



BLife Investment Corporation

**Presentation Material for the Seventh Fiscal Period
(December 1, 2008 - May 31, 2009)**



(Asset Management Company)

DAIWA HOUSE MORIMOTO ASSET MANAGEMENT Co., Ltd.

Financial Instruments Dealer, Kanto Financial Bureau Director (Kin-sho) No. 409
Member of The Investment Trusts Association, Japan

**Daiwa Morimoto
Asset Management**

 **Daiwa House Group®**



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All photos used in this material are photos of properties managed by BLife Investment Corporation except for the property photos on pages 33 and 34.

Overview of BLife Investment Corporation

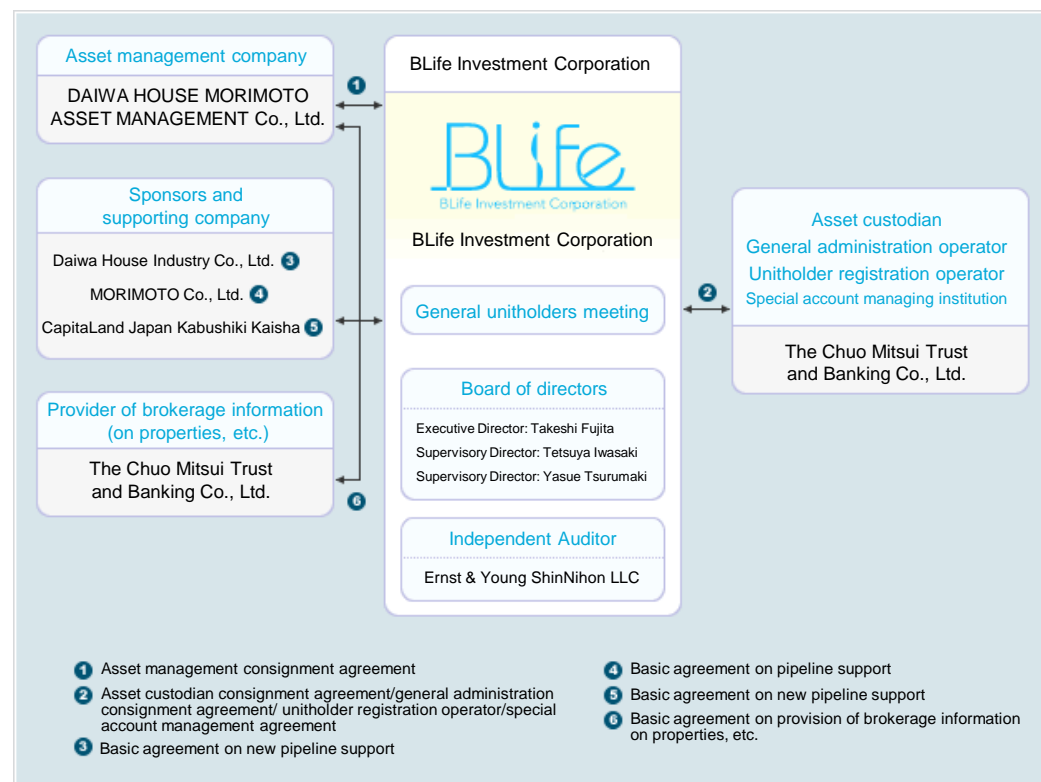


Investing in residential properties with stable rent and also retail properties for diversification of risks

The name BLife is derived from “Beautiful Life and Home,” our wish for our tenants.

IPO	March 22, 2006
Fiscal Periods	6 months through May and November
Sponsors	Daiwa House Industry, MORIMOTO
Portfolio Size (Properties) *	24 (22 residential, 2 retail)
Portfolio Size (Acquisition Price) *	51,139 million yen
Number of Investment Units *	49,260

*) As of the date of this material





Seventh Fiscal Period Highlights

■ Distribution per Unit for the Seventh Fiscal Period

- (1) Actual distribution per unit: 11,138 yen
- (2) Result exceeding the forecast announced on January 16, 2009 by 138 yen

■ Internal Growth and Clarification of Growth Strategy

- (1) Average occupancy rate in the seventh fiscal period was 89.9% (residential properties 89.5%, retail properties 91.8%), underperforming the projection. Rent, which had been on the increase, began to decline and performance struggled particularly with respect to high rent units
- (2) Focusing on improving occupancy situation in the future, studied leasing measures aimed at an occupancy rate recovery, and deployed drastic measures including support from Daiwa House Group
- (3) Conducted performance analysis on residential properties under management and clarified the direction of portfolio optimization in light of economic trends and the real estate market situation

■ Financial Strategy

- (1) Good relations maintained with large financial institutions, mainly three banks among them which are shareholders of the asset management company
- (2) Although currently negotiating the conditions of bank loans with maturity dates expiring at the end of September 2009, refinancing is expected to be obtained without any problems
- (3) Negotiations have started to expand transactions to include financial institutions closely related to Daiwa House Group

■ Support from Daiwa House Industry

- (1) Provision of warehousing function by Daiwa House ⇒ Daiwa House purchased three properties and it is helping to securing assets tied to future growth of BLife
- (2) Leasing support by the Daiwa House Group has started
- (3) Various growth strategies have been discussed including investment corporation merger strategies and fund procurement strategies

Summary of Seventh Fiscal Period Financial Results

	Second Fiscal Period* (Ended November 2006)	Third Fiscal Period (Ended May 2007)	Fourth Fiscal Period (Ended November 2007)	Fifth Fiscal Period (Ended May 2008)	Sixth Fiscal Period (Ended November 2008)	Seventh Fiscal Period (Ended May 2009)	Period-on-period Comparison	
							Variation	Variation rate
Operating revenue	1,597 mn yen	1,315 mn yen	1,551 mn yen	1,658 mn yen	1,675 mn yen	1,558 mn yen	-116 mn yen	-7.0%
Operating income	1,048 mn yen	852 mn yen	909 mn yen	977 mn yen	949 mn yen	854 mn yen	-95 mn yen	-10.1%
Ordinary income	732 mn yen	721 mn yen	637 mn yen	654 mn yen	619 mn yen	549 mn yen	-70 mn yen	-11.4%
Net income	730 mn yen	720 mn yen	637 mn yen	653 mn yen	612 mn yen	548 mn yen	-63 mn yen	-10.4%
Distribution per unit	17,337 yen	14,619 yen	12,936 yen	13,262 yen	12,434 yen	11,138 yen	-1,296 yen	-10.4%
(after deducting gains on real estate sales)	(17,337 yen)	(10,413 yen)	(12,813 yen)	(13,262 yen)	(12,434 yen)	(11,138 yen)	(-1,296 yen)	—%
Outstanding investment units issued at end of fiscal period	41,260 units	49,260 units	49,260 units	49,260 units	49,260 units	49,260 yen	—Units	—%
Management period	273 days	182 days	183 days	183 days	183 days	182 days	-1 day	—%

*) The calculation period for the second fiscal period of BLife Investment Corporation is 365 days from December 1, 2005 to November 30, 2006. However, the figure was set at 273 days as a result of the weighted average (on an acquisition price basis) of 254 days for the management of the 2 properties that started operation on December 20, 2005 (total acquisition price: 6,420 million yen) and the 12 properties that started operation on March 22, 2006 (same: 25,598 million yen).

Profit on sales of property	—	207 mn yen	6 mn yen	—	—	—	—	—
Real estate lease business revenue	1,597 mn yen	1,108 mn yen	1,545 mn yen	1,658 mn yen	1,675 mn yen	1,558 mn yen	-116 mn yen	-7.0%
Real estate expenses related to rent business	465 mn yen	342 mn yen	509 mn yen	529 mn yen	550 mn yen	542 mn yen	-7 mn yen	-1.3%
Real estate lease business income	1,131 mn yen	765 mn yen	1,035 mn yen	1,128 mn yen	1,125 mn yen	1,016 mn yen	-109 mn yen	-9.7%
Rent NOI	1,410 mn yen	953 mn yen	1,307 mn yen	1,401 mn yen	1,398 mn yen	1,289 mn yen	-108 mn yen	-7.7%
NOI yield *	5.89%	5.38%	5.10%	5.47%	5.45%	5.06%	-0.39%	

*) NOI yield is calculated by subtracting the rent NOI (lease business revenue + other lease business expenses – real estate expenses related to rent business+ depreciation and amortization), pro rata over 365 days, from the total end of period acquisition price.

<Portfolio at end of fiscal period>

Number of owned properties	14	15	24	24	24	24	—	—
Total acquisition price *	32,018 mn yen	35,511 mn yen	51,139 mn yen	51,139 mn yen	51,139 mn yen	51,139 mn yen	—	—
Leasable units	896 units (Store: 17 units)	938 units (Store: 26 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	—	—
Properties acquired in the fiscal period *	14 / 32,018 mn yen	3 / 4,820 mn yen	10 / 16,078 mn yen	—	—	—		
Properties sold in the fiscal period *	—	2 / 1,645 mn yen	1 / 480 mn yen	—	—	—		
Average occupancy rate in the fiscal period	94.0%	96.2%	95.9%	96.1%	94.4%	89.9%	-4.5%	
Occupancy rate at end of fiscal period	96.6%	95.8%	96.7%	95.4%	93.7%	88.0%	-5.7%	

*) Figures indicate the number of properties and total acquisition price or sale price. Expenses related to acquisition or sale, settlement of taxes and public charges and consumption taxes are excluded.

Variation Between Forecasts (announced on January 16, 2009) and Actual Results for Seventh Fiscal Period

	Forecasts for Seventh Fiscal Period	Actual Results for Seventh Fiscal Period (Ended May 2009)	Variation	Factors of Variation
Operating revenue	1,600 mn yen	1,558 mn yen	-42 mn yen	1. Operating revenue down significantly due to the followings: (1) Residence occupancy rate did not attain forecast (forecast: 94.1%; actual: 90.3%), key money revenue also did not attain forecast (2) Delay in achieving 100% occupancy at FOLEO TOWN Tsutsui (from planned date of April 1 to June 26) 2. Breakdown; (1) Rent -82 million yen (2) Cancellation penalties and restoration cost +35 million yen (3) Others +5 million yen
Operating expenses	743 mn yen	704 mn yen	-39 mn yen	1. Expenses related to rent business -21 million yen (1) Brokerage fees -17 million yen (2) Management fees 12 million yen (Due to expenses related to litigation with re-plus inc.*) (3) Restoration cost -7 million yen (4) Others -9 million yen 2. General and administrative expenses -17 million yen absorbed by reducing expenses and by unused portion of allocated contingencies
Operating income	856 mn yen	854 mn yen	-2 mn yen	
Ordinary income	543 mn yen	549 mn yen	6 mn yen	1. Non-operating income and expenses -7 million yen Because the bank loan base rate (Tibor) continued at a low position, interest expenses were reduced by 8 million yen
Net income	541 mn yen	548 mn yen	7 mn yen	
Distribution per unit	11,000 yen	11,138 yen	138 yen	

*) Rent guarantee insurance company

Eighth Fiscal Period Forecasts

	Actual Results for Seventh Fiscal Period (Ended May 2009)	Forecasts for Eighth Fiscal Period (Ending November 2009)	Variation
Operating revenue	1,558 mn yen	1,464 mn yen	-94 mn yen
Operating income	854 mn yen	753 mn yen	-101 mn yen
Ordinary income	549 mn yen	454 mn yen	-95 mn yen
Net income	548 mn yen	453 mn yen	-95 mn yen
Distribution per unit	11,138 yen	9,200 yen	-1,938 yen

<Preconditions of Forecasts for Eighth Fiscal Period>

- Assets under management: There will be no changes (such as acquisition of new properties and sale of existing properties) through the end of the eighth fiscal period concerning the 24 properties held as of the end of the seventh fiscal period
- Average occupancy rate in the eighth fiscal period: 90.4%
- Total outstanding investment units issued: There will be no change to the total outstanding investment units issued (49,260 units as of the end of the seventh fiscal period) through the end of the eighth fiscal period
- Balance of loans: Of the 28,685 million yen in outstanding loans at the end of the seventh fiscal period, 16,001 million yen will reach the maturity date for repayment in September 2009 and 16,000 million yen will be refinanced
- Depreciation and amortization planned for the eighth fiscal period: 273 million yen



Selected Financial Data

	Second Fiscal Period (Ended November 2006)	Third Fiscal Period (Ended May 2007)	Fourth Fiscal Period (Ended November 2007)	Fifth Fiscal Period (Ended May 2008)	Sixth Fiscal Period (Ended November 2008)	Seventh Fiscal Period (Ended May 2009)	Period-on-period Comparison
Management period	273 days *1	182 days	183 days	183 days	183 days	182 days	-1 day
Total assets	35,338 mn yen	39,064 mn yen	55,534 mn yen	55,546 mn yen	54,618 mn yen	54,456 mn yen	-161 mn yen
Net assets	20,684 mn yen	24,725 mn yen	24,642 mn yen	24,667 mn yen	24,615 mn yen	24,551 mn yen	-64 mn yen
Unitholders' capital	19,968 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	—
Total outstanding investment units issued	41,260 units	49,260 units	49,260 units	49,260 units	49,260 units	49,260 units	—
Net assets per unit	501,314 yen	501,940 yen	500,247 yen	500,752 yen	499,712 yen	498,402 yen	-1,310 yen
Distribution per unit	17,337 yen	14,619 yen	12,936 yen	13,262 yen	12,434 yen	11,138 yen	-1,296 yen
Return on assets (ROA) *2	4.1%	3.9%	2.7%	2.3%	2.2%	2.0%	-0.2%
Return on equity (ROE) *3	7.0%	6.4%	5.1%	5.3%	5.0%	4.5%	-0.5%
Net asset ratio at end of fiscal period *4	58.5%	63.3%	44.4%	44.4%	45.1%	45.1%	—
Number of properties	14	15	24	24	24	24	—
Leasable units	896 units (Store: 17 units)	938 units (Store: 17 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	1,350 units (Store: 30 units)	— (—)
Leasable area *5	34,350.24m ² (Store: 3,374.54m ²)	40,872.16m ² (Store: 7,420.24m ²)	57,656.70m ² (Store: 10,450.47m ²)	57,657.42m ² (Store: 10,450.47m ²)	57,660.40m ² (Store: 10,450.47m ²)	57,660.40m ² (Store: 10,450.47m ²)	— (—)
Average occupancy rate in the fiscal period	94.0%	96.2%	95.9%	96.1%	94.4%	89.9%	-4.5%
Occupancy rate at end of fiscal period	96.6%	95.8%	96.7%	95.4%	93.7%	88.0%	-5.7%
Current depreciation and amortization	278 mn yen	187 mn yen	271 mn yen	272 mn yen	272 mn yen	273 mn yen	1 mn yen
Rent NOI *6	1,410 mn yen	953 mn yen	1,307 mn yen	1,401 mn yen	1,398 mn yen	1,289 mn yen	-108 mn yen
FFO per unit *7	24,597 yen	14,340 yen	18,450 yen	18,916 yen	18,095 yen	16,818 yen	1,277 yen
Debt service coverage ratio *8	9.3x	12.1x	6.2x	5.3x	4.7x	4.8x	0.1x
Total interest-bearing liabilities	13,900 mn yen	13,241 mn yen	29,495 mn yen	29,488 mn yen	28,685 mn yen	28,685 mn yen	—
LTV (interest-bearing liabilities/total assets)	39.3%	33.9%	53.1%	53.1%	52.5%	52.7%	0.2%

*1) The calculation period for the second fiscal period of BLife Investment Corporation is 365 days from December 1, 2005 to November 30, 2006. However, the figure was set at 273 days as a result of the weighted average (on an acquisition price basis) of 254 days for the management of the 2 properties that started operation on December 20, 2005 (total acquisition price: 6,420 million yen) and the 12 properties that started operation on March 22, 2006 (same: 25,598 million yen).

*2) Return on assets (ROA) = Ordinary income/(total assets at beginning of fiscal period + total assets at end of fiscal period)/2) x 100, annualized based on management period

*3) Return on equity (ROE) = Net income/(net assets at beginning of fiscal period + net assets at end of fiscal period)/2) x 100, annualized based on management period

*4) Net asset ratio at end of fiscal period = Net assets at end of fiscal period/total assets at end of fiscal period

*5) The leasable area of S-2 INAGEYA Yokohama Nishigaoka, which was acquired in the fourth fiscal period and is continually owned at the end of the sixth fiscal period is larger than the total floor area of 2,221.32m² under the Real Estate Registration Law, as the lease agreement was concluded to include the space below the floors and other areas that were not calculated in the total floor area.

*6) Rent NOI = Lease business revenue + other lease business expenses – real estate expenses related to rent business+ depreciation and amortization

*7) FFO per unit = (Net income + depreciation and amortization + other amortization expenses – real estate capital gains)/total outstanding investment units issued

*8) Debt service coverage ratio = Net income before interest amortization/interest expenses

Portfolio of BLife Investment Corporation

Area	Property No.	Type	Name	Address	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (million yen)	Investment Ratio (%)
1	J-1	D	Meguro Kamurozaka Residencia	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	8.8
	J-3	D	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,249.98 (Store: 1,954.05)	93 (Store: 10)	7,650	15.0
	J-4	D	IPSE Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,493.83 (Store: 212.55)	96 (Store: 1)	4,500	8.8
	J-5	D	IPSE Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	5.1
	J-6	D	IPSE Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	4.9
	J-7	D	Next Form Nishiazabu	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,627.06 (Store: 738.95)	22 (Store: 1)	2,220	4.3
	J-8	D	IPSE Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73 (Store: 40.14)	51 (Store: 1)	1,200	2.3
	J-10	D	IPSE Torisudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	1.3
	J-15	D	IPSE Tokyo East	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	4.5
	J-16	D	IPSE Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30 (Store: 194.88)	52 (Store: 1)	1,110	2.2
	J-17	D	IPSE Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	5.7
	J-18	D	IPSE AzabujubanDUO	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	5.3
	J-19	D	IPSE Shinjuku Natsumezaka	10 Kikuicho, Shinjuku Ward, Tokyo	1,917.62 (Store: 395.22)	41 (Store: 1)	1,865	3.6
	J-20	S	UNIROYAL Ginza	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	3.5
	J-21	D	IPSE Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35 (Store: 291.75)	29 (Store: 2)	1,450	2.8
	J-22	D	IPSE Shibuya Tiers	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	2.7
	J-2	S	Fourteen Hills East Tower	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi Prefecture	3,548.48 (Store: 257.40)	131 (Store: 1)	1,920	3.8
	J-13	F	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa Prefecture	4,208.83	59	1,674	3.3
	J-14	S	Comfort Time Otsuka	2-19-7 Kita Otsuka, Toshima Ward, Tokyo	1,204.61	55	779	1.5
	J-23	S	IPSE Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	2.9
	J-24	D	IPSE Kikugawa	2-1-12 Kikugawa, Sumida Ward, Tokyo	1,168.18	43	817	1.6
	J-25	D	IPSE Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa Prefecture	1,452.09	32	666	1.3
Total of Residential Properties					51,294.87 (Store: 4,084.94)	1,338 (Store: 18)	48,729	95.3
4	S-1	—	FOLEO TOWN Tsutsui	531-1 Tsutsuimachi, Yamato Koriyama City, Nara Prefecture	4,022.27 (Store: 4,022.27)	11 (Store: 11)	1,410	2.8
2	S-2	—	INAGEYA Yokohama Nishigaoka	1-2-1 Nishigaoka, Izumi Ward, Yokohama City, Kanagawa Prefecture	2,343.26 (Store: 2,343.26)	1 (Store: 1)	1,000	2.0
Total of Retail Properties					6,365.53 (Store: 6,365.53)	12 (Store: 12)	2,410	4.7
Total Owned Assets					57,660.40 (Store: 10,450.47)	1,350 (Store: 30)	51,139	100.0

*1) "Area 1" indicated in the Area column means Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward, Shinjuku Ward, Meguro Ward, Shinagawa Ward, Setagaya Ward and Ota Ward of Tokyo. "Area 2" means the 23 wards of Tokyo excluding Area 1 and Yokohama City, Kawasaki City, Osaka City, Nagoya City, Fukuoka City and their surrounding areas. "Area 4" means other cities (areas with a population of around 100,000) excluding Area 1, Area 2, the Tokyo Metropolitan Area (Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture but excluding Area 1 and Area 2), government-designated cities, prefectural capitals, cities with a population of around 300,000 and similar areas.

*2) The Investment Ratio column indicates the ratio of each acquisition price against the total acquisition price. The figures are rounded to the first decimal place.

*3) The leasable area of S-2 INAGEYA Yokohama Nishigaoka is larger than the total floor area of 2,221.32m² under the Real Estate Registration Law, as the lease agreement was concluded to include the space below the floors and other areas that were not calculated in the total floor area.



Overview of Portfolio

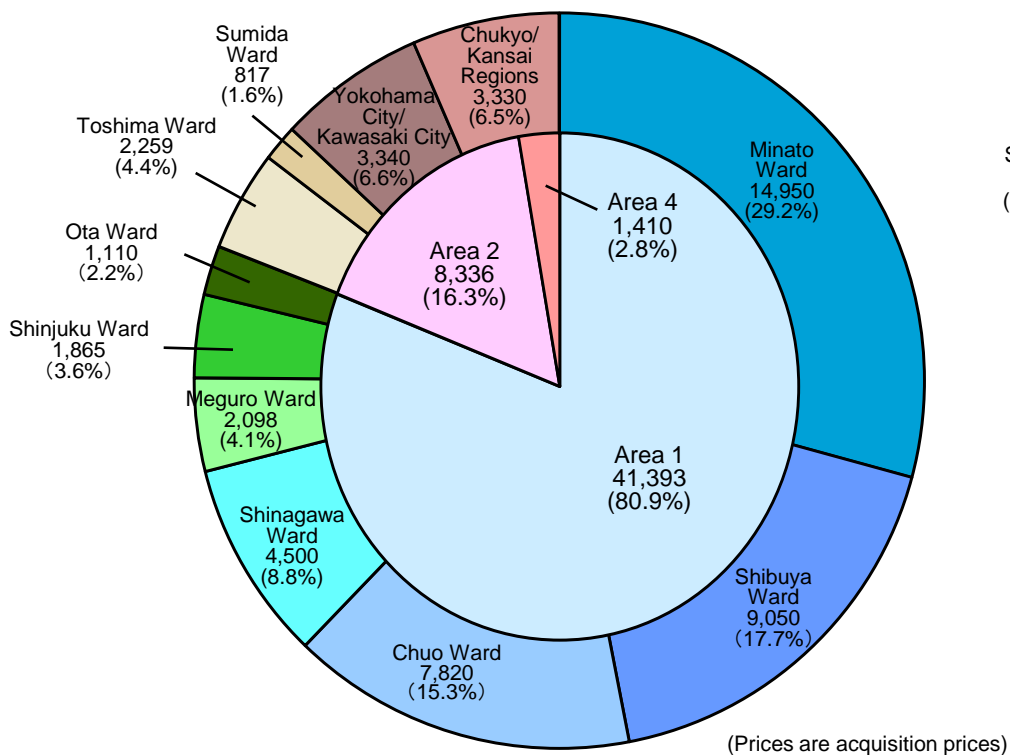
The Strength of the BLife Portfolio (as of May 31, 2009)

- About 80.9% of the properties boast excellent locations in Area 1 (the 9 major wards of Tokyo)
- The average age of the properties is approx. 4.9 years
- The properties have great transportation accessibility with an average walking distance from the nearest train station of approx. 4.1 minutes
- The PML* for the portfolio is 5.3% *) Probable Maximum Loss

Portfolio Breakdown by Area

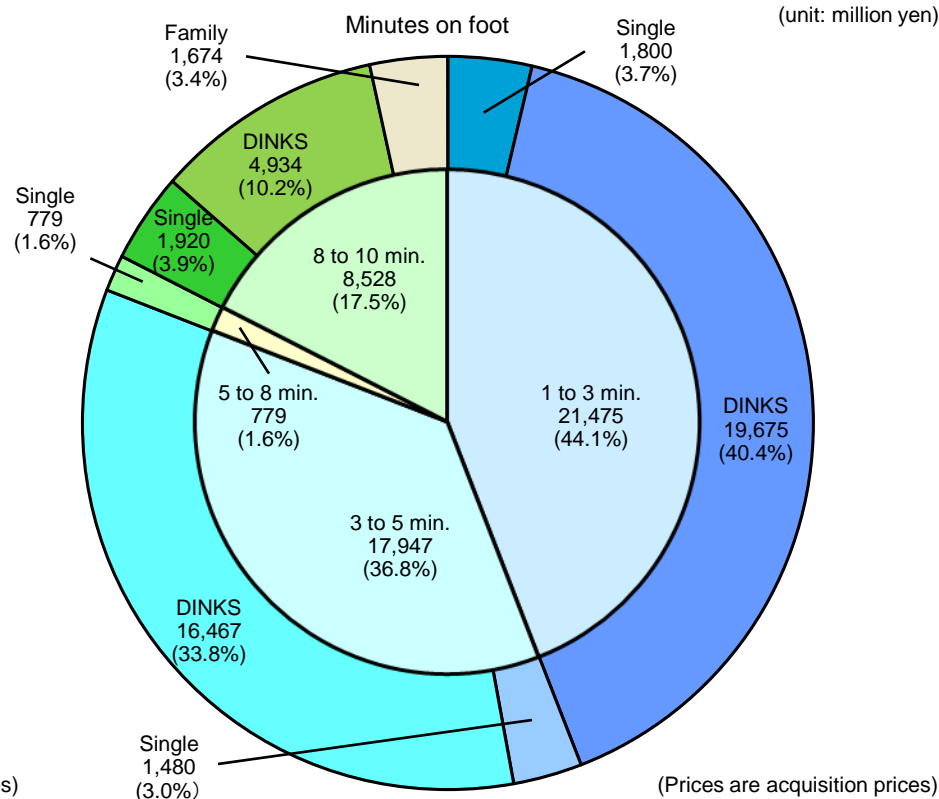
(% based on acquisition price)

(unit: million yen)



Minutes on Foot from Nearest Train Station and Condominium Unit Type (Residential Properties)

(unit: million yen)



Real Estate Appraisal Values

Appraisal Values and Appraisal Rates

(unit: million yen / % (appraisal rate))

Area	Property No.	Property Name (Owned Properties as of May 31, 2009)	Appraiser	Acquisition Price	Book Value as of May 31, 2009	Appraisal Value		Comparison to Acquisition Price	Comparison to Book Value	Comparison to End of Previous Fiscal Period
						Appraisal Value as of November 30, 2008	Appraisal Value as of May 31, 2009			
						(3)	(4)			
				(1)	(2)	(3)	(4)	(4) - (1)	(4) - (2)	(4) - (3)
1	J-1	Meguro Kamurozaka Residencia	Daiwa	4,500	4,476	4,400	4,200	-300	-276	-200
	J-3	Qiz Ebisu	Tanizawa	7,650	7,667	9,110	8,820	1,170	1,153	-290
	J-4	IPSE Azabujuban Shichimenzaka	Chuo	4,500	4,525	4,890	4,670	170	145	-220
	J-5	IPSE Shibakoen	Tanizawa	2,630	2,647	2,610	2,350	-280	-297	-260
	J-6	IPSE Ginza	Tanizawa	2,520	2,541	2,530	2,330	-190	-211	-200
	J-7	Next Form Nishiazabu	Tanizawa	2,220	2,225	2,400	2,220	0	-5	-180
	J-8	IPSE Nihonbashi	Tanizawa	1,200	1,205	1,290	1,150	-50	-55	-140
	J-10	IPSE Toritsudaigaku	Chuo	648	644	635	582	-66	-62	-53
	J-15	IPSE Tokyo East	Tanizawa	2,300	2,343	2,390	2,180	-120	-163	-210
	J-16	IPSE Yukigaya	Tanizawa	1,110	1,123	1,110	1,040	-70	-83	-70
	J-17	IPSE Azabujuban	Chuo	2,910	2,967	2,910	2,760	-150	-207	-150
	J-18	IPSE Azabujuban DUO	Chuo	2,690	2,742	2,660	2,530	-160	-212	-130
	J-19	IPSE Shinjuku Natsumezaka	Chuo	1,865	1,894	1,830	1,790	-75	-104	-40
	J-20	UNIROYAL Ginza	Tanizawa	1,800	1,836	1,770	1,610	-190	-226	-160
	J-21	IPSE Yutenji	Chuo	1,450	1,471	1,430	1,410	-40	-61	-20
	J-22	IPSE Shibuya Tiers	Tanizawa	1,400	1,430	1,400	1,250	-150	-180	-150
	Total of Residential Properties in Area 1			41,393	41,736	43,365	40,892	-501	-845	-2,473
2	J-2	Fourteen Hills East Tower	Chuo	1,920	1,942	1,850	1,820	-100	-122	-30
	J-13	Cosmo Heim Musashikosugi	Chuo	1,674	1,707	1,630	1,600	-74	-107	-30
	J-14	Comfort Time Otsuka	Tanizawa	779	784	895	788	9	4	-107
	J-23	IPSE Otsuka	Chuo	1,480	1,506	1,440	1,430	-50	-76	-10
	J-24	IPSE Kikugawa	Tanizawa	817	833	813	758	-59	-75	-55
	J-25	IPSE Tsurumi	Chuo	666	683	674	668	2	-15	-6
	Total of Residential Properties in Area 2			7,336	7,455	7,302	7,064	-272	-391	-238
4	S-1	FOLEO TOWN Tsutsui	Daiwa	1,410	1,439	1,310	1,240	-170	-199	-70
2	S-2	INAGEYA Yokohama Nishigaoka	JREI	1,000	1,057	926	896	-104	-161	-30
Total of Retail Properties				2,410	2,496	2,236	2,136	-274	-360	-100
Total Owned Assets				51,139	51,687	52,903	50,092	-1,047	-1,596	-2,811

Appraisal Rate					
As of November 30, 2008			As of May 31, 2009		
Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method	
CR	DR	TCR	CR	DR	TCR
4.7	4.5	4.9	4.9	4.7	5.1
4.6	4.8	4.9	4.8	5.0	5.1
4.5	4.2	4.8	4.7	4.4	5.0
4.9	5.1	5.2	5.2	5.4	5.5
4.9	4.9	5.2	5.2	5.2	5.5
4.7	*1	5.0	4.9	5.1	5.2
5.0	5.1	5.3	5.3	5.4	5.6
5.8	5.5	6.3	5.9	5.6	6.4
5.0	5.1	5.3	5.3	5.4	5.6
5.1	5.2	5.4	5.4	5.5	5.7
4.5	4.2	4.8	4.7	4.4	5.0
4.4	4.1	4.7	4.6	4.3	4.9
4.8	4.5	5.3	4.9	4.6	5.4
4.9	5.0	5.2	5.2	5.3	5.5
4.7	4.4	5.3	5.0	4.5	5.5
4.7	4.9	5.0	5.0	5.2	5.3
5.7	5.4	6.2	5.8	5.5	6.3
5.8	5.5	6.3	5.9	5.6	6.4
5.2	5.3	5.5	5.5	5.6	5.8
4.9	4.6	5.4	5.0	4.7	5.5
5.2	5.2	5.5	5.5	5.5	5.8
5.8	5.5	6.3	5.9	5.6	6.4
6.3	6.1	6.8	6.6	6.4	7.1
5.7	5.3	5.8	5.9	5.5	6.0

CR: Cap Rate DR: Discount Rate TCR: Terminal Cap Rate

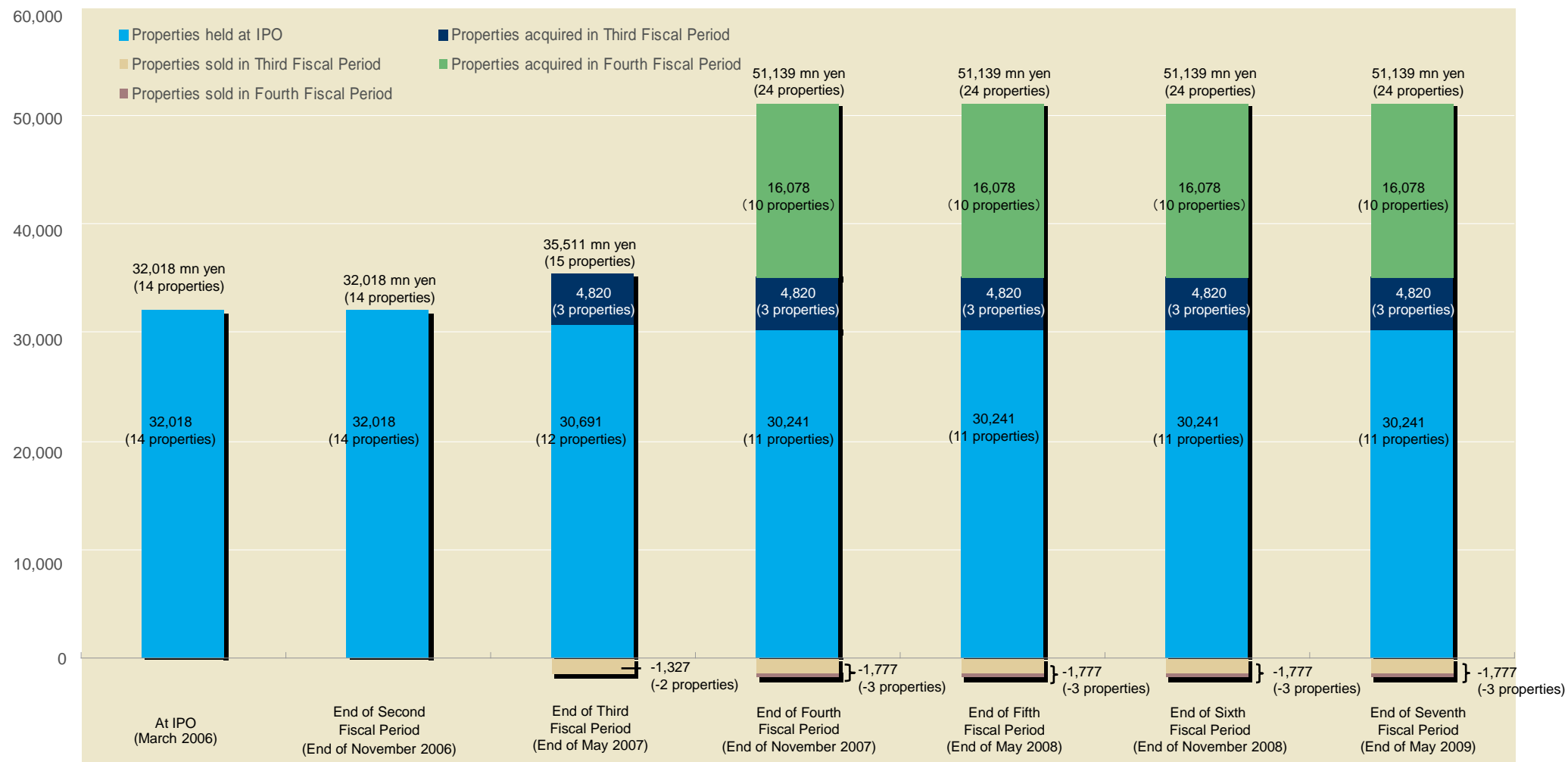
*1) 5.4 for initial year, 4.9 for second year and after



External Growth

History of External Growth

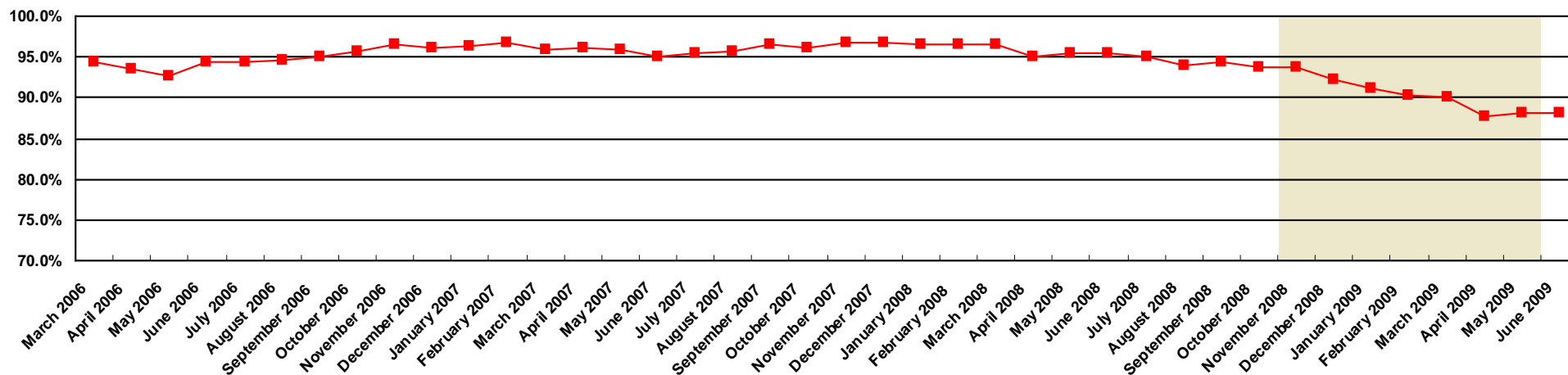
(million yen)



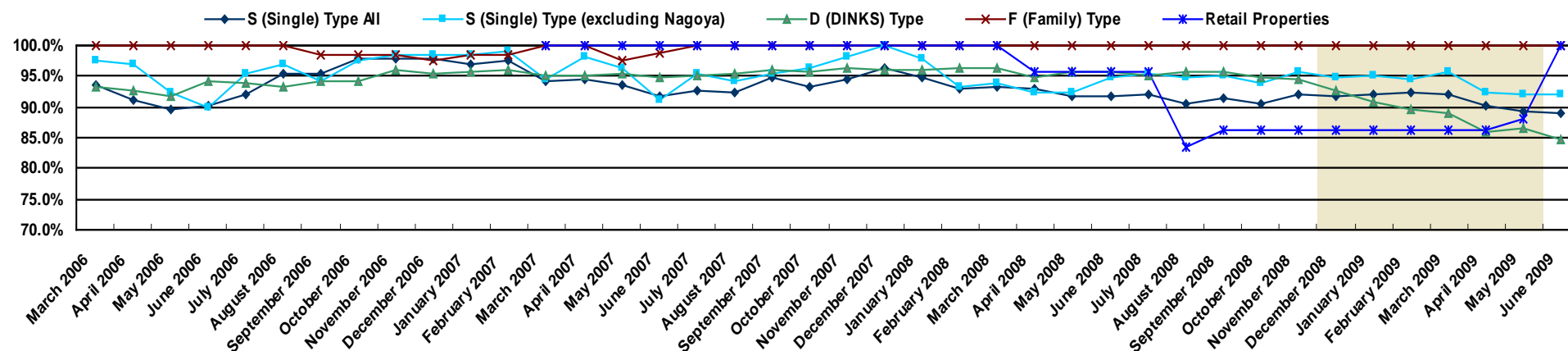


Transition of Occupancy Rate (By Type)

Transition of Portfolio Occupancy Rate



Transition of Occupancy Rate by Residential Property (Type) and Retail Property

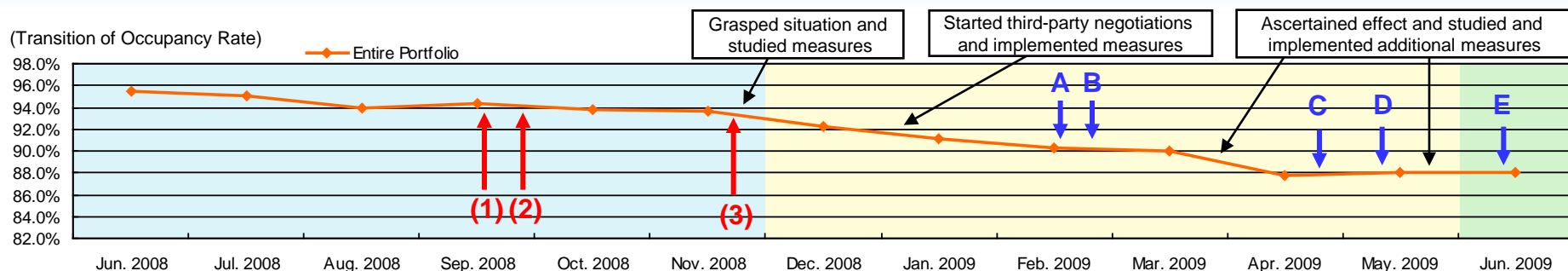


*1) Single type are studio-type rooms less than 25m² (approx.) aimed at mid-level income singles.

*2) DINKS type are studio~1LDK type units more than 25m² (approx.) aimed at childless dual-income couples and high-level income singles.

*3) Family type are units that are 2LDK or more rooms between 25m²~100m² (approx.) aimed at mid-level income families.

Leasing Situation and Measures



New Leases and Cancellations

	Sixth Fiscal Period						Seventh Fiscal Period						Eighth Fiscal Period
	Jun. 2008	Jul. 2008	Aug. 2008	Sep. 2008	Oct. 2008	Nov. 2008	Dec. 2008	Jan. 2009	Feb. 2009	Mar. 2009	Apr. 2009	May 2009	Jun. 2009
New leases	31	24	34	30	23	18	19	19	26	19	18	27	34
Cancellations	21	41	23	29	26	29	32	32	38	26	52	27	37

Comparison of New Leases and Cancellations (sixth and seventh fiscal periods)

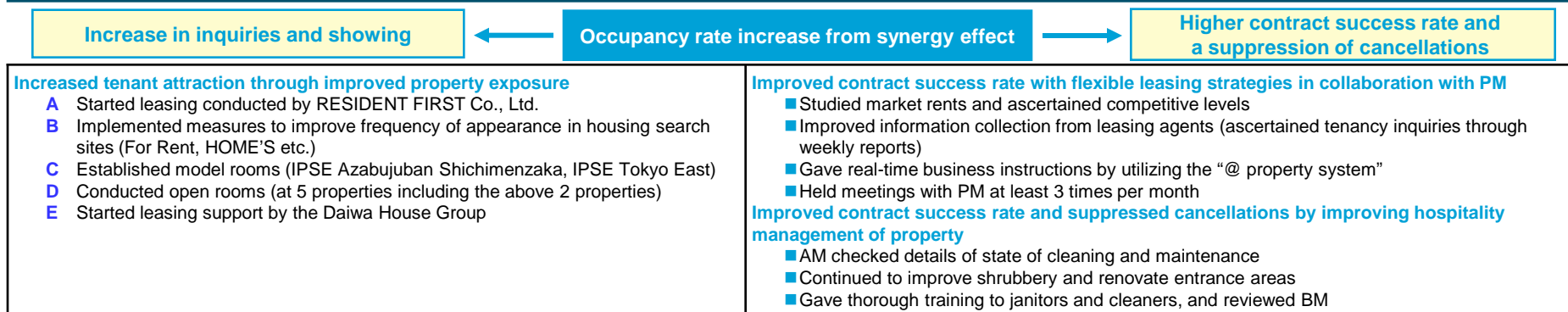
	Sixth Fiscal Period	Monthly Average		Seventh Fiscal Period	Monthly Average
New leases (1)	160	26.7	New leases (1)	128	21.3
Cancellations (2)	169	28.2	Cancellations (2)	207	34.5
(1) - (2)	-9	-1.5	(1) - (2)	-79	-13.2

Negative Factors

- (1) Lehman Brothers bankruptcy (9/15) → reversal of Japan's economy
- (2) re-plus inc.* bankruptcy (9/24) → some tenants were no longer guaranteed
(currently it is possible to use 2 guarantee companies)
- (3) MORIMOTO civil rehabilitation (11/28) → drop in leasing capability

*) Rent guarantee insurance company

Measures and Strategies



Portfolio Performance Analysis *Residential Only

[All]		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	95.8%	(0.3%)	95.1%	(-0.7%)	90.3%	(-4.8%)
	Average Monthly Rent per Tsubo (unit: yen)	14,790	(-0.12%)	14,799	(0.06%)	14,770	(-0.20%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	66	261,000	70	765,647	51	227,000
	Rent Decrease	22	-91,000	24	-195,500	33	-410,000
	No Rent Revision	45	-	22	-	11	-
	Total	133	170,000	116	570,147	95	-183,000

[Area 1 All (9 major wards of Tokyo)] *1		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	95.8%	(0.6%)	95.0%	(-0.8%)	88.8%	(-6.2%)
	Average Rent	16,299	(-0.03%)	16,262	(-0.23%)	16,141	(-0.74%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	49	176,000	54	282,500	38	170,000
	Rent Decrease	5	-23,000	17	-149,000	23	-331,000
	No Rent Revision	39	-	18	-	7	-
	Total	93	153,000	89	133,500	68	-161,000

[Area 1 (5 central wards)] *2		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	95.6%	(1.1%)	94.3%	(-1.3%)	87.5%	(-6.8%)
	Average Rent	16,959	(-0.08%)	16,918	(-0.24%)	16,756	(-0.96%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	37	140,000	42	257,500	25	138,000
	Rent Decrease	4	-20,000	14	-133,000	23	-331,000
	No Rent Revision	32	-	7	-	6	-
	Total	73	120,000	63	124,500	54	-193,000

[Area 1 (other 4 wards)] *3		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	96.4%	(-0.8%)	97.2%	(0.8%)	93.0%	(-4.2%)
	Average Rent	14,319	(0.15%)	14,293	(-0.18%)	14,295	(0.01%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	12	36,000	12	25,000	13	32,000
	Rent Decrease	1	-3,000	3	-16,000	0	0
	No Rent Revision	7	-	11	-	1	-
	Total	20	33,000	26	9,000	14	32,000

<Additional notes>

- Values in parentheses “()” are period-on-period changes
- Ave. rents are total of ordinary contracts excluding zero-style contracts (no security deposits)
- Sixth fiscal period's actual results of Area 2 includes the review of sublease rent for whole buildings
- Excludes properties sold during the relevant period

[Area 2 All (areas surrounding 9 major wards of Tokyo)] *4		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	95.9%	(-0.6%)	95.2%	(-0.7%)	94.6%	(-0.6%)
	Average Rent	10,797	(-0.42%)	10,867	(0.65%)	10,865	(-0.02%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	17	85,000	16	483,147	13	57,000
	Rent Decrease	17	-68,000	7	-46,500	10	-79,000
	No Rent Revision	6	-	4	-	4	-
	Total	40	17,000	27	436,647	27	-22,000

[Area 2 (Tokyo metropolitan area)]		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	97.3%	(-1.3%)	98.3%	(1.0%)	97.2%	(-1.1%)
	Average Rent	11,071	(0.52%)	11,179	(0.98%)	11,193	(0.13%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	16	83,000	16	483,147	12	55,000
	Rent Decrease	1	-1,000	0	0	3	-34,000
	No Rent Revision	4	-	0	-	4	-
	Total	21	82,000	16	483,147	19	21,000

[Area 2 (Nagoya)]		Fifth Fiscal Period		Sixth Fiscal Period		Seventh Fiscal Period	
	Average Occupancy Rate	92.2%	(1.5%)	86.6%	(-5.6%)	87.4%	(0.8%)
	Average Rent	9,416	(-1.2%)	9,344	(-0.76%)	9,272	(-0.77%)
		No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)	No. of Cases	Amount (unit: yen)
	Rent Increase	1	2,000	0	0	1	2,000
	Rent Decrease	16	-67,000	7	-46,500	7	-45,000
	No Rent Revision	2	-	0	-	0	-
	Total	19	-65,000	7	-46,500	8	-43,000

*1) 9 major wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward, Shinjuku Ward, Meguro Ward, Shinagawa Ward, Setagaya Ward and Ota Ward)

*2) 5 central wards (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward)

*3) Other 4 wards (Meguro Ward, Shinagawa Ward, Setagaya Ward, Ota Ward)




*4) Wards of Tokyo excluding the 9 major wards, Yokohama City, Kawasaki City, Osaka City, Nagoya City, Fukuoka City and surrounding areas

Investment Stance on Residential Properties (1)

■ By Type

	Type	Single	DINKS	Family	Executive
Current	Overview	<ul style="list-style-type: none"> Aimed at mid-level income singles Studio-type rooms less than 25m² (approx.) Emphasis on proximity to nearest train station 	<ul style="list-style-type: none"> Aimed at childless dual-income couples and high-level income singles Studio~1LDK type units more than 25m² (approx.) Emphasis on proximity to nearest train station 	<ul style="list-style-type: none"> Aimed at mid-level income families 2LDK or larger between 25m² ~100m² (approx.) Quiet residential location 	<ul style="list-style-type: none"> Aimed at expats from overseas and wealthy Japanese Studio or larger over 100m² Highly competitive, high-class residential location
	Investment Policy (Investment Guideline)	0~30%	40~100%	0~20%	0~10%
	Current Portfolio	12.3%	84.3%	3.4%	0%










Future	Direction of Target Portfolio				
	Factors etc.	<ul style="list-style-type: none"> Rents are low and downward rigidity of occupancy rates and rent is strong 	<ul style="list-style-type: none"> Adjust the skew towards this type in the portfolio 	<ul style="list-style-type: none"> A supply of excellent properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group operates as an ML that guarantees rent 	

Investment Stance on Residential Properties (2)

By Area

	Area	Area 1			Area 2			Area 3			Area 4		
Current	Definition	▪ 9 major wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward, Shinjuku Ward, Meguro Ward, Shinagawa Ward, Setagaya Ward and Ota Ward)			Wards of Tokyo excluding Area 1 and Yokohama City, Kawasaki City, Osaka City , Nagoya City, Fukuoka City and surrounding areas			Tokyo Metropolitan Area (Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture but exluding Area 1 and Area 2), government-designated cities (excluding Area 2), prefectural capitals, cities with a population of around 300,000 and similar areas			Other cities (areas with a population of around 100,000)		
		5 central wards		Other 4 wards									
		Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward		Meguro Ward, Shinagawa Ward, Setagaya Ward and Ota Ward									
	Investment Policy (Investment Guideline)	40~80%			20~60%			0~30%			0~10%		
	Current Portfolio	<div><div>84.9%</div><div>69.1%</div><div>15.8%</div></div>			<div><div>15.9%</div><div>11.9%</div><div>4.0%</div></div>								
	Area 1 all	5 central wards	Other 4 wards	Area 2 all	Tokyo Metropolitan Area	Other than Tokyo Metropolitan Area							



Future	Direction of Target Portfolio								
	Factors etc.	<ul style="list-style-type: none">▪ To lessen the skewed distribution in the portfolio by area, the Area 1 share will be reduced▪ However, the share of the other 4 wards will be increased▪ The investment balance will be adjusted by acquiring properties in other areas rather than selling Area 1 properties	<ul style="list-style-type: none">▪ Area 2 rents are very stable while occupancy rates are stable. Aim to increase properties in this area▪ The strengths of Daiwa House Group can be best utilized in this area	<ul style="list-style-type: none">▪ A supply of excellent properties is expected from Daiwa House▪ Study prospect of investing in properties for which Daiwa House Group operates as an ML that guarantees rent					



Financial Stability

Financial Strategy

- Keep interest rate risk at a minimum as a general rule, and control LTV between 40%~60%
- Controls will be conservatively implemented emphasizing prolongation, diversification and LTV
- Building a strong banking structure through good relations with existing bank partners and the creditworthiness of sponsors

Status of Loans

- Procurement of necessary funds from five major banks, some of which are shareholders of the asset management company
- The next scheduled refinancing will occur in September 2009 (eighth fiscal period) and March 2010 (ninth fiscal period)

Status of Loans

(unit: million yen)

No.	Lenders	Balance as of End of May 2009		Interest Rate	Loan Date	Maturity	Description
No. 1	▲ Mizuho Bank		4,228	1.26182% (July 1, 2009 – September 30, 2009)	March 31, 2008	March 31, 2010	Secured loan
	▲ Chuo Mitsui Trust & Banking	12,684	4,228				
	▲ Sumitomo Mitsui Banking		4,228				
No. 2	▲ Mizuho Bank		4,037	1.41182% July 1, 2009 – September 30, 2009)	March 31, 2008	September 30, 2009	Secured loan
	▲ Chuo Mitsui Trust & Banking		4,037				
	▲ Sumitomo Mitsui Banking	16,001	4,037				
	Shinsei Bank		1,945				
	Bank of Tokyo-Mitsubishi UFJ		1,945				
Total		28,685					

*1) ▲ indicates a bank that is also a shareholder of the asset management company

*2) By purchasing an interest rate cap, the practical ceilings of interest rate were limited to 2.20% per annum on 10,000 million yen of Loan 1, and 2.35% per annum on 5,000 million yen of Loan 2

Transition of LTV

	Second fiscal period	Third fiscal period	Fourth fiscal period	Fifth fiscal period	Sixth fiscal period	Seventh fiscal period
LTV	39.3%	33.9%	53.1%	53.1%	52.5%	52.7%

Status of Issuer Ratings

Rating Agency	Type	Rating	Outlook	Announcement Date
Rating and Investment Information, Inc. (R&I)	Issuer rating	A	Stable	February 18, 2008



Vision and Strategies for Eighth Fiscal Period and Beyond

■ Observations concerning market environments

- | | |
|----------------------------|---|
| Real estate sales market | ▪ Demand for investment property continues to be weak. On the supply side, distress fund related properties and properties from exiting private placement funds are appearing on the market, creating advantageous opportunities to acquire excellent properties |
| Real estate leasing market | ▪ Demand, particularly for high-end properties in central Tokyo, is weak due to the recession. Any substantial recovery is reliant upon improvements in the economy and the employment situation. There is therefore heated competition to attract the limited number of prospective tenants |
| Financial market | ▪ Against a backdrop of expectations of economic recovery and assistive policy measures for the J-REIT market, the Tokyo Stock Exchange REIT index is showing a hint of recovery. We are also seeing the return of risk money to the market from private investors and foreign investors. While the financial institutions are maintaining very strict lending policies, there are signs that the availability of funds in the J-REIT industry is improving such as less emphasis being placed on refinancing risks |

■ Future strategies

- | | |
|-----------------|--|
| External growth | <ul style="list-style-type: none">▪ Search for excellent properties and secure opportunities to acquire properties (utilize sponsor-provided warehousing function)▪ Achieve optimization of portfolio (Focusing more on stability of portfolio performance. Policy shall reflect results of analysis at seventh fiscal period end)▪ Actively seek for opportunities of M&A |
| Internal growth | <ul style="list-style-type: none">▪ Strengthen leasing management (Make quick recovery of occupancy rates and maximize rent NOI)▪ Further reduce fund management costs (BM remuneration, general administrative costs etc.) |
| Finance | <ul style="list-style-type: none">▪ Successfully refinance at the end of September (Strengthen banking structure paying attention to the financial institutions closely related to Daiwa House Industry Co., Ltd.)▪ Study various fund procurement methods for future external growth |

Portfolio: Photos and Profiles



J-1
Meguro Kamurozaka Residencia
 Address: 4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo
 Access: 3-minute walk from Fudomae Station on the Tokyu Meguro Line
 Floors: 14
 Completed: January 25, 2005
 Leasable Units: 125



J-2
Fourteen Hills East Tower
 Address: 1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi Prefecture
 Access: 8-minute walk from Sakae Station on the Higashiyama Line
 Floors: 14
 Completed: May 25, 2004
 Leasable Units: 131 (of which 1 is a store)



J-3
Qiz Ebisu
 Address: 4-3-1 Ebisu, Shibuya Ward, Tokyo
 Access: 1-minute walk from Ebisu Station on the JR Yamanote Line
 Floors: 10 (and 1 basement floor)
 Completed: February 28, 2005
 Leasable Units: 93 (of which 10 are stores)



J-4
IPSE Azabujuban Shichimenzaka
 Address: 2-7-5 Azabu Juban, Minato Ward, Tokyo
 Access: 4-minute walk from Azabu-juban Station on the Nanboku Line
 Floors: 13 (and 1 basement floor)
 Completed: January 5, 2005
 Leasable Units: 96 (of which 1 is a store)



J-5
IPSE Shibakoan
 Address: 3-32-10 Shiba, Minato Ward, Tokyo
 Access: 4-minute walk from Mita Station on the Toei Mita Line
 Floors: 11 (and 1 basement floor)
 Completed: November 10, 2004
 Leasable Units: 75



J-6
IPSE Ginza
 Address: 1-14-13 Ginza, Chuo Ward, Tokyo
 Access: 2-minute walk from Ginza 1-chome Station on the Yurakucho Line
 Floors: 13 (and 1 basement floor)
 Completed: January 5, 2005
 Leasable units: 67



J-7
Next Form Nishiazabu
 Address: 3-13-3 Nishi Azabu, Minato Ward, Tokyo
 Access: 8-minute walk from Hiroo Station on the Hibiya Line
 Floors: 10 (and 1 basement floor)
 Completed: March 6, 2004
 Leasable Units: 22 (of which 1 is a store)



J-8
IPSE Nihonbashi
 Address: 11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo
 Access: 2-minute walk from Kayabacho Station on the Tozai Line
 Floors: 15 (and 1 basement floor)
 Completed: November 3, 2004
 Leasable Units: 51 (of which 1 is a store)



J-10
IPSE Toritsudaigaku
 Address: 1-4-1 Midorigaoka, Meguro Ward, Tokyo
 Access: 9-minute walk from Toritsudaigaku Station on the Tokyu Toyoko Line
 Floors: 6
 Completed: September 17, 1968
 Renovated: January 27, 2005
 Leasable Units: 30



J-13
Cosmo Heim Musashikosugi
 Address: 2-8 Kizuki Isemachi, Nakahara Ward, Kawasaki City, Kanagawa Prefecture
 Access: 8-minute walk from Motosumiyoshi Station on the Tokyu Toyoko Line
 Floors: 5
 Completed: February 28, 1997
 Leasable Units: 59



J-14
Comfort Time Otsuka
 Address: 2-19-7 Kita Otsuka, Toshima Ward, Tokyo
 Access: 5-minute walk from Otsuka Station on the JR Yamanote Line
 Floors: 12
 Completed: January 7, 2005
 Leasable Units: 55



J-15
EASTIPSE Tokyo East
 Address: 3-27-5 Hatchobori, Chuo Ward, Tokyo
 Access: 1-minute walk from Hatchobori Station on the JR Keiyo Line
 Floors: 10 (and 1 basement floor)
 Completed: January 20, 2006
 Leasable Units: 59

Portfolio: Photos and Profiles



J-16

IPSE Yukigaya

Address: 2-13-3 Higashi Yukigaya, Ota Ward, Tokyo
Access: 3-minute walk from Ishikawadai Station on the Tokyu Ikegami Line

Floors: 9
Completed: February 10, 2006
Leasable Units: 52 (of which 1 is a store)



J-17

IPSE Azabujuban

Address: 2-10-1 Azabu Juban, Minato Ward, Tokyo
Access: 3-minute walk from Azabujuban Station on the Nanboku Line

Floors: 7 (and 2 basement floors)
Completed: September 2, 2005
Leasable Units: 51



J-18

IPSE Azabujuban DUO

Address: 2-21-2 Azabu Juban, Minato Ward, Tokyo
Access: 1-minute walk from Azabujuban Station on the Nanboku Line

Floors: 14
Completed: March 8, 2006
Leasable Units: 66



J-19

IPSE Shinjuku Natsumezaka

Address: 10 Kikuicho, Shinjuku Ward, Tokyo
Access: 2-minute walk from Waseda Station on the Tozai Line

Floors: 7
Completed: February 10, 2006
Leasable Units: 41 (of which 1 is a store)



J-20

UNIROYAL Ginza

Address: 1-23-4 Ginza, Chuo Ward, Tokyo
Access: 2-minute walk from Shintomicho Station on the Yurakucho Line

Floors: 10
Completed: December 2, 2005
Leasable Units: 61



J-21

IPSE Yutenji

Address: 2-14-21 Yutenji, Meguro Ward, Tokyo
Access: 1-minute walk from Yutenji Station on the Tokyu Toyoko Line

Floors: 7
Completed: March 3, 2006
Leasable Units: 29 (of which 2 are stores)



J-22

IPSE Shibuya Tiers

Address: 29-21 Sakuragaokacho, Shibuya Ward, Tokyo
Access: 8-minute walk from Shibuya Station on the JR Yamanote Line

Floors: 8
Completed: March 28, 2007
Leasable Units: 30



J-23

IPSE Otsuka

Address: 3-17-4 Minami Otsuka, Toshima Ward, Tokyo
Access: 4-minute walk from Shin Otsuka Station on the Marunouchi Line

Floors: 11
Completed: January 11, 2006
Leasable Units: 70



J-24

IPSE Kikukawa

Address: 2-1-12 Kikukawa, Sumida Ward, Tokyo
Access: 3-minute walk from Kikukawa Station on the Toei Shinjuku Line

Floors: 7
Completed: March 3, 2006
Leasable Units: 43



J-25

IPSE Tsurumi

Address: 3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa Prefecture
Access: 9-minute walk from Keiiky Tsurumi Station on the Keiiky Line

Floors: 6
Completed: February 20, 2006
Leasable Units: 32



S-1

FOLEO TOWN Tsutsui

Address: 531-1 Tsutsuimachi, Yamato City, Nara Prefecture
Access: 5-minute walk from Tsutsui Station on the Kintetsu Kashiwara Line

Floors: 1 (2 floors in some areas)
Completed: October 2-16, 2006
Leasable Units: 11 (of which all are stores)



S-2

IMAGEYA Yokohama Nishigaoka

Address: 1-2-1 Nishigaoka, Izumi Ward, Yokohama City, Kanagawa Prefecture
Access: 10-minute walk from Yayoidai Station on the Setetsu Izumino Line

Floors: 3
Completed: February 14, 1994
Leasable Units: 1 (of which 1 is a store)



APPENDIX

**Daiwa Morimoto
Asset Management**



Investment Policy: Portfolio Diversification by Property Type and Area

- The portfolio investment ratio is 70~100% for residential and 0~30% for retail

Investment Ratio by Type of Residential Property

Type	Single	DINKS *	Family	Executive
Ratio	0~30%	40~100%	0~20%	0~10%

*) DINKS means Double-Income-No-Kids

Investment Ratio by Type of Retail Property

Type	Station Front	Urban	Suburban	Rural
Size (floor area)	500m ² ~	3,000m ² ~	5,000m ² ~	10,000m ² ~
Trade area/population	~50km/about 2 million	~30km/about 1 million	~10km/about 0.2 million	~10km/about 0.05 million
Ratio	0~40%	0~40%	60~100%	0~20%

Investment Ratio by Area

Area 1	9 major wards of Tokyo (Chiyoda, Chuo, Minato, Shibuya, Shinjuku, Meguro, Shinagawa, Setagaya and Ota Wards)	Portfolio Ratio	Residential: 40~80% Retail: 0~40%
Area 2	Wards of Tokyo excluding Area 1 and Yokohama, Kawasaki, Osaka, Nagoya, Fukuoka Cities and surrounding areas	Portfolio Ratio	Residential: 20~60% Retail: 0~40%
Area 3	Tokyo Metropolitan area (Tokyo, Kanagawa, Saitama and Chiba Prefectures excluding Area 1, 2), government-designated cities (excluding Area 2), prefectural capitals, cities with populations of approx. 300,000 and similar areas	Portfolio Ratio	Residential: 0~30% Retail: 60~100%
Area 4	Other cities with populations of approx. 100,000	Portfolio Ratio	Residential: 0~10% Retail: 0~20%

Building Portfolio: Strengths of BLife Portfolio

- Investment is focused on the Tokyo Metropolitan area where population is expected to continue growing
- Investment is made on properties meant for singles and DINKs of which the number of households is expected to increase

Transition of Population in Major Areas of Tokyo (including forecasts)

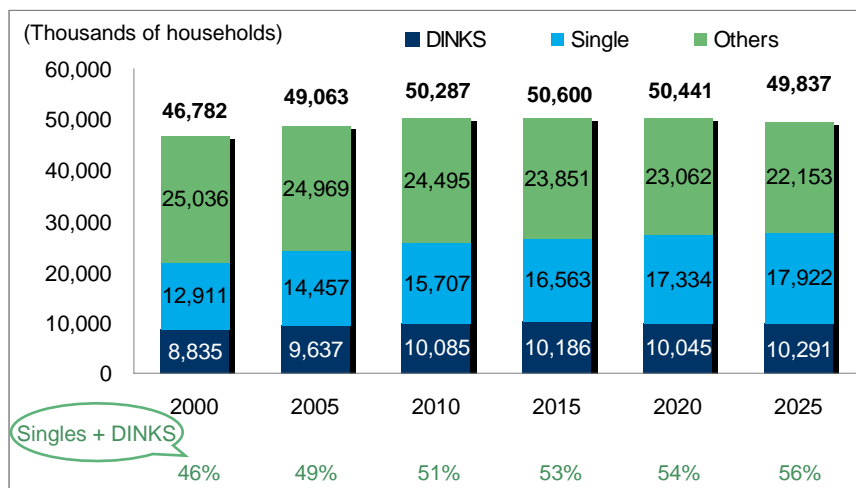
(unit: person)

	May 2003	May 2004	May 2005	May 2006	May 2007	May 2008	May 2009	May 2010 (forecast)	2015 (forecast)
9 major wards	2,888,594	2,914,913	2,942,050	2,986,070	3,019,939	3,053,026	3,077,118	3,080,925	3,127,884
Other 14 wards	5,516,756	5,551,207	5,576,025	5,610,590	5,657,153	5,712,705	5,765,226	5,729,617	5,792,382
23 wards	8,405,350	8,466,120	8,518,075	8,596,660	8,677,092	8,765,731	8,842,344	8,810,542	8,920,266
Tokyo	12,393,703	12,489,982	12,568,036	12,670,435	12,777,001	12,892,168	12,993,453	12,955,421	13,075,022

(Source) Households and Population Based on Basic Resident Registration Card by Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government

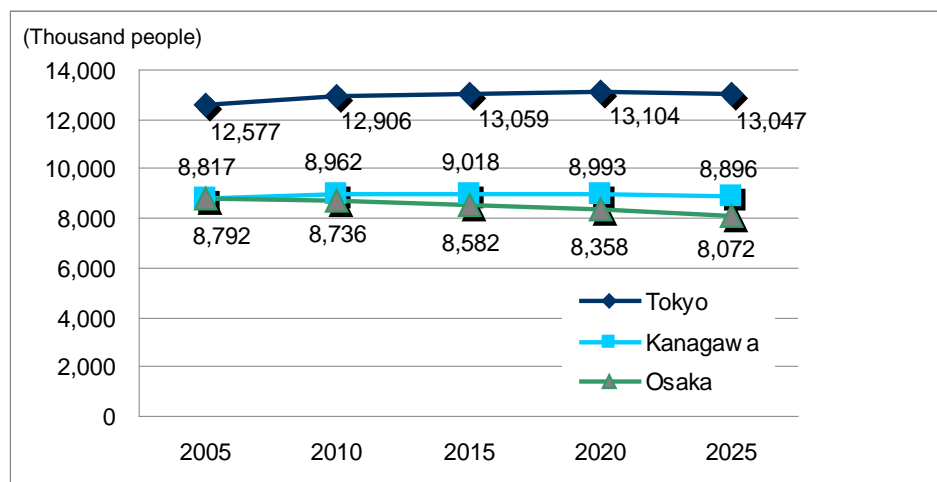
*) The above chart represents the transition of population as of May 1 each year between 2002 and 2015 in the 9 major wards (Chiyoda, Chuo, Minato, Shibuya, Shinjuku, Meguro, Shinagawa, Setagaya and Ota), other 14 wards of Tokyo, 23 wards of Tokyo and Tokyo Prefecture, based on the Households and Population Based on Basic Resident Registration Card by Statistics Division Bureau of General Affairs, the Tokyo Metropolitan Government (population, the number of households and registered foreigners on the basic resident registration cards as of the first day of every month.)

Future Transition of the Number of Households (including forecast)



(Source) National Institute of Population and Social Security Research, "Future Change in Households in Japan" (March 2008)

Estimated Population Transition by Prefecture (Tokyo, Kanagawa and Osaka)



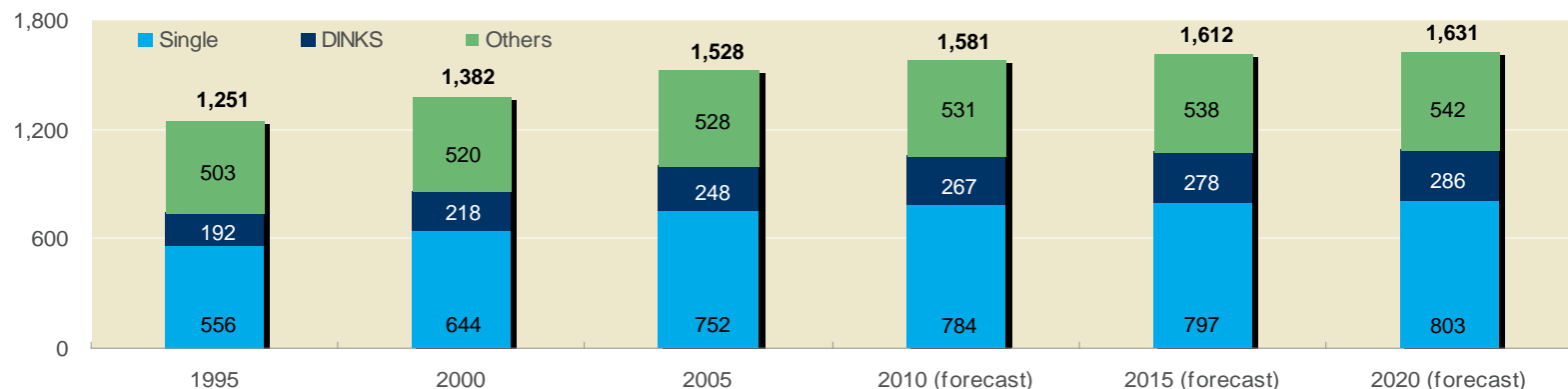
(Source) National Institute of Population and Social Security Research, "Estimated Population Changes by Prefecture"

The average personal income in target investment areas of BLife is 4,778,000 yen in Tokyo, 3,204,000 yen in Kanagawa, and 3,048,000 yen in Osaka in fiscal 2005. The figure for Tokyo, which is the major investment area for BLife, is far greater than the national average of 3,043,000 yen. (Source: Personal Income by Prefecture per Capita by the Cabinet Office, announced on February 5, 2008)

Building Portfolio: Strengths of BLife Portfolio

Transition of the Number of Households (9 major wards of Tokyo)

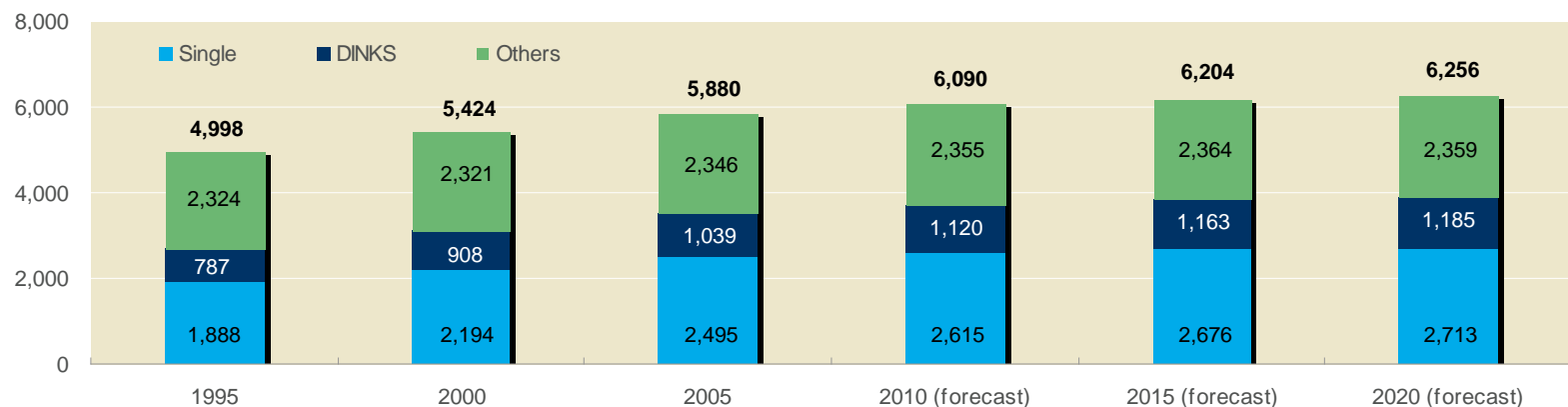
(Thousands of households)



(Source) Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government, "Forecast of Number of Households in Tokyo" (March 2006)

Transition of the Number of Households (Tokyo)

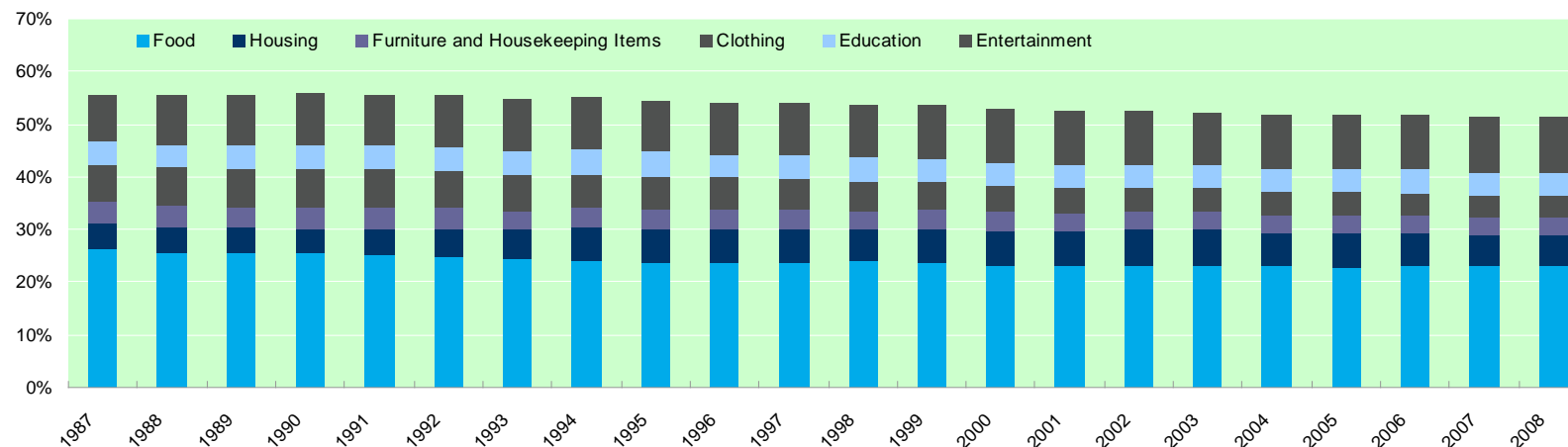
(Thousands of households)



(Source) Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government, "Forecast of Number of Households in Tokyo" (March 2006)

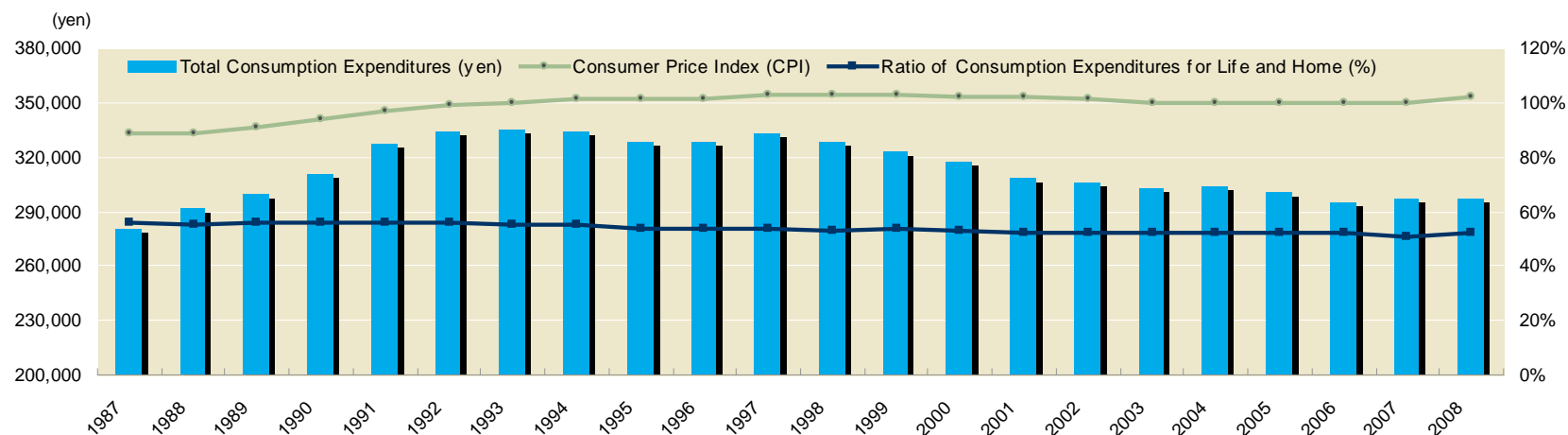
Building Portfolio: Strengths of BLife Portfolio

Transition of Consumption Expenditures (Ratio) for “Life and Home”



(Source) Family Income and Expenditure Survey by Statistics Bureau, Ministry of Internal Affairs and Communications, “Average of Monthly Receipts and Disbursements per Household” (2008)

Ratio of Consumption Expenditures for “Life and Home”



(Source) Family Income and Expenditure Survey by Statistics Bureau, Ministry of Internal Affairs and Communications, “Average of Monthly Receipts and Disbursements per Household” (2008)
The Consumer Price Index (CPI) is calculated by 2005 as 100.

Land Price Trends in the Three Major Metropolitan Areas

(unit: %)

	Residential Land			Commercial Land		
	2007 January 1, 2006 – January 1, 2007	2008 January 1, 2007 – January 1, 2008	2009 January 1, 2008 – January 1, 2009	2007 January 1, 2006 – January 1, 2007	2008 January 1, 2007 – January 1, 2008	2009 January 1, 2008 – January 1, 2009
Tokyo Prefecture	8.0	9.2	-6.5	14.0	15.9	-7.5
Tokyo wards	11.4	10.4	-8.3	15.9	17.3	-8.1
Central wards *1	18.0	15.3	-9.5	18.3	20.4	-8.8
Southwest wards *1	10.1	10.6	-10.1	13.4	14.9	-9.2
Northeast wards *1	9.8	7.3	-4.6	12.8	12.3	-5.4
Kanagawa Prefecture	1.7	4.4	-3.0	4.2	8.3	-4.2
Yokohama City	3.2	5.1	-3.4	7.0	9.6	-4.7
Kawasaki City	5.3	8.0	-6.1	6.7	13.1	-7.4
Tokyo Metropolitan Area	3.6	5.5	-4.4	9.4	12.2	-6.1
Aichi Prefecture	2.2	3.2	-3.0	8.5	8.9	-6.2
Nagoya City	6.6	7.6	-4.2	16.1	15.8	-9.1
Nagoya Metropolitan Area	1.7	2.8	-2.8	7.8	8.4	-5.9
Osaka Prefecture	1.9	2.5	-1.9	10.3	9.3	-3.8
Osaka City	2.3	2.5	-2.2	15.0	11.7	-5.3
Central 6 wards *2	5.5	4.4	-3.0	20.7	15.2	-6.3
Hyogo Prefecture	2.1	4.1	-2.1	4.7	6.0	-2.9
Kobe City	0.6	2.0	-2.2	6.4	6.8	-3.4
Eastern 4 wards *3	5.4	6.6	-2.7	9.6	9.8	-4.3
Kyoto Prefecture	2.3	2.4	-2.3	10.1	5.5	-3.3
Kyoto City	3.5	2.7	-2.9	11.6	5.8	-3.5
Central 5 wards *4	4.5	3.5	-3.2	15.1	5.5	-4.4
Osaka Metropolitan Area	1.8	2.7	-2.0	8.3	7.2	-3.3

(Source) Land and Water bureau, Ministry of Land, Infrastructure, Transport and Tourism, "2009 Survey of Prefectural Land Prices"

*1) Central wards are Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, Bunkyo Ward, Taito Ward, Shibuya Ward and Toshima Ward. Southwest wards are Shinagawa Ward, Meguro Ward, Ota Ward, Setagaya Ward, Nakano Ward, Suginami Ward and Nerima Ward. Northeast wards are Sumida Ward, Koto Ward, Kita Ward, Arakawa Ward, Itabashi Ward, Adachi Ward, Katsushika Ward and Edogawa Ward.

*2) Central 6 wards of Osaka City are Fukushima Ward, Nishi Ward, Tennoji Ward, Naniwa Ward, Kita Ward and Chuo Ward.

*3) Eastern 4 wards of Kobe City are Higashinada Ward, Nada Ward, Hyogo Ward and Chuo Ward.

*4) Central 5 wards of Kyoto are Kita Ward, Kamigyo Ward, Sagyo Ward, Nakagyo Ward and Shimogyo Ward.

Development of Multi-Use Properties (Residential and Retail)

■ Multi-use Properties (residential and retail)

Scale of assets Residential: 22 properties, 48,729 million yen (acquisition price basis)

Total units 1,338 units (1,320 residential, 18 retail)

- Many of the properties have **both** residential and retail sections **(8 of 22)**

- Retail percentage: 8.0% (area base); 15.4% (income base)

- Average rent increased due to excellent property locations and high grade of the units

Case study by J-3 Qiz Ebisu

- Residential portion 20,341 yen per tsubo
- Retail portion 32,953 yen per tsubo
- Overall monthly unit rent 25,446 yen per tsubo

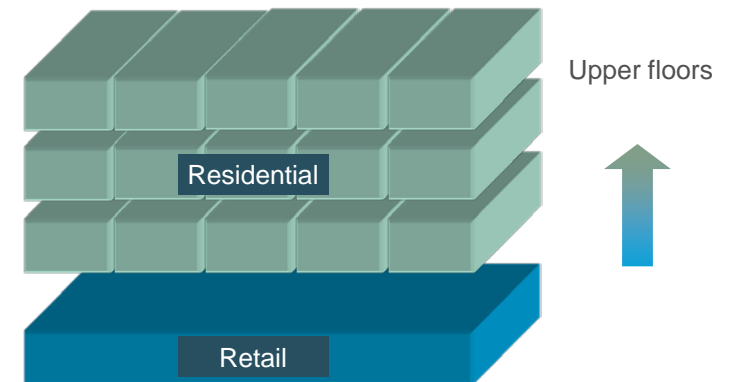
*) The above figures are as of the end of May 2009.

- (Reference) Average rent of condominiums in the Ebisu station area (December 2008 to May 2009)

- Monthly unit rent approx. 14,300~17,600 yen per tsubo

(Source) at home web

3D Image of Multi-Use Properties
(residential and retail)



Retail: The most popular location is on the lower floors where the number of pedestrians is high, making the rent per unit on the lower floors the highest.

Residential: The popularity of the lower floors are low due to security and view issues and the rent per unit is high on the upper floors.

Development of highly profitable multi-use properties which combine retailers on the lower floors and residences on the upper floors!

Example of Multi-Use Properties



- Winner of the Good Design Award 2005.
- Functions as landmark for East Exit area of Ebisu Station providing upscale residences and popular retail and dining destinations in one of the most popular districts of Tokyo.
- An open street mall-type layout that enables visitors to enter the stores as if they were roadside stores. Positioned the residence entry separate from that for retail to enhance privacy.
- Arranged gardens in the basement area and on the rooftop balcony and used wood for the common area hallway floors to realize a welcoming living environment.

Address	4-3-1 Ebisu, Shibuya Ward, Tokyo
Access	1-minute walk from Ebisu Station on the JR Yamanote Line
Floors	10 (and 1 basement floor)
Completed	February 28, 2005
Leasable Units	93 (of which 10 are stores)

Overview of the Asset Management Company

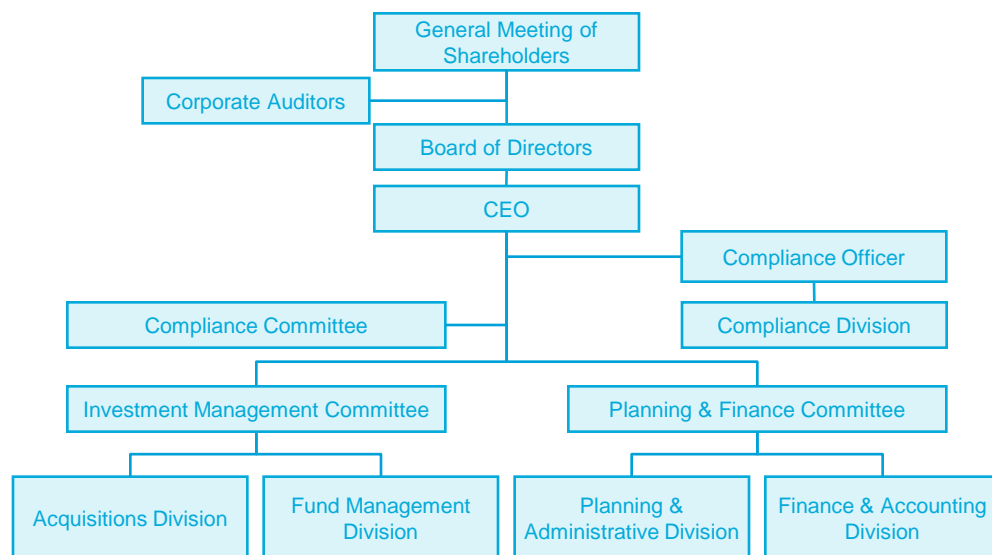
- The part-time directors and employees of the asset management company, primarily dispatched from Daiwa House, MORIMOTO and The Chuo Mitsui Trust and Banking, are experts in real estate development, investments, asset finance, REIT management and compliance.
- BLife has concluded a basic agreement on pipeline support with Daiwa House, MORIMOTO and CapitaLand Group. The three companies have established a strong backup system for BLife.

Shareholders in the Asset Management Company

	(unit: share)	
	Number of Shares Held	Percentage of Shares
Daiwa House Industry Co., Ltd.	8,820	73.5%
MORIMOTO Co., Ltd.	2,400	20.0%
Morgan Stanley Capital K. K.	240	2.0%
Mizuho Bank, Ltd.	180	1.5%
The Chuo Mitsui Trust and Banking Co., Ltd.	180	1.5%
Sumitomo Mitsui Banking Corporation	180	1.5%
Total	12,000	100.0%

(as of the date of this material)

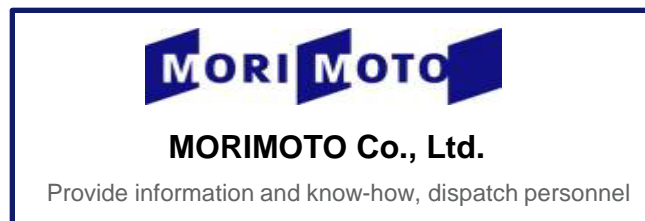
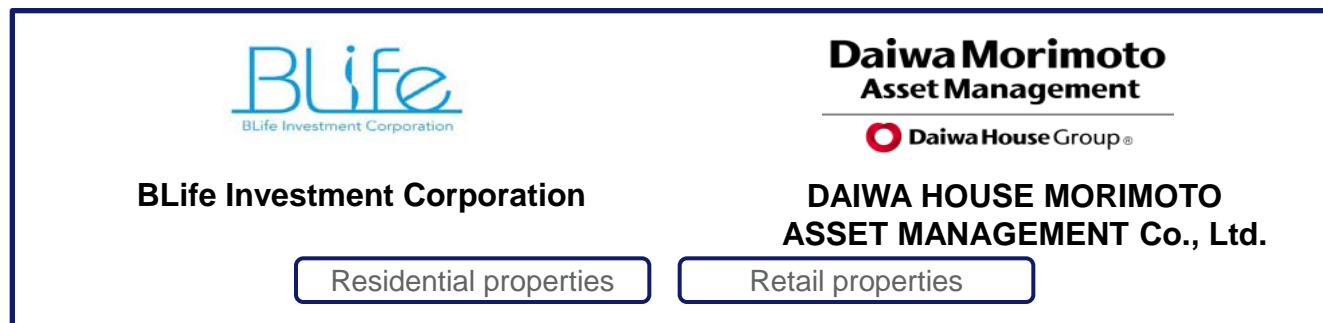
Organization of the Asset Management Company



Sponsors and Supporting Company



▼ **Maximum leverage of Daiwa House Group's comprehensive strengths** ▼



Backed by the Government of Singapore, CapitaLand is one of the largest real estate groups in South East Asia.

Support from Daiwa House

- Provides information and preferential negotiation rights on all residential properties and retail properties whose expected sale price is 2.0 billion yen or less per property
- Provides know-how and advice on property operations and management, and supports BLife's acquisitions of properties
- Provides warehousing function
- Supports redevelopments of properties
- Dispatches personnel
- Maintains the capital tie with BLife (holds 8,820 shares of the asset management company, ownership ratio is 73.5%)
- Holds 5,060 investment units of BLife (10.2% share)

Support from MORIMOTO

- BLife is a preferred information recipient and granted preferential negotiation rights on property transactions for investment-grade properties
- Provides know-how and advice on operations
- Dispatches personnel

Support from CapitaLand

- BLife is a preferred information recipient and granted preferential negotiation rights on property transactions related to residential properties held by CapitaLand
- Provides a variety of support and advices concerning REIT markets including IR activities, management of REITs in general, acquisition and operation of properties, and operation, sale and disposal of properties of the CapitaLand Group

Overview of the Leading Sponsor: Daiwa House Group

The Daiwa House Group – working to co-create value for individuals, communities and people's lifestyles

- The Daiwa House Group consists of five segments: Residential Business, Commercial Construction Business, Resort Hotels and Sports Life Business, Home Center Business and Other Businesses, covering three areas of “Housing,” “Business” and “Life”.
- The Group conducts business by leveraging a wide spectrum of fields as a group that co-creates value for individuals, communities, and people's lifestyles.

Profile of Daiwa House

- Company Name: Daiwa House Industry Co., Ltd.
- Head Office: 3-3-5 Umeda, Kita Ward, Osaka City
- Established: April 5, 1955 (Founded: March 4, 1947)
- Paid-in capital: 110,120,483,981 yen

Selected Financial Data (consolidated basis)

	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009	Fiscal year ending March 2010 (Forecast)
Net sales	1,618,450	1,709,254	1,690,956	1,565,000
Operating income	85,678	89,120	73,580	45,000
Ordinary income	89,356	61,290	39,855	45,000
Net income	46,393	13,079	4,170	21,000
Total assets	1,630,022	1,791,052	1,810,573	—

(unit: million yen)

Ratings

Rating Agency	Rating
Japan Credit Rating Agency, Ltd. (JCR)	AA
Rating and Investment Information, Inc. (R&I)	AA-

Operational and Administrative System of Daiwa House

- Case Examples of Rental Residential Development -

Key features of Royal Park Series, typical rental residences of Daiwa House

- Development of a wide range of plans from 1R to 4LDK, mainly in the three major Metropolitan areas
- Excellent rental residences designed by the residence maker targeting all types of renter communities including singles, DINKS, families and executives
- Provision of out-of-the-ordinary lifestyle luxury and convenience akin to a resort hotel with specific emphasis on residence qualities such as security, comfort and health for residents

Safety-focused crime prevention and administrative systems

- Comprehensive administrative systems with concierge (building administrator) and security guards
- Adoption of difficult-to-duplicate card keys and door locks, and auto-lock systems
- Securing of lifestyle safety through installation of security cameras, and internal building patrols by security guards at night
- Hotel-like luxurious daily support by concierge service (cleaning and parcel delivery service, introductory service for house-keeping, baby-sitting etc.)

Function-rich facilities

- 24-hour trash station/storage rooms/floor heating/bathroom ventilation dryers
- Disposal system in kitchen sink/water purifier connected to tap/air-conditioning and lighting equipment etc. in all rooms

Architectural structure and housing qualities

- Building construction and design that places importance on robustness, natural lighting, sound insulation, and heat insulation
- "Evaluation report on design performance" and "Evaluation report on construction and residence qualities" have been received from third party bodies

Operation and administration via Daiwa House Group's rental website "D-Room"



*1) Wholly-owned subsidiary of Daiwa House Industry Co., Ltd.; it manages a total of more than 223,000 units (as of May 31, 2009).

*2) Wholly-owned subsidiary of Daiwa Living Co., Ltd.

Royal Parks Tower MINAMISENJU

Location	4-chome, Minamisenju, Arakawa Ward, Tokyo
Access	5-minute walk from Minamisenju Station on the JR Joban Line
Total units	555 units
Structure/size	Reinforced concrete/39 floors (and 1 basement floor)
Floor Plan	1DK~4LDK
Floor Area	45.25m ² ~170.26m ²
Completed	June 2008



Royal Parks NISHIARAI

Location	1-chome, Nishiarai Sakaecho, Adachi Ward, Tokyo
Access	5-minute walk from Nishiarai Station on the Tobu Isezaki Line
Total units	432 units
Structure/size	Reinforced concrete/14 floors
Floor Plan	Studio~4LDK
Floor Area	43.05m ² ~187.35m ²
Completed	October 2008



Royal Parks TOYOSU

Location	3-chome, Toyosu, Koto Ward, Tokyo
Access	7-minute walk from Toyosu Station on the Yurakucho Line
Total units	267 units
Structure/size	Reinforced concrete/14 floors
Floor Plan	40.56m ² ~149.35m ²
Floor Area	1K~3LDK
Completed	February 2006



Note: The properties listed above are owned by Daiwa House. BLife has made no decision concerning the acquisition of these properties.

Sponsor Support from Daiwa House

■ Provision of Warehousing Function

- BLife requested Daiwa House to provide a warehousing function based on a new basic agreement on pipeline support concluded between BLife and Daiwa House for the properties “IPSE Togoshi,” “IPSE Nakanobu,” and “IPSE Ichigaya,” whose information was provided by MORIMOTO. Daiwa House acquired these properties on June 19, 2009.
- BLife and the asset management company have been granted preferential negotiation rights* from Daiwa House and BLife may possibly purchase those properties.
- BLife shall continue to request Daiwa House to acquire excellent properties in the future with a focus on ensuring assets under management can deliver future growth for BLife.



IPSE Togoshi

Location: 5-chome, Togoshi, Shinagawa Ward, Tokyo
Total units: 120 units
Structure/size: Steel-reinforced concrete/14 floors
Access: 4-minute walk from Togoshi Station
on the Toei Asakusa Line



IPSE Nakanobu

Location: 4-chome, Nakanobu, Shinagawa Ward, Tokyo
Total units: 83 units (of which 1 is a store)
Structure/size: Reinforced concrete/12 floors
Access: 1-minute walk from Nakanobu Station
on the Toei Asakusa Line



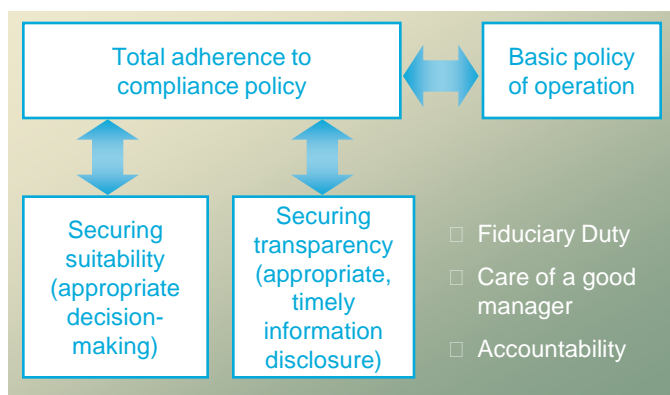
IPSE Ichigaya

Location: Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo
Total units: 50 units
Structure/size: Reinforced concrete/5 floors
Access: 5-minute walk from Ushigome Yanagicho Station
on the Toei Oedo Line

*) No binding agreement has been made with Daiwa House for BLife Investment Corporation or the asset management company to acquire these properties in the future and it is not considered as a forward commitment etc.

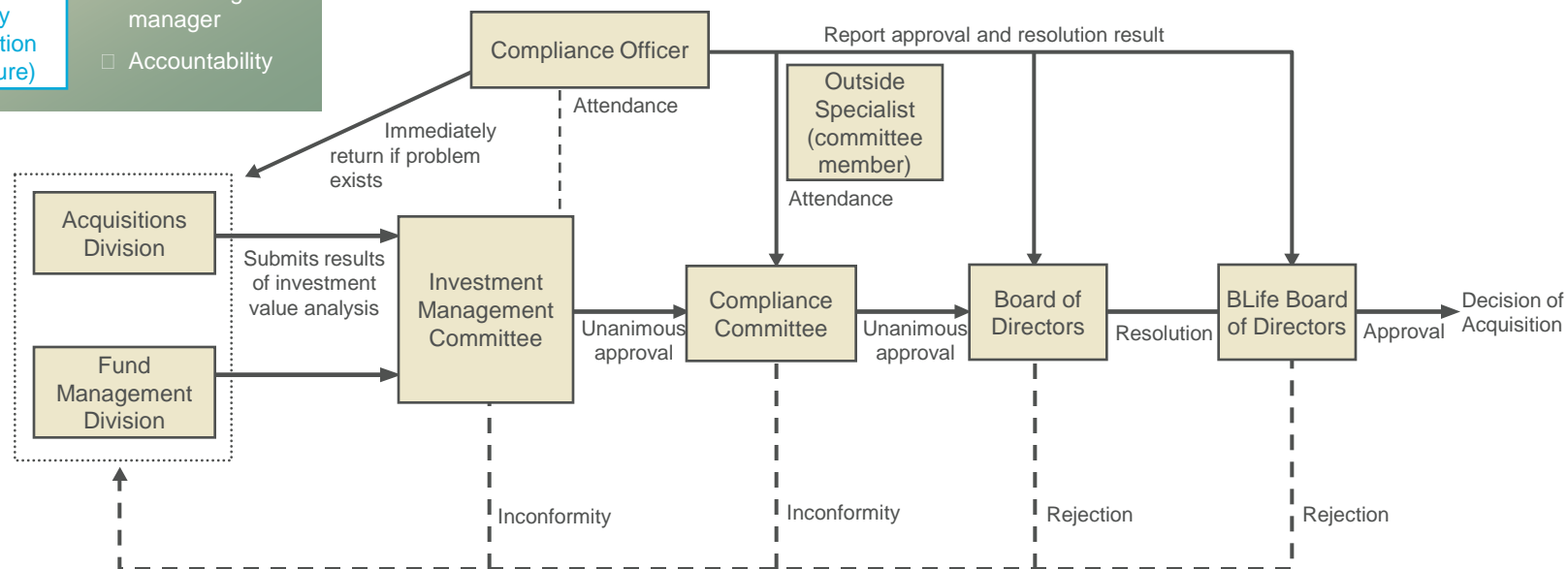
BLife and DAIWA HOUSE MORIMOTO ASSET MANAGEMENT both consider total adherence to compliance policy to be a basic policy of operation and have established strict flows for decision-making to prevent conflicts of interest

Compliance



Interested Parties

- A material compliance issue for J-REITs is preventing conflicts of interest with interested parties
- BLife (DAIWA HOUSE MORIMOTO ASSET) has clear, strict corporate governance rules pertaining to deals with interested parties



Sales of Properties / Status of Operating Claims

Conducted Sales with 348 Million Yen Increase Compared with Acquisition Price (up 19.6%)

Sold Properties

					Real Estate Appraisal Value						(unit: million yen)
	Property Name	Appraiser	Book Value as of November 30, 2006	Acquisition Price (1)	Appraisal Value as of December 1, 2005	Appraisal Value as of November 30, 2006 (2)	Sales Price (3)	Comparison to Acquisition Price (3) – (1)	Comparison to End of Previous Fiscal Period (3) – (2)	Notes	
J-12	Noblesse Ikedayama	Tanizawa	391	375	439	462	495	120	33	Acquired on March 22, 2006 Sold on March 9, 2007	
J- 9	Comfort Time Omori	Tanizawa	995	952	952	1,050	1,150	198	100	Acquired on March 22, 2006 Sold on April 25, 2007	
J-11	Elsol Kifunezaka	Daiwa	468	450	451	457	480	30	23	Acquired on March 22, 2006 Sold on July 25, 2007	
	Total	–	1,854	1,777	1,842	1,969	2,125	348	156		

Status of Operating Claims

Allowances for Operating Accounts Receivable

	Operating Accounts Receivable (before write-off) (1)	Bad Debts Expenses (2)	Operating Accounts Receivable (after write-off) (1) – (2)	Debts Difficult to Collect (3)	Allowance for Doubtful Accounts (specific allowances) (4)	Allowance for Doubtful Accounts (general allowances) (5)	Allowance for Doubtful Accounts Total (4) + (5)	(unit: thousand yen)
End of Second fiscal period (Ended November 2006)	25,480	810	24,670	–	–	1,456	1,456	
End of Third fiscal period (Ended May 2007)	16,673	232	16,441	1,744	1,744	502	2,246	
End of Fourth fiscal period (Ended November 2007)	22,753	692	22,060	343	343	979	1,323	
End of Fifth fiscal period (Ended May 2008)	23,465	132	23,333	345	345	440	785	
End of Sixth fiscal period (Ended November 2008)	48,656	8	48,648	12,564	12,564	583	13,147	
End of Seventh fiscal period (Ended May 2009)	43,668	1,641	42,027	13,045	13,045	387	13,433	



Balance Sheets

Assets

(unit: thousand yen)

Category	Sixth Fiscal Period (as of November 30, 2008)		Seventh Fiscal Period (as of May 31, 2009)		Variation
	Amount	Share (%)	Amount	Share (%)	
Assets					
Current assets					
Cash and deposits	415,203		610,057		194,853
Cash and deposits in trust	2,032,614		1,999,249		(33,364)
Operating accounts receivable	48,648		42,027		(6,621)
Prepaid expenses	148,700		94,886		(53,814)
Deferred tax assets	199		204		4
Derivatives	97		85		(12)
Other	–		1,459		1,459
Allowance for doubtful accounts	(13,147)		(13,433)		(285)
Total current assets	2,632,316	4.8	2,734,536	5.0	102,220
Noncurrent assets					
Property, plant and equipment					
Buildings in trust	22,894,913		22,930,755		35,842
Accumulated depreciation	(1,185,879)		(1,446,927)		(261,047)
Buildings in trust, net	21,709,033		21,483,828		(225,205)
Structures in trust	22,468		22,468		–
Accumulated depreciation	(2,415)		(3,207)		(791)
Structures in trust, net	20,052		19,260		(791)
Machinery and equipment in trust	388,293		388,293		–
Accumulated depreciation	(62,127)		(73,822)		(11,695)
Machinery and equipment in trust, net	326,166		314,470		(11,695)
Tools, furniture and fixtures in trust	3,406		3,881		474
Accumulated depreciation	(367)		(709)		(342)
Tools, furniture and fixtures in trust, net	3,038		3,171		132
Land in trust	29,879,034		29,879,034		–
Total property, plant and equipment	51,937,325	95.1	51,699,765	95.0	(237,559)
Intangible assets					
Right of trademark	931		867		(63)
Total intangible assets	931	0.0	867	0.0	(63)
Investments and other assets					
Long-term prepaid expenses	19,444		–		(19,444)
Derivatives	1,154		–		(1,154)
Guarantee deposits	10,000		10,000		–
Total investments and other assets	30,599	0.1	10,000	0.0	(20,599)
Total noncurrent assets	51,968,855	95.2	51,710,632	95.0	(258,222)
Deferred assets					
Deferred organization expenses	17,643		11,762		(5,881)
Total deferred assets	17,643	0.0	11,762	0.0	(5,881)
Total assets	54,618,815	100.0	54,456,931	100.0	(161,883)

Balance Sheets

Liabilities and Net Assets

(unit: thousand yen)

Category	Sixth Fiscal Period (as of November 30, 2008)		Seventh Fiscal Period (as of May 31, 2009)		Variation
	Amount	Share (%)	Amount	Share (%)	
Liabilities					
Current liabilities					
Operating accounts payable	58,839		47,472		(11,366)
Current portion of long-term loans payable	16,001,000		28,685,000		12,684,000
Accounts payable-other	4,575		5,339		764
Accrued expenses	148,102		136,417		(11,685)
Income taxes payable	7,134		605		(6,529)
Accrued consumption taxes	8,202		9,522		1,319
Advances received	127,203		117,647		(9,555)
Deposits received	8,067		35,960		27,892
Total current liabilities	16,363,125	29.9	29,037,965	53.3	12,674,839
Noncurrent liabilities					
Long-term loans payable	12,684,000		—		(12,684,000)
Deferred tax liabilities	454		—		(454)
Tenant leasehold and security deposits in trust	955,378		867,647		(87,731)
Total noncurrent liabilities	13,639,832	25.0	867,647	1.6	(12,772,185)
Total liabilities	30,002,958	54.9	29,905,612	54.9	(97,346)
Net assets					
Unitholders' equity					
Unitholders' capital	24,002,588		24,002,588		—
Surplus					
Unappropriated retained earnings	612,508		548,679		(63,829)
Total surplus	612,508		548,679		(63,829)
Total unitholders' equity	24,615,096	45.1	24,551,267	45.1	(63,829)
Valuation and translation adjustments					
Deferred gains or losses on hedges	759		51		(708)
Total valuation and translation adjustments	759	0.0	51	0.0	(708)
Total net assets	24,615,856	45.1	24,551,319	45.1	(64,537)
Total liabilities and net assets	54,618,815	100.0	54,456,931	100.0	(161,883)

Notes and Remarks for Seventh Fiscal Period

(unit: million yen)

1. Cash and deposits	
Investment corporation title	610
Trust bank title	1,999
(of which, equivalent to deposit)	867
Balance	1,742
2. Interest-bearing liabilities	
Total interest-bearing liabilities	28,685
3. Allowance for doubtful accounts	
Total allowance for doubtful accounts	13
4. Change in unitholders' capital	
Total unitholders' capital	24,002
June 2005: Established with private offering	300
December 2005: Increase capital through third party allotment	1,430
March 2006: Increase capital through public offering	18,238
March 2007: Increase capital through third party allotment	4,034

Unitholders' Capital and Total Outstanding Investment Units Issued

Date	Unitholders' capital (yen)	Total unitholders' capital (yen)	Total investment units issued (unit)	Total outstanding investment units issued (unit)
June 7, 2005*	300,000,000	300,000,000	600	600
December 19, 2005	1,430,000,000	1,730,000,000	2,860	3,460
March 20, 2006	18,238,500,000	19,968,500,000	37,800	41,260
March 2, 2007	4,034,088,000	24,002,588,000	8,000	49,260

*) BLife Investment Corporation was established on June 7, 2005.



Statements of Income

(unit: thousand yen)

(unit: yen)

Category	Sixth Fiscal Period (June 1, 2008 – November 30, 2008) Amount	Seventh Fiscal Period (December 1, 2008 – May 31, 2009) Amount	Variation
Operating revenue			
Lease business revenue	1,478,499	1,397,357	(81,142)
Other lease business revenue	196,971	161,639	(35,332)
Total operating revenue	1,675,471	1,558,996	(116,474)
Operating expenses			
Expenses related to rent business	550,127	542,883	(7,244)
Asset management fee	64,177	61,127	(3,050)
Asset custody fee	5,487	5,425	(62)
Administrative service fees	26,420	27,435	1,015
Directors' compensations	4,800	4,800	–
Bad debts expenses	–	145	145
Provision of allowance for doubtful accounts	13,147	1,781	(11,365)
Other operating expenses	61,476	60,782	(693)
Total operating expenses	725,637	704,381	(21,255)
Operating income	949,833	854,615	(95,218)
Non-operating income			
Interest income	2,940	1,653	(1,287)
Other	827	435	(392)
Total non-operating income	3,768	2,088	(1,680)
Non-operating expenses			
Interest expenses	239,565	217,943	(21,622)
Borrowing related expenses	88,163	82,913	(5,250)
Amortization of deferred organization expenses	5,881	5,881	–
Other	–	691	691
Total non-operating expenses	333,609	307,429	(26,180)
Ordinary income	619,992	549,274	(70,718)
Income before income taxes	619,992	549,274	(70,718)
Income taxes-current	7,722	605	(7,117)
Income taxes-deferred	(226)	–	226
Total income taxes	7,495	605	(6,890)
Net income	612,496	548,669	(63,827)
Retained earnings brought forward	12	10	(1)
Unappropriated retained earnings	612,508	548,679	(63,829)

Category	Sixth Fiscal Period (June 1, 2008 – November 30, 2008)	Seventh Fiscal Period (December 1, 2008 – May 31, 2009)
I. Unappropriated retained earnings	612,508,997	548,679,647
II. Distribution amount (Distribution per investment unit)	612,498,840 (12,434)	548,657,880 (11,138)
III. Retained earnings carried forward	10,157	21,767



Statements of Income

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	Sixth Fiscal Period (June 1, 2008 – November 30, 2008)	Seventh Fiscal Period (December 1, 2008 – May 31, 2009)
A. Real estate lease business revenue		
Lease business revenue		
Rent income	1,453,753	1,373,460
Common service fees	24,745	23,896
Subtotal	1,478,499	1,397,357
Other lease business revenue		
Facility charges	48,756	46,907
Incidental revenue	16,533	12,727
Other lease business revenue	131,681	102,004
Subtotal	196,971	161,639
Total real estate lease business revenue	1,675,471	1,558,996
B. Real estate expenses related to rent business		
Expenses related to rent business		
Management fees	146,780	128,852
Utility expenses	26,360	25,854
Tax and public charges	41,244	52,653
Repair expenses	11,291	4,087
Insurance expenses	3,164	3,089
Restoration cost	21,637	26,701
Custodian fees	14,535	14,385
Depreciation and amortization	272,955	273,876
Other operating expenses	12,157	13,382
Total real estate expenses related to rent business	550,127	542,883
C. Real estate lease business income (A-B)	1,125,343	1,016,113

Statements of Cash Flows

(unit: thousand yen)

Category	Sixth Fiscal Period (June 1, 2008 – November 30, 2008)	Seventh Fiscal Period (December 1, 2008 – May 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes	619,992	549,274
Depreciation and amortization	272,955	273,876
Bad debts expenses	–	145
Amortization of trademark rights	63	63
Amortization of Organization expenses	5,881	5,881
Interest income	(2,940)	(1,653)
Interest expenses	239,565	217,943
Decrease (increase) in operating accounts receivable	(25,314)	6,475
Decrease (increase) in accounts receivable-other	265	–
Decrease (increase) in prepaid expenses	28,230	53,814
Increase (decrease) in operating accounts payable	7,166	(11,366)
Increase (decrease) in accrued consumption taxes	(3,212)	1,319
Increase (decrease) in accrued expenses	(1,082)	(2,336)
Increase (decrease) in deposits received	(186)	(1,921)
Increase (decrease) in advances received	(14,982)	(9,555)
Decrease (increase) in long-term prepaid expenses	63,499	19,444
Increase (decrease) in allowance for doubtful accounts	12,361	285
Other, net	(83,311)	(64,868)
Subtotal	1,118,952	1,036,821
Interest income received	2,940	1,653
Interest expenses paid	(243,097)	(227,291)
Income taxes paid	(1,112)	(7,465)
Net cash provided by (used in) operating activities	877,683	803,718

(unit: thousand yen)

Category	Sixth Fiscal Period (June 1, 2008 – November 30, 2008)	Seventh Fiscal Period (December 1, 2008 – May 31, 2009)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(6,485)	(36,316)
Proceeds from tenant leasehold and security deposits in trust	64,292	38,106
Repayments of tenant leasehold and security deposits in trust	(39,010)	(32,284)
Net cash provided by (used in) investing activities	18,796	(30,494)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(803,000)	–
Dividends paid	(652,307)	(611,734)
Net cash provided by (used in) financing activities	(1,455,307)	(611,734)
Net increase (decrease) in cash and cash equivalents	(558,827)	161,489
Cash and cash equivalents at beginning of period	3,006,645	2,447,817
Cash and cash equivalents at end of period	2,447,817	2,609,307

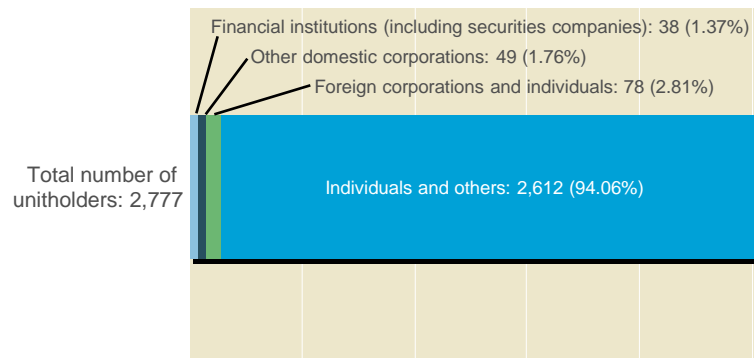


Major Unitholders

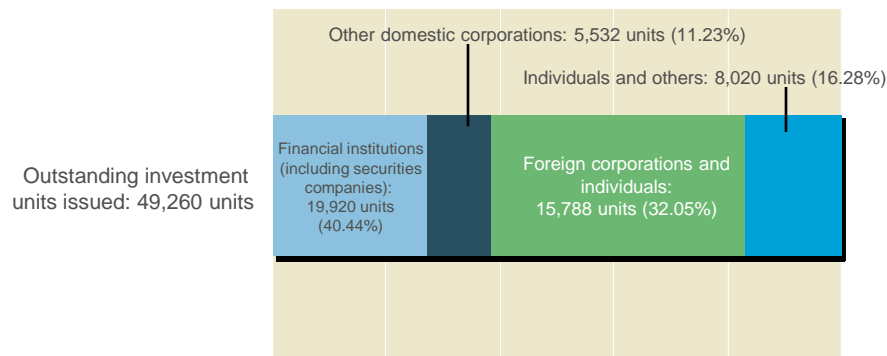
(as of May 31, 2009)

Name	Number of Units Held	Percentage of Total
Japan Trustee Services Bank, Ltd. (investment account)	6,483	13.16
Daiwa House Industry Co., Ltd.	5,060	10.27
NikkoCiti Trust and Banking Corporation (investment account)	4,607	9.35
CapitaLand Nippon Investments Private Limited	3,999	8.11
The Master Trust Bank of Japan, Ltd. (investment account)	2,526	5.12
CapitaLand Japan Investments Private Limited Japan Branch	2,401	4.87
Trust & Custody Services Bank, Ltd. (securities investment trust account)	2,193	4.45
Goldman Sachs International	1,761	3.57
The Minami-Nippon Bank, Ltd.	1,750	3.55
BNP Paribas Securities Services Luxembourg Jasdec Securities	1,385	2.81

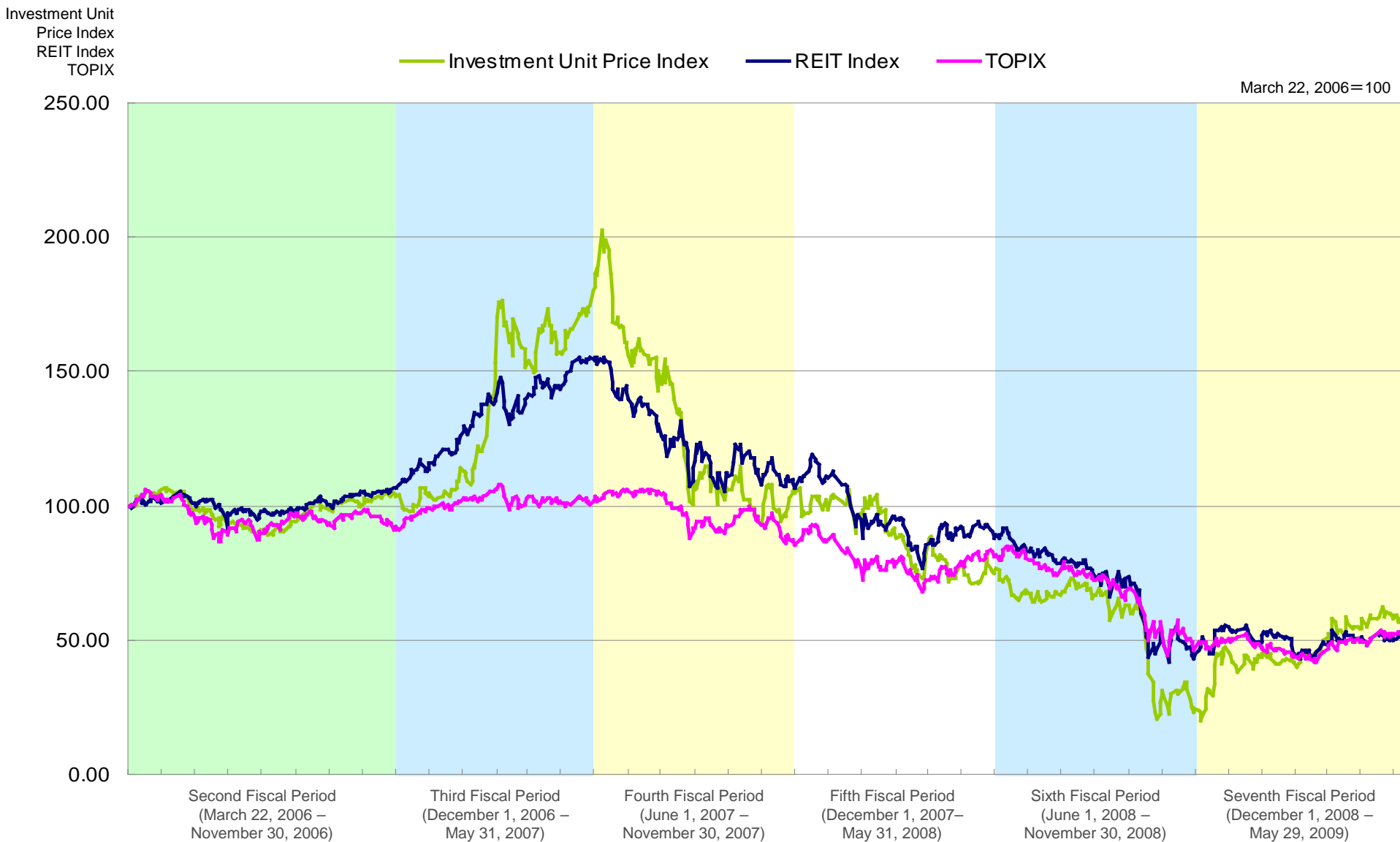
Number of Unitholders



Number of Investment Units



Movement of Investment Unit Prices



The investment unit price index shows the indexation of TSE's closing price of BLife's investment unit.



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