,798,816)	(20,721)
Net property and equipment	<u>51,699,765</u>	<u>51,453,488</u>	<u>592,713</u>
Investments and other assets:			
Long-term prepaid expenses	—	112,119	1,291
Security deposit	10,000	10,000	115
Trademark rights	867	803	9
Organization expenses	11,762	5,881	67
Total investments and other assets	<u>22,629</u>	<u>128,804</u>	<u>1,483</u>
Total assets	<u><u>¥54,456,931</u></u>	<u><u>¥54,280,233</u></u>	<u><u>\$625,276</u></u>

	As of May 31, 2009 <i>(Thousands of yen)</i>	As of November 30, 2009 <i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Liabilities and net assets			
Current liabilities:			
Trade and other payables	¥ 53,416	¥ 53,658	\$ 618
Current portion of long-term loans	28,685,000	12,800,000	147,448
Accrued expenses	136,417	128,306	1,478
Consumption taxes payable	9,522	208	2
Rent received in advance	117,647	128,456	1,479
Deposits received	35,960	9,556	110
Total current liabilities	29,037,965	13,120,186	151,136
Long-term liabilities:			
Long-term loans	—	15,874,000	182,859
Leasehold and security deposits received	867,647	846,894	9,755
Total long-term liabilities	867,647	16,720,894	192,614
Total liabilities	29,905,612	29,841,081	343,751
Net assets:			
Unitholders' equity:			
Unitholders' capital:			
Units authorized: 2,000,000 units			
Units issued and outstanding: 49,260	24,002,588	24,002,588	276,495
Retained earnings	548,679	436,563	5,028
Total unitholders' equity	24,551,267	24,439,151	281,524
Valuation and translation adjustments:			
Unrealized gain on deferred hedge transactions	51	—	—
Total valuation and translation adjustments	51	—	—
Total net assets	24,551,319	24,439,151	281,524
Total liabilities and net assets	¥54,456,931	¥54,280,233	\$625,276

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Income and Retained Earnings

For the period from December 1, 2008 to May 31, 2009
and for the period from June 1, 2009 to November 30, 2009

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Operating revenues:			
Rental revenues	¥1,558,996	¥1,478,694	\$ 17,033
Total operating revenues	1,558,996	1,478,694	17,033
Operating expenses:			
Real estate rental expenses	542,883	590,123	6,797
Asset management fees	61,127	56,899	655
Asset custodian and consignment fees	5,425	5,401	62
Administrative service and consignment fees	27,435	20,740	238
Directors' remuneration	4,800	4,800	55
Loss on bad debts	145	91	1
Provision for doubtful accounts	1,781	10,690	123
Other operating expenses	60,782	46,989	541
Total operating expenses	704,381	735,736	8,475
Operating income	854,615	742,957	8,558
Non-operating income (expenses):			
Interest income	1,653	493	5
Interest expense	(217,943)	(202,070)	(2,327)
Financing related expenses	(82,913)	(96,722)	(1,114)
Amortization of organization expenses	(5,881)	(5,881)	(67)
Other, net	(256)	(1,037)	(11)
Income before income taxes	549,274	437,739	5,042
Income taxes:			
Current	605	1,196	13
Net income	548,669	436,542	5,028
Retained earnings at beginning of period	10	21	0
Retained earnings at end of period	¥ 548,679	¥ 436,563	\$ 5,028

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Changes in Net Assets

For the period from December 1, 2008 to May 31, 2009

	For the period from December 31, 2008 to May 31, 2009						
	Net assets						
	Unitholders' equity				Valuation and translation adjustments		
	Number of units	Unitholders' capital	Retained earnings	Total unitholders' equity	Unrealized gain on deferred hedge transactions	Total valuation and translation adjustments	Total net assets
	(Thousands of yen)						
Balance as of November 30, 2008	49,260	¥24,002,588	¥ 612,508	¥24,615,096	¥759	¥759	¥24,615,856
Changes during the fiscal period:							
Dividends from retained earnings		—	(612,498)	(612,498)	—	—	(612,498)
Net income		—	548,669	548,669	—	—	548,669
Change in unrealized gain on deferred hedge transactions		—	—	—	(708)	(708)	(708)
Total changes during the fiscal period	—	—	(63,829)	(63,829)	(708)	(708)	(64,537)
Balance as of May 31, 2009	49,260	¥24,002,588	¥548,679	¥24,551,267	¥51	¥51	¥24,551,319

For the period from June 1, 2009 to November 30, 2009

	For the period from June 1, 2009 to November 30, 2009						
	Net assets						
	Unitholders' equity				Valuation and translation adjustments		
	Number of units	Unitholders' capital	Retained earnings	Total unitholders' equity	Unrealized gain on deferred hedge transactions	Total valuation and translation adjustments	Total net assets
	(Thousands of yen)						
Balance as of May 31, 2009	49,260	¥24,002,588	¥ 548,679	¥24,551,267	¥51	¥51	¥24,551,319
Changes during the fiscal period:							
Dividends from retained earnings		—	(548,657)	(548,657)	—	—	(548,657)
Net income		—	436,542	436,542	—	—	436,542
Change in unrealized gain on deferred hedge transactions		—	—	—	(51)	(51)	(51)
Total changes during the fiscal period	—	—	(112,115)	(112,115)	¥ (51)	¥ (51)	(112,167)
Balance as of November 30, 2009	49,260	¥24,002,588	¥436,563	¥24,439,151	—	—	¥24,439,151

For the period from June 1, 2009 to November 30, 2009

	For the period from June 1, 2009 to November 30, 2009						
	Net assets						
	Unitholders' equity				Valuation and translation adjustments		
	Number of units	Unitholders' capital	Retained earnings	Total unitholders' equity	Unrealized gain on deferred hedge transactions	Total valuation and translation adjustments	Total net assets
	<i>(Thousands of U.S. dollars)</i>						
Balance as of May 31, 2009	49,260	\$276,495	\$6,320	\$282,816	\$0	\$0	\$282,816
Changes during the fiscal period:							
Dividends from retained earnings		—	(6,320)	(6,320)	—	—	(6,320)
Net income		—	5,028	5,028	—	—	5,028
Change in unrealized gain on deferred hedge transactions		—	—	—	(0)	(0)	(0)
Total changes during the fiscal period	—	—	(1,291)	(1,291)	\$ (0)	\$ (0)	(1,292)
Balance as of November 30, 2009	49,260	\$276,495	\$5,028	\$281,524	—	—	\$281,524

See accompanying notes to financial statements.

BLife Investment Corporation

Statements of Cash Flows

For the period from December 1, 2008 to May 31, 2009
and for the period from June 1, 2009 to November 30, 2009

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009	
	(Thousands of yen)	(Thousands of yen)	(Thousands of U.S. dollars)
Cash flows from operating activities			
Income before income taxes	¥ 549,274	¥ 437,739	\$ 5,042
Depreciation and amortization	273,876	274,149	3,158
Loss on bad debts	145	—	—
Amortization of trademark rights	63	63	0
Amortization of organization expenses	5,881	5,881	67
Interest income	(1,653)	(493)	(5)
Interest expense	217,943	202,070	2,327
Change in rental receivables	6,475	(47,745)	(549)
Change in advance payments	53,814	(67,000)	(771)
Change in trade payables	(11,366)	(240)	(2)
Change in accrued consumption taxes	1,319	(9,313)	(107)
Change in accrued expenses	(2,336)	(9,355)	(107)
Change in deposits received	(1,921)	(4,268)	(49)
Change in rent received in advance	(9,555)	10,808	124
Change in long-term prepaid expenses	19,444	(112,119)	(1,291)
Change in allowance for doubtful accounts	285	1,525	17
Other	(64,868)	(61,864)	(712)
Subtotal	1,036,821	619,835	7,140
Interest received	1,653	493	5
Interest paid	(227,291)	(200,825)	(2,313)
Income taxes paid	(7,465)	(372)	(4)
Net cash provided by operating activities	803,718	419,129	4,828
Cash flows from investing activities			
Expenditure for acquisition of property and equipment in trust	(36,316)	(27,872)	(321)
Revenues from deposit and security payments in trust	38,106	71,195	820
Expenditure for deposit and security funds in trust	(32,284)	(51,572)	(594)
Net cash used in investing activities	(30,494)	(8,249)	(95)
Cash flows from financing activities			
Proceeds from long-term loans	—	15,990,000	184,195
Repayment of long-term loans	—	(16,001,000)	(184,322)
Dividend payment	(611,734)	(548,670)	(6,320)
Net cash used in financing activities	(611,734)	(559,670)	(6,447)
Net increase in cash and cash equivalents	161,489	(148,789)	(1,713)
Cash and cash equivalents at beginning of period	2,447,817	2,609,307	30,057
Cash and cash equivalents at end of period	¥ 2,609,307	¥ 2,460,517	\$ 28,343

See accompanying notes to financial statements.

BLife Investment Corporation

Notes to Financial Statements

For the period from December 1, 2008 to May 31, 2009
and for the period from June 1, 2009 to November 30, 2009

1. Organization and Basis of Presentation

(a) Organization

BLife Investment Corporation (“BLife”), a Japanese real estate investment corporation, was established on June 7, 2005 with an initial capitalization of ¥300 million by MORIMOTO Co., Ltd. (hereinafter referred to as “MORIMOTO”) under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. BLife was formed to invest primarily in residential and retail properties in Japan. BLife is externally managed by a licensed asset management company, Daiwa House Morimoto Asset Management Co., Ltd. (former Morimoto Asset Management Co., Ltd.).

BLife has concentrated on its beautiful life and residence vision by focusing its investment efforts on real estate properties and aims to build a hybrid portfolio to secure stable revenues in the mid- to long-term periods. By selecting properties suitable for modern lifestyle that appeal to tenants and consumers both of residential and retail properties using strict but transparent and high standards such as by considering the area, building quality and amenities, BLife aims to gain steady growth for its portfolio and expand its primary investment income.

After changing its main sponsor to Daiwa House Industry Co., Ltd. (“Daiwa House Industry”) in December, 2008, BLife has been able to consider various strategies, including expansion of its business through mergers and acquisitions. The regulatory environment, including accounting and taxation rules, with regard to mergers and acquisitions between investment corporations has been also made clearer than ever before. BLife also anticipates that early expansion of asset size by supporting New City Residence Investment Corporation’s rehabilitation through its acquisition will promote stabilization of its business and financial operations. And thus, BLife entered into a merger agreement with New City Residence Investment Corporation on November 10, 2009.

At November 30, 2009, BLife owned a portfolio of 24 properties with acquisition costs of ¥51,139 million with a potential rental area of 57,660.40 square meters (of which 10,450.47 square meters were for retail outlets). The occupancy ratio was 90.3%. 10 properties are located in the central area of metropolitan Tokyo.

(b) Basis of presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with

accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements have been compiled and translated into English (with certain reclassifications and expanded descriptions) from the financial statements of BLife prepared in accordance with Japanese GAAP and filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law.

In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made to the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. BLife’s fiscal period is a six-month period which ends at the end of May or November of each year. BLife has not prepared consolidated financial statements as it has no subsidiaries.

The U.S. dollar amounts in the accompanying financial statements have been translated from yen amounts solely for the convenience of readers outside Japan and, as a matter of arithmetic computation only, at ¥86.81 = U.S.\$1.00, the rate of exchange prevailing on November 30, 2009. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in trust, bank deposits and deposits in trust redeemable on demand, and investments, which are readily convertible to cash, with an original maturity of three months or less, and an insignificant risk of price fluctuation.

(b) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets ranging as stated below:

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009
Buildings	3 – 60 years	3 – 60 years
Structures	9 – 45 years	9 – 45 years
Machinery and equipment	13 – 29 years	13 – 29 years
Tools, furniture and fixtures	5 – 6 years	5 – 6 years

(c) Organization expenses

Organization expenses are amortized over a period of five years with an equal amount in each fiscal period.

(d) Revenue recognition

Revenues from leasing of property are recognized on a straight-line accrual basis over the life of each lease contract.

(e) Taxes on property and equipment

Property and equipment are subject to various taxes, such as property taxes and city planning taxes. An owner of a property is registered in a record maintained by the local government of the applicable jurisdiction, and taxes are imposed on the owner registered in the record as of January 1, based on an assessment made by the local government.

When a property is purchased prior to January 1 of any given calendar year, taxes for the previous year are imposed on the seller. BLife pays the seller the corresponding amount of the taxes for the period from the property's transfer date to December 31 of the previous year as included in the purchase price of the property, and capitalizes this amount as a cost of the property. BLife expenses the taxes imposed on such properties as property-related expenses every calendar year when the assessments and determinations are notified, if the purchaser has owned the properties since January 1 of the calendar year.

2. Summary of Significant Accounting Policies (continued)

(f) Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial reporting and income tax bases of assets and liabilities using the enacted tax rates.

(g) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the amount considered sufficient to cover possible losses on collection.

(h) Consumption taxes

Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of income and retained earnings. Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.

(i) Trust beneficiary interests

For trust beneficiary interests in real estate, each of the trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant balance sheet and income statement accounts.

(j) Derivatives and hedge accounting

BLife utilizes interest-rate cap agreements as derivative financial instruments solely for the purpose of hedging its exposure to fluctuation in interest rates. BLife deferred recognition of gains and losses resulting from changes in the fair value of interest-rate caps because its interest-rate agreements met the criteria for deferred hedge accounting.

3. Cash and Cash Equivalents

A reconciliation of cash and bank deposits in the accompanying balance sheets and cash and cash equivalents in the accompanying statements of cash flows at May 31, 2009 and November 30, 2009 is as follows:

	As of May 31, 2009	As of November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash and bank deposits	¥610,057	¥598,780	\$6,897
Cash in trust and deposits in trust	1,999,249	1,861,737	21,446
Cash and cash equivalents	<u>¥2,609,307</u>	<u>¥2,460,517</u>	<u>\$28,343</u>

4. Lease Transactions

Operating lease transactions as lessor at May 31, 2009 and November 30, 2009 are as follows:

	As of May 31, 2009	As of November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Future lease payment equivalents			
Due within one year	¥452,432	¥467,524	\$5,385
Due after one year	246,095	202,573	2,333
Total	<u>¥698,528</u>	<u>¥670,098</u>	<u>\$7,719</u>

5. Current Portion of Long-Term Loans and Long-Term Loans

Current portion of long-term loans and the long-term loans as of November 30, 2009 consisted of the following:

Lender	As of May 31, 2009 <i>(Thousands of yen)</i>	As of November 30, 2009 <i>(Thousands of yen)</i>	As of November 30, 2009 <i>(Thousands of U.S. dollars)</i>	Average interest rate (%) (1)	Due on	Use of funds	Note
Current portion of long-term loans:							
Mizuho Bank, Ltd.	¥ 4,037,000	—	—				
Sumitomo Mitsui Banking Corporation	4,037,000	—	—	1.43699	September 30, 2009	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	4,037,000	—	—				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	1,945,000	—	—				
Shinsei Bank, Ltd.	1,945,000	—	—				
Mizuho Bank, Ltd.	4,228,000	¥4,228,000	\$48,704				
Sumitomo Mitsui Banking Corporation	4,228,000	4,228,000	48,704	1.27011	March 31, 2010	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000	4,228,000	48,704				
Mizuho Bank, Ltd.	—	27,800	320				
Sumitomo Mitsui Banking Corporation	—	27,800	320				
The Chuo Mitsui Trust and Banking Co., Ltd.	—	27,800	320	1.63636	September 30, 2011	Refinance or acquisition of real estate in trust	Secured
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	—	21,720	250				
The Sumitomo Trust and Banking Co., Ltd.	—	10,880	125				
Subtotal	28,685,000	12,800,000	147,448	—	—	—	—
Long-term loans:							
Mizuho Bank, Ltd.	—	3,802,200	43,799				
Sumitomo Mitsui Banking Corporation	—	3,802,200	43,799	1.63636	September 30, 2011	Refinance or acquisition of real estate in trust	Secured
The Chuo Mitsui Trust and Banking Co., Ltd.	—	3,802,200	43,799				
The Bank of Tokyo -Mitsubishi UFJ, Ltd.	—	2,978,280	34,308				
The Sumitomo Trust and Banking Co., Ltd.	—	1,489,120	17,153				
Subtotal	—	15,874,000	182,859	—	—	—	—
Total	¥28,685,000	¥28,674,000	\$330,307	—	—	—	—

(1) The average interest rate for each loan has been rounded to the fifth decimal place.

6. Collateral Pledged and Secured Liabilities

	As of May 31, 2009	As of November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Pledged assets:			
Cash in trust and deposits in trust	¥1,999,249	¥1,861,737	\$21,446
Buildings in trust	21,483,828	21,246,822	244,750
Structures in trust	19,260	22,026	253
Machinery and equipment in trust	314,470	302,775	3,487
Tools, furniture and fixtures in trust	3,171	2,829	32
Land in trust	29,879,034	29,879,034	344,188
Total	<u>¥53,699,015</u>	<u>¥53,315,226</u>	<u>\$614,159</u>
	As of May 31, 2009	As of November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Secured liabilities:			
Current portion of long-term loans	¥ 28,685,000	¥ 12,800,000	\$147,448
Long-term loans	—	15,874,000	182,859
Total	<u>¥28,685,000</u>	<u>¥28,674,000</u>	<u>\$330,307</u>

7. Details of Rental Revenues and Expenses

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Real estate rental revenues:			
Rental income	¥1,373,460	¥1,281,981	\$14,767
Common service fees	23,896	23,063	265
Subtotal	1,397,357	1,305,045	15,033
Other rental revenues:			
Facility charges	46,907	44,206	509
Incidental revenues	12,727	15,190	174
Other rental business revenues	102,004	114,251	1,316
Subtotal	161,639	173,648	2,000
Total rental revenues	1,558,996	1,478,694	17,033
Real estate rental expenses:			
Management fees	128,852	164,686	1,897
Utilities	25,854	23,159	266
Taxes and public dues	52,653	50,125	577
Repairs	4,087	5,216	60
Insurance premiums	3,089	3,015	34
Restoration costs	26,701	42,972	495
Custodian fees	14,385	14,385	165
Depreciation and amortization	273,876	274,149	3,158
Other operating expenses	13,382	12,412	142
Total real estate rental expenses	542,883	590,123	6,797
Rental income	¥1,016,113	¥888,570	\$10,235

8. Deferred Income Taxes

(a) Details of significant components of deferred tax assets and liabilities

	As of May 31, 2009
	<i>(Thousands of yen)</i>
Deferred tax assets:	
Current assets:	
Allowance for doubtful accounts	¥3,103
Subtotal	3,103
Valuation reserve	(2,865)
Total deferred tax assets	<u>¥237</u>
Deferred tax liabilities:	
Current liabilities:	
Unrealized gain on deferred hedge transactions	¥33
Total deferred tax liabilities	33
Net deferred tax assets – current	<u>¥204</u>

	As of November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:		
Current assets:		
Allowance for doubtful accounts	¥3,196	\$36
Accrued enterprise taxes	28	0
Subtotal	3,225	37
Valuation reserve	(2,987)	34
Total deferred tax assets	<u>¥237</u>	<u>\$2</u>
Net deferred tax assets – current	<u>¥237</u>	<u>\$2</u>

(b) Details of main entries causing significant differences between the statutory tax rate and the effective tax rates after applying deferred income tax accounting

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009
Statutory tax rate	39.33%	39.33%
(Adjustment)		
Tax-deductible dividends paid	(39.20)	(39.22)
Other	(0.02)	0.16
Effective tax rates after applying deferred income tax accounting	<u>0.11%</u>	<u>0.27%</u>

9. Related Party Transactions

(a) For the period from December 1, 2008 to May 31, 2009

1) Controlling investors and major corporate investors

Not applicable.

2) Directors and major individual investors

Not applicable.

3) Subsidiaries

Not applicable.

4) Affiliates

Attribute	Name	Location	Capital (Millions of yen)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen)	Line item	Balance at end of period (Thousands of yen)
						Position of director(s) serving concurrently	Business relationship				
Affiliates	DAIWA HOUSE MORIMOTO ASSET MANAGEMENT Co., Ltd.	Shibuya-ku, Tokyo	¥300	Asset management	—	—	Consigned asset- management operations	Asset- management compensation payment	¥61,127	Accrued operating expenses payable	¥36,790
	MORIMOTO QUALITY Co., Ltd.	Shibuya-ku, Tokyo	¥100	Real estate property management	—	—	Consigned property lease management	Consignment of lease management	¥16,118	Accrued operating expenses payable	¥16,924
	DAIWAROYAL CO., LTD	Taito-ku, Tokyo	¥500	Real estate property management	—	—	Consigned property lease management	Consignment of lease management	¥1,912	Accrued operating expenses payable	¥361

(Note 1) In the above table, consumption taxes are not included in the transaction amounts but are included in the balances at the end of the period.

(Note 2) Transaction terms and conditions and policies for determining transaction terms and conditions: market value is considered in such determinations.

(Note 3) MORIMOTO QUALITY Co., Ltd. has no longer been a BLife's related party due to the change of its leading sponsor on December 19, 2008. The transaction amount and balance at the end of the fiscal period listed above are those as of December 18, 2008.

(Note 4) Transaction amount with Daiwa Royal Co., Ltd. has been recorded as those as BLife's related party since the change of its leading sponsor on December 19, 2008.

(b) For the period from June 1, 2009 to November 30, 2009

1) Controlling investors and major corporate investors

Not applicable.

2) Directors and major individual investors

Not applicable.

3) Subsidiaries

Not applicable.

9. Related Party Transactions (continued)

(b) For the period from June 1, 2009 to November 30, 2009 (continued)

4) Affiliates

Attribute	Name	Location	Capital (Millions of yen) (Millions of U.S. dollars)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen) (Thousands of U.S. dollars)	Line item	Balance at end of period (Thousands of yen) (Thousands of U.S. dollars)
						Position of director(s) serving concurrently	Business relationship				
Affiliates	DAIWA HOUSE MORIMOTO ASSET MANAGEMENT Co., Ltd.	Shibuya-ku, Tokyo	¥300 (\$3)	Asset managemen t	—	—	Consigned asset- management operations	Asset- management compensation payment	¥56,899 (\$655)	Accrued operating expenses payable	¥33,229 (\$382)
	DAIWAROYAL CO., LTD	Taito-ku, Tokyo	¥500 (\$5)	Real estate property managemen t	—	—	Consigned property lease management	Consignment of lease management	¥5,250 (\$60)	Accrued operating expenses payable	¥485 (\$5)

(Note 1) In the above table, consumption taxes are not included in the transaction amounts but are included in the balances at the end of the period.

(Note 2) Transaction terms and conditions and policies for determining transaction terms and conditions: market value is considered in such determinations.

10. Per Unit Information

(a) The following table summarizes information about net assets per unit at May 31, 2009 and net income per unit for the period from December 1, 2008 to May 31, 2009:

Net assets per unit	¥498,402
Net income per unit	¥11,138

Net income per unit is calculated by dividing net income by the number of average investment units weighted by the number of days in the period. Net income per unit after adjustment for latent units has not been reported because there were no latent units.

(b) The following table summarizes information about net assets per unit at November 30, 2009 and net income per unit for the period from June 1, 2009 to November 30, 2009:

Net assets per unit	¥496,125	\$5,715
Net income per unit	¥8,861	\$102

Net income per unit is calculated by dividing net income by the number of average investment units weighted by the number of days in the period. Net income per unit after adjustment for latent units has not been reported because there were no latent units.

- (c) Basis of calculation for the amounts of net income per unit is stated as follows:

	From December 1, 2008 to May 31, 2009	From June 1, 2009 to November 30, 2009	
	<i>(Thousands of yen)</i>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net income	¥548,669	¥436,542	\$5,028
Amount not attributable to common unitholders	—	—	—
Current net income attributable to common units	¥548,669	¥436,542	\$5,028
Average number of investment units during the period (in units)	49,260	49,260	49,260

11. Net Assets

BLife shall maintain net assets of at least ¥50,000 thousand (\$575 thousand) as required by Clause 4 of Article 67 of the Investment Trust Law.

12. Significant Subsequent Events

- (a) For the period from December 1, 2008 to May 31, 2009

Cash dividends

On July 15, 2009, BLife's Board of Directors approved a resolution for the payment of cash dividends of ¥11,138 per unit, aggregating to ¥548,657,880, to unitholders of record as of May 31, 2009.

(Method of calculation of cash dividends)

In accordance with Section 37.1.1 of the bylaws set forth by BLife for distributions of cash dividends, the amount of dividends payable is limited by the amount of income and more than 90% of income available for distributions of dividends of BLife as set forth in Section 67.15 of the Special Taxation Measures Law.

On July 15, 2009, BLife set income available for distributions of dividends at ¥548,657,880, the maximum integral multiple of the 49,260 units issued not exceeding unappropriated income at May 31, 2009.

No cash distribution exceeding the income amount set forth in Section 37.1.2 of the bylaws of this investment corporation shall be made.

- (b) For the period from June 1, 2009 to November 30, 2009

Cash dividends

On January 15, 2010, BLife's Board of Directors approved a resolution for the payment of cash dividends of ¥8,862 per unit, aggregating to ¥436,542,120 (\$5,028,707), to unitholders of record as of November 30, 2009.

(Method of calculation of cash dividends)

In accordance with Section 37.1.1 of the bylaws set forth by BLife for distributions of cash dividends, the amount of dividends payable is limited by the amount of income and more than 90% of income available for distributions of dividends of BLife as set forth in Section 67.15 of the Special Taxation Measures Law.

On January 15, 2010, BLife set income available for distributions of dividends at ¥436,542,120 (\$5,028,707), the maximum integral multiple of the 49,260 units issued not exceeding unappropriated income at November 30, 2009.

No cash distribution exceeding the income amount set forth in Section 37.1.2 of the bylaws of this investment corporation shall be made.

13. Supplementary Information

For the period from June 1, 2009 to November 30, 2009

a) Details of Merger

1) Name of the acquired company

New City Residence Investment Corporation (hereinafter referred to as "NCR")

2) Business type

Real estate property management

3) Purpose of merger

After changing its main sponsor to Daiwa House Industry in December 2008, BLife has been able to consider various strategies, including expansion of its business through mergers and acquisitions. The regulatory environment, including accounting and taxation rules, with regard to mergers and acquisitions between investment corporations has been made clearer than ever before. BLife also anticipates that early expansion of asset size by supporting NCR's rehabilitation through its acquisition will promote stabilization of its business and financial operations. And thus, BLife entered into a merger agreement with NCR on November 10, 2009.

4) Date of merger

April 1, 2010

5) Type of merger

This merger takes the form of an absorption-type merger, following which BLife will be the surviving company, and NCR will be dissolved.

6) Name of new entity following merger

BLife Investment Corporation

7) Background to merger

- ① BLife and Daiwa House Industry have been supporting NCR as a sponsor to help NCR restructure and avoid bankruptcy.
- ② BLife's directors shall continue to be appointed directors of new investment corporation after the merger, with no changes. NCR's directors shall be replaced with those who will be appointed by Daiwa House Industry prior to merger, to ensure the control of BLife and Daiwa House Industry over NCR.
- ③ Daiwa House Industry has acquired the shares of NCR by undertaking an allocation of new shares to third-party solely to help ensure a smooth rehabilitation of NCR.
- ④ Ostensibly, NCR has retained the largest ratio of voting rights. However, BLife has substantially led a series of capital increase schemes for NCR prior to the merger, and when deducting that capital increase by BLife, BLife's investors will hold a relatively larger ratio of voting rights than NCR, and Daiwa House Industry will become the largest holder of voting rights among shareholders.

8) Overview of NCR at time of merger (as of August 31, 2009)

	(Millions of yen)	(Millions of U.S. dollars)
Operating revenues	5,324	61
Net loss	(3,237)	(37)
Total assets	193,814	2,232
Net assets	80,488	927

b) Basis of Merger Ratio Calculation:

1) Investment unit exchange ratio

BLife shall issue 0.23 of an investment unit for each NCR investment unit.

2) Calculation basis

① The merger ratio has been reviewed based mainly on the following valuations, including comparative company analysis, discounted cash flow (DCF) analysis, market net asset value analysis, and EPS accretion/dilution analysis.

② The merger ratio has been mutually agreed by BLife and NCR after consultations based on the report on merger ratio calculation submitted by Morgan Stanley Japan Securities Co., Ltd., the financial advisor to its asset management company, appointed by BLife and based on advice by Citi Group Global Markets Japan Inc. appointed by NCR as its financial advisor.

3) Number of investment units to be issued

69,475 units (scheduled)

14. Changes in Investment Units Issued

The quantity of investment units issued and the changes in total unitholders' capital for the current and previous periods are reported as follows:

Date	Type	Investment units issued (Units)		Total unitholders' capital (Millions of yen)		Comments
		Change in quantity	Balance	Amount of change	Balance	
June 7, 2005	Inaugural private offering	600	600	¥ 300	¥ 300	(Note 1)
December 19, 2005	Third-party allotment	2,860	3,460	¥ 1,430	¥ 1,730	(Note 2)
March 20, 2006	Capital increase by public offering	37,800	41,260	¥18,238	¥19,968	(Note 3)
March 2, 2007	Third-party allotment	8,000	49,260	¥ 4,034	¥24,002	(Note 4)

(Note 1) BLife was established with an issue price of ¥500,000 per unit.

(Note 2) Additional units were issued at an issue price of ¥500,000 per unit to obtain funds for acquiring new properties, and BLife commenced its asset-management operations.

(Note 3) Investment units were issued at ¥500,000 per unit (underwriting value of ¥482,500) to obtain property acquisition funds by public offering.

(Note 4) Additional units were issued at an issue price of ¥504,261 per unit to obtain funds for acquiring new properties.

15. Other Supplementary Information

(a) For the period from December 1, 2008 to May 31, 2009

1) Detailed Schedule of Portfolio

Not applicable.

2) Table of Contract Amounts and Market Value of Futures Trades of Marketable Portfolio and Foreign Exchange Contract Amounts and Their Values

(Thousands of yen)

Category	Type	Contract amount		Market value
			Of those, over one year	
Transactions other than market transactions	Interest-rate cap transactions	¥15,000,000	—	¥85
Total		¥15,000,000	—	¥85

(Note 1) Contract amounts of interest-rate cap transactions are presented based on the notional principals.

(Note 2) Valued at the amounts calculated by the counterparties to the transaction contracts based on the prevailing market rate.

3) General Overview of Detailed Schedule of Real Estate

(Thousands of yen)

Type of asset		Balance at end of prior period	Increase during the period	Decrease during the period	Balance at end of the period	Less accumulated depreciation or accumulated amortization		Net book value at end of the period	Comments
							Depreciation or amortization for the period		
Tangible fixed assets	Buildings in trust	¥22,894,913	¥35,842	–	¥22,930,755	¥1,446,927	¥261,047	¥21,483,828	(Note)
	Structures in trust	22,468	–	–	22,468	3,207	791	19,260	
	Machinery and equipment in trust	388,293	–	–	388,293	73,822	11,695	314,470	
	Tools, furniture and fixtures in trust	3,406	474	–	3,881	709	342	3,171	(Note)
	Land in trust	29,879,034	–	–	29,879,034	–	–	29,879,034	
	Total	¥53,188,115	¥36,316	–	¥53,224,432	¥1,524,667	¥273,876	¥51,699,765	
Intangible fixed assets	Trademark rights	¥931	–	–	¥931	–	¥63	¥867	
	Total	¥931	–	–	¥931	–	¥63	¥867	

(Note) Details of the increase during the period are shown below.

15. Other Supplementary Information (continued)

(a) For the period from December 1, 2008 to May 31, 2009 (continued)

1. Increase in buildings in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
Cosmo Heim Musashikosugi	Waterproofing contract	Building in trust	¥25,796
Fourteen Hills East Tower	Inert gas fire extinguishing equipment (gas cylinder)	Building in trust	5,790
Fourteen Hills East Tower	Inert gas fire extinguishing equipment (control panel)	Building in trust	2,130
Inageya Yokohama Nishigaoka	Air conditioner replacement (Sushi cooking room)	Building in trust	1,006
Inageya Yokohama Nishigaoka	Air conditioner replacement (Bakery)	Building in trust	1,118
Total			¥35,842

2. Increase in tools, furniture and fixtures in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
Inageya Yokohama Nishigaoka	Air conditioner replacement (inspection room)	Tools, furniture and fixtures in trust	¥224
Inageya Yokohama Nishigaoka	Air conditioner replacement (manager's room)	Tools, furniture and fixtures in trust	249
Total			¥474

4) Detailed Schedule of Other Specific Assets

Not applicable.

5) Detailed Schedule of Investment Corporation Bonds

Not applicable.

15. Other Supplementary Information (continued)

(a) For the period from December 1, 2008 to May 31, 2009 (continued)

6) Detailed Schedule of Loans

Classification	Lender	Balance at end of prior period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at end of the period (Thousands of yen)	Average interest rate (Note 1)	Repayment deadline	Purpose of use	Comments
Current portion of long-term loans	Mizuho Bank, Ltd.	¥4,037,000	—	—	¥4,037,000	1.59006% (Note 3)	September 30, 2009	(Note 4)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,037,000	—	—	4,037,000				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,037,000	—	—	4,037,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,945,000	—	—	1,945,000				
	Shinsei Bank, Ltd.	1,945,000	—	—	1,945,000				
	Mizuho Bank, Ltd.	—	¥4,228,000	—	4,228,000	1.44006% (Note 2)	March 31, 2010	(Note 4)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	—	4,228,000	—	4,228,000				
	The Chuo Mitsui Trust and Banking Co., Ltd.	—	4,228,000	—	4,228,000				
	Subtotal	16,001,000	12,684,000	—	28,685,000	—	—	—	—
Long-term loans	Mizuho Bank, Ltd.	4,228,000	—	¥4,228,000	—	1.44006% (Note 2)	March 31, 2010	(Note 4)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,228,000	—	4,228,000	—				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000	—	4,228,000	—				
	Subtotal	12,684,000	—	12,684,000	—	—	—	—	—
Total		¥28,685,000	¥12,684,000	¥12,684,000	¥28,685,000	—	—	—	—

(Note 1) Average interest rates are loan interest rates (weighted average during the applicable term) of the corresponding lenders, and are rounded off to the nearest fifth decimal place.

(Note 2) BLife purchased an interest-rate cap contract from the Bank of Tokyo-Mitsubishi UFJ, Ltd. (notional principal: ¥10,000 million, maturity: March 31, 2010) for the purpose of hedging interest-rate risk. Through this contract, the ceiling of interest rate (Three-month Japanese Yen TIBOR) is set to 1.50000%.

(Note 3) BLife purchased an interest-rate cap contract from the Bank of Tokyo-Mitsubishi UFJ, Ltd. (notional principal: ¥5,000 million, maturity: September 30, 2009) for the purpose of hedging interest-rate risk. Through this contract, the ceiling of interest rate (Three-month Japanese Yen TIBOR) is set to 1.50000%.

(Note 4) To be used as acquisition funds for real estate properties in trust, or to refinance such funds.

15. Other Supplementary Information (continued)

(b) For the period from June 1, 2009 to November 30, 2009

1) Detailed Schedule of Portfolio

Not applicable.

2) Table of Contract Amounts and Market Value of Futures Trades of Marketable Portfolio and Foreign Exchange Contract Amounts and Their Values

(Thousands of yen)

Category	Type	Contract amount		Market value
			Of those, over one year	
Transactions other than market transactions	Interest-rate cap transactions	¥10,000,000	—	¥0
Total		¥10,000,000	—	¥0

(Thousands of U.S. dollars)

Category	Type	Contract amount		Market value
			Of those, over one year	
Transactions other than market transactions	Interest-rate cap transactions	\$115,194	—	\$0
Total		\$115,194	—	\$0

(Note 1) Contract amounts of interest-rate cap transactions are presented based on the notional principals.

(Note 2) Valued at the amounts calculated by the counterparties to the transaction contracts based on the prevailing market rate.

3) General Overview of Detailed Schedule of Real Estate

(Thousands of yen)

Type of asset		Balance at end of prior period	Increase during the period	Decrease during the period	Balance at end of the period	Less accumulated depreciation or accumulated amortization		Net book value at end of the period	Comments
							Depreciation or amortization for the period		
Tangible fixed assets	Buildings in trust	¥22,930,755	¥24,227	–	¥22,954,983	¥ 1,708,160	¥261,233	¥21,246,822	(Note)
	Structures in trust	22,468	3,644	–	26,112	4,086	878	22,026	(Note)
	Machinery and equipment in trust	388,293	–	–	388,293	85,518	11,695	302,775	
	Tools, furniture and fixtures in trust	3,881	–	–	3,881	1,051	342	2,829	
	Land in trust	29,879,034	–	–	29,879,034	–	–	29,879,034	
	Total	¥53,224,432	¥27,872	–	¥53,252,305	¥1,798,816	¥274,149	¥51,453,488	
Intangible fixed assets	Trademark rights	¥867	–	–	¥867	–	¥63	¥803	
	Total	¥867	–	–	¥867	–	¥63	¥803	

15. Other Supplementary Information (continued)

(b) For the period from June 1, 2009 to November 30, 2009 (continued)

(Thousands of U.S. dollars)

Type of asset	Balance at end of prior period	Increase during the period	Decrease during the period	Balance at end of the period	Less accumulated depreciation or accumulated amortization		Net book value at end of the period	Comments
						Depreciation or amortization for the period		
Tangible fixed assets	Buildings in trust	\$264,148	\$279	–	\$264,427	\$19,677	\$3,009	\$ 244,750 (Note)
	Structures in trust	258	41	–	300	47	10	253 (Note)
	Machinery and equipment in trust	4,472	–	–	4,472	985	134	3,487
	Tools, furniture and fixtures in trust	44	–	–	44	12	3	32
	Land in trust	344,188	–	–	344,188	–	–	344,188
	Total	\$613,114	\$321	–	\$613,435	\$20,721	\$3,158	\$ 592,713
Intangible fixed assets	Trademark rights	\$9	–	–	\$9	–	\$0	\$9
	Total	\$9	–	–	\$9	–	\$0	\$9

(Note) Details of the increase during the period are shown below.

1. Increase in buildings in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
Fourteen Hills East Tower	Inert gas fire extinguishing equipment (fan protection cover)	Building in trust	¥1,893
Qiz Ebisu	Painting stair railings	Building in trust	373
Next Form Nishiazabu	Floor replacement	Building in trust	896
Next Form Nishiazabu	Floor replacement	Building in trust	680
Next Form Nishiazabu	Building 1st and 2nd floors' stairwells	Building in trust	3,371
Next Form Nishiazabu	Building dry areas	Building in trust	4,907
IPSE Toritsudaigaku	Floor replacement	Building in trust	299
Cosmo Heim Musashikosugi	Water heater replacement	Building in trust	10,080
FOLEO TOWN Tsutsui	Interior renovation	Building in trust	815
Inageya Nishigaoka	Air conditioner replacement (kitchen)	Building in trust	909
Total			¥24,227

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
Fourteen Hills East Tower	Inert gas fire extinguishing equipment (fan protection cover)	Building in trust	\$21
Qiz Ebisu	Painting stair railings	Building in trust	4
Next Form Nishiazabu	Floor replacement	Building in trust	10
Next Form Nishiazabu	Floor replacement	Building in trust	7
Next Form Nishiazabu	Building 1st and 2nd floors' stairwells	Building in trust	38
Next Form Nishiazabu	Building dry areas	Building in trust	56
IPSE Toritsudaigaku	Floor replacement	Building in trust	3
Cosmo Heim Musashikosugi	Water heater replacement	Building in trust	116
FOLEO TOWN Tsutsui	Interior renovation	Building in trust	9
Inageya Nishigaoka	Air conditioner replacement (kitchen)	Building in trust	10
Total			\$279

15. Other Supplementary Information (continued)

2. Increase in structures in trust

(Thousands of yen)

Name of property	Name of project	Type of tangible fixed asset	Amount
Meguro Kamurozaka Residencia	New exterior planting	Structures in trust	¥1,176
Fourteen Hills East Tower	Installation of fences next to dumpsters	Structures in trust	908
Fourteen Hills East Tower	Exterior renovation	Structures in trust	305
FOLEO TOWN Tsutsui	Roof installation over bicycle parking spot	Structures in trust	1,253
Total			¥3,644

(Thousands of U.S. dollars)

Name of property	Name of project	Type of tangible fixed asset	Amount
Meguro Kamurozaka Residencia	New exterior planting	Structures in trust	\$13
Fourteen Hills East Tower	Installation of fences next to dumpsters	Structures in trust	10
Fourteen Hills East Tower	Exterior renovation	Structures in trust	3
FOLEO TOWN Tsutsui	Roof installation over bicycle parking spot	Structures in trust	14
Total			\$41

(b) For the period from June 1, 2009 to November 30, 2009 (continued)

4) Detailed Schedule of Other Specific Assets

Not applicable.

5) Detailed Schedule of Investment Corporation Bonds

Not applicable.

15. Other Supplementary Information (continued)

(b) For the period from June 1, 2009 to November 30, 2009 (continued)

6) Detailed Schedule of Loans

Classification	Lender	Balance at end of prior period (Thousands of yen) (Thousands of U.S. dollars)	Increase during the period (Thousands of yen) (Thousands of U.S. dollars)	Decrease during the period (Thousands of yen) (Thousands of U.S. dollars)	Balance at end of the period (Thousands of yen) (Thousands of U.S. dollars)	Average interest rate (Note 1)	Repayment deadline	Purpose of use	Comments
Current portion of long-term loans	Mizuho Bank, Ltd.	¥4,037,000 (\$46,503)	—	¥4,037,000 (\$46,503)	—	1.43699% (Note 3)	September 30, 2009	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,037,000 (46,503)	—	4,037,000 (46,503)	—				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,037,000 (46,503)	—	4,037,000 (46,503)	—				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,945,000 (22,405)	—	1,945,000 (22,405)	—				
	Shinsei Bank, Ltd.	1,945,000 (22,405)	—	1,945,000 (22,405)	—				
	Mizuho Bank, Ltd.	4,228,000 (48,704)	—	—	¥4,228,000 (\$48,704)	1.27011% (Note 2)	March 31, 2010	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	4,228,000 (48,704)	—	—	4,228,000 (48,704)				
	The Chuo Mitsui Trust and Banking Co., Ltd.	4,228,000 (48,704)	—	—	4,228,000 (48,704)				
	Mizuho Bank, Ltd.	—	¥27,800 (\$320)	—	27,800 (320)	1.63636% (Note 4)	September 30, 2011 (Note 4)	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	—	27,800 (320)	—	27,800 (320)				
	The Chuo Mitsui Trust and Banking Co., Ltd.	—	27,800 (320)	—	27,800 (320)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	21,720 (250)	—	21,720 (250)				
	The Sumitomo Trust and Banking Co., Ltd.	—	10,880 (125)	—	10,880 (125)				
	Subtotal	28,685,000 (330,434)	116,000 (1,336)	16,001,000 (184,322)	12,800,000 (147,448)	—	—	—	—
Long-term loans	Mizuho Bank, Ltd.	—	3,830,000 (44,119)	27,800 (320)	3,802,200 (43,799)	1.63636% (Note 4)	September 30, 2011 (Note 4)	(Note 5)	Secured without warranty
	Sumitomo Mitsui Banking Corporation	—	3,830,000 (44,119)	27,800 (320)	3,802,200 (43,799)				
	The Chuo Mitsui Trust and Banking Co., Ltd.	—	3,830,000 (44,119)	27,800 (320)	3,802,200 (43,799)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	3,000,000 (34,558)	21,720 (250)	2,978,280 (34,308)				
	The Sumitomo Trust and Banking Co., Ltd.	—	1,500,000 (17,279)	10,880 (125)	1,489,120 (17,153)				
	Subtotal	—	15,990,000 (184,195)	116,000 (1,336)	15,874,000 (182,859)	—	—	—	—
Total		¥28,685,000 (\$330,434)	¥16,106,000 (\$185,531)	¥16,117,000 (\$185,658)	¥28,674,000 (\$330,307)	—	—	—	—

(Note 1) Average interest rates are loan interest rates (weighted average during the applicable term) of the corresponding lenders, and are rounded off to the nearest fifth decimal place.

(Note 2) BLife purchased an interest-rate cap contract from the Bank of Tokyo-Mitsubishi UFJ, Ltd. (notional principal: ¥10,000 million, maturity: March 31, 2010) for the purpose of hedging interest-rate risk. Through this contract, the ceiling of interest rate (Three-month Japanese Yen TIBOR) is set to 1.50000%.

(Note 3) BLife purchased an interest-rate cap contract from the Bank of Tokyo-Mitsubishi UFJ, Ltd. (notional principal: ¥5,000 million, maturity: September 30, 2009) for the purpose of hedging interest-rate risk. Through this contract, the ceiling of interest rate (Three-month Japanese Yen TIBOR) is set to 1.50000%.

(Note 4) Principal repayment shall be made in the amount of ¥29 million as the first installation on December 30, 2009, and respective installations on the last day of the following months of March, June, September, and December every calendar year (or on the preceding business day, if such due date is not a business day), and the remaining balance shall be paid on the date of maturity.

(Note 5) To be used as acquisition funds for real estate properties in trust, or to refinance such funds.

(Note 6) Scheduled payment per year for long-term loans (excluding those scheduled to be paid off within one year) within a period of 5 years from the end of the fiscal period is as follows;

(Thousands of yen)

Classification	2nd year	3rd year	4th year	5th year
Long-term loans	15,874,000	—	—	—

(Thousands of U.S. dollars)

Classification	2nd year	3rd year	4th year	5th year
Long-term loans	182,859	—	—	—