

Report of Independent Auditors

To the Board of Directors of
BLife Investment Corporation

We have audited the accompanying balance sheet of BLife Investment Corporation as of November 30, 2005, and the related statements of operations and cash flows for the period from the inception of the Company to November 30, 2005. 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 audit.

We conducted our audit 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 audit provides 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 November 30, 2005, and the results of its operations and its cash flows for the period from the inception of the Company to November 30, 2005 in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in Note 7 to the financial statements, BLife Investment Corporation issued new investment units.

Ernst & Young Shin Nihon

February 1, 2006

BLife Investment Corporation

Balance Sheet

As of November 30, 2005

(Thousands of yen)

Assets

Current assets:

Cash and bank deposits

¥281,914

Other current assets

1,502

Total current assets

283,417

Property and equipment:

Construction in progress

21,929

Net property and equipment

21,929

Investments and other assets:

Security deposit

10,000

Organization expenses

47,048

Total investments and other assets

57,048

Total assets

¥362,395

Liabilities and unitholder's equity

Current liabilities:

Trade and other payables

¥ 77,001

Accrued expenses

10

Income taxes payable

120

Total current liabilities

77,133

Unitholder's equity:

Unitholder's capital:

Units authorized: 2,000,000 units

Units issued and outstanding: 600 units

300,000

Accumulated deficit

(14,737)

Total unitholder's equity

285,262

Total liabilities and unitholder's equity

¥362,395

See accompanying notes to financial statements.

BLife Investment Corporation

Statement of Operations

For the period from June 7, 2005 to November 30, 2005

(Thousands of yen)

Operating revenues:	
Rental revenues	—
Total operating revenues	—
Operating expenses:	
Directors' remuneration	¥ 6,000
Other operating expenses	2,736
Total operating expenses	8,736
Operating loss	(8,736)
Non-operating income (expenses):	
Interest income	0
Amortization of organization expenses	(5,881)
Loss before income taxes	(14,616)
Income taxes	120
Net loss	¥(14,737)

See accompanying notes to financial statements.

BLife Investment Corporation

Statement of Cash Flows

For the period from June 7, 2005 to November 30, 2005

(Thousands of yen)

Cash flows from operating activities

Loss before income taxes	¥ (14,616)
Amortization of organization expenses	5,881
Interest income	(0)
Change in accounts payable	2,572
Change in accrued expenses	10
Inaugural expense payments	(429)
Change in other current assets	(1,502)
Subtotal	(8,085)
Interest received	0
Net cash used in operating activities	(8,085)

Cash flows from investing activities

Payment for a security deposit	(10,000)
Net cash used in investing activities	(10,000)

Cash flows from financing activities

Proceeds from unit issuance	300,000
Net cash provided by financing activities	300,000
Net increase in cash and cash equivalents	281,914
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	¥281,914

See accompanying notes to financial statements.

BLife Investment Corporation

Notes to Financial Statements

For the period from June 7, 2005 to November 30, 2005

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. 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, MORIMOTO ASSET MANAGEMENT Co., Ltd.

(b) Basis of presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Securities 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 appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Certain supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, has not been presented in the accompanying financial statements. BLife has not prepared consolidated financial statements as it has no subsidiaries.

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) Organization expenses

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

2. Summary of Significant Accounting Policies (continued)

(c) Consumption taxes

Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of operations. Non-deductible consumption taxes for the acquisition of an asset are added to the acquisition cost of such asset.

3. Cash and Cash Equivalents

A reconciliation of cash and bank deposits in the accompanying balance sheet and cash and cash equivalents in the accompanying statement of cash flows at November 30, 2005 is as follows:

	<i>(Thousands of yen)</i>
Cash and bank deposits	¥281,914
Cash and cash equivalents	¥281,914

4. Deferred Income Taxes

(a) Details of significant components of deferred tax assets

	As of November 30, 2005 <i>(Thousands of yen)</i>
Deferred tax assets:	
Amount of tax loss carried forward	¥ 6,146
Loss-valuation allowance	(6,146)
Total deferred tax assets	—
Net deferred tax assets	¥ —

(b) Details of main entries causing significant differences between the statutory tax rate and the effective tax rate after applying deferred income tax accounting as a pre-tax loss was recorded for the period from June 7, 2005 to November 30, 2005, a reconciliation between the statutory tax rate and the effective tax rate has been omitted.

5. Per Unit Information

The following table presents information about unitholder's equity per unit at November 30, 2005 and net loss per unit for the period from June 7, 2005 to November 30, 2005:

Unitholder's equity per unit	¥475,437
Net loss per unit	¥ 24,562

Net loss per unit is calculated by dividing current net loss by the number of average investment units weighted by the weighted-average number of investment units during the number of days in the period.

6. Unitholder's Equity

BLife shall maintain net assets of at least ¥50,000 thousand as required by Clause 6 of Article 67 of the Investment Trust Law.

7. Significant Subsequent Event

New investment unit issuance

On December 15, 2005, the Board of Directors approved a resolution for the issuance of new investment units for the purpose of acquiring assets, and the related crediting transaction was completed on December 19, 2005.

Consequently, total unitholder's capital increased to ¥1,730,000,000 and the number of investment units issued and outstanding increased to 3,460.

New investment units issued:	2,860 units
Issue value:	¥500,000 per unit
Total issued:	¥1,430,000,000
Date credited:	December 19, 2005
Issue date of investment securities:	December 20, 2005
Acceptor:	MORIMOTO Co., Ltd.

8. Other Supplementary Information

(a) Detailed Schedule of Portfolio

Not applicable.

(b) Table of Specific Transaction Amounts, Foreign Exchange Contract Amounts and Their Values

Not applicable.

(c) General Overview of Detailed Schedule of Real Estate

Not applicable.

(d) Detailed Schedule of Other Specific Assets

Not applicable.

(e) Detailed Schedule of Investment Corporation Bonds

Not applicable.

(f) Detailed Schedule of Loans

Not applicable.

8. Other Supplementary Information (continued)

(g) Detailed Schedule of Changes in Unitholder's Capital

(Thousands of yen)

Classification	Beginning balance	Increase during the period	Decrease during the period	Ending balance	Comments
Unitholder's capital	—	300,000	—	300,000	
Total	—	300,000	—	300,000	